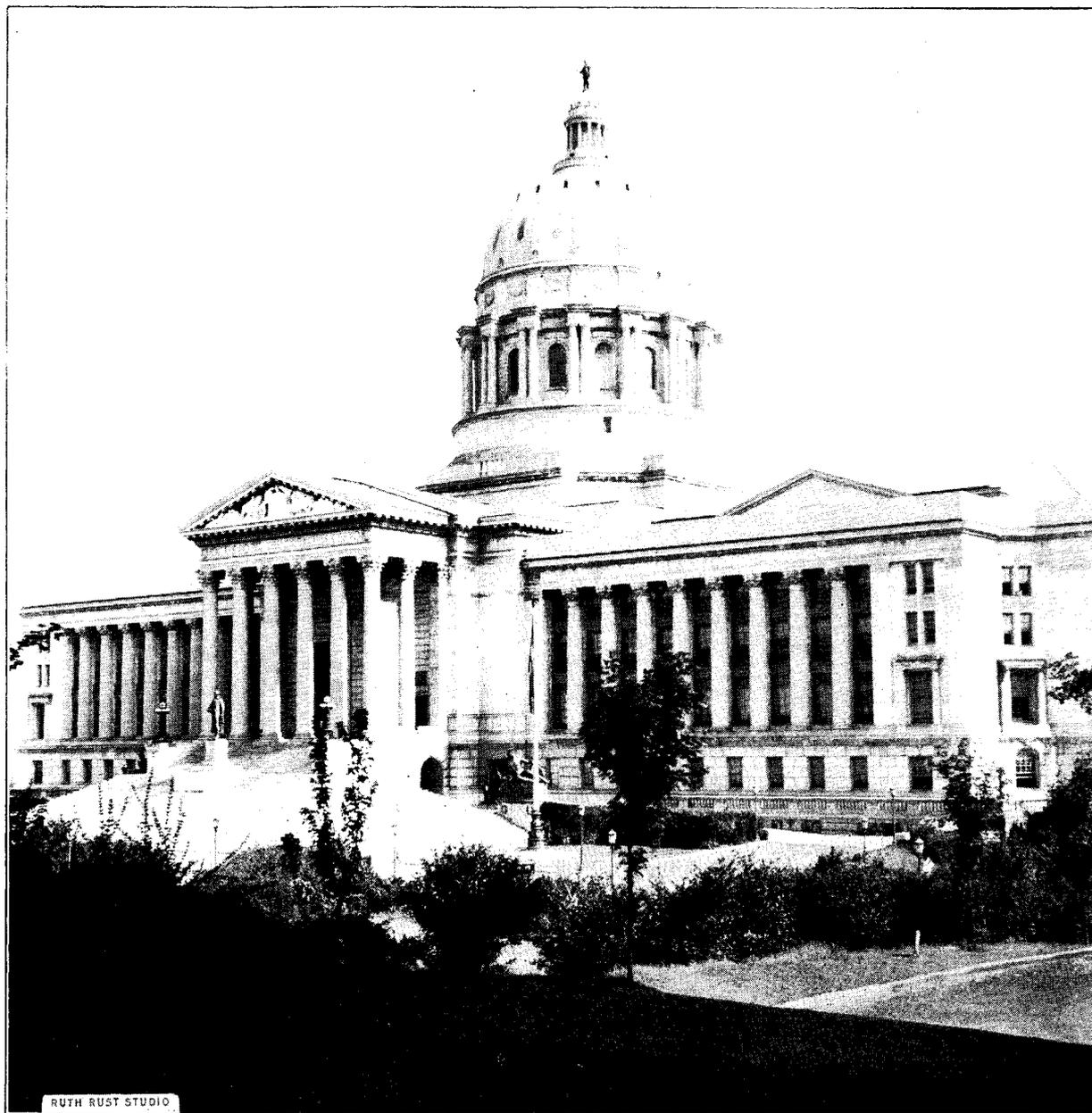




# BUSINESS CONDITIONS

*Monthly Review of Agriculture, Industry, Trade and Finance*  
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FEDERAL RESERVE BANK OF ST. LOUIS



*State Capitol, Jefferson City, Mo.*

## SUMMARY OF EIGHTH DISTRICT

<b>Agriculture:</b>	June 1, 1939, comp. with 1938 Av. 1928-37	
Estimated produc. of winter wheat.....	-21.7%	- 2.5%
<b>Live Stock:</b>	May, 1939, comp. with Apr., 1939 May, 1938	
Receipts at National Stock Yards.....	+29.0%	- 3.1%
Shipments from aforesaid Yards.....	+17.4	- 6.4
<b>Production and Distribution:</b>		
Sales by mfrs. and wholesalers.....	+ 6.9	+ 8.6
Department store sales.....	+ 1.2	+ 16.2
Car loadings.....	+ 2.3	+ 10.1
<b>Building and Construction:</b>		
Bldg. permits, incl. repairs {	Number +12.8	+ 24.0
Cost	-13.5	+ 10.2
Value construction contracts awarded..	- 3.1	+ 17.9
<b>Miscellaneous:</b>		
Commercial failures {	Number.....	-25.0 - 31.4
Liabilities.....		-87.0 - 69.8
Consumption of electricity.....	+ 4.2	+ 15.6
Debits to individual accounts.....	+18.8	+ 15.1
Life Insurance Sales.....	+ 7.1	+ 7.8
<b>Member Banks (24):</b>	June 14, '39, comp. with May 17, '39 June, 15 '38	
Gross deposits.....	+ 1.3%	+ 10.9%
Loans.....	- 1.3	+ 9.2
Investments.....	- 7.8	+ 3.4

**I**NFLUENCED by more seasonable weather and favorable prospects for agriculture, general business in the Eighth District developed noticeable improvement during May and the first half of June. In addition to increased volume of commodity distribution in a number of important lines and higher than expected seasonal activities in certain industrial classifications, sentiment in the business community as a whole was more optimistic than during the preceding two or three months. Purchasing of seasonal merchandise, which had been delayed by the late spring, was in sufficient volume to substantially reduce inventories of such goods, and in numerous instances re-ordering was necessary to supply current demands.

Volume of retail trade was relatively larger than was the case with wholesaling and jobbing, though good gains in May over both a month and a year earlier were reported by several important wholesale lines, notably drugs and chemicals, dry goods, furniture and plumbing supplies. May sales of department stores in the leading cities were 1.2 per cent and 16.2 per cent greater, respectively, than a month and a year earlier, while cumulative total for the first five months was 4.8 per cent above that for the comparable period in 1938. Retail sales of automobiles in the St. Louis area were greater by 6.5 per cent than in April and 76.2 per cent above those of May, 1938; for the first five months, cumulative sales were 37.0 per cent greater than for the comparable period last year.

Employment conditions in the district underwent moderate improvement, being favorably affected by absorption of numerous workers in agricultural and other seasonal occupations, also by resumption of production at bituminous coal mines following settlement of the recent labor controversy.

Except in the case of industries directly affected by seasonal influences, production was well sustained through May and early June. In the principal industrial centers, consumption of electric power by industrial users in May was about 4 per cent greater than in April and 15.6 per cent more than a year ago. Production of bituminous coal at district mines was appreciably larger than in April, but about 8 per cent less than in May last year. Lumber output showed little change from April to May, but continued well above a year ago. Orders and shipments are still running heavier than current production.

Outlook for Eighth District crops is far above-average yields for most of the principal productions. Improved weather conditions enabled farmers to catch up on delayed work, and at mid-June farm operations of all descriptions were close to the average for that date, whereas in late April they were from ten days to two weeks behind the usual seasonal schedule. Except where hampered by excessive rains, excellent progress has been made in the planting and cultivation of spring crops. Marketing of early fruits and vegetables has proceeded satisfactorily.

Commercial failures in the Eighth Federal Reserve District in May, according to Dun and Bradstreet, numbered 24, involving liabilities of \$221,000, which compares with 32 defaults with liabilities of \$1,695,000 (revised figure) in April and 35 defaults for a total of \$733,000 in May, 1938.

### SPECIAL ANNOUNCEMENTS

Bankers and others are cordially invited to visit the Board of Governors of the Federal Reserve System in its new building, Constitution Avenue and Twentieth Street, Washington, D. C., as well as the Federal Reserve Bank of St. Louis and its branches in Louisville, Memphis and Little Rock.

The Board of Governors recently issued a booklet entitled "The Federal Reserve System—Its Purposes and Functions." Copies may be obtained upon request.

## DETAILED SURVEY OF DISTRICT

### MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks
	May, 1939 compared with		May 31, 1939 comp. with
	April, '39	May, '38	May 31, 1938
Boots and Shoes.....	- 1.9%	-16.3%	-23.3%
Drugs and Chemicals.....	+ 7.9	+13.0	.....
Dry Goods.....	+17.0	+14.7	- 3.2
Electrical Supplies.....	-0-	+61.2	.....
Furniture.....	+36.5	+46.4	+ 3.5
Groceries.....	+ 8.6	+ 2.5	- 2.3
Hardware.....	+ 3.0	+14.7	- 1.5
Plumbing Supplies.....	+13.4	+23.3	.....
Tobacco and its Products.....	+10.7	+11.7	-0-
Miscellaneous.....	-19.9	+23.3	+ 1.8

With the exception of boots and shoes, all wholesaling and jobbing groups whose statistics are available to this bank reported increases in sales volume in May over the same month a year ago. A large majority of the reporting lines also reported larger sales in May than in April. Reflecting expansion in building activities, heavy gains were recorded by distributors of building materials, particularly hardware and plumbing and electrical supplies. In the latter industry a considerable part of the increase over a year ago was accounted for by electrical installations in new buildings. Large gains in the furniture classification were attributable to expansion in erection of new homes and increased sales of office supplies and furniture. As shown in the above table aggregate sales of all lines were 6.9 per cent and 8.6 per cent greater, respectively, than a month and a year earlier. The trend of inventories continued downward, but at a less rapid rate than during the preceding ten to twelve months.

**Automobiles**—Combined passenger car, truck and taxicab production in the United States in May totaled 297,508, against 337,372 in April and 192,068 in May, 1938.

**Iron and Steel Products**—Activities in the iron and steel industry in this district during May and the first half of June developed no marked changes from the similar period immediately preceding. Recessionary trends, mainly seasonal in character, appeared in some divisions, while elsewhere operations were maintained at a steady to slightly better rate. In the immediate past demand for finished steel has been slightly better, as evidenced in freer releases against orders previously placed and some expansion in new purchasing. As has been the case for the past several months, however, there is a disposition on the part of consumers to avoid inventory accretions and to hold down buying to actual or nearby requirements.

Steel ingot production in this general area, which was at 39 per cent of capacity at mid-May,

rose to 47 per cent in the first week of June, then declined to 42 per cent at the middle of the month. The rate at mid-June last year was 39 per cent. Shipments and the melt of pig iron in May were about 8 per cent smaller than in April, and in the first two weeks of June a further slight recession was noted, reflecting chiefly the usual seasonal curtailment of production at stove and farm implement factories. New buying of iron and steel scrap was in smaller volume in May than the preceding month, but shipments on old contracts continued in substantial volume.

Steel warehouse and jobbing interests reporting to this bank showed May sales about on a parity with the preceding month, and 5.5 per cent larger than a year ago. A moderate expansion has taken place in sales since the final week of May. Miscellaneous demands and requirements of the petroleum industry offset smaller purchasing of commodities for consumption in the rural areas. Tin plate specifications were reported active, and demand for galvanized sheets, both the wider and narrower gauges, showed well defined improvement as contrasted with the preceding thirty days.

For the entire country, production of pig iron in May, according to the magazine "Steel", totaled 1,716,544 tons, a decrease of 338,782 tons from the April output, and comparing with 1,260,937 tons in May, 1938. May total was the smallest since September, 1938, when 1,683,097 tons were produced. Steel ingot production in the United States in May was 2,917,876 tons, against 2,986,985 tons in April and 1,800,877 tons in May, 1938.

### WHISKEY

At present only 12 distilleries are in operation in Kentucky out of a total of 60, as compared with 27 active a month earlier. Two additional plants, it is understood, will go out of production in the near future. The limited number of distilleries in operation, it is reported, are running at only 18 per cent of capacity, with 40 per cent of the combined output being the product of one unit. This low rate of operations is entirely seasonal, and represents completion of "spring runs" of whiskey. During the first four months production of whiskey was slightly in excess of consumption, but measurably below a year ago. The trend among distillers continues toward improving quality without advancing prices. This fact, coupled with increasing taxes and heavy advertising outlays, has had the effect of raising operating expense and narrowing profit margins.

## RETAIL TRADE

**Department Stores**—The trend of retail trade in the Eighth District, as reflected in statistics of department stores in the principal cities which report to this bank, is shown in the following comparative statement:

	Net Sales			Stocks on Hand	Stock Turnover
	May 1939 compared with Apr., 1939	5 mos. 1939 to same period 1938	5 mos. 1939 to same period 1938	May 31, 1939 comp. with May 31, 1938	Jan. 1, to May 31, 1939
Ft. Smith, Ark. ....	+ 7.3%	- 6.0*	+ 1.0%	- 1.7%	1.11 1.11
Little Rock, Ark. ....	+ 4.9	+12.2	+ 6.4	- 2.8	1.30 1.14
Louisville, Ky. ....	+ 2.4	+20.1	+ 4.1	-10.0	1.67 1.51
Memphis, Tenn. ....	+23.4	+12.8	+ 7.2	- 4.5	1.43 1.24
Pine Bluff, Ark. ....	+16.0	+20.2	+18.0	- 8.5	1.14 .90
Quincy, Ill. ....	+ 8.4	+19.8	+ 7.4	-22.6	1.59 1.22
St. Louis, Mo. ....	- 4.9	+17.4	+ 4.1	- 7.1	1.87 1.64
Springfield, Mo. ....	+18.1	+21.3	+ 4.5	- 3.3	1.32 1.13
All Other Cities. ....	+ 7.3	+21.1	+15.1	- 3.1	1.34 1.13
8th F. R. District. ....	+ 1.2	+16.2	+ 4.8	- 6.7	1.70 1.49

\*The decrease shown under a year ago was due to a special situation which tended to raise sales volume in the earlier period.

Percentage of accounts and notes receivable outstanding May 1, 1939, collected during May, by cities:

	Installment Accounts	Excl. Instal. Accounts	Installment Accounts	Excl. Instal. Accounts
Ft. Smith. ....%	39.2	39.2	Quincy. ....%	46.7
Little Rock. ....	17.5	37.3	St. Louis. ....	19.3
Louisville. ....	14.4	51.1	Other Cities. ....	15.7
Memphis. ....	28.7	44.5	8th F. R. Dist. ....	19.6

**Specialty Stores**—May results in men's furnishings and boot and shoe lines are shown in the following table:

	Net Sales			Stocks on Hand	Stock Turnover
	May, 1939 compared with Apr., 1939	5 mos. 1939 to same period 1938	5 mos. 1939 to same period 1938	May 31, 1939 comp. with May 31, 1938	Jan. 1, to May 31, 1939
Men's Furnishings. ....	+ 4.1%	+22.7%	+ 4.8%	- 7.9%	1.11 .94
Boots and Shoes. ....	-10.7	+ 6.1	+ 1.3	- 2.5	2.64 2.85

Percentage of accounts and notes receivable outstanding May 1, 1939, collected during May:

Men's Furnishings. ....	36.3%	Boots and Shoes. ....	56.2%
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## MINING AND OIL

Following several weeks during which many Eighth District bituminous coal mines were closed, pending negotiations between operators and union miners' representatives for a new wage contract and other points in controversy, production was resumed on May 15 after an agreement was reached. Production prior to the suspension had been stepped up markedly and in all likelihood second quarter output in this area will exceed that of the same period of a year ago. In comparison with 1937, on the other hand, production during the first half of this year will be off about one-fourth. For the entire country, according to the National Bituminous Coal Commission, output of soft coal in May totaled 17,880,000 tons, as against 10,747,000 tons in April and 21,321,000 tons in May, 1938.

Production at Illinois mines in May was 2,254,198 tons, which compares with 3,427,278 tons in April

and 1,874,332 tons in May, 1938. There were 99 mines in operation in May, with 28,279 men on payrolls, as against 106 active mines and 29,098 operatives in April.

**Petroleum**—April output of crude oil in states of the Eighth District was 1.8 per cent less than in March and 113.9 per cent greater than in April, 1938. Cumulative total for the first four months this year was 120.9 per cent in excess of the corresponding period in 1938. Stocks on May 1 were 2.2 per cent and 3.3 per cent greater, respectively, than a month and a year earlier. Detailed production and stocks by states are given in the following table:

(In thousands of barrels)	Production			Cumulative		Stocks	
	Apr., 1939	Mar., 1939	Apr., 1938	1939	1938	Apr., 1939	Apr., 1938
Arkansas. ....	1,526	1,679	1,576	6,281	5,759	2,343	2,673
Illinois. ....	5,415	5,380	1,388	19,783	4,954	12,195	11,357
Indiana. ....	60	59	73	235	282	3,144	3,198
Kentucky. ....	418	437	432	1,755	1,706	1,261	1,116
Totals. ....	7,419	7,555	3,469	28,054	12,701	18,943	18,344

## TRANSPORTATION

According to officials of railroads operating in this district, freight traffic during May and the first half of June showed somewhat greater than the expected seasonal expansion. All classifications of freight, with the exception of livestock, grain and grain products, showed increases over a year ago. The movement of miscellaneous freight continued the marked gains recorded earlier in the year. Loadings of coal, which during April and early May were relatively higher than in other districts, have increased noticeably since the reopening of Illinois bituminous coal mines in the third week of May.

The St. Louis Terminal Railway, which handles interchanges for 28 connecting lines, interchanged 79,700 loads in May, which compares with 77,911 loads in April and 72,388 loads in May, 1938. During the first nine days of June the interchange amounted to 23,289 loads, as against 23,759 loads during the corresponding period in May and 21,474 loads during the first nine days of June, 1938. Passenger traffic of the reporting lines in May was 5 per cent greater in number of passengers carried and 5 per cent more in revenue than in the same month a year ago.

For the country as a whole loadings of revenue freight for the first 22 weeks this year or to June 3, totaled 12,762,137 cars, against 11,973,591 cars for the corresponding period in 1938 and 15,964,597 cars in 1937. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in May was 64,600 tons, which compares with 169,400 tons in April and 217,132 tons in May, 1938;

cumulative tonnage for the first five months this year was 678,067 tons, against 922,216 tons for the comparable period in 1938. The sharp decrease from April to May was occasioned by a strike, which virtually halted operations during most of the period.

### AGRICULTURE

Combined receipts from the sale of principal farm products and Government benefit payments to farmers in states including the Eighth District during the period January-April, 1937, 1938 and 1939, and during April, 1938 and 1939, are given in the following table:

(In thousands of dollars)	April		Cumulative for 4 months		
	1939	1938	1939	1938	1937
Indiana.....	\$ 18,855	\$ 22,822	\$ 77,880	\$ 79,643	\$ 96,028
Illinois.....	35,751	38,434	163,007	141,204	156,929
Missouri.....	17,054	16,763	67,947	63,530	69,400
Kentucky....	7,005	7,109	51,723	67,455	68,482
Tennessee...	8,796	7,855	37,218	43,847	46,468
Mississippi...	7,696	6,581	38,094	35,894	43,262
Arkansas....	6,822	6,640	22,282	31,735	34,245
Totals.....	\$101,979	\$106,204	\$458,151	\$463,278	\$514,814

**General Farming Conditions**—According to reports of the U. S. Department of Agriculture, agricultural departments of the several states and other agencies, Eighth District crop prospects are up to average or better. While some spottiness exists with reference to the different productions and localities, indications point to ample yields for all requirements of food, feed and fiber crops. In the main the planting season for spring crops, corn, cotton, legumes, vegetables, etc., was favorable. While in some sections excessive rains delayed field work during April and the first half of May, there were sufficient dry days to accomplish the work. Rains since June 1 have also been excessive in certain areas, and in lowlands considerable replanting will be required. From available information, however, the amount of such work will be no greater than was the case in many past years when harvests were large.

For the most part winter wheat is doing well, with harvesting starting in the lower tiers of counties. Corn growth is more advanced than usual at this season, and except in limited dry spots, legumes have made a good start on an increased acreage. Pastures have held up well and as of June 1, in all states of the district except Indiana, the condition was above the 10-year (1928-1937) average. The condition of tame hay as of June 1, was also above average. Outlook for tree fruits is generally good, the frosts in early April having wrought much less damage than was anticipated. Strawberries in Tennessee and other important producing sections were a large crop of high quality, and brought generally satisfactory prices to

producers. Prospects for vegetables for market and manufacturing are reported generally above average.

As a whole, prices of farm products fluctuated in a narrow range during May and early June, but the general level remained measurably below that for the corresponding period in recent years. As of the week ended June 10, the farm products group of the U. S. Bureau of Labor Statistics index stood at 62.7 per cent of the 1926 average, a decline of 0.4 per cent from the preceding week and comparing with 64.4 per cent on May 13; 68.3 per cent on June 11, 1938; 88 per cent on June 12, 1937; 77.4 per cent on June 13, 1936 and 79.9 per cent on June 8, 1935.

**Cotton**—The new cotton crop in practically all sections of the district has made excellent progress, except on lands which are subject to overflow. Owing to excessive rains many farms have been flooded which are ordinarily not affected by high water. Considerable replanting will be necessary in Arkansas and Mississippi. Stands are reported in the main good, and chopping has made headway in the southern end of the district. As a whole the crop is from a week to ten days late. Considerable local damage was reported as a result of heavy wind and rain storms in late May and early June.

There has been an active demand for cotton from both domestic and foreign spinners, which has had a stimulating effect on prices, and in addition has resulted in the withdrawal of a considerable volume of cotton from the Government loan. In the St. Louis market the middling grade ranged from 8.60¢ to 9.10¢ per pound between May 15 and June 15, closing at 8.90¢ on the latter date, which compares with 8.60¢ May 15 and 7.40¢ June 15, 1938.

**Fruits and Vegetables**—The outlook for fruit in this district, both tree and ground and cane species, was above average as of June 1. Orchards for the most part came through the winter in excellent shape, and the April frosts did less damage than was looked for in most localities. Early indications point to somewhat smaller acreages for certain commercial vegetables this year than last, notably tomatoes, snap beans and corn. The condition of early potatoes in the southern states as of June 1, was reported to be 74 per cent of normal. This compares with a June 1 condition last year of 75 per cent and the 1928-1937 average of 73 per cent.

The U. S. Department of Agriculture's June 1 report places the peach crop in states of this district at 9,122,000 bushels, as against 6,214,000 bushels in 1938 and the 10-year average of 7,195,000 bushels. Pear production in these states is forecast at

2,488,000 bushels, which compares with 1,784,000 bushels harvested in 1938 and the 10-year average of 2,112,000 bushels. In all states of the district the June 1 condition of apples was above a year ago and average. A record strawberry production of 10,199,000 crates is indicated for the early, second early, intermediate and first late states combined, which area includes the Eighth District.

**Livestock**—The general condition of livestock in the Eighth District during May and the first half of June retained the high average which marked earlier months this year. Under fair pasturage conditions and ample feed and forage supplies, average marketing weights have exceeded those of the past several seasons. Marketings of meat animals in May were measurably larger than in April, but below the May total a year ago. Milk production per cow on June 1 in this district averaged about the same as on that date in 1938, but was 5.2 per cent above the 10-year (1928-1937) June 1 average.

Receipts and shipments at St. Louis as reported by the National Stock Yards were as follows:

	Receipts			Shipments		
	May, 1939	Apr., 1939	May, 1938	May, 1939	Apr., 1939	May, 1938
Cattle and Calves.....	101,224	84,253	104,385	53,816	49,297	62,074
Hogs.....	247,102	198,806	201,684	136,652	120,121	124,670
Horses and Mules.....	898	2,339	2,572	851	1,891	2,430
Sheep.....	68,500	38,500	122,233	22,204	10,510	39,020
Totals.....	417,724	323,898	430,874	213,523	181,819	228,194

**Tobacco**—Revised figures in the U. S. Department of Agriculture's June 1 report place the combined yield of all types of tobacco in Eighth District states in 1938 at 406,838,000 pounds, which compares with 504,942,000 pounds in 1937 and the 10-year (1927-1936) average of 413,409,000 pounds.

As of the third week in June approximately 80 per cent of the burley crop had been transplanted under mainly favorable conditions. Auction markets in the Western Dark Fired District have closed for the 1938-1939 season, with total sales of 17,346,419 pounds, at an average price of \$6.19 per cwt. Good progress has been made in this district; plants are ample and setting is well advanced. Indications point to a moderate increase in acreage this year over last.

**Winter Wheat**—While prospects for winter wheat in the country as a whole declined somewhat from April to May, improvement took place in states of the Eighth District. Indicated production in this area, according to the U. S. Department of Agriculture's June 1 report, is 92,307,000 bushels, 2,118,000 bushels greater than the May 1 forecast, and comparing with 117,879,000 bushels harvested in 1938, and the 10-year (1928-1937)

average of 94,640,000 bushels. The condition is generally high, and stands are above average. Harvesting in the lower tier of counties was beginning at mid-June.

### COMMODITY PRICES

Range of prices in the St. Louis market between May 15, 1939, and June 15, 1939, with closing quotations on the latter date and on June 15, 1938, follows:

	High	Low	Close	
			June 15, 1939	June 15, 1938
Wheat				
*July..... per bu....	.75 $\frac{3}{8}$	\$ .69 $\frac{3}{4}$	\$. .69 $\frac{3}{4}$	\$. .81 $\frac{1}{2}$
*Sept..... " "	.75 $\frac{3}{8}$	.70 $\frac{1}{2}$	.70 $\frac{3}{8}$	.82 $\frac{3}{8}$
*Dec..... " "	.76 $\frac{1}{4}$	.71 $\frac{3}{8}$	.71 $\frac{3}{8}$	.83 $\frac{3}{8}$
No. 2 red winter " "	.86 $\frac{1}{4}$	.78 $\frac{1}{4}$	.79	.86
No. 2 hard " "	.82 $\frac{1}{2}$	.75	.75	.87
Corn				
*July..... " "	.48 $\frac{3}{4}$	.45 $\frac{1}{2}$	.46	.57 $\frac{1}{2}$
*Sept..... " "	.49 $\frac{3}{4}$	.47 $\frac{1}{2}$	.47 $\frac{3}{4}$	.58 $\frac{3}{8}$
*Dec..... " "	.50 $\frac{1}{2}$	.47 $\frac{1}{2}$	.47 $\frac{3}{4}$	.57
No. 2 mixed..... " "	.51 $\frac{3}{4}$	.50 $\frac{1}{2}$	.50 $\frac{1}{2}$	.56
No. 2 white..... " "	.59	.56 $\frac{1}{2}$	.57 $\frac{1}{2}$	.57
Oats				
*July..... " "	.33 $\frac{1}{4}$	.30	.32 $\frac{7}{8}$	.25 $\frac{3}{4}$
*Sept..... " "	.32 $\frac{3}{4}$	.28 $\frac{3}{4}$	.31	.25 $\frac{3}{4}$
*Dec..... " "	.33 $\frac{1}{2}$	.30 $\frac{3}{4}$	.31 $\frac{1}{2}$	.26 $\frac{3}{4}$
No. 2 white..... " "	.36 $\frac{1}{2}$	.34	.35	.29 $\frac{1}{2}$
Flour				
Soft patent..... per bbl....	5.80	4.50	4.65 @ 5.80	4.10 @ 4.40
Spring "..... " "	6.10	5.55	5.80 @ 6.10	5.75 @ 6.15
Middling Cotton, per lb. ....	.0910	.0870	.0890	.0740
Hogs on Hoof..... per cwt....	6.86	6.21	6.25	8.83
*Nominal quotations.				

### BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in May was 18.4 per cent less than in April and 7.8 per cent greater than in May, 1938. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in May amounted to \$20,420,000, which compares with \$21,069,000 in April and \$17,318,000 in May, 1938. Building figures for May follow:

	New Construction				Repairs, etc.			
	(Cost in thousands)	Permits 1939	Permits 1938	Cost 1939	Cost 1938	Permits 1939	Permits 1938	Cost 1939
Evansville.....	16	20	\$ 58	\$ 50	144	118	\$ 64	\$ 59
Little Rock.....	31	16	59	35	134	80	59	20
Louisville.....	108	94	175	428	59	65	19	18
Memphis.....	325	210	405	362	209	193	133	115
St. Louis.....	304	284	757	474	270	210	228	215
May Totals....	784	624	1,454	1,340	816	666	503	427
Apr. ".....	714	632	1,782	1,123	704	790	481	450
Mar. ".....	918	706	1,845	1,494	668	745	540	380

### CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in May as being 4.2 per cent greater than in April and 15.6 per cent more than in May, 1938. Detailed figures follow:

K. W. H. (in thous.)	No. of Customers	May, 1939		May, 1938		May, 1939 compared with	
		K.W.H.	K.W.H.	K.W.H.	K.W.H.	Apr., 1939	May, 1938
Evansville.....	40	3,106	3,303	2,185	2,185	-6.0%	+4.2%
Little Rock.....	35	1,969	1,861	1,904	1,904	+5.8%	+3.4%
Louisville.....	82	8,700	8,126	7,490	7,490	+7.1%	+16.0%
Memphis.....	31	2,307	2,296	1,912	1,912	+0.5%	+20.7%
Pine Bluff.....	20	394	899	601	601	-56.2%	-34.8%
St. Louis.....	211	26,018	24,289	22,625	22,625	+7.1%	+15.0%
Totals.....	419	42,494	40,774	36,729	36,729	+4.2%	+15.6%

## BANKING AND FINANCE

The Eighth District banking and financial situation during the past thirty days has been characterized by a moderate recession in demand for credit from commercial and industrial groups. This was attributable in the main to seasonal influences, coupled with generally good collections. Routine liquidation by mercantile borrowers was in considerable volume, and more than offset new commitments and renewals, with the result that there was a shrinkage in total loans and discounts at commercial banks. The increase in demand for agricultural financing was of about average proportions, but due to the strong cash position of country banks, there was less recourse on city correspondents than is ordinarily the case.

**Member Banks**—Between May 17 and June 14, total loans of weekly reporting member banks in the principal cities decreased 1.3 per cent, but on the latter date were 9.2 per cent greater than a year ago. Gross deposits declined sharply during the first three weeks of the period, but turned more sharply upward during the final week and on June 14 were 1.3 per cent higher than at mid-May. There were also broad variations in Government bonds which, with the fluctuations in deposits, reflected large shifts in St. Louis around June 1, the date on which personal property tax assessments are made.

Statement of the principal resource and liability items of the reporting member banks follows:

(In thousands of dollars)	June 14, 1939	Change from	
	May 17, 1939	June 15, 1938	June 15, 1938
Commercial, industrial, and agricultural loans.....	\$184,138	- 5,061	+17,611
Open market paper.....	2,711	+ 7	- 4,283
Loans to brokers and dealers.....	6,364	+ 1,399	+ 1,266
Other loans for purchase and carry securities.....	12,213	- 809	- 364
Real estate loans.....	49,542	+ 282	+ 1,672
Loans to banks.....	2,961	- 232	- 3,796
Other loans.....	49,899	+ 276	+13,944
Treasury bills.....	8,344	-34,648	+ 3,995
Treasury notes.....	48,007	+ 314	+ 2,725
U. S. bonds.....	152,045	+ 3,655	+ 5,640
Obligations guaranteed by U. S. Gov't.....	63,019	- 2,070	+ 2,725
Other securities.....	100,290	+ 1,393	+ 5,640
Balances with domestic banks.....	140,928	- 39	-17,320
Demand deposits—adjusted*.....	439,140	+ 8,100	+58,294
Time deposits.....	189,938	- 373	+ 4,201
U. S. Government deposits.....	20,226	+ 129	- 2,307
Inter-bank deposits.....	301,080	+ 2,945	+37,138
Borrowings.....			

\*Other than inter-bank and Government deposits, less cash items on hand or in process of collection.

Above figures are for 24 member banks in St. Louis, Louisville, Memphis, Little Rock and Evansville. Their resources comprise approximately 62.0% of the resources of all member banks in this district.

Interest rates varied in minor degree only. At downtown St. Louis banks as of the week ended June 15, rates charged were as follows: Customers' prime commercial paper, 1½ to 5½ per cent; collateral loans, 2 to 5¾ per cent; loans secured by warehouse receipts, 2 to 5 per cent and interbank loans, 2¼ to 5 per cent.

The aggregate amount of savings deposits held by selected member banks on June 7 was 0.2 per

cent less than on May 3, but 3.0 per cent in excess of the total on June 1, 1938.

**Federal Reserve Operations**—The volume of the major operations of the Federal Reserve Bank of St. Louis, during May, 1939, is indicated below:

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,747,528	\$1,149,645,355
Collections (non-cash items) handled.....	123,300	32,915,833
Transfers of funds.....	4,881	352,831,429
Currency received and counted.....	8,222,665	28,729,721
Coin received and counted.....	8,072,927	875,632
Rediscounts, advances and commitments.....	4	161,250
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Gov't., etc.....	22,515	44,866,146
Bills and securities in custody—coupons clipped.....	10,424	

Changes in the principal assets and liabilities of this bank appear in the following table:

(In thousands of dollars)	June 20, 1939	Change from	
	May 20, 1939	June 20, 1938	June 20, 1938
Industrial advances under Sec. 13b.....	\$ 19	- 1	- 185
Other advances and rediscounts.....	25	- 0-	- 5
Bills bought (including participations).....	2	- 0-	- 0-
U. S. securities.....	124,174	- 0-	+ 5,466
Total earnings assets.....	124,220	- 1	+ 5,276
Total reserves.....	374,919	+34,413	+25,557
Total deposits.....	314,833	+35,388	+26,157
F. R. Notes in circulation.....	179,141	- 1,545	+ 5,149
Industrial commitments under Sec. 13b.....	566	- 33	- 3
Ratio of reserve to deposit and F. R. Note liabilities.....	75.9%	+ 1.9%	+ 0.4%

Following are the rates of this bank for accommodations under the Federal Reserve Act:

- (1) Rediscounts and advances to member banks, under Sections 13 and 13a..... 1½% per annum
- (2) Advances to member banks, under Section 10b..... 2 % per annum
- (3) Rediscounts, purchases, and advances to member banks, nonmember banks and other financing institutions under Section 13b:
  - (a) On portion for which such institution is obligated..... 3½% per annum
  - (b) On remaining portion..... 4 % per annum
- (4) Commitments not exceeding six months to member banks, nonmember banks and other financing institutions, to rediscount, purchase, or make advances, under Section 13b..... ½% flat
- (5) Advances to established industrial or commercial businesses, under Section 13b..... { 4 % to 5½% per annum
- (6) Advances to individuals, firms and corporations, including nonmember banks, secured by direct obligations of United States under Section 13..... 4 % per annum

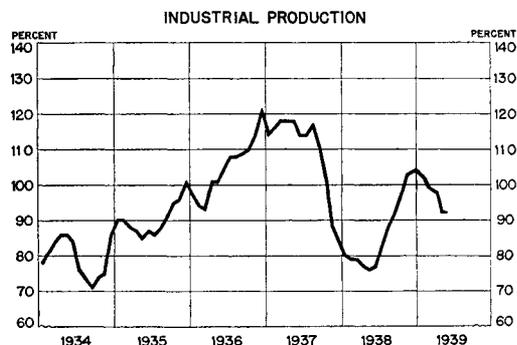
On June 15 the First State Bank of St. Peter, Ill., joined the System, making four admissions of State banks since March 16 this year.

**Debits to Individual Accounts**—The following comparative table of debits to individual accounts reflects spending trends in this district:

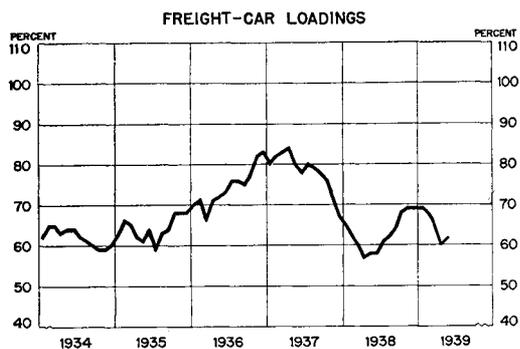
(In thousands of dollars)	May, 1939	Apr. 1939	May, 1938	May, 1939 comp. with	
				Apr., 1939	May, 1938
East St. Louis and Nat'l Stock Yards, Ill.....	\$ 35,978	\$ 31,747	\$ 30,758	+13.3%	+17.0%
El Dorado, Ark.....	4,968	5,149	4,907	- 3.5	+ 1.2
Evansville, Ind.....	29,700	29,406	24,237	+ 1.0	-22.5
Fort Smith, Ark.....	10,884	10,499	10,268	+ 3.7	+ 6.0
Greenville, Miss.....	4,537	4,853	3,823	- 6.5	+18.7
Helena, Ark.....	1,496	1,489	1,477	+ 0.5	+ 1.3
Little Rock, Ark.....	41,490	34,891	31,888	+18.9	+30.1
Louisville, Ky.....	145,513	137,502	135,577	+ 5.8	+ 7.3
Memphis, Tenn.....	107,106	107,452	91,026	- 0.3	+17.7
Owensboro, Ky.....	6,023	7,285	5,052	- 9.1	+31.1
Pine Bluff, Ark.....	6,508	6,806	6,551	- 4.4	- 0.7
Quincy, Ill.....	8,277	8,335	6,958	- 0.7	+19.0
St. Louis, Mo.....	682,650	526,483	590,250	+29.7	+15.7
Sedalia, Mo.....	2,064	1,889	1,797	+ 9.3	+14.9
Springfield, Mo.....	15,105	12,796	13,638	+18.0	+10.8
Texarkana, Ark.-Tex.....	6,481	7,079	5,889	- 8.4	+10.1
Totals.....	\$1,109,380	\$ 933,661	\$ 964,096	+18.8	+15.1

# NATIONAL SUMMARY OF BUSINESS CONDITIONS

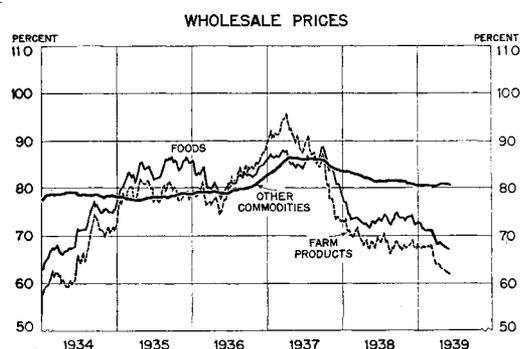
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



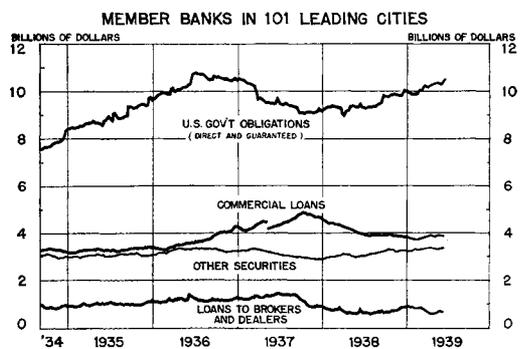
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January, 1934, to May, 1939. Latest figure 92.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average=100. By months, January, 1934, to May, 1939. Latest figure 62.



Indexes compiled by the United States Bureau of Labor Statistics, 1926=100. By weeks, 1934 to week ending June 17, 1939.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to June 14, 1939. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.

Industrial production, which had been receding on a seasonally adjusted basis during the first four months of this year, showed little change in May and increased considerably in the first three weeks of June.

**Production**—In May the Board's seasonally adjusted index of industrial production was at 92 per cent of the 1923-1925 average, the same as in April. Volume of manufacturing production declined somewhat further, owing chiefly to reductions in output of steel and automobiles, but mineral production increased as most bituminous coal mines were reopened after the middle of the month. Steel ingot production, which had been at an average of 52 per cent of capacity in April, declined to 45 per cent in the third week of May. About this time prices of some types of steel were reduced considerably and orders were placed in substantial volume. Subsequently steel output increased and the current rate is about 55 per cent of capacity, approximately the level maintained during the first quarter of this year.

In the automobile industry output was reduced by about one-fifth at the beginning of May, and in the latter part of the month there was further curtailment partly as a result of a strike at a body plant which led to the closing of most assembly lines of one major producer. In the early part of June the strike was settled and by the middle of the month output had risen to a level higher than that prevailing during most of May. Lumber production increased further in May following less than the usual seasonal rise during the first quarter of this year.

Output of nondurable manufactures in the aggregate was at about the same rate in May as in April. At woolen mills activity increased sharply, following a decline in April, and at cotton and rayon mills output was maintained. Mill consumption of raw silk showed a further sharp decline. At meat-packing establishments output increased more than seasonally, and as in March and April, was considerably larger than a year ago, reflecting a sharp increase in the number of hogs slaughtered. Flour production continued in larger volume than is usual at this season, while at sugar refineries there was a decrease in output.

Mineral production increased in May owing chiefly to the reopening of most bituminous coal mines. Anthracite production, which had been in large volume in April, declined in May, while output of crude petroleum increased somewhat further.

Value of residential building contracts, which had shown a considerable decline in April, increased in May, according to figures of the F. W. Dodge Corporation. Public residential awards were higher owing to a greater volume of United States Housing Authority projects. Private awards also increased, but on a seasonally adjusted basis were below the high level reached in February and March. Contracts for both public and private non-residential construction declined in May, following increases in the preceding two months.

**Employment**—Factory employment and payrolls showed little change from the middle of April to the middle of May, according to reports for a number of states.

**Distribution**—Department store sales declined from April to May, while sales at variety stores and by mail order houses showed little change. In the first two weeks of June department store sales increased. Freight-car loadings increased in the latter half of May, reflecting chiefly expansion in coal shipments. In the first half of June loadings of coal increased further and shipments of other classes of freight also were in larger volume.

**Commodity Prices**—Prices of industrial materials, such as steel scrap, hides, wool, and print cloths, advanced somewhat from the middle of May to the third week of June. Wheat, silk, and coal prices declined early in June, following increases in May, and there were further declines in prices of livestock and meats.

**Bank Credit**—During the four weeks ending June 14 total loans and investments at member banks in 101 leading cities increased by \$270,000,000, following a decline of \$200,000,000 in the preceding four weeks. The major increase was in holdings of Treasury notes and bonds at New York City banks. Demand deposits increased sharply to new high levels both in New York and in the leading cities outside New York. During the first three weeks of June excess reserves of member banks showed little change from the new high level of \$4,300,000,000 reached on May 24. Continued gold imports largely went into earmarked gold and into balances held for foreign account at the Federal Reserve banks.

**Money Rates**—Prices of United States Government securities, which had advanced sharply from April 11 to June 5, reaching a new high level, eased slightly during the next two weeks. The yield on the longest-term Treasury bond outstanding declined from 2.49 per cent on April 11 to 2.26 per cent on June 5 and increased to 2.32 per cent on June 19. Other money rates showed little change.