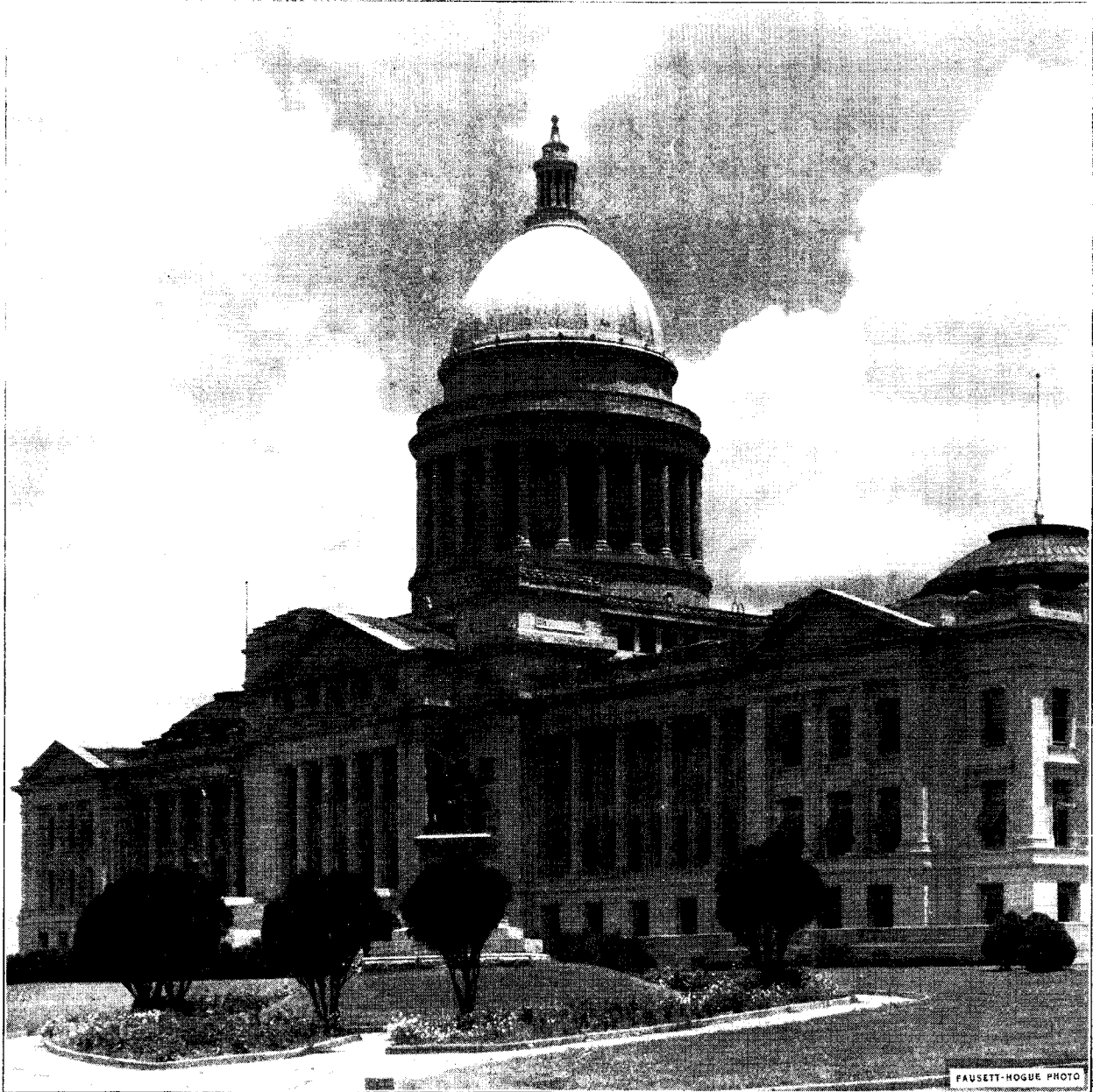




# BUSINESS CONDITIONS

*Monthly Review of Agriculture, Industry, Trade and Finance*  
*Released for Publication on Afternoon of July 28, 1939*

FEDERAL RESERVE BANK OF ST. LOUIS



*State Capitol, Little Rock, Ark.*

**SUMMARY OF EIGHTH DISTRICT**

<b>Agriculture:</b>	July 1, 1939, comp. with 1938 Av. 1923-38	
Estimated yield of 6 crops.....	- 2.3%	- 6.0%
<b>Live Stock:</b>	June, 1939, comp. with May, 1939 June, 1938	
Receipts at National Stock Yards....	+ 0.03%	- 6.6%
Shipments from aforesaid Yards.....	+11.2	- 5.7
<b>Production and Distribution:</b>		
Sales by mfrs. and wholesalers.....	- 3.8	+ 16.3
Department store sales.....	-12.5	+ 8.4
Car loadings.....	- 2.9	+ 8.1
<b>Building and Construction:</b>		
Bldg. permits, incl. repairs {	Number - 5.9	+ 23.6
Cost	+ 4.1	- 1.6
Value construction contracts awarded..	-15.9	+ 6.1
<b>Miscellaneous:</b>		
Commercial failures {	Number.....+ 16.7	- 37.8
Liabilities.....	+113.1	- 51.8
Consumption of electricity.....	+ 6.3	+ 16.6
Debits to individual accounts.....	- 1.9	+ 12.9
Life Insurance Sales.....	+ 0.6	+ 4.8
<b>Member Banks (24):</b>	July 12, '39, comp. with June 14, '39 July 13, '38	
Gross deposits.....	+ 1.7%	+ 9.8%
Loans.....	+ 1.6	+ 13.1
Investments.....	+ 2.0	+ 5.5

**G**ENERAL business in the Eighth District through June and the first half of July carried forward at a slightly accelerated rate the improvement achieved during late April and May. The betterment in actual volumes of industry and trade was accompanied by noticeable improvement in sentiment in the business community, based largely on an expansion in orders received and some relaxation in the ultra conservatism in purchasing which has characterized recent months. Production in a majority of classifications of both durable and nondurable goods expanded during June as compared with May, and volumes were substantially larger than a year ago. As reflected in traffic of railroads operating in the district, as well as statistics of merchants available to this bank, distribution of merchandise in June was also measurably greater than for that month in 1938. Bank debits in June were 2 per cent smaller than in May, but 13 per cent in excess of the June, 1938, total.

Taken as a whole the first half of 1939 was marked by notable progress in the direction of business recovery. Barring a temporary recessionary movement in the spring, trends have been upward both in industry and trade. While ordering of commodities continued chiefly on a necessity basis, steadily declining inventories have necessitated a large volume of current buying to accommodate actual needs of merchants, manufacturers and ultimate consumers. Outstanding factors in the upward swing included: Broadened building and construction operations; gains in production of building materials, notably lumber, glass, cement,

quarry products, structural steel items and fire clay products; augmented demand for machine tools, certain classes of machinery, farm implements, electrical supplies, chemicals and drugs, motor vehicles and parts. Production of minerals, including bituminous coal, increased and output of crude oil was the highest for any six months of record.

Operations in the iron and steel industry in June showed strong resistance to the usual recessionary seasonal trend. Schedules at both mills and foundries averaged slightly higher than during May. June output of bituminous coal at district mines was 4.2 per cent in excess of the same month a year ago. Production of lumber in June showed little change from May, and new orders and shipments continue to run measurably ahead of current production. Consumption of electric power by industrial users in the principal centers was 6 per cent greater than in May and 16.6 per cent in excess of the June, 1938, load.

Gauged by department store sales in the principal centers, the volume of retail trade in the Eighth District in June was 12.5 per cent smaller than in May, but 8.4 per cent greater than in June, 1938; for the first six months this year cumulative total was larger by 5.4 per cent than during the comparable period in 1938. Inventories as of July 1 were 4.8 per cent smaller than on the same date a year earlier.

Taken as a whole, Eighth District agricultural prospects improved during June and the first half of July. Weather conditions were more favorable for growth and development of crops than earlier in the season, though excessive rainfall over certain areas delayed planting and cultivation. Outlook for the corn crop is reported the most favorable in recent years. Indications point to a moderate increase in production of tobacco over a year ago. Cotton acreage under cultivation on July 1 in states including this district was 1.4 per cent greater than on the same date in 1938, but about one-fourth less than the 10-year (1928-1937) average. Fruit and vegetable crops are in the main above average. Under favorable weather, feed and pasturage conditions, livestock generally throughout the area maintained the high average position which has marked recent months.

Commercial failures in the Eighth Federal Reserve District in June, according to Dun and Bradstreet, numbered 28, involving liabilities of \$471,000, as against 24 defaults with liabilities of \$221,000 in May and 45 failures for a total of \$978,000 in June, 1938.

**DETAILED SURVEY OF DISTRICT**

**MANUFACTURING AND WHOLESALING**

Lines of Commodities Data furnished by Bureau of Census, U. S. Dept. of Commerce.	Net Sales		Stocks
	June, 1939 compared with May, '39    June, '38		June 30, 1939 comp. with June 30, 1938
Dry Goods.....	+ 0.4%	+24.3%	- 4.9%
Electrical Supplies .....	- 6.4	+13.1	-12.8
Furniture.....	-20.6	+40.0	+19.6
Groceries.....	+ 3.9	+ 5.4	+ 4.2
Hardware.....	- 3.1	+20.8	- 0.1
Plumbing Supplies.....	-34.4	+10.5	- 7.8
Tobacco and its Products.....	+ 2.0	+11.3	+20.0
Miscellaneous.....	- 8.2	+ 2.5	-10.1

Through June and early July, favorable trends in Eighth District wholesaling and jobbing trade, noted during the similar period immediately preceding, continued in virtually all lines for which statistics are available to this bank. In all classifications substantial increases were recorded in June over the same month a year ago, while such lines as showed declines in volume from May to June responded to the usual seasonal influences. Total sales of all groups in June were about 4 per cent less than in May, but approximately 16 per cent greater than in June, 1938. Wholesalers generally are continuing the policy of purchasing conservatively from manufacturers, and in a majority of lines the trend in inventories continues downward, though at a slower rate than during the preceding several months. Stocks held by wholesalers of tobacco and tobacco products increased rather sharply from May to June, reflecting partly anticipation of the cigarette tax in St. Louis, which became effective at mid-July.

**Automobiles**—Combined passenger car, truck and taxicab production in the United States in June totaled 309,720, against 297,508 in May and 174,667 in June, 1938.

**Iron and Steel Products**—Production and purchasing of iron and steel commodities in this district during June and the first half of July showed less than the expected seasonal contraction. Resumption of activities following the Independence Day holidays and vacation shutdowns was rapid, most of the loss having been retrieved by July 15. Production of steel ingots in this area, which had dropped to 31 per cent of capacity in the first week of July, advanced to 45 per cent at the middle of the month. This figure compares with 18 per cent a year ago.

Shipments to district melters and total melt of pig iron during June were slightly greater than in May, and figures available for the first half of July indicate a moderate increase over the same period a month earlier. At steel mills and foundries backlogs have been considerably reduced from levels obtaining earlier in the year, but new

orders and specifications are in most cases above current production. Manufacturers of plates, sheets, strip and other rolled steel materials report individual orders small in size, but the aggregate represents a liberal tonnage. In the immediate past, releases by the automotive interests have been slowed down by labor difficulties within that industry. As has been the case for a number of months, demand for machinery of all descriptions has been outstanding.

Taken as a whole, prices of finished steel are described as firm, with stabilization following the recent market disturbance making further progress. Purchasing by the petroleum industry continues active, and the building industry is accounting for liberal tonnages. Quietness prevailed in the market for scrap iron and steel, but prices on virtually all grades are steady to firm. Indicative of sustained steel consumption is the fact that warehouse and jobbing interests report less than the usual seasonal contraction in sales during late June and early July.

For the entire country, production of pig iron in June, according to the magazine "Steel," totaled 2,119,422 tons, as against 1,717,522 tons in May and 1,060,747 tons in June, 1938. Steel ingot production in the United States in June amounted to 3,130,381 tons, which compares with 2,917,876 tons in May and 1,632,843 tons in June, 1938.

**MINING AND OIL**

Production of soft coal for the entire country in June, according to the National Bituminous Coal Commission, totaled 28,506,000 tons, which compares with 17,880,000 tons in May and 22,507,000 tons in June, 1938. Cumulative tonnage for the first half of 1939 totaled 161,863,000 tons, against 150,634,000 tons for the comparable period a year ago. At mines in this general area June output was 4.2 per cent greater than for the same month in 1938.

Production at Illinois mines in June totaled 1,739,719 tons, which compares with 2,254,198 tons in May and 2,112,508 tons in June, 1938. There were 74 mines in operation in June, with 20,123 men on payrolls, as against 99 active mines and 28,279 operatives in May.

**Petroleum**—May output of crude oil in states of the Eighth District was 23.2 per cent more than in April and 180.9 per cent greater than in May, 1938. Cumulative total for the first five months this year was 133.1 per cent in excess of the corresponding period in 1938. Stocks on June 1 were 2.3 per cent

and 5.7 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	
	May, 1939	Apr., 1939	May, 1938	1939	1938	May, 1939	May, 1938
Arkansas.....	1,719	1,526	1,277	8,000	7,036	2,332	2,557
Illinois.....	6,849	5,415	1,440	26,632	6,394	12,720	11,501
Indiana.....	77	60	78	312	360	3,105	3,048
Kentucky.....	494	418	459	2,249	2,165	1,213	1,221
Totals.....	9,139	7,419	3,254	37,193	15,955	19,370	18,327

### 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 June 30, 1938	Stock Turnover Jan. 1, to June 30, 1939
	June, 1939 compared with May 1939	June, 1938	6 mos. 1939 to same period 1938		
Ft. Smith Ark....	-18.6%	-5.7%	-0.8%	-0.7%	1.33 1.34
Little Rock, Ark..	-13.0	+12.5	+7.4	-1.1	1.56 1.37
Louisville, Ky....	-12.8	+9.1	+4.9	-7.6	2.04 1.82
Memphis, Tenn....	-20.5	+15.0	+8.4	-0.5	1.72 1.49
Pine Bluff, Ark....	-11.5	+28.1	+19.7	-17.7	1.42 1.08
Quincy, Ill.....	-13.7	+5.9	+7.1	-16.9	1.95 1.50
St. Louis, Mo.....	-10.1	+6.5	+4.4	-6.1	2.24 1.97
Springfield, Mo..	-17.0	+12.2	+5.8	+6.3	1.59 1.38
All Other Cities...	-7.5	+14.2	+14.9	-1.1	1.65 1.39
8th F. R. District.	-12.5	+8.4	+5.4	-4.8	2.04 1.79

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

	Installment Accounts	Excl. Instal. Accounts		Installment Accounts	Excl. Instal. Accounts
Fort Smith.....	...	36.7%	Quincy.....	...	47.5%
Little Rock.....	16.1	37.3	St. Louis.....	19.0	56.4
Louisville.....	14.0	50.0	Other Cities..	14.1	44.7
Memphis.....	24.7	42.0	8th F.R. Dist.	18.6	50.3

**Specialty Stores**—June results in mens' furnishings and boot and shoe lines are shown in the following table:

	Net Sales			Stocks on Hand June 30, 1938	Stock Turnover Jan. 1, to June 30, 1939
	June, 1939 compared with May, 1939	June, 1938	6 mos. 1939 to same period 1938		
Men's Furnishings...	-5.4%	+11.5%	+6.0%	-4.6%	1.37 1.15
Boots and Shoes....	-3.9	+1.9	+1.4	-3.2	3.72 3.60

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

Men's Furnishings.....	34.5%	Boots and Shoes.....	40.8%
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### TRANSPORTATION

Freight traffic of railroads operating in this district, according to officials of the reporting lines, continued through June to maintain the increase over a year ago recorded in earlier months this year. For the first six months, volume was approximately 8.5 per cent in excess of that for the first half of 1938, with gains extending to practically all classes of freight handled. Since mid-June there has been a marked increase in the movement of grain and grain products and coal, while miscel-

laneous freight loadings have held about steady with the May-June average.

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 77,383 loads in June, which compares with 79,700 loads in May and 71,597 loads in June, 1938. During the first nine days of July the interchange amounted to 22,125 loads, as against 23,289 loads during the corresponding period in June and 21,001 loads during the first nine days of July, 1938. For the first half of 1939 there were 471,105 loads interchanged, an increase of 8.1 per cent over the first six months of 1938. Passenger traffic of the reporting lines in June was 1.5 per cent greater in number of passengers carried and 6.0 per cent more in revenue than during the same month a year ago.

For the entire country, loadings of revenue freight for the first 26 weeks this year, or to July 1, totaled 15,343,122 cars, against 14,230,632 cars for the corresponding period in 1938 and 19,040,175 cars in 1937. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in June was 143,800 tons, against 64,600 tons in May and 196,013 tons in June, 1938. Cumulative tonnage for the first half of 1939 was smaller by 294,617 tons, or 26.3 per cent, than in the comparable period a year earlier.

### WHISKEY

Only five distilleries of the sixty in Kentucky are in operation, compared with twelve operating last month. Such bottling as is being done at this time is for replacement purposes. Withdrawals, while running substantially ahead of last year, show a decline for June, as compared with June, 1938. There is considerable resistance to price cutting of bottle goods in the retail market.

### 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-May, 1937, 1938 and 1939, and during May, 1938 and 1939, are given in the following table:

(In thousands of dollars)	May		Cumulative for 5 months		
	1939	1938	1939	1938	1937
Indiana.....	\$ 20,428	\$ 22,389	\$ 98,308	\$102,032	\$118,900
Illinois.....	37,839	41,177	200,846	182,381	194,767
Missouri.....	19,942	19,933	87,889	83,463	89,387
Kentucky.....	8,684	8,686	60,407	76,171	75,708
Tennessee....	10,016	8,378	47,234	52,225	53,492
Mississippi....	5,111	5,169	43,205	41,003	49,094
Arkansas.....	9,256	4,914	31,538	36,649	41,924
Totals.....	\$111,276	\$110,646	\$569,427	\$573,924	\$623,272

**General Farming Conditions** — Eighth District crop prospects as a whole improved during June and the first half of July, being favored by more auspicious weather conditions for growth, develop-

ment and maturity. According to reports of the U. S. Department of Agriculture, agricultural departments of the several states and other informed sources, output of the principal productions, while somewhat smaller than a year ago and the bumper yields of 1937, will be above the 10-year (1928-1937) average. Heavy rainfall in June, followed by a number of days of sunshine, enabled farmers to catch up on delayed planting and cultivation of corn, cotton, legumes and other late crops. Except in flooded areas, where field work was delayed, farm schedules as of mid-July were for the most part up to average for that date. Marked improvement in pastures was noted, and fruit and vegetable crops for the most part continued to improve. Indications for tobacco are for a crop larger than a year ago.

Prices of farm products during June and early July varied in minor degree only, but remained measurably below the similar period in recent years. As of the week ended July 8, the farm products group of the U. S. Bureau of Labor Statistics index stood at 64.1 per cent of the 1926 average, an increase of 1.2 per cent over the preceding week and comparing with 62.7 per cent on June 10; 69.4 per cent on July 9, 1938; 90.5 per cent on July 10, 1937; 82.5 per cent on July 11, 1936 and 77.7 per cent on July 13, 1935.

**Corn**—Eighth District corn production in 1939 is estimated by the U. S. Department of Agriculture, in its July 1 report, at 327,444,000 bushels, a decrease of 4,735,000 bushels under the 1938 crop and comparing with the 16-year (1923-1938) average of 330,136,000 bushels. Conditions during June and early July were generally favorable for growth of the crop. Stocks of corn on farms in states of this district on July 1 were estimated at 311,755,000 bushels, as against 285,181,000 bushels a year earlier and the 10-year (1928-1937) average of 138,005,000 bushels.

**Cotton**—In its initial report of the season, the U. S. Department of Agriculture estimates the acreage of cotton under cultivation as of July 1, in states partly or entirely within the Eighth District at 5,974,000 acres, an increase of 83,000 acres, or 1.4 per cent, over the acreage in cultivation on the same date in 1938, but a decrease of 2,022,000 acres, or 25.3 per cent, under the 10-year (1928-1937) July 1 average. As for the entire country, figures for these states indicate almost 100 per cent grower cooperation with the Administration's crop control program. Generally throughout the district the position of the new crop is favorable. In some sections excessive rains have held back cultivation,

and in flooded lowlands a considerable amount of transplanting has been necessary. Danger of boll weevil infestation has been materially reduced by the recent high temperatures.

Demand for raw cotton from domestic spinners, continued fairly active, and prices continued to advance, reaching the highest levels of the season in the second week of July. Export buying remained quiet. In the St. Louis market the middling grade ranged from 8.70c to 9.15c per pound between June 15 and July 15, closing at 8.80c on the latter date, which compares with 8.90c on June 15 and 7.75c on July 15, 1938. Combined receipts at Arkansas and Missouri compresses from August 1, 1938, to July 7, 1939, totaled 1,575,985 bales, against 2,079,284 bales for the corresponding period a year earlier. Stocks on hand as of July 7 were 1,471,731 bales against 824,392 bales a year ago.

**Fruits and Vegetables**—Continued good progress was made by fruit and vegetable crops during June and the first half of July. Present prospects are for a larger-than-average supply of fruits for the 1939-1940 marketing season. Reports relative to vegetable crops for market and manufacture indicate somewhat smaller production than a year ago for some species. Little change from last year is noted in tomatoes. The July 1 condition of apples in all states of the district is above that of the same date in 1938. Grapes are expected to make a record high yield. The white potato crop is forecast at 12,376,000 bushels, a decrease of 1,602,000 bushels from the preceding year and comparing with the 16-year (1923-1938) average of 13,535,000 bushels.

**Livestock**—Reports from virtually all sections of the district reflect a continuance of the unusually high condition of livestock which has obtained since last fall. Milk production during June continued at a record high rate, with little evidence of the usual seasonal decline. Production of tame hay in this district is estimated at 6,793,000 tons, about the same as last year and comparing with the 16-year (1923-1938) average of 6,504,000 tons.

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

	Receipts			Shipments		
	June, 1939	May, 1939	June, 1938	June, 1939	May, 1939	June, 1938
Cattle and Calves.....	97,587	101,224	118,450	59,111	53,816	75,613
Hogs.....	209,012	247,102	177,032	138,045	136,652	112,575
Horses and Mules.....	1,889	898	2,260	1,732	851	1,916
Sheep.....	109,342	68,500	149,845	38,739	22,204	61,944
Totals.....	417,830	417,724	447,587	237,627	213,523	252,048

**Rice**—Production of rice in Arkansas is estimated by the U. S. Department of Agriculture in its report based on July 1 conditions at 9,360,000 bushels, which compares with 9,450,000 bushels harvested in 1938 and the 10-year (1928-1937) average of

8,178,000 bushels. Rains greatly assisted rice farmers with irrigation and cost of the crop will be much less than last year on that account.

**Tobacco**—In its report as of July 1, the U. S. Department of Agriculture estimates production of all types of tobacco in the Eighth District at 256,643,000 pounds, as against 241,254,000 pounds harvested in 1938 and the 16-year (1923-1938) average of 285,704,000 pounds.

In the burley district generally the crop is reported to be in splendid condition; early plants have maintained normal growth and the late plants have shown quite an improvement. The increase in acreage over last year is estimated at about 10 per cent.

The dark-fired crop is growing under very favorable conditions. The one-sucker crop is off for a good start and looks decidedly better than at this time last year. Only a slight increase in acreage, but considerable increase in poundage, is expected. Transplanting and resetting of the Green River crop after heavy rains are completed and the plants have a good start. Indications are that this crop will be increased about 15 per cent above that of last year.

**Winter Wheat**—Harvesting of the winter wheat crop has made rapid progress, despite delays in some sections caused by frequent rains. Reports from scattered sections indicate that farmers propose to place considerable wheat in the Government loan. The U. S. Department of Agriculture's July 1 report estimates Eighth District production at 52,043,000 bushels, which compares with 66,081,000 bushels harvested last year and the 16-year (1923-1938) average of 53,752,000 bushels.

### COMMODITY PRICES

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

	High	Low	Close	
			July 15, 1939	July 15, 1938
Wheat				
*July..... per bu..	\$ .69½	\$.62	\$.62½	\$.71½
*Sept..... "	.69¼	.63	.63½	.72½
*Dec..... "	.70½	.64½	.64¾	.73½
No. 2 red winter..	.77	.69½	.69½	.70¾
No. 2 hard..... "	.73	.67½	.68	.71
Corn				
*July..... "	.46½	.40½	.40¾	.59
*Sept..... "	.48½	.42	.42	.60½
*Dec..... "	.48½	.42¾	.42¾	.60½
No. 2 mixed..... "	.50½	.49	.49	.58
No. 2 white..... "	.57¼	.55	.55	.58
Oats				
*July..... "	.33½	.26¼	.26¾	.27½
*Sept..... "	.31½	.26¾	.26¾	.26½
*Dec..... "	.31½	.27½	.28	.27½
No. 2 white..... "	.35	.31½	.31½	.28½
Flour				
Soft patent..... per bbl..	5.80	4.00	4.00 @ 4.50	3.60 @ 3.90
Spring..... "	6.10	5.25	5.25 @ 5.55	5.40 @ 5.70
Middling Cotton... per lb...	.0915	.0870	.0880	.0775
Hogs on Hoof.... per cwt...	7.28	6.38	6.85	9.52

\*Nominal quotations.

### POSTAL RECEIPTS

Returns from the five largest cities of the district show an increase of 5.5 per cent in combined postal receipts for the second quarter this year over the same period in 1938, and of 1.9 per cent over the first quarter of 1939. Detailed figures follow:

Quarter ending	June 30, 1939	March 31, 1939	June 30, 1938	Comp. 2nd Qtrs. 1939 and 1938
Evansville.....	\$ 178,941	\$ 171,985	\$ 167,923	+ 6.6%
Little Rock.....	244,701	234,182	207,494	+17.9
Louisville.....	720,030	699,428	688,331	+ 4.6
Memphis.....	676,685	683,296	623,617	+ 8.5
St. Louis.....	2,687,797	2,636,135	2,584,483	+ 4.0
Totals.....	\$4,508,154	\$4,425,026	\$4,271,848	+ 5.5

### BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in June was 10.7 per cent greater than in May and 7.4 per cent less than in June, 1938. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in June amounted to \$17,171,000, which compares with \$20,420,000 in May and \$16,178,000 in June, 1938. Building figures for June follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1939	1938	1939	1938	1939	1938	1939	1938
Evansville.....	36	20	\$ 98	\$ 200	125	93	\$ 30	\$ 28
Little Rock.....	35	15	131	22	153	92	49	40
Louisville.....	116	99	306	235	42	57	18	57
Memphis.....	330	230	482	591	209	157	164	78
St. Louis.....	241	274	593	690	218	181	167	108
June Totals..	758	638	1,610	1,738	748	580	428	311
May ".....	784	624	1,454	1,349	816	666	503	427
April ".....	714	632	1,782	1,123	704	790	481	450

### CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in June as being 6.3 per cent greater than in May and 16.6 per cent more than in June, 1938. Detailed figures follow:

(K. W. H. in thous.)	No. of Customers	June, 1939 compared with			
		June, 1939 K.W.H.	May, 1939 K.W.H.	June, 1938 K.W.H.	June, 1938 compared with May, 1939
Evansville.....	40	3,532	3,106	2,559	+13.7%
Little Rock.....	35	2,309	1,969	2,157	+7.0
Louisville.....	82	8,887	8,700	8,201	+ 2.1
Memphis.....	31	2,288	2,307	1,841	+ 0.8
Pine Bluff.....	20	487	394	529	+23.6
St. Louis.....	214	28,088	26,425	23,802	+ 6.3
Totals.....	422	45,591	42,901	39,089	+ 16.6

### LIFE INSURANCE

Sales of new, paid-for, ordinary life insurance in states including the Eighth District during June, the preceding month, and a year ago, together with the cumulative totals for the first six months this year and the comparable period in 1938 are shown in the following table:

(In thousands of dollars)	June, 1939	May, 1939	June, 1938	Cumulative 1939	Cumulative 1938	Cumul. change
Arkansas.....	\$ 2,821	\$ 3,366	\$ 3,164	\$ 20,774	\$ 19,671	+ 5.6%
Illinois.....	42,680	40,979	39,181	280,055	247,821	+13.0
Indiana.....	11,913	12,549	11,775	78,922	69,576	+13.4
Kentucky.....	5,937	5,613	5,742	37,475	37,100	+ 1.0
Mississippi.....	3,395	3,469	3,158	19,228	18,536	+ 3.7
Missouri.....	16,405	17,265	16,360	110,939	98,538	+12.6
Tennessee.....	7,774	7,147	7,414	45,780	41,557	+10.2
Totals.....	\$ 90,925	\$ 90,388	\$ 86,794	\$ 593,173	\$ 532,799	+11.3
United States..	\$524,925	\$532,089	\$502,588	\$3,391,665	\$3,043,893	+11.4

## BANKING AND FINANCE

Moderate improvement in demand for credit from the principal borrowing groups marked the banking and financial situation in the Eighth District during the past thirty days. Inquiries for funds by mercantile and industrial borrowers for financing fall inventories have expanded seasonally, and are reported in considerably larger volume than a year ago. Routine liquidation of mercantile interests, however, continues in substantial volume, both at city and country banks. Country banks in sections where early fruits and vegetables are important cash crops report heavy repayments of loans, and in the winter wheat areas settlement of indebtedness with both country banks and merchants is reported in considerable volume. Demands for funds to finance the winter wheat crop are less in evidence than in some past seasons, owing in a measure to farmers holding part of their stocks for higher prices or placing them in the Government loan. Surplus reserves and deposits of member banks continued to mount, reaching new highs in the third week of July. Quite generally through the district, merchants report collections good to excellent.

**Member Banks**—Between June 14 and July 12, total loans and investments of weekly reporting member banks in the principal cities increased 1.8 per cent, and on the latest date were 8.8 per cent greater than a year ago. Gross deposits increased sharply, and at \$1,021,294,000 on July 12 recorded an all time high. Reserve balances declined 1.9 per cent in the four-week period, but at its close were still 7.2 per cent larger than on the corresponding report date in 1938.

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

(In thousands of dollars)	Change from		
	July 12, 1939	June 14, 1939	July 13, 1938
Commercial, industrial, and agricultural loans	\$186,129	+ 1,991	+22,408
Open market paper	3,615	+ 904	+ 1,788
Loans to brokers and dealers	5,302	- 1,082	+ 412
Other loans to purchase and carry securities	13,377	+ 1,164	+ 987
Real estate loans	49,884	+ 342	+ 1,885
Loans to banks	2,435	- 326	- 3,832
Other loans	51,952	+ 2,053	+16,078
Treasury bills	7,865	- 479	
Treasury notes	48,550	+ 543	+11,032
U. S. bonds	153,765	+ 1,720	
Obligations guaranteed by U. S. Government	66,772	+ 3,753	+ 4,045
Other securities	102,233	+ 1,943	+ 4,698
Balances with domestic banks	150,235	+ 9,307	+10,979
Demand deposits—adjusted*	453,948	+14,808	+43,463
Time deposits	190,188	+ 250	+ 4,728
U. S. Government deposits	21,936	+ 1,710	+ 7,026
Inter-bank deposits	301,859	+ 779	+31,607
Borrowings			

\*Other than interbank 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 were virtually unchanged, and at St. Louis downtown banks as of the week ended July 15, rates charged were as follows: Customers'

prime commercial paper, 1½ to 5½ per cent; collateral loans, 2 to 6 per cent; loans secured by warehouse receipts, 2 to 5 per cent and interbank loans, 2½ to 5¼ per cent.

The aggregate amount of savings deposits held by selected member banks on July 5 was 0.4 per cent greater than on June 7, and 3.8 per cent more than on July 6, 1938.

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

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled	5,500,393	\$1,276,057,146
Collections (non-cash items) handled	149,634	30,282,150
Transfers of funds	4,699	385,852,282
Currency received and counted	9,410,450	31,760,545
Coin received and counted	8,049,811	912,651
Rediscounts, advances and commitments	3	221,000
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Gov't., etc.	45,827	143,213,957
Bills and securities in custody—coupons clipped	24,380	

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

(In thousands of dollars)	Change from		
	July 19, 1939	June 19, 1939	July 19, 1938
Industrial advances under Sec. 13b	\$ 19	-0-	- 131
Other advances and rediscounts	129	+ 104	+ 29
Bills bought (including participations)	2	-0-	-0-
U. S. securities	115,169	- 9,005	+ 758
<b>Total earning assets</b>	<b>115,319</b>	<b>- 8,901</b>	<b>+ 656</b>
Total reserves	379,417	+ 4,161	+44,616
Total deposits	309,598	- 5,665	+39,068
F. R. Notes in circulation	179,228	- 249	+ 6,253
Industrial commitments under Sec. 13b	436	- 130	- 169
Ratio of reserve to deposit and F. R. Note liabilities	77.6%	- 1.8%	- 2.1%

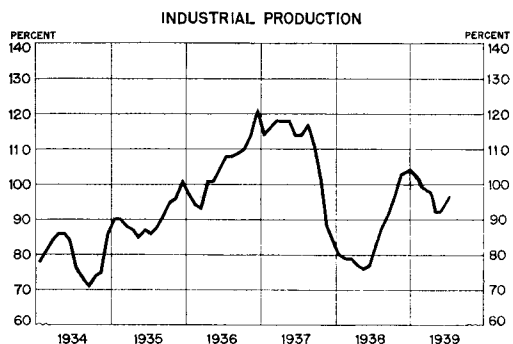
Following are the rates of this bank for accommodations under the Federal Reserve Act:

- Rediscounts and advances to member banks, under Sections 13 and 13a..... 1½% per annum
- Advances to member banks, under Section 10b..... 2 % per annum
- Rediscounts, purchases, and advances to member banks, nonmember banks and other financing institutions under Section 13b:
  - On portion for which such institution is obligated..... 3½% per annum
  - On remaining portion..... 4 % per annum
- 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
- Advances to established industrial or commercial businesses, under Section 13b..... { 4 % to 5½% per annum
- Advances to individuals, firms and corporations, including nonmember banks, secured by direct obligations of United States under Section 13..... 4 % per annum

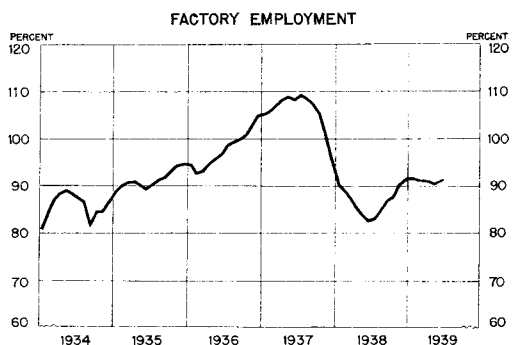
**Debits to Individual Accounts**—The following comparative table of debits to individual accounts reflects spending trends in this district:

(In thousands of dollars)	June, 1939	May, 1939	June, 1938	June, 1939 comp. with May, 1939	June, 1938
East St. Louis and Nat'l Stock Yards, Ill.	\$ 38,274	\$ 35,978	\$ 35,583	+ 6.4%	+ 7.6%
El Dorado, Ark.	5,438	4,968	5,701	+ 9.5	- 4.6
Evansville, Ind.	30,536	29,700	25,605	+ 2.8	+19.3
Fort Smith, Ark.	10,060	10,884	10,759	- 7.6	- 6.5
Greenville, Miss.	4,044	4,537	3,705	-10.9	+ 9.1
Helena, Ark.	1,486	1,496	1,401	- 0.7	+ 6.1
Little Rock, Ark.	41,291	41,490	32,844	- 0.5	+25.4
Louisville, Ky.	158,624	145,513	148,154	+ 9.0	+ 7.1
Memphis, Tenn.	166,281	107,106	92,719	+55.2	+79.3
Owensboro, Ky.	7,065	6,623	5,157	+ 6.7	+37.0
Pine Bluff, Ark.	6,801	6,508	7,294	+ 4.5	- 6.8
Quincy, Ill.	8,261	8,277	8,311	- 0.2	- 0.6
St. Louis, Mo.	586,740	682,650	564,300	-14.0	+ 4.0
Sedalia, Mo.	2,035	2,064	1,778	- 1.4	+14.5
Springfield, Mo.	14,576	15,105	13,384	- 3.5	+ 8.9
Texarkana, Ark.-Tex.	6,340	6,481	7,023	- 2.2	- 9.7
<b>Totals</b>	<b>\$1,087,852</b>	<b>\$1,109,380</b>	<b>\$ 963,718</b>	<b>- 1.9</b>	<b>+12.9</b>

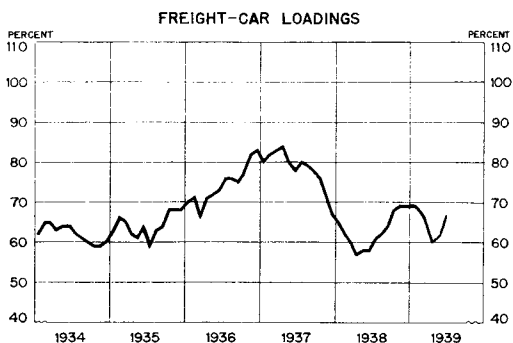
**NATIONAL SUMMARY OF BUSINESS CONDITIONS**  
 BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



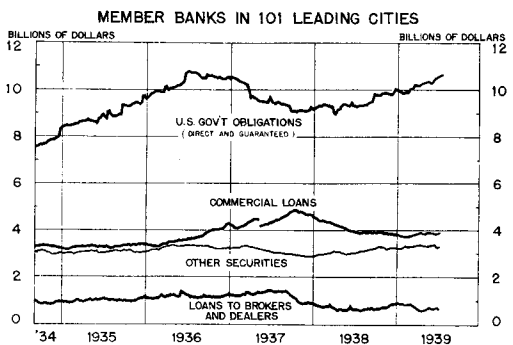
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to June, 1939. Latest figure 97.



Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to June, 1939. Latest figure 91.5.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to June 1939. Latest figure 67.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to July 8, 1939. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.

Output of factories and mines increased in June, reflecting chiefly sharp expansion at steel mills and bituminous coal mines. In the first half of July industrial activity was generally maintained.

**Production**—The Board's seasonally adjusted index of industrial production advanced to 97 per cent in June as compared with 92 per cent in April and May. At steel mills output increased from a rate of 45 per cent of capacity in the third week of May to 54 at the end of June and to 56 in the third week of July. Automobile production, which had declined in May, showed some increase in June when a decline is customary. In the first three weeks of July automobile output was at a lower rate, reflecting in part curtailment preparatory to the change over to new models. Plate glass production rose considerably in June. Output of lumber, which usually shows some increase over May, was unchanged.

Among nondurable goods industries woolen mills showed increased activity in June, and activity at cotton and silk mills was maintained though declines are usual at this season. Meatpacking was lower than in May. Mineral production increased considerably in June, reflecting a sharp rise in output at bituminous coal mines which had been closed during April and the first half of May. Production of anthracite declined from May to June and there was some reduction in output of petroleum.

Value of construction contracts awarded declined in June, according to F. W. Dodge Corporation figures, reflecting chiefly a greater than seasonal decrease in private residential building. Contracts awarded for public residential construction, principally for United States Housing Authority projects, were maintained at the advanced level reached in May, while public construction other than residential showed a small decline.

Factory employment and payrolls increased somewhat from the middle of May to the middle of June according to reports from a number of important industrial states. There was a sharp expansion in employment at bituminous coal mines following the reopening of the mines in the middle of May, and the number employed on railroads increased more than seasonally from May to June.

**Distribution**—Department store sales showed a less than seasonal decline from May to June and the Board's adjusted index advanced from 85 to 86 per cent, which compares with a level of 88 during the first four months of the year. Sales at variety stores and by mail order houses showed little change. Freight-car loadings increased more than seasonally in June reflecting a sharp rise in shipments of coal and smaller increases in shipments of grain and miscellaneous freight.

**Commodity Prices**—Prices of hides, silk, steel scrap, copper, and some other industrial materials advanced from the middle of June to the third week of July, while some farm products, particularly grains, declined. Prices of most other commodities showed little change.

**Agriculture**—A total wheat crop of 716,655,000 bushels was indicated on the basis of July 1 conditions, according to the Department of Agriculture. This would be much smaller than last year's large crop and somewhat below the 1928-1937 average. Cotton acreage in cultivation was estimated to be about the same as last year but one-third less than the 10-year average. A record tobacco crop is indicated. Most other major crops are expected to approximate last year's harvests and are generally larger than average.

**Bank Credit**—Total loans and investments of member banks in 101 leading cities continued to increase during the four weeks ending July 12, reflecting largely purchases of United States Government securities. Commercial loans, which had shown little change in recent months, increased slightly. Deposits and reserves at these banks rose to new high levels in July, reflecting continued gold imports and Treasury disbursements from its balances at the Reserve banks.

**Money Rates**—Prices of United States Government securities, which had declined somewhat during June, recovered part of the loss in July. The longest-term Treasury bond outstanding showed a yield of 2.31 per cent on July 20, compared with a record low of 2.26 on June 5. Open-market money rates showed little change.