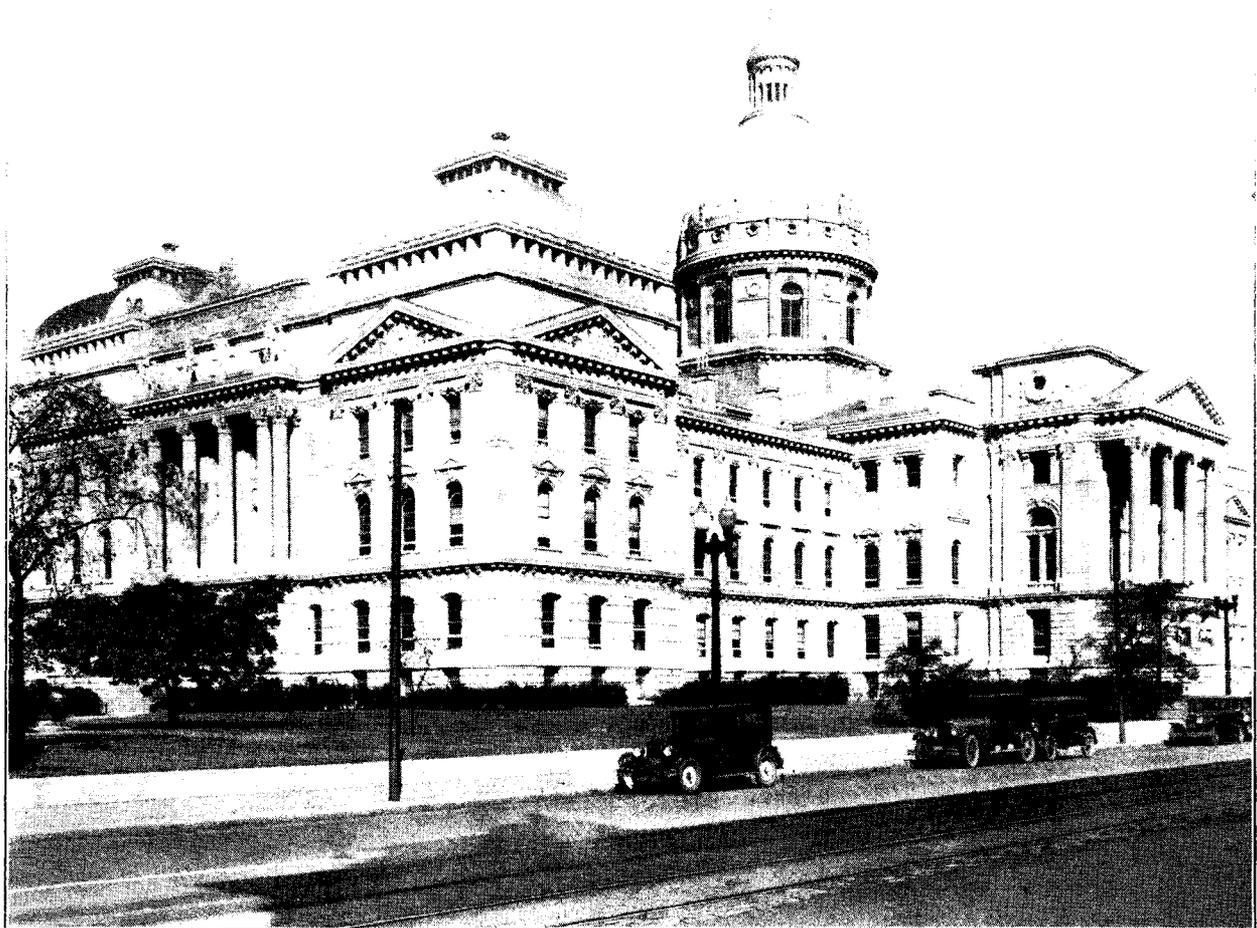




BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance
Released for Publication on Morning of August 30, 1939

FEDERAL RESERVE BANK OF ST. LOUIS



State Capitol, Indianapolis, Ind.

SUMMARY OF EIGHTH DISTRICT

	Aug. 1, 1939, comp. with 1938 Av. 1923-38	
Agriculture:		
Estimated yield of 7 crops.....	- 2.4%	- 6.0%
Live Stock:	July, 1939, comp. with June, 1939 July, 1938	
Receipts at National Stock Yards....	+ 2.4%	+ 2.3%
Shipments from aforesaid Yards.....	+ 3.6	+ 4.5
Production and Distribution:		
Sales by mfrs. and wholesalers.....	+14.9	+ 5.8
Department store sales.....	-20.9	+ 5.9
Car loadings.....	+ 5.6	+ 5.9
Building and Construction:		
Bldg. permits, incl. repairs {	Number -13.5	+ 18.1
Cost	+56.7	+ 93.9
Value construction contracts awarded..	+22.1	+ 47.5
Miscellaneous:		
Commercial failures {	Number + 39.3	- 7.1
Liabilities.....	- 1.7	- 32.0
Consumption of electricity.....	+ 2.0	+ 12.6
Debits to individual accounts.....	- 6.6	+ 8.2
Life Insurance Sales.....	- 12.2	- 1.4
Member Banks (24):	Aug. 16, '39, comp. with July 19, '39 Aug. 17, '38	
Gross deposits.....	+ 0.7%	+ 9.7%
Loans.....	- 2.5	+ 8.2
Investments.....	- 0.6	+ 1.3

GENERAL business activity in the Eighth District during July and the first half of August maintained, and in several important lines bettered, the rate of the similar period immediately preceding, which earlier period marked the high point of the improvement beginning last May. While a number of manufacturing classifications and retail trade in July showed the usual mid-summer slump, the extent of the recession was much less pronounced than is ordinarily the case, and in certain lines, notably iron and steel, lumber and petroleum, contraseasonal gains were recorded. Industrial production as a whole in the area was substantially greater in volume than a year ago.

The larger business volumes, coupled with well-defined improvement in sentiment among business men and the general public, were reflected in freer buying for future requirements by both retail and wholesale merchants. While manufacturers are still for the most part disposed to purchase raw materials only as needed, declining inventories have necessitated heavier current acquisitions in order to accommodate customers' orders. In a majority of manufacturing lines investigated by this bank, advances in unfilled orders were reported. Aside from a decline in farm products beginning in late May, prices as a whole developed only minor changes during the past thirty days, with the average measurably below a year and two years earlier.

Output of bituminous coal in fields of this district in July increased 14.6 per cent over the month

before and was 8.5 per cent greater than the tonnage lifted in July, 1938. Production of crude oil in June increased 3.3 per cent over May, and was 185.6 per cent larger than in June last year. Cumulative production for the first half of this year was 46,663,000 barrels, as against 19,260,000 barrels for the comparable period in 1938, the increase being caused almost entirely by output of the newly developed fields in Illinois.

July production of lumber increased about 4.5 per cent over June, and district mills continue to report current orders and shipments in excess of output. Consumption of electric power by industrial users in the principal cities in July was 2.0 per cent and 12.6 per cent greater, respectively, than a month and a year earlier. At mills in this area, output of steel ingots advanced to 57 per cent of capacity at mid-August, the best rate since the week of March 21, and comparing with 36 per cent a year ago.

The volume of retail trade in the district in July, as gauged by sales of department stores in the principal cities, was about one-fifth less than in June, but 5.9 per cent greater than in July, 1938; cumulative total for the first seven months was 5.5 per cent in excess of the same interval last year. Inventories as of August 1 were smaller by 1.9 per cent than on the same date a year earlier.

Taken as a whole, the employment situation underwent little change from June to July. Factory employment increased slightly, contrary to the usual seasonal experience, while completion of the wheat harvest and other seasonal agricultural activities resulted in a moderate decrease in the number of workers employed on farms. Employment in the building trades and transportation held about steady.

Eighth District agricultural prospects showed little change during July, the U. S. Department of Agriculture's report based on August 1 conditions tending to confirm earlier estimates for the principal crops. Indications are for abundant feed and forage crops, and fruit and vegetable yields are mainly above average, though somewhat below a year ago. Indicated yields of tobacco and hay are somewhat larger than last year, with moderate declines for corn, cotton, wheat and oats.

Commercial failures in the Eighth Federal Reserve District in July, according to Dun and Bradstreet, numbered 39, involving liabilities of \$463,000, as against 28 defaults with liabilities of \$471,000 in June and 42 failures for a total of \$681,000 in July, 1938.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks
	July, 1939 compared with June, '39 July, '38		July 31, 1939 comp. with July 31, 1938
Boots and Shoes.....	+112.0%	- 3.6%	-14.6%
Dry Goods.....	- 1.0	+ 7.8	- 1.7
Electrical Supplies.....	-12.9	+21.0	+12.4
Furniture.....	-15.4	+44.3	-11.5
Groceries.....	- 8.2	+ 2.0	- 0.7
Hardware.....	+14.2	+15.5	+ 0.2
Tobacco and its Products.....	- 3.1	+ 4.4	+ 8.4
Miscellaneous.....	- 0.8	+11.2	+ 2.5

Upward trends in the wholesaling and jobbing trade in this area, noted in the two months immediately preceding, persisted during July, and reports covering the first half of August indicate a continuance of the betterment. With the exception of boots and shoes, all lines whose statistics are available to this bank, recorded gains over July a year ago. Decreases reported from June to July were seasonal in character, and in the case of dry goods, electrical supplies and groceries, were smaller than average during the past decade.

Inventories in a number of important classifications continued the steady decline of recent months. However, the rate of shrinkage was more gradual, and for all lines combined stocks as of July 31 were slightly larger than a year earlier, for the first time since January, 1938. The increase in sales of boots and shoes from June to July, shown in the above table, was seasonal, but materially larger than the usual experience.

Automobiles—Combined passenger car, truck and taxicab production in the United States in July totaled 186,265, as against 309,720 in June and 141,437 in July, 1938.

Iron and Steel Products—Improvement in the iron and steel industry in this district, noted in late May and throughout June, continued during July and the first half of August. Strong resistance was opposed to the usual summer recession and resumption of activities following the lull incident to vacations, inventory taking, repairs, etc., was more rapid than has been the case in a number of seasons. Production of steel ingots in this area as of mid-August was at 57 per cent of capacity, the highest since the week of March 21, and comparing with 45 per cent at the middle of July and 36 per cent in the week of August 15, 1938. Rolling mill schedules have been geared to about absorb current ingot output in order to meet specifications on sheet and strip sold during the short period of lower prices last spring. Generally steel prices have maintained the stronger tone which replaced weakness earlier in the year. With the exception of a rather sharp advance in scrap, prices of raw materials were unchanged from a month earlier.

Shipments of pig iron to users in the district and the total melt during July were approximately 12 per cent and 8.5 per cent greater, respectively, than in the preceding month. The movement during the first half of August indicates a gain of about 10 per cent over the corresponding period in July. The increase in the melt from June to July was accounted for largely by steel mills, jobbing foundries and manufacturers of machinery and other specialties.

Business of warehouse and jobbing interests in July showed a small contraseasonal increase over June. These interests report a marked pickup in purchasing by the general manufacturing trade, also heavier ordering by the railroads of shop and repair materials. Outlet through the building industry continues good, though the trend of new lettings of structural steel was downward.

July production of pig iron for the entire country, according to the magazine "Steel", was 2,356,036 tons, the largest since March, and comparing with 2,119,422 tons in June and 1,213,076 tons in July, 1938. Steel ingot production in the United States in July totaled 3,288,949 tons, against 3,125,288 tons in June and 1,974,317 tons in July, 1938.

MINING AND OIL

Coal—Moderate improvement in demand for bituminous coal was noted during July, and the betterment was carried farther forward in the first half of August. Demand from industrial users has expanded, and there is a disposition on the part of certain interests to build up inventories, partly occasioned by anticipation of higher prices to be set by the National Bituminous Coal Commission.

In fields of this district, production of soft coal in July was 14.6 per cent greater than in June and 8.5 per cent more than in July, 1938. Output for the entire country in July, according to the Bituminous Coal Division of the U. S. Department of the Interior, was 29,490,000 tons, which compares with 27,900,000 tons in June and 23,367,000 tons in July, 1938; cumulative tonnage to the end of July was 190,747,000 tons, as against 174,001,000 tons during the first seven months of 1938.

At Illinois mines July output totaled 2,167,579 tons, against 1,739,719 tons in June and 2,192,384 tons in July a year ago. There were 77 mines in operation in July, with 22,263 men on payrolls, as against 74 active mines and 20,123 operatives in June.

Petroleum—June output of crude oil in states of the Eighth District was 3.3 per cent more than in May and 185.6 per cent greater than in June, 1938. Cumulative total for the first six months this year was 142.1 per cent in excess of the corresponding period in 1938. Stocks on July 1 were 2.4 per cent and 9.8 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	
	June, 1939	May, 1939	June, 1938	1939	1938	June, 1939	June, 1938
Arkansas.....	1,764	1,719	1,272	9,764	8,308	2,099	2,310
Illinois.....	7,083	6,849	1,462	33,715	7,856	13,303	11,511
Indiana.....	90	77	84	402	444	3,156	3,018
Kentucky.....	503	494	487	2,752	2,652	1,270	1,219
Totals.....	9,440	9,139	3,305	46,633	19,260	19,828	18,058

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 July 31, 1938	Stock Turnover Jan. 1, to July 31, 1939
	July, 1939 compared with June, 1939	July, 1938	7 mos. 1939 to same period 1938		
Ft. Smith, Ark.	-14.4%	-2.4%	-1.0%	-0.2%	1.53 1.55
Little Rock, Ark.	-16.7	+10.6	+7.8	+2.0	1.80 1.59
Louisville, Ky.	-23.1	+5.8	+5.0	-3.5	2.34 2.10
Memphis, Tenn.	-19.3	+7.7	+8.3	+3.1	1.97 1.72
Pine Bluff, Ark.	-10.2	+29.9	+21.1	+0.7	1.65 1.26
Quincy, Ill.	-32.0	+5.7	+7.0	-14.0	2.21 1.71
St. Louis, Mo.	-21.4	+4.9	+4.5	-3.5	2.54 2.25
Springfield, Mo.	-15.7	+8.6	+6.2	+6.2	1.83 1.62
All Other Cities....	-20.4	+7.9	+14.0	+2.4	1.89 1.62
8th F. R. District..	-20.9	+5.9	+5.5	-1.9	2.32 2.05

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

	Installment Accounts	Excl. Instal. Accounts	Installment Accounts	Excl. Instal. Accounts
Fort Smith.....%	38.0%	St. Louis.....%	45.3%	
Little Rock.....	14.2	St. Louis.....	20.7	
Louisville.....	13.5	Other Cities..	13.4	
Memphis.....	23.1	8th F.R. Dist.	18.9	

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

	Net Sales			Stocks on Hand July 31, 1938	Stock Turnover Jan. 1, to July 31, 1939
	July, 1939 compared with June, 1939	July, 1938	7 mos. 1939 to same period 1938		
Men's Furnishings...	-40.9%	+1.5%	+5.5%	-3.0%	1.53 1.31
Boots and Shoes....	-36.3	+2.0	+1.5	+0.8	4.26 4.13

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

Men's Furnishings.....	37.1%	Boots and Shoes.....	37.9%
------------------------	-------	----------------------	-------

TRANSPORTATION

According to officials of railroads operating in this district, the volume of freight traffic handled in July and the first half of August sharply extended the gains over 1938 recorded during earlier months this year.

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines,

interchanged 81,694 loads in July, as against 77,383 loads in June and 77,141 loads in July, 1938. During the first nine days of August the interchange amounted to 21,995 loads, which compares with 22,125 loads during the corresponding period in July and 21,392 loads during the first nine days of August, 1938. Passenger traffic of the reporting lines in July was 2.5 per cent less in number of passengers carried and 3.6 per cent more in revenue than during the same month a year ago.

For the entire country, loadings of revenue freight for the first 31 weeks this year, or to August 5, totaled 18,553,284 cars, against 17,087,635 cars for the comparable period in 1938 and 22,798,260 cars in 1937. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in July was 177,300 tons, against 144,974 tons in June and 228,937 tons in July, 1938; cumulative tonnage for the first seven months this year was smaller by 345,080 tons, or 25.6 per cent, than for the same period in 1938.

WHISKEY

Five out of Kentucky's 60 distilleries are in operation, the same number as a month ago. A temporary strengthening in the price of three and four year inspections has occurred, owing to a shortage of these grades by two leading producers. It is reported that consumption in May and June fell slightly below that of the same periods in 1938. This represents the first unfavorable comparison of consumption in 1939 with 1938.

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

(In thousands of dollars)	June		Cumulative for 6 months		
	1939	1938	1939	1938	1937
Indiana.....	\$ 17,792	\$ 20,030	\$116,100	\$122,062	\$141,135
Illinois.....	31,795	37,513	232,641	219,894	233,446
Missouri.....	18,171	20,187	106,060	103,650	110,160
Kentucky.....	8,606	8,324	69,013	84,495	85,889
Tennessee....	9,755	7,677	56,989	59,902	62,558
Mississippi....	4,847	6,466	48,052	47,469	56,583
Arkansas.....	7,327	5,007	38,865	41,656	48,176
Totals.....	\$ 98,293	\$105,204	\$667,720	\$679,128	\$737,947

General Farming Conditions—According to the U. S. Department of Agriculture, agricultural departments of the several states and other informed sources, crop prospects in the Eighth District underwent no marked changes during July, some products showing moderate declines, while indicated yields of others increased slightly. All crops considered, production will be somewhat smaller than a year ago, owing principally to smaller acre-

ages planted under the Government's agricultural program.

The season from planting to mid-August has been in the main favorable for growth and development of both field crops and fruits and vegetables. Precipitation in July was scattered, ranging from excessive in some areas to inadequate elsewhere. In the principal winter wheat producing sections, frequent rains delayed harvesting and resulted in some damage to grain in the shock. Indications are for ample feed and fodder crops to support the generally increased numbers of livestock throughout the district. Quite generally the oat crop was short, but prospects for corn are the best in a number of years. In Illinois, the largest corn producing state, the August 1 condition was the highest in 34 years, and of soy beans, the highest in 7 years.

During July and early August, prices of farm products tended downward and the average continued measurably below that of the similar period in late years. As of the week ended August 5, the farm products group of the U. S. Department of Labor Statistics index stood at 62.5 per cent of the 1926 average, which compares with 61.4 per cent a week earlier; 64.1 per cent on July 8; 68.7 per cent on August 6, 1938; 86.9 per cent on August 7, 1937; 83.2 per cent on August 8, 1936, and 79.7 per cent on August 10, 1935.

Corn—Based on the August 1 condition, the U. S. Department of Agriculture estimates the Eighth District corn crop at 324,780,000 bushels, a decrease of 2,664,000 bushels from the July 1 forecast and comparing with 332,179,000 bushels harvested in 1938 and the 16-year (1923-1938) average of 330,136,000 bushels. The carryover of corn is one of the largest in recent years, and in states of this district about 172,000,000 bushels above the 10-year (1928-1937) average.

Cotton—In its first production estimate of the season, the U. S. Department of Agriculture places the Eighth District crop at 3,223,000 bales. This represents a decrease of 163,000 bales, or 4.8 per cent, under the preceding year, and compares with 2,924,000 bales for the 16-year (1923-1938) average. The indicated decrease in output under the 16-year average is attributable entirely to smaller acreage planted. The condition of the crop as of August 1 was generally high, and since that date further betterment has taken place.

Demand for raw cotton has continued good, though in early August prices declined from the high point attained in July. Considerably more cotton has been sold from the Government loan stock than was anticipated two or three months

back. In the St. Louis market the middling grade ranged from 8.55¢ to 9¢ per pound between July 15 and August 15, closing at 8.55¢ on the latter date, which compares with 8.80¢ on July 15 and 7.25¢ on August 15, 1938. Combined receipts at Arkansas and Missouri compresses from August 1 to August 18 totaled 7,401 bales as against 11,784 bales for the corresponding period a year earlier. Total shipments during the same period amounted to 37,831 bales, as against 13,810 bales a year ago. Stocks on hand as of August 18, however, were 546,705 bales larger than on the same date in 1938.

The Census Bureau reports that the cotton carryover at the beginning of the cotton year of 1939-1940, on August 1, was 13,032,611 running bales—the largest quantity held at this time of the year in the history of Government statistics. There was a carryover of 11,533,439 bales a year ago and 4,498,848 bales two years ago. The average carryover in the 10 years, 1929-38, was 6,744,800 bales.

Fruits and Vegetables—In states including the Eighth District the apple crop is estimated at 8,400,000 bushels, against 3,275,000 bushels last year and the 10-year (1928-1937) average of 6,975,000 bushels; peaches, 9,406,000 bushels, against 6,214,000 bushels in 1938 and 10-year average of 7,195,000 bushels; pears, 2,643,000 bushels, against 1,784,000 bushels in 1938 and 10-year average of 2,112,000 bushels; grapes, 39,940 tons, against 23,730 tons in 1938 and 10-year average of 34,768 tons; sweet potatoes, 20,205,000 bushels, against 20,720,000 bushels in 1938 and 10-year average of 18,413,000 bushels; peanuts, 34,700,000 pounds, against 32,490,000 pounds in 1938 and 10-year average of 31,481,000 pounds. In the district proper the white potato crop is estimated at 12,212,000 bushels, against 13,978,000 bushels in 1938 and 16-year (1923-1938) average of 13,535,000 bushels.

Livestock—Reports from all sections of the district indicate that the condition of livestock has maintained the high average which marked previous months this year. Marketings of cattle and hogs, while falling below June, were measurably higher than a year ago. Hog prices in the second week of August declined to the lowest level since 1934.

The number of cattle on feed for market in the Corn Belt States as of August 1 is estimated by the U. S. Department of Agriculture as 16 per cent larger than on the same date a year ago. The increase was general over the entire area, with a larger number on feed in all but one state. In states of this district the lamb crop this year is estimated

to be 0.4 per cent greater than a year ago, and 10 per cent larger than the 10-year (1928-1937) average.

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

	Receipts			Shipments		
	July, 1939	June, 1939	July, 1938	July, 1939	June, 1939	July, 1938
Cattle and Calves.....	120,726	97,587	133,615	78,974	59,111	87,653
Hogs.....	195,554	209,012	174,500	129,773	138,045	109,996
Horses and Mules.....	1,087	1,889	1,391	958	1,732	1,157
Sheep.....	110,568	109,342	108,697	36,472	38,739	36,828
Totals.....	427,935	417,830	418,203	246,177	237,627	295,634

Tobacco—The U. S. Government report based on conditions as of August 1, indicates a slight deterioration in the Eighth District tobacco crop during July. Total yield is estimated at 254,467,000 pounds, a decrease of 2,176,000 pounds from the July 1 forecast, and comparing with 241,254,000 pounds harvested in 1938 and the 16-year (1923-1938) average of 285,704,000 pounds. Ultimate results will depend largely upon weather conditions from this time to harvest. Recent rains have improved the crop as a whole, but have caused some damage in the lowlands and considerable destruction has been wrought by local hail storms. Opening sales in the South, the Carolinas and Georgia, have caused pessimistic predictions as to prices to be paid for the 1938 crop in this district.

Stocks of leaf tobacco owned by dealers and manufacturers in the United States and Puerto Rico as of July 1, amounted to 2,135,856,000 pounds, compared with 2,178,500,000 pounds on that date in 1938 and 2,367,193,000 pounds on April 1, 1939. In the April 1 to July 1 period stocks decreased 24,000,000 pounds less than in the similar period a year earlier.

COMMODITY PRICES

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

	High	Low	Close	
			Aug. 15, 1939	Aug. 15, 1938
Wheat				
*Sept..... per bu..	\$.63½	\$.57½	\$.61½	\$.62
*Dec..... "	.64½	.58½	.61½	.64½
*May..... "	.64	.60½	.61½	.67
No. 2 red winter.....	.71	.65½	.68	.63½
No. 2 hard.....	.69½	.64	.67	.63
Corn				
*Sept..... "	.42½	.35½	.40	.50½
*Dec..... "	.42½	.36½	.39	.47
*May..... "	.43	.39½	.42½	.49½
No. 2 mixed.....	.46	.40	.44	.49
No. 2 white.....	.56	.51½	.55	.51½
Oats				
*Sept..... "	.28	.24	.27½	.23
*Dec..... "	.28½	.25½	.27½	.23½
*May..... "	.28½	.26½	.27½	.25½
No. 2 white.....	.32	.27½	.31½	.25½
Flour				
Soft patent..... per bbl..	5.00	4.00	4.50 @ 5.00	3.25 @ 3.55
Spring..... "	5.55	5.25	5.25 @ 5.55	5.15 @ 5.45
Middling Cotton, per lb....	.0900	.0855	.0855	.0725
Hogs on Hoof, per cwt..	6.63	5.49	5.64	8.48
*Nominal quotations.				

Winter Wheat—The Eighth District crop is turning out better than anticipated, and despite delays to harvest occasioned by frequent rains, threshing of the crop is rapidly nearing completion. The U. S. Department of Agriculture in its August 1 report places the district yield at 55,903,000 bushels, an increase of 3,860,000 bushels over the July 1 forecast, and comparing with 66,081,000 bushels harvested in 1938 and the 16-year (1923-1938) average of 53,752,000 bushels.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in July was 72.5 per cent more than in June and 104.2 per cent greater than in July, 1938. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in July amounted to \$20,961,000, which compares with \$17,171,000 in June and \$14,214,000 in July, 1938. Building figures for July follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1939	1938	1939	1938	1939	1938	1939	1938
Evansville.....	26	24	\$ 185	\$ 134	120	77	\$ 64	\$ 29
Little Rock.....	35	15	95	38	112	68	33	27
Louisville.....	83	80	309	206	41	56	33	29
Memphis.....	265	230	1,530	421	180	156	101	98
St. Louis.....	259	215	658	561	181	172	186	104
July Totals.....	668	573	2,777	1,360	634	529	417	287
June.....	758	658	1,610	1,738	748	580	428	311
May.....	784	624	1,454	1,349	816	666	503	427

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in July as being 2.0 per cent greater than in June and 12.6 per cent more than in July, 1938. Detailed figures follow:

(K. W. H. in thous.)	No. of Customers	July, 1939	June, 1939	July, 1938	July, 1939 compared with	
		K. W. H.	K. W. H.	K. W. H.	June, 1939	July, 1938
Evansville.....	40	3,444	3,532	2,559	+ 2.5%	+34.6%
Little Rock.....	34	2,319	2,309	2,264	+ 0.4	+ 2.4
Louisville.....	82	9,175	8,887	7,994	+ 3.2	+14.8
Memphis.....	31	2,249	2,288	1,805	+ 1.7	+24.6
Pine Bluff.....	20	519	487	597	+ 6.6	-13.1
St. Louis.....	214	28,788	28,088	25,975	+ 2.5	+10.8
Totals.....	421	46,494	45,591	41,194	+ 2.0	+12.6

LIFE INSURANCE

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

(In thousands of dollars)	July, 1939	June, 1939	July, 1938	Cumulative		Cumul. change
	1939	1939	1938	1939	1938	
Arkansas.....	\$ 2,899	\$ 2,821	\$ 3,029	\$ 23,673	\$ 22,700	+ 4.3%
Illinois.....	36,937	42,680	37,603	316,992	285,424	+11.1
Indiana.....	10,887	11,913	10,996	89,809	80,572	+11.5
Kentucky.....	4,675	5,937	4,962	42,150	42,062	+ 0.2
Mississippi.....	2,729	3,395	2,610	21,957	21,146	+ 3.8
Missouri.....	15,086	16,405	15,483	126,025	114,021	+10.5
Tennessee.....	6,605	7,774	6,287	52,385	47,844	+ 9.5
Totals.....	\$ 79,818	\$ 90,925	\$ 80,970	\$ 672,901	\$ 613,769	+ 9.6
United States...	\$462,423	\$524,925	\$457,224	\$3,853,088	\$3,501,117	+10.1

BANKING AND FINANCE

While continuing well above the similar period a year ago, demand for credit in the Eighth District during the past thirty days was generally quiet. Requirements of merchants and manufacturers for financing fall and early winter inventories increased seasonally over the similar period immediately preceding, but, as has been the case for a number of months, liquidation of loans was in considerable volume, with the result that the total loans item at commercial banks recorded a small decrease. A number of banks reported expansion in demand for funds from financing companies, also a steady increase in business of their small loan departments. Commitments of grain handling and flour milling interests increased in less than expected volume, owing partly to the policy of farmers to hold their wheat stocks for higher prices, or place them in the Government loan. Bankers' dollar acceptances outstanding in the Eighth District as of July 31 were 1.4 per cent less than a month earlier, but 36.6 per cent in excess of the total on July 31, 1938.

Member Banks—In the four-week period ended August 16, total loans and investments of reporting member banks in the principal cities decreased 1.5 per cent, but at its end were still 4.3 per cent higher than a year ago. There was a decline of 5.0 per cent in commercial, industrial and agricultural loans during the period, occasioned in part by the Commodity Credit Corporation taking over cotton loans that were approaching maturity. Gross deposits declined in late July, but turned sharply upward in the second week of August, and in that week excess reserves reached the highest point of record.

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

(In thousands of dollars)	Change from		
	Aug. 16, 1939	Jul. 19, 1939	Aug. 17, 1938
Commercial, industrial, and agricultural loans	\$178,118	-9,282	+3,506
Open market paper	4,750	+941	-108
Loans to brokers and dealers	5,440	+762	+603
Other loans to purchase and carry securities	13,748	+394	+1,043
Real estate loans	50,842	+467	+2,890
Loans to banks	2,363	-1,168	-4,057
Other loans	52,151	+147	+19,530
Treasury bills	2,462	-4,213	
Treasury notes	49,345	+593	-3,083
U. S. bonds	155,026	+1,215	
Obligations guaranteed by U. S. Government	67,308	+1,053	+4,191
Other securities	101,188	-1,078	+3,618
Balances with domestic banks	165,915	+17,999	+34,991
Demand deposits—adjusted*	459,940	+3,808	+46,096
Time deposits	189,920	+230	+4,124
U. S. Government deposits	21,839	-152	+6,896
Inter-bank deposits	299,116	+2,577	+26,535
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.

No change worthy of note occurred in interest rates, and at downtown St. Louis banks as of the

week ended August 15, rates 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 5¼ per cent, and interbank loans, 2½ to 5¼ per cent.

The aggregate amount of savings deposits held by selected member banks on August 2 was 0.2 per cent less than on July 5, but 2.7 per cent greater than on August 3, 1938.

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

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled	5,247,557	\$1,141,584,161
Collections (non-cash items) handled	90,642	37,859,668
Transfers of funds	4,637	291,003,588
Currency received and counted	7,966,057	25,175,616
Coin received and counted	10,420,285	1,100,854
Rediscounts, advances and commitments	7	297,387
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Gov't., etc.	14,200	16,320,228
Bills and securities in custody—coupons clipped	11,468	

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

(In thousands of dollars)	Change from		
	Aug. 19, 1939	July 19, 1939	Aug. 19, 1938
Industrial advances under Sec. 13b	\$ 18	- 1	- 132
Other advances and rediscounts	119	-	- 21
Bills bought (including participations)	2	-0-	-0-
U. S. securities	112,442	-2,727	-1,969
Total earning assets	112,581	-2,738	-2,122
Total reserves	395,882	+16,465	+68,672
Total deposits	323,725	+14,127	+60,253
F. R. Notes in circulation	180,511	+1,282	+8,745
Industrial commitments under Sec. 13b	430	- 6	- 155
Ratio of reserve to deposit			
and F. R. Note liabilities	78.5%	- 0.9%	- 3.3%

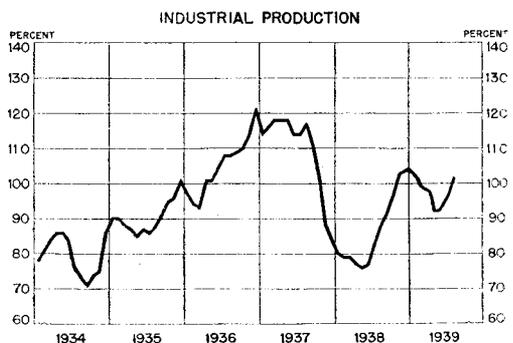
Following are the rates of this bank for accommodations under the Federal Reserve Act:

- (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

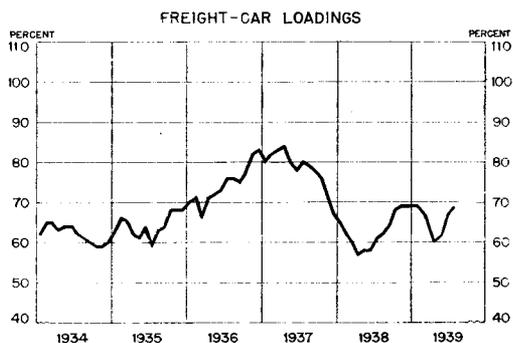
Debits to Individual Accounts—The following comparative table of debits to individual accounts reflects spending trends in this district:

(In thousands of dollars)	July, 1939	June, 1939	July, 1938	Jul., 1939 comp. with Jun., 1939	Jul., 1938
East St. Louis and Nat'l Stock Yards, Ill.	\$ 35,301	\$ 38,274	\$ 34,492	- 7.8%	+ 2.3%
El Dorado, Ark.	5,025	5,438	5,177	- 7.6	- 2.9
Evansville, Ind.	32,004	30,536	28,975	+ 4.8	+10.5
Fort Smith, Ark.	10,658	10,060	10,386	+ 5.9	+ 2.6
Greenville, Miss.	4,054	4,044	3,761	+ 0.2	+ 7.8
Helena, Ark.	1,401	1,486	1,294	+ 5.7	+ 8.3
Little Rock, Ark.	42,641	41,291	30,822	+ 3.3	+38.3
Louisville, Ky.	156,947	158,624	142,067	- 1.1	+10.5
Memphis, Tenn.	123,379	166,281	93,305	-25.8	+32.2
Owensboro, Ky.	7,900	7,065	5,379	+11.8	+46.9
Pine Bluff, Ark.	7,302	6,801	6,547	+ 7.4	+ 9.9
Quincy, Ill.	7,884	8,261	7,179	- 4.6	+ 9.8
St. Louis, Mo.	558,027	589,740	547,020	- 4.9	+ 2.0
Sedalia, Mo.	1,916	2,035	1,755	+ 5.8	+ 9.2
Springfield, Mo.	14,545	14,576	13,467	- 0.2	+ 8.0
Texarkana, Ark.-Tex.	6,624	6,340	6,904	+ 4.5	- 4.1
Totals	\$1,015,608	\$1,087,852	\$ 938,630	- 6.6	+ 8.2

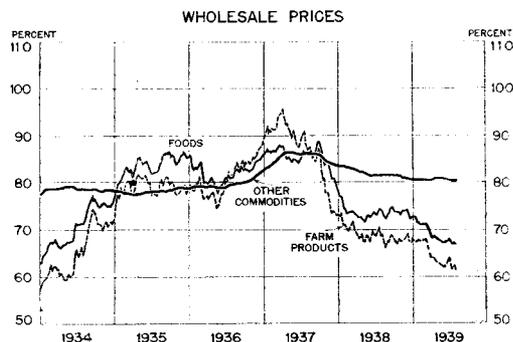
NATIONAL SUMMARY OF BUSINESS CONDITIONS
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



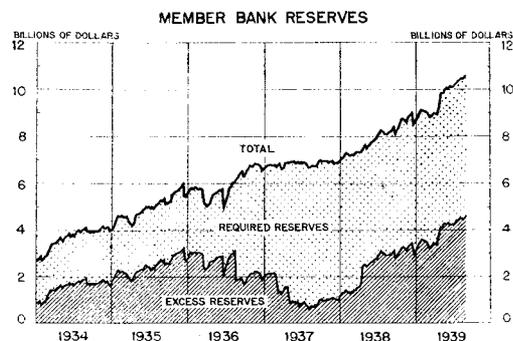
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to July, 1939. Latest figure 102.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to July, 1939. Latest figure 69.



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending August 12, 1939.



Wednesday figures of total member bank reserve balances at Federal Reserve banks, with estimates of required and excess reserves, January 3, 1934, to August 16, 1939.

In July industrial activity, seasonally adjusted, rose sharply and was close to the level reached last December. Prices of some industrial materials increased in recent weeks while those for agricultural products continued to decline.

Production—The Board's index of industrial production, according to preliminary returns, advanced to 102 per cent of the 1923-1925 average in July as compared with 98 in June and 92 in April and May. The advance in July reflected chiefly a considerable further increase in output of iron and steel, which usually declines at this season. Steel ingot production rose from an average rate of 52 per cent of capacity in June to 57 per cent in July, and in the first three weeks of August was maintained around 60 per cent, about the usual seasonal increase. Lumber production showed little change in July, although a decline is usual.

In the automobile industry output showed a sharp seasonal curtailment during July and the first half of August, reflecting preparations for the shift to new model production which will be made about a month earlier this year than in other recent years. Retail sales of new cars continued in excess of production and dealers' stocks were greatly reduced. Plate glass production declined sharply in July, following a substantial increase in June.

Changes in output of nondurable manufactures in July were largely of a seasonal nature. At cotton textile mills and meat-packing establishments activity showed somewhat less than the usual declines and at sugar refineries output increased from the low level reached in June. Flour production continued in substantial volume. Mineral production expanded further in July, as output of bituminous coal continued to increase and petroleum production, which had been reduced in June, rose sharply. On August 14 the Texas Railroad Commission ordered a shutdown of Texas oil wells for 15 days, beginning August 15, and subsequently similar shutdowns were ordered in several other important oil producing states.

Value of construction contracts, as reported by the F. W. Dodge Corporation, increased somewhat in July, owing principally to a small rise in contracts for public projects. Awards for residential work, both public and private, were practically unchanged from the June total.

Employment—Factory employment, which usually declines in July, was maintained this year at about the June level and payrolls showed a less than seasonal decrease, according to reports from a number of leading industrial states.

Distribution—Sales at department and variety stores in July showed about the customary seasonal decline. In the first half of August department store sales increased. Freight-car loadings increased further from June to July. Loadings of coal continued to expand and shipments of miscellaneous freight, which usually decline at this season, showed little change.

Commodity Prices—Prices of most farm products and foods declined from the beginning of July to the middle of August. Some industrial materials, principally steel scrap, nonferrous metals, and textile fabrics, showed advances in this period, while crude petroleum prices were reduced.

Agriculture—On August 1 prospects for major crops were about the same as a month earlier, according to the Department of Agriculture. The first official estimate on cotton indicated a crop of 11,400,000 bales, somewhat smaller than last year's crop and 2,400,000 bales less than the 1928-37 average. World carryover of American cotton, however, was estimated to have been somewhat larger on August 1 than the record volume of a year ago.

Bank Credit—Total loans and investments of member banks in 101 leading cities increased substantially during the four weeks ending August 9, reflecting chiefly increases in holdings of United States Government obligations and the purchase by New York banks of a large share of a new issue of New York State short-term notes. Commercial loans continued to increase at New York banks, but declined at banks in 100 other leading cities as corn and cotton loans that were approaching maturity were taken over by the Commodity Credit Corporation in accordance with a standing agreement. Deposits at reporting banks remained at high levels.

Excess reserves of member banks increased further to new high levels in the latter part of July and the first half of August, owing principally to gold imports and net Treasury disbursements, partly offset by a reduction in Federal Reserve bank holdings of Treasury bills.

Money Rates—The average rate on new issues of 90-day Treasury bills has increased slightly in recent weeks and on August 16 was 0.032 per cent. Prices of Treasury bonds showed little change from the middle of July to the middle of August.