

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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WILLIAM McC. MARTIN
Chairman of the Board and Federal Reserve Agent

GENERAL business in this district during the past thirty days, as reflected by reports of leading interests in most important commercial and industrial lines, developed somewhat irregular trends. While production and distribution of merchandise continued on a large scale, and employment conditions were on the whole satisfactory, there was a tendency to slow down in certain directions and unusual efforts were required to achieve the results obtained. Relatively retail business was more satisfactory than the wholesale and jobbing trade. This was ascribed to the arrival of more seasonal weather, which stimulated the movement of summer goods, and to a disposition on the part of the public to fill requirements which for one reason or another had been postponed earlier in the year. During the past two weeks there has been improvement in certain wholesale lines, mainly in the form of a heavier reordering of seasonal goods. Buying for future delivery, however, continues backward, being influenced by uncertainty relative to prices and a desire to ascertain more accurately the outcome of crops and probable market prices thereof before making commitments.

In the iron and steel industry operations were at a higher rate than usual at this time of year. Many mills, foundries and machine shops which ordinarily close down for a week or more following the Fourth of July holiday, suspended for only that day. Following a rather sharp decrease during May, sales of automobiles during June recorded fair gains over the preceding month and the corresponding period last year. Railroad loadings continued to exceed all seasonal records, and additional gains were scored by department and chain stores and mail order houses. Activities in the building industry receded slightly, and further curtailment was reported in production at textile mills in the South. As compared with the same month last year,

sales of stoves, hardware, groceries and lumber showed gains in June, while decreases occurred in furniture, clothing, dry goods, electrical supplies, boots and shoes and drugs and chemicals.

Taken as a whole, crop prospects underwent distinct improvement during the period under review. The indicated yield of winter wheat on July 1 was larger than a month earlier, and early threshing returns indicate higher quality than expected in many important areas. Corn, the most important crop in this district, made excellent progress, though deficient moisture retarded development in some sections. Wheat prices declined rather sharply toward the end of June, but made full recovery during the second week in July, final quotations of the futures on July 15 being $3\frac{7}{8}c$ to $7\frac{5}{8}c$ higher than on June 15. Marketing of early fruits and vegetables proceeded under favorable conditions, and prices realized were in the main satisfactory. Corn prices were considerably lower than a year ago, but hogs reached the highest point since 1920.

Heavier foreign buying of eastern coal, due to prolongation of the British strike, and the continued large movement through the Great Lakes failed to relieve the sluggish conditions existing in the principal coal fields of this district. Additional mines were closed down, and working time at active pits was curtailed further. Despite reduced production, operators are still finding difficulty in disposing of their outputs. Toward the end of June prices of domestic sizes were advanced slightly in the Illinois and Indiana fields, but this failed to stimulate buying, and in some instances resulted in an increase of accumulations of loaded cars at mines. Sales of threshing coal have been large, but not of sufficient volume to affect the general situation. Mines supplying the railroads are relatively more active than those purveying to the general trade. Screenings, which declined sharply at the middle of June, recovered part of the loss early this

month. In the immediate past some improvement in demand was noted in the Arkansas field, especially in semi-anthracite, which is being stored for fall and winter consumption. Total production of bituminous coal for the country as a whole during the calendar year 1926 to July 10, approximately 161 working days, was 280,157,000 tons, against 245,646,000 tons for the corresponding period in 1925 and 241,646,000 tons in 1924.

Reports from railroads operating in the district indicate no recession from heavy volume of freight traffic handled in recent months. The extensive preparations made by southwestern roads for accommodating the movement of winter wheat have proved satisfactory, shippers reporting virtually no car shortage at any of the principal terminal points. The movement of merchandise and miscellaneous freight continues to maintain the gains recorded during earlier months this year. For the country as a whole loadings of revenue freight for the first 26 weeks of the year, or to June 26, totaled 25,036,464 cars, against 24,328,490 cars during the corresponding period in 1925 and 23,185,152 cars in 1924. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 213,725 loads in June, against 224,288 loads in May and 198,277 loads in June, 1925. During the first 9 days of July the interchange amounted to 60,493 cars, against 62,955 cars during the first 9 days of June and 65,350 cars during the same period in 1925. Passenger traffic of the reporting roads during June increased 1.7 per cent as compared with the same month last year. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans during June was 90,000 tons, against 95,605 tons (revised figures) in May and 75,283 tons in June, 1925.

Reports relative to collections during the past thirty days indicate generally satisfactory results. Questionnaires addressed to 440 representative interests in the various lines throughout the district showed the following results:

	<u>Excellent</u>	<u>Good</u>	<u>Fair</u>	<u>Poor</u>
June, 1926.....	5.5%	34.6%	47.8%	12.1%
May, 1926.....	2.5	37.2	46.8	13.5
June, 1925.....	6.7	32.9	53.3	7.1

Commercial failures in the Eighth Federal Reserve District during June, according to Dun's, numbered 81, involving liabilities of \$882,180, against 54 defaults in May with liabilities of \$234,034, and 86 failures for \$883,277 in June, 1925.

The per capita circulation of the United States on July 1 was \$41.85, against \$42.21 on June 1, and \$41.49 on July 1, 1925.

MANUFACTURING AND WHOLESALE

Automobiles — Production of passenger automobiles during June by American manufacturers, exclusive of their Canadian plants, totaled 339,542, which compares with 373,140 in May (revised figures) and 352,216 in June, 1925. The total output of trucks in June was 44,033, against 47,838 in May and 36,357 in June, 1925.

In contrast with May, when decreases were recorded in both comparisons, sales of automobiles in this district during June showed gains over the preceding month and the corresponding period a year ago. Improvement extended to virtually all classes of cars, but was most pronounced in medium priced makes which have recently risen in popularity. The introduction of new models and price reductions by several manufacturers had the effect of stimulating sales of their cars. Preoccupation of agriculturists with harvests had a tendency to hold down sales in the country, and as usual at this season business of dealers in the cities was relatively more active than that of distributors in the rural sections. Generally stocks of new cars were of moderate proportions, and below the average for the same period during the past four or five years. Many cars, especially closed types, are being shipped direct from the factory. There was a slight increase in used cars in dealers' hands, but the total was below the seasonal average, and the investment represented was less than at the same time last year or in 1924. Sales of new cars by 320 dealers scattered through the district during June were 5.1 per cent larger than in May, and 5.0 per cent in excess of the June, 1925, total. Sales of parts and accessories were proportionately better than of automobiles, the June total being 7.3 per cent larger than in May and 8.3 per cent larger than that in June, 1925. The tire situation developed little change as compared with the preceding thirty days. Some improvement in buying for replacement was noted, but generally purchasing is on a strictly necessity basis. The trend of prices was lower, with reductions amounting to approximately 10 per cent being announced by leading manufacturers.

Boots and Shoes — June sales of the 7 reporting interests were 13.2 per cent smaller than during the same month in 1925, and 20.2 per cent below the May total this year. The decrease from May to June is seasonal in character, but somewhat larger than the average of the past several years. Stocks on July 1 were 10.2 per cent smaller than a month earlier, and 11.5 per cent below those on July 1,

1925. After curtailing operations in May and early June, manufacturers have speeded up production, and at the middle of July factory operation averaged about 80 per cent of capacity, with some plants working full time. Salesmen who started on their fall selling trips early this month have been sending in good initial orders, and there has been a fair volume of reordering of summer goods. Prices on finished and raw materials showed no change worthy of note as compared with the preceding thirty days.

Clothing — While June business was disappointing as a whole, certain lines of seasonal apparel moved in satisfactory volume under stimulus of higher temperatures. Since July 1 there has been a decided pick up in reordering of summer clothing, both men's and women's wear. Sport clothes moved in good volume, particularly at retail, though special sales and price concessions were necessary to bring up volume to the reported totals. Ordering for delivery next fall has been in the main satisfactory, several of the reporting interests having a larger volume of advance business than at this time last year. Men's furnishing and straw hat sales showed a rather sharp decline under the same period last year. June sales of the 8 reporting interests were 0.8 per cent below those of the same month in 1925, and 52.9 per cent under the May total this year.

Drugs and Chemicals — As compared with the same month last year, June sales of the 7 reporting interests showed a decrease of 1.9 per cent, but the total was 2.5 per cent larger than in May this year. The loss as compared with last year is ascribed in part to smaller sales of insecticides and fertilizers and a less notable decrease in sales of heavy chemicals to the general manufacturing trade. Gains were shown in sales of miscellaneous drugs and chemicals, and soda fountain supplies. The demand for paint materials was reported active, with the price trend upward.

Dry Goods — While June sales of the reporting firms were below those of the preceding month and the same period last year, the past two weeks have developed a decided improvement in ordering of goods, both for prompt and future delivery. Advance orders for blankets and other woolen goods for fall shipment are above expectations, and more interest is being shown in underwear and the general run of knitted goods. Uncertainty relative to prices is holding down purchasing of cotton goods, and buying of silks and rayon textures was less active than heretofore. The general volume has been materially bolstered by record sales of women's and children's ready-to-wear garments. Unusually heavy decreases in sales of laces, white dress goods

and some other lines are ascribed to radical style changes. June sales of the 8 reporting interests were 11.4 per cent smaller than during the same month last year, and 10.4 per cent below the May total this year. Stocks on July 1 were 0.9 per cent larger than a month earlier and 24.2 per cent below the July 1, 1925, total.

Electrical Supplies — The unusually cool spring and summer have been reflected in reduced demand for seasonal goods, particularly fan motors and refrigeration equipment. This, coupled with a recession in building activity, resulted in a decrease of 18.2 per cent in June sales of the 8 reporting interests as compared with the same month last year. As compared with May, however, a gain of 1.6 per cent was shown in the June total. Stocks on July 1 were 4.2 per cent smaller than on the same date in 1925, and 2.3 per cent below those on June 1 this year.

Flour — Production at the 12 leading mills of the district during June was 241,019 barrels, which compares with 294,007 barrels in May and 226,800 barrels in June, 1925. Stocks of flour in St. Louis on July 1 were 10.4 per cent smaller than on the same date in 1925, and 33.5 per cent below those on June 1 this year. During the closing weeks of June business continued dull, with prices lower in sympathy with the break in cash wheat. Since July 1 there has been improvement in sales to the domestic trade, and a somewhat broader inquiry from abroad. Stocks in retailers' hands are unusually low for this time of year. Mill operation was at 65 to 75 per cent of capacity.

Furniture — June sales of the 18 reporting interests were 4.8 per cent smaller than during the same month in 1925, and 3.9 per cent below the May total this year. Stocks on July 1 were 30.5 per cent larger than on the same date in 1925, and 3.9 per cent smaller than those on June 1 this year. There was no change in conditions in this classification as compared with the preceding thirty days. Dealers continue to buy on an immediate requirement basis, and stock orders were reported light even for this time of year.

Groceries — The demand for staples, notably sugar, flour and coffee developed moderate improvement during the past thirty days, but increased receipts of fresh fruits and vegetables had a tendency to curtail sales of canned goods and prepared foods generally. Sales of sugar, in anticipation of the preserving season, were heavy. Total sales of the 13 reporting interests in June were 4.3 per cent larger than during the same month in 1925, and 0.1 per cent smaller than in May this year. Stocks

on July 1 were 3.8 per cent larger than a month earlier, and 4.5 per cent in excess of those on July 1, 1925.

Hardware—As compared with a year ago, June sales of the 10 reporting interests showed a gain of 7.6 per cent, and the total was 6.8 per cent larger than in May this year. Stocks on July 1 were 1.8 per cent smaller than on the same date in 1925, and 2.5 per cent below those on June 1 this year. Business in the country showed marked improvement, and accounted for the major part of the gain in both comparisons. Advance ordering of winter goods has started, but the volume is not equal to that at the same time last year. Prices were unchanged, save that a slight upward trend was noted in staple lines.

Iron and Steel Products—Sales and specifications of producers and distributors of iron and steel products in this district during the past thirty days were in the main satisfactory, though some irregularity developed in the different lines. In steel products, June business was heavier than during the preceding month, and slightly ahead of the corresponding period last year. Buying by the railroads, while still largely on a necessity basis, showed decided improvement, and the demand from the general manufacturing trade was good. There was some slowing down in requirements of the building industry, though fabricators of iron and steel structural material received enough small orders to maintain their operations at about the levels of the preceding thirty days. Manufacturers of stoves and heating apparatus, increased their unfilled orders, and the same was true of implement and some other specialty makers. The principal development was the extensive buying movement in pig iron. Melters in the district purchased approximately 200,000 tons, the largest amount for any similar period since the war. In spite of the placement of this tonnage and relatively heavy sales in other sections of the country, the price of pig iron was not advanced, quotations at the middle of July being substantially the same as at the inception of the movement. For the entire country, production of pig iron in June declined to the lowest point since February, and was the second lowest this year. The total of 3,232,478 tons compared with 3,477,820 tons in May and 2,679,045 tons in June, 1925. Steel ingot production for the entire country in June declined approximately 5.0 per cent under the May total, but the tonnage for the first half of the present year was the largest for any similar period on record.

Lumber—Vacations and relaxed effort account for seasonal quietness in all branches of the lumber

trade. St. Louis yards, which did some buying in June and the early part of July to fill out assortments, have lumber still coming in on uncompleted mill orders, but present demand from them is restricted to odd lots. Their own sales are light at this time. Planing mills, on the other hand, are busy on old orders for millwork. Country yard trade throughout the district is negligible except where the wheat harvest has influenced it to some extent. Wholesale prices have reached the low point for the summer and there are occasional signs of upward reaction on various items in several of the woods. Hardwood mills have been showing a little more strength of late on No. 1 common sap gum and some oak items. Common boards in yellow pine, especially No. 3, tend to improve their market position. Yellow cypress is stationary at prices which have induced its heavier stocking by the yards. Fir shed stock undersells all competition, and is being more largely handled in St. Louis than ever before.

RETAIL TRADE

Conditions in the retail trade are reflected in the following comparative tables showing activities at department stores and shoe and men's furnishing stores in leading cities of the district:

	Net sales comparisons		Stocks on hand	Stock turnover	
	June, 1926	6 months ending June 30, 1926, to June, 1925 same period	June 30, 1926 comp. to June 30, 1925	January 1 to June 30, 1926	June, 1925
	comp. to June, 1925	same period 1925	comp. to June 30, 1925	1926	1925
Evansville	-11.2%	- 5.8%	- 6.7%	108.6	101.2
Little Rock.....	0.4	+ 0.2	+ 5.2	130.3	130.3
Louisville	2.2	+ 0.4	+ 4.2	171.5	178.2
Memphis	+10.1	+12.0	- 5.6	137.9	118.5
Quincy	3.3	- 1.5	+ 1.4	122.0	121.2
St. Louis.....	+ 2.1	+ 2.1	+ 3.8	168.3	170.9
Springfield, Mo.....	4.1	+ 2.7	- 8.7	81.5	73.4
8th District.....	+ 2.5	+ 3.2	+ 2.2	161.0	158.3

	Net sales comparisons		Stocks on hand	
	June, 1926 compared to June, 1925	May, 1926	June, 1926 compared to June, 1925	May, 1926
	comp. to June, 1925	May, 1926	comp. to June, 1925	May, 1926
Men's Furnishing.....	-12.2%	-10.5%	- 2.3%	- 6.7%
Boots and Shoes.....	+20.6	+ 4.4	- 0.2	- 5.0

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported June consumption of electric current by selected industrial customers 5.0 per cent larger than in May, and 9.4 per cent greater than in June, 1925. In the month-to-month comparison the increase was due chiefly to heavier requirements of the cold storage and refrigeration interests while in the yearly comparison the gain was spread generally over all classes of users. Detailed figures follow:

	No. of customers	June, 1926	May, 1926	June, 1926	June, 1925	June, 1926
		*K.W.H.	*K.W.H.	comp. to May, 1926	*K.W.H.	comp. to June, 1925
Evansville	40	1,343	1,253	+ 7.2%	1,081	+24.2%
Little Rock.....	35	1,712	1,488	+14.9	1,342	+27.6
Louisville	73	5,412	5,262	+ 2.9	5,114	+ 5.8
Memphis	31	2,005	1,902	+ 5.4	1,386	+44.7
St. Louis.....	91	16,754	16,016	+ 4.6	15,955	+ 4.7
Totals.....	270	27,226	25,921	+ 5.0	24,878	+ 9.4

*In thousands (000 omitted).

AGRICULTURE

The composite condition of all crops in states partly or entirely within the Eighth Federal Reserve District on July 1 was 96.3 per cent, only 3.1 per cent below the average on the corresponding date last year. This indicates that the crops were 3.7 per cent below their 10-year average condition on that date, which, in view of the unfavorable weather conditions last fall and throughout the spring this year, is an exceptionally good showing. During June conditions improved in all states of the district, with the betterment in Missouri and Mississippi particularly marked, and amounting to 13.2 per cent and 11.6 per cent, respectively. Since July 1 weather has been auspicious for growth and development of the principal products and scattered reports indicate that the improvement of June has been carried further during the past three weeks.

Winter Wheat — In Illinois, Indiana, and Missouri, the three principal wheat states of the district, the indicated yield — based on the July 1 condition — was 75,537,000 bushels which compares with 68,694,000 bushels on June 1, 1926, 82,561,000 bushels harvested in 1925, and the 5-year average of 104,902,000 bushels. Rains and cool weather resulted in considerable improvement during June just prior to harvest. Cutting had been virtually completed in the second week of July, and threshing is making rapid progress throughout the territory. Early returns indicate yields considerably above expectations in many localities, with quality high. The movement to date has been heavy, being stimulated by the rise in prices beginning early in July.

Corn — Due to unfavorable conditions early in the season, corn planting extended through an unusually long period. Germination has been backward, the ground having become hard from lack of adequate moisture, and considerable replanting was necessary. These handicaps, coupled with insect damage, resulted in wide variation in growth and development, but improved weather conditions in June and early July resulted in marked betterment in prospects and the outlook is much better than was thought possible a month or six weeks ago. For the five chief corn states of the district the July 1 condition indicates a total yield of 801,561,000 bushels, which compares with 938,826,000 bushels harvested in 1925, and a 5-year average of 840,821,000 bushels. The crop for the entire country is estimated at 2,661,000,000 bushels, against 2,905,000,000 bushels last year and the 5-year average of 2,849,000,000 bushels.

Fruits and Vegetables — The acreage planted to white potatoes in this district was approximately

the same as last year, but the indicated yield is somewhat larger. There was no change in acreage of sweet potatoes, and in the three chief states, Tennessee, Mississippi, and Arkansas, the combined yield is estimated at 11,702,000 bushels, against 12,252,000 bushels in 1925 and a 5-year average of 15,080,000 bushels. The season for early fruits was in the main favorable, particularly for cherries, blackberries and raspberries, and these crops were large, with prices in the main satisfactory. The outlook for peaches is the finest on record at this season, particularly in Illinois. Estimated total production in Illinois, Missouri, Arkansas, and Mississippi is 7,585,000 bushels, which compares with 5,797,000 bushels harvested last year and a 5-year average of 5,184,000 bushels. Conditions in the apple crop are somewhat spotted, and the prospects for total yield are below those of last year, also the 5-year average. The commercial crop in Illinois, Missouri and Arkansas is estimated at 2,443,000 barrels, against 2,501,000 barrels in 1925 and a 5-year average of 2,296,000 barrels. Due to present high condition and numerous new vineyards brought into bearing, the grape crop in the district is expected to be the largest ever produced. Gardens, which were backward earlier in the year, improved to some extent under more favorable weather conditions in June, but in many areas are still suffering from deficient moisture. Melons in many sections were a large crop, but quality has been generally inferior, due to the cold spring and lack of moisture.

Live Stock — As compared with the preceding thirty days, condition of live stock underwent no change worthy of note. The movement of lambs to market has been heavy, and receipts of hogs were also large, shipments being stimulated by favorable prices, which in June reached the highest point since 1920. Pastures were for the most part in better shape than a month earlier, but moisture is still badly needed in many sections. Hay is generally a short crop, the condition on July 1 being below that of the preceding month and the same date last year, also considerably below the 5-year average.

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

	Receipts			Shipments		
	June, 1926	May, 1926	June, 1925	June, 1926	May, 1926	June, 1925
Cattle and Calves.....	139,074	109,978	117,745	91,680	71,383	67,312
Hogs	301,934	303,373	264,431	205,666	213,822	181,298
Horses and Mules....	2,108	1,519	1,175	1,534	1,457	907
Sheep	88,101	37,147	86,984	19,965	9,790	18,594

Cotton — With the exception of Missouri, the area planted to cotton in all states of this district was equal to or larger this year than in 1925, according to the report of the U. S. Department of Agriculture. In Arkansas the acreage, 3,967,000

acres, is 104 per cent of the 1925 area and the largest on record. In Mississippi the acreage is 8 per cent larger than last year and in Tennessee approximately the same as in 1925. Missouri's acreage is 10 per cent smaller than last year's, the decrease being due to unfavorable conditions during the planting season. The condition for the country as a whole on July 16 was 70.7 per cent, indicating a crop of about 15,368,000 bales, against 16,013,679 bales produced in 1925. Weather since the date of the Government report has been mainly favorable for plant growth, and the crop has a good appearance, there is a good tap root, cultivation is thorough and fields are clean. The plant, however, is not fruiting well, due to unfavorable weather earlier in the season, and in some localities because of damage from the cotton hopper. Supplies of old crop cotton are still large, stocks in Arkansas warehouses on July 9 totaling 290,792 bales, against 16,902 bales on the same date last year.

Rice — The acreage planted to rice in this district is approximately the same as last year, but the condition of the crop is better than at any like period in more than four years. For the entire country an increase of 12.1 per cent in acreage over last year is estimated by the U. S. Department of Agriculture, indicating a crop of 39,600,000 bushels, against 36,000,000 bushels harvested in 1925.

Tobacco — In Kentucky and Tennessee, the two chief tobacco producing states of the district, the estimated yield this year, based on the July 1 condition, is 442,535,000 pounds, against 472,290,000 pounds harvested in 1925, and a 5-year average of 504,425,000 pounds. Weather has been on the whole favorable for the crop, and plants have achieved good growth, though moisture is much needed in some sections.

Commodity Prices — Range of prices in the St. Louis market between June 15, 1926, and July 15, 1926, with closing quotations on the latter date and on July 15, 1925 were as follows:

	High		Low		Close	
	July 15, 1926	July 15, 1925	July 15, 1926	July 15, 1925	July 15, 1926	July 15, 1925
Wheat						
July	per bu. \$1.41½	\$1.27¾		\$1.41		\$1.56
September	" 1.41½	1.28¾		1.40½		1.52¾
December	" 1.45¾	1.33		1.44½		1.54¾
No. 2 red winter	" 1.53	1.37	\$1.46 @	1.48	\$1.63 @	1.65
No. 2 hard	" 1.63	1.38½	1.48 @	1.49	1.60 @	1.61
Corn						
July	" .78	.67½		.78		1.04½
September	" .82¾	.73¾		.82¾		1.05¾
December	" .82¾	.74¾		.82¾		.87¾
No. 2	" .79½	.67½		.79½		1.10
No. 2 white	" .83	.73	.81 @	.83		1.10½
Oats						
No. 2 white	" .43	.39½		.42	.50½ @	.51
Flour						
Soft patent.....	per bbl. 8.00	7.00	7.25 @	7.75	8.25 @	8.75
Spring patent.....	" 8.60	7.75	8.00 @	8.25	7.90 @	8.50
Middling cotton.....	per lb. .17¾	.17		.17¾		.24½
Hogs on hoof.....	per cwt. 15.25	11.00	11.25 @	14.60	12.75 @	14.50

BUILDING

Weather during the past thirty days was ideal for outdoor operations, and work on buildings in course of construction and highways proceeded without interruption. Both skilled and common labor in the building trades is well employed, with wage scales continuing at the recent high levels. Aside from some varieties of hardwood, which were a shade lower, no change occurred in building material prices. In point of value, permits issued for new buildings in the five largest cities of the district during June showed a decrease of 20.3 per cent under May, and of 33.9 per cent under June, 1925. According to statistics compiled by F. W. Dodge Corporation, building contracts awarded in the Eighth Federal Reserve District during June amounted to \$35,032,880, which compares with \$34,211,687 in May and \$38,876,000 in June, 1925. Production of portland cement for the country as a whole during June totaled 16,827,000 barrels against 16,472,000 barrels in May and 15,387,000 barrels in June, 1925.

Building figures for June follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1926	1925	1926	1925	1926	1925	1926	1925
Evansville ..	490	340	\$ 272	\$ 227	116	68	\$ 43	\$ 27
Little Rock ..	76	113	239	276	137	85	52	70
Louisville ..	355	483	2,234	2,578	125	128	181	127
Memphis ...	450	446	850	1,636	127	107	226	49
St. Louis....	428	983	2,686	4,796	293	462	496	767
June totals	1,799	2,365	\$6,281	\$9,513	798	850	\$ 998	\$1,040
May totals	2,502	2,242	7,886	8,603	1,124	1,067	1,000	939
April totals	2,208	2,410	8,548	15,672	986	1,068	953	855

*In thousands of dollars (000) omitted.

POSTAL RECEIPTS

Returns from the five largest cities of the district show an increase in postal receipts for the second quarter of 1926 of 3.3 per cent over the corresponding period last year and a decrease of 3.1 per cent under the first quarter this year. Detailed figures follow:

	*For quarter ending				June, 1926 comp. to June, 1925
	June 30, 1926	Mar. 31, 1926	Dec. 31, 1925	June 30, 1925	
Evansville	\$ 158	\$ 158	\$ 171	\$ 151	+ 4.6%
Little Rock.....	211	242	237	201	+ 5.0
Louisville	702	705	779	664	+ 5.7
Memphis	518	514	592	493	+ 5.1
St. Louis.....	3,091	3,212	3,574	3,021	+ 2.3
Totals.....	\$4,680	\$4,831	\$5,353	\$4,530	+ 3.3

*In thousands (000) omitted).

FINANCIAL

The past thirty days were featured by a moderate expansion in the demand for credit accommodation at both the commercial banks and the Federal Reserve Bank. The increase in borrowing was most pronounced during the second and third weeks of July, during which time a slight stiffening in rates was noted. Commercial and industrial interests were in many instances increasing their lines to take care of purchases of goods for fall distribution. Banks in the large cities, notably St. Louis,

which heretofore had been placing large amounts in the eastern call money market, have been withdrawing these funds in order to satisfy the demands of their regular customers. Country banks, particularly those in the winter wheat areas, report a sharp increase in demand for funds to finance crop operations, but thus far they have been able to accommodate these requirements without recourse on their city correspondents. The grain and milling interests have heavily increased their borrowings since July 1. The demand from these interests is appearing earlier this year than in past seasons, which fact is ascribed to the change in wheat harvesting methods brought about by extensive employment in the southwest of the combined reaper and thresher, which materially expedites harvest and the movement of grain to market. With the recent advance in hog prices and improved outlook for corn, there has been a better demand for live stock loans in many sections of the district. Loans based on stock exchange collateral increased during the period under review, and reached the highest point since early in March. Loans and discounts of the reporting member banks have moved irregularly upward since the first week of June, and on July 14 reached the highest level since early in May. Deposits also advanced from the low point on June 2 to about the level of the middle of May, while holdings of stocks, bonds and other securities declined steadily throughout the period. Current rates in St. Louis were as follows: Commercial paper 4½ to 5 per cent; customers over-the-counter loans 4¾ to 5½ per cent and collateral loans 5 to 5½ per cent.

Debits to Individual Accounts — The following comparative table gives the total debits charged by banks to checking accounts, savings accounts, certificates of deposit accounts and trust accounts of individuals, firms, corporations and U. S. Government in the leading cities of the district. Charges to accounts of banks are not included:

	June, 1926	June, 1925	Six months	
			1926	1925
E. St. Louis and				
Nat. Stock Yards, Ill....	\$ 53,008	\$ 44,480	\$281,781	\$250,907
El Dorado, Ark.....	12,684	11,970	75,167	55,041
Evansville, Ind.....	42,362	40,460	232,062	230,570
Fort Smith, Ark.....	12,234	11,422	78,847	76,651
Greenville, Miss.....	3,799	3,163	28,147	25,644
Helena, Ark.....	4,024	3,713	28,616	28,999
Little Rock, Ark.....	65,405	60,747	460,645	387,748
Louisville, Ky.....	204,613	201,386	1,200,189	1,138,616
Memphis, Tenn.....	138,493	122,382	899,996	843,179
Owensboro, Ky.....	4,681	5,086	34,440	37,087
Quincy, Ill.....	12,309	12,757	76,003	74,242
St. Louis, Mo.....	774,360	745,673	4,588,603	4,431,126
Sedalia, Mo.....	5,185	4,660	28,921	27,253
Springfield, Mo.....	16,780	14,467	97,281	80,465
Totals.....	\$1,349,937	\$1,282,366	\$8,110,698	\$7,687,528

*In thousands (000 omitted).

Commercial Paper — Scarcity of offerings and the low interest rates prevailing militated against heavy business in the commercial paper market. June sales of the reporting brokers fell 16.3 per cent below the same month last year, and 2.3 per cent below the May total this year. The losses in both comparisons would have been more pronounced, save for the fact that the volume in June was materially assisted by sales of paper of finance companies. Rates ranged between 4 and 4¼ per cent, with some sales at 4½ per cent during the past week or ten days.

Condition of Banks — Loans and discounts of the reporting member banks on July 14, 1926, were slightly larger than a month earlier and substantially in excess of the total on the corresponding date last year. The same trend developed in deposits, which gained slightly from June 16 to July 14, and on the latter date were heavier by 5.4 per cent than on July 15, 1925.

Comparative statement follows:

	*July 14, 1926	*June 16, 1926	*July 15, 1925
Number of banks reporting.....	†32	33	33
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't. obligations.....	\$ 8,183	\$ 10,909	\$ 9,150
Secured by other stocks and bonds.....	191,094	188,951	171,699
All other loans and discounts.....	309,329	303,928	299,717
Total loans and discounts.....	\$508,606	\$503,788	\$480,566
Investments			
U. S. Gov't. securities.....	61,614	63,184	54,158
Other securities.....	115,562	115,670	108,168
Total investments.....	\$177,176	\$178,854	\$162,326
Reserve balance with F. R. bank.....	46,154	47,336	45,409
Cash in vault.....	8,720	7,452	7,496
Deposits			
Net demand deposits.....	409,682	405,009	387,350
Time deposits.....	212,679	214,498	205,800
Government deposits.....	4,779	6,249	1,906
Total deposits.....	\$627,140	\$625,756	\$595,056
Bills payable and rediscounts with Federal reserve bank			
Secured by U. S. Gov't. obligations.....	1,623	4,301	1,641
All other.....	13,735	5,739	4,891

*In thousands (000 omitted).
†Decrease due to consolidation. These 32 banks are located in St. Louis, Louisville, Memphis, Little Rock and Evansville, and their total resources comprise approximately 53.5 per cent of the resources of all member banks in the district.

Federal Reserve Operations — During June the Federal Reserve Bank of St. Louis discounted for 222 member banks, against 216 in May and 228 in June, 1925. The discount rate remained unchanged at 4 per cent. Changes in the principal assets and liabilities of this institution as compared with the preceding month and a year ago are shown in the following table:

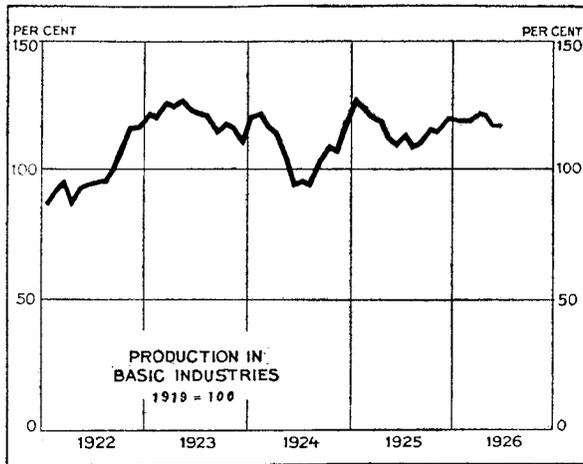
	*July 16, 1926	*June 16, 1926	*July 16, 1925
Bills discounted.....	\$32,416	\$22,912	\$19,937
Bills bought.....	7,306	6,432	10,314
U. S. Securities.....	26,467	23,853	30,879
Foreign loans on gold.....	112	323	483
Total bills and securities.....	\$66,301	\$53,520	\$61,613
F. R. Notes in circulation.....	43,598	41,215	43,686
Total deposits.....	82,941	81,098	75,173
Ratio of reserves to deposit and F. R. Note liabilities.....	52.9%	61.3%	53.0%

*In thousands (000 omitted).

(Compiled July 21, 1926)

BUSINESS CONDITIONS IN THE UNITED STATES

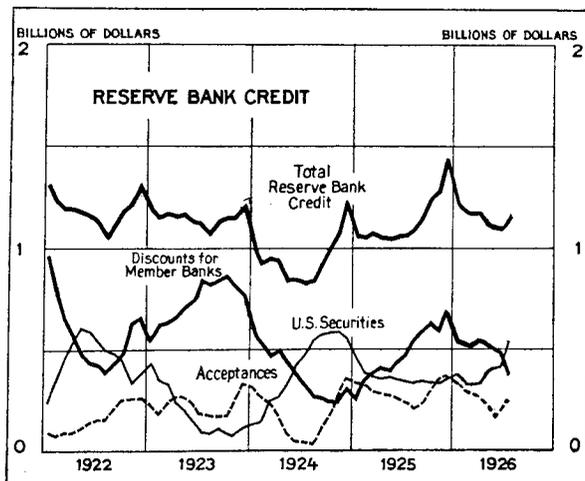
PRODUCTION—The Federal Reserve Board's index of production in basic industries remained unchanged in June. Production of iron and steel and activity of woolen machinery continued to decline, and there were also reductions in the output of copper, zinc, and petroleum, while cotton consumption, the manufacture of food products and the output of coal and cement increased. Production of



Index of 22 basic commodities adjusted for seasonal variations. Latest figure, June=117.

automobiles was smaller in June than in May and, for the first time this year, was less than in the corresponding month of 1925. Declines took place in June in employment and payrolls of all textile industries except woolen and worsted goods and men's clothing, and some of these industries were less active than at any time since 1924. Building contracts awarded during June were slightly less than in May and for this time since early in 1925 were smaller than in the corresponding month of the preceding year. Crop reports issued by the Department of Agriculture indicated a slight improvement during June. The composite condition of all crops on July 1, was reported at 6.4 per cent below the average July condition during the last ten years.

TRADE—Total volume of wholesale and retail trade in June was larger than for the same month in 1925. Department store sales declined seasonally in June and wholesale trade in all trading lines, except groceries, also de-

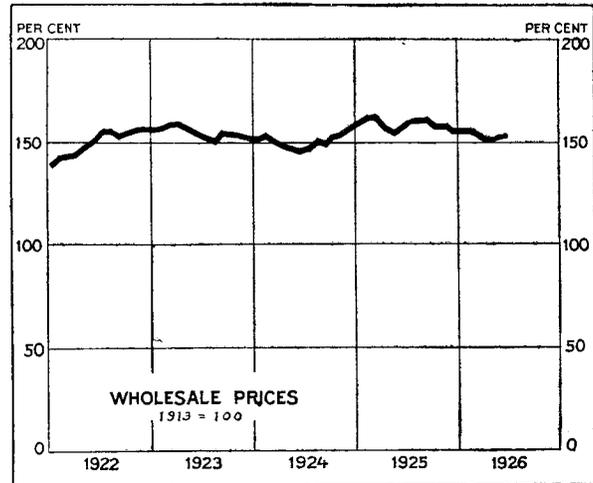


Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 22 days in July.

creased during the month. Sales of mail order houses increased more than usual in June and were 5 per cent larger than in June, 1925. Stocks of merchandise carried by wholesale firms at the end of June were smaller than a year earlier. Department stores continued to reduce their stocks, and their inventories which had been considerably above last year's level earlier in the year, were at the end of June only about one per cent larger than a year ago. Freight car loadings showed seasonal increases during June

and continued through the first half of July at higher levels than in previous years. Loadings of grains in the southwestern states have been particularly large.

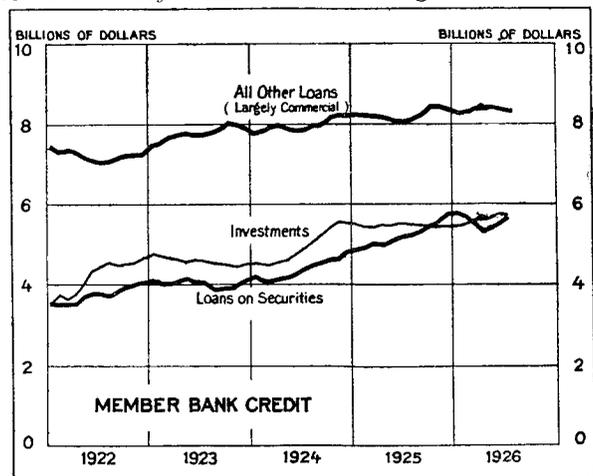
PRICES—The general level of wholesale prices, according to the index of the Bureau of Labor Statistics, increased from May to June by less than half of one per cent. Prices of live stock and meats advanced, and there were



Index of U. S. Bureau of Labor Statistics. Latest figure, June=152.3.

small increases for silk, petroleum products, nonferrous metals, and chemicals and drugs. Price decreases occurred in grains, cotton, textiles, building materials, and house furnishings. In the first two weeks of July prices of grains, flour, cotton, wool and hides increased, while those of cattle, hogs, silk and rubber declined.

BANK CREDIT—Loans and investments of member banks in leading cities at the end of June were in larger volume than at any previous time, and after declining during the first half of July were still \$900,000,000 above the level of a year ago. Of this increase about \$385,000,000 was in loans on securities, \$340,000,000 in commercial loans and \$175,000,000 in investments. Since the beginning of 1926 an increase in commercial loans together with the growth of investments has more than offset the reduction in loans on securities. The demand for credit at the end of the fiscal year and the increased currency requirements over the holiday were reflected in a growth of member



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first weekly report dates in July.

banks borrowing at the reserve banks, and on July 7 total discounts were near the highest point of the year. With the return flow of currency from circulation after the holiday, discounts declined and on July 21 were in about the same volume as in the last half of June. Money market conditions were firmer in July as indicated chiefly by increases in rates on call and time security loans. Rates on acceptances and on commercial paper were also slightly higher.