FEDERAL RESERVE BANK OF ST. LOUIS

MONTHLY REPORT ON GENERAL BUSINESS CONDITIONS IN FEDERAL RESERVE DISTRICT No. 8

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DEVELOPMENTS in general business during the past thirty days, according to reports of leading interests throughout this district, have on the whole proved unsatisfactory. Declines in volume of trade under the similar period immediately preceding were the rule, and while a limited number of lines enjoyed moderate activity, others were extremely quiet, and in several important industries conditions bordering on stagnation exist. While stocks of merchandise are low in a majority of instances, and the public needs goods, purchasing is being pursued with the utmost conservatism. Effects of price disturbances are felt in many lines, and only where liquidation and readjustment have been carried to the greatest limits is a sustained recovery noticeable. Some buying for future delivery in drygoods, clothing, groceries and other lines noted a month ago gave rise to hopes that confidence had been sufficiently restored in values to reestablish the covering of distant requirements on something like the scale usual in past seasons. The volume of such buying, however, showed a decided falling off last month, virtually all orders booked being for immediate shipment or disposal during the next sixty days at the outside. This state of affairs is ascribed by manufacturers and wholesalers to further price declines, also a disposition on the part of retail merchants to conserve their cash and keep as close to shore as possible. In the country this attitude is more noticeable than in the larger cities, due to uncertainty relative to the outcome of crops.

Specific conditions considered, sentiment is fairly optimistic. The present setback is explained by the fact that the summer months are normally dull, and that the slowing down which they have brought this year seems greater than usual because of the existing depression. The most recent price reductions, it is pointed out, have brought the commodity market nearer to the final stage of readjustment, from which the permanent upturn must begin. An extremely hopeful factor is the financial and banking position, which continues to show improvement. Collections, while backward in spots, are on an average about as good as during the two preceding months. Liquidation of accounts under extension continues in gradual and fairly satisfactory fashion, while in the main new accounts are being paid promptly.

The long period of intense and persistent heat has had both good and ill results upon general business. In the heavier movements its effect has been decidedly depressnig, producing a general tendency to put off and postpone things which were not absolutely necessary. This trend was noted particularly in building operations, the production and distribution of fuel, purchasing of iron and steel goods and other bulky materials. In certain sections the high temperatures were accompanied by drouth, which proved detrimental to agriculture, but over most of the Eighth Federal Reserve District showers tempered the dry spell, and relatively little damage to date is recorded.

In the other column, the heat wave has promoted an active movement of hot weather goods. Calls upon retailers have been heavy, and has already ramified back to the wholesale section of distribution. Hardware interests report heavy sales of seasonal goods such as refrigerators, ice cream freezers, electric fans, screen sets, etc. Sporting goods and supplies for vacation travel are moving into consumption. According to reporting firms, these seasonal commodities constitute the only classification in which the effect of general economy is not felt and which are being taken without quibble as to price and value. The demand for lightweight clothing during June and the first weeks of July is described as the most active experienced in several seasons. Drug houses report that they are taxed to supply the demand for soda fountain supplies and there is also a heavy call for certain drugs which are palliative of sickness incident to extreme heat.

A rather universal comment among manufacturers and wholesalers is the close margin of profit which they are obliged to operate. Backwardness of buyers has given rise to almost unprecedented competition to secure the small business current. Strenuous efforts are being made to reduce production and distribution costs, and according to many of the interests reporting all expedients in that direction have been exhausted short of further wage reductions.

June and early July proved unsatisfactory in the automobile industry. While sales of accessories were stimulated to some extent by seasonal motoring activity, sales of new cars were generally light. Uncertainty relative to prices, according to dealers, is causing their prospects to hold off. In this connection it may be stated that since April 30, when the readjustment was initiated, about two-thirds of the approximately 90 makers of pleasure cars in the United States have cut their prices. The percentage of reductions runs from 5 to 34 per cent, and in dollars they range from $25 to $2,000. The decline in accessories and the cost of service has

not been in proportion to the ratio of reductions in new cars.

Apathy in manufacturing lines is directly reflected in the lack of demand for fuel and statistics of companies selling electric current. According to producers and dealers, the demand for steaming coal during June was at the lowest ebb of the present retrograde movement. Buying by the industries is confined to small tonnages for immediate delivery, with relatively little in the way of contracting for fall and winter needs. While total sales of current during June of companies reporting were in excess of the same month last year, the increase was due to added small subscribers, mainly householders. Sales to industries show a decline. A typical company segregating 51 of its largest commercial subscribers reports the demands of these consumers as follows: May, 1920, 24,637.6 KW; October, 1920, 27,956.8 KW; May, 1921, 20,704.9 KW; and June, 1921, 21,086.1 KW.

Production of bituminous coal during June was approximately 33,852,000 tons, an increase of 512,000 tons over the revised figures of May, but June contained one more full working day than May. The cumulative production for the present year to June 30 was 226,000,000 tons, and should the second half of the year show no greater output than the first six months, the total for the year will be less than 400,000,000 tons. The last year in which the country required less than 400,000,000 tons was 1909.

Reports from railroads operating in this district indicate that the carriers are suffering from the general business depression. Results in freight traffic during June were less satisfactory than in May, and the early days of July indicate about the same average maintained throughout June. The St. Louis Terminal Railway Association in June interchanged 142,700 loads, against 147,879 loads in May. A slight decrease in the number of idle cars took place, but the surplus of coal cars is clear evidence of stagnation in that industry. Passenger traffic is relatively much more satisfactory than freight. Vacation travel, judging from figures received up to June 30, will be equal to that of last season.

Agricultural conditions through this district during the past thirty days show considerable variation. In point of quantity the winter wheat yield will exceed that of 1920, but quality of the grain is not uniformly high. Early receipts, especially from the lowlands, show the berry to be shrivelled and light in weight. This is due to extreme heat just before the crop ripened. Oats deteriorated somewhat during June, and this crop is showing effects of damage from the spring freezes. Generally good accounts are heard from the hay crops, and pastures are in good shape. Reports relative to the growing corn crop are pretty uniformly favorable, but much depends upon the weather from now to harvest. Advices relative to cotton all indicate heavily reduced acreage and a low condition of the crop. Weather conditions have not been propitious, and ravages of the boll weevil have cut down prospects seriously in many localities. Indications are for reduced production of rice and tobacco, because of lower prices and difficulties surrounding marketing of these crops during the past season. Passing weeks verify earlier reports of almost complete destruction of the fruit crop in a large part of the district. Apples are a complete failure, and only the extreme Southern counties will produce peaches in commercial quantities. Shipments of berries, vegetables and melons have been large, and returns from these small crops have aided materially in enabling farmers to offset their losses.

Reports relative to collections show considerable unevenness, though the general average during the period under review was about equal to the preceding month. There is little complaint relative to payments on current accounts, and a larger number of merchants are taking advantage of discounts. In sections where harvest is in progress there are reports of backwardness, due to the fact that farmers are too busy with field work to give thought to their bookkeeping. Answers to 350 questionnaires addressed to the various lines throughout the district show the following results: 2.7 per cent excellent; 32.4 per cent good; 48.7 per cent fair and 16.2 per cent good.

The per capita circulation of the United States on July 1 was $53.42, against $55.43 on June 1 and $57.18 on July 1, 1920.

Commercial failures in the twelve Federal Reserve Districts during the month of June, with comparative figures for the same month in 1920, as compiled by Dun's were as follows:

District	June 1921	June 1920	1921 Liabilities	1920 Liabilities
Boston, First	136	55	$ 2,546,879	$ 1,783,684
New York, Second	232	164	4,736,684	16,218,230
Philadelphia, Third	71	26	1,939,408	219,092
Cleveland, Fourth	98	65	4,744,487	975,973
Richmond, Fifth	82	37	1,478,512	314,156
Atlanta, Sixth	130	30	3,522,511	459,562
Chicago, Seventh	140	69	4,476,283	2,742,755
St. Louis, Eighth	102	34	1,974,278	2,283,002
Minneapolis, Ninth	31	21	454,553	306,250
Kansas City, Tenth	73	22	4,764,647	281,255
Dallas, Eleventh	105	35	2,588,787	278,668
San Francisco, Twelfth	120	116	1,412,345	7,128,338
Total	1,320	674	$34,639,375	$32,990,965

MANUFACTURING AND WHOLESALE

Manufacturing activity, except in a limited number of lines, developed a slowing down during the past thirty days as contrasted with the similar period immediately preceding. The same is true in the wholeslae section of distribution. Answers to questionnaires sent to manufacturers and whole-

salers explain the setback in various ways, the chief reason given being uncertainty relative to prices. Merchants and the public, while in need of goods, are unwilling to stock up on a declining market. This is true particularly of drygoods, clothing, hardware and furniture, there having been further price recessions of greater or lesser degree in all these classifications. Another explanation given was that June and early July fall in the summer, a season which normally is less active than other periods of the year. Purchasing is confined almost exclusively to merchandise for immediate delivery, both in the case of finished goods and raw materials. Considerable activity is reported in leather goods, furniture, drugs and chemicals and groceries. The last named line, which has undergone thorough readjustment, reported an increase in volume of sales over the preceding month. While raw cotton showed a firmer tendency, cotton goods sustained declines, which reacted adversely on sales of drygoods, millinery, women's ready-to-wear clothing and kindred lines. The severest slump noted, however, was in heavy commodities, including iron and steel, bricks, lumber, etc., the movement of which is slower than at any time since the present reaction set in. Material reductions were made in prices by the leading manufacturer of iron and steel, but thus far these concessions have failed to stimulate business. The unanimous opinion among all interests reporting is that no lasting improvement can develop until building is resumed on a considerable scale. The outlet into the rural districts is constricted by economies being practiced by farmers. Sales of implements and farm machinery continue vastly below normal, and no change can be expected until results of the present crop are more definitely known.

Boots and Shoes—In numbers of pairs, June shipments of the 11 interests reporting were about 80 per cent of the corresponding month a year ago. Factory operation was maintained at from 90 to 100 per cent of capacity. New orders booked during June were about on a parity with those of May, but a preceptible falling off has been noted since July 1. Prices during the past thirty days have held about steady, but the trend is easier. Raw material prices have not changed much, though some tanners have cut top grades of calf.

Clothing—Orders from salesmen on the road slowed down during June, though as compared with earlier months of the year the past thirty days have proved satisfactory. As compared with a year ago June business with the 22 reporting firms showed a decline of from 35 to 42½ per cent in dollar value, and of from 4 to 8 per cent in the number of garments sold. Manufacturers continue to follow the policy of making up little stock for which they have not actual orders.

Electrical Supplies—Conditions among the 9 reporting firms show little change from the preceding month. Some improvement was shown in sales of seasonable lines, such as electric fans, motor boat supplies and small motors. The demand for telephone supplies is reported fair, but automobile equipment and materials for transportation companies are slow. Sales during June decreased from 35 to 40 per cent under the same month in 1920, and were 8 per cent less to 5 per cent better than during May.

Iron and Steel Products—Manufacturers of castings report a dearth of new business, and few unfilled orders. Further curtailment of activities at mills, foundries and machine shops has taken place, several plants which had been operating on part time having closed down completely. Sales of pig iron in this district during the past thirty days were the smallest in more than a decade, and prices the lowest on the present retrograde movement. Stove manufacturers are operating on a small fraction of full time, and despite scant production, report accumulations of their product. Warehouse interests generally hold large stocks, with the demand for all varities of finished and semi-finished ferrous wares almost at a standstill.

Hardware—June returns of the 9 reporting wholesale interests indicate declines of from 20 to 37 per cent under the corresponding month a year ago. Aside from seasonal lines, the movement of all hardware is slow, and apparently on a necessity basis. Orders for future delivery are nil. A slight improvement in the demand for automobile accessories has taken place since the first of July.

Flour—While business continues well under normal, the 12 reporting mills report sales during the past thirty days the best in several months. The domestic trade has picked up and export buying has been on a larger scale. England and the Scandinavian countries have increased their orders. Stocks in this country are low in all positions, and with the exhaustion of reserves, necessity buying assumed real proportions. Operations during the past month were at from 40 to 50 per cent of capacity. Prices receded sharply during the period under review.

Candy—Sales of 9 reporting interests during June showed a decline of from 32 to 43 per cent as compared with the corresponding period a year ago, but were steady to 10 per cent less than during May this year. The trend of prices continues downward, and the recent decline in sugar served to further disturb values. The demand centers chiefly in low priced and seasonal candies, the better grades being relatively neglected. Plant operation varies widely, ranging from 30 to 90 per cent of capacity.

Drugs and Chemicals—Business in this classification holds up fairly well. Sales in June of the 7 reporting interests were about on a parity with those of May, though from 16 to 22 per cent under the corresponding period a year ago. Goods going to retail drug stores are moving actively, but chemicals for use of manufacturers are very dull. The soda fountain supply business is described as flourishing, and there is a brisk demand for materials used in concocting home-made beverages.

Lumber—With the advent of summer, the lull in all branches of the lumber industry has become more pronounced, competition is keener for the small volume of orders and in virtually all species dealt in in this district, prices have weakened. An exception is the upper grades of hardwoods, notably oak and gum, stocks of which are scant and prices higher. A similar tendency, though in lesser degree, is apparent in the upper grades of yellow

pine. Common grades of pine have declined and continue weak. Bulk of current business in yellow pine is in mixed carlots. Yards are buying on a strictly replacement basis. As only the larger mills are equipped to handle mixed car orders, the small mills are feeling the brunt of the depression. Most of the large mills sell direct to the yards, which adversely affects wholesalers, many of the latter declaring their business the worst in years. Hardwood interests look for freer buying by the furniture manufacturers following the summer markets in St. Louis, Chicago and Grand Rapids. Industrials are buying very little, and the hardwood demand has fallen off appreciably during the past month.

Furniture—Business is described by the 14 reporting interests as steady to a shade under last month, and about 75 per cent of normal. There was a general reduction of prices as of July 1, ranging from 5 to 10 per cent. Steel and brass goods were cut from 5 to 7 per cent. Stock orders are scarce, and buying is largely for immediate shipment.

RETAIL

Notwithstanding that retailers report a general falling off in sales during June under the same month last year, many of them say that the first six months of 1921 show a slight increase over the same period in 1920. Old established houses report that general business is unusually slow, but very healthy. The buying public is more discriminating than ever before. Retailers are not burdened with the heavy future commitments at high costs that confronted them last fall, and stocks acquired at the higher levels have been pretty thoroughly liquidated. Retailers still complain of the high cost of doing business and emphasize especially the item of extravagant rents. Jewelers report a 10 to 15 per cent decrease in June sales under the same month of last year. The demand for precious stones and expensive pieces is extremely dull, but this is counterbalanced in part by the usual demand for June wedding presents. Seasonal sporting goods continue active. A brisk demand for outing supplies such as canoes, bathing suits, and campers' equipment has developed with the recent spell of hot weather. Sporting goods containing leather were reduced 15 per cent during the month. It is interesting to note that the one time expensive horsehide is now as cheap as the lower grades such as sheep skin. Wash goods and light clothing are meeting much readier sale than other staple articles. In wearing apparel it is noticeable that the public is demanding serviceable goods at a fair price rather than fashionable goods at a higher price. Foodstuffs are moving fairly well. Coincident with the present hot period the market was favored with an abundance of seasonal vegetables and fruits thus enabling the distributor to release them to the public at a lower price than heretofore. Printers, still feeling the pressure of the recent strike, are marking time but are optimistic as to the outlook for early fall business. The expected increase in hardware sales failed to materialize, both city and country business continuing to make a moderate showing. The telephone situation has cleared up considerably as contrasted with a few months back. Unfilled orders of the local companies for the month of June were 30 per cent less than the same month a year ago. In St. Louis the call rate (number of calls per phone per day) for June was 6.2 per cent while the same month in 1920 only produced a rate of 5.8 per cent.

Figures on retail trade as indicated by reports from representative department stores for June, 1921, are as follows:

	St. Louis	Louisville	Memphis	Little Rock	Evansville	Quincy	District
Percentage increase (or decrease) in net sales during June over or under sales in June, 1920	-3.1	-11.8	-23.2	-8.9	-30.1	-6.9	-8.2
Percentage increase in net sales from January 1 through June 30, 1921, in comparison with sales during the same 6 months of 1920	4.1	-8.0	-18.8	-5.1	-8.2	-3.4	-2.1
Percentage decrease in stocks on hand at the end of June, 1921, in comparison with stocks on hand at the end of June, 1920	-6.8	-18.3	-14.4	-10.7	-12.5	-13.0	-9.9
Percentage increase in stocks on hand at the end of June, 1921, in comparison with stocks on hand at the end of May, 1921	1.6	-7.2	-2.6	-.02	-1.4	-11.9	-.4
Percentage of average stocks on hand at the end of each month since January 1, 1921, to average monthly sales during the same 6 months	313.6	419.5	415.3	288.9	689.9	461.8	344.2
Percentage of outstanding orders on June 30, 1921, to total purchases of merchandise (cost) during the calendar year 1920	5.7	5.2	6.3	2.2	2.2	.....	5.6

Note: -denotes decrease.

AGRICULTURE

Harvesting of winter wheat in the Eighth Federal Reserve District has been about completed, and threshing is in progress in many sections. While production as a whole for the district will be in excess of last year, yields are variable and quality not uniformly high. The total yield in this district, based on the July 1 forecast of the Department of Agriculture, is 66,441,000 bu., against 59,805,000 bu. in 1920. Corn has made excellent growth, and the condition in this general region is good. Success depends largely upon weather from this on, but with average rainfall and tem-

peratures results should be all that could be desired. The July 1 condition indicates a yield in this district of 449,328,000 bu. against 441,118,000 bu. in 1920. The outturn of costs for the district falls under that of last year, actual figures being 68,710,000 bu. against 77,914,000 bu. a year ago. The decrease is ascribed to loss of condition in May and June, which may be accounted for in large part by the freezes in the spring. The hay crop, according to the July 1 forecast, will be 7,559,000 tons, or 624,000 tons less than the actual production of 1920. Prospects for the Irish potato crop have been somewhat reduced by the recent hot spell, but where early planted potatoes have been harvested, results were satisfactory, both in point of yield and quality. Vegetables and miscellaneous small crops are in the main doing well, except where lack of moisture was accentuated by the high temperatures of June and early July. Reports from the cotton areas are rather generally pessimistic. Weather conditions have been unfavorable almost since planting, and there are numerous complaints of boll weevil depredation. Planters have made unusual efforts to bring the crop through, cultivation having put the fields in clean condition. Analysis of latest reports from this district indicates that the crop is just holding its own. Rains are needed generally, and unless they materialize deterioration is inevitable. The high temperatures have checked the boll weevil in some sections. Labor is plentiful and cultivation excellent. The indicated yield as of July 1 in the district is 1,517,000 bales, against 2,085,000 bales last year. Tobacco acreage has been reduced under last year; setting is late and growth slow. There are complaints of need of moisture in Indiana and sections of Kentucky.

The U. S. Department of Agriculture, in its report as of July 1, gives the condition of winter wheat and oats in five states of this district as follows:

	CONDITION July 1		FORECAST 1921* from condition		DEC. ESTIMATE*		PRICE PER BU. July 1	
	1921 %	10 yr. av. %	June 1 Bu.	July 1 Bu.	1920 Bu.	5 yr. av. 1915-19 Bu.	1921 cents	1920 cents
Illinois	82	77	42,937	48,748	35,720	42,485	115	258
Indiana	70	77	26,648	32,359	23,400	37,936	114	259
Kentucky	79	83	6,765	7,607	5,610	9,878	126	273
Missouri	68	79	32,892	40,797	32,500	38,402	113	258
Tennessee	79	82	4,734	5,034	4,028	7,133	133	288
OATS								
Illinois	77	86	39,014	44,573	56,430	52,939	34	115
Indiana	73	83	56,119	65,175	76,875	68,799	30	104
Missouri	72	78	45,855	46,196	54,138	42,544	42	103

The U. S. Department of Agriculture, in its report as of July 1, gives the condition of corn in the seven states of this district as follows:

	ACREAGE 1921		CONDITION July 1		FORECAST 1921 from July 1 cond.	FINAL. EST. 1920	5 yr. av. 1915-19	PRICE PER BU. July 1	
	% of 1920	Acres*	1921 %	10 yr. av. %	Bu.*	Bu.*	Bu.*	1921 cents	1920 cents
Arkansas	117	2,761	90	82	60,880	55,224	49,967	94	220
Illinois	100	8,652	98	84	347,637	294,168	346,330	53	183
Indiana	100	4,545	93	84	185,981	184,072	178,777	50	180
Kentucky	101	3,333	87	87	92,791	100,650	97,735	79	213
Mississippi	120	4,776	79	81	83,007	63,680	63,733	105	234
Missouri	99	6,153	90	82	182,744	198,880	170,354	58	189
Tennessee	105	3,491	82	87	84,447	93,100	84,834	83	218

Note: In thousands, i. e., 000 omitted.

The following table, compiled from commercial sources for the government market report, shows the cotton movement from August 1, 1920 to July 1, 1921:

	BALES 1920-21	1919-20
Port receipts	6,332,124	6,680,993
Port stocks	1,561,972	893,289
Interior receipts	7,280,409	7,073,260
Interior stocks	1,292,856	970,557
Into sight	10,941,415	11,822,992
Northern spinners' takings	1,912,746	2,920,862
Southern spinners' takings	2,581,050	3,290,221
World's visible supply of American cotton	4,454,124	3,413,916

Range of prices on typical products in the St. Louis grain market between June 15 and July 15, with closing quotations on each of these dates:

		Close June 15	High	Low	Close July 15
July wheat	Per bu.	$1.26½	$1.30⅛	$1.12⅜	$1.28½
September wheat	"	1.19¾	1.31⅛	1.12	1.29¾
December wheat	"		1.34½	1.15½	1.33⅞
July corn	"	.58⅝	.61⅛	.54⅞	.58
September corn	"	.61⅜	.63⅞	.55⅞	.59½
December corn	"		.61¼	.55¾	.58⅜
July oats	"	.36	.39½	.33	.39½
September oats	"	.38¾	.41	.35⅜	.41
No. 2 red winter wheat	"	$1.46 @ 1.48	1.50	1.17	$1.29 @ 1.33
No. 2 hard winter wheat	"	1.50	1.48	1.19	1.30
No. 2 corn	"	.58	.63	.55	.63
No. 2 white corn	"	.61 @ .61½	.64½	.61	.64
No. 2 white oats	"	.38	.40	.35¼	.40
Flour: soft patent	Per bbl.	7.40 @ 8.50	8.30	6.00	6.25 @ 6.75
Flour: spring patent	"	8.50 @ 8.75	9.65	7.60	9.00 @ 9.65

LABOR

Developments in the labor situation during the past thirty days have been of a negative character. Unemployment in certain sections and industries has increased, but the slack has been partly taken up by resumption of activities elsewhere and by a large absorption of idle workers by the harvest fields. Scattered reports from the agricultural communities indicate ample hands, with some to spare in Western Missouri and other sections. Farm wages range from 20 to 35 per cent under those paid last year. Resistance on the part of organized labor to reduce compensation has resulted in scattered strikes throughout the district, among which may be mentioned the teamsters strike in St. Louis, printers strikes in this and other cities, scattered strikes in the building trades, etc. In the district as a whole, judging from reports of official and semi-official agencies, unemployment has gained from 8 to 12 per cent during the past thirty days.

BUILDING

In St. Louis and through the district generally the past month has been productive of no change worthy of note in the building situation. Very little construction work is being initiated, and buildings under way are nearing completion. Scattered accounts tell of more activity in the erection of moderate price houses and apartments. Architects and contractors still have a fairly large volume of plans in their vaults awaiting release by their principals. Some reductions in the cost of building materials have been made, but wages in the building trades remain stationary at war-time levels. Total costs are too high to encourage investment in building, and banks and other landing agencies are unwilling to lend to anything like full value on the basis of present construction costs.

Comparative figures for June in leading cities of the district follow:

	JUNE 1921				JUNE 1920			
	New Construction		Repairs, etc.		New Construction		Repairs, etc.	
	Permits	Cost	Permits	Cost	Permits	Cost	Permits	Cost
St. Louis	602	$1,895,299	481	$254,770	362	$1,379,930	395	$481,485
Louisville	219	910,500	163	97,150	168	919,400	200	83,150
Memphis	274	1,040,184	37	21,480	141	625,900	32	33,425
Little Rock	69	184,600	157	44,245	62	128,700	116	73,570
Evansville	43	76,930	72	3,233	.....	.....	.....	.....

LIVE STOCK

Extensive marketing in Mexico of Texas cattle, and lateness in the movement from Oklahoma resulted in a decrease of 27,335 head received in St. Louis during June under the same month last year. Prices in the St. Louis market have showed little change during the past thirty days as contrasted with a month ago, though daily fluctuations have been quite sharp. Choice native beeves are bringing from $9 to $9.25 per cwt., with choice yearlings about a quarter higher. Good beef cows run from $5.50 to $6. Good feeder cattle are now available at attractive prices. Receipts of hogs continue to increase, June producing 275,494 in the local market, a gain of 33,789 head over the same month in 1920. In face of the augmented movement, there has been a steady increase in values, amounting to about $2 on choice porkers and $1 on rough packers. Packers and Eastern order buyers purchased liberally throughout the period under review. Choice butcher hogs and good shipping weights have passed the $10 mark, the highest since last March. Arrivals of sheep increased 25,806 in June over the corresponding period in 1920, the total being 119,163. Prices have been well maintained despite the warm weather and large supplies. During the latter part of June $12 was paid for prime spring lambs, but the market has reacted to the extent of $1.50 to $2 since July 1. A fair number of feeding stock has been shipped to Illinois, Missouri and Indiana lots during the past thirty days.

As reported by the St. Louis National Stock Yards, receipts and shipments of live stock at St. Louis in June, with comparisons for June, 1920 were as follows:

	Cattle & Calves		Hogs		Sheep		Horses & Mules	
	1921	1920	1921	1920	1921	1920	1921	1920
Receipts	86,850	113,915	275,494	241,696	119,163	93,357	2,233	6,366
Shipments	48,112	50,550	158,437	115,777	53,555	21,943	2,922	7,401

POSTAL RECEIPTS

Postal receipts in the leading cities of the district for the quarter ended June 30, 1921, as compared with the preceding quarter and the corresponding period a year ago, are shown in the following statement:

	Quarter ended June 30, 1921	Quarter ended March 31, 1921	Quarter ended June 30, 1920
St. Louis	$2,123,968.85	$2,232,646.19	$2,129,201.50
Memphis	335,244.84	351,737.44	354,541.20
Little Rock	157,844 53	181,555.01	160,456 50
Evansville	98,444.74	108,975.91	97,986.77

COMMODITY MOVEMENT

Receipts and shipments of important commodities at St. Louis during June, 1921 and 1920, and May, 1921, as reported by the Merchants Exchange, were as follows:

	RECEIPTS			SHIPMENTS		
	June 1921	May, 1921	June, 1920	June, 1921	May, 1921	June, 1920
Flour, barrels	371,050	366,550	361,010	402,560	337,700	412,690
Wheat, bushels	2,982,164	2,823,807	2,497,200	2,439,060	2,208,280	1,731,020
Corn, bushels	1,917,500	2,355,600	3,407,300	1,791,240	1,308,250	1,625,460
Oats, bushels	2,356,000	2,596,000	1,744,000	1,888,890	1,758,860	1,679,580
Lead, pigs	240,870	266,160	213,300	128,320	136,380	205,630
Zinc and spelter, slabs	67,820	107,420	455,870	113,590	237,310	822,320
Lumber, cars	12,432	11,017	9,647	9,840	9,196	7,384
Meats, pounds	24,388,700	20,479,500	6,061,400	25,428,600	20,795,900	22,368,700
Fresh beef, pounds	136,500	513,400	1,046,700	23,360,000	20,371,500	19,652,500
Lard pounds	3,184,600	2,145,300	1,850,300	7,494,700	7,204,200	2,639,100
Hides, pounds	4,757,600	3,484,500	1,634,600	7,444,900	6,109,700	1,634,600

FINANCIAL

The principal feature in the financial situation in the Eighth Federal Reserve District during the past thirty days has been the increased demand for funds by the country for crop financing purposes. The harvest of winter wheat has been in full blast, and the grain is beginning to move in volume to the primary markets. Generally the demand for credits continues active, and rates charged by the commercial banks show little variation as contrasted with thirty days ago. All legitimate demands are being met, with excellent provision having been made for the rural communities both by the large commercial institutions and the Federal Reserve Bank. Commercial borrowers in the larger centers have considerably reduced their indebtedness, and gradual liquidation of accounts under extension is in progress. In the tobacco and cotton districts the status remains about as set forth in the two preceding issues of this report. Between June 15 and July 14 the Federal Reserve note circulation of this bank decreased $2,954,000, and net deposits fell off $6,241,000. During the same period there was a decrease of approximately $735,000 in the amount of accommodations granted member banks by the Federal Reserve Bank of St. Louis. The solidity of basic credit conditions in this district is indicated by the movement of the combined reserve held against deposit and Federal Reserve note liabilities. Between June 15 and July 14 this ratio ranged from 49.2 to 54.3, and on the latter date stood at 52.1.

There has been little change in the market for bankers' acceptances in this District during the last thirty days. The volume of such bills purchased by member banks has been small, and few, if any, bills have originated in this District. Scattering purchases have been made by city banks but the volume has been nominal and the market dull.

Depressed conditions which had obtained in the commercial paper market during the preceding several months continued in a marked degree during the past thirty days. Banks in the large cities are taking virtually nothing, and seasonal activity in agriculture is engaging resources of country institutions. An unusually broad spread exists in rates, quotations ranging from 6¼ to 7¼ per cent, while ordinarily the maximum and minimum are rarely separated by more than a half of one per cent.

Aside from a fairlv brisk demand for Federal, State and Municipal obligations, quietness prevails in the investment market. Bond houses, in many instances, have cut down their sales forces and otherwise entered upon a period of retrenchment. Corporation bonds, unless offering exceptional interest returns and safety, are neglected.

INTEREST RATES

Between June 16 and July 15 the high, low and customary interest rates, prevailing in St. Louis, Louisville, Memphis and Little Rock, as reported by banks in those cities were as follows:

	St. Louis			Louisville			Memphis			Little Rock		
	H	L	C	H	L	C	H	L	C	H	L	C
Customers Prime Commercial Paper:												
30 to 90 days	8	6	7	7	6	6	8	6	7	8	7	8
4 to 6 months	8	6	7	7	6	6	8	6	7	8	7	8
Prime Commercial Paper purchased in open market:												
30 to 90 days	.....	.....	.....	7	6	7	.....	.....	.....	.....	.....	.....
4 to 6 months	.....	.....	.....	7	6	7	.....	.....	.....	.....	.....	.....
Loans to other banks	7	6	7	7	6	6	8	6	7	7	7	7
Bankers' Acceptances of 60 to 90 days:												
Endorsed	5½	5½	5½	.....	.....	.....	.....	.....	.....	.....	.....	.....
Unendorsed	.....	.....	.....	5¾	5¾	5¾	.....	.....	.....	.....	.....	.....
Loans secured by prime stock exchange collateral or other current collateral:												
Demand	8	6	7	6	6	6	.....	.....	.....	8	7	8
3 months	8	6	7	7	6	6	.....	.....	.....	8	7	8
3 to 6 months	8	6	7	7	6	6	8	6	8	8	7	8
Cattle Loans	8	7	7	6	6	6	8	6	7	8	7	8
Commodity paper secured by warehouse receipts, etc.	8	6½	7	7	6	6	8	6	7	8	7	8
Loans secured by Liberty Bonds and Certificates	7	6	7	6	6	6	7	6	6	8	7	8

CONDITION OF BANKS

The condition of banks in this district and changes since a month ago and last year, are reflected in the following comparative statement, showing the principal resources and liabilities of member banks in St. Louis, Louisville, Little Rock, Memphis and Evansville:

	July 6, 1921	June 8, 1921	July 9, 1920
Number of reporting banks	37	37	35
Loans and Discounts (including bills rediscounted with F. R. Bank):			
Secured by U. S. Govt. obligations	$ 20,343,000	$ 20,780,000	$ 36,482,000
Secured by stocks and bonds other than U. S. bonds	119,710,000	117,847,000	127,107,000
All other loans and discounts	312,002,000	312,872,000	.....
Total loans and discounts	$452,055,000	$451,499,000	.....
Investments:			
U. S. Government Bonds	25,446,000	26,431,000	29,675,000
U. S. Victory Notes	1,992,000	2,076,000	2,704,000
U. S. Certificates of Indebtedness	1,894,000	1,003,000	3,656,000
U. S. Treasury Notes	932,000	.....	.....
Other bonds, stocks and securities	67,871,000	67,555,000	.....
Total loans, discounts and investments (including bills rediscounted with F. R. Bank)	$550,190,000	$548,564,000	$610,528,000
Reserve Balance with F. R. Bank	39,347,000	39,309,000	40,064,000
Cash in vault	8,233,000	8,211,000	10,565,000
Net demand deposits on which reserve is computed	284,949,000	292,034,000	321,099,000
Time deposits	144,480,000	143,189,000	125,623,000
Government deposits	8,862,000	843,000	1,204,000

DEBITS TO INDIVIDUAL ACCOUNTS

For four weeks ending:

	July 13, 1921	June 15, 1921	July 14, 1920
St. Louis	$448,166,000	$490,240,000	$585,045,000
Louisville	92,395,000	93,671,000	142,105,000
Memphis	72,690,000	75,750,000	114,431,000
Little Rock	33,862,000	33,628,000	37,838,000
East St. Louis and National Stock Yards	31,530,000	34,296,000	.....
Evansville	22,819,000	19,719,000	21,957,000
Springfield	11,062,000	10,140,000	.....
Quincy	8,411,000	8,458,000	.....

FEDERAL RESERVE OPERATIONS

In June this bank discounted $147,281,116 of paper for 323 member banks, which represents an increase of $10,075,441 over the amount discounted in May, and a gain of 2 in the number of banks accommodated. Acceptances purchased in June amounted to $947,230, a decrease of $1,215,591 under the preceding month.

Effective June 23 the Federal Reserve Bank of St. Louis abolished its progressive discount rates. No change has taken place in the normal discount rates of this bank since the preceding issue of this report.

(Compiled July 18, 1921)