FEDERAL RESERVE BANK OF ST. LOUIS

MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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BUSINESS in this district during the past thirty days, while continuing active and above the corresponding period last year, developed considerable irregularity, with slowing tendencies appearing in a number of important lines. The general disposition among both wholesale and retail merchants is to await more definite information as to what the next few months will bring in the way of demand before making their full commitments for goods. Meanwhile buying is being pursued with great conservatism and is confined chiefly to an immediate requirement basis. Future buying is being held down by uncertainty relative to prices, also, by confidence in the ability to get merchandise when needed.

The uneveness in results extends to different sections as well as the several lines of trade. In the South business was adversely affected by the low price of cotton, particularly the inferior grades, of which the last crop contained a larger proportion than is ordinarily the case. The low price of corn constituted another factor tending to depress trade in certain localities. Weather conditions were on the whole unfavorable for the movement of merchandise. Unseasonably high temperatures have restricted distribution of typically winter goods, particularly apparel and fuel. Manufacturing activity was sustained at the high levels of the preceding thirty days, but there were complaints of backwardness in specifying on materials previously ordered. This later situation obtained particularly in the iron and steel industry, mills, foundries and machine shops reporting shipments of finished products in excess of new orders placed, with consequent decrease in unfinished business.

Among the favorable factors in the general situation were the almost universally healthy condition of stocks, and entire absence of speculative buying of manufactured goods. As indicated by savings deposits, debits to individual accounts, sales statistics and the other usual measurements, the purchasing power of the public continues high. Taken as a whole conditions in the agricultural sections are more satisfactory than at any similar season during the past four years. Farmers have substantially reduced their indebtedness and are replacing equipment and effecting delayed improvements on their farms. Some slowing down in building activity was noted, but this was seasonal in character, and the average was considerably higher than during the past several years. Distribution of automobiles was larger than last year, and January sales in the boot and shoe, furniture, hardware, dry goods, and several other lesser industries exceeded those of the same month in 1925. Sales of leading department stores in the district were 2.4 per cent greater than during January last year.

According to the Employment Service of the U. S. Department of Labor, employment conditions in the district were slightly less favorable than during the preceding month. The surplus of common labor, especially in the South, increased and there were losses in the number of workers employed in stone, glass and clay product plants, leather and beverage establishments, miscellaneous industries, oil refineries, and at flour and lumber mills. Gains, on the other hand, were reported in some branches of the iron and steel industry, printing and paper plants, tobacco factories and chemical and packing plants. A general falling off was reported in the lumber industry, but labor supply and demand in the southern textile industry was well balanced, and the majority of mills were operating full time. More part time operations were reported in the Illinois, Kentucky, and Arkansas coal fields, and there was the usual seasonal reduction of highway construction schedules.

Absence of protracted cold weather generally through the district has had a tendency to restrict the demand for coal for heating purposes and business in the industry was considerably below expectations. Heavy production at mines in anticipation of seasonable weather has resulted in oversupplies and numerous complaints of "no bills" and accumulation of loaded cars on mine tracks. Householders continue to buy on a hand-to-mouth basis and dealers are for the most part pursuing the same policy. Operating time in all fields of the district has been curtailed since the first of this month, with some mines getting only from two to four days a week. Steam coals were affected in more marked degree by existing condition than domestic grades. The heavy production of prepared sizes resulted in burdensome stocks of slack, and the large industrial consumers took advantage of this to depress prices. High volatile slack in the Kentucky field sold as low as 50c per ton, and the general average price was lower than during the preceding thirty days. With transportation service well maintained, steam users were disposed to take only what their immediate requirements dictated, and there was little buying for storage. The demand for coke continued active, due to continued suspension of production of anthracite coal, and by-product manufacturers were able to dispose of their entire current output. Production of bituminous coal for the country as a whole during January was estimated by the U. S. Bureau of Mines at 53,662,000 tons, with a daily average rate of 2,123,000 tons. This was an increase of about 4 per cent over December, but about 1 per cent less than the daily average rate maintained in November.

While traffic of railroads operating in the district was slightly below the corresponding period in 1925, it continues well ahead of the seasonal average for the past several years. For the country as a whole loadings of revenue freight during the first five weeks of the current year were 4,432,010 cars, against 4,456,949 cars for the corresponding period in 1925 and 4,294,270 in 1924. The loss as compared with last year was due chiefly to a reduced movement of coal, occasioned by the anthracite strike. Merchandise and miscellaneous freight loading showed further gains. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 217,952 loads in January, against 217,627 loads in December, and 229,022 loads in January, 1925. During the first nine days of February the interchange amounted to 53,989 loads, which compares with 59,201 loads during the same period in January and 65,270 loads in February, 1925. Passenger traffic of the reporting roads increased 3 per cent in January as compared with the same month last year. Estimated tonnage of the Federal Barge line between St. Louis and New Orleans for January was 57,700 tons, against 65,593 tons in December, and 81,087 tons in January, 1925.

In virtually all sections of the district collection efficiency during the past thirty days was maintained at the recent high levels, with the average above that of the same period in 1925. The only backward spots reported were in the country where inclement weather interfered with communications, or local conditions prevented debtors meeting their obligations. Wholesalers reported February settlements in heavy volume, with an unusually large number of their customers taking advantage of discounts for cash. Retailers in the large centers are getting in their money promptly, and in turn are reducing their indebtedness to wholesalers and banks. Generally throughout the South liquidation continued satisfactory, particularly in the tobacco and rice sections, where marketing of these crops has made good progress. Answers to 460 questionnaires addressed to leading interests in the various lines throughout the district showed the following results:

	Excellent	Good	Fair	Poor
January, 1926	2.6%	36.9%	54.1%	6.4%
December, 1925	5.7	37.1	52.9	4.3
January, 1925	1.7	25.2	63.0	10.1

Commercial failures in the Eighth Federal Reserve District during January, according to Dun's, numbered 136, involving liabilities of $2,116,-266, against 80 defaults in December, 1925, with liabilities of $1,323,752, and 127 failures for $433,142 in January, 1925.

The per capita circulation of the United States on February 1, 1926, was $41.24, against $43.62 on January 1, 1926, and $41.86 on February 1, 1925.

MANUFACTURING AND WHOLESALE

Automobiles — Production of automobiles for the country as a whole during January fell 1.4 per cent below December, but was 32.9 per cent greater than in January, 1925. Manufacturers reporting direct or through the National Automobile Chamber of Commerce built 282,369 passenger cars in January, against 285,181 in December and 209,241 in January, 1925. Trucks manufactured by the same companies in January numbered 31,502, against 33,262 in December and 26,984 in January, 1925.

Both in the large cities and in the country business during the past thirty days was reported satisfactory, with sales above expectations. Automobile shows held at several centers were successful and resulted in a large number of sales and prospects. Stocks of new cars in dealers' hands are slightly below the average for this particular season, and in a number of instances distributors are several weeks behind on deliveries to their customers. Sales of new cars in January by 320 dealers scattered through the district were 2.7 per cent below those of the preceding month, but 17.2 per cent larger than during January, 1925. Sales of accessories were 15.6 per cent larger than for the same period a year ago. Of the new cars sold, approximately 82.7 per cent were on time payment. The used car situation underwent further slight improvement. Stocks were reduced below the total of the month before, and the policy recently adopted by a number of important dealers of junking all cars taken in at a value of under $75 is reported to be working out satisfactorily. No change worthy of note occurred in the tire situation, the general disposition among both dealers and the public being to purchase only for immediate needs.

Boots and Shoes — January sales of the 11 reporting interests were 36.0 per cent larger than for the corresponding month last year, and 118.6 per cent in excess of the December, 1925, total. Stocks on February 1 were 14.1 per cent larger than those on the same date in 1925 and 4.8 per cent larger than on January 1 this year. Relatively the most improvement was recorded in men's shoes, the demand for women's and children's wear being held back by uncertainty relative to styles. Generally stocks in retailers' hands are light, and since the first of this month there has been more disposition to replenish and fill out assortments. Prices of finished goods were unchanged as compared with the preceding thirty days. Hides were a shade lower, but on all desirable grades of leather prices were steady. Factory operation continued at a high rate, with some plants working at full capacity.

Clothing — Ordering of men's clothing for spring developed considerable improvement during the past thirty days, but the movement of heavyweight apparel continued slow. Producers of woolens and worsteds have recently announced new prices on fall lines lower than those of a year ago and about the same on comparable lines of suitings as those now prevailing on spring goods. While there was some improvement in purchasing of women's coats and suits, ordering of dresses was backward for this time of the year. Ordering generally is on a conservative basis, with future business slightly below the corresponding period last year. January sales of the 10 reporting interests were 17.5 per cent larger than for the same month in 1925, and 41.5 per cent under the December, 1925, total.

Drugs and Chemicals — A slight slowing down in business, as compared with the preceding month and a year ago was reported in this classification. The demand for heavy chemicals by the manufacturing trade was less notable than heretofore, and purchasing of seasonal drugs by the retail trade was on a hand-to-mouth basis. Advance ordering of fertilizers and insecticides was below that of a year ago. January sales of the 11 reporting interests were 0.8 per cent cent under those of the corresponding month last year, and 2.7 per cent less than the December, 1925, total. Stocks on February 1 were 10.7 per cent smaller than on the same date in 1925, and 11.4 per cent under those on January 1 this year.

Dry Goods — Sales of the 11 reporting interests during January were 0.9 per cent larger than for the same month in 1925, and 41.1 per cent in excess of the December, 1925, total. The gain in January over December was due chiefly to seasonal considerations. Stocks on February 1 were 11.0 per cent smaller than thirty days earlier and 5.5 per cent less than on February 1, 1925. The large output of cotton goods, with resultant accumulations, is causing hesitation in purchasing certain staple lines. Sales of ready-to-wear clothing and knitted goods were in satisfactory volume, and silks and rayon textures continue active.

Electrical Supplies — In virtually all sections of this line, business was satisfactory, with advance ordering fully up to expectations. The demand for radio sets and parts showed the usual seasonal reduction, but the movement of lighting fixtures, household appliances and small motors was heavy. Sales of line and pole hardware were about at the seasonal average. January sales of the 12 reporting interests were 28.8 per cent larger than for the same month in 1925, and 5.5 per cent under the December, 1925, total. Stocks on February 1 were 9.3 per cent larger than a month earlier, but 15.4 per cent below those on February 1, 1925.

Flour — Production at the 11 leading mills of the district during January was 293,724 barrels, against 312,731 barrels in December, and 294,748 barrels in January, 1925. Stocks of flour in St. Louis on February 1 were 2.6 per cent less than on January 1, and 13.6 per cent below the February 1, 1925, total. Business during the last half of January was dull and featureless. Purchasing by the domestic trade was on a hand-to-mouth basis, and the rapid and wide fluctuations in wheat had a disturbing effect on all classes of buyers and tended to shake confidence in values. During the first week of February a notable improvement developed, both in new business and shipping directions on flour previously bought. This movement was later followed by a relapse into quietness, occasioned chiefly by the sharp drop in wheat values, and prices declined on all grades and descriptions of flour. Export trade continues dull. Mill operation was at from 60 to 65 per cent of capacity.

Furniture — Sales of the 25 reporting interests during January were 41.9 per cent larger than for the same month last year and 23.4 per cent under the December, 1925, total. Stocks on February 1 were 19.9 per cent smaller than on the corresponding date last year and 6.6 per cent larger than on January 1, 1926. While business continues chiefly on an immediate requirement basis, the volume of current sales is large, and since the first of this month some improvement in forward buying has developed. The demand for household furniture is reported better than in several months, and there is a heavy movement of hotel, hospital, and school furniture. Sales of office equipment showed improvement over the same period alst year.

Groceries — As compared with the corresponding month last year, January sales of the 22 reporting interests showed a decrease of 2.8 per cent, and the total was 12.1 per cent smaller than that of December, 1925. Stocks on February 1 were 19.7 per cent smaller than on the same date in 1925, and 0.9 per cent under those of January 1 this year. Relatively business in the large cities was reported more satisfactory than in the country. Retail stocks are light, but dealers are purchasing sparingly, and only enough to carry them from month to month. The demand for staples, particularly in the South, is reported below the average for this particular season in recent years.

Hardware — Business in this classification continued the steady improvement of the past several months, January sales of the 12 reporting interests being 2.4 per cent larger than for the same month in 1925, and 14.0 per cent below the December, 1925, total. Stocks on February 1 were 2.1 per cent smaller than on the same date last year. The movement of winter goods was above expectations, and sales of farm implements, fencing materials, poultry and dairy supplies, and other merchandise used largely in the country were in satisfactory volume. Builders hardware and tools, paint and roofing material were active.

Iron and Steel Products — While activities at mills, foundries and machine shops continued at a high rate, new business and specifications on goods previously purchased were disappointing and considerably under expectations. At most plants shipments of finished products were in excess of new business, with the result that unfinished orders sustained a decrease. There is a general disposition to await developments before enlarging commitments, both in the case of manufactured goods and raw materials. Prices for the most part showed no quotable changes, but the trend was lower, and in order to meet competition there was some shading under current levels. The demand for structural iron and steel and building materials generally showed a slowing down as compared with recent months, but was still better than seasonal average of the past several years. Buying by the railroads continues backward, and ordering out of equipment, track materials and other commodities under contract was in much smaller volume than had been anticipated. Farm implement manufacturers report conditions satisfactory, with advance orders for spring well in excess of the same period during the past three years. Engine builders continue to operate at their recent high rate, and machine tool plants maintained their recent gains. Job plants, particularly those specializing in gray castings, report a sharp falling off in new orders. The demand for plates, sheets and bars was less active than heretofore, and there was a falling off in the movement of wire and wire products and tubular goods. Warehouse interests reported a smaller volume of reordering, the decrease extending through virtually their entire line. January production of pig iron for the country as a whole registered a gain over the December output, and was the second largest for any January in history. Steel ingot production in January was also larger than in December. During the last half of January buying of pig iron was light, but a fair revival in inquiry and actual purchasing developed during the second week in February. The recent decline in the market for scrap iron and steel continued throughout the period under review, with all the principal items in the list recording new low levels on the movement. The melt of pig iron in the district during January was about on a parity with the corresponding month in 1925, but slightly under the December, 1925, total.

Lumber — During the last half of January there was a fair volume of mixed car buying by retail yards throughout the district to fill out assortments following inventory. Since the first of this month, however, business in the softwoods has been quiet, and the market supply of staple items has increased. Shipments of southern pine dimension are heavier, but quotations on yellow pine and fir remain steady, though the trend is lower. The hardwoods were also in good demand during the second half of January, but since that time price declines in red gum, sap gum and oak have caused some hesitancy on the part of buyers. The demand for hardwoods from the furniture and automobile industries is good, and the flooring mills and box factories are also buying heavily.

RETAIL TRADE

The condition of retail trade is reflected in the following comparative statement showing the activity of department stores in leading cities of the district:

	Net sales	Stocks on hand	Stock turnover		Ratio of Jan. Collections to Acc'ts. Rec.
	Jan. 1926 comp. to Jan. 1925	Jan. 31, 1926 comp. to Jan. 31, 1925	For the month of January 1925	1926	January 1
Evansville	— 9.2%	—11.8%	17.5	19.1	54.2
Little Rock	— 9.8	— 1.0	21.7	20.0	38.1
Louisville	+ 3.1	+20.9	25.4	22.1	57.0
Memphis	+ 6.4	+ 2.8	18.7	19.0	53.5
Quincy	+ 4.0	— 1.5	18.1	18.9	37.1
St. Louis	+ 2.7	+ 6.2	27.1	26.7	54.8
Springfield	— 2.0	— 2.5	9.5	10.0	26.5
8th District	+ 2.4	+ 6.4	24.9	24.3	53.4

CONSUMPTION OF ELECTRICITY

The closing down of certain plants for repairs and inventory was responsible for a decrease of 5.0 per cent in consumption of electricity during January by industrial customers of public utilities companies in the five largest cities of the district as compared with the preceding month. As compared with January, 1925, however, a gain of 5.0 per cent was shown during the first month of this year, with virtually all classes of consumers participating in the gain.

Detailed figures follow:

	No. of customers	Jan. 1926 *K.W.H.	Dec. 1925 *K.W.H.	Jan. 1926 comp. to Dec. 1925	Jan. 1925 *K.W.H.	Jan. 1926 comp. to Jan. 1925
Evansville	40	995	1,089	— 8.6%	967	+ 2.9%
Little Rock	35	1,124	1,227	— 8.4	1,146	— 1.9
Louisville	67	4,583	4,771	— 3.9	3,968	+15.5
Memphis	31	1,718	1,585	+ 8.4	1,468	+17.0
St. Louis	89	12,151	12,971	— 6.3	12,031	+ 1.0
Totals	262	20,571	21,643	— 5.0	19,580	+ 5.0

*In thousands (000 omitted).

The following figures, compiled by the Department of the Interior, show kilowatt production both for lighting and industrial purposes for the country as a whole:

	By water power	By fuels	Totals
December, 1925	1,961,942,000	4,145,685,000	6,107,627,000
November, 1925	1,946,985,000	3,839,635,000	5,786,620,000
December, 1924	1,734,684,000	3,772,154,000	5,506,838,000

AGRICULTURE

Activities on farms in the northern portion of the district during the past thirty days have consisted chiefly in feeding stock, planning for spring planting and routine repairs and improvements. In the South weather conditions have been on the whole unfavorable for plowing and soil preparation, and except in the extreme southern tier of counties, little progress has been made in this respect. Universally, however, there has been abundant moisture, and soil conditions are excellent. Advices from all sections indicate abundant farm labor available, with wages about the same as at this time last year.

Wheat — Reports relative to the growing winter wheat crop vary widely, and in many important growing sections conditions are distinctly unfavorable. Effects of the unusually poor planting season last fall are being manifested in retarded growth and irregular stands. Fields have lacked adequate snow covering, but owing to the relatively mild weather, little damage from winter killing is believed to have taken place. In Illinois and Missouri there were reports of injury from alternate freezing and thawing, but the plant being in a dormant state, it is impossible to estimate the extent of injury. In the South the plant has taken on color, and is generally healthy. The movement of wheat to market continued in good volume, but prices were lower, the May option in St. Louis selling down to $1.66⅜ on February 13, from $1.78⅛ on January 19.

Corn — Generally in the surplus states farmers were marketing corn more freely than during the preceding month. Prices advanced during the final week of January, but declined rather sharply toward the middle of this month. There are numerous complaints of the poor quality of receipts at primary points, due chiefly to the heavy moisture content, which causes deterioration of stored corn. The supply of choice seed corn for spring planting is scant.

Live Stock — Weather conditions throughout the winter have been favorable for live stock and reports from all sections indicate that herds are in healthy condition. Reports of disease are confined to scattered localities, and are fewer than usual at this season. In parts of the South feeds are scarce, due to the short hay crop last season, and farmers have been obliged to buy more than is ordinarily the case to carry through the winter. Average weights of cattle and hogs being marketed are considerably higher than at this time last year.

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

	Receipts			Shipments		
	Jan. 1926	Dec. 1925	Jan. 1925	Jan. 1926	Dec. 1925	Jan. 1925
Cattle and Calves	104,917	132,463	83,166	63,307	81,466	56,553
Hogs	310,464	344,057	396,066	189,628	218,147	259,698
Horses and Mules	10,011	5,891	11,069	10,028	6,316	10,696
Sheep	32,781	46,270	22,771	14,292	25,719	10,659

Rice — There is still a small amount of rice not threshed, due to unfavorable weather conditions. The demand for clean rice continued good, and the marketing situation was satisfactory, prices being well sustained on all grades. The export demand showed some improvement, and served as an outlet for certain varieties not readily marketable in this country. Approximately 85 per cent of the rice raised in the district has been delivered to the mills.

Cotton — Preparations for the new crop are as active as weather conditions permit, but except in the extreme southern counties, plowing and soil preparation is backward, particularly in Arkansas, Mississippi, and Tennessee. The seed supply generally is limited and of poor quality. A movement has been set on foot in the principal cotton producing sections to raise more feed and food than was produced during the past several years. There is still some cotton coming in and quality of recent receipts is uniformly low. Receipts at Arkansas compresses from August 1 to February 12 totaled 1,610,190 bales, against 1,248,132 bales for the corresponding period in 1925. Price variations were narrow, the middling grade in the St. Louis market being quoted at 20c per pound through the entire period under review.

Tobacco — Heavy sales continued at the loose leaf markets in the burley, aircured, green river and dark fired districts. The market for burley was irregular, with the trend of prices lower except on the better grades. Medium and common grades in the aircured market were firm, but prices on the better grades of manufacturing leaf were lower. In the green river district prices were lower than at any time this season, due mainly to the poor quality of offerings. Higher prices were noted on low, common and medium lugs in the dark fired district. The burning and preparation of plant beds for the 1926 crop is in progress. In the dark tobacco districts the disposition is to reduce the acreage of dark tobacco and increase burley planting. Increased production of dark fired tobacco in central and southern Europe has resulted in a smaller export demand for American dark fired tobacco.

Commodity Prices — Range of prices in the St. Louis market between January 15, 1926, and February 15, 1926, with closing quotations on the latter date and on February 14, 1925:

		High	Low	Close Feb. 15, 1926	Close Feb. 14, 1925
Wheat					
May	per bu.	$1.79⅛	$1.65⅝	$1.68¾	$1.84
July	"	1.55⅛	1.47½	1.49⅞	1.54⅜
September	"	1.47¾	1.42½	1.43¾	....
No. 2 red winter	"	1.97	1.79	$1.79 @ 1.81	$2.00 @ 2.01
No. 2 hard	"	1.87	1.71	1.71 @ 1.73	1.80 @ 1.81
Corn					
May	"	.84¾	.78⅝	.79½	1.26⅜
July	"	.87¼	.82	.82½	1.29⅛
No. 2	"	.77	.71½	.72½	1.17
No. 2 white	"	.79	.74	.74	1.18
Oats					
No. 2 white	"	.44½	.40¾	.41½ @ .41¾	.54
Flour					
Soft patent	per bbl.	10.00	9.25	9.25 @ 9.50	10.00 @ 11.00
Spring patent	"	9.10	8.40	8.40 @ 8.75	9.00 @ 9.80
Middling cotton	per lb.	.20	.20	.20	.24
Hogs on hoof	per cwt.	13.95	10.00	10.25 @ 13.75	9.00 @ 11.35

Live Stock Survey — According to the U. S. Department of Agriculture's annual live stock survey, the number of animals on farms in all States of this district on January 1 was smaller than on the same date a year earlier. The total value of animals in each State, however, was larger on the first of this year than on January 1, 1925. In Indiana the total number on January 1 was 5,829,000, valued at $167,925,000, against 5,749,000 animals valued at $148,423,000 on January 1, 1925; in Arkansas there were 2,177,000 animals valued at $61,702,000, against 2,301,000 valued at $57,785,000 on January 1, 1925; in Kentucky, 3,063,000 animals valued at $70,245,000, against 3,200,000 valued at $68,246,000; in Illinois 8,875,000 animals valued at $289,950,000, against 8,965,000 valued at $260,106,000; in Tennessee 2,748,000 animals valued at $73,945,000, against 2,984,000 valued at $73,678,000; in Mississippi 2,110,000 animals valued at $58,735,000, against 2,267,000 valued at $58,496,000.

BUILDING

Warm weather generally during the past thirty days favored work on buildings in course of construction, and activities even in the northern sections of the district were well sustained. The amount of new construction coming into the market showed the usual seasonal decline, but was slightly above the average of the past several years. In point of value permits issued for new buildings in the five largest cities of the district during January was 1.8 per cent smaller than for the corrsponding month last year and 17.7 per cent under the total of December, 1925. There was no change worthy of mention in building material costs as compared with the preceding month. Some surplus of common labor in the building trades is reported, but skilled artisans are generally well employed. There was the usual seasonal reduction in highway construction schedules, but programs of the several States call for resumption of road work on a large scale as soon as weather permits. Production of portland cement for the country as a whole during January totaled 8,032,000 barrels, against 10,513,000 barrels in December and 8,856,000 barrels in January, 1925.

Building figures for January follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1926	1925	1926	1925	1926	1925	1926	1925
Evansville	105	187	$ 100	$ 130	36	29	$ 16	$ 10
Little Rock	82	88	312	308	58	69	44	30
Louisville	174	216	904	1,257	47	65	111	162
Memphis	377	306	1,068	753	65	102	106	44
St. Louis	428	398	2,686	2,715	293	342	496	295
Jan. totals	1,166	1,195	$5,070	$5,163	499	607	$ 773	$541
Dec. totals	1,088	1,239	6,161	8,092	503	554	1,145	515
Nov. totals	1,491	1,598	6,290	5,335	701	848	468	518

*In thousands of dollars (000) omitted).

FINANCIAL

Banking and financial conditions in this district during the past thirty days underwent no significant changes as contrasted with the similar period immediately preceding. The demand for credit from manufacturing and mercantile sources improved slightly during the last half of January, but has shown less activity since the second week of this month. Interest rates charged by the commercial banks fluctuated in a narrow range, with the average close to that of the month before. Loanable funds held by both city and country banks continue abundant, and country banks have largely liquidated their indebtedness to their city correspondents, and in many instances are seeking investments for surplus funds. Liquidation generally has been on a liberal scale, with the cotton, tobacco, and rice sections making a particularly satisfactory showing in this respect. Deposits continued to increase, with the total of the reporting member banks in early February reaching the highest point in recent years. The demand for financing live stock operations was reported good, and grain shippers and the elevator interests slightly increased their commitments. Loans on stock exchange collateral, which reached their maximum for the year in the first week of February, have declined slightly since that time. As has been the case for the past several months, banks in this district were still lending heavily through eastern financial institutions.

Commercial Paper — Sales of reporting brokerage interests were slightly below those of the corresponding period last year, and business was reported quiet. The demand from city banks was less active than heretofore, and current rates were not sufficiently high to attract heavy buying by financial institutions in the country. Offerings of paper were reported spotted and irregular, and somewhat below the volume usual at this time of year. Rates were quotably unchanged at 4¼ to 4½ per cent, with occasional sales of particularly choice names at 4 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 this district. Charges to accounts of banks are not included:

	*Jan. 1926	*Dec. 1925	*Jan. 1925	Jan. 1926, comp. to Dec. 1925	Jan. 1925
E. St. Louis and Nat. Stock Yards, Ill.	$ 47,846	$ 48,375	$ 44,779	— 0.9%	+ 6.8%
El Dorado, Ark.	13,353	12,649	7,665	+ 5.6	+74.2
Evansville, Ind.	39,989	41,038	37,815	— 2.6	+ 5.7
Fort Smith, Ark.	14,864	18,934	14,851	—21.5	+ 0.1
Greenville, Miss.	5,374	5,950	5,688	— 9.7	— 5.5
Helena, Ark.	5,296	6,273	6,095	—15.6	—13.1
Little Rock, Ark.	88,338	99,623	77,265	—11.3	+14.3
Louisville, Ky.	205,654	206,517	202,451	— 0.4	+ 1.6
Memphis, Tenn.	179,777	188,946	178,576	— 4.8	+ 0.7
Owensboro, Ky.	7,460	6,755	8,703	+10.4	—14.3
Quincy, Ill.	12,230	12,565	11,529	— 2.7	+ 6.1
St. Louis, Mo.	828,940	850,600	810,618	— 2.5	+ 2.1
Sedalia, Mo.	5,753	4,827	5,274	+10.9	+ 9.1
Springfield, Mo.	17,742	16,640	13,059	+ 6.6	+35.9
Totals	$1,472,616	$1,519,692	$1,424,368	— 3.1	+ 3.4

*In thousands (000 omitted).

Federal Reserve Operations — During January the Federal Reserve Bank of St. Louis discounted for 179 member banks, against 195 accommodated in December, and 175 in January, 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:

	*Feb. 16, 1926	*Jan. 16, 1926	*Feb. 16, 1925
Bills discounted	$20,971	$19,704	$11,251
Bills bought	16,000	23,026	18,136
U. S. Securities	24,483	25,022	10,325
Foreign loans on gold	322	290	519
Total bills and securities	$61,776	$68,042	$40,231
F. R. Notes in circulation	37,258	38,454	53,874
Total deposits	85,146	87,723	77,732
Ratio of reserves to deposit and F. R. Note liabilities	55.3%	48.2%	75.5%

*In thousands (000 omitted).

Condition of Banks — Loans and discounts of the reporting member banks increased slightly during the period under review, the total on February 17 being $534,330,000, against $527,712,000 on Jaunary 13 and $516,090,000 on February 18, 1925. Deposits on February 17 stood at $650,880,000, against $651,734,000 on January 13 and $634,805,000 on February 18, 1925. Total investments decreased slightly, the aggregate on February 17 being $168,-158,000, against $171,293,000 on January 13, and $161,177,000 on February 18, 1925.

The following statement shows principal resources and liabilities of reporting member banks in Evansville, Little Rock, Louisville, Memphis, and St. Louis:

	*Feb. 17, 1926	*Jan. 13, 1926	*Feb. 18, 1925
Number of banks reporting	33	33	33
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't. obligations	$ 11,980	$ 10,912	$ 11,758
Secured by other stocks and bonds	209,054	210,782	191,534
All other loans and discounts	313,296	306,918	312,798
Total loans and discounts	$534,330	$527,712	$516,090
Investments			
U. S. Pre-war bonds	12,957	12,957	13,275
Liberty bonds	22,786	25,504	24,724
Treasury bonds	13,079	10,798	8,792
Victory and Treasury notes	7,333	6,945	12,942
Certificates of Indebtedness	4,253	5,780	639
Other securities	107,750	109,309	100,805
Total investments	$168,158	$171,293	$161,177
Reserve balance with F. R. bank	47,006	51,168	50,319
Cash in vault	7,581	8,494	7,268
Deposits			
Net demand deposits	423,354	434,813	417,316
Time deposits	221,662	211,057	210,776
Government deposits	5,864	5,864	6,713
Total deposits	$650,880	$651,734	$634,805
Bills payable and rediscounts with Federal reserve bank			
Secured by U. S. Gov't. obligations	6,120	2,384	210
All other	8,673	6,024	4,919

*In thousands (000 omitted).
Total resources of these 33 banks comprise approximately 54 per cent of the resources of all member banks in the district.

The following tabulation of reports of condition of all banks in the United States which are members of the Federal Reserve System shows changes in the principal assets and liabilities on December 31, 1925, as compared with September 28, 1925, and December 31, 1924:

	Increase (+) or decrease (—) since Sept. 28, 1925	Dec. 31, 1924
Loans and discounts (including overdrafts)	+$ 825,000,000	+$2,094,000,000
United States securities	— 24,000,000	— 142,000,000
Other bonds, stocks and securities	+ 30,000,000	+ 221,000,000
Total loans and investments	+ 831,000,000	+ 2,173,000,000
Demand deposits	*+ 1,207,000,000	+ 1,141,000,000
Time deposits	+ 186,000,000	+ 848,000,000
Government deposits	+ 26,000,000	+ 62,000,000
Due to banks and bankers	+ 343,000,000	— 327,000,000
Certified and cashiers' checks	+ 417,000,000	+ 143,000,000
Acceptances outstanding	— 115,000,000	+ 42,000,000
Bills payable and rediscounts	+ 135,000,000	+ 355,000,000

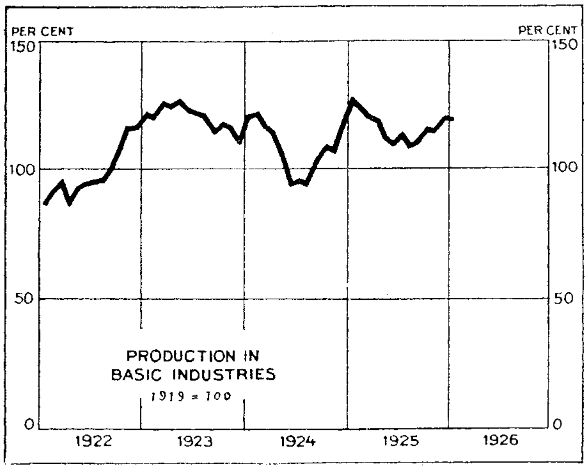
*Demand deposits plus certified and cashiers' checks outstanding and less exchanges and other uncollected items increased $518,758,000.

(Compiled February 23, 1926)

BUSINESS CONDITIONS IN THE UNITED STATES

Industrial activity in January was in slightly smaller volume than in December, and the distribution of commodities showed a seasonal decline. The level of prices remained practically unchanged.

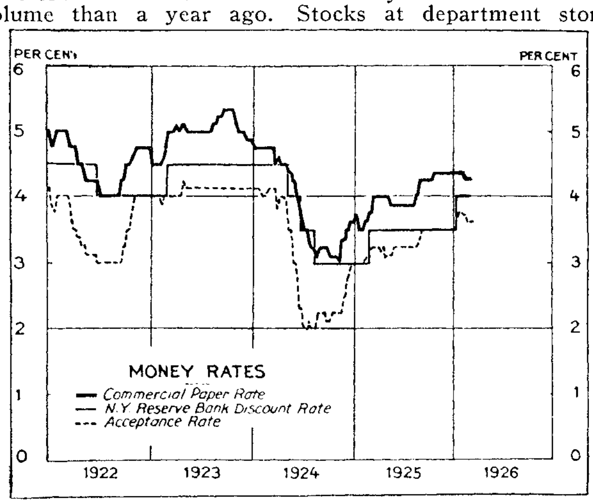
PRODUCTION — The Federal Reserve Board's index of production in selected basic industries was about one per cent lower in January than in December. The output of iron and steel, copper and zinc increased while activity in the woolen and petroleum industries declined, and mill consumption of cotton, the cut of lumber, and bituminous coal production increased less than is usual at this season



Index of 22 basic commodities adjusted for seasonal variations. Latest figure, January=120.

of the year. Automobile production, not included in the index, was slightly smaller than in December, but considerably larger than in January, 1925. Factory employment changed but little in January, but the earnings of workers decreased considerably owing to the closing of plants in most industries at the opening of the year for inventory taking and repairs. The volume of building contracts awarded in January, although seasonally less than in December, exceeded that of any previous January on record. Contracts awarded were particularly large in New York and Atlanta districts.

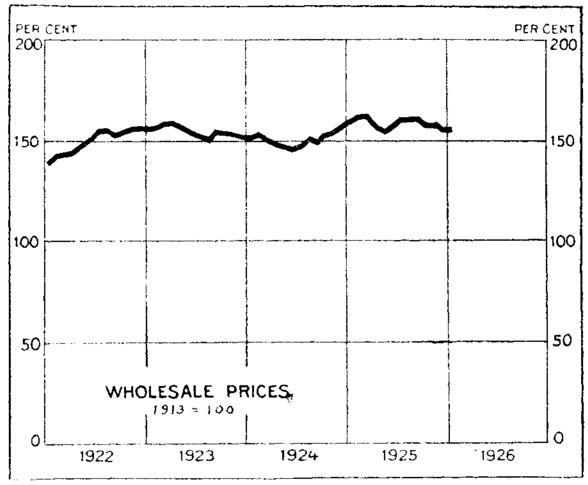
TRADE — Sales of department stores and mail order houses showed more than the usual seasonal decline in January, but were larger than in January of last year. Wholesale trade declined considerably and was in smaller volume than a year ago. Stocks at department stores



Weekly rates in New York money market: commercial paper rate on 4-6 months paper and acceptance rate on 90 day paper.

showed more than the usual increase in January and were about 11 per cent larger than at the end of January, 1925. Freight car loadings declined in January and the daily average for the month was approximately the same as a year earlier.

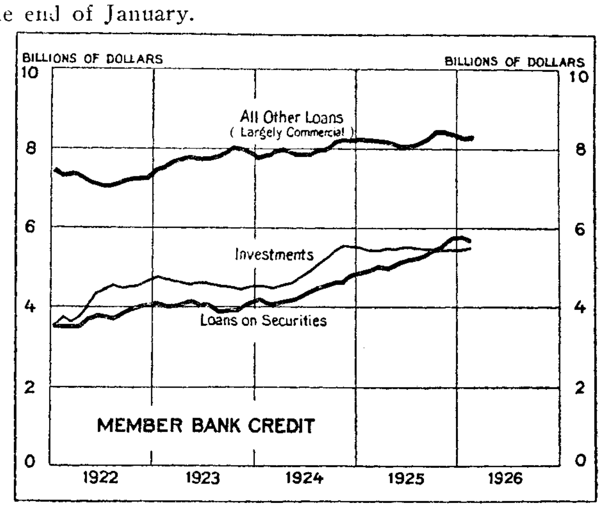
PRICES — Wholesale prices, as measured by the index number of the Bureau of Labor Statistics, remained practically unchanged from December to January. By groups of commodities, prices of grain, coke, and paper and pulp increased, while dairy products, cotton goods, bituminous coal, and rubber declined. In the first three weeks of February there was a decline in the prices of grain, and following the settlement of the strike in the anthracite region, a drop in the prices of bituminous coal and coke. Price advances were shown for refined sugar, copper, and petroleum.



Index of U. S. Bureau of Labor Statistics. Latest figure, January=156.

BANK CREDIT — At member banks in leading cities the seasonal decline in the demand for credit, which began at the turn of the year, came to an end toward the close of January, and in the early part of February the volume of loans and investments at these banks increased considerably. The increase was largely in loans for commercial purposes, which after declining almost continuously from their seasonal peak early in October, advanced by more than $50,000,000 in February.

The growth in the commercial demand for credit throughout the country, together with some increase in currency requirements, was reflected in a withdrawal of funds from the New York money market and was a factor in the increase in the demand for reserve bank credit after the end of January.



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

Reserve banks' holdings of bills and securities increased by about $66,000,000 between January 27 and February 17 as the result of the withdrawal of funds from New York. The rates on call loans became somewhat firmer in February but commercial paper rates were slightly lower.