

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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WHILE still exhibiting considerable irregularity, both with reference to the several lines and different localities, business in this district during the past thirty days developed moderate improvement over the preceding month and the corresponding period last year. Betterment was most noticeable in industry, and in distribution of merchandise of the more permanent and heavier sort. Operating schedules at a number of important manufacturing plants were increased, and additional orders booked were sufficiently large to insure continuance of the higher rate of production for several months to come. The general trend of prices was higher as contrasted with thirty days earlier, and due to this fact and a more active demand for goods by ultimate consumers, there was a greater disposition on the part of wholesale and retail merchants to increase their commitments for future requirements.

Following ten months of almost unbroken declines, distribution of automobiles in January took a definite turn upwards. Dealers in virtually all sections of the district, but particularly in the larger centers of population, reported larger sales and improved prospects for spring and early summer business. Reflecting betterment in the automotive industry, somewhat heavier buying by the railroads and seasonal increase in building, conditions in the iron and steel industry underwent distinct improvement. Operations at mills, foundries and machine shops averaged higher than in the closing months of last year, and certain specialty manufacturers, notably of implements and stoves and heating apparatus, are working at or close to capacity.

Gains were reported in sales of wholesalers of dry goods, hardware, furniture, boots and shoes and some of the less important lines. The number of buyers at wholesale establishments in the large cities during January and early this month was larger than a year ago, but their purchasing was on

a conservative scale, and mainly for immediate needs. Weather was unfavorable for the movement of seasonal merchandise, and the carryover of winter goods in the clothing, dry goods, grocery and some other lines is heavier than the average of the past several years. Special sales conducted by retailers have been disappointing, but withal retail stocks are generally light, and sales of department stores in the five largest cities during January were 3.2 per cent larger than in the same month last year. Gains were also recorded in sales of five and ten cent stores and mail order houses.

Other favorable factors were a sharp reduction in January commercial failure liabilities as compared with a year ago, an increase in the value of building permits issued and consumption of electricity in the five largest cities of the district, a gain of 34.4 per cent in the amount of building contracts let in this district in January as compared with last year, and a further increase in savings accounts. On the other hand car loadings showed a rather sharp decrease under those of January last year and 1926, and, according to the Employment Service, U. S. Department of Labor, declines in employment were general through the district during the past thirty days.

Absence of protracted cold weather generally through this region had a tendency to hold down demand for coal for heating purposes and business in the industry continued dull and unsatisfactory. Despite the low rate of operation in the bituminous fields of Illinois and Indiana, supplies are in excess of requirements, and operators complain of increasing numbers of loaded cars at mines for which they have received no orders. Householders are purchasing on a hand-to-mouth basis, and reordering by retail yards is below the volume usual at this time of year. Purchasing by the railroads has increased slightly, but is still under expectations.

Stocks of steaming coal are increasing in some sections and prices are depressed as a result. In a number of important instances, industrial users are carrying liberal supplies on their storage piles, and in addition have considerable coal contracted for. Consumers' stocks of bituminous coal for the country as a whole were 55,500,000 tons on January 1, which is slightly larger than on the same date in 1927, and compares with 61,500,000 tons on October 1, 1927, the date of the last preceding survey. All major classes of consumers and practically all regions of the country were consuming less coal than in the corresponding months a year ago. The total quantity of soft coal produced in the United States during the present coal year to February 4, approximately 261 working days, was 400,544,000 tons, against 494,751,000 tons and 454,765,000 tons a year and two years earlier, respectively.

While traffic of railroads operating in this district fell below that of the corresponding period last year, the decrease was due chiefly to a smaller coal movement, which was particularly heavy in 1927 because of pre-strike production. Loadings of grain, merchandise, grain and miscellaneous freight made a favorable showing as contrasted with last year. For the country as a whole loadings of revenue freight for the first four weeks of this year totaled 3,447,723 tons, against 3,576,660 tons for the corresponding period in 1927 and 2,686,696 in 1925. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 209,792 loads in January, against 199,342 loads in December, and 216,573 loads in January, 1927. During the first 9 days of February the interchange amounted to 66,439 loads, against 58,120 loads during the corresponding period in January, and 67,409 loads during the first 9 days of February, 1927. Passenger traffic of the reporting lines in January decreased 8 per cent as compared with the same month in 1927. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans for January was 104,800 tons, the highest for any January on record, and comparing with 114,063 in December and 89,608 in January, 1927.

In virtually all sections of the district collections during the past thirty days maintained the high levels of recent months. Some backward spots were reported in the country, but these were accounted for by peculiar local conditions or inclement weather which interfered with communications. Wholesalers and jobbers in the large centers reported February settlements satisfactory, and many customers taking advantage of discounts for cash. Retailers generally reported better collections than a month earlier, with results in the large cities particularly good. Liquidation in the rice and

tobacco sections has been on an extensive scale as marketing of these crops progresses. Answers to questionnaires addressed to representative interests in the several lines scattered through the district showed the following results:

	Excellent	Good	Fair	Poor
January, 1928.....	3.3%	37.7%	54.0%	5.0%
December, 1927.....	4.0	36.0	54.1	5.3
January, 1927.....	1.2	25.9	52.1	20.8

Commercial failures in the Eighth Federal Reserve District during January, according to Dun's, numbered 148, involving liabilities of \$3,858,852, against 84 defaults in December with indebtedness of \$2,923,187, and 145 failures for \$6,728,951 in January, 1927.

The per capita circulation of the United States on January 31, 1928 was \$39.73, against \$42.50 on December 31, 1927, and \$41.65 on January 31, 1927.

MANUFACTURING AND WHOLESALE

Automobiles — Combined passenger car and truck production in the United States in January totaled 231,547, which compares with 133,178 in December and 238,926 in January, 1927.

After almost unbroken declines for ten months, distribution of automobiles in this district turned definitely upward in January, sales during that month showing good gains over the preceding month and the corresponding period last year. The improvement extended fairly well through all makes of cars, but was proportionally greater in medium priced and the more expensive vehicles. Due to smaller sales by one leading producer of low priced cars, the showing in that classification was less favorable than in others. Business in the large centers was relatively better than in the country, which is usual at this time of year, as farmers ordinarily postpone filling their requirements until spring or early summer. According to producers and dealers, the recent price reductions and presentation of new models have met with good response, though there is still a disposition on the part of prospective buyers to await further developments along these lines. Generally sentiment is more optimistic than at any time since last spring. Inquiries have increased and more interest is being shown by the public. The St. Louis Automobile Show, held in the second week of this month, was the most successful in point of attendance, sales made and prospects booked, of any ever conducted in this city. Demand for trucks was reported more active, with sales of light vehicles for delivery purposes in the large cities particularly satisfactory. January sales of new passenger cars by 320 dealers scattered through the district were 57.7 per cent larger than in December and 23.7 per cent larger

than in January, 1927. Accessory sales in December showed a gain of 15.3 per cent over the preceding month and 9.4 per cent over the January, 1927, total. The used car situation is generally satisfactory. There were decreases in sales during January, both as compared with the preceding month and a year ago, but a further reduction in stocks was recorded, and total investment represented was considerably smaller than a year ago. Stocks of new cars in dealers' hands showed no notable change as compared with the preceding thirty days, and were slightly larger than a year earlier. Of the new cars sold, approximately 54.2 per cent were on the time payment plan, against 47.4 per cent in December and 68.3 per cent in January, 1927.

Boots and Shoes — January sales of the five reporting interests were 2.0 per cent smaller than for the corresponding month last year, but 72.3 per cent larger than the December, 1927 total. Stocks on February 1 were 13.3 per cent larger than a month earlier, and 2.8 per cent less than on February 1, 1927. The large increase in the monthly sales comparison is accounted for by seasonal influences. Demand generally through the line is active, and orders booked since the first of this month are in satisfactory volume. There was a further advance in prices of finished goods, and as compared with a year ago price increases range from 5 to 25 per cent, with the heaviest rise being in heavy work shoes. The upturn in prices was in sympathy with the recent advance in leather and hides. Factory operation was at from 88 to 97 per cent of capacity.

Clothing — Due to generally mild weather, clothiers have experienced difficulty in disposing of heavy winter apparel, and the carryover of this class of goods is expected to be somewhat above the average of the past several years. Clearance sales of retailers in the principal cities have met with disappointing response, even though sharp price reductions were featured. Ordering of both men's and women's clothing for spring is reported in good volume, with several important interests reporting totals in excess of a year ago. Purchasing is on a conservative basis, however, with price playing an important part in a majority of transactions. Demand for children's clothes is reported brisk, both for prompt and future delivery. Distributors of work clothes complain of quietness in their line. Sales of the reporting clothiers in January were 26.8 per cent smaller than during the preceding month, and 11.7 per cent below the January total last year.

Drugs and Chemicals — Unfavorable weather conditions and a slowing down in certain specialty lines were mentioned as the chief causes for a decline in January sales of the six reporting interests

of 7.6 per cent as compared with the preceding month and of 3.3 per cent as contrasted with January, 1927. Retail trade was less active than during the two preceding months, and retail stocks are larger than at this time last year. Some improvement was reported in demand for heavy drugs and chemicals from the manufacturing trade, notably the iron and steel industry. The movement of seasonal goods was slow.

Dry Goods — While a decrease in orders has taken place since the first of this month business in this line during the past thirty days continued its recent gains. Purchasing in the South was reported generally satisfactory, and gains were shown in other sections of the trade territory. The number of buyers arriving at the chief centers in January and early February was slightly larger than a year earlier, and their reports relative to prospects for spring trade have been generally optimistic. The recent decline in raw cotton has resulted in some hesitation in ordering of goods based on that staple. January sales of the eight reporting firms were 43.7 per cent larger than during the preceding month and 18.5 per cent greater than the January, 1927, total. Stocks on February 1 were 3.9 per cent smaller than thirty days earlier, and 16.9 per cent larger than on February 1, 1927.

Electrical Supplies — A recession in business as compared with the preceding month and a year ago was indicated in reports of cooperating interests in this classification. Purchasing of electrical appliances and specialties is being conducted on conservative lines, and the volume of installations in new structure and demand from public utilities companies are in smaller volume than a year ago. Heavier sales to the automotive industry were more than offset by curtailed purchases by other groups of consumers. January sales of the five reporting firms were 17.1 per cent smaller than in December, and 16.3 per cent below the January, 1927, total. Stocks on February 1 were 3.7 per cent smaller than thirty days earlier, and 18.9 per cent in excess of those on February 1, 1927.

Flour — Production at the 12 leading mills of the district in January totaled 347,657 barrels, against 345,793 barrels in December, and 298,151 barrels in January, 1927. Stocks of flour at St. Louis on February 1 were 8.3 per cent smaller than on January 1, and 1.4 per cent larger than on February 1, 1927. Except for a slight quickening during the second week this month, business in the flour trade continued quiet. Purchasing by the domestic trade was reported only fair, and shipping directions were in the main below expectations. Some sales were made to Europe, but for the most part bids from

that continent were too far out of line to result in workings. Slightly firmer prices on soft flours were noted this month, but quotations on hard wheat varieties were unchanged. Mill operation was at 54 to 58 per cent of capacity.

Furniture — Sales of the 14 reporting interests in January were 73.4 per cent larger than during the preceding month and 30.6 per cent above the January, 1927, total. Stocks on February 1 were 5.6 per cent larger than a month earlier and 5.9 per cent in excess of those on February 1, 1927. Advance sales account for a considerable part of the gain over last year, while the heavy increase in the monthly comparison is accounted for by seasonal considerations. Demand for household furniture shows improvement over recent months, and betterment was also shown in ordering of office equipment and supplies. Retail stocks are of moderate size and ordering from producers and jobbers for fill-in purposes are frequent, and in fair aggregate volume.

Groceries — January sales of the twelve reporting firms were 10.2 per cent smaller than for December, and 3.3 per cent larger than the January, 1927 total. Stocks on February 1 were 1.6 per cent smaller than thirty days earlier and 10.8 per cent less than on February 1, 1927. Business was reported unusually spotted, some localities showing good results, while elsewhere sales were decidedly disappointing. Demand for canned goods was adversely affected by the arrival in market of fresh fruits and vegetables from the south. Prices on certain staples, notably evaporated fruits, rice and beans were higher, but the general level showed little change as compared with the preceding thirty days.

Hardware — Business in this classification continued the steady gains of the past several months, January sales of the 11 reporting interests being 7.3 per cent larger than for the preceding month, and 12.7 per cent in excess of the January, 1927, total. Stocks on February 1 were 9.8 per cent and 23.1 per cent smaller than a month and a year earlier, respectively. Demand for spring and summer hardware is active, particularly for items used chiefly in the agricultural sections, and there is a good volume of fill-in orders for winter goods and staples. Advance ordering of sporting goods is in satisfactory volume, though generally retailers are disposed to purchase for immediate requirements. Sales of builders hardware are showing the usual seasonal increase. While prices as a whole show firmer tendencies, there are some exceptions, notably materials in which lead and zinc form an important ingredient.

Iron and Steel Products — Improvement in the iron and steel industry, noted in the preceding issue of this report, was carried further during the past thirty days. The volume of current buying showed perceptible gain, and specification on goods previously engaged were more satisfactory than has been the case in several months. In a number of important instances, order books of producers of finished steel and iron goods showed gains in tonnage despite heavy shipments, and purchasing of raw materials was on a more liberal scale. While actual quotations underwent no notable changes, the trend of prices was stronger. Operations at the steel mills were at a higher rate than during the preceding thirty days, and additions to their working forces were made by a number of interests specializing in gray castings. The change for the better in the automotive industry is reflected in expanding specifications and buying of materials entering largely into the manufacture of automobiles and trucks. Slightly more interest is being shown by the railroads in equipment and supplies, and a fair volume of orders has been booked by car builders and plants specializing in railroad castings and bridge and track materials. Manufacturers of specialties, notably stoves, implements and heating apparatus, report improvement in their business. The call for goods consumed chiefly in the rural areas is active, advance sales for spring delivery being in excess of those at the corresponding period last year. Seasonal improvement is noted in iron and steel building materials, particularly in the South. Fabricators of structural steel have booked a large volume of small orders, and a number of large pending projects are expected to be closed during the next few weeks. The sheet situation is better than for some months, and advance sales of galvanized material and tin plate are fully up to expectations. Tank plates and the general run of oil country goods continue dull. Jobbers report steady improvement in sales since the first week of January, and are replenishing and filling out their stocks in anticipation of heavy demands in the spring. For the country as a whole total production of pig iron in January was 2,855,515 gross tons, compared with 2,698,208 tons, in December and 3,101,346 tons in January, 1927. Average daily production was 92,113, against 87,039 tons per day in December, the increase being 5,074 tons, or 5.75 per cent. The January increase was the first improvement after eight months of continuous losses. Steel ingot production in the United States in January made one of the largest increases in ten years, the total of 3,959,904 tons comparing with 3,150,345 tons in December and 3,759,877 tons in January, 1927.

Lumber — Moderate improvement took place in the lumber trade during the past thirty days. While there were no developments of a marked character, seasonal demand and a picking up in general industrial activity was reflected in a firmer tone and heavier sales in lumber. For the first time in a number of months, orders were slightly in excess of production, and generally shipments were in satisfactory volume. Purchasing by retail yards for spring and early summer distributions was freer, and steady broadening of the outlet through the building industry was noted. The automotive industry has increased its buying and specifying by the car builders is more active than heretofore. Price changes have been narrow, with the exception of flooring oak, which has advanced during the past several weeks.

RETAIL TRADE

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

	Net sales Comparison		Stocks on hand		Stock turnover	
	January, 1928 comp. to January, 1927	January 31, 1928 comp. to January 31, 1927	1928	1927	1928	1927
Evansville	- 7.5%	+ 1.7%	.18	.21		
Little Rock.....	+ 3.8	+ 6.7	.17	.18		
Louisville	- 6.7	- 4.7	.23	.23		
Memphis	+ 14.1	- 6.8	.24	.20		
Quincy	+ 15.5	- 12.5	.20	.15		
St. Louis.....	+ 2.2	- 7.9	.27	.25		
Springfield, Mo.....	- 4.0	- 3.4	.09	.10		
8th District.....	+ 3.2	- 6.0	.25	.23		

	Net sales comparison		Stocks on hand	
	Jan. 1928, compared to Jan. 1927	Dec. 1927	Jan. 1928, compared to Jan. 1927	Dec. 1927
Men's furnishings.....	- 6.8%	- 54.8%	- 4.0%	- 0.6%
Boots and shoes.....	+ 3.4	- 43.8	- 13.2	- 15.5

Department Store Sales by Departments — As reported by the principal department stores in Little Rock, Louisville, Memphis and St. Louis.

	Percentage increase or decrease	
	January 1928, compared to January, 1927	January 1927
Piece goods.....	+ 5.7%	+ 6.8%
Ready-to-wear accessories.....	+ 3.1	+ 1.5
Women's and misses' ready-to-wear.....	+ 16.6	+ 2.6
Men's and Boys' wear.....	+ 11.6	- 10.1
Home Furnishings.....	+ 8.9	- 10.6

BUILDING

The dollar value of building permits issued in the five largest cities of the district in January was 53.6 per cent larger than during the preceding month, and 2.6 per cent greater than in January, 1927. According to figures compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District in January totaled \$29,187,05, which compares with \$33,352,300 in December, and \$21,495,642 in January, 1927. There was a small increase in the cost of building as compared with the preceding thirty days, caused by stiffer steel and glass markets and a slight falling off in the price of spruce lumber. Labor rates and

conditions of employment remained unchanged. Production of portland cement for the country as a whole in January was 9,782,000 barrels, against 11,999,000 barrels in December, and 8,258,000 barrels in January, 1927. Building figures for January follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1928	1927	1928	1927	1928	1927	1928	1927
Evansville ..	343	243	\$ 122	\$ 250	36	25	\$ 9	\$ 10
Little Rock ..	47	54	135	36	70	89	37	26
Louisville ...	110	138	1,068	2,833	38	48	48	94
Memphis	298	253	1,477	754	87	89	71	101
St. Louis....	364	266	1,936	755	368	217	482	185
Jan. totals	1,161	954	\$4,738	\$4,628	599	468	\$ 647	\$416
Dec. totals	1,231	1,003	3,084	5,625	738	364	837	327
Nov. totals	1,487	1,253	7,389	5,216	1,330	755	1,571	1,164

*In thousands of dollars (000 omitted).

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electricity by selected industrial customers in January as being 0.2 per cent less than in December, but 22.3 per cent greater than in January, 1927. Increases as compared with a year ago were fairly well distributed among all classes of manufacturers. The unusually large gain in St. Louis was due partly to the fact that one large cement plant was closed in January last year. Detailed figures follow:

	No. of Customers	Jan. 1928	Dec. 1928	Jan. 1928 comp. to 1927	Jan. 1928 comp. to 1927
		*K.W.H.	*K.W.H.	Dec. 1927	*K.W.H.
Evansville	40	944	1,037	- 9.0%	1,094
Little Rock....	35	1,260	1,223	+ 3.0	1,164
Louisville ...	80	5,047	5,162	- 2.3	4,316
Memphis	31	1,943	1,770	+ 9.8	1,942
St. Louis.....	113	16,171	16,227	- 0.4	12,232
Total.....	299	25,365	25,419	- 0.2	20,748

*In thousands (000 omitted).

AGRICULTURE

During the past thirty days activities on farms in the northern portion of the district have consisted chiefly in feeding stock, dairying, planning for spring planting, shipping of seasonal products to market and routine repairs and improvements. In the South weather was favorable for plowing and soil preparation, and at the middle of February somewhat more than the usual amount of this work had been accomplished. There has been ample moisture generally through the district, and soil conditions are excellent. Snow covering has been lacking, however, and in some sections apprehension is felt relative to fall sown grains. In all states farm labor is reported adequate to all requirements, with wages showing little variation as compared with the corresponding time last year.

Winter Wheat — Reports relative to the growing crop for the most part indicate good prospects in this district. While snow fall has been scanty, ample rain has fallen to supply needed moisture, and except for short periods, temperatures have been mild enough to preclude serious damage from winter killing. In much of the territory within this district the crop has a healthy appearance and good

root growth. This is true particularly of prairie land and river bottoms. There are scattered reports of damage from alternate freezing and thawing, and hessian fly and green bug infestation is present in fields in scattered localities. These manifestations, however, are no greater than ordinary, and are not thought to have wrought serious injury.

Corn — The crop has been completely gathered and housed, and in the south some preparation of land for spring planting has been done. There has been an active demand for corn, and under stimulation of higher prices during the past several weeks, the movement to market has been heavy. Heavy shipments from farms to feeders at interior points, where the local crop was short, have been made, and prices paid in these transactions have averaged high. Demand for export was reported the best on the crop, and large quantities have been absorbed by domestic industries. There are some scattered reports of damage to corn in cribs from the warm, damp weather, but arrivals at primary points contain some fairly high quality grain.

Live Stock — The annual survey of the U. S. Department of Agriculture disclosed small gains in the total number and value of all live stock on farms in states wholly or partly within the Eighth Federal Reserve District, between January 1, 1927, and January 1, 1928. The aggregate number of cattle, horses and mules, sheep and swine on the first day of this year was 34,193,000 head, with total value of \$990,445,000, which compares with 33,108,000 head, worth \$952,000,000 on January 1, 1927. There were losses in number of all animals except swine, which showed a fair gain. Due to depressed prices, however, the total value of swine was lower, \$168,534,000 on January 1, 1928, against \$234,327,000 a year earlier. The aggregate value of all cattle and sheep was approximately \$82,000,000 greater this January 1 than last, though numerically a decrease of 131,000 head was shown. The number of horses declined 129,000 during the year and the higher price per head failed to offset the numerical loss, total value on January 1 being \$179,090,000, against \$180,575,000 the year before. Mules decreased 4,800 in numbers, but gained \$5,856,000 in total value. The decrease in numbers of horses and mules is due to increased use of automobiles and tractors, also to smaller acreage cropped and losses in the floods.

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

	Receipts			Shipments		
	Jan. 1928	Dec. 1927	Jan. 1927	Jan. 1928	Dec. 1927	Jan. 1927
Cattle and Calves.....	96,180	92,520	104,267	62,655	62,554	62,293
Hogs	426,169	305,676	341,681	285,776	213,924	225,676
Horses and Mules....	16,847	7,424	7,968	15,049	7,941	7,946
Sheep	22,913	35,191	37,154	9,134	17,669	11,239

Cotton — Weather has been favorable for new crop preparations, which have progressed at a rate

somewhat above the average at this season during the past several years. Scattered reports of an unofficial nature indicate intentions to plant contemplate acreages slightly larger than a year ago, however, carrying out of ideas in this regard will depend on the weather. Soil conditions are favorable, the financial position of farmers is better than has been the case for several years, seed and labor supplies are adequate and to date more than the usual amount of plowing has been done. Campaigns to reduce acreage have been started in a number of sections, but the effect of these on ultimate plantings is problematical. Slack buying by mills, extensive liquidation of speculative holdings and quietness in the goods market resulted in a decline in raw cotton prices to the lowest point since last August. Average prices, however, continued well above the corresponding period last year. Stocks of cotton in Arkansas warehouses on February 10 were 245,928 bales, against 412,203 bales on the corresponding date in 1927.

Tobacco — Weather during the past thirty days has been favorable for handling tobacco and sales in the loose leaf markets in both the burley and dark tobacco districts have been large. With continuance of these conditions, practically the entire crop will have been moved by the second week in March. This year's market opened considerably higher than a year ago and prices for burley have steadily increased until the general average to the middle of January was about \$2.50 per hundred pounds higher than the opening quotations. This advance is not due entirely to increased quantity of fine tobacco, but as well to good prices paid for medium grades. In the one-sucker or air-cured dark district there remains only a small quantity in hands of farmers. Recent deliveries have been of ordinary quality, with prices higher on leaf and lugs. Manufacturing leaf has advanced sharply during the past few weeks. In the green river and stemming district the crop is moving fast, with advancing prices on everything offered.

Commodity Prices — Range of prices in the St. Louis market between January 15, 1928 and February 15, 1928, with closing quotations on the latter date and on February 15, 1927.

		High	Low	Close	
				Feb. 15, 1928	Feb. 15, 1927
Wheat	per bu.	\$1.33½	\$1.29¾	\$1.31	\$1.38
May		1.27½	1.25½	1.27¼	
July		1.58	1.51	1.56	
No. 2 red winter		1.36	1.30	\$1.31½ @ 1.32	\$1.36 @ 1.38
No. 2 hard.....					1.39
Corn		.98¾	.90½	.98¾	.82¾
May		1.00	.91¾	1.00	
July94	.86	.93½ @ .94	
No. 2 mixed.....		.94	.86	.94	.76 @ .78
No. 2 white.....					
Oats		.60	.56	@ .58½	.49
No. 2 white.....					
Flour		7.50	6.90	7.00 @ 7.50	6.50 @ 7.00
Soft patent.....per bbl.		6.90	6.65	@ 6.80	7.10 @ 7.15
Spring patent.....		.18¾	.17¼	.17½	.12¾
Middling cotton.....per lb.		8.85	6.85	6.90 @ 8.50	10.50 @ 12.05
Hogs on hoof.....per cwt.					

FINANCIAL

Demand for credit for commercial and industrial purposes during the past thirty days has been moderately active only. Throughout the district the supply of money has been considerably more than sufficient to take care of all current needs, and, as has been the case for many months, financial institutions in both city and country are seeking investment for their surplus funds. Liquidation has been on an extensive scale and widespread. February settlements with wholesalers and jobbers in the main centers of population were heavy, and these interests have been able to substantially reduce their bank commitments. Retail collections, usually heavy in February, have been particularly large this year, and as a result retailers' credit needs have been reduced. Throughout the south, but particularly in the tobacco and rice sections liquidation at the banks has been on a large scale. Louisville banks report an active demand from their country correspondents for commercial paper and other investments, and generally few country banks are finding it necessary to borrow from their city connections. Through the south country banks have been relieved to a considerable extent of loans of long standing.

The revival of activity in certain lines since the middle of January, notably the automotive and steel industries, has served to somewhat increase borrowing in the large cities, and total loans of the reporting member banks advanced to a new high point for the year in the second week of February. Deposits of these banks also increased, and on the date mentioned were considerably higher than at the corresponding period last year. Loans on stocks and bonds decreased slightly during the period under review. Borrowing by member banks from this institution averaged higher during the past thirty days than in the similar period immediately preceding. Reduced currency requirements following the holidays were reflected in a decrease in note circulation of this bank to the lowest point of the year.

A slightly firmer trend in interest rates was noted this month, but actual quotations were unchanged. At the St. Louis banks the current rates of interest were as follows: Prime commercial loans 4 to 5¼ per cent; collateral loans, 4½ to 5½ per cent; loans secured by warehouse receipts, 4½ to 5½ per cent; interbank loans, 4¾ to 5¼ per cent, and cattle loans 5½ to 6 per cent.

Federal Reserve Operations — During January the Federal Reserve Bank of St. Louis discounted

for 158 member banks, against 166 in December, and 203 in January, 1927. Effective February 21, the discount rate of this bank was advanced from 3½ to 4 per cent.

	*Feb. 21, 1928	*Jan. 21, 1928	*Feb. 21, 1927
Bills discounted.....	\$29,251	\$21,644	\$20,491
Bills bought.....	14,222	9,774	9,491
U. S. Securities.....	31,918	34,273	22,004
Total bills and securities.....	\$75,391	\$65,691	\$51,986
F. R. Notes in circulation.....	52,674	54,293	45,140
Total deposits.....	86,420	87,441	85,236
Ratio of reserves to deposits and F. R. Note liabilities.....	51.8%	58.3%	64.8%

*In thousands (000 omitted).

Debits to Individual Accounts — The following 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 leading cities of the district. Charges to accounts of banks are not included.

	*Jan. 1928	*Dec. 1927	*Jan. 1927	Jan. 1928 comp. to Dec. 1927	Jan. 1927
E. St. Louis & Nat'l.					
Stock Yards, Ill. \$	66,992	\$ 65,772	\$ 46,875	+ 1.9%	+42.9%
El Dorado, Ark.....	10,301	8,586	11,147	+20.0	- 7.6
Evansville, Ind.....	48,482	52,663	41,024	- 7.9	+18.2
Fort Smith, Ark....	13,649	14,995	14,605	- 9.0	- 6.5
Greenville, Miss....	3,868	4,358	4,991	-11.2	-22.5
Helena, Ark.....	3,719	4,979	4,231	-25.3	-12.1
Little Rock, Ark..	81,610	92,524	78,944	-11.8	+ 3.4
Louisville, Ky.....	201,653	201,523	204,510	+ 0.1	- 1.4
Memphis, Tenn.....	168,168	195,466	156,180	-14.0	+ 7.7
Owensboro, Ky.....	7,644	6,671	7,197	+14.6	+ 6.2
Pine Bluff, Ark....	12,360	16,342	12,217	-24.4	+ 1.2
Quincy, Ill.....	12,348	13,769	12,580	-10.3	- 1.8
St. Louis, Mo.....	807,119	858,340	783,226	- 6.0	+ 3.1
Sedalia, Mo.....	4,758	4,911	5,466	- 3.1	-13.0
Springfield, Mo....	17,375	16,093	15,119	+ 8.0	+14.9
Totals.....	\$1,460,046	\$1,556,992	\$1,398,312	- 6.2	+ 4.4

*In thousands (000 omitted).

Condition of Banks — Loans and discounts of the reporting member banks on February 15, 1928 showed a decrease of 0.9 per cent as contrasted with January 18, 1928, and an increase of 2.9 per cent as compared with February 16, 1927. Deposits decreased 0.3 per cent between January 18 and February 15, and on the latter date were 4.5 per cent larger than on February 16, 1927. Composite statement follows:

	*Feb. 15, 1928	*Jan. 18, 1928	*Feb. 16, 1927
Number of banks reporting.....	†30	†30	31
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't obligations.....	\$ 4,307	\$ 4,198	\$ 4,712
Secured by other stocks and bonds.....	209,519	212,215	186,709
All other loans and discounts.....	300,688	302,743	308,403
Total loans and discounts.....	\$514,514	\$519,156	\$499,824
Investments			
U. S. Gov't securities.....	83,790	85,129	72,392
Other securities.....	135,519	129,462	121,994
Total investments.....	\$219,309	\$214,591	\$194,386
Reserve balances with F. R. bank.....	50,983	50,627	49,890
Cash in vault.....	6,958	7,517	7,239
Deposits			
Net demand deposits.....	429,215	430,509	411,872
Time deposits.....	246,485	245,935	232,415
Government deposits.....	648	1,665	2,763
Total deposits.....	\$676,348	\$678,109	\$647,050
Bills payable and rediscounts with F. R. bank			
Secured by U. S. Gov't obligations.....	9,369	3,935	4,150
All others.....	6,040	5,836	1,218

*In thousands (000 omitted).

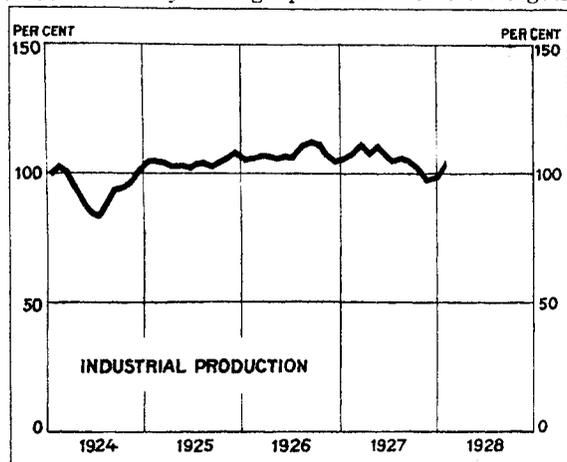
†Decreases due to consolidation. These 30 banks are located in St. Louis, Louisville, Memphis, Little Rock and Evansville, and their total resources comprise approximately 55.5 per cent of the resources of all member banks in the district.

(Compiled February 21, 1928)

BUSINESS CONDITIONS IN THE UNITED STATES

Industrial production and shipments of commodities by railroads increased considerably in January from the low point reached at the end of 1927. The general level of wholesale commodity prices showed a slight decline.

PRODUCTION—The increase of 6 per cent in industrial production from December to January reflected a larger output of manufactures, particularly of iron and steel and automobiles. Daily average production of steel ingots in-

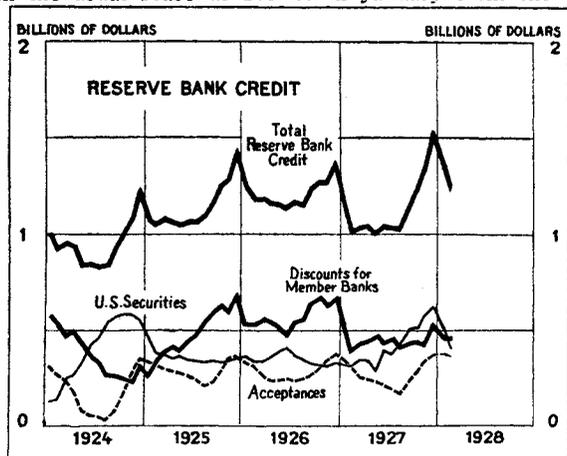


Index number of production of manufactures and minerals combined adjusted for seasonal variations (1923-25=100). Latest figure, January, 105.

creased by over 25 per cent in January the largest monthly increase since 1924. Buying of steel products by the railroads and by the automobile and construction industries was also active in January, and notwithstanding the large volume of production and shipments, unfilled orders showed an increase during the month. Since the first of February production of steel products has continued active.

Automobile production, which in December was in smaller volume than since 1922, increased considerably in January and was only slightly smaller than in the same month in 1927. Cotton consumption showed about the usual seasonal increase in January, following substantial curtailment in December, and the woolen and silk industries were somewhat more active than in December. Production of minerals, after adjustment for customary seasonal changes was in practically the same volume in January as in December. Building contracts awarded in January exceeded those for the corresponding month of last year, and awards during the first half of February were in practically the same volume as a year ago.

TRADE—Sales of department stores showed more than the usual seasonal decline in January from the high

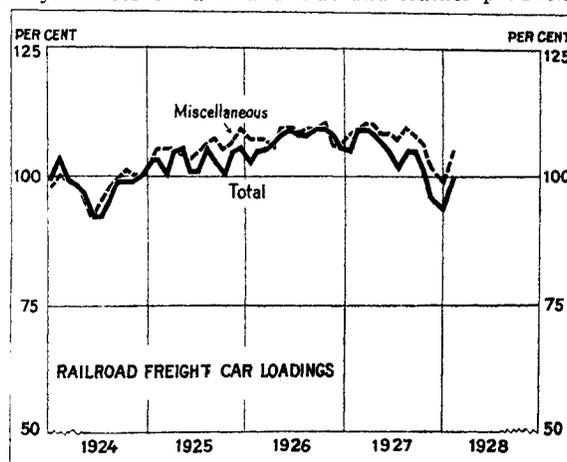


Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first 22 days in February.

levels reached in December, and averaged slightly smaller than in January of last year. Sales of mail order houses, on the other hand, were about 6 per cent larger than a year ago. Wholesale trade in nine leading lines averaged larger than in January of last year. Stocks of groceries and hardware carried by wholesale firms were smaller than a year ago, but reports in other lines indicated that stocks were somewhat larger. Freight car loadings for all groups of commodities were larger in January than in December,

the increase being particularly large for miscellaneous commodities. Compared with January of last year, however, loadings of all classes of commodities, except livestock, were smaller.

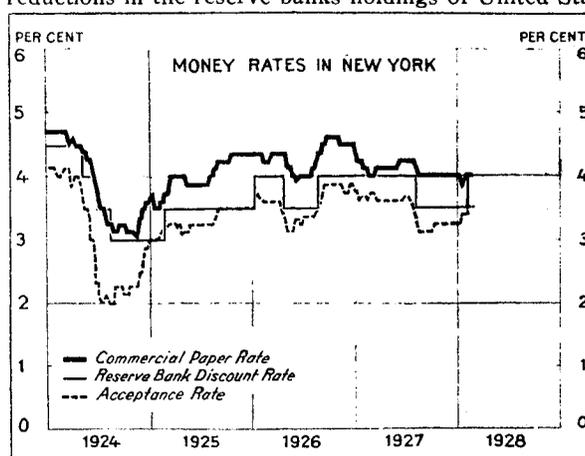
PRICES—The Bureau of Labor statistics' index number of wholesale commodity prices declined from 96.8 per cent of the 1926 average in December to 96.3 per cent in January. Prices of farm and hide and leather products in-



Cars of revenue freight loaded as reported by the American Railway Association. Index numbers adjusted for seasonal variations, (1923-25 average=100). Latest figures, January, 100, miscellaneous 106.

creased, while prices of meats and dairy products, textiles, fuels, nonferrous metals, and rubber declined. During the first two weeks of February prices of grains, cotton, silk, and wool advanced, while those of cattle, sugar, and rubber declined.

BANK CREDIT—For the four weeks ending February 15, total loans and investments of member banks in leading cities showed a decline of more than \$200,000,000, the decline being almost entirely in loans on securities. From the peak at the turn of the year this class of loans decreased by nearly \$460,000,000. Loans for commercial purposes, after a further decline in January, showed a seasonal increase in the first two weeks of February. The decline in volume of loans since the first of the year has been accompanied by a corresponding decline in net demand deposits, while time deposits have continued to increase. At the reserve banks the total volume of member bank borrowing declined seasonally during the opening week of the year and reached a low point on January 25, but increased by about \$70,000,000 between that date and February 21. This increase in discounts accompanied smaller reductions in the reserve banks holdings of United States



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

securities and acceptances, and the total volume of reserve bank credit in use showed an increase for the four weeks.

During the four weeks ending February 21, a firmer tendency in the money market was indicated by increased rates on call and time loans and by a further increase from $3\frac{3}{8}$ per cent to $3\frac{1}{2}$ per cent in the rate on 90 day bankers' acceptances. Between January 25 and February 21 discount rates at eleven Federal reserve banks were advanced from $3\frac{1}{2}$ per cent to four per cent.