MONTHLY REVIEW

Of Agricultural, Industrial, Trade and Financial Conditions in the Eighth Federal Reserve District

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FEDERAL RESERVE BANK OF ST. LOUIS

THE decline in activity in trade and industry throughout the district, which was noted in the preceding issue of this review, became considerably more marked and widespread during the past thirty days. Influenced by seasonal considerations and hesitancy on the part of merchants and the public, purchasing of commodities decreased sharply in volume, both as contrasted with the similar period immediately preceding and a year ago. At manufacturing establishments operations were further curtailed during the last half of December, and following the holiday and inventorying lull, resumption of production has been longer delayed and at a smaller percentage of capacity than has been the case during the past several years. There is a general disposition on the part of all classes of consumers to await developments before making commitments, and though specifications on goods previously purchased decreased, unfilled orders on books of numerous interests showed rather sharp reductions.

Reports from all important wholesaling lines reflect extreme conservativeness on the part of retail merchants in covering future requirements, current orders being mainly of small size and for prompt delivery. In most lines investigated decreases in December sales under the volume of a month and a year earlier were reported. While decreases from November to December are seasonal, their extent in a majority of instances was greater than the average during the past half decade. Total sales of the reporting wholesale firms during December were the smallest for any single month in more than three years. Retail trade also developed recessionary tendencies, though in less marked degree than in the wholesale lines. Holiday shopping got a late start, and while a notable pick up occurred in late December, the volume was considerably under that of the previous season. Department store sales in December were 6.8 per cent smaller than for the same month in 1928, and decreases were shown in apparel stores and other retail lines.

Production and distribution in the iron and steel industry declined in December to the lowest point of the year, and during the first half of January the average has been only slightly higher than in the preceding month. Distribution of automobiles decreased as compared with a month and a year earlier, and building permits and construction contracts let in the district showed decline in both comparisons. For the first time in a number of months, consumption of electric power by industrial users in the principal cities was smaller than during the corresponding period a year earlier. Debits to individual accounts in December were 3.3 per cent less than in November, and 13.7 per cent below the total for December, 1928.

Notwithstanding the sharp falling off in freight traffic during December, railroads operating in this district handled a larger volume of freight in 1929 than in 1928 or 1927, and with the exception of 1926, the largest volume on record. Throughout the year operation of the roads was characterized by high efficiency. Gains over 1928 were made in virtually all classifications, with merchandise and miscellaneous freight making an especially favorable showing. For the entire country loadings of revenue freight in 1929 totaled 52,789,789 cars, against 51,589,887 cars in 1928, and 51,635,806 cars in 1927. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 187,464 loads in December, against 197,835 loads in November, and 208,747 loads in December, 1928. During the first nine days of January the interchange amounted to 53,814 loads, against 57,971 loads during the corresponding period in December, and 61,802 loads during the first nine days of January, 1929. Passenger traffic of the reporting roads decreased 0.1 per cent in December as compared with the same month in 1928. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in December was 73,900 tons, against 103,478 tons in November, and 135,439 tons in December, 1928. The total tonnage in 1929 was 1,293,971 tons, against 1,435,486 tons in 1928 and 1,237,430 tons in 1927. The decrease in 1929 under the preceding year was due largely to the low stage of water in the Mississippi River during several months of 1929.

Considerable backwardness was noted in collections generally through the district early in December, but quite marked improvement developed during the two closing weeks of that month, ascribed partly to stimulation imparted by holiday shopping. Wholesalers in the large centers reported settlements in December about equal to the same month in 1928. Reports since January 1 indicate spotty conditions, both with reference to the several lines and different localities. Slowness is complained of by retailers in the country districts where cotton is the principal crop. There was good liquidation of indebtedness to both merchants and banks in the tobacco and rice areas. City retailers report December collections below the average for that month in recent years, but some improvement since the first of January. Answers to questionnaires addressed to representative interests in the several lines through the district showed the following results:

	Excellent	Good	Fair	Poor
December, 1929	1.4%	24.3%	61.4%	12.9%
November, 1929	2.7	22.7	65.3	9.3
December, 1928	2.8	57.8	33.8	5.6

Commercial failures in the Eighth Federal Reserve District in December, according to Dun's, numbered 113, involving liabilities of $4,935,058, against 126 failures in November with liabilities of $1,773,236, and 103 defaults in December, 1928 for a total of $1,477,305. In 1929 there were 1,420 failures with liabilities of $24,782,558, against 1,300 failures in 1928 with liabilities of $29,885,811, and 1,104 failures for a total of $23,632,196 in 1927.

The average daily circulation in the United States in December, 1929, was $4,943,000,000 against $4,845,000,000 in November, and $5,008,000,000 in December, 1928.

MANUFACTURING AND WHOLESALE

Automobiles — Combined passenger car, truck and taxicab production in the United States in December totaled 119,950, the smallest for any single month in recent years, and comparing with 217,441 in November and 234,957 in December, 1928.

According to dealers reporting to this bank, distribution of automobiles showed a sharp decrease from November to December, and there was also a substantial decrease as contrasted with the corresponding period a year ago. Total sales of these interests in December were the smallest for any month since last January. The decrease in the month to month comparison was seasonal in character, and has taken place each year since 1924. The extent of the decline was considerably smaller than was recorded from November to December in 1928 and 1927. Dealers in both the large cities and smaller communities reported virtually no stimulation in demand due to Christmas. Generally there was a disposition on the part of the public to postpone purchasing until the appearance of new models, which are expected to be put out by several important manufacturers during the next few weeks. This attitude was also prevalent among dealers, who were ordering only enough cars to take care of actual requirements or reasonably certain prospects. Weather conditions throughout the district were unfavorable, and, according to a number of dealers, constituted a material factor in holding down the volume of buying. Business in parts and accessories, while relatively more active than in automobiles proper, also showed declines in volume in comparison with a month and a year earlier. December sales of new passenger cars by 320 dealers scattered through the district were 28.6 per cent smaller than in November, and 9.9 per cent less than in December, 1928. Stocks of new cars in dealers' hands on January 1 were 7.2 per cent greater than on December 1, and 16.8 per cent larger than on January 1, 1929. The used car market developed no change worthy of note as compared with the quiet conditions obtaining during the two or three months preceding. Dealers report prospective customers more exacting in their demands and increasing difficulty in profitably placing secondhand vehicles. The stocks of salable used cars on hand on January 1 were 8.2 per cent larger than on December 1, and 25.3 per cent larger than on January 1, 1929. Sales of parts and accessories in December fell 7.2 per cent below those of the preceding month and 12.1 per cent under the December, 1928, total. According to dealers reporting on that item, sales of new cars on the deferred payment plan in December were 53.9 per cent of their total retail sales, against 51.2 per cent in November, and 52.9 per cent in December, 1928.

Boots and Shoes — Sales of the five reporting interests in December fell 55.7 per cent below November, and 18.8 per cent below December, 1928, and the total was the smallest for any single month in more than five years. Stocks on January 1 were 32.5 per cent larger than thirty days earlier, and 1.7 per cent smaller than on January 1, 1929. The decrease in the month-to-month sales comparison is accounted for chiefly by seasonal influences though it is somewhat larger than the average during the past several years. Retail stocks are for the most part small, but replenishment is being carried forward cautiously, and the volume of forward orders is below that at the same period last year. There was no change in prices as compared with the preceding thirty days.

Clothing — A further decrease in volume of business in this classification, both as compared with a month and a year earlier, was indicated by returns of the reporting firms. The movement of winter apparel through retail channels was backward during the closing months of last year, and in numerous instances heavier stocks were carried over than was the case in recent seasons. Ordering of clothing for spring has not assumed the usual volume for this time of year, and in this business price considerations are an important factor. Special sales of retailers since January 1 have met only fair response. December sales of the reporting interests were 74.9 per cent smaller than for November, and 41.4 per cent less than the December, 1928 total.

Drugs and Chemicals — Sales of the six reporting interests in December were smaller by 11.2 per cent than in November, and by 3.8 per cent than in December, 1928. Stocks on January 1 were 6.6 per cent smaller than a month earlier, and 10.5 per cent larger than on January 1, 1929. Demand for seasonal goods was generally active, but purchasing of heavy drugs and chemicals by the manufacturing trade continued the slump noted in the late fall and early winter.

Dry Goods — December sales of the eight reporting interests were 41.1 per cent smaller than in November, and 17.4 per cent below the December, 1928, total. Stocks on January 1 were 14.2 per cent larger than thirty days earlier, and 7.4 per cent smaller than on January 1, 1929. The decrease shown in the month-to-month comparison is seasonal in character, but somewhat larger than usual. Purchasing for future requirements is backward, and reordering of winter merchandise was in smaller volume than is ordinarily the case at this time of year. Uncertainty relative to raw cotton prices has a tendency to hold down buying of fabrics based on that staple.

Electrical Supplies — An exception to the general declining tendencies, December sales of the reporting interests in this classification showed an increase of 5.2 per cent over the preceding month and of 7.3 per cent over the December, 1928, total. Stocks on January 1 were 2.1 per cent and 9.2 per cent, respectively, larger than thirty days and a year earlier. Purchasing by public utilities companies and a heavy movement of typically seasonal goods were the chief factors in the increases in both comparisons.

Flour — Production at the 12 leading mills of the district in December totaled 393,777 barrels, against 359,562 barrels in November, and 357,844 in December, 1928. Stocks of flour in St. Louis on January 1 were 11.2 per cent larger than on December 1, and 3.7 per cent smaller than on January 1, 1929. In late December the sharp upturn in cash wheat values was reflected in an advance in flour prices. Buyers, however, were not disposed to follow the advance, and throughout the period business was dull. Shipping directions on old contracts were in considerable volume, but new purchasing was held down to an absolute requirement basis. Foreign demand was small, and export sales consisted chiefly of routine transactions with Latin-American countries. Mill operations were at from 55 to 60 per cent of capacity.

Furniture — December sales of the 11 reporting firms were the smallest for any single month since December, 1927, the total falling 7.1 per cent below that of December, 1928, and 20.1 per cent below November, 1929. Stocks on January 1 were 9.2 per cent larger than thirty days earlier, and 16.8 per cent smaller than on January 1, 1929. Irregularity was noted in the several sections of the furniture line. Household furniture and furnishings showed relatively heavier decreases in both comparisons than office furniture and equipment and specialties. Sales of typical holiday goods were below expectations. The trend of prices was lower.

Groceries — Unfavorable weather, disappointing holiday trade and a general disposition to conservatism were given as the chief causes for a decline in December sales of the 14 reporting firms of 4.9 per cent under those in November, and 7.6 per cent under the total in December, 1928. Stocks on January 1 were 6.8 per cent smaller than thirty days earlier and 22.4 per cent larger than on January 1, 1929. There was no change in prices worthy of note as contrasted with the preceding thirty days.

Hardware — While the movement of typical winter merchandise improved substantially as compared with earlier in the season, purchasing of hardware generally was in smaller than the average volume at this period during the past several years. Retailers are replenishing stocks cautiously, and orders are for the most part small and for immediate requirements. December sales of the 12 reporting interests were 6.1 per cent smaller than in November, and 16.9 per cent less than in December, 1928. Stocks on January 1 were smaller by 9.6 per cent and 7.5 per cent, respectively, than thirty days and a year earlier.

Iron and Steel Products — Activities in the iron and steel industry in this district during the past thirty days underwent somewhat more than the usual seasonal recession. According to the interests reporting to this bank, new orders booked and specifications on materials previously purchased were considerably smaller in December than the average of the preceding several months. The totals of both new orders and specifications fell below those of the corresponding month in 1928. Shipments of raw materials and finished goods decreased as compared with the month before, but in spite of the smaller outward movement, further contraction in unfinished orders was reported by a majority of the firms. Working schedules at jobbing foundries, malleable shops and at plants of a number of specialty manufacturers were curtailed. Operations at steel mills in late December were at the lowest rate for the year. While actual quotations were not subject to marked changes, the general trend of prices was lower, with weakness developing in such important items as tin plate, autobody sheets, blue annealed sheets and plates, strip steel and wire. Demand from the automotive industry continued sluggish through December, but since the second week of January some improvement has developed, though hesitancy and a disposition to await developments is still apparent. The turn of the year has also been marked by a better demand for steel materials by the farm implement and several less important industries. Demand from the general manufacturing trade is backward and cautious, being confined chiefly to materials for immediate delivery. The usual seasonal quietness in the building industry has been accentuated by the unusually long spell of unfavorable weather for outdoor operations. Fabricators of structural iron and steel report a scarcity of new lettings, and completion of old work has resulted in their reducing their working forces. Distributors of iron and steel goods from warehouses report quietness in virtually all lines, with December and early January sales considerably smaller than at the same period a year ago. An exception to the general lack of buying interest is the railroads, which have placed substantial orders for a variety of commodities for delivery during the first quarter. Orders pending for freight cars, track equipment and bridge and general repair materials call for a considerable tonnage of steel. Purchasing of pig iron during the past thirty days by melters in this district was in unusually small volume for this time of year. For the country as a whole production of pig iron in December was the smallest for any month since December, 1927, the 2,836,917 tons comparing with 3,182,420 tons in November and 3,369,784 tons in December, 1928. Production of steel ingots in the United States in December totaled 2,896,269 tons, against 3,513,025 tons in November and 4,018,208 tons in December, 1928.

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electric current in December by selected industrial customers as being 17.7 per cent smaller than in November, and 15.7 per cent less than in December, 1928. In the yearly comparison a considerable part of the decrease is accounted for by smaller loads taken by cement plants and manufacturers of other descriptions of building materials. Detailed figures follow:

	No. of Customers	Dec. 1929 *K.W.H.	Nov. 1929 *K.W.H.	Dec. 1929 comp. to Nov. 1929	Dec. 1928 *K.W.H.	Dec. 1929 comp. to Dec. 1928
Evansville	40	1,536	1,424	+ 7.9%	1,370	+12.1%
Little Rock	35	1,521	1,628	— 6.6	1,792	—15.1
Louisville	87	6,024	6,611	— 8.9	5,876	+ 2.5
Memphis	31	1,656	1,942	—14.7	1,869	—11.4
St. Louis	143	14,110	18,569	—24.1	18,570	—24.0
Totals	336	24,847	30,174	—17.7	29,477	—15.7

*In thousands (000 omitted).

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

	By water power	By fuels	Totals
Nov., 1929	2,642,163,000	5,598,244,000	8,240,407,000
Oct., 1929	2,724,066,000	5,518,748,000	7,997,814,000
Nov., 1928	2,780,729,000	4,971,919,000	7,752,648,000

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	
	Dec. 1929 comp. to Dec. 1928	12 months ending Dec. 31, 1929 to same period 1928	Dec. 31, 1929 comp. to Dec. 31, 1928	Jan. 1, to Dec. 31, 1929	1928
Evansville	—16.0%	— 9.0%	— 1.8%	2.42	2.68
Little Rock	— 8.9	— 1.5	— 4.6	2.71	2.55
Louisville	—12.9	— 2.7	+ 1.9	3.36	3.38
Memphis	— 3.2	— 2.4	+ 0.3	3.46	3.37
Quincy	+ 0.2	+ 7.6	+ 2.8	2.84	2.79
St. Louis	— 6.2	+ 2.4	— 3.9	4.18	3.92
Springfield, Mo.	— 6.0	— 1.8	— 4.5	1.71	1.77
8th District	— 6.8	+ 0.7	— 2.5	3.74	3.57

	Net sales comparison Dec. 1929 comp. to		Stocks on hand Dec. 1929 comp. to	
	Dec. 1928	Nov. 1929	Dec. 1928	Nov. 1929
Men's furnishings	—16.3%	+20.6%	— 4.5%	—22.0%
Boots and shoes	—11.6	+18.3	—10.4	—12.5

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

	Percentage increase or decrease Dec. 1929 compared to Dec. 1928	
	Net sales for month	Stocks on hand at end of month
Piece goods	—13.1%	—11.4%
Ready-to-wear accessories	— 8.0	— 4.4
Women and misses' ready-to-wear	— 4.3	—11.3
Men's and boys' wear	— 8.4	— 4.2
Home furnishings	— 8.1	— 5.8

BUILDING

The dollar value of building permits issued for new construction by the five largest cities of the district in December was 0.8 per cent larger than in November, but 45.2 per cent smaller than in December, 1928. For the year 1929, the total value of permits issued in these cities was 39.6 per cent smaller than in 1928, and 29.9 per cent smaller than in 1927. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in December totaled $17,387,230, against $18,676,021 in November, and $31,378,077 in December, 1928. The total for 1929,

$403,936,124, compares with $445,101,972, in 1928, and $401,759,100 in 1927. For the country as a whole production of portland cement in December totaled 11,215,000 barrels, against 14,036,000 barrels in November, and 12,189,000 barrels in December, 1928. Building figures for December follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1929	1928	1929	1928	1929	1928	1929	1928
Evansville ..	169	273	$ 57	$ 197	13	17	$ 7	$ 7
Little Rock	37	31	425	292	41	32	32	11
Louisville ..	47	78	175	556	19	44	17	616
Memphis	289	161	628	369	49	69	72	44
St. Louis....	163	346	988	2,718	219	201	363	203
Dec. totals	705	889	$2,273	$4,132	343	363	$ 491	$881
Nov. totals	955	1,429	2,244	6,742	632	555	781	771
Oct. totals	1,242	2,063	2,246	6,093	968	603	1,392	533

*In thousands of dollars (000 omitted).

POSTAL RECEIPTS

Returns from the five largest cities of the district show an increase in combined postal receipts for the final quarter of 1929 of 3.0 per cent over the corresponding period in 1928, and a gain of 22.8 per cent over the third quarter of 1929. Detailed figures follow:

	For Quarter Ending				Dec. 1929 comp. to Dec. 1928
	Dec. 31, 1929	Sept. 30, 1929	June 30, 1929	Dec. 31, 1928	
Evansville	$ 187,000	$ 171,000	$ 161,000	$ 172,000	+ 8.7%
Little Rock....	245,000	225,000	208,000	243,000	+ 0.8
Louisville	805,000	681,000	695,000	796,000	+ 1.1
Memphis	788,000	605,000	613,000	734,000	+ 7.4
St. Louis........	3,629,000	2,923,000	3,066,000	3,544,000	+ 2.4
Totals........	$5,654,000	$4,605,000	$4,743,000	$5,489,000	+ 3.0

AGRICULTURE

Weather conditions during the past thirty days were varied and on the whole unfavorable for crops and general farm activities. High temperatures in late December, accompanied by rains, resulted in fields becoming too muddy for farmers to enter, and resulted in considerable delay in husking and housing of corn. Throughout the northern sections of the district damage of greater or lesser extent was sustained by corn in the shock. Heavy dirt roads hampered the movement of grains and other products to terminal points. Sleet storms of unusual severity swept the entire district during the second week of January, temporarily holding up transportation and causing considerable damage to live stock and to produce in transit. Generally routine farm operations are behind the usual seasonal schedule, particularly in the south, where weather conditions have held down field work to a minimum. No change was reported in the farm labor situation as contrasted with the preceding month or the corresponding period last year. Supplies are adequate to all demands, with wage scales unchanged.

Demand for wheat and corn was less active than during the preceding thirty days, and the trend of prices since the first of January has been rather sharply downward. Decreased operations at textile mills were reflected in a falling off in demand for raw cotton, and prices of that staple ranged around the lowest levels for the season. Marketing of rice and tobacco continued on a large scale, and prices of the latter product averaged slightly higher than during the preceding thirty days. There was a slight upward turn in hog prices early in January, while sheep and cattle about maintained the average of the month before.

Winter Wheat — According to the U. S. Department of Agriculture the combined area of winter wheat seeded last fall in states partly or entirely within the Eighth Federal Reserve District was below that of the fall of 1928. The total estimated acreage in these states, 6,354,000 acres, compares with 6,766,000 acres a year earlier, a decrease of 6.1 per cent. A considerable part of the decrease in acreage was in the river bottom lands, particularly along the Mississippi, where farmers were discouraged from planting by successive years of floods which demolished their crops. The condition of the crop is generally below that of a year ago, but in all the chief producing sections, is above the ten year average. Snow covering for the crop was lacking during the most of the period since cold weather set in, and some apprehension is felt that damage may have resulted to the growing crop from the recent rain and sleet storms, which covered fields with a sheath of ice. Latest reports, however, indicate that the condition of the crop is generally good, with only local accounts of freezing and thawing and little actual damage.

Corn — Generally through the northern tiers of the district, husking and cribbing of corn is unusally backward. This is due to the extremely unfavorable weather conditions, which have made it impossible to enter fields to do the work. There are numerous reports of deterioration of corn in the shock and moulding in cribs, particularly from Illinois, Indiana and central Missouri. Excessive moisture has given the grain an unusual weight, and receipts at terminal and primary markets are showing the effect in lowering of quality. Generally through the surplus areas of the district there is a disposition on the part of farmers to hold corn for higher prices, and considerable quantities are being fed to live stock on farms. Total production of corn in states of the district in 1929 is estimated by the Department of Agriculture at 786,035,000 bushels, worth at December 1 farm prices $630,632,450, which compares with 889,054,000 bushels in 1928, with value of $675,638,000.

Live Stock — An increase of 3.7 per cent in the fall pig crop of 1929 over that of 1928 for the Cotton Belt states is indicated in the Department of Agriculture's pig survey. In these states it is probable that the 1929 total pig crop was fully as large as the crop of 1928. In the corn belt states an increase of

6.0 per cent is indicated in the number of sows bred to farrow next spring as compared with the number actually farrowed last spring. Making allowance for an average decline between breeding intentions in the past and actual farrowings later, the present prospect is that the 1930 spring pig crop will show little change from the spring crop of 1929.

The movement of feeder cattle into the Corn Belt states last fall was unusually heavy, and considerably larger than a year earlier. Distribution with reference to states, however, showed marked change as contrasted with the year before. Increases were noted in receipts in Illinois while a smaller quota was received in Missouri. The broad demand for unfinished cattle in the chief feeding areas of the district was a factor in maintaining prices during the late fall and early winter.

Latest available information indicates a larger number of lambs and sheep on feed for market than at the corresponding period last year. Inspection of feeding lambs and sheep in November were the largest for that month since 1922, and about 40 per cent larger than the average November during the preceding half decade.

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

	Receipts			Shipments		
	Dec., 1929	Nov., 1929	Dec., 1928	Dec., 1929	Nov., 1929	Dec., 1928
Cattle and calves........	85,708	99,098	87,244	55,073	70,288	60,344
Hogs	317,662	317,820	401,137	234,619	225,090	287,148
Horses and mules......	4,591	5,865	6,540	4,675	5,676	6,585
Sheep	31,319	36,280	23,955	12,680	11,657	10,835

Cotton — Due to the very unfavorable weather for harvesting, a relatively large amount of cotton still remained in the fields at the beginning of January, particularly in Northern Arkansas and Missouri. These unfavorable conditions for picking have obtained with little interruptions for sixty days, with the result that much of the late gathered crop is off color and low grade. There were numerous complaints of cotton reaching gins being snapped. Producers generally in the district have disposed of their cotton, and the movement from farms has materially decreased. The usual seasonal dullness in demand for spot cotton has been emphasized by decreased operations at the mills. In the immediate past, however, a moderate revival in interest has taken place, centering principally in the better grades. The range of prices was narrow, and near the low level of the season. In the St. Louis market the middling grade, which closed at 15½c per pound on November 15, advanced to 16½c on November 29, and after reacting fractionally lower from that figure, closed at 16¼c on January 15. Stocks of cotton in Arkansas warehouses on January 17 totaled 339,084 bales, against 383,027 bales on December 13, and 276,068 bales on January 17, 1929.

Rice — Except in a few scattered instances, threshing has been completed, and virtually all of the crop has been sold, or is in the hands of producers in local warehouses. There is a general disposition on the part of farmers to hold their stocks for higher prices. Prices have been well sustained, on both rough and polished rice. All grades have been selling at an advance of approximately 5c per bushel over the low point recorded earlier in the season.

Tobacco — The movement of all types over loose-leaf floor markets in all districts was in considerable volume during December. In Kentucky sales of the several types during that month aggregated in excess of 100,000,000 pounds, including resale and tobacco sold for dealers, at an average price per 100 pounds of about $18.74, including both burley and dark leaf. Recent heavy rains, however, have retarded deliveries from farms. Since the reopening of the markets subsequent to the holidays there has been an upward trend in prices. Recent sales of burley have averaged from $3 to $4 per hundred pounds higher than during the opening week of the market.

The average prices obtained in dark markets are ranging from $1 to $1.50 per 100 pounds less than last year, except in the Green River and Henderson districts, where recent sales have lifted the average price to approximately the level of a year ago. Common lugs are in demand at relatively higher prices because of the limited old stock of this grade. Medium and common leaf, while selling in large quantities, has brought prices slightly lower than at the corresponding period in 1929.

Announcement was made by the Dark Tobacco Growers Cooperative Association that about $3,000,000 remains to be distributed to its members from proceeds of the crops of 1922, 1923 and 1926.

Commodity Prices — Range of prices in the St. Louis market between December 16, 1929, and January 15, 1930, with closing quotations on the latter date and on January 15, 1929.

		High	Low	Close Jan. 15, 1930	Close Jan. 15, 1929
Wheat					
May ....per bu.		$1.36⅛	$1.24¾	$1.27⅛	$1.22½
July	"	1.36	1.25½	1.28¼	1.23¼
No. 2 red winter	"	1.40	1.26	$1.36 @ 1.36½	$1.40 @1.45
No. 2 hard..........	"	1.31½	1.20⅜	1.23 @ 1.23½	1.19½@1.21
Corn					
May	"	.97½	.94¾	.95⅛	1.01
July	"	.98⅞	.96¼	.97⅛	1.02
No. 2 mixed........	"	.88	.83½	.87¾@ .88	.92½@ .93
No. 2 white.........	"	.90	.86	.88½@ .89½	.95 @ .95½
Oats					
No. 2 white.........	"	.49¾	.46½	.48 @ .48½	.51
Flour					
Soft patent.........per bbl.		7.75	6.50	6.50 @ 6.75	6.75 @8.25
Spring patent......	"	6.75	6.30	6.50 @ 6.60	5.75 @5.95
Middling cotton....per lb.		.16½	.15¾	.16¼	.18¾
Hogs on hoof........per cwt.		10.15	7.90	8.10 @10.00	6.50 @9.15

FINANCIAL

Demand for credit during the past thirty days, while continuing in considerable volume, was somewhat less active than during the similar period immediately preceding. Liquidation with both city and country financial institutions was on a large scale, and with the supply of loanable funds more abundant, the trend of interest rates was lower. A temporary stiffening was occasioned by the January 1 interest and dividend requirements, but the ultimate effect of these disbursements was negligible, as they constituted merely a shifting of credits. Country banks, particularly in the south, further reduced their indebtedness to city correspondents and in many instances country banks have been in the market for commercial paper and other investments. City banks have also increased their holdings of commercial paper purchased in the open market. Total investments of the reporting member banks remained stationary through December, but have turned slightly upward since the first week of this month.

Settlements with the mercantile interests in the principal cities were in large volume, and have been reflected in a substantial reduction in their commitments with the banks. Rapid marketing of tobacco has resulted in extensive liquidation with both banks and merchants in the areas where tobacco is the principal crop. Payments in the rice sections have also been on a large scale. Flour milling interests have curtailed their borrowings, but there was little change as compared with the preceding month in commitments of the grain and elevator interests, the total of which is still well in excess of a year ago. Demand for funds for carrying stocks and bonds was in smaller volume than heretofore. Requirements of manufacturers and distributors of building materials are measurably smaller than the average at this period during the past several years. Aside from a brisk call for funds for conditioning live stock for market, demand from the agricultural areas was negligible.

Loans of the reporting member banks declined slightly between December 18 and January 15, but there was an increase in deposits, the total of this item on January 15 being higher than at any time since the end of last April. Borrowings of all member banks from the Federal reserve bank declined sharply during the past thirty days, and in the third week of January represented the smallest aggregate since January, 1928. Savings deposits decreased 0.4 per cent from December 4 to January 2, and on the latter date were 7.1 per cent smaller than on the same date in 1929.

St. Louis banks' current interest rates were as follows: Prime commercial paper 5¼ to 6 per cent; collateral loans, 5½ to 7 per cent; loans secured by warehouse receipts, 5½ to 6 per cent; interbank loans 5¾ to 6 per cent, and cattle loans, 6 to 6½ per cent.

Condition of Banks — Loans and discounts of the reporting member banks on January 15, 1930 showed a decrease of 0.8 per cent as contrasted with December 18, 1929. Deposits increased 0.8 per cent between December 18, 1929 and January 15, 1930 and on the latter date were 6.3 per cent smaller than on January 16, 1929. Composite statement follows:

	*Jan. 15, 1930	*Dec. 18, 1929	Jan. 16, 1929
Number of banks reporting	†25	†25	29
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations and other stocks and bonds	$251,016	$253,546	$245,591
All other loans and discounts	283,640	285,456	287,564
Total loans and discounts	$534,656	$539,002	$533,155
Investments			
U. S. Government securities	36,388	37,720	82,535
Other securities	112,021	110,042	123,006
Total investments	$148,409	$147,762	$205,541
Reserve balance with F. R. bank	46,272	43,904	48,130
Cash in vault	5,759	7,468	6,708
Deposits			
Net demand deposits	390,761	392,053	416,557
Time deposits	227,105	220,110	240,725
Government deposits	270	892	2,310
Total deposits	$618,136	$613,055	$659,592
Bills payable and rediscounts with Federal Reserve Bank	5,198	16,403	22,366

*In thousands (000 omitted).
†Decrease due to consolidation. These 25 banks are located in St. Louis, Louisville, Memphis, Little Rock, and Evansville, and their resources represents 53.1 per cent of all the resources of member banks in this district.

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.

	*Dec. 1929	*Nov. 1929	*Dec. 1928	Dec. 1929 comp. to Nov. 1929	Dec. 1929 comp. to Dec. 1928
East St. Louis & Natl. Stock Yards, Ill.	$ 41,613	$ 46,210	$ 72,385	— 9.9%	—42.5%
El Dorado, Ark.	8,979	7,783	8,787	+15.4	+ 2.2
Evansville, Ind.	30,698	31,152	50,791	— 1.5	—39.6
Fort Smith, Ark.	14,866	14,859	16,189	— 0.0	— 8.2
Greenville, Miss.	5,382	5,834	6,242	— 7.7	—13.8
Helena, Ark.	6,675	7,057	6,153	— 5.4	+ 8.5
Little Rock, Ark.	90,075	95,109	99,901	— 5.3	— 9.8
Louisville, Ky.	184,018	212,530	232,301	—13.4	—20.8
Memphis, Tenn.	200,507	225,161	212,122	—10.9	— 5.5
Owensboro, Ky.	7,987	6,297	8,054	+26.8	— 0.8
Pine Bluff, Ark.	13,494	15,172	17,997	—11.1	—25.0
Quincy, Ill.	13,555	13,667	13,387	— 0.8	+ 1.3
St. Louis, Mo.	825,542	810,970	928,292	+ 1.8	—11.1
Sedalia, Mo.	4,586	4,757	5,085	— 3.6	— 9.8
Springfield, Mo.	15,333	16,044	16,612	— 4.4	— 7.7
**Texarkana, Ark-Tex.	14,618	16,115	17,904	— 9.3	—18.4
Totals	$1,477,928	$1,528,717	$1,712,202	— 3.3	—13.7

*In thousands (000 omitted).
**Includes one bank in Texarkana, Texas not in Eighth District.

Federal Reserve Operations — During December the Federal Reserve Bank of St. Louis discounted for 205 member banks, against 222 in November and 189 in December, 1928. The discount rate remained unchanged at 5 per cent. Changes in the principal assets and liabilities of the institution as compared with the preceding month and a year ago appear in the following table:

	*Jan. 23, 1930	*Dec. 23, 1929	*Jan. 23, 1929
Bills discounted	$14,356	$31,398	$41,939
Bills bought	13,564	6,387	8,383
U. S. Securities	19,266	26,892	21,043
Municipal Warrants	30	—	—
Total bills and securities	$47,216	$64,677	$71,365
F. R. Notes in circulation	88,633	97,352	60,304
Total deposits	79,707	76,072	85,599
Ratio of reserve to deposits and F. R. Note Liabilities	73.3%	66.7%	57.4%

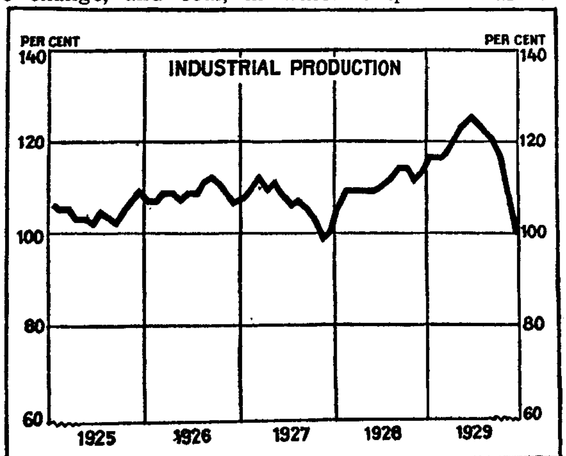
*In thousands (000 omitted).

(Compiled January 23, 1930)

BUSINESS CONDITIONS IN THE UNITED STATES

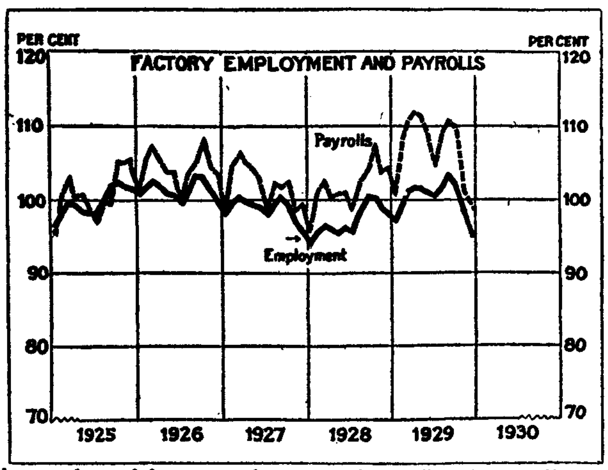
PRODUCTION AND EMPLOYMENT — Industrial production, as measured by the Federal Reserve Board's index, which is adjusted for seasonal variations, declined by 6 per cent in December, following upon a decline of 9 per cent for the preceding month.

Nearly all industries reported larger than seasonal reductions in December, except food industries, which showed little change, and coal, in which output increased. The largest declines in December, as in earlier months, were in automobiles and iron and steel. Production in the textile, shoe, lumber and the non-ferrous metals industries also decreased considerably. Stocks of cotton textiles, copper, zinc, and lumber increased in December. In the first three weeks in January, steel plants increased their operations somewhat from the low rate prevailing at the holiday season, but were considerably less active than in January, 1928 or 1929. There were further decreases in the output of copper and lumber, while production of crude petroleum increased.



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

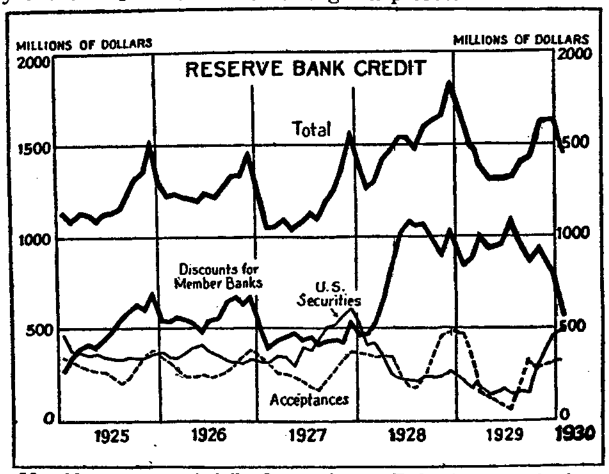
Employment in factories in December declined more than the usual amount in the automobile, steel, textile, clothing, and lumber industries. Little change was reported for the food industries and car repair shops, while at meat packing plants and in the paper and printing industries there was some increase in employment. Building contract awards also declined further in December. Residential contracts continued to be in small volume and there were large decreases in awards for commercial buildings and public works and utilities. During the first half of January awards were larger on a daily average basis than in December.



Index numbers of factory employment and payrolls, without adjustment for seasonal variations (1923-1925 average=100). Latest figures, December: Employment, 94.8; Payrolls, 98.7.

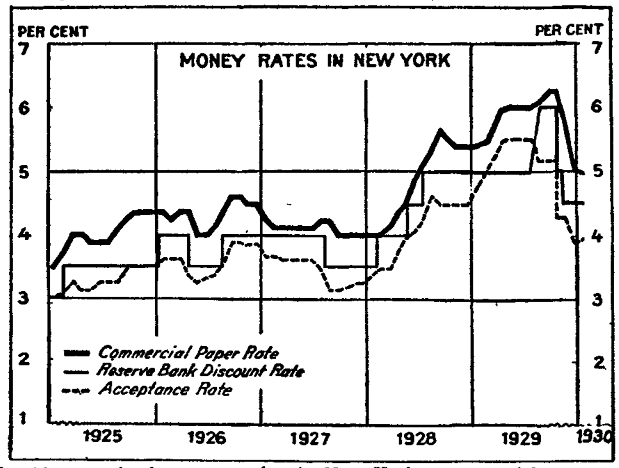
DISTRIBUTION — Freight car loadings in December, as in the preceding month, showed more than the usual seasonal decline. The decline occurred principally in shipments of merchandise and lumber products, while loadings of coal and grain were larger than in November. Sales at department stores in leading cities were about 3 per cent smaller than in December, 1928, according to reports to the Federal Reserve System. Decreases in sales were reported for ten Federal reserve districts, an increase of 2 per cent for the Richmond district and little change for the San Francisco district.

WHOLESALE PRICES — During December wholesale prices of commodities fluctuated rather narrowly. Grain, livestock, meat, and bituminous coal prices increased somewhat, while prices of hides and leather products, textiles, petroleum and pig iron declined. In the first half of January there was little further change in prices.



Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first 19 days in January.

BANK CREDIT — Member banks credit increased less than usual over the year end and in January continued to reflect the liquidation which began early in November. On January 15, total loans and investments of member banks in leading cities were $478,000,000 below the level of December 11, 1929. This decline occurred both at banks in New York City and outside, and was in "all other loans," apparently reflecting a seasonal decrease in interbank loans together with a decreased demand for credit by commercial borrowers. Investments and loans on securities increased slightly during the period. Reserve bank credit outstanding increased during the latter half of December in response to seasonal demands for currency and gold exports, but declined in January as currency returned from circulation. Between the week ending December 14 and the week ending January 18, there was a net decline of $277,000,000 in currency in circulation, and also a decline of $37,000,000 in member bank reserve balances. Of the funds thus released $64,000,000 served to offset a loss in the monetary gold stock of country and $244,000,000 was used to retire reserve bank credit. Reserve bank holdings of Government securities showed an increase of $90,000,000 for the period, acceptances showed little change, while discounts for member banks declined by $347,000,000.



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper and acceptance rate on 90-day bankers' acceptances. Latest figures are averages of first 20 days in January.

Money rates in the short term open markets firmed somewhat over the year-end, but eased early in January, and throughout the first half of the month remained generally at the lowest levels since the spring of 1928. The discount rate at the Federal Reserve Bank of Philadelphia was lowered on January 16 from 5 to 4½ per cent, the rate prevailing at six other Federal reserve banks.