

FEDERAL RESERVE BANK OF ST. LOUIS
MONTHLY REPORT ON
GENERAL BUSINESS AND AGRICULTURAL CONDITIONS
IN FEDERAL RESERVE DISTRICT No. 8

RELEASED FOR PUBLICATION ON AND AFTER THE MORNING OF SEPTEMBER 27, 1920

WILLIAM MCC. MARTIN,

CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

A REVIEW of activities during the past month discloses some unevenness, certain lines showing a recessionary tendency, while others maintain a pace equal to or closely approximating their prosperity of recent months. The predominating trend is in the direction of further readjustment, but the processes involved in this change have been gradual and orderly enough to produce only minor disturbances in business and finance. Additional price declines have taken place, which affect important commodities, but elsewhere basic materials and parallel lines are as high as ever, and in some instances advances are recorded. Manufacturers and merchants, both wholesale and retail, are injecting an unusual amount of effort into their business, and obtaining mainly satisfying results. The public is still in need of goods, and apparently as well equipped as ever to fill its wants, but is more exacting in the matter of values. A saner, and more sober tone obtains in all departments of trade than has been the case since the normal tenor of things was upset by the war and its effects.

A noticeable feature is a greater abundance of merchandise. Deliveries are prompter and it is clear that manufacturers have caught up with the demand, and in numerous cases outstripped it. This fact, coupled with price reductions, has made for conservatism in placing orders for fall and winter goods. Almost universally, wholesalers and jobbers report that buying for immediate requirements is excellent, but have the reverse to tell relative to buying into the future. There is a decided disposition on the part of retailers, both in the city and country, to liquidate their stocks, or to keep them no larger than necessary for current purchasing. The awaiting attitude is general, and merchants are desirous of informing themselves before making extensive commitments. This is true especially in dry goods, millinery, shoes, clothing and kindred lines. In the metal lines the abundance of goods is not so marked, though in recent weeks transportation facilities have improved sufficiently to eliminate virtually all of the recent scarcity. Prices of iron and steel products are holding relatively strong, and the movement is active. This is true, also, of drugs and chemicals, glassware, and paper goods. In the category of food products there have been a large number of price reductions, especially on basic materials, but save on certain articles which are in seasonal abundance just now, the reductions are slower in reaching the ultimate consumer than might be expected.

The index of living cost, while bending slightly downward as a result of the lowered prices since

July 1, is still abnormally high. Reports from all sections of the district indicate that the rent item holds firmly at recent levels, with many instances of further advances. Results of the railroad rate advances, though small on any one commodity, bulk noticeably in the aggregate, and are particularly discernable in their bearing on the price of fuel. The expense of public utility services has not declined, and in several notable instances has moved upward. Gasoline and lubricating oils are also higher. These expensive items tend to balance declines so far recorded on the general run of things making up householders' monthly bills.

Agricultural results in the district continue the basis for optimism. The size of crops thus far garnered is large, and prospects for those still in process of development are good. Since the first of September weather has been too cool and wet for growing cotton, and numerous complaints are coming in, but despite weather and insect pests the outlook is good. Likewise there has been somewhat too much moisture and a deficiency of sunshine over the corn belt, but indications still point to a yield well over the average in states of this district. Figures compiled from the September 1 forecast of the United States Bureau of Crop Estimates show the production in the Eighth Federal Reserve District of leading crops as follows: Corn 464,938,000 bu. against 380,722,000 bu. in 1919; Wheat 54,722,000 bu. against 108,022,000 bu.; Cotton 2,112,000 bales, against 1,789,000 bales; Oats, 72,701,000 bu. against 63,595,000 bu., and Hay 7,690,000 tons against 8,124,000 tons in 1919. With the exception of wheat the movement of cereal prices in the St. Louis grain market has been downward, the movement being accompanied by considerable nervousness and irregularity. Since the middle of August corn futures have broken 11c to 16c a bushel and the spot article from 25c to 26c. Cash oats in the same period fell about 10c. Wheat futures fluctuated widely, the extremes being separated by about 20c a bushel.

While considerably under normal, fuel conditions in the district show steady improvement in quantity, though prices remain high. Dealers report supplies laid in for domestic consumption considerably under what is customary at this time of year. The movement from mines is increasing at a rate which, if continued should materially reduce deficiencies by the end of October. With reasonably good weather conditions to the end of December and no serious troubles at the mines, it is estimated that it will be possible to supply all requirements during the period of maximum consumption. There has been a loosening up in supplies of metallurgical

coke, and reduction in quotations for the product of Eastern ovens. Connellsville 72-hour foundry coke ranges from \$17.50 to \$18.50, against \$20 to \$22 thirty days ago, and \$7.50 when the Government released control a few months back.

Depression in the automobile business in the more important Eastern manufacturing centers is reflected in this district to an even greater degree than a month ago. Sales of new and used cars are off, and it is possible to obtain delivery of virtually all makes on short order. Considerable liquidation of labor engaged in this industry has taken place, though less in this section than to the East. An important interest in St. Louis which laid off a portion of its forces, is offering to take the men back at a reduction of 20 per cent in wages. Automobile accessories have eased off, both in price and activity, and radical price cuts have been made in tires.

In the volume of traffic, both freight and passenger, last month was the banner August for railroads operating in this district. According to officials of the lines, but few months heretofore surpassed the totals rolled up in August. The officials report further material improvement in the transportation situation. Daily mile per car efficiency has been raised several notches nearer to the 30-mile goal. Since September 1, however, offerings of freight have dropped off to a considerable extent, and results at the end of the month are not expected to equal the August totals. The falling off has not yet extended to passenger traffic.

During August the Mississippi Warrior Service, Inland Waterways, which operates the St. Louis-New Orleans barge line, had capacity loads on all trips, and was prevented from handling heavier tonnages only by lack of power. The first unit of its fleet of six tow boats, ordered by the War Department, and building at Charleston, W. Va., raised steam this month, and will be delivered in St. Louis October 1. The other units are expected to follow shortly. At present the service has in use 28 2,000-ton steel barges, which number will be augmented

to 40 as soon as delivery on the additional craft ordered can be obtained.

Reports relative to collections in the district vary considerably, but on the whole are less favorable than earlier this year or for the corresponding period last season. Banks and merchants report a disposition to seek extensions and make the person extending the credit carry the burden where it is possible to accomplish this object. This is by no means universal, but occurs in many instances where the debtor might well meet his obligations. Fewer merchants, especially to the South, are taking discounts, and as is always the case in a declining market all hands are desirous of being strongly fortified with cash. Hereabout, however, October is the big month for paying bills, and returns then will be much more enlightening than those of August and September. There is little complaint from retailers, who are for the most part getting in their money promptly.

Commercial failures in the Eighth Federal Reserve District during August, according to Dun's, were 31, involving liabilities of \$288,672, against 20 in August, 1919, with liabilities of \$118,392. In July this year there were 28 failures involving liabilities of \$96,040, and in June 34 with liabilities of \$2,283,000.

The market for investment bonds continues quiet, due to the same causes which have made for apathy in that business for the past several months. The enormous money needs in commercial lines, and the high rates offered for funds by the United States Government and business interests, are attracting investors who usually place their surplus in municipal and corporation bonds. Several recent issues, however, notably the new French loan, have sold readily, and a little more interest is being shown in gilt-edged rail bonds.

The per capita circulation in the United States on September 1 was \$57.88, against \$57.07 August 1 and \$54.03 on September 1, 1919.

MANUFACTURING AND WHOLESALE

Somewhat unsettled conditions exist in many lines of manufacture and distribution, due in a large measure to the recent downward revisions in prices and expectations for further reductions. The situation in the market for several of the most important basic materials, notably cotton, wool, leather and sugar, is unsatisfactory, and has a tendency to upset programs of both manufacturers and jobbers, and the feeling engendered extends more or less to retailers and the ultimate consumer. On the whole, however, manufacturing capacity is fairly well engaged in this district, much better than in certain areas to the East. In virtually all lines raw materials are plentiful, due to improved transportation, and shipments of finished goods are going forward in better shape than at any time this year. Many of the more important industrial corporations have made headway during the past few weeks in working off large inventories. Since September 1 cancellations have decreased in a marked degree, and in their place rebuying is reported. In the case of nearly all interests canvassed, buying for immediate needs is active and on a large scale, but there is hesitation and great caution displayed in cover-

ing on requirements for the future. The latter fact is particularly noticeable in the South, where the issue of the cotton crop is still in doubt. Further improvement in the labor situation is reported. The turnover is less frequent, and unit efficiency seems to be upward.

Boots and Shoes—Important interests reporting give out that their August business made small gains over the same month last year. These gains were represented chiefly in shipments, the dollar and cent value not showing up relatively as well. Since the first of September new orders have not been arriving as plentifully as last year. Buying for immediate needs is quite good, but the same can not be said of future business. Merchants, especially in the country, are liquidating their stocks, and are putting off replenishment in hope of lower prices. Raw materials are plentiful and lower in price. Calf skins, for instance, have declined to approximately the 1914 levels, and there has been a decline in sole leather, amounting to about 10c per pound in the last thirty days. Prices of the finished product have declined from 6 to 7 per cent since

the last issue of this report. Cancellations are negligible, and some rebuying is reported. Collections are fair. Estimated operation of plants in this district averages from 65 to 75 per cent of capacity, which compares with about 30 per cent in some of

the Eastern shoe manufacturing districts. An interesting sidelight on the industry is given in the following exhibit showing the average price the Government has paid for shoes during the last six months:

Bids Opened	Pairs Bought	Average Price
March	300,000	\$6.79½
April	500,000	6.78
June	250,000	6.06½
July	250,000	5.70
August	250,000	5.45

Woodenware—No change worthy of note has developed during the past thirty days. The demand as a whole is well sustained, but in spots merchants and jobbers are more backward in placing orders. Goods are somewhat more plentiful than heretofore, due to improved transportation and to the fact that manufacturers are catching up on orders. Collections are fair to good.

Candy—Reporting interests indicate gains as high as 6 per cent over the corresponding period a year ago, and fair increases in volume over the preceding month this year, which latter fact is not very significant as July is reckoned one of the dull months in this line. Collections are good, and the first weeks of September have brought fair buying from the retail trade. Jobbers and wholesalers, however, are still feeling the demoralizing effects of the collapse of sugar, and are disposed to hold aloof from the market, anticipating lower prices. The outlook for fall and winter business is described as promising, with results to the South being contingent upon the outcome of the cotton crop and market. Manufacturers still have considerable sugar on hand bought at high prices.

Drugs and Chemicals—Leading houses report gains during the past month of from 10 to 20 per cent over the corresponding period last year and collections pretty uniformly good. The demand is brisk for virtually all commodities under this classification, with no let-up in sight for the immediate future. Some slowing down in orders for goods to be used by manufacturers is noted, but the retail demand is fully equal to that of recent months. Goods, however, are more plentiful and stocks heavier. Manufacturers are catching up, and the rail movement is freer. Some variation is reported in prices. Rubber goods, paints, cotton goods, patent medicines and some standard medical goods are easier, while bristle goods, glass and some sundries are scarce and firm. The demand for soda fountain supplies has receded somewhat, due to the high prices asked the ultimate consumer. There is a record demand for face powders, rouge, eyebrow pencils, perfumes, sachets, manicure sets and similar articles, used to supplement nature.

Clothing—The trend of prices continue easier both for women's and men's apparel, and the latter is now nearer to the pre-war basis than has been the case in many months. Buying in all positions is on a conservative basis, though since the first of September new orders have become numerous. As contrasted with a year ago, manufacturers and jobbers report business from 10 per cent less to 8 per cent better. Where gains are recorded, however, intensive salesmanship and concessions have figured in the results. Made-up fur goods are reported moving much better than expected, with prices firm. The cool weather in late August and early

September served to stimulate the hat business. Collections generally are reported fair, with some few backward spots and demands for extensions. Merchant tailors report a slight improvement in business since the first of this month.

Electrical Supplies—Business in this line is described as about steady with thirty days ago. Some factories engaged in manufacturing appliances for automobiles report cancellations, but the industry generally in this district continues to show goodly gains over the volume of business done during the corresponding period a year ago. One typical interest records a gain of 63 per cent over a year ago, but a decrease of 2 per cent under the preceding month this year. No change in prices worthy of note has occurred during the month. Many concerns report a growth in their business, due to the broadening use of electrical specialties.

Iron and Steel Products—Further improvement in transportation has registered a direct effect on this classification. Goods are reaching destination with greater alacrity, and stocks augmenting. The demand, however, holds up extremely well and prices are firm, with some advances noted. Such advances in the main are to take care of the added cost due to the increased freight rates. Mills and foundries in the district continue their recent pace of operation, though unfilled orders in a number of instances have been materially reduced and it is apparent that the position of consumers as to supplies is becoming easier from week to week. The recent buying movement in pig iron seems to have given smelters about all they need for the moment, and quietness prevails in that commodity. Southern foundry iron, 1.75 to 2.25 per cent silicon, is quoted at \$42 a ton with an abundance obtainable at that figure for immediate and future delivery. Implement makers and dealers report business about steady; also prices, but some cancellations and holding up of orders from the South. There has been a slowing down in the demand for some building materials, and the inquiry for tubular goods and oil drilling supplies from the Southwest. Nails are still scarce, and the same is true of bale ties. Collections are fair to good. Railway supply interests report dullness in their line, buying by the carriers not having been resumed.

Hardware—Interests reporting find their business holding well up to recent showings, and indicate that prospects for fall and winter are excellent. The past thirty days have developed no material change in prices, but in all instances stocks have increased and goods are easier to obtain. August results develop gains of 10 to 24 per cent over the corresponding month last year, and one leading house reports the largest August in its history. Sporting goods continue to move well, but a further recession is noted in automobile accessories.

Flour—Millers in this district continue to complain of slow and unsatisfactory business. The domestic trade expects lower prices, and is buying from hand to mouth. Export business is adversely affected by a preferential ocean freight rate in favor of wheat as against flour, amounting to about 50c per barrel. This enables Canadian millers to undersell those in this country, besides making it more profitable for Europeans to import wheat than flour. Mills in the district are running at barely 50 per cent capacity, and the first two months of this season, the season beginning July 1, have proved the smallest in many years. Domestic stocks are very low and must perforce soon be replenished, which fact coupled with a better inquiry recently from Southern Pacific Ocean points, leads to the belief that business must shortly undergo a change for the better.

Lumber—Since the buying movement, anticipatory to the advance in freight rates, ended, the market has subsided into quiescence and new purchasing since has been at a minimum. The mills are anxious for business, and a large portion of them are making concessions in prices sufficiently large to absorb the higher transportation costs. The market is weak and retailers are well stocked. Some improvement in the car situation is reported, but equipment is still short. Building is being retarded by scarcity of materials other than lumber, which has a derogatory effect on the lumber trade. Hardwood is also dull and weak, with a rather broad spread in selling prices. Car oak holds fairly firm, but slowing down in buying by automobile manufacturers has cut the demand for maple and elm. Collections are not uniformly satisfactory. Memphis interests expect considerable benefit from the milling-in-transit decision.

Fire Clay Products—Reporting interests complain of railroad facilities, especially as they affect their supplies of raw materials. There has been a slump in new business, and the several concerns are engaged in cleaning up on old orders. This applies particularly to refractories. The demand for sewer pipe has declined, due to delay in road building and general construction and improvements. August was somewhat ahead of the same month last year in dollar value of business and shipments, but behind in new orders booked. Collections are fair, and thus far there have been few cancellations, though several manufacturers say they would not be surprised to receive some during the coming weeks. Labor is more plentiful, and the turnover less frequent.

Furniture—While dealers need goods, they are not buying heavily because of an idea that prices will decline. Manufacturers report prices steady to firm. They have raw materials at high prices. August developed a falling off in sales, but not in shipments, as compared with a year ago. Collections are fair to good. Common labor is easing up, but skilled workers are not over-plentiful, and wages hold at recent levels.

Miscellaneous—The trend of things in other lines, such as stationery, cooperage, bags, tobacco, rope, and plumbers supplies seems to be to ease off. New orders are coming in more slowly, and liquidation in a greater or lesser degree, is in progress. Prices vary, but no radical declines are observable, and in some lines the market is steady to higher, notably in the case of paper and paper products. Glass products are also very firm. Collections range from fair to good.

RETAIL

All things considered business in the retail department of distribution has held up in good shape during the past thirty days. As was remarked in preceding issues of this report, buying is more conservatively pursued, and there is a marked disposition on the part of the public to get full value for money spent. Wherever goods offered square with current ideas of values, there is no trouble to dispose of them. No signs are evident of a decline in general purchasing power. There have been further reductions in prices to the ultimate consumer, noticeable principally in goods for personal consumption. In clothing the trend is downward, with many articles, especially men's apparel, working gradually to figures common before the war. Selling prices of ready-to-wear goods for women show

less variation, but better values are going into the goods displayed. Leading department stores of the district show gains in net sales during the month of August of from 1.2 per cent to 37.6 per cent as compared with the same month a year ago. In St. Louis these big gains were accomplished despite the fact the great emporiums remained closed each Saturday, which was not the case last year. Collections are running about on a parity with a year ago, and there is little complaint save of a seasonal sort, due to many persons being away on vacations and deferring payments until their return. Reports from the South, where cotton and tobacco are the chief crops, are less optimistic than those received from other sections of the district.

AGRICULTURE

The September 1 crop report of the U. S. Department of Agriculture was an optimistic document, especially in its account of things in this particular district. Conditions since the data was compiled have not been uniformly favorable for obtaining best results, there having been a superabundance of moisture and hardly sufficient sunshine. Little real deterioration has taken place, however, and in all likelihood the Government's estimate of totals for all food crops will be fully realized in the sequel.

Higher temperatures and sunshine have come in the immediate past, which will work wonders in maturing the corn crop. Barring the contingency of an early frost, the out-turn of this cereal should realize the most hopeful expectations. Fall farm operations have been pushed on an unusually large scale. Plowing and listing has been aided by the plentiful precipitation, and reports from nearly all sections of the district where cereals are raised indicate excellent soil conditions. Of replies to

questionnaires sent to farmers and country merchants 70 per cent show corn conditions good, 22 per cent fair and only 8 per cent poor. About the same ratio obtains in replies on tobacco. Hay is shown in a flourishing condition, and 65 per cent of responses on potatoes report good. Fruit crops have turned out or are turning out much better than expected earlier in the season. Apple prospects are better than a month ago, and in Missouri the commercial yield will almost equal last year's. As indicated elsewhere in this report, the wheat crop of the district was 53,300,000 bu. under that of last year, but quality, as demonstrated by recent threshing returns and reports from marketing points, is exceptionally high. Oats are turning out well, with a small gain over the 1919 estimate. In Arkansas drier weather would have been better for maturing and harvesting the rice crop, but even with this disability prospects are fine. The Southern Rice Growers Association has fixed the selling price of rice at \$8 per bag for Nos. 1 and 2. Last year the price fixed was \$10, but on account of the demand most of the crop brought \$12 to \$13. Generally through the district farm labor has been plentiful, though not always efficient. Wages on the average for producing this season's crops are thought to be

the highest ever paid up to this time. In the cotton belt some scarcity of help is reported. Pastures have been benefited by the heavy rains, and so far as can be gathered, live stock continues in good condition. The number of cattle and hogs on farms is estimated to be less than a year ago, the reduction being occasioned by the drop in prices on the hoof, and the high cost of feeds.

The Department of Agriculture makes the combined condition of all crops in the seven states of this district (100=average) 106.03 per cent as of September 1, against 103.4 per cent on August 1.

Reports relative to cotton are more varied than is the case in other crops. It is fairly certain, however, that the crop has gone backward since the Government's last bulletin, August 25. Excessive rains, cloudiness and cool nights have damaged the plant, and there are numerous reports of shedding, rust and material insect ravages. Prospects for the district are still good, however, and less apprehension is felt just now relative to yield than to ultimate prices and movement of what remains of last year's crop.

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

	Condition		Forecast 1920				Price per Bu.	
	September 1		Sept. 1	Aug. 1	December Estimate		Sept. 1	
	1920	10 yr. Av.	Cond. Bu.*	Cond. Bu.*	1919 Bu.*	1914-18 Av. Bu.*	1920 Cents	1919 Cents
	%	%						
Arkansas	90	74	63,156	59,232	48,726	49,702	195	206
Illinois	72	76	281,686	284,871	301,000	347,537	149	184
Indiana	88	80	184,130	177,924	175,750	178,140	148	188
Kentucky	98	78	107,110	96,941	82,500	99,485	184	211
Mississippi	77	79	66,970	66,399	59,700	63,448	201	204
Missouri	84	67	216,838	200,159	155,412	171,524	156	193
Tennessee	93	82	87,124	82,032	74,750	86,790	188	209

*In thousands of bushels—i. e., 000 omitted.

Range of prices on typical products in the St. Louis grain market between August 16 and September 16, with closing quotations on each of these dates:

	Close August 16	High	Low	Close September 16
December Wheat.....\$	2.36½	\$ 2.50	\$ 2.28½	\$ 2.38½
March Wheat.....	2.39	2.46	2.28¾	2.33½
September Corn.....	1.47½	1.50	1.26	1.26¾
December Corn.....	1.23½	1.25½	1.09¾	1.11 @ ¾
September Oats.....	.69¾c	.69½c	.61½c	.61½c
No. 2 Red Winter Wheat.....	2.50 @ 2.53	2.71	2.47	2.60 @ 2.62
No. 2 Hard Wheat.....	2.49 @ 2.50	2.42	2.63	2.48 @ 2.50
No. 2 Corn.....	1.59	1.66	1.28	1.28
No. 2 White Corn.....	1.61	1.68	1.30	1.30 @ 1.31
No. 2 White Oats.....	.74 @ .74½c	.74½c	.63c	.63 @ .63½c
Flour: Soft Patents.....	11.25 @ 13.10	13.50	10.50	11.00 @ 13.50
Flour: Spring Patents.....	12.45 @ 12.80	13.65	11.00	12.10 @ 12.65

LABOR

Further well defined evidence of easier labor conditions have come to the surface during the past few weeks. Business interests report no difficulty in obtaining the help they need, with the exception of certain of the specialized trades. In some lines there is a slight oversupply, but to date unemployment in the district as a whole is slight. Generally speaking, wages hold steady with a month ago, though in isolated cases reductions are reported. According to State and Federal labor commissioners, the principal unemployment is in factories. During the past month the number of strikes has decreased, and several in progress have terminated.

Among the latter may be mentioned the furniture workers strike in Evansville, Ind., which had lasted about four months. Somewhat more satisfactory conditions are reported in the building trades, though troubles there have not been entirely adjusted. A strike of teamsters in the cement industry has served to tie up building to some extent in St. Louis and the immediate surrounding area. Few complaints are heard from the farms, where help proved ample for harvesting and threshing. Railroads report more applications for positions in their clerical departments. Domestic help is scarce in city and country.

COMMODITY MOVEMENT

Receipts and shipments of important commodities at St. Louis during August, 1920 and 1919 and July, 1920, as reported by the Merchants' Exchange, were as follows:

	Receipts			Shipments		
	Aug. 1920	July 1920	Aug. 1919	Aug. 1920	July 1920	Aug. 1919
Flour, barrels.....	397,740	314,970	428,480	425,820	397,670	478,485
Wheat, bushels.....	6,754,970	4,270,970	9,402,432	4,889,170	2,115,990	6,013,900
Corn, bushels.....	1,134,900	2,299,120	719,213	619,060	1,527,530	554,175
Oats, bushels.....	3,168,000	2,264,000	2,399,000	1,800,760	1,534,750	1,432,470
Lead, pigs.....	181,800	214,730	68,120	135,740	120,620	124,700
Zinc and spelter, slabs.....	317,800	366,180	353,810	703,420	580,640	653,800
Lumber cars.....	10,184	10,727	12,848	8,397	6,174	10,839
Meats, pounds.....	6,370,700	6,380,800	6,838,200	19,294,800	22,946,600	27,421,100
Fresh beef, pounds.....	1,010,700	723,600	4,198,900	25,948,000	24,305,400	29,973,300
Lard, pounds.....	1,161,500	1,028,900	1,025,500	8,165,700	5,996,800	5,588,700
Hides, pounds.....	808,600	771,200	4,717,700	3,439,700	2,230,500	5,314,700

BUILDING

A sharp decrease in the number of building permits and dollar and cent value represented by them is recorded in reports for August from leading cities in this district. According to builders, contractors and architects interviewed, the decrease is ascribable to unwillingness of investors to launch new building enterprises because of the high cost of materials, uncertain labor market, and tight and high money. The need for new construction is conceded, but things from an investment standpoint are not aus-

picious for attempting to remedy the situation. Contractors are loath to give a flat bid on work, and in many instances will only undertake it on a cost-plus basis. This arrangement, especially in residential construction, is not inviting to those wanting to build. The United States Forestry Service estimates that the country lacks 450,000 houses, while other estimates range as high as 800,000 and even 1,000,000.

Comparative building figures for August in leading cities of the district follow:

	1920		AUGUST		1919	
	New Construction Permits	Cost	Repairs, etc. Permits	Cost	New Construction Permits	Repairs, etc. Cost
St. Louis.....	398	\$853,405	395	\$350,925	410	\$2,585,060
Louisville.....	39	952,850	132	75,900	63	350,300
Memphis.....	93	298,050	59	19,980	50	1,067,900
Little Rock.....	45	132,425	141	68,342	50	472,590

LIVE STOCK

Increased marketing of grass cattle has featured the trade during the past two weeks, range cattle from the Southwest increasing along with native pasture cattle. Prices have moved in a rather irregular range, and have not been entirely satisfactory to producers. While ranges and pastures are mainly in good shape, the live stock industry is not in prosperous condition on the whole. The general state-

ment is that feed has been much too high in proportion to the price for live stock, especially feeders. Dairy and poultry industries are reported steadily increasing. In some sections farmers have increased home dairy industry, because of the great demand in large cities for whole milk, that is milk from which the cream has not been separated.

As reported by the St. Louis National Stock Yards, receipts and shipments of live stock at St. Louis in August, with comparisons for August, 1919, were as follows:

	Cattle & Calves		Hogs		Sheep		Horses & Mules	
	1920	1919	1920	1919	1920	1919	1920	1919
Receipts.....	134,462	138,824	201,215	166,807	70,354	100,032	14,880	22,487
Shipments.....	57,086	61,527	101,796	118,375	19,068	24,139	15,032	21,968

FINANCIAL

As contrasted with thirty days ago, there has been no marked change in banking and financial conditions in this district. The course of liquidation, while not rapid, is fairly consistent and steady, and about as expected for this particular period. Agriculturalists are cashing in their crops, and effects of their payments are felt in country banks in some sections. Liquidation of merchandise has also progressed satisfactorily in the main, inventories in a number of important lines being well under recent high levels. Withal the demand for money and credits has not diminished, and the same conservatism and caution which has been practiced by banks

in recent weeks is still found necessary in order that available resources may be so disposed as to effect best results in essential business. Owing to high selling prices and enormous volume, financing of the season's crops has proved a formidable undertaking. The portion of this financing already disposed of has been adequately handled, and without undue impingement upon funds and credits required for the conduct of regular commercial lines. The more expeditious forwarding of freight, due to improvement in transportation, has further benefited the credit situation. Deposits, as shown in the statement of the Federal Reserve Bank of St. Louis

and its branches, show only a minor variation as contrasted with thirty days ago. A slight increase was noted in bills discounted and minor gain in cash reserves. Interest rates hold at their recent levels, and opinion among bankers leans to the belief that there will be little change in present quotations.

Declines in volume of business ranging as high as 33-1-3 per cent are reported by commercial paper houses in August as compared with the same month

in 1919. As has been the case for a considerable while, city banks are not purchasing this sort of paper, their resources being used entirely to accommodate their regular customers. Since September 1 country banks in some agricultural sections have taken on moderate amounts of commercial paper, making the purchases through their city correspondents. Rates are uniformly 8 per cent, with many interests of exceptional business standing seeking accommodation at that figure.

INTEREST RATES

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

	St. Louis			Louisville			Little Rock		
	H	L	C	H	L	C	H	L	C
Customers' Prime Commercial Paper:									
30 to 90 days.....	7½	6½	7	7	6	6	8	7	7-8
4 to 6 months.....	7½	6½	7	7	6	6	8	7	7-8
Prime Commercial Paper purchased in open market:									
30 to 90 days.....				8	8	8			
4 to 6 months.....				8	8	8			
Loans to other banks.....	7	6½	6¾	6	5½	6	7	6	7
Bankers' Acceptances of 60 to 90 days:									
Endorsed.....									
Unendorsed.....	6½	6½	6½	6½	6½	6½			
Loans secured by prime stock exchange collateral or other current collateral:									
Demand.....	7	6½	7	6	6	6	8	7	8
3 months.....	7½	7	7	6	6	6	8	7	8
3 to 6 months.....	7½	7	7	6	6	6	8	7	8
Cattle Loans.....	8	7	7½	6	6	6	8	7	8
Commodity paper secured by warehouse receipts, etc.....	7½	7	7	6	6	6	8	7	8
Loans secured by Liberty Bonds and Certificates.....	7	6	7	6	6	6	8	7	7-8

CONDITION OF BANKS

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

	Sept. 10, 1920	Aug. 13, 1920	Sept. 12, 1919
Number of banks reporting.....	35	35	35
U. S. Bonds to secure circulation.....	\$ 16,923,000	\$ 16,924,000	\$ 17,154,000
Other U. S. Bonds, including Liberty Bonds.....	13,299,000	13,295,000	14,920,000
U. S. Victory Notes.....	2,686,000	2,675,000	9,855,000
U. S. Certificates of Indebtedness.....	5,615,000	5,036,000	31,473,000
Total U. S. Securities owned.....	38,523,000	37,930,000	73,402,000
Loans and investments, including bills rediscounted with F. R. Bank:			
Loans secured by U. S. War Obligations.....	31,790,000	33,534,000	
Loans secured by stocks and bonds other than U. S. War Securities.....	126,393,000	125,744,000	
All other loans and investments.....	417,187,000	410,891,000	
Total loans and investments, including rediscounts with F. R. Bank.....	613,893,000	608,099,000	459,402,000
Reserve with the Federal Reserve Bank.....	41,527,000	41,138,000	41,022,000
Cash in vault.....	9,580,000	9,390,000	9,864,000
Net demand deposits on which reserve is computed.....	325,285,000	330,212,000	325,379,000
Time deposits.....	125,566,000	124,767,000	101,545,000
Government deposits.....	759,000	1,564,000	15,822,000

DEBITS TO INDIVIDUAL ACCOUNTS

The following table, compiled from figures furnished by the several clearing houses, gives the total debits charged by banks to checking accounts, savings accounts and trust accounts of individuals, firms, corporations and U. S. Government, also certificates of deposit, cashiers' checks and expense checks paid, in the leading cities of this district during the past month, with comparisons for the preceding month and corresponding period a year ago. Charges to accounts of banks and bankers are not included.

These figures are considered the most reliable index available for indicating actual spending by the public during the periods which they cover.

Debits to depositors' accounts for four weeks ending:	Sept. 15, 1920	Aug. 11, 1920	Sept. 17, 1919
St. Louis.....	\$557,166,000	\$604,071,000	\$556,670,000
Louisville.....	109,921,000	132,153,000	124,116,000
Memphis.....	121,807,000	104,096,000	98,817,000
Little Rock.....	35,386,000	30,551,000	35,861,000
Evansville.....	19,243,000	19,721,000	18,853,000
Total.....	\$843,523,000	\$890,592,000	\$834,317,000

FEDERAL RESERVE OPERATIONS

There has been no change in the normal discount rates of the Federal Reserve Bank of St. Louis since last report. In August this bank discounted a total of \$205,721,345 of paper for 285 member banks, which is an increase of \$12,877,937 over the amount discounted in July and an increase of 10 in the number of banks accommodated. Acceptances purchased during August amounted to \$985,000, a decrease of \$1,055,770 under the preceding month.

The resources and liabilities of the Federal Reserve Bank of St. Louis on September 17, 1920, as compared to a month ago and a year ago, are shown in the following statement:

RESOURCES:	Sept. 17, 1920	Aug. 13, 1920	Sept. 12, 1919
Gold Coin and Certificates.....	\$ 3,445,000	\$ 2,997,000	\$ 2,524,000
Gold Settlement Fund—F. R. Board.....	8,561,000	10,027,000	11,979,000
Gold with Foreign Agencies.....	5,238,000	5,242,000
Total gold held by bank.....	17,244,000	18,266,000	14,503,000
Gold with Federal Reserve Agent.....	47,892,000	44,303,000	54,721,000
Gold Redemption Fund.....	5,678,000	6,474,000	5,743,000
Total Gold Reserves.....	70,814,000	69,043,000	74,967,000
Legal Tender, Notes, Silver, etc.....	7,836,000	8,066,000	5,272,000
Total Reserves.....	78,650,000	77,109,000	80,239,000
Bills Discounted: Secured by U. S. War Obligations.....	44,469,000	41,547,000	60,400,000
Bills Discounted: All Other.....	76,578,000	70,212,000	14,230,000
Bills Purchased in Open Market.....	1,720,000	2,160,000	14,918,000
Total Bills on Hand.....	122,767,000	113,919,000	89,548,000
U. S. Government Bonds.....	1,153,000	1,153,000	1,153,000
U. S. Certificates of Indebtedness.....	17,325,000	17,257,000	17,068,000
Total Earning Assets.....	141,245,000	132,329,000	107,769,000
Bank Premises.....	866,000	866,000	691,000
Uncollected Items and other deductions from Gross Deposits.....	56,076,000	44,890,000	57,559,000
5 per cent Redemption Fund against F. R. Bank Notes.....	623,000	524,000	660,000
All Other Resources.....	414,000	342,000	563,000
Total Resources.....	\$277,874,000	\$256,060,000	\$247,481,000
LIABILITIES:			
Capital Paid in.....	4,304,000	4,272,000	4,005,000
Surplus	5,884,000	5,884,000	2,589,000
Government Deposits.....	10,424,000	833,000	2,542,000
Due to Members—Reserve Account.....	63,733,000	64,993,000	62,441,000
Deferred Availability Items.....	45,234,000	39,542,000	46,089,000
Other Deposits, including Foreign Government Credits.....	1,170,000	1,600,000	4,512,000
Total Gross Deposits.....	120,561,000	106,968,000	115,584,000
F. R. Notes in actual circulation.....	134,578,000	128,262,000	108,039,000
F. R. Bank Notes in actual circulation.....	10,165,000	8,864,000	16,278,000
All Other Liabilities.....	2,382,000	1,810,000	986,000
Total Liabilities.....	\$277,874,000	\$256,060,000	\$247,481,000
Contingent liability as endorser on paper rediscounted with or sold to other F. R. Banks.....	27,979,000	20,941,000
Contingent liability on bills purchased for foreign correspondents.....	752,000	752,000

Compiled September 18, 1920