

FEDERAL RESERVE BANK OF ST. LOUIS

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

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GENERAL business during the past thirty days has been affected somewhat unfavorably by price considerations. The readjustment movement is proceeding at a more rapid gait, and its course is marked with more drastic and numerous reductions than have taken place in any like period since the crest levels were attained. While the specific reductions play an important part in the trend of affairs, they are less potent in their reaction upon business than the further price cuts which merchants and the public believe are still to come. Everyone seems well enough satisfied with the solidity of fundamental conditions, but in all lines there is a marked hesitancy in purchasing goods for future requirements. As usual in times of broad price swings, there is a great uncertainty as to whether or not the bottom has been reached, and a natural result is a disinclination to purchase more than is necessary for immediate needs. This disposition is the outstanding feature in manufacture and distribution at the moment. Orders for immediate shipment are enormous, but relatively little is being done for the future, and this at a season which ordinarily is the most active for stocking up against requirements for coming months. In a number of important lines, notably shoes, dry goods, clothing, groceries and millinery great distributing houses have not sent out their salesmen, knowing the futility of doing so with merchants throughout the territory in their present frame of mind.

With the exception of but few lines, the general rule is that merchandise has become plentiful. The change from conditions of scarcity was brought about by improved transportation facilities and catching up by manufacturers. Fortunately reduced consumption plays only a minor role in the easier goods market, as while the public is doing its buying with greater discrimination and closer attention to values, there has been to date virtually no decline in buying power. Excellent response is being made to all efforts to give commodities to ultimate consumers at reasonable prices. Such efforts on the part of retailers, however, are apparently not commensurate with the reductions made by wholesalers and manufacturers. By certain observers and students of business movements in this district, the failure of big buying to open up is blamed on the slowness with which the retail department of distribution is falling in line with the general readjustment of values. Until such time as price reductions are actually reflected in monthly bills covering the

cost of living, it is not likely that the public will loosen its purse strings.

It had been expected that the enormous crops would by this time have resulted in stimulating fall trade, but this happy consummation has been temporarily delayed by the perpendicular drop in the market prices of cereals, cotton and other farm products. Quantitatively the harvest will probably be the largest on record, but the recent declines will materially curtail money returns to the agriculturists. Spending programs throughout this district, and the country at large, are bound to undergo radical revisions, and this in turn will work back upon the purveyors of merchandise. It remains, however, that enormous new wealth has been added to the country as a result of the year's agricultural operations and the benefits of this wealth will sooner or later be felt by the public and in business channels.

During the past few weeks weather has been ideal for the development of the corn crop. The danger line from frost has been passed, and there is every indication of a bumper yield of splendid quality. To the South climatical conditions have been as though made to order for maturing and harvesting cotton. Picking in the States of this district has progressed well, and it is now possible to fix with a fair degree of certainty what the bale output will be. Prospects for tobacco are reported fair, and the yield of hay will doubtless surpass that of any season in the past decade. In the case of cotton and tobacco, however, there is less apprehension relative to the yield than marketing conditions. Cotton has moved slowly to date and at a sharp reduction in prices. Figures compiled from the October 1 forecast of the United States Bureau of Crop Estimates show the production of leading crops in the Eighth Federal Reserve District as follows: Corn 468,004,000 bu. against 380,772,000 bu. in 1919; total wheat 54,684,000 bu. against 108,022,000 bu. in 1919; Cotton, 2,023,000 bales, against 2,112,000 bales in 1919; oats, 70,583,000 bu. against 63,595,000 bu. in 1919. Between the dates September 16 and October 15 wheat futures declined 20 cents; spot wheat 23 cents to 24 cents; corn futures, 19 cents to 23 cents; spot corn 35 cents to 46 cents; oats futures, 6 cents and spot oats 5 cents per bushel. In the same period middling cotton declined 10 cents a pound in the St. Louis market.

Merchandising in the district, especially in the wholesale and jobbing division, showed a slowing down during the month under review. Orders for

future delivery were very disappointing, and in some lines almost nil. The waiting attitude on the part of country merchants, which had its rise early in the summer, has become more decided. This is especially true of the South, due to the cotton situation. The volume of cancellations of orders is not abnormally large, but interest in the larger centers complain of an unusually heavy quantity of returned goods. In a majority of instances these returns are made where there was a decline in price after the goods were purchased and shipped. In Memphis wholesalers have gotten together and taken action to put a period to this practice, and elsewhere individual concerns have advised their customers that they will no longer accept goods returned by them which are up to sample and sold in good faith. These troubles are observed principally in textiles, shoes, and groceries. In the metal lines business is being maintained pretty well on a parity with recent activity. While manufacturers are catching up on orders, the holes created in normal supplies by the war have not been filled, and finished and raw materials are considerably less plentiful than is the case with other commodities. There is still a scarcity of some metal goods. Glass is in somewhat the same position as metal goods in this respect, and prices for all glass products remain high, with good demand. In the drug and chemical lines business holds up well, and prices with but few exceptions are reported steady to strong. The heralded economy in mineral oil products has failed to affect the price of oil products in this district, prices being steady to a shade higher than a month ago.

A further easing up in the fuel situation has developed during the past three or four weeks. While prices of coal are about steady, the trend is lower and apprehension relative to obtaining supplies for the winter has disappeared. Distribution is proceeding in excellent shape, and regions where winter comes earliest are so well covered, that shipments are now being diverted to the middle areas of the country and to the south. Production has been somewhat erratic, but gradually upward. Weather has been all that could be desired for mine operations, and cars in greater numbers are being supplied at the pits. The easing tendency has extended more sharply to metallurgical coke. Spot prices are about steady at \$17 to \$18 for the Connellsville 72-hour product, but there are free offerings for first half of 1921 delivery at \$15 per ton and under.

The year 1920 is about 12,000,000 tons of bituminous coal behind 1917, and about 45,250,000 tons behind 1918, but is 51,660,000 tons ahead of 1919. In this connection it should be remembered that productions during 1918 exceeded consumption and provided for a net addition to consumers stocks by the end of the year of approximately 30,000,000 tons. In 1919 the condition was reversed; consumption exceeded production and there was a net draft on stocks of perhaps 40,000,000 tons for the year.

Officials of railroads operating in the district report a further growth in efficiency of operation, and general easing up in the transportation situation. Empty freight equipment is being supplied in demand, both in the agricultural areas and in

cities. It is estimated that the campaign to unload cars on Saturdays and Sundays indicates an addition of about 73,500 empty cars weekly to the available equipment of the country. Total offerings to the roads in September showed a decrease under August, the banner month, and since the beginning of October freight loadings show a further shrinkage. There was, however, an increase of 2,262 cars of coal moved through the St. Louis gateway in September, 1920, over the same month in 1919, the 1920 total being 18,931 cars.

The Mississippi Warrior Service, Inland Waterways, which operates the St. Louis-New Orleans barge line, reports offerings of freight well up to recent averages. The low stage of the river has delayed the movement to some extent. This service has issued a tariff carrying through, all-water rates, from St. Louis to Los Angeles, San Francisco, Portland and Seattle. These rates, it is stated, are well under the all-rail rate and it will take from 25 to 30 days for freight consignments from St. Louis to reach Pacific Coast destinations.

Considerable variety exists in reports relative to collections, but the general average shows a decrease under the preceding month, also as compared with the corresponding period a year ago. Results for the first ten days of October were such as to arouse hopefulness, but included in this showing were the gilt-edged debtors who always settle promptly. Since then money has been coming in more slowly and there are numerous requests for extensions. Many retail merchants, especially in the South, who are unable to get increased banking accommodations, are asking their wholesalers to carry them. The cotton situation is the principal excuse given for deferred payments. As stated in the preceding issue of this report, there is a disposition to hold as much cash as possible, regardless of what inconvenience this action may cause creditors. On the whole collections in the lines investigated are better than expected, and barring jewelry and one or two other lines, retailers are getting in their money promptly.

Commercial failures in the Eighth Federal Reserve District during September, according to Dunn's were 35, involving liabilities of \$352,873, against 18 in September, 1919 with liabilities of \$210,618. In August this year there were 31 failures involving liabilities of \$288,762 and in July there were 28 with liabilities of \$96,040.

A marked improvement in the market for investment bonds has been noted since the first of this month. Individuals and companies are taking advantage of the exceptional values offered in the present price levels of municipal and corporation bonds. One leading bond house reports its sales since October 1st larger than during the preceding four months. Several recent floatations have been largely oversubscribed.

Statistics from communities scattered throughout this district indicate that the enrollment in schools and colleges this fall is enormous, and will far exceed that of 1914.

The per capita circulation of the United States on October 1 was \$58.63 against \$57.88 September 1 and \$54.58 October 1, 1919.

MANUFACTURING AND WHOLESALE

During the past month business in virtually all lines of manufacture and wholesale have been on a requirement basis. Men long in the trade declare they never remember of future buying being at so low an ebb at this particular season as is the case at present. From what can be gathered, there is no drastic falling off in consumption, and this is proven by the heavy volume of buying for immediate delivery. The disturbed markets, however, have so seriously upset the psychology of merchants that they simply will not take on more than they can get rid of at once, and they are taking no heed whatever of their future requirements. This disposition to play the merchandising game with the utmost safety has worked back to the jobber and wholesaler, and during the past thirty days has ramified to manufacturers, whose unwillingness to purchase raw materials in quantity is seriously affecting basic markets. Thus a cycle of conservatism is formed which it will be difficult to break until something transpires that is calculated to stimulate general buying. Due to improved transportation and an easing up in fuel and labor, manufacturing conditions are now more favorable than in many months, and the plants are in excellent shape to respond to any demand for their outputs. Further sharp price reductions have failed to augment buying, rather the contrary. The chief object seems to be to liquidate stocks to a minimum, and be in a state of entire preparedness for such time as it is thought the end of the decline has arrived.

Boots and Shoes.—Results in September show increases over the same month last year of from 10 to 27 per cent in shipments and immediate business, but decreases in quantity of goods manufactured, and a very radical slump in future orders. There has been a decline of from 4 per cent to 7 per cent in prices as contrasted with a month ago, and all goods are now at the lowest levels of the year. Raw materials have eased off still further, including dressed leather and hides. On October 15, 1919, No. 1 wet salted hides sold in St. Louis at 41 cents per pound, while the quotation on the same date this year was 9 cents with other grades proportionately lower. There are numerous complaints of returned goods, one large concern reporting that in September it had 5 per cent of the goods shipped sent back. Collections vary broadly in efficiency, with greatest difficulty in the South. A typical case was that of a firm which segregates its territory in collection districts. Roughly the area covered by the Eighth Federal Reserve District paid in 30 per cent of its total owed by October 10 against 88 per cent for the corresponding period a year ago. Taken as a whole collections may be characterized as fair. The estimated operation of plants in this district is from 55 to 65 per cent of capacity. The larger plants are operating at relatively higher capacity than the smaller ones. In September the Government bought 250,000 pairs of shoes at an average price of \$5.35. This compares with the following averages for earlier months this year: March, \$6.79½; April, \$6.78; June, \$6.06½; July, \$5.70 and August, \$5.45.

Woodenware—Business is reported about steady with recent weeks, but with a tendency to fall off. Manufacturers are rapidly catching up on orders, and stocks of goods are augmenting in some instances. Reporting firms say their prices show a decrease of about 6 to 20 per cent in the past thirty days. Buying is confined to urgent needs, future ordering being at a minimum.

Candy—The retail end of the business is reported better than at the same time last year, that is orders for immediate consumption show gains. Buying by jobbers for future delivery, however, has dwindled to almost nothing. There are numerous complaints of cancellations and requests for deferred shipments. The trade has not entirely adjusted itself to the decline in sugar, and is looking for a further break. Candy prices broke 7 to 10 per cent during the past month. Roughly plan operation in the district is from 60 to 80 per cent of capacity.

Drugs and Chemicals—Reporting interests show increases of from 2 to 30 per cent in sales during September as compared with the same month in 1919. Business continues excellent with no signs for any immediate change in this condition. Prices for the most part are steady, but there are a few declines and some advances reported. Certain chemicals, including citrates, mercurials and bromides are easier. Bottles and containers of all descriptions are scarce and higher. Manufacturers of chemicals report a slowing down in the demand for goods used in other manufactures. The character of drug and chemical distribution is such as to be little affected by curtailment of future buying. The turnover is steadier and more regular than in many other lines.

Clothing—Judged from the volume of sales and general conditions affecting business, the clothing trade is about steady with the preceding month. Some cancellations of orders are reported, and there has been an unusually large number of goods returned. Unseasonably warm weather has had a derogatory effect on distribution. The trend of prices continues downward, especially in women's apparel. According to a number of manufacturers and wholesalers, prices of men's suits, production costs considered, are very near the levels prevailing in 1914. The demoralized condition of the woolen market continues a disturbing factor in ready-to-wear clothing. Collections are reported fair to good. Labor is more plentiful in the manufacturing lines, and a slight improvement in unit efficiency is reported.

Electrical Supplies—Wholesalers report a slight decrease in prices of some articles, but others steady to firm. As in other lines there is a disposition to hold back on the part of retailers, and goods as a result are beginning to accumulate to a greater extent than at any time since the end of the war. Manufacturers report that requirements of automobile makers have tapered off substantially in recent weeks, but they are able to employ this manufacturing capacity for increasing production in other departments. Several important plants which have been operating their selling forces on

restricted individual quotas all this year, have lifted these restrictions, permitting their salesmen to take on what new business they may acquire.

Iron and Steel Products—In a general way lines based on ferrous material are enjoying continued prosperity. While accumulated orders on the books of manufacturers have been considerably reduced, they are in most instances still sufficiently large to permit of capacity operation, and prices have not undergone the radical declines noted in other commodities. Future business is being somewhat more cautiously placed. The demand for immediate use holds up well, and the improved transportation situation permits prompt deliveries than at any time this year. Users of pig iron in the district are apparently well covered on requirements over the balance of this year, and at the moment are buying nothing. The price, however, holds steady at \$42 for 1.75 to 2.25 per cent silicon, though some resale iron has been put on the market below that figure. Collections are reported good in the main, but with a few backward spots. The railroads are buying only what they need, and that general outlet is not expected to open up broadly until after the first of the year.

Hardware—Reporting interests continue to show a large average increase in sales over the corresponding period last year. The demand for virtually all articles in this category holds up well, and some goods are still scarce and hard to obtain. One house reports fair buying for spring of typical goods for that season, but generally there is backwardness in future buying. Cancellations in September range from $1\frac{1}{4}$ per cent to 2 per cent, and so far as could be learned, hardware houses have not been troubled with goods returned. Collections are fair to good. Stoves are moving fairly well, but unfilled orders on manufacturers' books have been considerably reduced.

Flour—Millers report the demand for flour continues from hand to mouth. The erratic movement of the wheat market has upset business, and buyers are disposed to hold off. To the South stocks are believed to be very light, but merchants are not replenishing, due to uncertainty in the cotton situation. From September 16 to October 15 flour here fluctuated rather broadly, in sympathy with the movement of the wheat market, and on the latter was about \$1 per barrel under the former date. The export demand is disappointing. European countries continue to show a preference for wheat as against flour and the situation in Cuba,

caused by the collapse of sugar, has narrowed temporarily an outlet for American milling products.

Lumber—Reporting interest give out that business is in a very unsatisfactory condition. They are beset with cancellations of orders, and prices have further declined. The lack of new building is a depressing factor, and the retail trade is slow. Yards apparently have good stocks on hand, or if they have not, have decided to bide their time before stocking up. During the past thirty days prices have declined about \$10 per 1,000 feet, and are now at the low point of the year. An interesting sidelight on the lumber industry is found in the fact that during the war the Government's maximum price was set at \$28, average mill basis, while now the price is \$35. The high point, reached in January this year, was \$55 average mill basis. The recent decline in grain and cotton prices have served to materially curtail the demand for lumber in the agricultural districts. There are numerous reports of mills closing in the South. Hardwoods are also dull and weaker, with manufacturers curtailing their outputs.

Fire Clay Products—Manufacturers comment upon the improved transportation as a factor favorably affecting their business, but complain of general slowness in their line. Dearth of new construction is cutting down new buying, and old orders are being materially reduced. Not much improvement is looked for until such time as prices have become stabilized and building opens up. Collections are generally reported good.

Furniture—Throughout this industry quietness prevails. Production has been curtailed, and buying is almost at a standstill. The public is awaiting the final adjustment of prices, and merchants are liquidating their stocks, and taking on only such new goods as they are obliged to have. Prices vary considerably. Articles manufactured from cheap grades of lumber are lower, while metal beds, mirrors and expensive pieces are steady to firm. There has been no reduction in labor costs, one of the important items entering into the manufacture of furniture. Collections are fair to good.

Miscellaneous—In other lines, notably cooperage, stationery, tobacco, bags, rope, plumbers supplies, paper, and saddlery the disposition is to slow down. Buying for future requirements is at a minimum, and the price trend easier. Paper is an exception to the lower price trend, the demand continuing in excess of supplies and the market firm. Glass of all kinds is also strong, but goods are becoming more plentiful, and buying has slowed down as compared with the preceding month.

RETAIL

The tendencies observable in wholesale and manufacturing are present in the retail end of distribution, but in a considerably modified form. Relatively retail trade is very much better in most parts of the district than wholesale. Thus far there has been nothing like the degree of price reduction in retail shops that obtains in the primary stages of trade. In spite of the warm weather, leading department stores in the district show increases over the corresponding month last year of from 4 to 20 per cent, the average gain being 11.8 per cent. The public is disposed to buy, and is availing itself

of anything which looks like good value. There is little unemployment either in centers of great population or in the rural districts. To the South, where cotton is the chief crop, some backwardness is noticeable, but in the northern stretches of the district, there is little change observable in general buying as contrasted with thirty days ago. In the clothing line seasonal purchasing has been held back by the mild weather, but this delay is considered only temporary. Jewelers report less activity in their line, and the same is true of other things strictly in the luxury category. Sales of the five

and ten cent stores are being well sustained, due, however, in large measure to especial efforts being made to stimulate business. Collections are fair to good, but vary with different lines. Department stores report they are getting in their money promptly. Clothing prices show a further reduction,

most noticeable in articles based on wool, cotton and leather. Silks are about steady with a month ago. There have also been some reductions in groceries and foodstuffs generally, though not in proportionate scale with the declines recently recorded in the raw material markets.

Reports from leading department stores in this district for August and September show the following results:

	Sept. 1920	Aug. 1920
Percentage increase of net sales over net sales during same month last year.....	11.8%	20.8%
Percentage increase of net sales from July 1, 1920, over net sales during same period last year.....	16.8%	18.0%
Percentage increase of stocks at close of month over stocks at close of same month last year.....	35.4%	24.2%
Percentage of increase of stocks at close of month over stocks at close of previous month.....	11.6%	5.6%
Percentage of average stocks at close of each month this season (commencing with July 1, 1920) to average monthly net sales during the same period.....	377.0%	432.6%
Percentage of outstanding orders (cost) at close of month to total purchases (cost) during the calendar year 1919.....	9.2%	17.2%

AGRICULTURE

Results agriculturally in the Eighth Federal Reserve District, according to the most recent returns, bid fair to be the most successful in point of total production thus far recorded. The Government's October crop report was even more optimistic than its predecessor, and since the date of its compilation conditions climatically have been ideal for rounding out the harvest and the progress of farm operations for next year's crop. Corn has reached maturity, and has gotten safely past danger from frost. Advices thus far received indicate a high quality, as well as extensive yield. Silo filling has made rapid progress and is nearing completion. Some damage from chinch bugs is reported in some Southern and Western counties of Illinois. Wheat seeding has been pushed, and there is good grounds for the belief that the area planted this fall will equal, or slightly exceed that of last year in this district. Rains, however, are needed in some sections to insure best results, and fortify the plant for entering the cold weather. The yield of oats in the district is about 196,000,000 bu. in excess of a year ago. Cotton picking is well advanced and is making good progress. The condition of this crop has not changed much, and latest reports indicate there has been no further deterioration. In Arkansas yields in some cases are better than expected, and the quality in many counties is excellent, the staple being much better than usual as regards length, strength and color. To offset these favorable con-

ditions, is the strong dissatisfaction with prices, and discouraging slowness of the movement. The crop has been the most expensive to produce of any ever raised, and there are numerous reports of croppers deciding not to gather the crop because they are not contented with prevailing prices. Incidentally there are stories drifting in of determination on the part of farmers to reduce wheat acreages because of the decline in prices for that cereal. There are scattered reports of farmers forming bureaus and otherwise organizing to hold back crops and reduce production, and within the month efforts have been made to secure Government assistance to finance the crops. Since the first of October digging of Irish potatoes has been in progress, and in most sections of this district the yield and quality is satisfactory. The rice crop in Arkansas is turning out splendidly, and there are reports of yields as high as 100 to 130 bushels to the acre. Owing, however, to great variation in the fields it is difficult to arrive at an accurate average at this time. The apple crop is turning out about as indicated in preceding reports, and the commercial crop of Arkansas and Missouri will closely approximate that of last season. Some difficulty in obtaining cars is reported, and there is a scarcity of barrels in some sections. Pastures are in the main in good condition, but rains would help matters in this respect.

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

	CONDITION		FORECAST 1920*		DECEMBER EST. *		PRICE	
	October 1 1920-10 yr. av.		From Oct. 1 Condition		1919		Per bu. Oct. 1	
	%	%	Bu.	Bu.	Bu.	Bu.	1920 Cents	1919 Cents
Arkansas	91	74	63,857	63,156	48,726	49,702	143	176
Illinois	78	77	301,055	281,686	301,000	347,537	109	141
Indiana	93	82	192,406	184,130	175,750	178,140	112	150
Kentucky	98	81	104,005	107,110	82,500	99,485	156	187
Mississippi	75	78	66,618	66,970	59,700	63,448	159	175
Missouri	87	70	215,944	216,838	155,412	171,524	115	167
Tennessee	91	81	85,251	87,124	74,750	86,790	159	183

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

The range of prices on typical products in the St. Louis grain market between September 16 and October 15, with closing quotations on each of these dates are shown in the following tables:

	Close September 16	High	Low	Close October 15
December Wheat.....	\$2.38½	\$ 2.44	\$1.88	2.18½
March Wheat.....	2.33½	2.38½	1.84	2.13½
December Corn.....	1.11 @ ¼	1.12½	.83½c	.88¾c
May Corn.....	1.10½	1.12	.87¾c	.92¾c
December Oats.....	.63¾c			.57¾c
No. 2 Red Winter Wheat.....	\$ 2.60 @ 2.62	2.63	2.15	2.39
No. 2 Hard Wheat.....	2.48 @ 2.50	2.50	2.05	2.25
No. 2 Corn.....	1.28	1.28	.90c	.93c
No. 2 White Corn.....	1.30 @ 1.31	1.31	.90c	.94½c
N. 2 White Oats.....	.63 @ .63¾c	.63½c	.55½c	.97½c @ .98c
Flour: Soft Patents.....	11.00 @ 13.50	13.50	9.75	10.00 @ 12.50
Flour: Spring Patents.....	12.10 @ 12.65	12.95	9.85	10.00 @ 11.90

NOTE—The September corn option closed at \$1.06, and September oats at .57¾c.

LABOR

The past thirty days have developed a further easing up in the labor situation throughout the district. While unemployment, other than of a voluntary character, is still insignificant, operatives in all trades and unskilled workers are more plentiful than at any time in the past three years. Railroads report considerably less trouble in filling out their track gangs than heretofore, and clerical help is easier to obtain. In manufacturing lines similar statements are made. Curtailment of operations by many plants has released a certain number of workers, most of whom, however, are being absorbed in lines where shortages existed. In fully ninety per cent of interests canvassed on the subject, it was reported that unit efficiency has in-

creased in a greater or less degree. State and Federal Labor commissioners report the farm labor situation about normal. There has been little reduction in wages to date, virtually none in the skilled trades. In parts of Kentucky and Mississippi some unemployment is reported, and in Indiana the tendency is toward a surplus in some lines. There have been scattered strikes, the one affecting most persons being that in the culinary trades in St. Louis. Furniture factories in Evansville, Indiana, have made a reduction in working schedules, due to shortage of orders. The strike of the West Kentucky coal miners was terminated early this month. Contractors and builders report more satisfactory conditions in the building trades.

COMMODITY MOVEMENT

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

	RECEIPTS			SHIPMENTS		
	Sept. 1920	Aug. 1920	Sept. 1919	Sept. 1920	Aug. 1920	Sept. 1919
Flour, barrels.....	343,700	397,740	584,870	401,340	425,820	664,000
Wheat, bushels.....	4,503,213	6,754,970	7,572,911	3,469,120	4,889,170	6,381,150
Corn, bushels.....	1,514,742	1,134,900	1,162,317	959,450	619,060	433,670
Oats, bushels.....	2,786,000	3,163,000	2,695,000	1,890,090	1,800,760	1,567,810
Lead, pigs.....	214,490	181,800	95,120	178,130	135,740	97,800
Zinc and Spelter, slabs.....	526,040	317,800	342,750	773,810	703,420	606,460
Lumber, cars.....	11,007	10,184	13,704	9,442	8,397	11,016
Meats, pounds.....	7,187,800	6,370,700	5,561,800	22,598,300	19,294,800	24,546,700
Fresh Beef, pounds.....	1,504,200	1,010,700	2,010,300	24,913,200	25,948,000	24,932,600
Lard, pounds.....	866,200	1,161,500	1,216,900	5,811,000	8,165,700	4,385,900
Hides, pounds.....	1,688,900	808,600	3,990,200	3,134,400	3,439,700	5,821,700

BUILDING

Another sharp shrinkage in the total number and dollar value of building permits issued in the five leading cities of the district was reported in September as compared with the same period last year. The heaviest falling off is in St. Louis, where for new construction 345 permits, representing \$519,010, were issued, against 406, representing \$2,662,430 in September, 1919. Conditions in the industry have undergone no change since the last issue of this report. It is extremely difficult to interest investors in construction enterprises, due to prevailing interest rates, and the belief that labor, materials and all other costs are now at the

very highest level. There is urgent need for housing of all descriptions, and the demand is increasing. In this connection it is estimated that St. Louis will have a housing shortage of 14,270 (family accommodations) in 1921. A report comes from Jackson, Tennessee, that the mayor has purchased for the city a structure formerly occupied by a women's college and is renting the rooms to persons unable to secure residences. Building programs in the country are being revised since the sharp decline in farm products. Railroad construction is confined largely to repair work, and such new building as is found absolutely necessary.

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

	1920		SEPTEMBER				1919	
	New Construction Permits	Cost	Repairs, etc. Permits	Cost	New Construction Permits	Cost	Repairs, etc. Permits	Cost
St. Louis.....	345	\$519,110	393	\$266,230	406	\$2,662,430	345	\$182,550
Louisville.....	40	262,300	163	53,250	89	282,365	63	59,100
Memphis.....	134	290,540	64	52,655	63	855,000	106	251,400
Little Rock.....	29	653,075	141	68,282	22	87,975	59	57,321
Evansville.....	63	93,201	14	5,800				

POSTAL RECEIPTS

Postal business in this district, as indicated by receipts of the five principal cities, for the third quarter of 1920, shows a falling off both as compared with the preceding quarter, and the corresponding period a year ago.

Comparative figures for the periods mentioned follow:

	Quarter ended Sept. 30, 1920	Quarter ended June 30, 1920	Quarter ended Sept. 30, 1919
St. Louis.....	\$1,999,150.90	\$2,129,201.50	\$1,697,636.32
Louisville	461,779.59	715,015.47	645,316.72
Memphis	139,577.61	354,541.20	294,580.76
Little Rock.....	174,233.62	160,456.50	152,069.22
Evansville	106,450.75	97,986.77	95,888.52
TOTAL	\$2,881,192.47	\$3,457,201.40	\$2,885,491.54

LIVE STOCK

Receipts and shipments of live stock in September indicate a continuance of the shortage of all classes of animals. One reason for this is that stock raisers are not satisfied with current prices and are holding back until the market improves. Elsewhere it is ascribed to a curtailment of feeding operations caused by hampered transportation and unfavorable feed and purchasing conditions earlier in the year. The decline in the cattle market during the last thirty days averages \$1.50 per 100 pounds, and a like drop is noted in hog values, despite the scarcity of both classes of animals. The growing demand of the public for lower meat is an important factor

in the downturn. Due in a large measure to the high cost of feeding, sheep production in the district has suffered a distinct setback. Another factor making for reduced production is the great losses sustained through depredations of sheep-killing dogs. A vigorous campaign has been undertaken to secure the enactment and enforcement of more efficient laws for remedying this evil. The horse and mule market has been adversely affected by unfavorable conditions in the cotton and tobacco sections. This, coupled with the tight credit situation, has produced a declining market, and prices are now from 25 to 40 per cent under those at the same time last year.

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

	Cattle and Calves		Hogs		Sheep		Horses and Mules	
	1920	1919	1920	1919	1920	1919	1920	1919
Receipts	150,847	150,772	189,662	209,871	59,969	69,349	10,466	38,418
Shipments	72,616	53,357	101,342	105,619	14,253	13,957	11,877	35,264

FINANCIAL

Measured in its entirety the banking and financial status in this district has undergone no marked change during the past month. The liquidation movement has progressed more or less steadily, and has served in a measure to relieve the credit strain, the crest of which it is hoped has been reached. None the less a demand for money quite as insistent as any experienced this year is still reported by banks throughout the district. To the South demands are particularly heavy, due to the cotton situation. The sharp drop in cereal prices has reduced in a corresponding degree the quantity of credits needed to finance that class of products, but the decline has produced another effect as well. This is that corn has become sufficiently cheap to make it profitable to feed cattle and hogs, and countrymen are seeking banking aid to rehabilitate their depleted herds. This new demand is broad and massive and places another drain in the reservoir of credit. Singularly enough, many farmers requesting loans to buy stock possess wheat, which they are not disposed to market at this time. The general movement of crops to market is somewhat slower than in preceding seasons. In certain locali-

ties where the chief products will not bear keeping, as in the case of fruit and vegetables, things have been pretty well cleaned up, and the banks are in relatively better shape. Settlements in the opening days of October were better than expected, but since the tenth of the month there has been a decided slowing down in payments, with the result that they have not reflected any notable reduction in the loans item of commercial banks. Interest rates charged by the commercial banks hold firm. As compared with thirty days ago, reserve deposits of the St. Louis Federal Reserve Bank and its branches show a decrease of about \$5,000,000 and an increase of close to \$5,500,000 is shown in bills discounted for member banks. Federal Reserve currency in circulation increased about \$3,000,000.

Commercial paper houses report continued quietness in their line, with volume of business ranging from 15 to 25 per cent under totals for the corresponding period last year. City banks are not investing in this sort of paper at the moment, and country institutions are encountering too urgent calls locally for their resources to buy heavily. Rates on commercial paper hold steady at 8 per cent.

INTEREST RATES

Between September 16 and October 15 the high, low and customary interest rates prevailing in St. Louis, Louisville and Little Rock, as reported by 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	6	6	6	8	7	8
4 to 6 months	7½	6½	7	6	6	6	8	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.....	8	6½	7	6	6	6	7	6½	7
Bankers' Acceptances of 60 to 90 days:									
Endorsed									
Unendorsed	6½	6¼	6½	6¼	6¼	6¼			
Loans secured by prime stock exchange collateral or other current collateral:									
Demand	8	6	7	6	6	6	8	7	8
3 months	8	6½	7	6	6	6	8	7	8
3 to 6 months.....	8	6½	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.....	8	7	7	6	6	6	8	7	8
Loans secured by Liberty Bonds and Certificates.....	8	7	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, Little Rock, Memphis and Evansville:

	Oct. 8, 1920	Sept. 10, 1920	Oct. 10, 1919
Number of banks reporting.....	35	35	35
U. S. Bonds to secure circulation.....	\$ 16,923,000	\$ 16,923,000	\$ 17,154,000
Other U. S. Bonds, including Liberty Bonds.....	13,217,000	13,299,000	15,294,000
U. S. Victory Notes.....	2,572,000	2,686,000	8,321,000
U. S. Certificates of Indebtedness.....	3,882,000	5,615,000	23,347,000
Total U. S. Securities owned.....	\$ 38,594,000	\$ 38,523,000	\$ 64,116,000
Loans and investments, including bills rediscounted with F. R. Bank:			
Loans secured by U. S. War Obligations.....	31,858,000	31,790,000
Loans secured by stocks and bonds other than U. S. War Securities.....	126,206,000	126,393,000
All other loans and investments.....	418,172,000	417,187,000
Total loans and investments, including rediscounts with F. R. Bank.....	\$612,830,000	\$613,893,000	\$540,083,000
Reserve with the Federal Reserve Bank.....	38,838,000	41,527,000	45,827,000
Cash in vault.....	9,986,000	9,580,000	10,331,000
Net demand deposits on which reserve is computed.....	307,465,000	325,285,000	318,262,000
Time deposits.....	128,063,000	125,566,000	103,761,000
Government deposits.....	5,458,000	759,000	12,267,000

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:

	Oct. 13, 1920	Sept. 15, 1920	Oct. 15, 1919
St. Louis	\$614,916,000	\$557,166,000	\$582,899,000
Louisville	113,144,000	109,921,000	128,139,000
Memphis	116,284,000	121,807,000	128,181,000
Little Rock	47,269,000	35,386,000	42,622,000
Evansville	20,904,000	19,243,000	17,543,000
TOTAL	\$912,517,000	\$843,523,000	\$899,584,000

FEDERAL RESERVE OPERATIONS

There has been no change in the normal discount rates of the Federal Reserve Bank of St. Louis since the last issue of this report. In September this bank discounted a total of \$207,391,112 of paper for 303 member banks, which is an increase of \$1,669,767 over the amount discounted in August and an increase of 18 in the number of banks accommodated. Acceptances purchased during September amounted to \$1,345,000, an increase of \$360,000 over the preceding month.

(Compiled October 18, 1920)