

FEDERAL RESERVE BANK OF ST. LOUIS



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

Released for Publication On and After the Morning of May 27, 1921

WILLIAM McC. MARTIN,

CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

PROGRESS of general business in this district during the past thirty days has been marked by irregularity. In some lines the improvement noted in late March and through April was continued, but several of the industries which showed the earlier improvement have lapsed back into quiescence and show a falling off in volume of business done. Taken as a whole it can hardly be said that the recent gains were maintained. Lines which failed to improve earlier in the year, notably those based on iron and steel and such as depend upon the building industry and railroad purchasing for their prosperity, are in about the same position as at the end of the preceding thirty day period. The financial situation has made a relatively much better showing than the industrial. An easier tendency has appeared in interest rates, and the banking status is stronger in every way than in more than a year.

The check in industry in this particular region may be in a measure ascribed to extremely unfavorable weather conditions. Heavy and continuous rains in late April and early May caused a slowing down in the distribution of commodities and activities of various kinds. Spring farming operations have been delayed, due to flooded fields, and in certain sections it has been necessary to reseed cotton, corn and other crops. Heavy roads have hampered the movement of farm products to railroad terminals, and prevented farmers from coming to town to do their shopping. Retail trade in the larger communities has also suffered to some extent from the excessive precipitation, and unseasonably low temperatures. Expectations of lower freight rates is another reason given for deferred buying in some lines.

There are complaints of slack business from the typical fruit producing sections of the district, plans and programs having been altered by the almost universal destruction wrought in orchards by the spring frosts and freezes. Replies to something over 300 questionnaires sent to all parts of the district indicate that apples and stone fruit will be almost a complete failure. Some of the very late varieties of apples escaped and will make a partial crop, and in the extreme southern areas peaches were not entirely ruined, but otherwise prospects for fruit in all states of the district are probably the poorest on record.

Price movements and changes during the past thirty days have been erratic and irregular, which fact has in many instances had a tendency to retard buying. In regard to manufactured goods, the trend was for the most part downward, while a number of raw materials and products of the soil

held steady or advanced. However, there were exceptions to the general statement in both classifications. Cereals, especially wheat, advanced sharply in the St. Louis market, the upturn eliminating in large part the heavy losses of the preceding thirty days. Cotton responded to a better consumptive demand from domestic sources, and recorded small gains. Sugar, on the other hand, was lower. In shoes, clothing, candy, drygoods, drugs and chemicals, hardware, furniture and some other lines the curve of prices showed a more or less acute downward deflection.

In all lines of merchandizing and manufacture investigated reports agree that purchasing is being pursued with the utmost caution and almost exclusively for immediate requirements. Aside from boots and shoes, drygoods and groceries, the proportion of future buying has shown no increase over earlier months this year. There is an insistence on proper prices and values, and economy is being practiced in both cities and the rural communities. As an instance of the disposition to economize, wholesalers of drygoods and millinery make the comment that there has been a marked rise in recent weeks of purchasing of yard goods, which indicates that women are going back to making their own clothes, a practice which declined greatly during the period of extravagant spending and intensive employment during the war and after the armistice. One leading interest reported its sales of yard goods during the past thirty days the heaviest in any like period in more than four years. Ready-to-wear dealers and manufacturers report that the "back to the needle" movement is being reflected to some extent in their business.

Officials of railroads operating in this district report that the first weeks of May developed a slight improvement in offerings of freight. The St. Louis Terminal Railway Association showed small gains in loaded cars received in April and early May over March, and numerically the movement was considerably larger than a year ago, but this signifies little, as the outlaw switchmen's strike, which began April 8, 1920, partially paralyzed traffic through this gateway. The recent volume record would have made a much more favorable showing but for the backwardness in shipments of coal and iron and steel products. The labor situation with the transportation companies remains about as it was a month ago. Some additional employes have been let out, and most of the roads are negotiating with their men relative to wage reductions.

The Mississippi Warrior Service, which operates a barge line between St. Louis and New Orleans, reports that in volume of freight transported and money returns, April was the banner month of its history. After deducting all overhead expense, depreciation, insurance and claims, earnings amounted to \$30,000. The Service now has two regular sailings weekly, and reports capacity loadings in either direction.

Coal dealers and producers report a shade better demand from domestic and industrial sources. Consumers are being urged to cover their needs for later in the year, and slightly more interest is being taken in contracting, which however, continues far below normal for this season. Production of soft coal continued to recover during the closing week of April and the two opening weeks of May, but despite this recovery the output is still at the lowest level touched at any time since April, 1914, except of course for the period of the great strike of 1919. The draft on consumers' reserve stocks of coal, which amounted to perhaps 8,000,000 tons during the first quarter, still continued. Bituminous production for the year 1921 to date is not only more than 25 per cent behind the active years of 1917, 1918 and 1920, but is over 9,000,000 tons, or 6 per cent, behind 1919.

The automobile and accessory business, which during late March and April took a decided turn for the better, has slowed down in a disappointing

manner since the first of May. The change is ascribed by dealers to a return of uncertainty relative to prices among prospective purchasers caused by reductions announced about May 1 by two leading manufacturers. Unseasonable and inclement weather is mentioned as another factor militating against this line. Sales in the country continue proportionately below those made in the larger centers of population. Combined automobile registration in Missouri, Illinois, Indiana and Arkansas for 1921 to May 1 is only 14,690 less than the full registration for those states in 1920, and exceeds the totals of 1919 and 1918 by 134,174 and 287,589 respectively.

Collections on current accounts during the past thirty days have showed improvement, and slightly better payments are being made on so-called "frozen accounts" in the cotton areas, and other sections where marketing of farm products has been backward. Generally the feeling is more hopeful and more intensive efforts are being made by both merchants and their customers to pay up. Answers to 324 questionnaires addressed by this bank to corporations and individuals, requesting information relative to the state of their collections showed 4.1 per cent excellent, 16.7 per cent good, 62.5 per cent fair and 16.7 per cent poor.

The per capita circulation of the United States on May 1, 1921, was \$55.40 against \$56.60 on April 1 and \$56.44 on May 1, 1920.

Commercial failures in the twelve Federal Reserve Districts during the month of April, 1921, with comparative figures for the same period in 1920 were as follows:

District	1921	1920	Liabilities 1921	Liabilities 1920
Boston First.....	145	51	\$ 1,746,699	\$ 982,320
New York, Second.....	229	117	10,471,232	2,865,153
Philadelphia, Third.....	104	24	2,227,631	278,334
Cleveland, Fourth.....	118	36	4,366,788	352,946
Richmond, Fifth.....	154	14	3,334,591	88,450
Atlanta, Sixth.....	136	36	1,997,350	361,833
Chicago, Seventh.....	178	39	3,949,115	4,551,640
St. Louis, Eighth.....	115	14	2,427,872	200,207
Minneapolis, Ninth.....	39	16	593,718	681,330
Kansas City, Tenth.....	50	32	1,966,778	628,450
Dallas, Eleventh.....	98	16	2,905,847	100,582
San Francisco, Twelfth.....	121	109	2,580,148	2,132,890
	1,487	504	\$38,567,769	\$13,224,135

MANUFACTURING AND WHOLESALE

Replies to questionnaires addressed to leading manufacturing and wholesale interests of the district in many instances express some disappointment at the failure of business to broaden and augment the momentum it had acquired during March and April. Extremely little in the way of future buying is being done, and the general disposition on the part of merchants is to avoid stocking up, and take only what they are obliged to have in order to accommodate their customers. Another general comment is that the customary ratio between wholesale and retail prices has not been restored. The public has been advised of the decline in raw materials and manufactured goods, and is unwilling to purchase heavily until these reductions have been passed along to the ultimate consumer. Strenuous efforts in the way of salesmanship, extension of territory, and education are being undertaken to put goods into consumption. Numerous investigations of retail prices are being made

by large manufacturers and wholesalers, and they are endeavoring to show the retailer that by reducing his prices and turning over a greater volume of merchandise he can best increase his profits and restore prosperity to general business. Seasonal activity in many lines has been retarded by the cold, wet weather, but during the past two weeks orders for goods in this category have showed improvement. Effects of the late season are more acutely felt in the rural districts, where spring farm operations are backward. All reports indicate that the public is in need of all kinds of commodities, and despite heavy unemployment, is in a position to purchase. It is simply a matter of prices, and when full confidence in existing values is restored, according to those reporting, the public will resume buying. Iron and steel goods, bricks, lumber and building materials generally continue slow. There were additional reports of the closing down of iron and steel plants, and sales

of pig iron continue at a minimum. On the other hand, factories turning out articles for personal consumption, have increased their operations and unemployment in these lines is considerably less than a month ago.

Boots and Shoes — Orders for immediate shipment are coming in in excellent shape, and the past three weeks have developed a slight improvement in future buying. Interests reporting say their sales during the period under review were 10 per cent greater in numbers of pairs, as contrasted with the corresponding time last year, though from 24 to 40 per cent less in dollar value. Unfilled orders were 30 to 40 per cent less than last year, but 10 to 20 per cent larger than the preceding month. As contrasted with the corresponding period in 1920, prices average about 40 per cent lower, and declines for the month range from 5 to 10 per cent. The demand centers chiefly in cheaper shoes and specialty goods, and the frequent change in styles makes the situation difficult for the manufacturer. Raw materials are steady in the main, with calfskins and seasonal goods firmer. Collections are fair to good. Plant operation during the past 30 days was maintained at from 90 to 100 per cent of capacity against 80 to 90 per cent the month before.

Clothing — As a general rule the 21 interests reporting indicate that their sales were about on a parity with the preceding month, but that the unfavorable weather has had a detrimental effect on business. Virtually nothing is being done in the way of future buying, and manufacturers continue to pursue the policy of making up only such goods as they have orders for. Prices, which range from 60 to 75 per cent under the corresponding period last year, sustained a further decline of from 2 to 6 per cent during the past thirty days.

Electrical Supplies — Increases of from 1 to 22 per cent in the volume of sales was recorded by the 8 reporting interests as contrasted with the preceding thirty days, but decreases under the same time in 1920 ranged from 11 to 35 $\frac{3}{8}$ per cent. The comment is made that public utilities are finding it easier to finance their needs and are planning improvements and extensions. The movement of seasonal goods, such as electric fans, is backward.

Iron and Steel Products — Goods under this classification continue dull, with prices weak and declining. Mills and foundries report a dearth of new business, and old orders about worked off. Uncertainty relative to values is causing customers to defer their needs, and there were further reports of closing and curtailment of operations at mills, foundries and machine shops. Several stove foundries have resumed operations, but others which had planned to start up on May 1 have decided to put off doing so until early in June. Unemployment in the metal industries is more marked than in any of the other basic lines. Sales and meltings of pig iron in this district are at a low ebb, and the price of No. 2 foundry iron, 1.75 to 2.25 per cent silicon, has declined to \$23 per ton base, a new low on the movement. Implement manufacturers and dealers report light sales, and say that their agents throughout the country find farmers are determined to produce the present

crops with the expenditure of as little as possible for new equipment, and supplies.

Hardware — Analysis of the replies of 12 reporting firms shows a falling off in sales during the past thirty days of from 3 to 12 per cent as compared with the preceding month this year. Unfavorable weather, the rigid economy being practiced in the rural districts, and general business depression are given as the reasons for the decrease. High freight rates and uncertainty as to prices were other factors making for lighter sales. Some seasonal goods are moving in fair volume, and there is a demand in the country for nails, wire, rope, and other materials used for repair work. A shade more activity is noted in builders hardware.

Flour — Due to low stocks in the hands of retailers and consumers generally, sales of flour have been making a somewhat better showing during the past few weeks. Trade as a whole, however, is far below normal, and the erratic fluctuations of wheat futures have a tendency to seriously disturb the psychology of buyers. Export business, on the other hand, has evinced decided symptoms of improvement. Within the last two weeks the Norwegian Government has placed an order for 25,000 sacks of hard winter flour, which is the largest amount bought in this district for several months. Other foreign customers have purchased, and on clears and low grades the demand calls for shipments up to August. Prices are from 75c to \$1 higher than a month ago. Mill operation during the past thirty days was at from 40 to 50 per cent of capacity. There was another cut of \$3 per week in wages of mill labor, making \$6 since the first of February.

Candy — Sales of the 7 reporting interests show a slight increase in pounds over the corresponding period a year ago, but a heavy loss in dollar value. The situation has improved to the extent that surplus stocks in both first and second hands have been liquidated, which permits of steadier factory operation. The demand is described as good where prices and quality square with consumers' ideas of cheapness, but very poor on goods which are being held at the old high price levels. Factory operation is at about 60 per cent of capacity, an increase of 10 per cent for the month.

Drugs and Chemicals — Sales of the 9 firms canvassed show decreases of from 2 to 16 per cent in sales during the past thirty days as compared with the month before. The comparison with the year before makes an unfavorable showing for the principal reason that April, 1920, was the largest month ever experienced by the drug and chemical trade in this district. Retailers are confining their purchases to immediate requirements, and they are disposed to eschew fancy goods and luxuries, bulk of their orders being for staples. Manufacturers are extremely conservative in their purchasing. Bargain sheet goods are moving well. The trend of prices is downward.

Woodenware — A slight slowing down in new orders is reported by the five reporting interests. Production, however, made a slight gain over the preceding month, and prices were steady. Stocks in retailers hands are light, and the public is in

need of goods. The proportion of future orders on manufacturers books is larger than at any time this year.

Lumber — In the last half of April, the demand for structural lumber showed marked expansion. Reports of the Southern Pine Association indicated the heaviest volume of orders of yellow pine booked within a similar period in more than a year; Douglas fir demand showed similar expansion. Virtually all of this business was based on building activity and represented sales to retail yards, largely for dwelling construction. Since May 1 there has been a lull in the demand, due largely to labor disturbances in the building field. At present the activity is not in excess of that of early April. Prices had in some instances recovered slightly and have, thus far, retained these gains with no immediate prospects of slump. Some of the trade ascribe the present dullness to expectation on the part of the public of lower freight rates and consequent deferred buying. Trade in hard-

woods has improved considerably during the period. Demand from consuming industrials is gradually increasing. The principal buying, however, has been from flooring manufacturers and makers of millwork, whose business has been increased by the increase in building. Heavy rains in the South have greatly retarded hardwood manufactures and are a bullish factor. The tendency of prices of high grade hardwoods is decidedly upward, lower grades continuing weak and unsteady.

Furniture — Gains of from 15 to 20 per cent in volume and dollar value of goods sold are reported by the 13 interests canvassed. These results, however, were accomplished only by intensive effort, and concessions in prices. High grade goods are in relatively better demand than the cheaper sort. About 60 per cent of the factory capacity of the district was active during the period under review, a gain of 10 per cent over the month before. Collections are in the main better, but spotted.

RETAIL

A survey of fifteen leading department stores of the district discloses a slight increase in sales during April over those in March, while stocks on hand dwindled to the extent of about 10 per cent. There has been an appreciable increase in orders placed for new goods and the annual rate of turnover has tended toward an increase.

Reports from smaller retail merchants throughout the district indicate marked conservatism on the part of their customers. This is particularly true of grocery and clothing lines. Collections in some instances are slower than heretofore, though on the whole shopkeepers are getting in their money in fair shape. Virtually all lines report a tendency to stiffen credit allowances. The general report is that progress has been made in the direction of marking goods to a replacement cost basis and that sales are being made on a closer margin of profit than in many months. Seasonal demands are manifest in sporting goods, which are moving in good volume, though distributors in this line have to cope with the problem of high prices. Articles usually purchased in quantity by the small

boy customer, such as league balls, leather gloves, etc., are boosted to almost prohibitive levels by imposition of the war tax. An unusual inquiry for golf goods is reported this season, which is ascribed by dealers to the phenomenal growth of interest in that sport. The scarcity and high prices of hickory and persimmon woods is given as the chief cause for the advance in the price of golf clubs. The opening weeks of May have brought rather disappointing results in general clothing lines, due in a measure to unfavorable climatic conditions. A rather general comment among retailers is that high living costs, particularly exorbitant rents, are responsible for curtailed buying of clothing and luxuries in an even greater degree than the present wave of unemployment. Reduction in the price of gasoline and seasonal consumption by motorists has caused a good increase in sales of distributing agencies. The recent cold weather has retarded the movement of Southern garden truck, and the usual price reductions of vegetables has not been as marked as expected. Grocers report the destruction of fruit prospects caused by the spring freezes has stimulated the demand for canned goods, particularly fruits.

Figures on retail trade as indicated by reports from representative department stores for April, 1921, are as follows:

	St. Louis	Louisville	Memphis	Little Rock	Evansville	District
Percentage increase (or decrease) in net sales during April over or under sales in April, 1920.....	1.6	-2.6	-11.1	-29.	6.4	-9
Percentage increase in net sales from January 1st through April 30, 1921 in comparison with sales during the same 4 months of 1920.....	6.3	-4.9	-8.4	-16.4	-5.9	2.4
Percentage decrease in stocks on hand at the end of April, 1921, in comparison with stocks on hand at the end of April, 1920.....	-12.5	-20.6	-8.5	-20.	-4.1	-12.6
Percentage increase in stocks on hand at the end of April, 1921, in comparison with stocks on hand at the end of March, 1921.....	-1.0	-2	1.5	2.7	-2.8	-4
Percentage of average stocks on hand at the end of each month since January 1, 1921 to average monthly sales during the same 4 months.....	369.5	397.7	381.8	265.	826.	379.6
Percentage of outstanding order on April 30, 1921, to total purchases of merchandise (cost price) during the calendar year 1920.....	7.7	4.4	4.1	.	.4	6.6

Note: - denotes decrease.

AGRICULTURE

Condition of the growing winter wheat crop in this district is still favorable, despite the fact that growth has been checked somewhat by the recent cold, wet weather. This weather has proved beneficial, in that it has diminished the danger of Hessian fly damage. Green bug activity is on the wane. Corn planting in the North has been retarded by the excessive moisture, and due to the same cause considerable replanting has been required to the South. Soil conditions are fine, and a few weeks of sunshine and high temperatures would rapidly repair any injury thus far sustained by corn prospects. There are reports of poor stands of oats in Illinois and Indiana, attributable to frost. Planting, cultivation and replanting of cotton has been seriously delayed by the overabundant precipitation. Answers to questionnaires indicate that stands are poor and growth slow. Much planting still remains to be done in Arkansas, Missouri and Tennessee. Reports relative to acreage vary considerably, and it is still too early to form any accurate idea of

how the total will compare with last season. The Arkansas Cotton Trade Association estimates the acreage reduction in that State will amount to 35.3 per cent. Tobacco markets are practically all closed for the season, leaving a large amount of the leaf in farmers' hands, most of which is of inferior quality. Tobacco beds are reported in good condition, and awaiting favorable weather for planting. The acreages to be planted is generally reported short. Pastures are in prime condition, having been immensely benefitted by the recent rains. Clover and alfalfa are recovering from frost damage, and other hay crops are in healthy condition. According to a large majority of reports received, livestock is in prime health. There was some mortality among young pigs and lambs due to the unseasonably cold weather, and from sections of Illinois come reports of hog cholera, but otherwise advices are uniformly optimistic. The strawberry crop of the district is estimated to be from 30 to 40 per cent less than normal.

The U. S. Department of Agriculture, in its report as of May 9, 1921, gives the condition of winter wheat in States of the Eighth Federal Reserve District as follows:

	ACREAGE		CONDITION			Forecast 1921 May 1 Condition	Final Estimate 1920	Price			
	% Abandoned	Acres Remaining to be Harvested	May 1		yr. av.			1921 May 1	1920	May 1	
			1921	1920						1921	1920
Arkansas	4.0	127,000	86	83	90	1,398,000	1,197,000	125	228		
Illinois	2.3	2,413,000	94	69	81	46,952,000	35,720,000	120	250		
Indiana	3.0	1,894,000	90	65	82	32,899,000	23,400,000	118	254		
Kentucky	3.5	603,000	93	71	86	7,851,000	5,610,000	139	260		
Mississippi	20.0	6,000	88	80	86	94,000	100,000	133	271		
Missouri	2.0	2,764,000	91	75	86	42,256,000	32,500,000	116	255		
Tennessee	2.0	461,000	91	73	87	5,243,000	4,028,000	141	270		
United States	4.6	38,721,000	88.8	79.1	86.8	629,287,000	577,763,000	110.7	251.3		

The following table, compiled from commercial sources for the government market report, shows the cotton movement from August 1, 1920 to May 6, 1921:

	1920-21	BALES	1919-20
Port receipts.....	5,358,204		6,371,225
Port stocks	1,492,837		1,147,304
Interior receipts.....	6,437,800		6,491,083
Interior stocks.....	1,545,200		1,130,441
Into sight.....	9,340,595		10,847,453
Northern spinners' takings.....	1,540,038		2,491,496
Southern spinners' takings.....	2,308,526		3,127,659
World's visible supply of American cotton.....	4,472,895		4,287,880

Range of prices on typical products in the St. Louis grain market between April 15 and May 14, with closing quotations on each of these dates:

	Close April 15	High	Low	Close May 14
May wheat	Per bu. \$1.21	\$1.51½	\$1.19¾	\$1.45
July wheat.....	" 1.05	1.17½	1.01	1.14
May corn	" .54	.60	.53¾	.58
July corn	" .58	.62¾	.57¾	.61¾
September corn	" .61	.65¾	.61	.63¾
May oats	" .36¾	.40½	.36¾	.40
July oats	" .36¾	.41¾	.38	.40
September oats	" .38	.42¾	.37¾	.41
No. 2 red winter wheat.....	" \$1.29 @ 1.31	1.62	1.32	\$1.58 @ 1.59
No. 2 hard wheat	" 1.30	1.57	1.33	1.51
No. 2 corn	" .54½	.62	.56	.62
No. 2 white corn	" .56	.64½	.59	.64
No. 2 white oats	" .38	.41½	.37¾	.39¾
Flour: soft patent	Per bbl. 6.50 @ 7.00	8.00	6.50	7.25 @ 8.00
Flour: spring patent	" 7.25 @ 7.50	8.90	7.25	7.75 @ 8.25

LABOR

Responses to questionnaires addressed to State, Federal and private labor agencies in the several states of the district are unanimous in reporting a surplus of workers in all branches of industry, including agriculture. Another point on which all agree is that the trend of wages continue sharply downward. The following are among the specific industries in which further wage cuts have taken place during the past thirty days: lumber, flour milling, cooperage, plumbers' supplies, farm implements, stoves, automobile bodies, candy, and in some localities, the building trades. General unrest is noted, and there are scattered strikes, particularly in the building trades and printing industry.

The comment is made that in some sections spring farm operations have given employment to sufficient workers to take up the slack created in manufacturing, with the result that measured in the number of unemployed the situation remains unchanged. The Federal Director of Labor of Indiana makes the comment that "the increase in efficiency of those employed is responsible to a great extent for the existent labor surplus." Universally there is an overplus of common labor, and the same is true of railroad workers. In the rural districts there is more insistence upon the part of farmers on the experience qualification, and this demand is being met by an exceptionally good class of workers.

BUILDING

Building permits issued in the five largest cities of the district in April show an increase numerically over the same month in 1920, but quite a sharp decrease in dollar value represented. Reports from builders, architects, and contractors indicate that little new construction work is being undertaken. In scattered sections there is some improvement in the direction of erecting inexpen-

sive homes, but nowhere is the housing situation better than earlier in the year. Investigations of this problem are being undertaken in St. Louis and other parts of the district. During the closing week of April an "Own Your Home Exposition" was held in St. Louis, the object of which was to stimulate home building.

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

	1921		APRIL				1920	
	New Construction		Repairs, etc.		New Construction		Repairs etc.	
	Permits	Cost	Permits	Cost	Permits	Cost	Permits	Cost
St. Louis	564	\$878,740	513	\$248,415	503	\$1,469,525	520	\$421,425
Louisville	94	470,550	330	83,650	93	925,550	201	84,550
Memphis	191	395,292	56	31,020	199	923,590	50	129,770
Little Rock.....	69	205,825	145	46,124	61	260,250	118	50,759
Evansville	44	33,504	72	10,437	.....	.....	.....	.....

LIVE STOCK

Receipts of cattle continue light, though the total for April was heavier than in that month last year, due to the switchmen's strike, which began April 8, 1920. During the latter part of April the lowest prices in years prevailed, but since the first of May an advance has been in progress, which restored values about to the levels of early April. The demand for stocker and feeder cattle is fair. Rather unusual conditions obtain in the hog market; prices for top and bulk were about steady, but the spread between good heavies and mixed and butcher hogs on the one hand, and light hogs and pigs on the other, has narrowed to 15 @ 30c from 60 @ 85c a month ago. This change is

ascribed to light receipts and a more evenly distributed demand. Prospects for increased hog production are bright, especially to the South where farm programs contemplate heavier corn acreages. Sheep and lambs have fluctuated in a narrow range, with the trend of prices lower. The feature of the market is the spring lamb trade, which is now at its height. Choice spring lambs are bringing as high as \$12.50. Reports from many parts of the district indicate an increased supply of ovine stock this summer and fall. Cheaper and abundant feeds figure conspicuously in this calculation.

As reported by the St. Louis National Stock Yards, receipts and shipments of live stock in April, with comparisons for April, 1920, were as follows:

	Cattle & Calves		Hogs		Sheep		Horses & Mules	
	1921	1920	1921	1920	1921	1920	1921	1920
Receipts	59,458	54,919	274,480	228,721	28,140	20,388	3,664	8,524
Shipments	32,145	26,381	180,145	142,642	14,216	6,155	5,308	10,719

AUTOMOBILE LICENSES

Automobile registration in reporting States of the Eighth Federal Reserve District for the years from 1918 to 1920, inclusive, and up to May 1, 1921, is as follows:

	Jan. 1 to May 1, 1921	1920	1919	1918
Arkansas	50,576	59,085	49,490	41,453
Illinois	528,798	568,759	478,438	389,761
Indiana	322,407	332,707	277,255	277,160
Missouri	282,212	238,132	244,636	188,040

COMMODITY MOVEMENT

Receipts and shipments of important commodities at St. Louis during April, 1921 and 1920 and March, 1921, as reported by the Merchants' Exchange were as follows:

	RECEIPTS			SHIPMENTS		
	April, 1921	Mar. 1921	April 1920	April 1921	Mar. 1921	April 1920
Flour, barrels	306,360	347,490	149,640	330,840	423,970	148,100
Wheat, bushels	3,203,547	2,696,397	774,994	2,753,565	2,545,780	458,450
Corn, bushels	1,301,300	3,318,900	1,837,550	1,188,385	2,469,680	713,070
Oats, bushels	1,458,000	2,652,000	1,804,000	1,261,720	2,203,660	1,095,630
Lead, pigs	176,420	154,650	120,660	103,390	98,950	67,320
Zinc and Spelter, slabs.....	114,540	180,950	255,420	217,620	244,550	370,210
Lumber, cars	10,211	10,893	6,803	8,148	8,593	4,875
Meats, pounds	12,181,300	6,469,200	7,449,200	20,067,400	24,143,500	17,690,600
Fresh Beef, pounds.....	2,003,500	1,718,200	674,000	19,786,700	20,370,100	16,962,900
Lard, pounds.....	1,483,600	2,389,800	3,098,000	5,926,100	10,750,600	5,991,900
Hides, pounds	2,570,300	2,420,700	739,200	3,290,800	5,543,800	1,729,000

FINANCIAL

Strengthening in the general financial and banking position, noted in the preceding issue of this report, continued steadily during the past thirty days, except in certain localities in the South. Fair progress was made in the liquidation of mercantile accounts, and merchants and manufacturers were able to further bring down their indebtedness at the banks. As a result of these settlements accommodations granted to member banks by the Federal Reserve Bank of St. Louis decreased \$5,251,594 between April 14 and May 14. This decrease was accompanied by a reduction of \$2,302,000 in Federal Reserve notes in circulation and an increase of \$623,000 in the net deposits of this bank. During the preceding month deposits decreased \$3,153,000. On April 14 total reserve carried against deposit and Federal Reserve Note liability was 59 per cent, while on May 14 it stood at 61 per cent. The past few weeks have developed a shade better demand for cotton, and sales of that staple have permitted of scattering liquidation in the South. While reporting an easier trend in money, bankers report no general reduction in interests rates. The demand from the country in financing spring agricultural operations, while less urgent than at the same time last year, is still sufficiently large to take up any surplus created by diminution in requirements elsewhere. The commercial banks report that they have ready disposition for all their loanable resources.

The market for bankers' acceptances in the past month has been more sustained than for some time. This is due in part to the better position of the larger banks and to a more active demand for such bills from private investors and corporations having surplus funds to invest. Formerly private

investors and corporations demanded indorsed bank bills but as they become more familiar with such investments they buy unindorsed bills. Prime names are selling an eighth to a quarter of one per cent off prices of a month ago, thus reflecting easier money conditions. Brokers are selling unindorsed bills from 5½ to 5¾ per cent.

The investment bond market is described as irregular. The demand for the highest grade issues is quite active, with a scarcity of certain specialties wanted by individual investors and corporations. Conservatism and caution seem to be the chief motif in the situation at the moment, and bonds other than municipals or those backed by undoubted values are moving slowly, even where interest returns offered are exceptional.

Little if any change from the recent dull conditions in the commercial paper market were noted during the past month. Paper brokers report their business materially under that of the same time last year, and about on a parity with the preceding two or three months. Buying is confined almost entirely to country banks, the large city institutions purchasing sparingly. Rates are lower, ranging from 7 to 7½ per cent, with a few choice signatures at 6¾ per cent. This compares with 7½ to 7¾ per cent the month before.

The War Finance Corporation has issued its Circular No. 1, which outlines in a general way the requirements of the corporation in connection with applications for advances to American exporters and financial institutions to be used in assisting the exportation of domestic products. Copies of the circular may be had by application to this bank or to the War Finance Corporation, Treasury Building, Washington, D. C.

INTEREST RATES

Between April 15 and May 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.....	7	6½	7	7	6	6	8	7	8
4 to 6 months.....	8	6½	7	7	6	6	8	7	8
Prime Commercial Paper purchased in open market:									
30 to 90 days.....	7½	7	7½	8	7	7½	-----	-----	-----
4 to 6 months.....	7½	7¼	7½	8	7	7¼	-----	-----	-----
Loans to other banks.....	7	6	7	7	6	6	8	7	7
Bankers' Acceptances of 60 to 90 days:									
Endorsed	6	5½	5¾	5¾	5½	5¾	-----	-----	-----
Unendorsed	6	5½	6	6	5½	5¾	-----	-----	-----
Loans secured by prime stock exchange collateral or other current collateral:									
Demand	8	6	7	7	6	6	8	7	8
3 months	7½	6	7	7	6	6	8	7	8
3 to 6 months	7½	6½	7	7	6	6	8	7	8
attle Loans	7½	7	7	6	6	6	-----	-----	-----
Commodity paper secured by warehouse receipts, etc.....	7½	6½	7	7	6	7	8	7	8
Loans secured by Liberty Bonds and Certificates.....	7½	6	7	7	6	6	8	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 in St. Louis, Louisville, Little Rock, Memphis and Evansville:

	May 11, 1921	April 8, 1921	May 7, 1920
Number of banks reporting.....	37	37	35
Loans and Discounts (including bills rediscounted with F. R. Bank):			
Secured by U. S. Govt. obligations.....	\$ 20,570,000	\$ 23,480,000	\$ 39,030,000
Secured by stocks and bonds other than U. S. bonds	118,708,000	120,513,000	156,433,000
All other loans and discounts.....	320,095,000	328,774,000	.....
Total loans and discounts.....	\$459,373,000	\$472,767,000	.....
Investments:			
U. S. Government Bonds	27,706,000	28,226,000	29,874,000
U. S. Victory Notes	2,142,000	2,105,000	3,034,000
U. S. Certificates of Indebtedness.....	10,077,000	735,000	13,579,000
Other bonds, stocks and securities.....	66,331,000	65,690,000	.....
Total loans, discounts and investments (including bills rediscounted with F. R. Bank).....	\$565,529,000	\$569,523,000	\$649,492,000
Reserve Balance with F. R. Bank.....	41,111,000	42,323,000	43,945,000
Cash in vault.....	7,629,000	9,019,000	10,433,000
Net demand deposits on which reserve is computed.....	310,899,000	314,376,000	333,930,000
Time deposits	143,636,000	143,190,000	123,748,000
Government deposits	4,707,000	6,200,000	3,214,000

DEBITS TO INDIVIDUAL ACCOUNTS

The following table gives the total debits charged by banks to checking accounts, savings accounts and trust accounts of individuals, firms, corporations and U. S. Government and also certificates of deposit paid, in the leading cities of this district during the past month and corresponding period a year ago. Charges to the 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 periods which they cover.

Debits to depositors accounts for four weeks ending:

	May 11, 1921	April 13, 1921	May 12, 1920
St. Louis	\$454,317,000	\$456,126,000	\$599,913,000
Louisville	89,947,000	89,287,000	143,429,000
Memphis	81,636,000	74,965,000	134,812,000
Evansville	18,992,000	18,407,000	22,871,000
East St. Louis and National Stock Yards.....	34,915,000	31,449,000	.....
Little Rock	36,638,000	34,665,000	39,037,000
Springfield	10,309,000	11,378,000	.....
Quincy	9,475,000	10,973,000	.....

FEDERAL RESERVE OPERATIONS

In April this bank discounted \$134,975,985 of paper for 315 member banks, which represents a decrease of \$19,541,978 under the amount discounted in March and an increase of 9 in the number of banks accommodated. Acceptances purchased in April amounted to \$1,813,067, an increase of \$213,084 over the preceding month.

Effective May 21 the Federal Reserve Bank of St. Louis increased its discount rate on paper secured by Liberty Bonds or Victory Notes from 5½ per cent to 6 per cent. It also changed its progressive rate by establishing a flat rate of 7 per cent on all borrowings in excess of a member bank's basic line. This means that member banks will pay on their commercial rediscounts up to and including their basic lines, 6 per cent, and on borrowings in excess of their basic lines, 7 per cent.

The normal discount rates effective May 21, 1921, were as follows:

	15 days and less	16 to 60 days	61 to 90 days	91 days to 6 months
Member Banks' Collateral Notes: Secured by Bills Receivable or Bonds or Notes of the United States	6%	.....	.....	.....
Rediscounts: Commercial Paper or Paper Secured by Bonds or Notes of the United States.....	6%	6%	6%	.....
Rediscounts: Agricultural or Livestock Paper.....	6%	6%	6%	6%
Rediscounts: Trade Acceptances.....	6%	6%	6%	.....
Rediscounts: Bankers' Acceptances.....	5½%	5½%	5½%	.....

Bankers' Acceptances purchased in the market, subject to agreement.
Discount is calculated on basis of 365 days to year on maturity value.

(Compiled May 21, 1921)