

FEDERAL RESERVE BANK OF ST. LOUIS



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

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WILLIAM McC. MARTIN,

CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

THE past thirty days have been marked by decided improvement in general business conditions and sentiment in the business community throughout this district. The change came during the closing days of August and has gained considerably in force since the first of September. Paradoxical enough the revival is based very largely upon announcement by the U. S. Department of Agriculture of disaster to one of the country's principal crops. In its bulletin, dated September 1, the Department estimates the condition of cotton as of August 25 at 49.3 per cent of normal, which average indicates a total production for the entire United States of only 7,037,000 bales of 500 pounds gross. Last year the production was 13,439,603 bales, two years ago 11,420,000 bales, three years ago 12,040,532 bales and four and five years ago 11,449,930 bales.

Immediately following the condition report, the cotton market entered upon a sensational advance, which carried the staple from around 12.50c a pound on August 17 to above 21c in the second week of September. This accretion in value of its chief crop infused new life into the Southern section and worked a radical reversal in its business psychology. The present cotton crop has been produced at an unusually low cost, so that with a marketable value of 18c or better per pound, a good profit seems in sight for the grower. Based on the latest Government estimate, the Eighth Federal Reserve District will produce approximately 1,400,000 bales, or 700,000,000 pounds, so that the present advance of around 8c per pound means \$56,000,000 added to the purchasing power of the district. In addition the equity of holders in the large carryover from last year's crop, which at 10 to 12c a pound amounted to little or nothing, has become very valuable with the rise in price.

Accompanying the upturn in market quotations there has appeared a much better demand for cotton. Sales or spot cotton, according to reports from leading markets of the district, are considerably heavier than before the advance set in, which fact is interpreted as meaning that holders are actually realizing on the new values and not merely enjoying paper profits. Already favorable results have been noted in the payment of extended accounts in the South. Numerous debtors have been able to liquidate their obligations and are now in a position to purchase merchandise. Within the past two weeks some merchants and bankers report that certain paper which they had decided earlier in the year to charge off has become a good asset.

Prices of cereals, notably wheat, have been well sustained, and the movement to market of all the principal productions of farms of the district has been in large volume. This movement is directly reflected in improvement in traffic with the railroads, the sale of manufactured commodities and further strengthening in the credit situation. Replies to questionnaires addressed to manufacturers and merchants indicate that in nearly all lines covered buying is on a considerably larger and more confident scale. While the disposition is still markedly in the direction of extreme caution and purchasing is largely confined to immediate requirements, more interest is being taken in future needs than at any time since the reaction set in last fall. In the case of drygoods, clothing, boots and shoes, groceries and furniture some fair orders have been placed for delivery through the balance of this year.

One fact brought out is that the surplus of merchandise in many important lines is being satisfactorily reduced, and price stabilization has made considerable progress. In goods based on cotton the price trend is sharply upward, and a scarcity is developing in some staple manufactures. Sheetings, shirtings and tickings are in excellent demand and higher, some items being close to 40 per cent higher than the recent low point. Wash goods and the finer materials are relatively easier than the coarser weaves. Leading boot and shoe interests report that their shipments are being restricted only by inability to produce in heavier volume, and several have disposed of their entire outputs for the next three months.

As a whole the crop status of the district is excellent. Weather has been favorable for all the main productions, barring cotton. Yields of cereals will be in excess of the ten year average, with wheat in excess of last year's total. The coarse grains in the district show a small decrease under the 1920 totals, and a small reduction is also noted in the hay crop. The combined condition of all crops in the district on September 1, according to the estimate of the U. S. Department of Agriculture, was 97.5 per cent, 100 per cent equalling average. Latest advices from the South indicate that the extent of crop diversification practiced this year placed that section in a more independent position than ever before in the matter of feeding itself. Mississippi, for example, has the largest corn crop ever grown, 92,000,000 bushels, against the next largest 77,000,000 in 1917. Another staple, the sorghum crop for syrup, will have a large production which will be general all over the State. Cow peas

and soy beans, which are used largely for livestock feed will have good yields.

For the first time in a number of months the labor situation developed a slight improvement in August. The steady increase in unemployment noted heretofore was definitely checked, and a small beginning was made in the opposite direction. The investigation made by this bank, covering leading industries in 21 cities of the district, showed that the number of workers employed was 27.4 per cent under normal on July 1, while on August 1 the unfavorable percentage had dropped to 23.1. Since the compilation of these figures the list of unemployed has been further reduced by resumption in full or part of industrial plants generally through the district, but more particularly in Louisville, Memphis and St. Louis. It is remarked, however, that little, if any, change for the better has taken place in the building industry.

According to officials of railroads operating in this region, there has been steady improvement in the volume of traffic handled and earnings since July 1. The extent of this improvement as reflected in reports of the St. Louis Terminal Railway Association, amounted to 35 per cent in August as contrasted with the low point in June. Part of this gain may be accounted for by the seasonal increase, but it is noted that a considerable portion is represented in merchandise loadings and the well sustained movement of farm products.

The fuel situation has developed little change since the preceding issue of this report. Production continues at a low ebb, and the demand for both steaming and domestic purposes is quiet. According to dealers, householders are unusually backward in covering their needs for the coming winter,

and thus far improvement in industrial conditions has not affected purchasing of steaming coal to any appreciable extent. Total production of soft coal to August 31 was only 261,000,000 tons, against 352,000,000 tons for the corresponding period a year ago, and 323,000,000 tons average for the 1913-1920 period. Should the remaining four months of 1921 fail to yield a greater output than the first eight, the total for the year will be less than 400,000,000 tons. The last year in which the country required less than that amount was 1909. With the known curtailment of production, the question of shortage during the coming fall and winter resolves itself into whether or not the reduced consumption due to industrial depression has been in proportion to the decreased output. Prices, as indicated by market quotations, hold about steady, but the trend is easier.

In the matter of collections the past thirty days show decided improvement. Current bills are as a rule, being settled promptly and satisfactory liquidation on extended accounts is reported. In the rural communities the heavy marketing of agricultural products has resulted in material reductions of farmers' indebtedness, the benefits of which have been felt by country banks and in turn financial institutions in the larger centers of population. Collections in the South are reported better than at any time this year. Answers to 378 questionnaires addressed to various lines throughout the district asking for data relative to August collections show the following results: 3 per cent excellent; 20 per cent good; 59 per cent fair and 18 per cent poor.

The per capita circulation in the United States on September 1 was \$52.41, against \$53.00 on August 1 and \$58.22 on September 1, 1920.

Commercial failures in the 12 Federal Reserve Districts during the months of July and August, with comparative figures for August, 1920, as compiled by Dun's were as follows:

District	NUMBER			LIABILITIES		
	August 1921	July 1921	August 1920	August 1921	July 1921	August 1920
Boston, First	118	94	58	\$ 2,821,841	\$ 2,124,077	\$ 780,210
New York, Second	216	230	179	9,685,653	18,342,752	15,009,838
Philadelphia, Third	68	72	33	2,090,756	1,254,361	3,066,914
Cleveland, Fourth	137	167	70	5,183,707	4,200,340	1,347,045
Richmond, Fifth	98	124	40	2,658,017	1,565,856	691,785
Atlanta, Sixth	198	138	42	4,489,443	1,968,097	2,605,429
Chicago, Seventh	204	222	86	4,123,520	4,565,389	3,177,188
St. Louis, Eighth	67	94	31	2,200,012	1,545,874	288,672
Minneapolis, Ninth	72	27	18	1,458,576	425,042	85,515
Kansas City, Tenth	75	48	11	966,896	1,056,534	85,735
Dallas, Eleventh	137	114	33	1,991,284	3,778,098	411,027
San Francisco, Twelfth	172	114	72	5,234,704	1,947,733	823,537
Total.....	1,562	1,444	673	\$42,904,409	\$42,774,153	\$28,372,895

MANUFACTURING AND WHOLESALE

In virtually all lines investigated, with the exception of those based on iron and steel, sales and shipments of merchandise during the past thirty days show good gains over the preceding month, and in several notable instances the volume of goods distributed was in excess of the corresponding month last year, though in dollars and cents the comparison with 1920 shows up unfavorably due to the heavy reduction in prices. One general comment of manufacturers was that the progress made in stabilization of prices has resulted in greater confidences in values, and raw materials are being

purchased more freely than during preceding months this year. The demand for goods for common consumption has caught up with production in many instances, and in several lines a temporary scarcity has developed. In the main manufacturers are making up only such goods as they have orders for, but in the case of boot and shoe and clothing interests sufficient orders have been booked to engage capacity production for the next two or three months. Wholesale grocers report that after about twelve months of depression their business has taken a definite turn upward. The demand for the

entire line is active, and the character of orders received indicates that the improvement is likely to be of a permanent character. Stocks in the hands of ultimate consumers and retailers are light, and throughout the territory there is a movement to replenish. The decline in prices has terminated, and in canned goods and other staples the trend is slightly upward. Millinery interests report a larger volume of goods moved in August than for the same month in 1920, but a decline in dollar value of from 22 to 26 per cent. The rise in the price of cotton has created a brisk demand for drygoods, and since September 1 buying has increased enormously, with a heavier inquiry for future delivery than at any time since last fall. It is remarked that the country is displaying more interest in futures than the cities, retailers in the larger centers still buying on a hand to mouth basis. Orders for cotton goods from the South have picked up remarkably during the last three weeks. While a slight improvement has taken place in the demand for building materials and goods based on iron and steel since the preceding issue of this report, the betterment in these lines has been insignificant when contrasted with goods for personal consumption. The decrease of manufacturing activities during the past month as contrasted with the same time last year is reflected in sales of electric current by leading producers in the district. In St. Louis, for example, 68 of the largest customers of the leading power interest consumed 6,695,386 kilowatt-hours, against 8,711,574 kilowatt-hours in August, 1920, a reduction of 23.2 per cent. Kilowatt demand (maximum rate of use) in August, 1920, for these same customers was 27,339.4 kilowatts and in August, 1921, 21,318.7 kilowatts, a decrease of 22 per cent.

Boots and Shoes—Figured in numbers of pairs shipped, August business of the 11 reporting interests ranged from 20 to 40 per cent greater than for the corresponding month in 1920, but due to the decline in prices, the dollar value represented was from 10 per cent less to 3½ per cent larger. Four of the largest interests are now producing more than at any time in the past. In some instances salesmen who are usually dispatched on the road about August 1 have not been sent out yet, because the companies have all the orders they can handle. It is planned to send the men out about October 1. Prices on the finished product are steady as compared with the two months preceding. Raw materials are firm, with some advances recorded. Cotton linings are up 20 per cent from the recent low. Collections are reported fair to good. Labor conditions are satisfactory, save for a slight scarcity of skilled workers.

Clothing—Replies to questionnaires from 23 leading interests indicate steady improvement in the demand for the entire line. Factories are sold up for the next two months, and there are excellent inquiries for fall and winter goods. Marked improvement in orders from the South has been noted since September 1. Prices hold about steady with the preceding month, and now range from 35 to 47½ per cent under a year ago. Collections are in the main reported satisfactory.

Iron and Steel Products—Some improvement in the demand for pig iron has taken place during the past three weeks, and the movement has been accompanied by an upturn in prices. At St. Louis No. 2 foundry iron, 1.75 to 2.25 per cent silicon, is bringing \$24.91 per ton and northern iron of the same grade is quoted at \$24.88. Manufacturers of castings report some new business being placed, and inquiries are better than at any time since last winter. Stove makers report a slight revival in the demand for their product, the 11 firms canvassed indicating August sales from 12 to 20 per cent over those in July, though from 54 to 62 per cent under the corresponding month in 1920. Implement manufacturers complain of backwardness in buying, which they attribute to the desire to economize on the part of farmers. Warehouse stocks of miscellaneous iron and steel goods continue large. Railroad purchasing is confined to absolute necessities, and the building outlet is still restricted. The two leading pig iron producers of the district are out of blast.

Hardware—According to the 9 reporting interests, sentiment has undergone improvement since September 1, with orders booked during the first two weeks of the month about equal in volume to the corresponding fortnight in 1920. August sales ran from 6 to 12 per cent over those of July, but fell 40 to 50 per cent under August, 1920. Prices show no change worthy of note as contrasted with the preceding thirty days. Hand implements, saddlery and harness and seasonal farm goods are reported moving in better volume.

Electrical Supplies—The 8 reporting interests indicate decreases in sales for August of from 11½ to 60 per cent under the preceding month, but much of this discrepancy is accounted for by the seasonal slump. Manufacturers of wiring devices have substantially reduced prices on staple goods during the past two weeks. This action has stimulated the demand for such goods. The general trend of prices is easier.

Flour—The unanimous comment of the 12 reporting mills is that business during the past two months has undergone a marked change for the better. The export inquiry holds up in excellent shape, and the demand for domestic consumption, especially from the South, has been better during the period under review than at any time in more than a year. To date more flour has been purchased by foreign countries on the 1920-21 crop than for a like period during the three years immediately preceding. The Tropics are coming back to this market as customers after an absence of several years. Domestic stocks in all positions are light, and jobbers, wholesalers and retail merchants are disposed to replenish and provide for future requirements. Mill operation in the district is at from 60 to 100 per cent of capacity, a higher rate than at any time since last fall.

Candy—Final liquidation of high-priced goods in the hands of jobbers and retailers has placed the candy industry on a more stable and satisfactory basis than at any time since the slump set in last fall. The 10 interests canvassed report factory operation in August at from 70 to 90 per cent of capa-

city, and orders booked about 15 per cent in excess of July. Purchasing is mainly for immediate to 60 days delivery, though since the first of September considerable interest has been displayed in more distant requirements. Raw materials, other than sugar, show a firming tendency, but prices for the finished product are unchanged from the preceding month.

Drugs and Chemicals—Sales in August of the 7 reporting interests ran from 2 per cent under to 6 per cent ahead of July, and from 19 to 17 per cent under August, 1920. Stock orders are gaining in volume, and buying of futures is better than for a considerable while. Prices show less marked variation than during earlier months this year, but the trend is lower. Collections are good.

Furniture—Production and distribution of furniture, according to the 14 reporting interests, show slow, but steady improvement. Factory operation during the period under review was at from 65 to 70 per cent of capacity. Four plants which were idle in July have resumed on part time. A general comment is that competition is unusually keen, and sales are on a close margin. The export trade continues dull, though in the past three weeks some fair orders were received from Mexico. The price decline has been checked. Office furniture is quiet, but there is a good demand for chairs. Orders and inquiries generally call for a higher grade of goods than heretofore.

Lumber—Steadily increasing demand for yellow pine has featured the lumber market for the last four weeks. Beginning about August 15, there was heavy buying of car material. While this demand tapered off within ten days, it has been more than replaced by the heaviest purchases by large yards that have occurred since early in 1920. Substantial advances have been registered in upper grades; heavy inroads have been made in surplus accumulations of lower grades and prices throughout the list are firmer, though active competition has worked the level of some common items lower than a month ago. There has been a favorable trend in virtually all of the softwoods. Upper grades are generally firm in Douglas fir and the Western pines, with prices of commons fluctuating widely. Notably price reductions have occurred in California redwood, sugar pine and in the common grades of northern pines. Red cedar shingles, on the other hand, have been constantly advancing and lath, in all species, are firm at higher prices. The hardwood market remains quiet, but with business slightly improved in comparison with a month ago. Delivered prices of low grade hardwoods are so little in excess of freight charges that the lumber is rendered unmarketable. Frequently, the manufacturer cannot realize loading cost from such shipments, to say nothing of stumpage and cost of manufacture. This situation, due to the present level of freight rates, is resulting in serious waste of lumber at mills that are operating. Production remains at a very low level in the hardwood districts.

RETAIL

Retail trade, which during July and August reflected considerable depression, picked up noticeably toward the close of the latter month, and since September 1 both actually and sentimentally marked improvement has developed. This general description applies especially to the South, where the advance in cotton prices has served as a strong stimulant to purchasing by ultimate consumers. In numerous instances good gains are reported in volume of sales during the past thirty days over the corresponding period last year, and a number of retailers who fail to show gains, state that their decreases have been materially reduced. A general comment or reporting stores is that the public is showing more confidence in values, many customers who had postponed purchasing in hopes of still further concessions having now resumed their shopping on a normal basis. Some unevenness exists in reports relative to collections, but with the return of vacationists improvement in this detail is expected. Advices from the country districts are to the effect that the early marketing of grain crops and other products is being reflected in renewed buying by the farming community. Buyers of the big department stores returning from the Eastern markets report that it is possible now to purchase high class merchandise at prices more nearly approximating

normal than at any time since the war. Sales of clothing were larger in volume than for the same time last year, but measured in dollar value the totals were considerably under those of 1920. Jewelers report sales about 20 per cent under last year, but that the fall business is opening up in good shape. Actual business and inquiries in the printing and stationery lines show a satisfactory gain during the past three weeks. Combined orders of five large printing establishments for the first three weeks of September were larger than for the entire month of August, and 2 per cent larger than for the corresponding period in 1920. Opening of the school season has caused a decided stir in sporting goods. Orders for football equipment are far in excess of supplies, and manufacturers are hard pressed to meet the demand. Registration at schools and colleges in the district, according to early returns, is from 5 to 8 per cent greater than a year ago. Hardware lines are moving better, and automobile accessories are about holding their own as compared with a month ago. Price reductions on bicycles have resulted in heavy sales of that commodity. Amusement Companies throughout the district report little change in the dull conditions which obtained in their business during the summer.

Figures on retail trade as indicated by 20 representative department stores for August, 1921, were as follows:

	St. Louis	Louisville	Memphis	Little Rock	Evansville	Quincy	8th District
Net Sales:							
August, 1921, compared with August, 1920.....	-9.	-9.5	-21.4	-15.9	-17.	-4.8	-11.7
August, 1921, compared with July, 1921.....	-11.1	-15.	-24.3	-10.7	-21.	-12.4	-12.9
Stocks at end of August, 1921:							
Compared with same month in 1920.....	-7.6	-11.5	-20.6	-14.	-8.5	-10.7	-10.7
Compared with stocks at end of July, 1921.....	10.2	11.2	3.8	12.2	3.3	12.2	9.3
Ratio of stocks to sales.....	419.8	729.3	463.3	382.1	870.9	553.	461.7
Ratio of outstanding orders to last year's purchases	7.5	8.3	8.9	11.6	12.7	6.6	8.2

Note: - denotes decrease.

AGRICULTURE

Latest advices relative to corn indicate that the crop has been maturing well under generally auspicious conditions, and bulk of the crop is beyond danger from frost. The harvest as a whole will be somewhat earlier than usual, and in this district cutting of corn for silage has been about completed. Cutting for grain and husking in the South have made progress. In some sections early corn was damaged by drouth, but late planted, especially in the bottom lands, is magnificent, with prospects better than in many seasons. In the northern stretches of the district threshing of winter wheat from the stack continues, but generally threshing operations have been completed, and the grain is being marketed in unusually heavy volume. In some sections farmers are holding for higher prices, but this is by no means general. Plowing and preparation of the soil for winter grains has made good progress, and considerable seeding has already been accomplished. Threshing returns still show disappointing quality of oats, but results for that crop in this district will be well up to the recent Government estimate. Reports relative to potatoes are in the main unfavorable, though the late crop has been improved somewhat by recent precipitation. Sweet potatoes in the South have received needed moisture, and a good yield is indicated. Harvesting

of this crop is in full swing. Late ground fruits and vegetables have been benefitted by the cooler weather and rains, and shipments of these productions to market in late August and early September were in good volume, with generally satisfactory prices being obtained. Reports from virtually all sections of the district state that live stock is in exceptionally good condition. With the exception of a few scattered appearances of hog cholera, no disease is reported. In the South the number of hogs and cattle show good increases. Meadows and pastures were revived by the recent rains, and farmers will be able to put off feeding their stock to a much later date than was thought possible a few weeks ago. Rice in Arkansas gives indications of a good yield. The cost of producing this crop is estimated at 35c per bushel against \$1.50 per bushel in 1920. Threshing is in progress. Picking and ginning of cotton is making good progress, but reports from all sections of the district emphasize great damage to the crop and prospects for light yields. Depredations of the boll weevil continue unchecked, and generally deterioration has gone forward at quite as disastrous a pace as marked the period covered by the Departments of Agriculture's last report.

The production of corn, wheat, cotton, oats and hay, in Federal Reserve District No. 8, according to the September 1, 1921 forecast of the Department of Agriculture is as follows:

	Sept. 1 forecast for 1921	August 1 forecast for 1921	Estimate for 1920
Corn, bushels	471,864,000	426,382,000	441,118,000
Winter Wheat, bushels.....	* 59,867,000	.....	59,895,000
Spring Wheat, bushels	566,000	528,000	716,000
Cotton, bales	1,436,000	1,531,000	2,161,000
Oats, bushels	59,400,000	60,091,000	77,814,000
Hay, tons	7,280,000	7,296,000	8,183,000

*Preliminary estimate for 1921.

The U. S. Department of Agriculture, in its report as of September 1, gives the condition of corn, cotton and oats, in States of this district as follows:

	Condition Sept. 1		*Forecast 1921		*December 1920	Estimate 1915-19 Av.	Price per bu. Sept. 1	
	1921	10 yr. Av.	From Sept. 1	Condition Aug. 1			1921	1920
Arkansas	89	74	66,347	62,923	55,224	49,967	82	195
Illinois	84	75	325,592	297,326	294,168	346,330	48	149
Indiana	80	80	163,620	137,531	184,072	178,777	51	148
Kentucky	80	80	91,990	77,059	100,650	97,735	81	184
Mississippi	83	77	92,363	94,183	63,680	63,733	97	201
Missouri	86	67	206,372	181,637	198,880	170,354	54	156
Tennessee	87	82	94,152	85,181	93,100	84,834	76	188
OATS								
Illinois	59	82	114,298	122,047	161,950	186,096	26	64
Indiana	58	82	45,675	47,465	76,875	68,799	29	62
Missouri	58	76	38,009	38,766	54,138	42,544	28	66

*in thousands—i. e., 000 omitted.

COTTON

	August 25		1911-20 Av.	Change July 25 to Aug. 25		1911-20 Av.	Production (000 Bales)	
	1921	1920		July 25, 1921	1921		Forecast Aug. 25, 1921	Final 1920
Arkansas	63	75	72	76	-13	-6	729	1,214
Mississippi	57	60	66	68	-11	-8	679	895
Missouri	78	83	77	80	-2	-4	50	79
Tennessee	74	75	76	75	-1	-3	235	305

The following table, compiled from commercial sources for the Government market report, shows the cotton movement from August 1 to September 9:

	BALES	
	1921	1920
Port receipts	516,123	265,260
Port stocks	1,301,124	736,122
Interior receipts	577,224	281,955
Interior stocks	987,030	786,364
Into sight	926,182	646,755
Northern spinners' takings	194,769	139,965
Southern spinners' takings	315,143	183,199
World's visible supply of American cotton.....	3,585,160	2,547,509

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

	Close September 15	High	Low	Close August 15
September wheat.....Per bu.	\$1.22 $\frac{3}{4}$	\$1.30 $\frac{1}{4}$	\$1.11 $\frac{3}{4}$	\$1.25 $\frac{3}{4}$
December wheat....."	1.25	1.34 $\frac{5}{8}$	1.13 $\frac{3}{4}$	1.28 $\frac{1}{2}$
September corn....."	.54	.52 $\frac{1}{2}$	.48 $\frac{7}{8}$	.49 $\frac{3}{4}$
December corn....."	.53 @ $\frac{1}{2}$	.53 $\frac{3}{4}$	.49 $\frac{3}{4}$	.51 $\frac{5}{8}$
September oats....."	.32 $\frac{1}{2}$	.37 $\frac{1}{2}$	.30 $\frac{1}{2}$	.36
December oats....."	.36 $\frac{1}{2}$	.40 $\frac{3}{4}$	.33 $\frac{3}{4}$	.38 $\frac{1}{2}$
No. 2 red winter wheat....."	\$1.25 @ 1.28	1.41	1.22	\$1.34 @ 1.39 $\frac{1}{2}$
No. 2 hard wheat....."	1.22 $\frac{1}{2}$ @ 1.23	1.35	1.15	1.30 @ 1.33
No. 2 corn....."	.53 @ .53 $\frac{1}{2}$	.57	.48	.51 @ .51 $\frac{1}{2}$
No. 2 white corn....."	.53 $\frac{1}{2}$	.54 $\frac{1}{2}$	.51	.52 $\frac{1}{2}$ @ .53
No. 2 white oats....."	.33	.40	.34	.38 @ .40
Flour, soft patent.....Per Bbl.	6.25 @ 7.00	7.50	6.25	6.50 @ 7.50
Flour, spring patent....."	7.55 @ 8.05	8.85	7.00	7.50 @ 8.00

LABOR SITUATION

AUGUST

Replies received from questionnaires addressed to 210 leading employers in 21 of the largest cities in the Eighth Federal Reserve District, with an estimated normal complement of 215,784 workers asking for employment data developed in the following results:

Date	Men	Number of Wage Earners	Pay roll
August 1, 1920	Men	206,952	
	Women	16,565	
	Total	223,527	\$16,112,148.00
August 1, 1921	Men	150,652	
	Women	15,222	
	Total	165,874	\$11,254,110.00

From the above tabulation it will be noted that the number of employees of the reporting interests decreased 57,653 or 21.3 per cent between the dates August 1, 1920, and August 1, 1921. On August 1, 1920 the number was 7,743 or 3.5 per cent above normal, and on August 1, 1921, the total was 49,910 or 23.1 per cent under normal. Wages, figured on a semi-monthly basis decreased \$4,858,038.00 or 30.1 per cent between August 1, 1920 and August 1, 1921.

JULY

Replies received from questionnaires addressed to 173 leading employers of labor in 21 of the largest cities of the Eighth Federal Reserve District, with a normal complement of 90,047 workers, asking for employment data developed the following results:

Date	Men	Number of Wage Earners	Pay Roll
July 1, 1920	Men	71,817	
	Women	17,276	
July 1, 1920	Total	89,093	\$4,328,957.00
July 1, 1921	Men	51,396	
	Women	14,048	
	Total	65,444	\$3,312,365.00

From the above tabulation it will be noted that the number of employees of the reporting interests decreased 23,649 or 26.6 per cent between the dates July 1, 1920 and July 1, 1921. On July 1, 1920 the number was 954, or 1.05 per cent under normal, and on July 1, 1921, the total was 24,603 or 27.4 per cent under normal. Wages, figured on a semi-monthly basis, decreased \$1,016,592, or 23.5 per cent between July 1, 1920 and the same date this year.

BUILDING

No change worthy of note has taken place in the building situation since the last issue of this report. Permits issued for new construction and repairs in August totaled in dollar value slightly under July, but ran approximately \$1,000,000 in excess of August, 1920. According to builders, con-

tractors and architects, new construction continues to await adjustment in the wage scale and further reduction in prices of building materials. In several cities of the district efforts are being made by civic organizations and other semi-official agencies to revive building activities.

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

	1921				AUGUST 1920			
	New Construction		Repairs, etc.		New Construction		Repairs, etc.	
	Permits	Cost	Permits	Cost	Permits	Cost	Permits	Cost
St. Louis	669	\$1,071,820	482	\$235,386	398	\$853,405	395	\$350,925
Louisville	192	713,300	146	61,500	39	952,850	132	75,900
Memphis	255	992,506	42	18,420	93	298,050	59	19,980
Little Rock.....	59	180,350	182	52,510	45	132,425	141	68,342
Evansville	112	163,545	18	4,915				

COMMODITY MOVEMENT

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

	RECEIPTS			SHIPMENTS		
	Aug., 1921	July, 1921	Aug., 1920	Aug., 1921	July, 1921	Aug., 1920
Flour, barrels.....	720,640	490,210	397,740	812,380	545,255	425,820
Wheat, bushels.....	7,160,672	9,767,576	6,754,970	5,382,260	4,682,210	4,889,170
Corn, bushels.....	2,394,800	1,755,000	1,134,900	1,921,445	1,429,295	619,060
Oats, bushels.....	2,519,000	2,316,000	3,168,000	1,991,080	1,250,590	1,800,760
Lead, pigs.....	280,220	197,870	181,800	98,440	88,550	135,740
Zinc & Spelter, slabs.....	94,950	82,660	317,800	225,660	142,570	703,420
Lumber, cars.....	10,927	9,946	10,184	9,172	8,216	8,397
Meats, pounds.....	22,573,800	22,968,100	6,370,700	26,808,300	23,375,000	19,294,800
Fresh beef, pounds.....	275,200	99,400	1,010,700	26,218,800	20,183,100	25,948,000
Lard, pounds.....	2,965,100	3,600,700	1,161,500	7,528,000	8,352,100	8,165,700
Hides, pounds.....	4,529,800	4,123,300	808,600	7,190,600	5,134,900	3,439,700

LIVE STOCK

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

	Cattle & Calves		Hogs		Sheep		Horses & Mules	
	1921	1920	1921	1920	1921	1920	1921	1920
Receipts	120,877	134,462	201,031	201,215	80,089	70,354	4,418	14,880
Shipments	71,254	57,086	123,721	101,796	23,507	19,068	4,330	15,032

FINANCIAL

The general banking and financial position, while developing further gradual improvement, was marked by no changes worthy of comment during the past thirty days. Liquidation of indebtedness in both city and country made further progress, with the showing by the country relatively better than has been the case for the past several months. Since the advance in cotton prices late in August, Southern merchants and bankers report a decidedly better tone in financial affairs. Holders of cotton are disposed to realize, and in many instances are applying the proceeds to liquidating accounts under extension. In the typical grain areas farmers are marketing their products and paying their bills. One notable feature at the moment is that the loans and discounts of banks in the district, which at this season usually describe a sharply upward curve due to crop financing and other seasonal requirements, are showing little variation from week to week, and are vastly under the corresponding period a year ago. This is accounted for in part by the fact that the reduction in prices materially curtailed the cost of producing and marketing crops, as well as the outlay of money required in mercantile operations. The commercial banks report a continued excellent demand for money, and an increase in loanable resources. At the moment there is a strong demand from live stock raisers for funds with which to purchase cattle, sheep and hogs, farmers being anxious to augment their herds in order to take advantage of the cheap and abundant feed crops. Quotably interest rates asked by the commercial banks are unchanged from the preceding issue of this report, but more customers are being accommodated at the minor figure of the range, and in a few instances prime borrowers are getting slight concessions below the minimum. The evenness of financial dispositions in the district

during the period under review is shown by the following figures: Between July 15 and August 15 the Federal Reserve note circulation of the Federal Reserve Bank of St. Louis decreased \$847,000; the total earning assets increased \$969,000; net deposits increased \$1,819,000; the amount due member banks increased \$2,959,000 and the total reserve carried against deposit and Federal Reserve note liability varied only three one hundredths of one per cent, standing at 58.0 on August 15 and 58.3 on July 15. Between these dates there was an increase of \$700,788 in the amount of accommodations granted member banks by this institution.

The market for commercial paper, while still quiet, is a shade more active than a month ago. Buying by country banks in the grain sections since the first of September has been larger than heretofore, and for the first time in many months, financial institutions in the larger centers are in the market in a small way. Quotably rates remain unchanged at 6 to 6½ per cent, but the trend is easier.

Brokers and financial institutions with bond departments report a considerably better demand for bonds. The recent upturn in prices has been an incentive to purchasing, and holdings have been materially reduced. Much conservatism is still displayed by investors, the demand centering chiefly in municipals and safe corporation issues. There is no diminution in the strong demand for Government obligations. The quota of this bank of the three-year 5½ per cent Treasury notes, one-year 5¼ per cent tax certificates and six-month tax certificates, dated September 15 was considerably oversubscribed. The combined quota for the three issues was \$24,000,000, while subscriptions received to the close of business on September 15 totaled \$42,520,100.

INTEREST RATES

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

	St. Louis			Louisville			Memphis			Little Rock		
	H	L	C	H	L	C	H	L	C	H	L	C
Customers Prime Commercial Paper:												
30 to 90 days.....	8	6	7	7	6	6	8	6	7	8	7	8
4 to 6 months.....	8	6	7	7	6	6	8	6	7	8	7	8
Prime Commercial Paper purchased in open market:												
30 to 90 days.....	7	6	6½	6½	6¼	6¼	.....	.....	.....	.....	.....	.....
4 to 6 months.....	7	6	6½	6½	6¼	6¼	.....	.....	.....	.....	.....	.....
Loans to other banks.....	7	6	6¾	6	6	6	8	6	7	7½	7	7
Bankers' Acceptances of 60 to 90 days:												
Endorsed .....	.....	.....	.....	6	6	6	.....	.....	.....	.....	.....	.....
Unendorsed	5½	5	5	6	6	6	.....	.....	.....	.....	.....	.....
Loans secured by prime stock exchange collateral or other current collateral:												
Demand	8	6	7	6	6	6	8	6	7	8	7	8
3 months	7	6	7	6	6	6	8	6	7	8	7	8
3 to 6 months.....	7	6	7	6	6	6	8	6	7	8	7	8
Cattle Loans.....	8	7	7	6	6	6	.....	.....	.....	8	7	8
Commodity paper secured by warehouse receipts, etc.....	8	6½	7	6	6	6	8	6	7	8	8	8
Loans secured by Liberty Bonds and Certificates.....	7	6½	7	6	6	6	7	6	7	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:

	Sept. 14, 1921	Aug. 10, 1921	Sept. 10, 1920
Number of banks reporting.....	37	37	35
Loans and Discounts (including bills rediscounted with F. R. Bank):			
Secured by U. S. Govt. Obligations.....	\$ 18,637,000	\$ 19,103,000	\$ 31,790,000
Secured by stocks and bonds other than U. S. bonds.....	118,622,000	118,512,000	126,393,000
All other loans and discounts.....	304,157,000	304,596,000	.....
Total loans and discounts.....	\$441,416,000	\$442,211,000	.....
Investments:			
U. S. Government Bonds.....	26,849,000	25,580,000	30,222,000
U. S. Victory Notes.....	1,894,000	1,949,000	2,686,000
U. S. Treasury Notes.....	114,000	226,000	.....
U. S. Certificates of Indebtedness.....	1,631,000	4,568,000	5,615,000
Other bonds, stocks and securities.....	67,181,000	66,144,000	.....
Total loans, discounts and investments (including bills rediscounted with F. R. Bank).....	\$539,085,000	\$540,678,000	613,893,000
Reserve Balance with F. R. Bank.....	37,928,000	37,474,000	41,527,000
Cash in Vault.....	7,388,000	6,842,000	9,580,000
Net demand deposits on which reserve is computed.....	285,694,000	285,862,000	325,285,000
Time deposits.....	145,916,000	142,372,000	125,566,000
Government deposits.....	3,850,000	10,632,000	759,000

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 the periods which they cover.

Debits to depositors' accounts for four weeks ending:

	SEPTEMBER	COMPARISON		COMPARISON	
	Sept. 14, 1921	September with August	% Inc. or Dec.	Sept. 15, 1920	% Inc. or Dec.
St. Louis	\$307,349,000	\$449,722,000	-31.6	\$562,166,000	-45.3
Louisville	77,004,000	84,029,000	- 8.3	109,903,000	-28.1
Memphis	78,468,000	75,025,000	4.5	121,707,000	-35.5
Little Rock	34,934,000	33,203,000	5.2	35,386,000	- 1.2
E. St. Louis & Natl. Stock Yards....	30,581,000	33,901,000	- 9.7	.....	.....
Evansville	17,898,000	19,624,000	- 8.7	19,243,000	- 6.9
Springfield	10,008,000	10,346,000	- 3.2	.....	.....
Quincy	7,427,000	8,947,000	-16.9	.....	.....

FEDERAL RESERVE OPERATIONS

In August this bank discounted \$117,532,425 of paper for 327 member banks, which represents a decrease of \$16,546,865 under the amount discounted in July, and an increase of 1 in the number of banks accommodated. Acceptances purchased in August amounted to \$1,187,430, an increase of \$431,591. There has been no change in the discount rates of this bank since the preceding issue of this report.

(Compiled Sept. 20, 1921)