

# FEDERAL RESERVE BANK OF ST. LOUIS

## MONTHLY REVIEW OF

### GENERAL BUSINESS CONDITIONS

#### IN FEDERAL RESERVE DISTRICT No. 8

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**B**ROADLY speaking general business in this district during the past thirty days fully maintained the position of strength to which it had worked during the closing months of 1922, and in many important instances gains were pushed still further. The holiday trade far exceeded expectations and resulted in the distribution of an enormous volume of merchandise. Actual reports received on holiday business from merchants scattered throughout the district show gains of from 15 to 72½ per cent over their sales in 1921. Comment accompanying these statistics indicate that as a rule a better class of goods went into Christmas selections than was the case during the preceding season and the proportion of luxuries in the aggregate was considerably larger. Advices from the South were especially optimistic, the purchasing power of the people in that section having been strengthened by the advance in cotton prices, and successful marketing of tobacco, rice and other agricultural productions.

Much less than the usual seasonal slowing down in manufacturing activity has taken place, and in a number of important lines is not noticeable at all. The final fortnight of the old year and the first half of January were marked by increased orders, and unusually heavy shipping directions on goods already purchased. Roughly speaking the turn of the year found manufacturing facilities in the district engaged at from 78 to 100 per cent of capacity. In several of the basic industries, notably steel and textiles, outputs of plants is about as high as present conditions in the raw material and labor markets will permit of. A number of the reporting manufacturing interests have orders booked which will insure the present pace of operations for the next three months.

In the wholesale section of distribution the outstanding feature developed in replies to questionnaires sent out by this bank was the heavy increase in the volume of goods sold for forward delivery, as compared with the corresponding period a year ago. This is particularly marked in dry goods, boots and shoes, clothing and groceries. Some irregularity is noted in general price movements. Certain commodities declined slightly during the period, but elsewhere the trend was decidedly firmer, with the latter manifestation true in such important lines as iron and steel, lumber, textiles and certain drugs and chemicals. There was a slight weakening in cereal values, some groceries, flour, and dairy products. Cotton moved to new high prices on the crop.

As a result of the holiday trade and clearance sales during the first weeks of January, retail stocks, particularly in the large cities of the district, are generally under normal. The turnover in the clearance sales, according to early reports, was unusually large, the reduced prices having attracted numerous buyers. Wholesalers report a heavy volume of small orders from retail customers for immediate shipment, which is taken to indicate that requirements were underestimated and that the buyers are in urgent need of the goods. In this buying the question of delivery is of more importance than price, and it has not been possible in all cases to fill the orders for the forwardings specified. Despite increased rate of production, many manufacturers are unable to accept additional business for prompt delivery, their prospective outputs having been engaged for several months ahead.

Reports from the agricultural districts indicate a considerably greater degree of optimism prevailing among farmers than was the case at this time last year. The advance in prices of important products of the soil which took place during the closing months of 1922 improved the financial position of farmers, and preparations for spring planting campaigns are on an enlarged scale. While the South is exhibiting a disposition to plant a very large acreage to cotton, programs in that section include the raising of food crops and the continuing of diversification which was practiced during the several seasons immediately preceding. The demand for corn, incident to the heavily increased number of farm animals, is expected to be reflected in more extensive plantings of that cereal.

Further gains in employment were recorded during the period under review. The open winter has permitted of continuing construction work almost without interruption, and skilled laborers in the building crafts are in demand in all sections of the district. Reports of the U. S. Department of Labor indicate that voluntary idleness is at a minimum, and in a number of important industries many more skilled and common laborers are needed than can be procured. Some wage advances were reported, but these were in the main individual instances, there being no general scale increases.

Freight loadings of railroads operating in the district continue to show heavy gains over the corresponding period a year ago. The usual annual decline shown at the end of the business year was more gradual than in past seasons. Loadings of grain and grain products, live stock, merchandise and miscellaneous freight are holding up in excel-

lent shape. Passenger traffic continued the improvement noted in the two preceding issues of this report, the gain in December for the reporting roads being 18 per cent over the same month in 1921. The St. Louis Terminal Railway Association, which includes in its membership 26 roads operating through this gateway, interchanged 196,136 loads in December, against 205,056 loads in November, and 141,226 loads in December, 1921. During the first nine days of January 60,545 loads were interchanged, which compares with 59,336 loads for the same period in November and 38,345 loads for the first nine days of January, 1922.

There was a temporary betterment in the supply of cars at coal mines, due to the accumulation over the holidays, but in the immediate past empties have been as scarce as just before Christmas. The general demand for fuel improved somewhat with colder weather, and prices on virtually all grades have taken a sharp turn upward. Steaming coal is moving better, and many plants have put large tonnages into storage, the incentive being rumors of another coal strike in the spring. The U. S. Geological Survey estimates the output of soft coal during December at 46,450,000 net tons. This was the largest monthly record since March, 1922, and, in fact, it has been exceeded but once since December, 1920.

Production of automobiles for the country as a whole decreased slightly during December, the

output of passenger cars by companies reporting direct or through the Automobile Chamber of Commerce being 206,650 against 214,573 in November. Production of trucks in December totaled 16,627 against 21,275 in November. Sales of 230 dealers scattered through the district were 17 per cent larger in December than for the same month in 1921. A considerable part of the gain was in the rural districts, particularly in the South. Business in accessories and tires was reported brisk.

Reports relative to collections in all parts of the district were more universally favorable than at any time since this service was inaugurated. Liquidation of old indebtedness continues on a satisfactory scale, and current accounts are being paid promptly, with more than the usual number of merchants discounting their bills. Answers to 334 questionnaires addressed to representative interests throughout the Eighth Federal Reserve District asking for data relative to collections show the following results: 8.2 per cent excellent, 56.2 per cent good, 34.2 per cent fair and only 1.4 per cent poor.

Commercial failures in the Eighth Federal Reserve District during December, according to Dun's numbered 84, involving liabilities of \$987,491, against 142 in December, 1921, involving liabilities of \$3,873,516.

The per capita circulation of the United States on January 1 was \$42.81 against \$41.80 on December 1, and \$41.51 on January 1, 1922.

## MANUFACTURING AND WHOLESALE

**Boots and Shoes**—Sales of the 11 reporting interests in December were 25.2 per cent larger than for the same month in 1921, and 21.1 per cent in excess of the November total. Orders received during the first two weeks of January indicate a continuance of the recent gains. Factory operations range from 90 to 100 per cent of capacity. Save for a few isolated advances, prices were steady, but the trend is upward in sympathy with the upturn in raw materials. The demand for women's shoes was better than in several months, with indications for heavy buying during the next few weeks. As was the case throughout 1922 purchases of men's footwear was in heavy volume. Advance orders are considerably larger than for the corresponding time a year ago.

**Clothing**—Heavily increased volume of business over the corresponding period a year ago featured activities in this line during the past thirty days. December sales of the 23 reporting interests were 32½ per cent larger than for the same month in 1921, and 1¼ per cent in excess of November. The comment is made that the demand still centers in moderate priced goods, and some apprehension is expressed that a further advance in prices may result in a cessation of buying. Leading manufacturers and wholesalers have redoubled their efforts to hold down costs and selling prices. Advance orders for spring are generally heavier than last season.

**Iron and Steel Products**—The period under review was marked by a stiffening in prices of raw materials and further advances in certain finished and semi-finished goods. Order books of the steel plants show a heavy accumulation of business, which in many instances will insure the present pace of activity for the next four to six months.

Mill operations were at from 78 to 86 per cent of capacity. The usual lull in steel buying during the holiday season was little in evidence, and since the first of the year ordering has been on a large scale with the railroads, automobile builders and the building industry taking an important part in the movement. Pig iron prices responded to increased purchasing, and advanced on all grades. No. 2 Southern iron, 1.75 to 2.25 per cent silicon, advanced from \$21, the recent low, to \$24 per ton, and Northern iron of the same grade moved up to \$29 to \$30. Scrap iron and steel advanced from \$1 to \$5 per ton, according to variety. December sales of stove manufacturers, 7 reporting, were 62 per cent larger than for the same month in 1921; wire rope makers, 5 interests reporting, showed gains of 40 to 100 per cent; railway supplies, 5 interests reporting, showed gains of 18 to 58 per cent; farm implements, 6 interests reporting, gained 16 per cent; boiler works, 6 interests reporting showed a decrease of 42 per cent.

**Hardware**—December sales of the 12 reporting interests were 36.9 per cent larger than for the same month in 1921, but showed a decrease of 1.6 per cent under the November total. The demand for virtually the entire line is active, with wire and wire products, builders hardware, cutlery and goods used on farms particularly active. Several of the reporting firms comment on the better tone of their business in the country districts. Prices of steel goods continue to show an upward trend. Advance orders for sporting goods are larger than a year ago.

**Electrical Supplies**—Business in this line is reported improving, sales of the 12 reporting interests in December being 41.6 per cent larger than

for the same month in 1921, and 22 per cent in excess of the November total. The holiday demand had a stimulating effect on the distribution of radio sets, household appliances and fancy lamps. The almost uninterrupted building operations were reflected in orders for wiring, which were reported unusually heavy for this particular season. Public utility companies continue to purchase in heavy volume, and there is an excellent demand for electrical goods from the automotive industry.

**Flour**—Production of the 11 leading mills of the district in December was 346,030 barrels, which compares with 385,578 in November and 333,966 barrels in December, 1921. Business throughout the period under review was described as dull and unsatisfactory. Sales to the domestic trade were mainly in small lots for prompt delivery, with the South relatively more active than other sections of the trade territory. The export demand showed little life, the few bids from Continental Europe being too far out of line to result in bookings. A fair routine business with the Latin-American countries was reported. Mill operation was at from 55 to 70 per cent of capacity.

**Dry Goods**—The outstanding feature in this line was the heavy increase in orders for forward delivery as contrasted with the two preceding years. Some firms report gains in this respect as much as 68½ per cent over the corresponding period a year ago. Generally, business is active through the entire line, and during the period under review there was an unusually large volume of purchasing of small lots to fill in with. Some inquiry has appeared for goods for fall consumption, notably for blankets, outing flannels, underwear and hosiery. Comment is made that the demand for workmen's clothing, which was heavy during 1922, is keeping up in excellent shape. The trend of prices is upward, particularly on all goods based on cotton. Collections are almost universally satisfactory. December sales of the 11 reporting interests were 12 per cent larger than for the same month in 1921.

**Groceries**—The gradual improvement in this line noted in preceding issues of this review was pushed still further during the period under review. Sales of the 17 reporting interests during December were 18 per cent larger than for the corresponding month in 1921. Price changes during the past thirty days were of minor importance, save in the case of sugar, which declined. The holiday trade in candy, according to reports of leading manufacturers and distributors, was approximately double that

of the preceding season. Southern stores report a large advance business in supplies used on farms.

**Drugs and Chemicals**—For the first time in three months, the December sales of the 7 reporting interests showed a slight increase over the corresponding period a year ago. Comment is made upon the larger volume of stock orders, and improvement in the retail drug business, which latter is attributed to colder weather. The demand for heavy chemicals from manufacturers took a decided turn for the better. Sales of denatured alcohol were slightly in excess of last year. The trend of prices continues upward, with sixteen out of twenty-four changes in important articles representing advances. Insecticides and disinfectants are in active demand and strong.

**Furniture**—December sales of the 11 reporting interests were 12¾ per cent larger than for the same month in 1921, and 5 per cent under the November total. December, which is normally a quiet month in this line, developed unusual activity in all parts of the district. Manufacturers from this district exhibiting at the Chicago and Grand Rapids January sales report a brisk demand and the booking of substantial orders. Most of the leading factories are sold up for the next sixty to ninety days. Some price advances were recorded during the past thirty days, mainly to conform with the gradual upward movement in raw materials and wages.

**Lumber**—In the usually dull period from December 15 to January 15 there was considerable business done in practically all the woods, at prices showing either great firmness or moderate advances. The demand was especially large for the season in soft woods, in connection with continuing and prospective building operations. Mill sales of Southern pine, Douglas fir and other building lumbers were mainly to wholesalers and line and reshipping yards. Hardwood and factory grades of cypress, made substantial price gains, despite the release of stock accumulations at the mills by a much easier car supply. The industrial lumber requirement is also reflected in the well sold-up condition of low grade yellow pine stock, notably No. 3 lumber—suitable for boxing and crating. Plain sap gum, latterly, plain red and white oak, have been the features of the hardwood market. The rapidly increasing consumption of flooring mills has contributed to price betterment in the lower grades of oak, and the furniture demand to that of sap gum. Receipts of lumber at St. Louis last year increased 28½ per cent over those of 1921, and shipments 19¾ per cent.

**Industrial Power Consumption**—Increases and decreases in the use of electric power for industrial purposes during December about offset each other, the net for reporting centers being a decline of .6 per cent. Figures for the current month as compared with that of a year ago reflect notable industrial improvement, however, with a net increase for reporting centers of 47 per cent. Comparative figures follow:

Representative Customers	Dec., 1922	Nov., 1922	Dec., 1922	Dec., 1921	Dec., 1922
			comp. to Nov., 1922	comp. to Dec., 1921	
Little Rock 11	680,822 k. w. h.	726,069 k. w. h.	— 6.2	555,417 k. w. h.	+22.6
Louisville..... 64	3,489,759 "	3,084,000 "	+13.2	1,864,671 "	+87.2
Memphis .... 31	1,149,340 "	1,221,070 "	— 5.9	1,034,200 "	+11.1
St. Louis.... 67	11,219,555 "	11,613,554 "	— 2.9	7,797,430 "	+43.9
Total.... 173	16,539,476 "	16,644,693 "	— 0.6	11,251,718 "	+47.0

**Department Stores**—The condition of retail trade during December, 1922, in the leading cities of this district is reflected in the following statement, compiled from reports of 21 representative department stores:

(Percentages)	St. Louis	Louisville	Memphis	Little Rock	Evansville	Quincy	8th District
Net Sales:							
Dec., 1922, compared with Dec., 1921.....	+ 6.2	+ 1.5	+13.3	+ 4.5	+ 0.2	+ 6.9	+ 6.5
Period July 1 to Dec. 31, 1922, compared with same period in 1921.....	+ 5.0	+ 0.9	+11.9	- 4.1	- 7.7	+ 4.0	+ 4.8
Stocks at end of December, 1922:							
Compared with same month in 1921.....	- 0.7	-16.8	- 6.4	+ 9.2	-21.1	+31.2	- 1.8
Compared with stocks at end of Nov., 1922.....	-15.3	-27.7	-15.6	-17.0	-15.9	+ 2.9	-16.3
Average stocks on hand at end of each month since July 1, 1922, to average monthly sales during same period.....	326.9	312.6	402.4	472.1	571.5	430.5	350.3
Outstanding orders at close of Dec., 1922, compared with previous year's purchases.....	5.4	3.0	5.5	4.0	3.3	5.8	5.0

### AGRICULTURE

Generally through this district conditions have been favorable for the growth of fall sown grains. There has been ample moisture, and no excessively cold weather, but snow protection is lacking and some apprehension is felt lest a sudden severe drop in temperatures should occur and cause winter killing. There are scattered reports from Illinois, Indiana and Missouri of the presence of Hessian fly and chinch bugs. Increased acreages of wheat are indicated in most of the chief growing counties of the district.

Some corn still remains shocked in the fields, but the general rule is that husking has been completed and the crop housed. An unusually heavy demand for corn for feeding purposes is reported, but the movement to market continues in limited volume. From Kentucky come complaints of irregularity in the corn supply, due to injury by drouth in some sections during the growing period.

Reports relative to fall plowing vary considerably, and in Missouri is about 66 per cent completed and more advanced than usual. Hard, dry soil, due to drouth earlier in the season, retarded this work in many localities.

The cotton season, so far as the grower is concerned, is practically over, and the completion of picking developed that in Arkansas the outturn was larger than earlier reports indicated. Prices have continued on the upturn, reaching a new high level for the crop. Recent reports indicate that the demand has centered chiefly in the lower grades, which grades, however, are much better than during prior seasons. This is due to the very favorable cropping season.

Rice threshing was completed early in December, and the final estimate on yield in Arkansas indicates approximately 47½ bushels per acre in 1922, or about 88.7 per cent of normal. The acreage was approximately 158,000. Prices have advanced recently, and range from 75c to \$1.25 per bushel, according to grade and quality.

The movement of tobacco in the burley and dark tobacco districts is in full swing, and prices realized to date have been satisfactory to producers. The cooperative marketing associations in both districts are working out well.

The U. S. Department of Agriculture estimates the yield of cotton in States of the Eighth Federal Reserve District and the total for the country as a whole as follows:

	BALES OF 500 POUNDS, GROSS WEIGHT		
	1922	1921 (Census)	5 yr. av. 1916-1920
Arkansas .....	1,040,000	796,936	1,038,809
Mississippi .....	1,010,000	813,014	959,919
Missouri .....	149,000	69,931	65,716
Tennessee .....	400,000	301,950	317,555
Total.....	2,599,000	1,981,831	2,381,999
United States.....	*9,964,000	**7,953,641	11,930,641

\*Does not include Lower California.

\*\*Includes about 8,000 bales of the 50,000 bales grown in Lower California.

Range of prices on typical products in the St. Louis market between December 15 and January 15, with closing quotations on each of these dates, and on January 14, 1922:

	Close Dec. 15	High	Low	Close Jan. 15	Close Jan. 14, 1922
May wheat .....Per bu.	\$1.21¾	\$1.24¾	\$1.15½	\$1.17½	\$1.09¾
July wheat .....	1.11¾	1.14¾	1.08½	1.11	.98½
September wheat .....	-----	1.07¾	1.05¾	1.07½	-----
May corn .....	.73¾	.75½	.70	.73¼	.51½
July corn .....	.73¼	.74½	.70	.72½	.53¼
May oats .....	.48	.48½	.44½	.46½	.39
No. 2 red winter wheat.....	1.40	1.42	1.33	\$1.36 @ 1.40	\$1.21 @ 1.24
No. 2 hard wheat .....	1.24	1.25	1.13	1.18	1.09½
No. 2 corn.....	.76	.77½	.70	.72½	.46½ @ .46¾
No. 2 white corn .....	.77	.78	.70½	.74	.47
No. 2 white oats.....	.47½	.48½	.45½	.45½	.37 @ .38
Flour: soft patent.....Per bbl.	\$6.00 @ 7.00	7.25	6.00	6.00 @ 7.00	5.75 @ 6.00
Flour: hard patent.....	6.75	7.60	6.40	6.40 @ 6.60	5.80 @ 6.75
Middling cotton.....Per lb.	.25¾	.27½	.25¾	.27½	.18
Hogs on hoof.....Per cwt.	7.10 @ 8.35	9.90	6.75	6.75 @ 8.60	5.35 @ 8.50

Note—December wheat closed at \$1.21¼, December corn at 72¼c and December oats at 46c.

## COMMODITY MOVEMENT

Receipts and shipments of important commodities at St. Louis during December, 1922 and 1921, and November, 1922, as reported by the Merchants' Exchange, were as follows:

	Receipts			Shipments		
	Dec., 1922	Nov., 1922	Dec., 1921	Dec., 1922	Nov., 1922	Dec., 1921
Flour, barrels .....	362,870	392,610	382,020	468,710	637,060	381,395
Wheat, bushels .....	3,173,147	4,277,518	2,071,625	2,340,360	3,674,970	1,392,315
Corn, bushels .....	2,332,200	2,189,382	3,786,822	1,204,110	1,519,425	2,306,180
Oats, bushels .....	2,640,000	2,988,000	1,790,000	1,655,330	2,405,695	1,042,350
Lead, pigs.....	276,090	265,080	280,110	127,630	192,290	86,350
Zinc and Spelter, slabs.....	216,600	225,550	250,200	208,070	216,640	432,410
Lumber, cars.....	16,344	12,855	12,809	10,405	10,445	9,529
Meats, pounds .....	15,554,600	17,779,300	14,933,200	27,818,600	28,205,000	23,676,900
Fresh beef, pounds.....	200,900	198,700	20,000	20,634,200	21,365,300	20,623,900
Lard, pounds .....	4,557,100	4,674,100	3,063,700	9,530,000	8,801,700	5,566,400
Hides, pounds .....	5,757,600	6,250,400	6,493,800	9,498,700	9,128,500	7,421,900

## LIVE STOCK MOVEMENT

	Receipts			Shipments		
	Dec., 1922	Nov., 1922	Dec., 1921	Dec., 1922	Nov., 1922	Dec., 1921
Cattle and Calves.....	113,910	153,733	87,832	75,683	110,283	58,234
Hogs .....	398,002	361,772	337,226	245,981	233,992	240,486
Sheep .....	32,707	39,119	44,095	8,470	14,061	22,932
Horses and Mules.....	9,171	12,661	4,981	9,746	12,487	5,231

## BUILDING

Building permits issued in the five largest cities of the district in December were the largest for any single month in 1922, and in dollar value represented an increase of approximately 300 per cent over the corresponding month in 1921. Bulk of the increase was furnished by Memphis, where 208 permits for new construction, involving \$4,290,000, were issued. Generally throughout the district building operations maintained a brisk pace during the period under review. New projects specified in the December permits include hospitals, schools, cold storage plants, warehouses and churches, but as has been the case for a number of months, residential construction predominates. Production of Portland cement for the country as a whole in December was 8,671,000 barrels, which compares with 11,349,000 in November, and 6,559,000 in December, 1921.

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

	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1922	1921	1922	1921	1922	1921	1922	1921
St. Louis.....	426	300	\$1,644,985	\$ 718,930	560	292	\$696,886	\$260,790
Louisville .....	176	103	2,010,300	542,600	44	62	86,725	26,600
Memphis .....	208	241	4,290,364	1,229,160	34	38	33,250	15,960
Little Rock.....	63	46	220,050	430,020	76	94	24,291	24,567
Evansville .....	45	22	1,101,549	96,335	21	32	6,361	15,442
Dec. totals.....	918	712	\$9,267,248	\$3,017,045	735	518	\$847,513	\$343,359
Nov. totals.....	1,266	881	5,379,620	2,217,285	782	570	432,359	353,422
Oct. totals.....	1,513	1,179	5,892,607	3,355,088	979	790	461,030	333,396

## POSTAL RECEIPTS

	Quarter ended Dec. 31, 1922	Quarter ended Sept., 30, 1922	Quarter ended Dec. 31, 1921
St. Louis .....	\$3,061,724.27	\$2,318,915.75	\$2,634,058.14
Louisville .....	591,374.19	571,478.45	.....
Memphis .....	456,628.45	362,387.43	389,109.94
Little Rock .....	190,321.06	178,288.33	175,264.13
Evansville .....	141,141.14	117,921.56	118,331.55
Total.....	\$4,441,189.11	\$3,548,991.52	\$3,316,763.76

## CHANGES IN THE COST OF LIVING BETWEEN JULY, 1914 AND DECEMBER, 1922

The cost of living among wage earners' families in the United States on December 15, 1922, was 58.9 per cent higher than in July, 1914, according to figures collected monthly by the National Industrial Conference Board. Between November 15 and December 15, 1922, there was an increase of one-half of one point or three-tenths of one per cent. The changes in the budget within the month were continued increases in both food and fuel prices, and a decrease in clothing prices. Between July, 1920, when the peak of the rise in the cost of living since 1914 was reached, and December, 1922, the cost of living dropped 45.6 points or 22.3 per cent.

## FINANCIAL

The general tendencies in the financial situation noted in the preceding issue of this report continued almost without interruption during the past thirty days. Liquidation generally throughout the district is proceeding on a liberal scale, especially in the South where cotton is well out of the hands of producers and tobacco and rice are being satisfactorily marketed. Farmers and planters are settling with their merchants, and the latter in turn have materially cut down their loans at the banks. As a result of this cycle of settlements the financial institutions are heavily equipped with loanable funds, and with the demand moderately active only, rates charged by the commercial banks have eased off slightly. Further liquidation of loans based on grains, particularly wheat, was in evidence. The demand for funds to defray expenses of early farming operations is beginning to be felt in the South, but has not appeared in other sections of the district. In Northern tiers of the district the demand for purchasing and feeding live stock is well sustained. A number of banks are seeking investments for their surplus funds and are turning to Government obligations and the commercial paper market.

This district's quota of the issue of 4½ per cent Treasury notes, dated January 15, was heavily oversubscribed. Between December 16 and January 16 net deposits of the Federal Reserve Bank of St. Louis increased \$6,545,000. Federal Reserve notes in circulation decreased \$6,223,000, and there was a decrease of \$10,496,284 in paper discounted for member banks. The total reserve carried against deposit and Federal Reserve note liability increased 3.7 per cent, standing at 73.9 per cent on January 16.

**Commercial Paper** — Sales of reporting brokers in December ranged from 40 to 100 per cent over the corresponding month in 1921, and business during the first half of January indicates a continuance of these increases. The demand is considerably in excess of supplies, with both country and city banks purchasing. The largest buyers, however, have been financial institutions in the larger cities. In the immediate past some of the more important business houses have put out paper, but the rates are low, and keen competition is offered by banks of deposit. Rates range from 4½ to 4¾ per cent, which compares with 4½ to 5 per cent during the preceding thirty days.

**Savings Deposits** — The changes in the number of savings accounts and the amount of savings deposits, exclusive of postal savings deposits, since a month ago and a year ago, as reported by the largest member banks in the leading cities of this district, are shown in the following table:

	Jan. 3, 1923			Dec. 6, 1922		Jan. 4, 1922	
	Number Banks Reporting	Number Savings Accounts	Amount Savings Deposits	Number Savings Accounts	Amount Savings Deposits	Number Savings Accounts	Amount Savings Deposits
St. Louis .....	12	247,209	\$ 69,548,000	244,042	\$ 68,661,000	227,795	\$ 61,773,000
Louisville .....	7	*157,198	*23,055,000	*141,871	*21,496,000	124,390	19,927,000
Memphis .....	7	58,522	15,959,000	58,539	15,314,000	57,169	13,568,000
Little Rock .....	5	26,194	6,679,000	26,093	6,528,000	24,355	5,655,000
Evansville .....	4	22,633	8,956,000	22,340	8,590,000	20,716	8,232,000
Total.....	35	511,756	\$124,197,000	492,885	\$120,589,000	454,425	\$109,155,000

\*The large increase in savings accounts in Louisville over previous month is partly due to one of the reporting banks having absorbed a non-reporting bank on Dec. 26, 1922.

**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, Memphis, Little Rock and Evansville:

	Jan. 17, 1923	Dec. 13, 1922	Jan. 18, 1922
Number of banks reporting.....	37	37	37
Loans and discounts (including rediscounts):			
Secured by U. S. Govt. obligations.....	\$ 18,471,000	\$ 18,760,000	\$ 16,905,000
Secured by stocks and bonds other than U. S. Bonds..	142,578,000	138,931,000	122,151,000
All other loans and discounts.....	300,217,000	295,848,000	296,727,000
Total loans and discounts (including rediscounts).....	\$461,266,000	\$453,539,000	\$435,783,000
Investments:			
U. S. pre-war bonds.....	15,354,000		
U. S. Liberty bonds.....	25,939,000	52,937,000	27,155,000
U. S. Treasury bonds.....	10,896,000		
U. S. Victory notes and Treasury notes.....	25,226,000	15,431,000	3,676,000
U. S. Certificates of Indebtedness.....	3,518,000	3,635,000	4,669,000
Other bonds, stock and securities.....	87,297,000	87,922,000	69,468,000
Total Investments.....	\$168,230,000	\$159,925,000	\$104,968,000
Reserve Balance with Federal Reserve Bank.....	47,170,000	42,267,000	44,057,000
Cash in vault.....	7,653,000	9,008,000	7,234,000
Net demand deposits on which reserve is computed.....	386,184,000	356,617,000	310,051,000
Time deposits.....	181,951,000	176,419,000	154,821,000
Government deposits.....	10,665,000	11,541,000	4,643,000
Bills payable and rediscounts with Federal Reserve Bank:			
Secured by U. S. Government obligations.....	1,436,000	7,618,000	7,042,000
All other.....	1,336,000	8,940,000	18,842,000

**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 deposits 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 for indicating actual spending by the public during the period which they cover:

	For four weeks ending Jan. 17, 1923	For four weeks ending Dec. 13, 1922	Dec., 1922 comp. to Dec., 1921	For four weeks ending Jan. 18, 1922	Jan., 1923 comp. to Jan., 1922
East St. Louis and Nat. Stock Yards, Ill.	\$ 39,872,000	41,974,000	— 5.0%	\$ 30,599,000	+30.3%
Evansville, Ind.	33,617,000	28,943,000	+16.1%	23,621,000	+42.3%
Fort Smith, Ark.	11,282,000	12,846,000	—12.2%	.....	.....
Greenville, Miss.	4,975,000	4,745,000	+ 4.8%	.....	.....
Helena, Ark.	6,559,000	6,197,000	+ 5.8%	.....	.....
Little Rock, Ark.	61,269,000	58,552,000	+ 4.6%	41,677,000	+47.0%
Louisville, Ky.	161,792,000	135,886,000	+19.1%	90,802,000	+78.2%
Memphis, Tenn.	156,403,000	162,919,000	— 4.0%	106,365,000	+47.0%
Owensboro, Ky.	7,875,000	6,275,000	+25.5%	.....	.....
Quincy, Ill.	10,488,000	10,009,000	+ 4.8%	7,900,000	+32.8%
St. Louis, Mo.	691,440,000	549,165,000	+25.9%	501,535,000	+37.9%
Springfield, Mo.	14,668,000	13,187,000	+11.2%	11,190,000	+31.1%
<b>Total</b>	<b>\$1,200,240,000</b>	<b>\$1,030,698,000</b>	<b>+16.4%</b>	.....	<b>+43.7%</b>

### FEDERAL RESERVE OPERATIONS

During December the Federal Reserve Bank of St. Louis discounted for 221 of its 610 member banks, which compares with 211 of its 608 member banks accommodated in November. The discount rate of this bank remains unchanged at 4½ per cent.

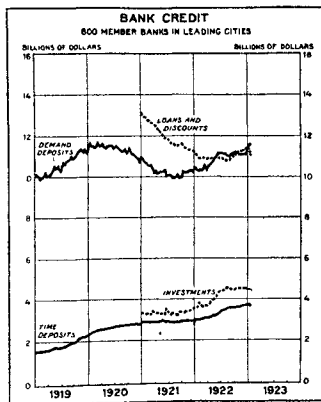
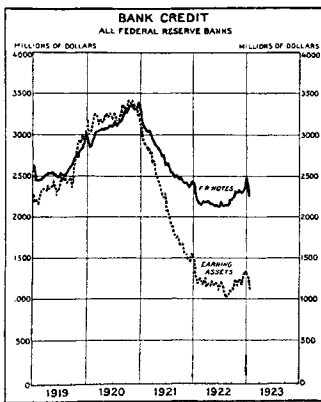
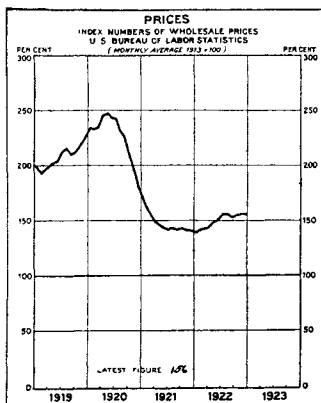
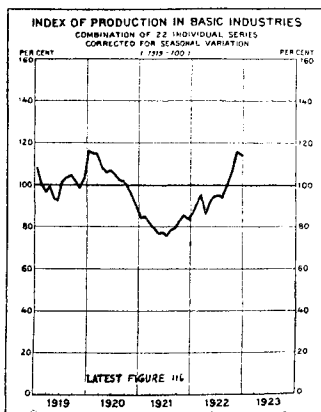
Changes in the assets and liabilities of the Federal Reserve Bank of St. Louis since a month ago and last year are shown in the following comparative statement (in thousands of dollars):

RESOURCES			LIABILITIES				
Jan. 17, 1923	Dec. 13, 1922	Jan. 18, 1922	Jan. 17, 1923	Dec. 13, 1922	Jan. 18, 1922		
Gold Reserves.....	\$109,259	\$104,893	\$103,351	Capital paid in.....	\$ 4,830	\$ 4,813	\$ 4,606
Legal Tender, Notes, Silver, etc.....	13,226	11,048	13,251	Surplus .....	9,665	9,388	9,388
Total Cash Reserves..	\$122,485	\$115,941	\$116,602	Deposits .....	78,039	70,725	70,477
Discounts secured by Govt. obligations.....	7,372	13,451	17,820	F. R. Notes in circulation .....	88,145	94,501	88,645
Discounts otherwise secured or unsecured..	6,002	14,258	32,357	F. R. Bank Notes in circulation .....	.....	1,457	3,983
Bills bought in open market.....	14,926	12,660	415	Deferred availability items .....	40,692	40,922	31,466
U. S. Govt. securities....	24,450	21,116	7,866	Other Liabilities.....	688	1,161	651
Total Earning Assets..	\$ 52,750	\$ 61,485	\$ 58,468	Total Liabilities.....	\$222,059	\$222,967	\$209,216
Uncollected items.....	40,320	39,447	28,610	Combined Res. Ratio.....	73.7%	70.2%	73.3%
Other Resources.....	6,504	6,094	5,536				
<b>Total Resources.....</b>	<b>\$222,059</b>	<b>\$222,967</b>	<b>\$209,216</b>				

(Compiled January 20, 1923)

# BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by Federal Reserve Board as of January 25, 1923)



Production and prices remained relatively constant in December, while trade and credit showed the usual increases in the holiday season followed by declines in January.

**Production**—The index of production in basic industries, after rising rapidly since last August, showed a slight recession in December, though production was maintained at a level near the peak of 1920. The output of pig iron and coal continued to increase, but the production of certain other commodities, particularly of cotton textiles and flour, showed declines. In Southern districts the building industry continued active and in all parts of the country much new construction was projected.

Railroad traffic continued heavier than a year ago, though the seasonal decline in carloadings and the reduction in bad order cars partially relieved freight congestion. Employment at industrial establishments made a further advance in December, accompanied by wage increases in certain industries. Some shortage of labor in the eastern districts was still reported, but in the Pacific States a substantial surplus of unskilled labor was indicated.

**Wholesale Prices**—The general level of wholesale prices remained unchanged in December. Among various groups of commodities the price tendencies of recent months were continued. Prices of farm products, cloth, chemicals and house furnishings registered further increases, while fuel and metal prices continued to decline. During January a number of basic commodities advanced in price and cotton, rubber and lead rose to the highest points since 1920.

**Trade**—Wholesale trade in most reporting lines showed a seasonal decline during December, but was considerably larger than a year ago. Farm implements dealers, however, reported larger sales than in November and more than doubled their December 1921 business. Retail sales of reporting stores during December reached the largest volume in the last four years.

**Bank Credit**—Dividend and interest payments and the disbursement of Government funds in connection with the redemption of Victory Notes and War Savings Certificates, together with the usual decline in the demand for currency after the holiday season, were attended by a large increase in the volume of new security issues and by somewhat easier money conditions.

Open market commercial paper rates in financial centers which were  $4\frac{1}{2}$  to  $4\frac{3}{4}$  per cent in December, declined to  $4\frac{1}{4}$  to  $4\frac{1}{2}$  per cent in January.

Member banks in leading cities reported an increase in demand deposits, an important factor in which was the usual seasonal flow of funds from country districts to financial centers. While the volume of loans on stocks and bonds decreased in the first two weeks of January there was a somewhat larger increase in the investments owned by the banks.

At the Federal Reserve Banks the principal change between December 20 and January 24 was a reduction of \$230,000,000 in Federal Reserve note circulation, caused by the seasonal decline in currency requirements. Reserves increased \$65,000,000 while earning assets declined \$171,000,000. These changes are similar to developments during the same period a year ago, although the decline in earning assets was less than last year.



# FEDERAL RESERVE BANK OF ST. LOUIS

## SUMMARY OF BUSINESS CONDITIONS IN THE UNITED STATES

This issue inaugurates the publication of a national summary of business and credit conditions, which is to be prepared each month by the Federal Reserve Board in Washington. This summary will discuss current trends in production, labor, agriculture, prices, trade and bank credit, giving the latest figures for these subjects in both textual and chart form.

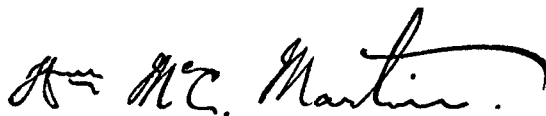
In selecting 22 series representing 11 production groups, the Board has assigned to each its relative importance in the index according to prominence in the total production activity of the United States. This was done by a comparison of the different groups for 1919, average monthly production in that year being considered 100 and the production of every other month being shown as a percentage of that base. The year 1919 was chosen as a base because it was the first after the war, was a year of neither excessively high nor unduly low production and was a census year for which much detailed information was available.

The wide use of the Department of Labor index numbers of wholesale prices, with 1913 as a base, has caused these figures to be adopted for the price chart presented. The remaining charts are expressed in actual figures, rather than on a comparative basis.

In order to present an accurate production index, the production chart has been corrected for seasonal variation. This precaution is taken lest natural seasonal changes, which are of no great significance to business, be misinterpreted. The resulting composite chart, therefore, depicts only the variation from the normal, regardless of the time of year or length of the month.

The comprehensive scope of the index and the relative importance of the groups chosen is shown in the following table:

Production Group	Weights used in Index
Iron and steel.....	24.0
Textiles .....	22.0
Food Products.....	11.5
Lumber .....	11.0
Coal .....	9.0
Nonferrous metals.....	5.0
Leather .....	5.0
Newsprint .....	4.5
Cement .....	3.0
Petroleum .....	3.0
Tobacco .....	2.0
Total.....	100.0



January 27, 1923.

Chairman of the Board.