

# FEDERAL RESERVE BANK OF ST. LOUIS



## MONTHLY REVIEW OF GENERAL BUSINESS CONDITIONS IN FEDERAL RESERVE DISTRICT No. 8

Released for Publication On and After the Morning of March 2, 1923

WILLIAM McC. MARTIN

CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

**P**RODUCTION and distribution of merchandise in this district during the past thirty days, according to reports of leading interests in the lines investigated, was relatively larger in volume than usual at this particular season, and showed heavy gains over the corresponding periods during the two preceding years. The demand for all varieties of commodities is active, and in some important lines, notably textiles and iron and steel, business was restricted by inability to turn out or procure goods to forward on the deliveries specified in orders offered. Retail stocks generally are light, both in the city and country, and wholesalers and jobbers report an abnormally heavy volume, of small, fill-in orders for immediate shipment. This is construed as meaning that retailers underestimated their requirements and that demands of actual consumers have augmented with increased employment, improved conditions and higher prices in the markets for farm products.

The number of buyers at wholesale establishments in the large cities during late January and the opening weeks of February was larger than for any similar period since 1920. While their purchasing still indicates caution and conservatism, the size of orders placed and variety of goods taken reflect a greater degree of confidence in the near-term future at least. Commitments for forward delivery are steadily increasing, and in most lines are close to levels recognized as normal in pre-war years. The recent cold weather has served to stimulate the movement of winter merchandise, such as heavy clothing, rubber footwear, fuel, etc., which had lagged somewhat earlier in the season. From some sections came complaints of a slowing down in retail trade, due to snows, rains and heavy roads which prevented farmers coming to town and kept shoppers indoors in the cities. On the whole, however, the seasonable weather helped business and prospects, especially in the grain areas, where needed moisture and snow protection to growing crops was abundantly supplied.

Reports direct and indirect bearing on manufacturing indicate increasing activity. Replies to questionnaires from virtually all the leading interests show heavier outputs than a year ago, and a number point out that their production would have been larger but for the fact that they were unable to secure labor and raw materials sufficient to employ more of their plant capacity. Consumption of electric current by industrial consumers of the public utility plants in the four largest cities of the district showed further gains during January, and early

returns in February show a continuation of these increases. The movement of freight by railroads operating in the district is the heaviest on record for this season of the year.

Reports of the U. S. Department of Labor, and from State labor bureaus and private agencies indicate a further increase in employment and virtual cessation of voluntary unemployment. A scarcity of skilled workers is reported in the iron and steel, boot and shoe, clothing, fire clay and several other industries. More workers, both skilled and common, are needed at mines and smelters in the lead, zinc and oil camps, and there is a general shortage of skilled artisans in the building trades. Comment is made, especially in the South, of the heavy movement of farm labor to the industrial centers, and apprehension is felt that a shortage may develop in the cotton section next spring. The trend of wages continues upward, though no actual scale advances were reported in any large industry during the period under review.

Price movements were somewhat irregular, but the upward tendency in certain groups of commodities noted in the preceding issue of this report, continued in force. A feature has been the growing strength in building materials, practically everything in that category having moved to higher levels. There have been spotted advances in textiles, most pronounced in the list based on cotton. Certain finished and semi-finished iron and steel goods have been marked up and pig iron is very firm at the recent advance. Scrap iron and steel were sharply higher. Boots and shoes, clothing and millinery were in the main steady, but changes noted were mainly slight upward revisions. Canned goods, the demand for which is active, are somewhat higher and flour, sugar and certain other food staples have sustained small advances. Bread and bakery products generally were unchanged. Crude petroleum, gasoline and some other petroleum products were higher, while soft coal prices declined.

Cereal prices during the period under review were marked by rather broad fluctuations, the May wheat option moving over a range of close to 10c and No. 2 red winter wheat covering a spread of 14c in the cash market. There was a sharp dip in prices between January 15 and 23, but after the latter date a steady recovery set in and at the close on February 15 prices stood well over those of January 15. Corn advanced in response to the urgent demand for stock feeding purposes, with values touching the highest levels since 1920. May corn sold at 77 $\frac{3}{8}$ c per bushel on February 13, which

compares with 58 $\frac{7}{8}$ c on the corresponding day in 1922. Oats advanced in sympathy with wheat and corn, closing at 48c on February 14, against 43c on the same date a year ago. Cotton quotations moved over a narrow range, middling at St. Louis fluctuating between 27 $\frac{3}{4}$ c and 28 $\frac{3}{4}$ c and closing at 28 $\frac{1}{2}$ c on February 15, an advance of  $\frac{1}{2}$ c per pound for the thirty-day period. On the other hand live stock prices received by farmers were the lowest in several months.

There was a slight decline in freight car loadings on railroads operating in the district as compared with recent months, but this was explained entirely by weather and other seasonal considerations. Totals of all roads continue to run largely in excess of the corresponding periods in 1921 and 1922. Marked improvement has taken place in the car situation, and generally the lines are recovering from the disabilities incident to the strikes last year. For the third consecutive month gains were made in passenger traffic over the corresponding period a year ago, the increase in January amounting to approximately 11 per cent. The St. Louis Terminal Railway Association, which includes in its membership 26 roads operating through this gateway, interchanged 208,584 loads in January, the largest number handled by the company in the first month of any year, and comparing with 196,136 loads in December and 151,093 loads in January, 1922. During the first nine days of February 60,408 loads were interchanged against 49,199 for the corresponding period in 1922.

While colder weather caused a slight improvement in requirements of householders for coal, the fuel situation continues quiet, with prices of soft coal lower. Many mines in the district continue to operate at only slightly more than half time, but this curtailed rate of production apparently is able to meet all demands. The call for steaming coal is slow, and the storage movement among important industrials and public utilities noted toward the close of the year, has disappeared with banishment of fears of a coal miners' strike in the spring. Coke is in relatively firmer position than coal, the activity of smelting having increased the demand for metallurgical sizes. Domestic and industrial coke is also in excellent demand, with prices strong. Production of bituminous coal continues to hang around 11,000,000 tons per week. Total output for the

year to February 3 was 44,762,000 tons, against 43,732,000 tons for the corresponding period in 1922.

Production of automobiles for the country as a whole increased slightly during January, the output of passenger cars reporting direct or through the Automobile Chamber of Commerce being 223,653 against 207,483 in December. Production of trucks in January totaled 18,913 against 19,640 in December. Reports of 230 dealers scattered through the district indicate considerably less than the usual seasonal slowing down in business. Their sales in January were 13 $\frac{1}{2}$  per cent larger than a year ago, and early February returns indicate that this average will be bettered during the latter month. The largest increases were recorded in the Southern sections, where there has been marked improvement in sales of cars in the country. Sales and prospects resulting from the mid-February automobile show at St. Louis were considerably in excess of expectations. The accessory and tire trade during the past thirty days was described as the most active ever experienced at this particular season. Tire prices have been advanced by a number of leading manufacturers, and other advances are announced to take place within the next few weeks.

The high efficiency of collections in virtually all parts of the district noted in the preceding issue of this report continued during January and early February. The only backward spots reported were where heavy rains and snows have interfered with normal activities in rural sections. Wholesalers in the large centers report their customers are taking advantage of discounts allowed for prompt payments to a greater extent than for more than two years. In the South liquidation is particularly satisfactory in both retail and wholesale departments of distribution. Answers to 341 questionnaires addressed to representative interests throughout the Eighth Federal Reserve District asking for data relative to collections show the following results: 7.1 per cent excellent, 50.5 per cent good, 41.2 per cent fair and only 1.2 per cent poor.

Commercial failures in the Eighth Federal Reserve District during January, according to Dun's, numbered 81, involving liabilities of \$1,491,314, against 112 defaults with liabilities of \$3,400,430 in January, 1922.

The per capita circulation of the United States on February 1 was \$40.74 against \$42.81 on January 1, and \$39.91 on February 1, 1922.

## MANUFACTURING AND WHOLESALE

**Boots and Shoes**—Sales of the 11 reporting firms in January were 28.4 per cent larger than for the corresponding month in 1922, and 5.1 per cent in excess of the December total. The demand is active throughout the line, with sales of women's shoes relatively better than during the past few months. The comment is also made that sales of workmen's shoes continue at the high levels which characterized business throughout 1922. Orders for high grade shoes form a more considerable part in the total than was the case last season. Goods for Easter have been moving in excellent volume, and considerable ordering has been done for early summer. Factory operation continues at from 80 to 100 per cent of capacity, and advance business booked will assure this rate for the next

three months at least. Increasing stabilization is noted in the raw material market, including the various varieties of finished leather. No change in prices of finished footwear took place during the past thirty days.

**Clothing**—Somewhat more than the usual seasonal upturn in volume of business featured the clothing industry during January and early February. Gains over the preceding year, noted during the past several months, were well maintained, with increases most pronounced in orders for forward delivery. Spring lines are moving well, especially in the Southern and rural sections, and inquiries are being received in volume for summer wear. Sales of the 23 reporting interests were 26.9 per cent over the same month a year ago. Factory

operations of the larger interests are at capacity, with smaller ones averaging between 80 and 100 per cent, in face of scattered labor troubles. Prices of finished goods showed no change worthy of note, but the trend of raw materials continues upward, with a number of specific advances recorded. Woolen goods for fall lines have advanced from 10 to 16 per cent.

**Iron and Steel Products** — The demand for iron and steel products from all major sources continues excellent, and in many instances exceeds the ability of the works to supply under existing conditions of labor, raw materials and transportation. Prices continue the upward trend which commenced during the closing months of last year, with advances embracing additional commodities during the past four weeks. Many mills and foundries have disposed of their outputs for several months ahead, and some sections of the industry are more concerned with getting out goods than making new sales. Job foundries report augmented business, and the same is true of certain specialty makers, notably stove, farm implement, railway supplies and architectural iron. The demand for farm implements in the cotton sections is active, and purchases in the grain areas are considerably larger than a year ago. Among the articles on which higher quotations have been recorded are steel pipe, tubular goods, wire and wire products, sheets, steel strip, plates, shapes, bars and pig iron. No. 2 Southern iron, 1.75 to 2.25 per cent silicon, has advanced to \$25 per ton, with Northern iron of the same grade firmly held at \$29 to \$30. The melt of pig iron in January was approximately  $2\frac{3}{4}$  per cent larger than in December, and  $17\frac{1}{2}$  per cent larger than for January, 1922. Scrap iron and steel prices advanced from 10 to 22 per cent during the period under review, and a marked scarcity of steel grades and cast iron is reported. December sales of stove manufacturers, 7 reporting, were 81.6 per cent larger than for the same month in 1922; wire rope makers, 5 interests reporting, showed gains of 15 to 50 per cent; railway supplies, 5 interests reporting, showed increases of 12 to 31 per cent; farm implements, 6 interests reporting, gained 62 per cent and boiler works, 6 interests reporting, gained 132 per cent. The large increase shown by boiler works is attributed in part to several exceptionally heavy orders booked by two of the reporting interests.

**Hardware** — Activity in this line throughout the district featured the period under review, with Southern stores making an especially favorable showing. Sales of the 12 reporting interests in January were 61.9 per cent larger than for the same month in 1922, and 15.8 per cent larger than in December. Virtually the entire line is participating in the activity, but builders' hardware, cotton tools, wire products, cutlery and all sorts of goods for household use are in particularly strong demand. In some sections merchants complain of inability to secure certain varieties of goods. Comment is made by wholesalers in the larger centers on the heavy movement of spring goods. Advance orders for fishing tackle and the general line of seasonal sporting goods are large.

**Electrical Supplies** — The improvement in general business, almost uninterrupted building operations during the winter and heavy buying by public utility companies were factors in an increase of 38.5

per cent in total January sales of the 12 reporting interests. Orders for automobile equipment also aided in lifting the month's total. There is an excellent demand for small motors for household appliances, and more than the usual seasonal volume of contract work for wiring is reported. Supplies and equipment for mines and the oil fields are moving well. Radio business continues active.

**Flour** — Production of the 11 leading mills in the district in January was 321,725 barrels, which compares with 346,030 barrels in December, and 333,966 barrels in January, 1922. Business during the period under review was extremely dull, especially during the closing weeks of January. Domestic orders were light, and few shipping instructions were received. As a result milling operations were cut to only 50 to 60 per cent of capacity. The export demand continues quiet with the only business reported being routine transactions with the Latin American countries. Bids from Europe were mainly too far out of line to result in workings. With the advance of wheat prices toward the close of the period, some improvement developed in flour sales, and prices were slightly firmer.

**Dry Goods** — Improvement in conditions throughout the entire trade territory resulted in further marked gains in sales in this line. Total transactions of the 11 reporting interests in January were 54.3 per cent larger than for the same month in 1922, and 68.7 per cent in excess of December. The demand extends pretty well to the entire line, and some goods are becoming increasingly difficult to obtain. Southern retailers have taken a prominent part in the buying movement, and in many instances are placing substantial orders for fall and summer delivery. Further advances in the prices of certain cotton goods were recorded. Ready-to-wear clothing, hosiery and notions are reported moving in heavier volume than at any similar period in more than two years. Collections continue satisfactory.

**Groceries** — The flooded condition of streams and heavy roads in many sections of the district prevented salesmen from getting around and kept farmers from going to town, which conditions were responsible for a slight slowing down in sales in this line during the period under review. The 17 reporting interests showed an increase of 2.1 per cent in sales during January as compared with the same month in 1922 and 9.6 per cent under December. Conditions in the industry, however, are described as fundamentally good, with stocks in all positions in excellent shape. Canned goods are in strong demand, with prices tending higher. Sugar, coffee and several other items were higher, but generally prices remain about steady. Collections are good.

**Drugs and Chemicals** — The past thirty days were marked by decided improvement in this classification, sales of the 7 reporting interests being 18.6 per cent over the same period in 1922 and 23.2 per cent in excess of the December total. Prevalence of influenza and other winter maladies has served to stimulate the demand for remedial drugs, sales of which were the heaviest in any single month for more than a year. The retail trade is active, and the volume of sales was augmented by an unusually large number of stock orders. Improvement is reported in the demand for chemicals used in manufacturing. An excellent inquiry for insecticides is

reported. Prices generally continue their upward trend.

**Furniture**—Plant operation in the district averages close to 85 per cent of capacity with some large interests working full time, and the demand generally through the entire line continues active. Household furniture and furnishings for hotels and hospitals are moving in relatively larger volume than other varieties, but the call for office furniture is also brisk. "Market week," observed in St. Louis from February 5 to 10, brought in an unusually large number of buyers, and orders booked were well up to expectations. Sales of the 11 reporting interests were 23½ per cent larger than for the corresponding period a year ago.

**Lumber**—Increasing sales, advancing prices and a very heavy movement of stock featured the

**Industrial Power Consumption**—January figures from 3 of the 4 reporting centers show moderate increases over December in the use of electric power for industrial purposes, Louisville alone registering a decline. The increase over the previous year continues to mount, the January aggregate being 62.1 per cent against 47.0 last month. Comparative figures follow:

Representative Customers	Jan., 1923		Dec., 1922		Jan., 1923 comp. to Dec., 1922	Jan., 1922		Jan., 1923 comp. to Jan., 1922
		k. w. h.		k. w. h.			k. w. h.	
Little Rock	11	682,933		680,822	+0.3%		572,875	+19.2%
Louisville.....	67	3,151,161		3,489,759	-9.7%		1,561,461	+101.8%
Memphis ....	31	1,254,260		1,149,340	+9.1%		1,257,780	-0.3%
St. Louis....	67	11,863,487		*11,413,475	+3.9%		7,068,012	+67.8%
Total....	176	16,951,841		16,733,396	+1.3%		10,460,128	+62.1%

\*Revised figures.

**Department Stores**—The condition of retail trade during January, 1923, 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:							
Jan., 1923, compared with Jan., 1922.....	+ 6.5	+11.0	+18.0	+10.7	+ 1.5	+10.0	+ 9.3
Period Jan. 1, to Jan., 31, 1923, compared with same period in 1922.....	+ 6.5	+11.0	+18.0	+10.7	+ 1.5	+10.0	+ 9.3
Stocks at end of January, 1923:							
Compared with same month in 1922.....	+11.4	-10.4	- 1.4	+12.8	-11.4	+22.0	+ 6.6
Compared with stocks at end of Dec., 1922....	- 8.4	- 2.2	- 2.2	+12.6	+ 1.7	+ 0.4	- 4.6
Average stocks on hand at end of each month since Jan. 1, 1923, to average monthly sales during same period.....	368.1	435.2	493.3	433.0	499.2	602.1	407.0
Outstanding orders at close of Jan., 1923, compared with previous year's purchases.....	12.2	7.5	10.8	13.6	.....	15.8	11.6

## AGRICULTURE

The condition of fall sown grains in this district underwent no marked change during the past thirty days. Rains and snows have helped wheat materially, and latest reports indicate a strong position for the crop, with less than usual winter killing. In some counties, where development had been backward, the lost ground has been recovered. Some complaints of Hessian fly are made, and alternate freezing and thawing has caused damage in certain sections.

Generally the movement of corn to primary markets has been slow, but this fact has mattered little, as local demands are good and prices are rising in feeder sections. The market for white potatoes has been very poor, with stocks heavy and prices low and in many localities the crop is keeping poorly. Prices for sweet potatoes are in the main satisfactory to producers.

In Arkansas approximately 80 per cent of the rice crop is out of the hands of raisers, and prices

wholesale lumber business during the period under review. Receipts of lumber at St. Louis for the first month of the year, 380,000,000 feet, were 89 per cent in excess of those of January, 1922, while the gain for shipments, 272,000,000 feet, was 81¾ per cent. Both hard and soft woods have shared in the demand, which comes from all major sources of consumption. Yellow pine and fir stocks have been heavily reduced at the mills, and wholesalers find it increasingly difficult to get lumber for early delivery. In the hard woods, sap gum, plain oak, soft maple and one or two other woods are extremely active. Only quartered gum, for which sap gum has been largely substituted by furniture makers, lags in movement. Both red and yellow cypress, red wood and red cedar products are full participants in the improvement.

for that cereal have been well sustained. Indications are that the rice acreage for 1923 will be slightly increased over that of 1922.

Weather as a rule has been favorable for handling tobacco, and the crop is being marketed in volume, with prices satisfactory. Approximately 200,000,000 pounds of leaf have been sold during the present marketing season by the Burley and Dark Tobacco Growers' Cooperative Associations, about 125,000,000 pounds representing burley sales. Both associations are functioning well, and prices thus far realized have been satisfactory. The recent excessive rains in Kentucky and Tennessee have interfered to some extent with tobacco deliveries by farmers.

General farm work throughout the district has made excellent progress. In most sections of the district plowing and the preparing of the soil for spring crops are in advance of the usual at this time

of year, though rains and snows have halted activities in the immediate past. The total number of live stock on farms in states of the district is the largest ever recorded, with dairy herds showing goodly increases over a year ago. Generally farm animals are in excellent health, the only complaints on this score received being of scattered cases of hog cholera in Indiana, Illinois and Missouri.

Considerable interest is centering in the next cotton crop, and early reports indicate a generally increased acreage. There has been much activity

in preparations for the new crop, and in Arkansas many planters have completed their plowing and the fields are in condition to plant. Throughout the South a vigorous campaign is being conducted with the view of inducing farmers to plant their food and feed crops this year as usual, and not to excessively increase their cotton acreage. A larger cotton acreage is indicated in Southern Missouri, and certain Illinois counties which have not heretofore raised cotton will put in small acreages this year.

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

	Close Jan. 15	High	Low	Close Feb. 15	Close Feb. 15, 1922
May wheat.....Per bu.	\$1.17½	\$1.23¼	\$1.13¾	\$1.18½	\$1.36¾
July wheat..... "	1.11	1.15¼	1.08¾	1.12¾	1.20¾
September wheat..... "	1.07½	1.14¾	1.06½	1.11½	-----
May corn..... "	.73¼	.77¾	.70¾	.74¾	.61
July corn..... "	.72¾	.77½	.71¼	.75¾	.62¾
September corn..... "	-----	.77¼	.71¾	.76	-----
May oats..... "	.46½	.47¾	.45½	.47¼	.43
No. 2 red winter wheat..... "	\$1.36 @ 1.40	1.45	1.31	1.42	\$1.42 @ 1.44
No. 2 hard wheat..... "	1.18	1.23½	1.17	\$1.21 @ 1.22	1.35 @ 1.36
No. 2 corn..... "	.72½	.74½	.70	.73	.55½
No. 2 white corn..... "	.74	.76	.70	.74	.56 @ .57
No. 2 white oats..... "	.45½	.48	.43¼	.45½ @ .46	.39
Flour: soft patent.....Per bbl.	6.00 @ 7.00	7.00	6.00	6.00 @ 7.00	6.50 @ 7.50
Flour: hard patent..... "	6.40 @ 6.60	6.90	6.15	6.50	7.55 @ 8.35
Middling cotton.....Per lb.	.27½	.28¾	.27¾	.28½	.17¼
Hogs on hoof.....Per cwt.	6.75 @ 8.60	9.15	6.50	7.00 @ 8.85	7.50 @ 10.25

### COMMODITY MOVEMENT

Receipts and shipments of important commodities at St. Louis during January, 1923 and 1922, and December, 1922, as reported by the Merchants' Exchange, were as follows:

	Receipts			Shipments		
	Jan., 1923	Dec., 1922	Jan., 1922	Jan., 1923	Dec., 1922	Jan., 1922
Flour, barrels.....	332,070	362,870	406,830	461,450	468,710	414,820
Wheat, bushels.....	3,555,962	3,173,147	1,802,400	2,681,460	2,340,360	1,860,940
Corn, bushels.....	3,836,300	2,332,200	4,438,200	2,360,660	1,204,110	3,199,745
Oats, bushels.....	4,490,000	2,640,000	2,772,000	3,195,570	1,655,330	1,823,410
Lead, pigs.....	278,750	276,090	389,990	136,440	127,630	170,270
Zinc and Spelter, slabs.....	147,580	216,600	242,670	169,450	208,070	363,150
Lumber, cars.....	19,028	16,344	10,043	13,599	10,405	7,482
Meats, pounds.....	21,488,200	15,554,600	14,863,400	33,453,900	27,818,600	23,774,600
Fresh beef, pounds.....	488,900	200,900	20,000	17,944,700	20,634,200	20,450,800
Lard, pounds.....	7,189,700	4,557,100	4,190,200	13,025,700	9,530,000	8,024,700
Hides, pounds.....	7,974,900	5,757,600	6,714,700	10,942,900	9,498,700	7,775,000

### LIVE STOCK MOVEMENT

As reported by the St. Louis National Stock Yards, receipts and shipments of live stock in January, 1923 and 1922, and December, 1922, were as follows:

	Receipts			Shipments		
	Jan., 1923	Dec., 1922	Jan., 1922	Jan., 1923	Dec., 1922	Jan., 1922
Cattle and Calves.....	98,678	113,910	85,412	60,270	75,683	47,947
Hogs.....	453,481	398,002	364,812	284,462	245,981	275,093
Sheep.....	31,955	32,707	44,334	14,161	8,470	22,261
Horses and Mules.....	22,808	9,171	12,264	21,464	9,746	11,376

### BUILDING

January building permits issued in the five leading cities of the district, while falling below those of December, were more than three times greater in value than those issued in January, 1922. Especially heavy gains were made by Louisville and Memphis. Generally through the Southern section of the district, construction operations continue at a high level, and programs announced will insure the present pace during the first half of the year. Extensive preparations are being made for resumption of road building as soon as weather conditions permit. A shortage of building materials is holding down activities in

some localities, and generally the supply of skilled labor is below requirements. Total production of Portland cement in the United States during January was 7,704,000 barrels, which compares with 8,671,000 barrels in December and 2,931,000 barrels in January, 1922.

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

	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1923	1922	1923	1922	1923	1922	1923	1922
Evansville .....	71	30	\$ 193,825	\$ 59,195	46	36	\$ 14,375	\$ 26,257
Little Rock .....	84	74	248,450	294,130	89	70	31,758	34,852
Louisville .....	337	104	3,404,075	405,050	76	54	61,300	61,700
Memphis .....	343	260	1,386,125	557,400	52	33	35,750	21,800
St. Louis.....	555	246	2,218,380	958,085	482	285	341,946	161,445
Jan. totals.....	1,390	714	\$7,450,855	\$2,273,860	745	478	\$485,129	\$306,034
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

### CHANGES IN COST OF LIVING BETWEEN JULY, 1914 AND JANUARY, 1923

The cost of living among wage earners' families in the United States on January 15, 1923 was 58.1 per cent higher than in July, 1914, according to figures collected monthly by the National Industrial Conference Board. Between December 15, 1922 and January 15, 1923, there was a decrease of four-fifths of one point or one-half of one per cent. The only changes in the budget within the month were a decrease in average food prices, and an increase in clothing prices. A few decreases in gas rates were noted but not enough to affect the average for the country as a whole. Between July, 1920, when the peak of the rise in the cost of living since 1914 was reached, and January, 1923, the cost of living dropped 46.4 points or 22.7 per cent.

### FINANCIAL

Further liquidation of a satisfactory character took place in the South and other parts of the district during the period under review. Country banks report that their borrowing customers are cutting down their loans, and the demand in the farming areas at the moment is seasonably quiet. Some borrowing has taken place in the South to finance early farming operations, but this demand is not expected to materialize in volume before the middle of March. The recent advance in cereal values has resulted in the appearance of a moderate amount of grain paper, but the inquiry for funds for live stock purposes is less keen than heretofore. The general demand from commercial borrowers is somewhat spotted and irregular, some banks reporting good to brisk, while others describe it as only fair. Deposits are holding up in excellent shape, and the commercial banks are well equipped with loanable funds. In the immediate past there has been a slight stiffening in interest rates, but no specific advances except on commercial paper. Bills

discounted with this institution sustained a further decrease. There was a further increase in savings deposits. Between January 15 and February 15 deposits of the Federal Reserve Bank of St. Louis increased \$1,919,000. Federal Reserve notes in circulation decreased \$2,260,000 and there was a decrease of \$5,612,356 in paper discounted for member banks. Total reserve carried against deposit and Federal Reserve note liability decreased .6 per cent, standing at 72.2 on February 15.

**Commercial Paper** — Business of commercial paper brokers during January was extremely active, sales ranging from 140 to 250 per cent over the corresponding period a year ago. Returns for the first two weeks of February indicate a continuance of these gains. The larger business interests are putting out an increased volume of paper and the demand from both city and country financial institutions is excellent. Rates are firmer, ranging from 4½ to 4¾ per cent, with an occasional sale of less well-known names at 5 per cent.

**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 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 Feb. 14, 1923	For four weeks ending Jan. 17, 1923	Feb., 1923 comp. to Jan., 1923	For four weeks ending Feb. 15, 1922	Feb., 1923 comp. to Feb., 1922
East St. Louis and Nat'l Stock Yards, Ill.	\$ 40,021,000	\$ 39,872,000	+ 0.4%	\$ 33,222,000	+20.5%
Evansville, Ind.	29,089,000	33,617,000	-13.5%	20,002,000	+45.4%
Fort Smith, Ark.	10,586,000	11,282,000	- 6.2%	.....	.....
Greenville, Miss.	5,194,000	4,975,000	+ 4.4%	.....	.....
Helena, Ark.	5,254,000	6,559,000	-19.9%	.....	.....
Little Rock, Ark.	51,030,000	61,269,000	-16.7%	40,348,000	+26.5%
Louisville, Ky.	149,489,000	161,792,000	- 7.6%	118,307,000	+26.4%
Memphis, Tenn.	143,955,000	156,403,000	- 8.0%	85,006,000	+69.3%
Owensboro, Ky.	6,649,000	7,875,000	-15.6%	.....	.....
Quincy, Ill.	9,527,000	10,488,000	- 9.2%	7,474,000	+27.5%
St. Louis, Mo.	571,756,000	691,440,000	-17.3%	462,885,000	+23.5%
Springfield, Mo.	12,622,000	14,668,000	-13.9%	11,833,000	+ 6.7%
Total.....	\$1,035,172,000	\$1,200,240,000	-13.8%	.....	+29.3%

**Savings Deposits** — 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:

	Feb., 7, 1923			Jan. 3, 1923		Feb. 1, 1922	
	Number Banks Reporting	Number Savings Accounts	Amount Savings Deposits	Number Savings Accounts	Amount Savings Deposits	Number Savings Accounts	Amount Savings Deposits
Evansville .....	4	24,578	\$ 8,825,000	22,633	\$ 8,956,000	20,973	\$ 8,103,000
Little Rock .....	5	26,290	7,222,000	28,194	6,679,000	24,580	6,237,000
Louisville .....	7	161,783	22,846,000	157,198	23,055,000	130,788	19,863,000
Memphis .....	7	57,389	16,534,000	58,522	15,959,000	54,497	13,373,000
St. Louis .....	12	250,286	69,802,000	247,209	69,548,000	230,627	61,662,000
Total.....	35	520,326	\$125,229,000	511,756	\$124,197,000	461,565	\$109,248,000

**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 Evansville, Little Rock, Louisville, Memphis and St. Louis:

	Feb. 14, 1923	Jan. 17, 1923	Feb. 15, 1922
Number of banks reporting.....	37	37	37
Loans and discounts (including rediscounts):			
Secured by U. S. Government obligations.....	\$ 17,911,000	\$ 18,471,000	\$ 16,616,000
Secured by stocks and bonds other than U. S. Bonds..	137,786,000	142,578,000	121,798,000
All other loans and discounts.....	302,898,000	300,217,000	298,778,000
Total loans and discounts.....	\$458,595,000	\$461,266,000	437,192,000
Investments:			
U. S. pre-war bonds.....	15,324,000	15,354,000	26,000,000
U. S. Liberty bonds.....	24,802,000	25,939,000	
U. S. Treasury bonds.....	9,742,000	10,896,000	
U. S. Victory notes and Treasury notes.....	24,850,000	25,226,000	8,053,000
U. S. Certificates of Indebtedness.....	3,709,000	3,518,000	5,979,000
Other bonds, stocks and securities.....	90,363,000	87,297,000	69,658,000
Total investments.....	\$168,790,000	\$168,230,000	109,690,000
Reserve Balance with Federal Reserve Bank.....	43,843,000	47,170,000	49,160,000
Cash in vault.....	8,330,000	7,653,000	6,603,000
Net demand deposits on which reserve is computed.....	384,705,000	386,184,000	320,360,000
Time deposits.....	184,571,000	181,951,000	155,996,000
Government deposits.....	4,410,000	10,665,000	13,742,000
Bills payable and rediscounts with Federal Reserve			
Bank: Secured by U. S. Government obligations....	1,401,000	1,436,000	4,546,000
All other.....	1,747,000	1,336,000	11,859,000

### FEDERAL RESERVE OPERATIONS

During January, the Federal Reserve Bank of St. Louis discounted for 192 of its 613 member banks, which compares with 221 of its 610 member banks accommodated in December. 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):

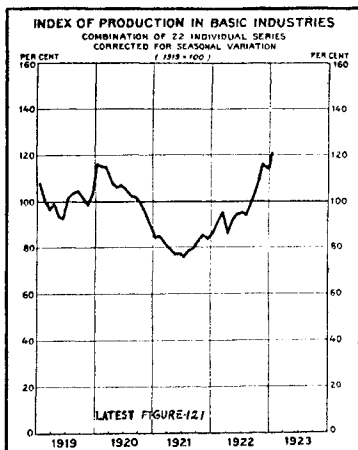
	RESOURCES			LIABILITIES			
	Feb. 14, 1923	Jan. 17, 1923	Feb. 15, 1922	Feb., 14, 1923	Jan., 17, 1923	Feb., 15, 1922	
Gold Reserves.....	\$ 99,970	\$109,259	\$114,978	Capital paid in.....	\$ 4,867	\$ 4,830	\$ 4,604
Legal Tender, Notes, Silver, etc.....	18,541	13,226	14,247	Surplus .....	9,665	9,665	9,388
Total Cash Reserves.....	\$118,511	\$122,485	\$129,225	Deposits .....	74,864	78,039	78,335
Discounts secured by Govt. obligations.....	6,897	7,372	13,572	F. R. Notes in circulation .....	87,500	88,145	85,017
Discounts otherwise secured or unsecured.....	5,828	6,002	24,364	F. R. Bank Notes in circulation .....			3,679
Bills bought in open market.....	11,495	14,926	1,469	Deferred availability items .....	37,519	40,692	29,611
U. S. Govt. securities.....	28,780	24,450	12,951	Other Liabilities.....	723	688	659
Total Earning Assets.....	\$ 53,000	\$ 52,750	\$ 52,356	Total Liabilities.....	\$215,138	\$222,059	\$211,293
Uncollected items.....	37,893	40,320	25,280	Combined Res. Ratio.....	73.0%	73.7%	79.1%
Other Resources.....	5,734	6,504	4,432				
Total Resources.....	\$215,138	\$222,059	\$211,293				

(Compiled February 17, 1923)



# BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by Federal Reserve Board, February 24, 1923)



Further increase in the volume of production in basic industries to a level higher than in 1919 or 1920, a continued advance in the prices of many basic commodities, additional borrowing from banks for commercial purposes, and somewhat higher money rates are the principal recent developments in the business situation.

**Production**— Production in basic industries, as measured by the Federal Reserve Board's index, was 6 per cent higher in January than in December, and reached a volume exceeded only once in the past, in May, 1917. Production of steel ingots and of anthracite coal and mill consumption of cotton showed particularly large advances, and most other important industries increased their output. Building operations have been maintained on a large scale.

The expansion in production during January was accompanied by a substantial increase in freight shipments. Car loadings of forest products, reflecting the continued building activity, reached the highest monthly total on record and loadings of merchandise and miscellaneous commodities were higher than in any January of the past four years.

Industrial employment continued to increase during January, and other shortages of both skilled and unskilled labor were reported by textile mills, steel mills, and anthracite coal mines. More wage increases at industrial establishments were announced than in December. There is still some unemployment in states west of the Mississippi. In industrial and commercial centers there has recently been a larger demand for office workers, although throughout the country there is much unemployment in this group.

**Prices**— The index number of the Bureau of Labor Statistics computed from the wholesale prices of about 400 commodities including finished and semi-finished products as well as raw materials, showed the same average level of prices in January as in November and December. Between December and January the prices of clothing, fuel, metals, building materials, chemicals and house furnishings advanced, but these advances were accompanied by declines in farm products and food, so that the combined index remained unchanged.

During recent weeks the prices of a number of basic commodities advanced rapidly and in many cases reached the highest points in 1920 or the early part of 1921. Among commodities reaching new high levels for the current movement were: corn, beef, cotton wool, silk, hides, lumber, rubber, linseed oil, copper, lead and pig iron.

**Trade**— An active distribution of goods for this season of the year is indicated by reports to the reserve banks, both of wholesale and retail dealers for month of January. Sales of department stores in over 100 cities were 12 per cent larger than in January, 1922. Inventories for January show that there has been no large increase in stocks of goods held by department stores and the rate of turnover continued rapid. In wholesale lines there were particularly large sales during January of dry goods, drugs, hardware and farm implements.

**Bank Credit**— The larger volume of commercial borrowing at member banks in recent weeks has been contrary to the usual trend of the season. Commercial loans of reporting member banks on February 14 were 3 per cent larger than at the end of December and 7 per cent above the level at the end of July when the general demand for credit first showed an upward turn.

This increased demand for credit at the member banks has resulted recently in an increased volume of borrowing by the member banks at the reserve banks, chiefly Boston, New York and Philadelphia. On February 21 the loans to member banks were \$628,000,000 or \$248,000,000 higher than in midsummer. During the same period the volume of government securities and bankers' acceptances held by all Federal Reserve Banks declined \$160,000,000 resulting therefore in a net increase of \$87,000,000 in the loans and security holdings of the reserve banks. The volume of Federal Reserve notes in circulation, which showed the usual post holiday decline in January, began to increase on January 31, a week earlier than last year.

Money rates also showed a tendency to become firmer, especially in recent weeks. The open market rate for commercial paper, which was 4 per cent last summer, rose during February from a range of  $4\frac{1}{4}$ @ $4\frac{1}{2}$  to a range of  $4\frac{3}{4}$ @5 per cent. On February 23 the discount rate on all classes of paper at the Boston and New York Reserve Banks was advanced from 4 to  $4\frac{1}{2}$  per cent.

