

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF GENERAL BUSINESS CONDITIONS

IN FEDERAL RESERVE DISTRICT No. 8

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THE trend of general business in this district during the past thirty days was very emphatically in the direction of further improvement. In virtually all lines investigated sales of wholesale and retail merchants reflected expansion, and manufacturers carried their production higher than for any similar period since the early part of 1920, with many attaining the highest levels ever reached. Additional advances in commodity prices and wages were noted, and there were further accretions to the numbers of employed in the ranks of both common and skilled workers. A shortage of labor exists in several of the important industries, which fact coupled with inadequate transportation service and scarcity of raw materials, served to hold down output and distribution of manufactured goods.

Activities in the building industry were well sustained, for while permits issued in the five largest cities of the district during the short month of February fell below the January total, the dollar amount involved was 53.7 per cent greater than for February, 1922. In the smaller cities and in the country building plans are on an extensive scale, and programs for highway construction indicate a heavier volume of work of this sort during the coming spring and summer than ever before undertaken. The record of commercial mortality in February showed a radical change for the better, the total number of failures in this district being more than 50 per cent less than for the corresponding month in 1922, while in liabilities involved there was a shrinkage of \$3,644,497, or 78.1 per cent. Industrial power consumption in the four leading cities in February showed less than the usual seasonal decrease under January, only 2.5 per cent, and was 86.1 per cent larger than in February last year.

According to wholesalers in the larger cities the number of visiting buyers is considerably larger than during the two preceding seasons, and the comment is made that their purchases are in quantity which is in marked contrast with the small-lot buying at this time last year. There has been steady growth in the volume of advance orders, and for the first time since early in 1920 there are signs of speculative buying. The sharp advance in raw material prices has served to inspire greater confidence in values of finished merchandise, and efforts are being made by retailers to take advantage of any future rise which may take place in the finished goods markets. A growing scarcity of certain varieties of goods is another factor in inciting retailers to provide against their forward requirements.

The upward trend in commodity prices noted in the preceding issue of this report continued during the period under review, despite the endeavors

of manufacturers and producers of raw materials to curb advances, which in many instances are deemed unwarranted by existing conditions of supply and demand. The more conservative element in the business community is apprehensive lest prices should mount to levels which will result in heavily curtailed buying on the part of the public and bring about a repetition of conditions such as precipitated the reaction in 1920. To date, however, the upward swing has acted as a stimulus to business and in the desire to obtain goods, service at the moment is counting more than price.

Marked strength with numerous advances has marked the textile market, particularly in goods based on cotton and silk. Japanese raw silk moved to the highest point touched since May, 1920, and raw cotton passed the 31c mark. Several important manufacturers of cotton goods have withdrawn certain of their products from the market because of sold-up conditions. Most building materials and iron and steel products sustained further advances, and numerous items in the list of drugs and chemicals have been marked up. All of the non-ferrous metals were higher, with copper, lead and zinc recording new high levels on the movement. With the exception of sugar, some canned goods and preserved products, food prices were relatively steady. Bread and bakery products showed no change worthy of mention, and there was the usual seasonal decline in eggs and produce.

Cereal prices fluctuated in a relatively narrow range during the past thirty days, and with the exception of cash wheat, which was lower, the close on March 15 was about on a parity with final quotations a month earlier. Generally the position of farmers in the grain areas is stronger than at the corresponding season last year, and in the South, where higher prices have been realized on cotton and the tobacco and rice crops have been profitably marketed, conditions are decidedly prosperous. Reports received to date indicate heavy plantings of cotton and cereals, and in fact all crops with the exception of white potatoes and possibly rice. Manufacturers of implements and other farm supplies are making unusual preparations to meet actual and prospective demands from the country.

Railroads operating in the district continue to handle the heaviest volume of freight ever recorded at this season of the year, and on merchandise and miscellaneous freight and certain other classifications the tonnage is the largest ever accommodated. Last year's totals are being exceeded, despite the fact that in the early months of 1922 an unusually heavy movement of coal was in progress in anticipation of the miners' strike. Passenger traffic in

February was approximately 12 per cent in excess of the same month last year, and slightly larger than in January, though the review month contained only 28 days. The car situation has been improved by a reduction of bad order equipment, and the delivery of new cars. The St. Louis Terminal Railway Association, which includes in its membership 26 roads operating through this gateway, interchanged 191,584 loads in February, against 208,584 loads in January and 150,704 loads in February, 1922. During the first nine days of March 67,545 loads were interchanged, against 52,599 loads for the corresponding period in 1922.

No change worthy of note has taken place in the coal situation, which continues dull and unsatisfactory from the viewpoint of the producer and distributor. The demand from all sources is slow and the trend of prices lower. The advancing season has caused the usual decline in domestic requirements, and steam users are disposed to postpone contracting for their future needs in hopes of further concessions. Mines in the district average from 2½ to 3 days of activity per week, and a number closed down because of lack of orders. Coke for smelting purposes is still scarce and strong in price, the demand being stimulated by the heavy operations at iron and steel plants. Slack created by the decrease in domestic consumption has been taken up by industrial users, and the by-product plants are easily disposing of their entire current output.

Production of automobiles for the country as a whole in February developed a notable increase over January, despite the fact that there were three more days in the latter than the former month. The output of passenger cars by manufacturers reporting direct or through the Automobile Chamber of Commerce was 259,169 in February against 223,412 in January. Production of trucks in February

totaled 20,970 against 18,531 the month before. Sales of 230 dealers scattered throughout the district were 52 per cent larger during the past thirty days than during the corresponding period a year ago, and 12½ per cent in excess of the January total. Business in the cities and country is reported brisk, and distributors of certain popular makes are behind on deliveries. This situation is due more to transportation handicaps than under-production, and the practice of driving cars from the factories has been revived to a large extent. The movement of tires and accessories has kept pace with that of new cars. A number of tire manufacturers have advanced their prices, and others have signified their intention of doing so in course of the next sixty days.

Accounts relative to collections indicate a slight slowing down as compared with the preceding month, but the general average of efficiency is considerably higher than for the corresponding period last year. Heavy rains and storms have had a tendency to interfere with normal conduct of business, especially in the rural sections, and heavier buying by retail merchants is absorbing more of their current available cash and necessitating requests for more extended credit. Answers to 338 questionnaires addressed to representative interests throughout the district asking for data relative to collections show the following results: 1.1 per cent excellent, 50 per cent good, 45.7 per cent fair and 3.2 per cent poor.

Commercial failures in the Eighth Federal Reserve District during February, according to Dun's numbered 81, involving liabilities of \$1,008,734, against 167 defaults with liabilities of \$4,653,734 in February, 1922.

The per capita circulation of the United States on March 1, was \$41.61 against \$40.74 on February 1, and \$40.31 on March 1, 1922.

MANUFACTURING AND WHOLESALE

Boots and Shoes — There was a seasonal recession in sales of the 11 reporting interests during February as contrasted with January, amounting to 22.1 per cent, but the total was 10.5 per cent in excess of February, 1922. Orders received in early March indicate a substantial gain over the preceding year's business. Particular activity is noted in the movement of novelties and women's wear. Factory operation during the period under review was at capacity, with several of the larger interests reporting a heavier output than in any preceding month. The upward trend of raw materials continues, and there were fractional advances in finished goods. Skilled shoe workers are scarce, but common labor is in ample supply.

Clothing — Spring lines are being well taken in all parts of the district, particularly in the cotton sections, where a vigorous demand is noted for medium priced garments. Manufacturers continue full time operations in order to keep pace with orders, many of which are coming in by mail. This is attributed, in some cases, to small stocks but mainly to underestimated requirements. Buying continues in the face of scattered advances, sales for February exceeding those of a year ago by 26.9 per cent and showing an increase over January of 29.5 per cent. Prices of cotton goods are tending

upward, but re-orders indicate that this has as yet had no appreciable effect on buying. A scarcity of skilled labor is perplexing some manufacturers, as is the hesitation to accept orders for later delivery due to the uncertainty of the raw material market. A heavy increase in the distribution of men's hats, at about steady prices is reported, sales exceeding February, 1922 by 49.2 per cent, and showing an increase over January of 37.7 per cent. Millinery establishments report February business as 6 per cent less than in 1922, but this is attributed to an abnormal business last year, rather than any real diminution in buying.

Iron and Steel Products — Operations at foundries, mills and machine shops were further augmented during the period under review, but the increased rate of production has failed to keep abreast of orders, and backward deliveries are the rule. Purchasing by the railroads and automotive industry continues on a formidable scale, and heavy orders are being placed for structural steel and drilling supplies for the oil fields. Foundries specializing in gray castings report that they are refusing new business because of fully engaged capacity for two to three months ahead. The melt of pig iron in the district during February was the largest on record, and approximately 3¾ per cent

larger than in January. Pig iron prices have advanced further, No. 2 Southern, 1.75 to 2.25 per cent silicon, being quoted at \$26 to \$27, with Northern iron of the same grade bringing \$31, furnace. An advance affecting steel and iron bars, plates, shapes, hoops and other warehouse materials became effective March 1. A feature of the raw material market is the scarcity and strength of scrap iron and steel, all grades of which are at the highest levels in more than two years. February sales of stove manufacturers, 7 interests reporting were 59.8 per cent larger than for the same month in 1922; wire rope makers, 5 interests reporting, showed gains of 12 to 32 per cent; railway supplies, 5 interests reporting, showed increases ranging from 13½ to 315 per cent; farm implement factories, 6 interests reporting, gained 114 per cent and boiler works, 6 interests reporting showed gains of from 23 to 300 per cent.

Hardware—Steady improvement is reported by the 12 leading interests, whose total sales in February were 18¾ per cent larger than for the corresponding month in 1922. The movement of builders tools, farm implements and all varieties of goods for household use is brisk, and some difficulty is experienced in obtaining goods. Manufacturers are behind on orders, and the car shortage is hampering freer distribution. The demand for hoes and other implements used in cultivating cotton is especially strong. Seasonal sporting goods are being heavily bought.

Electrical Supplies—February sales of the 12 reporting interests were 19.5 per cent larger than for the same month in 1922, and 17.3 per cent over the January total. An excellent demand exists for special lines, such as radio sets, installation materials for new buildings, automotive equipment and household appliances, but less interest is reported in strictly merchandising items. The trend of prices is upward, especially on everything into which copper and steel enters. Some improvement in the demand for pole hardware and the general line used by public utilities companies is reported.

Flour—Production of the 11 leading mills in the district during February was 293,215 barrels, which compares with 321,725 barrels in January and 250,472 barrels in February, 1922. Business throughout the period under review was described as dull and unsatisfactory. Buying for domestic consumption is on a hand-to-mouth basis, and the export inquiry is confined to clears and low grade flour. Bids from abroad on patents and high grade flour have been too far out of line to result in workings. Mill operation was at about one-half of capacity.

Dry Goods—An active demand for virtually all items comprising this line featured business during the past thirty days. The inquiry for finished cottons was especially broad, with retailers disposed to purchase further ahead than has been the case in recent months. Trading in print cloths and gray goods was also in heavy volume, with prices firm. Sales of underwear for spring and early summer was considerably heavier than a year ago, and notions and ready-to-wear garments are being well taken. Knit goods and hosiery continue relatively quiet, stocks of the latter in jobbers' hands having been little reduced. Sales of the 11 reporting interests in February were 35½ per cent larger than for the corresponding month in 1922.

Groceries—Sales of the 20 reporting interests in February were 8.7 per cent larger than during the same month in 1922, and 2.3 per cent under the January total. Business of the few stores showing decreases was affected by purely local conditions, such as excessive rains and flooded streams and car shortages in the mining areas. Southern stores make a particularly favorably showing, their total sales being boosted by purchasing of seasonal goods, such as seed potatoes, onion sets and canned and preserved foods. Price changes during the period under review were mainly advances. Retail stocks are generally under normal for this season.

Drugs and Chemicals—Improvement in the demand for chemicals by manufacturers, an unusual amount of sickness and a good volume of stock orders were the principal factors in an increase of 8.1 per cent in the February sales of the 11 leading interests. Orders received during the first two weeks in March indicate still heavier gains as compared with the corresponding period in 1922. Remedial drugs, particularly those used in the treatment of influenza, are being consumed in large quantities. There is an excellent demand for fertilizers, insecticides and disinfectants, with stocks low and manufacturers backward on deliveries. Soda fountain supplies have been active throughout the winter, and sales of perfumes, cosmetics and other toilette articles continue in large volume. According to wholesalers and jobbers a feature in their business during the past year has been a notable increase in the variety of goods handled by retail drug stores.

Furniture—February sales of the 11 reporting interests were 13¾ per cent larger than for the corresponding month in 1922. Activity continues through the entire line, with goods for the household and office furniture making an especially favorable showing. Factory operation during the period under review was at 87 per cent of capacity, 2 per cent higher than during the preceding thirty days. Prices on finished goods are advancing, in sympathy with the upward movement in raw materials. A special market week for furniture and stoves has been planned by Evansville manufacturers, the dates for the exhibition being April 2 to 7.

Lumber—Around the middle of February wholesale buying began to slacken, and a month later comparative quiet obtained in both the soft wood and hardwood markets. The changed condition was a temporary reaction from winter's extremely active demand, very heavy movement and rapidly advancing prices. Owing, however, to the bigness of mill order files, the market at the sources of supply was affected only to the extent of halting the advances; and not so much as this resulted in the case of long leaf pine and fir timbers. Price softening has not extended beyond a considerable amount of lumber—very largely pine dimension and boards—whose resale while in transit is sought, and a small percentage of mill cut offered direct. With improving weather for building work, coupled with developing car shortage and slower shipments, a renewal of buying is in immediate prospect. The yards in St. Louis, especially those handling pine, are fairly swamped with orders and calls for deliveries. Urgent volume inquiries are coming to them from points as far east as the Hudson River.

Industrial Power Consumption — While certain seasonal shut-downs caused a slight decrease during February in the electricity consumed for industrial purposes, the increase over the previous year continues to mount, the February aggregate being 86.1 per cent against 62.1 per cent last month. Comparative figures follow:

Representative Customers	Feb., 1923	Jan., 1923	Feb., 1923 comp. to Jan., 1923	Feb., 1922	Feb., 1923 comp. to Feb., 1922
Little Rock 11	629,887 k. w. h.	682,933 k. w. h.	-7.8%	520,003 k. w. h.	+21.1%
Louisville..... 67	3,154,707 "	3,151,161 "	+0.1%	1,456,818 "	+116.5%
Memphis 31	1,350,180 "	1,254,260 "	+7.6%	744,380 "	+81.4%
St. Louis.... 68	11,400,771 "	11,877,095 "	-4.0%	6,161,988 "	+85.0%
Total.... 177	16,535,545 "	16,965,449 "	-2.5%	8,883,189 "	+86.1%

Department Stores — The condition of retail trade during February, 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:							
Feb., 1923, compared with Feb., 1922.....	+ 8.3	+ 6.1	+18.8	+17.0	- 0.6	+ 2.6	+10.2
Period Jan. 1, to Feb. 28, 1923, compared with same period in 1922.....	+ 7.4	+ 8.6	+18.7	+14.4	+ 0.5	+ 5.4	+ 9.8
Stocks at end of February, 1923:							
Compared with same month in 1922.....	+23.2	- 8.3	+ 5.4	+ 5.6	-13.6	+ 8.2	+14.2
Compared with stocks at end of Jan., 1923....	+27.3	+20.5	+11.3	+11.1	+ 7.3	+12.1	+22.2
Average stocks on hand at end of each month since Jan. 1, 1923, to average monthly sales during same period.....	406.2	405.0	531.0	511.8	686.4	572.1	438.7
Outstanding orders at close of Feb., 1923, compared with previous year's purchases.....	11.1	8.2	13.7	9.8	2.4	9.3	11.0

AGRICULTURE

Fall sown grain in this district have come through the winter in good condition, the average making a more favorable showing than in territory further West and North. During the past thirty days moisture has been abundantly supplied, and except where floods have occurred, improvement has taken place.

Stocks of corn on farms on March 1, according to the U. S. Department of Agriculture, were smaller for all states in the Eighth Federal Reserve District than a year ago, with the exception of Kentucky. Early reports indicate a corn acreage this year about equal to that planted in 1922.

The preparation of land for new crops is in full swing, but this work has been seriously interfered with by heavy rains, storms and cold weather, which were general over the district. Plantings of early fruits and vegetables are expected to be the largest on record in this territory. Acreages of watermelons and white potatoes will be smaller.

Reports relative to live stock are almost universally favorable, there being considerably less than the usual amount of disease among the herds. Prices of cattle and hogs during the period under review were unsatisfactory to producers. Indications point to heavy supplies of spring lambs for marketing in April and May.

The U. S. Department of Agriculture, in its report as of March 1, 1923, gives the amount of corn, wheat and oats on farms in States of the Eighth Federal Reserve District as follows:

CORN

	Stocks on Farm March 1 In Thousands of Bushels (i. e., 000 omitted)			Price per Bushel March 1 (cents)			Percentage of Crop of Merchantable Quality		
	1921	1922	1923	1921	1922	1923	1920	1921	1922
Arkansas	21,809	23,813	16,955	96	65	95	85	83	83
Illinois	150,784	128,506	115,837	55	50	67	82	86	93
Indiana	99,846	76,432	70,522	55	50	70	88	80	91
Kentucky	50,844	33,682	35,224	76	67	86	78	77	83
Mississippi	18,614	27,977	21,958	103	73	97	85	84	85
Missouri	99,956	69,494	59,594	61	55	75	80	81	85
Tennessee	50,137	43,542	33,948	85	61	92	84	82	84

WHEAT

	Stocks on Farm March 1 In Thousands of Bushels (000 omitted)			Price per Bushel March 1 (cents)			Percentage of Crop Shipped Out of Country Where Grown		
	1921	1922	1923	1921	1922	1923	1920	1921	1922
Illinois	10,008	6,555	7,760	155	128	115	60	59	67
Indiana	5,741	4,113	4,768	165	126	122	56	56	62
Kentucky	900	761	897	186	134	127	21	21	21
Missouri	9,037	5,243	5,435	165	117	112	54	57	63
Tennessee	725	720	673	198	131	132	18	22	20

OATS

Illinois	78,749	46,262	31,903	39	34	43	48	46	45
Indiana	33,825	17,896	7,480	39	34	43	41	36	33
Missouri	25,740	15,895	3,574	47	40	55	18	11	10

Range of prices on typical products in the St. Louis market between February 15 and March 15, 1923, with closing quotations on each of these dates, and on March 15, 1922:

		Close Feb. 15	High	Low	Close March 15	Close March 15, 1922
May wheat.....Per bu.		\$1.18½	\$1.19¾	\$1.15¾	\$1.18½	\$1.28¾
July wheat.....		1.12½	1.13¾	1.10½	1.11¾	1.10½
September wheat.....		1.11½	1.13	1.09¾	1.10¾	1.05¾
May corn.....		.74½	.76	.72¾	.74¾	.58
July corn.....		.75¾	.77¾	.73¼	.77¾	.61¼
September corn.....		.76	.77¾	.74¾	.76¾	.62¾
May oats.....		.47¼	.47¾	.44¾	.45½	.38¾
No. 2 red winter wheat.....		1.42	1.44	1.30	1.35	1.38
No. 2 hard wheat.....	\$1.21 @	1.22	1.21	1.17	\$1.17½ @	\$1.28 @
No. 2 corn.....		.73	.74½	.72½	.73¾	.55½ @
No. 2 white corn.....		.74	.75½	.73	.74½	.56 @
No. 2 white oats.....		.45½ @	.46	.46	.46½ @	.36 @
Flour: soft patent.....Per bbl.	6.00 @	7.00	7.25	6.00	6.00 @	6.50 @
Flour: hard patent.....		6.50	6.75	5.75	6.00 @	7.00 @
Middling cotton.....Per lb.		.28½	.31	.28¾	.31	.17½
Hogs on hoof.....Per cwt.	7.00 @	8.25	8.85	5.75	6.00 @	8.00 @

COMMODITY MOVEMENT

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

	Receipts			Shipments		
	Feb., 1923	Jan., 1923	Feb., 1922	Feb., 1923	Jan., 1923	Feb., 1922
Flour, barrels.....	343,520	332,070	366,350	452,020	461,450	451,380
Wheat, bushels.....	2,257,388	3,555,962	2,286,000	1,780,350	2,681,460	1,749,370
Corn, bushels.....	3,120,000	3,836,300	4,113,200	2,146,830	2,360,660	2,345,585
Oats, bushels.....	1,939,190	4,490,000	2,584,000	2,029,340	3,195,570	1,722,070
Lead, pigs.....	235,840	278,750	232,080	108,030	136,440	135,740
Zinc and Spelter, slabs.....	138,700	147,580	133,720	177,140	169,450	391,540
Lumber, cars.....	14,805	19,028	10,271	11,682	13,599	7,885
Meats, pounds.....	15,152,500	21,488,200	13,650,700	28,287,900	33,453,900	22,230,100
Fresh Beef, pounds.....	92,100	488,900	129,100	16,754,000	17,944,700	15,916,600
Lard, pounds.....	4,754,000	7,189,700	4,016,400	11,434,200	13,025,700	8,033,700
Hides, pounds.....	5,669,300	7,974,900	6,618,500	7,208,300	10,942,900	7,699,300

LIVE STOCK MOVEMENT

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

	Receipts			Shipments		
	Feb., 1923	Jan., 1923	Feb., 1922	Feb., 1923	Jan., 1923	Feb., 1922
Cattle and Calves.....	72,305	98,678	66,490	46,181	60,270	36,552
Hogs	381,987	453,481	289,520	256,489	284,462	216,463
Sheep	19,128	31,955	21,308	5,297	14,161	8,436
Horses and Mules.....	10,740	22,808	7,892	12,874	21,464	9,671

CHANGES IN COST OF LIVING

The cost of living among wage-earners' families in the United States on February 15, 1923 was 57.5 per cent higher than in July, 1914, according to figures collected monthly by the National Industrial Conference Board. Between January 15 and February 15, 1923, there was a decrease of three-fifths of one point or four-tenths of one per cent. The only changes in the budget within the month were a further decrease in average food prices, and a continued increase in clothing prices. Between July, 1920, when the peak of the rise in the cost of living since 1914 was reached, and February, 1923, the cost of living dropped 47 points or 23 per cent.

BUILDING

As compared with a year ago, building statistics in the five largest cities of the district for February reflect large gains, both in number of permits issued and dollar amounts involved. Work on buildings in course of construction and road operations were interfered with during the period under review by heavy rains, storms and cold weather. Southern cities report a scarcity of skilled artisans in the building trades, and the trend of wages is upward. Some further price advances were noted in building materials, affecting principally steel and iron goods, lumber and fire clay products. Complaints of delayed deliveries of materials are received from all sections of the district, due to the freight car shortage and oversold condition of many producers. Production of Portland cement for the country as a whole in February totaled 8,085,000 barrels, against 7,704,000 barrels in January, and 4,278,000 barrels in February, 1922.

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

	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1923	1922	1923	1922	1923	1922	1923	1922
St. Louis.....	426	363	\$2,114,555	\$1,060,540	387	341	\$550,345	\$225,195
Louisville	203	127	1,058,045	401,150	67	96	93,920	59,250
Memphis	323	251	1,999,625	1,492,170	37	30	52,000	37,440
Little Rock	70	61	164,425	726,715	135	116	44,554	49,969
Evansville	70	42	446,248	81,860	25	49	4,650	16,198
Feb. totals.....	1,092	844	\$5,782,898	\$3,762,435	651	632	\$745,469	\$388,052
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

FINANCIAL

Improvement in the demand for funds from commercial borrowers is reflected in a slight increase in loans and discounts of member banks and a fair gain in bills discounted by this institution. Generally the banking and financial situation developed no changes worthy of note as contrasted with the preceding thirty days. There has been a fair volume of liquidation in the tobacco, and cotton areas, and the recent heavier movement of rice has resulted in the payment of loans based on that cereal. The demand for funds to finance live stock operations is holding up well, but generally agricultural requirements are seasonally quiet. Bankers report that, considering the volume of current business, inventories are relatively light, which fact has a tendency to hold down the amount of routine borrowing by commercial customers. Rates hold firm, with the quotation on commercial paper higher than thirty days ago. Deposits are holding up well, and there was a further increase in savings in the district. Between February 15 and March 15 deposits of the Federal Reserve Bank of St. Louis decreased \$2,635,000. Federal Reserve notes in

circulation decreased \$304,000 and there was an increase of \$6,876,139 in paper discounted for member banks. Total reserve carried against deposit and Federal Reserve note liability decreased 3.4 per cent, standing at 68.8 per cent on March 15.

Commercial Paper—Sales of commercial paper brokers during February ranged from 98 to 300 per cent larger than for the corresponding month in 1922, and with most interests were about on a parity with the six-year average for that particular month. Transactions during the first half of March indicate a continuance of the gains recorded in February. The increase in rates has had a tendency to curtail the volume of paper being put out by commercial concerns, but offerings are still quite liberal. City banks have withdrawn from the market to some extent, purchasing at the moment being mainly by institutions in the smaller communities. Rates have advanced to 5 per cent, from 4½ to 4¾ per cent during the preceding 30 days. A limited number of exceptionally choice names are selling at 4¾ 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 March 14, 1923	For four weeks ending Feb. 14, 1923	Mar., 1923 comp. to Feb., 1923	For four weeks ending Mar. 15, 1922	Mar., 1923 comp. to Mar., 1922
East St. Louis and Nat'l Stock Yards, Ill. \$	36,133,000	\$ 40,021,000	— 9.7%	\$ 32,434,000	+11.4%
Evansville, Ind.....	33,688,000	29,089,000	+15.8%	25,732,000	+30.9%
Fort Smith, Ark.....	11,204,000	10,586,000	+ 5.8%	.....	.....
Greenville, Miss.....	3,931,000	5,194,000	—24.3%	.....	.....
Helena, Ark.....	5,024,000	5,254,000	— 4.4%	.....	.....
Little Rock, Ark.....	57,891,000	51,030,000	+13.4%	36,611,000	+58.1%
Louisville, Ky.....	154,911,000	149,489,000	+ 3.6%	123,247,000	+25.7%
Memphis, Tenn.....	138,268,000	143,955,000	— 4.0%	90,721,000	+52.4%
Owensboro, Ky.....	6,816,000	6,649,000	+ 2.5%	.....	.....
Quincy, Ill.....	11,338,000	9,527,000	+19.0%	8,429,000	+34.5%
St. Louis, Mo.....	584,922,000	571,756,000	+ 2.3%	489,975,000	+19.4%
Springfield, Mo.....	12,711,000	12,622,000	+ 0.7%	11,231,000	+13.2%
Total.....	\$1,056,837,000	\$1,035,172,000	+ 2.1%	.....	+23.1%

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:

	March 7, 1923			February 7, 1923		March 1, 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	251,896	\$ 70,271,000	250,286	\$ 69,802,000	232,523	\$ 62,575,000
Louisville	7	163,723	22,746,000	161,783	22,846,000	131,713	20,045,000
Memphis	7	59,324	16,451,000	57,389	16,534,000	54,721	13,703,000
Little Rock.....	5	25,712	7,350,000	26,290	7,222,000	24,980	6,248,000
Evansville	4	23,737	8,956,000	24,578	8,825,000	21,003	8,133,000
Total.....	35	524,392	\$125,774,000	520,326	\$125,229,000	464,940	\$110,704,000

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

	March 14, 1923	February 14, 1923	March 15, 1922
Number of banks reporting.....	36*	36*	37
Loans and discounts (including rediscounts):			
Secured by U. S. Government obligations.....	\$ 18,033,000	\$ 17,911,000	\$ 14,512,000
Secured by stocks and bonds other than U. S. Bonds..	137,061,000	137,786,000	129,929,000
All other loans and discounts.....	304,248,000	302,898,000	292,657,000
Total loans and discounts.....	\$459,342,000	\$458,595,000	\$437,098,000
Investments:			
U. S. pre-war bonds.....	15,323,000	15,324,000	24,667,000
U. S. Liberty bonds.....	24,826,000	24,802,000	
U. S. Treasury bonds.....	9,587,000	9,742,000	
U. S. Victory notes and Treasury notes.....	24,393,000	24,850,000	10,544,000
U. S. Certificates of Indebtedness.....	3,034,000	3,709,000	6,486,000
Other bonds, stocks and securities.....	88,923,000	90,363,000	70,881,000
Total investments.....	\$166,086,000	\$168,790,000	\$112,578,000
Reserve balance with Federal Reserve Bank.....	44,499,000	43,843,000	43,315,000
Cash in vault.....	8,158,000	8,330,000	13,440,000
Net demand deposits on which reserve is computed.....	380,804,000	384,705,000	314,449,000
Time deposits.....	183,487,000	184,571,000	157,863,000
Government deposits.....	3,852,000	4,410,000	7,282,000
Bills payable and rediscounts with Federal Reserve Bank secured by			
U. S. Government obligations.....	2,733,000	1,401,000	1,335,000
All other.....	6,162,000	1,747,000	9,020,000

*Decrease due to consolidation.

FEDERAL RESERVE OPERATIONS

During February the Federal Reserve Bank of St. Louis discounted for 169 of its 616 member banks, which compares with 192 of its 613 member banks accommodated in January. 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			
	Mar. 14, 1923	Feb. 14, 1923	Mar. 15, 1922	Mar. 14, 1923	Feb. 14, 1923	Mar. 15, 1922	
Gold Reserves.....	\$ 97,197	\$ 99,970	\$104,403	Capital paid in.....	\$ 4,908	\$ 4,867	\$ 4,639
Legal Tender, Notes Silver, etc.....	20,367	18,541	15,060	Surplus	9,665	9,665	9,388
Total Cash Reserves.....	\$117,564	\$118,511	\$119,463	Deposits	78,287	74,864	68,759
Discounts secured by				F. R. Notes in circulation	86,936	87,500	82,457
Govt. obligations.....	8,524	6,897	8,406	F. R. Bank Notes in circulation	—	—	3,338
Discounts otherwise secured or unsecured.....	10,701	5,828	20,166	Deferred Availability items	41,827	37,519	33,182
Bills bought in open market.....	9,923	11,495	1,247	Other Liabilities.....	804	723	678
U. S. Govt. securities.....	28,836	28,780	18,013	Total Liabilities.....	\$222,427	\$215,138	\$202,441
Total Earning Assets.....	\$ 57,984	\$ 53,000	\$ 47,832	Combined Reserve Ratio..	71.2%	73.0%	79.0%
Uncollected items.....	40,650	37,893	29,271				
Other Resources.....	6,229	5,734	5,875				
Total Resources.....	\$222,427	\$215,138	\$202,441				

(Compiled March 19, 1923)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by Federal Reserve Board, March 26, 1923)

Continued active business is indicated by the maintenance of a high rate of industrial production, increases in freight traffic and employment, and a large volume of retail and wholesale trade.

Production—The Federal Reserve Board's index of production in basic industries for February was at the same high level as in January. The index number for these industries is now approximately equal to the highest point reached in the past. Since the low point in July, 1921, there has been an increase of 61 per cent.

The volume of new building projected in February was exceptionally large for the season, particularly in western districts. Railroad freight shipments have been increasing and the car shortage, which was somewhat relieved in December and January, became more marked in recent weeks.

A continued increase in industrial employment has been accompanied by further advances in wage rates in a number of industries. Many New England woolen mills announced a wage increase of 12½ per cent effective April 30. A shortage of women workers has been reported in the textile, rubber and garment industries, and there is shortage of unskilled labor in many industrial centers.

Trade—Wholesale and retail distribution of goods continued at a high level during February. Sales of both wholesale and retail concerns reporting to the Federal Reserve banks were well above those of a year ago, but the increase was relatively more pronounced in wholesale trade. Mail order and chain store business was almost as large in February as in January, despite the shorter month, and sales of 5 and 10 cent stores were actually larger than in January.

Wholesale Prices—The Bureau of Labor statistics index of wholesale prices advanced slightly during February. Prices of metals, building materials and clothing increased, while prices of fuels and farm products declined. Building materials and metals during the past year have advanced more than any other groups of commodities and are now about 25 per cent higher than in March, 1922.

Bank Credits—Recent increases in industrial and commercial activity have been reflected in a larger volume of loans by member banks for commercial purposes, especially in the New York, Chicago and San Francisco districts.

Loans of this character by reporting member banks are now approximately \$500,000,000 larger than at the end of December. This increase has been accompanied by a reduction in holdings of investments, so that there has been only a moderate net increase in total loans and investments.

The larger demand for funds has not led to any increase during the past month in the total volume of credit extended by the Reserve banks. Total earning assets and loans to member banks on March 21 were approximately the same as four weeks earlier. Borrowings by member banks in the interior increased, particularly in the Chicago district, but borrowings by member banks in the New York district decreased.

Since the end of February, there has been a small decline in the volume of Federal reserve note circulation, which is now at approximately the same level as six months ago. Other forms of currency in circulation, however, have recently increased. The market rates on commercial paper advanced further to a range of 5 to 5¼ per cent and the rate on bankers' acceptances remained steady at about 4 per cent. There has been a slight increase in yield of short-term treasury certificates as well as of Government and other high grade bonds.

