

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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WHILE gains recorded during the two preceding months were maintained and further gradual improvement noted, general business during the period under review was featured by a considerable degree of irregularity. In some lines investigated there were good increases in sales over the corresponding period last year and the preceding month this year, but in others slight declines were reported, and scattered complaints of backward buying and unusually keen competition were made. In a great majority of lines there has been no perceptible deviation from the policy of buying for immediate and near-by needs, and in all directions there is a disposition to await more definite knowledge of what the next few months will develop in the way of commodity demand before increasing commitments for either finished goods or raw materials.

On the other hand stocks of goods in all positions continue of moderate size, and the public is buying in heavy volume, even though cautiously and in small quantities. Manufacturers and wholesalers report frequent and small orders, the aggregate of which represents a large volume, but the cost of doing business on this piecemeal basis is high, and profits are not uniformly satisfactory. A feature in the general situation is the almost universal optimism relative to prospects for the spring and summer. This is based chiefly on the greatly improved conditions in the rural sections, the high level of employment, strength of the banking and financial status and the strong purchasing power of the public as indicated by the record of savings deposits, debits to individual accounts and high wage scales.

Shipments of goods for ordinary consumption sold for spring distribution are for the most part larger than at the same time either last year or in 1923. In the South, where preparations for the 1925 crops are in progress, there has been an active demand for all varieties of farm

supplies. Seed distributors report a satisfactory volume of business, and in the immediate past a marked improvement in the demand for fertilizers, insecticides and spraying materials. Building activity is well sustained and February permits issued for construction in the district indicate a continuance of present pace of activity for some time to come. Production in the iron and steel industry gained slightly, but new orders placed have fallen off somewhat, and buying of pig iron and other raw materials was at a low ebb throughout February and early March.

In the retail section of distribution weather conditions have been against best results. Merchants in the large centers of population say that more seasonal temperatures are needed to stimulate the movement of spring goods, while in the country heavy roads in many sections have kept farmers from coming to town to do their shopping. Sales of chain stores, however, continue at high levels, and the preliminary estimate of sales of the leading department stores of the district in February showed a gain of 2.6 per cent over the corresponding period in 1924. In numerous instances sales volume has been materially assisted by extensive advertising campaigns and special clearance sales. In the latter, large quantities of winter goods, particularly apparel, were moved into consumptive channels.

Although a surplus of labor continues generally throughout the district, a slight improvement, partly seasonal, was noted in employment conditions. Outdoor activities are absorbing a considerable portion of the common labor surplus, and industrial plants in a number of lines have added slightly to their forces. Renewed activity in the oil fields was noted, and drilling operations are being started in the several fields. According to the Employment Service of the Department of Labor full time is general in lumber mills and woodworking plants in the South. In the same general region there were

employment gains in the textile plants. In Tennessee 63 out of the 76 mills reporting were on full time, and a majority of the textile operations in Mississippi and Arkansas are also on full time schedules. Railroad repair shops were active with about the same forces as thirty days earlier, and generally there was little change in the number of workers employed by the carriers. Slight gains were noted at iron and steel mills and foundries, and the same was true in the oil refineries, paint, stone, leather, glass, tobacco and some other miscellaneous industries. The greatest amount of idleness was in the coal industry, where further decreases in employment were reported.

Violent and broad fluctuations, resulting in heavy net declines as compared with the preceding thirty days, featured the grain markets. Activities centered principally about wheat, in which the May option moved over a range of $49\frac{1}{4}$ c in the St. Louis market. From $\$1.99\frac{1}{2}$ on March 2, the price dropped to $\$1.50\frac{1}{4}$ on March 17, and closed on the latter date at $\$1.52\frac{3}{4}$, which compares with $\$1.84$ on February 15 and $\$1.05\frac{7}{8}$ on March 17, 1924. No. 2 red winter wheat in the cash market fell from $\$2.05$ on February 24 to $\$1.68$ on March 17. Corn and oats were also lower, but in the coarse grains the range was relatively narrow as contrasted with wheat. The downturn in wheat was ascribed chiefly to heavier exports from competitive countries, and the radical improvement in the domestic winter wheat crop, due to the arrival of needed moisture over virtually the entire grain belt. Live stock prices showed marked improvement, with hogs at the peak on March 17, bringing approximately 50 per cent more than at the corresponding period a year ago. Cotton was higher than a month earlier, middling closing in the St. Louis market at 26c per pound on March 14, which compares with 24c on February 15, and 29c on March 15, 1924.

Depressed conditions and a lower price trend still feature the coal situation in virtually all the leading fields of the district. Mild weather adversely affected the demand by domestic users and dealers are heavily stocked and experience unusual difficulty in moving coal, especially the higher grades. Due to sharply curtailed production and the closing down of many additional mines, screenings were scarce and in relatively better demand than other varieties of fuel. Generally, however, steam users are taking little interest in supplies, and contracting is considerably under normal. In the Illinois fields mines were active only from one to three days a week, except the strip pits, some of which were working close to full time. The latter, however, have been obliged to sell at low prices in order to dispose of their outputs. Reports

from the mines in all sections were practically unanimous in ascribing additional losses of working time to "No market." Purchasing by the railroads holds up well, and formed, the chief outlet for tonnage in the Illinois and Kentucky fields. Production of bituminous coal for the country as a whole, according to the Geological Survey, continues to decline steadily. Production for the coal year to February 28 was 424,455,000 tons, against 508,168,000 for the corresponding period during the preceding coal year.

Railroads operating in the district continue to accommodate a volume of freight traffic larger than ever recorded at this season. For the country as a whole loadings of revenue freight in the first nine weeks of the present calendar year, ending February 28, totaled 8,070,319 cars, which compares with 7,926,089 cars for the corresponding period last year and 7,654,188 cars in 1923. In spite of the heavy demand for transportation facilities, the surplus of freight cars available for use on February 29 showed a large increase, and practically no car shortage is being reported. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 194,089 loads in February, compared with 229,022 in January, 200,455 loads in December and 211,541 loads in February, 1924. During the first nine days of March 65,232 loads were interchanged, against 65,270 loads during the first nine days of February and 59,660 loads during the corresponding period in March, 1924. The traffic of the Federal Barge Line between St. Louis and New Orleans during February amounted to 95,600 tons, against 81,087 tons transported in January and 80,229 tons in February, 1924.

While a slight slowing down in collections was noted during February as compared with the high efficiency in January, results were still considerably better than for the corresponding period a year ago. Settlements with wholesalers in virtually all lines were well up to expectations, with dry goods and shoe interests reporting payments in satisfactory volume. Retailers in the coal fields and in certain sections of the grain belt complain of backwardness. Generally in the South bills are being paid when due, and in the tobacco and rice areas outstanding accounts are much smaller than at this time last year or in 1923. In the large industrial centers, where employment continues at high levels, retailers are getting in their money promptly, and in turn are paying their bills. As has been the case for a number of months, wholesalers and jobbers report an unusually large number of their customers are availing themselves of discounts for cash. Answers to 415 questionnaires addressed to

representative interests in various lines throughout the district show the following results:

	Excellent	Good	Fair	Poor
February, 1925.....	6.0%	32.0%	54.0%	8.0%
January, 1925.....	5.7	53.2	32.8	8.2
February, 1924.....	1.1	27.1	53.4	17.8

Commercial failures in the Eighth Federal Reserve District during February, according to Dun's, numbered 107, involving liabilities of \$3,343,246, against 127 defaults in January with indebtedness of \$433,149, and 97 failures for \$1,489,558 in February, 1924.

The per capita circulation of the United States on March 1 was \$42.28, against \$41.86 on February 1, and \$42.85 on March 1, 1924.

MANUFACTURING AND WHOLESALE

Automobiles — Production of automobiles for the country as a whole during February continued the upward trend started in the first month of the year, the total being 21.5 per cent greater than in January. As compared with February last year, however, a loss of 24.0 per cent was shown. Companies reporting direct or through the National Automobile Chamber of Commerce built 246,669 passenger cars in February, against 203,757 in January and 336,284 in February, 1924. The output of trucks in February was 32,014, which compares with 25,650 in January and 30,399 in February last year.

Distribution of automobiles during the period under review developed distinct improvement, both as compared with the preceding month and the corresponding period last year. While business was relatively better in the large cities, buying in the country showed more life than at any time since last fall. Sales of new cars during February by 320 dealers scattered through the district were 9 per cent larger than in January and 6.5 per cent in excess of the February, 1924, total. Accessories and tires are moving satisfactorily, sales being well ahead of a year ago. In St. Louis the automobile show in early March was the most successful ever held here, both in point of attendance and sales, and prospects it developed. Stocks of new cars in dealers' hands are considerably smaller than a year ago, several important interests reporting a reduction of from 40 to 50 per cent. The used car situation was unchanged from the preceding thirty days, and is described as about normal for this time of year.

Boots and Shoes — February sales of the 11 reporting interests were 17.9 per cent larger than during the corresponding month in 1924, and 19.1 per cent under the preceding month this year. With the exception of certain grades of men's wear, the

demand for which has receded slightly, activity features the entire line. Factories working on children's shoes and women's specialties continue to operate at full time, in spite of which fact some plants are behind on orders. Prices were advanced slightly and are now at approximately the levels prevailing this time last year. Retail business in the country has been retarded by weather conditions, but reports from city retailers are generally satisfactory. Stocks of the reporting interests were smaller than a year ago, but gained slightly over the January total this year.

Clothing — While stocks in retailer's hands continue of moderate proportions, ordering for late spring and summer is being pursued with great caution. Public interest centers chiefly in medium and low priced garments, and there is a disposition to resist any price advances.

Relatively business in women's ready-to-wear garments is more active than other branches of the line, and some manufacturers of special styled goods report full time operation. Sales of men's suits are disappointing, and manufacturers and jobbers have been obliged to offer price concessions in order to attract business. Woolens and worsteds for fall consumption are higher by from 7c to 15c per yard than opening prices named for this spring. The response to early offerings was featured by considerable irregularity, but with total volume of goods placed about up to expectations. Some slowing down in the demand for overalls and men's working clothes generally has taken place since the middle of February. February sales of the 10 reporting interests were 30.2 per cent under those of the same month in 1924, and 29.9 per cent under the January total this year.

Drugs and Chemicals — Further steady improvement was noted in this classification, February sales of the 11 reporting interests being 6.2 per cent larger than during the same month in 1924, and 1.9 per cent under the preceding month this year. Orders booked during the first half of March indicate still larger gains as compared with the corresponding period in 1924. Advance sales of insecticides, fertilizers and disinfectants, while slightly under a year ago, are in large volume, with stocks of moderate proportions. The demand for heavy chemicals by manufacturers, particularly in the metal industries, is holding up well. The demand for cosmetics and the general line of sundries was active, and advance sales of soda fountain supplies were the largest for any similar period since 1920.

Dry Goods — Sales of the 12 reporting interests during February were 7.1 per cent under the corresponding period a year ago, but 12.1 per cent in excess of the January total this year. Stocks in

wholesalers' and jobbers' hands show a rather sharp decrease under the same period in 1924, but were slightly larger than during January this year. Some improvement was reported in advance business, with purchasing of woolen goods for next fall in larger volume than heretofore. Unfinished cotton goods are moving somewhat better than thirty days earlier, but buying is mainly in small lots. There were slight advances in certain cotton goods, mainly in sympathy with the upturn in raw cotton. Orders sent in by salesmen on the road since March 1 are ahead of the same period last year, with results in the South particularly good.

Electrical Supplies — As compared with the corresponding month a year ago, February sales of the 12 reporting interests showed a decrease of 4.0 per cent, but the total was 19.8 per cent in excess of that in January this year. The opening up of spring building and resumption of work by the public utilities companies were given as the chief factors in the gain in February over the preceding month. Business during the first half of March developed further improvement, with the call for all varieties of goods from the South particularly active. Prices showed no change from the preceding thirty days, and were 5 to 8 per cent higher than a year ago. Steady expansion continues in sales of radio materials. Stocks of the reporting interests on March 1 were 1.6 per cent larger than a month earlier and 1.6 per cent greater than a year ago.

Flour — Production of the 11 leading mills of the district during February totaled 283,300 barrels, the smallest since last July and comparing with 294,748 barrels in January and 357,539 barrels in February, 1924. As was the case during the preceding thirty days, business was seriously handicapped by the frequent and radical fluctuations in the wheat market. Flour buyers of all classes were disposed to hold off, or to take only what they were obliged to have to carry from week to week. Carload buying was at a minimum, and shipping directions were disappointing. Both jobbers and millers were more or less at sea relative to prices, but values were generally lower in sympathy with the slump in wheat. Bids from Europe were still out of line, and export business dull. Mill operation was below 50 per cent of full capacity.

Furniture — February sales of the 25 reporting interests were 5.1 per cent in excess of the same month in 1924, and 9.3 per cent larger than the January total this year. Conditions in the trade, however, are reported spotted, some lines being active while quietness prevails in others. The demand for household furniture shows less than the usual expansion, but there is an excellent call for

hotel and hospital equipment, and chairs of all kinds. Retailers continue to buy from hand-to-mouth, and large stock orders are conspicuously absent. Prices generally were steady with the month before, but some individual cases of cutting were reported on certain lines. Inventories of the reporting interests on March 1 were 24.1 per cent larger than a year ago, but 3.1 per cent under February 1.

Groceries — Unusually keen competition and close buying by wholesalers and retailers were mentioned as the two chief factors in a decline of 2.9 per cent in February sales of the 22 reporting interests as compared with the same month in 1924, and of 2.3 per cent under the January total this year. Generally through the line prices developed no change worthy of comment during the period under review. Flour and sugar were lower and coffee slightly higher, while the general run of canned goods, dried fruits and specialties were steady. Stocks in hands of the reporting firms on March 1 were 7.0 per cent larger than a year ago, and 2.1 per cent in excess of February 1 this year.

Hardware — Steady improvement is indicated in the accounts of business given by the 12 reporting interests. Their sales in February were 2.2 per cent larger than for the same month in 1924, and 0.7 per cent in excess of the January total this year. Advance sales of spring goods were in excess of expectations, and shipments of this merchandise have been heavy. Activity is reported general through the line, with builders' tools and hardware, shelf hardware, granite and galvanized ware and aluminum household utensils in particularly good demand. In the sporting goods line comment is made upon the heavy sales of baseball and golf supplies. Comparatively few price changes were made during the past thirty days. Rope and saddlery supplies were higher, while drop shot, solder and some other lead products were lower. Stocks were 14.7 per cent smaller than a year ago, and about the same as a month earlier.

Iron and Steel Products — Activities at mills, foundries, machine shops and other plants were slightly increased during the past thirty days. While new orders showed a falling off, specifications on business previously booked were in liberal volume, and in a number of notable instances in excess of shipments. Generally shipments by the foundries and mills during February were larger than during the same month in 1924, which month was marked by considerable activity. New buying during the past several weeks has been largely confined to near-by requirements, and consumers are feeling their way cautiously before committing themselves heavily for second quarter requirements.

Prices were somewhat irregular, there being some advances and a number of declines recorded on important commodities, but the changes were slight and the average showed little variation from the preceding thirty days. Production of pig iron for the country as a whole during February decreased slightly under the January total, due to the fact that there were three less working days than in the earlier month, but the daily average production of approximately 114,600 tons showed the highest rate of any month since July, 1923. Steel ingot production also decreased slightly under the January total, and under the total of February, 1924. Toward the end of February there developed a decided lull on buying of pig iron, and this quietness extended through the first weeks of March. Melters had pretty well covered their needs in the buying movement of December and January, and were disposed to postpone additional commitments until learning something more definite relative to the probable demand for their products during the second quarter. Prices of pig iron, while showing no quotable change, developed an easier trend during the second week in March, and some small tonnages or resale iron were moved below current quotations. There was a further sharp decline in iron and steel scrap, the weakness extending practically through the entire list.

Lumber — Improved weather is having a stimulating effect on retail trade at the larger centers, and when lumber begins to move freely from yards to jobs, wholesale selling is expected to quickly improve. In the meantime, sales from the mills have declined noticeably since the first of March, and have been slow since the middle of February. Prices, however, have not been deeply disturbed at any time; the recession has been orderly, and in yellow pine has mainly affected fencing, boards, shiplap, the more common sizes of dimension and 4-inch flat grain flooring. The whole list, though, including timbers, is weaker. The fir market has suffered mostly in items competitive with these. Red and yellow cypress stand up much better in price than the major softwoods. Hardwoods changed very little in price, and such softening as there is is largely due to continued heavy production. The outlook for all the woods is considered encouraging.

CONSUMPTION OF ELECTRICITY

Electric power consumption by selected industrial customers of the public utility companies in the five largest cities of the district during February showed gains over both the preceding month and the corresponding period a year ago.

Detailed figures follow:

	No. of customers	Feb., 1925 *K.W.H.	Jan., 1925 *K.W.H.	Feb. 1925 comp. to Jan. 1925	Feb., 1924 *K.W.H.	Feb. 1925 comp. to Feb. 1924
Evansville	40	924	967	- 4.4%	967	- 4.4%
Little Rock.....	35	1,238	1,146	+ 8.0	1,052	+17.7
Louisville	67	4,440	3,968	+ 1.8	3,695	+20.2
Memphis	31	1,481	1,468	+ 1.0	1,372	+ 7.9
St. Louis	86	11,738	11,901	- 1.4	11,219	+ 4.6
Totals.....	259	19,821	19,450	+ 1.9	18,305	+ 7.8

*In thousands (000 omitted).

RETAIL TRADE

The condition of retail trade is reflected in the following comparative statement showing activity of department stores in leading cities of the district:

	Net sales comparisons		Stocks on hand	Annual rate of
	Feb. 1925 comp. to Feb. 1924	Two months ending Feb. 28, 1925, to same period, 1924	Feb. 28, 1925 comp. to Feb. 29, 1924	stock turnover For 2 months ending Feb. 28, 1925
Evansville	- 1.8%	- 0.1%	-10.4%	1.86
Little Rock.....	+ 5.2	+ 6.8	- 3.6	2.44
Louisville	+ 2.9	+ 2.3	-14.4	2.80
Memphis	+ 4.9	+ 4.4	+ 1.4	2.29
Quincy	+ 7.3	+ 6.1	- 5.8	2.19
St. Louis.....	+ 0.2	- 2.2	+ 2.6	2.97
8th District.....	+ 1.7	- 0.4	- 0.6	2.74

AGRICULTURE

While preparation of the soil for spring crops has been interfered with somewhat by rains, the amount of work completed is estimated to be well up to the normal for this season. In the South considerable progress has been made in putting in truck crops and seeding oats. Early advices from Arkansas, Mississippi, and Tennessee, indicate that acreages planted to fruits and vegetables this year will be the largest ever recorded. The output of grapes is expected to be much heavier than heretofore due to the fact that many new vineyards will begin bearing this year. The steady growth in consumption of tomatoes has determined many farmers to largely increase their production of that vegetable. The permanent damage done to orchards by the ice storm in December will in a measure be offset by new orchards which will come into bearing this year. Heavier plantings of strawberries, sweet potatoes, cantaloupes and watermelons are indicated.

Corn — Stocks in farmers' hands on March 1 in the five principal corn producing states of the district, Indiana, Illinois, Missouri, Kentucky and Tennessee, were sharply below those on the corresponding date in 1924. Arkansas was the only state to show larger reserve farm stocks this year than last. The recent high prices have served to stimulate the movement of corn to market, but total receipts at primary centers for the crop year to March 1 were considerably less than for the corresponding period a year ago.

Cotton — The demand for cotton was active, particularly for the good grades and shipments continue heavy. Very little cotton remains in the hands of producers and warehouse and compress

stocks have been considerably reduced. Prices were higher during the period under review, middling in the St. Louis market advancing to 26c per pound. Generally through the district preparation for spring planting is reported better than average. Many farmers have finished their preliminary work and are only awaiting the proper season to plant their crops. Purchases of fertilizer to March 1 were smaller than a year ago. Feed and food are high and it is estimated that the crop will be expensive to produce.

Live Stock—The condition of live stock generally through the district is reported satisfactory, there being less than the usual number of complaints of disease among herds.

Receipt and shipments at St. Louis, reported by the National Stock Yards, were as follows:

	*Receipts			*Shipments		
	Feb. 1925	Jan. 1925	Feb. 1924	Feb. 1925	Jan. 1925	Feb. 1924
Cattle and Calves.....	74	83	69	27	57	41
Hogs	284	396	453	119	260	284
Horses and Mules.....	11	11	8	10	11	9
Sheep	23	23	17	1	11	11

*In thousands (000 omitted).

Rice—Reports indicate that with exception of stocks reserved for seed, rough rice has entirely moved out of the hands of producers, and with most of the mills shut down, interest centers in preparations for the new crop. Farmers are well along with their spring work, and apparently are well financed. Preliminary reports to the co-operative association officials indicate that the acreage this year will exceed that of 1924 by from 12 to 15 per cent. The demand for polished rice was described as only fairly active, but prices are steady with levels prevailing thirty days ago. As compared with recent years, the carryover from the 1924 crop is negligible.

Tobacco—The crop is being marketed with unusual celerity, particularly in dark tobacco and burley districts, and a number of the loose leaf markets have closed for the season. In the main demand has been excellent and prices satisfactory to producers. The remainder of the crop in the western district is being delivered freely when weather conditions will permit. In the Owensboro and Henderson districts crops have also moved briskly at generally good prices. The Burley Growers' Cooperative Association has sold since the opening of the season, December 1, approximately 175,000,000 pounds of tobacco, including the remainder of the 1922 crop, and large quantities of the 1923 and 1924 crops. Farmers have made good headway in sowing their plant beds for the 1925 crop. Weather has been auspicious for this work, which will be completed by the final week of March.

Wheat—Apparently winter wheat has come out of the dormant period with no more

than the ordinary amount of damage from winter killing and other harmful factors. Fields are green-ing up in good shape in many sections and root growth is strong. General rains afforded abundant moisture and soil conditions have undergone distinct improvement since the middle of February. Thus far injury to the plant from alternate freezing and thawing seems to have been moderate, and infestation of hessian fly is confined to a few scattering localities. In all states of the district, according to the U. S. Department of Agriculture, wheat still in farmers' hands on March 1 was considerably less than at the same time in 1924.

Commodity Prices—Range of prices in the St. Louis market between February 14, 1925 and March 14, 1925, with closing quotations on the latter date and on March 15, 1924, follow:

			Close	
			Mar. 14, 1925	Mar. 15, 1924
Wheat				
May	Per bu.	High Low	\$1.99½	\$1.63
July	"	"	1.70¼	1.43½
No. 2 red winter	"	"	2.09	1.80
No. 2 hard.....	"	"	1.90	1.63½
Corn				
May	"	"	1.33¼	1.15¾
July	"	"	1.36½	1.19¾
No. 2.....	"	"	1.26	1.11
No. 2 white.....	"	"	1.26	1.15
Oats				
No. 2 white.....	"	"	.58	.49
Flour				
Soft patent.....	Per bbl.	11.00	9.00	9.50
Spring patent.....	"	10.15	8.50	8.80
Middling cotton.....	Per lb.	.26	.24	.26
Hogs on hoof.....	Per cwt.	14.30	8.50	10.50

BUILDING

Throughout the district the period under review was marked by an increase in building activity over the preceding thirty days. In the South more favorable weather permitted of resumption of operations, and work was commenced on a number of large enterprises in addition to numerous smaller undertakings, principally homes, garages and farm improvements. The movement of all varieties of building materials to the southern states was on a large scale, and specifications on structural iron and steel were in heavy volume. In point of value building permits issued in the five largest cities of the district for new construction during February were 66.5 per cent larger than in January and 61.2 per cent in excess of the February, 1924, total. With the exception of October, 1924, the record month, and April, 1924, the February total was the highest ever reached. There was also a heavy gain over January, 1925, and February, 1924, in value of permits issued for additions and repairs.

Building figures for February follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1925	1924	1925	1924	1925	1924	1925	1924
Evansville	204	66	\$ 321	\$ 114	61	23	\$ 34	\$ 9
Little Rock.....	99	98	343	249	70	68	47	45
Louisville	411	239	3,134	786	91	72	295	269
Memphis	419	386	1,241	2,163	91	66	36	27
St. Louis.....	712	594	3,550	2,017	367	423	1,322	323
Feb. totals.....	1,845	1,383	\$8,589	\$5,329	680	652	\$1,734	\$673
Jan. totals.....	1,195	987	5,163	6,147	607	540	541	380
Dec. totals.....	1,239	1,015	8,092	6,635	554	540	515	390

*In thousands of dollars (000 omitted).

FINANCIAL

The demand for funds from commercial sources during the period under review was moderately active, and with deposits only slightly below the recent peak level, commercial banks were well equipped to meet all demands made upon them. February settlements in wholesale lines, particularly boots and shoes and dry goods, were heavy, and were reflected in some curtailment of commitments by these interests at their banks. Generally, however, new borrowings exceeded the volume of loans paid, with the net result that loans and discounts scored a small gain. The recent advance of hog prices has had a beneficial effect in the country, and some improvement was noted in the demand for fattening live stock. Grain handlers reduced their loans somewhat, but flour manufacturers and jobbers are carrying fair stocks, and the aggregate of their loans was about the same as thirty days earlier. Rates charged their customers by the commercial banks averaged about one-half of one per cent higher, and are now about $\frac{3}{4}$ to 1 per cent above the recent low point. Further good liquidation was reported in the tobacco sections, and some banks in that general region are seeking investments for their surplus funds.

Condition of Banks — The following statement shows principal resources and liabilities of reporting member banks in Evansville, Little Rock, Louisville, Memphis, and St. Louis:

	*Mar. 18, 1925	*Feb. 18, 1925	*Mar. 19, 1924
Number of banks reporting.....	†33	†33	35
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't. obligations.....	\$ 13,060	\$ 11,758	\$ 9,428
Secured by other stocks and bonds.....	174,996	191,534	146,440
All other loans and discounts.....	319,282	312,798	311,771
Total loans and discounts.....	\$507,338	\$516,090	\$467,639
Investments			
U. S. Pre-war bonds.....	13,257	13,275	14,981
Liberty bonds.....	31,473	24,724	23,598
Treasury bonds.....	19,005	8,792	5,353
Victory and Treasury notes.....	13,517	12,942	16,872
Certificates of Indebtedness.....	3,391	639	7,792
Other securities.....	99,289	100,805	89,546
Total investments.....	\$179,932	\$161,177	\$158,142
Reserve balance with F. R. Bank.....	51,427	50,319	42,832
Cash in vault.....	7,425	7,268	7,413
Net demand deposits.....	422,661	417,316	351,977
Time deposits.....	202,896	210,776	202,472
Government deposits.....	18,898	6,713	6,080
Bills payable and rediscounts with			
Federal reserve bank			
Secured by U. S. Gov't. obligations....	940	210	6,191
All other.....	6,289	4,919	12,347

*In thousands (000 omitted).

†Decrease due to consolidation. Total resources of these 33 banks comprise approximately 54 per cent of the resources of all member banks in the district.

Federal Reserve Operations — Bills discounted for its member banks by the Federal Reserve Bank of St. Louis increased further during the period under review. On March 16 the total was \$15,780,000, which compares with \$11,251,000 on February 16, and \$32,548,000 on March 16, 1924. Federal

reserve note circulation sustained another slight decline; from \$53,874,000 on February 16 to \$51,515,000 on March 16. Total earning assets were \$37,452,000 on March 16, against \$40,231,000 on February 16, the reduction being due entirely to a decrease of \$4,974,000 in bills purchased. The combined reserve ratio against deposit and Federal reserve note liabilities stood at 77.5 per cent on March 16, 75.5 per cent on February 16, and 73.7 per cent on March 16, 1924. During February this institution discounted for 172 of its member banks, which compares with 176 banks accommodated in January and 246 in February, 1924. The discount rate of this bank remained unchanged at 4 per cent.

Commercial Paper — While business of the reporting brokerage interests during February showed a slight gain over a year ago, the market was described as quiet. Until very recently the demand was active, but scarcity of offerings, particularly prime names, had a tendency to curtail sales volume. Since March 1 there has been some slackening in demand, especially on the part of large city banks. Rates were higher, ranging from $3\frac{3}{4}$ to 4 per cent, with many choice names selling at the major figure of the spread.

Debits to Individual Accounts — The following comparative table gives the total debits charged by banks to checking accounts, savings accounts, certificates of deposit accounts and trust accounts of individuals, firms, corporations and U. S. Government in the leading cities of this district. Charges to accounts of banks are not included. These figures are considered the most reliable index available for indicating spending by the public:

	*For four weeks ending			Mar. 1925 Mar. 1925	
	Mar. 18, 1925	Feb. 18, 1925	Mar. 19, 1924	comp. to Feb. 1925	comp. to Mar. 1924
E. St. Louis and					
Nat. Stock Yards, Ill..	\$ 36,925	\$ 36,962	\$ 34,028	— 0.1%	+ 5.6%
El Dorado, Ark.....	7,413	6,903	6,544	+ 7.4	+13.3
Evansville, Ind.....	34,064	33,089	27,387	+ 2.9	+24.4
Fort Smith, Ark.....	11,916	12,543	10,445	— 5.0	+14.1
Greenville, Miss.....	4,538	4,835	3,369	— 6.1	+34.7
Helena, Ark.....	4,732	4,829	4,506	— 2.0	+ 5.0
Little Rock, Ark.....	60,611	64,441	56,809	— 5.9	+ 6.7
Louisville, Ky.....	175,186	178,893	153,524	— 2.1	+14.1
Memphis, Tenn.....	142,124	140,766	117,407	+ 1.0	+21.1
Owensboro, Ky.....	6,102	6,779	5,710	—10.0	+ 6.9
Quincy, Ill.....	11,935	10,608	10,061	+12.5	+18.6
St. Louis, Mo.....	658,700	679,750	605,755	— 3.1	+ 8.7
Sedalia, Mo.....	3,965	3,595	3,678	+10.3	+ 7.8
Springfield, Mo.....	11,918	12,102	11,323	— 1.5	+ 5.2
Totals.....	\$1,170,129	\$1,196,095	\$1,050,546	— 2.2	+11.4

*In thousands (000 omitted).

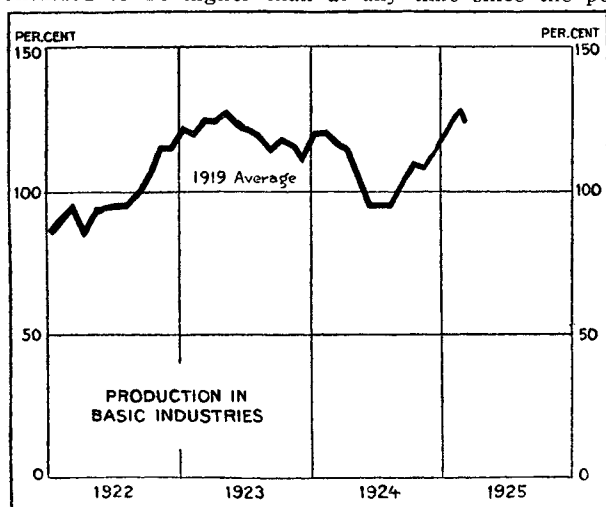
ANNOUNCEMENT

The Tenth Annual Report of the Federal Reserve Bank of St. Louis, covering operations during 1924, has been mailed to member banks, etc. A limited supply is available for general distribution. Copies will be furnished on request.

(Compiled March 21, 1925)

BUSINESS CONDITIONS IN THE UNITED STATES

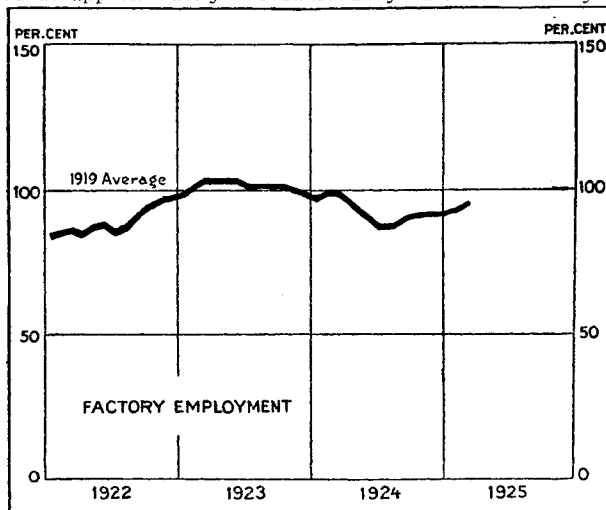
PRODUCTION—The Federal Reserve Board's index of production in 22 basic industries, which is adjusted to allow for difference in the number of working days and for seasonal variations, declined 3 per cent in February, but continued to be higher than at any time since the peak



Index of 22 basic commodities corrected for seasonal variation. Latest figure, February=123.5.

reached in May, 1923. Average daily output of iron and steel was exceptionally heavy, and copper production per day was the largest since 1918. There was a slight decline in activity in the woolen industry and more considerable reductions in the output of lumber, cement, bituminous coal and crude petroleum. Production of automobiles increased 19 per cent in February, the largest monthly increase in nearly two years, but the output was still over 25 per cent smaller than a year ago. Factory employment increased by about 2 per cent in February, considerable increases being reported for the automobile, iron and steel and clothing industries, while the number of workers in the packing and cement industries declined. Earnings of industrial workers in February were larger than in January, reflecting in part the resumption of full time work after the inventory period.

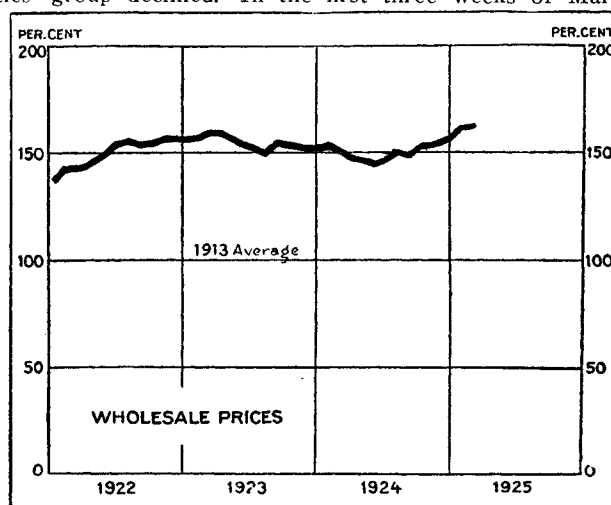
TRADE—Total railroad freight movements continued at approximately the same daily rate in February as



Index for 33 manufacturing industries
Latest figure, February=95.

in January, and shipments of merchandise increased in recent weeks and were much larger than a year ago. Wholesale and retail sales were smaller during February than a year ago, owing partly to the fact that this year February had one less business day. Department stores' sales were 1 per cent smaller in February than in the corresponding month of 1924. Wholesale trade in all lines, except meats and hardware, was less than a year ago and showed in February about the usual seasonal changes. Sales of groceries, meats and drugs decreased, while sales of dry goods and shoes increased.

PRICES—The slight rise in the wholesale price line of the Bureau of Labor Statistics was due to advances in the fuel and lighting group, largely in petroleum and in building materials, while prices of all the other commodities' group declined. In the first three weeks of March,



Index of U. S. Bureau of Labor Statistics
Latest figure, February=161.

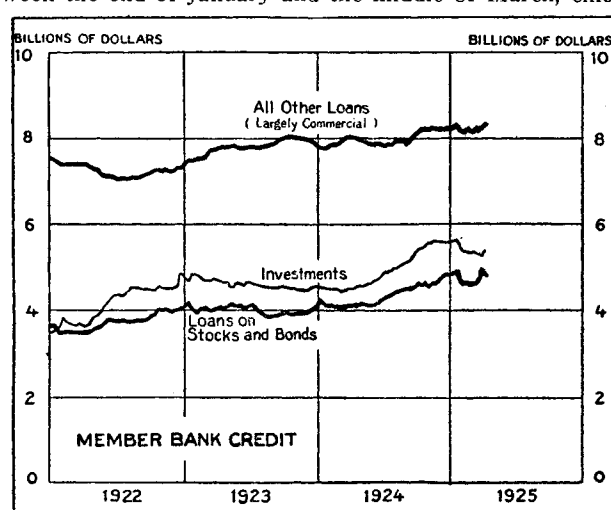
prices of hogs, cotton goods and rubber increased while prices of many other commodities decreased, the largest decreases being those for wheat and other grains.

BANK CREDIT—Loans of member banks in principal cities continued to increase between the middle of February and the middle of March, and on March 11 were larger than at any time in the past four years.

The volume of loans for commercial purposes has been at a high and almost constant level since last autumn, and loans on stocks and bonds which have increased continuously since the summer of 1924 reached in March the largest amount on record.

Increases in loans were accompanied by further reductions in the holdings of securities, particularly at banks in the financial centers.

At the Reserve banks demand for credit increased between the end of January and the middle of March, chiefly



Weekly figures for member banks in 101 leading cities
Latest figure, March 11.

as the result of the export demand for gold and the growth in domestic currency requirements, with the consequence that earning assets increased. After March 15, however, temporary abundance of funds arising out of treasury operations resulted in a sharp reduction in member bank borrowings.

Somewhat firmer conditions in the money market in the latter part of February and the early weeks of March were indicated by a rise of the rate on 4-6 months prime commercial paper from $3\frac{3}{4}$ to 4 per cent.