

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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THE trend of general business in this district during the past thirty days was decidedly in the direction of further improvement. In a majority of lines investigated, August sales showed gains over the corresponding period last year, and in many there were good increases as compared with the preceding month this year. The demand for commodities of all sorts shows steady expansion and production is being stepped up to meet growing requirements. In a number of lines, notably dry goods, hardware and clothing, some improvement in advance buying has taken place, but as has been the case for a number of months, the major portion of distribution of merchandise is represented in purchasing for immediate requirements.

While the situation in the agricultural sections is somewhat less favorable than thirty days earlier, due to reduced crop yields caused by the unprecedented high temperatures and drought during late August and early September, the purchasing power of farmers is high, and well above that of the preceding three years. Merchants in the country are buying more freely than at this time a year ago, and are taking a greater variety and in many instances a better grade of goods. Prices being received for agricultural products are in the main satisfactory and are returning good profits to their producers. In addition to replacing their old and purchasing more new equipment, farmers are enlarging their purchases of the general run of commodities.

In the large centers of population retail distribution was on a large scale, preliminary sales of department stores in the principal cities of the district during August showing an increase of 13 per cent over the corresponding period in 1924, the largest gain recorded in many months. The protracted warm weather resulted in an unusually thorough clearance of summer goods, and some reordering of these lines was reported by whole-

salers. Generally stocks in both retailers' and wholesalers' hands continue to hold their recent healthy position, there being little disposition anywhere to purchase excessively, though in the case of retailers, assortments are being well kept up in anticipation of active fall demand.

According to the Employment Service of the U. S. Department of Labor, the employment situation underwent slight improvement during the period under review. While small losses occurred in several industries and some surplus of common labor still obtains in certain localities, the number of idle workers was smaller than a month earlier. Iron and steel plants increased their working forces, and there were further gains in the cement, quarrying, and glass industries. A number of southern lumber mills, which had been closed for repairs, resumed operations. Generally through the district skilled artisans in the building trades are fully employed, and road construction work continues to absorb large numbers of common laborers. Relatively the best gains were recorded in the coal mining areas. A shortage of cotton pickers was reported from some counties in Arkansas and Mississippi.

In all the principal coal fields of the district the past thirty days were marked by quite distinct improvement. The season of the year considered, demand for Illinois, Indiana and west Kentucky coals was exceptionally good, and the general tendency was toward higher prices, particularly on the better grades. The anthracite strike, which became effective September 1, has stimulated accumulation of reserves by consumers, and resulted in a brisk demand for smokeless coal and coke. In the Illinois field schedules at the shaft mines have been enlarged, and most of the strip pits are on full time and able to dispose of their outputs, except fine coal, steam users still being disposed to hold off for more favorable terms. Railroad tonnage has picked up, and since September 1 the movement of fuel to

domestic consumers has gained perceptibly in momentum. Total output of bituminous coal for the country as a whole during the calendar year 1925 to September 5 was 328,301,000 net tons, against 308,578,000 tons for the corresponding period in 1924 and 385,553,000 tons in 1923.

Railroads operating in the district continue to exceed seasonal records in the matter of freight hauled. There was a good increase in the movement of grain and grain products, and loadings of merchandise and miscellaneous freight are continuing their gains of the past several months. Total loadings of revenue freight for the entire country during the first 35 weeks of the year, or to August 29, were 33,549,472 cars, the largest for any similar period on record, and comparing with 31,554,058 cars for the same period in 1924 and 33,155,456 cars in 1923. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 225,771 loads in August, the greatest number since January, and comparing with 209,613 loads in July and 210,829 loads in August, 1924. During the first nine days of September the interchange amounted to 62,828 loads, against 65,340 loads for the same time in August, and 58,328 loads in September, 1924. Passenger traffic of the reporting roads during August was about even with the same month a year ago. Estimated tonnage of the Federal Barge line between St. Louis and New Orleans during August was 64,000 tons, comparing with 79,361 tons in July, and 76,609 tons in August, 1924.

Reports relative to collections during the period under review reflected generally satisfactory conditions. September 1 settlements with wholesalers in the large centers were somewhat larger than expectations, and considerably over those of the same period either last year or in 1923. In the winter wheat sections, where marketing of grain has increased, farmers are settling their bills, and there has been good liquidation elsewhere in the agricultural areas. Retailers in the larger cities mention the usual backwardness in payment of bills by customers away on vacations during August, but since the first of this month they have been getting in their money in good shape. Some betterment in collection conditions is noted in the coal mining districts. Answers to 450 questionnaires addressed to representative interests in the various lines throughout the district showed the following results:

	<u>Excellent</u>	<u>Good</u>	<u>Fair</u>	<u>Poor</u>
August, 1925.....	4.0%	36.0%	56.0%	4.0%
July, 1925.....	3.5	35.8	50.5	10.4
August, 1924.....	3.4	32.9	53.3	7.1

Commercial failures in the Eighth Federal Reserve District during August, according to Dun's, numbered 91, involving liabilities of \$1,049,444, against 60 defaults in July with indebtedness of \$940,025 and 91 failures for \$922,409 in August, 1924.

The per capita circulation of the United States on September 1, 1925, was \$41.84, against \$41.31 on August 1, and \$42.28 on September 1, 1924.

MANUFACTURING AND WHOLESALE

Automobiles—As compared with the preceding month, August production decreased 32.6 per cent, and was 4.4 per cent less than in August, 1924. Manufacturers reporting direct or through the National Automobile Chamber of Commerce built 221,739 passenger cars in August, against 358,452 in July and 253,854 in August, 1924. The output of trucks in July was 36,696 in August, compared with 40,493 in July and 27,389 in August, 1924.

While there was some slowing down in sales of automobiles during the last half of August, distribution generally during the period under review was above expectations, and reflected considerably less than the usual seasonal decline. Reports covering the first two weeks of September indicate a revival of activity, sales being stimulated by fall announcements of many leading manufacturers and the appearance of new models. August sales of 320 dealers scattered through the district were 12.4 per cent larger than for the same month in 1924, and 16 per cent in excess of the July total this year. The used car situation showed further improvement, stocks in hands of dealers being the lowest in more than three years. Business in accessories and parts is reported active, with sales above those of the corresponding period last year. No change was noted in the tire trade, stocks held by dealers being about the same as thirty days earlier, and new buying being on a necessity basis. Country dealers report large replacement sales of passenger cars to farmers, and a better demand for trucks and tractors.

Boots and Shoes—Sales of the 11 reporting interests during August were 69.0 per cent larger than for the corresponding period in 1924 and 100 per cent in excess of the July total this year. Both the year-to-year and month-to-month gains were the largest recorded since these records have been kept, however, the large increase over the preceding month was due chiefly to seasonal considerations. Stocks on hand on September 1 were 2.6 per cent under those on August 1, and 7.9 per cent in excess of September 1, 1924. The demand through the entire line was active, with sales of men's wear showing marked gains as compared with last year.

Prices of finished materials were unchanged as compared with the preceding thirty days. Factory operation was at from 95 to 100 per cent of capacity.

Clothing — The protracted spell of hot weather had a tendency to hold down purchasing of fall apparel, but resulted in a more thorough clearance of light weight clothing at both wholesale and retail than in a number of years. Advance ordering of fall goods is reported slightly larger than at the corresponding period a year ago, but retailers are still buying closely to a necessity basis. The call for broad silks and rayon mixtures continues to lead in women's wear, though the past three weeks have developed some improvement in the demand for woolen and worsted dress goods. Prices showed relatively little change as contrasted with a month earlier. August sales of the 10 reporting clothiers were 1.3 per cent larger than during the same period in 1924, and 18.7 per cent in excess of the July total this year.

Drugs and Chemicals — Further improvement took place in this line during the period under review. Producers of heavy chemicals report a better demand from manufacturers generally, particularly in the metal industries. Retail stocks are light, and there is a disposition to replenish in anticipation of a large fall trade. Prices showed no marked change, but the trend was slightly upward, especially in medicinals. Sales of the 11 reporting firms during August were 6.5 per cent larger than for the same month in 1924, and 0.2 per cent larger than during the preceding month this year.

Dry Goods — General conditions underwent no notable change as compared with the preceding thirty days and activity continues on the same healthy scale. Ordering of fall and early winter goods is in satisfactory volume, with advance sales largely in excess of the corresponding period last year. Comment is made on the unusually large amount of reordering of summer goods, particularly linen dress fabrics and silks, which is ascribed to the protracted warm weather. Sales of the 11 reporting interests during August were 9.8 per cent larger than during the same month in 1924, and 51.6 per cent in excess of the July total this year. Stocks on September 1 were 5.2 per cent less than a year earlier and 13.0 per cent below those of August 1 this year.

Electrical Supplies — August sales of the 12 reporting interests were 27.7 per cent greater than during the same month in 1924, but 24.4 per cent under the July total this year. Stocks on hand on September 1 were 14.4 per cent smaller than a year earlier and 12.1 per cent under the total on August 1 this year. Business generally through the line

was reported as active, but with radio and building materials making relatively a better showing than other departments. With the exception of an easier tone in a few specialty items, prices were steady with the preceding thirty days.

Flour — Production by the 11 leading mills of the district during August was 329,516 barrels, the largest since last October, and comparing with 286,250 barrels in July and 367,040 barrels in August, 1924. The demand from domestic sources continued fairly active through the period under review, particularly in the South where heavy sales of soft wheat flours were reported. Shipping directions from all sections were heavier than thirty days earlier. Prices followed closely fluctuations in cash wheat, and eased off slightly during early September. There was a fair routine export trade with the Latin-American countries. Inquiries from Europe were scarce, and bids generally out of line.

Furniture — Business in this line developed radical improvement during the period under review. August sales of the 25 reporting interests were larger by 26.5 per cent than a year earlier, and 23.2 per cent in excess of the July total this year. While buying is still mainly on a necessity basis, there was slight betterment in future sales, and stock orders were more numerous than heretofore. Dealers' stocks continue at a low ebb, and recent orders placed, in many instances, have been accompanied by urgent requests for quick shipment. Prices were unchanged.

Groceries — Further improvement was recorded in this classification, sales of the 22 reporting interests during August being 10.2 per cent larger than during the same month in 1924, and 4.6 per cent in excess of the July total this year. Stocks on September 1 were larger by 4.1 per cent than on the same date in 1924, but 2.2 per cent smaller than on August 1 this year. Scarcity of fresh fruits and vegetables due to the drought had a stimulating effect on sales of canned and preserved goods. The demand for staples generally was active, gains being reported in sales of coffee, sugar and flour by several of the leading stores. Prices were in the main steady with the month before.

Hardware — As has been the case for the past several months, the demand for builders' hardware continues the most active feature of the line. The demand for staples, however, has developed quite marked improvement, and the general run of fall and winter goods is reported moving well. Future orders booked in August were considerably in excess of a year ago. There is a brisk call for hunters' supplies and sporting goods generally. Shelf hardware and enamel and galvanized ware were reported less

active than heretofore. August sales of the 12 reporting interests were 3.6 per cent larger than for the same month in 1924, and 4.0 per cent under the July total this year. Stocks on September 1 were 1.6 per cent smaller than on August 1, but 10.3 per cent larger than on September 1, 1924.

Iron and Steel—Further gradual expansion in both production and consumption featured the iron and steel industry in this district during the period under review. At both steel mills and foundries changes in operation were mainly on the side of slight gains, and many of the specialty makers and machine shops added to their working forces. Purchasing of finished and semi-finished materials are still chiefly on an immediate necessity basis, but the volume is large, and during the past three weeks orders and inquiries for forward delivery have developed decided improvement. Fabricators of structural steel report a steady flow of small orders, with a number of large jobs pending. Warehousemen report continued satisfactory business, with two of the leading interests showing August sales the largest ever made in that particular month. Railroad buying, while still backward, has picked up somewhat, and purchasing in the oil and coal fields was on a larger scale than heretofore. For the first time since last March production of pig iron for the country as a whole during August showed an increase. The daily average output in August was 87,213 tons, compared with 85,976 tons in July and 60,741 tons in August, 1924. Steel ingot production also registered a gain in August, the first since last spring. Generally stabilization of finished steel prices has made further headway, with both sellers and buyers showing a disposition to cooperate in the movement. Purchasing of pig iron continues rather slow, melters for the most part following the practice of supplying only current needs. The upward swing in scrap iron and steel was halted in early September, when a lull in buying took place, but dealers are letting go of but little material on the decline.

Lumber—Steady gains are reported in the demand for both softwoods and hardwoods and prices turned upward after a rather general decline which began in the late spring. Coincident with the pickup in buying and consumption and the consequent higher price levels an increase in production was apparent. Many mills which had been partly or entirely closed down for seasonal overhauling or because of slack demand have resumed operations. In addition to turning out lumber for shipment on contracts, mills are accumulating stocks to meet emergency calls for the reason that numerous consumers are delaying purchases until in urgent need

of material. Some expansion in purchasing by the railroads was reported, and no diminution has taken place in demands from the building industry.

RETAIL TRADE

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

	Net sales comparisons		Stocks on hand	Stock turnover
	Aug. 1925 comp. to Aug. 1924	Seven months ending August 31, 1925, to same period, 1924	Aug. 31, 1925 comp. to Aug. 31, 1924	January 1, to Aug. 31, 1925
Evansville	+ 1.3%	- 2.3%	- 7.7%	131.1
Little Rock.....	+ 14.9	+ 8.3	- 3.9	167.2
Louisville	+ 11.1	- 1.0	- 14.2	214.6
Memphis	+ 20.3	+ 7.8	+ 3.0	151.6
Quincy	+ 11.2	+ 1.1	+ 5.7	154.3
St. Louis.....	+ 9.7	+ 4.4	+ 6.7	202.7
Springfield	- 20.6	- 2.2	- 13.9	98.0
8th District.....	+ 11.5	+ 4.3	+ 2.0	191.0

CONSUMPTION OF ELECTRICITY

As compared with both the preceding month and the corresponding period a year ago, consumption of electric power by industrial customers of public utilities companies in the five largest cities of the district showed further gains during August.

Detailed figures follow:

	No. of custom- ers	Aug., 1925 *K.W.H.	July, 1925 *K.W.H.	Aug., 1925 comp. to July, 1925	Aug., 1924 *K.W.H.	Aug., 1925 comp. to Aug., 1924
	Evansville	40	1,242	1,116	+11.3%	1,048
Little Rock.....	35	1,350	1,394	- 3.2	1,211	+11.5
Louisville	67	5,051	4,969	+ 1.7	4,082	+23.7
Memphis	31	961	1,097	-12.4	964	- 0.3
St. Louis.....	88	16,534	16,191	+ 2.1	14,066	+17.5
Totals.....	261	25,138	24,767	+ 1.5	21,371	+17.6

The following figures, compiled by the Department of the Interior, show kilowatt production both for lighting and industrial purposes for the country as a whole:

	By water power	By fuels	Totals
July, 1925.....	1,867,733,000	3,469,966,000	5,337,699,000
June, 1925.....	1,845,254,000	3,357,313,000	5,202,567,000
July, 1924.....	1,614,850,000	2,983,691,000	4,598,541,000

AGRICULTURE

Unusually high temperatures accompanied by severe drought sharply lowered agricultural prospects in this district during the period under review. The unfavorable weather conditions were most marked in late August and the first week or ten days of September, so that a considerable part of the damage wrought is not reflected in official reports as of September 1. Deterioration was particularly severe in corn, cotton, tobacco, potatoes, vegetables and some fruits. The hay crop, already short, was cut further by the dry spell. Pasturage over wide areas was ruined, and the drying up of streams and wells in many sections made it necessary for farmers to haul water for live stock and domestic use.

Preparation of the soil for fall planting was seriously interfered with by the drought, and reports from many counties in southern Illinois, Missouri, Arkansas, and Kentucky are to the effect that

production of dairy and poultry products was adversely affected. General rains fell during the second week of September and the heat wave was broken, but the relief was too late to benefit many growing crops, though the precipitation will be of great value to pastures and will put the soil in condition for plowing and seeding fall grain crops.

Wheat — Completion of the harvest has resulted in virtually no change in estimates of the total yield of wheat in this district as compared with the preceding thirty days. The estimated total yield as of September 1 is 63,327,000 bushels, against 63,324,000 bushels indicated on August 1, and 53,394,000 bushels harvested in 1924. For the country as a whole the output is placed at 699,569,000 bushels, which compares with 872,673,000 bushels in 1924. General delay in seeding winter wheat has been occasioned by the drought, but ample time remains for accomplishing this work, and early reports indicate slight increases in acreage in important wheat producing counties over last year.

Corn — In both quantity and dollar value, the drought and hot weather took a heavier toll from corn than any other crop. The indicated yield for the district of 429,748,000 bushels on August 1 was cut 18,962,000 bushels to 410,785,000 bushels on September 1 which latter figure compares with 346,256,000 bushels harvested in 1924. The greatest damage occurred during the last half of August and the first week of September, when the late crop was burned up in the drought areas, and firing and wilting were general. Premature ripening caused shriveling of the grain, and is expected to result in more than the ordinary low quality and chaffy ears. Fodder was generally damaged, and in many fields the stalks were rendered worthless for this purpose. Early corn and the crop in the lowlands fared relatively well, the greatest injury being reported in late corn planted in the lighter soils. Cutting is earlier than usual, and the premature ripening has removed the contingency of injury from frost in virtually the entire district. In the South the crop is generally short, and much corn will have to be shipped in to carry live stock through the winter. Based on the September 1 condition, the corn crop for the country as a whole is estimated at 2,885,108,000 bushels, against 2,436,513,000 bushels harvested last year.

Fruits and Vegetables — The output of fruits and vegetables in the district has been considerably curtailed by the unfavorable weather conditions during the summer. In sections where effects of the drought were most severe garden crops were withered and dried up and prospects for commercial crops are much less promising than thirty days

earlier. Apples were injured by the intense heat and lack of moisture, there being a heavy drop of fruit, while apples remaining on the trees were prevented from coloring and ripening as they should. On September 1 the condition of apples in Illinois was 60 per cent, in Missouri 50 per cent, in Kentucky 39 per cent, in Tennessee 33 per cent and in Arkansas 70 per cent. In Illinois and Arkansas the crop is larger than last year, but smaller in all other states. In the commercial areas tomatoes are under earlier expectations, and the pack in the Ozark country will be reduced as a result of the drought. Grapes turned out well, with shipments from a number of important producing sections the largest on record. The indicated yield of white potatoes on September 1 was 13,894,000 bushels, which compares with 14,479,000 bushels on August 1, and 20,930,000 bushels harvested in 1924. Sweet potato prospects declined heavily during August in all states of the district.

Live Stock — Save for the injury to herds resulting from the hot weather and lack of water, conditions are in the main favorable. There are numerous complaints, however, of loss of weight occasioned by the scant pasturage and drought, and in many sections farmers were obliged to ship out their stock. Feeding of corn and other prepared rations to cattle and hogs has been necessary in a number of southern counties, a thing rarely done this early in the season except when animals were being fattened for market. The hay crop in the district is short, the estimated yield on September 1 being 6,329,000 tons, against 8,719,000 tons produced in 1925.

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

	Receipts			Shipments		
	Aug., 1925	July, 1925	Aug., 1924	Aug., 1925	July, 1925	Aug., 1924
Cattle and Calves.....	164,598	148,080	132,496	102,950	94,492	90,441
Hogs	244,703	241,523	284,575	165,267	152,490	205,579
Horses and Mules.....	3,808	1,845	3,990	2,843	2,036	3,982
Sheep	70,035	80,334	63,388	23,407	21,724	18,224

Tobacco — While slight improvement in the tobacco outlook for the entire country took place in August the betterment was confined to eastern and northern states. The drought caused sharp deterioration to the crop in this district between August 1 and September 1. On the former date the outturn was estimated at 320,869,000 pounds while on September 1 the indicated yield had fallen to 292,770,000 pounds, which latter figure compares with 338,335,000 pounds harvested last year. Forced by general "firing" in the field, planters have been cutting and housing early tobacco as rapidly as possible. A large part of this tobacco consists of unripened and undeveloped leaf which is being prematurely cut to prevent further damage. Plants have failed to

spread properly and their condition becomes worse according to lateness of the setting. The late portion of the crop has spread scarcely at all and until the drought was relieved was at a standstill. Tobacco set earliest in the season is fairly good, and conditions for curing in barns are ideal. While the late planted weed will be benefited by the recent rains, much of the improvement will be offset by damage from the precipitation to fired tobacco in the field.

Rice — Prospects for rice in this district improved during August, and indications are for a crop slightly larger than last year. In Arkansas, the chief rice producing state, the estimate is for 7,895,000 bushels, against 7,766,000 bushels harvested in 1924. Much of the early varieties is now in the shock, and harvesting is general over the belt. Quality is generally good. The past season's crop has been entirely disposed of, and for the first time in many years, Arkansas mills are entering the new season with practically no carry-over from the preceding year. The demand for clean rice continues good, and inquiries received indicate that initial prices on the new crop will be slightly higher than a year ago. The Missouri rice prospect is for 248,000 bushels from 4,000 acres, compared with 98,000 bushels in 1924.

Cotton — Based on the September 1 condition, the estimated yield of cotton in this district is 2,762,000 bales, against 2,231,000 bales raised last year. The drought and hot weather in late August resulted in the crop going back rather sharply, however, the excessive heat had a favorable effect in holding insect activities in check. The crop is unusually early, and picking and ginning was general around the first of this month, save in the extreme northern stretches of the district. Receipts at Arkansas compresses during the two weeks ending September 14 totaled 123,259 bales, against 20,201 bales during the corresponding period a year ago.

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

	High		Low		Close	
	Sept. 15, 1925	Sept. 15, 1924	Sept. 15, 1925	Sept. 15, 1924	Sept. 15, 1925	Sept. 15, 1924
Wheat						
Septemberper bu.	\$1.65¾	\$1.56	\$1.56	\$1.28		
December	1.64½	1.50¾	1.53¾	1.33½		
May	1.66	1.54¾	1.55¼	1.39¾		
No. 2 red winter	1.82	1.70	\$1.72 @	1.74	\$1.42 @	1.44
No. 2 hard.....	1.68	1.56		1.60½		1.29
Corn						
September	1.05½	.89¾	.94	1.16		
December87¾	.79¾	.82¾	1.12¾		
May90½	.83¾	.86½	1.13¾		
No. 2.....	1.05½	.91½	.97	1.16		
No. 2 white.....	1.06	.92	.97	1.18½		
Oats						
No. 2 white.....	.43	.40½	.40¼ @	.43		.50½
Flour						
Soft patent.....per bbl.	9.00	8.75	8.75 @	9.00	6.50 @	7.50
Spring patent.....	8.75	7.80	7.80 @	8.35	7.00 @	7.10
Middling cotton.....per lb.	.24½	.23	.23¾			.22
Hogs on hoof.....per cwt.	14.00	10.50	11.00 @	13.80	7.50 @	10.60

BUILDING

Building activity continues unabated throughout the district, and with new projects being initiated more than counterbalancing work completed, indications are for maintenance of the present pace for several months to come. The dollar value of building permits issued in the five largest cities of the district during August was 29.7 per cent larger than for the preceding month and exceeded that of August, 1924, by 57.4 per cent. Analysis of the permit lists shows further slight expansion in the number of industrial structures being erected, also gains in municipal construction. Except for a small advance in some grades of lumber, building materials showed no change worthy of mention during the past thirty days. Production of portland cement for the country as a whole during August totaled 16,419,000 barrels, against 15,641,000 barrels in July and 15,128,000 barrels in August, 1924.

Building figures for August follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1925	1924	1925	1924	1925	1924	1925	1924
Evansville ..	206	176	\$ 361	\$ 295	110	79	\$ 141	\$ 25
Little Rock	91	84	369	226	123	103	85	37
Louisville ..	381	342	2,023	1,154	84	109	119	140
Memphis	494	487	1,674	1,674	126	120	56	44
St. Louis....	1,016	833	4,232	2,157	536	535	426	356
Aug. totals..	2,188	1,922	\$8,659	\$5,506	979	946	\$ 827	\$602
July totals..	2,179	1,797	6,753	5,558	843	1,028	683	661
June totals..	2,365	1,881	9,513	4,944	850	963	1,040	760

*In thousands of dollars (000 omitted).

FINANCIAL

During the past thirty days the banking and financial situation in the district has been featured by quite a marked broadening in the demand from borrowers generally and an advance of from a quarter to a half of one per cent in interest and discount rates. In the industrial centers the period of stock accumulation was reflected in the usual increase in bank commitments of manufacturers. Borrowing by the mercantile interests, notably boot and shoe and dry goods, was on a larger scale than the preceding month, and loans based on stocks and bonds were maintained at their recent high levels. Agricultural requirements are making themselves felt more strongly from week to week. There was a slight decrease in the demand from the winter wheat territory, but this was more than offset by borrowing in the South to finance the cotton movement. Owing to earliness of the crop, borrowing by cotton interests is in considerably larger volume than at the corresponding period a year ago. Banks specializing in live stock loans report a slightly better demand than a month or six weeks earlier, and packers' commitments were slightly heavier than heretofore. With a resumption of operations by southern lumber mills and general improvement in the lumber industry, demands from that source have

augmented in the immediate past. For the most part banks are still well equipped with loanable funds and deposits since the middle of August have moved sharply upward.

Commercial Paper—Reports covering August activities in commercial paper were somewhat spotted, some interests reporting fair business, while others complained of dullness. Sales of the reporting brokers for August were 8.4 per cent under those of the corresponding month in 1924, and 5.8 per cent under the July total this year. Offerings were restricted, and there was a general scarcity of choice names. Country banks in the far South bought considerable paper, and fair sales were made in the winter wheat belt. City banks were buying sparingly. Since September 1 there has been a general pick-up in activity. Rates ranged from 4¼ to 4½ per cent, with an occasional sale of prime paper at 4 per cent.

Condition of Banks—The increased demand from borrowers generally was reflected in a rather sharp advance in loans and discounts of reporting member banks, the total on September 16 being \$503,981,000, a gain of \$15,487,000 over the aggregate of August 19 and comparing with \$474,495,000 on September 17, 1924. Total investments showed only slight variation but at \$169,568,000 were \$22,117,000 larger than a year earlier. Deposits made a good recovery from the low point of mid-August and reached a total of \$607,393,000 on September 16, the highest since early last May and comparing with \$573,428,000 on September 17, 1924.

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

	*Sept. 16, 1925	*Aug. 19, 1925	*Sept. 17, 1924
Number of banks reporting.....	133	133	34
Loans and discounts (incl. rediscounts):			
Secured by U. S. Gov't. obligations.....	\$ 7,228	\$ 7,025	\$ 9,843
Secured by other stocks and bonds.....	173,101	170,403	151,390
All other loans and discounts.....	323,652	311,066	313,262
Total loans and discounts.....	\$503,981	\$488,494	\$474,495
Investments:			
U. S. Pre-war bonds.....	12,707	12,707	14,808
Liberty bonds.....	22,788	22,735	22,826
Treasury bonds.....	11,247	11,475	2,505
Victory and Treasury notes.....	6,737	6,480	10,140
Certificates of Indebtedness.....	3,648	504	3,934
Other securities.....	112,441	111,081	93,238
Total investments.....	\$169,568	\$164,982	\$147,451
Reserve balance with F. R. bank.....	46,629	43,371	44,319
Cash in vault.....	7,969	6,869	7,243
Deposits:			
Net demand deposits.....	392,204	377,041	367,339
Time deposits.....	210,081	207,245	201,800
Government deposits.....	5,108	1,304	4,289
Total deposits.....	\$607,393	\$585,590	\$573,428
Bills payable and rediscounts with Federal reserve bank			
Secured by U. S. Gov't. obligations....	3,843	3,980	880
All other.....	19,161	10,117	4,760

*In thousands (000 omitted).

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

Debits to Individual Accounts—The following comparative table gives the total debits charged by banks to checking accounts, savings accounts, certificate 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:

	*For four weeks ending			Sept. 1925	Sept. 1925
	Sept. 16, 1925	Aug. 19, 1925	Sept. 17, 1924	comp. to Aug. 1925	comp. to Sept. 1924
E. St. Louis and					
Nat. Stock Yards, Ill..	\$ 42,017	\$ 42,976	\$ 38,554	— 2.2%	+ 9.0%
El Dorado, Ark.....	10,043	10,666	7,090	— 5.8	+41.7
Evansville, Ind.....	35,951	35,843	25,335	+ 0.3	+41.9
Fort Smith, Ark.....	12,227	9,745	9,553	+25.5	+28.0
Greenville, Miss.....	3,587	2,554	2,989	+40.4	+20.0
Helena, Ark.....	5,271	3,454	4,020	+52.6	+31.1
Little Rock, Ark.....	66,551	54,717	57,224	+21.6	+16.3
Louisville, Ky.....	155,672	156,879	147,675	— 0.8	+ 5.4
Memphis, Tenn.....	124,890	98,801	108,154	+26.4	+15.5
Owensboro, Ky.....	4,458	4,834	4,923	— 7.8	— 9.4
Quincy, Ill.....	10,709	11,507	9,920	— 6.9	+ 8.0
St. Louis, Mo.....	607,000	628,800	553,930	— 3.5	+ 9.6
Sedalia, Mo.....	4,575	4,094	4,392	+11.7	+ 4.2
Springfield, Mo.....	13,473	13,093	10,788	+ 2.9	+24.9
Totals.....	\$1,096,424	\$1,077,963	\$984,547	+ 1.7	+11.4

*In thousands (000 omitted).

Federal Reserve Operations—During August the Federal Reserve Bank of St. Louis discounted for 220 of its member banks, against 220 accommodated in July, and 236 in August, 1924. The discount rate remained unchanged at 4 per cent. Changes in the principal assets and liabilities of this institution as compared with the preceding month and a year ago are shown in the following table:

	*Sept. 16, 1925	*Aug. 16, 1925	*Sept. 16, 1924
Bills discounted	\$39,563	\$28,894	\$23,321
Bills purchased	2,374	12,304	3,466
U. S. Securities.....	30,163	30,817	16,613
Foreign loans on gold.....	343	483
Total earning assets.....	\$72,445	\$72,498	\$43,400
F. R. Notes in circulation.....	40,051	41,938	56,933
Total deposits.....	79,315	79,231	74,204
Ratio of reserves to deposit and F. R. note liabilities.....	44.4%	43.2%	74.7%

COST OF LIVING

The following table shows the index numbers of the cost of living as compared with average prices in July, 1914, and also the percentage changes on August 15, 1925 as compared with previous months:

Item	Relative importance in family budget	Index numbers of the cost of living (Average prices July, 1914=100)			Percentage of increase in the cost of living, on August 15, 1925 from average prices in	
		July, 1920	July, 1925	August, 1925	July, 1920	August, 1925
Food*	43.1	219	160	160	26.9**	0.0
Shelter	17.7	158	179	179	13.3	0.0
Clothing	13.2	266	175	175	34.2**	0.2**
Fuel and Light	5.6	166	165	166	0.0	0.6
(Fuel)	(3.7)	(192)	(176)	(177)	(7.8)**	(0.6)
(Light)	(1.9)	(115)	(144)	(144)	(25.2)	(0.0)
Sundries	20.4	185	175	175	5.4**	0.0
Weighted average of all items.....	100.0	204.5	168.7	168.7	17.5**	0.0

*Food price changes are obtained from the United States Bureau of Labor Statistics.

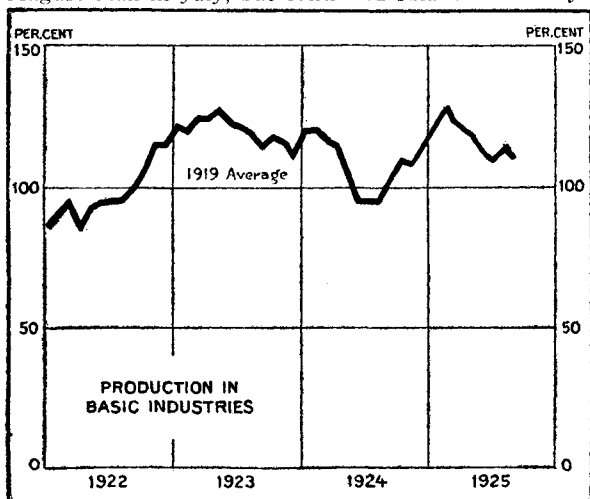
**Decrease.

The purchasing value of the dollar, based on the cost of living in August, 1925 was 59.3 cents as contrasted with one dollar in July, 1914.

(Compiled September 22, 1925)

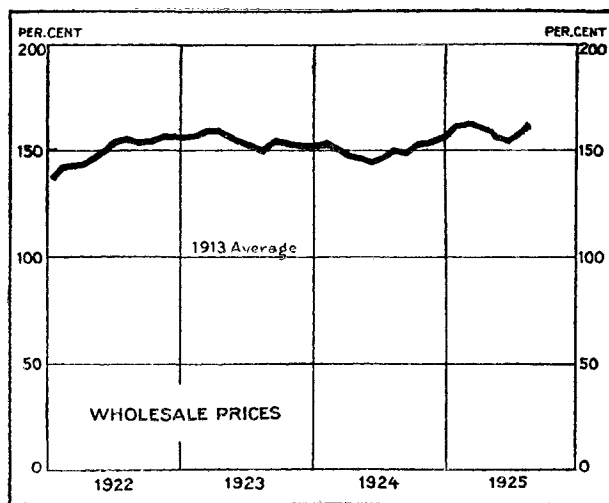
BUSINESS CONDITIONS IN THE UNITED STATES

PRODUCTION—The Federal Reserve Board's index of production in basic industries, which is adjusted for seasonal variations, declined 4 per cent in August, but was 15 per cent higher than a year ago. Output of steel and of bituminous and anthracite coal and activity in the woolen industries increased in August, while mill consumption of cotton and the production of flour and lumber decreased. Employment and earnings of factory workers were larger in August than in July, but continued smaller than in June.



Index of 22 basic commodities corrected for seasonal variation. Latest figure, August=108.

Building contracts awarded during August, owing chiefly to large awards in New York, exceeded all previous records. Crop reports of the Department of Agriculture at the beginning of September as compared with forecasts a month earlier indicated somewhat larger yields of spring wheat, oats, barley, hay, and tobacco and smaller yields of corn and potatoes. The mid September cotton crop estimate was 13,931,000 bales compared with a forecast of 13,740,000 bales on September 1.

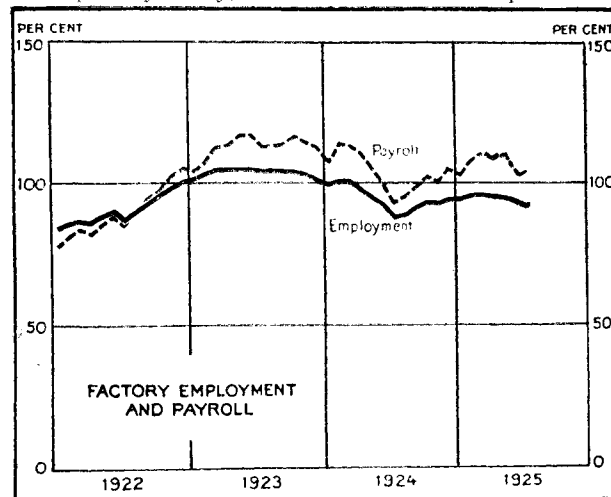


Index of U. S. Bureau of Labor Statistics
Latest figure, August=180.0.

PRICES—Wholesale prices showed a further slight advance in August and were near the high level reached in the spring of this year. Prices of agricultural commodities, which in recent months have been above the average for all commodities, increased further, while prices of other commodities declined slightly. Between the end of August and the latter part of September prices of bituminous coal, pig iron, rubber and cotton advanced and prices of spring wheat, corn, raw sugar and wool declined.

TRADE—Wholesale trade was 5 per cent larger in August than in July owing to seasonal increases in the sales of dry goods and shoes, and sales of all lines, except groceries, were greater than those in August, 1924. Sales at department stores and at mail order houses showed less than the usual increases in August, but continued in greater

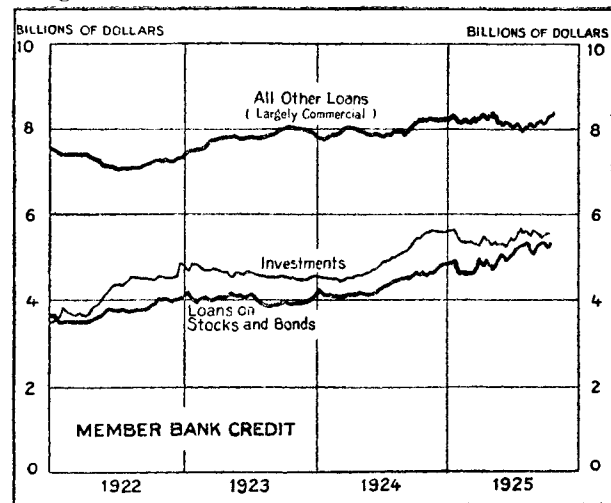
volume than last year. Stocks of merchandise at department stores increased in August and for the first time this year were considerably larger than in the corresponding month a year ago. Wholesale firms in all leading lines except drugs and hardware reported smaller stocks on August 31 than a month earlier. Total freight car loadings were larger during August than in any month since last October. Coal shipments, preceding the anthracite strike were especially heavy, less than carload lot shipments con-



Indices for employment and payroll in manufacturing industries. Latest figures, August.

tinued to increase, and the movements of livestock and grains were seasonally greater than in July, although smaller than in August, 1924.

BANK CREDIT—At member banks in leading cities, loans, chiefly for commercial and agricultural purposes, showed further seasonal increases during the first half of September and at the middle of the month were about \$275,000,000 higher than at the end of July. Investment holdings remained in about the same volume as during



Weekly figures for member banks in 101 leading cities
Latest figure, September 16.

previous months, but loans on securities increased and on September 16 were near the highest level of the year. A further growth in the total of reserve bank credit in use occurred during the five-week period ending September 23. Member bank borrowings increased in the early part of September, and after a temporary decline during the period of treasury financing, increased to a larger total than at any time since the beginning of 1924. The seasonal growth in the demand for currency during August was reflected in an increase of \$65,000,000 in total money in circulation. Money rates showed a firmer tendency during the last week of August and the first three weeks of September. The prevailing rate on prime commercial paper remained at $4\frac{1}{4}$ per cent, but there was an increased proportion of sales at $4\frac{1}{2}$ per cent.