

# FEDERAL RESERVE BANK OF ST. LOUIS



## MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

Released for Publication On and After the Afternoon of November 30, 1925

WILLIAM McC. MARTIN

Chairman of the Board and Federal Reserve Agent

**T**HE steady expansion in business and industrial activities in this district, noted in the two preceding issues of this report, continued with virtually no interruption during the past thirty days. Distribution of commodities in a majority of lines investigated is in very large volume and running ahead of the corresponding period in 1924, though the usual seasonal gain in sales of certain classifications of merchandise is not as pronounced as last year.

Reports of manufacturers and wholesalers are featured by comment upon the development of a more optimistic feeling, both in trade circles and among ultimate consumers. Improved sentiment is particularly marked in the agricultural sections, where crops are being moved to market and returns realized are proving fully equal to expectations based on conditions prevailing earlier in the year. Farm supplies and goods generally for consumption in the country are moving in satisfactory volume, though in certain localities the recent excessive rains and heavy roads have had a tendency to slow down retail trade. In the large cities October retail distribution was on a large scale, department store sales for that month showing an increase of more than 25 per cent over the corresponding period in 1924.

Further progress in the stabilization of commodity prices was reflected in greater confidence on the part of merchants, and while there is still a disposition among retailers to buy conservatively, the average size of orders being placed with the wholesale trade is larger than during the preceding two months. Stocks in retailers' hands are light, and the volume of early reordering of winter goods is taken to indicate the turnover is more rapid than heretofore and that dealers underestimated requirements in their original purchases. Interest in holiday goods of all descriptions was quite pronounced, with sales in that category considerably larger than during the same period last year or in 1923.

According to the Employment Service of the U. S. Department of Labor, employment conditions remained highly satisfactory during the period under review, with the outlook for the rest of the year regarded as excellent. Skilled labor in the building trades is fully occupied, and there were substantial additions to working forces at plants in the principal industrial centers. The strong demand for help on farms, public improvements and other outdoor operations has absorbed the bulk of idle common labor. The number of idle miners in the coal fields was materially reduced, and full employment was reported in the lead and zinc mining district. Some improvement was noted in the demand for clerical help, both male and female, in the large cities. Save for a shortage of cotton pickers in some counties, farm labor was adequate to the demand.

Colder weather and prolonged suspension of production in the anthracite fields have caused further improvement in the demand for bituminous coal. Working time at mines in all the principal fields of the district was increased, and operators are finding little trouble in marketing their full outputs. In Illinois the shaft mines are active four to five days per week, and full time operations are the rule at all strip pits. In western Kentucky there has been marked betterment in the outlet for all varieties of coal, and prices have advanced to the highest point of the year. The movement of domestic coal in both the large cities and the country has been brisk, and the market for steam grades is stronger. Due to the movement of coal in unaccustomed directions, some disarrangement of traffic facilities has occurred, and increasing complaints of car shortage are heard. Chiefly as a result of the demand for anthracite substitutes, there has been an unusually heavy movement of by-product coke from this district to eastern points. Stocks of the by-product manufacturers have been heavily reduced.

Total output of bituminous coal for the country as a whole during the calendar year of 1925 to November 7 was 431,562,000 tons, against 401,889,000 tons for the corresponding period last year and 487,664,000 tons in 1923.

Railroads operating in the district are maintaining their recent high records in the matter of traffic handled. In recent weeks the heavier movement of coal and coke has been a feature in the gains but good increases were also shown in other classifications, notably merchandise and miscellaneous freight. For the entire country total loadings of revenue freight during the first 44 weeks of the year, or to October 31, were 43,384,333 cars, compared with 41,057,374 cars for the same period in 1924 and 42,651,738 cars in 1923. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 235,938 loads in October, against 217,465 loads in September and 229,275 loads in October, 1924. During the first nine days of November the interchange amounted to 69,056 loads against 67,178 loads in October and 62,868 loads in November, 1924. Passenger traffic of the reporting roads gained 0.3 per cent in October over the same month in 1924. Estimated tonnage of the Federal Barge line between St. Louis and New Orleans for October was 67,000 tons, against 46,070 tons in September and 57,604 tons in October, 1924.

Generally throughout the district collections during the past thirty days maintained the high efficiency which has characterized them during the past several months. The unusually early movement of cotton is mentioned as a factor in effecting prompt settlements in the South. In the grain areas there has been good liquidation, and improvement is reported in collections in the coal mining sections. Retailers in the large cities report conditions mainly satisfactory. Answers to 462 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>
October, 1925.....	4.4%	49.6%	40.5%	5.5%
September, 1925.....	3.1	53.3	41.5	2.1
October, 1924.....	4.2	38.2	51.6	6.0

Commercial failures in the Eighth Federal Reserve District during October, according to Dun's, numbered 80, involving liabilities of \$1,756,347, against 54 defaults in September with liabilities of \$1,138,071 and 79 failures for \$1,945,106 in October, 1924.

The per capita circulation of the United States on November 1, 1925, was \$42.77, against 42.17 on October 1, and \$43.12 on November 1, 1924.

## MANUFACTURING AND WHOLESALE

**Automobiles** — All preceding monthly records were passed by the October production of automobiles for the country as a whole, total output being 36.1 per cent greater than in September, and 54.1 per cent in excess of the October, 1924, total. Manufacturers reporting direct or through the National Automobile Chamber of Commerce built 406,509 passenger cars in October, against 272,360 in September and 260,703 in October, 1924. Trucks made in October numbered 44,693, which compares with 59,236 in September and 31,485 in October, 1924.

In spite of the handicap of unfavorable weather, sales of automobiles and accessories during the period under review were above expectations. New models put out by several leading producers and the recent price cuts had a stimulating effect on business. Factory shipments to dealers were larger than during the preceding thirty days, with but few exceptions, stocks of new cars on hand were of moderate proportions, and universally smaller than at the corresponding period last year. The used car situation is reported less satisfactory than heretofore. The number of such cars held is not appreciably larger, but the proportion of open models, which are less saleable than closed cars, is unusually heavy. The arrival of cold weather has quickened sales of tire chains, radiator covers, anti-freeze preparations and other winter goods. Sales of 320 dealers scattered through the district were 16.2 per cent over those of the corresponding month in 1924 and 3.4 per cent larger than the September total this year.

**Boots and Shoes** — October sales of the 11 reporting interests were 13.2 per cent below those of the same month in 1924, and 8.8 per cent larger than the September total this year. There was the usual seasonal reduction in orders, but production continues at the recent high levels, factories operating at 92 to 98 per cent of capacity. The demand for men's shoes is reported active, and as has been the case for the past several months, particular stress is being laid on novelties and styled goods. Prices of finished goods showed no change during the month, and the trend of raw materials was irregular. Marked improvement was reported in the movement of rubber footwear. The total number of pairs of shoes manufactured in the district during October was 13.7 per cent larger than that of the preceding month, and for the country as a whole October production exceeded that of September by 4.5 per cent.

**Clothing**—The outstanding feature in this classification was the sharp increase in sales of winter apparel, both women's and men's wear. Jobbers of women's cloaks and suits report a substantial volume of reordering, indicating that retailers had underestimated their requirements in their earlier ordering. Men's furnishings of all descriptions are moving well, with the demand for holiday goods particularly active. The call for work clothes continues at the high levels of recent months, and the unprecedented demand for oilskin slickers is taxing the capacity of producers. The general average of prices showed little change as compared with a year ago, but partial reductions were reported by producers in certain of their lines under levels of the preceding month. Sales of the 10 reporting clothiers during October were 21.1 per cent larger than for the same month in 1924, and 466.3 per cent greater than the September total this year. The large month to month gain is accounted for by seasonal considerations and a particularly heavy increase by one of the leading interests.

**Drugs and Chemicals**—As compared with the corresponding month in 1924, October sales of the 11 reporting interests showed a loss of 3.6 per cent, and the total was 2.3 per cent under that of September this year. The major part of the decrease in the month-to-month comparison was accounted for by reduced sales in the country, where unfavorable weather has had a tendency to retard business. Ordering of holiday goods is reported in satisfactory volume, and since November 1 there has been a good pick up in the demand for seasonal merchandise. The general manufacturing demand for heavy chemicals continues active.

**Dry Goods**—October sales of the 11 reporting interests were 10.0 per cent larger than for the same month in 1924, and 2.1 per cent under the September total this year. Stocks on hand on November 1 were 0.1 per cent larger than a year earlier, but 10.2 per cent less than those on October 1. Activity extends generally through the entire line, but the recent fluctuations in raw cotton have had a tendency to hold down commitments on goods based on that staple, particularly for advance delivery. The demand for underwear, hosiery, sweaters and knitted goods generally continued the improvement noted during the preceding month.

**Electrical Supplies**—Increased sales of radio goods, industrial lighting equipment, coal mine supplies and household appliances were the feature in business in this classification during the past thirty days. Ordering of holiday goods was in satisfactory volume, and generally advance orders are well in excess of a year ago. Prices showed no appreciable change as compared with the preceding month.

October sales of the 12 reporting interests were 22.3 per cent larger than for the same month in 1924, and 15.0 per cent in excess of the September total this year. Stocks on November 1 were 16.5 per cent smaller than a year earlier and 11.0 per cent larger than on October 1 this year.

**Flour**—Production during October at the 11 leading mills of the district was 393,111 barrels, the largest since November, 1923, compared with 354,457 barrels in September and 357,858 barrels in October, 1924. During the final week of October there was a fair buying movement, accompanied by a firmer tone, due to the upturn in wheat. Since the first of this month, however, new orders from the domestic trade have been light, and export business virtually nil. Shipping directions have continued fair on old contracts. Stocks on November 1 were 19.7 per cent larger than a month earlier and 9.4 per cent in excess of the total on November 1, 1924.

**Furniture**—Well defined improvement took place in this line during the period under review, October sales of the 25 reporting interests showing an increase of 19.2 per cent over the same month last year and of 6.2 per cent over the September total this year. Stocks in retailers' hands are light, and there is a general disposition to replenish, particularly in the case of seasonal and holiday goods. Buying, however, still holds close to a necessity basis, and there are complaints of extremely keen competition in certain lines. Stocks on hand on November 1 were smaller by 9.7 per cent than a year earlier and 25.2 per cent under the October 1 total this year.

**Groceries**—As compared with a year ago, October sales of the 22 reporting interests showed an increase of 1.6 per cent, but the total was 1.4 per cent under that of September this year. Stocks on November 1 were 8.8 per cent larger than on the same date in 1924, and 8.7 per cent greater than on October 1 this year. The small decline in sales from September to October was attributed to heavy rains, which prevented salesmen from completing their full rounds. Ordering of holiday goods is in satisfactory volume, and larger than at any similar period in the past three years.

**Hardware**—Buying of both staple and specialty goods in this line was reported active during the past thirty days. There has been a good gain in advance orders, the volume on books of the reporting interests being the largest at this season in more than three years. Seasonal and holiday merchandise has been in particularly strong demand, with the movement to the rural districts exceeding expectations. Hunters' supplies and sporting goods generally are active. Some slowing down is noted

in the call for builders' hardware, though sales in this category are running ahead of last year. October sales of the 12 reporting interests were 39.7 per cent larger than for the same month in 1924 and 14.6 per cent in excess of the September total this year.

**Iron and Steel Products** — Generally increased demand, heavier production, and further strengthening in prices featured the iron and steel industry during the period under review. At the principal mills, foundries and machine shops new orders booked were in satisfactory volume, and shipments in many instances were at the highest rate this year. Buying was broad and diversified, virtually all classes of consumers showing a disposition to fill their requirements. Specifications on materials previously engaged were heavy, with numerous requests for expedited delivery. The demand for structurals has been unusually heavy for this season and fabricating plants are for the most part well supplied with business. Manufacturers of farm implements, stoves and other goods consumed largely in the country report a ready market for their products, with some having disposed of their outputs for the next three months. Distributors of iron and steel goods from stock report improvement in their business, with the general manufacturing trade, milling interests and the coal mining industry figuring conspicuously in the buying movement. The demand for bars, shapes, plates and wire products has developed decided betterment, with prices tending upward. Buying by the railroads, which had lagged during the preceding several months, has picked up. Fair orders for equipment were placed, and purchasing of rails and track materials generally was on a larger scale. Foundries specializing in gray castings report substantial gains in orders during the last two weeks of October and the opening weeks of November. Interest in first quarter of 1926 requirements of pig iron has increased, inquiries and sales for that delivery being well in excess of the corresponding period last year. Producers and distributors are proceeding with caution in the matter of distant commitments, however, due to uncertainty relative to coke supplies. Production of pig iron for the country as a whole during October recorded another sharp gain, the increase over September in daily rate of output being the largest in three years, or since October, 1922. The output of steel ingots during October also showed a substantial increase over the preceding month. Prices of pig iron advanced 50c to \$1 per ton, No. 2 southern (1.75 to 2.25 per cent silicon) selling at \$21.50 to \$22 and northern iron of the same grade at \$23, furnace. Scrap iron and steel

prices recovered part of their recent loss, with improvement particularly notable in heavy melting steel and steel specialties.

**Lumber** — Owing to a very short log supply and unfavorable weather for woods operations, southern hardwood lumber production has been heavily curtailed by the closing of many mills, with the result that prices have advanced sharply. Stocks at the larger mills are still fairly large, but these are being held at a much higher level of prices than obtained thirty days ago. Within that time the average advance in the list has been approximately \$10 per thousand feet. First and second plain red gum has sold here at \$110, with as high as \$120 asked. All classes of hardwood stock show varying strong advances. Price of southern pine has also increased, due to the heavy autumn rainfall with enforced idleness at small mills. Yellow cypress is likewise gaining in price. Douglas fir, on the other hand, is weak in consequence of production exceeding demand by from 12 to 16 per cent. The buying is fairly good, though, in this district.

## 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	
	Oct. 1925 comp. to Oct. 1924	Ten months ending Oct. 31, 1925, to same period, 1924	Oct. 31, 1925 comp. to Oct. 31, 1924	1925	January 1, to Oct. 31, 1924
Evansville .....	- 3.2%	- 2.2%	-13.2%	165.9	154.5
Little Rock.....	+22.8	+ 9.2	- 5.8	215.1	192.5
Louisville .....	+15.7	+ 2.3	+ 5.3	273.1	238.7
Memphis .....	+27.2	+ 9.0	+ 2.2	198.9	185.3
Quincy .....	+18.6	+ 1.4	- 5.8	199.3	188.2
St. Louis.....	+28.8	+ 7.0	+ 1.3	264.4	250.4
Springfield .....	+27.0	+ 0.7	-17.7	131.8	108.0
8th District.....	+25.8	+ 6.6	+ 1.3	247.8	231.9

## CONSUMPTION OF ELECTRICITY

The gains of recent months noted in consumption of electric power by industrial customers of the public utility companies in the five largest cities of the district were continued during the period under review. As compared with a year ago, the October consumption increased 16.3 per cent and was 1.0 per cent greater than in September this year. The gains were general through all classes of users, but particularly notable at coal mines, flour mills and iron and steel plants.

Detailed figures follow:

	No. of custom- ers	Oct. 1925 *K.W.H.	Sept. 1925 *K.W.H.	Oct. 1925 comp. to Sept. 1925	Oct. 1924 *K.W.H.	Oct. 1925 comp. to Sept. 1924
	Evansville .....	40	1,088	1,246	-12.7%	1,029
Little Rock.....	35	978	1,334	-26.7	1,095	-10.7
Louisville .....	67	5,346	5,064	+ 5.6	4,320	+23.8
Memphis .....	31	1,554	975	+59.3	1,477	+ 5.2
St. Louis.....	89	16,203	16,298	- 0.6	13,717	+18.1
Totals.....	262	25,169	24,917	+ 1.0	21,638	+16.3

\*In thousands (000 omitted).

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
September, 1925.....	1,582,180,000	3,803,574,000	5,385,754,000
August, 1925.....	1,726,680,000	3,648,849,000	5,375,529,000
September, 1924.....	1,496,127,000	3,309,732,000	4,805,859,000

## AGRICULTURE

Weather conditions during the period under review were on the whole unfavorable for agriculture. There were numerous complaints of too much rain, which hampered seeding of wheat and husking and cribbing of corn. The excessive moisture also caused considerable damage to crops still in the field, particularly cotton, corn and white potatoes, besides interfering with the movement of all farm products to market. Actual damage, however, affected quality rather than quantity, total indicated yields on November 1 being in several important instances larger than a month earlier.

Taking into account the protracted drought and abnormally high temperatures during the late summer and early fall, and other unfavorable conditions existing during the early planting and growing season, results generally have been above expectations. With the exception of corn, prices obtained by farmers for their products have been in the main satisfactory and sufficiently high to yield fair profits. Crops are being marketed in orderly fashion and purchasing power of rural districts has been enhanced. Generally sentiment in the country is more optimistic than at any time during the past several years.

**Corn**—Based on the November 1 condition the yield of corn in this district is estimated at 419,434,000 bushels, comparing with an indicated yield of 410,628,000 bushels on October 1 and 346,256,000 bushels harvested in 1924. Gathering and housing of the crop is backward, due to heavy rains. Husking returns are disclosing rather mixed results. Some extraordinary yields are shown by certain Indiana counties, while in Illinois and Missouri considerable poor quality corn is reported. Bulk of the crop throughout the district matured without frost damage. Stocks of corn carried over from the 1924 crop are universally light.

**Wheat**—Seeding of winter wheat has dragged along over an unusually long period, due to unfavorable weather conditions. While the indications are for a slight gain in acreage over last fall, farmers have been prevented from planting up to their original intentions by excessive rains. There are some scattered complaints of fly damage, most pronounced in southern Illinois, but generally wheat planted is up to a good stand and is in good condition to enter the cold weather.

**Fruits and Vegetables**—There was no marked change in prospects for late fruits and vegetables during the period under review. The apple harvest, particularly in the southwest, disclosed considerable damage from the excessive heat in early September, manifested in the form of heavy drop and lowered quality. The commercial crop of states wholly or partly within the district totaled 2,529,000 barrels, against 2,568,000 barrels in 1924. Production of white potatoes is still somewhat uncertain, because part of the crop was in the ground on November 1, and losses from freezing could not be accurately estimated. On the November 1 condition the outturn for the district was estimated at 13,672,000 bushels, a loss of 122,000 bushels as compared with the indicated yield on October 1, and comparing with 20,930,000 bushels harvested in 1924. In the chief producing states, sweet potatoes are a large crop, the yield in Mississippi being estimated at 9,312,000 bushels, against 4,400,000 bushels in 1924.

**Live Stock**—The condition of live stock generally through the district was approximately the same as thirty days earlier. Pastures in the South were materially assisted by the abundant precipitation, but in the North the extremely cold weather in October necessitated unusually early feeding of prepared feeds. The number of cattle and hogs finished for market is slightly larger than at the corresponding time last year.

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

	Receipts			Shipments		
	Oct. 1925	Sept. 1925	Oct. 1924	Oct. 1925	Sept. 1925	Oct. 1924
Cattle and Calves.....	159,429	151,670	171,239	102,490	100,063	106,605
Hogs .....	307,365	300,110	379,018	217,917	208,771	266,555
Horses and Mules.....	8,923	7,329	5,532	8,064	7,408	5,511
Sheep .....	59,825	54,226	45,955	34,359	28,468	20,644

**Tobacco**—Based on the November 1 condition, total production of tobacco in the district is estimated at 298,024,000 pounds, against an indicated yield of 298,989,000 pounds on October 1, and 338,335,000 pounds harvested in 1924. Wet weather has resulted in some moulding in the barns, and from all districts there are complaints of damage from freezing during the cold weather in October. Except in the dark fired district, where buying farmers at the barns has been active, there was little of the new crop sold. In both the burley and dark fired districts the opening of receiving and marketing houses has been set for December 1. The Dark Tobacco Growers Cooperative Association has released its members from their obligations to deliver the 1925 crop to its own houses. This Association is reported to have sold recently 25,000,000 pounds of old stored tobacco, while the Burley Association disposed of 11,000,000 pounds. The demand for all

good grades is active, with buyers paying high prices.

**Rice**—Due to continued heavy rains the amount of rice threshed is relatively small. Approximately 90 per cent of the crop has been cut and is in the shock. Generally the harvest is from two to three weeks late, and considerable damage to rice in the shock has been occasioned by the rains. The demand for clean rice is reported active.

**Cotton**—While the indicated yield of cotton in this district increased 201,000 bales between October 1 and November 1, the almost continuous rains and low temperatures of the past few weeks have hampered picking and caused sharp deterioration in the grade and staple of that portion of the crop remaining in the field. The remarkable vitality of the plant enabled it to withstand the heat and drought of August and September and respond to the rains that followed. The estimated yield for the district as of November 1 was 3,313,000 bales, which compares with 2,231,000 bales, the final estimate for 1924. The movement to market has slowed down somewhat, but is still well over the same time last year. Receipts at Arkansas compresses from August 1 to November 13 totaled 903,387 bales against 775,203 bales for the corresponding period in 1924.

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

	Close		Nov. 14, 1925		Nov. 15, 1924	
	High	Low				
<b>Wheat</b>						
December .....per bu.	\$1.61½	\$1.46½		\$1.60¾		\$1.53
May .....	1.53¾	1.42½		1.53¾		1.60
July .....	1.30¾	1.30¾		1.30¾		1.38½
No. 2 red winter ..	1.75	1.70	\$1.74 @	1.75	\$1.65	@ 1.66
No. 2 hard.....	1.69	1.59	1.68 @	1.69	1.51½ @	1.53
<b>Corn</b>						
December .....	.77½	.71½		.76%		1.11½
May .....	.80¾	.76½		.80		1.17½
No. 2.....	.87	.78½	.85 @	.87		1.12
No. 2 white.....	.87½	.81	.87 @	.87½	1.11 @	1.12
<b>Oats</b>						
No. 2 white.....	.41¾	.39¾		.41½		.55½
<b>Flour</b>						
Soft patent.....per bbl.	9.25	8.40	8.50 @	8.75	8.00 @	8.75
Spring patent.....	8.40	7.85	8.25 @	8.35	7.85 @	8.20
Middling cotton.....per lb.	.22½	.19¼		.20½		.24
Hogs on hoof.....per cwt.	12.50	9.75	10.35 @	12.00	9.25 @	9.50

## BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district during October was 43.7 per cent less than for the corresponding month in 1924, and 15.6 per cent below the September total this year. In the year-to-year comparison the heavy decrease is due to the fact that permits issued in October, 1924, covered several especially large buildings in St. Louis and Louisville. Work on buildings in course of erection was pushed forward rapidly during the past thirty days, contractors being anxious to advance as far

as possible before cold weather. Highway construction operations were interfered with by the heavy rains. The trend of building material prices was upward, with specific advances recorded on certain items in lumber and iron and steel. Production of portland cement for the country as a whole during October totaled 15,992,000 barrels, against 15,939,000 barrels in September and 14,820,000 barrels in October, 1924.

Building figures for October follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1925	1924	1925	1924	1925	1924	1925	1924
Evansville ..	173	216	\$ 193	\$ 391	82	113	\$ 31	\$ 37
Little Rock	76	126	191	437	114	125	39	46
Louisville ..	339	403	2,205	2,036	91	121	143	109
Memphis ....	553	380	1,686	1,638	161	178	47	61
St. Louis....	962	1,000	3,052	8,530	506	626	356	502
Oct. totals..	2,103	2,125	\$7,327	\$13,032	954	1,163	\$ 616	\$755
Sept. totals..	1,901	2,243	8,555	7,073	894	1,067	646	881
Aug. totals..	2,188	1,922	8,659	5,506	979	946	827	602

\*In thousands of dollars (000 omitted).

## FINANCIAL

The increased volume of mercantile transactions, coupled with seasonal demand from the country for financing the crop movement, resulted in a somewhat heavier demand for funds during the past thirty days. Loans of the commercial banks rose steadily from the level of the middle of October, and reached the highest point since early in April. Considering the marked expansion in business volume, however, the amount of borrowing by mercantile and manufacturing interests is relatively small. The explanation of this is found in exceptionally efficient collections, actual requirement purchasing, efficient transportation service, rapid turnover and moderate inventories, which factors enable business concerns to carry on with their own resources to a much greater extent than during past years. The heavy marketing of agricultural products has been accompanied by good liquidation, particularly in the South where many obligations of long standing have been paid. No change worthy of note has taken place among the grain and milling interests, their commitments being about the same as thirty days earlier. Liberal settlements have been made by the canning and packing industries. The early movement of the cotton crop has resulted in smaller requirements in the South at this particular time than for a number of years. Some increase in loans based on tobacco and rice were reported. The unprecedented activity in the security market was reflected in a sharp increase in loans on stock exchange collateral, the total reaching the highest point of the year. After declining toward the end of October, deposits advanced during the early part of this month to about

the level obtaining in April. While interest rates were notably steady, the trend was slightly upward.

**Commercial Paper**—Conditions in the commercial paper market were in most respects identical with those obtaining during the preceding thirty days. Both city and country banks were in the market for good amounts, but supplies were inadequate to meet the demand, relatively little paper was being put out, and prime names were especially scarce. Rates were unchanged at 4¼ and 4½ per cent. Brokerage interests continue to complain of strong competition of the eastern call money market and local commercial banks. October sales of reporting brokers were 4.3 per cent smaller than for the same month in 1924, but 16.8 per cent larger than the September total this year.

**Condition of Banks**—While continuing to run ahead of a year ago, loans and discounts of member banks dropped slightly below the preceding month, total on November 18 being \$508,475,000 against \$511,979,000 on October 14 and \$493,325,000 on November 19, 1924. Total investments gained slightly, standing at \$167,827,000 on November 18, \$165,129,000 on October 14 and \$151,027,000 on November 19, 1924. Deposits fluctuated in a relatively narrow range, the total of \$614,617,000 on November 18 comparing with \$617,041,000 on October 14 and \$602,875,000 on November 19, 1924.

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

	*Nov. 18, 1925	*Oct. 14, 1925	*Nov. 19, 1924
Number of banks reporting.....	33	33	33
Loans and discounts (incl. rediscounts).....			
Secured by U. S. Gov't. obligations.....	\$ 7,039	\$ 6,654	\$ 9,708
Secured by other stocks and bonds.....	192,838	180,945	164,116
All other loans and discounts.....	308,598	324,380	319,501
Total loans and discounts.....	\$508,475	\$511,979	\$493,325
Investments			
U. S. Pre-war bonds.....	12,707	12,707	14,356
Liberty bonds.....	23,158	22,812	25,000
Treasury bonds.....	10,640	10,638	2,257
Victory and Treasury notes.....	6,584	6,582	10,160
Certificates of Indebtedness.....	2,719	2,440	2,708
Other securities.....	112,019	109,950	96,546
Total investments.....	\$167,827	\$165,129	\$151,027
Reserve balance with F. R. bank.....	51,107	48,873	57,266
Cash in vault.....	8,254	8,799	7,895
Deposits			
Net demand deposits.....	399,465	399,404	383,361
Time deposits.....	213,854	213,167	217,136
Government deposits.....	1,298	4,470	2,378
Total deposits.....	\$614,617	\$617,041	\$602,875
Bills payable and rediscounts with			
Federal reserve bank			
Secured by U. S. Gov't. obligations....	3,720	2,471	557
All other.....	16,117	12,011	3,728

\*In thousands (000 omitted).

Total resources of these 33 banks comprise approximately 54 per cent of the resources of all member banks in the district.

**Federal Reserve Operations**—During October the Federal Reserve Bank of St. Louis discounted

for 219 of its member banks, against 226 accommodated in September, and 236 in October, 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:

	*Nov. 18, 1925	*Oct. 18, 1925	*Nov. 18, 1924
Bills discounted.....	\$30,626	\$33,038	\$15,480
Bills bought.....	23,945	17,809	12,667
U. S. Securities.....	20,488	20,288	16,769
Foreign loans on gold.....	262	294	.....
Total bills and securities.....	\$75,321	\$71,429	\$44,916
F. R. Notes in circulation.....	39,586	41,495	57,239
Total deposits.....	86,925	85,128	82,196
Ratio of reserves to deposit and F. R. Note liabilities.....	45.8%	46.8%	75.1%

\*In thousands (000 omitted).

**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:

	*For four weeks ending			Nov. 1925 comp. to Oct. 1925	Nov. 1925 comp. to Nov. 1924
	Nov. 18, 1925	Oct. 21, 1925	Nov. 19, 1924		
E. St. Louis and					
Nat. Stock Yards, Ill..	\$ 42,495	\$ 46,526	\$ 40,133	— 8.7%	+ 5.9%
El Dorado, Ark.....	10,320	10,722	5,871	— 3.7	+75.8
Evansville, Ind.....	36,189	38,073	25,239	— 4.9	+43.4
Fort Smith, Ark.....	18,206	17,387	18,139	+ 4.7	+ 0.4
Greenville, Miss.....	5,572	5,931	5,768	— 6.1	— 3.4
Helena, Ark.....	7,030	8,176	8,923	—14.0	—21.2
Little Rock, Ark.....	86,917	88,972	87,039	— 4.6	— 0.1
Louisville, Ky.....	166,615	171,479	156,747	— 2.8	+ 6.3
Memphis, Tenn.....	176,415	192,637	163,714	— 8.4	+ 7.8
Owensboro, Ky.....	4,312	4,406	4,909	— 2.1	—12.2
Quincy, Ill.....	11,173	11,783	10,215	— 5.2	+ 9.4
St. Louis, Mo.....	719,300	730,000	671,723	— 1.5	+ 7.1
Sedalia, Mo.....	3,742	3,988	3,992	— 6.2	— 6.3
Springfield, Mo.....	13,575	14,212	12,257	— 4.5	+10.8
Totals.....	\$1,301,861	\$1,344,292	\$1,214,669	— 3.2	+ 7.2

\*In thousands (000 omitted).

## 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 October 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 October 15, 1925 from average prices in	
		July, 1920	Sept., 1925	Oct., 1925	July, 1920	Sept., 1925
Food*	43.1	219	159	162	26.0**	1.9
Shelter	17.7	158	178	178	12.7	0.0
Clothing	13.2	266	176	176	33.8**	0.0
Fuel and light..	5.6	166	168	170	2.4	1.2
(Fuel)	(3.7)	(192)	(181)	(183)	(4.7**)	(1.1)
(Light)	(1.9)	(115)	(144)	(144)	(25.2)	(0.0)
Sundries	20.4	185	174	174	6.0**	0.0
Weighted average of all items....	100.0	204.5	168.2	169.7	17.0**	0.9

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

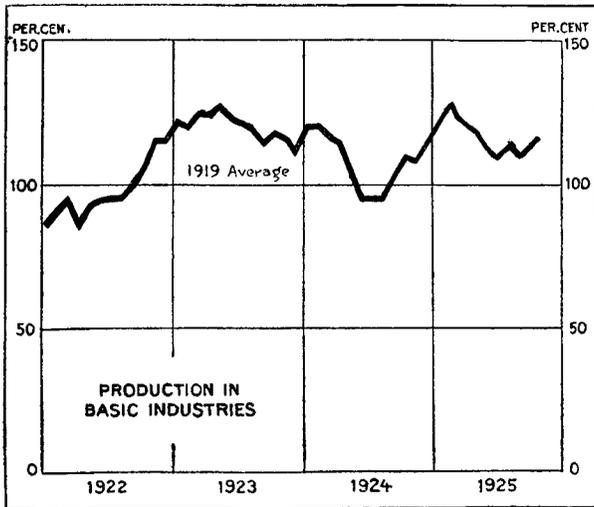
\*\*Decrease.

The purchasing value of the dollar, based on the cost of living in October, 1925, was 58.9 cents as contrasted with one dollar in July, 1914.

(Compiled November 21, 1925.)

## BUSINESS CONDITIONS IN THE UNITED STATES

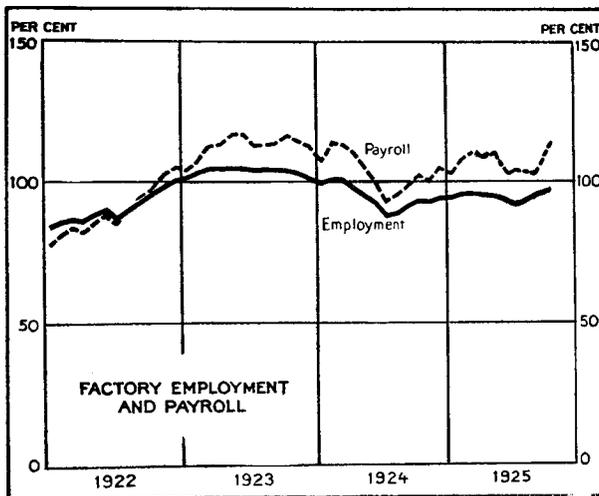
**Production**—The Federal Reserve Board's index of production in basic industries, which makes allowance for seasonal changes, rose by about 4 per cent. in October, reflecting increases in the output of most of the 22 commodities included in the index. Particularly large increases in activity were shown for the iron and steel and textile industries, and the output of bituminous coal and of lumber



Index of 22 basic commodities corrected for seasonal variation. Latest figure, October=116.

was in large volume. Production of automobiles in October was the largest on record. Payrolls at factories, including industries not covered by the production index, increased in October to the highest level since early 1924. The value of building contracts awarded declined further in October, contrary to the usual seasonal tendency in building activity between September and October, but the total was considerably larger than in the corresponding month of any other year.

Estimates by the Department of Agriculture in November indicate a corn crop of 3,013,000,000 bushels and a cotton



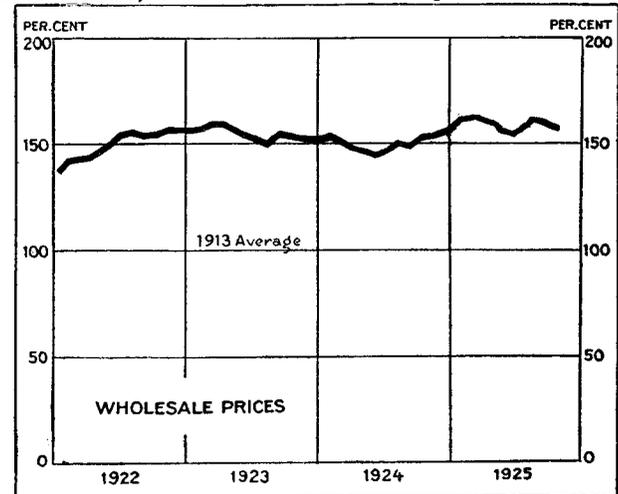
Indices for employment and pay-rolls in manufacturing industries. Latest figures, October.

crop of 15,298,000 bales compared with 2,437,000,000 bushels and 13,628,000 bales in 1924. Marketing of crops was seasonably larger in October than in September but averaged nearly 10 per cent less than a year ago.

**Trade**—Wholesale trade, according to the Federal Reserve Board's combined index of sales in six leading lines, reached a seasonal peak in October and was in larger volume than for any month of the past five years. Sales at department stores and mail order houses, owing partly to favorable weather conditions, showed considerably more than the usual increase in October and were the largest on record for that month. Stocks of dry goods, shoes, and hardware at wholesale firms were smaller at the end of October than on September 30, but stocks of groceries were larger. Merchandise stocks at department stores showed slightly more than the usual increase in October and were somewhat larger than at the end of October a year ago.

Freight car loadings reached a seasonal peak in October and totaled more than in any previous month, notwithstanding reduced shipments of anthracite and of grains and grain products.

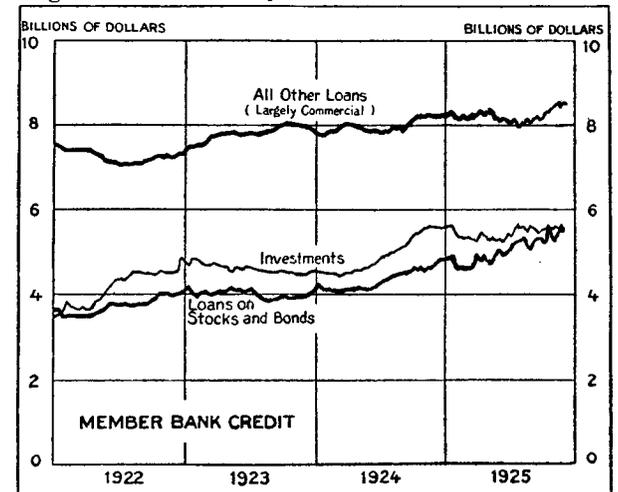
**Prices**—The Bureau of Labor Statistic's index of wholesale prices, after remaining relatively constant for three months, declined from 160 in September to 158 in



Index of U. S. Bureau of Labor Statistics  
Latest figure, October=158.

October, reflecting declines in the prices of agricultural products, particularly grains, livestock, meats, cotton and sugar. Since November 1 prices of grains, wool, sugar, pig iron, and rubber have increased.

**Bank Credit**—Between the middle of October and the middle of November, loans for commercial and industrial purposes at member banks in leading cities continued in a volume about \$450,000,000 larger than at mid-summer. Loans on securities increased further, and total loans on November 11 were about \$1,000,000,000 larger than at the opening of the year. Demand deposits increased further during October and early November to a level near the



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

high point of last January. At the reserve banks total bills and securities in November were in the largest volume for the year, and about \$200,000,000 larger than a year ago. Member bank borrowings declined somewhat from the high point reached early in October, while acceptance holdings continued to increase and on November 18 were larger than at any previous time for the year. The growth in reserve bank credit since mid-summer was chiefly in response to the seasonal increase of money in circulation, which on November 1, was about \$180,000,000 larger than on August 1. During the latter part of October and early part of November open market rates for commercial paper and bankers acceptances remained substantially unchanged at the levels reached during the early autumn. Discount rates at the Federal Reserve Banks of Boston, Cleveland, Philadelphia, and San Francisco were advanced from 3½ to 4 per cent during November.