

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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REPORTS to this bank covering business and industrial conditions during the past thirty days reflect some irregularity. Retail trade and manufacturing as a whole made a relatively better showing than did the wholesale and jobbing lines. At many of the chief industrial plants activities after the holidays and inventory period were resumed more rapidly than is ordinarily the case, and beginning the second week of this month operations in the iron and steel, furniture, packing, lumber, and several lesser industries were at a rate slightly above the average during December. Manufacturers have a good volume of advance orders on their books, sufficient in many instances to insure the present rate of operations during the balance of the first quarter of the year. In addition there is a disposition in certain lines, notably boots and shoes, farm implements, and clothing, to make up stocks in anticipation of increased demand during the spring and early summer.

With but few exceptions, reports from all sections of the district indicated an exceptionally large holiday trade. The turnover of merchants in the large centers was considerably above expectations, and resulted in a heavy volume of reordering. Results in the smaller cities and in the country, while satisfactory, were relatively not as good as in the chief centers. Special sales held in early January by the department stores and retailers generally have met with excellent response, and resulted in a heavy movement of goods into consumptive channels. The arrival of cold weather had a stimulating effect on distribution of winter merchandise, especially apparel and fuels. Sales at the leading department stores of the district in December were 6.7 per cent larger than for the corresponding month in 1924.

Wholesalers report a general disposition to hold off buying on the part of retail merchants or to take only sufficient goods to fill requirements from month to month. Advance orders for dry

goods, boots and shoes, drugs and chemicals, and in some other lines are disappointing, and under those of the same time last year. While building permits issued in the five largest cities of the district in December were under those of the preceding month and a year earlier, construction operations continued active, and the total number and value of permits issued in 1925 in these cities were the largest on record. Developments in the agricultural sections during the month were in the main favorable. Marketing of crops made good progress, and weather was auspicious for accomplishing much belated farm work.

Generally through the district the employment situation continued satisfactory. There is some surplus of common labor, especially noticeable in the South, and temporary idleness was occasioned in the industrial centers by shutdowns for inventory and repairs. Resumption of manufacturing activities, however, has been accompanied by additions to working forces in some departments of the iron and steel industry and several other important lines. There was the usual increase in forces at the department stores during the holidays, and gains were reported in paper and printing establishments, the tobacco industry, and the coal fields. Textile plants are working full time for the most part, and heavier than the usual seasonal complement of workers is employed at quarries and cement plants. Skilled artisans in the building trades are fully employed, and following the holidays full time activities have been resumed at mines and smelters in the lead and zinc belt.

The fuel situation underwent distinct improvement during the past thirty days, the principal factor being the low temperatures which prevailed throughout the district. Usual seasonal backwardness in buying of bituminous coal, incident to the holidays and inventory period, was largely offset by suspension of mining in the anthracite fields and the cold weather. There was a particularly active

demand for domestic coal, the sudden call from householders resulting in a rapid depletion of dealers' stocks, which in turn was reflected in increased orders at the mines. Accumulations on track, which had begun to be burdensome a month earlier, were well cleared up, particularly in the Kentucky and Illinois fields. With inventory work completed industrial consumers are ordering more freely, and in spite of the large volume of domestic coal being produced, prices of steam coals are holding firm. Working time at the mines has been increased, with a number of the active shaft mines getting four to six days per week. Railroad tonnage was reported generally satisfactory, with prices a shade better. Shipments of coke by by-product manufacturers in December, while below the high record of November, were larger than during any preceding December. Production of bituminous coal for the country as a whole during 1925, according to the estimate of the U. S. Bureau of Mines, was 523,072,000 tons, which compares with 483,687,000 tons in 1924 and 564,565,000 tons in 1923.

According to officials of railroads operating in the district, freight traffic continues well above the seasonal average of recent years. The total volume was swelled by a heavier movement of coal and coke, and continued gains were shown in merchandise and miscellaneous freight. For the country as a whole loadings of revenue freight in 1925 were the largest in the history of American railroads. The total, 51,177,962 cars, represented an increase of 2,643,529, or 5.4 per cent over 1924 and 1,365,849 cars or 2.7 per cent over 1923. The year's record traffic was handled with a minimum of transportation difficulties and virtually no car shortage. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 217,627 loads in December, against 222,669 loads in November and 200,455 loads in December, 1924. During the first nine days of January the interchange amounted to 66,721 loads against 69,056 loads for the same time in November and 61,411 loads in January, 1925. The total interchange for 1925 was 2,571,178 loads, a gain of 5 per cent over 1924. Passenger traffic of the reporting roads during December gained 1.5 per cent over the same month in 1924. Estimated tonnage of the Federal Barge line between St. Louis and New Orleans for December was 65,300 tons, comparing with 47,361 tons in November and 54,229 tons in December, 1924.

Reports relative to collections developed less uniformly satisfactory conditions than obtained during the two or three months immediately preceding. December returns of retailers in the large cities were under expectations, but there has been

considerable improvement since the first week of January. Wholesalers report generally prompt settlements, with payments during December about on a parity with the corresponding month in 1924. There are some backward spots, however, principally in the coal areas and the typical grain producing sections. Answers to 456 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>
December, 1925.....	5.7%	37.1%	52.9%	4.3%
November, 1925.....	4.4	49.6	40.5	5.5
December, 1924.....	7.7	33.6	50.0	10.7

Commercial failures in the Eighth Federal Reserve District during December, according to Dun's, numbered 80, involving liabilities of \$1,323,752, against 74 defaults in November, with liabilities of \$5,173,004, and 100 failures for \$2,133,944 in December, 1924.

The per capita circulation of the United States on January 1, 1926, was \$43.62, against \$43.35 on December 1, 1925, and \$44.03 on January 1, 1925.

MANUFACTURING AND WHOLESALE

Automobiles — Production of automobiles for the country as a whole during December fell 15.1 per cent below the output of November, but was 52.6 per cent larger than in December, 1924. Manufacturers reporting direct or through the National Automobile Chamber of Commerce built 285,181 passenger cars in December, against 336,330 in November and 182,007 in December, 1924. Trucks manufactured by the same companies in December numbered 33,262, which compares with 38,910 in November and 26,603 in December, 1924.

As compared with the preceding month, December sales of automobiles exhibited the usual seasonal decrease, but the total for the month showed a heavy gain over that of December, 1924. Generally business was reported satisfactory and above expectations. The number of passenger automobiles sold for Christmas was large, and included a broad variety of makes. Since January 1 sales of new cars have been stimulated by the introduction of new models and the announcement by several important makers of substantial price reductions. Dealers report a disposition on the part of customers to postpone purchasing until after the automobile shows, generally held in late January and February. Stocks of new cars in dealers' hands are in a large majority of instances light. Special efforts made to sell accessories through the holiday trade outlet met with marked success. Sales of new cars by 320 dealers scattered through the district during December were 37.5 per cent smaller than in November, but 18.3 per cent larger than

the December, 1924, total. Sales of accessories in December were 3.6 per cent below those of November and 11.2 per cent larger than in December, 1924. Stocks of used cars were about the same as a month earlier. Buying of tires by both dealers and the public continues on a hand-to-mouth basis.

Boots and Shoes—December sales of the 11 reporting interests were 34.5 per cent less than for the corresponding period in 1924, and 52.5 per cent below the total of November, 1925. Stocks on January 1 showed a gain of 43.3 per cent over those of December 1, and were 25.5 per cent larger than on January 1, 1925. The sharp decline in sales from November to December was accounted for largely by seasonal considerations, while the decrease under December, 1924, was due mainly to smaller future orders. According to several of the most important firms, purchasing by their customers for spring merchandising is the smallest in recent years. Orders for prompt delivery are holding up well, and initial orders from salesmen who started on their trips early this month are satisfactory. Factory operation continues at high levels, and considerable stock for late spring and summer is being made up. Except in the case of rubber footwear, prices showed no change worthy of note as compared with the preceding thirty days.

Clothing—Ordering of spring goods is reported fairly satisfactory, with the total of future business in excess of a year ago. Manufacturers and jobbers report reordering of heavyweight apparel below expectations, except in the case of men's overcoats, which moved in large volume during the last half of December and the first weeks of this month. Special sales of retailers since January 1 have met with generally satisfactory response. Producers of overalls and the general line of work clothes report backwardness in ordering for forward shipment. December sales of the 10 reporting interests were 87.2 per cent larger than for the same month in 1924, but 44.1 per cent under the November, 1925, total.

Drugs and Chemicals—No change worthy of note developed in this classification during the past thirty days. Jobbers report future orders relatively light, but the demand for seasonal goods for prompt delivery is somewhat larger than at the same time last year. Prices averaged about steady, advances closely balancing declines. The general manufacturing demand for heavy chemicals continues strong. Sales of the 11 reporting interests during December were 0.7 per cent larger than for the preceding month and 6.7 per cent in excess of the total for December, 1924. Stocks on January 1 were 0.9 per cent larger than on the same date in 1925.

Dry Goods—Purchasing for prompt delivery is reported in good volume, but advance orders are disappointing and slightly below the corresponding time a year ago. The decline in raw cotton prices has caused hesitation in buying of cotton goods, and some price declines were reported in the goods market. The demand for silk and rayon fabrics was active, with the trend of prices upward. Generally specialties and fancy goods are moving in better volume than staples. December sales of the 11 reporting interests were 4.8 per cent smaller than for the corresponding month in 1924, and 29.7 per cent under the November, 1925, total. Stocks on January 1 were 5.1 per cent larger than on the same date in 1925, and 34.5 per cent in excess of those of December 1, 1925.

Electrical Supplies—December sales of the 12 reporting interests were 24.8 per cent larger than for the same month in 1924 and 13.4 per cent in excess of the November, 1925, total. Stocks on January 1 were 15.6 per cent smaller than a year earlier, but 13.4 per cent larger than on December 1, 1925. Improvement was general through all sections of the line, but as compared with last year gains were especially marked in radio goods and household appliances. Manufacturers of small motors report heavy advance orders. The movement of pole hardware and supplies generally for public utility companies was in larger than the usual seasonal volume.

Flour—Production at the 11 leading mills of the district during December was 312,731 barrels, against 324,214 barrels in November and 306,586 barrels in December, 1924. Stocks of flour in St. Louis on January 1 were 1.7 per cent less than a month earlier, but 14.0 per cent larger than on January 1, 1925. The usual holiday dullness in the flour trade was emphasized by the unsettled condition of the wheat market. All classes of buyers apparently lacked confidence in values, and were disposed to hold off, or take only such quantities as they were obliged to have. Higher prices were asked by millers on account of the advance in cash wheat, but little business was done at the higher levels. Shipping directions on flour previously purchased were good, particularly from the South. The export demand continues quiet. Mill operation was at from 55 to 62 per cent of capacity.

Furniture—Improvement in this classification which began last fall was continued during the past thirty days. December sales of the 25 reporting interests were 41.2 per cent larger than for the corresponding month in 1924, and 21.9 per cent in excess of the November, 1925, total. Stocks on January 1 were 77.4 per cent larger than a month earlier

and 5.7 per cent below those on January 1, 1925. The demand for household furniture, floor coverings and office equipment was reported active. Holiday business was generally satisfactory, with a fair volume of reordering by manufacturers and jobbers. Retail buying is still on a necessity basis, with stock orders scarce.

Groceries — December sales of the 22 reporting interests were 2.6 per cent less than for the same month in 1924, and 6.0 per cent below the November, 1925, total. Stocks on January 1 were 10.9 per cent smaller than a month earlier, and 19.5 per cent under those of January 1 last year. The movement of holiday goods was fully up to expectations, but purchasing of staple lines is reported backward. Retail stocks are for the most part of moderate proportions, but there was a general disposition to postpone replenishing until after the inventory period. Prices showed little change worthy of note during the past thirty days.

Hardware — As compared with the corresponding month a year earlier, sales of the 12 reporting interests during December showed a gain of 4.6 per cent. The improvement was reported as extending generally through the line, but with builders' hardware making an especially favorable showing. Ordering for spring delivery of hand implements, wire netting, field fence, garden hose and other typical goods for distribution in the country was in large volume. The movement of stable goods was reported relatively slow. Save for higher quotations on rubber goods, and an upward trend on certain iron and steel wares, prices were unchanged from levels of the preceding month.

Iron and Steel — Following the holidays and inventory period activities at mills, foundries and machine shops have been resumed at a rate slightly above the average during December. The placement of new business, which receded during the latter part of December, has improved since the first week in January, and a majority of the reporting interests have unfilled orders sufficient to insure the present rate of operation through the first quarter of the year. Commitments of steel buyers on future requirements are being made more freely than heretofore. Purchasing by the railroads of materials for their general needs shows improvement as compared with the closing weeks of last year. Inquiries for track supplies and repair materials are heavy. Foundries specializing in gray iron castings report unfilled orders well in excess of the corresponding period in 1925. The demand for plates and sheets is active and comes from quite general sources, but with the manufacturing trade making relatively the best showing.

The leading producer of sheets in the district continues to operate at capacity, and reports shipments in excess of current output. Farm implement manufacturers are operating at, or close to full time and are adding to their stocks of finished goods in anticipation of a heavy demand during the next few months. Leading stove manufacturers of the district, who usually suspend operations through January for repairs and inventory, resumed production during the second week of the month. Warehousemen report a better than seasonal demand for their general line, with prices firm and tending upward on a number of important items. Purchasing of tubular goods, and general oil country supplies has improved, and there is a better demand from the coal fields for iron and steel products. Purchasing of pig iron during the past thirty days was quiet, due to the fact that most melters have covered their requirements for the first quarter.

Lumber — There was a good volume of fill-in orders in all the woods, and some increase in buying of yellow pine by yards in the large cities, particularly St. Louis. In the soft woods, especially southern pine, there has been relatively little buying for stock purposes by the yards. The sharp advance in hardwood prices, notably in gum, during November, is being well sustained, due chiefly to a recurrence of unfavorable weather in the South following the holidays. The log supply is very low, and that part of it in the woods is inaccessible because of miry ground. The price advance was so rapid and strong, however, that buyers have not been disposed to meet it except for urgent requirements. The cypress market is still dull, both in the red and yellow varieties.

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	
	Dec. 1925 comp. to Dec. 1924	12 months ending Dec. 31, 1925, to same period, 1924	Dec. 31, 1925 comp. to Dec. 31, 1924	Dec. 31, 1925	January 1, to Dec. 31,	1924
Evansville	- 3.8%	- 2.1%	- 9.8%	222.1	206.5	206.5
Little Rock....	+ 0.7	+ 5.4	- 0.6	280.3	261.3	261.3
Louisville	+ 4.9	+ 2.6	+ 13.2	355.8	319.6	319.6
Memphis	+ 8.5	+ 9.2	+ 6.8	261.6	246.5	246.5
Quincy	+ 2.5	+ 0.8	- 1.0	258.5	247.6	247.6
St. Louis.....	+ 8.1	+ 6.7	+ 6.8	341.2	328.8	328.8
Springfield ..	- 2.0	+ 0.9	- 10.8	170.5	140.8	140.8
8th District..	+ 6.7	+ 6.1	+ 6.6	321.7	304.2	304.2

CONSUMPTION OF ELECTRICITY

While showing a decrease of 7.4 per cent as compared with the month before, consumption of electric power by industrial customers of public utilities companies in the five largest cities of the district during December recorded a gain of 17.2 per cent over the total for December, 1924. The

loss in the month-to-month comparison was due to the holidays, and reduced loads at the refrigerating and ice plants. Virtually all classes of consumers shared in the gain over December, 1924.

Detailed figures follow:

	No. of custom- ers	Dec. 1925 *K.W.H.	Nov. 1925 *K.W.H.	Dec. 1925 comp. to Nov. 1925	Dec. 1924 *K.W.H.	Dec. 1925 comp. to Dec. 1924
Evansville.....	40	1,089	1,035	+ 5.2%	943	+15.4%
Little Rock.....	35	1,226	1,136	+ 7.9	885	+38.5
Louisville.....	67	4,771	4,937	- 3.4	4,086	+16.8
Memphis.....	31	1,585	1,543	+ 2.7	1,176	+34.8
St. Louis.....	89	12,971	14,595	-11.1	11,379	+12.2
Totals.....	262	21,642	23,246	- 7.4	18,469	+17.2

*In thousands (000 omitted).

AGRICULTURE

During the past thirty days more seasonable weather has prevailed through the district, and farmers were able to accomplish a considerable amount of belated work. The improved condition of wagon roads has permitted of hauling grain and other products to railroad terminals. The higher prices for wheat and corn were an added incentive to an increased movement of those cereals. Marketing of cotton and tobacco continued on a large scale, and deliveries of rice to mills were heavy. In virtually all sections of the district sentiment among the agriculturists is more optimistic than at any similar season during the past three years.

Winter Wheat—With the exception of Tennessee, where a small increase is shown, the area sown in winter wheat last fall is smaller than during the fall of 1924 in all states of the district. The reduced acreage is accounted for by unfavorable weather for plowing and seeding, farmers having been unable to sow as much wheat as they intended. In some sections the drought which ended in September prevented planting in the earlier part of the season. The heaviest loss was recorded in Missouri, where the area seeded is 1,261,000 acres, compared to 1,752,000 planted in 1924. This is the smallest acreage sown during the last twenty-seven years, and the condition—63 per cent—is the lowest in fifty years. The condition is considerably below the 10-year average in all states of the district, with Illinois, the chief wheat state, showing 67 per cent on December 1, against 87 per cent on the same date in 1924 and a 10-year average of 89 per cent. Growth of the plant has been arrested by the recent extreme cold weather, and there are complaints of lack of snow protection over a large area.

Corn—Gathering of corn generally through the district was late, due to unfavorable weather in November and December. The dry, cold weather of the past several weeks, however, has been beneficial for husking and cribbing operations, and the crop is all housed. There are complaints of moulding of early cribbed corn, and generally the quality is low, and prospects for high germinating seed

corn are poor. Marketing of corn has increased in the surplus states, and unusually large shipments are being made from Missouri and Illinois to the South. Some improvement in quality of recent arrivals at primary points is shown, due chiefly to the more favorable weather for curing.

Live Stock—According to the U. S. Department of Agriculture there were about 3 per cent less cattle on feed for market in the Corn Belt States on December 1 than on the corresponding date in 1924. The loss was due to smaller numbers on feed in the states west of the Mississippi River, where the indicated decrease was 6 per cent. In states east of the river, there was an indicated increase of over 7 per cent. Reports of feeders as to the kinds of cattle on feed indicated a considerable decrease in the percentage of heavy animals, over 1,000 pounds, and an increase in the lighter weights and calves. These reports support the view that the large crop and low price of corn have caused feeders to buy light cattle for longer feed than in the preceding year.

The number of sheep and lambs on feed for market in the Corn Belt States and western feeding areas on December 1 was about 250,000 head less than on the same date in 1924. The decrease in the Corn Belt States was about 210,000 head, and was chiefly in states west of the Mississippi River. Among the causes for the decrease were the small shipments of western lambs to central markets and the fact that feeding lamb prices were the highest since the war, being above fat lamb prices most of the season.

A decrease in the supply of hogs available for market next summer and little change in the supply of hogs for the late fall and winter of 1926-27 compared to this fall and winter, is indicated in the preliminary tabulation of the December pig survey of the Department.

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

	Receipts			Shipments		
	Dec. 1925	Nov. 1925	Dec. 1924	Dec. 1925	Nov. 1925	Dec. 1924
Cattle and Calves.....	132,463	137,753	119,866	81,466	83,787	69,914
Hogs.....	344,057	309,415	448,520	218,147	207,721	263,540
Horses and Mules.....	5,891	5,410	6,365	6,316	5,578	6,546
Sheep.....	46,270	37,755	30,071	25,719	11,751	11,057

Tobacco—Following suspension for the holidays, activities were resumed at the several tobacco markets on January 4, and with more favorable weather for effecting deliveries, sales were large in all districts. The markets for fired dark and air-cured tobacco opened decidedly higher than at the close before Christmas. The better prices affected all grades of lugs, and common and medium leaf, with high quality leaf in good demand at as high prices as have been paid this season. Offerings in

the green river district were large, but poor in quality, resulting in a low average of prices and heavy rejections. Burley tobacco is moving in fair volume, with the market active and firm on everything offered. The Burley Tobacco Growers Co-operative Association is selling and delivering a considerable proportion of its receipts. Weather was auspicious for stripping and preparing tobacco for market.

Rice—Latest reports indicate that the rice crop has been all threshed, and about 75 per cent delivered to the mills, the balance being in storage on farms and local elevators. While much of the rice raised in Arkansas was damaged in harvesting and threshing, most of the damaged grain has been disposed of, and that in the hands of the marketing associations is largely of sound quality. The demand for rice continues very good and prices are sufficiently high to offset the extraordinarily high cost of raising the crop and still leave a good margin of profit to producers.

Cotton—During the past thirty days cotton continued to come in from a number of sections, and in eastern and northeastern Arkansas and Missouri there was still considerable cotton in the fields. Weather was unfavorable for field work, and picking progressed slowly. Recent receipts continue to show a large quantity of low grade staple. The movement to market has been unusually heavy, receipts at Arkansas compresses from August 1 to January 15 being 1,499,068 bales, against 1,194,039 for the corresponding period last season. The demand for cotton receded slightly as compared with the preceding thirty days and prices were lower, the middling grade at St. Louis ranging from 19 to 19½c per pound as compared with 19½ to 20½c the month before.

Commodity Prices—Range of prices in the St. Louis market between December 15, 1925, and January 15, 1926, with closing quotations on the latter date and on January 15, 1925:

	High	Low	Close	
			Jan. 15, 1926	Jan. 15, 1925
Wheat				
Mayper bu.	\$1.83¾	\$1.66½	\$1.77	\$1.82½
July	1.55	1.39	1.51¾	1.55¾
September	1.45¾	1.44	1.45¾	1.46
No. 2 red winter	1.98	1.78	\$1.95 @ 1.96	\$2.07 @ 2.08
No. 2 hard.....	1.88	1.69	@ 1.86	1.85¾
Corn				
May88¾	.79	.84½	1.32¾
July90	.81	.86¾	1.33
No. 2.....	.81	.66½	.76 @ .78	1.25½
No. 2 white.....	.81	.71	.80	1.27
Oats				
No. 2 white.....	.45½	.42	.44¾ @ .44¾	.63
Flour				
Soft patent.....per bbl.	10.00	8.75	9.50 @ 10.00	9.25 @ 10.25
Spring patent....	10.00	8.40	8.80 @ 9.10	9.50
Middling cotton...per lb.	.19½	.19	.19½	.54¾
Hogs on hoof.....per cwt.	13.00	9.15	10.50 @ 13.00	6.50 @ 10.90

Note: December wheat closed at \$1.83¾ and December corn at 78c.

BUILDING

In spite of the cold weather building operations during the past thirty days were active, and main-

tained at close to the level of the similar period immediately preceding. Work on large structures in the chief cities proceeded with practically no interruption. There was, however, the usual seasonal decrease in building permits issued during December. The value of permits issued for new construction in the five largest cities of the district in December was 2.06 per cent under November, and 23.8 per cent below the total of December, 1924. In both point of number of permits and value represented, 1925, was the largest year on record for these cities. The value in 1925, \$100,911,000, represented a gain of 17.4 per cent over the \$85,948,000 total of 1924, and 30.7 per cent over the \$77,182,000 of 1923. In 1925 a total of 23,404 permits was issued, which compares with 21,774, in 1924 and 20,302 in 1923. The average cost of building materials advanced slightly during the month, due to higher prices on certain hardwoods and iron and steel materials. Production of portland cement for the country as a whole during December was 10,809,000 barrels, against 13,656,000 barrels in November and 10,435,000 barrels in December, 1924.

Building figures for December follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1925	1924	1925	1924	1925	1924	1925	1924
Evansville	118	251	\$ 186	\$ 92	39	28	\$ 33	\$ 11
Little Rock	68	65	183	458	59	60	24	38
Louisville ..	187	226	1,058	1,378	37	49	71	103
Memphis ...	193	311	2,644	4,411	112	109	55	47
St. Louis....	522	386	2,114	1,753	256	308	962	316
Dec. totals	1,088	1,239	\$6,161	\$8,092	503	554	\$1,145	\$515
Nov. totals	1,491	1,598	6,290	5,335	701	848	468	518
Oct. totals	2,103	2,125	7,327	13,032	954	1,163	616	755

*In thousands of dollars (000 omitted).

POSTAL RECEIPTS

Returns from the five largest cities of the district show an increase in postal receipts for the fourth quarter of 1925 of 23.6 per cent over the third quarter and of 6.3 per cent over the last quarter of 1924. Detailed figures follow:

	*For quarter ending				Dec. 1925 comp. to Dec. 1924
	Dec. 31, 1925	Sept. 30, 1925	June 30, 1925	Dec. 31, 1924	
Evansville	\$ 171	\$ 145	\$ 151	\$ 160	+ 6.9%
Little Rock.....	237	211	201	224	+ 5.8
Louisville	779	651	664	714	+ 9.1
Memphis	592	474	493	509	+16.3
St. Louis.....	3,574	2,850	3,021	3,427	+ 4.0
Totals.....	\$5,353	\$4,331	\$4,530	\$5,034	+ 6.3

*In thousands (000 omitted).

FINANCIAL

The demand for credit from general mercantile and industrial sources during the past thirty days showed a slight slowing down as compared with the similar period immediately preceding. Loanable funds in hands of the commercial banks continue abundant in all sections of the district, but particularly in the large cities. Deposits of the reporting member banks increased further and in early January were larger than at any time last year. Total loans of the reporting banks also advanced in early January to a higher level than was

recorded at any time in 1925. Loans secured by stock exchange collateral were maintained at, or around the peak levels attained during the closing weeks of last year. As has been the case during the past several months, borrowings at the banks do not fully reflect the volume of current business inasmuch as mercantile and manufacturing concerns are well supplied with cash of their own, and are financing their operations with their own resources to a greater extent than usual in former years. General liquidations throughout the district continued on an extensive scale and country banks heavily cut down their indebtedness to correspondents in the larger cities. Settlements in the South, where cotton, tobacco, and rice are being marketed, were heavy, and in some sections deposits of country banks are the highest in more than five years. Wholesalers in large centers report early January settlements above expectations, and generally larger than a year ago. There is a good demand for funds for financing live stock feeding operations, and the advance in premiums on cash wheat has resulted in somewhat heavier commitments by millers and elevator interests. Commercial banks in the district are still lending heavily to eastern financial institutions. Rates charged by the commercial banks were quotably about steady with the preceding month, but since the second week in January the trend has been slightly lower.

Commercial Paper—Brokerage interests report continued quiet and unsatisfactory conditions in the commercial paper market. Competition from the local banks and the eastern call money market is unusually keen and offerings are limited, especially of prime paper. December sales of the reporting brokerage firms were smaller than for the same month in 1924, also under the November, 1925, total. Rates were unchanged at $4\frac{1}{4}$ to $4\frac{1}{2}$ per cent.

Federal Reserve Operations—During December the Federal Reserve Bank of St. Louis discounted for 195 member banks, against 201 accommodated in November and 236 in December, 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 earlier are shown in the following table:

	*Jan. 16, 1926	*Dec. 16, 1925	*Jan. 16, 1925
Bills discounted.....	\$19,704	\$22,584	\$ 7,887
Bills bought.....	23,026	32,408	20,758
U. S. Securities.....	25,022	17,791	12,608
Foreign loans on gold.....	290	405	519
Total bills and securities.....	\$68,042	\$73,188	\$41,772
F. R. Notes in circulation.....	38,454	39,140	55,699
Total deposits.....	87,723	83,479	85,151
Ratio of reserves to deposit and F. R. Note liabilities.....	48.2%	46.0%	75.6%

*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:

	*Four weeks ending			Jan. 1926 comp. to Dec. 1925	Jan. 1926 comp. to Jan. 1925
	Jan. 20, 1926	Dec. 16, 1925	Jan. 21, 1925		
E. St. Louis and Nat. Stock Yards, Ill..	\$ 42,518	\$ 44,159	\$ 39,225	- 3.7%	+ 8.4%
El Dorado, Ark.....	12,225	10,982	6,517	+11.3	+87.6
Evansville, Ind.....	37,678	34,610	34,359	+ 8.7	+ 9.7
Fort Smith, Ark.....	14,114	13,243	13,182	-22.6	+ 7.1
Greenville, Miss.....	4,404	5,303	4,862	-17.0	- 9.4
Helena, Ark.....	4,793	6,750	6,012	-29.1	-20.3
Little Rock, Ark.....	79,662	85,926	72,019	- 7.3	+10.6
Louisville, Ky.....	182,326	184,728	174,678	- 1.3	+ 4.4
Memphis, Tenn.....	164,754	177,072	162,327	- 7.0	+ 1.5
Owensboro, Ky.....	6,651	5,497	7,471	+21.0	-11.0
Quincy, Ill.....	11,038	11,290	9,748	- 2.2	+13.2
St. Louis, Mo.....	767,800	745,700	720,243	+ 2.0	+ 6.6
Sedalia, Mo.....	5,759	3,576	4,922	+61.0	+17.0
Springfield, Mo.....	15,136	14,232	11,336	+ 6.4	+32.8
Totals.....	\$1,348,858	\$1,348,068	\$1,266,901	+ 0.1	+ 6.5

*In thousands (000 omitted).

Condition of Banks—Loans and discounts of the reporting member banks continued to increase during the period under review, the total on January 13 being \$527,712,000, against \$522,004,000 on December 16, 1925, and \$501,090,000 on January 14, 1925. Deposits also continued their recent gains, the total of \$651,734,000 on January 13 being \$8,893,000 larger than a month earlier and \$12,114,000 in excess of the total on January 14, 1925. Total investments on January 13 were \$171,293,000, comparing with \$169,857,000 on December 16 and \$165,450,000 on January 14, 1925:

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

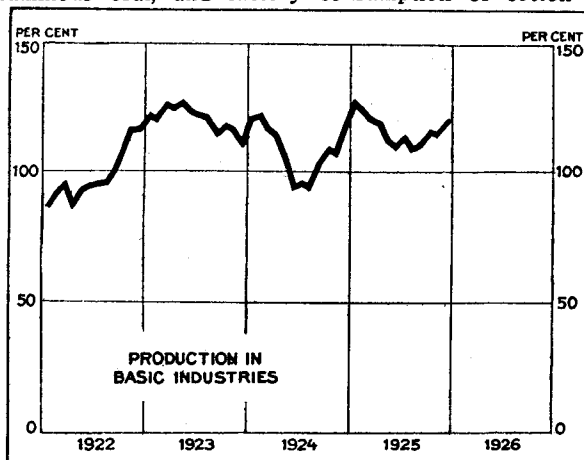
	*Jan. 13, 1926	*Dec. 16, 1925	*Jan. 14, 1925
Number of banks reporting.....	33	33	33
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't. obligations.....	\$ 10,912	\$ 10,620	\$ 10,802
Secured by other stocks and bonds.....	210,782	207,431	181,210
All other loans and discounts.....	306,018	303,953	309,078
Total loans and discounts.....	\$527,712	\$522,004	\$501,090
Investments			
U. S. Pre-war bonds.....	12,957	12,957	14,341
Liberty bonds.....	25,504	23,238	27,455
Treasury bonds.....	10,798	10,651	6,284
Victory and Treasury notes.....	6,945	6,894	12,098
Certificates of Indebtedness.....	5,780	6,136	1,872
Other securities.....	109,309	109,981	103,400
Total investments.....	\$171,293	\$169,857	\$165,450
Reserve balance with F. R. bank.....	51,168	49,621	49,730
Cash in vault.....	8,494	8,965	8,663
Deposits			
Net demand deposits.....	434,813	431,663	410,464
Time deposits.....	211,057	203,877	211,870
Government deposits.....	5,864	7,301	7,286
Total deposits.....	\$651,734	\$642,841	\$629,620
Bills payable and rediscounts with Federal reserve bank			
Secured by U. S. Gov't. obligations....	2,384	4,168
All other.....	6,024	7,593	575

*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.

(Compiled January 21, 1926)

BUSINESS CONDITIONS IN THE UNITED STATES

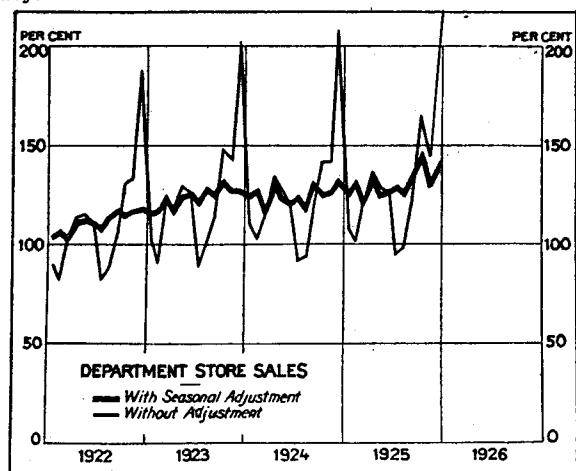
PRODUCTION—The Federal Reserve Board's index of production in basic industries advanced 6 per cent in December to the highest level in ten months. The rise in this index has been nearly continuous since last August, when the volume of production was at the low point for 1925. In December the production of iron and steel and bituminous coal, and factory consumption of cotton in-



Index of 22 basic commodities corrected for seasonal variation. Latest figure, December=122.

creased considerably, and the production of lumber, cement, and copper was maintained at relatively high levels. The volume of factory employment and payrolls, after increasing during the late summer and autumn months, continued practically unchanged in November and December with increases in some industrials offsetting seasonal declines in others. Building contracts awarded during December were the largest recorded for that month and exceeded in value those awarded in November, although a seasonal decrease in building activity usually occurs at that time of the year.

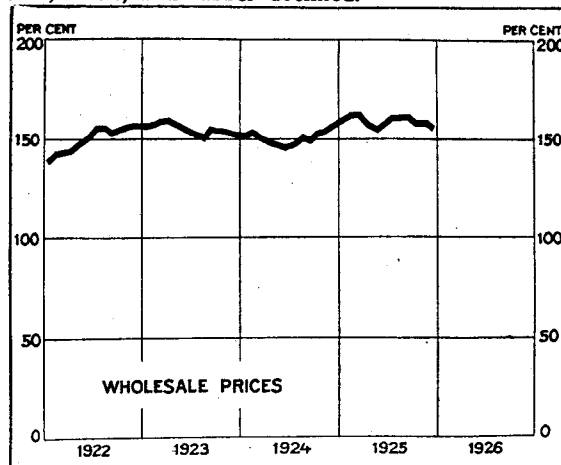
TRADE—Sales at department stores, chain stores, and mail order houses in December indicated the largest volume of Christmas trade on record. Trade at wholesale declined seasonally, but continued larger than last year. Stocks at department stores showed less than the usual decline in December and were 4 per cent larger at the end of 1925 than a year earlier. Freight car loadings continued larger during December, with shipments of merchandise and miscellaneous commodities, coke, and coal particularly heavy.



Index sales of 333 stores in 117 cities
Latest figures, December, 1925.

PRICES—The general level of prices, as measured by the wholesale price index of the Bureau of Labor Statistics, declined by about 1 per cent in December and was at the end of the year somewhat lower than a year earlier. The average of wholesale prices for the year 1925 as a whole, however, was the highest in five years, and the changes in the price level during the year were smaller than in any year in more than a decade. Among agricultural commodities, the prices of live stock and dairy products

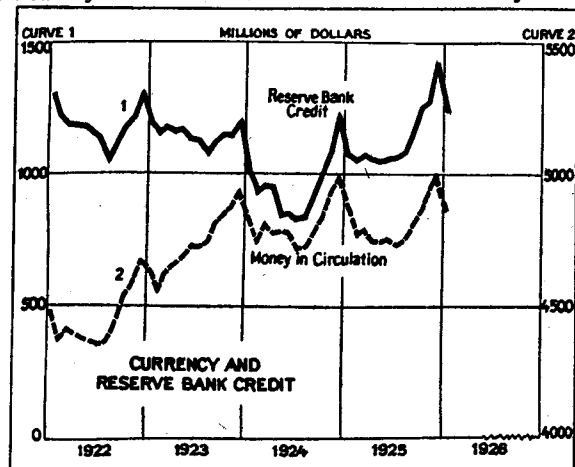
declined in December, while grain prices advanced. Among non-agricultural commodities the principal declines were in the prices of cotton goods, paper, and rubber, while somewhat higher prices were shown for silk, coal, and lumber. In the first three weeks of January, quotations on hogs, coke and hardwood lumber advanced, while prices of corn, cattle, and rubber declined.



Index of U. S. Bureau of Labor Statistics
Latest figure, December=156.

BANK CREDIT—Changes in the demand for currency have been the principal factor influencing the volume of reserve bank credit in use since the middle of November. During the five weeks between November 16 and December 23 the reserve banks paid out into domestic circulation a net amount of about \$320,000,000 of currency in the form of gold and gold certificates, Federal reserve notes, and other kinds of money, and during the following four weeks, the return flow of currency from circulation amounted to about \$430,000,000. These currency movements were reflected in corresponding changes in the volume of reserve bank discounts for member banks.

At member banks in leading cities total loans and investments, which had increased almost continuously during 1925, reached the highest level on record at the end of December, but declined by about \$200,000,000 during the first two weeks of the new year. Both the increase in bank loans in the latter part of December and the decline after the turn of the year were largely in loans on securities, particularly at member banks at New York City. These



Above data are averages. Latest figures,
January, partly estimated.

changes in the demand for loans at member banks were related both to the changes in customers' currency requirements and to end of year disbursements by many industrial and financial institutions.

Conditions in the money market, which had become firmer in the last half of December, were easier in January. Rates on bankers' acceptances increased following the advance in the buying rate of the New York Federal Reserve Bank, effective January 8, while rates on commercial paper showed little change during the period.