

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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WILLIAM McC. MARTIN

Chairman of the Board and Federal Reserve Agent

WHILE some slowing down in business as compared with the preceding two or three months was reflected in reports covering activities in this district during the past thirty days, the total volume was above that of the corresponding period last year. The improvement was represented almost exclusively in sales for immediate delivery, a majority of the lines investigated reporting no betterment whatever in future business. Generally order books contained a smaller volume of business for forward delivery than at any similar period in the past several years. This was true of both manufacturers and wholesalers, and to a large extent, the former are making up few goods in excess of what they are able to apply on actual orders. The recent break in the security markets, and price declines in a number of basic materials have served to accentuate the policy of distributors and ultimate consumers to buy only what they require for immediate needs.

Immediate requirements, however, are unusually large, as indicated by freight movement of the railroads, retail sales statistics, debits to checking accounts, and current changes in commodity stocks. There has been no appreciable contraction in purchasing power in consuming channels, and the employment situation, except in a few localities, continues very satisfactory. As a result of the conservative buying policy, keen competition and efforts to hold up sales volume, there is an increasing number of complaints of narrowing profit margins. Filling and shipping numerous small orders and other added service consequent to the changed practice in distribution of merchandise have substantially increased costs.

Weather conditions were on the whole unfavorable for the best results in the retail trade, low temperatures extending through the middle of March having a tendency to retard the movement of seasonal merchandise. This handicap, however, was in a measure offset by the early Easter date, and pur-

chasing to fill holiday requirements assisted materially in lifting the total sales volume. Sales in February of the leading department stores in the district were 11.4 per cent larger than for the same month in 1925, and small gains were recorded by retail shoe, men's furnishing goods stores, and several other lines. Preliminary work on farms was delayed by the cold weather, and purchasing of groceries, provisions and other supplies in the South was below the usual volume at this time of year.

There was a further falling-off in new orders and unfilled business in the iron and steel industry, but shipments continued heavy and operations were at about the same average rate as during the preceding thirty days. Further large gains were made in the distribution of automobiles as compared with the year before, and increases were reported in February sales over those of the same month in 1925 by the boot and shoe, clothing, drug and chemical, dry goods and electrical supply industries. Decreases were reported in furniture, groceries, flour, stoves, lumber and fuel. Activities in the building industry were well sustained, the dollar value of February permits in the five largest cities of the district showing a gain of 9.9 per cent over the January total.

The trend of prices was downward, the Federal Reserve Board's index of selected commodities standing at 154.2 on March 5, against 160.2 on February 5 and 166.5 on March 6, 1925. Among the basic commodities registering lower levels were cotton, cereals, fuels, rubber, wool, pig iron, non-ferrous metals, and sugar. Fluctuations in grain prices were broad and erratic. Between February 15 and March 15 wheat futures in the St. Louis market moved over a range of 10c to 16c, closing figures on the latter date representing net losses of 5c to $8\frac{3}{4}$ c. Cash values were relatively stronger than the options.

Conditions in the coal market were distinctly unsatisfactory. With the approaching end of the

winter demand, the number of mines in the Illinois, Indiana, and Kentucky fields reducing operations was on the increase. The trend of prices was downward, though as a general rule the decline was not drastic. Operators in the principal fields were strongly resisting the downturn, claiming that lower levels would result in substantial losses. Production of bituminous coal was being curtailed to meet existing market conditions, but despite this fact difficulty was experienced in disposing of current outputs, and there was a further increase in the number of "no bills" and loaded cars on track. The general demand for steam coal was quiet, and tonnage taken by the railroads was disappointing. In both the large cities and the country the domestic demand was slow, and centered chiefly in low grade coals. Shipments of anthracite increased somewhat, but despite the slack demand for bituminous coal, current orders for anthracite were reported no better than the seasonal average. This was interpreted by dealers as meaning that hard coal substitutes used during the recent strike have gained firm foothold. Operators, on the other hand, claim that the situation is due to desire on the part of dealers to dispose of their stocks of substitutes before pressing sales of anthracite. The movement of coke continued active, with the cold weather in late February and early this month serving to maintain the demand for domestic sizes. Total output of bituminous coal for the country as a whole during February was estimated at 46,582,000 tons, with a daily average of 1,949,000 tons. Compared with the daily rate in January, which was 2,121,000 tons, February showed a decrease of about 8 per cent.

Railroads operating in the district reported freight traffic handled during the period under review as being slightly below the same time last year, but considerably in excess of the seasonal average during the past several years. The movement of merchandise and miscellaneous freight continued the steady gains of recent months. For the country as a whole loadings of revenue freight during the first nine weeks of the current year were 8,108,459 cars, against 8,079,996 cars for the corresponding period last year and 7,926,089 cars in 1924. Ample motive power and equipment were supplied to accommodate all offerings, there being practically no car shortage reported. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 205,015 loads in February, against 217,952 loads in January and 194,089 loads in February, 1925. During the first nine days of March the interchange amounted to 67,672 cars, which compares with 63,989 loads during the first nine days of February, and 65,232 loads during the corresponding period last year. Passen-

ger traffic of the reporting roads decreased 0.7 per cent in February as compared with the same month in 1925. Estimated tonnage of the Federal Barge line between St. Louis and New Orleans for February was 50,500 tons, against 57,996 tons (revised figures) in January and 95,907 tons in February, 1925.

Reports relative to collections during the past thirty days showed more irregularity than during the preceding month. In the country heavy roads and inclement weather had a tendency to retard settlements, and backwardness was reported in the coal fields and some sections of the cotton areas. In the tobacco and rice districts efficiency was high, good liquidation being reported by both merchants and banks. Wholesalers in the large centers reported February settlements well up to expectations, and about on a parity with a year ago. Collections of retail accounts in the large cities were in the main satisfactory, though merchants specializing in installment business reported results slightly less satisfactory than during the two preceding months. Questionnaires addressed to 456 representative interests in the various lines throughout the district showed the following results:

| | Excellent | Good | Fair | Poor |
|---------------------|-----------|-------|-------|------|
| February, 1926..... | 3.5% | 27.1% | 61.2% | 8.2% |
| January, 1926..... | 2.6 | 36.9 | 54.1 | 6.4 |
| February, 1925..... | 6.0 | 32.0 | 54.0 | 8.0 |

Commercial failures in the Eighth Federal Reserve District during February, according to Dun's, numbered 100, involving liabilities of \$3,186,884, against 136 defaults in January with liabilities of \$2,116,266, and 107 failures for \$3,343,246 in February, 1925.

The per capita circulation on March 1, 1926, was \$41.84, against \$41.24 on February 1, 1926, and \$42.28 on March 1, 1925.

MANUFACTURING AND WHOLESALE

Automobiles — Production of automobiles for the country as a whole during February turned sharply upward, and was the highest since last November. The total showed a gain of 18.8 per cent over January, and 30.6 per cent over February, 1925. Manufacturers reporting direct or through the National Automobile Chamber of Commerce built 334,502 passenger cars in February, against 283,245 in January and 252,520 in February, 1925. The output of trucks by the same companies in February was 39,763, against 31,734 in January, and 33,492 in February last year.

Distribution of automobiles continues on a large scale and for the thirteenth successive month sales of new cars in this district showed gains as compared with the corresponding month in the preceding year. The demand extends fairly evenly

through all lines of machines, but with the cheap and medium-price makes showing relatively the largest gains. Sales of trucks developed marked improvement, particularly the lighter vehicles for delivery service in the large cities. Automobile shows held in St. Louis and other centers were reported unusually successful, and resulted in a large number of sales for cash, which fact accounts for a slight reduction in the percentage of cars sold on time payment as compared with the past several months. There was the usual seasonal increase in cars in dealers' hands, but the number held is not excessive and is somewhat smaller than the average for the corresponding period during the preceding three years. Heavy transactions on new cars resulted in an appreciable increase in stocks of used cars, and sales of secondhand vehicles are reported increasingly difficult to effect. Sales of new cars in February by 320 dealers scattered through the district were 24.7 per cent larger than for the same month in 1925, and 117.1 per cent in excess of the January total this year. The accessory trade is reported satisfactory, sales showing a gain of 18.2 per cent over the corresponding period in 1925. No change worthy of note occurred in the tire situation, purchasing by dealers and the public continuing on a hand-to-mouth basis.

Boots and Shoes—February sales of the 11 reporting interests were 38.7 per cent larger than in the corresponding period in 1925, and 14.0 per cent under the January total this year. Stocks on March 1 were 2.6 per cent larger than on February 1 and 15.2 per cent larger than the total on March 1, 1925. The volume of current orders is holding up well, but sales for future shipment are considerably under the same period last year. Great stress is still being laid upon styles, particularly in the case of women's and children's wear. Some improvement was noted in the demand for men's work shoes. Prices of finished goods showed no change during the past thirty days, and the average was about the same as at this time last year. Raw materials showed a further downward trend. Operating schedules were reduced by several of the leading interests, and the average was about 82 per cent of capacity, against 95 the month before.

Clothing—Purchasing of spring merchandise during the latter part of February was slow, both on men's and women's wear. Weather was against a heavy movement of seasonal goods, and uncertainty relative to style and fabric trends and prices were contributing factors to the hesitancy on the part of buyers. During the past two weeks, however, more favorable weather and the necessity for providing for Easter requirements have stimulated ordering, and there have been numerous requests

for expedited shipments of goods previously purchased. Manufacturers were pushing production to meet the current demand, but making up very little stock for which orders had not been booked. Sales of the 10 reporting interests in February were 54.4 per cent larger than during the same month in 1925, and 27.8 per cent under the January total this year. February sales of men's hats were 8.4 per cent larger than during the same month in 1925.

Drugs and Chemicals—Advance sales of insecticides, spraying materials and kindred lines showed a fair increase over a year ago, and further improvement was noted in the demand for heavy chemicals from the manufacturing trade. There was also a broadening in the demand for remedial drugs and proprietary preparations, but generally purchasing by the retail trade continues along conservative lines and covers only immediate requirements. Ordering of Easter holiday goods was in satisfactory volume, but sales of soda fountain supplies were below those of the corresponding month last year. Collections were reported less satisfactory than during the preceding two or three months. February sales of the 11 reporting interests were 1.9 per cent larger than in the same month last year, and 4.8 per cent under the January total this year.

Dry Goods—Sales of the 11 reporting interests during February were 13.7 per cent larger than in January, and 1.1 per cent in excess of the February, 1925, total. Stocks on March 1 were 11.9 per cent smaller than thirty days earlier and 6.4 per cent under the corresponding date in 1925. The recent break in the raw cotton market, coupled with price declines in cotton fabrics, has caused hesitation in purchasing, particularly for forward requirements. Retail stocks, however, are generally light, and the volume of current ordering is large and indicative of a heavy movement of goods into consumptive channels. Since the first of this month there has been substantial improvement in the demand for dress goods of all descriptions, except woolsens, and ordering of knitted garments and hosiery is more satisfactory. Unseasonably cold weather militated against the distribution of spring lines.

Electrical Supplies—The steady improvement noted in this classification in recent months was continued during the past thirty days. Sales of the 12 reporting interests during February showed a gain of 10.1 per cent over the preceding month and of 11.8 per cent over the same month in 1925. There was a rather sharp falling off in sales of radio goods, but this was counterbalanced by a heavier demand for all varieties of materials used in the building trades. Steady growth is reported in the movement of household appliances, and sales of small motors with two of the leading producers

were the largest ever recorded at this season. Prices on certain radio materials were lower, and the sharp decline on pig lead was reflected in an easier trend in goods based on that metal. Stocks on March 1 were 3.2 per cent larger than on February 1, and 17.8 per cent smaller than on March 1 last year.

Flour — Production at the 11 largest mills of the district during February was 266,960 barrels, against 293,724 barrels in January and 283,300 barrels in February, 1925. Stocks of flour in St. Louis on March 1 were 12.2 per cent less than on February 1, and 8.3 per cent below the March 1, 1925, total. The broad fluctuations in cash wheat made for irregularity in the flour trade. In sympathy with the decline in the grain market, flour prices receded rather sharply in late February and early this month, and at the lower levels there was fair buying by the large bakery interests, and jobbers. A better demand from the southern domestic trade was reported, and generally retailers were more disposed to replenish their stocks. In the immediate past prices have developed a firmer tendency, and ordering has decreased. Shipping directions on old contracts were good. The export demand from Latin-America was well up to the seasonal average, but business with European countries continued at a low level. Mill operation was 60 to 64 per cent of capacity.

Furniture — February sales of the 25 reporting interests were 10.9 per cent under those of the same month last year, and 17.6 per cent larger than in January this year. Stocks on March 1 declined 1.8 per cent as compared with February 1, and were 3.1 per cent larger than those on March 1, 1925. Retail distribution during February was below expectations, and manufacturers and jobbers report a falling off in their business as a consequence. There has been virtually no deviation from the recent policy of purchasing for immediate requirements only, and stock orders are scarce. Some special lines, notably iron and steel furniture, chairs and office equipment, continued active, but the general run of household furniture, including floor coverings and draperies, was relatively quiet.

Groceries — While some improvement in the demand for staples developed, purchasing generally through the line was disappointing, and February sales of the 22 reporting interests were 0.9 per cent smaller than in the same month last year, though 3.3 per cent larger than the January total this year. The delayed agricultural work in the South, occasioned by cold weather, was reflected in decreased sales in that general region. Results generally in the country were below expectations, and relatively less satisfactory than in the large centers. Retail

stocks are of about the proportions usual at this time of year, and retailers are buying on a strictly necessity basis. The movement in quantity of early vegetables and fruits from the South has had a tendency to hold down sales of canned goods.

Hardware — Sales of the 12 reporting interests during February were 0.2 per cent larger than in the corresponding month in 1925, and 8.8 per cent in excess of the January total this year. Stocks in hands of the reporting stores on March 1 were 3.6 per cent less than on the same date in 1925, but 11.4 per cent larger than on February 1 this year. While the movement of staples continues to hold up well, ordering of spring and early summer goods has been retarded by unfavorable weather. There was some recession in the demand for builders' hardware and tools, but the general run of shell hardware was active. Galvanized and granite ware were in better than the usual seasonal demand. Sales of sprayers, sprays, pruning instruments, hand implements, and garden and poultry supplies were satisfactory, and larger than during the corresponding periods in the two preceding years.

Iron and Steel Products — In most respects the situation in iron and steel during the past thirty days bore close similarity to the preceding month. At most mills and foundries activities were maintained at the recent high rate, but shipments were larger than new business placed, and there was a further shrinkage in unfilled orders. Consumers are continuing the policy of purchasing only what they require from month to month, and in turn manufacturers are proceeding cautiously in the matter of raw material commitments. Specifications on goods previously ordered are disappointing, particularly in the case of the railroads. Plants specializing in gray castings report a falling off in new business, and have planned to curtail operations unless improvement develops. Implement makers are still working at close to capacity, and report sales for spring delivery in excess of a year ago. Stove manufacturers have experienced a decline in business, and a number of the more important interests have cut down their operations to only three days per week. Some improvement was noted in the demand for standard structural shapes and reinforcing concrete bars, and in the immediate past fabricators of structural steel have received a fair volume of orders, mainly, however, for small tonnages. Prices of finished and semi-finished materials showed no important changes. There is strong resistance by consumers to higher prices, and recent efforts of producers of plates, shapes and bars to advance their quotations have met with indifferent success. The movement of wire and wire products has been slow, but a better demand has developed for tubular

goods, especially those used in the oil fields. Sheets and tin plates continue firm, with a fair volume of ordering for second quarter delivery. Production of pig iron in February reflected interruptions growing out of the coal strike, and on a daily basis dropped 2.57 per cent under January and was the lowest February rate since 1922. The total output, 2,921,449 tons, compared with 3,319,789 tons in January and 3,214,067 tons in February, 1925. Steel ingot production in February fell 1 per cent below January, but reached the highest February daily rate on record. For the first two months of the year, ingot production is ahead of 1925 by 1.9 per cent. The market for pig iron was dull, with purchasing on a necessity basis and little interest being exhibited in second quarter needs. Prices were quotably unchanged, but the trend was lower. Prices of scrap iron and steel sustained a further decline, and touched new low points on the downward movement.

Lumber—The wholesale demand for lumber was less active than during the preceding thirty days, but in the immediate past improved building weather has increased the volume of inquiries and generally more interest is being shown. Prices of southern pine declined slightly, especially on dimension and flat grain flooring. This weakness developed in spite of low mill stocks, and so little dry lumber that comparatively few transit shipment are coming out. Commission interests are experiencing difficulty in placing tendered orders, both on account of stock conditions and prices wanted by prospective purchasers. The decline in hardwood prices was considerably less marked than heretofore, and consumers are placing orders for second quarter delivery more freely. Furniture manufacturers have curtailed their buying but the demand from automobile and car builders has broadened.

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 comparison | | Stocks on hand | | Stock turnover | |
|-------------------|------------------------------------|--|--|---|----------------|------|
| | Feb. 1926 comp. to Feb. 1925 | 2 months ending Feb. 28, 1926, to same period 1925 | Feb. 28, 1926 comp. to Feb. 28, 1925 | January 1, 1926 to Feb. 28, 1925 | 1926 | 1925 |
| Evansville | -16.5% | -12.5% | -12.7% | 31.2 | 31.0 | |
| Little Rock..... | + 2.8 | + 3.9 | + 2.2 | 38.5 | 39.8 | |
| Louisville | + 1.9 | + 2.5 | +20.4 | 43.8 | 50.9 | |
| Memphis | +20.5 | +13.1 | - 7.5 | 39.4 | 35.9 | |
| Quincy | - 5.3 | - 1.9 | - 3.2 | 39.3 | 37.3 | |
| St. Louis..... | +13.2 | + 8.0 | + 6.2 | 53.1 | 52.7 | |
| Springfield | +14.6 | + 5.8 | + 5.0 | 20.5 | 18.1 | |
| 8th District..... | +11.4 | + 6.7 | + 4.3 | 47.3 | 47.5 | |

CONSUMPTION OF ELECTRICITY

During February consumption of electricity by selected industrial customers of public utilities companies in the five largest cities of the district increased 2.7 per cent over the same month in 1925,

but was 0.6 per cent under January this year. The loss in the month-to-month comparison was due to the smaller number of working days in February than January. Gains over February last year were distributed generally through all groups of consumers.

Detailed figures follow:

| | No. of custom- ers | Feb. 1926 *K.W.H. | Jan. 1926 *K.W.H. | Feb. 1926 comp. to Jan. 1926 | Feb. 1925 *K.W.H. | Feb. 1926 comp. to Feb. 1925 |
|------------------|--------------------------|-------------------------|-------------------------|------------------------------------|-------------------------|------------------------------------|
| Evansville | 40 | 1,033 | 995 | + 3.8% | 924 | +11.8% |
| Little Rock..... | 35 | 1,110 | 1,124 | - 1.2 | 1,145 | - 3.1 |
| Louisville | 67 | 4,495 | 4,583 | - 1.9 | 4,440 | + 1.2 |
| Memphis | 31 | 1,416 | 1,718 | -17.6 | 1,481 | - 4.4 |
| St. Louis..... | 88 | 12,391 | 12,140 | + 2.1 | 11,916 | + 4.0 |
| Totals..... | 261 | 20,445 | 20,560 | - 0.6 | 19,906 | + 2.7 |

*In thousands (000 omitted).

AGRICULTURE

In spite of unfavorable weather, fair progress was made in preparing the soil for spring crops, and the amount of work completed is only slightly below the average for this season. Plowing in the South is well advanced, and seeding of oats is nearing completion. Generally through the district orchards and vineyards have been pruned, but weather has been inauspicious for initial spraying operations. Reports from many sections indicate that fruit growers will spray and cultivate more intensively this year than ever before. There are scattering reports of damage to apples from the cold weather, most numerous from the Ozark region, but generally at the middle of March orchards were in better condition than at any similar date in recent years.

Wheat—Unfavorable conditions during the planting season last fall considered, winter wheat has come through the cold weather in good shape. While root growth is not as strong as might be desired, the plant is healthy, and less than the usual amount of winter killing is believed to have been suffered. During late February and early March there was abundant moisture, and soil conditions are excellent. In the South fields are greening up, and in some counties are being pastured. There are the usual complaints of damage from freezing and thawing and insect pests, but nothing of a serious character has come to light. On March 1 stocks of wheat on farms in the five principal producing States of the district totaled 14,127,000 bushels, which compares with 10,431,000 bushels on the same date in 1925 and the five-year average (1921-1925) of 19,512,000 bushels. For the country as a whole farm stocks of wheat on March 1 totaled 99,279,000 bushels, against 112,042,000 on March 1, 1925, and a 5-year average of 151,428,000 bushels.

Corn—In all States of the district stocks in farmers' hands on March 1 were larger than on the same date in 1925, and with the exception of Tennessee, exceeded the 5-year average. The total on

March 1 was 502,150,000 bushels, which contrasts with 280,913,000 bushels on March 1, 1925, and the 5-year average (1921-1925) of 375,923,000 bushels. Stocks on farms in the United States on March 1 aggregated 1,318,793,000 bushels, against 759,471,000 bushels on the corresponding date in 1925, and a 5-year average of 1,175,403,000 bushels. Considerable planting of the new crop has been accomplished in the South, and except in the extreme northern counties plowing and disking has made good progress. Generally there is a shortage of good seed corn.

Live Stock — No change worthy of note has taken place in the condition of live stock during the past thirty days, as compared with the similar period immediately preceding. Prices have fluctuated in sympathy with supply figures, and were in the main satisfactory. Top hogs in the St. Louis market sold at the highest figure since last August. Stocker and feeder cattle were in active demand at the highest prices of the season.

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

| | Receipts | | | Shipments | | |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Feb. 1926 | Jan. 1926 | Feb. 1925 | Feb. 1926 | Jan. 1926 | Feb. 1925 |
| Cattle and Calves..... | 88,116 | 104,917 | 74,332 | 52,462 | 63,307 | 44,678 |
| Hogs | 265,058 | 310,464 | 283,783 | 183,150 | 189,628 | 172,164 |
| Horses and Mules..... | 10,743 | 10,011 | 10,952 | 11,384 | 10,028 | 10,036 |
| Sheep | 29,570 | 32,781 | 22,542 | 13,367 | 14,292 | 14,736 |

Cotton — Rains and low temperatures have interfered with field work, and preparations for the new crop are not as far advanced as at this time last year. It is too early to form any judgment of acreage, but reports thus far received reflect no evidence of intention to reduce, and seed supply and weather will constitute important factors in the area ultimately sown. There was a rather sharp break in cotton prices during the past thirty days, the middling grade in the St. Louis market on March 5 declining to 18½¢ per pound, the lowest since 1922, and comparing with 20¢ on February 5, and with 25¾¢ on March 5 last year. Supplies continue large, stocks in Arkansas warehouses on March 12 being 491,867 bales, against 139,267 bales on the same date in 1925. The proportion of low grade cotton in last year's crop was unusually heavy, and the inferior grades are selling at a sharp discount under the better varieties.

Tobacco — The marketing season in the burley tobacco district is rapidly drawing to a close. Receipts have fallen off and quality of late marketed leaf has been inferior. Approximately 95 per cent of the crop has been marketed. In the dark tobacco, aircured and one sucker districts delivery to market has been about completed, and most of the houses are closed for the season. In the dark fired districts approximately 70 per cent of the crop has been moved to market. The recent poor quality of offer-

ings has resulted in a lowering of average prices. Through the season high prices were realized on desirable grades. Plant beds for the 1926 crop have been prepared, and seeding will commence with favorable weather. There is a tendency to curtail the acreage of dark tobacco and increase planting of burley. Market results of the last crop tend to emphasize the importance of growing good tobacco and striving for high quality rather than quantity production.

Commodity Prices — Range of prices in the St. Louis market between February 15, 1926, and March 15, 1926, with closing quotations on the latter date and on March 14, 1925.

| | High | Low | Close | |
|----------------------------|---------|---------|----------------|-----------------|
| | | | March 15, 1926 | March 14, 1925 |
| Wheat | | | | |
| Mayper bu. | \$1.71½ | \$1.55¾ | \$1.63¾ | \$1.68 |
| July | 1.49¾ | 1.35 | 1.41½ | 1.47¾ |
| September | 1.43¾ | 1.33¾ | 1.36 | |
| No. 2 red winter | 1.87 | 1.70 | \$1.77 @ | 1.82 |
| No. 2 hard..... | 1.78 | 1.64 | 1.70 | \$1.63½ @ 1.66½ |
| Corn | | | | |
| May | .79½ | .75½ | .76¾ | 1.18¾ |
| July | .82¾ | .78¾ | .80½ | 1.23½ |
| No. 2..... | .74½ | .68½ | .71 | 1.14 @ 1.14½ |
| No. 2 white..... | .76 | .72 | .73 | 1.16 |
| Oats | | | | |
| No. 2 white..... | .44½ | .40½ | .41 @ | .41¾ .50½ |
| Flour | | | | |
| Soft patent.....per bbl. | 9.50 | 8.25 | 8.75 @ 9.00 | 9.00 @ 9.50 |
| Spring patent.... | 8.90 | 7.75 | 8.10 @ 8.40 | 8.50 @ 8.80 |
| Middling cotton....per lb. | .20 | .18½ | .18½ | .26 |
| Hogs on hoof.....per cwt. | 14.00 | 9.75 | 11.00 @ 14.00 | 10.50 @ 14.25 |

BUILDING

While outdoor work was held in check to some extent by the inclement weather in late February and the first half of March, building activity as a whole gained momentum during the past thirty days. In the smaller towns and in the country a considerable volume of new construction was initiated, and a feature of the activities was the continued heavy residential building in suburban communities of the larger centers of population. Plans for municipal construction during the coming spring and summer are on a large scale, and in all States of the district highway construction work is being resumed. In the five largest cities of the district the dollar value of building permits issued during February was 9.9 per cent greater than in January, but fell 35.1 per cent below the total of the corresponding month last year. The average price of building materials underwent no change worthy of note during the past thirty days, advances about counterbalancing declines. Production of portland cement for the country as a whole during February totaled 7,731,000 barrels, against 7,887,000 barrels in January, and 8,255,000 barrels in February, 1925.

Building figures for February follow:

| | New Construction | | | | Repairs, etc. | | | |
|---------------|------------------|-------|---------|---------|---------------|------|--------|---------|
| | Permits | | *Cost | | Permits | | *Cost | |
| | 1926 | 1925 | 1926 | 1925 | 1926 | 1925 | 1926 | 1925 |
| Evansville | 151 | 204 | \$ 134 | \$ 321 | 79 | 61 | \$ 41 | \$ 34 |
| Little Rock | 95 | 99 | 263 | 343 | 91 | 70 | 53 | 47 |
| Louisville .. | 187 | 411 | 1,059 | 3,134 | 37 | 91 | 70 | 295 |
| Memphis ... | 400 | 419 | 1,300 | 1,241 | 147 | 91 | 54 | 36 |
| St. Louis.... | 654 | 712 | 2,819 | 3,550 | 372 | 367 | 311 | 1,322 |
| Feb. totals. | 1,487 | 1,845 | \$5,575 | \$8,589 | 726 | 680 | \$ 529 | \$1,734 |
| Jan. totals.. | 1,166 | 1,195 | 5,070 | 5,163 | 499 | 607 | 773 | 541 |
| Dec. totals. | 1,088 | 1,239 | 6,161 | 8,092 | 503 | 554 | 1,145 | 515 |

*In thousands of dollars (000) omitted).

FINANCIAL

Changes in the banking and financial situation in this district during the past thirty days reflected largely the usual seasonal trends. The general commercial and industrial demand for credits was somewhat more active as a whole, but spotted in character. Spring needs of wholesalers in the larger cities have resulted in slightly increased commitments, and borrowing by the retail trade also showed the usual increase. Country banks have materially reduced their loans with city correspondents, and except in the extreme southern sections the demand for financing spring planting and other farm operations has not as yet been felt to any appreciable extent. There is a continued good demand for funds to finance live stock operations, the recent high prices for cattle and hogs having resulted in heavier purchases of animals to fatten for market. Packers and fertilizer manufacturers increased their commitments, and there was a somewhat better demand from the lumber trade and building material interests generally. Grain handlers and flour millers substantially reduced their commitments and due to present conditions in the cash grain markets, total borrowings of these interests are considerably below the corresponding period a year ago. Further liquidation was reported in the tobacco and rice areas. While there was a slight decrease in deposits at the commercial banks, loanable funds are still in excess of current demand, and in numerous instances financial institutions are seeking investment for their surplus resources. The decline in loans on stock exchange collateral, which commenced at the end of January, was continued during the period under review. Interest rates at the commercial banks averaged slightly lower than during the preceding thirty days. This district's quota of the recent issue of 3¼ per cent Treasury bonds was oversubscribed by approximately 10 per cent.

Commercial Paper—Both country and city banks were in the market for good amounts of commercial paper, but offerings were moderate and sales of the reporting brokers in February were 19.8 per cent below the same month in 1925 and 17.4 per cent under the January total this year. Sales during the first two weeks of March were about on a parity with those of the same period last year. The quotable range, 4¼ to 4½ per cent, was the same as during the preceding thirty days, but the trend was lower, and some particularly choice names sold at 4 per cent. A steady increase is noted in the volume of offerings by concerns specializing in financing installment payment sales.

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 the district. Charges to accounts of banks are not included.

| | *Feb. 1926 | *Jan. 1926 | *Feb. 1925 | Feb. 1926, comp. to Jan. 1926 | Feb. 1925 |
|---------------------------|---------------|---------------|---------------|-------------------------------------|-----------|
| E. St. Louis and | | | | | |
| Nat. Stock Yards, Ill..\$ | 41,337 | \$ 47,846 | \$ 36,745 | -13.6% | +12.5% |
| El Dorado, Ark..... | 11,979 | 13,353 | 6,877 | -10.3 | +72.7 |
| Evansville, Ind..... | 32,216 | 39,989 | 32,705 | -19.4 | - 1.5 |
| Fort Smith, Ark..... | 12,513 | 14,864 | 12,391 | -15.8 | + 1.0 |
| Greenville, Miss..... | 5,248 | 5,374 | 5,128 | - 2.3 | + 2.3 |
| Helena, Ark..... | 4,824 | 5,296 | 4,526 | - 8.9 | + 6.6 |
| Little Rock, Ark..... | 75,620 | 88,338 | 63,050 | -14.4 | +19.9 |
| Louisville, Ky..... | 192,594 | 205,654 | 177,588 | - 6.4 | + 8.5 |
| Memphis, Tenn..... | 142,456 | 179,777 | 138,674 | -20.8 | + 2.7 |
| Owensboro, Ky..... | 6,221 | 7,460 | 6,377 | -16.6 | - 2.4 |
| Quincy, Ill..... | 10,865 | 12,230 | 10,546 | -11.2 | + 3.0 |
| St. Louis, Mo..... | 680,700 | 828,940 | 662,525 | -17.9 | + 2.9 |
| Sedalia, Mo..... | 3,817 | 5,753 | 3,705 | -33.7 | + 3.0 |
| Springfield, Mo..... | 13,939 | 17,742 | 12,108 | -21.4 | +13.1 |
| Totals..... | \$1,234,329 | \$1,472,616 | \$1,172,945 | -16.3 | +13.7 |

*In thousands (000 omitted).

Federal Reserve Operations—During February the Federal Reserve Bank of St. Louis discounted for 171 member banks, against 179 accommodated in January and 172 in February, 1925. 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:

| | *Mar. 16, 1926 | *Feb. 16, 1926 | *Mar. 16, 1925 |
|---|-------------------|-------------------|-------------------|
| Bills discounted..... | \$26,537 | \$20,971 | \$15,780 |
| Bills bought..... | 13,316 | 16,000 | 13,162 |
| U. S. Securities..... | 16,901 | 24,483 | 7,985 |
| Foreign loans on gold..... | 331 | 322 | 525 |
| Total bills and securities..... | \$57,085 | \$61,776 | \$37,452 |
| F. R. Notes in circulation..... | 37,251 | 37,258 | 51,515 |
| Total deposits..... | 85,650 | 85,146 | 81,423 |
| Ratio of reserves to deposit and F. R. Note liabilities..... | 56.8% | 55.3% | 77.5% |

*In thousands (000 omitted).

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

| | *Mar. 17, 1926 | *Feb. 17, 1926 | *Mar. 18, 1925 |
|--|-------------------|-------------------|-------------------|
| Number of banks reporting..... | 33 | 33 | 33 |
| Loans and discounts (incl. rediscounts) | | | |
| Secured by U. S. Gov't. obligations..... | \$ 13,083 | \$ 11,980 | \$ 13,060 |
| Secured by other stocks and bonds..... | 198,441 | 209,054 | 174,996 |
| All other loans and discounts..... | 318,056 | 313,296 | 319,282 |
| Total loans and discounts..... | \$529,580 | \$534,330 | \$507,338 |
| Investments | | | |
| U. S. Pre-war bonds..... | 13,157 | 12,957 | 13,257 |
| Liberty bonds..... | 22,960 | 22,786 | 31,473 |
| Treasury bonds..... | 22,487 | 13,079 | 19,005 |
| Victory and Treasury notes..... | 5,166 | 7,333 | 13,517 |
| Certificates of Indebtedness..... | 3,047 | 4,253 | 3,391 |
| Other securities..... | 109,393 | 107,750 | 99,289 |
| Total investments..... | \$176,210 | \$168,158 | \$179,932 |
| Reserve balance with F. R. bank..... | 47,861 | 47,006 | 51,427 |
| Cash in vault..... | 7,507 | 7,581 | 7,425 |
| Deposits | | | |
| Net demand deposits..... | 413,083 | 423,354 | 422,661 |
| Time deposits..... | 219,550 | 221,662 | 202,896 |
| Government deposits..... | 12,700 | 5,864 | 18,898 |
| Total deposits..... | \$645,333 | \$650,880 | \$644,455 |
| Bills payable and rediscounts with Federal reserve bank | | | |
| Secured by U. S. Gov't. obligations..... | 5,953 | 6,120 | 940 |
| All other..... | 8,375 | 8,673 | 6,289 |

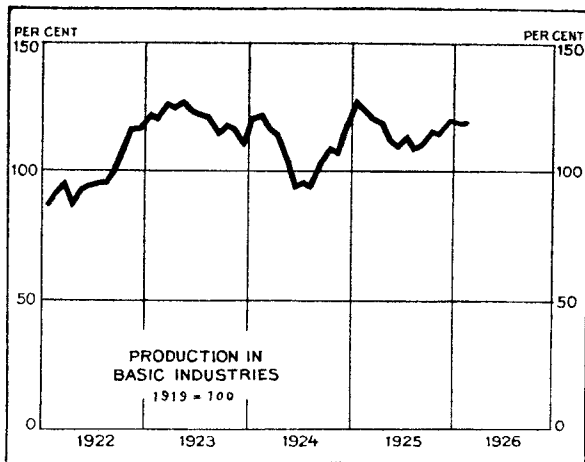
*In thousands (000 omitted).

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

(Compiled March 20, 1926)

BUSINESS CONDITIONS IN THE UNITED STATES

PRODUCTION—The Federal Reserve Board's index of production in basic industries, which is adjusted for seasonal variations, indicated a continuation of productive activity during February in about the same volume as in the preceding two months. Mill consumption of cotton and the output of flour and anthracite, copper, and newsprint showed increases in February, when allowances is made for usual seasonal changes, and the output of iron and steel

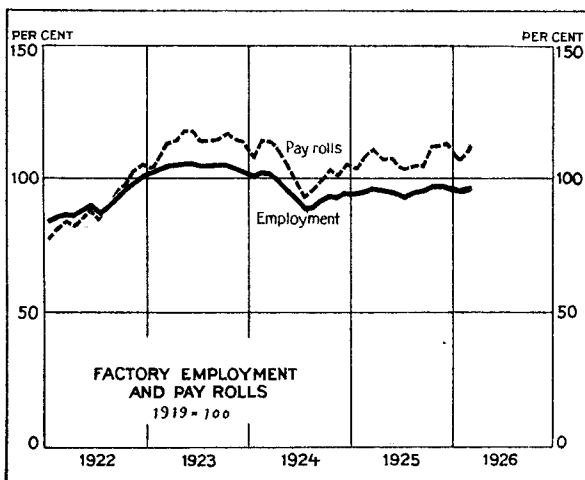


Index of 22 basic commodities adjusted for seasonal variations. Latest figure, February=120.

and lumber remained practically unchanged. Activity in the woolen industry and the production of cement declined. Automobile production was in considerably greater volume in February and was larger than a year ago, although smaller than in the corresponding month of 1924.

Employment and earnings of factory workers increased, after the seasonal recession of January, and were in February at practically the same levels as during the latter part of 1925. The volume of building contracts awarded declined both in January and in February, but remained larger than in the corresponding months of last year. Reports by farmers to the Department of Agriculture on intentions to plant in 1926 indicate that the acreage of spring wheat and tobacco will be slightly smaller, the acreage of corn will be about the same, and that of oats, barley, hay and potatoes larger than that in 1925.

TRADE—Wholesale trade in February was in about the same volume as a year ago. A smaller volume of sales was reported for groceries and dry goods, and hardware, while sales of meats, shoes, and drugs were larger. Inven-

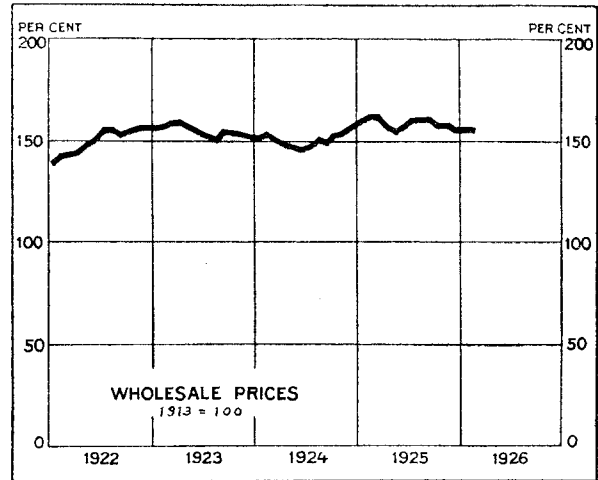


Federal Reserve Board's indexes of factory employment and payrolls. Latest figures, February, employment=97.0 payrolls=111.5.

ories of wholesale firms dealing in groceries, dry goods, shoes, and hardware were smaller at the end of February than a year ago. Trade at department stores and at mail order houses was larger than in February of last year and department store stocks were about 5 per cent greater than on the corresponding date in 1925. Freight car loadings continued at about the same daily rate in February as in the preceding two months. Shipments of merchandise in less-

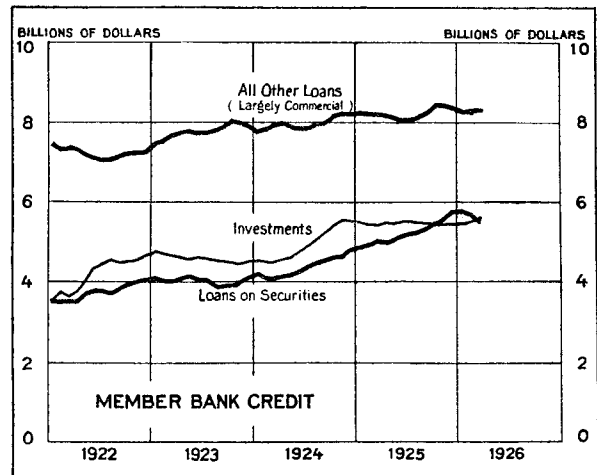
than-car-load-lots and of miscellaneous commodities were particularly larger.

PRICES—The general level of wholesale prices as measured by the Bureau of Labor Statistics index, after remaining unchanged for two months, declined in February to a point slightly below the low figure of 1925, reported for last May. The greater part of the decline since



Index of U. S. Bureau of Labor Statistics. Latest figure, February=155. last autumn has been in prices of agricultural commodities. In February prices of all major groups of commodities except fuels, declined and particularly large reductions occurred in the prices of grains, cotton, wool, silk, and rubber. Price advances in February were shown for petroleum, coke, and paper. During the first three weeks of March prices of grains, cotton, wool, and silk continued to decline and recessions were also reported in the prices of sugar and hardwood lumber.

BANK CREDIT—At member banks in leading cities demand for loans, chiefly for commercial purposes, showed an increase—partly seasonal in character—between the middle of February and the middle of March, and on March 17 total volume was close to the high point reached last autumn. A further decline of loans on securities, which accompanied the sharp recession in securities prices in March, carried the total to a point nearly \$430,000,000 below that reached at the end of the year. Following a growth during February in the volume of Reserve bank credit outstanding, there was a sharp decline early in



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first weekly report dates in March.

March to about the same level as a year ago. Factors contributing to the decline have been continued imports of gold and some reductions in member bank reserve requirements, as well as the temporary abundance of funds resulting from the excess of Treasury disbursements over receipts around March 15.

Open market rates on prime commercial paper, after a slight decline in February, advanced in March to $4\frac{1}{4}$ - $4\frac{1}{2}$ per cent, the level which has prevailed since last October.