

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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WEATHER conditions during the past thirty days were distinctly unfavorable to the progress of business and industry and in addition served to delay farm operations of all sorts and retard growth and development of planted crops. The movement of spring merchandise was seriously hampered and in the case of apparel, dry goods and certain other goods for common consumption the season is too far advanced to permit of retrieving the full loss occasioned by the delayed distribution. In other lines, however, the potential demand still exists and the arrival of seasonal weather should stimulate purchasing in volume sufficient to offset losses sustained through the backward spring. This is true particularly of farm implements, dairy and poultry supplies, hardware, fencing materials, and other goods consumed chiefly in the country.

Aside from the disabilities traceable to the unusually bad weather, conditions in general business were in the main favorable. In a majority of lines investigated the volume of sales compared favorably with the corresponding period last year, and in a number of important industries good gains were shown. Production as a whole was well maintained, and distribution continued at the recent high levels. As has been the case for a number of months past, purchasing by merchants continued on an extremely conservative basis, and was confined almost exclusively to immediate requirements, but current sales were heavy and the movement of merchandise into ultimate consuming channels exhibited no signs of diminution.

The trend of prices was again downward, but with few exceptions changes were less marked, and in several important classifications greater stability was noted than at any time since last fall. Fluctuations in the grain markets were broad and erratic, but in the case of both wheat and corn the sharp declines which took place toward the end of March were largely recovered in the upward reaction after

the first week of April, and net changes were relatively small. Cotton was fractionally lower, and there were further declines in hides, rye, flour and farm produce, the latter being usual at this season. All sorts of farm work is backward, and clear, warm weather was universally needed for soil preparation and planting of crops.

Activities in the iron and steel industry were at a slightly higher rate than during the first two months of the year, and despite heavy shipments of finished products, unfilled tonnage at mills and foundries on April 1 was only slightly below that of thirty days earlier. The recent gains in the automotive industry were pushed further in March, distribution showing heavy increases over both the preceding month and the corresponding period last year. Building statistics also denoted further gains, value of March permits in the five largest cities of the district showing substantial gains over the same month last year and the February total this year. Sales of department stores in March were greater by 4.4 per cent than a year earlier, and large gains were recorded in consumption of electric power by industrial users in the five largest cities.

Demand for domestic coal was stimulated to some extent by the unusually cold weather which extended through March and the first days of April. Dealers, however, were able largely to take care of these requirements from their yard stocks, and resultant orders at mines were hardly large enough to absorb loaded cars on tracks. With the termination of the coal year 1925-26 at the end of March interest centered chiefly in steam-coal contracts and producers in the Illinois and Indiana fields were endeavoring to market their coal in competition with the non-union areas. Further price reductions were reported, but this failed to stimulate purchasing to any marked degree, users being generally disposed to proceed slowly and shop about before closing on their requirements.

However, during the past two weeks many important contracts have been signed by industrial consumers, and buying by the railroads has been on a larger scale than heretofore. There has been a fair movement of Kentucky coal to the northern markets, but contracting for the upper lake region to date has been disappointing.

According to officials of railroads operating in the district, freight traffic continues at levels above the seasonal average of recent years. Two of the largest southwestern lines reported March loadings the largest in history for that month. Steady gains in the movement of merchandise and miscellaneous freight were reported by all roads. For the country as a whole loadings of revenue freight for the first thirteen weeks of this year, or to March 27, totaled 11,985,598, an increase of 203,189 cars over the corresponding period last year and of 397,587 over the same time in 1924. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 230,909 loads in March, against 205,015 loads in February and 214,567 loads in March, 1925. During the first nine days of April the interchange amounted to 66,899 loads, against 67,672 loads during the first nine days of March and 60,436 during the corresponding period last year. Passenger traffic of the reporting roads decreased $2\frac{1}{2}$ per cent in March as compared with the same month in 1925. Estimated tonnage of the Federal Barge line between St. Louis and New Orleans for March was 75,000 tons, which compares with 49,975 tons (revised figures) in February and 91,787 tons in March, 1925.

A slowing down as compared with the similar period immediately preceding was indicated in reports relative to collections during the past thirty days. In the country merchants complained that the unseasonably cold and wet weather during March had a tendency to hold down their collections. Retailers in the large cities reported April 1 payments disappointing, and below those at the corresponding period last year. Conditions in the wholesale trade were irregular, but in the main satisfactory. Liquidation in the South, particularly in the tobacco and rice sections, showed improvement. Backwardness is still complained of in the coal fields, but high efficiency is the rule in the lead and zinc belt. Questionnaires addressed to 460 representative interests in the various lines throughout the district showed the following results:

	Excellent	Good	Fair	Poor
March, 1926.....	2.4%	31.8%	52.4%	13.4%
February, 1926.....	3.5	27.1	61.2	8.2
March, 1925.....	4.3	35.1	53.2	7.4

Commercial failures in the Eighth Federal Reserve District during March, according to Dun's,

numbered 78, involving liabilities of \$2,808,588, against 100 defaults in February with liabilities of \$3,189,884, and 86 failures for \$513,515 in March, 1925.

The per capita circulation of the United States on April 1, 1926, was \$41.73, against \$41.84 on March 1, 1926, and \$41.99 on April 1, 1925.

MANUFACTURING AND WHOLESALE

Automobiles—Production of automobiles for the country as a whole during March was greater by 18.1 per cent than in the corresponding month last year and 19.0 per cent in excess of the February total this year. Manufacturers reporting direct or through the National Automobile Chamber of Commerce built 398,119 passenger cars in March, which compares with 334,502 in February and 332,915 in March, 1925. The output of trucks by the same companies in March totaled 47,337, against 39,763 in February and 44,377 in March, 1925.

The steady gains in distribution of automobiles in this district noted in recent months was continued during the past thirty days. In both the month-to-month and year comparisons sales figures for March showed sharp increases. As was the case during the two earlier months this year, gains were well distributed through all classes and makes of vehicles. Particularly heavy sales were reported by distributors of light delivery trucks for use in the large cities, and generally reports of dealers in the chief centers of population indicated relatively more satisfactory results than in the country. This was ascribed to unfavorable weather during the entire month of March. Due to the same cause a falling off in sales was noted during the first two weeks of April. Stocks of new cars on dealers' floors on April 1 showed the usual seasonal gain over holdings on March 1, and there was an increase in the number of used cars on hand at the first of this month, both over the corresponding period last year and March 1 this year. Owing to the lower prices at which old cars are being taken in on trade, however, the average investment in second hand cars is considerably below that at the same time last year. March sales of new cars by 320 dealers scattered through the district were 41.7 per cent larger than for the corresponding month in 1925, and 58.6 per cent larger than the February total this year. Accessory sales of the reporting dealers were 14.2 per cent larger in March than during the same month last year, and 21.3 per cent larger than in February this year. Uncertainty relative to prices has made for cautious buying of tires, and while a slight expansion in sales was reported over

the preceding month, the increase was below the average for this season.

Boots and Shoes— March sales of the 11 reporting interests were 14.4 per cent smaller than in the corresponding month last year, and 15.5 per cent in excess of the February total this year. The gain from February to March is seasonal in character, but in the present instance was smaller than the average in recent years. In 1925, March sales were 77.8 per cent larger than those for February. Stocks on April 1 were 7.9 per cent under those thirty days earlier and 7.5 per cent in excess of those on April 1, 1925. Distribution at retail for the Easter trade was under expectations, particularly on women's and children's novelty footwear. The demand for men's work shoes is reported good. Prices of finished goods showed no change during the past thirty days, but the trend of raw materials continued downward. Reflecting the recent decline in hides, leather prices on both upper and sole stock, were lower. Factory operations were reduced slightly under the rate during February.

Clothing— Unfavorable weather was the principal factor in the apparel trade during the period under review. The unseasonably low temperatures during March and early April seriously interfered with the movement of spring goods, and results of Easter holiday trade were disappointing. Because of the poor clearance, retailers are carrying over considerably more stock than they had anticipated, and are giving more attention to disposing of these goods than adding to their commitments. Declines in prices of raw materials, and uncertainty relative to price trends were additional influences tending to hold back buying, particularly for forward delivery. Ordering for fall is backward, and smaller in volume than at this time last year. Sales by the 19 reporting interests in March were 2.3 per cent larger than in the corresponding month last year and 15.9 per cent below the February total this year.

Drugs and Chemicals— March sales of the 11 reporting interests were 5.0 per cent larger than during the same month in 1925, and 15.6 per cent in excess of the February total this year. The demand for remedial drugs and proprietary preparations was stimulated by an unusual amount of illness, due to the inclement weather through March and early April, and heavy reordering of these goods was reported. Generally retail stocks are light, and during the past several weeks there has been more of a disposition to replenish and fill out assortments. Advance sales of soda fountain supplies and equipment and insecticides were reported satisfactory. Sales of Easter holiday goods were reported good. A further decline in the demand

for heavy chemicals from the manufacturing trade was noted.

Dry Goods— Buying through the entire line continues on a hand-to-mouth basis, and the movement of seasonal merchandise has been hampered by the cold weather. March sales of the 11 reporting interests showed a decrease of 1.5 per cent under the corresponding month in 1925, and of 18.3 per cent under the February total this year. Stocks on April 1 were 15.2 per cent smaller than a year earlier and 0.7 per cent below those on March 1 this year. Future business on the books of the reporting firms was 26.3 per cent less than at the corresponding period in 1925. A considerable part of the loss in future business is accounted for by smaller sales of blankets, outings, winter underwear and hosiery. Except in the case of certain specialties, sales of spring dress goods were below expectations.

Electrical Supplies— The steady improvement noted in this classification during recent months continued during the past thirty days. There was the usual seasonal decline in the movement of radio goods, but the demand for materials going into new buildings holds up well. Some improvement was noted in sales of pole hardware, and the general run of merchandise used by the public utility companies. Further expansion was reported in the demand for household goods, and advance sales of electric fans and other summer goods were fair. March sales of the 12 reporting interests were 9.9 per cent larger than for the same month in 1925, and 12.7 per cent in excess of the February total this year. Stocks on April 1 showed a gain of 4.3 per cent over those on March 1, and were 10.3 per cent smaller than on April 1, 1925.

Flour— Production at the twelve leading mills of the district during March was 315,650 barrels, against 287,310 barrels in February and 261,308 barrels in March, 1925. Stocks of flour in St. Louis on April 1 were 11.3 per cent larger than on March 1, and 13.6 per cent smaller than on April 1, 1925. The general domestic demand for flour failed to improve, regardless of the wide and erratic fluctuations in wheat. Both the major consumers and distributors continue to follow a hand-to-mouth policy in buying, and apparently little confidence is felt in current prices. New business booked by the mills ranged only from one-third to one-half of capacity. Export business continues quiet, but during the past two weeks a more favorable tone has developed, with bids from Europe on hard straights and clears being nearer a working basis than has been the case for several months. The trend of prices closely followed changes in the cash wheat market.

Furniture — The policy among dealers to purchase conservatively and interference of unfavorable weather with distribution were mentioned as the chief causes for a decrease in March sales of the 25 reporting interests of 27.8 per cent under the corresponding month in 1925. As compared with February this year, however, the March total showed a gain of 10.9 per cent. Stocks on April 1 were 4.2 per cent larger than thirty days earlier and 20.2 per cent larger than on April 1, 1925. Manufacturers of metal furniture report a sharp falling off in orders, and in all branches of the industry competition is keen and tends to hold down profits.

Groceries — March sales of the 22 reporting interests were 2.3 per cent larger than for the same month in 1925, and 4.1 per cent greater than the February total this year. Stocks on April 1 were 4.1 per cent smaller than on the same date in 1925, and 7.3 per cent under those on March 1 this year. Business in the large centers was reported relatively much better than in the country. The late spring and heavy roads delayed buying by farmers, and in the South purchasing of staples is below the usual volume at this season. Prices showed little change worthy of note as compared with the month before. Lateness of the movement of fruits and vegetables from the South has served to hold up the demand for canned goods.

Hardware — Generally through this classification business continues satisfactory, and while sales of the 12 reporting interests during March were 3.1 per cent below those of the same month in 1925, the losses are ascribed almost entirely to inauspicious weather conditions. Both wholesalers and retailers are optimistic, and believe the losses will be recovered with a period of favorable weather. City trade is relatively better than in the country, and the demand for builders' tools and hardware is as active as heretofore. The movement of hand implements, wire products, fencing material and other goods consumed in the country is backward. Stocks of the reporting interests on April 1 were 18.6 per cent smaller than on the same date in 1925, but 40.5 per cent larger than on March 1 this year.

Iron and Steel Products — Little change worthy of note took place in the iron and steel industry during the past thirty days. Production was maintained at the high rate which featured the preceding several months, and taken as a whole, order books at the first of this month were about as well supplied with unfilled tonnage as on March 1, despite heavy shipments. At some of the gray iron plants and job foundries there was a falling

off in new business which necessitated a reduction of operating forces, and shipments by producers of stoves and heating apparatus were below expectations. Specifications for car steel and other equipment materials were heavier, and substantially aided the general turnover at mills and foundries. Track material was also more active than the month before. Fabricators reported a fair volume of new orders, mainly for small jobs, but of sufficient aggregate volume to keep their factories well employed. The demand for iron and steel goods out of warehouses was reported good, though the movement of certain lines, notably sheets, wire products and standard structural shapes, was held in check by the unfavorable weather for outdoor work. Tank plates and reinforcing materials were active, and specifications on all varieties of materials from the automotive industry, while below the recent peak levels, were in satisfactory volume. On finished and semi-finished goods, prices were steady to higher. For the country as a whole production of pig iron in March recorded a sharp gain over the preceding month, and on the basis of both total output and daily average was the highest since March, 1925. Steel ingot production in March also showed a sharp increase as compared with the records of both January and February. The approximate daily production, according to the estimate of the American Iron and Steel Institute, was 166,359 tons. The closest approach to this rate within the past twelve months was in March, 1925, when the daily production reached 161,482 tons. After holding steady for five months, pig iron prices during the first week of April declined from \$1 to \$1.50 per ton. Scrap iron and steel prices continued their recent decline, heavy melting steel and several other important items on the list touching new low points on the downward movement.

Lumber — Through March and early April the soft wood market was adversely affected by unfavorable weather for building operations. Retail yards in St. Louis and elsewhere in the district reported interference with deliveries, principally through requests to hold back shipments. As a result new buying by the yards was light, and wholesale prices declined slightly. With the exception of long leaf timbers and 6-inch centermatch, the weakness extended to all southern pine items. West coast woods were relatively firmer than southern stock. Further price cuts in southern hardwoods have stimulated buying to some extent, but the volume is still small. Some recent reductions on sawn oak and gum have brought prices down to approximately the levels of this time last year.

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 Mar. 31, 1926 comp. to Mar. 31, 1925	Stock turnover January 1, to Mar. 31, 1926	1925
	Mar. 1926 comp. to Mar. 1925	3 months ending Mar. 31, 1926 to same period 1925			
Evansville	+ 3.9%	+ 9.2%	+15.1%	50.0	47.6
Little Rock	+ 3.2	+ 1.3	+ 5.6	60.7	60.1
Louisville	+ 3.3	+ 0.2	+18.0	65.6	77.8
Memphis	+11.6	+12.5	+ 4.1	64.9	56.0
Quincy	+ 1.8	+ 2.0	+ 1.2	58.7	57.9
St. Louis.....	+ 4.4	+ 4.7	+ 3.6	81.4	81.7
Springfield, Mo.....	+12.8	+ 8.7	+12.4	35.3	30.1
8th District.....	+ 4.4	+ 4.7	+ 3.0	74.7	74.8

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported March consumption of electricity by selected industrial customers 21.1 per cent greater than in February and 20.5 per cent in excess of the March, 1925, total. The improvement was general, applying to virtually all classes of users. Smaller loads were used by some furniture plants, and coal mines than last year.

Detailed figures follow:

	No. of customers	Mar. 1926		Mar. 1926 comp. to Feb. 1926	Mar. 1926 comp. to Mar. 1925	Mar. 1926 comp. to Mar. 1925
		*K.W.H.	*K.W.H.			
Evansville	40	1,186	1,033	+14.8%	952	+24.6%
Little Rock.....	35	1,271	1,110	+14.5	1,209	+ 5.1
Louisville	65	5,231	4,495	+16.4	4,425	+18.2
Memphis	31	1,630	1,416	+15.1	1,408	+15.8
St. Louis.....	91	15,879	12,750	+24.5	12,918	+22.9
Totals.....	262	25,197	20,804	+21.1	20,912	+20.5

*In thousands (000 omitted).

AGRICULTURE

Weather conditions throughout the district during the past thirty days were distinctly unfavorable for agriculture. Advices from all sections indicated backwardness in growth and development of planted crops, and delayed soil preparations and seeding of cereals and other early crops. At the middle of April farm work was behind anywhere from two to four weeks, with the unusual weather the principal factor in the delay. Throughout March low temperatures prevailed, accompanied by frequent and heavy precipitation. Field operations in many localities were virtually suspended the first week of April by rain and snow. In addition to delaying seasonal activities, the cold weather did considerable damage to fruits. Due to the excessive rains, country roads, other than hard-surfaced, were in bad condition, preventing the marketing of farm products.

On the other hand the abundant moisture has made for excellent conditions of soil and subsoil, and favorable weather from this time forward should enable farmers to make up the delay suffered. With the possible exception of oats and some early potatoes, the initial delay need not result harmfully or curtail planting, as there still remains ample time for putting in cotton, corn, vegetables, tobacco, legumes and other important crops. Past

experience has shown that serious crop failures seldom result from too heavy precipitation, heaviest losses being caused by deficient rainfall.

Winter Wheat—According to the U. S. Department of Agriculture the condition of winter wheat on April 1 in Illinois and Missouri, the two principal wheat States of the district, was below that of the corresponding period last year, also under the 10-year average. In Indiana the April 1 condition was the same as last year and slightly above the 10-year average. In all the southern States higher condition was registered on April 1 than either last year or the 10-year average. In the North considerable wheat was sown last fall which was not up at opening of the winter, and the outcome of this is uncertain. Reports relative to the growing crop, are spotted, with the best results apparently in the bottom lands. Flat uplands have suffered from alternate freezing and thawing. Generally through the South the plant looks healthy and has good root development. Growth in Missouri, Illinois, and Indiana is backward, and in some counties apprehension is felt relative to extensive winter killing. For the country as a whole the condition of winter wheat on April 1 was estimated at 84.1 per cent, which compares with 68.8 per cent on April 1, 1925, and a ten year average of 79.2 per cent.

Corn—Generally through the district the corn acreage is expected to show little change from that of last season, provided planting conditions permit farmers to carry out their intentions. In certain counties in Missouri and Illinois, where the unfavorable season last fall prevented spring wheat seeding, corn will be substituted on the acreage designed for the fine grain.

Live Stock—Reports from all sections of the district indicate generally favorable conditions among live stock. Pasturage is universally backward, but with the exception of few localities feed has been in ample supply, and obtainable at lower prices than those prevailing at the corresponding period last year.

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

	Receipts			Shipments		
	Mar. 1926	Feb. 1926	Mar. 1925	Mar. 1926	Feb. 1926	Mar. 1925
Cattle and Calves.....	94,740	88,116	87,118	55,169	52,462	50,817
Hogs	301,580	265,058	264,808	210,284	183,150	169,097
Horses and Mules.....	5,096	10,743	7,264	5,807	11,384	8,154
Sheep	30,250	29,570	26,333	14,433	13,367	13,029

Fruits and Vegetables—Damage done to the fruit crop by the recent cold weather varies widely with locality. Peaches in the southern part of the district probably suffered the greatest injury, with plums and cherries having suffered to a lesser extent. Some damage was done to grapes and apples in the Ozark country. Generally, however, tree

fruits are believed to have escaped with less damage than might be expected, due to the fact that buds and blossoms were not sufficiently far advanced to have been blighted by the cold. It will be impossible to determine the full extent of the damage until results of the freeze are disclosed by the first spell of warm weather. Garden and truck planting and seeding of commercial potato crops have been greatly delayed, and in many counties virtually no gardening had been done at the middle of April.

Cotton — Weather conditions were on the whole unfavorable for soil preparation and planting cotton. The soil, however, is in splendid condition and farmers are only waiting clear, warm weather to proceed with putting in the crop. Generally in this district planting and preparations average a week to ten days ahead of normal, but are about two weeks behind last year, when, it will be remembered, the crop got an unusually early start. There are increasing complaints of scarcity of good cotton seed. The demand for cotton was quiet, and prices lower, the middling grade declining to 18c per pound in the St. Louis market. Supplies continue large, stocks in Arkansas warehouses on April 9 being 443,887 bales, against 76,993 bales on the corresponding date last year.

Tobacco — Marketing of the 1925 crop is rapidly being completed, the markets in the burley and air-cured districts having been closed for the season. Offerings have decreased in volume, and consist chiefly of inferior grade leaf. Prices, however, are reported mainly satisfactory, and there is a ready outlet for everything placed on sale. Preparations are being made for planting the 1926 crop. In some sections of the burley district there is a disposition to curtail the acreage. In the dark fired and air-cured districts considerable attention is being given to the raising of burley instead of dark tobacco. Acreage of the dark fired crop is likely to be influenced in a large measure by prices prevailing at the time of planting.

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

		Close			
		High	Low	April 15, 1926	April 15, 1925
Wheat					
May	per bu.	\$1.65½	\$1.52¾	\$1.65	\$1.54
July	"	1.42¾	1.30¾	1.39½	1.39
September	"	1.37¾	1.27¾	1.34½
No. 2 red winter	"	1.79	1.62	\$1.76 @	1.79
No. 2 hard	"	1.72½	1.57½	1.71 @	1.72½
Corn					
May	"	.76¾	.69¾	.74½	1.04
July	"	.80¾	.73¾	.77½	1.09½
September	"	.79½	.76¾	.79½
No. 2	"	.72½	.65½	.72½	1.07½
No. 2 white	"	.74	.68½	.74 @	.75
Oats					
No. 2 white	"	.44½	.40½	.44	.49 @ .50
Flour					
Soft patent	per bbl.	9.00	8.50	8.75 @	9.00
Spring patent	"	8.65	7.80	8.00 @	8.40
Middling cotton	per lb.	.18½	.18	.18	.24½
Hogs on hoof	per cwt.	14.00	10.00	10.10 @	13.50
				11.00 @	13.00

BUILDING

In spite of the unusually cold and wet weather prevailing through March and early April building activities throughout the district were well sustained. Reports from all the chief centers of population indicate virtually full employment among skilled artisans in the building crafts, though in some cities a surplus of common labor is still in evidence. Highway construction was interfered with by the inclement weather, but programs in all States of the district provide for extensive operations during the spring and summer. In point of value building permits issued during March in the five largest cities of the district were 9.4 per cent larger than during the corresponding month in 1925, and 89.0 per cent larger than the February total this year. There was little variation in prices of building materials as compared with the preceding thirty days. Production of portland cement for the country as a whole during March was 10,323,000 barrels, against 7,731,000 barrels in February and 11,034,000 barrels in March, 1925.

Building figures for March follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1926	1925	1926	1925	1926	1925	1926	1925
Evansville ..	172	256	\$ 206	\$ 254	134	108	\$ 47	\$ 38
Little Rock	106	124	525	1,064	113	110	61	65
Louisville ..	402	560	2,567	3,179	97	142	152	215
Memphis ...	573	417	1,877	1,591	94	166	149	52
St. Louis.....	1,013	995	5,362	3,537	467	511	640	478
Mar. totals	2,266	2,352	\$10,537	\$9,625	905	1,037	\$1,049	\$ 848
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

*In thousands of dollars (000) omitted.

FINANCIAL

Changes in loans and discounts, deposits and investments of the commercial banks, together with the movement of other items and interest rates during the past thirty days indicate little variation from conditions existing in the banking and financial situation during the similar period immediately preceding. The demand for credit from industrial and commercial sources reflected the usual seasonal trend, except that, because of the backward spring, borrowing in the country for financing farming operations is somewhat less pronounced than is ordinarily the case at this time of year. Country banks as a rule are well liquidated and are carrying large balances with their city correspondents, besides having increased their investments in some instances. Investments of banks in the large centers, on the other hand, have decreased steadily since the first of March. Deposits of the reporting member banks continued the decline which started in March and touched a new low point for the year. Despite this contraction in deposits, these banks are well equipped with loanable funds, and interest and

discount rates remained practically unchanged from the levels obtaining a month earlier. Total loans and discounts of the reporting banks varied in only slight degree between March 15 and April 15. There was, however, a slight increase in loans based on stock exchange collateral. Fair liquidation was reported generally through the district, with settlements especially large in the tobacco areas, where marketing of the 1925 crop is being rapidly completed. Milling and grain interests further reduced their commitments, but in several important mercantile lines, notably boots and shoes, dry goods, hardware, furniture, and lumber, an expansion in borrowing was reported. Debits to individual accounts continue to increase, the March total for reporting centers in this district showing a substantial gain over both the preceding month and the corresponding period last year.

Commercial Paper — The demand generally for commercial paper was reported quiet. Competition from the commercial banks, coupled with the low rates and disturbed condition of the investment market occasioned by the recent decline in stocks, militated against heavy buying, and March sales of the reporting brokerage interests were 15.0 per cent smaller than during the corresponding month in 1925, and 2.1 per cent below the January total this year. Since April 1 a further slowing down was reported, sales being close to 40 per cent behind those at the same time last year. Rates were unchanged at 4 to 4½ per cent.

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.

	*Mar. 1926	*Feb. 1926	*Mar. 1925	Mar. 1926 comp. to Feb. 1926	Mar. 1926 comp. to Mar. 1925
E. St. Louis and					
Nat. Stock Yards, Ill.	\$ 44,411	\$ 41,337	\$ 40,236	+ 7.4%	+13.6%
El Dorado, Ark.	12,250	11,979	8,326	+ 2.3	+47.1
Evansville, Ind.	36,580	32,216	38,876	+13.5	— 5.9
Fort Smith, Ark.	13,525	12,513	12,616	+ 8.1	+ 7.2
Greenville, Miss.	4,739	5,248	4,526	— 9.7	+ 4.7
Helena, Ark.	5,094	4,824	6,170	+ 5.6	—17.4
Little Rock, Ark.	81,274	75,620	63,650	+ 7.9	+27.7
Louisville, Ky.	209,256	192,594	194,877	+ 8.7	+ 7.4
Memphis, Tenn.	158,101	142,456	147,806	+11.0	+ 7.0
Owensboro, Ky.	5,750	6,221	6,546	—10.8	—12.2
Quincy, Ill.	13,468	10,865	13,901	+24.0	— 3.1
St. Louis, Mo.	773,900	680,700	715,033	+13.7	+ 8.2
Sedalia, Mo.	4,655	3,871	4,484	+20.3	+ 3.8
Springfield, Mo.	15,590	13,939	13,168	+11.8	+18.4
Totals.....	\$1,378,593	\$1,234,383	\$1,270,215	+11.7	+ 8.5

*In thousands (000 omitted).

Federal Reserve Operations — During March the Federal Reserve Bank of St. Louis discounted for 200 member banks, against 171 accommodated in February and 186 in March, 1925. The discount rate remained unchanged at 4 per cent. Changes in

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the principal assets and liabilities of this institution as compared with the preceding month and a year ago are shown in the following table:

	*Apr. 16, 1926	*Mar. 16, 1926	*Apr. 16, 1925
Bills discounted.....	\$27,084	\$26,537	\$14,732
Bills bought.....	6,968	13,316	11,304
U. S. Securities.....	25,742	16,901	9,297
Foreign loans on gold.....	374	331	483
Total bills and securities.....	\$60,168	\$57,085	\$35,816
F. R. Notes in circulation.....	37,324	37,251	49,262
Total deposits.....	82,480	85,650	76,957
Ratio of reserves to deposit and F. R. Note liabilities.....	56.4%	56.8%	76.9%

*In thousands of dollars (000) omitted.

Condition of Banks — Loans and discounts of the reporting member banks fluctuated in minor degree only during the period under review, the total on April 14 being \$530,038,000 against \$529,580,000 on March 17 and \$499,105,000 on April 15, 1925. Deposits on April 14 totaled \$638,891,000 against \$645,333,000 on March 17 and \$624,743,000 on April 15, 1925. Total investments decreased from \$176,210,000 on March 17 to \$169,513,000 on April 14, the latter figure comparing with \$172,935,000 on April 15, 1925.

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

	*Apr. 14, 1926	*Mar. 17, 1926	*Apr. 15, 1925
Number of banks reporting.....	33	33	33
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't. obligations.....	\$ 11,789	\$ 13,083	\$ 12,925
Secured by other stocks and bonds.....	202,118	198,441	172,250
All other loans and discounts.....	316,131	318,056	313,930
Total loans and discounts.....	\$530,038	\$529,580	\$499,105
Investments			
U. S. Gov't. securities.....	63,892	66,817	72,454
Other securities.....	105,621	109,393	100,481
Total investments.....	\$169,513	\$176,210	\$172,935
Reserve balance with F. R. bank.....	44,844	47,861	47,388
Cash in vault.....	8,359	7,507	7,165
Deposits			
Net demand deposits.....	410,968	413,083	406,200
Time deposits.....	218,056	219,550	203,833
Government deposits.....	9,867	12,700	14,710
Total deposits.....	\$638,891	\$645,333	\$624,743
Bills payable and rediscounts with Federal reserve bank			
Secured by U. S. Gov't. obligations.....	7,223	5,953	1,234
All other.....	7,206	8,375	4,758

*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.

POSTAL RECEIPTS

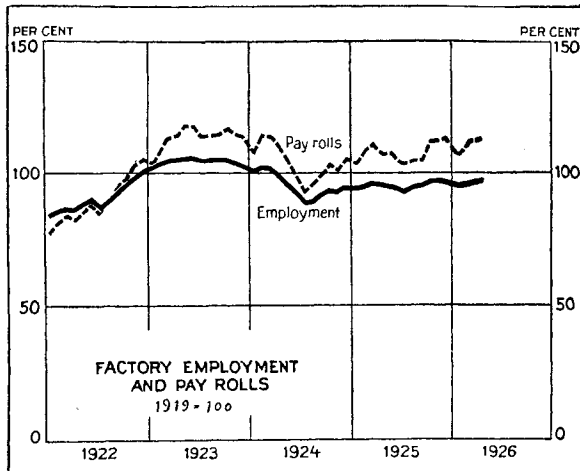
Returns from the five largest cities of the district show an increase in postal receipts for the first quarter of 1926 of 17.2 per cent over the corresponding period of 1925, and a decrease of 9.8 per cent under the final quarter of 1925. Detailed figures follow:

	*For quarter ending				Mar. 1926 comp. to Mar. 1925
	Mar. 31, 1926	Dec. 31, 1925	Sept. 30, 1925	Mar. 31, 1925	
Evansville	\$ 158	\$ 171	\$ 145	\$ 148	+ 6.8%
Little Rock.....	242	237	211	207	+16.9
Louisville	705	779	651	642	+ 9.8
Memphis	514	592	474	143	+259.4
St. Louis	3,212	3,574	2,850	2,983	+ 7.7
Totals.....	\$4,831	\$5,353	\$4,331	\$4,123	+17.2

*In thousands (000 omitted).

BUSINESS CONDITIONS IN THE UNITED STATES

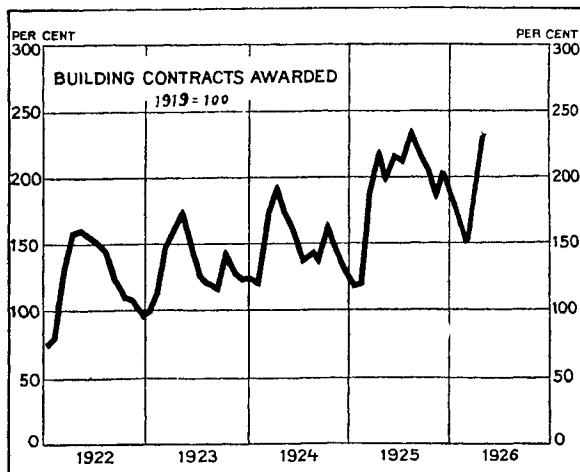
PRODUCTION—The Federal Reserve Board's index of production in basic industries increased in March to the highest level for more than a year. Larger output was shown for steel ingots, pig iron, anthracite, copper, lumber, and newsprint, and there were also increases in the activity of textile mills. The output of automobiles increased further and was larger than in any previous month, with the exception of last October. Building contracts awarded also increased in March, as is usual at this season, and the total was near the high figure of last summer. Particularly large increases in building activity as compared with a year ago occurred in the New York, Atlanta, and Dallas Federal



Federal Reserve Board's indexes of factory employment and payrolls. Latest figures, March, employment=97.2 payrolls=113.0

reserve districts. Contracts awarded continued larger during the first half of April than in the same period of last year. Condition of the winter wheat crop has improved since the turn of the year and on April 1 was estimated by the Department of Agriculture to be 84 per cent of normal, compared with 68.7 per cent last year and an average of 79.2 per cent for the same date in the past ten years.

TRADE—Wholesale trade showed a seasonal increase in March and the volume of sales was larger than a year ago in all leading lines except dry goods and hardware. Sales of department stores and mail order houses increased less than is usual in March. Compared with March a year ago sales of department stores were 7 per cent and sales of mail order houses 9 per cent larger. Stocks of principal lines of merchandise carried by wholesale dealers, except groceries and shoes, were larger at the end of March than a month earlier, but for most lines they were smaller than a year ago. Stocks at department stores

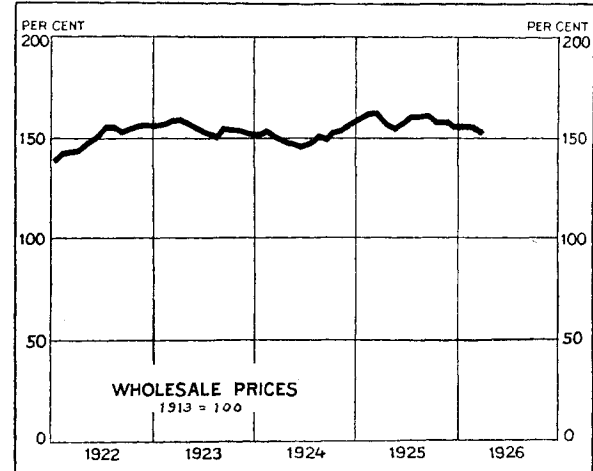


Index of value of building contracts awarded as reported by the F. W. Dodge Corporation. Latest figure, March=231.

showed slightly more than the usual increase in March and were about 3 per cent larger than last year. Freight car loadings during March continued at higher levels than in the corresponding period of previous years. Shipments of miscellaneous commodities and merchandise in less-than-carload lots were especially large. Loadings of coal, owing to the large production of anthracite, were also large, while

shipments of coke decreased considerably from the high levels of preceding months.

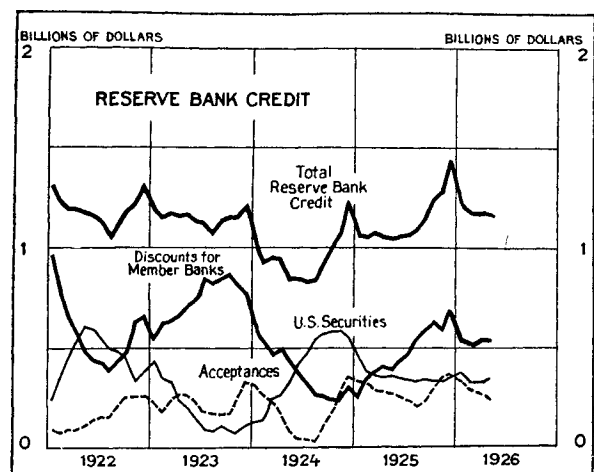
PRICES—Wholesale prices, according to the Bureau of Labor Statistics index, declined by more than 2 per cent in March to the lowest level since September, 1924. The decline was general for nearly all groups of commodities and the largest decreases were noted in grains, cotton, wool, silk, coke, and rubber. In the first two weeks of April prices of basic commodities were steadier than in March. Prices of grains, flour, and potatoes increased, while prices of cotton goods, wool, silk, bituminous coal, pig iron, and rubber declined.



Index of U. S. Bureau of Labor Statistics. Latest figure, March=152.

BANK CREDIT—Commercial loans of member banks in leading cities were relatively constant between the middle of March and the middle of April at a level about \$200,000,000 higher than at the end of January and approximately equal to the high point reached last autumn. Continued liquidation of loans to brokers and dealers was reflected in a further decline in the total of loans on securities, which on April 14 were more than \$500,000,000 below the high point reached at the end of last year.

At the reserve banks an increase in the volume of member bank borrowing during the last two weeks of March was followed by a marked decline in the first three weeks of April, which brought the total near the lowest levels of the year. Holdings of U. S. securities increased continuously during the month, while acceptances declined seasonally. Total bills and securities were in smaller volume at the end of the period than at any other time during the year and only slightly larger than a year ago.



Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 22 days in April.

Open market rates on commercial paper declined in April from $4\frac{1}{4}$ - $4\frac{1}{2}$ per cent to $4\frac{1}{4}$ per cent and rates on acceptances and on security loans were also lower in April than in March. On April 23 the discount rate at the Federal Reserve Bank of New York was reduced from 4 to $3\frac{1}{2}$ per cent.