

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

Released for Publication On and After the Morning of June 30, 1926

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INFLUENCED by more seasonable weather and every decided betterment in prospects for agriculture, general business in this district developed slight improvement during the past thirty days. In addition to increased volume of distribution in a number of important lines, sentiment in the business community as a whole was considerably more optimistic than during the preceding two or three months. Purchasing of seasonal merchandise, which had been delayed by the backward spring, was in sufficiently large volume to substantially reduce stocks of such goods, and in numerous instances reordering was necessary to fill current demands. The decline in commodity prices, particularly of manufactured goods, which had been in progress since early in the year, was considerably less pronounced than heretofore, and greater confidence was manifested in existing values. While in virtually all lines buying is still confined closely to a requirement basis, advance orders in some classifications were heavier than during the preceding month.

In the retail section of distribution results were relatively better than with wholesalers and jobbers, though good gains were reported by several important wholesale lines, notably dry goods, furniture, electrical supplies and boots and shoes. Satisfactory business was reported by mail order and chain store interests, and total May sales of the leading department stores of the district were 10.1 per cent larger than during the corresponding period last year. There was a rather sharp decrease in sales of automobiles during May, both as compared with the month before and the corresponding period in 1925. Activities in the iron and steel industry receded slightly, and a further slowing down at textile mills was noted. Smaller sales were reported of clothing, drugs and chemicals, groceries and hardware, but the declines were small, both as compared with the preceding month and last year.

The principal development contributing to improved sentiment was the turn for the better in crop prospects. More seasonal weather enabled farmers to catch up on delayed work, and at the middle of June farm operations in all sections of the district were brought close to the average for that date, whereas in early April they were from three to five weeks behind the seasonal schedule. Excellent progress was made in the planting and cultivation of spring crops, and the recent rains have substantially bettered prospects of all the principal agricultural products of the district. Marketing of early fruits and vegetables has proceeded satisfactorily, and yields have been in the main fully up to expectations.

The situation in the principal coal fields of the district underwent no change worthy of note during the past thirty days. A moderate betterment in prices in the eastern fields, due to opening of navigation on the Great Lakes and the prolongation of the British strike, failed to affect values perceptibly in this section. Producers in Illinois and Indiana report buying of both steaming and domestic coal extremely slow, though during the past two weeks orders for screenings and small nut sizes have improved slightly, and in western Kentucky small screened coal has met readier sale. Potential overproduction and competition of non-union coals, according to operators, are accountable in greater degree for the dull, weak market than any decline in general industrial activity. Heavy offerings by the strip pits are also mentioned as a contributing factor in depressing prices of shaft-mined coal. All the leading fields report accumulations of unbilled loads of large sizes, and generally buying by dealers and householders is backward. The demand for metallurgical coke continues fairly active, but industrial and domestic coke is dull, with accumulations of the latter grades on yards of by-product manufacturers steadily increasing. Total production of bituminous coal for the country as a whole during

the calendar year 1926 to June 5, approximately 132 working days, was 233,395,000 net tons, against 203,970,000 tons for the corresponding period in 1925 and 205,524,000 tons in 1924.

Freight traffic of railroads operating in the district continues at the high levels which have prevailed in recent months, and for the country as a whole loadings of revenue freight for the first 22 weeks of the year, or to May 29, totaled 20,924,314 cars, which compares with 20,362,000 cars for the corresponding period in 1925 and 19,559,000 cars in 1924. The movement of merchandise and miscellaneous freight is holding up well, and running ahead of the same time during the past three years. Southwestern roads are making extensive preparations for handling the movement of winter wheat, which is expected to begin during the next three weeks. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 224,488 loads in May, against 219,246 loads in April and 207,360 loads in May, 1925. During the first 9 days of June the interchange amounted to 62,935 loads, against 65,113 loads during the first 9 days of April, and 61,163 loads during the corresponding period in June, 1925. Passenger traffic of the reporting roads decreased 1.5 per cent during May as compared with the same month last year. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans during May was 95,000 tons, which compares with 72,682 tons (revised figures) in April, and 97,349 tons in May, 1925.

While collections as a whole are satisfactory, reports covering the past thirty days developed some unevenness, both as to localities and industries. In the rural sections farmers were preoccupied with intensive work, and unable to come to town. Backwardness was also complained of in the coal fields where there is considerable unemployment among miners. Wholesalers in the large centers reported June 1 settlements heavy, though slightly below the same period last year. Generally through the South country merchants report results fair to good. Reports of retailers in the large cities reflect irregularity, some lines showing high efficiency, while backwardness characterizes others. Questionnaires addressed to 450 representative interests in the various lines throughout the district showed the following results:

	Excellent	Good	Fair	Poor
May, 1926.....	2.5%	37.2%	46.8%	13.5%
April, 1926.....	2.3	30.3	56.2	11.2
May, 1925.....	5.5	36.0	50.7	7.8

Commercial failures in the Eighth Federal Reserve District during May, according to Dun's, numbered 54, involving liabilities of \$234,034, against 84 defaults in April with liabilities of \$1,656,577, and 89 failures for \$1,369,633 in May, 1925.

The per capita circulation of the United States on June 1 was \$42.21, against \$42.11 on May 1 and \$41.89 on June 1, 1925.

MANUFACTURING AND WHOLESALE

Automobiles — Production of automobiles for the entire country during May was smaller by 1.9 per cent than in April, but was 3.7 per cent in excess of the May, 1925, total. Manufacturers reporting direct or through the National Automobile Chamber of Commerce built 394,781 passenger cars in May, which compares with 402,574 in April and 384,548 in May, 1925. The output of trucks in May totaled 51,374 against 53,268 in April and 45,718 in May, 1925.

As compared with the same period a year ago and the thirty days immediately preceding, sales of automobiles in this district during May showed declines. The decrease from April to May was most marked, and too large to be accounted for fully by seasonal considerations, though normally distribution in April is greater than in May due to stimulation of automobile shows and the putting out of new spring models. Sales of country dealers were less satisfactory than heretofore, which condition is attributed in part to the fact that agriculturists are too busily engaged with farm work to consider their automobile requirements. Stocks of new cars in dealers' hands increased slightly, and are somewhat larger than a year ago, though a shortage of certain models, particularly closed cars, still exists. Due to heavy sales of new passenger cars earlier in the year, there was also a gain in the number of second hand vehicles. The movement of used cars, however, was reported quite satisfactory. The recently adopted policy of a large group of dealers to more thoroughly service and repair used cars before marketing them has met with good response. The trend away from cheap cars to medium and high priced makes continues to feature the business in this district. Sales of new cars during May by 320 dealers scattered through the district were 9.0 per cent smaller than during the same month in 1925, and 49.3 per cent under the April total this year. Sales of accessories and parts in May declined 11.2 per cent under April and 14.5 per cent below May, 1925. Purchasing of tires, both by dealers and ultimate consumers, continues on a hand-to-mouth basis. Stocks, however, were reported in a better

condition than at any time in a number of months, and current sales were fully up to expectations.

Boots and Shoes — Sales of the 8 reporting interests during May were 6.9 per cent larger than in the same period last year, and 11.9 per cent in excess of the April total this year. Stocks on June 1 were 11.5 per cent smaller than thirty days earlier and 0.7 per cent below those on the same date in 1925. Orders received during the first half of June were in satisfactory volume, and indicate a gain for the present month over the same period last year about equal to the increase in May over May, 1925. Improvement extended generally through the entire line, but was most pronounced in seasonal merchandise, such as sport goods and women's and children's novelties. Factory operation was at a slightly higher rate than during the preceding thirty days. Prices of finished goods were unchanged during the month, and averaged close to levels prevailing at the same time last year.

Clothing — Since the middle of May more seasonable weather has served to stimulate retail buying, and sales of all summer lines developed marked improvement. Manufacturers and jobbers report a fair volume of reordering since June 1. These orders, however, are mainly for small lots, and specify immediate shipment. The demand for sport clothes, both men's and women's, is reported larger than at the same time last year. Manufacturers of men's heavyweight clothing have increased their activities, and report buying for fall and early winter above expectations. Current buying of women's dresses and suits is generally fair to good, with stocks in jobbers and manufacturers' hands low. May sales of the 8 reporting interests were 6.7 per cent below the same month in 1925, and 10.9 per cent under the April total this year. The late season has retarded sales of men's straw hats, and total business in this line to date is considerably below that of the past several years.

Drugs and Chemicals — As compared with the same month in 1925, May sales of the 7 reporting interests showed a loss of 0.4 per cent, and the total was 6.1 per cent below that of April this year. The decline from April to May is accounted for by the usual seasonal influences, and was no greater than the average for the past five years. The movement of seasonal goods is reported active, and sales of cosmetics and toilet preparations were the largest ever recorded at this time of year. May sales of soda fountain supplies and equipment were smaller than a year ago, but this department has developed marked improvement since June 1. Prices showed no change worthy of note during the month, and were approximately the same as a year ago.

Dry Goods — May sales of the 8 reporting interests were 1.5 per cent larger than for the same month in 1925, and 28.9 per cent in excess of the April total this year. Stocks on June 1 were 1.7 per cent larger than a month earlier, but 20.1 per cent below the total on June 1, 1925. Improvement was noted generally through the entire line, but was particularly large in the case of seasonal merchandise, movement of which had been delayed by the backward spring. Retail stocks continue light, and buying by retailers is on an immediate requirement basis. Outings, and the general line of hosiery and knit goods were reported active, and the demand for women's ready-to-wear garments has improved substantially since the middle of May.

Electrical Supplies — The recent gains in this classification were continued during the period under review, sales of the 8 reporting interests during May showing a gain of 31.2 per cent over the same month in 1925. The total, however, was 0.1 per cent under that of April this year. Stocks on June 1 were 5.2 per cent less than on the same date in 1925, and 2.1 per cent below those on May 1 this year. A slight decrease in building installations has been more than offset by larger sales of materials for public utility companies. The demand for small motors of all descriptions continues active, and household appliances are moving well.

Flour — Production at the twelve leading mills of the district during May was 294,007 barrels, which compares with 277,339 barrels in April and 223,964 barrels in May, 1925. Stocks of flour in St. Louis on June 1 were 12.1 per cent less than thirty days earlier, and 2.2 per cent larger than on June 1, 1925. There was no change from the quiet conditions prevailing in the flour trade during the past several months. Both consumers and dealers were disposed to await the arrival of new wheat before committing themselves, and sales were largely on a hand-to-mouth basis. Prices were sharply lower in sympathy with the break in cash wheat. Aside from the usual routine transactions with Latin-American countries, export trade was virtually at a standstill. Mill operation was at 55 to 65 per cent of capacity.

Furniture — The past thirty days were marked by a fair revival of buying in most sections of the furniture industry, with the movement of iron and steel furniture and office equipment making a particularly favorable showing. Retail stocks are light, and there was more of a disposition to replenish and fill out assortments than has been the case in a number of months. May sales of the 18 reporting interests were 1.5 per cent larger than during the same

month in 1925, and 4.6 per cent in excess of the April total this year. Stocks on June 1 were 25.4 per cent larger than on the same date in 1925, and 15.9 per cent smaller than on May 1 this year.

Groceries—As compared with the preceding thirty days changes in this classification were of minor significance. Purchasing of staples by country merchants developed some improvement, but this was offset by a falling off in sales in the large cities. Heavier receipts of fresh fruits and vegetables were accountable for a decrease in the demand for canned goods. Small gains in advance orders were reported by several large firms. May sales of the 13 reporting interests were 1.5 per cent under those of the same month in 1925, and 1.0 per cent below the April total this year. Stocks on June 1 were 25.4 per cent smaller than on the same date last year and 0.6 per cent under the total on May 1 this year.

Hardware—As compared with the same month last year, May sales of the 10 reporting interests showed a decrease of 1.0 per cent, but the total was 2.2 per cent larger than in April this year. Heavy buying of seasonal merchandise, which had been held in check by the late spring, was accountable for the gain from April to May. Sales of sporting goods and tourists' supplies and equipment were heavy, and the general run of goods consumed in the country moved in larger volume than at the same time last year.

Iron and Steel Products—Activities at foundries and steel works declined slightly during the past thirty days, and there was some curtailment by certain specialty makers, notably of stoves, architectural iron and heavy hardware. Machinery and engine builders, however, continued busy and the same was true of manufacturers of farm implements and electrical supplies. Consumers of finished and semi-finished goods displayed greater confidence in prices and were more disposed to cover their third quarter requirements in addition to specifying in heavier volume on expiring second quarter contracts. Foundries specializing in gray castings reported no change in conditions as compared with the preceding month, though since June 1 new orders booked were slightly larger than during the first half of May. The demand for bars and shapes was moderately active, and further improvement was noted in tin plate as canners make their requirements known. No improvement has taken place in sheets, galvanized material being reported especially quiet. Warehouse interests experienced a steady demand for their general line, but the movement of standard structural shapes and reinforcing materials was less active than heretofore.

Fencing materials and the general run of wire and wire products moved in slightly larger volume than during the preceding month, and the total was above that of the same time last year. Early inquiries for bands and hoops and general materials from the South indicate a heavy prospective demand for this class of goods. Production of pig iron for the country as a whole during May was at a smaller average daily rate than in April, but the total was slightly larger than that of the earlier month and considerably above the May, 1925, output. The rate of steel ingot production was also smaller in May than in April, and was the lowest since October, though with the exception of May, 1923, the total was the largest for any May on record. The price of northern pig iron declined during May, and quotations on the southern product were lowered \$1 per ton during the second week of June. After remaining quiet throughout May, there was a revival in buying of pig iron in early June, with both steel makers and foundries participating in the movement. The steady decline in scrap iron and steel, which had been in progress for the past several months, was halted during the first week of June, and a slight upward reaction on certain grades was noted.

Lumber—No change of consequence took place in the lumber situation as contrasted with the preceding thirty days. With the usual seasonal recession in activity in both hard and soft woods, buyers have been endeavoring to force price concessions. With production light, and stocks of moderate proportions, however, prices were generally well maintained. With the end of the logging season near, mills in the southern hardwood sections are preparing to further curtail their outputs. Demand from the building industry has fallen off, but buying by the general manufacturing trade holds up well.

RETAIL TRADE

Conditions in the retail trade are reflected in the following comparative tables showing activities at department stores and shoe and men's furnishing stores in leading cities of the district:

	Net sales comparisons		Stocks on hand		
	May, 1926 comp. to May, 1925	5 months ending May 31, 1926, to same period 1925	May 31, 1926 comp. to May 31, 1925	January 1 to May 31, 1926	1925
Evansville	+12.4%	-4.1%	-10.3%	89.4	81.4
Little Rock.....	+6.5	+0.3	+1.2	109.8	108.5
Louisville	+5.9	+0.9	+2.7	141.2	145.9
Memphis	+20.3	+12.5	-5.9	111.2	97.2
Quincy	+7.1	+1.0	-3.7	102.0	98.6
St. Louis.....	+8.8	+2.6	+0.4	138.8	138.9
Springfield, Mo....	+1.2	+4.4	-7.8	66.7	59.2
8th District.....	+10.1	+3.7	-0.6	131.0	129.0

	Net sales comparisons		Stocks on hand	
	May, 1926 compared to May, 1925	April, 1926	May, 1926 compared to May, 1925	April, 1926
Men's Furnishing.....	+18.4%	+18.8%	-3.5%	-5.9%
Boots and Shoes.....	+15.5	+2.3	-1.8	-6.9

CONSUMPTION OF ELECTRICITY

Electric power consumed by selected industrial customers of public utilities companies in the five largest cities of the district during May showed an increase of 7.4 per cent over the corresponding month in 1925, and of 7.4 per cent over the April total this year. In both comparisons the increases were spread pretty generally among all classes of consumers, but were particularly marked with automobile manufacturers, electrical equipment makers, steel fabricators and glass producers. Detailed figures follow:

	No. of custom- ers	May, 1926 *K.W.H.	April, 1926 *K.W.H.	May, 1926 comp. to Apr. 1926	May, 1925 *K.W.H.	May, 1926 comp. to May, 1925
Evansville.....	40	1,253	1,266	- 1.0%	1,040	+20.5%
Little Rock....	35	1,494	1,184	+26.2	1,241	+20.4
Louisville.....	73	5,262	4,909	+ 7.2	5,323	- 1.1
Memphis.....	31	1,902	1,769	+ 7.5	1,475	+28.9
St. Louis.....	92	16,024	15,025	+ 6.6	15,066	+ 6.3
Totals.....	271	25,935	24,153	+ 7.4	24,145	+ 7.4

*In thousands (000 omitted).

AGRICULTURE

Taken as a whole weather conditions during the past thirty days were more auspicious for agriculture than in any similar period since last summer. Temperatures were seasonable and scattered precipitation afforded moisture in sections where it was most needed. Intensive effort on the part of farmers in virtually all areas of important production enabled them to overcome the handicap of cold weather and the late spring, and the total amount of work performed was brought much nearer to the seasonal average than was the case in March and April. Good, soaking rains, beginning about Decoration Day, broke a drought of from two to three weeks duration and substantially assisted vegetation, particularly spring sown cereals, vegetables, ground fruits and cotton and tobacco.

Winter Wheat—In the five chief wheat producing states of the district the condition of the crop improved between May 1 and June 1. However, the indicated combined yield of these states, Indiana, Illinois, Missouri, Kentucky, and Tennessee, based on the June 1 condition, was only 76,270,000 bushels. This compares with a prospect for 72,929,000 bushels on May 1, and 90,777,000 bushels harvested last year. Since June 1 growing conditions have bettered, and heads are reported to be filling well, with indications for a considerably higher condition on July 1 than at the beginning of the present month. There were scattered reports of damage from hail storms, chinch bugs and other causes, but nothing of a serious character. For the country as a whole the condition of winter wheat on June 1 was 76.5 per cent, which indicates a yield of 543,000,000 bushels, against 398,000,000 bushels harvested in 1925.

Corn—The outlook for this crop, the most important in the Eighth District, was materially improved by the rains the last of May and the first days of June. Stands generally are better than expected, but some replanting has been necessary because of poor seed and unfavorable soil conditions during the initial seeding period. In the northern counties planting has been completed, and cultivation was general throughout the district, much of the acreage having been plowed the second and third times. About the usual amount of damage is reported, but fields are unusually clean, and despite the lateness of the spring the crop has an early enough start to minimize possible injury from frost.

Fruits and Vegetables—Prospects for fruits in the district have improved materially during the past six weeks and indications point to heavy yields of all the more important descriptions. The peach outlook is particularly good, the June 1 condition in five leading states indicating a total output of 8,345,000 bushels, against 5,465,000 bushels harvested last year. On June 1 the condition of apples in Illinois was 72 per cent against 59 per cent last year, in Missouri 65 per cent against 61 per cent last year, and in Arkansas 62 per cent against 68 per cent last year. In the commercial areas somewhat spotted conditions are reported, due to varied weather conditions. In Missouri and Arkansas the bloom was heavy, but the set disappointing in many commercial orchards. The outlook for pears is the most promising in recent years. Strawberries were injured by cold weather and drought in May, but final results were above expectations and prices satisfactory. Cherries were a heavier crop than last year, and prospects for grapes, plums and blackberries and raspberries are excellent. Planting of potatoes made good progress, and the same was true of other vegetables. Gardens at the middle of June were about equal to the five-year average at that date. The commercial tomato acreage in the Ozark region shows a sharp decrease under that planted last year.

Live Stock—Reports from all sections of the district indicate that live stock are in good health, but owing to poor condition of pastures, animals are not taking on weight at the rate they should. The upturn in hog prices, noted in the preceding issue of this report, continued during the past thirty days, prices in the St. Louis market reaching the highest point since 1920. Lambs responded to light receipts and a good demand and advanced to the highest levels of the season. Hay crops suffered severely from lack of moisture in May, and the condition on June 1 was considerably lower than on the same date in 1925 and the 10-year average.

Prospects for timothy and clover are particularly poor. Pastures were also adversely affected by the dry spell and are generally in poor condition, those in Missouri being 66 per cent of normal as compared with 85 per cent in 1925, and this situation is fairly typical of the entire district.

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

	Receipts			Shipments		
	May, 1926	April, 1926	May, 1925	May, 1926	April, 1926	May, 1925
Cattle and Calves.....	109,978	86,439	103,024	71,383	55,627	58,689
Hogs	303,373	311,011	293,479	213,822	227,800	229,627
Horses and Mules.....	1,519	1,471	661	1,457	1,969	895
Sheep	37,147	15,859	37,870	9,790	7,741	9,588

Cotton—Through the period under review weather conditions were favorable for growth and development in all states of the district, and the crop achieved distinct improvement. Cultivation is for the most part excellent, and free use of fertilizers has been the rule, particularly in Arkansas and Mississippi. Growth was checked by low temperatures following recent rains, but the duration of the cool weather was short, and probably no harm was done. Scattered reports indicate the emergence of boll weevil to June 1 small. In the raw cotton market sentiment favored the selling position, due to betterment in crop prospects, and prices fell to the lowest point for the season. A slightly better demand was noted for cheap, low grade cotton, but the better grades continued slow. Export demand was slow, buying being chiefly for account of southern textile mills. Supplies continue liberal, stocks on hand at Arkansas warehouses on June 11 amounting to 334,527 bales, against 26,796 bales on the corresponding date in 1925.

Rice—Planting of the rice crop has been completed, although much replanting was necessary, and the general situation is favorable, save that the average maturity will be possibly ten days to three weeks later than ordinary. Unofficial reports indicate total acreage in the district will vary only in minor degree from that last year. The majority of planters are pushing the irrigation of their crops. The mills report more activity in clean rice, with the outlet through the Porto Rican market especially good. Prices were steady with those prevailing a month earlier.

Tobacco—Weather in all the tobacco districts was ideal for transplanting this year's crop, and this work is rapidly nearing completion. Stands are generally good, and plants are making good growth and are being cultivated. The burley tobacco section is not as far advanced as the dark districts, but work is being pushed forward, and with continuance of favorable weather the acreage will be approximately the same as last year. Deliveries of

last year's crop were light, and with small stocks in dealers' hands and only small purchases being redried for the summer market, indications are for small sales through the balance of the season. Prices for tobacco marketed continue firm on all grades.

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

			Close	
			June 15, 1926	June 15, 1925
Wheat				
July	per bu.	High Low	\$1.40% \$1.33%	\$1.37% \$1.50%
September	"		1.40% 1.31%	1.34% 1.50
December	"		1.38 1.33	1.37 1.52½
No. 2 red winter	"		1.67 1.47	\$1.48 @ 1.50 \$1.86 @ 1.96
No. 2 hard.....	"		1.64 1.52	1.58 @ 1.60 1.64 @ 1.68
Corn				
July	"		.74% .69%	.72% 1.07%
September	"		.78% .74	.76% 1.09%
December	"		.79 .75½	.76% .89
No. 2	"		.74 .69	.70% 1.10
No. 2 white.....	"		.76% .72	.74 1.09 @ 1.09%
Oats				
No. 2 white.....	"		.44% .41%	.42 @ .42% .52
Flour				
Soft patent.....	per bbl.		8.75 7.50 7.50 @ 8.00	8.75 @ 9.25
Spring patent.....	"		8.30 7.90 8.00 @ 8.25	7.85 @ 8.25
Middling cotton.....	per lb.		.17% .17%	.17% .24
Hogs on hoof.....	per cwt.		15.25 12.40 12.75 @ 14.75	10.00 @ 12.90

Note: May wheat closed at \$1.50.

BUILDING

In the point of value, permits issued for new buildings in the five largest cities of the district during May showed a decrease of 7.7 per cent under the preceding month and of 8.3 per cent under the May, 1925, total. According to statistics compiled by F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District during May amounted to \$34,211,687, which compares with \$30,369,870 in April, and \$35,041,000 in May, 1925. Work on buildings in course of construction proceeded without interruption during the past thirty days. No labor troubles of consequence were reported, and generally the supply of skilled craftsmen was adequate. No change worthy of note took place in the cost of building materials or wage scales. Production of portland cement for the country as a whole during May totaled 16,467,000 barrels, the highest on record, and comparing with 12,401,000 barrels in April and 15,503,000 barrels in May, 1925.

Building figures for May follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1926	1925	1926	1925	1926	1925	1926	1925
Evansville ..	346	219	\$ 198	\$ 274	145	98	\$ 54	\$ 62
Little Rock ..	92	80	310	541	171	96	48	49
Louisville ..	355	439	1,673	2,404	135	128	314	173
Memphis ...	620	404	1,555	1,246	121	150	266	12
St. Louis....	1,089	1,100	4,150	4,138	552	595	318	643
May totals..	2,502	2,242	\$7,886	\$8,603	1,124	1,067	\$1,000	\$939
Apr. totals	2,208	2,410	8,548	15,672	986	1,068	953	855
Mar. totals	2,266	2,352	10,537	9,625	905	1,037	1,049	848

*In thousands of dollars (000 omitted).

FINANCIAL

With a further slight recession in demand for credit accommodation from commercial and industrial borrowers, and abundant funds in both city and country banks, the trend of interest rates was

a shade lower than during the preceding thirty days. Heavy June settlements with wholesalers resulted in a fair volume of liquidation of mercantile loans. Inquiries for funds from country banks for financing agricultural operations have begun to appear, but due to the lateness of the season actual borrowing in the country is below the average for this time of year. In the immediate past country banks in the cotton areas report some improvement in the demand for funds, but as yet this has not been felt in any appreciable degree in the large centers. In the wheat sections preparations are being made for financing the harvest and movement of the crop, and there is the usual augmented demand for currency. Deposits of the reporting member banks declined rather sharply from the first week in May until the first week this month, since which time a slight upward movement has taken place. Total loans and discounts of these banks also decreased during May, and reached the lowest point of the year. Commercial failures in the district showed a radical decrease, both in number and amount of liabilities, as compared with the preceding month and the corresponding period a year ago.

Commercial Paper — Decreased requirements of mercantile and industrial interests were reflected in unusually small offerings of commercial paper during the period under review. This fact, coupled with the low rates, resulted in smaller sales by the reporting brokerage firms. Total sales during May were 18.3 per cent under the same month last year and 20.1 per cent below April this year. During the first two weeks of June sales were approximately 9.4 per cent less than for the corresponding period in 1925. 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.

	*May, 1926	*April, 1926	*May, 1925	Five months 1926	1925
E. St. Louis and					
Nat. Stock Yards, Ill.	\$ 49,950	\$ 45,229	\$ 43,558	\$228,773	\$206,427
El Dorado, Ark.	12,146	12,755	10,954	62,483	43,071
Evansville, Ind.	42,234	38,681	43,149	189,700	190,110
Fort Smith, Ark.	12,147	13,564	12,495	66,613	65,229
Greenville, Miss.	4,470	4,517	3,308	24,348	22,481
Helena, Ark.	4,075	5,303	3,864	24,592	25,286
Little Rock, Ark.	73,219	76,789	60,544	395,240	327,001
Louisville, Ky.	185,759	202,313	174,701	995,576	937,230
Memphis, Tenn.	138,361	142,808	124,601	761,503	720,797
Owensboro, Ky.	4,954	5,374	4,881	29,759	32,001
Quincy, Ill.	13,406	13,725	12,099	63,694	61,485
St. Louis, Mo.	770,346	760,357	738,410	3,814,243	3,685,453
Sedalia, Mo.	4,817	4,694	4,401	23,736	22,593
Springfield, Mo.	16,989	16,241	14,034	80,501	65,998
Totals.....	\$1,332,873	\$1,342,350	\$1,250,999	\$6,760,761	\$6,405,162

*In thousands (000 omitted).

Condition of Banks — Loans and discounts of the reporting member banks continued to decline, the total on June 16 being \$503,788,000 against \$516,451,000 on May 19, and \$474,786,000 on June 17, 1925. Deposits decreased from \$628,741,000 on May 19 to \$625,746,000 on June 16, which latter figure compares with \$601,387,000 on June 17, 1925. Comparative statement follows:

	*June 16, 1926	*May 19, 1926	*June 17, 1925
Number of banks reporting.....	33	33	33
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't. obligations.....	\$ 10,909	\$ 10,372	\$ 10,181
Secured by other stocks and bonds.....	188,951	195,918	168,031
All other loans and discounts.....	303,928	310,161	296,574
Total loans and discounts.....	\$503,788	\$516,451	\$474,786
Investments			
U. S. Gov't securities.....	63,184	77,949	59,716
Other securities.....	115,670	110,065	113,027
Total investments.....	\$178,854	\$188,014	\$172,743
Reserve balance with F. R. bank.....	47,336	47,323	45,118
Cash in vault.....	7,452	7,791	7,285
Deposits			
Net demand deposits.....	405,009	404,758	390,690
Time deposits.....	214,498	217,481	207,037
Government deposits.....	6,249	6,502	3,660
Total deposits.....	\$625,756	\$628,741	\$601,387
Bills payable and rediscounts with			
Federal reserve bank			
Secured by U. S. Gov't obligations.....	4,301	4,846	500
All other.....	5,739	9,696	2,789

*In thousands (000 omitted).
These 33 banks are located in St. Louis, Louisville, Memphis, Little Rock and Evansville, and their total resources comprise approximately 54 per cent of the resources of all member banks in the district.

Earnings of Member Banks — Analysis prepared by the Federal Reserve Board and published in the June issue of the Federal Reserve Bulletin, shows member banks in the Eighth District to have had net earnings in 1925 of \$23,498,000, which represented \$1.86 per \$100 of earning assets. This compares with \$21,367,000 net earnings, and \$1.80 per \$100 of earning assets in 1924. After deducting losses but before declaring dividends, the net addition to profits in 1925 was \$16,901,000, or \$1.34 per \$100 of earning assets, against \$10,772,000, or \$0.91 per \$100 of earning assets, in 1924. For 1925 the profit per \$100 of capital, surplus and undivided profit was \$8.45, as compared with \$5.48 in 1924.

Federal Reserve Operations — During May the Federal Reserve Bank of St. Louis discounted for 216 member banks, against 212 in April and 204 in May, 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:

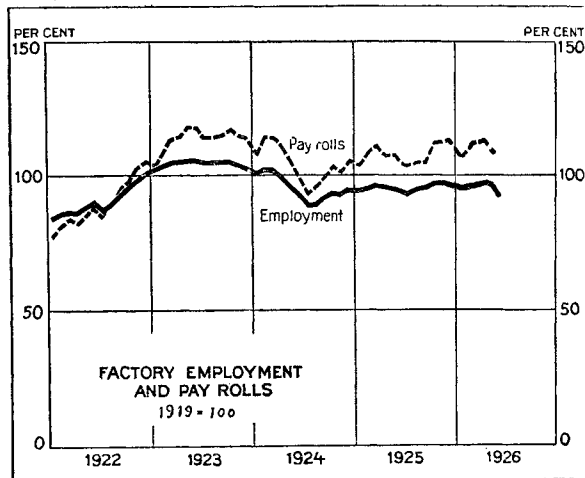
	*June 16, 1926	*May 16, 1926	*June 16, 1925
Bills discounted.....	\$22,912	\$24,174	\$18,002
Bills bought.....	6,432	8,057	11,347
U. S. Securities.....	23,853	27,342	27,450
Foreign loans on gold.....	323	318	483
Total bills and securities.....	\$53,520	\$59,891	\$57,282
F. R. Notes in circulation.....	41,215	38,401	45,250
Total deposits.....	81,098	85,769	84,456
Ratio of reserves to deposit			
and F. R. Note liabilities.....	61.3%	54.6%	59.7%

*In thousands (000 omitted).

(Compiled June 23, 1926)

BUSINESS CONDITIONS IN THE UNITED STATES

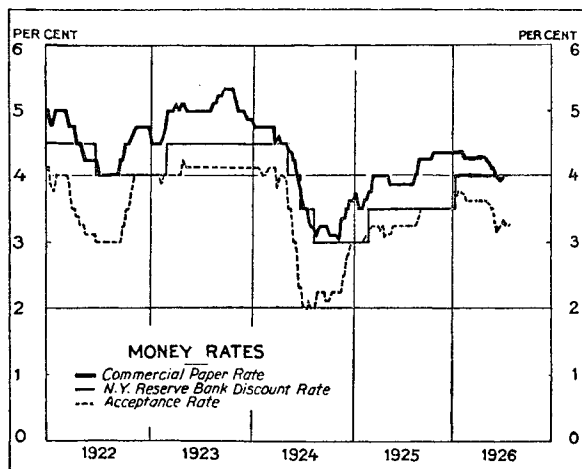
PRODUCTION—Activity in most lines of industry was smaller in May than in April. The reduction was reflected in a decreased volume of output as well as in a decline in the number of factory workers and in total wage payments. The largest declines occurred in the textile, leather and shoe, and iron and steel industries. Production of automobiles continued large in May. In the lumber, cement, brick and glass industries activity was maintained



Federal Reserve Board's indexes of factory employment and payrolls. Latest figures, May, employment=94.8 payrolls=108.8.

and there were seasonal increases in the output of certain food products. The volume of building contracts awarded declined further in May, but was larger than in May last year. Figures for the first three weeks of June indicate further decreases and the volume of contracts awarded was smaller in that period than in the corresponding weeks of 1925. Recent declines in contracts as compared with last year have been particularly large in middlewestern and southeastern districts. Reports by the Department of Agriculture indicate that the composite condition of crops on June 1 was 8 per cent below the average condition on that date for the past ten years, and somewhat lower than the average condition a year ago.

TRADE—With more favorable weather in May than the preceding month, the volume of wholesale and retail trade increased and was larger than in May of last year. Department store sales exceeded those of earlier months of this year and total sales for the first five months were

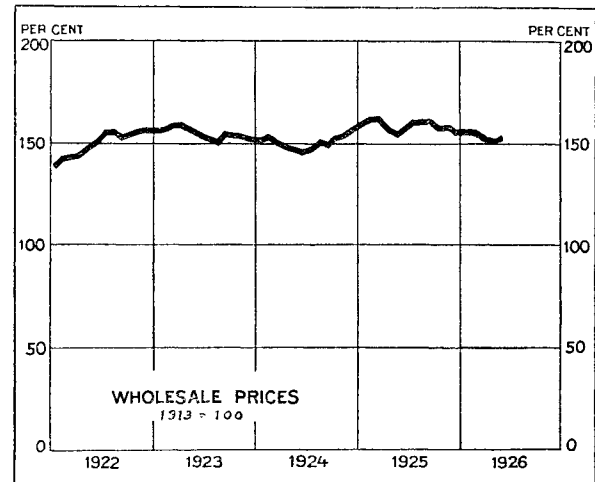


Weekly rates in New York money market: commercial paper rate on 4-6 months paper and acceptance rate on 90 day paper.

larger than for the corresponding period of any preceding year. Merchandise stocks carried by wholesale firms were slightly smaller at the end of May than a month earlier. Stocks of groceries, hardware and drugs were larger than a year ago, but those of meats, dry goods, and shoes were smaller. Stocks at department stores declined more than usual in May and were only slightly larger at the end of the month than a year ago. Railroad freight shipments increased in May and in the first two weeks of June were above those of the same weeks of previous years.

Shipments of miscellaneous commodities were especially large.

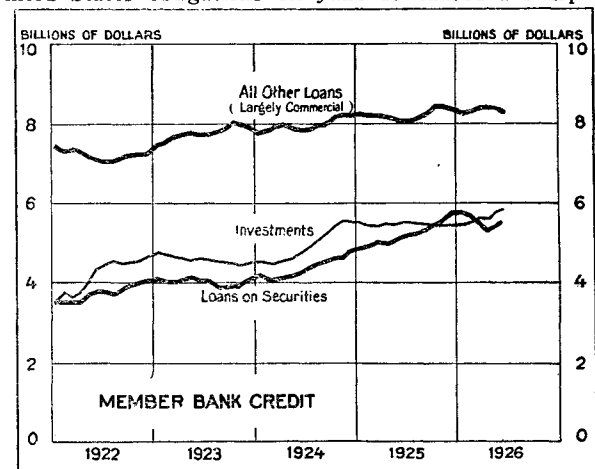
PRICES—The general level of wholesale commodity prices, according to the index of the Bureau of Labor Statistics, rose slightly in May for the first time since last August. Price advances were shown both for agricultural and non-agricultural commodities. Among the principal advances were those in the prices of gasoline, live stock



Index of U. S. Bureau of Labor Statistics. Latest figure, May=151.7.

and meat, while prices of grains and cotton declined. In the first three weeks of June prices of grains, live stock, silk and non-ferrous metals advanced, while those of sugar, cotton, cotton goods, and pig iron declined.

BANK CREDIT—Growth in loans on securities and commercial loans carried total loans and investments of reporting member banks in leading cities in the middle of June to a new high point above the total reached at the close of last year. The large reduction in volume of loans on securities by New York City banks since the beginning of the year has been more than offset in the total of loans and investments of all reporting banks, by increases in commercial loans and in investments of banks both in New York City and outside. At the Reserve banks changes in the volume of credit outstanding during the month ending June 23 reflected chiefly the financial operations of the U. S. Treasury around the middle of June. The temporary abundance of funds caused by the redemption of maturing United States obligations on June 15 caused a sharp de-



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

cline in borrowings of member banks, particularly in New York City. As checks in payment of income taxes were cleared and collected, however, borrowings at the Reserve banks rose to their previous level.

Money rates in general showed little change during the month. Rates on call and time loans were slightly lower around the middle of June, but in the third week were higher than in the latter part of May. Rates on acceptances and on commercial paper remained practically unchanged.