

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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Chairman of the Board and Federal Reserve Agent

GENERAL business in this district during the past thirty days has been on the whole satisfactory. In spite of the extremely high temperatures which prevailed in late July and early August, there was less than the usual curtailment at industrial plants. Prospects for certain crops, notably corn and hay, were lowered somewhat by the lack of rainfall and hot weather, but the composite condition of all crops in states wholly or partly within this district on August 1 was 95.3 per cent, a loss of only 0.8 per cent from the July 1 condition, and comparing with 100.2 on August 1, 1925. Winter wheat turned out much above expectations in quantity, and quality was the highest in many years. Harvesting of this cereal was conducted under ideal conditions, and the crop is being rapidly moved and marketed. Prospects for cotton are good, and the same is true of tobacco, rice, certain fruits and other important agricultural products of the district.

While the hot weather was detrimental to certain phases of agriculture, it had a distinctly stimulating effect on sales of summer merchandise, particularly through retail channels. Some classes of goods, notably apparel, sporting goods and tourists supplies, which had lagged earlier in the year, were reported moving in heavy volume. Wholesalers reported a fair volume of reorders of hot weather merchandise, which they were not in all instances able to fill. As indicated by debits to individual accounts, spending generally in the district during July was greater than during the same month last year. Sales of mail order houses, and chain and department stores recorded further increases during July, but their gains were in numerous cases at the expense of small retailers, whose business was not as good as heretofore.

Considerably less than the usual seasonal decrease in activities at the iron and steel plants was in evidence. Losses of time at the steel mills,

foundries and machine shops were confined principally to suspensions due to high temperatures, as a majority of these industries had orders sufficient to maintain their operations had weather conditions permitted. There was a decrease in production and distribution of automobiles, but sales and production in the shoe industry showed sharp gains over both the preceding month and the corresponding period last year. Flour mills increased their operations, and gains were reported by meat packing plants, beverage manufacturers and distributors of drugs and chemicals. As compared with a year ago, sales of wholesalers of dry goods, groceries, electrical supplies and furniture showed decreases.

July witnessed improvement in employment conditions generally through the district. In the building industry both skilled and common labor is well employed, with wages at the peak levels of earlier in the year. Demand for hands in the harvest fields was heavy, and road building, river improvement work and construction activities of municipalities and public service corporations have made heavy inroads upon the supply of unskilled laborers. Shoe factories and textile mills increased their forces, and gains were reported by cement, glass, and clay products plants.

As contrasted with the depression of recent months, conditions in the bituminous coal trade reflected moderate improvement. The demand in the Middle West for Illinois, Indiana and western Kentucky domestic coals was better, and the heavy movement through the Great Lakes and for export abroad has served to reduce surplus supplies in these fields. Production has increased to some extent and working time has been increased at some shaft mines. Strip mines in most instances are operating at capacity, and are finding a ready outlet for their output. Purchasing by dealers since the first of this month has shown more life than since early in the spring, and householders are beginning

to lay in supplies. In the larger cities fair activity in ordering for schools, apartment houses, hotels and places of amusement is reported. The demand for steaming coal is showing response to the sustained activity in general industrial lines, and with a firmer price trend steam buyers who failed to contract in the spring are reported to have signed up recently for screenings. Prices on prepared domestic sizes as of August 1 were advanced in practically all midwest fields. Production of bituminous coal during the calendar year 1926 to August 14, approximately 191 working days, totaled 331,755,000 net tons, against 293,643,000 tons for the corresponding period in 1925 and 281,026,000 tons in 1924.

Augmented by large wheat, coal and fruit and vegetable movements, car loadings of railroads operating in this district continue to establish new high records. For the country as a whole loadings of revenue freight in the first thirty-two weeks of the year, or to August 7, totaled 31,364,930 cars, which compares with 30,326,099 cars during the corresponding period last year and 28,597,081 cars in 1924. The St. Louis Terminal Railway, which handles interchanges for 28 connecting lines, interchanged 220,336 loads in July, against 213,725 loads in June and 209,613 loads in July, 1925. During the first nine days of August the interchange amounted to 66,964 loads, against 60,493 loads during the first nine days of July and 65,340 loads during the same period in 1925. Passenger traffic of the reporting roads during July increased 1 per cent as compared with the same month in 1925. Estimated tonnage of the Federal Barge line between St. Louis and New Orleans during July was 89,000 tons, against 90,504 tons (revised figures) in June, and 79,361 tons in July, 1925.

Reports relative to collections during July showed a slight recession from the rate of the preceding month, but the average was better than during the corresponding month in 1925. Reports of the wholesalers reflect relatively better collections than noted in retail lines. In the large cities numerous customers of the retail stores are away on vacations, and in the country farmers are putting off paying bills until harvest work has been disposed of. Throughout the wheat areas of the district there has been good liquidation, both with merchants and at the country banks. Questionnaires addressed to 438 representative interests in the various lines throughout the district showed the following results:

	Excellent	Good	Fair	Poor
July, 1926.....	2.9%	29.5%	54.4%	13.2%
June, 1926.....	5.5	34.6	47.8	12.1
July, 1925.....	3.5	35.6	50.5	10.4

Commercial failures in the Eighth Federal Reserve District during July, according to Dun's numbered 59, involving liabilities of \$1,124,720, against 81 defaults in June with liabilities of \$882,180 and 60 failures for \$940,025 in July, 1925.

The per capita circulation of the United States on August 1 was \$42.01, against \$41.85 on July 1, and \$41.31 on August 1, 1925.

MANUFACTURING AND WHOLESALE

Automobiles—Production of passenger automobiles during July by American manufacturers, exclusive of their Canadian plants, totaled 315,861, which compares with 339,542 in June and 347,414 in July, 1925. The total output of trucks was 39,585 against 44,033 in June, and 40,070 in July, 1925.

Distribution of automobiles in this district during July decreased sharply under the preceding month, and was also smaller than during July, 1925. Stocks of new and used cars continued to decrease, but the total was slightly in excess of that at the corresponding time last year. Country dealers reported a relatively heavier decline in sales than those in the large cities, the chief reason for which being that farmers were too busily engaged with the wheat harvest and general farm work to attend to their automobile requirements. Some improvement was noted in the demand for light delivery trucks, and interests specializing in busses report a broadening demand as new hard-surface highways are being completed. Business in accessories and parts was relatively more active than in new cars, sales showing only a small recession under the preceding month. Warmer weather and the recent price reductions had a stimulating effect on the tire trade, and buying by both dealers and the public was on a larger scale than has been the case in a number of months. Sales of automobiles during July by 320 dealers scattered through the district were 6.6 per cent less than during the same month in 1925, and 34.7 per cent under the total for June this year. Deferred payment sales during July averaged about 56.3 per cent of the total sales. As compared with the preceding thirty days no price changes worthy of note were announced.

Boots and Shoes—July sales of the 7 reporting interests were 85.4 per cent larger than during the same month in 1925 and 25.7 per cent above the June total this year. Stocks from July 1 to August 1 gained 8.5 per cent, but the total on the latter date was 17.7 per cent smaller than on August 1, 1925. The large increase in the year-to-year sales comparisons was attributable partially to the fact that July last year was a poor month, whereas business this year was very good. Gains were spread

generally through the entire line, and the character of ordering is reported satisfactory, it being well balanced and indicative of effort on the part of retailers to bring up their stocks and assortments. Shipments and production continue large, two leading interests reporting their present output the highest ever reached. Prices of finished goods were unchanged, but the trend in certain raw materials was firmer.

Clothing — Reports covering business in this classification indicate slight improvement in all sections of the line. The demand for men's clothing for fall and early winter is good, and advance sales are somewhat in excess of a year ago. Women's ready-to-wear garments continue to move in large volume, and both wholesalers and retailers report an excellent clearance of light-weight goods. Worsteds goods manufacturers have opened next spring's styles at reductions of 7 to 10 per cent under the levels obtaining last year. Sales of children's school suits and dresses for fall and winter are being well taken. Sales of the 8 reporting interests during July were 49.0 per cent larger than during the same month last year, and 70.7 per cent under the June total this year, the loss in the month-to-month comparison being accounted for mainly by seasonal considerations.

Drugs and Chemicals — As compared with the same month last year, July sales of the 7 reporting interests showed a gain of 5.0 per cent, and the total was 0.1 per cent under June this year. Demand for heavy chemicals continues to run ahead of the same period last year, but some shrinkage was noted in the movement of fertilizers and insecticides. The recent hot wave stimulated the movement of soda fountain supplies and other seasonal goods. No change in prices worthy of note took place during the period under review.

Dry Goods — July sales of the 8 reporting interests were 15.9 per cent smaller than for the same month in 1925, but 16.3 per cent in excess of the June total this year. The number of visiting merchants in the large centers was reported larger than at the same time last year, and while their buying is cautious, orders placed were large and well balanced. Unfinished cotton cloths were more active than heretofore, but buying of cotton goods generally was held down by uncertainty relative to prices. Stocks on August 1 were 6.3 per cent larger than thirty days earlier, and 18.2 per cent under those on August 1, 1925.

Electrical Supplies — Business in this classification showed a general slowing down during the period under review. The demand from the building industry was less active than heretofore, and

purchasing by the automotive industry was also on a smaller scale. Sales of electric fans were heavy, and there continues an excellent demand for small motors of all kinds and household appliances. July sales of the 5 reporting interests were 7.6 per cent smaller than during the same month in 1925, and 17.5 per cent below the June total this year. Stocks on August 1 were smaller by 9.6 per cent than a month earlier, and 22.6 per cent larger than on August 1, 1925.

Flour — Production at the 12 leading mills of the district during July was 292,177 barrels, which compares with 241,019 barrels in June and 286,250 barrels in July, 1925. Stocks of flour in St. Louis on August 1 were 17.0 per cent smaller than a month earlier and 41.6 per cent below those on August 1, 1925. Business during the closing weeks of July and the first week of August was more active than in many months. Milling operations were considerably enlarged, and some mills reported sales well in excess of current output. With the decline in wheat prices beginning early this month, flour buying decreased, though shipping directions were uniformly satisfactory throughout the thirty-day period. Prices on high grade flours eased off slightly, but clears and low grades were scarce and very firm. Mill operation was about 72 per cent of capacity.

Furniture — July sales of the 17 reporting interests were 4.2 per cent under those of the same month in 1925, and 3.0 per cent larger than the June total this year. Stocks on August 1 were 34.5 per cent larger than a year ago, and 5.3 per cent in excess of those on July 1 this year. Business was described as being generally satisfactory, with a heavy movement of goods resulting from the special sales weeks. There is an excellent demand for hotel and hospital equipment, and further improvement was reported in sales of metal furniture. Prices generally were unchanged from the preceding month.

Groceries — As compared with a year ago, July sales of the 9 reporting interests showed a decrease of 7.6 per cent, and the total was 4.1 per cent smaller than in June this year. Buying is largely on a hand-to-mouth basis, and trade in the cities is reported relatively better than in the country. Staples are in good demand, but canned goods, dried fruits and fancy groceries are reported slow. The general trend of prices continues downward. Stocks on August 1 were 35.1 per cent smaller than a month earlier, but 38.6 per cent larger than on August 1, 1925.

Hardware—The extreme hot weather had a tendency to slow down wholesale distribution of hardware, but retail business was reported brisk. Builders' hardware continues in good demand, and hot weather goods, such as garden hose, sprinklers, refrigerators and electric fans, moved in large volume. Sporting goods and campers' and tourists' supplies were active, two leading firms reporting the largest July sales of these goods on record. July sales of the 8 reporting interests were 9.2 per cent below the same month last year, and 3.1 per cent under the June total this year. Stocks on August 1 were 2.0 per cent larger than a month earlier and 2.5 per cent below those on August 1, 1925.

Iron and Steel Products—Despite the extremely warm weather, activities at the iron and steel plants were well sustained during the past thirty days. A number of important interests reported July specifications and new business the largest for that particular month in more than five years. Buying was from quite general sources, and there was more of a disposition to fill future requirements than has been the case recently. With the exception of pig iron and scrap, prices were steadier than during the preceding several months, and on some products the trend was upward. Shipments of finished and semi-finished products were on a large scale, but unfinished orders on books of a majority of the reporting interests at the end of the period were equal to or slightly above the levels of a month earlier. Fabricators of iron and steel structural material reported business satisfactory, with the average size of new orders larger than since early spring. One leading interest booked the largest total of orders for any month this year, including one structural job calling for 950 tons of steel and another for 800 tons. The building industry continues to absorb heavy tonnages, and buying by the automotive industry is holding up well. Manufacturers of farm implements have increased their commitments for raw materials in anticipation of a heavy demand for their products this fall. The movement of sheets, bars and plates was active throughout the period under review, and with the exception of woven fencing, wire and wire products were in better demand than is ordinarily the case at this time of year. New business from the oil fields receded, but shipments of goods previously purchased were heavy, particularly of tank plates and pipe line supplies. Buying by the railroads failed to develop improvement, orders for equipment and track supplies being especially disappointing. For the country as a whole, July production of pig iron continued its decline from the peak in

April, but the decrease from June to July was less marked than in the two preceding months. The July total of 3,223,964 tons was a loss of only 8,514 tons or 0.25 per cent from the 3,232,478 tons made in June. However, the daily output in July was 103,999 as against 107,749 tons in June, a reduction of 3.5 per cent.

Lumber—Typical midsummer conditions prevailed in the lumber trade. Buying by all classes of users was in light volume, and mainly for immediate requirements. The strengthening of oak and gum prices during June and July caused a fair movement in most hardwoods through those months, but efforts in August to further advance prices have checked the call to quite an extent. St. Louis hardwood yards experience difficulty in enforcing raises corresponding with those made by the mills. Distributors of other woods report similar resistance to advances in the few items which are in especially light supply. Judging from the hurried deliveries asked in both straight and mixed cars, dealers' stocks are low.

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	Stock turnover	
	July 1926 comp. to July, 1925	7 months ending July 31, 1926, to same period 1925	July 31, 1926 comp. to July 31, 1925	July, 1926	January 1 to July 31, 1925
Evansville	+ 5.5%	- 4.5%	- 7.2%	125.4	116.1
Little Rock	+ 0.4	+ 0.2	+ 2.4	147.5	148.3
Louisville	- 1.8	+ 0.1	- 1.5	195.9	202.6
Memphis	+12.0	+12.2	- 7.7	158.3	135.4
Quincy	+ 1.7	+ 0.2	+ 0.0	113.8	114.8
St. Louis	- 1.2	+ 1.7	+ 4.3	187.8	191.5
Springfield, Mo.	- 6.5	+ 1.4	- 5.0	94.8	86.8
8th District.....	+ 1.1	+ 3.0	+ 1.2	176.3	173.6

	Net sales comparisons		Stocks on hand	
	July, 1926 compared to July, 1925	June, 1926	July, 1926 compared to July, 1925	June, 1926
Men's Furnishings.....	+17.1%	-13.4%	- 2.3%	-10.5%
Boots and Shoes.....	+18.4	-17.8	- 6.2	- 7.6

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported July consumption of electricity by selected industrial customers 6.5 per cent greater than in July, 1925, but 2.0 per cent smaller than in June this year. The improvement over last year was evident in virtually all lines of business, but was particularly marked in the case of ice and refrigeration plants. Detailed figures follow:

	No. of customers	July, 1926	June, 1926	July, 1926	July, 1925	July, 1926
		*K.W.H.	*K.W.H.	comp. to June, 1926	*K.W.H.	comp. to July, 1925
Evansville	40	1,423	1,343	+ 6.0%	1,116	+27.5%
Little Rock.....	35	1,675	1,712	- 2.2	1,445	+15.9
Louisville	73	4,684	5,412	-13.5	4,722	- 0.8
Memphis	31	1,838	2,005	- 8.0	1,097	+67.5
St. Louis.....	92	17,016	16,819	+ 1.2	16,632	+ 2.3
Totals.....	271	26,636	27,291	- 2.0	25,012	+ 6.5

*In thousands (000 omitted).

The following figures, compiled by the Department of the Interior, show kilowatt production both for lighting and industrial purposes for the country as a whole:

	By water power	By fuels	Totals
June, 1926.....	2,231,626,000	3,643,801,000	5,875,427,000
May, 1926.....	2,308,948,000	3,500,836,000	5,809,784,000
June, 1925.....	1,848,366,000	3,355,606,000	5,203,972,000

AGRICULTURE

Deficient rainfall was the general rule in this district during the past thirty days. Certain crops, notably corn, potatoes, hay, tobacco and legumes suffered in greater and lesser degree from extremely high temperatures and drought. Withal prospects are still good for heavy average crop production, and in sections showers served to maintain conditions on a parity with the preceding thirty days, and in some instances even caused improvement. Reports from scattered areas indicate irreparable damage, but these are relatively few. For the most part the injury has not reached the point where whole or partial recovery could not be effected by precipitation and more favorable temperatures. It is universally agreed, however, that good soaking rains are essential to produce results approximating the average yields of the past ten years.

Winter Wheat—Harvesting and threshing of winter wheat in this district proceeded under unusually favorable conditions, and latest returns indicate yields far in excess of expectations earlier in the season. In spite of hot, dry weather the grain filled out well, and quality is higher than for many years. In Indiana, for example, the quality is almost perfect, being reported as 98 per cent of a high medium grade, compared to 89 per cent last year. In Missouri the quality is 93 per cent and in Illinois 93 per cent, against 88 and 89 per cent, respectively, last year. For the country as a whole total output is estimated at 626,482,000 bushels, which compares with 395,610,000 bushels harvested last year, and a five-year average (1921-1925) of 584,843,000 bushels.

Corn—Corn prospects declined from July 1 to August 1, and on the latter date the condition in all states of the district except Tennessee was below the 10-year average. In the five chief corn states, Illinois, Indiana, Missouri, Kentucky, and Tennessee the estimated yield, based on the August 1 condition, was 792,075,000 bushels, a loss of 9,486,000 bushels from the July 1 estimate, and comparing with 938,776,000 bushels harvested in 1925, and the 5-year average of 841,721,000 bushels. The decline resulted chiefly from high temperatures, hot winds and drought. Early corn in the uplands is badly fired and generally where soils are thin and poor, the outlook is not promising. Prospects

in the bottom lands and where showers have relieved the dry conditions, there is promise of fair to good yields. Shortage of moisture exists in virtually all sections, and the crop will need generous rains to fulfill the August 1 prospect.

Fruits and Vegetables—Taken as a whole fruit prospects this season may be summarized as unusually good. As in the case of grains, some damage has been wrought by inadequate rainfall, but this handicap will not prevent heavy yields of the chief fruit crops of this district. The outlook for peaches is exceptionally good, the estimated yield in Illinois being 2,474,000 bushels against 600,000 bushels in 1925, in Missouri 1,382,000 bushels against 870,000 bushels in 1925, in Tennessee 1,655,000 bushels against 1,415,000 in 1925 and in Arkansas 2,371,000 bushels against 2,200,000 bushels in 1925. The total apple crop in the three chief producing states, Illinois, Missouri, and Arkansas, is estimated at 15,078,000 bushels, a decrease of 92,000 bushels under 1925, but the commercial crop in these states this year is placed at 2,566,000 barrels, against 2,501,000 barrels last year. Pears are a heavier crop this year than last in all states of the district except Mississippi. Indications are for the largest production of grapes on record, particularly in the Ozark districts of Missouri and Arkansas, where high conditions and numerous new vineyards coming into bearing insure heavy output. Vegetables have suffered relatively more than fruits from droughty conditions. Early potatoes were disappointing in yield, some sections hardly recovering sufficient for seed. High temperatures and lack of rain have injured late potato plants, and the yield is dependent upon weather conditions from this time to harvest. Tomatoes have been on the whole successful, with good yields being reported in most of the commercial areas. In the chief sweet potato sections rainfall has been more abundant than elsewhere and the outlook is fairly promising. The indicated aggregate yield in Tennessee, Mississippi, and Arkansas is 12,281,000 bushels, against 11,702,000 bushels harvested last year. Gardens and miscellaneous summer vegetables have suffered severely from the hot, dry spell and poor quality and failure are the general rule. The melon crop was large, but quality almost universally poor.

Live Stock—Due to the widespread drought during the early part of the season, the hay crops are short, and the condition of pastures unusually low. As a result live stock have not taken on weight at the rate usual at this season, though the general health among herds is reported good. Milk production during July fell below the average for that

month, and in many sections stock water was scarce. Marketing of hogs and calves decreased slightly, but there was an increase in the movement of cattle and sheep. The trend of hog prices was downward in July, and the same was true of most pork products. Choice heavy beef declined rather sharply during the latter part of the month.

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

	Receipts			Shipments		
	July, 1926	June, 1926	July, 1925	July, 1926	June, 1926	July, 1925
Cattle and Calves.....	138,520	139,074	148,090	96,000	91,680	95,501
Hogs	271,751	301,934	241,523	186,063	205,666	152,490
Horses and Mules....	1,888	2,108	1,845	2,431	1,534	2,036
Sheep	86,021	88,101	80,334	24,276	19,965	21,724

Cotton—Generally through this district the growing cotton crop is reported in promising condition. Weather during the past thirty days has been in the main favorable for growth and development. In Arkansas and Missouri the outlook is particularly good, with indications of a record yield in the former state. Cultivation is universally thorough, with fruiting fair to prolific. With virtual disappearance of the hopper, cotton has been squaring and blooming much more freely. There are scattered reports of increasing numbers of boll weevils, but thus far no serious damage has been wrought by this pest. After advancing toward the end of July, prices declined during the first weeks of August, and in the St. Louis market the middling grade on August 14 closed at 17¼c per pound, which compares with 17¾c on July 15. Old crop cotton is still plentiful, stocks in Arkansas warehouses on August 13 totaling 256,270 bales against 10,630 bales on the same date last year.

Rice—Prospects for rice in this district are good, the crop being in every way normal, save that it is generally ten days late. In Arkansas and Missouri the condition improved during July, and in the former state the acreage is slightly larger than last year. For the country as a whole the condition of rice on August 1 was 82.2 per cent, indicating a crop of 40,543,000 bushels, against an estimated production last year of 34,259,000 bushels.

Tobacco—Based on the August 1 condition the indicated yield of tobacco in Kentucky and Tennessee, the two chief producing states of the district, was 457,737,000 pounds, against 481,640,000 pounds last year. During the past three weeks the burley crop has undergone improvement, fair to good rains having fallen in most sections. The air-cured, green river and fired dark crops have also improved considerably, the plant having made good growth and being virtually all topped. For the country as a whole the estimated tobacco production is 1,202,884,000 pounds, against 1,139,251,000 pounds last year.

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

	High	Low	Close	
			Aug. 14, 1926	Aug. 15, 1925
Wheat				
September	per bu. \$1.44¾	\$1.32¾	\$1.35¾	\$1.60
December	" 1.48¾	1.38¾	1.39¾	1.58¾
No. 2 red winter	" 1.50	1.33	\$1.33 @ 1.34½	\$1.72 @ 1.74
No. 2 hard	" 1.48	1.34	1.35½ @ 1.36	1.60 @ 1.61
Corn				
September	" .88¾	.82¼	.82¾	1.03¾
December	" .90¼	.82½	.84¾	.85¾
No. 2	" .87	.81	.82	1.05½
No. 2 white	" .88	.83	.83 @ .83½	1.05½ @ 1.06
Oats				
No. 2 white	" .45	.38	.38	.40¾ @ .41
Flour				
Soft patent	per bbl. 7.75	7.25	7.25 @ 7.50	8.65 @ 9.00
Spring patent	" 8.75	7.50	7.50 @ 7.80	8.50 @ 8.75
Middling cotton	per lb. .18¾	.17¾	.17¾	.24½
Hogs on hoof	per cwt. 14.45	9.25	9.75 @ 13.65	12.00 @ 14.25

BUILDING

The dollar value of building permits issued in the five largest cities of the district during July was 13.6 per cent smaller than for the corresponding month in 1925 and 6.9 per cent below the June total this year. According to statistics compiled by the F. W. Dodge Corporation building contracts awarded in the Eighth Federal Reserve District during July amounted to \$34,752,350, which compares with \$35,032,880 in June and \$24,540,000 in July, 1925. The cost of building, according to the Aberthaw Index, declined one point from the preceding month, due to slight decreases in building material prices. Production of portland cement for the country as a whole during July totaled 17,121,000 barrels, a new high record, and comparing with 16,827,000 barrels in June and 15,641,000 barrels in July, 1925.

Building figures for July follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1926	1925	1926	1925	1926	1925	1926	1925
Evansville ..	326	222	\$ 485	\$ 234	77	82	\$ 24	\$ 18
Little Rock ..	57	88	291	261	89	90	40	45
Louisville ..	306	438	1,344	1,093	93	110	235	154
Memphis	360	457	2,000	1,966	110	95	199	48
St. Louis....	749	974	1,724	3,199	459	466	768	418
July totals	1,798	2,179	\$5,844	\$6,753	828	843	1,266	\$683
June totals	1,799	2,365	6,281	9,513	798	850	998	1,040
May totals	2,502	2,242	7,886	8,603	1,124	1,067	1,000	939

*In thousands of dollars (000) omitted.

FINANCIAL

The past thirty days have been marked by a further moderate expansion in the demand for credit from industrial and commercial sources. Some irregularity appears in the demand, however, certain localities and banks experiencing increases, while others report slight decreases or no change from the levels of the preceding month. Agricultural requirements are making themselves more strongly felt generally through the district. The wheat harvest has been about completed, and the grain is moving in heavy volume to mills and elevators, with the result that these interests have substantially increased their banking commitments. Banks in the

large cities report that their mercantile customers are increasing their credit lines in connection with purchasing of goods for fall and winter distribution. As compared with the preceding thirty days there was a rather marked decrease in loans based on stock exchange collateral, the total touching a new low point for the year about the middle of August. Increased demand for currency in the country for harvest purposes and in the city for vacations and other seasonal uses is reflected in a sharp upturn in the amount of Federal reserve notes issued by this bank, the total on August 11 being the highest this year. Loans and discounts of the reporting member banks advanced to the highest point since the end of May, and there was an upward movement in deposits from the low level in July. While actual quotations on interest and discount rates at the commercial banks showed little variation as compared with the preceding month, the trend was upward, and a greater volume of accommodations granted carried the major figures of the range on the several classes of loans than was the case thirty days earlier. Current rates in St. Louis were as follows: Commercial paper 4½ to 5 per cent; customers over the counter loans 5 to 5½ per cent; collateral loans 5 to 5½ per cent.

Federal Reserve Operations — During July the Federal Reserve Bank of St. Louis discounted for 222 member banks, against 222 in June and 222 in July, 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:

	*Aug. 16, 1926	*July 16, 1926	*Aug. 16, 1925
Bills discounted.....	\$37,288	\$32,416	\$28,894
Bills bought.....	8,630	7,306	12,304
U. S. Securities.....	24,200	26,467	30,817
Foreign loans on gold.....		112	483
Total bills and securities.....	\$70,118	\$66,301	\$72,498
F. R. Notes in circulation.....	45,983	43,598	41,938
Total deposits.....	79,565	82,941	79,231
Ratio of reserves to deposit and F. R. Note liabilities.....	48.9%	52.9%	43.2%

*In thousands (000 omitted).

Commercial Paper — Keen competition from local banks and the call money market in the East was given as the chief cause of dull and unsatisfactory conditions in the commercial paper situation. Sales of the reporting brokerage interests during July were 36.2 per cent below those of the same month in 1925, and 4.8 per cent below the June total this year. Banks in the large cities were buy-

ing little paper, their funds being largely employed in meeting the needs of their regular customers. Country financial institutions are also finding employment for their loanable resources, and except in a limited number of localities were not in the market for commercial paper. Rates ranged between 4¼ and 4½ per cent, which compares with 4 to 4¼ per cent thirty days earlier.

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:

	*July, 1926	*July, 1925	*Seven months	
			1926	1925
E. St. Louis and Nat. Stock Yards, Ill.....	\$ 51,454	\$ 48,001	\$333,235	\$298,908
El Dorado, Ark.....	12,112	12,691	87,279	67,732
Evansville, Ind.....	45,428	43,499	277,490	274,069
Fort Smith, Ark.....	12,951	11,599	91,798	88,250
Greenville, Miss.....	3,819	3,222	31,966	28,866
Helena, Ark.....	4,358	3,831	32,974	32,830
Little Rock, Ark.....	76,189	60,334	536,834	448,082
Louisville, Ky.....	207,355	202,235	1,407,544	1,340,851
Memphis, Tenn.....	136,911	115,311	1,036,907	958,490
Owensboro, Ky.....	5,368	5,700	39,808	42,787
Quincy, Ill.....	13,128	13,185	89,131	87,427
St. Louis, Mo.....	769,303	717,101	5,357,906	5,148,227
Sedalia, Mo.....	4,783	4,866	33,704	32,119
Springfield, Mo.....	17,044	15,373	114,325	95,838
Totals.....	\$1,360,203	\$1,256,948	\$9,470,901	\$8,944,476

*In thousands (000 omitted).

Condition of Banks — Loans and discounts of the reporting member banks scored a good gain from July 14 to August 18, and on the latter date were substantially larger than on August 19, 1925. Deposits decreased between the dates mentioned but on July 14 the total was 5.2 per cent larger than on August 19, 1925. Comparative statement follows:

	*Aug. 18, 1926	*July 14, 1926	*Aug. 19, 1925
Number of banks reporting.....	†32	33	33
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't. obligations.....	\$ 7,038	\$ 8,183	\$ 7,025
Secured by other stocks and bonds.....	186,469	191,094	170,403
All other loans and discounts.....	323,456	309,329	311,066
Total loans and discounts.....	\$516,963	\$508,606	\$488,494
Investments			
U. S. Gov't. securities.....	61,863	61,614	53,901
Other securities.....	114,053	115,562	111,081
Total investments.....	\$175,916	\$177,176	\$164,982
Reserve balance with F. R. bank.....	44,438	46,154	43,371
Cash in vault.....	7,200	8,720	6,869
Deposits			
Net demand deposits.....	391,840	409,682	377,041
Time deposits.....	220,750	212,679	207,245
Government deposits.....	3,757	4,779	1,304
Total deposits.....	\$616,347	\$627,140	\$585,590
Bills payable and rediscounts with Federal reserve bank			
Secured by U. S. Gov't. obligations....	5,085	1,623	3,980
All other.....	15,780	13,735	10,117

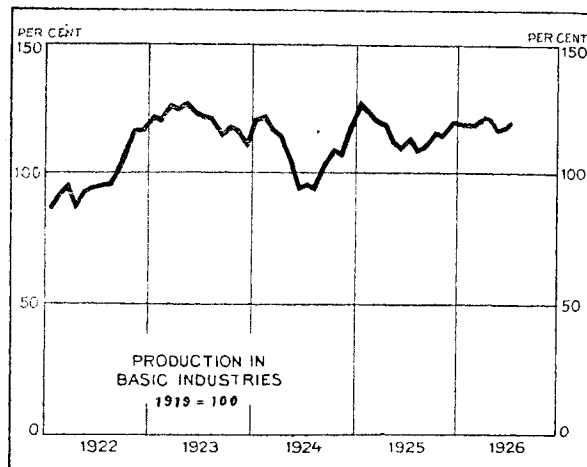
*In thousands (000 omitted).

†Decrease due to consolidation. These 32 banks are located in St. Louis, Louisville, Memphis, Little Rock and Evansville, and their total resources comprise approximately 53.5 per cent of the resources of all member banks in the district.

(Compiled August 24, 1926)

BUSINESS CONDITIONS IN THE UNITED STATES

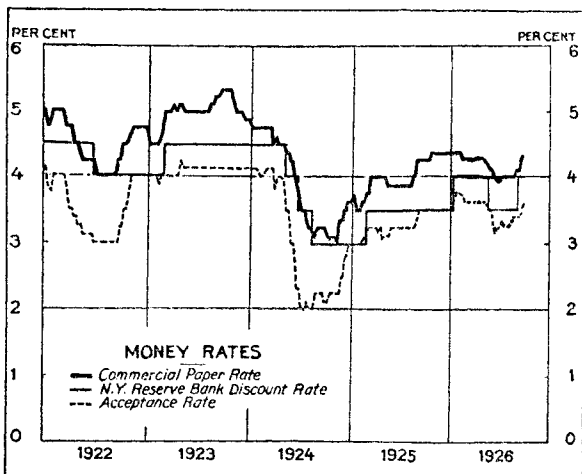
PRODUCTION—The Federal Reserve Board's index of production in basic industries, which is adjusted for seasonal variations, increased about one per cent in July. Declines in the output of iron and steel and anthracite, and in activity of textile mills were larger than the usual seasonal reductions, while production of flour, copper, zinc, cement, and petroleum increased. The manufacture of automobiles declined further and was smaller than a year ago. Factory employment and payrolls showed the usual seasonal decline in July, which is due largely to closing for stock taking and



Index of 22 basic commodities adjusted for seasonal variations.
Latest figure, July=119.

repairs and to summer vacations. Declines were noted in nearly all the important industries for which reports are received, with the exception of leather and shoes and certain food products and building materials. Building contracts awarded in 37 States east of the Rocky Mountains declined in July for the fourth consecutive month, and as in June, were smaller than a year ago. Figures for the first three weeks in August were also below those for the corresponding period of last year. The principal decreases were in the New York and Atlanta districts. The composite condition of all crops as reported by the Department of Agriculture shows an improvement of 2 per cent in July, owing largely to the increase in the expected production of wheat. Cotton production, on the basis of August 16 conditions, is estimated at 15,248,000 bales, compared with an output of 16,104,000 in 1925.

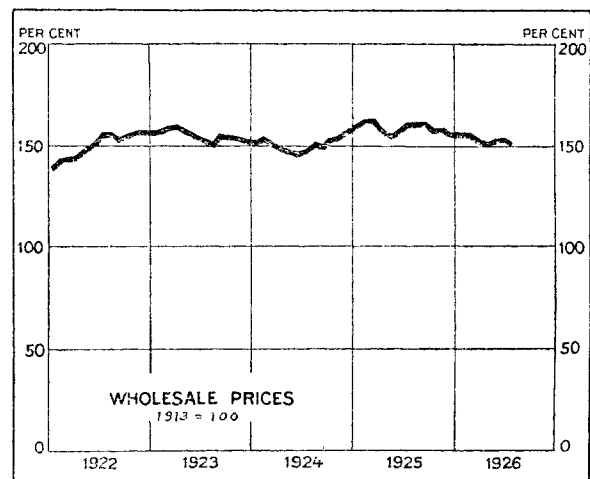
TRADE—Volume of trade at wholesale and retail showed a further seasonal decline in July, but continued to



Weekly rates in New York money market: commercial paper rate on 4-6 months paper and acceptance rate on 90 day paper. be large. Retail trade was larger than a year ago, while wholesale trade was slightly smaller. Sales of department stores and mail order houses declined less than is usual at this season and were 4 per cent and 13 per cent respectively larger than in July of last year. Merchandise inventories at department stores continued to decline in July and

at the end of the month were in about the same volume as last year. Stocks of meat, dry goods, and shoes carried by wholesale firms were smaller than a year ago, but stocks of groceries, hardware and drugs were larger. Shipments of goods by railroads were maintained at high levels during July for nearly all types of commodities. Loadings of grain were larger than for any month since October, 1924, and were in record volume for July.

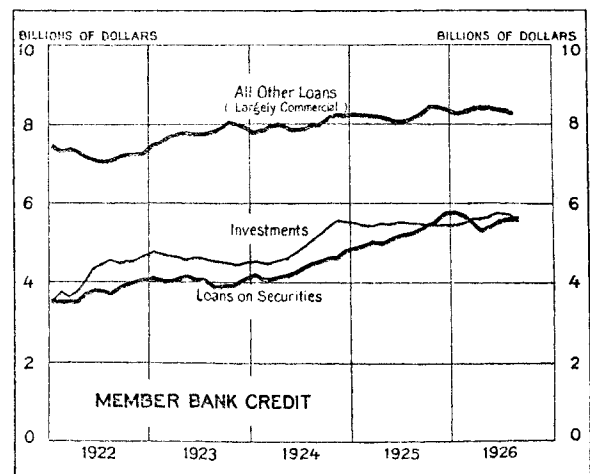
PRICES—The Bureau of Labor Statistics index of wholesale commodity prices declined about 1 per cent in



Index of U. S. Bureau of Labor Statistics.
Latest figure, July=150.7.

July to the lowest level since September, 1924. Price declines were shown for most commodity groups, particularly farm products and foods, while prices of steel and other metals advanced. In the first three weeks of August the prices of grains, cotton, and rubber declined further, while cattle, hogs, potatoes, coal, and coke advanced in price.

BANK CREDITS—Between the middle of July and the middle of August, total loans and investments of member banks in leading cities increased slightly, reflecting a growth in the seasonal demand for credit for commercial purposes. Loans on securities on August 18 were about the same as a month earlier, while the banks' investments declined. Between July 21, and August 18 discounts for member banks and the holdings of acceptances increased considerably, while United States security holdings were somewhat reduced, with the consequence that the total volume of reserve bank credit increased by about \$50,000-



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first weekly report dates in August. 000. Money market conditions became firmer in August. The rate on commercial paper, which was 4 per cent in June and July, increased to 4¼-4½ per cent and the rate on 90-day bankers' acceptances advanced to 3¾ per cent. The discount rate of the Federal Reserve Bank of New York was advanced on August 13 from 3½ to 4 per cent.