

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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IN spite of certain unfavorable factors affecting trade and agriculture, general business in this district during the past thirty days recorded further distinct progress. Production and distribution of merchandise, as reflected in reports of leading interests in the lines investigated, were in relatively larger volume than usual at this particular season and in a number of instances showed gains over the corresponding period last year. Demand for commodities in both city and country is active, and increased buying in some classifications is too great to be accounted for entirely by seasonal considerations. As has been the case all year, inventories are almost universally small. In the retail section this fact is emphasized by the large number of orders coming to the wholesale trade which are accompanied by urgent requests for prompt shipment. Wholesalers and jobbers, in turn, are holding down their stocks and buying largely on an immediate necessity basis, and in quantities considerably smaller than was customary at this season in the past.

Industrial reports covering August show less than the usual seasonal curtailment in activity. At the steel mills and iron foundries new orders booked and specifications received on materials under contract permitted of operations at a rate equal to that of June and July. While shipments of finished and semi-finished goods were on a large scale, unfilled orders at the end of the month in a number of instances were above those thirty days earlier. Stove and implement interests and manufacturers of other commodities used largely in the country report business well in excess of a year ago and inquiries for goods for fall and winter delivery more satisfactory than at any time since 1919. The slowing down in the building industry, as indicated by smaller permits issued in the large cities, has not thus far affected actual operations. Work on unfinished structures is on a large scale, and the demand for

and movement of building materials were sustained at the high levels of recent months.

Further improvement was reported by the shoe industry, and conditions in the dry goods, clothing, drug and chemical, grocery and hardware lines were reported more satisfactorily than during the preceding month. Retail business in the rural sections was handicapped by excessive rains and in some localities by floods, but results were on the whole up to expectations. In the large cities retail sales were better than the seasonal average. Department stores in the five largest centers showed a gain of 4.4 per cent in August over the corresponding month last year. Chain stores and mail order houses continued their gains of earlier in the summer. The major part of the increases recorded by the mail order interests was in their country sales. Debits to individual accounts in this district during August showed a gain of 5.0 per cent over the same month in 1925 but a decrease of 11.0 per cent under the July total this year.

Employment conditions according to reports of the Employment Service of the U. S. Department of Labor, showed further general improvement throughout the district. In the South the surplus of common labor, which had existed for several months, is being steadily reduced. The demand for cotton pickers is making itself felt, and the number of workers in southern textile and lumber mills increased slightly during August. Stone, clay products, glass, furniture, packing, and cement plants and a number of miscellaneous industries registered gains. Save for small reductions at some repair shops, employment by the railroads showed no change as compared with the month before. While the number of surplus clerks and office help, both male and female was reduced slightly, the supply is still in excess of the demand, particularly in St. Louis and Louisville.

Further improvement marked the coal situation in the chief fields of the district. In anticipation of price advances on prepared coals, effective September 1, retail dealers and householders displayed greater interest in supplies, and their purchases substantially augmented advance orders on books of mine operators. Industrial consumption continues on a large scale, and during the past three weeks buying by both the railroads and industrial interests for storage has been more active than in a number of months. The larger production of screenings and small sizes resulting from the heavier movement of prepared coals, however, has had a tendency to check any advance in steaming coal prices. Working time at additional shaft mines in Illinois and Indiana was increased, and full time was the rule at the strip pits. Keen competition from the lower prices of stripping operations is reported by the shaft mines, particularly on fuel for prompt shipment. Demand for smokeless coal continues brisk, being stimulated by heavy export trade incident to the strike of British miners. Lake trade through the season has been active, with Kentucky mines receiving a larger portion of this tonnage than in previous years. For the country as a whole cumulative output of bituminous coal since January 1, is larger than in any recent year except 1923. The total for the first 209 working days, or to September 4, was 364,510,000 net tons, against 326,125,000 tons for the corresponding period in 1925, and 306,844,000 tons in 1924.

Officials of railroads operating in this district report the movement of freight in heavier volume than ever before at this season. Forwardings of merchandise and miscellaneous freight are continuing their gains of recent months, and loadings of coal are somewhat heavier than the seasonal average of the past few years. For the country as a whole, loadings of revenue freight for the first 35 weeks this year, or to August 28, totaled 34,699,511 cars, against 33,595,008 cars for the corresponding period last year and 31,554,058 cars in 1924. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 228,396 loads in August, the largest number since March, and comparing with 220,336 loads in July and 225,771 loads in August, 1925. During the first nine days of September the interchange amounted to 65,753 loads, against 66,964 loads during the first nine days of August, and 62,828 loads during the corresponding period last year. Passenger traffic of the reporting roads during August decreased 0.7 per cent as compared with the same month in 1925. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans

during August was 115,000 tons, the highest ever recorded, and comparing with 88,846 tons (revised figures) in July and 64,922 tons in August, 1925.

Collections generally during the past thirty days showed slight improvement over the similar period immediately preceding and were about equal to those for the same time last year. September 1 settlements with wholesalers in the large cities were fully up to expectations. Throughout the winter wheat belt results were reported particularly good, and some improvement has taken place in the coal fields. Country retail merchants report rather uneven conditions, but on the whole collections with them are satisfactory. In the large centers of population retailers are for the most part getting their money promptly, though there are still numerous complaints of backward payments by customers away on vacation. Replies to questionnaires addressed to 432 representative interests in the various lines throughout the district showed the following results:

	Excellent	Good	Fair	Poor
August, 1926.....	3.0%	28.8%	60.6%	7.6%
July, 1926.....	2.9	29.5	54.4	13.2
August, 1925.....	4.0	36.0	56.0	4.0

Commercial failures in the Eighth Federal Reserve District during August, according to Dun's, numbered 53, involving liabilities of \$1,326,682, against 59 defaults in July with liabilities of \$1,124,720, and 91 failures for \$1,049,444 in August, 1925.

The per capita circulation of the United States on September 1, 1926, was \$42.02, against \$42.01 on August 1, 1926, and \$41.84 on September 1, 1925.

MANUFACTURING AND WHOLESALE

Automobiles — Production of passenger automobiles during August by American manufacturers totaled 379,111 which compares with 315,861 in July and 216,087 in August, 1925. The total output of trucks was 45,283 against 39,585 in July, and 36,364 in August, 1925.

Sales of passenger automobiles in this district during August recorded a good gain over the preceding month, and were in considerably heavier volume than in August a year ago. Improvement was particularly marked in the country, where completion of the wheat harvest and heavy marketing of this and other crops supplied farmers with funds to fill their automobile requirements. Dealers in the large centers of population report business above expectations, with their accessory departments making an especially good showing. Purchasing by car owners returning from vacation tours was a factor in swelling sales of parts and accessories. Stocks of new cars showed little variation from the preceding month, but were slightly

larger than at the same time in 1925. Some scarcity of certain popular models was reported, and deliveries are from two to four weeks behind on these cars. The used car situation was reported as being generally satisfactory, with stocks, except in a few instances, being of moderate size. The second hand car market has been stimulated in recent months by a well defined disposition on the part of the public to purchase used vehicles of the more expensive makes rather than new cars in the cheap category. August sales of automobiles by 320 dealers scattered through the district were 22.2 per cent larger than during the preceding month, and 39.1 per cent greater than in August, 1925. Further slight improvement was reported in the demand for tires, both at wholesale and retail. Stocks at the end of August showed a moderate gain over those a month earlier.

Boots and Shoes—August sales of the 7 reporting interests were 0.1 per cent smaller than during the same month in 1925, but 15.3 per cent in excess of the July total this year. Stocks on September 1 were smaller by 12.0 per cent than a month earlier, and 20.1 per cent less than on September 1, 1925. Buying through the entire line is reported active, but with children's and misses shoes making relatively the best showing. Styles are still an important consideration, especially in ordering for future delivery, but less stress is being laid on this factor than was the case during the two preceding seasons. Factory operation was at 90 to 100 per cent of capacity.

Clothing—The past thirty days have been marked by improvement in virtually all branches of the clothing industry. Advance sales of men's suits and overcoats are considerably above those of the corresponding period last year. The women's cloak and suit industry is operating at capacity, demands on manufacturers in this district being unusually heavy owing to the strike in New York. Prices showed no change worthy of note as compared with the preceding thirty days, and with the exception of certain lines for spring wear, are at approximately the same levels as last year. Sales during August of the 8 reporting interests showed a gain of 41.3 per cent over the same month in 1925, and of 85.8 per cent over the July total this year.

Drugs and Chemicals—The steady improvement noted in the drug and chemical industry during earlier months this year was carried further during the period under review. August sales of the 7 reporting interests were 9.5 per cent larger during the same month in 1925, and 8.2 per cent greater than in July this year. Continued ex-

pansion in the demand for heavy chemicals from manufacturers was noted, particularly from the iron and steel and oil industries. Sales of pharmaceuticals showed somewhat more than the seasonal increase, and the movement of flavors, perfumes and cosmetics is reported in large volume.

Dry Goods—There was the usual heavy seasonal gain in sales from July to August, the total for the latter month being 67.9 per cent larger than the former. Aggregate sales of the 8 reporting interests in August, however, fell 7.2 per cent below the same month in 1925. Stocks on September 1, were 18.4 per cent smaller than a month earlier, and 17.8 per cent less than on September 1, 1925. Due to lateness of the crops, fall buying was reported backward, but since the first of this month there has been marked improvement in ordering for fall and early winter distribution. Sales of women's ready-to-wear clothing have fallen off, but the demand for dress goods shows considerable improvement. The recent decline in raw cotton has served to check purchasing of fabrics based on that staple.

Electrical Supplies—August sales of the 5 reporting interests were 5.7 per cent smaller than during the same month last year, and 23.3 per cent under the July total this year. Stocks on September 1, were 3.9 per cent smaller than thirty days earlier, but 28.2 per cent larger than on the same date in 1925. The decrease in the month-to-month comparison was seasonal in character, while the loss from a year ago was largely accounted for by the decrease in demand from the building industry. Since September 1, business has been stimulated by opening of the radio season, and storage batteries and general radio equipment are moving in satisfactory volume. No change of consequence was reported in prices as compared with the preceding month.

Flour—Production at the 12 leading mills of the district during August was 456,138 barrels, the largest since October, 1923, and comparing with 292,177 barrels in July and 358,313 barrels in August, 1925. Stocks of flour in St. Louis on September 1, were 105.3 per cent larger than a month earlier and .09 per cent in excess of the total on September 1, 1925. Business during the period under review was quiet, with prices easier in sympathy with the decline in cash wheat. Shipping directions were generally satisfactory, and since September 1, there has been improvement in the domestic trade, particularly on soft wheat flours in the South. Export business was confined chiefly to small quantities of soft flours to Latin-American countries and hard straights to Europe. Mill operation was at 75 to 80 per cent of capacity.

Furniture — A decline of 6.6 per cent in August sales as compared with the same month in 1925 was reported by the 16 reporting furniture interests, but the total was 34.8 per cent larger than that of July this year. Stocks on September 1, were 34.6 per cent larger than on the same date in 1925, but 4.1 per cent smaller than on August 1 this year. Business since September 1 has improved substantially, dealers buying more actively, and retailers showing more of a disposition to replenish depleted stocks. Demand for furniture and furnishings for new hotels and efficiency apartments is reported unusually large. Sales of school and hospital supplies and equipment are also in heavy volume.

Groceries — August sales of the 10 reporting interests were 13.9 per cent smaller than during the corresponding month in 1925, and 2.5 per cent in excess of the July total this year. Part of the decrease in the year-to-year comparison is accounted for by lateness of the canning season, and backwardness of retailers in contracting for this class of goods. Prices of canned goods, particularly tomatoes and peaches, were higher, but otherwise price changes during the month were insignificant. Staples are reported moving in relatively better volume than specialties and fancy goods. Stocks in hands of the reporting firms on September 1 were 35.9 per cent larger than on the same date in 1925, and 2.4 per cent larger than on August 1 this year.

Hardware — Business of hardware jobbers and wholesalers during the period under review showed a small decrease under the same time last year, but a fair gain over the preceding month. Retail sales in numerous sections were curtailed by heavy rains, particularly in the small towns and farming districts. The demand for builders' hardware and tools was generally above expectations, and the movement of linseed oil and all varieties of painters' supplies continues in heavy volume. Advance sales of winter goods are reported slightly less than at the same period last year. Prices of steel goods were firm, with slight advances on certain commodities. August sales of the 9 reporting firms were 1.7 per cent smaller than during the same month in 1925, and 2.6 per cent larger than the July total this year. Stocks on September 1 showed a decrease of 3.4 per cent under those on the same date in 1925, and of 7.7 per cent under the total on August 1, this year.

Iron and Steel Products — The volume of new business and specifications on contracts received at mills and foundries during August permitted of operations at a slightly higher rate than during the two preceding months. Buying, while still chiefly

on an immediate necessity basis, was unusually heavy for this time of year, and covered a broad variety of commodities. Since the last week of August ordering of finished and semi-finished materials for fourth quarter delivery has increased somewhat, but contracting for raw materials failed to show corresponding improvement. As has been the case for a number of months past, the building industry continues to furnish the best outlet for iron and steel manufactures. Fabricators of structural material report a liberal increase in orders, and two of the leading interests in this line have added to their working forces, and are operating at full capacity. In addition there is an excellent demand for standard structural shapes, tubular goods, wire nails and other materials going into buildings. Highway construction and municipal and public utility works are absorbing heavy tonnage of reinforcing materials. Sheets are in active demand, and prices slightly higher. The leading sheet producer of the district has resumed operations at its auxiliary plant, which had been idle for several months, and despite operations at 100 per cent of capacity, is three to five weeks in arrears on deliveries of some grades of material. Stove and farm implement manufacturers report increased sales, and a satisfactory volume of inquiry for fall delivery. Buying by the railroads still lags, and is confined chiefly to materials urgently needed. Shipments of pipe line supplies and other oil field goods continue at the high rate noted during the two preceding months. There was a further decline in production of pig iron for the country as a whole during August, but the loss was the smallest for any month since the recession started last May. Steel ingot production for the country in August gained 7.5 per cent over the July output, thus bringing to a halt the decline which had proceeded unbroken since April.

Lumber — Buying of softwood, which was active during late July and August, has slowed down since September 1. Mixed car orders are holding up fairly well, but due to small and incomplete mill stocks, increased time is required for deliveries. Prices on southern pine are still strong at their recent advance except on items affected by competition with fir, which latter wood has been relatively lower than other varieties. Retail trade in the rural districts has picked up since the rainy weather set in, and there is also more activity in the cities of the district. Planing mills are still busy filling old orders, but new business is materializing slowly. The demand for hardwoods and oak flooring is in good volume, with price improvement spreading from sap and red gum and common grades of oak

to other woods, notably to poplar and cottonwood items. Elm and maple are very strong.

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	
	Aug. 1926 comp. to Aug. 1925	8 months ending Aug. 31, 1926 to same period 1925	Aug. 31, 1926 comp. to Aug. 31, 1925	Aug. 31, 1926 to Aug. 31, 1925	Aug. 31, 1926 to Aug. 31, 1925	Aug. 31, 1926 to Aug. 31, 1925
Evansville	-12.8%	-5.4%	-4.6%	139.2	131.1	131.1
Little Rock.....	-5.8	-0.5	+2.3	164.9	166.7	166.7
Louisville	-6.8	-0.6	-0.7	219.7	228.0	228.0
Memphis	+10.7	+12.0	-6.3	177.6	151.6	151.6
Quincy	-14.2	-1.9	-5.0	130.5	131.1	131.1
St. Louis.....	+6.1	+2.1	-2.0	210.5	212.0	212.0
Springfield, Mo.	+19.2	+3.2	-8.8	108.5	98.8	98.8
8th District.....	+4.4	+3.1	-2.6	197.7	193.6	193.6

	Net sales comparisons		Stocks on hand	
	Aug., 1926 compared to Aug., 1925	July, 1926	Aug., 1926 compared to Aug., 1925	July, 1926
Men's furnishings.....	+3.2%	-20.4%	-0.6%	-0.5%
Boots and Shoes.....	+11.1	-25.0	-7.7	+1.9

CONSUMPTION OF ELECTRICITY

August consumption of electricity by selected industrial customers of public utility companies in the five largest cities of the district was 6.2 per cent larger than during the same month in 1925, and 8.0 per cent larger than in July this year. Detailed figures are as follows:

	No. of customers	Aug., 1926 *K.W.H.	July, 1926 *K.W.H.	Aug. 1926 comp. to July, 1926	Aug. 1925 *K.W.H.	Aug. 1926 comp. to Aug. 1925
Evansville	40	1,437	1,423	+1.0%	1,242	+15.5%
Little Rock.....	35	1,646	1,675	-1.7	1,351	+21.8
Louisville	73	5,700	4,684	+21.7	5,536	+3.0
Memphis	31	1,806	1,838	-1.7	961	+67.9
St. Louis.....	92	17,693	17,016	+4.0	17,088	+3.5
Totals.....	271	28,282	26,636	+6.2	26,178	+8.0

*In thousands (000 omitted).

AGRICULTURE

Prospects for various crops in this district underwent substantial improvement between August 1 and September 1 as a result of more liberal rainfall. Betterment was especially notable in corn, tobacco, potatoes, sweet potatoes, rice, late hay, legumes and pasture. However, during the latter part of August and the first half of September unusually heavy rains were general through the district, and most recent advices from scattered sections indicate considerable damage to growing crops and to grain in the shock due to the excessive precipitation. More or less serious flood conditions were reported in Illinois, Missouri, Arkansas and Indiana. In bottom lands irreparable injury was sustained by the corn crop; some fruits and vegetables were adversely effected, and almost universally farm work is backward.

Corn—In the five chief producing states of the district, Illinois, Missouri, Indiana, Kentucky and Tennessee, prospects for corn improved during August, the total indicated yield on September 1 being larger by 78,972,000 bushels than on August

1. As compared with the quantity harvested last year, the September 1 estimate this year is smaller by 67,729,000 bushels. The crop is generally from two to three weeks late, and on account of drought conditions earlier in the season more barren stalks and short ears than usual are reported from some localities. Damage from floods in rich creek and river bottoms has cut down prospects in many sections, but the full extent of this damage is impossible to determine at this time.

Winter Wheat—No change has taken place in the estimate of winter wheat production since the August 1 estimate. All accounts tend to confirm the high quality of the crop, and final yields in many sections were much above expectations. Soil preparation for the new crop has been delayed by the rains.

Oats—The principal development in this crop during the past thirty days was the heavy damage wrought to grain in the shock by rains. In the three largest producing states of the district the indicated yield on September 1 was 230,821,000 bushels, a decrease of 23,455,000 bushels from the August 1 estimate, and comparing with 259,386,000 bushels harvested in 1925. Condition of unthreshed oats has been further lowered since September 1. The crop for the country as a whole is short, being estimated at 1,263,619,000 bushels, against 1,511,888,000 bushels in 1925.

Fruits and Vegetables—Contrary to the usual experience, prospects for fruits and vegetables continued to improve during August. Rains and generally favorable growing conditions caused a substantial increase in the forecasts for apples, peaches, potatoes, sweet potatoes, grapes and some other products. The September 1 estimate for the four principal apple states, Illinois, Missouri, Arkansas and Indiana, was for 20,282,000 bushels, against 17,870,000 bushels last year. In the three first named states the commercial crop is placed at 2,826,000 barrels, against 2,501,000 barrels last year and a 5-year average (1921-25) of 2,296,000 barrels. Peach production in this district will exceed all previous records, the estimated total in six states being 9,944,000 bushels, against 6,177,000 bushels last year. Between August 1 and September 1 prospects for sweet potatoes in Tennessee, Mississippi and Arkansas gained about 1,230,000 bushels, the total crop being estimated at 13,517,000 bushels, against 12,252,000 harvested last year. Gardens and miscellaneous fruit and vegetable crops responded to the more adequate moisture, and showed marked improvement over the preceding month. Production and shipments of grapes in the district this

season are the largest on record, with the movement from the Ozark district of Missouri and Arkansas especially heavy.

Live Stock—As compared with the preceding month, no change in the condition of live stock took place. Pastures were materially improved by the heavier rainfall. Quality of hay was lowered in the lowlands by too much moisture, and generally throughout the country this crop is short. The estimated total for the United States, based on the September 1 condition was 78,900,000 tons of tame hay, the smallest of any year since 1918.

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

	Receipts			Shipments		
	Aug., 1926	July, 1926	Aug., 1925	Aug., 1926	July, 1926	Aug., 1925
Cattle and Calves.....	159,840	138,520	164,608	107,701	96,000	102,950
Hogs	290,182	271,751	244,703	210,474	186,063	165,267
Horses and Mules....	2,408	1,888	3,808	1,500	2,431	2,843
Sheep	84,625	86,021	70,035	26,732	24,276	23,407

Cotton—The Government report as of September 1 gave the condition and indicated yields of cotton in states of this district as follows; Arkansas, 63 per cent, 1,327,000 bales; Mississippi, 62 per cent, 1,319,000 bales; Missouri, 65 per cent, 225,000 bales; Tennessee, 60 per cent, 388,000 bales. For the country as a whole the average condition was 59.6 per cent and indicated crop 15,166,000 bales. Ginnings to September 1 were considerably smaller than at the same period last year, 694,877 bales, against 1,886,399 bales in 1925. During the last week of August and since that time, rains have been too heavy for best development of the crop and there are increasing reports of insect damage. Prices declined during the period under review, the middling grade in St. Louis closing at 16c per pound on September 17, against 17½c on August 17.

Rice—The crop in Arkansas, Mississippi and Missouri continues in promising condition, weather having been favorable for growth and development. The estimated production for these three states is 9,024,00 bushels, which compares with 8,347,000 bushels harvested last year.

Tobacco—Cutting has progressed slowly because of the rains throughout both burley and dark tobacco districts. Generally the crop improved during August, but from many sections there are reports of damage by wildfire and houseburn, due to excessive moisture. Considerable tobacco has been cut green on this account, thus reducing weight and impairing color. The estimated yield in Kentucky and Tennessee as of September 1 was 489,749,000 pounds, an increase of 32,012,000 pounds over the August 1 estimate, and comparing with 481,640,000 pounds harvested in 1925.

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

			Close	
			Sept. 15, 1926	Sept. 15, 1925
Wheat				
September	per bu.	High	Low	
December	"	\$1.37½	\$1.28½	\$1.34½
No. 2 red winter	"	1.40½	1.31½	1.36½
No. 2 hard.....	"	1.39	1.32½	\$1.72 @ 1.74
		1.39	1.30	1.38 @ 1.39
Corn				
September	"	.83½	.77	.81½
December	"	.84½	.80½	.83½
No. 2.....	"	.82½	.77	.81½
No. 2 white.....	"	.83½	.77½	.82½
Oats				
No. 2 white.....	"	.44½	.35½	.44 @ .44½
Flour				
Soft patent.....	per bbl.	7.50	6.50	6.75 @ 7.25
Spring patent....	"	7.80	6.90	6.75 @ 7.30
Middling cotton.....	per lb.	.18½	.16½	.16½
Hogs on hoof.....	per cwt.	14.85	9.25	10.50 @ 13.75
				11.00 @ 13.80

BUILDING

In point of dollar value, building permits issued in the five largest cities of the district during August fell 32.6 per cent below the same month in 1925, and 0.2 per cent under July this year. According to statistics compiled by F. W. Dodge Corporation, building contracts awarded in the Eighth Federal Reserve District during August amounted to \$48,743,341, which compares with \$34,752,350 in July and \$31,348,000 in August, 1925. The Aberthaw index of cost of building showed a reduction of one point on September 1 as compared to August 1 the decrease being due to decline in cement and lumber prices. Production of portland cement for the country as a whole during August totaled 16,936,000 barrels, against 17,096,000 barrels in July and 16,419,000 barrels in August, 1925. Building figures for August follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1926	1925	1926	1925	1926	1925	1926	1925
Evansville ..	535	206	\$ 400	\$ 361	117	110	\$ 35	\$141
Little Rock ..	81	91	297	369	132	123	30	85
Louisville ..	256	381	1,653	2,023	86	84	165	119
Memphis ...	229	494	1,127	1,674	305	126	246	56
St. Louis....	864	1,016	2,358	4,232	508	536	768	426
Aug. totals	1,965	2,188	\$5,835	\$8,659	1,148	979	\$1,244	\$827
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

*In thousands of dollars (000 omitted).

FINANCIAL

Financial and banking operations during the past thirty days have been chiefly along routine and seasonal lines, and have resulted in no change of moment in the position of the district as contrasted with the similar period immediately preceding. There has been a steady broadening in demand for credit accommodation, with most classes of borrowers represented, but there continues ample funds to meet all requirements, and fluctuations in interest rates have been narrow though the trend was upward. Mercantile interests, notably wholesalers of boots, shoes, clothing and dry goods, have increased their commitments, but there has also been

a fair volume of liquidation, so that deposits of the reporting member banks, after declining sharply at the end of August, returned at the middle of this month to about the same level recorded at the middle of April. Growth in demand from the agricultural sections has been steady during the past several weeks, but due to lateness of certain crops, particularly cotton the total volume of loans in that class is relatively smaller than at the corresponding time last year. Milling and grain interests, which are as a rule carrying heavier stocks than last year, have increased their commitments. Banks specializing in live stock loans report a less active demand from that source than earlier in the season. Total loans of the reporting member banks have been moving steadily upward since the first week of June, and have reached the highest point since early in May. Employment of Federal Reserve accommodation by these banks has expanded to the highest total since last spring. Demand for currency has shown the usual seasonal increase, the Federal Reserve note circulation of this bank at the middle of September being at the highest point of the year. The continued heavy demand for investments and large supply of available funds is indicated by the fact that this bank's quota of the recent issue of 3½ per cent Treasury Certificates of Indebtedness was oversubscribed by more than 57 per cent. Current rates at St. Louis banks 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, brokers loans, 4¾ to 5 per cent.

Commercial Paper — With the leading mercantile and industrial interests putting out relatively little paper, and continued keen competition from the banks, business of the reporting brokers declined sharply in August, both as compared with the same month in 1925, and the preceding month this year. Large city banks were purchasing sparingly, and except in the South country financial institutions were in the market for only limited amounts. Rates were higher, ranging from 4½ to 4¾ per cent, as compared with 4¼ to 4½ per cent during the preceding thirty days.

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. Govern-

(Compiled September 22, 1926)

ment in the leading cities of the district. Charges to accounts of banks are not included:

	*Aug. 1926	*Aug. 1925	*Eight Months 1926	1925
E. St. Louis and Nat. Stock Yards, Ill....	\$ 50,969	\$ 46,367	\$384,204	\$345,275
El Dorado, Ark.....	11,028	11,619	98,307	79,351
Evansville, Ind.....	41,505	39,098	318,995	313,167
Fort Smith, Ark.....	11,632	10,942	103,430	99,192
Greenville, Miss.....	3,293	2,912	35,259	31,778
Helena, Ark.....	4,676	3,578	37,650	36,408
Little Rock, Ark.....	77,113	64,065	613,947	512,147
Louisville, Ky.....	185,562	165,460	1,593,106	1,506,311
Memphis, Tenn.....	125,920	107,381	1,162,827	1,065,871
Owensboro, Ky.....	5,031	5,202	44,839	47,989
Pine Bluff, Ark.....	9,768	9,307
Quincy, Ill.....	12,522	11,962	101,653	96,734
St. Louis, Mo.....	661,883	666,533	6,019,789	5,814,760
Sedalia, Mo.....	4,197	4,719	37,901	36,838
Springfield, Mo.....	15,762	14,022	130,087	109,860
Totals	\$1,220,861	\$1,163,167	\$10,681,994	\$10,095,681

*In thousands (000 omitted).

Condition of Banks — Loans and discounts of reporting member banks on September 15 scored a good gain over August 18 and were 3.8 per cent larger than on September 16, 1925. Deposits showed a good increase over the previous month, and were 5.0 per cent higher than on September 16, 1925. Comparative statement follows:

	*Sept. 15, 1926	*Aug. 18, 1926	*Sept. 16, 1925
Number of banks reporting.....	†31	32	33
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't. obligations.....	\$ 7,269	\$ 7,038	\$ 7,228
Secured by other stocks and bonds.....	189,966	186,469	173,101
All other loans and discounts.....	325,978	323,456	323,652
Total loans and discounts.....	\$523,313	\$516,963	\$503,981
Investments			
U. S. Gov't. securities.....	64,735	61,863	57,127
Other securities.....	113,975	114,053	112,441
Total Investments.....	\$178,710	\$175,916	\$169,568
Reserve balance with F. R. bank.....	49,788	44,438	46,629
Cash in vault.....	7,933	7,200	7,969
Deposits			
Net demand deposits.....	413,145	391,840	392,204
Time deposits.....	217,680	220,750	210,081
Government deposits.....	6,120	3,757	5,108
Total deposits.....	\$636,945	\$616,347	\$607,393
Bills payable and rediscounts with Federal reserve bank			
Secured by U. S. Gov't obligations.....	6,182	5,085	3,843
All other.....	12,819	15,780	19,161

*In thousands (000 omitted).

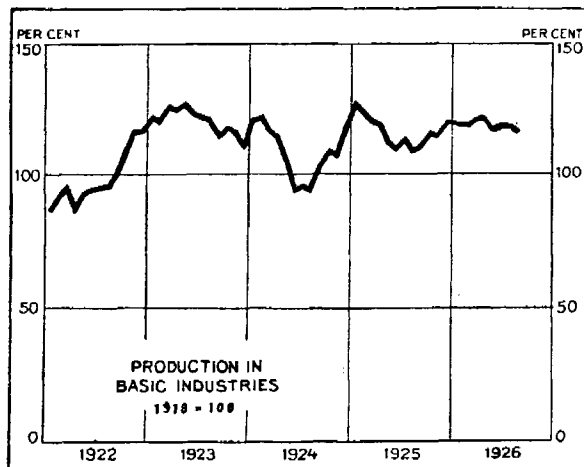
†Decrease due to consolidation. These 31 banks are located in St. Louis, Louisville, Memphis, Little Rock and Evansville, and their total resources comprise approximately 53.5 per cent of the resources of all member banks in the district.

Federal Reserve Operations — During August the Federal Reserve Bank of St. Louis discounted for 220 member banks, against 222 in July and 220 in August, 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:

	Sept. 16, 1926	Aug. 16, 1926	Sept. 16, 1925
Bills discounted.....	\$39,438,000	\$37,288,000	\$39,563,000
Bills bought.....	7,615,000	8,630,000	2,374,000
U. S. Securities.....	19,518,000	24,200,000	30,163,000
Foreign loans on gold.....	345,000
Total bills and securities.....	\$66,571,000	\$70,118,000	\$72,445,000
F. R. Notes in circulation.....	47,770,000	45,983,000	40,051,000
Total deposits.....	78,584,000	79,565,000	79,315,000
Ratio of reserves to deposit and F. R. Note liabilities.....	51.6%	48.9%	44.4%

BUSINESS CONDITIONS IN THE UNITED STATES

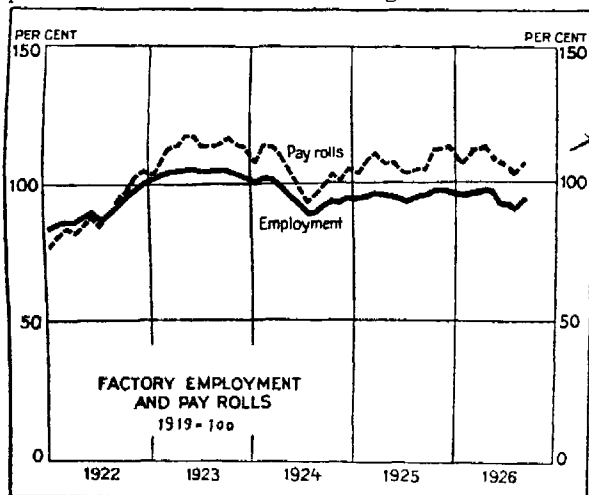
PRODUCTION—The index of production in basic industries, which is adjusted for the usual seasonal variation, declined slightly in August, but this decline was accounted for by the fact that there were five Sundays in August as against four in July. Textile mill activity and production of steel ingots, zinc and petroleum increased, while the output of pig iron, lumber, coal, copper, cement, and sugar was smaller than the month before. Automobile production increased considerably in August and was larger than in any month since April. Factory employment and payrolls, after declining in July, increased in August, as is usual at this season of the year. Building activity, as meas-



Index of 22 basic commodities adjusted for seasonal variations.
Latest figure, August=116.

ured by contract awards in 37 states east of the Rocky Mountains, was in larger volume in August than in July or in any other previous month, with the exception of August, 1925. In eastern and southeastern states the volume of building was smaller in August than a year ago, while in the middle west contracts awarded were larger. Contracts for residential structures were smaller than last year while those for industrial buildings and for public works and public utilities were substantially larger. Crop conditions improved in August, according to a statement by the Department of Agriculture. September forecasts of yields of corn, barley, hay, tobacco and most fruit and vegetable crops were above those made in August, while expected yields of oats and spring wheat were slightly less. A cotton crop of 15,810,000 bales was indicated on the basis of the condition of the crop at the middle of September. The crop, however, is later than last year and ginnings up to September 16 amounted to only 2,511,000 bales compared with 4,282,00 bales prior to September 16, 1925.

TRADE—Volume of wholesale trade and sales at department stores increased in August and retail sales

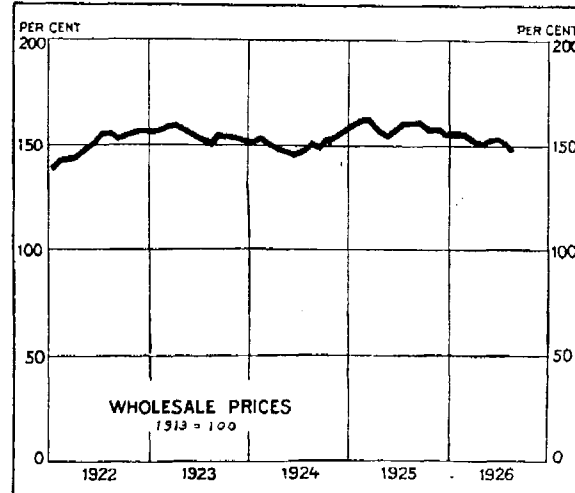


Federal Reserve Board's indexes of factory employment and payrolls.
Latest figures, August, employment=94.4 payrolls=107.7.

were larger than a year ago. Stocks of dry goods and shoes carried by wholesale firms were smaller at the end of August than last year, while those of groceries and hardware were larger. Inventories of department stores increased in preparation for volume trade, but this increase

was less than is usual at this season and at the end of the month stocks were smaller than a year ago. Freight car loadings in August continued higher than in the corresponding months of previous years and for the weeks of August 28 and September 4 exceeded all previous weekly records. Loadings of grain continued large and shipments of merchandise in less car load lots, miscellaneous commodities, ore, and coke were considerably larger than in the corresponding period of previous years.

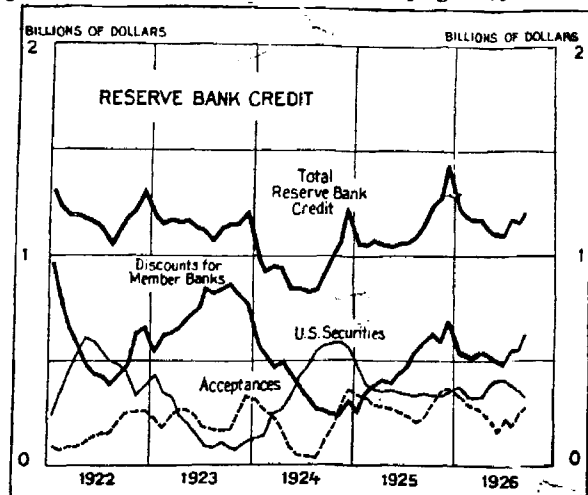
PRICES—Wholesale commodity prices, according to the index of the Bureau of Labor Statistics, declined by over one per cent in August, reflecting largely price de-



Index of U. S. Bureau of Labor Statistics.
Latest figure, August=149.2.

creases for grains, live stock and meat products. Prices of clothing materials, fuels, and metals increased between July and August, while prices of cotton, wool, sugar, building materials, and rubber showed little change. In the first half of September prices of grains, cattle, sugar, bituminous coal, and coke advanced, while prices of raw cotton, silver, and bricks declined.

BANK CREDIT—Increased demand for bank credit in connection with the harvesting and marketing of crops and Autumn trade, together with an increase in loans on securities, was reflected in a considerable growth between the middle of August and the middle of September in loans of member banks in leading cities. The banks' holdings of investments also increased, though there was a decrease in investments at banks in New York City, and total loans and investments on September 15 were larger than at any previous time. The volume of reserve bank credit increased by about \$90,000,000 between August 18 and September 22, partly in response to seasonal demands for currency. Discounts for member banks rose in September to the highest figure for the year and acceptance holdings also increased,



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

while United States securities declined by about \$55,000,000. Money rates continued to rise in September. Rates on commercial paper advanced by one-fourth per cent to $4\frac{1}{2}$ — $4\frac{3}{4}$ per cent and rates on security loans also averaged higher than in August.