

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

REPORTS relative to business in this district during the past thirty days vary considerably, both in reference to lines and localities. Crops and weather conditions were the principal influencing factors affecting the immediate situation and in many sections these conditions were not entirely favorable for best results. Generally high temperatures in September and early this month interfered with distribution of seasonal merchandise. Excessive rains and floods in parts of the northern tier of states of the district, wrought heavy damage to crops and retarded routine fall farm operations. In the South the sharp decline in prices of raw cotton had a tendency to curtail purchasing of merchandise, besides serving in a measure to emphasize conservatism in the business community in that region. The usual expansion in buying of farm supplies and merchandise in the country generally, following completion of the chief harvests, is less pronounced than in recent years.

Withal total volume of production and distribution of commodities was maintained at close to the high rate of the two or three months immediately preceding. In several important lines, notably boots and shoes, furniture, electrical supplies and fuel sales were in excess of those during the corresponding period in 1925. Decreases in the year-to-year comparison were shown in dry goods, hardware, groceries, drugs and chemicals, automobiles and several of the less important lines. Railroad freight loadings continued to exceed all seasonal records, debits to individual accounts were heavier in the aggregate than in August, and there was a gain of 6.4 per cent in department store sales during September as compared with the same month in 1925. As indicated by contracts awarded and permits issued in the chief cities of the district, there was a recession in building activity, but work on structures in process of erection continued as active as

heretofore, and a heavy demand was reported for all varieties of building materials.

Unusual activity for this time of the year marked the iron and steel industry. While virtually all mills and foundries reporting showed smaller unfilled orders than a month earlier, this was attributed to the heavy volume of specifications on goods under contract for third quarter delivery. In a majority of instances new business placed, totaled only slightly less than current shipments. Generally the employment situation showed improvement, according to the Employment Service of the United States Department of Labor. In the South, lumber and textile mills added to their working forces, and gains were reported in the quarrying, glass, paper and printing industries. Manufacturers of boots and shoes and clothing were employing approximately the same numbers of workers as a month earlier. Food and kindred products plants registered some decreases. Except for a scarcity of cotton pickers in some Southern counties, farm labor is adequate to the demand, with wages at about the same levels as last year.

While further slight improvement was noted in the coal situation in the district as a whole, all fields did not share in the betterment. Weather conditions in Indiana and Illinois were against best results. High temperatures in late September curtailed buying, and the excessive rains and floods cut operations at many mines and seriously interfered with transportation. This was particularly true of stripping operations. Ordering of domestic fuel showed the usual improvement, and a feature of this business was a broader demand for the better grades of coal. Prices on the average were higher than thirty days earlier, though steaming coal in Western Kentucky and elsewhere in the district was a shade lower. Deliveries on public-utility and general steam contracts were heavy, and in some quarters there is a disposition to augment storage stocks in

anticipation of a possible strike of bituminous miners in the spring. Purchasing by the railroads is on a more satisfactory scale than has been the case in a number of months. Working time at additional shaft mines has been increased, many operations in the Indiana-Illinois district which had been active only two or three days a week, now working five days. Total production of bituminous coal for the country as a whole during the calendar year 1926 to October 9, approximately 239 working days, was 422,355,000 net tons, against 380,909,000 tons for the corresponding period in 1925, and 358,855,000 tons in 1924.

In the matter of freight traffic handled, railroads operating in the district continue to exceed all seasonal records. The steady gains over a year ago in the movement of merchandise and miscellaneous freight and coal were maintained, but decreases were recorded in the quantity grain and grain products handled. For the country as a whole loadings of revenue freight for the first 40 weeks of the year, or to October 2, totaled 40,437,413 cars against 39,006,227 cars for the corresponding period last year and 36,799,691 cars in 1924. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 228,822 loads in September, the largest number since March, and comparing with 228,396 loads in August, and 217,465 loads in September, 1925. During the first 9 days in October the interchange amounted to 71,490 loads, against 65,733 loads during the same period in September, and 67,178 loads during the first nine days in October, 1925. Passenger traffic of the reporting roads during September decreased 1.5 per cent as compared with the same month last year. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans during September was 111,000 tons, against 114,352 tons (revised figures) in August and 46,070 tons on September, 1925.

Reports relative to collections indicate a slight slowing down, both as compared with the preceding month and the same period last year. Results generally through the South were not up to expectations, and there were numerous complaints of delayed payments in sections affected by the floods. Retail merchants in the large cities reported improvement over the preceding month, and in certain of the wholesale lines settlements were in good volume. Fair liquidation was the rule in the rice and cotton areas, where initial marketing of these crops is in progress, and farmers are paying their debts. Some improvement over the recent unsatisfactory conditions were reported in the coal

mining areas. Replies to 430 questionnaires addressed to representative interests in the several lines throughout the district showed the following results:

	Excellent	Good	Fair	Poor
September, 1926.....	1.4%	32.4%	58.1%	8.1%
August, 1926.....	3.0	28.8	60.6	7.6
September, 1925.....	3.1	53.3	41.5	2.1

Commercial failures in the Eighth Federal Reserve District during September, according to Dun's, numbered 48, involving liabilities of \$548,162, against 53 defaults in August with liabilities of \$1,326,682 and 54 failures for \$1,138,071 in September, 1925.

The per capita circulation of the United States on October 1 was \$42.02, against \$42.02 on September 1, and \$42.17 on October 1, 1925.

MANUFACTURING AND WHOLESALE

Automobiles—Production of passenger automobiles of the United States during September totaled 350,811 cars which compares with 379,111 in August and 263,855 in September, 1925. The total output of trucks in September was 46,312, against 45,283 in August and 58,002 in September, 1925.

As compared with the preceding month and the same period last year, sales of passenger automobiles in this district during September showed a sharp decrease. Losses were heaviest in the lower priced cars, the medium priced category making a relatively good showing. Sales of country dealers were almost universally disappointing, unsatisfactory business in the rural districts being ascribed to unfavorable weather conditions in the northern tiers of the district and to depression in the raw cotton market in the South. Stocks of new cars in dealers' hands showed little variation as compared with the month before, and the total was slightly in excess of that at the corresponding period last year. Conditions in the used car market were reported fairly satisfactory. Stocks receded somewhat between August 31 and September 30, and the total value of the investment represented was considerably smaller than at the corresponding period last year. September sales of new cars by 320 dealers scattered through the district showed a decrease of 41.4 per cent under August, and were 15.8 per cent below the corresponding month in 1925. Sales of parts and accessories were relatively better than new vehicles, the September total being only 7.5 per cent below August and 20.3 per cent under September, 1925. As has been the case for the past several months, the proportion of new cars sold on time payment again decreased in September, the

ratio to total sales being 48.9 per cent, against 54.0 per cent in August and 56.3 per cent in July. No change worthy of note occurred in the tire situation as contrasted with the preceding thirty days.

Boots and Shoes — September sales of the 7 reporting interests were 5.5 per cent larger than during the same month in 1925, and 7.0 per cent below the August total this year. The decrease in the month-to-month comparison was seasonal in character, and smaller than the average for the similar periods during the past three years. Stocks on hand on September 30 were 6.5 per cent smaller than thirty days earlier and 17.9 per cent less than those on September 30, 1925. According to reporting firms, the improvement over last year was spread through all sections of the line, but with men's shoes making an especially favorable showing. Factory operations were at about the same rate during September as August, but curtailment has taken place at a number of plants since October 1. No price changes were recorded as compared with the preceding month.

Clothing — Weather conditions and uncertainty relative to prices and styles resulted in a slowing down in business in virtually all lines of apparel. Salesmen on the road report considerable hesitancy on the part of retailers, particularly in the matter of future commitments. Sales of men's and boys' suits have been below expectations, warm weather through September and early October having a tendency to hold down distribution of heavy weight goods. Manufacturers of women's coats and suits in the district are operating at capacity, the demand for their goods being stimulated by the strike in this trade in New York. Purchasing of clothing based on cotton has been held in check by the decline in prices of that staple. September sales of the 8 reporting interests were 34.7 per cent below those in the same month last year and 43.6 per cent under the August total this year.

Drugs and Chemicals — While some slowing down as compared with the preceding month and a year ago was reported in this line, volume of sales is holding up to expectations. The demand for heavy drugs and chemicals from the manufacturing trade is well sustained, and prices of commodities in this classification are strong. Some advances in prices of pharmaceuticals were recorded, and the general list of remedial drugs is firm. Sales of miscellaneous goods and cosmetics during September were the largest for any month this year, with one exception. September sales of the 7 reporting interests were 4.1 per cent smaller than in September, 1925, and 0.2 per cent under the August total this year.

Dry Goods — A further recession in business in this classification was recorded, both as compared with the preceding month and last year. The volume of current sales continues large, but buying for future delivery is backward. The disposition to buy only for immediate needs has been accentuated by the recent decline in raw cotton. Stocks at both wholesale and retail are moderate, and there is a general disposition among merchants to maintain as low inventories as their requirements will permit. September sales of the 8 reporting interests were 4.9 per cent smaller than in September, 1925 and 11.3 per cent under the August total this year. Stocks on October 1 were 11.3 per cent smaller than a month earlier and 20.6 per cent below those on October 1, 1925.

Electrical Supplies — Heavy demand for radio goods, continued good purchasing by the building industry and a steadily increasing call for small motors for a broad variety of uses, were factors in gains in September sales of the 5 reporting interests of 13.6 per cent and 7.0 per cent, respectively, over the preceding month and the corresponding period last year. Stocks on October 1 were 30.6 per cent larger than on the same date in 1925, and 4.1 per cent larger than on September 1 this year. No change in prices worthy of note were reported as contrasted with the preceding month, and collections were mainly satisfactory.

Flour — Production by the 12 leading mills of the district in September was 436,876 barrels, against 456,138 barrels in August and 354,457 barrels in September, 1925. Stocks of flour in St. Louis on October 1 were 10.6 per cent larger than a month earlier, but 3.4 per cent smaller than on October 1, 1925. Business through the period under review was quiet. Buyers of all classes were apparently uncertain relative to prices, and unwilling to place orders for more than their immediate necessities demanded. Millers report an unusually small number of orders for delivery beyond January 1. Prices advanced slightly late in August in sympathy with the upturn in cash wheat. Export demand continues light, with bids from abroad mainly below mill prices here.

Furniture — September sales of the 16 reporting interests were 6.2 per cent larger than for the same month in 1925, and 24.2 per cent in excess of the August total this year. Stocks on October 1 were larger by 32.6 per cent than on the same date last year, but 4.3 per cent below those on September 1 this year. Business generally through the line was reported satisfactory. The demand for hotel and theater furnishings continues active, and there was some improvement in the movement of metal

goods and office supplies. Prices were unchanged as compared with the preceding thirty days.

Groceries — Unfavorable conditions in the country, due to floods and lower prices for certain farm products, were mentioned as the chief cause for a decline in September sales of the 11 reporting interests of 8.7 per cent as compared with the same month in 1925. As compared with the August total this year, however, September sales showed a gain of 18.0 per cent. Stocks on October 1 were 12.5 per cent smaller than on the same date in 1925, and 1.8 per cent larger than on September 1 this year.

Hardware — September sales of the 9 reporting firms were 7.0 per cent smaller than for the same month in 1925, but 0.6 per cent in excess of the August total this year. Stocks on October 1 were 3.0 per cent smaller than those on the same date in 1925 and 3.9 per cent below September 30 this year. Considerable irregularity was reported, both in reference to the different lines and localities. Sales in the country have been curtailed by unfavorable weather and crop conditions, the usual seasonal expansion in demand for farm supplies being less pronounced than usual. Building hardware has also receded in activity, but the movement of shelf hardware, especially in the large cities, was above expectations. As compared with the month before the average of prices remained unchanged, advances about balancing declines.

Iron and Steel Products — Production and consumption of finished and semi-finished iron and steel goods during the past thirty days was maintained at the high levels noted during the preceding three months. In the immediate past, however, there has been a slight recession in the placing of new business, and mills and foundries for the most part report a smaller volume of unfilled business than a month earlier. This latter fact, however, is due in large measure to the universal practice of immediate necessity buying and to the unusually heavy specifications on contracts for third quarter delivery. Some falling off in demand for structural materials was noted, though the building industry is still absorbing large tonnages, and producers and distributors of reinforcing concrete bars report the call for this class of material as active as heretofore. While purchasing by the automotive industry was less in evidence the general market for sheets continued brisk, with prices higher and producers operating at or close to capacity. Due to adverse weather and crop conditions in some portions of the packing industry, the urgent demand that had characterized the tin plate market for many months showed decided signs of moderating. Railroad buying continues chiefly on a necessity basis, though Septem-

ber was the best month in point of new car orders since June, and more interest was manifested in rails and track materials. Farm implement manufacturers reported a slowing down in ordering, particularly from the South and corn belt states. The movement of wire fencing and the general run of wire and wire products was heavy, but new ordering was considerably below expectations. New buying and shipments of oil country goods continue satisfactory. Total production of pig iron in the United States during September was the largest recorded for that month since 1918. Average daily rate was 105,386 tons, compared with 103,249 tons in August and 90,862 tons in September, 1925. Shipments of pig iron were on a large scale, but new buying was quiet, with virtually no ordering for delivery beyond December 31. Prices averaged about steady with the preceding thirty days. Steel ingot production in September, amounting to 3,930,675 tons, was 1.5 per cent under August, but with one exception was the largest for any September on record.

Lumber — An unseasonal decline in the wholesale demand for lumber started in the softwoods in mid-September, and two weeks later in the hardwoods. Wet weather, which checked retail distribution over much of consuming territory, was in part responsible, though there has been a better movement from retail yards since the middle of October, with the result of creating a little more business for the mills. Prices both of Southern pine and fir have receded moderately and are weak on nearly all items, despite lowered production. Hardwoods, however, have held up much better in relation to a previously improved price position. Sap gum is still strong; red gum, soft maple, elm, flooring grades and certain items of poplar and other woods are steady to firm. Because of earlier price declines, yellow cypress remains stationary, although weak.

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	
	Sept. 1926 comp. to Sept. 1925	8 months ending Sept. 30, 1926, to same period 1925	Sept. 30, 1926, comp. to Sept. 30, 1925	January 1 to Sept. 30, 1925	1925
Evansville	- 6.9%	- 5.5%	- 5.4%	155.6	146.9
Little Rock.....	+ 5.3	- 0.4	+13.7	184.0	187.6
Louisville	+ 4.1	- 0.1	- 2.6	244.8	251.2
Memphis	+ 4.6	+11.0	- 5.6	198.5	170.6
Quincy	+ 8.1	- 0.6	- 1.3	152.4	153.6
St. Louis.....	+ 7.5	+ 2.9	+ 0.3	237.1	239.3
Springfield, Mo..	- 8.9	+ 1.6	- 3.2	122.9	112.6
8th District.....	+ 6.4	+ 3.5	- 0.2	223.7	217.9

	Net sales comparisons		Stocks on hand	
	Sept. 1926 compared to Sept. 1925	Aug. 1926	Sept. 1926 compared to Sept. 1925	Aug. 1926
Men's furnishings.....	+11.0%	+41.8%	+ 3.3%	+16.1%
Boots and Shoes.....	+15.1	+18.1	+26.1	+17.5

CONSUMPTION OF ELECTRICITY

September consumption of electricity by selected industrial customers of public utilities companies in the five largest cities of the district was 1.8 per cent greater than during the same month in 1925, and 6.2 per cent smaller than in August this year. Detailed figures follow:

	No. of Customers	Sept. 1926 *K.W.H.	Aug. 1926 *K.W.H.	Sept. 1926 Comp. to Aug. 1926	Sept. 1925 *K.W.H.	Sept. 1926 Comp. to Sept. 1925
Evansville.....	40	1,210	1,437	-15.7%	1,255	-3.6%
Little Rock.....	35	1,534	1,646	-6.8	1,334	+15.0
Louisville.....	81	5,315	5,700	-6.8	5,586	-4.9
Memphis.....	31	1,471	1,806	-18.5	974	+51.0
St. Louis.....	92	17,006	17,693	-3.9	16,905	+0.6
Totals.....	279	26,536	28,282	-6.2	26,054	+1.8

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
August, 1926.....	2,089,743,000	4,030,489,000	6,120,232,000
July, 1926.....	1,997,206,000	3,917,078,000	5,914,284,000
August, 1925.....	1,726,680,000	3,648,849,000	5,375,529,000

BUILDING

The dollar value of permits for new buildings in the five largest cities of the district issued in September fell 9.8 per cent below the same month in 1925, but was 14.9 per cent larger than the August total this year. According to statistics compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District during September amounted to \$35,187,306, which compares with \$48,743,341 in August, and \$41,292,000 in September, 1925. There was no change worthy of note in building costs during the month, rates of labor and building material prices remaining approximately the same as thirty days earlier. Production of portland cement for the country as a whole during September was 16,571,000 barrels, against 16,936,000 barrels in August and 15,939,000 barrels in September, 1925. Building figures for August follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1926	1925	1926	1925	1926	1925	1926	1925
Evansville ..	399	174	\$ 335	\$ 451	87	89	\$ 26	\$ 13
Little Rock ..	64	81	1,581	279	137	102	108	41
Louisville ..	263	373	1,105	2,637	87	96	98	219
Memphis ...	290	421	1,490	876	150	95	165	21
St. Louis....	869	852	2,205	4,312	426	512	559	352
Sept. totals	1,885	1,901	\$6,716	\$8,555	887	894	\$ 956	\$646
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

*In thousands of dollars (000 omitted).

POSTAL RECEIPTS

Returns from the five largest cities of the district show an increase in postal receipts for the third quarter of 1926 of 7.0 per cent over the same period in 1925 and a decrease of 1.0 per cent under

the second quarter this year. Detailed figures follow:

	*For quarter ending			Sept. 30, 1925	Sept. 1926 comp. to Sept. 1925
	Sept. 30, 1926	June 30, 1926	Mar. 31, 1926		
Evansville	\$ 150,000	\$ 158,000	\$ 158,000	\$ 145,000	+ 3.4%
Little Rock.....	268,000	211,000	242,000	211,000	+27.0
Louisville	678,000	702,000	705,000	651,000	+ 4.1
Memphis	514,000	518,000	514,000	474,000	+ 8.4
St. Louis.....	3,023,000	3,091,000	3,212,000	2,850,000	+ 6.1
Totals.....	\$4,633,000	\$4,680,000	\$4,831,000	4,331,000	+ 7.0

AGRICULTURE

Taken as a whole the agricultural situation in this district during the past thirty days was less favorable than during the similar period immediately preceding. Until almost the middle of October there was a continuance of excessive rains in many sections which prevented ripening of corn and other late crops, besides causing floods which wrought serious damage in the rich bottom lands. Harvesting was interfered with and fall plowing and winter wheat seeding was greatly delayed, much land which had been cultivated earlier having to be plowed again. Aside from cotton, none of the late crops showed any significant expansion in volume of yield from September 1 to October 1. In addition, the general trend of farm products was toward lower levels, with the price of cotton, one of the principal crops of the district, moving sharply downward. However, according to the Department of Agriculture, the composite condition of all crops in states wholly or partly within the district (100=10-year average) was 105.4 per cent on October 1, against 99.4 per cent on the same date in 1925.

Corn—The indicated yield of corn in this district, based on the October 1 condition was 399,749,000 bushels, a decrease of 5,634,000 bushels from the September 1 estimate, and comparing with 404,167,000 bushels harvested last year. Losses were particularly severe in Illinois, where approximately 50,000 acres were ruined by floods, and quality generally was lowered. During the past two weeks there has been some improvement in weather conditions and the corn is drying in fair shape. There has been little or no damage from frost, and where cutting has been possible in the southern sections, shucking has made good progress. Due to the drought early in the growing season, there is an unusually large number of small ears. Silo filling is backward, owing to the wet condition of the fields.

Wheat—Seeding of winter wheat is universally backward on account of the excessive moisture, and considerable intended wheat acreage is being abandoned because of rain and mud, especially where farmers planned to cut corn and plant wheat. Where conditions have been favorable increased acreage is the rule, and this fact, it is believed, will

offset losses due to the poor planting conditions. The total yield of all wheat in the district this year is estimated at 52,236,000 bushels, against 49,277,000 bushels produced in 1925. Average quality is the highest in recent years.

Oats—As compared with a month earlier, October 1 prospects for this crop improved slightly, the estimate being for 59,690,000 bushels, against 58,899,000 on September 1 and 63,577,000 bushels harvested in 1925. Average quality is poor, and there were numerous complaints of damage from sprouting in the shock.

Fruits and Vegetables—There was little change worthy of note in the condition of fruits and vegetables during the past thirty days, and estimated yields are about the same as indicated a month earlier. Production of white potatoes is expected to be slightly larger than last year in this district, and for the country as a whole the yield is estimated at 352,000,000 bushels which compares with 326,000,000 bushels harvested last year, and a 5 year average (1921-25) of 396,000,000 bushels. Tennessee, Mississippi and Arkansas will produce 13,605,000 bushels of sweet potatoes, against 12,192,000 last year. Production of apples in the three chief states, Illinois, Missouri and Arkansas, is estimated at 16,007,000 bushels, against 15,170,000 bushels last year, with a commercial crop of 2,528,000 barrels compared with 2,501,000 barrels in 1925. Grapes and peaches yielded heavily in this district, but due to heavy production in other sections, prices were disappointing. Late gardens and miscellaneous vegetable crops have for the most part turned out poorly, due to unfavorable weather conditions.

Live Stock—Pastures throughout the district have been benefitted by the rains, and present average condition is higher than at any similar season in a decade. The excessive moisture, however, has been unfavorable for live stock, and there are numerous complaints of disease among herds. Unusually heavy losses have been sustained by hog raisers in Illinois and Missouri from cholera.

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

	Receipts			Shipments		
	Sept. 1926	Aug. 1926	Sept. 1925	Sept. 1926	Aug. 1926	Sept. 1925
Cattle and Calves.....	185,144	159,840	151,670	130,980	107,701	100,063
Hogs	296,144	290,182	300,110	209,939	210,474	208,771
Horses and Mules.....	5,747	2,408	7,329	6,111	1,500	7,408
Sheep	91,465	84,625	54,226	67,287	26,732	28,468

Cotton—Based on the October 1 condition, the yield of cotton in this district is estimated by the U. S. Department of Agriculture at 2,906,000 bales, against 3,456,000 bales produced in 1925.

Weather conditions since the first of this month have been generally auspicious for development and harvesting of the crop. Stocks in Arkansas warehouses on October 15 amounted to 475,713 bales, against 326,396 bales on the same date last year. Prices again declined, the middling grade in the St. Louis market closing at 12½c per pound on October 18, against 15¾c on September 18, and 22½c on October 17, 1925.

Rice—The 1926 rice crop in Arkansas and Missouri is estimated at 9,112,000 bushels, an increase of 773,000 bushels over the 1925 production. Harvesting of the crop has made excellent progress, and about 60 per cent of the early varieties have been threshed. Prices are below those of a year ago, but the crop this year was produced at lesser expense than was the case in 1925, and present market levels are sufficiently high to net a fair profit to producers.

Tobacco—Cutting of late tobacco has been completed, but weather has been unfavorable for curing. Too much moisture has retarded drying, and has increased danger of damage to the partly green leaf from sweating. Houseburn is complained of in some sections, but the general crop in the barns is reported in good condition. The indicated yield in this district is 299,616,000 pounds, against 312,183,000 pounds produced in 1925. Recent sales of 24,000,000 pounds of the 1923 redried crop of burley tobacco and 1,000,000 pounds of the 1925 crop were reported by the Burley Tobacco Growers Cooperative Association.

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

	High	Low	Close	
			Oct. 15, 1926	Oct. 15, 1925
Wheat				
December .....per bu.	\$1.42½	\$1.34¾	\$1.39½	\$1.51
May	1.50½	1.45	1.47½	1.46½
No. 2 red winter “	1.44	1.36	\$1.41 @ 1.42	1.72 @ 1.75
No. 2 hard..... “	1.45	1.38	1.42½ @ 1.43	1.57 @ 1.60
Corn				
December .....	.81½	.76	.76	.74½
May .....	.88¾	.84¾	.84¾	.79½
No. 2..... “	.82	.77	.77½	.83½
No. 2 white..... “	.84	.78	.79 @ .79½	.87
Oats				
No. 2 white..... “	.50	.42	.45 @ .46	.40¾
Flour				
Soft patent.....per bbl.	7.50	6.75	7.00 @ 7.50	8.75 @ 9.25
Spring patent..... “	7.65	7.10	7.20 @ 7.40	7.85 @ 8.10
Middling cotton.....per lb.	.16¼	.12½	.13	.22½
Hogs on hoof.....per cwt.	14.15	10.25	11.00 @ 14.15	10.00 @ 11.85

FINANCIAL

Further expansion in the demand for credit accommodation, due principally to seasonal influences, has featured the banking and financial situation in this district during the past thirty days. Mercantile borrowers, notably dry goods, boots and shoes, lumber and hardware, increased their commitments, and requirements of certain manufactur-

ing lines were larger than during the preceding month. Total loans of the reporting member banks have moved steadily upward since the third week of August, and at the middle of this month reached the highest point of the year. Demand from the agricultural sections was also much more strongly in evidence, particularly in the South, where requirements for financing cotton, tobacco and rice are increasing as these crops are harvested and moved to market. Balances of country banks with their city correspondents have been substantially reduced, and in addition the city banks are lending considerable sums to country borrowers. There has been some liquidation by the grain and flour milling interests, but this has been offset by the usual seasonal increase in borrowing by the packing and canning industries. Deposits of the reporting member banks, which declined sharply during the third week of September, have since that date moved rapidly upward, and on October 13 were at the same level as at the middle of last April. Loans of these banks based on stock exchange collateral continued to decline and reached a new low point for the year. Reflecting the generally more active demand for credit accommodation, interest rates continued to show advancing tendencies during the period under review. Current quotations at the St. Louis banks were as follows: Commercial paper, 4¾ to 5 per cent; customers' over the counter loans, 5 to 5¾ per cent, collateral loans 5 to 5¾ per cent, and brokers' loans 5 to 5½ 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 accounts of banks are not included:

	*Sept. 1926	*Sept. 1925	*Nine Months 1926	*Nine Months 1925
E. St. Louis and				
Nat. Stock Yards, Ill....	\$ 56,434	\$ 48,036	\$440,638	\$393,311
El Dorado, Ark.....	11,903	11,179	110,210	90,530
Evansville, Ind.....	43,032	39,442	362,027	352,609
Fort Smith, Ark.....	14,045	15,582	117,475	114,774
Greenville, Miss.....	4,319	5,613	39,578	37,391
Helena, Ark.....	4,982	7,705	42,632	44,113
Little Rock, Ark.....	88,897	84,029	702,844	596,176
Louisville, Ky.....	180,109	177,062	1,773,215	1,683,373
Memphis, Tenn.....	151,474	175,442	1,314,301	1,241,313
Owensboro, Ky.....	4,785	5,204	49,624	53,193
Pine Bluff, Ark.....	12,779	17,083	.....	.....
Quincy, Ill.....	12,353	11,903	114,006	108,637
St. Louis, Mo.....	702,417	715,633	6,722,206	6,530,393
Sedalia, Mo.....	4,685	4,590	42,586	41,428
Springfield, Mo.....	15,431	15,315	145,518	125,175
Totals.....	\$1,307,645	\$1,333,818	\$11,976,860	\$11,412,416

*In thousands (000 omitted).

Condition of Banks — Loans and discounts of the reporting member banks on October 13 were 2.2 per cent larger than on September 15, and 4.5 per cent above the total on October 14, 1925. De-

posits on October 13 were approximately the same as a month earlier, but showed a gain of 3.6 per cent over the October 14, 1925 total. Comparative statement follows:

	*Oct. 13, 1926	*Sept. 15, 1926	*Oct. 14, 1925
Number of banks reporting.....	731	31	33
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't. obligations.....	\$ 6,887	\$ 7,269	\$ 6,654
Secured by other stocks and bonds.....	188,221	189,966	180,945
All other loans and discounts.....	339,873	325,978	324,380
Total loans and discounts.....	\$534,981	\$523,213	\$511,979
Investments			
U. S. Gov't securities.....	62,391	64,735	55,179
Other securities.....	116,100	113,975	109,950
Total investments.....	\$178,491	\$178,710	\$165,129
Reserve balance with F. R. Bank.....	48,067	49,788	48,873
Cash in vault.....	8,642	7,933	8,799
Deposits			
Net demand deposits.....	415,569	413,145	399,404
Time deposits.....	218,319	217,680	213,167
Government deposits.....	5,176	6,120	4,470
Total deposits.....	\$639,064	\$636,945	\$617,041
Bills payable and rediscounts with Federal Reserve Bank			
Secured by U. S. Gov't obligations.....	6,842	6,182	2,471
All others.....	14,940	12,819	12,011

*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 September the Federal Reserve Bank of St. Louis discounted for 222 of its member banks, against 220 in August and 226 in September, 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:

	Oct. 16, 1926	Sept. 16, 1926	Oct. 16, 1925
Bills discounted.....	\$37,792,000	\$39,438,000	\$29,933,000
Bills bought.....	2,873,000	7,615,000	15,402,000
U. S. Securities.....	19,532,000	19,518,000	20,288,000
Foreign loans on gold.....	.....	.....	294,000
Total bills and securities.....	\$60,197,000	\$66,571,000	\$65,917,000
F. R. Notes in circulation.....	46,652,000	47,770,000	41,419,000
Total deposits.....	86,054,000	78,584,000	83,372,000
Ratio of reserves to deposit and F. R. Note liabilities.....	59.6%	51.6%	52.0%

COST OF LIVING

The following table shows the index numbers of the cost of living as compared with average prices in July, 1914, also, the percentage changes between August and September, 1926:

Relative importance in family budget	Index numbers of the cost of living (Average prices July, 1914 equal 100)		Per cent of increase between Aug. and Sept. 1926
	Sept. 1926	Aug. 1926	
Food*	43.1	156	1.9
Shelter	17.7	175	.....
Clothing	13.2	173	0.6
Fuel and light.....	5.6	160	0.6
(Fuel)	(3.7)	(180)	(1.1)
(Light)	(1.9)	(121)	(.....)
Sundries	20.4	173	.....
Weighted average of all items.....	100.0	166.8	0.9

*Food price index is from the United States Bureau of Labor Statistics.

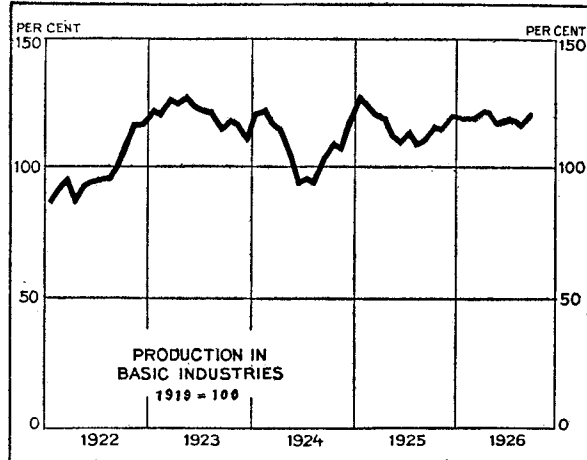
The purchasing value of the dollar based on the cost of living was 60.0 cents in September, 1926, as compared with one dollar in July, 1914.

(Compiled October 22, 1926)

BUSINESS CONDITIONS IN THE UNITED STATES

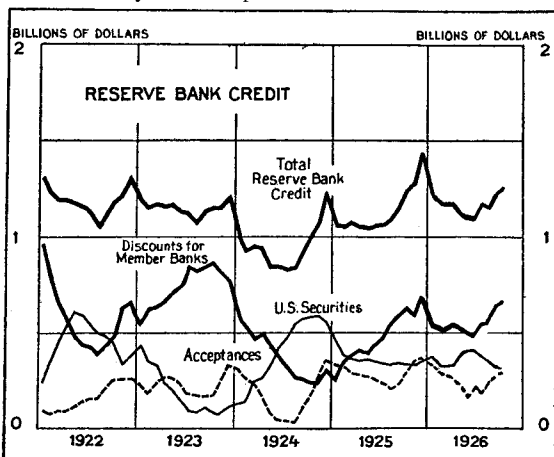
Industrial and trade activity increased in September and is at present in considerably larger volume than in midsummer. The price of cotton has declined sharply within recent weeks, while prices of most groups of commodities have advanced. Volume of bank credit has increased seasonally, and money rates have remained firm.

PRODUCTION—Production in basic industries and factory employment and payrolls, according to Federal Reserve Board's indexes, after changing but little for about



Index of 22 basic commodities adjusted for seasonal variations. Latest figure, September=121.

four months, advanced in September to the highest points since last spring. The increase has been particularly large in textile mill activity. Consumption of cotton has increased considerably, woolen mill activity is the largest since January, and employment has increased in nearly all branches of the textile industry. Iron and steel production was maintained from early in August until the latter part of October at a level higher than for the corresponding period of previous years. Automobile output was reduced in September, but continued larger than a year ago. Mining of coal has steadily increased since midsummer, and the weekly run of crude petroleum from wells in October reached the highest level since June of last year. Building contracts awarded during August and September were only slightly smaller in value than the awards for the corresponding period of last year, and in the first half of October far exceeded those of a year ago. A substantial decline on contracts for residential structures has been largely offset by increases in awards for industrial and engineering projects. The Department of Agriculture's October 18 estimate placed cotton production at 17,454,000 bales, an increase of about three quarters of a million over the estimate made on the first of the month, and 1,350,000 bales more than last year's crop.

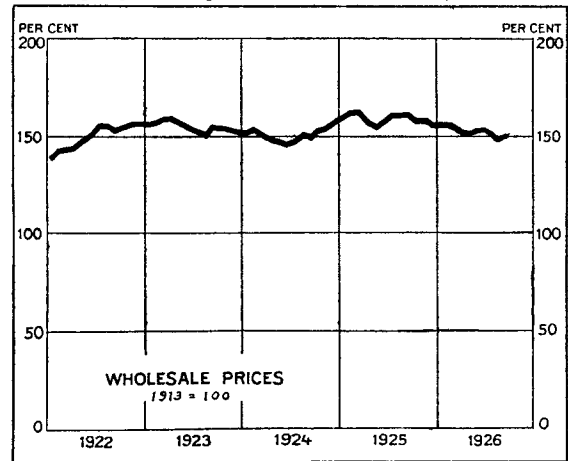


Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 22 days in September.

TRADE—Wholesale and retail trade increased in September and was slightly larger than last year. Inventories of department stores increased slightly more than usual in September and at the end of the month were

about the same volume as a year ago. Railroad freight car loadings reached new high weekly records in September, and shipments were maintained during the early weeks of October in much larger volume than in previous years. A great part of the increase as compared with last year is due to shipments of coal and ore, but loadings of manufactured commodities have also been larger.

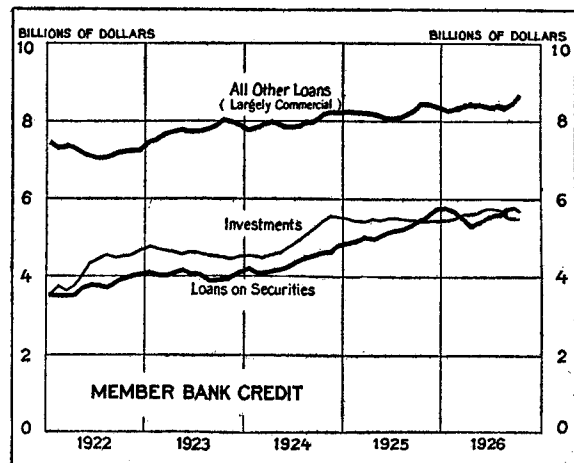
PRICES—The general level of wholesale prices advanced slightly in September and October, notwithstanding



Index of U. S. Bureau of Labor Statistics. Latest figure, September=150.5.

ing the drop in the price of cotton to the lowest level since 1921. The Bureau of Labor Statistics index of wholesale prices was about one per cent higher in September than in August, reflecting advances both in agricultural and in non-agricultural commodities. In recent weeks prices of corn, nonferrous metals and paper have declined, while prices of livestock, meats, poultry and dairy products, and bituminous coal have increased.

BANK CREDIT—Between September 22 and October 20 the seasonal increase in the demand for credit for agricultural and commercial purposes was reflected in a continued growth in the commercial loans of member banks in leading cities. Loans on securities and holdings of investments declined, but the banks total loans and investments were about \$60,000,000 larger on October 20, than four weeks earlier. At the reserve banks the volume of member bank borrowing, after considerable fluctuations in response to temporary conditions, was in October at about the same average level as in September. There was little change in the banks' holdings of United States securities, while acceptance holdings continued to increase as is usual at this season. Except for a temporary firming around the



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first three weeks in September.

first of October, there has been little change in the condition of the money market. Rates on commercial paper and on acceptances have remained at the levels established in September.