

# 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

**B**USINESS in this district during the past thirty days developed considerable irregularity, with reports covering a majority of lines indicating reduced activity, both as contrasted with the similar period immediately preceding and the corresponding time last year. The general demand for merchandise continues good, and distribution as indicated by car loadings and sales statistics is still on a large scale, but purchasing by merchants and the public is being conducted on an extremely conservative basis, and almost exclusively for immediate requirements. Through the South effects of the decline in cotton prices are being reflected in curtailed buying of commodities and in the northern tiers of the district purchasing power in many sections has been lowered by crop losses incident to the floods in September and early October, and unsatisfactory conditions attending marketing of corn, live stock and other farm products. Until the second week of this month, weather was distinctly unfavorable for distribution of late fall and winter goods, particularly wearing apparel.

In virtually all lines investigated, October sales fell below those of the corresponding period last year. It will be recalled, however, that weather at this time a year ago was unusually auspicious for the movement of all varieties of seasonal goods and that trade was exceptionally active, so that the comparison is less significant than would be the case had existing conditions been more nearly alike. Industry during the period under review made a relatively favorable showing. While operations in several important industries were curtailed, production in others was well sustained. Activities in the iron and steel industry continued at an unusually high rate for this time of year, and at a number of important plants unfilled orders are sufficiently large to assure maintenance of present production schedules through the remainder of 1926.

Debits to individual accounts fell 3.3 per cent below October, 1925, but were 12.9 per cent greater than in September this year. Sales of department stores in the five largest cities of the district during October were 9.1 per cent smaller than a year ago, and a decrease was also shown by mail order houses. According to reports of the Employment Service of the U. S. Department of Labor the employment situation continued generally satisfactory, with no marked changes as compared with the preceding thirty days. Reductions in working forces were reported by certain industries, but these were mainly seasonal in character. In the building trades both skilled artisans and common labor are well employed, and further expansion in activities at Southern textile mills was reported.

Active demand, rapidly rising prices and heavily increased production featured the coal situation in this district during the past thirty days. In all the principal fields, but particularly Illinois, a large number of idle mines resumed operations, and working time was increased at active pits. In many instances output was limited only by labor supply and transportation facilities. Competition for miners was keen, and the surplus which had existed for many months, has virtually disappeared. No general increase in the wage scale has taken place, but individual operators have offered special inducements to miners in order to augment their forces. The demand comes from all classes of consumers, and the upturn in prices has extended to all grades and varieties of coal. Domestic coal, which earlier in the season was dull and weak, is in urgent demand, bids of both country and city dealers being responsible for sharp advances in prices. Steaming fuel is also unusually active, and users who failed to anticipate their requirements are experiencing difficulty in obtaining all they need even at the high price levels. Purchasing by the railroads has

increased markedly, a number of roads having doubled their quotas and placed new orders besides. Demand from abroad for fuel, due to the strike of British miners, has gained in volume. Announcement that a substantial tonnage of Illinois coal has been sold for export to Europe, a thing unique in the history of the field, served to stimulate buying among domestic consumers. Cumulative production of soft coal during 1926 to November 6, (approximately 262 working days) amounted to 474,014,000 net tons, against 472,364,000 tons for the corresponding period in 1920 and 486,078,000 tons in 1923, other recent years of high production.

Railroads operating in the district continued to exceed all seasonal records in the matter of freight handled. Increases extended to most classifications, but were especially marked in fuel and merchandise. For the entire country loadings of revenue freight for the first 44 weeks of the year, or to October 30, totaled 45,257,913 cars, against 43,430,103 cars for the corresponding period last year and 41,157,374 cars in 1924. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 241,339 loads in October, the largest number on record, and comparing with 228,822 loads in September, and 235,938 loads in October, 1925. During the first 9 days of November the interchange amounted to 68,350 loads, against 71,490 loads during the same period in October and 69,056 during the first 9 days of November, 1925. Passenger traffic of the reporting roads showed no change in October as compared with the same month last year. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans during October was 104,000 tons, against 110,690 tons (revised figures) in September and 67,627 tons in October, 1925.

Reports relative to collections show a rather marked slowing down, both as compared with the preceding month and the same period last year. Generally through the South payments were smaller, and results in many sections of the corn producing areas were also disappointing. Wholesalers in the large centers reported collections in October below those of a year ago, and this was true particularly of the boot and shoe and one or two other industries with which October is an important settlement month. Among retailers results in the large centers of population were relatively better than in the rural districts. Rains and resultant heavy roads have interfered with communications in many sections. Generally in the coal fields merchants and bankers report decided improvement in their collec-

tions as contrasted with the past several months. Replies to 438 questionnaires addressed to representative interests in the several lines throughout the district showed the following results:

	<u>Excellent</u>	<u>Good</u>	<u>Fair</u>	<u>Poor</u>
October, 1926.....	1.4%	26.4%	62.5%	9.7%
September, 1926.....	1.4	32.4	58.1	8.1
October, 1925.....	4.4	49.6	40.5	5.5

Commercial failures in the Eighth Federal Reserve District during October, according to Dun's, numbered 67, involving liabilities of \$801,234, against 48 defaults in September with liabilities of \$548,162, and 80 failures for \$1,756,347 in October, 1925.

The per capita circulation of the United States on November 1 was \$42.53, against \$42.34 on October 1, and \$42.77 on November 1, 1925.

## MANUFACTURING AND WHOLESALE

**Automobiles** — Production of passenger automobiles by American manufacturers during October totaled 288,848, which compares with 350,811 in September, and 394,096 in October, 1925. The total output of trucks in October was 42,890, against 46,312 in September, and 44,323 in October last year.

Sales of automobiles in the district showed a further decline during the period under review, and were the smallest since last January; the number and value of cars sold were also smaller than during the corresponding period last year. The decrease in business is seasonal in character, but in the South, and in many sections of the grain areas, is more pronounced than has been the case during the past four years. Low prices of raw cotton, and disappointing crop yields were mentioned as causes contributing to the reduced sales volume. Dealers in the large cities report heavier stocks of new cars than either a month earlier or a year ago, but no greater than the usual average at this season. Generally through the district the number of used cars in dealers' hands increased further, but sales of secondhand vehicles were reported relatively satisfactory. While there has been no general movement in the direction of lowering prices of new cars, several manufacturers have reduced their quotations on certain models in an effort to stimulate business. October sales of new cars by 320 dealers scattered through the district were 5.2 per cent smaller than in September, and 30.5 per cent below the October total last year. Sales of parts and accessories were 8.4 per cent smaller than in September, and 14.2 per cent less than in October last year. Of the sales of dealers reporting, 58.3 per cent were made on the deferred payment plan, as compared with

48.9 per cent in September and 69.3 per cent in October, 1925.

**Boots and Shoes**—October sales of the 7 reporting interests were 7.7 per cent smaller than during the same month in 1925 and 5.9 per cent below the September total this year. Stocks on November 1 showed a decrease of 12.5 per cent below those on the same date last year, but were 5.8 per cent larger than on October 1 this year. Shipments in October were exceptionally heavy, two firms reporting the heaviest total for any single month on record. Factory operations decreased in October as compared with the preceding month, and have been further curtailed since the first of the month. Prices were unchanged during the month, and averaged about the same as at the same period last year.

**Clothing**—Sales of both men's and women's heavyweight clothing have been disappointing. Weather, until the second week in November, was unfavorable for the distribution of winter goods, and price uncertainty was reported as another factor contributing to hold down business. Retail stocks are for the most part light, but retailers are proceeding with caution in the matter of future commitments. Manufacturers of women's suits and cloaks report that the demand for their goods has been stimulated by the strike of garment workers in New York, and they are being pressed for deliveries. Advance sales of men's clothing for spring, 1927, have been fairly good, with prices firm at the levels established earlier in the season. Sales of the 8 reporting clothiers in October were 15.4 per cent smaller than for the same period in 1925, but 32.5 per cent larger than the September total this year.

**Drugs and Chemicals**—Sales in this classification showed good gains over both the preceding month and a year ago, the October total of the 7 reporting interests being 12.3 per cent larger than the preceding month and 10.1 per cent above the October, 1925, total. Seasonal goods were reported moving in good volume, and advance orders for holiday merchandise were satisfactory. Prices were generally firmer, with a number of advances recorded on certain drugs.

**Dry Goods**—Lower prices for raw cotton, unfavorable weather and uncertainty relative to prices were mentioned as the principal influences in causing a decline in October sales of the 8 reporting interests of 18.4 per cent under the same month in 1925 and 23.4 per cent under the September total this year. Stocks on November 1 were 8.0 per cent smaller than a month earlier and 9.7 per cent below those on November 1, 1925. Staples in the cotton

goods line, and silks and rayon are moving less actively than heretofore, but the demand for specialties, novelties and notions is being maintained at the recent levels. During the past three weeks improvement has taken place in ordering of underwear, hosiery, sweaters and knitted goods generally.

**Electrical Supplies**—For the first time in many months, business in this classification showed a decrease, October sales of the 5 reporting interests being 6.7 per cent smaller than during the same month in 1925, and 5.2 per cent below the September total this year. Demand for holiday goods was reported satisfactory, but there was a rather sharp falling off in buying by the building industry. Except for slightly lower quotations on copper wire, prices showed little change worthy of note as compared with the preceding thirty days.

**Flour**—Production by the 12 leading mills of the district in October was 411,049 barrels, the smallest since July, and comparing with 436,876 barrels in September and 393,111 barrels in October, 1925. Stocks of flour in St. Louis on November 1 were 9.3 per cent above those of a month earlier, but 4.7 per cent below the total on November 1, 1925. Continued dull conditions were reported in the flour trade. Domestic demand was slow, and confined to immediate requirements and aside from routine sales to Latin-American countries, export business was at a standstill. Milling operations have steadily decreased, and in the second week of October had dropped to about a third of capacity. Prices were lower, being depressed by the decline in cash wheat values. Shipping directions on flour under contract were reported slow.

**Furniture**—October sales of the 16 reporting interests fell 8.0 per cent below those of the same month in 1925, and 11.4 per cent below the September total this year. Stocks on November 1 were 2.6 per cent smaller than a month earlier, but 33.7 per cent larger than those on November 1, 1925. Dealers continue to purchase closely to a necessity basis, and large stock orders are reported scarce. Some improvement was reported in household furniture and furnishing, and sales of holiday goods were for the most part well up to expectations.

**Groceries**—A further slowing down in this classification, both as compared with the preceding month and a year ago, was noted. Losses were particularly heavy in the South, and there were complaints of decreased sales and backward collections in sections of the grain areas which were affected by floods. Ordering of holiday goods was in good volume, and generally sales of specialties and

luxuries were relatively better than the staple lines. October sales of the 11 reporting interests were 17.7 per cent smaller than in the same month in 1925, and 7.2 per cent below the September total this year. Stocks on November 1 were 22.0 per cent larger than a month earlier and 26.8 per cent smaller than a year ago.

**Hardware**— Aside from holiday goods, which are moving in heavy volume, business generally through this line showed declining tendencies. Heaviest losses were in the staple lines and building hardware, particularly paints and painters' supplies. Sales of sporting goods and winter merchandise were in smaller volume than a year ago. October sales of the 9 reporting interests dropped 13.0 per cent below those of the same month in 1925, and 6.1 per cent below the September total this year. Stocks on November 1 were 2.0 per cent larger than thirty days earlier and 1.9 per cent in excess of those on the same date in 1925.

**Iron and Steel Products**— Generally through the iron and steel industry there was a slight recession in business as compared with the preceding month, but the volume continues ahead of a year ago. New bookings for iron and steel products in this district during October fell below those of September, but shipments during the month were slightly above those of the September total. In a majority of instances, the reporting interests showed a slight decrease in unfilled tonnage on November 1, as compared with thirty days earlier. Buying, while being pursued more cautiously than heretofore, was broad and well diversified. The general manufacturing trade continues to account for heavy tonnages, and some specialty makers, notably of stoves, heating apparatus and farm implements, have been receiving a satisfactory volume of orders. There has been the usual seasonal recession in the demand for building materials, but some commodities in this classification, such as reinforcing concrete bars and standard structural shapes, are moving in undiminished volume. Purchasing by the railroads as a whole has developed no improvement to speak of as compared with the preceding several months, except that some fair rail orders have been placed and mills in this district have gotten a good share of orders for track accessories. Warehousemen report some improvement in the demand for wire fencing, roofing materials, nails and other repair materials from the country. There is also a better call for iron and steel goods from the coal mines and lumber and cement mills. Prices of finished and semi-finished materials showed no change worthy of note as compared with the preceding

thirty days. Production of pig iron for the country as a whole in October totaled 3,321,177 tons, and was the largest for any October since 1918. Buying of pig iron was more active than in several months, sales for first quarter of 1927 having been stimulated by prospective higher prices due to the sharp advance in foundry coke. After receding in September, production of steel ingots for the entire country recorded a sharp gain in October and went to the highest level since April. Both in point of total output and daily average rate, production was the highest for any October on record. Dull conditions continued in the scrap iron and steel market, but since the first week of October prices have steadied, and on several important items, quotations advanced slightly.

**Lumber**— A rather marked recession in demand from the building industry and generally unfavorable weather were the principal contributing factors to a decrease in retail distribution during the past thirty days. The usual Autumn improvement in distribution at wholesale has been entirely missing, a circumstance as peculiar as absence of any preceding Summer dullness. As a result prices have failed to follow the usual seasonal trend, and have been slightly downward on softwood lumber since early Fall. In the immediate past, certain items in the Southern hardwood group have declined, following an active trade at strong values up to the middle of October. Lack of Fall activity is due partly to stock retrenchment on the part of distributors, a fact which is emphasized by the urgent call for quick delivery on a large proportion of orders placed. The relative strength in softwoods is attributable to high production costs and reductions in output. Weather in the South continued unfavorable for logging and mill operations.

## 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 Oct. 31, 1926 comp. to Oct. 31, 1925	Stock turnover	
	Oct. 1926 comp. to Oct. 1925	8 months ending Oct. 31, 1926 to same period 1925		January 1 to Oct. 31, 1926	1925
	Evansville .....	+ 5.1%	— 5.4%	— 1.0%	173.5
Little Rock.....	—16.7	— 2.5	+ 0.8	205.4	210.9
Louisville .....	—10.7	— 1.6	+ 1.5	272.8	283.6
Memphis .....	—12.7	+ 7.5	— 2.5	223.5	198.9
Quincy .....	— 5.7	— 1.2	— 4.1	203.1	199.1
St. Louis.....	— 8.1	+ 1.2	+ 7.1	273.2	278.6
Springfield, Mo.....	—20.1	— 1.6	— 1.4	138.7	131.8
8th District.....	— 9.1	+ 1.5	+ 3.8	253.6	252.2

	Net sales comparisons		Stocks on hand	
	Oct. 1926 compared to		Oct. 1925 compared to	
	Oct. 1925	Sept. 1926	Oct. 1925	Sept. 1926
Men's furnishings.....	—11.7%	+30.7%	+ 7.1%	— 0.5%
Boots and shoes.....	+ 0.5	+20.5	+ 5.7	+ 1.0

## CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported October consumption of electric current by selected industrial customers 0.1 per cent larger than in September, and 1.8 per cent greater than in October, 1925. Increases were general with all classes of consumers in the yearly comparison, while in the month-to-month comparison the seasonal decreases in requirements of cold storage and refrigeration plants was counterbalanced by heavier loads at coal mines and by-product coke plants and packing houses. Detailed figures follow:

	No. of	Oct.	Sept.	Oct. 1926	Oct.	Oct. 1926
	Custom- ers	*K.W.H.	*K.W.H.	comp. to Sept. 1926	1925 *K.W.H.	comp. to Oct. 1925
Evansville.....	40	1,290	1,210	+ 6.6%	1,087	+18.7%
Little Rock....	35	1,553	1,534	+ 1.2	978	+58.8
Louisville.....	80	5,632	5,315	+ 6.0	5,691	+ 1.0
Memphis.....	31	1,554	1,471	+ 5.6	1,553	+ 0.1
St. Louis.....	94	16,539	17,000	- 2.7	16,798	- 1.5
Totals.....	280	26,568	26,536	+ 0.1	26,107	+ 1.8

\*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
September, 1926.....	2,074,147,000	4,092,444,000	6,166,591,000
August, 1926.....	2,085,055,000	4,049,896,000	6,134,951,000
September, 1925.....	1,582,180,000	3,803,574,000	5,385,754,000

## BUILDING

In point of dollar value, permits for new buildings in the five largest cities of the district issued in October fell 26.2 per cent below the same month in 1925, and 19.5 per cent below the September total this year. According to statistics compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District during October amounted to \$40,981,236, which compares with \$35,187,306 in September and \$30,994,000 in October, 1925. Aside from minor advances in lumber, building material prices were unchanged from the month before. Production of portland cement for the country as a whole during October totaled 16,596,000 barrels, against 16,571,000 barrels in September and 15,992,000 barrels in October, 1925. Building figures for October follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1926	1925	1926	1925	1926	1925	1926	1925
Evansville ..	463	173	\$1,205	\$ 193	98	82	\$ 27	\$ 31
Little Rock	52	76	86	191	92	114	28	39
Louisville ..	264	339	1,671	2,205	71	91	84	143
Memphis ...	446	553	803	1,686	110	161	70	47
St. Louis....	800	962	1,640	3,052	414	506	468	356
Oct. totals	2,025	2,103	\$5,405	\$7,327	785	954	\$ 677	\$616
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

\*In thousands of dollars (000 omitted).

## AGRICULTURE

For the district as a whole, weather during October was somewhat more favorable than during

the preceding month, and as a result indicated yields on November 1 of corn, tobacco, potatoes, cotton, sweet potatoes and some of the less important crops were slightly larger than a month earlier. Quality, however, is showing the effects of unfavorable conditions during the growing and harvesting seasons, and yields vary very materially in different localities. In Illinois, Missouri, Arkansas and to a lesser degree in other States of the district, heavy damage was brought by floods and the excessive rainfall. In addition, farm work is backward, and in many important growing localities seeding of winter wheat was so seriously interfered with that farmers have been unable to carry out planting programs formed in the summer.

Withal crop yields in the district are abundant, and to a greater extent than ever before, farmers are realizing the benefits of diversification and rotation. Farm incomes have been augmented by larger returns from dairying and poultry raising, and proceeds from fruit and truck culture are larger than in former years. Prices obtained for the principal crops have not been uniformly satisfactory, but the average is sufficiently high to assure fair returns to a large proportion of the producers. Combining the yields of all crops in States of the district in proportion to their relative importance, the composite of yields per acre this season was 110.5 per cent, which compares with 103.5 per cent in 1925.

**Corn** — Based on the November 1 condition the yield of corn in this district is estimated at 400,830,000 bushels, which compares with an indicated yield of 399,749,000 bushels on October 1 and 404,167,000 bushels (revised figures) harvested in 1925. Wet weather caused corn to sprout and rot in the shock, and an unusual amount of chaffy corn is reported, so that careful sorting and handling is required to salvage the crop. Shucking is universally backward, and due to the wet weather, relatively little corn was in condition to house on November 1. Less corn was cut for fodder and fewer silos filled than ordinarily. From present indications good seed corn will be scarce. It is estimated that upwards of 40,000 acres in Missouri and 50,000 acres in Illinois were totally destroyed by floods in September and early October.

**Winter Wheat** — Weather during the early stages of the planting season was unfavorable, and generally planting is backward, but fair progress has been made since the middle of October under impetus of a few days of sunshine. Acreage, however, is below earlier expectations, considerable

wheat having been seeded under poor soil conditions, and stands are disappointing. The total output of all wheat in the district is estimated at 52,236,000 bushels, against 49,277,000 bushels raised in 1925.

**Fruits and Vegetables** — The apple crop in the three principal producing states of the district is considerably above that of the preceding year and the five-year average. Due to the heavy drop occasioned by drought conditions in the summer and damage from other causes, commercial shipments will fall short of earlier expectations. In the three states the crop is estimated at 17,340,000 bushels of which 2,796,000 barrels comprise the commercial crop. This compares with 15,170,000 bushels total and 2,501,000 barrels commercial crop in 1925, and a five-year average (1921-1925) of 14,369,000 bushels total and 2,296,000 barrel commercial crop. A feature of the year's horticultural activities was the heavy gain in production of grapes, the increase being due to a favorable season and numerous new vineyards being brought into production. In the four chief States of the district, Indiana, Illinois, Missouri and Arkansas, 38,018 tons were produced in 1926, against 15,570 tons in 1925, and a five-year average of 17,035 tons. White potatoes were a smaller crop than the average, and quality in many sections was the poorest in more than a decade. Sweet potatoes, on the other hand, yielded heavily, the combined crop in Tennessee, Mississippi and Arkansas being 15,871,000 bushels, against 12,192,000 bushels last year and a five-year average of 15,080,000 bushels.

**Live Stock** — Reports from scattered sections of the district indicate no change of consequence in the condition of farm animals as compared with the preceding thirty days. Considerable loss of hogs from disease has occurred in Illinois and Missouri. Prices for all classes of livestock declined during late October and early this month. The cattle market weakened under pressure of heavy receipts, while hog prices were adversely affected both by increased supplies of new crop offerings, the decline in corn and lower dressed pork values.

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

	Receipts			Shipments		
	Oct. 1926	Sept. 1926	Oct. 1925	Oct. 1926	Sept. 1926	Oct. 1925
Cattle and Calves.....	163,112	185,144	159,429	109,530	130,980	102,490
Hogs .....	286,357	296,144	307,365	213,262	209,939	217,917
Horses and Mules.....	4,631	5,747	8,923	4,569	6,111	8,064
Sheep .....	67,303	91,465	59,825	40,902	67,287	34,359

**Cotton** — The indicated yield of cotton in this district, based on the November 1 condition, was estimated at 3,339,000 bales, an increase of 433,000 bales over the October 1 estimate, and comparing

with 3,456,000 bales harvested in 1925. Weather has been generally favorable for gathering the crop and the movement to market continues heavy. Demand has been good, particularly from domestic spinners, and prices have held fairly steady. Between October 15 and November 15 the middling grade in St. Louis ranged from 12¾ to 12¼c. Stocks in Arkansas warehouses on November 12 amounted to 575,437 bales, against 407,253 bales on the same date in 1925.

**Rice** — The crop in Arkansas and Missouri, based on the November 1 condition, is estimated at 10,276,000 bushels, against 8,339,000 bushels produced last year. Threshing is rapidly nearing completion, and quality is generally high. The demand for both clean and rough rice was reported quiet, and prices were lower than thirty days earlier, also under levels prevailing at the same time last year.

**Tobacco** — Production of tobacco in this district in 1926 is estimated at 300,882,000 pounds, against 314,690,000 pounds harvested last year. Stripping and preparing tobacco for the market is in progress in all districts, and a considerable amount will be ready for delivery when the market opens about December 1. Weather has been unfavorable for curing the leaf, and considerable damage is reported to crops in both barns and fields. The Burley Tobacco Growers Cooperative Association reports sales of the 1923 crop during October totaling 28,000,000 pounds. This organization has announced it will dispose of this year's crop both at auction over the floors of its own houses and by private sale.

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

	High	Low	Close	
			Nov. 15, 1926	Nov. 15, 1925
Wheat				
December .....per bu.	\$1.46¾	\$1.34¾	\$1.35¾	\$1.60¾
May .....	1.50¾	1.40½	1.41	1.53¾
No. 2 red winter “	1.44	1.34½	\$1.34½ @ 1.35	1.74 @ 1.75
No. 2 hard.....	1.48	1.37	1.37 @ 1.38	1.68 @ 1.69
Corn				
December .....	.78¾	.67¾	.68¾	.76¾
May .....	.85¾	.77	.78¾	.80
No. 2.....	.77½	.67	.68	.85 @ .87
No. 2 white.....	.80	.68	.68 @ .69	.87 @ .87¾
Oats				
No. 2 white.....	.47½	.45	.45½	.41¾
Flour				
Soft patent.....per bbl.	7.75	6.75	6.75 @ 7.50	8.50 @ 8.75
Spring patent.....	8.00	6.90	6.90 @ 7.10	8.25 @ 8.35
Middling cotton.....per lb.	.12¾	.12¼	.12¾	.20¾
Hogs on hoof.....per cwt.	14.00	10.00	10.50 @ 12.05	10.35 @ 12.00

## FINANCIAL

The general demand for credit in this district during the past thirty days developed declining tendencies, and this fact, coupled with good liquidation by borrowers in both city and country, resulted in a rather marked recession in loans of the reporting

member banks from the high point of the year, reached at the middle of October. Proceeds of the recent heavy marketing of crops have been largely applied to reducing loans at country banks, and these institutions have in turn, substantially cut down their commitments with city correspondents. Demand for financing the cotton movement was on a large scale, due to the record size of the crop and the desire to prevent unloading of excessive stocks on the depressed market. This demand, however, has been adequately taken care of, and in the immediate past there has been a fair volume of liquidation, particularly from points in the Delta. The low price of corn has had a tendency to hold down marketing of that staple, and settlements in certain sections where corn is the chief crop are below expectations. A further result of the low corn prices has been an expansion in demand for funds to carry live stock, farmers preferring to feed their grain to shipping it to market. Wholesalers in the large centers report October settlements in large volume, and about equal to a year ago. Flour milling and lumber interests increased their commitments slightly, and somewhat less than the usual seasonal liquidation was reported by the packing and canning industry. In the tobacco areas country and city banks are experiencing an active call for funds to finance that crop, and an increase in loans for handling the rice crop was also reported. There was a slight increase in loans based on stock exchange collateral, the total of such loans held by the reporting member banks at the middle of October being at about the same level as at the end of June. Deposits of the reporting member banks and their borrowings from this bank declined steadily during the period under review. Quotably interest rates showed no notable change, but the trend was easier, particularly since the second week of this month. At the St. Louis banks, current quotations were as follows: Commercial paper, 4½ to 5 per cent; customers' over the counter loans, 5 to 5½ per cent; collateral loans, 5 to 5¾ per cent and brokers' loans, 5 to 5½ per cent.

**Federal Reserve Operations** — During October the Federal Reserve Bank of St. Louis discounted for 232 of its member banks, against 222 in September and 226 in October, 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:

	*Nov. 16, 1926	*Oct. 16, 1925	*Oct. 16, 1925
Bills discounted.....	\$36,215	\$37,792	\$32,699
Bills bought.....	9,981	2,873	21,092
U. S. Securities.....	19,645	19,532	20,487
Foreign loans on gold.....			262
Total bills and securities.....	\$65,841	\$60,197	\$74,540
F. R. Notes in circulation.....	46,396	46,652	40,097
Total deposits.....	82,927	85,054	81,100
Ratio and reserves to deposit and F. R. Note liabilities.....	54.4%	59.6%	43.6%

\*In thousands (000 omitted).

**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:

	*Oct. 1926	*Oct. 1925	*Ten Months 1926	*Ten Months 1925
E. St. Louis and				
Nat. Stock Yards, Ill....\$	50,924	\$ 51,008	\$491,562	\$444,319
El Dorado, Ark.....	11,807	11,825	122,017	102,355
Evansville, Ind.....	43,671	41,500	405,698	394,109
Fort Smith, Ark.....	16,031	21,129	133,506	135,903
Greenville, Miss.....	5,681	6,599	45,259	43,990
Helena, Ark.....	6,306	8,600	48,938	52,713
Little Rock, Ark.....	102,616	101,925	805,460	698,101
Louisville, Ky.....	199,840	193,135	1,973,055	1,876,508
Memphis, Tenn.....	182,049	212,511	1,496,350	1,453,824
Owensboro, Ky.....	4,801	4,996	54,425	58,189
Pine Bluff, Ark.....	17,050	17,496		
Quincy, Ill.....	12,834	13,220	126,840	121,857
St. Louis, Mo.....	801,380	822,300	7,523,586	7,352,693
Sedalia, Mo.....	5,184	4,498	47,770	45,926
Springfield, Mo.....	15,862	15,850	161,380	141,025
Totals.....	\$1,476,036	\$1,526,592	\$13,435,846	\$12,921,512

\*In thousands (000 omitted).

**Condition of Banks** — Loans and discounts of the reporting member banks on November 17 declined 3.6 per cent as compared with October 13, but were 1.3 per cent larger than on November 18, 1925. Deposits showed a decline of 3.3 per cent under the preceding month, but were slightly larger than on November 18, 1925. Composite statement follows:

	*Nov. 17, 1926	*Oct. 13, 1926	*Nov. 18, 1925
Number of banks reporting.....	†31	†31	33
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't. obligations.....	\$ 6,791	\$ 6,887	\$ 7,039
Secured by other stocks and bonds.....	194,842	188,221	192,838
All other loans and discounts.....	313,980	339,873	308,598
Total loans and discounts.....	\$515,613	\$534,981	\$508,475
Investments			
U. S. Gov't. securities.....	62,170	62,391	55,808
Other securities.....	117,874	116,100	112,019
Total investments.....	\$180,044	\$178,491	\$167,827
Reserve balance with F. R. bank.....	48,510	48,067	51,107
Cash in vault.....	7,750	8,642	8,254
Deposits			
Net demand deposits.....	399,221	415,569	399,465
Time deposits.....	218,019	218,319	213,854
Government deposits.....	1,480	5,176	1,298
Total deposits.....	\$618,720	\$639,064	\$614,617
Bills payable and rediscounts with Federal Reserve Bank			
Secured by U. S. Gov't. obligations.....	9,932	6,842	3,720
All others.....	14,852	14,940	16,117

\*In thousands (000 omitted).

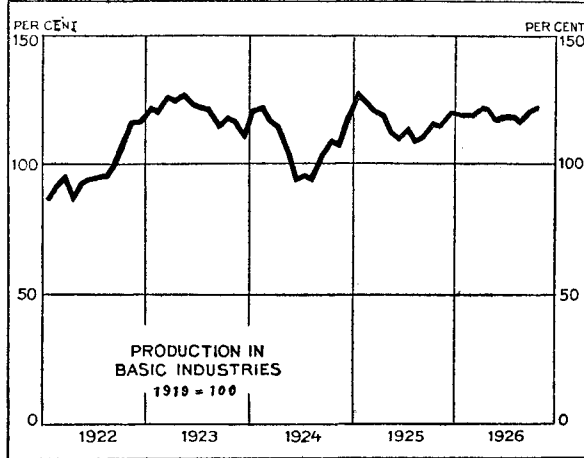
†Decrease due to consolidation. These 31 banks are located in St. Louis, Louisville, Memphis, Little Rock and Evansville, and their total resources comprise approximately 53.5 per cent of the resources of all member banks in the district.

(Compiled Nov. 23, 1926)

## BUSINESS CONDITIONS IN THE UNITED STATES

Industrial activity continued in large volume in October, while the general level of prices declined slightly. Notwithstanding the seasonal increase in borrowing for commercial purposes, the volume of bank credit outstanding declined in recent weeks reflecting the continued liquidation of loans on securities.

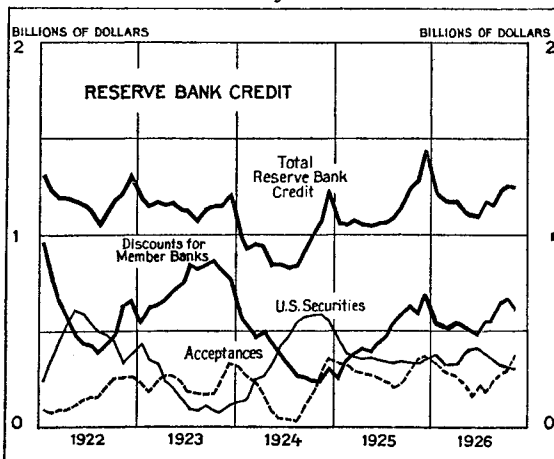
**PRODUCTION**—Production in basic industries, as measured by the Federal Reserve Board's index, which makes allowance for the usual seasonal variations, showed



Index of 22 basic commodities adjusted for seasonal variations.  
Latest figure, October=122.

little change in October as compared with September. Textile mill activity and the daily average output of iron and steel was maintained during October, but in November there was a decrease in steel production. The output of bituminous coal was stimulated by export and bunker demand and attained new high records in October and November and petroleum production was also large. There was a sharp decline in automobile production and the output of cars was smaller in October than in any month since January. The volume of building activity as indicated by the value of contracts awarded, has declined for the past three months, as is usual at this season of the year, and has been throughout the period at a slightly lower level than during the exceptionally active autumn season of 1925. Residential contracts during the same period have been smaller than a year ago, while those for engineering projects and public works have been larger.

**TRADE**—Distribution of commodities at wholesale declined in October contrary to the usual trend for that



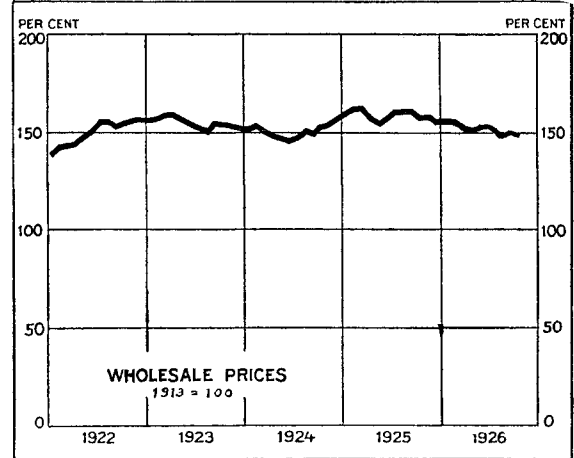
Monthly averages of daily figures for 12 Federal Reserve Banks.  
Latest figures are averages of first 22 days in November.

month, and was in smaller volume than in October of any year since 1922.

Sales of department stores showed the usual seasonal growth in October, but owing partly to less favorable weather conditions and to a smaller number of trading days, were at a somewhat lower level than in the same month of last year. Sales of mail order houses were also smaller than a year ago. Stocks of merchandise carried by wholesale firms were slightly smaller than a year ago,

while department store stocks increased more than is usual in September and October and at the end of October were larger than in 1925. Freight car loadings were in record volume in October and November, due to unusually large shipments of coal and ore and a continued heavy movement of other commodities.

**PRICES**—Wholesale prices of nearly all groups of commodities declined in October and November. Prices of bituminous coal, however, advanced sharply as the result

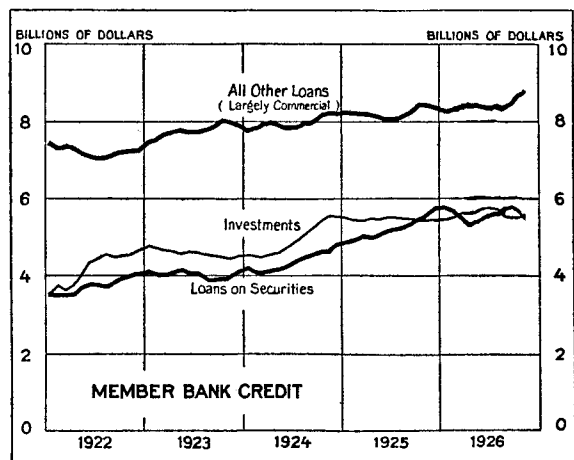


Index of U. S. Bureau of Labor Statistics.  
Latest figure, October=149.7.

of foreign demand caused by the British coal strike, but recently there has been some decline in coal prices. The price of raw cotton, after falling rapidly in September and early October, has been steady in recent weeks. Prices of non-agricultural commodities, as classified in the Bureau of Labor Statistics price indexes, declined slightly between September and October, while those of agricultural products declined about 2 per cent to the lowest level since the summer of 1924.

**BANK CREDIT**—Seasonal growth in loans for commercial and agricultural purposes at member banks in leading cities has been accompanied by continued liquidation of loans on securities, with the consequence that the total volume of loans and investments of these banks in the middle of November was considerably smaller than a month earlier.

At the Reserve banks the decline in the volume of member bank credit has been reflected in a reduction of



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

the total bills and securities to a level \$37,000,000 below the corresponding date in 1925. Discounts for member banks were in about the same volume as a year ago, while holdings of acceptances and of United States securities were smaller. Easier conditions prevailed in the money market in November; rates on prime commercial paper declined from 4½-4¾ per cent in October to 4½ per cent in November and there was also a reduction of ⅞ per cent in the rates on bankers acceptances.