

# 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

EXCEPT for increasing unevenness in some lines and sections of the district, the business situation during the past thirty days has developed no marked changes as contrasted with the similar period immediately preceding. Slowing down in activities, which began earlier in the Fall continued during November, but in most instances the recession was seasonal in character, and several lines which showed losses in October recorded moderate gains last month. Taken as a whole production and distribution of merchandise were maintained at high levels, and with the exception of localities, where effects of unfavorable local conditions are making themselves felt, there is no diminution apparent in the demand for goods or purchasing power of the public. Debits to individual accounts in the principal cities of the district during November showed an increase of 0.4 per cent over the same month in 1925, but a decrease of 7.7 per cent under October. The loss in the month-to-month comparison is accounted for largely by the fact November was a one day shorter month than its predecessor and contained three holidays.

As is usual at this time of year, interest in merchandising centered chiefly in the retail section. Holiday shopping, as indicated by most recent reports, got an early start, and has been in heavy volume. An additional stimulus to retail buying has been the arrival of colder weather, which has had the effect of accelerating the movement of seasonal goods, particularly apparel, fuel and heavy footwear. Generally, however, results have been relatively much better in the large cities than in the country, and through the South there are increasing complaints of backward buying due to the low price of cotton. November sales of the department stores in the five largest cities of the district were 8.2 per cent over the same month last year, and gains were also shown by the mail order houses and five and ten-cent stores.

The trend in wholesaling was slower, with several important lines reporting decreases greater than could be ascribed to seasonal influences. Generally advance bookings were the smallest for any similar period in the past five years, but during the past three weeks current sales have been substantially augmented by fill-in orders of holiday goods and seasonal merchandise. A further sharp slump took place in both production and distribution of automobiles, and generally through the iron and steel industry activities were considerably below those of the preceding month, though about equal to a year ago. The general disposition to reduce stocks against the inventorying period, slowing down in building and slack buying by the railroads were factors in the smaller sales of iron and steel products.

According to reports of the Employment Service, United States Department of Labor, employment in this district decreased during the past thirty days. The losses, however, were chiefly seasonal, and no larger than the average at this period during the past several years. Completion of the harvests and suspension of work by highway construction contractors have occasioned increased unemployment in the country. In the South there has been a reduction of workers at quarries, lumber mills, glass plants, and in some of the minor industries. Fewer workers were employed in the automobile and railroad shops and in the iron and steel industry. Employment in department stores increased heavily, and there were gains in paper, printing and packing establishments. Working forces of boot and shoe and clay products manufacturers were reduced, while textile mills, oil refineries, furniture plants and cigar factories showed little variation from the preceding month.

While a slowing up in buying of coal has been felt in the principal mining fields of the district, there is still considerable activity and production

continues at high levels. The recent heavy demand, occasioned by the strike of British miners, resulted in a general reduction of stocks, and in the immediate past there has been extensive purchasing to build up depleted reserves. This buying, coupled with stimulation given the domestic trade by recurrent cold spells, has served to absorb the increased output of the mines, and to hold prices steady at the slight reductions from the peak levels of early November. In the Illinois, Indiana and Western Kentucky fields, mine operators have a fair volume of unfilled orders, and there is relatively little complaint of cancellations. In the immediate past, however, Eastern mines have increased their offerings in the Middle West, and the tone of the market is weaker, particularly on steaming grades. There is a disposition among railroads and certain industrial interests to store coal against a possible strike in the bituminous fields next spring. For the most part shaft mines were active from four to five days per week, with some of the larger collieries and a majority of the strip pits working close to full time. Since the second week of December, however, a number of Illinois and Indiana operators have curtailed their activities in order to lessen overproduction. For the country as a whole, production of bituminous coal during the present calendar year to December 4, approximately 286 working days, amounted to 530,232,000 tons, against 478,653,000 tons during the corresponding period in 1925, and 442,361,000 tons in 1924.

According to officials of railroads operating in this district, the movement of freight continues at unusually high levels for this time of year. Open weather and heavy loadings of coal and merchandise were largely responsible for the gains shown over the corresponding period in 1925. For the entire country loadings of revenue freight for the first 48 weeks this year, or to November 27, totaled 49,529,613 cars, against 47,523,818 cars for the same period in 1925, and 45,059,546 cars in 1924. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 215,290 loads in November, against 241,339 loads in October, and 222,669 loads in November, 1925. During the first 9 days of December the interchange amounted to 61,719 loads, against 66,721 loads during the same period in 1925, and 68,350 loads during the first 9 days of November. Passenger traffic of the reporting roads in November decreased 2 per cent as compared with the same month last year. Estimated tonnage of the Federal Barge line between St. Louis and New Orleans for

November was 104,000 tons against 103,960 tons (revised figures) in October, and 47,361 tons in November, 1925.

Reports relative to collections during the past thirty days indicated a slowing down as contrasted with the similar period immediately preceding, and the general average was below that of a year ago. Least satisfactory results were noted in the South, where the low prices being realized by producers of cotton, tobacco and rice have a tendency to curtail payments. In the northern sections of the district country merchants report settlements below expectations due principally to inclement weather, which has interfered with communications and the movement of farm products to market. Reports from wholesalers in the large centers reflect irregular conditions, some showing a high rate, while others complain of backward payments and an unusually large number of requests for extensions. For the most part retailers in the cities are getting in their money promptly, and in the coal fields collections are better than has been the case since last winter. Questionnaires addressed to 463 representative interests in the various lines throughout the district showed the following results:

	Excellent	Good	Fair	Poor
November, 1926.....	1.4%	29.7%	59.5%	9.4%
October, 1926.....	1.4	26.4	62.5	9.7
November, 1925.....	5.5	34.1	52.7	7.7

Commercial failures in the Eighth Federal Reserve District during November, according to Dun's, numbered 69, involving liabilities of \$806,848, against 67 defaults in October with liabilities of \$801,234, and 74 failures for \$5,173,004 in November, 1925.

The per capita circulation of the United States on December 1, 1926, was \$42.62, against \$42.53 on November 1, and \$43.35 on December 1, 1925.

## MANUFACTURING AND WHOLESALE

**Automobiles** — Production of passenger automobiles by American manufacturers during November totaled 219,479, which compares with 288,848 in October, and 328,694 in November, 1925. The total output of trucks in November was 36,334, against 42,890 in October, and 37,811 in November last year.

Distribution of automobiles also decreased during the past thirty days, sales of dealers in the district being sharply below those of the preceding month and of the corresponding period last year. Losses were general through the entire line, but

were most pronounced in the lower priced classification. Distributors of high priced cars report a general tendency to wait until after the first of the year before making commitments. There was less stimulation to buying as a result of the Christmas season than has been the case for a number of years. Country dealers report that replacement purchasing during the late Fall was unusually light, particularly in the South. Agriculturists, in conformity with the general policy of economy, are to a large extent repairing their automobiles and endeavoring to make them serviceable as long as possible. This fact, coupled with an intensive campaign for holiday business in accessories, is accountable for a relatively better showing in sales of parts and accessories than of automobiles. Stocks of new cars in hands of dealers showed a moderate increase over the preceding month and the total was larger than at the same time last year, but except in few instances inventories are no larger than the seasonal average of the past several years. Sales of passenger automobiles during November by 320 dealers scattered through the district were 33.8 per cent smaller than in the same month last year, and 12.3 per cent below the October total this year. Sales of parts and accessories were 9.5 per cent below a year ago, and 1.5 per cent less than in October this year. Of the sales of reporting dealers, 61.4 per cent were made on the deferred payment plan, as compared with 58.3 per cent in October and 70.0 per cent in November, 1925. The used car situation was reported less satisfactory than a month earlier. Stocks were slightly larger, due, however, to reduced sales rather than an increase in the number of cars taken in. There was no change worthy of note in prices of new automobiles as compared with the preceding thirty days. The tire trade continues slow, purchasing by dealers and the public being almost exclusively on an immediate requirement basis.

**Boots and Shoes** — November sales of the 11 reporting interests were 2.7 per cent larger than during the same month in 1925, and 3.4 per cent below the October total this year. Stocks on December 1 were 3.0 per cent larger than a month earlier, but 13.3 per cent smaller than on December 1, 1925. As usual at this season manufacturers were concerned chiefly with the shipment of goods previously purchased, it being a between-season period, with salesmen mainly in from the road. A fair volume of reordering was reported, and business generally was satisfactory. Prices were unchanged as compared with the preceding thirty days. A further reduction in factory operations was reported.

**Clothing** — Colder weather has had a stimulating effect upon distribution of heavyweight clothing and the past three weeks have witnessed a substantial reduction in stocks of these goods. Reports reflect considerable irregularity in the trade, results in the South being generally disappointing, while in the large cities business is satisfactory. Sales for delivery next spring have improved during the past thirty days, the volume with a majority of the reporting interests being slightly ahead of the same time last year. November sales of the 8 reporting firms were 13.3 per cent below those of the corresponding month in 1925, and 7.5 per cent below the October total this year.

**Dry Goods** — The past three weeks have been marked by a falling off in current orders and advance business of the reporting firms is about 37.6 per cent below the volume at this time last year. Shipments in November were unusually large, due to special efforts of wholesalers to forward holiday goods prior to the inventory period. Despite the decline in raw cotton, the movement of cotton goods has been quite satisfactory, and prices have held relatively steady, with slight advances in some items for spring delivery. Heavyweight underwear, sweaters and other knit goods are in active demand, and sales of notions and miscellaneous goods are holding up well. The 8 reporting interests report November sales 10 per cent larger than in the same month last year, and 3.6 per cent greater than the October total this year. Stocks on December 1 were 17.3 per cent less than thirty days earlier and 3.6 per cent below those of a year ago.

**Drugs and Chemicals** — Sales of holiday goods were reported generally up to expectations, and there was the usual seasonal increase in the movement of remedial drugs. Some falling off in ordering of heavy chemicals by the manufacturing trade was noted. Total sales of the 7 reporting firms in November were 1.8 per cent larger than during the same month in 1925, but 12.4 per cent below the October total this year.

**Electrical** — Large sales of holiday goods, radio material and household appliances were the chief factor in an increase in November sales of the 5 reporting interests of 5.9 per cent over the corresponding month in 1925 and of 4.4 per cent over the October total this year. Stocks on December 1 were 33.5 per cent larger than a year ago, and 5.9 per cent in excess of those on November 1 this year.

**Flour** — Production by the 12 leading mills of the district during November was 375,575 barrels, the smallest since last July, and comparing with 411,049 in October and 324,314 in November, 1925.

Stocks of flour in St. Louis on December 1 were 20 per cent less than on the same date in 1925, and 8.3 per cent below the November 1 total this year. The mills report continued dullness in the matter of new orders, though shipping directions on flour previously purchased were fair. During the latter part of November prices eased slightly in sympathy with the decline in cash wheat. Later a firmer price range developed with the upturn in wheat about December 1, but this has been followed in the immediate past by a lower trend. Export demand was slow, offers abroad receiving scant response. Mill operations averaged about 45 per cent of capacity.

**Furniture** — Business in this classification showed considerable improvement over conditions at the corresponding time last year, November sales of the 16 reporting interests being 15.1 per cent larger than during November, 1925. However, a decrease of 3.3 per cent in the November total under that of October was reported. Stocks on December 1 were 3.3 per cent smaller than a month earlier and 21.7 per cent larger than a year ago. Ordering of holiday goods was exceptionally good, and improvement was noted in demand for metal furniture and office equipment.

**Groceries** — November sales of the 11 reporting interests fell 11.4 per cent below those of the same month in 1925, and 14.6 per cent below the October total this year. Stocks on December 1 were 3.5 per cent smaller than on the same date last year, and 2.3 per cent larger than on November 1 this year. Purchasing by retailers is on a hand-to-mouth basis, advance business on December 1 being the smallest for any similar period in five years. The movement of holiday goods was disappointing, particularly in the South; sales of canned goods are below expectations. Prices averaged about steady with the preceding thirty days, advances about equalizing declines.

**Hardware** — While the lighter lines of hardware, including holiday merchandise, sporting goods, and some shelf lines, were in active demand, there was a sharp decrease in the movement of staple goods, builders' tools and hardware and painters' supplies, with the result that November sales of the 12 reporting interests were 12.8 per cent smaller than during the same month in 1925, and 16.7 per cent below the October total this year. Stocks on December 1 were 1.7 per cent smaller than thirty days earlier, but 3.5 per cent larger than on December 1, 1925. Retail stocks are small, but there is a disposition to postpone replenishing until after inventory period.

**Iron and Steel Products** — Mills, foundries and machine shops report a rather marked slowing down in the volume of new orders for their products. Users of finished and semi-finished iron and steel goods are for the most part holding down their purchases to bare necessities in the effort to show small inventories at the end of the year. Demand from the building industry shows somewhat more than the usual seasonal decline. Fabricators of steel structural materials have reduced their working forces, and new orders being placed with them are in smaller volume than shipments, with the result that unfinished business shows a further decrease. The movement of reinforcing bars and standard structural shapes was smaller than during the preceding thirty days, but about equal to that of the corresponding period last year. Makers and distributors of sheets and tank plates report a recession in demand for their goods, and the leading producer of this material has reduced operations from 85 per cent to 70 per cent capacity. Manufacturers of stoves and heating apparatus, particularly the latter, continued to operate at the rate of the month before, and their November shipments showed a small gain over the same month in 1925. Farm implement interests are experiencing a satisfactory business, but sales are below what was expected for the period. Automobile producers are buying on a hand-to-mouth basis, but during the past three weeks there has been some improvement in specifications from this industry. Improved buying by the railroads is noted, chiefly in the form of placement of orders for cars and track supplies. Business in semi-finished iron and steel has been circumscribed by limited specifications on materials for fourth quarter shipment and inquiry for tonnage to be delivered during the first quarter of 1927. Warehouse interests report a slowing down in demand from the general manufacturing trade, but this has been in a measure offset by a heavier call from the coal industry, and heavier buying by Southern lumber and cotton oil mills. Demand for oil country goods continues quiet. Production of pig iron for the entire country in November totaled 3,238,000 tons, a decrease of 96,200 tons under the October output. Buying of pig iron has receded sharply since the movement in early November, but shipments continue on a large scale. Prices were nominally unchanged, but the trend was lower. Steel ingot production for the country in November reached the lowest level for both output and daily average rate since July.

**Lumber** — Unfavorable weather for building in November and a reduced volume of construction

work on which contractors have been asked to bid, held down business during the period under review. Inventorying and influence of the holidays were additional factors adversely affecting the trade. Planing mills have to a large extent worked off their accumulated orders, and are actively seeking new business. Despite these unfavorable factors, with attendant drooping prices since early fall, producers and distributors of lumber are optimistic in their views of the situation. Light buying and production during the past several months has resulted in small stocks in both jobbing and retail yards, and reserve supplies in consumers' hands are also of moderate proportions. In the immediate past there has been some improvement in demand from car builders, and better current buying by the general manufacturing trade is in evidence.

### 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.

Not sales comparisons		Stocks on hand		Stock turnover	
Nov. 1926	11 months ending	Nov. 30, 1926	comp. to	Nov. 30,	January 1
comp. to	Nov. 30, 1926 to	comp. to	Nov. 30,	1926	1925
Nov. 1925	same period 1925	Nov. 30, 1925			
Evansville .....	+15.2%	— 3.1%	— 5.8%	197.5	185.2
Little Rock.....	+ 7.0	— 1.3	— 2.2	234.5	237.5
Louisville .....	+11.8	— 0.05	— 5.3	307.0	312.0
Memphis .....	+ 3.8	+ 7.1	— 6.2	246.8	220.1
Quincy .....	+ 2.9	— 0.7	— 1.3	226.6	221.4
St. Louis.....	+ 9.1	+ 2.0	+ 0.8	304.1	306.9
Springfield, Mo. ....	+ 2.3	— 1.6	— 3.1	154.0	147.0
8th District.....	+ 8.2	+ 2.2	— 1.6	282.8	278.5

Net sales comparisons		Stocks on hand	
Nov. 1926 compared to	Nov. 1925	Nov. 1926 compared to	Nov. 1925
Nov. 1925	Oct. 1926	Nov. 1925	Oct. 1926
Men's furnishings.....	+15.5%	— 7.1%	+ 5.8%
Boots and shoes.....	+34.8	— 0.2	+ 6.8
			— 8.4

### CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported November consumption of electricity by selected industrial customers 6.8 per cent less than during the same month in 1925, but 4.9 per cent larger than in October this year. Decreases in the yearly comparison were confined chiefly to steel, cement, and furniture plants. The usual seasonal decrease in the district as a whole from October to November was offset by large gains shown by the Memphis company. Detailed figures follow:

	No. of Custom- ers	Nov. 1926 *K.W.H.	Oct. 1926 *K.W.H.	Nov. 1926 comp. to Oct. 1926	Nov. 1925 *K.W.H.	Nov. 1926 comp. to Nov. 1925
Evansville .....	40	1,147	1,290	—11.1%	1,035	+10.8%
Little Rock.....	35	1,132	1,553	—20.7	1,147	— 1.3
Louisville .....	80	5,020	5,632	—10.9	4,945	+ 1.5
Memphis .....	31	1,945	1,554	+25.2	1,543	+26.1
St. Louis.....	94	15,508	16,539	— 6.2	14,923	+ 3.9
Totals.....280		24,752	26,568	— 6.8	23,593	+ 4.9

\*In thousands (000 omitted).

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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
October, 1926.....	2,159,276,000	4,399,920,000	6,559,196,000
September, 1926.....	2,055,673,000	4,120,573,000	6,176,246,000
October, 1925.....	1,795,906,000	4,135,690,000	5,931,596,000

### BUILDING

The dollar value of permits issued for new buildings in the five largest cities of this district during November fell 16.3 per cent below the same month in 1925, and 3.6 per cent below the October total this year. According to statistics compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District during November amounted to \$30,585,898 which compared with \$40,981,236 in October and \$34,932,000 in November, 1925. Production of portland cement for the entire country in November totaled 14,193,000 barrels, against 16,596,000 barrels in October, and 13,656,000 barrels in November, 1925. Building figures for November follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1926	1925	1926	1925	1926	1925	1926	1925
Evansville ..	300	131	\$ 174	\$ 215	62	53	\$ 19	\$ 14
Little Rock	53	83	1,039	241	88	82	31	26
Louisville ..	163	220	752	1,011	67	50	117	82
Memphis ...	137	299	1,078	930	201	145	142	113
St. Louis....	600	758	2,173	3,893	337	371	855	233
Nov. totals	1,253	1,491	\$5,216	\$6,290	755	701	\$1,164	\$468
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
*In thousands of dollars (000 omitted).								

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### AGRICULTURE

Throughout the district weather conditions during the past thirty days were mainly unfavorable for outdoor activities, and farm work is from a week to two weeks behind the usual schedule for this time of year. Frequent rains prevented farmers from entering their fields, and Fall plowing was only about 80 per cent completed on December 1. The excessive moisture also interfered with late harvesting and the movement of crops to market. The low prices of cereals also tended to restrict marketing of corn, wheat and rice. Except in a limited number of Southern counties, farm labor has been adequate to all requirements, and in the immediate past some surplus has developed in the Northern tiers of the district. Wage scales being paid to farm help are at approximately the same levels obtaining at the corresponding time last year.

**Winter Wheat** — Seeding of winter wheat continued where weather and soil conditions permitted up to the last week of November, following which time cold weather and snow brought these operations to a close. In most sections acreage is about equal to that of last Fall, but below what had been planned last summer. Early seeded wheat is up

to a good stand, and in favorable condition for entering the cold weather. The fields planted late, however, are not doing so well though the recent rains and snow are expected to improve the conditions of this portion of the growing crop.

**Corn** — In spite of delays occasioned by wet fields, husking and cribbing of corn has made good progress. As a whole, however, the harvest is considerably later than the average at this particular period during the past five years. Latest returns tend to bear out early estimates relative to yield, but are bringing to light an unusually large amount of low grade corn. Moisture content is high in many sections, due to excessive rains during the Fall, and there are numerous complaints of rot and mould to corn both in shock and in the field. As a result of drought during the early growing season, there are more than the ordinary number of small, undeveloped ears in the crop. Low prices have discouraged marketing of corn, and the movement from farms continues light.

**Live Stock** — Some improvement in the condition of live stock developed during the past thirty days. Outbreaks of hog cholera, noted in the two preceding issues of this report, have been well controlled, and losses from that cause were considerably reduced. The movement of cattle and hogs to market increased slightly, and prices were fairly well maintained. The number of sheep and lambs on feed for the market in this district is larger in virtually all sections than was the case at the corresponding period last year. Due to the low price of corn, farmers are endeavoring to increase the number of hogs on feed.

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

	Receipts			Shipments		
	Nov. 1926	Oct. 1926	Nov. 1925	Nov. 1926	Oct. 1926	Nov. 1925
Cattle and Calves.....	151,301	163,112	137,753	90,917	109,530	83,787
Hogs .....	289,015	286,357	309,415	207,568	213,262	207,721
Horses and Mules.....	3,906	4,631	5,410	2,996	4,569	5,578
Sheep .....	35,457	67,303	37,755	12,069	40,902	11,751

**Cotton** — The total crop for 1926 is estimated by the Department of Agriculture at 18,618,000 bales, the largest ever recorded, and an increase of 2,515,000 bales over the country's output in 1925. With the exception of Arkansas, however, yields in all the chief cotton states of this district were smaller than last year. Weather during the period under review was unfavorable for harvesting the crop, and a large quantity still remains to be picked, particularly west of the Mississippi River. Movement to market continue in large volume, ginnings to

December 1 being 14,644,000 bales, the largest ever reported to that date. Stocks in Arkansas warehouses on December 10, amounted to 583,113 bales, against 490,068 bales on the corresponding date last year. The demand from both domestic consumers and for export was reported good, but the trend of prices was lower, the middling grade in the St. Louis market on December 15, closing at 11½c per pound, against 12¼c on November 15, and 19½c on December 15, 1925.

**Rice** — Farmers have about completed their threshing, and due to favorable weather during the harvesting season, condition of the grain is high. The crop is moving rapidly to the mills, but the demand is sluggish, and farmers are not able to dispose of their stocks as rapidly as they would like to. There has been a slight decline in prices on bulk of the crop, but despite this fact the rough rice position is strong, and in the immediate past some independent mills buying non-association rice have been paying a slight advance.

**Tobacco** — New crop burley tobacco has been moving to the loose-leaf markets in large volume in all burley districts, with average prices about 4c per pound below last year's levels. Much of the burley crop is of large size, but rather poor quality, representing that part of the crop known as "wet weather tobacco." Virtually all loose-leaf markets in the dark tobacco districts have opened except in the dark-fired districts, where relatively little tobacco has been stripped and openings have been postponed until after January 1. Sales of the new Green River air-cured and one sucker tobacco over the loose-leaf floors have been heavy, but the tobacco offered has not been of desirable quality. The Burley Tobacco Growers Cooperative Association reports additional sales of the 1923, 1924 and 1925 crops, bringing the total during the past two months to about 55,000,000 pounds.

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

			High	Low	Close	
					Dec. 15, 1926	Dec. 15, 1925
Wheat						
December .....	per bu.	\$1.39¼	\$1.30¾		\$1.38	\$1.71½
May .....	"	1.43	1.37¼		1.39¾	1.69¾
No. 2 red winter .....	"	1.42	1.34		\$1.38 @ 1.39	\$1.80 @ 1.83
No. 2 hard .....	"	1.43½	1.36			1.71 @ 1.72½
Corn						
December .....	"	.74	.68¼		.83¾	.76½
May .....	"	.85	.78½		.74	.83½
No. 2 .....	"	.77	.69		.75	.77 @ .78
No. 2 white .....	"	.75	.69			
Oats						
No. 2 white .....	"	.51½	.46			.43
Flour						
Soft patent .....	per bbl.	7.50	6.75		6.75 @ 7.25	8.55 @ 9.00
Spring patent .....	"	8.00	6.80		7.00 @ 7.25	8.55
Middling cotton .....	per lb.	.12¼	.11½		.11½	.19½
Hogs on hoof .....	per cwt.	12.20	10.00		10.50 @ 11.75	9.25 @ 11.35

## FINANCIAL

Seasonal routine factors controlled financial and banking activities in this district during the past thirty days, and nothing developed to change trends noted a month earlier. Credit demands for general industrial and commercial purposes were somewhat irregular, and averaged only fair. There was considerable liquidation among major mercantile and manufacturing interests in the large cities, but also good volume of borrowing from the same sources, with the result that the level of this class of loans showed little variation as contrasted with the preceding thirty days. Country banks in the Northern section of the district report further liquidation, and in turn these institutions have reduced commitments with their city correspondents and the Federal Reserve Bank. In the South settlements were relatively less satisfactory, due principally to the record cotton crop and depressed prices of that staple. Markets have opened in the tobacco areas, and sales of the new crop have been fairly heavy, with proceeds being extensively used to liquidate loans. Similar conditions obtain in the rice producing sections. Liquidation in the tobacco districts has been accelerated by sales of large amounts of the 1923, 1924 and 1925 crops. Grain interests slightly increased their commitments during late November, the peak of their borrowing having been reached early this month. Flour millers, on the other hand, have reduced their obligations, and in lesser degree the same is true of packers and manufacturers of some other food products. Commercial paper brokers still complain of dull business. Offerings are plentiful, but competition of local banks and the New York call market make sales difficult to effect. Loans and discounts of the reporting member banks have declined irregularly since the middle of October, and over the same period there was a steady decrease in their borrowings from this bank. Since the middle of November, deposits of the reporting member banks moved upward. Interest rates during the period under review were steady, current quotations at St. Louis banks being as follows: Commercial paper,  $4\frac{1}{2}$  to 5 per cent; customer's over the counter loans, 5 to  $5\frac{1}{2}$  per cent; collateral loans 5 to  $5\frac{3}{4}$  per cent and brokers' loans 5 to  $5\frac{1}{2}$  per cent.

**Federal Reserve Operations** — During November the Federal Reserve Bank of St. Louis discounted for 229 of its member banks, against 232 in October, and 201 in November, 1925. The discount rate of this bank 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:

	*Dec. 16, 1926	*Nov. 16, 1926	*Dec. 16, 1925
Bills discounted.....	\$41,029	\$36,215	\$22,584
Bills bought.....	13,079	9,981	32,408
U. S. Securities.....	20,161	19,645	17,791
Foreign loans on gold.....			405
Total bills and securities.....	\$74,269	\$65,841	\$73,188
F. R. Notes in circulation.....	47,359	46,396	39,140
Total deposits.....	81,544	82,927	83,479
Ratio and reserves to deposit and F. R. Note liabilities.....	45.7%	54.4%	46.0%

\*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 leading cities of the district. Charges to accounts of banks are not included.

	*Nov. 1926	*Nov. 1925	*Eleven months 1926	*Eleven months 1925
E. St. Louis and				
Nat. Stock Yards, Ill.....	\$ 45,355	\$ 43,648	\$536,917	\$487,967
Eldorado, Ark.....	10,383	10,727	132,400	113,082
Evansville, Ind.....	39,695	36,745	445,393	430,854
Fort Smith, Ark.....	15,576	18,087	149,082	153,990
Greenville, Miss.....	5,195	5,532	50,454	49,522
Helena, Ark.....	4,764	7,598	53,702	60,311
Little Rock, Ark.....	89,450	86,721	894,910	784,822
Louisville, Ky.....	187,432	178,647	2,160,487	2,055,155
Memphis, Tenn.....	163,009	180,337	1,659,359	1,634,161
Owensboro, Ky.....	4,478	4,532	58,903	62,721
Pine Bluff, Ark.....	14,797	13,922		
Quincy, Ill.....	12,300	11,352	139,140	133,209
St. Louis, Mo.....	750,257	741,060	8,273,843	8,093,753
Sedalia, Mo.....	4,645	3,832	52,415	49,758
Springfield, Mo.....	14,725	13,773	176,105	154,798
Totals.....	\$1,362,061	\$1,356,513	\$14,783,110	\$14,264,103

**Condition of Banks** — Loans and discounts of the reporting member banks on December 15 showed a gain of 0.4 per cent as compared with a month earlier but were 0.8 per cent below the total on December 16, 1925. Deposits showed a gain of 2.2 per cent from November 17 to December 15, but were 1.6 per cent smaller than on December 16, 1926. Composite statement follows:

	*Dec. 15, 1926	*Nov. 17, 1926	*Dec. 16, 1925
Number of banks reporting.....	†31	†31	33
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't. obligations.....	\$ 6,441	\$ 6,791	\$ 10,620
Secured by other stocks and bonds.....	195,663	194,842	207,431
All other loans and discounts.....	315,762	313,980	303,953
Total loans and discounts.....	\$517,866	\$515,613	\$522,004
Investments			
U. S. Gov't. securities.....	61,889	62,170	59,876
Other securities.....	120,006	117,874	109,981
Total investments.....	\$181,895	\$180,044	\$169,857
Reserve balance with F. R. bank.....	48,823	48,510	49,621
Cash in vault.....	9,215	7,750	8,965
Deposits			
Net demand deposits.....	417,153	399,221	431,663
Time deposits.....	211,434	218,019	203,877
Government deposits.....	3,884	1,480	7,301
Total deposits.....	\$632,471	\$618,720	\$642,841
Bills payable and rediscounts with Federal Reserve Bank,			
Secured by U. S. Gov't. obligations.....	9,416	9,932	4,168
All others.....	14,419	14,852	7,593

\*In thousands (000 omitted).

†Decreases 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 December 23, 1926)

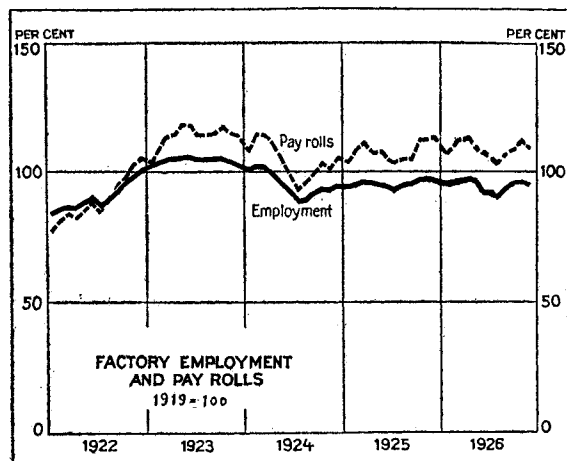


## BUSINESS CONDITIONS IN THE UNITED STATES

**PRODUCTION**—Factory employment and payrolls declined in November, reflecting decreased activity in many important industries, but owing to the large output of minerals the Federal Reserve Board's index of production in basic industries advanced somewhat during the month. Production of bituminous coal and petroleum in recent weeks has exceeded all previous records, and output of

ever, increased slightly more than is usual in November. Freight car loadings declined considerably in November and December from the record high levels of October, although the movement of coal continued heavy.

**PRICES**—The general level of wholesale prices declined in November and prices of many important basic commodities decreased further in the first half of Decem-

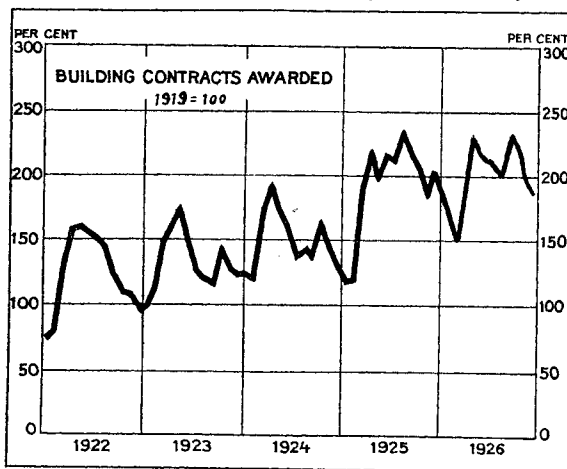


Federal Reserve Board's indexes of factory employment and payrolls. Latest figures, November, employment=95.2 payrolls=107.7.

copper and zinc during November was in unusually large volumes. Pig iron production also increased slightly in November, but steel mill operations in that month and in December were considerably reduced. Automobile production, which is not included in the index of production in basic industries, declined sharply in November for the second consecutive month and was smaller than in any month since August, 1925. Textile mill activity was maintained at approximately the same rate as in October. The value of building contracts awarded showed less than the usual seasonal decline in November and was slightly larger than in November, 1925. Awards for the first half of December exceeded those of the corresponding period of last year.

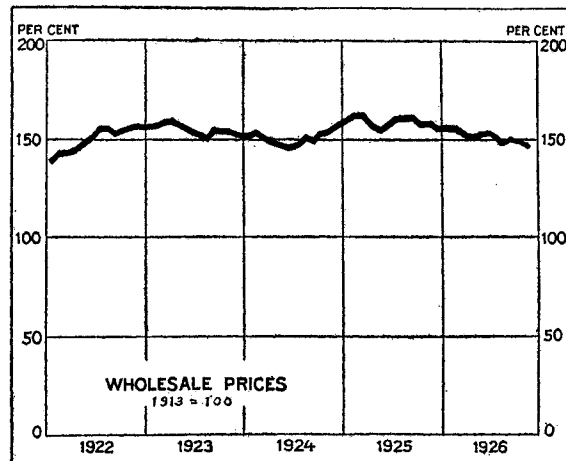
**AGRICULTURE**—The Department of Agriculture estimates the value of 55 principal crops raised in 1926, on the basis of December 1 farm prices, at \$7,802,000,000, compared with \$8,950,000,000 in 1925. Of the decrease the decline in the value of the cotton crop accounts for \$580,000,000, and that of corn for about \$260,000,000.

**TRADE**—In November distribution of merchandise at wholesale and retail showed the usual decline from the activity earlier in the autumn. Compared with a year ago,



Index of building contracts awarded as reported by F. W. Dodge Corp. Latest figure, November=188.

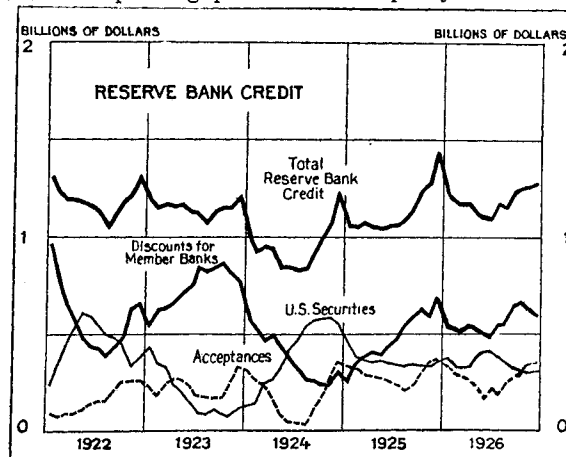
however, wholesale trade was in about the same volume and retail trade larger. Sales of department stores were about 7 per cent larger than last year, and those of leading mail order houses were 6 per cent larger. Stocks of merchandise carried by wholesale firms declined further in November and were smaller at the end of the month than a year ago. Inventories of department stores, how-



Index of U. S. Bureau of Labor Statistics. Latest figure, November=148.1.

ber. The Bureau of Labor Statistics index of wholesale commodity prices for November was 148, the lowest since July, 1924. Bituminous coal prices increased sharply during October and early November, but in recent weeks have declined by about two-thirds of the previous rise. Petroleum prices have been reduced since early in November, and there have also been declines in pig iron, copper, zinc, lead and silver. The fall in prices of agricultural commodities, which has lasted with few interruptions for over a year, continued in November. Grains, however, have risen somewhat since the later part of that month. The clothing materials and house furnishings groups have declined steadily in price during recent months to the lowest levels of the post war period.

**BANK CREDIT**—Loans and investments of member banks in leading cities increased by over \$100,000,000 during the four weeks ending December 15, reflecting in part the growth in the demand for credit and currency that usually occurs in December. The increase was in loans on securities, while commercial loans declined somewhat from their seasonal high point in November. The volume of Reserve bank credits held the usual seasonal increase after the middle of November, but was lower than in the corresponding period of 1925 partly because there



Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 21 days in December.

was a smaller increase this year in the amount of money in circulation. Money market conditions became slightly firmer in December than at the end of November, commercial paper rates were unchanged, but open market rates on bankers' acceptances advanced by one-eighth of one per cent and call rates on security loans averaged higher for the month.