

# FEDERAL RESERVE BANK OF ST. LOUIS



## MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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**R**EPORTS relative to business and industry in this district during the past thirty days reflect moderately decreased activity, both as compared with the month before and the corresponding period a year earlier. At many industrial plants operations have not been resumed at a rate as high as prevailed prior to the seasonal slowing down incident to inventorying and the holidays. Wholesalers and jobbers in a number of important lines, notably dry goods, hardware, groceries and chemicals, complain of light and backward buying, though since the first week in January the drop in temperature has stimulated the movement of winter merchandise and brought out a good volume of fill in orders. Almost universally, purchasing of commodities is on an immediate requirement basis, future business on the books of manufacturers and wholesalers being at a lower ebb than at any similar period in more than a decade. Except in few instances, manufacturers are making up very small quantities of goods for which they have not actual orders.

While accounting for the movement into consumptive channels of a large volume and variety of merchandise the holiday trade on the whole was below expectations. Sales of department stores in the five largest cities of the district during December were 2.8 per cent less than the same month in 1925, and turnover of retailers generally both in the large centers of population and in the country was relatively light. A decrease under a year ago was also reported in the December business of mail order houses and chain stores, but a gain in sales of the five and ten cent stores. The recent downward trend in production and distribution of automobiles continued in December, sales of passenger cars being the smallest for any month since January, 1925. Generally through the iron and steel industry declining tendencies were in evidence. As indicated by permits issued and contracts let, building activi-

ty in December was below that of the same month in 1925. Debits to individual accounts in the principal cities of the district in December showed a decrease of 5.9 per cent under the same month in 1925, and an increase of 6.0 per cent over the November, 1926, total.

Reports of the Employment Service of the Department of Labor indicate a rather general decrease in employment and gain in surplus labor throughout the district. Fewer workers were engaged in the coal mining, lumber, iron and steel and packing industries, and small reductions were reported at oil refineries, chemical plants, glass factories and quarries. While textile mills in the South were for the most part operating on full schedules, a slight decrease took place among textile workers. Unfavorable weather for outdoor activities of all sorts was reflected in curtailed building and highway construction, and resulted in a rather sharp accretion to the ranks of idle common labor. Fair to good gains in employment were noted at tobacco products plants, and activities at tobacco warehouses in Kentucky and Tennessee absorbed a heavy quota of unskilled workers. Following the holidays, there have been heavy releases of clerks and general help by department stores and other retail establishments in the large cities.

There was no marked change in conditions in the fuel situation as compared with the preceding thirty days. Interruption in demand from industrial sources during the inventory and holiday period was offset by a heavier call for coal from domestic consumers, with the result that operations at mines in the chief fields of the district averaged about the same as during the month before. In the Indiana and Illinois fields shaft mines were working from two to five days per week, those showing the greatest activity being favored with increased patronage from the railroads. Strip pits were for the most part operating at, or close to capacity. There were

further complaints of "no bills" in all districts, but in the case of steaming coal the number of loaded cars on track has been substantially reduced since the first of this month. Operators report that the disposition to store coal against possible strike of bituminous miners in the spring is much less in evidence than thirty days ago. Since settlement of the strike of British coal miners the export trade, which was the principal contributing factor to activity in the general coal market during the last half of 1926, has fallen off heavily in volume. Total production of bituminous coal for the entire country during 1926 is estimated by the U. S. Bureau of Mines at 578,290,000 tons, the largest on record with the exception of 1918, when 578,386,000 tons were mined.

In spite of the falling off in freight traffic during the closing weeks of December, railroads operating in this district handled the largest volume of freight in 1926 ever recorded. Throughout the year operation of the roads was characterized by unusually high efficiency. Gains over the preceding year were reported in virtually all classifications with merchandise and miscellaneous freight making an especially favorable showing. For the entire country loadings of revenue freight in 1926 totaled 53,309,644 cars, a new high record, and comparing with 51,224,152 cars in 1925 and 48,534,433 cars in 1924. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 202,625 loads in December, against 215,290 loads in November, and 217,627 loads in December, 1925. The total interchange in 1926 amounted to 2,648,143 loads, against 2,571,178 loads in 1925. Passenger traffic of the reporting roads decreased 1 per cent as compared with December, 1925. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans for December was 80,900 tons, against 104,450 tons (revised figures) in November, and 65,593 tons in December, 1925. The total tonnage in 1926, 1,044,648 tons, was the largest on record, and compares with 911,484 tons in 1925 and 849,494 tons in 1924.

Collections during the past thirty days were somewhat irregular, both with reference to the different lines and localities. Wholesalers report December settlements about up to expectations, but slightly below the average of the corresponding month in 1925. In sections where cotton is the chief crop some backwardness is noted, but improved payments as compared with a month ago and a year earlier were reported in the tobacco and rice areas. Country retailers generally report collections in December as showing somewhat more than the

seasonal decrease, but some improvement since the first of this month. In the coal fields there was a slight recession in December as compared with November, but marked betterment as contrasted with December, 1925. Answers to 471 questionnaires addressed to representative interests in the several lines throughout the district showed the following results.

	Excellent	Good	Fair	Poor
December, 1926.....	1.4%	30.1%	57.5%	11.0%
November, 1926.....	1.4	29.7	59.5	9.4
December, 1925.....	5.7	37.1	52.9	4.3

Commercial failures in the Eighth Federal Reserve District during December, according to Dun's, numbered 86, involving liabilities of \$1,331,361, against 69 defaults in November with liabilities of \$806,848, and 80 failures for \$1,323,752 in December, 1925.

The per capita circulation in the United States on January 1, 1927, was \$43.03, against \$42.62 on December 1, 1926, and \$43.62 on January 1, 1926.

## MANUFACTURING AND WHOLESALE

**Automobiles**—Production of passenger cars and trucks in the United States during December fell sharply below the preceding month and the corresponding period a year earlier. The total, 165,000, compares with 219,479 in November and 309,296 in December, 1925.

There was a further sharp decline in distribution of automobiles in this district, both as compared with the preceding month and the corresponding period in 1925. The decreases, however, did not extend to all makes of cars, some showing substantial gains in both comparisons, with the major part of the total being accounted for by a relatively small group. Such interests as showed gains attributed them to intensive selling campaigns and in one important instance to a reduction in price. Relatively the heaviest falling off in sales was in the country, where for various reasons buyers are postponing filling their requirements. City dealers report a general disposition to await new models and designs before making commitments. This same attitude is noted among distributors, with the result that stocks of new cars showed only a moderate increase, though this is the season during which it is customary to accumulate stocks to sell in the spring. The used car market was dull and unsatisfactory, with stocks about 15 per cent larger than in November and 10 per cent larger than in December, 1925. The gain in stocks was due to slack sales rather than the taking in of additional

cars. Sales of passenger automobiles during December by 320 dealers scattered through the district were 16.4 per cent smaller than in the same month in 1925, and 21.8 per cent below the November total. Sales of parts and accessories made a relatively better showing, the declines from a month and a year earlier being 12.2 per cent and 8.5 per cent, respectively. Of the sales of reporting dealers, 62.5 per cent were made on the deferred payment plan, against 61.4 per cent in November, and 78.9 per cent in December, 1925. Price reductions were made in two important makes of low priced cars. The tire trade was reported quiet, with purchasing by dealers and the public on a hand-to-mouth basis.

**Boots and Shoes** — December sales of the 10 reporting interests were 1.2 per cent larger than for the same month in 1925, and 53.5 per cent below the November, 1926 total. Stocks on January 1 were 25.5 per cent larger than thirty days earlier and 7.9 per cent less than on January 1, 1926. The decrease in sales shown in the month to month comparison is accounted for entirely by seasonal considerations. Road sales since the first of this month are reported satisfactory, and well ahead of the corresponding period last year. No change in prices of finished goods was reported, but the raw material market was firmer, with specific advances recorded on several important items of leather. Factory operation has been increased, and ranges from 95 to 100 per cent of capacity.

**Clothing** — Reports relative to ordering of clothing for spring distribution indicate considerable unevenness, with results through the South relatively less satisfactory than in other sections of the district. There has been marked improvement in the movement of men's heavy weight apparel, particularly overcoats and sweaters. Women's cloaks and suits for winter wear also show improvement over the preceding thirty days, with a fair volume of reordering. Special sales of retail clothiers since January 1 have been successful, and resulted in the movement of a heavy volume of merchandise into consumptive channels. December sales of the 8 reporting interests were 3.1 per cent below the same month in 1925, and 54.9 per cent below the November, 1926, total.

**Drugs and Chemicals** — December sales of the 7 reporting interests were 0.2 per cent larger than during the same month in 1925, and 1.4 per cent below the November, 1926, total. While advance bookings are light, the volume of current orders holds up well, and some improvement in demand for heavy chemicals from the general manufacturing trade was reported. During the past few weeks there has been a heavy call for remedial drugs, occa-

sioned by illness incident to the inclement weather. Retail stocks are for the most part light, and since the close of the inventory period there has been a general disposition to replenish and fill out assortments.

**Dry Goods** — Rather sharp decreases as compared with the preceding month and a year earlier were shown in December statistics in this classification. Early January business continued the downward trend, and losses were particularly marked in orders for future delivery. Stocks in wholesalers hands are generally light, and there is a disposition to hold down commitments as close as possible to actual requirements. As compared with the preceding thirty days there was no notable change in prices. The 11 reporting firms showed December sales 22.2 per cent less than the same month in 1925 and 50.4 per cent less than the November 1926 total. Stocks on January 1 were 14.5 per cent larger than thirty days earlier, but 19.8 per cent below those of a year ago.

**Electrical Supplies** — Business in this classification continued the gains of recent months, December sales of the 5 reporting interests being 6.9 per cent larger than during the same month a year earlier and 16.0 per cent in excess of the November, 1926, total. Stocks on January 1 were 36.9 per cent larger than on the same date last year, and 4.2 per cent in excess of those on December 1, 1926. Sales of holiday goods, particularly radio material and household appliances were above expectations, and the demand for installations for new buildings was somewhat better than the average for this season. Prices on some items were lower, though little change in the general price trend, as compared with the preceding month, was in evidence.

**Flour** — Production by the 12 leading mills of the district in December was 364,612 barrels, against 375,575 barrels in November and 312,731 barrels in December, 1925. Stocks of flour in St. Louis on January 1 were 17.2 per cent larger than a month earlier and 6.7 per cent larger than on January 1, 1926. Business during the past thirty days was quiet and uneventful. Buyer's generally were holding off until after inventory period, and were not disposed to follow the slight upturn incident to the advance in cash wheat. In the immediate past sales to the domestic trade in the South have improved, and shipping directions generally reflect greater interest in supplies. Demand from abroad was slow, with bids too far out of line to result in workings. Mill operation was at from 45 to 55 per cent of capacity.

**Furniture** — December sales of the 16 reporting interests were 25.3 per cent larger than during

the same month in 1925, and 20.5 per cent below the November, 1926, total. Stocks on January 1 were 4.0 per cent smaller than thirty days earlier, and 8.0 per cent larger than on January 1, 1926. Holiday trade was reported generally satisfactory, and the receipt of replacement orders for this class of goods helped materially in raising the December sales total. The movement of floor coverings was large, and improvement was noted in the general demand for household furniture.

**Groceries**—December sales of the 10 reporting interests were 15.8 per cent smaller than during the same month in 1925, and 5.8 per cent under the November, 1926, total. Stocks on January 1 were smaller by 10.7 and 13.5 per cent, respectively, than a year and a month earlier. The movement of holiday goods was reported disappointing, and slightly below the year before. Demand for staple goods continues slow, particularly in the rural districts, and buying by retailers is confined exclusively to an immediate requirement basis.

**Hardware**—Due to the holidays and inventorying period, business of wholesale hardware dealers was quiet during December and early January. Orders received were mainly for small lots for fill-in purposes. Orders for merchandise for spring and early summer distribution are generally below the average of this period during the past several years. In the immediate past there has been some improvement in replacement buying of winter goods, and the movement of seasonal sporting goods has also picked up. December sales of the 12 reporting interests were 24.7 per cent below those of the same month in 1925, and 8.5 per cent under the November, 1926, total. Stocks on January 1 were 1.3 per cent larger than thirty days earlier and 1.6 per cent larger than on January 1, 1926.

**Iron and Steel Products**—Activities at mills, foundries and machine shops declined rather markedly during the period under review. Specifications on goods previously purchased were held down by the inventory period and holidays, and new orders were being sparingly placed. Weather conditions were unfavorable for outdoor work, and demand for building materials showed somewhat more than the usual seasonal decline. Purchasing by the automobile industry continues in small volume, which fact was reflected in considerably reduced sales of sheets, rods, plates and other goods used largely in the manufacture of motor cars. Demand for fencing and roofing materials in the country is reported slack, and a sharp falling off in tank plates, tubular goods and other commodities to the oil fields was noted. Average prices were lower than thirty days earlier, the principal reduction be-

ing \$2 per ton on Southern pig iron. Purchasing by the railroads has shown greater activity and includes fairly large orders for cars and locomotives and rails and general track materials. Production of pig iron for the country as a whole during December was at the lowest rate in 14 months, the daily average being 99,826 tons, compared with 107,933 tons in November and 104,808 in December, 1925. The total production for 1926, 39,106,395 tons, however, was second only to the record output of 40,025,850 tons in 1923. Steel ingot production in December dropped to 3,472,000 tons and a daily average of 133,538 tons, the lowest for both figures since last August. December sales of the 6 reporting stove manufacturers were 11.3 per cent smaller than in the same month in 1925, and 59.5 per cent below the November, 1926, total. Their stocks on January 1 were 4.9 per cent larger than a month earlier, but 21.8 per cent below the total on January 1, 1926. Sales of the reporting job foundries in December were 16.5 per cent larger than for the same month in 1925, and 21.5 per cent below the November, 1926, total.

**Lumber**—Following the inventory period there has been a fair volume of fill-in orders for most descriptions of lumber, both in the large cities and the country. Uncertainty relative to prices of soft woods, particularly southern pine, is tending to hold down purchasing for future delivery. Unfavorable weather in the South, which has resulted in rather sharp curtailment of logging operations, has had a strengthening effect on hardwood prices, and several specific advances are recorded. Purchasing by the automobile and furniture industries continues slow, but in the immediate past there has been an increased volume of inquiries and actual buying by builders of railroad equipment. Conditions in the cypress market show no change worthy of mention as compared with the preceding two or three months.

## RETAIL TRADE

Conditions in the retail trade are reflected in the following comparative tables showing activities at department stores and shoe and men's furnishings stores in leading cities of the district.

	Net sales comparisons		Stocks on hand		Stock turnover	
	Dec. 1926	12 months ending	Dec. 31, 1926	Jan. 1	Dec. 31,	1925
	comp. to	Dec. 31, 1926 to	comp. to	to Dec. 31,	1925	1925
	Dec. 1925	same period 1925	Dec. 31, 1925	1926		
Evansville .....	+11.7%	— 0.9%	+ 0.8%	240.4	222.1	
Little Rock.....	+ 5.3	— 0.4	— 3.2	277.0	277.4	
Louisville .....	— 3.1	— 0.5	— 2.9	363.8	370.3	
Memphis .....	— 5.4	+ 5.2	— 9.2	280.0	261.6	
Quincy .....	— 3.1	— 1.1	— 4.2	265.6	261.6	
St. Louis.....	— 3.2	+ 1.3	+ 0.3	352.8	357.2	
Springfield, Mo. +	3.2	— 1.0	— 5.5	179.8	170.5	
8th District.....	— 2.8	+ 1.5	— 2.3	329.8	325.9	

	Net sales comparisons		Stocks on hand	
	Dec. 1926 compared to	Nov. 1926	Dec. 1925 compared to	Nov. 1925
	Dec. 1925		Dec. 1925	
Men's furnishings.....	— 2.6%	+31.8%	— 3.8%	—16.9%
Boots and shoes.....	+ 1.1	+ 5.8	+ 2.5	—11.0

## CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electricity by selected industrial consumers during December as 14.4 per cent less than in the preceding month, and 5.0 per cent smaller than in December, 1925. The decrease in the month-to-month comparison is seasonal in character, but somewhat more marked than the average in recent years. The loss as compared with a year earlier is due to smaller consumption at cement, iron and steel, automobile assembly and brick manufacturing plants. Detailed figures follow:

	No. of Custom- ers	Dec. 1926 *K.W.H.	Nov. 1926 *K.W.H.	Dec. 1926 comp. to Nov. 1926	Dec. 1925 *K.W.H.	Dec. 1926 comp. to Dec. 1925
Evansville.....	40	1,034	1,147	-9.8%	1,090	-5.1%
Little Rock.....	35	1,196	1,134	+5.5	1,227	-2.5
Louisville.....	80	4,338	5,020	-13.6	4,982	-12.9
Memphis.....	31	1,903	1,945	-2.2	1,585	+20.1
St. Louis.....	93	12,717	15,508	-18.0	13,425	-5.3
Total.....	279	21,188	24,754	-14.4	22,309	-5.0

\*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
November, 1926.....	2,241,004,000	4,204,933,000	6,445,937,000
October, 1926.....	2,159,334,000	4,394,257,000	6,553,591,000
November, 1925.....	1,946,985,000	3,839,635,000	5,786,620,000

## BUILDING

The dollar value of building permits issued for new buildings in the five largest cities of the district during December was 7.8 per cent larger than in November, but 8.7 per cent less than in December, 1925. The total for 1926 fell 22.2 per cent below 1925 and 8.8 per cent under the 1924 total. According to figures compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District during December amounted to \$22,504,037, which compared with \$30,585,898 in November and \$25,557,000 in December, 1925. There was a slight decline in building costs during December, due to seasonal opportunities for advantageous purchases of materials, rather than a definite drop in price. Production of portland cement for the entire country in December amounted to 10,744,000 barrels, against 14,193,000 barrels in November and 10,809,000 barrels in December, 1925.

Detailed figures follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1926	1925	1926	1925	1926	1925	1926	1925
Evansville ..	287	118	\$ 126	\$ 186	21	39	\$ 8	\$ 33
Little Rock ..	43	68	86	183	40	59	10	24
Louisville ..	135	187	1,196	1,058	48	37	142	71
Memphis ...	181	193	2,400	2,644	30	112	50	55
St. Louis....	357	522	1,817	2,114	225	256	117	962
Dec. totals	1,003	1,088	\$5,625	\$6,185	364	503	\$ 327	\$1,145
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

\*In thousands (000 omitted).

## POSTAL RECEIPTS

Returns from the five largest cities in the district show an increase in postal receipts for the last quarter of 1926 over the same period in 1925 of 5.7 per cent, and over the third quarter of 1926 of 22.1 per cent. Detailed figures follow:

	For quarter ending			Dec. 31, 1925	Dec. 1926 comp. to Dec. 1925
	Dec. 31, 1926	Sept. 30, 1926	June 30, 1926		
Evansville .....	\$ 167,000	\$ 150,000	\$ 158,000	\$ 171,000	-2.3%
Little Rock.....	238,000	268,000	211,000	237,000	+0.4
Louisville .....	813,000	678,000	702,000	779,000	+4.4
Memphis .....	589,000	514,000	518,000	592,000	-0.5
St. Louis.....	3,851,000	3,023,000	3,091,000	3,574,000	+7.8
Totals.....	\$5,658,000	\$4,633,000	\$4,680,000	\$5,353,000	+5.7

## AGRICULTURE

More seasonable weather during the past thirty days has enabled farmers to make good progress with work which had been delayed by unfavorable conditions prevailing during late November and through December. Improved wagon roads permitted hauling of grain and other products to the railroad terminals, and the movement of cereals from the country to primary markets made a fair showing, though the average continued below a year earlier. Marketing operations were interfered with somewhat by the holidays, but the upturn in prices, particularly of corn, had a stimulating effect on the movement. The demand for wheat both for export and from millers has been quiet. Reports from all sections indicate supplies of farm labor fully adequate to demands, with wages showing only slight variation as compared with the corresponding period last year.

**Winter Wheat** — According to the preliminary estimate of the U. S. Department of Agriculture, the area of winter wheat seeded last fall in states situated wholly or partly within this district, amounts to 6,510,000 acres, which compares with 6,203,000 acres seeded in the fall of 1925. All states show a larger acreage except Illinois and Mississippi, each of which show the identical area planted in 1925. In all the principal states actual plantings last fall were below indicated intentions during the summer, farmers being unable to carry out their formulated programs because of the unusually unfavorable conditions through the planting season. For the entire country the estimated acreage is 41,807,000 acres, against 39,799,000 acres seeded in the fall of 1925. Wheat seeding was continued late because of rains and heavy soil, with some grain planted after the middle of November. While reports relative to the condition of the growing crop reflect very uneven conditions, the plant is generally in good shape, and entered cold weather in strong position. Snow covering is generally deficient, but there has been abundant moisture, and soil conditions are good.

**Corn** — Husking and housing of corn, which due to unfavorable weather was carried much later into the season than usual, has been about completed. The freezing temperatures of the past several weeks have facilitated this work, and in addition have proved beneficial in the direction of curing and conditioning the crop. Recent arrivals at primary markets show quite decided improvement in quality over corn previously shipped. There are still, however, numerous complaints of poor quality, due to excessive moisture and moulding of early cribbed corn. Farmers in the surplus states are feeding large quantities of corn to live stock, and until the immediate past prices have been too low to encourage heavy shipments to market. The demand for feeding in the South is below the average for this time of year, due to heavier production of corn and other feed crops locally in that section.

**Live Stock** — An increase in all States of the Corn Belt of about 4 per cent in the fall pig crop of 1926, an increase of less than 1 per cent in the combined spring and fall crops of 1926, no indicated increase in the spring crop of 1927 for these States and a probable decrease in the hog slaughter during the marketing year 1926-1927, are shown in the report issued by the Department of Agriculture. The number of sows bred or to be bred to farrow in the spring of 1927 is shown as about 9 per cent larger than the number actually farrowed in the spring of 1926. Previous surveys showed that the number of sows reported in June as farrowed in the spring has been from 8 to 10 per cent less than the number reported in December as bred or to be bred.

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

	Receipts			Shipments		
	Dec. 1926	Nov. 1926	Dec. 1925	Dec. 1926	Nov. 1926	Dec. 1925
Cattle and Calves.....	105,097	115,301	119,866	68,879	90,917	132,463
Hogs .....	309,117	289,015	448,520	225,085	207,568	344,057
Horses and Mules.....	3,421	3,906	6,365	3,103	2,996	5,891
Sheep .....	37,021	35,457	30,071	13,596	12,069	46,270

**Cotton** — According to the final estimate of the Department of Agriculture, the total production of cotton in this district in 1926 was 3,476,000 bales, the largest on record, and comparing with 3,345,000 bales in 1925. The current movement of the staple during the past thirty days decreased rather sharply and receipts at Arkansas warehouses from August 1, 1926, to January 11, 1927, were 164,147 bales below the corresponding period a year earlier. There is still considerable cotton remaining in the fields, especially east of the Mississippi River, and weather has not been favorable for gathering it. Because of

heavy rains the grade has been lowered to such an extent in certain localities as to make it scarcely worth picking. The spot price on January 18, middling basis was 12¼ per pound in the St. Louis market and represented an advance of ¾c during the period under review. Stocks in Arkansas warehouses on January 14 amounted to 512,540 bales, against 562,207 bales on the corresponding date last year.

**Tobacco** — Markets in all the tobacco districts were opened, and a large total volume of sales was reported. Offerings of new crop burley tobacco, while containing a considerable quantity of poor grades, also include some very desirable types of both red leaf and bright grades. The market on common leaf was \$1 to \$2 per hundred pounds higher than before Christmas, medium grades were irregular, and good and fine tobacco as high as at any time since the 1926 crop started to move. Large sales were held at the aircured markets, and the green river and steaming crops are moving rapidly. Quality in these markets has improved and recent prices have averaged \$1.50 per hundred pounds over the opening sales. Loose leaf markets in the dark fired district opened early this month, but weather conditions were unfavorable and prices disappointing, except on choice grades. A large quantity of tobacco is stripped in all sections and demand from both domestic manufacturers and exporters is reported more active.

**Rice** — Threshing of the rice crop has been completed, and due to auspicious weather conditions through the harvesting season, the grain is in exceptionally good condition. The demand for both rough and polished rice has strengthened during the past few weeks, and farmers are rapidly disposing of their stocks to the mills. Prices were slightly below those thirty days earlier, the high for No. 1 fancy grades being \$1.05, with an average price of approximately 95c per bushel on all grades.

**Commodity Prices** — Range of prices in the St. Louis market between December 15, 1926 and January 15, 1927, with closing quotations on the latter date and on January 15, 1926, follow:

	High	Low	Close			
			Jan. 15, 1927	Jan. 15, 1926	Jan. 15, 1927	Jan. 15, 1926
Wheat						
May .....	\$1.42¾	\$1.35¾			\$1.38¾	\$1.77
No. 2 red winter " .....	1.40½	1.36	\$1.39	@ 1.40	\$1.95	@ 1.96
No. 2 hard.....	1.44½	1.39		1.43	1.84	@ 1.86
Corn						
May .....	.84¾	.79½			.82½	.84½
No. 2.....	.80	.70	.77	@ .79	.76	@ .78
No. 2 white.....	.80	.70	.78	@ .80		.80
Oats						
No. 2 white.....	.53	.49	.49½	@ .50	.44½	@ .44¾
Flour						
Soft patent.....per bbl.	7.50	6.75	7.00	@ 7.50	9.50	@10.00
Spring patent.... "	7.35	6.95	6.95	@ 7.25	8.80	@ 9.10
Middling cotton.....per lb.	.12¾	.11½		@ .12¾		.19½
Hogs on hoof.....per cwt.	12.45	10.10	10.75	@12.45	10.50	@13.00

## FINANCIAL

Changes in the banking and financial situation during the past thirty days were of minor significance, and reflected the usual seasonal influences. Demand for funds incident to January 1 interest and dividend requirements created a temporary strengthening in rates, but in their ultimate effect these disbursements were negative, amounting simply to a shifting of credits. Supplies of loanable funds continue abundant for all commercial and industrial requirements, and demand for banking accommodation from those sources was reported only moderately active. January 1 settlements with wholesalers in the large centers were generally satisfactory, and resulted in a fair volume of liquidation at the banks. Liquidation in the district as a whole, however, was somewhat spotted, with irregularity being especially noted in the South. In the tobacco areas liquidation with their correspondents by country banks has been disappointing, due in large measure to the lower prices of tobacco and unfavorable weather which has attended marketing of that crop. Backwardness is also reported in many sections of the cotton producing sections, producers being unwilling to sell at prevailing prices. Grain shippers and the elevator interests, have slightly reduced their commitments, but demand from flour millers continues good, owing to increased stocks and the advance in premiums on cash wheat. Loans to customers of the reporting member banks increased slightly during the period under review, but there was a heavy decrease in their borrowings from this bank. Deposits of the reporting member banks have shown the usual seasonal upturn since January 1, and at the middle of the month were at the highest point since early in October. Loans based on stock exchange collateral have increased steadily since the last week in December. The market for commercial paper was quiet, with no change in conditions obtaining during the preceding thirty days. Interest rates moved in a narrow range, current quotations at St. Louis being as follows: Commercial paper  $4\frac{1}{2}$  to  $5\frac{1}{4}$  per cent; customers' 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 December the Federal Reserve Bank of St. Louis discounted for 218 member banks, against 229 in November, and 195 in December, 1925. The discount rate remained unchanged at 4 per cent.

(Compiled January 22, 1927)

Changes in the principal assets and liabilities of this institution as compared with the preceding month and a year earlier are shown in the following table:

	*Jan. 17, 1927	*Dec. 17, 1926	*Jan. 17, 1926
Bills discounted.....	\$17,706	\$44,806	\$19,704
Bills bought.....	9,966	12,973	23,026
U. S. Securities.....	20,515	20,710	25,022
Foreign loans on gold.....			290
Total bills and securities.....	\$48,187	\$78,289	\$68,042
F. R. Notes in circulation.....	47,156	47,764	38,454
Total deposits.....	80,915	79,196	87,723
Ratio of reserves to deposit and F. R. Note liabilities.....	64.9%	45.4%	48.2%

\*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.

	*Dec. 1926	*Dec. 1925	*Twelve months 1925	
E. St. Louis and				
Nat. Stock Yards, Ill....	\$ 47,135	\$ 48,375	\$584,052	\$536,342
El Dorado, Ark.....	10,485	12,649	142,885	129,731
Evansville, Ind.....	46,934	41,038	492,327	471,892
Fort Smith, Ark.....	15,276	18,934	164,358	172,924
Greenville, Miss.....	4,892	5,950	55,346	55,472
Helena, Ark.....	4,632	6,273	58,334	66,584
Little Rock, Ark.....	84,343	99,623	979,253	884,445
Louisville, Ky.....	197,677	206,517	2,358,164	2,261,672
Memphis, Tenn.....	161,301	188,946	1,820,660	1,823,107
Owensboro, Ky.....	6,318	6,755	65,221	69,476
Pine Bluff, Ark.....	12,841	13,807		
Quincy, Ill.....	12,961	12,565	152,101	145,774
St. Louis, Mo.....	816,280	850,600	9,090,123	8,944,353
Sedalia, Mo.....	5,495	4,827	57,910	54,585
Springfield, Mo.....	16,991	16,640	193,096	171,438
Totals.....	\$1,443,561	\$1,533,499	\$16,213,830	\$15,783,795

\*In thousands (000 omitted).

**Condition of Banks** — Loans and discounts of the reporting member banks on January 19 showed a decrease of 2.6 per cent as compared with a month earlier, and of 4.8 per cent compared with January 20, 1926. Deposits gained 1.0 per cent between December 15, 1926, and January 19, 1927, but were 2.0 per cent smaller than on January 20, 1926. Composite statement follows:

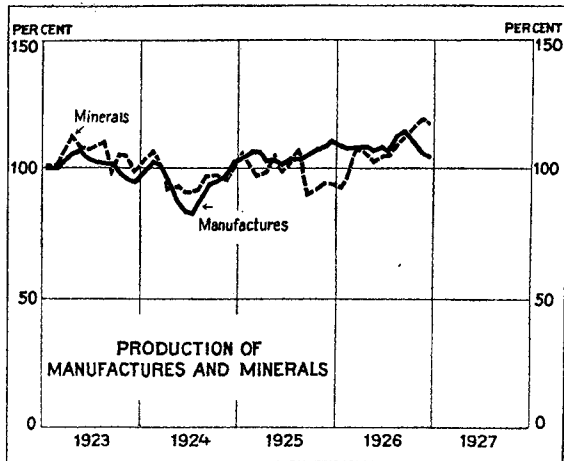
	*Jan. 19, 1927	*Dec. 15, 1926	*Jan. 20, 1926
Number of banks reporting.....	†31	†31	33
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't obligations.....	\$ 5,922	\$ 6,441	\$ 10,956
Secured by other stocks and bonds.....	189,449	195,663	212,790
All other loans and discounts.....	309,171	315,762	306,464
Total loans and discounts.....	\$504,542	\$517,866	\$530,210
Investments			
U. S. Gov't securities.....	65,723	61,889	62,198
Other securities.....	121,916	120,006	109,012
Total investments.....	\$187,639	\$181,895	\$171,210
Reserve balance with F. R. bank.....	47,087	48,823	48,780
Cash in vault.....	7,750	9,215	8,273
Deposits			
Net demand deposits.....	409,161	417,153	428,131
Time deposits.....	226,375	211,434	217,669
Government deposits.....	3,082	3,884	5,864
Total deposits.....	\$638,618	\$632,471	\$651,664
Bills payable and rediscounts with Federal Reserve Bank,			
Secured by U. S. Gov't obligations.....	2,969	9,416	3,797
All others.....	3,347	14,419	7,363

\*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.



## BUSINESS CONDITIONS IN THE UNITED STATES

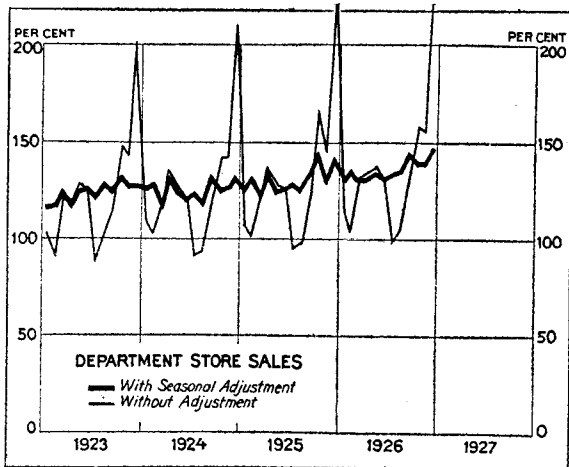
**PRODUCTION**—In December, for the third consecutive month, there was a decrease in industrial production, and the Board's new index, with adjustment for seasonal variations, was on the basis of the average for 1923, 1924 and 1925 as 100. This compares with 113 in September, the high point of the year, and with 108 a year ago. The decline since the recent high point has been entirely in the manufacturing industries as the output of minerals was at a record high level in November and showed only



Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-25 average=100). Latest figures, December, manufactures 104, minerals 117.

a slight decline in December. By far the greatest recession of recent months has been in the automobile industry, output of passenger cars and trucks in the United States decreasing from 425,000 in August to 165,000 in December. Reduction in the manufacture of automobiles is usual at the end of the year, when plants close for inventory and repairs, but in December, 1926, the decline was considerably larger than usual. Production of iron and steel has also been sharply reduced since the middle of August and activity in the woolen and worsted and silk industries has been somewhat curtailed. Production of lumber, cement and other building material has reflected the usual winter decrease in demand. Cotton consumption, on the other hand, was larger than in any previous December. Factory employment and payrolls declined further in December, reflecting decreases in nearly all industries except cotton goods, clothing, foundries, machine shops and printing and publishing.

The value of building contracts awarded in December, as in November was larger than in the corresponding period a year earlier, but for the first three weeks of January contracts were in smaller volume than during the same weeks of 1926.

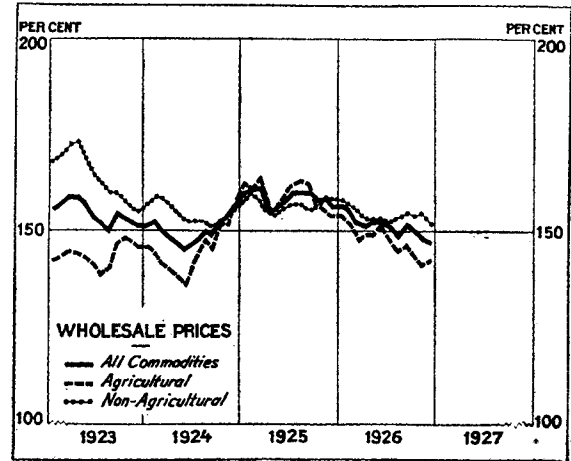


Index of sales of 359 stores, (1919=100). Latest figures, December, adjusted index 145, unadjusted 233.

**TRADE**—Retail sales during the holiday trade in December exceeded all previous records. Sales of department stores were approximately four per cent larger than in December, 1925, and sales of mail-order houses, while slightly smaller than in 1925, were larger than in the corresponding month of any other year. Sales at wholesale,

on the other hand, declined in December and were smaller than a year ago in practically all leading lines, except shoes. Merchandise stocks carried by department stores were reduced slightly more than is usual in December and were somewhat smaller at the end of the month than in 1925, and wholesale stocks were also slightly smaller than a year ago.

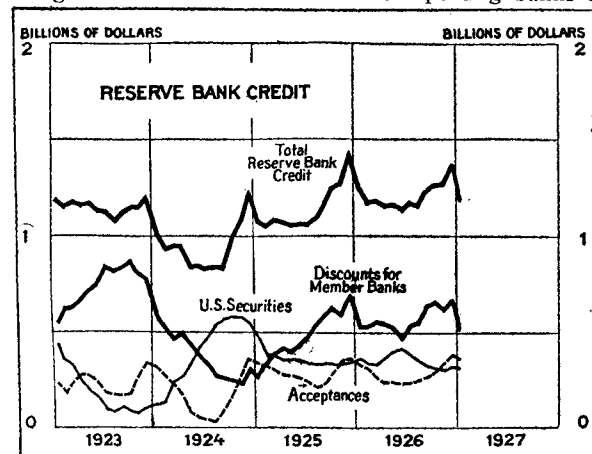
**PRICES**—Wholesale prices declined further in December and the Bureau of Labor Statistics index at 147



Indexes of United States Bureau of Labor Statistics, (1913=100). Latest figures, December, all commodities 147, non-agricultural 151.5, agricultural 142.2.

for that month was at the lowest level since the middle of 1924. Prices of agricultural products, which declined considerably in October and November, increased slightly in December, owing to advances in prices of grains and cattle. In January iron and steel prices were slightly reduced and there were further declines in bituminous coal and nonferrous metals, while prices of cotton goods and coke advanced.

**BANK CREDIT**—At the Reserve banks during the four weeks following the peak of the seasonal currency demand, there was a return flow of Federal reserve notes and other cash from circulation amounting in the aggregate to about \$400,000,000. This return flow of currency was in about the same volume as a year ago, and together with substantial gold imports, was reflected in a reduction of the volume of Reserve bank credit in use to a level on January 19 lower than at any time since the summer of 1925. Loans and investments of member banks in leading cities, after increasing to a record level at the end of the year, declined sharply in January. Commercial loans, which had reached their seasonal peak in November, were in the middle of January about \$200,000,000 below the maximum figure, but still more than \$300,000,000 above the level of a year ago. Loans on securities of the reporting banks also



Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages for first 23 days in January.

declined after the turn of the year, following a large increase in December and were slightly smaller than in January, 1926. Easier conditions prevailed in the money market in January and rates of prime commercial paper declined from  $4\frac{1}{2}$  to  $4\frac{1}{4}$  per cent and those on bankers' acceptances from  $3\frac{3}{8}$  to a range of  $3\frac{1}{8}$ - $3\frac{3}{4}$  per cent.