

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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BUSINESS in this district during the past thirty days developed considerable irregularity, but as a whole showed improvement over the similar period immediately preceding, though volume was below that of the same time last year. Relatively the wholesale and jobbing trade made a better showing than the retail section, and generally distribution of merchandise reflected greater improvement than industry. In certain important manufacturing lines, notably iron and steel, automobiles, some food products and building materials, activities have not been resumed at the rate which prevailed prior to the holidays and inventory period. On the other hand a high rate of production was maintained at textile mills, coal mines, drug and chemical plants, and in the furniture and boot and shoe industries. There was a further marked slump in building, as reflected in permits issued for new construction and contracts let.

Unevenness extended to the different sections of the district as well as to industries. Through the South business continues to feel the detrimental effects of the low price of cotton, and in the North unfavorable weather and floods hampered trade in the rural districts. Business in the coal mining areas and in the lead and zinc fields was more active than at the corresponding period last year, with collections more satisfactory and the demand for goods active. Favorable employment conditions were the rule in the large centers of population, but buying is being cautiously pursued. Retail trade, as reflected by sales of leading department stores, was 6.4 per cent smaller in January than during the same month in 1926. Debits to individual accounts in the principal cities in January fell 5.9 per cent below the total for the same month last year and 3.2 per cent under the December, 1926, total.

Weather throughout the period under review was unfavorable for outdoor work, and early farm

operations were interfered with, and are from one to three weeks behind the usual average at this time of year. According to reports of the Employment Service of the U. S. Department of Labor there was a decrease in employment in the district as a whole, both as compared with the preceding month and a year ago. Inclement weather slackened building activities, and in several cities there is a perceptible increase in idleness among skilled and common labor in the building trades. Fewer workers were employed at the lumber and flour mills, and at food and kindred products plants, leather tanneries, paper and printing establishments, oil refineries, department stores, iron and steel mills and railroad repair shops. Some scattered downward adjustments in wages were reported, but no general scale reductions in any industry.

Rigorous winter weather generally through the district had a stimulating effect on production of coal. Retail yard stocks had been allowed to drop to small proportions, and since the middle of January there has been a movement to replenish, mainly in response to improved demand from ultimate consumers. Another factor tending to help the situation has been continued storing by industrial interests, municipalities and railroads against possible strike of bituminous miners in the spring. Current buying by the carriers for immediate use has also been in heavy volume, and since the first of this month demands of users of steam coal have developed moderate improvement. Shaft mines in the Illinois and Indiana fields have been getting from three to five days per week, and in the Kentucky fields numerous important mines have been operating at full time. Sleet and snow seriously hampered work at the strip pits, many of which were obliged to temporarily suspend operations. Prices of steaming coal showed no notable change, but circular prices on domestic lump coal were reduced about the first of this month. In the immediate past there

has been some increase in the number of loaded cars on tract at mines for which no orders have been received. Demand for export has dropped to such small size as to be no longer a factor in the Mid Western situation. Production of bituminous coal during the present coal year to February 5, approximately 262 working days, totaled 499,894,000 net tons, against 456,696,000 tons for the corresponding period during the preceding coal year.

Relatively open weather and an unusually heavy movement of coal were factors in holding freight traffic of railroads operating in the district at levels higher than during the corresponding period last year or in 1925. For the entire country loadings of revenue freight for the first five weeks of this year totaled 4,524,749 cars, against 4,428,256 cars for the corresponding period in 1926, and 4,456,949 cars in 1925. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 216,573 loads in January, against 202,625 loads in December and 217,952 loads in January, 1926. During the first 9 days of February the interchange amounted to 67,409 loads, compared with 54,376 loads during the same period in January, and 63,909 loads in the first 9 days of February, 1926. Passenger traffic of the reporting roads in January was 5 per cent below the same month in 1926. Estimated tonnage of the Federal Barge Line, between St. Louis and New Orleans, for January was 88,200 tons, against 80,910 tons in December, and 57,996 tons in January, 1926.

Reports relative to collections during the past thirty days reflect somewhat uneven results. Payments in the large cities and towns were relatively better than in the country, where heavy roads, floods and inclement weather interfered with communications. Generally through the South improvement was shown over the preceding thirty days, though there are still numerous backward spots, notably in the cotton areas. Retailers in the large cities are for the most part getting in their money promptly, and settlements with wholesalers were also satisfactory. Good liquidation was reported by merchants and bankers in the tobacco and rice areas and the general average in the coal fields continues ahead of the same period last year. Answers to 470 questionnaires addressed to representative interests in the several lines throughout the district showed the following results:

	Excellent	Good	Fair	Poor
January, 1927.....	1.2%	25.9%	52.1%	20.8%
December, 1926.....	1.4	30.1	57.5	11.0
January, 1926.....	2.6	36.9	54.1	6.4

Commercial failures in the Eighth Federal Reserve District during January, according to Dun's,

numbered 145, involving liabilities of \$6,728,951, against 86 defaults in December with liabilities of \$1,331,361, and 136 failures for \$2,116,266 in January, 1926.

The per capita circulation of the United States on February 1, 1927, was \$40.51, against \$43.03 on January 1, 1927, and \$41.24 on February 1, 1926.

MANUFACTURING AND WHOLESALE

Automobiles—Production of passenger cars and trucks in the United States during January scored a good gain over the preceding month, but fell sharply below the aggregate of January, 1926. The total 234,130 compares with 165,000 in December and 302,685 in January, 1926.

A heavy falling off in distribution of automobiles, both as compared with the preceding month and the corresponding period last year, took place in January, total sales being the smallest for any single month in more than three years. Dealers report a stronger resistance to sales efforts among all classes of buyers than at any time in recent months. Results in the country are particularly unsatisfactory, due in part to inclement weather. Farmers generally are repairing and conditioning their old cars in order to make them serviceable as long as possible, and are replacing them only when absolutely necessary. In the large cities there is a disposition to postpone purchasing until after the annual automobile shows and the introduction of new types and models. The feeling prevails that the present keen competition in certain classifications may result in lower prices, and prospective buyers are waiting to take advantage of any possible concessions. A general comment with dealers is that the field for new sales, that is sales to persons who have never owned cars, appears to be smaller than heretofore. January sales of 320 dealers scattered through the district were 37.3 per cent smaller than in the preceding month and 38.0 per cent below the January, 1926, total. Business in parts and accessories made a relatively better showing than in new cars, the January total being only 8.6 per cent below that of December and 15.8 per cent below January, 1926. Stocks of new cars on dealers' floors were larger than a month earlier, but not above the seasonal average for the past five years, and slightly below the total at the corresponding period last year. As has been the case since late last fall, the used car market was dull and unsatisfactory. Sales are difficult to make, and stocks continued to increase, due to the narrow outlet rather than the taking in of large additional stocks. The investment represented in used car

stocks, however, is considerably smaller than at this time last year, though stocks are larger. There was no change worthy of note in the tire situation. Purchasing by both dealers and the public is on a strictly necessity basis.

Boots and Shoes — January sales of the 10 reporting interests were 5.2 per cent larger than for the same month last year, and 132.4 per cent in excess of the December, 1926, total. The gain in the month-to-month comparison is seasonal in character, but considerably larger than the average during the past five years. Stocks on February 1 were 9.8 per cent larger than a month earlier, but 3.6 per cent below those on February 1, 1926. Current orders are reported satisfactory, though style uncertainty and the lateness of Easter is holding down buying of certain lines. Orders for future delivery are the smallest at this particular season in recent years. Factory operation was curtailed somewhat, averaging only about 85 per cent of capacity, against 90 to 95 per cent during the preceding thirty days. Prices of finished goods showed no change worthy of note. The decline in hides was reflected in an easier trend on certain grades of leather.

Clothing — As compared with the preceding month, January sales of the 8 reporting clothiers showed a decrease of 20.0 per cent, but the total was 19.6 per cent larger than in January, 1926. Purchasing of both men's and women's clothing for distribution in the spring developed considerable improvement during the past thirty days, but more particularly since the first of this month. The coldest weather of the winter stimulated the movement of heavyweight apparel at wholesale, and a fair volume of reordering enabled wholesalers to effect a good clearance of this class of goods. While buying of work clothing in January continued to increase slightly, stocks in manufacturers hands are still large, and above those at this time last year. Sales of dresses declined somewhat in January, and the movement of sport suits was below expectations. Prices average about steady with the preceding month, but were a shade under the corresponding period last year.

Drugs and Chemicals — Improvement both as contrasted with the preceding month and a year ago featured business in this classification. Stocks of retail druggists are generally low, and there has been a disposition to replenish during recent weeks. Increased illness, due to inclement weather, accounted for heavier sales of remedial drugs. Advance ordering of fertilizers and insecticides are reported satisfactory. Gradual improvement is developing in the demand for heavy drugs and

chemicals from the manufacturing trade. Prices showed no notable change during the month, but are lower than a year ago. January sales of the 7 reporting interests were 6.4 per cent larger than a year ago and 5.3 per cent in excess of the December, 1926, total.

Dry Goods — Losses noted in recent months in dry good sales as compared with a year earlier continued in January, total sales of the 11 reporting firms in that month being 21.9 per cent smaller than in January, 1926. The January sales, however, were 52.9 per cent larger than in December, much of this gain being due to seasonal considerations. Stocks on February 1 were 1.0 per cent larger than a month earlier, but 17.4 per cent smaller than on February 1, 1926. Demand for cotton goods of all descriptions was reported active, with prices mainly firm, the lower price of raw cotton not having reached cotton fabrics. Visiting merchants at the large centers were more numerous than a year ago, but they were purchasing cautiously and only for immediate needs. Orders for future delivery sustained a further decline.

Electrical Supplies — January sales of the 5 reporting interests were 5.6 per cent smaller than for the same month last year, and 14.9 per cent less than in December, 1926. Demand for installations for new buildings fell off, and interference with outdoor work by inclement weather cut down demand for pole and line hardware. Some recession in radio sales was noted but household appliances and refrigerator material and small motors continue to move in large volume.

Flour — Production of the 12 leading mills of the district in January was 318,908 barrels, the smallest since last July, and comparing with 365,612 in December, and 293,724 in January, 1926. The dull conditions existing during the preceding two months continued during the period under review. New orders were of small size, and mainly for prompt shipment, and shipping directions were reported poor. Aside from the routine demand from Latin-American countries, there was little doing in the way of export trade. Sales of local mills were only from 35 to 45 per cent of capacity. Stocks of flour in St. Louis on February 1 were 1.0 per cent smaller than a month earlier but 8.8 per cent larger than on February 1, 1926.

Furniture — Satisfactory bookings at recent furniture shows and an increase in the number of stock orders were factors in a gain in January sales of the 10 reporting firms of 63.3 per cent over the same month last year, and of 80.8 per cent over the December, 1926, total. Stocks on February 1 were 1.0 per cent larger than a month earlier, and 3.2

per cent less than on the same date last year. Demand for household furniture and furnishings is reported more active than heretofore, and there is also a more active call for hotel and theater equipment.

Groceries — January sales of the 9 reporting firms were 21.4 per cent under those of the same month last year, and 16.0 per cent under those of December, 1926. Stocks on February 1 were 21.4 per cent smaller than on the same date in 1926, and 12.0 per cent larger than those on January 1 this year. Heaviest losses were reported in country sales, rigorous weather preventing salesmen from making their rounds in many sections, and floods and heavy roads seriously hampering communications.

Hardware — The movement of staple hardware has declined noticeably, and sales of seasonal goods were in the main below expectations. Building materials and the general run of farm supplies were reported slow, though some improvement in these lines has developed since the first of this month. Few price changes of importance were announced during the period under review. An advance took place in wrought steel goods, and prices of dry cell batteries were revised as of February 1. January sales of the 9 reporting interests were 18.3 per cent below those of the same month last year, and 4.7 per cent larger than the December, 1926, total. Stocks on February 1 were 12.4 per cent smaller than thirty days earlier, and 1.2 per cent below those of a year ago.

Iron and Steel Products — Uncertainty relative to prices and a general disposition to purchase for well defined requirements only, are holding down the volume of business in the iron and steel industry. New orders booked by mills, foundries and machine shops, while showing a gradual increase, are on the whole disappointing and less than at the corresponding period last year. Operations at job foundries averaged only about 60 per cent of capacity, while steel mills were slightly below 70 per cent. Stove manufacturers report backwardness in advance business and a number of the most important ones are working on stock in order to keep their organizations intact. Sales of implement makers in January fell below those of the same time last year, but have picked up considerably since the first week of this month. Buying generally by the railroads continued at a low ebb, and specifications by the automobile industry were only slightly better than during the preceding thirty days. Unfavorable weather conditions for outside work had a detrimental effect on sales and specifications of building materials. Fabricators of iron and steel

report a decrease in orders, and an almost complete absence of large lettings. Unfinished orders, however, enabled them to maintain operations at about the same rate as during the month before. The general demand for sheets developed moderate improvement, but is still below the seasonal average of the past several years. The leading producer reduced its operations from 80 to 70 per cent of capacity. The movement of wire fencing and wire products generally is reported quiet, and the same is true of tubular goods, rods and the entire line of oil country materials. Production of pig iron for the country as a whole during January was a shade larger than the December output, but fell considerably below the January, 1926 total. The amount, 3,096,789 tons, compares with 3,089,175 tons in December, and 3,318,789 tons in January, 1926. Steel ingot production increased in January and was the largest since last October. The total, 3,807,000 tons, compared with 3,472,000 tons in December and 4,150,000 in January, 1926. Pig iron prices again declined, and the market for scrap iron was also lower. January sales of the 6 reporting stove makers were 13.2 per cent smaller than for the same month last year and 26.5 per cent under the December, 1926, total. Reporting job foundries show slight losses under both the preceding month and a year ago.

Lumber — Due to unfavorable weather for excavation in the late fall and during the winter, demand for lumber for building is below the average for this season. Wet weather in the South has curtailed production materially, and stocks at mills, in transit and in hands of distributors and industrial consumers are light. In the immediate past there has been a fair volume of buying by retail yards, but competition is keen, and the price trend lower. Automobile manufacturers and the furniture trade have slightly increased their commitments. Timber orders are somewhat more numerous, with prices firm.

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 comparison		Stocks on hand		Stock turnover	
	January 1927 comp. to January 1926	Jan. 31, 1927 comp. to Jan. 31, 1926	Jan. 31, 1927	Jan. 31, 1926	1927 January	1926
Evansville	+22.4	+11.8	21.1	18.3	21.1	18.3
Little Rock.....	- 8.4	- 9.3	18.0	18.0	18.0	18.0
Louisville	- 3.9	- 1.1	24.7	25.2	24.7	25.2
Memphis	- 2.9	+ 0.7	20.3	20.1	20.3	20.1
Quincy	-16.3	- 7.3	15.1	16.8	15.1	16.8
St. Louis.....	- 7.6	- 1.8	25.0	27.1	25.0	27.1
Springfield, Mo.....	- 6.2	+ 0.8	9.7	10.0	9.7	10.0
8th District.....	- 6.4	- 1.9	23.1	24.3	23.1	24.3
	Net sales comparisons		Stocks on hand			
	Jan. 1927 compared to Jan. 1926	Dec. 1926	Jan. 1927 compared to Jan. 1926	Dec. 1926	Jan. 1927 compared to Jan. 1926	Dec. 1926
Men's furnishings.....	- 7.9%	-39.8%	+13.3%	+ 2.6%	+13.3%	+ 2.6%
Boots and shoes.....	-11.1	-38.9	+33.2	+11.1	+33.2	+11.1

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electricity by selected industrial customers during January as 2.1 per cent smaller than in the same month last year, and 3.7 per cent less than in December, 1926. Losses and gains were unevenly distributed, changes being more individual than in any special line of industry. Flour mills used less current, as did also iron and steel plants, but food and food products and furniture plants increased their loads. Detailed figures follow:

	No. of	Jan.	Dec.	Jan. 1927	Jan.	Jan. 1927
	Custom- ers	1927 *K. W. H.	1926 *K. W. H.	comp. to Dec. 1926	1926 *K. W. H.	comp. to Jan. 1926
Evansville	40	1,094	1,034	+ 5.7%	995	+10.0%
Little Rock.....	35	1,164	1,196	- 2.7	1,124	+ 3.6
Louisville	80	4,316	4,338	- 0.5	5,105	-15.5
Memphis	31	1,942	1,903	+ 2.0	1,718	+13.0
St. Louis.....	93	12,232	12,717	- 4.1	12,611	- 3.0
Total.....	279	20,748	21,188	- 2.1	21,553	- 3.7

*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
December, 1926.....	2,384,037,000	4,383,296,000	6,767,333,000
November, 1926.....	2,233,684,000	4,216,618,000	6,450,302,000
December, 1925.....	1,961,942,000	4,145,685,000	6,107,627,000

BUILDING

The dollar value of permits issued for new buildings in the five largest cities of the district during January was the smallest since October, 1923, and 8.7 per cent and 17.7 per cent respectively, below the totals of January and December, 1926. According to figures compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District in January amounted to \$21,495,642, which compares with \$22,504,037 in December, and \$22,255,000 in January, 1926. A further small reduction in building costs was recorded, due principally to an appreciable cut in the price of portland cement. Production of portland cement in January totaled 8,222,000 barrels, against 10,744,000 barrels in December, and 8,032,000 barrels in January, 1926. Building figures for January follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1927	1926	1927	1926	1927	1926	1927	1926
Evansville ..	243	105	\$ 250	\$ 100	25	36	\$ 10	\$ 16
Little Rock ..	54	82	36	312	89	58	26	44
Louisville ..	138	174	2,833	904	48	47	94	111
Memphis	253	377	754	1,068	89	65	101	106
St. Louis....	266	428	755	2,686	217	293	185	496
Jan. totals	954	1,166	\$4,628	\$5,070	468	499	\$ 416	\$773
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

*In thousands of dollars (000 omitted).

AGRICULTURE

Weather conditions generally through the district during the past thirty days were unfavorable for agricultural activities. Excessive rains and snow hampered field work, and belated harvesting of corn

and cotton made little progress. In many sections heavy roads prevented the movement of farm products to market, and serious flood damage was reported in parts of Illinois, Indiana, Kentucky and Missouri. Farmers have been unable to get into their fields to accomplish the usual seasonal repairs, and generally early farm work is from one to three weeks behind the usual seasonal schedule. Reports from scattered sections indicate rather serious damage to orchards from ice and sleet. The abundant moisture, however, has made for good soil conditions, and fall sown grain is for the most part doing well. Farm labor is adequate to all requirements, with no change in wages as compared with the same time last year.

Winter Wheat — Generally through the district winter wheat is in good condition, and in the South the plant is beginning to take on color and looks healthy. There has been fair snow covering in the northern counties. A favorable feature during the past two weeks has been almost complete removal of the ice covering. There are some complaints of alternate freezing and thawing, but injury from this cause is estimated to be no greater than the average of the past few years. The movement of wheat to market was accelerated in late January and early this month by improved market prices, but the decline since the middle of February has served to curtail shipments from farms and country elevators.

Corn — Gathering of corn still in fields was interfered with by excessive rains, and quality of the grain remaining in shock has suffered further deterioration. Quality of corn arriving at primary markets is universally poor, very little grading above No. 3. Floods have destroyed much corn in the rich creek and river bottom lands. There has been an increased movement to feeders at interior points, where the local crop has been consumed. Choice seed corn for spring planting is scarce.

Live Stock — According to the annual survey of the Department of Agriculture, the number and value of all live stock in states lying wholly or partly within the Eighth Federal Reserve District, showed relatively little variation between January 1, 1926, and the same date this year. The aggregate number of horses, mules, cattle, sheep and lambs and swine on January 1, 1927, was 32,156,000 head with total value of \$934,351,000, which compares with 31,827,000 head on January 1, 1926, having a total value of \$921,057,000. There were gains in the number of horses, sheep and lambs, and swine, and losses in mules and cattle. For the country as a whole the total number of live stock on farms increased 339,000 head, or two-thirds of 1 per cent between January, 1926, and January, 1927. The

increase in total numbers resulted from an increase of about 2,045,000 head in sheep, and 481,000 head in swine, while all cattle decreased 1,626,000 head, and horses 561,000 head. Mules showed no change. Milk cows decreased 324,000 head.

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

	Receipts			Shipments		
	Jan. 1927	Dec. 1926	Jan. 1926	Jan. 1927	Dec. 1926	Jan. 1926
Cattle and Calves.....	104,267	105,097	104,917	62,293	68,879	63,307
Hogs	341,681	309,117	310,464	225,676	225,085	189,628
Horses and Mules....	7,968	3,421	10,011	7,946	3,103	10,028
Sheep	37,154	37,021	32,781	11,239	13,596	14,292

Cotton—Preparations for the new crop are making little progress, due to excessive rains and low temperatures. Some plowing has been done in the lower tiers of the district, but virtually none north of the Arkansas River. Ideas relative to acreage are not as yet well defined, though unofficial reports indicate decreases under last year in all the most important sections of the district. In many localities winter wheat has been substituted for cotton acreage, and elsewhere planters have signified their intention of putting in corn, legumes and other crops on part of the land which last year was devoted to raising cotton. Campaigns for reduction of acreage are general in all states of the district. A further decrease in the movement to market was noted, occasioned in part by inclement weather. Receipts at Arkansas warehouses from August 1, 1926, to February 11, 1927, totaled 1,280,452 bales, against 1,086,394 bales for the corresponding period last year. Prices of raw cotton were fractionally higher, the middling grade in the St. Louis market closing at 12 $\frac{3}{4}$ c per pound on February 17, against 12 $\frac{1}{4}$ c on January 17.

Rice—Demand for rice has increased substantially during the past three weeks, and there has been considerable selling by farmers. However, on account of continuous rains deliveries have been delayed. The price ruled higher than during the preceding month, best grades selling as high as \$1.12 per bushel, with an average price of \$1.05 for all grades. Shipment of clean rice from mills in January were heavy, and stocks on hand are light.

Tobacco—Offerings of new burley tobacco continue large, but of ordinary quality, much of the leaf being in soft condition, making prices irregular and with a lower trend on inferior grades. All good tobacco in sound condition is firm, with the best grades selling at high prices. A large percentage of the air-cured and green river crop has been sold, the market having been active and quality somewhat improved, but with no change in price levels. In the dark-fired markets of Tennessee and Kentucky the warehouses have been taxed to capacity. Common to medium leaf in good condition has sold

at firm prices; medium grades irregular and better grades commanding high prices. Lugs have been in better demand and higher than at this time last year. Taken as a whole, inferior grades predominate in the crop, choice tobacco being relatively scarce. Additional sales of large quantities from the 1924 and 1925 crops were made by the Burley Tobacco Growers' Cooperative Association.

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

	High	Low	Close	
			Feb. 15, 1927	Feb. 15, 1926
Wheat				
May	per bu. \$1.42 $\frac{3}{4}$	\$1.37 $\frac{3}{4}$	\$1.38	\$1.68 $\frac{3}{4}$
No. 2 red winter	" 1.40 $\frac{1}{2}$	1.35	1.36@ 1.38	1.79 @ 1.81
No. 2 hard.....	" 1.42	1.36	1.39	1.71 @ 1.73
Corn				
May	" .85 $\frac{3}{4}$.82 $\frac{1}{2}$.82 $\frac{3}{4}$.79 $\frac{1}{2}$
No. 2.....	" .75	.78	.75@ .76	.72 $\frac{1}{2}$
No. 2 white.....	" .73	.78	.76@ .78	.74
Oats				
No. 2 white.....	" .52	.46	.49	.41 $\frac{1}{2}$ @ .41 $\frac{3}{4}$
Flour				
Soft patent.....	per bbl. 7.50	6.50	6.50@ 7.00	9.25@ 9.50
Spring patent.....	" 7.30	7.00	7.10@ 7.15	8.40@ 8.75
Middling cotton.....	per lb. .12 $\frac{3}{4}$.12 $\frac{1}{4}$.12 $\frac{3}{4}$.20
Hogs on hoof.....	per cwt. 12.75	10.50	10.50@ 12.05	10.25@ 13.75

FINANCIAL

Liquidation of bank loans continued on a fairly liberal scale during the past thirty days, and deposits of the commercial banks rose to the highest point of the year, though the peak at the middle of February was below that of the corresponding period in 1926. Demand for credit from general commercial and industrial sources increased slightly as compared with the month before, and exhibited considerable spottiness, both with reference to localities and the several lines of industry. Loans of the reporting member banks have gained steadily since the first of the year, but their borrowings from this institution decreased radically during the same period, and in the second week of February reached the lowest point since early in 1925. Generally through the district country banks have increased their deposits with city correspondents, and in a number of instances are seeking investment for surplus funds. There was a moderate gain in investments of the reporting member banks, and financial institutions in the large cities are loaning in the Eastern call money market. Grain and milling interests further reduced their borrowings, but this was offset by heavier requirements of packers and other manufacturers. There is a continued heavy demand for financing live stock operations, but otherwise demand from the country for agricultural purposes is seasonal light. Marketing of the 1926 crop, and large sales of 1924 and 1925 tobacco by the cooperative marketing associations, have served to place banks in the tobacco areas in strong position. Good liquidation was also reported in the cotton and rice sections, though

some of the less conservatively managed banks are still burdened with passed due paper. Smaller currency requirements following the holiday period are reflected in a decline in the note circulation to the lowest point for the year. Little variation took place in interest rates, such changes as were noted having appeared in the relative volume of transactions at the higher or lower points of the range quoted on the several classes of loans. At the St. Louis banks current quotations were as follows: Prime commercial paper, 4½ to 5½ 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 January the Federal Reserve Bank of St. Louis discounted for 203 member banks against 218 in December and 179 in January, 1926. The discount rate remained unchanged at 4 per cent.

	*Feb. 16, 1927	*Jan. 16, 1927	*Feb. 16, 1926
Bills discounted.....	\$15,602	\$18,733	\$20,971
Bills bought.....	9,830	10,413	16,000
U. S. Securities.....	21,414	20,440	24,483
Foreign loans on gold.....			322
Total bills and securities.....	\$46,846	\$49,586	\$61,776
F. R. Notes in Circulation.....	45,029	47,171	37,258
Total deposits.....	84,544	83,319	85,146
Ratio of reserves to deposit and F. R. Note liabilities.....	69.9%	62.0%	55.3%

*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.

	*Jan. 1927	*Dec. 1926	*Jan. 1926	Jan. 1927 comp. with Jan. 1926
E. St. Louis and Nat. Stock Yards, Ill.....	\$ 46,875	\$ 47,135	\$ 47,846	— 2.0%
El Dorado, Ark.....	11,147	10,845	13,353	—16.5
Evansville, Ind.....	41,024	46,934	39,989	+ 2.6
Fort Smith, Ark.....	14,605	15,276	14,864	— 2.8
Greenville, Miss.....	4,991	4,892	5,374	— 7.2
Helena, Ark.....	4,231	4,632	5,296	—20.1
Little Rock, Ark.....	78,944	84,343	88,338	—10.6
Louisville, Ky.....	204,510	197,677	205,654	— 0.6
Memphis, Tenn.....	156,180	161,301	179,777	—13.1
Owensboro, Ky.....	7,197	6,318	7,460	— 3.5
Pine Bluff, Ark.....	12,217	12,841	12,543	— 2.6
Quincy, Ill.....	12,580	12,961	12,230	+ 2.9
St. Louis, Mo.....	783,226	816,280	828,940	— 5.5
Sedalia, Mo.....	5,466	5,495	5,753	— 5.0
Springfield, Mo.....	15,119	16,991	17,742	—14.8
Total.....	\$1,398,312	\$1,443,921	\$1,485,159	— 5.9

*In thousands (000 omitted).

Condition of Banks — Loans and discounts of the reporting member banks on February 16 showed a decrease of 0.9 per cent as compared with a month earlier and 6.5 per cent compared with February 17, 1926. Deposits gained 1.3 per cent between January 19 and February 16 but were 0.6 per cent small-

er than on February 17, 1926. Composite statement follows:

	*Feb. 16, 1927	*Jan. 19, 1927	*Feb. 17, 1926
Number of banks reporting.....	†31	†31	33
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't obligations.....	\$ 4,712	\$ 5,922	\$ 11,980
Secured by other stocks and bonds.....	186,709	189,449	209,054
All other loans and discounts.....	308,403	309,171	313,296
Total loans and discounts.....	\$499,824	\$504,542	\$534,330
Investments			
U. S. Gov't securities.....	72,392	65,723	60,408
Other securities.....	121,994	121,916	107,750
Total investments.....	\$194,386	\$187,639	\$168,158
Reserve balance with F. R. bank.....	49,890	47,087	47,006
Cash in vault.....	7,239	7,575	7,581
Deposits			
Net demand deposits.....	411,872	409,161	423,354
Time deposits.....	232,415	226,375	221,662
Government deposits.....	2,763	3,082	5,864
Total deposits.....	\$647,050	\$638,618	\$650,880
Bills payable and rediscounts with Federal Reserve Bank, Secured by U. S. Gov't obligations.....	4,150	2,969	6,120
All others.....	1,218	3,347	8,673

*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.

COST OF LIVING

Following increases for four successive months the cost of living in the United States showed a decline of 0.9 per cent in January, 1927, as compared with December, 1926, according to the data compiled by the National Industrial Conference Board. The index number stood at 166.9 in January, while in December it was 168.4.

Although there was a consistent downward tendency in the prices of all the goods and services entering in the living costs, the main factor in the recession was a drop of 1.9 per cent in the retail food prices. The reduction in the index number for clothing was largely because of decreases in the price of cotton goods and men's clothing. Fuel costs were slightly lower while all other items remained the same.

The following table shows the index numbers of the cost of living as compared with average prices in July, 1914, also the percentage changes between December, 1926, and January, 1927:

Relative Importance in family budget	Index numbers of the cost of living Average prices July, 1914 equal 100		Per cent of Decrease between December, 1926 and January, 1927
	1927 January	1926 December	
	Food*	159	
Shelter	173	173
Clothing	173	174	0.6
Fuel and Light... 5.6	168	169	0.6
(Fuel)	(192)	(194)	(1.0)
(Light)	(121)	(121)	(.....)
Sundries	174	174
Weighted average of all items.....	166.9	168.4	0.9

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

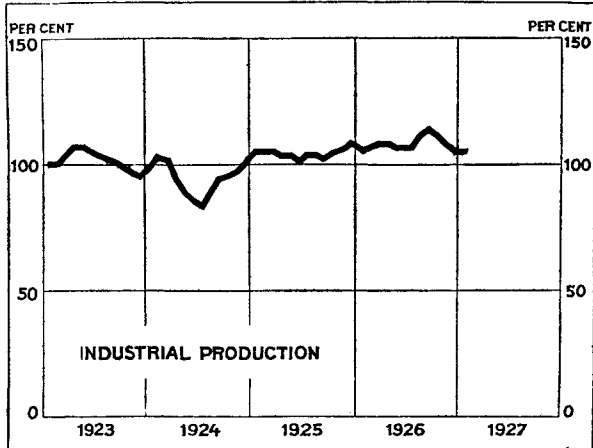
The purchasing value of the dollar based on the cost of living was 59.9c in January, 1927, as compared with \$1.00 in July, 1914.

(Compiled Feb. 21, 1927)

BUSINESS CONDITIONS IN THE UNITED STATES

Industrial activity has been slightly larger since the turn of the year than at the close of 1926. Seasonal liquidation of Reserve bank credit has been in unusually large volume owing chiefly to the inflow of gold from abroad, and conditions in the money market have been easy. Wholesale prices have continued to decline.

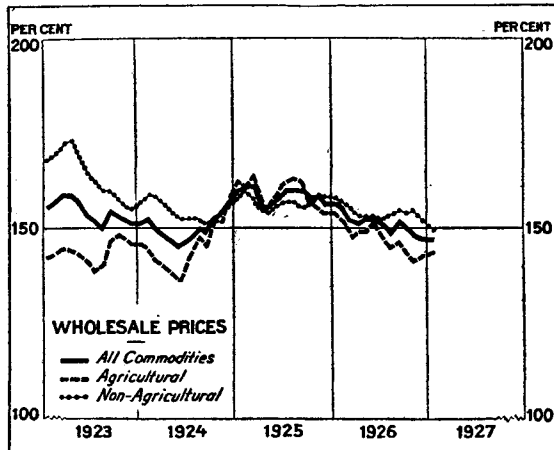
PRODUCTION—Output of factories was larger in January than in December, but smaller than in January, 1926 or 1925. Mineral production, though somewhat below the December level, continued in unusually large volume, reflecting the maintenance of production of bituminous coal, crude petroleum and copper. Manufacture of iron and steel,



Index numbers of production of manufactures and minerals combined, adjusted for seasonal variations (1923-24 average=100). Latest figures, January—106.

which was sharply curtailed in December, increased in January and February. Automobile output was increased considerably from the unusually low level of December, but the number of passenger cars produced since January 1 has been smaller than for the corresponding period of the past four years. The textile industries have continued active since December, without, however, showing the usual seasonal increase.

Building contracts awarded in 37 states during the first seven weeks of the year were smaller in value than those for the same period of 1926. Decreases have been largest in New York and the New England, Southeastern and Northwestern states, while increases occurred in the Middle Atlantic and Central Western states. By types of building, contracts awarded for residential and industrial building in January showed large reductions as compared with



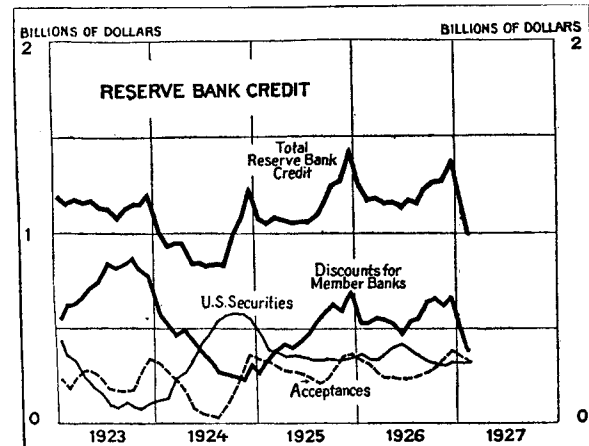
Indexes of United States Bureau of Labor Statistics, (1913=100). Latest figures: January—All commodities, 146.9; non-agricultural, 149.6; agricultural, 143.4.

December and with January, 1926, while contracts for commercial buildings were larger than a month or year ago.

TRADE—Retail trade showed more than the usual seasonal decline between December and January. Sales of department stores were in about the same volume as a year ago, while those of mail order houses were 7 per cent smaller. Wholesale trade declined in nearly all leading lines in January and was considerably smaller than a year ago. Inventories of department stores were reduced less than is customary and at the end of the month were in about the same volume as in January, 1926. Stocks of merchandise carried by wholesale firms increased slightly,

but continued in smaller volume than in the corresponding month of the previous year. Freight carloadings declined by somewhat more than the usual seasonal amount between December and January, but owing chiefly to heavier shipments of coal this year, weekly loadings since the beginning of the year were larger than for the same period of 1926. Shipments of merchandise in less than carload lots were also slightly larger than last year, but those of most basic commodities were smaller.

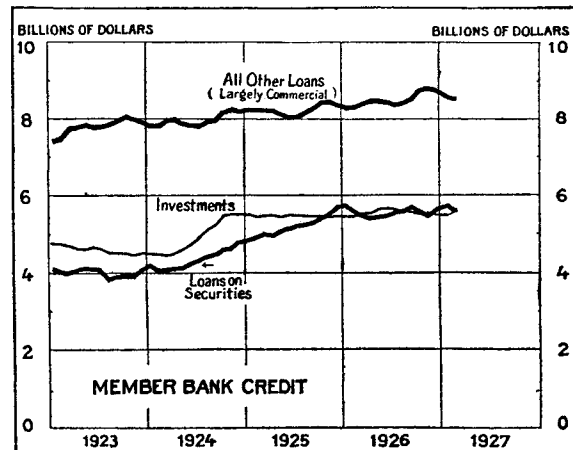
PRICES—The general level of wholesale prices declined fractionally in January, according to the index of the Bureau of Labor Statistics, considerable advances in



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

prices of live stock being somewhat more than offset in the total by decreases in nearly all other commodity groups included in the index. Prices of non-agricultural products, as a group, declined to the lowest level since early in 1922. In February there were decreases in the price of iron and steel, nonferrous metals, bituminous coal, grains and hides, while prices of cattle, sheep, cotton, and gasoline increased.

BANK CREDIT—Commercial loans of member banks in leading cities, continued to decline during the four weeks ending February 16, although at a less rapid rate than in earlier weeks, and in the middle of February the volume of these loans was about \$270,000,000 below the seasonal peak reached in the middle of November, though about \$200,000,000 above last year's level. Loans on securities also declined, while the banks' investment holdings increased somewhat.



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first three weekly report dates in February.

The volume of reserve bank credit remained during the four weeks ending February 23, near the low level reached at the end of January. Liquidation of Reserve bank credit since the high point of last December has been in excess of \$500,000,000, the unusual extent of this reduction being due chiefly to the large inflow of gold from abroad. The total bills and securities of the Reserve banks on February 23 were about \$200,000,000 smaller than on the corresponding date of last year. Easier money conditions in February were reflected in a decline in the rate on prime commercial paper from $4\frac{1}{4}$ to 4 per cent after the first week of the month.