

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

Released for Publication On and After the Afternoon of May 31, 1927
WILLIAM McC. MARTIN
Chairman of the Board and Federal Reserve Agent

BUSINESS in this district during the past thirty days has developed declining tendencies as contrasted with earlier months this year, and in a large majority of the lines investigated, the volume of sales fell below that of the corresponding period last year. The chief influencing factors in the decreased activity were the unprecedented flood conditions along the Mississippi River and its tributaries and the unseasonable weather. Low temperatures and almost continuous heavy rains held down the distribution of merchandise of all descriptions, but more particularly seasonal goods. Throughout the important trade territory directly affected by the overflows great property damage was suffered, and agricultural operations were brought to a standstill or seriously delayed. The result has been a substantial reduction of purchasing power in these areas and the development of a policy of extreme caution on the part of merchants in the matter of commitments. In turn these conditions have reacted on manufacturers, who in many instances have revised their operating schedules in preparation for any adverse change which may occur in the demand for their products.

The Eighth Federal Reserve District, which includes within its borders the entire state of Arkansas, all but the western tier of counties of Missouri, southern Illinois, western Kentucky, Tennessee and northwestern Mississippi, was more seriously affected by the floods than any other general area. This territory is traversed by the Mississippi River and its confluents, and on their borders is situated much of its productive agricultural land. Early estimates place the area overflowed at from 7,000 to 8,000 square miles, of which above 4,500,000 acres consisted of arable land. Greatest damage occurred in Arkansas and next in order, Mississippi. In the former state inundation was general along the rivers, and the unusually heavy rains caused small creeks to overflow their banks and created

near-flood conditions in sections where there are no rivers or small streams.

At the crest periods of the flood communications were disrupted to a considerable extent, and in some sections delays are still being experienced in delivery of commodities. Generally, however, this phase of the situation has passed, and with recession of the waters normal conditions are being rapidly restored. Due to the continued rains very little progress has been made in preparation of the soil for planting crops and repairing building and farm equipment damaged by high water. Farm work is from four to six weeks behind the usual seasonal schedule, and sunshine is badly needed in order that the deficiency in this respect be made up.

Activities at the large industrial centers exhibited more unevenness and irregularity than in a number of months. Wholesalers dealing in lines for ordinary consumption report a further shrinkage in orders for future delivery, the one exception being boots and shoes. Losses in sales as compared with a year ago were most pronounced in goods consumed chiefly in the rural districts, such as farm implements, stoves, fertilizers and insecticides, poultry and dairy supplies and certain building materials. Retail trade in both city and country was disappointing, with clearance of merchandise less complete than at this time last year or in 1925. Retailers report good shopping response to the few days of clear weather, but there were not enough such days to change the decreasing trend of sales volume. Department store sales in the five largest cities of the district recorded a small fractional increase over the same month in 1926, but debits to individual accounts in the reporting cities in April were 5.8 per cent below those of March and 3.4 per cent under the April, 1926, total.

The dollar value of building permits issued in the five largest cities was higher in April than March, but was 13.2 per cent smaller than in the

same month last year. In the iron and steel industry activity was below the rate of the month before, and there were more complaints of keen competition and narrowing profits on certain groups of commodities. Generally employment showed little change as contrasted with thirty days earlier. Seasonal gains in certain activities about counterbalanced losses in industries where curtailment of production was in progress. In some sections a surplus of farm labor is reported, but resumption of highway construction work and extensive repair operations by railroads and on levees in the flooded areas served to substantially reduce the surplus of common labor.

With reserve stocks of coal the largest on record, consumers are exhibiting little interest in future supplies and generally the feeling prevails that it will be possible to obtain sufficient for all requirements when the fuel is needed. Mines in the district are moving out large quantities of steaming coal, but there are still complaints of heavy accumulations of loaded cars of domestic sizes for which no orders have been received. Thus far coal from the nonunion fields has not been entering the trade territory of the Illinois and Indiana mines to any great extent, consumers depending largely upon their storage stocks. In the immediate past tonnage from the Kentucky mines has been moving in larger volume to the lakes, and generally there is a slightly firmer tone in prices. Dealers report that householders are ordering their fall and winter fuel somewhat earlier than has been the case during the past several years. According to the U. S. Bureau of Mines, consumers' stocks of bituminous coal on April 1 amounted to 75,000,000 tons, the largest stock in the history of the country. The previous maximum of 63,000,000 tons was reached in November, 1918. Production of bituminous coal for the country as a whole during the present calendar year to May 14, approximately 114 working days, amounted to 221,193,000 tons, against 203,959,000 tons for the corresponding period last year and 176,116,000 tons in 1925.

In spite of interruptions due to the floods, railroads operating in this district continue to report the heaviest freight traffic on record for this season of the year. For the country as a whole loadings of revenue freight for the first nineteen weeks this year, or to May 7, totaled 18,280,000 cars, against 17,770,207 cars for the corresponding period last year and 17,476,346 cars in 1925. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 189,951 loads in April, against 243,282 loads in March and 219,246 loads in April, 1926. During the

first 9 days of May the interchange amounted to 64,234 loads, against 64,693 loads during the same period in April and 65,113 loads during the first 9 days of May, 1926. Passenger traffic of the reporting lines decreased 5 per cent during April as compared with the same month last year. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans for April was 122,000 tons, the highest on record, and comparing with 104,301 tons (revised figures) in March, and 72,682 tons in April, 1926.

Collections during the past thirty days showed a rather distinct recession, both as compared with the preceding month and the corresponding period last year. Results in the country were considerably less favorable than in the larger cities, due to poor condition of dirt roads in many sections and to floods. Some slowing down as compared with recent months was noted in the coal areas. In the tobacco districts, where the cooperative marketing association made heavy payments to members in settlement of sales of the 1926 crop, there was good liquidation with both banks and merchants. Wholesalers in the large centers reported considerable unevenness, though for the most part their customers are paying their bills promptly. Answers to questionnaires addressed to 460 representative interests in the several lines throughout the district showed the following results:

	<u>Excellent</u>	<u>Good</u>	<u>Fair</u>	<u>Poor</u>
April, 1927.....	1.1%	22.1%	61.7%	15.1%
March, 1927.....	3.3	26.8	56.6	13.3
April, 1926.....	2.3	30.3	56.2	11.2

Commercial failures in the Eighth Federal Reserve District during April, according to Dun's numbered 95, involving liabilities of \$1,590,517, against 111 defaults in March with liabilities of \$1,088,841, and 84 failures for \$1,656,577 in April, 1926.

The per capita circulation of the United States on May 1, 1927, was \$40.99, against \$40.81 on April 1, 1927, and \$42.11 on May 1, 1926.

MANUFACTURING AND WHOLESALE

Automobiles — Combined passenger car and truck production in the United States in April totaled 396,566, against 386,721 in March and 433,219 in April, 1926. Unfavorable weather and flood conditions in the district were factors in a smaller distribution of automobiles than in the preceding month or the corresponding period last year. As has been the case for the past several months, decreases were principally in the rural sections, sales in the cities, except those directly affected by the high water, making a relatively favorable showing. There is still a marked disposition on the part of

farmers to postpone filling their requirements until something more definite is known relative to the outcome of the year's crops. Country dealers, however, report an active business in parts and accessories. The demand for trucks continues active, with a number of important distributors showing good gains in sales of both heavy vehicles and smaller models for city delivery service. Stocks of new cars in dealers' hands showed little variation as compared with the preceding thirty days, but the total was below the corresponding period last year. Sales of new cars in April by 320 dealers scattered through the district were 24.3 per cent smaller than during the same month last year and 8.7 per cent below the March total this year. Accessory sales in April declined 3.2 per cent under a year ago, and 0.8 per cent under the March total this year. The used car situation underwent slight improvement during April as contrasted with earlier months this year. Stocks showed the usual seasonal gains over the preceding month, but were smaller than in April, 1926. No change worthy of note was reported in the tire situation as compared with the preceding thirty days.

Boots and Shoes — April sales of the 7 reporting interests were 4.0 per cent smaller than during the preceding month, but 5.3 per cent in excess of the April, 1926, total. Stocks on May 1 were 5.9 per cent larger than a month earlier and 18.8 per cent less than on the same date last year. Following the curtailment at factories preceding the taking of inventories in April, operations have been increased, and at the end of the month were at about 90 per cent of capacity. In sympathy with the recent rise in raw material values, finished goods were advanced, the average on all lines being from 2.5 to 3.0 per cent. The prospective upturn in prices had a stimulating effect on advance buying, future orders of several of the reporting firms being larger than at any time this year.

Clothing — Purchasing of both men's and women's clothing during the past thirty days was disappointing. Weather conditions were against the movement of seasonal apparel, and orders for immediate delivery were in smaller volume than at the corresponding period last year. There is almost universal absence of reordering of spring coats and suits. Advance sales of women's ready-to-wear wash goods are reported heavy, and the same is true of the general line of summer sport clothes. Prices showed no change worthy of mention as compared with the month before. Sales of the 8 reporting interests during April were 64.5 per cent smaller than in the same month in 1926, and 186.9 per cent in excess of the preceding month this year.

The heavy increase in the month-to-month comparison is due to the unusually late date on which salesmen of three of the principal firms were sent on the road.

Drugs and Chemicals — As compared with a year ago, April sales of the 7 reporting interests showed a gain of 4.9 per cent, but the total was 7.8 per cent below that of March this year. Stocks on May 1 were on a parity with the same date in 1926, and 3.5 per cent larger than on April 1 this year. Demand for heavy chemicals from manufacturers holds up well, and the movement of pharmaceuticals and sundries continued the gains of earlier in the year. Advance sales of soda fountain supplies are below a year ago, and the smallest at this season since 1921.

Dry Goods — A further slowing down in this classification was noted, with losses being confined largely to the flooded areas. April sales of the 8 reporting firms were 0.7 per cent smaller than during the same month in 1926, and 20.8 per cent under the March total this year. Stocks on May 1 were larger by 2.6 per cent than thirty days earlier, but 9.0 per cent below those on May 1, 1926. Reflecting the recent rise in raw cotton, prices of cotton goods showed an upward trend, with demand for virtually all lines active. Knit goods, particularly hosiery, developed some improvement, and sales of women's ready-to-wear clothing were the largest in recent years.

Electrical Supplies — April sales of the 5 reporting interests were 1.0 per cent below those of the same month in 1926, and 2.7 per cent under the March total this year. Stocks on May 1 showed a gain of 15.7 over the same date last year, but were 5.9 per cent smaller than on April 1 this year. A rather sharp decrease in sales of radio material was partly offset by increased purchasing of a variety of materials by the utility companies for repair work incident to flood damage. Some slight downward price revisions were recorded as compared with thirty days ago, and the general average of prices is 5 to 7½ per cent under a year ago.

Flour — Production at the 12 leading mills of the district in April was 329,522 barrels, against 345,095 barrels in March and 277,339 barrels in April, 1926. Stocks of flour in St. Louis on May 1 were 8.4 per cent larger than on April 1, and 15.0 per cent in excess of those on May 1, 1926. Prices advanced during the early part of April in sympathy with the sharp upturn in cash wheat values, but flour buyers were not inclined to follow the advance, and new buying was in small volume. Shipping directions on flour previously purchased were good.

Mill operations were at slightly under 50 per cent of capacity.

Furniture — April sales of the 17 reporting interests were 4.0 per cent larger than for the same month in 1926, and 15.1 per cent under the March total this year. Stocks on May 1 were 3.5 per cent smaller than on April 1, and 16.0 per cent below those on May 1, 1926. Dealers are still adhering closely to the policy of buying for well defined needs, and stock orders are smaller than usual at this time of year. Factory operations were at about the same rate as a month earlier, and except for a firmer tone on some lines based on hard woods, prices were unchanged.

Groceries — Unseasonable weather, floods and the impassable condition of roads in some sections were factors in a further decrease in business in this classification, both as compared with a year ago and the preceding month. Sales of the 11 reporting firms in April were 15.3 per cent smaller than the same month in 1926 and 9.7 per cent below the March total this year. Stocks on May 1 were 11.0 per cent smaller than on April 1, and 9.7 per cent under those on May 1, 1926. There was the usual seasonal decline in prices of fresh fruits, vegetables and dairy and poultry products, but flour, sugar and some canned goods were higher than thirty days earlier.

Hardware — April sales of the 9 reporting interests were 10.5 per cent smaller than during the same month in 1926, and 12.8 per cent below the March total this year. Stocks on May 1 were smaller by 0.6 per cent than thirty days earlier and 21.8 per cent below those on May 1, 1926. The slowing down in sales, which is general through the entire line, is attributed chiefly to unfavorable weather and the floods. Demand for building hardware has declined, and the call for farm implements and supplies of all sorts is much below the seasonal average. The trend of prices was lower on a number of commodities, but few specific changes in quotations were recorded.

Iron and Steel Products — A moderate recession in activities in both raw and finished iron and steel materials was noted during the past thirty days as contrasted with the similar period immediately preceding. Mills, foundries and machine shops report that business is being more sparingly placed, and current shipments are running ahead of new orders. Specifications on goods which are consumed principally in the rural districts are disappointing, and some cancellations are being received. On a number of standard steel commodities, notably bars, plates and structural shapes, more than the ordinary competition has developed, with the

result that prices have been shaded in some instances, though no specific reductions were announced. Demand for building materials has tapered off, and several fabricators have reduced their working forces. An exception to the slowing down in the building material classification is reinforcing concrete bars, which continue to move in large volume. The general run of sheets is reported quiet, and specifications on tank plates were the smallest since last November. Demand for oil country goods sustained a further decrease, and ordering of lumber mill supplies was adversely affected by floods in the South. Plants specializing in gray iron castings report a marked slowing down in orders. April business of the reporting job foundries was 14.4 per cent below that of the corresponding month in 1926, but 3.4 per cent above that of March this year. Purchasing of all varieties of materials by the coal fields is at a low ebb, and engine builders and farm implement manufacturers report a less active demand for their goods than at this time last year. Flood conditions have led to a temporary stimulation in purchasing of track accessories and some other materials, but buying by railroads generally continues to lag. Several important stove foundries have reduced their operations to two days per week, and April sales of the 7 reporting stove manufacturers were 22.6 per cent smaller than for the same month last year and 20.3 per cent below the March total this year. Production of pig iron for the country in April totaled 3,422,226 tons, against 3,482,223 tons in March and 3,450,122 tons in April, 1926. April production of steel ingots totaled 4,129,952 tons, which compares with 4,534,926 tons in March and 4,105,799 tons in April, 1926. Pig iron prices eased slightly under the preceding month and demand was quiet. Scrap iron and steel prices declined further, with heavy melting steel recording a new low on the present downward movement.

Lumber — Interest during the past thirty days has centered in flood conditions in the Mississippi Valley, with attendant curtailment of hardwood production. Many mills were idle, either through being flooded, or because their timber was under water. Output was reduced to about 60 per cent of normal volume for this season. With the emergence of Arkansas and Mississippi mills from the water, production is being gradually resumed. Due to the reduced output hardwoods especially oak flooring, have increased sharply in price, the average advance on all items being about \$8 per thousand feet. Consumers are strongly resisting the price advances, and the market is very unsettled. Northern hardwoods have developed strength in sym-

pathy with the Southern product, and the trend of softwoods is also upward, though few specific advances in quotations are recorded. For the most part soft wood mills missed the floods, but many plants have been on reduced schedules because of the heavy rains.

RETAIL TRADE

The condition of retail trade is reflected in the following comparative statement showing activity of department stores in leading cities of the district:

	Net sales comparison		Stocks on hand	Stock turnover
	Apr. 1927 comp. to Apr. 1926	4 months ending Apr. 30, 1927 to same period 1926	Apr. 30, 1927 comp. to Apr. 30, 1926	January 1 to April 30 1927 1926
Evansville	+23.2%	+20.3%	+ 8.2%	77.8 68.5
Little Rock.....	-13.6	- 8.4	- 4.5	73.7 76.7
Louisville	- 1.2	- 3.0	- 8.8	113.8 109.9
Memphis	- 7.9	- 8.1	- 5.7	84.0 87.7
Quincy	+ 0.3	- 8.3	-17.4	67.0 64.2
St. Louis.....	+ 3.5	- 2.0	- 3.1	113.4 113.3
Springfield, Mo.	- 6.0	- 6.4	+ 1.9	50.6 49.4
8th District.....	+ 0.3	- 3.4	- 4.1	102.4 102.6

	Net sales comparison		Stocks on hand	
	April 1927 compared to April 1926	Mar. 1927	April 1927 compared to April 1926	Mar. 1927
Men's Furnishing.....	+21.3%	+ 3.1%	- 0.2%	- 3.5%
Boots and Shoes.....	+ 1.2	+22.0	+ 2.0	- 4.9

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electric power by selected industrial consumers in April as being 1.2 per cent smaller than in the preceding month and 0.2 per cent larger than in April, 1926. The loss in the month-to-month comparison was accounted for partly by smaller loads taken by the coal mines and temporary suspension of operations at a large cement plant. Detailed figures follow:

	No. of Custom- ers	April 1927 *K.W.H.	March 1927 *K.W.H.	Apr. 1927 comp. to Mar. 1927	April 1926 *K.W.H.	Apr. 1927 comp. to Apr. 1926
	Evansville	40	1,226	1,323	- 7.3%	1,266
Little Rock.....	35	1,321	1,338	- 1.3	1,347	- 1.9
Louisville	84	5,196	5,090	+ 2.1	5,099	+ 1.9
Memphis	31	1,879	1,707	+10.1	1,769	+ 6.2
St. Louis.....	98	15,279	15,741	- 2.9	15,376	- 0.6
Total.....	288	24,901	25,199	- 1.2	24,857	+ 0.2

*In thousands (000 omitted).

BUILDING

The dollar value of permits for new buildings issued in the five largest cities of the district in April was 18.0 per cent larger than in March, but 13.2 per cent smaller than in April, 1926. According to figures compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District in April amounted to \$34,887,865, which compares with \$42,703,808 in March, and \$30,697,000 in April, 1926. The trend of building cost is slightly downward, due to minor reductions in the price of certain materials. No change was reported in wage scales. Production of portland cement for the country as a whole during April was 14,048,000 barrels, against 11,452,000 barrels in March and 12,440,000 barrels in April, 1926. Building figures for April follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1927	1926	1927	1926	1927	1926	1927	1926
Evansville	378	198	\$ 215	\$ 671	128	154	\$ 29	\$ 63
Little Rock	71	100	403	288	115	114	56	66
Louisville ..	264	431	2,646	2,628	117	126	275	163
Memphis ...	340	617	1,765	1,765	156	92	105	46
St. Louis....	637	862	2,286	3,196	372	500	284	615
April totals	1,690	2,208	\$7,315	\$8,548	888	986	\$ 749	\$953
Mar. totals	1,969	2,266	6,166	10,537	1,017	905	856	1,049
Feb. totals	1,371	1,487	6,200	5,375	638	726	438	529

*In thousands of dollars (000 omitted).

AGRICULTURE

Weather conditions throughout virtually the entire district were distinctly unfavorable during the past thirty days, resulting in a further serious delay in farm work of all sorts and a lowering in prospects for most crops. The principal derogatory factor was excessive moisture and second in order was unseasonably low temperatures. In areas where the flood waters have receded the soil has not had an opportunity to dry out sufficiently to work because of the almost daily rains and on the plains not directly touched by the rise in the rivers, fields were to a large extent covered with standing water from the excessive precipitation. In addition numerous sections were visited by wind, rain and hail storms of unusual violence which wrought considerable local damage to farm property and crops. Severe frosts in the third week of April, which were general over the northern stretches of the district, took a heavy toll of fruit and early vegetable crops.

Overflows along the Mississippi River and its tributaries were the worst ever recorded, and wheat and other growing crops in the areas affected were lost. There were also heavy losses of live stock, farm buildings, fences and general equipment. In many sections seed for planting the corn and cotton crops was lost or ruined. Plans for replacing seed and equipment have been largely perfected, however, and the chief need at present is dry weather which will enable farmers to plow and prepare their fields for planting crops. Generally farm work is from four to six weeks behind the seasonal schedule, and in many important agricultural areas not more than 25 to 30 per cent of the essential preparatory operations had been completed at the middle of May.

Winter Wheat—The early growing season was mainly favorable, and winter wheat in States of this district came through the cold weather with less than the usual amount of winter killing. Except where damaged by floods the crop is generally in good condition. There were scattered reports of insect activity, but nothing of a general or serious character, and in the principal producing areas which escaped the high water, acreage abandoned is less than the 10-year average. According to the U. S. Department of Agriculture the total area of

winter wheat to be harvested in the United States on May 1 was 38,701,000 acres, or about 8.4 per cent less than planted last autumn and 1,788,000 acres more than harvested last year. The average condition on May 1 was 85.6 per cent of normal, compared with 84.5 on April 1, 84.0 on May 1, 1926, and 83.7, the average condition for the past ten years on May 1. The May 1 condition is indicative of a yield per acre of approximately 15.3 bushels. On the estimated area to be harvested this would produce 593,940,000 bushels, against 626,929,000 bushels in 1926 and a 10-year average (1917-1926) 572,887,000 bushels.

Corn—Preparations for planting corn have been delayed in all states of the district and in many southern counties where the crop had been put in, replanting will be necessary because of the floods. Up to the middle of May plowing in much of the most important corn producing areas in the northern sections had not even begun, whereas ordinarily at that date it is from 50 to 75 per cent completed. Where fields were in condition to be worked, farmers were taking advantage of every day of sunshine to push forward the work, but there are numerous complaints of lumpy, difficult soil conditions, and with entirely favorable weather through the balance of the season the crop will be three to four weeks late.

Fruits and Vegetables—Unusually high prospects for fruits in the early spring were substantially reduced in this district by the severe frosts occurring in the third week of April. Present indications are for a fair crop of fall and winter apples, peaches and berries, but the pear, plum and cherry crops will be short and in some sections a complete failure. Reports relative to grapes are irregular with best prospects in the south, and heavy damage from late frosts in the northern areas. In the immediate past there have been increasing complaint of a heavy drop of apples and peaches, due to the excessive rains and high winds. Estimated damage to truck crops and early commercial potatoes vary from 40 to 60 per cent. Generally stands in the commercial potato sections are poor. Strawberries lost 40 to 50 per cent of early spring prospects, but part of this was made up by high prices and quality and excellent marketing conditions. Gardens and small crops are universally late and planting of tomatoes in the commercial areas is considerably behind the seasonal schedule.

Live Stock—The unusually wet season has been unfavorable for spring pigs and lambs, and from scattered sections come reports of heavy mortality and prevalence of disease among herds. Hog

cholera has appeared in the flooded areas, particularly in Missouri, Illinois and Arkansas, but energetic measures have been taken to check the spread of this disease. The abundant moisture has resulted in a high average condition of pastures throughout the district and the condition of hay is also good. For the country as a whole pasture conditions on May 1 were 87 per cent, which compares with 74.6 per cent on the same date in 1926.

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

	Receipts			Shipments		
	Apr. 1927	Mar. 1927	Apr. 1926	Apr. 1927	Mar. 1927	Apr. 1926
Cattle and Calves.....	87,213	96,475	86,439	57,623	62,788	55,627
Hogs	297,788	343,587	311,011	213,416	245,248	227,800
Horses and Mules....	3,294	5,836	1,471	3,150	7,344	1,969
Sheep	26,752	26,148	15,859	16,965	14,991	7,741

Cotton—Temperatures during the past thirty days have been unfavorably low, which, coupled with the continuous rains and floods, have delayed preparations for and planting of cotton. In Missouri and Northern Arkansas, farmers have in many instances decided to devote a considerable portion of their cotton lands to other crops, principally corn and legumes. Germination and growth of cotton planted is reported poor, and replanting has been necessary in many sections. Mainly in response to flood conditions and their possible effect on the year's production, cotton advanced in price during the period under review, the middling grade in the St. Louis market selling at 14¼c per pound on May 16, which compares with 13¼c a month earlier and 17¾c on the corresponding date in 1926. Stocks on hand at Arkansas warehouses on May 30 totaled 150,856 bales, against 373,132 bales on the same date last year.

Tobacco—In the fired dark district sales continue light, with much of the tobacco offered of poor quality and damaged. Prices, however, were slightly higher on all grades sold. The Burley Tobacco Growers Cooperative Association reported the sale of 9,500,000 pounds of the 1923 redried crop, which leaves about 80,000,000 pounds of the 1923, 1924 and 1925 crops unsold. The Association, according to official report, will sell the present year's crop without pooling unless 75 per cent is signed up by November for cooperative marketing. Rains and cold weather seriously interfered with the progress of farm work, and caused considerable anxiety to planters. Very little ground has been prepared for tobacco, and except on limestone uplands and hill-sides not much land is ready for setting. Tobacco plants are plentiful and generally in healthy condition, and are now ready for transplanting.

Commodity Prices—Range of prices in the St. Louis market between April 15, 1927 and May

15, 1927, with closing quotations on the latter date and on May 15, 1926, follow:

	High	Low	Close	
			May 15, 1927	May 15, 1926
Wheat				
Mayper bu.	\$1.43½	\$1.27¾	\$1.41	\$1.58
July	1.36¾	1.26½	1.33 @ 1.34½	1.35
Sept.	1.33¾	1.32¼	1.33	1.32
No. 2 red winter	1.43½	1.28	1.40 @ 1.41	\$1.65 @ 1.68
No. 2 hard.....	1.44	1.35½	1.42	1.65
Corn				
May87½	.74¼	.87½	.70
July92½	.78	.90¾	.73½
No. 2 white.....	.89	.74	.88 @ .89	.75
Oats				
No. 2 white.....	.52	.47	.49½ @ .51	.43 @ .43½
Flour				
Soft patent.....per bbl.	7.00	6.25	6.50 @ 7.00	8.25 @ 8.75
Spring patent.....	7.25	6.50	7.00 @ 7.25	8.00 @ 8.30
Middling cotton.....per lb.	.14¾	.13¾	.14¾	.17¾
Hogs on hoof.....per cwt.	11.60	8.05	9.25 @ 10.00	12.40 @ 14.35

FINANCIAL

Money rates and credit conditions generally in the Eighth District have undergone little change from a month ago. Demand for credit accommodation from general commercial and industrial sources was somewhat more spotted, but the aggregate was about equal to that of the preceding thirty days. Important mercantile lines report satisfactory collections, and they are liquidating their loans as due, but are also borrowing in volume about equal to current payments to their banks. There has been less than the usual seasonal call for funds for agricultural purposes, due to the backwardness of all farming operations. Banks specializing in live stock loans report excellent liquidation, particularly of loans based on cattle, the price of which has been high and marketing active. Deposits of the commercial banks are holding up well, and at the middle of May were at approximately the same levels as at the same time a year ago. For the most part country banks are in liquid position, and in a number of instances are seeking investment for surplus funds. This is particularly true of banks in the tobacco districts and in sections where early fruit and truck crops have been successfully marketed. Milling and grain interests have further reduced their loans, but increased borrowings were reported by packers, the lumber industry, and several other manufacturing lines. Demand from stock brokerage interests continues active, with the aggregate of this class of loans slightly higher than a month ago. Borrowing at this bank has increased rather sharply, with the total in the third week of May reaching a new high level for the year. At St. Louis banks current quotations were as follows: Prime commercial loans, 4¼ to 5 per cent; interbank loans, 5 to 5½ per cent; loans secured by warehouse receipts, 4½ to 5½ per cent and cattle loans, 6 per cent.

Federal Reserve Operations — During April the Federal Reserve Bank of St. Louis discounted for 175 member banks, against 189 in March and 212

(Compiled May 21, 1927)

in April, 1926. The discount rate remained unchanged at 4 per cent. Changes in the principal assets and liabilities of this institution as compared with the preceding month and a year ago are shown in the following table:

	*May 18, 1927	*April 18, 1927	*May 18, 1926
Bills discounted.....	\$24,545	\$19,464	\$22,744
Bills bought.....	11,780	21,656	7,224
U. S. Securities.....	23,986	27,659	28,342
Total bills and securities.....	\$60,311	\$68,779	\$58,310
F. R. Notes in circulation.....	42,459	43,782	38,123
Total deposits.....	80,275	87,191	83,085
Ratio of reserves to deposit and F. R. Note liabilities.....	55.7%	52.0%	56.3%

*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.

	*April, 1927	*March, 1927	*April, 1926	April 1927 comp. to Mar. 1927	April 1926
E. St. Louis and Nat'l Stock Yds., Ill..	\$ 45,663	\$ 44,353	\$ 45,229	+ 3.0%	+ 1.0%
El Dorado, Ark.....	10,725	10,318	12,755	+ 3.9	-15.9
Evansville, Ind.....	47,964	49,591	38,681	- 3.3	+24.0
Fort Smith, Ark.....	12,979	12,578	13,564	+ 3.2	- 4.3
Greenville, Miss.**					
Helena, Ark.....	4,307	4,140	5,303	+ 4.0	-18.8
Little Rock, Ark..	67,262	81,365	76,789	-17.3	-12.4
Louisville, Ky.....	190,218	208,947	202,313	- 9.0	- 6.0
Memphis, Tenn.....	143,168	158,097	142,808	- 9.4	+ 0.3
Owensboro, Ky.....	5,280	6,098	5,374	-13.4	- 1.7
Pine Bluff, Ark....	9,607	12,050	11,527	-20.3	-16.7
Quincy, Ill.....	13,950	14,419	13,725	- 3.3	+ 1.6
St. Louis, Mo.....	731,882	759,234	760,357	- 3.6	- 3.7
Sedalia, Mo.....	4,911	5,101	4,694	- 3.7	+ 4.6
Springfield, Mo....	15,088	16,813	16,241	-10.3	- 7.1
Totals.....	\$1,303,004	\$1,383,104	\$1,349,360	- 5.8	- 3.4

*In thousands (000 omitted).
**No report from Greenville, Miss. account of flood conditions.

Condition of Banks — Loans and discounts of the reporting member banks on May 18 showed a decrease of 1.5 per cent as compared with April 20, and 5.2 per cent as contrasted with May 19, 1926. Deposits decreased 0.5 per cent between April 20 and May 18, and on the latter date were 1.8 per cent larger than on May 19, 1926. Composite statement follows:

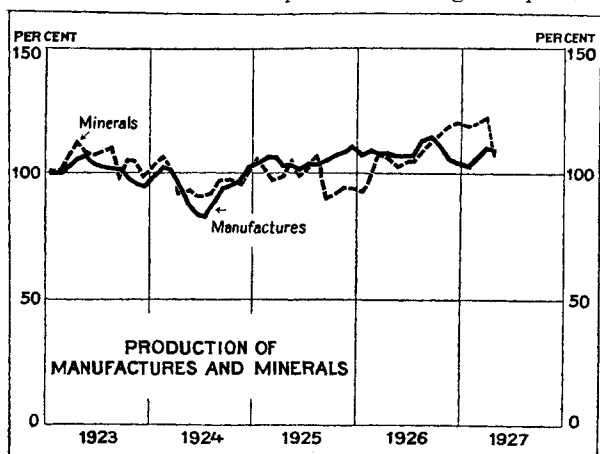
	*May 18, 1927	*April 20, 1927	*May 19, 1926
Number of banks reporting.....	†31	†31	33
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't. obligations.....	\$ 4,412	\$ 4,610	\$ 10,372
Secured by other stocks and bonds.....	192,159	194,298	195,918
All other loans and discounts.....	292,962	298,135	310,161
Total loans and discounts.....	\$489,533	\$497,043	\$516,451
Investments			
U. S. Gov't. securities.....	97,619	78,766	77,949
Other securities.....	124,660	121,446	110,065
Total investments.....	\$222,279	\$200,212	\$188,014
Reserve balance with F. R. Bank.....	44,225	45,464	47,323
Cash in vault.....	7,891	7,615	7,791
Deposits			
Net demand deposits.....	398,914	402,451	404,758
Time deposits.....	238,306	235,608	217,481
Government deposits.....	2,688	4,937	6,502
Total deposits.....	639,908	\$642,996	\$628,741
Bills payable and rediscounts with Federal Reserve Bank			
Secured by U. S. Gov't. obligations.....	6,422	4,650	4,846
All others.....	8,763	1,501	9,696

*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 55.5 per cent of the resources of all member banks in the district.

BUSINESS CONDITIONS IN THE UNITED STATES

Industrial output declined in April, reflecting reduced activity both in mines and in factories. Distribution of commodities by railroads and retail trade increased and the level of prices showed a further slight decline.

PRODUCTION—Decreased output of industries in April as compared with March was due chiefly to the coal miners' strike, which caused a sharp drop in production of bituminous coal. Manufacturing industries as a whole were somewhat less active in April than during the preceding

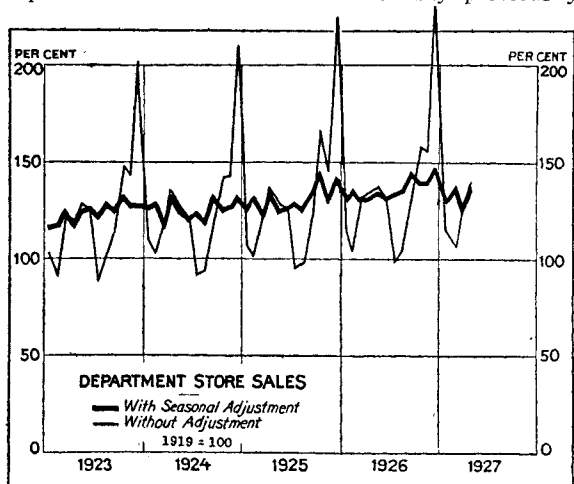


Index numbers of production of manufacturers and minerals, adjusted for seasonal variations (1923-25 average=100). Latest figures, April: Manufactures, 109; Minerals, 107.

month, when allowance is made for the usual seasonal changes. Reductions were reported in iron and steel and the textile industries, as well as in meat packing and in the production of building material. The manufacture of motor cars, though showing the usual seasonal increase in April, continued at a lower level than a year ago. Petroleum production continued in record volume, notwithstanding large stocks and declining prices.

Value of building contracts awarded declined slightly in April, from the record high figure in March, but was larger than last year. The decline in building between March and April reflected reduced activity in the construction of commercial, industrial and educational buildings, while contracts for residential and public buildings increased. On the basis of conditions on May 1, the Department of Agriculture forecasts a winter wheat crop of 594,000,000 bushels, or about 5 per cent less than in 1926. Continued wet cold weather over much of the corn belt and in the spring wheat areas has retarded the planting of spring crops.

TRADE—Commodity distribution at retail was larger in April than at the same season of any previous year,

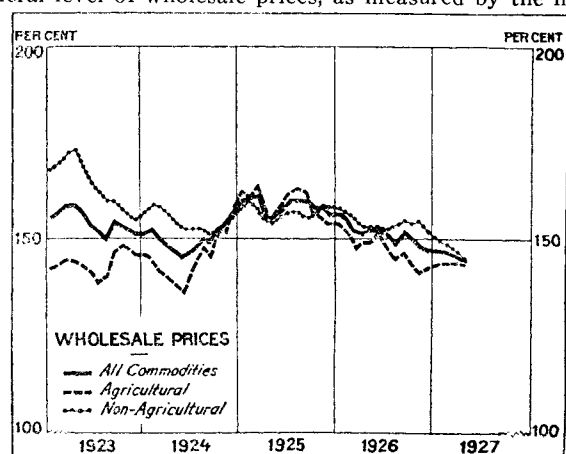


Index of sales of 359 stores, (1919=100). Latest figures, April: Adjusted index, 140; unadjusted, 143.

owing in part to the lateness of the Eastern holidays. Department store sales were approximately 7 per cent larger than in April of last year, and sales of mail order houses and chain stores were also in larger volume. Wholesale trade showed about the usual decrease between March and April, and continued smaller than in the corresponding month of last year. Inventories of merchandise carried by department stores were in about the same volume at the

end of April as in March, while stocks of wholesale firms were smaller. Railroad car loadings were larger in April than usual, reflecting chiefly large shipments of iron, coke, grain and grain products, but also an increased movement of miscellaneous freight and of merchandise in less-than-car-load lots. Coal shipments were 25 per cent smaller in April than the preceding month.

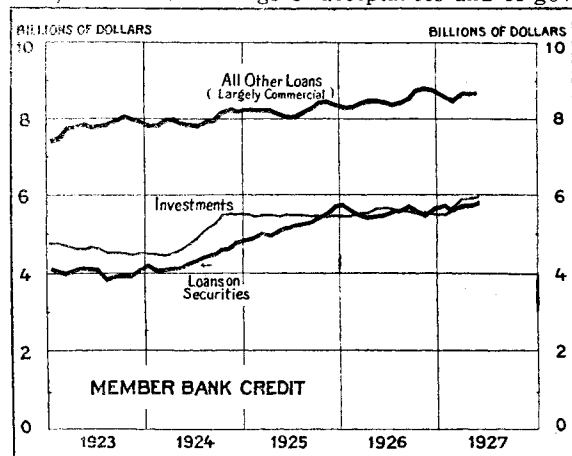
PRICES—In April there was a slight recession in the general level of wholesale prices, as measured by the index



Indexes of United States Bureau of Labor Statistics, (1913=100). Latest figures, April: All commodities, 144.2; non-agricultural, 144.4; agricultural, 143.3.

of the Bureau of Labor Statistics, but in the first three weeks of May price conditions were firmer. The decline in April reflected chiefly a decrease in the price of petroleum, lumber and several of the non-ferrous metals. There was little change in the level of agricultural prices, which have been fairly constant since the beginning of the year. During the first three weeks of May prices of grains, cotton, iron and steel, petroleum, lumber and hides advanced while those of livestock, coke and non-ferrous metals declined.

BANK CREDIT—Volume of credit of weekly reporting member banks, as measured by their total loans and investments, increased by more than \$300,000,000 during the month ending May 18, and was on that date at the highest level on record. This growth represented for the most part an increase in the banks' holdings of investments and in the volume of their loans on stocks and bonds, while commercial loans showed relatively little change. At the reserve banks there was a decrease during the month in total volume credits outstanding, owing to the receipt of a considerable amount of gold from abroad. In addition to the purchase abroad by these banks of about \$60,000,000 of gold that is now held ear-marked with a foreign correspondent, the banks' holdings of acceptances and of govern-



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

ment securities declined by about \$85,000,000, while discounts for member banks increased by about \$45,000,000. Apparently in response to the increased reserve requirements arising from the growth in the member banks deposits, conditions in the money market were comparatively stable. No change in rates quoted on prime commercial paper and on acceptances.