

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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IN face of continued unfavorable weather, serious flood conditions and very uncertain prospects for agriculture, trade and industry in this district developed quite well defined improvement during the past thirty days as compared with the similar period immediately preceding. In a number of the principal lines investigated improvement was also shown over the corresponding period last year. Considerable unevenness still exists, both with reference to the different lines and localities, but the number of favorable reports was much larger than was the case the month before. Where the flood waters have receded, rehabilitation work is being pushed forward rapidly by railroads, municipalities, public utilities companies, corporations and individuals. Important work along these lines is being done by the Red Cross, which with other agencies, is expending much money locally for supplies and labor. The outlook for late summer and fall business is much brighter than seemed possible a month or six weeks ago.

According to reports from virtually all sections of the district, unseasonable weather and excessive precipitation were the principal drawbacks to the progress of business and agricultural operations. Preparation of the soil and planting of spring crops have been seriously delayed, and in some sections are from two to four weeks behind the seasonal schedule. Farmers are taking advantage of every day of sunshine to catch up on their work, and with reasonably favorable weather from this time on, a considerable part of the loss may be regained. Much land, however, will be forced into idleness, and due to the lateness of planting, danger from early frosts next fall is apprehended. Generally there is ample farm labor available, and problems of supplying seed and farm facilities in the flooded areas have been successfully solved.

Among the industries in which improvement was shown were boots and shoes, clothing, drugs and chemicals, groceries, furniture, fire clay pro-

ducts, packing, lumber and certain iron and steel products. A further recession in building activities was recorded, and distribution of automobiles was smaller than a month and a year earlier. Employment conditions developed unevenness, some lines showing gains, while decreases were reported in others. Textile mills in the South were for the most part on full time, and good gains were made in employment at cement works, lumber mills, railroad shops and beverage factories. Department store sales showed a rather sharp decrease as compared with a year ago, and in the wholesale lines smaller sales were reported by hardware, electrical supply, flour, and stationary interests. Consumption of electric power by industrial users was greater in May than in April, or May last year.

Although the strike of bituminous coal miners is now in its third month, developments in the coal situation fail to reflect anxiety on the part of any group of consumers relative to supplies. For the most part industrial consumers continue to rely on stocks accumulated prior to April 1, and are purchasing in quantity only where bargains are offered. In the Indiana and Illinois fields coal on track, particularly steaming grades, has been pretty well cleaned up, but many mines still have heavy accumulations on the ground. Consumption holds up well, and during May was stimulated by the unseasonably cool weather. Distributors report that contracting by householders for the winter supplies is in satisfactory volume, and more general than at this time last year. Producers in the ununionized fields of Western Kentucky report the demand for their coal considerably under expectations. Competition from that section, however, is tending to hold down prices in other fields, and has had the effect of curtailing stripping operations in Illinois and Indiana. Prices generally showed some irregularity, but the average showed little change as compared with thirty days earlier, though 50c to \$1 per ton higher than a year ago. Production of soft coal

for the country as a whole during the calendar year to June 4, approximately 131 working days, amounted to 245,333,000 net tons, against 231,584,000 tons for the corresponding period in 1926 and 200,944,000 tons in 1925.

Notwithstanding the coal strike and serious flood conditions, railroads operating in the district continue to report the volume of freight traffic the largest on record for this season of the year. Gains over a year ago in merchandise and miscellaneous freight are smaller than heretofore, but there were good increases in live stock and certain other farm products. For the country as a whole loadings of revenue freight of the first 22 weeks this year, or to May 28, totaled 21,352,566 cars, against 20,919,811 cars for the corresponding period last year and 20,362,618 cars in 1925. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 213,830 loads in May, which compares with 189,951 loads in April, and 224,488 loads in May, 1926. During the first nine days of June the interchange amounted to 58,977 loads, against 64,234 loads during the same period in May and 62,955 loads during the first 9 days of June, 1926. Passenger traffic of the reporting lines decreased 5 per cent in May as compared with the same month in 1926. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans for May was 99,500 tons, against 121,673 tons (revised figures) in April, and 95,605 tons in May, 1925.

Reports relative to collections during the past thirty days reflect no marked change in conditions existing during the preceding month. There are complaints of irregularity, both with reference to the several lines and different localities. In the flood areas payments are generally backward, and requests for extensions are numerous. A further decrease is noted in the coal fields, and generally through the agricultural sections farmers are pre-occupied with field work and are unable to get to town. In sections where strawberries and other early crops have been marketed there is good liquidation with both merchants and the banks. Wholesalers in the large centers report the volume of May collections below that of a year ago. City retailers and department stores report satisfactory settlements. Answers to questionnaires addressed to 464 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>
May, 1927.....	1.4%	34.2%	54.8%	9.6%
April, 1927.....	1.1	22.1	61.7	15.1
May, 1926.....	2.5	37.2	46.8	13.5

Commercial failures in the Eighth Federal Reserve District during May, according to Dun's, numbered 88, involving liabilities of \$539,209, against 95 defaults in April with liabilities of \$1,590,517, and 54 failures for \$234,034 in May, 1926.

The per capita circulation of the United States on June 1, 1927, was \$40.97, against \$40.99 on May 1, 1927, and \$42.21 on June 1, 1926.

MANUFACTURING AND WHOLESALE

Automobiles — Combined passenger car and truck production in the United States in May totaled 376,441, against 396,566 in April and 420,978 in May, 1926.

Distribution of automobiles during the past thirty days was smaller than in the similar period immediately preceding, also below the volume at the corresponding period last year. In the comparison with a year ago losses were principally in the country, and more specifically in the areas most seriously affected by the floods. Dealers in both city and country ascribed reduced sales to unfavorable weather conditions, the continuous rains having a tendency to cause persons contemplating renewal purchases to postpone commitments until the arrival of more settled weather. Lateness of the touring season is also pointed out as an influence affecting sales of passenger cars. Another adverse factor is the poor crop prospects in many important agricultural sections of the district. May sales of new cars by 320 dealers scattered through the district were 13.6 per cent smaller than for the corresponding month in 1926, and 7.0 per cent below the April total this year. Sales of accessories and parts were 8.2 per cent smaller in May than a year ago, and about even with those in April this year. Stocks of new cars in dealers' hands on June 1 showed a substantial increase over those a month earlier, and were slightly heavier than on June 1, 1926. The used car situation developed slight improvement as compared with a month earlier, sales being somewhat larger and stocks unchanged. As compared with last year, however, used car stocks showed an increase of 10 to 15 per cent. Aside from a slight slowing down in retail sales, the tire situation showed no change worthy of mention as contrasted with thirty days ago.

Boots and Shoes — May sales of the 7 reporting interests were 24.7 per cent larger than during the same month in 1926, and 32.5 per cent in excess of the April total this year. The May sales were the largest for any single month since October, 1924, which is explained partly by the fact that backwardness of the season resulted in a considerable volume of buying usually done in April being thrown into May. However, business is re-

ported active, with virtually all lines sharing in the improvement. The trend of prices on finished goods continued upward, chiefly in response to the recent upturn in raw materials. Factory operation was at 90 to 95 per cent of capacity. Stocks on June 1 were 17.3 per cent smaller than on the same date in 1926, and 18.4 per cent below those on May 1 this year.

Clothing — Business in this classification developed moderate improvement, though there were numerous complaints of sales being held down by unseasonable weather. Since June 1 orders have been coming in in fair volume, with advance buying making a better showing than earlier in the year. May sales of the 8 reporting interests were 3.4 per cent larger than for the same month in 1926, and 159.4 per cent larger than in April this year. The heavy gain in the monthly comparison is accounted for by the unusually late date on which salesmen of several of the larger firms were sent on the road.

Drugs and Chemicals — The 7 reporting interests showed May sales 4.1 per cent larger than for the same month in 1926, and 7.5 per cent below the April total this year. Business is reported unusually irregular, some departments showing excellent gains while others reflect absence of demand. Fertilizer and insecticide sales are under those of a year ago, while the movement of remedial drugs, toilet preparations and sundries is above the seasonal average. Soda fountain supplies and equipment are quiet, due to the continued cool weather.

Dry Goods — Sales of the 8 reporting interests in May showed a gain of 13.0 per cent over the preceding month, but losses as compared with last year continue, the May total being 10.8 per cent smaller than in the same month in 1926. Stocks on June 1 were 1.1 per cent smaller than a month earlier, and 10.3 per cent less than on June 1, 1926. General demand for cotton goods was reported active, with the trend of prices upward in sympathy with the upturn in the raw staple. Sales of silk piece goods were disappointing, and the same was true of hosiery and notions. Ready-to-wear wash garments showed large gains. For the first time in a number of months, advance sales developed a gain over the corresponding period last year.

Electrical Supplies — Unfavorable weather conditions and the recession in building activity were factors in a decline in May sales of the 5 reporting interests of 15.0 per cent as compared with the same month in 1926, and of 13.3 per cent as compared with the April total this year. Purchasing of electric fans and other hot weather goods has been unusually backward. The movement of radio

materials is up to expectations, but some slowing down in demand for the general run of household appliances and small motors is noted.

Flour — Production at the 12 leading mills of the district in May was 259,057 barrels, against 329,522 barrels in April and 294,007 barrels in May, 1926. Stocks of flour in St. Louis on June 1 were 14.0 per cent larger than on May 1, but 14.3 per cent smaller than on June 1, 1926. In sympathy with the sharp upturn in cash wheat prices, flour advanced during May and early this month. Buyers were not disposed to follow the rise, however, and business was quiet. Buying was almost entirely for immediate delivery and in small amounts, but shipping directions on prior purchases were reported good. Sales of the reporting mills were about one-third of capacity, and operations at between 50 and 55 per cent of capacity.

Furniture — Improvement over both the preceding month and a year ago was indicated by reporting interests in this classification. Belated ordering for summer and early fall favorably affected sales, and replacement buying in the flood areas also helped to augment the total. Except on a firmer trend on certain hardwood furniture, prices were unchanged. May sales of the 17 reporting interests were 22.8 per cent larger than in the same month last year and 15.4 per cent larger than in April this year. Stocks on June 1 were 23.4 per cent smaller than on the same date in 1926, and 6.0 per cent smaller than on May 1 this year.

Groceries — May sales of the 13 reporting interests were 1.9 per cent smaller than during the same month in 1926, and 13.6 per cent in excess of the April total this year. Stocks on June 1 were 3.7 per cent smaller than thirty days earlier and 7.4 per cent less than on June 1, 1926. Business in the country is still being held back by unfavorable weather, floods and heavy roads. Considerable irregularity in prices developed. Canned goods, potatoes, fresh vegetables and fruits were higher, due to unfavorable crop prospects. Coffee, sugar and some other staples and packing house products were lower.

Hardware — Consumer buying of spring and summer hardware has been unusually backward, which fact, coupled with the recession in building and uncertain crop prospects, resulted in a decrease in May sales of the 9 reporting interests of 8.6 per cent as compared with the same month last year. As compared with April, however, the May total showed a gain of 4.6 per cent. Stocks on June 1 were 3.9 per cent larger than a month earlier, and 21.6 per cent less than on June 1, 1926.

Iron and Steel Products — Activities at foundries, mills and machine shops showed a further decline during the past thirty days and the general rate of production and distribution was below that at the corresponding period last year. Ordering of both finished and semi-finished materials is mainly in small quantities for prompt delivery, and in almost all lines inquiries for third quarter requirements are disappointing. Buying by the railroads, except of such materials as they need for current requirements, continues backward, and the outlet through the building industry is considerably narrower than was the case at this period during the past two or three years. Fabricators of structural iron and steel report a falling off in orders, and contracts placed are chiefly for small buildings. Gray iron foundries report a further decrease in unfinished business, with those specializing railroad work showing particularly heavy losses. Demand for sheets, plates, bars and other standard steel goods is below the seasonal average, and there are increasing complaints of close competition. Prices, however, are holding steady as a rule, subject to the competitive phases more or less in evidence. Goods for consumption in the country, notably fencing, woven wire, corrugated sheets and hoops and bands, were in somewhat better demand than during the preceding thirty days, with purchasing in the flood areas being in heavier volume. Implement makers report smaller sales than a year ago, and the same is true of stove manufacturers. Purchasing of pig iron dropped to the lowest point of the year, and the market for scrap iron and steel sustained further price declines, heavy melting steel recording a new low on the present downward movement. Production of pig iron for the country as a whole declined in May, the total of 3,391,038 tons comparing with 3,424,376 tons in April and 3,477,820 in May, 1926. There was also a slight decline in steel ingot production, the May output of 4,046,214 tons comparing with 4,129,952 tons in April and 3,728,343 tons in May, 1926.

Lumber — A distinct stabilization has occurred in the lumber market during the past month the chaotic conditions induced by the disastrous Mississippi flood being replaced more or less by firm, cognizable levels. Southern Hardwoods, the ones affected most, have settled, after a period of large fluctuations, at a level about \$10 above the old prices. Oak flooring remains the highest, averaging \$15 above the mark of two months ago while gum, about \$12 above, follows. Other items range down to \$5 above the former level. Northern hardwoods have followed the Southern varieties upward, but not to such a great extent. Some varieties of

maple, especially flooring, and birch and dry basswood are making the strongest showing among the Northern woods. Yellow Pine is only fair; it is not in a depression, but neither has it developed the upward tendency of practically all the other woods. The West Coast woods, especially West Coast Hemlock, are very strong, because of the 20 per cent curtailment agreement of the mills, and the active trade promotion campaign being carried on by their associations. On the whole the lumber market, while not particularly active, is much firmer than it has been all year.

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	
	May, 1927 comp. to May, 1926	5 months ending May 31, 1927 to same period 1926	May 31, 1927 comp. to May 31, 1926	May 31, 1927 comp. to May 31, 1926	Jan. 1 to May 31, 1927	Jan. 1 to May 31, 1926
Evansville	4.8%	+14.2%	+10.0%	95.8	89.4	89.4
Little Rock.....	9.5	— 8.7	— 2.9	97.9	102.6	102.6
Louisville	9.2	— 4.4	+ 2.6	141.8	141.2	141.2
Memphis	7.6	— 7.9	+ 4.5	108.8	112.9	112.9
Quincy	16.6	—10.2	—16.0	85.7	83.3	83.3
St. Louis.....	8.5	— 3.4	— 1.9	139.9	141.7	141.7
Springfield, Mo.....	9.9	— 7.3	+ 0.1	66.5	66.7	66.7
8th District.....	8.5	— 4.5	— 2.1	128.0	130.0	130.0

	Net sales comparison		Stocks on hand	
	May, 1927 compared to May, 1926	April, 1927	May, 1927 compared to May, 1926	April, 1927
Men's furnishings.....	—11.0%	—17.9%	+ 3.1%	— 3.3%
Boots and shoes.....	—16.4	—15.2	+ 1.8	— 5.3

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electric power by selected industrial consumers in May as being 8.4 per cent greater than in the preceding month and 4.0 per cent larger than in May, 1926. Foundries, flour mills, packing plants, railroad shops and clay products plants and cement manufacturers were among the consumers figuring in the increases. Detailed figures follow:

	No. of Custom- ers	May, 1927		May, 1927 comp. to Apr. 1927	May, 1926		May, 1927 comp. to May, 1926
		*K.W.H.	*K.W.H.		*K.W.H.	*K.W.H.	
Evansville	40	1,256	1,226	+ 2.4%	1,253	1,253	+ 0.2%
Little Rock.....	35	1,565	1,321	+ 8.4	1,494	1,494	+ 4.8
Louisville	84	5,772	5,196	+11.1	4,972	4,972	+ 6.1
Memphis	31	1,463	1,879	—22.1	1,902	1,902	—23.1
St. Louis.....	101	17,056	15,382	+10.9	16,451	16,451	+ 3.7
Total.....	291	27,112	25,004	+ 8.4	26,072	26,072	+ 4.0

*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
April, 1927.....	2,528,109,000	3,841,761,000	6,369,870,000
March, 1927.....	2,583,884,000	4,130,540,000	6,714,424,000
April, 1926.....	2,315,369,000	3,469,163,000	5,784,532,000

BUILDING

The dollar value of permits issued for new buildings in the five largest cities of the district in May was 13.3 per cent smaller than in May, 1926, and 6.5 per cent below the April total this year. According to figures compiled by the F. W. Dodge Corporation, building contracts let in the Eighth

Federal Reserve District in May amounted to \$31,342,287, which compares with \$34,887,865 in April and \$34,212,000 in May, 1926. There was no change in building costs during the month, wage scales remaining stationary, and slight fluctuations in building material prices about balancing. Production of portland cement for the country as a whole during May was 16,674,000 barrels, which compares with 14,048,000 barrels in April and 16,510,000 barrels in May, 1926. Building figures for May follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1927	1926	1927	1926	1927	1926	1927	1926
Evansville	391	346	\$ 905	\$ 198	105	145	\$ 23	\$ 54
Little Rock	57	92	402	310	129	171	59	48
Louisville ..	220	355	2,093	1,673	89	135	107	314
Memphis ...	297	620	1,063	1,555	205	121	217	266
St. Louis....	712	1,089	2,374	4,150	522	552	395	318
May totals	1,677	2,502	\$6,837	\$7,886	1,050	1,124	\$ 801	\$1,000
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

*In thousands (000 omitted).

AGRICULTURE

The composite condition of all crops in states partly or entirely within the Eighth Federal Reserve District on June 1 was 92.2 per cent, according to the U. S. Department of Agriculture, which indicates that the crops were 7.8 per cent below their 10-year average condition on that date. Weather during the period under review continued mainly unfavorable for farm operations and growth and development of crops. Extreme wet and cool weather was the rule through most of April and May, and with exception of a few clear, warm days, rains and unseasonably low temperatures persisted in early June. The unusual rainfall affected rivers and streams which had receded after the major floods of April, and these streams again overflowed their banks, causing much distress and loss to farmers in the areas bordering on them. Even in the uplands, low lying sections of fields were covered with standing water, and the soil rendered unworkable.

Altogether farmers generally through the district have experienced one of the most discouraging spring planting and growing seasons on record. All sorts of farm work is from two to four weeks behind the average for this time of year, and indications are that the amount of land forced to remain idle will be the greatest in recent years. Virtually all the principal crops produced in the district have been adversely affected by the unfavorable weather conditions. Growth of spring grains is backward, due to much late planting and bad weather. Scald, rust, washing, numerous weedy fields, insect pests, root rot and drowning out on the lowlands contributed to lowering conditions during May and early June. Fruit prospects were seriously cut by the late April frost, and since that time have been fur-

ther injured by excessive moisture, local storms and low temperatures. Commercial vegetable crops and gardens are for the most part backward and of low average condition.

Winter Wheat—In all states of the district the condition of winter wheat on June 1 was below the 10-year average (1917-1926), and indicated yield below the quantity harvested last year. Based on the June 1 estimate, the indicated output in Indiana, Illinois and Missouri, the three chief wheat states of the district, is 87,532,000 bushels, which compares with 94,156,000 bushels harvested in 1926, and a 5-year average (1922-1926) of 103,463,000 bushels. Reports show very irregular conditions, due to much late planting last fall and the unfavorable growing season this year. Advancement of growth averages from about a week to two weeks later than usual. Relatively conditions are better in the uplands, but universally the crop is ripening unevenly, an unusual amount of red rust is present and scattered damage is reported from hail, lodging and excessive moisture. Production of winter wheat for the entire country is forecast at 537,001,000 bushels, compared with 626,929,000 bushels harvested in 1926, and 555,915,000 bushels, the average for the past five years.

Corn—In all sections of the district rains have seriously delayed planting of corn, and in certain important growing areas where this work is usually completed by the first of June, not more than 25 to 40 per cent had been done by June 15. The season has been the wettest and most backward for seeding corn in forty years. Fields have plowed up hard and cloddy, requiring extra work to prepare for planting. Where the plant has come up, stands are irregular and germination poor, and the low temperatures and continuous precipitation have necessitated considerable replanting. In many sections growers have used earlier maturing varieties to offset the delayed planting, but even where this has been done, the backward season is still a great handicap which can be overcome only by unusually favorable weather from this time forward, and by freedom from early frost next fall. Attention is called to the lesser yields possible with 90-day corn as compared with other varieties.

Oats—Prospects for oats in this district are poor, with acreage reduced below intentions due to unfavorable spring planting conditions. The early sown crop is doing fairly well, but many late fields show short, backward growth and others are thin and weedy, with low spots drowned out. The condition of oats for the entire country on June 1 was 79.9 per cent, compared with 78.8 per cent last year and a 10-year average of 86.1 per cent.

Fruits and Vegetables — During the past thirty days fruit and vegetable prospects in this district declined, and with the exception of 1921 when blossoms were killed by late frost, the fruit harvest as indicated by the June 1 condition will be the smallest in any recent year. The favorable outlook early in the season was reversed by severe frost about April 21, and since that date continuous wet weather has prevented proper pollination and caused fungus and other diseases, besides being responsible for an unusually heavy drop of tree fruit. The indicated yield of peaches in states of the district is 4,711,000 bushels, against 11,203,000 bushels harvested in 1926, and a 5-year average of 8,163,000 bushels. The pear crop is estimated at 1,112,000 bushels in these states, against 2,334,000 bushels in 1926, and 1,790,000 bushels, the 5-year average. Due to the heavy dropping of apples, no accurate idea of the ultimate yield can be formed now, but the July 1 average condition of 38.8 per cent is the lowest in late years, and compares with 68.0 per cent on June 1, 1926, and 60.8 per cent, the 10-year average. Cherries and plums were a complete failure in many sections, and less than half the average crop in the district as a whole. Yields of strawberries were spotted, but with some districts making a good showing. Grape prospects were drastically cut by the April frost and unfavorable weather in May. The season for all varieties of vegetables has been unfavorable. Low temperatures and excessive moisture have delayed planting, cultivation and development in all sections of the district. Early potatoes are up to a poor stand in many areas, and there are numerous reports of rot, with considerable loss in acreage in the commercial sections. Gardens are backward and for the most part yielding disappointing results.

Live Stock — Except in the areas directly affected by the floods, reports relative to live stock are in the main favorable. A notable exception to the poor progress of vegetation has been in the instance of hay crops and pastures. In all states of the district the condition of all tame hay on June 1 was considerably higher than a year ago, and in a majority the condition was above the 10-year average. This is true, also, of pastures, which in some sections are the best on record at this season. Hog prices continued low, but cattle and sheep found relatively favorable market conditions.

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

	Receipts			Shipments		
	May, 1927	April, 1927	May, 1926	May, 1927	April, 1927	May, 1926
Cattle and Calves.....	111,349	87,213	109,978	69,505	57,623	71,383
Hogs	389,890	297,788	303,373	257,084	213,416	213,822
Horses and Mules....	2,126	3,294	1,519	2,230	3,150	1,457
Sheep	36,419	26,752	37,147	9,105	16,965	9,790

Cotton — With the old crop of cotton largely moved out, interest centers in preparations for the new crop. Continuous rains and secondary floods in the Mississippi River and its Southern tributaries have further delayed planting, though on the whole good progress was made during the past thirty days. Estimates as to the cut in cotton acreage in this district caused by the floods vary widely, and due to the recent advance in corn prices, many farmers have decided where possible to substitute corn on cotton land. Where planted, cotton is generally up to a good stand, with germination satisfactory. The demand for spot cotton was reported good, and prices advanced 4c to 5c per pound above the low point of the season. Stocks on hand in Arkansas warehouses on June 10 totaled 117,968 bales, against 334,527 bales on the same date last year.

Tobacco — The season has been one of the most unfavorable on record for tobacco culture. A few clear days in June, however, have permitted of some progress, and unofficial reports indicate that as of June 10, 60 per cent of the intended acreage of burley had been planted, 40 per cent of the aircured and green river, about 50 per cent of the fired dark in the Paducah or Western District, about 60 per cent in the Hopkinsville section, whereas in the Clarksville and Springfield districts close to 85 per cent is planted. Though much of the crop has been put in under unfavorable conditions and in poorly cultivated soil, good weather from this time on might correct a considerable portion of the disability and permit of a good yield. Reports of county agents and marketing associations indicate a generally reduced acreage under last year.

Rice — Planting of rice is nearing completion, and where the plant is up excellent stands are the rule, and prospects are good for somewhat better than an average crop. In Louisiana a very large acreage of rice has been wiped out by the floods. This has resulted in an active demand and higher prices for cleaned rice.

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

		High	Low	Close	
				June 15, 1927	June 15, 1926
Wheat					
July	per bu.	\$1.51	\$1.32½	\$1.43¾	\$1.37¾
Sept.	"	1.48½	1.32½	1.43¾	1.34¾
No. 2 red winter	"	1.54	1.38	\$1.51 @ 1.52½	\$1.48 @ 1.50
No. 2 hard.....	"	1.53	1.42	1.47½ @ 1.48	1.58 @ 1.60
Corn					
July	"	1.08¾	.90	1.00¾	.72¾
Sept.	"	1.11¾	.92¼	1.05¾	.76¾
No. 2 white.....	"	1.08	.89	1.00 @ 1.01	.74
No. 2 mixed.....	"	1.05	.89	.98
Oats					
No. 2 white.....	"	.54	.51	.51 @ .52	.42 @ .42¾
Flour					
Soft patent.....	per bbl.	7.75	6.50	7.00 @ 7.50	7.50 @ 8.00
Spring patent.....	"	7.90	7.00	7.25 @ 7.40	8.00 @ 8.25
Middling cotton.....	per lb.	.15¾	.14¾	.15¾	.17¾
Hogs on hoof.....	per cwt.	10.15	7.50	8.00 @ 9.20	12.75 @ 14.75

FINANCIAL

Demand for credit accommodation by mercantile and industrial interests during the past thirty days averaged about the same as during the similar period immediately preceding, and with available funds in plentiful supply, interest rates have barely held steady. Due to the lateness of the season, demands from the country for agricultural financing are less than the average at this season in recent years. In the immediate past there has been some inquiry from the lower sections of the winter wheat belt, but for the most part country banks are well equipped with funds for handling the initial movement. Total loans and discounts of the reporting member banks have decreased irregularly since the end of February, and in the week of June 1 reached a new low level for the year. Following that date there has been a fair recovery. Deposits of these banks, which went to a new low point for the year early this month, have also worked upward since that time. Borrowings of member banks at this institution showed a sharp increase toward the end of May and on June 3 were at the high point of the year. In the second and third weeks of June there was heavy liquidation, which brought the discounts down to the level prevailing at the end of April. Investments of the reporting member banks moved rapidly upward toward the end of May, scoring a new high record for recent years in the week of May 25. A sharp drop in the early weeks of June brought the total investments to the level at which the upward movement started at the end of May. Grain and milling interests have further liquidated their loans, but more of this class of paper is being carried over into the new wheat season than has been the case during the past several years. Good liquidation is reported in sections where early fruits and vegetables are important crops. No change worthy of note has taken place in the status of live stock loans the volume outstanding being about the same as during the preceding month. At St. Louis banks current interest rates were as follows: Prime commercial loans, $4\frac{1}{4}$ to 5 per cent; interbank loans, 5 to $5\frac{1}{2}$ per cent; collateral loans, 5 to $5\frac{1}{2}$ per cent; loans secured by warehouse receipts, $4\frac{1}{2}$ to $5\frac{1}{2}$ per cent and cattle loans, 6 per cent.

Federal Reserve Operations — During May the Federal Reserve Bank of St. Louis discounted for 179 member banks, against 175 in April and 216 in May, 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:

	*June 21, 1927	*May 21, 1927	*June 21, 1926
Bills discounted.....	\$26,252	\$30,887	\$31,597
Bills bought.....	11,357	11,967	6,356
U. S. Securities.....	29,330	24,118	26,059
Total bills and securities.....	\$66,939	\$67,972	\$64,012
F. R. Notes in circulation.....	40,874	42,536	41,606
Total deposits.....	85,767	85,455	83,011
Ratio of reserves to deposit and F. R. Note liabilities.....	51.5%	49.7%	53.2%

*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.

	*May, 1927	*April, 1927	*May, 1926	May 1927 April, 1927	comp. to May, 1926
E. St. Louis & Nat'l					
Stock Yards, Ill..	\$ 46,209	\$ 45,663	\$ 49,950	+ 1.2%	— 7.5%
El Dorado, Ark....	8,355	10,725	12,146	—22.1	—31.2
Evansville, Ind.....	49,963	47,964	42,234	+ 4.2	+18.3
Fort Smith, Ark....	16,159	12,979	12,147	+24.5	+33.0
Greenville, Miss.**					
Helena, Ark.....	3,511	4,307	4,075	—18.5	—14.8
Little Rock, Ark....	66,085	67,262	73,219	— 1.7	— 9.7
Louisville, Ky.....	185,373	190,218	185,759	— 2.5	— 0.2
Memphis, Tenn.....	153,534	143,168	138,361	+ 8.6	+12.4
Owensboro, Ky.....	4,653	5,280	4,954	—11.9	— 6.1
Pine Bluff, Ark....	10,124	9,607	10,289	+ 5.4	+ 1.6
Quincy, Ill.....	13,436	13,950	13,406	— 3.7	+ 0.2
St. Louis, Mo.....	745,535	731,882	770,346	+ 1.9	— 3.2
Sedalia, Mo.....	4,657	4,911	4,817	— 5.2	— 3.3
Springfield, Mo....	16,104	15,088	16,989	+ 6.7	— 5.2
Totals.....	\$1,325,698	\$1,303,004	\$1,338,692	+ 1.7	— 1.0

*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 June 15 showed an increase of 0.9 per cent as compared with May 18, and a decrease of 2.0 per cent as contrasted with June 16, 1926. Deposits increased 2.7 per cent between May 18 and June 15, and on the latter date were 5.1 per cent larger than on June 16, 1926. Composite statement follows:

	*June 15, 1927	*May 18, 1927	*June 16, 1926
Number of banks reporting.....	†31	†31	33
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't. obligations.....	\$ 4,426	\$ 4,412	\$ 10,909
Secured by other stocks and bonds.....	193,590	192,159	188,951
All other loans and discounts.....	295,787	292,962	303,928
Total loans and discounts.....	\$493,803	\$489,533	\$503,788
Investments			
U. S. Gov't. securities.....	77,536	97,619	63,184
Other securities.....	125,676	124,660	115,670
Total investments.....	\$203,212	\$222,279	\$178,854
Reserve balance with F. R. Bank.....	52,037	44,225	47,336
Cash in vault.....	8,012	7,891	7,452
Deposits			
Net demand deposits.....	423,040	398,914	405,009
Time deposits.....	230,801	238,306	214,498
Government deposits.....	3,634	2,688	6,249
Total deposits.....	\$657,475	\$639,908	\$625,756
Bills payable and rediscounts with Federal Reserve Bank			
Secured by U. S. Gov't. obligations.....	4,971	6,422	4,301
All others.....	2,458	8,763	5,739

*In thousands (000 omitted).

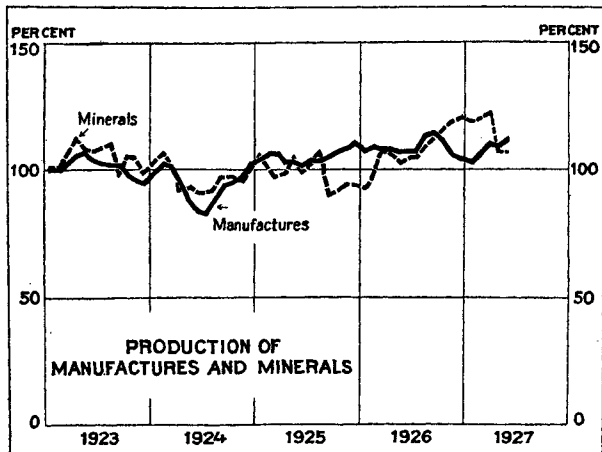
†Decreases due to consolidation. These 31 banks are located in St. Louis, Louisville, Memphis, Little Rock, and Evansville, and their total resources comprise approximately 55.5 per cent of the resources of all member banks in the district.

(Compiled June 21, 1927)

BUSINESS CONDITIONS IN THE UNITED STATES

Industrial production increased in May and continued at a higher level than a year ago, while distribution of commodities was in smaller volume than last year. Wholesale commodity prices have changed but little in the past two months.

PRODUCTION—Output of manufacturers increased considerably in May, while production of minerals was maintained at the April level. Increased activity was shown at cotton and woolen mills, in meat packing, and in production of lumber. The output of iron and steel, non-ferrous

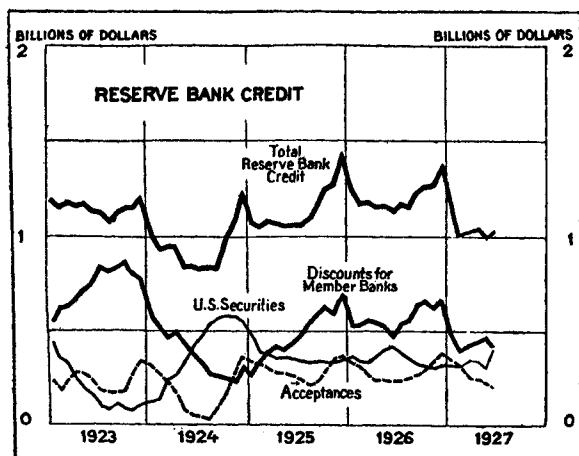


Index numbers of production of manufacturers and minerals, adjusted for seasonal variations (1923-25 average=100). Latest figures, May: Manufactures, 112; Minerals, 107.

metals, automobiles and building materials, after allowance for usual seasonal variations, was maintained at practically the same level as in April. Since late May, however, production of steel and automobiles has declined.

Total value of building contracts awarded continued slightly larger in May and in the first two weeks of June than in the corresponding period last year. Production of winter wheat was estimated by the Department of Agriculture, on the basis of June 1 condition, at 537,000,000 bushels, or 90,000,000 bushels less than last year. The indicated rye production was placed at 48,600,000 bushels, which is 20 per cent larger than the crop in 1926.

TRADE—Sales of retail stores in May showed more than the usual seasonal decline from the high April level. Compared with May of last year, department store sales were about 4 per cent smaller, while those of mail order houses were slightly larger. Value of wholesale trade of

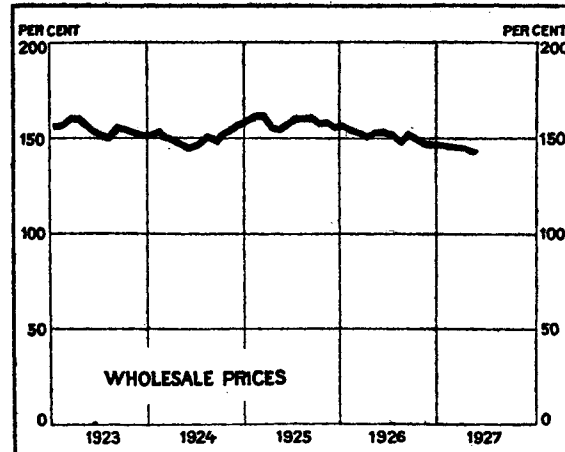


Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages for first 23 days of June.

all leading lines, except groceries and meat, was smaller in May than in April, and in the corresponding month of 1926. Inventories of merchandise carried by department stores showed slightly more than the usual seasonal decline in May, and at the end of the month were somewhat smaller than a year ago. Stocks of wholesale firms were also small-

er than last year. Freight car loadings increased in May by less than the usual seasonal amount, and for the first time in over a year daily average loadings were in smaller volume than in the corresponding month of the preceding year. Loadings of all classes of commodities except live stock, ore, and miscellaneous products were smaller than last year.

PRICES—The general level of wholesale commodities prices has remained practically unchanged since the middle of April. Prices of grains, cotton, and hides and skins

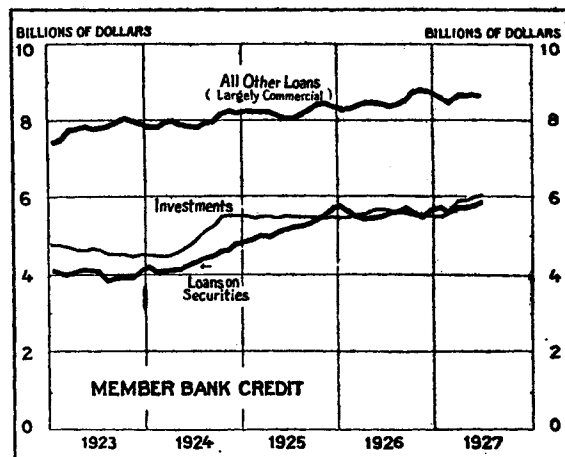


Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by Bureau). Latest figures, May 144.

have advanced, but these advances have been offset in the general index by declines in prices of live stock, wool, silk, metals, and rubber.

BANK CREDIT—Demand for bank credit to finance trade and industry remained at a constant level between the middle of May and the middle of June, and the growth in volume of credit extended by member banks in leading cities during the period was in holding of securities and in loans on stock and bonds. Loans to brokers and dealers in securities by reporting member banks in New York City increased rapidly and on June 15 were in larger volume than at any previous time covered by the reports.

At the Federal reserve banks, there was little net change in the volume of bills and securities between May 25 and June 22, fluctuations during that period reflecting largely effects of Treasury operations. Discounts for member banks toward the end of June were in about the same



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

volume as a month earlier, while there was a decline in the reserve banks holdings of acceptances and an increase in the portfolio of U. S. securities. Conditions in the money market were fairly stable throughout the period, with slight advance in rates on commercial paper and more recently on bankers' acceptances.