

# FEDERAL RESERVE BANK OF ST. LOUIS



## MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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Chairman of the Board and Federal Reserve Agent

SOME slackening in business activity in this district, due mainly to the customary seasonal influences, is reflected in reports relative to trade and industry during the past thirty days. Volume of production and distribution, however, continues large, and sentiment in the business community was considerably more optimistic than during the preceding several months, due to marked improvement in agricultural prospects and higher prices for certain important products of the soil. While not entirely ideal for growth and development of crops, weather conditions during July and early August were more favorable than during any similar period since the planting season last fall. In the principal flood areas conditions are improving and indications now point to fair crop yields in certain localities, which earlier had been considered out of the reckoning as contributors to the year's agricultural output.

While results of the corn, tobacco, cotton and some other crops are still in doubt, and dependent upon favorable weather conditions and a late fall, prospects are better and the higher prices prevailing will in a measure offset the effects of smaller production on purchasing power in the agricultural areas. Generally through the district, but more particularly in the South, merchants are exhibiting greater confidence in their preparations for fall trade. The number of merchants arriving in the large centers during late July and early this month has been larger than expected, and their purchases have been on a scale equal to that a year ago. Leading dry goods, hardware, furniture and boot and shoe firms report that orders from their salesmen on the road during the past three weeks have picked up substantially.

In the iron and steel industry there was a falling off in the volume of orders during July as compared with the same month in 1926, and production

and distribution of automobiles also declined. Consumption of electric power by industrial users in the five leading cities of the district gained slightly, both over the preceding month and July last year. Building permits in these cities were considerably larger than a year ago, but for the district as a whole the volume of building contracts let was smaller. Payments by check in July were 6.3 per cent smaller than in June, and 6.1 per cent under the July total last year. For the first seven months of the year the aggregate of debits to individual accounts showed a decrease of 2.6 per cent under the same period in 1926. Retail trade, as indicated by sales of department stores in the principal cities of the district, was 6.0 per cent smaller in July than a year ago.

The coal situation during the past thirty days was featured by evidence of greater interest on the part of both industrial and domestic consumers in future supplies. While stock piles of manufacturers, public utilities companies, municipalities and other large users continue of large proportions, draft upon them has been sufficiently heavy to arouse apprehensions in view of failure of all efforts to reconcile differences between striking miners and operators in the unionized bituminous fields. Heavy purchasing by the railroads of Western Kentucky coal resulted in an advance in price of that product, and strengthened the market generally. Demand for domestic coal has picked up, dealers and householders having increased their orders. The Lake trade continued active, although there was the usual shrinkage in shipments in July and early August. According to the U. S. Bureau of Mines, consumers' stocks of soft coal on July 1 amounted to 62,000,000 net tons, a decrease of 13,000,000 tons as compared with April 1, the last previous survey. The July stocks, however, were larger than at any corresponding season of any year on record. In comparison with July 1, 1926, they showed an increase of

23,000,000 tons or 59 per cent. Production of bituminous coal for the country as a whole for the calendar year 1927 to August 6, approximately 184 working days, amounted to 318,778,000 net tons, against 319,309,000 tons for the corresponding period last year and 279,913,000 tons in 1925.

Due chiefly to a reduction in the movement of coal, farm products and miscellaneous freight, traffic of railroads operating in the district during the past thirty days showed a decrease as compared with the corresponding period last year. The total volume continues large, however, and is ahead of that at any similar period in all preceding years except 1926. For the country as a whole for the first 31 weeks this year, or to July 30, loadings of revenue freight totaled 30,262,123 cars, against 30,222,910 cars for the corresponding time in 1926 and 29,273,581 cars in 1925. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 208,001 loads in July, against 201,792 in June and 220,336 loads in July, 1926. During the first nine days of August the interchange amounted to 62,719 loads, which compares with 56,253 loads during the same period in July, and 66,964 loads during the first nine days of August, 1926. Passenger traffic of the reporting roads decreased 9.0 per cent in July as compared with the same month last year. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans for July was 95,400 tons, against 94,092 tons (revised figures) in June, and 88,846 tons in July, 1926.

The record of collections during July and the first half of this month reflects generally satisfactory conditions. In the wholesale and manufacturing lines results were relatively better than in the retail trade. In the country this was accounted for partly by the fact that farmers are preoccupied with harvests and other work, while in the large centers of population collections of retailers were adversely affected by the absence of numerous customers on vacations. August 1 settlements with wholesalers and jobbers of dry goods, boots and shoes, hardware and clothing were well up to expectations, and in some instances ahead of those of the same time last year. Throughout the South there has been improvement in collections as compared with the preceding several months. Some backward spots are reported, but these are not widespread and are due to local conditions. In the areas affected by the coal miners' strike backwardness was noted. Answers to questionnaires addressed to representative

interests in the several lines showed the following results:

	Excellent	Good	Fair	Poor
July, 1927.....	3.1%	26.1%	60.0%	10.8%
June, 1927.....	1.3	28.7	58.8	11.2
July, 1926.....	2.9	29.5	54.4	13.2

Commercial failures in the Eighth Federal Reserve District in July, according to Dun's, numbered 51, involving liabilities of \$1,041,215, against 98 defaults in June with liabilities of \$1,897,022, and 59 failures for \$1,124,720 in July, 1926.

The per capita circulation of the United States on August 1, 1927, was \$40.53, against \$40.58 on July 1, 1927, and \$42.01 on August 1, 1926.

## MANUFACTURING AND WHOLESALE

**Automobiles** — Combined passenger car and truck production in the United States in July totaled 263,406, which compares with 314,552 in June and 356,621 in July, 1926.

As has been the case for the past several months, distribution of automobiles in this district during July declined sharply as contrasted with the corresponding period last year. In both numbers and value, sales of new cars during the month were also less than in June. In the yearly comparison considerable irregularity was shown, some makes recording gains while others exhibited heavy losses. In fact the major portion of the total decrease was attributable to less than half dozen makes. With but two exceptions, losses were shown in sales of all makes in the month-to-month comparison, and were particularly marked in the low priced classification. Reports of dealers indicate that prospective customers were disposed to await the appearance of expected new passenger car models before purchasing. Another quite general comment was to the effect that new prospects, that is persons who have not previously owned automobiles, are increasingly difficult to find, and that renewal sales are being more and more counted upon for disposing of stocks. The element of unfavorable weather as a deterrent to distribution of passenger cars, which was complained of during earlier months of the year, was absent, conditions in this respect being the most auspicious experienced since last summer. Stocks of new cars in dealers' hands decreased somewhat from June 30 to July 31, and the total was slightly larger on the latter date than a year earlier. July sales of passenger cars by 320 dealers in the district were 36.4 per cent smaller than during the same month in 1926, and 41.7 per cent less than in June this year. The used car situation developed moderate improvement as compared with the preceding thirty days. Stocks showed a decrease under

the preceding month, and sales were slightly larger. Of the new cars sold, 53.6 per cent were on the deferred payment plan, against 50.9 in the preceding month and 56.3 per cent in July, 1926. Business in replacement parts and repair materials for old cars was reported active, with sales in the rural sections making an especially good showing. Retail sales showed the usual seasonal increase, but otherwise no change worthy of note took place in the tire situation.

**Boots and Shoes** — July sales of the 5 reporting interests, which with the exception of last May were the largest since October, 1924, showed a gain of 19.9 per cent over the same month in 1926, and of 64.6 per cent over the June total this year. Stocks on August 1 were 2.0 per cent smaller than thirty days earlier, and 5.3 per cent less than on August 1, 1926. Orders received during the first half of August indicate a continuance of the heavy gains recorded in July. The unusually heavy increase in the month-to-month comparison was due in part to anticipation by buyers of an advance in prices of finished goods. Such advance became effective in the second week of August, and averaged on all lines approximately 5 per cent. Production continues at a high rate, two important manufacturers reporting the heaviest output ever achieved.

**Clothing** — Weather conditions have not been auspicious for the movement of clothing at retail, and this has reacted adversely on sales of wholesalers and manufacturers. Price and style uncertainty has also tended to hold down ordering of apparel for future delivery. During the past several weeks, however, business has been stimulated by the large number of merchants visiting the main distributing centers, and orders for fall and winter consumption have picked up substantially. July sales of the 5 reporting interests were 49.2 per cent larger than for the same month in 1926, and 64.6 per cent below the June total this year. The loss in the monthly comparison is due largely to seasonal influences.

**Drugs and Chemicals** — Business in this classification continued ahead of the corresponding month last year, this record having been maintained since last January. The 5 reporting firms showed July sales 0.8 per cent larger than in July, 1926, but 5.6 per cent smaller than in June this year. Demand for heavy chemicals from the manufacturing trade is holding up well, and good gains were shown in many of the minor lines in the miscellaneous category. Sales of soda fountain supplies and fertilizers were under a year ago.

**Dry Goods** — July sales of the 8 reporting firms were 0.4 per cent less than for the same month

in 1926, but 16.7 per cent in excess of the June total this year. Stocks on hand on August 1 were 5.1 per cent larger than thirty days earlier and 1.0 per cent larger than on August 1, 1926. Business generally through the line was satisfactory, but with cotton goods of all descriptions making relatively the best showing. In response to the upturn in raw cotton, fabrics based on that staple were firm. Advance sales were slightly larger than at this time last year, but the gain was due to increases in a limited number of items.

**Electrical Supplies** — A somewhat better demand from the building industry and public utility corporations, and heavier sales of small motors were factors in an increase in June sales of the 5 reporting interests of 10.5 per cent over the same month last year and 10.3 per cent over the June total this year. Stocks on August 1 were smaller by 13.6 per cent than thirty days earlier and 12.0 per cent larger than on August 1, 1926. Aside from a slight stiffening in goods composed largely of lead and zinc, prices showed no change as compared with the preceding month. The general price level is 5 to 7½ per cent lower than a year ago.

**Flour** — Production at the 12 leading mills of the district in July was 358,760 barrels, the largest since last December, and comparing with 298,151 barrels in June and 292,177 barrels in July, 1926. Stocks of flour in St. Louis on August 1 were 16.3 per cent larger than on July 1, and 90.0 per cent greater than on August 1, 1926. Business during the past thirty days developed quite decided improvement. Sales to the domestic trade were larger than in several months, with demand for soft flours in the South particularly good. Higher bids from European countries resulted in fairly heavy export sales, mainly, however, of clears and low grade flour. Prices fluctuated with the movement in the cash wheat market, and averaged slightly lower than during the preceding thirty days. Mill operation was at 55 to 60 per cent of capacity.

**Furniture** — July sales of the 16 reporting firms were 0.2 per cent smaller than for the same month in 1926, and 1.3 per cent larger than in June this year. Stocks on August 1 were 1.1 per cent smaller than on July 1, and 33.1 per cent below those on August 1, 1926. Considerable irregularity exists in the several divisions of the industry. Demand for household furniture has slowed down somewhat, while sales of office equipment and school and theater furniture were heavy. Buying generally is on a necessity basis, and there are numerous reports of price cutting to stimulate sales volume. Prices were unchanged as compared with the preceding month.

**Groceries** — Sales of the 14 reporting firms in July were 15.7 per cent smaller than for the same month in 1926, and 11.3 per cent below the June total this year. Stocks on August 1 were smaller by 5.8 per cent than on the same date in 1926, and unchanged from those on July 1 this year. In the yearly comparison a considerable portion of the loss was due to smaller sales in the country, particularly in the areas affected by the floods. Demand for canned goods is reported active, due to short fruit and vegetable crops.

**Hardware** — Improvement in agricultural prospects is reflected in a more active movement of hardware used largely in the country. Sales of hand implements, poultry supplies and some spraying goods have picked up, and demand for paints was better than during the preceding month. Generally staple lines are being purchased in satisfactory volume for prompt shipment, but ordering of fall merchandise is backward. Prices are generally firm at the levels prevailing thirty days ago. July sales of the 10 reporting interests were 6.5 per cent smaller than during the same month in 1926, and 0.2 per cent below the June total this year.

**Iron and Steel Products** — The closing weeks of July developed a somewhat improved demand for ferrous materials, as compared with the first half of that month, and in a number of important lines the betterment continued in early August. The more promising outlook for crops has resulted in heavier ordering of goods consumed principally in the agricultural areas. Manufacturers of stoves, farm implements, fencing material, cotton ties, wire products and tin plate report improvement in both new orders and specifications on goods previously purchased. The outlook for a broad variety of materials through the building industry has been well maintained, and late summer and fall construction programs, as indicated by inquiries for structural steel, reinforcing concrete bars, standard shapes and roofing material, show expansion. The relatively low temperatures prevailing through most of the period under review permitted of almost uninterrupted operations at mills, foundries and machine shops. Job foundries slightly increased their working schedules over the preceding thirty days, and larger forces were employed in some machine shops, stove foundries, and farm implement factories. Car builders and manufacturers of railroad supplies, on the other hand, complain of quietness in their lines, and demand for iron and steel commodities from the oil fields, coal mines and lumber mills was decidedly slow. Prices of finished materials were for the most part steady with levels prevailing a month earlier. Pig iron declined in late July and early this

month, but at the lower quotations good buying has developed, many important melters who had postponed covering on their third quarter requirements, having come into the market for liberal tonnages. For the country as a whole, production of pig iron in July totaled 2,944,251 tons, which compares with 3,089,726 tons in June and 3,224,663 tons in July, 1926. The daily average production rate in July was the lowest in 22 months, or since September, 1925. Steel ingot production also declined in July, the total of 3,178,342 tons comparing with 3,468,055 tons in June and 3,634,993 in July, 1926. The monthly average rate was the smallest since July, 1925. Scrap iron and steel showed more activity than earlier in the summer, with prices higher on all the principal items traded in. Transactions, however, were mainly between dealers, consumer buying being little in evidence.

**Lumber** — Mid-season quietness prevailed in the hardwood market and neither buyers or sellers were disposed to press matters. While shipments of southern hardwoods holds up fairly well, they are below the volume of current production, and accretions to stocks are reported by a number of mills. Considerable improvement in the southern pine situation was noted as compared with the preceding thirty days. The demand from the building industry is quite active, and purchasing of dimension and timbers by the railroads and export trade was in larger volume.

## RETAIL TRADE

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

	Net sales comparison		Stocks on hand		Stock turnover	
	July, 1927	7 months ending	July 31, 1927	Jan. 1 to	July 31,	1926
	comp. to	July 31, 1927 to	comp. to	July 31,	1927	1926
	July, 1926	same period 1926	July 31, 1926			
Evansville .....	+12.1%	+15.5%	+13.4%	134.7	125.4	
Little Rock.....	+ 3.9	— 5.8	— 5.1	136.7	138.7	
Louisville .....	— 2.5	— 1.3	— 0.9	183.5	171.0	
Memphis .....	— 4.3	— 4.4	— 9.1	154.3	153.3	
Quincy .....	— 4.7	— 8.6	—18.0	121.0	113.8	
St. Louis.....	— 8.4	— 3.8	— 4.1	186.0	187.8	
Springfield, Mo.....	—21.2	—10.3	— 0.6	90.1	94.8	
8th District.....	— 6.0	— 3.7	— 4.9	172.8	172.2	

	Net sales comparison		Stocks on hand	
	July, 1927 compared to	June, 1927	July, 1927 compared to	June, 1927
	July, 1926		July, 1926	
Men's furnishings.....	2.2%	—20.0%	+ 9.8%	+ 1.3%
Boots and shoes.....	—11.6	—18.4	+ 6.5	—12.5

## BUILDING

The dollar value of permits issued for new buildings in the five largest cities of the district in July was 39.0 per cent larger than in July, 1926, and 22.7 per cent in excess of the June total this year. According to figures compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District in July amounted

to \$32,204,565, which compares with \$44,170,814 in June, and \$34,752,350 in July, 1926. The cost of building on August 1 showed no change from a month earlier, but was 6 points lower than a year ago, and two points under August, 1925. Production of portland cement for the country as a whole during July totaled 17,398,000 barrels, the highest on record, and compared with 17,167,000 in June and 17,134,000 in July, 1926. Building figures for July follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1927	1926	1927	1926	1927	1926	1927	1926
Evansville ..	353	326	\$ 328	\$ 485	54	77	\$ 20	\$ 24
Little Rock ..	56	57	173	291	133	89	62	40
Louisville ...	174	306	976	1,344	69	93	99	235
Memphis ....	248	360	1,205	2,000	103	110	64	199
St. Louis....	716	749	5,436	1,724	437	459	626	768
July totals	1,547	1,798	\$8,118	\$5,844	796	828	\$ 871	\$1,266
June totals	1,800	1,799	6,616	6,281	903	798	745	998
May totals	1,677	2,502	6,837	7,886	1,050	1,124	801	1,000

\*In thousands of dollars (000 omitted).

## CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electricity by selected industrial customers in July as being 0.2 per cent larger than in June and 0.8 per cent greater than in July, 1926. The increases were generally distributed among all classes of users, but most marked with flour mills, railroad shops and ice manufacturing plants. Smaller loads than a year ago were taken by coal mines, some iron and steel plants, clay products manufacturers and electric refrigerator makers. Detailed figures follow:

	No. of Custom- ers	July, 1927	June, 1927	July, 1927 comp. to June, 1927	July, 1926	July, 1927 comp. to July, 1926
		*K.W.H.	*K.W.H.		*K.W.H.	
Evansville .....	40	1,311	1,249	+ 5.0%	1,423	- 7.9%
Little Rock.....	36	1,971	1,470	+34.1	1,675	+17.6
Louisville .....	83	5,073	5,604	- 9.5	4,684	+ 8.3
Memphis .....	31	1,240	1,199	+ 3.4	1,838	-32.5
St. Louis.....	102	17,258	17,277	- 0.1	17,016	+ 1.4
Totals.....	292	26,853	26,799	+ 0.2	26,636	+ 0.8

\*In thousands (000 omitted).

The following figures compiled by the U. S. 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
June, 1927.....	2,526,322,000	3,919,978,000	6,446,300,000
May, 1927.....	2,642,219,000	3,879,094,000	6,539,313,000
June, 1926.....	2,231,626,000	3,643,801,000	5,875,427,000

## AGRICULTURE

Weather conditions in this district during the past thirty days were mixed, being beneficial for certain crops and classes of operations, and less beneficial to unfavorable for others. Temperatures were moderate and not high enough for best results to corn, some vegetables and fruits. Withal there was improvement in corn prospects, the plant having for the most part achieved considerable growth and strength. Cotton, likewise, improved in certain sections and prospects for tobacco were better than thirty days earlier. The hay crop is the largest on record, and for the most part of high quality. As

indicated by early and incomplete threshing returns, winter wheat is proving a disappointment, both in point of quality and quantity. The outlook for fruits, already the poorest in a number of years, suffered further deterioration during July and early August. Reports relative to the principal vegetable crops are irregular, conditions varying rather widely in different localities. With favorable weather to harvest, results with late vegetables promise to be close to the five year average.

The composite condition of all crops in states partly or entirely within the Eighth Federal Reserve District, according to the U. S. Department of Agriculture, was 87.0 per cent on August 1. This indicates that crops were 13.0 per cent below their 10-year average conditions on that date. This composite condition is 1.3 per cent below that on July 1, and compares with 95.3 per cent on August 1, 1926 and 100.2 per cent on August 1, 1925. The low condition is due to unfavorable planting conditions last fall and during the spring and early summer this year, also to excessive rains, floods, unseasonable temperatures, insect pests and other detrimental factors throughout the growing season. During the past thirty days there were additional floods along the Arkansas River and other smaller tributaries of the Mississippi River, which wrought more or less local damage to late planted crops.

**Winter Wheat**—Threshing is well advanced, despite interruptions from rain, and returns are almost universally under earlier expectations. Yields are smaller than looked for, and quality disappointing, being in all states of the district below the 10-year (1917-1926) average. Heads failed to fill out in accordance with straw, and the berry is light. Soil conditions are excellent for plowing, and considerable preparation for next year's crops has been completed. According to the U. S. Department of Agriculture, the yield of winter wheat in this district is estimated 40,517,000 bushels, against 54,574,000 bushels in 1926. For the country as a whole the output is placed at 552,767,000 bushels, against 627,433,000 bushels harvested in 1926, and a 5-year average of 556,016,000 bushels.

**Corn**—While the average condition and prospects for corn are the poorest in a number of years, the crop generally through the district made good growth during the past thirty days. Early planted corn is making relatively the best showing, but stands are very irregular and everywhere the crop is late. The plant has not had the ideal weather for forcing growth, temperatures being abnormally low, with sunshine and hot nights lacking. For the most part corn is thin, stalks small, and there are numerous reports of tasseling out three to five

feet high. Chinch bugs and other insect pests are common in many localities. Based on the August 1 condition the output for this district is forecast at 288,647,000 bushels, against 393,007,000 bushels harvested in 1926. The yield for the United States is estimated at 2,385,226,000 bushels, against 2,646,853,000 bushels in 1926 and a 5-year average of 2,766,561,000 bushels.

**Oats** — Production of oats in the Eighth District, based on the August 1 condition, is estimated at 46,121,000 bushels, against 59,031,000 bushels harvested in 1926. For the entire country the forecast is for 1,279,000,000 bushels, against 1,253,739,000 bushels in 1926, and a 5-year average of 1,353,739,000 bushels.

**Fruits and Vegetables** — Prospects for fruit, which during the earlier part of the season were unusually poor declined still further in July and early August. The drop of tree fruits notably apples and peaches, has been unusually heavy, and the effects of early frosts, excessive moisture, insect and fungus pests and other detrimental factors are appearing in the form of small production and poor quality. There has been heavy loss to ripe and ripening fruit caused by scab, aphids and rot. Notwithstanding the large number of new vineyards brought into production this year, prospects are for a grape crop only about half as large as in 1926. In states partly or entirely within the Eighth District the indicated yield of apples is 12,397,000 bushels, of which 1,606,000 barrels represent the commercial crop. This compares with 33,532,000 bushels in 1926, of which 2,949,000 barrels were commercial crop, and a 5-year average of 29,154,000 bushels, with 3,132,000 barrels commercial crop. The peach crop in these states is forecast at 4,736,000 bushels, against 11,203,000 bushels in 1926, and a 5-year average of 8,163,000 bushels. The indicated output of grapes is 21,879 tons, which compares with 40,272 tons in 1926 and a 5-year average of 24,107 tons. The forecast for white potatoes in the district is 12,669,000 bushels, or about 334,000 bushels less than the 1926 production. The outlook for sweet potatoes improved in July, and for states partly or entirely within the district the August 1 condition indicates a yield of 19,723,000 bushels, against 20,907,000 bushels harvested in 1926, and a 5-year average of 18,700,000 bushels. More seasonable weather has benefitted tomatoes and other commercial vegetable crops, and gardens on August 1 were generally in better condition than thirty days earlier.

**Live Stock** — No change worthy of note occurred in the condition of live stock as contrasted with the preceding month. The high condition of

pastures affords ample food for fattening animals for market, and prices have been well sustained for cattle, sheep and hogs. The hay crop is turning out above expectations, the yield in the district being estimated at 8,716,000 tons, against 6,801,000 tons harvested in 1926, and a 5-year average of 15,353,000 tons.

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

	Receipts			Shipments		
	July, 1927	June, 1927	July, 1926	July, 1927	June, 1927	July, 1926
Cattle and Calves.....	127,262	121,984	138,520	87,423	87,633	96,000
Hogs .....	271,049	375,398	271,751	204,106	255,798	186,063
Horses and Mules.....	1,828	2,615	1,888	2,747	1,678	2,431
Sheep .....	88,662	93,158	86,021	28,984	21,118	24,276

**Cotton** — According to the U. S. Department of Agriculture's August 1 report, the condition of the cotton crop in all states of the district on that date was lower than at the same time last year, excepting Mississippi, which with a condition of 68 per cent of normal shows no change from August 1, 1926. Weather, while generally auspicious for growth and development of the plant, has also been favorably for development of boll weevils, and complaints of presence of that pest are increasing. Prices of raw cotton have advanced sharply, reaching a new high point for the year in the second week of August. Stocks of cotton on hand in Arkansas warehouses on August 12 totaled 72,328 bales, against 246,147 bales on the corresponding date last year.

**Tobacco** — The outlook in this district is for a crop of tobacco considerably smaller than last year and the 5-year average. Unfavorable weather during the planting season was responsible for a smaller acreage, and growing conditions since the plants were set have not been conducive to best results. Stands are generally irregular, with more small tobacco than is customary at this season. Late planted leaf is in particularly poor condition, and favorable weather conditions and a late fall will be requisite to mature this portion of the crop. Production in this district is estimated at 165,657,000 pounds against 304,603,000 pounds harvested in 1926. The forecast for the entire country is 1,137,762,000 pounds against 1,321,423,000 pounds last year.

**Rice** — Due principally to heavy growth of grass, the condition of the rice crop in this district is less favorable than thirty days ago, and prospects are for a yield somewhat below that of last year. For the country as a whole the forecast, based on the August 1 condition, is for 39,336,000 bushels, or approximately 1,750,000 bushels less than was harvested in 1926.

**Commodity Prices** — Range of prices in the St. Louis market between July 15, 1927, and August

15, 1927, with closing quotations on the latter date and on August 14, 1926, follow:

Wheat		High	Low	Close	
				Aug. 15, 1927	Aug. 14, 1926
Sept.	per bu.	\$1.43½	\$1.34	\$1.40¾	\$1.35¾
Dec.	"	1.48½	1.39½	1.45½	1.39½
No. 2 red winter	"	1.48	1.36	\$1.45 @ 1.48	\$1.33 @ 1.34½
No. 2 hard	"	1.41	1.34	1.40 @ 1.41	1.35½ @ 1.36
<b>Corn</b>					
Sept.	"	1.16	1.05½	1.12¾	.82¾
Dec.	"	1.19¾	1.05½	1.15½	.84¾
No. 2 mixed	"	1.10	1.00	1.08	
No. 2 white	"	1.11	1.03	1.08 @ 1.10	.83 @ .83½
<b>Oats</b>					
No. 2 white	"	.51	.45½	.50 @ .50½	.38
<b>Flour</b>					
Soft patent	per bbl.	7.50	6.75	7.25 @ 7.50	7.25 @ 7.50
Spring patent	"	7.65	7.10	7.30 @ 7.45	7.50 @ 7.80
Middling cotton	per lb.	.18½	.16½	.18½	.17½
Hogs on hoof	per cwt.	11.35	7.35	7.65 @ 11.20	9.75 @ 13.65

## FINANCIAL

While the demand for credit for general commercial, industrial and agricultural purposes was marked by further expansion during the past thirty days, funds have continued in more than sufficient volume to meet all requirements, and the trend of interest rates has been lower. Improved prospects for the major crops in the district resulted in better business in a number of localities, and the seasonal increase in demand for financing agricultural operations is being felt. This demand, however, is being largely taken care of by country banks, and thus far there has been considerably less call for assistance from financial institutions in the large centers than usual at this time of the year. Loans to elevator interests, grain shippers and millers were larger than during the preceding month, but wheat has not moved in as great volume as a year ago, and total borrowings for this purpose are smaller than at the corresponding period in 1926. There has been good liquidation in sections where early fruits and vegetables are the principal crops, and in many such localities country banks have reduced or entirely paid up their loans from city correspondents. There was a further increase in loans based on securities other than U. S. Government obligations, the total reaching the highest point of the year in the first week of August. Aggregate loans of the reporting member banks have advanced sharply since the middle of July, and in the second week of this month were at the highest point since early in April. Deposits of these banks have shown wide week-to-week fluctuations with no definite trend, but have been in much smaller volume than the peak, reached at the middle of June. The volume of savings deposits held by the member banks declined 0.1 per cent in July, but in the first week of August the total was 6.5 per cent greater than a year ago. At the St. Louis banks current interests rates were as follows: Prime commercial loans, 4½ to 5 per cent; interbank loans 4¾ to 5½ per cent; collateral loans, 4¾ to 5¼; loans secured by warehouse receipts 4¾ to 5 per cent and cattle loans 5½ to 6 per cent.

(Compiled August 22, 1927)

**Federal Reserve Operations** — During July the Federal Reserve Bank of St. Louis discounted for 183 member banks, against 182 in June and 222 in July, 1926. The discount rate was decreased from 4 to 3½ per cent on August 4. 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:

	*Aug. 20, 1927	*July 20, 1927	*Aug. 20, 1926
Bills discounted	\$28,906	\$32,662	\$40,092
Bills bought	3,879	9,758	8,949
U. S. Securities	32,046	26,360	23,236
Total bills and securities	\$64,831	\$68,780	\$72,277
F. R. Notes in circulation	41,073	39,112	46,485
Total deposits	81,936	84,073	82,374
Ratio of reserves to deposit and F. R. Note liabilities	52.6%	49.7%	48.7%

\*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.

	*July, 1927	*June, 1927	*July, 1926	July, 1927 comp. to June, 1927	July, 1926
E. St. Louis & Nat'l. Stock Yards, Ill.	\$ 50,366	\$ 54,521	\$ 51,454	— 7.6%	— 2.1
El Dorado, Ark.	9,185	8,114	12,112	+13.2	—24.2
Evansville, Ind.	51,162	57,880	45,428	—11.6	+12.6
Fort Smith, Ark.	13,283	14,479	12,951	— 8.3	+ 2.6
Greenville, Miss.	2,601	1,912	3,819	+36.0	—31.9
Helena, Ark.	3,175	3,801	4,358	—16.5	—27.1
Little Rock, Ark.	72,157	70,929	76,189	+ 1.7	— 5.3
Louisville, Ky.	192,700	197,915	207,355	— 2.6	— 7.1
Memphis, Tenn.	127,536	145,696	136,911	—12.5	— 6.8
Owensboro, Ky.	5,023	4,769	5,368	+ 5.3	— 6.4
Pine Bluff, Ark.	10,907	10,265	11,056	+ 6.3	— 1.3
Quincy, Ill.	12,484	13,339	13,120	— 6.4	— 4.8
St. Louis, Mo.	717,503	770,137	769,303	— 6.8	— 6.7
Sedalia, Mo.	4,312	4,582	4,783	— 5.9	— 9.8
Springfield, Mo.	15,484	16,598	17,044	— 6.7	— 9.2
Totals	\$1,287,878	\$1,374,937	\$1,371,251	— 6.3	— 6.1

\*In thousands (000 omitted).

**Condition of Banks** — Loans and discounts of the reporting member banks on August 17 showed an increase of 0.7 per cent as compared with July 20, and a decrease of 2.6 per cent as contrasted with August 18, 1926. Deposits increased 0.3 per cent between July 20 and August 17, and on the latter date were 3.1 per cent larger than on August 18, 1926. Composite statement follows:

	*Aug. 17, 1927	*July 20, 1927	*Aug. 18, 1926
Number of banks reporting	†31	†31	32
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't obligations	\$ 4,447	\$ 4,605	\$ 7,038
Secured by other stocks and bonds	202,803	202,797	186,469
All other loans and discounts	296,285	292,710	323,456
Total loans and discounts	503,535	500,112	516,963
Investments			
U. S. Gov't securities	70,942	76,398	61,863
Other securities	123,933	124,702	114,053
Total investments	\$194,875	\$201,100	\$175,916
Reserve balance with F. R. Bank	46,195	48,328	44,438
Cash in vault	7,224	7,354	7,200
Deposits			
Net demand deposits	398,333	400,360	391,840
Time deposits	236,385	231,459	220,750
Government deposits	620	1,465	3,757
Total deposits	\$635,338	\$633,284	\$616,347
Bills payable and rediscounts with Federal Reserve Bank			
Secured by U. S. Gov't obligations	7,771	12,275	5,085
All others	6,685	9,968	15,780

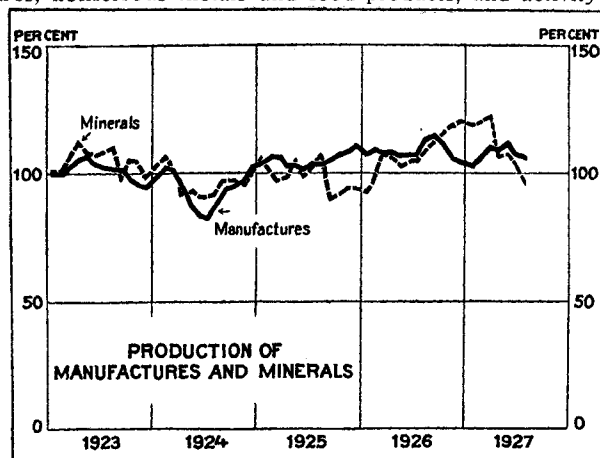
\*In thousands (000 omitted).

†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

**PRODUCTION**—Output of manufacturers declined in July and was in practically the same volume as a year ago. The production of minerals, which was further reduced during the month, was at the lowest level since early in 1926, when the anthracite strike was in progress. Iron and steel production in July was the smallest since 1925, and continued at practically the same level during the first three weeks of August. Automobile output for July and the early weeks of August was considerably below that of the corresponding period of last year. Production of rubber tires, nonferrous metals and food products, and activity of

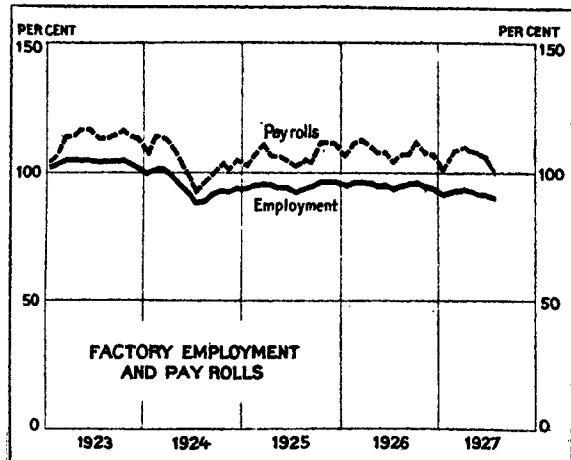


Index numbers of production of manufacturers and minerals, adjusted for seasonal variations (1923-25 average=100). Latest figures, July: Manufactures, 107; minerals, 97.

woolen mills were smaller in July than in the preceding months; cotton consumption was smaller than in June, but continued unusually large for this season of the year. Production of leather, shoes and lumber increased in July as compared with June.

Factory employment and payrolls showed seasonal decreases in July and were smaller than in any month since 1924. Employment in coal mining has been reduced in recent months and reports indicate some unemployment in the building trades, owing to the decline in the construction of houses. Building contracts awarded in July and in the first three weeks of August continued larger than a year ago, the increase reflecting chiefly a growth in awards for engineering projects.

The August 1 cotton report of the Dept. of Agriculture indicated a production of 13,492,000 bales or 25 per cent

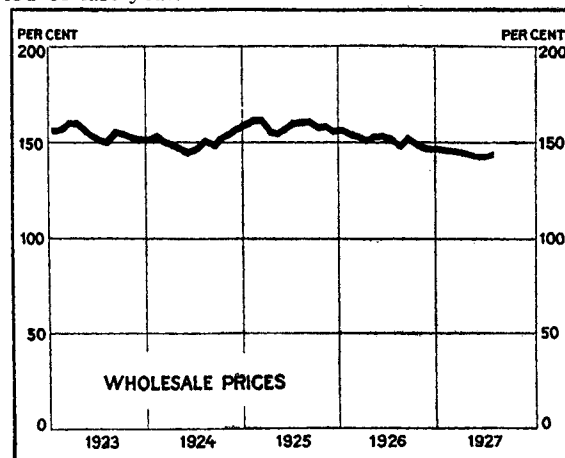


Federal Reserve Board's indexes of factory employment and payrolls (1919=100). Latest figures: July, employment 90.7; payrolls, 101.1.

less than the record yield last year. The indicated production of corn, though considerably larger than the expectation in July, was 262,000,000 bushels less than harvested in 1926. The August estimate of 851,000,000 bushels of wheat indicated an increase of 18,000,000 bushels over the 1926 crop.

**TRADE**—Distribution of merchandise at wholesale and retail showed about the usual seasonal decline in July. Compared with a year ago sales of wholesale firms and de-

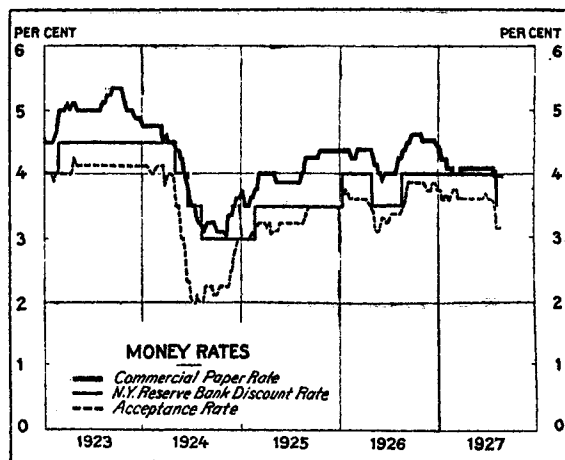
partment stores were slightly smaller, owing largely to the fact that there was one less business day in July of this year than in July, 1926. Sales of mail order houses and chain stores were somewhat larger than a year ago. Inventories of department stores continued to decline in July, and at the end of the month were slightly smaller than a year ago. Wholesale stocks continued smaller than last year. Shipments of commodities by freight decreased, contrary to the usual seasonal trend, and were smaller in July and in the first two weeks of August than in the same period of last year.



Index of United States Bureau of Labor Statistics (1913=100, base adopted by bureau). Latest figure, July 144.6.

**PRICES**—The Bureau of Labor Statistics index of wholesale prices advanced slightly in July, reflecting chiefly increases in the prices of corn, livestock, cotton, and leather. Prices of wheat, silk, metals, and building material declined. Since the latter part of July prices of corn, cotton and cattle have continued upward and those of wheat, non-ferrous metals, and rubber have also advanced, while hogs, lumber and hides have declined.

**BANK CREDIT**—There was an increase in the volume of commercial loans at member banks in leading cities between July 20 and August 17, as is usual at the beginning of the crop moving season. Loans on securities as well as commercial loans increased, while investment holdings declined, and total loans and investments were about \$60,000,000 larger than a month earlier. Total borrowings of member banks at the reserve banks increased slightly be-



Weekly rates in New York money market for the first three weeks in August: Commercial paper, 4; acceptances, 3½

tween July 20 and August 24. There was a growth of discounts at the Federal reserve bank of New York, partly offset by declines in other districts. There was little change in the system's holdings of acceptances and a growth in the portfolio of United States securities. Money rates on all classes of paper in the open market declined sharply in August, and were at a lower level than a year ago. Discount rates at eight Federal reserve banks were reduced from 4 to 3½ per cent.