

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

REPORTS relative to business in this district during the past thirty days reflect rather marked contrasts between different localities and the several lines. Taken as a whole neither trade nor industry have picked up to the extent which has marked this season during the past several years. Weather conditions have been inimical to heavy distribution of fall and winter merchandise, and there is a general disposition on the part of merchants and the public to hold down their buying to immediate requirements. In a large majority of the lines investigated declines in September sales under those of the corresponding month last year were noted. In slightly more than half these lines, however, sales were larger than in August this year, and in a number of instances improvement in demand for merchandise has taken place since the final week of September. As was the case during the preceding thirty days, goods for ordinary consumption are relatively more active than those of a more permanent sort. The general trend of commodity prices was slightly upward, though some rather sharp declines were recorded in corn, fuel and some other materials.

Conditions generally through the South developed improvement, and the outlook for fall and winter trade in that section is considerably more favorable than was the case earlier in the season. Weather for cotton picking has been ideal, and full advantage of it has been taken by planters. Prices of cotton and cottonseed are considerably higher than at the same time last year, and the crop was made on a cheap basis and yields a substantial return. Prospects for corn improved during September, and relatively little damage from frost was reported. Retail trade in the agricultural sections was reported better than during the preceding thirty days, but department store sales in the principal cities of the district were 6.9 per cent smaller than in September, 1926. Mail order houses and five and

ten-cent stores showed a gain in September sales over last year, and total debits to individual accounts were 1.7 per cent larger than last year.

Employment conditions underwent no marked change as compared with the preceding month, but the number of idle workers was greater than during the same period in 1926. Smaller forces were employed at iron and steel plants, and conditions in that industry are adversely affected by failure of the railroads and automotive industry to purchase in quantity. Textile mills in the South were for the most part on full time schedules, and increased employment was reported at paper and printing establishments, food and kindred products plants. Building operations decreased, and considerable unemployment was reported among both skilled and unskilled workers in that industry.

The principal development in the fuel situation during the past thirty days was the settlement of the strike of Illinois coal miners, which had been in effect since last April 1. The agreement between operators and the union was in the nature of a truce, during which negotiations will be carried on for a permanent agreement to become effective April 1, 1928. Being entirely unexpected, the resumption of production at Illinois mines exerted a generally weakening tendency in bituminous coal prices. This, however, was in a measure offset by cooler weather, and at the middle of October confusion incident to termination of the strike had disappeared, though the market still showed weakness. Demand for domestic coal is quiet, many householders and dealers having provided for their late fall and winter requirements during August and September. The steam coal situation showed weakness, due both to lack of demand and abundant supplies. Operators in the Kentucky fields report numerous cancellations of contracts, and since the first of this month have experienced difficulty in disposing of coal shipped on consignment to points

ordinarily supplied by Illinois and Indiana coal. Price levels generally are below those of a year ago, when export buying was stimulated by suspended production in England. For the country as a whole production of bituminous coal for the calendar year to October 8, approximately 238 working days, amounted to 405,314,000 net tons, against 420,494,000 tons for the corresponding period in 1926, and 376,896,000 tons in 1925.

Railroads operating in the district report a further decline in volume of freight traffic as compared with the corresponding period last year, with losses general through all classifications. The total, however, continues to run ahead of all years previous to 1926. For the country as a whole during the first 40 weeks this year, or to October 1, loadings of revenue freight totaled 39,997,894 cars, against 40,314,189 cars for the corresponding period last year and 39,006,227 cars in 1925. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 211,615 loads in September, against 221,065 loads in August, and 228,822 loads in September, 1926. During the first nine days of October the interchange amounted to 63,678 loads, against 62,121 loads during the same period in September and 71,490 loads during the first nine days of October, 1926. Passenger traffic of the reporting roads decreased 9.0 per cent in September as compared with the same month last year. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans for September was 89,000 tons, against 123,122 tons (revised figures) in August and 110,690 tons in September, 1926.

Reports relative to collections reflect a slight slowing down as compared with the preceding thirty days, though taken as a whole results were satisfactory and equal to those at the same period a year ago. Retail merchants in the large centers reported improvement in September over August, and this betterment was continued in early October payments. Reports of country retailers reflect spotted conditions, some localities making a good showing, while elsewhere backwardness is complained of. Generally wholesalers report good liquidation, and unusually few requests for extensions. Results in the boot and shoe, dry goods and hardware lines are especially good. In the cotton, tobacco and rice areas improvement over the preceding month was noted. Answers to questionnaires addressed to 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>
September, 1927.....	1.4%	31.5%	54.8%	12.3%
August, 1927.....	2.7	28.8	54.8	13.7
September, 1926.....	1.4	32.4	58.1	8.1

Commercial failures in the Eighth Federal Reserve District in September, according to Dun's, numbered 53, involving liabilities of \$184,910, against 103 defaults in August with liabilities of \$705,216 and 48 failures for \$548,162 in September, 1926.

The per capita circulation of the United States on October 1, 1927, was \$41.35, against \$40.54 on September 1, 1927, and \$42.34 on October 1, 1926.

MANUFACTURING AND WHOLESALE

Automobiles — Combined passenger car and truck production in the United States in September totaled 257,580, which compares with 303,040 in August, and 397,309 in September, 1926.

Distribution of automobiles in this district declined in September under the preceding month, and was also considerably smaller than in September, 1926. As has been the case for the past several months, the heaviest losses occurred in the lower priced cars, also in sales of dealers in the country. Agriculturists were preoccupied with fall work and were disposed to await final results of crops before filling their requirements. Unfavorable weather was another factor tending to hold down sales in the rural areas. Universally dealers report that prospective customers are still awaiting the appearance of new models before purchasing, and due to the lateness of the season, buying in many instances will be deferred until the spring. Owners are repairing and conditioning their cars to a greater extent than usual at this season in order to make them serviceable through the winter. This condition is reflected in business in parts and accessories, which was relatively more active than in new vehicles. Demand for trucks, particularly of the light variety for delivery purposes in the large cities, was good. August sales of new passenger automobiles by 320 dealers scattered through the district showed a decrease of 13.5 per cent under the corresponding month in 1926, and 30.9 per cent under the August total this year. Accessory sales of the reporting dealers in September were 9.6 per cent smaller than a year earlier and 1.7 per cent larger than in August this year. Stocks of new cars on October 1 were considerably larger than on the same date in 1926, but showed little variation from those on September 1 this year. The used car situation was reported satisfactory, the demand being active and stocks

showing a reduction as compared with the preceding thirty days. Of the new cars sold 52.2 per cent were on the deferred payment plan, against 58.3 per cent in August and 48.9 per cent in September, 1926.

Boots and Shoes — September sales of the 5 reporting interests were 0.6 per cent larger than for the same month in 1926, and 1.1 per cent below the August total this year. Stocks on October 1 were 7.8 per cent smaller than a month earlier, and 3.5 per cent below those on October 1, 1926. Business in all sections of the industry is reported holding up well, with early October orders indicating a continuance of the gains of recent months. Production decreased slightly as compared with the preceding thirty days, but is still at higher levels than in any recent year. The trend of prices of finished goods is still upward.

Clothing — Unseasonably hot weather in September held down sales of heavyweight clothing, but on the other hand resulted in an exceptionally thorough clearance at retail of summer and early fall goods. Since the middle of September, however, there has been a marked revival of purchasing of both women's and men's apparel, and stocks in hands of manufacturers and jobbers have been substantially reduced. Advance sales of men's suits and overcoats are about equal to those at the same period last year, but slight declines are reported by makers of women's cloaks and suits. Demand for work clothing is disappointing, with production still somewhat larger than current distribution. September sales of the 5 reporting clothiers were 84.5 per cent larger than for the same month in 1926, and 27.4 per cent less than the August total this year.

Drugs and Chemicals — The steady improvement in this classification noted in recent months, was continued in September, sales of the reporting firms during that month being 4.2 per cent over the corresponding period a year ago and 14.4 per cent over the August total this year. Two of the leading firms reported the best September business since 1922. All sections of the line are showing satisfactory results, with sales of remedial drugs, cosmetics and miscellaneous items especially active. Prices developed no change worthy of note, advances about counterbalance declines.

Dry Goods — September sales of the 8 reporting interests fell 7.9 per cent below those of the same month in 1926, and 20.8 per cent under the August total this year. Stocks on October 1 were 6.0 per cent smaller than thirty days earlier, but 13.6 per cent larger than on October 1, 1926. In the yearly comparison the loss consists principally of

advance business. Purchasing generally is described as hesitant and irregular. Staples, holiday goods and knitted goods are quiet, while ready-to-wear garments continue in excellent demand.

Electrical Supplies — Seasonal considerations and a falling off in building activity were mentioned as the chief reasons for a decrease in September sales of the 5 reporting interests of 5.5 per cent as compared with the same month in 1926, and of 2.3 per cent under the August total this year. Demand for radio material was brisk, and advance purchasing of holiday goods was generally satisfactory. The tornado in St. Louis and severe storms elsewhere through the district resulted in a heavy call for emergency repair materials from the public utility interests.

Flour — Production of flour at the 12 leading mills of the district in September was 370,450 barrels, against 385,028 barrels in August and 436,876 barrels in September, 1926. Stocks of flour in St. Louis on October 1 were 6.3 per cent less than thirty days earlier and 5.4 per cent larger than on October 1, 1926. Business during the past thirty days was quiet and featureless. Demand from the domestic trade was of a routine sort, and sales were chiefly in small quantities for prompt shipment. Shipping directions on flour previously bought were good, and mills were largely engaged in grinding on old orders. Sales for export were assisted by freer offerings of clears and low grade flours, which varieties had been scarce during the preceding month. Mill operations were at from 55 to 60 per cent of capacity.

Furniture — Sales of the 15 reporting firms in September were 5.2 per cent larger than during the same month in 1926, and 22.5 per cent larger than in August this year. Stocks on October 1 were 1.2 per cent smaller than a month earlier and 24.4 per cent less than on October 1 last year. Demand for household furniture in the country is reported better than for many months, and some betterment in sales of office equipment was noted. Production was smaller than a year ago, particularly in St. Louis, where considerable damage was done to plants by the cyclone, one reporting factory being completely demolished.

Groceries — September sales of the 9 reporting grocery firms were 16.5 per cent smaller than in the same month last year, but 17.1 per cent greater than the August, 1927 total. Stocks on October 1 were 4.1 per cent larger than a month earlier and 2.8 per cent less than on October 1, 1926. The improvement in the month to month comparison was ascribed to the usual seasonal purchasing and more

favorable weather conditions. Demand for canned goods was brisk, with an upward price tendency in a number of lines. Sales of preserving and canning materials throughout the season have been small, due to the short fruit and vegetable crops.

Hardware — As compared with a year ago, September sales of the 11 reporting interests showed a decrease of 1.0 per cent, but the total was 6.2 per cent larger than in August this year. Stocks on October 1 were 5.6 per cent smaller than a month earlier and 20.9 per cent less than on October 1, 1926. The movement of seasonal hardware has picked up markedly since the middle of September, with sales in the South making a particularly good showing. Some improvement is noted in demand for shelf hardware and the general run of merchandise consumed mainly in the rural sections. Prices were generally steady with the preceding month, but the average is below that of a year ago.

Iron and Steel Products — Business in this classification shows less than the usual seasonal improvement and purchasing of raw, finished and semi-finished materials is under expectations. Despite the fact that shipments have declined slightly as compared with recent months, the fourth quarter of the year opened with unfilled orders substantially reduced in many instances, and with the average below that of the corresponding period a year ago. Automobile interests and the railroads are not specifying or purchasing in quantities anticipated, and the outlet through the building industry, except on a limited number of commodities, has developed a narrowing tendency. Demand for oil country goods also continues backward, and is considerably less than is ordinarily the case at this time of year. Some specialty makers, notably of heating apparatus, farm implements and certain varieties of machinery, report activity in their lines, with sales volume larger than at the corresponding period last year. Producers of sheets have had a fair business, but their sales have been to miscellaneous users rather than the usual consumers of large tonnage. Fabricators of structural steel report a slowing down in new business, and decrease in unfilled orders. Standard structural shapes and the general run of building materials are quiet, but there continues an excellent demand for reinforcing concrete bars, and producers of this material have been operating on full time schedules. Tin plate and galvanized roofing have been in active demand, particularly through the South. Competition is unusually keen in all sections of the industry, and the trend of prices is lower. Iron and steel scrap sustained a further decline,

with heavy melting steel touching the lowest point in recent years during early October. For the sixth consecutive month, production of pig iron for the country as a whole declined in September, the 2,781,594 ton output of that month comparing with 2,950,674 tons in August and 3,163,269 tons in September, 1926. Purchasing of pig iron was in light volume and confined mainly to immediate requirements. production of steel ingots in the United States in September totaled 3,232,108 tons, against 3,470,903 tons in August and 3,913,383 tons in September, 1926.

Lumber — Business generally in the lumber industry in this district during the past thirty days was quiet and unsatisfactory. All groups of domestic consumers are purchasing for immediate requirements only, and in the hardwood division production is running ahead of demand, with the result that stocks are accumulating and the trend of prices is lower. Consumption of hardwoods is on a liberal scale, and the present depression is partly explained by the fact that numerous users stocked up heavily prior to the floods, and are still working off their surplus. Demand for Southern pine and other softwoods by the building industry shows the usual seasonal contraction, and purchasing by the railroads and equipment builders is quiet. In the immediate past, however, some improvement has been noted in demand for timbers for bridge and trestle work. Prices on the better grades of yellow pine were lower, but flooring and drop siding in this wood showed a firmer tendency.

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		Stock on hand		*Stock turnover	
	Sept. 1927 comp. to Sept. 1926	9 months ending Sept. 30, 1927 to same period 1926	Sept. 30, 1927 comp. to Sept. 30, 1926	Sept. 30, 1927	January 1 to September 30, 1927	1926
Evansville	+17.0%	+17.3%	+24.6%	1.66	1.56	
Little Rock.....	3.9	4.4	1.0	1.73	1.74	
Louisville	4.2	0.5	9.7	2.35	2.17	
Memphis	1.3	5.1	11.0	2.01	1.99	
Quincy	14.3	8.1	4.5	1.60	1.52	
St. Louis.....	9.0	2.8	1.9	2.40	2.40	
Springfield, Mo. —	2.3	9.8	4.9	1.15	1.23	
8th District.....	6.9	2.9	3.7	2.23	2.20	

*The new method of release for stock turnover figures shows the actual number of times stock has been turned over during a given period. The figure for the Eighth District during the first nine months of 1927 is 2.23. This means that the average amount of stocks of all reporting stores had been turned over two and twenty-three one-hundredths times between January 1 and September 30.

	Net sales comparison		Stocks on hand	
	Sept. 1927 compared to Sept. 1926	Aug. 1927	Sept. 1927 compared to Sept. 1926	Aug. 1927
Men's furnishings.....	-13.5%	+29.8%	+ 8.9%	+33.2%
Boots and shoes.....	8.9	+ 6.7	-26.7	-18.3

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electricity by selected industrial customers in September as being 1.3 per cent smaller than during the preceding month, but 4.3 per cent greater than in September, 1926. In both the yearly and month-to-month comparison changes were irregular. Smaller loads were taken by ice and electric refrigeration plants, also some iron and steel interests. Gains were shown by flour mills, railroad shops, furniture plants and some miscellaneous industries. The closing down of important automobile assembly plants was responsible for the major part of the loss in two cities. Detailed figures follow:

	No. of Customers	Sept. 1927	Aug. 1927	Sept. 1927	Sept. 1926	Sept. 1927
		*K.W.H.	*K.W.H.	comp. to Aug. 1927	*K.W.H.	comp. to Sept. 1926
Evansville	40	1,272	1,260	+ 0.9%	1,210	+ 5.1%
Little Rock	35	1,843	1,997	- 7.8	1,631	+13.0
Louisville	83	6,127	6,020	+ 1.8	5,372	+14.1
Memphis	31	1,459	1,034	+41.1	1,471	- 0.9
St. Louis	109	17,797	18,534	- 4.0	17,632	+ 0.9
Totals	298	28,498	28,845	- 1.3	27,316	+ 4.3

*In thousands (000 omitted).

The following figures compiled by the Department of the Interior, show kilowatt production for lighting and industrial purposes for the country as a whole:

	By water power	By fuels	Totals
August, 1927	2,385,790,000	4,246,612,000	6,632,402,000
July, 1927	2,434,639,000	4,021,328,000	6,455,967,000
August, 1926	2,089,743,000	4,030,489,000	6,120,232,000

BUILDING

In point of dollar value, building permits for new construction in the five largest cities of the district during September showed a decrease of 25.4 per cent as compared with the preceding month, and of 6.9 per cent as compared with September, 1926. According to figures compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District in September totaled \$32,572,662, which compares with \$34,133,834 in August and \$35,187,306 in September, 1926. A slight decline in building costs was noted in the month, due to lower prices of certain materials. Production of portland cement for the country as a whole during September totaled 17,492,000 barrels, against 18,315,000 barrels in August, and 16,571,000 barrels in September, 1926. Building figures for September follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1927	1926	1927	1926	1927	1926	1927	1926
Evansville	352	399	\$ 302	\$ 335	63	87	\$ 18	26
Little Rock	34	64	163	1,581	124	137	40	108
Louisville	180	263	1,976	1,105	87	87	132	98
Memphis	262	290	863	1,490	149	150	79	165
St. Louis	674	869	2,949	2,205	450	426	302	559
Sept. totals	1,502	1,885	\$6,253	\$6,716	873	887	\$ 571	\$956
Aug. totals	1,800	1,965	8,381	5,835	862	1,148	763	1,244
July totals	1,547	1,798	8,818	5,844	796	828	871	1,266

*In thousands of dollars (000 omitted).

POSTAL RECEIPTS

Returns from the five largest cities of the district show a decrease in postal receipts for the third

quarter of 1927 of 4.8 per cent under the preceding three months, and of 0.5 per cent under the third quarter of 1926. Detailed figures follow:

	For Quarter Ending			Sept. 30, 1926	Sept. 1927 comp. to Sept. 1926
	Sept. 30, 1927	June 30, 1927	Mar. 31, 1927		
Evansville	\$ 166,000	\$ 167,000	\$ 162,000	\$ 150,000	+10.6%
Little Rock	224,000	199,000	237,000	268,000	-16.5
Louisville	719,000	733,000	739,000	678,000	+ 6.0
Memphis	562,000	512,000	517,000	514,000	+ 9.3
St. Louis	2,942,000	3,251,000	3,536,000	3,023,000	- 2.7
Totals	\$4,613,000	\$4,862,000	\$5,191,000	\$4,633,000	- 0.5

AGRICULTURE

While agricultural conditions were not entirely favorable during the past thirty days, improvement in prospects took place in this district as compared with the similar period immediately preceding. As contrasted with earlier months this year, there was very decided betterment, though results in a majority of crops will be short of those last year and the five-year average. According to the U. S. Department of Agriculture, the composite condition of all crops in states entirely or partly within the Eighth Federal Reserve District was 91.8 per cent on October 1, as against 88.9 per cent on September 1, and 105.4 per cent on October 1, 1926. This indicates that crops were 8.2 per cent below their average condition on October 1. The improvement was due to results of the spell of warm, clear weather in September, which materially helped corn, cotton, tobacco and some less important crops.

The dry spell, however, was followed by excessive rains, which did more or less damage, particularly in sections where it was accompanied by high winds. Flood conditions again developed along some tributaries of the Mississippi River, and late planted corn and other crops were damaged. Such damage, however, was localized, and not great in extent. Recent frosts were not sufficiently severe to result in much injury, and in some localities were beneficial. The trend of prices of a number of agricultural products was lower, with declines being noted in corn, cotton, oats, and some fruits and vegetables from the high point of the season. The general average, even with the recessions, continues considerably above that at the corresponding period a year ago.

Corn — The indicated yield of corn in this district, based on the October 1 condition, is 316,160,000 bushels, an increase of 14,600,000 bushels over the September 1 estimate, and comparing with 393,007,000 bushels harvested last year. While considerable progress toward maturity took place during the favorable spell of weather in September, the crop is still unusually late. Much corn was prematurely ripened, and excessive rains in late September and early this month gave a setback to maturing, the cool weather materially slowing down

development. In many important producing counties corn was blown down badly by the recent storms and due to lack of curing weather much chaffy and light corn will be included in the crop. With the improved prospects since mid-summer, a rather sharp decline in prices took place, the December option in St. Louis dropping from \$1.16¾ on August 18, to 85c on October 15. For the country as a whole the corn crop is estimated at 2,603,437,000 bushels, against 2,646,853,000 bushels in 1926, and a five-year average of 2,766,561,000 bushels.

Winter Wheat — While seeding of winter wheat has been delayed in certain sections by excessive rainfall, and acreage in many instances is less than intended, good progress has been made, and early reports indicate that the total area in this district will be slightly greater than was planted last fall. Early seeded wheat is showing up favorably, and soil conditions are almost universally excellent. The 1926-1927 crop in this district is estimated at 41,038,000 bushels against 54,574,000 bushels the year before.

Oats — Production of oats in this district is estimated at 44,301,000 bushels, against 59,031,000 bushels harvested in 1296.

Fruits and Vegetables — The apple crop in this district, which was already short, suffered further deterioration during September. The drop in all sections was unusually heavy, and the unfavorable growing season is being reflected in poor quality. In states entirely or partly within the Eighth District the crop is estimated at 11,590,000 bushels, of which 1,575,000 barrels represent commercial crop, against 33,604,000 bushels in 1926, of which 2,949,000 barrels were commercial crop. The final estimate for peaches in these states is 4,484,000 bushels against 11,203,000 bushels harvested in 1926, and a five-year average of 8,153,000 bushels. The grape yield is only about half as large as last year, and 3,348 tons less than the five-year average. Based on the October 1 condition, the white potato crop in this district is estimated at 13,239,000 bushels, against 13,003,000 bushels last year. Except where moisture was over-abundant, the condition of gardens improved somewhat, and the late commercial tomato crop is turning out better than expected. There was little change in prospects for sweet potatoes, and the crop will be slightly larger than last year's or the five-year average.

Live Stock — No change worthy of note took place in the live stock situation as compared with the preceding thirty days. Pastures are in excellent condition, and feeds plentiful. The improved corn prospects have created a strong demand for hogs

to fatten. Cattle continue scarce with prices the highest since 1920. Milk and egg production declined during the period under review.

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

	Receipts			Shipments		
	Sept. 1927	Aug. 1927	Sept. 1926	Sept. 1927	Aug. 1927	Sept. 1926
Cattle and Calves.....	152,045	180,017	185,144	109,988	115,656	130,980
Hogs	243,684	313,683	296,144	186,967	231,366	209,939
Horses and Mules....	7,231	3,347	5,747	7,174	2,617	6,111
Sheep	53,320	74,063	91,465	23,085	18,942	67,287

Cotton — Based on the October 1 condition the yield of cotton in this district is estimated at 2,224,000 bales, which compares with 3,349,000 bales produced in 1926. For the entire country a crop of 12,678,000 bales is estimated, against 17,977,000 bales in 1926. In Arkansas, Missouri and Tennessee the crop improved somewhat during September in response to more favorable weather. Harvesting conditions have been good, but the movement to market is late. In the overflowed areas where planting was delayed there are still many green bolls, and in these sections the yield is still dependent on weather conditions. Prices receded from the season's high point, reached in the first week of September, but the average continues well above the corresponding period last year. Stocks of cotton in Arkansas warehouses on October 14 were 212,414 bales, against 475,713 bales on the corresponding date last year.

Tobacco — Cutting and housing of the tobacco crop in all districts is practically completed. Conditions were not favorable for late tobacco, which made poor progress and at the time of cutting was green and poorly developed and is expected to show a heavy proportion of low grade leaf. This is true of both the burley and dark tobacco sections. Early tobacco is in generally good condition in the barns. Under seasonable weather, with sufficient moisture to permit the tobacco to come in good order, curing has properly developed. Buying of the new fired dark crop has commenced in the Clarksville and Springfield, Tennessee districts, with most of the leading interests participating. Prices for the better grades are higher than at the opening of the market last year or in 1925.

Rice — Very little change in prospects for the rice crop in this district took place during the past thirty days. Cutting of the early varieties is practically completed, and considerable progress has been made with threshing. With favorable weather most of the mills have commenced operating. Demand for clean rice has improved in the immediate past, but initial prices have been slightly below those at the corresponding period last year.

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

October 15, 1927, with closing quotations on the latter date and on October 15, 1926.

	Close		Oct. 15, 1927		Oct. 15, 1926	
	High	Low				
Wheat						
Dec.per bu.	\$1.31	\$1.27		\$1.30		\$1.39½
May	1.36	1.34¾		1.35½		1.47½
No. 2 red winter	1.54	1.39	\$1.44@	1.45	\$1.41 @	1.42
No. 2 hard.....	1.32	1.27	1.31@	1.32	1.42½@	1.43
Corn						
Dec.	1.02	.85		.85½		.76
May	1.02½	.90½		.90½		.84¾
No. 2 mixed.....	.96½	.86½		.86½		
No. 2 white.....	.99	.87	.87@	.88	.79 @	.79½
Oats						
No. 2 white.....	.53	.49	.50@	.51	.45 @	.46
Flour						
Soft patent.....per bbl.	7.50	7.00	7.00@	7.50	7.00 @	7.50
Spring patent.....	6.75	6.60	6.65@	6.75	7.20 @	7.40
Middling cotton.....per lb.	.20¾	.19¾		.19¾		.13
Hogs on hoof.....per cwt.	12.15	9.25	10.50@	11.85	11.00 @	14.15

FINANCIAL

The lower trend in interest rates, noted in the preceding issue of this report, continued during the past thirty days. While the general demand for credit accommodation from commercial and industrial sources was greater than a month earlier, available supply of money was more than sufficient to meet all requirements and many banks were seeking investment for surplus funds. Borrowing by mercantile interests in the chief centers of population showed little change in average volume from the month before, new commitments being counterbalanced by settlement of previous loans. October payments to wholesale and jobbing interests, notably boots and shoes and dry goods, were satisfactory and resulted in a reduction of their banking commitments, though the total continues slightly above that at the same time last year. Increased demands for agricultural financing in the south to handle cotton, tobacco, rice, cottonseed and other seasonal commodities has been in a measure offset by liquidation in the typical grain areas. Some improvement in the demand for cattle loans was noted, due mainly to betterment in corn prospects and abundant hay and fodder crops. Requirements of manufacturers and distributors of building materials are still at a high level, though somewhat under the same period last year. Beginning the first week of September, loans based on stocks and bonds decreased, and early this month were at the lowest point since July. Loans and discounts of the reporting member banks increased steadily during the period under review, and in the second week of October touched a new high point for the year. Deposits of these banks also moved upward and reached a record high for the year on October 12. Discounts of this bank fluctuated irregularly during the past thirty days, but without any definite trend, and throughout the period were uniformly below those at the corresponding time in 1926. At the St. Louis banks current interest rates were as follows: Prime commercial loans, 4 to 5 per cent; interbank loans, 4½ to 5¼ per cent; collateral loans, 4½ to 5 per cent; loans secured by ware-

house receipts, 4½ to 5 per cent, and cattle loans, 5½ to 6 per cent.

Federal Reserve Operations — During September the Federal Reserve Bank of St. Louis discounted for 198 member banks, against 198 in August and 222 in September, 1926. The discount rate remained unchanged at 3½ per cent. Changes in the principal assets and liabilities of this institution as compared with the preceding month and a year ago appear in the following table:

	*Oct. 22, 1927	*Sept. 22, 1927	*Oct. 22, 1926
Bills discounted.....	\$25,948	\$31,255	\$48,648
Bills bought.....	3,965	4,796	4,182
U. S. Securities.....	36,900	35,537	19,610
Total bills and securities.....	\$66,813	\$71,588	\$72,440
F. R. notes in circulation.....	52,214	43,905	46,074
Total deposits.....	83,077	79,278	82,702
Ratio of reserves to deposits and F. R. Note liabilities.....	57.7%	49.9%	50.6%

*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.

	*Sept. 1927	*Aug. 1927	*Sept. 1926	Sept. 1927 comp. to Aug. 1927	Sept. 1926
E. St. Louis & Nat'l. Stock Yards, Ill. \$	50,267	\$ 54,122	\$ 56,434	- 7.1%	-10.9%
El Dorado, Ark.....	9,285	8,412	11,903	+10.4	-22.0
Evansville, Ind.....	47,857	48,165	43,032	- 0.6	+11.2
Fort Smith, Ark.....	14,022	12,176	14,045	+15.2	- 0.2
Greenville, Miss.....	3,670	3,071	4,319	+19.5	-15.0
Helena, Ark.....	5,083	3,145	4,982	+61.6	+ 2.0
Little Rock, Ark.....	82,316	71,474	88,897	+15.2	- 7.4
Louisville, Ky.....	185,510	177,753	180,109	+ 4.4	+ 3.0
Memphis, Tenn.....	180,208	127,390	151,474	+41.5	+19.0
Owensboro, Ky.....	5,366	5,452	4,785	- 1.6	+12.1
Pine Bluff, Ark.....	13,119	10,927	12,779	+20.1	+ 2.6
Quincy, Ill.....	12,600	12,869	12,353	- 2.1	+ 2.0
St. Louis, Mo.....	700,930	689,763	702,417	+ 1.6	- 0.2
Sedalia, Mo.....	4,825	4,244	4,685	+13.7	+ 3.0
Springfield, Mo.....	14,922	14,327	15,431	+ 4.2	- 3.3
Totals.....	\$1,329,980	\$1,243,290	\$1,307,645	+ 7.0	+ 1.7

*In thousands (000 omitted).

Condition of Banks — Loans and discounts of reporting member banks on October 19 showed an increase of 2.1 per cent compared with September 14, and a decrease of 3.9 per cent as contrasted with October 13, 1926. Deposits increased 2.4 per cent between September 14 and October 19, and on the latter date were 1.8 per cent larger than on October 13, 1926. Composite statement follows:

	*Oct. 19, 1927	*Sept. 14, 1927	*Oct. 13, 1926
Number of banks reporting.....	31	31	31
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't obligations.....	\$ 4,233	\$ 4,447	\$ 6,887
Secured by other stocks and bonds.....	207,656	202,803	188,221
All other loans and discounts.....	302,430	296,285	339,873
Total loans and discounts.....	\$514,319	\$503,535	\$534,981
Investments			
U. S. Gov't securities.....	75,585	70,942	62,391
Other securities.....	126,049	123,933	116,100
Total investments.....	\$201,634	\$194,875	\$178,491
Reserve balance with F. R. Bank.....	48,613	46,195	48,067
Cash in vault.....	7,715	7,224	8,642
Deposits			
Net demand deposits.....	407,177	398,333	415,569
Time deposits.....	237,689	236,385	218,319
Government deposits.....	5,968	620	5,176
Total deposits.....	\$650,834	\$635,338	\$639,064
Bills payable and rediscounts with Federal Reserve Bank			
Secured by U. S. Gov't obligations.....	15,700	7,771	6,842
All other.....	527	6,685	14,940

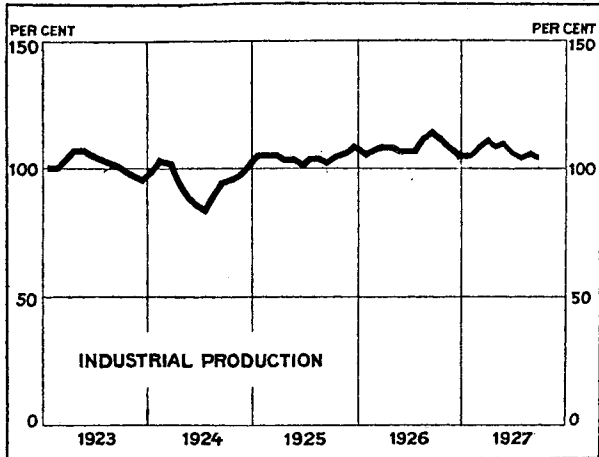
*In thousands (000 omitted).

(Compiled Oct. 22, 1927)

BUSINESS CONDITIONS IN THE UNITED STATES

PRODUCTION—The Federal Reserve Board's index of both manufacturing and mineral production, in which allowance is made for usual seasonal variations, decreased between August and September. Production of iron and steel was in smaller volume in September than in any month since 1925. There were also decreases from August to September in the output of nonferrous metals, automobiles, and rubber tires, while the textile and shoe and leather industries continued active.

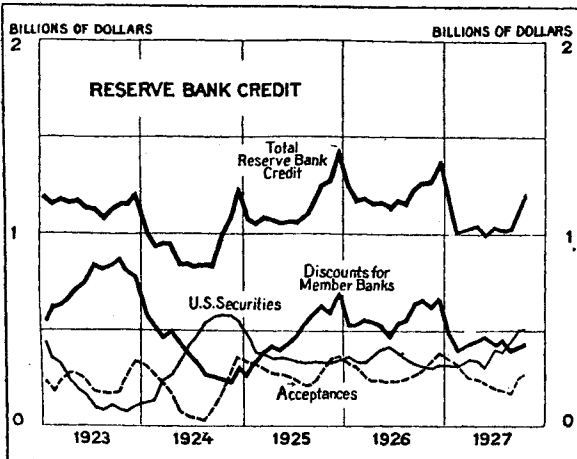
Production of bituminous coal showed about the usual seasonal increase in September and October, but continued smaller than during the same period of other recent years.



Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average=100). Latest figure September, 105.

The output of anthracite was considerably reduced during September and the first half of October, following an increase in August, and the weekly output of crude petroleum has decreased slightly since the early part of August. The value of building contracts awarded continued somewhat smaller during September and the first three weeks of October than during the corresponding period of 1925 or 1926. Declines occurred in contracts for residential, commercial, industrial, and educational buildings, while contracts for public works and public utilities were larger in September than in the corresponding month of any previous year.

Crop conditions improved in September and the Department of Agriculture's estimates for October 1 indicate larger yields of most grain crops than were expected a month earlier.

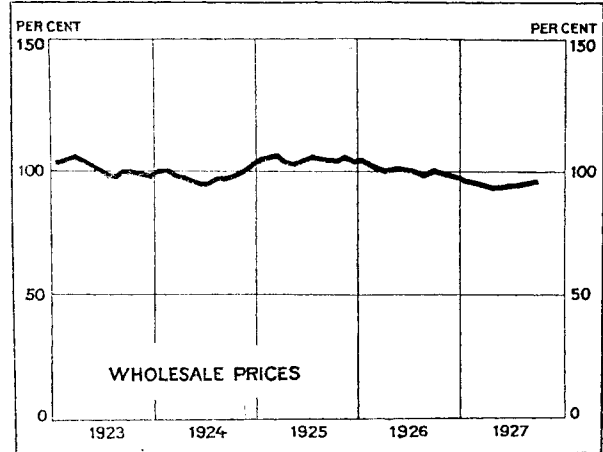


Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 23 days in October.

DISTRIBUTION—Trade of wholesale and retail firms increased in September by somewhat less than the usual seasonal amount. Compared with a year ago sales of wholesale firms in nearly all lines, except shoes and drugs, were smaller. Sales of department stores were in about the same volume and those of mail order houses and chain stores were somewhat larger. Inventories of merchandise carried by reporting wholesale firms in leading lines were reduced in September and continued smaller than last year. Stocks of department stores, on the other hand

increased slightly more than usual in September and at the end of the month were somewhat larger than a year ago. Freight carloadings were smaller during September and the first week of October than in the corresponding period of last year for all groups of commodities except grain and grain products, of which loadings were larger than in the same period of any previous year since 1924.

PRICES—Wholesale commodities prices advanced in September for the fourth consecutive month, and the Bureau of Labor Statistics all commodities index rose to the highest level since last January. There were larger increases between August and September in the prices of

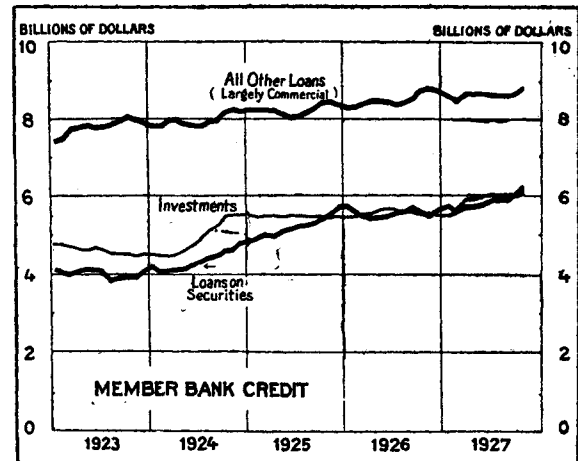


Index of United States Bureau of Labor Statistics (1926=100 base adopted by bureau). Latest figure, September 96.5.

livestock, meats and cotton and smaller advances in leather, coal, and chemicals, while grains, building materials, and rubber declined. During the first three weeks in October prices of spring wheat, corn, cotton, coal, and iron and steel declined while prices of livestock, raw wool and rubber advanced.

BANK CREDITS—Total loans and investments of member banks in leading cities showed a further increase for the four weeks ending October 19 and on that date were about \$660,000,000 larger than in midsummer. Of this growth in member bank credit about \$325,000,000 represented an increase in commercial loans, considerably smaller than for the same period last year, and about \$335,000,000 increase in investments and loans on securities.

At the Reserve banks total bills and securities increased during the four weeks ending October 19, as usual at this



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

season, but were on the average about \$60,000,000 below the level of the corresponding period last year. The increase, which was largely in the form of additions to the banks' holdings of acceptances, reflected chiefly an increase in member banks reserve requirements and an export demand for gold.

Some seasonal firmness in the money market in October was reflected in an increase from $3\frac{1}{8}$ to $3\frac{1}{4}$ per cent in rates on 90-day bankers' acceptances; the rate on commercial paper remained unchanged at 4 per cent.