

# FEDERAL RESERVE BANK OF ST. LOUIS



## MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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THE past thirty days have been marked by further slight recessionary tendencies in trade and industry in this district. Wholesale and jobbing reflect somewhat more than the usual seasonal downward trend, and in a number of important manufacturing lines activities were at a reduced rate, both as compared with the month before and corresponding period last year. Retail trade was adversely affected by unfavorable weather, the unusually high temperatures during the latter part of November and early this month having a retarding influence on the movement of seasonal merchandise. However, production and distribution of commodities is still on a large scale, and through the south, where cotton, tobacco and rice are being marketed, the tone of business has improved and considerably more optimism exists relative to business prospects than has been the case for a number of months. In the typical grain areas crops have turned out much better than expected, and in most instances purchasing power of the agricultural communities has been substantially augmented.

Christmas holiday shopping in the large centers of population got a later start than usual, and the volume is under that of the corresponding period last year or in 1925. Since the first week of December, however, colder weather has served to stimulate buying, and retailers report an accelerated movement of all varieties of goods. November sales of department stores in leading cities of the district showed a small decrease under the total for the same month last year, but fair gains were registered by mail order houses and five and ten-cent stores. Debits to individual accounts in November were smaller by 2.8 per cent than in the preceding month, but 5.5 per cent larger than in November, 1926. There was a further decrease in freight traffic of railroads operating in the district, and the total was below that of a year ago, though greater than in any year prior to 1926. Building permits issued in the five largest cities of the district in November

showed a sharp gain over a month and a year earlier.

In a majority of wholesale lines investigated, November sales fell below the totals of the same month in 1926. Production in the iron and steel industry decreased further, and distribution of automobiles was smaller than in any month since last January. According to reports of the Employment Service, United States Department of Labor, employment decreased slightly during the past thirty days. The decrease, however, was mainly seasonal in character, and was no greater than the average at this period during the past five years. Forces at a number of steel mills and iron foundries were reduced, and fewer workers were employed at packing plants and lumber and flour mills. Increased employment was reported among clerks and general help in the retail stores, also in printing establishments and in tobacco warehouses and factories.

While colder weather since the first of this month has resulted in a slightly improved demand for fuel, the coal trade continued quiet and unsatisfactory. High temperatures during November coupled with heavy storage reserves in hands of industrial consumers and distributors militated against placement of the usual seasonal tonnages by producers. Despite the fact that production in the Illinois and Indiana fields is at a low rate, there is an over-supply of virtually all grades and sizes of bituminous coal in that territory. Purchasing by railroads and public utilities companies is light, and certain operators report that it is difficult to sell spot coal even at prices below the cost of production. In the Kentucky fields dullness was emphasized by the closing of the lake-shipping season, and readjustment of production schedules was being effected. The general demand for domestic coal in the rural sections is below the usual seasonal average, and in the large cities dealers complain of increasing competition of oil-burning heating apparatus. Conditions considered, however, prices were

fairly well maintained, particularly on steaming coal. For the country as a whole the total quantity of soft coal produced during the calendar year to December 3, approximately 285 working days, was 482,559,000 tons, against 528,360,000 tons for the corresponding period in 1926 and 474,094,000 tons in 1925.

Freight traffic of railroads operating in this district again fell below that of the corresponding period last year, but the volume exceeded that of any year prior to 1926. For the country as a whole loading of revenue freight during the first 48 weeks of this year, or to November 26, totaled 48,282,045 cars, against 49,349,988 cars for the corresponding period in 1926 and 47,523,818 cars in 1925. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 196,502 loads in November, against 224,460 loads in October and 215,290 loads in November, 1926. During the first nine days of December the interchange amounted to 59,245 loads, which compares with 60,566 loads during the corresponding period in November, and 61,719 loads during the first nine days of December, 1926. Passenger traffic of the reporting lines in November decreased 10 per cent as compared with the same month last year. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans for November was 115,000 tons, against 104,923 tons (revised figures) in October, and 104,450 tons in November, 1926.

Reports relative to collections during the past thirty days indicate generally satisfactory conditions. In the large centers wholesalers' December 1 settlements were well up to expectations, with results in the dry goods, boot and shoe and hardware lines particularly good. In the cotton, tobacco and rice areas excellent liquidation is reported by both merchants and bankers, including a considerable volume of past-due indebtedness. Retail collections generally in the country have shown steady improvement since the end of September, and retailers in the city are for the most part getting in their money promptly. Some backward spots still exist, but these are confined to sections affected by unfavorable local conditions. Answers to questionnaires addressed to representative interests in the several lines through the district showed the following results:

	<u>Excellent</u>	<u>Good</u>	<u>Fair</u>	<u>Poor</u>
November, 1927.....	2.7%	36.4%	54.1%	6.8%
October, 1927.....	1.3	38.5	52.5	7.7
November, 1926.....	1.4	29.7	59.5	9.4

Commercial failures in the Eighth Federal Reserve District during November, according to Dun's numbered 93, involving liabilities of \$3,476,584, against 63 defaults in October with indebtedness

of \$1,345,463, and 69 failures for \$806,848 in November, 1926.

The per capita circulation of the United States on December 1, 1927, was \$41.22, against \$41.25 on November 1, 1927, and \$42.62 on December 1, 1926.

## MANUFACTURE AND WHOLESALE

**Automobiles**—Combined passenger car and truck production in the United States during November totaled 133,202, which compares with 221,292 in October and 255,960 in November, 1926.

There was a further decline in distribution of automobiles in this district during the past thirty days, both as compared with the similar period immediately preceding and a year ago. Aggregate sales of the reporting dealers were the smallest since last January, and as has been the case for the past several months, the major portion of the decline was represented in the low priced car category. Taken as a whole, business in the more expensive makes showed improvement over October, a number of important dealers reporting good increases. In the rural areas there was a disposition to await the appearance of new models before making commitments, but in a number of localities, particularly in the South, country dealers report inquiries and prospects more numerous than has been the case since last spring. Business in accessories and replacement parts continues to hold up relatively well, sales in November being slightly larger than during the month before, and only 2.1 per cent less than in November last year. Sales of new passenger automobiles during November by 320 dealers scattered through the district were 5.1 per cent less than in October, and 16.2 per cent under the November, 1926, total. Stocks of new cars on hand on December 1 were 6.3 per cent larger than thirty days earlier, but 4.2 per cent smaller than on December, 1, 1926. Sales of used cars in November totaled larger than in October, and also recorded a small gain over the November total last year. The ratio of deferred payment sales to total retail sales of the reporting dealers was 48.3 per cent in November, as compared with 50.3 per cent in October, and 61.4 per cent in November, 1926. No change worthy of note took place in the tire situation as contrasted with the preceding thirty days.

**Boots and Shoes**—November sales of the 5 reporting interests were 15.5 per cent larger than for the same month in 1926, and 5.5 per cent larger than the October total this year. Stocks on December 1 were 1.5 per cent below those on the same date in 1926, and 9.8 per cent larger than on November 1 this year. Business was reported satisfactory generally through the line, with winter goods making a particularly good showing. Sales of overshoes

and kindred goods were the largest for any similar period in more than a year, and considerable reordering was in progress. The price trend of boots and shoes continues upward, mainly in sympathy with the strength in raw materials. A slight reduction in factory operations as compared with the preceding month was noted.

**Clothing** — Some improvement in demand for heavyweight apparel has taken place since the first of this month, but the movement of seasonal clothing through retail continues disappointing. Due to reduced production of men's winter clothing, however, retail stocks are of moderate size, and no greater than the average carryover is expected. Sales of work clothing are holding up fairly well, with results in the south making a relatively better showing than other sections of the district. Purchasing of women's suits and the general line of children's clothing for spring has been satisfactory, several important interests reporting totals in excess of those at the corresponding period last year. November sales of the reporting clothiers were 13.3 per cent larger than for the same month in 1926, and 0.6 per cent larger than for October this year.

**Drugs and Chemicals** — As compared with the same month last year, November sales of the 9 reporting firms showed an increase of 1.5 per cent, and the total was 3.0 per cent less than in October this year. Sales of holiday goods picked up substantially during the last half of November and materially assisted the total for that month. There was the usual seasonal falling off in purchasing of heavy drugs by the manufacturing trade, which, however, was partially offset by increased sales of denatured alcohol and other seasonal merchandise. Demand for sundries and paper goods was reported active.

**Dry Goods** — Business in this classification decreased rather sharply, both as compared with the preceding month and a year ago. November sales of the 8 reporting firms were 18.6 per cent less than in the same month in 1926, and 11.8 per cent under the October total this year. Demand for piece goods was less active than heretofore, and the general run of staples was quiet. Purchasing of holiday goods was belated, but picked up during the last half of November. Advance business of the reporting interests is substantially larger than at the time last year, with hosiery, underwear, silks, and the general line of ready-to-wear garments making a particularly favorable showing. Stocks on December 1 were 2.0 per cent larger than a month earlier, and 24.8 per cent larger than on December 1, 1926.

**Electrical Supplies** — November sales of the 5 reporting interests were 7.2 per cent less than for the same month last year, and 2.5 per cent above

the October total this year. Stocks on December 1 were 5.5 per cent larger than a month earlier, and 23.1 per cent greater than on December 1, 1926. There was the usual seasonal slowing down in demand from the building industry and public utilities companies, but this was offset in part by increased purchasing of radio material and household accessories. Holiday goods generally were taken in good volume, with sales of small motors and lamps especially large. No price changes worthy of note were reported as compared with levels prevailing during the preceding thirty days.

**Flour** — Production at the 12 leading mills of the district in November totaled 342,510 barrels, against 376,675 barrels in October, and 375,575 barrels in November, 1926. Stocks of flour in St. Louis on December 1 were 0.2 per cent less than on November 1 and 18.0 per cent larger than on December 1, 1926. Mills report quietness in the matter of new buying, but good shipping directions on flour previously purchased. The domestic trade continues on a hand-to-mouth basis, with future buying the smallest for any like period in a number of years. Aside from the usual routine business with Latin-American countries, export trade is quiet. Bids from Europe are mainly below the views of millers, and little business has been booked. Mill operation was at 54 to 58 per cent of capacity.

**Furniture** — November sales of the 14 reporting interests were 9.8 per cent less than for the same month in 1926, and 15.8 per cent under the October total this year. Stocks on December 1 were 3.0 per cent and 33.2 per cent, respectively, less than a month and a year earlier. Manufacturers and jobbers report that retail dealers are purchasing on a hand-to-mouth basis, and large stock orders continue scarce. There was considerably less reordering of holiday goods than usual, and advance sales of merchandise in that category were disappointing. There is a fair demand for office furniture, seating and hospital and hotel equipment, but less activity in office furniture and store fixtures than earlier in the year. No change worthy of note took place in prices as contrasted with the preceding month.

**Groceries** — Business in this classification continued the unbroken declines of recent months. Sales of the 11 reporting interests in November fell 3.0 per cent under those of the same period in 1926, and 4.5 per cent under the October total this year. Stocks on December 1 were 2.8 per cent larger than a month earlier, and 6.2 per cent in excess of those on December 1, 1926. The movement of holiday goods was disappointing, and under the volume of last year or 1925. Retailers are disposed to purchase only for immediate requirements, and there are continued complaints of competition from chain

stores and mail order houses. Prices averaged about steady with the preceding thirty days, advances equalizing declines.

**Hardware**—Improved purchasing of merchandise consumed chiefly in the rural sections and an active movement of holiday package goods were factors in a gain in November sales of the 10 reporting interests of 7.0 per cent over the same month in 1927, but the total was 5.4 per cent under that of October this year. Stocks on December 1 were 24.2 per cent less than a year earlier and 2.8 per cent below those on November 1 this year. The movement of staple hardware is reported generally slow, while the unseasonably warm weather has retarded purchasing of winter goods. Somewhat more than the usual seasonal slump in builders hardware and tools was noted. While retail stocks are generally light, there is a disposition to postpone replenishing until after the inventory period. Sales of sporting goods and hunters' supplies were in satisfactory volume.

**Iron and Steel Products**—Gauged by production, new orders placed and specifications on materials previously purchased, business in this classification showed a further slight decrease during the past thirty days. Sentiment, however, underwent a change for the better, particularly since the first week of this month. The better feeling was based on greater interest in supplies shown by railroads and the automotive industry, inquiries from these and other consumers to cover requirements for the first quarter of 1928 having been larger. Fair orders for rails and track accessories and equipment have been placed and are in prospect, and in the building industry there are a number of important projects calling for large tonnages of iron and steel, which are expected to crystalize into actual business during the next two months. Meanwhile consumption has been on a moderate scale, and there is a general disposition to hold down stocks until after the annual inventory period. Some slowing down in demand for plates, shapes and bars was noted, and there was the usual contraction in all classes of building material. An exception to quietness in the building category was reinforcing material, which continues active, with plants manufacturing this material operating at, or close to capacity. Certain specialty makers report an excellent demand for their wares, notably those producing certain classes of stoves and heating apparatus. Warehousemen report sales below those of the corresponding period a year ago, with especially heavy decreases in items used by the oil and coal industries. Goods consumed largely in the rural districts are moving in satisfactory volume. In primary materials slight improvement in demand has developed since December 1.

Sales of pig iron have gained in volume, ordering for first quarter of 1928 making a fair showing. Scrap iron and steel, after several months of successive price declines, is showing moderate strength, with specific advances from the recent low point recorded on heavy melting steel and other important items. For the country as a whole, production of pig iron in November was the lowest for any month since August, 1925. The total output of 2,661,863 tons in November, compares with 2,812,015 in October and 3,237,992 tons in November, 1926. The price of Southern pig iron declined \$1 per ton, but quotations of Northern iron were unchanged from the preceding thirty days. Steel ingot production in the United States in November totaled 3,101,764 tons, against 3,289,013 in October and 3,705,744 in November, 1926. The average daily rate of ingot production in November was the smallest for any like month since 1921.

**Lumber**—There was little change worthy of note from the dull conditions obtaining in the lumber industry during the preceding two or three months. A temporary stimulation in demand for southern pine resulted from the New England floods, and there was also a fair amount of purchasing of this wood in St. Louis for use in reconstruction operations in the storm devastated areas. Demand from the building industry generally, however, showed the usual seasonal recession. While yard stocks are light, operators are postponing commitments until after the holidays and yearly inventories. As a result orders are few, and usually for small lots of mixed items for immediate shipment. Some improvement was noted in purchasing of lumber by railroad equipment builders, and specifications from the automotive industry have increased slightly. Requirements of the furniture interests and general manufacturing trade are limited. Weather in the south was less favorable for logging and mill operations than during the preceding thirty days.

## 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	
	Nov. 1927 comp. to Nov. 1926	11 months ending Nov. 30, 1927 to same period 1926	Nov. 30, 1927 comp. to Nov. 30, 1926	Nov. 30, 1927	Jan. 1 to Nov. 30, 1927	1926
Evansville .....	+ 6.9%	+15.5%	+17.5%	2.06	1.98	
Little Rock.....	+ 0.5	— 3.5	+ 2.1	2.23	2.24	
Louisville .....	+ 5.1	— 0.9	+ 1.4	2.77	2.74	
Memphis .....	+ 8.3	— 2.8	— 9.0	2.58	2.47	
Quincy .....	+ 5.9	— 6.9	—13.6	2.01	1.89	
St. Louis.....	+ 3.4	— 2.4	— 3.9	3.06	3.04	
Springfield, Mo. +	+ 5.9	— 6.9	+ 1.6	1.46	1.54	
8th District.....	+ 1.4	— 2.3	— 3.5	2.82	2.79	

	Net sales comparison		Stock on hand	
	Nov. 1927 comp. to Nov. 1926	Oct. 1927	Nov. 1927 comp. to Nov. 1926	Oct. 1927
Men's furnishings.....	+ 2.6%	+ 0.8%	+13.1%	+ 1.4%
Boots and shoes.....	— 7.2	— 8.2	+ 0.6	+ 0.7

## CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electric power by selected customers in November as being 7.8 per cent less than in October, but 4.9 per cent greater than in November, 1926. The decrease in the month to month comparison is accounted for chiefly by seasonally smaller loads taken by ice and electric refrigerator plants. Railroad shops, cement plants and flour mills were among the industries showing gains over a year ago. Detailed figures follow:

	No. of Custom- ers	Nov. 1927 *K.W.H.	Oct. 1927 *K.W.H.	Nov. 1927 comp. to Oct. 1927	Nov. 1926 *K.W.H.	Nov. 1927 comp. to Nov. 1926
Evansville.....	40	1,036	1,192	-13.1%	1,147	-9.7%
Little Rock.....	35	1,366	1,487	-8.2	1,291	+5.8
Louisville.....	81	5,405	6,266	-13.8	4,966	+8.8
Memphis.....	31	1,839	1,813	+1.4	1,945	-5.5
St. Louis.....	110	16,633	17,728	-6.2	15,697	+6.0
Totals.....	297	26,279	28,486	-7.8	25,046	+4.9

\*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
October, 1927.....	2,375,527,000	4,528,735,000	6,904,262,000
September, 1927.....	2,223,254,000	4,336,586,000	6,559,840,000
October, 1926.....	2,159,276,000	4,399,920,000	6,559,196,000

## BUILDING

In point of dollar value, building permits issued for new construction in the five largest cities of the district during November were 102.8 per cent larger than in October, and 41.7 per cent in excess of the November, 1926, total. According to figures compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District in November, totaled \$27,793,287, which compares with \$41,404,547 in October, and \$30,585,898 in November, 1926. Labor rates and conditions of employment in the building trades showed no change during the past thirty days. Material prices on structural and reinforcing steel advanced slightly, offsetting the softening in prices of these materials in October. Other materials showed no change worthy of note. Production of portland cement for the country as a whole in November totaled 14,449,000 barrels, against 17,174,000 barrels in October, and 14,193,000 barrels in November, 1926. Building figures for November follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1927	1926	1927	1926	1927	1926	1927	1926
Evansville ..	519	300	\$ 273	\$ 174	56	62	\$ 12	\$ 19
Little Rock	52	53	162	1,039	108	88	36	31
Louisville ...	166	163	2,122	752	37	67	104	117
Memphis ....	195	137	330	1,078	102	201	66	142
St. Louis.....	555	600	4,502	2,173	1,027	337	1,353	855
Nov. totals	1,487	1,253	\$7,389	\$5,216	1,330	755	\$1,571	\$1,164
Oct. totals	1,576	2,025	3,682	5,405	1,415	785	1,947	677
Sept. totals	1,502	1,885	6,253	6,716	873	887	571	956

\*In thousands of dollars (000 omitted).

## AGRICULTURE

Less favorable weather for agricultural operations than during the preceding thirty days was general through the district, and in many sections farm work was interfered with by excessive rains. However, the unusually auspicious conditions for outdoor work during October and early November permitted of six weeks almost uninterrupted activities, and taken as a whole, autumn and early winter routine has been brought well up to the seasonal average of the past decade. Despite the heavy roads and muddy fields, incident to the precipitation, the movement of farm products to market has been in liberal volume. In the case of the chief cereals, special effort has been made to move stocks from farms in order to take advantage of prices prevailing. In the south the movement of cotton from producers to gins, and thence into consumptive channels has been rapid. The tobacco markets have opened with liberal offerings on hand and prices mainly satisfactory. Movement of the rice crop has been retarded somewhat by slack demand and a disposition on the part of some producers to hold for more favorable market conditions.

Most recent reports from many important agricultural sections of the district indicate that crops have been turned out much better than expected. This fact, coupled with mainly satisfactory prices and marketing conditions have resulted in improved economic conditions in the rural areas over those prevailing at the same time last year and in 1925. There has been extensive and general liquidation of indebtedness to merchants and banks, and programs for next year's activities are being formulated with a considerable degree of optimism. The policy of diversification and rotation of the past several years is showing satisfactory results, and farm incomes have been augmented by returns from dairy and poultry products and live stock raising.

**Winter Wheat** — Reports relative to the growing wheat crop indicate rather irregular conditions. For the most part, however, the plant in this district has a better stand than at the corresponding period last year. Due to the favorable weather for planting in October, farmers were generally able to carry out their full intentions relative to acreage, and unofficial reports indicate moderate increases over the area seeded in the fall of 1926. While snow covering was mainly lacking in the recent cold weather, soil conditions are for the most part excellent, with moisture abundant.

**Corn** — Except where delayed by rain, husking and housing of corn has made good progress. Latest husking returns in this district tend to carry

out earlier official estimates of total yields. Quality of corn arriving at primary markets shows wide variation in quality, but moisture content is mainly light, and considerable high-grade corn is included. From some sections, notably, the flooded areas, there are complaints of a deficiency of prime seed corn. In Illinois and Missouri a large amount of corn is being cribbed for feeding on farms. In view of lateness of the planting season and unfavorable growing conditions, a relatively insignificant portion of the crop was injured by frost. In the immediate past there have been complaints of corn moulding in the crib, due to heavy rains and high temperatures.

**Live Stock** — Mild weather through October and early November greatly benefitted pastures, through the district, and farmers were able to carry their stock with relatively little prepared feed to a later date than is ordinarily the case. Reports generally indicate that herds are entering the cold weather in healthy condition. Hog cholera is reported in some sections, but this has been held well in control, and the manifestation is less than the average during the past five years. Hog prices declined to the lowest levels in a number of years, but values of cattle and sheep were well maintained. Feeding of cattle and lambs in this district is on a smaller scale than a year ago.

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

	Receipts			Shipments		
	Nov. 1927	Oct. 1927	Nov. 1926	Nov. 1927	Oct. 1927	Nov. 1926
Cattle and Calves.....	130,862	159,738	151,301	84,341	110,530	90,917
Hogs .....	281,578	248,161	289,015	190,289	183,620	207,568
Horses and Mules....	7,891	11,134	3,906	8,533	9,186	2,996
Sheep .....	35,211	42,013	35,457	17,640	17,032	12,069

**Cotton** — According to the U. S. Department of Agriculture, prospects for cotton in states wholly or partly within this district underwent little change between November 1 and December 1. Total yield in Arkansas, Mississippi, Tennessee and Missouri is estimated at 2,769,000 bales against 2,790,000 bales on November 1. In 1926 these states produced 4,105,000 bales. The sharp decrease in total output, however, is offset by higher prices realized by planters, and farm value of the crop will be higher than last year, and the five-year average, and only 20 to 25 per cent less than the 1925 crop. Demand for cotton at country points has been good, with buyers in many instances paying a premium for it. The crop has moved out very fast, and marketing has been in orderly fashion. Ideal harvesting weather in October and part of November has resulted in relatively little loss in quantity and quality is higher than had been expected earlier in the season. Prices declined during early December to the low point of

the crop year, but still averaged considerably higher than at the corresponding period a year ago. Stocks in Arkansas warehouses on December 9 were 338,292 bales, against 383,113 bales on the same date last year.

**Tobacco** — Loose-leaf markets in the burley and dark tobacco districts have opened with fair sized sales and prices generally higher than a year ago. Hogshead sales of new burley have been made thus far at an average of \$18.66, against \$12.21 at the corresponding date in 1926, and an average of \$17.01 in 1925 and \$21.90 in 1924. Tobacco delivered to the loose-leaf markets in the burley districts has been of medium quantity, with little color or bright leaf. In the dark-fired loose-leaf markets at Springfield, Clarksville and Hopkinsville sales have not been large and quality mainly inferior. The air cured markets on all grades have advanced steadily since they opened. There has been a good demand for old tobacco in the green river district and considerable quantity sold. All sales of growers who are members of the Burley and Dark Tobacco Growers Cooperative Associations will be made at auction over loose leaf floors.

**Rice** — Harvesting and threshing has been practically completed, and with the fine weather attending these operations there was little loss either of quantity or quality. Some slight damage resulted from less favorable weather conditions in late November, but this will not materially effect the total value of the crop. The movement has been heavy, and well above that of the corresponding period a year ago, though in the immediate past there has been a disposition to hold for better prices.

**Commodity Prices** — Range of prices in the St. Louis market between November 15, 1927 and December 15, 1927, with closing quotations on the latter date and on December 15, 1926.

			Close	
			Dec. 15, 1927	Dec. 15, 1926
Wheat				
Dec. ....	per bu.	High Low	\$1.33 1/4 \$1.27 3/4	\$1.28 1/4 \$1.38
May .....	"	1.36 1/2 1.31 3/4	1.30 3/4	1.39 3/4
No. 2 red winter .....	"	1.51 1.40	1.44	\$1.38 @ 1.39
No. 2 hard.....	"	1.38 1.31	\$1.32 @ 1.33	.....
Corn				
Dec. ....	"	.90 .83 1/2	.84 1/2	.....
May .....	"	.98 3/4 .91 1/2	.92 3/4	.83 3/4
No. 2 mixed.....	"	.90 .85	.85	.....
No. 2 white.....	"	.89 1/2 .85 1/2	.86	.75
Oats				
No. 2 white.....	"	.57 1/2 .51 1/2	.57	.....
Flour				
Soft patent.....	per bbl.	7.25 6.25	6.50 @ 7.25	6.75 @ 7.25
Spring patent.....	"	6.55 6.50	6.50 @ 6.60	7.00 @ 7.25
Middling cotton.....	per lb.	.19 1/2 .18 3/4	.19	.11 1/2
Hogs on hoof.....	per cwt.	9.70 7.25	7.35 @ 8.65	10.50 @ 11.75

## FINANCIAL

Demand for credit increased during the past thirty days, but due to generally heavy liquidation and a continued abundance of funds in hands of banks, corporations and individuals, all require-

ments were easily met, and aside from a slightly firmer tendency there was no change in rates. In the principal cities the volume of loans of commercial borrowers increased somewhat, while commitments of industrial interests showed a moderate recession. The amount of Federal reserve bank credit in use in this district was slightly less than during the preceding thirty days, and substantially under the amount at the corresponding period last year. On December 9, the \$11,406,000 of bills discounted was the smallest since last spring.

Country banks in the Northern sections of the district report further liquidation, and in turn they have reduced their commitments with city correspondents and the Federal Reserve Bank. Good liquidation has also taken place in the South, particularly in the cotton areas, where the crop has been marketed under mainly favorable conditions. Country banks in the South are in a great majority of instances closing the year in much better condition than was the case in 1926. Markets have opened in the tobacco areas and the crop is moving into consumptive channels in large volume, and at generally satisfactory prices, with producers extensively employing the proceeds in defraying their indebtedness. In the rice districts there has also been fair liquidation, but due to slack demand and relatively low prices, there is a disposition to hold stocks for more favorable market.

Despite liberal withdrawals of savings for holiday expenditures, total deposits of the reporting member banks moved sharply upward during the period under review, and on December 7 reached a new peak for the year. There was also a sharp upward movement in loans and discounts of these banks, the total on December 7 being the largest this year. Loans based on stocks and bonds increased and were the highest since January, 1926. There was the usual demand for currency for holiday purposes, reflected in a moderate increase in amount of Federal reserve notes in circulation.

At the St. Louis banks current rates of interest were as follows: Prime commercial loans 4 to 5¼ per cent; collateral loans, 4¼ to 5¼ per cent; interbank loans, 4¼ to 5¼ per cent; loans secured by warehouse receipts, 4¼ to 5½ per cent; cattle loans 5¾ to 6 per cent.

**Federal Reserve Operations** — During November the Federal Reserve Bank of St. Louis discounted for 121 member banks, against 109 in October

and 229 in November, 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:

	*Dec. 20, 1927	*Nov. 19, 1927	*Dec. 20, 1926
Bills discounted.....	\$25,435	\$16,238	\$46,661
Bills bought.....	4,369	5,340	13,494
U. S. Securities.....	38,163	42,717	20,644
Total bills and securities.....	\$67,967	\$64,295	\$80,799
F. R. Notes in circulation.....	57,030	53,348	48,137
Total deposits.....	87,000	90,470	81,249
Ratio of reserves to deposits and F. R. Note liabilities.....	57.5%	59.5%	42.3%

\*In thousands (000 omitted).

**Debits to Individual Accounts** — The following 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.

	*Nov. 1927	*Oct. 1927	*Nov. 1926	Nov. 1927 comp. to Oct. 1927	Nov. 1926
E. St. Louis & Nat'l. Stock Yards, Ill..\$	51,820	\$ 49,475	\$ 45,355	+ 4.7%	+14.3%
El Dorado, Ark.....	9,269	10,104	10,383	— 8.3	—10.7
Evansville, Ind.....	46,601	47,706	39,695	— 2.3	+17.4
Fort Smith, Ark.....	15,492	17,838	15,576	—13.2	— 0.5
Greenville, Miss.....	4,197	4,233	5,195	— 0.9	—19.2
Helena, Ark.....	6,464	6,684	4,764	— 3.3	+35.7
Little Rock, Ark.....	101,055	99,742	89,450	+ 1.3	+13.0
Louisville, Ky.....	184,614	195,450	187,432	— 5.5	— 1.5
Memphis, Tenn.....	200,443	218,819	163,009	— 8.4	+23.0
Owensboro, Ky.....	5,167	5,351	4,478	— 3.4	+15.4
Pine Bluff, Ark.....	17,130	18,796	14,797	— 8.9	+15.8
Quincy, Ill.....	13,073	12,556	12,300	+ 4.1	+ 6.3
St. Louis, Mo.....	761,467	770,389	750,257	— 1.2	+ 1.5
Sedalia, Mo.....	4,335	4,873	4,645	—11.0	— 6.7
Springfield, Mo.....	15,200	16,116	14,725	— 5.7	+ 3.2
Totals.....	\$1,436,327	\$1,478,132	\$1,362,061	— 2.8	+ 5.5

\*In thousands (000 omitted).

**Condition of Banks** — Loans and discounts of the reporting member banks on December 14 showed a gain of 4.1 per cent as compared with November 16, and an increase of 3.7 per cent as compared with December 15, 1926. Deposits increased 1.3 per cent between November 16 and December 14, and on the latter date were 8.1 per cent larger than on December 15, 1926. Composite statement follows:

	*Dec. 14, 1927	*Nov. 16, 1927	*Dec. 15, 1926
Number of banks reporting.....	31	31	31
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't. obligations.....	\$ 5,095	\$ 4,996	\$ 6,441
Secured by other stocks and bonds.....	213,038	207,472	195,663
All other loans and discounts.....	318,969	303,244	315,762
Total loans and discounts.....	\$537,102	\$515,712	\$517,866
Investments			
U. S. Gov't. securities.....	78,152	76,515	61,889
Other securities.....	115,973	126,416	120,006
Total investments.....	\$194,125	\$202,931	\$181,895
Reserve balance with F. R. Bank.....	50,898	52,793	48,823
Cash in vault.....	9,417	7,941	9,215
Deposits			
Net demand deposits.....	448,994	430,232	417,153
Time deposits.....	234,414	238,360	211,434
Government deposits.....	374	6,413	3,884
Total deposits.....	\$683,782	\$675,005	\$632,471
Bills payable and rediscounts with F. R. Bank			
Secured by U. S. Gov't. obligations.....	5,895	3,905	9,416
All other.....	963	4	14,419

\*In thousands (000 omitted).

(Compiled Dec. 20, 1926)



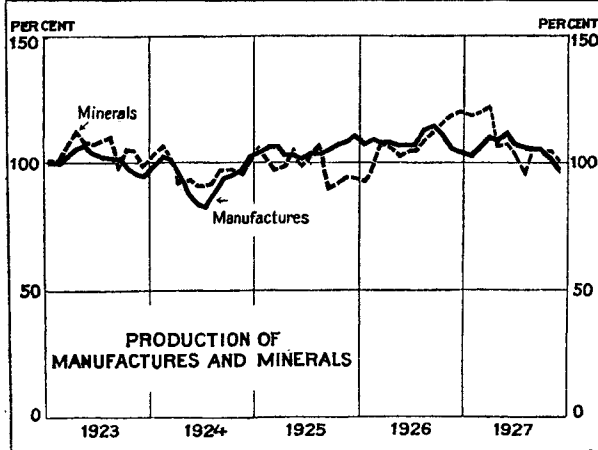
## BUSINESS CONDITIONS IN THE UNITED STATES

Industrial activity and freight car loadings declined further in November, while retail trade showed more than the usual seasonal increase. The general level of wholesale commodity prices, after advancing for four months, remained practically unchanged in October and November.

**Production**—Output of manufacturers and minerals was reduced in November and the combined index of production, after adjustments for customary seasonal varia-

smaller volume in nearly all reporting lines. Freight car loadings declined during November and in the early part of December were smaller than in the corresponding period for the past four years. There were large decreases in loadings of all classes of commodities.

**PRICES**—The general level of wholesale commodity prices, as measured by the index of the the Bureau of Labor Statistics, after a continuous advance since early in the

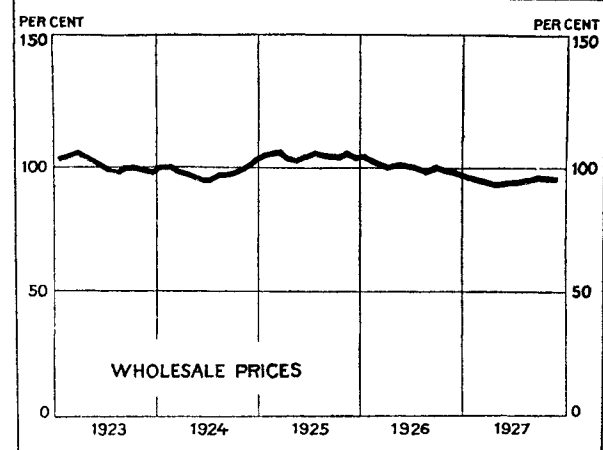


Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-25=100).

Latest figures, November: manufactures, 98; minerals, 101.

tions, fell below the 1923-25 average for the first time since 1924. The largest decline was in the output of automobiles, owing largely to preparation for production of new models. Iron and steel production has also declined further, and in November was the lowest since 1924. In December, however, inquiries for iron and steel increased. Textile mill activity was slightly curtailed in November, but continued at a higher level than in previous years. There were decreases in the production of coal, building materials and leather and shoes. Building contract awards showed seasonal declines in November and the first two weeks of December, and were slightly smaller than in the corresponding period of last year.

The total value of about fifty crops in 1927 is estimated by the Department of Agriculture at \$8,430,000,000, an increase of \$635,000,000 over 1926. The greatest increases in value were shown for cotton, corn, barley, and oats, while the largest decrease for any individual crop was shown for potatoes. The physical quantity of production of the seven-

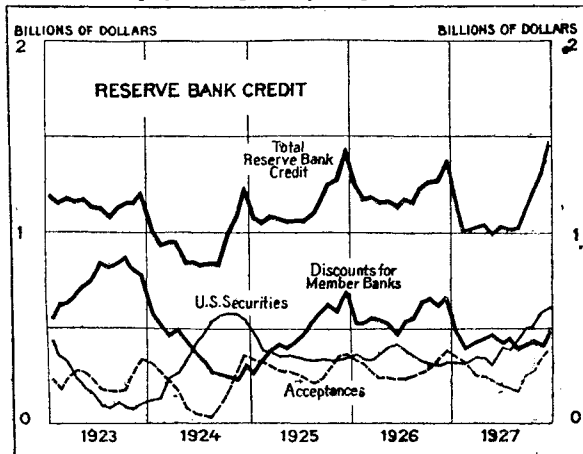


Index of United States Bureau of Labor Statistics (1926=100, base adopted by Bureau). Latest figures, November 96.7.

summer, remained at practically the same level in November as in October. Changes were relatively small in all groups, increases occurred in foods, and hides and leather, and decreases in farm products, textiles, fuels and building materials. In the first two weeks of December prices of wheat, cattle, hogs, cotton, pig iron, and soft wood lumber declined, while those of silk, woolen goods, hides, and sole leather advanced.

**BANK CREDITS**—Between the middle of November and the middle of December total loans and investments of member banks in the leading cities showed a considerable increase, reflecting continued growth in the volume of loans on securities and in the banks' investment holdings. In the same period loans chiefly for commercial purposes, which reached a seasonal peak in October, showed a further slight decline.

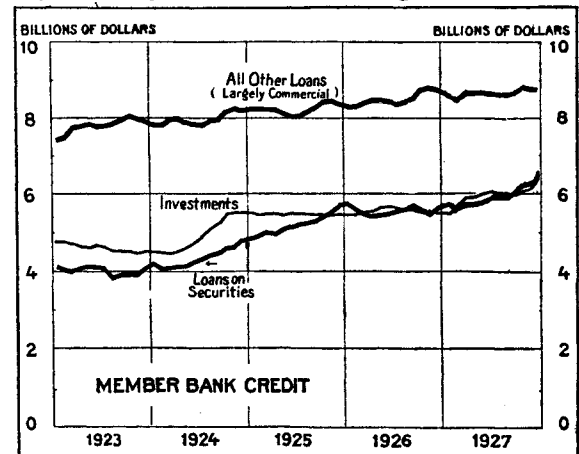
At the Federal reserve banks the seasonal increase in currency requirements and the continued demand for gold for export during the four weeks ending December 21 were



Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages for first 21 days of December.

teen principal crops was about two per cent less than last year, but 3 per cent above the average of the last ten years.

**TRADE**—Retail trade increased slightly more than is usual in November. Compared with a year ago, retail trade of department stores, mail order houses, and chain stores was larger, while wholesale trade continued in slightly



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first two weekly report dates in December. reflected in a growth in member bank borrowing. At the end of this period the total volume of Reserve bank credit in use was larger than on any other date in the past six years. Somewhat firmer conditions in the money market in December were reflected in increased rates on call money. Rates on prime commercial paper and bankers acceptances remain unchanged during the month.