

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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WILLIAM McC. MARTIN

Chairman of the Board and Federal Reserve Agent

REPORTS relative to business in this district during the past thirty days reflect irregularity, and for the most part reduced activity, both as contrasted with the similar period immediately preceding and a year ago. The tendency to slow down is most marked in wholesale and manufacturing, sales in a majority of lines investigated showing declines. At numerous industrial plants resumption of operations following the holiday and inventory lull have been at a slower rate than during the two preceding seasons. There is a general disposition on the part of consumers of finished and semi-finished goods to await developments before making commitments, and unfilled orders of many important interests show rather sharp reductions. This is true particularly in the iron and steel industry and in the case of manufacturers of building material. Manufacturers in turn are postponing filling their raw material requirements, and are making up little stock for which they have not orders actually booked or in immediate prospect.

Due to unfavorable weather, holiday trade got a late start, and in most wholesale and jobbing lines the volume of sales of goods in this category was below expectations. Retail holiday business, however, picked up substantially in both city and country during the closing weeks of December and made a good showing on the whole. December sales of department stores in the principal cities of the district were 2.8 per cent larger than for the corresponding month in 1926. Gains were also recorded over December, 1926, totals in sales of mail order houses and five and ten cent stores. Debits to individual accounts in the reporting cities in December were 7.9 per cent larger than for the same month in 1926. There was a sharp decline in the dollar value of building permits issued in the five largest cities of the district in December, but for the district as a whole, contracts let in that month totaled larger than in either November, 1927, or December, 1926. Retail distribution of automobiles was the smallest for any single month since 1924. Savings

accounts on January 1 were the highest on record in this district.

According to reports of the Employment Service, U. S. Department of Labor, increases of greater or lesser magnitude in employment were general in this district during the past thirty days. In the south curtailment of activities at lumber and textile mills created a surplus of workers. Seasonal suspension of municipal construction in St. Louis, Louisville and other cities released a large number of common laborers. A burdensome surplus of miners in the bituminous coal fields of Kentucky and Illinois was reported, and considerable temporary unemployment in the lead and zinc mining camps was occasioned by the closing mines for the holidays and usual annual repairs. Some increase in forces of the railroads, both in repair shops and operating departments, has taken place, and there were gains in employment in the tobacco warehouses and manufacturing plants.

Aside from a flurry of activity and slight stiffening in prices of domestic sizes, caused by the sub-zero temperatures during the first week of January, the coal situation underwent no change worthy of note as contrasted with the preceding thirty days. Supplies continue in excess of demand, and in the Illinois and Indiana bituminous fields operations are still at a low rate. Demand for steaming coal suffered the usual recession during the holiday period, but some improvement has developed in this section of the trade since the first week of this month. Reserve stocks of many important industrial interests and public utilities companies are still above the average at this period during the past several years, and there is a general disposition to work off surpluses rather than make new commitments. The open winter to date has permitted of prompt deliveries, and there has been a minimum of delay in the movement from mines. Purchasing by the railroads, while somewhat better than during the preceding two months, was below expectations. By-product coke manufacturers report a fair demand for

metallurgical grades but quietness in domestic sizes, with reserve stocks of the latter larger than at the corresponding period last year. Due to the strike of miners in the Central Competitive field, lasting from April 1 to October 1, production of bituminous coal for the country as a whole in 1927 fell below the two preceding years, the 519,804,000 ton output comparing with 573,367,000 tons in 1926 and 520,053,000 tons in 1925.

A further recession in freight traffic of railroads operating in the district was recorded in December, and due to rather steady losses during the last quarter, total for the year fell below that of 1926, though exceeding that of any year prior to 1926. For the country as a whole loadings of revenue freight during 1927 totaled 51,714,302 cars, against 53,098,819 cars in 1926, and 51,224,152 cars in 1925. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 199,342 loads in December, against 196,502 loads in November, and 202,625 loads in December, 1926. During the first 9 days of January the interchange amounted to 58,120 loads, which compares with 59,245 loads during the corresponding period in December, and 54,376 loads during the first 9 days of January, 1927. Passenger traffic of the reporting roads decreased 9 per cent in December as contrasted with the same month in 1926. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans for December was 114,000 tons against 114,541 tons in November and 80,910 tons in December, 1926. The total tonnage handled in 1927, 1,237,307 tons, was the largest on record, and compares with 1,044,658 tons in 1926 and 911,484 tons in 1925.

Mainly satisfactory results were reflected in reports relative to collections during the past thirty days. December settlements with wholesalers in the large centers were above those of the same month in 1926, and payments during the first half of January have maintained the high average of the preceding month. Generally through the South collections of both retail and wholesale merchants are reported good, with particularly high efficiency noted in the tobacco districts and certain sections of the cotton areas. Retailers in the principal cities reported December payments below expectations, but report marked betterment since the first of this month. Answers to questionnaires addressed to representative interests in the several lines scattered through the district showed the following results:

	Excellent	Good	Fair	Poor
December, 1927.....	4.0%	36.0%	54.7%	5.3%
November, 1927.....	2.7	36.4	54.1	6.8
December, 1926.....	1.4	30.1	57.5	11.0

Commercial failures in the Eighth Federal Reserve District during December, according to Dun's, numbered 84, involving liabilities of \$2,923,187, against 93 defaults in November with indebtedness of \$3,476,583, and 86 failures for \$1,331,361 in December, 1926.

The per capita circulation in the United States on January 1 was \$42.50, against \$41.22 on December 1, and \$43.03 on January 1, 1926.

MANUFACTURING AND WHOLESALE

Automobiles — Combined passenger car and truck production in the United States in December totaled 133,178, which was smaller than the average monthly production in any year since 1921, and compares with 133,202 in November, and 137,363 in December, 1926.

Distribution of automobiles in this district during December was the smallest for any month in 1927, and below that of any month in recent years. While December is normally a period of light sales of passenger cars, the decrease last month was greater than could be accounted for by seasonal considerations. Dealers in both the cities and country report that virtually no stimulation was experienced due to Christmas, and there was a general disposition on the part of customers to await new models before filling their requirements. The numerous actual and prospective price reductions were mentioned as another factor tending to hold down sales. As has been the case during the past several months, heaviest losses in the number of cars sold was in the cheap priced category. While decreases under the preceding month and a year earlier were reported by all but a few dealers in the more expensive makes, they were proportionally much smaller than in the cheaper cars. In spite of the generally poor results in December, however, sentiment was optimistic regarding business this year. The present lull was ascribed to peculiar conditions in the passenger car market, and not to any fundamental conditions calculated to adversely affect the industry. December sales of new passenger cars by 320 dealers scattered through the district were 54.1 per cent less than for the preceding month, and 50.8 per cent below those in December, 1926. Stocks of new cars on January 1 were 4.1 per cent and 8.3 per cent smaller, respectively, than a month and a year earlier.

The used car market was reported satisfactory. Sales in December were smaller than during the preceding month and the same month in 1926, but stocks were smaller, and the position of dealers with reference to ability to take in used cars in trade on new vehicles sold is better than at any time in recent years. Of the new cars sold by the

reporting dealers in December, 47.4 per cent were on the deferred payment plan, against 48.3 per cent in November and 62.5 per cent in December, 1926.

Boots and Shoes—December sales of the 5 reporting interests were 33.0 per cent larger than during the same month in 1926, and 45.9 per cent below the November, 1927, total. Stocks on January 1 were 19.9 per cent larger than a month earlier, and 5.8 per cent less than those on January 1, 1927. The heavy decrease in the month-to-month sales comparison is accounted for chiefly by seasonal influences. Orders received from salesmen, who started on the road early this month, are reported generally satisfactory. Prices of finished goods continue their upward trend, due to the continued advance in raw materials. As compared with a year ago, finished goods range from 8 to 10 per cent higher. Hides and leather have advanced approximately 75 per cent and 50 per cent, respectively, from their low points in 1927.

Clothing—The movement of heavyweight apparel, both men's and women's, has been adversely affected by the unseasonably warm weather which has prevailed with little interruption since the early winter. Manufacturers and jobbers report reordering of winter goods considerably below the average of the past several years. Since the first week in January special sales at reduced prices have served to accelerate purchasing of heavyweight goods at retail, but for the most part response to these efforts have been disappointing. December sales of the reporting clothiers were 0.5 per cent larger than for the same month in 1926, and 61.9 per cent below the November, 1927, total.

Drugs and Chemicals—A further decrease in activity in this classification took place. December sales of the 9 reporting interests fell 3.3 per cent under those of the same month in 1926, and 7.6 per cent below the November, 1927, total. Demand for seasonal goods is generally reported below expectations, and purchasing of heavy chemicals and drugs by the manufacturing trade was slow. Prices developed no change worthy of note as contrasted with the preceding thirty days. Generally through the district the movement of holiday merchandise was disappointing.

Dry Goods—December sales of the 8 reporting firms were 25.9 per cent larger than in the same month in 1926, but 23.3 per cent below the November, 1927, total. Stocks on January 1 were 27.6 per cent and 16.9 per cent larger than a month and a year earlier, respectively. The gain in sales in the yearly comparison is made up largely of advance orders, two leading stores reporting future business close to 50 per cent larger than a year ago. Early January business is reported satisfactory, orders

showing a small gain over the corresponding period last year.

Electrical Supplies—Due principally to reduced buying by the automotive industry and public utilities companies, sales of the 5 reporting interests in December showed a decrease of 12.0 per cent under the same month in 1927. Belated buying of holiday goods, however, was responsible for a gain of 4.8 per cent in December sales over those of November. Stocks on January 1 were 19.5 per cent larger than a year earlier and 0.7 per cent greater than those on December 1, 1927. Prices showed no change worthy of note as compared with the preceding month.

Flour—Production at the 12 leading mills of the district in December totaled 345,793 barrels against 342,510 barrels in November and 364,812 barrels in December, 1926. Stocks of flour in St. Louis on January 1 were 9.1 per cent larger than on December 1, 1927 and 9.4 per cent greater than on January 1, 1927. Inventory taking and the usual holiday lull resulted in dullness in the flour trade during the period under review. New business was in small volume, and shipping directions generally poor. Aside from the routine business with Latin-American countries, export trade was quiet. Prices averaged slightly higher, in sympathy with the upturn in cash wheat values. Mill operation was at 54 to 58 per cent of capacity.

Furniture—December sales of the 14 reporting interests were 17.9 per cent smaller than for the same month in 1926, and 35.4 per cent below the November, 1927, total. Stocks on January 1 were 5.6 per cent larger than a month earlier and 12.6 per cent smaller than those on January 1, 1927. Movement of specialties and holiday goods was below expectations, and a slowing down in virtually all classes of furniture was noted. Hand-to-mouth buying continues the rule and large stock orders are scarce. Office furniture and equipment continues quiet.

Groceries—For the third consecutive month, business in this classification declined during the period under review. December sales of 11 reporting interests were 1.1 per cent smaller than for the same month in 1926, and 4.5 per cent below those in November, 1927. Purchasing of seasonal and holiday goods was in lesser volume than during the corresponding period in 1926, but some improvement in staples, particularly in the rural sections, was noted. Stocks on January 1 were 9.9 per cent larger than a year earlier, and 1.4 per cent below those on December 1, 1927.

Hardware—Reports from leading interests in this classification reflect somewhat irregular conditions. Sales in the country are relatively better than

in the chief centers of population. Mild weather generally through the district has militated against the movement of seasonal merchandise. Building materials are quiet. Advance sales of merchandise for spring and summer consumption are about on a parity with the corresponding period last year. December sales of the 12 reporting interests were 1.8 per cent larger than for the same month in 1926, and 13.7 per cent below the November, 1927, total. Stocks on January 1 were 24.9 per cent and 4.0 per cent smaller than a year and a month earlier, respectively.

Iron and Steel Products — Some improvement in purchasing of iron and steel goods and a slight increase in specifications on materials previously acquired occurred during the closing weeks of December. Following the holiday and inventory period operations at mills, foundries and machine shops have been resumed at about the average rate prevailing in December. Business, however, is irregular and spotted, with some lines complaining of dullness. Plants specializing in materials for use by the railroads and automotive industry are more active than was the case during the past three or four months. Manufacturers of sheets, plates, reinforcing concrete bars and some specialty makers report satisfactory business. The leading manufacturer of sheets is operating on full time schedule, and has sufficient orders to maintain this pace through the first quarter. Makers of stoves and heating apparatus also report satisfactory demand for their wares. On the other hand, job foundries, machinery, implement and architectural iron and steel interests complain of lack of new orders. Fabricators of building materials have reduced their operating schedules, and report a sharp decrease in unfinished business. Distributors of iron and steel goods from warehouses sustained a decrease in business during late December and early this month, but report a picking up in demand generally through the line during the past week or ten days. Demand for oil country goods continues slow, and purchasing by the coal and lead and zinc industries are confined to absolute necessities. Prices of both raw and finished materials showed little change worthy of note as contrasted with the preceding thirty days. Buying of pig iron for first quarter requirements is under the volume of the corresponding period last year. Production of pig iron for the country as a whole in December declined for the eighth consecutive month. The daily average output was 86,441 tons against 88,728 tons in November and 99,651 tons in December, 1926. Aggregate output for the year was 32,270,567 tons, which compares with 39,100,000 tons in 1926, a decline of about 7 per cent

and the lowest since 1924. Steel ingot production increased in December, the 3,150,345 tons for that month comparing with 3,101,764 tons in November and 3,466,766 in December, 1926.

Lumber — Following the dull period just prior to and during the holidays, the lumber situation has developed slight improvement. Curtailed production continues general, and stocks in hands of distributors and producers are in better condition than has been the case for several months. Some pick up was noted in hardwood buying, noticeable particularly in items used by the automotive industry. Oak flooring manufacturers have increased their commitments. Buying by the furniture industry and the general manufacturing trade is quite. Purchasing by retail yards continues on a hand-to-mouth basis.

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	
	Dec. 1927 comp. to Dec. 1926	12 months ending Dec. 31, 1927 to same period 1926	Dec. 31, 1927 comp. to Dec. 31, 1926	1927	Jan. 1 to Dec. 31, 1926
Evansville	+12.0%	+14.9%	+12.0%	2.49	2.41
Little Rock	- 2.5	- 3.4	+ 9.9	2.62	2.65
Louisville	- 0.2	- 0.8	- 1.9	3.50	3.27
Memphis	+ 9.7	- 1.0	- 3.7	3.07	2.89
Quincy	+ 3.4	- 5.4	- 9.4	2.41	2.24
St. Louis	+ 2.0	- 1.8	- 5.0	3.57	3.53
Springfield, Mo.	- 5.6	- 6.7	+ 0.6	1.71	1.80
8th District	+ 2.8	- 1.6	- 2.9	3.33	3.25

	Net sales comparison		Stock on hand	
	Dec. 1927 compared to Dec. 1926	Nov. 1927	Dec. 1927 compared to Dec. 1926	Nov. 1927
Men's furnishings	+17.3%	+23.3%	+10.3%	-22.0%
Boots and shoes	+ 5.0	+35.7	-15.0	-17.5

BUILDING

In point of dollar value, building permits issued in the five largest cities of the district in December were the smallest for any month since 1922. The total was 56.3 per cent less than in November, and 45.2 per cent below that of December, 1926. The total for the year, \$70,241,000, compares with \$78,538,000 in 1926, \$100,911,000 in 1925 and \$85,948,000 in 1924. According to figures compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District in December totaled \$33,352,300, which compares with \$27,793,287 in November and \$22,504,037 in December, 1926. The total of contracts let for 1927 was \$401,759,100, which compares with \$392,027,048 in 1926. Labor rates and prices of building materials underwent no change worthy of note as contrasted with the preceding thirty days. Production of portland cement for the country as a whole in December totaled 11,999,000 barrels, against 14,449,000 barrels in November and 10,757,000 barrels in

December, 1926. Building figures for December follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1927	1926	1927	1926	1927	1926	1927	1926
Evansville ..	421	287	\$ 117	\$ 126	40	21	\$ 14	\$ 8
Little Rock ...	34	43	119	86	65	40	24	10
Louisville ...	135	135	808	1,196	39	48	63	142
Memphis	285	181	376	2,400	96	30	78	50
St. Louis....	356	357	1,664	1,817	498	225	658	117
Dec. totals	1,231	1,003	\$3,084	\$5,625	738	364	\$ 837	\$327
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

*In thousands of dollars (000 omitted).

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electricity in December as being 3.3 per cent less than in November, but 20.0 per cent larger than in December, 1926. The heavy gain in the yearly comparison was due in large measure to the fact that several major plants were shut down in the final month of 1926 and in operation in December, 1927. The decline from November to December was due to smaller loads taken by the cement, fire clay products and refrigeration plants. Detailed figures follow:

	No. of Custom-ers	Dec. 1927	Nov. 1927	Dec. 1927 comp. to Nov. 1927	Dec. 1926	Dec. 1927 comp. to Dec. 1926
		*K.W.H.	*K.W.H.	%	*K.W.H.	%
Evansville	40	1,037	1,036	+ 0.1%	1,034	+ 0.3%
Little Rock....	35	1,223	1,366	-10.5	1,196	+ 2.3
Louisville	80	5,162	5,405	- 4.5	4,338	+19.1
Memphis	31	1,770	1,839	- 3.8	1,903	- 7.0
St. Louis.....	113	16,227	16,633	- 2.5	12,717	+27.6
Totals.....	299	25,419	26,279	- 3.3	21,188	+20.0

*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
November, 1927.....	2,498,747,000	4,361,453,000	6,860,200,000
October, 1927.....	2,375,527,000	4,528,735,000	6,904,262,000
November, 1926.....	2,241,004,000	4,204,933,000	6,445,937,000

POSTAL RECEIPTS

Returns from the five largest cities of the district show an increase in postal receipts for the fourth quarter of 1927 of 23.2 per cent over the preceding three months and of 0.4 per cent over the final quarter of 1926. Detailed figures follow:

	For Quarter Ending			Dec. 31, 1926	Dec. 1927 comp. to Dec. 1926
	Dec. 31, 1927	Sept. 30, 1927	June 30, 1927		
Evansville	\$ 178,000	\$ 166,000	\$ 167,000	\$ 167,000	+ 6.6%
Little Rock.....	239,000	224,000	199,000	238,000	+ 0.4
Louisville	822,000	719,000	733,000	813,000	+ 1.1
Memphis	788,000	562,000	512,000	589,000	+32.1
St. Louis.....	3,667,000	2,942,000	3,251,000	3,851,000	- 4.8
Totals.....	\$5,684,000	\$4,613,000	\$4,862,000	\$5,658,000	+ 0.4

AGRICULTURE

Weather during the past thirty days was the most seasonable of the winter, and was on the whole favorable to agricultural activities. The low temperatures of early December aided the drying out and conditioning of corn. Dirt roads were in generally better condition than during the preceding month, and the movement of farm products to

market was in liberal volume. Routine farm work is for the most part well up to the seasonal average. In a majority of states of the district more plowing for 1928 corps has been completed than the average at this period during the past several years. The supply of farm labor is reported universally adequate to demands, with some excess in scattered localities, notably in the grain areas. Wage scales show only slight variation as contrasted with the corresponding period a year ago.

Demand for wheat and corn has held up well, and the decline in prices of these cereals which took place around the middle of December was recovered in large part by the upturn during the final week of that month and the opening weeks of January. Marketing of tobacco and rice has been on a large scale, with improvement noted in prices of the latter product. Conditions in the live stock industry show little change as contrasted with the preceding thirty days. Hog prices continue low, but cattle and sheep values remained at the high levels of recent months. Indications are that fall feeding of hogs and cattle will extend later into winter months than is ordinarily the case.

Winter Wheat — According to the preliminary estimate of the U. S. Department of Agriculture, the area of winter wheat seeded last fall in all states situated wholly or partly within this district exceeded that of the fall of 1926. The total acreage of these states, 8,769,000 acres, compares with 6,944,000 acres a year earlier, a gain of 24.7 per cent. With the exception of Arkansas, the condition of the growing crop on December 1 was higher than on the same date in 1926, or the average during the past ten years. The increased acreage is attributable to a number of causes, chief among which are the relatively attractive wheat prices, excellent fall weather and field conditions, and short acreages of wheat during the two preceding years. Reports relative to the growing crop are for the most part favorable. Growth in many important sections is more uniform than for several seasons, and good stands are the rule in nearly all fields. Hessian fly is reported in scattered sections, but present indications are that the infestation is no more serious than the average of the past decade. While snow covering has been generally lacking, soil moisture is abundant.

Corn — Except in a few scattered sections, husking and housing of corn is nearing completion. Some recent husking returns are developing disappointing yields, notably in Illinois, Indiana and sections of Missouri. The return to unseasonably high temperatures following the first week of January resulted in considerable damage to corn in cribs from moulding. Demand for corn continues active,

especially from the feeder trade. Movement from farms was heavy. Out of the 2,786,288,000 bushels of corn raised in the United States in 1927, there were 2,320,343,000 bushels actually harvested for grain, according to the Government report. This is 3.9 per cent above the estimated quantity harvested for grain in 1926, which was 2,234,160,000 bushels. In the ten leading states, there were 1,364,000,000 bushels of grain out of a total of all corn of 1,915,000,000 bushels. Of the 98,914,000 acres of corn grown in 1927, 83,512,000 acres were harvested for grain, 4,347,000 acres were cut for silage and 11,044,000 acres were utilized for other purposes, including forage. Total supplies of corn in all positions for this season are 2,453,000,000 bushels, against 2,440,000,000 bushels the previous year and 2,523,000,000 bushels in 1925.

Live Stock — An increase of 11 per cent in the fall pig crop of 1927 over the fall crop of 1926 for the Corn Belt states is shown in the Department of Agriculture's pig survey. The number of sows farrowed last fall increased only 9 per cent in these states, but there was a small increase in the average size of litters saved last fall. An increase of about 5 per cent for the Corn Belt states in total pigs saved, both spring and fall, is shown in the 1927 surveys. These increases are equivalent to between 2½ and 3 million pigs. With cholera losses last fall below the unusual losses in the fall of 1926, the increase in hogs for slaughter is probably somewhat larger than the above indicated increase in pigs reported saved.

Scarcity and high prices of feeders and either a shortage or lack of surplus corn above local farm feed requirements were the chief causes for a slump in cattle feeding this season in Illinois and some other states of the district. Scattered reports show a much larger proportion of light weight cattle and less middle and heavy weights on feed than a year ago. The general movement to market will also be later than usual.

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

	Receipts			Shipments		
	Dec. 1927	Nov. 1927	Dec. 1926	Dec. 1927	Nov. 1927	Dec. 1926
Cattle and Calves.....	92,520	130,862	105,097	62,554	84,341	68,879
Hogs	305,676	281,578	309,117	213,924	190,289	225,085
Horses and Mules.....	7,424	7,891	3,421	7,941	8,533	3,103
Sheep	35,191	35,211	37,021	17,669	17,640	13,596

Cotton — The season considered, weather conditions were favorable for field work from the middle of December to the close of the year. Since that date, however, field work, including belated harvesting, has been virtually at a standstill, due to low temperatures. The extreme cold was beneficial to the soil, besides serving as a destructive agency to boll weevils. Owing to the expedition with which

the 1927 crop was harvested, fields are bare of cotton and ready for new crop preparation as soon as weather permits. Financially cotton farmers are in better position than in several years, and generally through the district indications are for plentiful labor supplies. These conditions, coupled with the closing of the principal breaks in levees caused by the 1927 floods, are pointed out as factors favorable to an increased acreage this year. Prices declined slightly during the past thirty days, but averaged considerably higher than during the corresponding period a year ago. Stocks in Arkansas warehouses on January 13 were 291,792 bales, against 512,540 bales on the same date in 1927.

Tobacco — Since the opening of the several tobacco markets, a high level of prices has been maintained for all types and grades of leaf. In the burley loose-leaf market a considerable volume of fair to good quality has been marketed at the highest prices of the season. This is especially true of all colory grades, even though not of a distinct type. Following the holidays weather has not been as favorable for the movement in the dark fired districts and offerings have been relatively small and of interior quality, but high prices have prevailed for everything selling. Demand for lugs has increased, causing advances in prices. Common and medium leaf tobacco continues firm and all good quality sells high. Unfavorable weather also prevailed in the green river air-cured districts, resulting in small sales, but market has been strong for all grades. Favorable weather is needed to permit of a free movement of the crop. A large part of the crop in all sections is expected to be sold by February 1.

Rice — Threshing has been entirely completed and approximately 60 per cent of the crop has been sold to the mills. Demand for clean rice has improved somewhat and prices were higher than during the preceding thirty days.

Commodity Prices — Range of prices in the St. Louis market between December 15, 1927 and January 15, 1928, with closing quotations on the latter date and on January 15, 1927.

	High	Low	Close	
			Jan. 15, 1928	Jan. 15, 1927
Wheat				
May	per bu. \$1.34	\$1.29	\$1.31½	\$1.38½
July	" 1.26	1.25½	1.26
No. 2 red winter	" 1.52	1.41	1.52	\$1.39 @ 1.40
No. 2 hard.....	" 1.37	1.30	\$1.35 @ 1.36	1.43
Corn				
May	" .94½	.87½	.93	.82½
July	" .94½	.93½	.94
No. 2 mixed.....	" .86½	.78½	.85½ @ .86
No. 2 white.....	" .87	.79½	.87	.78 @ .80
Oats				
No. 2 white.....	" .58½	.55	.57 @ .57½	.49½ @ .50
Flour				
Soft patent.....per bbl.	7.50	6.50	6.60 @ 7.50	7.00 @ 7.50
Spring patent.....	6.90	6.50	6.60 @ 6.70	6.95 @ 7.25
Middling cotton.....per lb.	.19½	.18¾	.18¾	.12¾
Hogs on hoof.....per cwt.	9.05	6.75	7.00 @ 8.45	10.75 @ 12.45

FINANCIAL

Changes in the banking and financial situation in this district during the past thirty days were not of a particularly marked character, and reflected the usual seasonal influences. Demand for funds incident to January 1 dividend and interest requirements created a temporary stiffening in rates, but in their ultimate effect these disbursements were negative, constituting merely a shifting of credits. Loanable funds with both city and country banks continue abundant, and more country banks are seeking investments for their surplus. In the large centers, January 1 settlements with wholesalers and manufacturers were in large volume and resulted in fair liquidation at the banks.

Generally through the district liquidation continues in good volume, with a particularly favorable showing being made in the tobacco, rice and grain areas. Payments in the cotton section have also been satisfactory, though the recent decline in prices of that staple has had a tendency to slow down general business, and in some quarters there is a disposition to hold cotton for better prices. Grain handlers and flour millers slightly decreased their commitments as compared with the preceding month, and the total volume of loans of this class are slightly below that of a year ago. A continued fair demand for live stock financing is reported.

Loans of the reporting member banks declined slightly during the period under review, but on each weekly reporting date were higher than a year earlier. Deposits of these banks decreased during the last half of December, but in the week of January 11 moved upward to close to the high point recorded in 1927. Borrowings of members from this bank continued sharply below those at the corresponding period a year ago.

At the St. Louis banks current rates of interest were as follows: Prime commercial loans 4 to 5¼ per cent; collateral loans, 4½ to 5¼ per cent; interbank loans, 4¾ to 5¼ per cent; loans secured by warehouse receipts, 4½ to 5½ per cent, and cattle loans, 5½ to 6 per cent.

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.

	*Dec. 1927	*Nov. 1927	*Dec. 1926	Dec. 1927 Nov. 1927	comp. to Dec. 1926
E. St. Louis & Nat'l.					
Stock Yards, Ill. \$	65,772	\$ 51,820	\$ 47,135	+26.9%	+39.5%
El Dorado, Ark....	8,586	9,269	10,485	— 7.4	—18.1
Evansville, Ind....	52,663	46,601	46,934	+13.0	+12.2
Fort Smith, Ark....	14,995	15,492	15,276	— 3.2	— 1.8
Greenville, Miss....	4,350	4,197	4,892	+ 3.8	—10.9
Helena, Ark.....	4,979	6,464	4,632	—23.0	+ 7.5
Little Rock, Ark..	92,524	101,055	84,343	— 8.4	+ 9.7
Louisville, Ky.....	201,523	184,614	197,677	+ 9.2	+ 1.9
Memphis, Tenn....	195,466	200,443	161,301	— 2.5	+21.2
Owensboro, Ky....	6,671	5,167	6,318	+29.1	+ 5.6
Pine Bluff, Ark....	16,342	17,130	12,841	— 4.6	+27.3
Quincy, Ill.....	13,769	13,073	12,961	+ 5.3	+ 6.2
St. Louis, Mo.....	858,340	761,467	816,280	+12.7	+ 5.2
Sedalia, Mo.....	4,911	4,335	5,495	+13.3	—10.6
Springfield, Mo....	16,093	15,200	16,991	+ 5.9	— 5.3
Totals.....	\$1,556,992	\$1,436,327	\$1,443,561	+ 8.4	+ 7.9

*In thousands (000 omitted).

Condition of Banks — Loans and discounts of the reporting member banks on January 18, showed a decrease of 1.0 per cent as compared with December 14, 1927, and an increase of 2.9 per cent as compared with January 19, 1927. Deposits decreased 0.8 per cent between December 14, and January 18, and on the latter date were 6.2 per cent larger than on January 19, 1927. Composite statement follows:

	*Jan. 18, 1928	*Dec. 14, 1927	*Jan. 19, 1927
Number of banks reporting.....	730	31	31
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't obligations.....	\$ 4,198	\$ 5,095	\$ 5,922
Secured by Oother stocks and bonds.....	212,215	213,038	189,449
All other loans and discounts.....	302,743	306,169	309,171
Total loans and discounts.....	\$519,156	\$524,302	\$504,542
Investments			
U. S. Gov't securities.....	85,129	78,152	65,723
Other securities.....	129,462	128,773	121,916
Total investments.....	\$214,591	\$206,925	\$187,639
Reserve balance with F. R. Bank.....	50,627	50,898	47,087
Cash in vault.....	7,517	9,417	7,750
Deposits			
Net demand deposits.....	430,509	448,994	409,161
Time deposits.....	245,935	234,414	226,375
Government deposits.....	1,665	374	3,082
Total deposits.....	\$678,109	\$683,782	\$638,618
Bills payable and rediscounts with F. R. Bank			
Secured by U. S. Gov't obligations.....	3,935	5,895	2,969
All others.....	5,836	963	3,347

*In thousands (000 omitted).

†Decreases due to consolidation. These 30 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.

Federal Reserve Operations — During December the Federal Reserve Bank of St. Louis discounted for 166 member banks, against 121 in November and 218 in December, 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:

	*Jan. 21, 1928	*Dec. 21, 1927	*Jan. 21, 1927
Bills discounted.....	\$21,644	\$22,831	\$14,230
Bills bought.....	9,774	4,569	9,967
U. S. Securities.....	34,273	38,163	20,765
Total bills and securities.....	\$65,691	\$65,563	\$44,962
F. R. notes in circulation.....	54,293	57,300	46,588
Total deposits.....	87,441	85,093	83,328
Ratio of reserves to deposits and F. R. note liabilities.....	58.3%	58.2%	69.4%

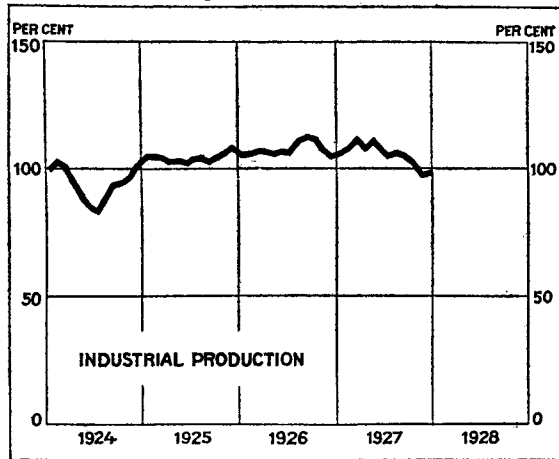
*In thousands (000 omitted).

(Compiled Jan. 21, 1928)

BUSINESS CONDITIONS IN THE UNITED STATES

Industrial activity continued in December at a relatively low level and railroad distribution of commodities declined further, while the general level of prices remained unchanged. Holiday trade in retail stores was in somewhat larger volume than in the previous year.

PRODUCTION—Production of manufactures remained in practically the same volume in December as in November, while output of minerals, when allowance is

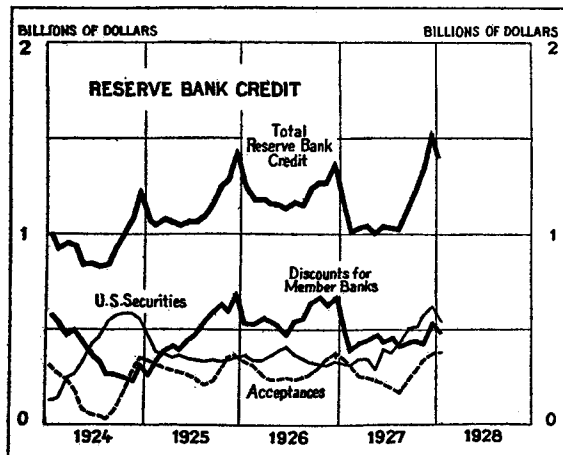


Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average=100). Latest figure, December, 99.

made for usual seasonal changes, showed a slight increase. Activity in the textile, shoe, and tobacco industries was reduced in December, while the output of steel non-ferrous metals and petroleum increased. Production of automobiles continued in small volume during December, but increased considerably in January, and within recent weeks there has been also a further increase in the activity of steel mills.

Building contracts awarded were slightly larger in December than in November, but smaller than in December of the two preceding years. Total awards for the year 1927 in thirty-seven eastern states, as reported by the F. W. Dodge Corporation, were valued at about \$6,300,000,000, which is slightly less than the 1926 total of \$6,380,000,000. December awards for residential and commercial buildings were larger than in December, 1926, while those for industrial building and public works were smaller.

During the first three weeks of January contracts awarded were in approximately the same volume as during the corresponding weeks of last year.

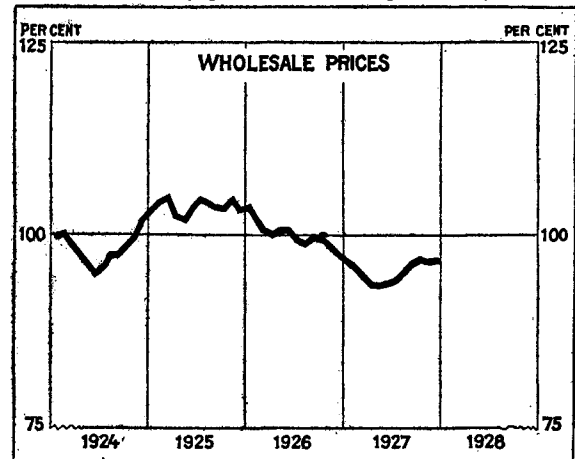


Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first 23 days in January.

TRADE—Retail sales of department stores and mail order houses increased slightly more than is usual in December and were somewhat larger than a year ago. Inventories of merchandise carried by department stores were reduced in December and at the end of the year were slightly smaller than at the end of 1926. Wholesale trade in nine leading lines continued smaller than in the corresponding month of last year. Stocks of groceries, shoes, hardware and furniture carried by wholesale firms were

smaller at the end of December than a year earlier and stocks of dry goods and drugs were slightly larger. Freight car loadings declined further in December and were in smaller volume during that month and the early part of January than at any time in four years. The decrease in loadings occurred in practically all groups of commodities.

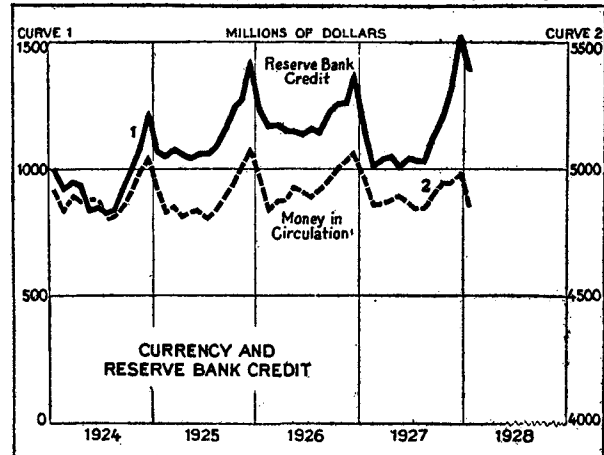
PRICES—The Bureau of Labor Statistics index of wholesale commodity prices remained practically unchanged



Index of United States Bureau of Labor Statistics (1926=100, base adopted by Bureau). Latest figure, December, 96.8.

in December and was, at the end of the year, about 1 per cent lower than a year ago. Prices of grains, hide and leather products, non-ferrous metals, and rubber increased in December, while prices of livestock, cotton, and lumber declined. In the first three weeks of January, there were increases in prices of iron and steel, grains and wool, while prices of cattle, hogs, and cotton declined.

BANK CREDIT—At the Federal reserve banks the seasonal demand for currency, after reaching its peak on December 24, was followed by a return flow of money from circulation, which amounted to about \$440,000,000 between December 24 and January 18. This decline in the demand for currency, which was approximately the same as a year ago, was reflected in a decrease for the same period of about \$360,000,000 in bills and securities of the reserve banks. Loans and investments of member banks in leading cities declined during the first half of January, but were still at a higher level than at any time last year. The decline of about \$200,000,000 between January 4 and



Money in circulation data are averages of first-of-month figures and reserve bank credit data are monthly averages of daily figures. Latest figures, January, partly estimated.

January 18 reflected a decrease of about \$280,000,000 in the volume of loans on securities, offset in part by a considerable increase in the banks' investment holdings.

Call loan rates showed the usual seasonal decline at the turn of the year, but other money rates were slightly firmer. The rate on bankers' acceptances increased during the second week of January from $3\frac{1}{4}$ to $3\frac{3}{8}$ per cent, and there was also a slight advance in rates on time money in the open market.