

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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TAKEN as a whole, business in this district the past thirty days underwent further slight improvement. Despite the handicap of unfavorable weather, distribution of merchandise through retail channels was in large volume, and in some of the important wholesale and manufacturing lines, sales were in excess of the corresponding month last year. In counter distinction to the preceding thirty days, when improvement was confined chiefly to goods of the heavier and more permanent sort, betterment in February and early March was shown in commodities for ordinary consumption, such as groceries, packing products, dry goods and drugs. In the rural sections there was a fair expansion in purchasing of all classes of merchandise, but more particularly seasonal lines. This was true particularly in the south, where preparations for spring crops have gotten under way, and made good progress. Department store sales in the principal cities of the district recorded a gain of 3.1 per cent over February last year, and good gains were also made by five and ten cent stores and mail order houses. Debits to individual accounts in the chief centers showed the usual seasonal decline from January to February, but the total for the latter month was 6.0 per cent larger than for the same period in 1927. The amount of savings deposits increased, both over a month and a year earlier, and on March 7 was the highest on record.

As contrasted with recent months, distribution of automobiles in February made a quite remarkable gain, and the total was 1.7 per cent greater than in February, 1927. Steady expansion in the iron and steel industry continues, with the output of mills and foundries larger than during the preceding thirty days, and good gains being reported by certain specialty makers, notably of stoves, farm implements and architectural iron. Slight improvement was reported in the movement of lumber, hardware and explosives. Smaller sales as compared with a month and a year earlier were reported

in boots and shoes, clothing, railway supplies, millinery and several of the less important classifications. February building permits in the five largest cities of the district were 15.7 per cent larger than in January, but 11.6 per cent smaller than in February, 1927. Contracts let for building projects in this district were the largest for any February on record. Resumption of highway construction, and other seasonal work resulted in moderate improvement in the employment situation as compared with the past several months. In some sections there is still a surplus of workers evident, particularly unskilled laborers and clerical help.

Through February and early this month the bituminous coal trade in this district reflected the usual seasonal irregularity and contraction. In the case of fuel for heating purposes, the slowing down in demand was accentuated by absence of protracted cold weather. Reordering by distributors was in unusually small volume, and householders were purchasing only enough coal to carry them from month to month. Demand from public utilities companies, municipalities and institutions of various descriptions was smaller than usual at this season. While consumption in general industrial lines continued large, the demand from that source was not sufficient to strengthen the market as a whole, and the trend of prices was lower. In sharp contrast with this time last year, the possibility of a suspension of mines in union fields of the district on April 1, has not promoted any perceptible movement among industrial consumers to accumulate reserves. It is felt generally output of the Kentucky and other un-unionized mines would be sufficient to meet all requirements. Part time operations are still the rule in the Illinois and Indiana fields and operators in those areas complain of competition from other districts. For the country as a whole production of bituminous coal during the present coal year to March 10, approximately 291 working days, totaled 450,291,000 tons, against 561,234,000

tons for the corresponding period a year ago and 509,852,000 tons two years earlier.

Railroads operating in this district continue to report smaller freight loadings than at the same time last year and in 1926, with decreases affecting practically all classifications. For the country as a whole loadings of revenue freight for the first nine weeks of this year, or to March 3, totaled 7,996,954 cars, which compares with 8,548,441 cars for the corresponding period in 1927 and 8,329,037 cars in 1926. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 210,725 loads in February, against 209,792 in January and 207,654 loads in February, 1927. During the first nine days of March the interchange amounted to 70,916 loads against 66,439 loads during the corresponding period in February and 72,007 loads during the first nine days of March, 1927. Passenger traffic of the reporting roads decreased 10 per cent in February as contrasted with the same month in 1927. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in February was 125,000 tons, the highest for any month on record, and comparing with 105,521 tons in January, and 85,400 tons in February, 1927.

Collections were not up to the high levels of the preceding two or three months, but averaged slightly better than at the corresponding period last year. Through the south results were relatively better than in other sections of the district, particularly in the tobacco areas, where the marketing season is drawing to a close and farmers are receiving the proceeds of their crops. In the grain areas payments were slower than heretofore, due in a measure to bad weather and heavy roads. In the large cities wholesalers reported rather irregular conditions, with some lines, notably dry goods, boots and shoes and hardware, making a good showing. City retailers complain of backwardness in settlements, though nothing of a serious character. Answers to questionnaires addressed to representative interests in the several lines scattered through the district showed the following results:

	Excellent	Good	Fair	Poor
February, 1928.....	2.5%	35.5%	52.0%	10.0%
January, 1928.....	3.3	37.7	54.0	5.0
February, 1927.....	2.3	13.8	65.5	18.4

Commercial failures in the Eighth Federal Reserve District during February, according to Dun's, numbered 105, involving liabilities of \$1,853,273, against 148 defaults in January with indebtedness of \$3,858,852, and 127 failures for \$2,006,081 in February, 1927.

The per capita circulation of the United States on February 29, 1928, was \$39.77, against \$39.71 on January 31, 1928, and \$41.94 on February 28, 1927.

MANUFACTURING AND WHOLESALE

Automobiles — Combined passenger car and truck production in the United States in February totaled 323,368, which compares with 231,547 in January and 304,758 in February, 1927.

Stimulated by the usual seasonal influences, annual shows, price reductions and the appearance of new models, distribution of automobiles in this district during the past thirty days underwent further improvement. A marked gain in February sales over those of January was recorded and in both number and value passenger car sales in February were the largest since last April. While the gains were accounted for principally in the larger centers of population, there was also improvement in business of country dealers and agencies in suburban communities. The demand is quite well distributed through all lines of machines, though numerous prospective purchasers of cheap priced cars are disposed to postpone purchasing until more definite information is at hand relative to possible developments in lines in that category. There was the usual seasonal increase in new vehicles in dealers' hands, the total being approximately 18 per cent greater than at the corresponding period last year. The increase, however, is due to voluntary purchasing by distributors in the belief that they will find ready sales, rather than to pressure by manufacturers upon their agents to take on additional stocks. February sales of new cars by 320 dealers distributed through the district were 217.2 per cent larger than in January, and 1.7 per cent greater than in February, 1927. Accessory sales in February recorded a gain of 21.3 per cent over the preceding month, and of 2.3 per cent over the February, 1927, total. Some slowing down in the used car business was reported, ascribed to less favorable economic conditions in certain sections and reduced prices of new machines. Stocks of used cars were 2.3 per cent smaller than a year earlier, and 4.8 per cent larger than a month ago. Deferred payment sales of the dealers reporting on this item averaged 44.5 per cent of their total sales in February, against 54.2 per cent in January and 60.1 per cent in February, 1927.

Boots and Shoes — February sales of the five reporting interests were 7.3 per cent smaller than for the corresponding month in 1927, and 21.9 per cent below the January total this year. The sharp decline in the month-to-month comparison is explained partly by seasonal considerations while the decrease under last year is due in a measure to

heavier booking of advance orders in December and January than during those months a year earlier. Stocks on March 1 were 53.7 per cent larger than 30 days earlier and 50.4 per cent in excess of those of March 1, 1927. Incoming orders since March 1 were reported generally satisfactory, but weather uncertainty tended to hold down purchasing for the Easter holiday trade. Retail stocks are low, but there is a general disposition to replenish with conservatism. The trend of prices of finished goods continues upward, and the recent advance in raw materials is being sustained. Factory operation was at a slightly lower rate than during the preceding thirty days.

Clothing — Business in this classification continues to show declines as compared with a year ago. Weather has been unfavorable for the movement of winter apparel, and carryovers are larger than the average of the past several years. Purchasing for the Easter trade has been held in check by inauspicious weather conditions, and in both mens and women's lines total sales of spring merchandise have been in smaller volume than a year ago. In the immediate past some improvement has developed in ordering of women's suits and coats, particularly sport lines. Sales of the reporting clothiers in February were 25.5 per cent less than in the same month in 1927, and 33.0 per cent under the January total this year.

Drugs and Chemicals — Business in this classification recorded improvement, sales of the six reporting interests in February being 0.3 per cent larger than for the same month in 1927 and 6.2 per cent greater than the January total this year. Stocks on March 1 were 3.5 per cent larger than on February 1, and 3.3 per cent in excess of those on March 1, 1927. Sales of remedial drugs were stimulated by an unusual amount of sickness through the district, occasioned by the unseasonable weather since the first of the year. Some improvement was noted in demand for heavy chemicals from the general manufacturing trade. Reports relative to the retail drug business were more favorable than thirty days ago.

Dry Goods — February sales of the eight reporting interests were 0.9 per cent larger than for the same month in 1927, and 1.0 per cent in excess of the January total this year. Stocks on March 1 were 16.9 per cent larger than on the same date last year, and 3.9 per cent smaller than those on February 1 this year. Business is described as spotted and irregular, certain lines making a much better showing than others. Sales of winter underwear have been disappointing, and the carryover of this class of merchandise is large. The belated spring, bad roads and price uncertainty have militated against the movement of seasonal goods.

Generally reordering is below the usual volume at this time of year.

Electrical Supplies — Sales of the reporting firms in February were 5.0 per cent smaller than for the corresponding month in 1927, but 17.7 per cent larger than the January total this year. Stocks on March 1 were 11.6 per cent and 1.2 per cent larger, respectively, than a month and a year earlier. Improvement was reported in purchasing of general repair and extension materials by the public utilities companies, and outlook for this section of the industry during the spring and early summer is good. There was no change in prices as contrasted with the preceding thirty days, and the general average is slightly below that at this time last year.

Flour — Production at the 12 leading mills of the district in February totaled 319,290 barrels, against 347,657 barrels in January, and 311,313 barrels in February, 1927. Stocks of flour in St. Louis on March 1 were 5.4 per cent larger than on February 1 and 27.3 per cent greater than on March 1, 1927. Millers were stiffening their prices in sympathy with the sharp advance in cash wheat premiums, but buyers were not disposed to follow the rise, and business was largely on an immediate requirement basis. Shipping directions, however, were good, and during the past few weeks trade in soft flours in the south has undergone improvement. There were some inquiries from the United Kingdom for straights and patents, and from the Continent for low grade flours, but prices mentioned were mainly out of line. Sales by reporting mills were barely 50 per cent of full capacity.

Furniture — A recession in activities in this classification took place during the past thirty days. February sales of the 15 reporting interests were 8.9 per cent smaller than during the same month last year and 16.2 per cent under the January total this year. Stocks on March 1 were 3.3 per cent smaller than thirty days earlier, and 1.4 per cent larger than those on March 1, 1927. The movement through retail channels was generally under expectations, and as a result reordering is in unusually small volume for this season. There is a good demand for hotel and large apartment furniture and furnishings, but the ordinary lines of staple household furniture are slow. A slowing down in demand for office furniture and equipment was noted.

Groceries — Improvement, both as compared with a year ago and the preceding month was noted in the grocery trade. February sales of the 14 reporting firms were 1.6 per cent greater than for the same month in 1927, and 4.3 per cent in excess of the January total this year. Stocks on March 1 were 4.3 per cent larger than on February 1, and 8.3 per cent larger than on March 1, 1927. Business

in the large cities was relatively better than in the country, due to unfavorable weather and poor condition of dirt roads in many sections. The belated arrival of early fruits and truck crops from the South has had a stimulating effect on sales of canned goods and packed products generally. Prices showed little variation as compared with the preceding month.

Hardware — Sales of the 11 reporting firms in February were 6.1 per cent larger than for the same month in 1927, and 3.5 per cent larger than in January this year. Stocks on March 1 were 9.7 per cent larger than thirty days earlier and 16.9 per cent smaller than on March 1, 1927. Business generally through the line was reported good, though unfavorable weather has tended to hold down specifications on spring merchandise. Goods for consumption in the country constitute the most active section of the line as a whole. Farm implements, wire and wire products and repair materials are in brisk demand. Advance orders of spring and summer sporting goods were reported about on a parity with a year ago.

Iron and Steel Products — Further moderate expansion in production and distribution of iron and steel goods in this district took place during the past thirty days. Specifications for heavy finished and semi-finished steel for March shipment were in good volume, and some improvement was noted in certain of the lighter lines. Reports relative to new orders booked reflected rather spotted conditions, but as a whole business placed was slightly in excess of current shipments. Specifying and buying by the automotive industry and equipment manufacturers were on a more liberal scale than during the preceding thirty days, and slightly heavier than at the same time last year. Generally through the district demand for building materials showed the usual seasonal betterment. Structural fabricators and manufacturers of architectural iron reported a larger volume of orders than at any time since early last fall. Purchasing of highway construction materials for immediate delivery and shipment through the second quarter was heavy, and mills specializing in reinforcing concrete bars are operating at, or close to full capacity. The movement of sheets and tin plate also continues active, with full time operations the rule at plants manufacturing these materials. The outlet for bars, shapes and plates through the general manufacturing trade is reported broad, with the trend of prices higher, and specific advances noted on certain items. With the exceptions of nails, the movement of wire and wire products has been active. Wire fencing and wire cloth are being heavily purchased in the rural areas, particularly through the South. Some improvement

is noted in demand for tank plates, tubing and the general run of oil country goods, and supplies for the glass, quarrying, cement and packing industries are moving in good volume. The leading producer of tin plate in this district reports February output the largest for any single month on record. Purchasing by the coal mining industry is restricted to a necessity basis. Manufacturers of gray iron and malleable castings report a fair volume of new business, and the same is true of implement and machinery makers. Production of pig iron for the country as a whole during February totaled 2,898,668 gross tons, against 2,855,515 tons in January and 2,940,604 tons in February, 1927. Buying of foundry pig iron during the past thirty days was in fair volume, but considerable tonnage for second quarter is still to be placed. Steel ingot production in the United States during February set a new high record for that particular month, the total of 4,014,774 tons comparing with 3,959,904 tons in January and 3,781,376 tons in February, 1927.

Lumber — Production was maintained at approximately the same rate as during the preceding thirty days, and generally there was little change in conditions prevailing in the trade. A moderate expansion in demand from the building interests was noted, and fair buying was reported by the automotive and car building industries. Purchasing of hardwoods by the furniture trade continues slow, and the outlet through the general manufacturing trade was disappointing. Generally competition is reported keen, and profit margins are narrow.

RETAIL TRADE

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

	Net sales comparison		Stocks on hand	Stock turnover	
	Feb. 1928 comp. to Feb. 1927	2 months ending Feb. 29, 1928 to same period 1927	Feb. 29, 1928 comp. to Feb. 28, 1927	Jan. 1, to Feb. 29, 1928	Feb. 29, 1927
Evansville	+ 3.5%	- 2.5%	+12.6%	.34	.38
Little Rock.....	- 1.9	+ 0.9	+11.1	.33	.36
Louisville.....	+ 1.0	- 2.7	+10.5	.46	.48
Memphis	+14.9	+14.5	- 0.7	.47	.39
Quincy	+20.6	+18.1	- 3.6	.40	.31
St. Louis.....	+ 1.3	+ 1.7	- 5.5	.56	.51
Springfield, Mo. —	3.2	- 3.6	- 2.2	.20	.21
8th District.....	+ 3.1	+ 3.2	- 1.1	.50	.47

	Net sales comparison		Stocks on hand	
	Feb. 1928 compared to Feb. 1927	Jan. 1928	Feb. 1928 compared to Feb. 1927	Jan. 1928
Men's furnishings.....	+ 0.9%	- 8.9%	+ 3.5%	+26.5%
Boots and shoes.....	-11.2	-13.8	-18.9	+25.3

Department Store Sales by Departments — As reported by the principal department stores in Little Rock, Louisville, Memphis and St. Louis.

	Percentage increase or decrease	
	February 1928 compared to February, 1927	February 1928 compared to February, 1927
	Net sales for month	Stocks on hand at end of month
Piece goods.....	+ 0.4%	- 0.3%
Ready-to-wear accessories.....	1.5	- 1.3
Women's and misses' ready-to-wear.....	+ 2.9	+ 4.0
Men's and boys' wear.....	+ 2.2	- 8.7
Home furnishings.....	+16.0	-13.4

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electricity by selected industrial customers in February as being 2.2 per cent greater than in January, and 29.2 per cent more than in February, 1927. In both the yearly and month-to-month comparisons, increases were general in all classes of business. A considerable part of the gain over last February was accounted for by heavier loads taken in St. Louis. Detailed figures follow:

	No. of	Feb.	Jan.	Feb. 1928	Feb.	Feb. 1928
	Custom- ers	1928 *K.W.H.	1928 *K.W.H.	comp. to Jan. 1928	1927 *K.W.H.	comp. to Feb. 1927
Evansville ...	40	1,028	944	+ 8.9%	1,047	- 1.9%
Little Rock..	35	1,275	1,260	+ 1.2	1,061	+20.1
Louisville ...	80	5,530	5,047	+ 9.6	4,348	+27.1
Memphis	31	1,727	1,943	-11.2	1,779	- 3.0
St. Louis.....	116	16,363	16,171	+ 1.2	11,725	+39.5
Totals.....	302	25,923	25,365	+ 2.2	19,960	+29.8

*In thousands (000 omitted).

BUILDING

In point of dollar value, building permits issued in the five largest cities of the district in February showed a gain of 15.7 per cent over the preceding month, but a decrease of 11.6 per cent as compared with February, 1927. According to figures compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District in February totaled \$35,293,872 which compares with \$29,187,055 in January and \$25,697,489 in February, 1927. There was no change worthy of note in cost of building during the past thirty days, no appreciable variation having taken place in material prices or wage scales. Production of portland cement for the country as a whole in February totaled 8,785,000 barrels, against 9,782,000 barrels in January, and 7,368,000 barrels in February, 1927. Building figures for February follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1928	1927	1928	1927	1928	1927	1928	1927
Evansville ..	306	255	\$ 110	\$ 180	64	78	\$ 20	\$ 19
Little Rock	64	90	216	233	102	65	47	23
Louisville ..	140	194	1,058	2,455	69	76	471	139
Memphis	454	278	2,006	1,361	124	100	113	25
St. Louis.....	550	554	2,094	1,971	392	319	500	232
Feb. totals	1,514	1,371	\$5,484	\$6,200	751	638	\$1,151	\$438
Jan. totals	1,161	954	4,738	4,628	599	468	647	417
Dec. totals	1,231	1,003	3,084	5,625	738	364	837	327

*In thousands of dollars (000 omitted).

AGRICULTURE

In all states in this district, but more particularly in the South, stocks of grain on farms on March 1 were substantially below holdings on any like date in recent years, except March 1, 1925. The small supplies were due to a number of causes, chief among which were the small crops produced in 1927, a large number of live stock on farms, absence of sufficient pasturage and the incentive to ship offered by favorable market prices. Of the main grain crops the total on farms in states of this district on March 1 was 37.5 per cent less than on the same date in 1927, and 29.7 per cent below the 5-year (1923-27) average.

Weather during the past thirty days has been generally favorable for outdoor work, and reports received from widely scattered sections indicate that plowing and preparation for spring crops is slightly further advanced than is ordinarily the case at this season. In the South excellent progress has been made in planting of oats. Almost universally moisture has been adequate, and soil conditions are fine. Farm labor is abundant, with a slight overplus reported in some sections. Wage scales show little change as compared with those in effect at this time last year.

For the country as a whole stocks of grain on farms on March 1 were considerably smaller than in 1927 or the five year average. Combining the estimated farm stocks of corn, wheat, oats, barley and rye on March 1 this year, holdings total about 40,000,000 tons, compared with 43,500,000 tons on March 1 last year, and average March 1 stocks of 43,500,000 tons during the five years 1923 to 1927, a period which includes the very small holdings of March 1, 1925, which followed the short crop of 1924.

Intentions to Plant — A substantial increase in the total acreage of crops is to be expected this season if weather conditions permit, according to the report on planting intentions issued by the United States Department of Agriculture. The 50,000 farmers who have reported to the Department the acreages of various crops which they intended to grow this year plan to increase their acreages of main crops (exclusive of cotton) by over 3 per cent, the greatest increases being in those sections of the Mississippi Valley where wet weather or flood conditions interfered with planting last spring. As interference with planting from adverse weather and losses from summer drought or other causes cannot be foreseen, the acreages harvested are usually somewhat below those intended in the spring, but the tendency toward an increased acreage appears to be now more general than in any of the past five seasons, except in 1925.

The combined acreage intended to be planted to the principal feed grains, corn, oats, barley, and grain sorghums, points to an increase of about 3 per cent over the acreage harvested in 1927. The present plans of farmers indicate an increase of almost 3 per cent in the United States corn acreage, nearly 24 per cent increase in barley acreage, more than 2 per cent in grain sorghum acreage, but 1.4 per cent decrease in oats acreage.

Winter Wheat — Reports of damage to wheat from winter killing are becoming more numerous as the season progresses. In many sections the injury is permanent, the plant having been killed by heaving, due to frequent alternate freezing and thawing

weather. Some fields are a total loss and will be abandoned. In Illinois, Missouri and Indiana many farmers are planting oats or barley on the abandoned acreage. While moisture through the winter was abundant, snow covering was lacking most of the time. There are the usual reports of injury from hessian fly, but except in limited areas, this is no greater than the average of recent years. Stocks of wheat on farms in states of this district on March 1 are estimated by the U. S. Department at 9,766,000 bushels, which compares with 16,913,000 bushels on the same date in 1927, and a 5-year average of 17,066,000 bushels.

Corn — In states of this district stocks of corn in farmers' hands on March 1 totaled 286,291,000 bushels, which compares with 450,729,000 bushels on the corresponding date in 1927 and a 5-year average of 394,172,000 bushels. In the United States farm stocks of corn on March 1 were 1,020,335,000 bushels, as against 1,134,370,000 bushels on March 1, 1927, and a 5-year average of 1,093,799,000 bushels. Under impetus of higher prices and good demand, shelling of corn and the movement to market underwent a sharp increase, receipts at primary points being the largest of the season. Some planting of the new crop has taken place in the south, and except where interfered with by weather, plowing and disking have made headway. Supplies of seed corn are adequate, but poor quality is complained of in some sections.

Oats — Stocks of oats on farms in states of this district on March 1 were 48,342,000 bushels, against 85,649,000 bushels on the same date in 1927, and a five year average of 80,383,000 bushels. For the entire country March 1 stocks of oats in producers' hands totaled 376,699,000 bushels, against 421,897,000 bushels a year earlier, and a 5-year average of 480,092,000 bushels.

Live Stock — There has been no change worthy of note in the condition of live stock during the past thirty days as compared with the similar period immediately preceding. There was the usual seasonal decrease in the movement to market during February, but a substantial gain in receipts of hogs in February over the same month last year. Prices of cattle and sheep were well maintained, but hogs continue weak.

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

	Receipts			Shipments		
	Feb. 1928	Jan. 1928	Feb. 1927	Feb. 1928	Jan. 1928	Feb. 1927
Cattle and Calves.....	81,898	96,180	84,661	60,192	62,655	55,136
Hogs	418,357	426,169	297,929	266,877	285,776	216,311
Horses and Mules....	9,688	16,847	8,177	12,824	15,049	7,865
Sheep	20,900	22,913	26,275	9,674	9,134	8,983

Cotton — Under mainly favorable weather conditions, good progress has been made in preparations for the new crop, and generally this work is slightly ahead of the average at this season during the past decade. Moisture conditions are satisfactory throughout this district, and except in a few scattered sections, labor and seed supplies are ample for all requirements. Unofficial reports from Arkansas and Mississippi indicate moderate increases in acreage over that planted last spring, however, farmers' intentions in this respect will be governed largely by weather conditions. While demand for cotton has been only fair, there was an advance of about 1c per pound from the low point of the season, and the average continued well above the corresponding period last year. Stocks of cotton in Arkansas warehouses on March 16 were 188,875 bales against 202,882 bales on the corresponding date in 1927.

Rice — Due to pressure to sell on the part of farmers, who wish to liquidate their holdings prior to planting the new crop, supplies of rough rice have been excessive, and prices of certain grades were lower. Business in cleaned rice was disappointing, though shipments on sales made in December and January were heavy. Preparations for the new crop have made good progress, with present indications for acreages about on a parity with those planted last spring.

Tobacco — With the market season virtually at an end, offerings have decreased substantially and consist chiefly of low grades. Prices have been fairly well sustained except in the loose leaf burley markets, where they were below those paid thirty days earlier. In all districts plant beds are being prepared, and present indications are that there will be an increase in planting in the burley district, in the fired dark districts and the green river section, but in the one sucker or aircured dark district there is a disposition to reduce planting of dark tobacco and increase planting of burley.

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

	High	Low	Close	
			Mar. 15, 1928	Mar. 15, 1927
Wheat				
May	per bu. \$1.39	\$1.32½	\$1.37	\$1.33¾ @ \$1.37
July	" 1.37½	1.28½	1.33¾	1.29½ @ 1.30½
No. 2 red winter	" 1.70	1.55	1.67	1.34 @ 1.35
No. 2 hard.....	" 1.41	1.33	\$1.37	@ 1.37½ 1.37
Corn				
May	" 1.01¾	.97½	1.01¾	.78¾
July	" 1.04¼	.99½	1.04¼	.82¾
No. 2 mixed.....	" .97½	.93½	.97½
No. 2 white.....	" .98	.94	.98	.68
Oats				
No. 2 white.....	" .64	.57½	.62½ @	.63½ .46
Flour				
Soft patent.....	per bbl. 7.50	7.00	7.00 @ 7.50	6.50 @ 7.00
Spring patent.....	" 7.15	6.75	6.85 @ 7.15	7.10 @ 7.15
Middling cotton.....	per lb. .18	.17½	.18	.12¾
Hogs on hoof.....	per cwt. 8.75	6.50	6.85 @ 8.55	10.60 @ 12.25

FINANCIAL

Generally through the past thirty days, demand for bank accommodation from commercial and industrial lines was slightly more active than in the similar period immediately preceding. While satisfactory collections permitted of extensive payments by wholesalers and jobbers, additional borrowing more than offset liquidation in this classification, and total loans of the reporting member banks on March 7 were only slightly smaller than on the corresponding date in February. The decrease shown was due to a reduction in loans on stocks and bonds, the total of which item in the first week of this month was the smallest since last June. There was a moderate reduction of balances of country banks with their city correspondents, reflecting the initial demand for spring agricultural requirements, but except in a limited number of southern localities, the agricultural demand to date is not sufficiently large to materially affect the situation.

There was the usual seasonal reduction in deposits of the commercial banks, incident to income tax settlements. The smaller deposits were due partly, as well, to the absorption of funds by the augmented commercial requirements. Commitments of the milling and grain interests were larger than earlier in the year, due to the heavier movement of wheat from the country and higher cash wheat premiums. Excellent liquidation was reported in the tobacco districts, where the marketing season is drawing to a close, and farmers are receiving the proceeds of their crops.

Borrowing by member banks from this institution decreased slightly during the period under review, but was uniformly substantially greater than at the corresponding time last year. A further slight reduction in the volume of Federal reserve notes in circulation was noted, and deposits of this bank on which reserve is carried were, at the middle of March, approximately 6 per cent smaller than thirty days earlier. This district's quota of the March 15 issue of U. S. Treasury notes was heavily over-subscribed.

The trend of interest was firmer, with fractional advances noted on certain classes of loans. At the St. Louis banks the current rates of interest were as follows: Prime commercial loans, $4\frac{1}{4}$ to $5\frac{1}{4}$ per cent; collateral loans, $4\frac{1}{2}$ to $5\frac{1}{2}$ per cent; interbank loans, $4\frac{3}{4}$ to $5\frac{1}{4}$ per cent; loans secured by warehouse receipts, $4\frac{1}{2}$ to $5\frac{1}{2}$ per cent, and cattle loans $5\frac{1}{2}$ 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.

	*Feb. 1928	*Jan. 1928	*Feb. 1927	Feb. 1928 Jan. 1928	comp. to Feb. 1927
E. St. Louis & Natl. Stock Yards, Ill. \$	62,684	\$ 66,992	\$ 39,713	— 6.4%	+ 57.8%
El Dorado, Ark.	7,947	10,301	9,428	—22.9	—15.7
Evansville, Ind.	45,498	48,482	40,771	— 6.2	+11.6
Fort Smith, Ark.	12,571	13,649	11,534	— 7.9	+ 9.0
Greenville, Miss.	3,729	3,868	5,159	— 3.6	—27.7
Helena, Ark.	3,382	3,719	3,762	— 9.1	—10.1
Little Rock, Ark.	74,797	81,610	70,593	— 8.3	+ 6.0
Louisville, Ky.	187,415	201,653	187,525	— 7.1	— 0.1
Memphis, Tenn.	135,369	168,168	143,240	—19.5	— 5.5
Owensboro, Ky.	6,375	7,644	6,074	—16.6	+ 5.0
Pine Bluff, Ark.	10,585	12,360	10,989	—14.4	— 3.7
Quincy, Ill.	11,467	12,348	11,908	— 7.1	— 3.7
St. Louis, Mo.	711,761	807,119	662,467	—11.8	+ 7.4
Sedalia, Mo.	3,873	4,758	4,038	—18.6	— 4.1
Springfield, Mo.	15,646	17,375	13,094	—10.0	+19.5
*Texarkana, Ark.-Tex.	14,970	17,982	16,879	—16.8	—11.3
Totals.....	\$1,308,069	\$1,478,028	\$1,237,174	—11.5	+ 5.7

*In thousands (000 omitted).

*Figures for Texarkana, include one bank in Texarkana, Texas, not in the Eighth Federal Reserve District.

Condition of Banks — Loans and discounts of the reporting member banks on March 14, 1928 showed a decrease of 1.5 per cent as contrasted with February 15, 1928, and an increase of 1.3 per cent as compared with March 16, 1927. Deposits decreased 2.0 per cent between February 15 and March 14, and on the latter date were 1.4 per cent larger than on March 16, 1927. Composite statement follows:

	*Mar. 14, 1928	*Feb. 15, 1928	*Mar. 16, 1927
Number of banks reporting.....	†30	†30	31
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't obligations.....	\$ 4,183	\$ 4,307	\$ 4,279
Secured by other stocks and bonds.....	199,246	209,519	189,372
All other loans and discounts.....	303,175	300,688	306,411
Total loans and discounts.....	\$506,604	\$514,514	\$500,062
Investments			
U. S. Gov't securities.....	84,015	83,790	76,567
Other securities.....	132,891	135,519	122,761
Total investments.....	\$216,906	\$219,309	\$199,328
Reserve balances with F. R. Bank.....	50,090	50,983	51,863
Cash in vault.....	7,375	6,958	7,314
Deposits			
Net demand deposits.....	414,501	429,215	408,071
Time deposits.....	248,354	246,485	236,406
Government deposits.....	195	648	9,709
Total deposits.....	\$663,050	\$676,348	\$654,186
Bills payable and rediscounts with F. R. bank			
Secured by U. S. Gov't obligations.....	6,213	9,369	2,620
All others.....	11,342	6,040	4,000

*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 February the Federal Reserve Bank of St. Louis discounted for 163 member banks, against 158 in January and 191 in February, 1927. The discount rate remained unchanged at 4 per cent. Changes in the principal assets and liabilities of this institution as compared with the preceding month and a year ago appear in the following table:

	*Mar. 21, 1928	*Feb. 21, 1928	*Mar. 21, 1927
Bills discounted.....	\$28,690	\$29,251	\$14,508
Bills bought.....	8,120	14,222	9,308
U. S. Securities.....	29,776	31,918	25,567
Total bills and securities.....	\$66,586	\$75,391	\$49,383
F. R. Notes in circulation.....	52,194	52,674	44,086
Total deposits.....	82,522	86,420	81,624
Ratio of reserves to deposits and F. R. note liabilities.....	58.3%	51.8%	66.0%

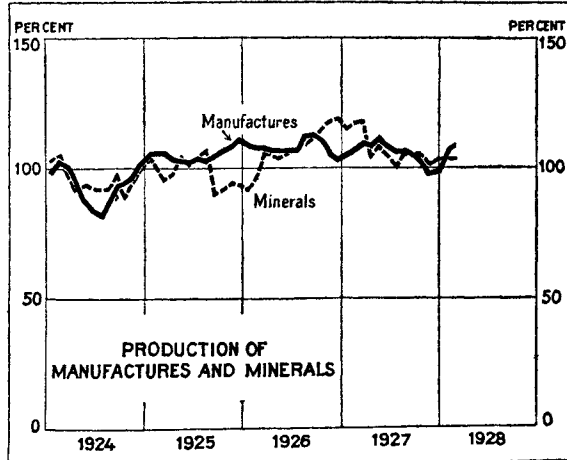
*In thousands (000 omitted)

(Compiled March 21, 1928)

BUSINESS CONDITIONS IN THE UNITED STATES

Production and distribution of commodities increased further in February, while wholesale commodities prices remained practically unchanged. Commercial loans of member banks showed a larger increase in February and the first half of March than at the same season in other recent years.

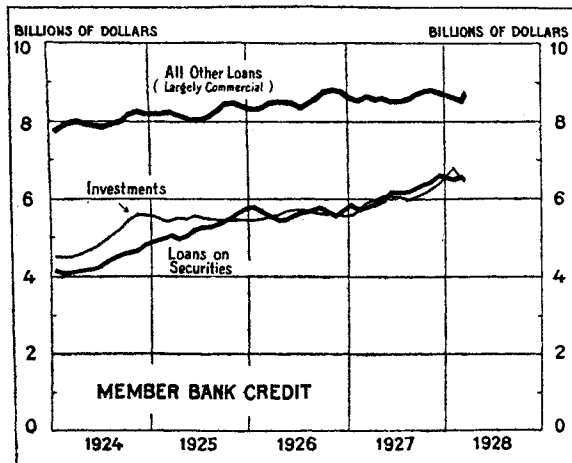
PRODUCTION—Production of manufactures in February, as indicated by the Federal Reserve Board's index, increased 3 per cent over January and was 2 per cent larger than a year ago, while production of minerals declined slightly and continued to be substantially smaller than last year. Factory employment and payrolls showed a seasonal increase in February, but continued lower than a year



Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-25 average=100). Latest figures, February: Manufactures, 109; minerals, 103.

ago. Output of iron and steel, automobiles, and agricultural machinery has increased considerably since the first of the year. Daily average production of steel ingots in February was larger than in any other month since last March, and current reports indicate that output was sustained in the first three weeks in March.

Production of non-ferrous metals also increased in February. Activity in the textile industries has shown little change since the first of year. Production of bituminous coal and crude petroleum, which decreased in February increased slightly in the first half of March. Building contracts awarded were larger in February than in the corresponding month of any previous year, reflecting chiefly a large volume of awards for residential construction in the New York and Chicago districts. Contracts let in the first



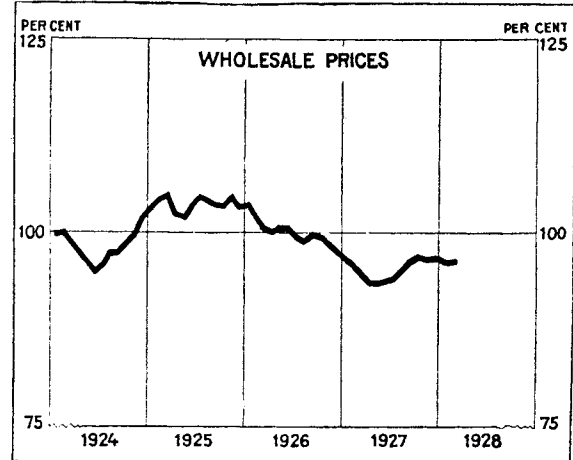
Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first two weekly report dates in March. Two weeks of March were in approximately the same volume as in the corresponding period of last year.

TRADE—Sales of wholesale firms in leading lines increased in February and were slightly larger than a year ago. Sales of department stores, after allowance for the customary seasonal changes, were in about the same volume as in January and somewhat smaller than a year ago. Stocks

of merchandise carried both by wholesale firms and by department stores showed a seasonal increase in February.

Freight car loadings have shown somewhat more than the usual seasonal increase since the beginning of the year, but have continued to be in smaller volume than in the corresponding period last year, owing chiefly to much smaller shipments of coal. Loadings of merchandise in less than carload lots and of miscellaneous commodities have been less than in the corresponding period of the last two years, while loadings of livestock and grain products have been larger.

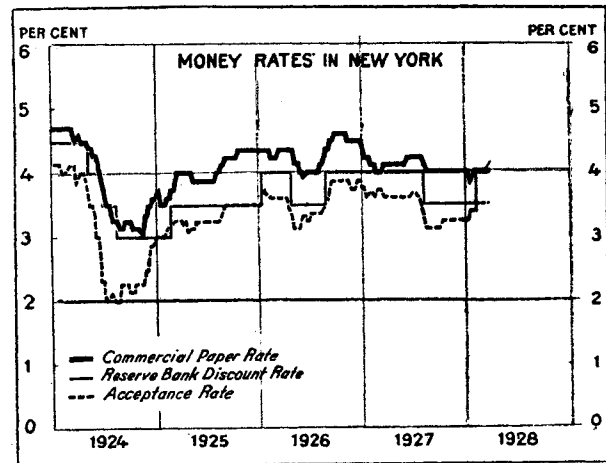
PRICES—The general level of wholesale commodity prices as indicated by the Bureau of Labor Statistics index



Index of United States Bureau of Labor Statistics (1926=100, base adopted by Bureau). Latest figure, February 96.4.

remained practically unchanged in February at approximately 96 per cent of the 1926 average. There were decreases in the prices of cotton, sugar, non-ferrous metals, chemicals, and rubber, as well as a seasonal decline of dairy products. Increases occurred in prices of grains, metals, hides and leather products, and steel. In the first two weeks in March, prices of grains, hogs and cotton advanced while those of cattle and rubber showed further declines.

BANK CREDIT—From the middle of February to the middle of March the loans and investments of member banks in leading cities increased by \$200,000,000, reflecting a growth in the banks' commercial loans. The banks' loans on securities and investments showed little change for the period. The volume of reserve bank credit outstanding in-



Weekly rates in New York money market: Commercial paper rate on 4-to-6 months paper and acceptances rate on 90-day paper.

creased somewhat from February to March, chiefly in consequence of increased borrowings by member banks, which in part reflected further withdrawals of gold for export. During the four weeks ending March 21, conditions in the money market were firmer. The rate of prime commercial paper increased from 4 to 4¼ per cent and there were advances in time rates on security loans.