

# 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

**D**ECLINING tendencies in business were general in this district during the past thirty days. Distribution of merchandise was on a smaller scale than during the two or three months immediately preceding, and in a majority of lines investigated, below that of the corresponding period last year. This was true of both goods for ordinary consumption as well as commodities of the heavier and more permanent sort. A rather marked slump developed in booking of new business in the iron and steel industry, and while shipments from foundries, mills and machine shops were fairly well sustained, they were in many instances heavily at the expense of incompleting orders. In all sections there is a disposition to purchase with caution, and except in a limited number of lines in which price considerations or other internal factors are affecting views of merchants, commitments are being held down to well defined requirements. Likewise buying by ultimate consumers lacks the spontaneity noted earlier in the year.

As reflected by returns of department stores in leading cities of the district, retail business in April was below that of a year ago. Reports from smaller urban centers and the country also indicate a slowing down in retail activity. The chief reasons given for the decline under last year are the fact that Easter this year was earlier than in 1927, and the backward and cool spring which has seriously hampered the movement of seasonal merchandise. Failure of the winter wheat crops in this area has also adversely affected sentiment and actual buying of goods and in the rural communities there is a general disposition to await more definite information relative to other crops before filling requirements for merchandise. Preparations for and planting of spring crops has made excellent progress, but temperatures have been too low for best results in the matter of growth and development.

While the employment situation was in better balance than during the preceding thirty days, less

than the usual seasonal improvement occurred. The absorption of workers in outdoor activities was partly offset by reduced operations at many industrial plants. According to the Employment Service, U. S. Department of Labor, there were reductions in forces at iron and steel mills and foundries, in the textile industry, lumber mills, leather tanneries, furniture factories, and glass, cement and packing establishments. Improvement was noted among workers in the building industry, but a surplus of both skilled and common labor still exists in this classification. Highway construction and river and municipal improvement work has opened up, and absorbed large numbers of idle common laborers.

Aside from the protracted cold weather, which served to stimulate demand for coal for heating purposes, conditions in the bituminous coal trade were dull and disappointing. Termination of the agreement between operators and miners in the Illinois and Indiana fields on April 1 failed to arouse apprehension on the part of large industrial consumers relative to future supplies. In addition to possessing liberal reserve stocks, these interests were influenced by the experience of last year, when it was found that output from the non-union mines was ample to fill all requirements. A further factor tending to establish confidence in ability to get coal when needed was the reopening of a number of mines in Illinois and Indiana on the Jacksonville wage scale, and signification by some 200 others that they would resume operations if demand warranted. Contracting by dealers and householders for next fall and winter has not developed on a large scale, and buying by municipalities, public institutions and utilities companies is reported backward. There is a general disposition to draw on reserve stocks, despite the fact that production has turned sharply downward. The trend of prices was lower, particularly on prepared sizes and mine run. Steaming coal was relatively firmer than other descriptions. Some improvement in sentiment in the Kentucky fields was

occasioned by the decision of the U. S. District Court in the lake cargo rates. Inquiries for lake tonnage are reported to have increased. Consumers' stocks of bituminous coal in the United States on April 1 were considerably less than the record holdings on the same date last year, but larger than on any other similar date since 1922. For the country as a whole, production of soft coal during the present calendar year to May 5, approximately 107 working days, amounted to 168,379,000 tons, against 210,612,000 tons for the corresponding period last year, and 190,721,000 tons in 1926.

Traffic of railroads operating in this district continued the steady declines which have marked preceding months this year. Losses extended through virtually all freight classifications but were particularly marked in coal and coke, forest products and live stock. For the entire country, loadings of revenue freight during the first 17 weeks of the year, or to April 28, totaled 15,527,743 cars, against 16,416,714 cars for the corresponding period in 1927, and 16,032,431 cars in 1926. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting roads, interchanged 214,952 loads in April, against 245,780 loads in March, and 189,951 loads in April, 1927. During the first nine days of May the interchange amounted to 65,410 loads, against 63,626 loads during the corresponding period in April, and 64,234 loads during the first nine days of May, 1927. Passenger traffic of the reporting road in April decreased 10 per cent as contrasted with the same month in 1927. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in April was 112,000 tons, against 125,228 tons in March and 121,673 tons in April, 1927.

Reports relative to collections reflect rather spotted conditions, but with general results showing some improvement over the preceding month and the corresponding period last year. Wholesalers in the large centers reported May settlements up to expectations as a whole, but with some backward spots. Settlements with retailers in the chief cities were relatively better than in the rural sections, due in large measure to preoccupation of farmers with intensive spring work. Answers to questionnaires addressed to representative interests in the several lines scattered through the district showed the following results:

	Excellent	Good	Fair	Poor
April, 1928.....	1.4%	26.4%	59.9%	12.3%
March, 1928.....	1.3	16.9	66.2	15.6
April, 1927.....	1.1	22.1	61.7	15.1

Commercial failures in the Eighth Federal Reserve District during April, according to Dun's numbered 97, involving liabilities of \$1,208,376, against 104 defaults in March with indebtedness of

\$3,983,257, and 95 failures for \$1,590,517 in April, 1927.

The per capita circulation of the United States on April 30, 1928 was \$40.21, against \$40.24 on March 31, 1928, and \$41.95 on April 30, 1927.

## MANUFACTURING AND WHOLESALE

**Automobiles** — Combined passenger car and truck production in the United States in April totaled 409,948, which compares with 413,000 in March and 404,743 in April, 1927.

Distribution of automobiles in this district, which had recorded notable gains during the two preceding months, turned sharply downward during April and early May. Decreases as compared with the preceding month and a year ago were quite general through all makes of passenger cars, but were most pronounced in the medium priced vehicles. Likewise, losses were reported by dealers both in the large centers of population and in the small towns and rural districts. In the country the smaller volume of sales was accounted for partly by the failure of the winter wheat crop in important sections of the trade territory, also to a general disposition on the part of agriculturists to await more positive crop developments before filling their automobile requirements. As has been the case for the past several months, sales of low priced cars have made a poor showing as compared with a year earlier because of the fact that a leading manufacturer in this category has been operating on a heavily reduced production schedule. City dealers report that rumors of new models to be placed on the market by several leading manufacturers have had a tendency to cause prospective purchasers to postpone making commitments. Demand for trucks of all descriptions was also less active than thirty days earlier. Stocks of new passenger cars increased slightly during April, and at the end of that month were 12.5 per cent larger than on March 31, and 7.2 per cent in excess of those on April 30, 1927. Stocks of used cars showed little variation as compared with a month earlier, and were about 4.2 per cent smaller than on April 30, 1927. April sales of new passenger cars by 320 dealers scattered through the district were 38.5 per cent smaller than in March and 9.0 per cent less than in April, 1927. Sales of accessories and parts by the reporting dealers in April were 4.3 per cent less than in March, and 1.0 per cent larger than in April last year. Deferred payment sales of new passenger cars by dealers reporting this item, averaged 42.6 per cent in April, against 46.3 per cent in March and 49.9 per cent in April, 1927.

**Boots and Shoes** — April sales of the five reporting interests were 10.7 per cent larger than for the same month in 1927, and 5.0 per cent in excess of

the March total this year. Stocks on May 1 were 9.6 per cent larger than on the same date last year, and 0.2 per cent greater than on April 1 this year. The upward trend in prices, beginning earlier in the year, continued during the past thirty days. The average advance on finished goods amounted to approximately 2 per cent, and several important manufacturers are planning further increases during the next few weeks. Due to the upturn in sole leather, the rise in prices has affected work shoes and the heavier classes of men's shoes to a greater extent than other descriptions. Factory operations were at approximately the same rate as a month earlier.

**Clothing** — The backward spring has resulted in a delayed movement of seasonal apparel, and re-ordering in these lines has been at a low ebb. Purchasing for summer and early fall, however, is reported in good volume, and April sales of the reporting clothiers were 76.2 per cent larger than in March, and 21.9 per cent above the April, 1927, total. The heavy gain in the month-to-month comparison is accounted for chiefly by the usual seasonal considerations. Manufacturers of women's and children's clothing report future orders slightly in excess of the corresponding period last year. Bookings of men's heavy suits and overcoats for fall delivery are reported satisfactory, but demand centers chiefly in low priced garments. Milliners complain of continued quietness in their line, and sales of straw hats and men's hats generally were considerably smaller than last year or in 1926.

**Drugs and Chemicals** — April sales of the six reporting interests were 0.1 per cent larger than for the same month in 1927, and 6.0 per cent smaller than the March total this year. Stocks on May 1 were 3.3 per cent larger than a year earlier, and 0.5 per cent in excess of those on April 1 this year. Demand generally through the line is holding up fairly well, though since the middle of April a slowing down in purchasing of heavy drugs and chemicals by the manufacturing trade was noted. Advance sales of fertilizers, insecticides and spraying goods are reported well up to expectations, and slightly above a year ago. Demand for soda fountain supplies has been held in check by the cool weather. No change worthy of note has taken place in prices as compared with the preceding thirty days.

**Dry Goods** — Rather sharp decreases were reported in sales in this classification, both as compared with the preceding month and a year ago. Unseasonable weather was given as the chief cause for restricted buying, and other adverse influences were the partial failure of the winter wheat crop and strike in the bituminous coal fields. Retail stocks are for the most part small, but retailers are replenishing with conservatism, and taking only what they need

for well defined requirements. The recent upturn in cotton has had a moderately stimulating effect on goods based on that staple, and since May 1 future orders have picked up. Wholesale dry goods interests comment on steadily increasing competition from chain stores. April sales of the eight reporting firms were the smallest since December 1926 and 10.3 per cent less than in April, 1927, and 19.7 per cent below the March total this year. Stocks on May 1 were 8.3 per cent and 7.5 per cent larger than thirty days and a year earlier, respectively.

**Electrical Supplies** — As contrasted with a year ago, April sales of the six reporting interests showed a decrease of 25.4 per cent, but the total was 1.0 per cent greater than in March this year. Advance sales of fans and other seasonal merchandise have been held down by the cool weather. Some recession in the movement of materials for new buildings is reported but sales of pole hardware and the general run of public utility equipment are reported satisfactory. Demands from the automotive industry have slowed perceptibly, but call for small motors continues active. Little change in radio material took place as compared with the preceding thirty days. Stocks on May 1 were 14.2 per cent and 32.6 per cent larger, respectively than thirty days and a year earlier.

**Flour** — Production at the 12 leading mills in the district in April totaled 330,724 barrels, against 376,889 barrels in March and 329,522 barrels in April, 1927. Stocks of flour in St. Louis on May 1 were 12.0 per cent smaller than on April 1, and 9.2 per cent below the total on May 1, 1927. Business during the past thirty days was drastically affected by the erratic and broad fluctuations in the cash wheat market. The rapid rise in grain values, which continued through April, was accompanied by an advance in flour prices. Buyers generally were not disposed to follow the upturn, and purchasing was confined chiefly to absolute necessities. Shipping directions on flour previously purchased, however, were good. Export demand at the extreme high prices was virtually at a standstill. Following the reaction in wheat, which set in about May 1, flour prices receded, and improvement developed in the domestic trade. Throughout the period, however, sales were light, averaging under 35 per cent of mill capacity. Operations continued through April and early May at about the average rate maintained in March.

**Furniture** — April sales of the 14 reporting firms were the smallest for any month this year the total being 10.9 per cent smaller in March, and 5.3 per cent less than in April, 1927. Stocks on May 1 were 2.8 per cent smaller than a month earlier, but

4.9 per cent larger than those on May 1, 1927. A recession in demand for furniture and furnishings for large apartment houses and hotels is noted, and generally household furniture is less active than in recent months. Retailers are purchasing very closely, and growing competition is adversely affecting profits. There are increasing reports of price cutting in order to move goods and keep plants in operation.

**Groceries** — As contrasted with the same month in 1927, April sales of the twelve reporting firms registered a gain of 4.3 per cent, but the total was 24.6 per cent smaller than in March this year. Business in this classification a year ago was seriously affected by floods and excessive rains in the rural sections. Stocks on May 1 were 2.0 per cent larger than thirty days earlier, but 1.1 per cent smaller than those on May 1, 1927. Demand for canned goods and the general line of prepared foods was stimulated by the belated arrival of early fruits and vegetables. Aside from flour, which advanced sharply in sympathy with cash wheat, prices showed no notable change as compared with the month before.

**Hardware** — A further slowing down in business in this classification occurred during the period under review. The backward spring has adversely affected sales of seasonal merchandise particularly goods used extensively in the agricultural areas. Demand for builders hardware and tools was less active than at the same time last year. The movement of sporting goods, such as golf and baseball accessories and fishing tackle and tourists' supplies is below the average at this season for the past several years. There has been a good call for spraying apparatus and garden tools, and since the first of this month some improvement is noted in the general line of shelf hardware. April sales of the twelve reporting interests were 3.0 per cent smaller than for the same month in 1927, and 13.8 per cent under the March total this year. Stocks on May 1 were 0.7 and 21.8 per cent smaller than a month and a year earlier, respectively.

**Iron and Steel Products** — Unevenness was evident in business in this classification during April and early this month. While certain specialty makers were operating at capacity and experienced continued excellent demand for their products, average activities at foundries, mills and machine shops were perceptibly lower than thirty days earlier and the same period last year. General hesitation has developed in new buying, both of raw and finished materials, and specifications on goods previously purchased were in the main disappointing. Shipments were fairly well maintained, but with many industries were at the expense of unfinished business. Purchasing by the railroads continues in small volume, and the outlet through the automotive indus-

try developed narrowing tendencies as contrasted with the two or three months preceding. Buying of miscellaneous materials by the general manufacturing trade was considerably less active than heretofore. This was reflected in sales of the jobbing and warehouse interests, which were reported smaller than in any month since February. Competition in certain materials, notably sheets, bars, plates and shapes, have resulted in a downward price tendency, with specific reductions recorded on a number of important items. The demand for building materials barely maintained the seasonal average, and fabricators complain of lack of new orders, and close profit margins on contracts secured. Demand for oil country goods continues dull, but there is a good call for materials for road building, and river and municipal improvement work. Manufacturers of farm implements have been operating for the most part on full time schedules, and have orders sufficient to maintain the present rate for the sixty to ninety days. The same is true of makers of heating apparatus and some other specialties. Plants specializing in gray iron castings report a recession in new bookings. April business of the reporting job foundries was 7.1 per cent below that of the preceding month, and 4.5 per cent greater than a year ago. Operations at certain stove foundries were reduced to two or three days per week, and April sales of the reporting interests in this line were 1.7 per cent below those of the preceding month, and 5.7 per cent less than the April, 1927, total. Demand for wire and wire products was reported spotted, and the movement of tubular goods has fallen behind that of a year ago. Purchasing of pig iron is backward, and confined chiefly to current quarter requirements, tonnage engaged for third quarter being unusually light. For the country as a whole, pig iron production in April totaled 3,179,385 tons, which compares with 3,199,175 in March and 3,424,377 in April, 1927. The April output of steel ingots in the United States totaled 4,302,573 tons, against 4,507,520 tons in March, and 4,127,335 tons in April, 1927.

## 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	
	April 1928 comp. to April 1927	4 months ending April 30, 1928 to same period 1927	April 30, 1928 comp. to April 30, 1927	Jan. 1. to April 30, 1928	1927
Evansville .....	-16.0%	- 1.8%	+ 2.3%	.77	.78
Little Rock.....	- 0.8	+ 1.4	+ 9.8	.69	.74
Louisville .....	-11.0	- 5.0	+ 4.3	.99	1.05
Memphis .....	- 5.1	+ 8.4	- 6.8	.96	.84
Quincy .....	- 1.2	+13.9	- 1.7	.81	.67
St. Louis.....	- 9.3	- 0.1	- 7.4	1.21	1.13
Springfield, Mo.....	-13.0	- 4.2	-10.8	.49	.51
8th District.....	- 8.5	+ 0.8	- 4.3	1.07	1.02

	Net sales comparison		Stocks on hand	
	April 1928 comp. to April 1927	Mar. 1928	April 1928 comp. to April 1927	Mar. 1928
Men's furnishings.....	-14.9%	-7.5%	+1.8%	-3.0%
Boots and shoes.....	12.6	-6.9	-6.4	+2.7

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

	Percentage increase or decrease April 1928 compared to April 1927	
	Net sales for month	Stocks on hand at end of month
Piece goods.....	-15.1%	-4.3%
Ready-to-wear accessories.....	5.8	-8.5
Women and misses' ready-to-wear.....	8.6	-10.3
Men's and boys' wear.....	-12.9	-5.5
Home furnishings.....	-0.6	-9.9

### CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electricity by selected industrial customers in April as being 11.1 per cent greater than in March and 12.6 per cent larger than in April, 1927. Detailed figures follow:

	No. of Customers	April 1928		April 1927	
		*K.W.H.	*K.W.H.	*K.W.H.	*K.W.H.
Evansville ... 40	1,338	1,209	1,226	+9.1%	
Little Rock.. 35	1,385	1,437	1,321	+4.8	
Louisville ... 80	5,409	5,511	5,196	+4.1	
Memphis .... 31	1,152	1,854	1,879	-38.7	
St. Louis.....120	18,753	15,232	15,279	+22.7	
Totals.....306	28,037	25,243	24,901	+12.6	

\*In thousands (000 omitted).

### BUILDING

The dollar value of building permits issued for new construction in the five largest cities of the district in April showed an increase of 12.0 per cent over March and 5.6 per cent over April, 1927. According to statistics compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District in April totaled \$43,817,596, against \$40,625,582 in March and \$34,887,865 in April, 1927. There was a slight decline in building costs as of May 1, caused by a seasonal falling off in prices of concrete aggregates; namely, sand and stone. Labor wages and conditions of employment remained practically the same. Production of portland cement for the country as a whole in April totaled 13,468,000 barrels, against 10,223,000 barrels in March, and 14,048,000 barrels in April, 1927. Building figures for April follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1928	1927	1928	1927	1928	1927	1928	1927
Evansville ..	482	378	\$ 399	\$ 215	101	128	\$ 29	\$ 29
Little Rock	54	71	169	403	140	115	195	56
Louisville ..	237	264	1,223	2,646	95	117	118	275
Memphis ....	467	340	1,124	1,765	185	156	103	105
St. Louis....	825	637	4,810	2,286	470	372	394	284
April totals	2,065	1,690	\$7,725	\$7,315	991	888	\$ 839	\$749
Mar. totals	1,996	1,969	6,890	6,166	853	1,017	803	856
Feb. totals	1,514	1,371	5,484	6,200	751	638	1,151	438

\*In thousands of dollars (000 omitted).

### AGRICULTURE

Spring farm work generally through this district made good progress during the past thirty days, and is considerably further advanced than at the corresponding period last year, when, it will be

remembered, field operations were seriously delayed by excessive rains and floods. Weather, however, through April and early this month was too cool for best growing results, and generally vegetation is backward. Considerable replanting of cotton, corn and some less important crops has been necessitated by the frosts in mid-April. The low temperatures also wrought much injury to fruits and truck gardens in certain localities. In the North, early apples, peaches, strawberries and plums sustained more or less serious damage. The farm labor situation is described as favorable, with supply in excess of demand quite generally.

**Winter Wheat** — According to the U. S. Department of Agriculture, loss of winter wheat acreage during the past winter and spring has been the heaviest on record. Conditions from the time of planting last fall have been unusually adverse, and excepting the mid-winter snow, dry weather dominated most of the winter. Throughout January and February, alternate freezing and thawing resulted in extensive heaving, with resultant thinning of stands. Dry, windy March weather and frosty nights, accompanied by further heaving rapidly completed the ruin of numerous stands which had been weakened by earlier conditions. April and early May temperatures were too low for promoting growth, and the wheat remaining is in poor condition. Of the approximately 8,769,000 acres planted last fall in the states wholly or partly within this district 4,844,000 acres, or 55.2 per cent, have been abandoned. The estimated yield in these states, based on the May 1 condition, is 35,586,000 bushels, against 91,336,000 harvested in 1927, and a 5-year average (1923-7) of 103,542,000 bushels. In Kentucky 67 per cent of acreage was abandoned, in Illinois 67 per cent, in Indiana 65 per cent and in Missouri 32 per cent. In some important growing counties and localities, losses up to 95 per cent of the seedings is reported. Abandoned wheat acreage has been sown in oats, and has been or will be planted to corn, soybeans, sorghum, cowpeas, etc. For the country as a whole abandonment of winter wheat acreage is estimated at 25.1 per cent, the acreage remaining to harvest being estimated at 35,858,000 acres. The May 1 condition was 73.6 per cent of normal, and estimated yield 486,478,000 bushels, against 552,384,000 bushels harvested in 1927 and a 5-year average of 549,117,000 bushels.

**Corn** — Plowing and preparations for the corn crop have been about completed, and planting is making rapid progress under mainly auspicious conditions for field operations. Low temperatures have militated against stands, and some early sown corn has had to be replanted. Generally the crop

will be put in in good time, which is in marked contrast with last year when more or less planting was delayed until near July 1. Due to the heavy winter wheat abandonment, more corn will be planted than announced intentions last fall indicated.

**Fruits and Vegetables** — The outlook for fruit is extremely spotted, ranging from many favorable reports for apples to fair to poor for peaches, plums, cherries and berries. Damage to early apples, pears and other tree fruits from frosts and freezes in April was generally serious. Late apples, particularly in the southern areas, are reported in good condition. Due to the late spring, truck gardens are backward, and quality of vegetables below average at this season. Early potatoes in many localities were injured by cold weather, and extensive replanting has been necessary. Prospects for grapes are good, and due to numerous new vineyards coming into bearing, indications are for heaviest total production in recent years. Serious injury to cane fruits resulted from the unfavorable winter conditions. While strawberry prospects were cut by cold April weather, shipments have been heavy, and prices realized on the crop mainly satisfactory.

**Live Stock** — The condition of hay and pasturage in all states of the district on May 1 was below that of the corresponding period last year and the 5-year average. Hay crops are unfavorable for heavy yields and have made poor growth. Considerable young clover, alfalfa and timothy were badly frozen out in many counties. Stocks of old hay on farms in states of this district, however, are above the average, the 3,559,000-ton total on May 1 comparing with 2,536,000 tons and 1,432,000 tons on May 1, 1927 and 1926, respectively. The late spring has been unfavorable for young pigs and lambs, but reports in the main reflect generally satisfactory conditions among farm animals.

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

	Receipts			Shipments		
	Apr. 1928	Mar. 1928	Apr. 1927	Apr. 1928	Mar. 1928	Apr. 1927
Cattle and Calves.....	79,795	75,865	87,213	56,147	55,483	57,623
Hogs .....	286,872	364,148	297,788	223,630	289,029	213,416
Horses and Mules....	3,986	8,905	3,294	4,628	7,888	3,150
Sheep .....	25,258	24,285	26,752	16,298	12,273	16,965

**Cotton** — Weather conditions during the past thirty days have been on the whole unfavorable for planting and germination of cotton. In Southern and central Arkansas, and to a lesser extent elsewhere, a considerable part of the early seeded cotton has had to be replanted due to cold soil, cool nights and in some sections excessive moisture. Replanting has been completed pretty generally, however, and while late, the crop is coming up in

fair shape. As a result of unusually good preparations preliminary to planting, grass and weeds have gained little headway. Reports relative to acreage are very irregular, and it is still too early to form an accurate estimate as to how the total in this district will compare with a year ago. While demand from domestic sources has remained quiet, the market advanced to a point about 4c per pound over the low level of February. Stocks are light, total in Arkansas warehouses on May 11 being 109,515 bales, against 161,793 bales on the corresponding date last year.

**Rice** — Due to unusually low temperatures prevailing during late April, the early planting of rice failed to come up to a stand, and as a consequence the major part of the rice crop this year will be sown after May 1. Fields are well prepared, however, and soil is in excellent condition, and farmers have made marked progress in getting in their crops. Indications generally point to a reduction of acreage under that of 1927. Demand for both rough and cleaned rice improved during late April and early May, and farmers were receiving from 10c to 15c per bushel more than two or three weeks earlier.

**Tobacco** — Preparation of land generally in the burley and the dark tobacco districts has progressed satisfactorily and all is in readiness for transplanting tobacco. However, plants, particularly in the burley districts, are not as plentiful or in as good condition as promised earlier in the season. The low temperatures retarded growth and turned many plants yellow. For this reason transplanting will be somewhat later than desired. Setting of dark tobacco plants began about the middle of May, whereas there will be but little transplanting of burley until about the first of June. Clarksville and Springfield markets of dark fired tobacco will close for the season about the last of this month. Small sales continued in those markets at the previous high prices, quality of the leaf considered.

**Commodity Prices** — Range of prices in the St. Louis market between April 16, 1928 and May 15, 1928, with closing quotations on the latter date and on May 15, 1927.

	High	Low	Close	
			May 15, 1928	May 15, 1927
Wheat				
May .....	per bu. \$1.70½	\$1.53¾		\$1.41
July .....	1.68½	1.48	\$1.51¾	\$1.33 @ 1.34½
Sept. ....	1.66½	1.49	1.52¾	1.33
No. 2 red winter.....	2.23	1.88	\$1.88@1.89	1.40 @ 1.41
No. 2 hard.....	1.76	1.55	1.55@1.57	1.42
Corn				
May .....	1.12¾	1.02½	1.05	.87½
July .....	1.16¾	1.06¾		.90¾
No. 2 mixed.....	1.11	1.01½	1.03@1.04	
No. 2 white.....	1.11	1.01	1.01@1.02	.88 @ .89
Oats				
No. 2 white.....	.74½	.66½	.72 @ .73	.49½ @ .51
Flour				
Soft patent.....	per bbl. 10.50	8.75	9.25@9.75	6.50 @ 7.00
Spring patent.....	8.50	7.50	7.50@7.65	7.00 @ 7.25
Middling cotton.....	per lb. .21	.18¾	.20¾	.14¾
Hogs on hoof.....	per cwt. 9.80	7.50	8.40@9.80	9.25 @10.00

## FINANCIAL

Developments in the banking and financial situation during the past thirty days included a slight falling off in demand for credit accommodation from general commercial and industrial sources, an increase in requirements of agriculturists for financing spring farm operations about equal to the average at this season during the past several years, a moderate decrease in loans of commercial banks based on stocks and bonds, some increase in deposits of commercial banks and a firmer trend in interest rates. Average borrowings of member banks from this institution were considerably larger than during the preceding month and the corresponding period last year. Payments by check in April were smaller than in March, but 5.2 per cent greater than in April, 1927, and for the first four months this year the total was 4.6 per cent larger than for the same period in 1927. Savings accounts continued to increase, the total in early May being the largest ever recorded.

Balances carried by country banks with their city correspondents were reduced in about the usual seasonal volume, and in addition there was a tendency among country banks to curtail investments in bonds and commercial paper in order to accumulate cash for use of their local customers. There has been further good liquidation in the tobacco districts, and fair settlements were reported by bankers in sections where early fruits and vegetables have been marketed. Lateness of the spring, however, has held down the movement of these products to below the average of the past decade.

Due to the sharp advance in prices of wheat and flour in April, commitments of millers and grain handlers increased measurably, but since the first of this month a reduction in the volume of this class of loans has taken place. While there was some reduction in the amount of money placed in the Eastern call money market by banks in this district as contrasted with the preceding month, the total amount was larger than at the same time last year. Total investments of reporting member banks decreased slightly, but is still near the high point of the year. The circulation of this bank remained approximately the same as during the preceding two or three months.

At the St. Louis banks current rates of interest were as follows: Prime commercial loans  $4\frac{1}{2}$  to  $5\frac{1}{4}$  per cent; collateral loans, 5 to  $5\frac{1}{2}$  per cent; interbank loans, 5 to  $5\frac{1}{2}$  per cent; loans secured by warehouse receipts 5 to  $5\frac{1}{2}$  per cent and cattle loans,  $5\frac{1}{2}$  to 6 per cent.

**Condition of Banks** — Loans and discounts of the reporting member banks on May 16, 1928

showed a decrease of 2.1 per cent as contrasted with April 18, 1928, and an increase of 1.9 per cent as compared with May 18, 1927. Deposits decreased 0.4 per cent between April 18 and May 16, and on the latter date were 2.1 per cent larger than on May 18, 1927. Composite statement follows:

	*May 16, 1928	*April 18, 1928	*May 18, 1927
Number of banks reporting.....	729	730	31
Loans and discounts (incl. rediscounts)			
Secured by U. S. Gov't obligations.....	\$ 4,306	\$ 4,166	\$ 4,412
Secured by other stocks and bonds.....	204,266	206,069	192,159
All other loans and discounts.....	290,290	299,261	292,962
Total loans and discounts.....	\$498,862	\$509,496	\$489,533
Investments			
U. S. Government securities.....	80,729	86,281	97,619
Other securities.....	142,158	136,626	124,660
Total investments.....	\$222,887	\$222,907	\$222,279
Reserve balance with F. R. Bank.....	47,868	48,050	44,225
Cash in vault.....	6,946	6,859	7,891
Deposits			
Net demand deposits.....	405,548	404,332	398,914
Time deposits.....	246,267	247,265	238,306
Government deposits.....	1,250	4,234	2,688
Total deposits.....	\$653,065	\$655,831	\$639,908
Bills payable and rediscounts with Federal Reserve Bank			
Secured by U. S. Gov't obligations.....	13,319	15,904	6,422
All others.....	9,470	13,053	8,763

\*In thousands (000 omitted).

†Decrease due to consolidation. These 29 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.

**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.

	*April 1928	*Mar. 1928	*April 1927	April 1928 comp. to Mar. 1928	Apr. 1927
E. St. Louis & Natl.					
Stock Yards, Ill. \$ 60,990	\$ 64,114	\$ 45,663	—	4.9%	+33.6%
El Dorado, Ark.....	8,058	10,725	—	0.8	-24.9
Evansville, Ind.....	46,739	50,252	47,964	—	7.0
Fort Smith, Ark.....	12,889	13,456	12,979	—	4.2
***Greenville, Miss.					
Helena, Ark.....	2,635	3,010	4,307	—	12.5
Little Rock, Ark.....	75,525	82,874	67,262	—	8.9
Louisville, Ky.....	202,932	205,097	190,218	—	1.1
Memphis, Tenn.....	141,108	157,277	143,168	—	10.3
Owensboro, Ky.....	5,365	5,849	5,280	—	8.3
Pine Bluff, Ark.....	10,308	12,271	9,607	—	16.0
Quincy, Ill.....	12,956	15,210	13,950	—	14.8
St. Louis, Mo.....	770,550	787,292	731,882	—	2.1
Sedalia, Mo.....	4,631	4,986	4,911	—	7.1
Springfield, Mo.....	16,602	17,775	15,088	—	6.6
**Texarkana,					
Ark-Tex.....	14,282	16,186	14,436	—	11.8
Totals.....	\$1,385,570	\$1,443,769	\$1,317,440	—	4.0

\*In thousands (000 omitted).

\*\*Included one bank in Texarkana, Texas, not in Eighth District.

\*\*\*No report from Greenville, Miss., April, 1927, on account of flood.

**Federal Reserve Operations** — During April, the Federal Reserve Bank of St. Louis discounted for 182 member banks, against 173 in March, and 175 in April, 1927. The discount rate of this bank remained unchanged at  $4\frac{1}{2}$  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:

	*May 21, 1928	*April 21, 1928	*May 21, 1927
Bills discounted.....	\$44,832	\$40,708	\$30,887
Bills bought.....	1,262	4,525	11,967
U. S. Securities.....	\$22,432	26,717	25,118
Total bills and securities.....	\$68,526	\$71,950	\$67,972
F. R. Notes in circulation.....	54,110	53,040	42,536
Total deposits.....	83,533	83,415	85,455
Ratio of reserves to deposits and F. R. Note Liabilities.....	56.6%	53.3%	49.7%

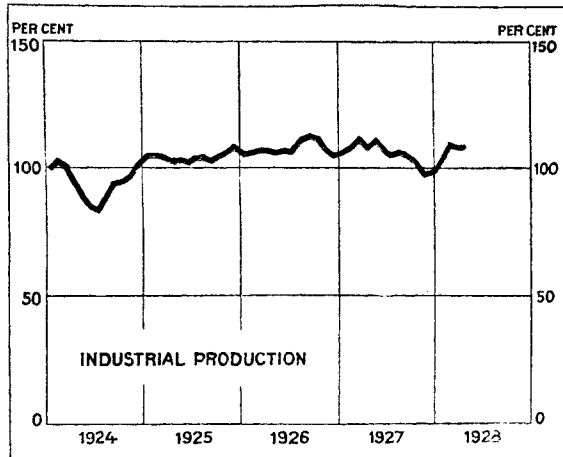
\*In thousands (000 omitted).

(Compiled May 23, 1928.)



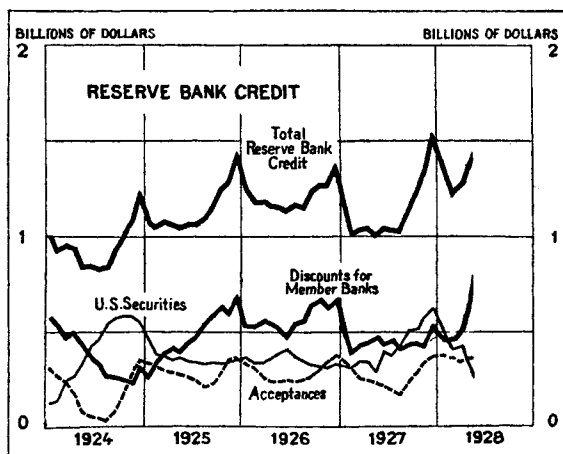
## BUSINESS CONDITIONS IN THE UNITED STATES

Volume of industrial production continued large during April, reflecting chiefly increased output in metal industries, while activity in industries producing food and clothing decreased. Wholesale and retail trade also declined. The general level of wholesale commodity prices increased in April reflecting advances in farm products. There were large exports of gold in April and May, member bank loans and their borrowings at the reserve banks continued to increase, and money rates showed further advances.



Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average=100). Latest figure, April, 109.

**PRODUCTION**—Production of manufactures remained in about the same volume in April as in March, while output of minerals declined slightly owing chiefly to a decrease in production of bituminous coal. Daily average output of iron, steel, copper, and zinc increased in April, but since the first of May there has been some curtailment in steel mill activity. Automobile production was maintained in large volume during April, and according to preliminary reports also during the first half of May. Textile mill activity, output of boots and shoes, and meat production showed substantial declines during April. Volume of factory employment declined slightly, reflecting chiefly decreases in the food, leather and textile industries. Building contracts awarded in April exceeded those for any previous month and awards during the first three weeks of May continued in unusually large volumes.

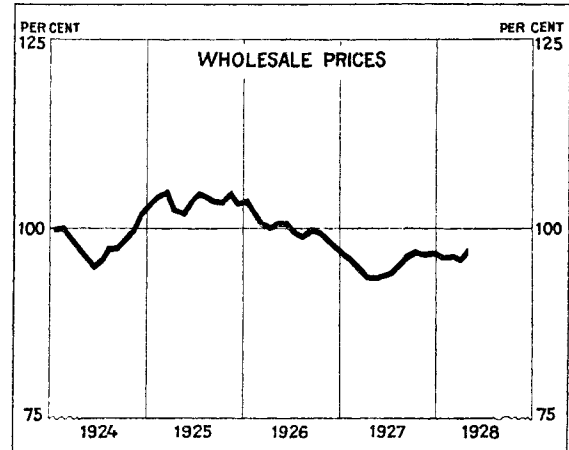


Monthly averages of daily figures for 12 Federal Reserve banks. Latest figures are averages of first 23 days in May.

**TRADE**—Sales by department stores and by wholesale firms in most lines of trade declined in April and were in smaller volume than a year ago. Average daily sales of department stores after allowance is made for the earlier date of Easter and the usual seasonal changes, were smaller in April than in March and were also smaller than in April a year ago. This decrease was due largely to unfavorable

weather conditions. Stocks of department stores, after adjustment for seasonal changes, were in about the same volume as in March and slightly smaller than a year ago. Freight car loadings showed an increase between the beginning of April and the middle of May, but for most classes of commodities continued smaller than a year ago.

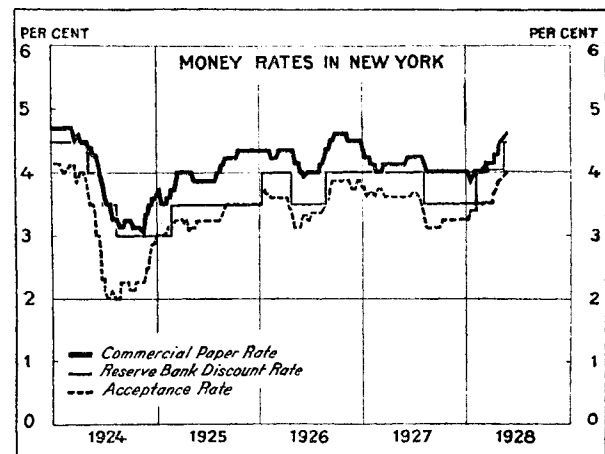
**PRICES**—The general level of wholesale commodity prices, as indicated by the index of the Bureau of Labor Statistics, increased from 96 per cent of the 1926 average in March, to 97.4 per cent in April. This increase reflected



Index number of United States Bureau of Labor Statistics (1926=100, base adopted by bureau). Latest figure, April, 97.4.

sharp advances in the prices of grains, cotton, livestock, and hide and leather products. Rubber prices continued to decline, and most of the other groups of commodities showed little change. During the first three weeks of May there were decreases in the prices of grains, flour, sheep, and hogs, and increases in copper, zinc and rubber.

**BANK CREDIT**—At member banks, loans largely for commercial and industrial purposes, following a rapid increase during February and March, have shown little change since the early part of April. Loans on securities continued to increase and total loans and investments of reporting member banks in the middle of May were larger than at any previous time. The outward movement of gold continued in May, the decline in monetary gold stock during the four weeks ending May 23 being nearly \$90,000,000.



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

This loss of gold, together with further sales of United States securities by the reserve banks, was reflected in an increase of nearly \$140,000,000 in member bank borrowing at the reserve banks. There were further advances in open market money rates during May, and discount rates at the Federal Reserve Banks of New York, Philadelphia, Cleveland, Atlanta, and Dallas were raised from 4 to 4½ per cent.