

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

WHILE still below that of a year ago, business in this district during the past thirty days developed quite perceptible improvement as contrasted with the similar period immediately preceding. Of the lines investigated, a large majority reported larger sales in May than April, but only a slightly smaller majority showed losses as compared with May, 1927. Where losses are shown, they are attributed chiefly to the late spring and weather unfavorable for distribution and consumption of seasonal goods. Likewise, a general comment on current business was that gains would have been considerably more pronounced had meteorological conditions been more auspicious. Purchasing by the public and retailers responded readily to changes for the better in the weather, and from the character of buying it is quite evident that consumers still have large requirements to fill.

As reflected by sales of department stores in the principal cities of the district, retail sales in May were larger than in the same month last year. Good gains were also reported by five-and-ten cent chain stores and mail order houses. Scattered reports from the country and smaller towns, however, indicate less satisfactory results than in the larger centers of population. Savings accounts fell slightly below the record total of the preceding month, but this is usual at this time of year, due to withdrawals for vacation expenditures, and the total was 7.0 per cent larger than at the corresponding period in 1927. Debits to individual accounts in the chief cities in May were 11.4 per cent larger than a year earlier, and 7.6 per cent above the April total this year.

Building permits in the five largest cities in May were rather sharply lower than a month and a year earlier, and contracts let for construction in the entire district fell below those of April, but the total was 16.1 per cent greater than in May, 1927. Industry made a relatively less favorable showing than commerce, further curtailment being noted in

a number of important manufacturing plants, notably in the iron and steel classification. Distribution of automobiles registered good gains over a year earlier and the preceding month. In several of the principal wholesale lines, notably boots and shoes and dry goods, advance sales on books at the end of May were measurably larger than on the same date either last year or in 1926.

Taken as a whole the agricultural situation in this district underwent improvement from May to June. Intensive cultivation by farmers in virtually all sections served to overcome in a large measure the handicap of the late spring and unseasonably high temperatures. Spring planted crops are generally doing well, though some are later than the seasonal average at this time. Since June 1 considerable damage has been wrought by excessive rains, electrical storms and floods. The chief flood damage was in Northeastern Arkansas and Southeast Missouri, or more specifically in the St. Francis, Black and White river basins. At the middle of June, warm weather and sunshine were conditions most urgently needed for growth and development of the crops.

In view of the large reserve stocks in consumers' hands and reduced industrial activity, production of bituminous coal during May and early June continued surprisingly heavy. This fact, coupled with lateness of the lake shipping season, has had an adverse effect on prices and the status of the fuel trade generally. Operators complain of accumulations of loaded cars at mines, and the demand has hardly been sufficient to support the half time operations at pits in the Illinois, Indiana and Western Kentucky fields. Despite curtailed output in these areas, the market for screenings has been weak. Except where very evident bargains are offered, industrial users are still drawing on their reserves, and doing little in the way of covering on future requirements. Contracting by the retailers is reported generally backward, and this is ascribed

to indifference on the part of householders in the matter of ordering for fall and winter needs. Railroads and public utilities companies have been the best buyers, but their takings are below the average at this season for the past several years. Total production of bituminous coal for the country as a whole during the present calendar year to June 9, approximately 136 working days, amounted to 209,112,000 net tons, against 251,660,000 tons for the corresponding period in 1927, and 236,873,000 tons in 1926.

According to officials of railroads operating in this district, gains in freight traffic in May over April were general, though the total still runs below that of a year and two years ago. The movement of early fruits and vegetables has been above expectations, and full preparations have been made for handling the winter wheat crop, which in this territory will be the smallest in more than a decade. For the country as a whole, loadings of revenue freight during the first 22 weeks of the year, or to June 2, totaled 20,468,015 cars, against 21,436,696 cars for the corresponding period in 1927, and 21,123,115 cars in 1926. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 222,322 loads in May, against 214,952 loads in April and 213,830 loads in May, 1927. During the first nine days of June the interchange amounted to 63,569 loads, which compares with 65,410 loads during the corresponding period in May, and 58,977 loads during the first 9 days in June last year. Passenger traffic of the reporting roads decreased 10 per cent in May as compared with the same month in 1927. Competition of privately owned automobiles and bus lines is holding down passenger revenues of the railroads, particularly during the vacation season. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in May was 118,200 tons, against 112,960 tons in April, and 99,609 tons in May, 1927.

Collections quite generally through the district continue to reflect satisfactory conditions, though some unevenness was reported, both with reference to different lines and localities. Answers to questionnaires addressed to leading interests in the several lines scattered through the district showed the following results:

	Excellent	Good	Fair	Poor
May, 1928.....	1.4%	25.7%	63.5%	9.4%
April, 1928.....	1.4	26.4	59.9	15.6
May, 1927.....	1.4	34.2	54.8	9.6

Commercial failures in the Eighth Federal Reserve District during May, according to Dun's numbered 138, involving liabilities of \$1,663,143, against 97 defaults in April with indebtedness of \$1,208,376, and 88 failures for \$539,209 in May, 1927.

The per capita circulation of the United States on May 31, 1928, was \$40.14, against \$40.29 on April 30, 1928, and \$41.88 on May 31, 1927.

MANUFACTURING AND WHOLESALE

Automobiles — Combined passenger car and truck production in the United States in May totaled 425,981, the largest for any month this year, and comparing with 409,958 in April and 404,099 in May, 1927.

Reversing the record of April, distribution of automobiles in this district during May showed good gains over both the preceding month and the corresponding period a year ago. While business was relatively better in the large centers of population than in the rural sections, there was quite decided improvement in demand for passenger cars in the country. Generally sales and inquiries since June 1 have been satisfactory, and at a rate indicating a continuance of the gains achieved in May. A feature of the May business, as shown in dealers' reports, was a better balance than earlier in the year, that is, sales were more evenly distributed through all classes of makes. Numerically the total was substantially assisted by sales of cars of one leading manufacturer, who in recent months has been on reduced production, and which were the largest since March, 1927. More favorable weather was mentioned as a factor tending to stimulate purchasing. Some slowing down in demand for and sales of trucks was noted, but this was seasonal in character, and no more marked than during the past several years. May sales of new passenger cars by 320 dealers scattered through the district were 10.0 per cent larger than in April, and 11.8 per cent greater than the May, 1927, total. Stocks of passenger cars in hands of dealers on June 1 were 3.5 per cent smaller than on May 1 and approximately 9.4 per cent larger than on June 1, 1927. Accessory sales of the reporting dealers in May showed a gain of 2.6 per cent over April and of 4.3 per cent over May, 1927. The used car market developed no change worthy of note as contrasted with the preceding month. Both sales and stocks increased moderately over the April totals. As contrasted with May last year, used car sales showed a decrease of 3.1 per cent, while stocks on June 1 were 5.0 per cent smaller than on the same date in 1927. The late spring and unfavorable weather have delayed the touring season, which fact is reflected in smaller sales of parts and certain supplies than anticipated. Some slight improvement in sales of tires at retail was reported, as compared with the preceding thirty days. Sales made on the deferred payment plan in May by dealers reporting this item

were 46.1 per cent, as compared with a ratio of 42.6 per cent in April and 51.7 per cent in May, 1927.

Boots and Shoes — May sales of the five reporting interests were 1.1 per cent smaller than for the same month in 1927, but 18.8 per cent larger than the April total this year. Stocks on June 1 were 11.6 per cent less than thirty days earlier, and 18.7 per cent larger than on June 1, 1927. Future orders on books of the reporting firms are substantially larger than a year ago, due partly to buying early this season in anticipation of increased prices. New orders booked since June 1 are slightly in excess of the same time last year. Prices of finished goods were unchanged during the past thirty days, but general advances have been announced to take effect on July 1, when salesmen will depart for their territories and the new shoe season begins. Leather prices hold firm, particularly heavy grades, the only easier item being patent leather. Factory operation showed little variation as compared with the preceding month.

Clothing — Sales of the reporting clothiers in May showed the usual heavy seasonal increase over April, but the total was below that of May last year. Ordering for future delivery has been in satisfactory volume, though the unseasonable weather has held down distribution of light weight apparel at retail and reordering to date has been in unusually small volume. Demand for sport clothes, both men's and women's is reported generally below the average at this season during the past few years. Millinery interests complain of quietness in their line, ascribed mainly to unfavorable weather and style revisions. Sales of men's straw hats have been backward, firms reporting showing a decrease of 25.3 per cent under last year. Retail stocks are large.

Drugs and Chemicals — Irregular, but general improvement was indicated by reports covering business in this classification during the past thirty days. A decline in purchasing of heavy drugs and chemicals by the general manufacturing trade was offset by larger sales in other departments, notably insecticides, fertilizers and sundries. While slightly below the total of a year ago, ordering of soda fountain supplies and equipment were above the average of the past half decade. Prices developed no change worthy of note as contrasted with the preceding month. May sales of the six reporting firms were 7.6 per cent larger than during the same month in 1927, and 0.4 per cent greater than the April total this year. Stocks on June 1 were 5.7 per cent less than a year earlier, and unchanged from a month ago.

Dry Goods — In spite of the fact that their advance business is substantially larger than a year ago, May sales of the 8 reporting firms were 7.2 per

cent less than for the same month in 1927, though the total was 16.9 per cent greater than in April this year. Stocks on June 1 were 6.1 per cent larger than on the same date in 1927, and 2.3 per cent smaller than on May 1 this year. The decrease in the year-to-year comparison is ascribed in large measure to unfavorable weather for distribution of seasonal merchandise. Demand for staples is reported quiet, and while retail stocks are not heavy, replenishment is chiefly on a hand-to-mouth basis. The movement of summer underwear and other seasonal lines is reported disappointing. Since the first of this month improvement was noted in demand for women's ready-to-wear garments and hosiery. Men's-wear, woollens and worsteds continue slow.

Electrical Supplies — May sales of the six reporting firms were 3.2 per cent smaller than for the corresponding month last year, and 16.5 per cent larger than the April total this year. Stocks on June 1 were 1.8 per cent smaller than thirty days earlier, but 45.5 per cent in excess of those on June 1, 1927. The heavy gain in stocks over last year was due mainly to heavily increased inventory of one leading interest. While business is reported fairly satisfactory through the line, sales of fans and other seasonal goods have been retarded by the unusually cool weather. Demand for pole and line hardware has been brisk, and some improvement was noted in the outlet through the building industry.

Flour — Production at the 12 leading mills of the district in May totaled 345,670 barrels against 330,724 barrels in April, and 295,067 barrels in May, 1927. Stocks of flour in St. Louis on June 1 were 20.6 per cent smaller than on May 1, and 17.4 per cent less than on June 1, 1927. End of the season inactivity governed trade to a large extent during the past thirty days. Buyers were disposed to await arrival of the new wheat crop before making extensive commitments, and purchasing was largely on a hand-to-mouth basis. Shipping directions were good, however, and mills were kept busy grinding on old orders. Prices were on the down grade in sympathy with the drop in wheat values, which declined steadily from the high point of the third week in May. Export demand continued quiet. Mill operations were from 45 to 55 per cent of capacity.

Furniture — May sales of the 14 reporting interests were 12.0 per cent smaller than for the same month in 1927, but 6.8 per cent larger than the April total this year. Stocks on June 1 were 12.0 per cent and 19.6 per cent smaller than a year and a month earlier, respectively. Unfavorable weather was a factor in the loss in sales as compared with last year, and retailers are generally disposed to pur-

chase closely and only for immediate requirements. Demand for large apartment and hotel furniture and furnishings is less active than heretofore, and quietness prevails in office furniture and equipment. Sales of lawn and porch furniture for the season are reported by specialists in that line to be the smallest in more than a decade. Competition is reported keen, and price cuts have been resorted to in many instances to make sales.

Groceries—Sales of the twelve reporting firms during May showed a decrease of 5.0 per cent as compared with the same month in 1927, but a gain of 6.2 per cent over the April total this year. Stocks on June 1 were 6.5 per cent smaller than thirty days earlier, and 3.8 per cent greater than on June 1, 1927. Demand for staples, notably coffee, tea, sugar and flour, showed moderate improvement, but the arrival at market of heavy shipments of early fruits and vegetables served to cut down sales of canned goods, and packed products generally. There was a downward price tendency in most canned goods, but coffee, sugar and provisions were slightly higher.

Hardware—Marked improvement developed in this classification, both as compared with the preceding thirty days and the corresponding period last year. While weather was not all that could be wished for, there was a more active demand for seasonal merchandise, particularly materials used largely in the agricultural areas. Builders' hardware and tools also showed betterment, and sales of shelf hardware generally picked up. Campers' and tourists' supplies and the general run of sporting goods have been adversely affected by the late spring, and are not moving in the usual volume for this season. Garden tools, hose and kindred items are more active than earlier in the season. May sales of the twelve reporting dealers were 13.3 per cent larger than for the same month in 1927, and 15.6 per cent greater than in April this year. Stocks on June 1 were 0.9 per cent and 25.2 per cent smaller than thirty days and a year ago, respectively.

Iron and Steel Products—Unevenness continues in business in this general classification, but taken as a whole production and distribution during the past thirty days was about on a parity with the similar period immediately preceding, though falling below that of a year ago. As has been the case for the past several months, ordering of both finished and semi-finished materials is mainly in small quantities, and for application on well defined requirements. There was a disposition on the part of consumers to await the outcome of the national conventions and more definite news relative to crop developments before making commitments for the future. The outlet through the automobile industry,

while showing some contraction, is still satisfactory, particularly in regard to sheets, alloy steel bars and plates. Demand for tin plate continues good, with new business and specifications fully up to expectations. Certain specialty makers notably of farm implements, heating apparatus, and some varieties of stoves, report full time operations. On the other hand, plants depending on railroads for their chief patronage, complain of lack of new orders, and reduction of unfilled tonnages. Activity is lacking in demand for wire and wire products, though in the immediate past there has been some improvement in the movement of wire fencing and woven wire to the agricultural areas. With the exception of reinforcing concrete bars, and a few specialties, demand for building materials was reported quiet. Iron and steel fabricators report a dearth of new lettings, particularly for large structures, and at a number of fabricating plants working forces have been reduced. The usual seasonal slowing down in sheets, bars, plates, shapes, hoops and other staple goods is more strongly in evidence than during the same period last year or in 1926. No betterment has taken place in demand for the general run of oil country goods, and commodities in this category are feeling the effects of the slump in crude oil. A disturbing factor in the iron and steel situation in the Middle West has been the continued shipment of liberal tonnages of a variety of commodities by water by Eastern manufacturers. Jobbers of iron and steel materials reported a slight gain in May sales over those in April, but a rather sharp decline as contrasted with May last year. Purchasing from the warehouses by the general manufacturing trade has declined steadily during the past two months. For the country as a whole production of pig iron in May totaled 3,284,811 tons, the largest for any month this year, and comparing with 3,181,975 in April and 3,391,067 in May, 1927. Steel ingot production in the United States in May totaled 4,203,190 tons, against 4,302,373 tons in April and 4,047,251 tons in May, 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	
	May, 1928	5 months ending	May 31, 1928	Jan. 1 to	May 31,	May 31,
	comp. to	May 31, 1928 to	comp. to	May 31,	1928	1927
	May, 1927	same period 1927	May 31, 1927	1928	1927	1927
Evansville	+ 5.8%	— 0.2%	+ 1.6%	.95	.96	.96
Little Rock.....	+10.6	+ 3.8	+ 6.4	.93	.98	.98
Louisville	— 2.0	— 4.4	+ 0.8	1.26	1.34	1.34
Memphis	+15.3	+10.0	— 7.0	1.27	1.09	1.09
Quincy	+21.5	+15.5	— 3.0	1.05	.86	.86
St. Louis.....	+ 6.6	+ 1.2	— 7.7	1.52	1.40	1.40
Springfield, Mo. +	0.3	— 3.1	— 6.3	.66	.67	.67
8th District.....	+ 7.5	+ 2.2	— 5.2	1.36	1.28	1.28
Net sales comparison		Stocks on hand		Stock turnover		
May, 1928 comp. to		May, 1928 comp. to		May, 1928 comp. to		
May, 1927		April, 1928		May, 1927		
Men's furnishings.....	+ 6.7%	— 0.6%	+ 2.0%	— 5.0%	— 3.9	— 3.9
Boots and shoes.....	+19.3	+ 5.2	+ 7.3	— 5.0%	— 3.9	— 3.9

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

		Percentage increase or decrease May, 1928 compared to May, 1927	
Net sales for month		Stocks on hand at end of month	
Piece goods.....	— 7.8%	— 3.3%	
Ready-to-wear accessories.....	+ 9.6	— 8.1	
Women and misses' ready-to-wear.....	+ 28.5	— 7.7	
Men's and boys' wear.....	+ 11.9	— 6.0	
Home furnishings.....	+ 1.9	— 10.2	

BUILDING

In point of dollar value, permits issued for new construction in the five largest cities of the district in May showed a decrease of 13.1 per cent under April, and of 1.8 per cent under the May, 1927, total. According to statistics compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District in May totaled \$36,360,248, against \$43,817,596 in April, and \$31,342,287 in May, 1927. There was no change worthy of note in building cost and labor conditions as contrasted with the preceding thirty days. Production of portland cement for the country as a whole in May totaled 17,280,000 barrels, the largest for any month this year, and comparing with 13,468,000 barrels in April and 16,701,000 barrels in May, 1927. Building figures for May follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1928	1927	1928	1927	1928	1927	1928	1927
Evansville ..	484	391	\$1,316	\$ 905	116	105	\$ 37	\$ 23
Little Rock ..	65	57	311	402	91	129	28	59
Louisville ..	253	220	1,139	2,093	110	89	287	107
Memphis	366	297	1,050	1,063	199	205	128	217
St. Louis....	872	712	2,896	2,374	535	522	530	395
May totals	2,040	1,677	\$6,712	\$6,837	1,051	1,050	\$1,010	\$801
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
*In thousands of dollars (000 omitted).								

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CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electricity by selected industrial customers in May as being 7.2 per cent greater than in April and 10.8 per cent in excess of May, 1927. Detailed figures follow:

	No. of Custom- ers	May, 1928		May, 1928 comp. to April, 1928	May, 1927		May, 1928 comp. to May, 1927
		*K.W.H.	*K.W.H.		*K.W.H.	*K.W.H.	
Evansville ...	40	1,495	1,338	+11.7%	1,256	1,565	+19.0%
Little Rock..	35	1,530	1,385	+10.5	1,565	1,565	— 2.2
Louisville ...	82	5,706	5,409	+ 5.5	5,772	5,772	— 1.1
Memphis	31	1,038	1,152	— 9.9	1,463	1,463	— 29.0
St. Louis.....	120	20,281	18,753	+ 8.1	17,056	17,056	+18.9
Totals.....	308	30,050	28,037	+ 7.2	27,112	27,112	+10.8

*In thousands (000 omitted).

AGRICULTURE

Weather during the past thirty days was in the main more favorable for agriculture than earlier in the season, and taken as a whole, prospects for crops in this district showed fair improvement as compared with the preceding month. Temperatures during May and early June were too high for promoting growth and development of winter wheat

and spring sown cereals, but withal stands are generally good, and in the case of corn, cotton, tobacco, potatoes and some other major crops, intensive cultivation has offset the handicap of the late spring. Farm work has been pushed forward in all sections of the district, and is considerably further advanced than the average at this time during the past several years.

Rains over some sections were needed during May and the first week in June, but since that time precipitation has been general, and in most sections excessive. Due to the failure of the winter wheat crop in many localities, farmers have been engaged later than usual in planting operations, substitutes for abandoned wheat being chiefly corn, oats, and legumes. Prospects for hay are poor, and considerably under last year's record yield, but both hay and pastures have been benefitted by the recent precipitation. Early vegetable and fruit crops, particularly strawberries, have turned out better than expected, and market conditions for these products have been in the main satisfactory. Save for a shortage of berry pickers in scattered sections, farm labor has been adequate, with wages unchanged to a shade lower than those prevailing last year.

Winter Wheat—The condition of winter wheat changed little between May 1 and June 1, and in all states of this district is sharply below the average of the past five years. Based on the June 1 estimate, the indicated output for states wholly or partly within this district is 39,730,000 bushels, against 81,254,000 bushels harvested in 1927, and a 5-year average of 103,647,000 bushels. From Illinois, Indiana and Missouri come numerous complaints that wheat heads are short, and even where prospects are best, stands are thin and the crop strikingly reflects the unfavorable growing conditions since last fall.

Corn—Prospects for this crop, the most important in the Eighth District, are generally promising. Stands are for the most part good, and fields are free of weeds. The crop was put in at the normal time and under favorable weather conditions. Intensive cultivation has been the rule, particularly in Indiana, Missouri and Illinois, and second plowings have advanced to the northern border of the district. There are scattering complaints of insects, and floods have accounted for considerable local damage since June 1. Due to heavy substitution of corn for abandoned wheat, acreage generally through the district will be larger than a year ago.

Fruits and Vegetables — Unusually uneven and spotted conditions exist in the main fruit crops. Most recent reports relative to apples, peaches, plums and pears indicate a very heavy drop, occasioned by frosts and freezes in April. The June first

condition indicates a production of 7,961,000 bushels of peaches in states of this district, against 4,429,000 bushels harvested last year, and a 5-year average of 7,111,000 bushels. Considerable damage was done to cane fruits by cold weather, and heaving caused by alternate freezing and thawing. The outlook for grapes is good, and due to many new vineyards coming into bearing, the yield in this district gives promise of being the largest on record. Early potatoes improved during May and the first half of June, but there were scattered complaints of rotting and damage from cold weather and insect pests. The commercial tomato acreage in the district has been considerably increased. The strawberry crop, particularly in the Ozark area, was the most successful in recent years, and brought substantial profits to its raisers. Cherries were a small crop, ranging from 20 to 60 per cent of the 10-year average. Gardens were generally in better condition than thirty days earlier, but still backward, owing to unseasonably cool weather.

Live Stock — While hay prospects and pastures have been bettered by the rains since June 1, the effects of less favorable conditions earlier in the year are noticeable. Except in sections affected by peculiar local conditions, reports relative to live stock were favorable. Marketing of cattle, hogs and sheep continued in large volume, with prices holding around the high levels of recent months. Poultry raising throughout the district shows a big increase over the corresponding time last year. No change worthy of note in live stock feeding took place as compared with the preceding thirty days.

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

	Receipts			Shipments		
	May, 1928	April, 1928	May, 1927	May, 1928	April, 1928	May, 1927
Cattle and Calves.....	95,727	79,795	111,349	62,224	56,147	69,505
Hogs	332,162	286,872	389,890	249,505	223,630	257,084
Horses and Mules.....	2,099	3,986	2,126	2,230	4,628	2,230
Sheep	38,473	25,258	36,419	12,991	16,298	9,105

Cotton — Planting and replanting in all sections of the district has been completed, and reports relative to the progress of the crop indicate fair to good stands. Temperatures generally below normal since seeding have not been conducive to rapid germination and growth, and the crop is about ten days to two weeks late. Excessive rains in some sections since June 1 have interfered with cultivation, and floods have done much damage. Soil conditions are excellent, and the crop is in prime condition to respond to favorable growing weather. Chopping out has been nearly completed in the most southern counties, and has made progress generally elsewhere. Demand for old cotton was quiet, especially for staple lengths, and prices were lower, the middling grade selling in the St. Louis

market on June 15 at 20¼¢ per pound, against 21¢ on May 16. Stocks are light, total in Arkansas warehouses on June 15 being 72,903 bales, against 107,816 bales on the corresponding date last year.

Rice — Planting had been practically completed on June 1, and since that date watering has been general. For the most part the plant is up to a good stand, but due to heavy rains throughout the planting season, the crop is about two weeks late. Acreage in Arkansas is slightly less than last year. Demand for old rice continued to improve and prices were firm.

Tobacco — Transplanting of the crop in all districts has been practically completed, and mainly under favorable weather conditions. Due to backwardness of plants, this work in the burley sections was accomplished relatively later than in other sections. While the crop is in generally good condition, with fields well worked, heavy rains since June 1 have caused some damage, especially to that portion of the crop planted on hillsides or rolling lands, and bottom lands along streams which have overflowed.

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

				Close	
				June 15, 1928	June 15, 1927
Wheat					
July	per bu.	High \$1.53¾	Low \$1.39½	\$1.38½	\$1.43¾
Sept.	"	1.53¾	1.39	1.39¾	1.43¾
Dec.	"	1.49½	1.42	1.43¾	
No. 2 red winter	"	1.98	1.70	1.77	\$1.51 @ 1.52½
No. 2 hard.....	"	1.60	1.48	\$1.51 @ 1.52	1.47½ @ 1.48
Corn					
July	"	1.10¾	1.01	1.03½	1.00¾
Sept.	"	1.06½	1.00	1.00½	1.05¾
Dec.	"	.90½	.86	.87½	
No. 2 mixed.....	"	1.11	1.00	1.02 @ 1.03	.98
No. 2 white.....	"	1.09½	1.02½	1.06½ @ 1.07	1.00 @ 1.01
Oats					
No. 2 white.....	"	.72½	.68	.71 @ .71½	.51 @ .52
Flour					
Soft patent.....	per bbl.	9.75	8.50	@ 9.00	7.00 @ 7.50
Spring patent.....	"	7.85	7.10	@ 7.25	7.25 @ 7.40
Middling cotton....	per lb.	.21	.19¾	.20¼	.15¾
Hogs on hoof.....	per cwt.	10.25	7.00	8.75 @ 10.25	8.00 @ 9.20

FINANCIAL

Changes in the general banking and financial situation in this district were not of an especially marked character, as contrasted with the preceding thirty days, and were governed mainly by seasonal considerations. Demand for credit accommodation from general mercantile and manufacturing sources showed a further slight recession, and fair liquidation of commercial loans was reported by banks in the principal centers of population. There was a rather sharp increase in total loans of reporting member banks between the middle of May and June, but the gain was due to augmented collateral borrowings. Borrowings by member banks from this institution, which has moved irregularly but continuously upward since January, reached a new high point for the year on June 1.

There was the usual sharp upward movement in investments of reporting member banks around the first of this month, but in the second week of June the total fell to a point only slightly above the average level of the preceding three or four months. Deposits of these banks, which have described an irregularly descending curve since early in February, touched a new low for the year in the second week of June. Since that time a moderate upward movement has taken place. Demand for currency, particularly in areas where berries and other early fruits and vegetables are important crops, has been active.

Due to lateness of the season, demands from the country for agricultural financing have not thus far been in sufficient volume to materially affect the situation as a whole. Country banks remain in approximately the same position as thirty days ago, except that they have further reduced their balances with city correspondents in preparation for serving their agricultural customers. To date little borrowing from correspondents has been necessary, and the country banks are for the most part in good condition to take care of the initial demand for crop financing. During the past several weeks improvement in demand for conditioning live stock is reported from certain sections. There was the usual seasonal reduction in borrowings of grain and flour milling interests, and due to the short winter wheat crop, requirements of grain handlers are expected to be smaller this summer than the average of the past decade.

The trend of interest rates was upward, due to the higher call money market in the East and the effects of other current factors. At the St. Louis banks current rates of interest were as follows: Prime commercial loans, $4\frac{1}{2}$ to $5\frac{1}{2}$ per cent; collateral loans 5 to $5\frac{3}{4}$ per cent; interbank loans 5 to $5\frac{3}{4}$ per cent; loans secured by warehouse receipts, 5 to $5\frac{3}{4}$ per cent and cattle loans $5\frac{3}{4}$ to 6 per cent.

Condition of Banks — Loans and discounts of the reporting member banks on June 13, 1928 showed an increase of 0.4 per cent as contrasted with May 16, 1928, and an increase of 1.4 per cent as compared with June 15, 1927. Deposits decreased 2.6 per cent between May 16 and June 13, and on

the latter date were 3.3 per cent smaller than on June 15, 1927. Composite statement follows:

	*June 13, 1928	*May 16, 1928	*June 15, 1927
Number of banks reporting.....	129	129	31
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations.....	\$ 4,441	\$ 4,306	\$ 4,426
Secured by other stocks and bonds.....	212,353	204,266	193,590
All other loans and discounts.....	284,126	290,290	295,787
Total loans and discounts.....	\$500,920	\$498,862	\$493,803
Investments			
U. S. Government securities.....	79,347	80,729	77,536
Other securities.....	142,114	142,158	125,676
Total investments.....	\$221,461	\$222,887	\$203,212
Reserve balance with F. R. bank.....	46,328	47,868	52,037
Cash in vault.....	7,792	6,946	8,012
Deposits			
Net demand deposits.....	392,864	405,548	423,040
Time deposits.....	243,055	246,267	230,801
Government deposits.....		1,250	3,634
Total deposits.....	\$635,919	\$653,065	\$657,475
Bills payable and rediscounts with Federal Reserve Bank			
Secured by U. S. Govt. obligations.....	20,435	13,319	4,971
All others.....	14,609	9,470	2,458

*In thousands (000 omitted).

†Decreases 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 this 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.

	*May, 1928	*April, 1928	*May, 1927	May, 1928 Apr. 1928	comp. to May 1927
E. St. Louis & Natl.					
Stock Yards, Ill....	\$ 64,802	\$ 60,990	\$ 46,209	+ 6.3%	+40.2%
El Dorado, Ark....	9,658	8,058	8,355	+19.9	+15.6
Evansville, Ind....	53,135	46,739	49,963	+13.7	+ 6.3
Fort Smith, Ark....	13,125	12,889	16,159	+ 1.8	-18.8
***Greenville, Miss.					
Helena, Ark.....	3,521	2,635	3,511	+33.6	+ 0.3
Little Rock, Ark....	80,161	75,525	66,085	+ 6.1	+21.3
Louisville, Ky.....	210,514	202,932	185,373	+ 3.7	+13.6
Memphis, Tenn.....	140,400	141,108	155,534	- 0.5	- 9.7
Owensboro, Ky.....	5,528	5,365	4,653	+ 3.0	+18.8
Pine Bluff, Ark....	10,495	10,308	10,124	+ 1.8	+ 3.7
Quincy, Ill.....	12,319	12,956	13,436	- 4.9	- 8.3
St. Louis, Mo.....	849,315	770,550	745,535	+10.2	+13.9
Sedalia, Mo.....	5,189	4,631	4,657	+12.0	+11.4
Springfield, Mo....	18,748	16,602	16,104	+12.9	+16.4
**Texarkana,					
Ark-Tex.....	14,533	14,282	13,397	+ 1.8	+ 8.5
Totals.....	\$1,491,443	\$1,385,570	\$1,339,095	+ 7.6	+11.4

*In thousands (000 omitted).

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

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

Federal Reserve Operations — During May, the Federal Reserve Bank of St. Louis discounted for 186 member banks, against 182 in April, and 179 in May, 1927. The discount rate 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:

	*June 21, 1928	*May 21, 1928	*June 21, 1927
Bills discounted.....	\$53,123	\$44,832	\$26,252
Bills bought.....	416	1,262	11,357
U. S. Securities.....	7,125	22,432	29,330
Total bills and securities.....	\$60,664	\$68,526	\$66,939
F. R. Notes in circulation.....	55,594	54,110	40,874
Total deposits.....	80,914	83,533	85,767
Ratio of reserve to deposits and F. R. Note Liabilities.....	60.4%	56.6%	51.5%

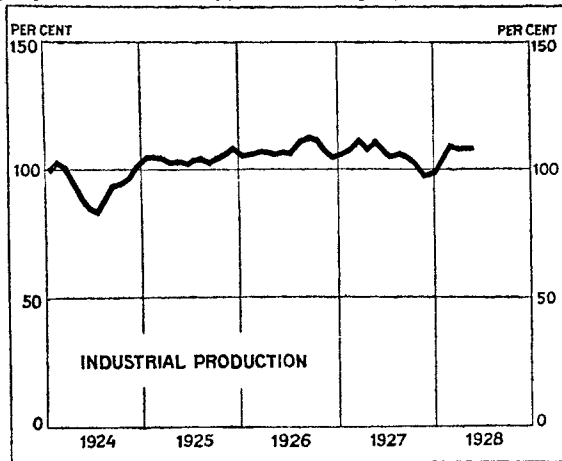
*In thousands (000 omitted).

(Compiled June 20, 1928)

BUSINESS CONDITIONS IN THE UNITED STATES

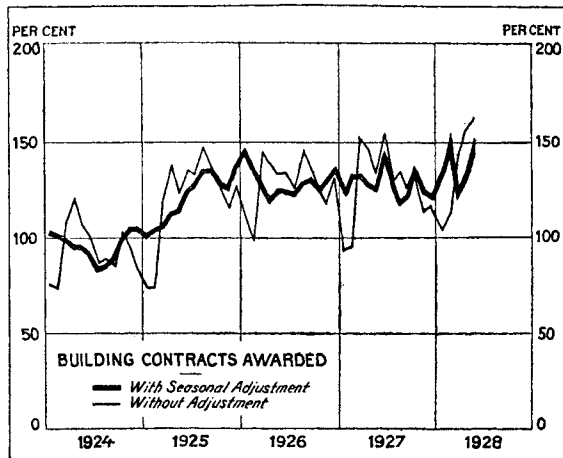
Industrial production continued during May in about the same volume as in the three preceding months. Wholesale and retail trade increased in May and the general level of commodity prices showed a further advance. Security loans of member banks, which were in record volume in May, declined considerably during the first three weeks in June. Conditions in the money market remained firm.

PRODUCTION—Production of manufactures was slightly smaller in May, than in April, when allowance is



Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-24 average=100). Latest figure, May, 109.

made for usual seasonal variations, while the output of minerals increased somewhat. Production of steel declined in May from the high level attained in April, but was about the same as a year ago. Since the first of June buying of steel products has been light and there have been further decreases in production. Daily average production of automobiles was in about the same volume in May as in April and preliminary reports for the first three weeks in June indicate that factory operations were maintained at practically the same level. Activity of textile mills was somewhat larger in May and there were also increases in the slaughter of livestock and production of building materials, nonferrous metals, and coal, while the production of petroleum declined. The value of building contracts awarded during May, as reported by the F. W. Dodge Corporation for 37 states east of the Rocky Mountains, was larger than in any previous month, and awards during the first half of June exceeded those for the corresponding period of last year.



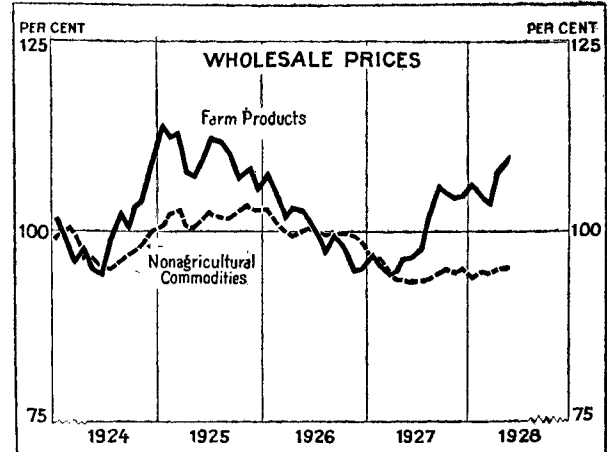
Federal Reserve Board's indexes of value of building contracts awarded as reported by the F. W. Dodge Corp., (1923-25 average=100). Latest figures, May: Adjusted index 152; unadjusted, 163.

Indicated production of winter wheat, as reported by the Department of Agriculture on the basis of June 1 condition, amounted to 512,000,000 bushels, 40,000,000 bushels less than harvested in 1927. Trade distribution of merchandise, both at wholesale and retail, was in larger volume in May than in April, making allowances for customary seasonal influences. Sales in all lines of wholesale trade showed increases, although in most lines they continued smaller than a year ago. Department store sales were larger than in April and about the same level as a year ago, while sales of chain stores and mail order houses showed increases

both over last month and last year.

Volume of freight carloadings increased further during May, but continued smaller than during the corresponding month of either of the two previous years. Loadings of miscellaneous commodities, however, which represent largely manufactured products, were larger in May of this year than in that month of any previous year.

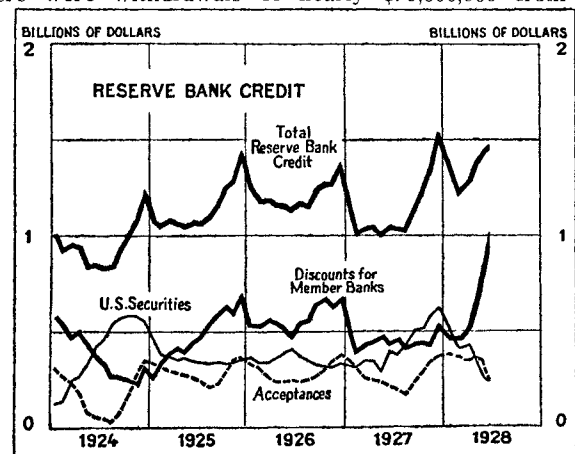
PRICES—The general level of wholesale commodity prices, as indicated by the Bureau of Labor Statistics index, increased in May by over one per cent to 98.6 per cent



Index of United States Bureau of Labor Statistics (1926=100). Latest figures, May: Farm products 109.8; non-agricultural commodities 95.6.

of the 1926 average, the highest figure recorded for any month since October, 1926. There were increases in most of the principal groups of commodities, but the largest advances in May as in April occurred in farm products and foods. Contrary to the general trend, prices of pig iron, hides, raw silk, fertilizer materials, and rubber showed declines during the month. Since the middle of May there have been decreases in prices of grains, hogs, sheep, pig iron, and hides, while prices of raw wool, nonferrous metals, lumber and rubber have advanced.

BANK CREDIT—Loans and investments of member banks in leading cities on June 20 showed a decline from the high point which was reached on May 16. Loans on securities, which had increased by more than \$1,200,000,000 since May, 1927, declined \$200,000,000, while all other loans, including loans for commercial and agricultural purposes, increased somewhat. There was a small increase in total investments. During the four weeks ending June 20 there were withdrawals of nearly \$75,000,000 from the



Monthly averages of daily figures for 12 Federal Reserve banks. Latest figures are averages of first 22 days in June.

country's stock of gold and the volume of reserve bank credit outstanding increased somewhat, notwithstanding a decline in member bank reserve requirements.

Member bank borrowing at the reserve banks continued to increase and early in June exceeded \$1,000,000,000 for the first time in more than six years. Acceptance holdings of the reserve banks declined considerably, while there was little change in their holdings of United States securities. After the middle of May firmer conditions in the money market were reflected in advances in open market rates to the highest levels since the early part of 1924.