

FEDERAL RESERVE BANK OF ST. LOUIS



MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

Released for Publication On and After the Afternoon of July 31, 1928
WILLIAM McC. MARTIN
Chairman of the Board and Federal Reserve Agent

TAKEN as a whole, commercial and industrial activity in this district during the past thirty days developed recessionary tendencies. With but few exceptions, June sales of the lines investigated showed decreases both under the preceding month and the corresponding period last year. In many important instances the declines in the month-to-month comparison were too marked to be entirely accounted for by seasonal considerations, and were ascribed to unfavorable weather, extreme caution on the part of consumers and uncertainty relative to prices and the outcome of crops. In manufacturing and distributing lines there were increasing comments of keen competition and narrowing profit margins. Due to the backward season, clearance of merchandise has not been as thorough as at the same time in recent years, but due to the policy of close buying, mid-year inventories are not burdensome or of unusual size.

On the other hand the situation showed a number of favorable developments. While a slowing down in production in the iron and steel industry occurred, distribution of automobiles recorded a good gain, and certain specialty makers, notably of farm implements, tractors, heating apparatus, certain types of engines and architectural items were operating at or close to capacity. The packing industry reported increases over a month and a year earlier, and in some localities the general tone of business was more optimistic. Retail trade in June, as reflected by department store statistics, gained slightly over a year ago, and heavier volume of sales was reported by mail order houses and five and ten cent stores. Since the first of this month there has been excellent response, especially in retail channels, to the warm weather, and the marketing of early crops, grain harvests, and extensive vacation requirements have had a stimulating effect on buying by the public.

Debits to individual accounts in this district in June were larger by 4.2 per cent and 12.1 per cent,

respectively, than in May and June, 1927, and the total for the first six months of the year was 7.0 per cent larger than for the corresponding period in 1927. Due to withdrawals for vacation expenditures, savings accounts decreased slightly under May, but the total on July 6 was 7 per cent larger than a year ago. The employment situation developed no marked change as compared with the preceding thirty days reductions of forces in industrial plants, mines and offices being largely counterbalanced by heavier labor requirements in outdoor occupations. June as a whole was unfavorable for agriculture in the district, but since the last week of that month weather conditions have been ideal for farm work, and much of the lost ground has been recovered, though the season is still backward with most crops.

The general industrial demand for coal was weak, and dullness prevailed in the market for domestic grades. While mines in Indiana and Illinois were averaging hardly half-time, and many pits in Western Kentucky averaged only two days work per week, there were complaints from operators in all fields of the district of an accumulation of unsold loaded cars on track at the mines. The usual seasonal recession in activities at certain industrial plants was in evidence, and purchasing was further reduced by the practice of major consumers to draw from their storage piles. Retail distributors in the large cities have shown little disposition to increase their yard stocks, and with numerous householders away on vacations, ordering and deliveries for fall and winter consumption were light. The use of coke and oil for domestic heating purposes is increasing, and competition of natural and by-product gas is growing as a factor in the trade. Conditions considered, however, the market held fairly steady, prices fluctuating within a narrow range. Except in relatively few cases, where need of moving tonnage was urgent, there was little cutting under circular quotations. For the country as a whole

production during the present calendar year to July 7, approximately 159 working days, amounted to 241,126,000 net tons, against 282,987,000 tons for the corresponding period last year and 273,701,000 tons in 1926.

Traffic of railroads operating in this district was in smaller volume than during the same period last year and in 1926. Decreases were general in all classifications, but especially marked in grain and grain products, which is partly accounted for by lateness of the winter wheat harvests. For the country as a whole, loadings of revenue freight for the first 27 weeks of the year, or to July 7, totaled 25,307,710 cars against 26,360,125 cars for the corresponding period in 1927, and 26,230,788 cars in 1926. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 216,072 loads in June, against 222,333 loads in May and 201,792 loads in June, 1927. During the first 9 days of July the interchange amounted to 63,669 loads, which compares with 63,569 loads during the corresponding period in June, and 56,253 loads during the first 9 days of July, 1927. Passenger traffic of the reporting roads decreased 8 per cent in June as compared with the same month in 1927. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in June was 90,500 tons, against 117,929 tons in May and 94,092 tons in June, 1927.

Collections were hardly up to those of the preceding thirty days, though about on a parity with a year ago. Inclement weather throughout June affected settlements, particularly in the country, where rains and heavy roads interfered with communications. Generally collections of the important wholesale and jobbing interests were less satisfactory than earlier in the year. Answers to questionnaires addressed to leading interests in the several lines scattered through the district showed the following results:

	Excellent	Good	Fair	Poor
June, 1928.....	1.3%	26.3%	59.2%	13.2%
May, 1928.....	1.4	25.7	63.5	9.4
June, 1927.....	1.3	28.7	58.8	11.2

Commercial failures in the Eighth Federal Reserve District in June, according to Dun's numbered 105, involving liabilities of \$962,860, against 138 defaults in May with indebtedness of \$1,663,143, and 98 failures for \$1,897,022 in June, 1927.

The per capita circulation of the United States on June 30, 1928, was \$40.50, against \$40.12 on May 31, 1928, and \$41.48 on June 30, 1927.

MANUFACTURING AND WHOLESALE

Automobiles — Combined passenger car and truck production in the United States in June totaled 396,714, against 425,981 in May and 321,959 in June, 1927.

Distribution of automobiles made an excellent showing during the past thirty days, heavy gains being recorded over the preceding month and the corresponding period a year ago. Virtually all varieties and makes of vehicles shared in the improvement, but, as was the case a month earlier, relatively the most marked gains were reported by dealers in the large centers of population. Country dealers, however, reported increased inquiries and improved prospects. Preoccupation of farmers with harvest and other seasonal operations had a tendency to cause them to postpone filling their requirements. Since the first of this month new models brought out by several manufacturers have met with satisfactory response. With the exception of May, sales of cars in the low priced category were the largest for any month since March, 1927. Improvement was also noted in the demand for trucks, particularly of the lighter varieties used for city deliveries. June sales of new passenger cars by 320 dealers scattered through the district were 14.6 per cent larger than in May, and 52.4 per cent greater than the June, 1927, total. Sales of parts and accessories in June showed a small increase over the preceding month, and were 4.8 per cent larger than in June, 1927. Stocks of passenger cars in dealers' hands on July 1 were 5.9 per cent larger than a month earlier, and 3.4 per cent smaller than on July 1, 1927. Conditions in the used car market continue generally satisfactory. While the number taken in was larger than in May, sales were also heavier, with the result that stocks at the end of June were only about 2.5 per cent greater than on May 31. Both in number and value represented, used car stocks on July 1 were below those on the same date a year ago. Further improvement in the movement of tires at retail took place during June, and since the first of this month more seasonable weather has materially helped both the retail and wholesale tire trade. Sales of new automobiles made on the deferred payment plan in June by dealers reporting this item were 51.2 per cent of their total sales, against 46.1 per cent in May and 52.0 per cent in June, 1927.

Boots and Shoes — June sales of the five reporting interests were the smallest for any month this year, falling 11.5 per cent below those for the same month in 1927, and 48.4 per cent below the May total this year. The heavy decrease in the month-to-month comparison is seasonal in character, though

somewhat more marked than in recent years. Stocks on July 1 were 13.7 per cent larger than a month earlier, and 27.3 per cent larger than on July 1, 1927. Road orders from salesmen, who departed for their territories about July 5, are reported somewhat below expectations. Prices on finished goods were again marked up on July 1, and the trend of raw materials was upward. Factory operations were at a slightly higher rate than a year ago, averaging from 96 to 100 per cent of capacity.

Clothing — Sales of the reporting clothiers in June fell 11.8 per cent below those for the same month in 1927, and 36.0 per cent under the May total this year. Unfavorable weather generally through the district in June held down purchasing of seasonable apparel, and the clearance of these lines on July 1 was disappointing. Since that date, however, the arrival of warm weather has stimulated business at retail, which in turn is reflected in more activity through wholesale and jobbing channels. Sales of heavyweight clothing for men's wear have been backward, and considerable buying for fall and winter is still to be done. Quietness is complained of in work clothing lines.

Drugs and Chemicals — Unfavorable weather and reduced industrial activity were mentioned as the chief causes for a decline in June sales of the six reporting interests of 6.7 per cent as compared with the same month in 1927, and of 7.1 per cent as compared with the May total this year. Stocks on July 1 were 5.7 per cent smaller than on the same date in 1927, and unchanged from those on May 31 this year. Sales of soda fountain supplies in June were sharply under the average of recent years, but since the first of the month a marked improvement has taken place in the movement of this and other seasonal lines. There was no change in prices worthy of note as compared with the preceding thirty days.

Dry Goods — Weather conditions were unfavorable for distribution of dry goods, and June sales of the eight reporting firms were 10.6 per cent smaller than during the same month in 1927, and 4.4 per cent smaller than the May total this year. Stocks on July 1 were 6.3 per cent larger than thirty days earlier, but 2.2 per cent smaller than those on July 1, 1927. Since the first of this month business has picked up substantially, particularly on seasonable merchandise. Visiting merchants at the chief centers were in larger numbers than a year ago, but their purchasing is conservative and chiefly for immediate needs. Uncertainty relative to the future of cotton had a tendency to hold down buying of goods based on that staple. Advance business of the reporting stores continues well ahead of a year ago.

Electrical Supplies — June sales of the six reporting firms fell 0.2 per cent below those of the same month in 1927, but were 16.7 per cent larger than in May this year. Stocks on July 1 were 20.8 per cent smaller than thirty days earlier and 6.4 per cent larger than on July 1, 1927. Low temperatures prevailing in June held down sales of fans and other hot weather goods. Radio material was less active than heretofore, but there continues an excellent demand for motors for a wide variety of uses.

Flour — Production at the 12 leading mills of the district in June totaled 314,474 barrels, the smallest since the same month in 1927, and comparing with 345,670 barrels in May and 298,151 in June, 1927. Stocks of flour in St. Louis on July 1 were 2.1 per cent larger than thirty days earlier, but 10.7 per cent smaller than on July 1, 1927. During late June business was virtually at a standstill, buyers holding off for the new wheat crop. Since the second week of this month, however, there has been an active demand from the domestic trade, with heavy sales, particularly through the South. Negotiations for considerable flour for export were under way, but agreement on prices was not reached, and little business actually closed. Prices declined rather sharply during the past thirty days. Mill operation was at about 45 to 50 per cent of capacity.

Furniture — June sales of the 14 reporting firms showed a decrease of 1.8 per cent under those of the same month in 1927, and of 3.1 per cent under the May total this year. Stocks on July 1 were larger by 23.9 per cent and 4.8 per cent than thirty days and a year earlier, respectively. Manufacturers and jobbers report a general disposition on the part of retailers to purchase cautiously, and mainly for immediate requirements. Large stock orders are scarce. Demand for theater seating and hotel and apartment furniture are relatively more active than other lines. Office furniture is quiet, and the seasonal dullness in demand for household furniture and furnishings is somewhat more pronounced than during the past several years.

Groceries — Unfavorable weather, lateness of crops, and competition from chain stores were mentioned as factors making for reduced business activity in this classification. June sales of the 12 reporting interests were 9.1 per cent smaller than for the same month in 1927, and 9.7 per cent below the May total this year. Stocks on July 1 were 7.5 per cent larger than on the same date in 1927, and 3.1 per cent greater than those on June 30 this year. Prices of flour, potatoes, and certain canned goods declined, but generally prices showed little variation from the preceding thirty days.

Hardware — June sales of the 12 reporting firms were 2.2 per cent larger than for the same

month in 1927, but 1.7 per cent under the May total this year. Stocks on July 1 were 30.2 per cent and 2.8 per cent larger than thirty days and a year earlier, respectively. The movement of seasonal goods, which was backward during the preceding month, picked up substantially, and the arrival of harvests had a stimulating effect on purchasing of goods for consumption in the rural areas. Vacation and travel supplies, sporting goods and automobile accessories were in much better demand than earlier in the year.

Iron and Steel Products—Consumers of both finished and semi-finished iron and steel goods continue to proceed with caution in the matter of new commitments. This attitude has had the effect of slowing down activities at mills, foundries and machine shops and rendered somewhat more emphatic than ordinary the seasonal curtailment due to hot weather, vacations and suspension for mid-year inventorying and repairs. Another factor adversely affecting the iron and steel trade has been uncertainty relative to third-quarter prices, particularly among the more important consuming interests. Taken as a whole new orders placed were below current shipments, and backlogs in many instances sustained further reductions. Buying by the more important users has been held down largely to immediate needs, with total sales to the general manufacturing trade making a relatively much better showing than in the case of industries usually accounting for heavy tonnage. Certain specialty makers report demand for their products holding up well. Manufacturers of farm implements, tractors, heating apparatus, some varieties of stoves and architectural iron have been operating at, or close to capacity. Demand for tin plate is brisk. While the structural outlook is good, fabricators complain of lack of new lettings, and specifications for structural shapes, plates and kindred materials are considerably below capacity. Requirements of the automotive industry continue large, and the outlet for reinforcing concrete bars and other materials used in highway construction and river improvement work is broad. Except for full finished varieties for the automobile makers, demand for sheets was quiet. Purchasing of tubular goods, except boiler tubes, and the general run of wire and wire products was reported backward, while the disturbed price condition of the hoop and band market has had an adverse effect on buying of that material. In the immediate past some improvement in demand for track accessories has developed, but buying generally by the railroads is in disappointing volume, and confined to absolute necessities. The reduction in pig iron prices by Eastern and

Southern blast furnaces disturbed the psychology of buyers in this district, and while there are considerable quantities still to be bought for the third and fourth quarters, users are slow to cover their requirements. Scrap iron and steel continued dull, with the trend of prices downward. Production of pig iron for the country as a whole in June totaled 3,088,882 tons, which compares with 3,292,790 tons in May, and 3,089,726 tons in June, 1927. Steel ingot production in the United States in June totaled 3,742,964 tons, against 4,203,190 tons in May, and 3,495,609 tons in June, 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 June 30, 1928 comp. to June 30, 1927	Stock turnover	
	June 1928 comp. to June, 1927	6 months ending June 30, 1928 to same period 1927		Jan. 1, to June 30, 1928	June 30, 1927
Evansville	+ 2.0%	+ 0.2%	— 0.9%	1.18	1.18
Little Rock.....	— 5.7	+ 2.1	+ 7.7	1.12	1.19
Louisville	— 3.7	— 4.3	— 0.2	1.53	1.62
Memphis	— 6.6	+ 7.0	— 7.1	1.51	1.33
Quincy	+ 13.3	+ 15.1	— 3.8	1.27	1.05
St. Louis.....	+ 4.2	+ 1.7	— 8.1	1.83	1.67
Springfield, Mo. +	3.5	— 1.9	— 7.0	.80	.80
8th District.....	+ 0.9	+ 1.9	— 5.5	1.64	1.54

	Net sales comparison		Stocks on hand	
	June, 1928 comp. to June, 1927	May, 1928	June, 1928 comp. to June, 1927	May, 1928
Men's furnishings.....	+ 2.8%	+ 5.8%	+ 2.0%	— 9.4%
Boots and Shoes.....	+ 11.5	— 1.7	+ 5.4	— 13.8

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

	Percentage increase or decrease June, 1928 compared to June, 1927	
	Net sales for month	Stocks on hand at end of month
Piece goods.....	— 12.2%	— 3.1%
Ready-to-wear accessories.....	— 0.5	— 8.4
Women and misses' ready-to-wear.....	+ 20.3	— 10.4
Men's and boys' wear.....	+ 0.2	— 6.0
Home furnishings.....	+ 1.7	— 9.5

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electricity in June as being 0.8 per cent larger than in May, and 13.0 per cent in excess of June, 1927. Detailed figures follow:

	No. of Custom- ers	June, 1928	May, 1928	June, 1928 comp. to May, 1928	June, 1927	June, 1928 comp. to June, 1927
		*K.W.H.	*K.W.H.		*K.W.H.	
Evansville	40	1,497	1,495	+ 0.1%	1,249	+ 19.9%
Little Rock..	35	1,912	1,530	+ 24.9	1,470	+ 30.0
Louisville ...	82	6,111	5,706	+ 7.0	5,604	+ 9.0
Memphis	31	1,142	1,038	+ 10.0	1,199	— 4.8
St. Louis.....	121	19,629	20,281	— 3.3	17,277	+ 13.6
Totals.....	309	30,291	30,050	+ 0.8	26,799	+ 13.0

*In thousands (000 omitted).

The following figures compiled by the Department of the Interior, show kilowatt production both for lighting and industrial purposes for the country as a whole:

	By water power	By fuels	Totals
May, 1928.....	3,178,749,000	3,942,266,000	7,121,015,000
April, 1928.....	2,949,218,000	3,903,655,000	6,852,873,000
May, 1927.....	2,632,373,000	3,883,197,000	6,515,570,000

POSTAL RECEIPTS

Returns from the five largest cities of the district show a decrease in combined postal receipts for the second quarter of 1928 of 1.1 per cent as compared with the corresponding period in 1927, and of 5.6 per cent as compared with the first quarter of this year. Detailed figures follow:

	For Quarter Ending			June 30, 1928 comp. to June 30, 1927
	June 30, 1928	Mar. 31, 1928	June 30, 1927	
Evansville	\$ 173,000	\$ 174,000	\$ 167,000	+ 3.6%
Little Rock.....	220,000	242,000	199,000	+10.5
Louisville	715,000	742,000	733,000	- 2.5
Memphis	620,000	668,000	512,000	+21.0
St. Louis	3,082,000	3,271,000	3,251,000	- 5.2
Total.....	\$4,810,000	\$5,097,000	\$4,862,000	- 1.1

BUILDING

In point of dollar value, permits issued for new construction in the five largest cities of the district in June showed an increase of 16.2 per cent over the same month in 1927, and of 14.6 per cent over the May total this year. According to statistics compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District in June totaled, \$44,224,793, against \$36,360,248 in May and \$44,170,814 in June, 1927. There was no change in the cost of building as compared with the two preceding months, and present levels show only slight variation as contrasted with a year ago. Production of portland cement for the country as a whole in June totaled 17,469,000 barrels, against 17,280,000 barrels in May and 17,078,000 barrels in June, 1927. Building figures for June follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1928	1927	1928	1927	1928	1927	1928	1927
Evansville ..	538	218	\$ 357	\$ 202	92	95	\$ 46	\$ 29
Little Rock ..	64	85	785	218	96	137	64	44
Louisville ..	183	199	1,814	924	86	90	135	138
Memphis ...	298	287	1,103	972	132	117	218	89
St. Louis....	694	1,011	3,633	4,300	426	464	390	445
June totals	1,777	1,800	\$7,692	\$6,616	832	903	\$ 853	\$745
May totals	2,040	1,677	6,712	6,837	1,051	1,050	1,010	801
April totals	1,996	1,690	7,725	7,315	991	888	839	749

*In thousands of dollars (000 omitted).

AGRICULTURE

Excessive rainfall was general in this district during June, precipitation in Missouri and Northern Arkansas being the heaviest for any June on record. Streams in many sections went out of their banks, destroying or doing serious damage to bottomland crops. In some localities flood conditions approximated those prevailing during the great overflow of the Mississippi River and its tributaries last year. Field work was badly interfered with, particularly the cultivation of row crops and cutting of wheat in Southern counties. Conditions were unfavorable for cotton and corn, in both of which crops weeds made considerable headway. Prospects for hay were reduced, and some winter wheat was lost because of inability of farmers to get into the fields at the proper time to harvest.

Since July 1, however, a considerable part of the June losses have been retrieved owing to the arrival of clear, hot weather. Delayed wheat harvest has been pushed forward rapidly, and numerous corn, tobacco and cotton fields, except in the flooded areas, have been cleaned up. Oats have improved, and in many important growing areas the crop made good heads. Pastures generally were benefitted by the wet weather, and are in excellent condition. The condition of rice in Arkansas and Missouri is reported good. Reports relative to tobacco vary rather widely, but general improvement has been the rule since the first of this month. The potatoe crop in Arkansas and Missouri promises to be one of the largest ever produced, but prices are low. Supplies of farm labor are universally adequate, with no change worthy of note in wage scales as compared with last year.

Winter Wheat—Prospects for this crop improved slightly between June 1 and July 1, but the yield in all states of the district will be largely below a year ago and the 10 year average. In Missouri, particularly the western counties, quality is good and yields will be fair, but in Illinois, Indiana, Kentucky and Tennessee approximately two-thirds of the sown acreage was lost from winter-killing, and on part of the area remaining, the stand is so thin that it is difficult to estimate the number of bushels that will be threshed. Wet weather in June interfered with harvesting, but since July 1 conditions have been ideal for field work and cutting and threshing have made good progress.

Corn—The outlook for corn varies rather broadly in states of this district. In Mississippi, Kentucky, Tennessee and Arkansas small yields are indicated, prospects in Mississippi being for the smallest output in twenty-five years. In the northern states, particularly Illinois, Indiana, and Missouri, the July 1 condition indicated yields above the 5-year average, and since that date much delayed cultivation has been accomplished and marked improvement in condition has taken place. Due to substitution of corn in sections where winter wheat was a failure, the acreage is considerably larger than a year ago.

Oats—Production of oats in the Eighth District, based on the July 1 condition, is estimated at 61,740,000 bushels, against 40,547,000 bushels harvested in 1927. For the United States the forecast is for 1,320,097,000 bushels, against 1,184,146,000 bushels in 1927, and a 5-year average of 1,347,563,000 bushels.

Fruits and Vegetables—Prospects are for one of the largest crops of potatoes ever produced in this district, but the large yield has adversely affected prices, and there are already indications that a large

part of the crop may not be dug. In the chief producing states, Illinois, Missouri, Kentucky, Tennessee, Mississippi and Arkansas, the combined yield of sweet potatoes is estimated at 16,545,000 bushels, against 20,702,000 bushels harvested in 1927, and a 5-year average of 17,733,000 bushels. The acreage and indicated yield of tomatoes, particularly in the commercial areas, is above that of a year ago. Reports relative to tree fruits vary, but generally the outlook is for larger production than a year ago. In Illinois, Missouri and Arkansas, the chief apple states of the district, the combined yield this year is estimated at 10,587,000 bushels, of which 2,018,000 barrels represent commercial crop, against 7,569,000 bushels, with 1,200,000 barrels commercial crop, harvested in 1927. The outlook for peaches is good, the indicated combined crop in Indiana, Illinois, Kentucky, Tennessee and Arkansas being 7,545,000 bushels, against 3,810,000 bushels in 1927, and a 5-year average of 5,645,000 bushels. Due to numerous new vineyards coming into bearing, and a favorable season, the grape crop will be the largest on record in this district, combined output in Illinois, Missouri and Arkansas being estimated at 24,222 tons, against 13,020 tons in 1927, and a 5-year average of 15,911 tons. Gardens generally underwent improvement during the past thirty days, and average condition is above that of a year ago.

Live Stock—The general condition of live stock in this district underwent no marked change during the past thirty days as contrasted with the similar period immediately preceding. Pastures improved further, due to ample rains in June, but the precipitations interfered with haying, and prospects for that crop are less favorable. A decrease of 7 per cent in the spring pig crop of 1928 from that of 1927 for the corn belt states is shown in the June survey of the Department of Agriculture. Hog prices advanced sharply, reaching the highest point in mid-July since October, 1927.

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

	Receipts			Shipments		
	June, 1928	May, 1928	June, 1927	June, 1928	May, 1928	June, 1927
Cattle and Calves.....	95,417	95,727	121,984	65,644	62,224	87,633
Hogs	280,737	332,162	375,398	206,633	249,505	255,798
Horses and Mules.....	2,455	2,099	2,615	1,559	2,230	1,678
Sheep	86,585	38,473	93,158	22,555	12,991	21,118

Cotton—According to the U. S. Department of Agriculture's July 1 report, acreage planted to cotton in all states of this district is larger than that of 1927. Combined acreage of Missouri, Tennessee, Mississippi and Arkansas is placed at 8,529,000 acres, against 7,830,000 acres for these states last year. Allowance was made in the 1928 estimate for about 150,000 acres of cotton flooded

out in Arkansas in late June and for a smaller area similarly flooded in Missouri. Through June weather was unfavorable for growth and development of the crop, excessive precipitation preventing needed cultivation. Generally since July 1, weather has improved, and many fields have been cleared of weeds. Demand for old crop cotton was quiet, with prices fluctuating in an irregular range. In the St. Louis market the middling grade moved from 20¼c per pound on June 16 to 22½c on June 30, and closed at 21¼c on July 16. Stocks in Arkansas warehouses on July 13 totaled 58,133 bales, against 87,125 bales on the corresponding date last year.

Rice—The estimated area planted to rice in Arkansas this year is 159,000 acres, a reduction of 9 per cent as compared with a year ago. The estimated yield in that state, based on the July 1 condition, is 7,066,000 bushels, against 7,438,000 bushels in 1927 and a 5-year average of 7,546,000 bushels. Missouri, which had 3,000 acres of rice in 1927, reports 10,000 acres planted this season. With the warm weather prevailing since the last week in June, the crop has made good progress and a high condition is the rule.

Tobacco—The area planted to tobacco in the chief producing states of this district is considerably larger than a year ago, and a substantially heavier yield is indicated. Based on the July 1 condition, the U. S. Department of Agriculture, forecasts the combined yield in Indiana, Missouri, Kentucky and Tennessee at 389,805,000 pounds, against 281,537,000 pounds harvested in 1927, and a 5-year average of 494,044,000 pounds. Heavy rains in June interfered with cultivation, and clearing the crop proceeded slowly and required more time and labor than usual. Relatively conditions in the burley districts are most favorable. Considerable damage from overflows was wrought in the dark tobacco areas. The warm, dry weather prevailing since the first of this month has permitted of intensive cultivation, and generally the condition of the crop has improved.

Commodity Prices—Range of prices in the St. Louis market between June 15, 1928 and July 16, 1928, with closing quotations on the later date and on July 15, 1927.

				Close	
				July 16, 1928	July 15, 1927
Wheat					
July	per bu.	\$1.40½	\$1.28¼	\$1.30	\$1.38½
Sept.	"	1.42½	1.30¾	1.31	1.38½
Dec.	"	1.46½	1.34½	1.34½	1.42½
No. 2 red winter	"	1.79	1.49	@ 1.50	\$1.43 @ 1.44
No. 2 hard.....	"	1.55	1.33	@ 1.34	1.38 @ 1.40
Corn					
July	"	1.07	1.00¼	@ 1.06	1.05
Sept.	"	1.03	.95	.96¼	1.07½
Dec.	"	.88	.80½	.80½	1.07½
No. 2 mixed.....	"	1.10	1.01	1.05	1.01 @ 1.03
No. 2 white.....	"	1.10	1.03	1.07½ @ 1.08	1.04½
Oats					
No. 2 white.....	"	.73	.62	@ .66	.50
Flour					
Soft patent.....	per bbl.	9.00	7.50	@ 8.00	7.00 @ 7.50
Spring patent....	"	7.25	6.75	@ 6.85	7.00 @ 7.25
Middling cotton.....	per lb.	.20¼	.22½	.21¼	.17
Hogs on hoof.....	per cwt.	11.75	7.25	@ 11.60	8.00 @ 10.85

FINANCIAL

The banking and financial situation in this district during the past thirty days has been marked by a moderate expansion in demand for credit for commercial and industrial purposes, also for agricultural financing and carrying investments. Loans of the reporting member banks in mid-July advanced to the highest point since the middle of April, and were throughout the period uniformly higher than at the same time last year. Deposits of these banks declined to the low point of the year in the first week of this month, but have reacted moderately upward since that date. Country banks in some localities have reduced balances with city correspondents in order to take care of the requirements of their agricultural customers. In sections of the South where planting and replanting of cotton was necessitated by overflows, demand for funds has been particularly active. Demand from grain handlers and the milling interests was in smaller volume than at the same time last year, due to lateness of the winter wheat crop and generally small inventories. In the immediate past, however, the call from this source has augmented substantially, with indications of total requirements being larger than in 1927. There has been good liquidation of bank loans in areas where early fruits and vegetables are the chief crops, also in sections where live stock raising is an important pursuit. Demand for funds for conditioning live stock for market, however, continues active.

The trend of interest rates has been sharply higher, due both to the seasonal increase in local requirements and firmer money conditions generally throughout the country. Commercial paper brokers report greater activity in their line than in many months, with rates firm at 5 to 5½ per cent for prime names. At the St. Louis banks current rates of interest were as follows: Prime commercial loans, 5 to 5¾ per cent; collateral loans, 5¼ to 6 per cent; interbank loans, 5 to 6 per cent; loans secured by warehouse receipts 5 to 6 per cent; cattle loans 5¾ to 6 per cent.

Condition of Banks — Loans and discounts of the reporting member banks on July 18, 1928 showed an increase of 2.2 per cent as contrasted with June 13, 1928 and an increase of 2.4 per cent as compared with July 20, 1927. Deposits decreased 2.2 per cent between June 13 and July 18 and on the

latter date were 1.8 per cent smaller than on July 20, 1927. Composite statement follows:

	*July 18, 1928	*June 13, 1928	*July 20, 1927
Number of banks reporting.....	129	129	31
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations.....	\$ 4,723	\$ 4,441	\$ 4,605
Secured by other stocks and bonds.....	218,662	212,353	202,797
All other loans and discounts.....	288,593	284,126	292,710
Total loans and discounts.....	\$511,978	\$500,920	\$500,112
Investments			
U. S. Government securities.....	75,617	79,347	76,398
Other securities.....	139,282	142,114	124,702
Total investments.....	\$214,899	\$221,461	\$201,100
Reserve balance with F. R. bank.....	44,003	46,328	48,328
Cash in vault.....	7,179	7,792	7,354
Deposits			
Net demand deposits.....	375,476	392,864	400,360
Time deposits.....	242,664	243,055	231,459
Government deposits.....	3,546	—	1,465
Total deposits.....	\$621,686	\$635,919	\$633,284
Bills payable and rediscounts with Federal Reserve Bank			
Secured by U. S. Govt. obligations.....	16,146	20,435	12,275
All others.....	27,401	14,609	9,968

*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 all member banks in this district.

Federal Reserve Operations — During June the Federal Reserve Bank of St. Louis discounted for 193 member banks, against 186 in May and 182 in June, 1927. The discount rate remained at 4½ per cent until July 19, on which date it was advanced to 5 per cent on all classes and maturities of paper. 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:

	*July 20, 1928	*June 20, 1928	*July 20, 1927
Bills discounted.....	\$57,584	\$54,286	\$32,662
Bills bought.....	147	415	9,758
U. S. Securities.....	7,125	7,125	26,360
Total bills and securities.....	\$64,856	\$61,826	\$68,780
F. R. Notes in circulation.....	57,480	55,453	39,112
Total deposits.....	83,250	81,856	84,073
Ratio of reserve to deposits and F. R. Note Liabilities.....	59.5%	60.3%	49.7%

*In thousands (000 omitted).

Debits to Individual Accounts — The following table gives the total debits charged by banks to checking accounts, savings accounts, certificates of deposit accounts and trust accounts of individuals, firms, corporations and U. S. Government in leading cities of the district. Charges to accounts of banks are not included.

	*June, 1928	*May, 1928	*June, 1927	June, 1928 comp. to May, 1928	June, 1928 comp. to June, 1927
East St. Louis & Natl.					
Stock Yards, Ill. \$	69,625	\$ 64,802	\$ 54,521	+ 7.4%	+ 27.7%
El Dorado, Ark....	10,659	9,658	8,114	+ 10.4	+ 31.4
Evansville, Ind....	52,815	53,135	57,880	— 0.6	— 8.8
Fort Smith, Ark....	12,720	13,125	14,479	— 3.1	— 12.1
Greenville, Miss....	3,355	3,479	1,912	— 3.6	+ 75.5
Helena, Ark.....	3,171	3,521	3,801	— 9.9	— 16.6
Little Rock, Ark..	73,129	80,161	70,929	— 9.8	+ 3.1
Louisville, Ky.....	226,894	210,514	197,915	+ 7.8	+ 14.6
Memphis, Ten.....	140,486	140,400	145,696	+ 0.1	— 3.6
Owensboro, Ky....	5,854	5,528	4,769	+ 5.9	+ 22.8
Pine Bluff, Ark....	9,595	10,495	10,265	— 8.6	— 6.5
Quincy, Ill.....	13,768	12,319	13,339	+ 11.8	+ 3.2
St. Louis, Mo.....	898,011	849,315	770,137	+ 5.7	+ 16.6
Sedalia, Mo.....	4,713	5,189	4,582	— 9.2	+ 2.9
Springfield, Mo..	17,383	18,748	16,598	— 7.3	+ 4.7
**Texarkana, Ark-Tex.....	15,084	14,533	14,754	+ 3.8	+ 2.2
Totals.....	\$1,557,262	\$1,494,922	\$1,389,691	+ 4.2	+ 12.1

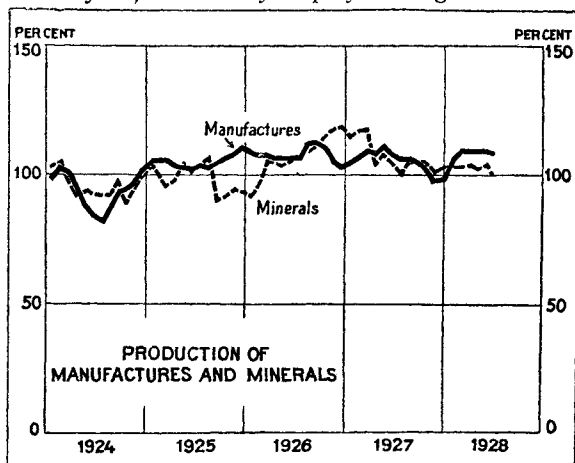
*In thousands (000 omitted).

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

(Compiled July 21, 1927)

BUSINESS CONDITIONS IN THE UNITED STATES

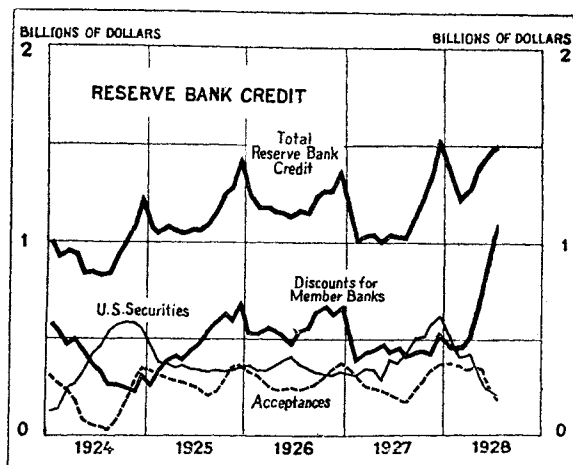
PRODUCTION—Activity of manufacturing industries declined slightly in June and there was a decrease of about six per cent in the output of minerals, owing to smaller production of coal. The manufacture of iron and steel decreased in June by somewhat more than the usual seasonal amount, but there are indications of no further declines in July, and the industry was somewhat more active than a year ago. Production of floor and activity of cotton and wool mills also declined in June. Automobile production showed considerably less than the usual seasonal decline in June, and weekly employment figures for Detroit



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

indicate that operations of automobile plants were well maintained during the first three weeks of July. The manufacture of agricultural implements and machine tools continued in June at the high level reached last spring. Production of lumber, copper and shoes and activity of silk mills increased in June.

Contracts awarded for new buildings continued large in June and total awards for the first half of the year exceeded those for any previous corresponding period. There were increases over last year in contracts for residential, industrial, public and educational buildings. Awards during the first three weeks in July were in somewhat smaller volume than for the corresponding period last year. The July estimates of the Department of Agriculture indicate a yield of wheat of 800,000,000 bushels, a decrease of 8 per cent from the harvested yield of 1927, and a yield of corn of 2,736,000,000 bushels, a reduction of 2 per cent. The Pro-



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

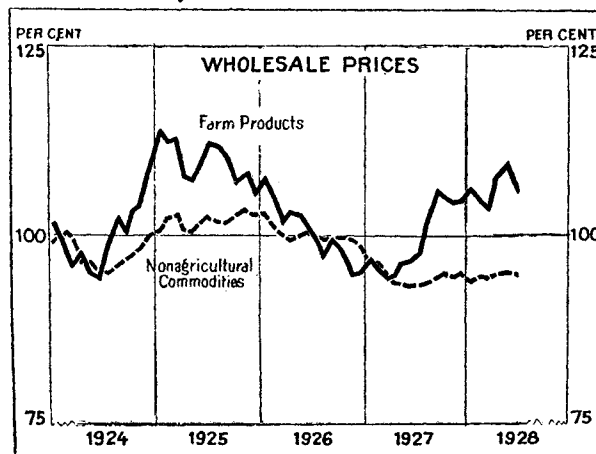
duction of oats, barley, white potatoes, and tobacco is expected to be larger than last year. The acreage of cotton in cultivation on July 1 was estimated at 46,695,000 acres, an increase of 11 per cent as compared with that of a year ago.

TRADE—Merchandise distribution at retail and wholesale was seasonally smaller in June than in May. Sales of department stores declined by about the usual seasonal amount, while declines in sales of chain stores were smaller. Sales of wholesale firms in most lines showed a more than usual seasonal decline. Compared with a year ago sales of department stores and chain stores were larger and those of wholesale firms were smaller. Stocks of wholesale

firms were in about the same volume at the end of June as a year ago and those of department stores were smaller.

Freight carloading for practically all classes of commodities declined in June and continued in smaller volume than a year ago. During the first two weeks of July, however, owing to increases in loadings of grain and miscellaneous commodities, total loadings were larger than in the corresponding period of 1927, but continued below the high level of 1926.

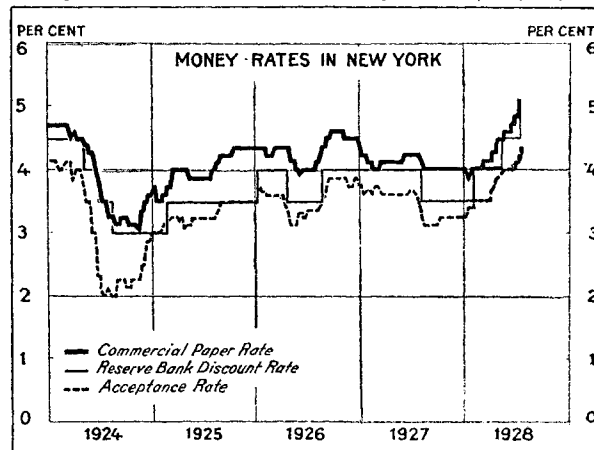
PRICES—The general level of wholesale commodity prices declined in June and Bureau of Labor Statistics index,



Index of United States Bureau of Labor Statistics (1926=100. Latest figures, June: Farm products, 106.7; non-agricultural commodities 95.2.

which had advanced from 96 per cent of 1926 average in March, the low point for the year, to 98.6 per cent in May, declined in June to 97.6 per cent. The decline in the all-commodities index reflected decreases in those groups which had advanced most rapidly in previous months, farm products, foods, and hides and leather products. Prices of livestock and meats, which are included in these groups, however, showed further advances in June, and there was also an increase in prices of building materials, while prices of silk and rayon, fertilizer materials, house furnishings, and automobile tires declined. During the first three weeks in July there were declines in the prices of wheat and cotton, and advances in cattle and hogs.

BANK CREDIT—Member bank credit, after rising to a record volume early in July, declined somewhat during the two following weeks and on July 18 total loans and investments of reporting banks in leading cities were about \$160,000,000 smaller than four weeks earlier. The decrease was largely the result of reduction by about \$125,000,000 in



Monthly averages of daily figures for 12 Federal Reserve banks.

Latest figures are averages of first 23 days in July. the banks' investment holding, but reflected also a decline in the volume of loans on securities, following a temporary increase over the mid-year. Contrary to the usual seasonal trend, loans largely for commercial purposes were in record volume during the period.

Member bank borrowing at the reserve banks showed a decline following the mid-year settlement period, but the volume on July 25, at slightly more than \$1,000,000,000, was somewhat larger than five weeks earlier. Holdings of acceptances and United States securities declined. In July there were further advances in open market rates for commercial paper and bills, and discount rates at seven of the Federal reserve banks were raised from 4¼ to 5 per cent.