

# FEDERAL RESERVE BANK OF ST. LOUIS



## MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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**M**ODERATE improvement in business as a whole and increasing confidence in prospects for trade and industry during the coming autumn and winter were reflected in reports from the various lines covering activities in this district during the past thirty days. While in many lines investigated, volume of July sales was below that of a year ago, less than the usual seasonal decrease occurred, and in a number of important instances was entirely absent. Results obtained in the iron and steel industry were better than expected, both in point of production and distribution, and at many plants unfilled orders on books were sufficient to maintain current rate of production for the next six weeks or two months. Distribution of automobiles in July fell seasonably below June, but was substantially larger than in July, 1927. Building operations of all descriptions were maintained at the high rate of recent months, and demand for lumber, cement, glass, quarry products and other construction material was brisk.

The more seasonable weather and improved crop prospects served to stimulate the movement of merchandise through both retail and wholesale channels. Wholesalers of groceries, apparel, dry goods, boots and shoes and other goods for common consumption report that since the middle of July orders have been arriving in good volume, and numerous buyers who earlier in the year had been purchasing closely and with extreme caution, are now seeking to provide more freely for future requirements. Department stores in the principal cities showed a gain in July sales of 6.9 per cent over the same month last year, and good gains were also made by five and ten cent stores, mail order houses and chain stores. Debits to checking accounts in July declined 12.2 per cent as compared with June, but were 5.0 per cent larger than in July, 1927, and for the first seven months of the year the total is 6.8 per cent larger than for the corresponding period last year.

The employment situation developed some unevenness, but the general trend was upward. The heavy call for laborers in the harvest fields and other outdoor occupations more than counterbalanced the number released by reduced operations at industrial plants. A surplus of coal miners still exists in all fields of the district, but employment in the lead and zinc areas gained. Railroads, automobile plants and flour mills increased their forces, and in other major industries only slight variation from the preceding thirty days was noted. Crop prospects improved materially in July and early August, but this favorable development was offset in large measure by the sharp decline in the price of cereals and other important farm products.

Conditions in the bituminous coal trade failed to register any improvement, demand from both industrial and domestic consumers continuing dull. Competition between the several fields is unusually keen, and the trend of prices was lower. Industrial stock piles are still large, and are diminishing more slowly than had been expected. The abandonment of the Jacksonville wage scale by the United Mine Workers injected a further element of uncertainty in the price situation, and numerous consumers were disposed to postpone commitments until the results of that policy are more clearly defined. Contracting by retail dealers progressed slowly, the principal reason being backwardness on the part of householders in ordering their fall and winter supplies. The domestic demand in the country was reported generally quieter than at any similar period in more than a decade. In the Illinois and Indiana fields mines were operating on an average of barely three days per week. Operators in western Kentucky reported customers delaying contracting on account of labor developments in Illinois and Indiana. Generally there were increasing complaints of accumulation of loaded cars at mines for which no orders had been received. Purchasing by the railroads was on conservative lines, and reserve

stocks of a number of western roads are still large. In the chief urban centers, retailers report steadily increasing competition of fuel oil, coke and gas. For the country as a whole production of bituminous coal for the present calendar year to August 11, approximately 185 working days, amounted to 285,098,000 tons, against 325,673,000 tons for the corresponding period last year and 324,847,000 tons in 1926.

Due chiefly to heavy grain loadings, freight traffic of railroads operating in this district showed gains over the same period last year. For the country as a whole loadings of revenue freight for the first 31 weeks of the year, or to August 4, totaled 29,448,658 cars, against 30,458,839 cars for the corresponding period in 1927 and 30,556,742 cars in 1926. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 236,289 loads in July, against 216,072 loads in June, and 208,001 in July 1927. During the first nine days of August the interchange amounted to 69,668 loads, which compares with 63,699 loads during the corresponding period in July, and 62,719 loads during the first nine days of August, 1927. Passenger traffic of the reporting roads in July decreased 14 per cent as compared with the same month in 1927. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in July was 112,000 tons, against 90,658 tons in June, and 96,643 tons in July, 1927.

Reports relative to collections during July and the first half of this month reflect fairly satisfactory conditions. Through the winter wheat belt, where harvesting has been completed, liquidation has been on an extensive scale, and the same is true in sections where early fruits and vegetables are the chief crops. Wholesalers in the large cities report settlements above expectations, with numerous customers taking advantage of discounts for cash payments. Some backward spots were noted, but these were confined to areas where local conditions adversely affected settlements. Retailers in the large centers of population report that absence of many customers on vacation tended to hold down the volume of payments. Answers to questionnaires addressed to leading interests in the several lines scattered through the district showed the following results:

	Excellent	Good	Fair	Poor
July, 1928.....	1.3%	25.0%	57.7%	16.0%
June, 1928.....	1.3	26.3	59.2	13.2
July, 1927.....	3.1	26.1	60.0	10.8

Commercial failures in the Eighth Federal Reserve District in July, according to Dun's numbered 98, involving liabilities of \$2,228,466, against

105 defaults in June with liabilities of \$962,860, and 51 failures for \$1,041,215 in July, 1927.

The per capita circulation of the United States on July 31, 1928, was \$39.68, against \$40.52 on June 30, 1928, and \$41.40 on July 31, 1927.

## MANUFACTURING AND WHOLESALE

**Automobiles** — Combined passenger car and truck production in the United States during July totaled 390,445, which compares with 396,714 in June and 268,474 in July, 1927.

While there was the usual seasonal decline in distribution of automobiles in this district during July and early August, the total was considerably larger than during the corresponding period last year. Dealers quite generally, in both the large cities and the smaller communities report business satisfactory, and somewhat above expectations. An exception was noted in certain sections of the winter wheat belt, where crop failure or the heavy drop in grain prices resulted in sharply reduced incomes of farmers. In the chief urban centers recently introduced models have met with excellent response, particularly in the case of medium-priced cars. In the month-to-month comparison relatively the heaviest decreases were in the cheap-priced category. Generally stocks of new cars in hands of dealers were of moderate proportions, and below the average at this time during the past several years. July sales of new passenger cars by 320 dealers scattered through the district were 27.7 per cent smaller than in June, but 76.0 per cent larger than for July, 1927. It will be recalled that July, 1927, marked the beginning of the drastic decline in automobile sales which continued through the balance of that year. Sales of parts and accessories in July showed a slight gain over June, and a gain of 4.7 per cent over July last year. Stocks of passenger cars in dealers' hands on August 1 were 2.4 per cent smaller than thirty days earlier, and 8.3 per cent larger than on August 1, 1927. Continued satisfactory conditions were reported in the used car market. There was a decrease of 4.1 per cent in stocks from July to August, and the total at the end of the latter month was 0.9 per cent smaller than a year ago. Tire sales were stimulated by progress of the touring season and warm weather, and showed a small gain over June. Deferred payment sales of dealers reporting on that item in July were 48.9 per cent of their total sales, against 51.2 per cent in June and 53.6 per cent in July, 1927.

**Boots and Shoes** — July sales of the five reporting interests were 12.8 per cent smaller than for the same month in 1927, and 62.0 per cent larger than the June total this year. Stocks on August 1 were

10.2 per cent larger than a month earlier, and 33.2 per cent greater than those on August 1, 1927. The heavy gain shown in the month-to-month sales comparison is due largely to seasonal considerations, but is somewhat larger than the average for the past several years. There were no price changes as contrasted with the preceding thirty days, but the trend continues very firm. Orders sent in by road salesmen since the first of this month are reported in satisfactory volume. Factory operation were maintained at about the same rate as the preceding month.

**Clothing** — Reports covering business in this classification reflect rather spotted conditions. The movement through retail channels developed moderate improvement under more seasonable weather, and special efforts in the way of advertising campaigns and special reduction sales. Orders placed for late fall and winter delivery have been under expectations, and buying is along cautious and conservative lines. For the most part manufacturers are making up little merchandise for which they have not actual orders. Demand for work clothing continues quiet, but children's school suits are active. July sales of the reporting clothiers were 9.7 per cent smaller than for the same month in 1927, and 63.8 per cent below the June total this year.

**Drugs and Chemicals** — As contrasted with the same month last year, July sales of the six reporting firms showed a decline of 1.2 per cent, but the total was 0.4 per cent larger than in June this year. Heavy drugs and chemicals for the manufacturing trade were more active than heretofore, but demand for remedial drugs and proprietary preparations showed a slowing tendency. Sales of soda fountain equipment and supplies were better than earlier in the season, but below the average of the past several years.

**Dry Goods** — Improved crop prospects materially helped sales in this classification, numerous retailers who had put off buying for fall and winter having come into the market with sizeable orders. Buyers at the large cities for the marketing season were more numerous than at the same time last year, and while buying cautiously, were mainly disposed to cover their full requirements. July sales of the seven reporting firms were 9.6 per cent smaller than for the same month in 1927, but 18.3 per cent larger than the June total this year.

**Electrical Supplies** — Due chiefly to the arrival of seasonable weather, business in this classification recorded distinct improvement during the period under review. Sales of the five reporting firms were 39.0 per cent larger than for the same month in 1927, and 14.7 per cent in excess of the June total this year. Stocks on August 1 were 4.0 per cent and 10.6

per cent larger, respectively, than thirty days and a year earlier. Sales of radio material show a good increase, and ordering of electric fans and other hot weather goods was in larger volume than in any previous month this year.

**Flour** — Production at the 12 leading mills of the district in July totaled 351,234 barrels the highest since last March, and comparing with 314,474 barrels in June and 358,028 barrels in July, 1927. During the closing week of July large sales of soft flours were made to the domestic trade, and a fair volume of soft and hard flour was worked for export. The sharp decline in cash wheat, however, has had an adverse effect on the trade generally since the first of August, all classes of buyers being disposed to hold off. In sympathy with the lower grain prices, flour values declined from 50c to \$1.00 per barrel, and at the middle of August the market was unsettled and weak. Response to cabled offers to Europe and South and Central American countries were disappointing. Stocks of flour in St. Louis on August 1 were 17.5 per cent larger than thirty days earlier, and 9.4 per cent less than on August 1, 1927. Mill operation was at 48 to 52 per cent of capacity.

**Furniture** — While unevenly distributed, improvement was noted in this classification, July sales of the 15 reporting interests being 2.7 per cent larger than for the same month in 1927 and 19.6 per cent larger than the June total this year. Stocks on August 1 were 3.7 per cent smaller than a month earlier and 9.7 per cent smaller than on August 1, 1927. While buying by retailers is still cautious, there is more disposition to purchase for future wants. Improved crop outlook has served to bolster confidence in the country, and purchasing by dealers in the small towns is on a freer scale than heretofore. Unusually keen competition and narrow profit margins are complained of by manufacturers of certain lines.

**Groceries** — July sales of the twelve reporting firms were 1.6 per cent larger than for the same month in 1927, and 2.7 per cent below the June total this year. Stocks on August 1 were 0.5 per cent smaller than thirty days earlier, but 9.7 per cent greater than on August 1, 1927. In the yearly comparison a considerable part of the gain was due to heavier buying in the country, particularly in sections seriously affected by the 1927 floods. Improved crop prospects also stimulated purchasing in the rural areas. Advance ordering of canned goods is reported in satisfactory volume, and the general run of staple groceries was moving in better volume than during the preceding thirty days.

**Hardware** — More seasonable weather and the improved outlook in the agricultural sections were

mentioned as the principal influences, in a gain in July sales of the twelve reporting firms of 1.2 per cent over the same month in 1927, and of 0.2 per cent over the June total this year. Stocks on August 1 were 1.6 per cent and 4.0 per cent larger, respectively, than thirty days and a year earlier. The demand for building tools and hardware showed improvement, and goods for consumption in the farming areas were more active than heretofore. Sporting goods, campers' supplies and kindred lines were taken in heavier volume than a year ago.

**Iron and Steel Products**—While demands for iron and steel were unevenly distributed, the position of the industry as a whole was quite satisfactory. Less than the usual recession due to hot weather and other seasonal factors was in evidence, and in the case of a number of important industries was entirely absent. An excellent showing was made in shipments of both raw and finished materials, but new orders booked were of sufficient size to approximately balance the outward movement from plants, and unfinished business at the end of the period was only slightly reduced from the volume at the close of the preceding thirty days. Shipments for the most part represented very close specifications, so that bulk of the tonnages delivered were for actual consumption. Relatively the heaviest demands came from the automotive and farm implement interests, but some improvement was noted in buying of other important consumers, notably the railroads and oil industry. As has been the case for the past several months, requirements of the building industry were large. The movement of miscellaneous construction goods, such as standard structural shapes, reinforcing concrete bars, beams, channels, etc., was above expectations and larger than at the corresponding period last year. Materials for highway construction, including road building machinery, were in active demand. Due to the extreme hot weather, demand for sheets receded slightly from the recent peak, but withal producers and distributors reported general requirements holding up well, and prices steady. Ordering of equipment by the railroads continues in disappointing volume, but heavy tonnages of miscellaneous goods were bought by the carriers for their shops and general repair operations. Steady improvement in demand for galvanized material was noted, particularly corrugated sheets for roofing and siding. Tin plate continued in active demand, with a number of important canning interests increasing their earlier commitments and pressing for prompt deliveries. Fabricators of structural iron and steel report a lack of large lettings, but in most instances they were able to maintain the recent rate of opera-

tions with a number of small jobs and the finishing of old contracts. New buying of pig iron was in relatively light volume, but shipments on prior purchases were heavy. Production of pig iron for the country as a whole in July amounted to 3,072,711 tons, which compares with 3,082,340 tons in June and 2,954,625 tons in July, 1927. July's steel ingot output in the United States totaled 3,811,573 tons, the largest for any July on record, and compared with 3,742,964 tons in June and 3,204,135 tons in July, 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	
	July, 1928 comp. to July, 1927	7 months ending July 31, 1928 to same period 1927	July 31, 1928 comp. to July 31, 1927	Jan. 1, to July 31, 1928	July 1927
Evansville .....	+13.4%	+ 1.8%	+ 3.7%	1.38	1.35
Little Rock.....	- 5.2	+ 1.2	+ 8.1	1.28	1.37
Louisville .....	.03	- 2.2	- 7.8	1.76	1.80
Memphis .....	+ 0.6	+ 6.2	- 7.4	1.75	1.54
Quincy .....	+11.3	+14.7	- 1.9	1.46	1.21
St. Louis.....	+11.5	+ 2.7	-10.6	2.06	1.86
Springfield, Mo. ....	+13.3	- 0.1	- 5.7	.93	.90
8th District.....	+ 6.9	+ 2.7	- 7.9	1.86	1.73

	Net sales comparison		Stocks on hand	
	July, 1928 comp. to July, 1927	June, 1928	July, 1928 comp. to July, 1927	June, 1928
Men's furnishings.....	+14.0%	- 9.4%	+ 1.3%	- 5.3%
Boots and shoes.....	+17.2	- 8.0	- 6.3	-16.6

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

	Percentage increase or decrease July, 1928 compared to July, 1927	
	Net sales for month	Stocks on hand at end of month
Piece goods.....	- 1.0%	- 4.4%
Ready-to-wear accessories.....	0.7	7.5
Women and misses' ready-to-wear.....	+28.9	-14.3
Men's and boys' wear.....	+11.8	- 5.7
Home furnishings.....	3.8	-11.5

## CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electricity by selected industrial customers in July as being 2.6 per cent greater than in June, and 15.7 per cent greater than in July, 1927. Detailed figures follow:

	No. of Customers	July, 1928 *K.W.H.	June, 1928 *K.W.H.	July, 1928 comp. to June, 1928	July, 1927 *K.W.H.	July, 1928 comp. to July, 1927
	Evansville ...	40	1,445	1,497	- 4.5%	1,311
Little Rock..	35	2,016	1,912	+ 5.4	1,971	+ 2.3
Louisville ...	82	5,471	6,111	-10.5	5,073	+ 7.8
Memphis ....	31	1,227	1,142	+ 7.4	1,240	- 1.1
St. Louis.....	125	20,928	19,629	+ 6.6	17,258	+21.3
Total.....	313	31,087	30,291	+ 2.6	26,853	+15.7

\*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
June, 1928.....	3,085,173,000	3,911,308,000	6,966,481,000
May, 1928.....	3,178,749,000	3,942,266,000	7,121,015,000
June, 1927.....	2,526,322,000	3,919,978,000	6,446,300,000

## BUILDING

In point of dollar value, building permits issued for new construction in the five largest cities of the district in July showed an increase of 19.1 per cent

over the preceding month, and of 12.8 per cent over the July, 1927, total. According to statistics compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District in July amounted to \$50,557,263, against \$44,224,793 in June and \$32,204,565 in July, 1927. There was no change in cost of building, labor rates and material prices remaining practically constant during the month. Production of portland cement for the country as a whole in July totaled 17,431,000 barrels, against 17,469,000 barrels in June, and 17,408,000 barrels in July, 1927. Building figures for July follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1928	1927	1928	1927	1928	1927	1928	1927
Evansville ..	436	353	\$ 156	\$ 328	58	54	\$ 21	\$ 20
Little Rock ..	41	56	149	173	61	133	33	62
Louisville ..	261	174	1,568	976	74	69	85	99
Memphis ...	301	248	899	1,205	85	103	121	64
St. Louis....	554	716	6,391	5,436	433	437	390	626
July totals	1,593	1,547	\$9,163	\$8,118	711	796	\$ 650	\$871
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

\*In thousands of dollars (000 omitted).

## AGRICULTURE

The composite condition of all crops in states lying partly or entirely within the Eighth Federal Reserve District, according to the United States Department of Agriculture, was 96.2 per cent on August 1. This indicates that crops were 3.8 per cent below their 10-year average condition on that date. The composite condition was 9.5 per cent above that on July 1, and compares with 87.0 per cent on August 1, 1927, and 95.3 per cent on August 1, 1926. The high condition as contrasted with the preceding month was due to marked improvement in weather conditions through practically the entire agricultural area of the district. Following the unprecedentedly cool and wet June, July furnished seasonably high temperatures and sunshine, permitting farmers to accomplish delayed cultivation and promoting growth and development of all important crops. Since the first of August auspicious weather conditions have continued, and scattered reports indicate further improvement in corn, tobacco, cotton, pastures, potatoes, and many of the less important products.

As an offset to the improved physical condition of crops, however, there has been a sharp decline in prices of grain, cotton, potatoes and other products. In the St. Louis market between June 16 and August 11 wheat declined 30c to 45c per bushel, and on the latter date was approximately 34c per bushel lower than a year ago. During the same period corn dropped 15c to 17c per bushel, and at the middle of August the options were selling 27c to 45c per bushel lower than at the same time in 1927. The price of potatoes dropped to a point too low for profitably harvesting in some sections, and consid-

erable part of the crop may not be dug. Cotton declined from 22½c for the middling grade on June 30 to 18¼c on August 15.

**Winter Wheat**—Due to the favorable turn in weather conditions in July, winter wheat prospects underwent marked improvement. Through that portion of the district where winter damage was high, relatively little betterment took place, but in Western Missouri, the yield is above expectations, and quality good. Some delay in threshing was experienced, due to frequent rains, but generally these operations have been completed, except in a few of the northern counties. The Department of Agriculture estimates the outturn of winter wheat in this district at 29,261,000 bushels, against 41,701,000 bushels harvested in 1927. For the entire country the estimate is for 578,599,000 bushels, against 553,288,000 bushels in 1927, and a 5 year average of 556,016,000 bushels.

Reports received by the Department of Agriculture from nearly 20,000 farmers reporting for their own farms as of August 1, show intentions to sow an acreage of winter wheat this fall 2.1 per cent less than that sown last fall. If these intentions should be carried out by all farmers, a total of 46,523,000 acres would be sown in the United States this autumn. The indicated acreage intended to be sown is about 6 per cent, or nearly 3,000,000 acres, less than the acreage indicated by the intentions report of August 1, 1927. During the past four years the acreage sown has been, on an average, less than expressed intentions by about 6 per cent. August intentions this year are below intentions reported last year chiefly in the Corn Belt States, and in Oklahoma and Texas. A departure of actual sowings this season from August 1 indications is expected if weather conditions are unusual, or if there is any material change in the price outlook from that prevailing when reports were mailed by farmers.

**Corn**—In virtually all important growing areas of the district, corn responded to the warm weather and sunshine in July, and condition of the crop on August 1 was considerably higher than a month earlier. Cultivation, except in some lowlands and creek and river bottoms, has been pushed forward vigorously, and fields are clean and free of weeds and grass. Generally the crop is much further advanced than at the corresponding period last year. Based on the August 1 condition, the Department of Agriculture estimates the yield in this district at 380,940,000 bushels, against 342,426,000 bushels harvested in 1927. For the United States the forecast is 3,029,561,000 bushels, against 2,773,706,000 bushels harvested in 1927, and a five year average of 2,775,634,000 bushels.

**Oats** — The estimated production of oats in this district is 67,834,000 bushels, against 40,547,000 bushels harvested last year. For the entire country 1,442,173,000 bushels is forecast, against 1,184,146,000 bushels harvested in 1927, and a five-year average of 1,351,723,000 bushels.

**Fruits and Vegetables** — Along with cereal crops, fruit and vegetable prospects improved in this district during the past thirty days. Considerable irregularity exists, however, particularly with reference to localities. There have been numerous complaints of a heavy drop of tree fruits, and quality has been lowered by rot and insect pests. Early potatoes were generally a large crop, with quality good to excellent. Melons and the general run of ground fruits turned out well, and were marketed under mainly favorable conditions. In states partly or entirely within the Eighth Federal Reserve District, the indicated yield of apples is 23,921,000 bushels, of which 2,571,000 barrels represent commercial crop. This compares with 10,842,000 bushels in 1927, of which 1,398,000 barrels were commercial crop, and a five year average of 29,154,000 bushels gross and 3,132,000 commercial crop. Based on the August 1 condition the peach crop in these states is forecast at 9,499,000 bushels, against 4,429,000 bushels in 1927, and a 5 year average of 8,163,000 bushels. The indicated output of grapes is by a broad margin the largest on record, 39,231 tons, against 17,827 tons in 1927, and a 5 year average of 24,107 tons. The outlook for sweet potatoes is promising, and while under the record crop of last year, the yield will be about average, the estimate being for 18,350,000 bushels, against 20,926,000 bushels in 1927, and a 5 year average of 18,614,000 bushels. The forecast for white potatoes in the district proper is for 19,329,000 bushels, or about 5,268,000 more than the 1927 production.

**Live Stock** — With pastures generally in excellent shape, and abundant feed, the condition of live stock through the district is universally favorable. Prices of cattle, sheep and hogs continued to advance, hogs selling at the highest point since March, 1927. Based on the August 1 condition, the hay crop in this district is estimated at 6,951 tons, against 9,411 tons harvested in 1927.

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

	Receipts			Shipments		
	July, 1928	June, 1928	July, 1927	July, 1928	June, 1928	July, 1927
Cattle and Calves.....	119,227	95,417	127,662	79,900	65,644	87,423
Hogs .....	257,654	280,737	271,049	195,510	206,633	204,106
Horses and Mules.....	1,811	2,455	1,828	2,336	1,559	2,747
Sheep .....	80,186	86,585	88,662	21,132	22,555	28,984

**Cotton** — According to the U. S. Department of Agriculture's August 1 report, the condition of the cotton crop in all states of the district on that

date was lower than at the same time last year, also below the 10-year average (1917-1926) August 1 condition. However, due to increased acreage, the indicated yield for the district is 2,403,000 bales, against 2,319,000 bales harvested last year. Weather conditions through July and the first half of this month have been for the most part exceptionally favorable for growth and development of the crop. Stands are good, and the plant is fruiting in unusual volume. There were increasing complaints of boll weevil, but infestation is not heavy and no widespread damage has been done. Improved prospects were reflected in a decline in prices of old cotton, but stocks in this district have been well cleaned up, and little is being sold. Stocks on hand in Arkansas warehouses on August 10 totaled 44,931 bales, against 72,328 bales at the corresponding time last year.

**Rice** — The combined production in Arkansas and Missouri is estimated by the Department of Agriculture at 7,929,000 bushels, against 8,188,000 bushels harvested in 1927, and a 5 year average of 7,857,000 bushels. Generally the crop has made excellent progress under favorable weather conditions, and it is expected threshing will begin about October 1. Many farmers report their pumping season has been very light, which has been a distinct advantage to them.

**Tobacco** — Weather during the past thirty days has been in the main favorable for the crop, and in all sections farmers have cultivated their fields thoroughly. Local rains aided prospects, but general precipitation was needed at the middle of August for best results. In some sections early cutting has been necessitated by appearance of field fire or rust. Relatively the most favorable conditions obtain in the burley district. Based on the August 1 condition, the yield in this district is estimated by the U. S. Department of Agriculture at 235,494,000 pounds, against 166,876,000 pounds harvested last year.

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

	High	Low	Close	
			Aug. 15, 1928	Aug. 15, 1927
Wheat				
Sept. ....per bu.	\$1.31½	\$1.07	\$1.10½	\$1.40¾
Dec. ...." "	1.35¼	1.11½	1.15¾	1.45¾
No. 2 red winter " "	1.52	1.32	\$1.38 @ 1.40	\$1.45 @ 1.48
No. 2 hard..... " "	1.33½	1.08	1.10 @ 1.11½	1.40 @ 1.41
Corn				
Sept. ...." "	1.01½	.85½	.86¾	1.12½
Dec. ...." "	.82¼	.70¾	.72¾	1.15¾
No. 2 mixed..... " "	1.08	.89	.92 @ .92½	1.08
No. 2 white..... " "	1.11	.89	.92½ @ .93	1.08 @ 1.10
Oats				
No. 2 white..... " "	.49	.37	.38½ @ .39	.50 @ .50½
Flour				
Soft patent.....per bbl.	8.00	6.50	@ 7.00	7.25 @ 7.50
Spring patent..... " "	6.85	6.10	@ 6.40	7.30 @ 7.45
Middling cotton.....per lb.	.21¼	.18¼	@ .18¾	.18½
Hogs on hoof.....per cwt.	12.50	9.50	@ 12.50	7.65 @ 11.20

## FINANCIAL

Demand for credit in this district during the past thirty days was active, the volume exceeding that of the preceding month and the same time last year. Requirements of mercantile and manufacturing interests expanded moderately, and needs in the agricultural sections were more strongly felt than since last autumn. Balances of country banks with city correspondents contracted, and the irregular decline in deposits of banks in the chief urban centers, which began in January, was carried further, a new low for the year being established in the latter part of July. Loans of reporting member banks declined during the last half of July and the first two weeks of August, and at the middle of this month were at approximately the same level as thirty days earlier. Borrowings of member banks from this institution averaged higher than during the preceding thirty days, and were uniformly above those of a year ago.

Completion of the winter wheat harvest and an unusually heavy movement of the grain from farms has been reflected in increased demands from grain handlers and the elevator and milling interests. Total commitments of this class of borrowers is measurably larger than at the same time last year. Prevailing high cattle and hog prices have stimulated shipments of these animals to market, and resulted in a substantial reduction in live stock loans. With the improved prospects for the corn crop, however, demand for purchasing and carrying live stock continues good. Fair liquidation is reported in areas where early fruits and vegetables are the principal crops. Loans based on stocks and bonds at the middle of August were about at the same level as a month earlier.

Responding to increased credit demands and scarcer money, interest rates sustained a further advance. At the St. Louis banks current rates were as follows: Prime commercial paper, 5¼ to 5¾ per cent; collateral loans, 5¼ to 6 per cent; inter-bank loans, 5¼ to 6 per cent; loans secured by warehouse receipts, 5¼ to 6 per cent, and cattle loans, 5½ to 6 per cent.

**Condition of Banks** — Loans and discounts of the reporting member banks on August 15, 1928, showed a decrease of 0.8 per cent as contrasted with July 18, 1928 and an increase of 0.9 per cent as compared with August 17, 1927. Deposits increased 0.2 per cent between July 18 and August 15 and on

the latter date were 2.0 per cent smaller than on August 17, 1927. Composite statement follows:

	*Aug. 15, 1928	*July 18, 1928	*Aug. 17, 1927
Number of banks reporting.....	129	129	31
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations.....	\$ 4,345	\$ 4,723	\$ 4,447
Secured by other stocks and bonds.....	218,496	218,662	202,803
All other loans and discounts.....	285,250	288,593	296,285
Total loans and discounts.....	\$508,091	\$511,978	\$503,535
Investments			
U. S. Government securities.....	73,278	75,617	70,942
Other securities.....	135,400	139,282	123,933
Total investments.....	\$208,678	\$214,899	\$194,875
Reserve balance with F. R. bank.....	44,788	44,003	46,195
Cash in vault.....	6,658	7,179	7,224
Deposits			
Net demand deposits.....	377,972	375,476	398,333
Time deposits.....	240,484	242,664	236,385
Government deposits.....	4,190	3,546	620
Total deposits.....	\$622,646	\$621,686	\$635,338
Bills payable and rediscounts with Federal Reserve Bank, Secured by U. S. Govt. obligations.....	11,252	16,146	7,771
All others.....	25,057	27,401	6,685

\*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 July the Federal Reserve Bank of St. Louis discounted for 200 member banks, against 193 in June and 183 in July, 1927. The discount rate remained unchanged at 5 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:

	*Aug. 20, 1928	*July 20, 1928	*Aug. 20, 1927
Bills discounted.....	\$62,583	\$57,584	\$28,906
Bills bought.....	11	147	3,879
U. S. Securities.....	16,628	7,125	32,046
Total bills and securities.....	\$79,222	\$64,856	\$64,831
F. R. Notes in circulation.....	57,310	57,480	41,073
Total deposits.....	77,686	83,250	81,936
Ratio of reserve to deposits and F. R. Note Liabilities.....	48.0%	59.5%	52.6%

\*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.

	*July, 1928	*June, 1928	*July, 1927	July, 1928 comp. to June, 1928	July, 1927
East St. Louis & Natl.					
Stock Yards, Ill. \$	69,289	\$ 69,625	\$ 50,366	— 0.5%	+37.6%
El Dorado, Ark....	10,465	10,659	9,185	— 1.8	+13.9
Evansville, Ind....	46,566	52,815	51,162	—11.8	— 9.0
Fort Smith, Ark....	12,607	12,720	13,283	— 0.9	— 5.1
Greenville, Miss....	3,101	3,355	2,601	— 7.6	+19.2
Helena, Ark.....	3,446	3,171	3,175	+ 8.7	+ 8.5
Little Rock, Ark..	69,545	73,129	72,157	— 4.9	— 3.6
Louisville, Ky.....	195,034	226,894	192,700	—14.0	+ 1.2
Memphis, Tenn.....	132,327	140,486	127,536	— 5.8	+ 3.8
Owensboro, Ky....	5,803	5,854	5,023	— 0.9	+15.5
Pine Bluff, Ark....	8,781	9,595	10,907	— 8.5	—19.5
Quincy, Ill.....	12,568	13,768	12,484	— 8.7	+ 0.7
St. Louis, Mo.....	763,694	898,011	717,503	—15.0	+ 6.4
Sedalia, Mo.....	4,374	4,713	4,312	— 7.2	+ 1.4
Springfield, Mo....	16,308	17,383	15,484	— 6.2	+ 5.3
**Texarkana, Ark.-Tex.....	13,758	15,084	14,539	— 8.8	— 5.4
Totals.....	\$1,367,666	\$1,557,262	\$1,302,417	—12.2	+ 5.0

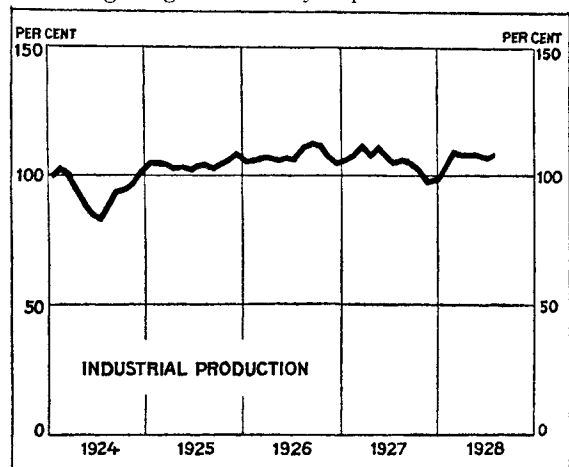
\*In thousands (000 omitted).

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

(Compiled August 21, 1928)

## BUSINESS CONDITIONS IN THE UNITED STATES

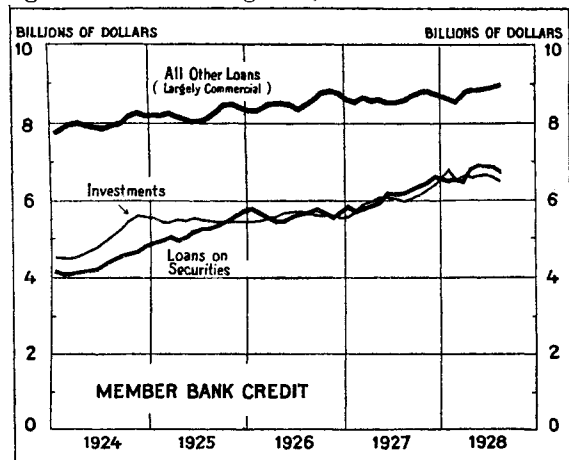
**PRODUCTION**— Production of manufactures and minerals showed a smaller decrease than usual in July and the index of industrial production, which makes allowance for seasonal variations, advanced. Production of steel, bituminous coal, petroleum, automobiles and foot wear was larger in July than in June, while activity in textile mills, meat packing and copper and anthracite mines declined. Lumber production showed less than the usual seasonal decrease. Steel mills activity which during July was at an unusually high level for the summer season, was well maintained during August. Weekly reports from Detroit fac-



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

tories showed a larger volume of employment in the middle of August than at any previous date, indicating that automobile production continued larger in that month.

Building contracts awarded declined by somewhat more than the usual seasonal amount in July, but were larger than in any previous July, the increase over last year being chiefly in residential building contracts. Awards in the first two weeks in August were slightly smaller than in the same period of last year. Estimates of the Department of Agriculture as of August 1, indicates considerable im-



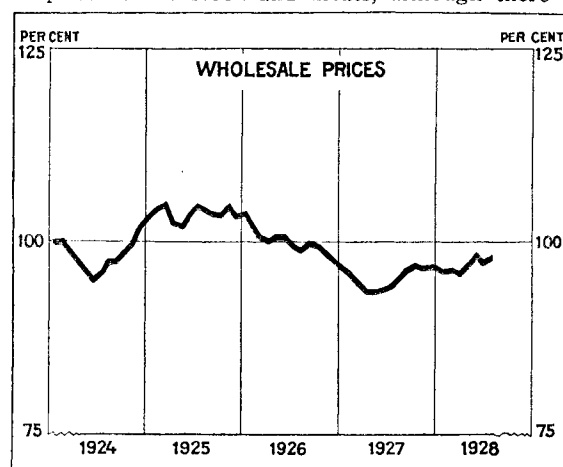
Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first three weekly report dates in August.

provement in crop conditions during July. Estimated wheat production was 891,000,000 bushels, larger by 91,000,000 than on July 1, and slightly larger than the yield of 1927. The corn crop is expected to be more than 3,000,000,000 bushels, an increase of 750,000,000 bushels from last year. Forecasts for other grain crops were also larger than the July 1 estimate, in most cases exceeding last year's yields. The August 1, forecast of cotton production was 14,290,000 bales as compared with yield of 12,955,000 bales in 1927 and nearly 18,000,000 bales in 1926.

**TRADE**— Distribution of commodities at wholesale and retail was in large volume in July. Sales of dry goods and shoes at wholesale were larger than in June, and those of other lines were only slightly smaller. Department store sales after allowance for seasonal changes, increased in July. Compared with July a year ago, trade of both wholesale and retail firms was larger. Stocks of department stores and of wholesale firms continued smaller than a year ago. Freight carloadings increased by more than the usual seasonal amount in July and for the first time this year

were larger than in the corresponding month in 1927. Increases compared with last year were reported in loadings of miscellaneous commodities and of grain, reflecting the early harvesting of the crop this year. The largest decrease as compared with a year ago was in livestock shipments. During the first two weeks in August total loadings were in about the same volume as in the corresponding weeks of last year.

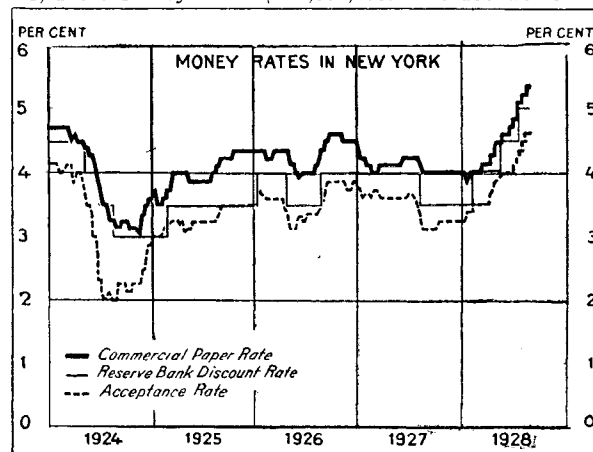
**PRICES**— The general level of wholesale commodity prices increased slightly in July, reflecting chiefly advances in the prices of livestock and meats, although there were



Index of United States Bureau of Labor Statistics (1926=100, base adopted by bureau). Latest figure, July, 98.3.

also small increases in hide and leather products, textiles, petroleum products, and building materials. There was a sharp decline in the price of grains, other than corn, and some decreases in chemicals and drugs, silk, rubber, and automobile tires. During the first half of August there were increases in the prices of sugar, hogs and pork products, coke, and lumber, and decreases in grains, cotton, wool, and hides.

**BANK CREDITS**— Between July 18 and August 15, total loans and investments of member banks in leading cities, decreased by about \$130,000,000. This decline reflected



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

a considerable reduction in investments, chiefly at banks in New York City, and some further decline in loans on securities. All other loans, which include loans for commercial purposes, showed a small seasonal increase and at the middle of August were in the largest volume since early in 1921, and nearly \$230,000,000 larger than at the autumn peak of last year. There was a further large decline in net demand deposits and practically no change in time deposits. Volume of reserve bank credit outstanding, showed little change between July 25 and August 22. Discounts and acceptance holdings increased slightly, while United States security holdings were practically unchanged. Increased demand for currency, which is usual at this time of the year, has not resulted in an equivalent growth in reserve bank credit, because it was offset in part by a decline in reserves required by member banks, which reflected the decrease in their deposits. There were further increases between the middle of July and the middle of August in open market rates on collateral loans, commercial paper, and bankers acceptances.