

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

CONSIDERABLE irregularity marked the course of trade and industry in this district during the past thirty days. This was true of both the various lines and different localities. Relatively a more favorable showing was made by production than distribution of commodities, and merchandising results in goods for ordinary consumption were less favorable than in those of the heavier and more permanent sort. While purchasing power of the public continues at the high levels of recent months, there is a disposition to proceed with caution and conservativeness on the part of both merchants and ultimate consumers. In a majority of lines investigated, August sales fell below those of the corresponding month last year, but on the other hand, August totals were for the most part larger than those of July this year. The latter fact, however, was due in a number of important instances to purely seasonal influences, and in no case was the increase in the monthly comparison greater than the average of the past several seasons. In the immediate past some improvement has developed in trade, due to more seasonable weather, and sentiment in the business community relative to late fall and winter trade is in the main optimistic.

Industrial reports dealing with August activities reflect less than the usual curtailment. This is true particularly of iron and steel, building materials, packing and chemicals. While the record of August building permits and construction contracts let showed sharp declines from the preceding month, actual building activities continued on a large scale, and work in progress is sufficient to maintain a similar, or only slightly reduced rate, until cold weather interferes with outdoor operations. Distribution of automobiles in the district recorded a notable gain over a year ago. Debits to checking accounts in August were 3.2 per cent less than in July, but 5.4 per cent greater than the August, 1927, total. Savings accounts in August gained 0.2 per cent and 6.1 per cent, respectively, over a month and a year earlier. Department store

sales in the chief cities of the district in August were 9.1 per cent less than for the same month last year. Sales during August by wholesalers of dry goods, clothing, groceries, shoes, stoves, men's hats, and furniture fell below those of the corresponding period in 1927. Liabilities involved in commercial failures in the district in August were 113.5 per cent larger than in July, and 519.5 per cent in excess of the August, 1927, total.

The trend of employment was in the direction of improvement over the preceding thirty days, with conditions as a whole somewhat more favorable than during the corresponding period last year. In the building trades skilled artisans were generally well employed, and unskilled labor was in good demand, especially in highway and municipal improvement work, and on farms. A number of the major industries added to their working forces, among them automobile assembling plants, packing houses, quarries and cement plants. Railroads also augmented their forces, and there were the usual seasonal gains in flour mills, canning establishments, tobacco warehouses, etc. A surplus of clerical help exists in the principal cities. Crops as a whole in the district underwent moderate improvement from July to August, with specific gains in yields indicated in corn, tobacco, cotton and some minor productions. As an offset to this favorable development, however, cereal prices continued at the low levels reached in July and early August, and cotton declined to a new low price for the year.

Conditions in the bituminous coal trade continue complex and difficult, but the past few weeks have developed rather general improvement. This has been due to greater industrial stability, reduced stocks in the hands of all classes of consumers, and the influence exerted by nearer approach to cold weather. As compared with the preceding thirty days, prices averaged slightly higher, being affected by the customary September 1 advance on domestic grades. Taken as a whole, production in the district gained in fully the seasonal amount, and in the

Indiana and Illinois fields, there was a moderate increase in the number of miners working, and a good gain in working time of those previously engaged. Mine operators and distributors, however, reported a general disposition on the part of consumers to take only what was needed for immediate use, and to postpone contracting on a large scale for fall and winter supplies. This attitude was attributed largely to uncertainty as to wage scales in the union territory, buyers hoping for lower prices as a result of a new agreement. Producers, however, were for the most part unwilling to make any price concessions. As a consequence of hand-to-mouth buying during many weeks, reserves of industrial consumers are low, and in many urban centers, notably St. Louis, domestic deliveries at the middle of September were substantially smaller than at the same time last year. Production of bituminous coal for the country as a whole for the present calendar year to September 8, approximately 212 working days, amounted to 321,699,000 tons, against 363,294,000 tons for the corresponding period in 1927, and 367,503,000 tons in 1926.

According to officials of railroads operating in this district, the movement of freight slightly exceeded that of the same periods a year and two years ago, and the volume continues heavy. Miscellaneous products and grain showed good gains, which more than offset decreases in coal, merchandise and several minor classifications. Except in relatively few instances preparations made by the carriers for handling the grain movement have been adequate to all requirements. For the country as a whole, loadings of revenue freight during the first 35 weeks this year, or to September 1, totaled 33,747,793 cars, against 34,802,007 cars for the corresponding period in 1927, and 35,012,916 cars in 1926. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 240,460 loads in August, against 236,289 loads in July and 221,065 loads in August, 1927. During the first nine days of September the interchange amounted to 67,723 loads, which compares with 69,668 loads during the corresponding period in August, and 62,121 loads during the first nine days of September, 1927. Passenger traffic of the reporting roads decreased 9 per cent in August as compared with the same month in 1927. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in August was 112,500 tons, against 112,284 tons in July and 123,122 tons in August, 1927.

Considerable irregularity in collections was noted, both in reference to localities and the several lines. In the main September 1 settlements with wholesalers in the large centers were up to expectations, but more backward spots were in evidence

than during the two preceding months. Answers to questionnaires addressed to leading interests in the several lines scattered through the district showed the following results:

	Excellent	Good	Fair	Poor
August, 1928.....	1.4%	23.6%	58.3%	16.7%
July, 1928.....	1.3	25.0	57.7	16.0
August, 1927.....	2.7	28.8	54.8	13.7

Commercial failures in the Eighth Federal Reserve District during August, according to Dun's, numbered 99, involving liabilities of \$4,765,633, against 98 defaults in July with liabilities of \$2,228,466, and 103 failures for \$750,216 in August, 1927.

The per capita circulation of the United States on August 31, 1928, was \$40.52, against \$39.67 on July 31, 1928, and \$41.42 on August 31, 1927.

MANUFACTURING AND WHOLESALE

Automobiles — Combined passenger car and truck production in the United States in August was the largest for any single month on record, 458,369, against 390,445 in July and 308,807 in August, 1927.

Distribution of automobiles in this district during August showed substantial gains over both the preceding month and the corresponding period in 1927. This was the fifth consecutive month in which increases were shown over the same months last year. While improvement was general through all classes of makes, most marked betterment was noted in sales of companies which have recently brought out new models and body designs. In the comparison with last year, a measurable part of the gain was accounted for by the heavily increased sales of one manufacturer of cheap-priced cars whose production schedule was sharply curtailed during the latter part of 1927. Results obtained by dealers in the country were more satisfactory than earlier in the year. Completion of the winter wheat harvest, and the marketing of this and other crops supplies farmers with funds for financing their automotive requirements. Sales of distributors in the large cities were well balanced, increases being reported quite general among all classes of makes. Accessory business was mainly on a satisfactory basis, showing gains over the preceding thirty days, also over the same time last year. Sales of parts and accessories were stimulated by special campaigns, also by needs of car owners returning from vacation tours. Stocks of new cars in dealers' hands continue of moderate size, and in a number of instances requests for expedited deliveries from factories were necessary in order to make deliveries to customers. August sales of new passenger cars by 320 dealers scattered through the district were 28.6 per cent larger than in July, and 39.8 per cent greater than in August, 1927. Sales of parts and

accessories in August were 3.8 per cent and 8.9 per cent larger, respectively, than a month and a year earlier. Stocks of new passenger cars in dealers' hands decreased 3.2 per cent between August 1 and September 1, and on the latter date were 0.7 per cent larger than at the same time in 1927. The used car situation was reported as being mainly satisfactory, though stocks showed a sharp gain as contrasted with the preceding month, due to heavy trading in on purchases of new machines. On September 1, used stocks were 14.5 per cent larger than on August 1, and 8.3 per cent in excess of the total on September 1, 1927. The ratio of deferred payment sales to total sales of dealers reporting on that item was 53.9 per cent in August, against 48.9 per cent in July, and 53.6 per cent in August, 1927.

Boots and Shoes — August sales of the 5 reporting interests were 5.5 per cent smaller than for the same month in 1927, and 2.3 per cent under the July total this year. Stocks on September 1 were 5.9 per cent smaller than a month earlier, and 37.9 per cent larger than on September 1, 1927. Decreases in both the month-to-month and yearly comparisons, were quite general though as contrasted with the preceding month, a relatively better showing was made by children's and misses' shoes than was the case with other descriptions. Some slowing down in demand for men's shoes and heavy work lines was noted. While there were no changes in prices on finished goods worthy of mention, the trend continues upward. Factory operation was at from 90 to 98 per cent of capacity.

Clothing — Weather has been unfavorable for ordering of apparel for fall wear, and sales have been disappointing. The high temperatures, extending far into September, however, resulted in an unusually good clearance of light weight clothing, both at wholesale and retail. Ordering of men's suits and overcoats for late fall and winter has been below expectations, manufacturers and jobbers reporting a disposition on the part of retailers to purchase closely. In the immediate past there has been some improvement in the call for women's woolen and worsted suits and cloaks. Children's school clothing is reported moving in good volume. Demand for work clothing continues quiet. Sales of the reporting clothiers in August were 10.6 per cent smaller than for the same month in 1927, and 12.1 per cent below the July total this year.

Drugs and Chemicals — August sales of the six reporting interests were 10.8 per cent larger than for the same month in 1927, and 14.3 per cent in excess of the July total this year. Stocks on September 1 were 4.4 per cent larger than a year earlier, and showed no change from those on August 1 this year.

Jobbers report business satisfactory in virtually all lines, but with seasonal merchandise particularly active. Sales of heavy chemicals to the general manufacturing trade, especially to the metals industries, were substantially larger than last year.

Dry Goods — There was the usual heavy seasonal gain in sales from July to August, the total of the 8 reporting interests for the latter month being 62.6 per cent larger than the former. As compared with the same month in 1927, however, August sales showed a decrease of 15.1 per cent. Stocks on September 1 were smaller by 4.2 per cent and 12.0 per cent, respectively, than a year and thirty days earlier. Retail merchants visiting St. Louis and other jobbing centers in August and early September were more numerous than a year ago, but they were ordering with considerable conservatism. The decline in raw cotton has had a tendency to hold down buying of fabrics based on that staple. The movement of hosiery, ready-to-wear garments and outings has been satisfactory, but staple lines are relatively quiet.

Electrical Supplies — August sales of the five reporting firms were 20.7 per cent larger than for the corresponding month in 1927, and 26.9 per cent smaller than the July total this year. Stocks on September 1 were 19.5 per cent smaller than thirty days earlier, and 28.5 per cent larger than on September 1, 1927. In the yearly sales comparison gains were fairly well distributed through the line, but were most marked in radio material, line and pole hardware and building equipment. Irregularity was noted in the trade in household appliances. Prices showed little variation as compared with the preceding thirty days.

Flour — Production at the 12 leading mills of the district in August totaled 314,685 barrels, which compares with 351,234 barrels in July and 385,028 barrels in August, 1927. Stocks of flour in St. Louis on September 1 were 11.8 per cent smaller than on August 1 and 12.8 per cent less than on September 1, 1927. Business was fairly active, but of a routine sort, and lacking in features of interest or importance. The action of the cash wheat market had a tendency to hold down quantity buying, sales being chiefly in small lots for prompt shipments to the domestic trade. Export demand was quiet, competition of the large Canadian wheat crop being keenly felt. Shipping directions were satisfactory, and mills were generously grinding on old orders. Prices were lower on both hard and soft flours. Mill operation was at 50 to 55 per cent of capacity.

Furniture — August sales of the 15 reporting interests fell 0.6 per cent below those of the same

month in 1927, but were 10.5 per cent larger than the July total this year. Stocks on September 1 were 22.0 per cent and 12.2 per cent larger, respectively, than a year and thirty days earlier. Retail stocks are universally light, and with better demand in both city and country, retailers are more disposed to replenish and fill out assortments. Competition in certain lines is reported very keen, and some cutting under list prices was noted.

Groceries—August sales of the 14 reporting interests were 5.6 per cent less than for the same month in 1927, and 3.7 per cent larger than the July total this year. Stocks on September 1 were 7.4 per cent greater than on the same date in 1927, but 1.3 per cent under those on August 1 this year. Among causes for the decrease in sales in the yearly comparison, competition of chain stores is mentioned as a factor of growing importance. Generally through the district, retailers are carrying small stocks and purchasing chiefly for current requirements. Advance ordering of canned goods, however, is reported about equal to the volume at this time last year. The decline in wheat and cotton prices has adversely affected sales in sections where these are the chief crops. Abundance of fresh fruits and vegetables held down buying of canned and preserved goods. Sales of sugar and preserving equipment were larger than a year ago.

Hardware—Continued improvement was noted in this classification, with business reported good throughout the line. Seasonal merchandise is moving in good volume, and shipping directions on goods ordered for consumption in the late fall and winter are being received in volume earlier than usual. Commodities for use in the rural areas, notably hand implements, wire fencing, roofing, and repair materials of all sorts, are in strong demand. August sales of the 12 reporting firms were 3.2 per cent larger than for the same month in 1927, and 12.7 per cent larger than the July total this year. Stocks on September 1 were 6.9 per cent smaller than thirty days earlier, and 1.4 per cent larger than on September 1, 1927.

Iron and Steel Products—As was the case during the preceding thirty days, demand for iron and steel goods was unevenly distributed, but both production and distribution were above the average for this particular period during the past several years. Considerably less than the usual seasonal letup in purchasing of raw and finished materials was in evidence, and in the case of raw materials, shipments and specifications made a particularly favorable showing. While there is still a disposition to purchase chiefly for immediate requirements, there

was a fair volume of contracting for fourth quarter needs. Generally stocks of raw materials are of moderate proportions, and mills and foundries in many instances were bringing up their reserves in anticipation of expected heavy call for their products during the balance of the year. The outlet through the building industry continued broad, with call for materials for highway construction and river and municipal improvement work especially good. Some improvement was noted in the demand for oil country goods, notably for metal pipe and tank plates. Purchasing by the railroads is still confined to miscellaneous goods for current requirements, but the volume taken was larger than heretofore, and included a wider variety of items. Automobile materials remain in heavy demand, and tonnage absorbed by the general manufacturing trade was on the whole well up to expectations. The leading manufacturer of sheets and plates was operating at, or close to capacity, and reported accumulated business to maintain this pace for the next sixty days. Shipments and new ordering of tin plate reached its peak with the height of the canning season, and the total tonnage supplied by manufacturers and distributors in this area was larger than a year ago. Implement makers report continued heavy demand for their products, with the tractor division particularly active. Manufacturers of stoves and heating apparatus increased their outputs, and report ordering for late fall and winter satisfactory. The general trend of prices was higher, with specific advances recorded on certain important commodities. Sheets for fourth quarter delivery were advanced slightly, and quotations on pig iron and scrap were higher than thirty days earlier. For the country as a whole, production of pig iron in August totaled 3,136,008 tons, which compares with 3,072,711 tons in July, and 2,950,674 tons in August, 1927. Steel ingot production in the United States in August aggregated 4,178,481 tons, against 3,811,573 tons in July, and 3,498,549 tons in August, 1927.

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electric current by selected industrial customers in August as being 6.1 per cent greater than in July, and 14.4 per cent larger than in August, 1927. Detailed figures follow:

	No. of Custom- ers	Aug. 1928 *K.W.H.	July 1928 *K.W.H.	Aug. 1928 comp. to July, 1928	Aug. 1927 *K.W.H.	Aug. 1928 comp. to Aug. 1927
Evansville ...	40	1,500	1,445	+ 3.8%	1,260	+19.0%
Little Rock..	35	2,361	2,016	+17.1	1,997	+18.2
Louisville	82	6,236	5,471	+13.9	6,020	+ 3.6
Memphis	31	1,055	1,227	-14.1	1,034	+ 2.0
St. Louis.....	126	21,844	20,928	+ 4.4	18,534	+17.9
Totals.....	314	32,996	31,087	+ 6.1	28,845	+14.4

*In thousands (000 omitted).

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	
	Aug. 1928 comp. to Aug. 1927	8 months ending Aug. 31, 1928 to same period 1927	Aug. 31, 1928 comp. to Aug. 31, 1927	Jan. 1, to Aug. 31, 1928	1927
Evansville	-10.0%	+ 0.5%	-14.4%	1.55	1.51
Little Rock.....	2.1	+ 1.6	+10.1	1.45	1.55
Louisville	-14.0	+ 5.0	+ 1.7	2.00	2.11
Memphis	9.4	+ 4.3	-10.1	1.98	1.78
Quincy	4.0	+12.0	- 5.8	1.66	1.40
St. Louis.....	9.1	+ 1.1	- 5.8	2.33	2.13
Springfield Mo.	5.8	- 0.8	- 7.7	1.04	1.01
8th District.....	9.1	+ 1.1	- 4.6	2.10	1.98

	Net sales comparison		Stocks on hand	
	Aug. 1928 comp. to Aug. 1927	July, 1928	Aug. 1928 comp. to Aug. 1927	July, 1928
Men's furnishings.....	+ 4.8%	- 9.2%	-10.1%	+ 2.2%
Boots and shoes.....	- 4.8	-21.8	+ 0.1	+14.3

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

	Percentage increase or decrease Aug., 1928 compared to Aug., 1927	
	Net sales for month	Stocks on hand at end of month
Piece goods.....	-15.7%	- 7.6%
Ready-to-wear accessories.....	- 7.2	- 8.7
Women and misses' ready-to-wear..	+ 3.7	- 4.4
Men's and boys' wear.....	+11.2	- 9.3
Home furnishings.....	-17.7	- 2.8

BUILDING

In point of dollar value, building permits issued for new construction in the five largest cities of the district in August showed a decrease of 22.1 per cent under the preceding month, and of 15.8 per cent under August, 1927. According to statistics compiled by the F. W. Dodge Corporation, building contracts let in the Eighth Federal Reserve District in August amounted to \$40,706,254, which compares with \$50,557,263, in July and \$34,133,834 in August, 1927. The average of building costs remained unchanged, for while since August 1 there has occurred a slight advance in steel, other building commodities have softened a little or remained constant. There was no change in labor rates. Production of portland cement for the country as a whole in August, totaled 18,730,000 barrels, against 17,445,000 barrels in July, and 18,315,000 barrels in August, 1927. Building figures for August follow:

	New Construction		Repairs, etc.					
	Permits	*Cost	Permits	Permits	*Cost	*Cost		
	1928	1927	1928	1927	1928	1927		
Evansville ..	539	479	\$1,455	\$ 254	58	105	\$ 20	\$ 45
Little Rock	44	27	184	108	66	108	54	73
Louisville ..	205	140	1,731	1,738	89	84	225	269
Memphis ...	352	354	1,077	686	129	74	107	38
St. Louis....	679	800	2,619	5,595	395	491	316	338
Aug. totals	1,819	1,800	\$7,066	\$8,381	737	862	\$ 722	\$763
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

*In thousands of dollars (000 omitted).

AGRICULTURE

Weather conditions during the past thirty days were in the main favorable for agriculture, and fair improvement took place in crops as a whole. Low temperatures during the first week of September checked development of corn and some other products, but this was followed by a spell of warm,

clear weather, ideal for maturing late crops. According to the U. S. Department of Agriculture, the composite condition of all crops in states lying partly or entirely within the Eighth Federal Reserve District was 98.8 per cent on September 1. This indicates that crops were 1.2 per cent below their 10 year average condition on that date. The composite condition was 2.6 per cent above that on August 1, and compares with 88.9 per cent on September 1, 1927, and 117.1 per cent on September 1, 1926. Generally through the district excellent progress was made in fall plowing and routine farm work. In some sections, however, lack of rain has delayed planting of grain.

Winter Wheat — No change of moment took place in the estimate of winter wheat production in this district since August 1. Based on the September 1 condition, the crop is estimated at 29,621,000 bushels, which compares with 41,701,000 bushels harvested in 1927.

Corn — Prospects for this crop improved during August in this district, and based on the September 1 condition, the estimated production is 386,250,000 bushels, a gain of 5,290,000 bushels over the August 1 estimate, and comparing with 342,426,000 bushels harvested in 1927. For the country as a whole a crop of 2,931,000,000 bushels was indicated by the September 1 condition. This was a decrease of 3 per cent from the indication a month earlier, and compares with 2,773,708,000 bushels harvested in 1927, and a 5-year average of 2,775,634,000 bushels. In this district the principal improvement took place in Missouri and Illinois, with Indiana, Kentucky, Tennessee and Arkansas showing smaller prospective yields on September 1 than a month earlier. Practically the entire crop has passed danger from frost. There was less than the usual amount of firing, and quality of the crop is mainly high.

Fruits and Vegetables — Conditions were favorable for late fruits and vegetables and prospects are for heavy yields and generally high quality through the district. In some sections the output of apples, peaches and grapes promises to be the largest on record. Harvesting of apples and peaches progressed well, and heavy shipments were the rule, with mainly auspicious marketing conditions. Improvement took place in both white and sweet potato prospects, but prices of white potatoes continued low. Based on the September 1 condition, the indicated yield of apples in states entirely or partly within the Eighth Federal Reserve District is 24,532,000 bushels, of which 2,631,000 barrels represent commercial crop. This compares with 10,842,000 bushels in 1927, of which 1,398,000 barrels were commercial crop, and a 5-year average of

29,154,000 bushels gross, and 3,123,000 barrels commercial crop. The peach crop in these states, based on the September 1 condition, is estimated at 9,322,000 bushels, against 4,429,000 bushels in 1927, and a 5-year average of 8,163,000 bushels. Due to a favorable season and many new vineyards coming into bearing, the grape crop will be by far the largest ever produced, 47,320 tons, against 17,827 tons in 1927, and a 5-year average of 24,107 tons. In the district proper the yield of white potatoes is estimated at 20,071,000 bushels, an increase of 742,000 bushels over the August 1 forecast, and comparing with 14,061,000 bushels produced in 1927. The sweet potato crop in states partly or entirely within the district is estimated at 18,514,000 bushels, against 20,026,000 bushels in 1927, and a 5-year average of 18,611,000 bushels.

Live Stock—Improvement took place in the condition of pastures and generally throughout the district live stock is doing well. There is an abundance of feed and fodder, mainly of excellent quality. While the estimated yield of tame hay in the district is below the record crop of 1927, it is still large, the total being placed at 6,883,000 tons, against 9,038,000 tons harvested a year ago. Prices of farm animals continued at the high levels of the past several months and marketing was on an extensive scale. Hogs were selling at the highest levels since December, 1926, while cattle prices were the highest since September, 1920.

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

	Receipts			Shipments		
	Aug. 1928	July 1928	Aug. 1927	Aug. 1928	July 1928	Aug. 1927
Cattle and Calves.....	151,092	119,227	180,017	113,898	79,900	115,656
Hogs	272,779	257,654	313,683	226,932	195,510	231,366
Horses and Mules.....	2,950	1,811	3,347	2,033	2,336	2,617
Sheep	58,960	80,186	74,063	14,906	21,132	18,942

Cotton—Based on the September 1 condition, the U. S. Department of Agriculture estimates the 1928 cotton crop in this district at 2,734,000 bales, an increase of 331,000 bales over the August 1 estimate, and comparing with a harvested crop of 2,319,000 bales in 1927 and 3,349,000 bales in 1926. For the country as a whole the forecast is for 14,439,000 bales, against 12,599,000 bales in 1927. There were increasing reports of weevils and other insect pests, also of too much rain in Arkansas and elsewhere in late August and early September, with some damage through rotting of bolls. Picking is quite general, and cotton is moving in increasing volume to the gins and compresses. Except in isolated cases, the supply of farm labor is sufficient to handle the crop. The first bale of cotton was received at Little Rock on August 17, as compared with August 9 last year. This fairly indicates the slight lateness of the crop. Prices declined rather

sharply during the past thirty days, the middling grade at St. Louis selling at 16½c per pound on September 15 as contrasted with 19c per pound on August 16. Stocks of cotton in Arkansas warehouses on September 14 totaled 56,195 bales, as against 83,269 bales on the corresponding date last year.

Rice—The combined production of rice in Arkansas and Missouri is estimated at 8,075,000 bushels, against 7,513,000 bushels in 1927 and a 5-year average of 7,857,000 bushels. In Missouri, the crop deteriorated during the past thirty days, but improvement took place in the more important state of Arkansas. Quality of the crop is apparently good, and due to the nominal expense of irrigation, production expense was smaller than in some preceding years. Harvesting has begun in some counties, and will be general by the end of this month. Initial prices for new rice are slightly lower than last year.

Tobacco—The yield of tobacco in this district will be considerably larger than a year ago, due to somewhat larger acreage and more favorable season. On the September 1 condition, the Department of Agriculture estimates the crop at 254,375,000 pounds, against 166,876,000 pounds harvested in 1927. Cutting has been pushed forward rapidly, and some premature cutting was necessitated to prevent rust development. Recent weather has been favorable for both cutting and housing the leaf, and curing in barns has proceeded satisfactorily. Late tobacco has made fairly good growth in the burley district, but moisture was inadequate in the dark tobacco areas.

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

	High	Low	Close	
			Sept. 15, 1928	Sept. 15, 1927
Wheat				
Sept.per bu.	\$1.12¾	\$1.06¾	\$1.09	\$1.28
Dec.	1.17½	1.11	1.13¼	1.28½
May	1.21	1.20	1.21
No. 2 red winter	1.49	1.36	\$1.40 @	1.45 @ 1.43
No. 2 hard.....	1.14	1.07	1.13½ @	1.14 1.29
Corn				
Sept.	1.03¼	.86¼	1.03¼	.93¼
Dec.77	.71¼	.76¾	.96¾
No. 2 mixed.....	1.09	.92	1.08 @	1.09 .94
No. 2 white.....	1.09	.93½	1.08½ @	1.09 .94 @ .95
Oats				
No. 2 white.....	.45	.36	.44½ @	.45 .50 @ .50½
Flour				
Soft patent.....per bbl.	7.00	6.50	6.50 @	7.00 7.00 @ 7.25
Spring patent.....	6.25	5.80	5.90 @	6.10 6.75 @ 7.15
Middling cotton.....per lb.	.19	.16½	.16½	.20½
Hogs on hoof.....per cwt.	13.35	10.60	11.75	13.35 10.25 12.00

FINANCIAL

The financial and banking situation in this district during the past thirty days has been marked by further expansion in demand for credit from commercial, industrial and agricultural sources, and an additional slight advance in interest rates. In the principal industrial centers the period of accumula-

lation of merchandise for fall and winter distribution was reflected in heavier borrowing at the commercial banks, and an increase in discounting by member banks with the Federal Reserve Bank. Requirements for financing the crop movements have steadily increased, reaching the highest point of the year to date in early September. Demands in the South have been particularly strong, mainly for handling the cotton and tobacco crops. While cotton has started to move, the volume thus far has not been sufficient to result in perceptible liquidation. In the tobacco areas no permanent liquidation of consequence is anticipated prior to the opening of the principal tobacco markets.

Marketing of the winter wheat crop has resulted in a fair volume of liquidation in the typical wheat areas. Farmers have reduced their indebtedness with merchants, who in turn have reduced their commitments at the banks. Country banks, however, are still in debt to their city correspondents, and grain elevator and flour milling interests have not measurably reduced their commitments as contrasted with the preceding thirty days. While marketing of live stock has been on an extensive scale, farmers having taken advantage of recent high prices, demand for conditioning farm animals for market continues active.

Deposits of reporting member banks, which have declined irregularly since the middle of January, continued their downward course, reaching a new low point for the year in late August. Since that time, however, a moderate recovery has taken place. Loans of these banks increased further, and at the middle of September were at the highest point since February. Loans based on securities decreased in late August and early September to about the level prevailing in early June. Borrowing by member banks from this institution reached a new high point for the year in the first week of September. The note issue of this bank remained practically constant, and there was no variation in the volume of its purchased bills.

In all sections of the district the trend of interest rates was upward. At the St. Louis banks, current rates were as follows: Prime commercial paper, $5\frac{1}{4}$ to $5\frac{3}{4}$ per cent; collateral loans, $5\frac{1}{4}$ to 6 per cent; interbank loans, $5\frac{1}{4}$ to 6 per cent; loans secured by warehouse receipts $5\frac{1}{2}$ to 6 per cent and cattle loans $5\frac{1}{2}$ to 6 per cent.

Condition of Banks — Loans and discounts of the reporting member banks on Sept. 19, 1928, showed an increase of 2.1 per cent as contrasted with August 15, 1928 and an increase of 1.9 per cent as compared with Sept. 21, 1927. Deposits increased

0.6 per cent between August 15 and September 19 and on the latter date were 1.8 per cent smaller than on September 21, 1927. Composite statement follows:

	*Sept. 19, 1928	*Aug. 15, 1928	*Sept. 21, 1927
Number of banks reporting.....	†29	†29	31
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations.....	\$ 3,519	\$ 4,345	\$ 4,551
Secured by other stocks and bonds.....	213,412	218,496	205,771
All other loans and discounts.....	301,580	285,250	298,393
Total loans and discounts.....	\$518,511	\$508,091	\$508,715
Investments			
U. S. Government securities.....	76,446	73,278	73,916
Other securities.....	132,050	135,400	124,430
Total investments.....	\$208,496	\$208,678	\$198,346
Reserve balance with F. R. bank.....	45,530	44,788	46,740
Cash in vault.....	7,110	6,658	7,687
Deposits			
Net demand deposits.....	379,910	377,972	394,305
Time deposits.....	239,367	240,484	235,618
Government deposits.....	7,238	4,190	8,277
Total deposits.....	\$626,515	\$622,646	\$638,200
Bills payable and rediscounts with Federal Reserve Bank			
Secured by U. S. Govt. obligations.....	15,706	11,252	11,348
All others.....	26,240	25,057	8,247

*In thousands (000 omitted).
†Decrease due to consolidation. These 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 Operations — During August the Federal Reserve Bank of St. Louis discounted for 217 member banks, against 200 in July and 198 in August, 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:

	*Sept. 20, 1928	*Aug. 20, 1928	*Sept. 20, 1927
Bills discounted.....	\$63,195	\$62,583	\$30,673
Bills bought.....	11	11	4,868
U. S. Securities.....	0	16,628	35,530
Total bills and securities.....	\$63,206	\$79,222	\$71,071
F. R. Notes in circulation.....	57,349	57,310	43,638
Total deposits.....	85,285	77,686	81,229
Ratio of reserve to deposits and F. R. Note Liabilities.....	60.9%	48.0%	50.6%

*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.

	*Aug. 1928	*July, 1928	*Aug. 1927	Aug. 1928 comp. to July, 1928	Aug. 1927
East St. Louis & Natl.					
Stock Yards, Ill. \$	76,484	\$ 69,289	\$ 54,122	+10.4%	+41.3%
El Dorado, Ark....	9,621	10,465	8,412	— 8.1	+14.4
Evansville, Ind....	48,284	46,566	48,165	+ 3.7	+ 0.2
Fort Smith, Ark....	11,584	12,607	12,176	— 8.1	— 4.9
Greenville, Miss....	3,595	3,101	3,071	+15.9	+17.1
Helena, Ark.....	3,398	3,446	3,145	— 1.4	+ 8.0
Little Rock, Ark....	70,419	69,545	71,474	+ 1.3	— 1.5
Louisville, Ky.....	186,041	195,034	177,753	— 4.6	+ 4.7
Memphis, Tenn....	124,584	132,327	127,390	— 5.9	— 2.2
Owensboro, Ky....	5,763	5,803	5,452	— 0.7	+ 5.7
Pine Bluff, Ark....	9,238	8,781	10,927	+ 5.2	—15.5
Quincy, Ill.....	12,719	12,568	12,869	+ 1.2	— 1.2
St. Louis, Mo.....	727,333	763,694	689,763	— 4.8	+ 5.4
Sedalia, Mo.....	4,413	4,374	4,244	+ 0.9	+ 4.0
Springfield, Mo....	16,007	16,308	14,327	— 1.8	+11.7
**Texarkana, Ark.-Tex.....	14,168	13,758	13,045	+ 3.0	+ 8.6
Totals.....	\$1,323,651	\$1,367,666	\$1,256,335	— 3.2	+ 5.4

*In thousands (000 omitted).

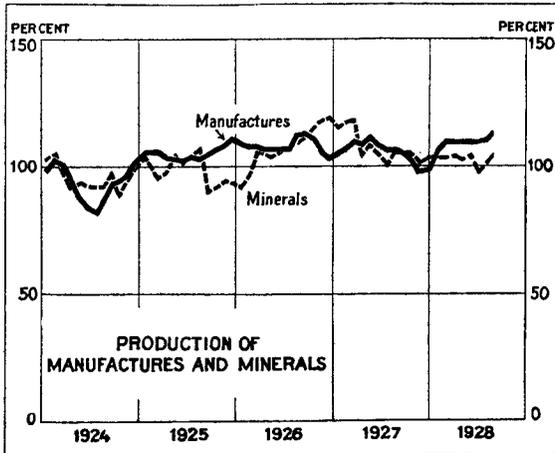
**Includes one bank in Texarkana, Texas, not in Eighth District.

(Compiled September 22, 1928)

BUSINESS CONDITIONS IN THE UNITED STATES

Volume of industrial and trade activity increased in August, and there was a further advance in wholesale commodity prices. Reserve bank credit outstanding increased in September, reflecting in part seasonal demands for currency and credit. Money rates remained firm.

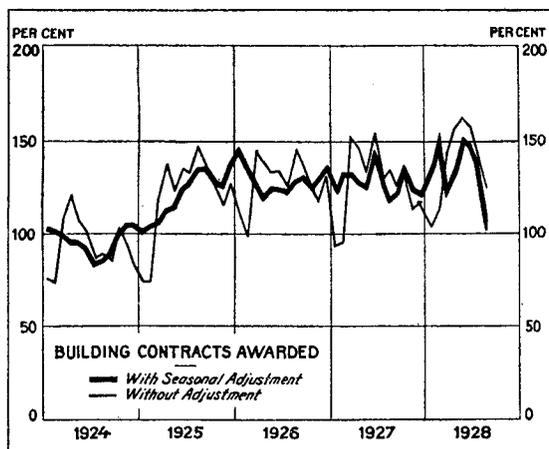
PRODUCTION—Production of both manufactures and minerals increased considerably in August. The production of manufacturing plants being larger than at this season of any earlier years. Automobile production was in record volume in August and available information indicates that output was maintained by many producers at such level



Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-25 average=100). Latest figures, August: Manufactures, 114; minerals, 105.

during September. Iron and steel production continued large in August and September and output of non-ferrous metals increased between July and August. Textile mill activity which had been somewhat reduced in recent months, also showed a substantial increase. Factory employment and payrolls have increased since midsummer and in August were close to the levels of a year ago.

In the building industry there was evidence of recession in a sharp decline, after the early summer, in contracts awarded, which were in smaller volume during August than



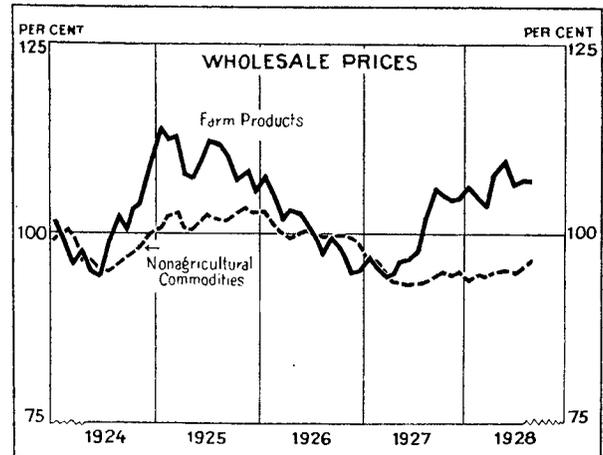
Federal Reserve Board's indexes of value of building contracts awarded as reported by the F. W. Dodge Corp., (1923-25 average=100). Latest figures, August: Adjusted index, 111; unadjusted, 126.

in the corresponding month of any year since 1924. In the first three weeks of September, however, awards were somewhat larger than last year. Estimates of the Department of Agriculture for September 1 indicate that the yield of principal crops will be larger than last year and above the average for the preceding five years.

TRADE—Trade distributions of commodities showed seasonal increases in August, although sales in most lines of wholesale and retail did not equal the unusually large sales of August, 1927. Department store stocks increased as usual in August, but continued smaller than a year ago,

while inventories in several lines of wholesale trade were somewhat larger than last year. Freight car loadings were in about the same volume in August as a year earlier. Shipments of miscellaneous commodities and grains were larger, and those of coal, livestock, and forest products smaller than last year.

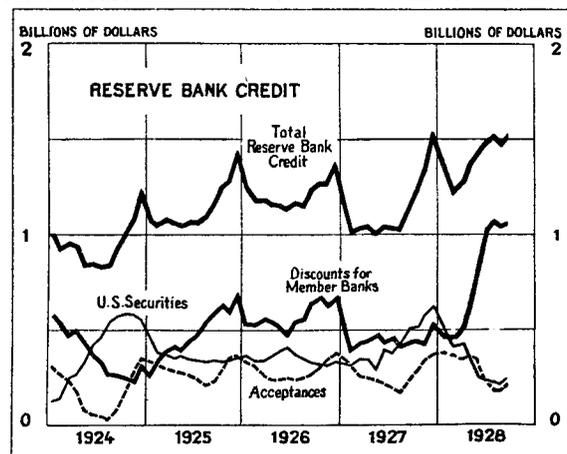
PRICES—The general level of commodity prices increased in August and the Bureau of Labor Statistics index, as 98.9 per cent of the 1926 average, was the highest in nearly two years. Increases in August were chiefly in the prices of livestock and livestock products, which are now



Index of United States Bureau of Labor Statistics (1926=100). Latest figures, August: Farm products, 107.0; non-agricultural commodities, 96.7.

higher than at any time since 1920. There were also small increases in fuels, metals and building materials. Grains and cotton showed sharp declines and there were decreases, also, in hides and skins and wool. Since the first of September there have been some declines in livestock and meats, and a sharp further decrease in cotton, while prices of pig iron, copper, and petroleum have advanced.

MEMBER BANK CREDITS—Between the middle of August and the middle of September there was a considerable increase in the loans and investments of member



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

banks in leading cities. Part of the increase was in loans on securities and part reflected a seasonal increase in other loans. Deposits of the member banks also increased during the period. Volume of reserve bank credits outstanding increased during the four weeks ending September 19, in response to seasonal demand for currency and growth in member banks' reserve requirements. The increase in total bills and securities was largely in holdings of acceptances and discounts for member banks. During the same period there were further increases in open market rates on collateral loans and on commercial paper, while rates on bankers' acceptances were reduced from $4\frac{3}{8}$ per cent to $4\frac{1}{2}$ per cent.