FEDERAL RESERVE BANK OF ST. LOUIS

MONTHLY REVIEW OF BUSINESS CONDITIONS IN EIGHTH DISTRICT

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TAKEN as a whole business in this district developed moderate improvement during the past thirty days. As was the case during the similar period immediately preceding, however, considerable irregularity was in evidence, both with reference to localities and the several lines. In the case of merchandise for ordinary consumption, notably dry goods, boots and shoes and wearing apparel, the volume of sales was held down by unseasonably warm weather. This has been particularly true since the end of September, temperatures during the first half of October ranging at unusually high levels. These conditions reacted adversely on distribution at wholesale as well as retail. On the other hand, production and distribution of commodities of the heavier and more permanent sort were for the most part in heavy volume, and fully up to expectations. Gains were reported in virtually all divisions of the iron and steel industry; for the sixth consecutive month, September sales of automobiles showed increases over a year ago, and there were gains in the packing, farm implement, furniture and lumber industries.

While militating against best results in merchandising, weather conditions were ideal for the harvesting of late crops, and this work made excellent progress. Generally the principal crops of the district have turned out well, both in point of quantity and quality, and in a number of important instances, earlier estimates are being exceeded in final returns. While the effect of this has been to stimulate business in both the cities and the country, disappointing prices, due to heavy production, have had a tendency to hold down purchasing of commodities in the rural areas below anticipated volume. Cereals were lower in price than at the corresponding period last year, and the recent sharp decline in hogs brought quotations at the middle of October below those on the same date in 1927.

According to the Employment service of the U. S. Department of Labor, employment conditions in this district underwent moderate improvement. While there is still a surplus of workers, it is mainly among common labor, and in that classification the excess of supply is smaller than the average of the past five years. Public works, notably municipal improvements, highway construction and flood control work, have absorbed large numbers of common laborers. In most of the principal industries, working forces were increased, and the surplus of clerical help was smaller than thirty days earlier. Department store sales in September in the principal cities were larger than for the same month in 1927, and gains were recorded by mail order houses and five and ten cent stores. Debits to individual accounts in the chief centers in September were 3.2 per cent and 1.4 per cent larger, respectively, than a month and a year earlier and gains were shown in total amount of savings accounts for both comparisons.

Seasonal purchasing by householders and retail yards served to stimulate the bituminous coal trade, and the situation from the viewpoint of producers and distributors was more satisfactory than in a number of months. On prepared sizes there were scattered price advances in the Western Kentucky, Indiana and Southern Illinois fields, though no general upswing was noted. Demand for domestic heating purposes in the chief cities developed decided betterment, and large consumers, such as office buildings, hotels, hospitals and apartment houses, which had delayed buying, were placing contracts for their winter needs. The country demand for domestic coal also improved. The real status of the steam coal situation was difficult to determine, for while industrial activity gained, supplies of screenings consequent to heavier production of prepared sizes, were so great that congestion and lower prices resulted. In addition, industrial reserve stocks, while considerably smaller than a year ago, are still of good size. Kentucky slack sold as low as 50c, and Illinois at $1 per ton. Buying by the railroads was fair, and Illinois strip pits were able to increase their running time and in many instances obtain shaft mine prices. Wildcat strikes in Illinois following ratification of the new wage scale had a tendency to quicken demand. The unusually warm weather during the first half of October held down consumption and checked the general improvement of the latter part of September. For the country as a whole, production of bituminous coal during the present calendar year to October 6, approximately 237 working days, totaled 364,002,000 tons, against 403,157,000 tons for the corresponding period in 1927, and 414,634,000 tons in 1926.

Traffic of railroads operating in this district continued at unusually high levels and with exception of the record volume of 1926, was larger than during any similar period in previous years. Increases were shown in grain and farm products generally, oil and oil products, automobiles and farm implements and smelter products. Decreases occurred in merchandise and coal and coke. For the country as a whole, loadings of revenue freight during the first 39 weeks this year, or to September 29, totaled 38,217,129 cars, against 39,172,754 cars for the corresponding period in 1927, and 39,572,629 cars in 1926. The St. Louis Terminal Railway Association, which handles exchanges for 28 connecting lines, interchanged 242,543 loads in September, against 240,460 loads in August, and 211,615 loads in September, 1927. During the first nine days of October the interchange amounted to 73,815 loads, which compares with 67,723 loads during the corresponding period in September and 63,678 loads during the first nine days of October, 1927. Passenger traffic of the reporting roads in September decreased 7.1 per cent as compared with the same month last year. Estimated tonnage of the Federal Barge line between St. Louis and New Orleans in September was 148,700 tons, the largest for any month on record, and comparing with 113,903 tons in August, and 89,396 tons in September, 1927.

Reports relative to collections during the past thirty days reflect mainly satisfactory conditions. In the iron and steel industry September settlements were relatively larger than a year ago, and payments since the first of this month have continued at a high rate. Wholesalers generally are getting in their money promptly, and in the boot and shoe and other industries, with which October is an important collection month, receipts have been above expectations. Improvement over thirty days earlier was reported by retailers in the large cities. Answers to questionnaires addressed to representative interests in the several lines scattered through the district showed the following results:

	Excellent	Good	Fair	Poor
September, 1928	1.3%	38.0%	55.3%	5.4%
August, 1928	1.4	23.6	58.3	16.7
September, 1927	1.4	31.5	54.8	12.3

Commercial failures in the Eighth Federal Reserve District in September, according to Dun's, numbered 85, involving liabilities of $1,009,897, against 99 defaults in August with liabilities of $4,765,633, and 53 failures for $184,910 in September, 1927.

The per capita circulation of the United States on September 30, 1928, was $40.62, against $40.50 on August 31, 1928, and $42.19 on September 30, 1927.

MANUFACTURING AND WHOLESALE

Automobiles — Combined passenger car and truck production in the United States during September totaled 413,720 against 458,369 in August and 260,377 in September, 1927.

As has been the case during the past four years, distribution of automobiles in this district in September showed a decrease as compared with August. For the sixth consecutive month, however, the September total recorded a gain over the corresponding period in 1927. In the yearly comparison, the increase was fairly well distributed over all classes of vehicles, but was most marked in the cheap-priced category. Business of country dealers was more uniformly satisfactory than during earlier months this year. In both the principal urban centers and the country, relatively best results were obtained by dealers handling new models, demand apparently being strongly influenced by novelty in design and equipment. Distributors are for the most part following the policy of close buying, and stocks of new cars on hand are generally of moderate proportions. A shortage of certain makes has resulted in delayed deliveries to country dealers, and an unusually large numbers of cars were being driven from assembly plants and wholesale distributing centers to the smaller towns. September sales of new passenger cars by 320 dealers scattered through the district were 25.9 per cent smaller than in August, but 50.3 per cent larger than in September, 1927. Sales of parts and accessories in September were 0.8 per cent smaller than in August, and 12.4 per cent larger than in September last year. Dealers' stocks of new cars increased 3.5 per cent between September 1 and October 1, and on the latter date were 7.2 per cent greater than a year earlier. The used car situation developed no change worthy of note as contrasted with the preceding thirty days. Sales were in the main satisfactory but due to heavy trading in on purchases of new machines, stocks of second hand cars on October 1 were larger by 7.4

per cent than on September 1, and the total was 9.4 per cent in excess of that on October 1, 1927. Seasonal conditions governed the tire trade, and stocks and prices showed no marked variation as contrasted with the preceding thirty days. Of the new cars sold by dealers reporting on that item, 54.8 per cent in September were on the deferred payment plan, which compares with 53.9 per cent in August and 52.2 per cent in September, 1927.

Boots and Shoes — October sales of the five reporting interests were 7.3 per cent smaller than for the same month in 1927, and 3.0 per cent below the August total this year. Stocks on October 1 were 14.3 per cent smaller than thirty days earlier, and 28.4 per cent larger than on October 1, 1927. The decrease in the month-to month comparison was seasonal in character, and about of the same proportions as the average of the past five years. The decrease under a year ago was rather general through the entire line, but most marked in men's heavy shoes. Prices of certain finished goods were lower in sympathy with the decline in raw materials. Factory operation was at from 90 to 95 per cent of capacity.

Clothing—Unfavorable weather conditions and uncertainty relative to prices combined to retard sales in all departments of the clothing trade. September sales of the reporting clothiers showed a decrease of 15.2 per cent under the same period last year, and an increase of 30.3 per cent over the August total this year. Stocks are generally light, and manufacturers are cutting goods in close relation to orders actually booked. Sales of sport clothes made a relatively better showing than the more staple lines. Demand for women's coats and suits improved during the latter part of September, but the unusually high temperatures of early October slowed down buying of all heavyweight apparel.

Drugs and Chemicals — September sales of the six reporting interests were 5.8 per cent smaller than for the corresponding period in 1927, and 2.9 per cent below the August total this year. Stocks on October 1 showed no appreciable change from the preceding thirty days, but were 4.4 per cent smaller than on the same date in 1927. Increases were reported in sales of heavy drugs and chemicals to the manufacturing trade, but these were offset by losses in the volume of purchasing of remedial drugs and seasonal merchandise.

Dry Goods — Unseasonably warm weather served to hold down sales of fall merchandise, particularly staple lines and outings. Uncertainty relative to cotton prices also militated against the movement of goods based on that staple. Road sales generally were reported relatively more satisfactory than those obtained in the market season in the several large centers. Merchants appeared in large numbers, but their orders were conservative and covered mainly immediate requirements. September sales of the eight reporting interests were 9.5 per cent smaller than for the same month in 1927, and 15.6 per cent under the August total this year. Stocks on October 1 were 11.6 per cent and 17.0 per cent smaller, respectively, than thirty days and a year earlier.

Electrical Supplies — September sales of the five reporting interests were 16.6 per cent larger than for the same month in 1927, and 5.8 per cent smaller than the August total this year. Stocks on October 1 were 11.6 per cent larger than on the same date in 1927, and 0.4 per cent in excess of those on September 1 this year. Improvement over last year was quite general through the entire line, but particularly marked in radio material.

Flour — Production at the 12 leading mills of the district in September totaled 452,180 barrels, the largest for any month since August, 1926, and comparing with 322,198 barrels in August, and 370,450 barrels in September, 1927. Stocks of flour in St. Louis on October 1 were 1.8 per cent larger than on September 1, but 8.6 per cent less than on October 1, 1927. Business during late September and early this month was quiet, and of a rountine sort. New orders particularly in car load lots, were relatively small, but shipping directions were generally satisfactory, and mills were grinding generously on old business. Export demand continued quiet, bids from Europe being for the most part below the views of producers. Mill operations were at 55 to 60 per cent of capacity.

Furniture — Quite marked improvement developed in this classification, September sales of the eleven reporting interests being 14.1 per cent larger than for the same month in 1927 and 21.7 per cent in excess of the August total this year. Stocks on October 1 were 13.3 per cent larger than on the same date in 1927, and 8.1 per cent smaller than those on September 1 this year. Retail stocks are generally light, and there is more of a disposition to replenish than earlier in the year. Sales totals were swelled by the placing of more numerous stock orders.

Groceries — As compared with the corresponding month in 1927, September sales of the twelve reporting firms showed a decrease of 2.7 per cent, but the total was 3.5 per cent larger than in August this year. Stocks on October 1 were 1.0 per cent smaller than thirty days earlier, and 11.9 per cent larger than on October 1, 1927. Low prices of certain farm products have adversely affected sales in the country. Purchasing of staples was relatively better than specialties and luxuries. Advance sales of holiday goods, however, were reported generally satisfactory.

Hardware — The steady improvement in business noted in this classification during the past several months was reversed during the period under review. Unseasonable weather, declines in farm products and extreme conservatism on the part of retail merchants were among the influences adversely affecting volume of trade. September sales of the twelve reporting interests were 17.9 per cent smaller than for the same month in 1927, and 6.3 per cent under the August total this year. Stocks on October 1 were 5.9 per cent larger than those on the same date in 1927, and 0.9 per cent smaller than on September 1 this year.

Iron and Steel Products — In virtually all the chief divisions of the iron and steel industry in this district, business during the past thirty days developed somewhat more than the ordinary seasonal improvement. In addition to increased volume of production and distribution, prices generally were on a more satisfactory and firmer basis. With reference to orders booked and shipping directions received on goods previously purchased, prospects at the beginning of the fourth quarter were more promising than at the opening of any previous quarter of this year. Consumers of both raw materials and finished and semi-finished goods showed more of a disposition than heretofore to provide for future requirements, this in spite of the higher quotations on a number of important commodities. Purchasing by the automobile, building, farm implement and some less important industries continued in heavy volume, and tonnage going to the general manufacturing trade was above expectations. Specialty manufacturers, notably of stoves, heating apparatus, machinery and tractors reported heavy shipments and good accretions to order books. All descriptions of sheets showed increased activity, with users buying further ahead and producers from two to six weeks behind on deliveries. Slight improvement was noted in demand for tank plates and the general run of oil country goods. The call for steel bars, particularly reinforcing concrete material, was brisk, with mills producing at the highest rate this year. Fabricators of structural steel reported a slowing down in new orders and some shrinkage in unfinished business, but on the other hand, demand for standard structural shapes, beams and other building items continued at the high levels of recent months. There was the usual decreases in activity in tin plate and wire products coincident with the close of the packing season, but the general line of galvanized materials showed quite marked betterment. Buying by the railroads continues close and largely on a necessity basis, and ordering of new equipment has fallen to an unusually low level. Goods for use in the rural sections showed some irregularity, with best results reported in the South. While new buying of pig iron was in smaller volume in September than in August, shipments in September were the largest for any month this year. For the country as a whole, production of pig iron in September totaled 3,053,530 tons against 3,137,995 tons in August, and 2,782,500 tons in September, 1927. September, however, had only thirty days, against thirty-one in August. Steel ingot production in the United States in September amounted to 4,147,583 tons, against 4,178,481 tons in August, and 3,268,881 tons in September, 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	
	Sept. 1928 comp. to Sept. 1927	9 months ending Sept. 30, 1928 to same period 1927	Sept. 30, 1928 comp. to Sept. 30, 1927	Jan. 1, to Sept. 30 1928	1927
Evansville	+17.0%	+ 2.3%	— 1.0%	1.74	1.66
Little Rock	+10.0	+ 2.5	+ 1.3	1.65	1.72
Louisville	+ 1.4	— 4.3	— 2.3	2.25	2.35
Memphis	— 1.3	+ 3.7	— 5.7	2.22	2.01
Quincy	+ 4.5	+11.0	— 9.1	1.89	1.60
St. Louis	+11.9	+ 2.4	—12.7	2.67	2.40
Springfield, Mo.	+ 0.2	— 0.6	—11.2	1.19	1.15
8th District	+ 8.7	+ 2.0	— 9.0	2.40	2.23

	Net sales comparison Sept. 1928 comp. to		Stocks on hand Sept. 1928 comp. to	
	Sept. 1927	Aug. 1928	Sept. 1927	Aug. 1928
Men's furnishing	+ 4.9%	+34.9%	— 6.0%	+33.5%
Boots and shoes	+17.3	+34.0	— 0.5	+ 4.6

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

	Percentage increase or decrease Sept. 1928 compared to Sept. 1927	
	Net sales for month	Stocks on hand at end of month
Piece goods	— 1.6%	—11.3%
Ready-to-wear accessories	+11.0	—16.7
Women and misses' ready-to-wear	+16.7	—15.1
Men's and boys' wear	+ 6.7	—11.5
Home furnishings	+ 3.9	— 8.2

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electric current by selected industrial customers as being 4.4 per cent less than in August and 10.8 per cent greater than in September, 1927. Detailed figures follow:

	No. of Customers	Sept., 1928 *K.W.H.	Aug., 1928 *K.W.H.	Sept., 1928 comp. to Aug., 1928	Sept., 1927 *K.W.H.	Sept. 1928 comp. to Sept. 1927
Evansville	40	1,191	1,500	—20.6%	1,272	— 6.4%
Little Rock	35	1,778	2,361	—24.7	1,843	— 3.6
Louisville	82	6,313	6,236	+ 1.2	6,127	+ 3.0
Memphis	31	1,276	1,055	+20.9	1,459	—12.6
St. Louis	128	21,013	21,844	— 3.9	17,797	+18.1
Totals	316	31,571	32,996	— 4.4	28,498	+10.8

*In thousands (000 omitted).

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

	By water power	By fuels	Totals
August, 1928	3,042,069,000	4,442,873,000	7,484,942,000
July, 1928	3,074,772,000	4,065,558,000	7,140,330,000
August, 1927	2,385,790,000	4,246,612,000	6,632,402,000

BUILDING

In point of dollar value, building permits issued for new construction in the five largest cities of the district in September showed a decrease of 18.1 per cent under August, and of 7.4 per cent under September, 1927. According to statistics compiled by the F. W. Dodge Corporation, contracts let in the Eighth Federal Reserve District in September amounted to $33,240,828 which compares with $40,706,254 in August and $32,572,662 in September, 1927. Building costs remained unchanged, there being virtually no variation in material prices or wages. Production of portland cement for the country as a whole in September totaled 17,856,000 barrels against 18,730,000 barrels in August and 17,492,000 barrels in September, 1927. Building figures for September follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1928	1927	1928	1927	1928	1927	1928	1927
Evansville	460	352	$ 288	$ 302	86	63	$ 38	$ 18
Little Rock	58	34	739	163	69	124	63	40
Louisville	201	180	1,067	1,976	99	87	349	132
Memphis	229	262	1,085	863	139	149	210	79
St. Louis	791	674	2,611	2,949	461	450	300	302
Sept. totals	1,739	1,502	$5,790	$6,253	854	873	$ 960	$571
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

*In thousands (000 omitted).

POSTAL RECEIPTS

Returns from the five largest cities of the district show a decrease in combined postal receipts for the third quarter of 1928 of 2.0 per cent as compared with the corresponding period in 1927, and of 6.0 per cent as compared with the second quarter of 1928. Detailed figures follow:

	For Quarter Ending				Sept. 1928
	Sept. 30, 1928	June 30, 1928	Mar. 31, 1928	Sept. 30, 1927	comp. to Sept. 1927
Evansville	$ 173,000	$ 173,000	$ 174,000	$ 166,000	+ 4.2%
Little Rock	245,000	220,000	242,000	224,000	+ 9.4
Louisville	661,000	715,000	742,000	719,000	— 8.1
Memphis	573,000	620,000	668,000	562,000	+ 2.0
St. Louis	2,869,000	3,082,000	3,271,000	2,942,000	— 2.5
Totals	$4,521,000	$4,810,000	$5,097,000	$4,613,000	— 2.0

AGRICULTURE

Agricultural prospects in this district during the past thirty days developed no important changes as contrasted with the similar period immediately preceding, and taken as a whole, conditions were favorable. Indicated yields of corn, oats, spring wheat, hay, tobacco, potatoes and some of the less important crops on October 1 were slightly larger than the September 1 estimates. There was a small decrease in the indicated production of cotton, also in certain fruits and vegetables. Weather was ideal for securing late crops and for general farm work, and excellent progress was made in these operations. In the South moisture was insufficient and caused some delay in planting winter wheat, besides lowering the condition of pastures. The movement to market of cereals, vegetables and fruits was on an unusually large scale. Considerable irregularity existed in prices, and the average was lower than at the corresponding period last year.

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 98.5 per cent on October 1. This indicates that crops were 1.5 per cent below their 10-year average condition on that date, and compares with 98.8 per cent on September 1, 91.8 per cent on October 1, 1927, and 105.4 per cent on October 1, 1926.

Winter Wheat — Generally through the district fair progress has been made in seeding this crop, though since the last week in September, delay has been experienced due to dry weather. This is true particularly in Southern Missouri and Illinois. Early sown grain is up to a good stand, and almost universally farmers have observed fly-immune dates in putting in their grain.

Corn — In the principal corn producing states of this district prospects are above average, and the crop was largely matured and out of danger at the time of the killing frosts in late September. Husking is in progress and most recent returns indicate yield above expectations, and quality generally high. In the Southern states results have been less satisfactory, particularly in Tennessee and Mississippi, the October 1 condition in the former state being, with the exception of 1925, the lowest in a decade. New corn is being fed in unusually large quantities to live stock, and due to the sharp break in prices toward the end of September, farmers have decreased their shipments to market. The indicated yield in this district, based on the October 1 condition, is 381,943,000 bushels, a decrease of 4,397,000 bushels under the September 1 estimate, and comparing with 342,426,000 bushels harvested in 1927.

Fruits and Vegetables — Except where affected by lack of moisture, the condition of late fruits and vegetables improved during the past thirty days, and weather was mainly favorable for harvesting the crops. Digging of potatoes was in progress, and for this district prospects improved, the yield on October 1 being estimated at 20,423,000 bushels, 351,000 bushels larger than the September 1 estimate, and comparing with 14,061,000 bushels harvested in 1927. The yield of sweet potatoes in states partly or entirely within this district is estimated at 17,696,000 bushels, against 20,926,000 bushels produced last year, and a 5-year average of 18,611,000 bushels. The apple crop in these states improved in condition during September, the estimate on October 1 being 24,594,000 bushels, of which 2,645,000 barrels represented commercial crop, a gain of 62,000 bushels in total and 14,000 barrels in commercial crop over the September 1 estimate. In 1927 the total harvested crop was 10,842,000 bushels, with commercial crop of 1,398,000 barrels. Final results in pears, peaches, grapes, melons and some other less important crops show substantial gains over a year ago and the 5-year average. Late gardens have been adversely affected by lack of rain, and their condition at the middle of October was considerably lower than a month earlier. Lateness of killing frosts, however has kept gardens productive longer than last year, and generally late fruit and vegetable crops have been garnered with a minimum of loss from cold weather.

Live Stock — A sharp decline in the price of hogs during late September, caused by increased receipts, was the principal development in the live stock situation during the past thirty days. Dry weather prevailing in many sections during late September and the first half of this month lowered the condition of pastures, and in many instances dried up small streams and ponds, necessitating hauling of water for farm animals. Cattle continue scarce, with prices still relatively high. Based on the October 1 condition, the output of hay in this district is estimated at 7,224,000 tons, against the record crop of 9,038,000 tons produced in 1927.

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

	Receipts			Shipments		
	Sept., 1928	Aug., 1928	Sept., 1927	Sept., 1928	Aug., 1928	Sept., 1927
Cattle and Calves	155,661	151,092	152,045	115,876	113,898	109,988
Hogs	282,932	272,779	243,684	226,896	226,932	186,967
Horses and Mules	4,814	2,950	7,231	4,614	2,033	7,174
Sheep	48,040	58,960	53,320	19,029	14,906	23,085

Cotton — Based on the October 1 condition, the cotton crop in this district is estimated at 2,450,000 bales, a drop of 284,000 bales under the September 1 forecast and comparing with 2,319,000 bales harvested in 1927. The loss was due to unfavorable weather for development of the crop during September. However, climatic conditions were almost perfect for harvesting, and a considerable portion of the crop has been picked. Except in a few isolated instances, farm labor has been adequate to all requirements. Prices advanced during the past thirty days, the middling grade selling in the St. Louis market on October 15 at 18½c per pound, against 16½c on September 15. Stocks of cotton in Arkansas warehouses on October 12 totaled 227,005 bales, as against 212,414 bales on the corresponding date last year.

Tobacco — Despite unfavorable weather, tobacco prospects in this district improved during September to the extent of about 1,895,000 pounds. The Department of Agriculture estimates the total crop for the district at 256,240,000 pounds, as against 166,876,000 pounds harvested in 1927. Weather has not been favorable for the proper curing of the late cuttings of all types of leaf. The several frosts during the latter part of September did considerable damage to tobacco remaining in the fields. For the country as a whole the tobacco crop is estimated at 1,353,258,000 pounds, against 1,211,301,000 pounds in 1927, and a 5-year average (1922-26) of 1,337,561,000 pounds.

Rice — Based on the October 1 condition, combined production of rice in Arkansas and Missouri the chief producing states of the district, is estimated at 8,181,000 bushels, against 7,897,000 bushels in 1927, and a 5-year average of 7,857,000 bushels. Harvesting and threshing is nearing completion, and farmers are rapidly moving their rice to the mills. Average prices are about 10c per bushel below a year ago, and the lowest since 1920. This year's crop, however, has been produced at a much cheaper cost than ordinarily, the season throughout having been ideal for rice culture.

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

				Close	
Wheat		High	Low	Oct. 15, 1928	Oct. 15, 1927
Dec.	per bu.	$1.20	$1.12⅜	$1.15¼	$1.30
May	"	1.26¾	1.19⅝	1.23	1.35⅝
No. 2 red winter	"	1.51	1.41	$1.45@ 1.50	$1.44@ 1.45
No. 2 hard	"	1.20	1.15	1.14@ 1.15	1.31@ 1.32
Corn					
Dec.	"	.83¾	.75	.79⅝	.85½
May	"	.87½	.81⅝	.85	.90⅝
No. 2 mixed	"	1.05	.93	.97@ .99	.86½
No. 2 white	"	1.09	.94	1.04@ 1.05	.87@ .88
Oats					
No. 2 white	"	.46½	.42½	.43@ .45	.50@ .51
Flour					
Soft patent	per bbl.	7.25	6.50	6.50@ 7.25	7.00@ 7.50
Spring patent	"	6.20	5.50	5.50@ 5.75	6.65@ 6.75
Middling cotton	per lb.	.18½	.16½	.18½	.19¾
Hogs on hoof	per cwt.	13.25	8.50	8.75@10.30	10.50@11.85

FINANCIAL

As contrasted with the preceding thirty days, the banking and financial situation in this district underwent no marked changes. Demand for credit continued active and from quite general sources, but in turn there was fair liquidation in many quarters, and this had the effect of holding supply and demand for funds in fair balance. Rates remained at the recent relatively high levels until the middle of October, when a slightly easier trend was in evidence. While holding to their previous quotations, commercial banks in the principal centers reported that competition from the outside was somewhat more keen, and it was more difficult than heretofore to obtain the major figure of the spread on certain classes of loans.

There was a brisk demand from canning, packing and cattle feeding interests, and the full extent of the usual fall requirements of commercial and industrial borrowers was felt. The peak of demand in the grain and milling industry was passed, and a good volume of liquidation among these interests was noted. Total loans to the elevator, milling and general wheat handling interests, however, were still measurably larger than a year ago. With the increasing movement of cotton, liquidation in sections where that staple is the main crop made good progress. Numerous country banks reduced their indebtedness with their correspondents and at the Federal Reserve Bank. In the cotton and rice areas demand for funds increased, and little liquidation was in evidence, and not much is expected before the turn of the year.

Deposits of reporting member banks moved steadily upward during September and early October, and in the second week of the latter month were at the highest point since last May. Loans of these banks, after recording a new high total for the year in the first week of this month, reacted slightly downward in the second week. Their loans secured by stocks and bonds decreased moderately in the immediate past, and at the middle of October stood at about the same level as in early June. Discounting of all member banks with this institution was in smaller volume during the past thirty days than in the similar period immediately preceding, though markedly heavier than during the same time last year. In response to heavier demand for currency in the rural areas, a moderate increase took place in the note circulation of this bank.

Prevailing interest rates at the St. Louis banks were as follows: Prime commercial paper, 5½ to 5¾ per cent; collateral loans, 5½ to 6 per cent; interbank loans 5½ to 6 per cent; loans secured by warehouse receipts, 5½ to 6 per cent, and cattle loans, 5¾ to 6 per cent.

Federal Reserve Operations — During September the Federal Reserve Bank of St. Louis discounted for 229 member banks, against 217 in August and 198 in September, 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:

	*Oct. 20, 1928	*Sept. 20, 1928	*Oct. 20 1927
Bills discounted	$52,529	$63,195	$26,209
Bills bought	7,736	11	3,736
U. S. Securities	20,776	0	36,899
Total bills and securities	$81,041	$63,206	$66,844
F. R. Notes in circulation	61,561	57,349	51,492
Total deposits	82,570	85,285	85,855
Ratio of reserve to deposits and F. R. Note Liabilities	50.0%	60.9%	57.6%

*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.

	*Sept. 1928	*Aug. 1928	*Sept. 1927	Sept. 1928 comp. to Aug. 1928	Sept. 1928 comp. to Sept. 1927
East St. Louis & Natl. Stock Yards, Ill.	$ 79,989	$ 76,484	$ 50,267	+ 4.6%	+59.1%
El Dorado, Ark.	8,808	9,621	9,285	— 8.5	— 5.1
Evansville, Ind.	46,441	48,284	47,857	— 3.8	— 3.0
Fort Smith, Ark.	14,817	11,584	14,022	+27.9	+ 5.7
Greenville, Miss.	4,286	3,595	3,670	+19.2	+16.8
Helena, Ark.	3,364	3,398	5,083	— 1.0	—33.8
Little Rock, Ark.	84,145	70,419	82,316	+19.5	+ 2.2
Louisville, Ky.	200,167	186,041	185,510	+ 7.6	+ 7.9
Memphis, Tenn.	149,784	124,584	180,208	+20.2	—16.9
Owensboro, Ky.	5,504	5,763	5,366	— 4.5	+ 2.6
Pine Bluff, Ark.	11,444	9,238	13,119	+23.9	—12.8
Quincy, Ill.	12,653	12,719	12,600	— 0.5	+ 0.4
St. Louis, Mo.	705,848	727,333	700,930	— 3.0	+ 0.7
Sedalia, Mo.	4,538	4,413	4,825	+ 2.8	— 5.9
Springfield, Mo.	17,186	16,007	14,922	+ 7.4	+15.2
**Texarkana, Ark.-Tex.	16,452	14,168	16,309	+16.1	+ 0.9
Totals	$1,365,426	$1,323,651	$1,346,289	+ 3.2	+ 1.4

*In thousands (000 omitted).
**Includes one bank in Texarkana, Texas, not in Eighth District.

Condition of Banks — Loans and discounts of the reporting member banks in October 17, showed a decrease of 0.03 per cent as contrasted with September 19 and an increase of 0.8 per cent as compared with October 19, 1927. Deposits increased 1.8 per cent between Sept. 19 and October 17 and on the latter date were 2.0 per cent smaller than on October 19. 1927. Composite statement follows:

	*Oct. 17, 1928	*Sept. 19, 1928	*Oct. 19, 1927
Number of banks reporting	†29	†29	31
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations	$ 3,322	$ 3,519	$ 4,233
Secured by other stocks and bonds	211,164	213,412	207,656
All other loans and discounts	303,889	301,580	302,430
Total loans and discounts	$518,375	$518,511	$514,319
Investments			
U. S. Government securities	78,182	76,446	75,585
Other securities	127,658	132,050	126,049
Total investments	$205,840	$208,496	$201,634
Reserve balance with F. R. bank	46,825	45,530	48,613
Cash in vault	7,388	7,110	7,715
Deposits			
Net demand deposits	392,322	379,910	407,177
Time deposits	240,296	239,367	237,689
Government deposits	5,234	7.238	5,968
Total deposits	$637,852	$626,515	$650,834
Bills payable and rediscounts with Federal Reserve Bank,			
Secured by U. S. Govt. obligations	18,864	15,706	15,700
All others	14,392	26,240	527

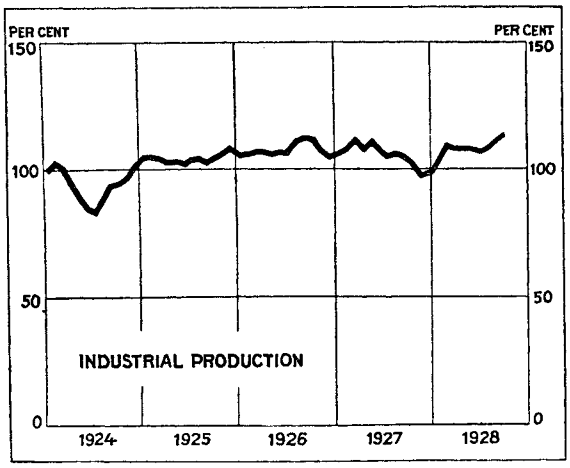
*In thousands (000 omitted).
†Decrease due to consolidation. These banks are located in St. Louis, Louisville, Memphis, Little Rock, and Evansville, and their total resources comprise approximately 55.5 per cent of all member banks in this district.

(Compiled October 20, 1928)

BUSINESS CONDITIONS IN THE UNITED STATES

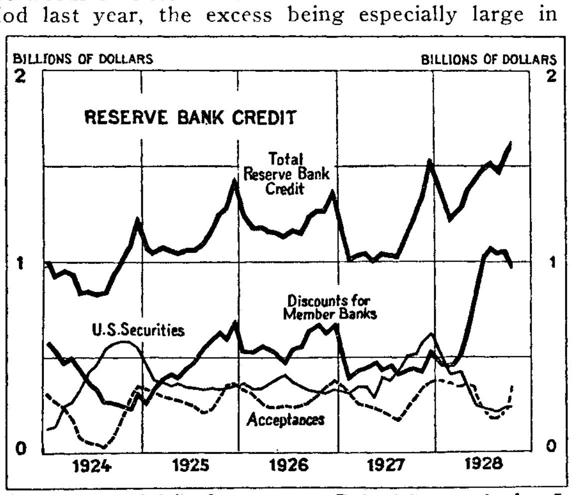
Volume of production and distribution of commodities increased seasonally in September and was larger than a year ago. There was a further advance in the general price level. Loans of member banks in leading cities increased in September and October in response to the seasonal demands for commercial credits.

PRODUCTION — Industrial production increased further in September and the output of manufacturers was in larger volume than in any previous month. Factory employment and payrolls also increased. Production of iron and steel and of automobiles was usually large during September and October, although there has recently been some curtailment of operations in these industries. There were,



Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average=100). Latest figure, September, 114.

also, increases in September in the activity of the textile, meat packing, and tire industries and in the output of coal, petroleum, and copper, while lumber production showed a decline. Building contracts awarded, after declining in volume for three months, increased considerably in September and exceeded all previous records for that month. The increase was due chiefly to certain large contracts for industrial plants and subway constructions. During the first three weeks of October awards exceeded those for the same period last year, the excess being especially large in the



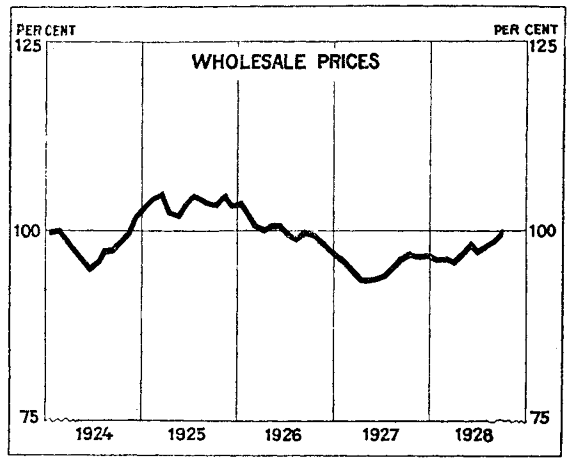
Monthly averages of daily figures for 12 Federal Reserve banks. Latest figures are averages of first 23 days in October.

eastern districts.

Department of Agriculture estimates of this year's crop yields indicate that the production of all crops in the aggregate will exceed last year's output by about 5 per cent. The corn crop is estimated at 2,903,000 bushels or 5 per cent above last year's production. The October 8 estimate indicates a cotton crop of 13,993,000 bales, or 446,000 bales less than was forecast on September 8, compared with a yield of 12,955,000 bales in 1927.

TRADE — Department store sales increased considerably in September and were larger than a year ago, reflecting in part the influence of cooler weather. Inventories of department stores at the end of the month were smaller than on same date last year. Wholesale distribution in all leading lines, except meats, was somewhat smaller than in September, 1927. Freight car loadings showed more than a seasonal increase in September and continued large in October. Shipments of miscellaneous commodities in recent weeks have continued in larger volume than in previous years.

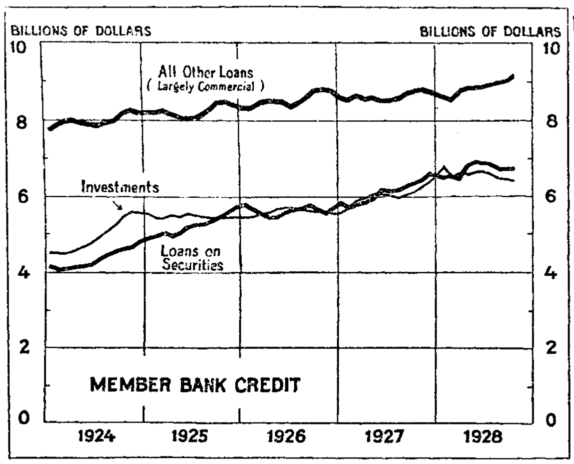
PRICES — Wholesale commodity prices increased further in September and the Bureau of Labor Statistics index advanced to 100.1 per cent of the 1926 average. Increases in farm products and foods occurred in nearly all groups, except hides and leather and textiles, which showed



Index of United States Bureau of Labor Statistics (1926=100, base adopted by Bureau). Latest figure, September, 100.1.

slight declines. Since the latter part of September there have been decreases in prices of livestock and meats, grains, wool, and hides, and increases in cotton, silk, rubber and iron and steel.

BANK CREDIT — Demands for bank credit for commercial purposes increased between the middle of September and the middle of October, reflecting seasonal activity in trade and marketing of crops. There was also a growth in loans to brokers and dealers in securities, though total loans on securities of reporting member banks showed little change. During the four weeks ending on October 24, a



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

growth of about $40,000,000 in the total volume of reserve bank credit in use was due chiefly to continued increase in the demand for currency, offset in part by a small inflow of gold from abroad. Reserve bank holdings of acceptances increased by about $140,000,000 during the period, while the volume of discounts for member banks declined by about $100,000,000. United States securities holdings remained practically unchanged. Open market rates on commercial paper and on bank acceptances remained unchanged between the middle of September and latter part of October, while rates on security loans declined in October.