



MONTHLY REVIEW

*Of Agricultural, Industrial, Trade and Financial
Conditions in the Eighth Federal Reserve District*

Released for Publication On and After the Afternoon of September 30, 1929

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ACTIVITIES in commerce and industry in this district during the past thirty days continued at a rate considerably above the average at the corresponding season during the past several years. The demand for a broad variety of merchandise was on a large scale, and throughout August manufacturing plants reported greater activity than usual at this season. In counter-distinction with the preceding two months, relatively the greatest activity was shown in distributive lines handling goods for ordinary consumption. In a large majority of the lines investigated sales were in excess of the preceding month, and in a number of important classifications, was in excess of the corresponding period last year. The rate of production at factories was on the whole well sustained, and the high level of operations was due to actual consumptive demand, as inventories of finished materials remained generally of moderate size, and shipments in general were equal, or close to current output. While purchasing of commodities is still largely on an immediate requirement basis, ordering for future delivery was somewhat freer than earlier in the year.

August sales and shipments of boots and shoes in the district were the largest for any month on record, and showed a substantial gain over the same month in 1928. Increases over a year ago were also reported by wholesalers of clothing, men's hats, drugs and chemicals, groceries and some lesser lines. Slight declines were shown in sales of hardware, furniture and dry goods interests as compared with last year, but in all these lines August sales were substantially heavier than in July this year. According to automobile dealers reporting to this bank, August distribution of new passenger cars was considerably larger than a year and a month earlier. In the iron and steel industry plant operations were on a considerable scale, but in a number of important instances moderate reductions in unfilled orders were reported. As indicated by permits issued and contracts let for new construction, there was a rather sharp slump in building during August as contrasted with the preceding month and

last year. Debits to individual accounts in the chief cities of the district decreased 6.3 per cent under the July total, but were 6.2 per cent larger than in August, 1928. A moderate gain was recorded in August sales of department stores as compared with a year ago.

The drouth which prevailed throughout August materially reduced prospects for crops in this district, besides halting or seriously delaying general farm operations, including preparation of the soil for seeding winter wheat. The crops most affected by the dry weather were corn, cotton, tobacco, potatoes and pasturage, but virtually all late crops suffered more or less deterioration. Since September 1 general rains have helped matters somewhat, particularly in the winter wheat sections. However, in many cases growth of crops was too far advanced to be benefitted by the moisture. Deferred frost dates are essential to mature corn, cotton and other late crops.

Conditions in the bituminous coal market underwent moderate improvement in August, and since September 1 the betterment has been carried forward at a more rapid pace. Purchasing for domestic use picked up substantially during the last half of August, both dealers and householders being anxious to place their orders prior to the usual September 1 price increase. Operators in the Illinois, Indiana and western Kentucky fields reported a measurable decrease in the number of loaded cars for which no orders had been received. Demand for domestic coal in the rural areas, however, continued quiet, despite generally depleted stock piles, both in dealers' yards and with ultimate consumers. While consumption of steaming coal was in larger than the average seasonal volume, prices of screenings and other steam sizes were adversely affected by the increased output of lump coal. Purchasing by the railroads developed distinct improvement, with several western trunk lines adding heavily to their reserves. Contracting by public utilities companies, municipalities and certain large industrial consumers was in considerable volume. By-product

coke manufacturers reported an active demand for metallurgical and industrial coke, but quietness in domestic sizes. Production of soft coal for the country as a whole during the present calendar year to September 7, approximately 212 working days, totaled 347,137,000 tons, against 319,900,000 tons for the corresponding period last year, and 358,574,000 tons in 1927.

The volume of freight traffic of railroads operating in this district continued to surpass that at any similar season in previous years. The movement of grain and grain products was of record size, and showed a substantial gain over the corresponding period in 1928. There were also increases in the miscellaneous freight, merchandise, coal and some other classifications. For the country as a whole, loading of revenue freight for the first 35 weeks this year, or to August 31, totaled 35,341,011 cars, against 33,754,221 cars for the corresponding period in 1928, and 34,802,007 cars in 1927. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 252,629 loads in August, against 249,282 loads in July, and 240,460 loads in August, 1928. For the first nine days of September the interchange amounted to 66,515 loads, which compares with 75,738 loads during the corresponding period in August, and 67,723 loads during the first nine days of September, 1928. Passenger traffic of the reporting roads increased 2 per cent in August as compared with the same month last year. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in August was 85,000 tons, against 94,141 tons in July and 113,903 tons in August, 1928. The decrease in both comparisons was due to the low stage of water prevailing in the Mississippi River.

Irregularity, both with reference to different sections and the several lines, was reflected in advances relative to collections during the past thirty days. As was the case a month earlier, wholesalers of merchandise for ordinary consumption reported settlements in relatively larger volume than producers and distributors of the more durable commodities. Complaints of backwardness came from building material interests. Taken as a whole, improvement developed in retail collections. In the winter wheat areas liquidation was in good volume, both with merchants and country banks. September 1 settlements of dry goods, boot and shoe and hardware interests in the large cities were fully up to expectations. Less satisfactory conditions were reported by wholesale clothing firms. Replies to questionnaires addressed to representative interests in

the several lines through the district showed the following results:

	Excellent	Good	Fair	Poor
August, 1929	1.3%	30.6%	55.6%	12.5%
July, 1929	1.4	25.0	57.0	16.6
August, 1928	1.4	23.6	58.3	16.7

Commercial failures in the Eighth Federal Reserve District in August, according to Dun's, numbered 103, involving liabilities of \$1,393,363, against 111 defaults in July with liabilities of \$1,331,242, and 99 failures for a total of \$4,765,633 in August, 1928.

The average daily circulation in the United States in August was \$4,777,000,000 against \$4,764,000,000 in July and \$4,743,000,000 in August, 1928.

MANUFACTURING AND WHOLESALE

Automobiles — Combined passenger car, truck and taxicab production in the United States in August totaled 499,740, against 500,331 in July and 461,298 in August, 1928.

According to dealers reporting to this bank, distribution of automobiles during August recorded a sharp increase over the preceding month, and was substantially larger than in August, 1928. Preliminary reports for September indicate a continuance of the improvement noted in August. The betterment in business from July to August extended to both city and country dealers, but in the case of the cheap priced cars, was most marked in the rural areas. In the large urban centers dealers distributing the more expensive makes reported gains in both comparisons, and a larger volume of inquiries and prospects than at the corresponding period a year ago. The total number of cheap priced cars sold was substantially larger than in August, 1928, which was partly due to the fact that one leading producer in that category was operating on a reduced schedule last year. More favorable weather and the touring season were mentioned as influences in the improved condition of the trade. Demand for trucks developed further improvement, sales of the heavier varieties being stimulated by hauling requirements incident to extensive construction operations throughout the district. As was the case during the preceding thirty days, collections on cars purchased on the installment plan were less satisfactory than during earlier months of the year. August sales of new passenger cars by 320 dealers scattered through the district were 48.9 per cent larger than in July, and 15.2 per cent greater than in August, 1928. Stocks of new cars in dealers' hands on September 1 were 6.3 per cent smaller than on August 1, and 17.3 per cent larger than on September 1, 1928. Dealers are specifying cautiously, and there is a general disposition to hold down inventories to actual requirements. Factory deliveries are prompt, but

there is no pressure on the part of manufacturers upon distributors to increase their holding. Universally dealers are pushing sales of used cars, offering price concessions and other inducements to reduce their stocks. As a result of intensive selling campaigns, stocks of salable used cars decreased about 3.8 per cent between August 1 and September 1, but on the latter date were 14.7 per cent larger than a year earlier. Sales of accessories and parts were in considerable volume, being stimulated by the tourist season and purchases for reconditioning secondhand cars. August sales of the reporting dealers were 4.6 per cent larger than in July, and 9.0 per cent greater than the August, 1928 total. According to dealers reporting on that item, sales of new passengers cars on the deferred payment plan in August constituted 55.0 per cent of their total sales, against 53.2 per cent in July, and 53.9 per cent in August, 1928.

Boots and Shoes — Sales during August of the five reporting firms were the largest on record the total being 32.7 per cent larger than for the same month in 1928, and 13.1 per cent greater than in July this year. Stocks on hand on September 1 were smaller by 7.5 per cent and 18.9 per cent, respectively, than thirty days and a year earlier. Activity extended evenly through the entire line, with marked improvement being noted in purchasing of children's shoes and men's heavy wear. There was no change worthy of note in prices as contrasted with the preceding month. Factory operation was at from 96 to 100 per cent of capacity.

Clothing — Business in this classification developed marked betterment, both as contrasted with the preceding month and the corresponding period last year. August sales of the reporting interests were 43.6 per cent larger than for the same month in 1928, and 96.2 per cent greater than the July total this year. The increase in the month-to-month comparison is seasonal in character, but somewhat greater than the average during the past several years. Purchasing for future delivery, particularly of men's suits and overcoats, was in considerable volume. Distributors of women's suits and cloaks reported orders in August below expectations, but since the first of this month purchasing has shown improvement. Sales of men's hats recorded substantial gains in August over the same month in 1928, also over the July total this year.

Drugs and Chemicals — For the sixth consecutive month, business in this classification in August showed improvement over the corresponding period a year ago. Seasonal goods were reported moving in large volume, and purchasing by the general manufacturing trade was maintained at the high levels of recent months. Total sales of the eight re-

porting interests in August were 3.6 per cent larger than for the same month in 1928, and 0.8 per cent larger than in July this year. Stocks on September 1 were 4.6 per cent and 6.6 per cent larger, respectively, than thirty days and a year earlier.

Dry Goods — The drouth and uncertainty relative to the outcome of the cotton and other crops had a tendency to slow down purchasing of dry goods in some sections of the district. Sales of the eight reporting interests in August were 3.7 per cent smaller than for the same month in 1928, but 57.7 per cent greater than in July this year. The large gain in the month-to-month comparison was partly attributable to seasonal considerations and to an unusually successful market period in early August. Stocks on hand on September 1 were 12.6 per cent smaller than on July 1, and 17.6 per cent less than those on September 1, 1928.

Electrical Supplies — August sales of the reporting interests were 18.8 per cent larger than for the same month in 1928, and 16.0 per cent smaller than in July this year. Stocks on hand on September 1 were 11.0 per cent and 11.5 per cent smaller, respectively, than a month and a year earlier. In the yearly comparison increases were quite general throughout the line, but particularly notable in the case of radio material, household appliances, small motors and line and pole hardware. Demand for building installations was less than last year.

Flour — Production at the 12 leading mills of the district in August totaled 367,202 barrels, against 383,805 barrels in July and 322,198 barrels in August, 1928. Stocks of flour in St. Louis on September 1 were 5.5 per cent larger than on August 1, and 5.9 per cent greater than on September 1, 1928. Broad fluctuations in the cash wheat market had a tendency to shake confidence in values, and large buyers were holding off, or taking only enough for actual requirements, and for shipment in from 30 to 60 days. Demand for the high grade flours was especially quiet. The lower prices on clears and low grade flours resulted in some export workings, but generally foreign bids were below ruling prices. Some improvement was noted in inquiries from Latin-American countries. Mills were operating at 60 to 62 per cent of capacity.

Furniture — August sales of the 13 reporting interests were 9.0 per cent smaller than for the same month in 1928, but 36.7 per cent greater than the July total this year. Stocks on September 1 were 2.0 per cent less than on August 1, and 8.1 per cent smaller than on September 1 last year. Considerable purchasing deferred earlier in the summer was done during August, and the sales total was augmented by a number of sizeable stock orders. Demand for radio cabinets and household furniture

was reported active. Advance orders of holiday goods were reported somewhat smaller than at this time last year.

Groceries — Despite reduced purchasing in the rural areas occasioned by the drouth and less favorable crop prospects, August sales of the 14 reporting firms were 0.1 per cent larger than for the corresponding month last year, and 5.5 per cent in excess of the July total this year. Stocks on hand on September 1 were 3.5 per cent larger than thirty days earlier, and 4.6 per cent smaller than those on September 1, 1928. Prices averaged steady with the month before, advances about counterbalancing declines.

Hardware — Sales of the 12 reporting dealers in August fell 5.7 per cent below the total for the same month in 1928, but were 10.5 per cent larger than in July this year. Stocks on hand on September 1 were 4.6 per cent smaller than thirty days earlier, and 3.1 per cent larger than on September 1, 1928. Sales of builders' tools and hardware were smaller than a year ago, but certain staple lines showed improvement. Purchasing of seasonal lines has developed marked betterment since September 1.

Iron and Steel Products — Taken as a whole, production and distribution of ferrous materials in this district during the past thirty days continued on a large scale, the total volume considerably exceeding the average for the same period in recent years. A slowing down in new orders and specifications on goods previously purchased was noted in some instances, and steel mills and some specialty makers reported moderate reductions in backlogs as contrasted with a month earlier. For the most part, however, plant operations were approximately as high as heretofore, and where reductions occurred they were principally due to seasonal considerations. Purchasing and specifications by the automotive industry reflected curtailed production by the manufacturers, and there was also a recession in activities of railroad equipment builders. The outlet through the building industry was slightly better than during the preceding month, but not so broad as a year ago. Fabricators of structural steel reported quietness, with a scarcity of important lettings. The call for materials for highway construction, municipal and river improvements and public utility extension work continued in considerable volume. Machinery manufactures, road building, crane, wood working, etc., reported no let up in business, and in two notable instances there were sizeable accretions to unfilled orders. Strip steel requirements showed a decrease, being affected chiefly by smaller demand from the automotive industry. Demand for sheets continued active, particularly blue annealed varieties, deliveries

on which are still several weeks deferred. The movement of tin plate was slightly above the seasonal average, but quietness prevailed in tank plates. Further betterment in demand for galvanized material occurred, with heavy corrugated sheets for roofing and siding purposes showing especial activity. Unevenness prevailed in demand for farm implements and heavy hardware, with sales during August somewhat below the July total. Since September 1 moderate improvement was reported in these lines, also in specifications on steel bars. Wire and wire products were fairly active, with slight improvement in demand for wire nails, though stocks of that commodity are still relatively large. Prices of finished and semi-finished goods showed no marked changes as contrasted with the preceding thirty days. Purchasing of pig iron was in considerable volume, many melters taking advantage of the reduction in the price of southern iron to fill their prospective requirements for the balance of this year. Scrap iron and steel continued strong, with further advances recorded on steel making grades. Production of pig iron for the country as a whole in August continued on the down grade for the third consecutive month, but the total, 3,738,438 tons, was the highest on record for that particular month, and compares with 3,782,511 tons in July and 3,136,995 tons in August, 1928. Steel ingot production in the United States also set a new August record, totaling 4,925,802 tons, against 4,838,093 tons in July, and 4,178,601 tons in August, 1928.

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. 1929 comp. to Aug. 1928	8 months ending Aug. 31, 1929 to same period 1928	Aug. 31, 1929 comp. to Aug. 31, 1928	Aug. 31, 1929 comp. to Aug. 31, 1928	Jan. 1, to August 31, 1929	1928
Evansville	+10.0%	+ 0.7%	+11.1%		1.51	1.55
Little Rock.....	3.3	- 1.7	- 8.1		1.58	1.45
Louisville	0.1	- 0.4	+ 8.5		2.02	1.96
Memphis	2.4	- 3.5	- 2.0		2.04	1.98
Quincy	+30.1	+ 9.0	+11.2		1.72	1.66
St. Louis.....	+ 6.8	+ 3.3	- 3.9		2.56	2.35
Springfield, Mo.	+16.0	- 3.6	- 2.1		.96	1.04
8th District.....	+ 4.4	+ 1.5	- 2.6		2.26	2.11
	Net sales comparison		Stocks on hand		Stock turnover	
	Aug., 1929 comp. to Aug., 1928	July, 1929	Aug., 1929 comp. to Aug., 1928	July, 1929	Aug., 1929 comp. to Aug., 1928	July, 1929
Men's furnishings.....	+ 1.8%	- 5.2%	+ 1.1%	- 2.4%		
Boots and shoes.....	0.9	-17.6	- 7.1	+21.0		

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. 1929 compared to Aug. 1928	
	Net sales for month	Stocks on hand at end of month
Piece goods.....	8.5%	-12.5%
Ready-to-wear accessories.....	1.0	- 9.4
Women and misses' ready-to-wear.....	+ 3.4	+10.4
Men's and boys' wear.....	-12.2	-10.5
Home furnishings.....	+12.7	-10.6

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electric current in August by selected industrial customers

as being 2.0 per cent greater than in July, and 12.3 per cent larger than in August, 1928. Gains in the month-to-month comparison were confined chiefly to foundries, flour mills, railroad shops and coal mines. In the yearly comparisons gains were shown generally by all classes of consumers. Detailed figures follow:

	No. of Custom- ers	Aug., 1929 *K.W.H.	July, 1929 *K.W.H.	Aug. 1929 comp. to July, 1929	Aug. 1928 *K.W.H.	Aug. 1929 comp. to Aug. 1928
Evansville	40	1,913	1,874	+ 2.1%	1,500	+27.5%
Little Rock..	35	2,121	2,134	— 0.6	2,361	—10.2
Louisville	89	8,418	7,859	+ 7.1	6,236	+35.0
Memphis	31	1,196	1,232	— 3.0	1,055	+13.4
St. Louis.....	135	23,419	23,240	+ 0.7	21,844	+ 7.2
Totals.....	330	37,067	36,339	+ 2.0	32,996	+12.3

*In thousands (000 omitted).

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in August was 1.6 per cent smaller than in July, and 42.3 per cent smaller than in August, 1928. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in August totaled \$39,224,227 against \$38,681,947 in July, and \$40,706,254 in August, 1928. There was no change worthy of note in building costs as contrasted with the preceding thirty days. Production of portland cement for the country as a whole in August totaled 18,594,000 barrels, against 17,281,000 barrels in July and 18,759,000 barrels in August, 1928. Building figures for August follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1929	1928	1929	1928	1929	1928	1929	1928
Evansville ..	392	539	\$1,284	\$1,455	47	58	\$ 73	\$ 20
Little Rock	40	44	93	184	104	66	169	54
Louisville ..	150	205	647	1,731	63	89	75	225
Memphis ...	152	352	340	1,077	136	129	48	107
St. Louis....	560	679	1,710	2,619	433	395	599	316
Aug. totals	1,294	1,819	\$4,074	\$7,066	783	737	\$ 964	\$722
July totals	1,709	1,593	4,869	9,163	659	711	759	650
June totals	1,516	1,777	5,174	7,692	643	832	650	853

*In thousands of dollars (000 omitted).

AGRICULTURE

The severe and widespread drouth which prevailed in late July and throughout August took heavy toll of crops in this district. Prospects for all the chief products deteriorated, and in most instances fell below the ten-year average. Field crops suffered most severely, but the damage extended as well to tree fruits, commercial vegetable crops and gardens. In addition to materially reducing prospects of growing crops, the drouth halted or retarded farm work, particularly plowing and preparations for seeding winter wheat. The condition of pastures was considerably lowered, and in many sections small streams and ponds dried up, and it was necessary to haul water for live stock. The hill country and prairies suffered most from the drouth, but even in the river bottoms the soil was dried out and crops went backward. In states entirely or partly within the Eighth Federal Reserve

District, according to the U. S. Department of Agriculture, condition of all crops on September 1 was 95.0 per cent of the average condition on that date during the ten years, 1918-1927, as compared with 100.8 per cent on August 1, and 98.8 per cent on September 1, 1928.

Since September 1 rains have been fairly general through the district, but many crops are too far advanced to derive much benefit from the moisture. However, the precipitation has placed the soil in good condition for tilling, and considerable progress has been made in preparation for seeding wheat. Small grain threshing has been virtually completed and generally under favorable weather for securing these crops. Most recent reports indicate uneven results of small grains, with yields in some localities below earlier expectations. The supply of farm labor was universally adequate to all requirements, with an over plus reported in some counties.

Winter Wheat—There was no change in the estimate of production in the Eighth District as compared with the preceding month. The Department of Agriculture places the total at 45,358,000 bushels, against 29,975,000 bushels harvested in 1928, and a 5-year average (1923-1927) of 56,262,000 bushels. Seeding of the new crop has been much delayed because of the drouth, and prospects are for the smallest acreage in several years.

Corn—The condition of corn deteriorated sharply between August and September, the output, based on the September 1 condition being estimated at 291,983,000 bushels, a loss of 38,520,000 bushels from the August 1 estimate, and comparing with 328,882,000 bushels harvested in 1928 and a 5-year average of 377,036,000 bushels. In many sections, notably Missouri, prospects are for the smallest yields since 1901. Planting was unusually late, and the drouth in August seriously retarded growth and development of the crop. In some areas prospects have been improved slightly by rains since the first of this month, but generally the moisture came too late to prove of great benefit. Deferred frost dates will be essential to maturing the crop.

Fruits and Vegetables—Conditions during late July and August were decidedly unfavorable for fruit and vegetable crops. Prospects for yields decreased substantially, and in most instances quality was lowered by the unusual dry spell. Harvesting of apples and peaches made good headway, and the former crop is generally short. The peach crop in Illinois is one of the best on record, but elsewhere the yield is below earlier expectations. Quality of tree fruits in many sections is poor, due to unfavorable conditions during the spraying season and because of the drouth. Based on the September 1 condition, the indicated yield of apples in states

partly or entirely within the Eighth Federal Reserve District is 16,630,000 bushels, of which 1,978,000 barrels represent commercial crop, against 24,990,000 bushels with 2,544,000 barrels commercial crop in 1928, and a 5-year average of 24,306,000 bushels, of which 2,666,000 barrels were commercial crop. The peach crop in these states, based on the September 1 condition is estimated at 10,085,000 bushels, against 9,758,000 bushels in 1928, and a 5-year average of 7,111,000 bushels. Sweet potatoe prospects also declined, the estimated yield based on the September 1 condition being 15,596,000 bushels, or 1,995,000 bushels less than the August 1 estimate, and comparing with 16,078,000 bushels harvested in 1928, and a 5-year average of 18,004,000 bushels. Unfavorable planting conditions and the August drouth sharply reduced white potatoe prospects, the crop in the district proper being estimated at 13,030,000 bushels, against 19,510,000 bushels harvested in 1928, and a 5-year average of 14,970,000 bushels. The grape crop, due to the large number of new vineyards coming into bearing, was well over the 5-year average. In states of the district the output is estimated at 37,154 tons, against 45,607 tons in 1928, and a 5-year average of 23,301 tons. The output of pears in these states is estimated at 1,847,000 bushels, against 1,666,000 bushels last year and a 5-year average of 1,628,000 bushels. The commercial tomato crop is turning out well, and has been materially assisted by the precipitation since September 1.

Live Stock—Less favorable conditions than during the preceding two or three months was reported in live stock. The dry spell lowered the condition of pastures, and in some sections scarcity of water resulted in the shipment of many cattle and hogs to market which otherwise would not have moved until later in the fall. Generally through the district there was a decrease in milk production as compared with the preceding thirty days. Cattle prices were fairly well sustained, particularly on top grades. Hog prices averaged considerably below the month before, also the corresponding time last year. Based on the September 1 condition, the Department of Agriculture estimates the output of hay in this district at 8,137,000 tons, against 7,573,000 tons in 1928, and a 5-year average of 7,843,000 tons.

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

	Receipts			Shipments		
	Aug. 1929	July, 1929	Aug. 1928	Aug. 1929	July, 1929	Aug. 1928
Cattle and Calves.....	128,684	130,186	151,092	87,900	83,131	113,898
Hogs	304,136	315,070	272,779	203,633	203,763	226,932
Horses and Mules....	3,541	2,908	2,950	3,251	2,956	2,033
Sheep	62,370	92,443	58,960	18,037	21,227	14,906

Cotton—Cotton prospects in this district declined between August and September, due principally to the drouth, which caused heavy shedding

and premature opening. The Department of Agriculture's September 1 estimate places the total crop in the district at 3,035,000 bales, a decrease of 247,000 bales from the August 1 estimate, and comparing with 2,715,000 bales produced in 1928, and a 5-year average of 2,519,000 bales. In the areas most affected by the dry weather, cotton is opening earlier than usual, and while supposedly the crop was ten days to two weeks late, picking is in progress in all sections. One beneficial effect of the drought was to lessen the threat of boll weevils, and injury from that source is expected to be somewhat less than last year. Rains since September 1 have been beneficial, though in some sections have interfered with harvesting. Prices fluctuated in a narrow range, the middling grade in the St. Louis market ranging from 17¼c to 18½c per pound, and closing on September 16 at 17¾c against 18½c a month earlier and 16½c on the same date in 1928. Stocks of cotton in Arkansas warehouses on September 13 totaled 72,824 bales, which compares with 56,195 bales on the same date in 1928.

Rice—Based on the September 1 condition, combined production of rice in Arkansas and Missouri is estimated at 6,652,000 bushels, a decrease of 571,000 bushels under the August 1 forecast, and comparing with 8,108,000 bushels harvested in 1928 and a 5-year average of 7,857,000 bushels. The drouth substantially increased cost of irrigation, and some farmers had to cut their acreage on account of insufficient water. Demand for clean rice was active, with prices averaging about 10c higher than a year ago.

Commodity Prices—Range of prices in the St. Louis market between August 15, 1929 and September 16, 1929, with closing quotations on the latter date and on September 15, 1928:

			Close			
			Sept. 16, 1929	Sept. 15, 1928		
Wheat						
Dec.	per bu.	High Low	\$1.47½ \$1.36½	\$1.37	\$1.13½	
May	"	1.56 1.46½		1.46½	1.21	
No. 2 red winter	"	1.39½ 1.27½	\$1.35	@ 1.36	\$1.40	@ 1.45
No. 2 hard.....	"	1.35½ 1.24	1.31	@ 1.32	1.13½	@ 1.14
Corn						
Sept.	"	1.06½ 1.00½		1.01		
Dec.	"	1.03 .96½		.99½	.78½	
No. 2 mixed.....	"	1.05 1.00	1.01	@ 1.01½	1.08	@ 1.09
No. 2 white.....	"	1.07½ 1.01½	1.03½	@ 1.04	1.08½	@ 1.09
Oats						
No. 2 white.....	"	.51½ .41	.50	@ .51	.44½	@ .45
Flour						
Soft patent.....	per bbl.	7.25 6.75	6.75	@ 7.00	6.50	@ 7.00
Spring patent.....	"	7.30 6.50	6.80	@ 6.90	5.90	@ 6.10
Middling cotton.....	per lb.	.18½ .17½		.17¾		.16¾
Hogs on hoof.....	per cwt.	12.00 7.50	8.50	@ 9.00	11.75	@ 13.35

Tobacco—Dry weather in August proved harmful to tobacco prospects in this district. Based on the September 1 condition, the crop is estimated at 289,028,000 pounds, 34,589,000 pounds less than the August 1 estimate, and comparing with 243,978,000 pounds produced in 1928, and a 5-year average of 304,306,000 pounds. In the burley districts conditions are spotted, intermittent showers during the drouth having benefitted some farmers, whereas their neighbors suffered greatly from the dry weather.

er. Cutting of burley tobacco is completed, except some late settings, and quality is generally high. As a whole damage from drouth was less severe in the dark tobacco districts, and the outlook is for a good crop. The tobacco in barns is in good condition, and with a favorable curing season quality should be unusually high. Demand for the new leaf is active, with buyers offering high prices in the field in certain localities.

FINANCIAL

The financial and banking situation in this district during the past thirty days has been marked by a well sustained demand for funds from agricultural, commercial and industrial sources and a further advance in interest rates. Requirements for financing the harvesting and movement of crops has steadily increased, particularly in the south where cotton is being picked and shipped to market. There has been a good call for funds to handle the rice and tobacco crops, and while these commodities have started to move from producing points, the volume has not been sufficiently large to result in liquidation of consequence. In the winter wheat areas there has been a fair volume of liquidation with country banks and merchants, but borrowings of grain handlers and the flour milling interests are still considerably larger than at the corresponding period last year. Marketing of live stock has been on an extensive scale, resulting in heavy settlements of loans based on such property, but demand for conditioning cattle and hogs for market continues active.

Reflecting the active and general demand for credit, loans and discounts of the reporting member banks increased further, the total recording a new high point for the year on September 11. Deposits of these banks, which have shown an irregular decline since the middle of February, continued their downward course, the minimum for the year being reached at the end of August. Since that date a fair recovery has taken place, bringing the total on September 11 to about the level of the second week in July. Between August 14 and September 11, total loans based on securities increased slightly. The volume of reserve credit in use in the Eighth District during the period continued the upward trend of the preceding two months, and was uniformly higher than at the corresponding time in 1928.

Throughout the district the trend of rates charged by the commercial banks was upward, and on all classes of loans, measurably higher than at the same time during the past several years. At St. Louis banks current rates were as follows: Prime commercial paper, 6 to 6½ per cent; collateral loans, 6 to 7½ per cent; loans secured by warehouse re-

ceipts, 6 to 7 per cent; interbank loans, 5¾ to 6¾ per cent, and cattle loans, 6 to 7 per cent.

Condition of Banks—Loans and discounts of the reporting member banks on Sept. 18, 1929 showed an increase of 1.9 per cent as contrasted with August 21, 1929. Deposits increased 1.6 per cent between Aug. 21, 1929 and Sept. 18, 1929 and on the latter date were 6.0 per cent smaller than on Sept. 19, 1928. Composite statement follows:

	*Sept. 18, 1929	*Aug. 21, 1929	*Sept. 19, 1928
Number of banks reporting.....	†25	†25	29
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations and other stocks and bonds.....	\$238,244	\$238,330	\$216,931
All other loans and discounts.....	301,209	290,963	301,580(1)
Total loans and discounts.....	\$539,453	\$529,293	\$518,511(1)
Investments			
U. S. Government securities.....	48,382	53,927	76,446
Other securities.....	108,844	110,091	132,050
Total investments.....	\$157,226	\$164,018	\$208,496
Reserve balance with F. R. bank	42,315	42,471	45,530
Cash in vault.....	6,372	6,275	7,110
Deposits			
Net demand deposits.....	360,643	354,249	379,910
Time deposits.....	224,468	224,104	239,367
Government deposits.....	3,571	1,244	7,238
Total deposits.....	\$588,682	\$579,597	\$626,515
Bills payable and rediscounts with Federal Reserve Bank.....	49,359	41,993	41,946

*In thousands (000 omitted).

†Decrease due to consolidation. These 25 banks are located in St. Louis, Louisville, Memphis, Little Rock, and Evansville, and their resources represents 53.1 per cent of all the resources of member banks in this district.

(1) Figures for 1928 include acceptances of other bank and bills of exchange sold with endorsement, while figures for 1929 exclude same.

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., 1929	*July, 1929	*Aug., 1928	Aug., 1929 July, 1929	comp. to Aug. 1928
East St. Louis and Natl.					
Stock Yards, Ill. \$	83,764	\$ 79,636	\$ 76,484	+ 5.2%	+ 9.5%
El Dorado, Ark.	8,207	8,386	9,621	— 2.9	— 14.7
Evansville, Ind.	31,011	36,378	48,284	— 14.8	— 35.8
Fort Smith, Ark.	13,097	12,178	11,584	+ 7.5	+ 13.1
Greenville, Miss.	4,156	4,404	3,595	— 5.6	+ 15.6
Helena, Ark.	5,008	5,294	3,398	— 5.4	+ 47.4
Little Rock, Ark.	75,715	75,829	70,419	— 0.2	+ 7.5
Louisville, Ky.	192,326	215,832	186,041	— 10.9	+ 3.4
Memphis, Tenn.	149,625	139,696	124,584	+ 7.1	+ 20.1
Owensboro, Ky.	6,319	6,386	5,763	— 1.0	+ 9.6
Pine Bluff, Ark.	10,836	9,879	9,238	+ 9.7	+ 17.3
Quincy, Ill.	15,282	14,902	12,719	+ 2.5	+ 20.2
St. Louis, Mo.	772,610	853,204	727,333	— 9.4	+ 6.2
Sedalia, Mo.	5,035	4,889	4,413	+ 3.0	+ 14.1
Springfield, Mo.	17,595	16,765	16,007	+ 5.0	+ 9.9
**Texarkana,					
Ark.-Tex.	15,222	16,038	14,168	— 5.1	+ 7.4
Totals.....	\$1,405,808	\$1,499,696	\$1,323,651	— 6.3	+ 6.2

*In thousands (000 omitted).

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

Federal Reserve Operations—During August the Federal Reserve Bank of St. Louis discounted for 242 member banks, against 247 in July and 217 banks in August, 1928. The discount rate remained unchanged at 5 per cent. Changes in the principal assets and liabilities of the institution as compared with the preceding month and a year ago appear in the following table:

	*Sept. 20, 1929	*Aug. 20, 1929	*Sept. 20, 1928
Bills discounted.....	\$72,374	\$72,638	\$63,195
Bills bought.....	63	82	11
U. S. Securities.....			
Total bills and securities.....	\$72,437	\$72,720	\$63,206
F. R. Notes in circulation.....	69,905	62,090	57,349
Total deposits.....	75,412	77,257	85,285
Ratio of reserve to deposits and F. R. Note Liabilities.....	57.5%	54.5%	60.9%

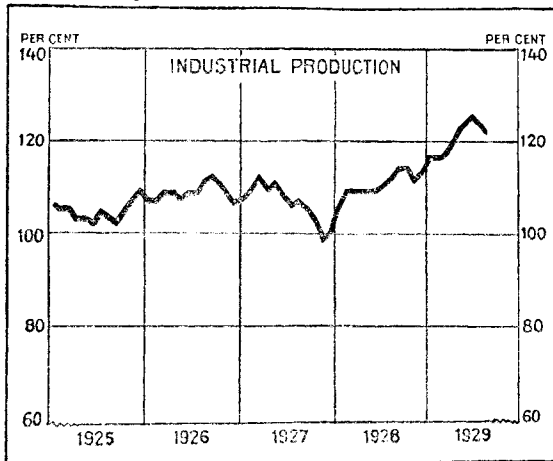
*In thousands (000 omitted).

(Compiled Sept. 21, 1929)

BUSINESS CONDITIONS IN THE UNITED STATES

Production in basic industries increased somewhat in August as compared with July, but the increase was less than is usual at this season, with the consequence that the Board's index of industrial production which makes allowance for usual seasonal changes, showed a decline. Wholesale prices declined slightly. Credit extended by member banks increased between the middle of August and the middle of September, reflecting chiefly a growth in commercial loans.

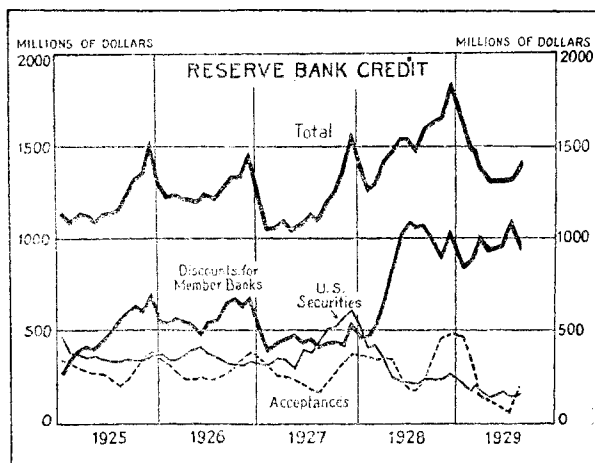
PRODUCTION—During August there was a reduction in the output of iron and steel and copper, and a slight decline in the production of automobiles. Meat packing



Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average=100). Latest figure, August, 123.

establishments were also somewhat less active during the month, while seasonal increases were reported in the production of textiles, shoes, coal, cement, flour and sugar. Petroleum output continued to expand. A slight increase in the number of workers employed in factories was accompanied by a substantial increase in payrolls. This increase was especially notable in industries manufacturing products for the autumn retail trade, such as clothing and furniture. For the first two weeks of September reports indicate a further decline in steel operations, a reduction in lumber output, resulting in part from the Labor Day holiday, and a continued seasonal rise in coal production.

In the construction industry contracts awarded in August were 25 per cent less than in July, reflecting a sharp decline in the residential group, as well as in contracts for public works and utilities, which were unusually large in July. As compared with last year, contracts were 5 per cent

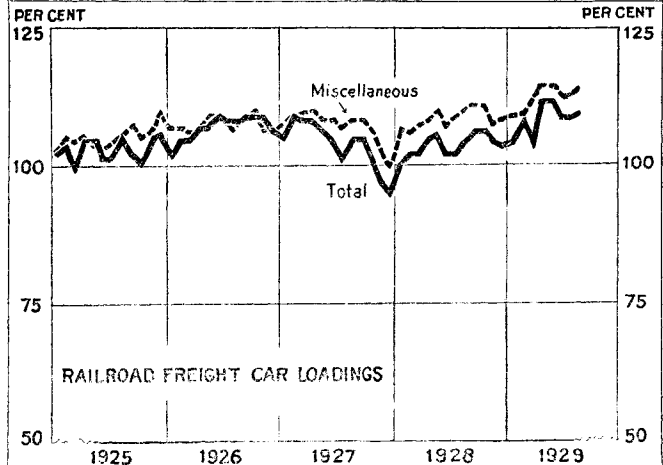


Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first 22 days in September.

lower in August, but in the first two weeks of September they were in approximately the same volume as in 1928. The September report of the Department of Agriculture indicates a corn crop of 2,456,000,000 bushels, 13 per cent less than in 1928 and 11 per cent under the five-year average. The estimated wheat crop of 786,000,000 bushels is substantially below last year, but only slightly less than the five-year average. Cotton production, estimated on August 1 at 15,543,000 bales, is now expected to total 14,825,000 bales, slightly above last year.

DISTRIBUTION—Freight car loadings increased seasonally in August as a consequence of larger shipments of all classes of freight except grains, which moved in smaller volume than in July, when shipments of wheat were unusually large. In comparison with 1928, total car loadings showed an increase of 5 per cent. Sales of department stores in leading cities were larger than in July and about 5 per cent above the total of August, 1928.

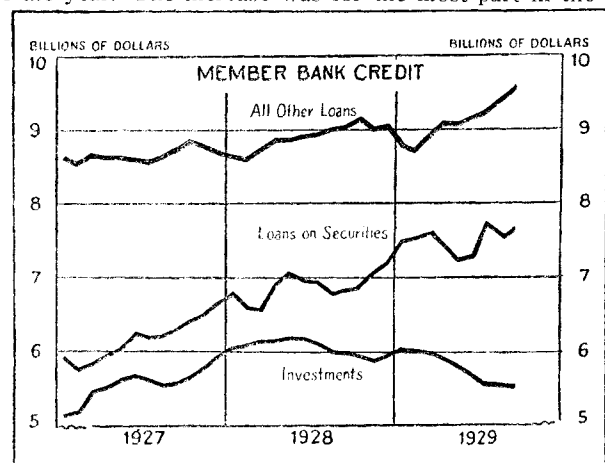
PRICES—Wholesale prices showed a slight downward movement in August, according to the index of The United States Bureau of Labor Statistics. This reflected chiefly declines in the prices of farm products, especially



Cars of revenue freight loaded as reported by the American Railway Association. Index numbers adjusted for seasonal variations (1923-25 average=100). Latest figures, August: Total, 109; Miscellaneous, 113.

grains and flour, and live stock and meats. Woolens and worsteds also decreased in price, while silk and rayon materials were higher. There was a decline in prices of iron and steel and automobiles, and a further decrease in prices of petroleum and its products, especially gasoline. Coal prices advanced during the month. In the middle of September the prices of grains, beef, raw sugar, silk and coal were higher than at the end of August, while prices of hogs, pork, and cotton were somewhat lower.

BANK CREDIT—Between the middle of August and the middle of September there was a further rapid increase in loans for commercial and agricultural purposes at member banks in leading cities. Security loans also increased, while investments continued to decline. During the first half of September the volume of reserve bank credit outstanding was about \$120,000,000 larger than at the middle of the year. The increase was for the most part in the re-



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures are averages of first three weeks in September.

serve banks' acceptance holdings and reflected chiefly growth in the demand for currency, partly seasonal in character. Discounts for member banks, following the increase over the holiday period early in September, declined at the time of the Treasury financial operations around the middle of the month, and on September 18 were at a lower level than at any time since last June. Open market rates on prime commercial paper increased from a range of 6-6½ to a prevailing level of 6¼ per cent during the first week in September, while acceptance rates remained unchanged.