

CROP and BUSINESS CONDITIONS

NINTH FEDERAL RESERVE DISTRICT

REPORT OF

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TO THE

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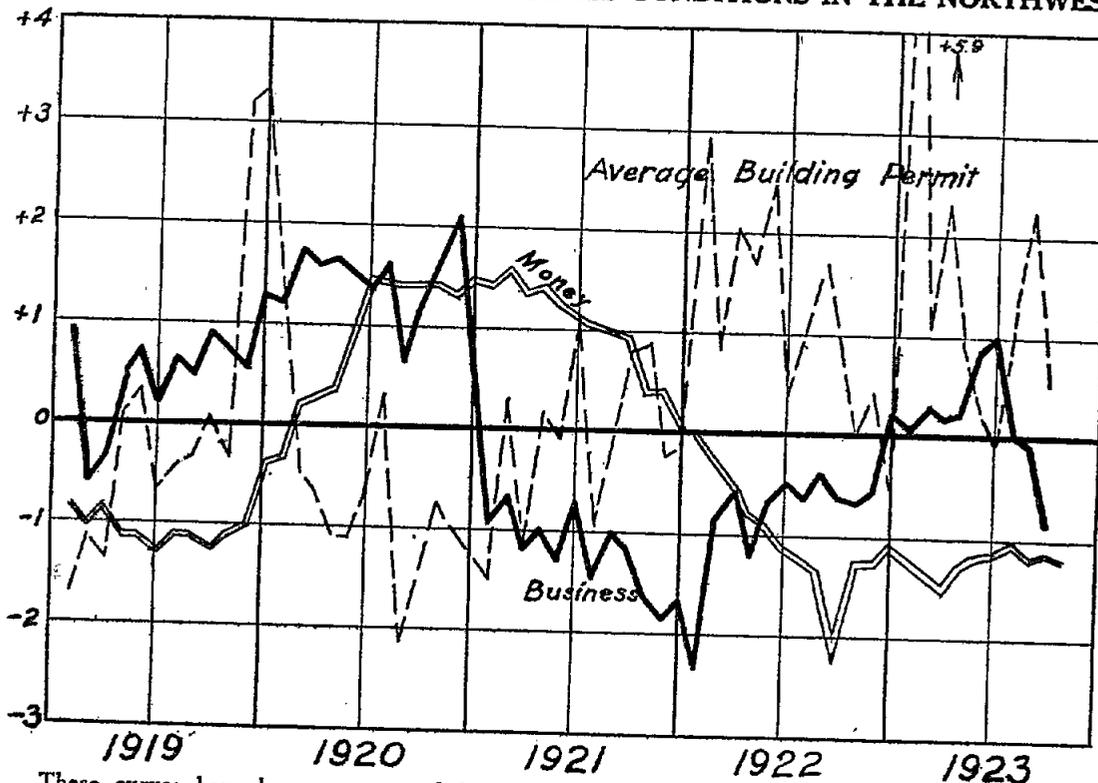
105th Report

MINNEAPOLIS, MINN.

October 29, 1923

EDITORIAL NOTICE:—This report is prepared monthly in the office of the Federal Reserve Agent for the purpose of providing the Federal Reserve Board with complete, accurate, and impartial information concerning business conditions in the Northwest. It is also printed for public use and will be mailed free of charge to anyone making request for it.

GRAPHIC SUMMARY OF URBAN BUSINESS CONDITIONS IN THE NORTHWEST



These curves have been constructed from data collected by this office and adjusted to eliminate seasonal influences except for money rates.

BUSINESS: The best single available index of general business is individual debits. These represent the aggregate dollar value of all payments made by bank checks, and therefore reflect both the volume of business and the prevailing prices. Nine representative cities for which we have consecutive figures are combined in this curve.

AVERAGE BUILDING PERMIT: The number and value of building permits granted are customarily accepted as indicative of prospective business activity. This graph, however, shows the average size of building permits for eighteen selected cities, thereby giving greater weight to the larger projects which are either started or deferred because of business considerations, and which have a determining influence upon the degree of activity in the building trades and in the supply of materials. To a certain extent this curve furnishes an index of business sentiment which is made up very largely of confidence in the stability of prices. The variation of building material prices, as compared with 1913 levels, has been eliminated in constructing this graph.

MONEY: Commercial money rates have been averaged for 13 varieties of paper in Minneapolis. National rather than local business conditions determine this rate, but it is an important consideration in local enterprises.

DISTRICT SUMMARY FOR THE MONTH

Statistical evidence now available covering business conditions during the month of September indicates very definitely that there has been an improvement in country districts and a decline in the cities.

This improvement in the country has taken the form of a revival of buying and appears to be based on a solid foundation. Computations made by us based upon latest information published by the United States Department of Agriculture concerning production, value and prices received on the farm on October 1, indicate a substantial increase over last year in the dollar amount of the available purchasing power of the farmer. For the grains and potatoes, this increase in dollar value of purchasing power amounted to nearly 70 million dollars or an increase of about 14 per cent as compared with a year ago, all states of this district having an increase except North Dakota. It is remarkable that there should be such an increase in aggregate purchasing power at the same time that there was a decline in the value of the wheat crop alone of about 58 million dollars. This means that the production and prices of other crops have increased values more than double the loss on wheat. A large part of the credit for this satisfactory result must be given to corn which will yield 53 million more bushels and contribute a value of nearly 100 million dollars above a year ago.

The failure of rye to materialize in many parts of the district because of winter kill and poor stands so that the farmer had acreage available for spring planting, was a blessing in disguise. Rye is the only grain produced in this district which declined in price as compared with a year ago, owing to an enormous increase of rye acreage and production in Europe. Much of the land which had been seeded to rye was later available for the planting of flax. Those who heeded advice on market needs planted flax in the spring and have, according to present indications, obtained most excellent results. The total flax production in this district was almost doubled, and the dollar value on the farm was about 19 million dollars more than a year ago without a break in the price. In addition to the improved prices for grains, farmers have also enjoyed increases in the prices of butter, beef cattle, veal calves, lambs, wool, and other products, as compared with a year ago.

Coupled with the foregoing improvement in dollar value of purchasing power enjoyed by the farmers, there has apparently been a decline in the price of commodities purchased by him. The index of wholesale prices for non-agricultural products declined for the year ending in August about 7½ per cent, and while this decline in wholesale prices may not be immediately reflected in retail prices, it is certain to have some influence in that direction.

The median prices received for grains in September, all of which were better than a year ago except

in the case of rye, exercised a profound influence upon the quantity of these grains marketed as shown by the Minneapolis receipts. Flax, barley, and oats were marketed considerably in excess of what might be considered a normal marketing for these grains, having due regard to the size of the crops this year and last, and the amount marketed in September a year ago; and rye was marketed at less than would be considered normal when judged by the same tests. Wheat came to market in somewhat more than normal quantities because the estimated wheat crop of this year is but 64 per cent of that of a year ago, whereas September receipts of wheat this year were 71 per cent of a year ago.

There has been no difficulty in obtaining railroad equipment this year for the purpose of shipping grain. Therefore market conditions can more easily influence shipments than in recent years. The movement of corn has been negligible owing to the fact that farm stocks were practically exhausted this year, and new corn had not begun to move during September.

The fall run of livestock is well under way with receipts at South St. Paul much larger in the case of hogs and sheep and slightly smaller in the case of cattle and calves as compared with a year ago. The total run of all livestock measured by number of head is about 15 per cent greater than last September and prices show mixed tendencies, increases being shown only in the case of hogs as compared with the preceding month.

Business activity in the cities of this district during September as reflected by individual debits at banks increased slightly as compared with August but the increase was only one-third of what should normally take place at this time of the year. In fact, the total volume reached the lowest point shown in any September during the last five years except September, 1921. This slowing down in urban business was brought about largely by the slump in flour milling production due to a smaller wheat crop to be milled, as well as a decline in mining output, and a less than seasonal increase in retail trade in the cities, smaller shipments by lumber manufacturers and mixed conditions in wholesale trade. However, there was a very satisfactory increase in the shipments of linseed products owing to the very large volume of flax moving at this time.

The member banks in this district as well as this Federal Reserve Bank experienced a loan expansion which is seasonal for September. The demand was not so great, however, as to make any substantial increase in interest rates charged customers by member banks.

TOPICAL REVIEWS

The aggregate farm value of grains and potatoes produced in the four complete states of this district measured by October 1 prices was \$68,000,000 greater in 1923 than in 1922. The figures of pro-

NINTH FEDERAL RESERVE DISTRICT

duction and farm prices are taken from reports of the United States Department of Agriculture. The detailed figures are given at the foot of page 3.

The latest crop estimates show that Montana with 39,210,000 bushels, has produced more spring bread wheat this year than any other state in the Union. The figures used are the October 1st preliminary production figures prepared by the United States Department of Agriculture statisticians in the various states. Montana's first rank is explained by the fact that Montana has produced the largest crop ever

grown in the state and North Dakota has produced a crop of only 56,466,000 bushels, of which 26,594,000 bushels were durum. In the last ten years, North Dakota has produced only two crops, in 1916 and 1917, that were lower than the 1923 production. Minnesota produced 20,024,000 bushels of spring wheat, or 20 per cent less than last year, from an acreage 12 per cent smaller. Spring wheat production in South Dakota was only 26,106,000 bushels, 32 per cent less than the 1922 figure on 95 per cent of the 1922 acreage.

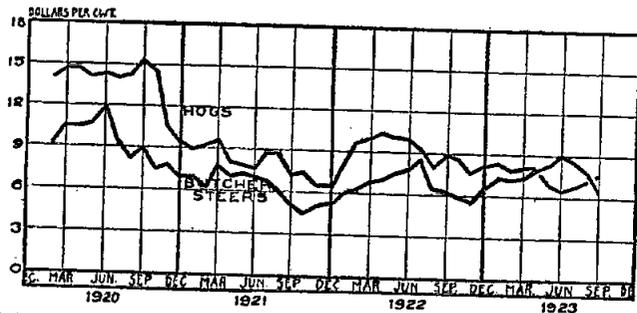
PRODUCTION, PRICES AT THE FARM, AND TOTAL VALUES OF SEVEN CROPS IN 4 NORTHWESTERN STATES AS OF OCTOBER 1, 1922, AND OCTOBER 1, 1923

| | Production in million bushels | | Farm Prices in Cents per Bushel | | Value in Millions of Dollars | |
|--------------------------------|-------------------------------|------------|---------------------------------|------------------|------------------------------|------------|
| | 1922 | 1923 | 1922 | 1923 | 1922 | 1923 |
| Wheat | | | | | | |
| Minnesota | 27 | 21 | | | | |
| North Dakota | 123 | 56 | 93 ^c | 103 ^c | \$ 25 | \$ 22 |
| South Dakota | 40 | 27 | 83 | 91 | 102 | 51 |
| Montana | 46 | 47 | 78 | 82 | 31 | 22 |
| Total, 4 States..... | 236 | 151 | 80 | 91 | 37 | 43 |
| Corn | | | | | | |
| Minnesota | 131 | 157 | 49 | 69 | 64 | 108 |
| North Dakota | 19 | 21 | 45 | 54 | 8 | 11 |
| South Dakota | 110 | 133 | 40 | 68 | 44 | 90 |
| Montana | 5 | 9 | 50 | 70 | 3 | 6 |
| Total, 4 States..... | 266 | 319 | | | | |
| Oats | | | | | 120 | 216 |
| Minnesota | 143 | 150 | 27 | 32 | 39 | 48 |
| North Dakota | 79 | 58 | 20 | 27 | 16 | 16 |
| South Dakota | 74 | 83 | 24 | 30 | 18 | 25 |
| Montana | 19 | 21 | 30 | 36 | 6 | 7 |
| Total, 4 States..... | 315 | 312 | | | | |
| Barley | | | | | 78 | 96 |
| Minnesota | 24 | 23 | 42 | 44 | 10 | 10 |
| North Dakota | 26 | 24 | 32 | 38 | 8 | 9 |
| South Dakota | 22 | 23 | 33 | 39 | 7 | 9 |
| Montana | 2 | 2 | 43 | 44 | 1 | 1 |
| Total, 4 States..... | 74 | 72 | | | | |
| Rye | | | | | 26 | 29 |
| Minnesota | 22 | 14 | 55 | 54 | 12 | 7 |
| North Dakota | 25 | 9 | 52 | 48 | 13 | 5 |
| South Dakota | 8 | 3 | 55 | 48 | 4 | 2 |
| Montana | 2 | 1 | 43 | 44 | 1 | 1 |
| Total, 4 States..... | 56 | 28 | | | | |
| Flax | | | | | 30 | 14 |
| Minnesota | 3 | 5 | 194 | 217 | 6 | 11 |
| North Dakota | 5 | 10 | 197 | 211 | 11 | 20 |
| South Dakota | 2 | 3 | 195 | 211 | 4 | 6 |
| Montana | 1 | 1 | 149 | 200 | 1 | 3 |
| Total, 4 States..... | 11 | 19 | | | | |
| Potatoes | | | | | 22 | 41 |
| Minnesota | 44 | 39 | 38 | 54 | 17 | 21 |
| North Dakota | 18 | 12 | 30 | 45 | 5 | 6 |
| South Dakota | 9 | 9 | 45 | 64 | 4 | 5 |
| Montana | 6 | 5 | 65 | 77 | 4 | 4 |
| Total, 4 States..... | 76 | 64 | | | | |
| All Grains and Potatoes | | | | | 30 | 36 |
| Minnesota | | | | | 173 | 228 |
| North Dakota | | | | | 164 | 118 |
| South Dakota | | | | | 112 | 159 |
| Montana | | | | | 52 | 64 |
| Total, 4 States..... | | | | | 501 | 569 |

The October 1 corn forecast for the four complete states in this district was nearly 316 million bushels, exceeding last year's crop by 20 per cent. Previous to this year the largest corn crop ever produced was the 1921 crop of 303 million bushels. This year, however, the acreage devoted to corn is 9,578,000 acres, or 17 per cent more than in 1921. The weather conditions during September and the first half of October were very favorable, except in Montana, for the harvesting of corn. By October 15, practically all corn had been harvested as far west as Montana. Small amounts of soft and light corn are expected, but actual figures will not be available until November.

The favorable weather during the first half of October permitted farm work to be carried on even more rapidly than normal, except in Montana, where excessive rains not only delayed the fall work, but also damaged grain standing in the shock. Some sections in Minnesota reported that the ground was too dry for satisfactory plowing, but in the rest of the district, much more plowing was being done than a year ago. Fall sown grains were in much better condition than a year ago, early plantings showing up exceptionally well.

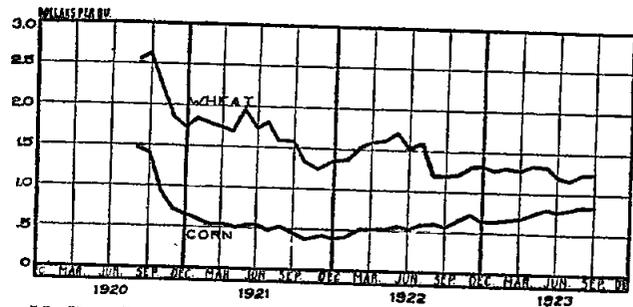
A survey of the alfalfa seed situation in South Dakota by the Agricultural Statistician at Watertown shows that the production was reasonably good, with a possible increase of 5 per cent over the production of 1922. The yields reported were not large, but in some sections four bushels per acre were frequently obtained. The quality of the crop as a whole was only fair, with the upland seed produced west of the Missouri River of much better quality than the seed produced east of the river.



Median Prices of Hogs and Butcher Steers at South St. Paul

Farm product prices at northwestern terminal markets were firm or rising during September for all of the major products except the cattle group. Without exception the grains showed increases in median prices of from 1/4 to 5 cents per bushel for the grades selected. The largest increase occurred in the price of the best grade of flax which circumstance is noteworthy in view of the exceptionally heavy early season receipts of this grain. In livestock prices, only one increase occurred, the median price of hogs rising 35 cents per hundred weight between August and September. Veal calves and lambs did not vary from the August median price

but butcher cows and steers and stock and feeder steers showed declines, the greatest loss occurring in butcher steers in which class the median declined \$1.60 per hundredweight. This latter decrease follows the usual seasonal movement although the decline is somewhat more precipitate than in the past two years. However, the September median for butcher steers was higher than the September median in either 1921 or 1922. The rate of increase in the price of corn was not as great as that in the price of hogs and consequently our ratio, computed to indicate increases and decreases in the profitability of feeding hogs, shows a slight rise between August and September.



Median Prices of Wheat and Corn at Minneapolis

Grain Marketing: A comparison of 1923 with 1922 as to the size of the crop, terminal prices and September receipts is provided by the following table. With the exception of corn where the new crop has not commenced to arrive, it is clear that higher prices (of wheat, oats, barley and flax) have brought out unseasonably large amounts of these grains and that the low price of rye has resulted in unseasonably small receipts.

| | Percentage 1923 Crop of 1922 crop | Percentage Receipts of 1922 Receipts during September | Percentage 1923 Prices of 1922 Prices September Medians |
|--------------|--|---|--|
| Corn | 120.3% | 21.0% | 150.3% |
| Wheat | 64.0 | 70.9 | 105.1 |
| Oats | 99.0 | 120.3 | 110.3 |
| Barley | 97.2 | 147.3 | 107.8 |
| Rye | 49.7 | 40.9 | 99.6 |
| Flax | 169.2 | 269.5 | 104.9 |

Grain stocks in Northwestern terminal elevators increased 45 per cent during the month of September, showing the effect of the autumn increase in grain receipts. There were increases in stocks of all grains except corn, of which an insignificant amount was held at the end of September. Stocks of wheat and rye showed increases of 40 and 17 per cent, respectively, and the stocks of both grains, especially rye, are at high levels as compared with the same date in the last four years. Stocks of oats and barley more than doubled, but the totals are quite small. Flax stocks at the end of September were nine times as large as at the end of August, reflecting the heavy September receipts. Compared with last year, very interesting adjustments have been made. Stocks of oats which were nearly 17 million bushels a year ago

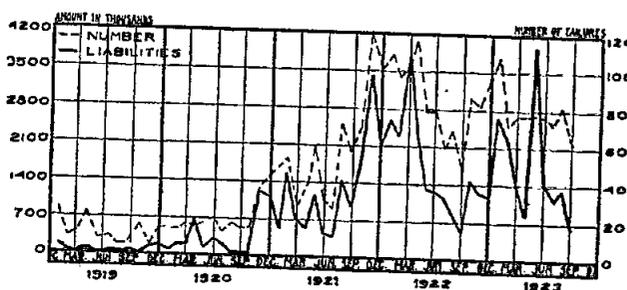
have been reduced to less than five million bushels and stocks of corn have been reduced to 10,000 bushels as compared with nearly 600,000 bushels a year ago. Stocks of all the other grains are larger. For rye especially, stocks were more than 3½ times as large as a year ago, and from the lack of reduction in stocks during the summer of 1923, it appears that at this time, rye is almost as slow in moving as were oats in 1921. Wheat stocks were more than one-half larger at the end of September than a year ago. Barley stocks were up nearly three-fourths and stocks of flax showed an increase of one and three-fourths times.

The movement of live stock at South St. Paul began its usual fall increase in September and receipts continued to be above the ten-year average. The increase was shared by all classes except calves, which normally decline at this season of the year. Receipts of hogs increased one-fourth between August and September, although normally receipts are about the same in both months. September receipts of cattle and sheep were about as large as the ten-year average for the month, but receipts of hogs and calves were considerably above the ten-year average following the tendencies of the last few years. As compared with last year, receipts of cattle and calves during September were slightly lower and receipts of hogs and sheep were somewhat larger.

Feeder shipments also showed an increase during September. Shipments of feeder cattle were one-half larger in September than in August, shipments of feeder sheep almost quadrupled, hogs nearly trebled, and there was an increase of one-third in shipments of feeder calves. As compared with September last year, this year's September shipments of feeders were nearly one-third larger for hogs, but smaller for cattle, sheep, and especially for calves.

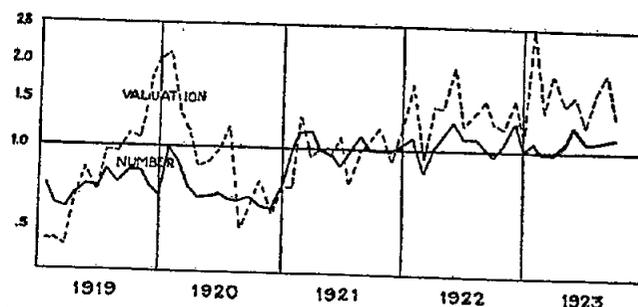
The volume of business in the cities as indicated by debits to individual accounts of banks in nine representative cities was about 6 per cent greater in September than in August but the normal increase, judging from the experience of the past four years, is nearly three times that amount, and consequently if an adjustment is made to allow for purely seasonal changes, the volume of business declined very sharply. During September the business curve reached a lower point than at any time since April 1922, and it was the lowest point reached in September in any of the last five years with the exception of 1921.

Soo Canal traffic eastbound showed a slight decline between August and September, but was one-fourth larger in volume than a year ago. As usual, iron ore shipments were the largest factor in the changes but between August and September, all of the other listed items also declined except wheat for which the shipments more than doubled between the two months. Comparing September, 1923, with the same month last year, every item showed smaller totals except iron ore.



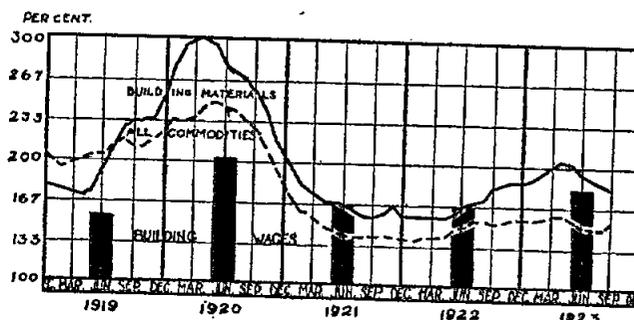
Business Failures in the Ninth Federal Reserve District
(Reports from R. G. Dun & Company)

Business failures showed a seasonal decline of nearly one-fourth in number and more than one-half in liabilities between August and September. There were only 63 business failures in the Northwest during September with liabilities amounting to \$637,-652.



Building Permits in Eighteen Cities, Adjusted by Elimination of Seasonal Influences

Building permits granted in 18 northwestern cities showed a slight reduction of 6 per cent in the number of projects contemplated and a reduction of more than one-half in the valuation of projects, as compared with August but both number and valuation were larger than in September last year. The decline between August and September was slightly less than normal for the number of permits but was very much greater than normal for the valuation. However, the valuation of permits issued during August was the largest of any month in the last five years and it is not surprising that this volume was



Wholesale Prices of All Commodities and of Building Materials

(Index Computed by United States Bureau of Labor Statistics—1913 equals 100)

Building Wages at Fourteen Minnesota Cities

not maintained during September. The effect of these changes on the size of the average permit, the movement of which is charted elsewhere in this report, was to cause a pronounced decline, even when an adjustment is made to eliminate the seasonal movement which is downward at this time of year.

Manufacturing in this district showed mixed trends during September. Most important was the fact that Minneapolis flour mills did not show a seasonal increase in output. During the month of September, the Northwestern Miller reports that only 1,104,206 barrels of flour were produced by Minneapolis flour mills. This total is the lowest September figure in fourteen years and represents a decline of 10.5 per cent from the August output, whereas normally, according to the experience of the past thirteen years, there is a substantial increase. Only in the three most abnormal of the past thirteen years, 1914, 1916 and 1920, were there declines in the output of Minneapolis mills between August and September and in 1916 alone there was a greater decline (10.6 per cent) than in 1923, and it is noteworthy that the level of production was much higher in 1916 than at the present time. Minneapolis flour production during September was less than two-thirds as large as production in September a year ago. Shipments of flour from Minneapolis reflect the same condition as the production figures. Shipments for September were 1,277,916 barrels, the lowest September shipment figure in thirteen years, and a decline from August of 11.4 per cent. This figure is about two-thirds as large as that for September a year ago. In contrast with the Minneapolis flour production situation is that of outside mills in this district. There were good increases in production between August and September at St. Paul mills and at Duluth-Superior mills, and country mills in this district increased their output 5 per cent, but production at all mills, other than those located in St. Paul, showed some decline as compared with last year's production.

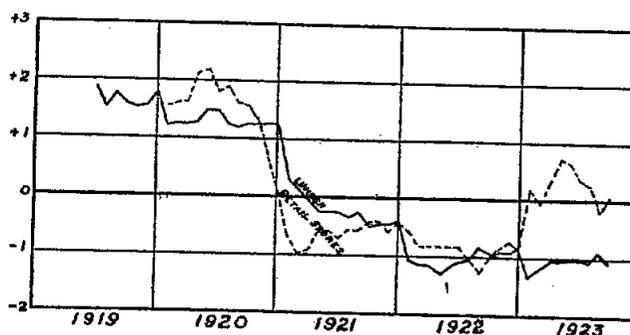
Linseed products were shipped in larger volume during August than during September, the largest increase occurring in linseed oil, and both oil and oil cake shipments were larger than in September a year ago. As compared with the normal movement of linseed products at this time of year, oil cake showed about the average seasonal movement, but linseed oil shipments normally decline slightly and the increase this year between August and September brought oil shipments to a point only exceeded in fourteen months since 1910, when a correction is made to eliminate seasonal changes.

Lumber manufacture has experienced seasonal changes between August and September. Although the cut of lumber declined 14 per cent, shipments declined sufficiently so that stocks of lumber in manu-

facturers' hands increased slightly. At the same time orders placed for future delivery were slightly larger in September than in August, which promises well for future business. As compared with a year ago, the lumber cut during September was somewhat larger and shipments considerably smaller, while orders placed for future delivery were about as large in September this year as a year ago. Lumber stocks this year at the end of September were slightly larger than last year's stocks. The activity of lumber manufacturers is turning again to the woods, as is usual at this season of the year. The number of employees in the woods increased one-fourth and there was a very slight decline in the number employed in the mills.

Mining output in this district declined between August and September, with the exception of coal, but the declines were not marked. As compared with September a year ago, iron ore, copper, gold and coal showed larger totals, but the output of silver was smaller.

Retail trade showed a less than seasonal decrease in rural lumber sales between August and September, but in city department stores, where sales customarily increase at this time of year, the increase was less than normal. The effect on stocks of goods of these varying movements in retail trade has been to reduce retail lumber stocks as compared with normal and to increase merchandise stocks of retail stores as compared with normal.



Retail Stocks of Lumber and General Merchandise

(Figures from companies reporting to this office after adjusting to eliminate the effects of seasonal influences.)

Wholesale trade in the five reporting lines showed seasonal declines between August and September, ranging from 4 per cent in groceries to 42 per cent in farm implements. As compared with September last year, sales were 30 per cent larger in farm implements and slightly larger in groceries and hardware, but shoe and dry goods sales were smaller.

The good increase over last year in September farm implement sales is worthy of note, since it marks a change in farm buying from the earlier months of the year. Farm implement sales during the first eight months of 1923 were 9 per cent less than in the same months of 1922.

Coal receipts at Duluth-Superior Harbor continued to be in good volume during September, although the receipts were smaller than in August. Soft coal receipts were smaller in September than a year ago, but it should be recalled that in the autumn months of 1922, a concentrated effort was being made to secure large coal shipments up the lakes in order to compensate for the small shipments during the coal strike in the summer months. Hard coal receipts continued to be very much larger than during the same month a year ago. Receipts of hard and soft coal during the year 1923 to September 30 have been one-third larger than the average receipts for the same period during the five years immediately before 1922.

Banking reports from this district show seasonal expansion in the cities during September and some contraction in the country districts. Reports from city member banks show increases in loans and demand deposits, with the former registering the greatest increase, which has compelled increased borrowings from this Federal Reserve Bank. The borrowings of country member banks from this Federal Reserve Bank declined during the month, indicating that their position was becoming easier.

The balance sheets of twenty-eight selected member banks in the larger cities of the district showed an increase during September of 9½ million dollars in loans and nearly 6 millions in demand deposits, but time deposits declined 2¾ millions and these banks were compelled to increase their borrowings from this Federal Reserve Bank by more than 4 millions. United States security holdings and Government deposits both increased, chiefly on account of Government financing.

During the two weeks ending October 10, these same banks experienced a further small rise in loans and demand deposits and a further decline in time deposits, but they found it possible to reduce their borrowings from this bank slightly.

Savings deposits at Minneapolis, St. Paul and Duluth increased 1.7 per cent during the month ending October 1 and these deposits were more than 12 per cent larger than on the same date a year ago. Since October 1 is an interest date for savings banks,

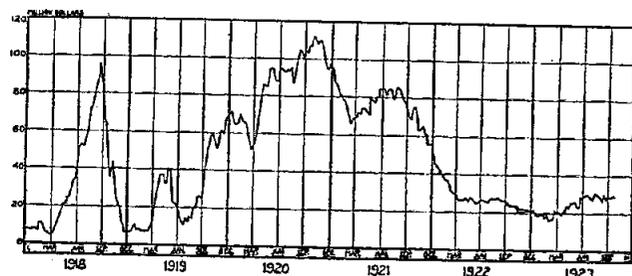
it is probable that the greater part of the increase during September was due to interest credits rather than to an accumulation of savings. However, if an allowance is made for an interest credit of about 1 per cent of the September 1 total, there still remains a moderate increase in savings deposits.

Commercial paper outstanding in this district showed a good increase of 17 per cent during September. This is a customary occurrence at the beginning of the fall season. The amount of commercial paper outstanding was larger on September 30 than on the same date a year ago, but smaller than the amount on the same date in 1920 or 1921.

Prevailing interest rates at Minneapolis showed a slight decline during the month ending October 15, according to quotations by three banks. There were declines of one-half per cent in the customary rate on inter-bank loans and one-fourth per cent on commodity paper, but bankers' acceptances showed fractional increases.

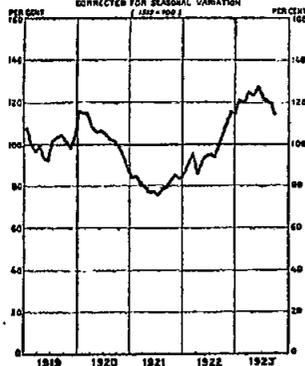
The loans of this Federal Reserve Bank to member banks were three-fourths of a million dollars larger at the end of September than at the beginning of the month, the increase being accounted for mainly by larger loans to Twin City banks. Loans to banks outside of the Twin Cities declined. During the month the increasing volume of business caused an expansion of Federal reserve notes in circulation of more than 3 million dollars and member bank reserve deposits were at the same level at the end of the month as at the beginning. The net effect of these changes was to increase reserves nearly 2 million dollars and to permit this bank to increase security holdings more than one-half millions.

During the three weeks ending September 17 the loans of this bank declined slightly, but were still above 29 millions. Federal reserve notes in circulation increased an additional 1½ millions, security holdings were reduced somewhat and reserves increased nearly 2½ millions.

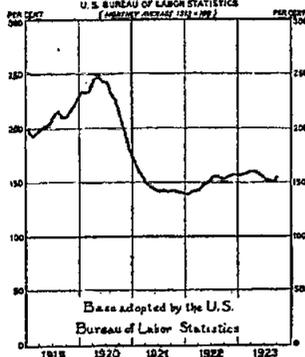


Federal Reserve Accommodation to the Ninth District

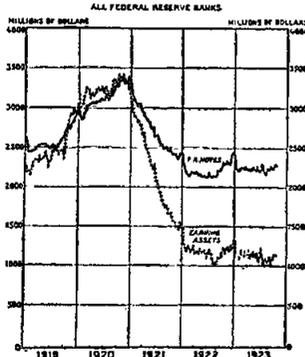
INDEX OF PRODUCTION IN BASIC INDUSTRIES
COMBINATION OF 22 INDIVIDUAL SERIES
CORRECTED FOR SEASONAL VARIATION
(1919=100)



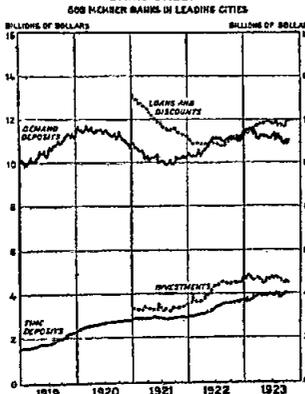
PRICES
INDEX NUMBER OF WHOLESALE PRICES
U. S. BUREAU OF LABOR STATISTICS
(1919=100)



BANK CREDIT
ALL FEDERAL RESERVE BANKS



BANK CREDIT
500 MEMBER BANKS OF LEADING CITIES



Summary of National Business Conditions (Compiled Oct. 26 by Federal Reserve Board)

Production of basic commodities declined during September, wholesale trade continued large while retail trade, though larger than a year ago, increased less than is usual at this season of the year. Wholesale prices, particularly those of agricultural products, advanced during the month.

PRODUCTION: Production in basic industries, according to the Federal Reserve Board's index, declined 5 per cent during September, and was 10 per cent below the peak output of May. The principal factors in this decline were the suspension of anthracite coal mines for over two weeks and a substantial reduction in the production of iron and steel. Cement production and sugar meltings were larger than in August. The decline in the production index, which is corrected for seasonal variations and reflects chiefly changes in the output of raw and semi-finished products, was not accompanied by a reduction of employment at industrial establishments. New building construction showed about the usual seasonal decline in September, due to curtailment in contracts for residences. Contract awards for business and industrial buildings, however, were larger than in August. Estimates by the Department of Agriculture on October 1 showed some reduction from the September 1 forecasts in the yields of corn, wheat, oats and tobacco, but increased yields of cotton, potatoes and hay.

TRADE: Distribution of all classes of commodities by railroads continued at a high rate throughout September. Wholesale trade, according to the Federal Reserve Board's index in September reached the largest total in three years and was 9 per cent larger than a year ago. Sales of meats, hardware and drugs were considerably larger than in last September, while shoe sales were smaller. Retail trade was slightly larger in September, but the increase was much less than is usual at this season of the year. Department store sales were 6 per cent more than in September, 1922, and stocks at the end of the month were 13 per cent larger than a year ago.

PRICES: Wholesale prices increased over 2 per cent during September, according to the index of the Bureau of Labor Statistics, particularly large increases occurring in the prices of clothing, farm products and foods. Fuel prices, on the other hand, declined in September for the eighth successive month, and prices of building materials and metals were also lower. During the first three weeks of October, prices of certain farm products continued to advance, wheat and cotton reaching the highest points of the current year, while prices of hogs, coal and metals declined.

BANK CREDIT: Demand for bank credit showed a seasonal increase in September and the early part of October, loans of member banks in leading cities increasing by \$116,000,000 between September 12 and October 10. This increase reflected chiefly the demand for commercial loans, which on the latter date stood at a new high point for the year, almost \$100,000,000 above the total on September 12. Increases in the holdings of government securities by these banks were partly offset by reductions in corporate security holdings.

The demand for accommodation at the Federal Reserve Banks in some of the agricultural districts increased, while at the Reserve banks in the east the volume of discounts for member banks declined. Federal Reserve note circulation continued to increase and in the middle of October was about \$100,000,000 above the July level.

In October money rates showed an easier tendency and after the 15th of the month rates for commercial paper in the New York market declined from a range of 5¼-5½ to 5-5¼ per cent.