MONTHLY REVIEW

OF

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

NINTH FEDERAL RESERVE DISTRICT

JOHN R. MITCHELL, Chairman of the Board and Federal Reserve Agent

CURTIS L. MOSHER J. F. EBERSOLE
Assistant Federal Reserve Agents

Vol. III (Serial No. 124) Minneapolis, Minnesota May 29, 1925

DISTRICT SUMMARY FOR THE MONTH

April business was marked by growing confidence and increase of effective purchasing power in the agricultural sections of this district.

Very substantial gains over a year ago were reported in the sales of lumber at retail yards scattered throughout this district, in wholesale trade in farm implements, and in shipments into this territory of building materials and automobiles. Most notably, prospective building activity as reflected in building permits doubled. Collection conditions were reported as decidedly better than last year.

Also as compared with a year ago, April business exhibited a gain of 27 per cent in total money value, according to individual debits reported by 17 selected cities in this district. This increase in money value was accompanied by an increase in physical volume, as carloadings were greater than a year ago. Receipts of grain and live stock did not exhibit much change as compared with last year, but there were increases in carloadings of ore, miscellaneous freight, less than carlot merchandise and coke. Manufacturing exhibited mixed trends, shipments of flour and forest products showing declines and shipments of linseed products showing an increase as compared with last year. Department store sales increased very little. Speculative trading in grain was more than double that of a year ago.

As compared with the preceding month, the April volume of business transacted in this Federal Reserve District declined. The total of individual debits at banks recorded the customary seasonal decline. Receipts of grain and live stock, as well as their prices, with the exception of butcher cattle, were lower than in the preceding month. Manufacturing as reflected in the shipments of forest products, linseed products and flour, declined. Total carloadings of all products, however, increased slightly, due primarily to a very large expansion in ore shipments to the Head-of-the-Lakes in anticipation of an earlier opening of navigation this year. Wholesale trade exhibited gains and losses in different lines; and department store sales did not show the same percentage of increase as last year.

The most promising fact contained in the April figures as compared with March was an increase of approximately 75 per cent in the valuation of building permits granted in 18 representative cities located in this Federal Reserve District. This is considerably more than the seasonal increase normally to be expected at this time of year.

During April country banks drew heavily upon their city correspondents for funds. As a result, banks in the larger cities sold securities, collected maturing loans, reduced their cash holdings and reserves, and borrowed to a small extent from this Federal Reserve Bank. Interest rates remained practically unchanged. Federal reserve notes outstanding declined.

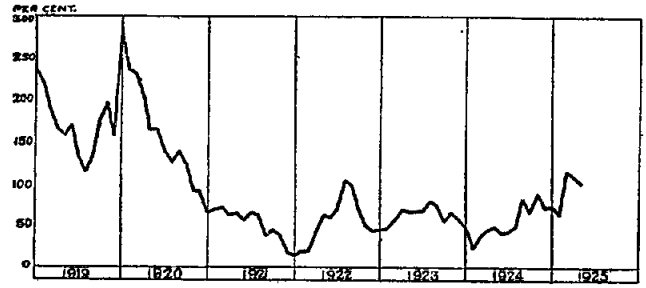
TOPICAL REVIEWS

Check payments made during April through banks in important cities of this district were the largest recorded for any April of the period for which this office has data. At these 17 cities, debits to individual accounts in April, 1925, amounted to $779,737,000, as compared with $613,225,000 in April, 1924, an increase of 27 per cent. The greater part of this increased money value of transactions was due to increases at Minneapolis and Duluth-Superior. Transactions were 35 per cent greater at Minneapolis and 50 per cent greater at Duluth-Superior than last year. The cities handling live stock also experienced great increases as compared with a year ago. South St. Paul reported a 39 per cent gain and Sioux Falls a 30 per cent gain. In the wheat belt cities the increase was 16 per cent and in the Mississippi Valley cities 12 per cent. St. Paul reported an increase of 6 per cent over a year ago.

When a comparison is made with March, 1925, April transactions were 5 per cent smaller, owing to declines in the larger cities, although most of the wheat belt and Mississippi Valley cities reported gains. Apparently this decrease was seasonal, for it has occurred in all but two years of the last seven. In fact, a year ago the decrease between March and April was identical with that experienced this year. However, the decline at Duluth this spring was much less than that of a year ago, probably owing to the early opening of navigation, which allowed heavy early-season receipts of coal and shipments of grain and ore.

Carloadings of freight in the Northwestern District during the four weeks ending April 25 amounted to 492,378 cars, an increase of 6 per cent over the preceding four weeks and an increase of 7 per cent over the four weeks of April a year ago. The increase in April over March was largely a seasonal matter due to heavier shipments of ore, merchandise in less than carload lots and miscellaneous commodities, although partly offset by decreases in shipments of grain, live stock, coal, coke and forest products. A large part of this increase of April shipments over the corresponding period a year ago was due to an increase of 20,000 cars of ore loaded in April this year in excess of the loadings a year ago in anticipation of an early opening of the lake shipping season. If this item were eliminated, the increase over a year ago would be only 2 per cent, accounted for by increases in loadings of miscellaneous commodities, less than carload lot merchandise and coke. Loadings of miscellaneous freight were 13½ per cent larger than last year in April.

Shipments of important commodities into the Northwest trade territory are reaching a record breaking volume, according to the April report of the Minneapolis Traffic Association. Shipments of building material during April were the largest since the war and shipments of autos, trucks and tires were the second largest in the history of the city. Shipments of important building materials, including such items as lumber, millwork, shingles and building paper, amounted to 820 cars in April, 1925, as compared with 337 cars in April last year, and the previous post-war record of 636 cars in April, 1920. Cars of automobiles, trucks and tires forwarded from Minneapolis were 1,348 during April, as compared with 1,058 a year ago, and 1,360 in March, 1923, which was the largest volume reported for any one month since records were first compiled in 1915. Farm implements and vehicles shipped were more than double the volume of a year ago, amounting to 264 carloads in April this year, as compared with 127 cars a year ago. Furniture shipments required 50 cars in April this year, and but 46 cars a year ago.



Farm Implement and Vehicle Shipments Into the Northwest Trade Territory Measured by Cars, with Seasonal Changes Removed.

Wholesale trade in this district continued to be much more active than a year ago. Farm implement sales were 89 per cent larger in April than in the same month last year. Sales of dry goods were 8 per cent larger, and sales of hardware 6 per cent larger. There was also an increase in the volume of sales of shoes at wholesale, the extent of which cannot be exactly determined because one reporting firm made a shift in the selling territory of its northwestern office and now includes some sales that were formerly not included. Sales of groceries showed the only decline as compared with a year ago, amounting to less than 3 per cent. There were increases in wholesale trade in April over March in farm implements, hardware and shoes and decreases in dry goods and groceries.

Collections are much better this year in wholesale lines than a year ago. Accounts and notes receivable on the books of farm implement wholesalers and manufacturers were 2 per cent smaller on May 1 than on the same date last year, although sales for the first four months of 1925 were about 84 per cent greater than in the same period a year ago. Hardware receivables were 8 per cent smaller than last year, although sales were 7 per cent larger. Dry goods receivables were 13 per cent smaller with sales 14 per cent larger. Receivables of wholesale grocers were 9 per cent smaller, although sales were practically equal this year to the volume a year ago.

Sales by city department stores in this district were only 1½ per cent greater during April than in the same month last year. It will be recalled that in March sales were 5 per cent greater than a year ago. The seasonal increase between March and April sales was 20 per cent this year, as compared with a 23 per cent increase a year ago. Although sales were less than 2 per cent greater than a year ago, the stocks of merchandise held by these firms were nearly 5 per cent greater at the end of April than on the same date last year, denoting a small reduction in turnover of merchandise. This slowing up of turnover was reflected in a marked manner in the volume of outstanding orders for merchandise placed with manufacturers and jobbers. These outstanding orders were 14 per cent smaller at the end of April than a year ago at this time and showed a reduction of 27 per cent from the volume outstanding at the end of March. A year ago between the end of March and the end of April there was a reduction in outstanding orders of less than 2 per cent.

Analyzing the sales of these stores by cities, it appears that the Duluth-Superior group of stores showed the most favorable comparison with a year ago. The increase in April over the same month last year at the Head-of-the-Lakes was 5 per cent and the increase between March and April this year was 17 per cent, compared with a 15 per cent increase a year ago. At Minneapolis and St. Paul stores, April sales were 1 per cent greater than sales in April last year, and there was a 22 per cent increase over March sales this year, as compared with a 26 per cent increase a year ago. A group of ten stores in other cities of the district reported a 2 per cent increase in April sales over April sales a

year ago and an 8 per cent increase over March sales this year, as compared with a 23 per cent increase a year ago.

Retail lumber sales in the rural portions of this district were 50 per cent greater during April than during the same month last year. The increases in the earlier months of this spring as compared with the volume a year ago may have been largely due to more favorable weather. April, however, is always a good building month, and it can now be said with certainty that a much larger building program is under way in the farming regions of the Northwest than has been undertaken for several years past. Sales of these lumber retailers, measured in dollars and including other items as well as lumber, were 35 per cent greater in April than a year ago. In spite of this increase in the dollar value of sales, accounts and notes receivable of lumber retailers were 7 per cent smaller than last year at the close of April. There was a large seasonal increase in lumber sales between March and April. Stocks of lumber in retailers' hands were practically the same at the close of April as at the close of March and at the end of April a year ago.

Building activity in prospect showed very pronounced gains in April over March and over April last year. In 18 cities of this district there was an increase of 77 per cent in the valuation of permits granted and an increase of 71 per cent in the number of permits granted in April as compared with March. The April volume of permits was 95 per cent greater in valuation than a year ago and 17 per cent greater in number. At St. Paul the valuation of permits was $4,360,000, as compared with $1,458,000 in April a year ago. At Duluth the April valuation of permits granted was $1,653,000, as compared with $485,000 a year ago. All of the other 16 cities, from which we receive reports, showed good increases, with the exception of Butte and Eau Claire.

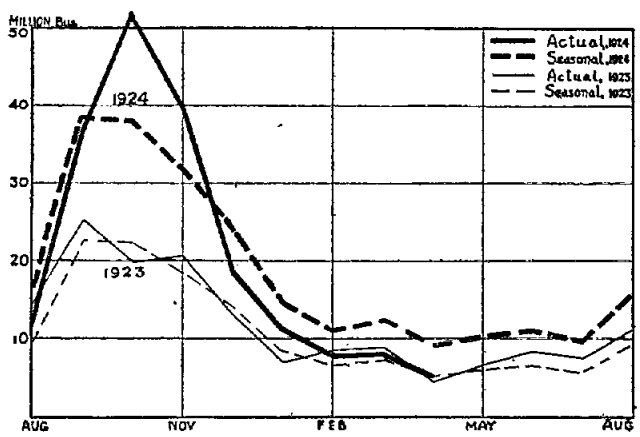
Building contracts awarded in this territory were only 4 per cent greater in valuation in April than in the same month last year, according to the report of the F. W. Dodge Corporation. The character of building has changed considerably during the year. A year ago in April public works and public utilities accounted for 39 per cent of the total, while this year it is only 9 per cent of the total. Residential building a year ago was 29 per cent of the total and this year it was 53 per cent of the total. Contracts for commercial buildings were more than twice as great in April this year as in April a year ago, but educational and industrial building showed declines.

Manufacturing activity in this district showed a further reduction during April. Carloadings of forest products declined each week during April. During the four weeks ending April 25 carloadings of forest products were 86,598 cars, a reduction of 10 per cent from the volume in the preceding four weeks and a slightly smaller volume than in the four weeks of April a year ago. Shipments of linseed products were 17 per cent smaller in April than in March, which is more than a seasonal reduction. Both linseed oil and oil cake shipments shared in the decline. However, shipments of linseed products compared very favorably with the volume in April last year, linseed oil shipments being 57 per cent greater and oil cake shipments 79 per cent greater. Flour shipments from Minneapolis were 3 per cent smaller during April than during March and 18 per cent smaller than a year ago in April. Flour shipments in April, 1925, were the smallest in any month since July, 1917.

The grain markets continued to be very nervous during April. Pronounced reductions were experienced at Minneapolis in median cash prices of the bread grains and flax; but smaller reductions took place in the prices of feed grains. The median price of No. 1 dark northern wheat was 23¾ cents lower in April than in March, and the median price of rye decreased 19½ cents. The median price of flax was reduced 26 cents. In the feed grains, the median price of barley declined 5 cents, oats 4 cents and corn 3¼ cents.

Sales of grain futures at Minneapolis were two and one-half times as large in April as in April last year and only slightly smaller than in March of this year. The bulk of the activity continued to center around wheat and oats, with oats showing the greatest gain over a year ago.

Grain receipts at Minneapolis and Duluth-Superior were about as large in April as a year ago, but 40 per cent smaller than in March. Receipts of wheat were 9 per cent larger in April than in the same month last year. April receipts of flax were double the volume of a year ago, and receipts of oats were slightly larger. Receipts of barley and rye were somewhat smaller than last year's April volume and receipts of corn were only a little more than one-third as large. When April receipts are



Wheat Receipts at Minneapolis and Duluth-Superior from the Crops of 1923-24; Actual Monthly Figures Compared with the Seasonal Variation in Receipts Based on Past Experience.

compared with March of this year all of the grains show seasonal decreases, with the exception of rye, for which there was an increase of 37 per cent.

Grain stocks at the end of April in the terminal elevators at Minneapolis and Duluth-Superior were large, with the exception of corn and rye. Stocks of oats were still formidable, amounting to 27 million bushels against 4 million bushels a year ago. Stocks of barley were four times as large as a year ago at this time and flax stocks were nearly four times as large as last year. On the other hand, visible supplies of corn at these cities were only 11 per cent as large as a year ago. Stocks of rye were nearly 40 per cent as large as a year ago, when exceptionally large stocks of this grain were in store and stocks of wheat were only one-fourth larger than last year. Stocks of all grains declined between the end of March and the end of April this year, which is the seasonal occurrence and not of great significance, with the exception of the 50 per cent decrease in stocks of corn, which is noteworthy in view of the small crop.

Livestock prices at South St. Paul registered more declines than advances in April and these changes brought about several unusual relationships between the various classes. The spread between the median price of hogs and the median price of lambs was only $1.10 in April, the smallest difference since November, 1921, before the protective tariff came into effect. Both hog and lamb prices decreased, but the price of lambs suffered a reduction of two dollars from the March median while the price of hogs decreased only 70 cents per hundredweight. Butcher cows advanced $1.25 per hundredweight and butcher steers advanced 50 cents while stocker and feeder steers decreasd 50 cents and veal calves decreased $1.50. These changes brought the median price of butcher cows above the price of feeder steers for the fifth time in the last hundred months, and butcher steers sold at higher prices than veal calves. The reason for the relatively strong price of butcher cows lies in the small supplies of medium grade butcher stock, which is a seasonal occurrence as the feeding season draws to a close. This condition also caused packers to compete for feeder steers, bringing the better grades of feeders into the class of killing stock. Country demand for feeders was restricted by the high price of feed, and fell off sharply when prices for the better grades were advanced by the packers.

Livestock receipts at South St. Paul were about as large in April as a year ago, and showed a seasonal decline of 10 per cent from the March volume. As compared with a year ago, April receipts of cattle were 12 per cent larger and receipts of calves were 29 per cent larger, while receipts of sheep were only 2 per cent greater, and hog receipts were 10 per cent smaller. Shipments of feeder cattle from South St. Paul amounted to only 14,201 head in April, 1925, which was the smallest April volume in many years (our records begin with 1919).

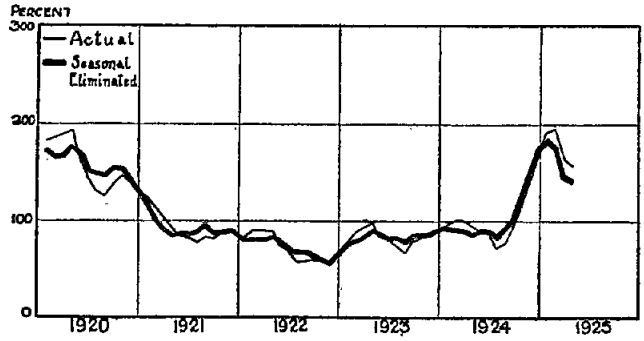
Important items of farm produce are selling at higher prices this year than a year ago. The best grade of butter sold at 41 cents a pound in the Minneapolis market on April 30, as compared with 35 cents a pound a year ago. Eggs were selling at 26 cents a dozen, as against 20 cents last year, and four pound hens sold at 24 cents, as compared with 23 cents a year ago. Potatoes, on the other hand, sold at $1.10 per hundredweight as compared with $1.50 per hundredweight last year. There were seasonal decreases during April in the price of butter, eggs and potatoes, but the price of hens remained unchanged.

The condition of livestock and the ranges in this district on May 1 was reported to be excellent by the United States Department of Agriculture. Below is quoted their statement with regard to livestock and ranges in the states of this district:

> "Montana—The present outlook for livestock has not been better in any spring in many years, although the crop of grass will need a normal amount of moisture in May and June if the present high range prospect is to be realized. Cattle and sheep losses were lighter than usual during the past winter. Spring lambing is now in full swing and has been favored for the most part by excellent weather, and the average for the lamb crop is running quite high.
>
> "North Dakota—Ranges and pastures show material improvement. Livestock in good condition with losses light due to a mild winter. Lambing season has about arrived but shearing will not begin for several weeks. Prospect indicates good wool crop.
>
> "South Dakota—Range grass earlier than usual but needs general rain. Winter losses of stock light. Weather generally warm and favorable to lamb crop. Calf crop losses small. Hay reserve held out better than expected due to early spring weather and favorable range growth."

Banking developments in this district during April were affected by the opening of spring activity in the country districts. This caused country banks to draw heavily on their city correspondent bank balances. Six correspondent banks in this district reported a decline of 17 million dollars in demand deposits, of which 12 millions was in the item "due to banks." In our group of 25 city member banks, demand deposits were reduced 29 millions, or 12 per cent, between March 25 and April 29. Accompanying this decrease were smaller declines in time deposits and government deposits. The loans of these banks were reduced more than 20 million dollars, or 8 per cent, during this period. They disposed of security holdings amounting to five millions and reduced their cash and reserve deposits by three millions and borrowed nearly two millions from this Federal Reserve Bank.

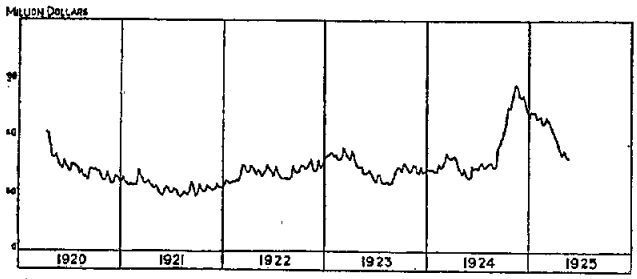
The volume of commercial paper outstanding in this district was reduced 3½ per cent during April, but at the close of April was 66 per cent larger than a year ago.



Commercial Paper Outstanding in the Northwest. Average for 1920 to 1923 Equals 100 Per Cent. Changes in actual volume shown by light line. Changes other than seasonal shown by heavy line.

The loans of this Federal Reserve Bank to member banks increased 2⅔ million dollars between March 25 and April 29, of which two millions were loaned to Twin City member banks and two-thirds of a million to banks in the agricultural portions of the district. Member banks reduced their reserve accounts by more than four millions. There was a reduction in Federal reserve notes in circulation of three million dollars, and this bank increased its holdings of purchased bills by 8 millions during the month.

During the first two weeks of May withdrawals of country bank balances from city correspondents practically ceased. At the six city banks mentioned above, the reduction was only one-half million dollars between April 29 and May 13. Total demand deposits at the 25 city member banks were reduced one million dollars during this period and their time deposits were drawn down one-third of a million. During the two weeks, the loans of these banks were reduced seven million dollars. This change allowed them to increase their security holdings more than one-half million dollars and to reduce their borrowings at the Federal Reserve Bank by one-half million dollars.



Balances Due to Banks at Six Reserve City Banks in the Ninth Federal Reserve District. Latest Figure, May 20, $48,856,000.

During the same two weeks, the loans of this Federal Reserve Bank to member banks were reduced one-half million dollars. Twin City banks reduced their borrowings from this bank by 1¼ millions, but member banks in other parts of the district increased their borrowings by three-fourths of a million dollars. Other important changes in the balance sheet of this bank were a reduction of more than 4 millions in holdings of purchased bills, a reduction of one million dollars in Federal reserve notes in circulation and an increase of nearly one-half million in member bank reserve deposits.

Interest rates at commercial banks in Minneapolis were practically the same on May 15 as they were a month earlier. There have been slight increases in the rates charged to customers on commercial loans and small reductions in other important rates.

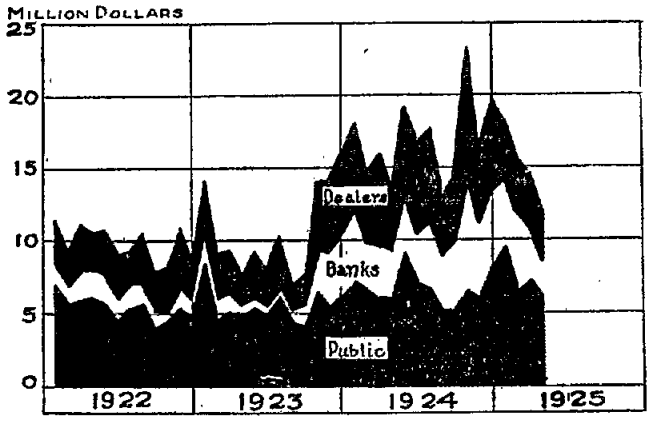
Savings deposits in Minneapolis, St. Paul and Duluth showed minor seasonal reductions between April 1 and May 1. As compared with a year ago, savings deposits on May 1 were nearly 5 per cent larger, although the number of depositors was practically unchanged. This means that the average savings depositor's balance increased during the year, which shows a healthy condition with regard to the earnings of people of moderate means.

Sales of securities by representative Minneapolis and St. Paul firms were 18 per cent smaller in April than in March and 13 per cent smaller than the volume of sales in April last year. The greatest decline as compared with a month and a year ago occurred in sales to banks, which were one-third smaller in April than in March and one-fourth smaller than a year ago in April. The general investing public purchased a 15 per cent smaller volume of securities in April than in March, but 4 per cent more than in April last year. Railroad bonds and land bank bonds were the only classes of securities showing an increase in sales between March and April. As compared with April sales last year, increases occurred in sales of public utility, industrial and land bank bonds and in foreign securities and stocks.

Until the last two months, sales of securities by these firms showed an almost continuous increase, except for seasonal fluctuations, during the whole three year period for which this office has records. In 1922, sales by representative firms of all classes of securities amounted to 133 million dollars. In 1923, their sales were 148 million dollars and in 1924 the volume amounted to 231 million dollars.

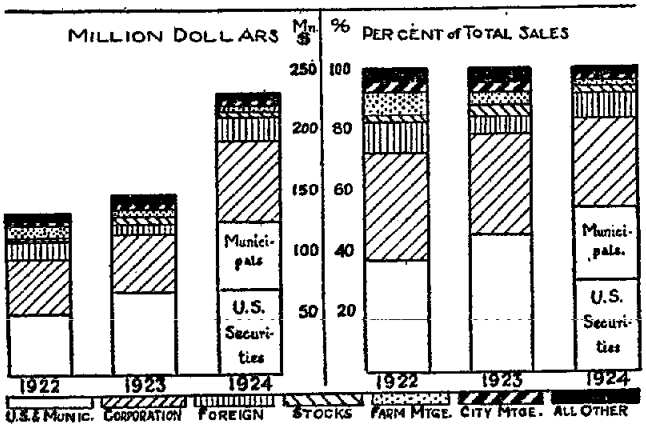
The public has been absorbing a steadily growing volume of securities, but the greatest increase in purchases of securities has been in purchases by banks, which have had more funds available for investment in bonds during the last year and a half than they have had for several years past. According to reports received from almost all of the firms whose figures are included in the total sales quoted in the paragraph above, bankers purchased 19 million dollars of securities in 1922, 23 million dollars in 1923, and 56 million dollars in 1924. The general public, other than banks, purchased 63 million dollars of

securities in 1922, 64 million dollars in 1923 and 78 million dollars in 1924. Sales to dealers have expanded correspondingly, but are not of great economic significance because they represent largely the purchase of securities from one another to fill specific orders of clients, and the same securities are again included in sales either to banks or to the public. The accompanying chart shows graphically, by changes in the width of the black and white areas, the developments in the last three years in investment sales to the public, to banks and to dealers.



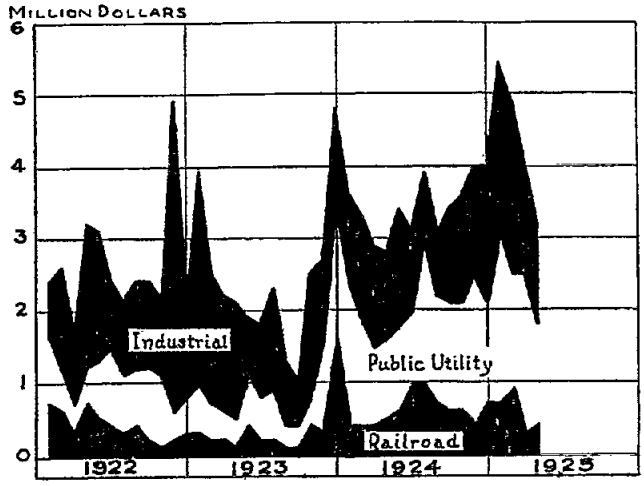
Sales of Securities by Representative Minneapolis and St. Paul Firms to Banks, Dealers in Securities and the General Investing Public, Monthly 1922-1925.

A considerable growth has occurred in sales of municipal bonds and United States Government bonds, both in actual dollar amounts and in percentages of the total sales by these firms. During the first two years of our survey, United States Government securities and municipal bonds and notes were grouped together so that it is impossible to show changes in each group separately. Changes in the volume of sales of different classes of securities are shown graphically in the accompanying columnar chart. It will be noted that sales of corporation bonds and notes have increased through the last three years, but not in proportion to the increase in the total volume of sales of all classes of securities. Sales of foreign issues have been moderately large in each of the past three years. Farm mortgage sales have been declining since 1922. On another page are curves illustrating the changes from month to month in sales of the more important classes of securities.



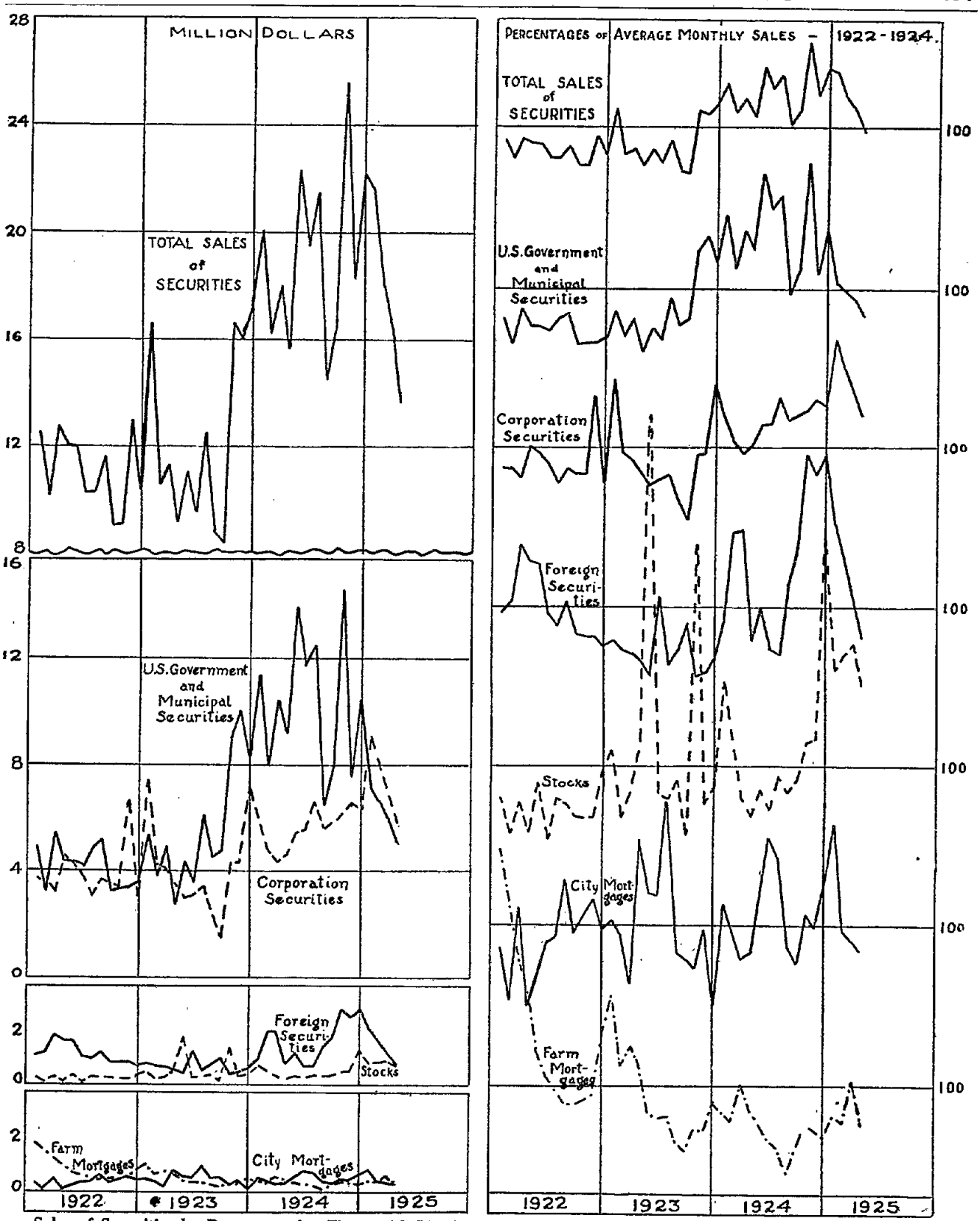
Annual Sales of Securities by Representative Minneapolis and St. Paul Firms Expressed in Dollars and in Percentages of the Total Sales in Each Year. Sales of the Principal Classes of Securities are Shaded as shown in the legend at the base of the chart.

Sales of corporation bonds and notes are further analyzed in the chart shown below. The expansion in the volume of sales of public utility securities in the last year is shown very strikingly. In 1922, sales of public utility bonds and notes by representative firms were nine million dollars, in 1923, eight million dollars, and in 1924 18 million dollars. Sales of railroad bonds amounted to five million dollars in 1922, four million dollars in 1923, and seven million dollars in 1924. Sales of industrial bonds declined from 18 million dollars in 1922 to 17 million dollars in 1923 and 16 million dollars in 1924.

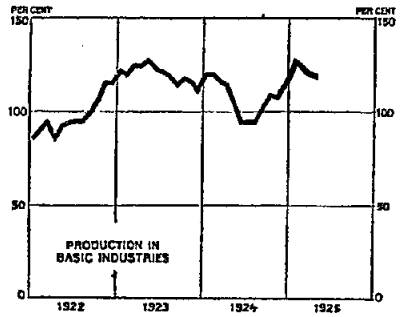


Sales of Railroad, Public Utility and Industrial Bonds and Notes by Representative Firms Located in Minneapolis and St. Paul, Monthly 1922-1925.

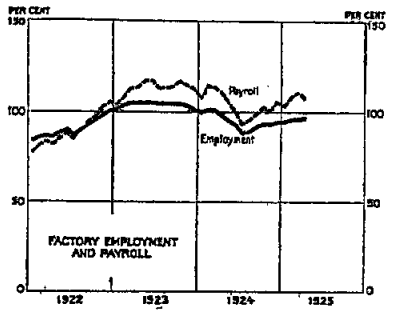
Business failures in the Ninth Federal Reserve District reported by R. G. Dun and Company were only 75 in number during April, with liabilities of $678,977. This is a 9 per cent reduction from the March number of failures and a 29 per cent reduction from the volume in April last year. The reduction in liabilities involved was even greater, amounting to 65 per cent from the March volume and 46 per cent from April last year.



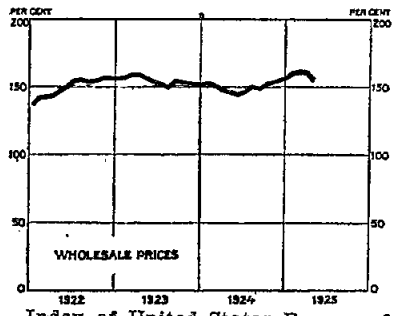
Sales of Securities by Representative Firms with Head Offices in Minneapolis and St. Paul During the Years 1922 to 1925. The curves on the left illustrate changes from month to month in actual dollar value of sales of the various classes of securities, and the curves on the right show changes in monthly sales of each class expressed as percentages of the average monthly sales of that class during the three years 1922 to 1924.



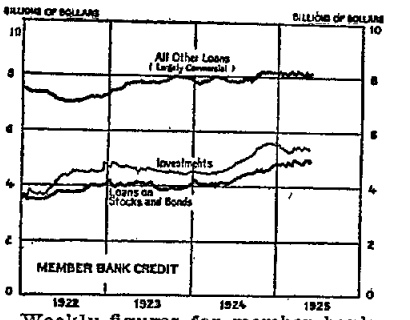
Index of 22 basic commodities, corrected for seasonal variations. (1919 = 100). Latest figure, April, 119.



Index for 33 manufacturing industries. (1919 = 100). Latest figures, April, Employment 96, Payroll 107.6.



Index of United States Bureau of Labor Statistics (1913 = 100, base adopted by Bureau). Latest figure, April, 156.



Weekly figures for member banks in 101 leading cities. Latest figures in millions: May 13, All Other Loans, 8,147; Investments, 5,448; Loans on Stock and Bonds, 5,019.

Summary of National Business Conditions

(Compiled May 25 by Federal Reserve Board)

Production in basic industries and factory employment continued at approximately the same level during April as in March. Factory payrolls were smaller, and wholesale prices declined sharply. Distribution of commodities was maintained at higher levels than a year ago.

PRODUCTION: The output in basic industries declined less than 1 per cent in April. Decreased production of iron and steel, flour, and copper was largely offset in the Federal Reserve Board's production index by increases in mill consumption of cotton and in the production of newsprint and petroleum. The output of automobiles, which are not included in the index, has increased rapidly since December and in April was the largest ever recorded. Automobile tire production was maintained at the high level reached in March. The number of men employed at industrial establishments remained practically the same in April as in March, but owing to less full-time operation, particularly in the textile, leather, and food industries, total factory payrolls decreased about 2 per cent. Building contracts awarded during April were the largest on record both in value and in square feet.

Estimates by the Department of Agriculture on May 1 indicated a reduction of 6 per cent from the April forecast in the yields of winter wheat and rye. The winter wheat crop is expected to be 25 per cent smaller than last year and the indicated yield of rye is 9 per cent less.

TRADE: Wholesale trade was smaller in all lines except hardware during April than in March. Compared with a year ago, sales of groceries and shoes were less, but sales of meats, dry goods and drugs were larger. Sales at department stores and by mail order houses showed more than the usual seasonal increase in April and were larger than during April, 1924.

Wholesale stocks of groceries, shoes and hardware were smaller at the end of April than a month earlier, while dry goods were larger.

Merchandise stocks at department stores showed less than the usual seasonal increase in April, but were in about the same volume as a year ago. Freight carloadings of merchandise were greater than in March and larger than in any previous April.

PRICES: Wholesale prices, according to the index of the Bureau of Labor Statistics, declined 3 per cent in April, following an almost uninterrupted rise since the middle of 1924. All groups of commodities shared in the decline of prices except house furnishings and the miscellaneous group. The largest declines were in farm products and foods which had shown the most rapid increases. During the first three weeks in May, prices of grains, beef, hogs, flour, and rubber advanced, while declines occurred in cotton, wool, lumber and iron prices.

BANK CREDIT: At the middle of May, total loans and investments of member banks in leading cities were near the level which has prevailed, with only minor fluctuations, since the first of the year. Loans chiefly for commercial purposes declined slightly between the middle of April and the middle of May, while loans on securities rose to a high point at the end of April and decreased somewhat during the first two weeks of May. Total investment holdings, which increased considerably during the first half of March, have declined somewhat since that time. Net demand deposits increased considerably from the low point at the end of March, but were still $500,000,000 less than at the middle of January. At the Reserve banks there was a marked decline in the volume of member bank borrowing after the first week in May, and total earning assets of the Reserve banks on May 20 were less than $1,000,000,000 for the first time since January. Acceptances and holdings of United States securities on that date were in about the same volume as a month earlier.

Money conditions continued relatively easy during the latter part of April and the first part of May. The open market rate for prime commercial paper at 3¾ to 4 per cent was slightly below the level for the preceding month.