MONTHLY REVIEW

OF

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

NINTH FEDERAL RESERVE DISTRICT

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DISTRICT SUMMARY FOR THE MONTH

Business improvement was general in this district in August as compared with a year ago. Practically all industries and interests participated in this increase as shown by gains in all the classifications of carloadings except livestock and in the reports made to us by representative firms in the more important lines of business. It is true that new crop grain and range cattle began to move to terminals earlier this year and that this has lifted the totals of debits and carloadings substantially, but it is also significant to note the gains shown in shipments of iron ore and linseed products, in copper production, in retail lumber sales in the rural portions of the district, and in sales of wholesalers and retailers in the cities as compared with August last year.

Potential purchasing power has been created by the heavy movement of grains and livestock. Current confidence that this purchasing power will be utilized soon to purchase commodities is shown by the gains as compared with a year ago in building permits granted and building contracts awarded as well as in the heavy sales by wholesalers of agricultural implements.

Crop production forecasts for this district are, with one exception, quite unfavorable as compared with a year ago. However, four grains, including spring wheat and flax, are expected to realize more bushels than the five-year average, and the total money value at the farm of all the cash crops may indeed be equal to or greater than last year, if present prices are maintained, owing to the improvement in the prices of wheat, rye, flax, and potatoes. The shortage in the corn crop in this district this year is redressed to some extent by the greater profit to be realized by feeding cattle and hogs at present prices for fat livestock and for feed grains.

The wool clip was both larger and better priced than a year ago, and the increase in the lamb crop is well above the national average. This is of great importance in improving conditions in the western portion of this district.

Extraordinarily large stocks of oats are now held at terminal elevators and a tendency for oat stocks to increase is apparent. Oats receipts at terminals during August were twice as large as the receipts of August a year ago, and the total stocks at Minneapolis and Duluth-Superior were 22 million bushels at the end of August as compared with 3 million bushels a year ago.

For the second consecutive month, there has been a heavy movement of feeder livestock. The August movement of feeder hogs was the largest for that month since our records began in 1919. As compared with a year ago, shipments of feeders were greater for all kinds with particularly large increases in the cases of cattle and hogs. This is to some extent a reflection of the price situation for livestock, all kinds quoted by us showing advances in August as compared with a year ago, except butcher steers.

When business conditions in August are compared with those in July, some improvement appears to have taken place in the physical volume, which is thought to be not entirely due to seasonal causes. The carloadings of grain, grain products, and livestock in particular exceeded seasonal expectations.

The customary effects of crop moving are shown in banking figures. City correspondent banks have had rising deposits due to country banks and rising loans, while Federal reserve bank loans and note issues have expanded. Interest rates charged customers by member banks in the largest cities were slightly lower on September 15 than a month earlier.

TOPICAL REVIEWS

Carloadings in the northwestern district during August were more than 16 per cent larger than in August last year. Increases occurred in all classes of commodities except livestock. The earlier beginning of the movement of this year's crop was probably responsible in large measure for the increase of 18 per cent over a year ago recorded in loadings of grain and grain products. Livestock loadings were nearly as large as a year ago on account of the early run of western range cattle, without which loadings would probably have continued much smaller than a year ago as has been the case since January. Loadings of ore were 24 per cent larger than a year ago, loadings of miscellaneous commodities and coal were 18 and 17 per

cent larger respectively than a year ago, and loadings of forest products were 5 per cent larger than last year. Merchandise in less-than-carload lots increased 13 per cent over a year ago. As these latter shipments are variable in importance, it is interesting to note that total carloadings of all commodities, **excluding less-than-carload shipments,** were 17 per cent larger than a year ago.

Loadings of all classes of commodities increased in August as compared with July, except carloadings of ore. The increase amounted to 8½ per cent for all groups combined, as compared with an increase of 5 per cent which is ordinarily expected at this time of year. Grains and grain products and livestock shipments showed much larger increases than would be expected at this time of year owing to circumstances mentioned in the preceding paragraph. The index of grain and grain products shipments, eliminating purely seasonal variations by approved statistical methods, increased from 102 in July to 124 in August. The index of livestock carloadings with seasonal variations removed increased from 89 in July to 104 in August. The index for coal, similarly adjusted, moved up slightly, but the adjusted indexes of carloadings of forest products, ore, and less-than-carload shipments moved downward, and the index of miscellaneous shipments remained unchanged.

Debits to individual accounts reported at banks in 17 selected cities of this district were 19 per cent larger in August than in the corresponding month a year ago. All cities in this group reported increases. As compared with debits to individual accounts in July, the August volume was 1 per cent smaller, although there were increases at Minneapolis, Superior, Aberdeen, Dickinson, and Minot.

During the three weeks ending September 16, debits to individual accounts were 12½ per cent larger than in the corresponding period last year when business was beginning to experience a great stimulus from the large export movement of grains and the increase in trading in grain futures.

The September 1 forecast of crop production in the Northwest issued by the United States Department of Agriculture would be somewhat disappointing if it were not for the higher prices prevailing this year. The corn crop in South Dakota particularly suffered during August. The South Dakota forecast was reduced from 122,084,000 bushels on August 1 to 80,643,000 bushels on September 1, as compared with last year's crop of 99,990,000 bushels. This changed the outlook for corn in our four northwestern states from a crop somewhat larger than a year ago, to a volume more than 4 per cent smaller than last year's crop, and 11 per cent smaller than the five-year average, 1919-1923. The other important crops, with the exception of barley, will yield a smaller volume this year than last year according to the September 1 forecast. The decrease was especially marked in potatoes and winter wheat, for which the production forecast is 34 and 57 per cent smaller, respectively. Reductions in the other crops as compared with last year are forecast as follows: Flax, 25 per cent; rye, 24 per cent; spring wheat, 16 per cent; hay, 12 per cent, and oats, 10 per cent. The spring wheat, oats, flax, and barley crops are larger than the five-year average, and the potato, rye, winter wheat, and hay crops are smaller than the five-year average.

The wool clip in this district was 8 per cent larger this year than a year ago according to the estimate of the United States Department of Agriculture, and prices during the shearing season were slightly higher this year than last. Consequently, it is probable that the money return to farmers from wool this year was larger than a year ago. How much larger the returns are, it will be impossible to say until reports of wool pool operations are received. The following table gives the estimates of the wool clip for each

SEPTEMBER 1, 1925 PRODUCTION FORECASTS BY STATES, WITH COMPARISONS
United States Department of Agriculture
(In Bushels, 000's omitted)

	Spring Wheat			Oats			Corn		
	Forecast 9-1-25	Forecast 8-1-25	Estimate 1924	Forecast 9-1-25	Forecast 8-1-25	Estimate 1924	Forecast 9-1-25	Forecast 8-1-25	Estimate 1924
Minn.	24,209	22,800	34,313	181,516	164,846	193,500	136,102	145,853	126,336
Mont.	35,940	35,281	40,775	19,001	18,933	19,854	8,284	9,896	9,198
N. D.	114,584	102,134	134,618	76,132	70,765	93,364	21,933	23,150	22,740
S. D.	29,352	27,163	33,018	89,316	83,475	98,050	80,643	122,084	99,990
4 States	204,085	187,378	242,724	365,965	338,019	404,768	246,962	300,983	258,264
9th F.R.D.	204,667	187,915	243,055	398,315	366,642	432,684	263,126	317,392	268,121
U. S.	283,872	262,749	282,636	1,461,945	1,387,349	1,541,900	2,885,108	2,950,540	2,436,513

	Flax			White Potatoes			Barley		
	Forecast 9-1-25	Forecast 8-1-25	Estimate 1924	Forecast 9-1-25	Forecast 8-1-25	Estimate 1924	Forecast 9-1-25	Forecast 8-1-25	Estimate 1924
Minn.	6,723	6,808	8,117	26,210	27,880	44,352	29,134	28,342	29,248
Mont.	1,483	1,591	2,349	3,750	4,043	3,256	4,198	3,906	3,100
N. D.	10,042	9,875	14,722	9,020	8,809	11,960	36,985	34,140	35,100
S. D.	3,996	4,511	4,299	4,163	4,663	5,822	24,948	23,554	22,428
4 States	22,244	22,785	29,487	43,143	45,395	65,390	95,265	89,942	89,876
U. S.	22,953	23,523	30,173	344,391	353,266	454,784	222,000	213,596	187,875

of the four complete states in this district and for the United States, and the price per pound on the farm quoted by the United States Department of Agriculture. These prices are averages of the department's quotations dated April 15, May 15, and June 15. It is during these months that the farmer customarily contracts for the sale of his clip unless he places his product in a cooperative pool. It will be seen from the table that Minnesota shows the greatest percentage increase in wool clip, amounting to 27 per cent as compared with a year ago, and North Dakota ranks second in percentage of increase.

WOOL SHORN AND PRICE, 1924 AND 1925

	Wool Shorn			Price per pound on the farm. (Unwashed basis; average of quotations for April, May and June).	
	1925 Preliminary (In 1000 lbs.)	1924 (In 1000 lbs.)	1925 Relative to 1924 as 100	1925	1924
Minn.	3,294	2,599	127	33.3 c	32.0 c
N. D.	2,120	1,778	119	35.0 c	33.7 c
S. D.	4,350	4,275	102	36.0 c	35.3 c
Mont.	20,593	19,314	107	40.0 c	39.3 c
4 States	30,357	27,966	108		
U. S.	249,885	238,530	105	37.8 c	37.3 c

The lamb crop of 1925 in this district showed a greater rate of increase over the crop of 1924, according to estimates of the United States Department of Agriculture, than the rate of increase in the United States as a whole. In Montana, which raises the majority of the sheep in this district, the lamb crop was 7.3 per cent larger than last year's crop. There were increases of 37.3 per cent in North Dakota, 22.8 per cent in Minnesota, and 11.0 per cent in South Dakota. The increase for the United States was but 5.5 per cent.

Grain receipts at Minneapolis and Duluth-Superior were 17 million bushels greater in August than in the corresponding month last year, an increase of 68 per cent. The approximate increases were 6 million bushels of wheat, 7 million bushels of oats, 5 million bushels of barley, and 1 million bushels of flax. There were decreases of 1 million bushels in rye and nearly 1 million bushels in corn. Receipts of flax were 4½ times as large in August as in the same month last year, receipts of barley were more than 3 times as large, receipts of oats were twice as large, and receipts of wheat were 1½ times as large as a year ago. As compared with July receipts this year, the August receipts of all grains combined were 3 times as large, with all grains showing sharp increases except corn.

Grain stocks in terminal elevators at Minneapolis and Duluth-Superior were 88 per cent larger at the end of August than on the same date last year. The increase was almost entirely in oats. Stocks of barley were nearly 3 times as large this year as a year ago, and stocks of flax were nearly 20 times as large; but the volume of these grains was relatively small. Wheat stocks were 8 per cent smaller than a year ago, and stocks of corn and rye were very much smaller than last year. Between the end of July and the end of August, there were increases in stocks of oats, barley, and rye, and decreases in the other grains. The most significant change during the month occurred in oats, of which stocks increased more than 6 million bushels or 43 per cent.

Cash grain median prices for the month of August at Minneapolis showed as many advances as declines when compared with the corresponding month last year. Wheat, rye, and flax were selling at higher prices than a year ago, and corn, oats, and barley were selling at lower prices. August prices were higher than July prices in the case of wheat and rye, lower in the case of corn, oats, and barley, and unchanged for flax. Between July and August, the changes in prices were insignificant in wheat and corn, but the decreases in oats and barley amounted to 3½ cents and 14 cents respectively, and there was a 5¼ cents increase in rye.

Sales of grain futures were 44 per cent larger at Minneapolis in August this year than in August a year ago, and future sales at Duluth declined 18 per cent during the same period. At Minneapolis, the increase was due to much greater activity in oats and smaller increases in the volume of sales in all the other grains except rye. At Duluth, the reduced volume of future sales of rye more than offset increases in the other grains. August future sales were larger than July future sales at Minneapolis and Duluth, all the grains showing increases.

Livestock receipts at South St. Paul were larger during August than in the corresponding month a year ago, with the exception of receipts of hogs which were about 6 per cent smaller. In the case of cattle, there was a remarkable increase of 83 per cent, the August figures totaling 117,013 head, which was an increase of 53,000 head over the figures reported for August, 1924. In analyzing the origin of this increase, the United States Department of Agriculture states that approximately three-fourths of the increase came from Montana and other range sections, suggesting an early movement from these areas. Most of the cattle received during August were grass fed stock as is customary at this time of year. Receipts of sheep were 31 per cent larger in August than in the corresponding month last year, and there was an increase of 14 per cent in calves. Comparing the August livestock receipts with receipts during July, there was a seasonal upward swing in cattle and sheep, while receipts of calves and hogs were on a downward course. Receipts of cattle were nearly 70 per cent larger in August than in July, and receipts of sheep were more than three times as large.

Livestock prices were all higher in August than a year ago with the exception of butcher steers. The most notable increase has taken place in hogs, for which the median price in August this year was $12.25 per hundredweight as compared with $9.25 per hundredweight in August last year. Butcher cattle and hog prices were lower in August than in July, and prices of stocker and feeder steers, veal calves,

and lambs advanced. Toward the close of August, there was a moderate decline in prices of feeder cattle, which has been attributed to dry pastures in territory adjacent to South St. Paul and the fact that corn belt feeders have not yet entered the market this fall.

Potatoes and butter were selling in the Minneapolis market at higher prices at the end of August than a year ago. The increase in the price of potatoes has been noteworthy. A year ago, potatoes sold at $1.35 a hundredweight at the end of August and the same price was quoted at the end of September. This year potatoes sold at $2.50 a hundredweight at the end of August and $2.25 a hundredweight on September 19. Creamery butter sold at 43 cents a pound at the end of August this year as compared with 36 cents a pound a year ago. On the other hand, eggs sold at 29 cents a dozen at the end of August this year as compared with 32 cents a dozen a year ago, and the price of four-pound hens was 20 cents a pound on both dates.

Shipments of linseed products were more than 2½ times as large in August as in the corresponding month last year and 47 per cent larger than in July, with oil cake showing a greater percentage increase than linseed oil in both comparisons.

Shipments of flour from Minneapolis were 7 per cent smaller in August than in the corresponding month last year, and 3 per cent smaller than in July this year.

Flour production in Minneapolis, St. Paul and Duluth-Superior, reported for the month of August by the Northwestern Miller, was about 1 per cent smaller than the output in August a year ago, and 10 per cent larger than the output in July this year.

Copper output reported by five companies operating in Montana and Michigan was 17 per cent larger in August than in the corresponding month last year, and nearly 3 per cent larger than the output in July this year. There were also increases in the output of silver and coal both as compared with a year ago and as compared with July this year.

Iron ore shipments from upper lake ports were nearly 28 per cent larger in August than in the corresponding month a year ago, and August shipments were approximately equal to shipments in July. For the shipping season to September 1, iron ore shipments were 23 per cent larger than in the corresponding period last year.

Soft coal receipts at Duluth-Superior were 5 per cent larger in August than in August a year ago, but receipts of hard coal were 85 per cent smaller. August receipts of soft coal were 9 per cent smaller than receipts in July, and receipts of hard coal were 63 per cent smaller than in July. Cumulative receipts from the opening of navigation to August 31 were 37 per cent larger than last year in the case of soft coal, and 23 per cent smaller in the case of hard coal.

Building permits issued in 18 cities reporting to us from this district were 10 per cent larger in valuation in August this year than in August a year ago, and 12 per cent larger in number. The August valua-

COMPARATIVE STATISTICS OF BUS

	Unit	August, 1925	July, 1925	August, 1924	Index Numbers August, 1925 Relative to July, 1925 as 100	Index Numbers August, 1925 Relative to Aug., 1924 as 100
Debits to Individual Accounts—17 cities		$776,568,000	$786,869,000	$653,692,000	99	119
Carloadings in Northwestern District...	Cars	721,334	665,704	621,408	108	116
Grain Receipts at Mpls. and Duluth-Superior—						
Wheat	Bus.	17,105,129	7,018,704	11,387,203	244	150
Corn	Bus.	460,440	714,766	1,289,865	65	36
Oats	Bus.	14,466,719	2,700,257	6,996,396	524	207
Barley	Bus.	6,983,950	1,787,335	2,080,243	391	335
Rye	Bus.	1,460,275	297,810	2,783,242	473	51
Flax	Bus.	1,335,133	744,937	295,010	179	453
Grain Stocks at End of Month at Mpls. & Duluth-Superior—						
Wheat	Bus.	5,007,577	5,939,644	5,447,943	84	92
Corn	Bus.	86,562	125,169	548,516	69	16
Oats	Bus.	22,105,640	15,501,303	2,660,985	143	831
Barley	Bus.	1,604,268	430,963	569,024	372	282
Rye	Bus.	1,142,608	648,552	6,866,738	176	17
Flax	Bus.	310,750	483,823	15,680	67	1,982
Median Cash Grain Prices at Mpls.—						
Wheat—No. 1 Dk. Nor.	Bu.	$1.60⅞	$1.65½	$1.37⅝	101	121
Corn—No. 3 Yellow	Bu.	1.04¼	1.06⅜	1.13⅝	98	92
Oats—No. 3 White	Bu.	.37½	.41	.48½	90	77
Barley—No. 1	Bu.	.69	.83	.79	83	87
Rye—No. 2	Bu.	1.01½	.90¼	.86	105	118
Flax—No. 1	Bu.	2.52	2.52	2.44½	100	103

	Unit
Livestock Receipts at South St. Paul—	
Cattle	Head
Calves	Head
Hogs	Head
Sheep	Head
Median Livestock Prices at South St. Paul—	
Butcher Cows	Cwt.
Butcher Steers	Cwt.
Stock. & Feed. Steers	Cwt.
Veal Calves	Cwt.
Hogs	Cwt.
Lambs	Cwt.
Flour Production at Twin Cities and Duluth-Superior	Bbls.
Flour Shipments from Mpls.	Bbls.
Linseed Products Shipments from Mpls...	Lbs.
Iron Ore Shipments..	Tons
Coal Receipts at Duluth-Superior—	
Soft	Tons
Hard	Tons
Wholesale Trade—	
Farm Implements ..	7 firms
Hardware	13 firms
Shoes	5 firms
Groceries	54 firms

tion was 2 per cent smaller than the valuation in July, and the number of permits issued in August was 6 per cent larger than the number issued in July.

Building contracts awarded in the Northwest during August, according to the compilation of the F. W. Dodge Corporation, were 21 per cent larger than contracts awarded in the corresponding month a year ago. Hospital and institutional contracts showed the largest increase, both in percentage and in dollar value, the increase being about $900,000 over last year. There were also large increases in residential, commercial, and social and recreational building contracts. Industrial and religious and memorial building contracts showed a pronounced decrease, and educational building contracts showed a smaller decrease. Contracts for public works and utilities were about the same in dollar value in both years.

August contracts awarded were 14 per cent smaller than contracts awarded in July, owing to declines in industrial, religious and memorial, educational, residential, and social and recreational building contracts. There was a sharp increase in contracts for hospitals and institutions, and smaller increases in commercial and public utility contracts.

Retail trade at representative city stores in this district was 3.6 per cent larger during August than in the corresponding month last year and 13 per cent larger than in July. Stocks of merchandise held by these stores at the close of August were nearly 3 per cent larger than stocks held a year ago, and nearly 6 per cent larger than stocks held at the end of July this year.

Wholesale trade was larger in volume during August than in the corresponding month last year. Sales of shoes were 69 per cent greater, farm implement sales were 36 per cent greater, and there were increases in sales of wholesale hardware, dry goods, and groceries of 12, 8, and 7 per cent, respectively. August sales of shoes at wholesale were nearly double sales during July, and sales of wholesale dry goods and groceries were 45 and 6 per cent, respectively, larger than in July. Sales of hardware were 2 per cent smaller in August than in July, and sales of farm implements were 27 per cent smaller.

Retail lumber sales measured in board feet, which are the best index available of the volume of building in rural portions of this district, were 30 per cent larger in August this year than in August a year ago, according to reports from companies operating 573 yards in this district. The sales of these companies measured in dollars and including items other than lumber, were 22 per cent larger in August this year than in the corresponding month last year. Stocks of lumber in the hands of these retailers at the end of August were 7 per cent larger than a year ago. August sales of lumber were 5 per cent smaller than sales of lumber in July, and total sales by lumber companies measured in dollars were 2 per cent smaller in August than in July. Stocks of lumber in retailers' hands were 4 per cent larger at the end of August than at the end of July.

Shipments of representative commodities into the northwest trade territory continued in larger volume during August than a year ago. Agricultural implements and vehicles shipped from Minneapolis amounted to 517 cars in August, 1925, as compared

N THE NINTH FEDERAL RESERVE DISTRICT

July, 1925	August, 1924	Index Numbers August, 1925 Relative to July, 1925 as 100	Index Numbers August, 1925 Relative to Aug., 1924 as 100
69,026	63,033	170	183
47,076	30,222	73	114
208,730	130,254	58	94
12,422	28,730	302	131
$5.50	$4.50	95	117
9.00	3.25	81	88
5.50	5.25	109	114
9.25	9.00	111	114
12.00	9.25	97	132
13.75	12.25	102	114
1,196,825	1,320,518	110	100
1,077,477	1,123,030	97	93
24,004,093	13,576,403	147	201
8,525,063	6,689,567	100	128
1,392,574	1,185,870	91	105
130,292	351,320	37	15
$7,006,880	$3,771,610	73	136
2,213,120	1,950,330	98	112
460,480	549,410	198	169
5,037,030	5,000,780	106	107

	Unit	August, 1925	July, 1925	August, 1924	Index Numbers August, 1925 Relative to July, 1925 as 100	Index Numbers August, 1925 Relative to Aug., 1924 as 100
Department Store Sales—23 stores		$2,284,740	$2,019,710	$2,206,110	113	104
Retail Lumber Sales—573 Yards	Bd. Ft.	22,545,000	23,621,000	17,350,000	95	130
Building Permits (18 cities)—						
Number		2,283	2,149	2,033	106	112
Valuation		$6,816,000	$6,934,200	$6,206,700	98	110
Bldg. Contracts Awarded		$7,730,700	$8,957,000	$6,377,800	86	121
Business Failures—						
Number		91	75	57	121	160
Liabilities		$894,217	$1,705,878	$939,258	51	95
		September 16, 1925	August 12, 1925	September 17, 1924		
25 City Member Banks—						
Loans		$250,207,000	$230,655,000	$243,242,000	108	103
Securities		108,558,000	109,655,000	82,409,000	99	132
Demand Deposits		234,408,000	226,293,000	211,815,000	104	111
Time Deposits		104,571,000	99,774,000	90,627,000	105	115
Borrowings from F. R. Bank		3,997,000	2,899,000	348,000	138	1,149
Minneapolis F. R. Bank—						
Loans to Member Banks		$7,882,677	$7,331,423	$12,002,810	108	65
F. R. Notes in Circ.		65,340,070	61,221,495	64,828,800	107	101

with 459 cars in the same month last year. Shipments of representative building materials totaled 337 cars in August this year as compared with 291 cars in August a year ago.

Banking developments in August and the first part of September reflected crop moving activities.

The group of twenty-five city member banks reporting weekly to this office experienced an increase of more than 3½ million dollars in demand deposits and a decrease of more than 1 million dollars in time deposits between July 29 and August 26. Six of these banks, which report their country bank deposits separately, experienced in this period an increase of nearly 6 millions in deposits due to banks. At the twenty-five banks, there was a commercial loan expansion of nearly 6 million dollars, coincident with the increase in deposits noted above, and a decrease in loans secured by stocks and bonds, a decrease in balances with other banks, and an increase in borrowings at the Federal reserve bank. Security holdings in these banks were increased less than 1 million dollars during the month.

During the two weeks ending September 9, the group of six correspondent banks reported an increase in deposits due to banks of 10 millions, and the 25 banks reported an increase of 17½ millions in net demand deposits, which include country bank deposits. Commercial loans increased 10 millions, and other loans increased 1 million. Reserves, correspondent bank balances, and vault cash were enlarged. Borrowings from this bank were increased nearly 2 millions.

Demand deposits in banks located in small cities and towns increased slightly and their time deposits declined slightly during the month ending August 26. In the larger cities, excluding the Twin Cities, demand deposits declined and time deposits increased. The above statement is made on the basis of reports received from 851 member banks in this district which are fairly representative of conditions in all parts of the district. In the totals for all of these banks, there was an increase of 6 million dollars in demand deposits. Twin City member banks reported an increase of more than 7 millions in demand deposits; banks in cities and towns having less than 5,000 inhabitants reported an increase of 2½ millions; and other banks reported a decrease of 4 millions. There was a net decrease of about 1 million dollars in time deposits during the month. Minor increases and decreases occurred in the various groups which nearly offset each other in the total.

Commercial paper outstanding in this district on August 31 was 19 per cent greater in volume than a year ago, and 1½ per cent greater than on July 31. This latter increase is contrary to the usual trend at this time of year and is probably explained by the early beginning of the crop movement.

This Federal Reserve Bank experienced an increase of ⅔ of a million dollars in loans to member banks between July 29 and August 26, the increases occurring in loans to Twin City and North Dakota groups of member banks. Member banks' reserve accounts increased more than 1½ millions in this period and Federal reserve notes in circulation increased less than ½ million dollars. Holdings of purchased bills were increased 1 million dollars and security holdings remained unchanged.

During the three weeks ending September 16, there was a small increase in bills discounted of less than ½ million dollars, with increases occurring in loans to Twin City and other Minnesota member banks, and decreases in loans to banks in North Dakota, South Dakota, and Montana. In this period, member bank reserve accounts were increased more than 1 million dollars and Federal reserve notes in circulation increased more than 3 million dollars. Holdings of purchased bills were enlarged 3 millions and security holdings were expanded 2 millions.

Interest rates charged their customers, as reported by Minneapolis commercial banks for the week ending September 15, were slightly lower than rates quoted a month ago. The weighted average of five important rates was 4.81 per cent on September 15 as compared with 4.90 per cent on August 15 and 4.76 per cent on September 15 a year ago.

CHANGES IN SECURITY HOLDINGS OF NATIONAL BANKS IN THE NINTH FEDERAL RESERVE DISTRICT BETWEEN JUNE 30, 1924, AND JUNE 30, 1925

Security holdings of national banks in the four complete states of this district, excluding the Twin Cities, increased 38 per cent in the year ending June 30, 1925. In the Twin Cities, the security holdings of national banks increased 47 per cent in this period. The greatest percentage increase in security holdings occurred in North Dakota, where there was an expansion of 92 per cent in the investments of national banks. In South Dakota, the increase was 48 per cent; in Montana, 33 per cent; and in Minnesota, outside of the Twin Cities, 26 per cent.

In all four states, holdings of other securities than United States Government bonds and notes, showed a greater percentage increase than the percentage increase in holdings of United States Government securities. In Twin City national banks, the proportion of United States Government securities to total security holdings was reduced from 78 per cent on June 30, 1924, to 67 per cent a year later. In other Minnesota national banks the percentage was reduced from 44 per cent to 37 per cent. In North Dakota there was a reduction from 67 per cent to 55 per cent; in South Dakota there was a reduction from 65 per cent to 60 per cent; and in Montana there was a reduction from 59 per cent to 53 per cent.

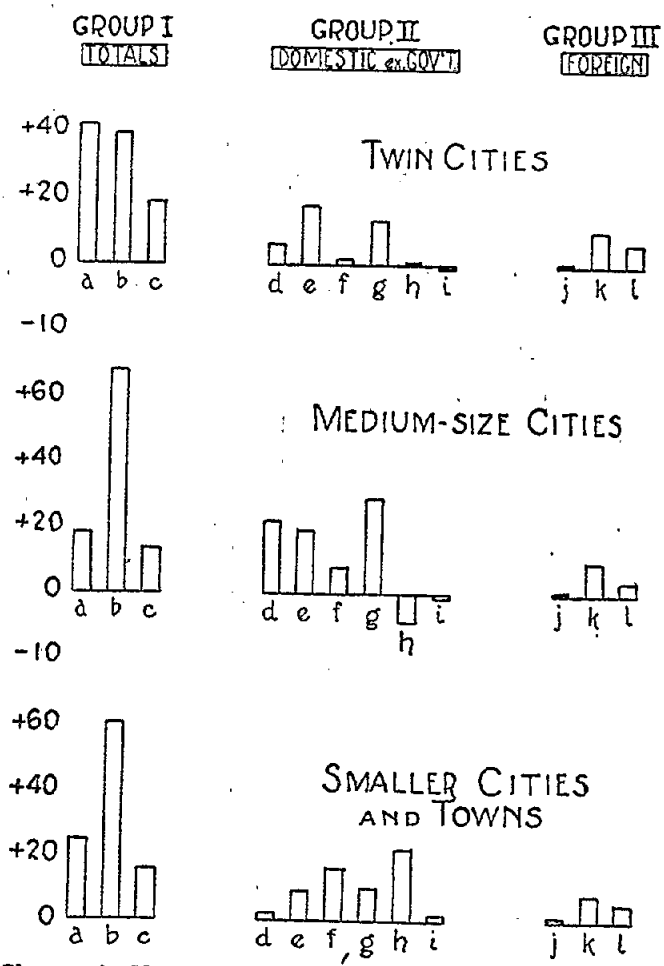
The foregoing conclusions are drawn from figures appearing in the abstract of condition reports of national banks published by the Comptroller of the Currency. There were 32 more banks operating

in these four states on June 30, 1924, than on June 30, 1925. If figures from identical banks could have been obtained for both years to exclude banks opened or closed in the year, these conclusions would not be materially changed.

A more detailed analysis of the changes which took place in the holdings of various classes of securities during the year ending June 30, 1925, has been made by a study of representative individual banks. Reports from identical banks were used at the beginning and at the end of this year for this study. The banks were divided into three groups. In the first group were placed all Twin City national banks, which were twelve in number. In the second group were placed all national banks in cities with a population between 15,000 and 100,000. There were thirty-seven such banks. In the third group were placed a random selection of forty representative national banks operating in smaller cities and towns. The accompanying chart illustrates the changes in security holdings of the various classes in the three groups of banks. It will be noted that for each group of banks there are three sets of bars, the first set showing for the respective groups the proportions of the total changes in security holdings which were accounted for by each one of the following: United States Government securities, other domestic securities and foreign securities. In the second set of bars is shown the change in each one of the various classes of domestic securities, other than United States Government securities, figured as a percentage of the total increase in all security holdings for the group of banks. In the third set of bars is shown the increase in the various classes of foreign securities, figured as a percentage of the total increase in security holdings for the group of banks.*

From this chart it will be noted that in all three groups of banks the increase in United States Government security holdings was less than the increase in other domestic and foreign securities combined. This has already been noted in the discussion of changes in security holdings of all national banks in this district. The increase in foreign security holdings is especially noteworthy. This classification of foreign securities includes Canadian issues. In Twin City national banks, the increase in foreign security holdings was almost one-half as great as the total increase in domestic security holdings other than United States securities. The increase in foreign security holdings in Twin City national banks was greater than the increase in holdings of domestic railroad bonds. In the other two groups of banks, the increase in foreign security holdings has not been quite as marked as in the Twin Cities.

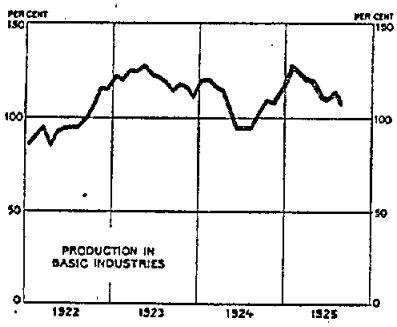
In analyzing domestic securities, excluding United States Government securities (the second sets of bars) varying preferences appear in the three groups of banks. Twin City banks expanded their holdings of railroad bonds more than any other kind of investment, with "Other bonds and notes," largely industrials, second in volume. In the group of banks in cities between 15,000 and 100,000 population, the item "Other bonds and notes" showed the largest expansion, with municipals ranking second. In the third group of banks operating in the smaller cities, warrants and claims ranked first, with public utility bonds second. It is apparent that banks in the smaller cities and towns had an outlet for additional funds in warrants and claims which probably was not available to banks in the larger cities. In the middle group of banks, there was actually a decrease in holdings of warrants and claims, and the increase in holdings of these securities in Twin City banks was very minute.



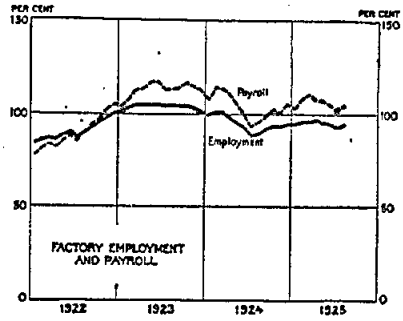
Changes in Various Classes of Investment Holdings of National Banks in the Ninth Federal Reserve District Between June 30, 1924 and June 30, 1925. (Total Increase in Investments in Each Group of Banks = 100 Percent for Computing Height of All Bars in That Group.)

The Bars Represent Changes in the Following Classes of Securities:
Group I: a, United States Government Securities; b, Other Domestic Securities; c, Foreign Securities.
Group II: d, Municipal Bonds; e, Railroad Bonds; f, Public Utility Bonds; g, Other Domestic Bonds and Notes; h, Warrants and Claims; i, Other Domestic Investments.
Group III: j, German and Austrian Government Bonds; k, Other Foreign Government Bonds; l, Other Foreign Bonds.

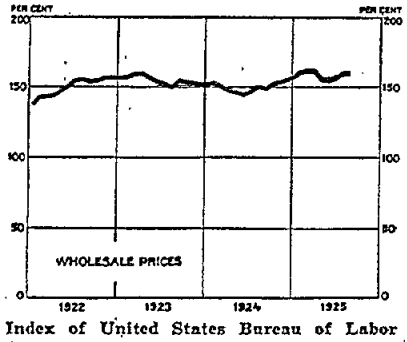
*It will be noted that for each group of banks the sum of the heights of all the bars in the second set, representing changes in various classes of domestic securities excluding United States securities, is equal to the height of the center bar in the first set representing the change in all of these domestic securities combined. Similarly, the sum of the heights of the bars in the third set equals the height of the third bar in the first set representing the combined change in all kinds of foreign securities.



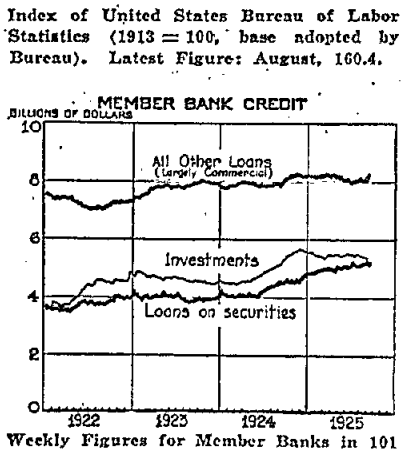
Index of 22 Basic Commodities, Corrected for Seasonal Variations (1919 = 100). Latest Figure: August, 108.



Index for 33 Manufacturing Industries (1919 = 100). Latest Figures: August, Employment 93.9, Payroll 104.8.



Index of United States Bureau of Labor Statistics (1913 = 100, base adopted by Bureau). Latest Figure: August, 160.4.



Weekly Figures for Member Banks in 101 Leading Cities. Latest Figures in Millions: September 16, All Other Loans, 8,297; Investments, 5,464; Loans on Stocks and Bonds, 5,301.

Summary of National Business Conditions

(Compiled September 25 by Federal Reserve Board)

Production of basic commodities declined in August to the lowest level of the year but was considerably higher than during the summer of 1924. Distribution of goods at wholesale and retail continued in greater volume than a year ago. Seasonal growth in the demand for credit arising partly from financing of the crop movement, was reflected in an increase in the volume of commercial borrowings.

PRODUCTION: The Federal Reserve Board's index of production in basic industries, which is adjusted for seasonal variations, declined four per cent in August, but was 15 per cent higher than a year ago. Output of steel and of bituminous and anthracite coal and activity in the woolen industry increased in August, while mill consumption of cotton and the production of flour and lumber decreased. Employment and earnings of factory workers were larger in August than in July, but continued smaller than in June. Building contracts awarded during August, owing chiefly to large awards in New York, exceeded all previous records. Crop reports of the Department of Agriculture at the beginning of September, as compared with forecasts a month earlier, indicated somewhat larger yields of spring wheat, oats, barley, hay and tobacco and smaller yields of corn and potatoes. The mid-September cotton crop estimate was 13,931,000 bales compared with a forecast of 13,740,000 bales of September 1.

TRADE: Wholesale trade was five per cent larger in August than in July, owing to seasonal increases in the sales of dry goods and shoes, and sales of all lines, except groceries, were greater than those in August, 1924. Sales at department stores and at mail order houses showed less than the usual increases in August, but continued in greater volume than last year. Stocks of merchandise at department stores increased in August and for the first time this year were considerably larger than in the corresponding month a year ago. Wholesale firms in all leading lines except drugs and hardware reported smaller stocks on August 31 than a month earlier. Total freight car loadings were larger during August than in any month since last October. Coal shipments, preceding the anthracite strike, were especially heavy. Less than carload lot shipments continued to increase and the movement of livestock and grain was seasonally greater than in July, although smaller than in August, 1924.

PRICES: Wholesale prices showed a further slight advance in August and were near the high level reached in the spring of this year. Prices of agricultural commodities, which in recent months have been above the average for all commodities, increased further, while prices of other commodities declined slightly. Between the end of August and the latter part of September, prices of bituminous coal, pig iron, rubber and cotton advanced, and prices of spring wheat, corn, raw sugar and wool declined.

BANK CREDIT: At member banks in leading cities, loans chiefly for commercial and agricultural purposes, showed further seasonal increases during the first half of September and at the middle of the month were about $275,000,000 higher than at the end of July. Investment holdings remain in about the same volume as during previous months, but loans on securities increased and on September 16 were near the highest level of the year. A further growth in the total of reserve bank credit in use occurred during the five week period ending September 23. Member bank borrowings increased in the early part of September, and after a temporary decline during the period of treasury financing, increased to a larger total than at any time since the beginning of 1924. The seasonal growth in the demand for currency during August was reflected in an increase of $65,000,000 in total money in circulation. Money rates showed a firmer tendency during the last week of August and the first three weeks of September. The prevailing rate on prime commercial paper remained at 4¼ per cent, but there was an increased proportion of sales at 4½ per cent.