

MONTHLY REVIEW

OF
 AGRICULTURAL AND BUSINESS CONDITIONS
 IN THE
 NINTH FEDERAL RESERVE DISTRICT

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DISTRICT SUMMARY FOR THE MONTH

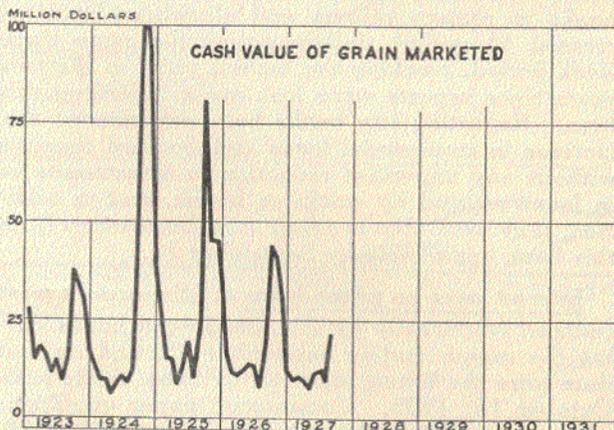
The most important item of business news in this district for the next few months will be the cash income derived from the sale of crops. This income begins to increase in August and usually reaches a peak in October. Our estimate of the cash value of wheat, rye, flax and potatoes sold during August, 1927 by farmers in this district was \$23,000,000, which was more than double the value of July marketings and represented an increase of 22 percent over the value of the quantities sold in August a year ago. The value of dairy products was also larger than last year, according to preliminary figures. The value of hogs sold in August was 20 percent less than the value of marketings in August last year. The movement of livestock in August was smaller than the movement in August a year ago, and prices of hogs, lambs, hens and eggs were lower than last year, but prices of butcher cattle were higher than a year ago.

Business in the rural portion of this district began to anticipate the increased revenue from the crop at midsummer. In June, lumber sales by country yards began to increase by more than the seasonal amount and the advance in the seasonally corrected curve has continued at a rate comparable to the advance in the summer of 1924. Debits to individual accounts at the eight reporting cities in

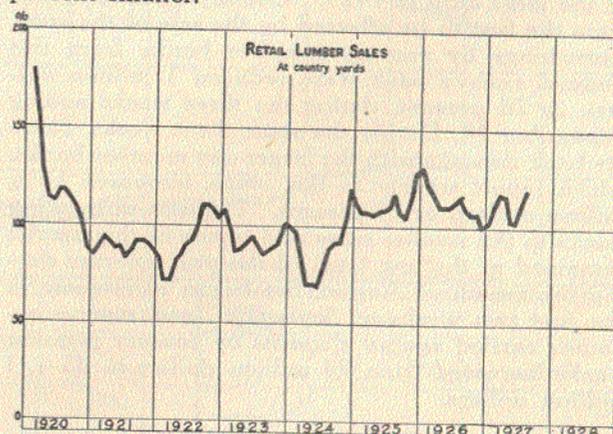
the spring wheat belt have shown a similar reaction to the favorable crop prospects.

Debits to individual accounts at the entire group of seventeen reporting cities were 2 percent larger during August than the volume in August a year ago, which is a smaller increase than should be expected, since August this year had one more business day than August a year ago. This additional business day should produce a 4 percent increase in business. During the two weeks ending September 14, 1927, debits to individual accounts at the seventeen cities were 8 percent larger than in the corresponding weeks a year ago. The largest increases which chiefly reflect crop influences were Winona, 86 percent; Aberdeen, 55 percent; Jamestown, 26 percent; Minot, 21 percent; Fargo, 17 percent and Billings, 15 percent.

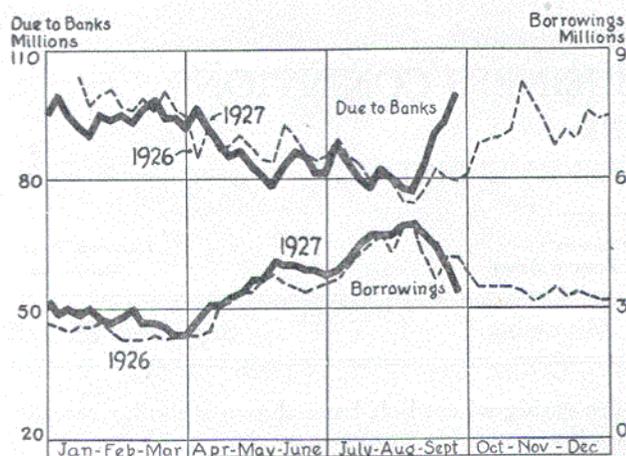
Carloadings reports for the northwestern district during August revealed grain and grain products loadings 29 percent larger than in August, 1926. There was also a considerable improvement in the rate of coal and livestock loadings over July. However, loadings of ore, livestock and coke continued to be smaller than a year ago and total carloadings of all classes were 1 percent smaller than in August, 1926. Shipments of flour from Minneapolis in August were as large as in the same month last year, but shipments of linseed products were 14 percent smaller.



Cash Value of Wheat, Rye and Flax Marketed from Minnesota, North Dakota, South Dakota and Montana, by months, 1923-1927.



Lumber Sales by Country Retail Yards in the Ninth Federal Reserve District, Bi-monthly Moving Averages, with Seasonal Changes Eliminated.



Country Bank Conditions in the Northwest, as indicated by borrowings from this Federal Reserve Bank and by deposits with city correspondent banks.

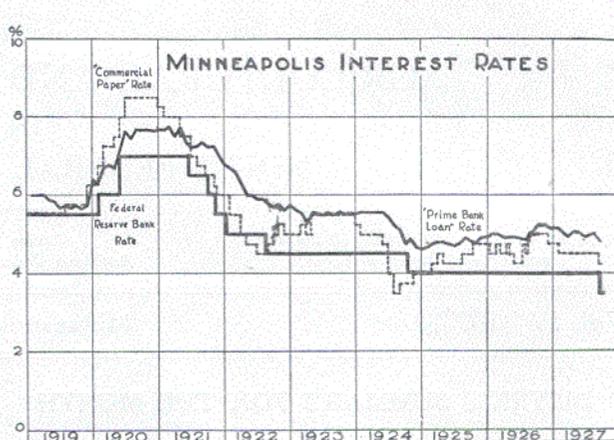
Department store sales in the larger cities of this district were 5 percent larger in August this year than in August a year ago. Wholesale trade in all reported lines, except shoes, was in larger volume than last year.

Building permits at eighteen cities in this district were 19 percent smaller in August than in the corresponding month last year, but building contracts awarded were 15 percent larger, owing to a much larger volume of highway construction and other public works.

TOPICAL REVIEWS

Banking reports during August and the first half of September indicate that the crop moving season is releasing more funds in this district for deposits in the larger cities this year than a year ago or two years ago, but the season has not progressed far enough for adequate comparisons with the effects of the large crop in 1924. Country member banks were the first to be affected by the sale of the crop. Borrowings by country member banks from this Federal reserve bank were reduced 1 million dollars, or 20 percent, during the three weeks ending September 14. During the same three weeks, country bank deposits with the larger city member banks, which report weekly to this office, increased 16½ million dollars, or 21 percent. Deposits of member banks in the smaller cities and towns of this district remained at the low level of the past summer during the month of August, but began to increase in the first two weeks of September, and reserve accounts carried against deposits by country member banks increased from 24 million dollars to 25 1/3 million dollars.

City banks in this district, which make weekly reports to this office, have also experienced pronounced changes arising from the movement of the crop. Loans to customers for commercial purposes,



Interest Rates at Minneapolis on Prime Bank Loans and Commercial Paper and the Discount Rate at the Federal Reserve Bank, 1919-1927.

as evidenced by the item "loans not secured by stocks or bonds" increased 14 million dollars, or 9 percent, during the three weeks ending September 14, and were 17 million dollars higher than at the low point of the summer reached on the 10th of August. This is the beginning of the usual seasonal increase which lasts until the first part of November and accompanies the expansion of grain holdings by millers and commission houses and the increase in wholesale and retail trade.

The increase in demand deposits which has occurred at city banks as a result of the inflow of country bank funds and the expansion of business in the cities, has not been paralleled since 1924. From the reported figures it is not possible to ascertain the exact amount of the increase, but "net demand deposits" which consist of total demand deposits, minus balances carried with other banks and minus items in process of collection, had increased 20 million dollars, or nearly 10 percent, during the three weeks ending September 14. Balances carried by city banks with correspondent banks in eastern centers and elsewhere have increased 15 million dollars during the same three week period, reaching the highest point in the two years since reports were first made regarding this item. Reporting city banks have experienced this increase in commercial loans and demand deposits without any important reduction in investments or in loans secured by stocks or bonds, and in addition, they were able to repay their borrowings from this bank completely by September 14.

Interest rates on prime loans at Minneapolis were reduced fractionally by the commercial banks during the month ending September 15, and on that date were the lowest reported by these banks since October 15, 1925. Commercial paper quotations were reduced ¼ of 1 percent on September 10. The discount rate of the Minneapolis Federal Reserve Bank was reduced from 4 percent to 3½ percent on September 13.

The complete mid-year banking returns corroborate the preliminary reports which were discussed in this Review last month. However, a few additional facts of interest became apparent when the complete returns were analyzed. The following statements refer to Minnesota, North Dakota, South Dakota and Montana, since no banking reports are compiled until December 31 for the portions of Wisconsin and Michigan which are included in this district.

Deposits decreased 73 million dollars, or 5 percent, during the year ending June 30, 1927. This decrease was almost entirely accounted for by the elimination from the returns of the deposits of suspended banks, which amounted to nearly 70 millions, according to reports compiled by the Federal Reserve Board. Public deposits increased slightly during the year and deposits "due to banks" decreased by a small amount. Total deposits at Minneapolis and St. Paul national banks and at banks in Montana increased during the twelve month period.

Loans decreased 77 millions, or 9 percent, with

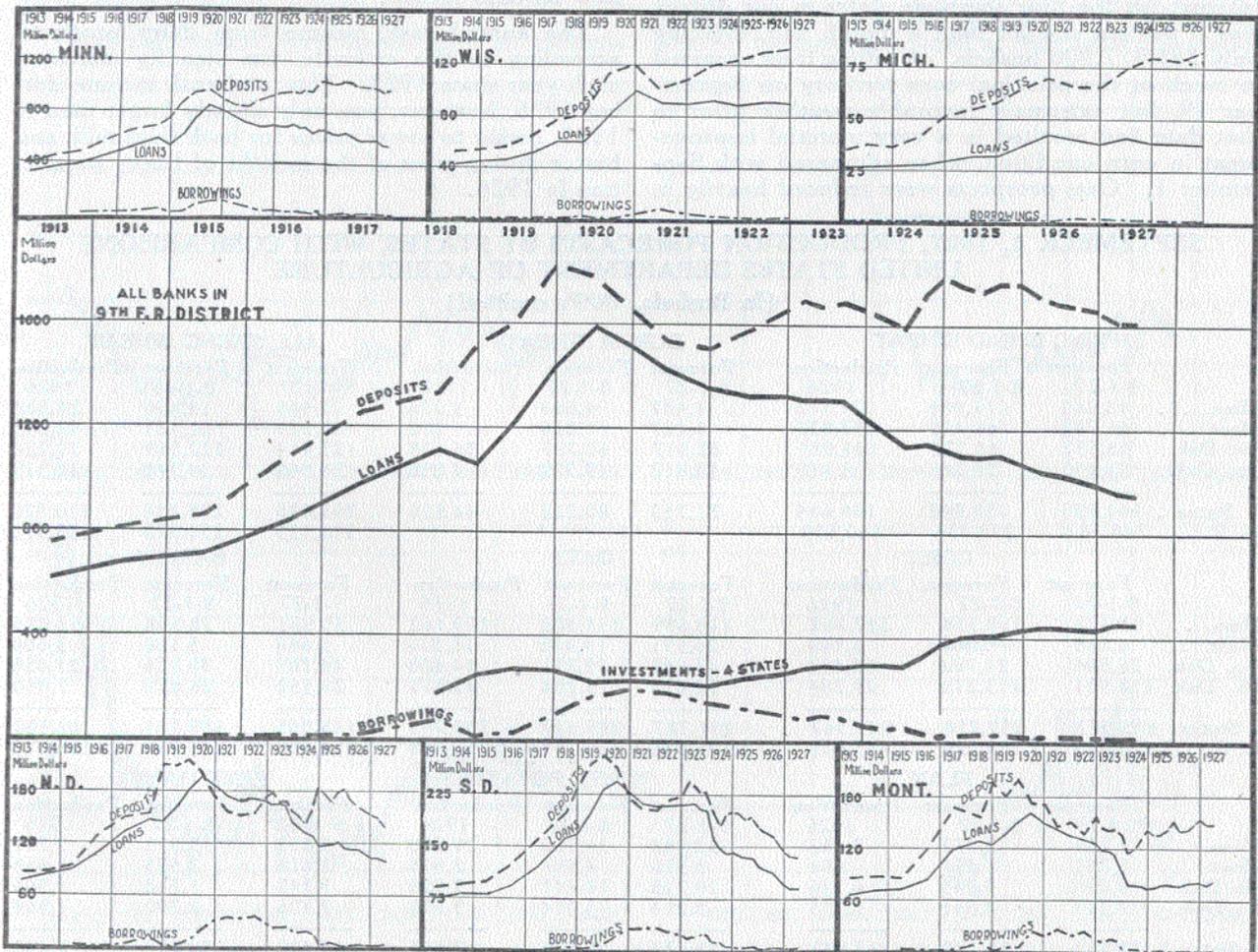
all states sharing in the decline except Montana.

Investment holdings increased 13 millions, or 3 percent, although the investment holdings of North Dakota and South Dakota banks decreased. There was a shift in holdings from United States securities to other securities. Although it is impossible to compare holdings of the two classes of securities for state banks in South Dakota and Montana, the other groups of state and national banks reported a decrease of 15 million dollars in United States security holdings and an increase of nearly 27 millions in other securities.

Cash in vault, cash items and balances "due from banks" decreased 7 millions, or 3 percent, during the year, with all groups of banks sharing in the decrease except national banks in Minneapolis and St. Paul.

Borrowings were reduced 1 1/2 millions during the year.

Although the number of banks in the district was reduced by 239 banks, the banks which were eliminated were mostly very small institutions with average deposits, according to the Federal Reserve



Loans, Deposits, Investments and Borrowings of Banks in the Ninth Federal Reserve District.

Board's reports, of less than \$300,000 per bank. The average deposits of country banks which were in existence on June 30, 1927 were \$463,000 per bank, as compared with \$453,000 per bank a year earlier, thus evidencing a continuing tendency towards larger institutions.

Crop forecasts issued by the United States Department of Agriculture as of September 1 indicate larger cash grain crops in Minnesota, Montana, North Dakota and South Dakota than were forecast a month earlier. Bread spring wheat prospects were increased 3½ million bushels between August 1 and September 1, and durum wheat 1½ million bushels, making the total spring wheat production forecast 243,636,000 bushels. Flax production was forecast as 23,352,000 bushels, an increase of 600,000 bushels during the month of August, most of which was in North Dakota.

Feed grain forecasts were smaller on September 1 than a month earlier, with the exception of barley, which was increased to 118,958,000 bushels. Despite an increase of 75,000,000 bushels in the corn forecast for the United States as a whole, the forecast for the four complete states in our district was 6 percent smaller than a month ago, totalling only 243,977,000 bushels. A killing frost occurred in much of the principal corn territory on September 19, but extremely favorable weather prior to that date had resulted in a very material improvement in corn condition, when compared with September 1. Oats prospects were reduced heavily in

our four states between August 1 and September 1, on account of low yields per acre encountered when threshing. The forecast, however, is nearly one-fourth larger than the production obtained in 1926.

Potato production forecasts were larger on September 1 than on August 1 for Montana, North Dakota and South Dakota, but smaller for Minnesota, making the forecast for our four states combined 53,627,000 bushels, which is slightly less than the August 1 forecast. This production, however, if obtained, is larger than either the 1926 or 1925 crop.

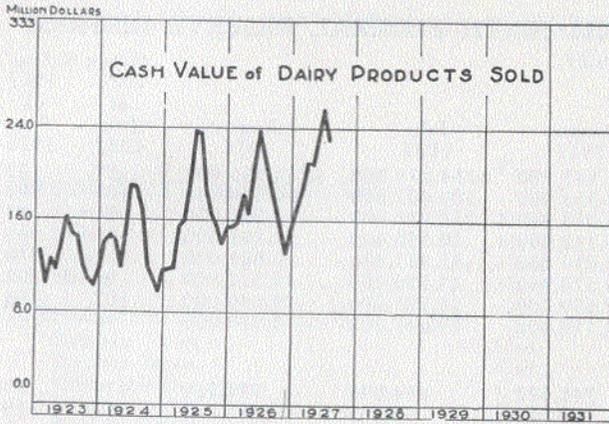
The cash value of dairy products sold by farmers in this district during the first seven months of 1927 was nearly 13 percent greater than the cash value of dairy products sold during the same seven months in 1926. The increase is due to greater production and higher prices of each of the two items, milk and butter. The cash value of dairy production in the month of June was more than 25 million dollars, about one and three-fourths million dollars greater than June, 1926, and established a new all-time record.

The annual cash income from dairy products, according to this estimate, has steadily increased each year since 1923. The total cash income during 1926, however, was only slightly larger than in 1925, owing to lower prices for both fluid milk and butter during most of the months of heavy production in 1926.

**SEPTEMBER 1, 1927, PRODUCTION FORECASTS BY STATES, WITH COMPARISONS
UNITED STATES DEPARTMENT OF AGRICULTURE
(In Bushels, 000's omitted)**

	SPRING BREAD WHEAT			DURUM WHEAT			ALL SPRING WHEAT		
	Forecast 9-1-27	Forecast 8-1-27	Production 1926	Forecast 9-1-27	Forecast 8-1-27	Production 1926	Forecast 9-1-27	Forecast 8-1-27	Production 1926
Minn. . . .	13,462	14,986	21,312	4,487	4,664	3,276	17,949	19,650	24,588
Mont. . . .	61,702	60,425	37,877	1,127	1,038	516	62,829	61,463	38,393
No. Dak. . .	63,597	61,772	41,086	62,317	60,797	36,138	125,914	122,569	77,224
So. Dak. . .	23,132	20,819	5,419	13,812	13,723	4,896	36,944	34,542	10,315
4 States . .	161,893	158,002	105,694	81,743	80,222	44,826	243,636	238,224	150,520
U. S. . . .	226,382	218,156	160,550				308,125	298,378	205,376
	CORN			OATS			BARLEY		
	Forecast 9-1-27	Forecast 8-1-27	Production 1926	Forecast 9-1-27	Forecast 8-1-27	Production 1926	Forecast 9-1-27	Forecast 8-1-27	Production 1926
Minn. . . .	97,377	118,338	147,662	110,689	133,402	129,162	39,951	38,358	32,675
Mont. . . .	6,113	6,004	3,949	20,595	19,410	16,510	5,668	5,160	3,600
No. Dak. . .	21,506	21,702	18,162	47,685	57,311	34,408	44,187	39,176	21,050
So. Dak. . .	118,981	113,210	79,794	72,418	75,204	23,213	29,152	26,827	7,858
4 States . .	243,977	259,254	249,567	251,387	285,327	203,293	118,958	109,521	65,183
U. S. . . .	2,456,561	2,385,226	2,645,031	1,191,396	1,278,741	1,253,739	259,406	248,736	188,340
	FLAX			WHITE POTATOES			TAME HAY*		
	Forecast 9-1-27	Forecast 8-1-27	Production 1926	Forecast 9-1-27	Forecast 8-1-27	Production 1926	Forecast 9-1-27	Forecast 8-1-27	Production 1926
Minn. . . .	7,153	7,477	7,652	32,361	34,760	29,800	3,857	3,979	2,741
Mont. . . .	1,792	1,657	804	5,336	4,984	2,975	2,616	2,525	1,968
No. Dak. . .	9,693	9,045	6,736	10,716	10,441	7,520	1,743	1,748	1,365
So. Dak. . .	4,714	4,541	2,755	5,214	5,014	3,300	2,176	2,200	1,364
4 States . .	23,352	22,720	17,947	53,627	55,199	43,595	10,392	10,452	7,438
U. S. . . .	23,935	23,308	18,592	399,798	410,714	356,123	101,269	102,078	86,184

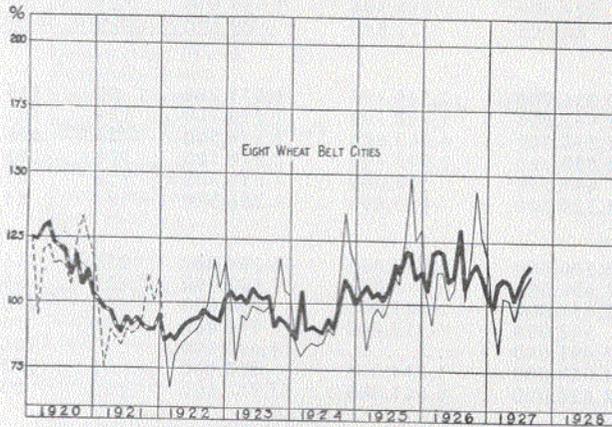
*Figures in tons.



Cash Value of Butter and Fluid Milk Produced for Sale in the Ninth Federal Reserve District at Minneapolis Wholesale Prices.

Prices of fluid milk and butter during August, 1927 were above the August, 1926 prices. The expected seasonal advance occurred during August. The advances during August, 1927 were greater than the advances during August, 1926, increasing the margin by which 1927 prices had exceeded 1926 prices a month earlier.

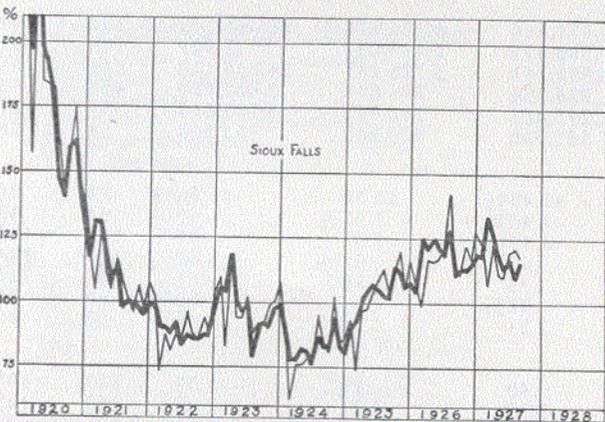
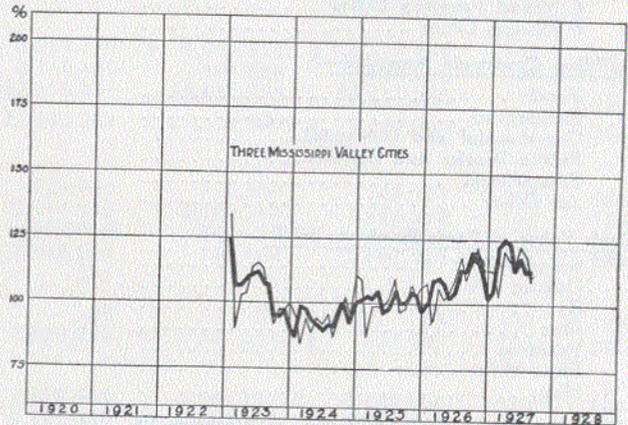
These conclusions were drawn from an estimate



of the cash value of dairy production prepared in this office by revising the butter production estimate described in our June 27, 1927 issue, and combining it with the estimate of the cash value of milk sold, which was described in our July 28 issue. Figures for the twenty-six northwestern counties of Wisconsin and the upper peninsula of Michigan have been added so that all the territory in the Ninth Federal Reserve District is now included.

Production figures for the Wisconsin and Michigan counties were estimated from the relation of the number of dairy cows in those counties on January 1 of each year to the number of dairy cows in Minnesota on January 1 of each year. While a larger proportion of the milk produced in the Wisconsin counties is sold to cheese factories and condensaries than is the case in Minnesota, the cash income from the sale of that milk has been considered to be approximately the same as it would have been if shipped to the fluid milk market, or if the butterfat were sold to a local creamery.

The prices used in determining the cash value of the estimated monthly production are based on the actual prices received by approximately six thousand producers for milk delivered at Minneapolis and for butterfat delivered at their local creameries.



Debits to Individual Accounts at Banks in the Smaller Reporting Cities of the Ninth Federal Reserve District. Heavy curves represent figures adjusted to eliminate seasonal changes; light curves represent unadjusted figures as percentages of the average month.

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

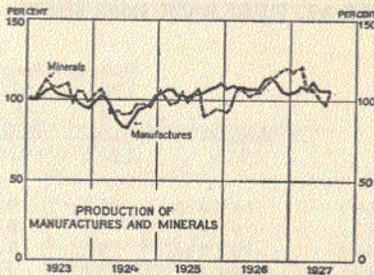
		August	July	August	%Aug.	%Aug.
		1927	1927	1926	of	of
					July	July
					1927	1926
Debits to Individual Accounts—						
	Unit					
17 Cities		\$744,943,000	\$754,875,000	\$731,896,000	99	102
Minneapolis		390,353,000	380,407,000	386,878,000	103	101
St. Paul		155,033,000	169,938,000	152,028,000	91	102
Duluth-Superior		75,112,000	80,558,000	72,393,000	93	104
8 Wheat Belt Cities		58,054,000	55,937,000	52,806,000	104	110
3 Mississippi Valley Cities		19,574,000	21,395,000	19,572,000	91	100
South St. Paul		27,659,000	26,993,000	29,840,000	102	93
Sioux Falls		19,158,000	19,647,000	18,379,000	98	104
Carloadings-Northwestern District—						
Total	Cars	745,572	654,895	751,237	114	99
Grains and Grain Products	Cars	69,039	36,387	53,523	190	129
Livestock	Cars	31,941	30,577	35,403	104	90
Coal	Cars	29,035	17,530	28,283	166	103
Coke	Cars	5,741	5,786	6,629	99	87
Forest Products	Cars	72,025	60,464	68,090	119	106
Ore	Cars	177,978	172,013	215,127	103	83
Merchandise—L. C. L.	Cars	156,204	145,526	148,844	107	105
Miscellaneous	Cars	203,609	186,612	195,338	109	104
Building Permits—						
Number—18 Cities		1,883	1,542	2,013	122	94
Value—18 Cities		\$ 6,411,200	\$ 4,481,800	\$ 7,910,200	143	81
Minneapolis		3,791,600	1,689,800	1,897,500	224	200
St. Paul		981,400	839,600	1,689,400	117	58
Duluth-Superior		377,200	832,600	716,200	45	53
4 Wheat Belt Cities		657,000	349,700	463,500	188	142
6 Mixed Farming Cities		524,000	698,300	3,059,800	75	17
4 Mining Cities		80,000	71,800	83,800	111	95
Building Contracts Awarded—						
Total		9,836,700	11,340,100	8,571,200	87	115
Residential		2,942,000	1,598,100	2,910,700	184	101
Commercial and Industrial		1,232,700	6,265,600	1,144,500	20	108
Public Works and Utilities		3,888,100	2,093,400	2,070,100	186	188
Educational		644,700	538,000	1,059,400	120	61
All Other		1,129,200	845,000	1,386,500	134	81
Cash Value of Farm Products Sold—						
Bread Wheat		16,500,000	6,958,000	14,264,000	237	116
Durum Wheat		2,691,000	1,948,000	1,602,000	138	168
Rye		2,053,000	423,000	754,000	485	272
Flax		362,000	357,000	914,000	101	40
Potatoes		1,491,000		1,405,000		106
Fluid Milk		1,008,000	1,234,000	988,000	82	102
Hogs		14,420,000	6,661,000	17,982,000	216	80
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—						
Wheat	Bu.	6,073,444	5,306,834	6,666,077	144	91
Corn	Bu.	1,596,437	1,479,037	397,927	108	401
Oats	Bu.	6,993,341	3,778,743	24,958,179	185	28
Barley	Bu.	1,326,794	291,832	2,483,089	455	53
Rye	Bu.	1,292,386	362,472	6,102,657	357	21
Flax	Bu.	585,758	920,862	753,308	64	78
Median Cash Grain Prices—						
Wheat—No. 1 Dark Northern	Bu.	\$1.49 ³ / ₈	\$1.58	\$1.56 ¹ / ₈	94	96
Durum—No. 2 Amber	Bu.	1.40 ³ / ₄	1.55 ³ / ₈	1.59 ³ / ₈	91	88
Corn—No. 3 Yellow	Bu.	1.11 ¹ / ₈	1.01	.81	110	137
Oats—No. 3 White	Bu.	.45 ³ / ₈	.45 ¹ / ₈	.37 ¹ / ₂	101	121
Barley—No. 3	Bu.	.75	.80	.61	94	123
Rye—No. 2	Bu.	.91 ³ / ₈	1.04	.95 ⁷ / ₈	88	95
Flax—No. 1	Bu.	2.21	2.22 ¹ / ₂	2.44 ¹ / ₂	99	90
Wholesale Produce Prices—						
Butter	Lb.	.40	.39	.38	103	105
Milk	Cwt.	2.38	2.31	2.27	103	105
Hens—4 ¹ / ₂ Pounds	Lb.	.16 ³ / ₄	.15 ¹ / ₂	.20	108	84
Eggs	Doz.	.23	.20 ¹ / ₂	.30 ¹ / ₂	112	75
Potatoes	Bu.	1.13	1.95	1.28	58	88

NINTH FEDERAL RESERVE DISTRICT

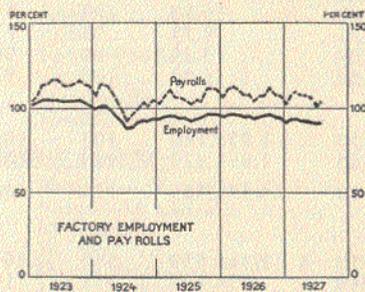
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COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT
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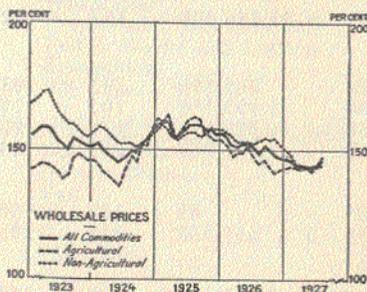
	Unit	August 1927	July 1927	August 1926	% Aug. 1927 of July 1927	% Aug. 1927 of Aug. 1926
Livestock Receipts at South St. Paul—						
Cattle	Head	94,059	59,599	103,416	158	91
Calves	Head	38,998	41,171	43,717	95	89
Hogs	Head	117,143	163,479	142,191	72	82
Sheep	Head	40,940	14,433	44,387	284	92
Median Livestock Prices at South St. Paul—						
Butcher Cows	Cwt.	\$ 6.50	\$ 6.75	\$ 5.75	96	113
Butcher Steers	Cwt.	10.00	11.00	9.00	91	111
Prime Butcher Steers	Cwt.	13.35	12.25	10.15	109	132
Stocker and Feeder Steers	Cwt.	7.25	7.00	6.00	104	121
Veal Calves	Cwt.	13.00	12.25	11.00	106	118
Hogs	Cwt.	8.50	8.00	10.50	106	81
Heavy Hogs	Cwt.	7.50	7.75	9.75	97	77
Lambs	Cwt.	12.75	13.00	13.25	98	96
Ewes	Cwt.	5.50	5.50	6.00	100	92
Flour—						
Production—Twin Cities & Duluth-Superior	Bbbls.	1,079,904	1,047,050	1,053,760	103	102
Shipments from Minneapolis	Bbbls.	1,035,361	897,288	1,035,223	115	100
Linseed Products Shipments from Minneapolis..						
	Lbs.	21,004,286	16,660,100	24,536,383	126	86
Retail Sales—						
Department Stores		\$ 2,274,870	\$ 1,933,010	\$ 2,166,830	118	105
Furniture Stores		572,170	436,940	496,120	131	115
Country Lumber Yards	Bd. Ft.	16,618,000	15,526,000	15,559,000	107	107
Retail Merchandise Stocks—						
Department Stores		\$ 6,255,770	\$ 6,004,920	\$ 6,729,780	104	93
Furniture Stores		2,760,160	2,804,280	2,888,250	98	96
Country Lumber Yards	Bd. Ft.	87,656,000	88,655,000	85,217,000	99	103
Life Insurance Sales (4 States)						
		\$ 23,690,000	\$ 23,310,000	\$ 23,266,000	102	102
Wholesale Trade—						
Farm Implements		923,480	433,550	765,380	213	108
Hardware		2,141,350	2,105,330	1,953,390	102	110
Shoes		711,060	400,670	732,650	177	97
Groceries		5,838,610	5,160,530	5,601,020	113	104
Business Failures—						
Number		85	69	85	123	100
Liabilities		\$ 1,819,855	\$ 729,296	\$ 631,509	250	288
Securities Sold—						
To Banks		2,892,900	2,649,500	2,160,600	109	134
To Insurance Companies		1,331,000	1,584,600	1,835,000	84	73
To General Public		5,225,400	6,528,400	4,622,100	80	113
Ninth Federal Reserve District Member Banks—						
In Cities under 15,000 Population						
Net Demand Deposits		170,619,000	171,919,000	180,707,000	99	94
Time Deposits		258,938,000	258,062,000	280,318,000	100	92
In Cities over 15,000 Population						
Net Demand Deposits		235,626,000	237,403,000	229,161,000	99	103
Time Deposits		175,473,000	172,721,000	159,240,000	102	110
		Sept. 14 1927	Aug. 17 1927	Sept. 15 1926	% Sept. of Aug.	% Sept. of Sept. 26
24 City Member Banks—						
Loans Secured by Stocks and Bonds		\$ 75,712,000	\$ 77,485,000	\$ 75,352,000	98	100
All Other Loans		165,893,000	151,259,000	161,420,000	110	103
Securities		118,707,000	120,280,000	115,407,000	99	103
Net Demand Deposits Subject to Reserve		224,860,000	205,461,000	209,779,000	109	107
Time Deposits		125,014,000	126,998,000	119,263,000	98	105
Borrowings at Federal Reserve Bank		0	1,925,000	5,045,000	0	0
Minneapolis Federal Reserve Bank—						
Loans to Member Banks		3,965,189	6,789,101	9,230,908	58	43
Federal Reserve Notes in Circulation		58,557,040	57,388,295	63,454,140	102	92



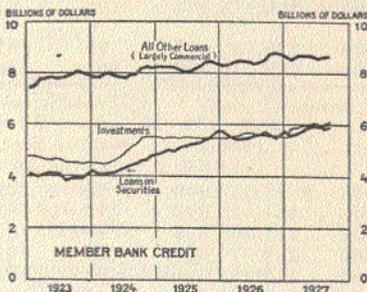
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-25 average=100). Latest figures, August, manufactures 106, minerals 106.



Federal Reserve Board's indexes of factory employment and payrolls (1919=100). Latest figures, August, employment 91.2, payrolls 104.4.



Indexes of United States Bureau of Labor Statistics (1913=100). Latest figures, August, all commodities 146.6, non-agricultural commodities 144.5, agricultural commodities 148.1.



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

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

Industrial production increased in August, reflecting a growth in the output of mines. The distribution of commodities, both at wholesale and at retail, increased by more than the usual seasonal amount. The general level of wholesale commodity prices rose about 1 per cent, owing chiefly to advances in the prices of farm products.

PRODUCTION: Production of anthracite and bituminous coal, which showed a considerable decline earlier in the season, increased sharply in August and the early weeks of September, and this rise was reflected in an advance in the Board's index of mineral output from 98 per cent of the 1923-1925 average in July, to 106 per cent in August. The index of manufactures as a whole showed practically no change for the month. The iron and steel industry continued during August and September with little change in demand or in production and the output of newsprint, lumber and cement showed only customary seasonal changes in August. Consumption of cotton remained unusually large for this season of the year and there was an increase in the production of automobiles, which however remained below the output of August of last year. Output of shoes and rubber tires increased from July to August by less than the customary seasonal amount, factory employment was in practically the same volume in August as in July, and both employment and production were smaller than a year ago. The volume of building contracts awarded in August was smaller than in August, 1926, which was a month of unusually large awards. The largest decreases, as compared with last year, were in the Boston, New York and Chicago Federal Reserve Districts. In the first half of September awards were in practically the same volume as in the corresponding period of last year.

The Department of Agriculture's estimate of corn production on the basis of September 1 condition was 2,457,000,000 bushels, compared with 2,647,000,000 harvested in 1926. The total yield of wheat is expected to be somewhat larger than a year ago. The forecast of the yield of cotton was 12,692,000 bales, representing a reduction of 800,000 bales from the August estimate and of over 5,000,000 bales from last year's crop.

TRADE: Distribution of merchandise at wholesale and retail increased more than is usual in August and sales were generally larger than in August of last year. Sales of wholesale firms in most leading lines were larger than a year ago. Inventories of department stores showed less than the usual seasonal increase in August and at the end of the month were in about the same dollar volume as a year ago. Stocks carried by wholesale firms continued in August generally smaller than last year. Freight carloadings of nearly all types of commodities increased considerably in August and the early part of September but, with the exception of grains and miscellaneous products, loadings for all groups continued in smaller volume than in the same period of last year.

PRICES: Wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, increased from 145 in July to 147 in August. There were large increases in the prices of farm products and of clothing materials, while most of the other groups showed only slight changes. The price of raw cotton advanced from 17½ cents a pound on August 1 to over 23 cents on September 8, but since that date has declined by about 3 cents a pound. Prices of cotton goods, cattle, hogs and sugar also increased during August and the first three weeks of September, while those of grains declined. Recently there have been reductions in the prices of some iron and steel products.

BANK CREDIT: Total loans and investments of member banks in leading cities between August 17 and September 21 increased by \$400,000,000 to the largest figure on record. There were increases in loans on securities and investments, as well as the usual seasonal growth in loans for agricultural and commercial purposes.

The volume of Reserve bank credit increased during the month ending September 21, reflecting the seasonal growth in the demand for current funds and an export of gold. The increase was entirely in the holdings of acceptances and United States securities as there was little change in discounts for member banks.

In the open money markets, rates on security loans increased slightly during September, while rates on commercial paper and 90 day bankers' acceptances remained unchanged at the lowest level of the year. Discount rates at the Federal Reserve Banks of Philadelphia, Chicago, San Francisco and Minneapolis were reduced during September from 4 to 3½ per cent, the rate prevailing in the other eight districts.