

# 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 F. M. BAILEY  
Assistant Federal Reserve Agents

OLIVER S. POWELL  
Statistician

Vol. IV (Serial  
No. 167)

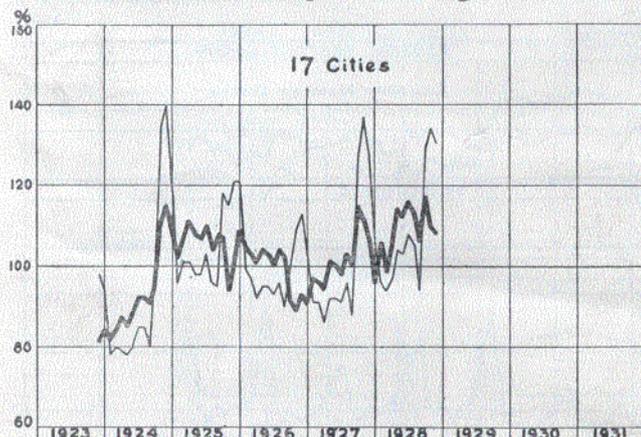
Minneapolis, Minnesota

December 28, 1928

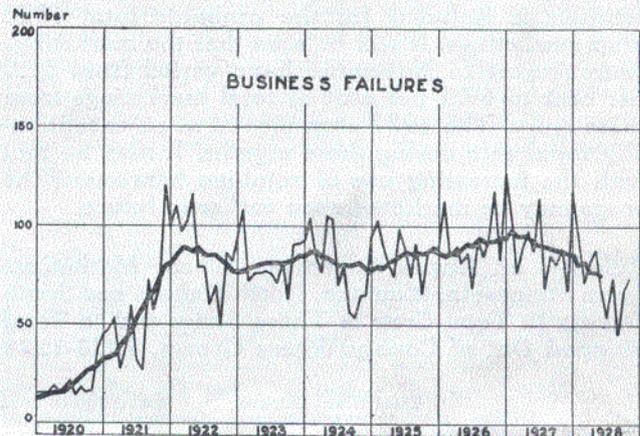
### DISTRICT SUMMARY OF BUSINESS

The volume of business in the Ninth Federal Reserve District in November and the first half of December exceeded the volume in the same period last year. In the larger cities, debits to individual accounts in November increased 2 per cent over November last year. In the rural portion of the district, the country check clearings index increased 11 per cent. Rural Minnesota, and the portions of Wisconsin and Michigan lying within this district, experienced greater increases in check clearings than were shown in the western states of the district. Increases in November, as compared with the same month last year, were shown by carloadings of grains and grain products, coke, forest products, ore and miscellaneous commodities, building permits and contracts, country lumber sales, linseed product shipments and postal receipts. Decreases occurred in carloadings of livestock and coal, department store sales, wholesale trade and flour shipments. Business failures in the district were fewer in November, 1928 than in November, 1927.

In the first two weeks of December, debits to individual accounts at reporting cities increased 8 per cent over the corresponding weeks last year. Country check clearings in the first thirteen business days of December were 27 per cent larger than in the



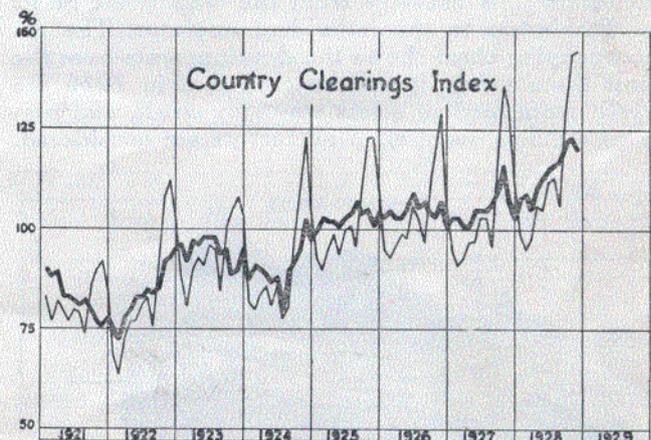
Debits to Individual Accounts at Banks in Seventeen Cities in the Ninth Federal Reserve District. The heavy curve represents figures adjusted to eliminate seasonal changes; the light curve represents unadjusted figures as percentages of the average month.



Business Failures in the Ninth Federal Reserve District, as reported by R. G. Dun and Company. The heavy curve is the twelve-month moving average of the monthly data.

same period last year. As in November, rural Minnesota experienced a larger increase in check clearings than the other sections of the district.

Farm income from cash crops and hogs was 17 per cent smaller in November, 1928 than in November, 1927. The income from dairy products during October exceeded the income from this source in October last year by 12 per cent. The prices of



Country Check Clearings Index for the Ninth Federal Reserve District. The light curve represents figures without seasonal adjustments. The heavy curve represents figures with seasonal adjustments.

flax, butter, hens, butcher cows and steers, feeder steers, veal calves and hogs exceeded prices in November last year. Prices of all other important farm products in this district were the same as last year, or lower than a year ago.

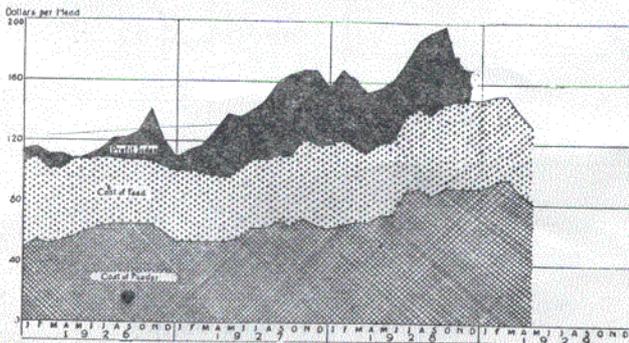
Although the wheat crop moved to market slowly in the early part of the marketing season, the movement was brought up to normal by receipts during November. The table below shows the size of the last six crops in Minnesota, Montana, North Dakota and South Dakota and the proportions of these crops which were marketed, from August to November, and during the whole crop year. A reasoned estimate is included for the probable total 1928 crop marketings. It will be seen that the marketings from August to November have varied from 57.9 per cent to 69.5 per cent of total marketings from these crops. The 1927 crop moved at an exceptionally rapid rate during these months. It may be that with the increasing use of combine harvesters, the crops may be marketed even earlier in future.

**Relation of August-November Wheat Marketings From Minnesota, Montana, North Dakota and South Dakota to Total Crop in Those States and to Total Shipped Out of County Where Grown, 1923-1928**

Year	4 States Crop	Total Wheat Shipped out of County where grown	Aug-Nov. Marketings	% Aug.-Nov. Marketings of Total Shipped out of County
1923	170,018	113,259	76,900	67.9
1924	258,269	216,154	137,293	63.5
1925	209,503	182,517	105,716	57.9
1926	158,247	114,558	71,970	62.8
1927	272,768	232,479	161,469	69.5
1928	276,171	235,000*	151,211	64.4

\*Estimated

An important factor in the farm income of the corn raising sections of the district is the operation of fattening steers. There are no reliable statistics of the volume of such operations, but it is interesting to follow this industry from the standpoint of its profitableness to the individual operator. The accompanying chart shows the developments over the past three years. It will be seen that in 1926 the profit from feeding steers was very small, and perhaps a minus quantity, if all factors are considered.



Steer Feeding Costs and Profits in the Northwest.

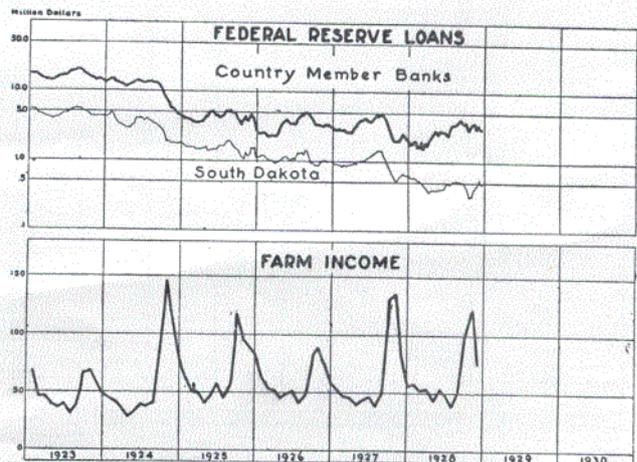
In other words, the sale price of a prime fat steer yielded little more than the cost of the feeder steer, together with the cost of feed at the time of the steer's purchase. During 1927 profits from feeding steers increased rapidly, due to a more rapid increase in the price of fat steers than in the price of feeder steers and feed. In 1928 in spite of well maintained prices of fat steers, profits diminished on account of increased costs of feeder steers and of feed. During the last two months, the cost of both feeder steers and feed has declined sharply, although not to the level of last year.

**DISTRICT SUMMARY OF BANKING**

As the year draws to a close, it becomes interesting to discuss the Federal Reserve Bank's volume of loans to country banks, in relation to the known facts about farm income. Many factors affect the amount of borrowing from this bank but farm income changes are generally most important. Taking the district as a whole, country member banks borrowed less this fall at the peak in August than they borrowed in any other year since the war. On the other hand, the reduction in country bank borrowings from the Federal Reserve Bank has not been as sharp this fall as in other recent fall periods.

To understand the significance of the trends in country bank borrowings from this bank, it is necessary to analyze the situation in the district in two parts; namely, the situation in the mixed farming region, consisting of the eastern half of the district, and the situation in the small grain territory, which constitutes the western half of the district.

In Montana and North Dakota, the major force controlling seasonal movements in banking is the grain crop. While the crop is growing, country bank deposits fall and country bank loans increase on account of large farm expenses and the seasonal shrinkage in farm cash receipts. When the crop be-



Federal Reserve Loans to Country Banks in the Ninth Federal Reserve District and in South Dakota and Farm Income from Cash Crops, Hogs and Dairy Products.

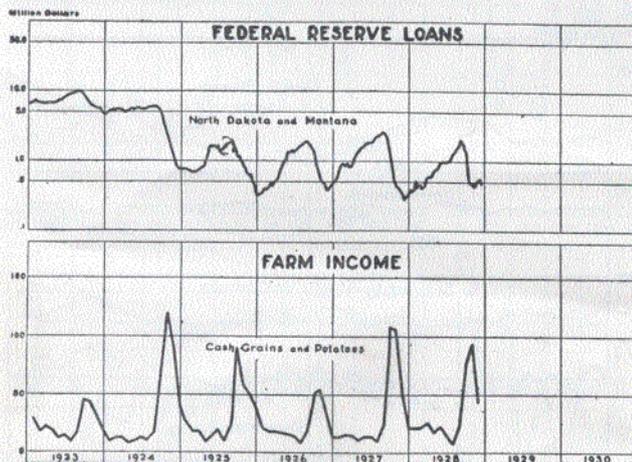
gins to move to market, country bank deposits rise and loans decrease. Until the latter part of August, there is, therefore, a period of growing strain upon the banks in these states, which is evidenced in the case of member banks by increased borrowing from the Federal Reserve Bank. This strain reaches a peak in the final days of August. From that time until near the close of the year, there is a sharp reduction in borrowings from the Federal Reserve Bank. The amount of reduction and the rapidity with which it occurs are very good tests of the financial outturn of the crops and the speed with which they are marketed.

Looking back over the past six years, which are shown in the accompanying chart, the correlation between crop returns and reduction of Federal Reserve loans is striking. It is evident that the 1924 and 1927 crops provided greater ability to reduce indebtedness at the Federal Reserve Bank (in proportion to the total outstanding at the peak of each year) than was provided by the other crops. In 1923 and 1926 crops were poor and the liquidation of indebtedness of Montana and North Dakota banks was less pronounced. In the early days of the 1928 marketing season, it appeared that the 1928 crop would furnish as substantial liquidation as did the 1927 crop, judging from the rapidity of the decrease in Federal reserve loans. During the last few weeks, however, no further decline in total loans to banks in the small grain area has occurred, and a slight increase has taken place. Up to the present time, the reduction of Federal reserve loans in these states combined during 1928 has been about as small as the reduction following the 1926 crop and the amount of loans to banks in the small grain area is larger than on the same date in any year since 1924.

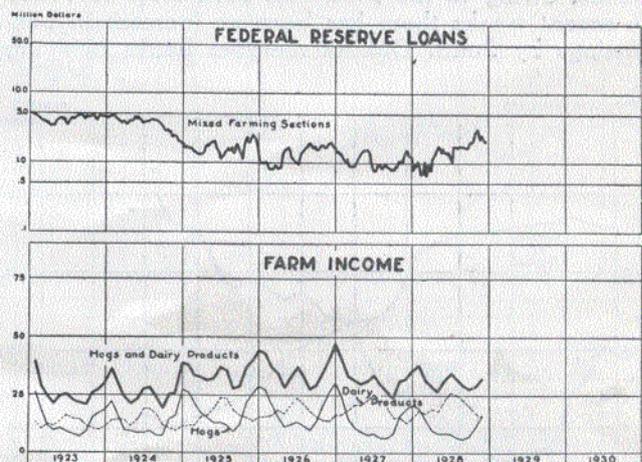
According to the curve shown in the lower half of the chart of North Dakota and Montana borrowings, it is apparent that the smaller amount of liquidation is not entirely due to the small return

from the crops. The cash value of grains and potatoes marketed in the first four months of the present marketing season was smaller than returns from marketings in the same period a year ago, but was considerably larger than returns from marketings in the fall of 1926. Of course, this picture of farm income in the western part of the district is incomplete because there are no adequate figures showing farm income from cattle and sheep, which are major items of farm income in this territory. However, since these unknown items are apparently as large or larger than a year ago, that would not account for the smaller liquidation which has occurred. Rather, it seems evident from various indexes of country business conditions that the volume of transactions in Montana and North Dakota has been running ahead of the volume in the fall months of 1927, in spite of a somewhat smaller farm income, and this has undoubtedly made impossible a more extensive reduction of debt to the Federal Reserve Bank.

Surveying the eastern half of the district, where the major farm activities are more varied, the most striking facts in the 1928 record of Federal Reserve Bank loans, are that the seasonal reduction of indebtedness this summer was very slight and the increase in indebtedness this fall was more rapid than in other recent years, bringing the total volume of loans to banks in the mixed farming section of the district in November up to a higher level than at any time since 1924. Some seasonal decrease has occurred since the peak was reached, but the total at present remains comparatively high. One reason for the borrowing situation in the mixed farming states is the small returns from the potato crop. Another reason for the increased borrowings goes back a year to the poor corn crop of 1927 in certain parts of the hog raising territory. It was necessary in some cases to ship in corn from outside of the state.



Federal Reserve Loans to Banks in North Dakota and Montana which typify the cash crop belt, and Farm Income from Cash Crops in the Ninth Federal Reserve District.



Federal Reserve Loans to Country Banks in Minnesota and the Parts of Wisconsin and Michigan which are in the Ninth Federal Reserve District, typifying the mixed farming region, and Farm Income from Hogs and Dairy Products in this District.

South Dakota, with a large corn crop, benefited by the shortage elsewhere. This inter-state demand for corn was strong enough so that 27 per cent of the South Dakota corn crop in 1927 was shipped out of the county where grown, presumably for sale outside of the state.

This fall there is a small crop of hogs being fed for market and with a satisfactory corn crop well distributed through the hog raising territory, it seems probable that hog marketings will be later than usual. However, since hog prices are close to the average, the usual seasonal reduction in borrowings by mixed farming region banks may be expected during the winter months.

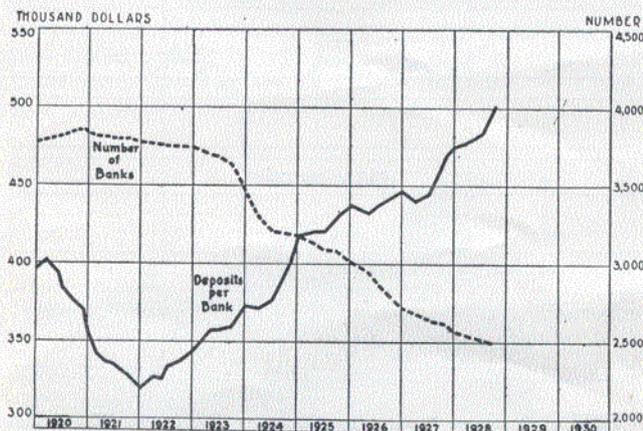
A favorable feature in the mixed farming region of this district is the fact that dairy income continues to increase. During 1928 a new high record in dairy income will be set. The 1928 dairy income will exceed the income from hogs in any of the past six years for which records are available. A most encouraging feature of the outlook for dairy products is that in spite of increased production in this district, the total production in the United States does not appear to outstrip demands. In fact, the amount of creamery butter in storage on December 1, 1928 was smaller than the amount in storage on the same date last year, or on the five-year average for that date.

The South Dakota member bank borrowings from the Federal Reserve Bank are shown on the same chart with the borrowings of all country member banks. In South Dakota mixed farming operations and small grain operations are both important and, consequently, loans to South Dakota banks generally have some of the same seasonal characteristics which appear in the curve for the whole district. In 1928, however, there has been a noticeable lack of increase in borrowings by South Dakota member banks, owing to the profitable corn crop of 1927. In recent weeks there has been an increase in borrowings by South Dakota member banks bringing

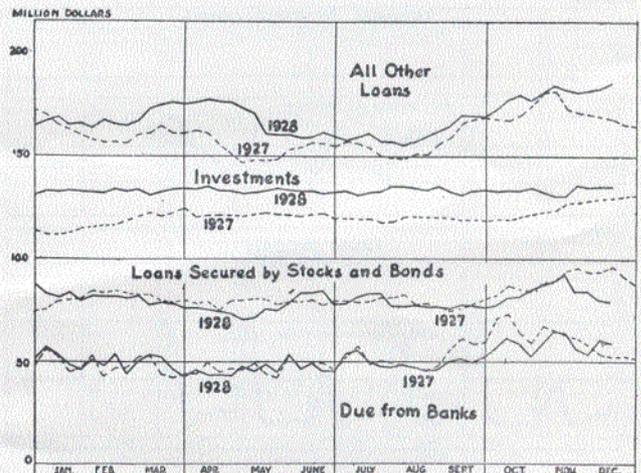
the total back to the level of midsummer. The increase in loans was necessary to finance heavy purchases of feeder steers.

A change in country banking which is worthy of note is the trend towards fewer and larger banking units. Owing to bank suspensions, voluntary liquidations and consolidations, the number of country banks in the district declined from 3,853 on November 15, 1920 to 2,503 on October 3, 1928, the date of the most recent call. Average deposits per country bank on October 3, 1928 amounted to 502 thousand dollars, the largest amount on record. This compares with 401 thousand dollars on February 28, 1920, which was the peak of the post-war increase. In 1913 the average deposits per country bank were about 200 thousand dollars.

Surveying current developments in city banking, the most significant fact is that city member banks have experienced a sustained demand for loans from commercial customers. This is evidenced by the fact that "all other" loans have remained at the high level of the year for six weeks and were higher on December 19 than on the corresponding date in any year since 1924. Loans secured by stocks and bonds have been reduced sharply during the five weeks ending December 19, and have almost returned to the level of midsummer. Investment holdings have remained almost unchanged. On the liability side of the city bank reports, individual and commercial demand deposits declined sharply between November 14 and November 28, but recovered part of the loss in the succeeding two weeks, and on December 12 were higher than on the same date in the two preceding years for which records are available. Time deposits continue to be slightly larger than a year ago, but deposits "due to banks" were smaller than a year ago and in the last reported week fell slightly under the level of two years ago. These banks were able to reduce their borrowings at the Federal Reserve Bank by more than one-half during the last five weeks.



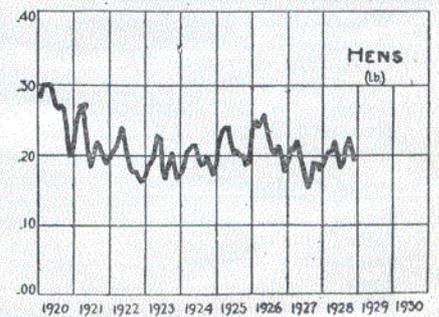
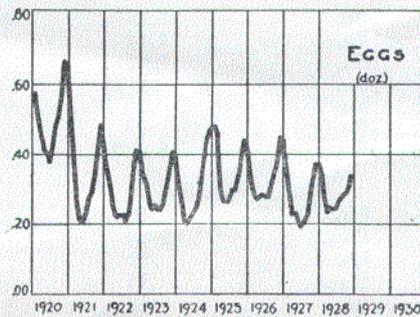
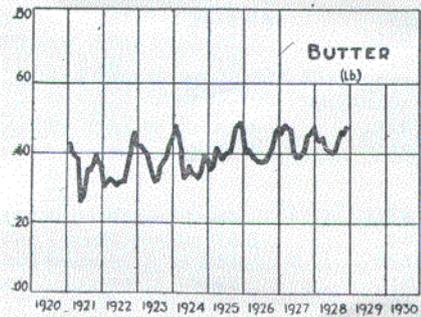
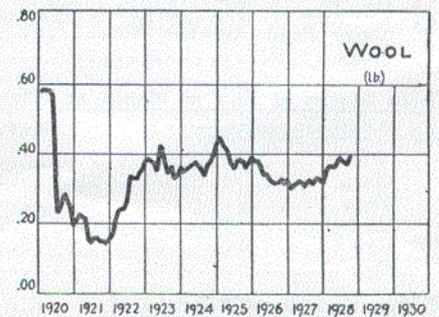
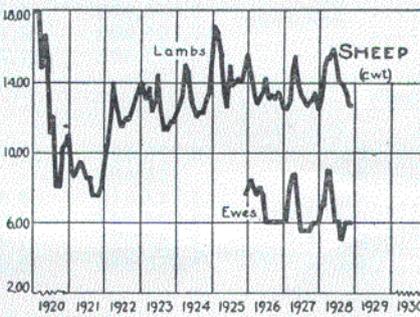
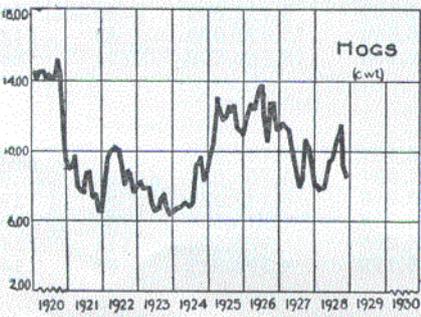
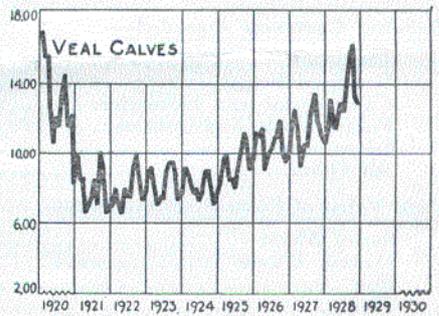
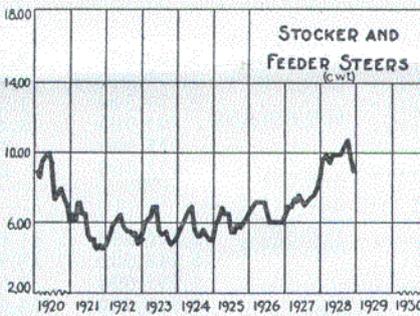
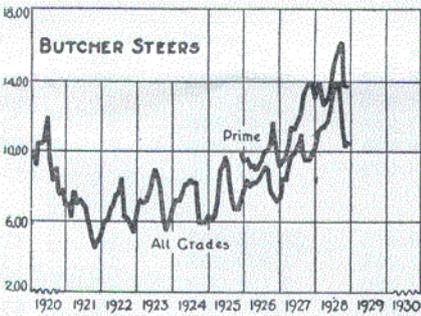
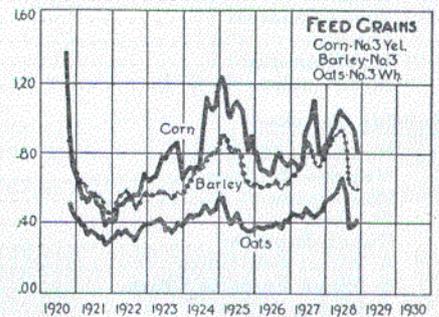
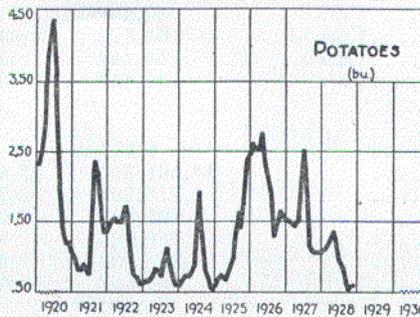
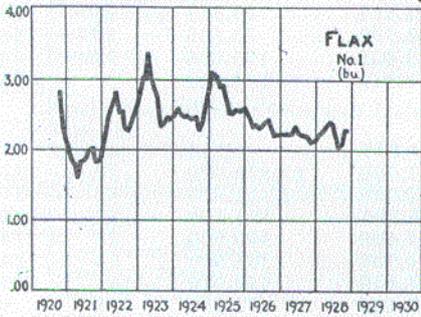
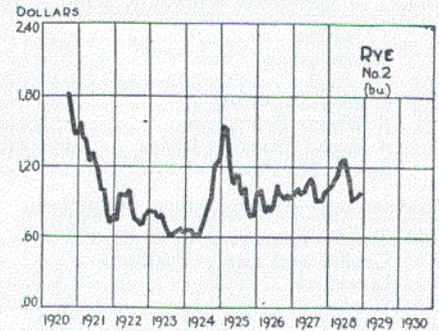
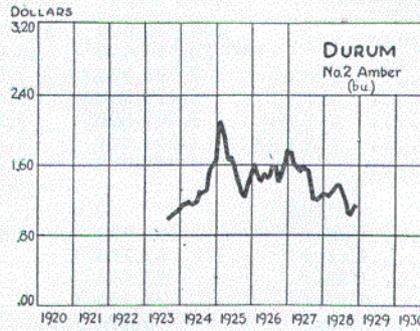
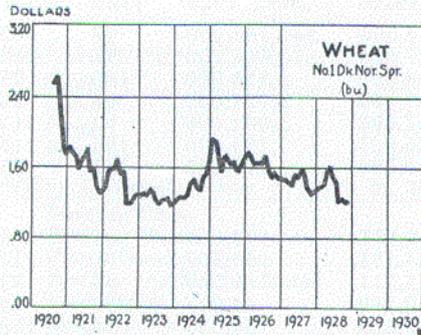
Changes in Number of Country Banks, Both Member and Non-member, and Changes in Average Deposits per Country Bank on Call Dates, 1920-1928.



Principal Assets of Selected City Member Banks in the Ninth Federal Reserve District, Weekly 1927 and 1928.

# NORTHWESTERN FARM PRODUCT PRICES

(Price per bushel, hundredweight, pound or dozen)



## COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

%Nov. 1928  
of  
Oct. 1928

%Nov. 1927  
of  
Nov. 1927

Debits to Individual Accounts, Daily Averages—Unit

	Nov., 1928	Oct., 1928	Nov., 1927	%Nov. 1928 of Oct. 1928	%Nov. 1927 of Nov. 1927
17 Cities .....	\$40,935,000	\$42,163,000	\$40,162,000	97	102
Minneapolis .....	20,314,000	20,907,000	18,865,000	97	108
St. Paul .....	7,995,000	7,544,000	8,396,000	106	95
Duluth-Superior .....	5,479,000	6,489,000	6,121,000	84	90
8 Wheat Belt Cities .....	3,447,000	3,757,000	3,009,000	92	115
4 Mixed Farming Cities .....	1,851,000	1,766,000	1,595,000	105	116
South St. Paul .....	1,849,000	1,700,000	2,176,000	109	85

Carloadings—Northwestern District—

Total—Excluding L. C. L. ....	Cars	439,970	634,133	393,654	69	112
Grains and Grain Products .....	Cars	65,795	84,131	59,357	78	111
Livestock .....	Cars	37,432	43,911	40,146	85	93
Coal .....	Cars	38,275	40,580	44,977	94	85
Coke .....	Cars	5,474	5,823	50,083	94	108
Forest Products .....	Cars	67,662	71,515	65,333	95	104
Ore .....	Cars	60,871	165,370	23,738	37	256
Miscellaneous .....	Cars	164,461	222,803	155,020	74	106
Merchandise—L. C. L. ....	Cars	137,463	151,515	144,002	91	95

Building Permits—

Number—18 Cities .....		1,233	1,839	1,358	67	91
Value—18 Cities .....		\$4,006,200	\$5,687,000	\$2,928,900	70	137
Minneapolis .....		1,715,200	3,217,000	1,132,300	53	151
St. Paul .....		995,000	1,076,700	722,700	92	138
Duluth-Superior .....		340,000	437,400	300,900	78	113
4 Wheat Belt Cities .....		255,700	471,900	206,900	54	124
6 Mixed Farming Cities .....		683,800	424,600	373,900	161	183
4 Mining Cities .....		16,500	59,400	192,200	28	9

Building Contracts Awarded—

Total .....		5,764,000	9,555,800	4,976,700	60	116
Residential .....		2,119,300	4,474,700	2,474,000	47	86
Commercial and Industrial .....		2,173,500	1,264,800	613,300	172	354
Public Works and Utilities .....		743,900	3,171,200	1,695,300	23	44
Educational .....		275,300	360,500	63,000	76	437
All Other .....		452,000	284,600	131,100	159	345

Cash Value of Farm Products Sold—

Bread Wheat .....		23,240,000	41,683,000	28,312,000	56	82
Durum Wheat .....		8,916,000	25,962,000	7,924,000	34	113
Rye .....		1,555,000	3,627,000	3,158,000	43	49
Flax .....		5,828,000	15,008,000	8,451,000	39	69
Potatoes .....		2,076,000	6,312,000	3,132,000	33	66
Dairy Products—See Note .....		17,305,000	20,448,000	15,497,000	85	112
Hogs .....		16,513,000	11,720,000	19,184,000	141	86

Grain Stocks at End of Month at Minneapolis and Duluth-Superior—

Wheat .....	Bu.	50,776,608	52,966,163	34,144,369	96	149
Corn .....	Bu.	115,690	1,081	1,704,821	10702	7
Oats .....	Bu.	2,517,615	3,082,738	8,747,236	82	29
Barley .....	Bu.	3,034,047	2,824,255	1,046,880	107	290
Rye .....	Bu.	2,187,534	1,854,068	978,502	118	224
Flax .....	Bu.	1,632,946	2,628,159	4,794,315	45	34

Median Cash Grain Prices—

Wheat—No. 1 Dark Northern .....	Bu.	\$1.23 <sup>5</sup> / <sub>8</sub>	\$1.23	\$1.317 <sup>7</sup> / <sub>8</sub>	101	94
Durum—No. 2 Amber .....	Bu.	1.12	1.091 <sup>1</sup> / <sub>2</sub>	1.25 <sup>3</sup> / <sub>4</sub>	102	89
Corn—No. 3 Yellow .....	Bu.	.82	.93	.82	87	100
Oats—No. 3 White .....	Bu.	.411 <sup>1</sup> / <sub>2</sub>	.391 <sup>1</sup> / <sub>4</sub>	.461 <sup>1</sup> / <sub>2</sub>	106	89
Barley—No. 3 .....	Bu.	.59	.59	.78	100	76
Rye—No. 2 .....	Bu.	.99	.941 <sup>1</sup> / <sub>2</sub>	1.00	105	99
Flax—No. 1 .....	Bu.	2.32 <sup>3</sup> / <sub>4</sub>	2.281 <sup>1</sup> / <sub>2</sub>	2.131 <sup>1</sup> / <sub>4</sub>	102	109

Wholesale Produce Prices—

Butter .....	Lb.	.48	.451 <sup>1</sup> / <sub>2</sub>	.46	105	104
Milk .....	Cwt.	2.60	2.64	2.63	98	99
Hens—4 <sup>1</sup> / <sub>2</sub> Pounds .....	Lb.	.191 <sup>1</sup> / <sub>2</sub>	.211 <sup>1</sup> / <sub>2</sub>	.18	91	108
Eggs .....	Doz.	.35	.311 <sup>1</sup> / <sub>2</sub>	.371 <sup>1</sup> / <sub>2</sub>	111	93
Potatoes .....	Bu.	.60	.60	1.05	100	57

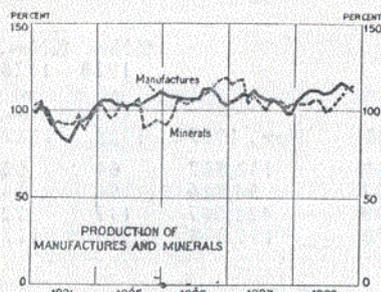
Note: October, 1928; September, 1928; October, 1927.

NINTH FEDERAL RESERVE DISTRICT

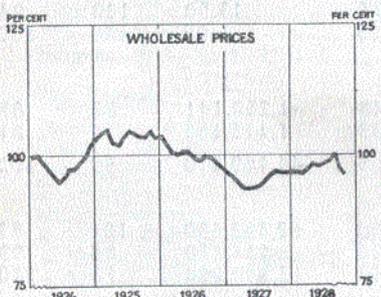
191

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT  
(Continued)

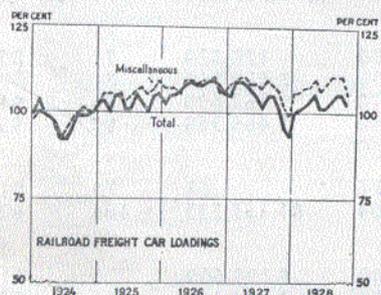
	Unit	Nov., 1928	Oct., 1928	Nov., 1927	%Nov. 1928 of Oct. 1928	%Nov. 1928 of Nov. 1927
<b>Livestock Receipts at South St. Paul—</b>						
Cattle	Head	90,060	139,760	132,887	64	68
Calves	Head	47,346	49,397	54,886	96	86
Hogs	Head	305,248	261,299	424,007	117	72
Sheep	Head	158,842	283,978	136,098	56	117
<b>Median Livestock Prices at South St. Paul—</b>						
Butcher Cows	Cwt.	\$8.25	\$8.00	\$7.00	103	118
Butcher Steers	Cwt.	10.75	10.50	10.00	102	108
Prime Butcher Steers	Cwt.	14.00	14.00	14.00	100	100
Stocker and Feeder Steers	Cwt.	9.00	9.75	8.00	92	113
Veal Calves	Cwt.	13.00	13.50	11.00	96	118
Hogs	Cwt.	8.65	9.25	8.50	94	102
Heavy Hogs	Cwt.	8.25	8.75	7.75	94	106
Lambs	Cwt.	12.75	12.75	13.50	100	94
Ewes	Cwt.	6.00	6.00	6.00	100	100
<b>Flour—</b>						
Production—Twin Cities and Duluth-						
Superior	Bbls.	1,083,767	1,357,348	1,250,141	80	87
Shipments from Minneapolis	Bbls.	900,374	1,199,033	1,113,165	75	81
<b>Linseed Products Shipments from Minneapolis—Lbs.</b>						
		45,090,101	45,507,465	44,109,810	99	102
<b>Retail Sales—</b>						
Department Stores		\$2,220,420	\$2,199,450	\$2,392,630	101	93
Furniture Stores		517,820	590,720	524,420	88	99
Country Lumber Yards	Bd. Ft.	14,134,000	18,242,000	12,990,000	78	110
<b>Retail Merchandise Stocks—</b>						
Department Stores		\$6,124,670	\$6,206,380	\$6,669,650	99	92
Furniture Stores		2,845,230	2,773,000	2,972,730	103	96
Country Lumber Yards	Bd. Ft.	75,810,000	81,035,000	75,271,000	94	101
<b>Life Insurance Sales—(4 States)</b>						
		\$22,924,000	\$25,106,000	\$23,255,000	91	99
<b>Wholesale Trade—</b>						
Farm Implements		107,340	152,180	126,820	71	85
Hardware		2,114,950	2,509,390	2,179,160	84	97
Shoes		509,630	671,370	562,690	76	91
Groceries		5,201,490	5,387,340	5,468,360	97	95
<b>Business Failures—</b>						
Number		55	74	68	74	81
Liabilities		\$710,546	\$677,804	\$1,153,335	105	62
<b>Securities Sold—</b>						
To Banks		1,702,700	2,418,500	4,199,600	70	41
To Insurance Companies		1,101,100	1,524,800	1,414,100	72	78
To General Public		7,669,300	7,683,000	9,122,400	100	84
<b>Real Estate Activity in</b>						
<b>Hennepin and Ramsey Counties—</b>						
Warranty Deeds Recorded		2,005	2,115	2,240	95	90
Mortgages Recorded		1,552	2,076	1,736	75	89
<b>Member Bank Deposits—</b>						
		Dec. 12, 1928	Nov. 7, 1928	Dec. 7, 1927	%Dec. 1928 of Nov. 1928	%Dec. 1928 of Dec. 1927
In Cities under 15,000 Population		\$470,301,000	\$478,867,000	\$456,005,000	98	103
In Cities over 15,000 Population		478,948,000	494,704,000	473,272,000	97	101
<b>24 City Member Banks—</b>						
		Dec. 19, 1928	Nov. 14, 1928	Dec. 21, 1927		
Loans Secured by Stocks and Bonds		\$77,764,000	\$92,276,000	\$91,338,000	84	85
All Other Loans		186,092,000	182,421,000	165,508,000	102	112
Securities		133,210,000	130,296,000	130,348,000	102	102
Net Demand Deposits Subject to Reserve		229,947,000	239,505,000	236,657,000	96	97
Time Deposits		137,398,000	137,465,000	135,554,000	100	101
Borrowings at Federal Reserve Bank		2,809,000	14,142,000	1,300,000	20	216
<b>Minneapolis Federal Reserve Bank—</b>						
Bills Discounted		7,348,151	18,260,355	3,570,677	40	206
Federal Reserve Notes in Circulation		65,093,830	62,316,555	62,072,415	104	105



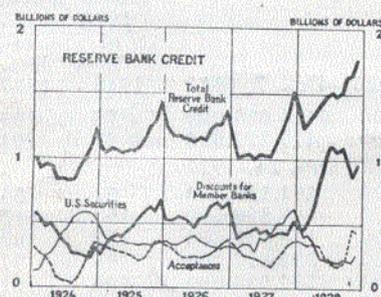
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-25 average=100). Latest figures, November, manufactures 111, minerals 114.



Index of United States Bureau of Labor Statistics (1926=100, base adopted by Bureau). Latest figure, November, 96.7.



Cars of Revenue Freight Loaded, as reported by the American Railway Association. Index number adjusted for seasonal variations (1923-25 average=100). Latest figures, November total 103, miscellaneous 106.



Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first 21 days in December.

## Summary of National Business Conditions (Compiled December 27 by Federal Reserve Board)

Industrial activity declined somewhat in November, but continued above the level of a year ago. Wholesale commodity prices declined further, reflecting principally a continued decrease in the prices of farm products. Security loans of member banks declined sharply after the first week of December, while other loans increased.

**PRODUCTION:** Total output of manufactures was somewhat lower in November, reflecting primarily a larger decrease than is usual at this season in the production of automobiles and steel, but total output continued larger than a year ago. Production of pig iron and copper continued to increase in November and textile mills remained active. Meat packing increased while sugar refining declined seasonally during the month and the production of building materials was smaller. Factory employment and payrolls were seasonably reduced but were larger than in 1927. Mineral production was in about the same volume as in October, according to the Federal Reserve Board's index which makes allowance for seasonal variations. Increases occurred in the daily average production of copper, zinc, tin and bituminous coal, while anthracite coal decreased and the output of petroleum was smaller. The value of building contracts awarded in November and the early part of December receded sharply from the record figures of the two preceding months. The November total was slightly larger than in the corresponding month in 1927, but the volume of contracts for the first two weeks of December was smaller than a year ago.

The December forecast of the Department of Agriculture increased the 1928 estimated production of cotton by 240,000 bales to a total of 14,373,000 bales which is nearly 11 per cent larger than a year ago. The total value of crops, based on December 1 farm prices, is estimated at \$8,456,052,000 as compared with \$8,522,563,000 in 1927.

**TRADE:** Department store sales showed a seasonal increase in November when allowance is made for the number of business days, and approximated those of a year ago, while inventories continued smaller than in 1927. Sales at wholesale declined seasonally, but were larger than in the same month of last year. Railroad freight shipments decreased in volume during November and the early part of December, but continued larger than in 1927. The decrease from October was especially marked in loadings of miscellaneous freight.

**PRICES:** Wholesale commodity prices decreased further in November and the first two weeks of December. The largest price declines during the six week period were in farm and food products and leather, while several groups of industrial products, notably iron and steel, nonferrous metal and cotton goods, were generally higher. Wholesale prices of gasoline and automobile tires declined. Among the agricultural products, prices of raw silk, corn, live stock, and meats were lower during November, while raw cotton, wool, wheat and oats increased somewhat. During the first two weeks of December, however, prices of all these products with the exception of raw silk, declined. Building materials were generally higher in November, but declined somewhat in the middle of December.

**BANK CREDIT:** Loans and investments of member banks in leading cities increased \$329,000,000 during the four week period ending December 19. The advance during the first two weeks reflected chiefly a rapid increase in security loans, which include loans to brokers and dealers in securities. Subsequently, a sharp decline in loans on securities was more than offset by a rapid increase in all other loans and in holdings of investments. The increase in all other loans, which include loans for commercial purposes, was contrary to the usual movement at this season and carried the total to the highest figure in eight years. Seasonal growth in the demand for currency in November and December, together with increases in member bank reserve requirements, consequent upon an increase in their deposits have been reflected in larger borrowings by the member banks from the reserve banks. This recent growth, following upon demand caused by the loss of gold in earlier months, has carried the total volume of reserve bank credit to the highest level in seven years. The rates on call and time loans on security collateral increased during the last week in November and the first part of December, while rates for commercial paper were generally steady. Rates on certain maturities of bankers' bills increased somewhat.