

MONTHLY REVIEW

OF AGRICULTURAL AND BUSINESS CONDITIONS IN THE NINTH FEDERAL RESERVE DISTRICT

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DISTRICT SUMMARY OF BUSINESS

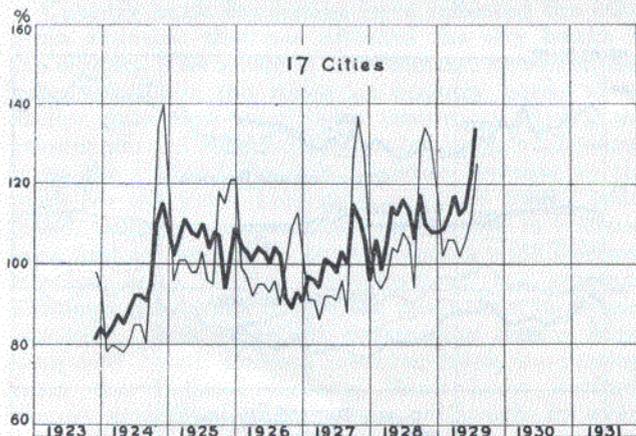
The volume of business in the district during July exceeded the volume in July last year by a greater percentage than the increases which have been shown in other recent months. From weekly reports, it appears that the volume of business in the first half of August exceeded the August volume last year by an even larger percentage. However, it must not be inferred that the July and August records necessarily foretell a continuance of similar increases over last year's volume in coming months. A considerable but unknown proportion of the July and August increase is due to the earlier harvest this year, the greater use of combine-harvesters which accelerate the grain movement, the marketing of held-over grain from the 1928 crop, higher grain prices and a heavy market movement of long-fed hogs. All of these factors are temporary, and the early harvest in particular merely brings forward by a few days the period of active business this fall.

Meanwhile, most of the factors which have been responsible for the rise in business volume in the district during the last year were still present, although some were declining in importance. The income from dairying in June, which was the latest reported month, was 3 per cent larger than the income from this source in June last year. However,

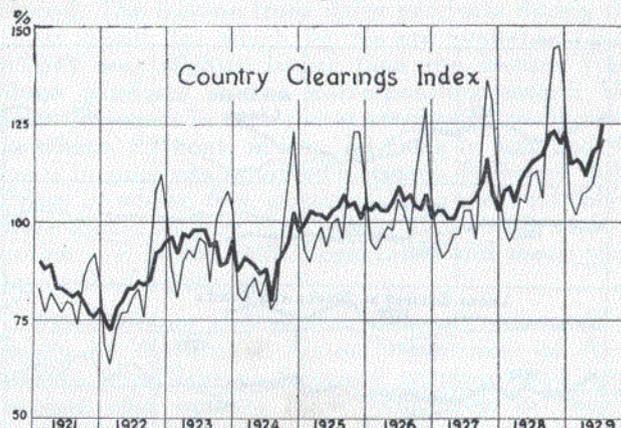
storage stocks of creamery butter in the United States accumulated to 151,600,000 pounds on August 1, as compared with 120,400,000 pounds a year ago and 128,000,000 on the five-year average for that date. The butter price in July was 1½ cents a pound under the price in July last year.

Mining has been one of the chief factors in the growth of business in the district this year. Shipments of iron ore from upper lake ports were larger in July and for the shipping season including July than in any other corresponding periods since the war. Copper output in Michigan and Montana in the first seven months of 1929 exceeded the output in the same months a year ago by 16 per cent. However, the output of copper mines has been declining since April and in July was only 8 per cent larger than in July last year.

The volume of building in process of construction, as evidenced by permits and contracts issued during the first seven months of the year, exceeds the volume of building in the same months last year. However, for the month of July alone permits decreased 29 per cent, compared to July last year and building contracts increased by only 3 per cent. The daily average of contracts awarded in the Northwest during the first eight business days of August was \$401,400, as compared to a daily average of the month of August 1928, of \$387,000,



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.



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.

according to the Graphic Review of the F. W. Dodge Corporation.

Freight carloadings, wholesale trade, linseed product shipments, security sales to banks, life insurance sales and postal receipts were larger in July this year than in the corresponding month last year. Department store sales, flour production and security sales to insurance companies and the general public were smaller in July than in the same month a year ago. Business failures, according to the reports from R. G. Dun and Company, were only forty-six in number in July this year, as compared to seventy-four in July last year.

The daily average of debits to individual accounts at sixty-nine reporting cities in the district was 18 per cent larger in July than in the corresponding month last year. Fifty-five of the reporting cities experienced increases in individual debits and in thirty-four cities the increase was more than 10 per cent. The increase was thus larger and more general than in the earlier months of the year. An increase of 10 per cent was recorded in the first quarter of 1929 and an increase of 3 per cent was recorded in the second quarter of the year, both as compared with the corresponding periods last year. The seventeen cities which have been making weekly reports of individual debits for a number of years experienced an unusually large volume of these transactions in July, and exceeded the usual volume for the month by the largest percentage on record. During the first two weeks of August, these cities reported an increase of 31 per cent in individual debits compared to the same weeks a year ago.

The country check clearings index showed a 7 per cent increase in July over July 1928, and a 4 per cent increase in the first fourteen business days in August over the corresponding date last year. The country check clearings index, after adjustment to eliminate seasonal changes, reached a new high level in July.

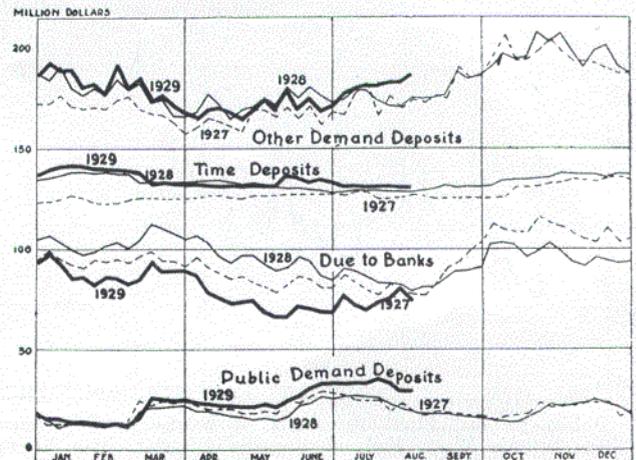
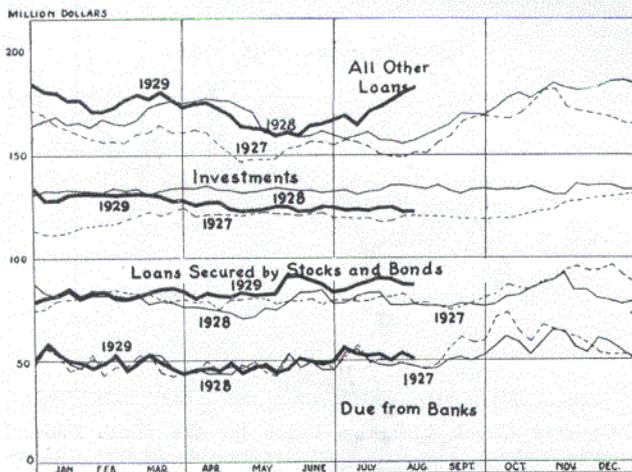
Daily Averages of Debits to Individual Accounts Shown As Percentages of the Corresponding Periods in 1928

	First Quarter	Second Quarter	June 1929	July 1929
Duluth	105	90	93	152
Minneapolis	114	100	106	121
St. Paul	104	103	105	106
South St. Paul	97	110	103	115
Rural Minnesota	104	105	106	109
Montana	115	116	115	136
Northern Michigan	115	109	110	109
North Dakota	115	111	106	102
South Dakota	110	108	104	110
N. W. Wisconsin	107	113	111	110
Ninth District	110	103	105	118

DISTRICT SUMMARY OF BANKING

Banking trends in the Northwest continued their unusual course in the four weeks ending August 14. In the larger cities, deposits have not shown their usual August decrease, but instead have increased by 5 million dollars. Last year deposits of member banks in the larger cities decreased 18 million dollars during the same weeks. As a result, deposits were nearly 19 million dollars larger on August 14 than a year ago, whereas in the middle of July they were 5 million dollars smaller than a year ago. Earlier in the year it will be recalled that deposits at city banks were about 20 million dollars smaller than a year ago.

The increase in deposits was due in equal parts to an increase in deposits due to country banks and to an increase in other demand deposits, excluding public funds. Both of these increases were contrary to the usual seasonal trend. Time deposits remained unchanged and public funds decreased during the four weeks ending August 14. On that date all classes of deposits were larger than a year ago, with the exception of deposits "due to banks," which were 4 million dollars under last year's figures.



Principal Assets and Liabilities of Selected City Member Banks in the Ninth Federal Reserve District, as Reported Weekly in 1927, 1928, and 1929.

On the asset side of the combined balance sheet of city member banks, loans to customers (the "all other" classification) increased sharply during the five weeks ending August 14. There is no parallel for this performance of the loan curve during the last seven years for which records are available. During these weeks, this class of loans has always been stationary in volume or declining. As a result of the increase in commercial loans this summer, their total was 26 million dollars larger than a year ago at the same time. Other assets of city member banks showed very little change in recent weeks. Loans secured by stocks and bonds and balances "due from banks" were larger on August 14 than a year ago, while investment holdings and checks in process of collection were smaller than a year ago.

Bankers explain that the increase in commercial loans in July and August this year has been largely due to the abnormal grain situation. A very large amount of grain has been carried over from last year's crop. Part of it was held in terminal elevators and part of it was held in the country, but has been coming to market rapidly in recent weeks. Furthermore, the grain harvest is very early this year and the prices of grains have risen sharply. The combination of these factors has created a heavy demand for loans from grain firms at an earlier time of year than usual.

Interest rates charged by the larger Minneapolis banks increased during the month ending August 15 to approximately 6¼ per cent, using an average of several classes of loans. This is the highest rate charged by Minneapolis banks since the early spring of 1922. Commercial paper rates have remained unchanged at 6½ per cent net to borrowers. The commercial paper rate, consequently, continued to be higher than bank rates to borrowers in Minneapolis, although the spread has narrowed. The discount rate of the Minneapolis Federal Reserve Bank remained unchanged at 5 per cent.

Country bank conditions have reflected the same grain situation that has affected the city banks in the district. The effect in the country, however, has been to relieve the strain on country banks at an earlier date than usual. It is customary during the greater part of August for country bank borrowings from the Federal Reserve Bank to increase to the peak for the year. This year, contrary to the usual trend, there has been almost no increase in borrowings, and on August 14 country banks were borrowing less than in the early part of the summer, although they were borrowing more than in August last year. It is especially noteworthy that in Montana and North Dakota member bank borrowings from the Federal Reserve Bank have declined almost steadily for six weeks, although in every other recent year borrowings in these states have increased until the third or fourth week in August. Country member bank deposits in July showed a small decrease from the average for June, and were 2 per cent under the total for July 1928.

DISTRICT SUMMARY OF AGRICULTURE

Crop prospects deteriorated in the northern and western part of the district and improved slightly in the southern part of the district during the month of July, according to the production forecasts of the United States Department of Agriculture. On August 1 it appeared that the spring bread wheat crop in the district would be less than two-thirds of last year's production and that the durum wheat crop would be only slightly more than one-half of last year's production. All of the major crops in the district were forecast on August 1 to yield less than last year's production in the district, with the exception of corn, for which a 16 per cent increase was forecast. However, compared to the ten-year average, increases were forecast for winter wheat, flax, corn and barley.

Relative Size of 1929 Crops in Minnesota, North Dakota, South Dakota and Montana

	% 1929 of 1928	% 1929 of Ten- year Average
CASH CROPS		
Spring Bread Wheat	61.9	78.8
Durum Wheat	53.0	80.4
Winter Wheat	75.6	101.3
Rye	82.9	60.2
Flax	96.2	104.6
Potatoes	67.6	77.6
FEED CROPS		
Corn	115.9	113.5
Oats	79.8	81.3
Barley	85.2	157.2
Tame Hay	84.3	100.0

Farm income from cash crops and hogs marketed during July was more than double the income from these products marketed in July last year. The increase was due to higher cash grain prices, larger marketings of old grain and hogs and heavier market weights of hogs due to a longer feeding period. The income from dairy products during the latest month for which figures are available (June 1929) was slightly larger than the income from these products in the corresponding month last year. Increases in cash prices amounting to 30 cents in wheat, 24 cents in rye, 29 cents in flax and 42 cents in potatoes occurred between June and July. Prices of wheat, flax, potatoes, hens and veal calves were higher in July than a year ago. Prices of feed grains, rye, butter, milk, eggs, cattle and sheep were lower than a year ago.

Farm income and expense data are collected annually by the United States Department of Agriculture from several thousand representative farm owners who operate their own farms in various parts of the United States. These reports give the most comprehensive and accurate information regarding the business of farming and the income of individual farmers which is now available. The information for the United States is sub-divided into

six geographical divisions. The Ninth Federal Reserve District lies principally in the west north central district, although the state of Montana is included in the western district. In the west north central states, reports from representative farm owner operators have been collected since 1922. The table appearing below gives the information obtained for these states in the form of averages which indicate the nature of the business operations of a typical farmer owning and operating a farm in this area.

A typical farmer in the west north central states operates a farm of about 350 acres valued at the farmer's own estimate at about \$18,000 or \$52 per acre including the value of improvements. The personal property on the farm is valued at more than \$4,000. The book value of real estate has been reduced by these farmers since 1925. Gross farm income has risen from \$2,235 for the typical farmer in these states in 1922 to \$3,267 in 1928. In the latter year, more than one-half of the farmer's receipts consisted of income from the sale of live stock. Crop sales accounted for less than one-third and the sale of live stock products produced less than one-fifth of the gross income. Greater diversification steadily increased the average income from live stock products on reporting farms from \$379 in 1922 to \$603 in 1928.

The expense of running the farm has grown from \$1,233 in 1922 to \$1,609 in 1928. The increase was chiefly due to larger expenditures for hired labor and for live stock and feed purchased. Taxes increased until 1925 and have declined slightly since that time. In 1928, a typical farmer's net cash income after paying necessary farm expenditures was \$1,658, the largest income in the seven-year period surveyed. In addition the personal property on the farm increased \$395, so that the net result of cash income and increase in property amounted to \$2,053 in 1928. This figure represents the average outcome of farm operations on the farms of all sizes for which data have been received, but before making payment of interest on debts or expenditures for farm improvements, machinery and tools. The latter items on the typical farm in these states amounted to \$751 in 1928, which would leave the typical farmer \$1,302 to spend for living expenses, to reduce debts or to invest.

Interest paid on farm indebtedness has been steadily reduced since 1925 in the west north central states. In 1925, the typical farmer, owning and operating his own farm, paid \$387 in interest. In 1928, the interest payment had shrunk to \$347. This shrinkage may have been due to the repay-

AVERAGE FARM INCOME AND EXPENSES ON REPRESENTATIVE OWNER-OPERATED FARMS IN THE WEST NORTH CENTRAL STATES

Source: U. S. D. A. Yearbooks and Crops and Markets

	1922	1923	1924	1925	1926	1927	1928
Number of Reports.....	1,395	3,817	3,398	3,402	2,969	3,129	2,735
Size of Farm—Acres.....	339	334	355	354	353	355	347
Value of Farm Real Estate, January 1....	\$19,940	\$21,820	\$20,760	\$21,137	\$19,879	\$19,082	\$17,976
Value of Farm Personalty, January 1.....	\$ 3,661	\$ 3,810	\$ 3,872	\$ 4,041	\$ 4,188	\$ 4,068	\$ 4,320
Receipts:							
Crop Sales	\$ 684	\$ 640	\$ 928	\$ 823	\$ 735	\$ 826	\$ 911
Sales of Live Stock.....	1,148	1,330	1,497	1,767	1,775	1,562	1,711
Sales of Live Stock Products.....	379	430	462	509	516	540	603
Miscellaneous Other	24	80	74	75	38	42	42
Total	\$ 2,235	\$ 2,480	\$ 2,961	\$ 3,174	\$ 3,064	\$ 2,970	\$ 3,267
Cash Outlay:							
Hired Labor	\$ 280	\$ 300	\$ 336	\$ 347	\$ 328	\$ 357	\$ 388
Live Stock Bought.....	321	390	387	419	401	358	399
Feed Bought	178	220	277	305	314	292	290
Fertilizer	6	10	6	7	10	11	10
Seed	39	40	44	48	53	58	55
Taxes on Farm Property.....	211	240	239	246	245	235	238
Miscellaneous Other	198	170	165	195	201	173	229
Total	\$ 1,233	\$ 1,370	\$ 1,454	\$ 1,567	\$ 1,552	\$ 1,484	\$ 1,609
Receipts less Cash Outlay.....	\$ 1,002	\$ 1,110	\$ 1,507	\$ 1,607	\$ 1,512	\$ 1,486	\$ 1,658
Increase in Inventory of Personal Property	385	120	273	238	4	346	395
Net Result	\$ 1,387	\$ 1,230	\$ 1,780	\$ 1,845	\$ 1,516	\$ 1,832	\$ 2,053
Interest Paid	Not reported	380	387	387	371	359	347
Spent for Farm Improvements.....	Not reported	170	139	160	154	169	149
Spent for Machinery and Tools*.....	152	120	126	165	191	190	255

FOOTNOTE: Expenditures for machinery and tools are included in cash outlay in the original reports of the U. S. D. A. However, since this item includes an increasing proportion of expenditures for machinery which are comparable with farm improvements, the item has been entered in its present position and adjustments have been made in the net result figures to exclude the effect of changes in expenditures for machinery and tools.

ment of debts or the refunding of indebtedness into lower interest-bearing forms, but in either case the shrinkage in interest payments represents an improvement in the farmer's net income. Assuming that the average interest rate on mortgage and other forms of debt is 6 per cent, the indebtedness of the typical farmer in these states was \$5,780, which was 32 per cent of the farmer's valuation of his real estate and nearly three times his 1928 net income.

In addition to the annual expenditures for improvement of the farm ranging from \$139 to \$170 per year, the typical farmer in these states has been spending an increasing amount for machinery and tools, indicating the growing mechanization of farming. The annual sum spent per farmer in these states for machinery and tools has increased from \$120 in 1923 to \$255 in 1928. Furthermore, the

largest increase in sums spent for machinery and tools was in 1928, when \$65 more was spent on the typical farm for these items than in the year previous.

Since Montana lies in the western states it is interesting to note briefly that similar changes have been occurring in farm income and expenditures in the western states. The net financial result of farming operations, including net cash income and the increase in personal property in the western states, has increased from \$1,163 in 1922 to \$2,425 in 1928, taking the average of representative reporting farms. Taxes in the western states were reduced until 1926, and have increased in the last two years. Interest payments have been reduced from \$390 per farm in 1923 to \$322 in 1928. Expenditures for machinery and tools have increased from \$119 in 1924 to \$254 in 1928.

**AUGUST 1, 1929, PRODUCTION FORECASTS AND PRELIMINARY ESTIMATES
BY STATES, WITH COMPARISONS
UNITED STATES DEPARTMENT OF AGRICULTURE**

	Spring Bread Wheat			Durum Wheat			All Spring Wheat		
	Forecast		Production	Forecast		Production	Forecast		Production
	8-1-29	7-1-29	1928	8-1-29	7-1-29	1928	8-1-29	7-1-29	1928
Minnesota	13,406	13,385	15,747	3,156	3,288	5,568	16,562	16,673	21,315
Montana	31,089	51,405	64,790	104	186	278	31,193	51,591	65,068
North Dakota	42,767	52,835	69,973	34,769	42,987	72,950	77,536	95,822	142,923
South Dakota	17,879	17,501	19,312	11,234	11,817	13,974	29,113	29,318	33,286
4 States	105,141	135,126	169,822	49,263	58,278	92,770	154,404	193,404	262,592
United States	156,389	193,099	231,288	.....	.....	.....	205,652	251,377	323,785

	All Wheat			Winter Wheat			Rye		
	Forecast		Production	Preliminary Estimate		Production	Preliminary Estimates		Production
	8-1-29	7-1-29	1928	8-1-29	7-1-29	1928	8-1-29	7-1-29	1928
Minnesota	19,754	19,715	23,955	3,192	3,042	2,640	6,120	5,972	5,950
Montana	38,430	59,687	77,218	7,237	8,096	12,150	1,332	1,332	2,156
North Dakota	77,536	95,822	142,923	.....	.....	.....	8,746	9,000	12,710
South Dakota	30,807	31,187	34,546	1,694	1,869	1,260	2,262	2,472	1,458
4 States	166,527	206,411	278,642	12,123	13,007	16,050	18,460	18,776	22,274
United States	773,885	833,869	902,749	568,233	582,492	578,964	41,028	41,949	41,949

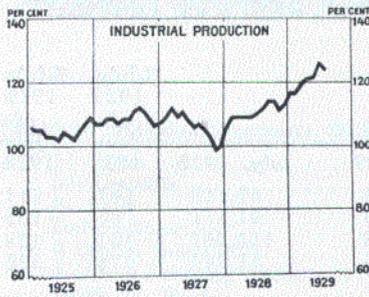
	Flaxseed			Potatoes			Oats		
	Forecast		Production	Forecast		Production	Forecast		Production
	8-1-29	7-1-29	1928	8-1-29	7-1-29	1928	8-1-29	7-1-29	1928
Minnesota	4,472	4,352	4,887	27,391	28,059	38,940	131,870	137,390	153,338
Montana	1,272	2,135	1,666	2,519	3,330	4,255	12,768	20,349	20,221
North Dakota	8,024	9,181	8,115	9,176	11,157	14,805	29,714	36,611	59,954
South Dakota	3,626	3,607	3,410	4,218	4,645	6,030	59,101	60,044	59,211
4 States	17,394	19,275	18,078	43,304	47,191	64,030	233,453	254,394	292,724
United States	17,979	19,885	18,690	372,812	379,290	462,943	1,202,895	1,247,147	1,448,677

	Corn			Barley			Tame Hay		
	Forecast		Production	Forecast		Production	Forecast		Production
	8-1-29	7-1-29	1928	8-1-29	7-1-29	1928	8-1-29	7-1-29	1928
Minnesota	155,676	150,368	143,115	57,030	58,531	60,000	3,794	4,040	4,269
Montana	4,646	5,821	5,206	4,787	6,784	6,374	2,009	2,348	2,558
North Dakota	25,463	26,510	24,426	38,136	43,802	55,564	1,232	1,397	1,991
South Dakota	123,118	121,194	93,849	34,319	36,812	35,675	1,788	1,938	1,655
4 States	308,903	303,893	266,596	134,272	145,929	157,613	8,823	9,723	10,473
United States	2,740,514	2,662,050	2,835,678	304,381	317,264	356,667	97,421	98,991	93,031

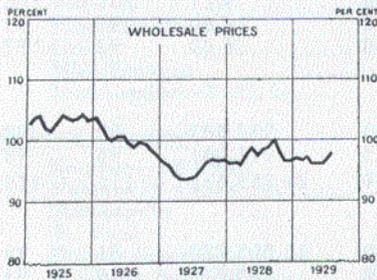
COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

	Unit	July, 1929	June, 1929	July, 1928	% July 1929 of June 1929	% July 1929 of July 1928
Debits to Individual Accounts, Daily Averages—						
17 Cities		\$39,055,000	\$35,311,000	\$33,032,000	111	118
Minneapolis		21,066,000	18,390,000	17,420,000	115	121
St. Paul		7,322,000	7,238,000	6,916,000	101	106
Duluth-Superior		4,596,000	3,873,000	3,105,000	119	148
8 Wheat Belt Cities		2,732,000	2,619,000	2,634,000	104	104
4 Mixed Farming Cities		1,974,000	1,920,000	1,769,000	103	112
South St. Paul		1,365,000	1,271,000	1,188,000	107	115
Carloadings—Northwestern District—						
Total—Excluding L. C. L.	Cars	598,420	582,538	512,952	103	117
Grains and Grain Products	Cars	49,751	44,317	38,761	112	128
Livestock	Cars	29,859	27,747	27,239	108	110
Coal	Cars	18,245	17,513	16,421	104	111
Coke	Cars	8,016	7,977	5,039	100	159
Forest Products	Cars	64,774	80,666	60,067	80	108
Ore	Cars	218,609	203,393	175,516	107	125
Miscellaneous	Cars	209,166	200,925	189,909	104	110
Merchandise—L. C. L.	Cars	144,974	139,998	141,814	104	102
Building Permits—						
Number—18 Cities		1813	1893	1727	96	105
Value—18 Cities		\$3,904,200	\$5,092,500	\$5,457,200	77	71
Minneapolis		1,516,700	2,310,900	2,891,400	66	52
St. Paul		715,300	1,065,000	665,300	67	108
Duluth-Superior		214,200	389,200	393,600	55	54
4 Wheat Belt Cities		658,100	768,600	1,023,600	86	64
6 Mixed Farming Cities		595,700	446,300	366,600	133	162
4 Mining Cities		203,800	112,500	116,700	181	175
Building Contracts Awarded—						
Total		8,855,100	8,808,200	8,604,700	101	103
Residential		1,304,800	1,699,400	1,665,500	77	78
Commercial and Industrial		3,487,900	2,607,300	1,898,100	134	184
Public Works and Utilities		2,504,600	2,761,200	2,622,100	91	96
Educational		858,000	917,200	704,700	94	122
All Other		699,800	823,100	1,714,300	85	41
Cash Value of Farm Products Sold—						
Bread Wheat		14,592,000	7,226,000	3,842,000	202	380
Durum Wheat		5,143,000	4,915,000	1,577,000	105	326
Rye		634,000	466,000	76,000	136	834
Flax		967,000	971,000	458,000	100	211
Dairy Products—See Note		27,217,000	24,604,000	26,342,000	111	103
Hogs		7,949,000	9,102,000	6,966,000	87	114
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—						
Wheat	Bu.	43,998,402	44,443,716	16,982,533	99	259
Corn	Bu.	271,147	213,636	345,088	127	79
Oats	Bu.	2,261,762	1,876,037	157,427	121	1436
Barley	Bu.	3,300,837	3,754,075	295,044	88	1119
Rye	Bu.	3,170,655	3,002,245	267,227	106	1187
Flax	Bu.	465,811	433,549	636,443	107	73
Median Cash Grain Prices—						
Wheat—No. 1 Dark Northern		\$1.51 ⁵ / ₈	\$1.21 ⁷ / ₈	\$1.45 ¹ / ₄	124	104
Durum—No. 2 Amber	Bu.	1.37 ⁷ / ₈	1.07 ¹ / ₈	1.19 ³ / ₄	129	115
Corn—No. 3 Yellow	Bu.	.98	.86 ¹ / ₈	1.01 ⁵ / ₈	114	96
Oats—No. 3 White	Bu.	.45 ⁷ / ₈	.43 ³ / ₈	.58	106	79
Barley—No. 3	Bu.	.68	.58	.85	117	80
Rye—No. 2	Bu.	1.08	.84 ¹ / ₂	1.10 ¹ / ₄	128	98
Flax—No. 1	Bu.	2.77	2.47 ³ / ₄	2.20	112	126
Wholesale Produce Prices—						
Butter	Lb.	.40	.40 ¹ / ₂	.41 ¹ / ₂	99	96
Milk	Cwt.	2.37	2.33	2.48	102	96
Hens—4 ¹ / ₂ Pounds	Lb.	.19 ¹ / ₂	.21	.19	93	103
Eggs	Doz.	.27	.25	.27 ¹ / ₄	108	99
Potatoes	Bu.	1.20	.78	.81	154	148

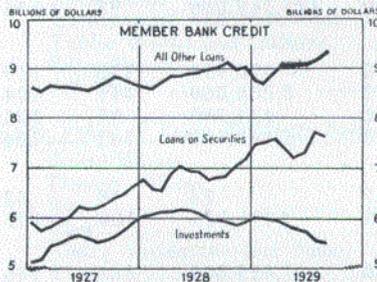
Note: June, 1929, May, 1929, June, 1928.



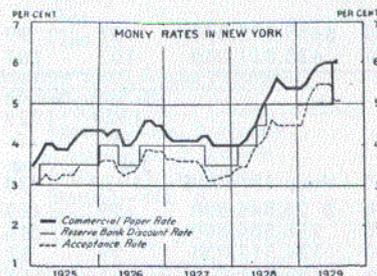
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average=100). Latest figure, July, 124.



Index of United States Bureau of Labor Statistics (1926=100, base adopted by Bureau). Latest figure, July, 98.



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures are averages of first three weeks in August.



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper and acceptance rate on 90-day bankers' acceptances. Latest figures are averages of first 24 days in August.

Summary of National Business Conditions (Compiled August 24 by Federal Reserve Board)

Industrial production decreased slightly during July, but continued at a higher level than in other recent years. Wholesale commodity prices increased further during the month, reflecting chiefly higher prices of agricultural products. Loans for commercial and agricultural purposes by reporting member banks increased during July and the first half of August.

PRODUCTION: The output of manufactures decreased in July while mineral production increased. The average daily output of automobiles, copper, tin, zinc and cotton and wool textiles decreased and there was a small decline in the production of iron and steel. In all of these industries, however, output was larger than in the same month in earlier years. Activity increased during July in silk and shoe factories and in meat packing plants, and there was also a larger output of bituminous coal and crude petroleum than in June. Reports for the first half of August indicate sustained activity in the iron and steel and automobile industries, and a further increase in the output of coal and petroleum. Employment in manufacturing industries decreased in July by less than one per cent while a somewhat greater decrease in payrolls was reported. At this level, factory employment and payrolls, as in earlier months, were larger than in any other year since 1926. The value of construction contracts awarded in July was higher than in the preceding month or in July 1928, reflecting chiefly a sharp increase in contracts for public works and utilities. For the first half of August, however, total contracts declined to a level below the corresponding period a year ago.

The August estimate of the Department of Agriculture indicates a wheat crop of 774,000,000 bushels, slightly below the five-year average, and 128,000,000 bushels below last year's production, and a corn crop approximately equal to the five-year average crop, but about 100,000,000 bushels smaller than in 1928. The cotton crop is estimated at 15,543,000 bales, 7 per cent larger than last year.

DISTRIBUTION: Freight car loadings increased seasonally during July and the first two weeks of August, reflecting chiefly increased loadings of coal, grain and ore, while shipments of miscellaneous freight continued in about the same volume as in June. Sales of department stores declined seasonally from June and on a daily basis were about the same as in July a year ago.

PRICES: Wholesale prices in July continued the rise which began in June, according to the index of the Bureau of Labor Statistics, reflecting chiefly higher prices for farm products and their manufactures, particularly live stock and meats, grains and flour and potatoes. Prices of hides and leather also increased. Wool, rayon, and textile products, declined slightly in price. There was a marked advance in the price of sugar and rubber prices also rose somewhat. Prices of petroleum and gasoline declined and prices of iron and steel were somewhat lower. During the first three weeks in August there were declines in the prices of cotton, petroleum, beef, sugar, oats, rubber and tin, and marked fluctuations in prices of pork and wheat.

BANK CREDIT: Loans for commercial purposes by reporting member banks increased to new high levels during the four weeks ending August 14, while security loans, after increasing further during the latter part of July, declined during the first two weeks in August. Member bank borrowings at the Reserve Banks averaged \$45,000,000 less during the week ending August 17, than in the week ending July 20, reflecting increased sales of acceptances to the Reserve Bank, and further imports of gold. Open market rates on call and time loans on securities were firmer during the last half of July and the first week of August. During the second week of August rates on call loans declined while rates on commercial paper in the open market advanced from 6 to 6-6¼ per cent. On August 8 the discount rate of the Federal Reserve Bank of New York was increased from 5 to 6 per cent and the buying rate on bankers' acceptances was reduced from 5¼ to the market rate of 5⅛ per cent.