

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. V (Serial
No. 202)

Minneapolis, Minnesota

October 28, 1931

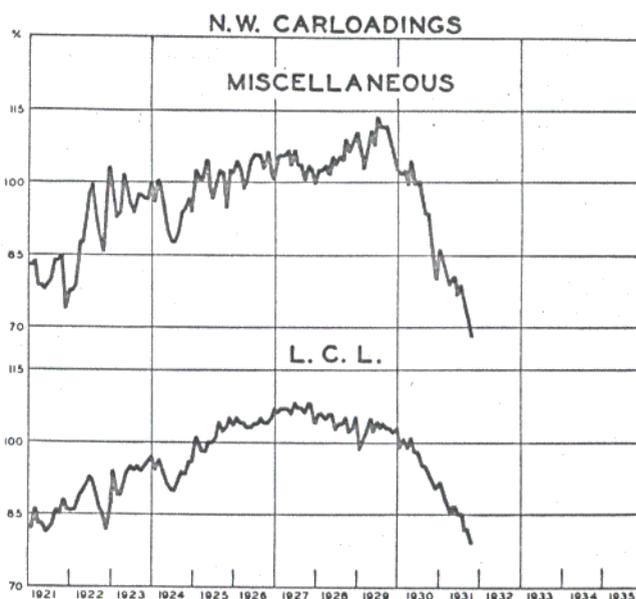
DISTRICT SUMMARY OF BUSINESS

Business in the Ninth District during September dropped to the lowest level in the present depression, and several indexes went lower than in 1921-2. The bank debits index, adjusted for seasonal variations, was 61 in September as compared with the previous low point of 64 in November, 1921. The country check clearings index was 72 in September, as compared with the preceding low point of 73 in February, 1922. The index of miscellaneous freight carloadings was 68, as compared with 74 in November, 1921, and the index of less than carlot loadings was 79, as compared with 81 in May, 1921. The sharp drop in business volume during September was caused largely by the full impact of the cash crop failure in the district, with its resulting shrinkage in grain marketings, railroad traffic, and other related declines. The volume of bank debits showed pronounced decreases at Minneapolis and Duluth-Superior, where debits resulting from the grain movement are an important factor at this time of year.



Bank Debits Index for Reporting Cities in the Ninth Federal Reserve District, adjusted for seasonal variations.

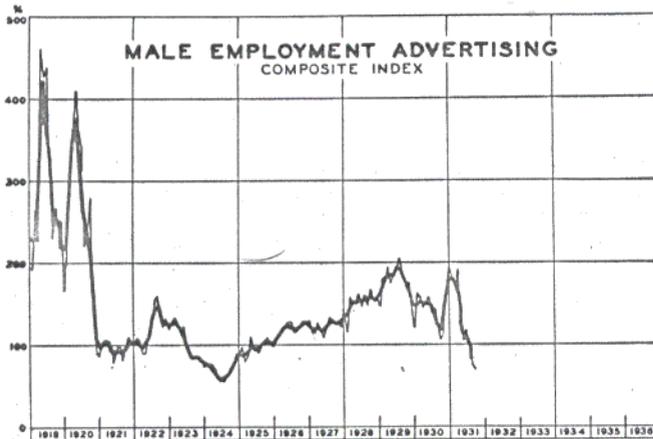
As compared with September, 1930, the decrease in bank debits for September, 1931 was 29 per cent and for country check clearings the decrease was 26 per cent. Other decreases, as compared with the corresponding month last year, were reported in postal receipts, freight carloadings, building permits and contracts, flour production and shipments, linseed product shipments, copper



Carloadings of Miscellaneous Commodities and Less-than-Carlot Freight in the Northwestern District, adjusted to remove seasonal variations.

and iron ore output, grain marketings, department store sales, furniture sales, country lumber sales, life insurance sales, securities sales, and wholesale trade. Increases over last year's figures were reported in live stock receipts and electric power consumption in the eastern part of the district.

Employment indexes for Minneapolis continued to show a shrinkage in the demand for labor, and an increase in the supply of labor. The available indexes are fragmentary evidence, and yet all three series of figures point to the same conclusion and present convincing evidence of the depressed state of the labor market. The three available indexes are the composite index of advertising based on "Male Help Wanted" and "Male Situations Wanted" in Minneapolis newspapers, the public employment office reports of "Male Skilled Help Wanted," and the records of the Family Welfare Association. This latter report shows that 14 times as many families were receiving assistance in September on account of unemployment as in the corresponding month last year.

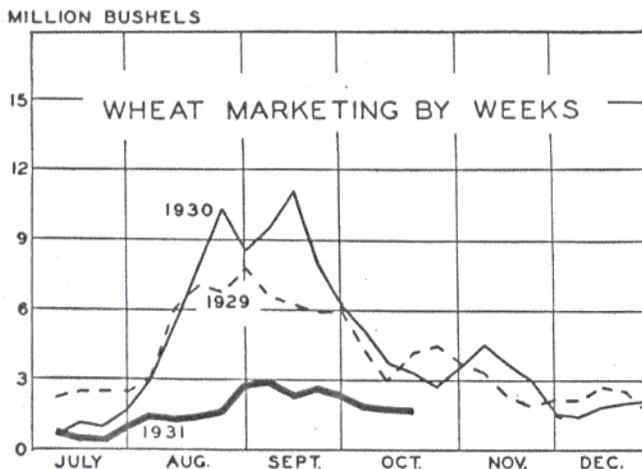


Male Employment Advertising Index for Minneapolis. This index is computed by dividing the seasonally adjusted index numbers of "Situations Wanted" into the similar index numbers for "Help Wanted." The heavy curve is a 3-month moving average of the light curve.

During the first part of October, it appears that business volume continued at a low level. Bank debits for the first two weeks in October were 28 per cent smaller than in the same two weeks last year. Country check clearings for the first 15 business days in October were 29 per cent smaller than in the same days a year ago. Wheat marketings at Minneapolis and Duluth-Superior were 53 per cent smaller during the two weeks ending October 17 than in the corresponding weeks last year.

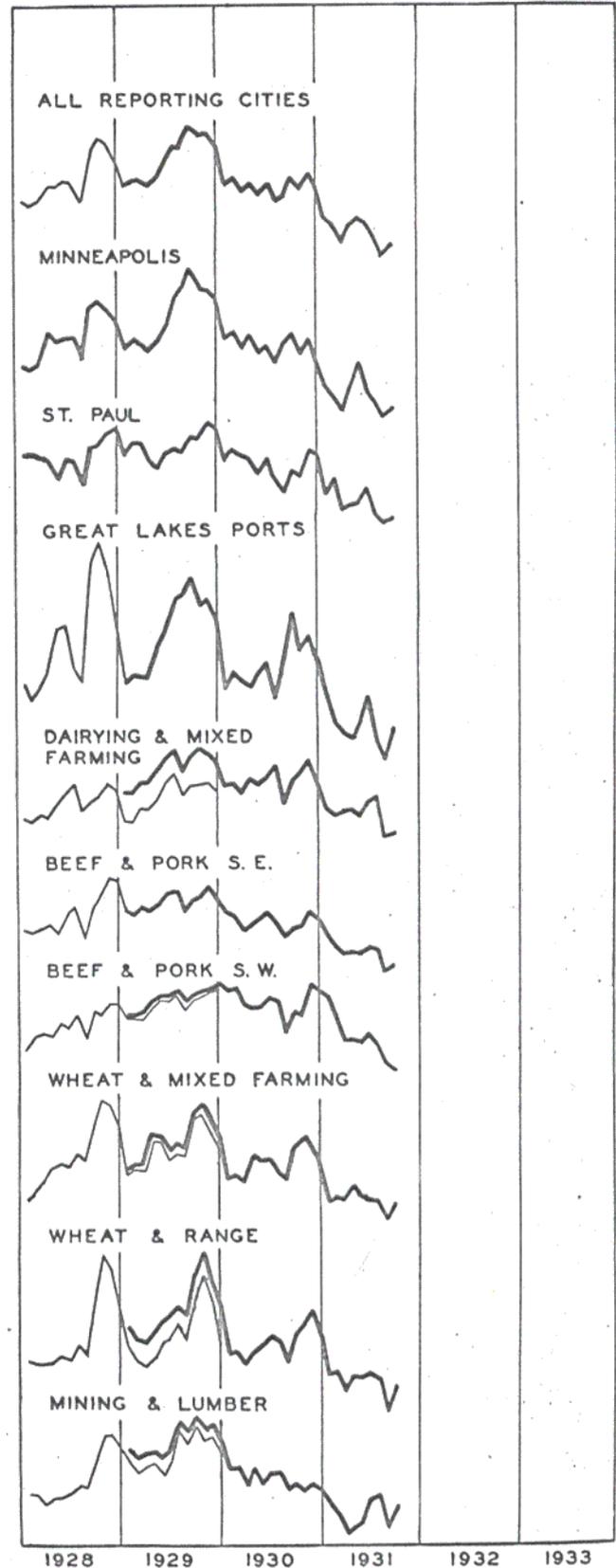
DISTRICT SUMMARY OF AGRICULTURE

Wheat marketings from the northwestern states continued to run far below last year's figures during September and the first part of October. In the five weeks ending October 3, our estimates showed that wheat receipts from the Northwest were 11,870,000 bushels, as compared with receipts of 39,950,000 bushels in the corresponding weeks last year. In the two weeks ending October 17, wheat receipts were



Wheat Marketings from the Northwest by Weeks, July-December.

NINTH FED. RES. DISTRICT BANK DEBITS



3,307,000 bushels, as compared with last year's receipts during the same weeks of 6,970,000 bushels.

The price of butter in September was 29½ cents a pound, which was only 7 cents lower than the price quoted for September last year. It will be recalled that in August the butter price was 25 cents, as compared with 36 cents in August last year. In other words, the reduction in butter price between this year and a year ago has been gradually narrowed. Furthermore, the price of butter has increased 9 cents a pound this year from the summer low point. A year ago, the seasonal increase was only 6½ cents. The autumn increase in the price of butter this year was the largest since 1927.

Stocks of butter in cold storage throughout the United States were only 80,173,000 pounds on October 1, as compared with 131,489,000 pounds a year ago, and 138,168,000 pounds on the five-year average for the date. The decrease in stocks of butter during September this year was 24,000,000 pounds, whereas last year and on the average the decrease during September was only 12,000,000 pounds.

Cold storage holdings of beef, pork, lard, lamb, and mutton were smaller on October 1 than on the five-year average for that date, while stocks of poultry and eggs were larger than the five-year average. All of the above commodities showed decreases in cold storage holdings, as compared with October 1 a year ago, except pork, lard and poultry.

United States Cold Storage Holdings
(In thousands of pounds)

	Oct. 1, Five-year Average	Oct. 1, 1930	Oct 1, 1931
Beef	47,162	60,023	35,441
Pork	537,226	447,427	474,636
Lard	112,809	59,732	69,637
Lamb and Mutton..	2,954	4,320	1,915
Butter	138,168	131,489	80,173
Poultry	48,093	46,938	56,183
Eggs*	10,428	12,221	10,909

*Thousand cases.

Estimated cash income of farmers during September was 59 per cent smaller than in September last year, chiefly the result of greatly reduced marketings of wheat, rye, and flax. Prices of all of the major farm products of the Northwest were lower in September than in the same month last year, although the declines in durum wheat and barley were insignificant.

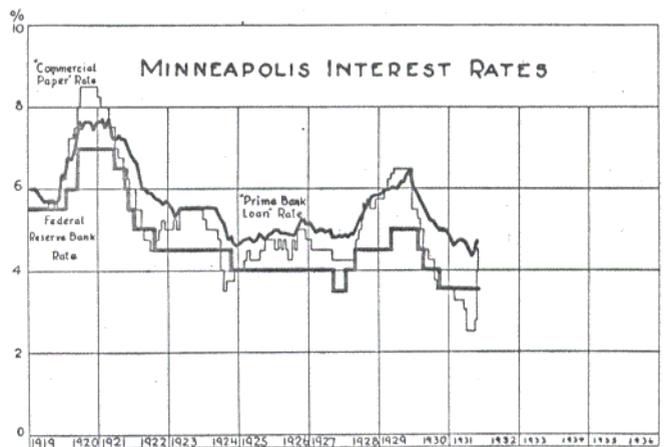
DISTRICT SUMMARY OF BANKING

City member banks in the district have experienced a decrease in deposits during the four weeks ending October 14, and on that date their deposits were 47 million dollars smaller than a year ago. This

represents a decrease of 11 per cent from last year's figures, and brought the deposit total to the lowest level for that time of year in the six years for which records are available. The shrinkage in deposits during the four weeks ending October 14 was a combination of declines in all the major classes of deposits, the most important decreases being in deposits due to country banks and in municipal and other government deposits. Deposits due to other banks and commercial and individual demand deposits were lower on October 14 than on the corresponding date in any of the last six years. Time deposits, on the other hand, although declining slightly, remained above the figures of the preceding years.

Loans to customers by city member banks increased slightly between September 16 and October 14, but were lower on the latter date than in either of the two preceding years. Investments of these banks, including brokers' loans, commercial paper and acceptances, declined during the four weeks ending October 14, and at the end of that period were slightly lower than a year ago, but higher than two years ago.

Minneapolis interest rates on loans increased sharply during the past month. On October 21, commercial paper borrowers in the open market were paying 4½ per cent, as compared with 2¾ per cent a month earlier. Minneapolis commercial



Interest Rates at Minneapolis on Prime Bank Loans and Commercial Paper and the Discount Rate at the Federal Reserve Bank, 1919-1931.

banks increased their loaning rates to customers by one-half per cent during the month ending October 15. The discount rate of the Minneapolis Federal Reserve Bank remained unchanged at 3½ per cent.

Country member banks experienced a slight decrease in deposits between the daily average for August and the daily average for September. Part of this decrease was due to bank suspensions. In September, country member bank deposits were 11 per cent smaller than in September last year. The greatest declines in deposits compared to last year's figures were reported for North Dakota and South

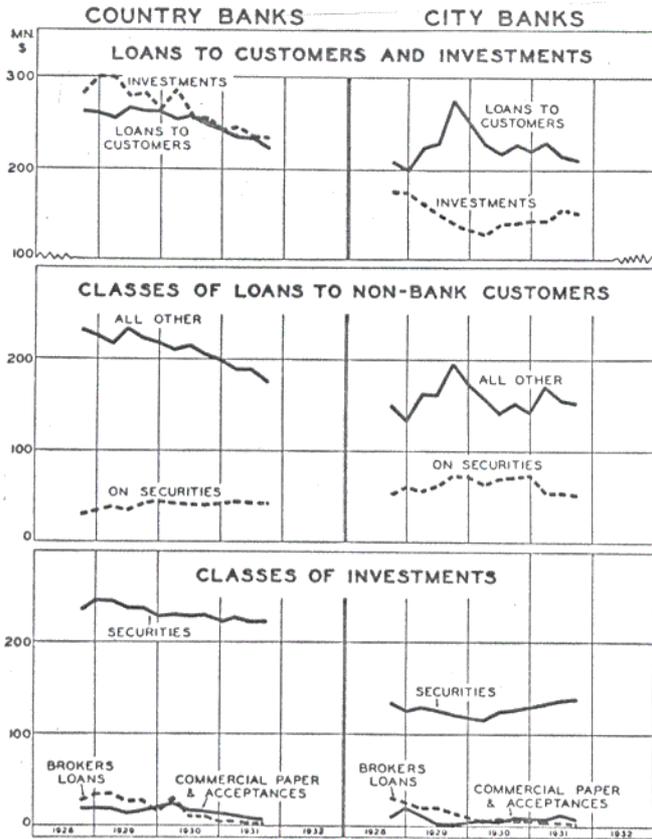
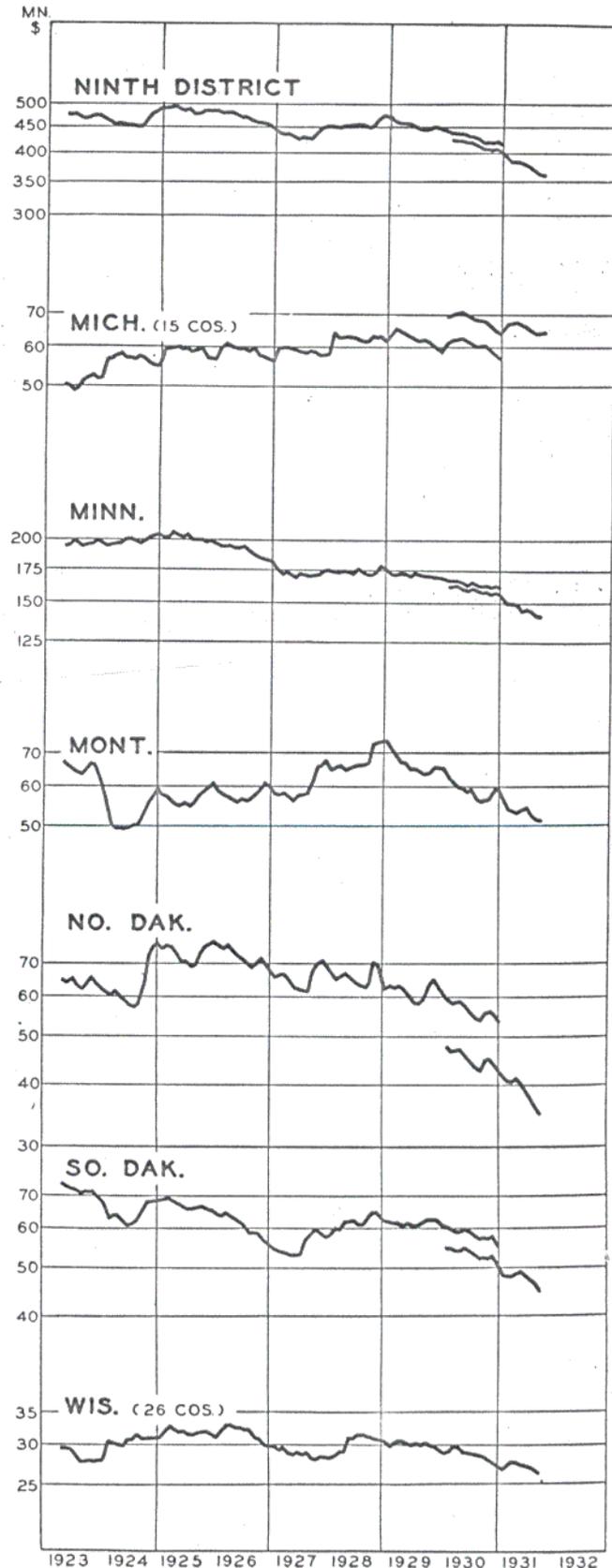
Dakota. There was little change in the total of country member bank borrowings from the Federal Reserve Bank during the four weeks ending October 14.

The called reports, dated September 29, 1931, afford another opportunity to observe the recent changes in the earning assets of member banks in the district. Country member banks reported a decrease of 11 million dollars, or 5 per cent, in loans to customers during the quarter ending September 29. Their investment holdings also declined slightly during the quarter. City member banks experienced minor declines in both loans to customers and investments.

Analyzing the customers' loans more closely, at country member banks it was found that the decrease in loans was almost entirely in the classification "All Other Loans." There was a small decrease in loans on farm land, and increases occurred in loans on securities and loans on city real estate. At the city member banks, changes in the various classes were too small to be of significance.

Changes during the quarter in the investment accounts of member banks showed reductions in holdings of commercial paper, acceptances, and brokers' loans, and increases in bond holdings. These changes occurred in both the city bank and country bank totals.

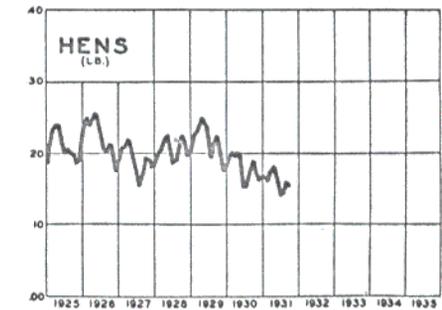
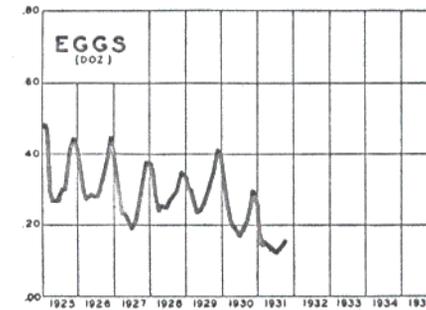
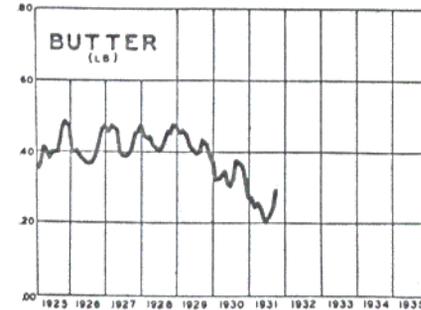
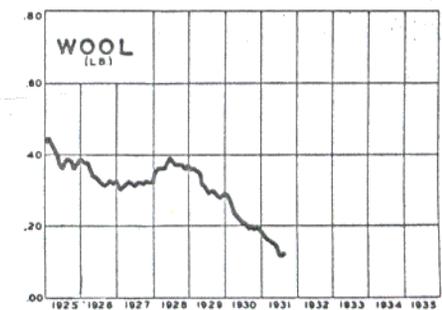
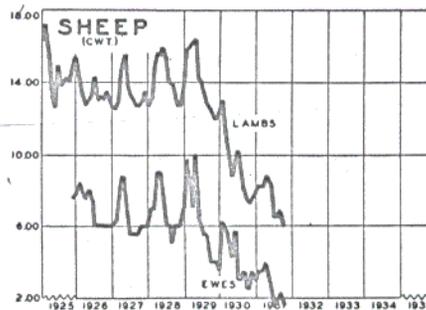
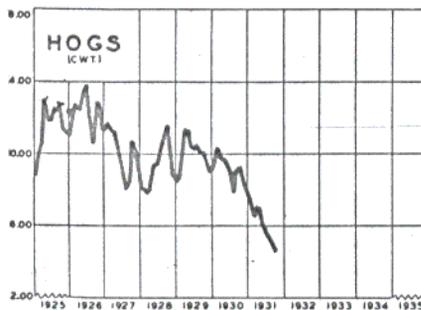
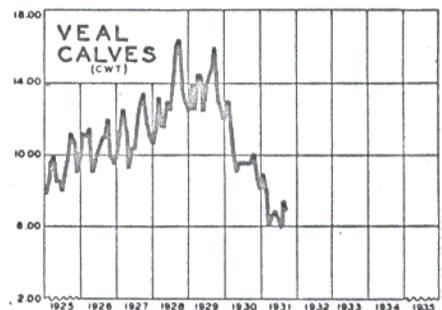
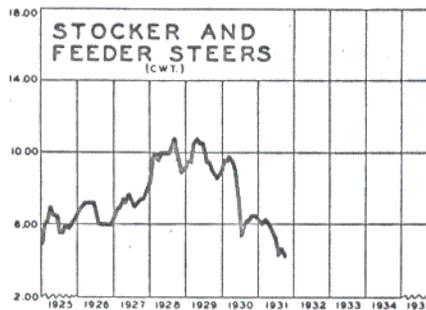
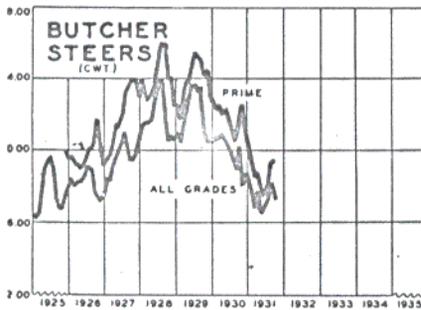
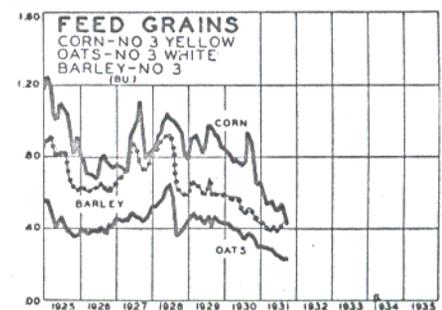
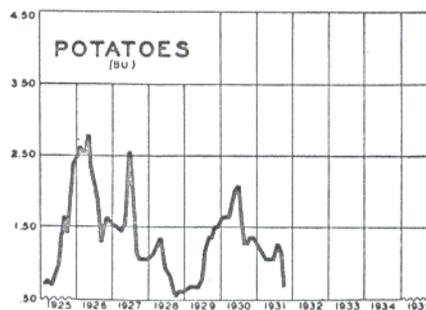
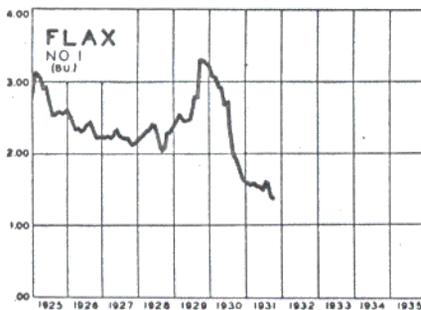
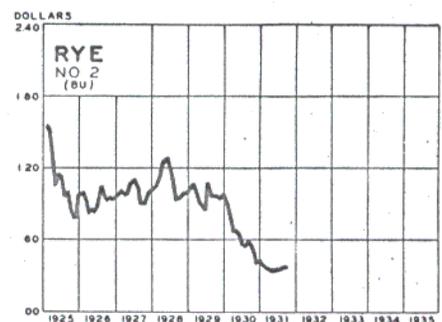
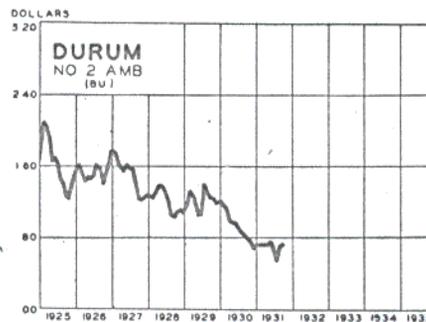
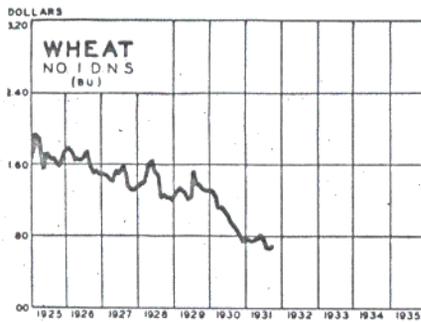
COUNTRY MEMBER BANK DEPOSITS



Loans and Investments of City and Country Member Banks in the Ninth Federal Reserve District on call dates, 1928-1931.

NORTHWESTERN FARM PRODUCT PRICES

(Price per bushel, hundredweight, pound or dozen)



COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

GENERAL BUSINESS			Per Cent 1931 of			AGRICULTURE			Per Cent 1931 of						
	Sept. '31	Sept. '30		Sept. '31	Sept. '30		Sept. '31	Sept. '30		Sept. '31	Sept. '30				
GENERAL BUSINESS															
Bank Debits¹															
All Reporting Cities.....	\$ 29,273,100	\$ 41,145,200	71	Farmers' Cash Income											
Minneapolis	12,207,000	17,961,000	68	Total of 7 Items.....	\$ 30,745,000	\$ 74,714,000	41								
St. Paul	5,149,000	6,583,000	78	Bread Wheat	5,794,000	23,167,000	25								
South St. Paul.....	856,000	1,172,000	73	Durum Wheat	2,337,000	10,499,000	22								
Great Lakes Ports.....	2,627,800	4,790,900	55	Rye	196,000	2,157,000	9								
Beef and Pork, S. E.....	1,048,200	1,245,800	84	Flax	3,740,000	9,886,000	38								
Beef and Pork, S. W.....	1,220,900	1,629,700	75	Potatoes	1,733,000	2,754,000	63								
Dairy and Mixed Farming.....	1,402,500	1,827,900	77	Dairy Products	11,711,000	16,603,000	71								
Wheat and Mixed Farming.....	1,805,800	2,425,700	74	Hogs	5,234,000	9,648,000	54								
Wheat and Range.....	941,300	1,237,800	76	Grain Marketings at Minneapolis and Duluth-Superior (Bus.)											
Mining and Lumber.....	2,014,600	2,271,400	89	Bread Wheat	7,263,000	22,677,000	32								
Electric Power Consumption (K.W.H.)²															
Minn., No. Dak., and So. Dak.....	4,929,000	4,865,000	101	Durum Wheat	3,180,000	13,815,000	23								
Montana	2,549,000	3,610,000	71	Rye	502,000	2,157,000	23								
Country Check Clearings³															
Total	\$ 2,646,900	\$ 3,592,100	74	Flax	2,725,000	5,149,000	53								
Minnesota	954,900	1,231,300	78	Grain Stocks at End of Month at Minneapolis and Duluth-Superior (Bus.)											
Montana	466,200	599,100	78	Wheat	57,769,302	62,390,844	93								
North and South Dakota.....	616,300	987,800	62	Corn	37,776	75,353	50								
Michigan and Wisconsin.....	609,500	773,900	79	Oats	4,809,695	8,464,699	57								
Postal Receipts															
Six Cities	907,656	1,023,701	89	Barley	2,687,645	6,606,872	41								
Minneapolis	478,933	537,419	89	Rye	5,255,874	8,474,798	62								
St. Paul	288,810	335,259	86	Flax	1,349,535	1,896,987	71								
Duluth	59,804	63,757	94	Livestock Receipts at So. St. Paul (Head)											
Three Other Cities.....	80,109	87,266	92	Cattle	89,801	101,826	88								
Freight Carloadings—N. W. District															
Total—Excluding L.C.L.....	335,696	489,893	69	Calves	40,128	36,084	113								
Grains and Grain Products.....	40,650	69,535	58	Hogs	263,839	193,395	136								
Livestock	33,288	34,466	97	Sheep	297,461	229,233	130								
Coal	24,845	30,563	81	Median Cash Grain Prices (Bus.)											
Coke	3,262	5,014	65	Wheat—No. 1 Dark Northern.....	\$.69¾	\$.88	79								
Forest Products	23,432	41,460	57	Durum—No. 2 Amber.....	.73½	.76	97								
Ore	81,124	130,878	62	Corn—No. 3 Yellow.....	.42½	.87	48								
Miscellaneous	129,095	177,975	73	Oats—No. 3 White.....	.23	.35½	64								
Merchandise—L.C.L.....	111,163	131,457	85	Barley—No. 3 .....	.48	.50½	95							
Building Permits															
Number—18 Cities	1,490	1,592	94	Rye—No. 2 .....	.39	.56¾	69							
Value—18 Cities	\$ 2,723,000	\$ 3,299,200	83	Flax—No. 1	1.37¾	1.92	72								
Minneapolis	952,100	1,285,600	74	Median Livestock Prices (Cwt.)											
St. Paul	1,070,400	855,400	125	Butcher Cows	\$ 4.00	\$ 5.75	70								
Duluth-Superior	132,200	592,400	22	Butcher Steers	7.25	10.25	71								
4 Wheat Belt Cities.....	108,100	301,600	36	Prime Butcher Steers.....	9.50	11.65	82								
6 Mixed Farming Cities.....	438,200	223,500	196	Feeder Steers	4.25	6.25	68								
4 Mining Cities	22,000	40,700	54	Veal Calves	7.00	9.50	74								
Building Contracts (F. W. Dodge Corp.)															
Total	\$ 8,032,700	\$ 11,871,700	68	Hogs	4.50	9.25	49								
Commercial	287,800	1,034,700	28	Heavy Hogs	4.00	8.75	46								
Factories	368,500	334,500	110	Lambs	6.00	7.50	80								
Educational	1,522,300	739,000	206	Ewes'	1.50	2.50	60								
Hospitals, etc.	608,800	72,400	841	Wholesale Produce Prices											
Public	552,000	95,300	579	Butter (Lb.)	\$.29½	\$.36½	81								
Religious and Memorial.....	123,500	115,000	107	Milk (Cwt.)	1.70	2.13	80								
Social and Recreational	324,600	155,000	209	Hens (Lb.) .....	.15½	.19	82							
Residential	1,037,200	1,246,700	83	Eggs (Doz.) .....	.15½	.21½	72							
Public Works and Utilities.....	3,208,000	8,079,100	40	Potatoes (Bu.) .....	.67½	1.27½	53							
Real Estate Activity in Hennepin and Ramsey Counties															
Warranty Deeds Recorded.....	1,066	1,201	89	TRADE											
Mortgages Recorded	1,234	1,430	86	Department Stores											
Manufacturing and Mining															
Flour Production at Mpls., St. Paul, and Duluth-Superior (bbls.).....	932,366	1,322,975	70	Sales	\$ 2,992,230	\$ 3,700,150	81								
Flour Shipments at Mpls. (bbls.).....	853,631	1,189,964	72	Merchandise Stocks	6,756,940	7,211,590	94								
Linseed Product Shipments (lbs.).....	24,290,276	38,713,414	63	Receivables	3,237,700	3,586,900	90								
Copper Output (5 firms) (lbs.).....	23,527,400	30,192,800	78	Instalment Receivables	682,680	817,620	83								
Iron Ore Shipments (Tons).....	4,178,761	6,488,088	64	Furniture Stores											
Business Failures															
Number	53	59	90	Total Sales	\$ 161,190	\$ 184,250	87								
Liabilities	\$ 1,857,512	\$ 920,718	202	Instalment Sales	103,540	82,210	126								
AGRICULTURE															
Farmers' Cash Income															
Total of 7 Items.....															
Bread Wheat															
Durum Wheat															
Rye															
Flax															
Potatoes															
Dairy Products															
Hogs															
Grain Marketings at Minneapolis and Duluth-Superior (Bus.)															
Bread Wheat															
Durum Wheat															
Rye															
Flax															
Grain Stocks at End of Month at Minneapolis and Duluth-Superior (Bus.)															
Wheat															
Corn															
Oats															
Barley															
Rye															
Flax															
Livestock Receipts at So. St. Paul (Head)															
Cattle															
Calves															
Hogs															
Sheep															
Median Cash Grain Prices (Bus.)															
Wheat—No. 1 Dark Northern.....															
Durum—No. 2 Amber.....															
Corn—No. 3 Yellow.....															
Oats—No. 3 White.....															
Barley—No. 3															
Rye—No. 2															
Flax—No. 1															
Median Livestock Prices (Cwt.)															
Butcher Cows															
Butcher Steers															
Prime Butcher Steers.....															
Feeder Steers															
Veal Calves															
Hogs															
Heavy Hogs															
Lambs															
Ewes'															
Wholesale Produce Prices															
Butter (Lb.)															
Milk (Cwt.)															
Hens (Lb.)															
Eggs (Doz.)															
Potatoes (Bu.)															
TRADE															
Department Stores															
Sales															
Merchandise Stocks															
Receivables															
Instalment Receivables															
Furniture Stores															
Total Sales															
Instalment Sales															
Merchandise Stocks															
Instalment Receivables															
Country Lumber Yards															
Sales (Bd. Ft.)															
Lumber Stocks (Bd. Ft.).....															
Total Sales															
Receivables															
Life Insurance Sales															
Four States															
Minnesota															
Montana															
North Dakota															
South Dakota															

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

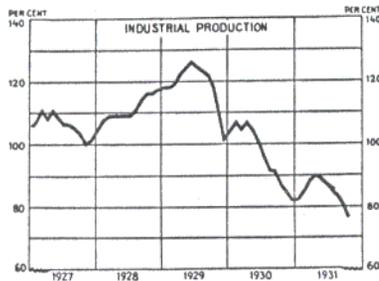
Investment Dealers	Per Cent			Member Bank Deposits (continued)	Per Cent		
	Sept. '31	Sept. '30	1931 of 1930		Sept. '31	Sept. '30	1931 of 1930
Sales to Banks.....	3,810,400	3,827,400	100	North Dakota	35,961,000	45,891,000	79
Sales to Insurance Companies.....	362,200	410,000	88	South Dakota	45,167,000	53,316,000	85
Sales to General Public.....	3,132,700	3,659,300	86	Wisconsin—26 Cos.	26,399,000	28,740,000	92
Wholesale Trade				Interest Rates¹			
Groceries—				Minneapolis Banks	4½-4¾	5	---
Sales	\$ 3,851,940	\$ 4,479,140	86	Commercial Paper (net to borrower)	4½	3½	---
Stocks	5,678,780	6,305,380	90	Minneapolis Federal Reserve Bank.....	3½	3½	---
Receivables	4,640,450	4,998,770	93	Selected City Member Banks			
Hardware—				Loans to Customers.....	Oct. 14, '31	Oct. 15, '30	
Sales	\$ 1,365,840	\$ 2,059,010	66	Other Invested Funds.....	\$215,790,000	\$223,301,000	97
Stocks	2,683,860	2,920,520	92	Deposits Due to Banks.....	145,581,000	148,865,000	98
Receivables	2,111,880	2,490,000	85	Public Demand Deposits.....	70,326,000	86,481,000	81
Shoes—				Other Demand Deposits.....	25,010,000	29,520,000	85
Sales	\$ 304,210	\$ 478,100	64	Time Deposits	160,226,000	191,186,000	84
Stocks	688,680	1,084,840	63	Total Deposits	401,069,000	448,192,000	89
Receivables	825,560	1,343,610	61	Borrowings at Fed. Reserve Bank.....	1,650,000	389,000	424
BANKING				Minneapolis Federal Reserve Bank			
Member Bank Deposits				Loans to Member Banks.....	5,892,000	4,299,000	137
In Cities Over 15,000 pop.....	\$454,074,000	\$462,554,000	98	Twin Cities	1,650,000	---	---
In Cities Under 15,000 pop.....	364,778,000	408,759,000	89	Minn., Wis. and Mich.....	1,604,000	1,566,000	102
Michigan—15 Cos.	64,771,000	68,118,000	95	N. Dak. and Mont.....	1,221,000	1,723,000	71
Minnesota	141,352,000	157,073,000	90	South Dakota	1,417,000	1,010,000	140
Montana	51,128,000	56,121,000	91	Fed. Res. Notes in Circulation.....	61,278,145	51,104,450	120
				Member Bank Reserve Deposits.....	45,688,895	51,694,554	88

¹Daily Averages.
²Latest Reported Data.

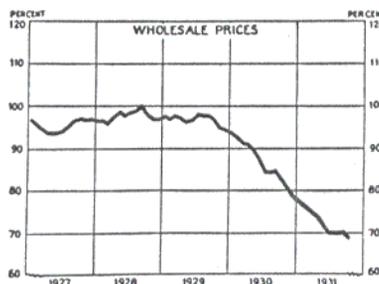
BANK DEBITS

Number of Business Days:	September		August		September		August		Montana
	1931	1931	1930	1931	1930	1931	1930		
All States in District.....	25	26	25	26					Anaconda
	(000's omitted)								
Michigan									Billings
Escanaba (1 Bank).....	\$ 693	\$ 708	\$ 872	\$ 764					Bozeman
Hancock	1,449	1,470	1,527	1,713					Butte (2 Banks).....
Houghton (1 Bank).....	419	394	585	546					Deer Lodge
Iron Mountain	3,080	2,854	3,763	3,493					Glendive
Iron River, Caspian & Stambaugh	1,220	1,029	1,607	1,524					Great Falls
Manistique (1 Bank).....	470	419	602	556					Harlowton
Marquette	4,160	3,679	4,794	4,410					Havre
Menominee	2,485	2,229	2,760	2,602					Helena
Sault Ste. Marie.....	2,853	2,940	3,559	3,302					Lewistown
									Malta
									Miles City (1 Bank).....
Minnesota									
Albert Lea	\$ 2,405	\$ 2,337	\$ 2,793	\$ 2,810					North Dakota
Austin (1 Bank).....	2,800	3,444	3,180	3,666					Bismarck
Bemidji (2 Banks).....	1,074	1,099	1,151	1,303					Devils Lake
Chaska	548	513	511	684					Dickinson
Chisholm	683	974	798	1,120					Fargo
Cloquet	1,217	1,383	1,898	1,928					Grafton
Crookston	1,246	1,171	1,566	1,413					Grand Forks
Detroit Lakes	1,010	987	1,049	1,180					Jamestown
Duluth	49,576	43,873	99,621	78,807					Mandan
Ely	482	585	727	987					Minot
Faribault (1 Bank).....	962	1,005	1,130	989					Valley City
Farmington	202	194	254	226					Wahpeton
Fergus Falls	2,347	2,084	2,749	2,576					Williston
Glenwood	374	359	484	435					
Hutchinson	876	998	1,083	1,002					South Dakota
Lakefield (2 Banks).....	221	182	308	306					Aberdeen
Lanesboro	245	256	310	257					Brookings (1 Bank).....
Little Falls	914	862	998	962					Deadwood
Luverne	564	590	900	939					Huron
Mankato	4,930	4,834	6,723	6,749					Lead
Minneapolis	305,167	310,797	450,219	448,396					Madison
Moorhead	1,590	1,231	2,118	1,396					Milbank
Morris	459	411	623	502					Mitchell (2 Banks).....
Owatonna	2,212	2,250	2,868	2,285					Mobridge
Park Rapids	330	344	433	536					Pierre
Red Wing	2,020	2,035	2,101	2,255					Rapid City
Rochester	4,821	4,962	5,883	5,460					Sioux Falls
St. Cloud	2,329	3,469	3,278	3,278					Watertown
St. Paul	128,731	129,682	164,572	152,256					Yankton
South St. Paul.....	21,405	19,015	29,306	20,659					
Stillwater	2,017	2,278	2,875	2,629					Wisconsin
Thief River Falls.....	966	738	961	905					Ashland
Two Harbors	405	446	489	494					Chippewa Falls
Virginia	1,773	1,975	2,259	2,616					Eau Claire.....
Wabasha	687	863	848	843					Hudson
Wadena (1 Bank).....	369	300	384	280					La Crosse
Wheaton	570	505	646	506					Merrill (1 Bank).....
Willmar	1,119	1,133	1,484	1,359					Superior
Winona	6,013	5,940	7,633	6,547					Total for All Cities Reporting
Worthington (1 Bank).....	622	585	792	692					Both Years

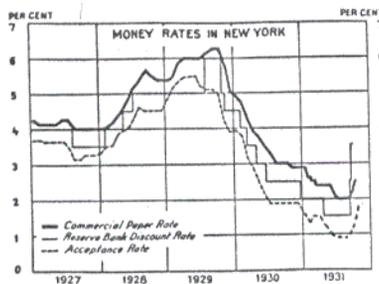
\$731,329 \$725,907 \$1,029,408 \$968,390



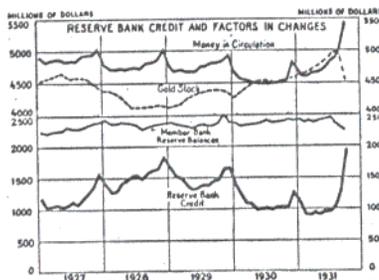
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average=100).



Index of United States Bureau of Labor Statistics (1926=100).



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper. Acceptance rate on 90-day bankers' acceptances. Latest figures are averages of first 17 days in October.



Monthly averages of daily figures. Latest figures are averages of first 17 days in October.

Summary of National Business Conditions (Compiled October 22 by Federal Reserve Board)

Industrial production and factory employment, which usually increase at this season, showed little change from August to September, and, consequently, the Board's seasonally adjusted indexes declined. The general level of wholesale prices also declined. Gold exports and ear-markings, together with an increase in domestic currency demand between the middle of September and the middle of October, resulted in a large growth of Reserve bank credit in use and a rise in money rates.

PRODUCTION AND EMPLOYMENT: Industrial production, as measured by the Board's seasonally adjusted index, declined from 79 per cent of the 1923-1925 average in August to 76 per cent in September. Activity at steel mills decreased from 31 per cent of capacity to 28 per cent; output of automobiles was reduced substantially, and lumber production continued to decline. At cotton mills, production increased seasonally, while activity at woolen mills and shoe factories declined contrary to the usual seasonal tendency. Output of petroleum was smaller in September than in August, but the rate of output prevailing at the end of September was higher than at the end of August.

The number employed at factories showed little change from the middle of August to the middle of September, a period when employment usually increases. In iron and steel mills, automobile factories and lumber mills, employment decreased further contrary to the seasonal tendency; in the clothing and silk industries there were substantial increases in employment, partly of a seasonal character; in mills producing cotton goods, employment increased less than usual, and in woolen mills it declined from recent relatively high levels. Data on value of building contracts awarded for the period between the first of August and the middle of October, as reported by the F. W. Dodge Corporation, show a continuation of the downward movement of recent months for residential as well as for other types of construction.

Estimates by the Department of Agriculture, based on October 1 conditions, indicated a cotton crop of 16,284,000 bales, the largest crop reported, except that of 1926; a total wheat crop somewhat larger than usual, and a corn crop of 2,700,000,000 bushels, 29 per cent larger than last year, and 2 per cent smaller than the five-year average.

DISTRIBUTION: Freight carloadings of merchandise and sales by department stores increased in September, but by less than the usual seasonal amount.

WHOLESALE PRICES: The general level of wholesale prices declined from 70.2 per cent of the 1926 average in August to 69.1 per cent in September, according to the Bureau of Labor Statistics. Decreases in the prices of live stock, meats, hides, woolen goods, cotton and cotton goods were offset, in part, by increases in prices of dairy products, petroleum and petroleum products. Further declines in the price of cotton during the first few days of October were followed by substantial increases in subsequent days.

BANK CREDIT: During the four weeks following the suspension of gold payments in England on September 20, \$600,000,000 of gold was withdrawn from this country's monetary stock in the form of exports and earmarkings and domestic demand for currency continued to increase, the growth for the month ending in the middle of October being about \$400,000,000. The growth in the amount of currency outstanding, however, slowed down after the first few days in October. The demand for credit arising from gold movements and currency growth were met by member banks through the sale of acceptances to the Reserve banks and by rediscounts. The volume of Reserve bank credit outstanding consequently increased during the week ending September 19 and the week ending October 17 by \$904,000,000, and on October 17 stood at \$2,169,000,000, the highest level for ten years.

Gold and currency withdrawals resulted in a decrease of deposits at member banks in leading cities. Loans and investments of these banks also declined, reflecting reductions in loans to security brokers, as well as sales of acceptances to the Reserve banks, and sales of United States securities.

During this period, there was a rise in short-time money rates in the open market, and in yields on high-grade bonds. On October 9, the Federal Reserve Bank of New York advanced its discount rate from $1\frac{1}{2}$ to $2\frac{1}{2}$ per cent, and on October 16 to $3\frac{1}{2}$ per cent. Discount rates were also advanced at the Boston, Philadelphia, Cleveland, Richmond, Chicago, St. Louis, Dallas and San Francisco Reserve Banks.