CROP and BUSINESS CONDITIONS

NINTH FEDERAL RESERVE DISTRICT

REPORT OF

JOHN H. RICH, FEDERAL RESERVE AGENT

TO THE

FEDERAL RESERVE BOARD

WASHINGTON, D. C.

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DISTRICT SUMMARY FOR THE MONTH

The volume of business in the Northwest, as measured by bank debits, increased normally in March by about 18 per cent and was 8 per cent higher than a year ago. This increase in business was very general, gains being shown both above last month and above a year ago in the manufacture of lumber and of flour, in the mining of copper and silver, and in sales both at wholesale and at retail. New building projected also showed gains, being double normal in the cities and but one-tenth below normal in the country districts.

Prices of agricultural products in March had about as many advances as declines when compared either with last month or with a year ago. There was a general tendency, however, for prices of grain to fall and of livestock to advance.

Grain and livestock moved to market in March in amounts practically normal in the aggregate for this season of the year. Receipts of all grains were above a year ago except oats, the movement of rye being especially large as compared with normal. Hogs and calves moved to market in larger volume and cattle and sheep in smaller volume than a year ago. Shipments of feeders were more than 50 per cent greater than a year ago for hogs and sheep but smaller for cattle and calves. Total grain stocks in terminal elevators reached the customary peak at the end of March and exceeded 50 million bushels, of which more than one-half was wheat. Stocks of wheat and rye were about double those of a year ago.

Financial conditions in the Northwest during March and the first half of April reflect the spring revival of business and higher price levels prevailing. Representative city banks as well as this Federal Reserve Bank experienced an expansion in loans; the demands of retail trade and payrolls made necessary increased issues of Federal reserve notes; and the volume of commercial paper outstanding in this district exhibited a rise for the fourth consecutive month. This increased demand for credit has resulted in an advance of interest rates charged by banks of about one-half of one per cent during the month ending April 14, although there was a decline of one per cent for one kind of paper, namely commercial paper secured by warehouse receipts.

TOPICAL REVIEWS

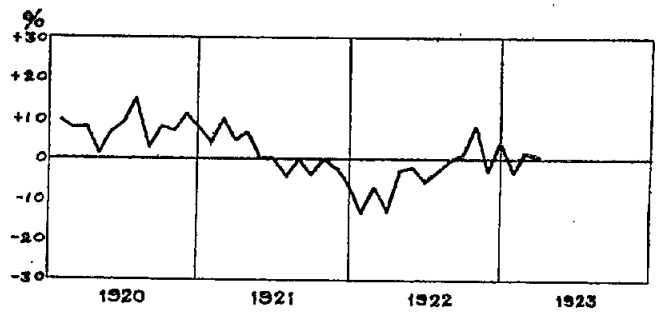
The volume of business in this district increased almost eighteen per cent between February and March. This increase was about normal, since it was smaller than the increase between these two months in 1919 and 1922 and larger than the increase in 1920 and 1921. Debits were eight per cent larger in March than a year ago, and also larger than in March 1919 or 1921, but smaller than in 1920. The spring increase in the volume of business reduced the liabilities involved in business failures reported by Dun's Review during March to two-thirds of the February total, but the number of failures increased slightly, perhaps on account of the longer month. Business failures were one-fourth lower in March than a year ago in number and about two-thirds lower in liabilities.

Manufacturing showed a good increase between February and March in both lumber and flour. The lumber cut was one-third larger than in February and flour production was almost one-third larger. As compared with last year, the lumber cut in March was twice as large, and flour production was one-sixth larger. Deliveries of lumber, flour, and linseed cake were considerably larger in March than in February, but linseed oil deliveries were slightly smaller. The demand for building materials and for feed, with which to carry on stock feeding operations, both of which demands have been very large, were evidenced by an increase of 50 per cent in

lumber deliveries by manufacturers in March this year over a year ago and an increase of 66 per cent in linseed cake deliveries. Flour and linseed oil shipments were also larger than a year ago. Manufacturers' stocks of lumber were one-eighth smaller than a month ago and one-third smaller than a year ago.

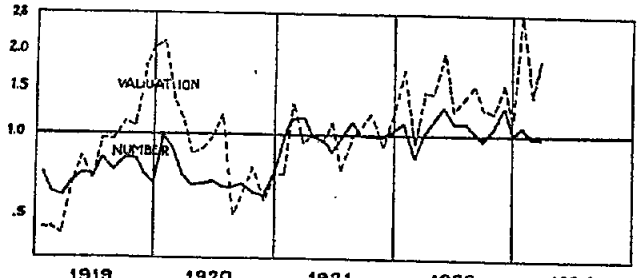
Mining Activity in this district increased more than one-fifth between February and March in copper and silver, but coal production was slightly less. Copper production was two-thirds larger in March than a year ago, and silver production almost one-half larger, but coal production was one-sixth smaller.

Retail sales showed seasonal increases during March and sales were larger than a year ago during March. However, March sales were very much below normal for lumber and almost exactly normal for general merchandise. Purchases from wholesalers by retailers also showed seasonal increases in all lines. Agricultural implement purchases doubled and hardware purchases increased one-half. As compared with a year ago, purchases of agricultural implements from wholesalers were up three-fourths and purchases of shoes and of lumber were up one-third. Dry goods and hardware purchases also increased, but groceries declined slightly. Merchandise stocks at retail were somewhat larger at the end of March than at the end of February, both in department stores and retail lumber yards, and general merchandise stocks were somewhat larger than last year, but lumber stocks were a trifle lower.



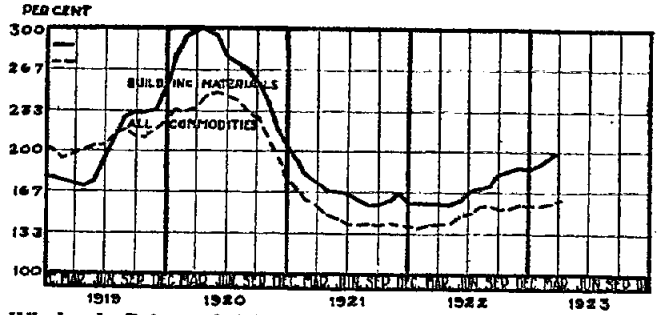
Sales of General Merchandise at Twenty-five Stores in the Ninth Federal Reserve District, Adjusted by Elimination of Seasonal Influences.

Building operations in this district gained in volume as the spring advanced, but city building, as evidenced by the valuation of building permits granted, was nearly double our estimated normal in March, while country building was about one-tenth below this normal. The March volume of building projected in eighteen cities of this district was nearly two and one-half times as large, both in number and in valuation of permits, as during the month of February, and the valuation was one-third larger than in March a year ago, but the number was slightly less. In other words, while the number of persons interested in building operations was about as large as a year ago, the volume of building was very much larger. This tendency has been fairly constant for two years. The number of permits granted has not varied greatly from the estimated normal in any month, but in the valuation of permits, there has been a fairly continuous rise from the spring of 1921 until the present time, owing to the following influences—first, the average size of the projects is growing larger; and, second, the prices of building material are rising. If the influence of price changes be eliminated, it will be found that the volume of building which has been going on in this district for the past twelve months was very much greater than in the fall and winter of 1919 when the short-lived post-war boom was at its height. There was a bad slump in building during the fall of 1922, but operations during the spring of 1923 have more than made up for this decrease.



Building Permits in Eighteen Cities, Adjusted by Elimination of Seasonal Influences.

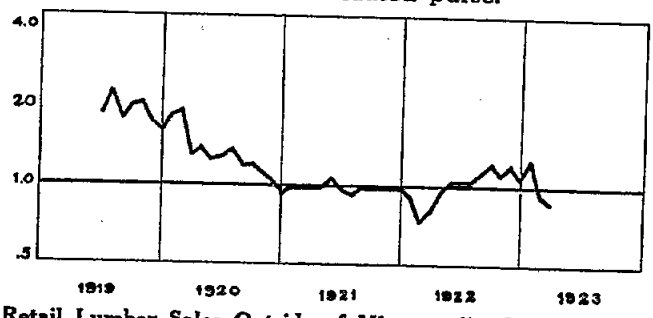
At the present time, the price situation in building material will bear close watching. The United States Bureau of Labor Statistics publishes an index of building material prices and an index of general prices each month, based on the year 1913. The accompanying chart shows the movement of these two indexes, beginning with 1919. There are two interesting features exhibited in this chart: first, building material prices have risen more rapidly in the last two periods of business revival than has the general price level; second, the peak of building material prices was reached in April 1920, or three months after the peak in the volume of building was reached in this district. It is, therefore, not correct for the public to assume that as long as prices are rising, the volume of building will continue to increase.



Wholesale Prices of All Commodities and of Building Materials. (Index Computed by United States Bureau of Labor Statistics—1913 Equals 100.)

It is not to be expected that the present business cycle will have the extraordinary features of the cycle culminating in 1920. A new generation of business men was initiated in 1920 with the sad experience of the disorders attending a serious slump in business. Everywhere there are evidences that business men realize that one way to avoid a disastrous business crash is to avoid an unsound inflation of business. One of the principal features of inflation is a rapidly advancing price level. Caution, learned in 1920 by the present business executives, presumably will not permit a repetition of the runaway price situation of 1919 and 1920. In view of this attitude of caution, which is evidenced at the present time by the postponement of some building operations in several important cities, and the fact that the number of building permits is not increasing, the recent price rise in building materials is significant and particularly so when compared with the 1919-20 movement of building prices. From the low point of building material prices in 1919 to the peak in 1920 was a twelve months period. During this time, building material prices advanced 77 per cent, and as stated before, the advances continued for three months after the peak of building volume was reached. Part of this increase in prices was due to the fact that building material prices were below the general price level when the advance began and the boom affected building materials more than almost any other class of goods. During the business depression which followed, the volume of building was maintained at a higher level than most other lines of activity and consequently building prices did not decline as much as did the general price level. In comparison with the 1919 increase, the increase during 1922 and the first three months of 1923 is significant. It is now again just twelve months from the last low point of building prices reached in 1922. At that time building prices were somewhat higher than the general price level and during the twelve months, there has been an increase of 28 per cent in building material prices. Moreover the Minnesota wage scale for skilled building workmen will be increased 10 per cent on June 1. A very high point was reached in the valuation of building permits in the cities of this district in January of this year, after purely seasonal changes are allowed for, and it remains to be seen if this or some subsequent month will be the peak month of this movement.

Building in the rural districts has not had as large an increase in volume as has been evidenced in the volume of city building. The condition of the farmers has been exceptionally unfavorable and as a class they have had difficulty in paying current bills, even without attempting to increase their buildings or make repairs. From 1919 until the spring of 1922, the volume of building in the rural sections of this district showed an almost constant decline after allowing for seasonal variations. During the summer, fall, and winter of 1922-23, the building volume in the country increased to some extent, but it has slumped during the last two months, partly on account of adverse weather conditions, and partly on account of the rapidly advancing prices which are placing building materials beyond the reach of the farmer's attenuated purse.



Retail Lumber Sales Outside of Minneapolis, St. Paul, and Duluth Adjusted by Elimination of Seasonal Influences.

These conclusions are based on reports of lumber sales received at this office each month from 18 retail lumber companies, operating 637 yards in this district. None of these yards are located in Minneapolis, St. Paul or Duluth, but are scattered throughout the district, giving a fair representation to each section. The accompanying curve shows the movement of sales of lumber in the rural districts, after allowing for purely seasonal movements. Too great emphasis should not be placed upon the 1919 section of the curve, because the figures used were partly estimated. There were also a few estimates used for the year 1920.

Prices of the chief agricultural staples at central markets showed mixed tendencies during March and were at about the same level as a year ago, because declines have about offset advances. As compared with last month, the majority of the grain prices were down, but with one exception live stock prices advanced.

Unfavorable weather conditions have somewhat delayed the expected large movement of early spring lambs, with the result that the median price at South St. Paul rose 75 cents during March, equalling that of January. Both months were 25 cents below the peak of $14.00 reached in December. The number of early lambs for market is still estimated to be much larger than a year ago, despite the growing tendency to hold for wool production due to higher wool prices and the improvement in the farmer's financial situation.

The median price for veal calves slumped badly during March, being $1.25 less than that of February. The market was weak at the beginning of the month, due to an over-supply and a weak shipping demand. A little pre-Easter demand developed, enough to check the decline temporarily and cause slight recovery. After Easter, prices again dropped, making a new low for the year.

Stocker and feeder cattle prices have continued to advance, the median price for March being 15 cents above that for February. Light weight cattle were in good demand throughout the month,

but the unseasonally cold weather had a depressing effect on the general run. It is estimated that there are 12½ per cent more cattle on feed in the six corn belt states west of the Mississippi as a result of the extremely heavy shipping-in movement from August 1 to the present date. These heavy purchases have carried the median price up from $4.75 in November to $6.40 in March, with a possibility of going somewhat higher before the grazing season arrives. A year ago the rise in the median price for stockers and feeders commenced in December and continued without interruption until May. Good and choice cattle have been seasonally scarce during March. The best prices of the month were paid for half-fat cattle purchased for further feeding. Many of these cattle have been on the market before, as might be expected, since the December 1 price has been increased by more than one-third within four months.

The median price for butcher cows and heifers and butcher steers followed the tendency of stockers and feeders. The she-stuff gained 75 cents and the steers 15 cents. The range for these two classes was considerably narrower than that of a month ago, the high for each class being reduced $1.40 and $1.25, respectively.

The median price for hogs advanced 10 cents during the month, despite the unusually heavy run since the first of the year, which has been greater than the large movement of 1919. The small increase in the median price this month makes the increase continuous since last November, which equals in duration the fourth months' increase of a year ago. The price movement this year, however, started one month earlier. The weight of the hogs marketed at South St. Paul have averaged about ten pounds lighter than a year ago and considering the consumer's demand for cuts from lighter animals of other classes, may partially account for the continued price advance, despite the heavy marketing.

Another influence for higher prices in March was the situation with regard to the supply of brood sows in the country. While each of the four states reports an increase in the number of sows held on April 1, the amount of increase is less than that planned, according to the expressed intention of pig raisers at the time of the pig census last December. Montana and North Dakota show a ten per cent increase, principally in the sections where diversification programs have been sufficiently broad to embrace corn. South Dakota shows the greatest increase with 17 per cent, and Minnesota the least with only four per cent.

The median prices of wheat and rye at Minneapolis showed considerable weakness during March. The wheat median in Minneapolis was 3 cents lower than the February median and the rye median was down 5 cents. The median price of flax also declined 1½ cents. Corn and oats were up a trifle and the barley median remained unchanged between the two months.

Receipts of all grains combined at Minneapolis and the Head of the Lakes increased seasonally between February and March, chiefly on account of the longer month. Every grain, except rye, showed a small increase and the decrease in rye was insignificant and to be expected following the extremely heavy marketing movement of the fall and winter. Wheat and rye receipts during March were larger than during the same month last year and larger than the ten-year average. March receipts of flax and barley were larger than a year ago, but smaller than the ten-year average. Receipts of oats were smaller than last year and smaller than the ten-year average. Corn receipts were only one-fifth of those of a year ago, but this comparison is not significant since there is no normal with which to compare either year's receipts.

Grain stocks in terminal elevators at Minneapolis and the Head of the Lakes normally reach a peak at the end of March. Apparently this year is no exception to the rule, for stocks of all grains combined increased seven per cent during the month of March to a total of more than 50 million bushels, which is the highest figure since March a year ago and higher than any other month during the last three years. The only declines registered in grain stocks during March occurred in oats and flax. Wheat stocks constituted more than one-half of the total terminal elevator stocks at the end of March, and were more than twice as large as the stocks a year ago. Stocks of rye were second in importance, representing slightly less than one-fourth of the total grain stocks. Rye stocks were two and one-half times as large as a year ago. Stocks of oats were one-fifth of the total, but were about one-third of the stocks a year ago, when oats stocks were nearly the largest on record. Stocks of corn and flax were very much smaller at the end of March than a year ago, and flax stocks in particular were insignificant in amount. Stocks of barley were one-third larger this year than last.

The livestock movement during March did not exhibit any unusual tendencies. There were seasonal increases in receipts of cattle and calves and seasonal declines in receipts of hogs and sheep. Cattle and hog receipts continued much above the ten-year average. Cattle receipts were about average and receipts of sheep continued less than one-half of the ten-year average. Hog receipts during March were one-third larger than in March a year ago and receipts of calves were slightly larger, but cattle and sheep receipts were smaller.

Feeder shipments of cattle and calves were stronger during March than during February. Shipments of feeder calves were more than one-half larger during March than during February and cattle shipments were one-fifth larger. The volume of feeder hog shipments was a little larger in March than in February, but the increase was less than

might be expected on account of the longer month. Feeder sheep shipments were somewhat less in March than in February. As compared with last year, March shipments of feeder hogs were almost fifty per cent larger and shipments of feeder sheep more than three-fourths larger. Feeder cattle and calf shipments were smaller.

City banks in the Northwest experienced expanding loans and declining demand deposits during March, which compelled them to increase their borrowings from the Federal Reserve Bank. Loans of thirty selected member banks in this district increased almost three million dollars and their security holdings increased one million dollars. Reserves increased 1½ million dollars in preparation for the spring drain. At the same time demand deposits declined five million dollars, time deposits increased only one million dollars, and borrowings from this bank increased 4½ million dollars. The net increase in earning assets is probably to be explained by drawing on eastern balances and there may have been some borrowing from correspondent banks.

These thirty banks which report weekly to this office showed a further advance in their loans of more than one million dollars during the first two weeks in April, and their security holdings declined 1⅓ millions. At the same time, demand deposits increased 4⅓ millions, and their time deposits increased more than one-half million dollars. These banks found it advisable to increase their reserve and vault cash more than 1½ millions and their borrowings from this bank declined slightly.

Interest rates at Minneapolis advanced in all important quotations during the month ending April 14, with the exception of long term customers' notes, paper secured by stock exchange collateral, cattle paper, and commodity paper secured by warehouse receipts. The last mentioned rate declined one per cent. For the other classes of paper, advances were from three-eighths to one-half per cent. The rate for prime customers' paper on April 14 was 5½ per cent and for purchased paper 5 per cent.

Savings deposits at Minneapolis, St. Paul, and Duluth increased slightly during the month of March and were more than 10 per cent larger than a year ago.

Commercial paper outstanding in this district on March 31 was six per cent larger in volume than a month ago, continuing for the fourth month the rise which began in December. The volume outstanding at the end of March was greater than the volume at any time since April, 1921. The rise in volume of commercial paper outstanding experienced this spring appears to be a normal occurrence, because similar increases culminating in April occurred in 1920 and 1922. A similar rise was not to be expected in 1921 on account of the almost continuous liquidation which was carried on during the year.

This Federal Reserve Bank's loans to its member banks increased 3¾ million dollars during March. This was effected by an increase of 2¾ millions in member bank deposits, an increase in Federal reserve notes in circulation of nearly one-half million dollars and a decrease in purchased bill holdings of more than two million dollars. Cash reserves declined 2½ millions during the month and security holdings increased more than 2½ million dollars. This bank experienced a further increase in loans to member banks of almost one million dollars during the first three weeks in April. Holdings of purchased bills were allowed to decline more than one million dollars, but security holdings increased one-half million dollars. Member bank reserve deposits increased almost one and one-half million dollars, Federal reserve notes outstanding increased one-third of a million, and cash reserves increased almost three millions.

April 1 Crop Report—The condition of winter wheat and rye in the four complete states in this district, according to the United States Department of Agriculture reports, was slightly better on April 1 than on December 1, except in Minnesota, where the condition of both of these grains has declined. The improvement was not due to favorable winter conditions, for the alternate freezing and thawing and the scanty snowfall have resulted in considerable damage from ice covering and soil blowing. Last fall winter wheat and rye were sown under extremely unfavorable conditions, the soil being so dry particularly during August and September that germination was greatly retarded. The late snowfalls throughout the district have increased the supply of moisture in the soil and such fields as have not been winter-killed or blown-out have a good chance to improve, but their improvement will probably be spotty.

The farm labor supply on April 1 was much below normal as well as below that of a year ago. The demand was also slightly less than normal, but considerably larger than a year ago. In Minnesota the greatest shortage is in the dairying sections, the supply being practically adequate in the grain raising sections. In Montana the farmers are unwilling to compete with the wages offered by the mining, lumbering, and building industries and highway and railroad construction, and are planning to reduce their acreages rather than to engage more labor.

Improved Outlook for the Northwestern Farmer

There is in prospect a greater and more permanent prosperity for Northwestern agriculture due to the steady increase in diversification.

We have recently made an investigation of this movement, the results of which are graphically presented in the accompanying maps.

Corn and $100.00 land go together. The cultivation of corn is spreading north and west, and with it other activities of diversified farming that it symbolizes.

Success in farming at this time accrues not to the holder or operator of large tracts of farm land, but rather to him who can make land produce most economically. Farm land values represent the earning capacity of the land, and followers of diversification are increasing the value of their land by increasing the dollars and cents yield therefrom. One of the greatest arguments in favor of diversification is that it minimizes the farmer's risk of loss; but an advantage that is fully as important over a period of years is that it enhances his farm land value by actual physical improvement of the soil and by increasing his returns. A glance at the maps on page 7 of corn production in 1922[1] and farm land values March 1, 1923, shows the close relation between corn production and $100 land. (Some of the counties shaded black have an average value per acre above $200.) In contrast with this, a glance at the wheat production[1] and land value maps shows plainly the relationship between $25 to $75 land and heavy wheat production. The progress made in diversification, as shown by the increasing production of corn, is clearly defined in the State of North Dakota. On a map of the 1919 corn production in an earlier issue of this Crop and Business Conditions Report, only 14 counties showed a production of 100,000 bushels or over. On the map of 1922 production, only five counties do not show as much as 100,000 bushels. As represented here, corn is merely typical of diversified farming with its feed lots or dairy cows, or both, for the last few years have conclusively proved that the most successful method for marketing corn is either on four legs or in the milk can.

One factor that the maps in this issue do not show is that the corn farmer on $100 land is much better satisfied and much more of a success than the wheat farmer on $25 land.

The spread of the corn area north and west has been accompanied by increased holdings of swine and milk cows in this district. Each of the four states for which complete state figures are available have shown increases in holdings of milk cows and swine during the past year, the swine increase being especially notable. There has also been an increase of sheep holdings in Montana and South Dakota.

The limit of expansion of the corn area, with the diversified farming which accompanies it, has not yet been reached. An excellent statement of the possibilities of corn raising is contained in a letter recently written by a prominent banker in Western Canada, operating in the territory immediately north of the North Dakota-Montana boundary and north and west of the corn area in this district. Part of this letter follows:

"In a conversation with one of our farmer customers yesterday, I spoke of our being located in the 'CORN BELT OF SOUTHERN SASKATCHEWAN.' His answer was that we certainly were located in just such a belt; that he had raised corn successfully for several years and had neighbors who had gone into it more extensively than he had; that next year he was making his plans to feed quite a number of hogs, besides stall feeding some cattle on corn which he intended to raise on land which otherwise would be summer-fallow.

"Two of our farmer customers southwest of here have been raising corn succssfully for quite a number of years, and have corn cribs into which they put their husked corn which gives their farm buildings quite the look of the farm buildings in the corn belt of Iowa.

"About one thousand acres of corn have been planted each year for the last few years around M—— and last year one of our customers at Y—— fattened a carload of hogs on the farm on corn raised on land which would otherwise have been summer-fallowed. These hogs were shipped in the early part of December and averaged about 200 pounds apiece, which is doing as well as could be done in any of the old corn raising districts.

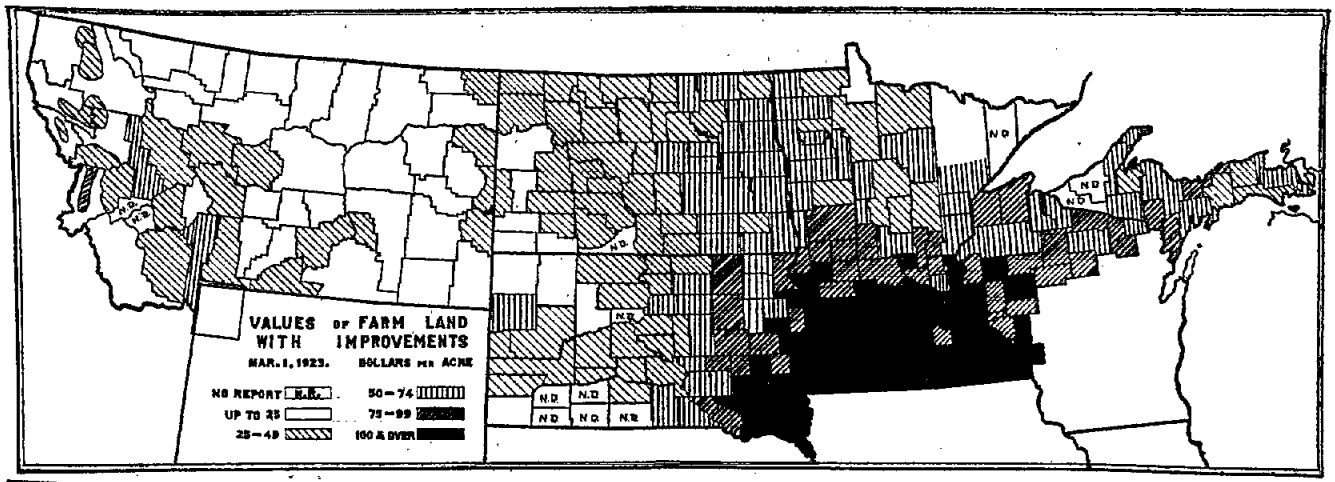
"We have several customers who are stall feeding cattle this year and there are several silos in the district where we are operating.

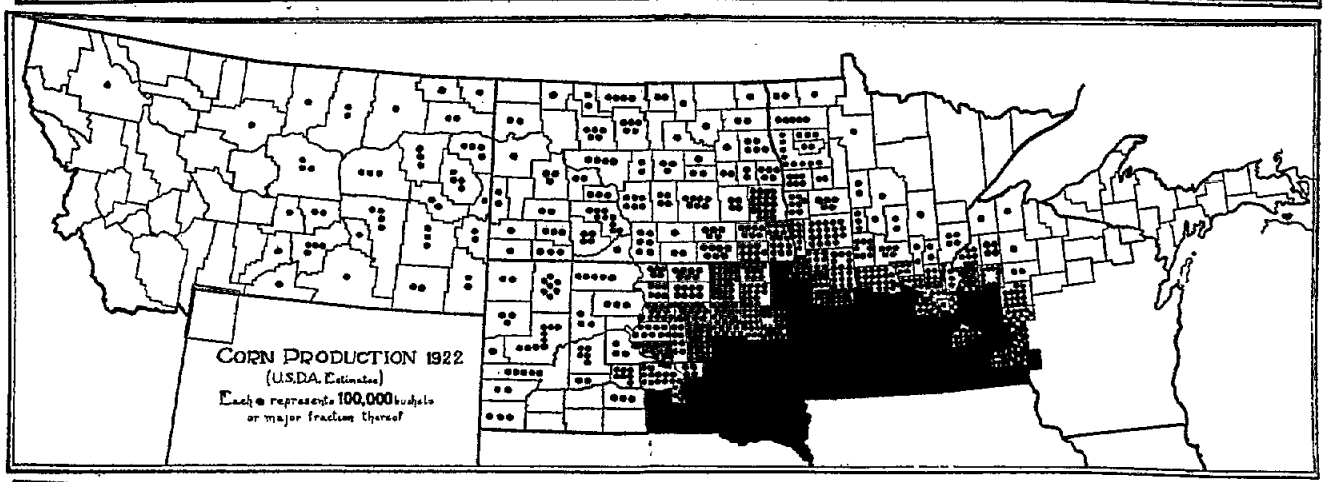
"The territory to the west of us where rainfall is doubtful will still continue to raise feeders and this is about the only use to which some of that territory can be put. Our good wheat land is too valuable to use for pasture land and by changing the system so that corn will be raised on the land which is now summer-fallow, a good many of the troubles of the wheat farmer will be done away with and besides that the feed raised can be profitably fed in the winter to western cattle and thus turn time and energy which is now purely waste, into a profit to the farmer. Several lots of cattle were fed last winter in the district where we are operating, and all report that they made money by doing this.

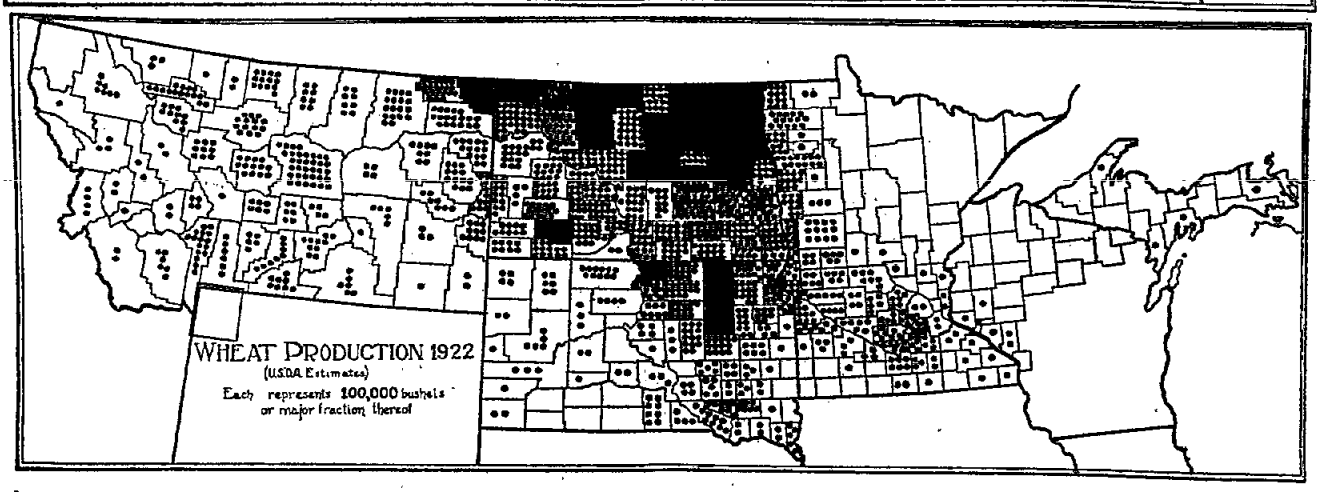
"If our farmers will stick to corn, hogs and cattle feeding, coupled with their grain farming for a few years, there will be very little trouble about the price of land going up and very little of our good land which cannot find a ready sale. It has been a known fact for years that corn, hogs, cattle and $100.00 land go in the same company, so let us all boost for the 'CORN BELT OF SOUTHERN SASKATCHEWAN.'"

There are definite signs that the farmers have improved their condition. This improvement has come

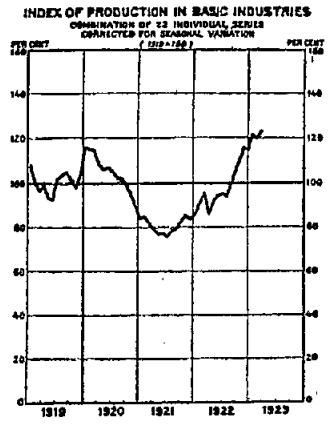
[1]Corn and wheat production by counties estimated by State Agricultural Statisticians of the U. S. Bureau of Agricultural Economics.

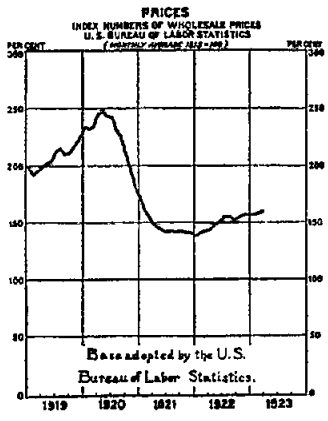


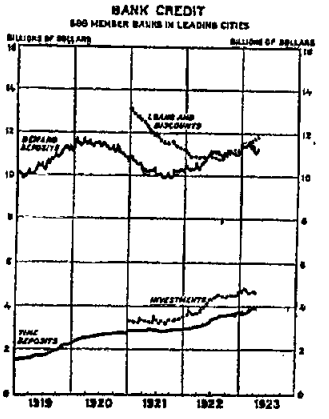


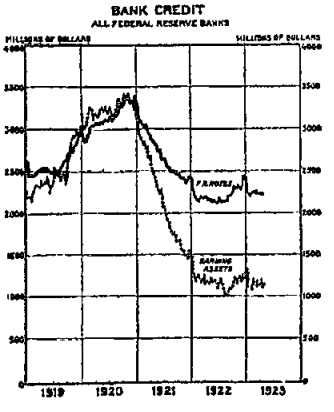


about, not through a great rise in the price of farm products, but largely through a readjustment of farm costs and methods and through a change in the type of products raised. Farmers are buying more in the aggregate, although they cannot be said to be buying in normal quantities now. As the best test of the increased purchasing power of the farmer, we have chosen two types of purchasing which the farmer can do without, when he is short of funds, and which are, therefore, a better test of his welfare than his purchases of everyday necessities. Farm implement and lumber purchases were the two indexes chosen. During the first three months of 1922, farm implement purchases by Ninth District farmers from ten of the largest firms selling in this district amounted to $1,230,886. During the same three months this year, purchases amounted to $2,510,025, or more than double the purchases during the same period last year. Lumber purchases from 637 country retail yards during the first three months in 1922 amounted to 13,120,000 board feet. During the same three months in 1923, sales amounted to 16,190,000 board feet, or an increase of one-fourth over the same period last year. While the purchase of new equipment and of lumber has probably been limited to meeting emergencies, the fact that farmers have been able to make these enlarged purchases shows conclusively that a definite turn has been made to more favorable conditions.









Summary of National Business Conditions

(Compiled April 26 by Federal Reserve Board)

Further increases in the production of basic commodities, in wholesale prices, employment, wage rates, and wholesale and retail trade, took place in March.

PRODUCTION: Production in basic industries, according to the Federal Reserve Board's index, increased 4 per cent in March to a level 8 per cent higher than at the 1920 peak and 67 per cent above the low point of 1921. The output of pig iron, steel ingots, automobiles, and crude petroleum, and the mill consumption of cotton exceeded all previously reported monthly totals. Building operations showed a further large expansion and the value of contracts let for residences in March was the highest on record. Railroad freight shipments have been larger every week this year than in the corresponding weeks of the past four years. Car shortages have been reduced to the lowest point since September, chiefly as a result of the addition of new equipment, a decrease in the number of bad order locomotives and cars, and a concerted effort to increase the average loadings.

Employment in the building trades and in many lines of manufacturing continued to increase in the eastern states. The surplus of unskilled labor in the West, reported in earlier months, is being gradually absorbed by the seasonal increase in farm work. A number of leading textile mills, steel mills and packing plants announced general wage advances ranging between 11 and 12½ per cent and numerous wage advances in other industries also were reported.

TRADE: March sales by department stores reporting to the Federal Reserve banks were 22 per cent above those of March a year ago, partly because Easter purchases were made in March this year, whereas last year such purchases were largely deferred until April. Stocks of goods held by department stores were six per cent larger than those held a year ago, but this increase was not as large as the increase in sales and hence the rate of stock turnover has been somewhat more rapid. Sales by mail order houses were larger than for any month since November 1920, and 35 per cent larger than in March 1922. Wholesale trade in all reporting lines was larger than in March a year ago.

WHOLESALE PRICES: Wholesale prices, as measured by the Bureau of Labor Statistics' index, advanced 1.2 per cent during March, and were 15 per cent above the low point of January 1922. As in recent months the prices of metals and building materials showed the greatest increases, while fuel prices showed a further decline from recent high levels. Compared with a year ago, metals were 37 per cent and building materials 28 per cent higher. The cost of living increased slightly more than one per cent during March to a level of 3 per cent higher than a year ago.

BANK CREDIT: During the month prior to April 11, a more moderate growth in the demand for credit from member banks in leading cities resulted in an increase of about $48,000,000 in their loans made largely for commercial purposes, as compared with an increase of $235,000,000 in the preceding month. Through withdrawal of funds from investments and a further inflow of gold, member banks have been able to meet demands of their customers for increased credit and currency independently of the reserve banks. Consequently, the total volume of Federal Reserve bank credit, measured by total earning assets, has remained relatively constant during the past month, and in fact since the seasonal liquidation at the turn of the year. The volume of Federal reserve notes in circulation has also changed but little as the larger demand for hand-to-hand money has been met chiefly by an increase in other forms of money in circulation. There has been little change in money rates from those prevailing in March.