

MONTHLY REVIEW

OF

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

NINTH FEDERAL RESERVE DISTRICT

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EDITORIAL NOTICE:—This report is prepared monthly in the office of the Federal Reserve Agent for the purpose of providing the Federal Reserve Board with complete accurate, and impartial information concerning business conditions in the Northwest. It is also printed for public use and will be mailed free of charge to anyone making request for it.

DISTRICT SUMMARY FOR THE MONTH

Realization of the good fortune of the northwestern farmer in having an abundant small grain crop in a year of poor world crops was the outstanding event of the month of September. Importing countries with short crops are competing for grain supplies to make up their deficits. The world prices consequently have been raised to a level which places the American farmer on a much better earning basis than he has enjoyed for several years. Exports of Canadian and American grain during September totaled 33 million bushels, in striking contrast with 14 million bushels shipped last year during the same period. The other grains have also felt the effect of European demand. Exports of rye, oats and corn were double those of a year ago. The export movement of grain has congested Duluth-Superior harbor terminals and reached record breaking receipts of more than 44 million bushels in September, of which 29 million bushels were shipped down the lakes, as compared with total receipts of 15 million bushels a year ago. Terminal receipts of flax alone show no pronounced increase over a year ago. Prices for the majority of the grains have been strong during the close of September and the first half of October, and sales have been considerably higher than the September median prices. The September median prices were somewhat less than those in August.

Receipts of livestock at terminals during September were one-fifth lower than last year for cattle and hogs, but slightly larger for calves and sheep. The feeder movement was smaller in volume than last year. Median prices of hogs and feeder steers at South St. Paul advanced, although some decline is normally expected for this season. Recent reports indicate that in each of the states of this district the number of dairy cows and heifers, two years old and over, increased more rapidly in the year ending June 1, 1924 than for the United States as a whole, Montana showing more than 18 per cent, North Dakota nearly 15 per cent, South Dakota more than 10 per cent and Minnesota nearly 7 per cent, as compared with the national average of about 6 per cent,

as reported by the United States Department of Agriculture.

The volume of business in September, when measured by the total of individual debits at sixteen cities in this district, reached the largest total of any monthly total since November, 1920, with an increase of 28 per cent as compared with August, and an increase of 21 per cent as compared with a year ago. This volume was fully sustained in the first half of October. The increase is due almost entirely to the rapid and heavy movement of the grain crops. There was a decline for the month in the debits at one of the cities handling livestock. Lumber manufacturing, linseed production, milling activity and iron ore shipments were all below the volume of a year ago. However, shipments of linseed oil and cake and forest products increased in September as compared with August more than is normal for this season.

Prospective building activity, as reflected in building permits granted at eighteen important cities in this district, was smaller in September than in August and smaller than a year ago.

During the five weeks ending October 1, member banks in the larger cities had a rise in deposits exceeding 29 million dollars and simultaneously increased their loans 25 millions, purchased investments of 3½ millions and enlarged their reserves. Member banks in the agricultural sections were able to repay a large portion of their borrowings from this bank, such repayments being heaviest by the member banks in North Dakota. Crop financing is running at high-tide now, and much stronger than a year ago. Deposits of country banks with their Twin City correspondents increased more than 50 per cent in the six weeks ending October 1, as compared with an increase of but 33 per cent during the same period a year ago.

Deposits and loans of member banks continued to expand during the first part of October. Loans of this Federal Reserve Bank declined during September and the first half of October, about 5½ million dollars. Federal reserve note circulation, mean-

while, expanded $5\frac{1}{2}$ millions to meet crop moving demands. The discount rate of this bank was reduced from $4\frac{1}{2}$ to 4 per cent, effective October 15.

Retail trade sales in September were disappointingly poor, as compared with expectations growing out of the good crop and the good prices obtained for it. Department store sales were not equal to those of a year ago, and sales of lumber at retail yards were only 3 per cent greater than last year. However, retailers have much greater confidence now in the probable expansion of sales than has existed for some time. Their requisitions upon wholesalers have increased. Wholesale sales of dry goods, hardware, shoes and implements have shown substantial increases.

Credits and collections are now in a more satisfactory condition. In wholesale trade, accounts receivable relative to cumulative sales are below a year ago. Collections realized by retail lumber yards in September this year as compared with last indicate that the farmer is using his first crop proceeds in large part for the reduction of debts.

Crop estimates on October 1 were larger for wheat and flax, and smaller for corn. The yields per acre for small grains are much higher than for many years, and it is particularly interesting to note that durum has not maintained its accustomed advantage over bread wheat in yield per acre.

TOPICAL REVIEWS

Grain Marketing. The northwestern farmer is now enjoying a stroke of good fortune by having an abundant small grain crop in a year of poor world crops. A strong foreign demand has developed, especially from the continental countries of Europe. The wheat crop is 18 per cent less than a year ago in the northern hemisphere, exclusive of the United States, France, Roumania and Russia; and 9 per cent greater than a year ago in the United States. The world's total wheat crop is about 10 per cent below a year ago. Prices of wheat, therefore, have advanced. Prices of the other grains also have advanced.

As the prospective deficiency of the crops on the European continent daily grew to be more of a certainty, the demand for North American wheat increased. According to the Commercial and Financial Chronicle, exports from Atlantic and Gulf ports to the Continent, and to a smaller extent to the United Kingdom, increased week by week from the latter part of August to the end of September. Weekly exports of wheat to the Continent from these ports, which include some Canadian grain, increased from an average of about 3 million bushels to 7,715,000 bushels in the last week of September. For the full month of September, $12\frac{1}{2}$ million bushels of wheat left these ports destined for the United Kingdom, and nearly 21 million bushels were shipped to the Continent. This total export of 33 million bushels from the United States and Canada is in striking

contrast with but $13\frac{2}{3}$ million bushels shipped in the same period a year ago.

The flour export trade has also been active, shipments from eastern ports during the four weeks of September amounting to 1,637,000 barrels, as compared with 863,000 barrels last year. Exports of the other grains have also shown the effect of European demand. Rye, oats and corn shipments from Atlantic and gulf ports in September were double the volume in September last year, and there was an important increase in shipments of barley.

The rapid movement of grain to market indicates that the present prices apparently are attractive to American producers. Grain destined for export has come into the Duluth-Superior harbor terminals so rapidly that the facilities have been over-taxed and a temporary embargo on railroad shipments to this port was ordered between October 3 and October 10. There is no talk this year of orderly marketing. Europe is in a buying humor and the United States farmer is glad to furnish the grain.

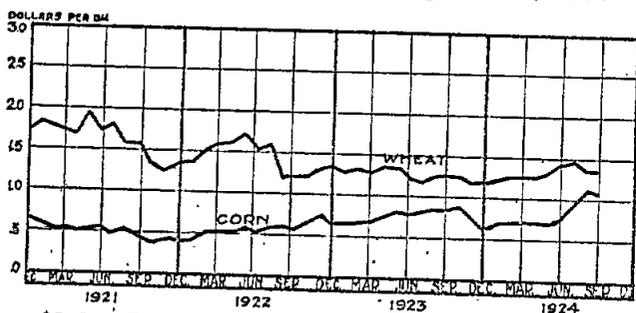
The grain movement to the Duluth-Superior harbor during September made a new record for all time, according to a statement by the Secretary of the Duluth Board of Trade. A total of $44\frac{1}{2}$ million bushels of grain was received, as compared with 15 million bushels in the same month last year. About 29 million bushels were shipped from the harbor during September, practically all by the water route, as compared with 10 million bushels a year ago. Every grain showed an important increase in receipts at Duluth-Superior, both as compared with August and as compared with September last year. Wheat receipts were largest, totaling $16\frac{1}{2}$ million bushels, with rye and oats second and third, amounting, respectively, to 11 and $9\frac{1}{2}$ million bushels. Rye shipments were larger than wheat shipments during September, in spite of the much smaller crop and receipts of rye.

Receipts of all grains at Minneapolis and Duluth-Superior combined, totaled nearly 86 million bushels in September, a volume double that in September a year ago. For these two centers, receipts of wheat alone totaled $36\frac{1}{2}$ million bushels. Receipts of oats were 22 million bushels, rye nearly 13 million bushels and barley more than 9 million bushels. Receipts of flax were smaller than had been expected in view of the large crop and amounted to less than 4 million bushels in September, or practically the same amount as arrived in September, 1923, from a smaller crop. Slightly more than 1 million bushels of flax were shipped down the lakes during the month.

Grain stocks are not large considering the unusual quantities which arrived during September. At the end of the month, northwestern terminal stocks of all grains amounted to 42 million bushels, as compared with $31\frac{1}{2}$ million bushels last year. Of this total, $19\frac{1}{2}$ million bushels consisted of oats, which showed the greatest increase in volume of stocks which has been recorded by any grain in a single month since our record began in 1920. Stocks of

wheat amounted to nearly 14½ million bushels, as compared with a little over 13 million bushels last year. Stocks of rye declined a third during September and were less than one-half as large as in September last year.

Cash grain prices were slightly lower on the average during September than in August, with the exception of rye and barley, but recovered early in October. The demand for rye, which absorbed current marketings and cut into terminal stocks of this grain during September caused an increase in the median price from 86 to 94 cents per bushel for the grade used in our computations. The price of barley remained unchanged during the month. For the other grains, wheat was down nearly 3 cents, corn 4 cents, oats 3 cents and flax 18 cents. It is worthy of note that towards the close of September and in the first half of October, the prices of the majority of grains have been several cents higher than the September median prices. Wheat prices ranged between \$1.50 and \$1.69 on October 15 as compared with the September median price of \$1.35.



Median Prices of Wheat and Corn at Minneapolis.

The livestock marketing situation did not show any important changes during September, with the exception of a pronounced decline in the median price of butcher steers, which brought the price of this class down and into line with the prevailing price of butcher cows for the last three months. The September movement to market of cattle and hogs was about one-fifth lower than the movement in September last year, and the movement of calves and sheep was slightly larger. A comparison of the total receipts in September with those in August shows increases for cattle, calves and sheep and a decrease for hogs, all of which are normal for this season of the year.

The feeder movement showed seasonal increases in all classes, but every class was smaller in volume of shipments in September than in the same month last year.

The median prices at South St. Paul advanced for hogs and feeder steers and remained unchanged for butcher cows, veal calves and lambs in September as compared with August. It is noteworthy that this firmness in livestock prices took place at a time of year when it is normal for prices to decline for butcher cows, feeder steers and hogs. As compared with last year, the median price of hogs during September

was nearly \$2.00 higher, lambs were selling at a price advance of \$1.00, butcher cows and feeder steers were slightly higher, while butcher steers and veal calves were selling at a somewhat lower price.

The number of dairy cows in the northwestern states is increasing at a satisfactory rate. There was a gain of 18.4 per cent in Montana during the year ending June 1, 1924, and increases of 14.9 per cent in North Dakota, 10.5 per cent in South Dakota and 6.8 per cent in Minnesota. These gains are greater than those shown for the United States as a whole. These figures were obtained by the United States Department of Agriculture and refer to dairy cows and heifers two years old and over. This indicates that noteworthy progress has been made recently in the direction of diversified agriculture. There has also been some advance in the farmers' knowledge of proper dairy methods, which, coupled with the increased number of head, probably forecasts a substantial increase in the output of dairy products in the Northwest during the next year or two. There will probably be further diversification of income during the next two years as the percentage of dairy calves and heifers less than two years old is unusually large.

The volume of business in this district as shown by the volume of bank check payments at sixteen cities reached the largest total in September of any month since November, 1920. The volume of these "debits to individual accounts" was 28 per cent larger in September than in August. This was more than the usual increase at this season. Debits were 21 per cent larger than in September last year. The enormous volume of payments, amounting to 813 million dollars during the month, was largely the result of the rapid movement of the grain crops. The largest increases occurred at Duluth, Minneapolis and the eight wheat belt cities for which we have records. In fact, Duluth debits were larger than those reported by St. Paul for the last two weeks of September. A group of three Mississippi Valley cities showed a much smaller increase, and at Sioux Falls the debits declined. As compared with the September volume last year, nine of the sixteen cities showed increases, including Minneapolis, Duluth, four cities in the wheat belt and all of the Mississippi Valley cities.

In the first half of October, debits reached the daily volume of October, 1920, which has heretofore been the largest month's total on record. Prices are now far below the 1920 level. Undoubtedly, therefore, the physical volume of business is now making a new peak. Duluth continued to transact more business than St. Paul, owing to the heavy export movement of grain.

City retail trade, as yet, shows little evidence that the city population of the Northwest is sharing the farmers' good fortune. Department store sales in September were not quite as large as in September last year. There was, however, a marked seasonal

increase in sales in September over August, amounting to 15 per cent of August sales. City retailers are confident of better sales in the near future. Their stocks of goods increased 9 per cent in September, although the normal increase is only 6 per cent.

Buying power in agricultural sections has undoubtedly been increased by the new crop moving rapidly to market at higher prices, but there is no statistical evidence now at hand proving that it was used in September for the purchase of goods or commodities at retail. The increase in the farmer's cash income is being used largely to pay debts, according to the best evidence available. This is shown first by the funds pouring into country banks. The second evidence of the liquidation of debts is seen in September returns from country retailers. Northwestern lumber retailers, operating 550 yards, reported an increase in collections in September of 24 per cent over the August total. Last year there was only an 8 per cent increase in the same period. Lumber sales in the country during September were only 3 per cent larger than in September last year. In August the volume of lumber sales was slightly less than a year ago. The change in relation to last year's record shows some improvement in purchasing, but the gain has not been pronounced.

Wholesale trade increased in September. This means that country retailers believe there will soon be a considerable expansion of buying in the Northwest. These retailers have been taking more dry goods, shoes, hardware and implements, but less groceries and furniture than a year ago in September.

Farm implement sales in September as reported directly to this office were almost double those of last year.

Sales of wholesale dry goods in September by representative firms reached the largest total in the 45 months for which we have records. Sales of shoes at wholesale were larger than in any previous month since August, 1923. Hardware sales were 12 per cent larger than in September last year, and 16 per cent larger than in August of this year. Shipments of building materials were 4 per cent larger than in September a year ago, but smaller than in August of this year. Shipments of automobiles, trucks and tires into the northwestern trade territory were in the largest volume since April, but were smaller than in September last year.

Sales of groceries were slightly smaller in September than a year ago in the same month. Shipments of furniture showed a larger decline from the August volume than is usual at this time of year, and were smaller than last year in September.

The situation with regard to credit extension by wholesalers appears to be much better than a year ago. The accounts receivable of representative farm implement concerns, as reported to us on October 1, were 21 per cent smaller than a year ago, although their sales for the first nine months of 1924 were

only 2 per cent smaller than in the corresponding period in the preceding year. Similar changes have taken place with wholesalers of groceries, hardware and dry goods. The only increase in accounts receivable relative to sales was that of wholesalers of shoes.

Linseed and lumber manufacturing in this district improved during September, but flour milling at Minneapolis remained at a low level. Shipments of linseed oil and cake increased 112 per cent and 70 per cent, respectively, in September as compared with August. Both of these advances were much greater than is usual at this time of year. In neither case, however, had the volume returned to the volume of the same month a year ago. Flour shipments from Minneapolis were 10 per cent smaller than in September last year, and smaller than during the same month in any one of the last 45 years. Shipments of forest products, according to the weekly carloading record of the American Railway Association, did not show as large a decline as is normal for the first three weeks of September. These shipments, however, were not as large as in September, 1923. The 11 lumber manufacturers reporting to this office were more fortunate than the average in the Northwest, as evidenced by carloadings. Their September shipments were 7 per cent larger than in the same month last year. These companies have now allowed their stocks of lumber to fall below last year's level. The cut of lumber in September and the number of men employed in the mills and woods were smaller than a year ago.

The employment situation made a turn in favor of the employer during September, after a two months' period in which the labor situation had been growing more favorable for the employee. In more detail, the record shows that the demand for help remained stationary, while the number of persons looking for work increased, after making proper adjustment for seasonal changes. This change in the situation did not bring as favorable a condition for the employer, however, as that existing during the months of June and July.

The volume of building contemplated for the near future as evidenced by the valuation of building permits granted at 18 cities in this district during the month of September, was 24 per cent smaller than in August, and 11 per cent smaller than in September last year. The decline in valuation as compared with August occurred in spite of an increase in the number of permits granted. The number of permits granted in September was 9 per cent smaller than in September a year ago. The average size of contemplated projects was smaller in September than in August and smaller than a year ago in September.

Dwellings for rent continue to be very plentiful as reflected in our September record of the number of advertisements in an important urban newspaper. The number was not quite as great as in August,

which is contrary to the seasonal trend at this time of year. The number of advertisements in September was one-fourth greater than a year ago.

Iron ore shipments made a better showing in September than in August. September shipments down the lakes were only 8 per cent smaller than in August, whereas the usual decline towards the end of the season is much greater. September shipments, however, were one-third lower than September shipments a year ago and somewhat lower than in 1922, but larger than in 1921.

The northwestern coal situation continues favorable for hard coal users. Receipts of hard coal dwindled in September to about one-half of the August receipts, but the September volume was more than twice as large as the September volume of hard coal receipts last year. During the present shipping season to the end of September, hard coal receipts were 15 per cent larger than a year ago. Soft coal receipts have not been as favorable as those of hard coal. The total volume received so far this year was less than two-thirds of the quantity received last year in the same period.

Business failures during September showed some reduction from August and were lower than the total for September last year. However, the number of failures in September remained comparatively high, since it was the third largest September volume on our records.

Banking operations in this territory showed a marked expansion during September. Demand deposits of 25 selected member banks in the larger cities increased more than 29 million dollars, or 13 per cent and their time deposits increased 1 million dollars. At the same time these banks had an increase of nearly 25 millions, or 10 per cent, in loans. The expansion was largely in the form of commercial loans. Other effects of the rise in deposits were shown by increases of 3½ millions in security holdings and 1 million dollars in reserves. There was also some reduction in their borrowings. As compared with last year, both deposits and earning assets were greater. Demand deposits were 25 millions larger and time deposits were 7 millions larger. Borrowings were 12 millions less.

Outside of the larger cities, an accumulation of deposits and a reduction in loans, has apparently been taking place. Our member banks in all of the agricultural sections of this district have reduced their borrowings materially from this bank during the month of September. The repayments were heaviest in North Dakota and smallest in Montana. Further evidence of the improving condition of country banks is found in the record of their deposits with their city correspondent banks. These bankers' deposits increased over 50 per cent in the six weeks ending October 1. A year ago the increase during the same period was only 33 per cent. On October 1 this year these deposits were 44 per cent larger than last year on the corresponding date.

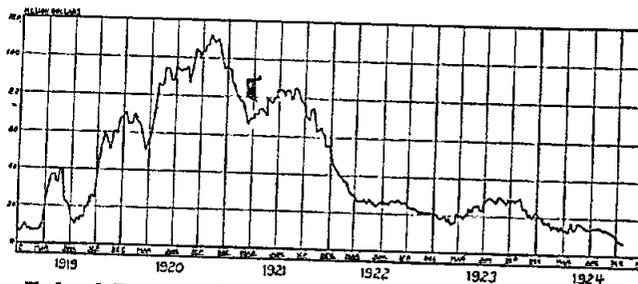
Deposits continued to expand in the first week of October. Country banks built up their balances with Twin City correspondents about 15 per cent in one week. Demand deposits expanded 13 million dollars in 25 selected member banks reporting to this office. Their loans increased 10 millions and security holdings and reserves also were greater.

Interest rates at Minneapolis were practically the same on October 15 as on September 15, but lower than a year ago.

Commercial paper outstanding in this territory increased 22 per cent during September, the greatest rise in this month in the last five years. The volume outstanding was 20 per cent above a year ago.

The loans of this Federal Reserve Bank showed a sharp decline of more than 4 million dollars during September. This was a reduction of nearly one-third. Acceptances were purchased amounting to more than 2 million dollars and security holdings increased about one-half million dollars during September. Federal reserve notes in circulation expanded 3 millions in response to the customary demand for crop moving. Member bank deposits increased 2½ millions and Government deposits increased 2 millions. The cash reserves of this bank, as a result of these changes, increased nearly 11 million dollars during the month.

During the first half of October member bank borrowings from this Federal Reserve Bank were reduced 1½ million dollars. Member bank reserve deposits showed an increasing tendency, which reflects the increase of demand and time deposits throughout the district. Federal Reserve notes in circulation increased 2½ millions. The discount rate of this bank was reduced from 4½ per cent to 4 per cent, effective October 15.



Federal Reserve Accommodation to the Ninth District.

Larger crops of wheat, oats, barley and flax in our four states were forecasted on October 1 than on September 1, according to reports of the Agricultural Statisticians in each of these states. Wheat showed the greatest increase, or 17½ million bushels. This expansion was almost equal in amount to the entire 1923 wheat crop of Minnesota. Flax showed the smallest increase in the month. Minnesota and North Dakota combined showed an increase in the forecasted flax crop of nearly 400,000 bushels. Declines in Montana and South Dakota, however, reduced the gain by one-half. Corn declined 14 millions, or 5 per cent, to 247,000,000 bushels. This

is the first time this year that the forecasted corn production in this district has been below the 1918-1922 average of 256,000,000. There was a million acre increase in corn acreage, however, which will furnish large amounts of roughage for stock. Potato and tame hay forecasts also declined slightly.

Exceptionally large yields per acre were forecasted for the small grains throughout the district. In Minnesota, 10.7 bushels were reported for flax, 21.8 bushels for spring wheat, 43 bushels for oats and 32 bushels for barley. Montana and North Dakota each reported 15.5 bushels for wheat, which eclipses the yields obtained in these states for many years. In Montana the highest yields were obtained in the northeast and east-central sections. South Dakota reported 37 bushels per acre for oats, which is the highest yield there since 1918. Durum wheat yields per acre in this district this year averaged less than for bread wheats for the first time in many years. In our four states 159,776,000 bushels of bread wheat were produced, at the rate of 16.1 bushels per acre. There were 63,896,000 bushels of durum wheat produced, but at the rate of only 15.8 bushels per acre. The reversal of the usual relation between the acre yield of bread wheat and durum was not occasioned by any appreciable failure of the durum crop, but rather by the exceptionally favorable growing season, which permitted full development of all

wheat and at the same time prevented the toll usually taken by rust on bread wheats. Some sections of North Dakota and Montana suffered from drouth and rust, so that the durum yields for these states were a little larger than the bread wheat yields.

Fall work advanced rapidly during the first half of October in some sections. South Dakota reported fall plowing nearly up to the usual mark and excellent progress made in threshing, corn cutting and silo filling. The Bureau of Agricultural Economics stated in their October 15 Crop Notes that more than one-half of the South Dakota corn acreage had matured without frost damage. In North Dakota, owing to unfavorable weather, little progress has been made in fall work. It is estimated that with the most favorable conditions all threshing cannot be completed until late November. Low temperatures have minimized shocked grain losses by preventing sprouting, but discoloration will result in loss of grade. A distinct advantage of the large amount of rainfall in North Dakota is the great improvement of the condition of the soil for fall plowing. Some rye was still being sown, and some was above the ground. Favorable planting conditions and favorable prices at planting time may result in even greater increases in rye acreages than the 14 per cent indicated by farmers in the August 1 report of "intentions to plant."

OCTOBER 1 PRODUCTION FORECASTS AND PRELIMINARY ESTIMATES OF YIELD AND PRODUCTION BY STATES WITH COMPARISONS

(Yields in bushels per acre—Production in thousands, i. e., 000's omitted)

	CORN			FLAX			POTATOES		
	Forecast	Forecast	Estimate	Forecast	Forecast	Estimate	Forecast	Forecast	Estimate
	10-1-24	9-1-24	1923	10-1-24	9-1-24	1923	10-1-24	9-1-24	1923
Minnesota	111,744	118,900	154,692	7,048	6,745	5,270	42,462	42,135	38,304
Montana	8,875	10,732	9,490	2,016	2,033	902	3,957	4,329	3,960
North Dakota	23,077	25,006	28,207	15,600	15,512	8,424	14,737	14,956	13,114
South Dakota	103,690	106,467	145,176	3,743	3,941	2,414	6,867	7,051	7,744
Four States	247,386	261,105	337,565	28,407	28,231	17,010	68,023	68,471	63,122
United States	2,458,809	2,512,888	3,046,387	29,160	29,029	17,429	423,508	412,761	412,392

	SPRING BREAD WHEAT				DURUM WHEAT				ALL SPRING WHEAT			
	1924		1923		1924		1923		1924		1923	
	Production	Yield	Production	Yield	Production	Yield	Production	Yield	Production	Yield	Production	Yield
Minnesota	28,876	21.8	16,749	11.8	2,472	21.5	2,532	12.0	31,348	21.8	19,281	11.8
Montana	41,004	15.4	38,455	14.4	1,419	17.3	1,485	10.7	42,423	15.5	39,940	14.3
North Dakota	73,610	15.2	31,028	6.1	41,648	16.0	27,632	8.8	115,258	15.5	58,660	7.1
South Dakota	16,286	14.9	10,814	7.3	18,357	14.9	15,168	12.1	34,643	14.9	25,982	9.5
Four States	159,776	16.1	97,046	9.1	63,896	15.8	46,817	9.9	223,672	16.0	143,863	9.3
United States	202,560	15.7	166,584	11.9	63,896	15.8	46,817	9.9	266,456	15.7	213,401	11.4

	OATS				BARLEY				TAME HAY*		
	1924		1923		1924		1923		Forecast	Forecast	Estimate
	Production	Yield	Production	Yield	Production	Yield	Production	Yield	10-1-24	9-1-24	1923
Minnesota	183,438	43.0	153,254	37.0	30,784	32.0	24,050	25.0	3,363	4,000	2,016
Montana	22,320	31.0	22,209	33.0	2,912	26.0	2,474	25.5	2,062	2,065	2,044
North Dakota	93,364	34.0	54,924	23.0	39,624	26.0	23,818	17.5	1,666	1,492	1,618
South Dakota	90,354	37.0	78,336	34.0	23,912	28.0	20,025	22.5	1,589	1,600	1,732
Four States	389,476	36.3	308,723	32.5	97,232	28.2	70,367	21.3	8,680	9,157	7,410
United States	1,509,409	36.3	1,299,823	31.8	201,043	26.6	198,185	25.1	95,055	88,054	89,098

*Figures in tons.

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

Production of basic commodities, factory employment and distribution of merchandise increased in September. During September and early in October there was a considerable increase in the volume of borrowing for commercial purposes.

PRODUCTION: The Federal Reserve Board's index of production in basic industries, adjusted to allow for seasonal variations, rose 9 per cent in September, the first advance since last January. Increased activity was reported in many lines of industry including textiles, iron and steel and coal. Factory employment increased 2 per cent during September, reflecting larger working forces in nearly all reporting industries. Average weekly earnings of industrial workers increased slightly, owing to a decrease in the extent of part time employment. Building contracts awarded showed a small seasonal decline in September, but were considerably larger than a year ago.

Crop conditions, as reported by the Department of Agriculture, showed a further slight improvement during September, and the estimates of production for spring wheat, oats, barley and white potatoes on October 1 were larger than the month before. Estimates of the yields of corn, tobacco and cotton, however, were reduced. Marketing of wheat was exceptionally heavy in September, and exports of wheat and cotton were larger than for the same month of any recent year.

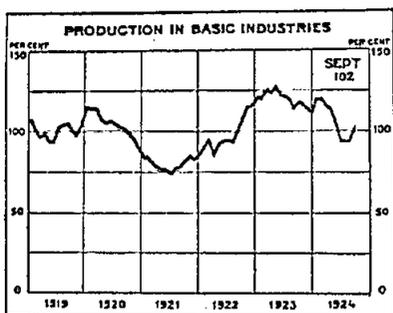
TRADE: Distribution of commodities, as reflected in railroad shipments, increased during September and was greater than last year, owing to larger loadings of miscellaneous merchandise, grain and coal. Wholesale trade was 11 per cent larger than in August, as a result of increased business in almost all reporting lines. Sales of groceries and drugs were larger than a year ago, while sales of meat and shoes were smaller. Retail trade showed more than the usual seasonal increase in September, and sales of department stores and mail order houses were considerably larger than last year. Merchandise stocks at department stores increased more than usual during September, but continued to be slightly smaller than a year ago.

PRICES: Wholesale prices of farm products, clothing, fuel and metals declined somewhat in September, while prices of food products, building materials and chemicals advanced. The general level of prices, as measured by the Bureau of Labor Statistics index, was slightly lower in September than in August. During the first half of October quotations on wheat, flour, cattle, hogs, wool and rubber increased, while prices of cotton, lumber and gasoline declined.

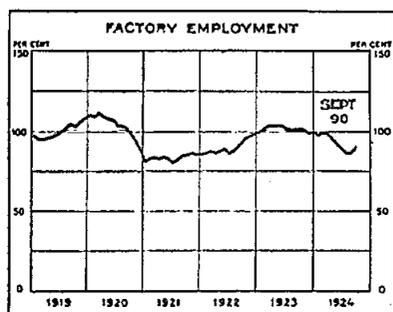
BANK CREDIT: During the five weeks ending October 15 loans and investments of reporting member banks in leading cities increased by more than \$600,000,000. Credit demand for financing the marketing of crops and the fall activity of trade were reflected in increased commercial loans throughout the country and the total volume of these loans rose to a level considerably above the peak of October, 1923.

Member bank investments in securities continued to increase, and loans on stocks and bonds also advanced. A further growth of demand deposits carried their total to the highest figure on record.

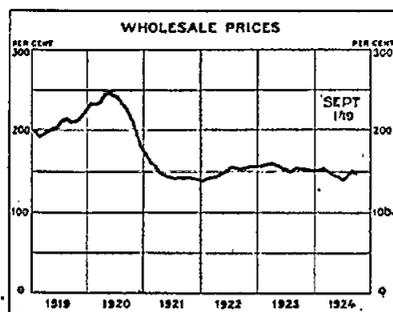
At the Federal Reserve Banks, discounts changed but little in September and declined in the first three weeks of October, while holdings of acceptances increased considerably, and there was also some increase in United States securities. As a consequence, total earning assets were larger than at any time since early in the year. Larger currency requirements, partly seasonal in character, were reflected between August 1 and October 1 in an increase of \$140,000,000 in the total volume of money in circulation. Money rates in the New York market remained relatively constant in the latter part of September and the early part of October. On October 15 the discount rate of the Federal Reserve Bank of Minneapolis was reduced from $4\frac{1}{2}$ to 4 per cent.



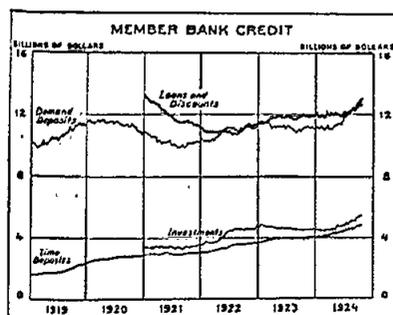
Index of 22 Basic Commodities corrected for Seasonal Variation (1919=100).



Index for 33 Manufacturing Industries (1919=100).



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by Bureau).



Weekly Figures for Member Banks in 101 Leading Cities. Latest Figures in Millions, October 15.

Loans and Discounts, 12,786; Demand Deposits, 13,044; Investments, 5,447; Time Deposits, 4,732.