MONTHLY REVIEW

OF

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

NINTH FEDERAL RESERVE DISTRICT

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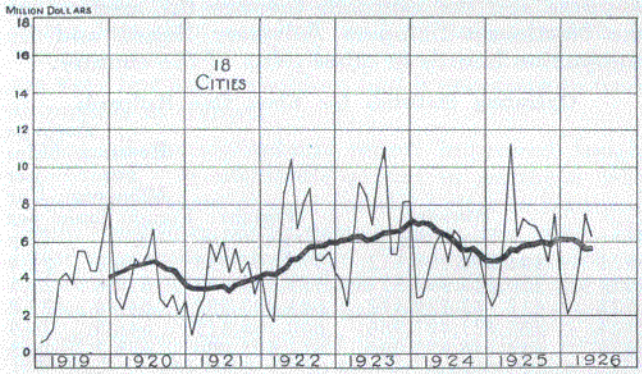
DISTRICT SUMMARY FOR THE MONTH

The best available private estimates made on June 1 indicated a spring wheat crop of between 203 million and 221 million bushels for the United States, the greater part of which will be raised within this Federal Reserve District. This is equal to the production of 1923, and 50 million bushels less than that for the crops of 1922, 1924 and 1925. The Department of Agriculture estimated a condition for this crop on June 1 of 78.5 per cent, which was the lowest in our records which extend back to 1890. The previous low figure was 82.3 per cent, reported June 1, 1924. The low condition of spring wheat on June 1 was due chiefly to lack of adequate rainfall. Since June 1, there have been noteworthy additions to the much needed moisture and the general crop outlook has undoubtedly improved. However, there are some localities which did not receive enough moisture and others where it came too late.

Potential purchasing power created by the crops of wheat, rye, corn, oats, barley, flax and potatoes, taken at December 1 prices, declined from 902 million dollars for the 1924 crop to 730 million dollars for the 1925 crop. Although there are many other important sources of purchasing power in this district, such as livestock and dairy products, the slump in the crops noted has had a measurable effect. The basic agricultural purchasing power created by the money value of the marketings of livestock and the grains combined, during the first five months of 1926 was 8 per cent less than during the same months of 1925. For May the decline was 7 per cent as compared with last year. Grain receipts of all kinds in May were lower than last year, except of oats and corn, and all grain prices were lower than last year. Reports of livestock receipts at terminals in May show, as compared with last year, a decline for hogs and an increase for cattle. The prices of the various grades of livestock may be characterized as firm, there being advances in four varieties and small declines in but two kinds of those for which medians are computed by this office. Current opinion that there is a favorable livestock outlook is indicated by the greater movement of feeders this year than last year, particularly of hogs and cattle.

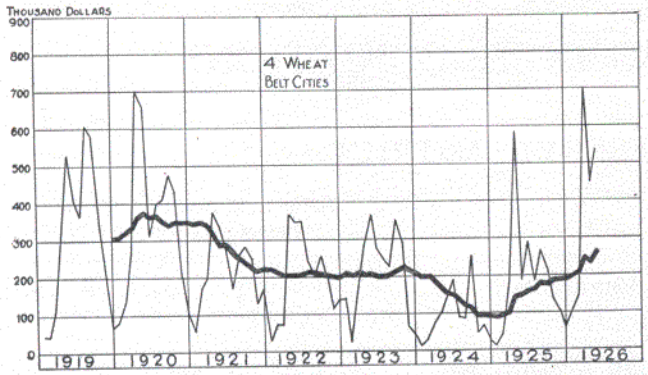


Valuation of Building Permits Issued at 18 Cities in the Ninth Federal Reserve District. Light curve, actual figures; heavy curve, 12 months moving average.

Changes in basic agricultural purchasing power necessarily have some influence on business conditions. The volume of business in this district during May was 3 per cent less than a year ago, both when measured by check payments through banks in seventeen representative cities and by total carloadings other than less-than-carload lots, in spite of the fact that there were substantial increases in payments through banks at livestock terminal cities and in the wheat belt cities, and that all groups of commodities showed increased carloadings except grain and grain products, coal and ore. For the first five months of this year, sales of farm implements were 30 per cent greater than last year but wholesale sales of shoes and dry goods declined 11 per cent. A similar computation for five-months' cumulative sales at retail reveals a small decline. Shipments of linseed products and iron ore declined, while shipments of flour increased in May as compared with last year.

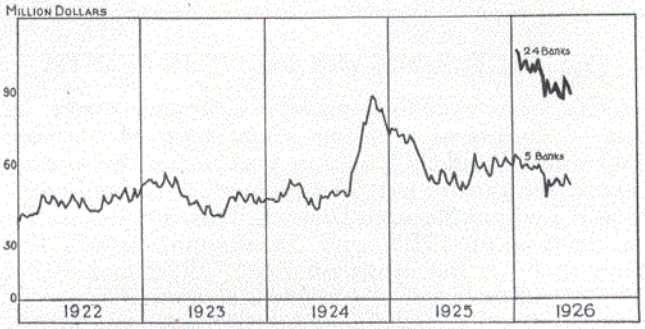
Prospective business activity, so far as it may depend upon building operations, shows no pronounced trend. The total valuation of building permits issued in May at eighteen representative cities was slightly larger than last year, but much less than in the preceding month, as compared with the customary trend at this season. Compared with the preceding month, declines in the permits were shown in all of our groups of cities, except the four located in the wheat belt and the four in the mining regions.

Transportation conditions in this district today are reported as very satisfactory. A survey made in this office this month indicates more rapid deliveries, fewer causes for claims, and some reductions in retail inventories and in accounts and notes receivable as a result.



Valuation of Building Permits Issued at 4 Wheat Belt Cities. (Fargo, N. D.; Great Falls and Helena, Mont.; Aberdeen, S. D.) Light curve, actual figures; heavy curve, 12 months moving average.

In the combined balance sheets of the twenty-four selected member banks in the larger cities which make weekly reports to this office there was a decrease of 12 million dollars in loans during the four weeks ending May 26 and an increase of 9 million dollars during the three weeks ending June 16. Last year the loans decreased 9 millions and increased 14 million dollars, respectively, during the same period. Assuming that these banks are typical for the district, apparently there was greater liquidation in May this year than last, and hence less borrowings in June this year than last. In the balance sheet of this Federal Reserve Bank there was no important change during May and the first half of June other than what is expected at this time of the year except that bank reserve deposits with the Federal Reserve Bank increased 3½ million dollars this year as compared with 1½ million dollars last year during the seven weeks ending the middle of June.



Balances Due at Banks at Reserve City Banks in the Ninth Federal Reserve District. Figures for May 12, 1926 have been revised on account of a corrected report received from one bank.

EFFECTS OF POST-WAR TRANSPORTATION IMPROVEMENT ON NORTHWESTERN BUSINESS.

(Based on Replies to Questionnaires Sent to 150 Firms)

The improvement in transportation conditions since the war has been of great assistance to northwestern business houses in making broad changes in their merchandising methods. Retailers describe with proper pride the reduction of their inventories. This change in merchandising methods has resulted in what is commonly called "hand to mouth" buying and has shifted the burden of carrying surplus stocks of goods to the manufacturer. The middle man has been partially eliminated in the lumber business. Perishable goods are being handled more rapidly and with smaller losses than during the war years. Improvement in freight service has been most marked on the trunk lines. Local freight service is losing ground and for some commodities is being replaced, as fast as road development permits, by auto truck deliveries.

A further development is that in retail dry goods merchandising, 75 per cent of the merchandise in which style is a factor is now moved by express. National advertising of stylish goods has created an insistent demand in the smaller communities for the same up-to-the-minute styles which are displayed in the large cities. To provide this merchandise when called for without over-stocking in lines where the demand is somewhat uncertain, retailers have been forced to order small shipments at frequent intervals by express, paying the higher shipping charges involved.

Improvement in freight service Railroads in the United States as a whole, and in the northwest as well, have improved their service in many ways since 1920. They have purchased more equipment, including larger cars and more powerful locomotives, which has enabled them to carry a steadily increasing volume of freight without a serious car shortage since 1923. The average miles traveled per day by each freight car has increased from 22.4 in 1921 to 28.3 in 1925, indicating a much more rapid delivery of freight now than formerly. Much of the improvement in freight service, which is evidenced by the elimination of delays in the loading and unloading of freight cars, is due to better cooperation between shippers and the railroads through the medium of the Northwest Shippers Advisory Board and its companion boards in other parts of the country.

Operating Statistics for Class One Railroads

Year	Revenue Ton Miles	Freight Train Miles	Revenue Ton Miles per Freight Train Mile	Average Miles per Car per Day
1921	306,840,203,512	530,692,935	578.2	22.4
1922	339,285,347,571	555,696,382	610.6	23.5
1923	412,727,228,422	641,453,297	643.4	27.8
1924	388,421,401,986	600,768,829	646.5	26.9
1925	414,118,835,000	612,865,000	675.7	28.3

The railroads have established exceptionally rapid through car service on the main trunk lines. For example, the traffic manager of a large wholesale

dry goods firm writes that "the Lackawanna-Minneapolis & St. Louis through car service from New York City has a dependable seventh morning delivery. Some of the competing lines have also established a through car service nearly as fast." Some success has also been achieved in providing a cheaper but almost as rapid through car service from the Atlantic coast. The same correspondent writes as follows. "There has also been two fast differential ocean and rail lines operating by ocean steamer from Baltimore, Philadelphia, New York and Boston to Norfolk and Newport News, Virginia, thence by rail to Chicago and the Twin Cities at a saving of four to eight cents per hundred weight over the standard all rail." Moreover "the speeding up of all rail service has apparently affected the lake and rail service so that for the past three years we have had a dependable twelve day service via the Great Lakes."

Claims against carriers have been reduced to an insignificant fraction of the volume which were filed during the war years. A wholesale hardware dealer states that the freight which goes astray now is not more than 10 per cent of the amount which went astray in the years from 1917 to 1920. A shoe manufacturer also states that "claims are only 10 per cent of what they were in 1920." Wholesale grocers are particularly pleased with the present claim situation. Out of several favorable comments from wholesale grocers the following two comments are quoted: "Regarding our loss and damage claims: They are now practically nil, last year being $15.22, the first five months of this year $10.47. Years ago this item ran into hundreds of dollars. These figures do not list the saving by any means. In addition to the claim filed our loss was always much more, on account of the unsatisfactory condition of the balance of the merchandise being jammed and smeared with the material leaking from the broken package, etc., as well as causing our warehouse to be always in a continual litter. Now our merchandise arrives in as near perfect condition as possible, and as far as we are concerned we think it a perfectly amazing condition." "At one time one of our employees was obliged to give the greater part of his time to tracing shipments and filing claims for bad orders and shortages of goods in transit and this should not be necessary with a house doing less than one-half million dollars worth of business per year. At the present time our claims are very few and we seldom find it necessary to trace shipments in transit."

Not all correspondents report improved freight conditions. A wholesale grocer in southern Wisconsin reports no change for the better in transportation conditions in the past three or four years. His letter continues as follows: "The poor service, or rather we might say the lack of service on the part of the railroad companies has resulted, we think, in the increased use of trucks in making local deliveries. * * * At least 75% of our merchandise is delivered by truck within a radius of 50 to 75 miles of distributing point." A second wholesale grocer in North Dakota states that the motor truck delivery business has thrived in territories served by branch lines of railways and has speeded up deliveries to retailers to the extent of at least twenty-four hours shorter delivery time. A similar comment was received from a wholesale grocer in southern Minnesota. A fourth wholesale grocer in South Dakota finds no improvement since 1920. The city in which this firm is located is served by only one railroad and the firm states that it receives its freight and makes its shipments as the railroad suggests. This railroad has not improved rates nor service since 1920.

While the improvement in freight service over war time conditions has been marked, it is doubtful whether the service is much improved over pre-war conditions. A wholesale hardware merchant writes, "We are of the opinion that the present service is no better than we enjoyed prior to the war time." A retailer in southern Minnesota writes that "some years ago we used to get freight in here on the night of the third day from New York and we got daily service from Chicago when competition was keener." The president of a chain of retail lumber yards states that "freight transportation conditions since 1920 have been vastly improved if you compare them with the year 1920, or one, two or possibly three years previous to that time." In the opinion of a second retail lumber official "during the war period, 1917 to 1920, railway conditions were abnormal and dealers were required to carry abnormal stocks in order to take care of their business, and as we see it at the present time, we are just in a really normal condition and are able to take care of normal business on normal stocks." On the other hand, a wholesale grocer from South Dakota states that "freight transportation has been much better the past two years than any time in the history of our business which extends over a period of about twenty-six years."

Effect of freight service improvement on manufacturers

Of four shoe manufacturers reporting, one has experienced a 25 per cent reduction in the inventory required to be carried to do the same volume of business, mainly due to improvement in freight service. The second has noticed a slight improvement. The third feels that he has not been materially benefited and the fourth is carrying much larger stocks relative to sales, his turnover having been reduced from nine to four times a year. To quote from the letter of the third manufacturer, "Instead of the retail merchant placing an order for goods to go forward by freight as formerly, which would mean at least one hundred pounds in order not to pay extra charges, he is now enabled under the present service of transportation such as parcel post, truck and express to place orders for very small amounts. In order that these orders may be taken care of promptly there is no question but that the manufacturer and jobber are required to carry larger stocks than in former years." Two shoe manufacturers state that their greatest saving has been in the substitution of freight for express in ordering materials, which saves them

approximately 50 per cent of their transportation costs. One firm states in addition that it can now offer first-class delivery to any place in the United States, owing to improved transportation conditions.

One food manufacturer has experienced no reduction in inventories because his raw materials must be bought at certain times of the year in sufficient quantities to meet his requirements until the next harvest.

A linseed product manufacturer states that the improvement in railroad transportation is of little importance to his business as far as inventories are concerned but that he is now able to do the same volume of business with 20 per cent fewer tank cars. His customers, on the other hand, are carrying much smaller stocks as they are sure of rapid deliveries.

A flour mill operator writes that no particular change has been made in his policy of making purchases of raw materials.

Effect of freight service improvement on wholesalers In the wholesale dry goods business one firm reports that no change in its inventories has been made as a result of improved freight conditions. Most of its merchandise is purchased a long time in advance of the seasonal selling period and, consequently, the railroads have always had sufficient time to deliver the merchandise.

Wholesale grocers' reports were about evenly divided between those carrying smaller inventories and those whose inventories had not changed as a result of improved freight service. One wholesaler is carrying more complete stocks as a result of this better service which enables him to fill customers' orders without as much "back ordering" as formerly. Another wholesale grocer has been benefited by faster delivery of fresh fruit and vegetables. Quoting from his letter, "For example, on Missouri strawberries, we save 24 hours in transit now, as compared with old service; and on an item like strawberries, 24 hours makes a lot of difference in the successful marketing and distribution of such a highly perishable crop."

Wholesale hardware and farm implement dealers were almost unanimous in agreeing that inventories have been reduced as a result of the improvement in railway freight service since 1920. One of these wholesalers reported a decrease of 20 to 25 percent. It was stated in several replies that other factors entered into the reduction of inventories besides the improvement in railway service. The most important of these influences was the excess manufacturing capacity of implement and tool makers, which assured the wholesaler that his orders would be promptly filled.

Effect of freight service improvement on retail dry goods stores No part of the reduction in inventories has been made possible by freight service improvement in the retail dry goods stores outside of the larger cities. In fact, these stores complain of uncertain freight schedules and higher freight rates which offset the advantage of faster freight delivery. A Montana retailer states that only 25 percent of his transportation costs are due to freight shipments, the balance being paid out for express or parcel post, whereas prior to the war, conditions were just reversed. His letter continues, "In checking up our service we find that the average time from the Twin Cities is seven days, nine days from Chicago, and fifteen days from New York. However, due to the lack of uniformity in the service we are obliged to ship either by express or parcel post adding thousands of dollars to the cost of distribution. If the transportation companies would put into effect a schedule, not an unreasonable one either way, and make an intelligent effort to move the freight on schedule, the same would be of great value to thousands of merchants, as the present uncertainty makes it almost impossible to use this method of transportation for most of their merchandise."

Retailers' inventories have been reduced but this has been due to the use of express service rather than to the improved freight service. For the greater use of express shipments there are two reasons given besides the uncertain freight schedules. The most important reason is the frequent style changes in all commodities, except staple merchandise. The Montana retailer quoted above states that there is a lack of stability in styles, which frequently change while the merchandise is in actual transit. The second additional reason for the use of express service, also is probably related to the frequent style changes, for it is stated that manufacturers are often unable to fill a whole order at one time and are obliged to make several express shipments instead of one freight shipment.

Effect of freight service improvement on the lumber business Lumber manufacturers in Wisconsin and on the west coast are unanimous in stating that their stocks of lumber are larger now than before the improvement in freight service because retail dealers and factories using lumber are carrying much smaller stocks and are depending on the lumber manufacturer to supply them with replacements without delay. Retailers place orders for more varied mixtures of grades and sizes to fit the particular bill of lumber that they have just sold. This "hand to mouth" buying of lumber has lessened the former seasonal peaks in the shipment of lumber in the spring and fall, for shipments are now spread out over the whole year. One lumber manufacturer writes that although his inventories are larger it is doubtful if this condition is unprofitable because the stock has longer to dry and is lighter when shipped, thus saving enough on freight to pay carrying charges.

Lumber concentration yards or wholesalers have not been able to reduce stocks of lumber because they must carry the same complete assortment as in former years and adequate to supply any demand for mixed car shipments. The business of the

wholesaler has been injured to some extent by the better freight service which makes it possible for the retail yard to purchase material from the mill at a price lower than the concentration yard can afford to quote.

Retail lumber yards have been enabled to reduce their inventories from 15 to 30 percent by reason of the more rapid and reliable freight service which is now being given. These firms also attribute some of their improvement in turnover to better methods of controlling inventories.

Effect of freight service improvement on accounts and notes receivable

The only effect of the improved freight service on the accounts and notes receivable of the companies mentioned in the preceding discussion has been the reduction due to the "hand to mouth" buying which has been made possible in some instances. Receivables have been greatly reduced by other factors such as the improvement in business conditions, the elimination in some lines of the policy of carrying yearly accounts for farmers, and the improvement of collection methods. The more rapid transportation allows more rapid collection of sight drafts, where goods are shipped to be paid for by this method on arrival.

Effect of the increase in motor truck use

Aside from the increased use of motor trucks for hauling livestock, vegetables and dairy products, with which the present inquiry did not deal, there has been little general increase in the use of motor trucks in the businesses surveyed. This is due to the fact that roads in most parts of the district are not all-weather roads. In the few localities where trucks are used extensively in delivering wholesale merchandise to retailers within a radius of fifty miles from the wholesale center, the use of trucks has had the effect of reducing railway freight service in these territories. A North Dakota wholesaler writes that by using motor trucks he has been able to speed up deliveries to retailers on branch lines of railroads to the extent of at least twenty-four hours. A manufacturer expresses the opinion that it is only a matter of time before all customers within a radius of fifty miles from the Twin Cities will be expecting their goods to be delivered by truck. All perishable goods will be delivered in this way. This will reduce the volume of such freight given to the railroads and they will probably be obliged to curtail freight service.

GENERAL PROPERTY TAXES IN WISCONSIN AND MICHIGAN

(Concluding the summary of taxes in the states of the Ninth Federal Reserve District published in the Review dated May 28, 1926.)

General property taxes from 1913 to 1923 inclusive in the counties of Wisconsin and Michigan which are in the Ninth Federal Reserve District are given in the tables below, together with the total taxes levied in these states from 1913 to 1925 inclusive. It will be noted that in neither state did the taxes in the counties lying within this district increase as rapidly as the taxes levied for the state as a whole.

WISCONSIN

Year	Total Taxes 26 Counties in Ninth F. R. District	Relative to 1916	State Totals	Relative to 1916	% 26 Counties of State Total
1913	8,507,932	86	41,755,035	88	20.4
1914	8,758,048	88	42,061,707	89	20.8
1915	9,359,306	94	43,365,640	91	21.6
1916	9,910,011	100	47,444,622	100	20.9
1917	10,657,275	108	50,134,004	106	20.1
1918	11,895,542	120	56,271,297	119	21.1
1919	15,375,966	155	70,198,976	148	21.9
1920	19,898,865	201	96,250,457	203	20.7
1921	19,299,749	195	97,142,844	205	19.9
1922	18,602,446	188	97,003,652	204	19.2
1923	19,211,705	194	100,120,302	211	19.2
1924			104,119,726	219	
1925			99,939,784	211	

MICHIGAN

Year	Total Taxes 15 Counties in Ninth F. R. District	Relative to 1916	State Totals	Relative to 1916	% 15 Counties of State Total
1913	7,257,543	89	50,569,762	82	14.4
1914	7,003,736	86	50,811,957	82	13.7
1915	7,973,578	98	60,596,915	98	13.2
1916	8,175,356	100	61,814,999	100	13.2
1917	9,242,518	113	73,612,713	119	12.6
1918	10,183,888	125	85,132,652	138	11.9
1919	12,247,624	150	110,776,102	179	11.1
1920	14,526,757	178	140,438,980	227	10.3
1921	15,061,630	184	158,388,563	256	9.5
1922	14,721,606	180	160,222,825	259	9.2
1923	15,339,136	188	170,094,458	275	9.0
1924			178,756,981	289	
1925			191,660,044	310	

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

	Unit	May 1926	April 1926	May 1925	% May 1926 of Apr. 1926	% May 1926 of May 1925
Debits to Individual Accounts—						
17 cities		$747,159,000	$748,901,000	$771,140,000	100	97
Minneapolis		366,476,000	375,179,000	388,658,000	98	94
St. Paul		155,183,000	171,161,000	157,431,000	91	99
Duluth-Superior		98,874,000	74,151,000	108,732,000	133	91
8 Wheat Belt Cities		52,830,000	58,508,000	49,411,000	90	107
3 Mississippi Valley Cities		18,748,000	18,330,000	17,840,000	102	105
South St. Paul		36,169,000	32,767,000	32,261,000	110	112
Sioux Falls		18,889,000	18,805,000	16,807,000	99	111
Carloadings—Northwestern District—						
Total	Cars	640,737	509,968	651,833	126	98
Grains and Grain Products	Cars	38,217	38,176	39,728	100	96
Livestock	Cars	31,595	32,569	30,421	97	104
Coal	Cars	17,298	19,278	19,269	90	90
Coke	Cars	6,923	7,153	5,689	97	122
Forest Products	Cars	85,938	94,459	83,184	91	103
Ore	Cars	142,069	14,559	171,709	976	83
Merchandise—L. C. L	Cars	140,342	144,344	137,289	97	102
Miscellaneous	Cars	178,355	159,430	164,544	112	108
Building Permits—						
Number—18 Cities		2,678	2,884	2,765	93	97
Value—18 Cities		$6,332,200	$7,567,100	$6,181,800	84	102
Minneapolis		2,678,000	2,767,700	2,864,800	97	93
St. Paul		1,657,700	2,301,200	1,644,300	72	101
Duluth-Superior		825,300	852,200	693,900	97	119
4 Wheat Belt Cities		536,400	450,000	184,600	119	291
6 Mixed Farming Cities		500,800	1,078,900	724,700	46	69
4 Mining Cities		134,000	117,100	69,500	114	193
Building Contracts Awarded—						
Total		10,959,100	11,385,700	12,629,600	96	87
Residential		4,432,400	4,663,600	4,506,700	95	98
Commercial, Industrial & Utility		4,685,400	4,484,700	3,535,900	104	133
Educational		727,800	1,132,100	884,500	64	82
All other		1,113,500	1,105,300	3,702,500	101	30
Grain Receipts at Minneapolis and Duluth-Superior—						
Wheat	Bu.	7,957,553	7,612,603	8,305,822	105	96
Corn	Bu.	500,867	320,850	491,303	156	102
Oats	Bu.	4,020,303	3,142,456	1,841,747	128	218
Barley	Bu.	1,292,631	1,308,345	1,409,047	99	92
Rye	Bu.	1,060,252	842,289	1,798,849	126	59
Flax	Bu.	643,863	493,600	651,033	130	99
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—						
Wheat	Bu.	7,943,318	16,283,166	14,304,574	49	56
Corn	Bu.	245,530	439,239	264,196	56	93
Oats	Bu.	26,712,309	31,065,316	20,352,623	86	131
Barley	Bu.	2,545,513	3,802,440	1,089,727	67	234
Rye	Bu.	7,443,672	9,665,026	2,954,252	77	252
Flax	Bu.	1,221,388	1,172,666	501,474	104	244
Median Cash Grain Prices—						
Wheat—No. 1 Dark Northern	Bu.	$1.64½	$1.66	$1.72½	99	95
Durum—No. 2 Amber	Bu.	1.46	1.48¼	1.69½	98	86
Corn—No. 3 Yellow	Bu.	.67½	.70	1.09½	96	62
Oats—No. 3 White	Bu.	.38	.38½	.42½	98	89
Barley—No. 3	Bu.	.63	.62	.82	102	77
Rye—No. 2	Bu.	.82⅝	.85⅛	1.15¾	97	71
Flax—No. 1	Bu.	2.30	2.34	2.80½	98	82

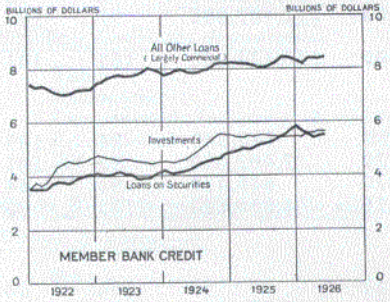
COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT (Continued)

	Unit	May 1926	April 1926	May 1925	% May 1926 of Apr. 1926	% May 1926 of May 1925
Livestock Receipts at South St. Paul—						
Cattle	Head	69,205	64,047	55,055	108	126
Calves	Head	69,264	63,540	65,608	109	106
Hogs	Head	221,076	222,539	245,445	99	90
Sheep	Head	6,986	7,547	7,889	93	89
Median Livestock Prices at South St. Paul—						
Butcher Cows	Cwt.	$6.25	$6.25	$6.50	100	96
Butcher Steers	Cwt.	8.50	8.35	9.35	102	91
Prime Butcher Steers	Cwt.	9.15	9.00	...	102	..
Stocker & Feeder Steers	Cwt.	7.25	7.25	6.50	100	112
Veal Calves	Cwt.	10.00	9.00	8.50	111	118
Hogs	Cwt.	13.50	12.50	11.75	108	115
Heavy Hogs	Cwt.	11.75	10.00	....	117	...
Lambs	Cwt.	13.50	12.90	12.50	105	108
Ewes	Cwt.	7.50	8.00	....	94	...
Flour—						
Production—Twin Cities & Duluth-Superior	Bbls.	990,070	902,961	812,978	110	122
Shipments from Minneapolis	Bbls.	897,336	891,008	772,355	101	116
Linseed Products Shipments from Minneapolis	Lbs.	18,256,780	19,962,991	25,662,975	91	71
Retail Sales—						
22 Department Stores		$2,603,580	$2,744,630	$2,657,390	95	98
538 Lumber Yards	Bd. Ft.	19,021,000	14,631,000	20,904,000	130	91
Retail Merchandise Stocks—						
19 Department Stores		$7,353,470	$7,627,170	$7,494,770	96	98
503 Lumber Yards	Bd. Ft.	114,779,000	117,746,000	112,407,000	97	102
Life Insurance Sales (4 States)		$26,401,000	$25,583,000	$26,127,000	103	101
Wholesale Trade—						
Farm Implements—6 firms		369,690	499,290	340,540	74	109
Hardware—13 firms		2,030,430	2,078,470	2,002,800	98	101
Shoes—5 firms		516,870	569,970	618,420	91	84
Groceries—46 firms		4,752,880	4,611,120	4,860,620	103	98
Business Failures—						
Number		87	82	99	106	88
Liabilities		$676,560	$846,601	$1,371,418	80	49
Securities Sold—						
To Banks		3,093,200	3,891,600	2,919,900	79	106
To General Public		5,272,100	8,506,200	5,616,500	62	94
Ninth Federal Reserve District Member Banks—						
Demand Deposits		424,962,000	430,343,000	439,619,000	99	97
Time Deposits		433,102,000	436,566,000	435,891,000	99	99

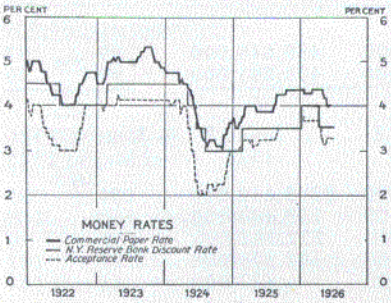
24 City Member Banks—	June 16 1926	May 12 1926	June 17 1925	% June of May	% 1926 of 1925
Loans	$232,361,000	$228,991,000	$243,612,000	101	95
Securities	115,626,000	116,038,000	108,444,000	100	107
Net Demand Deposits Subject to Reserve	223,398,000	213,170,000	232,302,000	105	96
Time Deposits	109,985,000	108,576,000	102,329,000	101	107
Borrowings at Federal Reserve Bank	650,000	3,680,000	422,000	18	154
Minneapolis Federal Reserve Bank—					
Loans to Member Banks	4,148,600	7,120,000	5,046,099	58	82
Federal Reserve Notes in Circulation	59,907,505	62,665,240	62,286,725	96	96

Federal Reserve Board's indexes of factory employment and payrolls, (1919—100). Latest figures, May, Employment 94.8, Payrolls, 108.8.

Index of United States Bureau of Labor Statistics (1913-100, base adopted by Bureau). Latest figure, May, 151.7.



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first weekly report dates in June.



Weekly rates in New York money market; commercial paper rate on 4- to 6-months paper; and acceptance rate on 90 day paper.

Summary of National Business Conditions

(Compiled June 25 by Federal Reserve Board)

Production in basic industries and factory employment declined further in May, while wholesale prices advanced slightly for the first time in seven months. The volume of trade at wholesale and at retail increased partly as the result of more favorable weather conditions.

PRODUCTION: Activity in most lines of industry was smaller in May than in April. The reduction was reflected in a decreased volume of output as well as in a decline in the number of factory workers and in total wage payments. The largest declines occurred in the textile, leather and shoe, and iron and steel industries. Production of automobiles continued large in May. In the lumber, cement, brick and glass industries activity was maintained and there were seasonal increases in the output of certain food products. The volume of building contracts awarded declined further in May but continued larger than in May of last year. Figures for the first three weeks of June indicate further decreases and the volume of contracts awarded was smaller in that period than in the corresponding weeks of 1925. Recent declines in contracts as compared with last year have been particularly large in middle western and southeastern districts.

Reports by the Department of Agriculture indicate that the composite condition of crops on June 1 was 8 per cent below the average condition on that date for the past ten years and somewhat lower than the average condition a year ago. On the basis of the June 1 condition, the estimated yield of winter wheat was 543,000,000 bushels as compared with an estimate of 549,000,000 bushels made a month earlier and a final yield of 398,000,000 bushels in 1925.

TRADE: With more favorable weather in May than in the preceding month, the volume of wholesale and retail trade increased and was larger than in May of last year. Department store sales exceeded those of earlier months of this year and total sales for the first five months were larger than for the corresponding period of any preceding year. Merchandise stocks carried by wholesale firms were slightly smaller at the end of May than a month earlier. Stocks of groceries, hardware and drugs were larger than a year ago, but those of meats, dry goods and shoes were smaller. Stocks at department stores declined more than usual in May and were only slightly larger at the end of the month than a year ago. Railroad freight shipments increased and in May and in the first two weeks of June were above those of the same weeks of previous years. Shipments of miscellaneous commodities were especially large.

PRICES: The general level of wholesale commodity prices, according to the Index of the Bureau of Labor Statistics, rose slightly in May for the first time since last August. Price advances were shown both for agricultural and non-agricultural commodities. Among the principal advances were those in the prices of gasoline, livestock and meat, while prices of grains and cotton declined. In the first three weeks of June, prices of grains, livestock, silk and non-ferrous metals advanced, while those of sugar, cotton, cotton goods and pig iron declined.

BANK CREDIT: Growth in loans on securities and commercial loans carried total loans and investments of reporting member banks in leading cities in the middle of June to a new high point above the total reached at the close of last year. The larger reduction in the volume of loans on securities by New York City banks since the beginning of the year has been more than offset in the total of loans and investments of all reporting banks by increases in commercial loans and in investments of banks both in New York City and outside.

At the reserve banks, changes in the volume of credit outstanding during the month ending June 23, reflected chiefly the financial operations of the United States Treasury around the middle of June. The temporary abundance of funds caused by the redemption of maturing United States obligations on June 15, caused a sharp decline in borrowings of member banks, particularly in New York City. As checks in payment of income taxes were cleared and collected, however, borrowings at the reserve banks rose to their previous level.

Money rates in general showed little change during the month. Rates on call and time loans were slightly lower around the middle of June, but in the third week were higher than in the latter part of May. Rates on acceptances and on commercial paper remained practically unchanged.