

MONTHLY REVIEW

OF
AGRICULTURAL AND BUSINESS CONDITIONS
 IN THE
NINTH FEDERAL RESERVE DISTRICT

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DISTRICT SUMMARY FOR THE MONTH

Present prospects are for large 1927 crops in Minnesota, North Dakota, South Dakota and Montana. The cash return from wheat, rye, flax and potatoes, based on current prices and the July 1 crop forecasts, will be larger than the return from either the 1925 or 1926 crop, but smaller than the return from the 1924 crop. These four field crops in 1924 produced an income of \$444,000,000, according to our estimate, the 1925 crops yielded \$365,000,000, and the 1926 crops yielded \$256,000,000, estimating July receipts conservatively.

Dairy feed supplies during the coming year will be plentiful. Feed supplies for beef cattle and hogs will be of average size. The July government forecasts of oats, barley and tame hay production in this district are above the ten year average, and the forecast for corn is only 4 per cent below. The relative size of the 1927 crops in this district is shown in the table below.

Relative Size of 1927 Crops in Minnesota, North Dakota, South Dakota and Montana

	Per cent of 1926 crop	Percent of the average crop 1917-1926
Cash Crops		
Spring Bread Wheat	131	104
Durum Wheat	170	147
Winter Wheat	173	165
Rye	229	118
Flax	112	145
Potatoes	118	95
Feed Crops		
Corn	100	96
Oats	158	112
Barley	156	131
Tame Hay	139	127

The acreage in the more important field crops in this district is 1,500,000 acres larger than the acreage last year, despite the unsatisfactory weather conditions at planting time, but it is 500,000 acres smaller than farmers' intentions on March 1. The important increases in acreage over last year were in durum wheat, barley, oats, rye and winter wheat, while the acreages of flax and tame hay were reduced. The unfavorable planting weather this

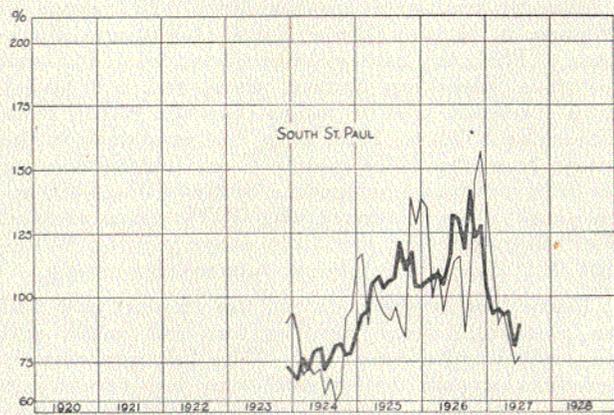
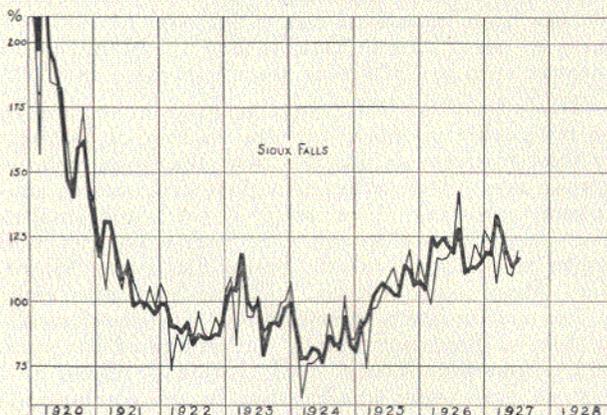
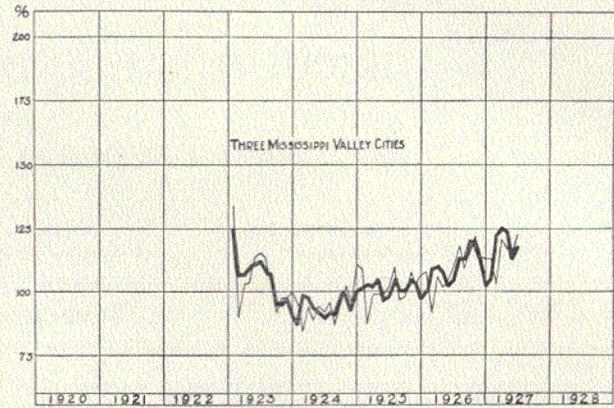
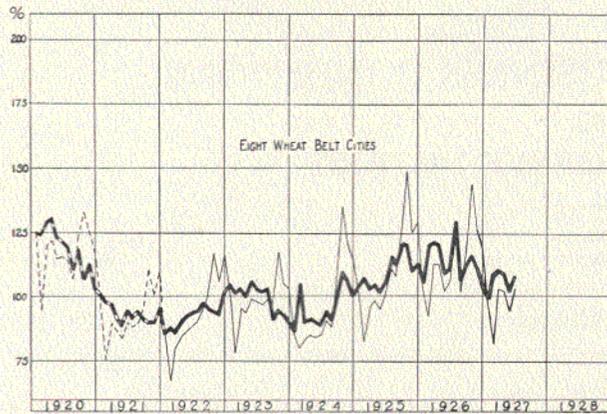
spring did not cause as great a shift of acreage as might have been expected. The only important change from intentions was a decrease of 900,000 acres in corn. South Dakota has 1,700,000 more acres in crop in 1927 than were harvested in 1926.

The effects of 1926 crop reverses continued to be noticeable in June, for the volume of business in this district was smaller than the June volume a year ago. Debits to individual accounts at seventeen reporting cities were 2 per cent smaller than last year, although this year's volume was larger at Billings, Duluth, Fargo, LaCrosse, Minot, Red Wing, and Winona. Carloadings of freight in the northwestern district were 1 per cent smaller than in June last year. Marketings of livestock and shipments of ore, coal, forest products and flour in June were smaller than in the corresponding month last year, but shipments of linseed products and merchandise carloadings were larger. Retail and wholesale trade were smaller than last year.

As compared with May, the volume of debits to individual accounts in June was 2 per cent larger and carloadings were 9 per cent larger. Shipments of flour and linseed products, receipts of livestock and grain from our territory and all classes of carloadings increased.

Building permits at eighteen reporting cities were 16 per cent smaller in June than in the same month last year and were slightly smaller than in May of this year. Building contracts awarded in June were 20 per cent smaller than last year's volume in June and were also smaller than in May.

Business conditions in the rural portions of this district continued to be mixed. Debits to individual accounts in the wheat belt cities and Sioux Falls during June were smaller than in June a year ago, but the Mississippi Valley cities reported the largest volume of check transactions which has occurred in any June since our records began in 1923. Lumber sales at country yards were about as large as in June last year. The cash value of June marketings of wheat, rye, barley and potatoes was 9 per cent smaller than the value of marketings in June last year. Farm product prices, compared with last year, showed about as many increases as decreases. Bread wheat, flax, hogs, lambs, hens and eggs sold at lower prices during June than a year ago, while durum wheat, rye, oats, barley, potatoes, butcher steers, butter and milk sold at



Debits to Individual Accounts at Banks in the Smaller Reporting Cities of the Ninth Federal Reserve District. Heavy curves represent figures adjusted to eliminate seasonal changes; light curves represent unadjusted figures as percentages of the average month.

higher prices. The price of butcher steers was the highest since 1920, and the price of hogs was the lowest since 1924.

TOPICAL REVIEWS

Country banks in this district began to experience the harvest demand for funds two weeks later this year than a year ago, according to the evidence of their borrowings from this bank. The mid-year low point of country bank borrowings in 1926 was reached on June 15, while this year these borrowings declined until June 29, but have increased in the succeeding three weeks, according to the seasonal expectancy. Further evidence of the increasing demand for funds from the country is found in the fact that deposits "due to banks" at the larger city banks declined 8 million dollars or 9 per cent in the two weeks ending July 20. Country member bank reserve accounts with this bank, which are slightly smaller than last year, reflect a smaller volume of deposits. At the end of June, net demand deposits of member banks in the smaller cities and towns were 10 per cent below a year ago and time deposits were 9 per cent smaller.

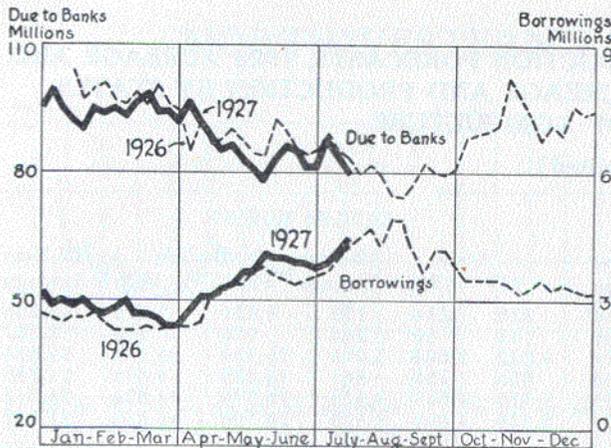
The larger city member banks, which report weekly to this office, have experienced no pronounced change in condition in the last few weeks.

On July 13, loans and net demand deposits of these banks were about as large as a year ago, while time deposits and investments were considerably larger than last year.

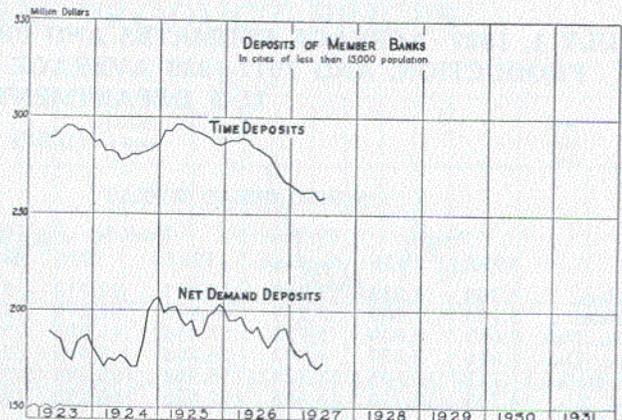
The Fourth of July holiday caused an increase in the volume of Federal reserve notes in circulation of 3 million dollars, which has been cancelled by declines since the holiday.

Security sales by representative Minneapolis and St. Paul dealers were about as large in June as in May and in June last year. Banks and the general investing public bought more securities and insurance companies bought a smaller quantity of securities in June than in May, or a year ago.

The value of fluid milk marketed in Minnesota, North Dakota, South Dakota and Montana during the first six months of 1927 was 8 per cent greater than the value of milk marketed during the same months in 1926. The value of fluid milk marketed in these states has increased from 10¾ million dollars in 1923 to 13½ million dollars in 1926, according to estimates recently made in this office. The quantity of milk marketed in the first half of 1927 was less than during the same months in 1926. However, pasture conditions are better this summer than a year ago and June 1927 marketings

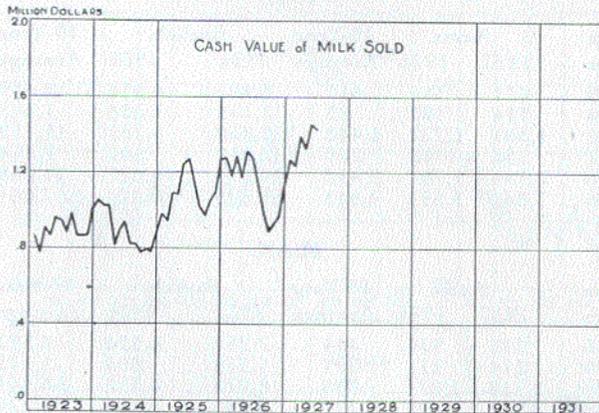


Country Bank Conditions in the Northwest, as indicated by borrowings from this Federal reserve bank and by deposits with city correspondent banks.



Deposits of Country Banks in the Ninth Federal Reserve District as typified by member banks in cities with less than 15,000 population.

of milk were larger than in any other month since our records began in January, 1923. The price per hundred pounds received by the producer has been higher each month this year than a year ago, ranging from thirteen cents per hundred higher in January and June to twenty-eight cents higher in April.



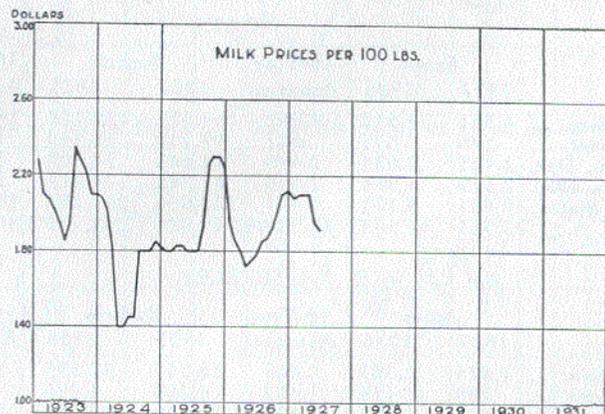
Cash Value of Fluid Milk Sold in Minnesota, North Dakota, South Dakota and Montana, Monthly 1923-1927.

The index of the value of milk sold by dairymen is based on actual monthly marketings by approximately six thousand producers, and the prices they actually received for milk delivered at Minneapolis. Adjustment has been made for the milk produced and sold by farmers whose figures are unavailable, in accordance with the 1925 Agricultural Census figures on milk sold.

The average monthly price during the high production month of June was lower than in any other month this year, but it was 6 per cent higher than in June, 1926, and also higher than during any other June since our records began. The chart of average monthly price per hundredweight shows irregular seasonal variations, but the low price each year is generally reached in the late spring or early summer, and the high is reached in the late fall or early

winter. These irregular price variations can be attributed to different climatic conditions each year. A warm, early spring increases the milk production rapidly, causing the low price to be reached early in the year. During the heat of the summer the production decreases. If the heat is accompanied by drouth, feed becomes scarce, and pastures poor, with the result that production decreases more rapidly than usual, and the high price is reached in the fall, instead of in the early winter.

As shown in the chart below, the high-producing low price half year period, January-June, yielded larger gross income each year, except in 1923, than the low-producing, high price period, July-December. The months of largest income each year are usually the months of greatest production, May and June, the quantity produced more than offsetting the usual low price. The months of smallest income, disregarding the short month of February, which has occasionally been the low for the year, are usually September and October. The income from the sale of milk in May and June, 1927 exceeded the income in May and June of the other years covered by the index.



Price of Fluid Milk per One Hundred Pounds Delivered at Minneapolis.

JULY 1, 1927 ACREAGE ESTIMATES AND PRODUCTION FORECASTS, 1926 ACREAGE AND PRODUCTION, AND 1917-1926 AVERAGE ACREAGE AND PRODUCTION BY STATES, U. S. DEPARTMENT OF AGRICULTURE

(000's omitted)

	SPRING BREAD WHEAT						DURUM WHEAT					
	Acres		10-Year	Bushels		10-Year	Acres		10-Year	Bushels		10-Year
	1927	1926	Average	1927	1926	Average	1927	1926	Average	1927	1926	Average
Minn. . .	1,300	1,733	2,289	17,811	21,312	31,766	328	234	159	4,851	3,276	2,366
Mont. . .	3,180	3,087	2,273	44,919	37,877	25,598	72	60	206	950	516	2,327
No. Dak.	5,615	5,849	5,772	57,450	41,086	54,821	4,222	3,804	3,095	56,364	36,138	35,831
So. Dak.	1,616	1,077	1,942	18,784	5,419	21,068	956	765	863	14,225	4,896	11,288
4 States.	11,711	11,746	12,276	138,964	105,694	133,253	5,578	4,863	4,323	76,390	44,826	51,812
U. S. . .	14,735	14,750	16,088	197,828	160,550	196,517	5,578	4,863	4,323	76,390	44,826	51,812

	ALL SPRING WHEAT						WINTER WHEAT					
	Acres		10-Year	Bushels		10-Year	Acres		10-Year	Bushels		10-Year
	1927	1926	Average	1927	1926	Average	1927	1926	Average	1927	1926	Average
Minn. . .	1,628	1,967	2,448	22,662	24,588	34,132	196	187	110	4,302	3,272	1,957
Mont. . .	3,252	3,147	2,479	45,869	38,393	27,924	582	448	534	11,262	6,272	7,260
No. Dak.	9,837	9,653	8,867	113,814	77,224	90,652	0	0	0	0	0	0
So. Dak.	2,572	1,842	2,805	33,009	10,315	32,356	112	75	98	1,900	525	1,345
4 States.	17,289	16,609	16,599	215,354	150,520	185,064	890	710	742	17,464	10,069	10,562
U. S. . .	20,313	19,613	20,411	274,218	205,376	248,329	38,185	36,913	38,399	579,416	626,929	572,887

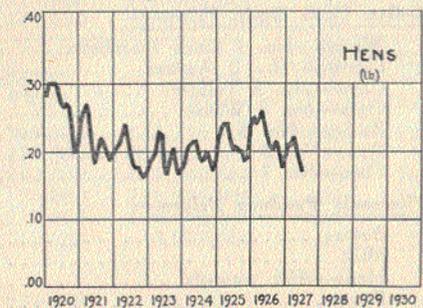
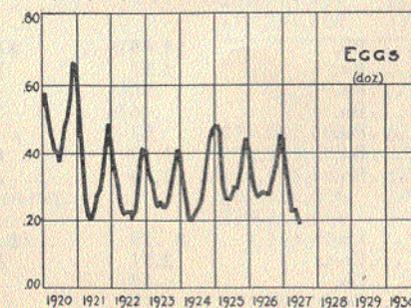
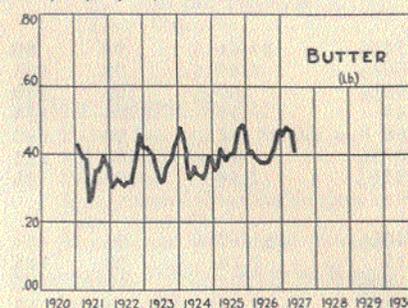
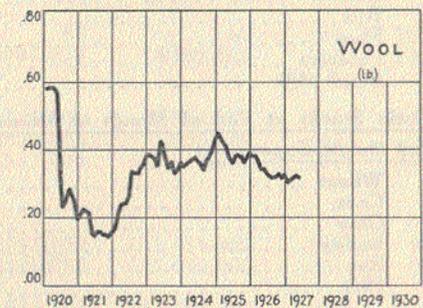
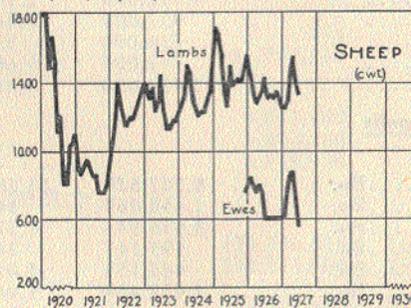
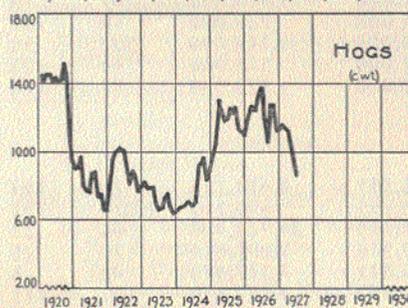
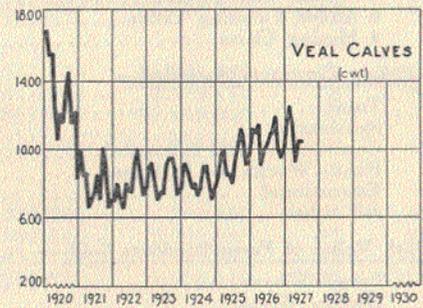
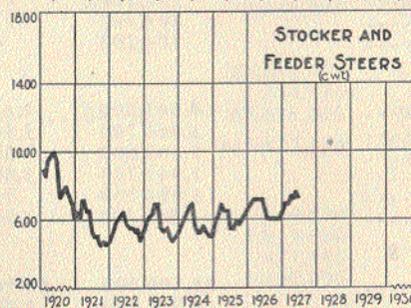
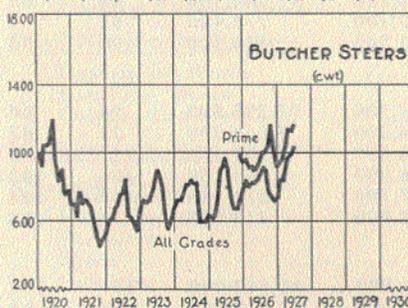
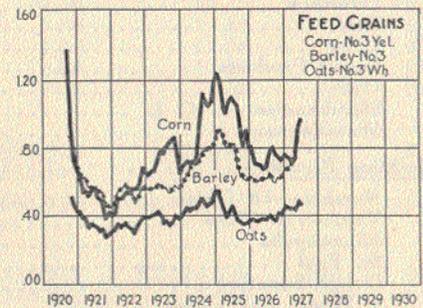
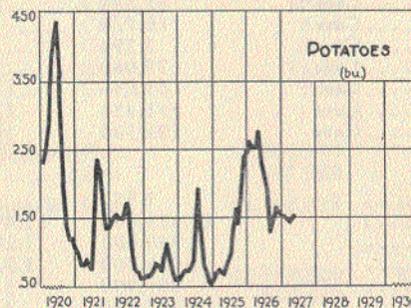
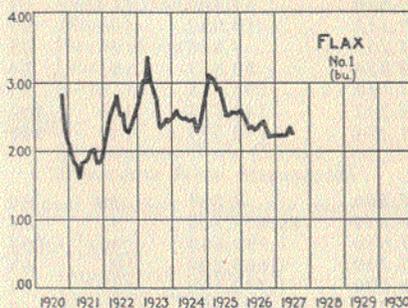
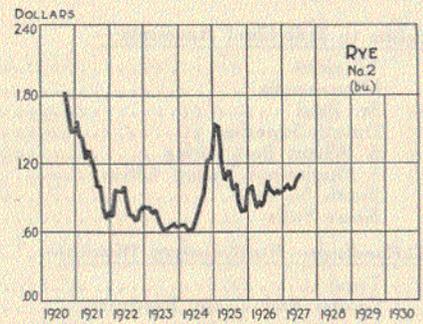
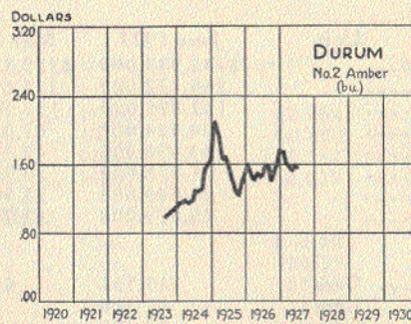
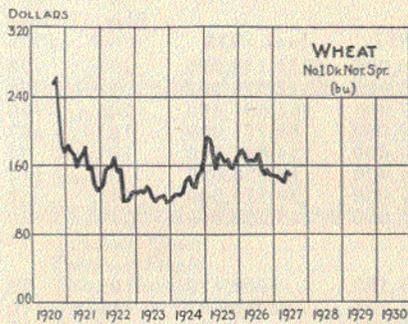
	ALL WHEAT						RYE					
	Acres		10-Year	Bushels		10-Year	Acres		10-Year	Bushels		10-Year
	1927	1926	Average	1927	1926	Average	1927	1926	Average	1927	1926	Average
Minn. . .	1,824	2,154	2,557	26,964	27,860	36,089	471	367	611	8,927	4,954	10,439
Mont. . .	3,834	3,595	3,014	57,131	44,665	35,184	134	107	95	2,145	1,284	1,083
No. Dak.	9,837	9,653	8,867	113,814	77,224	90,652	1,381	1,222	1,448	22,869	9,287	15,152
So. Dak.	2,684	1,917	2,904	34,909	10,840	33,701	158	88	298	2,852	546	4,414
4 States.	18,179	17,319	17,342	232,818	160,589	195,626	2,144	1,784	2,452	36,793	16,071	31,088
U. S. . .	58,498	56,526	58,810	853,634	832,305	821,216	3,860	3,513	4,943	61,820	40,024	67,001

	CORN						FLAX					
	Acres		10-Year	Bushels		10-Year	Acres		10-Year	Bushels		10-Year
	1927	1926	Average	1927	1926	Average	1927	1926	Average	1927	1926	Average
Minn. . .	4,256	4,343	3,730	120,989	147,662	130,946	733	910	464	7,250	8,554	4,587
Mont. . .	316	359	246	5,015	3,949	4,279	214	171	271	1,333	804	1,175
No. Dak.	959	1,009	770	20,239	18,162	18,079	1,118	1,271	986	8,078	6,736	6,553
So. Dak.	4,655	4,433	3,911	102,224	79,794	104,395	522	475	291	4,367	2,755	2,229
4 States.	10,186	10,144	8,657	248,467	249,567	257,700	2,587	2,827	2,012	21,028	18,849	14,544
U. S. . .	97,638	99,492	103,269	2,274,424	2,645,031	2,848,734	2,653	2,897	2,083	21,588	19,459	14,936

	OATS						WHITE POTATOES					
	Acres		10-Year	Bushels		10-Year	Acres		10-Year	Bushels		10-Year
	1927	1926	Average	1927	1926	Average	1927	1926	Average	1927	1926	Average
Minn. . .	4,351	4,532	4,002	161,335	129,162	141,673	322	298	349	33,057	29,800	34,257
Mont. . .	546	635	621	17,330	16,510	15,371	40	35	41	4,524	2,975	4,321
No. Dak.	2,125	2,024	2,440	54,846	34,408	56,615	113	94	116	9,492	7,520	9,474
So. Dak.	2,579	1,984	2,338	87,545	23,213	72,048	58	55	80	4,388	3,300	6,221
4 States.	9,601	9,175	9,401	321,056	203,293	285,707	533	482	586	51,461	43,595	54,273
U. S. . .	42,914	44,394	42,939	1,349,026	1,253,739	1,365,502	3,495	3,151	3,751	392,943	356,360	391,270

	BARLEY						TAME HAY					
	Acres		10-Year	Bushels		10-Year	Acres		8-Year	Tons		8-Year
	1927	1926	Average	1927	1926	Average	1927	1926	Average	1927	1926	Average
Minn. . .	1,425	1,307	1,063	38,247	32,675	28,156	2,082	2,091	2,035	4,039	2,741	3,233
Mont. . .	180	179	103	4,269	4,296	2,152	1,239	1,239	1,148	2,404	1,968	1,910
No. Dak.	1,693	1,472	1,376	35,410	21,050	25,486	1,030	1,331	1,004	1,683	1,365	1,377
So. Dak.	972	778	959	24,669	7,858	22,279	1,170	1,361	1,053	2,214	1,364	1,608
4 States.	4,270	3,736	3,501	102,595	65,879	78,073	5,521	6,022	5,240	10,340	7,438	8,128
U. S. . .	9,456	8,200	7,877	242,730	191,182	192,894	60,262	58,840	59,125	101,035	86,378	89,244

NORTHWESTERN FARM PRODUCT PRICES

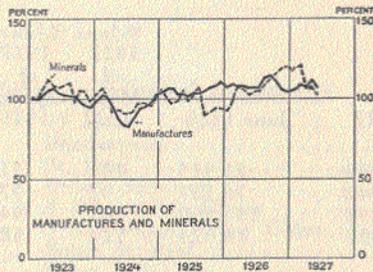


COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

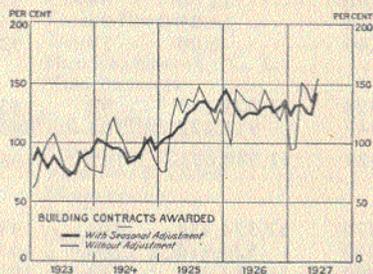
	Unit	June 1927	May 1927	June 1926	% June 1927 of May 1927	% June 1927 of June 1926
Debits to Individual Accounts—						
17 cities		\$742,933,000	\$725,850,000	\$759,140,000	102	98
Minneapolis		365,122,000	371,295,000	372,999,000	98	98
St. Paul		162,095,000	153,207,000	162,607,000	106	100
Duluth-Superior		94,424,000	87,899,000	89,771,000	107	105
8 Wheat Belt Cities		53,096,000	49,161,000	54,892,000	106	97
3 Mississippi Valley Cities		21,878,000	20,924,000	19,538,000	105	112
South St. Paul		26,843,000	25,597,000	39,575,000	105	68
Sioux Falls		19,475,000	17,767,000	19,758,000	110	99
Carloadings—Northwestern District—						
Total	Cars	713,521	653,187	720,179	109	99
Grains and Grain Products	Cars	42,466	37,104	38,637	114	110
Livestock	Cars	33,294	29,870	34,480	111	97
Coal	Cars	18,778	18,115	19,052	104	99
Coke	Cars	7,294	7,255	7,569	101	96
Forest Products	Cars	79,060	77,874	83,817	102	94
Ore	Cars	185,631	157,118	195,315	118	95
Merchandise—L. C. L	Cars	151,438	144,577	148,776	105	102
Miscellaneous	Cars	195,560	181,274	192,533	108	102
Building Permits—						
Number—18 Cities		1,957	2,166	2,201	90	89
Value—18 Cities		\$5,624,800	\$5,894,600	\$6,694,700	95	84
Minneapolis		2,948,000	3,287,800	1,793,600	90	164
St. Paul		1,056,000	1,021,200	1,663,200	103	63
Duluth-Superior		409,900	318,000	1,732,300	129	24
4 Wheat Belt Cities		397,500	475,700	584,900	84	68
6 Mixed Farming Cities		709,200	730,400	775,400	97	91
4 Mining Cities		104,200	61,500	145,300	169	72
Building Contracts Awarded—						
Total		8,343,500	8,647,300	10,398,800	96	80
Residential		3,064,700	3,964,200	3,514,700	77	87
Commercial and Industrial		1,287,600	876,600	3,200,300	147	40
Public Works and Utilities		1,941,700	1,866,000	1,895,200	104	102
Educational		1,084,300	577,700	874,100	188	124
All other		965,200	1,362,800	914,500	71	106
Cash Value of Farm Products Sold—						
Bread Wheat		\$8,500,000	\$6,506,000	\$8,140,000	131	104
Durum Wheat		1,992,000	2,992,000	3,428,000	67	58
Rye		927,000	1,844,000	729,000	50	127
Flax		636,000	315,000	1,144,000	202	56
Potatoes		742,000	1,681,000	575,000	44	129
Fluid Milk		1,424,000	1,448,000	1,272,000	98	112
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—						
Wheat	Bu.	8,307,629	11,286,551	4,494,125	74	185
Corn	Bu.	1,450,069	142,193	438,110	1,020	331
Oats	Bu.	5,836,943	9,578,738	24,924,408	61	23
Barley	Bu.	593,141	349,516	2,295,843	170	26
Rye	Bu.	407,153	1,015,811	7,357,470	40	6
Flax	Bu.	1,452,464	1,441,492	1,282,838	101	113
Median Cash Grain Prices—						
Wheat—No. 1 Dark Northern	Bu.	\$1.48½	\$1.52¼	\$1.66½	98	89
Durum—No. 2 Amber	Bu.	1.57	1.60½	1.49¼	98	105
Corn—No. 3 Yellow	Bu.	.96½	.92½	.69½	105	139
Oats—No. 3 White	Bu.	.46⅞	.49	.38	96	123
Barley—No. 3	Bu.	.87	.88	.62	99	140
Rye—No. 2	Bu.	1.10	1.07⅝	.90	102	122
Flax—No. 1	Bu.	2.24	2.33½	2.34	96	96
Wholesale Produce Prices—						
Butter	Lb.	\$.39	\$.40½	\$.37½	96	104
Milk	Cwt.	2.31	2.35	2.18	98	106
Hens—4½ pounds	Lb.	.17	.18½	.22	92	77
Eggs	Doz.	.19	.18¾	.28	101	68
Potatoes	Bu.	2.55	2.02½	2.10	126	121

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

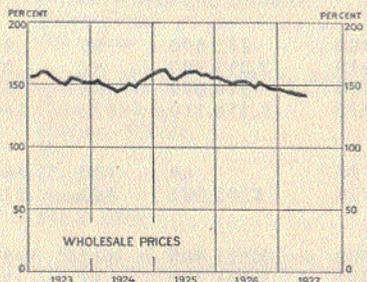
	Unit	June 1927	May 1927	June 1926	% June 1927 of May 1927	% June 1927 of June 1926
Livestock Receipts at South St. Paul—						
Cattle	Head	52,704	48,839	73,915	108	71
Calves	Head	54,396	58,942	70,527	92	77
Hogs	Head	218,532	205,291	231,900	106	94
Sheep	Head	8,629	6,987	14,824	124	58
Median Livestock Prices at South St. Paul—						
Butcher Cows	Cwt.	\$ 7.00	\$ 7.25	\$ 6.25	97	112
Butcher Steers	Cwt.	10.35	10.00	8.85	104	117
Prime Butcher Steers	Cwt.	11.75	11.35	9.50	104	124
Stocker & Feeder Steers	Cwt.	7.25	7.75	6.75	94	107
Veal Calves	Cwt.	10.50	10.50	10.25	100	102
Hogs	Cwt.	8.50	9.35	13.85	91	61
Heavy Hogs	Cwt.	7.50	8.00	12.50	94	60
Lambs	Cwt.	13.25	14.00	14.25	95	93
Ewes	Cwt.	5.50	7.00	6.00	79	92
Flour—						
Production—Twin Cities & Duluth-Superior	Bbbs.	892,493	906,324	1,029,143	98	87
Shipments from Minneapolis	Bbbs.	897,288	855,347	937,672	105	96
Linseed Products Shipments from Minneapolis	Lbs.	19,102,023	18,751,729	17,948,675	102	106
Retail Sales—						
Department Stores		\$2,348,020	\$2,338,870	\$2,374,330	100	99
Furniture Stores		527,610	528,810	523,910	100	101
Country Lumber Yards	Bd. Ft.	17,246,000	11,675,000	17,282,000	148	100
Retail Merchandise Stocks—						
Department Stores		\$6,072,500	\$6,567,370	\$6,929,580	92	88
Furniture Stores		2,748,330	2,814,010	2,919,750	98	94
Country Lumber Yards	Bd. Ft.	89,825,000	92,852,000	87,469,000	97	103
Life Insurance Sales (4 States)		\$22,867,000	\$22,465,000	\$25,831,000	102	89
Wholesale Trade—						
Farm Implements		244,870	256,700	272,890	95	90
Hardware		1,819,660	2,097,510	2,059,900	87	88
Shoes		471,580	436,140	510,800	108	92
Groceries		6,100,090	4,986,870	5,558,110	122	110
Business Failures—						
Number		114	88	69	130	165
Liabilities		\$1,397,112	\$997,778	\$505,003	140	277
Securities Sold—						
To Banks		3,057,900	2,725,700	2,821,900	112	108
To Insurance Companies		1,083,200	1,624,400	1,856,200	67	58
To General Public		6,778,400	6,517,400	5,341,000	104	127
Ninth Federal Reserve District Member Banks—						
In Cities under 15,000 Population						
Net Demand Deposits		173,230,000	169,745,000	191,558,000	102	90
Time Deposits		258,923,000	257,620,000	283,694,000	101	91
In Cities over 15,000 Population						
Net Demand Deposits		236,471,000	229,871,000	246,086,000	103	96
Time Deposits		174,296,000	173,865,000	150,686,000	100	116
24 City Member Banks—						
		July 20, 1927	June 22, 1927	July 21, 1926	% July of June	% 1927 of 1926
Loans Secured by Stocks and Bonds		\$79,087,000	\$77,564,000	\$77,235,000	102	102
All Other Loans		154,382,000	156,459,000	154,551,000	99	100
Securities		119,575,000	122,032,000	115,280,000	98	104
Net Demand Deposits Subject to Reserve ..		207,316,000	205,155,000	206,995,000	101	100
Time Deposits		128,235,000	127,222,000	117,953,000	101	109
Borrowings at Federal Reserve Bank		1,265,000	2,960,000	3,885,000	43	33
Minneapolis Federal Reserve Bank—						
Loans to Member Banks		5,807,004	6,873,663	8,241,823	84	70
Federal Reserve Notes in Circulation		59,419,315	59,373,891	62,159,560	100	96



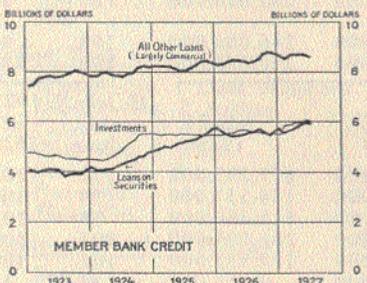
Index numbers of production of manufactures and minerals adjusted for seasonal variations, (1923-25 average=100). Latest figures, June, manufactures 108, minerals 103.



Federal Reserve Board's indexes of value of building contracts awarded as reported by the F. W. Dodge Corporation, (1923-25 average=100). Latest figures, June, adjusted index, 144; unadjusted index, 154.



Index of United States Bureau of Labor Statistics (1913-100, base adopted by Bureau). Latest figure, June, 143.7.



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

Summary of National Business Conditions (Compiled July 26 by Federal Reserve Board)

The output of industry declined substantially in June to a level close to that of a year ago, reflecting reduced activity both in mines and in factories. The value of building contracts awarded was the largest for any month on record. The general level of prices remained practically unchanged.

PRODUCTION: Production of iron and steel and automobiles declined considerably in June and curtailment in these industries continued during the early part of July. There were also decreases in June in silk deliveries, sugar refining and production of lumber, copper and anthracite coal. Cotton and woolen mills continued active for this season of the year, and consumption of raw cotton was larger than in any previous June on record. Meat packing, shoe production and the manufacture of building material showed increases. Production of manufactures as a group was slightly larger in June than in the same month of 1926, but output of minerals, owing largely to decreased production of coal, was in smaller volume than a year ago. The value of building contracts awarded in June was larger than in any previous month on record, owing chiefly to the steady increase within recent months of contracts for public works and public utilities. Awards were particularly large, as compared with previous months of this year and with June of last year, in the New York and Chicago Federal Reserve Districts. Contracts were awarded during the first half of July in practically the same volume as in the corresponding period of last year.

On the basis of conditions on July 1, forecasts of the Department of Agriculture indicate increases, as compared with the 1926 harvested production, in the output of wheat, oats, barley, rye, hay and potatoes, and decreases in corn, tobacco and the principal fruit crops. Cotton, for which no production estimate was given, shows a decrease of 12 per cent in acreage planted, while the total area planted to all crops shows a reduction of 2 per cent. A reduction of 371,000,000 bushels in the estimated production of corn, compared with 1926, indicates the smallest crop since 1901.

TRADE: Wholesale trade in most leading lines increased slightly between May and June, while retail trade showed less than the customary seasonal decline. Sales of department stores were in about the same volume as a year ago, while those of mail order houses and chain stores were larger. Sales of meat, dry goods and hardware at wholesale were smaller than in June of last year, while sales of groceries, shoes and drugs were about the same in volume. Inventories of department stores declined further to a level about 3 per cent below that of June, 1926. Stocks carried by wholesale firms showed no change for the month and were smaller than a year ago.

Daily average freight carloadings failed to show the customary seasonal increase between May and June and were in smaller volume from early in May to the middle of July than during the corresponding period of last year. Shipments of almost all groups of commodities have been smaller than a year ago. The largest declines occurred in the shipments of coal and coke.

PRICES: The general level of wholesale commodity prices, according to the Bureau of Labor Statistics' Index, continued practically the same in June as in the two preceding months. The prices of agricultural commodities as a group declined slightly, while the average for the non-agricultural group remained practically unchanged. There were declines between May and June in the prices of silk, iron and steel, non-ferrous metals, building materials and rubber and advances in grains, cotton, hides and skins and anthracite coal. During the first three weeks of July, prices of wheat, bituminous coal, iron and steel and rubber declined, while those of livestock, cotton, wool, copper and hides advanced.

BANK CREDIT: The demand for member banks' credit decreased from the latter part of June to the middle of July and on July 20 the loans and investments of member banks in leading cities were more than \$200,000,000 lower than a month before. The decline was principally in the banks' investment holdings and in loans secured by stocks and bonds. Loans for commercial, agricultural and industrial purposes decreased by about \$45,000,000. Demand for Reserve bank credit in connection with settlements at the end of the fiscal year increased currency requirements over the holiday period and carried total discounts for member banks on July 6 to the highest level since the first of the year. Thereafter, largely in consequence of the return flow of currency from circulation, there was a decreased demand for member bank accommodation and on July 20 total discounts were in somewhat smaller volume than four weeks earlier. Holdings of United States securities showed a slight increase during July.

Conditions in the money market, after seasonal firmness at the end of June, were easier in July.