

MONTHLY REVIEW

OF

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

NINTH FEDERAL RESERVE DISTRICT

JOHN R. MITCHELL, Chairman of the Board
and Federal Reserve Agent

CURTIS L. MOSHER F. M. BAILEY
Assistant Federal Reserve Agents

OLIVER S. POWELL
Statistician

Vol. IV (Serial
No. 170)

Minneapolis, Minnesota

February 28, 1929

DEBITS TO INDIVIDUAL ACCOUNTS AT 80 CITIES

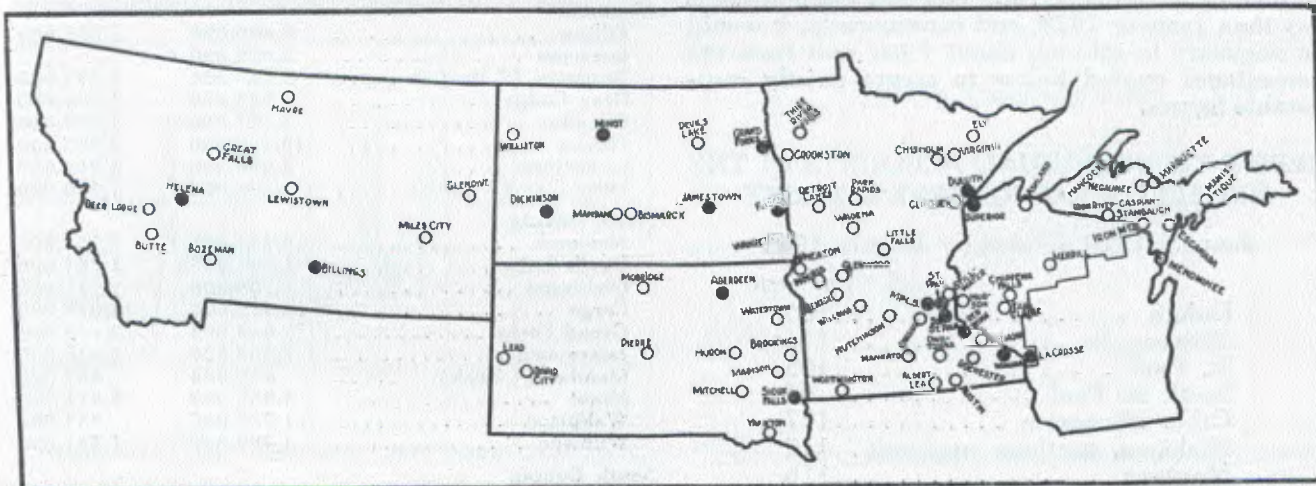
Beginning with January 1929, the number of cities in this district for which the banks report debits to individual accounts has been greatly increased. Since 1919, weekly reports have been received from a few cities which increased from nine cities in 1919 to seventeen cities in 1924 and subsequent years. The new additions to the reporting cities will furnish their figures on a monthly basis.

In recent weeks, letters were mailed to the cashiers of all banks in a selected list of representative cities, inviting the banks in these cities to report their individual debits to this office. The response was most gratifying. Up to the time of writing, sixty-three cities have accepted the invitation, making the total number of cities from which debits to individual accounts are received eighty. In nearly every city all banks are willing to report. In a few cities where part of the banks do not wish to report their individual debits, it is believed that the figures of reporting banks are fairly representative of the city as a whole.

The objective sought in increasing the list of cities reporting individual debits was to secure more exact information regarding changes in business

conditions in the various trade territories of the district. A secondary objective was to secure a larger sample of the individual debits of the district than was provided by the seventeen cities previously reporting. As a matter of fact, the increase in accuracy, due to increase in the sample, will probably be very slight. In January 1929, the increase in individual debits over January 1928 was exactly the same for the seventeen cities as for the larger group of cities (including the seventeen cities) from which reports have so far been received.

It is difficult to make an exact statement as to the size of the sample of individual debits which is obtained through the reports from these eighty cities. The population of these cities in 1920 was 30 per cent of the population of the district. This, of course, under-estimates the proportion of the individual debits of the district which is represented by reports from these cities, since each of the cities has a large trade territory outside of the corporate limits of the city. Measuring another way, the deposits of banks in these eighty cities were 58 per cent of the total bank deposits of the district on June 30, 1928. This way of estimating the size of the sample of individual debits exaggerates the facts, since a considerable fraction of the deposits of banks in the reporting cities consists of deposits due



Cities in the Ninth Federal Reserve District which will report Debits to Individual Accounts. The black dots indicate the cities which have been reporting since 1924 or earlier. The circles indicate the cities which have been added to the reporting list beginning with 1929.

to other banks which do not enter into the debits calculation. The size of the individual debits sample, therefore, remains an uncertainty, but from conferences held with persons who have made a special study of the trade territories of the various cities of the Northwest, it seems probable that the individual debits sample will be about 45 per cent of total individual debits for the district.

Although the increase in debits to individual accounts reports is a noteworthy improvement in the statistical knowledge of business conditions in the district, it does not eliminate the need for other indexes of business activity. There are a multitude of smaller cities, towns and other business units which are not represented by the individual debits reports. Furthermore, the individual debits reports themselves are of a very general nature and do not make possible any statement as to the growth or shrinkage of any certain line of trade or industry.

Wherever unusual changes in debits to individual accounts occur, it is interesting to note the causes. For example, at Iron Mountain, Michigan, an increase in operations by the Ford Motor Company has increased employment by one thousand persons, which is reflected in an increase in the individual debits for that city. At Chippewa Falls, Wisconsin, a decrease in individual debits, as compared with January 1928, was reported owing to the fact that a large dam was under construction by the Northern States Power Company in the earlier period. Such information translated into debits to individual accounts promises to be of great importance to business men in general and particularly to the business men of the communities making the reports.

On the basis of reports received, the following table gives the percentage relationship between the volume of individual debits in January 1929 and the volume in January 1928. Not all cities were able to provide their figures this first month in time to have them included in these percentages. It should be noted that January 1929 had one more business day than January 1928, and consequently, it would be necessary to subtract about 4 per cent from the percentages quoted below to secure strictly comparable figures.

DEBITS TO INDIVIDUAL ACCOUNTS IN THE NINTH FEDERAL RESERVE DISTRICT

January 1929 divided by January 1928

	Per cent
Duluth	105
Minneapolis	116
St. Paul	103
South St. Paul	91
Other Minnesota	107
Michigan, northern peninsula ..	112
Montana	116
North Dakota	120
South Dakota	120
Wisconsin, 26 counties	105
Ninth District	111

The statistics for individual cities are quoted in the following table. Where some of the banks in a city are not reporting, the number of reporting banks is given below, following the name of the city. The number of banks in Minneapolis which are included in the table below is larger than the number of banks which make weekly reports.

DEBITS TO INDIVIDUAL ACCOUNTS IN THE NINTH FEDERAL RESERVE DISTRICT

	Jan. 1929 26	Jan. 1928 25
Michigan		
Escanaba (1 Bank)	\$992,000	\$851,000
Iron Mountain	6,027,000	5,538,000
Manistique (1 Bank)	557,000	.....
Marquette (2 Banks)	5,507,000	4,799,000
Minnesota		
Albert Lea	2,906,000	2,976,000
Austin (1 Bank)	1,309,000	978,000
Chaska	572,000	544,000
Cloquet	2,083,000	2,207,000
Crookston (1 Bank)	1,021,000	971,000
Detroit Lakes	839,000	.....
Duluth	66,721,000	63,591,000
Ely	555,000	.....
Ely (1 Bank)	254,000	282,000
Glenwood	406,000	455,000
Hutchinson (2 Banks)	1,214,000	1,172,000
Little Falls	993,000	1,062,000
Mankato	6,603,000	6,456,000
Minneapolis	435,800,000	377,037,000
Morris	659,000	558,000
Owatonna	2,576,000	.....
Owatonna (1 Bank)	1,194,000	1,301,000
Park Rapids	446,000	427,000
Red Wing	2,543,000	2,840,000
Rochester	7,038,000	5,262,000
St. Paul	183,444,000	177,285,000
South St. Paul	35,325,000	38,642,000
Stillwater	2,862,000	.....
Thief River Falls	646,000	635,000
Virginia	2,531,000	2,273,000
Wabasha	750,000	822,000
Wadena (1 Bank)	358,000	376,000
Willmar	1,609,000	1,264,000
Winona	7,752,000	7,195,000
Worthington (1 Bank) ...	750,000	617,000
Montana		
Billings	9,480,000	7,892,000
Bozeman	2,686,000	.....
Bozeman (2 Banks)	2,167,000	1,975,000
Deer Lodge	1,383,000	1,299,000
Glendive	1,191,000	1,311,000
Helena	10,332,000	7,997,000
Lewistown	2,690,000	2,554,000
Miles City (1 Bank)	1,796,000	1,930,000
North Dakota		
Bismarck	4,111,000	3,703,000
Devils Lake	1,793,000	1,783,000
Dickinson	1,709,000	1,571,000
Fargo	19,416,000	14,029,000
Grand Forks	7,844,000	7,182,000
Jamestown	2,567,000	2,384,000
Mandan (1 Bank)	473,000	487,000
Minot	6,965,000	5,971,000
Wahpeton	1,023,000	953,000
Williston	1,409,000	1,301,000
South Dakota		
Aberdeen	6,681,000	6,239,000
Brookings (1 Bank)	1,072,000	1,178,000
Huron	6,350,000	5,290,000
Lead	1,275,000	1,256,000
Madison (1 Bank)	798,000	.....

Mitchell (1 Bank)	2,168,000	1,634,000
Mobridge	806,000	664,000
Pierre	1,362,000	1,680,000
Rapid City	4,019,000	2,981,000
Sioux Falls	22,349,000	18,101,000
Watertown	5,839,000	4,709,000
Yankton (2 Banks)	1,898,000	1,145,000

Wisconsin

Ashland	2,357,000	.....
Chippewa Falls	2,462,000	3,043,000
Eau Claire	8,069,000	.....
Eau Claire (1 Bank)	2,459,000	2,398,000
Hudson	562,000	.....
Hudson (2 Banks)	270,000	252,000
La Crosse	13,194,000	11,254,000
Merrill (2 Banks)	1,603,000	.....
Superior	7,964,000	8,081,000

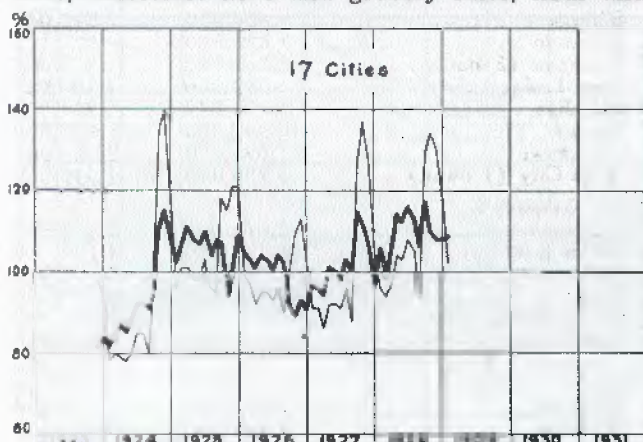
NOTE: Reports have also been promised from the following cities: Hancock, Iron River, Caspian, Stambaugh, Menominee and Negaunee, Michigan; Benson, Chisholm, and Wheaton, Minnesota; and Butte, Great Falls, and Havre, Montana.

DEFINITION OF DEBITS TO INDIVIDUAL ACCOUNTS

For the most part debits to individual accounts are checks against depositors' accounts and thus represent business payments. Debits to individual accounts of banks are all debits against accounts of individuals, firms, corporations and government accounts, including war loan deposit accounts; and also debits to savings accounts, payments from trust accounts and certificates of deposit paid. Debits to individual accounts do not include debits in settlement of clearing house balances nor debits to correspondent bank accounts nor payments of cashiers checks, charges to expense and miscellaneous accounts, corrections and similar charges.

DISTRICT SUMMARY OF BUSINESS

The volume of business in this district during January exceeded the volume of business in January a year ago. The daily averages of debits to individual accounts at reporting cities and of country check clearings were 7 per cent larger in January than in the corresponding month last year. Country check clearings exhibited an unusually sharp decrease from the December volume. Increases in January over the same month last year were shown in postal receipts, country lumber sales, wholesale hardware sales and freight carloadings of coal, coke, ore and miscellaneous merchandise. Decreases were reported for department store sales, securities sales, wholesale shoe and grocery sales, flour and



Debits to Individual Accounts at Banks in Seventeen Cities in the Ninth Federal Reserve District. The heavy curve represents figures adjusted to eliminate seasonal changes; the light curve represents unadjusted figures as percentages of the average month.

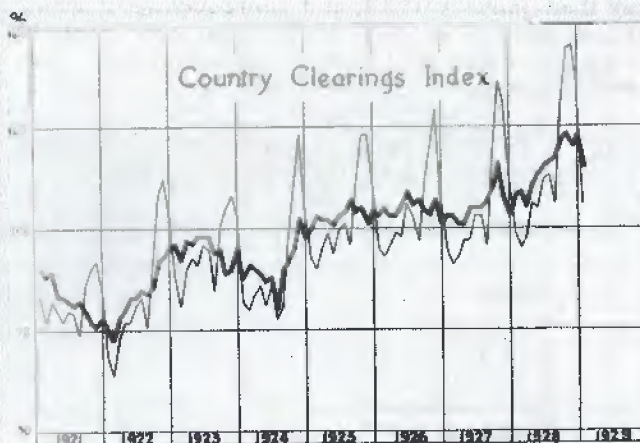
linseed product shipments and carloadings of grains and grain products, livestock, forest products and less-than-carlot merchandise. Building contracts were twice as large in January as in the same month last year, largely on account of the granting of a 4 million dollar contract for an office building in Minneapolis. Building permits, on the contrary, were 39 per cent smaller in the eighteen reporting cities during January than in the same month last year. Business failures in January 1929 were 40 per cent fewer than in January 1928.

During the first two weeks of February, debits to individual accounts at seventeen cities were 15 per cent larger than in the corresponding weeks last year. In the first thirteen business days of February, country check clearings were 8 per cent larger than in the corresponding days of February last year. The daily average of contracts awarded during the first fifteen days of February, as reported by the F. W. Dodge Corporation, was 97 per cent larger than the daily average of contracts awarded in the month of February 1928.

The value of cash crops and hogs marketed during January was 22 per cent less than the value of these products marketed in January a year ago. The value of dairy products marketed during December exceeded the value of dairy products marketed in December 1927 by 20 per cent. Prices of corn, flax, butter, hens, cattle, calves, lambs and ewes were higher in January than a year ago, while prices of wheat, oats, barley, potatoes, fluid milk, eggs and hogs were lower than a year ago.

DISTRICT SUMMARY OF BANKING

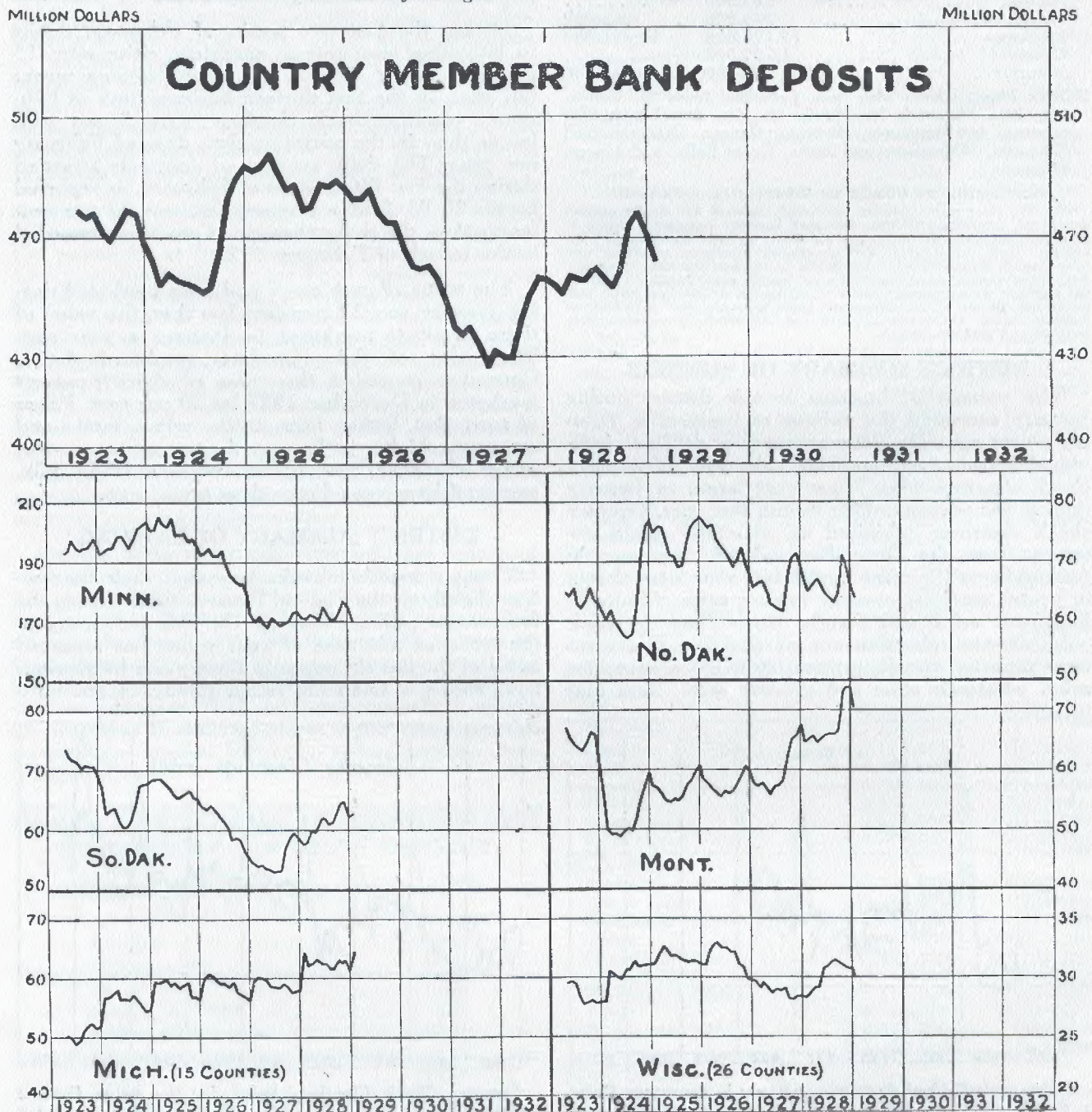
Country member banks increased their borrowings slightly at the Federal Reserve Bank during the four weeks ending February 13. This is contrary to the trend at this time of year which has occurred in all of the last six years. In these years borrowings have shown a small but rather steady decline until



Country Check Clearings Index for the Ninth Federal Reserve District. The light curve represents figures without seasonal adjustments. The heavy curve represents figures with seasonal adjustments.

March or April. Grouping banks by states, it appears that banks in all parts of the district shared in the increase in borrowings which has occurred in recent weeks, except banks in rural Minnesota and South Dakota. On February 13, country member banks were borrowing \$1,356,000 more from the Federal Reserve Bank than a year earlier. Balances carried by country member banks with city correspondent banks in this district remained about stationary during the four weeks ending February 13, but were 18 million dollars less than a year ago.

The deposits of country member banks increased 8 million dollars, or 2 per cent, during the year ending January 1929. This increase loses its entire business significance, however, upon close analysis, for additions to deposits due to the absorption of a non-member bank by a member bank in Montana and due to the entry of two non-member banks into the Federal Reserve System in Wisconsin accounted for the entire increase for the year. In the other states, deposit increases and decreases offset each other. There was a 5 million dollar increase in de-



Country Member Bank Deposits in the Ninth Federal Reserve District. These country member banks are all member banks in cities with less than fifteen thousand population. The scales have been exaggerated to make the changes in deposits more apparent.

posits in South Dakota, counter-balanced by a 3 million dollar decrease in deposits in North Dakota and a 2 million dollar decrease in rural Minnesota. Deposits in the upper peninsula of Michigan were practically unchanged.

An improvement has been made in the monthly records of deposits of member banks, beginning with the month of January 1929. This improvement consists of computing daily averages of deposits for the entire month instead of computing deposit totals for a single day, as has been done heretofore. Consequently, the comparison noted in the preceding paragraph is between country member bank deposits on January 11, 1928 and the average for January 1929.

City member banks, which make weekly reports to the Federal Reserve Bank, experienced no change in deposits during the four weeks ending February 13, and their total deposits on that date were 10 million dollars below the level of the same date in 1928. On the asset side of the combined balance sheets of these banks there was little significant change during recent weeks. There was a slight decrease in "all other loans." These "all other loans" were larger on February 13 than on the corresponding date in 1928 or 1927, but were smaller than on the corresponding dates in the other years of the record. Borrowings from the Federal Reserve Bank by these city banks changed very little during the month ending February 13, but were 7 million dollars larger than a year ago.

Interest rates at Minneapolis on prime commercial loans showed a small increase in the month ending February 15. All rates were higher than a year ago, as shown by the following table:

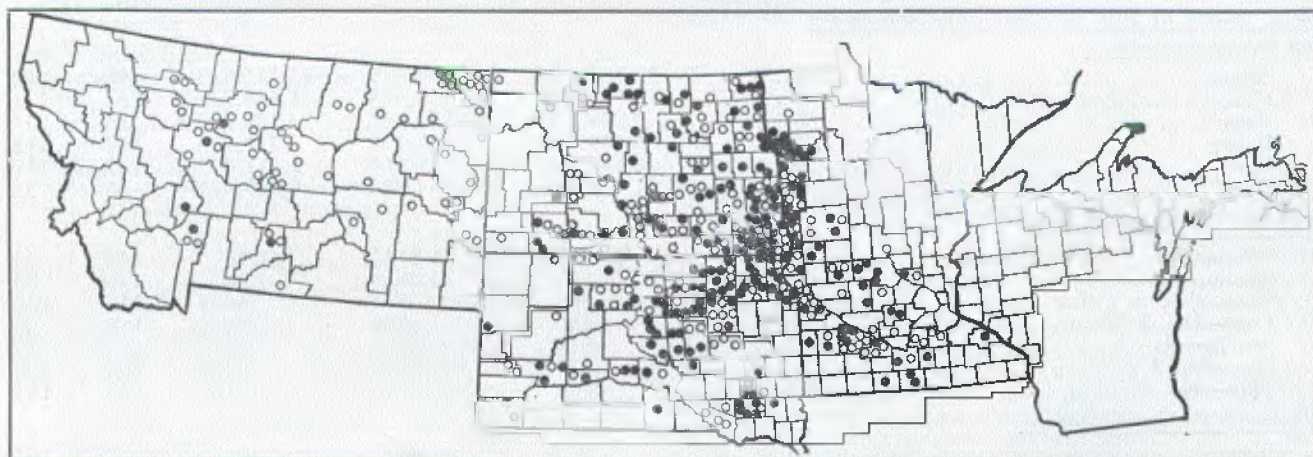
	1929	1928
Prime Bank Loans (Average) . . .	5.96	4.81
Commercial Paper	5¾	4¼
Federal Reserve Discount Rate . .	4½	4

SERIOUS LOSSES FROM WHEAT SMUT

A smut tax, amounting to forty-five cents per acre, was levied on every acre of wheat in Minnesota, North Dakota, South Dakota and Montana this year. Conservative estimates, based upon reliable data supplied by the Minnesota Grain Investigation Department, place the market loss on the 1928 spring wheat crop grading smutty at the terminal markets at over \$3,000,000. The yield loss may be estimated to amount to over 5 million dollars. The 8 million dollar loss expressed in terms of average loss per acre of wheat amounts to nearly forty-five cents per acre.

This forty-five cent tax is a preventable one. The farmer who has smutty seed wheat may disinfect the seed and eliminate this tragic waste by an investment of about five cents per acre. The agricultural colleges, the railroads, the Northwest Crop Improvement Association and many other interests are making every effort to induce all farmers to treat all seed wheat this spring. Bankers of the Ninth Federal Reserve District should use their influence in persuading all farmers to treat all their seed wheat.

When bankers are talking to their patrons about seed treatment they may find some who declare that they treated their seed last year and yet had smut infection. Failure to control smut on the part of the farmer is usually due to faulty chemicals, or careless seed treating methods. The latter is the principal reason for failure. The directions for seed treating are simple, but those same apparently simple directions must be followed explicitly. There are no short cut methods of seed treating. Thorough seed treatment with either copper carbonate dust or formaldehyde will control smut. Reliable directions for seed treating may be obtained from any of the county agricultural agents, the state agricultural colleges, the United States Department of Agriculture or the Northwest Crop Improvement Association at Minneapolis.



The 1928 Wheat Smut Situation. The black dots indicate station points where over 50 per cent of the spring wheat shipments graded smutty. The circles show points with between 25 and 50 per cent of the shipments grading smutty. Practically all stations ship some cars of smutty wheat. Data from the Minnesota State Grain Investigation Department.

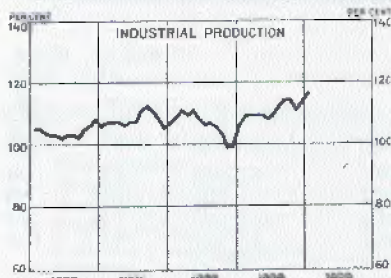
COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

				% Jan. 1929 of Dec. 1928	% Jan. 1929 of Jan. 1928
Debits to Individual Accounts, Daily Averages—Unit					
17 Cities	Jan., 1929	Dec., 1928	Jan., 1928		
Minneapolis	\$32,222,000	\$37,606,000	\$30,209,000	86	107
St. Paul	16,672,000	19,019,000	14,999,000	88	111
Duluth-Superior	7,056,000	8,137,000	7,091,000	87	100
8 Wheat Belt Cities	2,872,000	4,025,000	2,867,000	71	100
4 Mixed Farming Cities	2,500,000	2,977,000	2,131,000	84	117
South St. Paul	1,763,000	1,964,000	1,576,000	90	112
	1,359,000	1,484,000	1,546,000	92	87
Carloadings—Northwestern District—					
Total—Excluding L. C. L. Cars	340,423	317,276	343,167	107	99
Grains and Grain Products	50,057	54,849	56,015	91	89
Livestock	41,209	38,888	43,020	106	96
Coal	46,423	36,847	38,978	126	119
Coke	7,548	5,926	7,038	127	107
Forest Products	61,849	55,831	73,763	111	84
Ore	2,398	2,125	2,070	113	116
Miscellaneous	130,939	122,810	122,283	107	107
Merchandise—L. C. L. Cars	123,023	125,746	126,750	98	97
Building Permits—					
Number—18 Cities	371	813	529	46	70
Value—18 Cities	\$1,397,800	\$2,440,200	\$2,294,900	57	61
Minneapolis	734,700	905,500	825,900	81	89
St. Paul	234,200	705,600	326,900	33	72
Duluth-Superior	152,600	169,400	834,800	90	18
4 Wheat Belt Cities	33,900	115,500	41,900	29	81
6 Mixed Farming Cities	203,100	449,100	123,100	45	165
4 Mining Cities	30,300	95,100	142,300	32	21
Building Contracts Awarded—					
Total	6,220,900	3,828,000	3,102,000	163	201
Residential	483,400	1,170,800	1,160,200	41	42
Commercial and Industrial	4,602,800	801,400	865,700	574	532
Public Works and Utilities	794,700	856,500	561,900	93	142
Educational	77,800	881,300	357,700	9	22
All Other	262,200	118,000	156,500	222	168
Cash Value of Farm Products Sold—					
Bread Wheat	6,751,000	12,947,000	9,899,000	52	68
Durum Wheat	2,640,000	6,648,000	5,452,000	40	48
Rye	589,000	1,036,000	989,000	57	60
Flax	622,000	1,345,000	1,054,000	46	59
Potatoes	1,628,000	1,009,000	2,689,000	161	61
Dairy Products—See Note	18,269,000	16,405,000	15,229,000	111	120
Hogs	18,209,000	17,266,000	19,624,000	105	93
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—					
Wheat	Bu. 53,521,331	54,664,633	35,215,612	98	152
Corn	Bu. 2,257,115	1,109,408	1,863,813	203	121
Oats	Bu. 1,386,740	2,557,896	7,380,723	54	19
Barley	Bu. 3,981,135	3,709,960	778,073	107	512
Rye	Bu. 2,876,754	2,569,989	2,212,841	112	130
Flax	Bu. 1,063,498	1,313,818	3,329,471	81	32
Median Cash Grain Prices—					
Wheat—No. 1 Dark Northern	Bu. \$1.28½	\$1.21¾	\$1.38	105	93
Durum—No. 2 Amber	Bu. 1.17	1.06½	1.26	110	93
Corn—No. 3 Yellow	Bu. .90	.78	.85¼	115	106
Oats—No. 3 White	Bu. .46	.43¼	.52¼	106	88
Barley—No. 3	Bu. .65½	.58	.83	113	79
Rye—No. 2	Bu. 1.03	.99	1.02¾	104	100
Flax—No. 1	Bu. 2.45	2.38½	2.23¾	103	109
Wholesale Produce Prices—					
Butter	Lb. .45½	.47	.45	97	101
Milk	Cwt. 2.50	2.61	2.57	96	97
Hens—4½ Pounds	Lb. .22½	.20½	.20	110	113
Eggs	Doz. .30	.33½	.35	90	86
Potatoes	Bu. .63	.60	1.09½	105	58

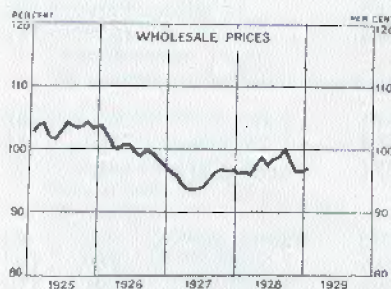
Note: Dec., 1928; Nov., 1928; and Dec., 1927.

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

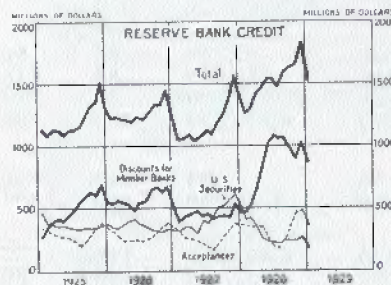
		Jan., 1929	Dec., 1928	Jan., 1928	%Jan. 1929 of Dec. 1928	%Jan. 1929 of Jan. 1928
Livestock Receipts at South St. Paul—						
Cattle	Head	51,708	56,795	61,616	91	84
Calves	Head	43,863	41,802	50,051	105	88
Hogs	Head	341,946	345,550	442,225	99	77
Sheep	Head	67,833	70,064	56,337	97	120
Median Livestock Prices at South St. Paul—						
Butcher Cows	Cwt.	\$8.50	\$8.25	\$6.00	103	142
Butcher Steers	Cwt.	11.00	10.50	8.50	105	129
Prime Butcher Steers	Cwt.	12.50	12.50	9.50	100	132
Stocker and Feeder Steers	Cwt.	9.50	9.00	7.00	106	136
Veal Calves	Cwt.	14.00	12.50	11.50	112	122
Hogs	Cwt.	8.70	8.25	11.70	105	74
Heavy Hogs	Cwt.	8.65	7.85	10.75	110	80
Lambs	Cwt.	15.75	13.50	12.50	117	126
Ewes	Cwt.	9.75	7.00	6.25	139	156
Flour—						
Production—Twin Cities and Duluth—						
Superior	Bbls.	1,056,741	1,110,611	1,223,347	95	86
Shipments from Minneapolis	Bbls.	973,412	890,588	1,143,156	109	85
Linseed Products Shipments from Minneapolis—	Lbs.	37,192,802	34,516,591	40,079,531	108	93
Retail Sales—						
Department Stores		\$2,056,400	\$3,774,880	\$2,080,460	54	99
Furniture Stores		427,930	590,510	392,490	72	109
Country Lumber Yards	Bd. Ft.	5,489,000	7,807,000	4,764,000	70	115
Retail Merchandise Stocks—						
Department Stores		\$5,764,920	\$5,733,700	\$6,182,460	101	93
Furniture Stores		2,509,450	2,564,130	2,638,330	98	95
Country Lumber Yards	Bd. Ft.	79,400,000	72,771,000	84,686,000	109	94
Life Insurance Sales—(4 States)		\$20,780,000	\$29,614,000	\$17,953,000	70	116
Wholesale Trade—						
Farm Implements		51,770	68,810	92,350	75	56
Hardware		1,655,980	1,960,450	1,432,940	84	116
Shoes		267,420	334,320	338,600	80	79
Groceries		4,396,850	4,244,440	4,430,890	104	99
Business Failures—						
Number		56	56	94	100	60
Liabilities		\$696,709	\$447,700	\$552,950	156	126
Securities Sold—						
To Banks		1,596,600	1,344,400	4,069,000	119	39
To Insurance Companies		1,034,000	810,000	1,157,100	128	89
To General Public		10,034,100	6,567,000	10,647,900	153	94
Real Estate Activity in						
Hennepin and Ramsey Counties—						
Warranty Deeds Recorded		1,206	3,215	622	38	194
Mortgages Recorded		1,398	1,572	1,358	89	103
Member Bank Deposits—						
In Cities under 15,000 Population		\$462,195,000	\$470,301,000	\$454,367,000	98	102
In Cities over 15,000 Population		461,188,000	478,948,000	455,025,000	96	101
24 City Member Banks—						
Loans Secured by Stocks and Bonds		\$79,977,000	\$84,614,000	\$82,375,000	95	97
All Other Loans		173,388,000	176,262,000	165,859,000	98	105
Securities		130,637,000	130,906,000	133,562,000	100	98
Net Demand Deposits Subject to Reserve		215,565,000	221,347,000	226,881,000	97	95
Time Deposits		139,237,000	141,348,000	137,575,000	99	101
Borrowings at Federal Reserve Bank		8,493,000	10,409,000	1,500,000	82	566
Minneapolis Federal Reserve Bank—						
Bills Discounted		11,483,856	13,341,558	3,232,582	86	355
Federal Reserve Notes in Circulation		61,274,295	61,978,890	56,274,730	99	109



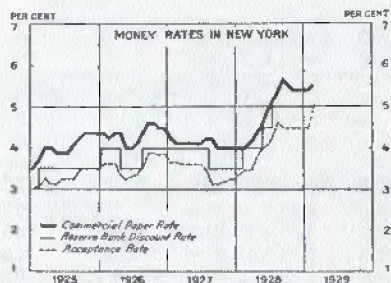
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average=100). Latest figure, January, 117.



Index of United States Bureau of Labor Statistics (1926=100, base adopted by Bureau.) Latest figure, January, 97.2.



Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first 23 days of February.



Monthly rates in the open market in New York; commercial paper rate on 4- to 6-month paper and acceptance rate on 90-day bankers' acceptances. Latest figures are averages of first 23 days in February.

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

Manufacturing and mining increased in January and the first part of February, while building continued to decline. Wholesale commodity prices rose slightly. Reserve bank credit declined between the middle of January and the middle of February, reflecting chiefly a reduction in reserve balances of member banks.

PRODUCTION: Industrial production increased in January and continued to be larger than a year ago. The output of pig iron, steel ingots and automobiles was in record volume for January. The high rate of steel activity reflected large purchases from automobile manufacturers and also increased demand from railroads. Domestic output of refined copper, while continuing in large volume, was somewhat lower in January than in December. The activity of textile mills increased considerably in January. In the mineral group, the output of copper ore, bituminous coal and petroleum was exceptionally large and anthracite coal and tin also increased. In the first part of February, preliminary reports indicate the maintenance of a high level of industrial activity. Steel plants operated at a high percentage of capacity; the output of coal continued large and employment in Detroit factories increased. The production of petroleum, however, declined slightly in the middle of February.

Building activity declined in January for the third successive month, reflecting primarily a large reduction in awards for residential building, while commercial building awards increased somewhat. The value of building contracts let during the first six weeks of the year was substantially lower than in the corresponding period of either 1928 or 1927.

TRADE: Shipments of freight by rail increased during January and the first two weeks of February, and were larger than a year ago. The increase during January reflected primarily larger shipments of coal and coke and live stock. Sales by wholesale firms were seasonally larger in January and above the level of a year ago. Department store sales declined less than is usual at this season and were considerably higher than in January, 1928.

PRICES: The general level of wholesale prices rose somewhat in January. Prices of grains, live stock and meats advanced and there were also price advances in steel, automobiles and copper. A decrease in the group index for building materials reflected reductions in the prices of lumber and brick and prices of pig iron, silk, cotton and petroleum also declined. Among the raw materials, rubber advanced sharply in price, while silk, cotton and hides declined. During the first half of February, the price of copper advanced to a new high level, and the price of rubber continued to rise. Among the agricultural commodities, prices of wheat, corn and hogs rose, while sugar and cattle declined slightly.

BANK CREDIT: On February 20, total loans and investments of member banks in leading cities were nearly \$90,000,000 smaller than in the middle of January, owing chiefly to reductions in the banks' investment holdings. After the first week in February, security loans declined, while all other loans, largely commercial, increased somewhat in February. During the five weeks ending February 20, a decline in the reserve balances of member banks, together with a considerable inflow of gold from abroad and some further decline in the demand for currency were the chief factors accounting for a decline of \$173,000,000 in the volume of Reserve bank credit in use. A large decline in Reserve bank holdings of acceptances and United States securities was offset in part by a small increase in the volume of member bank borrowing. Open market rates on bankers' acceptances and commercial paper advanced, while rates on collateral loans showed little change.