

CROP and BUSINESS CONDITIONS

NINTH FEDERAL RESERVE DISTRICT

REPORT OF

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TO THE

FEDERAL RESERVE BOARD

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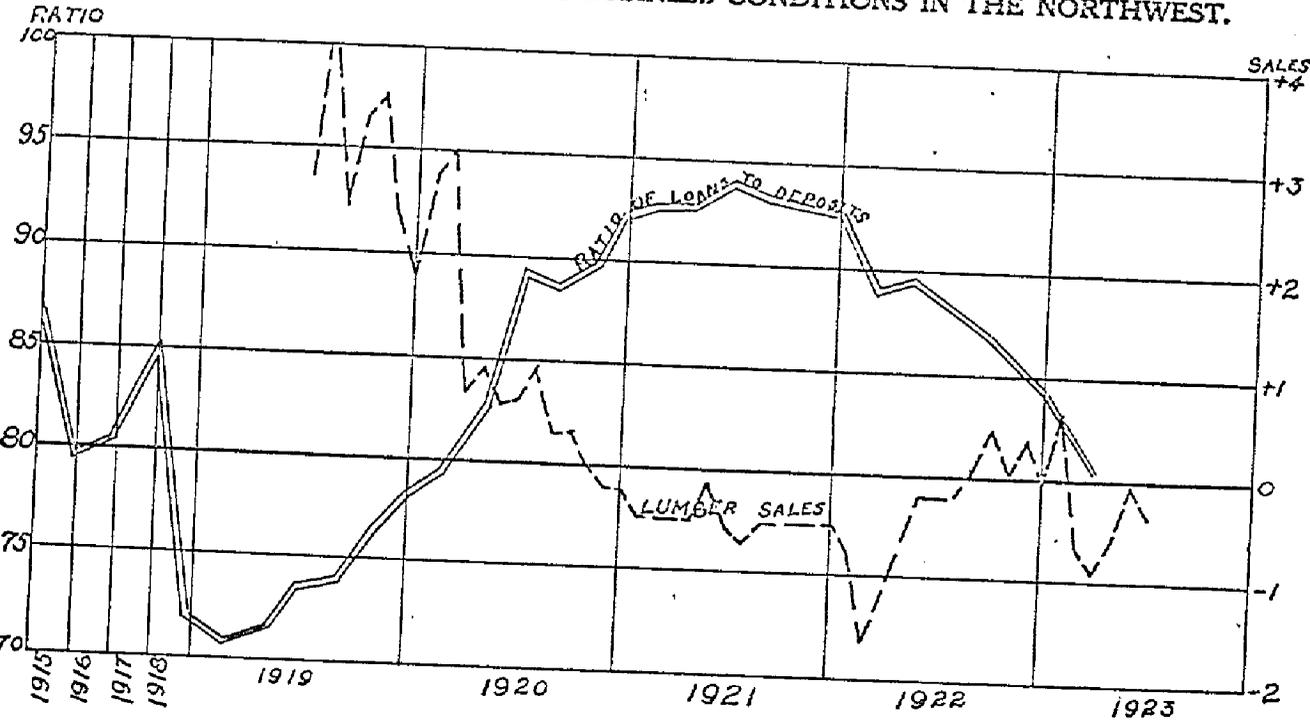
102nd Report

MINNEAPOLIS, MINN.

July 28, 1923

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

GRAPHIC SUMMARY OF RURAL BUSINESS CONDITIONS IN THE NORTHWEST.



For convenience in comparing current and past conditions two important indices of rural business conditions in this district have been combined in one chart this month. The curves shown represent subjects for which we have data covering a sufficient number of years to permit of reasonably satisfactory comparisons. When other series now being compiled acquire a sufficient span of years, other curves will be added to this chart. The curves shown were derived as follows:

Lumber Sales: One valuable index of the farmer's economic position, purchasing power, and confidence in the future is the sales of lumber at retail yards in this district, outside of the larger cities. Usually these sales represent purchasing power in excess of the farmer's needs for food, clothing and other immediate necessities. However, it should be borne in mind, that at times the purchase of lumber to make repairs is almost as urgent a necessity as food and clothing, especially following protracted periods of absence from buying. The sales in board feet of 719 yards, which we estimate to be at least one-fourth all of the country yards in this district, have been included in preparing this curve. None of these yards are located in Minneapolis, St. Paul or Duluth. An adjustment has been made to eliminate sea-

sonal influences by a method substantially the same as that described on page seven of our March 28 report.

Ratio of Loans to Deposits: The best available index of short-time credit or banking conditions in the country districts is the percentage relation between total loans and total deposits of all sorts in country banks. When the ratio of loans to deposits is high, banks are in an extended condition, and when this ratio is low, their potential loaning power is great. In this curve the figures of state and national banks in Minnesota, North Dakota, South Dakota and Montana are included, with the exception of national banks in the Twin Cities which are large reserve holding banks, and hence are not subject to the same influences as affect the banks in rural communities. The curve, therefore, reflects the condition of country banks in this district, except that a small fraction of the total figures used represents Twin City state banks and trust companies, and also banks in northern Minnesota and some parts of Montana which are non-agricultural in character. The figures are taken as of the various bank call dates during the past four and one-half years and there are also included figures as of June 30 from 1915 to 1918 inclusive. Owing to the fact that bank reports of condition are not available on uniform dates, no adjustment for seasonal change has been attempted.

DISTRICT SUMMARY FOR THE MONTH.

Significant changes are taking place in the direction followed by agricultural activity in these north-western states. July 1 reports indicate increases in corn and flax acreage and production, and decreases in spring wheat, durum wheat and rye. The reduction in potato acreage is probably contrary to the long time trend owing to the extremely low prices received last year. This tendency toward a greater diversity in cereal production in this district constitutes a good beginning for the readjustment that must be made to bring our production into harmony with world needs.

Wheat, rye and flax moved to market during the month in larger volume than a year ago and larger than the ten-year average. This, coupled with repeated mention of good prospects for crops in other parts of the United States and foreign countries, depressed all grain prices in the Minneapolis market during the month. Marketing of live stock was heavy only in the case of hogs and calves. A continuation of the apparent tendency to build up sheep herds and dairy herds prevented a general decline in all live stock prices.

The volume of general business, when measured by individual debits, increased 3 per cent. during the month of June, which increase is fully up to normal for this month according to the experience of the past four years. Soo Canal tonnage, both east and west bound, indicates a much greater improvement over last year. In spite of this maintenance of the volume of business, business failures continued unchanged, indicating that price margins have not been satisfactory for the marginal firms.

Retail sales of lumber increased, but department store sales declined. When comparison is made with normal trends for this season, it appears there has been some recession. Retail stocks, however, both of lumber and general merchandise, have been declining and do not appear to be excessive, although they are somewhat larger than a year ago. It is altogether probable that retailers are making a careful study of their stocks because their pur-

chases from wholesalers have been far from uniform in different lines. Agricultural implements and groceries moved in greater volume than during the preceding month, while lumber orders, sales of dry goods, hardware and shoes declined. As compared with a year ago, the contrast between sales in different lines is even greater, groceries and hardware increasing slightly, and shoes increasing more than one-fourth, while declines are shown in agricultural implements, lumber orders and dry goods, the decline being greatest in the last named.

Manufacturing volume exhibited mixed trends. During the month, flour production improved while lumber manufacturing declined. Compared with a year ago, lumber cut increased and flour production declined. The movement of products to market was better as compared with last month and a year ago in flour and linseed cake, but lumber shipments declined. Stocks of lumber manufacturers increased during the month nearly one-tenth, but at the end of the month were nearly one-tenth below a year ago. Mining activity increased in all lines except copper, and maintained a level well above a year ago.

Projected building activity as shown by the number and valuation of permits granted, declined during the month more than a seasonal amount, but did not fall below the same month a year ago. This hesitation in launching building projects has been due very largely to a lack of confidence in the stability of building material prices which continued the decline beginning one month earlier.

Financial conditions, as reflected by changes in the balance sheets of selected banks in the larger cities during June indicate a greater economy in the use of deposits and a tendency to liquidate obligations. During the first half of July this movement was reversed, there being an increase in deposits and a much smaller increase in loans. Borrowings at this Federal Reserve Bank increased both during June and the first three weeks of July. Federal Reserve notes expanded unseasonably in July. Interest rates increased slightly according to the average computed by this office for 13 standard varieties of

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paper handled in the Minneapolis market during the month ending July 15.

TOPICAL REVIEWS.

Readjustment of American Wheat Acreage to Meet World Conditions: At a conference of economists and statisticians held in the offices of the Department of Agriculture on July 11 and 12, a careful survey was made of all the available information regarding the stocks, acreage and probable production of the bread grains. From this data, it was concluded and announced that world wheat stocks today are not much different from a year ago, that the probable production of the northern hemisphere will be only moderately larger than that for 1922 in the same territory, and that present unsatisfactory prices are due to the over-expansion of wheat acreage in the chief exporting countries, coupled with a decreased buying power in Europe. The collapse of Russian wheat exports during the war brought such high prices that other exporting countries increased their acreage very greatly, and today the exporting countries outside of Russia and the Danubian countries, have fully 28 million acres more wheat planted than before the war. The conference recommended a decrease of acreage upon the part of the American winter wheat farmers this fall, as a first step towards accomplishing the readjustment that will become very necessary as soon as Russia returns to full production and heavy exports some years hence.

Many of the spring wheat farmers in the Northwest, heeding the warning of low prices, made acreage cuts at planting time this year. When a comparison is made between the wheat acreage of 1923 and the average prevailing during the pre-war years 1909-13, it appears that Minnesota has about 2 1-3 million acres less, South Dakota 3/4 million acres less, North Dakota about 1-6 million acres less, while Montana has about 2 1/2 million acres more.

A similar comparison for winter wheat farmers indicates that acreages are much greater in certain states, the greatest differences appearing in the following: Kansas, over 3 1/4 millions; Oklahoma, 2 millions; Illinois, nearly 1 1/4 millions; Colorado, 1 million; Missouri, nearly 1 million, and Texas, nearly 1 million.

For the United States as a whole, the net result of the increases and decreases in the different states is a total of more than 11 million acres above the pre-war level or an increase of nearly 24 per cent. Some of this increase should naturally be expected to be absorbed by the growth of population in the United States during the last 10 years, but such increase has not been far from 5 per cent. This excess of 11 million acres should produce between 140 and 175 million bushels, and the increase in population should absorb about 25 million bushels, indicating that we are now depending more largely upon the export market than in pre-war years. It is estimated that in pre-war years we ex-

ported 15 per cent. of our crop, whereas today we must export about 25 per cent. These facts regarding current production and the export movement have doubtless been discounted by the trade to such an extent that no further emphasis needs to be added, except that it may reasonably be questioned whether the salient facts regarding the world's acreage of bread grains has become fully known to the individual producer.

Many alternatives to wheat-raising have been suggested to the farmer, and local circumstances such as soil, moisture, market, and available capital, will doubtless decide in each case what will be done. The greatest controlling force in practice as heretofore, will be the prices of the several possible products a short time before the farmer makes his plans. More land may be put into corn and flax. Some farmers will increase their pasture lots, and beef herds. Others who have the requisite training and who can obtain the necessary capital will take up dairying. Those nearer the large cities and markets will increase their poultry and garden products, while those most distant from those markets may need to continue their wheat production in order to have a product of great value in small bulk for shipment, or they may let the land lie fallow for a year or revert to native grass.

Acreage Estimates and Crop Forecasts: The corn acreage in the four states wholly contained within this district is nearly 10 per cent. larger than a year ago, according to July 1 estimates of the United States Department of Agriculture. The acreage sown to flax is 76 per cent. larger and the acreage in potatoes 18 per cent. less. The figures follow:

July 1, 1923, Crop Acreage Estimates and 1922 Acreage by States. (000's omitted)

	1923	1922
CORN		
Minnesota	4,337	3,979
Montana	350	219
North Dakota	721	680
South Dakota	4,170	3,861
Total	9,578	8,739
FLAX		
Minnesota	544	377
Montana	152	127
North Dakota	1,207	575
South Dakota	338	193
Total	2,241	1,272
POTATOES		
Minnesota*	399	486
Montana	41	46
North Dakota	148	198
South Dakota	97	110
Total	685	840

Moisture and temperature conditions during June were favorable for crops throughout this district, except in North Dakota. Some damage from grasshoppers and hail were reported from the western part of the district. In general the hot weather of the first part of June was offset by cooler weather and plentiful rains during the last half of the month so that the July 1 forecasts were larger than the June 1 forecasts for spring and winter wheat and oats in the three states of Minnesota, South Dakota and Montana. North Dakota forecasts for spring wheat and oats were lower, and in the case of the former, the decline was sufficient to bring the district figure down more than 6 million bushels. The July 1 forecasts for barley were lower than those of June 1 in every state but South Dakota and the July 1 forecasts for rye were lower in every state but Montana and the four-state forecasts for these two grains were lower than a month ago.

Corn and flax forecasts on July 1 were very much larger than the final estimates for 1922, but potatoes showed a reduction. The figures are given in the table at the foot of the page.

Growing conditions in the four states have been favorable during the first half of July, according to the regional summary of July 19 issued by the United States Bureau of Agricultural Economics. The general remarks from this report follow:

"Seasonable weather marked the first half of July in the four spring wheat states, during which period higher temperatures were reported as benefiting spring grains in Montana, while further showers in North Dakota have enabled the later seedings to make some recovery from the June drouth. In Minnesota and the Dakotas early seeded spring wheat is now mostly in the filling stage with seasonable weather favoring ripening and with only nominal stem rust damage to date, although rust infection is present to a greater extent than a year ago. Winter rye harvest is well under way in South Dakota

and the crop is generally at cutting stage elsewhere, with, on the whole, only a fair prospect possible. Montana winter wheat is turning, and cutting has already started in southern Minnesota, the general prospect for winter wheat being somewhat better than that of its sister crop rye. Corn in Minnesota is given a good prospect, North Dakota corn is well above average, and early varieties of corn are now tasseling. Potatoes are given a good promise in South Dakota and Minnesota prospects are generally good and while some improvement is noted in North Dakota where fields generally are receiving more care than last year, the eastern or valley crop still shows many poor spots. Weather generally has favored flax in the Dakotas where early fields are looking quite good, weeds being the principal complaint in case of the late seedings. Hay harvest in all four states appears to have proceeded normally with occasional interference from showers. Grasshopper damage in Montana is reported under control with the area of heavy infection about the same as in the last report. While farm labor demands are increasing with approach of harvest, no serious shortages are reported to date."

Manufacturing remained dull during June. Statistics for flour and linseed cake showed better condition in June than prevailed in May, but the June figures for linseed oil and lumber manufacturing showed weakness. Flour production declined 7 per cent. between May and June, which is a slightly greater decline than occurred on the average during the last three years. Flour shipments from Minneapolis and Duluth-Superior, however, showed an increase of 17 per cent., which compares with declines in 1921 and 1922 and an increase of 25 per cent. in 1920. Linseed cake shipments increased 25 per cent. as compared with a decline of one-fifth in 1922, a small increase in 1921 and an increase of more than one-third in 1920. Linseed oil shipments were down one-fourth, as compared with increases in each of the three preceding years. Lum-

JULY 1 FORECASTS WITH COMPARISONS
(In bushels; 000's omitted)

	Spring Wheat			Winter Wheat			Corn			Oats		
	Forecasts		Estimate	Forecasts		Estimate	Forecasts		Estimate	Forecasts		Estimate
	7-1-23	6-1-23	1922	7-1-23	6-1-23	1922	7-1-23	6-1-23	1922	7-1-23	6-1-23	1922
Minnesota	20,539	20,057	25,345	1,424	1,387	1,691	167,387	.....	131,307	134,459	128,621	142,746
North Dakota..	71,147	82,107	123,234	.....	.....	.....	16,818	.....	18,700	53,073	59,566	76,504
South Dakota..	22,976	30,228	38,188	617	539	1,524	129,270	.....	110,033	78,326	73,440	74,400
Montana	42,106	41,048	39,881	5,946	5,439	6,369	8,120	.....	5,475	20,735	18,654	19,200
Four States...	166,768	173,440	226,648	7,987	7,365	9,884	323,595	.....	265,520	266,603	280,231	315,150
Ninth District.	166,983	173,522	227,082	8,614	8,077	10,614	339,019	.....	282,352	309,464	303,929	341,574
United States..	224,739	236,039	275,887	585,839	550,541	586,204	2,877,437	.....	2,890,712	1,253,717	1,256,456	1,201,406
	Barley			Rye			Flax			Potatoes		
	Forecasts		Estimate	Forecasts		Estimate	Forecasts		Estimate	Forecasts		Estimate
	7-1-23	6-1-23	1922	7-1-23	6-1-23	1922	7-1-23	6-1-23	1922	7-1-23	6-1-23	1922
Minnesota	21,520	22,085	24,062	15,428	16,262	21,926	5,229	.....	3,200	29,772	.....	43,740
North Dakota..	22,157	25,722	25,704	10,125	13,764	24,506	8,328	.....	5,460	11,951	.....	17,820
South Dakota..	24,333	22,476	21,896	3,889	4,092	7,962	2,864	.....	1,334	5,294	.....	8,359
Montana	1,924	2,053	1,925	1,326	1,269	1,827	1,082	.....	889	5,130	.....	5,796
Four States...	69,934	73,366	72,587	30,768	35,228	56,161	17,593	11,383	65,147	75,936
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United States..	198,105	196,110	186,118	68,704	72,473	95,497	17,966	11,668	381,726	451,155

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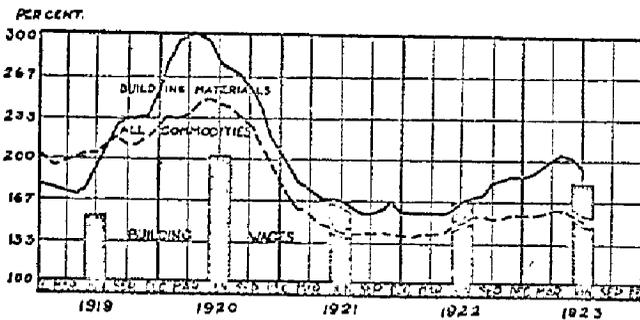
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ber shipments declined 12 per cent., as compared with increases in 1921 and 1922, and the stocks of lumber held by representative manufacturers increased nearly 8 per cent., as compared with a slight increase in 1921 and a slight decline in 1922. The cut of lumber in June in this district was about as large as in May, which is a seasonal occurrence at this time of year. As compared with June last year, the lumber cut was one-third larger and flour production slightly smaller. Flour shipments were 12 per cent. larger, and linseed cake shipments were three and one-half times as large, but linseed oil and lumber shipments were 10 and 19 per cent. less, respectively. Lumber stocks were 9 per cent. lower at the end of June than a year ago.

Building permits in eighteen cities of this district showed a 25 per cent. decline in number and an 18 per cent. decline in valuation between May and June. This decline was more than seasonal in both cases. As compared with June last year, the number was about the same and the valuation slightly greater. Building material prices at wholesale declined sharply between May and June. The index number compiled by the Bureau of Labor Statistics fell from 202 to 194. This continues the decline which began last month and the curve is now strongly reminiscent of the curve in 1920 for the same months. Using these building material price indexes to adjust the valuation of permits granted so that the influence of price changes is practically eliminated, it appears that the physical volume of building projected during June was 10 per cent. lower than in June, 1922, and somewhat lower than in June, 1921, but larger than in June, 1920 or 1919. For the six months ending June 30, the valuation of permits granted, after making the price adjustment, has been about 13 per cent. less than a year ago. The average building permit during June with price adjustment showed a more than seasonal decline, making the decline continuous for five months, with the exception of March.

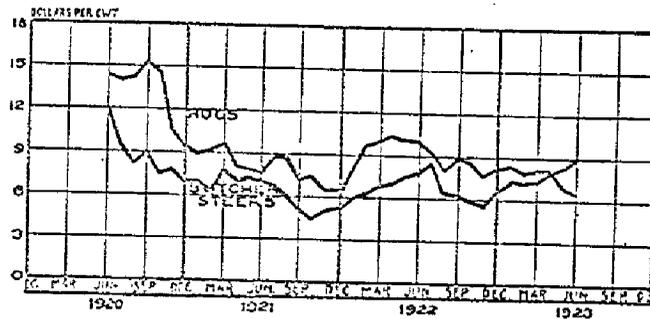


Wholesale Prices of All Commodities and of Building Materials. (Index Computed by United States Bureau of Labor Statistics—1913 Equals 100.)
Building Wages at Fourteen Minnesota Cities

Livestock receipts, with the exception of sheep, declined between May and June. Receipts of hogs and calves were very much larger than the ten year average for the month and larger than last year's receipts during June, cattle receipts were above

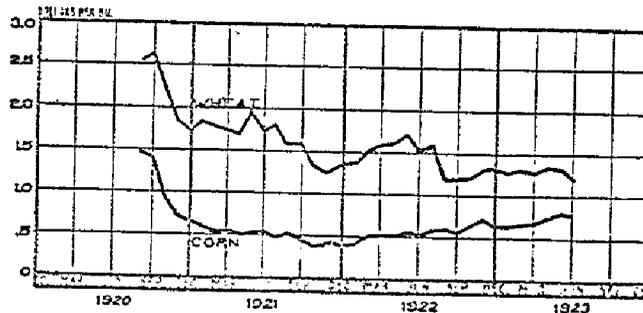
normal but one-fourth lower than a year ago and sheep receipts were subnormal and one-third below receipts a year ago. Shipments of feeders declined between May and June, with the exception of sheep and cattle, and cattle and sheep feeder shipments were smaller than in June last year and feeder hog and calf shipments were larger than a year ago.

Receipts of grain at Minneapolis and Duluth-Superior were small during June, as is customary at this season of the year, but there was an increase of nearly one-third over May receipts, in which all grains participated. June receipts were 12 per cent. less, however, than receipts during the same month last year, although receipts of wheat, rye and especially flax were larger than a year ago. June receipts of wheat, rye and flax were above the ten year average for the month and receipts of oats and barley were below. Corn receipts for June this year were smaller than June receipts during the last three years and somewhat larger than June receipts in 1919.



Median Prices of Hogs and Butcher Steers at South St. Paul

The majority of farm product prices at northwestern terminal markets declined materially in median price between May and June. World crop news was a principal factor in the reduction of all of the grain prices. Flax declined more than 16 cents, wheat more than 11 cents, rye more than 8 cents, and corn, oats and barley about 2 cents a bushel. There were three declines and two increases in the live stock medians. Heavy receipts forced hog median prices down 40 cents and the marketing of large quantities of grass fed cattle caused a decline of 50 cents in the median price for butcher cows and \$1.50 in the median price for feeder steers. The median price of veal calves remained un-



Median Prices of Wheat and Corn at Minneapolis

changed, and there was an increase of 75 cents in butcher steers and \$1.50 in lambs. On the basis of June median prices for corn and hogs, the pork producer had an estimated margin of but 5 per cent. to cover all costs of labor and marketing and all feed, other than corn.

The volume of business, when measured by debits to individual accounts of banks in nine representative cities, increased nearly 3 per cent. between May and June, which was a slightly larger increase than normal, judging from the experience of the last four years. The volume was larger in June than in June of any of the four preceding years, with the exception of 1920.

Further evidence of the increase in business in June over May is found in the record of Soo Canal traffic. Eastbound traffic was almost two-fifths larger in June than in May and westbound traffic showed a slight increase. The increase in eastbound traffic was caused by increased shipments of iron ore, copper, lumber, flour and grain, other than wheat, and coal accounted for the increase in westbound traffic. As compared with June last year, seven times as much tonnage passed through the canal westbound, for in June last year there was very little coal moved, and eastbound traffic was more than one-third larger this year on account of large shipments of flour, wheat, copper and iron ore.

The number of business failures was about as large in June as it has been in each of the last four months, and was nearly as large as in June last year. The liabilities involved in June failures were about one-third of the liabilities in May, but if one large failure in May were excluded, the June figures would show a larger total. June liabilities were also somewhat larger than liabilities involved in June failures last year.

Retail trade showed some recession as compared with normal during June. Lumber sales at country yards increased 14 per cent., which was less than the seasonal increase and department store sales declined 5 per cent., which was more than the seasonal decline. Retail stocks of goods declined somewhat in both department stores and lumber yards. The movement was entirely seasonal for lumber, but the drop was more than seasonal for department store stocks. Lumber stocks, making allowance for seasonal changes, have remained at about the lowest level reached in the last three years for the full half year, but department store stocks climbed rapidly as compared with the three year normal from January to April and have declined somewhat for the past two months. As compared with last year general merchandise sales during June were 9 per cent. larger and lumber sales 5 per cent. smaller. Stocks in both lines are larger this year than a year ago.

Wholesale trade showed more declines than increases between May and June. There were increases of one-third in farm implement sales, and

one-tenth in groceries, but lumber orders declined one-tenth, dry goods and shoe sales declined one-seventh and hardware sales declined slightly. As compared with last year, grocery and hardware sales in June were slightly larger and shoe sales were one-fourth larger. June sales of dry goods, however, were much smaller, being less than one-half of last year's sales. Lumber orders were down 25 per cent. Farm implement sales during June were 11 per cent. less than a year ago. Throughout the first half of this year groceries, hardware and shoes have shown consistently larger sales in dollar amounts than during the same months a year ago, but wholesale dry goods, farm implements and lumber exhibited opposite tendencies.

Financial developments in the Northwest during June consisted principally of a large decline in demand deposits and a smaller decline in loans, according to reports secured from 29 selected member banks in the larger cities. Demand deposits declined more than 11 million dollars from the figure at the end of May, when the deposit total was artificially sustained by certain tax payments. Time deposits also declined slightly during the month. Loans declined for the second month, this time by almost 4 millions. Security holdings of these banks increased 1½ millions, to the highest month-end point since our records began in 1919, and borrowings from this Federal Reserve Bank increased 1 million. During the first two weeks in July the loans of these banks increased nearly one-half million, demand deposits 3½ millions and time deposits about 1 1-3 millions. Reserves increased 1 2-3 millions and security holdings were reduced by the same amount. Changes not accounted for in the above description probably occurred in the float of these banks and their position with correspondents.

Savings deposits at Minneapolis, St. Paul and Duluth increased 1 1-3 per cent. during June and were 13 per cent. larger than a year ago.

Commercial paper outstanding in this district declined almost 4 per cent., continuing the decline from the April peak. Such a decline is normal for this time of year.

Prevailing interest rates showed a very slight increase during the month ending July 15, according to quotations by three Minneapolis banks. There were fractional increases in broker's commercial paper and in cattle loan and commodity paper rates and smaller fractional declines in the longer maturities of prime customers' commercial paper, in bankers' acceptances and in paper secured by stock exchange collateral.

This Federal Reserve Bank experienced a further increase of almost 2½ millions in borrowings by member banks during June, with the Twin City banks taking a large share of the increase. Montana, South Dakota, North Dakota and Michigan banks also increased their borrowings, but Wisconsin banks and Minnesota banks, outside of the Twin

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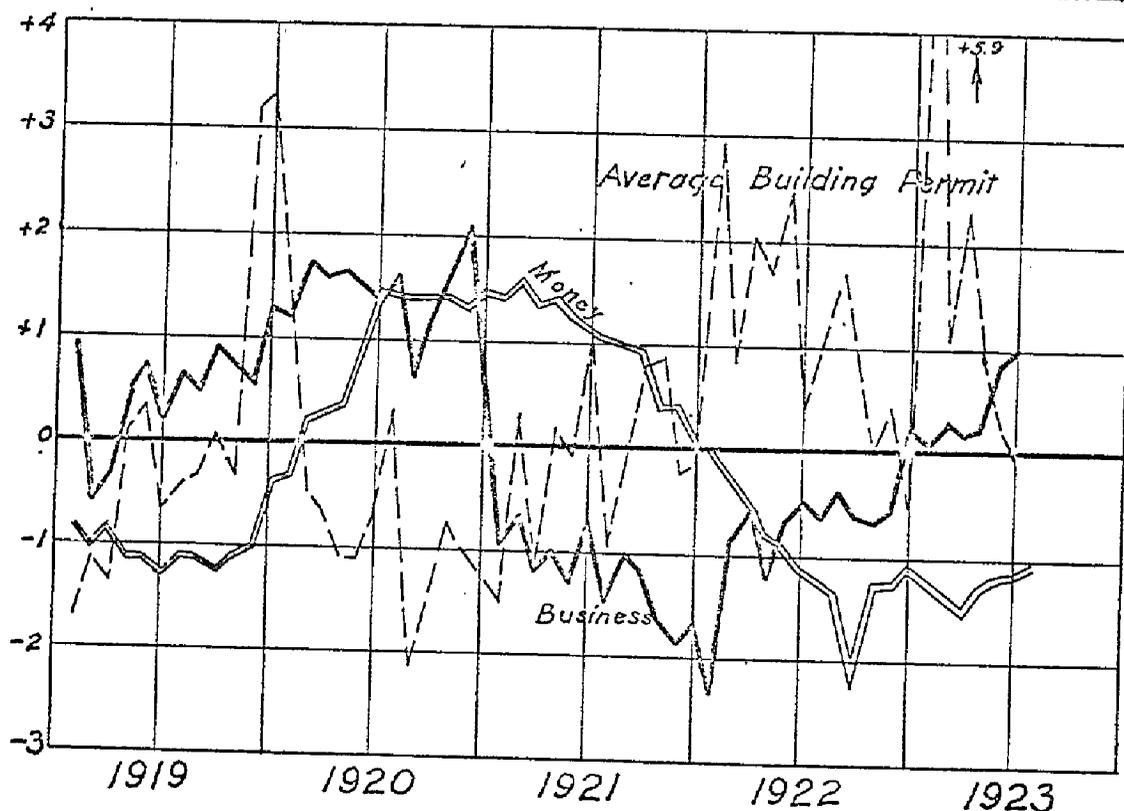
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Cities, reduced their borrowings. To meet the increased borrowings, security holdings were reduced nearly $2\frac{1}{2}$ million dollars. Member bank and other deposits declined almost $5\frac{1}{2}$ millions during June and the cash reserves of this bank were drawn down by approximately the same amount. Federal reserve notes in circulation were as large in volume at the end of the month as at the beginning. During the first three weeks of July, there was a further increase of three-fourths of a million dollars

in discounts of this bank, and increases of more than 2 millions in deposits, and one million in reserves; while security holdings declined $1\frac{1}{2}$ millions. Federal reserve notes in circulation increased more than $1\frac{3}{4}$ millions on account of currency requirements to meet June 30 payments and to furnish spending money for the July 4 holiday. There was the peculiarity this year of note issues expanding during the week following July 4, whereas normally there is a decline.

GRAPHIC SUMMARY OF URBAN BUSINESS CONDITIONS IN THE NORTHWEST



This chart, which was first published by us last month, has been continued in accord with the latest data. All three curves show a continuation of the same trends which prevailed a month ago.

BUSINESS: The best single available index of general business is individual debits. These represent the aggregate dollar value of all payments made by bank checks, and therefore reflect both the volume of business and the prevailing prices. Nine representative cities for which we have consecutive figures are combined in this curve.

AVERAGE BUILDING PERMIT: The number and value of building permits granted are customarily accepted as indicative of prospective business activity. This graph, however, shows the average size of building permits for eighteen selected cities, thereby giving greater weight to the larger projects which are either started or deferred because of business considerations, and which have a determining influence upon the degree of activity in the building trades and in the supply of materials. To a certain extent this curve furnishes an index of business sentiment which is made up very largely of confidence in the stability of prices. The variation of building material prices, as compared with 1913 levels, has been eliminated in constructing this graph.

MONEY: Commercial money rates have been averaged for 13 varieties of paper in Minneapolis. National rather than local business conditions determine this rate, but it is an important consideration in local enterprises.

These curves have been constructed from data collected by this office and adjusted to eliminate seasonal influences except for money rates. Further adjustment in these curves for seasonal or secular trends appears to be inadvisable as data now available do not cover years prior to 1919. The curves shown were constructed substantially by the method described on page 7 of our March 28 report.

Summary of National Business Conditions (Compiled July 25 by Federal Reserve Board)

Production of basic commodities declined in June, but employment was maintained at last month's high level, freight shipments were exceptionally large, and the volume of wholesale and retail trade continued heavy. Wholesale prices showed a further decrease.

PRODUCTION: The Federal Reserve Board's index of production in basic industries, which makes allowance for seasonal variations, was four per cent lower in June than in May, and stood at about the level of the late winter. Mill consumption of cotton, steel ingot output, and sugar meltings showed particularly large reductions. The value of permits for new buildings and of contracts awarded declined in June more than is usual at that season. The Department of Agriculture forecasts, on the basis of July 1 condition, a large increase in the cotton crop, a slight reduction in the corn crop, a winter wheat crop of about the same size as last year, and a spring wheat crop which will possibly be about forty million bushels below 1922. The number of factory employees at work in June in the country as a whole was about as large as in May, though a reduction is reported by New England establishments. The proportion of factories reporting full time operations decreased and consequently average earnings per employee were smaller. Wage advances continued to be reported in June, but they were not nearly so numerous as in April or May.

TRADE: Distribution of commodities as measured by railroad freight shipments, was active throughout June. The number of cars loaded exceeded one million in each of four successive weeks, and in the week ended June 30 was the largest on record. The volume of wholesale and retail trade in June was about the same as in May and continued to be substantially larger than in 1922. Sales of groceries and dry goods were much larger in June and this increase was reflected in an advance of four per cent in the Federal Reserve Board's index of wholesale trade. This index, which makes no allowance for seasonal changes, was nine per cent above the June, 1922 level. Department store and mail order sales were smaller, as is usual at this season, while sales of reporting chain stores were at about the same high level as in May. Stocks of merchandise at department stores were reduced about six per cent.

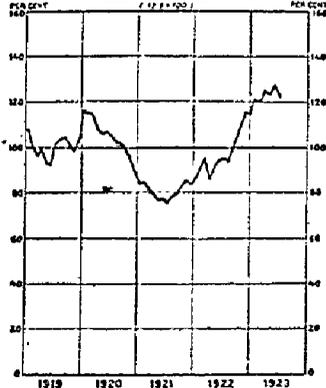
WHOLESALE PRICES: The decline in commodity prices, which began late in April, continued during June and the first two weeks of July and the index of the Bureau of Labor Statistics for June was two per cent less than for May. The largest decline, amounting to four per cent, occurred in the price of building materials, and decreases were shown also for all the other commodity groups, except house furnishings, which remained unchanged. During the first half of July price declines were shown for wheat, sugar, petroleum, and lead, while the price of corn and hides advanced.

BANK CREDIT: Banking developments between the middle of June and the middle of July largely reflected the payment of income taxes on June 15, dividend and interest payments at the turn of the half year, the demand for additional currency for the July 4 holiday, and the return flow of currency after that date. At the end of the period the volume of member bank and Federal reserve bank credit in use was approximately at the same level as a month earlier. At the Federal reserve banks the amount of discounts for member banks on July 18 was about \$100,000,000 larger than on June 13, but this increase was practically balanced by a decline in holdings of acceptances and government securities.

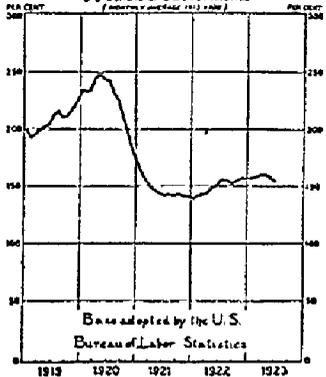
During the month of June gold and gold certificates in circulation increased by over \$40,000,000 and this increase is reflected in an equivalent decline of gold held by the Federal reserve banks.

Money rates were slightly firmer as is usual at this season of the year.

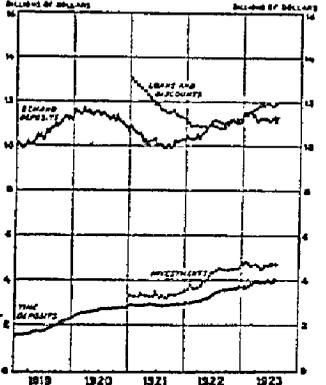
INDEX OF PRODUCTION IN BASIC INDUSTRIES
COMPOSITION OF 12 INDIVIDUAL SERIES
CORRECTED FOR SEASONAL VARIATION
(1913=100)



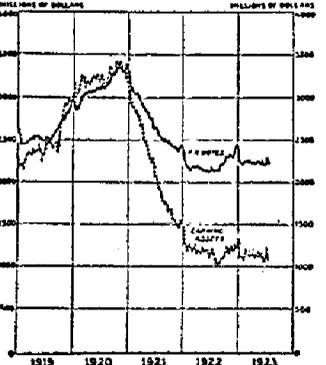
PRICES
INDEX NUMBERS OF WHOLESALE PRICES
U. S. BUREAU OF LABOR STATISTICS
(1913=100)



BANK CREDIT
800 MEMBER BANKS IN LEADING CITIES
BILLIONS OF DOLLARS



BANK CREDIT
ALL FEDERAL RESERVE BANKS
BILLIONS OF DOLLARS



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Assistant
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+3
+2
+1
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