

MONTHLY REVIEW

OF

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

NINTH FEDERAL RESERVE DISTRICT

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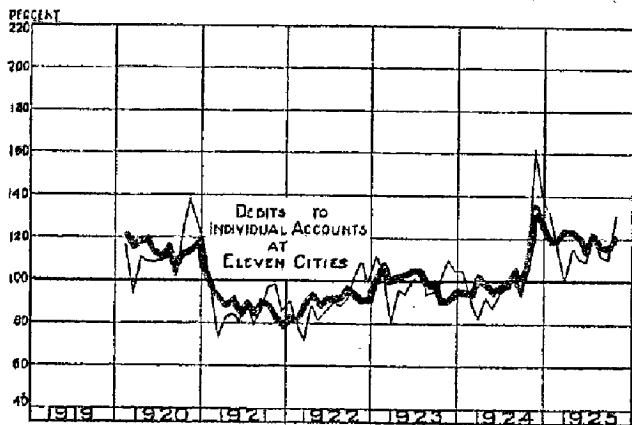
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DISTRICT SUMMARY FOR THE MONTH

Business in this district during September continued on a level well above that of a year ago, both in physical volume and in money value. Debits in September were one-tenth larger than in the same month of last year, owing to a heavy movement of livestock and a noteworthy recovery of business in the grain belt cities of North Dakota. During the first two weeks of October, however, debits were one-tenth below the same period in the preceding year owing to the extraordinarily heavy activity of the grain trade last year and the slowing down of grain marketing after the end of September this year. However, the total of debits for all our cities, excepting the terminal market cities, during the first half of October this year were one-third greater than their debits in the same half month last year. The improvement in the physical volume of business also appears to be quite general, as total car-loadings increased in spite of the fact that the car-loadings of grain declined. Shipments of flour, iron ore, linseed products and miscellaneous freight increased substantially as compared with a year ago.



Debits to Individual Accounts at Banks in 11 Cities in the Ninth Federal Reserve District by months, 1920-1925. Heavy curve represents figures adjusted to eliminate seasonal changes; light curve represents actual or unadjusted figures.

Grain receipts increased seasonally in September, but did not quite equal the volume of September last year. A much larger portion of this year's crop is being held by farmers unsold on storage

tickets than for several years. Cash prices for all the grains, except flax, declined during the month, and bread wheat and flax alone were selling on an import basis at prices above the levels of a year ago. The situation with reference to the feed grains has been particularly depressing to their prices due to large stocks, particularly of oats. Stocks of all kinds of grain at terminals were one-half again as large at the end of September as last year. Trading in grain futures increased during the month one-tenth, as compared with a year ago.

Livestock receipts in September, measured by the number of head, were well above the volume a year ago, owing to a movement of calves and hogs much larger than is customary for this season of the year. Prices for livestock exhibited mixed trends during the month, but the quotations for all grades except stocker and feeder steers, were above the levels of a year ago.

There is some uncertainty as to the exact situation with reference to merchandising. Retail sales and stocks of department stores increased slightly as compared with September last year, while the only marked gain in wholesale trade was in the sales of shoes. September sales at wholesale this year were fairly satisfactory, with about the same totals as in September last year, as the comparison is being made with the unseasonably large volume of September, 1924. In the rural districts and smaller cities, there was an apparent improvement in the volume of effective purchasing power. Sales of lumber by retail yards scattered throughout this district increased substantially as compared with last year. Pronounced increases in building activity for the first nine months of 1925 as compared with the same months in 1924 have been exhibited in a large portion of our smaller reporting cities.

Insurance companies during September bought city mortgages in much larger volume and the public made larger purchases of foreign and industrial bonds than either a year ago or a month ago.

Prospective business activity as indicated by building statistics has improved greatly, both as compared with a year ago and a month ago, after making allowance in the latter comparison for seasonal tendencies. Industrial building increased.

Financing and banking conditions may be characterized as easy. Banks in the larger cities increased their loans, chiefly of a commercial and agricultural character, both during September and during the first half of October, without increasing their borrowings from this Federal reserve bank. At the same time, this Federal reserve bank experienced a reduction in loans to borrowing member banks located in the country districts. A very general increase took place throughout the district in deposits, and the demand for Federal reserve notes for hand-to-hand circulation was much greater than usual during September. Interest rates were substantially unchanged during the month.

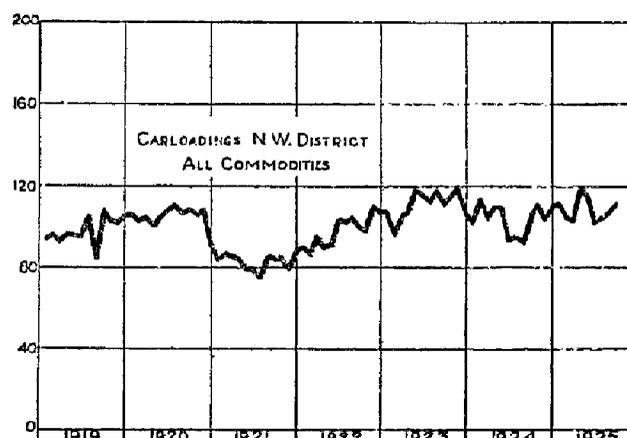
TOPICAL REVIEWS

Debits to individual accounts reported at banks in 17 selected cities of this district were 11 per cent larger in September than in the corresponding month a year ago. All cities in this group reported increases. Among the cities showing the greatest gains were Sioux Falls and South St. Paul, where a heavy livestock run at good prices increased debits more than a third above those of a year ago. Also, the North Dakota cities, Grand Forks, Fargo, Minot, Jamestown and Dickinson, exhibited very large increases, which were due in part to the early marketings of wheat and flax this year as compared with a year ago. As compared with debits to individual accounts in August, the September volume was 19 per cent greater, the greatest gain being shown at Duluth-Superior, with the volume more than one-half larger than that of the preceding month. This exceptional increase was due to the grain movement.

During the two weeks ending October 14, debits to individual accounts in these 17 cities were 10 per cent smaller than in the corresponding two weeks a year ago, owing largely to a much smaller volume of business at the Head-of-the-Lakes. Debits at Duluth were 42 per cent smaller than a year ago and debits at Superior were 21 per cent smaller than a year ago. There were also declines at Minneapolis and St. Paul amounting to 8 and 2 per cent, respectively. The change from a volume of business 11 per cent larger than a year ago, reported for September, to a volume 10 per cent smaller than a year ago reported for the first part of October, was not due to a decline in business in 1925, but entirely to the abnormal increase in business in October last year, when the marketing of grain, sales of grain futures, and grain exports were exceptionally large in volume.

Aside from the decrease in check transactions in the four cities mentioned above, records for the first half of October show a continuation of business in larger volume throughout the district than a year ago. At South St. Paul, the volume was 72 per cent larger than a year ago. Five other cities, including Fargo, Grand Forks, Helena, Sioux Falls and Winona, reported debits to individual accounts between 20 and 30 per cent larger than a year ago.

Northwestern carloadings in September were 6 per cent larger than a year ago, owing chiefly to a 20 per cent increase in carloadings of ore. There were increases of about 10 per cent in carloadings of miscellaneous commodities and less-than-carload freight and smaller increases in carloadings of coal and forest products. Coke shipments, which are an unimportant part of the total carloadings in this district, were 29 per cent larger than last year. Live stock carloadings were almost exactly equal to shipments a year ago, and shipments of grain and grain products were 19 per cent smaller, owing to the extraordinary movement of grain to market in September last year.



Freight Carloadings in the Northwestern District by Months, 1919-1925. Curve adjusted to eliminate seasonal changes.

As compared with August carloadings, the September volume showed an increase of more than 1 per cent, with increases occurring in carloadings of all groups except ore, which decreased 11 per cent., and less-than-carload shipments, which decreased 2 per cent. Increases in the other important groups were as follows: Grain and grain products, 18 per cent; livestock, 13 per cent; coal, 12 per cent; forest products, 7 per cent; and miscellaneous commodities 2 per cent. When comparison is made with the seasonal change expected in September as compared with August, it appears that September carloadings of forest products, less-than-carload freight, and miscellaneous commodities, were larger than expectations; while coal and ore shipments were equal to expectations, and grain and grain products and livestock shipments were less than might be expected from a purely mathematical computation. In the latter two groups, however, August shipments were extraordinarily large and a smaller increase than the calculated seasonal increase was to be expected.

Shipments of representative commodities into the Northwest trade territory during September continued the gains heretofore shown as compared with the preceding year. The Minneapolis Traffic Association and the St. Paul Association reported 380 cars of agricultural implements and vehicles for-

warded in September, 1925, as compared with 287 cars forwarded in the same month last year. Shipments of representative building materials amounted to 1,785 cars in September this year as compared with 1,512 cars a year ago. Furniture shipments were 83 cars, as compared with 73 cars last year. Shipments of automobiles, trucks, tires and accessories were smaller than a year ago, 543 cars, as compared with 927 cars, probably as a result of delays in assembling new model cars which were offered to the public last month.

Grain receipts at Minneapolis and Duluth-Superior were about 3 million bushels less in September than in the corresponding month last year, a decrease of about $3\frac{1}{2}$ per cent. There were decreases of approximately 7 million bushels each in oats and rye receipts. There were increases of 7 million bushels shown for wheat, 3 million bushels for barley and 2 million bushels for flax. Corn receipts, which are of little importance at this time of the year, were about one-third those of September a year ago. As compared with the preceding month, receipts of rye and flax were more than quadrupled, receipts of wheat were more than doubled, receipts of barley increased three-fourths, and receipts of oats were about equal in the two months, while receipts of corn declined. The total receipts of all grains for September were practically double the receipts of August, in accordance with the seasonal expectancy for this movement.

Cash grain prices declined during September. Medians computed in this office were lower in September than in August for all grains except flax. As compared with a year ago, there were increases in the median prices of bread wheat and flax, but declines for durum, corn, oats, barley and rye. The declines, as compared with a year ago, were as follows: Corn, 19 cents; barley, 15 cents; oats, 9 cents; rye, 9 cents; and durum $5\frac{1}{2}$ cents. Flax increased 31 cents and bread wheat 23 cents. However, some of this apparent increase for wheat was lost at the end of the month, owing to higher estimates of the world crop and its effect on our probable exports of durum and imports of bread grains.

Bread wheat is enjoying some protection this year from the tariff of 42 cents a bushel raised as a barrier against imports. If current estimates prove correct, the 1925 crop of bread wheat is small enough to make imports almost certain. This fact is responsible for December futures at Minneapolis being on about the same level this year as a year ago ($\$1.43\frac{1}{4}$ at the close on October 19 compared with $\$1.42\frac{1}{4}$ a year ago), although the world price, represented by Winnipeg quotations, has declined nearly 29 cents ($\$1.21\frac{1}{8}$ on October 19 as compared with $\$1.50$ a year ago.)

Durum wheat, which is a competitor with the large European grain crops, has suffered nearly the same decline as the prices of other world-competitive grain crops. The December future for durum at Duluth was $\$1.23\frac{1}{4}$ at the close on October

19 as compared with $\$1.43$ a year ago. Rye has also been depressed by the heavy production in Europe where much of this grain must be marketed.

Grain stocks in terminal elevators at Minneapolis and Duluth-Superior were 46 per cent larger at the end of September than on the same date last year. Flax stocks trebled. Barley, oats and wheat stocks increased about 75, 60 and 40 per cent, respectively, while stocks of rye were unchanged, and stocks of corn decreased to an insignificant quantity. Between the end of August and the end of September, terminal stocks of grains doubled, gains being shown for each of the grains, with especially large percentage increases in flax, rye, wheat and barley. Oat stocks, which, heretofore have been extraordinarily large, increased an additional 40 per cent during the month.

Sales of grain futures during September were 29 per cent larger at Minneapolis than a year ago and 11 per cent smaller at Duluth. Marked increases occurred in sales of all grain futures at both cities, with the exception of rye, of which grain future sales at Minneapolis were only one-half as great and future sales at Duluth were only one-fourth as great. As compared with future sales in August, there were seasonal increases during September at both markets.

Livestock receipts at South St. Paul during September were larger than in the corresponding month a year ago for all of the kinds recorded in our office, the increase in number of head amounting to 14 per cent. Receipts of calves and hogs were one-fourth larger, receipts of sheep increased slightly, and receipts of cattle were almost unchanged. As compared with the preceding month, September receipts were more than double for sheep, which is a seasonal occurrence, while receipts of hogs and calves increased, although declines are usually expected for these at this season. Cattle receipts declined 20 per cent, although substantial increases are customary at this time of year. Since the range movement reached abnormally large proportions in August, a decline in cattle receipts during September was not unexpected.

Livestock prices were higher in September than a year ago for all those varieties for which median prices are computed in this office, except stocker and feeder steers, for which there was no change. Notable increases were shown in the prices of hogs, lambs and veal calves as compared with September of last year. The better grades of steers also sold much higher than a year ago. The highest price of September, 1925, for butcher steers was $\$15.50$ per hundredweight, as compared with $\$10.50$, which was the highest price reached in September a year ago. The volume of the better grade of steers sold in each year, however, was small and had little effect on the median price of all butcher steers, which increased from $\$6.00$ to $\$6.75$. Mixed trends were shown in the median

prices of livestock in September as compared with August of this year, declines being shown in butcher cattle and stocker and feeder steers, and increases taking place in veal calves, hogs and lambs.

Important wholesale produce prices at Minneapolis were higher at the close of September than a year ago. In the case of potatoes and butter, the increases were important. Potatoes sold at \$2.25 a hundredweight on September 30, 1925, as compared with \$1.35 a year ago, and the price increased further to \$3.00 a hundredweight on October 21. Creamery butter sold at 50 cents a pound at the close of September, as compared with 35 cents a pound a year ago, but the price had declined 2 cents to 48 cents a pound on October 21. Eggs sold at 39 cents a dozen at the end of September this year and 40 cents on October 21, as compared with 38 cents a dozen at the close of September last year. Hens were quoted at 20 cents a pound at the close of September and at the same price a year ago, but the price declined to 19 cents a pound on October 21.

Shipments of flour from Minneapolis were 16 per cent greater in September than in the same month a year ago. As compared with the preceding month September shipments increased 29 per cent.

Shipments of linseed products in September were more than 50 per cent larger than in the same month last year, and somewhat larger than in the preceding month of August. Shipments of linseed oil showed a much greater increase than shipments of oil cake as compared with the preceding month.

Iron ore shipments from upper lake ports were nearly 20 per cent larger in September than in the corresponding month a year ago. As compared with the preceding month, September shipments de-

clined 14 per cent. For the shipping season to October 1, iron ore shipments were about 23 per cent larger than in the corresponding period last year.

Coal receipts at Duluth-Superior were 20 per cent smaller in September than in the same month last year. Hard coal receipts alone were less than one-third as great as in the same month last year. September coal receipts, when compared with those of the preceding month of August, declined 20 per cent, but hard coal receipts alone exhibited a small gain. Cumulative receipts from the opening of navigation to September 30 were 26 per cent larger than last year for soft coal and 30 per cent smaller for hard coal. However, the receipts of hard coal for the season to date were somewhat greater than the average of receipts to September 30 during the four years 1921-1924.

Wholesale trade in September was about as large as in September last year. Farm implement sales and dry goods sales were 10 per cent smaller in September than a year ago. Grocery and hardware sales were about equal to sales a year ago. Sales of shoes at wholesale were 29 per cent larger in September this year than a year ago.

The credit relations between wholesalers and retailers continue to be more favorable than a year ago. The great increase in sales during the past year has not been accompanied by an equal increase in credits granted to retailers. Farm implement sales were 50 per cent larger during the first nine months of 1925 than in the corresponding period last year, while accounts and notes receivable of farm implement dealers have increased only 22 per cent. Sales of shoes at wholesale were 29 per cent larger in 1925 than in 1924, whereas receivables increased only 22 per cent. In the case of dry goods, hard-

COMPARATIVE STATISTICS OF BUSINESS IN 1925

	Unit	September, 1925	August, 1925	September, 1924	% Sept., 1925, of Aug., 1925	% Sept., 1925, of Sept., 1924		Unit
DEBITS TO INDIVIDUAL ACCOUNTS—17 cities		\$924,981,000	\$776,568,000	\$835,022,000	116	111	LIVESTOCK RECEIPTS AT SOUTH ST. PAUL—	
CARLOADINGS—N. W. District		Cars 731,452	721,334	691,780	101	106	Cattle	Head
GRAIN RECEIPTS AT MPLS. AND DUL.-SUP.—							Calves	Head
Wheat	Bu.	48,549,044	17,105,129	36,480,440	255	119	Hogs	Head
Corn	Bu.	308,508	408,440	594,651	60	85	Sheep	Head
Oats	Bu.	14,915,179	14,469,719	22,201,398	103	87	MEDIAN LIVESTOCK PRICES AT SOUTH ST. PAUL—	
Barley	Bu.	12,428,567	6,885,830	9,410,587	78	132	Butcher Cows	Cwt.
Rye	Bu.	5,807,908	1,409,275	12,605,897	410	46	Butcher Steers	Cwt.
Flax	Bu.	5,789,069	1,335,133	8,992,529	480	144	Stock & Feed Steers	Cwt.
							Veal Calves	Cwt.
							Hogs	Cwt.
							Lambs	Cwt.
GRAIN STOCKS AT END OF MONTH AT MPLS. & D.-S.—							FLOUR—	
Wheat	Bu.	19,849,015	5,007,577	14,470,107	306	137	Production—T. C. & D.-S.	Bbls.
Corn	Bu.	91,538	86,562	480,267	110	19	Shipments from Mpls.	Bbls.
Oats	Bu.	21,105,870	22,105,840	19,597,441	141	159	LINSEED PRODUCTS SHIPMENTS FROM MPLS.—	
Barley	Bu.	4,029,068	1,604,268	2,294,847	251	175		Lbs.
Rye	Bu.	4,727,986	1,142,688	4,733,061	414	100	IRON ORE SHIPMENTS	
Flax	Bu.	2,089,302	810,760	688,888	656	232		Tons
MEDIAN CASH GRAIN PRICES—							COAL RECEIPTS—DUL.-SUP.—	
Wheat—No. 1 Dk. Nor.	Bu.	\$1.58 1/2	\$1.66 1/2	\$1.35	95	117	Soft	Tons
Durum—No. 2 Amber	Bu.	1.26 1/2	1.39	1.32	92	96	Hard	Tons
Corn—No. 3 Yellow	Bu.	.90 1/2	1.01 1/2	1.09 1/2	87	83	RETAIL SALES—	
Oats—No. 3 White	Bu.	.36 1/2	.27 1/2	.45	96	80	23 Department Stores	
Rye—No. 8	Bu.	.81	.80	.78	93	90	573 Lumber Yards	Bd. Ft.
Rye—No. 2	Bu.	.84 1/2	1.01 1/2	.81	83	90		
Flax—No. 1	Bu.	2.58	2.62	2.26 1/2	102	114		

ware and groceries, for which sales have showed smaller increases over a year ago, there have actually been declines in receivables.

Department store sales at 23 representative city stores in this district were two per cent larger in September than in the corresponding month last year. Stocks were also 2 per cent larger at the end of September than a year ago, and the merchandise turnover was the same in September of both years, assuming that the per cent of mark-up was unchanged. September sales were 14 per cent larger than sales during August, and stocks of merchandise at the end of September were 7 per cent larger than stocks at the end of August. Both of these latter changes are seasonal occurrences.

Life insurance sales in the four states wholly within this district were 30 per cent larger during September than in the corresponding month a year ago. Montana showed the greatest gain among the four states, but increases in all of these states were noteworthy. September life insurance sales in these states declined 13 per cent in September as compared with August, which seems largely a seasonal occurrence, since declines of greater or smaller magnitude have occurred at this time of year in four of the last five years.

Retail lumber sales, measured in board feet, were 20 per cent larger in this district during September than a year ago, but 7 per cent smaller than in August. Sales by lumber retailers, measured in dollars and including items other than lumber, were 17 per cent larger during September than a year ago and 9 per cent larger than in August. For the first nine months of 1925, the sales of lumber retailers, measured in dollars, were 26 per cent larger than in the same portion of 1924. In spite of this gain

in sales, accounts and notes receivable held by lumber retailers increased only 7 per cent. Cash collections during September were 30 per cent larger than in September a year ago. Stocks of lumber in retailers' hands at the close of September were 6 per cent larger than a year ago, but 3 per cent smaller than at the end of August.

Building permits granted during September, 1925 at 18 leading cities in this district were 30 per cent larger in valuation than in the corresponding month last year, and 5 per cent larger in number. As compared with the August reports, building permits issued during September were 10 per cent smaller in valuation and 1 per cent larger in number, which is a much better showing than the usual experience at this time of the year.

There has been a very marked revival of building in the smaller cities of this district, when comparisons are made for the year to date as compared with a similar period of last year. Excluding the cities of Minneapolis and St. Paul for which building permits in the first nine months of 1925 increased 27 and 23 per cent, respectively, over a year ago, and Duluth, where permits were about equal for the two years, nine out of the 15 remaining cities in our reporting group have experienced increases in building of 50 per cent or more over a year ago, and only two cities out of this group reported a decrease in building permits. In more detail, the record shows that the cities of St. Cloud and Mankato, Minnesota, Marquette, Michigan, and Fargo, North Dakota have granted building permits in double the volume of last year. The cities of Ironwood, Michigan, Superior and Eau Claire, Wisconsin, Great Falls and Helena, Montana, have granted permits between 50 and 100 per cent larger in volume than a year ago. Rochester, Minnesota, Sioux Falls and Aber-

THE NINTH FEDERAL RESERVE DISTRICT

September, 1925	August, 1925	September, 1924	% Sept., 1925, of Aug., 1925	% Sept., 1925, of Sept., 1924	September, 1925	August, 1925	September, 1924	% Sept., 1925, of Aug., 1925	% Sept., 1925, of Sept., 1924	
94,731	117,613	93,445	81	101	WHOLESALE TRADE—					
80,685	84,540	81,988	116	125	Farm Imps. 7 firms	\$2,517,140	\$5,108,700	\$2,892,120	49	90
159,727	121,323	125,463	180	126	Hardware 13 firms	2,312,430	2,175,840	2,254,130	109	103
81,404	87,628	75,818	217	107	Shoes 5 firms	938,730	929,620	728,430	101	129
					Groceries 54 firms	6,174,370	6,386,280	6,205,320	97	99
					BUILDING—					
\$5.00	\$5.25	\$4.50	95	111	No. of Permits. 18 cities	2,313	2,253	2,126	101	105
8.75	7.25	5.00	98	113	Value of Permits. 18 cities	\$6,120,160	\$6,816,000	\$4,729,200	90	130
5.75	6.00	5.75	96	100	Contracts Awarded	9,472,600	7,730,700	8,316,700	128	150
11.25	10.25	9.00	110	125	BUSINESS FAILURES—					
12.65	12.25	9.40	103	135	Number	66	91	54	78	122
14.25	14.00	12.25	102	116	Liabilities	\$405,371	\$894,217	\$483,528	45	89
					SECURITIES SOLD—					
					To Banks	\$8,966,300	\$3,059,100	\$4,765,400	100	83
					To General Public	6,001,000	4,573,200	4,972,500	131	121
1,535,957	1,314,008	1,219,648	117	127	914 F. R. D. MEMBER BANKS—					
1,312,105	1,049,446	1,152,871	129	116	Demand Deposits	\$458,597,000	\$441,503,000	\$424,319,000	104	108
83,755,777	85,370,974	24,837,811	110	158	Time Deposits	483,357,000	430,029,000	469,905,000	101	106
7,354,973	8,532,718	6,104,931	86	119	25 CITY MEMBER BANKS—					
908,058	1,243,053	1,101,735	78	88	Loans	\$247,309,000	\$250,207,000	\$261,080,000	99	95
68,603	61,836	161,053	113	81	Securities	108,945,000	108,558,000	91,183,000	100	119
					Demand Deposits	230,327,000	234,408,000	245,052,000	98	94
					Time Deposits	109,452,000	104,371,000	90,118,000	105	121
					Borrowings at F. R. Bank ..	1,283,000	3,097,000	212,000	31	681
\$2,613,030	\$2,284,740	\$2,500,770	114	102	MINNEAPOLIS F. R. BANK—					
20,995,000	22,545,000	17,192,000	93	120	Loans to Member Banks	\$4,585,380	\$7,982,077	\$8,050,747	58	57
					F. R. Notes in Circulation ..	67,934,920	65,340,070	69,107,315	104	98

deen, South Dakota and Missoula, Montana reported increases in building permits of less than 50 per cent. At Butte, Montana, and Winona, Minnesota, the volume of building permits this year was smaller than a year ago. It might be remarked in the case of Winona that if the month of January in the two years be excluded from the comparisons, the valuation of permits at this city in 1925 would be more than double last year's volume. The total valuation of permits granted in all our reporting cities for the year 1925 to date was somewhat greater (about 20 per cent) than in the same nine months of the year 1924.

Building contracts awarded, as reported by the F. W. Dodge Corporation, were 50 per cent larger in September than in the corresponding month last year. Residential building contracts, which constitute the largest single class of building, were 11 per cent smaller in September than a year ago, but this decrease was more than offset by increases in all the other classes of building. Industrial building contracts were more than five times as large as a year ago and contracts for hospitals and institutions were nearly eight times as large. Commercial building contracts and social and recreational contracts were more than twice as large as a year ago, and the educational and public groups were nearly double last year's volume. Public works contracts were nearly 15 per cent larger than a year ago.

September building contracts were 23 per cent larger than contracts in August. Residential contracts were 4 per cent smaller, but industrial building contracts were nearly seven times as large and religious and memorial contracts were eight times as large. There were smaller increases in contracts for commercial buildings, public works and social and recreational buildings, and decreases in contracts for educational, institutional and public buildings.

Member banks in the larger cities of this district experienced an increase in commercial loans during the five weeks ending September 30 which was accompanied by increases in country bank deposits, time deposits and Government deposits, and a decrease in security holdings. The group of 25 city banks reporting to this office experienced an increase of 15 million dollars in loans, almost entirely in the class of "All other loans," which are largely commercial and agricultural loans. The classification of loans secured by stocks and bonds decreased one-half million dollars during this period. Security holdings were reduced 1½ millions. On the liability side, these banks experienced an increase of six million dollars in demand deposits, which was apparently almost entirely an increase in country bank deposits, for six of these banks reported an increase of five million dollars in deposits due to banks. Time deposits increased seven millions and Government deposits increased two millions.

Borrowings from the Federal Reserve Bank remained unchanged, and deposits with correspondent banks increased.

During the two weeks ending October 14 the loans of these banks decreased, owing to a reduction of two million dollars, or three per cent, in loans secured by stocks and bonds, but the classification "all other loans" increased more than 1½ millions. During the two-week period these banks experienced an increase of one million dollars in demand deposits and two million dollars in time deposits, although deposits due to banks declined. Borrowings from the Federal Reserve Bank were reduced one million dollars. On the asset side of their balance sheets, the principal change was an increase in cash reserves in vault and in deposits with the Federal Reserve and other banks. There was also a slight increase in security holdings.

This Federal Reserve Bank experienced a reduction in loans to member banks, chiefly in the country districts, of 1½ million dollars during the five weeks ending September 30. Purchased bills increased more than 4½ millions, security holdings increased more than one-half million dollars and cash reserves increased nearly 3½ millions. On the liability side, Federal reserve notes in circulation increased 5¼ million dollars which was at the rate of more than one million dollars a week, and member bank reserve accounts increased nearly ¾ of a million dollars.

During the two weeks ending October 14, this bank experienced a further increase of ¾ of a million dollars in Federal reserve notes in circulation and an increase of 4½ millions in member bank reserve accounts. Borrowings by member banks decreased nearly 1½ million dollars. Purchased bill holdings were reduced three millions. Cash reserves increased nearly eight millions.

Deposits at all member banks in this district increased during the month ending September 23 and were larger than a year ago. The increase during the month of September was not as great as the increase in the corresponding period last year. The increase in deposits during September this year was well distributed among all the states in this district and among the banks in cities of various sizes. There were increases of 4 per cent in demand deposits and 1 per cent in time deposits during the month. Banks in cities with population under 15,000 reported an increase of 5 per cent in demand deposits and a slight decrease in time deposits. Banks, in cities with population of 15,000 and over, experienced increases of 3 per cent in demand deposits and 3 per cent in time deposits. The increase in demand deposits in the larger cities is accounted for in large measure by the increase in deposits made by country banks, as noted above in the discussion of changes in deposits in our selected group of 25 city member banks.

Interest rates at Minneapolis, as quoted by the larger commercial banks, were approximately the same on October 15 as a month earlier and very slightly lower than a year ago. Our index number of interest rates was 4.79 per cent on October 15 as

compared with 4.81 per cent on September 15 and 4.87 per cent on October 15 last year.

Commercial paper outstanding in this district was 5 per cent larger in value on September 30 than a year ago, and 7 per cent larger than a month ago. This 7 per cent increase during the month of September was precisely the usual seasonal increase.

Security sales by Minneapolis and St. Paul firms were 15 per cent smaller in September than in the corresponding month last year, owing to decreases in sales to banks and to other dealers. Insurance companies increased their purchases of mortgages by 37 per cent and the general investing public increased their purchases by 21 per cent. Analyzing security sales by classes, the record shows that sales of city mortgages doubled in September as compared with a year ago, sales of foreign securities and industrial bonds increased more than 50 per cent, and there were minor increases in sales of farm mortgages and stocks. On the other hand, sales of United States Government bonds and railroad bonds decreased more than one-half, sales of municipal bonds decreased one-fourth and public utility bonds showed an unimportant decrease.

Comparing September sales with sales during

August, the total increased 8 per cent, due to an increase of 31 per cent in sales to the general public and a 6 per cent increase in sales to insurance companies. Sales to banks were the same in both months and sales to other dealers were slightly smaller in September than in August. Among the different classes of securities, sales of city mortgages, United States Government bonds, public utility bonds and foreign securities increased more than 50 per cent and all other classes showed decreases.

Business failures during September were 22 per cent more numerous than in September a year ago. This is the largest number for September in any one of the seven years during which this office has received these reports from R. G. Dun and Company. The number of failures decreased only 27 per cent between August and September of this year, although the usual seasonal decline is nearly 50 per cent. Eliminating seasonal changes, the September number of failures is found to show the second largest increase over the computed trend in our seven-year record. The largest increase occurred in November, 1921. The liabilities involved in September failures were 11 per cent smaller than in failures during September, 1924, and 55 per cent smaller than the liabilities involved in August failures.

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

United States Department of Agriculture

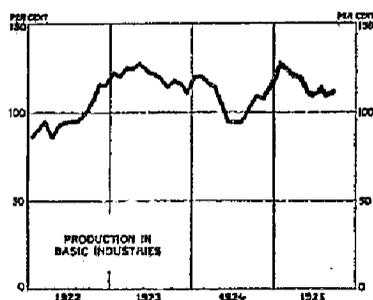
(Yields in bushels per acre—Production in thousands, i. e., 000's omitted)

	CORN			FLAX			POTATOES		
	Forecast	Forecast	Production	Forecast	Forecast	Production	Forecast	Forecast	Production
	10-1-25	9-1-25	1924	10-1-25	9-1-25	1924	10-1-25	9-1-25	1924
Minnesota	145,595	136,102	126,336	6,893	6,723	8,117	25,851	26,210	44,352
Montana	8,017	8,284	9,198	1,440	1,483	2,349	4,159	3,990	3,256
North Dakota	23,529	21,933	22,740	10,090	10,042	14,722	8,866	9,029	11,960
South Dakota	80,643	80,643	99,990	4,044	3,996	4,299	4,227	4,163	5,822
Four States	257,784	246,962	258,264	22,467	22,244	29,487	43,103	43,392	65,390
United States	2,917,836	2,885,108	2,436,513	23,200	22,953	30,173	344,227	344,391	454,784

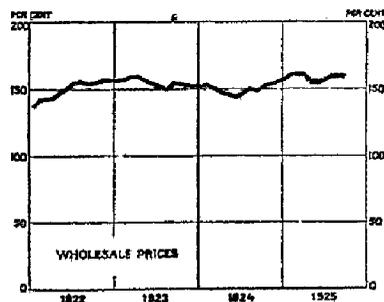
	SPRING BREAD WHEAT				DURUM WHEAT				ALL SPRING WHEAT			
	1925		1924		1925		1924		1925		1924	
	Preliminary Estimate	Yield	Production	Yield	Preliminary Estimate	Yield	Production	Yield	Preliminary Estimate	Yield	Production	Yield
Minnesota	22,334	12.6	31,604	21.8	1,845	15.0	2,709	21.5	24,179	12.8	34,313	21.8
Montana	31,370	11.0	39,407	16.5	1,575	10.5	1,368	18.0	32,945	11.0	40,775	16.2
North Dakota	64,448	10.2	85,978	15.0	49,358	14.5	48,640	16.0	113,806	11.7	134,618	15.5
South Dakota	15,882	10.7	15,525	12.7	13,902	14.0	17,493	14.9	29,784	12.0	33,018	14.9
Four States	134,034	10.8	172,514	16.0	66,680	14.3	70,210	15.9	200,714	11.7	242,724	16.2
United States	214,895	13.0	212,426	15.6					281,575	13.3	282,636	15.9

	OATS				BARLEY				TAME HAY*		
	1925		1924		1925		1924		Forecast	Forecast	Production
	Preliminary Estimate	Yield	Production	Yield	Preliminary Estimate	Yield	Production	10-1-25	9-1-25	1924	
Minnesota	189,630	43.0	193,500	43.0	31,530	30.0	29,248	32.0	3,700	3,232	3,501
Montana	17,342	23.0	19,854	29.5	4,092	22.0	3,100	25.0	2,266	2,201	2,260
North Dakota	73,413	27.0	93,364	34.0	35,640	22.0	35,100	26.0	1,475**	1,490	1,639
South Dakota	90,100	34.0	98,050	37.0	24,986	26.0	22,428	28.0	1,409	1,333	1,680
Four States	370,485	35.2	404,768	38.3	96,248	25.2	89,876	28.2	8,850	8,256	9,080
United States	1,470,384	33.1	1,541,900	36.3	227,000	25.7	187,875	26.5	85,700	81,200	97,970

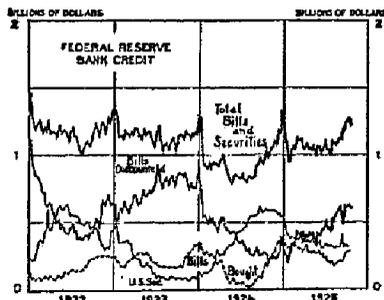
*Figures in tons.
**Estimated in this office.



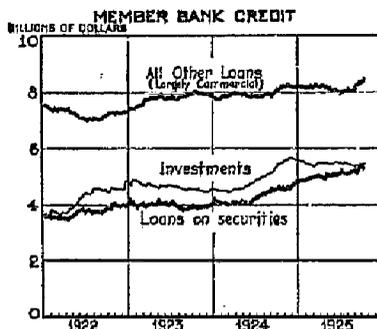
Index of 22 basic Commodities corrected for seasonal variations. (1919 = 100.) Latest figure: September, 111.



Index of United States Bureau of Labor Statistics. (1913 = 100, base adopted by Bureau.) Latest figure: September, 160.



Weekly figures for 12 Federal Reserve Banks. Latest figures in millions: October 21, Total Bills and Securities, 1,280; Bills Discounted, 603; Bills Bought, 293; United States Securities, 324.



Weekly figures for Member Banks in 101 Leading Cities. Latest figures in millions: October 14, All Other Loans, 8,488; Investments, 5,462; Loans on Securities, 5,876.

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

Production in basic industries and factory employment increased in September. Distribution of commodities, both at wholesale and at retail, continued in large volume, and the level of prices remained practically unchanged.

PRODUCTION: The Federal Reserve Board's index of production advanced 2 per cent in September, notwithstanding the suspension of anthracite mining. The volume of output increased considerably in the iron and steel, bituminous coal and textile industries, while the increases which occurred in some other industries were relatively small. Automobile production was larger than in August, but continued to reflect the effects of curtailment incidental to changes in models. The number of employees on factory payrolls in September was larger than in August in nearly all reporting industries. Building contracts awarded during September did not equal the record level of August, but continued large as compared with earlier months. Total contracts awarded during the first nine months of this year were nearly as large as for the entire year 1924.

Crop conditions, as reported by the Department of Agriculture, showed considerable improvement in September, and the indicated yields of cotton, corn, oats, barley, and hay were larger than a month earlier, while forecasts of wheat and tobacco production were slightly smaller. The marketing of crops increased further in September, but was smaller than last year.

TRADE: Wholesale trade was 9 per cent larger in September than in August. Sales in all lines, except dry goods, were larger than in August, and sales in all lines, except dry goods, were larger than a year ago. Sales of department stores and mail order houses showed considerably more than the usual increase in September and were larger than a year ago. Stocks of merchandise at department stores also increased in September more than usual and at the end of the month were 4 per cent greater than a year ago. Wholesale firms in all leading lines, except groceries, reported smaller stocks on September 30 than a month earlier.

Total and merchandise freight carloadings in September were larger than during the same month of any previous year. Coal shipments were smaller than in August, owing to the anthracite strike, and shipments of coal and of grain products were smaller than in September of last year.

PRICES: The level of wholesale prices, as measured by the index of the Bureau of Labor Statistics, declined slightly in September. Among the groups of commodities, grain and woolen goods and furniture showed price declines, while prices of coal and building materials advanced. In the first half of October, prices of grains, wool, and rubber increased, while prices of sheep, hogs, sugar and cotton declined.

BANK CREDIT: At member banks in leading cities the volume of loans, both for commercial purposes and on securities, increased further between September 16 and October 14. At the middle of October, total loans of these banks were nearly \$650,000,000 larger than at the end of July. During the same period, demand deposits of these banks increased by about \$360,000,000, but were below the level of the beginning of the year, while the volume of their borrowings at the Reserve banks increased by about \$200,000,000 to the highest point of the year. The total volume of Reserve bank credit outstanding was larger in October than at any other time during 1925, reflecting increases during the two preceding months both in discounts for member banks and in acceptances bought in the open market. This growth has been due primarily to the seasonal increase during the period of about \$100,000,000 in currency in circulation and there has also been a considerable increase in member bank reserve balances, accompanying a growth in their deposits. In October the rates on prime commercial paper were firmer and the renewal rate on call loans averaged higher than in September.