

MONTHLY REVIEW

OF
AGRICULTURAL AND BUSINESS CONDITIONS
 IN THE
NINTH FEDERAL RESERVE DISTRICT

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DISTRICT SUMMARY FOR THE MONTH

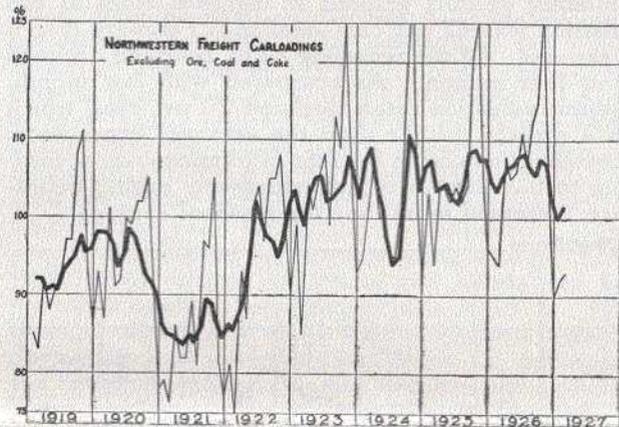
Business activity in this district in February was smaller than last year but greater for the average business day than in January.

As compared with last year, there were declines in total individual debits at representative banks, total carloadings, shipments of linseed products, lumber and flour, terminal receipts of grains and livestock, wholesale trade and sales by retail lumber yards scattered throughout this district. The greatest declines (over 25 percent) were in sales at wholesale of farm implements and shoes.



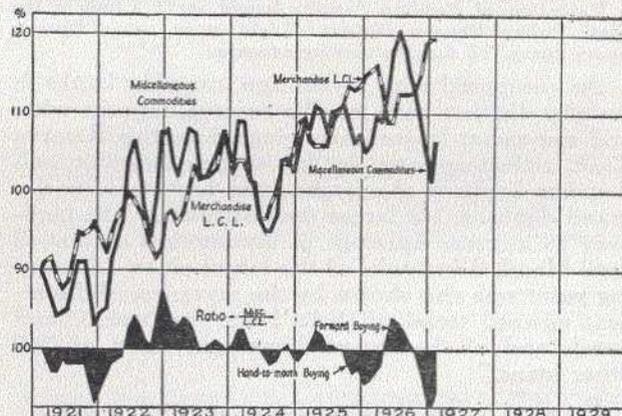
Debits to Individual Accounts at Banks in Eleven Cities in the Ninth Federal Reserve District. Heavy curve represents figures adjusted to eliminate seasonal changes; light curve represents unadjusted figures as percentages of the average month.

The percentages of decline shown in February as compared with last year were not as great as those shown in January as compared with the preceding year either for total debits or total carloadings. Carloadings, other than ore, coal and coke, which we believe to be fairly representative of current business in this district, increased more than is customary in February as compared with January. Reducing business volume to the average per working day, there were increases in February over January in total carloadings, wholesale trade, sales at retail, both city and country, shipments of flour and lumber, terminal receipts of grains and carloadings of grains, coke, forest products, ore and miscellan-



Carloadings of All Commodities in the Northwestern District, Except Ore, Coal and Coke. The heavy curve represents bi-monthly moving averages of figures adjusted to eliminate seasonal changes; the light curve represents the unadjusted figures as percentages of the average month.

ous merchandise. Declines were shown by similar comparisons in terminal receipts of hogs, cattle and sheep and carloadings of livestock and of coal.

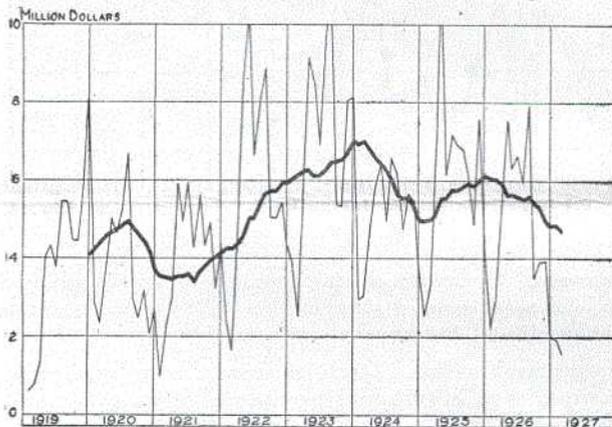


Freight Carloadings of Merchandise in the Northwestern District Analyzed to Show the Extent of Forward Buying. When the black area in the lower part of the chart is above the 100 per cent line, forward buying is taking place. When the black area is below the line, buying is "hand to mouth." Seasonal changes have been eliminated from the curves and small irregularities removed by using bi-monthly moving averages.

These declines were partly seasonal and partly due to the unseasonably excessive movement of earlier months. Our index of forward buying based on the ratio of less-than-carload lots to carload lots of miscellaneous merchandise improved slightly during the month, but far from enough to restore forward buying to an average condition.

Median prices of agricultural commodities exhibited mixed trends during the month of February, both as compared with the prices prevailing a year ago and as compared with last month.

Prospective business activity based upon building operations, as reflected in the total valuation of building permits granted at eighteen cities in this district, was 47 per cent smaller in February than a year ago. Of the reporting cities, fourteen declined and four gained. As compared with last month, permit valuation totals declined 20 per cent, which is a greater decline than the seasonal expectancy. Dwellings available for rent in Minneapolis, according to the number of advertisements during February, increased more than the seasonal average.



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

As compared with a year ago, member banks in country districts have smaller reserve deposits with, and somewhat larger borrowings from this Reserve Bank, reflecting some decline in their deposits; and member banks in the larger cities have smaller demand deposits, but larger time deposits. The tendency to increase holdings of investments continued until March 9 in banks of the larger cities. A turning point was also shown by the reversion of the recent upward trend of their loans on stocks and bonds and of the recent downward trend of "all other loans."

Farmers in the Northwest are reported as intending to plant more durum and approximately the same acreage of other spring wheat as a year ago, while the prospective flax acreage reported is reduced 11 per cent. It is indeed an anomalous condition that durum and wheat, which are exported, may be increased, while flax, of which the production is below domestic requirements, and, therefore, imported, may be decreased.

TOPICAL REVIEWS

Farmers of the Ninth Federal Reserve District intend to plant 5,534,000 acres of durum wheat this spring, according to the report of the United States Department of Agriculture, issued March 18. If these expressed intentions should be fulfilled, the 1927 durum acreage would be the second largest on record, being only 250,000 acres less than in 1922. With an average of twelve bushels per acre, which is slightly less than the ten year average, the 1927 production would be about 66,000,000 bushels. As this is more than twice the amount of domestic consumption, 36,000,000 bushels would have to be exported. While reports from North Africa, covering conditions at seeding time last fall, indicated somewhat less favorable conditions than existed a year earlier, as well as some reduction in acreage seeded, it is doubtful that the Mediterranean production will be as small as in 1926, especially when Mussolini's campaign for greater wheat acreage (largely durum) in Italy is taken into consideration. If the intended acreage should actually be planted, it should not be unexpected if durum prices on the 1927 crop again assumed their former relationship to bread spring wheat prices, that is, ten to twenty cents per bushel below, instead of the particularly favorable relationship that has existed since last harvest.

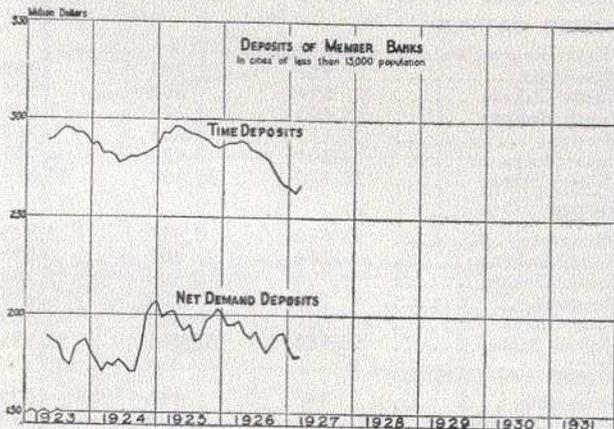
Farmers' intentions to plant spring bread wheat show a 1 per cent reduction, or about 160,000 acres, from the acreage harvested last year. This intended reduction, however, is insignificant when considered in connection with the estimate of 41,805,000 acres seeded to winter wheat last fall, which was nearly 5,000,000 acres larger than the 1926 harvested acreage. The ten year average abandonment of winter wheat acreage between December 1 and May 1, due to poor stands, winter killing, spring frosts, etc., is 12.8 per cent. The condition of winter wheat on December 1 was only 2.5 per cent lower than the ten year average, and the winter weather has been favorable so far. The abandonment this season will probably be no larger than the ten year average. This will leave for harvest approximately the same area as was harvested last year. With an average of fifteen bushels, the 1917-1926 average, the 1927 production of winter wheat alone would be about 550,000,000 bushels, equivalent to the total wheat consumption demands of the whole country.

It appears that farmers in the Ninth Federal Reserve District, intending to plant spring wheat, either durum or bread, should carefully consider their markets and the requirements of those markets. Surpluses for export appear to be in sight if the intended acreages are sown and only average yields are obtained. With more moisture than a year ago in both the surface and sub-soils throughout half the wheat producing sections of the northwest, and favorable weather reports from the southwest, it would appear that yields higher than the ten year average, rather than lower, might be real-

ized in 1927. The price of wheat futures at Minneapolis has declined six cents per bushel since March 18.

An intended reduction of 11.3 per cent, or 327,000 acres, in the flax seed acreage was indicated by the report. If only 2,570,000 acres are planted and the ten year average yield of seven bushels is obtained, the 1927 production would be less than 18,000,000 bushels, necessitating the importation of at least 12,000,000 bushels to supply a conservatively estimated consumptive demand of 30,000,000 bushels. In 1925, following the record breaking crop of 31,547,000 bushels in 1924, 16,500,000 bushels were imported. While farm stocks of flax are not included in the March 1 report of the United States Department of Agriculture, receipts of flax at Minneapolis and Duluth from August 1, 1926, to March 1, 1927, have totalled only 14,500,000 bushels out of a 19,500,000 bushel crop. Since these two markets ordinarily receive about 88 per cent of the crop in the August 1-March 1 period, this indicates that farm stocks of flax are much larger than usual. Seed for additional acreage, therefore, is doubtless available, and in view of the present outlook for increased wheat production, it would appear that many farmers, no doubt, will consider the advisability of expanding the production of flax. Proven wilt-resistant varieties of flax are now available which produce yields on old soil that compare favorably with the yields obtained from non-resistant varieties on new breaking.

Deposits at country banks in this district, using member banks in cities of less than 15,000 population as typical, increased during February but were on a lower level than a year ago. Demand deposits at these banks increased 1 per cent in February but were 8 per cent smaller than last year and time deposits increased 2 per cent during February but were 7 per cent under a year ago. Country bank balances with city correspondents in this district declined 5 per cent during the week ending



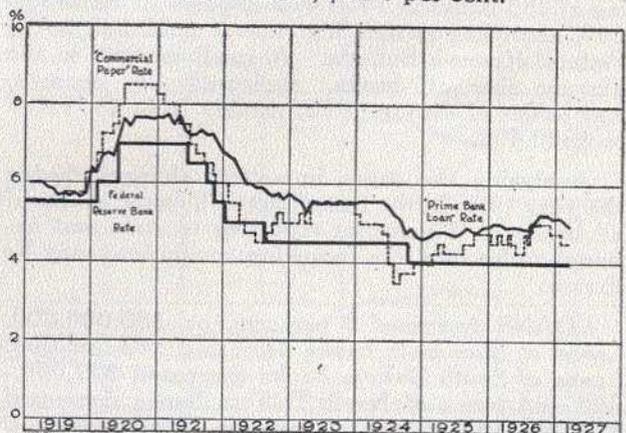
Deposits of Country Banks in the Ninth Federal Reserve District as typified by member banks in cities with less than 15,000 population.

March 16, after maintaining a fairly even volume since the first of the year. This recent decline probably is the beginning of the usual withdrawal of country balances to meet spring seasonal requirements. In 1926, the withdrawal of these balances began a week later and in 1925 withdrawal began a week earlier than in the current year. In both 1925 and 1926 the reduction of correspondent balances continued until the latter part of May.

The twenty-four selected city member banks

which report weekly to this office, have experienced a 5 per cent increase in commercial loans ("all other" classification) during the three weeks ending March 16. This is the opposite of the trend shown at this time in 1925 and 1926, when commercial loans were stationary or declining. Loans at these banks secured by stocks and bonds have declined for four weeks and investment holdings of these banks declined in the week ending March 16, after an almost uninterrupted rise since the beginning of the year. On March 16 commercial loans were lower than on the corresponding date in 1926, while loans secured by stocks and bonds and investment holdings were larger than in 1926. Net demand deposits at these banks declined slightly during the two weeks ending March 16, following the tendency exhibited in the two preceding years. Time deposits remained stationary at the highest level since January 19. Time deposits on March 16 were larger than a year ago, net demand deposits were smaller and total deposits were slightly larger.

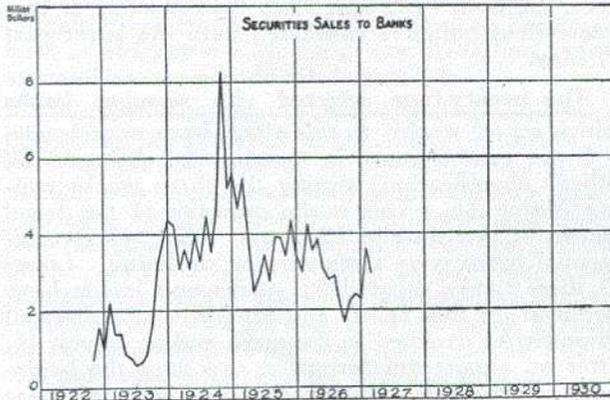
Interest rates on prime commercial loans at Minneapolis banks declined slightly during the month ending March 15, making the total decline since November 15 more than 1/4 of 1 per cent.



Interest Rates at Minneapolis on Prime Bank Loans and Commercial Paper and the discount rate at the Federal Reserve Bank 1919-1927.

Security sales to banks in January and February by representative Minneapolis and St. Paul dealers, were about 10 per cent smaller than sales during the corresponding period last year. The seasonal increase in sales from the low point of August and

September, came later this year than usual, which undoubtedly reflects the fact that purchases have been made by banks in territory where livestock raising is a major industry and that banks in the grain growing regions, where crops were poor this year, have not been a large factor in securities buying.



Sales of Securities to Banks by Representative Investment Dealers in Minneapolis and St. Paul.

Banking in 1926—Loans and deposits of banks in the Ninth Federal Reserve District decreased during the year 1926. The decrease in loans was larger in percentage than the decrease in deposits and the ratio of loans to deposits on December 31, 1926, was 59.6 per cent, which was the lowest ratio in our record, which extends back through 1913. The decrease in loans was accompanied by a small increase in investment holdings of banks, but cash reserves and deposits "due from banks" were reduced during the year. A large part of the reduction in loans and deposits was due to the closing of 283 banks in 1926 with deposits of \$77,155,000, according to monthly records published in the Federal Reserve Bulletin. A small increase in the average size of banks, measured by deposits, was achieved during 1926, namely from \$575,600 to \$600,400.

Analyzing the more important changes during the year 1926 in the consolidated balance sheets of all banks in this district reporting to state and national authorities, the following conclusions may be drawn:

LOANS decreased 8 per cent, or \$80,000,000. Loans of Minnesota banks decreased \$42,000,000. Loans of South Dakota banks decreased \$29,000,000 and loans of North Dakota banks decreased \$11,000,000. Loans of banks in Minneapolis and St. Paul and in the portions of Wisconsin and Michigan contained in this district were practically unchanged, and loans in Montana increased \$3,000,000.

INVESTMENTS held by banks in this district increased 3 per cent, or \$13,000,000. This increase was shared by all groups of banks, except Minneapolis and St. Paul national banks and North

Dakota banks. A growing preference for other investments than United States securities was exhibited in the investment holdings of banks during 1926. United States bond holdings decreased and other securities increased.

CASH IN VAULT and "DUE FROM BANKS" decreased 11 per cent, or \$37,000,000 in the four states of Minnesota, North Dakota, South Dakota and Montana, with all four states showing decreases.

DEPOSITS decreased 6 per cent, or \$105,000,000, to the smallest total since June, 1924, with all states sharing in the decrease, except Montana and those parts of Michigan and Wisconsin within this District. Of the decrease in deposits in the four complete states of this district, \$16,000,000 was in deposits "due to banks" and \$95,000,000 was in other deposits.

BORROWINGS from other banks were reduced 6 per cent, or \$1,000,000, to the lowest figure reported since June, 1916.

LIVESTOCK ON FARMS—January 1, 1925-1927

Source: United States Department of Agriculture Bureau of Agricultural Economics.

MILK COWS and HEIFERS

(Two years old and over, kept for milk)

	Number of Head (000's omitted)		
	1925	1926	1927
Minnesota	1,560	1,560	1,529
North Dakota	520	530	498
South Dakota	544	539	534
Montana	187	192	188
Four States	2,811	2,821	2,749
United States	22,481	22,148	21,824

HEIFERS

(One to two years old, kept for milk cows)

Minnesota	306	300	321
North Dakota	127	122	124
South Dakota	127	110	118
Montana	36	35	35
Four States	596	567	598
United States	4,195	3,909	4,080

OTHER CATTLE

(Excluding milk cows and heifers)

Minnesota	987	993	889
North Dakota	694	608	524
South Dakota	1,403	1,270	1,075
Montana	1,117	1,053	967
Four States	4,201	3,924	3,455
United States	35,320	33,091	31,617

SWINE

Minnesota	3,600	3,456	3,525
North Dakota	784	682	635
South Dakota	2,760	2,300	2,183
Montana	280	250	240
Four States	7,424	6,688	6,583
United States	55,568	52,055	52,536

SHEEP and LAMBS

Minnesota	462	540	670
North Dakota	311	373	399
South Dakota	682	700	721
Montana	2,579	2,880	2,736
Four States	4,034	4,493	4,526
United States	38,112	39,864	41,909

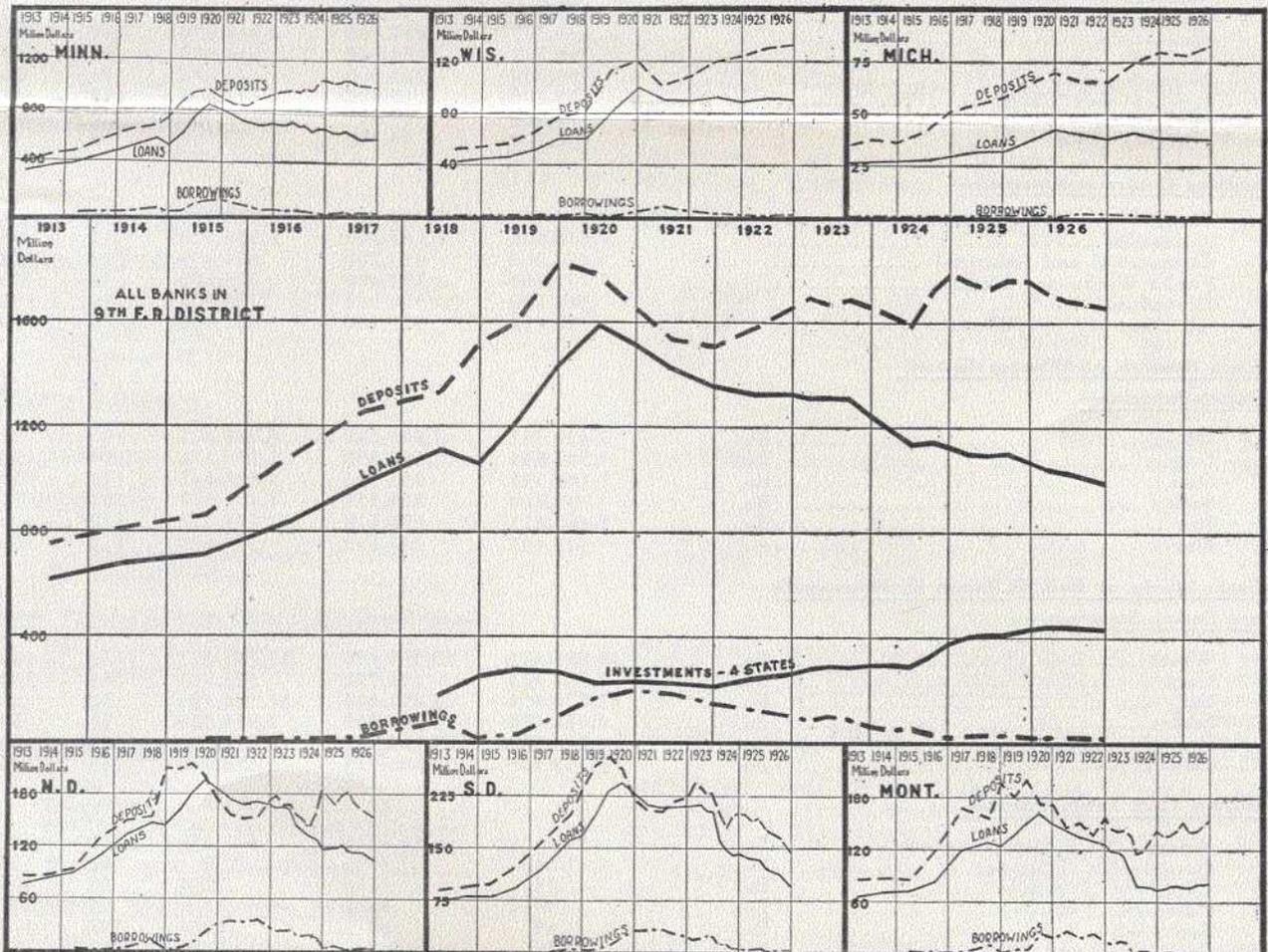
BANK RETURNS IN THE NINTH FEDERAL RESERVE DISTRICT
(000's omitted)

	Loans	Investments	Cash and Due from Banks	Deposits	Borrowings	No. of Banks
December 31, 1926						
Minnesota	\$ 579,791	\$320,423	\$190,961	\$ 987,866	\$ 7,225	1,238
North Dakota	102,857	32,049	30,141	153,466	2,102	555
South Dakota	94,013	28,680	32,275	143,188	3,184	422
Montana	81,083	48,005	38,957	155,175	494	214
Michigan*	38,341	42,329		83,214	772	76
Wisconsin*	89,865	32,413***		131,703	1,003	251
Total	\$ 985,950	\$503,899	\$292,334**	\$1,654,612	\$14,780	2,756
December 31, 1925						
Minnesota	\$ 621,729	\$315,968	\$202,753	\$1,039,752	\$ 6,738	1,356
North Dakota	114,276	40,134	39,708	181,505	2,467	642
South Dakota	122,716	23,804	45,158	179,017	4,142	495
Montana	78,095	44,106	41,571	150,969	542	227
Michigan*	38,487	37,326		78,471	907	76
Wisconsin*	90,872	29,601***		130,004	915	261
Total	\$1,066,175	\$490,939	\$329,190**	\$1,759,718	\$15,711	3,057

*Portion of states in the Ninth Federal Reserve District.

**Four states only.

***State bank investments in Wisconsin estimated at \$13,000,000 in 1925 and \$15,000,000 in 1926.



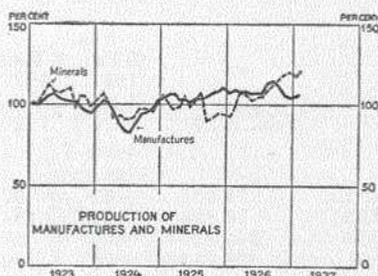
Loans, Deposits, Investments and Borrowings of Banks in the Ninth Federal Reserve District.

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

Debits to Individual Accounts—	Unit	Feb., 1927	Jan., 1927	Feb., 1926	% Feb.	% Feb.
					1927	1927
17 cities		\$631,899,000	\$716,608,000	\$674,617,000	88	94
Minneapolis		310,936,000	354,096,000	336,747,000	88	92
St. Paul		151,145,000	162,078,000	157,614,000	93	96
Duluth-Superior		60,254,000	68,654,000	65,756,000	88	92
8 Wheat Belt Cities		42,621,000	50,489,000	47,476,000	84	90
3 Mississippi Valley Cities		18,497,000	20,223,000	16,491,000	91	112
South St. Paul		31,013,000	41,178,000	34,513,000	75	90
Sioux Falls		17,433,000	19,890,000	16,020,000	88	109
Carloadings—Northwestern District—						
Total	Cars	456,320	463,259	457,958	99	100
Grains and Grain Products	Cars	40,866	42,295	41,780	97	98
Livestock	Cars	33,652	43,238	36,152	78	93
Coal	Cars	33,781	41,502	29,569	81	114
Coke	Cars	5,398	5,868	6,006	92	90
Forest Products	Cars	83,737	73,723	93,871	114	89
Ore	Cars	2,720	2,850	2,022	95	135
Merchandise—L. C. L	Cars	125,071	127,858	120,199	98	104
Miscellaneous	Cars	131,095	125,925	128,359	104	102
Building Permits—						
Number—18 Cities		655	549	791	119	83
Value—18 Cities		\$1,548,900	\$1,924,300	\$2,912,000	80	53
Minneapolis		819,200	877,900	1,218,900	93	67
St. Paul		396,700	424,400	1,114,400	93	36
Duluth-Superior		196,000	263,600	244,700	73	80
4 Wheat Belt Cities		39,700	16,400	141,500	242	28
6 Mixed Farming Cities		95,900	328,500	99,000	30	99
4 Mining Cities		1,400	13,500	93,500	10	1
Building Contracts Awarded—						
Total		2,871,400	2,490,800	5,289,900	115	54
Residential		1,648,600	1,162,700	2,582,700	142	64
Commercial and Industrial		473,000	415,700	601,100	114	79
Public Works and Utilities		71,000	198,400	274,600	36	26
Educational		349,000	330,500	180,000	106	194
All other		329,800	383,500	1,651,500	86	20
Grain Receipts at Minneapolis and Duluth-Superior—						
Wheat	Bu.	7,420,552	7,401,662	8,048,815	100	92
Corn	Bu.	1,507,885	1,567,190	1,393,556	96	108
Oats	Bu.	1,106,535	955,824	1,878,548	116	59
Barley	Bu.	905,220	899,559	1,193,338	101	76
Rye	Bu.	1,464,075	698,118	710,054	210	206
Flax	Bu.	613,401	547,350	379,800	112	162
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—						
Wheat	Bu.	18,785,377	18,395,838	17,705,837	102	106
Corn	Bu.	1,768,423	676,992	522,763	261	338
Oats	Bu.	21,323,454	23,091,015	31,158,103	92	68
Barley	Bu.	2,958,106	3,086,889	4,973,583	96	59
Rye	Bu.	10,292,022	9,339,543	8,874,103	110	116
Flax	Bu.	2,119,259	2,368,915	1,678,740	89	126
Median Cash Grain Prices—						
Wheat—No. 1 Dark Northern	Bu.	\$1.46 ⁵ / ₈	\$1.47 ¹ / ₈	\$1.72 ¹ / ₂	100	85
Durum—No. 2 Amber	Bu.	1.61 ³ / ₄	1.75 ⁷ / ₈	1.52	92	106
Corn—No. 3 Yellow	Bu.	.74	.75	.70 ³ / ₄	99	105
Oats—No. 3 White	Bu.	.44 ¹ / ₈	.45 ³ / ₈	.37	97	119
Barley—No. 3	Bu.	.69	.68	.60 ¹ / ₂	101	114
Rye—No. 2	Bu.	1.02	.99 ¹ / ₄	.92 ¹ / ₄	103	111
Flax—No. 1	Bu.	2.24 ¹ / ₂	2.22 ¹ / ₄	2.42	101	93

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

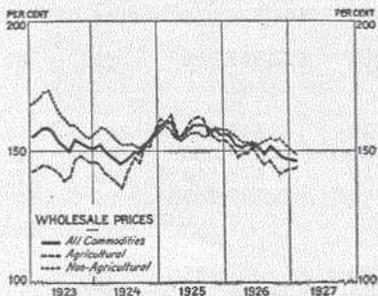
	Unit	Feb., 1927	Jan., 1927	Feb., 1926	% Feb. 1927 of Jan. 1927	% Feb. 1927 of Feb. 1926
Livestock Receipts at South St. Paul—						
Cattle	Head	56,458	69,155	58,082	82	97
Calves	Head	61,575	57,523	58,998	107	104
Hogs	Head	241,974	374,599	270,497	65	89
Sheep	Head	45,202	59,361	23,765	76	190
Median Livestock Prices at South St. Paul—						
Butcher Cows	Cwt.	\$6.25	\$6.00	\$5.75	104	109
Butcher Steers	Cwt.	8.50	8.50	8.00	100	106
Prime Butcher Steers	Cwt.	9.75	9.50	9.25	103	105
Stocker & Feeder Steers	Cwt.	7.00	7.00	7.25	100	97
Veal Calves	Cwt.	12.50	11.50	11.00	109	114
Hogs	Cwt.	11.40	11.70	12.75	97	89
Heavy Hogs	Cwt.	10.50	10.75	10.25	98	102
Lambs	Cwt.	13.00	12.50	13.25	104	98
Ewes	Cwt.	8.00	6.25	8.00	128	100
Flour—						
Production—Twin Cities & Duluth-Superior	Bbbls.	881,906	926,786	962,069	95	92
Shipments from Minneapolis	Bbbls.	815,341	896,787	902,584	91	90
Linseed Products Shipments from Minneapolis. Lbs.						
		26,789,303	30,341,994	30,875,739	88	87
Retail Sales—						
22 Department Stores		\$1,997,780	\$2,138,630	\$1,945,670	93	103
509 Lumber Yards	Bd. Ft.	6,061,000	6,134,000	7,207,000	99	84
Retail Merchandise Stocks—						
18 Department Stores		\$6,277,150	\$5,880,630	\$6,953,660	107	90
475 Lumber Yards	Bd. Ft.	103,928,000	100,202,000	104,520,000	104	99
Life Insurance Sales (4 States)						
		\$18,829,000	\$19,065,000	\$22,967,000	99	82
Wholesale Trade—						
Farm Implements—6 firms		232,360	141,100	319,060	165	73
Hardware—12 firms		1,478,130	1,374,660	1,597,680	108	93
Shoes—5 firms		335,850	206,520	470,580	163	71
Groceries—46 firms		4,151,650	4,397,160	3,978,160	94	104
Business Failures—						
Number		77	106	85	73	91
Liabilities		\$1,114,000	\$1,160,290	\$843,138	96	132
Securities Sold—						
To Banks		2,986,900	3,654,600	4,292,800	82	70
To Insurance Companies		1,197,400	1,938,300	1,263,300	62	95
To General Public		4,822,700	6,934,700	6,951,400	70	69
Ninth Federal Reserve District Member Banks—						
Net Demand Deposits		424,958,000	419,319,000	457,021,000	101	93
Time Deposits		435,250,000	431,998,000	440,772,000	101	99
24 City Member Banks—						
		March 16 1927	Feb. 16 1927	March 17 1926	% Mar. of Feb.	% Mar. 27 of Mar. 26
Loans		\$244,344,000	\$241,784,000	\$248,614,000	101	98
Securities		120,212,000	116,650,000	115,319,000	103	104
Net Demand Deposits Subject to Reserve ..		219,292,000	216,648,000	225,183,000	101	97
Time Deposits		125,263,000	122,925,000	111,737,000	102	112
Borrowings at Federal Reserve Bank		900,000	1,600,000	4,360,000	56	21
Minneapolis Federal Reserve Bank—						
Loans to Member Banks		3,512,323	4,431,708	6,733,540	79	52
Federal Reserve Notes in Circulation		64,414,660	63,771,005	64,109,115	101	100



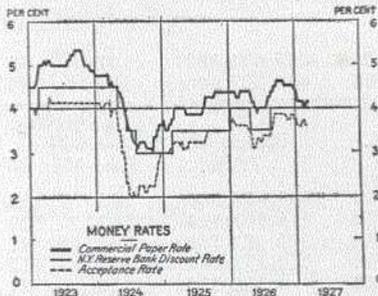
Index numbers of production of manufactures and minerals adjusted for seasonal variations (1923-25 average=100). Latest figures, February, manufactures 106, minerals 120.



Federal Reserve Board's indexes of factory employment and payrolls (1919=100). Latest figures, February, employment 93.7, payrolls 108.5.



Indexes of United States Bureau of Labor Statistics (1913=100). Latest figures, February, all commodities 148.3, non-agricultural commodities 148.3, agricultural commodities 143.8.



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

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

Industrial output increased further in February and was slightly larger than a year ago, and distribution of commodities by the railroads was larger than for the corresponding period of any previous year. The general level of wholesale prices continued to decline and was in February at the lowest level since the summer of 1924.

PRODUCTION: Production of manufactures increased in February for the second consecutive month, and the output of minerals, after declining in January, advanced once more in February to the record level reached last December. Factory production and employment, however, continued smaller than during the corresponding month of last year. Production of iron and steel has increased steadily since December, and reports indicate that operations of steel mills in March were at almost the same high rate as in March, 1926. Automobile production increased from 234,000 cars in January to 298,000 cars in February, and weekly figures of employment in Detroit factories indicate some further additions to production in March, but output has continued much smaller than a year ago. Daily average consumption of cotton by mills in February was larger than in any previous month on record, but activity of woolen and silk mills decreased, as compared with January. Production of bituminous coal has been maintained in large volume, while that of anthracite has been considerably reduced. The output of building materials was smaller during the first two months of this year than in the corresponding period of 1926. The value of building contracts awarded in February was 3 per cent smaller than in the same month of last year, but awards for the first three weeks in March were in approximately the same volume as in 1926. Contracts in southeastern and northwestern states have been considerably smaller than a year ago, while those in the central west have been much larger.

TRADE: Retail trade showed less than the usual seasonal decline between January and February. Sales of department stores and chain stores were larger than in February of last year, while those of mail order houses were smaller. Wholesale firms reported a smaller volume of business in February than a year ago, and this decline occurred in nearly all leading lines. Inventories of department stores increased in February in anticipation of the usual expansion in spring trade, but the growth was less than is customary at this season and at the end of the month, stocks were slightly smaller than a year ago. Stocks of merchandise carried by wholesale firms also increased in February, but they were generally smaller than in the corresponding month of last year.

Railroad shipments of commodities have increased steadily since January by more than the usual seasonal amount and have exceeded those for the same period last year, owing to larger shipments of coal, of miscellaneous commodities, and of merchandise in less-than-carload lots.

PRICES: Wholesale prices, according to the index of the Bureau of Labor Statistics, continued to decline in February. Among non-agricultural products, decreases occurred in the prices of coal, petroleum, iron and steel, non-ferrous metals and lumber, and the index for non-agricultural prices as a group, was at the lowest post-war level. Prices of livestock and livestock products and of clothing materials advanced in February. During the first three weeks of March there were decreases in prices of grains, livestock, sugar, silk, wool, coal, petroleum and gasoline, while prices of potatoes, pig iron, hides and rubber advanced.

BANK CREDIT: Demand for commercial credit at member banks in leading cities increased seasonally between the middle of February and the middle of March. There was also growth in the volume of funds used in the security market as indicated by increases in loans to brokers and dealers in securities. Consequently, total loans of the reporting banks at the end of the period were close to the level of last autumn. Financial operations of the United States Treasury around the middle of March, with disbursements temporarily in excess of receipts, resulted in a temporary abundance of funds which was reflected at member banks in leading cities in a growth of deposits, in reduced indebtedness at the Reserve banks, and in increased holdings of securities.

At the Reserve banks, following changes in holdings of bills and securities accompanying the financial operations of the Treasury, the total volume of credit outstanding on March 23 was somewhat larger than four weeks earlier. Conditions in the money market in March were slightly firmer than in February. Rates on prime commercial paper advanced from 4 per cent to 4-4/4 per cent and call money was also higher, while rates on acceptances declined somewhat.