

MONTHLY REVIEW

OF
 AGRICULTURAL AND BUSINESS CONDITIONS
 IN THE
 NINTH FEDERAL RESERVE DISTRICT

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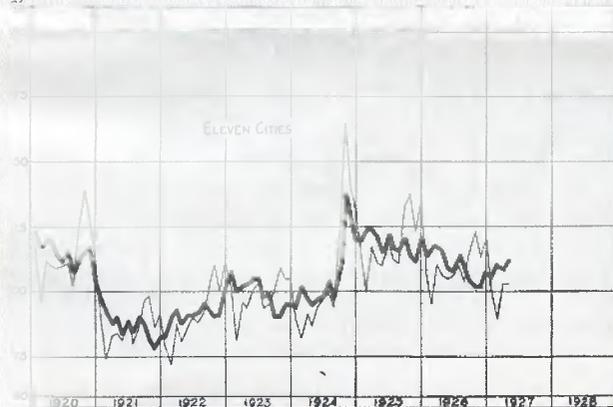
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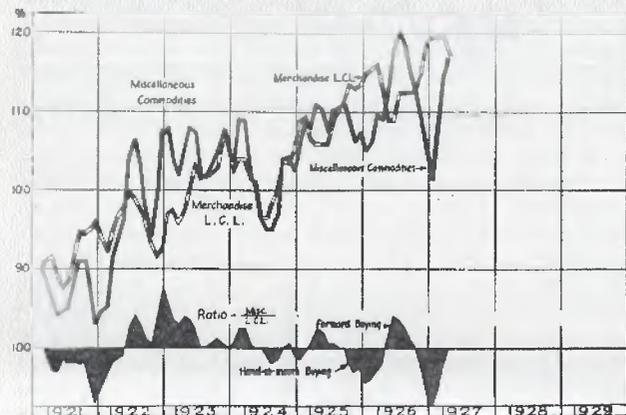
DISTRICT SUMMARY FOR THE MONTH

April business in this district was in smaller volume than during the same month of last year, but the early increase in business activity at the head of the lakes has made the comparison less unfavorable than for some months past. The money value, as reflected by the individual debits, or check payments through representative banks, was less in April than a year ago; and all of the seventeen reporting cities experienced declines, except Duluth, Helena, La-Crosse and Winona. Individual debits in the three weeks ending May 18 were somewhat smaller than in the corresponding period last year.



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.

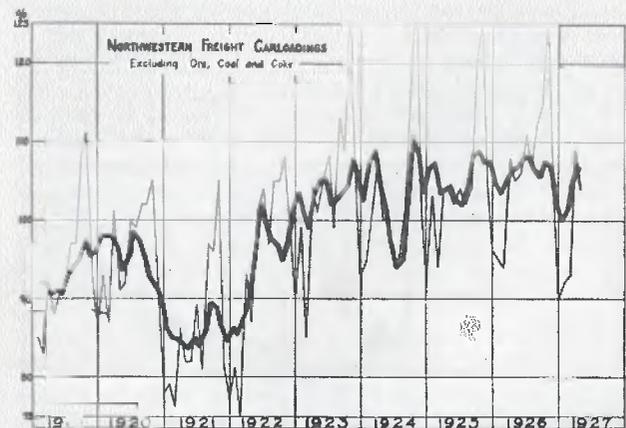
The physical volume of business in April, as shown by freight carloadings in the northwestern district, with loadings of ore excluded, was slightly smaller than the volume of last year. Increases in car-loadings of miscellaneous and less-than-carlot merchandise were more than offset by declines in the other classes of freight. The relationship between the volume of miscellaneous and less-than-carlot loadings returned to the usual condition in March and April, after last winter's unusually large proportion of shipments in less-than-carlots. Carloadings of ore were nearly four times as large during April as in the corresponding period a year ago. Livestock and grain receipts at terminals, retail trade in the



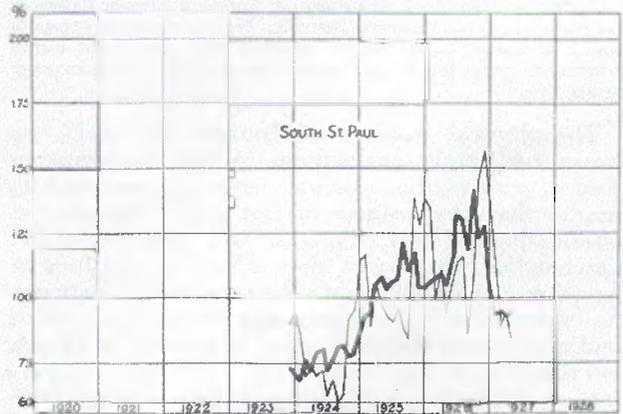
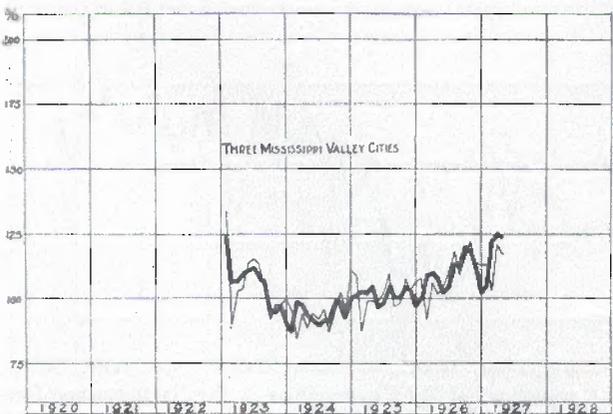
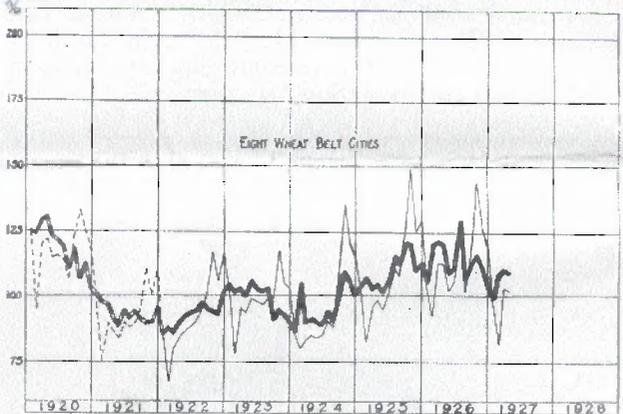
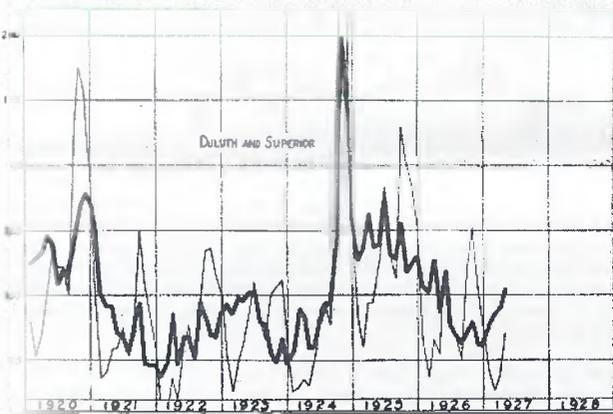
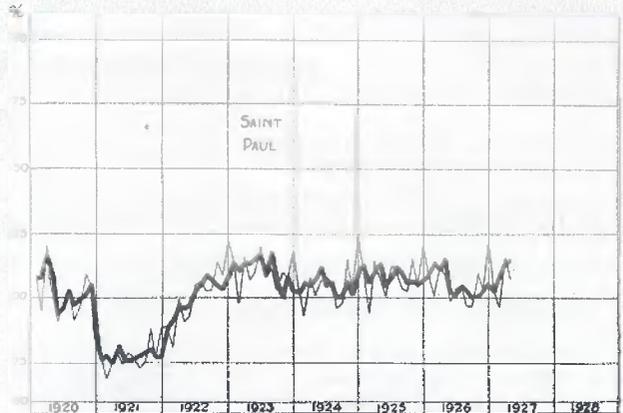
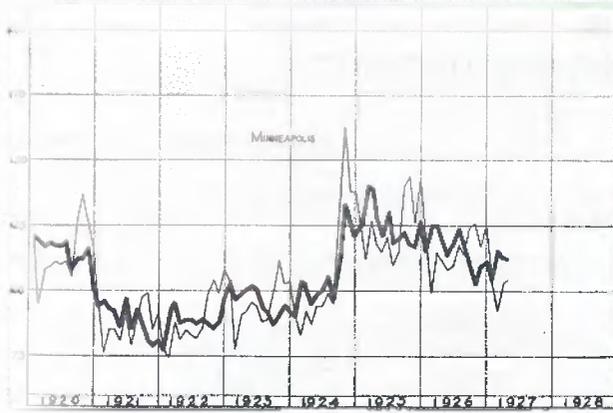
Freight Carloadings of Merchandise in the Northwestern District Analyzed to Show the Extent of Forward Buying. When the black area in the lower part of the chart is above the 100 per cent line, forward buying is taking place. When the black area is below the line, buying is "hand to mouth." Seasonal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

larger cities, wholesale trade and life insurance sales declined, while flour and linseed products shipped and country lumber sales increased.

As compared with March, the volume of business in April, measured by the debits at banks, was



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.

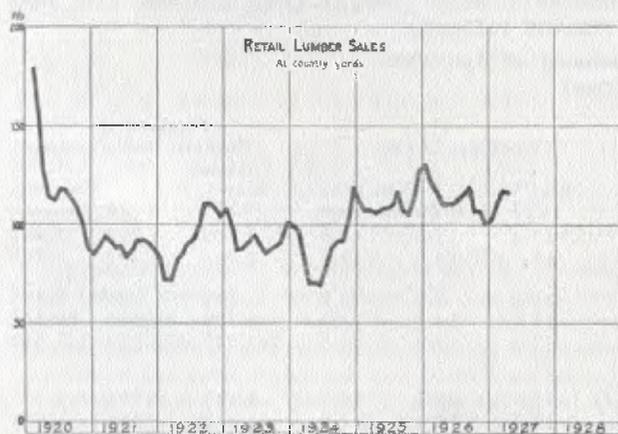


Debits to Individual Accounts at Banks in Cities and Regional Groups of Cities in the Ninth Federal Reserve District. Heavy curves represent figures adjusted to eliminate seasonal changes; light curves represent actual figures.

about the same in dollar amount, although customarily the April volume is smaller than the March volume. This favorable comparison is due to the early increase in business volume at Duluth. Carloadings, excluding ore, exhibited less than the usual decline. Grain and livestock receipts at terminals and shipments of linseed products and flour and wholesale trade declined, as compared with March, while retail trade in the cities, country lumber sales and life insurance sales increased.

Building permits and contracts awarded, which are factors in future business, were 25 percent and 19 percent smaller, respectively, in April than a year ago. As compared with March, there was a very small increase in permit valuation totals and a decline in building contracts awarded, which was to be expected following the large volume of permits and contracts reported for March.

In the country sections of this district business, compared to last year, showed great irregularity. Debits reported by our group of eight wheat belt cities declined 10 percent in April, as compared with last year, and debits at Sioux Falls declined 5 percent. However, the Mississippi Valley group of cities experienced a 15 percent increase. Future business, arising from building, will be large in the wheat belt. Four cities in the wheat belt reported the largest valuation of building permits issued in any month since our reports began, with the exception of April, 1920. On the other hand, six cities in mixed farming regions reported April permits 39 percent smaller than last year's April valuation. Prices of farmers' products showed mixed trends, as compared with last year. Durum wheat, rye, all of the feed grains, butter, cattle and sheep sold at higher prices during April than a year ago; while bread wheat, flax, potatoes, eggs, hens and hogs sold at lower prices. The cash value of wheat, rye and flax received at terminal markets during April from our four states was \$7,600,000 as compared with \$12,000,000 in April a year ago.



Lumber Sales by Country Retail Yards in the Ninth Federal Reserve District, with Seasonal Changes Eliminated. (Original data was in board feet.)

Moisture conditions in this district at the beginning of the crop season are reported to be much better than a year ago by representative bankers to whom letters were addressed early in May. In most localities the amount of moisture in the soil is greater than for many years past. In the northwestern counties of Minnesota there is more moisture than at any time since 1907 and conditions are slightly unfavorable on that account. In that region the result will be almost no planting of wheat acreage and the substitution of potatoes, tame hay and feed crops.

Seeding was from one to three weeks late throughout the district. Nearly every banker interrogated reported the prospect of a reduction in wheat acreage on account of the lateness of seeding. Since only the best land will be seeded to wheat under these circumstances, the prospect for a large wheat yield per acre is somewhat improved. A general increase in the acreage planted to corn is in prospect. Bankers reported an increase in corn to be planted at Faribault, Pipestone and Thief River Falls, Minnesota, Sioux Falls, Aberdeen and Redfield, South Dakota, Fargo, Valley City and Fessenden, North Dakota and Bozeman and Wibaux, Montana. There were also some reports of increases in barley and flax and of decreases in Montana in canning peas and seed peas. The frequent rains and snow are causing some difficulties at lambing time where the shelter provided is not adequate.

TOPICAL REVIEWS

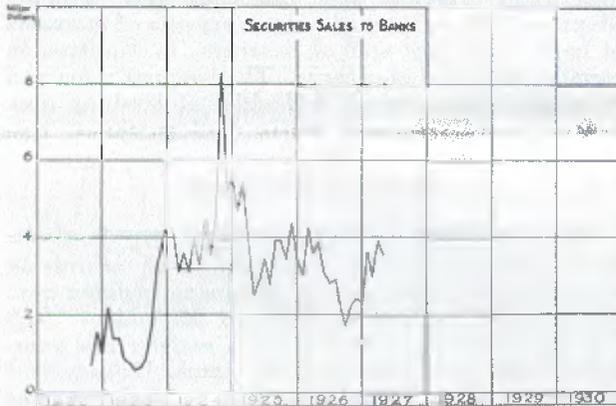
The controller's call for condition reports of national banks this spring, dated March 23, affords an opportunity to measure the changes in banking conditions which took place between the end of 1926 and the beginning of spring farm activity this year. State bank superintendents in South Dakota and Montana also called for statements from their banks on March 23. Combining the national bank figures for four states and the state bank figures for two states, a fairly comprehensive picture of conditions in the district can be obtained. Between December 31 and March 23 these groups of banks increased their investments 14 million dollars, in spite of a reduction of 25 million dollars in deposits. Loans decreased 13 million dollars and cash and amounts "due from banks" decreased 26 million dollars. Borrowings continued to be very small. Similar changes occurred in the banks of each state except that in North Dakota the investments of national banks declined slightly and loans remained unchanged.

Banking developments since March 23 have been very similar to developments a year ago. The spring season opened earlier than last year, causing an earlier increase in borrowings by country banks from this Federal reserve bank and an earlier reduction of correspondent bank balances but frequent rains which have occurred in recent weeks have tended to delay spring operations and it appears

now that the latest banking changes are occurring on about the same dates as a year ago. Last year May 26 was the peak of spring borrowing by country banks from the Federal reserve bank and the lowest point reached in the spring by the correspondent balances held by city banks in this district.

City banking conditions in the last few weeks have reflected country conditions. A reduction of 13 million dollars in net demand deposits at the city banks reporting weekly to this office can be entirely accounted for by a reduction of about the same amount in deposits held for country banks. Time deposits, investments and loans secured by stocks and bonds have remained stationary during these weeks but "all other loans" have declined 14 millions. The spring decrease in "all other loans" should end between the middle and the end of May, according to the experience of the last four years.

Security sales to banks made by representative Twin City investment dealers were not quite as large in March and April as in the same two months a year ago, but bankers' purchases of securities this spring have been much nearer last year's volume than purchases during the fall and winter months.



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

when the effects of the small wheat crop were most noticeable. Insurance companies continued to buy larger quantities of securities from Twin City dealers than a year ago but the general public, aside from bankers and insurance companies, did not buy as large a volume of securities in April as in the corresponding month last year. Classes of securities showing gains in sales compared with a year ago were railroad and public utility bonds, government bonds, foreign securities, farm mortgages and city mortgages. Gains as compared with the sales of last year, were recorded for municipal bonds, industrial bonds and stocks.

A 40 percent larger winter wheat crop from an acreage only 20 percent greater than last year in the four states of Minnesota, Montana, North Dakota and South Dakota was forecast in the May 1 report of the United States Department of Agriculture. The estimated yield per acre for the four states in 1927 was 16.4 bushels, which is more than two bushels per acre above last year's yield figures, and nearly two bushels larger than the ten year average.

The May 1 production forecast of the 1927 winter wheat crop for the whole United States was only 95 percent of the production obtained in 1926 despite a slightly increased acreage. The winter wheat acreage remaining for harvest on May 1 was 5 percent larger than that harvested last year, but the per acre yield was estimated to be only 15.3 bushels or ten percent less than the yield last summer.

Large increases in the indicated yield per acre of rye in Minnesota, North Dakota, and South Dakota, and a small increase in Montana, resulted in a production forecast for these four states 50 percent greater than the production obtained in 1926, on an acreage only 6 percent larger.

The United States rye production forecast was 20 percent greater than last year's production owing to an increase of nearly two bushels in the indicated

MAY 1, 1927 ACREAGE ESTIMATES AND PRODUCTION FORECASTS WITH COMPARATIVE FIGURES FOR 1926 AND THE TEN YEAR AVERAGE 1917-1926

Source: United States Department of Agriculture
(000's omitted)

Winter Wheat	Estimated Acreage (000's omitted)			Yield per Acre			Production (Bushels; 000's omitted) Forecast		
	May 1, 1927	1926	Ten Year Average	May 1, 1927	1926	Average	May 1, 1927	1926	Average
	Minnesota	191	187	110	19.4	17.5	17.8	3,702	3,272
Montana	567	448	534	15.7	14.0	13.6	8,916	6,272	7,260
North Dakota
South Dakota	105	75	98	15.0	7.0	13.7	1,571	525	1,345
Four States	863	710	742	16.4	14.2	14.5	14,189	10,069	10,562
United States	38,701	36,913	38,399	15.3	17.0	14.9	593,940	626,929	572,887
Rye									
Minnesota	330	367	611	17.1	13.5	17.1	5,643	4,954	10,439
Montana	134	107	95	12.2	12.0	11.4	1,632	1,284	1,083
North Dakota	1,283	1,222	1,448	11.5	7.6	10.5	14,734	9,287	15,152
South Dakota	141	88	298	14.4	6.2	14.8	2,030	546	4,414
Four States	1,888	1,784	2,452	12.7	9.0	12.7	24,039	16,071	31,088
United States	3,592	3,513	4,943	13.3	11.4	13.6	47,861	40,024	67,001

acre yield and a 2 percent increase in acreage remaining for harvest on May 1.

The cash value of potatoes sold by farmers in the four states of Minnesota, Montana, North Dakota and South Dakota during the first nine months of the current crop year is estimated to be \$38,000,000, as compared with \$47,000,000 realized from the sale of potatoes in the first nine months of the preceding crop year. Although the 1925 and 1926 crops were small, the cash return from the sale of these crops was larger than the cash return from the sale of the crops of 1923 and 1924, which were very much larger in physical volume. The cash values of the portions of the potato crop sold in the last three complete crop years are estimated as follows: 1923, \$26,000,000; 1924, \$27,000,000 and 1925, \$50,000,000. Unless some abrupt change in price occurs in the next three months, cash returns from potatoes of the 1926 crop will be about \$40,000,000.

These estimates of the cash value of potatoes sold by farmers in the four states named above have been prepared with the utmost care, but necessarily are based in part on assumptions and estimates made necessary by the character of the problem. A large part of the potato crop is sold locally and it is impossible to secure quantity or price data concerning these sales. Therefore, to obtain an estimate as to the complete quantity sold it is necessary to estimate the quantity unfit for food or seed, the quantity saved for food on the farms and the quantity saved for seed and to deduct these quantities from the estimated potato production in the four states to arrive at the number of bushels for sale. The United States Department of Agriculture has made the necessary estimates for the crops of 1924, 1925 and 1926, and our staff has made estimates for the crops of 1922 and 1923. These various factors of consumption of the crop for the four states combined, are given in the following table:

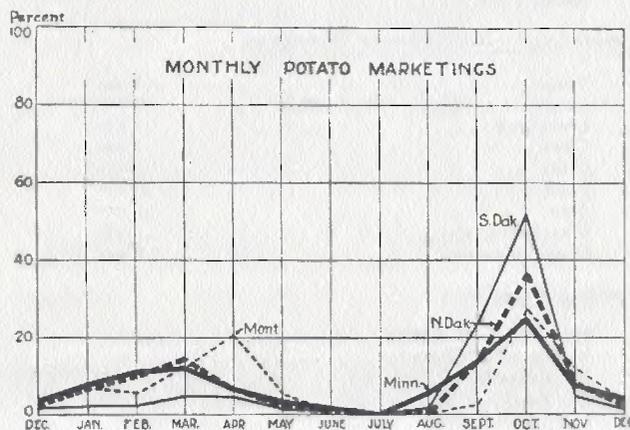
UTILIZATION OF POTATO CROPS OF MINNESOTA, MONTANA, NORTH DAKOTA AND SOUTH DAKOTA

(In thousands of bushels)

	1922	1923	1924	1925	1926
Unfit for food or seed	14,021	12,294	11,226	3,314	3,939
Saved for food on farms	11,000	11,000	10,769	10,640	8,223
Saved for seed	8,172	6,828	6,391	5,052	5,848
For sale....	43,697	33,000	36,476	22,999	25,585
Production..	76,890	63,122	64,862	42,005	43,595

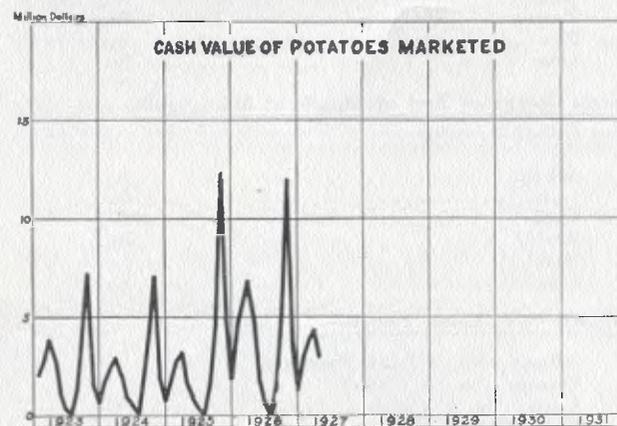
No perfect records are available for the quantity of potatoes marketed each month in the crop year. For the purpose of this study, however, the seasonal fluctuations in the carloadings of potatoes originating in each of the four states are considered sufficiently accurate. Three year averages were made of the percentage of the crop year total of potato carloadings which fell in each month. For Minnesota an adjustment was made to cancel the effect of resh Shipments from Minneapolis and St. Paul. The accom-

panying chart shows the seasonal variations in potato marketings from each state, derived by this method. It will be noted that there is a seasonal peak in October, which is most pronounced in South Dakota and least pronounced in Minnesota. The marketing of potatoes in Montana begins later than in the other states and a considerable quantity of Montana potatoes is held through the winter and shipped in March and April of the following year. The quantity of potatoes marketed in each state month by month is found by multiplying the quantity estimated to be for sale by these seasonal percentages.



Monthly Percentages of Potato Crop Marketings from Minnesota, North Dakota, South Dakota and Montana in the average year.

The prices used in computing the cash value of marketings are the Minneapolis wholesale potato prices quoted by the Daily Market Reporter. Averages are made of the quotations for the last day of the current month and the last day of the preceding month to determine the typical price during the current month. The cash income each month from potatoes is then computed by multiplying the estimated marketings from the four states by the Minneapolis price per bushel. A chart showing the monthly variations in cash income from potatoes from 1923 to 1927 is shown below.



Monthly Value of Potatoes Marketed from Minnesota, North Dakota, South Dakota and Montana at Minneapolis Wholesale Prices.

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

Debits to Individual Accounts—	Unit	April 1927	March 1927	April 1926	%Apr. 1927	%Apr. 1927
					of Mar. 1927	of Apr. 1926
17 cities		\$724,019,000	\$726,779,000	\$748,901,000	100	97
Minneapolis		351,434,000	349,658,000	375,179,000	101	94
St. Paul		169,538,000	181,660,000	171,161,000	93	99
Duluth-Superior		81,509,000	67,624,000	74,151,000	121	110
8 Wheat Belt Cities		52,859,000	53,224,000	58,508,000	99	90
3 Mississippi Valley Cities		21,067,000	21,682,000	18,330,000	97	115
South St. Paul		29,687,000	32,930,000	32,767,000	90	91
Sioux Falls		17,925,000	20,001,000	18,805,000	90	95
Carloadings—Northwestern District—						
Total	Cars	546,924	525,002	509,968	104	107
Grains and Grain Products	Cars	35,347	39,923	38,176	89	93
Livestock	Cars	30,575	37,817	32,569	81	94
Coal	Cars	18,856	25,852	19,278	73	98
Coke	Cars	6,514	6,100	7,153	107	91
Forest Products	Cars	81,907	95,629	94,459	86	87
Ore	Cars	54,702	3,553	14,559	1540	376
Merchandise—L. C. L.	Cars	148,566	152,707	144,344	97	103
Miscellaneous	Cars	170,457	163,421	159,430	104	107
Building Permits—						
Number—18 Cities		2,314	1,756	2,887	132	80
Value—18 Cities		\$5,794,000	\$5,616,700	\$7,680,900	103	75
Minneapolis		2,140,800	2,398,600	2,767,700	89	77
St. Paul		1,609,100	1,339,500	2,301,200	120	70
Duluth-Superior		554,800	927,600	852,200	60	65
4 Wheat Belt Cities		700,000	357,600	563,800	196	124
6 Mixed Farming Cities		653,700	439,500	1,078,900	149	61
4 Mining Cities		135,600	153,900	117,100	88	116
Building Contracts Awarded—						
Total		9,268,900	10,472,900	11,385,700	89	81
Residential		3,175,900	3,299,900	4,663,600	96	68
Commercial and Industrial		1,625,600	3,053,400	2,637,100	53	62
Public Works and Utilities		1,698,500	1,132,200	1,847,600	150	92
Educational		2,059,800	916,800	1,132,100	225	182
All other		709,100	2,070,600	1,105,300	34	64
Grain Receipts at Minneapolis and Duluth-Superior—						
Wheat	Bu.	6,479,132	7,500,840	7,612,603	86	85
Corn	Bu.	269,738	641,826	320,850	42	84
Oats	Bu.	581,222	966,051	3,142,456	60	18
Barley	Bu.	801,103	815,070	1,308,345	98	61
Rye	Bu.	1,169,896	1,074,433	842,289	109	139
Flax	Bu.	366,655	572,101	493,600	64	74
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—						
Wheat	Bu.	14,875,915	19,985,098	16,283,166	74	91
Corn	Bu.	372,650	1,293,607	439,239	29	85
Oats	Bu.	15,213,618	18,235,137	31,065,316	83	49
Barley	Bu.	891,541	2,383,653	3,802,440	37	23
Rye	Bu.	4,413,739	11,042,987	9,665,026	40	46
Flax	Bu.	1,860,217	2,048,811	1,172,666	91	159
Median Cash Grain Prices—						
Wheat—No. 1 Dark Northern		\$1.40 ³ / ₄	\$1.42 ³ / ₄	\$1.66	99	85
Durum—No. 2 Amber		1.53	1.57 ¹ / ₄	1.48 ¹ / ₄	97	103
Corn—No. 3 Yellow	Bu.	.72 ⁵ / ₈	.70	.70	104	104
Oats—No. 3 White	Bu.	.43 ³ / ₄	.44 ⁵ / ₈	.38 ¹ / ₂	98	114
Barley—No. 3	Bu.	.76 ¹ / ₂	.71	.62	108	123
Rye—No. 2	Bu.	.99 ¹ / ₈	.98 ³ / ₄	.85 ¹ / ₈	100	116
Flax—No. 1	Bu.	2.23 ¹ / ₂	2.22	2.34	101	96

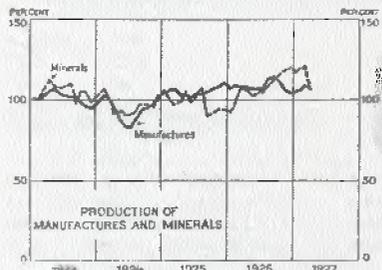
NINTH FEDERAL RESERVE DISTRICT

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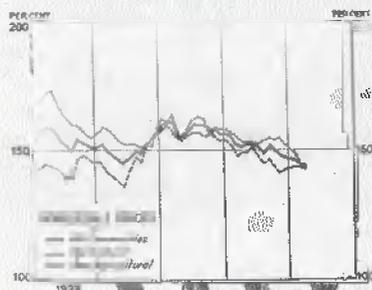
COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT
(Continued)

	Unit	April 1927	March 1927	April 1926	%Apr. 1927 of Mar. 1927	%Apr. 1927 of Apr. 1926
Livestock Receipts at South St. Paul—						
Cattle	Head	51,412	61,331	64,047	84	80
Calves	Head	58,908	71,280	63,540	83	93
Hogs	Head	223,605	249,046	222,539	90	100
Sheep	Head	9,198	23,688	7,547	39	122
Median Livestock Prices at South St. Paul—						
Butcher Cows	Cwt.	\$7.00	\$6.50	\$6.25	108	112
Butcher Steers	Cwt.	9.75	9.25	8.35	105	117
Prime Butcher Steers	Cwt.	11.50	10.50	9.00	110	128
Stocker & Feeder Steers	Cwt.	7.25	7.50	7.25	97	100
Veal Calves	Cwt.	9.25	11.50	9.00	80	103
Hogs	Cwt.	10.50	11.25	12.50	93	84
Heavy Hogs	Cwt.	9.00	9.75	10.00	92	90
Lambs	Cwt.	15.50	14.75	12.90	105	120
Ewes	Cwt.	8.75	8.75	8.00	100	109
Flour—						
Production—Twin Cities & Duluth-Superior	Bbbs.	954,238	1,018,090	902,962	94	106
Shipments from Minneapolis	Bbbs.	902,196	955,089	891,008	94	101
Linseed Products Shipments from Minneapolis.	Lbs.	22,004,324	23,357,883	19,962,991	94	110
Retail Sales—						
22 Department Stores		\$2,640,140	\$2,368,780	\$2,745,290	111	96
506 Lumber Yards	Bd. Ft.	13,809,000	9,824,000	13,777,000	141	100
Retail Merchandise Stocks—						
18 Department Stores		\$6,835,370	\$6,816,940	\$7,543,990	100	91
481 Lumber Yards	Bd. Ft.	106,152,000	105,096,000	109,235,000	101	97
Life Insurance Sales (4 States)		\$22,721,000	\$22,695,000	\$25,583,000	100	89
Wholesale Trade—						
Farm Implements—6 firms		281,930	415,690	392,860	68	72
Hardware—12 firms		1,919,580	2,007,660	2,078,470	96	92
Shoes—5 firms		520,180	571,990	569,970	91	91
Groceries—46 firms		4,884,290	4,857,050	4,616,330	101	106
Business Failures—						
Number		98	89	82	110	120
Liabilities		\$1,220,988	\$868,720	\$846,601	141	144
Securities Sold—						
To Banks		3,508,000	3,906,200	3,891,600	90	90
To Insurance Companies		2,974,100	2,087,100	1,682,100	142	177
To General Public		6,975,100	6,846,600	8,506,200	102	82
Ninth Federal Reserve District Member Banks—						
Net Demand Deposits		405,767,000	424,870,000	430,343,000	96	94
Time Deposits		431,238,000	430,266,000	436,566,000	100	99
24 City Member Banks—						
		May 18 1927	April 13 1927	May 19 1926	% May 1927 of April 1927	% May 1927 of May 1926
Loans		\$227,631,000	\$240,825,000	\$224,607,000	95	101
Securities		122,211,000	121,221,000	115,679,000	101	106
Net Demand Deposits Subject to Reserve ..		202,827,000	212,221,000	216,636,000	96	94
Time Deposits		126,363,000	126,634,000	108,182,000	100	117
Borrowings at Federal Reserve Bank		4,534,000	2,279,000	4,545,000	199	100
Minneapolis Federal Reserve Bank—						
Loans to Member Banks		8,215,332	5,380,732	8,181,801	153	100
Federal Reserve Notes in Circulation		61,926,295	64,357,000	61,562,315	96	101

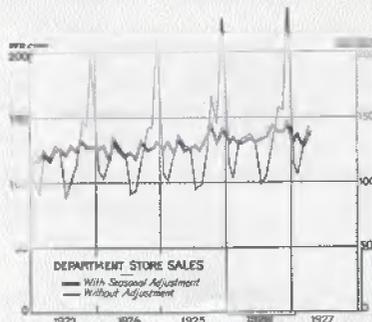
Summary of National Business Conditions (Compiled May 24 by Federal Reserve Board)



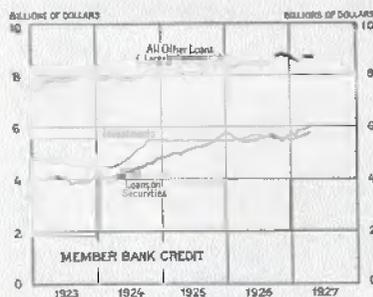
Index numbers of production of manufactures and minerals adjusted for seasonal variations (1923-25 average=100). Latest figures, April, manufactures 109, minerals 107.



Indexes of United States Bureau of Labor Statistics (1918=100). Latest figures, April, all commodities 144.2, non-agricultural commodities 144.4, agricultural commodities 143.2.



Index of Sales of 359 Stores (1919=100). Latest figures, April, adjusted index 140, unadjusted index 143.



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

Industrial output declined in April, reflecting reduced activity both in mines and in factories. Distribution of commodities by railroads and retail trade increased, and the level of prices showed a further slight decline.

PRODUCTION: Decreased output in industry in April, as compared with March, was due chiefly to the coal miners' strike, which caused a large decline in the production of bituminous coal. Among manufacturing industries, which as a whole were somewhat less active in April than during the previous month when allowance is made for usual seasonal changes, reductions were reported in the iron and steel and textile industries, as well as in meat packing and in the production of building materials. The manufacture of motor cars, though it showed the usual seasonal increase in April, continued at a lower level than a year ago. Petroleum production continued in record volume, notwithstanding large stocks and declining prices. The value of building contracts awarded declined slightly in April from the record high figure in March, but was larger than last year. The decline in building between March and April reflected reduced activity in the construction of commercial, industrial, and educational buildings, while contracts for residential and public buildings increased.

On the basis of conditions on May 1, the Department of Agriculture forecasts a winter wheat crop of 594,000,000 bushels, or about 5 percent less than in 1926. Continued wet cold weather over much of the corn belt and also in the spring wheat area has retarded the planting of spring crops.

TRADE: Commodity distribution at retail was larger in April than at the same season of any previous year, owing in part to the lateness of the Easter holiday. Department store sales were approximately 7 percent larger than in April of last year, and sales of mail order houses and chain stores were also in large volume. Wholesale trade showed about the usual decrease between March and April and continued smaller than in the corresponding month of last year. Inventories of merchandise carried by department stores were in about the same volume at the end of April as in March, while stocks of wholesale firms were smaller.

Railroad carloadings were larger in April than is usual at that season of the year, reflecting chiefly large shipments of iron ore, coke, grain and grain products, but also increased movement of miscellaneous freight and of merchandise in less-than-carload lots. Coal shipments were 27 percent smaller in April than in the preceding month.

PRICES: In April there was a further slight recession in the general level of wholesale prices, as measured by the index of the Bureau of Labor Statistics, but in the first three weeks of May, price conditions were firmer. The decline in April reflected chiefly a decrease in the price of petroleum, lumber and several of the non-ferrous metals. There was little change in the level of agricultural prices, which have been fairly constant since the beginning of the year. During the first three weeks of May, prices of grains, cotton, iron and steel, petroleum, lumber and hides advanced, while those of livestock, coke and non-ferrous metals declined.

BANK CREDIT: The volume of credit of weekly reporting member banks, as measured by their total loans and investments, increased by more than \$300,000,000 during the month ending May 18 and was on that date at the highest level on record. This growth represented for the most part an increase in the banks' holdings of investments and in the volume of their loans on stocks and bonds, while commercial loans showed relatively little change.

At the reserve banks there was a decrease during the month in the total volume of credit outstanding, owing to the receipt of a considerable amount of gold from abroad, in addition to the purchase abroad by these banks of about \$60,000,000 of gold that is now held earmarked with a foreign correspondent. The banks' holdings of acceptances and of government securities declined by about \$85,000,000, while discounts for member banks increased by about \$45,000,000, apparently in response to the increased reserve requirements arising from the growth in the member bank deposits. Conditions in the money market were comparatively stable during the first three weeks of May, and there were no changes in rates quoted on prime commercial paper and on acceptances.