

MONTHLY REVIEW

OF AGRICULTURAL AND BUSINESS CONDITIONS IN THE NINTH FEDERAL RESERVE DISTRICT

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MID-YEAR REVIEW OF AGRICULTURAL INCOME

With one crop year finished and another crop half grown, it is proper to pause and survey the income of agriculture, for the farmer's purchasing power vitally affects banking and business in this district. Farm income in this district, which can be estimated, was approximately 783 million dollars during the crop year ending with July, 1928. This estimate is made before the complete figures for July are available, but is very close to the final figure. No estimates are included for the income from beef cattle, sheep or poultry, so that the 783 million dollars constitute probably three-fourths of the farm income in the district. Comparing this amount with the income realized in preceding years, it is found to be 116 million dollars more than the income in the preceding crop year, but approximately equal to the income of two years ago and smaller than the income three years ago.

The income of farmers in Montana during 1927-8 was the largest for this state in any of the last five years for which we have records. South Dakota and

Farm Income in the Ninth Federal Reserve District (August to July inclusive; in millions of dollars.)

A. By States	1923-4	1924-5	1925-6	1926-7	1927-8
Minnesota . . .	\$227	\$296	\$318	\$297	\$272
Montana	61	83	68	68	112
No. Dakota . .	112	256	211	146	211
So. Dakota . .	92	132	132	94	129
Portions of Wis. & Mich. .	45	50	59	62	59
	<u>\$537</u>	<u>\$817</u>	<u>\$788</u>	<u>\$667</u>	<u>\$783</u>
B. By Commodities					
Bread Wheat .	\$114	\$234	\$191	\$127	\$222
Durum Wheat	35	78	70	51	86
Rye	16	41	15	14	27
Flax	30	64	39	25	37
Potatoes . . .	26	27	50	40	40
Hogs	151	191	211	184	149
Dairy Products	165	182	212	226	222
	<u>\$537</u>	<u>\$817</u>	<u>\$788</u>	<u>\$667</u>	<u>\$783</u>

the portions of Wisconsin and Michigan contained in this district almost equalled their previous high records for the years surveyed. North Dakota received an amount of income approximately equal to that following the 1925 crop, but 45 million dollars smaller than the income following the 1924 crop. Minnesota fared very poorly, experiencing the smallest returns in the last four years.

Surveying individual items of farm income, durum wheat produced more revenue in the last crop year than in any of the preceding four years. Dairy products and bread wheat nearly equalled their previous high records. Rye, flax and potatoes yielded average money returns. Hogs produced the smallest income last year of any year in our records.

Turning now to the outlook for the coming year, according to present prospects we shall have an average crop. Durum wheat, winter wheat, flax and barley will be above the ten-year average. Spring bread wheat, rye, potatoes, oats and tame hay will be below the ten-year average. All crops will be smaller than last year's crops, according to the July 1 forecasts of the United States Department of Agriculture. Good growing weather has prevailed since these forecasts were made, but we are not past the danger of rust or early frosts.

Relative Size of 1928 Crops in Minnesota, North Dakota, South Dakota and Montana

CASH CROPS	% of the Average crop	
	1927 crop	1918-1927
Spring Bread Wheat	72	93
Durum Wheat	97	130
Winter Wheat	68	113
Rye	58	63
Flax	81	128
Potatoes	91	95
FEED CROPS		
Corn	91	100
Oats	89	81
Barley	90	139
Tame Hay	63	88

The outlook for hog income is poor. The spring pig crop this year was the smallest in this district

during the seven years for which estimates have been made. Only 5,842,000 pigs were saved, as compared with 6,671,000 in the spring of 1927 and 8,643,000 in the spring of 1923, which was the peak pig crop on record. Fortunately, hog prices are higher this summer than a year ago, the June increase over last year being one dollar per hundred-weight.

Dairy products have fallen slightly behind last year's record in volume of production, owing to poor pastures during the heavy producing season. This deficiency in production has been almost entirely offset by higher prices for dairy products. Butter prices in June were 4 per cent higher than in June last year, and milk prices were 5 per cent higher. The statistical position of butter is strong, for cold storage holdings on July 1 amounted to only 69 million pounds, as compared with 90 million pounds last year and 75 million pounds on the five-year average for that date.

For beef cattle, the significant figures of volume of production are lacking. Prices of feeder cattle are higher now than at any time since 1920, which means satisfactory income for the range cattle raiser. In fact, feeder cattle prices are high enough to attract increasing numbers of feeder cattle from Canada. The increase in price of feeder cattle reacts unfavorably on the profit of corn belt farmers, who are in the business of finishing cattle. Last October, when farmers were beginning their feeding operations, a feeder steer could be bought for \$67.50. The feed to fatten the steer was worth \$48. The price of a prime fat steer was \$168, making a profit outlook of \$52.50 over the cost of the feeder steer and its feed. By June, 1928, the outlook had changed for the worse. Although the price of prime fat steers had risen to the high point in post-war years so that a 1,200 pound fat steer sold at \$173, the cost of feeder steers had risen to \$90 per head and the cost of feed had risen to \$58 per head, leaving a profit margin of \$25, which was less than half as great as the outlook for profit last fall.

The egg and poultry situation is also clouded by the lack of production statistics. Eggs went through the months of large production this summer at higher prices than a year ago. The wholesale price of eggs in June, 1928 was six cents higher than the price in June last year. The price of hens in June this year was one and one-half cents higher than in June last year.

Farmers continue to increase their use of machinery. Tractors, cultivators and combine harvesters are being purchased in increasing quantities. Agricultural implement sales reported to this office during the first six months of 1928 totaled \$1,371,000, as compared with \$1,296,000 in the same months in 1927 and \$995,000 in the first half of 1923, when our reports began. This last year the western half of the district produced a large income and machinery sales in North Dakota and Montana have shown the greatest increase. For Montana it

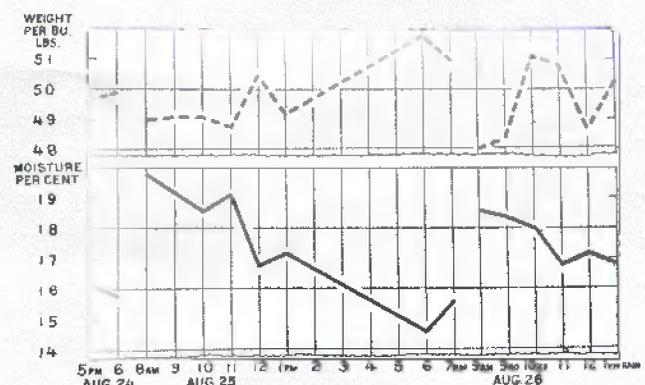
is estimated that 3,000 tractors were purchased in 1927, as compared with 700 in 1926; 2,000 cultivators in 1927, as compared with 800 in 1926 and 800 combines in 1927, as compared with 200 in 1926. One farm implement manufacturer has reported tractor sales in Montana during the first four months of 1928 as larger than its tractor sales in that state during the whole year of 1927.

The combined harvester-thresher or combine, as it has come to be known, promises to make a marked contribution to lower costs of producing grain. From official records it has been shown that the cost per acre of harvesting and threshing with a combine harvester in the western states averages \$1.50, whereas the cost using a binder and threshing rig is \$4.22 per acre. Furthermore, a combine costs little more to operate with a heavy yield than with a light yield.

It has been thought that the combine could only be used in restricted areas, where the likelihood of rain or hail during the threshing season was small. However, last year combines were operated successfully under government observation at Jamestown, North Dakota, which fairly raises the question whether the area of operation of combines will not grow when its proper use is fully known.

The five cardinal principles of successful combine operation¹ are as follows: (1) Delay harvesting until the wheat is ripe. Immature wheat spoils in storage on account of excess moisture in the grain. (2) Do not cut wheat immediately after a rain unless storage bins with proper ventilation have been provided. In wheat which contains more than 14 per cent moisture there is danger of spoiling in the ordinary storage bins. This caution regarding harvesting with a combine soon after a rain also applies to "combing" wheat early in the morning. Spring wheat in this district absorbs moisture at night and

WEIGHT PER BUSHEL AND MOISTURE CONTENT OF WHEAT CUT WITH A COMBINE AT HOURLY PERIODS

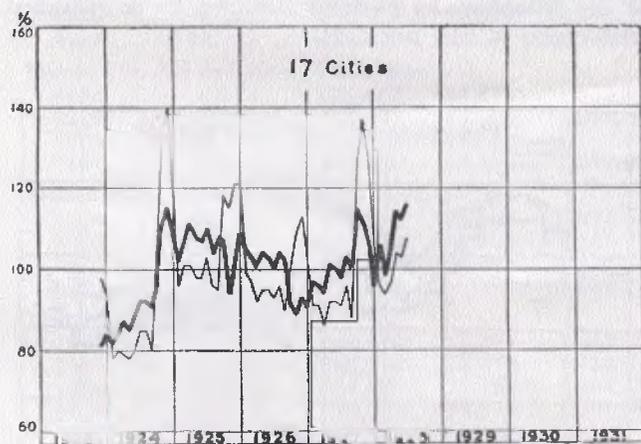


is seldom dry enough to harvest before eleven o'clock in the morning. A chart on hourly changes in moisture content of wheat in the field which was prepared by the United States Department of Agriculture is reproduced here. (3) Use a grain cleaning attachment on the combine to separate green weed seeds. Weed seeds have a large moisture content which is rapidly transferred to the wheat in storage. If the first three principles are followed, no attention need be paid to the last two which are (4) Do not store damp wheat in unventilated bins. (5) Do not store wheat that contains green weed seeds.

The combine harvester is a new implement in this district and its proper use is only imperfectly understood. Many conservative bankers are firmly opposed to the purchase of these outfits on the grounds that many farmers do not take care of machinery. A machine depreciates very rapidly with poor treatment and the replacement cost under these circumstances is very apt to consume any profit from its use. Horses, on the other hand, do not depreciate materially with poor treatment and they also provide their own replacements. This criticism of the combine by bankers merely means that only careful farmers should be encouraged to buy them and that in many cases machine sheds should be sold with the combines.

DISTRICT SUMMARY OF BUSINESS

Business in this district, like farm income, continues to be in larger volume than a year ago. Debits to individual accounts in June were 18 per cent larger than the total for June last year. After eliminating the seasonal trend, it is found that June debits were the largest for any month on record. This fact is particularly noticeable for the smaller cities in the wheat belt and mixed farming region. During the first three weeks of July, debits were 12 per cent larger than in the corresponding weeks last year.



Debits to Individual Accounts at Banks in Seventeen 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.

Business failures have shown a downward trend for the last twelve months, as compared with the preceding year. Only fifty-five business failures were reported in June, 1928, which was the smallest total since June, 1924.

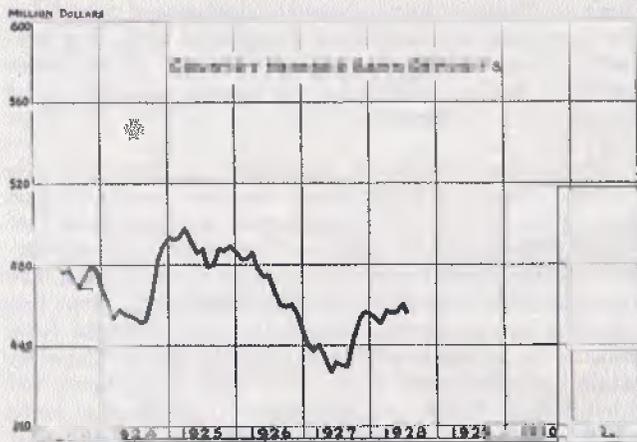
The value of checks collected in June by this Federal Reserve Bank from country banks in this district increased 12 per cent over the June total last year. Shipments of flour and linseed products, furniture sales, postal receipts, country lumber sales, life insurance and security sales and wholesale farm implement and hardware sales were also larger in June than in the corresponding period last year. Smaller totals, as compared with June last year, were reported for freight carloadings, department store sales, wholesale trade in groceries and shoes and building.

Farm income from cash crops and hogs was 2 per cent larger in June than in the corresponding month last year, in spite of decreases in the income from bread wheat, rye and potatoes. Prices of all farm products were higher in June than a year ago, with the exception of durum wheat and potatoes. Hog prices were one dollar per hundredweight higher and the income from hogs increased 10 per cent over June last year. High prices for dairy products during May nearly offset reduced production due to poor pastures and the income from dairy products in May was only 1 per cent smaller than the income in May last year.

DISTRICT SUMMARY OF BANKING

The two outstanding banking facts of the summer are the surprising stability of country bank deposits and the increase over last year in investment holdings of country banks. Representative country banks have a large investment in call loans and commercial paper. City banks are borrowing somewhat more heavily at this bank than is customary, but their holdings of investments and loans secured by stocks and bonds continue large and their commercial loans remain small, showing a fundamentally liquid condition. Interest rates have been rising in the Minneapolis lending market.

Country bank deposits usually decline sharply between March and July as a result of large expenses in connection with the crops and a small volume of farm income. This year, country bank deposits have followed a horizontal course since last November, judging from the evidence of member bank statistics. Member banks in South Dakota and the portions of Wisconsin and Michigan which are in this district have larger deposits now than last winter and deposits in country banks in Minnesota and Montana are approximately equal to last winter's total. North Dakota is the only state showing the customary seasonal decline. As a result of the sharp rise in country member bank deposits last fall and the resistance to seasonal tendencies this summer, they are now at a level 6 per cent higher than a year ago.



Country Member Bank Deposits in the Ninth Federal Reserve District. These country member banks are all member banks in cities with less than fifteen thousand population.

The deposit increase in our representative group of one hundred and seventeen country banks was 9 per cent during the year ending June 30. Cattle and sheep range banks experienced a deposit increase of 22 per cent and increases elsewhere were as follows: wheat belt, 14 per cent; lumber and mining region, 10 per cent and mixed farming region 3 per cent. Borrowings by country banks from this Federal Reserve Bank continue to show the customary increase which should continue for another month, but these borrowings are at a lower level this year than a year ago.

Following the June 30 call for condition reports, it is again possible to survey changes in the assets of the one hundred and seventeen banks which have been chosen as representative of the various economic regions of the district. Investment holdings of these banks are 12 per cent larger than a year ago, with the greatest proportional increases reported by banks on the livestock ranges and in the wheat belt. Increases also occurred in loans, amounting to 6 per cent for the group, which would be very misleading were it not for a special survey which we made following the June 30 call. As a result of this survey, it is possible to say with some certainty that the increase in loans was an increase in short-time investments. On June 30, out of the total loans of 104 million dollars reported by these banks, 19 million dollars, or 18 per cent, consisted of call loans and commercial paper purchased from brokers and banks. Call loans amounted to 10 million dollars and commercial paper to 9 million dollars. All but thirty-three of these representative banks reported call loans or commercial paper, or both. The only region not reporting substantial quantities of these short-time investments was the livestock range region, where the prevailing high cattle prices have stimulated borrowing for the increase of herds.

Since this is the first survey of the volume of call loans and commercial paper held by country mem-

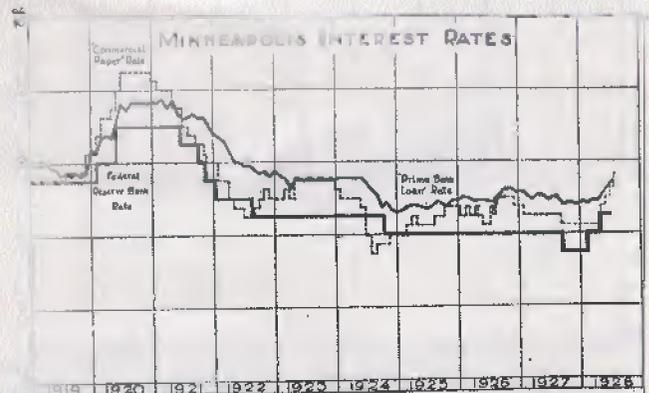
ber banks in this district, it is not possible to say exactly what the change has been in these holdings during the last year. It is also impossible to estimate the holdings of these types of assets for all banks in the district. However, the fact that these representative banks, which hold one-fifth of the country bank deposits in the district, are in this remarkably liquid condition is most reassuring. At the present time, the investable funds of these banks are being used 40 per cent in bonds and securities, 36 per cent in loans to customers, 16 per cent in cash and "due from banks" and 8 per cent in call loans and commercial paper. The table below shows the proportions of these various types of assets for country banks in the various economic regions of the district.

Use of Investable Funds by Representative Country Banks

(In percentages)

	Whole Group Farming	Mixed	Wheat Belt	Livestock Ranges	Lumber and Mining
Loans to Customers . . .	36	42	36	59	25
Call Loans and Commercial Paper . .	8	6	9	3	13
Bonds and Securities . .	40	37	38	41	45
Cash and "Due from Banks"	16	15	17	28	17
Total Investable Funds	100	100	100	100	100

Interest rates in the Minneapolis market have increased sharply during the last month. Commercial banks increased their average lending rate to 5½ per cent during the month ending July 15. The rate to borrowers on prime commercial paper has increased to 5½-5¾ per cent. The discount rate of the Minneapolis Federal Reserve Bank remains unchanged at 4½ per cent.



Interest Rates at Minneapolis on Prime Bank Loans and Commercial Paper and the Discount Rate at the Federal Reserve Bank, 1919-1928.

**FREIGHT TRAFFIC STATISTICS FOR IMPORTANT COMMODITIES INCLUDED IN MISCELLANEOUS
FREIGHT IN THE NORTHWESTERN REGION, 1924-1927**

(Source—Interstate Commerce Commission)

	Freight Originated		Freight Carried			Freight Originated		Freight Carried	
	Carloads	Tons	Carloads	Tons		Carloads	Tons	Carloads	Tons
Clay, Gravel, Sand and Stone					Fresh Meats				
1924	260,646	13,044,582	305,877	15,081,028	1924	65,449	845,630	72,105	936,820
1925	293,081	14,991,586	339,810	17,138,529	1925	64,449	832,086	74,632	965,945
1926	318,400	16,358,288	367,091	18,616,198	1926	70,954	908,933	81,076	1,047,216
1927	353,998	18,500,368	408,146	21,051,894	1927	72,663	933,207	83,807	1,077,909
Refined Petroleum and its Products					Hay, Straw and Alfalfa				
1924	80,619	2,275,253	251,316	7,002,369	1924	70,293	954,997	86,589	1,147,040
1925	73,505	2,090,406	271,427	7,591,424	1925	68,793	928,224	83,533	1,124,050
1926	85,198	2,427,181	294,596	8,238,988	1926	67,044	891,026	82,400	1,094,560
1927	83,141	2,353,587	320,746	8,992,225	1927	60,138	809,478	80,139	1,075,710
Cement					Lime and Plaster				
1924	53,427	1,964,269	102,040	3,797,630	1924	22,721	543,018	39,036	1,001,125
1925	58,171	2,147,160	103,830	3,911,709	1925	24,739	597,702	44,056	1,154,950
1926	60,640	2,205,073	111,620	4,134,105	1926	23,744	570,689	43,316	1,128,253
1927	65,658	2,391,740	119,800	4,422,559	1927	21,354	514,790	39,739	1,030,459
Brick and Artificial Stone					Sugar, Sirup, Glucose and Molasses				
1924	27,536	939,683	54,254	1,867,662	1924	10,242	284,210	30,862	920,893
1925	30,347	1,030,219	58,729	2,017,256	1925	10,655	282,879	31,597	932,403
1926	29,435	1,011,355	60,766	2,098,984	1926	10,842	289,633	32,699	979,197
1927	29,184	983,142	63,352	2,150,724	1927	11,490	307,093	33,739	1,005,450
Bar and Sheet Iron, Structural Iron and Iron Pipe					Castings, Non-Agricultural Machinery and Boilers				
1924	19,681	598,257	53,510	1,721,088	1924	27,993	536,746	45,561	899,410
1925	22,335	677,623	65,637	2,092,645	1925	32,894	616,180	52,045	990,803
1926	20,115	587,298	68,678	2,185,110	1926	33,210	648,736	53,107	1,033,476
1927	19,288	541,012	66,889	2,126,295	1927	32,804	636,863	51,795	990,288
Potatoes					Agricultural Implements and Vehicles				
1924	65,923	1,205,290	101,679	1,844,936	1924	24,371	343,152	36,985	517,069
1925	67,012	1,206,031	100,356	1,797,378	1925	32,133	442,054	49,955	685,151
1926	56,868	1,036,689	96,866	1,748,772	1926	34,022	467,015	56,186	775,938
1927	68,096	1,228,908	114,244	2,040,560	1927	40,305	564,598	70,020	990,076
Fresh Fruits Other than Citrus					Chemicals and Explosives				
1924	46,905	821,442	130,615	2,082,295	1924	9,857	278,353	24,488	689,780
1925	47,994	833,094	142,119	2,215,188	1925	10,860	306,166	28,826	818,038
1926	57,278	994,569	150,025	2,367,537	1926	11,598	330,227	30,855	892,413
1927	43,197	748,642	131,526	2,040,493	1927	11,320	317,886	30,797	885,391
Paper, Printed Matter and Books					Crude Petroleum				
1924	16,966	435,517	40,086	1,044,779	1924	12,972	439,521	24,937	848,510
1925	18,785	486,127	44,012	1,147,693	1925	11,729	403,102	21,004	725,159
1926	18,346	469,353	48,128	1,253,990	1926	12,318	420,335	22,269	763,142
1927	20,870	532,474	58,607	1,510,773	1927	9,606	325,497	18,751	648,042
Canned Foods					Ice				
1924	35,054	841,462	50,506	1,241,341	1924	22,241	744,522	22,737	760,710
1925	36,783	888,393	53,586	1,335,359	1925	23,380	758,519	23,803	770,952
1926	38,467	918,214	55,276	1,365,692	1926	21,264	729,872	21,595	740,198
1927	38,735	921,579	56,271	1,387,995	1927	17,298	612,344	17,599	622,559
Metals, Pig, Bar and Sheet, Other than Iron					Other Fresh Vegetables				
1924	9,074	326,662	22,019	816,449	1924	15,225	231,022	33,709	489,690
1925	9,540	352,437	28,004	1,054,251	1925	15,986	229,827	35,027	491,911
1926	10,114	376,239	31,381	1,199,470	1926	15,504	216,779	40,781	547,427
1927	11,635	413,397	33,582	1,249,683	1927	15,036	214,670	40,433	552,039
Automobiles, Autotrucks, Parts, Tires, etc.					Sewer Pipe and Drain Tile				
1924	52,995	362,321	123,479	914,910	1924	15,008	285,618	30,235	587,740
1925	62,875	421,230	163,028	1,185,742	1925	12,600	236,763	26,260	508,614
1926	73,785	470,445	195,317	1,378,957	1926	12,647	235,630	24,980	470,329
1927	57,691	386,620	169,988	1,229,318	1927	15,690	302,363	28,863	550,800
Iron, Pig and Bloom					Salt				
1924	9,580	450,414	22,497	1,085,942	1924	5,213	125,105	21,721	547,065
1925	12,132	600,558	28,870	1,436,742	1925	3,871	91,368	21,472	556,857
1926	11,773	584,827	27,186	1,364,434	1926	3,053	79,569	19,507	541,487
1927	10,342	516,861	23,941	1,209,099	1927	2,642	66,689	19,657	540,143

Other commodities listed as miscellaneous of which more than 100,000 tons were carried in 1927, with the tonnage carried were as follows:

Butter and cheese (513,539); Other packinghouse products (471,186); Vegetable oils (388,422); Fertilizers (342,028); Citrus fruits (299,310); Rails and fastenings (275,165); Asphaltum (261,987); Furniture, new (258,790); Hides and leather (251,409); Beverages (247,142); Eggs (228,642); Dried fruits and vegetables (220,477); Household goods and secondhand furniture (147,169); Poultry (126,613).

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

Debits to Individual Accounts, Daily Averages—Unit	June, 1928	May, 1928	June, 1927	% June 1928	% June 1927
				of May 1928	of June 1927
17 Cities	\$33,845,000	\$32,409,000	\$28,602,000	104	118
Minneapolis	17,304,000	17,047,000	14,043,000	102	123
St. Paul	6,912,000	6,253,000	6,234,000	111	111
Duluth-Superior	4,105,000	4,031,000	3,632,000	102	113
8 Wheat Belt Cities	2,533,000	2,327,000	2,072,000	109	122
4 Mixed Farming Cities	1,762,000	1,562,000	1,589,000	113	111
South St. Paul	1,229,000	1,189,000	1,032,000	103	119
Carloadings—Northwestern District—					
Total—Excluding L. C. L.	Cars 543,977	507,645	562,083	107	97
Grains and Grain Products	Cars 38,488	49,112	42,466	78	91
Livestock	Cars 31,211	30,745	33,294	102	94
Coal	Cars 17,377	18,111	18,778	96	93
Coke	Cars 5,600	5,976	7,294	94	77
Forest Products	Cars 77,053	79,286	79,060	97	97
Ore	Cars 183,611	131,839	185,631	139	99
Miscellaneous	Cars 190,637	192,576	195,560	99	97
Merchandise—L. C. L.	Cars 144,506	149,855	151,438	96	95
Building Permits—					
Number—18 Cities	1,900	2,502	1,957	76	97
Value—18 Cities	\$4,569,300	\$5,470,000	\$5,624,800	84	81
Minneapolis	2,434,200	2,117,300	2,948,000	115	83
St. Paul	767,800	1,080,600	1,056,000	71	72
Duluth-Superior	282,300	1,156,500	409,900	24	69
4 Wheat Belt Cities	405,000	370,500	397,500	109	102
6 Mixed Farming Cities	581,300	571,400	709,200	102	82
4 Mining Cities	98,700	173,700	104,200	57	95
Building Contracts Awarded—					
Total	7,749,700	9,483,700	8,343,500	82	93
Residential	1,939,500	2,672,600	3,064,700	73	63
Commercial and Industrial	912,500	1,152,400	1,287,600	79	71
Public Works and Utilities	2,936,500	3,114,800	1,941,700	94	151
Educational	636,600	872,000	1,084,300	73	59
All Other	1,324,600	1,671,900	965,200	79	137
Cash Value of Farm Products Sold—					
Bread Wheat	7,327,000	12,037,000	9,171,000	61	80
Durum Wheat	3,407,000	5,158,000	1,992,000	66	171
Rye	642,000	1,316,000	953,000	49	67
Flax	1,216,000	1,265,000	632,000	96	192
Potatoes	357,000	1,243,000	742,000	29	48
Hogs	9,376,000	8,340,000	8,492,000	112	110
Dairy Products: See Note	22,787,000	18,270,000	22,989,000	125	99
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—					
Wheat	Bu. 23,749,135	29,110,854	8,307,629	82	286
Corn	Bu. 645,614	769,435	1,450,069	84	45
Oats	Bu. 411,135	957,087	5,836,943	43	7
Barley	Bu. 203,688	329,842	593,141	62	34
Rye	Bu. 730,635	837,060	407,153	87	179
Flax	Bu. 775,865	941,569	1,452,464	82	53
Median Cash Grain Prices—					
Wheat—No. 1 Dark Northern	Bu. \$1.51 $\frac{1}{8}$	\$1.65 $\frac{1}{2}$	\$1.48 $\frac{1}{2}$	91	102
Durum—No. 2 Amber	Bu. 1.28 $\frac{1}{2}$	1.37 $\frac{1}{2}$	1.57	93	82
Corn—No. 3 Yellow	Bu. 1.01 $\frac{1}{2}$	1.04 $\frac{3}{8}$	.96 $\frac{1}{2}$	97	105
Oats—No. 3 White	Bu. .64 $\frac{1}{2}$	.62 $\frac{1}{2}$	.46 $\frac{7}{8}$	103	138
Barley—No. 3	Bu. .93	.92	.87	101	107
Rye—No. 2	Bu. 1.23 $\frac{3}{8}$	1.28 $\frac{7}{8}$	1.10	96	112
Flax—No. 1	Bu. 2.37 $\frac{1}{2}$	2.43 $\frac{3}{4}$	2.24	97	106
Wholesale Produce Prices—					
Butter	Lb. .40 $\frac{1}{2}$	.41 $\frac{1}{2}$	.39	98	104
Milk	Cwt. 2.43	2.42	2.31	100	105
Hens— $\frac{1}{2}$ Pounds	Lb. .18 $\frac{1}{2}$	.20 $\frac{1}{2}$	.17	90	109
Eggs	Doz. .25 $\frac{1}{4}$	.25	.19	101	133
Potatoes	Bu. .90	1.12 $\frac{1}{2}$	2.55	80	35

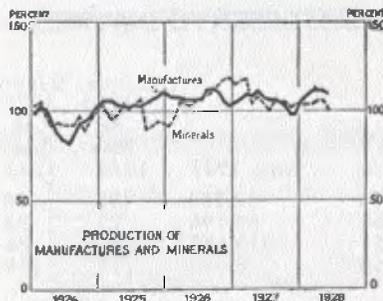
Note: Dairy Products figures for May, 1928, April, 1928 and May, 1927.

NINTH FEDERAL RESERVE DISTRICT

151

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

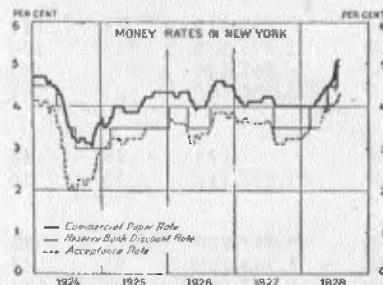
	Unit	June, 1928	May, 1928	June, 1927	% June 1928 of May 1928	% June 1928 of June 1927
Livestock Receipts at South St. Paul—						
Cattle	Head	56,664	58,978	52,704	96	108
Calves	Head	50,220	63,186	54,396	79	92
Hogs	Head	188,046	208,552	218,532	90	86
Sheep	Head	13,656	7,668	8,629	178	158
Median Livestock Prices at South St. Paul—						
Butcher Cows	Cwt.	\$8.75	\$8.75	\$7.00	100	125
Butcher Steers	Cwt.	13.25	12.25	10.35	108	128
Prime Butcher Steers	Cwt.	14.40	13.50	11.75	107	123
Stocker and Feeder Steers	Cwt.	10.00	10.00	7.25	100	138
Veal Calves	Cwt.	12.50	13.00	10.50	96	119
Hogs	Cwt.	9.50	9.35	8.50	102	112
Heavy Hogs	Cwt.	8.75	8.25	7.50	106	117
Lambs	Cwt.	15.25	16.00	13.25	95	115
Ewes	Cwt.	6.00	7.50	5.50	80	109
Flour—						
Production—Twin Cities and Duluth—						
Superior	Bbls.	964,125	1,071,712	892,494	90	108
Shipments from Minneapolis	Bbls.	954,620	1,022,365	897,288	93	106
Linseed Products Shipments from Minneapolis—						
	Lbs.	28,617,545	33,866,072	19,102,032	85	150
Retail Sales—						
Department Stores		\$2,171,030	\$2,320,730	\$2,238,080	94	97
Furniture Stores		561,300	574,360	521,350	98	108
Country Lumber Yards	Bd. Ft.	22,081,000	14,364,000	16,721,000	154	132
Retail Merchandise Stocks—						
Department Stores		\$5,700,470	\$6,029,580	\$5,911,550	95	96
Furniture Stores		2,763,870	2,817,700	2,657,880	98	104
Country Lumber Yards	Bd. Ft.	88,355,000	92,064,000	89,591,000	96	99
Life Insurance Sales—(4 States)						
		\$24,490,000	\$25,069,000	\$22,867,000	98	107
Wholesale Trade—						
Farm Implements		172,050	246,420	155,010	70	111
Hardware		2,176,700	2,064,900	2,097,520	105	104
Shoes		530,080	464,400	567,580	114	93
Groceries		5,441,920	5,063,410	5,986,680	107	91
Business Failures—						
Number		55	70	114	79	48
Liabilities		\$498,560	\$912,178	\$1,397,112	55	36
Securities Sold—						
To Banks		2,679,900	2,405,100	3,057,900	111	88
To Insurance Companies		1,074,300	1,134,600	1,588,700	95	68
To General Public		7,655,200	8,014,900	6,267,200	96	122
Real Estate Activity in						
Hennepin and Ramsey Counties—						
Warranty Deeds Recorded		1,455	1,490	1,528	98	95
Mortgages Recorded		1,950	1,944	1,828	100	107
					% July 1928 of June 1928	% July 1928 of July 1927
Member Bank Deposits—						
		July 11, 1928	June 13, 1928	July 27, 1927		
In Cities under 15,000 Population		\$456,923,000	\$460,385,000	\$429,981,000	99	106
In Cities over 15,000 Population		449,397,000	458,829,000	410,124,000	98	110
24 City Member Banks—						
		July 18, 1928	June 13, 1928	July 20, 1927		
Loans Secured by Stocks and Bonds		\$82,893,000	\$83,878,000	\$79,087,000	99	105
All Other Loans		160,708,000	159,265,000	154,382,000	101	104
Securities		132,526,000	133,259,000	119,575,000	99	111
Net Demand Deposits Subject to Reserve		223,391,000	228,299,000	207,316,000	98	108
Time Deposits		128,803,000	129,937,000	128,235,000	99	100
Borrowings at Federal Reserve Bank		6,831,000	5,925,000	1,265,000	115	540
Minneapolis Federal Reserve Bank—						
Loans to Member Banks		10,224,596	8,390,375	5,807,004	122	176
Federal Reserve Notes in Circulation		55,515,520	55,081,325	59,419,315	101	93



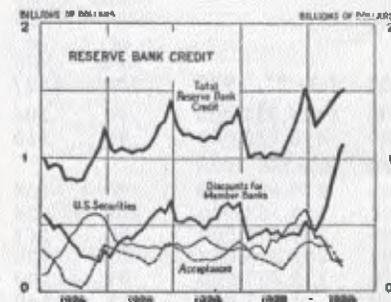
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-25 average=100.) Latest figures, June, manufactures, 109, minerals, 100.



Index of United States Bureau of Labor Statistics (1926=100, base adopted by bureau). Latest figure, June, farm products, 106.7, non-agricultural, 95.2.



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



Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first 22 days in July.

Summary of National Business Conditions (Compiled July 27 by Federal Reserve Board)

Industrial production and the distribution of commodities in June were in smaller volume than in May, and the general level of wholesale prices, following a sharp advance in April and May, also declined. Member bank credit was in record volume in July and indebtedness at the Reserve banks was larger than at any time in the past six years.

PRODUCTION: The activity of manufacturing industries declined slightly in June, and there was a decrease of about 6 per cent in the output of minerals, owing to a decline in the production of coal. The manufacture of iron and steel decreased in June by somewhat more than the usual seasonal amount, but there are indications that there were no further declines in July and the industry was somewhat more active than a year ago. Production of flour and activity of cotton and wool mills also declined in June. Automobile production showed considerably less than the usual seasonal decline in June, and weekly employment figures for Detroit indicate that operations of automobile plants were well maintained during the first three weeks of July. The manufacture of agricultural implements and machine tools continued in June at the high level reached last spring. Production of lumber, copper and shoes and activity of silk mills increased in June.

Contracts awarded for new building continued large in June and total awards for the first half of the year exceeded those for any previous corresponding period. There were increases over last year in contracts for residential, industrial, public and educational building. Awards during the first three weeks in July were in somewhat smaller volume than for the corresponding period of last year.

The July estimates of the Department of Agriculture indicate a yield of wheat of 800,000,000 bushels, a decrease of 8 per cent from the harvested yield of 1927, and a yield of corn of 2,736,000,000 bushels, a reduction of 2 per cent. The production of oats, barley, white potatoes and tobacco is expected to be larger than last year. The acreage of cotton in cultivation on July 1 was estimated at 46,695,000 acres, an increase of 11 per cent as compared with that of a year ago.

TRADE: Merchandise distribution at retail and wholesale was seasonally smaller in June than in May. Sales of department stores declined by about the usual seasonal amount, while the declines in sales of chain stores were smaller. Sales of wholesale firms in most lines of trade showed a more than usual seasonal decline. Compared with a year ago, sales of department stores and chain stores were larger and those of wholesale firms were smaller. Stocks of wholesale firms were in about the same volume at the end of June as a year ago, and those of department stores were smaller.

Freight carloadings for practically all classes of commodities declined in June and continued in smaller volume than a year ago. During the first two weeks of July, however, owing to increases in loadings of grains and miscellaneous commodities, total loadings were larger than in the corresponding period of 1927 but continued below the high level of 1926.

PRICES: The general level of wholesale commodity prices declined in June and the Bureau of Labor Statistics' index, which had advanced from 96 per cent of the 1926 average in March, the low point for the year, to 98.6 per cent in May, declined in June to 97.6 per cent. The decline in the all-commodities index reflected decreases in those groups which had advanced most rapidly in previous months—farm products, foods and hides and leather products. Prices of livestock and meats, which are included in those groups, however, showed further advances in June, and there was also an increase in the prices of building materials, while prices of silk and rayon, fertilizing materials, house-furnishings and automobile tires declined. During the first three weeks in July, there were declines in the prices of wheat and cotton, and advances in those of cattle and hogs.

BANK CREDIT: Member bank credit, after rising to a record volume early in July, declined somewhat during the two following weeks and on July 18 total loans and investments of reporting banks in leading cities were about \$160,000,000 smaller than four weeks earlier. The decrease was largely the result of a reduction by about \$125,000,000 in the banks' investment holdings, but reflected also a decline in the volume of loans on securities, following a temporary increase over the mid-year. Contrary to the usual seasonal trend, loans largely for commercial purposes were in record volume during the period. Member bank borrowing at the Reserve banks showed a decline following the mid-year settlement period, but the volume on July 25 at slightly more than \$1,000,000,000 was somewhat larger than five weeks earlier. Holdings of acceptances and United States securities declined during the period. In July, there were further advances in open market rates for commercial paper and bills, and discount rates at seven of the Federal reserve banks were raised from $4\frac{1}{2}$ to 5 per cent.