

# MONTHLY REVIEW

OF  
**AGRICULTURAL AND BUSINESS CONDITIONS**  
 IN THE  
**NINTH FEDERAL RESERVE DISTRICT**

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Vol. V (Serial  
No. 189)

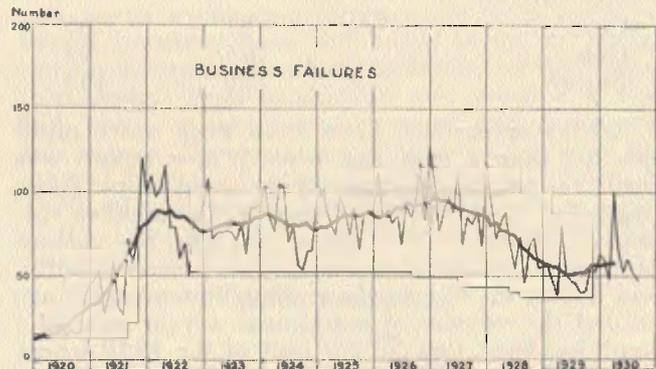
Minneapolis, Minnesota

September 26, 1930

## DISTRICT SUMMARY OF BUSINESS

The volume of business in the district in August was smaller than a year ago when the boom was at its height, but recovered somewhat from the extremely low level of July when business men were delaying operations until the effects of the drouth and hot weather could be ascertained. The daily average of bank debits was 22 per cent smaller in August than in the corresponding month a year ago, but rose above the 1928 level for the first time since April. The index of bank debits, adjusted to remove seasonal variations, rose from 99 in July to 111 in August, but was materially lower than the index for August 1929, which was the peak for the post-war period. The adjusted country check clearings index also increased from 94 in July to 98 in August, but was lower than the index for August last year.

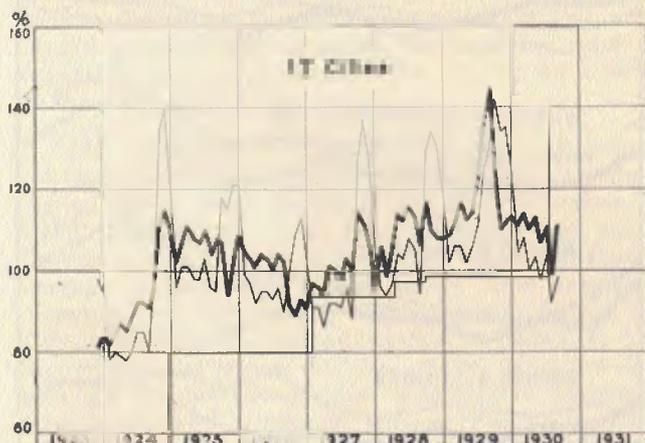
The majority of the business lines for which monthly records are available experienced smaller volumes in August than in the same month last year. Decreases occurred in freight carloadings, building permits and contracts, flour and linseed product shipments, wholesale trade, department store sales, furniture sales, country lumber sales, life insurance and securities sales, postal receipts and copper and iron ore output. Electric power consumption in the eastern part of the district increased



Business Failures in the Ninth Federal Reserve District, as reported by R. G. Dun and Company. The heavy curve is the twelve-month moving average of the monthly data.

in the latest month, as compared with the same month last year. The employment situation at Minneapolis became less satisfactory during August. Business failures were more numerous than in August 1929.

During the first half of September, the general indexes reveal that the volume of business continued to be smaller than last year. Bank debits at seventeen cities were 24 per cent smaller in the three weeks ending September 17 than in the corresponding weeks last year. Country check clearings for the first fourteen business days of September were 22 per cent smaller than a year ago. On the other hand, construction contracts awarded in the central Northwest when reduced to daily averages were twice as large in the first part of September as in September last year, according to the report of the F. W. Dodge Corporation.



Bank Debits in Seventeen Cities in the Ninth Federal Reserve District. The heavy curve is adjusted to eliminate seasonal changes; the light curve is unadjusted.

## DISTRICT SUMMARY OF AGRICULTURE

Unexpectedly favorable threshing returns and some rains and cooler weather caused a moderate increase in the forecasts of crop production in the Northwest during the month of August. On September 1, the government figures indicated that the crops of bread spring wheat, rye, flax, oats and barley would be larger than a year ago, but that the crops of winter wheat, durum wheat, corn and potatoes would be smaller than a year ago. The aggregate crop production is less than average.

Relative Size of Forecasted 1930 Crop Production  
in Minnesota, Montana, North Dakota  
and South Dakota

	% 1930 of 1929	% 1930 of 10-year Average
<b>CASH CROPS</b>		
Spring Bread Wheat.....	105	92
Durum Wheat .....	97	80
Winter Wheat .....	89	83
Rye .....	122	76
Flax .....	146	134
Potatoes .....	82	60
<b>FEED CROPS</b>		
Corn .....	81	82
Oats .....	105	94
Barley .....	106	153

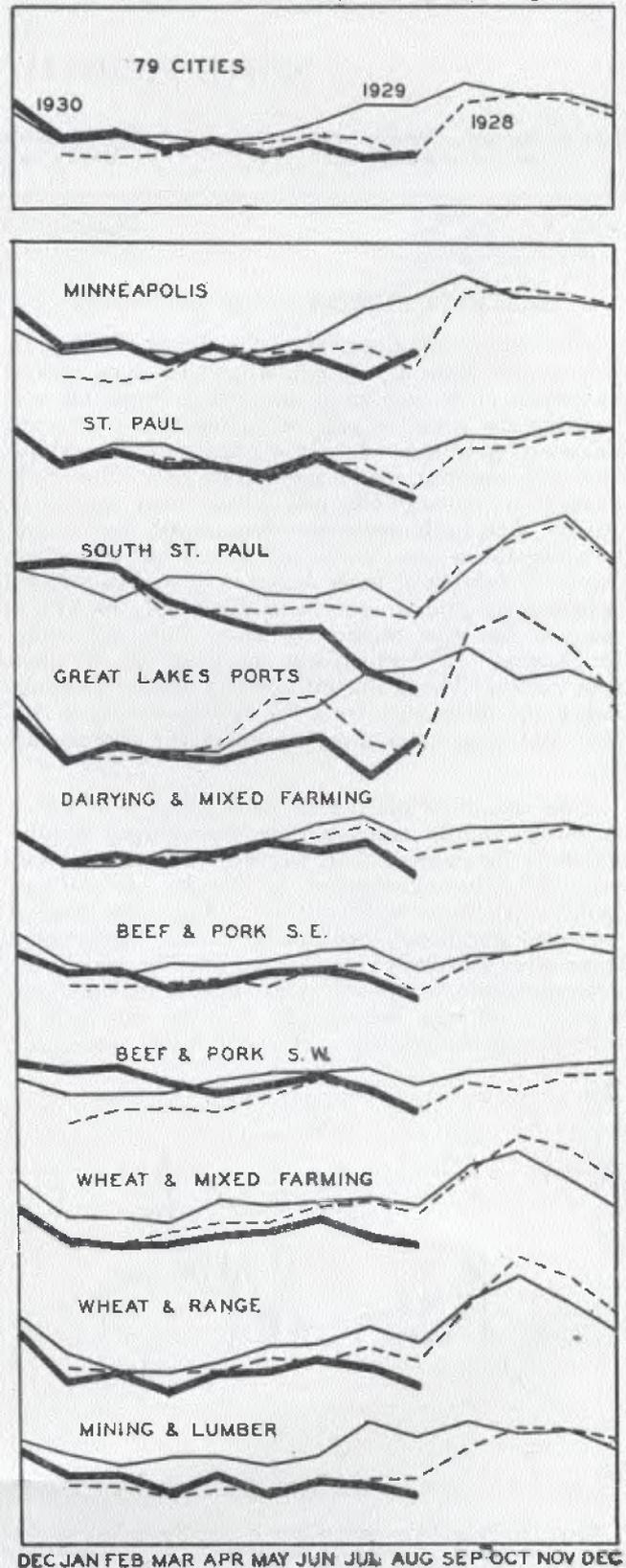
Wheat marketings have been even more rapid this fall than a year ago when a new record was made for early marketings of the grain crops. After beginning the marketing period with a smaller volume of wheat receipts than a year ago, the volume of receipts at terminal markets advanced rapidly, and during the five weeks ending September 13 exceeded the volume of marketings a year ago. The result has been that 30 per cent of the 1930 wheat crop and carry-over available for marketing has reached the terminal markets up to September 13, whereas a year ago only 27 per cent of the marketable supply had been received up to the same date.

In spite of the heavy early movement of wheat from the Northwest, there has not been the same difficulty in finding space for grain in the terminal elevators as was experienced a year ago. The reasons for the lack of congestion are several, including a smaller volume of southwestern wheat moved to northwestern terminal elevators, a larger elevator capacity due to new additions during the summer, and a more rapid disposition of grain received at the terminals. On September 13, terminal elevators at Minneapolis were filled to 74 per cent of capacity, and elevators at the Head-of-the-Lakes were filled to 84 per cent of capacity. In interpreting these percentages it should be borne in mind that terminal elevators can only be filled to 90 per cent of capacity on account of the necessity for maintaining a certain amount of working space.

Reports received by the Northwest Shippers Advisory Board from 2,464 of the 4,000 country elevators in Minnesota, North Dakota, South Dakota and Montana covering conditions on September 1 indicate that there was no general congestion at country elevators on that date. The reporting elevators averaged less than 60 per cent filled, whereas they only require 20 per cent of working space for the proper handling of grain. This satisfactory elevator condition existed in all four of the states.

The butter situation improved moderately during August, continuing the trend which began in July. Cold storage stocks of butter in the United States

## NINTH FED. RES. DISTRICT INDIVIDUAL DEBITS



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amounted to 143 million pounds on September 1, which total was 26 million pounds less than stocks a year ago and 4 million pounds less than the five-year average for that date. This is a complete change in the situation because for approximately one year stocks of butter have been much larger than average. Furthermore, butter stocks decreased 2 million pounds during the month of August, whereas they usually increase by 16 million pounds during that month. The effect of this change in the butter supply situation was to raise the price of butter 5½ cents during August to an average of 38 cents per pound, whereas the average seasonal increase in August is only 1 cent per pound. The average price of butter was 2½ cents lower in August than the price a year ago.

The Ninth Federal Reserve District apparently is in a position to gain more from the rise in butter prices than are the other parts of the United States. In July, the output of creamery butter in the United States decreased 12 per cent, as compared with the output in July last year, whereas there was a decrease of only 3 per cent in the Ninth District, indicating that the drouth did not affect the northwestern dairy region as seriously as it did other sections.

The outlook for the price of hogs, according to the statement of the United States Department of Agriculture, is favorable, as indicated by the paragraphs quoted below from the hog outlook report, dated September 15, 1930.

"From the standpoint of storage supplies, the 1930-31 hog crop marketing year will begin under much more favorable conditions than prevailed on October 1, 1929. Stocks of pork on September 1 this year were 23 per cent smaller than those of September 1, 1929, and lard stocks were 50 per cent smaller. This decrease in storage holdings is equivalent to about 1,600,000 hogs.

"Larger numbers of hogs in Europe indicate a continuation of the present unfavorable foreign outlet for American hog production during the next twelve months, but domestic demand for pork is expected to strengthen somewhat during the course of the next crop year.

"The slaughter of hogs during September and October probably will be considerably smaller than the relatively large slaughter during the period in 1929. Marketings from late November to early January probably will be relatively large and below average in both weight and finish. This bunching of marketings in the early winter is expected to result in materially reduced market supplies in the late winter and spring. In view of this expected distribution of marketings and a probable improvement in demand, producers who have sufficient feed probably will find it advantageous to hold their hogs for the late winter market and feed average weights rather than sell them early in an unfinished condition.

"For the long-time outlook, it would seem that hog producers in areas which have fairly abundant supplies of feed might well increase the number of sows to be bred to farrow next spring, even though feed prices in relation to hog prices during the next year are relatively unfavorable. In areas where feed supplies are scarce and prices high, hog producers, before sacrificing their breeding herds, should consider that hog prices a year from this winter may be high enough to recompense even high cost production next year and that prices of breeding stock by that time may be high."

The 1930 lamb crop in the Northwest, according to government estimates, was the largest since the war, partly owing to a further increase in the number of breeding ewes and partly owing to exceptionally favorable lambing conditions on the ranges this spring. Wool production also reached a new high level for the post-war period during the current season. However, our price index for wool decreased from 31.8 cents in 1929 to 21.2 cents in 1930, with the result that the estimated farm value of the 1930 wool clip was the smallest since 1924 amounting to \$10,623,000.

**Wool Production**

(1,000 lbs.)

	1929	1930
Minnesota . . . . .	5,143	5,554
North Dakota . . . . .	4,649	4,764
South Dakota . . . . .	6,352	7,428
Montana . . . . .	28,733	32,364
Four States . . . . .	44,877	50,110

**Lamb Crops**

(1,000 head)

	1929	1930
Minnesota . . . . .	580	611
North Dakota . . . . .	480	466
South Dakota . . . . .	602	652
Montana . . . . .	2,179	2,439
Four States . . . . .	3,841	4,168

The estimated cash income from August marketings of cash crops, dairy products and hogs was 21 per cent smaller than the income from marketings in August last year. All estimated items decreased, with the exception of flax. Prices of all of the major farm products of the district were lower in August than a year ago.

**DISTRICT SUMMARY OF BANKING**

The familiar seasonal occurrences at crop moving time were evident in the banking records for August and the first half of September. Country banks reached and passed the peak of seasonal strain in the financing of agriculture and business up to the time of harvest. Subsequently, the burden of financing the crop was transferred to the city banks as the crop began to move to market, but the financing requirements were not as heavy as a year

ago, in spite of more rapid marketings. The explanation of the small credit demands on city banks is partly the lower grain prices prevailing this year than in other recent years.

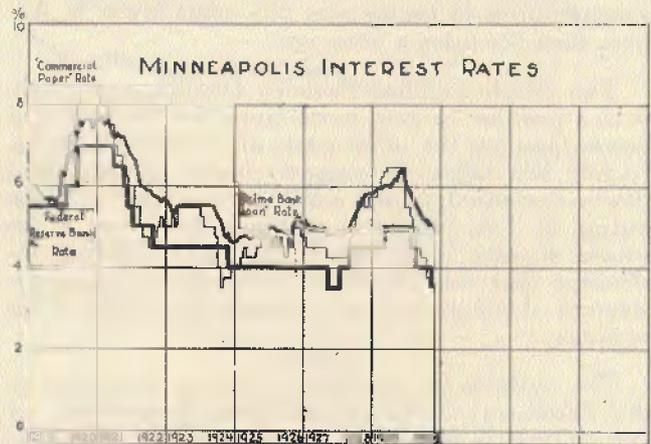
Country member banks reached the peak of their seasonal borrowings from this Federal Reserve Bank on August 13, and have since reduced their borrowings slightly following the usual seasonal trend which continues until the middle of October, when it is interrupted by credit requirements of the livestock feeding districts. Borrowings from this bank by member banks outside of the Twin Cities amounted to \$4,237,000 on September 17, as compared with \$5,098,000 on September 18 a year ago.

Country member bank deposits were reduced 1 per cent in August from the July figure, and 6 per cent from the figure for August last year. It is probable that there was an upturn in deposits of country member banks in the latter half of August which was hidden in the figures due to the fact that they are daily averages for the whole calendar month. Deposits in the small grain raising areas decline almost without interruption from a seasonal peak in the late fall until the next crop begins to move to market. Deposits in the mixed farming region experience a summer peak in June or July coincident with the peak of dairy income, and then decline until the sale of livestock begins in the winter. Both of these declining tendencies in deposits are operative in the first half of August, but in the last half of the month the rising trend in deposits due to the sale of new grain begins to offset the decrease in deposits due to seasonal slackness in livestock and dairying income.

Reporting city member banks experienced a rapid increase in deposits during the three weeks ending September 17, which on that date reached the highest level in history for this time of year, although not as high a level as is usually reached in October and November. This seasonal increase in deposits was partly due to an increase in balances carried by country banks and partly to an increase in commercial and individual demand deposits. All classes of deposits at city banks, except commercial and individual demand deposits, were higher on September 17 than a year ago.

Loans to customers, reported by city member banks, have been rising steadily since July 23, but the increase was much less than the increase which occurred a year ago during the corresponding weeks, and on September 17 loans to customers were 45 million dollars smaller than a year ago. The sharp increase in deposits during the three weeks ending September 17, which was not accompanied by a corresponding increase in credit requirements of customers, afforded an opportunity for these banks to increase their invested funds sharply to a level higher than a year ago. The increase was principally in brokers' loans and security holdings. These reporting city banks owed the Federal Reserve Bank only \$489,000 on September 17, as compared with \$29,856,000 a year ago.

Interest rates at Minneapolis were reduced during the latest monthly report period. The average rate quoted by Minneapolis commercial banks on prime loans of several classes was reduced to slightly less than 5 per cent in the month ending September 15, which was the lowest figure since April 1928. The lowest borrowing rate in the commercial paper market was reduced to  $3\frac{1}{2}$  per cent, which equaled the lowest rate quoted since the war, in August 1924. The discount rate of this Federal Reserve Bank was reduced from 4 per cent to  $3\frac{1}{2}$  per cent on September 12, equaling the lowest rate which has been in force at any time in the history of this bank.



Interest Rates at Minneapolis on Prime Bank Loans and Commercial Paper and the Discount Rate at the Federal Reserve Bank, 1919-1930.

### THE BANKING SITUATION ON JUNE 30, 1930

The call for condition reports by state and national authorities on June 30, 1930 affords another opportunity to obtain a complete picture of banking conditions in this district. The chief interest in the mid-year banking record is to determine how low the deposits of the district have fallen during the seasonal slack period in farm income and business. Deposits of all banks in the district were \$1,598,000,000 on June 30, 1930. This represented a small increase over the total reported in the spring of 1930, but a decrease of 53 million dollars from the total reported in June 1929. It was also the smallest June deposit total since 1924. The trend of deposits in city banks has been opposite to the trend in country banks. Deposits at city banks reached the highest total since December 1928, whereas country bank deposits were the lowest since August 1918.

Loans of all banks in the district were 873 million dollars on June 30, 1930, which was a reduction of 71 million dollars from the total a year earlier, and was the smallest reported figure since 1916. Both city banks and country banks experienced a reduction in loans during the year. Furthermore, new evidence, which is outlined in a succeeding paragraph, has been provided which proves that loans to customers are at an even lower level

than the figure quoted above. Banks are accustomed to report in their total loans certain short-term investments including acceptances, commercial paper and brokers' loans. On June 30, 1930, city member banks held 14 million dollars of these short-term investments, and country member banks held 28 million dollars of these investments which were included in their total loans. City and country member banks combined held 42 million dollars of these investments and non-member banks held an additional amount, the size of which is unknown. Subtracting the loans of these investment types from total loans it would be established that the loans to customers of banks in this district were probably only slightly more than 800 million dollars, or about 50 per cent of deposits.

Security holdings of banks in this district amounted to 580 million dollars on June 30, 1930, which was a reduction of 12 million dollars from security holdings a year earlier. Furthermore, short-term investments, which are usually included with loans to customers, were reduced from 63 million dollars to 42 million dollars during the year by member banks in the district. Both city banks and country banks shared in the decrease in investment holdings, as compared with totals in June 1929, but in both groups of banks investment holdings increased slightly from the low point reached in the winter of 1929-30.

A recent revision in the schedule for the classification of loans of member banks in the called reports provides significant new data for the more accurate analysis of the bank credit uses of the district. The new loan schedule shows loans to customers and also the various classes of loans which are in reality short-term investments and which in any logical analysis of the bank credit situation should be included with security holdings to indicate the true relation of banks to the open market. In the tables below are shown the loans to customers and the investments of city and country member banks on June 29, 1929 and June 30, 1930, showing for the first time the true credit position of member banks in this district. It will be seen that city member banks are lending a larger proportion of their earning assets to customers than the country member banks are doing. In their loans to customers, city banks make larger loans to banks and loans to other customers on securities in proportion to total loans to customers than do the country member banks. On the other hand, country member banks have a larger share of their loans to customers in loans on real estate. Both city and country member banks have more than half of their loans to customers in other classes of loans than loans on securities or real estate.

Investments of member banks fluctuate between security holdings and short-term investment loans in accordance with seasonal requirements and the state of the money market. It appears from the tables that country member banks favor commercial

paper as an investment more than do the city member banks. Both groups of banks use the brokers' loan market as an outlet for funds, while neither group of banks appears to favor acceptances as a medium for investment. Both groups of banks have most of their investments in the form of bonds and other securities.

**New Classification of Loans and Investments of Member Banks**  
(000's omitted)

**22 CITY MEMBER BANKS\***

	June 29, 1929	June 30, 1930
<b>Loans to Customers</b>		
To banks . . . . .	\$ 6,760	\$ 5,708
To other customers		
On securities . . . . .	61,401	69,842
On farm land . . . . .	2,355	2,104
On other real estate . .	3,262	2,880
All other, including overdrafts . . . . .	155,121	136,407
Total . . . . .	\$228,899	\$216,941
<b>Investments</b>		
Acceptances . . . . .	\$ 59	\$ 347
Commercial paper . . . . .	2,381	4,634
Brokers' loans . . . . .	20,682	8,935
Securities . . . . .	126,407	125,243
Total . . . . .	\$149,529	\$139,159

**COUNTRY MEMBER BANKS**

	June 29, 1929	June 30, 1930
<b>Loans to Customers</b>		
To banks . . . . .	\$ 1,833	\$ 2,676
To other customers		
On securities . . . . .	34,219	41,180
On farm land . . . . .	28,285	23,608
On other real estate . .	18,766	18,031
All other, including overdrafts . . . . .	183,545	172,008
Total . . . . .	\$266,648	\$257,503
<b>Investments</b>		
Acceptances . . . . .	\$ 1,016	\$ 239
Commercial paper . . . . .	12,558	16,694
Brokers' loans . . . . .	26,324	10,777
Securities . . . . .	237,719	229,098
Total . . . . .	\$277,617	\$256,808

\*These banks are those which report weekly and include the majority of the member banks in Minneapolis, St. Paul, Duluth, La Crosse, Fargo, Sioux Falls, Helena and Great Falls.

## COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

## GENERAL BUSINESS

	August, '30	August, '29	% Aug. 1930, of August, 1929
<b>Debits to Individual Accounts<sup>1</sup></b>			
All Reporting Cities.....	\$ 36,967,800	\$ 46,885,800	78
Minneapolis .....	17,246,000	22,627,000	77
St. Paul .....	5,868,000	7,212,000	81
South St. Paul .....	795,000	1,161,000	68
Great Lakes Ports .....	3,670,000	5,260,400	70
Beef and Pork, S. E. ....	1,168,700	1,350,800	87
Beef and Pork, S. W. ....	1,447,400	1,659,800	87
Dairy and Mixed Farming.....	1,436,400	1,699,100	85
Wheat and Mixed Farming .....	1,693,200	2,050,700	83
Wheat and Range .....	962,100	1,198,900	80
Mining and Lumber .....	2,081,000	2,766,100	75
<b>Electric Power Consumption (K.W.H.) <sup>1,2</sup></b>			
Minn., No. Dak. and So. Dak. ....	\$ 4,918,000	\$ 4,431,000	111
Montana .....	3,598,000	4,442,000	81
<b>Country Check Clearings<sup>3</sup></b>			
Total .....	\$ 3,047,800	\$ 3,807,700	80
Minnesota .....	1,067,200	1,402,300	76
Montana .....	512,800	693,000	74
North and South Dakota .....	800,200	922,000	87
Michigan and Wisconsin .....	660,000	782,600	84
<b>Postal Receipts</b>			
Six Cities .....	\$ 993,925	\$ 1,101,848	90
Minneapolis .....	510,964	557,914	92
St. Paul .....	315,206	358,228	88
Duluth .....	61,788	70,649	87
Three Other Cities .....	105,967	114,557	93
<b>Freight Carloadings—N.W. District</b>			
Total, Excluding L. C. L. ....	\$ 520,110	\$ 664,989	78
Grains and Grain Products .....	88,827	90,933	98
Livestock .....	25,540	28,491	90
Coal .....	24,722	23,294	106
Coke .....	4,995	3,338	60
Forest Products .....	40,387	74,895	54
Ore .....	158,977	219,389	72
Miscellaneous .....	176,662	219,699	80
Merchandise—L. C. L. ....	138,726	150,812	89
<b>Building Permits</b>			
Number—18 Cities .....	1,276	1,803	78
Value—18 Cities .....	\$ 2,701,200	\$ 4,878,000	55
Minneapolis .....	1,123,000	1,264,100	89
St. Paul .....	484,200	692,400	70
Duluth-Superior .....	145,400	1,549,400	9
4 Wheat Belt Cities .....	493,200	512,300	96
6 Mixed Farming Cities .....	414,700	654,200	63
4 Mining Cities .....	40,700	205,600	20
<b>Building Contracts Awarded</b>			
Total .....	\$ 7,023,600	\$ 9,019,200	78
Commercial .....	851,200	.....	.....
Industrial .....	310,900	.....	.....
Educational .....	942,700	.....	.....
Hospitals, etc. ....	110,700	.....	.....
Public .....	116,700	.....	.....
Religious and Memorial .....	131,200	.....	.....
Social and Recreational .....	56,000	.....	.....
Residential .....	1,773,500	.....	.....
Public Works and Utilities .....	2,730,700	.....	.....
<b>Real Estate Activity in Hennepin and Ramsey Counties</b>			
Warranty Deeds Recorded .....	1,073	1,343	80
Mortgages Recorded .....	1,290	1,505	86
<b>Manufacturing and Mining</b>			
Flour Production at Mpls., St. Paul, and Duluth-Superior (Bbls.).....	\$ 1,077,427	\$ 1,238,033	87
Flour Shipments at Mpls. (Bbls.) .....	965,989	1,054,795	92
Linseed Product Shipments (Lbs.) .....	19,515,052	26,469,979	74
Copper Output (5 Firms) (Lbs.).....	30,486,200	37,535,500	81
Iron Ore Shipments (Tons).....	8,251,699	10,806,967	76
<b>Business Failures</b>			
Number .....	47	49	118
Liabilities .....	\$ 882,632	\$ 203,100	435

## AGRICULTURE

## Farmers' Cash Income

Total of 7 Items.....	\$ 66,024,000	\$ 83,606,000	79
Bread Wheat .....	25,106,000	37,359,000	67
Durum Wheat .....	8,155,000	8,620,000	95
Rye .....	2,241,000	3,572,000	63
Flax .....	5,149,000	2,500,000	206
Potatoes .....	1,140,000	1,281,000	89
Dairy Products .....	19,828,000	24,374,000	79
Hogs .....	4,905,000	5,900,000	83

## Grain Marketings at Minneapolis and Duluth-Superior (Bus.)

Bread Wheat .....	\$ 23,966,000	\$ 24,111,000	99
Durum Wheat .....	10,006,000	6,723,000	149
Rye .....	3,799,000	3,673,000	103
Flax .....	2,627,000	896,000	293

## Grain Stocks at End of Month at Minneapolis and Duluth-Superior (Bus.)

Wheat .....	\$ 54,914,072	\$ 58,570,088	94
Corn .....	61,500	126,848	48
Oats .....	5,714,307	5,542,849	103
Barley .....	5,406,040	5,158,456	105
Rye .....	6,471,965	4,686,145	138
Flax .....	447,065	154,062	290

## Livestock Receipts at South St. Paul (Head)

Cattle .....	51,757	79,429	65
Calves .....	28,592	33,387	86
Hogs .....	124,464	110,795	112
Sheep .....	114,549	95,668	120

## Median Cash Grain Prices (Bus.)

Wheat—No. 1 Dark Northern .....	\$ .91 $\frac{3}{4}$	\$ 1.37 $\frac{3}{4}$	67
Durum—No. 2 Amber .....	.81 $\frac{1}{2}$	1.28 $\frac{1}{2}$	54
Corn—No. 3 Yellow .....	.94	.96 $\frac{1}{2}$	97
Oats—No. 3 White .....	.36 $\frac{1}{2}$	.40 $\frac{1}{2}$	90
Barley—No. 3 .....	.51	.56 $\frac{3}{4}$	90
Rye—No. 2 .....	.59	.97 $\frac{1}{4}$	61
Flax—No. 1 .....	1.96	2.79	70

## Median Livestock Prices (Cwt.)

Butcher Cows .....	\$ 6.00	\$ 8.25	73
Butcher Steers .....	9.00	13.25	68
Prime Butcher Steers .....	11.00	15.10	73
Feeder Steers .....	6.00	9.50	63
Veal Calves .....	9.50	15.00	63
Hogs .....	9.00	10.00	90
Heavy Hogs .....	8.50	9.25	92
Lamba .....	8.25	12.75	65
Ewes .....	3.50	5.50	64

## Wholesale Produce Prices

Butter (Lb.) .....	\$ .38	\$ .40 $\frac{1}{2}$	94
Milk (Cwt.) .....	2.17	2.47	88
Hens (Lb.) .....	.17 $\frac{1}{2}$	.21 $\frac{1}{2}$	81
Eggs (Doz.) .....	.19 $\frac{3}{4}$	.29 $\frac{3}{4}$	66
Potatoes (Bu.) .....	1.27 $\frac{1}{2}$	1.35	94

## TRADE

## Department Stores

Sales .....	\$ 2,860,960	\$ 3,196,350	90
Merchandise Stocks .....	6,708,310	7,653,100	88
Receivables .....	3,092,170	3,182,670	97
Installment Receivables .....	754,210	732,320	103

## Furniture Stores

Total Sales .....	\$ 254,980	\$ 356,670	71
Installment Sales .....	166,380	245,980	68
Merchandise Stocks .....	1,561,760	1,711,160	91
Installment Receivables .....	2,107,100	2,155,020	98

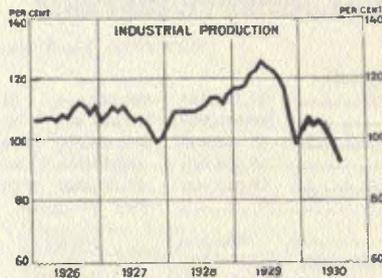
## Country Lumber Yards

Sales (Bd. Ft.) .....	\$ 12,393,000	\$ 15,706,000	79
Lumber Stocks (Bd. Ft.) .....	84,567,000	87,063,000	97
Total Sales .....	\$ 1,587,200	\$ 2,000,000	79
Receivables .....	4,712,600	5,195,000	91

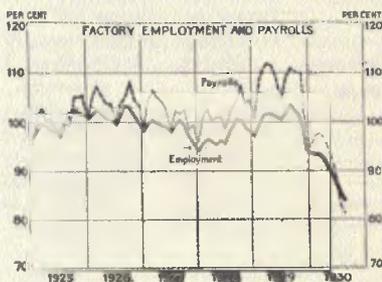
## Life Insurance Sales

Four States .....	\$ 21,787,000	\$ 24,773,000	88
Minnesota .....	14,918,000	16,190,000	92
Montana .....	2,286,000	2,468,000	93
North Dakota .....	2,249,000	3,096,000	73
South Dakota .....	2,334,000	3,024,000	77

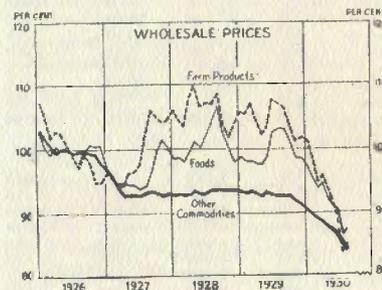




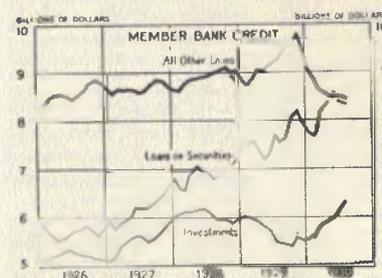
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average=100). Latest figure, August, 92.



Index numbers of factory employment and payrolls, without adjustment for seasonal variations (1923-1925 average=100). Latest figures, August, employment 83.8, payrolls 80.9.



Indexes of the United States Bureau of Labor Statistics (1926=100, base adopted by the Bureau). Latest figures, August, farm products 84.9, foods 87.1, other commodities, 83.3.



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures are averages of first 2 weeks in September.

## Summary of National Business Conditions (Compiled September 23 by Federal Reserve Board)

Industrial production as a whole was in the same volume in August as in July, contrary to the usual upward trend at this season, although there were seasonal increases in activity in a number of basic industries. Factory employment and payrolls declined further. The general level of commodity prices at wholesale, which had declined continuously for a year, remained unchanged between July and August, advances in prices being reported in certain important agricultural staples.

**PRODUCTION:** The Board's index of industrial production, which makes allowance for seasonal variations, continued to decline in August. Production of automobiles, pig iron, lumber and sugar decreased, and there was a reduction in the consumption of cotton and wool. In the bituminous coal and silk industries, there was less increase than is usual at this season, while in steel, cement, flour and shoes the increase was slightly more than seasonal. During the first two weeks of September, activity at steel plants increased, while a further reduction in output of automobiles was reported.

Building contracts awarded, as reported by the F. W. Dodge Corporation, were in slightly smaller volume during August, largely on account of reductions in educational and industrial construction projects. Residential building contracts continued small. During the first two weeks in September, awards averaged about the same as in August.

At the middle of August, the latest date for which figures are available, the number of wage earners employed in factories and the volume of factory payrolls was smaller than in the middle of July. There were decreases in employment in the iron and steel and cotton textile industries and at foundries and machine shops, automobile plants and saw mills. Substantial seasonal increases occurred in the canning and preserving, bituminous coal mining and clothing industries.

**AGRICULTURE:** September 1 estimates by the Department of Agriculture indicate a corn crop of 1,983,000,000 bushels, about 700,000,000 bushels less than the five-year average; a spring wheat crop of 240,000,000 bushels, slightly larger than last year's unusually small crop making the total wheat crop about equal to the five-year average, and a crop of oats of about the usual size. The condition of pastures on September 1 was reported to be unusually poor. The cotton crop is expected to be about 14,340,000 bales, nearly one-half million bales less than last year.

**DISTRIBUTION:** The volume of freight shipped by rail increased by slightly less than the usual seasonal amount during August. Sales of department stores were larger than in July, but continued considerably smaller than a year ago.

**WHOLESALE PRICES:** There were increases during August in prices of many agricultural products, especially meats, livestock and grains, while the price of cotton decreased. Prices of mineral and forest products and of imported raw materials and their manufactures, in general, declined, with the principal exception of silk. The Bureau of Labor Statistics' index of wholesale prices showed no change from the preceding month. During the first half of September, there were pronounced declines in prices of wheat, corn, hogs, pork and rubber. Prices of cotton and woolen textiles remained fairly stable, while those of hides and coffee increased.

**BANK CREDIT:** Between August 20 and September 17, there was an increase in member bank holdings of investments and in their loans on securities, while all other loans, which include loans for commercial purposes, declined, contrary to the usual seasonal trend. The volume of reserve bank credit outstanding showed a growth for the period, as is usual at this season, but the increase was relatively small, owing to the fact that the seasonal demand for currency was smaller than in other recent years, and owing to an addition of \$15,000,000 to the country's stock of gold. The increase was in holdings of acceptances, offset in part by a further decline in discounts for member banks to the lowest level since 1917.

Money rates continued at low levels during August and the first half of September, and the yield on high-grade bonds declined further. Discount rates at the Federal Reserve Banks of Dallas and Minneapolis, the only banks which had maintained a 4 per cent rate, were reduced to 3½ per cent during September.