

MONTHLY REVIEW

OF

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

NINTH FEDERAL RESERVE DISTRICT

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DISTRICT SUMMARY OF BUSINESS

The available district business indexes in October were lower than in any previous October during the post-war period. The western crop failure, low prices of agricultural products, and general business depression continued to have their effect.

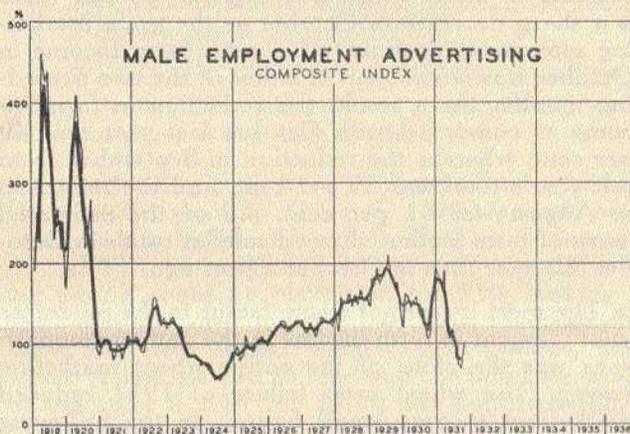
The bank debit index remained at 61, the low point reached in September. The country check clearings index dropped to 64 from the preceding low point of 72, which was established in September. The indexes of freight carloadings, of miscellaneous freight and less-than-carlot merchandise also fell slightly below their previous post-war lows established in September. Sales by country lumber yards reached a new low level for the post-war years in October, after adjustment for seasonal variation.



Bank Debits Index for Reporting Cities in the Ninth Federal Reserve District, adjusted for seasonal variations.

As compared with October 1930, the more general business indicators showed the following reductions: Bank debits, 25 per cent; country check clearings, 27 per cent, and freight carloadings, 31 per cent. Decreases also occurred in electric power consumption, postal receipts, flour and linseed product shipments, copper and iron ore output, grain marketings, department store sales, country lumber sales, life insurance sales, securities sales, and wholesale trade. Increases occurred in live stock marketings and furniture sales. Building activity declined in October as compared with the same month last year, with the exception of contracts for residential construction, public works and utilities,

and factories. Business failures in October were 108 in number, as compared with 50 in October last year, according to the compilation of R. G. Dun and Company.



Male Employment Advertising Index for Minneapolis. This index is computed by dividing the seasonally adjusted index numbers of "Situations Wanted" into the similar index numbers for "Help Wanted." The heavy curve is a 3-month moving average of the light curve.

The employment indexes for Minneapolis improved during October, a fact which may be associated with the abnormally mild weather prevailing during that month. The adjusted index of "Skilled Male Help Wanted," based on records of the public employment office, was moderately higher in October than in September, but remained much below last year's level. The index of the male employment situation, based on newspaper advertising, improved sharply due to an abnormal decrease in the number of "Situations Wanted" ads, indicating a reduction in the supply of unemployed labor.

Country lumber sales have been adversely affected by the shrinkage in agricultural income in the district which culminated in very low income figures during August and September. A striking feature of the situation, however, is that in spite of the small volume of agricultural income lumber retailers have been able to prevent their outstanding accounts receivable from increasing this fall. Since an increase in receivables up to the end of October is a normal occurrence, it is obvious that merchants have been improving their receivable position. In

fact, after adjustment for seasonal variations, their volume of receivables at the end of October was at a new low level for the post-war years.

During the first half of November, the volume of business apparently continued at lower levels than a year ago. Bank debits at eighteen cities for the three weeks ending November 18 were 25 per cent smaller than in the corresponding weeks last year. Country check clearings in the first fourteen business days of November were 29 per cent smaller than in the same days last year.

DISTRICT SUMMARY OF AGRICULTURE

Farm income in the Northwest recovered somewhat in October from the low levels of August and September. Usually the peak of farm income is reached in either August or September, and there is a sharp decrease in October as the grain marketing movement declines. This year, farm income in October was larger than in either of the two preceding months. As a result, the reduction in farm income as compared with October last year was 40 per cent, whereas the reduction in September from last year's total was 59 per cent, and the reduction in August was 61 per cent. All of the estimated items of farm income showed smaller totals in October this year than in October a year ago.

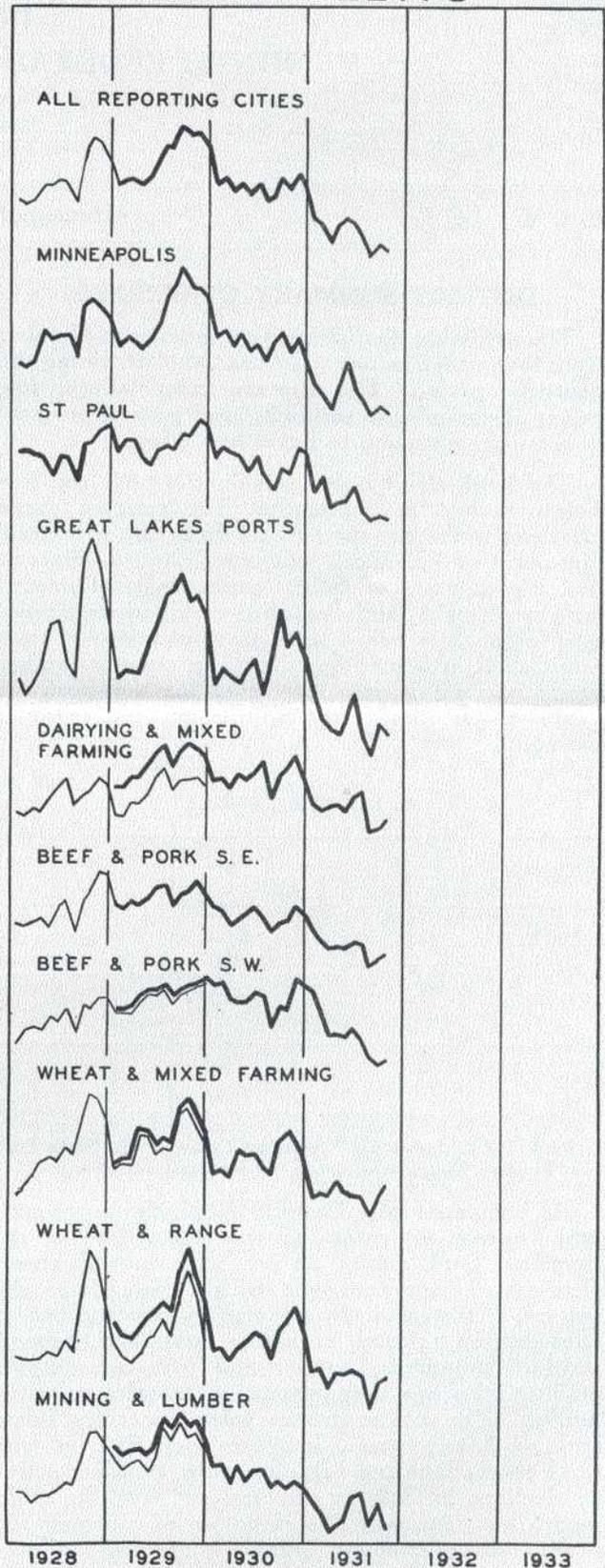
The most important single factor in the moderate improvement in farm income in the annual comparisons was the close of the active wheat marketing season. The wheat crop failure of 1931 reduced marketings to very small figures. In the following table are shown the estimated marketings of wheat from the Northwest for the three months of August, September and October this year and a year ago. It will be seen that wheat marketings in August and September made a very poor showing compared with marketings in those months a year ago, whereas the comparison in October was not nearly so unfavorable.

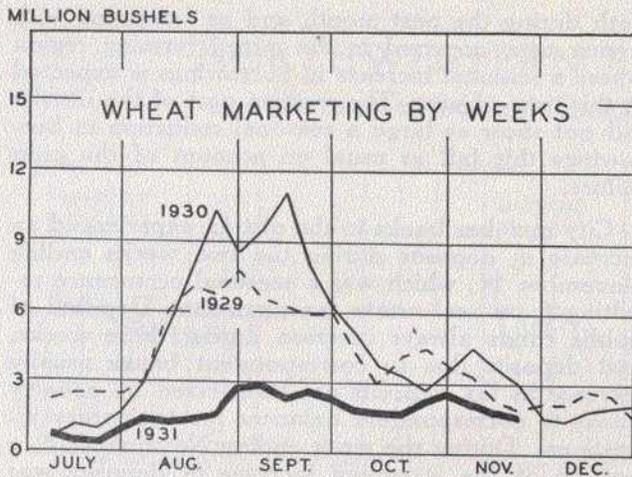
Wheat Marketings from the Northwest
(In thousands of bushels)

	1931	1930	Decrease
August	6,613	33,972	27,359
September	10,443	36,492	26,049
October	8,781	15,190	6,409

The butter situation was a stalemate during October and the first part of November. The favorable consumption trend was offset by fear of imports of foreign butter and uncertainty as to future domestic production. Stocks of creamery butter in cold storage in the United States decreased by fully the usual seasonal amount during October, and butter stocks on November 1 were only about one-half as large as a year ago, and as compared with the five-year average for that date. Nevertheless, the price of butter in eastern markets decreased during October and showed very little strength until the second

**NINTH FED. RES. DISTRICT
BANK DEBITS**

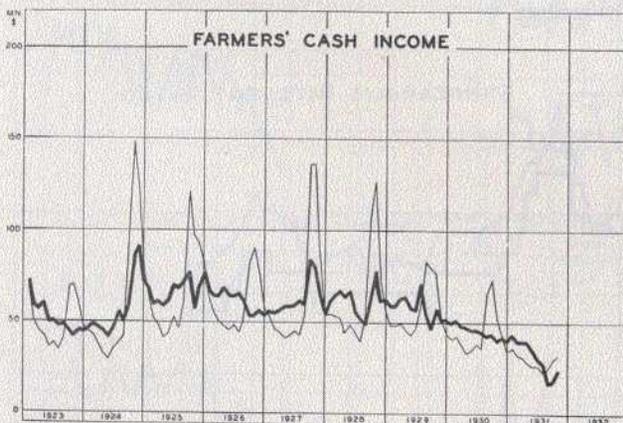




Wheat Marketings from the Northwest by Weeks, July-December.

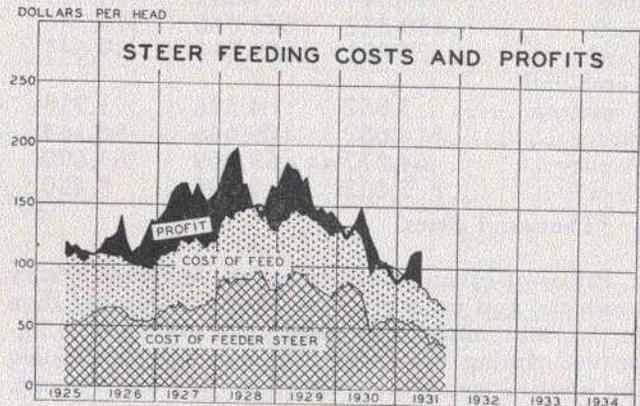
week of November. The average price of butter in the Ninth District was exactly the same in October as in September.

Two reasons were given for the failure of butter prices to increase in response to the shrinkage in stocks. In the first place, butterfat prices were favorable in comparison with the cost of dairy feeds and there was a possibility that dairymen would increase the production of butterfat in consequence. In the second place, the abandonment of the gold standard in several foreign countries placed the dairymen in those countries in a favorable competitive position, and it was thought possible that butter might be imported from Denmark, New Zealand and Canada if American butter prices increased farther. As a matter of fact, on October 15 the price of 92-score butter in New York was 15 cents per pound higher than the official butter quotation in Copenhagen, whereas the American tariff on butter imports is only 14 cents. Some shipments of Canadian butter were received in eastern markets as a



Farmers' Cash Income in the Ninth Federal Reserve District from Cash Crops, Hogs and Dairy Products. The heavy curve is seasonally adjusted, and the light curve shows changes in farm income without seasonal adjustment.

result of price differentials. However, by the end of October the spread between domestic and foreign prices had narrowed to a point where imports in large volume were not threatened, and American butter prices steadied in the first week of November and rose slightly in the second week of November.



Steer Feeding Costs and Profits in the Northwest, based on market prices of live stock and feed.

Steer feeding costs have declined almost steadily for the past year. In October, a 900 pound steer could be purchased at South St. Paul at an average cost of \$36, and sufficient feed for a 5-month feeding period could be purchased for \$30, making a total cost for steer and feed of \$66. Five months later, the steer would weigh 1,200 pounds, and would return the cost of feed and the purchase price of the steer if sold for \$5.50 per hundredweight. The lowest median price of a prime butcher steer in recent years has been \$7.65 per hundredweight.

Steers purchased for feeding during the early months of 1931 and sold during the past three months have returned a moderate profit to the feeder, according to our index. The volume of such feeding operations, however, was small, as evidenced by the scarcity of prime fat steers at the South St. Paul market during recent weeks.

Receipts of hogs at South St. Paul during October established a new high record for the month, and were larger than in any preceding month since January 1928. For the United States as a whole, hog receipts during October were the third largest for the month on record. Sheep receipts at South St. Paul were nearly as large as the all-time record established in October last year. Receipts of calves at South St. Paul were the largest ever recorded in October, with the exception of October 1926.

Cold storage holdings in the United States on November 1 were very small in the case of beef, lamb and mutton, and butter. Storage holdings of pork and lard were larger than a year ago, but smaller than the five-year average. Storage holdings of poultry were larger than a year ago, and larger than the five-year average, and storage holdings of eggs were smaller than last year's holdings, but larger than the five-year average.

United States Cold Storage Holdings (In thousands of pounds)

	November 1 Five-Year Average	Novem- ber 1, 1930	Novem- ber 1, 1931
Beef	59,814	63,862	34,491
Pork	430,822	346,816	379,746
Lard	72,801	36,211	39,641
Lamb and mutton	3,882	4,326	1,958
Butter	114,682	109,646	56,164
Poultry	64,277	59,269	65,690
Eggs*	7,862	9,595	8,450

*Thousand cases.

Prices of bread wheat, rye, flax, live stock, dairy products, and potatoes were lower in October than in the same month last year. Cash grain prices improved during the month, except flax, continuing the upward swing that started in July and August. The "high" for October was registered within the last three days of the month for bread wheat, durum wheat, rye, and flax. Since November 1, grain prices have moved irregularly. During October, potato prices continued at low levels. Live stock prices suffered severely during October, with the exception of prime butcher steers and hogs, both of which showed a slightly higher median price than in the preceding month. In September, hogs sold at the lowest levels since our records began in 1920, and in October new low records were registered by stocker and feeder steers, veal calves, ewes and lambs. Butcher steer prices dropped to the low point established last May.

DISTRICT SUMMARY OF BANKING

The usual autumn increase in country bank deposits was totally absent this year. Customarily, the marketing of the small grain crops furnishes the basis for an increase in deposits in the Dakotas and Montana, reaching a peak in October, after which a seasonal decrease sets in. In these states, deposits showed a continuous decrease throughout the fall months in 1931, according to the evidence of average deposits in member banks in towns with less than 15,000 population. Country bank deposits also followed their usual seasonal decrease during the fall period in Minnesota and northern Michigan, and decreased sharply in the northwestern counties of Wisconsin on account of bank failure difficulties. As compared with October last year, country member bank deposits showed a decrease of 13 per cent, with the largest decreases occurring in the Dakotas and the smallest decrease in the northern peninsula of Michigan.

Country member banks increased their borrowings from this Federal Reserve Bank during the five weeks ending November 18, and at the close of that period they were borrowing more from this bank than on the same date in any preceding year since 1923. The greatest increase in borrowings,

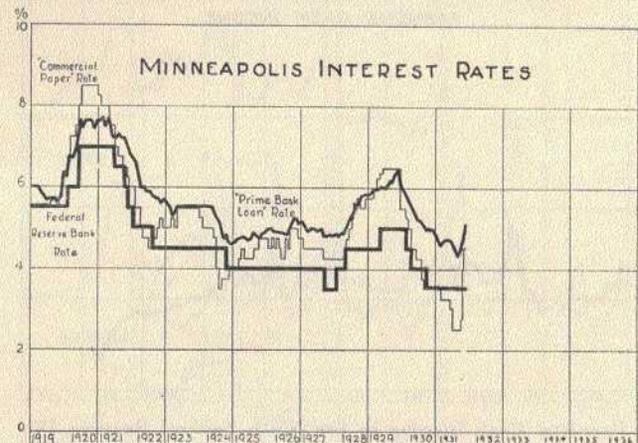
both during the past month and as compared with a year ago, occurred in the mixed farming region where a seasonal increase in borrowings is expected at this time of year. The western part of the district did not show as large a seasonal reduction in borrowings this fall as usual on account of the crop failure.

City member banks in the district experienced an increase in deposits during the two weeks ending November 11, which was a seasonal occurrence resulting from real estate tax payments. Deposits of public funds always increase during these weeks, and deposits due to correspondent banks usually increase as tax deposits are transferred by country banks to correspondent balances for temporary investment. During the week ending November 18, a portion of the foregoing increase in deposits was cancelled and deposits returned to the level of mid-October.

Deposits of city member banks on November 18 were the lowest for that date in any of the six years for which records are available. The largest decrease occurred in commercial and individual demand deposits. Time deposits also decreased and fell below last year's figures for the first time on November 18.

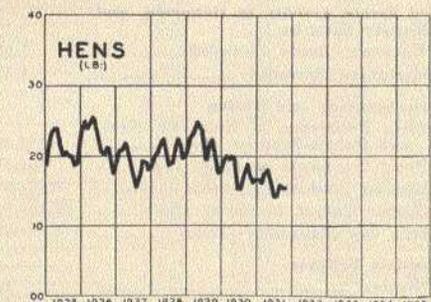
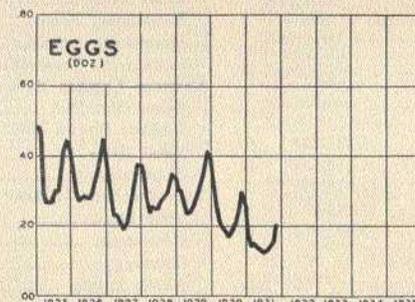
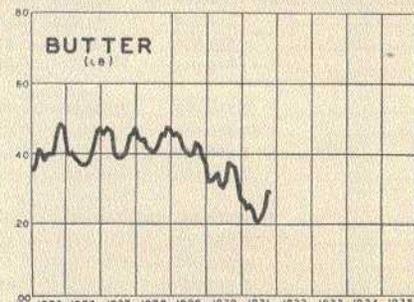
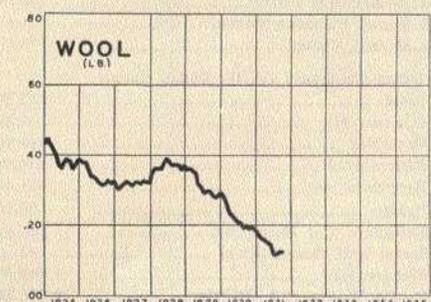
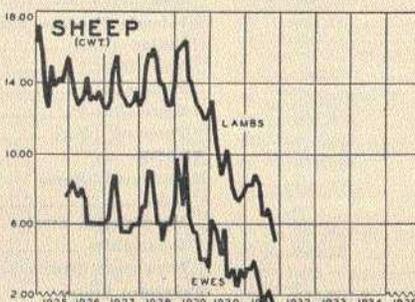
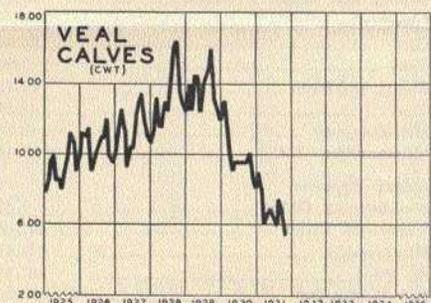
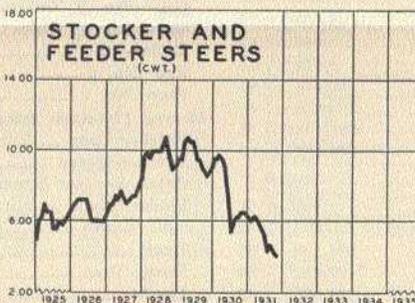
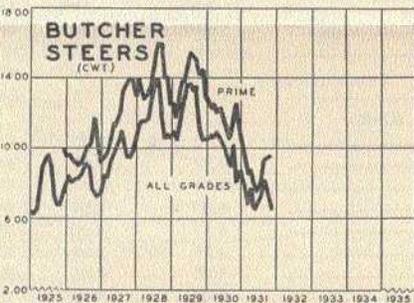
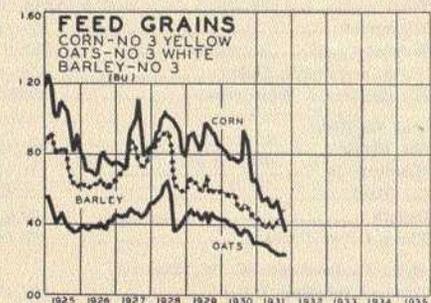
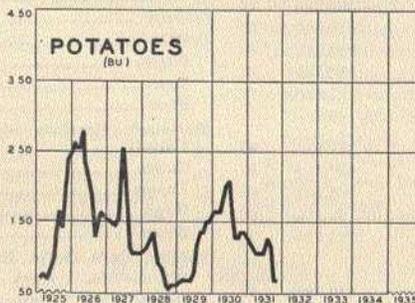
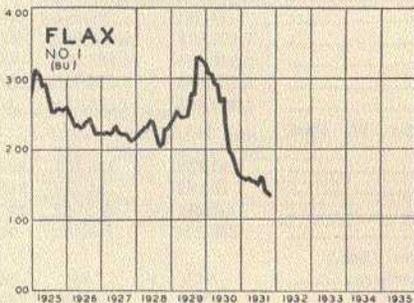
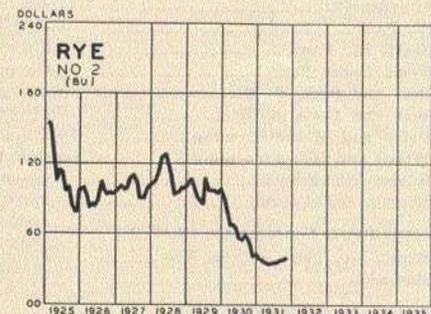
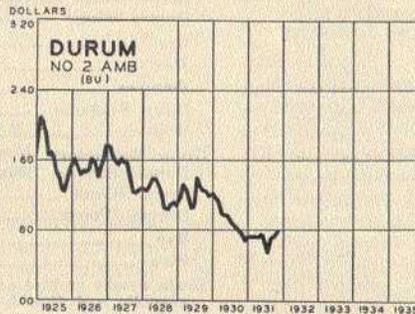
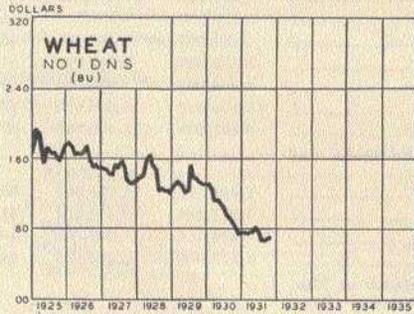
Loans and investments of city member banks showed very little change during the five weeks ending November 18. Loans to customers at the close of that period were smaller than in either of the two preceding years, and invested funds were smaller than in 1930 but larger than in 1929. In spite of the decrease in deposits, these banks were almost entirely out of debt to the Federal Reserve Bank on November 18.

Interest rates at Minneapolis commercial banks increased again during the month ending November 15, and on that date they were higher than rates charged a year ago. Commercial paper rates and the discount rate of this Federal Reserve Bank remained unchanged for October and the first part of November.



Interest Rates at Minneapolis on Prime Bank Loans and Commercial Paper and the Discount Rate at the Federal Reserve Bank, 1919-1931.

NORTHWESTERN FARM PRODUCT PRICES
 (Price per bushel, hundredweight, pound or dozen)



COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

GENERAL BUSINESS				AGRICULTURE			
			Per Cent				Per Cent
	Oct. '31	Oct. '30	1931 of 1930		Oct. '31	Oct. '30	1931 of 1930
Bank Debits¹				Farmers' Cash Income			
All Reporting Cities.....	\$ 28,943,200	\$ 38,840,000	75	Total of 7 Items.....	\$ 32,285,000	\$ 53,895,000	60
Minneapolis	11,326,000	16,276,000	73	Bread Wheat	5,630,000	10,203,000	55
St. Paul	5,018,000	6,349,000	79	Durum Wheat	1,410,000	3,257,000	43
South St. Paul.....	1,018,000	1,515,000	67	Rye	153,000	462,000	33
Great Lakes Ports.....	2,504,400	3,941,900	64	Flax	2,009,000	5,368,000	37
Beef and Pork, S. E.....	1,055,100	1,251,600	84	Potatoes	3,496,000	5,956,000	59
Beef and Pork, S. W.....	1,240,700	1,624,600	76	Dairy Products	11,084,000	14,249,000	78
Dairy and Mixed Farming.....	1,474,900	1,839,700	78	Hogs	8,503,000	14,400,000	59
Wheat and Mixed Farming.....	1,949,900	2,511,300	78	Grain Marketings at Minneapolis and Duluth-Superior (Bus.)			
Wheat and Range.....	963,200	1,308,100	74	Bread Wheat	6,968,000	10,774,000	65
Mining and Lumber.....	1,787,000	2,181,800	82	Durum Wheat	1,813,000	4,416,000	41
Electric Power Consumption (K.W.H.)^{2,3}				Rye	378,000	943,000	40
Minn., No. Dak., and So. Dak.....	4,955,000	4,995,000	99	Flax	1,522,000	2,990,000	51
Montana	2,492,000	3,532,000	71	Grain Stocks at End of Month at Minneapolis and Duluth-Superior (Bus.)			
Country Check Clearings⁴				Wheat	56,983,484	62,618,434	91
Total	\$ 2,587,200	\$ 3,564,500	73	Corn	88,761	93,663	95
Minnesota	949,100	1,224,700	77	Oats	5,671,016	9,035,953	63
Montana	482,100	618,500	49	Barley	2,945,098	6,887,676	43
North and South Dakota.....	606,400	993,700	61	Rye	5,252,936	8,976,410	59
Michigan and Wisconsin.....	549,600	727,600	76	Flax	1,922,098	2,371,711	81
Postal Receipts				Livestock Receipts at So. St. Paul (Head)			
Six Cities	992,057	1,172,915	85	Cattle	131,058	130,072	101
Minneapolis	516,079	637,258	81	Calves	60,092	54,135	111
St. Paul	329,004	363,803	90	Hogs	401,291	317,002	127
Duluth	60,630	69,095	88	Sheep	366,228	368,102	99
Three Other Cities.....	86,344	102,759	84	Median Cash Grain Prices (Bus.)			
Freight Carloadings—N. W. District				Wheat—No. 1 Dark Northern.....	\$.71%	\$.83	86
Total—Excluding L.C.L.	327,450	470,792	69	Durum—No. 2 Amber.....	.77%	.73%	105
Grains and Grain Products.....	39,402	52,804	75	Corn—No. 3 Yellow.....	.37%	.78%	48
Livestock	40,897	41,639	98	Oats—No. 3 White.....	.22%	.33	69
Coal	30,593	45,666	67	Barley—No. 3 .....	.48	.47	102
Coke	2,984	5,633	53	Rye—No. 2 .....	.40½	.49	83
Forest Products	24,126	39,531	61	Flax—No. 1	1.32	1.79	74
Ore	49,277	100,514	49	Median Livestock Prices (Cwt.)			
Miscellaneous	140,171	184,976	76	Butcher Cows	\$ 3.50	\$ 5.25	67
Merchandise—L.C.L.	116,346	136,457	85	Butcher Steers	6.50	8.00	81
Building Permits				Prime Butcher Steers.....	9.60	12.50	77
Number—18 Cities	1,324	1,461	91	Feeder Steers	4.00	6.25	64
Value—18 Cities	\$ 1,462,000	\$ 2,327,300	63	Veal Calves	5.50	10.00	55
Minneapolis	635,200	951,100	67	Hogs	4.75	8.90	53
St. Paul	327,000	603,600	54	Heavy Hogs	4.25	8.25	52
Duluth-Superior	106,400	221,000	48	Lambs	5.00	7.25	69
4 Wheat Belt Cities.....	105,900	158,900	67	Ewes	1.00	2.50	40
6 Mixed Farming Cities.....	276,800	342,800	81	Wholesale Produce Prices			
4 Mining Cities	10,700	50,500	21	Butter (Lb.)	\$.29½	\$.36	82
Building Contracts (F. W. Dodge Corp.)				Milk (Cwt.)	1.65	2.10	79
Total	\$ 5,217,800	\$ 5,370,000	97	Hens (Lb.) .....	.15½	.17½	89
Commercial	336,400	508,000	66	Eggs (Doz.) .....	.20%	.25½	81
Factories	142,000	61,500	231	Potatoes (Bu.) .....	.67½	1.35	50
Educational	197,900	395,600	50	TRADE			
Hospitals, etc.	24,600	175,000	14	Department Stores			
Public	65,100	0		Sales	\$ 3,267,280	\$ 3,716,810	88
Religious and Memorial.....	139,300	286,500	49	Merchandise Stocks	6,869,410	7,828,490	88
Social and Recreational	48,000	61,100	79	Receivables	3,453,190	3,809,920	91
Residential	1,498,300	1,250,000	120	Instalment Receivables	693,520	795,850	87
Public Works and Utilities.....	2,766,200	2,632,300	105	Furniture Stores			
Real Estate Activity in Hennepin and Ramsey Counties				Total Sales	\$ 154,470	\$ 149,510	103
Warranty Deeds Recorded.....	1,659	1,754	95	Instalment Sales	124,550	81,950	152
Mortgages Recorded	1,557	1,681	93	Merchandise Stocks	668,820	764,780	87
Manufacturing and Mining				Instalment Receivables	742,040	779,540	95
Flour Production at Mpls., St. Paul, and Duluth-Superior (bbls.).....	1,025,400	1,227,324	84	Country Lumber Yards			
Flour Shipments at Mpls. (bbls.).....	891,443	1,096,155	81	Sales (Bd. Ft.)	9,255,000	13,596,000	68
Linseed Product Shipments (lbs.).....	18,763,749	44,518,320	42	Lumber Stocks (Bd. Ft.).....	68,318,000	73,743,000	93
Copper Output (5 firms) (lbs.).....	23,134,700	32,013,900	72	Total Sales	\$ 1,293,700	\$ 2,127,600	61
Iron Ore Shipments (Tons).....	3,094,424	5,531,285	56	Receivables	3,551,900	4,814,400	74
Business Failures				Life Insurance Sales			
Number	108	50	216	Four States	\$ 18,223,000	\$ 21,171,000	86
Liabilities	\$ 1,492,546	\$ 418,000	357	Minnesota	13,260,000	14,914,000	89
				Montana	1,505,000	2,210,000	68
				North Dakota	1,767,000	1,893,000	93
				South Dakota	1,691,000	2,154,000	79

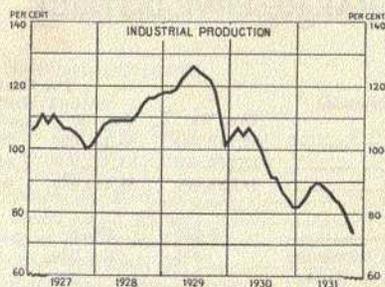
COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT
(Continued)

Investment Dealers	Per Cent		Member Bank Deposits (continued)	Per Cent		
	Oct. '31	Oct. '30		1931 of 1930	1931 of 1930	
Sales to Banks	1,700,500	4,212,200	North Dakota	35,791,000	45,909,000	78
Sales to Insurance Companies	564,000	432,700	South Dakota	42,773,000	53,022,000	81
Sales to General Public	3,348,200	5,204,000	Wisconsin—26 Cos.	24,588,000	28,429,000	86
Wholesale Trade			Interest Rates²			
Groceries—			Minneapolis Banks	5-5 1/4	4 1/2-5	....
Sales	\$ 3,605,440	\$ 4,404,540	Commercial Paper (net to borrower)	4 1/2	3 1/2	....
Stocks	6,014,590	6,496,050	Minneapolis Federal Reserve Bank	3 1/2	3 1/2	....
Receivables	4,494,430	5,070,040	Selected City Member Banks			
Hardware—			Loans to Customers	Nov. 18, '31	Nov. 19, '30	
Sales	\$ 1,340,320	\$ 2,130,030	Other Invested Funds	\$216,987,000	\$223,409,000	97
Stocks	2,605,230	2,771,260	Deposits Due to Banks	138,027,000	144,207,000	96
Receivables	2,060,740	2,455,560	Public Demand Deposits	71,851,000	89,669,000	80
Shoes—			Other Demand Deposits	28,777,000	41,980,000	69
Sales	\$ 257,210	\$ 442,680	Time Deposits	154,979,000	185,243,000	84
Stocks	642,080	1,048,190	Total Deposits	142,510,000	146,390,000	97
Receivables	744,820	1,261,850	Borrowings at Fed. Reserve Bank	398,314,000	463,396,000	86
BANKING			Minneapolis Federal Reserve Bank			
Member Bank Deposits			Loans to Member Banks	6,307,000	3,843,000	164
In Cities Over 15,000 pop.	\$442,190,000	\$477,189,000	Twin Cities	0	0	....
In Cities Under 15,000 pop.	355,555,000	406,787,000	Minn., Wis. and Mich.	2,898,000	1,374,000	211
Michigan—15 Cos.	63,175,000	66,682,000	N. Dak. and Mont.	1,509,000	1,287,000	117
Minnesota	133,857,000	155,876,000	South Dakota	1,900,000	1,182,000	161
Montana	50,371,000	56,869,000	Fed. Res. Notes in Circulation	64,451,930	48,166,220	134
			Member Bank Reserve Deposits	45,946,663	51,203,450	90

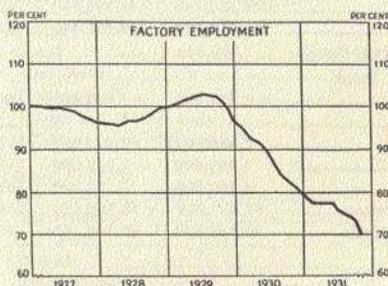
¹Daily Averages.
²Latest Reported Data.

BANK DEBITS

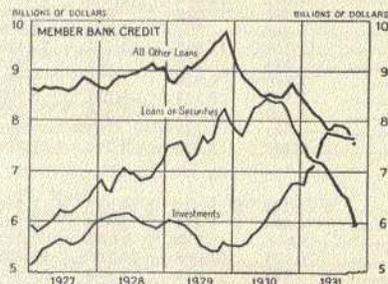
Number of Business Days:	October		September		Montana				
	1931	1930	1931	1930					
Montana and North Dakota	26	25	26	25	Anaconda	\$ 1,701	\$ 1,756	\$ 1,887	\$ 1,742
All Other States in District	27	25	27	25	Billings	6,948	6,847	9,509	8,351
					Bozeman	2,329	2,172	2,702	2,369
					Butte (2 Banks)	9,834	12,005	11,556	11,470
					Deer Lodge	961	993	950	1,010
					Glendive	830	782	1,489	1,426
					Great Falls	11,506	11,905	14,717	15,498
					Harlowton	384	311	455	414
					Havre	1,250	1,126	1,774	1,769
					Helena	7,971	8,300	9,231	8,421
					Lewistown	1,659	1,561	2,605	2,502
					Malta	561	421	761	597
					Miles City (1 Bank)	1,662	1,643	2,704	1,910
					North Dakota				
					Bismarck	\$ 10,165	\$ 8,917	\$ 10,515	\$ 9,366
					Devils Lake	1,546	1,414	2,186	2,221
					Dickinson	1,918	1,392	2,064	1,627
					Fargo	16,668	14,986	20,865	19,883
					Grafton	708	470	1,078	626
					Grand Forks	6,982	5,719	9,020	7,624
					Jamestown	2,576	2,071	3,427	3,038
					Mandan	984	742	1,257	1,120
					Minot	5,364	4,973	8,419	8,201
					Valley City	1,625	1,389	1,984	1,763
					Wahpeton	1,183	934	1,378	1,075
					Williston	1,117	925	2,219	1,916
					South Dakota				
					Aberdeen	\$ 4,773	\$ 4,785	\$ 6,732	\$ 6,639
					Brookings (1 Bank)	1,028	825	1,396	1,288
					Deadwood	732	699	966	882
					Huron	4,550	4,303	5,752	5,630
					Lead	1,401	1,344	1,162	1,091
					Madison	856	825	946	967
					Millbank	500	468	649	577
					Mitchell (2 Banks)	3,374	3,140	4,305	4,094
					Mobridge	484	421	730	692
					Pierre	1,123	996	1,424	1,163
					Rapid City	3,328	3,146	3,654	4,263
					Sioux Falls	16,511	14,857	22,588	20,669
					Watertown	3,351	2,930	4,259	3,967
					Yankton	2,005	1,988	2,660	2,427
					Wisconsin				
					Ashland	\$ 1,743	\$ 1,874	\$ 2,011	\$ 1,900
					Chippewa Falls	1,710	1,965	2,313	2,370
					Eau Claire	4,965	6,762	8,023	7,524
					Hudson	515	481	568	574
					La Crosse	10,287	9,621	12,182	11,195
					Merrill (1 Bank)	1,154	1,131	1,279	1,229
					Superior	6,064	6,134	8,199	8,528
					Total for All Cities Reporting	\$781,037	\$735,559	\$1,045,472	\$1,028,897
					Both Years				



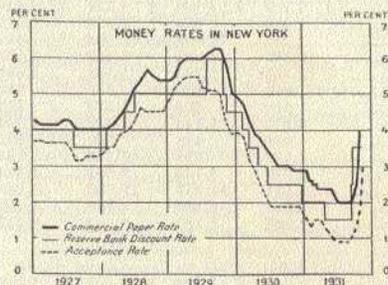
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average=100).



Federal Reserve Board's index of factory employment with adjustment for seasonal variation. (1923-1925 average = 100.)



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures are averages of first 3 weeks in November.



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper. Acceptance rate on 90-day bankers' acceptances. Latest figures are averages of first 17 days in October.

Summary of National Business Conditions

(Compiled November 24 by Federal Reserve Board)

Production and employment in manufacturing industries declined further in October, while output of minerals increased more than is usual at this season. There was a considerable decrease in the demand for Reserve bank credit after the middle of October, reflecting a reduction in member bank reserve balances and in November an inflow of gold largely from Japan. Conditions in the money market became somewhat easy.

PRODUCTION AND EMPLOYMENT: Total output of manufactures and minerals, as measured by the Board's seasonally-adjusted index of industrial production, declined from 76 per cent of the 1923-1925 average in September to 74 per cent in October. Output of steel remained unchanged at 28 per cent of capacity in October, although it usually shows an increase for that month. In the first half of November, activity at steel mills increased somewhat. Automobile production declined sharply in October. Production of shoes and woolens decreased and cotton mill activity showed little change, although an increase is usual at this season. Output of bituminous coal increased seasonally, and there were large increases in the output of anthracite and petroleum. The volume of factory employment declined substantially from the middle of September to the middle of October. At woolen mills where an increase in employment is usual at this season, there was a large decrease. In the automobile and shoe industries, reductions in employment were considerably larger than usual, while in the canning industry the decline was wholly of a seasonal character. In the silk goods and hosiery industries, employment increased by more than the usual seasonal amount.

The November cotton crop estimate of the Department of Agriculture was 16,903,000 bales, 600,000 bales larger than the October estimate and 3,000,000 bales larger than last year, in spite of a reduction in acreage.

Data on the value of building contracts awarded in the period between September 1 and November 15, as reported by the F. W. Dodge Corporation, showed a continuation of the downward movement. In this period, the value of contracts was 29 per cent smaller than in the corresponding period of 1930, reflecting a smaller volume of construction and somewhat lower building costs.

DISTRIBUTION: The total volume of freight carloadings remained unchanged in October, while loadings of merchandise decreased. Department store sales increased by somewhat more than the usual seasonal amount.

WHOLESALE PRICES: The general level of wholesale prices declined from 69.1 per cent of the 1926 average in September to 68.4 per cent in October, according to the Bureau of Labor Statistics. Prices of grains, cotton and silver, after showing a rapid rise beginning early in October, declined considerably, but in the third week of November were still above their October low points. Prices of hides and petroleum were also higher in the middle of November than in early October. During this period, the prices of live stock and meats declined rapidly, reflecting, in part, developments of a seasonal character.

BANK CREDIT: Reserve bank credit, which had increased rapidly between the middle of September and the third week of October, declined by \$265,000,000 during the following four weeks. This decline reflected a large reduction in member bank and other balances at the Reserve banks and also an inflow of gold, chiefly from Japan. Demand for currency, which had been on a large scale during September and the first three weeks of October, showed relatively small fluctuations after that time, and in the second week of November declined by somewhat more than the seasonal amount. Loans and investments of member banks in leading cities continued to decline during recent weeks, and on November 18 the total volume was \$500,000,000 smaller than five weeks earlier. This decrease reflected substantial reductions in loans on securities and in other loans, as well as in the banks' holdings of investments. At the same time, deposits of these banks also declined with a consequent reduction in the reserve balances which they were required to hold with the Reserve banks.

Money rates in the open market, which had advanced sharply during October, declined somewhat early in November. Rates on prime commercial paper declined from a range of 4-4 $\frac{1}{4}$ per cent to a range of 3 $\frac{3}{4}$ -4 per cent, and rates on bankers' acceptances from 3 $\frac{1}{4}$ to 2 $\frac{1}{2}$ per cent.