MONTHLY REVIEW
OF AGRICULTURAL AND BUSINESS CONDITIONS
IN THE NINTH FEDERAL RESERVE DISTRICT

John R. Mitchell, Chairman of the Board
and Federal Reserve Agent

Curtis L. Moberg
Assistant Federal Reserve Agent

Oliver S. Powell
Statistician

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DISTRICT SUMMARY OF BUSINESS

Despite increased grain marketings, the volume of business in the Ninth Federal Reserve District during October was smaller than in October last year. The bank debits index declined during the month and was much lower than for the same month last year. The country check clearings index also declined during October. Total freight car loadings was 24 per cent smaller in October 1932 than in October 1931, although the decreases were negligible in coal, coke and grain and grain products. Total marketings of grain were much greater than a year ago, when extremely small crops were harvested in our district, but shipments of flour and other manufactured grain products showed a decrease which offset the increase in grain marketings. Carloadings of livestock were much smaller than in October of last year, when hogs, sheep and calves were received at South St. Paul in record-breaking or record-equalling quantities. Electric power consumption was smaller in the latest month’s reports than in the same month a year ago. Other decreases in October as compared with October last year occurred in building permits and contracts, copper and iron ore output, department store sales, country lumber sales, life insurance sales, securities sales and wholesale trade. The spurt in department store sales in September proved to be shortlived, for October sales did not show the customary increase over September sales. Business failures were not as numerous in October as in the same month last year.

Employment increased more than seasonally during the month of September in the cities of Minnesota. The most important employment increases occurred in clothing and textile manufacturing and in department stores and mail order houses. These conclusions are given in the November issue of the Minnesota Employment Review, which is the joint product of the Employment Stabilization Research Institute of the University of Minnesota and the Tri-City Employment Stabilization Committee. Two significant paragraphs from this report are quoted below:

"Improvement in the employment situation in the three large cities of Minnesota, starting in August, continued at an encouraging rate in September. This is revealed in reports received from 529 concerns in St. Paul, Minneapolis and Duluth by the Institute in its current employ-

ment survey. These reporting companies increased the number of employees from 74,156 in August to 75,005 in September, a gain of 1.1 per cent. The advance in the manufacturing groups, comprising 313 firms, was even more marked, being 3.7 per cent. The payroll amount for all manufacturing groups combined registered an increase of 4.5 per cent. The average percentage change of employment from August to September for the five-year period preceding 1932 was a decline of 0.2 per cent for all industries combined and an increase of 0.4 per cent for manufacturing. It is thus seen that the improvement this year is significantly above the usual seasonal change."

Preliminary figures for October employment in the cities of Minnesota, as collected by the Employment Stabilization Research Institute, indicate that the employment situation improved slightly in October over the September levels. In manufacturing lines, there was an increase of less than 1 per cent in employment and of nearly 3 per cent in payrolls during October as compared with September. In non-manufacturing lines, the employment and payroll situation showed changes too small to measure. The greatest strength in October employment was in metals, textiles and clothing, candy and retail trade. The records of past years indicate that a static employment situation in October is the customary event.

DISTRICT SUMMARY OF BANKING

The only important development in the banking records of the last few weeks was the seasonal increase in the deposits of city banks due to the payment of the final installment of real estate taxes at the end of October. During the three weeks ending November 16, there was an increase of 5 million dollars in municipal demand deposits at reporting
city member banks. This was a larger increase in this class of deposits than occurred a year ago, but notwithstanding, the total of public demand deposits on November 16 was 7 million dollars less than on the corresponding date last year. Deposits due to banks at reporting city member banks increased 7 million dollars during the three weeks ending November 16. This increase was also a seasonal occurrence occasioned by the deposit of tax funds in country banks, which, in turn, increased their balances with their city correspondents. The increase in these two classes of deposits accounted for almost the total increase of 13 million dollars in the deposits of city member banks in the district in recent weeks. On November 16, the deposits of these banks were 10 per cent smaller than a year ago.

Principal Assets and Liabilities of City Member Banks in the Ninth Federal Reserve District which make Weekly Reports to the Federal Reserve Bank.
Loans to customers of city member banks decreased 2 million dollars in the four weeks ending November 16, and other invested funds decreased 5 million dollars. These decreases in earning assets and the increase in deposits enabled city member banks to increase their balances due from banks by 20 million dollars, and on November 16 their cash and balances with other banks were 13 per cent larger than a year ago. The city banks were almost entirely out of debt at the Federal Reserve Bank on November 16.

Interest rates on prime bank loans at Minneapolis showed no change during the month ending November 15. However, the broker's rate on commercial paper in the Minneapolis market was reduced one-fourth of 1 per cent during the month of October, to the lowest figure in the post-war years.

Interest Rates at Minneapolis on Prime Bank Loans and Commercial Paper and the Discount Rate at the Federal Reserve Bank, 1919-1932.

Country bank conditions showed almost no change during the four weeks ending November 16, other than the increase in their balances due from city correspondent banks, as reflected in the reporting city member bank figures quoted above. Borrowings from the Federal Reserve Bank by country member banks remained at the same level during the four-week period, this level being twice as high as that of last year. Country member bank deposits declined slightly in October from the level of September and were 19 per cent below the level of October last year. All states in the district shared in these declines.

DISTRICT SUMMARY OF AGRICULTURE

Crop Marketings

Marketings of both wheat and flax from the northwestern states declined during October, whereas there is usually a rising trend of marketing during the last half of that month. Marketings of these grains were further reduced during the week of national elections and remained at a low level in the succeeding week. Heavy snowfall and cold weather were partly responsible for the recent decreases in marketing.
The wheat marketing movement this fall has been very much smaller than past experience has indicated to be normal. From July 1 to November 19, only 28 per cent of the marketable wheat supplies of the Northwest have reached the terminal markets at Minneapolis and the Head-of-the-lakes. During the corresponding portion of the 1931 crop year, 45 per cent of the wheat supplies had reached market. In 1930 and 1929, 45 per cent and 46 per cent, respectively, of the available supplies reached market during the corresponding period.

Wheat Marketings from the Northwest by weeks July-December, 1929-1930 Average, 1931 and 1932. (Week ending November 15, 2,278,000 bushels.)

Wheat Marketing Progress

(Estimates for Minnesota, North Dakota, South Dakota and Montana combined)

<table>
<thead>
<tr>
<th></th>
<th>July 1 through November 19, 1931 and 1932</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1931</td>
</tr>
<tr>
<td>Crop and Carry-over Bushels</td>
<td>12,333,000</td>
</tr>
<tr>
<td>July 1 Farm Stocks</td>
<td>6,200,000</td>
</tr>
<tr>
<td>New Crop</td>
<td>81,243,000</td>
</tr>
<tr>
<td>Total Wheat Supply</td>
<td>99,776,000</td>
</tr>
<tr>
<td>Less: Seed Requirements</td>
<td>25,561,000</td>
</tr>
<tr>
<td>Remainder available for marketing at terminals, feed, country millings, etc.</td>
<td>74,215,000</td>
</tr>
<tr>
<td>Receipts since July 1 at Minneapolis, Duluth, and Superior, excluding S. W. wheat and duplications</td>
<td>34,391,000</td>
</tr>
<tr>
<td>Per cent marketed through November 19</td>
<td>46.34</td>
</tr>
<tr>
<td>During the 12-month period, July 1, 1931 to June 30, 1932, 68 per cent of the 74,215,000 bushels available was marketed at terminals, amounting to</td>
<td>50,217,000</td>
</tr>
</tbody>
</table>

Flax receipts from August 1 through November 19 amounted to 60 per cent of the flax supplies available for marketing, whereas a year ago, 71 per cent of the available supplies had been marketed during the corresponding period.

Cold Storage Holdings

Cold storage holdings of meats in the United States were larger on November 1 than a year ago, and storage holdings of pork were larger than the five-year average. Holdings of lard, poultry and eggs were smaller than a year ago and smaller than the five-year average. Stocks of butter were 9½ million pounds larger on November 1 than on the same date last year, but were still about one-third below the five-year average for that date.

United States Cold Storage Holdings

(In thousands of pounds)

<table>
<thead>
<tr>
<th></th>
<th>November 1</th>
<th>November 1, 5-year Average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1931</td>
<td>1932</td>
</tr>
<tr>
<td>Beef</td>
<td>54,456</td>
<td>34,407</td>
</tr>
<tr>
<td>Pork</td>
<td>425,876</td>
<td>380,895</td>
</tr>
<tr>
<td>Lard</td>
<td>66,283</td>
<td>39,766</td>
</tr>
<tr>
<td>Lamb and Mutton</td>
<td>3,714</td>
<td>1,975</td>
</tr>
<tr>
<td>Butter</td>
<td>105,754</td>
<td>56,229</td>
</tr>
<tr>
<td>Poultry</td>
<td>64,443</td>
<td>65,668</td>
</tr>
<tr>
<td>Eggs*</td>
<td>8,117</td>
<td>8,454</td>
</tr>
</tbody>
</table>

*Thousand cases.

Farm Income

The estimated cash value of major farm products marketed in October was smaller than the 1932 high point established in September, but with that exception was higher than any month since November last year. The October estimate was 29 per cent smaller than the estimate for October last year, more than half the decrease being on account of the large reduction in the value of hogs marketed. Prices of hogs and sheep declined heavily during October, responded temporarily to the decreased receipts of election week, but declined to October levels when receipts again increased during the second and third weeks of November. All grain prices and all important livestock prices, as well as prices of butter, milk, eggs, poultry and potatoes, were lower than in October 1931.

Crop Reports

The United States Department of Agriculture November 1 preliminary estimate of corn production in the four complete states in this district was slightly higher than the October 1 forecast, a 10 million bushel increase for Minnesota more than offsetting decreases in the other three states. The preliminary estimate of potato production in each of the four states was reduced, with the exception of North Dakota, which was unchanged. The four state preliminary estimate of flaxseed production was reduced 4 per cent from the October 1 forecast as a result of acreage abandonment in North Dakota and South Dakota. The 1932 preliminary estimates, however, are larger than the final 1931 estimates for each of the three crops, corn, potatoes and flaxseed.
Cattle Feeding Profits

Profits from feeding beef cattle have been much larger and more regular during the year ending with October 1932 than during the preceding twelve-month period, according to our computations of steer feeding costs and profits. In the table below are given the figures for the last two twelve-month periods. For the purpose of this study, cost of both steer and feedstuffs are charged at prices prevailing at the beginning of a five-month feeding period. Consequently, market declines or advances in the prices of the feedstuffs utilized during the feeding period do not affect the gross profit (or loss) resulting from the transaction.

Feed prices in all instances are prices at Minneapolis and feeder and butcher steer prices are at South St. Paul. No allowance has been made for freight, trucking, nor labor expense, nor have pork and manure credits been allowed.

During the entire 24-month period under review, the trend of feeder steer costs has been downward. With only a very few exceptions, the cost of a feeder steer in each of the 24 months has been lower than the preceding month. Except for a short-lived increase at the beginning of 1932, the same is true of the cost of feedstuffs during the period. Much greater variations, however, are found in the amount of the returns from the sale of the 1,200-pound finished butcher steer.

During the important fat cattle marketing months of 1931, January to May, the returns did not equal the feeding costs in three of the five feeding operations, resulting in a loss for the five feeding projects of $10.29. During the same five important fat cattle marketing months of 1932, the returns were sufficient to completely cover the costs each month, and the gross profit from five projects was $31.38.

Early in November, owing to sharply curtailed receipts, both feeder and butcher cattle prices increased. Receipts increased rapidly, however, during the second and third weeks of the month, which, together with a decreasing demand for dressed beef because of the usual Thanksgiving preference for poultry, resulted in prices returning to about the same levels as at the end of October. Butcher steers have retained a little of their gain, largely on account of scanty supplies in the country. Farmers purchasing feeder cattle have been neglecting the heavier steers for several months, with the result that there will probably be an unusually small number of heavy steers coming to market this winter and next spring. According to the November 1 cattle feeding report issued by the United States Department of Agriculture, market shipments of feeders to the country during the four months, July to October, inclusive, in all of the states west of the Mississippi were 8 per cent smaller than the low levels of 1931.

![Cattle Feeding Costs and Profits](image)

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

The accompanying chart clearly indicates that the costs of feeder steer and of feedstuffs are less than at any other time since our records began in 1925. The current cattle feeding situation may be summarized as follows: a decreased number of cattle on feed, a record low value of farm raised feedstuffs, a low price for feeders, and comparative strength in butcher cattle.

### Cattle Feeding Costs and Profits

<table>
<thead>
<tr>
<th></th>
<th>Cost of 900 Lb. Feeder Steer</th>
<th>Cost of Feedstuffs</th>
<th>Sale Price of 1200 Lb. Fat Steer</th>
<th>Profit†</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1930-31</td>
<td>1931-32</td>
<td>1930-31</td>
<td>1931-32</td>
</tr>
<tr>
<td>November</td>
<td>$627.50</td>
<td>$47.25</td>
<td>$1930.31</td>
<td>$1931.32</td>
</tr>
<tr>
<td>December</td>
<td>47.25</td>
<td>38.25</td>
<td>$46.80</td>
<td>$35.29</td>
</tr>
<tr>
<td>January</td>
<td>54.00</td>
<td>42.75</td>
<td>52.26</td>
<td>46.53</td>
</tr>
<tr>
<td>February</td>
<td>56.25</td>
<td>38.25</td>
<td>49.98</td>
<td>51.76</td>
</tr>
<tr>
<td>March</td>
<td>56.25</td>
<td>36.00</td>
<td>46.80</td>
<td>51.50</td>
</tr>
<tr>
<td>April</td>
<td>56.50</td>
<td>36.00</td>
<td>43.33</td>
<td>54.39</td>
</tr>
<tr>
<td>May</td>
<td>55.00</td>
<td>31.50</td>
<td>41.42</td>
<td>51.20</td>
</tr>
<tr>
<td>June</td>
<td>56.25</td>
<td>31.50</td>
<td>39.36</td>
<td>53.11</td>
</tr>
<tr>
<td>July</td>
<td>54.00</td>
<td>31.50</td>
<td>36.68</td>
<td>56.97</td>
</tr>
<tr>
<td>August</td>
<td>56.25</td>
<td>31.50</td>
<td>36.74</td>
<td>57.47</td>
</tr>
<tr>
<td>September</td>
<td>54.00</td>
<td>35.00</td>
<td>36.95</td>
<td>57.63</td>
</tr>
<tr>
<td>October</td>
<td>49.50</td>
<td>36.00</td>
<td>35.71</td>
<td>59.86</td>
</tr>
</tbody>
</table>

*5 months prior to sale of butcher steer.
†Loss indicated by (—).
### COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

#### GENERAL BUSINESS

<table>
<thead>
<tr>
<th>Debits to Individual Accounts</th>
<th>Oct. '32</th>
<th>Oct. '31 Oct. '30</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Reporting Cities</td>
<td>$22,124,300</td>
<td>$28,948,200</td>
</tr>
<tr>
<td>Minneapolis</td>
<td>$9,602,000</td>
<td>$11,926,000</td>
</tr>
<tr>
<td>St. Paul</td>
<td>$3,740,000</td>
<td>$5,018,000</td>
</tr>
<tr>
<td>South St. Paul</td>
<td>$338,000</td>
<td>$1,018,000</td>
</tr>
<tr>
<td>Great Lakes Ports</td>
<td>$2,111,300</td>
<td>$2,504,400</td>
</tr>
<tr>
<td>Beef and Pork (S.W.)</td>
<td>$740,000</td>
<td>$1,066,000</td>
</tr>
<tr>
<td>Dairy and Mixed Farming</td>
<td>$1,082,400</td>
<td>$1,474,000</td>
</tr>
<tr>
<td>Wheat and Mixed Farming</td>
<td>$1,470,000</td>
<td>$1,949,000</td>
</tr>
<tr>
<td>Wheat and Range</td>
<td>$710,000</td>
<td>$969,000</td>
</tr>
<tr>
<td>Mining and Lumber</td>
<td>$1,390,000</td>
<td>$1,797,000</td>
</tr>
</tbody>
</table>

#### Electric Power Consumption (K.W.H.)

- Minn., No. Dak. and So. Dak.: $4,500,000
- Montana: $1,450,000

#### Building Permits

- Number—18 Cities: 921
- Value—18 Cities: $832,100
- Minnesota: 1,006,000
- Montana: 546,000
- Wheat Belt States: 748,500
- Michigan and Wisconsin: 454,300

#### Building Contracts Awarded

- Total: $3,418,700
- Commercial: $608,000
- Factories: $66,500
- Educational: $6,500
- Hospitals, etc.: $45,000
- Public: $89,000
- Religious and Memorial: $189,000
- Social and Recreational: $45,000
- Residential: $698,000
- Public Works and Utilities: $1,898,800

#### Real Estate Activity in Hennepin and Ramsey Counties

- Warranty Deeds Recorded: 1,296
- Mortgages Recorded: 1,056

#### Manufacturing and Mining

- Flour Production at Mills, St. Paul, and Duluth-Superior: 776,543
- Flour Shipments at Mpls. (Blks.): 728,870
- Limeship Product: 10,216,015
- Copper Output (6 Firms): 11,884,000

#### Business Failures

- Number: 93
- Liabilities: $1,306,840

### AGRICULTURE

#### Farmers' Cash Income

<table>
<thead>
<tr>
<th>Oct. '32</th>
<th>Oct. '31 Oct. '30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>$26,155,000</td>
</tr>
<tr>
<td>Durum</td>
<td>$7,500,000</td>
</tr>
<tr>
<td>Flax</td>
<td>$1,801,000</td>
</tr>
<tr>
<td>Potatoes</td>
<td>$2,102,000</td>
</tr>
<tr>
<td>Hay</td>
<td>$7,902,000</td>
</tr>
<tr>
<td>Soybeans</td>
<td>$5,200,000</td>
</tr>
</tbody>
</table>

#### Grain Marketing at Minneapolis and Duluth-Superior

<table>
<thead>
<tr>
<th>Wheat</th>
<th>$47,617,611</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oats</td>
<td>$11,648,774</td>
</tr>
<tr>
<td>Barley</td>
<td>$6,018,000</td>
</tr>
<tr>
<td>Hogs</td>
<td>$471,000</td>
</tr>
<tr>
<td>Sheep</td>
<td>$339,091</td>
</tr>
</tbody>
</table>

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

- Cattle: $105,222
- Sheep: $339,091
- Hogs: $339,091
- Barley: $6,018,000
- Rye: $471,000
- Flax: $105,222

#### Wheat Belt Cities

- Value—19 Cities: $832,000
- Number—19 Cities: 921

#### Wholesale Produce Prices

- Butter (Lb.): $0.18
- Milk (Cwt.): $0.18
- Hogs (Lb.): $0.10
- Eggs (Doz.): $0.20
- Potatoes (Bu.): $0.45

#### TRADE

- Department Stores: $2,647,000
- Merchandise Stocks: $5,238,000
- Receivables: $2,845,000
- Installment Receivables: $1,804,000
- Furniture Stores: $79,140
- Instalment Sales: $12,820
- Merchandise Stocks: $521,490
- Installment Receivables: $785,910

#### Country Lumber Yards

- Sales: $6,750,000
- Lumber Stocks: $5,238,000
- Total Sales: $9,150,000

#### Life Insurance Sales

- Four States: $14,072,000
- Minnesota: $19,581,000
- Montana: $1,478,000
- North Dakota: $814,000
- South Dakota: $1,199,000

### November 30, 1932
NINTH FEDERAL RESERVE DISTRICT

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

(Continued)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Dealers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales to Banks</td>
<td>2,400,140</td>
<td>1,760,500</td>
<td>64</td>
<td>454,000</td>
</tr>
<tr>
<td>Sales to Insurance Companies</td>
<td>568,000</td>
<td>344,000</td>
<td>90</td>
<td>344,000</td>
</tr>
<tr>
<td>Sales to General Public</td>
<td>2,868,100</td>
<td>3,348,200</td>
<td>62</td>
<td>3,064,000</td>
</tr>
<tr>
<td>Receivables</td>
<td>4,033,860</td>
<td>4,377,100</td>
<td>59</td>
<td>4,377,100</td>
</tr>
<tr>
<td>Hardware</td>
<td>1,043,800</td>
<td>1,427,900</td>
<td>88</td>
<td>1,756,200</td>
</tr>
<tr>
<td>Receivables</td>
<td>1,383,310</td>
<td>1,560,980</td>
<td>90</td>
<td>1,560,980</td>
</tr>
<tr>
<td>Shoes</td>
<td>402,420</td>
<td>257,210</td>
<td>118</td>
<td>257,210</td>
</tr>
<tr>
<td>Receivables</td>
<td>710,750</td>
<td>744,800</td>
<td>95</td>
<td>744,800</td>
</tr>
</tbody>
</table>

BANKING

Member Bank Deposits

<table>
<thead>
<tr>
<th>City</th>
<th>Montana</th>
<th>North Dakota</th>
<th>South Dakota</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>187,625,000</td>
<td>21,115,000</td>
<td>2,005,000</td>
<td>210,745,000</td>
</tr>
<tr>
<td>Per Cent</td>
<td>15.6</td>
<td>5.0</td>
<td>0.2</td>
<td>15.8</td>
</tr>
</tbody>
</table>

Receivables

<table>
<thead>
<tr>
<th>City</th>
<th>Montana</th>
<th>North Dakota</th>
<th>South Dakota</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>4,053,850</td>
<td>4,377,100</td>
<td>82</td>
<td>8,631,000</td>
</tr>
<tr>
<td>Per Cent</td>
<td>34.6</td>
<td>34.6</td>
<td>17.6</td>
<td>34.6</td>
</tr>
</tbody>
</table>

Interest Rates

<table>
<thead>
<tr>
<th>City</th>
<th>Montana</th>
<th>North Dakota</th>
<th>South Dakota</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>1,874,000</td>
<td>200,000</td>
<td>2,005,000</td>
<td>4,079,000</td>
</tr>
<tr>
<td>Per Cent</td>
<td>15.6</td>
<td>5.0</td>
<td>0.2</td>
<td>15.8</td>
</tr>
</tbody>
</table>

SELECTED CITY MEMBER BANKS

<table>
<thead>
<tr>
<th>City</th>
<th>Montana</th>
<th>North Dakota</th>
<th>South Dakota</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>4,130,000</td>
<td>200,000</td>
<td>2,005,000</td>
<td>6,335,000</td>
</tr>
<tr>
<td>Per Cent</td>
<td>15.6</td>
<td>5.0</td>
<td>0.2</td>
<td>15.8</td>
</tr>
</tbody>
</table>

BANK DEBITS

<table>
<thead>
<tr>
<th>City</th>
<th>Montana</th>
<th>North Dakota</th>
<th>South Dakota</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>1,261,000</td>
<td>120,000</td>
<td>2,005,000</td>
<td>3,486,000</td>
</tr>
<tr>
<td>Per Cent</td>
<td>15.6</td>
<td>5.0</td>
<td>0.2</td>
<td>15.8</td>
</tr>
</tbody>
</table>

Total for All Cities Reporting

<table>
<thead>
<tr>
<th>City</th>
<th>Montana</th>
<th>North Dakota</th>
<th>South Dakota</th>
<th>Total</th>
</tr>
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Note: Daily Averages.
Summary of National Business Conditions
(Compiled November 22 by Federal Reserve Board)

The volume of industrial output, after increasing considerably during August and September, remained unchanged in October. Factory employment and payrolls reported for the middle of the month, showed a further increase. During October, as in the last three weeks of September, wholesale commodity prices declined, and in the first three weeks of November, the general average was at the level of early summer.

PRODUCTION AND EMPLOYMENT: Industrial production, as measured by the Board's seasonally adjusted index, continued in October at 66 per cent of the 1923-25 average, as compared with a low level of 58 per cent in July. In the textile industries, which had shown a rapid expansion in August and September, there was a slight decrease in consumption of raw materials, while output of finished products increased somewhat.

Shoe production, which also had increased substantially in recent months, showed a seasonal decline. Operations at steel mills expanded from an average of 17 per cent of capacity in September to 19 per cent in October, contrary to seasonal tendency, and, according to trade reports, continued at about this rate through the first three weeks of November. Production of automobiles in October declined further to a new low level. At coal mines, activity continued to increase rapidly until the middle of October, but since that time, a reduction, largely seasonal in character, has been reported.

Employment in most manufacturing industries increased between the middle of September and the middle of October, and the Board's seasonally adjusted index of factory employment showed an advance from 60 per cent of the 1923-1925 average to 61 per cent. At textile mills, working forces increased by considerably more than the usual seasonal amount, and substantial increases were also reported at steel mills, lumber mills and car building shops. In the canning and automobile industries, there were decreases in employment.

The value of construction contracts awarded, as reported by the F. W. Dodge Corporation, continued at low levels during October and the first half of November. The Department of Agriculture estimate of the cotton crop, based on November 1 conditions, was 11,950,000 bales, about 525,000 bales larger than the estimate a month earlier.

DISTRIBUTION: From September to October, the volume of freight traffic increased by more than the usual seasonal amount; after the middle of October, car-loadings declined, reflecting chiefly seasonal developments. The dollar value of department store sales increased by the usual amount in October.

WHOLESALE PRICES: Wholesale commodity prices, as measured by the monthly index of the Bureau of Labor Statistics, declined from 65 per cent of the 1926 average in September to 64 per cent in October. Weekly figures show declines in the general average from early September through the first week in November, reflecting reductions in the prices of many domestic agricultural products and their manufactures, as well as the prices of steel rails, copper, coffee, rubbers and silk. In the second week of November, prices of many leading commodities including grains, hogs, cotton, silk, zinc, lead, and tin advanced considerably, but later the prices of these commodities declined.

BANK CREDIT: The volume of Reserve bank credit showed little change for the four week period ending November 16. Member bank balances at the Reserve banks increased further by $75,000,000, and in the middle of November were about $475,000,000 in excess of legal reserve requirements. This growth in reserve balances reflected an increase of $60,000,000 in the stock of gold and the issue of additional national bank notes. Demand for currency showed little change during the four week period.

Loans and investments of reporting member banks in leading cities, outside New York City and Chicago, declined further between the middle of October and the middle of November, reflecting a further reduction of loans at these banks. In New York City, the investments of member banks increased by an amount larger than the decrease in loans so that total loans and investments of these banks showed a further increase.

Money rates in the open market continued at low levels during October and the first half of November. Rates on 90 day bankers' acceptances were unchanged at one-half of 1 per cent, and rates on prime commercial paper declined from a range of 3½-2 to a range of 1½-1¾ per cent.