CROP and BUSINESS CONDITIONS

NINTH FEDERAL RESERVE DISTRICT

REPORT OF

JOHN H. RICH, FEDERAL RESERVE AGENT

TO THE

FEDERAL RESERVE BOARD

WASHINGTON, D. C.

CURTIS L. MOSHER
Assistant Federal Reserve Agent

J. F. EBERSOLE
Assistant Federal Reserve Agent

111th Report MINNEAPOLIS, MINN. April 28, 1924

EDITORIAL NOTICE:—This report is prepared monthly in the office of the Federal Reserve Agent for the purpose of providing the Federal Reserve Board with complete, accurate, and impartial information concerning business conditions in the Northwest. It is also printed for public use and will be mailed free of charge to anyone making request for it.

DISTRICT SUMMARY FOR THE MONTH

The marketing of agricultural products in March showed mixed tendencies. There was an exceptionally large run of hogs well above the ten year average and one-fourth larger than a year ago, and there were indications of a small reduction in foundation stock in this district. Grain receipts declined, except wheat and barley, and terminal stocks were larger than a year ago at the end of the month. The price of livestock advanced except for calves, while the majority of grains declined, together with dairy products. Apparently the cash realization from livestock during the month was very substantial.

Rural buying, when measured by lumber sales at country yards, was lower in March than in any month, except four, during the past five years, with a volume one-sixth below a year ago and showing but half of the normal increase for this time of the year. Such sales have been placed on a cash basis in North Dakota and Montana. There is a growing tendency for farmers to prefer the cash basis in all their purchasing.

Merchandising, both at wholesale and retail, is less than a year ago. Retail sales for the first quarter of this year were more than three per cent below the first quarter of last year.

Industrial activity has declined in the manufacture of lumber, flour and shipments of linseed oil, but has increased in copper production, as compared with either a month or a year ago.

Reports to the Department of Agriculture of intentions to plant, indicate less wheat and potatoes and more corn, oats, barley, forage and flax.

The valuation of building permits is one-fourth below a year ago, but there was some increase as compared with last month. A substantial decline occurred in the average building permit.

Banking conditions remain unchanged. Selected banks in the larger cities during the six weeks ending the middle of April experienced an expansion of loans, with a rise in deposits, both of which are known to be due to temporary causes, enabling them to reduce their borrowings. This was also reflected in the Federal Reserve Bank statement by loans practically unchanged. Interest rates remained unchanged, and Federal Reserve notes in circulation have not shown the customary decline for this season. There have been ample funds for feeder loans, but not a sufficient return of confidence to finance range cattle. Insurance companies continue to lend in the farm mortgage market, but individual buyers have not returned.

Farmers from Iowa and Wisconsin are filtering into those sections having farm foreclosures for the purpose of buying farms. The fact that farmers in many sections have gone upon a cash basis indicates that the present decline in buying may be temporary.

A summary of telegraphic crop reports to this office on April 23 will be found on pages 30 and 31 of this report.

TOPICAL REVIEWS

Livestock moving to South St. Paul during March contained an exceptionally large number of hogs, although there was a seasonal reduction in hogs of about 10 per cent from the preceding month. March hog receipts were one-fourth larger than a year ago and much larger than the ten year average. Cattle receipts were seasonally larger in March than in February and about the same as a year ago. Receipts of calves continued in large volume, the number arriving being larger than a month ago and a year ago. Sheep receipts are apparently returning to normal, as March receipts were one-fourth larger than those a year ago, although there was a seasonal decline from February.

Livestock prices responded to seasonal influences during March. There were small increases in med-

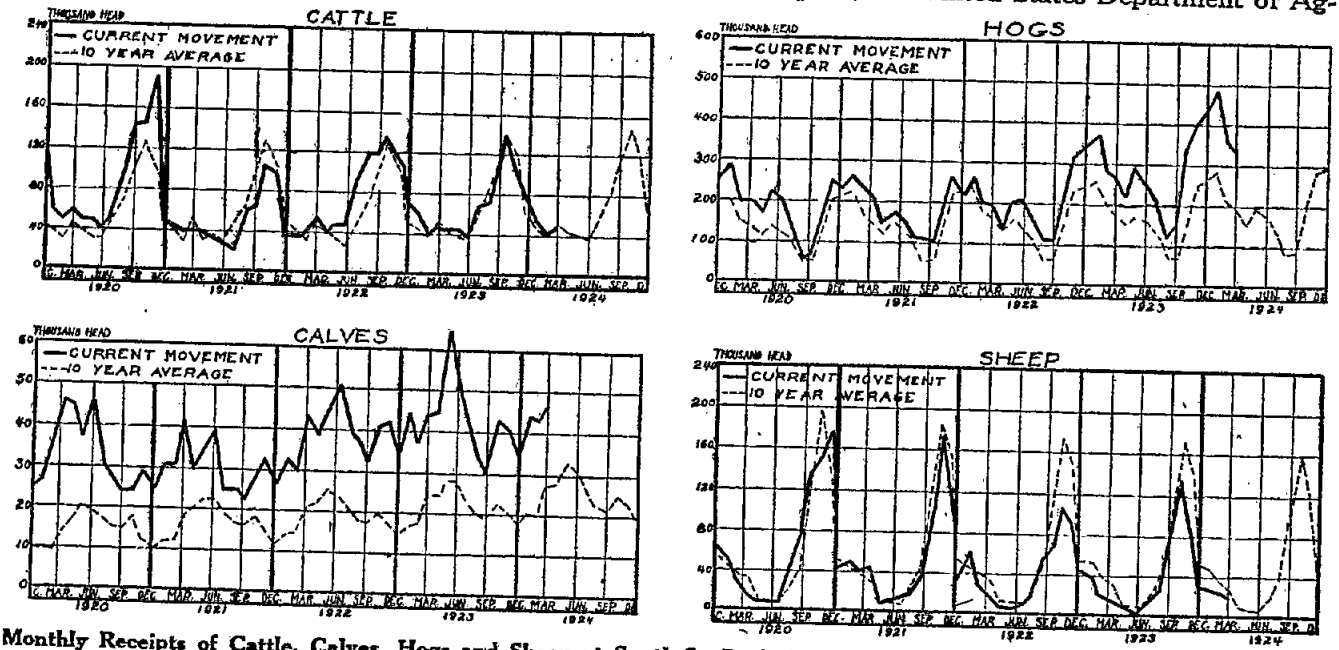
ian cattle prices and in hog prices and a large increase in the price of lambs, while veal calf prices declined.

The hog situation is the weak spot in the livestock industry at the present time. Excessively large supplies of hogs have forced prices down to the lowest level of post-war years, and have had a serious effect upon the price of cattle, in the face of scarcely normal cattle receipts. During the first quarter of 1924, receipts of hogs at South St. Paul passed the million mark for the first time.

Other markets have had similar heavy receipts of hogs. Cold storage holdings of pork on March 1 amounted to 878,000,000 pounds as compared with 784,000,000 pounds a year ago and 814,000,000 pounds on the five year average. Fortunately, demand for pork products has expanded largely as the price declined. Pork is entering more largely into the meat consumption of the average family in this country than for many years past. Moreover, the price has proved attractive to foreign buyers, especially in Germany and the United Kingdom, and the exports of pork products have expanded greatly. In 1923, 1,998,000,000 pounds of pork and lard were exported, as compared with 1,711,000,000 pounds on the three year average, and in January, 1924, 226,000,000 pounds of these products were exported, as compared with 197,000,000 pounds in January a year ago and 162,000,000 pounds on the three year average.

In spite of this large demand, the surplus of pork products has become unwieldy and the situation is being exaggerated still further by sales of foundation stock, in addition to the supplies which would come to market at higher price levels. Breeding herds have beeen reduced by around 1,500,000 sows or 11 per cent in the United States between April 1, 1923, and April 1, 1924, according to the United States Department of Agriculture. In the four states of this district there were 65,000 fewer brood sows or 4 per cent less on April 1, 1924, than a year ago, although there were increases in North Dakota and Montana. In the words of the Department, the hog producer is going through a "period of liquidation and discouragement." At present the livestock producer who operates his swine herd in connection with cattle, appears to be in a stronger position than the farmer who makes hogs his major industry.

In the foreign market for hog products, we must chiefly thank Germany for our good fortune. During 1923, shipments of pork and pork products to Germany increased 67 per cent over the previous year. There is also a large market in the cities of Hungary for American bacon and lard, according to the United States Department of Agriculture. On the other hand, several of the European countries are increasing their domestic pork supplies. There has been a striking increase in the supplies of domestic pork in England since the first of the year. Some 3,960 tons of domestic pork have gone to London markets in January and February, as compared with 1,996 tons a year ago. Sales of Dutch pork in the London market increased during the same period by one-fifth. In Denmark pig killings in 1923 reached the highest point in history, totaling 3,400,000 hogs, as compared with 2,200,000 hogs in the year preceding. In Yugoslavia, the total number of hogs increased from 3,373,000 in 1921 to 4,887,000 in 1922. In addition to increased competition in Europe from domestic supplies of pork, the United States Department of Ag-



Monthly Receipts of Cattle, Calves, Hogs and Sheep at South St. Paul, from 1920 to 1924, Compared With the Ten Year Average.

riculture reports an increase of 14 cents per hundred pounds in the ocean freight rates on American packing house products over the average for 1923. This increase became effective March 1 and will undoubtedly be an important factor in the export situation this year.

There is considerable evidence, however, that the hog situation has passed its period of greatest strain for some time to come. The United States Department of Agriculture in its pamphlet "The Agricultural Outlook for 1924" voices the opinion based on present conditions that the "hog cycle" passed the peak of production during 1923. To be more specific, they make the following statement:

"This would seem to indicate that this spring (1924) only about 85 to 90 per cent as many sows will farrow in the Corn Belt as farrowed there last spring, while, for the rest of the country, the number of sows farrowing will be around 90 per cent of last spring. This indicates that when the winter run of 1923-24 is completed, the supply coming to market will begin to be lower than last year."

The discussion in this pamphlet of the hog situation closes with a description of the general tendencies in the hog industry and a word of caution for the future. The statement is as follows:

"In the past, a period of low hog prices has generally been followed by too drastic a reduction in breeding herds, and a period of high prices by too great an expansion in hog production, with accompanying surpluses of corn in the first case and shortages in the second. To maintain a fairly stable relation between corn and hog production, the farm management program should aim to keep from getting the two enterprises too far out of balance. It seems probable that by the fall of 1924 breeding herds of swine will have been reduced enough to bring hog production thereafter up to a profitable level."

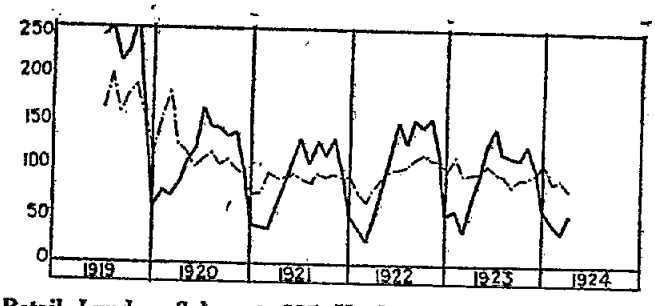
Prices of farm products, with the exception of most livestock, recorded declines. During the month of March, there were two very unusual events. First, the median price of flax declined more than 10 cents per bushel, although the prospect of early exhaustion of the domestic flax supply is indicated by receipts of 13,767,000 bushels of flax at Minneapolis and Duluth-Superior from the 1923 crop, out of an estimated total crop of 17½ million bushels. Second, barley sold in Minneapolis for a higher price than rye for typical grades. The median price of barley increased 3 cents per bushel and the price of rye declined more than 4 cents per bushel between February and March. This is the first time, in post-war years at least, that this condition has existed. A year ago in May the price of rye fell below the price of corn and rye is selling now for less than 20 cents per bushel more than oats. The reason for the price decline in rye is not hard to find. At the end of March there were nearly 16 million bushels of rye in Minneapolis and Duluth-Superior elevators, the largest amount in post-war years, evidencing a lack of foreign interest in this grain, which has more than offset the reduction in the amount produced in 1923. There were also insignificant declines between February and March in the median prices of wheat, corn and oats.

There were declines during March in the wholesale price at Minneapolis of butter, eggs and hens, the decrease being especially marked in the case of butter, although the decline in the price of eggs brought them close to the post-war low point and the decrease in the price of hens was an abnormal occurrence for this time of year. Potato prices remained unchanged.

The marketing of grains at Minneapolis and Duluth-Superior was not in as large volume in March as in February, with the exception of wheat and barley. This is contrary to the usual trend between these two months, when receipts of all grains normally increase. As compared with a year ago, receipts of corn in March were six times as large and receipts of oats were somewhat larger, while receipts of the other grains, especially wheat and rye, were smaller.

Grain stocks in elevators continued to increase during March, with the exception of wheat and flax. Stocks of corn and rye have become unusually large, and what is very extraordinary, the corn stocks are piling up at Duluth. As compared with a year ago, stocks of corn and flax are almost twice as large, stocks of rye are one-third larger and stocks of the other grains are smaller.

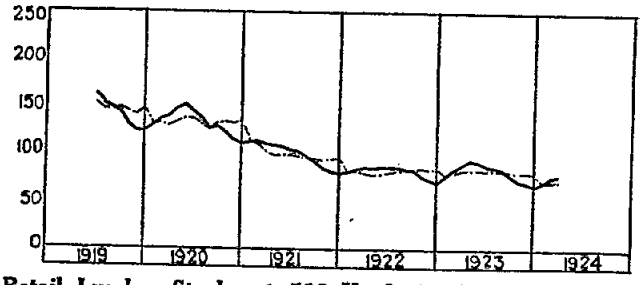
Rural buying, as evidenced by the sales of more than six hundred retail lumber yards in this territory, is very low. Interpreted in the light of natural seasonal changes, lumber sales during March were lower than any month's sales in the last five years, except December, 1920, January, 1921, and January and February, 1922. There was a seasonal increase between February and March of only 50 per cent, although lumber sales ordinarily double, and sales were one-sixth lower than a year ago in March.



Retail Lumber Sales at 625 Yards in the Ninth Federal Reserve District (Heavy Line). The broken line illustrates the Course of These Sales if Seasonal Changes are Eliminated

Moreover, lumber retailers are not expecting increased business, for their stocks are running at the

lowest level of the last five years and one-eighth below a year ago. In this respect their opinion has not changed since February as seen from the fact that lumber stocks scarcely showed the usual seasonal increase during the month.



Retail Lumber Stocks at 588 Yards in the Ninth Federal Reserve District (Heavy Line). The broken line illustrates the Changes in Lumber Stocks With Seasonal Movements Eliminated

"Farmers' Intentions to Plant" and the "Agricultural Outlook for 1924" constitute an interesting new service of the United States Department of Agriculture. As the Department is careful to point out, the intentions of farmers on March 1 may not actually result in corresponding acreage changes for the year. "The acreage actually planted may be larger or smaller than these early intentions reports indicate, due to weather conditions, price changes, labor supply and the effect of the report itself upon producers' action. Therefore, the first acreage reports issued in June should not be expected to show the same increases or decreases as the intentions reports." The March first intentions to plant of farmers in the United States and in the four complete states of this district are shown as percentages of the 1923 acreage harvested in the following table:

Crop	Four States	United States
Spring Wheat	86%	86%
Corn	111%	103%
Oats	107%	107%
Barley	106%	109%
Potatoes	84%	98%
Flax	154%	154%
Tame Hay	107%	104%

The Northwest is evidently planning increases and reductions in line with the United States as a whole. There is a large decline in spring wheat; and a decline in potatoes more pronounced than for the whole United States. Flax and feed crops show increased acreages, especially in North Dakota and Montana, where wheat is looked on with growing disfavor, and where the attractive price of flax and the need for increased feed supplies to care for larger livestock inventories are most noticeable.

Noteworthy exceptions to the general trend of intentions to plant in our states are as follows: Spring wheat intended acreage in Montana is only 5 per cent lower than a year ago; the intended acreage of corn is 35 per cent larger than last year in North Dakota and 50 per cent larger in Montana; the intended barley acreage is slightly less than a year ago in South Dakota, but 18 per cent larger in Montana; the acreage of flax, according to intentions, is 140 per cent larger in Montana. There is no reason for pessimism about the Northwest farm situation if the present program is carried out with average yields. In addition to a better balanced distribution of acreage, there will probably be an increase in the total acreage planted to the specified crops in each of the four states and this acreage increase is especially large in Montana.

From the comments on the agricultural outlook for 1924 by the United States Department of Agriculture, we quote the following about northwestern crops:

Spring Wheat: "The wheat situation shows some tendency toward improvement with the market continuing somewhat more favorable for producers of spring than winter wheat. Spring wheat growers report intentions to reduce their acreage 14 per cent below last spring's plantings. Should abandonment of winter wheat acreage be light, as at present indicated, the reduction in acreage harvested may not be proportional to the reduction in seedings as reported last fall.

"It is probable that unless the movement for the remainder of the year is accelerated, stocks of wheat available in exporting countries other than the United States and afloat on July 1, the beginning of a new crop year in the United States, will be greater than last year and greater than usual. But the carry-over at the end of the year probably will not be as great as it seemed a few months ago that it might be, and the outlook for a market for our remaining surplus of wheat for this year seems slightly better than it was a few months ago.

"The intention to plant 14 per cent less acreage of all spring wheat in 1924 than in 1923, if carried out, should keep production well within domestic needs for Hard Red Spring wheat.

"The selection of high-yielding rust-resistant varieties of wheat which have good milling quality and, therefore, command the best market prices, will influence in no small measure the profits realized in wheat production. Cleaning of wheat before sowing is equally important. Weeds in growing wheat reduce yields and increase costs of harvesting and threshing. The presence of dockage in wheat not only reduces its quality and grade, but adds materially to the cost of transporting it to market.

"In the past year the tariff of 30 cents per bushel on wheat has been effective in protecting the market for Hard Red Spring wheat, and the recent increase to 42 cents should make it possible to maintain higher prices for the Hard Red Spring wheat in relation to the prices of other wheats, so long as the production of this wheat does not exceed the domestic demand. Expansion in acreage of Hard Red Spring wheat with yields above the average might result in a surplus for export and might in this manner reduce or nullify the effectiveness of the tariff.

"Durum Wheat: Average higher yields of Durum wheat favor its production in some parts of the Hard Spring wheat region. The market for Durum wheat is on an export basis, and the price is determined largely by the market for this wheat in the Mediterranean Basin. There has been some increase in the competition with Durum wheat by hard wheat from North Africa and Canada in the Hard wheat markets of the Mediterranean Basin and increasing competition is to be expected from Russia. The domestic demand for Durum wheat seems to be increasing and will now take from 20,000,000 to 25,000,000 bushels of this wheat. During the war period Amber Durum wheat sold at prices nearly as high as the prices for Hard Red Spring wheat, but in the last two years has sold at prices considerably below. However, with average yields of Durum wheat 2 bushels per acre higher than the yields of Hard Red Spring wheat, it may be profitable in certain sections to grow the Durum wheat, even though the price may be as much as 20 cents below the price of No. 1 Hard Red Spring wheat.

Corn: "Notwithstanding that there will apparently be fewer animals in the country to be fed next winter, corn growers report intentions to increase the acreage 3.2 per cent, and in the Corn Belt proper to increase it 3.5 per cent. This increase, if actually carried out and accompanied by yields as good as in recent years, would result in a large supply relative to the probable demand for corn.

Feed Crops (Oats, Barley and Hay): "Intentions to plant feed crops (oats, barley and hay) indicate increases over last year. These increases are generally in line, by regions, with increased numbers of livestock on farms.

Flax: "An intention to increase flax by 54 per cent is indicated. Such increase is well in line with the consumptive capacity of this country, which at present consumes twice what it produces.

"In deciding whether to put in flaxseed, farmers should consider carefully not only the relative cost of production and the net return from flax and alternative crops based upon the experience of the past year, but also consider the possibility of a lower margin of profit on flaxseed in the event the larger foreign supply, together with increased plantings in this country, should result in a lower price for flaxseed next year."

Department store sales in northwestern cities, according to reports from the 25 stores which furnish us with figures, must have been very disappointing to the merchants. Sales, which have been running at about last year's level for two months, dropped to 9 per cent below the last year's volume in March, and inventories were held as large as a year ago. Moreover, the seasonal increase in sales between February and March was only 22 per cent as compared with a usual increase of over 40 per cent.

Wholesale trade during March exhibited a number of seasonal increases, but, on the whole, the results of the month's operations can only be called fair.

Farm implement sales furnished the only bright spot in the lines surveyed. For the nine companies reporting, sales more than doubled between February and March and were 8 per cent larger than a year ago. Sales for the first quarter of 1924 were also slightly above last year.

Wholesale hardware sales for March showed an increase of more than one-third as compared with February, but were less than March last year. The feeling that steel prices are too high, and are due for a cut, has caused consumers, retailers and wholesalers to assume a waiting attitude. One prominent wholesaler characterized the present as a "time for caution," but expected an increase in the volume of sales if steel prices declined in accord with expectations.

Wholesale grocers reported sales in March very slightly larger than in February, although March contained more business days, and March sales were 4 per cent less than a year ago.

Wholesale shoe sales in this territory showed a small increase in March over February, but March sales were one-third smaller than a year ago and sales for the first quarter were more than one-fourth lower than a year ago.

Dry goods wholesalers in the Northwest are not selling the volume of goods this spring that they did a year ago. March sales were 25 per cent smaller than the sales in March last year, and for the first three months of the year, sales were 14 per cent lower than a year ago. March sales were also lower than sales in February, but early April sales were in slightly better volume. The slump has been mainly in the textiles, as for example, work-shirts, which the farmers are not buying in large volume.

The dry goods wholesalers sensed the coming slump last November when it became apparent that the returns from the crops would not be large. In the first place, there was the small wheat crop, and potatoes brought a low price. Then the other crops which farmers raised did not fulfill expectations. The extraordinary receipts of hogs drove their price down, and even turkeys and geese were a drug on the market.

The result has been a decidedly spotted trade condition throughout the Northwest, which has reacted upon the wholesalers, and upon their purchases from eastern manufacturers. In some localities, buying has been reasonably good, due to local conditions, such as where the farmers have developed a market for fancy turkeys, which command a relatively high price without a great additional expense in raising them, or where feed is cheap and the profit in feeding steers is satisfactory. Such communities have been buying in fair volume.

Manufacturing in this district experienced some recession during March. The linseed industry in Minneapolis, while showing as large a volume of shipments in March as in February and larger shipments than a year ago, gave evidence of a reduction from the exceedingly high level of activity of the fall and winter months. If the figures be interpreted in the light of seasonal changes, it appears that there has been a decline in March of nearly 30 per cent in the volume of linseed oil shipments as compared with normal and that shipments of linseed cake have about held their own.

Flour output at Minneapolis was lower during the month than in any March of the last fifteen years, with the exception of 1918 and 1920. Minneapolis production was 30 per cent lower than production a year ago and was very slightly larger than the production in February, which was a shorter month. In contrast with this, outside mills produced 2 per cent more flour in March than in February and 7 per cent more than a year ago.

Lumber manufacturers shipped less lumber in March than in February, as compared with an increase of shipments a year ago at this time of 40 per cent, and the March shipments this year were one-fourth lower than shipments in the same month a year ago. Lumber stocks show the effect of reduced shipments. At the end of February, stocks were 14 per cent larger than a year ago and at the close of March were 17 per cent larger than a year ago, although there had been a seasonal decline in stocks during the month. Probably as a result of these larger stocks, the cut of lumber was not quite as large in March as in February and was 30 per cent lower than the March cut a year ago.

In the building industry the vital fact apparent in March is that building now contemplated in Northwestern cities consists of smaller projects and mainly residences. Although the number of permits exhibited a seasonal increase in March to more than double the February volume and the number of permits was 16 per cent larger than that a year ago, the valuation of these permits increased less than one-half between February and March and was one-fourth lower than a year ago.

Copper mining in this district showed a very slight increase in output over February and about the same increase over March, 1923.

The volume of business in Ninth Federal Reserve District cities, as evidenced by individual debits at banks, increased nearly 12 per cent between February and March, but was not quite as large as a year ago and was not as large when compared with normal as in February.

Business failures in the Ninth Federal Reserve District, as reported by R. G. Dun and Company, declined slightly, both in number and in liabilities between February and March. However, the number of failures was as large as the number a year ago in March, although the liabilities involved were one-third less.

The balance sheets of selected city member banks in this district were chiefly affected by government financial operations during March. United States Government deposits increased 4½ millions and demand deposits increased nearly 6 millions, a large share of the latter increase being due to deposits of municipal funds. With the increased lending power, these banks enlarged their holdings of securities nearly 4 millions, increased their loans nearly 7 millions, built up reserves by 3 millions and reduced their borrowings from this bank nearly 1 million dollars. During the two weeks ending April 9, these banks experienced a further increase in demand deposits of 3 1/3 millions and a smaller increase in time deposits, which increases were accompanied by an increase in loans of more than 2 millions and a slight reduction in borrowings from this bank. Security holdings and reserves were also reduced.

Interest rates at Minneapolis banks remained unchanged during the month ending April 15, although usually there is a slight reduction during this month.

Savings deposits at fifteen Minneapolis, St. Paul and Duluth banks increased nearly 2 per cent during April, chiefly on account of interest payments, and these deposits were 6 per cent larger than on the same date a year ago. There has been a gradual decline in the average savings deposit balance since October of last year and the April 1 average was lower than any quarterly interest date in the last nine months, indicating that such increases in savings as have occurred have been due to the deposits of new clients rather than to the accumulation of savings of old customers.

The volume of commercial paper outstanding in this territory was about as large at the end of March as a month ago, but was 9 per cent larger than a year ago, and also larger than at any time since March, 1921.

This Federal Reserve Bank experienced a decline of nearly 2 millions in loans during the month ending March 26 and an increase of 5 millions in deposits, while cash reserves declined nearly 4 millions. Investments were enlarged by nearly 10 million dollars during the month, of which more than 6 millions were United States securities. During the three weeks ending April 16, loans increased 2 millions, deposits increased nearly 2 millions and cash reserves increased more than 1 million. Investment holdings were reduced more than 1 million dollars, owing to declines in purchased bill holdings. Federal Reserve notes in circulation declined during the six weeks discussed, but the decline was not appreciable.

TELEGRAPHIC CROP REPORTS

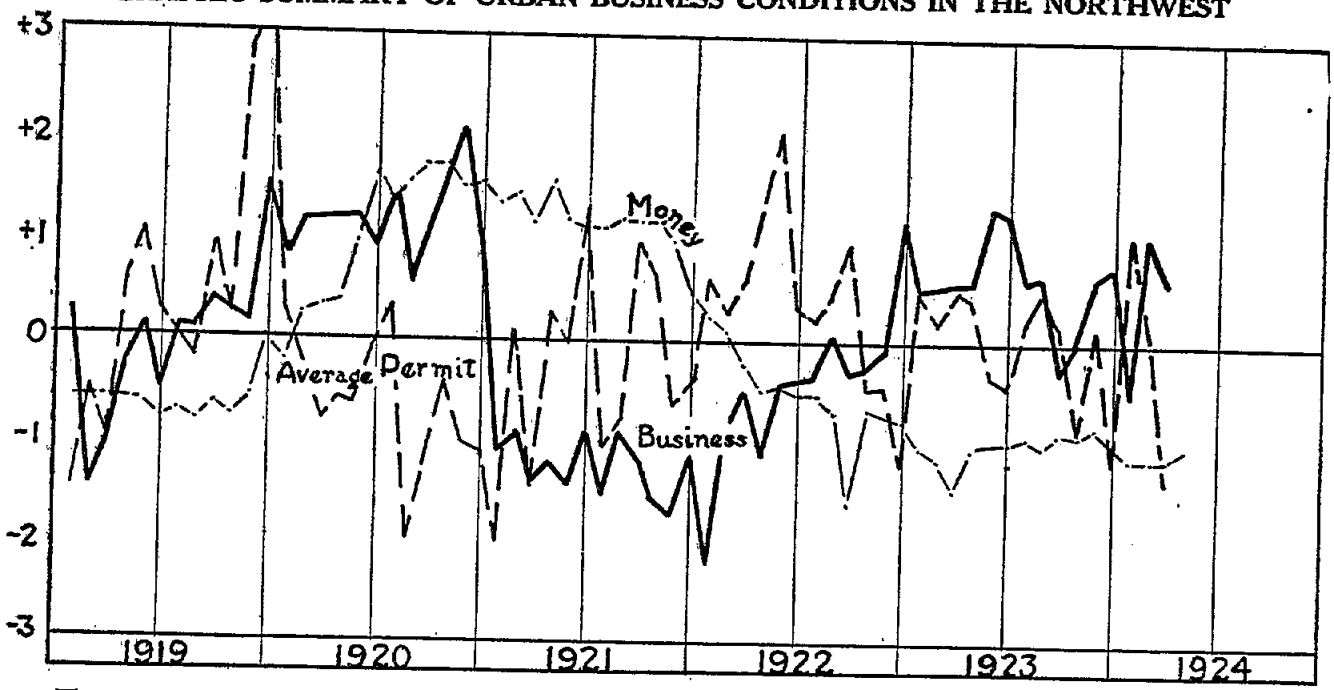
Telegraphic reports received April 23 from bankers in nineteen representative counties having almost

one-fourth of the acreage of the 1923 spring wheat crop in our four states, indicated that in two-thirds of the spring wheat producing territory practically four-fifths of the acreage to be devoted to wheat had already been sown.

Clay County, Minnesota, and Richland County, North Dakota were the only two counties to report 1924 acreage 100 per cent of 1923. Clay County, Minnesota also reported an actual increase in hard red spring wheat, but a corresponding decrease in durum. Brown County, South Dakota reported a decrease of 35 per cent in hard red spring wheat but only a 15 per cent decrease in durum. Digesting the reports received, it appears that there will be a slightly greater proportional decrease in durum than in hard red spring wheat.

Unfavorable weather conditions have delayed seeding in the northern tiers of counties in Minnesota and North Dakota and in Montana. Several reports were received from these sections stating that 5 per cent or less had been sown, and others ranged from 40 to 60 per cent. The weather had become more favorable by April 23 however, and if it continued, it was estimated that seeding would be complete in a week or ten days. In the west central section of Minnesota, southeastern North Dakota and northeastern South Dakota, wheat was practically all sown, and the soil in excellent condition. Winter wheat in Fergus County, Montana was reported to be in excellent condition.

GRAPHIC SUMMARY OF URBAN BUSINESS CONDITIONS IN THE NORTHWEST

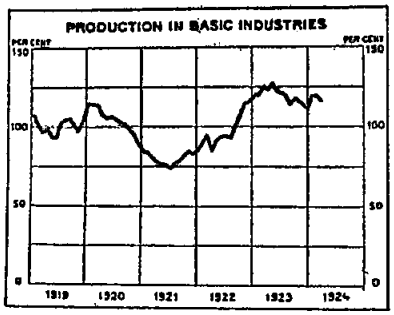


These curves have been constructed from data collected by this office and adjusted to eliminate seasonal influences. Adjustment for secular trends has been made except for the money curve.

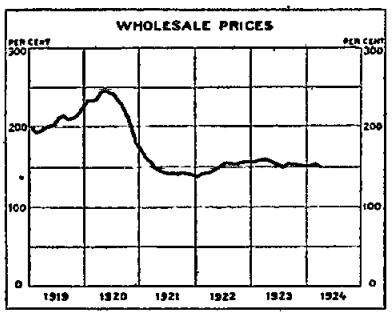
BUSINESS: The best single available index of general business is individual debits. These represent the aggregate dollar value of all payments made by bank checks, and therefore reflect both the volume of business and the prevailing prices. Allowance for secular trend is in the main an allowance for price changes which have been downward. Nine representative cities for which we have consecutive figures are combined in this curve.

MONEY: The commercial money rates here shown are based on a weighted average of five varieties of paper in Minneapolis. Although national, more largely than local, business conditions determine this rate, it is an important consideration in determining local business policies.

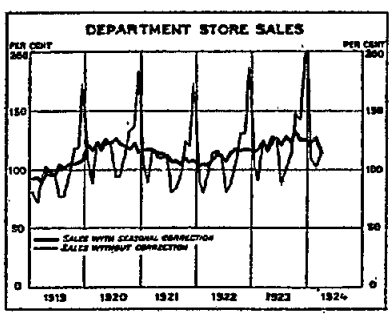
AVERAGE BUILDING PERMIT: The number and value of building permits granted are customarily accepted as indicative of prospective business activity. This graph, however, shows the average size of building permits for eighteen selected cities, thereby giving greater weight to the larger projects which are either started or deferred because of business considerations, and which have a determining influence upon the degree of activity in the building trades and in the supply of materials. This curve furnishes an index of business sentiment which is made up very largely of confidence in the stability of prices. Allowance for secular trend is necessary to eliminate changes due to the development of industries in these cities. The variation of building material prices, as compared with 1913 levels, has been eliminated in constructing this graph.



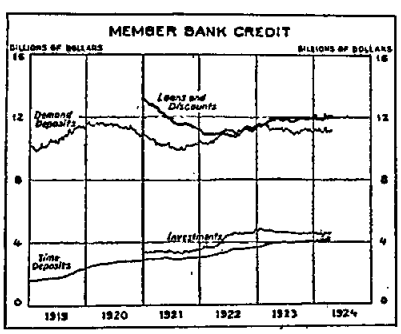
Index of 22 basic commodities corrected for seasonal variation (1919 = 100).



Index of U. S. Bureau of Labor Statistics (1913 = 100, base adopted by Bureau).



Index of sales of 333 stores in 117 cities (1919 = 100).



Weekly figures for member banks in 101 leading cities.

Summary of National Business Conditions

(Compiled April 24 by Federal Reserve Board)

Production of basic commodities decreased during March, and there was a recession in wholesale prices. Distribution both at wholesale and retail showed less than the usual seasonal increase and was smaller than a year ago.

PRODUCTION: The Federal Reserve Board's index of production in basic industries, adjusted to allow for length of month and other seasonal variations, declined three per cent in March. Output was reduced by most industries and the decreases were particularly large in mill consumption of cotton and production of bituminous coal and copper. Daily average production of steel ingots, however, was larger than in any previous month. The level of factory employment was unchanged but some curtailment in working hours was evidenced by a decline of one per cent in average weekly earnings. Contract awards for new buildings in March reached the highest total value on record, owing chiefly to a large increase in the New York District.

Estimates by the Department of Agriculture on the basis of condition on April 1 indicate a reduction of four per cent in the yield of winter wheat and of six per cent in the production of rye as compared with the final harvests in 1923.

TRADE: Shipments of commodities by railroads declined each week in March and carloadings were four per cent less than a year ago.

Wholesale trade increased slightly during March but was eight per cent less than a year ago owing to decreases in sales of dry goods, shoes, and hardware. March sales of department stores were eight per cent less than in March, 1923, and merchandise stocks on the end of the month were eight per cent larger than a year ago. Sales of mail order houses also showed less than the usual seasonal increase in March. Decrease in the volume of purchases at retail compared with last year is partly accounted for by the late Easter and the generally unfavorable weather conditions.

PRICES: Wholesale prices, as measured by the Bureau of Labor Statistics index, decreased slightly more than one per cent in March and were six per cent lower than a year ago. Prices of farm products, foods, clothing, chemicals, and house-furnishings declined, building materials remained unchanged, while fuel and metals were slightly higher than in February. During the first three weeks of April quotations on pig iron, lead, coal, silk and sugar declined, while prices of wheat, corn, and cotton advanced.

BANK CREDIT: The volume of borrowing for commercial purposes at member banks in leading cities, after increasing during the early part of the year, remained constant at a high level between the middle of March and the middle of April. During the four week period total loans of these banks were in larger volume than at any time in more than two years.

Discounts and investments of the Federal reserve banks, which on April 2 were slightly above $1,000,000,000, declined by about $125,000,000 during the first three weeks in April to the lowest point for the year. This decline represents a reduction in discounts and in the holdings of acceptances, while the volume of Government securities increased somewhat. Money rates in the New York market during the first three weeks in April were at about the same level as in the latter part of March. Prime commercial paper was quoted at 4½ per cent and 90 day bankers acceptances at four per cent throughout the period.