

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. MOSHER J. F. EBERSOLE
Assistant Federal Reserve Agents

Vol. III (Serial
No. 138)

Minneapolis, Minnesota

July 28, 1926

DISTRICT SUMMARY FOR THE MONTH

The cumulative effect of two profitable crops on buying power outside of the largest cities continued to be felt in June. The outlook for the next crop year in this district is not as favorable. From present indications there will be poor yields in the cash crops including spring wheat, rye and potatoes. Feed crops other than corn are also poor. Corn can make an average crop. The high price of hogs, the strong position of beef cattle and the increased dairy production will partly compensate for the poor crops.

The July 1 estimates of the United States Department of Agriculture indicate for the whole United States a production of all wheat 100 million bushels greater than a year ago. On the other hand, the same estimates indicate a total spring wheat and durum crop for the four states of Minnesota, Montana, North Dakota and South Dakota combined, of 51 million bushels less than last year. This is a decrease of 25 per cent. This shrinkage is due to impaired condition caused by insufficient moisture early in the growing season. The relative size of the 1926 crops in this district is shown in the table below.

Relative Size of 1926 Crops in Minnesota, North Dakota, South Dakota and Montana

Crop	Per cent of 1925 crop	Percent of the average crop 1920-1924
Spring Bread Wheat.....	74	79
Durum Wheat.....	75	81
Winter Wheat.....	128	74
Corn.....	107	103
Oats.....	62	76
Rye.....	64	48
Barley.....	71	103
Flax.....	90	127
White Potatoes.....	93	61
Tame Hay.....	71	79

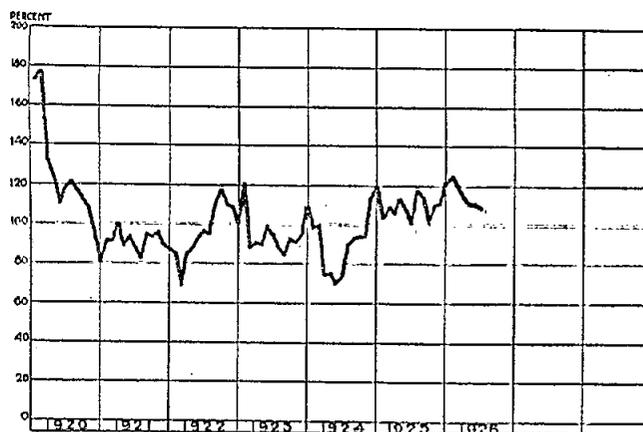
Ninth District farmers have planted 400,000 more acres to principal field crops than they did in 1925. This amount approximates the increased acreage indicated in the "March 1 Intentions to plant" figures. Only three-fourths of the intended

increase in durum wheat was planted, however, and the intended decrease in spring bread wheat acreage did not occur, with the result that the actual increase in all wheat is almost double the March 1 figure. Corn, oats and flax acreages are all considerably less than the reported intentions.

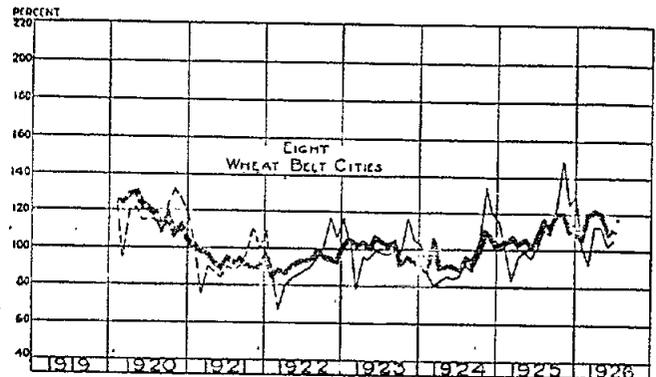
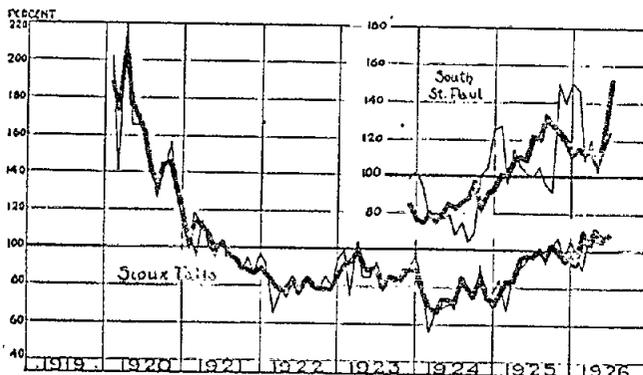
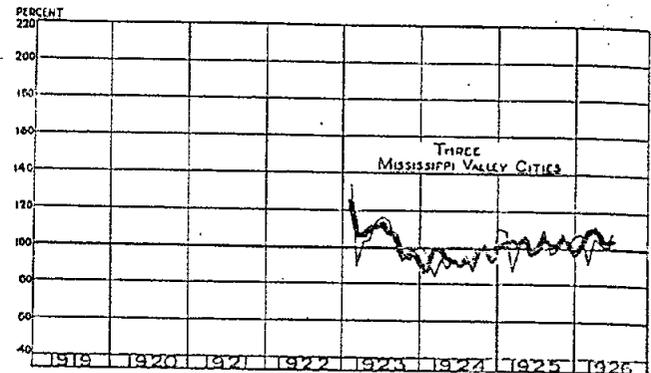
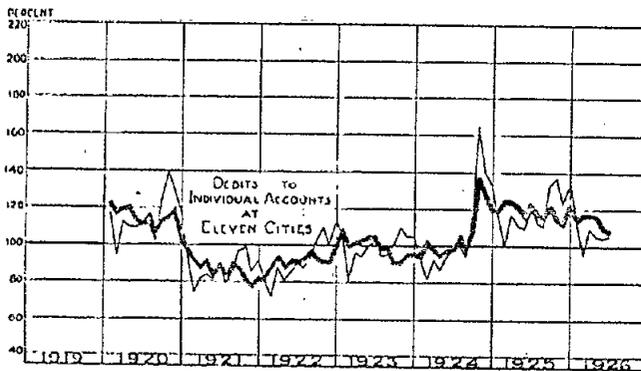
The basic agricultural purchasing power created by the money value of the marketings of livestock and the grains combined during June was 9 per cent less than a year ago. For the period August 1, 1925 to July 1, 1926, the decline in the money value of such marketings was 14 per cent as compared with a similar period one year earlier.

Grain receipts at terminals were one-fourth less in June this year than last, and all the median prices declined. As compared with May, total grain receipts declined, and median prices exhibited a number of small advances.

Livestock receipts were much greater than in June a year earlier, owing partly to poor pastures in the early part of the month and partly to the increased marketings of long-fed steers, which had been taken on earlier to utilize cheap corn. This explains the decline in the median price of butcher steers, although the median prices of most other varieties of livestock were higher. The heavy run of light weight grass-fed cattle also affected the feeder section of the market, increasing the shipments to the country and depressing feeder prices as compared with last month. There is evidence



Lumber Sales by Retail Yards in the Ninth Federal Reserve District, with Seasonal Changes Eliminated.



Debits to Individual Accounts at Banks in Cities of the Ninth Federal Reserve District. Heavy curves represent figures adjusted to eliminate seasonal changes; light curves represent actual, or unadjusted, figures. The "Eleven Cities" include Minneapolis, St. Paul, Duluth, Superior, and seven others reporting to us since 1920.

also of a tendency to limit the expansion of sheep herds. The quantity of sheep marketed in June was double that in May, the median price of ewes dropped during June and lamb prices were lower than a year ago. Excepting feeder cattle and ewes, livestock median prices were all higher in June than in May, hogs attaining the highest median price recorded by this office in any month since October, 1920.

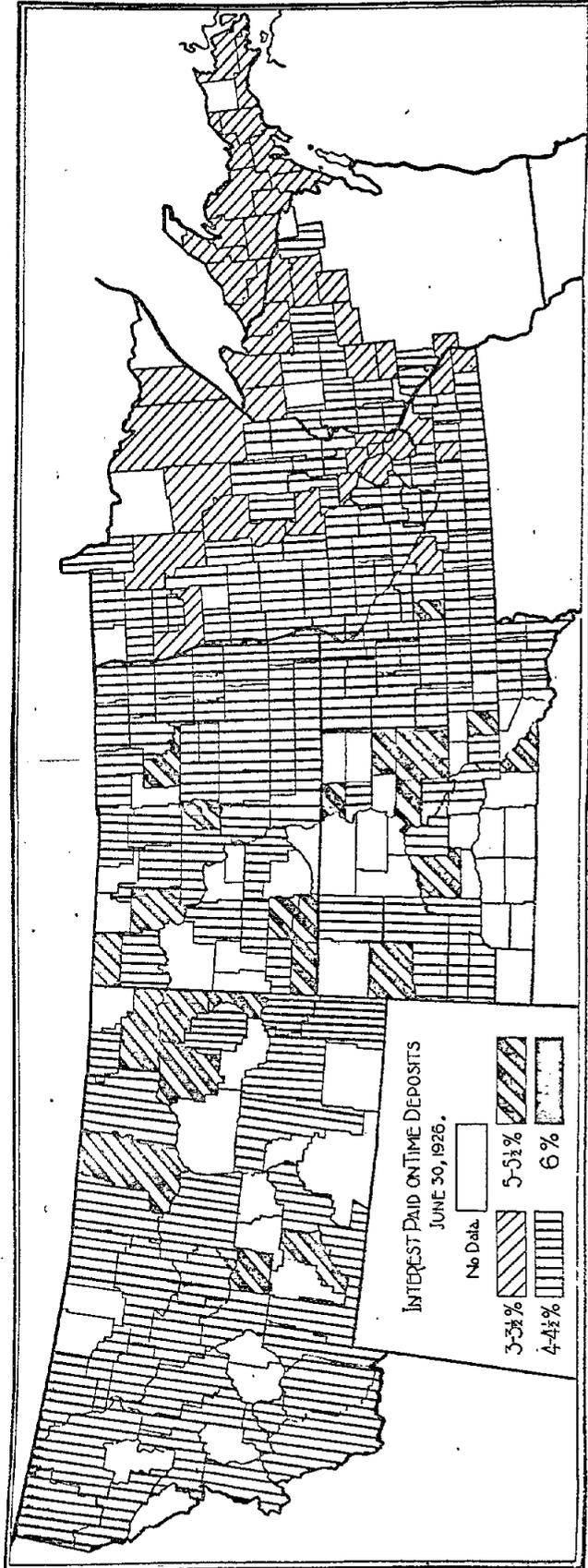
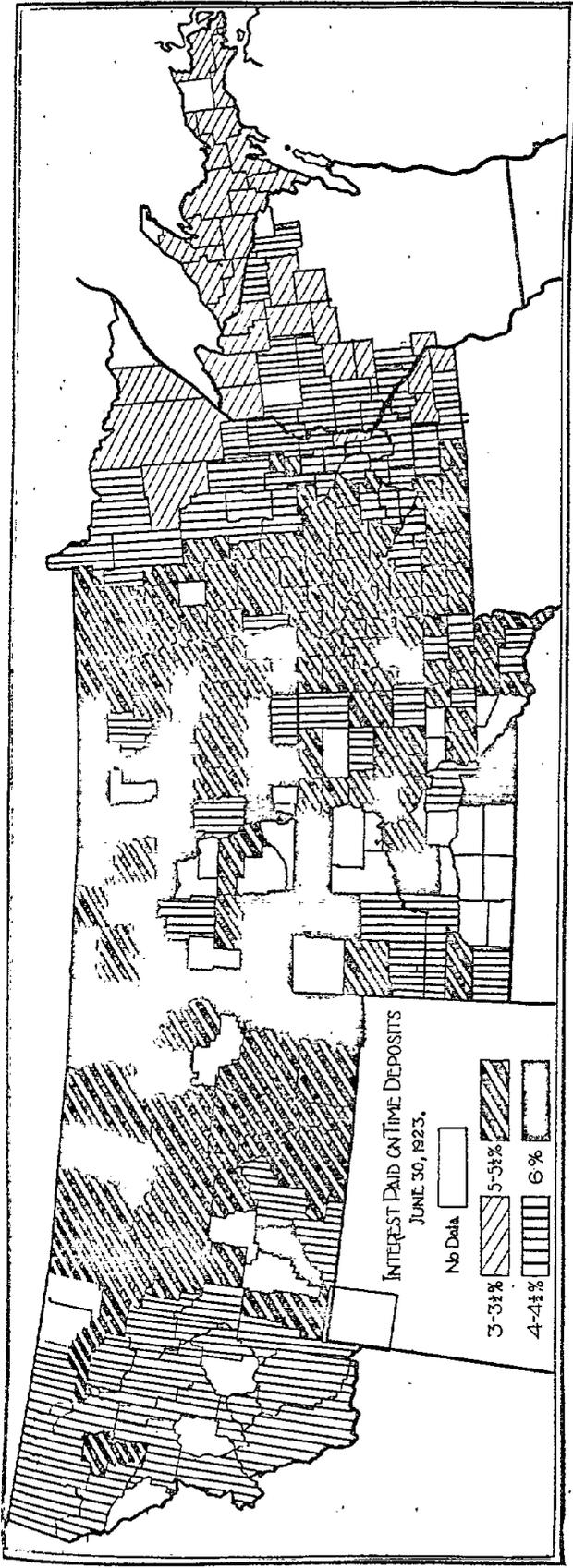
The volume of business in this district, when measured by check payments through banks, was 10 per cent less this June than a year ago. However, gains were shown at all of the reporting cities except Minneapolis, St. Paul and Duluth. This indicates a desirable general improvement outside of the larger cities. Further evidence of rural buying activity is found in lumber sales at country yards which were 8 per cent larger in June than a year ago, but failed to show as large an increase over May 1926 as usual. Carloadings were 9 per cent larger than a year ago, showing increases in livestock, ore, coke, forest products, miscellaneous commodities and less-than-carload lot shipments. Loadings of miscellaneous freight were the largest loadings for June since 1920. There was a heavy movement of ore which had been held back by the late opening of the lakes. However, cumulative iron ore shipments for this season were below a year ago. Department store and wholesale sales were smaller

than a year ago, except for farm implements and groceries.

Prospective business activity based upon building operations, as reflected in building permits granted during June at eighteen representative cities, was 7 per cent less than in June last year. When June is compared with May, there was an increase of 6 per cent instead of the 4 per cent decrease customarily expected at this season of the year. It is particularly noteworthy that substantial gains were shown both as compared with last month and last year outside the cities of Minneapolis and St. Paul.

TOPICAL REVIEWS

Banking developments: Loans and deposits expanded moderately during June at the reporting member banks in the larger cities of this district. There was a further growth in time deposits during the first two weeks in July but loans contracted slightly. This Federal Reserve Bank experienced a decrease in loans to member banks of 2 million dollars between May 26 and June 30 and an increase during the next two weeks of 2½ millions. Total earning assets decreased 5 millions in the earlier period and increased less than 2 millions in the later period. Federal reserve notes in circulation expanded less than 1 million dollars during



Interest Rate Paid on Time and Savings Deposits by National Banks in the Ninth Federal Reserve District, by counties, June 30, 1923, and June 30, 1926.

June and about 1½ million dollars during the first two weeks of July, partly as a result of the call for currency to meet the July 4 holiday demands.

The prevailing interest rate paid on time deposits by national banks in this district has been reduced 1 per cent or more between 1923 and 1926. Although the reduction has not been uniform for all banks, the most common rate paid has been reduced from 5 per cent to 4 per cent in Minnesota, Montana and South Dakota and from 6 per cent to 4 per cent in North Dakota. In the portions of Michigan and Wisconsin which lie within this district, there has been very little reduction in the rates paid, but these rates were already low in 1923.

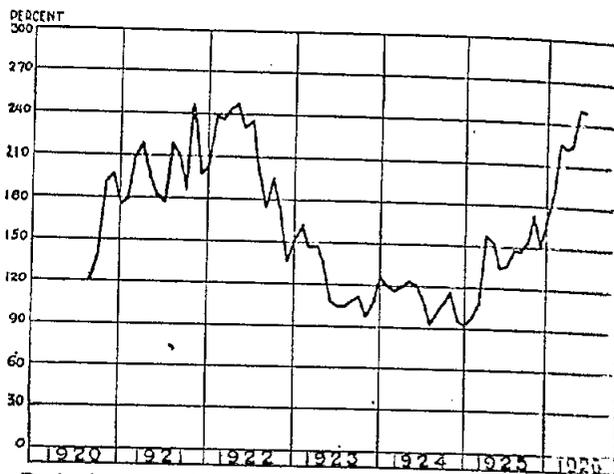
On June 30, 1923, nine national banks in this district were paying 7 per cent on all or part of their time deposits; 229 banks were paying 6 per cent; 475 banks were paying 5 or 5½ per cent; 329 banks were paying 4 or 4½ per cent; and only 102 banks reported rates as low as 3 or 3½ per cent. It must be noted that the total number of banks, adding the figures quoted above, is larger than the number of banks actually in operation because many banks reported two or more rates on different kinds of deposits. On June 30, 1926 no banks reported rates higher than 5 per cent and only 56 banks paid as high a rate as 5 per cent. Of the remaining banks, 455 banks paid 4 to 4½ per cent; 146 banks paid 3 or 3½ per cent and one bank paid 2 per cent on part of its time deposits. The accompanying maps show the prevailing interest rates paid on time deposits by reporting national banks in the various counties of this district on June 30, 1923 and June 30, 1926.

Interest paid on deposits by member banks in this district consumed 38 per cent of gross earnings in 1923 and 39 per cent of gross earnings in 1924 and 1925. A larger proportion of gross earnings was paid out in interest on deposits in this district than in any other district. The percentage for the member banks in the United States as a whole was 32 per cent in 1923, 33 per cent in 1924 and 34 per cent in 1925.

THE OUTLOOK FOR HOGS

Hog production in this district during the past winter and spring has been more profitable than in any previous season in our record, which extends back to 1920. For the United States as a whole, the United States Department of Agriculture states that the corn-hog ratio was the highest on June 15 that it has been since monthly farm prices were first collected in 1910. Corn has been selling at Minneapolis for some months past at about 70 cents a bushel, and the median price of hogs at South St. Paul increased to \$13.50 per hundredweight in May and \$13.85 in June, which was the highest median price since October, 1920. Although the number of hogs marketed at South St. Paul decreased from

2,000,000 head in the first six months of 1924 to 1,900,000 head in the corresponding months of 1925 and 1,600,000 head in 1926, the cash value of the hogs marketed during these periods increased from \$29,000,000 in 1924 to \$47,000,000 in 1925 and \$46,000,000 in 1926. The 1926 value would undoubtedly have been higher than that of 1925 if the hogs were included which have been diverted to the packing plants in North Dakota and South Dakota which were opened last winter.



Ratio between Monthly Median Prices of Hogs per 100 Pounds and 450 Pounds of Corn. (Hog Prices at South St. Paul; Corn Prices at Minneapolis.)

The prospects are for strong hog prices for almost a year to come. Storage stocks of pork in the United States at the end of May were lower than a year ago by the equivalent of 1,500,000 hogs, according to the records of the United States Department of Agriculture. The Department does not expect any increase over last year in hog slaughter during the months from June to October, inclusive. Moreover, the world supply of pork is expected to be below 1925 for these months.

Looking further ahead, the pig survey made on June 1 by the United States Department of Agriculture shows one-half per cent fewer pigs saved in the corn belt states this spring than a year ago, which indicates no increase in pork supplies before next spring. Minnesota and South Dakota should benefit more than the average by the high hog prices which are expected, for the number of pigs saved in Minnesota was 5 per cent larger and in South Dakota 4 per cent larger than a year ago.

Beyond next spring, the prospects are for larger pork supplies. The June 1 pig survey indicates an increase of 36 per cent in the number of sows bred, or to be bred for fall farrowing this year as compared with the number that farrowed in the fall of 1925. The increase in Minnesota is 37 per cent and in South Dakota 62 per cent. Even allowing for some reduction from these stated intentions, in the words of the Department, "this strongly suggests a marked reversal of the hog supply and the prior situation about the winter of 1927."

NINTH FEDERAL RESERVE DISTRICT

249

JULY 1, 1926, ACREAGE ESTIMATES AND PRODUCTION FORECASTS, 1925 ACREAGES AND PRODUCTION, AND 1920-1924 AVERAGE ACREAGES AND PRODUCTION BY STATES, U. S. DEPARTMENT OF AGRICULTURE

(000's omitted)

SPRING BREAD WHEAT

	Acres		Bushels		5-Year Average
	1926	1925	1926	1925	
Minn.....	1,825	1,888	19,586	24,232	23,511
Mont.....	3,044	2,905	36,209	30,563	30,883
No. Dak.....	6,243	6,243	38,113	63,629	56,185
So. Dak.....	1,463	1,573	6,019	16,464	16,038
4 States.....	12,575	12,609	99,927	134,888	126,617

DURUM WHEAT

	Acres		Bushels		5-Year Average
	1926	1925	1926	1925	
Minn.....	185	142	2,327	2,158	2,533
Mont.....	103	121	1,051	1,210	3,234
No. Dak.....	4,135	3,362	41,019	48,749	42,309
So. Dak.....	944	1,049	5,607	14,476	13,843
4 States.....	5,367	4,674	50,004	66,593	61,919

ALL SPRING WHEAT

	Acres		Bushels		5-Year Average
	1926	1925	1926	1925	
Minn.....	2,010	2,030	21,913	26,390	26,044
Mont.....	3,147	3,026	37,260	31,773	34,117
No. Dak.....	10,378	9,605	79,132	112,378	98,494
So. Dak.....	2,407	2,622	11,626	30,940	29,881
4 States.....	17,942	17,283	149,931	201,481	188,536
U. S.....	20,884	20,931	199,595	270,879	243,231

ALL WHEAT

	Acres		Bushels		5-Year Average
	1926	1925	1926	1925	
Minn.....	2,179	2,200	24,700	29,110	27,926
Mont.....	3,537	3,221	42,962	34,601	42,868
No. Dak.....	10,378	9,605	79,132	112,378	98,495
So. Dak.....	2,482	2,747	12,106	32,378	31,309
4 States.....	18,576	17,773	171,888	208,467	200,598
U. S.....	57,687	52,200	598,990	767,357	835,108

WINTER WHEAT

	Acres		Bushels		5-Year Average
	1926	1925	1926	1925	
Minn.....	169	170	2,787	2,720	1,882
Mont.....	390	195	5,702	2,828	8,751
No. Dak.....	0	0	0	0	0
So. Dak.....	75	125	480	1,438	1,429
4 States.....	634	490	8,969	6,986	12,062
U. S.....	36,803	31,269	567,762	396,000	591,876

RYE

	Acres		Bushels		5-Year Average
	1926	1925	1926	1925	
Minn.....	450	500	5,720	7,250	13,665
Mont.....	112	112	1,517	1,400	1,593
No. Dak.....	1,163	1,571	8,833	15,710	15,771
So. Dak.....	121	201	847	1,910	4,347
4 States.....	1,846	2,384	16,917	26,270	35,376
U. S.....	3,601	4,088	39,666	48,696	70,528

CORN

	Acres		Bushels		5-Year Average
	1926	1925	1926	1925	
Minn.....	4,488	4,357	132,486	156,852	137,948
Mont.....	359	399	6,641	6,584	5,723
No. Dak.....	1,119	1,056	22,940	24,816	21,415
So. Dak.....	4,909	4,766	129,917	83,405	118,577
4 States.....	10,875	10,578	291,984	271,657	283,663
U. S.....	101,074	101,631	2,660,780	2,905,000	2,909,895

FLAX

	Acres		Bushels		5-Year Average
	1926	1925	1926	1925	
Minn.....	836	760	7,243	7,600	4,502
Mont.....	190	271	1,037	1,220	1,051
No. Dak.....	1,295	1,349	8,205	8,768	7,136
So. Dak.....	447	559	2,803	3,801	2,487
4 States.....	2,768	2,939	19,288	21,389	15,176
U. S.....	2,843	3,012	19,886	22,007	15,590

OATS

	Acres		Bushels		5-Year Average
	1926	1925	1926	1925	
Minn.....	4,525	4,814	133,035	202,188	147,100
Mont.....	670	638	17,105	14,355	17,340
No. Dak.....	2,537	2,415	50,233	65,205	67,341
So. Dak.....	2,564	2,947	35,101	100,198	78,675
4 States.....	10,296	10,814	235,474	381,946	310,456
U. S.....	45,945	45,490	1,334,260	1,512,000	1,323,795

WHITE POTATOES

	Acres		Bushels		5-Year Average
	1926	1925	1926	1925	
Minn.....	268	276	24,013	26,772	38,630
Mont.....	35	35	3,719	3,780	4,347
No. Dak.....	92	88	6,871	6,160	12,395
So. Dak.....	55	61	3,319	3,965	7,101
4 States.....	450	460	37,922	40,677	62,473
U. S.....	3,202	3,113	334,044	326,000	411,948

BARLEY

	Acres		Bushels		5-Year Average
	1926	1925	1926	1925	
Minn.....	1,211	1,121	25,722	33,630	23,751
Mont.....	179	156	3,515	3,276	2,054
No. Dak.....	2,003	1,908	30,596	42,930	24,049
So. Dak.....	1,090	908	13,489	23,608	21,272
4 States.....	4,483	4,093	73,322	103,444	71,126
U. S.....	8,842	8,243	190,959	217,000	180,472

TAME HAY

	Acres		5-Year Average	Tons		5-Year Average
	1926	1925		1926	1925	
Minn.....	2,385	2,359	2,022	2,583	4,132	3,128
Mont.....	1,222	1,232	1,110	1,811	2,034	2,019
No. Dak.....	971	896	945	971	1,452	1,377
So. Dak.....	1,217	1,153	1,020	1,139	1,520	1,706
4 States.....	5,795	5,640	5,097	6,504	9,138	8,230
U. S.....	59,080	59,398	59,870	77,800	86,700	90,690

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

	Unit	June 1926	May 1926	June 1925	% June 1926 of May 1926	% Jun. 1926 of Jun. 1925
Debits to Individual Accounts—						
17 cities.....		\$759,150,000	\$747,159,000	\$840,099,000	102	90
Minneapolis.....		372,999,000	366,476,000	409,530,000	102	91
St. Paul.....		162,607,000	155,183,000	174,411,000	105	93
Duluth-Superior.....		89,771,000	98,874,000	136,500,000	91	66
8 Wheat Belt Cities.....		54,892,000	52,830,000	52,025,000	104	106
3 Mississippi Valley Cities.....		19,538,000	18,748,000	18,368,000	104	106
South St. Paul.....		39,575,000	36,169,000	31,630,000	109	125
Sioux Falls.....		19,758,000	18,889,000	17,635,000	105	112
Carloadings—Northwestern District—						
Total.....	Cars	720,179	640,737	662,137	112	109
Grains and Grain Products.....	Cars	38,637	38,217	41,491	101	93
Livestock.....	Cars	34,480	31,595	30,502	109	113
Coal.....	Cars	19,052	17,298	20,120	110	95
Coke.....	Cars	7,569	6,923	4,884	109	155
Forest Products.....	Cars	83,817	85,938	76,756	98	109
Ore.....	Cars	195,315	142,069	171,433	137	114
Merchandise—L. C. L.....	Cars	148,776	140,342	143,926	106	103
Miscellaneous.....	Cars	192,533	178,355	173,025	108	111
Building Permits—						
Number—18 Cities.....		2,201	2,678	2,353	82	94
Value—18 Cities.....		\$6,694,700	\$6,332,200	\$7,203,200	106	93
Minneapolis.....		1,793,600	2,678,000	3,322,500	67	54
St. Paul.....		1,663,200	1,657,700	2,270,400	100	73
Duluth-Superior.....		1,732,300	825,300	843,400	210	205
4 Wheat Belt Cities.....		584,900	536,400	289,500	109	202
6 Mixed Farming Cities.....		775,400	500,800	361,100	155	215
4 Mining Cities.....		145,300	134,000	116,300	108	125
Building Contracts Awarded—						
Total.....		10,398,800	10,959,100	12,466,400	95	83
Residential.....		3,514,700	4,432,400	3,663,100	79	96
Commercial, Industrial and Utility.....		5,095,500	4,685,400	6,559,600	109	78
Educational.....		874,100	727,800	1,013,500	120	86
All other.....		914,500	1,113,500	1,230,200	82	74
Grain Receipts at Minneapolis and Duluth-Superior—						
Wheat.....	Bu.	8,296,794	7,957,553	10,804,900	104	77
Corn.....	Bu.	712,085	500,867	702,362	142	101
Oats.....	Bu.	1,997,379	4,020,303	4,457,293	50	45
Barley.....	Bu.	1,334,739	1,292,631	2,044,824	103	65
Rye.....	Bu.	900,917	1,060,252	715,186	85	126
Flax.....	Bu.	647,554	643,863	835,525	101	78
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—						
Wheat.....	Bu.	4,494,125	7,943,318	12,132,420	57	37
Corn.....	Bu.	438,110	245,530	343,262	178	128
Oats.....	Bu.	24,924,408	26,712,309	18,784,180	93	133
Barley.....	Bu.	2,295,843	2,545,513	522,897	90	439
Rye.....	Bu.	7,354,634	7,443,672	2,266,428	99	324
Flax.....	Bu.	1,282,839	1,221,388	571,111	105	225
Median Cash Grain Prices—						
Wheat—No. 1 Dark Northern.....	Bu.	\$1.66½	\$1.64½	\$1.68½	101	99
Durum—No. 2 Amber.....	Bu.	1.49¼	1.46	1.61	102	93
Corn—No. 3 Yellow.....	Bu.	.69½	.67½	1.09¾	103	63
Oats—No. 3 White.....	Bu.	.38	.38	.46	100	83
Barley—No. 3.....	Bu.	.62	.63	.83	98	75
Rye—No. 2.....	Bu.	.90	.82½	1.13	109	80
Flax—No. 1.....	Bu.	2.34	2.30	2.70	102	87

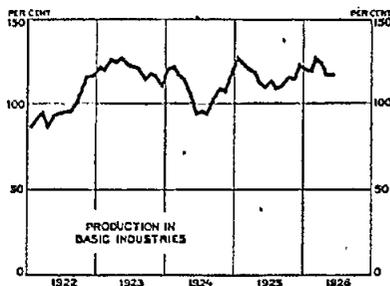
COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT
(Continued)

	Unit	June 1926	May 1926	June 1925	% June 1926 of May 1926	% June 1926 of June 1925
Livestock Receipts at South St. Paul—						
Cattle.....	Head	73,915	69,205	47,048	107	157
Calves.....	Head	70,527	69,264	58,924	102	120
Hogs.....	Head	231,900	221,076	245,682	105	94
Sheep.....	Head	14,824	6,986	5,292	212	280
Median Livestock Prices at South St. Paul—						
Butcher Cows.....	Cwt.	\$6.25	\$6.25	\$6.25	100	100
Butcher Steers.....	Cwt.	8.85	8.50	9.75	104	91
Prime Butcher Steers.....	Cwt.	9.50	9.15	—	104	—
Stocker and Feeder Steers.....	Cwt.	6.75	7.25	5.50	93	123
Veal Calves.....	Cwt.	10.25	10.00	8.00	103	128
Hogs.....	Cwt.	13.85	13.50	12.00	103	115
Heavy Hogs.....	Cwt.	12.50	11.75	—	106	—
Lambs.....	Cwt.	14.25	13.50	15.00	106	95
Ewes.....	Cwt.	6.00	7.50	—	80	—
Flour—						
Production—Twin Cities & Duluth-Superior.....	Bbls.	1,032,661	990,070	948,818	104	109
Shipments from Minneapolis.....	Bbls.	937,672	897,336	982,555	104	95
Linseed Products Shipments from Minneapolis						
	Lbs.	17,948,675	18,256,780	28,318,412	98	63
Retail Sales—						
22 Department Stores.....		\$ 2,363,370	\$ 2,603,580	\$ 2,553,200	91	93
531 Lumber Yards.....	Bd. ft.	18,392,000	14,628,000	17,035,000	126	108
Retail Merchandise Stocks—						
19 Department Stores.....		\$ 6,865,390	\$ 7,353,470	\$ 7,071,350	93	97
497 Lumber Yards.....	Bd. ft.	95,301,000	96,627,000	93,274,000	99	102
Life Insurance Sales (4 States)						
		\$25,831,000	\$26,401,000	\$26,077,000	98	99
Wholesale Trade—						
Farm Implements—6 firms.....		406,510	369,690	340,770	110	119
Hardware—13 firms.....		2,044,560	2,030,430	2,090,360	101	98
Shoes—5 firms.....		510,800	516,870	683,060	99	75
Groceries—46 firms.....		5,579,010	4,696,510	5,423,140	119	103
Business Failures—						
Number.....		69	87	89	79	78
Liabilities.....		\$505,003	\$676,560	\$3,342,444	75	15
Securities Sold—						
To Banks.....		2,821,900	3,093,200	3,461,700	91	82
To General Public.....		5,341,000	5,272,100	8,150,500	101	66
Ninth Federal Reserve District Member Banks—						
Net Demand Deposits.....		437,644,000	424,962,000	451,240,000	103	97
Time Deposits.....		434,380,000	433,102,000	434,484,000	100	100
24 City Member Banks—						
		July 14 1926	June 16 1926	July 15 1925	% July of June	% 1926 of 1925
Loans.....		\$232,870,000	\$232,361,000	\$229,521,000	100	101
Securities.....		114,885,000	115,626,000	109,268,000	99	105
Net Demand Deposits Subject to Reserve.....		209,830,000	223,398,000	223,593,000	94	94
Time Deposits.....		116,998,000	109,985,000	101,333,000	106	115
Borrowings at Federal Reserve Bank.....		2,280,000	650,000	333,000	351	685
Minneapolis Federal Reserve Bank—						
Loans to Member Banks.....		6,271,956	4,148,600	5,025,501	151	125
Federal Reserve Notes in Circulation.....		62,990,385	59,907,505	62,915,070	105	100

Summary of National Business Conditions

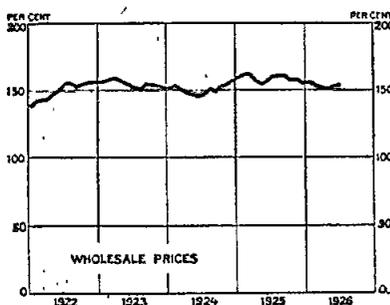
(Compiled July 24 by Federal Reserve Board)

Industrial activity was at the same level in June as in May, and was slightly above the level of a year ago. The average of commodity prices advanced further between May and June.



Index of 22 Basic Commodities adjusted for seasonal variations. (1919-100). Latest figure, June, 117.

PRODUCTION: The Federal Reserve Board's index of production in basic industries remained unchanged in June. Production of iron and steel and activity of woolen machinery continued to decline, and there were also reductions in the output of copper, zinc and petroleum, while cotton consumption, the manufacture of food products and the output of coal and cement increased. Production of automobiles was smaller in June than in May and for the first time this year was less than in the corresponding month of 1925. Declines took place in June in employment and payrolls of all textile industries except woolen and worsted goods and mens' clothing and some of these industries were less active than at any time since 1924. Building contracts awarded during June were slightly less than in May and for the first time since early in 1925 were smaller than in the corresponding month of the preceding year.

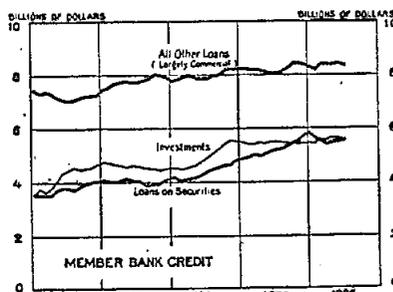


Index of United States Bureau of Labor Statistics (1918-100, base adopted by Bureau). Latest figure, June, 152.3.

Crop reports issued by the Department of Agriculture indicated a slight improvement during June. The composite condition of all crops on July 1 was reported at 6.4 per cent below the average July condition during the last ten years. The production of winter wheat was estimated at 568,000,000 bushels, or 172,000,000 bushels more than in 1925, and that of spring wheat at 200,000,000 bushels, or 71,000,000 bushels less than last year. A production of 2,661,000,000 bushels of corn, or 8.3 per cent less than last year is indicated in the same report. Cotton production, on the basis of July 16 condition, was estimated at 15,368,000 bales, or 718,000 bales less than the production of last year.

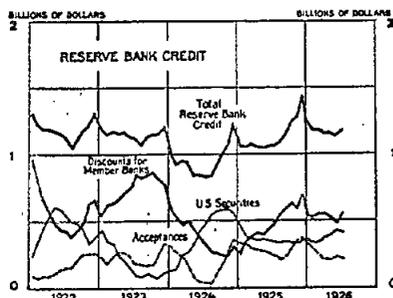
TRADE: Total volume of wholesale and retail trade in June was larger than for the same month in 1925. Department store sales declined seasonally in June, and wholesale trade in all trading lines, except groceries, also decreased during the month. Sales of mail order houses increased more than usual in June, and were 5 per cent larger than in June, 1925. Stocks of merchandise carried by wholesale firms at the end of June were smaller than a year earlier. Department stores continued to reduce their stocks, and their inventories, which had been considerably above last year's level earlier in the year, were at the end of June only about 1 per cent larger than a year ago. Freight carloadings showed seasonal increases during June and continued through the first half of July at higher levels than in previous years. Loadings of grains in the southwestern states have been particularly large.

PRICES: The general level of wholesale prices, according to the Index of the Bureau of Labor Statistics, increased from May to June by less than half of 1 per cent. Prices of livestock and meats advanced, and there were small increases for silk, petroleum products, non-ferrous metals and chemicals and drugs. Price decreases occurred in grains, cotton, textiles, building materials and house furnishings. In the first two weeks of July, prices of grains, flour, cotton, wool and hides increased, while those of cattle, hogs, silk and rubber declined.



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first two weekly report dates in July.

BANK CREDIT: Loans and investments of member banks in leading cities at the end of June were in larger volume than at any previous time, and after declining during the first half of July were still \$900,000,000 above the level of a year ago. Of this increase, about \$385,000,000 was in loans on securities, \$340,000,000 in commercial loans and \$175,000,000 in investments. Since the beginning of 1926 an increase in commercial loans, together with the growth of investments has more than offset the reduction in loans on securities. The demand for credit at the end of the fiscal year and the increased currency requirements of the holiday were reflected in a growth of member bank borrowings at the reserve banks and on July 7 total discounts were near the highest point of the year. With the return flow of currency from circulation after the holiday, discounts declined, and on July 21 were in about the same volume as in the last half of June. The reserve banks' holdings of acceptances and of United States securities changed little during the period, and the total volume of reserve bank credit outstanding in the third week of July was close to the June level. Money market conditions were firmer in July, as indicated chiefly by increases in rates on call and time security loans. Rates on acceptances and on commercial paper were also slightly higher.



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