

MONTHLY REVIEW

OF AGRICULTURAL AND BUSINESS CONDITIONS IN THE NINTH FEDERAL RESERVE DISTRICT

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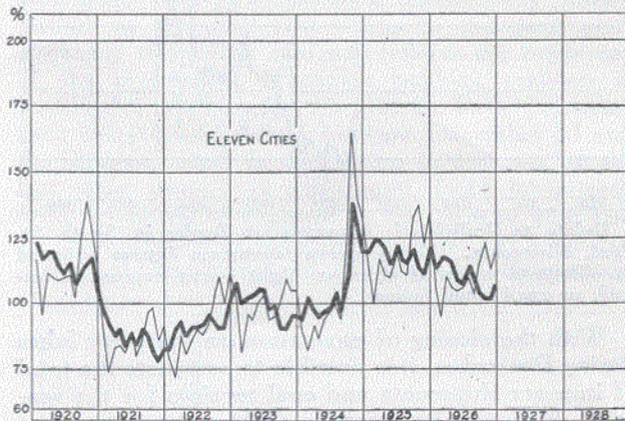
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Minneapolis, Minnesota

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DISTRICT SUMMARY FOR THE MONTH

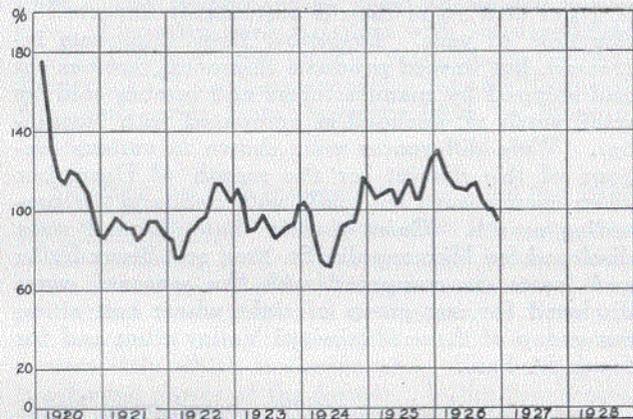
December business in this district was in smaller volume than during the same month of last year. The total money value, as reflected by individual debits at selected banks in seventeen representative cities, totalled 11 per cent less, and the total physical volume, as reflected in carloadings, totalled 4 per cent less than during December, 1925. The decline in the debits represents a continuation of the downward trend which began after October, 1924. The outstanding cause for this decline in total business is revealed in the carloadings figures, there being declines of 21 per cent in the movement of grain and grain products, 17 per cent in coke, 15 per cent in forest products and declines on a smaller scale in livestock and miscellaneous merchandise as compared with December of last year. Flour shipments, linseed products shipments, lumber cut and shipped by manufacturers and sales of lumber by retail yards all registered substantial declines in December as compared with last year.



Debits to Individual Accounts at Banks in Eleven Cities in the Ninth Federal Reserve District. Heavy curve represents figures adjusted to eliminate seasonal changes; light curve represents actual, or unadjusted figures.

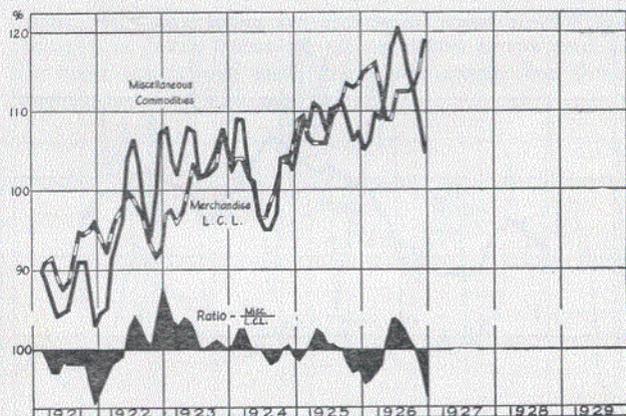
Wholesalers and retailers reported December sales below a year ago. The percentages of decline in wholesale trade ranged from 5 per cent in groceries to 36 per cent in shoes, while department store sales totalled 6 per cent less than in December, 1925. Cumulative totals for the year 1926, as compared with 1925, also declined; the percentages of decline ranged from 5 per cent for hardware and

farm implements to 17 per cent for shoes and dry goods at wholesale; while department store sales totalled 4 per cent less than in the preceding year.



Lumber Sales by Country Retail Yards in the Ninth Federal Reserve District, with Seasonal Changes Eliminated. (Original data was in board feet.)

Forward buying continued to decline in December. Merchandise stocks at the end of December were smaller than a year ago for hardware, shoes and dry goods held by wholesalers, and department stores reported a reduction in inventories of 11 per cent. This condition is also shown in the ratio of

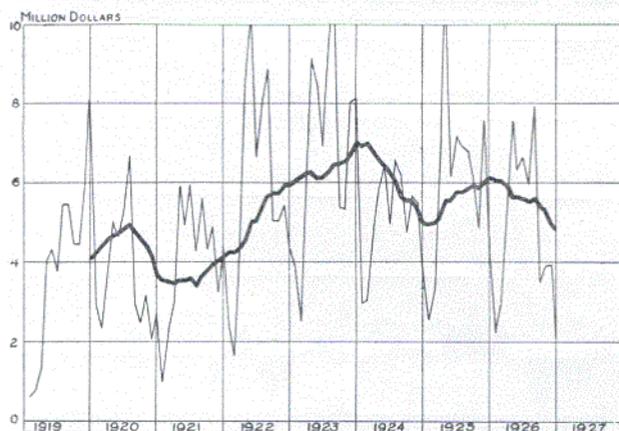


Freight Carloadings of Miscellaneous Commodities in Carload Lots and Merchandise in Less-than-carload Lots in the Northwestern District. The curves in the upper portion of the chart have been adjusted to eliminate seasonal changes. The diagram in the lower part of the chart shows the relationship between the two curves in the upper part of the chart to illustrate the extent of forward buying.

carload to less-than-carload lots of merchandise as reported for the northwestern district. There has been a continuous decline from July to December in the index of carloadings of miscellaneous commodities in carload lots, after adjustment for seasonal tendencies, coincident with an increase in the index of less-than-carload lots of miscellaneous merchandise similarly adjusted. The ratio of carload shipments to less-than-carload lots of merchandise declined in December, 1926 to the lowest point experienced in this district since December, 1921.

The money value of business transacted in this district in December when compared with November, as reflected by the total debits at banks in seventeen representative cities, gained 4 per cent, which is 3 per cent more than is customarily expected at this time of year. December flour shipments increased, but linseed products shipments, lumber cut and shipped by manufacturers and lumber sold by retail yards all declined as compared with November. Wide differences were shown in various sections of this district for the month of December when comparisons are made with debits in the preceding month. Gains greater than seasonal were disclosed for Minneapolis, St. Paul and Sioux Falls; and losses, as compared with the seasonal, were disclosed for our group of eight wheat belt cities, our group of three Mississippi Valley cities and for South St. Paul.

Prospective business activity, based upon building operations, as reflected in the total valuation of building permits granted at eighteen representative cities in this district, was 52 per cent smaller in December than a year ago. All the cities reporting registered declines, except Duluth, Great Falls, Helena, Rochester and Winona. As compared with November, the total valuation for the district declined 22 per cent more than the customary decline at this season.

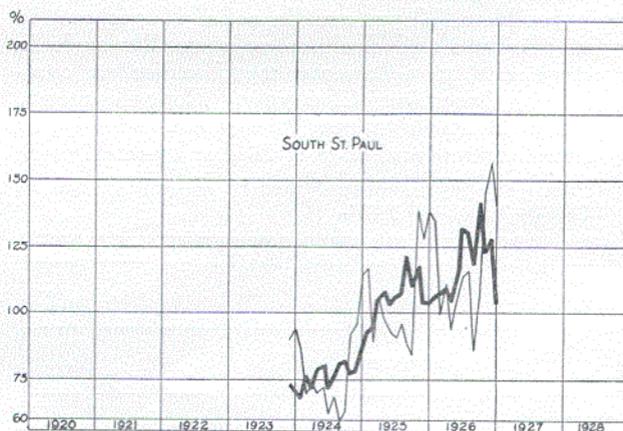


Valuation of Building Permits Issued at 18 Cities in the Ninth Federal Reserve District. Light curve, actual figures, heavy curve, 12 months moving average.

Grain receipts at terminals in this district during December were less than half of the receipts of a

year ago and about three-fifths of the total realized in November. The only grain showing increased terminal receipts, both as compared with last month and a year ago, was corn. The median prices for the grains during December as compared with a year ago exhibited mixed trends, the aggregate percentage gains shown for durum, oats and barley equaling the aggregate percentage declines shown for wheat, corn, rye and flax. As compared with the preceding month, the median prices of all varieties computed in this office advanced during December, the percentage of gain, by using an unweighted average, amounting to 4 per cent. Total terminal stocks of the grains were less in December, both as compared with last month and a year ago.

The situation with reference to livestock, both as to receipts at terminals in this district and as to prices obtained, continued favorable in December. As compared with a year ago, higher median prices were obtained for hogs and receipts of the same were undiminished. As compared with a month ago, median prices were higher for most of the varieties for which quotations are computed in this office.



Debits to Individual Accounts at Banks in South St. Paul, Minnesota. Heavy curve represents figures adjusted to eliminate seasonal changes; light curve represents actual, or unadjusted figures.

With the closing of navigation on the great lakes during December, it is possible to complete the total of iron ore shipments and coal receipts for the season. Iron ore shipments in 1926 were 8 per cent larger than during the preceding year, were larger than in any year since 1923, and were the fourth largest total shown for any year during the last ten years. Coal receipts at Duluth-Superior, which are influenced to some extent by the up-lake ship capacity made available by the down-lake ore movement, also exhibited an increase of 8 per cent in 1926 as compared with the preceding year. The first load of coal was received May 5 and the last load December 12.

Our comparative statistical survey of the annual

totals of business in this district in recent years is presented on another page. The volume in 1926 was less than in 1925, the more important declines being 6 per cent in the individual debits reported by selected banks in seventeen representative cities, 4 per cent in retail sales by department stores and 21 per cent in the total valuation of building permits granted in eighteen representative cities.

TOPICAL REVIEWS

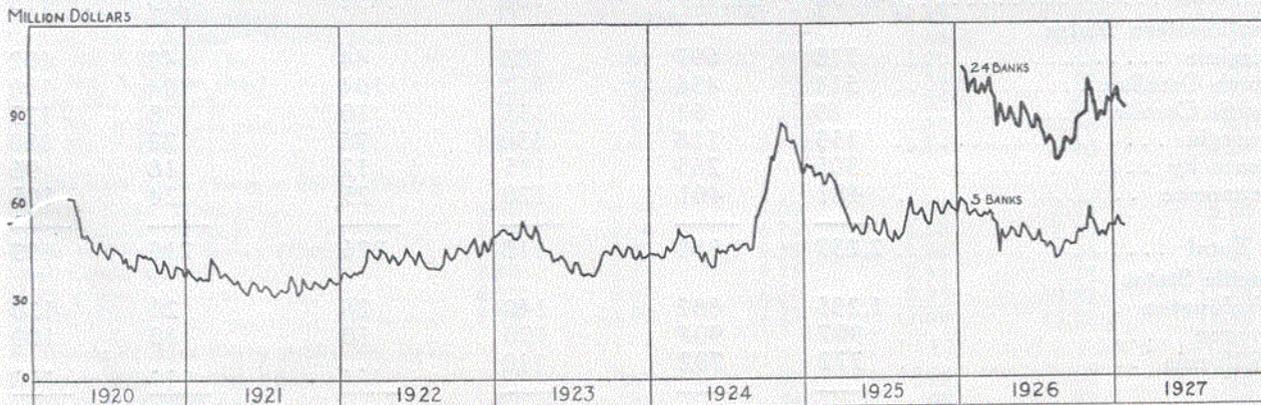
Banking reports during December and the first half of January reflect Christmas trade and year-end financial changes. There was a sharp reduction in net demand deposits of the banks in the larger cities which report weekly to this office, during the week ending December 22, followed by an increase in the week ending December 30. Commercial loans ("all other loans") increased to a peak on December 16 nearly as high as the level in November, and then declined rapidly during the next five weeks. Loans secured by stocks and bonds were reduced in the first half of December and have increased each week since December 16.

Country banks carried smaller balances with correspondent banks in this district during the first half of December than at any time since the first part of October. However, during the week ending December 16, they increased their balances with reporting city banks 6 million dollars, or 7 per cent, and in the week ending January 5, they increased these balances an additional 5 million dollars, which was followed by a decline of 7 million dollars in the next two weeks of the new year. Probably this latter decrease reflects the beginning of the investment of excess banking reserves in bonds, for bankers in this district have increased their investment holdings between December 31 and the first call date in the spring in five out of the last eight years. In 1920 and 1921 investment holdings of banks declined at this time of year and in 1924, following the poor crop of 1923, investment holdings remained unchanged. Borrowings

by country banks from the Federal Reserve Bank showed little change during December, but decreased 1/3 of a million dollars, or 10 per cent, during the first week in January.

Since country bank balances with correspondent banks furnish a very important index of country bank conditions, this office began collecting such data from a larger group of banks a year ago, beginning with January 13, 1926. Since 1920, Minneapolis member banks have reported weekly balances which they carried for country correspondent banks. This reporting service was expanded last year to include the larger banks in St. Paul, Duluth, La Crosse, Fargo, Sioux Falls, Helena and Great Falls. The accompanying chart shows the movement of country bank balances with correspondent banks in Minneapolis, weekly, from March 1920 to January, 1927 and corresponding data for the larger group of banks from January, 1926 to January, 1927.

The farmers' cash income received from the 1926 crop in this district totaled less than from the crop of the preceding year. Farmers' cash income from crops is arrived at by deducting from the total crop production those parts fed to animals, as these are not sources of immediate cash income. It is the cash income only which is significant in determining the purchasing power of the farmer. In the four states, Minnesota, North Dakota, South Dakota and Montana, farmers' cash income from the crop of 1926 was 30 per cent less than that received in the preceding crop; the difference being approximately 122 million dollars. In making this computation, it is assumed that the farmer's family used the same amount of food raised on the farm in each year. To determine the total cash income of the farmer, one should also include figures for cash received from actual sales of livestock, dairy products and poultry products. The table on the next page shows the changes in farm value of all reported crops and of the feed crops and cash crops separately for these four states in 1925 and 1926:



Balances Due to Banks at Representative City Banks in the Ninth Federal Reserve District.

FARM VALUE OF CROPS AT DECEMBER 1, PRICES,
1925-1926
(000's Omitted)

(Source: United States Bureau of Crop Estimates)

ALL REPORTED CROPS

	1925	1926
Minnesota—11 crops	\$328,190	\$288,053
North Dakota—10 crops	259,105	175,438
South Dakota—12 crops	174,230	110,191
Montana—12 crops	101,108	97,797
Four States	\$862,633	\$671,479

FEED CROPS

(Corn, Oats, Barley and Hay)

	1925	1926
Minnesota	\$223,728	\$198,156
North Dakota	68,839	56,174
South Dakota	116,464	86,179
Montana	41,551	40,698
Four States	\$450,582	381,207

1926 FALL PLANTINGS IN SECTIONS OF THE UNITED STATES SHOWING INCREASES

(000's Omitted)

(Source: United States Bureau of Crop Estimates)

	Acreage of Winter Wheat Sown			Acreage of Rye to be harvested		
	1926	1925	% 1926 of 1925	1926	1925	% 1926 of 1925
Northwestern States						
Minnesota	201	201	100	330	367	90
North Dakota .....	...	...	...	1,283	1,222	105
South Dakota	103	94	110	150	88	170
Montana	644	560	115	128	107	120
Total	948	855	111	1,891	1,784	106
Southwestern States						
Missouri	1,619	1,472	110	30	24	125
Nebraska	3,569	3,274	109	304	253	120
Kansas	11,962	11,392	105	41	41	100
Arkansas	36	31	115	1	1	100
Oklahoma	4,558	4,300	106	36	36	100
Texas	2,322	1,858	125	20	20	100
Total	24,066	22,327	108	432	375	115
Southeastern States						
Virginia	718	697	103	44	43	102
North Carolina	511	456	112	104	104	100
South Carolina	69	51	135	10	8	125
Georgia	153	118	130	26	22	120
Kentucky	305	265	115	17	18	96
Tennessee	481	401	120	25	24	105
Total	2,237	1,988	113	226	219	103
Pacific States						
Washington	1,235	882	140	26	20	130
Oregon	907	907	100	10	10	100
California	772	702	110	...	...	...
Total	2,914	2,491	105	3,579	3,513	102
United States	41,807	39,799	117	36	30	120

CASH CROPS

(Including amounts consumed on the farm or used for seed)

Minnesota	\$104,462	\$ 89,897
North Dakota	190,266	119,264
South Dakota	57,766	24,012
Montana	59,557	57,099
Four States	\$412,051	\$290,272

The United States acreage of winter wheat and of rye planted this fall increased respectively 5 per cent and 2 per cent, over the acreage planted a year ago. The northwestern states in the Ninth Federal Reserve District increased their plantings of winter wheat 11 per cent and of rye 6 per cent. Owing to the excessively wet weather during the planting months, the acreage in the northeastern portion of the United States decreased, contrary to expressed planting intentions. The largest increase in acreage planted occurred in the southwestern states, with 1,739,000 more acres of winter wheat and 57,000 more acres of rye. The Pacific states and southeastern states also reported material increases in their acreages of winter grains.

THE YEARS 1922 TO 1926 IN THE NINTH FEDERAL RESERVE DISTRICT

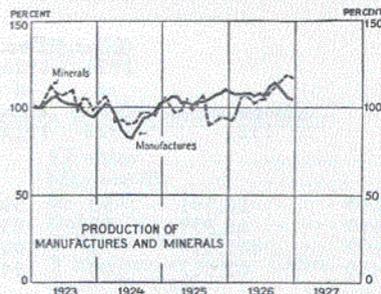
Volume of Business	1922	1923	1924	1925	1926	
Debits to individual accounts —						
11 Cities	\$7,191,094,000	\$7,747,703,000	\$8,458,603,000	\$9,302,263,000	\$8,593,274,000	
Minneapolis	3,608,835,000	3,884,945,000	4,408,011,000	5,069,367,000	4,683,975,000	
St. Paul	1,893,984,000	2,071,659,000	1,973,891,000	2,037,327,000	1,986,866,000	
Duluth-Superior	972,021,000	1,018,226,000	1,362,656,000	1,369,841,000	1,051,855,000	
8 Wheat Belt Cities	577,541,000	615,265,000	599,351,000	685,198,000	704,834,000	
3 Mississippi Valley Cities .....	.....	227,502,000	203,596,000	218,900,000	235,772,000
Sioux Falls	173,806,000	190,285,000	161,485,000	202,072,000	229,076,000	
South St. Paul .....	.....	.....	322,070,000	439,443,000	488,657,000
Freight Carloadings—N. W. Dist.—						
Total	6,537,430	7,418,065	6,878,582	7,271,099	7,410,992	
Grain and Grain Products	703,098	667,495	730,007	646,001	549,952	
Live stock	446,043	509,977	505,231	462,710	480,120	
Coal	407,537	433,184	375,933	381,616	386,508	
Coke	70,309	72,614	58,030	73,897	84,104	
Forest Products	784,538	1,002,117	958,487	979,333	954,515	
Ore	929,932	1,323,034	913,429	1,126,485	1,239,446	
Merchandise L. C. L.	1,425,115	1,516,820	1,512,425	1,637,649	1,692,270	
Miscellaneous	1,770,858	1,892,824	1,825,040	1,963,408	2,023,177	
Retail Sales						
Lumber (514 yards) (bd. Ft.)...	175,993,899	168,153,600	155,926,000	206,960,000	184,001,000	
General Merchandise (22 stores)	\$28,301,016	\$30,210,291	\$30,508,060	\$31,671,790	\$30,456,460	
Securities sold (13 firms).....	\$139,103,400	\$153,131,300	\$234,066,900	\$211,686,100	\$200,758,500	
Wholesale Sales						
Shoes (5 firms).....	\$7,634,977	\$8,141,739	\$6,694,930	\$8,079,510	\$6,720,980	
Hardware (13 firms).....	20,087,367	24,159,770	23,218,040	24,720,930	23,492,030	
Groceries (46 firms).....	54,650,914	59,148,360	59,045,410	62,685,000	58,466,600	
Agricultural Implements (6 firms)	2,986,231	3,019,570	2,909,070	4,120,360	3,841,160	
Manufacturing						
Lumber cut (7 firms) (bd. ft.)..	146,455,392	192,906,800	185,266,000	238,862,000	222,237,000	
Flour Production at Mpls. (bbl.)..	15,642,395	13,488,460	11,679,130	12,059,557	11,793,258	
Mining						
Copper (5 firms) (lbs.).....	284,787,800	358,975,800	374,291,900	420,435,500	432,726,500	
Silver (4 firms) (oz.).....	8,820,456	9,984,571	8,478,942	9,281,412	9,285,693	
Gold (2 firms) (oz.).....	326,995	336,768	331,772	326,712	317,564	
Coal (2 firms) (tons).....	764,130	1,152,100	847,025	683,000	581,470	
Building Permits						
Number (18 cities).....	24,091	25,495	22,006	23,492	20,044	
Valuation (18 cities).....	\$71,185,618	\$84,626,543	\$59,970,900	\$73,260,800	\$57,859,800	
Stocks of Goods on December 31						
Lumber Mfrs. (7 firms) (bd. ft.)..	94,698,548	95,084,500	108,904,000	140,377,000	138,091,000	
Lbr. Retailers (468 yds.) (bd. ft.)	101,925,160	98,161,800	96,516,000	100,273,000	91,298,000	
Retail Stores (19 firms).....	.....	\$6,571,300	\$6,709,230	\$6,613,610	\$5,874,380
Prices						
Median Cash Grain Prices at Mpls.						
Wheat, No. 1 D.N.S. (bu.).....	Dec. 1921 \$1.33	Dec. 1922 \$1.30 ¹ / ₈	Dec. 1923 \$1.19 ¹ / ₄	Dec. 1924 \$1.69	Dec. 1925 \$1.74 ⁵ / ₈	Dec. 1926 \$1.48 ⁵ / ₈
Durum, No. 2 Amber (Duluth) (bu.)	1.09 ¹ / ₈	1.66 ¹ / ₂	1.53	1.78
Corn, No. 3 Yellow (bu.).....	.40	.66	.64 ³ / ₄	1.20	.80	.76
Oats, No. 3 White (bu.).....	.30 ¹ / ₄	.40	.39 ³ / ₄	.54 ⁵ / ₈	.38 ¹ / ₂	.45 ¹ / ₂
Barley, No. 3 (bu.).....	.45	.59	.57	.85 ¹ / ₂	.63 ¹ / ₂	.66
Rye, No. 2 (bu.).....	.78 ¹ / ₂	.83 ¹ / ₂	.65 ¹ / ₄	1.30	.98	.94 ¹ / ₄
Flax, No. 1 (bu.).....	1.89 ¹ / ₂	2.62	2.46 ¹ / ₂	2.84	2.60	2.23
Median Live stock Prices at So. St. Paul—						
Butcher Cows (Cwt.).....	4.00	4.50	5.00	4.50	5.75	6.00
Butcher Steers (Cwt.).....	5.25	6.50	6.75	6.50	8.00	7.50
Stock and Feeder Steers (Cwt.)...	4.75	5.25	5.25	5.00	6.75	6.25
Veal Calves (Cwt.).....	7.00	7.75	7.75	7.75	9.75	10.00
Hogs (Cwt.).....	6.50	8.00	6.50	8.85	10.85	11.35
Lambs (Cwt.).....	9.50	14.00	12.25	15.00	15.50	12.50
Wholesale Produce Prices at Minneapolis—						
Butter, creamery extras (lb.).....	.37	.49	.52	.42	.46	.50
Eggs, city candled (doz.).....	.38	.38	.34	.48	.37	.40
Hens, over 4 lbs. (lb.).....	.21	.18	.18	.20	.26	.21
Potatoes, (Cwt.).....	2.25	1.10	1.00	1.10	4.25	2.60

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

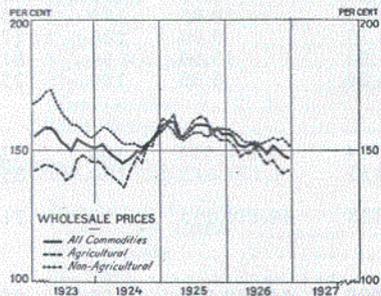
Debits to Individual Accounts—	Unit	December 1926	November 1926	December 1925	%Dec.	%Dec.
					1926	1925
17 cities		\$848,114,000	\$817,920,000	\$948,144,000	104	89
Minneapolis		424,264,000	397,575,000	482,306,000	107	88
St. Paul		189,498,000	161,100,000	191,299,000	118	99
Duluth-Superior		84,068,000	99,932,000	121,434,000	84	69
8 Wheat Belt Cities.....		61,395,000	65,379,000	66,916,000	94	92
3 Mississippi Valley Cities.....		20,273,000	20,413,000	19,238,000	99	105
South St. Paul.....		47,822,000	54,612,000	47,993,000	88	100
Sioux Falls		20,794,000	18,909,000	18,958,000	110	110
Carloadings—Northwestern District—						
Total	Cars	462,196	582,922	480,205	79	96
Grains and Grain Products.....	Cars	43,143	45,410	54,742	95	79
Livestock	Cars	44,181	45,077	48,159	98	92
Coal	Cars	48,964	51,475	39,827	95	123
Coke	Cars	6,428	6,818	7,716	94	83
Forest Products	Cars	58,555	72,632	68,609	81	85
Ore	Cars	3,264	62,084	2,856	5	114
Merchandise—L. C. L	Cars	135,493	140,263	130,174	97	104
Miscellaneous	Cars	122,168	159,163	128,122	77	95
Building Permits—						
Number—18 Cities		512	1,175	840	44	61
Value—18 Cities		\$ 1,950,700	\$ 3,939,100	\$ 4,039,500	50	48
Minneapolis		510,900	1,437,200	1,253,000	36	41
St. Paul		417,200	1,523,700	1,086,300	27	38
Duluth-Superior		814,200	358,200	1,398,300	227	58
4 Wheat Belt Cities.....		67,900	237,000	59,200	29	115
6 Mixed Farming Cities.....		130,100	361,300	199,100	36	65
4 Mining Cities.....		10,400	21,700	43,600	48	24
Building Contracts Awarded—						
Total		3,428,400	5,281,300	5,206,300	65	66
Residential		1,327,200	3,628,000	2,784,600	37	48
Commercial and Industrial.....		286,700	571,000	746,500	50	38
Public Works and Utilities.....		964,500	208,200	346,700	463	278
Educational		709,000	495,600	317,000	143	224
All other		141,000	378,500	1,011,500	37	14
Grain Receipts at Minneapolis and Duluth-Superior—						
Wheat	Bu.	8,420,029	15,647,158	19,845,734	54	42
Corn	Bu.	1,032,708	455,720	876,847	227	118
Oats	Bu.	1,774,934	1,593,828	5,786,087	111	31
Barley	Bu.	1,117,740	2,130,436	2,658,851	52	42
Rye	Bu.	909,183	1,633,384	1,749,078	56	52
Flax	Bu.	1,024,813	3,092,979	1,426,224	33	72
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—						
Wheat	Bu.	17,635,388	19,383,214	16,691,733	91	106
Corn	Bu.	529,510	647,408	114,381	82	463
Oats	Bu.	24,033,368	26,680,056	29,094,892	90	83
Barley	Bu.	3,323,725	3,892,629	4,845,212	85	69
Rye	Bu.	8,924,886	8,570,797	7,770,582	104	115
Flax	Bu.	2,693,550	3,181,670	2,390,659	85	113
Median Cash Grain Prices—						
Wheat—No. 1 Dark Northern.....	Bu.	\$1.48 ⁵ / ₈	\$1.48 ³ / ₈	\$1.74 ⁵ / ₈	100	85
Durum—No. 2 Amber.....	Bu.	1.78	1.64	1.53	109	116
Corn—No. 3 Yellow.....	Bu.	.76	.73	.80	104	95
Oats—No. 3 White.....	Bu.	.45 ¹ / ₂	.41 ⁵ / ₈	.38 ¹ / ₂	109	118
Barley—No. 3	Bu.	.66	.62	.63 ¹ / ₂	106	104
Rye—No. 2	Bu.	.94 ¹ / ₄	.93 ¹ / ₂	.98	101	96
Flax—No. 1	Bu.	2.23	2.22	2.60	100	86

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

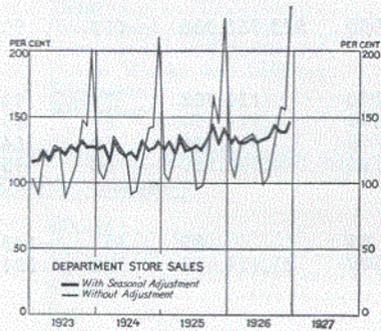
Unit	December 1926	November 1926	December 1925	%Dec. 1926 of Nov. 1926	%Dec. 1926 of Dec. 1925
Livestock Receipts at South St. Paul—					
Cattle	79,937	154,648	88,341	52	90
Calves	57,258	65,619	60,309	87	95
Hogs	482,214	486,099	482,034	99	100
Sheep	90,730	150,450	62,917	60	144
Median Livestock Prices at South St. Paul—					
Butcher Cows	\$6.00	\$5.25	\$5.75	114	104
Butcher Steers	7.50	7.25	8.00	103	94
Prime Butcher Steers	9.10	10.00	9.50	91	96
Stocker & Feeder Steers	6.25	6.00	6.75	104	93
Veal Calves	10.00	9.50	9.75	105	103
Hogs	11.35	11.25	10.85	101	105
Heavy Hogs	10.50	9.75	9.00	108	117
Lambs	12.50	13.00	15.50	96	81
Ewes	6.00	6.00	8.00	100	75
Flour—					
Production—Twin Cities & Duluth-Superior	1,072,996	1,072,714	1,170,630	100	92
Shipments from Minneapolis	995,120	960,835	1,174,643	104	85
Linseed Products Shipments from Minneapolis. Lbs.	31,337,006	32,533,338	44,410,895	96	71
Retail Sales—					
22 Department Stores	\$3,911,850	\$2,604,000	\$4,140,130	150	94
514 Lumber Yards	6,105,000	14,697,000	9,870,000	42	62
Retail Merchandise Stocks—					
19 Department Stores	\$5,874,380	\$7,255,600	\$6,613,610	81	89
468 Lumber Yards	91,298,000	88,276,000	100,273,000	103	91
Life Insurance Sales (4 States)	\$26,888,000	\$22,898,000	\$28,768,000	117	93
Wholesale Trade—					
Farm Implements—5 firms	112,840	155,290	120,780	73	93
Hardware—13 firms	1,656,790	1,967,370	1,941,390	84	85
Shoes—5 firms	330,460	552,760	513,940	60	64
Groceries—46 firms	4,347,100	4,945,780	4,592,330	88	95
Business Failures—					
Number	127	83	89	153	143
Liabilities	\$1,430,050	\$721,000	\$1,414,078	198	101
Securities Sold—					
To Banks	2,289,700	2,425,900	3,455,000	94	66
To Insurance Companies	1,971,800	2,056,100	1,693,800	96	116
To General Public	5,580,500	4,164,900	5,403,600	134	103
Ninth Federal Reserve District Member Banks—					
Net Demand Deposits	424,095,000	440,625,000	466,046,000	96	91
Time Deposits	433,924,000	432,860,000	434,857,000	100	100
24 City Member Banks—					
	Jan. 19 1927	Dec. 15 1926	Jan. 20 1926	%Jan. of Dec. 1926	%Jan. of Jan. 1927
Loans	\$242,776,000	\$250,441,000	\$251,628,000	97	96
Securities	112,508,000	110,702,000	114,044,000	102	99
Net Demand Deposits Subject to Reserve ..	211,180,000	220,657,000	231,647,000	96	91
Time Deposits	126,350,000	126,473,000	113,093,000	100	112
Borrowings at Federal Reserve Bank	1,175,000	700,000	1,800,000	168	65
Minneapolis Federal Reserve Bank—					
Loans to Member Banks	4,088,701	3,996,704	4,411,246	102	93
Federal Reserve Notes in Circulation	65,526,865	67,887,765	66,283,395	97	99



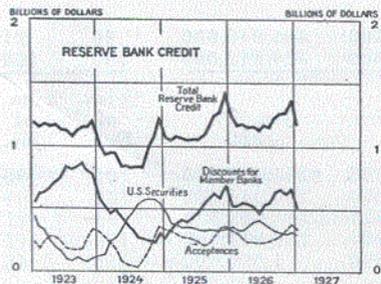
Index numbers of Production of Manufactures and Minerals, adjusted for seasonal variations (1923-25=100). Latest figures, December, Manufactures 104, Minerals 117.



Indexes of United States Bureau of Labor Statistics, (1913=100). Latest figures, December, All Commodities 147.2, Non-Agricultural Commodities 151.5, Agricultural Commodities 142.2.



Index of Sales of 859 Stores (1919=100). Latest figures, December, adjusted index 146, unadjusted index 223.



Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 23 days in January.

Summary of National Business Conditions (Compiled January 25 by Federal Reserve Board)

The volume of output of industry decreased further in December to the lowest level in more than a year, and wholesale prices continued to decline. Easier conditions in the money market in January reflected the usual seasonal liquidation after the turn of the year.

PRODUCTION: In December, for the third consecutive month, there was a decrease in industrial production, and the Board's new index, with adjustment for seasonal variations, was 105 on the basis of the average for 1923, 1924 and 1925 as 100. This compared with 113 in September, the high point of the year, and with 108 a year ago. The decline since the recent high point has been entirely in the manufacturing industries, as the output of minerals was at a record high level in November and showed only a slight decline in December. By far the greatest recession of recent months has been in the automobile industry, output of passenger cars and trucks in the United States decreasing from 425,000 in August to 165,000 in December. A reduction in the manufacture of automobiles is usual at the end of the year, when plants close for inventory taking and repairs, but in December, 1926, the decline was considerably larger than usual. Production of iron and steel has also been sharply reduced since the middle of August and activity in the woolen and worsted and silk industries has been somewhat curtailed. Production of lumber, cement and other building material has reflected the usual winter decrease in demand. Cotton consumption, on the otherhand, was larger than in any previous December. Factory employment and payrolls declined further in December, reflecting decreases in nearly all industries, except cotton goods, clothing, foundries, machine shops and printing and publishing.

The value of building contracts awarded in December, as in November, was larger than in the corresponding period a year earlier, but for the first three weeks of January, contracts were in smaller volume than during the same weeks in 1926.

TRADE: Retail sales during the holiday trade in December exceeded all previous records. Sales of department stores were approximately 4 per cent larger than in December of last year, and sales of mail order houses, while slightly smaller than in 1925, were larger than in the corresponding month of any other year. Sales at wholesale, on the other hand, declined in December and were smaller than a year ago in practically all leading lines, except shoes. Merchandise stocks carried by department stores were reduced slightly more than usual in December and were somewhat smaller at the end of the month than in 1925, and wholesale stocks were also slightly smaller than a year ago.

PRICES: Wholesale prices declined further in December and the Bureau of Labor Statistics index at 147 for that month was at the lowest level since the middle of 1924. Prices of agricultural products, which declined considerably in October and November, increased slightly in December, owing to advances in prices of grains and cattle. In January iron and steel prices were slightly reduced, and there were further declines in bituminous coal and non-ferrous metals, while prices of cotton goods and coke advanced.

BANK CREDIT: At the Reserve banks during the four weeks following the peak of the seasonal currency demand, there was a return flow of Federal reserve notes and other cash from circulation, amounting in the aggregate about \$400,000,000. This return flow of currency was in about the same volume as a year ago and together with substantial gold imports, was reflected in a reduction of the volume of Reserve bank credit in use to a level on January 19 lower than at any time since the summer of 1925.

Loans and investments of member banks in leading cities, after increasing to a record level at the end of the year, declined sharply in January. Commercial loans which had reached their seasonal peak in November were in the middle of January about \$200,000,000 below the maximum figure but still more than \$300,000,000 above the level of a year ago. Loans on securities of the reporting banks also declined after the turn of the year, following a large increase in December and were slightly smaller than in January of last year.

Easier money conditions prevailed in the money market in January and rates on prime commercial paper declined from $4\frac{1}{2}$ to $4\frac{1}{4}$ per cent, and those on bankers acceptances from $3\frac{7}{8}$ to a range of $3\frac{5}{8}$ - $3\frac{3}{4}$ per cent.