

MONTHLY REVIEW

OF AGRICULTURAL AND BUSINESS CONDITIONS IN THE NINTH FEDERAL RESERVE DISTRICT

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DISTRICT SUMMARY OF BUSINESS

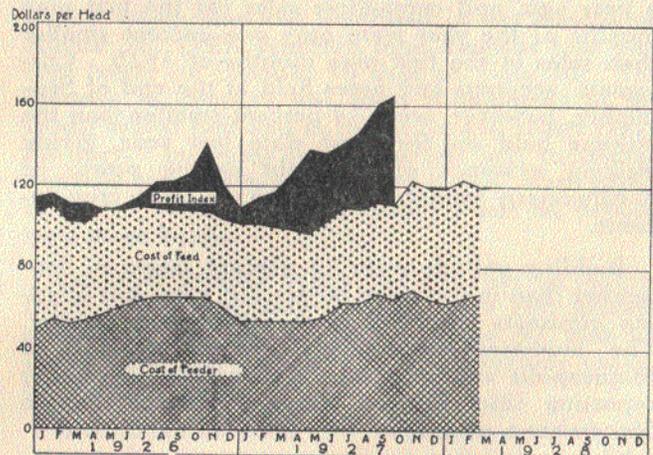
The 1927 crop is moving to market with extraordinary rapidity. This year's wheat crop in Minnesota, North Dakota, South Dakota and Montana amounts to 265,000,000 bushels, which is the largest production since 1915. The transportation system has performed the remarkable feat of carrying 40 percent of this crop to market in August, September and the first 18 days of October. Prior to this year, the marketing movement in 1925 was considered to be exceptionally early when less than 35 percent of the crop moved to market in the corresponding portion of the crop year. We estimate that if duplications are eliminated from the records of market receipts, 107,000,000 bushels of wheat from this district reached the markets in August, September and the first 18 days of October, as compared with 72,000,000 bushels in the same portion of the 1925 marketing season. The early season wheat marketings for the last four years are compared to the total crops in these years in the table below:

	Wheat Crop (Million Bushels)	Marketings Aug. 1-Oct. 18	Percent of the Crop Marketed
1924 ..	258.3	72.0	27.9
1925 ..	209.5	72.5	34.6
1926 ..	160.6	47.1	29.3
1927 ..	265.2	107.1	40.4

The cash value of wheat, rye, flax and potatoes marketed during September, 1927 by farmers in this district was \$95,000,000. This amount was four times as large as the value of the marketings in August, nearly twice as large as the value of marketings in September, 1926, and constituted a new high record for the month of September, according to our estimates which extend back through 1923. In spite of the large income from crop marketings in September, it is probable that the total income this year from the cash crops will be less than \$380,000,000 at terminal market prices, as compared with \$257,000,000 from the 1926 crops, \$365,000,000 from the 1925 crops and \$444,000,000 from the 1924 crops. Price reductions, which have more than offset increases in the crop estimates, are responsible for the reduction in our estimate of the crop value from the estimate made in August. The early movement of the 1927 crop has provided

northwestern farmers with considerable buying power or debt paying power in the forepart of the season, which would ordinarily be received later in the crop year.

Other farm income during September did not compare favorably with farm income in September a year ago. Although it is probable that the value of dairy products was slightly larger than a year ago, the small marketings of livestock, together with lower prices for hogs and lambs make it appear certain that income from livestock marketings was smaller in September, 1927 than in the corresponding month last year. Hog prices were \$2.25 per hundredweight higher in September than in August, but were lower than a year ago.



Steer Feeding Costs and Profits in the Northwest.

Profits from feeding steers during the summer months were exceptionally large this year. Prime butcher steers sold during September at the highest price since 1920. A steer bought for \$65 last April and fed \$46 worth of feed would have sold for \$165 in September. Two factors should be borne in mind by those farmers planning to carry on feeding operations this winter. In the first place, feeder steers cost more than in any fall since 1920 and the price of feed is higher than a year ago. In the second place, the current high price for prime fat steers is partly due to the seasonal scarcity of this grade of beef animal, which normally raises the prices to their highest point in the fall of the year.

In the past two years for which records have been maintained in this office, the price of prime butcher steers has declined during the winter months.

The effects of the record volume of crop marketings during September were shown in debits to individual accounts at representative cities, which were 22 percent larger than in September last year and reached a new high total for the month of September. Aberdeen, Billings, Fargo, Jamestown, Minneapolis, Minot and Winona all reported larger September debits to individual accounts than in any previous September, and the volume at Duluth was only slightly under the previous record for the month.

Debits to individual accounts during the three weeks ending October 19 were 31 percent larger than in the same three weeks last year. Twelve cities out of 17 reported increases.

Collection conditions in the rural portion of the district have improved greatly since the crop began to move. Retail lumber yards, well scattered throughout the district, furnish our principal index of retail trade outside of the larger cities. These 500 yards sold three percent less merchandise from January to July, inclusive, than in the corresponding period last year, and the volume of customers' accounts and notes held by these lumber yards was four percent smaller than a year ago. During August and September more merchandise was sold than a year ago, and cumulative sales for the first nine months of the year were only one percent smaller than sales in the first nine months of 1926. Customers' accounts and notes held at the end of September, however, were 14 percent smaller than the volume held on the same date last year, giving striking evidence of the debt paying power of northwestern farmers as a result of large crop income.

Building permits were 15 percent larger in September than in the same month last year, but building contracts awarded were 40 percent smaller. The increases in permits occurred outside of Minneapolis and St. Paul. Ten of the 16 smaller reporting cities showed larger valuations than in September a year ago.

September shipments of flour and linseed products from Minneapolis, freight carloadings of ore, forest products, coal and coke in the northwestern district, and department store sales were all smaller than in the corresponding month last year. Carloadings of merchandise and miscellaneous commodities were one percent larger than a year ago, and wholesale trade increased in most lines.

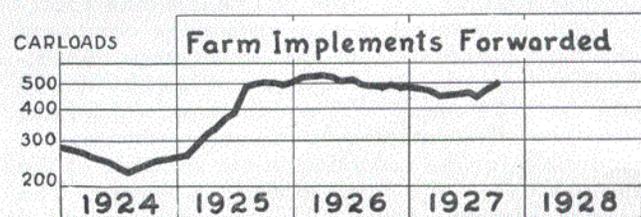
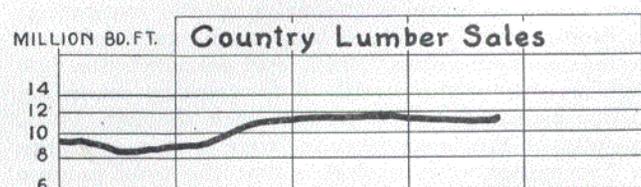
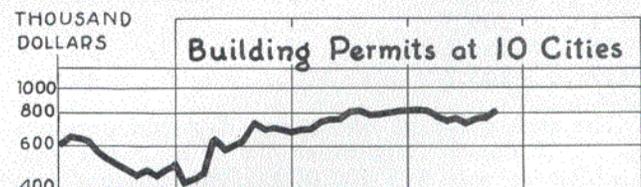
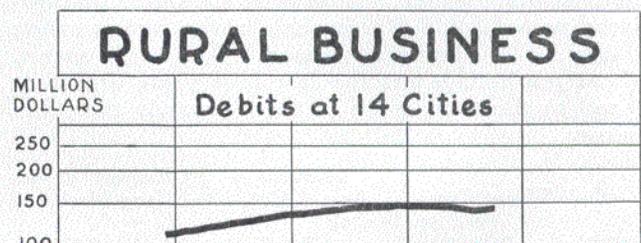
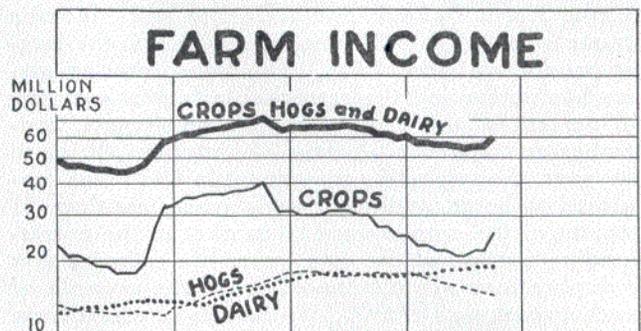
Official crop forecasts for corn reflected the favorable September weather in this district with an increase of 15 percent, or 32,000,000 bushels, over September 1 forecasts for our heavy corn producing states, Minnesota and South Dakota. The increase for the whole United States was only six percent, or 147,000,000 bushels. If the October 1 corn forecasts are realized, the South Dakota 1927 crop will

be larger than the Minnesota crop for the first time since 1917.

THE TREND OF RURAL BUSINESS 1924-1927

The volume of business in the rural sections of this district was small during the greater part of 1924. In 1925, a pronounced expansion occurred which continued into the first part of 1926. From midsummer in 1926 until midsummer in 1927 business was either stationary or declining. There has been a moderate increase in the volume of business during August and September, 1927. These changes in business volume are shown graphically in the accompanying chart.

Business in the farming communities of the district is vitally dependent upon farm income. This office has computed estimates of monthly farm income



from grains and potatoes, dairy products and hogs over the past five years. These commodities furnish more than 75 percent of farm buying power in this district. The chart mentioned above includes curves showing changes in these three items. It will be seen that the income from grains and potatoes has been responsible for most of the changes in the farmers' purchasing power in recent years. From a low level in 1923 and 1924, this portion of farm income advanced rapidly to a high point in 1925, which was accentuated by the early marketing of the 1925 crop. Since that time there has been a steady reduction in farm income from this source until the 1927 crop began to move.

The income from dairy products has advanced steadily throughout the years surveyed, with the exception of short periods in 1925 and 1926, when the movement was sidewise.

The income from hogs advanced to a high level in 1926, and has since declined.

The influence of farm income on business is evidenced in the four curves illustrating country business conditions, which are shown in the lower half of the chart. Debits to individual accounts at 14 cities in this district, excluding the larger centers, advanced throughout 1925 and the first half of 1926, as a result of the stimulus of two good crops, and increased income from hogs and dairy products. The smaller income from these sources in 1926 caused a moderate recession in this index of business conditions.

Cars of farm implements forwarded from Minneapolis and St. Paul began to increase in 1925 and continued to increase rapidly until March, 1926. At that time a gradual decline started which continued until July, 1927. In the last two months the increase in this curve has been pronounced.

Building activity, as evidenced by building permits at ten of the smaller cities in the district and by country lumber sales, began to advance with the opening of mild weather in the spring of 1925, and has shown almost no recession as a result of the reduction in farm income since the fall of 1926.

Twelve-month moving averages of all of the series shown in the chart were used to eliminate the seasonal changes which are very pronounced and would have hidden the cyclical movements that it was planned to portray. Each average figure was plotted at the twelfth month so that a change in the direction of the curve shows the change in volume in the final month, as compared with the volume in the same month a year ago. The curves are plotted on a semi-logarithmic scale, which makes direct comparison possible between the curves, although the units of measurement are not all the same.

DISTRICT SUMMARY OF BANKING

Country banks have reduced their borrowings from the Federal reserve bank to the lowest level

since 1920. These banks were borrowing only two million dollars on October 19, as compared with five million dollars on August 24, and a previous low level of 2 1/3 million dollars in the spring of 1926.

Deposits at country banks have been rising since midyear. The increase has been more pronounced than in any previous year since 1924, although the amount of the increase cannot be ascertained exactly until the complete banking returns from the autumn call reports are received. Three indexes which indicate the extent of the rise in deposits are as follows:

1. Net demand deposits of member banks in cities with less than 15,000 population increased 15 million dollars between August 24 and September 28. This is the largest increase during September in our record, which extends back over a five year period. Time deposits at these banks remained stationary according to custom, and total deposits increased three percent.

2. Reserve accounts carried by country banks with this Federal reserve bank have increased 10 percent between August 31 and October 19, and on the latter date were at the highest level since November 3, 1926. These reserve accounts bear a close relation to the amount of total deposits and constitute an excellent indication of changes in that item.

3. The representative group of 117 member banks, which was first described in our Review of August 29, 1927, reported total deposits four percent larger on October 10 than on June 30. The increase in deposits was most pronounced in the spring wheat belt and in the cattle and sheep range territory. Increases in commercial and individual deposits and in deposits "due to banks" were partly offset by decreases in public funds left on deposit with these banks.

Loans of country banks, as indicated by reports from 117 representative banks, were two percent smaller on October 10 than on June 30, with all portions of the district reporting decreases except the ranges.

Investment holdings at these representative banks increased two percent and cash and balances "due from banks" increased 20 percent. This evidence corroborates the evidence of rising deposits "due to banks" in the larger cities, which has been a feature of banking news for several weeks. The increase in deposits "due to banks" at the 24 selected member banks in the larger cities, which began on August 31, continued at a very rapid rate until October 5, reaching a high level of nearly 113 million dollars, which has not been exceeded since the spring of 1925. In the week ending October 12, there was a decrease of four million dollars in these balances, and the week ending October 19 showed a continuation of the lower levels.

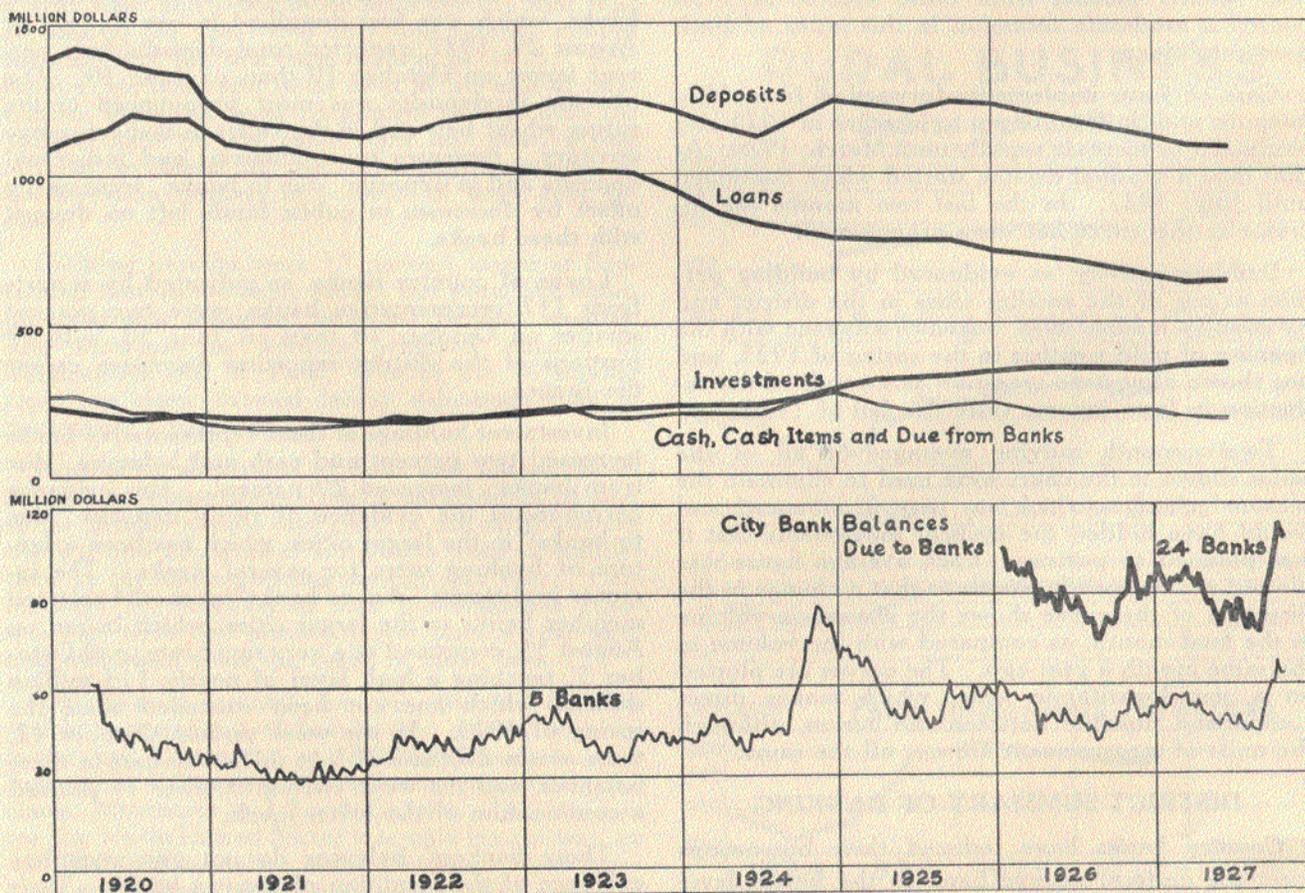
These bankers' balances do not give complete evidence of the condition of country banks. Their

function at this time of year, as indexes of banking conditions, is merely to indicate the amount of funds released for investment by the sale of crops. The conclusion should not be drawn from the curve of bankers' balances that country banks are in no better condition this fall than in the fall of 1924, although the level of bankers' balances is no higher. As a matter of fact, loans of country banks on June 30, 1927 were approximately 200 million dollars smaller than loans on June 30, 1924, and investment holdings on June 30, 1927 were 130 million dollars larger than investment holdings on June 30, 1924.

The reason for the failure of the general level of balances "due to banks" to increase with the increased ease of banking conditions is simply that these balances are either non-interest bearing or productive of very low yields. Therefore, banks maintain the smallest balances with other banks consistent with proper bank management. Certain minimum bank balances are required by law and other balances are required to provide funds against which to sell drafts. A third component of these balances is uncollected items which are counted as bankers' balances as soon as the checks are placed in the mail.

As soon as funds from the sale of crops begin to cause an increase in deposits and a decrease in loans, country bank balances with their city correspondents begin to rise and the country bank officials commence an investment program which extends throughout the winter and reduces the amount of bankers' balances to the minimum level required for proper bank administration. The twofold chart which appears below shows the course of bankers' balances weekly from 1920 to 1927 and the course of country bank deposits, loans, investments, cash and balances "due from banks" during the same period. Every year the changes in these items have been similar, although of varying amount. In 1924, from June to December there was a rapid increase in deposits and a moderate decrease in loans, which resulted in a large increase in cash and "due from banks" between June and December. Investment holdings of these banks began to increase early in the fall and increased until the spring of 1925. Similar movements in these curves, although of smaller magnitude, have occurred in the other years shown on the chart and from all the available evidence the same tendencies are appearing during the current year.

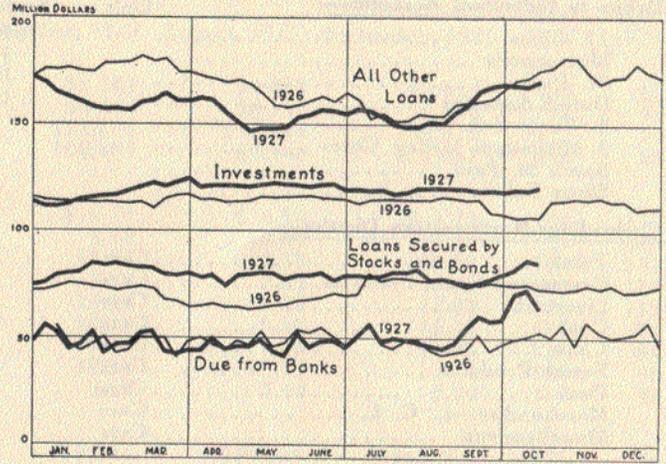
COUNTRY BANK CONDITIONS, 1920-1927



Strong evidence that investment holdings of country banks are being expanded is found in the security sales of representative investment dealers in Minneapolis and St. Paul. Sales of securities by these firms to northwestern banks have increased during the last three months, and in September were 88 percent larger than sales during September last year.

City member banks, which are included in our weekly reporting group, experienced an increase of 43 million dollars, or 10 percent, in their total deposits between June 30, 1927 and October 10, 1927. Of this increase, 29 million dollars was in deposits "due to banks" and 29 million dollars was in commercial and individual deposits. Public funds deposited with these banks decreased 14 millions. Commercial loans of these banks (the "all other" classification) have shown a seasonal increase from August to October of 29 million dollars. Loans secured by stocks and bonds decreased during August, but have increased since that time, and on October 19 were five million dollars larger than on June 27. Investment holdings remained practically unchanged throughout the autumn. Deposits "due

from banks" increased 27 million dollars during the first eight weeks of the crop moving period, but in the latest reported week decreased nine million dollars.



Principal Assets of Twenty-four City Member Banks, Weekly 1926-1927.

OCTOBER 1, 1927 PRODUCTION FORECASTS AND PRELIMINARY ESTIMATES OF YIELD AND PRODUCTION BY STATES WITH COMPARISONS

UNITED STATES DEPARTMENT OF AGRICULTURE

(Yields in bushels per acre, except tame hay, which is in tons. Production in thousands, i.e., 000's omitted.)

	CORN			FLAX			POTATOES		
	Forecast 10-1-27	Forecast 9-1-27	Production 1926	Forecast 10-1-27	Forecast 9-1-27	Production 1926	Forecast 10-1-27	Forecast 9-1-27	Production 1926
Minn. . . .	121,211	97,377	147,662	7,179	7,153	7,652	33,153	32,361	29,800
Mont. . . .	6,228	6,113	3,949	1,987	1,792	804	5,446	5,336	2,975
No. Dak. . .	22,469	21,506	18,162	9,351	9,693	6,736	11,696	10,716	7,520
So. Dak. . .	127,082	118,981	79,794	5,110	4,714	2,755	5,806	5,214	3,300
4 States . .	276,990	243,977	249,567	23,627	23,352	17,947	56,101	53,627	43,595
U. S. . . .	2,603,437	2,456,561	2,645,031	24,270	23,935	18,592	394,757	399,798	356,123

	SPRING BREAD WHEAT				DURUM WHEAT				ALL SPRING WHEAT			
	1927		1926		1927		1926		1927		1926	
	Preliminary Estimate	Yield	Production	Yield	Preliminary Estimate	Yield	Production	Yield	Preliminary Estimate	Yield	Production	Yield
Minn. . .	13,650	10.5	21,312	12.3	4,330	13.2	3,276	14.0	17,980	11.0	24,588	12.5
Mont. . .	64,236	20.2	37,877	12.3	1,476	20.5	516	8.6	65,712	20.2	38,393	12.2
No. Dak. .	66,257	11.8	41,086	7.0	59,108	14.0	36,138	9.5	125,365	13.8	77,224	8.0
So. Dak. .	22,624	14.0	5,419	5.0	15,296	16.0	4,896	6.4	37,920	14.7	10,315	5.6
4 States	166,767	14.2	105,694	9.0	80,210	14.4	44,826	9.2	246,977	14.3	150,520	9.1
U. S. . . .	233,561	15.9	160,550	10.9					313,771	15.4	205,376	10.5

	OATS				BARLEY				TAME HAY			
	1927		1926		1927		1926		1927		1926	
	Preliminary Estimate	Yield	Production	Yield	Preliminary Estimate	Yield	Production	Yield	Preliminary Estimate	Yield	Production	Yield
Minn. . .	116,607	26.8	129,162	28.5	42,750	30.0	32,675	25.0	4,164	2.0	2,741	1.31
Mont. . .	21,567	39.5	16,510	26.0	5,940	33.0	3,600	24.0	2,478	2.0	1,968	1.59
No. Dak. .	45,688	21.5	34,408	17.0	43,172	25.5	21,050	14.3	1,751	1.7	1,365	1.03
So. Dak. .	75,565	29.3	23,213	11.7	29,160	30.0	7,858	10.1	2,457	2.1	1,364	1.00
4 States	259,427	27.0	203,293	22.2	121,022	28.3	65,183	17.6	10,850	2.0	7,438	1.24
U. S. . . .	1,205,639	28.1	1,253,739	28.2	264,703	28.0	188,340	23.3	103,773	1.7	86,184	1.47

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

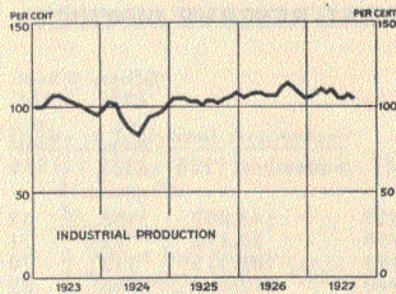
	Unit	September, 1927	August, 1927	September, 1926	%Sept. 1927 of Aug. 1927	%Sept. 1927 of Sept. 1926
Debits to Individual Accounts—						
17 Cities		\$998,156,000	\$744,943,000	\$816,717,000	134	122
Minneapolis		532,511,000	390,353,000	420,792,000	136	127
St. Paul		164,843,000	155,033,000	152,327,000	106	108
Duluth-Superior		159,189,000	75,112,000	106,141,000	212	150
8 Wheat Belt Cities		69,641,000	58,054,000	61,367,000	120	113
3 Mississippi Valley Cities		22,212,000	19,574,000	20,703,000	113	107
South St. Paul		30,988,000	27,659,000	37,321,000	112	83
Sioux Falls		18,772,000	19,158,000	18,066,000	98	104
Carloadings-Northwestern District—						
Total	Cars	743,471	745,572	770,529	100	96
Grains and Grain Products	Cars	109,649	69,039	60,483	159	181
Livestock	Cars	34,505	31,941	45,948	108	75
Coal	Cars	35,298	29,035	37,291	122	95
Coke	Cars	5,454	5,741	7,114	95	77
Forest Products	Cars	68,410	72,025	72,851	95	94
Ore	Cars	150,624	177,978	209,671	85	72
Merchandise—L. C. L.	Cars	148,336	156,204	145,204	95	102
Miscellaneous	Cars	191,195	203,609	191,967	94	100
Building Permits—						
Number—18 Cities		1,698	1,883	1,829	90	93
Value—18 Cities	\$	3,992,800	\$ 6,411,200	\$ 3,460,200	62	115
Minneapolis		1,405,300	3,791,600	1,579,100	37	89
St. Paul		822,200	981,400	960,100	84	86
Duluth-Superior		358,900	377,200	186,300	95	193
4 Wheat Belt Cities		854,600	657,000	242,800	130	352
6 Mixed Farming Cities		480,700	524,000	425,800	92	113
4 Mining Cities		71,100	80,000	66,100	89	108
Building Contracts Awarded—						
Total		5,472,100	9,836,700	9,119,300	56	60
Residential		2,310,600	2,942,000	2,661,200	79	87
Commercial and Industrial		1,193,400	1,232,700	1,894,600	97	63
Public Works and Utilities		1,028,400	3,888,100	2,101,600	26	49
Educational		474,600	644,700	414,000	74	115
All Other		465,100	1,129,200	2,047,900	41	23
Cash Value of Farm Products Sold—						
Bread Wheat		50,246,000	16,500,000	28,194,000	305	178
Durum Wheat		25,056,000	2,691,000	10,568,000	931	237
Rye		8,169,000	2,053,000	2,819,000	398	290
Flax		6,542,000	362,000	2,848,000	1807	230
Potatoes		4,991,000	1,491,000	5,423,000	335	92
Fluid Milk		1,176,000	1,254,000	1,096,000	94	107
Hogs		10,038,000	7,499,000	13,731,000	134	73
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—						
Wheat	Bu.	24,954,756	6,073,444	17,949,456	411	139
Corn	Bu.	2,127,963	1,596,437	1,040,934	133	204
Oats	Bu.	11,196,444	6,993,341	27,841,627	160	40
Barley	Bu.	1,567,335	1,326,794	3,193,860	118	49
Rye	Bu.	1,529,349	1,292,386	7,338,818	118	21
Flax	Bu.	1,575,413	585,758	787,605	269	200
Median Cash Grain Prices—						
Wheat—No. 1 Dark Northern	Bu.	\$1.35 ⁵ / ₈	\$1.49 ³ / ₈	1.48 ¹ / ₂	91	91
Durum—No. 2 Amber	Bu.	1.22 ¹ / ₄	1.40 ³ / ₄	1.40 ¹ / ₂	87	87
Corn—No. 3 Yellow	Bu.	.93 ¹ / ₂	1.11 ¹ / ₈	.76 ⁵ / ₈	84	122
Oats—No. 3 White	Bu.	.43 ³ / ₄	.45 ³ / ₈	.36 ⁷ / ₈	96	119
Barley—No. 3	Bu.	.72	.75	.60	96	120
Rye—No. 2	Bu.	.91 ³ / ₈	.91 ³ / ₈	.93 ¹ / ₂	100	98
Flax—No. 1	Bu.	2.20 ¹ / ₂	2.21	2.34	100	94
Wholesale Produce Prices—						
Butter	Lb.	.42	.40	.40 ¹ / ₂	105	104
Milk	Cwt.	2.48	2.38	2.32	104	107
Hens—4 ¹ / ₂ Pounds	Lb.	.19 ¹ / ₄	.16 ³ / ₄	.21 ¹ / ₂	115	90
Eggs	Doz.	.27 ¹ / ₂	.23	.35	120	79
Potatoes	Bu.	1.05	1.13	1.50	93	70

NINTH FEDERAL RESERVE DISTRICT

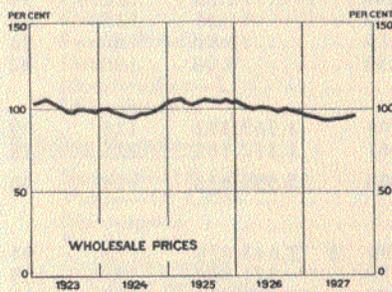
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COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT
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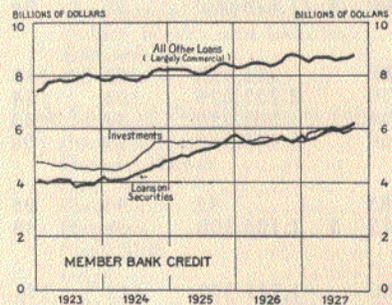
	Unit	September, 1927	August, 1927	September, 1926	%Sept. 1927 of Aug. 1927	%Sept. 1927 of Sept. 1926
Livestock Receipts at South St. Paul—						
Cattle	Head	99,384	94,059	143,807	106	69
Calves	Head	36,004	38,998	50,478	92	71
Hogs	Head	132,270	117,143	188,515	113	70
Sheep	Head	100,685	40,940	112,867	246	89
Median Livestock Prices at South St. Paul—						
Butcher Cows	Cwt.	\$ 6.75	\$ 6.50	\$ 5.75	104	117
Butcher Steers	Cwt.	9.50	10.00	7.75	95	123
Prime Butcher Steers	Cwt.	13.75	13.35	10.50	103	131
Stocker and Feeder Steers	Cwt.	7.50	7.25	6.00	103	125
Veal Calves	Cwt.	13.50	13.00	12.00	109	113
Hogs	Cwt.	10.75	8.50	12.75	126	84
Heavy Hogs	Cwt.	9.50	7.50	11.25	127	84
Lambs	Cwt.	12.75	12.75	13.00	100	98
Ewes	Cwt.	5.50	5.50	6.00	100	92
Flour—						
Production—Twin Cities & Duluth-Superior	Bbbls.	1,356,294	1,079,904	1,363,392	126	99
Shipments from Minneapolis	Bbbls.	1,296,552	1,035,361	1,372,885	125	94
Linseed Products Shipments from Minneapolis	Lbs.	32,389,997	21,004,286	35,951,826	154	90
Retail Sales—						
Department Stores		\$ 2,491,780	\$ 2,273,690	\$ 2,643,020	110	94
Furniture Stores		623,220	572,170	571,300	109	109
Country Lumber Yards	Bd. Ft.	14,435,000	16,618,000	13,380,000	87	108
Retail Merchandise Stocks—						
Department Stores		\$ 6,758,280	\$ 6,267,650	\$ 7,089,880	108	95
Furniture Stores		2,844,620	2,760,160	2,909,250	103	98
Country Lumber Yards	Bd. Ft.	88,157,000	87,656,000	83,863,000	101	105
Life Insurance Sales (4 States)		\$ 20,298,000	\$ 23,690,000	\$ 21,674,000	86	94
Wholesale Trade—						
Farm Implements		475,470	923,080	286,490	52	166
Hardware		2,319,320	2,141,350	2,225,020	108	104
Shoes		670,950	710,860	805,050	94	83
Groceries		5,752,050	5,838,460	5,440,570	99	106
Business Failures—						
Number		81	85	95	95	85
Liabilities		\$ 535,829	\$ 1,819,855	\$ 1,106,200	29	48
Securities Sold—						
To Banks		3,239,200	2,892,900	1,727,500	112	188
To Insurance Companies		1,216,300	1,331,000	1,931,300	91	63
To General Public		6,513,200	5,225,400	4,789,800	125	136
Ninth Federal Reserve District Member Banks—						
In Cities under 15,000 Population						
Net Demand Deposits		185,321,000	170,619,000	184,822,000	109	100
Time Deposits		257,489,000	258,938,000	275,340,000	99	94
In Cities over 15,000 Population						
Net Demand Deposits		260,475,000	235,626,000	235,833,000	111	110
Time Deposits		175,362,000	175,473,000	161,404,000	100	109
24 City Member Banks—						
		Oct. 19, 1927	Sept. 14, 1927	Oct. 20, 1926	%Oct. of Sept. 1927	%Oct. of Oct. '26 1927
Loans Secured by Stocks and Bonds		\$ 85,330,000	\$ 75,712,000	\$ 73,755,000	113	116
All Other Loans		170,305,000	165,893,000	175,764,000	103	97
Securities		120,517,000	118,707,000	106,941,000	102	113
Net Demand Deposits Subject to Reserve		238,009,000	224,860,000	209,354,000	106	114
Time Deposits		130,196,000	125,014,000	122,264,000	104	106
Borrowings at Federal Reserve Bank		0	0	9,226,000	0	0
Minneapolis Federal Reserve Bank—						
Loans to Member Banks		2,007,406	3,965,189	12,662,197	51	16
Federal Reserve Notes in Circulation		62,466,920	58,557,040	65,531,545	107	95



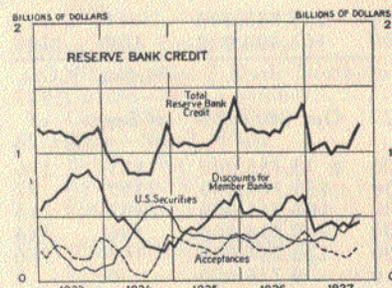
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average=100.) Latest figure, September, 105.



Index of United States Bureau of Labor Statistics (1926=100, base adopted by bureau). Latest figure September, 96.5.



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



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

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

Industrial and trade activity increased less in September than is usual at this season of the year and continued to be in smaller volume than a year ago. The general level of wholesale commodity prices showed a further rise, reflecting chiefly price advances for agricultural commodities.

PRODUCTION. The Federal Reserve Board's index of both manufacturing and mineral production in which allowance is made for usual seasonal variations, decreased between August and September. Production of iron and steel was in smaller volume in September than in any month since 1925. There were also decreases from August to September in the output of non-ferrous metals, automobiles, and rubber tires, while the textile and shoes and leather industries continued active. The production of bituminous coal showed about the usual seasonal increase in September and October, but continued in smaller volume than during the same period of other recent years. The output of anthracite was considerably reduced during September and the first half of October, following an increase in August, and the weekly output of crude petroleum has decreased slightly since the early part of August. The value of building contracts awarded continued somewhat smaller during September and the first three weeks of October than during the corresponding period of 1925 or 1926; declines occurred in contracts for residential, commercial, industrial, and educational buildings, while contracts for public works and public utilities were larger in September than in the corresponding month of any previous year.

Crop conditions improved in September and the Department of Agriculture's estimates for October 1 indicate larger yields of most grain crops than were expected a month earlier. The estimate for the corn crop was increased by 147,000,000 bushels and was only 43,000,000 bushels smaller than the yield in 1926. Wheat production is expected to be 34,000,000 bushels larger than last year, while the estimated cotton crop of 12,678,000 bales is more than 5,000,000 bales below last year's yield.

DISTRIBUTION. Trade of wholesale and retail firms increased in September by somewhat less than the usual seasonal amount. Compared with a year ago sales of wholesale firms in nearly all lines, except shoes and drugs, were smaller. Sales of department stores were in about the same volume, and those of mail order houses and chain stores were somewhat larger. Inventories of merchandise carried by reporting wholesale firms in leading lines were reduced in September and continued smaller than last year. Stocks of department stores, on the other hand, increased slightly more than is usual in September and at the end of the month were somewhat larger than a year ago.

Freight car loadings were in smaller volume during September and the first week of October than in the corresponding period of last year for all groups of commodities except grain and grain products of which loadings were larger than in the same period of any previous year since 1924.

PRICES. Wholesale commodity prices advanced in September for the fourth consecutive month, and the Bureau of Labor Statistics all-commodities index rose to the highest level since last January. There were large increases between August and September in the prices of livestock, meat, and cotton, and small advances in the prices of leather, coal, and chemicals, while prices of grains, building materials, and rubber declined. During the first three weeks in October the prices of spring wheat, corn, cotton, coal and iron and steel declined, while prices of live stock, raw wool, and rubber advanced.

BANK CREDIT. Total loans and investments of member banks in leading cities showed a further increase for the four weeks ending October 19 and on that date were about \$660,000,000 larger than in mid-summer. Of this growth in member bank credit about \$325,000,000 represented an increase in commercial loans, a considerably smaller increase than for the same period last year, and about \$335,000,000 represented an increase in investments and loans on securities.

At the Reserve banks total bills and securities increased during the four weeks ending October 19, as is usual at this season, but were on the average about \$60,000,000 below the level of the corresponding period last year. The increase which was largely in the form of additions to the banks' holdings of acceptances, reflected chiefly an increase in member bank reserve requirements and an export demand for gold.

Some seasonal firmness in the money market in October was reflected in an increase from $3\frac{1}{8}$ to $3\frac{1}{4}$ percent in rates on 90 day bankers' acceptances. The rate on commercial paper remained unchanged at 4 percent.