

# MONTHLY REVIEW

OF  
 AGRICULTURAL AND BUSINESS CONDITIONS  
 IN THE  
 NINTH FEDERAL RESERVE DISTRICT

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## DISTRICT SUMMARY OF BUSINESS

The December volume of business in this district receded farther below the level established the early fall months. The December volume of debits to individual accounts is ordinarily 4 percent larger than the November volume, but in 1927 the seventeen reporting cities experienced a decline of 10 percent during this period. The return of money from circulation exceeded the issue of money by this bank during December for the first time in any December since 1921. It is probable that unfavorable weather conditions contributed largely to the poor business showing.

Nevertheless, the volume of business continued to exceed the 1926 volume, although by a smaller margin. Debits to individual accounts were 3 percent larger in December than in the corresponding month last year. Department store sales in the cities, wholesale trade and flour and linseed products shipments during December showed increases over December 1926. On the other hand, freight carloadings were smaller, especially in the classes of livestock, merchandise in less-than-carlots and miscellaneous commodities.

The most encouraging business sign at the turn of the year is the large and persistent demand for investment securities by the general buying public in the district. This buying public consists of all

individual and corporation purchasers with the exception of banks, insurance companies and investment dealers. In October, we reported that a total of \$9,600,000 of securities was sold to the general public by representative local dealers in Minneapolis and St. Paul. This made a new high monthly record for the six year period during which statistics have been compiled on this subject. In November, \$9,100,000 of securities were sold to the public, which was also a record, with the exception of the October volume. In December, the impressive total of \$10,300,000 of securities was sold to the public, making a still higher record. Total sales of securities to the public during the year 1927 were larger than in any other year on record, as shown in the accompanying table and chart, and amounted to \$86,000,000.

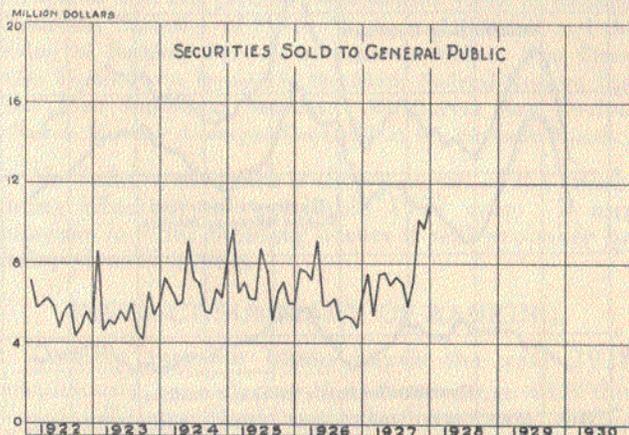
## SECURITIES SOLD TO THE GENERAL PUBLIC BY REPRESENTATIVE MINNEAPOLIS AND ST. PAUL DEALERS

1922 . . .	\$60,300,000	1925 . . .	\$75,900,000
1923 . . .	59,700,000	1926 . . .	69,300,000
1924 . . .	74,300,000	1927 . . .	86,000,000

Another encouraging feature in the current business reports is the gradual reduction in the number of business failures reported, although the volume of failures continues abnormally high. Since June there has been a steady decline in the monthly totals as compared with corresponding months of 1926.

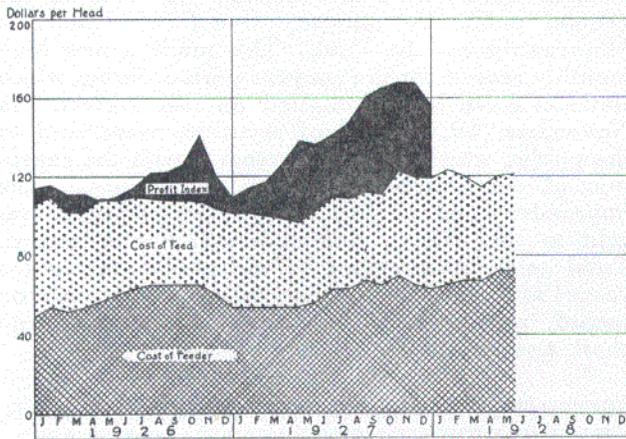
The agricultural industry continued to show larger income from crops than a year ago but smaller income from livestock marketings. The value of wheat, rye, and flax marketed during December was estimated to exceed the value of December marketings in 1926 by 63 percent. The value of hog marketings, on the other hand, was 30 percent lower in December than in the corresponding month last year. Smaller beef cattle marketings continued to offset higher prices for this class of livestock.

While it is probable that the total income from beef cattle marketings in the district was no larger than last year during the heavy marketing months, the profit to individual operators per head of livestock sold has been very large. The producer who marketed cattle of the feeder classification has enjoyed the highest prices for his product this fall



Sales of Securities to the General Public by Representative Investment Dealers in Minneapolis and St. Paul.

that he has received since the collapse of prices in 1920. Of course, this profitable condition of the feeder cattle industry imposes larger costs upon those farmers of the corn belt who are feeding cattle through the winter months. Fortunately, for nearly a year there has been a wide spread between the selling price of prime fat steers and the cost of feeder steers plus the cost of feed required for fattening. In December, however, this profit margin was narrowed by eleven dollars per animal. In other words, the farmer who bought a feeder steer and a supply of feed in June and sold a finished steer in November received forty-eight dollars more than his initial outlay. A farmer who bought a steer and feed in July and sold the steer in December received only thirty-seven dollars more than his initial outlay.



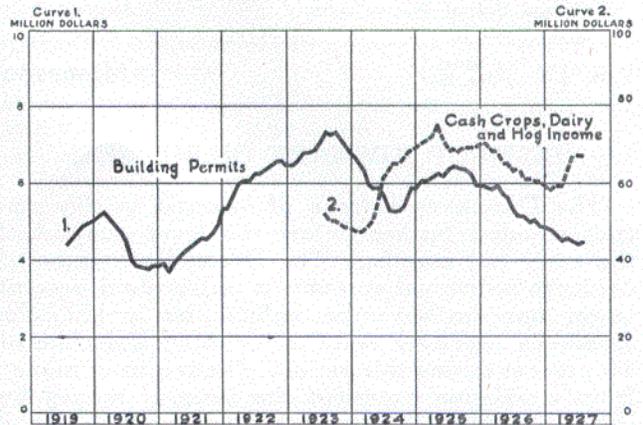
Steer Feeding Costs and Profits in the Northwest.

The volume of building in the district declined during 1927, due almost entirely to a smaller building program in the cities. Country building continued in large volume, exceeding every year since 1920, according to our record of lumber sold.

City building volume is well reflected in the statistics of building permits granted at eighteen cities in the district. If the twelve month moving average be employed to smooth out the seasonal fluctuations, as shown in the chart below, it is seen that the building volume in the cities advanced to a very high level in 1923 but suffered a serious set-back in the summer of 1924, followed by a small recovery in 1925 and a steady downward trend during 1926 and 1927.

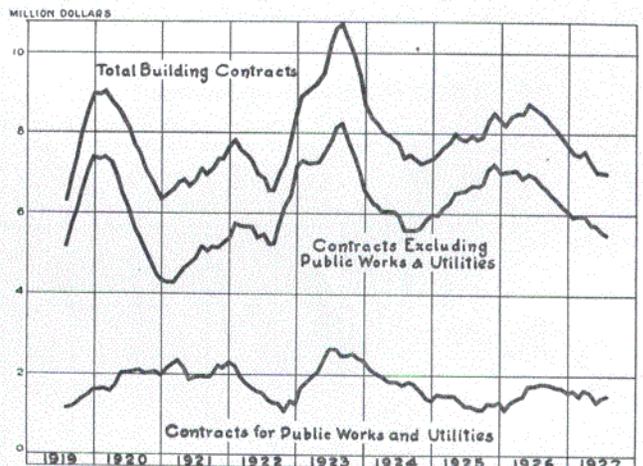
During these last five years there has been a marked reflection in city building of the varying income of the trade territory which the cities serve. A curve of farm income from major sources from 1923 to 1927 has been added to the chart to emphasize the relationship. The large farm income of 1922 was reflected in city building volume in 1923. Similarly, the poor crop of 1923 was reflected in a recession of building during 1924. With a lag of a few months, the city building volume also reflects the large farm income of 1924 and

1925 and the smaller farm income of 1926. The fact that the post-war peak of building in the cities was reached in 1923 rather than in 1925, as might be expected from the fact that the 1924 farm income was larger than the 1922 farm income of the district, can be explained by the fact that the wartime building shortage was a potent factor in 1923, but had lost much of its influence two years later.



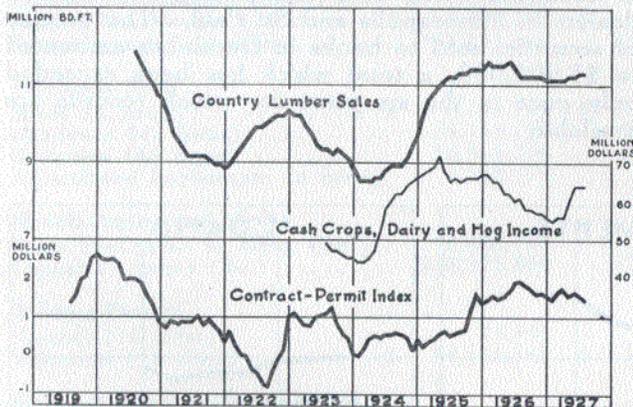
Valuation of Building Permits at Eighteen Northwestern Cities, Compared with Farm Income from Major Sources in the Ninth Federal Reserve District. Both curves are twelve-month averages centered at the seventh month.

Building contracts reveal a very similar course of events to that shown by permit records. Such differences as appear are chiefly explained by two factors; first, that building contracts include road-building contracts and engineering projects of the public utility concerns, and, second, that building contracts include the larger building projects outside of the eighteen cities for which permit records are available. In other words, they include the larger suburban and rural building contracts. The chart below shows the fluctuation in building contracts from 1919 to 1927 by means of twelve month moving averages.



Building Contracts in the Northwestern District, as reported by the F. W. Dodge Corporation. The curves are twelve-month moving averages centered at the seventh month.

It is interesting to compare the curve of building contracts, exclusive of public works and utilities, with the curve of building permits at eighteen cities. It is seen from this comparison that contracts exceeded permits during the years when farm income was large and it may be inferred that the variations in the excess of contracts over permits roughly reflect changes in the volume of rural building, thus providing an excellent check upon retail lumber sales as an index of rural building. To facilitate this comparison, the variation between contracts and permits is charted with the index of lumber sales, both reduced to twelve month moving averages to eliminate varying seasonal fluctuations. It will be seen that there is a surprisingly close correspondence in the major swings of the curves, in spite of the fact that the "contract-permit" curve measures dollar volume and the lumber curve measures physical volume, eliminating the price factors. The "contract-permit" index tends to move several months later than the lumber sales index. In both cases, the curves were high in 1920, 1923, 1926 and 1927. They furnish very decided evidence of the increase in agricultural purchasing power in the last three years. The farm income index is charted also for comparative purposes.



Country Lumber Sales by 498 Retail Yards in the Northwest, Compared with the Variation Between the Value of Building Contracts, Exclusive of Public Works and Utilities, and the Value of Building Permits at Eighteen Cities. The Chart Also Shows Farm Income in the Ninth Federal Reserve District from Important Sources. All Curves Are Twelve-Month Moving Averages Centered at the Seventh Month.

No definite evidence is shown as yet of the stimulating effect of the profitable 1927 crop. If any increase in rural building occurs it will probably be delayed until spring.

### DISTRICT SUMMARY OF BANKING

**Country member banks** began the year 1928 auspiciously by reducing their borrowings with this Federal Reserve Bank to the lowest amount during the post-war period. On January 4 they were borrowing only \$1,852,000 and in the succeeding two weeks their borrowings fluctuated very slightly

above this figure. Country banks have drawn down their balances with city banks in this district 16 million dollars since November 2. This is good evidence of the progress of security buying by country banks.

The usual call for reports of condition on December 31 was issued by the Comptroller of the Currency. Our convenient index of country bank conditions based on called reports of selected banks, gives a clear idea of what the complete returns will show when they become available two months from now. Deposits at these representative banks were 7 percent larger on December 31, 1927 than a year earlier. Probably the increase in total country bank deposits will not be more than 5 percent because the selected banks experienced an increase in deposits from other banks and in public deposits, which was probably not experienced to the same degree by all country banks.

The loans of these selected country banks decreased 2 percent during 1927. The published loan reports in a period of rising deposits and debt liquidation are very unsatisfactory. At a time such as the present an interpreter of statistics wishes to know what proportion of the loans reported by banks consists of loans to customers and what proportion consists of commercial paper, acceptances and call loans, which are in reality short term investments. From interviews with representative bankers it is known that there is a considerable volume of these short term investments included in the loan item at the present time and, consequently, the reduction of 2 percent in loans does not fully measure the repayment of customers' borrowings from country banks.

Security holdings of these selected country banks increased 14 percent during 1927, reflecting the increase in deposits and reduction in loans which occurred. There was an increase of 6 percent in cash, uncollected items and balances "due from banks" during the year. The highest point was reached during the fall when the crop movement was heavy and some reduction has since been made as banks have found suitable investments for their funds.

Banks in the cattle and sheep range country have experienced the greatest improvement during the year. Deposits at selected banks in that territory increased 13 percent. Security holdings at these banks increased 26 percent. At the same time, there was an increase of 10 percent in loans which, as stated above, indicates precisely nothing on account of the impossibility of determining whether the increase came from expansion in loans to customers or from other placement of funds.

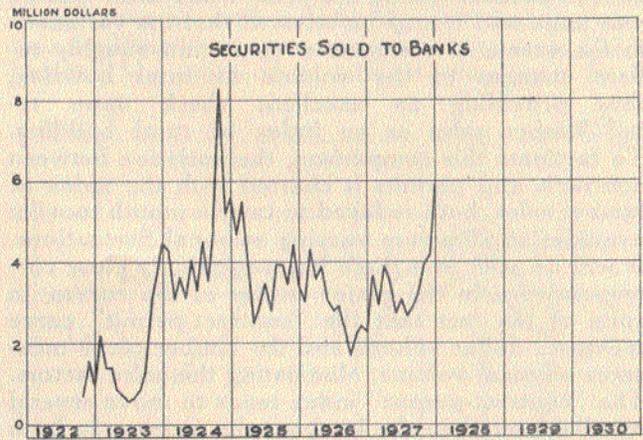
Banks in the spring wheat belt showed the next largest increase in deposits and security holdings and reported a small decrease in loans. Banks in the lumber and mining regions of the district and in the mixed farming territory also reported gains in deposits and security holdings and reductions in

loans. In summarizing banking conditions for the whole territory it is important to note that banks in the mixed farming region constitute the most important group of country banks in point of assets. The wheat belt banks are second in importance, the lumber and mining banks third and the range banks fourth.

The chart appearing at the foot of this page shows the varying trends in loans, security holdings and deposits in the various economic regions of this district during the year and a half for which records of this selected group of banks have been compiled. Since the statistics are to be considered as an index, the dollar amounts are unimportant and all figures have been reduced to percentages of the totals of the items as reported for June 30, 1926.

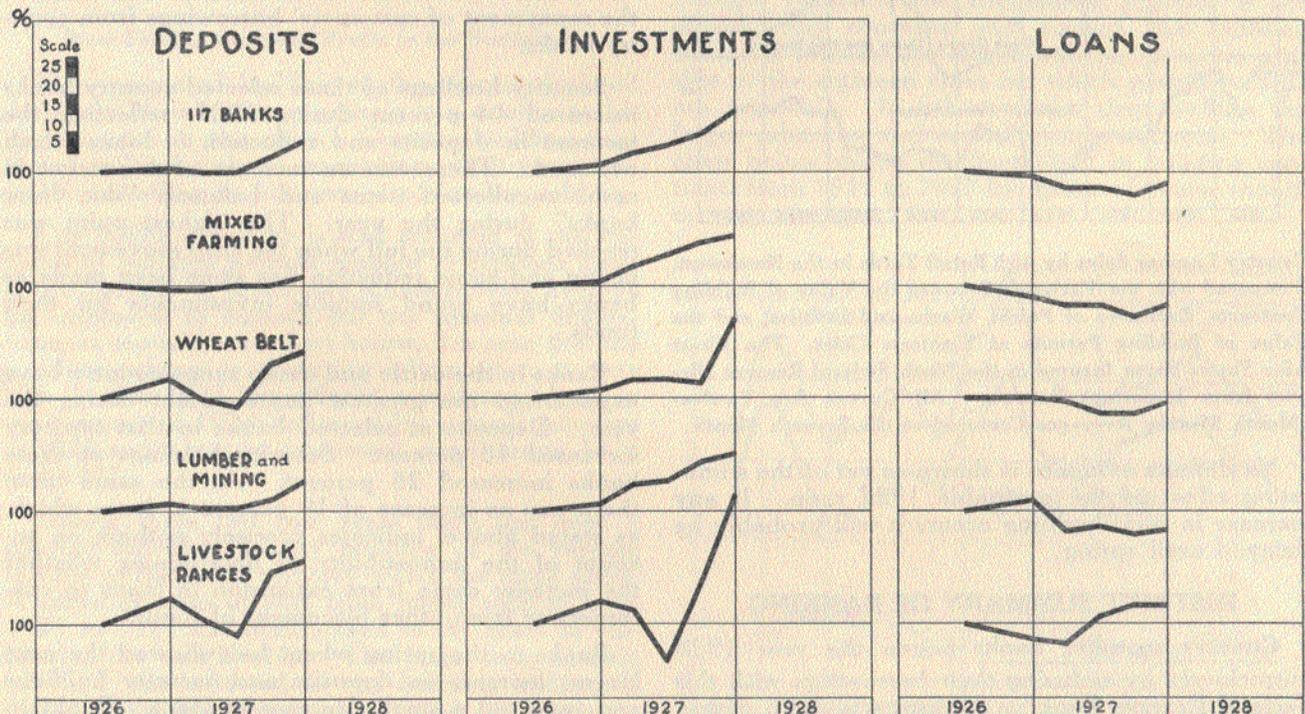
**City member banks** began the year 1928 with the largest volume of deposits and security holdings which they have held at the beginning of any year on record. There was some reduction in demand deposits during the last two months of 1927, following the usual seasonal trend. Investment holdings expanded rapidly during the same period as these banks found suitable investments for funds which they had placed on deposit with other banks during the heavy crop moving period. Loans secured by stocks and bonds decreased rapidly during the four weeks ending January 11. This was probably in part an accompaniment of the increase in investment holdings and partly a result of a sharp reversal in the downward trend of commercial loans

in the first two weeks of January. Commercial loans, the "all other" classification, had declined rapidly during November and December to the lowest December level in our five year record.



Sales of Securities to Banks by Representative Investment Dealers in Minneapolis and St. Paul.

The expanding volume of securities held by banks in this district is reflected in the large volume of securities being sold to banks by investment dealers in Minneapolis and St. Paul. The volume of securities sold to banks in December amounted to \$5,900,000, a total which has been exceeded only once in the six years for which records are available.



Indexes of Country Bank Conditions Based on Called Reports of 117 Representative Member Banks. For Each Curve the Figure for June 30, 1926, Was Used as the Base.

# NINTH FEDERAL RESERVE DISTRICT

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## THE YEARS 1923 TO 1927 IN THE NINTH FEDERAL RESERVE DISTRICT

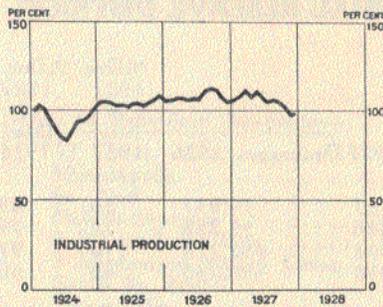
	1923	1924	1925	1926	1927
<b>Farmers' Cash Income</b>					
Bread Wheat .....	\$ 139,723,000	\$ 204,505,000	\$ 201,387,000	\$ 138,722,000	\$ 202,175,000
Durum Wheat .....	50,751,000	71,037,000	69,685,000	53,713,000	77,886,000
Rye .....	19,554,000	42,368,000	17,247,000	11,501,000	26,956,000
Flax .....	33,306,000	56,249,000	46,183,000	26,612,000	33,703,000
Potatoes .....	28,355,000	26,166,000	36,052,000	48,276,000	37,676,000
Dairy Products .....	150,864,000	167,316,000	201,286,000	210,495,000	228,095,000
Hogs .....	161,749,000	156,655,000	215,731,000	214,622,000	157,513,000
<b>Debits to Individual Accounts</b>					
17 Cities .....		\$9,050,965,000	\$10,022,148,000	\$9,381,035,000	\$9,721,164,000
Minneapolis .....	\$3,884,945,000	4,408,011,000	5,069,367,000	4,683,975,000	4,837,607,000
St. Paul .....	2,071,659,000	1,973,891,000	2,037,327,000	1,986,866,000	2,073,638,000
Duluth-Superior .....	1,018,226,000	1,362,656,000	1,369,841,000	1,051,855,000	1,211,119,000
8 Wheat Belt Cities .....	615,265,000	599,351,000	685,198,000	704,834,000	709,028,000
3 Mississippi Valley Cities .....	227,502,000	203,596,000	218,900,000	235,772,000	250,652,000
Sioux Falls .....	190,285,000	161,485,000	202,072,000	229,076,000	225,295,000
South St. Paul .....		322,070,000	439,443,000	488,657,000	413,825,000
<b>Freight Carloadings—N. W. Dist.</b>					
Total .....	7,418,065	6,878,582	7,271,099	7,410,992	7,229,424
Grain and Grain Products .....	667,495	730,007	646,001	549,952	651,099
Livestock .....	509,977	505,231	462,710	480,120	428,070
Forest Products .....	1,002,117	958,487	979,333	954,515	886,289
Ore .....	1,323,034	913,429	1,126,485	1,239,446	1,056,233
Merchandise L.C.L. ....	1,516,820	1,512,425	1,637,649	1,692,270	1,728,613
Miscellaneous .....	1,892,824	1,825,040	1,963,408	2,023,177	2,028,426
<b>Retail Sales</b>					
Lumber (498 yards) (Bd. Ft.)...	111,624,000	106,568,000	134,633,000	134,951,000	135,723,000
General Merchandise (21 stores)...	\$ 30,210,291	\$ 30,508,060	\$ 31,671,790	\$ 30,456,460	\$ 29,818,480
Securities sold (13 firms).....	153,131,300	234,066,900	211,686,100	200,758,500	227,669,200
<b>Wholesale Sales</b>					
Shoes (5 firms) .....	\$ 8,141,739	\$ 6,694,930	\$ 8,079,510	\$ 6,720,980	\$ 5,694,160
Hardware (12 firms) .....	24,159,770	23,218,040	24,720,930	23,480,470	23,393,160
Groceries (45 firms) .....	58,363,710	58,322,690	62,011,090	57,802,910	61,068,240
Agricultural Implements (6 firms)	3,019,570	2,909,070	4,120,360	3,841,160	3,979,640
<b>Manufacturing and Mining</b>					
Flour Production at Mpls. (bbl.)..	13,488,460	11,679,130	12,059,557	11,793,258	11,540,051
Copper (5 firms) (lbs.).....	358,975,800	374,291,900	420,435,500	432,726,500	416,602,300
<b>Building Permits</b>					
Number (18 cities) .....	25,495	22,006	23,492	20,044	18,166
Valuation (18 cities) .....	\$ 84,626,543	\$ 59,970,900	\$ 73,260,800	\$ 57,859,800	\$ 49,722,200
<b>Stocks of Goods on December 31</b>					
Lumber Retailers (473 yds.) (bd.ft.)	82,022,000	78,634,000	82,330,000	76,242,000	76,224,000
Retail Stores (17 firms).....	\$ 6,503,300	\$ 6,641,740	\$ 6,541,370	\$ 5,788,800	\$ 5,620,720
<b>Prices</b>					
<b>Median Cash Grain Prices at Mpls.</b>					
Wheat—No. 1, D.N.S. (bu.).....	\$ 1.19 <sup>1</sup> / <sub>4</sub>	\$ 1.69	\$ 1.74 <sup>3</sup> / <sub>8</sub>	\$ 1.48 <sup>3</sup> / <sub>8</sub>	\$ 1.34 <sup>1</sup> / <sub>2</sub>
Durum—No. 2 Amber (Duluth) (bu.)	1.09 <sup>1</sup> / <sub>8</sub>	1.66 <sup>1</sup> / <sub>2</sub>	1.53	1.78	1.27
Corn—No. 3 Yellow (bu.).....	.64 <sup>3</sup> / <sub>4</sub>	1.20	.80	.76	.83 <sup>7</sup> / <sub>8</sub>
Oats—No. 3 White (bu.).....	.39 <sup>3</sup> / <sub>4</sub>	.54 <sup>3</sup> / <sub>8</sub>	.38 <sup>1</sup> / <sub>2</sub>	.45 <sup>1</sup> / <sub>2</sub>	.52
Barley—No. 3 (bu.) .....	.57	.85 <sup>1</sup> / <sub>2</sub>	.63 <sup>1</sup> / <sub>2</sub>	.66	.82 <sup>1</sup> / <sub>2</sub>
Rye—No. 2 (bu.) .....	.65 <sup>1</sup> / <sub>4</sub>	1.30	.98	.94 <sup>1</sup> / <sub>4</sub>	1.02
Flax—No. 1 (bu.).....	2.46 <sup>1</sup> / <sub>2</sub>	2.84	2.60	2.23	2.14 <sup>3</sup> / <sub>8</sub>
<b>Median Livestock Prices at So. St. Paul</b>					
Butcher Cows (Cwt.).....	5.00	4.50	5.75	6.00	8.00
Butcher Steers (Cwt.).....	6.75	6.50	8.00	7.50	10.50
Stock and Feeder Steers (Cwt.)....	5.25	5.00	6.75	6.25	8.50
Veal Calves (Cwt.) .....	7.75	7.75	9.75	10.00	10.50
Hogs (Cwt.) .....	6.50	8.85	10.85	11.35	8.00
Lambs (Cwt.) .....	12.25	15.00	15.50	12.50	12.50
<b>Wholesale Produce Prices at Minneapolis</b>					
Butter (lb.).....	.44 <sup>1</sup> / <sub>2</sub>	.39	.46 <sup>1</sup> / <sub>2</sub>	.48	.48
Eggs, city candled (doz.).....	.34	.48	.37	.40	.35
Hens, over 4 lbs. (lbs.) .....	.18	.20	.26	.21	.19
Potatoes (cwt.) .....	1.00	1.10	4.25	2.60	1.75

## COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

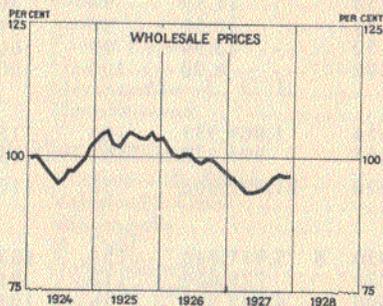
Debits to Individual Accounts—	Unit	December, 1927	November, 1927	December, 1926	% Dec.	% Dec.
					1927	of Nov. 1927
17 Cities .....		\$871,358,000	\$964,440,000	\$848,114,000	90	103
Minneapolis .....		428,209,000	452,753,000	424,264,000	95	101
St. Paul .....		201,039,000	201,515,000	189,498,000	100	106
Duluth-Superior .....		95,416,000	147,287,000	84,068,000	65	113
8 Wheat Belt Cities .....		65,173,000	72,201,000	61,395,000	90	106
3 Mississippi Valley Cities .....		21,230,000	20,798,000	20,273,000	102	105
South St. Paul .....		41,651,000	52,234,000	47,822,000	80	87
Sioux Falls .....		18,640,000	17,652,000	20,794,000	106	90
<b>Carloadings-Northwestern District—</b>						
Total .....	Cars	451,191	537,656	462,196	84	98
Grains and Grain Products .....	Cars	52,596	59,357	43,143	89	122
Livestock .....	Cars	38,517	40,146	44,181	96	87
Coal .....	Cars	49,667	44,977	48,964	110	101
Coke .....	Cars	6,909	5,083	6,428	136	107
Forest Products .....	Cars	55,690	65,333	58,555	85	95
Ore .....	Cars	2,297	23,738	3,264	10	70
Merchandise—L. C. L. .....	Cars	130,196	144,002	135,493	90	96
Miscellaneous .....	Cars	115,319	155,020	122,168	74	94
<b>Building Permits—</b>						
Number—18 Cities .....		435	1,358	512	32	85
Value—18 Cities .....	\$	2,251,400	2,928,900	1,950,700	77	115
Minneapolis .....		625,600	1,132,300	510,900	55	122
St. Paul .....		204,100	722,700	417,200	28	49
Duluth-Superior .....		1,030,000	300,900	814,200	342	127
4 Wheat Belt Cities .....		49,100	206,900	67,900	22	68
6 Mixed Farming Cities .....		317,100	373,900	130,100	85	244
4 Mining Cities .....		25,500	192,200	10,400	13	245
<b>Building Contracts Awarded—</b>						
Total .....		3,032,600	4,976,700	3,428,400	61	88
Residential .....		1,131,000	2,474,000	1,327,200	46	85
Commercial and Industrial .....		424,900	613,300	286,700	69	148
Public Works and Utilities .....		1,412,700	1,695,300	964,500	83	146
Educational .....		40,000	63,000	709,000	63	6
All Other .....		24,000	131,100	141,000	18	17
<b>Cash Value of Farm Products Sold—</b>						
Bread Wheat .....		11,805,000	27,537,000	5,972,000	43	198
Durum Wheat .....		4,581,000	7,924,000	3,658,000	58	122
Rye .....		1,466,000	3,092,000	640,000	47	229
Flax .....		982,000	7,956,000	1,302,000	12	75
Potatoes .....		1,100,000	3,064,000	1,236,000	36	89
Fluid Milk .....		1,482,000	1,301,000	1,408,000	114	105
Hogs .....		21,392,000	18,989,000	30,418,000	113	70
<b>Grain Stocks at End of Month at Minneapolis and Duluth-Superior—</b>						
Wheat .....	Bu.	32,857,771	34,144,369	17,635,388	96	186
Corn .....	Bu.	1,646,411	1,704,821	529,510	97	310
Oats .....	Bu.	7,842,195	8,747,236	24,033,368	90	33
Barley .....	Bu.	653,019	1,046,880	3,323,725	62	20
Rye .....	Bu.	1,423,581	977,502	8,924,886	146	16
Flax .....	Bu.	4,014,559	4,794,315	2,693,550	84	149
<b>Median Cash Grain Prices—</b>						
Wheat—No. 1 Dark Northern .....	Bu.	\$1.34½	\$1.31⅞	\$1.48⅝	102	91
Durum—No. 2 Amber .....	Bu.	1.27	1.25¾	1.78	101	71
Corn—No. 3 Yellow .....	Bu.	.837⅞	.82	.76	102	110
Oats—No. 3 White .....	Bu.	.52	.46½	.45½	112	114
Barley—No. 3 .....	Bu.	.82½	.78	.66	106	125
Rye—No. 2 .....	Bu.	1.02	1.00	.94¼	102	108
Flax—No. 1 .....	Bu.	2.14⅜	2.13¼	2.23	101	96
<b>Wholesale Produce Prices—</b>						
Butter .....	Lb.	.48	.46	.48	104	100
Milk .....	Cwt.	2.63	2.63	2.52	100	104
Hens—4½ Pounds .....	Lb.	.18½	.18	.19	103	97
Eggs .....	Doz.	.37½	.37½	.34	100	110
Potatoes .....	Bu.	1.05	1.05	1.53	100	69

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

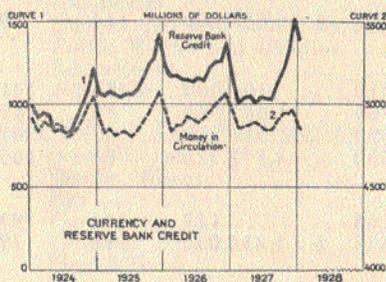
	Unit	December, 1927	November, 1927	December, 1926	%Dec. 1927 of Nov. 1927	%Dec. 1927 of Dec. 1926
<b>Livestock Receipts at South St. Paul—</b>						
Cattle	Head	65,960	132,887	79,937	50	83
Calves	Head	41,680	54,886	57,258	76	73
Hogs	Head	468,393	424,007	482,214	110	97
Sheep	Head	54,605	136,098	90,730	40	60
<b>Median Livestock Prices at South St. Paul—</b>						
Butcher Cows	Cwt.	\$ 8.00	\$ 7.00	\$ 6.00	114	133
Butcher Steers	Cwt.	10.50	10.00	7.50	105	140
Prime Butcher Steers	Cwt.	13.00	14.00	9.10	93	143
Stocker and Feeder Steers	Cwt.	8.50	8.00	6.25	106	136
Veal Calves	Cwt.	10.50	11.00	10.00	95	105
Hogs	Cwt.	8.00	8.50	11.35	94	70
Heavy Hogs	Cwt.	7.50	7.75	10.50	97	91
Lambs	Cwt.	12.50	13.50	12.50	93	100
Ewes	Cwt.	6.00	6.00	6.00	100	100
<b>Flour—</b>						
Production—Twin Cities & Duluth-Superior	Bbbs.	1,262,313	1,253,356	1,069,933	101	118
Shipments from Minneapolis	Bbbs.	1,120,844	1,113,165	995,120	101	113
<b>Linseed Products Shipments from Minneapolis.</b>	Lbs.	34,618,534	44,109,810	31,337,006	78	110
<b>Retail Sales—</b>						
Department Stores		\$ 4,001,440	\$ 2,582,830	\$ 3,911,840	155	102
Furniture Stores		587,950	524,420	729,020	112	81
Country Lumber Yards	Bd. Ft.	4,592,000	12,754,000	4,543,000	36	101
<b>Retail Merchandise Stocks—</b>						
Department Stores		\$ 5,620,720	\$ 6,983,170	\$ 5,788,800	80	97
Furniture Stores		2,762,510	2,972,730	2,776,390	93	100
Country Lumber Yards	Bd. Ft.	76,224,000	74,658,000	76,242,000	102	100
<b>Life Insurance Sales (4 States)</b>		\$ 26,461,000	\$ 23,255,000	\$ 26,888,000	114	98
<b>Wholesale Trade—</b>						
Farm Implements		146,950	170,710	104,060	86	141
Hardware		1,792,440	2,179,160	1,647,060	82	109
Shoes		287,130	459,690	330,570	62	87
Groceries		4,521,230	5,487,650	4,317,720	82	105
<b>Business Failures—</b>						
Number		118	68	127	174	93
Liabilities		\$ 1,125,953	\$ 1,153,335	\$ 1,430,050	98	79
<b>Securities Sold—</b>						
To Banks		5,865,700	4,199,600	2,289,700	140	256
To Insurance Companies		1,179,500	1,414,100	1,971,800	83	60
To General Public		10,273,900	9,122,400	5,580,500	113	184
<b>Ninth Federal Reserve District Member Banks—</b>						
		Jan. 11, 1928	Dec. 7, 1927	Jan. 26, 1927	%Jan. of Dec. 1927	%Jan. of Jan. 1927
<b>In Cities under 15,000 Population</b>						
Net Demand Deposits		\$190,469,000	\$195,763,000	\$177,691,000	97	107
Time Deposits		263,898,000	260,242,000	263,201,000	101	100
<b>In Cities over 15,000 Population</b>						
Net Demand Deposits		263,847,000	284,800,000	241,628,000	93	109
Time Deposits		191,178,000	188,472,000	168,797,000	101	113
<b>24 City Member Banks—</b>						
		Jan. 18, 1928	Dec. 14, 1927	Jan. 19, 1927		
Loans Secured by Stocks and Bonds		\$ 83,801,000	\$ 96,154,000	\$ 80,002,000	87	105
All Other Loans		165,833,000	168,013,000	162,774,000	99	102
Securities		133,385,000	129,493,000	112,508,000	103	119
Net Demand Deposits Subject to Reserve		223,320,000	247,743,000	211,180,000	90	106
Time Deposits		138,295,000	133,679,000	126,350,000	103	109
Borrowings at Federal Reserve Bank		2,250,000	1,250,000	1,175,000	180	191
<b>Minneapolis Federal Reserve Bank—</b>						
Loans to Member Banks		4,153,987	3,541,935	4,088,701	117	102
Federal Reserve Notes in Circulation		58,224,875	61,263,955	65,526,865	95	89



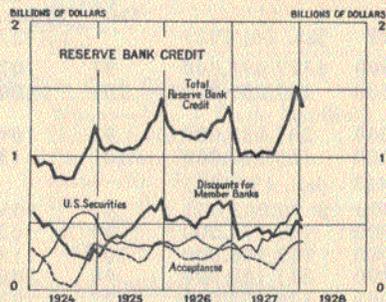
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average=100). Latest figure, December 99.



Index of United States Bureau of Labor Statistics (1926=100, base adopted by bureau). Latest figure, December, 96.8.



Money in circulation data are averages of first of month figures and reserve bank credit data are monthly averages of daily figures. Latest figures, January, partly estimated.



Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first twenty-three days in January.

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

Industrial activity continued in December at a relatively low level and railroad distribution of commodities declined further, while the general level of prices remained unchanged. Holiday trade at retail stores was in somewhat larger volume than in the previous year.

**PRODUCTION:** Production of manufactures remained in practically the same volume in December as in November, while output of minerals, when allowance is made for usual seasonal changes, showed a slight increase. Activity in the textile, shoe and tobacco industries was reduced in December, while the output of steel, non-ferrous metals and petroleum increased. Production of automobiles continued in small volume during December, but increased considerably in January and within recent weeks there has been also a further increase in the activity of steel mills.

Building contract awards were slightly larger in December than in November, but smaller than in December of the two preceding years. Total awards for the year 1927 in thirty-seven eastern states, as reported by the F. W. Dodge Corporation, were valued at about \$6,300,000,000, which is slightly less than the 1926 total of \$6,380,000,000. December awards for residential and commercial buildings were larger than in December 1926, while those for industrial buildings and public works were smaller. During the first three weeks of January, contract awards were in approximately the same volume as during the corresponding weeks of last year.

**TRADE:** Retail sales of department stores and mail order houses increased slightly more than is usual in December and were somewhat larger than a year ago. Inventories of merchandise carried by department stores were reduced in December and at the end of the year were slightly smaller than at the end of 1926. Wholesale trade in nine leading lines continued smaller than in the corresponding month of last year. Stocks of groceries, shoes, hardware and furniture carried by wholesale firms were smaller at the end of December than a year earlier and stocks of dry goods and drugs were slightly larger. Freight carloadings declined further in December and were in smaller volume during that month and the early part of January than at any time in four years. The decrease in loadings occurred in practically all groups of commodities.

**PRICES:** The Bureau of Labor Statistics' index of wholesale commodity prices remained practically unchanged in December and was at the end of the year about 1 percent lower than a year ago. Prices of grains, hide and leather products, non-ferrous metals and rubber increased in December, while prices of livestock, cotton and lumber declined. In the first three weeks of January, there were increases in prices of iron and steel, grains and wool, while prices of cattle, hogs and cotton declined.

**BANK CREDIT:** At the Reserve banks the seasonal demand for currency, after reaching its peak on December 24, was followed by a return flow of money from circulation, which amounted to about \$440,000,000 between December 24 and January 18. This decline in the demand for currency, which was approximately the same as a year ago, was reflected in a decrease for the same period of about \$360,000,000 in bills and securities of the Reserve banks.

Loans and investments of member banks in leading cities declined during the first half of January, but were still at a higher level than at any time last year. The decline of about \$200,000,000 between January 4 and January 18 reflected a decrease of about \$280,000,000 in the volume of loans on securities, offset in part by a considerable increase in the banks' investment holdings.

Call loan rates showed the usual seasonal decline at the turn of the year, but other money rates were slightly firmer. The rate on bankers' acceptances increased during the second week of January from  $3\frac{1}{4}$  to  $3\frac{3}{8}$  percent and there was also a slight advance in rates on time money in the open market.