

# MONTHLY REVIEW

OF  
AGRICULTURAL AND BUSINESS CONDITIONS  
IN THE  
NINTH FEDERAL RESERVE DISTRICT

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## DISTRICT SUMMARY OF BUSINESS

The beginning of the spring upturn in business in the district occurred in April. The increase was slightly more than seasonal in country check clearings, miscellaneous freight carloadings and less-than-carlot loadings, and was exactly the seasonal amount in bank debits. However, the volume of business continued to be at depression levels.

Bank debits during April were 20 per cent smaller than in April last year. The agricultural portion of the district made a relatively better showing than the large cities and the mining and lumber regions. Nevertheless, the depression became more general in the smaller cities, for only five cities reported increases in bank debits over April 1930 (Lanesboro, Minnesota, Dickinson, North Dakota, Huron, Lead and Milbank, South Dakota).

The country check clearings index in April was 18 per cent below the index for April last year. Freight carloadings in carlots were 24 per cent smaller in April than in the corresponding month last year. Other decreases in comparison with a year ago occurred in postal receipts, building permits, flour production and shipments, copper output, department store sales, furniture sales, country lumber sales, life insurance sales and wholesale trade. The decrease in department store sales was partly due to the earlier date of Easter this year than a year ago. The reduction in department store sales was 6 per cent, and one-third of this decline is estimated to have been caused by Easter buying being done in April last year and in March this year. The remainder of the decrease was undoubtedly due principally to lower prices for goods sold.

Increases in volume as compared with April last year occurred in building contracts, linseed product shipments and grain and livestock marketings. Iron ore shipments by boat from upper lake ports were larger in April than in the corresponding month last year on account of the earlier opening of navigation, but freight carloadings of ore in April were smaller than in April last year, indicating a reduction in the movement from the mines to the upper lake ports. There were 99 business failures in April as compared with 67 in April last year, according to the report of R. G. Dun and Company.

Employment conditions at Minneapolis improved

slightly during April, according to such information as is available. The number of families receiving assistance from the Family Welfare Association on account of unemployment was reduced by slightly more than the seasonal amount, but remained at a figure nearly ten times as large as for April last year. There was also a slightly more than seasonal increase in demand for skilled help registered at the public employment office. On the other hand, the record of male employment advertising in Minneapolis newspapers showed a decrease in "Help Wanted," and an increase in "Situations Wanted" during April, after seasonal adjustments.

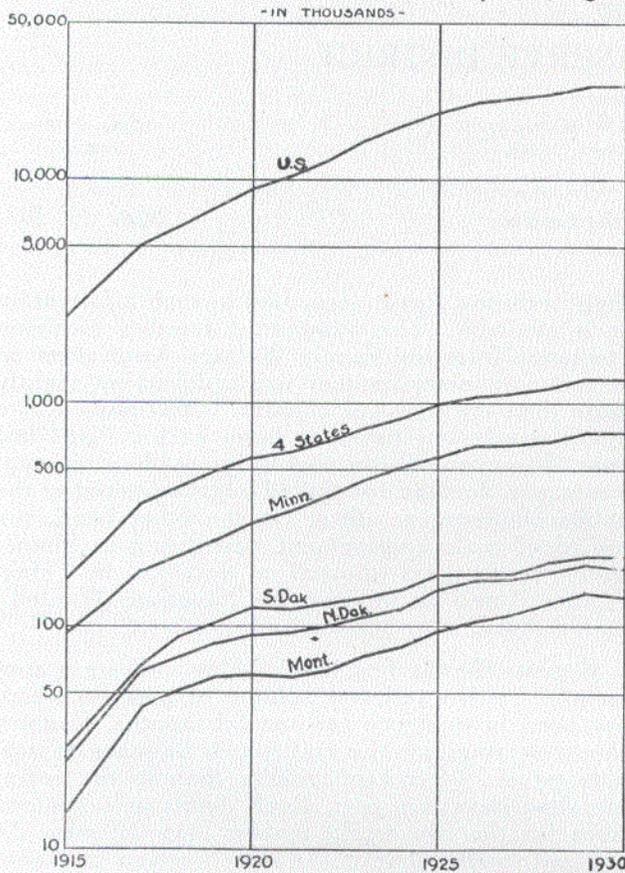
Reports for the first half of May indicate a continuation of the reduced volume of business which has been in evidence for several months. Country check clearings for the first fifteen business days in May were 19 per cent smaller than in the corresponding days last year. Bank debits at seventeen cities for the two weeks ending May 20 were 24 per cent smaller than in the same weeks a year ago.

Bank debits during the week ending May 6 were much larger than in the corresponding week last year, and much larger than in either the preceding or succeeding weeks in 1931, on account of the grain settlement by the Farmers' National Grain Corporation for May 1 deliveries. This illustrates one of the peculiarities of bank debits as a reflection of business transactions. This particular grain settlement entered the bank debits as reported by Minneapolis banks no less than four times in the week. The original payment was approximately 18 million dollars for grain which had been purchased as May futures for some time prior to May 1. This amount appeared four times in the bank debits in the following forms: A transfer from one government grain agency to another; the issuance of certified checks by the second agency; the payment of these cashiers' checks and the distribution of a portion of the proceeds by grain commission firms and others who had received the payments. Thus bank debits for the week were increased more than 60 million dollars by this one transaction.

Motor vehicle registrations in Minnesota, Montana and the Dakotas declined less than 1 per cent during 1930 as compared with 1929. There were slight increases in Minnesota and South Dakota, which were more than offset by decreases in Montana and North Dakota. All four states reported

increases in motor truck registrations and decreases in passenger car registrations.

**MOTOR VEHICLE REGISTRATIONS**



Motor Vehicle Registrations in Minnesota, North Dakota, South Dakota and Montana and for the entire United States, 1915-1930.

**Motor Vehicle Registrations**

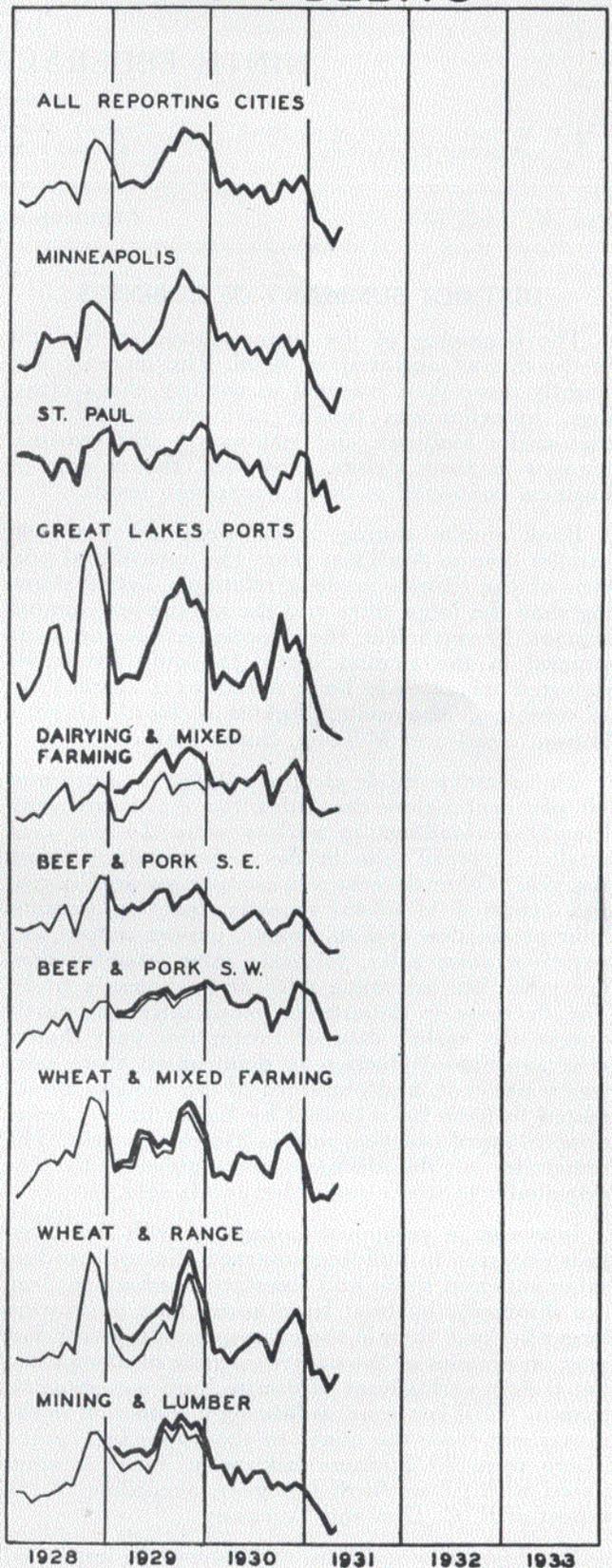
	Passenger Cars	Motor Trucks	Total
1929			
Minnesota . . . .	630,703	99,696	730,399
Montana . . . . .	115,285	25,102	140,387
North Dakota..	162,092	25,954	188,046
South Dakota...	181,419	22,780	204,199
Four States..	1,089,499	173,532	1,263,031
1930			
Minnesota . . . .	624,902	108,070	732,972
Montana . . . . .	109,549	25,619	135,168
North Dakota..	155,383	27,636	183,019
South Dakota...	180,195	24,977	205,172
Four States..	1,070,029	186,302	1,256,331

Source: Facts and Figures of the Automobile Industry.

**DISTRICT SUMMARY OF BANKING**

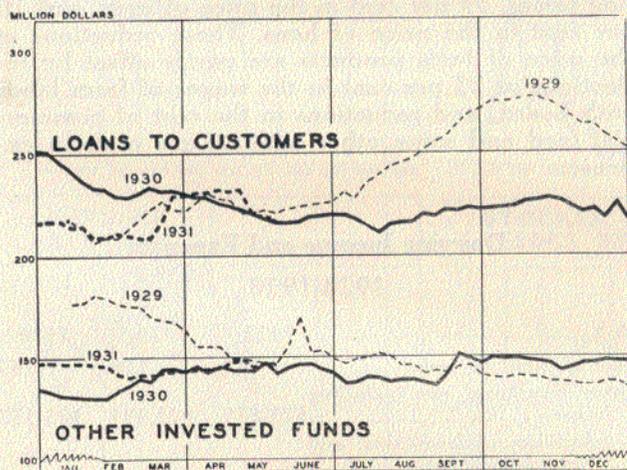
City member banks in the district continued to report the largest volume of deposits experienced in any spring period on record. On May 20, their deposits were 439 million dollars, an increase of

**NINTH FED. RES. DISTRICT BANK DEBITS**



43 million dollars over the total for the corresponding date last year. The deposit increase was due, as in former months, to the unprecedentedly high level of time deposits and the increase in balances due to country banks over last year's figures. Other demand deposits were slightly larger on May 20 than a year ago, and public deposits were slightly smaller than a year ago.

City banks continued to maintain a highly liquid position, with balances due from banks (including the reserve bank) and vault cash totaling 114 million dollars on May 20, which was more than one-fourth of their total deposits. Investment holdings were about as large as a year ago at this time, but included a larger proportion of bonds and a smaller amount of brokers' loans than last year's portfolio. Loans to customers were also at the level of last year's loans on May 20. A reduction of 12 million dollars in loans to customers occurred in the first week of May, partly as a result of grain loans paid off after the May 1 settlement by the Farmers' National Grain Corporation.



Loans to Customers and Investments of Selected City Member Banks in the Ninth Federal Reserve District.

Country banks continued to owe the Federal Reserve Bank more than a year ago, and on May 20 their borrowings were larger by \$600,000, or 19 per cent, than last year's borrowings on the corresponding date. Member bank borrowings during the five weeks ending May 20 exhibited the usual contrasting trends in various parts of the district arising from the different types of farming. In the mixed farming area, there was an increase in borrowings which always occurs between the peak of livestock marketings and the peak of dairy income. During the week ending May 20, this seasonal rise began to be reduced. In the areas more strictly devoted to grain raising and ranching, there occurred the beginning of the seasonal increase in borrowings which ordinarily reaches a peak in August.

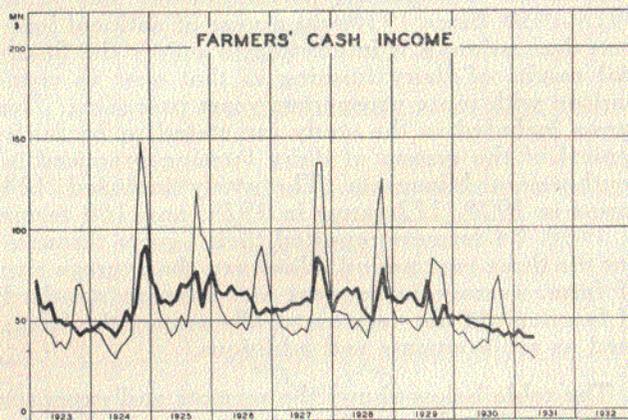
Deposits of country member banks were 8 per cent smaller in April than in the same month last year. Decreases were smallest in Michigan, Wisconsin and rural Minnesota, and largest in Montana and the Dakotas.

DISTRICT SUMMARY OF AGRICULTURE

Cold storage holdings of livestock and poultry products in the United States on May 1 were reported to exceed the five-year average for the date in butter, eggs and pork, and to be below the five-year average in poultry, beef, lamb and mutton, and lard. Stocks decreased during the month of April in butter, poultry, beef, lamb and mutton, and increased in eggs, pork and lard.

Grain stocks in terminal elevators at Minneapolis and Duluth-Superior were larger on May 16 than a year ago due to increases in stocks of wheat, corn, rye and flax. Grain stocks at these terminals have been decreasing from the seasonal peak at about the same rate as a year ago. On account of the increased elevator capacity this year, the amount of free space in elevators at the two terminals was only slightly less than last year at this time. In fact, the free space at the Head-of-the-Lakes is only reported to be smaller than a year ago on account of a reduction in the capacity ratings of certain elevators.

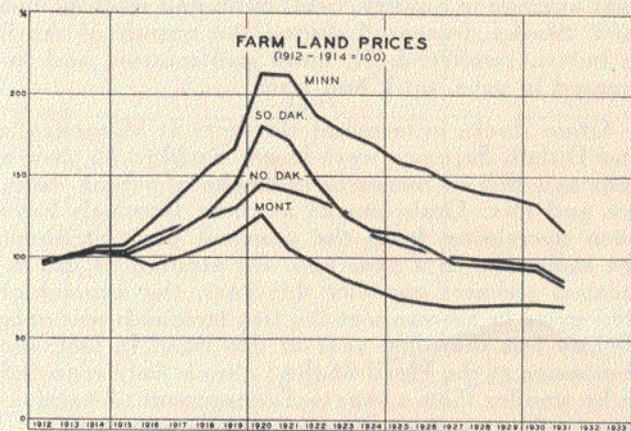
The estimated cash income of northwestern farmers from seven important items was 15 per cent smaller in April than in the corresponding month last year. Increases in income from marketings of wheat and flax were more than offset by decreases in the income from dairy products, hogs, potatoes and rye. Prices of all important farm products were lower in April than a year ago, with the exception of lambs, which sold at the same price as in April last year.



Farmers' Cash Income in the Ninth Federal Reserve District from Cash Crops, Hogs and Dairy Products. The heavy curve is seasonally adjusted, and the light curve shows changes in farm income without seasonal adjustment.

Farm land prices in the Northwest declined further in the year ending March 1, 1931, according to estimates of the United States Department of Agriculture. In Minnesota, the decline during the year was from an index figure of 133 to 116, using the pre-war years 1912-1914 as 100 per cent. In North Dakota, the decline during the year was from 95 to 85, in South Dakota from 93 to 83, and in Montana from 72 to 70. For the first three states mentioned, farm land prices in 1931 reached the

lowest levels in post-war years. In Montana, the decrease merely eliminated the small increase which had occurred in 1928 and 1929, when the demand for land as a result of the growing use of the combine harvester was in evidence.



Farm Land Prices in Four Northwestern States, as percentages of the pre-war average prices in 1912-1914.

### DAIRY FARM EARNINGS IN A DEPRESSION YEAR

A report recently issued by the Division of Farm Economics at the University of Minnesota quotes the average earnings and expenses of selected dairy farmers in southeastern Minnesota for the years 1928-1930. Since 1930 was a year of national business depression, it is interesting to survey the financial results of dairy farming in that year in comparison with more prosperous years preceding. The farms included in the study are stated to be fairly typical of the system of dairy farming practiced in southeastern Minnesota. The study included 124 farms in 1928, 172 farms in 1929, and 180 farms in 1930. 84 farmers reported their figures throughout the three-year period. However, the average size of farm, average investment and average standard of farming did not vary materially among the farms used as replacements and additions.

The table below shows the receipts and expenses together with changes in farm inventories for the three years. It will be seen that receipts and net increases increased from \$4,344 in 1928 to \$5,142 in 1929 and decreased to \$3,627 in 1930. The reduction in 1930 was not due to poor crops, for the yield per acre of corn was 47.1 bushels in 1930, as compared with 48.6 bushels in 1929, and the yield per acre of oats and barley was 42.4 bushels in 1930, as compared with 45.3 bushels in 1929. Expenses and inventory decreases increased steadily through the three-year period, due principally to increases in the outlay for machinery and equipment, taxes and insurance, miscellaneous livestock and crop expenses, and allowances for board of hired labor. Part of the increased expenses arose from increases in the average size of farms.

Deducting expenses and decreases from receipts and inventory increases, the net returns to the farmer out of which to pay interest, living expenses and returns on investments increased from \$2,813 in 1928 to \$3,501 in 1929, and then decreased to \$1,902 in 1930.

The greater part of the shrinkage in net returns was due to inventory losses caused by lower prices. Cash receipts decreased less than \$600 between 1929 and 1930, and cash expenses decreased slightly more than \$200, so that net cash receipts were reduced only \$350 (from \$2,430 to \$2,086). These figures supplement the records of business volume in the agricultural portion of the district, which have indicated that dairy farming suffered relatively little during 1930 from the shrinkage in net cash returns. Business records for the first four months of 1931 indicate that dairy farming is experiencing further reductions in income this year. This is inevitable with butter prices 34 per cent below 1930 prices, and reductions of 28 per cent in hog prices, 33 per cent in the price of eggs, and 10 per cent in the price of hens. These reductions in the price of farm products are partly offset by reductions of 23 per cent in the wages of farm labor with board, and reductions in the cost of commercial feed and some other minor items of farm expense.

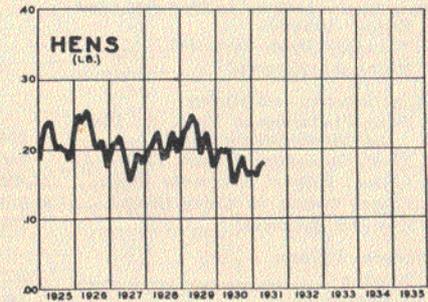
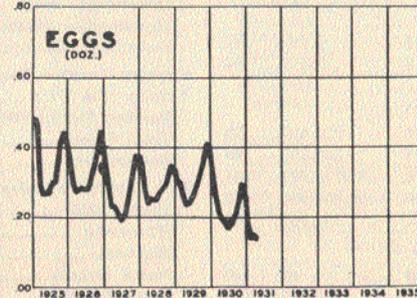
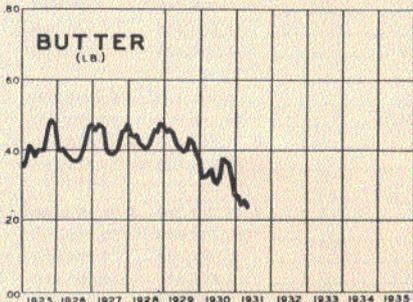
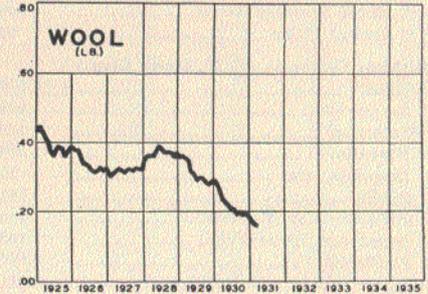
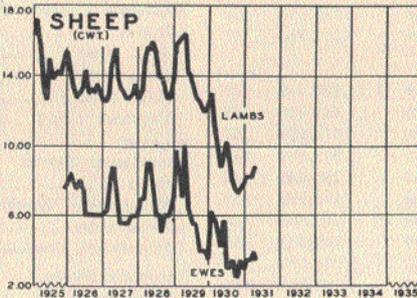
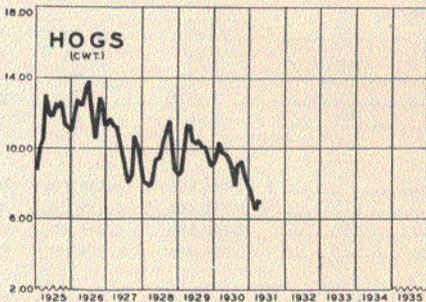
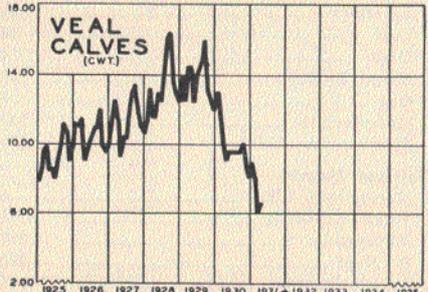
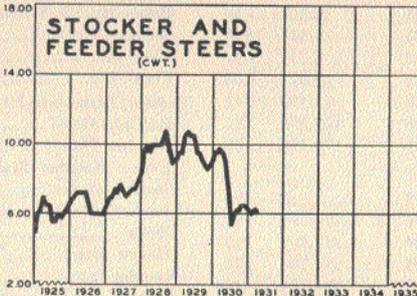
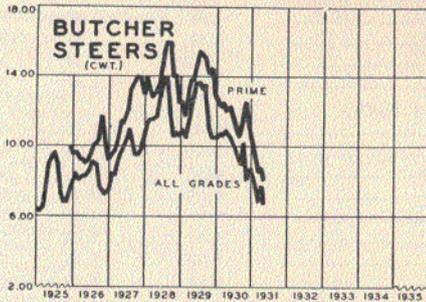
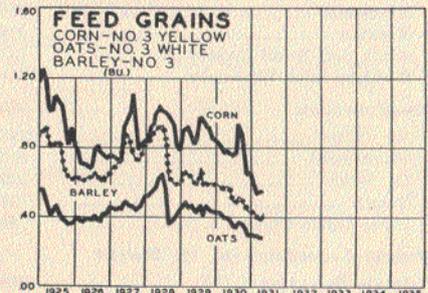
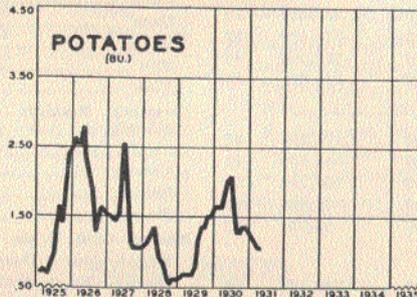
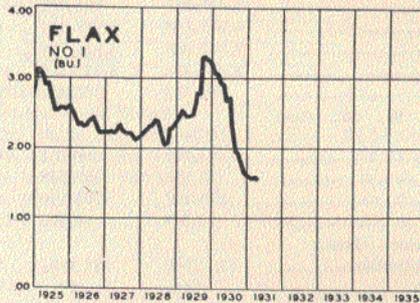
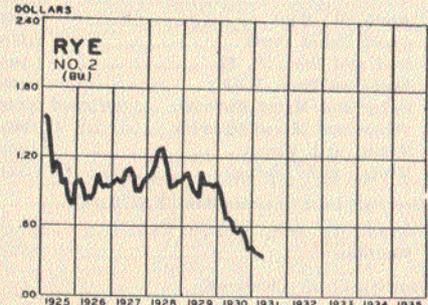
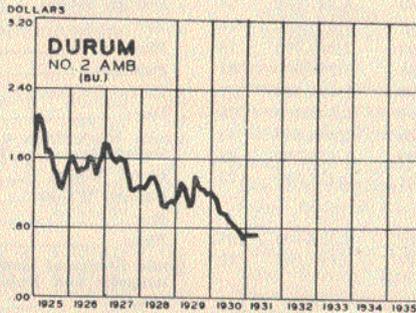
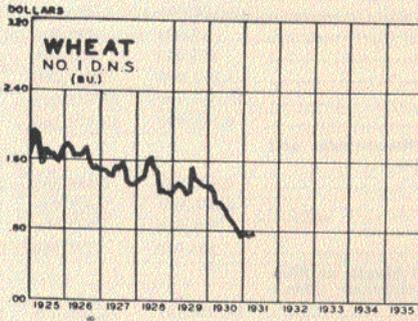
### Dairying Income and Expenses

1928-1930

	1928	1929	1930
Size of farm in acres.....	163	176	183
Farm inventory, not including house .....	\$23,655	\$25,494	\$25,562
(Average of beginning and end inventory)			
Receipts and Net Increases:			
Productive livestock.....	\$ 4,008	\$ 4,431	\$ 3,502
Crops and feeds.....	192	610	...
Outside labor and miscellaneous receipts.....	144	101	125
Total .....	\$ 4,344	\$ 5,142	\$ 3,627
Expenses and Net Decreases:			
Machinery and equipment..	\$ 453	\$ 467	\$ 480
Buildings, fencing, tiling..	165	156	148
Crops and feeds.....	...	...	71
Horses .....	25	7	21
Miscellaneous livestock expense .....	55	68	78
Miscellaneous crop expense	171	198	202
Hired labor .....	252	293	262
Allowance for board of hired labor .....	95	110	113
Taxes and insurance.....	285	312	324
General farm expense.....	30	30	26
Total .....	\$ 1,531	\$ 1,641	\$ 1,725
Returns to Capital and Family Labor .....	\$ 2,813	\$ 3,501	\$ 1,902

NORTHWESTERN FARM PRODUCT PRICES

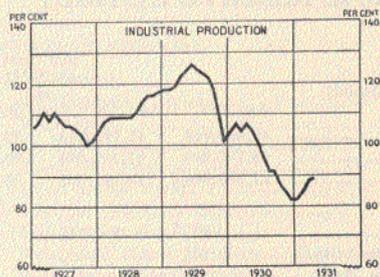
(Price per bushel, hundredweight, pound or dozen)



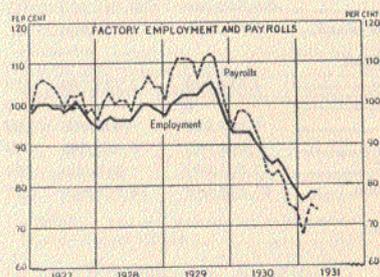
## COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

GENERAL BUSINESS		Per Cent April '31 of		AGRICULTURE		Per Cent April '31 of	
	Apr. '31	Apr. '30	Apr. '30		Apr. '31	Apr. '30	Apr. '30
<b>Bank Debits<sup>1</sup></b>				<b>Farmers' Cash Income</b>			
All Reporting Cities.....	\$ 31,592,500	\$ 39,656,600	80	Total of 7 Items.....	\$ 28,329,000	\$ 33,490,000	85
Minneapolis .....	13,750,000	17,612,000	78	Bread Wheat .....	4,204,000	2,127,000	198
St. Paul .....	5,485,000	6,947,000	79	Durum Wheat .....	1,525,000	1,479,000	103
South St. Paul.....	928,000	1,175,000	79	Rye .....	63,000	168,000	37
Great Lakes Ports.....	2,518,200	3,241,700	78	Flax .....	545,000	393,000	139
Beef and Pork, S. E.....	1,108,600	1,270,600	87	Potatoes .....	1,523,000	2,713,000	56
Beef and Pork, S. W.....	1,420,900	1,671,100	85	Dairy Products .....	13,534,000	16,188,000	84
Dairy and Mixed Farming.....	1,570,400	1,848,200	85	Hogs .....	6,935,000	10,422,000	67
Wheat and Mixed Farming.....	2,005,400	2,288,800	88	<b>Grain Marketings at Minneapolis and Duluth-Superior (Bus.)</b>			
Wheat and Range.....	991,100	1,128,700	88	Bread Wheat .....	4,602,000	1,569,000	293
Mining and Lumber.....	1,814,900	2,473,500	73	Durum Wheat .....	2,085,000	1,525,000	137
<b>Electric Power Consumption (K.W.H.)<sup>1,2</sup></b>				Rye .....	183,000	247,000	74
Minn., No. Dak., and So. Dak.....	4,743,000	4,513,000	105	Flax .....	348,000	135,000	258
Montana .....	2,795,000	3,860,000	72	<b>Grain Stocks at End of Month at Min- neapolis and Duluth-Superior (Bus.)</b>			
<b>Country Check Clearings<sup>3</sup></b>				Wheat .....	71,900,537	58,486,558	123
Total .....	\$ 2,818,400	\$ 3,438,800	82	Corn .....	1,449,945	925,865	157
Minnesota .....	1,014,300	1,290,500	79	Oats .....	5,591,148	8,747,855	64
Montana .....	475,900	569,500	84	Barley .....	3,551,346	4,921,999	72
North and South Dakota.....	717,200	863,000	83	Rye .....	6,318,880	3,789,316	167
Michigan and Wisconsin.....	611,000	715,800	85	Flax .....	966,188	723,439	134
<b>Postal Receipts</b>				<b>Livestock Receipts at So. St. Paul (Head)</b>			
Six Cities .....	1,035,900	1,113,900	93	Cattle .....	61,269	56,131	109
Minneapolis .....	550,200	615,600	89	Calves .....	57,275	53,949	106
St. Paul .....	342,200	343,200	100	Hogs .....	199,400	205,720	97
Duluth .....	57,000	61,300	93	Sheep .....	24,314	16,905	144
Three Other Cities.....	86,500	93,800	92	<b>Median Cash Grain Prices (Bus.)</b>			
<b>Freight Carloadings—N. W. District</b>				Wheat—No. 1 Dark Northern.....	\$ .79 $\frac{3}{4}$	\$ 1.13 $\frac{3}{4}$	70
Total—Excluding L.C.L. ....	258,191	340,538	76	Durum—No. 2 Amber.....	.73 $\frac{1}{8}$	.97	75
Grains and Grain Products.....	37,150	38,233	97	Corn—No. 3 Yellow.....	.54 $\frac{3}{4}$	.77 $\frac{3}{4}$	70
Livestock .....	24,295	25,867	94	Oats—No. 3 White.....	.28	.39 $\frac{3}{4}$	70
Coal .....	18,435	16,044	115	Barley—No. 3 White.....	.42	.56	75
Coke .....	4,369	6,537	67	Rye—No. 2 .....	.34 $\frac{1}{2}$	.68	51
Forest Products .....	36,873	66,372	56	Flax—No. 1 .....	1.56 $\frac{1}{2}$	2.91	54
Ore .....	8,681	21,499	40	<b>Median Livestock Prices (Cwt.)</b>			
Miscellaneous .....	128,388	165,978	77	Butcher Cows .....	\$5.00	\$ 7.50	67
Merchandise—L.C.L. ....	120,571	139,763	86	Butcher Steers .....	6.75	10.75	63
<b>Building Permits</b>				Prime Butcher Steers.....	8.00	12.25	65
Number—18 Cities .....	2,115	2,229	95	Feeder Steers .....	6.00	9.50	63
Value—18 Cities .....	\$ 3,711,800	\$ 4,426,200	84	Veal Calves .....	6.50	9.00	72
Minneapolis .....	1,707,900	1,247,500	137	Hogs .....	6.90	9.65	72
St. Paul .....	1,229,700	817,100	150	Heavy Hogs .....	6.50	9.15	71
Duluth-Superior .....	111,500	724,100	15	Lambs .....	8.75	8.75	100
4 Wheat Belt Cities.....	261,400	601,800	36	Ewes .....	3.50	4.25	82
6 Mixed Farming Cities.....	340,100	928,800	37	<b>Wholesale Produce Prices</b>			
4 Mining Cities .....	61,200	106,900	57	Butter (Lb.) .....	\$ .23	\$ .35	66
<b>Building Contracts (F. W. Dodge Corp.)</b>				Milk (Cwt.) .....	1.42	2.06	69
Total .....	\$ 14,048,800	\$ 10,857,300	129	Hens (Lb.) .....	.18	.20	90
Commercial .....	698,700	1,622,400	43	Eggs (Doz.) .....	.13 $\frac{1}{2}$	.20 $\frac{1}{4}$	67
Factories .....	317,500	470,500	67	Potatoes (Bu.) .....	1.05	1.80	58
Educational .....	1,369,600	992,800	138	<b>TRADE</b>			
Hospitals, etc. ....	12,300	290,600	4	<b>Department Stores</b>			
Public .....	402,200	122,700	259	Sales .....	\$ 3,453,530	\$ 3,685,110	94
Religious and Memorial.....	144,900	263,800	55	Merchandise Stocks .....	6,926,450	7,734,290	90
Social and Recreational .....	163,500	192,400	85	Receivables .....	3,660,980	3,631,980	101
Residential .....	2,061,500	2,034,900	101	Instalment Receivables .....	737,380	814,130	91
Public Works and Utilities.....	8,878,600	4,867,200	182	<b>Furniture Stores</b>			
<b>Real Estate Activity in Hennepin and Ramsey Counties</b>				Total Sales .....	\$ 244,920	\$ 335,610	73
Warranty Deeds Recorded.....	878	1,069	82	Instalment Sales .....	186,230	237,710	78
Mortgages Recorded .....	1,418	1,502	94	Merchandise Stocks .....	1,508,360	1,732,700	87
<b>Manufacturing and Mining</b>				Instalment Receivables .....	1,900,020	2,279,760	83
Flour Production at Mpls., St. Paul, and Duluth-Superior (bbls.).....	774,827	912,537	85	<b>Country Lumber Yards</b>			
Flour Shipments at Mpls. (bbls.).....	748,356	848,750	88	Sales (Bd. Ft.) .....	7,767,000	10,309,000	75
Linseed Product Shipments (lbs.).....	24,936,596	17,744,635	141	Lumber Stocks (Bd. Ft.).....	80,816,000	93,483,000	86
Copper Output (5 firms) (lbs.).....	25,247,700	30,856,900	82	Total Sales .....	\$ 1,211,400	\$ 1,588,000	76
Iron Ore Shipments.....	175,921	107,559	164	Receivables .....	3,313,800	3,815,200	87
<b>Business Failures</b>				<b>Life Insurance Sales</b>			
Number .....	99	67	148	Four States .....	\$ 21,724,000	\$ 29,189,000	74
Liabilities .....	\$ 1,966,076	\$ 935,695	210	Minnesota .....	15,995,000	20,712,000	77
				Montana .....	2,001,000	3,248,000	62
				North Dakota .....	1,666,000	2,091,000	80
				South Dakota .....	2,062,000	3,138,000	66

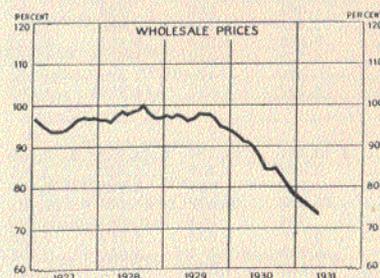




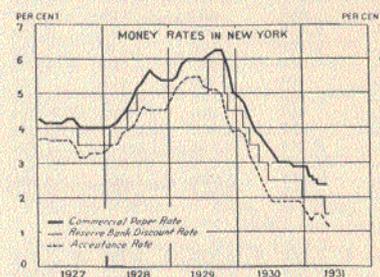
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average=100.)



Indexes of factory employment and payrolls, without adjustment for seasonal variation. (1923-1925 average=100.)



Index of United States Bureau of Labor Statistics (1926=100).



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper. Acceptance rate on 90-day bankers' acceptances. Latest figures are averages of first 20 days in May.

## Summary of National Business Conditions (Compiled May 23 by Federal Reserve Board)

The output of manufactures and employment at factories showed little change from March to April, and the output of mines, which ordinarily decreases at this season, also remained unchanged. Wholesale prices continued to decline, and money rates eased further.

**PRODUCTION AND EMPLOYMENT:** Industrial production, as measured by the Board's seasonally adjusted index which covers both manufactures and mines, increased from 88 per cent of the 1923-25 average in March to 89 in April, compared with 82 the low point reached last December. Steel mill activity declined by considerably more than the usual seasonal amount, while in the automobile industry there was a larger than seasonal increase in output, according to preliminary reports. Consumption of cotton by domestic mills continued to increase, contrary to the usual seasonal movement, while there was a decrease in unfilled orders for cotton cloth, which was only partly seasonal in nature; consumption of wool, which ordinarily declines in April, increased considerably; at silk mills, activity declined. There were large increases in the output of petroleum and anthracite coal, while production of bituminous coal declined by about the usual seasonal amount.

The number of employees in factories at the middle of April was about the same as a month earlier. In car building shops and in establishments producing machinery, employment decreased considerably, while in the automobile and cement industries there were seasonal increases, and in the fertilizer industry a larger than seasonal increase occurred. Employment at textile mills declined by less than the seasonal amount, reflecting chiefly a slight increase in employment at cotton mills and a small decrease in the clothing industry. At mills producing woolen and silk goods, declines in employment were larger than usual. Factory payrolls declined somewhat in April.

The value of building contracts awarded, which fluctuates widely from month to month, declined considerably in April, according to the F. W. Dodge Corporation, and decreases were reported in all the leading classes of construction. In the first four months of 1930, total awards decreased 26 per cent from the corresponding period of 1930, reflecting declines of 10 per cent for residential building, 17 per cent for public works and utilities, 25 per cent for educational building, 43 per cent for factories, and 57 per cent for commercial buildings.

**DISTRIBUTION:** Freight carloadings showed about the usual seasonal increase in April. Department store sales increased 9 per cent from March, and the Board's index, which makes allowance for the usual seasonal variations including changes in the date of Easter, stood at 105 per cent of the 1923-1925 average, compared with 97 per cent in March.

**WHOLESALE PRICES:** The general level of wholesale prices declined 1.6 per cent further in April, according to the Bureau of Labor Statistics. In the first half of May, prices of many leading commodities were reduced further, and for the six-week period as a whole there were large declines in the prices of cotton, silk and textiles, livestock and dairy products, cement, petroleum products and non-ferrous metals.

**BANK CREDIT:** Loans and investments of reporting member banks in leading cities declined by about \$150,000,000 between April 1 and the middle of May, reflecting substantial liquidation in loans on securities and in all other loans, largely commercial. This liquidation of loans was offset, in part, by further large additions to the banks' investments, which on May 13 were over \$1,000,000,000 larger than at the beginning of the year.

The volume of Reserve bank credit declined somewhat in the six weeks ending on May 16. Contrary to the usual seasonal tendency, there was some further increase in currency demand for the period reflecting chiefly banking disturbances in the Middle West. Gold imports continued in considerable volume and supplied the member banks with sufficient funds to meet the additional demand for currency, and also to reduce somewhat the amount of Reserve bank credit outstanding.

Money rates declined to new low levels during May. Rates on bankers' acceptances, which had declined from  $1\frac{1}{2}$  per cent in the middle of April to  $1\frac{1}{4}$  per cent by the end of the month, were reduced to  $\frac{7}{8}$  per cent by the 19th of May. Rates on commercial paper declined from a range of  $2\frac{1}{4}$ - $2\frac{1}{2}$  per cent to a range of  $2$ - $2\frac{1}{4}$  per cent. At the Reserve banks, buying rates on bankers' acceptances were reduced in April and the first half of May, and in May discount rates were also reduced, the rate at the Federal Reserve Bank of New York being lowered to  $1\frac{1}{2}$  per cent.