CROP and BUSINESS CONDITIONS

NINTH FEDERAL RESERVE DISTRICT

REPORT OF

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TO THE

FEDERAL RESERVE BOARD

WASHINGTON, D. C.

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EDITORIAL NOTICE:—This report is prepared monthly in the office of the Federal Reserve Agent for the purpose of providing the Federal Reserve Board with complete, accurate, and impartial information concerning business conditions in the Northwest. It is also printed for public use and will be mailed free of charge to anyone making request for it.

DISTRICT SUMMARY FOR THE MONTH

The volume of trade and current manufacturing production in this district continues at levels higher than a year ago, and if price increases be included, the improvement amounts to about 17 per cent. On the other hand, those statistical indexes of business which show improvement in April over March recorded less advance than the normal seasonal increases of former years, except in retail trade, which always lags after other trade indexes. There were some substantial declines recorded in April. This was due partly to the backwardness of the season with its late cold rains retarding plowing and seeding, and partly to the hesitation of buyers awaiting the outcome of the next crop.

The median prices of grains and all livestock, except calves and lambs, rose during the month in spite of the fact that all receipts, except corn, at terminal markets were above normal or above last year.

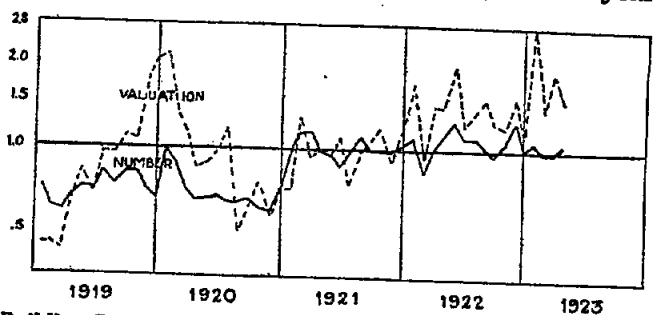
Banks in the larger cities report a decline in deposits and the simultaneous liquidation of some of their investment holdings. Interest rates were firm or rising for the great majority of varieties of paper quoted in the local money market.

TOPICAL REVIEWS

The volume of business in this district did not increase appreciably during April over the March volume, according to the evidence of debits to individual accounts at the banks of nine cities. In fact, the monthly total was almost one per cent smaller in April than in March, but as April is a shorter month, there was probably slightly greater activity during April than during March. This occurrence appears to be fairly normal, because during the last four years, there were two increases and two declines between March and April. The April volume this year was 17 per cent larger than the April volume of business in 1922 and larger also than in April, 1921, but smaller than in 1920 or 1919, as measured in dollars. Business failures reported by Dun's Review showed a decline of two-fifths in liabilities between March and April, although the number of failures in April was as large as the number in March. The liabilities involved in April failures were about one-third as large as liabilities in April a year ago and the number of failures was two-thirds as large.

Building in this district showed a fair seasonal increase between March and April in both urban and rural communities. In 18 cities of this district, the number of building permits doubled and the valuation of these permits was one-half larger. Sales of lumber retailers in the rural sections of this district increased 40 per cent between the two months.

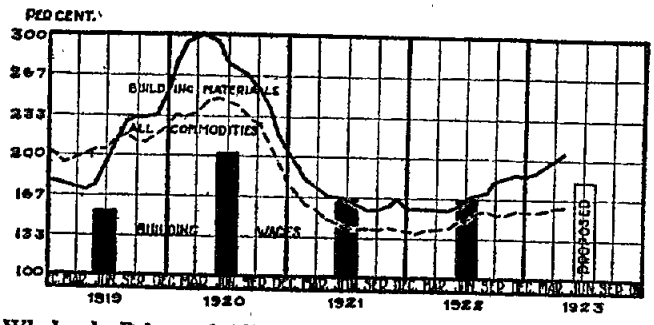
Building in the cities continues at a rate much larger than our estimated normal, although the volume is not as much greater as might have been expected in view of the large totals for January and March. The number of projects, however, has not risen much above normal, showing that there is an unusual proportion of large projects. As compared with last year, the number of permits issued in the 18 cities during April was 8 per cent lower and the valuation six per cent higher. For the first four months of 1923, the number of permits was 4 per cent less than in the corresponding period a year



Building Permits in Eighteen Cities, Adjusted by Elimination of Seasonal Influences.

ago, but the valuation was 25 per cent greater. However, if price changes were eliminated so that a true comparison of the volume of building between the two years could be made, it would undoubtedly follow that the volume of building in April and in the first four months of 1923 was less than in the corresponding period of 1922.

Building material prices have continued to advance, while there has been no increase in the general level of wholesale prices. The United States Bureau of Labor Statistics reports an increase between March and April from 198 to 204 in the building material index based on the year 1913, but the index for all commodities remained unchanged. The accompanying chart shows the increasing spread between the price of building materials and the general price level. There are also included in the chart columns representing the union wage scale for the building trades in 14 Minnesota cities in each of the last four years and the proposed wage scale to become effective on June 1, 1923, at a level about 10 per cent higher than the 1922 scale.



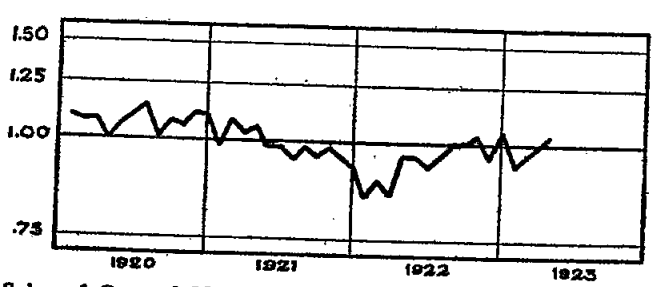
Wholesale Prices of All Commodities and of Building Materials. (Index Computed by United States Bureau of Labor Statistics—1913 Equals 100.)
Building Wages at Fourteen Minnesota Cities

Sales of lumber retailers operating 637 yards, outside of Minneapolis, St. Paul and Duluth, showed some recovery as compared with normal between March and April, but sales are considerably below the level maintained last fall and winter, when adjustment is made to eliminate seasonal influences.

Manufacturing exhibited signs of slowing up during April. Flour production in this district decreased 23 per cent, as compared with a decline in 1922 of only 14 per cent and an increase of 5 per cent in 1921. Deliveries of flour declined 21 per cent between March and April, as compared with a decline of 15 per cent in 1922 and an increase of 2 per cent in 1921. Lumber manufacturers doubled their output between March and April, but the increase was not as great as a year ago. Lumber deliveries by manufacturers declined 15 per cent between the two months, as compared with an increase of 31 per cent in 1922 and an increase of 48 per cent in 1921. Consequently, stocks of lumber in the hands of manufacturers increased more than 8 per cent during April, as compared with a decline of 3 per cent a year ago and an increase of 1 per cent in 1921. Linseed oil and linseed cake shipments increased slightly between the two months. As compared with a year ago, the output of lumber manufacturers was 70 per cent larger, their shipments were 11 per cent larger and their stocks of lumber were 14 per cent less. Flour output during April was 8 per cent larger than a year ago and shipments were 5 per cent larger. Linseed cake shipments were nearly four times as large as last year and linseed oil shipments were almost one-half larger.

Mining output during April was smaller than during March in copper, silver and coal, but in all three items production was much ahead of last year. Iron ore shipments from upper lake ports were only 14,000 tons during April, as compared with 136,000 tons in April last year. The smaller total this year is due to the late opening of the shipping season. Only one upper lake port reported shipments during April, as compared with four ports in April a year ago.

Retail sales of general merchandise increased 9 per cent between March and April and were nearly 7 per cent larger than in April a year ago. The April total was slightly larger than normal, representing a further improvement from the bad slump in January. For the first four months of 1923, sales of general merchandise were 10 per cent larger than a year ago, but as the first four months of last year were the most subnormal of any in the last three years, the larger figure this year does not indicate abnormal activity. As stated elsewhere in this report, retail lumber sales were one-fifth larger in April than in March and slightly ahead of last year, showing a small recovery toward normal. Purchases from wholesale firms were somewhat larger during April than during March in groceries, hardware and agricultural implements. In the latter line, the increase was much less than last year, when purchases doubled between March and April. However, owing to the larger volume of purchases earlier in the year, total purchases of agricultural implements for the first four months of 1923 have been 40 per cent larger than a year ago. Purchases of dry goods and shoes at wholesale fell off during April, as is usual at this season of the year, but there was an unseasonal de-



Sales of General Merchandise at Twenty-four Stores in the Ninth Federal Reserve District, Adjusted by Elimination of Seasonal Influences. (Revised)

cline in lumber orders placed with manufacturers during April. This decline was 10 per cent, compared with an increase of 37 per cent between the two months last year. As compared with April last year, purchases by retailers were larger in all lines except agricultural implements and lumber. Retail stocks of general merchandise were 11 per cent larger at the end of April than a year ago and retail lumber stocks were 1 per cent larger. There were seasonal changes in these stocks between March and April consisting of a slight decline in stocks of general merchandise and a slight increase in lumber stocks.

Financial developments in the Northwest during April and the first half of May have been seasonal. There has been some decline in deposits without an equivalent decline in loans, but the developments are not at all alarming, since deposits continue to be larger than loans. During April 30 selected city member banks experienced a decline of more than five millions in demand deposits, partly offset by an increase of one and three-fourths millions in time deposits. Loans were as large in volume at the end of the month as at the beginning, and to allow for the withdrawal of deposits, security holdings were reduced two and one-half millions, reserves declined more than one million and borrowings from this bank increased almost two and one-half millions. During the two weeks ending May 9, these same banks experienced a further withdrawal of four million dollars of demand deposits and almost one million of time deposits, accompanied by a decline in loans of four millions, a decline in security holdings of nearly four and one-half millions and a reduction of reserves amounting to nearly three-fourths of a million. Borrowings from this bank did not change.

Commercial paper outstanding in this district increased 6 per cent during April, following the tendency shown in 1920 and in 1922, when peaks were reached at the close of April. The volume of paper outstanding on April 30, 1923, was 80 per cent larger than the volume outstanding at the low point of the last three years, reached on November 30, 1922.

Interest rates quoted by three Minneapolis banks showed a further rise in a majority of the classes, in either high, low or customary quotations, during the month ending May 15. Quotations for unendorsed bankers' acceptances and demand paper secured by stock exchange collateral were slightly lower; while the rate to customers for prime commercial paper running four to six months and the rate for loans secured by government obligations remained unchanged. This increase in interest rates during the last month makes the rise practically continuous from the low point reached in the month ending February 15 of this year. The following table illustrates the increase in the rates on customers' 30 to 90 day paper and on 30 to 90 day commercial paper:

Interest Rates Charged by Three Minneapolis Banks

	Jan. 15 to Feb. 15*	Feb. 15 to Mar. 15	Mar. 15 to Apr. 15	Apr. 15 to May 15
Prime Customers' Paper 30-90 days				
High-Low ...	4½-5	5-5½	5-5½	5½-6
Customary ..	5	5	5½	5½
Prime Commercial Paper 30-90 days				
High-Low ...	4¼-5	4½-5	4¾-5	5-5¼
Customary ..	4½	4½	5	5⅛

*One Bank

This Federal Reserve Bank experienced a seasonal increase of two millions in accommodation to member banks during the month of April and a withdrawal of member bank deposits of more than one million. These changes were responsible for reductions of cash reserves of two and one-half millions and in purchased bills of one and one-half millions, but security holdings increased one-third of a million. Federal Reserve notes in circulation, while not exhibiting any great change in total volume during April, showed increases in the ten and twenty dollar denominations, indicating that more pocket money is being used. The five dollar denominations showed a sharp decline, but would probably have remained unchanged or would have increased except that silver certificates were issued during this month on all requisitions for money in the five dollar denomination.

During the three weeks ending May 15, the loans of this bank showed a further increase of three and one-third million dollars, and member bank reserve deposits declined one million. Federal Reserve notes in circulation also declined one-half million. These changes caused reductions in cash reserves of nearly two and one-half millions, in purchased bill holdings of more than one million and in security holdings of more than three-fourths of a million.

Receipts of all grains at Minneapolis and Duluth-Superior were smaller in April than in March, with the exception of flax, in which there was an increase of one-third. The declines were pronounced for the other grains, except rye. It is a seasonal occurrence for receipts of grain to fall off during April, and the increase in flax is to be accounted for by the exceptionally high premium on flax for immediate delivery. April receipts of flax were slightly larger than the ten year average for the first month since September last year. Receipts of wheat and rye continued to be above the average, most noticeably the latter. Receipts of barley and oats were again below the ten year average, and receipts of corn, for which no ten year figures are available, were about as large as receipts during April of 1919 and 1920, but smaller than receipts during April of 1921 or 1922, when receipts were extremely heavy. As compared with last year, receipts of rye were three times as large, flax twice as large, wheat two-thirds larger, and oats and barley somewhat larger, but receipts of corn were less than one-half as large.

Stocks of all grains combined in northwestern terminal elevators were slightly larger at the end of April than at the end of March, which is an abnormal occurrence, because stocks generally reach a peak in March. The increase in stocks was due entirely to a larger volume of wheat and rye, and stocks of the other grains declined from one-tenth to one-fourth, with the exception of flax, in which stocks were reduced more than one-half. Wheat and rye stocks have reached huge totals and stocks of oats are still very large, although they have been reduced each month since the peak was reached in February, 1922, with the exception of the months of August and September of that year. Stocks of flax, corn and barley are negligible. As compared with last year, stocks of rye are more than three times as large, wheat stocks are two and one-half times as large and barley slightly larger, but stocks of corn are one-twentieth, flax one-tenth and oats one-third of stocks a year ago.

Livestock receipts at South St. Paul declined seasonally in April with the exception of calves, in which there was a slight seasonal increase. There was no change from the preceding month in the relation of receipts to the ten year average. Receipts of hogs and calves remained considerably larger than the average. Cattle receipts were about as large as the average and sheep receipts were below the average. As compared with last year, receipts during April of this year were slightly larger in the case of cattle and considerably larger for the other classes.

Feeder shipments showed a seasonal decline between March and April in cattle, hogs and sheep and a seasonal increase in shipments of feeder calves. The interest in feeder cattle increased, however, as the month of April progressed, as evidenced by feeder shipments being larger from week to week. During the week ending May 3, 2,450 head of feeder cattle were shipped. Lightweight stocker cattle proved very popular with the approach of the grazing season. Practically no sheep were shipped for feeding purposes during April. As compared with a year ago, this year's April shipments were three-fourths larger in the case of hogs, but smaller in the case of cattle, calves and sheep.

Prices of the chief agricultural staples at northwestern central markets during April were either firm or higher than prices during March, with the exception of calves and lambs. This price movement was quite seasonal and was chiefly the result of declining receipts of most products and increasing receipts of calves and lambs. The price of flax showed a seasonal increase in spite of larger receipts.

Median grain prices at Minneapolis all moved up in April over March. The greatest increase occurred in flax, in which the best quality increased 37 cents, or 13 per cent, to the exceptionally high figure of $3.39 per bushel. Wheat increased almost 7 cents in median price, but was still almost 25 cents per bushel lower than during April in the last two years. Rye increased 4½ cents, barley 2 cents and oats nearly 1½ cents during the month. The median price of corn increased 5½ cents, continuing the recovery which has been fairly constant for the last year and a half and which brings corn at this time to a point higher than at any time since October, 1920.

There was a weak undertone to the market for killing cattle at South St. Paul during April, but prices did not fall generally, owing to lighter receipts and enough outside demand to absorb any surplus as it developed. Even higher prices prevailed at South St. Paul than at outside markets. At the end of the month, bearish influences tended to depress local prices and to bring them more in line with dressed products, but were offset by outside demand for killers and for half-fat feeders for further finishing. The quality of the cattle received during the latter half of the month was, on the whole, noticeably better than that of earlier receipts this year. Good and choice stockers and feeders, however, particularly steers, were scarce. The median price during April for butcher cows and heifers advanced 50 cents over March, due chiefly to seasonally light receipts of she-stock. Butcher steers were also up 50 cents, owing to competition from feeders for the half-fat steers. Stocker and feeder steers gained 60 cents, with a strong demand for the better grades. The median price for veal calves declined $1.00 per hundred during April, after many down and up fluctuations during the month. At the end of the month, the market was fairly stable at the lower level. Seasonally larger receipts were chiefly responsible for this seasonal decline, but the May 1 price, $7.00, was higher than the May 1 price either one year or two years ago.

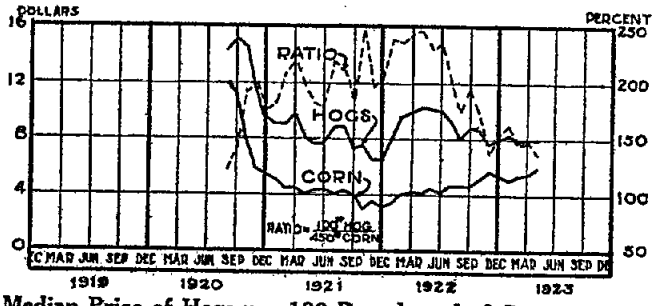
The median price of lambs declined seasonally during April to $12.25. The high for the month just equalled last month's median of $13.75. Supplies were very limited during the month, packers shipping in most of the receipts. The actual sales reported for April by the South St. Paul Reporter were only 833 head. Unfavorable weather conditions during March and to a lesser degree during April have greatly retarded the development of lambs, increased the mortality and have delayed marketing, not only in this district, but throughout the entire United States.

A sharp decrease in hog receipts early in April resulted in higher prices for a short time, despite a decided decline in the quality and finish of the hogs. This was followed by a slackening in the shipping demand, and when receipts again increased, prices fell to the extreme low of $5.75, making a new low for the year, and the lowest price in 15 months. Subsequently, shipping demand increased and prices rose. The median price for hogs during April was $7.90, exactly the same as for March. One factor in the strength of hog prices on May 1 may have been that, notwithstanding the increased number of

brood sows bred for spring farrow, on account of the extremely unfavorable weather, the number of pigs saved this spring is reported to be less than 93 per cent of those saved last year. While April receipts were only 82.8 per cent of March receipts, they were over 155 per cent of April a year ago. Total receipts since November 1 were 1,818,393 head, as compared with 1,288,177 for the same period in 1921-22, an increase of 41 per cent. This long-continued exceptionally heavy run has made the market top-heavy for some time, and the decline that occurred late in April was not unexpected. The bulge in the median price from February to June which occurred last year has not made its appearance in 1923, undoubtedly due to the large receipts not only at South St. Paul, but at all of the other principal hog markets. The lightweight hogs suffered the least during the drop, and the average weight of hogs marketed this year is much below that of the last two years. The average weights at South St. Paul during the last week in April of 1923, 1922 and 1921 were 217 pounds, 245 pounds and 233 pounds, respectively. Corn supplies in distant hog shipping regions seem to be lower than in nearby territory, as the lighter and more poorly finished hogs have been shipped in from outlying regions.

THE PRESENT SITUATION IN HOG PRODUCTION

The profit in hog raising has been declining this spring. The accompanying chart shows the median price of hogs per hundred weight, at South St. Paul, the median price at Minneapolis of the corn equivalent of one hundred pounds of hog (450 pounds of corn), and the ratio between the two, which indicates the hog raisers' margin for covering cost of additional feed, labor, and the profit of the feeding operations.



Median Price of Hogs per 100 Pounds and of Corn per 450 Pounds and Ratio Between the Two Prices. (Hog Prices at South St. Paul; Corn Prices at Minneapolis.)

In April the ratio was 135, one point lower than last November, and much lower than any other month since August, 1920, when it was 120, and September, 1920, when the ratio was 139. However, it must be remembered that all prices, hogs, corn, labor, and other feedstuffs, were much higher in August and September of 1920 than they are at the present time. The present ratio, then, represents a somewhat higher margin for other costs and profit than existed during the preceding period of low ratios.

During October, 1920, the price of both corn and hogs declined, but the decline in corn was much more rapid, raising the ratio during the month to 190. The general trend of both prices from October, 1920, to December, 1921, was downward, but the corn decline was proportionally greater, and the trend of the ratio was upward. Fluctuations in prices caused some rapid changes in the ratio during 1921, particularly during October and November. In October, 1921, a rise in hog prices accompanied by a break in corn shot the ratio up from 185 to 246. During November, 1921, hog prices fell and corn prices rose, dropping the ratio to 196. From January to April, 1922, corn and hog prices both rose, but the greater increase in hog prices again raised the ratio, resulting in a new high of 247. Beginning in May, 1922, hog prices have declined and corn prices have risen. As a result of this pressure from both sides, the ratio has declined to the low point of 135, previously mentioned.

The movement of this ratio and the consequent extent of the hog feeding operations during the coming year will depend on two factors, the price obtainable for corn as pork and the price obtainable for corn as grain. The ratio between corn and hog prices is, of course, affected as greatly by a change in hog prices as by a change in the price of corn. It is pertinent, then, to consider the factors affecting the returns received for hogs, the most important of which is the rate of marketing. Beginning one year ago, the number of hogs marketed each month at South St. Paul has been far in excess of the ten-year average. This movement has taken place at all markets, with the result that receipts have totaled nearly 40 per cent greater than the preceding year, and nearly 30 per cent greater than the five-year average.

The stocks of hog products as represented by cold storage holdings and holdings of cured pork have been greatly increased, with the exception of lard, above those of last year, owing to the exceptionally heavy run at all principal markets. May 1 stocks were slightly greater than the five-year average, which is extremely high, owing to the large stocks of the post-war period which are included.

There are indications that there are more hogs on the farms this season than last. Despite the large increase in number of brood sows on farms a year ago, last year's April 1 figure was exceeded by 6.7 per cent on April 1 this year. Disregarding the increase in number per litter that occurred in the fall farrowings of 1922, this increase would point toward a new high record for pig production. In addition, the number of pigs per litter this spring has shown an increase. The unfavorable weather was responsible for heavy losses, but, after taking this into consideration the spring pig crop was probably somewhat larger than that of 1922. In this district, the increase is probably greater than for the United States

as a whole, despite the fact that Minnesota with a 4 per cent increase in brood sows is producing less pigs than last year, because the brood sow increase in Montana and North Dakota was 10 per cent and in South Dakota 17 per cent.

Pork supplies will be smaller if hogs are marketed light. Marketing of light hogs is not unprofitable in those sections of the Northwest where corn supplies are limited, since the addition of one pound of hog above 200 pounds requires approximately four and one-half pounds of corn, whereas the growth from 150 to 200 pounds requires only three and three-quarters pounds of corn for each additional pound. At South St. Paul, the average weight this season has been much less than that of a year ago, as stated in the discussion of hog prices elsewhere in this issue, but this condition does not exist at the other principal markets. At Omaha and Chicago, the two cities where the average weight was the greatest last year, the 1923 average weight shows a small increase. East St. Louis and Kansas City average weights are about the same as average weights last year. It is doubtless a safe assumption that the different trends of average weights at the markets mentioned are a reflection of the stocks of corn that have been available in the shipping territory. This is borne out by the statement of the United States Department of Agriculture, that if the consumption of the 1922 corn crop should continue at the same rate as it has to date, the carry-over into the next crop year will be very small.

An increase in pork production, and consequently an increase in marketing, will not affect prices adversely, if the demand has been proportionately increased. The domestic demand, however, can hardly be expected to take care of a rapid production increase. The hog raiser must, therefore, rely on the export demand to absorb the increase which seems to be in sight this year. Current export demand is very large. During 1922 our volume of exports of hog products, including lard, were approximately half again as large as the pre-war five-year average. Thus far this year, they have been more than double the pre-war figure. It must be remembered, however, that the cold storage stocks, except lard, are extremely high, and constitute an important reserve as regards future increased export demands.

Turning from the factors determining the price of hogs to those affecting corn prices, we find that present corn stocks are extremely low and that at present prices there is little foreign demand.

From the best statistics available, the carry-over of corn on the farms on November 1 last year was a little more than 177,000,000 bushels, and the commercial visible supply was 9,678,000 bushels, according to the United States Department of Agriculture. On March 1, 1923, stocks were about 200,000,000 bushels short of last year's March 1 figure. With the increased consumptive demand for feeding our increased number of pigs, the amount of corn raised this year will be the key to the entire corn price situation.

If a large surplus should develop, and prices should decline, some increased demand could be expected. Our corn exports thus far this year are very much less than a year ago and very slightly larger than the 1910-14 average. A large surplus would tend to lower prices, and increase the export demand. Lower prices would also increase the domestic consumptive demand and raise the hog raiser's operating ratio.

Shipping Hogs in Hot Weather—Don J. Slater of the United States Department of Agriculture, stationed at South St. Paul, has made some suggestions which will help to avoid loss in shipping hogs during hot weather. These suggestions to shippers are of such great value that we are reprinting them herewith:

"On Monday, May 23, 1921, there were 303 dead, 28 crippled and 13 slow hogs in that day's receipts at the South St. Paul market. With the first warm spell last year which arrived on Wednesday, May 10, there were 257 dead hogs in that day's receipts at South St. Paul. Practically all of this loss might have been saved by proper handling of these hogs in every stage of the marketing process.

"Shippers' attention is called to the fact that during this season, hogs in high condition from drylot grain feeding have a great deal of fat around vital organs, consequently any strenuous driving or overheating at country points in process of loading means great death loss during shipment.

"The following suggestions to shippers will prove helpful in avoiding losses:

"1. Haul or drive your hogs into shipping station in ample time to allow them to become rested and cool before loading.

"2. Insist upon a clean car bedded with sand.

"3. Wet down the bedding and interior of the car before loading.

"4. Give only a light grain feeding before shipping. Heavy feed means more body heat generated.

"5. Load not more than one hour before the train is to depart.

"6. Load slowly and carefully. Avoid excitement and do not beat or bruise the animals.

"7. Load not to exceed 16,000 pounds in a standard 36-foot car during warm weather.

"8. Have the cars drenched at every available point immediately after the train stops.

"9. Use ice bags suspended from the car roof whenever possible. Six bags to the car will suffice.

"10. Report any inattention or neglect to your commission man immediately upon arrival."

Crop conditions on May 15 were favorable despite unseasonable weather. Small grain seeding progressed rapidly throughout the district during the first part of May, according to the semi-monthly report of the United States Department of Agriculture Division of Crop and Livestock Estimates, except in northwestern Minnesota, eastern North Dakota, and northwestern and south central Montana. The handicap of the late season has been somewhat offset by farmers switching from early to later varieties of barley and oats, seeding of which was continuing on May 15. Continued cold weather had resulted in good root development and stooling of crops that were above ground.

Corn, flax, and potato plantings had been started in the four states wholly contained in this district, but in general, due to continued frosts and freezing temperatures, progress had been rather slow. Preparation of ground for these crops was general by the 15th. Some early sown flax was reported to have been damaged by the freeze of May 8 and 9.

Pastures were furnishing feed in Minnesota, but, generally, grass growth was backward. More moisture was needed on the ranges in the north central and northwestern districts of Montana, but the general prospects were good. The calf crop was reported to be better than a year ago, and an excellent lamb crop was expected.

The demand for farm help by the month exceeded the supply, but plenty of day labor was reported available.

SUMMARY OF NATIONAL BUSINESS CONDITIONS.

(Compiled May 25 by Federal Reserve Board)

Production and trade continued in large volume during April. There was some slackening of business activity in the latter part of the month and during the early weeks of May, partly on account of seasonal influences.

PRODUCTION: The Federal Reserve Board's index of production in basic industries declined about 1 per cent in April. Production of lumber, anthracite coal and mill consumption of cotton decreased, while there were increases in the output of pig iron and petroleum. There was a further increase in the value of building contracts awarded in April, but the value of building permits issued in 168 cities was 16 per cent less than the record figures of March. The decrease was due chiefly to a curtailment of new projects in New York, as the aggregate value of permits at other reporting cities showed an increase of 20 per cent. Car loadings continued to be much larger than in the corresponding weeks of previous years, owing chiefly to heavy shipments of manufactured goods. In spite of present heavy traffic, the shortage of freight cars has largely disappeared.

Employment at industrial establishments continued to increase during April, although plants in eastern states reported some reduction in their forces and there was an increase in these states in the number of concerns working part time. Increases in wage rates were announced by many concerns, and average weekly earnings of factory workers increased about 1 per cent.

TRADE: Wholesale and retail trade were somewhat smaller in April than in March, which is the customary trend at this season of the year. Both were well above the level of a year ago. Decreased sales by department stores in April as compared with March were in part due to the fact that Easter purchases were made in March and the unseasonally cold weather in many localities. Mail order sales during April were 10 per cent less than in March, but 32 per cent larger than a year ago.

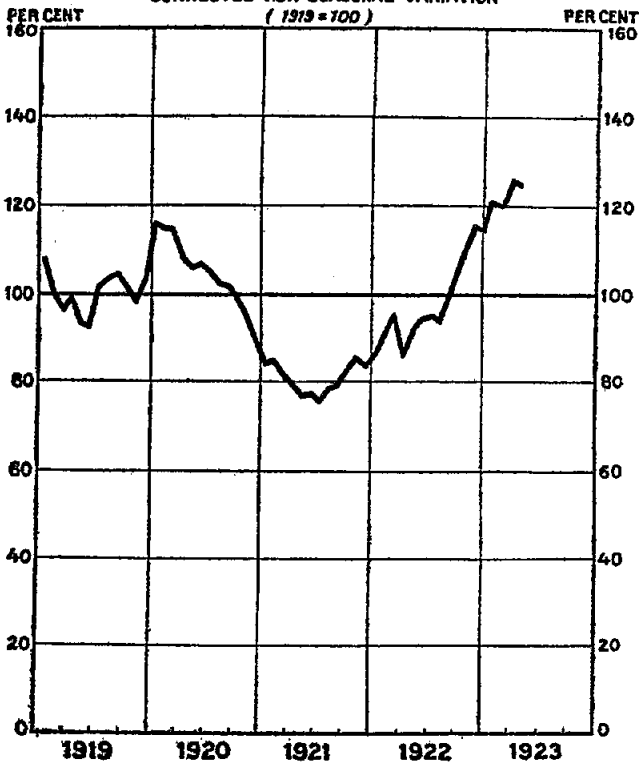
WHOLESALE PRICES: Prices of certain basic commodities declined during April and the early part of May. The general index of wholesale prices of the Bureau of Labor Statistics, it is to be noted, showed no change between March and April. Prices of building materials, metals, clothes and clothing were higher in April than in March, these advances being offset by declines in prices of fuel, and of farm products, especially livestock and dairy products.

BANK CREDIT: Since the middle of April the volume of bank credit in use has remained relatively constant. Between April 11 and May 9 loans of member banks in leading cities showed an increase of nearly $100,000,000, a large part of which occurred in the Chicago district. These increases in loans were accompanied by a somewhat larger liquidation of investments, which was general throughout the country. Partly through the sale of these investments, reporting member banks have met the demands for additional loans without obtaining increased accommodation at the reserve banks. The volume of Federal Reserve Bank credits has consequently continued to remain fairly steady at the level which has prevailed since the middle of January, and the volume of Federal reserve notes in circulation has remained practically unchanged.

Somewhat easier money conditions are indicated by slightly lower rates on commercial paper and lower yields on outstanding Treasury certificates. The Treasury offering of approximately $400,000,000 four and three-quarter per cent notes maturing March, 1927, was heavily oversubscribed, and the issue was subsequently quoted at a slight premium in the open market.

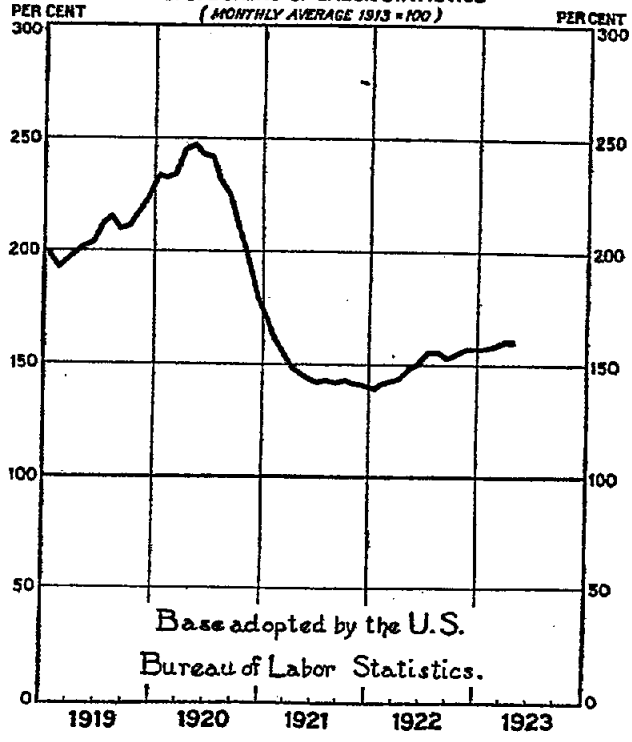
INDEX OF PRODUCTION IN BASIC INDUSTRIES

COMBINATION OF 22 INDIVIDUAL SERIES
CORRECTED FOR SEASONAL VARIATION
(1919 = 100)



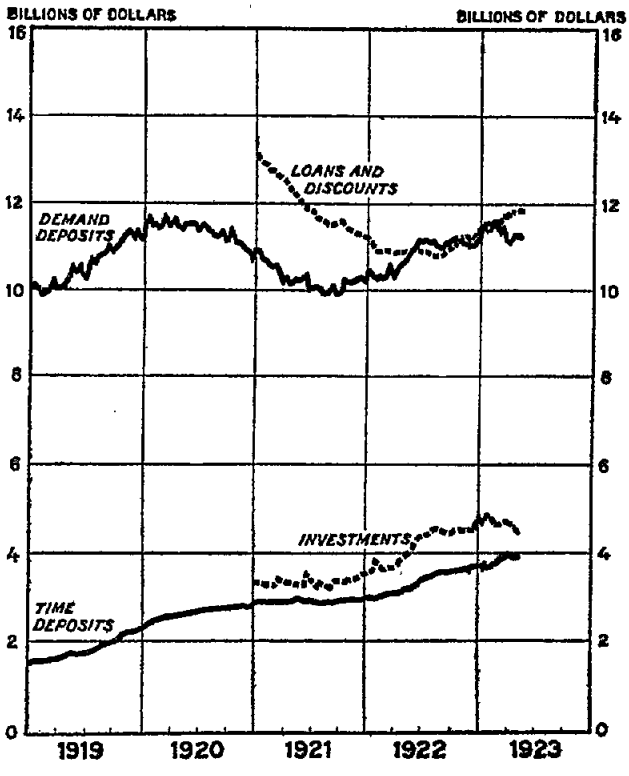
PRICES

INDEX NUMBERS OF WHOLESALE PRICES
U. S. BUREAU OF LABOR STATISTICS
(MONTHLY AVERAGE 1913 = 100)



BANK CREDIT

800 MEMBER BANKS IN LEADING CITIES



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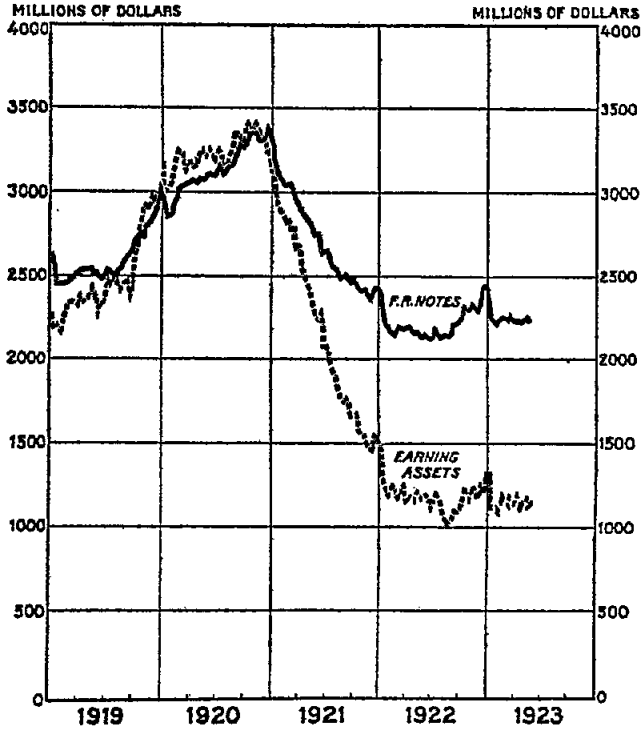
ALL FEDERAL RESERVE BANKS