MONTHLY REVIEW

OF

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

NINTH FEDERAL RESERVE DISTRICT

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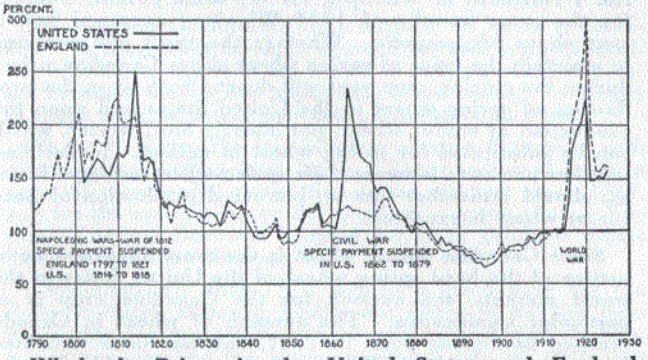
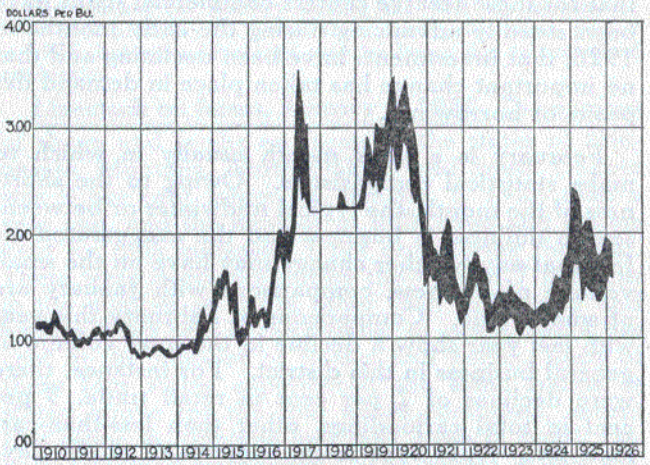
DISTRICT SUMMARY FOR THE MONTH

Agricultural prosperity in the states of this district is less dependent upon the grains than was true five years ago, because of the progress that has been made in the direction of diversified farming and increased interest in livestock and dairying. However, it continues to be dependent upon the cash grain situation. One of the outstanding problems in the agricultural situation is that of prices. According to the record of history, as shown by the accompanying chart giving prices since 1790, great wars have been accompanied by advancing prices and followed by declining prices. In the United States today, prices on the average are about 60 per cent above pre-war levels in spite of a considerable decline which took place in 1920-21. Figures for wheat prices at Minneapolis, which are also presented in graphic form this month, show the effect of war demand and post-war liquidation. There was a considerable advance of wheat prices in 1924, but the trend generally has been downward since January, 1925. Prices for all the grains declined in February and March this year. Present wheat prices are on a level with those prevailing in February, 1921.

The agricultural outlook as recently described by the United States Department of Agriculture, which we reprint this month, suggests that price increases are not to be expected in 1926. Farmers' intentions to plant this spring, which the United States Department of Agriculture compiled, were released on March 19. For commodities of interest to producers in this district, changes as compared with actual plantings last year were reported as follows:



Wholesale Prices in the United States and England, 1790-1925.



Cash Wheat Prices at Minneapolis. High and Low by Months for the Highest Grade Quoted until September 1, 1922. After that date Number 1 Dark Northern was used.

a decrease of 1.8 per cent in spring wheat; increases of 4.6 per cent in oats, 5.7 per cent in barley, 4.3 per cent in white potatoes, 4/10 of 1 per cent in flax; and about the same acreage of corn.

Total livestock holdings of all kinds on the farms in this district declined during the year 1925. However, there was an increase for sheep and lambs. Wool production in 1925 was greater than in 1924, and owing to the increased number of sheep, prospective wool production should be greater. It is noteworthy that the number of milk cows increased whereas there was a decline for the whole United States. These increases were overbalanced by declines in the holdings of cattle other than milk cows and of swine, due to the feed situation in 1924-25. Livestock marketings in February were one-fifth greater for cattle and calves than a year ago. It is particularly satisfying to note that hogs and cattle for feeding purposes continued to move from terminals in large volume during the month of February, the movement of hogs alone being double that of last year.

Banking developments during 1925 showed very definite trends in this district. The total of loans declined 62 million dollars for all banks in the district, and their investments were increased precisely the same amount. Borrowings by banks declined. The total of deposits declined slightly,

but a closer analysis indicates that the individual deposits increased, while bankers deposits declined. There was a decline in total deposits and balances of cash on hand, or with correspondents, were reduced. Purchases of investments by banks in this district during January and February of this year were three-fourths of the amount bought in the same months of last year. This fact, coupled with the simultaneous decline of deposits due to banks in our local reserve centers, indicates that the surplus funds of banks in this district are more fully utilized now than last year. Reports received from twenty-four selected banks in the larger cities of this district show that for these reserve centers commercial loans have been steadily advancing during the early months of 1926, that investments have been declining and that no important change has taken place in demand deposits or borrowings.

February is a poor month usually in which to make statistical comparisons. Owing to the shortness of the month, the typical midwinter or between-season dullness in business and the exaggerated effect that any weather change may have on the small volume of business, comparisons with January are of small value. Comparisons of February this year with last year show a decline in the total volume of general business in this district. For instance, there were declines of 2 per cent in retail trade, 3 per cent in total carloadings, other than less-than-carload lots, 4 per cent in the amount of check payments through representative banks, 7 per cent in the lumber sold by retail yards, measured in board feet, and 10 per cent in the total farm income realized at terminal markets during the month upon sales of grains and livestock. During the first two weeks in March, check payments through banks were 14 per cent less than during the same weeks of last year.

Although the totals declined, some bright spots are to be found such as the general situation with reference to livestock, and the improvement in business activity in the wheat belt cities. Sales of securities by investment brokers were one-fifth greater than a year ago in February. Substantial increases over a year ago were shown in the sales of stock, city mortgages and obligations of industrial corporations; but declines were shown in sales of United States Government bonds, foreign securities, farm mortgages and municipal bonds and notes.

The prospects for business activity, according to building figures, are somewhat uncertain. While the permits granted during the month were valued at 11 per cent less than a year ago, the contracts actually awarded increased 15 per cent. There was an increase of 57 per cent in contracts for residential building and a decrease of 24 per cent in contracts for commercial, industrial and public utility construction. The fact that February permits and contracts awarded both were greater than in January, is probably to be accounted for by the exceptionally warm weather which prevailed during February this year.

TOPICAL REVIEWS

The Agricultural Outlook, 1926: A significant statement regarding the agricultural outlook for the coming year has recently been published by the United States Department of Agriculture. According to their statement "This outlook report is designed to provide farmers with facts and interpretations of the probable future trends of demand and supply for agricultural products to aid them in planning intelligently for production and marketing."

The report gives practical advice regarding increases or decreases in planting of the more important crops and in holdings of livestock. The following paragraphs are exact quotations from the discussion of wheat.

From present indications it is reasonable to expect that the returns from spring wheat in 1926 will compare favorably with the returns from other grains in the areas particularly adapted to spring wheat production. With an acreage increase of 4 per cent in the hard winter wheat States last fall, and the crop going into the winter in good condition, a production of hard winter wheat somewhat larger than in 1925 is to be expected. On the other hand, the production of soft winter wheat may not be any larger than the short crop of 1925, as the acreage in the principal soft winter wheat States was reduced and the crop went into the winter in poor condition. This class of wheat may therefore continue to command some premium.

If an acreage of hard spring wheat equal to last year is planted and average yields are obtained, there is likely to be a surplus of hard wheats for export and domestic prices may be expected to be more in line with those in other surplus-producing countries than at present. In making their crop plans for the coming season farmers in the spring wheat States should watch closely until planting time not only the winter wheat prospects in the United States but also the foreign crop prospects as well as the possibilities for profit in alternative crops. Although it is yet too early to forecast the 1926 world wheat crop, a slightly smaller world crop outside of the United States may be expected unless Russia should become important. The areas of winter wheat planted in the countries already heard from are slightly smaller and the unusually high yields of 1925 are not likely to be repeated. World stocks at the beginning of the new crop year will probably not be large.

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The protection of the tariff to spring-wheat growers has maintained prices in this country well above those in Canada. The average price of No. 1 Dark Northern at Minneapolis for the six months ended in December, 1925, was 164.5 cents, which averages 15.7 cents above the price of No. 1 Northern at Winnipeg for the same period; whereas for the same months of 1924 Winnipeg averaged half a cent above Minneapolis. Whether the tariff will continue to maintain the price of spring wheat above Canadian prices during the coming crop year will depend both upon the production of spring wheat in the United States and upon the production of winter wheat, particularly hard winter, which can be substituted for spring wheat in milling. In deciding whether or not to increase their spring-wheat acreage, farmers should remember that an increased production of hard winter wheat is expected.

Since Canadian spring wheat is the most important competitor of the hard spring wheat of the United States in the world markets, the outlook for the Canadian crop is of particular significance. The acreage of wheat in Canada reached its highest point in 1921, and has since remained fairly constant. In 1925 there was a good yield, and the crop was marketed at relatively high prices, which will no

doubt encourage farmers to keep the wheat acreage up to the level of the past five years. Although the unusually wet weather last fall hindered fall plowing, it provided an abundance of subsoil moisture, and should conditions this spring be favorable, there is no reason to expect a decrease in yield because of lack of fall plowing.

The production in this country in 1925 of a greater quantity of durum wheat than was necessary for domestic consumption is keeping this class of wheat upon an export basis, and the price has fallen to a level considerably lower than last year because of competition in the world market with larger supplies of durum from the countries of the Mediterranean Basin.

Prospects for durum wheat prices depend largely upon the progress of the crops in the Mediterranean Basin, which supplies the countries of southern Europe with much of their durum wheat. The countries in this region report increases in acreage and generally favorable conditions. Should conditions continue favorable, there is likely to be a lighter demand for United States durum, and possibly a reduction in price. Prospective growers of durum wheat should watch carefully the crop condition in these countries up to planting time.

In those regions where materially higher yields are generally secured from durum, wheat growers may find this class of wheat more profitable than hard spring. Even with the price of durum on an export basis, the premiums paid for amber durum of good quality will probably continue to make this class more profitable than red durum.

The following additional paragraphs are taken from the condensed outlook report appearing in the February supplement to Crops and Markets published by the United States Department of Agriculture.

Although the farming industry is now in the best general position since 1920, any general expansion in production this year would tend to place farmers in a less favorable economic position than at present.

There is little likelihood of increased domestic and foreign demand for farm products, the situation indicating a possible decrease in demand the latter part of the year.

No reduction in farm wages may be expected, and the cost of farm equipment will probably remain at present levels. Sufficient funds will be available for agricultural credit in most regions at about the same rates as in 1925.

Corn acreage the same as in 1925, with average yields will be sufficient to meet feeding and commercial requirements as fully as in 1925.

If last year's oats acreage is maintained, relatively low prices are likely to continue unless yields are greatly reduced.

Both the export and domestic demand for barley next year seems likely to be less than in the past year, except for high quality malting types produced on the Pacific Coast.

The immediate and long time outlook for cattle is favorable. A reasonably constant demand for beef is anticipated. The number of steers is the lowest in many years, but present breeding stocks are apparently large enough to supply as much beef as it will pay cattle producers to raise.

The outlook for the hog industry appears favorable, with prices maintained at high levels. The number of hogs in areas of commercial production is the smallest since 1921, and for the entire country the smallest in many years. The present strong domestic demand for pork products seems likely to continue through most of the year.

Indications are that 1926 will be a good year for the sheep industry although profits are likely to be less than during the past two years. There may be a gradual slackening in the demand for lambs and wool late in 1926, but further increases in production may be undertaken profitably in some sections, as contrasted with alternative enterprises.

The dairy industry as a whole is in a relatively strong position, and some slight increase in numbers of young stock during the next two years may be desirable. Should the present trend in foreign production continue upward, however, and consumption in Europe fail to increase, foreign competition in our market will be an important price factor.

Some increase in flax acreage may be undertaken inasmuch as domestic production is much below domestic requirements even though the price may be lower.

There is danger that potato growers in the late producing States may plant too heavily. Increased acreage of more than 10 per cent is inadvisable.

The market for poultry during the first six months of 1926 will probably be better than during the same period in 1925, but prices for eggs may be lower due to increased production.

Livestock on farms, January 1, 1926. The number of sheep and lambs on farms in the states of Minnesota, Montana, North Dakota and South Dakota was 9 per cent larger on January 1, 1926 than a year ago, and the number of milk cows and heifers kept for milk increased 1 per cent during the year. There were decreases during the year of 7 per cent in the number of cattle other than milk cows and heifers, 8 per cent in the number of swine, and 4 per cent in the number of horses and colts. Each of these four states experienced the same trends as stated above for the four states combined, except that swine in Montana and milk cows in South Dakota remained unchanged. The trends in this district were the same as the trends in the whole United States with the exception of milk cows and heifers. All classes of livestock had higher values per head on January 1, 1926, than a year ago, except sheep in South Dakota and horses in Montana. The details of the livestock reports are given in the table below.

LIVE STOCK ON FARMS, JANUARY 1, 1925-1926
Source: State Statisticians of the U. S. Department of Agriculture

	Number of Head		% 1925	Value per Head	
All Cattle	1926	1925	% 1926	1926	1925
Minnesota ...	2,834	2,863	99	$ 43	$ 37
N. Dakota ...	1,265	1,345	94	33	29
S. Dakota ...	1,919	2,074	93	34	31
Montana	1,280	1,340	96	32	30
4 States	7,298	7,622	96		
U. S.	59,829	62,150	96	38	33
Milk Cows & Heifers kept for milk					
Minnesota ...	1,579	1,563	101	59	51
N. Dakota ..	530	520	102	47	44
S. Dakota ...	544	544	100	52	47
Montana	192	187	103	54	50
4 States	2,845	2,814	101		
U. S.	26,151	26,757	98	57	51
Swine					
Minnesota ...	3,528	3,600	98	18	14
N. Dakota ..	686	788	87	17	13
S. Dakota ...	2,374	2,760	86	17	13
Montana	280	280	100	15	12
4 States	6,868	7,428	92		
U. S.	51,223	55,769	92	15	12

Sheep & Lambs					
Minnesota ...	499	462	108	11	12
N. Dakota ..	360	313	115	11	10
S. Dakota ..	700	680	103	11	11
Montana	2,837	2,579	110	11	10
4 States	4,396	4,034	109		
U. S.	40,748	39,390	103	11	10
Horses & Colts					
Minnesota ...	800	837	96	80	77
N. Dakota ..	699	732	95	58	56
S. Dakota ..	688	720	96	49	48
Montana	576	596	97	28	32
4 States	2,763	2,885	96		
U. S.	15,778	16,554	95	65	64

The number of horses, mules, and colts on farms in Minnesota, Montana, North Dakota and South Dakota has decreased by 500,000 or 15 per cent during the period from 1920 to 1926. This decrease has accompanied an increase in the use of power machinery and vehicles on the farms during this period. The number of passenger cars on farms in these states increased from 236,000 in 1920 to 348,000 in 1924, a gain of 112,000 cars. The number of motor trucks in use increased from 10,000 to 18,000, a gain of 8,000 trucks. The number of tractors in use in the three states, Minnesota, North Dakota and South Dakota increased from 41,000 in 1920 to 62,000 in 1925, a gain of 21,000 tractors. If it be assumed that each motor vehicle and tractor replaced two horses on the farm, the increase in the use of motor vehicles and tractors shown above would have replaced 282,000 horses, and if figures were available showing the increases between the latest data cited above and the present time in the use of this equipment, the replacement of mature horses would probably run well over 300,000 head. The remainder of the decrease in the number of horses and colts on farms is partly due to a decrease in the number of colts being raised, which has shown a greater proportional decrease than the decline in mature animals, and partly to the improvement in the condition of roads and the change in the type of farming which has been going on since 1920.

Wool production in Minnesota, North Dakota, South Dakota and Montana increased 10 per cent in 1925 over 1924, and wool production in the entire United States increased 5 per cent, according to estimates of the United States Department of Agriculture. Wool production showed a greater increase than the increase in the number of sheep between January 1, 1924 and January 1, 1925, as shown in the table below. Since the number of sheep and lambs on farms on January 1, 1926 was 9 per cent larger in the four states grouped above than a year earlier and three per cent larger in the United States as a whole, it is probable that there will be a further increase in wool production both in the Northwest and throughout the United States during the year 1926.

WOOL PRODUCTION AND THE NUMBER OF SHEEP

	Wool Production (In thousands of pounds)			No. of Sheep
	1925	1924	% 1925 of 1924	% 1925 of 1924
Minnesota ...	3,294	2,599	127	108
North Dakota.	2,248	1,778	126	117
South Dakota.	4,350	4,275	102	98
Montana	20,871	19,314	108	107
Four States ..	30,763	27,966	110	106
United States..	254,260	242,405	105	102

Banking in 1925: Both loans and deposits decreased in the Ninth Federal Reserve District during the year 1925. The decrease was relatively greater in loans than in deposits, and banks in this district had the smallest volume of loans relative to deposits on December 31, 1925 that has been reported since our records began in 1913. The total of loans on December 31, 1925, was the smallest since December, 1918. In Minnesota, North Dakota, South Dakota and Montana during 1925, deposits due to banks decreased 40 million dollars and other deposits (mostly commercial and individual) increased 14 millions. The total of borrowings by banks in this district decreased during 1925 and reached the lowest point shown since 1916. Their investments increased 62 million dollars during the year. A part of this may represent the utilizing of funds which had been deposited temporarily in correspondent banks at the close of 1924 and held by them in the early part of 1925. The number of banks in operation at the close of the year was smaller than at any time since 1914.

Analyzing changes in the more important items of the balance sheets of all banks in this district in more detail, the following conclusions are worthy of note:

Loans decreased 5 per cent, or 62 million dollars. The more important changes were decreases of 22 millions at Minneapolis and St. Paul national banks, 21 millions at other Minnesota banks and 20 millions at South Dakota banks.

Investments held by banks in this district increased 15 per cent, or 62 millions, of which 6 millions was at national banks in Minneapolis and St. Paul, 34 millions at other Minnesota banks, nearly 10 millions at North Dakota banks and more than 6 millions at Montana banks.

Cash in Vault and Due from Banks decreased 11 per cent, or 40 million dollars, in the four states of Minnesota, North Dakota, South Dakota and Montana, with all four states showing declines.

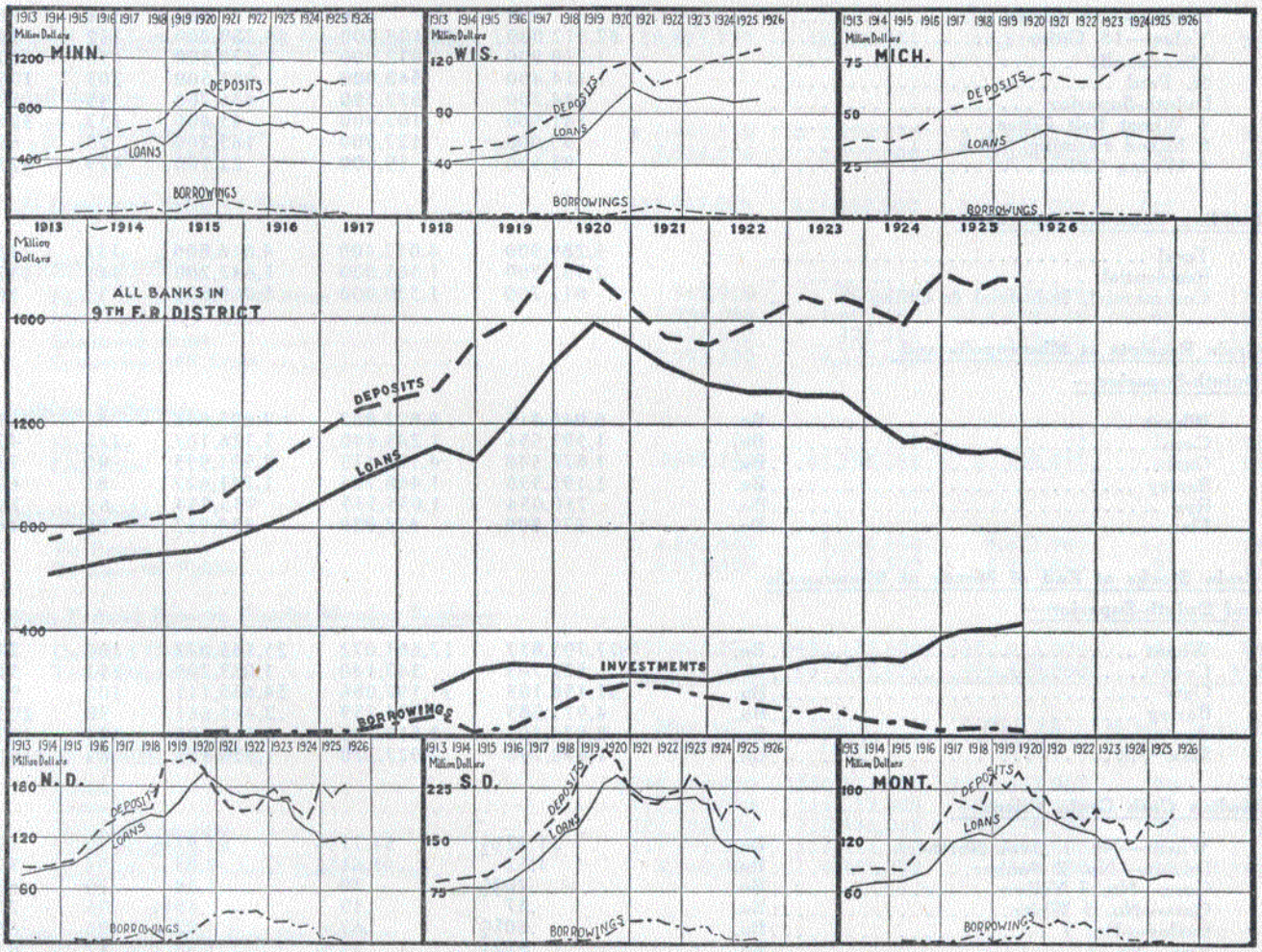
Deposits decreased 1 per cent, or 21 million dollars, with reductions occurring at Minneapolis and St. Paul national banks, at North Dakota and South Dakota banks and at banks in the northern peninsula of Michigan. On the other hand, Minnesota banks, excluding the Twin City national banks, and banks in Montana and our portion of Wisconsin showed increases in deposits.

Borrowings from other banks were reduced 33 per cent, or 8 million dollars in 1925, with all groups of banks reporting decreases, except Minneapolis and St. Paul national banks and banks in our portion of Michigan.

BANK RETURNS IN THE NINTH FEDERAL RESERVE DISTRICT
(000's omitted)

December 31, 1925	Loans	Investments	Cash and Due from Banks	Deposits	Borrowings	No. of Banks
Minnesota	$ 621,729	$315,968	$ 202,753	$1,039,752	$ 6,738	1,356
North Dakota	114,276	40,134	39,708	181,505	2,467	642
South Dakota	122,716	23,804	45,158	179,017	4,142	495
Montana	78,095	44,106	41,571	150,969	542	227
Michigan*	38,487	37,326		78,471	907	76
Wisconsin*	90,872	29,601***		130,004	915	261
Total	$1,066,175	$490,939	$ 329,190**	$1,759,718	$ 15,711	3,057
December 31, 1924						
Minnesota	$ 664,964	$ 276,408	$ 218,805	$1,051,168	$ 7,419	1,409
North Dakota	117,152	30,596	54,008	184,145	5,342	678
South Dakota	142,487	21,513	51,511	199,116	7,121	552
Montana	75,186	37,808	44,718	142,581	1,484	245
Michigan*	39,345	36,702		80,299	709	76
Wisconsin*	88,922	25,434***		123,759	1,542	263
Total	$1,128,056	$ 428,461	$ 369,042**	$1,781,068	$ 23,617	3,223

*Portion of states in the Ninth Federal Reserve District.
**Four states only.
***State Bank investments in Wisconsin estimated at $10,000,000 in 1924 and $13,000,000 in 1925.



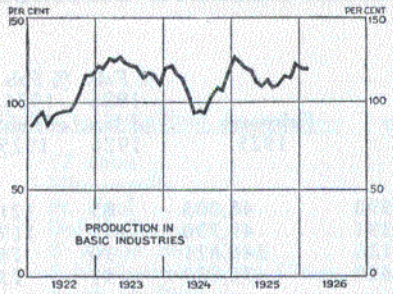
Loans, Deposits and Borrowings of All Operating Banks in the Ninth Federal Reserve District, and Investments of All Operating Banks in Minnesota, North Dakota, South Dakota and Montana.

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

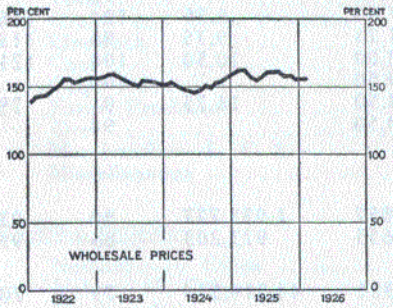
	Unit	February 1926	January 1926	February 1925	% Feb. 1926 of Jan. 1926	% Feb. 1926 of Feb. 1925
Debits to Individual Accounts—						
17 cities		$674,617,000	$778,726,000	$703,134,000	87	96
Minneapolis		336,747,000	390,915,000	378,832,000	86	89
St. Paul		157,614,000	171,496,000	146,636,000	92	107
Duluth-Superior		65,756,000	79,142,000	76,815,000	83	86
8 Wheat Belt Cities		47,476,000	53,449,000	42,494,000	89	112
3 Mississippi Valley Cities		16,491,000	19,434,000	15,573,000	85	106
South St. Paul		34,513,000	46,716,000	30,743,000	74	112
Sioux Falls		16,020,000	17,574,000	12,041,000	91	133
Carloadings—Northwestern District—						
Total	Cars	457,958	473,163	459,719	97	100
Grains and Grain Products	Cars	41,780	46,829	43,168	89	97
Livestock	Cars	36,152	47,028	38,595	77	94
Coal	Cars	29,569	38,592	29,272	77	101
Coke	Cars	6,006	6,710	7,025	90	85
Forest Products	Cars	93,871	79,598	99,072	118	95
Ore	Cars	2,022	2,256	3,350	90	60
Merchandise—L. C. L	Cars	120,199	123,660	112,569	97	107
Miscellaneous	Cars	128,359	128,490	126,668	100	101
Building Permits—						
Number—18 Cities		791	616	882	128	90
Value—18 Cities		$2,912,000	$2,198,400	$3,289,400	132	89
Minneapolis		1,218,900	812,900	1,520,500	150	80
St. Paul		1,114,400	548,000	1,051,500	203	106
Duluth-Superior		244,700	572,300	486,700	43	50
4 Wheat Belt Cities		141,500	103,400	43,400	137	326
6 Mixed Farming Cities		99,000	127,300	165,200	78	60
4 Mining Cities		93,500	19,500	22,100	479	423
Building Contracts Awarded—						
Total		5,289,900	4,012,400	4,616,800	132	115
Residential		2,582,700	1,565,000	1,647,200	165	157
Commercial, Industrial & Utility		812,700	1,530,000	1,069,800	53	76
Grain Receipts at Minneapolis and Duluth-Superior—						
Wheat	Bu.	8,048,815	9,802,882	7,695,088	82	105
Corn	Bu.	1,393,556	1,243,840	3,326,107	112	42
Oats	Bu.	1,878,548	4,186,423	2,591,995	45	72
Barley	Bu.	1,193,338	1,468,786	1,741,627	81	69
Rye	Bu.	710,054	1,035,535	935,534	69	76
Flax	Bu.	379,800	473,989	859,957	80	44
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—						
Wheat	Bu.	17,705,837	17,681,072	25,165,077	100	70
Corn	Bu.	522,763	347,140	1,033,298	151	51
Oats	Bu.	31,158,103	31,197,086	34,665,111	100	90
Barley	Bu.	4,973,583	5,094,259	2,445,661	98	203
Rye	Bu.	8,874,103	8,519,200	6,462,186	104	137
Flax	Bu.	1,678,740	2,027,270	1,036,465	83	162
Median Cash Grain Prices—						
Wheat—No. 1 Dark Northern	Bu.	$1.72½	$1.77½	$1.91⅝	97	90
Durum—No. 2 Amber	Bu.	1.52	1.61¼	2.03	94	75
Corn—No. 3 Yellow	Bu.	.70¾	.79	1.18	90	60
Oats—No. 3 White	Bu.	.37	.39	.49⅛	95	75
Barley—No. 3	Bu.	.60½	.63	.92	96	66
Rye—No. 2	Bu.	.92¼	.99¾	1.52	92	61
Flax—No. 1	Bu.	2.42	2.51	3.09	96	78

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

	Unit	February 1926	January 1926	February 1925	% Feb. 1926 of Jan. 1926	% Feb. 1926 of Feb. 1925
Livestock Receipts at South St. Paul—						
Cattle	Head	58,082	68,590	48,003	85	121
Calves	Head	58,998	53,291	49,730	111	119
Hogs	Head	270,497	389,126	346,821	70	78
Sheep	Head	23,765	46,820	32,730	51	73
Median Livestock Prices at South St. Paul—						
Butcher Cows	Cwt.	$ 5.75	$ 6.25	$ 4.50	92	128
Butcher Steers	Cwt.	8.00	8.50	7.50	94	107
Prime Butcher Steers	Cwt.	9.25	9.65		96	
Stocker & Feeder Steers	Cwt.	7.25	7.00	6.25	104	116
Veal Calves	Cwt.	11.00	11.25	9.75	98	113
Hogs	Cwt.	12.75	12.00	10.50	106	121
Heavy Hogs	Cwt.	10.25	9.50		108	
Lambs	Cwt.	13.25	14.50	16.75	91	79
Ewes	Cwt.	8.00	8.50		94	
Flour—						
Production—Twin Cities & Duluth-Superior	Bbls.	962,069	1,209,857	1,033,777	80	93
Shipments from Minneapolis	Bbls.	902,584	1,058,655	973,203	85	93
Linseed Products Shipments from Minneapolis	Lbs.	30,875,739	38,982,381	44,314,374	79	70
Retail Sales—						
22 Department Stores		$ 1,945,350	$ 2,159,230	$ 1,980,350	90	98
541 Lumber Yards	Bd. Ft.	7,524,000	8,597,000	8,084,000	88	93
Life Insurance Sales (4 States)		$22,967,000	$21,380,000	$19,846,000	107	116
Wholesale Trade—						
Farm Implements—6 firms		369,910	203,790	206,890	182	179
Hardware—13 firms		1,598,680	1,609,680	1,802,130	99	89
Shoes—5 firms		470,580	325,490	469,430	145	100
Groceries—48 firms		3,992,320	4,223,630	4,531,420	95	88
Business Failures—						
Number		85	113	92	75	92
Liabilities		$843,138	$1,298,783	$1,548,919	65	54
Securities Sold—						
To Banks		4,292,800	3,034,600	5,471,900	141	78
To General Public		6,951,400	7,163,500	5,973,800	97	116
Ninth Federal Reserve District Member Banks—						
Demand Deposits		$457,021,000	$452,173,000	$482,015,000	101	95
Time Deposits		440,772,000	441,449,000	436,459,000	100	101
24 City Member Banks—		Mar. 17 1926	Feb. 17 1926	Mar. 18 1925	% Mar. of Feb.	% 1926 of 1925
Loans		$248,614,000	$250,573,000	$262,022,000	99	95
Securities		115,319,000	113,652,000	109,614,000	101	105
Demand Deposits		225,183,000	228,848,000	246,758,000	98	91
Time Deposits		111,737,000	113,134,000	108,205,000	99	103
Borrowings at Federal Reserve Bank		4,360,000	4,450,000	319,000	98	1,367
Minneapolis Federal Reserve Bank—						
Loans to Member Banks		6,733,540	6,788,031	3,867,415	99	174
Federal Reserve Notes in Circulation		64,109,115	64,629,345	66,771,160	99	96

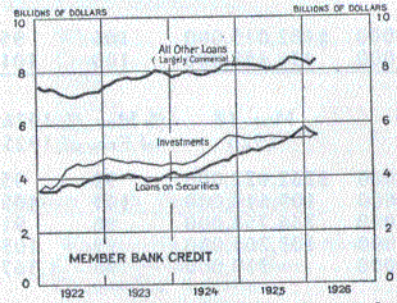


Index of 22 basic commodities, adjusted for seasonal variations (1919-100). Latest figure, February, 120.



Index of United States Bureau of Labor Statistics (1913-100, base adopted by Bureau). Latest figure, February, 155.

Federal Reserve Board's indexes of factory employment and payrolls (1919-100). Latest figures, February, Employment 97.0, Payrolls, 111.5.



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

Summary of National Business Conditions

(Compiled March 25 by Federal Reserve Board)

Production and trade continued in February at the high level of the preceding month, while the general average of prices declined and was lower in February than at any time since the latter part of 1924.

PRODUCTION: The Federal Reserve Board's index of production in basic industries, which is adjusted for seasonal variations, indicated a continuation of productive activity during February in about the same volume as in the preceding two months. Mill consumption of cotton and the output of flour, anthracite, copper and newsprint showed increases in February, when allowances are made for usual seasonal changes, and the output of iron and steel and lumber remained practically unchanged. Activity in the woolen industry and the production of cement declined. Automobile production was in considerably greater volume in February and was larger than a year ago, although smaller than in the corresponding month of 1924. Employment and earnings of factory workers increased, after the seasonal recession of January, and were in February at practically the same levels as during the latter part of 1925. The volume of building contracts awarded declined both in January and in February, but remained larger than in the corresponding months of last year.

Reports by farmers to the Department of Agriculture of intentions to plant in 1926 indicate that the acreage of spring wheat and tobacco will be slightly smaller, the acreage of corn will be about the same, and that of oats, barley, hay, and potatoes larger than that in 1925.

TRADE: Wholesale trade in February was in about the same volume as a year ago. A smaller volume of sales was reported for groceries, dry goods, and hardware, while sales of meats, shoes and drugs were larger. Inventories of wholesale firms dealing in groceries, dry goods, shoes, and hardware were smaller at the end of February than a year ago. Trade at department stores and at mail order houses was larger than in February of last year and department store stocks were about 5 per cent greater than on the corresponding date of 1925. Freight car loadings continued at about the same daily rate in February as in the preceding two months. Shipments of merchandise in less-than-carload lots and of miscellaneous commodities were particularly large.

PRICES: The general level of wholesale prices, as measured by the Bureau of Labor Statistics index, after remaining unchanged for two months, declined in February to a point slightly below the low figure of 1925, reported for last May. The greater part of the decline since last autumn has been in prices of agricultural commodities. In February prices of all major groups of commodities, except fuels, declined and particularly large reductions occurred in the prices of grains, cotton, wool, silk, and rubber. Price advances in February were shown for petroleum, coke, and paper. During the first three weeks of March prices of grains, cotton, wool, and silk continued to decline and recessions were also reported in the prices of sugar and hardwood lumber.

BANK CREDIT: At member banks in leading cities demand for loans chiefly for commercial purposes showed an increase, partly seasonal in character, between the middle of February and the middle of March, and on March 17 the total volume of these loans was close to the high point reached last autumn. A further decline of loans on securities which accompanied the sharp recession in securities prices in March, carried the total to a point nearly $430,000,000 below that reached at the end of the year.

Following a growth during February in the volume of Reserve bank credits outstanding, there was a sharp decline early in March to about the same level as a year ago. Factors contributing to the decline have been continued imports of gold and some reductions in member bank reserve requirements, as well as the temporary abundance of funds resulting from the excess of treasury disbursements over receipts around March 15. Open market rates on prime commercial paper, after a slight decline in February, advanced in March to 4¼-4½ per cent, the level which had prevailed since last October.