

MONTHLY REVIEW

OF
 AGRICULTURAL AND BUSINESS CONDITIONS
 IN THE
 NINTH FEDERAL RESERVE DISTRICT

JOHN R. MITCHELL, Chairman of the Board
 and Federal Reserve Agent

CURTIS L. MOSHER J. F. EBERSOLE
 Assistant Federal Reserve Agents

Vol. IV (Serial
 No. 145)

Minneapolis, Minnesota

February 28, 1927

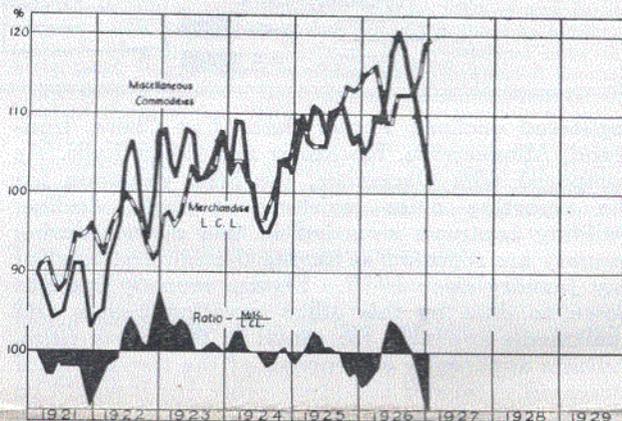
DISTRICT SUMMARY FOR THE MONTH

January business in this district was in smaller volume than during the same month of last year. The total money value, as reflected by individual debits during January at representative banks in seventeen cities, was 8 per cent less than last year, all reporting cities showing declines, except Billings, Fargo, Sioux Falls, Winona and La Crosse. The total physical volume, as reflected in car-loadings during the month of January, totaled 2 per cent less than during the same period in the preceding year. The reasons for this decline are revealed in part by the detailed classification of carloading figures, there being substantial declines for grain and grain products, coke, livestock and forest products. Shipments reported by manufacturers of flour, linseed products and lumber registered substantial declines in January, as compared with last year.

During the first two weeks in February, individual debits were 11 per cent smaller than in the corresponding period last year. All reporting cities showed declines except La Crosse, Sioux Falls, and Winona.

Wholesalers and retailers reported January sales below a year ago. The percentages of decline in wholesale trade ranged from 35 per cent in shoes to 12 per cent in farm implements. The only group showing an increase was groceries. Sales at retail by department stores declined slightly. Sales of lumber by over 500 retail yards scattered throughout the district declined 24 per cent in the number of board feet sold.

The fact of an increase in the loadings of less-than-carload lots of merchandise, while carload lots decreased, indicates more hand-to-mouth buying than last year, and reflects the cautious sentiment prevailing in general trade. Merchandise stocks at the end of January were smaller than a year ago for hardware, shoes and dry goods held by wholesalers; and department stores reported a reduction in inventories of 10 per cent. Stocks of lumber held by retail yards remained practically unchanged, while stocks increased for lumber held by manufacturers and for groceries and farm implements held by wholesalers.

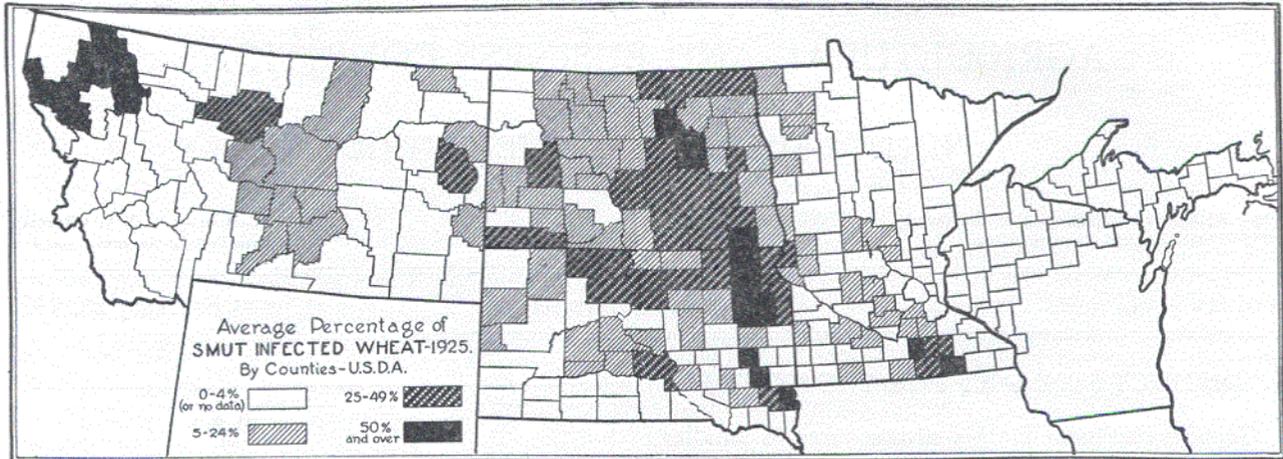


Freight Carloadings of Miscellaneous Commodities in Car-load Lots and Merchandise in Less-than-carload Lots in the Northwestern District. The curves in the upper portion of the chart have been adjusted to eliminate seasonal changes. The diagram in the lower part of the chart shows the relationship between the two curves in the upper part of the chart to illustrate the extent of forward buying.

The money value of business transacted in this district during January, as compared with December, reflected by total debits at banks in seventeen representative cities, declined 16 per cent, which is a decline of 2 per cent more than is customarily expected at this time of year. Declines were shown for all cities, except Winona. Decreases were shown in January as compared with December for shipments by manufacturers of flour, lumber and linseed products, in sales at wholesale of hardware, shoes and dry goods and in sales at retail by department stores. Increases were shown in lumber cut by manufacturers, in sales at wholesale of farm implements and in sales at retail by lumber yards scattered throughout the district, measured in money value.

Northwestern banking conditions in the middle of February presented the contrast of growing ease in the larger cities and of reduced deposits and slightly larger borrowings in the country sections.

Prospective business activity, based upon building operations as reflected in the total valuation of building permits granted at eighteen representative cities in this district, was 12 per cent smaller in January than a year ago. All the reporting cities



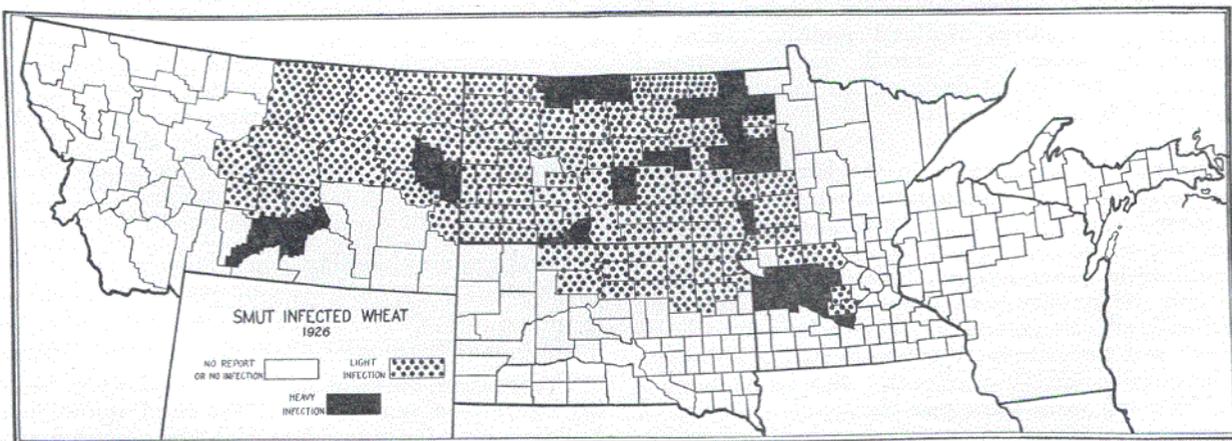
registered declines, except Butte, Eau Claire, Ironwood, Minneapolis, Rochester and Sioux Falls. As compared with December, the total valuation for the reporting cities registered a slight decline. Building contracts awarded in this district during January are reported as having the smallest total of any January since 1919. Figures recently brought down to date by this office covering houses and apartments available for rental in the larger cities, indicate apparently a stoppage of the trend toward increased vacancies and lower rents, but it would be unwise to draw conclusions from comparisons with last year of figures pertaining solely to the winter months.

Grain receipts at terminals in this district during January were one-third less than receipts of a year ago and about one-seventh less than in the preceding month of December. The only grain showing increased terminal receipts, both as compared with last month and a year ago, was corn. The median prices for the grains during January, as compared with a year ago, exhibited mixed trends, the aggregate gains in price per bushel shown for durum, oats and barley being much more than offset by the aggregate declines in price per bushel shown

for wheat, corn, flax and rye. As compared with the preceding month, the median prices of all varieties computed in this office declined, except for barley and rye. Total terminal stocks of the grains were less at the end of January than a year ago. This was due entirely to declines shown in holdings of oats and barley, as the holdings of all other grains increased.

Livestock receipts at terminals in this district during January exhibited gains for sheep, calves and cattle, and a decline for hogs. As compared with a year ago, the median prices for the varieties computed in this office exhibited a general downward trend, although one or two varieties were slightly higher. As compared with a month ago, the median prices for practically all varieties were higher. Feeder shipments as compared with a year ago were much greater for calves, hogs and sheep and somewhat less for cattle.

The smut situation menacing spring wheat continues serious, although some progress was made last year in its control. All seed wheat should be chemically treated again this spring to assure freedom from the disease. In addition, country eleva-



Smut Infection in Spring Wheat (Including Durum) in 1925 and 1926. Since the data for the two years are not exactly comparable, the systems of shading in the two maps are different.

tors are strongly recommending testing of all seed wheat for germination on account of the large proportion of the last crop which was exposed to moisture and frost.

TOPICAL REVIEWS

The commercial loans of twenty-four reporting city member banks—(the "all other" classification) continued to decline during the first half of February and have been reduced 8 per cent since the beginning of the year. In each of the last few years, commercial loans at these banks have remained practically stationary during this season of the year. Meanwhile, deposits at these banks have not been reduced, and the funds released from commercial loans have been placed in bonds and in loans secured by stocks and bonds. On February 16, deposits of these banks were about at the same level as a year ago, while commercial loans were 12 per cent smaller, loans secured by stocks and bonds were 17 per cent larger and investments were 3 per cent larger.

The condition of country banks has apparently shown no change in recent weeks. Borrowings from this Federal Reserve Bank, while not large in total, continue to be above the figures for a year ago. The reserve accounts of country banks at the Federal reserve bank are 10 per cent smaller than a year ago, indicating a decline in deposits. Further evidence of the general decline in deposits outside of the larger cities is given in the time deposits and net demand deposits of member banks in cities of less than 15,000 population. On January 26, these deposits were 9 per cent smaller than a year ago. A part of these declines may be due to the elimination of the figures of banks which closed during the year. Balances carried by country banks with city correspondent banks in this district are also slightly smaller than a year ago.

In Minneapolis, commercial paper rates were reduced one-half of 1 per cent, to $4\frac{1}{2}$ per cent, in January, and interest rates charged by Minneapolis commercial banks on prime loans were reduced by a small amount during the month ending February 15.

Northwestern Agricultural Outlook for 1927:—(Excerpts from the national Agricultural Outlook Report for 1927, issued by the Bureau of Agricultural Economics of the United States Department of Agriculture.)

A favorable year for livestock producers is in prospect for 1927, but with an average season a continuation of relatively low returns from most cash crops is probable, unless acreages are reduced.

Hard spring and durum wheat growers can scarcely expect to receive returns for the 1927 crop similar to those which have prevailed for the 1926 crop, especially if production should be materially increased.

Flaxseed prices for the 1927 crop are unlikely to be higher than at present. Where flax is profitable at present some increase in acreage may be made.

Reports indicate a reduction in the rye area seeded throughout the world, but with average or better than average yields, the production in 1927 may make the total world supply equal to or greater than in the past year, so that rye prices are likely to show little change from the present.

Unless livestock production is held at about the present level, allowing for increase in population from year to year, present prices cannot be maintained.

With beef cattle marketings in 1927 probably materially less than in 1926, and the demand for beef maintained, prices of slaughter and feeder cattle are expected to average somewhat higher than in 1926. On the whole, cattle prices are expected to continue the upward price swing begun in 1922.

Hog producers have a favorable outlook this year. The market supply of hogs probably will be little if any larger than in 1926, and domestic demand is expected to continue strong. Hog prices are likely to be maintained near the 1926 level. Prices now prevailing can be continued through 1928 only if farmers hold down hog production to the level of the past two years.

Sheep production is expected to continue to increase moderately, and lamb supplies this year may be slightly larger than in 1926. Strong consumptive demand for lamb is expected, but feeder demand may be less active than last year in some sections. The wool market appears firm, with no marked price changes in sight.

The dairy industry is on a stronger basis than a year ago. Dairymen are likely to have a moderately favorable spread between the price of feed and the price of dairy products.

Egg and poultry producers in most sections of the country may expect a fairly satisfactory year, although perhaps not as profitable as 1926. A moderate increase in egg production and no decrease in poultry marketings is expected.

Horses and mules are in sufficient supply to meet farmers' needs the coming season, but the number of young stock is only large enough to replace about half the number of work stock now on farms. Farmers cannot expect to replace their work stock 3 to 10 years from now at the low level of present day horse prices.

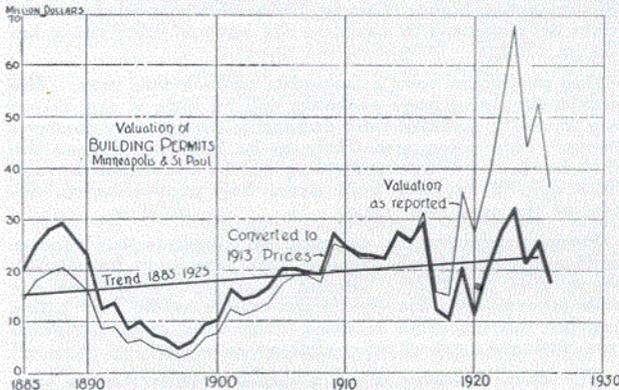
Potato growers should guard against the danger of overplanting and keep close watch on acreages being planted in competing states.

BUILDING CONDITIONS IN MINNEAPOLIS AND ST. PAUL WITH SPECIAL REFERENCE TO THE RESIDENTIAL BUILDING SUPPLY AND DEMAND

The dollar amount of building under construction at Minneapolis and St. Paul combined, as shown by the total valuation of all building permits granted in 1926, is lower than at any time since 1921-1922. The shortage of building which developed during the war apparently has been made up in recent years of great building activity.

The supply of dwellings for rent in Minneapolis and its suburbs as indicated by vacancies advertised in newspapers, has increased each year from 1919 to 1926, inclusive. The increase was very rapid until 1924. Since 1924 the rate of increase has been much less. The supply of furnished apartments and houses increased more rapidly than the supply of unfurnished apartments and houses in the early years of the post-war building boom. The supply of unfurnished apartments increased very rapidly from 1921 to 1924. The supply of unfurnished

houses did not begin to increase until 1923, but has increased very rapidly since that time. In 1926 the advertised vacancies of unfurnished houses and furnished apartments were much more numerous than in 1925, while the advertisements of furnished houses for rent remained at the 1925 level and advertisements of unfurnished apartments decreased. The demand for dwellings of all kinds to rent as indicated by advertisements has decreased steadily from the 1920 peak to a low point in 1926.



Valuation of Building Permits at Minneapolis and St. Paul Combined, 1885-1926, Both as Actually Reported and Converted to 1913 Prices.

In recent months strong evidence is shown of a reversal of these trends. Removing seasonal variations from the newspaper advertising records, there was a downward drift in the advertising of vacant dwellings, beginning with April, 1926. This downward movement was interrupted in August, 1926 and January, 1927, but the January level of the curve is somewhat lower than the level in the spring of 1926. The most pronounced reduction in supply occurred in unfurnished houses, where the drop was precipitate from September to December, 1926. The January level for this class of dwelling is nearly as low as the lowest level since the winter

of 1923-1924. The supply of unfurnished apartments declined steadily from April to December, 1926, but to a lesser extent than the decline in unfurnished houses. There was a pronounced upturn in the supply of the unfurnished apartments in January, 1927. The supply of furnished apartments and houses, which is much less important than the supply of unfurnished dwellings, was at a level in January slightly higher than the average of the last two years. The demand for housing has shown a marked increase in the last three months, bringing the January level to the highest point since March, 1925.

The following table gives the annual totals of rental advertising at Minneapolis and St. Paul, reduced to index numbers to facilitate comparisons between the various classes of advertising. It should be noted that the base used for Minneapolis is not the same as the base for St. Paul.

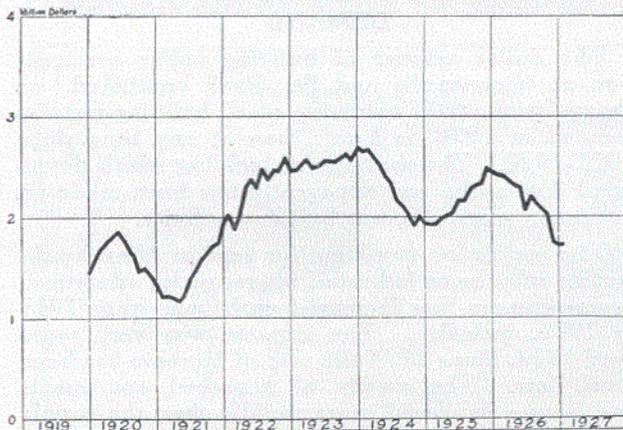
INDEXES OF RENTAL ADVERTISING IN MINNEAPOLIS AND ST. PAUL

	Vacant Dwellings for Rent		Dwellings		Total	Dwellings wanted for Rent
	HOUSES	APARTMENTS	Unfurnished	Furnished		
Minneapolis	Unfurnished	Furnished	Unfurnished	Furnished		
(Base: Av. for 1923-26 = 100.)						
1919	44	43	16	18	23	189
1920	31	90	15	43	26	210
1921	33	75	30	71	40	184
1922	46	113	59	92	65	115
1923	67	93	78	88	79	135
1924	98	104	102	103	102	108
1925	107	100	111	98	107	83
1926	122	100	107	110	110	75

St. Paul

	Unfurnished	Furnished	Unfurnished	Furnished	Total	Dwellings wanted for Rent
(Base: Av. for 1924-26 = 100.)						
1924*	77	105	87	88	84	118
1925	98	94	102	97	99	102
1926	107	96	98	105	102	87

*Estimated on basis of statistics from May to December, 1924.



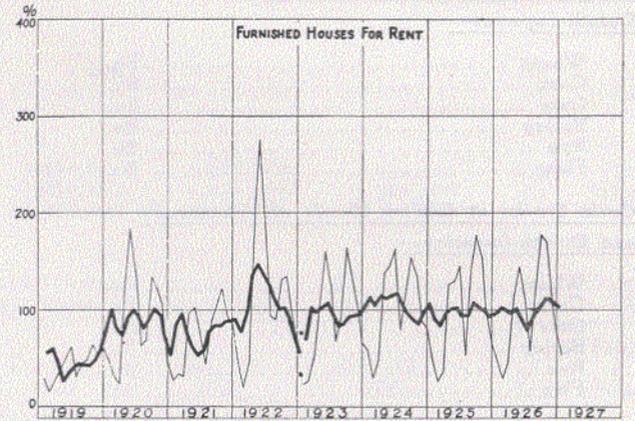
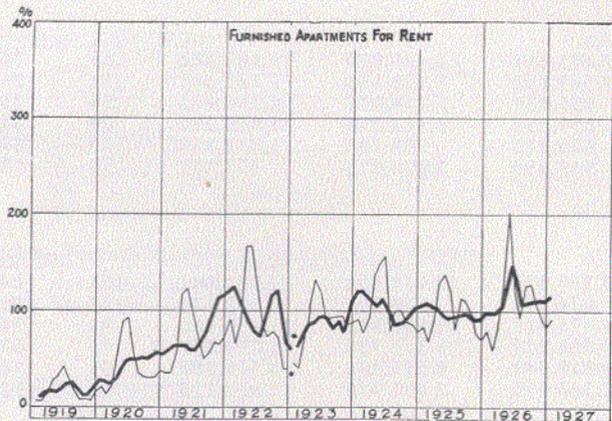
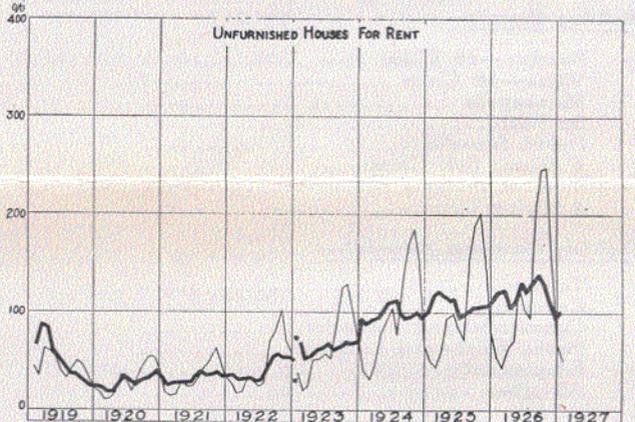
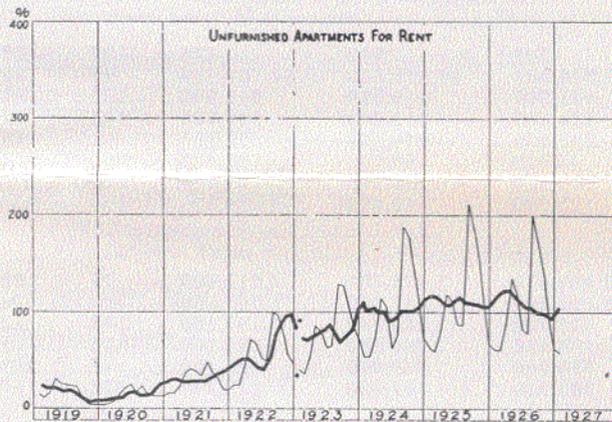
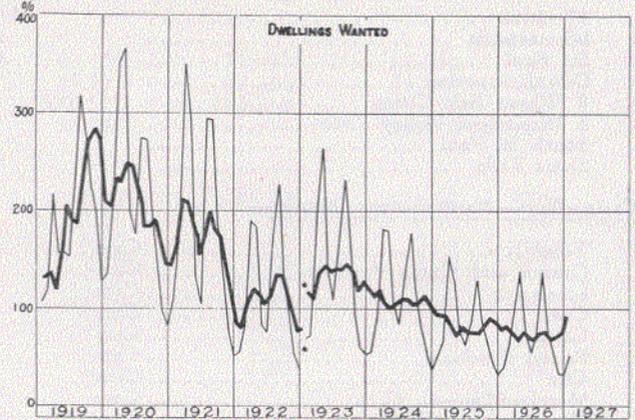
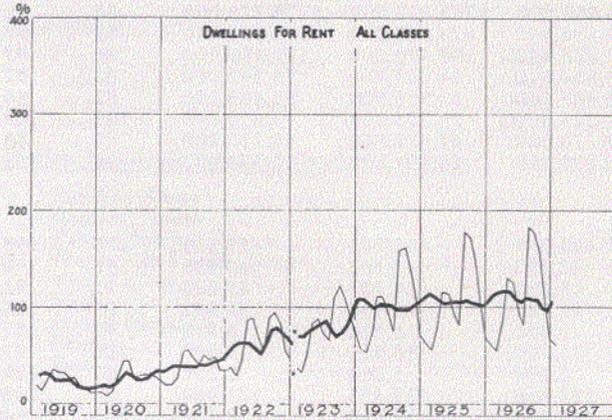
Building Permits at Minneapolis 1919-1927. Moving twelve-month averages are used, plotted at the twelfth month to show approximately the change in the amount of construction work being done.



Building Permits at St. Paul 1919-1927. Moving twelve-month averages are used, plotted at the twelfth month to show approximately the change in the amount of construction work being done.

Rental advertising statistics for St. Paul are available only since May, 1924. It is, therefore, impossible to make as complete an analysis of the housing situation in St. Paul as in Minneapolis. From the available figures, however, it is apparent that the changes in the situation of St. Paul have been much

the same as in Minneapolis. There has been an increase in vacancies and a decrease in the demand for dwellings for rent from 1924 to 1926. During 1926 the increase in advertising of vacant dwellings for rent occurred in unfurnished houses and furnished apartments.



RENTAL ADVERTISEMENTS IN MINNEAPOLIS NEWSPAPERS

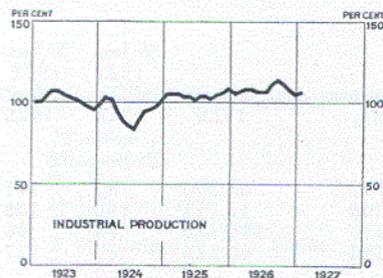
Newspaper Advertisement Indexes of Dwellings for Rent by Classes and for All Classes Combined and of Dwellings Wanted to Rent in Minneapolis, 1919-1927. (Base: Average month in 1923-1926 = 100.) The heavy curves represent figures adjusted to eliminate seasonal changes; the light curves represent actual, or unadjusted, figures. The star in each chart at the beginning of the year 1923 draws attention to the fact that the records of 1 newspaper were used in constructing the index from 1919 to 1922 and that the records of 2 newspapers were used from 1923 to the present time. A change in the seasonal correction was also made beginning with 1923.

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

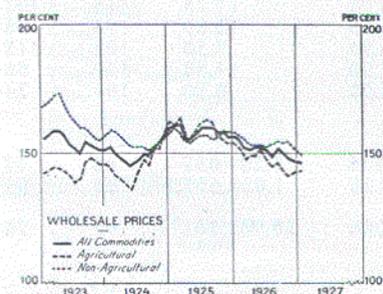
Debits to Individual Accounts—	Unit	January	December	January	% Jan.	% Jan.
		1927	1926	1926	of Dec. 1926	of Jan. 1926
17 cities		\$716,608,000	\$848,114,000	\$778,726,000	84	92
Minneapolis		354,096,000	424,264,000	390,915,000	83	91
St. Paul		162,078,000	189,498,000	171,496,000	86	95
Duluth-Superior		68,654,000	84,068,000	79,142,000	82	87
8 Wheat Belt Cities.....		50,489,000	61,395,000	53,449,000	82	94
3 Mississippi Valley Cities.....		20,223,000	20,273,000	19,433,000	100	104
South St. Paul.....		41,178,000	47,822,000	46,716,000	86	88
Sioux Falls		19,890,000	20,794,000	17,574,000	96	113
Carloadings—Northwestern District—						
Total	Cars	463,259	462,196	473,163	100	98
Grains and Grain Products.....	Cars	42,295	43,143	46,829	98	90
Livestock	Cars	43,238	44,181	47,028	98	92
Coal	Cars	41,502	48,964	38,592	85	108
Coke	Cars	5,868	6,428	6,710	91	87
Forest Products	Cars	73,723	58,555	79,598	126	93
Ore	Cars	2,850	3,264	2,256	87	126
Merchandise—L. C. L.	Cars	127,858	135,493	123,660	94	103
Miscellaneous	Cars	125,925	122,168	128,490	103	98
Building Permits—						
Number—18 Cities		549	512	616	107	89
Value—18 Cities		\$1,924,300	\$1,950,800	\$2,181,900	99	88
Minneapolis		877,900	510,900	812,900	172	108
St. Paul		424,400	417,200	548,000	102	77
Duluth-Superior		263,600	814,200	572,300	32	46
4 Wheat Belt Cities.....		16,400	68,000	103,400	24	16
6 Mixed Farming Cities.....		328,500	130,100	125,800	252	261
4 Mining Cities.....		13,500	10,400	19,500	130	69
Building Contracts Awarded—						
Total		2,490,800	3,428,400	4,012,400	73	62
Residential		1,162,700	1,327,200	1,565,000	88	74
Commercial and Industrial.....		415,700	286,700	1,297,100	145	32
Public Works and Utilities.....		198,400	964,500	232,900	21	85
Educational		330,500	709,000	104,000	47	318
All other		383,500	141,000	813,400	272	47
Grain Receipts at Minneapolis and Duluth-Superior—						
Wheat	Bu.	7,401,662	8,420,029	9,802,882	88	76
Corn	Bu.	1,567,190	1,032,708	1,243,840	152	126
Oats	Bu.	955,824	1,774,934	4,186,423	54	23
Barley	Bu.	899,559	1,117,740	1,468,786	80	61
Rye	Bu.	698,118	909,183	1,035,535	77	67
Flax	Bu.	547,350	1,024,813	473,989	53	115
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—						
Wheat	Bu.	18,395,838	17,635,388	17,681,082	104	104
Corn	Bu.	676,992	529,510	347,140	128	195
Oats	Bu.	23,091,015	24,033,368	31,197,086	96	74
Barley	Bu.	3,086,889	3,323,725	5,094,259	93	61
Rye	Bu.	9,339,543	8,924,886	8,519,200	105	110
Flax	Bu.	2,368,915	2,693,550	2,027,270	88	117
Median Cash Grain Prices—						
Wheat—No. 1 Dark Northern.....	Bu.	\$1.47 $\frac{1}{8}$	\$1.48 $\frac{3}{8}$	\$1.77 $\frac{1}{2}$	99	83
Durum—No. 2 Amber.....	Bu.	1.75 $\frac{7}{8}$	1.78	1.61 $\frac{1}{4}$	99	109
Corn—No. 3 Yellow.....	Bu.	.75	.76	.79	99	95
Oats—No. 3 White.....	Bu.	.45 $\frac{3}{8}$.45 $\frac{1}{2}$.39	100	116
Barley—No. 3	Bu.	.68	.66	.63	103	108
Rye—No. 2	Bu.	.99 $\frac{1}{8}$.94 $\frac{3}{4}$.99 $\frac{3}{4}$	105	99
Flax—No. 1	Bu.	2.22 $\frac{1}{4}$	2.23	2.51	100	89

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

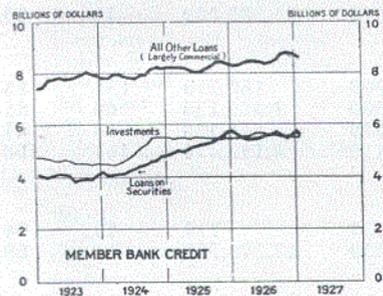
Unit	January 1927	December 1926	January 1926	% Jan. 1927 of Dec. 1926	% Jan. 1927 of Jan. 1926
Livestock Receipts at South St. Paul—					
Cattle	69,155	79,937	68,590	87	101
Calves	57,523	57,258	53,291	100	108
Hogs	374,599	482,214	389,126	78	96
Sheep	59,361	90,730	46,820	65	127
Median Livestock Prices at South St. Paul—					
Butcher Cows	\$6.00	\$6.00	\$6.25	100	96
Butcher Steers	8.50	7.50	8.50	113	100
Prime Butcher Steers	9.50	9.10	9.65	104	98
Stocker & Feeder Steers	7.00	6.25	7.00	112	100
Veal Calves	11.50	10.00	11.25	115	102
Hogs	11.70	11.35	12.00	103	98
Heavy Hogs	10.75	10.50	9.50	102	113
Lambs	12.50	12.50	14.50	100	86
Ewes	6.25	6.00	8.50	104	74
Flour—					
Production—Twin Cities & Duluth-Superior Bbls.	926,786	1,072,996	1,209,857	86	77
Shipments from Minneapolis	896,787	995,120	1,058,655	90	85
Linseed Products Shipments from Minneapolis. Lbs.	30,341,994	31,337,006	38,982,381	97	78
Retail Sales—					
22 Department Stores	\$2,103,700	\$3,911,840	\$2,159,730	54	97
508 Lumber Yards	6,134,000	6,055,000	8,112,000	101	76
Retail Merchandise Stocks—					
18 Department Stores	\$5,946,070	\$5,843,670	\$6,630,590	102	90
474 Lumber Yards	100,202,000	89,444,000	101,041,000	112	99
Life Insurance Sales (4 States)	\$19,065,000	\$26,888,000	\$21,380,000	71	89
Wholesale Trade—					
Farm Implements—6 firms	141,150	104,060	160,710	136	88
Hardware—12 firms	1,374,660	1,647,060	1,610,120	84	85
Shoes—5 firms	206,520	330,570	318,330	63	65
Groceries—46 firms	4,395,120	4,361,410	4,137,470	101	106
Business Failures—					
Number	106	127	113	83	94
Liabilities	\$1,160,290	\$1,430,050	\$1,298,783	81	89
Securities Sold—					
To Banks	3,654,600	2,289,700	3,034,600	160	120
To Insurance Companies	1,938,300	1,971,800	1,589,000	98	122
To General Public	6,934,700	5,580,500	7,163,500	124	97
Ninth Federal Reserve District Member Banks—					
Net Demand Deposits	419,319,000	424,095,000	452,173,000	99	93
Time Deposits	431,998,000	433,924,000	441,449,000	100	98
24 City Member Banks—					
	Feb. 16 1927	Jan. 19 1927	Feb. 17 1926	% Feb. of Jan.	% Feb. of Feb.
Loans	\$241,784,000	\$242,776,000	\$250,573,000	100	96
Securities	116,650,000	112,508,000	113,652,000	104	103
Net Demand Deposits Subject to Reserve ..	216,648,000	211,180,000	228,848,000	103	95
Time Deposits	122,925,000	126,350,000	113,134,000	97	109
Borrowings at Federal Reserve Bank	1,600,000	1,175,000	4,450,000	136	36
Minneapolis Federal Reserve Bank—					
Loans to Member Banks	4,431,708	4,088,701	6,788,031	108	65
Federal Reserve Notes in Circulation	63,771,005	65,526,865	64,629,345	97	99



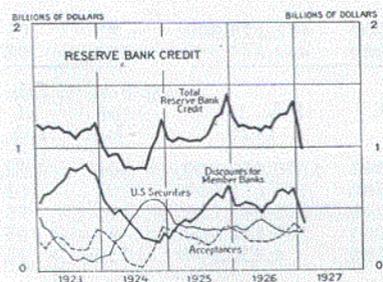
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100). Latest figure, January, 106.



Indexes of United States Bureau of Labor Statistics (1913 = 100). Latest figures, January, all commodities 146.9, non-agricultural commodities 149.6, agricultural commodities 143.4.



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



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

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

Industrial activity has been slightly larger since the turn of the year than at the close of 1926. Seasonal liquidation of Reserve Bank credit has been in unusually large volume, owing chiefly to the inflow of gold from abroad and conditions in the money market have been easy. Wholesale prices have continued to decline.

PRODUCTION: The output of factories was larger in January than in December, but smaller than in January, 1926, or 1925. Mineral production, though somewhat below the December level, continued in unusually large volume, reflecting the maintenance of production of bituminous coal, crude petroleum and copper. The manufacture of iron and steel, which was sharply curtailed in December, increased in January and February. Automobile output was increased considerably from the unusually low level of production reached last December, but the number of passenger cars produced since the beginning of the year has been smaller than for the corresponding period of the past four years. The textile industries have continued active since December without, however, showing the usual seasonal increase.

Building contracts awarded in thirty-seven states during the first seven weeks of the year were smaller in value than those for the same period of 1926. Decreases have been largest in New York and the New England, southeastern and northwestern states, while increases occurred in the middle Atlantic and central western states. By types of building, contracts awarded for residential and industrial building in January showed large reductions, as compared with December and with January, 1926, while contracts for commercial buildings were larger than a month or a year ago.

TRADE: Retail trade showed more than the usual seasonal decline between December and January. Sales of department stores were in about the same volume as a year ago, while those of mail order houses were 7 per cent smaller. Wholesale trade declined in nearly all leading lines in January and was considerably smaller than a year ago. Inventories of department stores were reduced less than is customary and at the end of the month were in about the same volume as in January, 1926. Stocks of merchandise carried by wholesale firms increased slightly, but continued in smaller volume than in the corresponding month of the previous year. Freight carloadings declined by somewhat more than the usual seasonal amount between December and January, but, owing chiefly to heavier shipments of coal this year, weekly loadings since the beginning of the year were larger than for the same period of 1926. Shipments of merchandise in less-than-carload lots were also slightly larger than last year; but those of most basic commodities were smaller.

PRICES: The general level of wholesale prices declined fractionally in January, according to the index of the Bureau of Labor Statistics, considerable advances in prices of livestock being somewhat more than offset in the total by decreases in nearly all other commodity groups included in the index. Prices of non-agricultural products, as a group, declined to the lowest level since early in 1922. In February there were decreases in the price of iron and steel, non-ferrous metals, bituminous coal, grains and hides, while prices of cattle, sheep, cotton, and gasoline increased.

BANK CREDIT: Commercial loans of member banks in leading cities continued to decline during the four weeks ending February 16, although at a less rapid rate than in earlier weeks, and in the middle of February the volume of these loans was about \$270,000,000 below the seasonal peak reached in the middle of November, though about \$200,000,000 above last year's level. Loans on securities also declined during the period, while the banks' investment holdings increased somewhat.

The volume of Reserve bank credit remained during the four weeks ending February 23 near the low level reached at the end of January. Liquidation of Reserve Bank credit, since the high point of last December, has been in excess of \$500,000,000, the unusual extent of this reduction being due chiefly to the large inflow of gold from abroad. Total bills and securities of the Reserve banks on February 23 were about \$200,000,000 smaller than on the corresponding date of last year.

Easier money conditions in February were reflected in a decline in the rate on prime commercial paper from $4\frac{1}{4}$ to 4 per cent, after the first week of the month.