

# MONTHLY REVIEW

OF  
**AGRICULTURAL AND BUSINESS CONDITIONS**  
 IN THE  
**NINTH FEDERAL RESERVE DISTRICT**

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## DISTRICT SUMMARY OF BUSINESS

January business reports continue to indicate increased business volume in industries and sections benefited by the large 1927 small grain crops. The volume of business in the mixed farming regions has decreased, compared with last year, on account of the reduced income from hogs. For the district as a whole, the money value of business was apparently 5 percent greater during January than in January, 1927.

Sales of securities to the general public by representative Twin City firms made a new high record during January. These firms reported sales of \$10,600,000 during the month, as compared with \$6,900,000 in January, 1927. This new record is noteworthy in itself, but it becomes still more remarkable when it is remembered that it follows three months of very large sales. Every month's sales from October to January, inclusive, has been larger than any month's total prior to October, 1927.

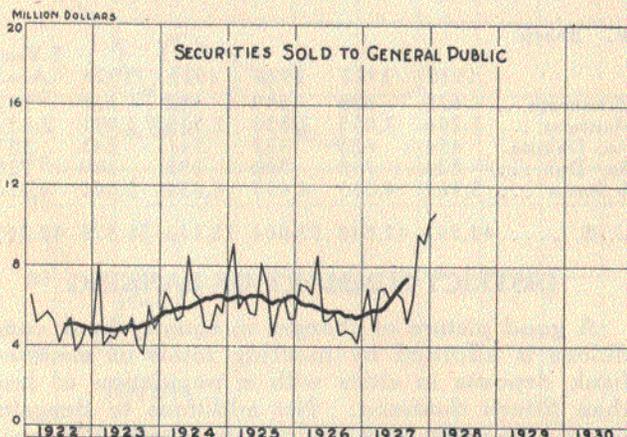
A catalog of the more important business indexes shows unmistakable signs of business improvement. Indexes showing favorable changes, as compared with last year, were debits to individual accounts, total freight carloadings, building permits and contracts, flour and linseed production, wholesale trade, postal receipts, business failures,

lumber sales and the volume of checks drawn on country banks which were collected by this Federal Reserve Bank. The principal unfavorable developments were decreases in department store sales in the cities, in the volume of currency in circulation in the district and in freight carloadings of livestock, miscellaneous commodities and less-than-carlot freight.

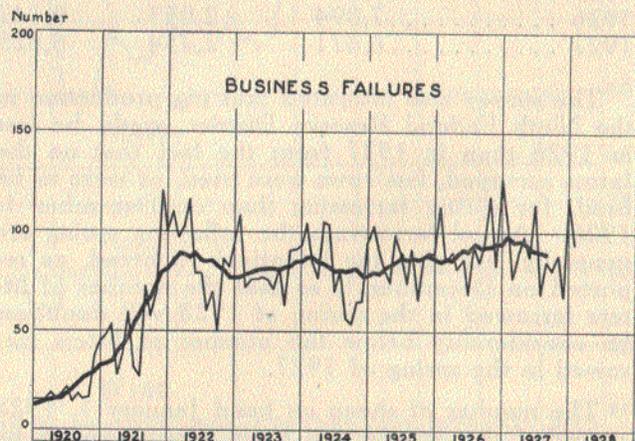
Farm income in the Ninth Federal Reserve District from cash grains, potatoes, milk and hogs was 1 percent greater during January than in January, 1927, but showed a seasonal decline of 10 percent from December, 1927. Terminal market prices of wheat, butter, hens, eggs, potatoes and hogs were lower in January than a year ago, while prices of feed grains, rye, flax, milk, cattle and sheep were higher than a year ago.

The January 1 estimates of livestock holdings made by the United States Department of Agriculture show increases in swine and sheep in this district, an unchanged inventory of dairy cattle and a decrease in beef cattle.

The dairy industry in the four states—Minnesota, North Dakota, South Dakota and Montana—failed to show any increase in the number of producing cows during the year 1927. The number of dairy cows is 5 percent less than the high point reported on January 1, 1926—2,821,000—and about 2 per-



Sales of Securities to the General Public by Representative Investment Dealers in Minneapolis and St. Paul. The heavy curve is a twelve-month moving average of the monthly data.



Business Failures in the Ninth Federal Reserve District, as reported by R. G. Dun and Company. The heavy curve is a twelve-month moving average of the monthly data.

cent less than the five year average. The number of yearling dairy heifers on hand at the beginning of the year showed a small decline for the second successive year, indicating that there is no contemplated expansion of the dairy industry at the present time. In the state of Minnesota alone, there was an increase of 1 percent in the number of dairy heifers, but this was more than offset by declines in the other three states.

The total number of swine on hand January 1, 1928 was 6 percent greater than a year earlier, but 1 percent smaller than the five year average in the four complete states in this district. The increase in number of swine, however, was the result of slow marketings at the beginning of the season rather than because of contemplated expansion in the industry, as was shown by the decreased "Intentions to breed" figures in the December 1 Pig Survey. Heavy January marketings have reduced the number considerably, 18 percent more hogs being marketed in January, 1928 than in January, 1927 at South St. Paul.

There were fewer pigs farrowed during 1927 in the Ninth Federal Reserve District than in any previous year for which we have figures, according to the estimate made in this office based on the results of the United States Department of Agriculture's December 1 Pig Survey. The spring pig crop was estimated to be smaller than any other spring crop since our records began in 1922, and the fall pig crop was estimated to be only 5 percent larger than the small 1926 fall crop. The figures for the spring and fall crops in each of the last six years are shown in the accompanying table:

#### Pigs Farrowed in the Ninth Federal Reserve District (000's omitted)

	Spring Crop	Fall Crop	Total
1922 .....	7,943	3,110	11,053
1923 .....	8,643	3,040	11,683
1924 .....	7,340	2,553	9,893
1925 .....	6,865	2,176	9,041
1926 .....	7,094	2,053	9,147
1927 .....	6,671	2,154	8,825

The survey also indicated that pig production in the Ninth Federal Reserve District would be less in 1928 than in 1927 from the fact that on the farms surveyed, less sows were bred, or were to be bred, for spring farrowing than on December 1, 1926. Actual farrowings the following spring are generally less than the intentions to breed, as reported on December 1, so that the number of litters farrowed in the spring of 1928 will doubtless be considerably below the number of litters farrowed in the spring of 1927.

The number of sheep on hand January 1, 1928 exceeded the number on hand a year earlier by more than 6 percent. The January 1 number of sheep has shown an increase over the preceding year in each of the four states—Minnesota, Mon-

tana, North Dakota and South Dakota—for five successive years. The 1928 four state total was 5,162,000, compared with 3,645,000 five years earlier, January 1, 1923. The increase in the five year period was 41.6 percent.

#### January 1 Livestock Holdings

(Source: United States Department of Agriculture)  
(000's omitted)

##### I. Dairy Cows 2 Years and Over

	1928	1927	1926	1925	1924	5-Year Ave.
Minnesota ..	1,528	1,513	1,560	1,560	1,535	1,539
Montana ...	175	181	192	187	174	182
No. Dakota..	458	472	530	520	494	495
So. Dakota...	518	513	539	544	520	527
4 States ....	2,679	2,679	2,821	2,811	2,723	2,743
U. S. ....	21,948	21,818	22,148	22,481	22,255	22,130

##### II. Dairy Heifers 1-2 Years

	1928	1927	1926	1925	1924	5-Year Ave.
Minnesota ..	315	312	300	306	270	301
Montana ....	34	35	35	36	35	35
No. Dakota ..	95	98	122	127	119	112
So. Dakota ..	106	112	110	127	106	112
4 States ....	550	557	567	596	530	560
U. S. ....	4,175	4,048	3,909	4,195	4,137	4,093

##### III. Other Cattle

	1928	1927	1926	1925	1924	5-Year Ave.
Minnesota ..	813	885	993	987	1,085	953
Montana ...	908	936	1,053	1,117	1,151	1,033
No. Dakota ..	481	530	608	694	757	614
So. Dakota..	946	1,010	1,270	1,403	1,521	1,230
4 States ....	3,148	3,361	3,924	4,201	4,514	3,830
U. S. ....	30,749	31,006	33,091	35,320	38,115	33,656

##### IV. Swine

	1928	1927	1926	1925	1924	5-Year Ave.
Minnesota ..	3,710	3,673	3,456	3,600	3,830	3,654
Montana ...	264	240	250	280	292	265
No. Dakota..	652	572	682	784	738	685
So. Dakota..	2,445	2,183	2,300	2,760	3,000	2,538
4 States ...	7,071	6,668	6,688	7,424	7,860	7,142
U. S. ....	58,969	54,408	52,055	55,568	65,937	57,387

##### V. Sheep

	1928	1927	1926	1925	1924	5-Year Ave.
Minnesota ..	678	628	540	462	428	547
Montana ...	3,206	3,053	2,880	2,579	2,441	2,832
No. Dakota..	454	425	373	311	245	363
So. Dak....	824	749	700	682	689	728
4 States ...	5,162	4,855	4,493	4,034	3,803	4,470
U. S. ....	44,545	41,846	39,864	38,112	36,876	40,249

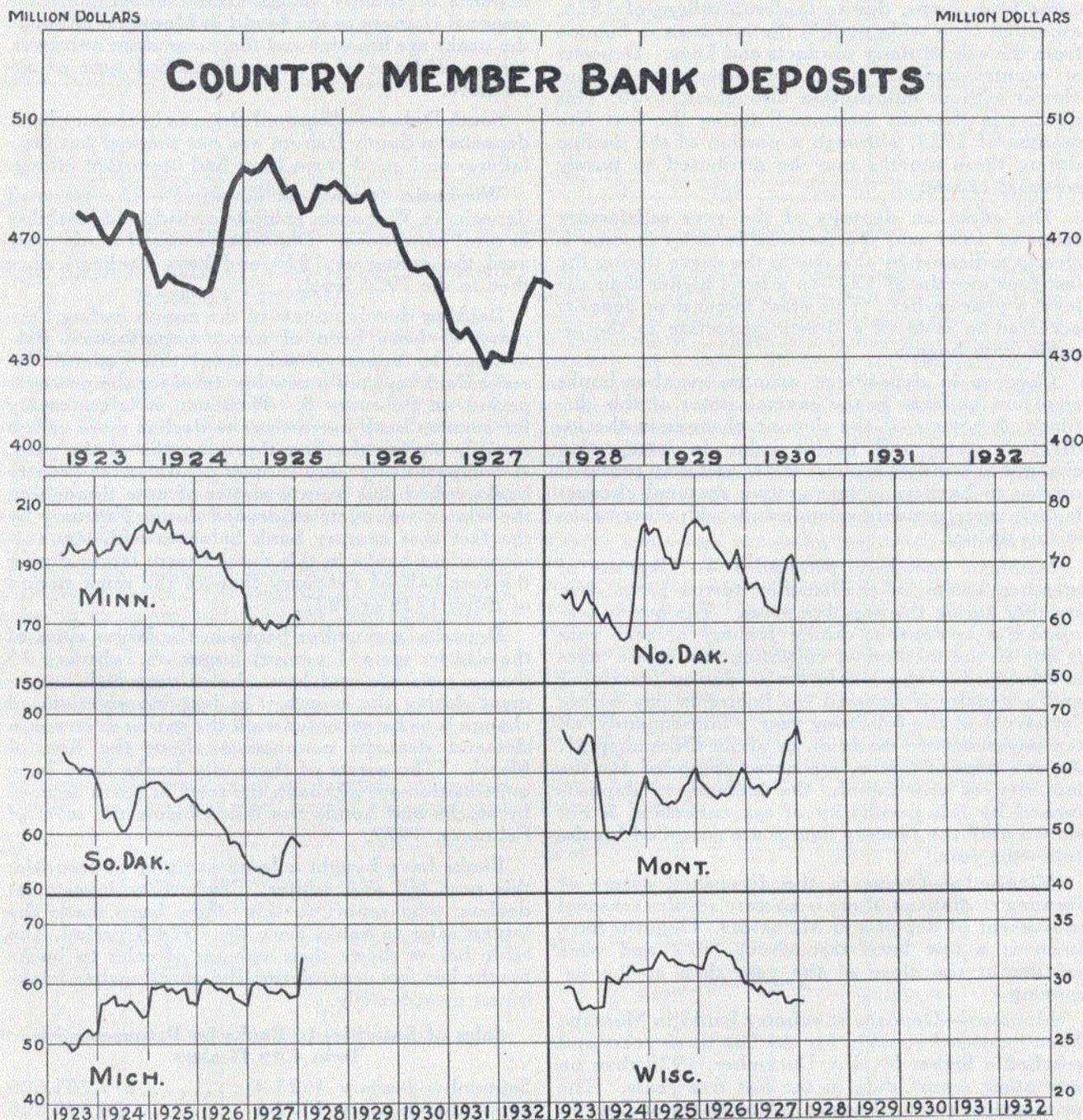
#### DISTRICT SUMMARY OF BANKING

A good picture of changes in country bank conditions is afforded by monthly totals of member bank deposits in cities with a population of less than fifteen thousand. Net additions to deposits occur principally in the fall from the sale of crops, and in the winter from the sale of livestock. There is a seasonal decrease in deposits during the summer when, aside from dairy and poultry income, the

farmers' cash receipts are at a low ebb and farm expenses are large. The changes in the level of deposits between one year and another reflect changes in the welfare of our rural communities. The figures are available for one date in each month since April, 1923, and are the only monthly deposit data for country banks.

The curve of country member bank deposits reflects the vicissitudes of farming. A portion of the

decline in deposits is due to bank suspensions. Returns from farming in 1923 were unsatisfactory and, as a result, the deposit curve began with a downward moving trend. The crops of 1924 were large and sold at high prices. The income from hogs and dairy products began to increase at the same time. The effect of these major changes in farm income was shown in the pronounced rise of the deposit curve for country member banks during the fall of



Country Member Bank Deposits in the Ninth Federal Reserve District. These country member banks are all member banks in cities with less than fifteen thousand population. The scales for the district curve and the state curves have been exaggerated to make the changes in deposits more apparent.

1924. The losses of the preceding year were regained and a high record for the five year period was established during the spring of 1925. The 1925 crops did not bring in as much cash income as the 1924 crops and, although the income from hogs and dairy products continued large, the deposits of country member banks were lower at the close of 1925 than at the close of 1924.

The year 1926 was quite unsatisfactory from a farm income standpoint. The reduction in the income from crops, due to the crop failure of 1926, exceeded by a wide margin the increases in income from the sale of dairy products and hogs. Deposits at country member banks decreased rapidly and almost without interruption throughout 1926. This decline in deposits continued during the first five months of 1927, although a portion of the decline during these months may be attributed to purely seasonal causes.

The effect on deposits of the very satisfactory crops of 1927 and the increase in dairy income is clearly indicated by the rise in the curve during the last four months of 1927 to a level higher than the level a year earlier. This great increase in deposits occurred in spite of a drastic reduction in the income from hogs.

Changes in deposits at country member banks were not uniform in the several states of this district. A review of the deposit changes in the individual states will be of value in interpreting changes in business in these states and may prove of service to bankers in interpreting seasonal changes in their correspondent relationships with other banks in this district.

Michigan (northern peninsula) — Deposits of member banks in the smaller towns have risen steadily during the past five years. The purely seasonal rise in deposits during January of each year is due to the method of collecting real estate taxes in Michigan. The whole tax is due in December and a penalty is assessed for failure to pay before January 1 of the following year. Consequently, all tax payments are made on or about December 31. As our deposit figures are never compiled for the last day of any month, the increase in deposits caused by this peculiarity of tax collection, is not shown until the January figures are compiled for the following year.

Minnesota—Owing to the diversified nature of farming operations, there is no very regular seasonal movement of deposits in Minnesota. Deposits have been at a low level throughout 1927 and were smaller at the close of the year than at the beginning.

Montana—Deposits at country banks in Montana have increased steadily for the last three years and reached a higher level in December, 1927 than on any other report date in the last five years. The pronounced seasonal peaks in November or December of each year are caused by the sale of crops, which constitute the greatest portion of farm income in Montana.

North Dakota—The most pronounced development in the North Dakota curve was the tremendous recovery of deposits as a result of the sale of crops in 1924. The 1925 farm income was sufficient to maintain deposits at the level of the fall of 1924, but the decrease in deposits in 1926 and the first half of 1927 was very discouraging. North Dakota country bank deposits increased considerably in the fall of 1927, although the recovery was not as pronounced as in Montana. North Dakota deposits in country banks exhibit about the same seasonal changes as are found in Montana, although the peaks are broader and the troughs are narrower, giving evidence of a more diversified type of agriculture.

South Dakota—Seasonal changes in country bank deposits in South Dakota are not marked but crop failures and good crops have had important effects.

Wisconsin (twenty-six counties)—The curve of deposits in Wisconsin exhibits considerable stability in rural conditions. Deposits increased moderately until the spring of 1926 and have declined since then to the 1923 level.

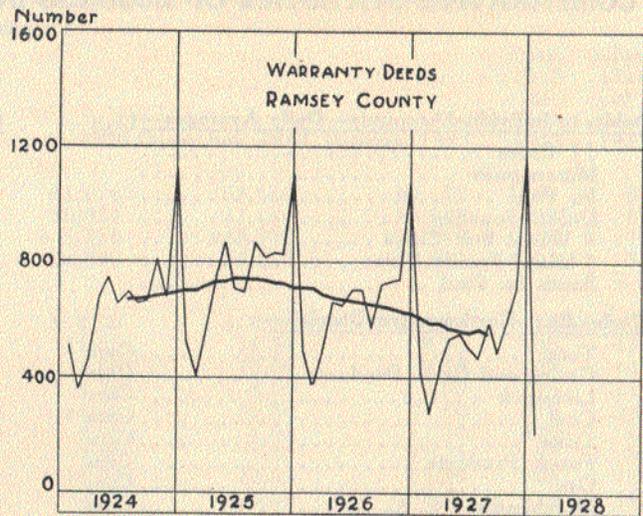
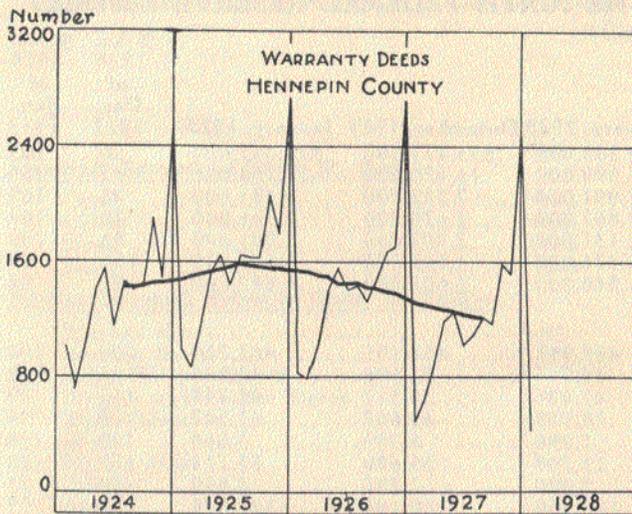
Banking developments of the month ending February 15 have been of minor importance. Borrowings by country banks from this Federal Reserve Bank reached a new low level for the post-war period on February 8. However, it is customary for country bank borrowings to decline more or less steadily during the first three months of the year. A comparatively easy money condition at country banks, which has been a matter of note throughout the winter, was again evidenced during February by the fact that country bank balances with city correspondent banks in this district were larger during the first half of February than in the same period of either 1926 or 1927.

Deposits at member banks in the larger cities of the district were 7 percent larger on February 15 than a year ago and have shown very little movement during the month. In fact, no pronounced change is to be expected until the spring decrease in demand deposits commences about the first of March. The assets of these city banks have been quite stationary, although the total of loans secured by stocks and bonds has fallen below the level of February, 1927.

Banks have bought a large quantity of securities this past fall and winter. Twin City investment dealers, who report to this office, have made the largest sales to banks since the 1924-5 period. The table below shows their volume of sales to banks for the last five years during the months when banks invest most heavily.

#### Sales of Securities to Banks by Representative Twin City Dealers

September-January 1923-4	.....	\$17,285,600
September-January 1924-5	.....	28,479,900
September-January 1925-6	.....	18,253,500
September-January 1926-7	.....	12,361,400
September-January 1927-8	.....	21,330,000



Warranty Deeds Recorded by Months in Hennepin and Ramsey Counties of Minnesota.

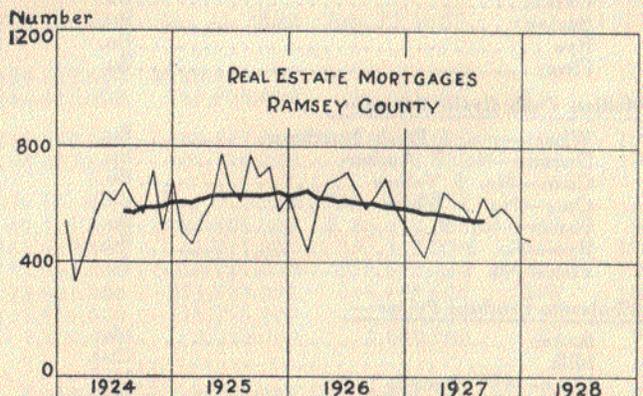
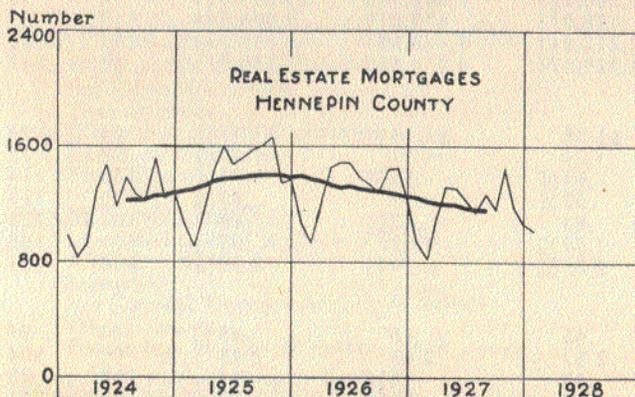
**REAL ESTATE ACTIVITY IN HENNEPIN AND RAMSEY COUNTIES**

The monthly volume of warranty deeds recorded in Hennepin and Ramsey counties has been declining for two years from the peak reached in 1924. As these counties contain the cities of Minneapolis and St. Paul with their suburbs, the number of deeds recorded furnishes a very good index of the activity of the real estate market in these two metropolitan areas. The history of this real estate activity during the last four years is shown in the accompanying charts.

There is an interesting seasonal movement in the recording of deeds. The smallest volume ordinarily occurs in February and the peak always occurs in December. This December peak is caused chiefly by the desire of those selling real estate to make the transfers effective before next year's taxes must be paid. More than one-fourth of the December volume of warranty deeds recorded occurs in the last three days of December.

The monthly number of real estate mortgages recorded in Hennepin and Ramsey counties has

been declining for a year and a half. The decline commenced six months later than the decline in the recording of deeds and the decrease has not been as pronounced. There is a rather close connection between the number of deeds and the number of mortgages recorded, although the seasonal fluctuations in the two series are much different. This connection is best shown by a comparison of twelve-month moving averages, which are included in the charts which accompany this article. The failure of mortgages to decline as rapidly as deeds may be due in part to the fact that some mortgages given several years ago are being renewed and in part to the fact that buildings are now being erected on property which was purchased some time ago and part of the funds for the construction of the buildings is supplied by the sale of mortgages. The lag of changes in mortgage records behind warranty deed records supports this latter hypothesis. In 1924 the number of deeds recorded exceeded the number of mortgages recorded by 17 percent in Hennepin County and 16 percent in Ramsey County. In 1927, the excess of deeds over mortgages was only 4 percent in Hennepin County and 3 percent in Ramsey County.



Real Estate Mortgages Recorded by Months in Hennepin and Ramsey Counties of Minnesota.

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

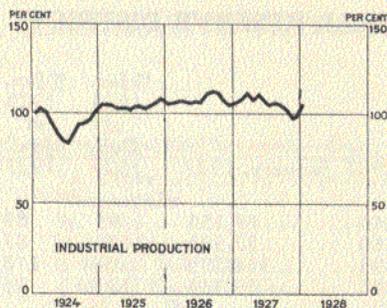
Debits to Individual Accounts—Daily Averages—Unit	January, 1928	December, 1927	January, 1927	% Jan.	% Jan.
				1928 of Dec. 1927	1928 of Jan. 1927
17 Cities .....	\$30,209,000	\$33,477,000	\$28,647,000	90	105
Minneapolis .....	14,999,000	16,470,000	14,164,000	91	106
St. Paul .....	7,091,000	7,732,000	6,483,000	92	109
Duluth-Superior .....	2,867,000	3,670,000	2,746,000	78	104
8 Wheat Belt Cities .....	2,131,000	2,507,000	2,001,000	85	106
4 Mixed Family Cities .....	1,576,000	1,507,000	1,606,000	105	98
South St. Paul .....	1,546,000	1,602,000	1,647,000	97	94
<b>Carloadings-Northwestern District—</b>					
Total .....	469,917	451,191	463,259	104	101
Grains and Grain Products .....	56,015	52,596	42,295	106	132
Livestock .....	43,020	38,517	43,238	112	99
Coal .....	38,978	49,667	41,502	78	94
Coke .....	7,038	6,909	5,868	102	120
Forest Products .....	73,763	55,690	73,723	132	100
Ore .....	2,070	2,297	2,850	90	73
Merchandise—L. C. L. ....	126,750	130,196	127,858	97	99
Miscellaneous .....	122,283	115,319	125,925	106	97
<b>Building Permits—</b>					
Number—18 Cities .....	529	435	549	122	96
Value—18 Cities .....	\$ 2,294,900	\$ 2,251,400	\$ 1,924,300	102	119
Minneapolis .....	825,900	625,600	877,900	132	94
St. Paul .....	326,900	204,100	424,400	160	77
Duluth-Superior .....	834,800	1,030,000	263,600	81	317
4 Wheat Belt Cities .....	41,900	49,100	16,400	85	255
6 Mixed Farming Cities .....	123,100	317,100	328,500	39	37
4 Mining Cities .....	142,300	25,500	13,500	558	1,054
<b>Building Contracts Awarded—</b>					
Total .....	3,102,000	3,032,600	2,490,800	102	125
Residential .....	1,160,200	1,131,000	1,162,700	103	100
Commercial and Industrial .....	865,700	424,900	415,700	204	208
Public Works and Utilities .....	561,900	1,412,700	198,400	40	283
Educational .....	357,700	40,000	330,500	894	108
All Other .....	156,500	24,000	483,500	652	32
<b>Cash Value of Farm Products Sold—</b>					
Bread Wheat .....	9,227,000	11,805,000	5,442,000	78	170
Durum Wheat .....	5,452,000	4,581,000	3,576,000	119	152
Rye .....	951,000	1,466,000	588,000	65	162
Flax .....	879,000	982,000	167,000	90	526
Potatoes .....	2,682,000	1,105,000	2,901,000	243	92
Fluid Milk .....	1,673,000	1,482,000	1,573,000	113	106
Hogs .....	17,872,000	21,392,000	23,985,000	84	75
<b>Grain Stocks at End of Month at Minneapolis and Duluth-Superior—</b>					
Wheat .....	35,215,612	32,857,771	18,395,838	107	191
Corn .....	1,863,813	1,646,411	676,992	113	275
Oats .....	7,380,723	7,842,195	23,091,015	94	32
Barley .....	778,073	653,019	3,086,889	119	25
Rye .....	2,212,841	1,423,581	9,339,543	155	24
Flax .....	3,329,471	4,014,559	2,368,915	83	141
<b>Median Cash Grain Prices—</b>					
Wheat—No. 1 Dark Northern .....	\$1.38	\$1.34½	\$1.47½	103	94
Durum—No. 2 Amber .....	1.26	1.27	1.75¾	99	72
Corn—No. 3 Yellow .....	.85¼	.83¾	.75	102	114
Oats—No. 3 White .....	.52¼	.52	.45¾	100	115
Barley—No. 3 .....	.83	.82½	.68	101	122
Rye—No. 2 .....	1.02¾	1.02	.99½	101	103
Flax—No. 1 .....	2.23¾	2.14¾	2.22¾	104	101
<b>Wholesale Produce Prices—</b>					
Butter .....	.45	.48	.45½	94	99
Milk .....	2.57	2.63	2.48	98	104
Hens—4½ Pounds .....	.20	.18½	.21	108	95
Eggs .....	.35	.37½	.37½	93	93
Potatoes .....	1.09½	1.05	1.53	104	72

NINTH FEDERAL RESERVE DISTRICT

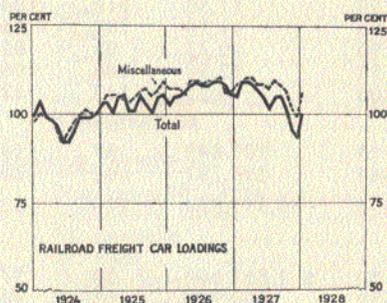
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COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT  
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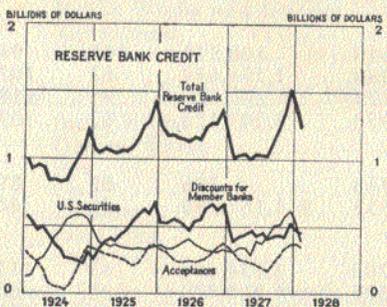
	Unit	January, 1928	December, 1927	January, 1927	%Jan. 1928 of Dec. 1927	%Jan. 1928 of Jan. 1927
<b>Livestock Receipts at South St. Paul—</b>						
Cattle	Head	61,616	65,960	69,155	93	89
Calves	Head	50,051	41,680	57,523	120	87
Hogs	Head	442,225	468,393	374,599	94	118
Sheep	Head	56,337	54,605	59,361	103	95
<b>Median Livestock Prices at South St. Paul—</b>						
Butcher Cows	Cwt.	\$ 8.00	\$ 8.00	\$ 6.00	100	133
Butcher Steers	Cwt.	11.35	10.50	8.50	108	134
Prime Butcher Steers	Cwt.	14.00	13.00	9.50	108	147
Stocker and Feeder Steers	Cwt.	9.75	8.50	7.00	115	139
Veal Calves	Cwt.	11.50	10.50	11.50	110	100
Hogs	Cwt.	8.00	8.00	11.70	100	68
Heavy Hogs	Cwt.	7.00	7.50	10.75	93	65
Lambs	Cwt.	13.25	12.50	12.50	106	106
Ewes	Cwt.	7.00	6.00	6.25	117	112
<b>Flour—</b>						
Production—Twin Cities & Duluth-Superior	Bbls.	1,222,617	1,262,313	909,849	97	134
Shipments from Minneapolis	Bbls.	1,143,156	1,120,844	896,787	102	127
<b>Linseed Products Shipments from Minneapolis.</b>	Lbs.	40,079,531	34,618,534	30,341,994	116	132
<b>Retail Sales—</b>						
Department Stores		\$ 1,821,770	\$ 3,638,380	\$ 1,881,600	50	97
Furniture Stores		388,170	585,450	402,980	66	96
Country Lumber Yards	Bd. Ft.	5,042,000	4,742,000	4,762,000	106	106
<b>Retail Merchandise Stocks—</b>						
Department Stores		\$ 5,400,390	\$ 5,158,280	\$ 5,338,180	105	101
Furniture Stores		2,672,150	2,748,500	2,642,450	97	101
Country Lumber Yards	Bd. Ft.	89,035,000	80,690,000	90,307,000	110	99
<b>Life Insurance Sales (4 States)</b>		\$17,953,000	\$26,461,000	\$19,065,000	68	94
<b>Wholesale Trade—</b>						
Farm Implements		104,100	96,640	108,910	108	96
Hardware		1,471,130	1,792,440	1,374,660	82	107
Shoes		284,600	287,120	206,520	99	138
Groceries		4,417,380	4,561,970	4,309,150	97	103
<b>Business Failures—</b>						
Number		94	118	106	80	89
Liabilities		\$ 552,950	\$ 1,125,953	\$ 1,161,290	49	48
<b>Securities Sold—</b>						
To Banks		4,069,000	5,865,700	3,654,600	69	111
To Insurance Companies		1,157,100	1,179,500	1,928,300	98	60
To General Public		10,647,900	10,273,900	6,934,700	104	154
<b>Ninth Federal Reserve District Member Banks—</b>						
		Feb. 8, 1928	Jan. 11, 1928	Feb. 23, 1927	%Feb. of Jan. 1927	%Feb. of Feb. 1928
<b>In Cities under 15,000 Population</b>						
Net Demand Deposits		\$184,459,000	\$190,469,000	\$176,137,000	97	105
Time Deposits		266,416,000	263,898,000	261,655,000	101	102
<b>In Cities over 15,000 Population</b>						
Net Demand Deposits		259,040,000	263,847,000	246,291,000	98	105
Time Deposits		195,883,000	191,178,000	168,143,000	102	116
<b>24 City Member Banks—</b>						
		Feb. 15, 1928	Jan. 18, 1928	Feb. 16, 1927		
Loans Secured by Stocks and Bonds		\$ 82,375,000	\$ 83,801,000	\$ 84,412,000	98	98
All Other Loans		165,859,000	165,833,000	157,372,000	100	105
Securities		133,562,000	133,385,000	116,650,000	100	114
Net Demand Deposits Subject to Reserve		226,881,000	223,320,000	216,648,000	102	105
Time Deposits		137,575,000	138,295,000	122,925,000	99	112
Borrowings at Federal Reserve Bank		1,500,000	2,250,000	1,600,000	67	94
<b>Minneapolis Federal Reserve Bank—</b>						
Loans to Member Banks		3,232,582	4,153,987	4,431,708	78	73
Federal Reserve Notes in Circulation		56,274,730	58,224,875	63,771,005	97	88



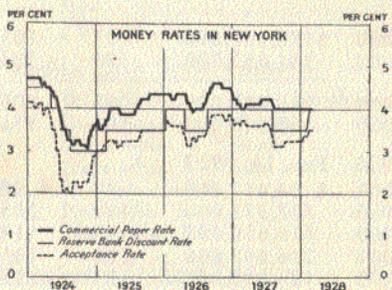
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average =100). Latest figure, January, 105.



Cars of revenue freight loaded as reported by the American Railway Association. Index number adjusted for seasonal variations, (1923-25 average=100). Latest figures, January, Total 100, Miscellaneous 106.



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



Weekly rates in New York money market: commercial paper rate on 4 to 6 months' paper and acceptance rate on 90 day paper.

## Summary of National Business Conditions (Compiled February 24 by Federal Reserve Board)

Industrial production and shipments of commodities by railroads increased considerably in January from the low point reached at the end of 1927. The general level of wholesale commodity prices showed a slight decline.

**PRODUCTION:** The increase of 6 per cent in industrial production from December to January reflected a larger output of manufactures, particularly of iron and steel and automobiles. The daily average production of steel ingots increased by over 25 per cent in January, the largest monthly increase since 1924. Buying of steel products by the railroads and by the automobile and construction industries was also active in January, and, notwithstanding the large volume of production and shipments, unfilled orders showed an increase during the month. Since the first of February, production of steel products has continued active with new orders and shipments more nearly in balance than in previous months. Automobile production, which in December was in the smallest volume since 1922, increased considerably in January and was only slightly smaller than in the same month of the preceding year. Cotton consumption showed about the usual seasonal increase in January, following substantial curtailment in December and the woolen and silk industries were somewhat more active than in December. Production of minerals, after adjustment for customary seasonal changes, was in practically the same volume in January as in December. Building contracts awarded in January exceeded those for the corresponding month of last year and awards during the first half of February were in practically the same volume as a year ago.

**TRADE:** Sales of department stores showed more than the usual seasonal decline in January from the high levels reached in December and averaged slightly smaller than in January of last year. Sales of mail order houses, on the other hand, were about 6 per cent larger than a year ago. Wholesale trade in nine leading lines averaged larger than in January of last year. Stocks of groceries and hardware carried by wholesale firms were smaller than a year ago, but reports in other lines indicated that stocks were somewhat larger.

Freight carloadings for all groups of commodities were larger in January than in December, the increase being particularly large for miscellaneous commodities. Compared with January of last year, however, loadings of all classes of commodities, except livestock, were smaller.

**PRICES:** The Bureau of Labor Statistics' index number of wholesale commodity prices declined from 96.8 per cent of the 1926 average in December to 96.3 per cent in January. Prices of farm products and hide and leather products increased, while prices of meats and dairy products, textiles, fuels, non-ferrous metals and rubber declined. During the first two weeks of February, prices of grains, cotton, silk and wool advanced, while those of cattle, sugar and rubber declined.

**BANK CREDIT:** For the four weeks ending February 15, total loans and investments of member banks in leading cities showed a decline of more than \$200,000,000, the decline being almost entirely in loans on securities. From the peak at the turn of the year, this class of loans decreased by nearly \$460,000,000. Loans for commercial purposes, after a further decline in January, showed a seasonal increase in the first two weeks of February. The decline in the volume of loans since the first of the year has been accompanied by a corresponding decline in net demand deposits, while time deposits have continued to increase.

At the Reserve banks the total volume of member bank borrowing declined seasonally during the opening weeks of the year, and reached a low point on January 25, but increased by about \$70,000,000 between that date and February 21. This increase in discounts accompanied smaller reductions in the Reserve banks' holdings of United States securities and acceptances, and the total volume of Reserve banks' credit in use showed an increase for the four weeks. During the four weeks ending February 21, a firmer tendency in the money market was indicated by increased rates on call and time loans and by a further increase from  $3\frac{3}{8}$  per cent to  $3\frac{1}{2}$  per cent in the rate on ninety day bankers' acceptances. Between January 25 and February 21 discount rates at eleven Federal reserve banks were advanced from  $3\frac{1}{2}$  to 4 per cent.