

MONTHLY REVIEW

OF AGRICULTURAL AND BUSINESS CONDITIONS IN THE NINTH FEDERAL RESERVE DISTRICT

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DISTRICT SUMMARY OF BUSINESS

The July volume of business in this district exceeded the volume in July last year, making the eleventh consecutive month of this trend. In the rural portions of the district country check clearings (described on a succeeding page), and debits to individual accounts and building permits in the smaller cities were at the highest levels of the post-war period, after making adjustments to eliminate the seasonal factor. Country lumber sales and shipments of agricultural implements from Minneapolis and St. Paul in July exceeded the volume in July last year.

In the larger cities, debits to individual accounts, linseed product shipments, hardware and grocery wholesale sales, retail furniture sales, security sales and building permits were larger in July than in the corresponding month last year. Flour shipments, department store sales, wholesale sales of shoes and warranty deeds recorded were smaller than a year ago.

Of the general indexes reflecting both city and country conditions, freight carloadings and life insurance sales were larger in July than in the corresponding month last year. Building contracts were smaller. Business failures showed an increase in number but a decrease in liabilities as compared with July last year.

In the first two weeks of August debits to individual accounts at 17 cities were 8 per cent larger than in the corresponding period last year. In the first 18 days of August country check clearings were 11 per cent larger than in the corresponding days last year.

Farm income from cash crops and hogs was 13 per cent smaller in July than in the corresponding month last year. Dairy income made a new high record in June. Prices of livestock, butter, milk, hens, eggs, feed grains and rye were higher in July than a year ago. July prices of wheat, flax and potatoes were lower than a year ago.

The new crop is safely past the danger of rust. Good growing weather in July increased the prospective yield. The crop is better distributed this year than a year ago. The Government forecasts on August 1, for Minnesota, North Dakota, South

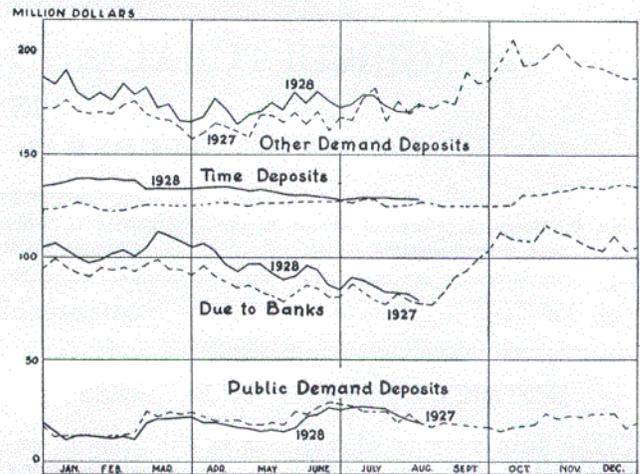
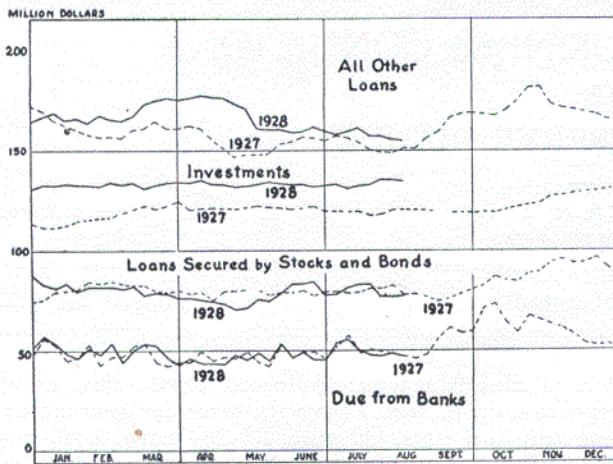
Dakota and Montana, indicated production of all important crops well above the ten-year average except rye and oats. Durum wheat, corn, oats and barley forecasts were above last year's production.

Relative Size of 1928 Crops in Minnesota, North Dakota, South Dakota and Montana

	% of 1927 Crop	% of the Average Crop 1918-1927
CASH CROPS		
Spring Bread Wheat	95	123
Durum Wheat	111	149
Winter Wheat	78	130
Rye	70	77
Flax	92	146
Potatoes	97	159
FEED CROPS		
Corn	102	112
Oats	107	91
Barley	113	175
Tame Hay	75	105

DISTRICT SUMMARY OF BANKING

Country banks have reached the peak of the summer strain on their resources, which is occasioned by cumulative customers' borrowings during the crop growing season, together with withdrawals of deposits in the summer period of small farm income. As the marketing movement begins, farmers, merchants and others, receive funds with which to increase their bank deposits and reduce their bank loans. This immediately relieves the strain on country banks and their correspondent bank balances and investments are increased and their borrowings from the Federal Reserve Bank and other banks are reduced. This year the summer peak of borrowings from the Federal Reserve Bank by country banks was one million dollars less than a year ago. The 1927 cash crops produced a satisfactory income in the western part of the district which placed banks in a relatively comfortable position. Most of the reduction in borrowings from this bank was in the borrowings of banks in the cash crop belt. Banks in the eastern part of the mixed farming region were forced to borrow somewhat more heavily in 1928 than a year ago, owing to the small returns from



Principal Assets and Liabilities of Selected Member Banks in the Ninth Federal Reserve District, as Reported Weekly in 1927 and 1928.

hogs and the scarcity of feed in many localities, which reduced the cash resources and increased the borrowing needs of farmers.

This Federal Reserve Bank has loaned two million dollars to the Federal Intermediate Credit Bank of St. Paul which finds it more advantageous to borrow here than to sell debentures at prevailing interest rates. This service rendered by the Federal Reserve Bank is a small but direct aid to agriculture, since the lending interest rate of the Federal Intermediate Credit Bank bears a fixed relation to the rate at which the bank has sold its last debentures. The low borrowing rate of 4½ per cent charged by this Federal Reserve Bank is therefore reflected in lower rates on Intermediate Credit loans to farmers than would be charged were the Federal Intermediate Credit Bank at present forced to borrow in the open market by the sale of debentures.

The center of banking interest shifts to the city banks during the crop marketing period. This period lasts for eleven weeks, from the middle of August to the end of October. During these weeks bank loans to grain firms which are buying grain from country elevators and individuals, increase materially. Retailers also increase their borrowings from city banks to carry the larger fall inventories and the increasing volume of accounts and notes receivable incident to fall trade.

Normally the city banks are automatically provided with funds to meet the increasing demand for loans. At no time since 1921 have city member banks in this district been forced to borrow heavily from the Federal Reserve Bank. The flow of funds from country banks to their city correspondents increases the deposits due to banks at the city institutions during the crop marketing period. To some extent the loans made by these city banks increase the demand deposits of these banks. In addition, there are small increases in time deposits and deposits of public funds.

The experience of city member banks in the fall of 1927 is typical of what usually occurs. Commercial loans expanded 29 million dollars during the eleven weeks beginning with the middle of August. Loans secured by stocks and bonds which are probably partly for commercial purposes, increased eleven million dollars, making a total loan expansion of 40 million dollars. Deposits increased 72 million dollars, the increases being as follows:

Deposits due to banks.....	\$38,000,000
Other demand deposits.....	26,000,000
Time deposits	4,000,000
Public deposits	4,000,000

The volume of uncollected checks and deposits due from other banks increased 33 million dollars and the reserve balances of these banks with the Federal Reserve Bank increased 3 million dollars. These banks were able to increase their investment holdings 3 million dollars during the 11 week period and they were not forced to borrow heavily from the Federal Reserve Bank.

Since this interesting season of city banking is again at hand, it is important to note that the loans of these banks are now about as large as on the same date in the last two years, while their investment holdings are 14 million dollars larger than in 1927, making a new high level in their history. Their borrowings from the Federal Reserve Bank were 12½ million dollars on August 15, the largest amount since October 1923, but not a large amount in relation to the resources of these banks.

COUNTRY CLEARINGS AS A BUSINESS INDEX

Throughout the period in which this bank has discussed business conditions in its Monthly Review, there has been a scarcity of reliable information concerning business conditions in the smaller cities and farming communities of the district. To supply the lack of detailed current information, a number

of fragmentary series of data have been discussed, with the idea that if the majority of these series moved in the same direction it was reasonably certain that general business outside of the larger cities had experienced a similar change. Among the series discussed from time to time are country lumber sales, carloadings of miscellaneous merchandise, sales and shipments of agricultural implements, debits to individual accounts and building permits at representative cities and changes in the deposits of country banks. To this list there has recently been added an index which for brevity will be called "The Country Clearings Index."

This index consists of the dollar value of checks collected by this Federal Reserve Bank from country banks in the district. In origin, these checks are written by customers of country banks and mailed to out-of-town parties. The checks are then deposited or presented for payment at some bank in the district or elsewhere, which bank sends them to this Federal Reserve Bank for collection. Although this series is interesting and useful, certain important limitations should be noted. Checks are not included which are paid over the counter by the bank on which they are drawn, nor checks paid by other banks in the same locality with the drawee bank, nor checks collected by banks in other cities other than Federal reserve banks, nor checks drawn on banks not on the par list. Moreover, the proportion of all out-of-town checks which is collected by the Federal reserve banks varies and may cause fluctuations in the index which do not reflect general business changes.

Necessarily these checks represent only a small portion of the business transactions outside of the larger cities, and yet, in a year's time this Federal Reserve Bank handles over one billion dollars of these checks, making a respectable sample of total business dealings. These country clearings figures are available monthly for the period beginning in 1916 during which the Federal Reserve Check Collection System has been in operation.

Country clearings may be described as an index of spending. Personal and mercantile expenditures make up three-fourths of the total value of checks collected by this bank from country banks in the district, and of the remaining one-fourth the great majority of the checks are indirectly the result of spending in the district. A test was made this summer to determine the purposes for which country clearings checks were drawn. All of the checks being mailed for collection to a number of representative country banks were analyzed. In all 3354 checks amounting to \$200,521 were described. It was possible to assign the purposes for which all but 9 per cent of the checks were drawn, as shown in the following table.

Purposes for Which Checks were Drawn in Sample Batches of Checks Sent to Country Banks for Payment in June and July, 1928

Mercantile and Personal Expenditures	Number of Items	Amount	% of Total Amount
Merchandise	1,576	\$120,154	59.9
Mail order house purchases	453	3,705	1.9
Publications	144	1,294	.6
Insurance	145	4,475	2.2
Taxes	52	12,785	6.4
Professional Services	33	1,174	.6
Lodge and Club Dues	26	223	.1
Donations	31	373	.2
Personal items	103	2,618	1.3
Sub-total	2,563	146,801	73.2
Other Items			
Transfers of Funds	50	22,645	11.3
Produce and cream checks	119	5,191	2.6
Cashier's checks	14	4,730	2.4
Salary checks	81	3,909	1.9
Miscellaneous items of unidentifiable purpose	527	17,245	8.6
Total	3,354	\$200,521	100.0

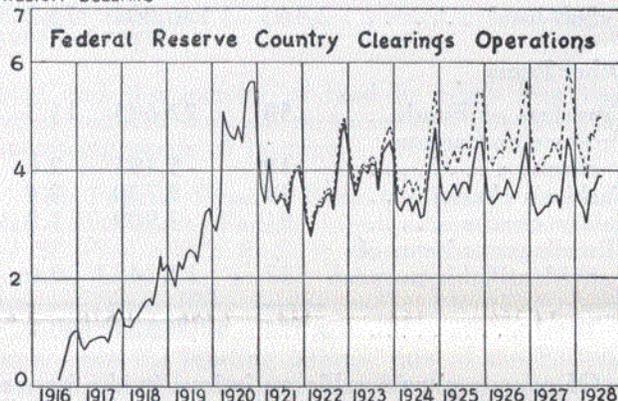
Of course, considerable variations in the importance of individual items in the above table might be found at other seasons of the year. However, the exceedingly small proportion of items which did not represent mercantile and personal expenditures makes it safe to say that at all times of the year country clearings will be an index of spending. Of the funds which were not classified as mercantile and personal expenditures, the largest group was transfers of funds. These transfers were checks drawn against the country bank accounts of chain stores, gasoline retailers and other retail concerns which are in the habit of maintaining small drawing accounts in the various towns where they have branches. As sales are made and the country bank accounts of these firms increase, the deposits are drawn down by check and transferred to the city bank account of the parent organization. Consequently, even such transfers of funds reflect the volume of spending in rural communities.

Cashier's checks and miscellaneous items whose purpose could not be identified, also must have contained a considerable proportion of checks for the payment of bills. The only groups which are definitely not a reflection of spending are produce and cream checks and salary checks which reflect income rather than expenditure.

The course of country clearings from 1916 to the present time is shown in the accompanying chart. Daily averages are used to eliminate the effects of

the varying number of days in the month. In the early years of the Federal Reserve Check Collection System, the advantage of using this system was only imperfectly recognized; also, many banks charged exchange for the payment of items drawn on themselves which were presented through the mail. For these two reasons the records of the first five years are of no great value as a business index. The last eight years, on the contrary, were years in which the great majority of banks in the district have been on the par list (i. e., have not charged exchange on checks mailed to them for collection by this bank), and the advantages of the Federal Reserve Check Collection System have been well understood. The country clearings figures in these latter years, therefore, constitute a valuable index of changes in business conditions in rural communities.

MILLION DOLLARS



Daily Averages of Checks Forwarded to Country Banks in the Ninth Federal Reserve District for Collection by this Federal Reserve Bank, monthly 1916-1928. The dotted line beginning in 1921 represents the theoretical amount of such collections, assuming all country banks in the district to be on the par list.

The banks which are not on the par list are nearly all small banks. The average deposits of the banks which withdrew from the par list in 1921 were \$153,000 per bank. The average deposits of all banks not on the par list in July, 1928 were \$238,000 per bank, whereas, the average deposits of all country banks on the par list in July, 1928 were \$664,000 per bank.

One important adjustment needs to be made to insure as close a reflection of the volume of business by this index as possible. At the close of 1920 all banks in the district, both member and non-member, were on the par list. Since that time an increasing number of the smaller non-member banks have begun to charge exchange for the improvement of their earnings. Federal Reserve Banks do not accept checks for collection, which are drawn on banks which charge exchange on checks drawn on themselves. Consequently, an increasing factor of business is not represented in the country clearing operations of this bank. The number of banks on the par list and not on the par list at the close of

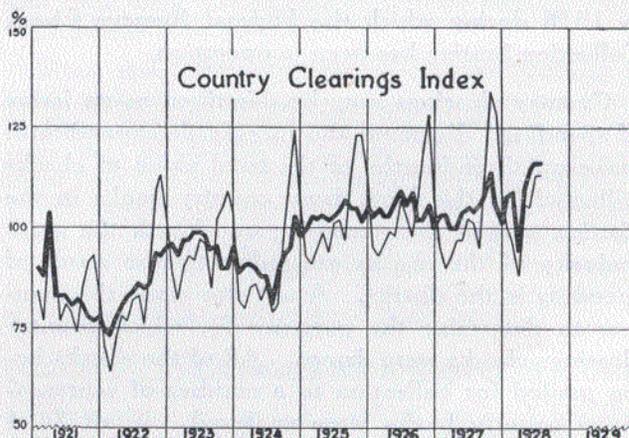
each recent year and at the end of July 1928, is shown in the table below.

Number of Banks in the Ninth Federal Reserve District on the Par List and Not on the Par List

December 31,	On Par List	Not on Par List
1920	3,900	.....
1921	3,659	154
1922	3,610	188
1923	3,064	445
1924	2,404	853
1925	2,014	1,062
1926	1,687	1,093
1927	1,496	1,137
July 31, 1928	1,440	1,127

An adjustment has been made in the country clearing figures for use as a business index so that the corrected figures show the volume of country clearings which would have been handled if all banks in the district had remained on the par list. The corrected figures are shown by the dotted line in the chart above. The original figures have been increased by percentages ranging from one per cent in March, 1921 to 28 per cent in all of the months since September, 1927.

The value of this index is greatly increased by removing the pronounced seasonal variations. The index, after making this adjustment, reflects the depressed state of business in 1921 and the early months of 1922, the less serious recessions of business in 1923-24 and 1926-27, and the peaks of business in 1923, 1926 and 1928. Throughout the 7½ years an upward tendency in business is reflected. In the accompanying chart the course of the index is shown beginning with 1921. This index shows approximately the same changes in business, both in upward trend and in cyclical movements, as are indicated by the other country business indexes listed at the beginning of this article and promises to be a valuable addition to our current information on the subject.



Country Check Clearings Index for the Ninth Federal Reserve District. The light curve represents figures without seasonal adjustments. The heavy curve represents figures with seasonal adjustments.

ACREAGE ESTIMATES AND AUGUST 1, 1928 PRODUCTION FORECASTS BY STATES, WITH COMPARISONS, U. S. DEPT. OF AGRICULTURE

(000's omitted)

SPRING BREAD WHEAT					DURUM WHEAT					
	Acreage		Forecasts		Production	Acreage		Forecasts		Production
	1928	1927	8-1-28	7-1-28	1927	1928	1927	8-1-28	7-1-28	1927
Minn.	1,274	1,385	18,575	14,925	14,542	306	268	4,699	3,963	3,538
Mont.	3,410	3,187	61,585	45,353	65,652	15	15	211	139	300
No. Dak.	5,618	5,852	67,641	51,966	69,054	4,633	3,994	66,048	58,168	55,916
So. Dak.	1,993	1,993	21,046	16,183	27,902	1,193	994	13,385	11,262	16,401
4 States	12,295	12,417	168,847	128,427	177,150	6,147	5,271	84,343	73,532	76,155
U. S.	15,478	15,440	228,350	182,623	243,152					

ALL SPRING WHEAT					ALL WHEAT					
	Acreage		Forecasts		Production	Acreage		Forecasts		Production
	1928	1927	8-1-28	7-1-28	1927	1928	1927	8-1-28	7-1-28	1927
Minn.	1,580	1,653	23,274	18,888	18,080	1,700	1,808	25,194	20,446	21,397
Mont.	3,425	3,202	61,796	45,492	65,952	4,235	3,827	73,946	56,184	80,208
No. Dak.	10,251	9,846	133,689	110,134	124,970	10,251	9,846	133,689	110,134	124,970
So. Dak.	3,186	2,987	34,431	27,445	44,303	3,267	3,092	35,231	28,178	46,193
4 States	18,442	17,688	253,190	201,959	253,305	19,453	18,573	268,060	214,942	272,768
U. S.	21,625	20,711	312,693	256,155	319,307	57,750	58,583	891,292	799,937	871,690

WINTER WHEAT					RYE					
	Acreage		Preliminary Estimate	Forecast	Production	Acreage		Preliminary Estimate	Forecast	Production
	1928	1927	8-1-28	7-1-28	1927	1928	1927	8-1-28	7-1-28	1927
Minn.	120	155	1,920	1,558	3,317	409	409	7,485	5,480	7,485
Mont.	810	625	12,150	10,692	14,256	154	134	2,156	1,626	2,412
No. Dak. ....	.....	.....	.....	.....	.....	1,381	1,381	13,810	12,201	23,063
So. Dak.	81	105	972	733	1,890	146	154	1,387	1,291	2,772
4 States	1,011	885	15,042	12,983	19,463	2,090	2,078	24,838	20,598	35,732
U. S.	36,125	37,872	578,599	543,782	552,384	3,535	3,670	43,274	39,274	58,572

CORN					FLAX					
	Acreage		Forecasts		Production	Acreage		Forecasts		Production
	1928	1927	8-1-28	7-1-28	1927	1928	1927	8-1-28	7-1-28	1927
Minn.	4,047	4,172	142,778	130,880	127,246	704	757	6,957	6,699	7,343
Mont.	274	305	5,138	4,209	7,168	287	239	2,546	1,600	2,438
No. Dak.	949	959	23,317	20,029	23,975	1,118	1,242	9,038	7,848	10,184
So. Dak.	4,515	4,655	129,626	110,572	134,995	653	594	5,329	4,715	5,940
4 States	9,785	10,491	300,859	265,690	293,384	2,762	2,832	23,870	20,862	25,905
U. S.	102,380	98,914	3,029,561	2,735,617	2,786,288	2,831	2,907	24,505	21,461	26,583

OATS					POTATOES					
	Acreage		Forecasts		Production	Acreage		Forecasts		Production
	1928	1927	8-1-28	7-1-28	1927	1928	1927	8-1-28	7-1-28	1927
Minn.	4,176	4,496	147,246	126,700	120,493	340	328	34,571	33,599	33,128
Mont.	554	596	20,547	14,554	23,840	42	40	4,933	4,148	5,400
No. Dak.	1,934	2,125	54,886	43,186	45,688	113	113	10,346	9,451	11,526
So. Dak.	2,182	2,480	57,965	48,440	72,664	73	66	6,081	5,387	7,590
4 States	8,846	9,697	280,644	232,880	262,685	568	547	55,931	52,585	57,644
U. S.	41,974	42,227	1,442,173	1,320,097	1,195,006	3,842	3,505	459,737	443,640	402,149

BARLEY					TAME HAY					
	Acreage		Forecasts		Production	Acreage		Forecasts		Production
	1928	1927	8-1-28	7-1-28	1927	1928	1927	8-1-28	7-1-28	1927
Minn.	1,971	1,503	57,238	48,270	45,090	2,385	2,380	3,395	2,910	4,818
Mont.	199	195	5,799	3,903	6,435	1,341	1,274	2,365	1,952	2,706
No. Dak.	2,029	1,663	49,660	37,669	42,406	975	1,040	1,474	1,194	1,943
So. Dak.	1,416	1,089	30,798	24,086	32,670	1,172	1,105	1,524	1,314	2,269
4 States	5,615	4,450	143,495	113,928	126,601	5,873	5,799	8,758	7,370	11,736
U. S.	12,243	9,492	344,332	303,110	265,577	58,631	61,196	88,818	84,383	106,219

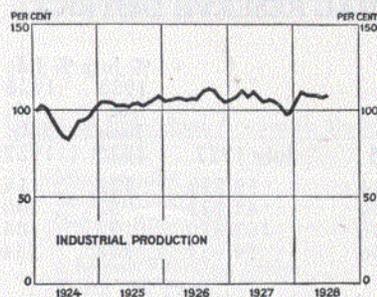
COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

	July 1928	June 1928	July 1927	% July 1928 of June 1928	% July 1928 of July 1927
Debits to Individual Accounts, Daily Averages—Unit					
17 Cities	\$33,032,000	\$33,845,000	\$30,196,000	98	109
Minneapolis	17,420,000	17,304,000	15,216,000	101	114
St. Paul	6,916,000	6,912,000	6,798,000	101	102
Duluth-Superior	3,105,000	4,105,000	3,222,000	76	96
8 Wheat Belt Cities	2,634,000	2,533,000	2,238,000	104	118
4 Mixed Farming Cities	1,769,000	1,762,000	1,642,000	100	108
South St. Paul	1,188,000	1,229,000	1,080,000	97	110
Carloadings—Northwestern District—					
Total—Excluding L. C. L. Cars	512,952	543,977	509,369	94	101
Grains and Grain Products	38,761	38,488	36,387	101	107
Livestock	27,239	31,211	30,577	87	89
Coal	16,421	17,377	17,530	94	94
Coke	5,039	5,600	5,786	90	87
Forest Products	60,067	77,053	60,464	78	99
Ore	175,516	183,611	172,013	96	102
Miscellaneous	189,909	190,637	186,612	100	102
Merchandise—L. C. L. Cars	141,814	144,506	145,526	98	97
Building Permits—					
Number—18 Cities	1,726	1,900	1,542	91	112
Value—18 Cities	\$5,457,200	\$4,569,300	\$4,481,800	119	122
Minneapolis	2,891,400	2,434,200	1,689,800	119	171
St. Paul	665,300	767,800	839,600	87	79
Duluth-Superior	393,600	282,300	832,600	139	47
4 Wheat Belt Cities	1,023,600	405,000	349,700	253	293
6 Mixed Farming Cities	366,600	581,300	698,300	63	52
4 Mining Cities	116,700	98,700	71,800	118	163
Building Contracts Awarded—					
Total	8,604,700	7,749,700	11,340,100	111	76
Residential	1,665,500	1,939,500	1,598,100	86	104
Commercial and Industrial	1,898,100	912,500	6,265,600	208	30
Public Works and Utilities	2,622,100	2,936,500	2,093,400	89	125
Educational	704,700	636,600	538,000	111	131
All Other	1,714,300	1,324,600	845,000	129	203
Cash Value of Farm Products Sold—					
Bread Wheat	3,486,000	7,327,000	6,958,000	48	50
Durum Wheat	1,577,000	3,407,000	1,948,000	46	81
Rye	62,000	642,000	423,000	10	15
Flax	431,000	1,216,000	357,000	35	121
Dairy Products—See Note	26,342,000	22,787,000	25,450,000	116	104
Fluid Milk	1,752,000	1,978,000	1,537,000	89	114
Hogs	8,321,000	9,376,000	6,728,000	89	124
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—					
Wheat	16,982,533 Bu.	23,749,135	5,306,834	72	320
Corn	345,088 Bu.	645,614	1,479,037	53	23
Oats	157,427 Bu.	411,135	3,778,743	38	4
Barley	295,044 Bu.	203,688	291,832	145	101
Rye	267,227 Bu.	730,635	362,472	37	74
Flax	636,443 Bu.	775,865	920,862	82	69
Median Cash Grain Prices—					
Wheat—No. 1 Dark Northern	\$1.45 $\frac{1}{4}$ Bu.	\$1.51 $\frac{1}{8}$	\$1.58	96	92
Durum—No. 2 Amber	1.19 $\frac{3}{4}$ Bu.	1.28 $\frac{1}{2}$	1.55 $\frac{3}{8}$	93	77
Corn—No. 3 Yellow	1.01 $\frac{5}{8}$ Bu.	1.01 $\frac{1}{2}$	1.01	100	101
Oats—No. 3 White .....	.58 Bu.	.64 $\frac{1}{2}$	.45 $\frac{1}{8}$	90	129
Barley—No. 3 .....	.85 Bu.	.93	.80	91	106
Rye—No. 2	1.10 $\frac{1}{4}$ Bu.	1.23 $\frac{3}{8}$	1.04	90	106
Flax—No. 1	2.20 Bu.	2.37 $\frac{1}{2}$	2.22 $\frac{1}{2}$	93	99
Wholesale Produce Prices—					
Butter	\$.41 $\frac{1}{2}$ Lb.	\$.40 $\frac{1}{2}$	\$.39	102	106
Milk	2.48 Cwt.	2.43	2.31	102	107
Hens—4 $\frac{1}{2}$ Pounds .....	.19 Lb.	.18 $\frac{1}{2}$	.15 $\frac{1}{2}$	103	123
Eggs .....	.27 $\frac{1}{4}$ Doz.	.25 $\frac{1}{4}$	.20 $\frac{1}{2}$	108	133
Potatoes .....	.81 Bu.	.90	1.95	90	42

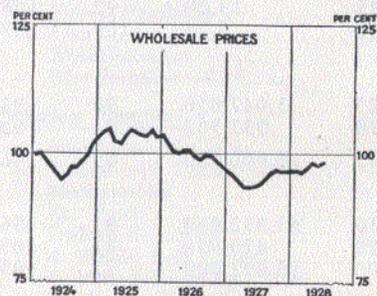
Note: Dairy Products figures for June 1928, May 1928, and June 1927.

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT
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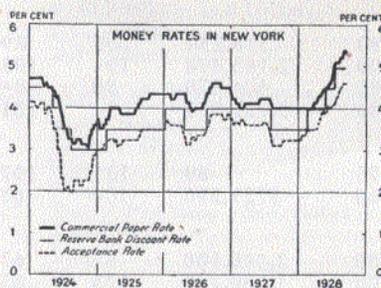
	Unit	July 1928	June 1928	July 1927	% July 1928 of June 1928	% July 1928 of July 1927
Livestock Receipts at South St. Paul—						
Cattle	Head	69,169	56,664	59,599	122	116
Calves	Head	41,311	50,220	41,171	82	100
Hogs	Head	138,005	188,046	163,479	73	84
Sheep	Head	33,843	13,656	14,433	248	234
Median Livestock Prices at South St. Paul—						
Butcher Cows	Cwt.	\$8.75	\$8.75	\$6.75	100	130
Butcher Steers	Cwt.	14.00	13.25	11.00	106	127
Prime Butcher Steers	Cwt.	15.60	14.40	12.25	108	127
Stocker and Feeder Steers	Cwt.	10.00	10.00	7.00	100	143
Veal Calves	Cwt.	14.00	12.50	12.25	112	114
Hogs	Cwt.	10.35	9.50	8.00	109	129
Heavy Hogs	Cwt.	9.25	8.75	7.75	106	119
Lambs	Cwt.	14.00	15.25	13.00	92	108
Ewes	Cwt.	6.00	6.00	5.50	100	109
Flour—						
Production—Twin Cities and Duluth—						
Superior	Bbbs.	947,888	964,125	1,047,050	98	91
Shipments from Minneapolis	Bbbs.	911,081	954,620	933,382	95	98
Linseed Products Shipments from Minneapolis—Lbs.						
		24,285,642	28,617,545	16,660,100	85	146
Retail Sales—						
Department Stores		\$1,755,890	\$2,171,830	\$1,832,860	81	96
Furniture Stores		452,630	557,820	429,950	81	105
Country Lumber Yards	Bd. Ft.	15,874,000	22,081,000	15,092,000	72	105
Retail Merchandise Stocks—						
Department Stores		\$5,664,570	\$5,700,470	\$5,852,010	99	97
Furniture Stores		2,691,660	2,778,890	2,762,560	97	97
Country Lumber Yards	Bd. Ft.	87,406,000	88,355,000	88,980,000	99	98
Life Insurance Sales—(4 States)						
		\$23,769,000	\$24,490,000	\$23,310,000	97	102
Wholesale Trade—						
Farm Implements		284,070	138,250	318,230	206	89
Hardware		2,208,060	2,176,700	2,105,330	101	105
Shoes		423,780	530,080	506,670	80	84
Groceries		5,204,230	5,458,380	5,137,910	94	101
Business Failures—						
Number		74	55	69	135	107
Liabilities		\$496,225	\$498,560	\$729,296	100	68
Securities Sold—						
To Banks		1,782,300	2,679,900	2,649,500	67	67
To Insurance Companies		1,344,000	1,074,300	1,580,700	125	85
To General Public		8,658,900	7,655,200	6,528,400	113	133
Real Estate Activity in Hennepin and Ramsey Counties—						
Warranty Deeds Recorded		1,559	1,455	1,671	107	95
Mortgages Recorded		1,885	1,950	1,687	97	112
Member Bank Deposits—						
		Aug. 8, 1928	July 11, 1928	Aug. 24, 1927	% Aug. 1928 of July 1928	% Aug. 1928 of Aug. 1927
In Cities under 15,000 Population		\$453,302,000	\$456,923,000	\$429,557,000	99	106
In Cities over 15,000 Population		428,821,000	449,397,000	411,099,000	95	104
24 City Member Banks—						
Loans Secured by Stocks and Bonds		\$ 76,846,000	\$ 82,893,000	\$ 77,465,000	93	99
All Other Loans		156,506,000	160,708,000	151,259,000	97	103
Securities		134,317,000	132,526,000	120,280,000	101	112
Net Demand Deposits Subject to Reserve		207,731,000	223,391,000	205,461,000	93	101
Time Deposits		128,394,000	128,803,000	126,998,000	100	101
Borrowings at Federal Reserve Bank		12,598,000	6,831,000	1,925,000	184	654
Minneapolis Federal Reserve Bank—						
Bills Discounted		18,362,896	10,224,596	6,789,100	180	270
Federal Reserve Notes in Circulation		53,342,360	55,515,520	57,388,295	96	93



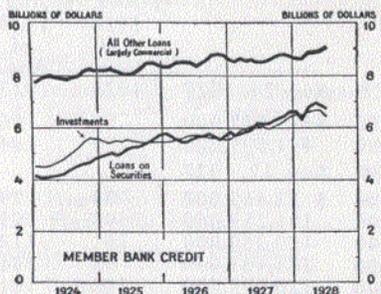
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average =100). Latest figure, July, 109.



Index of United States Bureau of Labor Statistics (1926=100, base adopted by Bureau). Latest figure, July, 98.3.



Weekly rates in New York money market; commercial paper rate on 4-6 months paper and acceptance rate on 90-day paper.



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

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

Industrial and trade activity was in larger volume in July than is usual in mid-summer and the general level of commodity prices advanced slightly. Member bank holdings of securities and loans on securities declined in July and August, while all other loans increased to the highest level since 1921. Conditions in the money market remained firm.

PRODUCTION: Production of manufactures and minerals showed a smaller decrease than usual in July, and the index of industrial production, which makes allowance for seasonal variations, advanced. Production of steel, bituminous coal, petroleum, automobiles and footwear was larger in July than in June, while activity in textile mills, meat packing and copper and anthracite mines declined. Lumber production showed less than the usual seasonal decrease. Steel mill activity, which during July was at an unusually high level for the summer season, was well maintained during August. Weekly reports from Detroit factories show a larger volume of employment in the middle of August than at any previous date, indicating that automobile production continued large in that month.

Building contracts awarded declined by somewhat more than the usual seasonal amount in July, but were larger than in any previous July, the increase over last year being chiefly in residential buildings. Contracts awarded in the first two weeks in August were slightly smaller than in the same period of last year.

Estimates of the Department of Agriculture as of August 1 indicate considerable improvement in crop conditions during July. Estimated wheat production was 891,000,000 bushels, larger by 91,000,000 bushels than on July 1 and slightly larger than the yield in 1927. The corn crop is expected to be more than 3,000,000,000 bushels, an increase of 250,000,000 bushels from last year. Forecasts for other grain crops were also larger than the July 1 estimates and in most cases exceeded last year's yields. The August 1 forecast of cotton production was 14,290,000 bales, as compared with yields of 12,955,000 bales in 1927 and nearly 18,000,000 bales in 1926.

TRADE: Distribution of commodities at wholesale and retail was in large volume in July. Sales of dry goods and shoes at wholesale were larger than in June and those of other lines were only slightly smaller. Department store sales, after allowance for seasonal changes, increased in July. Compared with July a year ago, trade of both wholesale and retail firms was larger. Stocks of department stores and of wholesale firms continued smaller than a year ago.

Freight carloadings increased by more than the usual seasonal amount in July and for the first time this year were larger than in the corresponding month of 1927. Increases compared with last year were reported in loadings of miscellaneous commodities and of grain, reflecting the early harvesting of the crop this year. The largest decrease, as compared with a year ago, was in livestock shipments. During the first two weeks in August, total loadings were in about the same volume as in the corresponding weeks of last year.

PRICES: The general level of wholesale commodity prices increased slightly in July, reflecting chiefly advances in the prices of livestock and meats, although there were also small increases in hide and leather products, textiles, petroleum products, and building materials. There was a sharp decline in the price of grains, other than corn, and some decrease in chemicals and drugs, silk, rubber and automobile tires. During the first half of August there were increases in the prices of sugar, hogs and pork products, coke and lumber and decreases in grains, cotton, wool and hides.

BANK CREDIT: Between July 18 and August 15, total loans and investments of member banks in leading cities decreased by about \$130,000,000. This decline reflected a considerable reduction in investments chiefly at banks in New York City and some further decline in loans on securities. All other loans, which include loans for commercial purposes, showed a small seasonal increase and at the middle of August were in the largest volume since early in 1921, and nearly \$230,000,000 larger than at the autumn peak of last year. There was a further large decline in net demand deposits and practically no change in time deposits. The volume of Reserve bank credits outstanding showed little change between July 25 and August 22. Discounts and acceptance holdings increased slightly while United States security holdings were practically unchanged. Increased demand for currency, which is usual at this time of the year, has not resulted in an equivalent growth in Reserve bank credit because it was offset in part by a decline in reserves required by member banks, which reflected the decrease in their deposits. There were further increases between the middle of July and the middle of August in open market rates on collateral loans, commercial paper and bankers' acceptances.