

MONTHLY REVIEW

OF

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

NINTH FEDERAL RESERVE DISTRICT

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DISTRICT SUMMARY FOR THE MONTH

The volume of business in this district in July, when measured by check payments through banks in seventeen representative cities, was on a par with a year ago, and 7 per cent larger than the customary seasonal trend as compared with June of this year. Substantial gains were shown in the livestock receiving cities and in the group of eight wheat belt cities, both as compared with the preceding month and with July of last year.

Carloadings were 8 per cent larger than last year and on a par with last month, this gain over last year being due principally to heavier loadings of ore and of miscellaneous merchandise. Live stock receipts at terminals were greater both as compared with the preceding month and with July of last year. Grain receipts originating in this district were below both the preceding month and last year. Flour and linseed products shipments both were greater than in June of this year, but less than in July of last year.

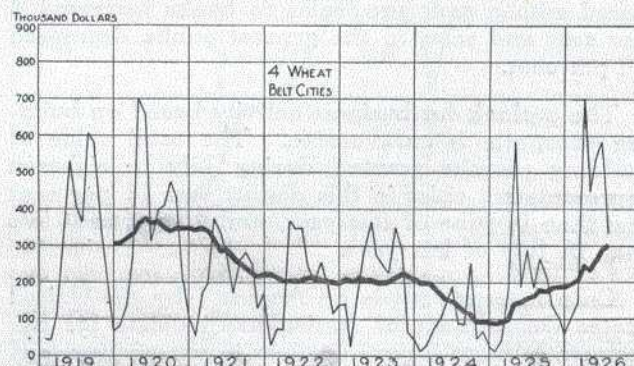
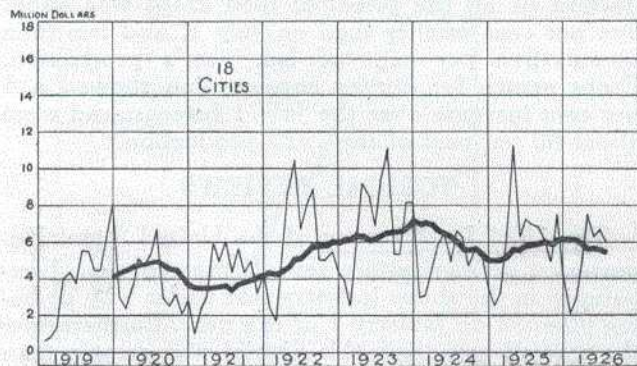
Wholesale trade in July was featureless, except for farm implement sales, which increased 43 per cent over June. However, this increase was only half that shown last year between the same two months. Farm implement sales in July were one-fourth less than in July a year ago, although cumulative sales for the first seven months of this year have been 12 per cent greater than during the first seven months of last year. Owing to the short crop binder twine shipments from Minneapolis and St. Paul were only 454 carloads as compared with 786

carloads in July last year. Other lines of wholesale trade reported to us exhibited more decreases than increases, both as compared with a year ago and a month ago.

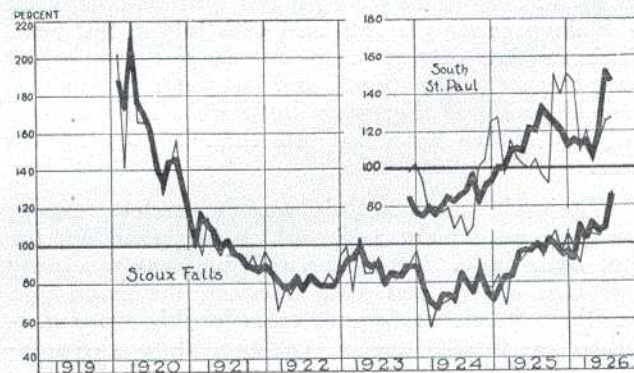
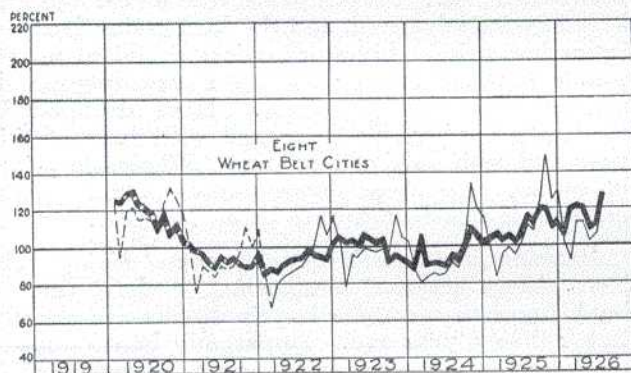
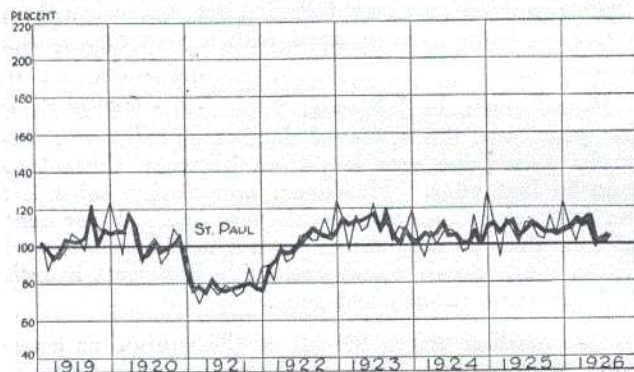
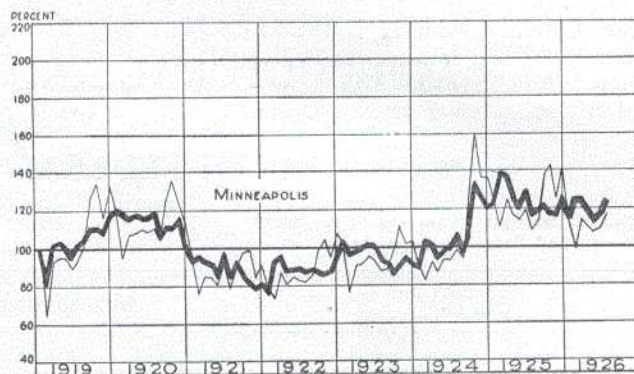
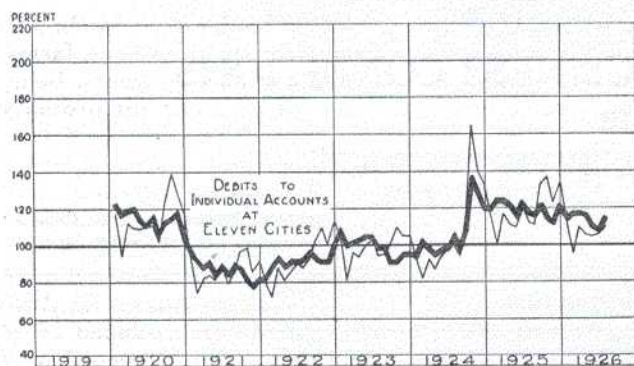
Retail trade in July was 5 per cent better than last year, and the seasonal decline of sales as compared with June was less than between these two months last year. However, cumulative sales for the first seven months of this year were 2 per cent smaller than during the same period last year, and stocks were down compared with both last month and the same month last year.

The median prices for all of the grains, as computed in this office, registered gains in July as compared with June. As compared with a year ago, the bread grains advanced, and the feed grains declined in median price. Livestock prices exhibited mixed trends, both as compared with the preceding month and with the previous year. Hogs dropped in median price both as compared with June of this year and with July of last year. Wholesale prices of butter, eggs, hens and potatoes in the central markets of this district were below last year.

Banking and credit developments during July have shown seasonal tendencies. Federal reserve bank loans to members in this district are slightly larger than a year ago. Apparently banks outside the larger cities are requiring more funds at this time than a year ago. Security sales of all kinds in July, as reported to us by representative organizations in this district, were 2 per cent less than a year ago and 6 per cent less than in June of this year. As com-



Valuation of Building Permits Issued at Important Cities in the Ninth Federal Reserve District. Light curve, actual figures; heavy curve, 12 months moving average.



Debits to Individual Accounts at Banks in Cities of the Ninth Federal Reserve District. Heavy curves represent figures adjusted to eliminate seasonal changes; light curves represent actual, or unadjusted, figures. The "Eleven Cities" include Minneapolis, St. Paul, Duluth, Superior, and seven others reporting to us since 1920.

pared with a year ago, sales to banks increased 4 per cent and sales to the general public decreased 20 per cent.

The outlook for business activity based on building prospects is unfavorable. The total value of building permits granted during July in eighteen representative cities in this district was 11 per cent less than in June of this year, and 14 per cent less than in July of last year.

Crop forecasts made on August 1 by the United States Department of Agriculture indicate for our four states more serious declines in prospective feed supplies for livestock than were forecast on July 1. Some increase over July 1 estimates was indicated for bread grains and potatoes. The forecasted pro-

duction of all the principal feed crops was about five per cent smaller than on July 1, and less than seventy-five per cent of last year's production. Crops grown for human consumption showed a 5 per cent increase over the July 1 forecast and were about 80 per cent of the 1925 production.

TOPICAL REVIEWS

The 1926 lamb survey of the United States Department of Agriculture reveals that continued expansion in the sheep industry was under way or being planned on January 1 of this year. Furthermore, the rate of growth in this district was greater than in the United States as a whole. The number of breeding ewes on farms in Minnesota, North Dakota, South Dakota and Montana increased 11 per

cent between January 1, 1925 and January 1, 1926, and the 1926 lamb crop in these states was 12 per cent larger than the 1925 lamb crop. The number of breeding ewes in the United States increased 3 per cent, and the lamb crop was 10 per cent larger. The number of ewe lambs kept for breeding in our four states on January 1, 1926 was 26 per cent of the number of breeding ewes on farms in these states on the same date. For the United States as

1926 LAMB SURVEY

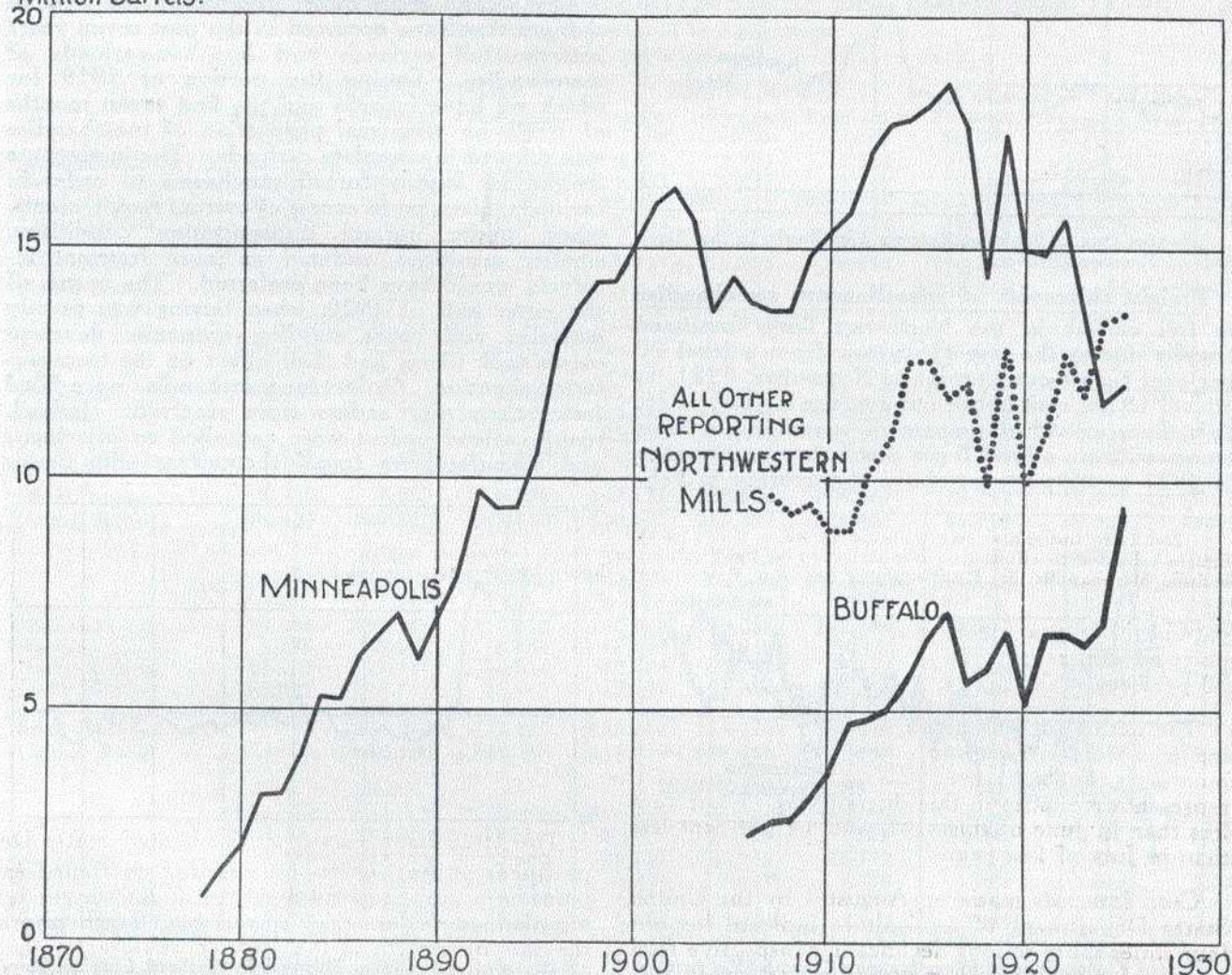
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	Breeding Ewes		Indicated Lamb Crop		No. of Ewe Lambs kept for breeding
	1926	1925	1926	1925	1926
Minnesota ...	300	286	298	286	70
North Dakota.	270	229	268	218	70
South Dakota.	497	468	418	383	112
Montana	2,071	1,848	1,781	1,571	573
Four States...	3,138	2,831	2,765	2,458	825
United States.	27,134	25,983	24,519	22,198	5,759

a whole, the number of ewe lambs kept for breeding was 21 per cent of the number of ewes on farms. In both instances, the number of ewe lambs being kept for breeding is more than enough for ordinary replacement of breeding ewes.

Flour production by Minneapolis mills averaged about 12 million barrels per year during 1924 and 1925. This was a reduction of more than 6 million barrels per year from the peak of production reached in 1916. Other northwestern mills reporting to the Northwestern Miller produced more flour in 1925 than in any other year on record, and exceeded Minneapolis production both in 1924 and in 1925. A pronounced increase in flour milled at Buffalo, New York, occurred in 1925, bringing the Buffalo flour production up to the highest figure on record for that city. These facts are especially interesting at this time in view of the present controversy regarding railway freight rate changes on wheat billed through Minneapolis. The course of

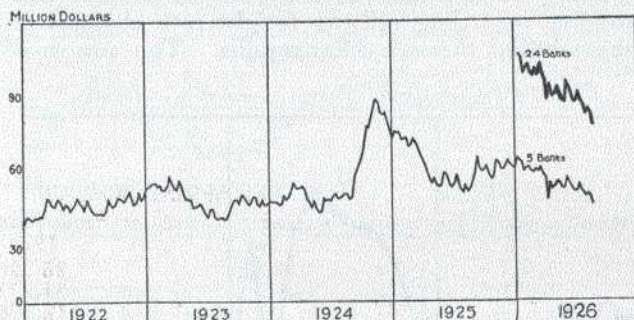
Million Barrels.



Annual Flour Production at Minneapolis, Buffalo and Northwestern mills outside of Minneapolis which report their Flour Production to the Northwestern Miller. Source: the Miller's Almanac and Yearbook, 1926.

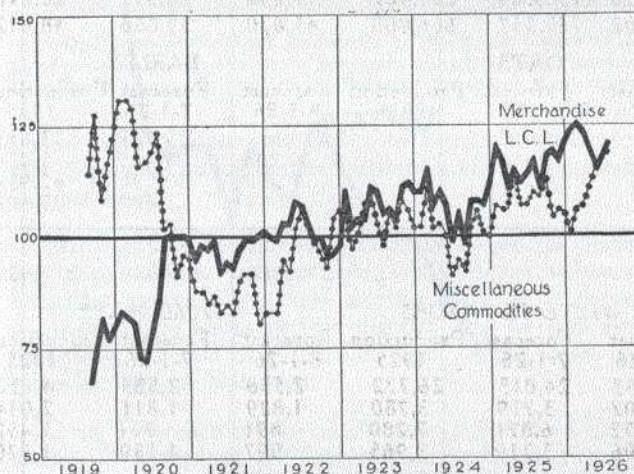
flour production at these three groups of mills for the whole period covered by existing figures is given in the chart on the preceding page.

Banks in the Northwest are now financing the peak requirements for handling the 1926 crop. Borrowings from this Federal Reserve Bank have shown a seasonal expansion. Country banks were borrowing on the average during the four weeks ending August 18, the sum of $4\frac{1}{2}$ million dollars, as compared with $5\frac{1}{2}$ million dollars a year ago. The city banks which report weekly to this office were borrowing 6 million dollars during these four weeks in 1926, as compared with 3 million dollars a year ago. Deposits carried by country banks with Minneapolis correspondent banks on August 18 were at the lowest point since May 28, 1924, and amounted to 41 million dollars, as compared with 48 million dollars on August 19, 1925.



Balances Due to Banks at Reserve City Banks in the Ninth Federal Reserve District.

Freight shipments of miscellaneous merchandise in full carlots in the Northwest have increased rapidly during the last $4\frac{1}{2}$ years, from a level 20 per cent below our average in November, 1921, to a level 18 per cent above our average in July, 1926. Less-than-carload shipments of merchandise have increased from a level 8 per cent below our average in 1921 to 25 per cent above the average in Feb-

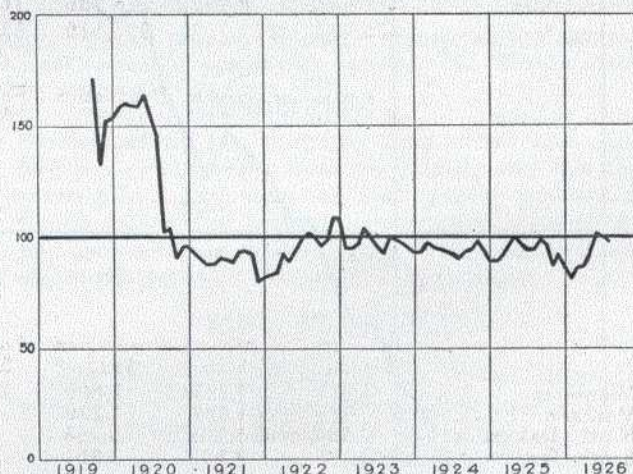


Freight Carloadings of Miscellaneous Commodities in Carload Lots and Merchandise in Less-than-carload Lots in the Northwest by Months 1919-1926. The curves have been adjusted to eliminate seasonal changes.

ruary, 1926, and the current level of 22 per cent above our average. This growth in carloadings of miscellaneous merchandise reflects the development of prosperity in the Northwest. In the chart below is shown the growth in shipments of merchandise described above.

An exceedingly rapid growth of merchandise shipments in carload lots has occurred during the past six months, both in fact and relative to the seasonal tendency. This increase has happened at the same time that shipments in less-than-carload lots have been decreasing relative to the normal seasonal expectancy. Stated another way, the present tendency is apparently to purchase goods more largely in carload lots than in small quantities. Possibly this is an indication of a moderation of the "hand-to-mouth" buying policy which has been prevalent in the past few years. The tendency towards buying in carload lots has been more pronounced during the last three months than during any similar period since the spring of 1923.

The second chart shows graphically the relative changes that have occurred in the past seven years between full carloads and less-than-carloads of merchandise. During the portion of 1919 for which we have records and the first seven months of 1920, an abnormal proportion of merchandise was shipped in complete carloads. The inadequate freight car supply forced purchasers to order in carloads, often far in excess of current requirements, when, under normal transportation conditions, smaller quantities, ordered at more frequent intervals, would have been preferred. The events of the latter half of 1920, when buying was greatly curtailed and other startling economic developments took place, had their effect on the transportation situation. Orders for merchandise were filled faster than new orders were received. Indeed, many carload orders were cancelled as merchants and manufacturers found themselves with heavy



Ratio of Commodities Shipped in Carload Lots to Merchandise Shipped in Less-than-carload Lots in the Northwest, using the index numbers for these series as adjusted to eliminate seasonal variations.

stocks of merchandise on hand and retail buying was abnormally small. The result was a decrease in large orders, represented by carload lot shipments of merchandise, and an increase in less-than-carload lot orders. The curve in Chart 2 declined as a consequence to a very low level in 1921.

With the disposal of surplus stocks of merchandise and the prospects of a good crop in 1922, carload lot shipments of miscellaneous commodities increased more rapidly than less-than-carload shipments during the first six months of 1922. In the decline during the last half of 1922, less-than-carload shipments decreased more than carload shipments. During 1923 and 1924, there was a steady reduction in the proportion of carload lot shipments of miscellaneous commodities as compared with less-than-carload shipments, bearing witness to the fact that merchants were voluntarily

or by necessity reducing their stocks of merchandise to fit the smaller purchasing power of their customers.

The profitable crop of 1924 evidently reduced stocks of merchandise in this district materially, and with the prospect of larger buying power during 1925, the proportion of shipments of miscellaneous commodities in complete carloads increased materially from January, 1925 to April of the same year. From April, 1925 to January, 1926, owing to the poorer crop returns of 1925, there was a sharp reversal of this tendency, showing a return to "hand-to-mouth" buying policies. The more recent revival of carload lot buying must undoubtedly be interpreted as meaning that stocks of merchandise are being built up by forward buying, due probably to greater confidence with reference to the near future.

AUGUST 1, 1926, PRODUCTION FORECASTS BY STATES, WITH COMPARISONS

United States Department of Agriculture
(In Bushels, 000's omitted)

SPRING BREAD WHEAT			DURUM WHEAT			ALL SPRING WHEAT			
	Forecast 8-1-26	Forecast 7-1-26	Production 1925	Forecast 8-1-26	Forecast 7-1-26	Production 1925	Forecast 8-1-26	Forecast 7-1-26	Production 1925
Minnesota	21,931	19,586	24,232	2,671	2,327	2,158	24,602	21,913	26,390
Montana	38,753	36,209	30,563	1,135	1,051	1,210	39,888	37,260	31,773
North Dakota	43,875	38,113	63,629	38,890	41,019	48,749	82,765	79,132	112,378
South Dakota	5,196	6,019	16,464	5,763	5,607	14,476	10,959	11,626	30,940
Four States	109,755	99,927	134,888	48,459	50,004	66,593	158,214	149,931	201,481
United States							212,719	199,595	270,875
WINTER WHEAT			ALL WHEAT			RYE			
	Forecast 8-1-26	Forecast 7-1-26	Production 1925	Forecast 8-1-26	Forecast 7-1-26	Production 1925	Forecast 8-1-26	Forecast 7-1-26	Production 1925
Minnesota	2,958	2,787	2,720	27,559	24,700	29,110	6,075	5,720	7,250
Montana	5,460	5,702	2,828	45,348	42,962	34,601	1,608	1,517	1,400
North Dakota	0	0	0	82,765	79,132	112,378	8,833	8,833	15,710
South Dakota	525	480	1,438	11,484	12,106	32,378	726	847	1,910
Four States	8,943	8,969	6,986	167,156	158,900	208,467	17,242	16,917	26,270
United States	626,483	567,762	395,610	839,202	767,357	666,000	41,870	39,666	48,612
CORN			OATS			BARLEY			
	Forecast 8-1-26	Forecast 7-1-26	Production 1925	Forecast 8-1-26	Forecast 7-1-26	Production 1925	Forecast 8-1-26	Forecast 7-1-26	Production 1925
Minnesota	138,680	132,486	156,852	130,365	133,035	202,188	28,531	25,721	33,630
Montana	6,236	6,642	6,584	17,688	17,105	14,355	3,705	3,469	3,276
North Dakota	22,201	22,917	24,816	48,304	50,233	72,873	27,600	30,596	42,930
South Dakota	103,605	129,917	83,405	29,230	35,101	100,198	11,064	13,489	23,608
Four States	270,722	291,962	271,657	225,587	235,474	389,614	70,900	73,275	103,444
United States	2,576,936	2,660,780	2,905,053	1,311,159	1,334,250	1,511,888	191,088	190,959	217,497
FLAX			WHITE POTATOES			TAME HAY*			
	Forecast 8-1-26	Forecast 7-1-26	Production 1925	Forecast 8-1-26	Forecast 7-1-26	Production 1925	Forecast 8-1-26	Forecast 7-1-26	Production 1925
Minnesota	7,725	7,243	7,600	25,187	24,013	26,772	2,538	2,583	4,132
Montana	992	1,037	1,220	3,402	3,719	3,780	1,829	1,811	2,034
North Dakota	7,504	8,205	8,768	6,472	6,871	7,280	891	991	1,452
South Dakota	2,235	2,802	3,801	3,106	3,319	3,965	997	1,139	1,520
Four States	18,456	19,287	21,389	38,167	37,922	41,797	6,255	6,524	9,138
United States	19,090	19,886	22,018	345,569	333,540	325,902	77,942	77,818	86,723

*Figures in tons.

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

Debits to Individual Accounts—	Unit	July 1926	June 1926	July 1925	% July 1926 of June 1926	% July 1926 of July 1925
17 cities		\$787,598,000	\$759,150,000	\$786,869,000	104	100
Minneapolis		395,140,000	372,999,000	373,014,000	106	106
St. Paul		164,564,000	162,607,000	175,373,000	101	94
Duluth-Superior		79,930,000	89,771,000	109,464,000	89	73
8 Wheat Belt Cities		63,639,000	54,892,000	57,465,000	116	111
3 Mississippi Valley Cities		21,328,000	19,538,000	19,839,000	109	108
South St. Paul		40,357,000	39,575,000	33,342,000	102	121
Sioux Falls		23,016,000	19,758,000	18,372,000	116	125

Carloadings—Northwestern District—

Total	Cars	719,686	720,179	665,704	100	108
Grains and Grain Products	Cars	35,212	38,637	39,462	91	89
Livestock	Cars	37,459	34,480	30,036	109	125
Coal	Cars	22,486	19,052	27,040	118	83
Coke	Cars	7,177	7,569	4,687	95	153
Forest Products	Cars	64,327	83,817	61,643	77	104
Ore	Cars	208,946	195,315	178,583	107	117
Merchandise—L. C. L.	Cars	148,980	148,776	144,741	100	103
Miscellaneous	Cars	195,099	192,533	179,512	101	109

Building Permits—

Number—18 Cities		1,920	2,201	2,149	87	89
Value—18 Cities		\$5,962,000	\$6,694,700	\$6,934,200	89	86
Minneapolis		2,420,500	1,793,600	1,750,100	135	138
St. Paul		1,630,300	1,663,200	3,185,400	98	51
Duluth-Superior		978,500	1,732,300	997,700	56	98
4 Wheat Belt Cities		333,100	584,900	181,500	57	184
6 Mixed Farming Cities		463,200	775,400	565,800	60	82
4 Mining Cities		136,400	145,300	253,700	94	54

Building Contracts Awarded—

Total		11,811,500	10,398,800	8,957,900	114	132
Residential		2,708,600	3,514,700	3,885,100	77	70
Commercial, Industrial & Utility		6,597,700	5,095,500	2,753,400	129	240
Educational		1,394,300	874,100	1,068,400	160	131
All other		1,110,900	914,500	1,251,000	121	89

Grain Receipts at Minneapolis and

Duluth-Superior—

Wheat	Bu.	10,636,857	8,296,794	7,018,704	128	152
Corn	Bu.	632,175	712,085	714,766	89	88
Oats	Bu.	942,558	1,997,379	2,760,257	47	34
Barley	Bu.	563,819	1,334,739	1,787,335	42	32
Rye	Bu.	515,969	900,917	297,810	57	173
Flax	Bu.	453,084	647,554	744,937	70	61

Grain Stocks at End of Month at Minneapolis

and Duluth-Superior—

Wheat	Bu.	3,181,879	4,494,125	5,939,644	71	54
Corn	Bu.	316,878	438,110	125,169	72	253
Oats	Bu.	22,854,676	24,924,408	15,501,303	92	147
Barley	Bu.	2,082,488	2,295,843	430,963	91	483
Rye	Bu.	5,741,525	7,354,634	648,552	78	885
Flax	Bu.	976,024	1,282,839	463,823	76	210

Median Cash Grain Prices—

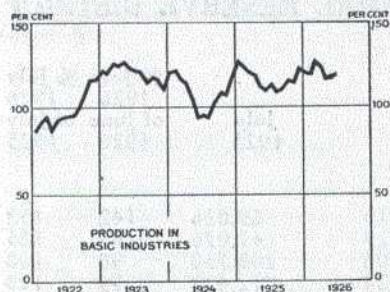
Wheat—No. 1 Dark Northern	Bu.	\$1.75 $\frac{3}{4}$	\$1.66 $\frac{1}{2}$	\$1.65 $\frac{1}{2}$	106	106
Durum—No. 2 Amber	Bu.	1.61 $\frac{1}{2}$	1.49 $\frac{1}{4}$	1.45 $\frac{1}{2}$	108	111
Corn—No. 3 Yellow	Bu.	.79	.69 $\frac{1}{2}$	1.06 $\frac{3}{8}$	114	74
Oats—No. 3 White	Bu.	.40 $\frac{3}{4}$.38	.41	107	99
Barley—No. 3	Bu.	.66	.62	.83	106	80
Rye—No. 2	Bu.	1.05 $\frac{1}{4}$.90	.96 $\frac{1}{4}$	117	109
Flax—No. 1	Bu.	2.40 $\frac{1}{4}$	2.34	2.52	103	95

NINTH FEDERAL RESERVE DISTRICT

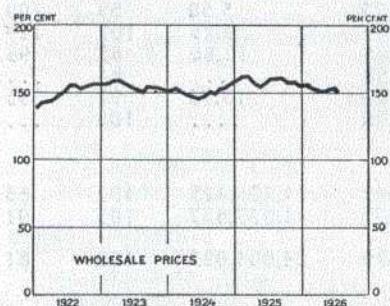
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COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT (Continued)

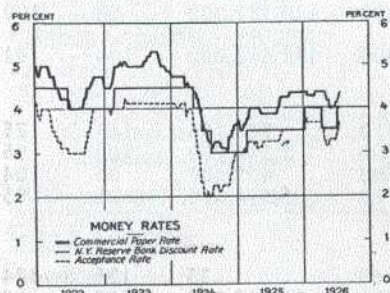
	Unit	July 1926	June 1926	July 1925	% July 1926 of June 1926	% July 1926 of July 1925
Livestock Receipts at South St. Paul—						
Cattle	Head	104,890	73,915	69,026	142	152
Calves	Head	58,853	70,527	47,076	83	125
Hogs	Head	207,795	231,900	208,730	90	100
Sheep	Head	14,602	14,824	12,422	99	118
Median Livestock Prices at South St. Paul—						
Butcher Cows	Cwt.	\$5.50	\$6.25	\$5.50	88	100
Butcher Steers	Cwt.	9.25	8.85	9.00	105	103
Prime Butcher Steers	Cwt.	10.10	9.50	...	106	...
Stocker & Feeder Steers	Cwt.	6.00	6.75	5.50	89	109
Veal Calves	Cwt.	11.00	10.25	9.25	107	119
Hogs	Cwt.	11.75	13.85	12.60	85	93
Heavy Hogs	Cwt.	10.50	12.50	...	84	...
Lambs	Cwt.	13.00	14.25	13.75	91	95
Ewes	Cwt.	6.00	6.00	100	...
Flour—						
Production—Twin Cities & Duluth-Superior	Bbls.	1,051,227	1,032,661	1,196,825	102	88
Shipments from Minneapolis	Bbls.	984,072	937,672	1,077,477	105	91
Linseed Products Shipments from Minneapolis, Lbs.						
		19,492,485	17,948,675	24,004,093	109	81
Retail Sales—						
22 Department Stores		\$2,088,550	\$2,373,630	\$1,994,710	88	105
548 Lumber Yards	Bd. Ft.	20,611,000	22,543,000	23,321,000	91	88
Retail Merchandise Stocks—						
19 Department Stores		\$6,520,870	\$6,979,580	\$6,890,580	93	95
513 Lumber Yards	Bd. Ft.	109,909,000	112,412,000	110,387,000	98	100
Life Insurance Sales (4 States)						
		\$25,786,000	\$25,831,000	\$25,642,000	100	101
Wholesale Trade—						
Farm Implements—6 firms		580,520	406,510	773,150	143	75
Hardware—13 firms		2,110,380	2,059,900	2,211,900	102	95
Shoes—5 firms		489,760	510,800	469,480	96	104
Groceries—46 firms		5,341,610	5,622,180	5,611,360	95	95
Business Failures—						
Number		93	69	75	135	124
Liabilities		\$1,020,053	\$505,003	\$1,765,878	202	58
Securities Sold—						
To Banks		2,921,400	2,821,900	2,801,500	104	104
To General Public		5,665,900	5,341,000	7,091,300	106	80
Ninth Federal Reserve District Member Banks—						
Net Demand Deposits		421,196,000	437,644,000	435,645,000	96	97
Time Deposits		438,926,000	434,380,000	431,226,000	101	102
24 City Member Banks—						
	Aug. 18 1926	July 14 1926	Aug. 19 1925	% Aug. of Aug. of July	% Aug. 1926 1925	
Loans	\$231,343,000	\$232,870,000	\$231,522,000	99	100	
Securities	115,347,000	114,885,000	109,990,000	100	105	
Net Demand Deposits Subject to Reserve ..	204,969,000	209,830,000	222,165,000	98	92	
Time Deposits	115,866,000	116,998,000	99,765,000	99	116	
Borrowings at Federal Reserve Bank	7,992,000	2,280,000	6,045,000	351	132	
Minneapolis Federal Reserve Bank—						
Loans to Member Banks	12,896,616	6,271,956	11,417,507	206	113	
Federal Reserve Notes in Circulation	60,933,505	62,990,385	61,497,950	97	99	



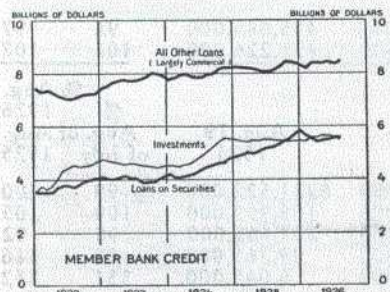
Index of 22 Basic Commodities adjusted for seasonal variations. (1919-100.) Latest figure, July, 119.



Index of United States Bureau of Labor Statistics (1913-100, base adopted by Bureau). Latest figure, July, 150.7.



Weekly rates in New York money market: commercial paper rate on 4 to 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 weekly report dates in August.

Summary of National Business Conditions

(Compiled August 25 by Federal Reserve Board)

Production in basic industries and factory employment and payrolls declined slightly in July, but the decrease in production was smaller than is usual at this season. Wholesale prices, after a further decline in July, were at the lowest level in nearly two years.

PRODUCTION: The Federal Reserve Board's index of production in basic industries which is adjusted for seasonal variations, increased about 1 per cent in July. Declines in the output of iron and steel and anthracite, and in the activity of textile mills were larger than the usual seasonal reductions, while production of flour, copper, zinc, cement and petroleum increased. The manufacture of automobiles declined further and was smaller than a year ago. Factory employment and payrolls showed the usual seasonal decline in July, which is due largely to closing for stock-taking and repairs and to summer vacations. Declines were noted in nearly all the important industries for which reports were received, with the exception of leather and shoes and certain food products and building materials. Building contracts awarded in thirty-seven states east of the Rocky Mountains declined in July for the fourth consecutive month and, as in June, were smaller than a year ago. Figures for the first three weeks in August were also below those for the corresponding period of last year. The principal decreases were in the New York and Atlanta districts.

The composite condition of all crops, as reported by the Department of Agriculture shows an improvement of 2 per cent in July, owing largely to the increase in the expected production of wheat. Cotton production, on the basis of August 16 conditions, is estimated at 15,248,000 bales, compared with an output of 16,104,000 in 1925.

TRADE: Volume of trade at wholesale and retail showed a further seasonal decline in July, but continued to be large. Retail trade was larger than a year ago, while wholesale trade was slightly smaller. Sales of department stores and mail order houses declined less than is usual at this season and were 4 per cent and 13 per cent, respectively, larger than in July of last year. Merchandise inventories at department stores continued to decline in July and at the end of the month were in about the same volume as last year. Stocks of meat, dry goods and shoes carried by wholesale firms were smaller than a year ago, but stocks of groceries, hardware and drugs were larger. Shipments of goods by railroads were maintained at a high level during July for nearly all types of commodities. Loadings of grain were larger than for any month since October, 1924, and were in record volume for July.

PRICES: The Bureau of Labor Statistics index of wholesale commodity prices declined about 1 per cent in July to the lowest level since September, 1924. Price declines were shown for most commodity groups, particularly farm products and foods, while prices of steel and other metals advanced. In the first three weeks of August, the prices of grains, cotton and rubber declined further, while cattle, hogs, potatoes, coal and coke advanced in price.

BANK CREDIT: Between the middle of July and the middle of August, total loans and investments of member banks in leading cities increased slightly, reflecting a growth in the seasonal demand for credit for commercial purposes. Loans on securities on August 18 were in about the same volume as a month earlier, while the banks' investments declined.

Between July 21 and August 18 discounts for member banks and the holdings of acceptances increased considerably, while United States security holdings were somewhat reduced, with the consequence that the total volume of Reserve bank credit increased by about \$50,000,000.

Money market conditions became firmer in August. The rate on commercial paper, which was 4 per cent in June and July, increased to $4\frac{1}{4}$ - $4\frac{1}{2}$ per cent, and the rate on 90 day bankers' acceptances advanced to $3\frac{3}{4}$ per cent. The discount rate of the Federal Reserve Bank of New York was advanced on August 13 from $3\frac{1}{2}$ to 4 per cent.