MONTHLY REVIEW

OF

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

NINTH FEDERAL RESERVE DISTRICT

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DISTRICT SUMMARY FOR THE MONTH

The dollar value of business transacted in the Ninth Federal Reserve District during November, when measured by individual debits, maintained the high level reached in October, after allowance is made for the usual decline shown at this time of year. Railroad shipments of automobiles, farm implements, and building material into the Northwest during November, when compared with earlier months, indicate an improvement in volume, after making allowances for purely seasonal changes. Furniture shipments declined. Employment conditions reflect a marked improvement in November over October, after making proper allowance for seasonal trends. This indicates a broadening of the revival of activity under way during the past few months.

The heavy movement of grain to terminals which characterized October, was not equaled by November receipts. However, the volume continued to be much greater than a year ago. The November median prices of all grains except barley advanced. The price increase was greatest for flax. Terminal stocks of all grains, except corn and flax, increased during the month. The quantity of oats at terminals reached a record-breaking total. Flax receipts, although treble a year ago, were fully absorbed by domestic demand.

Receipts of cattle at South St. Paul were heavier than normal. Prices weakened for the majority of classes of livestock quoted by us. The average price decline was about 2 per cent. The number of cattle on feed in this district is less than a year ago; but owing to the soft corn available for feeding, the decline has not been as great as for the United States as a whole.

Linseed oil shipments reached a new peak as compared with any other November in our fifteen year record. Lumber shipments were well above normal. Flour production in, as well as flour shipments from, Minneapolis reached the lowest points for any November in our fifteen year record. However, country flour mills have enjoyed an increasing production. At Duluth-Superior Harbor coal receipts increased, although iron ore shipments declined. Copper output in this district was the largest in November of any month in nearly five years.

Wholesale trade in this district in November continued to show unmistakable signs of a marked revival. Dry goods, shoes and farm implements have led the advance, as in the preceding two months, and have been joined by hardware. Dry goods sales in November were the largest in any month in the last four years. Groceries were the only wholesale reporting line which did not show an increase in sales in November as compared with a year ago.

Retail trade in November was on a level with a year ago, but not large enough to prevent an abnormal increase in retail stocks of merchandise, which reached the highest point shown by our four year record. Retail lumber sales throughout the district were 13 per cent larger than in November a year ago.

Prospective building activity, as reflected by building permits granted in eighteen important cities in this district, is particularly promising at this time. There was a decrease of 4 per cent in the valuation during November as compared with October, but the decrease normally at this season should be 12 per cent.

Banking conditions, as a result of the satisfactory crop, good prices and rapid movement to market, have shown great change. The cash proceeds of the crop have been received by country banks and applied in part on their borrowings from correspondent banks, and the remainder used to build up reserves and to purchase commercial paper and investments. This has resulted in easier money rates, larger sales of commercial paper and of investments to banks, and the repayment during November of all rediscounts owing to this Federal Reserve Bank by member banks located in the larger cities. This Federal Reserve Bank during the seven weeks ending December 17 experienced a reduction in its loans and an increase in Federal Reserve note issues necessary to move the crop.

TOPICAL REVIEWS

Debits to individual accounts at all banks in sixteen selected cities of this district were 35 per cent

larger in November than in the same month last year. The seasonal decline was 14 per cent from the October volume, but the November total, with this one exception, has not been equaled in any one month during the six year period for which we have records. The November volume was 2 per cent larger than the October total in 1920, which had been the record month prior to this year. Activity at Minneapolis and Duluth accounted for a large share of the increase.

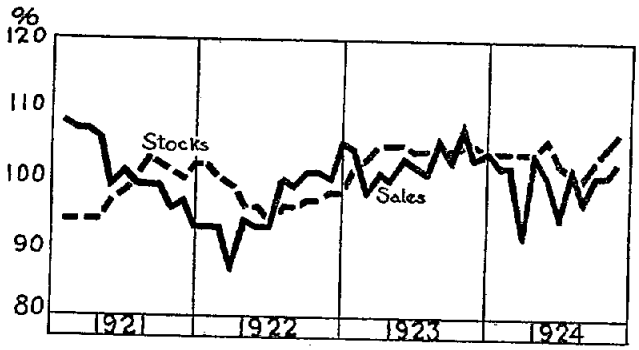
Northwestern business failures in November, as reported by R. G. Dun and Company, were equal in number to the October total, but 29 per cent below the total for November a year ago. The liabilities involved, on the other hand, were larger in November this year than in October or in November last year.

Wholesale trade is expanding. During November dry goods sales were 7 per cent larger than October sales this year, although ordinarily there is a small decline, and 14 per cent larger than sales in November a year ago. Sales of shoes at wholesale were 18 per cent larger than in November, 1923, and were only 14 per cent smaller than in the October just passed, although ordinarily there is a decline of 20 per cent. Wholesale hardware sales were as large in November as in October and 7 per cent larger than in November last year. To appreciate fully the change in the hardware trade it must be recalled that for the first ten months of 1924, hardware sales had been 6 per cent smaller than sales in the same period of 1923. Sales of farm implements showed a pronounced seasonal decline in November from the October total, but were 7 per cent larger than in November a year ago. For groceries, wholesale sales were only 1 per cent smaller in November than last year, and exhibited a decline of about 10 per cent from the October volume.

Shipments into the Northwest trade territory of certain basic commodities maintained the moderate improvement in November which had been experienced in the early fall months, if seasonal declines are eliminated. Our index of automobile shipments was 122 in November, as compared with the recent low point of 86 reached in June of this year. Agricultural implement shipments in November were at a level of 72, as compared with the January low point of 24. Building material shipments stood at 92 in November, as compared with 78 in June. The index number for furniture shipments was 97 in November, as compared with 72 in July. In furniture, however, the record has been steadily growing more unfavorable, since the exceptionally large total reported in August.

Retail lumber sales in this district improved in a marked degree during November. In the earlier fall months, sales had been in about the 1923 volume, but in November this year sales were 13 per cent larger than in November a year ago. There was a decline from the October volume of only 5 per cent, although usually the decline at this time of the year amounts to nearly 20 per cent. These unexpectedly large sales resulted in a reduction in stocks of lumber on hand to the lowest point in more than five years. Stocks were 8 per cent smaller at the close of November than at the close of October and 11 per cent smaller than a year ago. Cash collections during November were 7 per cent larger than collections in November a year ago. Outstanding accounts and notes receivable at the end of November were 11 per cent smaller than last year on the same date.

Department store sales in cities of this district declined 4 per cent in November from the October volume, but were practically as large as sales in November a year ago. The November record is thus somewhat of an improvement, when it is considered that 1924 sales have been running smaller than 1923 sales for several months. On the other hand, sales have not been as large as retailers had expected, as is evidenced by an abnormally large increase in stocks of merchandise on hand during November. This is the third month of abnormal increases in stocks, and inventories were higher on November 30 than at the end of any other month in the four years for which we have records. The inventory total was 2 per cent larger than in November a year ago, which had been the largest total on our records until the current month. As a result, retailers are marking time in ordering more merchandise. Outstanding orders for replacement stocks at the end of November were the smallest in our records, with the exception of May and June of this year.



Department Store Sales and Stocks in Cities of the Ninth Federal Reserve District. Curves Adjusted to Eliminate Seasonal Changes.

Manufacturing industries in this territory maintained a large volume of shipments during November, with the exception of flour milling at Minneapolis. Linseed mills shipped 15 per cent more linseed oil and 12 per cent more oil cake than in November last year. Linseed oil shipments were the largest in November of any November volume since our records began in 1910, and were larger than any other month's total since April, 1913, if seasonal changes are eliminated. Oil cake shipments were larger than in any month since November, 1916.

Shipments of forest products in the Northwestern district during the four weeks ending November 22, reported by the American Railway Association, showed a small reduction, which was largely seasonal, from the preceding four weeks. The November shipments, however, were about 16 per cent larger than our estimated normal for these weeks and only 10 per cent smaller than the record shipment in November last year.

November flour shipments from Minneapolis did not vary from the unsatisfactory record of earlier months. Shipments in November were 16 per cent smaller than shipments in October, which is a larger decline than is usual, and were 27 per cent smaller than in November, 1923. In fact, they constituted the smallest November total since our record began in 1910. Flour production at Minneapolis during November, as reported by the Northwestern Miller, was not more satisfactory in volume than the shipments. Production was smaller than in any other November since 1910 and showed a seasonal decline as compared with October.

Country flour mills in this district, on the contrary, produced more flour in November than in any other November in our records. There was a seasonal decline of 6 per cent in country flour output from the October volume.

Preliminary copper statistics indicate that the output in this district during November was the largest of any month's total since January, 1920. The November volume was 2 per cent larger than the volume in October and 12 per cent larger than the volume in November a year ago.

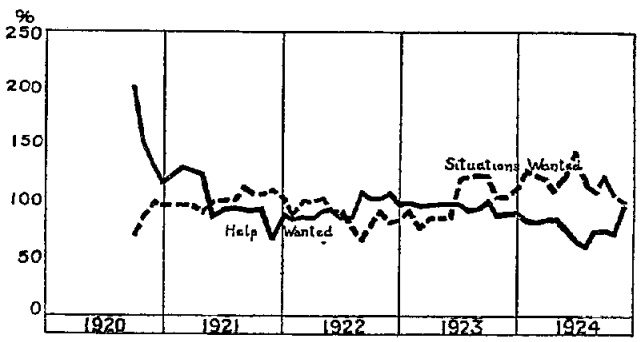
Iron ore shipments from upper lake ports were 63 per cent smaller in November than in October and less than one-half as large as in November a year ago. For the complete shipping season, shipments of iron ore were 28 per cent smaller in 1924 than in 1923.

Coal receipts at the Duluth-Superior Harbor were 7 per cent larger in November than in October, with both soft coal and hard coal showing increases. Receipts, however, were nearly one-fourth lower than in November last year. Receipts of hard coal from the opening of navigation to November 30 were 9 per cent less than in the same portion of the 1923 season, and receipts of soft coal were 33 per cent smaller.

Dwellings for rent in Minneapolis remained at the high level of the last three months, if seasonal changes are eliminated. Our index number was 273 in November, which was equal to the highest figure previously attained (in August of this year). A year ago in November, the index number was 217 and two years ago 141. The greatest increase in dwellings for rent has been in the class of unfurnished apartments and flats. In 1920, advertising of this class of dwelling constituted 33 per cent of the total advertisements; in 1921, 45 per cent; in 1922, 54 per cent; in 1923, 60 per cent; and 60 per cent in the first eleven months of 1924. Coincident with the increase in the number of dwellings for rent has come a decline in advertisements by persons seeking dwellings. The index number of "wanted to rent" advertisements, allowing for seasonal variations, was 60 in November, as compared with 71 in October and 68 in November a year ago. (Steps have been taken to obtain comparable figures from other cities in this district, which may be available later).

Building permits issued at eighteen cities of this district amounted to $5,392,000 in November. This is a reduction of 4 per cent from the October valuation and a 33 per cent reduction as compared with November last year. There was a seasonal increase in the size of the average permit in November as compared with October, but the average permit was for a smaller amount than in November last year. A change in St. Paul accounted for the greater part of the decrease in the average permit.

Employment conditions in Minneapolis reflect the increased activity in this city during November. "Help Wanted" advertisements increased from an index number of 74 in October to 97 in November. This change, of course, reflects conditions after seasonal variations are eliminated. "Situations Wanted," on the other hand, declined from an index number of 106 in October to 101 in November. These two phases of the employment situation, aptly called the "two blades of the scissors," made a closer approach to each other in November than at any time since May, 1923. The ratio between the index numbers for "Help Wanted" and "Situations Wanted," increased from the post-war low point of 46 per cent (June, 1924) to 96 per cent (November, 1924).



Employment Advertisements in a Minneapolis Newspaper. Curves Adjusted to Eliminate Seasonal Changes.

Grain receipts at Minneapolis and Duluth-Superior were one-third smaller in November than in October, but nearly double the receipts in November a year ago. The lower totals in November as compared with October were caused by abnormally large declines in receipts of every grain. Such a decline, however, was to be expected in view of the heavy marketing movement earlier in the season. Every grain showed much greater receipts in No-

vember this year than in November a year ago, with the exception of corn, for which receipts were only 14 per cent as large.

Grain stocks at northwestern terminal elevators increased 4 per cent during October, and were 42 per cent larger at the close of the month than a year ago. Almost one-half of the grain in terminal elevators at the close of November was oats, which were held in larger volume this fall than at any previous time since our records began in 1920. There was a slight increase during November in stocks of oats in spite of the marked decline in receipts. Wheat stocks constituted about one-third of the total stocks and increased 12 per cent in November. Stocks of barley and rye increased moderately during the month, and stocks of corn and flax were smaller. As compared with last year, stocks of oats were five times as large, and barley stocks were more than twice as large. Stocks of rye were less than one-half of last year's volume, and stocks of wheat, corn and flax were about equal to last year's total at the end of November.

The fact that flax stocks are not appreciably larger this year than a year ago is especially interesting in view of the large United States production and heavy marketing this fall. Receipts of flax at Minneapolis and Duluth-Superior in October were twice as large as a year ago and in November more than three times as large. Receipts have been absorbed rapidly by northwestern linseed crushers and there has been a strong demand from eastern mills for our northwestern flax at the prices which have recently prevailed. During the three months of September, October and November, 12,172,000 bushels of flax were shipped down the Great Lakes from the Duluth-Superior Harbor, as compared with only 3,708,000 bushels shipped in the same months last year.

The cash grain market at Minneapolis advanced in November. The median prices of our selected grades of every grain, except barley, were higher in November than in October. The increases were as follows: Wheat 4½ cents, corn 3 cents, oats 1⅜ cents, rye 4⅛ cents and flax 23 cents. The price of barley declined 2 cents per bushel. Further rapid increases in grain prices have occurred during the first eighteen days of December.

Livestock receipts at South St. Paul in November were featured by an unseasonal increase in receipts of cattle of more than 10 per cent over the October volume. This brought the November cattle receipts to a total 22 per cent larger than in the same month last year. Receipts of the other classes showed seasonal changes, an increase of more than one-fourth in receipts of hogs and marked declines in calves and sheep. Receipts of calves and sheep were slightly larger in November than in the same month last year, but receipts of hogs were 12 per cent smaller.

Shipments of feeder stock declined in November from the October volume. This tendency is apparently seasonal, but the decline in shipments of feeder sheep was much more abrupt this year than at this time in any recent year. Shipments of feeder calves and sheep were less than one-half as large in November as in the same month last year, and shipments of feeder hogs were somewhat smaller, but feeder cattle shipments were nearly 11 per cent larger than a year ago.

The holiday preference for poultry, coupled with the unseasonally large receipts of cattle in November were probably responsible for a small decline, as compared with normal, in livestock prices. The median price per hundredweight of hogs declined $1.50 in November from the October price, veal calves declined $1.00, and stocker and feeder steers declined 25 cents. The price of lambs increased 50 cents per hundredweight, and butcher steers and cows were unchanged. If purely seasonal changes in these livestock prices are removed, the price changes are not startling. Small declines, as compared with normal, occurred in the price of hogs, butcher steers, feeder steers and lambs, and small increases in the price of butcher cows and veal calves. Our index number of livestock prices, with a correction to eliminate seasonal changes, was 87.92, as compared with 89.86 in October, and 78.86 in November, 1923.

The number of cattle on feed in the United States on December 1 was only 86 per cent as great as on the same date a year ago, according to estimates of the Department of Agriculture. The states included in this Federal Reserve District reported smaller declines in this industry than elsewhere in the United States. Minnesota and South Dakota reported declines in cattle on feed of only 10 per cent, and in Wisconsin the number on feed was as large as a year ago. The tendency is apparently to buy heavy steers which will require only a short feeding. Farmers are utilizing in this way their supplies of soft corn, which must be fed early in the season. There will, consequently, be larger percentages of fed cattle marketed in December and January than last year, and smaller percentages will be marketed during the following months, especially in April and later.

Banking conditions in the Northwest during the four weeks ending November 26 continued to show the progress which began with the movement of this year's crop. Demand deposits at twenty-five selected city member banks in this district increased 19 million dollars and time deposits increased nearly 2 millions. By the use of these deposits and other funds drawn from correspondent bank balances, these banks increased their security holdings 12 millions, enlarged their loans 4 millions, increased their reserves with the Federal Reserve Bank and in their vaults by more than 5 millions, and paid off all their borrowings from this Federal Reserve Bank. Country banks made moderate withdrawals during the last two weeks of the month

from their bank balances with these city member banks.

During the two weeks ending December 10 the demand and time deposits of these banks increased more than 8 million dollars, their loans increased 8 millions and they added 1 million to security holdings and 1 million to reserves.

This Federal Reserve Bank experienced a decline in rediscounts for member banks of 1½ millions during the four weeks ending November 26. The greater part of the reduction came from country banks. Purchased bill holdings and security holdings were reduced during the month and total earning assets were 3½ millions smaller at the close of the month than at the beginning. Federal reserve notes in circulation increased nearly 1½ millions, member banks' reserve deposits were increased 6 million dollars and the cash reserves of this bank were enlarged by 11 million dollars.

During the three weeks ending December 17, there were further declines in all kinds of earning assets at this bank except for a $216,000 participation in a loan to a foreign bank on the security of gold held abroad. Federal reserve notes continued to increase moderately, and member bank reserve deposits were increased 1 million dollars. Cash reserves increased nearly 2 million dollars during the three weeks.

Savings deposits at fourteen banks in Minneapolis, St. Paul and Duluth increased very slightly during the month of November, although there is ordinarily a small decline. The average savings deposit also increased during the month. This is the sixth month of almost continuous increase in the size of the average savings deposit, giving clear indication that the financial condition of people of small means in the cities is improving. The average savings deposit on December 1 was very close to the highest point reached in the last four years.

A general survey of the financial effects of this year's crop is now possible since the marketing movement has passed its peak. This year will be memorable for the debt-paying qualities of the crop which has been harvested and marketed this fall. Briefly the financial history is as follows:

The coincidence of good crops, excellent prices, and rapid marketing and sale of the grains to take advantage of this market, placed large cash supplies at the disposal of northwestern farmers. Funds poured into the country banks. Loans were reduced and deposits were increased. These banks were able to reduce their borrowings from the Federal Reserve Bank and correspondent banks. A search for investments began. Temporarily, deposits with correspondent banks were built up to take advantage of the interest return. Later commercial paper and bonds began to be purchased.

In the cities, demand and time deposits swelled to record-breaking totals. City correspondent banks in the Northwest at first re-deposited a large part of the country bank funds with their eastern correspondent banks. Then, their investment holdings were expanded. Interest rates were lowered. Finally, loans began to increase, a large proportion of which were in the form of commercial paper and loans secured by stocks and bonds.

Concrete evidence of the improved condition of country banks is found in the figures of city member banks and in the records of this Federal Reserve Bank. Six city correspondent banks experienced an increase of nearly 100 per cent in deposits due to country banks between the end of August and the high point in November. During the last two weeks in November, there was a decline in these correspondent balances. This has been variously explained as a result of December 1 requirements to make settlements to eastern mortgage holders, or a withdrawal in order to purchase investments. Probably both are true. Member bank reserve deposits, excluding those of our selected list of city banks, increased $3,390,000 during the crop moving period, up to December 10. The borrowings of country banks from this Federal Reserve Bank have been reduced more than 9 million dollars from August 27 to December 17. During this period, 88 per cent of the borrowings by North Dakota member banks were repaid. Declines in borrowings by the other agricultural sections were as follows: Montana, 85 per cent; South Dakota, 46 per cent; and Minnesota, outside of the Twin Cities, 57 per cent.

City correspondent banks experienced an increase of 40 per cent in demand deposits and 11 per cent in time deposits during the crop moving season from August 27 to December 10. Their security holdings increased 30 per cent and their loans 24 per cent. These banks increased their deposits with eastern correspondent banks 58 per cent from the end of August to the high point in November, but have since withdrawn one-third of their eastern balances.

Interest rates at Twin City banks have shown a declining tendency from the 15th of August to the 15th of December.

The supply of banking funds seeking investment has caused a great increase in holdings of commercial paper in this territory. On November 30, commercial paper reached the largest total in this district since May 31, 1920. The total was 24 per cent larger than a month ago, 73 per cent larger than on the same date last year, and 102 per cent larger than at the low point of 1924, reached on July 31. Investment houses have experienced a marked increase in business from northwestern banks. In August, 30 per cent of their sales were to bankers, in September, 33 per cent, in October 36 per cent, and in November 33 per cent. During these four months a group of 11 important Twin City firms sold 22 million dollars worth of investments to northwestern bankers, as compared with 10 million dollars in the same period in 1923.

Summary of National Business Conditions

(Compiled December 24, by Federal Reserve Board)

Production in basic industries and factory employment continued at about the same level in November as in October. There was a further slight rise in the general level of prices reflecting advances in nearly all groups of commodities.

PRODUCTION: Production of basic commodities was at about the same rate in November as in October, but owing to the smaller number of working days not allowed for in the adjustment for usual seasonal variations, the Federal Reserve Board's index of production declined by about 2 per cent. Increased activity was shown in the iron and steel industry and in cotton and woolen textiles, while production of food, coal, lumber, paper and automobiles declined. There was little change in the volume of factory employment in November. Building contracts awarded declined somewhat in November, but the total was considerably larger than for the corresponding month of any recent year.

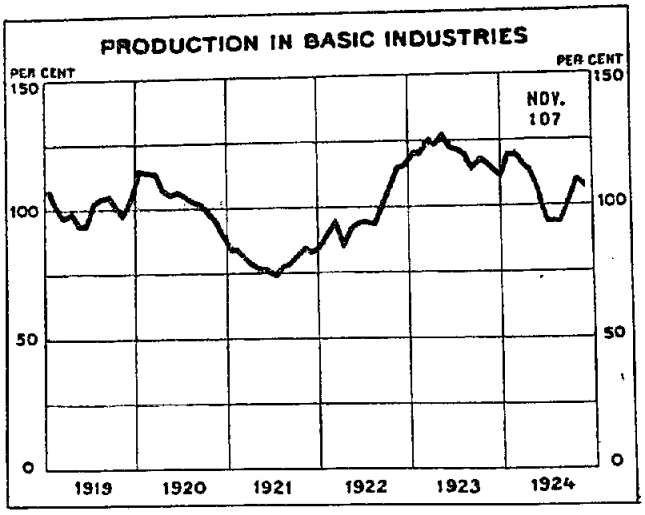
Final estimates by the Department of Agriculture of crop yields in 1924 showed a greater aggregate production than in 1923 and an increase of about 9 per cent in the total value of all crops. Yields of wheat, oats, cotton, potatoes and hay were larger than in 1923, but the production of corn and tobacco was smaller. Marketing continued in large volume in November and exports of agricultural products were the largest for that month in any recent year.

PRICES: The level of wholesale prices, as measured by the index of the Bureau of Labor Statistics, advanced slightly in November, price increases in most of the commodity groups being nearly offset by a considerable decline in the prices of animal products. During the first half of December there were further advances in the prices of grain, flour, sheep, metals and lumber, while the prices of beef, hides, silk, and brick declined.

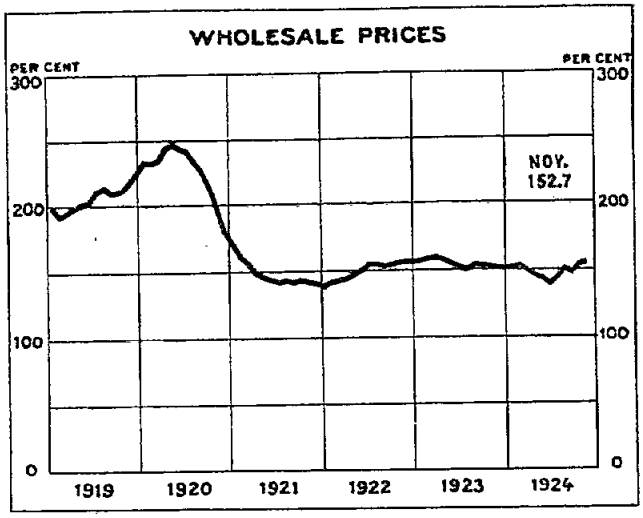
TRADE: Railroad freight shipments, though smaller in November than in October, owing to seasonal influences, were in about the same volume as in 1923. Wholesale trade showed the usual decline in November and was about as active as a year ago. Sales of furniture and meat were larger than last year, while the volume of business in nearly all other lines was smaller. Retail trade was somewhat more active in November; and sales of mail order houses and chain stores were larger than last year. Merchandise stocks at department stores were slightly reduced and were 2 per cent less than a year ago.

BANK CREDIT: Total loans and investments of member banks in leading cities continued to increase during the four weeks ending December 10, and on that date were in larger volume than at any previous time. The increase during the period was chiefly in loans secured by stocks and bonds and accompanied continued activity in the security markets. Commercial loans showed a seasonal decline from the high point of the year reached in the middle of November, but continued above the level of a year ago. Security holdings, after increasing rapidly since the spring of the year, reached a peak on November 19, and after that time showed a slight decline.

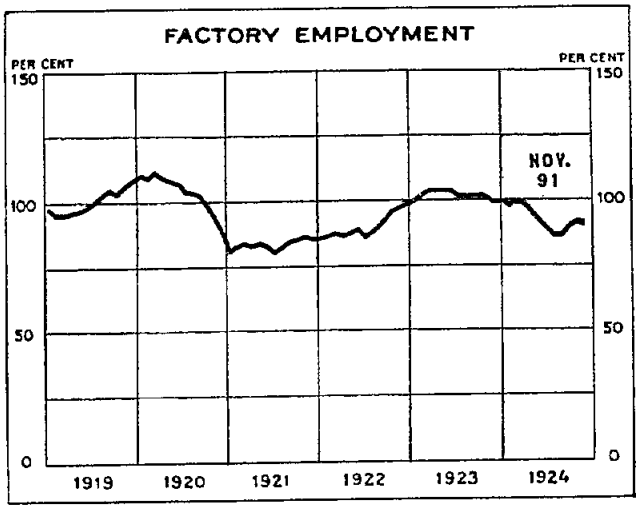
At the Reserve banks total earning assets increased considerably during the four weeks ending December 17, reflecting the seasonal demand for currency and the export of gold. The volume of discounts of the Reserve banks increased between the middle of November and the middle of December. Their holdings of acceptances also showed a net increase, while United States security holdings declined somewhat. Firmer conditions in the money market during the last half of November and the first half of December were indicated by higher rates on bankers acceptances and a rise of one-half per cent in the rate on commercial paper.



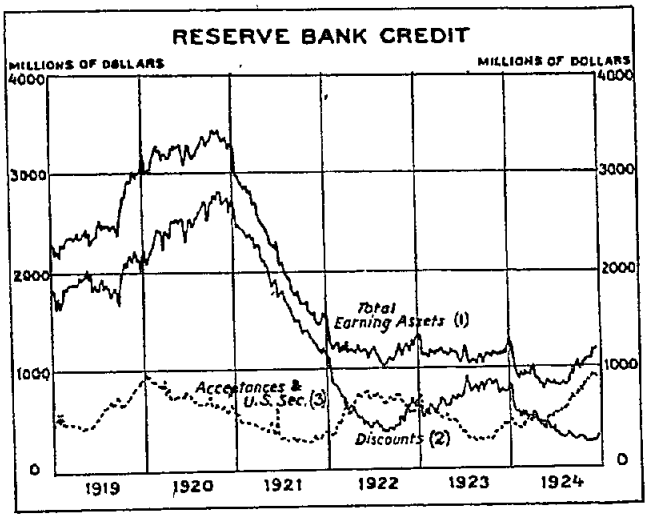
Index of 22 Basic Commodities. Corrected for Seasonal Variations. (1919 = 100).



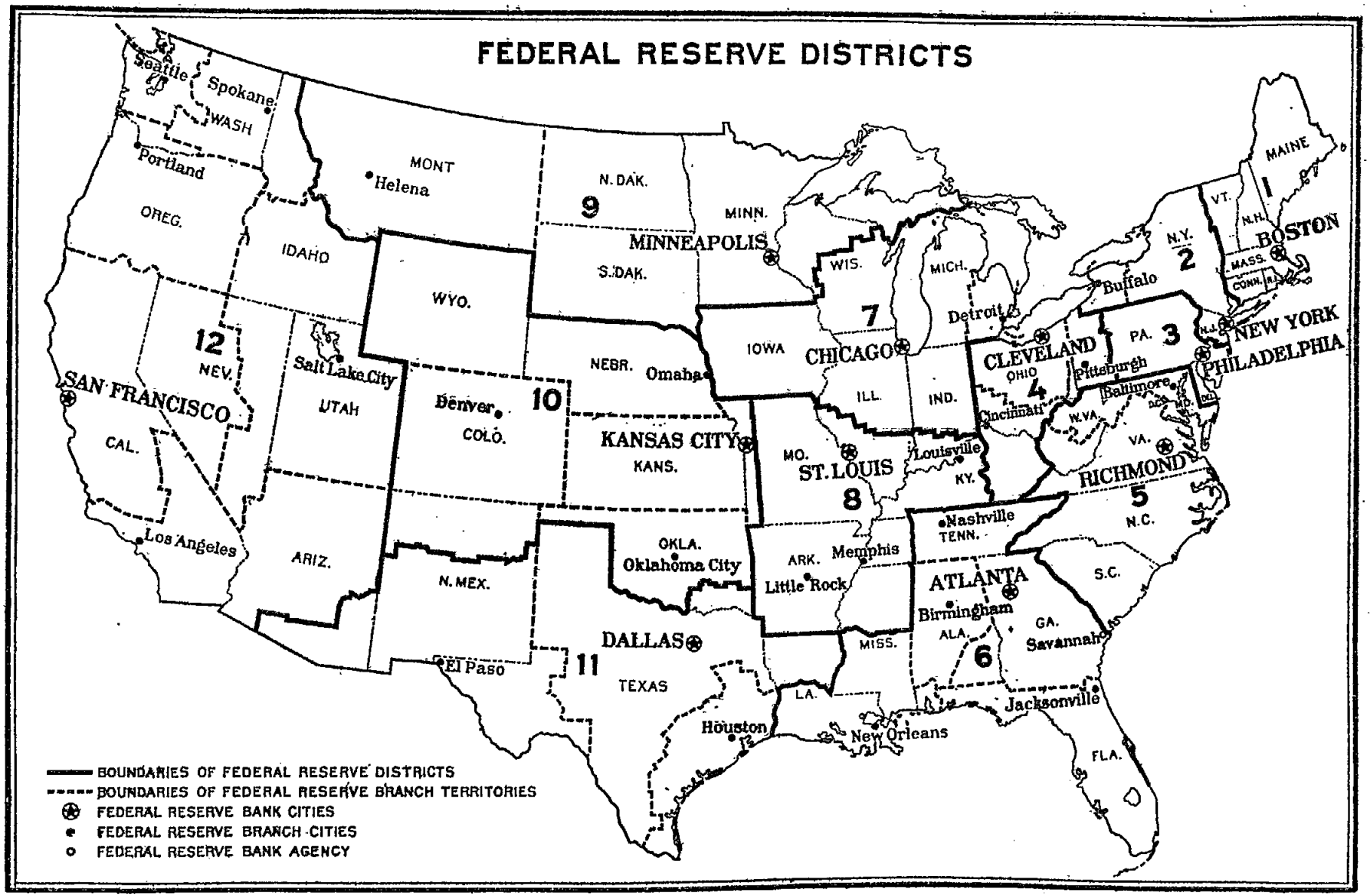
Index of United States Bureau of Labor Statistics. (1913 = 100, Base Adopted by Bureau).



Index for 33 Manufacturing Industries. (1919 = 100).



Weekly Figures for 12 Federal Reserve Banks. Latest Figures in Millions, December 17. (1) 1,193; (2) 284; (3) 901.


FEDERAL RESERVE DISTRICTS
Seattle
Spokane
WASH
Portland
OREG.
MONT
Helena
N. DAK.
9
MINN.
MINNEAPOLIS
S. DAK.
MAINE
1
VT.
N.H.
BOSTON
MASS.
CONN.
N.Y.
2
Buffalo
NEW YORK
PHILADELPHIA
N.J.
PA.
3
Pittsburgh
Baltimore
MD.
DEL.
D.C.
IDAHO
WYO.
12
NEV.
SAN FRANCISCO
CAL.
Salt Lake City
UTAH
Denver
COLO.
10
NEBR.
Omaha
IOWA
WIS.
7
CHICAGO
MICH.
Detroit
CLEVELAND
OHIO
4
Cincinnati
W.VA.
VA.
RICHMOND
5
N.C.
ILL.
IND.
KANSAS CITY
KANS.
MO.
ST. LOUIS
8
Louisville
KY.
Nashville
TENN.
Los Angeles
ARIZ.
N. MEX.
OKLA.
Oklahoma City
ARK.
Little Rock
Memphis
ATLANTA
Birmingham
ALA.
GA.
Savannah
S.C.
6
MISS.
DALLAS
11
TEXAS
El Paso
Houston
LA.
New Orleans
Jacksonville
FLA.
BOUNDARIES OF FEDERAL RESERVE DISTRICTS
BOUNDARIES OF FEDERAL RESERVE BRANCH TERRITORIES
FEDERAL RESERVE BANK CITIES
FEDERAL RESERVE BRANCH CITIES
FEDERAL RESERVE BANK AGENCY