

MONTHLY REVIEW

OF
 AGRICULTURAL AND BUSINESS CONDITIONS
 IN THE
 NINTH FEDERAL RESERVE DISTRICT

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DISTRICT SUMMARY FOR THE MONTH

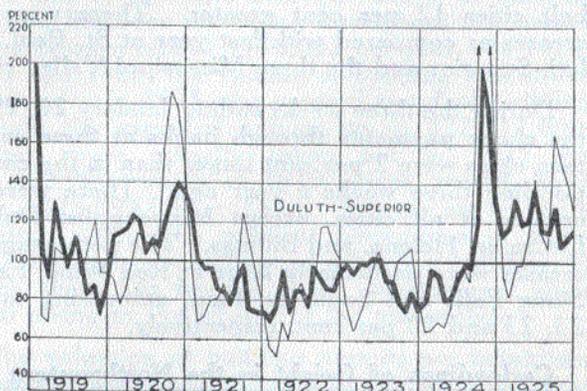
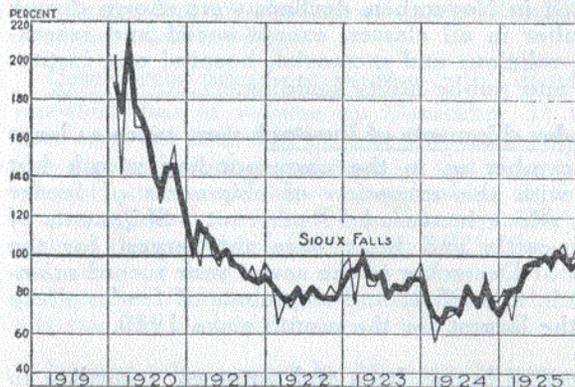
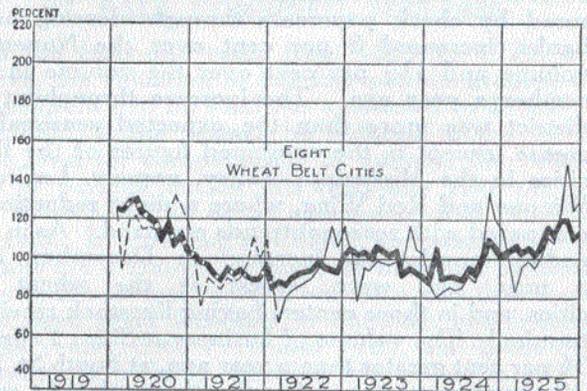
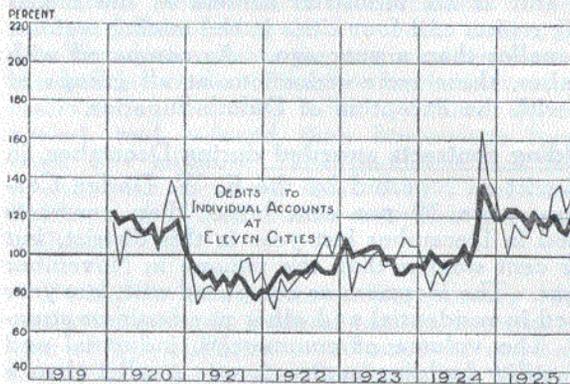
The volume of business in this Federal Reserve District during December was slightly larger than a year ago, both in money value and in physical volume as shown by check payments through representative banks and by carloadings, omitting less-than-carload-lot shipments. The downward trend as compared with a year ago, which began on October 1, appears to have been arrested, temporarily at least.

In more detail, gains over a year ago were shown in flour shipments, livestock receipts other than hogs, feeder shipments, forest products shipments and wholesale trade; while losses were recorded in all grain receipts, except wheat and barley, and in linseed products shipments. The prices of agricul-

tural products exhibited mixed trends. Prices of all kinds of livestock quoted by this office and of potatoes, butter and hens on the local market, advanced, while all the grains, except wheat, declined as compared with a year ago.

The movement of animals from South St. Paul for feeding purposes in December was about double that of last year. Meanwhile, the receipts at terminals of the feed grains, corn and oats, were 40 and 20 per cent less, respectively, than a year ago. It is obvious that heavier feeding operations are under way than a year ago and that there is a disposition to hold back feed grains in the country for this purpose.

As compared with November, December debits, or check payments through representative banks, in-



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

creased, and the increase was more than is customary at this time of the year, indicating a very satisfactory Christmas trade. The cold weather of October forced winter buying at that time, and provided a respite for the recovery of personal buying power before the holidays. Also, much of the grain held by farmers on storage tickets was sold during the price rise that occurred in December.

Interest rates which rose slightly during the month ending January 15, reflected national more than local financial conditions. Reports from selected banks in the larger cities of this district indicated a decrease during December in deposits and loans, coupled with increases in their holdings of United States securities and of loans secured by stocks and bonds, and a reduction of borrowings at this Federal Reserve Bank. During the first two weeks in January, these banks had rising deposits and loans.

Prospective business activity, as shown by building permits and contracts awarded in December, was better than a year ago, but less than in the preceding month. Indeed, a substantial decline took place in the valuation of permits in December as compared with November, although an increase is customary at this season. Practically all cities in the district shared in this decline.

TOPICAL REVIEWS

The money value of business transacted in December at seventeen cities of this district, as measured by check payments through clearing house banks, increased 8 per cent over the November volume and $1\frac{1}{2}$ per cent over the volume in December a year ago. The increase throughout the district was more than the expected seasonal increase, except in the combined figures of the three cities in the Mississippi Valley, namely, LaCrosse, Winona and Red Wing, where a slight reduction as compared with seasonal trends occurred. As in preceding months, the increase in December over a year ago were largest at the wheat belt cities, and in those centers having livestock receiving terminals. The volume of business at Sioux Falls was 36 per cent greater than a year ago, at South St. Paul 20 per cent greater and in the group of eight wheat belt cities 12 per cent greater. There were decreases as compared with last year at St. Paul, Duluth-Superior and the three Mississippi Valley cities.

During the three weeks ending January 20, 1926, the check payments through banks at these seventeen cities were 2 per cent larger than in the corresponding three weeks a year ago. There were increases at all cities, except Minneapolis, Duluth, LaCrosse, Helena, and Billings. The percentage increases were particularly large at Red Wing, Fargo, Sioux Falls and South St. Paul, amounting to 30, 23, 23 and 20 per cent, respectively.

Carloadings of freight in the Northwestern District were 17 per cent smaller in December than in November, but 2 per cent larger than in December a year ago. All groups, except livestock and coal,

showed increases over last year. As compared with carloadings in November, the December volume was smaller for all groups, except livestock and coke. The declines were less than the expected seasonal decreases, except for ore, grains and grain products and miscellaneous commodities. Carloadings of forest products have changed from month to month throughout the year 1925 in almost exactly the same manner as in 1924, with abnormally large loadings in the winter months, giving further evidence that retail lumber yards are continuing their policy of a year ago of maintaining small stocks of lumber which necessitates replenishing frequently, whereas heretofore heaviest purchases were made in February, March and April. Shipments of less-than-carload merchandise continued to increase during 1925 at a rate faster than the increase in shipments of miscellaneous commodities.

The valuation of building permits at eighteen cities in this district was 12 per cent larger in December than in the corresponding month last year, but showed a reduction of 47 per cent as compared with the valuation of permits granted in November. This latter change was contrary to the usual seasonal movement, which is upward in the last month of the year. Analyzing the permits according to locality, it is found that the increase in the valuation of permits over a year ago was due to a larger volume at St. Paul, Duluth-Superior and four wheat belt cities. The valuations of permits at Minneapolis and at six industrial centers in the mixed farming region and four cities in the mining regions, were smaller than a year ago. As compared with November, there were reductions at all groups of cities, with the exception of Duluth-Superior.

Building contracts awarded during December, in this district as reported by the F. W. Dodge Corporation, were 39 per cent larger than contracts awarded in December last year in this district, but 11 per cent smaller than the volume in November this year. The increases as compared with last year occurred in residential and other non-business structures. The volume of commercial, industrial and public utility building contracts was smaller than a year ago. Compared with the volume of contracts awarded in November, declines were shown during December in all classes, except social and recreational, religious and memorial, hospital and institutional and public utility building.

Feeder shipments of livestock were twice as large in December as in the corresponding month last year, with the exception of shipments of feeder sheep, which increased 59 per cent. Shipments of feeder cattle and hogs were the largest for the month of December in the seven year record maintained in this office, and shipments of feeder sheep were the largest for the month since 1920.

Prices of butter, hens and potatoes, according to quotations of the Minneapolis market, were higher at the close of December than a year ago, but the price of eggs was one-fourth lower. Potato prices

increased from the remarkable quotation of \$4.00 per hundredweight on November 30, to \$4.25 per hundredweight on December 31, and hens increased from 21 cents to 26 cents per pound between these two dates. Butter decreased from 49 cents to 46 cents a pound during the month, and eggs decreased from 46 cents to 37 cents a dozen.

Deposits of 25 representative member banks in the larger cities of this district declined $1\frac{1}{2}$ million dollars during the five weeks ending December 30. If the increase in Government deposits during this period, amounting to $2\frac{1}{2}$ millions, and resulting from fiscal operations on December 15, be deducted from this change in deposits, it will be seen that deposits by customers of the banks decreased 4 millions. The loans of these banks, other than those secured by stocks and bonds, decreased 10 million dollars during this period, but loans secured by stocks and bonds increased $3\frac{1}{2}$ millions. Holdings of United States securities increased $6\frac{1}{2}$ millions, as a result of subscriptions to the latest offering of the United States Treasury Department, but holdings of other securities declined slightly. Borrowings from the Federal Reserve Bank were reduced 1 million dollars. Six of these banks which make more elaborate reports to this office, experienced an increase of 1 million dollars in deposits due to banks and drew down their correspondent bank balances 4 million dollars during this period.

This Federal Reserve Bank showed an increase in Federal reserve notes in circulation of nearly 2 million dollars during the five weeks ending December 30, which reflects the currency requirements of the holiday trade. Member banks increased their reserve deposits $1\frac{1}{4}$ million dollars during this period, and reduced their borrowings from this bank $2\frac{1}{2}$ millions. The purchased bill holdings of this bank increased more than 11 millions, and holdings of United States securities increased $2\frac{1}{2}$ millions.

During the two weeks ending January 13, there was a reduction in Federal reserve notes in circulation of $2\frac{1}{2}$ millions, a reduction of one-half million dollars in member bank reserve deposits, an increase of one-half million dollars in loans to member banks, and a reduction of nearly 10 millions in purchased bill holdings.

Commercial paper outstanding in this district was one-third less in volume on December 31 than a year ago, but it should be noted in connection with this comparison that last year at this time the volume of commercial paper was climbing to the very abnormal peak reached on February 28, 1925. During the month of December, 1925, there was a reduction of 3 per cent in the volume of commercial paper outstanding, although the volume usually remains unchanged during this month.

Interest rates quoted by Minneapolis commercial banks increased slightly between December 15 and January 15, and on the latter date averaged 5 per

cent on prime loans, which is the highest quotation reported by these banks since August 15, 1924, when the average rate was 5.11 per cent. On January 15 a year ago, the average rate was 4.66 per cent, with all classes of paper carrying lower rates than at the present time, with the exception of inter-bank loans. The increase during the month ending January 15 this year was largely in the rates on loans collateralized by stocks and bonds, the volume of which, at the twenty-five banks making weekly reports, has increased 8 per cent in the last seven weeks.

Retail lumber sales during November and December, 1925, were 1 per cent larger than in the corresponding two months in 1924, when measured in board feet. It is not practicable to separate sales in November and December accurately, since several companies report sales for two months combined to lighten the bookkeeping in their offices during the taking of inventory. For the year 1925, lumber sales, measured in board feet, were 33 per cent larger than sales in the year 1924. Sales, measured in dollars, during November and December were 6 per cent larger than in the corresponding two months of 1924, and during the year 1925 were 23 per cent larger than in the year 1924. Accounts and notes receivable outstanding at the close of 1925 were 5 per cent greater than the amount outstanding a year ago.

BUILDING PERMITS AT MINNEAPOLIS AND ST. PAUL COMBINED, 1885-1925

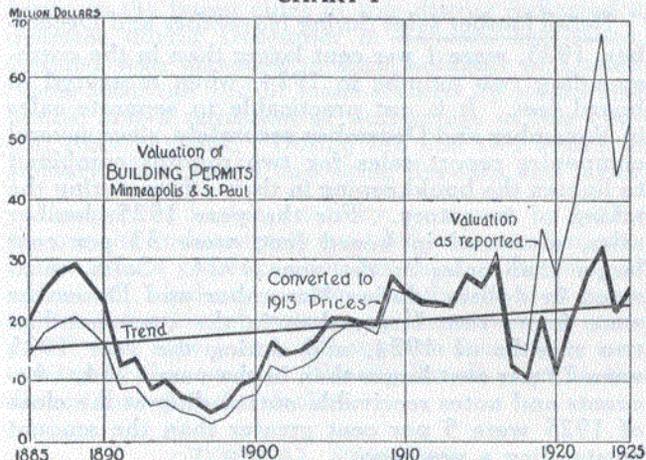
In the forty-one years from 1885 to 1925, inclusive, the valuation of building permits granted at Minneapolis and St. Paul has amounted to \$1,627,093,000. If the permits be reduced to the 1913 price level for comparability of volume, the valuation of permits during this forty-one year period was \$768,720,000, or an average of \$18,750,000 per year. By referring to Chart I, and assuming that permits are a reasonable measure of actual building done in the several years, it will be noted that there have been great increases in building, culminating in the years 1888, 1916 and 1923, and great depressions in building reaching low points in 1897, 1918 and 1920. The average volume of building per year has been increasing throughout this period at the average rate of \$173,052 per year. In 1922, 1923 and 1925, the volume of building was above the trend. In 1925, the upward trend of building brought the expected volume up to \$22,211,000. Permits were actually taken out in 1925 for \$53,492,000, which at 1913 prices would have been \$26,094,000. These figures cover only building within the political boundaries of these cities and take no account of suburban building, in which there has been a great development since 1920 owing to the advent of the automobile.

The valuation of building permits **per inhabitant** has shown a downward trend in this forty-one year period as shown in Chart II. This is largely due to the difference in the building requirements of new

and old population. The existing population of a city requires only such building as arises from depreciation of structures or the desire for better quality. However, as the population of a city increases, the new inhabitants must be housed. When the increase is very rapid, a large amount of new building will be required. When the increase is merely due to a larger number of births than deaths, a considerable part of the increase in the number of inhabitants will be housed in existing dwellings, merely crowding more people into those dwellings

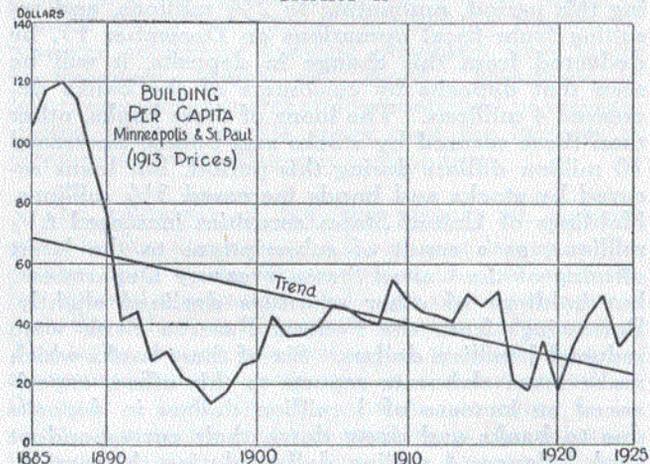
existing before the increase took place. Between 1880 and 1890, the population of the Twin Cities increased from 88,360 persons to 297,894 persons, an increase of 237 per cent. The effect of this increase in population is clearly seen in the tremendous building per capita required in the years 1885 to 1890. From 1890 to 1900, the population increased only 67,889 persons, or 23 per cent. A correspondingly small volume of building per capita was required. Between 1900 and 1910, the population increased 150,369 persons, or 41 per

CHART I



Valuation of Building Permits at Minneapolis and St. Paul, 1885-1925, both as actually reported and converted to 1913 prices.

CHART II



Valuation of Building Permits per Capita at Minneapolis and St. Paul Combined, 1885-1925, converted to 1913 prices.

COMPARATIVE STATISTICS OF BUSINESS IN

	Unit	December 1925	November 1925	December 1924	% Dec. 1925 of Nov. 1925	% Dec. 1925 of Dec. 1924
DEBITS TO INDIVIDUAL ACCOUNTS—17 cities						
Minneapolis		\$948,144,000	\$875,678,000	\$934,666,000	108	101
St. Paul		482,806,000	427,730,000	468,262,000	113	103
Duluth-Superior		191,299,000	166,210,000	196,809,000	115	97
8 Wheat Belt Cities		121,434,000	136,943,000	136,039,000	89	89
3 Miss. Valley Cities		66,916,000	64,559,000	59,628,000	104	112
South St. Paul		19,238,000	18,503,000	19,945,000	104	96
Sioux Falls		47,993,000	44,472,000	39,896,000	108	120
		18,958,000	17,261,000	13,896,000	110	136
CARLOADINGS—N. W. District						
Grains & Grain Products	Cars	54,742	61,096	52,996	90	103
Livestock	Cars	48,159	42,115	51,720	114	93
Coal	Cars	39,827	41,446	47,650	96	84
Coke	Cars	7,716	6,313	7,377	122	105
Forest Products	Cars	68,609	71,906	64,588	95	108
Ore	Cars	2,856	65,028	2,559	4	112
Merchandise—L. C. L.	Cars	130,174	133,874	120,818	97	108
Miscellaneous	Cars	128,122	159,057	122,128	81	105
Total	Cars	480,205	580,835	469,836	83	102
GRAIN RECEIPTS AT MPLS. AND DUL.-SUP.—						
Wheat	Bu.	19,845,734	22,976,390	18,385,264	86	108
Corn	Bu.	876,847	742,414	1,434,194	118	61
Oats	Bu.	5,786,087	4,121,005	7,039,400	140	82
Barley	Bu.	2,658,851	3,224,827	2,446,479	82	109
Rye	Bu.	1,749,078	1,835,597	2,484,357	95	70
Flax	Bu.	1,426,224	3,522,289	2,065,146	40	70
GRAIN STOCKS AT END OF MONTH AT MPLS. & D.-S.—						
Wheat	Bu.	16,691,733	14,815,943	22,186,871	113	75
Corn	Bu.	114,381	57,085	363,355	200	31
Oats	Bu.	29,094,892	29,152,230	32,719,717	100	89
Barley	Bu.	4,845,212	3,094,813	2,556,936	121	189
Rye	Bu.	7,770,582	6,551,636	5,003,958	119	155
Flax	Bu.	2,390,659	2,124,059	1,569,522	113	152

	Unit	Dec. 1925	Dec. 1924
MEDIAN CASH GRAIN PRICES—			
Wheat—No. 1 Dk. Nor.	Bu.		
Durum—No. 2 Amber	Bu.		
Corn—No. 3 Yellow	Bu.		
Oats—No. 3 White	Bu.		
Barley—No. 3	Bu.		
Rye—No. 2	Bu.		
Flax—No. 1	Bu.		
LIVESTOCK RECEIPTS AT SOUTH ST. PAUL—			
Cattle	Head		
Calves	Head		
Hogs	Head		
Sheep	Head		
MEDIAN LIVESTOCK PRICES AT SOUTH ST. PAUL—			
Butcher Cows	Cwt.		
Butcher Steers	Cwt.		
Prime Butcher Steers	Cwt.		
Stock & Feed. Steers	Cwt.		
Veal Calves	Cwt.		
Hogs	Cwt.		
Heavy Hogs	Cwt.		
Lambs	Cwt.		
Ewes	Cwt.		
FLOUR—			
Production—T. C. & D.-S.	Bbbs.		
Shipments from Mpls.	Bbbs.		
LINSEED PRODUCTS SHIPMENTS FROM MPLS.			
	Lbs.		
RETAIL SALES—			
23 Department Stores		\$4.1	
543 Lumber Yards	Bd. Ft.	9.3	
LIFE INS. SALES (4 States)			
		\$28.7	

cent, and during this period there was a rapid rise in the amount of building per capita. From 1910 to 1920, the population increased 99,128 persons, or only 19 per cent, and the valuation of building per capita done during this decade rapidly declined. Since the next decade has not been completed, the amount of increase in population from 1920 to 1930 must lie in the realm of conjecture. If the amount of building per capita done in the decade from 1910 to 1920 is to be maintained until 1930, the population in the Twin Cities, according to this reasoning, must increase about 20 per cent, or 120,000 persons. It will be noted that the volume of building per capita has been above the trend line from 1921 to 1925, inclusive. (See footnote.)

Several other factors enter into the problem, the influence of which it is at present impossible to isolate with any degree of accuracy. Probably the most important factor is the general improvement in the standard of living, which has greatly increased the comforts and conveniences demanded in the average home during the forty-one year period under survey. Modern plumbing and electric lighting, to cite two examples, are of recent enough origin to be within memory of most of those now living.

A second factor is the nature of the increase in population, that is, whether it is native or foreign born, infant or adult. It is probably true that the average immigrant does not have funds with which to build a new house for himself and his family, but

must depend on finding vacant rooms in existing houses or apartments. In contrast, the retired farmer or business man who comes to the Twin Cities to spend his last years, may have ample funds to build a comfortable, and perhaps luxurious residence. As above stated there is also a difference in requirements between infant and adult increases in the population of a city.

A third factor is city and business promotion resulting in the construction of commercial and industrial buildings, adding to the production of commodities to be handled and creating a demand for labor and increased population. In the last few years, residential building has far outstripped the other classes of building.

Footnote: Following the reasoning of Willford I. King in his article on Population Growth and the Volume of Building in the Journal of the American Statistical Association, March, 1924, page 9, and the method first published by W. C. Clark in the supplement to the National Monthly Building Survey of S. W. Straus and Company for December, 1925, the following solutions showing separately the building permits in the Twin Cities per capita of old and new population have been found for the simultaneous equations of the relation between the old population, the new population and the total volume of building in various periods.

Simultaneous Equations for the Years	Building per Capita Old Population	Building per Capita New Population
1885-1889 } 1890-1899 }	\$ 7.48	\$1,142.89
1890-1899 } 1900-1909 }	15.94	729.46
1900-1909 } 1910-1919 }	36.75	119.20

Apparently the old population has been adding to its housing facilities at a steadily increasing rate since 1885 and apparently housing thus vacated has become increasingly more sufficient for the needs of the new additions to population in these cities.

THE NINTH FEDERAL RESERVE DISTRICT

December 1925	November 1925	December 1924	% Dec. 1925 of Nov. 1925	% Dec. 1925 of Dec. 1924	Unit	December 1925	November 1925	December 1924	% Dec. 1925 of Nov. 1925	% Dec. 1925 of Dec. 1924
\$1.74%	\$1.63%	\$1.69	107	103	WHOLESALE TRADE—					
1.53	1.40%	1.66½	109	92	Farm Implements	7 firms	\$716,200	*	\$698,870	...
.80	.91½	1.20	87	67	Hardware	13 firms	1,925,200	\$2,127,070	1,932,680	91
.38½	.35%	.54%	108	70	Shoes	5 firms	685,000	755,170	650,710	91
.63½	.61	.85½	104	74	Groceries	54 firms	5,176,140	5,944,810	4,929,330	87
.98	.79	1.30	124	75	BUILDING—					
2.60	2.56	2.84	102	92	Number of Permits.....	18 cities	840	1,752	781	48
					Value of Permits.....	18 cities	\$4,039,000	\$7,592,400	\$3,600,400	53
					Minneapolis		1,253,000	4,507,100	1,948,600	28
					St. Paul		1,086,300	1,636,500	857,100	66
88,341	122,386	66,659	72	133	Duluth-Superior		1,398,300	893,100	309,700	157
60,309	49,780	49,877	121	121	4 Wheat Belt Cities.....		59,200	105,600	23,000	56
482,034	423,781	582,514	114	83	6 Mixed Farming Cities....		199,100	378,400	420,600	53
62,917	93,377	48,810	67	129	4 Mining Cities.....		43,600	71,700	50,400	61
					Contracts Awarded—Total ...		5,296,300	5,872,200	3,755,700	89
					Residential		2,784,600	3,046,300	2,044,900	71
					Com'l, Indus. & Utility.....		1,093,200	1,366,400	1,412,300	80
\$5.75	\$4.75	\$4.50	121	128	BUSINESS FAILURES—					
8.00	7.50	6.50	107	123	Number		89	90	94	99
9.50	10.00	.....	95	...	Liabilities		\$1,414,078	\$963,797	\$2,032,300	147
6.75	6.35	5.00	106	135	SECURITIES SOLD—					
9.75	9.00	7.75	108	126	To Banks		3,603,000	\$4,495,700	\$5,632,800	80
10.85	11.10	8.85	98	123	To General Public.....		5,525,400	5,392,800	7,592,300	102
9.00	10.00	.....	90	...	9TH F. R. D. MEMBER BANKS—					
15.50	15.00	15.00	103	103	Demand Deposits		\$466,046,000	\$466,660,000	\$468,540,000	100
8.00	7.50	.....	107	...	Time Deposits		434,857,000	433,519,000	425,748,000	100
170,630	1,240,126	951,665	94	123	24 CITY MEMBER BANKS—		Jan. 13 1925	Dec. 16 1925	Jan. 14 1925	% Jan. of Dec. of 1925
174,643	1,152,320	903,514	102	130	Loans		\$249,591,000	\$254,068,000	\$271,475,000	98
					Securities		114,041,000	116,375,000	106,644,000	98
410,895	49,866,002	48,099,244	89	92	Demand Deposits		230,779,000	239,048,000	258,900,000	97
					Time Deposits		112,776,000	109,132,000	102,397,000	103
					Borrowings at F. R. Bank....		1,550,000	2,537,000	148,000	61
119,900	\$2,653,710	\$4,007,230	155	101	MINNEAPOLIS F. R. BANK—					
323,000	17,851,000	9,182,000	52	102	Loans to Member Banks.....		4,081,474	6,298,551	4,283,087	65
768,000	\$24,723,000	\$28,763,000	116	100	F. R. Notes in Circulation....		67,556,185	69,292,905	68,624,985	97

*Credits, allowances and refunds exceeded sales by \$2,630.

SELECTION AND DUTIES OF FEDERAL RESERVE BANK DIRECTORS

The taking of office at the beginning of the New Year by new Federal Reserve Bank directors makes it appropriate to review the method by which directors of the Reserve Banks are chosen, the type of men who serve, and their powers and duties.

Method of Selection

Each of the 12 Federal Reserve Banks has a Board of nine Directors which is responsible, under the general supervision of the Federal Reserve Board in Washington, for the policy and administration of the Bank. Of the nine directors, six are elected by the member banks and three are appointed by the Federal Reserve Board. Of the six elected by member banks three may be bankers, and the other three must be actively engaged in commerce, agriculture, or industry in the district, and while serving as Reserve Bank directors may not serve as directors or officers of any other bank. Of the three directors appointed by the Federal Reserve Board, one, a man of banking experience, acts as chairman of the Board, and devotes his entire time to the Federal Reserve Bank, carrying in addition the title and duties of Federal Reserve Agent. The other two appointed by the Federal Reserve Board must have no other banking connection while serving as directors. Hence they are usually business men.

Business Men in Majority

Thus, of the nine directors of each Reserve Bank, five are ordinarily business men, three are active bankers (frequently with business interests in addition), and one is chairman and Federal Reserve Agent. Directors hold office for three years and may be reappointed or reelected.

Of the present 108 directors of the 12 Reserve Banks, 12 are the chairmen of the board and 36 are active bankers. The remaining 60, constituting the majority, have the following occupations:

19 manufacturers	2 lawyers
14 merchants	2 railroads
4 farmers	1 cattleman
4 lumbermen	1 contractor
2 insurance	1 public utilities
3 investment bankers	1 mining
3 retired businessmen	1 savings bank officer
2 publishers	

In each of the 12 Federal Reserve districts it is men with this wide range of interests and familiar with conditions in the district who are responsible for the management of the Reserve Bank.

Directors of the Federal Reserve Bank of Minneapolis

Elected by Member Banks:

J. C. Bassett, Aberdeen, S. D. (Banker)
 Wesley C. McDowell, Marion, N. D. (Banker)
 Paul J. Leeman, Minneapolis, Minn. (Banker)
 N. B. Holter, Helena, Mont. (Hardware)
 John S. Owen, Eau Claire, Wis. (Lumberman)
 Paul N. Myers, St. Paul, Minn. (Paper Manufacturer)

Appointed by Federal Reserve Board:

J. R. Mitchell, Chairman of the Board and Federal Reserve Agent
 Homer P. Clark, Deputy Chairman, St. Paul, Minn. (Publisher)
 Geo. W. McCormick, Menominee, Mich. (Manufacturer)

Of these directors, Mr. Leeman and Mr. Myers were recently elected by the member banks for terms of three years each, beginning January 1, 1926. Mr. McCormick was recently reappointed by the Federal Reserve Board for a similar term of three years. Mr. Owen was recently elected by member banks to fill the term of Mr. Hixon, resigned, which expires December 31, 1927.

Directors of Branch Banks

In addition to the directors of the 12 Reserve Banks each of the 23 branches has a board of directors, residents of the territory served by the branch. The directors of the branches have a range of occupations and interests similar to those indicated for the directors of the banks. Their jurisdiction in credit matters is limited to passing upon loans to member banks in the territory served by the branch. In the Minneapolis district, there is one branch at Helena, Montana. This branch has 6 directors, 2 appointed by the Federal Reserve Board and 4 appointed by the Federal Reserve Bank. The following are the directors of the Helena Branch:

C. J. Kelly, Chairman, Butte, Mont. (Banker and Business Man)
 Henry Sieben, Vice Chairman, Helena, Mont. (Livestock)
 R. O. Kaufman, Helena, Mont. (Banker)
 T. A. Marlow, Helena, Mont. (Banker)
 Lee M. Ford, Great Falls, Mont. (Banker)
 R. E. Towle, Helena, Mont. (Managing Director)

Local and National Interest

The Board of Directors of each Reserve Bank appoints its officers and is responsible for its policy and management, subject to the general supervision of the Federal Reserve Board. A certain coordination is necessary between the 12 Reserve Banks in important matters of policy. The law therefore provides that decisions of any Reserve Bank as to changes in the discount rate must be approved by the Federal Reserve Board. Transactions in bankers acceptances and short term government securities in the open market are coordinated through a committee of Reserve Bank officers appointed by the Federal Reserve Board and acting under the approval and authority of the directors of those Reserve Banks which may from time to time participate in such transactions.

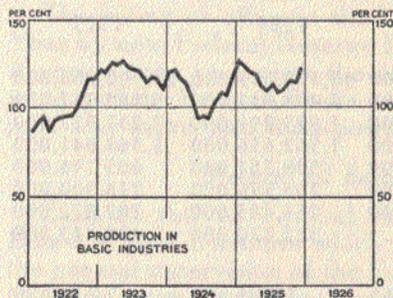
Under the terms of the Federal Reserve Act and current procedure, the management of the Federal Reserve System is so designed as to bring to bear upon any important question of policy both local and national points of view, together with the opinions of men of many different occupations.

NINTH FEDERAL RESERVE DISTRICT

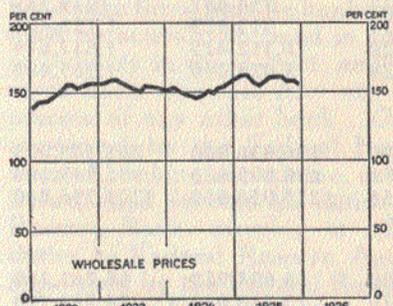
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THE YEARS 1921 TO 1925 IN THE NINTH FEDERAL RESERVE DISTRICT

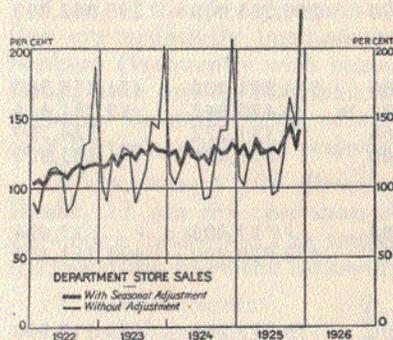
Volume of Business	1921	1922	1923	1924	1925	
Debits to individual accounts—						
11 Cities	\$6,804,908,000	\$7,191,094,000	\$7,747,703,000	\$8,458,603,000	\$9,302,263,000	
Minneapolis	3,580,600,000	3,608,835,000	3,884,945,000	4,408,011,000	5,069,367,000	
St. Paul	1,459,535,000	1,893,984,000	2,071,659,000	1,973,891,000	2,037,327,000	
Duluth-Superior	1,009,068,000	972,021,000	1,018,226,000	1,362,656,000	1,369,841,000	
8 Wheat Belt Cities	580,991,000	577,541,000	615,265,000	599,351,000	685,198,000	
3 Mississippi Valley Cities			227,502,000	203,596,000	218,900,000	
Sioux Falls	210,908,000	173,806,000	190,285,000	161,485,000	202,072,000	
South St. Paul				322,070,000	439,443,000	
Freight Carloadings—N. W. Dist.—						
Total	5,477,314	6,537,430	7,418,065	6,878,582	7,271,099	
Grain and Grain Products	613,379	703,098	667,495	730,007	646,001	
Livestock	406,159	446,043	509,977	505,231	462,710	
Coal	346,469	407,537	433,184	375,933	381,616	
Coke	39,064	70,309	72,614	58,030	73,897	
Forest Products	648,992	784,538	1,002,117	958,487	979,333	
Ore	481,443	929,932	1,323,034	913,429	1,126,485	
Merchandise L. C. L.	1,367,126	1,425,115	1,516,820	1,512,425	1,637,649	
Miscellaneous	1,574,682	1,770,858	1,892,824	1,825,040	1,963,408	
Retail Sales						
Lumber (543 yards) (bd. ft.)	158,681,937	175,993,899	168,153,600	156,036,000	203,148,000	
General Merchandise (23 stores)		\$28,301,016	\$30,210,291	\$30,895,620	\$31,949,160	
Securities sold (10 firms)		\$132,372,400	\$147,322,056	\$229,958,950	\$203,396,800	
Wholesale Sales						
Shoes (5 firms)	\$6,902,671	\$7,661,094	\$8,004,200	\$6,694,930	\$8,261,160	
Hardware (13 firms)	20,940,406	20,087,367	24,159,770	23,218,040	24,751,100	
Groceries (54 firms)	61,458,000	62,282,991	66,547,081	65,960,440	66,099,840	
Agricultural Implements (7 firms)		17,511,541	16,678,260	19,884,460	27,783,880	
Manufacturing						
Lumber cut (9 firms) (bd. ft.)	166,215,689	194,811,792	266,515,370	250,565,000	299,852,000	
Mining						
Copper (5 firms) (lbs.)	128,984,503	284,787,800	358,975,800	374,291,900	421,456,500	
Silver (4 firms) (oz.)	3,788,777	8,820,456	9,984,571	8,478,942	9,281,412	
Gold (2 firms) (oz.)	311,796	326,995	336,768	331,772	324,789	
Coal (2 firms) (tons)	1,024,300	764,130	1,152,100	847,025	683,000	
Building Permits						
Number (18 cities)	21,970	24,091	25,495	22,006	23,494	
Valuation (18 cities)	\$49,852,603	\$71,185,618	\$84,626,543	\$59,970,900	\$73,361,100	
Stocks of Goods on December 31						
Lumber Mfrs. (9 firms) (bd. ft.)	197,117,082	132,919,148	149,287,200	138,771,000	181,217,000	
Lumber Retailers (508 yds.) (bd. ft.) ..	113,821,670	101,925,160	98,161,800	96,516,000	100,181,000	
Retail Stores (20 firms)			\$6,734,700	\$6,868,330	\$6,797,950	
Prices						
Median Cash Grain Prices at Minneapolis—						
Wheat, No. 1, D. N. S. (bu.)	\$1.81½	\$1.33	\$1.30⅛	\$1.19¼	\$1.69	\$1.74½
Durum, No. 2 Amber (bu.)				1.09⅛	1.66½	1.53
Corn, No. 3, Yellow (bu.)72	.40	.66	.64¾	1.20	.80
Oats, No. 3, White (bu.)46	.30¼	.40	.39¾	.54⅝	.38½
Barley, No. 3 (bu.)83	.45	.59	.57	.85½	.63½
Rye, No. 2 (bu.)	1.48	.78½	.83½	.65¼	1.30	.98
Flax, No. 1 (bu.)	2.30	1.89½	2.62	2.46½	2.84	2.60
Median Livestock Prices at South St. Paul—						
Butcher Cows (Cwt.)	5.50	4.00	4.50	5.00	4.50	5.75
Butcher Steers (Cwt.)	7.75	5.25	6.50	6.75	6.50	8.00
Stock and Feeder Steers (Cwt.)	7.00	4.75	5.25	5.25	5.00	6.75
Veal Calves (Cwt.)	12.00	7.00	7.75	7.75	7.75	9.75
Hogs (Cwt.)	11.33	6.50	8.00	6.50	8.85	10.85
Lambs (Cwt.)	10.50	9.50	14.00	12.25	15.00	15.50
Wholesale Produce Prices at Minneapolis—						
Butter, extra creamery (lb.)53	.37	.49	.52	.42	.46
Eggs, U. S. No. 1 (doz.)58	.38	.38	.34	.48	.37
Hens, over 4 lbs. (lb.)24	.21	.18	.18	.20	.26
Potatoes, U. S. No. 1 (Cwt.)	1.80	2.25	1.10	1.00	1.10	4.25



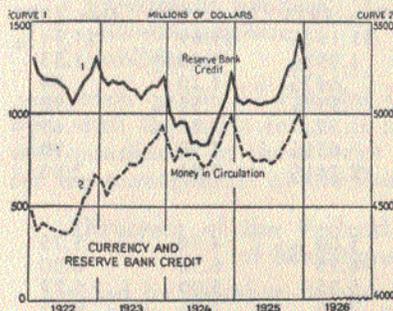
Index of 22 Basic Commodities Adjusted for Seasonal Variations (1919 = 100). Latest figure—December, 122.



Index of United States Bureau of Labor Statistics (1913 = 100, base adopted by Bureau). Latest figure—December, 156.



Index of Sales of 359 Stores (1919 = 100). Latest figures—December, Adjusted index, 142; Unadjusted index, 228.



Money in Circulation Data are Averages of First of Month Figures, and Reserve Bank Credit Data are Monthly Averages of Daily Figures. Latest figures in millions—January (partly estimated), Money in circulation, \$4,870; Reserve bank credit, \$1,242.

Summary of National Business Conditions

(Compiled January 25 by Federal Reserve Board)

Production and distribution of commodities was in larger volume in December than in November and the volume of retail trade was larger than in any previous month. Wholesale prices declined to the level prevailing last spring, which was the low point for the year.

PRODUCTION: The Federal Reserve Board's index of production in basic industries advanced 6 per cent in December to the highest level in ten months. The rise in this index has been nearly continuous since last August, when the volume of production was at the low point for 1925. In December, the production of iron and steel and bituminous coal and factory consumption of cotton increased considerably, and the production of lumber, cement and copper was maintained at relatively high levels. The volume of factory employment and payrolls, after increasing during the late summer and autumn months, continued practically unchanged in November and December, with increases in some important industries offsetting seasonal declines in others. Building contracts awarded during December were the largest recorded for that month and exceeded in value those awarded in November, although a seasonal decrease in building activity usually occurs at that time of the year.

TRADE: Sales at department stores, chain stores and mail order houses in December indicated the largest volume of Christmas trade on record. Trade at wholesale declined seasonally, but continued larger than last year. Stocks at department stores showed less than the usual decline in December and were 4 per cent larger at the end of 1925 than a year earlier. Freight carloadings continued large during December, with shipments of merchandise and miscellaneous commodities, coke and coal particularly heavy.

PRICES: The general level of prices, as measured by the wholesale price index of the Bureau of Labor Statistics declined by about 1 per cent in December and was at the end of the year somewhat lower than a year earlier. The average of wholesale prices for the year 1925 as a whole, however, was the highest in five years, and the changes in the price level during the year were smaller than in any year in more than a decade. Among agricultural commodities, the prices of livestock and dairy products declined in December, while grain prices advanced. Among non-agricultural commodities, the principal declines were in the prices of cotton goods, paper and rubber, while somewhat higher prices were shown for silk, coal and lumber. In the first three weeks of January, quotations on hogs, coke and hardwood lumber advanced, while prices of corn, cattle and rubber declined.

BANK CREDIT: Changes in the demand for currency have been the principal factor influencing the volume of Reserve bank credit in use since the middle of November. During the five weeks between November 18 and December 23, the Reserve banks paid out into domestic circulation a net amount of about \$320,000,000 of currency in the form of gold and gold certificates, Federal reserve notes and other kinds of money, and during the following four weeks, the return flow of currency from circulation amounted to about \$430,000,000. These currency movements were reflected in corresponding changes in the volume of Reserve bank discounts for member banks.

At member banks in leading cities, total loans and investments which had increased almost continuously during 1925, reached the highest level on record at the end of December, but declined by about \$200,000,000 during the first two weeks of the new year.

Both the increase in bank loans in the latter part of December and the decline after the turn of the year were largely in loans on securities, particularly at member banks at New York City. These changes in the demand for loans at member banks were related both to the changes in customers' currency requirements and to end-of-the-year disbursements by many industrial and financial institutions.

Conditions in the money market, which had become firmer in the last half of December, were easier in January. Rates on bankers' acceptances increased following the advance in the buying rate of the New York Federal Reserve Bank effective January 8, while rates on commercial paper showed little change during the period.