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 August, measured either by check payments through banks in seventeen reporting cities or by total carloadings, other than of iron ore, was less than last year. Small gains were shown in the carloadings of miscellaneous merchandise. Sales reported in August by department stores in the larger cities, by retail lumber yards scattered throughout the district and by wholesalers (except of groceries) were all below last year. Gains were shown in shipments by lumber manufacturers and in copper production, but declines took place in flour and in linseed production.

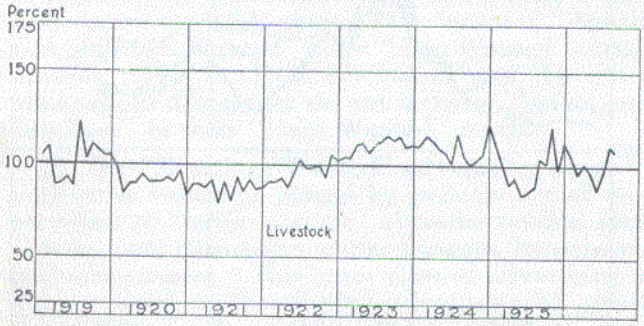
As compared with the preceding month, the volume of business in August, as measured by check payments through banks, declined 7 per cent, whereas in the preceding years, there has customarily been no change shown. This is to be accounted for largely by a substantial decline in the receipts of hogs at terminals, by a failure of cattle receipts to show the usual seasonal increase, by lower prices for all grains, except corn and flax, and by a substantial decline in the price of hogs.

Duluth-Superior and the iron range territory made a very favorable showing in August. Shipments and carloadings of iron ore in August were one-fourth larger than a year previous, and were also larger than in July. In consequence, the cumulative total of shipments of iron ore for the season to August 31 was better than on a par with last year. Wheat receipts at Duluth-Superior in August were 2 million bushels greater than last year. The total valuation of building permits issued during August in these two cities was one-half greater than a year earlier. However, check payments through banks in these cities were one-third less than in August of last year.

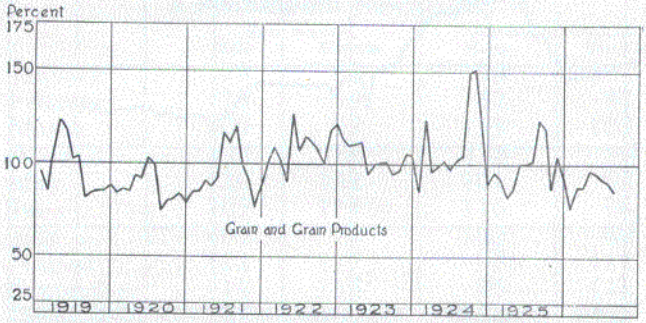
Recent crop forecasts of the Department of Agriculture for the feed crops of oats, barley and hay in Minnesota, North Dakota, South Dakota and Montana, indicate declines of one third as compared with last year. In connection with this forecast, it is important to note that the largest declines in August grain receipts at terminals in this district were shown for oats and barley, amounting, respectively, to 10 million and 5 million bushels. Some increase in demand for the feed grains is suggested by a movement of feeder cattle 2 per cent larger in August than last year, and shipments of hogs and sheep for feeding purposes more than double last year.

Prospective business activity based upon building operations, as reflected in the valuation of building permits granted during August in eighteen representative cities of this district, was 16 per cent better than last year and 33 per cent better than in July. The cities having more than a doubled valuation of permits as compared with August of last year, were Aberdeen, Butte, Rochester, St. Cloud, Superior and Winona.

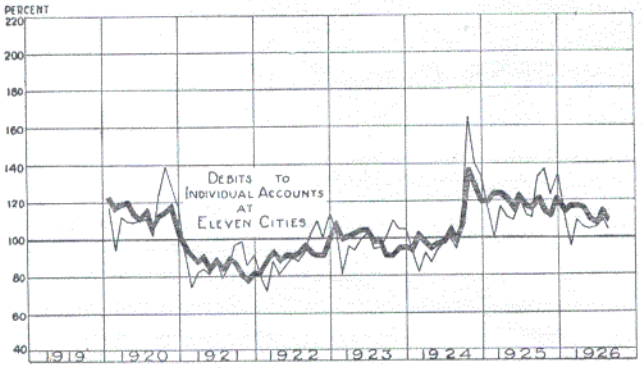
A satisfactory picture of the banking situation in the Ninth Federal Reserve District at the opening of this crop year as contrasted with that of a year ago, may be obtained by comparing the totals of important items in the balance sheets of all banks within the four complete states of this district as of June 30, 1926 and June 30, 1925. Such a comparison shows improvement in the loan position but greater utilization of reserves. The loan item, made up



Carloadings of Livestock in the Northwestern District, by Months, 1919-1926. Curve adjusted to eliminate seasonal changes.



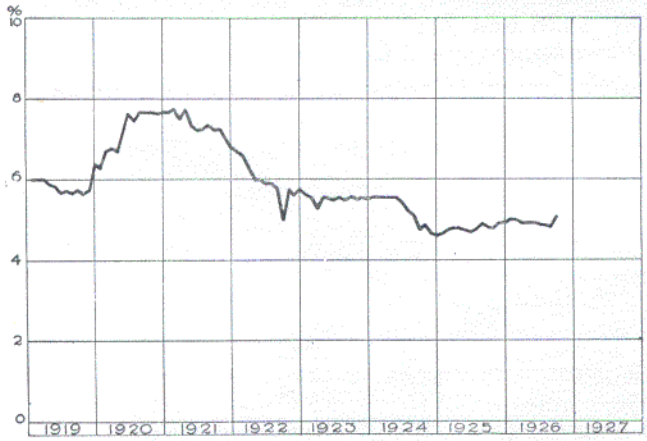
Carloadings of Grain and Grain Products in the Northwestern District, 1919-1926. Curve adjusted to eliminate seasonal changes.



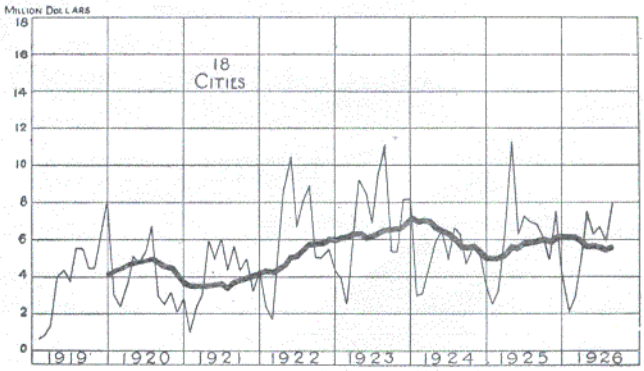
Debits to Individual Accounts at Banks in Cities of the Ninth Federal Reserve District. Heavy curve represents figures adjusted to eliminate seasonal changes; light curve represents actual figures. The "Eleven Cities" include Minneapolis, St. Paul, Duluth and eight others.

largely of loans to customers, was reduced 65 million dollars. Holdings of United States and other investment securities—"secondary reserves"—were increased 36 millions and borrowed money from the Federal Reserve Bank and correspondent banks was reduced 5 millions. On June 30, 1925, there was a holdover of deposits resulting from the unusually large proceeds of the 1924 crops. In the year following, these were drawn upon, the reduction being 21 millions for time deposits, 11 millions for demand deposits and 6 millions for cash on hand and net balance with correspondent banks (i. e., "due from banks" less "due to banks").

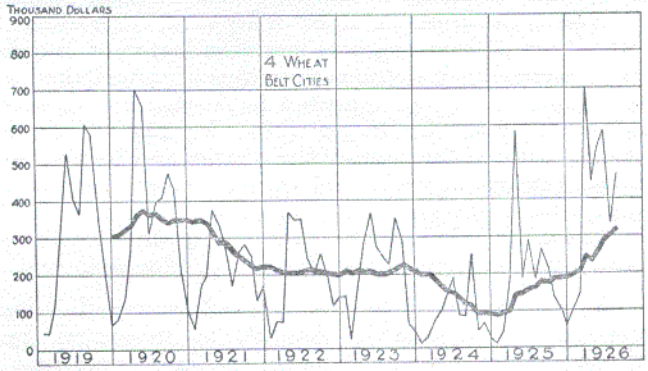
Reports received from selected member banks located in the larger cities of this district, show that the total of their loans increased 1½ million dollars between July 28 and August 25, and an additional 4½ millions between the latter date and September 15. A decrease in loans on securities was more than offset by an increase of $9,000,000 in other loans. The loans of this Federal Reserve Bank were 1 million dollars less at the end than at the beginning of these seven weeks. The weighted average of interest rates charged locally by the larger banks had advanced by September 15 to a point higher than at any time since August 15, 1924.



Interest Rates Charged by Representative Minneapolis Banks on Prime Loans, 1919-1926. The rate shown is a weighted average of rates quoted on four classes of loans.



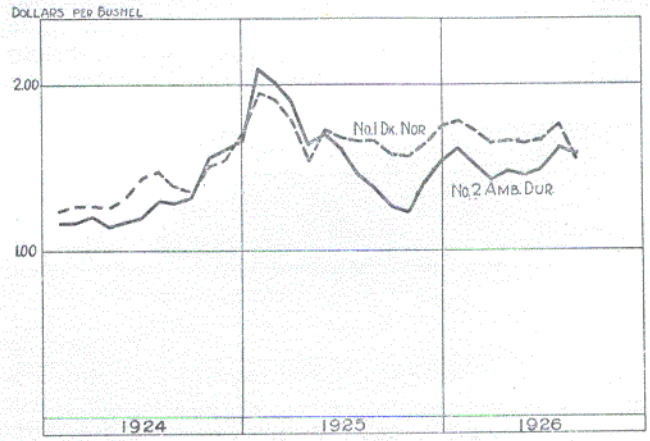
Valuation of Building Permits issued at 18 Cities in the Ninth Federal Reserve District. Light curve, actual figures; heavy curve, 12 months moving average.



Valuation of Building Permits Issued at 4 Wheat Belt Cities. (Fargo, N. D.; Great Falls and Helena, Mont.; Aberdeen, S. D.) Light curve, actual figures; heavy curve, 12 months moving average.

TOPICAL REVIEWS

Durum wheat growers in the Northwest are favored by a fortunate accident of poor crops in Italy, Morocco and Tunis, which has lifted the price of durum wheat relative to the price of bread wheat to an unusual extent. This fact has reduced the loss which has been expected due to the poor yields of the northwestern durum crop this year. With a large United States bread wheat crop and, seemingly, an adequate foreign supply of bread wheat, the median price of No. 1 Dark Northern wheat at Min-



Median Cash Prices of Bread Wheat at Minneapolis and Durum Wheat at Duluth, 1924-1926. No. 1 Dark Northern Spring Wheat and No. 2 Amber Durum are the grades used.

neapolis dropped 20 cents between July and August this year and was 10 cents per bushel lower in August than a year ago. The median price of No. 2 Amber Durum wheat, on the contrary, decreased only 2 cents between July and August and was 21 cents higher than a year ago. As a result, durum sold 3 cents over bread wheat in August, 1926, for the grades mentioned, as compared with 28 cents under bread wheat in August last year. The United States durum wheat crop this year is 27 per cent smaller than the crop a year ago, but if the higher prices prevailing are maintained, the cash returns from durum wheat in the Northwest will be only 16 per cent smaller than last year.

"Help Wanted" and "Situations Wanted" Advertising in Minneapolis and St. Paul Newspapers

Beginning with January, 1919, this office collected monthly data covering the number of "Help Wanted" and "Situations Wanted" advertisements in one important Minneapolis newspaper. The figures in both of these classifications were subdivided into male and female groups. Beginning with October, 1923, similar figures were secured from another large Minneapolis newspaper. Beginning with May, 1924, the largest newspaper in St. Paul began to compile and report similar figures. The St. Paul paper does not separate male and female "Situations Wanted." On page 265 of this Review, a graphic chart is presented showing the fluctuations in employment advertising in the Minneapolis newspaper for which we have the longest series of figures and for the St. Paul newspaper throughout the length of their reporting periods. These curves are presented in the form of percentages of the average month in 1925. This base year was chosen with no other consideration than that it was the only year for which complete records were available for all these series of figures.

The Minneapolis newspaper, whose figures cover a shorter period, reported fluctuations in employment advertising so similar to those shown in the chart on page 265 that it was not thought essential to present curves for this paper at this time. At a later date a combination will be made of the figures reported by the two Minneapolis newspapers for the sake of greater completeness of the data.

Several peculiarities in the data should be noted, as follows: 1. The Minneapolis newspaper, whose records are available since 1919, includes "Agents and Solicitors Wanted" in its "Help Wanted" classification. The St. Paul newspaper and the other Minneapolis newspaper do not include "Agents and Solicitors" in their "Help Wanted" totals.

2. The "Situations Wanted" advertising varies in both cities from ads placed by persons out of employment to "business cards" of trades people, such as teamsters, carpenters, paper hangers, laundresses and seamstresses. This latter class of advertising is more related to the display advertising of stores than it is to employment conditions, for these cards or notices appear every day, regardless of whether or not the tradesman is fully employed. The St. Paul newspaper commenced on September 1, 1925 to encourage the greater use of its "situations wanted" columns for some classes of business cards, such as those of seamstresses and laundresses, by reducing its charges from 70c for two lines of type to 25c for three lines of type. The result has been a great increase in the use of this medium of advertising, as shown in the "Situations Wanted" curve for St. Paul on page 265.

3. The variation in volume of employment advertising between week days and Sundays is very pronounced and, consequently, some of the fluctuations in employment advertising are accounted for by some months containing five Sundays and others containing four Sundays. During the seven years, 1919-1925 there were twenty-nine months containing five Sundays and fifty-five months containing four Sundays. The months containing five Sundays have been starred in the chart on page 265.

As an illustration of the effect of a fifth Sunday on the volume of employment advertising, the figures for the month of August, 1926 for one Minneapolis newspaper have been analyzed. The table below shows the average daily volume of Sunday advertising and of week day advertising in the four classes of employment advertising. It is also shown that the increases due to the fifth Sunday ranged from 3.6 per cent to 6.5 per cent during this particular month.

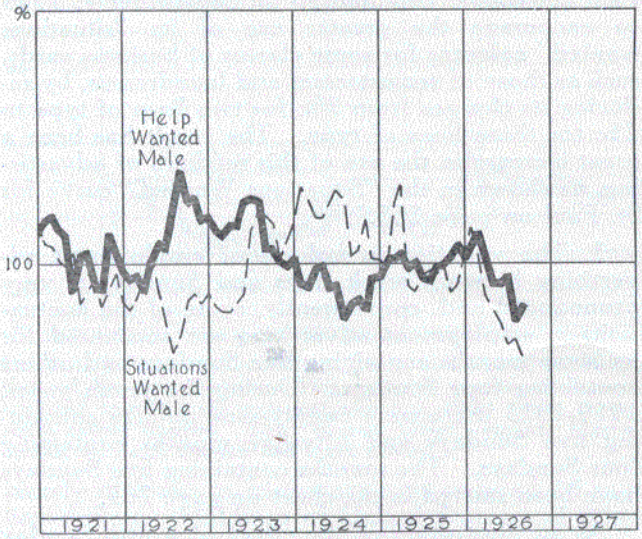
Sunday and Week-day Employment Advertising in a Minneapolis Newspaper during August, 1926

	Average Daily Number of Sunday ads	Average Daily Number of Week-day ads	Increase in Number of Ads On Account of the Fifth Sunday
"Help Wanted"			
Male	135	48	5.0 per cent
Female	102	44	3.6 per cent
"Situations Wanted"			
Male	30	12	4.1 per cent
Female	41	11	6.5 per cent

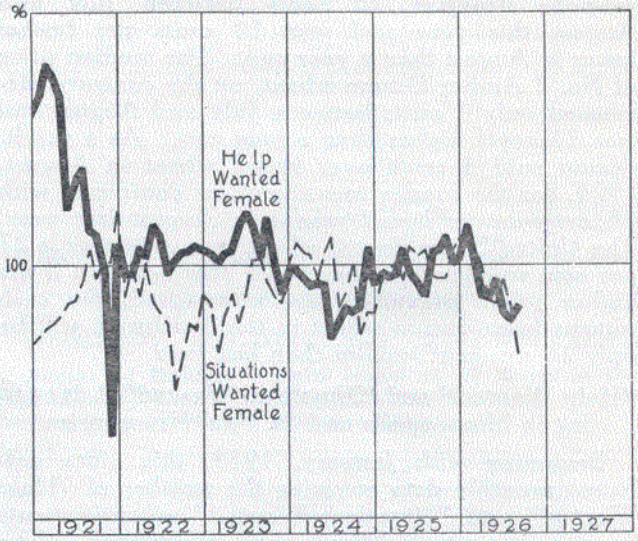
As indexes of business conditions these series of figures are improved very materially if seasonal changes are eliminated. For the Minneapolis newspaper whose figures are available since 1919, seasonal relatives have been computed and are shown in the accompanying table.

Seasonal Relatives for Employment Advertising in a Minneapolis Newspaper

	Help Wanted		Situations Wanted	
	Male	Female	Male	Female
January	79	67	90	101
February	79	59	87	91
March	109	97	115	103
April	121	130	118	90
May	120	132	101	92
June	105	111	116	96
July	105	94	102	89
August	122	117	98	111
September ..	116	153	95	114
October	99	109	106	124
November ...	79	70	98	117
December ...	66	61	74	72



Male "Help Wanted" and "Situations Wanted" Advertisements in a Minneapolis Newspaper. These curves have been adjusted to eliminate seasonal changes.



Female "Help Wanted" and "Situations Wanted" Advertisements in a Minneapolis Newspaper. These curves have been adjusted to eliminate seasonal changes.

Curves of percentages which individual months' totals are of these seasonal relatives, centered around the average month in 1925 as a base period, are shown on this page. These curves, showing changes in employment advertising in Minneapolis, other than purely seasonal changes, give a good picture of changes in the employment market. The abnormal years, 1919-1920, have not been included in these adjusted charts because the violent fluctuations in these years would dwarf the more moderate changes which have occurred in more recent years and which will probably appear in the future, unless another great economic upheaval takes place. From the "Help Wanted" advertising curves, in particular, it may be clearly seen that the market for labor expanded during the active period in 1922-1923 and in 1924-1926. At the present time the labor market is evidently very dull. The up-turn in August, 1926, is almost entirely accounted for by the fact that August had five Sundays.

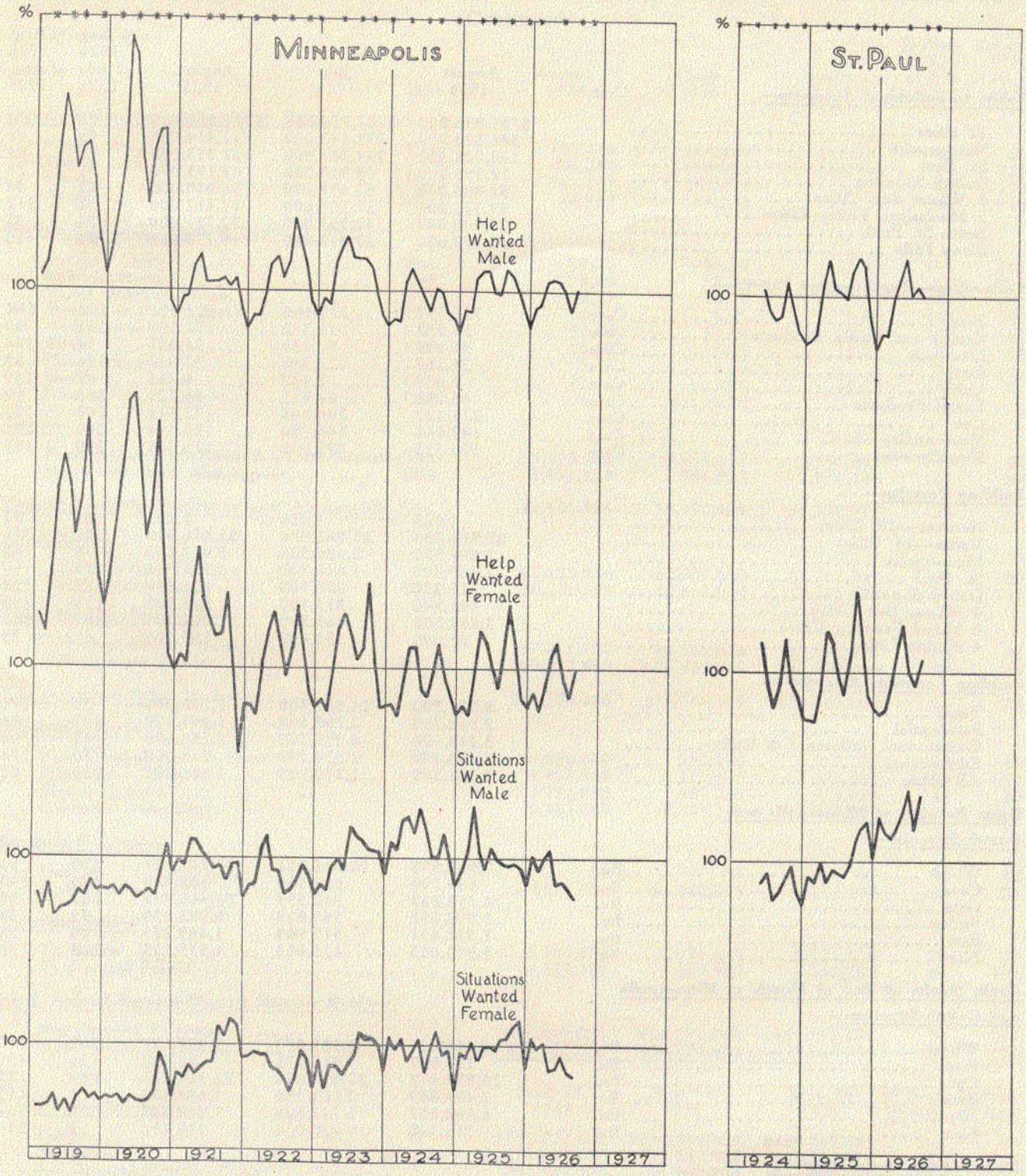
Advertisements for male help wanted and male situations wanted reflect changes in the industrial and commercial employment situation much better than advertisements for female help wanted and female situations wanted because the proportion of advertising for industrial and commercial needs is much greater in these former two series. To give a general illustration of this fact the advertisements were counted for three typical days in September, 1926, including one Sunday and two week-days. The proportions of advertisements in the "Stores and Offices, Professions and Trades and Executives and Managers" groups were as follows:

Male help wanted	43 percent
Male situations wanted	77 percent
Female help wanted	26 percent
Female situations wanted	32 percent

The actual number of ads in each sub-classification is given in the following table:

Classification of Employment Advertising in a Minneapolis Newspaper on Three Typical Days in September, 1926

MALE	Help Wanted	Situations Wanted
Miscellaneous	40	11
Stores and Offices	84	24
Professions and Trades	41	39
Salesmen and Solicitors	103	7
Executives and Managers	2	2
Help Wanted with Investment	9	
Farm and Garden Help	1	
Teamsters, Drivers, Chauffeurs	7	1
Hotels and Restaurants	8	
TOTAL	295	84
FEMALE		
Miscellaneous	19	10
Saleswomen and Solicitors	11	
Stores and Offices	44	21
Professions and Trades	18	4
Housekeepers and Caretakers	8	8
Household and Domestic	121	5
Teachers Wanted	1	
Hotels and Restaurants	4	
Nurses and Governesses	11	7
Dressmakers		8
Laundresses		15
TOTAL	237	78



"Help Wanted" and "Situations Wanted" Advertising, Male and Female, in Minneapolis and St. Paul Newspapers. The curves are shown as percentages of the average month in 1925 without any correction to remove the effects of seasonal influences. "Five Sunday months" starred.

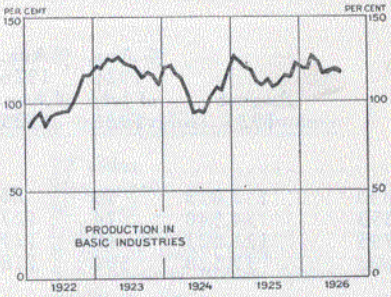
COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

	Unit	August 1926	July 1926	August 1925	% Aug. 1926 of July 1926	% Aug. 1926 of Aug. 1925
Debits to Individual Accounts—						
17 cities		$731,896,000	$787,974,000	$776,568,000	93	94
Minneapolis		386,878,000	395,140,000	391,414,000	98	99
St. Paul		152,028,000	164,564,000	161,914,000	92	94
Duluth-Superior		72,393,000	79,930,000	102,193,000	91	71
8 Wheat Belt Cities		52,806,000	63,639,000	56,080,000	83	94
3 Mississippi Valley Cities		19,572,000	21,328,000	17,412,000	92	112
South St. Paul		29,840,000	40,357,000	30,777,000	74	97
Sioux Falls		18,379,000	23,016,000	16,778,000	80	110
Carloadings—Northwestern District—						
Total	Cars	751,237	719,686	721,334	104	104
Grains and Grain Products	Cars	53,523	35,212	77,508	152	69
Livestock	Cars	35,403	37,459	34,037	94	104
Coal	Cars	28,283	22,486	32,072	126	88
Coke	Cars	6,629	7,177	4,763	92	139
Forest Products	Cars	68,090	64,327	68,729	106	99
Ore	Cars	215,127	208,946	172,522	103	125
Merchandise—L. C. L	Cars	148,844	148,980	146,614	100	101
Miscellaneous	Cars	195,338	195,099	185,089	100	105
Building Permits—						
Number—18 Cities		2,023	1,920	2,283	105	87
Value—18 Cities		$7,910,200	$5,962,000	$6,816,900	133	116
Minneapolis		1,897,500	2,420,500	3,073,200	78	62
St. Paul		1,689,400	1,630,300	1,731,400	115	97
Duluth-Superior		716,200	978,500	471,300	73	152
4 Wheat Belt Cities		463,500	333,100	268,300	139	173
6 Mixed Farming Cities		3,059,800	463,200	1,165,600	661	263
4 Mining Cities		83,800	136,400	107,100	61	78
Building Contracts Awarded—						
Total		8,571,200	11,811,500	7,730,700	73	111
Residential		2,910,700	2,708,600	3,095,100	107	94
Commercial, Industrial & Utility		3,214,600	6,597,700	2,231,600	49	144
Educational		1,059,400	1,394,300	716,000	76	148
All other		1,386,500	1,110,900	1,688,000	125	82
Grain Receipts at Minneapolis and Duluth-Superior—						
Wheat	Bu.	15,995,898	10,636,857	17,105,129	150	93
Corn	Bu.	669,795	632,175	466,440	106	143
Oats	Bu.	4,758,869	942,558	14,466,719	507	33
Barley	Bu.	1,990,592	563,819	6,983,950	35	28
Rye	Bu.	1,031,651	515,969	1,409,275	20	73
Flax	Bu.	1,015,055	453,084	1,335,133	224	76
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—						
Wheat	Bu.	6,666,077	3,181,879	5,007,577	209	133
Corn	Bu.	397,927	316,878	86,562	126	459
Oats	Bu.	24,958,179	22,854,676	22,105,640	109	125
Barley	Bu.	2,483,089	2,082,488	1,604,268	119	155
Rye	Bu.	6,102,657	5,741,525	1,142,668	106	534
Flax	Bu.	753,308	976,024	310,750	77	236
Median Cash Grain Prices—						
Wheat—No. 1 Dark Northern	Bu.	$1.56⅛	$1.75¾	$1.66⅞	86	93
Durum—No. 2 Amber	Bu.	1.59⅜	1.61½	1.38	99	115
Corn—No. 3 Yellow	Bu.	.81	.79	1.04¼	103	78
Oats—No. 3 White	Bu.	.37½	.40¾	.37½	92	100
Barley—No. 3	Bu.	.61	.66	.69	93	89
Rye—No. 2	Bu.	.95⅞	1.05¼	1.01½	93	94
Flax—No. 1	Bu.	2.44½	2.40¼	2.52	102	97

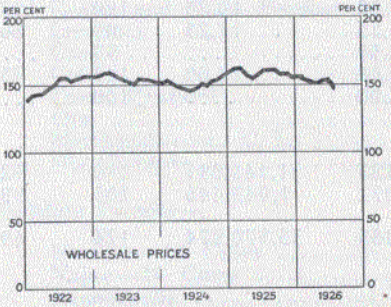
COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT (Continued)

	Unit	August 1926	July 1926	August 1925	% Aug. 1926 of July 1926	% Aug. 1926 of Aug. 1925
Livestock Receipts at South St. Paul—						
Cattle	Head	103,416	104,890	117,013	99	88
Calves	Head	43,717	58,853	34,540	74	127
Hogs	Head	142,191	207,795	121,823	68	117
Sheep	Head	44,387	14,602	37,528	304	118
Median Livestock Prices at South St. Paul—						
Butcher Cows	Cwt.	$5.75	$5.50	$5.25	105	110
Butcher Steers	Cwt.	9.00	9.25	7.25	97	124
Prime Butcher Steers	Cwt.	10.15	10.10	....	100	...
Stocker & Feeder Steers	Cwt.	6.00	6.00	6.00	100	100
Veal Calves	Cwt.	11.00	11.00	10.25	100	107
Hogs	Cwt.	10.50	11.75	12.25	89	86
Heavy Hogs	Cwt.	9.75	10.50	....	93	...
Lambs	Cwt.	13.25	13.00	14.00	102	95
Ewes	Cwt.	6.00	6.00	....	100	...
Flour—						
Production—Twin Cities & Duluth-Superior	Bbls.	1,053,760	1,051,227	1,141,891	100	92
Shipments from Minneapolis	Bbls.	1,035,223	984,072	1,043,446	105	99
Linseed Products Shipments from Minneapolis	Lbs.	24,536,383	19,492,485	35,370,974	126	69
Retail Sales—						
22 Department Stores		$2,151,860	$2,088,550	$2,262,740	103	95
548 Lumber Yards	Bd. Ft.	20,268,000	20,611,000	22,245,000	98	91
Retail Merchandise Stocks—						
19 Department Stores		$7,011,780	$6,520,870	$7,276,480	108	96
513 Lumber Yards	Bd. Ft.	109,822,000	109,909,000	115,794,000	100	95
Life Insurance Sales (4 States)		$23,266,000	$25,786,000	$26,385,000	90	88
Wholesale Trade—						
Farm Implements—6 firms		886,640	580,520	1,257,770	153	69
Hardware—13 firms		1,958,960	2,110,380	2,179,180	93	90
Shoes—5 firms		732,650	489,760	919,620	149	80
Groceries—46 firms		5,383,160	5,335,100	5,380,160	101	100
Business Failures—						
Number		85	93	91	92	94
Liabilities		$631,509	$1,020,053	$894,217	62	71
Securities Sold—						
To Banks		2,160,600	2,921,400	3,921,100	74	55
To General Public		4,622,100	5,665,900	4,558,200	81	101
Ninth Federal Reserve District Member Banks—						
Net Demand Deposits		409,868,000	421,196,000	441,593,000	97	93
Time Deposits		439,558,000	438,926,000	430,029,000	100	102

24 City Member Banks—	Sept. 15 1926	Aug. 18 1926	Sept. 16 1925	% Sept. of Aug.	% Sept. of Sept.
Loans	$236,772,000	$231,343,000	$250,207,000	102	95
Securities	115,407,000	115,347,000	108,558,000	100	106
Net Demand Deposits Subject to Reserve	209,779,000	204,969,000	234,408,000	102	89
Time Deposits	119,263,000	115,866,000	104,571,000	103	114
Borrowings at Federal Reserve Bank	5,045,000	7,992,000	3,997,000	63	126
Minneapolis Federal Reserve Bank—					
Loans to Member Banks	9,230,908	12,896,616	7,882,677	72	117
Federal Reserve Notes in Circulation	63,454,140	60,933,505	65,340,070	104	97

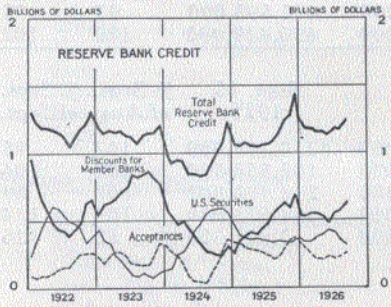


Index of 22 Basic Commodities adjusted for seasonal variations (1919=100). Latest figure, August, 116.



Index of United States Bureau of Labor Statistics (1913=100, base adopted by Bureau). Latest figure, August, 149.2.

Federal Reserve Board's indexes of factory employment and payrolls (1919=100). Latest figures, August, Employment 94.4, Payrolls, 107.7.



Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 23 days in September.

Summary of National Business Conditions

(Compiled September 25 by Federal Reserve Board)

Industrial activity and distribution of commodities continued in large volume in August at a level higher than a year ago. The general level of wholesale prices receded further in August, reflecting price declines for agricultural commodities.

PRODUCTION: The index of production in basic industries, which is adjusted for the usual seasonal variation, declined slightly in August, but this decline was accounted for by the fact that there were five Sundays in August as against four in July. Textile mill activity and production of steel ingots, zinc and petroleum increased, while the output of pig iron, lumber, coal, copper, cement and sugar was smaller than the month before. Automobile production increased considerably in August and was larger than in any month since April. Factory employment and payrolls, after declining in July, increased in August, as is usual at this season of the year. Building activity, as measured by contract awards in thirty-seven states east of the Rocky Mountains, was in larger volume in August than in July or in any other previous month with the exception of August, 1925. In the eastern and southeastern states the volume of building was smaller in August than a year ago, while in the middle west contracts awarded were larger. Contracts for residential structures were smaller than last year, while those for industrial buildings and for public works and public utilities were substantially larger.

Crop conditions improved in August, according to a statement by the Department of Agriculture. September forecasts of yields of corn, barley, hay, tobacco and most fruit and vegetable crops were above those made in August, while expected yields of oats and spring wheat were slightly less. A cotton crop of 15,810,000 bales was indicated on the basis of the condition of the crop at the middle of September. The crop, however, is later than last year and ginnings up to September 16 amounted to only 2,511,000 bales compared with 4,282,000 bales prior to September 16, 1925.

TRADE: The volume of wholesale trade and of sales at department stores increased in August and retail sales were larger than a year ago. Stocks of dry goods and shoes carried by wholesale firms were smaller at the end of August than last year, while those of groceries and hardware were larger. Inventories of department stores increased in preparation for autumn trade, but this increase was less than is usual at this season and at the end of the month stocks were smaller than a year ago. Freight carloadings in August continued higher than in the corresponding months of previous years and for the weeks of August 28 and September 4 exceeded all previous weekly records. Loadings of grain continued large and shipments of merchandise in less-than-carload lots, miscellaneous commodities, ore and coke were considerably larger than in the corresponding period of previous years.

PRICES: Wholesale commodity prices, according to the index of the Bureau of Labor Statistics, declined by over 1 percent in August, reflecting largely price decreases for grains, livestock and meat products. Prices of clothing materials, fuels and metals increased between July and August, while prices of cotton, wool, sugar, building materials and rubber showed little change. In the first half of September prices of grains, cattle, sugar, bituminous coal and coke advanced, while prices of raw cotton, silver and bricks declined.

BANK CREDIT: Increased demand for bank credit in connection with the harvesting and marketing of crops and autumn trade, together with an increase in loans on securities was reflected in a considerable growth between the middle of August and the middle of September in loans of member banks in leading cities. The banks' holdings of investments also increased though there was a decrease in investments of banks at New York City, and total loans and investments on September 15 were larger than at any previous time.

The volume of Reserve bank credit increased by about $90,000,000 between August 18 and September 22, partly in response to seasonal demands for currency. Discounts for member banks rose in September to the highest figure for the year and acceptance holdings also increased, while United States securities declined by about $55,000,000.

Money rates continued to rise in September. Rates on commercial paper advanced by ¼ percent to 4½ to 4¾ percent and rates on security loans also averaged higher than in August.