

MONTHLY REVIEW

OF
AGRICULTURAL AND BUSINESS CONDITIONS
 IN THE
NINTH FEDERAL RESERVE DISTRICT

W. B. GEERY, Chairman of the Board
and Federal Reserve Agent

E. W. SWANSON OLIVER S. POWELL
Assistant Federal Reserve Agents

HAROLD C. TIMBERLAKE
Assistant Statistician

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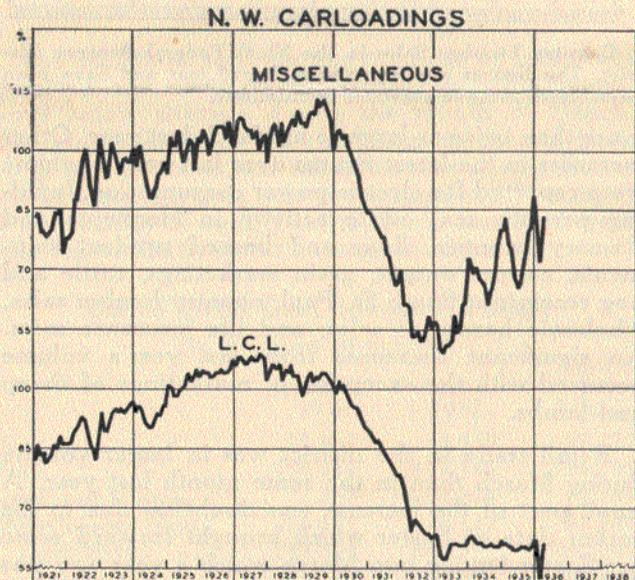
DISTRICT SUMMARY OF BUSINESS

Business in the district rose sharply in March as the weather improved from the very unfavorable conditions in February. The adjusted index of bank debits jumped from 71 in February to 76 in March, at which point it was the highest since June, 1931. Country check clearings rose from 120 in February to 134 in March, reaching a new high point for the recovery movement. The department store sales index, adjusted for seasonal influences and the varying date of Easter, rose from 77 in February to 84 in March, at which level it was only exceeded by one month during the last four years. Similar increases occurred in the indexes of miscellaneous and l.c.l. freight carloadings and country lumber sales. The business increase apparently continued in the first half of April, according to the records of bank debits and country check clearings.

Northwestern Business Indexes

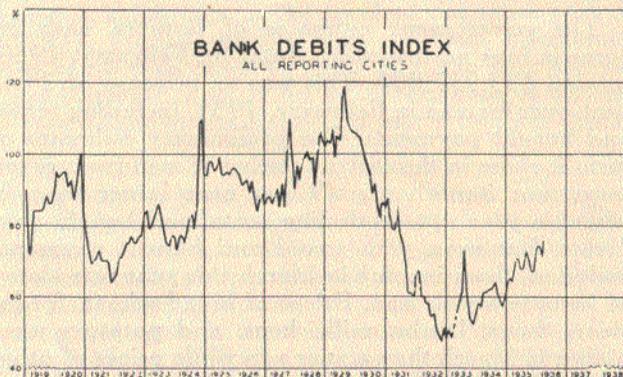
(Varying base periods)

	March 1936	Feb. 1936	March 1935	March 1934
Bank Debits—94 cities	76	71	67	61
Bank Debits—Farming Centers	77	69	68	60
Country Check Clearings	134	120	120	105
Department Store Sales	84	77	79	79
Country Lumber Sales	69	64	55	54
Miscellaneous Carloadings	83	72	76	71
L.C.L. Carloadings	61	52	60	61

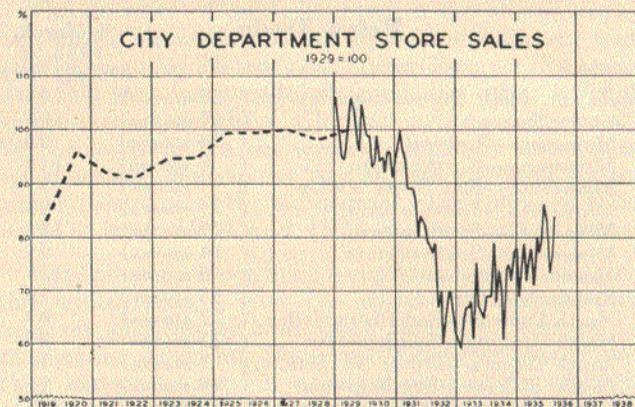


Carloadings of Miscellaneous Commodities and Less-than-carlot Freight in the Northwestern District, Adjusted to remove Seasonal Variation.

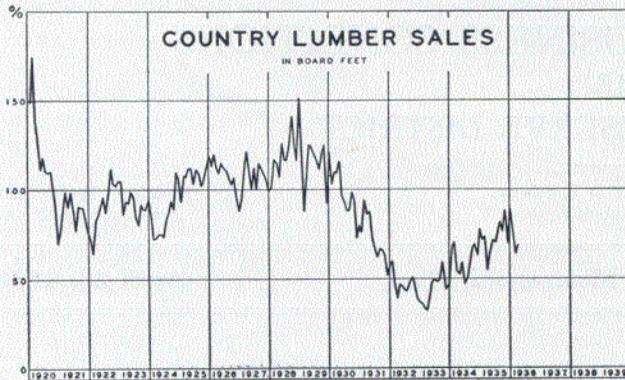
The district volume of business was larger in March than in the same month last year. Bank debits and freight carloadings were 13 per cent larger, and country check clearings were 11 per cent larger than a year ago. Building contracts in Minneapolis were



Bank Debits Index for Reporting Cities in the Ninth Federal Reserve District, Adjusted for Seasonal Variation.



Index of Department Store Sales at Minneapolis, St. Paul, and Duluth-Superior, Adjusted for Seasonal Variation.



Country Lumber Sales in the Ninth Federal Reserve District. The figures are reported in board feet and have been adjusted to remove seasonal fluctuations.

more than twice as large as in March last year. Other increases in the latest figures over last year's volume were reported for electric power consumption, building permits, real estate activity in Hennepin and Ramsey counties, flour and linseed product shipments, copper output, grain marketings, cattle and hog receipts at South St. Paul, country lumber sales, wholesale hardware sales, and life insurance sales. No significant decreases from last year's volume occurred with the exception of marketings of sheep and lambs.

Retail trade in the district was in larger volume during March than in the same month last year. A small part of the increase was doubtless due to the earlier date of Easter which brought forward some pre-Easter buying into March which a year ago was done in April. City department stores reported a 6 per cent increase in the dollar volume of sales as compared with March last year. Three hundred and forty-nine country stores reported a 4 per cent increase. Rural trade was very spotted as a result of the irregular timing of the release from winter weather and blocked roads. For example, Montana sales in March were 20 per cent larger than in March a year ago, whereas sales in the western Red River Valley were 15 per cent below a year ago.

Retail Trade	% March, 1936, of March, 1935
Mpls., St. Paul, Duluth-Superior.... (22 stores)	106
Country Stores (349 stores)	104
Minnesota—Central (14 stores)	98
Minnesota—Northeastern (8 stores)	110
Minnesota—Red River Valley.... (11 stores)	95
Minnesota—South central (23 stores)	95
Minnesota—Southeastern (19 stores)	103
Minnesota—Southwestern (34 stores)	95
Montana—Mountain (18 stores)	123
Montana—Plain (33 stores)	118
North Dakota—Red River Valley. (27 stores)	85
North Dakota—Southeastern.... (25 stores)	97
North Dakota—Other No. Dak... (13 stores)	111
South Dakota—Southeastern.... (14 stores)	97
South Dakota—Other eastern.... (40 stores)	106
Wisconsin—West central..... (39 stores)	98
Northern Wisconsin and Mich.... (31 stores)	101
Ninth District (371 stores)	105

DISTRICT SUMMARY OF BANKING

City member banks in the district which make weekly reports to this office experienced a decline of 6 million dollars in deposits during the four weeks ending April 15, 1936, but their deposits on that date were 19 million dollars larger than a year ago. The decrease in deposits during recent weeks was largely due to a reduction in United States Government deposits. Balances carried for country banks increased during the period.

On the asset side of the combined city bank balance sheet, investment holdings increased by the large total of 38 million dollars and reached a new high level. Balances due from banks were reduced 45 million dollars, the reductions occurring in balances both with the Federal Reserve Bank and with correspondent banks. Total balances due from banks on April 15 were the lowest since May 1 last year. Loans to customers increased 1 million dollars during the last four weeks.

Net deposits of country member banks increased slightly during March. Divergent trends occurred in the various states of the district with deposits rising in rural Minnesota, Montana, South Dakota, and Wisconsin and declining in Michigan and North Dakota.

DISTRICT SUMMARY OF AGRICULTURE

Farm Income and Prices

The cash income of northwestern farmers continues to be larger than a year ago. Fundamental changes have occurred in the sources of the increase in farm income during recent months. A year ago the rise in farm income was chiefly due to higher farm product prices and government rental and benefit payments. This year rental and benefit payments have ceased, and farm product prices on the average are about at the same level as a year ago. The continuation of the increase in farm income is largely the result of heavier marketings of grain, livestock, and dairy products.

The government estimates of farmers' cash income in four northwestern states for February, 1936, totaled \$33,957,000. This was an increase of 2 per cent over income in February, 1935, including rental and benefit payments. Our preliminary estimates of farm income in the district during March from seven important items were 49 per cent larger than in March a year ago, excluding rental and benefit payments, but even with rental and benefit payments included, farm income in March this year was ahead of income a year ago. Prices of bread wheat, feeder steers, hogs, lambs, milk, hens, and potatoes were higher in March than a year ago while prices of other grains, butcher cattle, and eggs were lower than a year ago. Veal calves and butter sold at the same prices as prevailed last year.

Farmers' Cash Income, Including Rental and Benefit Payments, for the Four States of Minnesota, Montana, North Dakota, and South Dakota Combined

(U. S. D. A. Estimates)

Year	February	Jan.-Feb., Inc.
1929.....	\$64,619,000	\$134,437,000
1930.....	63,193,000	131,391,000
1931.....	45,248,000	98,041,000
1932.....	24,039,000	51,875,000
1933.....	18,284,000	41,154,000
1934.....	34,129,000	63,108,000
1935.....	33,154,000	67,957,000
1936.....	33,957,000	74,871,000

Livestock Marketings

Receipts of cattle and calves at South St. Paul during March were larger than in the same month of the preceding year for the first time since January, 1935, as wet fields and low temperatures prohibited the beginning of spring field work. Prices remained strong during the month, although liberal supplies, lack of demand, and lower dressed veal prices resulted in an unusually sharp drop in the price of calves.

Imports of Canadian beef cattle during January, February, March, and the first two weeks of April were about 54 thousand head, compared with 42 thousand head last year. During the same period two thousand head of dairy cattle were imported, the same number as last year. A larger number of calves has been imported from Canada this year than a year ago, although the total number of Canadian calves received at all of the northern United States livestock markets so far this year is somewhat smaller than one average week's receipts of domestic calves at South St. Paul. Nearly 7 thousand calves were imported this year during the period mentioned above, compared with only 508 head last year.

Shipments of stocker and feeder cattle continued below normal because of unusually severe weather during the first half of March. Moderate weather during the last half of the month resulted in an increase in shipments to the level of the same period in 1935. During the first half of April, shipments were more than twice as large as in the first half of April last year, despite the poor condition of all untreated roads in the important cattle feeding areas.

Hog receipts at South St. Paul increased rapidly during March, were much larger than in February, and nearly twice as large as in March last year. The increased receipts, however, were rapidly absorbed by a relatively strong demand from packing, feeding, and shipping interests. During the last week of March and again in the third week of April, butcher hogs sold at \$10.60, making three consecutive months with a "high" of \$10.60. On Thursday, April 9, feeder pigs reached \$11.25, the highest April price since 1929.

Sheep and lamb receipts at South St. Paul continued to decrease during March and were smaller than in any other month in the last two years, excepting the wool clipping months when receipts are greatly reduced. During the first three weeks of April, receipts at South St. Paul as well as at the other important mid-western markets were far below the 1935 level. Prices during March were strong, lambs being a little lower, and ewes a little higher than in the preceding month. During the first three weeks of April, the season's first west coast spring lambs were received and sold at \$11.00, the highest price since last November.

Cold Storage Holdings

United States cold storage holdings of important livestock and dairy products continued at a general level below average during the month of March. The only exceptions were holdings of cheese, beef, lamb and mutton, and miscellaneous meats. Butter stocks were less than half of the usual total on April 1 and stocks of eggs, poultry, pork, and lard were also below the five-year average for the date.

United States Cold Storage Holdings

(In thousands of pounds)

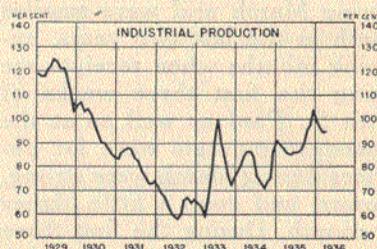
	April 1, 1936	April 1, 1935	April 1, 5-year Average
Beef	79,381	98,550	59,127
Pork	450,431	627,346	706,135
Lamb and Mutton.....	2,469	3,218	2,269
Miscellaneous Meats	66,547	78,482	65,510
Total Meats	598,828	807,596	833,041
Lard	77,102	104,934	104,853
Cream*	10	6	63
Butter	5,299	5,344	11,410
Cheese	73,905	62,851	57,108
Eggs**	2,114	2,637	2,973
Poultry	69,482	83,713	73,968

*Thousand cans.
**Thousand cases

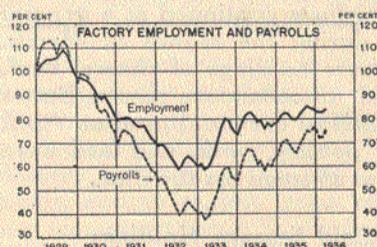
Cattle on Feed, April 1

The number of cattle on feed in the eleven cornbelt states, according to the government report, was estimated to be 28 per cent larger than on the same date last year but smaller than on any other April 1 in more than ten years. The proportion of the number on feed in the six western cornbelt states was again smaller than in the five eastern cornbelt states, largely because of the subnormal production of feed stuffs in both 1934 and 1935 in the western states.

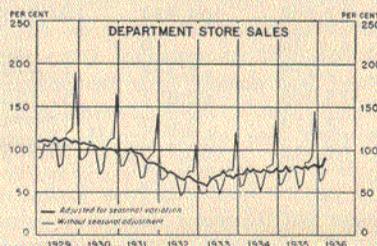
Feeder cattle have been bought at heavier weights this winter than a year ago which will appreciably increase supplies of beef when they are returned to market for slaughter. Many cattle feeders report that they expect to market a larger proportion of their cattle before July 1 than they did last year, but about the same proportion as reported in 1933 and 1934.



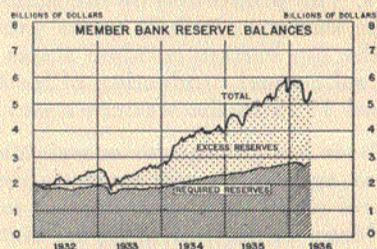
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to March, 1936.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to March, 1936. Indexes compiled by the United States Bureau of Labor Statistics.



Indexes of value of sales, 1923-1925 average = 100. By months, January, 1929, to March, 1936.



Wednesday figures of total member bank reserve balances at Federal Reserve Banks, with estimates of required and excess reserves, January 6, 1932, to April 22, 1936.

Summary of National Business Conditions

COMPILED BY THE BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM, APRIL 24, 1936

Production and employment at factories increased from February to March, while output of minerals declined. There was considerable expansion in retail trade.

PRODUCTION AND EMPLOYMENT: The Board's combined index of industrial production, which includes both manufacturing and mining and makes allowance for seasonal changes, remained unchanged in March at the February figure of 94 per cent of the 1923-1925 average. Production of automobiles rose sharply in March to a total of 425,000 passenger cars and trucks and continued to increase during April. There was a seasonal increase in output of steel in March, followed in the first three weeks of April by a rapid rise in steel mill activity. Estimates of the rate of production in that period averaged around 67 per cent of capacity as compared with the rate of 59 per cent reported for March. Production of cement and lumber increased more than seasonally from February to March. Activity at meat packing establishments and at silk mills also increased, although a decline is usual in these industries at this time of year. There was little change in output at cotton textile mills, while at woolen mills activity decreased by more than the usual amount. Production of anthracite and bituminous coal showed a substantial reduction from the relatively high level of February and this decrease accounted for the decline in total output at mines.

Factory employment increased by more than the usual seasonal amount from the middle of February to the middle of March, and payrolls showed a larger than seasonal increase. Employment increased in the machinery industries, at saw mills, and at establishments producing wearing apparel. There was a decrease in the number of workers at plants producing rubber tires and tubes, where a strike was in progress in the middle of March. At automobile factories the number employed declined slightly, while payrolls showed a considerable increase.

The value of construction contracts awarded, according to figures of the F. W. Dodge Corporation, showed a seasonal increase from February to March.

Awards for residential building increased seasonally and contracts for other private construction advanced to the highest point since 1931. The value of awards for publicly-owned projects continued considerably smaller than in December and January, when the dollar volume of such contracts was relatively high.

DISTRIBUTION: Retail trade, which had been reduced in January and February by unusually severe weather, increased considerably in March. Sales at department and variety stores and by mail order houses serving rural areas showed a more than seasonal increase. The number of new automobiles sold was also larger than in February. Freight-car loadings of most classes of commodities increased from February to March by more than the usual seasonal amount. Total loadings, however, declined somewhat from the relatively high level of the three preceding months, reflecting a sharp reduction in shipments of coal.

COMMODITY PRICES: The general level of wholesale commodity prices, which had declined somewhat between the third week of February and the middle of March, showed relatively little change in the following four weeks. Retail prices of foods declined during March.

BANK CREDIT: Excess reserves of member banks, after declining sharply in the last half of March, increased by about \$300,000,000 in the first three weeks of April to a total of \$2,640,000,000. This increase, like the preceding decline, was due chiefly to operations of the Treasury. After the middle of March, Treasury balances at the Federal Reserve Banks were built up through the collection of taxes and receipts from the sale of new securities, and in April these balances were drawn upon to meet expenditures.

Partly as a result of these expenditures, deposits at reporting member banks in leading cities, which had declined in March, increased in the first half of April, when total loans and investments of these banks also increased. From February 26 to April 15 total loans and investments of reporting member banks showed an increase of about \$800,000,000, reflecting increases of \$380,000,000 in investments, \$180,000,000 in loans to brokers and dealers in securities, and \$240,000,000 in so-called "other" loans, which include loans for commercial, industrial, and agricultural purposes.