

# MONTHLY REVIEW

OF  
AGRICULTURAL AND BUSINESS CONDITIONS  
IN THE  
NINTH FEDERAL RESERVE DISTRICT

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The volume of business declined slightly in December but the total for 1937 was larger than in 1936 and other recent years. Deposits decreased seasonally at member banks and the year-end total was lower than a year ago. Farmers' cash income increased in 1937 to the highest total since 1930.

### BUSINESS

The volume of business in December as measured by our seasonally adjusted indexes was slightly lower than in the preceding month. It was also lower than in December 1936 but higher than in December 1935 and in any other December in recent years. The seasonally adjusted indexes for bank debits, both at farming centers and at the 94 cities, were one point higher than in November. The index of department store stocks declined in the month of December for the fourth consecutive month.

#### Northwestern Business Indexes (1929-31 = 100)

	Dec. 1937	Nov. 1937	Dec. 1936	Dec. 1935
Bank debits—94 cities.....	84	83	94	81
Bank debits—farming centers..	90	89	93	86
Country check clearings.....	149	151	155	136
Department store sales.....	94	94	98	86
Department store stocks.....	83	84	80	81
Rural retail trade.....	88	94	91	81
Country lumber sales.....	93	93	100	96
Miscellaneous carloadings .....	90	91	118	94
L.C.L. carloadings .....	67	69	71	66

**Bank Debits** at 94 cities in this district totalled more than \$10 billion in 1937 for the first time since 1929. Minneapolis, St. Paul, Great Lake Ports and the mining sections showed the greatest increases over the preceding year. Country check clearings were also nearly \$100 million larger than in 1936 despite a small decrease in the Dakotas.

**Rural retail trade** began to reflect the lower prices for agricultural products in December and sales in several sections of the district were below the 1936 level. The Red River Valley sections of Minnesota and North Dakota and the southwestern section of Minnesota were the only sections to show any important increases over the December 1936 volume.

Retail sales at both city and country reporting stores were larger in 1937 than in 1936, resulting in a 4 per cent increase for the district. The increase at city stores was one point below the district figure and the rural store increase one point higher.

Preliminary reports on the dollar volume of sales during the first two weeks of January at some of the reporting city department stores indicate an increase when compared with the same two weeks in January 1937.

### Sales at Department Stores

	No. of Stores	% Jan.-Dec.	
		of Dec. 1936	of Dec. 1937
Mpls., St. Paul, Duluth-Superior	21	96	103
Country Stores .....	410	97	105
Minnesota—Central .....	28	97	107
Minnesota—Northeastern .....	15	100	110
Minnesota—Red River Valley .....	11	106	108
Minnesota—South Central .....	34	101	108
Minnesota—Southeastern .....	17	98	108
Minnesota—Southwestern .....	44	105	107
Montana—Mountain .....	13	95	102
Montana—Plains .....	35	94	101
North Dakota—North Central .....	12	95	108
North Dakota—Northwestern .....	12	93	109
North Dakota—Red River Valley .....	21	106	107
North Dakota—Southeastern .....	26	92	101
North Dakota—Southwestern .....	6	88	94
South Dakota—Southeastern .....	18	100	101
South Dakota—Other Eastern .....	53	93	100
South Dakota—Western .....	8	89	97
Northern Wisconsin and Michigan .....	34	100	110
West Central Wisconsin .....	23	93	104
Wisconsin and Michigan .....	57	97	107

**Freight carloadings** were about 10 per cent larger in 1937 than 1936, all commodity classes showing some increases with the exception of agricultural products and coal.

**Building contracts awarded** during 1937 were a little larger than in any other recent year largely because of a substantial increase in the dollar volume of residential contracts. The total number of building permits issued at 18 key cities in the district was also a little larger than in any other post-depression year.

**Other indicators of business volume** in the district that were higher in 1937 than in 1936 and other recent years were warranty deeds recorded in Hennepin and Ramsey Counties, electric power consumption in Minnesota and the Dakotas, copper, gold and silver production, iron ore shipments, country lumber sales and wholesale sales of shoes, hardware and groceries. Decreases from the 1936 volume occurred in flour production and shipments, shipments of linseed products, butter production and electric power consumption in Montana.

**Business failures** during 1937 in this district totalled only 204 and liabilities were less than \$2 million, the smallest 12 month totals since 1919. The number of non-farm real estate foreclosures in the district during 1937 was approximately 34 hundred compared with more than 37 hundred in 1936.

### BANKING

Country member bank deposits decreased \$8 million between the latter half of November and the latter half of December. More than half of the decrease was at Minnesota banks but there were decreases in all of the states or part states of the district except northern Michigan. Earning assets at country banks and balances due from correspondent banks each decreased by about half the amount of the deposit decline. There was no change in the volume of reserve balances with us. Compared with the last half of December 1936, earning assets were unchanged despite an \$18 million decrease in demand deposits. South Dakota and Minnesota banks showed the greatest declines. Time deposits at all country member banks were \$6 million higher in the last half of December 1937 than a year earlier. Two-thirds of the increase was at country banks in Minnesota. The net decrease of \$12 million in total deposits was met by a corresponding reduction in balances due from other commercial banks. Country member bank reserve balances at this Federal Reserve Bank were the same at the end of 1937 as at the end of 1936.

Total loans and investments at country member banks (exclusive of those banks in the larger non-reserve cities that send us weekly condition reports) were about the same at the end of 1937 as at the end of 1936, but there were some important changes in the amounts of the individual items during the year. Loans and discounts increased \$14 million during 1937 and investments decreased by a like amount, the change in each of those two classes of earning assets being opposite to the changes that occurred during 1936. Total loans and discounts increased throughout the year largely because of the steady increase in "all other" (agricultural and commercial) loans and FHA Title II loans on non-farm real estate. Holdings of direct government obligations decreased only slightly during the year, the \$5 million decline in Treasury bonds maturing after 1949 being very nearly offset by increases in United States savings bonds and other United States bonds. In addition, there was some decrease in holdings of FFMC bonds resulting in a net decrease in holdings of all types of government obligations of about \$3 million. Holdings of other bonds, stocks and securities, however, declined rather sharply, and were \$11 million (about 10 per cent) smaller than on December 31, 1936.

Deposits at city member banks decreased \$8 million in the four week period ended January 12, the decreases in commercial and public deposits being only partly offset by the small increases in demand deposits of other banks and corporate and individual time deposits. Loans to customers decreased \$5 million, the balance of the deposit decrease being met by a reduction in float items and other assets. Compared with the middle of January 1937, total deposits were \$34 million smaller. Commercial deposits were \$23 million lower and deposits of other banks \$12 million smaller than one year earlier, but these declines were partly offset by an increase of

\$5 million in public funds. Despite the recent decreases in loans to customers, the volume of outstanding loans on January 12 was \$17 million higher than one year earlier. However, holdings of government securities, "other" securities, commercial paper, acceptances and brokers' loans were all smaller than a year ago, resulting in a net decline in total loans and investments of \$22 million. Balances with other banks were reduced \$16 million, half of which was used to meet the decrease in deposits, the other half being added to reserve balances with us.

At weekly reporting city member banks, total loans and investments were reduced \$24 million during 1937. Declines in holdings of direct United States government obligations and "other stocks, bonds and securities" were greater than the \$13 million increase in "all other" loans and discounts. There was also a decrease in holdings of commercial paper bought in the open market. Practically all of the decline in investment holdings was at banks located in the three reserve cities of the district. There was a decline of about \$19 million in Treasury note holdings, and a decrease of \$3 million in holdings of Treasury bills. The distribution of Treasury bond holdings between maturities before and after the end of 1949 remained fairly constant throughout 1937, the holdings of bonds maturing after 1949 being a little larger than the holdings of Treasury bonds with less than a twelve-year maturity.

Total earning assets of this Federal Reserve Bank changed very little during 1937. After continuing at a low level for the first two months of the year, the total rose slightly to the year's high early in March when member banks discounted  $2\frac{1}{2}$  million of customers' paper to meet the March 1 increase in reserve requirements. This reflected a situation that was merely temporary, practically the entire amount being repaid the following week. During the week that included May 1 when the final increase in reserve requirements was made, there was a smaller increase in bills discounted, more than half of which was repaid during the following week, but total earning assets were below the early March level. The lowest point in total earning assets was reached early in April. At the end of the year total earning assets were \$84 million, compared with nearly \$92 million one year earlier. Industrial advances continued to decline steadily throughout 1937 and at the end of the year were only \$638 thousand. Holdings of government obligations changed little during the year but were reduced slightly at the end of the first quarter.

There were three interesting developments in the changes in the volume of Federal Reserve notes in circulation during 1937. Throughout most of the year the volume of notes in circulation was higher than in any other year. A new all-time "high" of \$142 million was established early in October but there was a much smaller than usual pre-Christmas rise. Federal Reserve notes in circulation at the end of the year amounted to \$138 million.

Member bank reserve deposits throughout 1937 were higher than in 1936 with the exception of January and February. The total on January 27, \$112 million, was the smallest for the year compared with a "low" of \$78 million on April 22 in 1936. The largest total was \$138 million on July 14. By the end of the year, total reserve balances had declined to \$126 million.

This bank did not borrow from or lend to any other Federal Reserve bank during 1937. The discount rate to member banks under Section 13 and 13a of the Federal Reserve Act was dropped to the lowest level in the history of the bank on August 24, 1½ percent, and that rate was still in effect at the end of the year.

## AGRICULTURE

### Farm Income and Prices

Receipts from the sale of farm products and government payments during November in this district were estimated to be slightly below the amount received in November of the preceding year. Farm income in each of the states and part states of the district except Minnesota was as high or higher than in November 1936 but the 6 percent decrease in Minnesota was a little larger than the combined increases of the other states.

Farmers' cash income from the sale of 78 crops and 13 livestock items and including government payments in the entire Ninth Federal Reserve District totalled nearly \$753 million in 1937, the largest total since 1930. All of the states and part states showed increases over 1936 except Minnesota and South Dakota which were a little lower than in the preceding year. The largest increase was in North Dakota which rose from \$97 million in 1936 to \$118 million in 1937.

Six of the eight agricultural products for which income estimates are prepared by this Federal Reserve Bank produced larger amounts of income in 1937 than in 1936: bread wheat, durum wheat, rye, flax, wool and potatoes. The much smaller hog marketings and the decrease in dairy production resulted in lower income estimates for those two products.

December prices for all the principal crops grown in this district were below the December 1936 level, reflecting the larger production in 1937. Grain prices strengthened in December and were higher than in November, reversing the general downward grain price movement of the preceding 4 months. The index of Minnesota farm prices prepared by the University of Minnesota declined four points from November to 77 in December. The index figure for December 1936 was 94.

### Livestock and Livestock Products

Receipts of cattle and calves at South St. Paul continued to decline seasonally during December and were slightly smaller than in December 1936. While 1937 cattle receipts were 16 percent smaller

than in the preceding year, they were larger than in any other year since 1927 with the exception of 1934 when receipts were unusually high because of drouth-forced marketings. Calf receipts, including unusually heavy importations of Canadian calves, were about 6 percent above 1936 and with the exception of 1934 and 1931 were the largest since 1927. Butcher cattle prices were generally favorable throughout 1937. At mid-year prices were the highest since the fall of 1929, but dropped sharply during August and have steadily declined since that time. In December, butcher steer prices were \$7.25, the lowest December price since 1934.

During the first two weeks of January demand improved, especially for medium quality cattle, resulting in a narrowing of the spread between prices for high quality and medium grade butcher steers.

Shipments of stocker and feeder cattle declined seasonally during December and were smaller than in December last year. During 1937, feeder cattle shipments were 20 percent below 1936 largely because of smaller shipments in the first half of the year. During the latter part of 1937 feed was plentiful but declining butcher prices discouraged heavy purchases of stockers and feeders.

Prices of feeder and stocker cattle gradually increased from the low for 1937 in January to \$7.75 in August, the highest monthly price since the spring of 1930. The price decline that began in September continued throughout the balance of the year but remained a little above the 1936 level. The weighted average feeder price in December 1937 was \$6.15 compared with \$5.45 in December 1936.

During the first two weeks of January the demand for feeder cattle also improved. With supplies small and competition from slaughter buyers again a factor, prices firmed and then increased. The average price for steers during the week ended January 12 was \$6.20, the highest weekly average since early in December.

Hog receipts at South St. Paul in December were much larger than in November and for the first time since April were larger than in the same month of the previous year, but the total for the year was the smallest since 1914 with the exception of 1935. Hog prices were quite favorable to producers throughout 1937. The July price, \$11.80, was the highest in 11 years. After slight recessions in August and September, prices dropped sharply in October and continued to decline for the balance of the year, reaching \$7.75 in December, \$1.90 lower than in December last year and the lowest for any month since May 1935. The USDA "Hog Situation" stated that "some advance in hog prices in the next few months is expected by the Bureau of Agricultural Economics in view of the probable seasonal reduction in slaughter supplies of hogs in the late winter and early spring and the present small storage holdings of pork and lard."

Receipts of hogs during the first two weeks of January continued large. Prices were firm during

the first 10 days of 1938 as a result of a strong shipping demand, but heavy marketings later forced some price declines.

**Imports of Canadian beef cattle** during December decreased further from the low levels of November. Only 21 thousand head were received after the quota was filled on August 20. Imports of Canadian beef cattle in 1937 amounted to 177 thousand head compared to 146 thousand in 1936. Importations of dairy cattle were about 13 thousand head in both 1936 and 1937, somewhat below the annual quota of 20 thousand. Imports of Canadian calves in 1937 were more than twice the annual quota and were nearly twice as large as in 1936.

Very few Canadian cattle were received during the first two weeks of January in spite of the renewal of the quota on January 1. United States cattle prices were too low to make importations from Canada profitable and it is not expected that Canadian cattle will arrive at our livestock markets in large quantities until there is a wider spread between livestock prices in the two countries.

**The dairy cow market** at South St. Paul was less active in December than in November. The price range declined from \$85-\$55 in November to \$85-\$40 early in December. The price range for dairy cows in December 1936 was \$75-\$35. Relatively high prices for dairy products and plentiful cheap feed were major factors in the steadiness of the dairy cow market last year. Throughout 1937, well bred cows were readily salable at all times. Poor quality cows were less salable but higher butcher cattle prices gave them some support. In March 1937, dairy cow prices reached a high of \$95, the highest price since pre-depression years.

**Receipts of sheep and lambs** at South St. Paul decreased in December and the total for 1937 was smaller than in any other year since 1929. Lamb prices fluctuated widely in 1937, increasing from \$9.75 in January to a 7-year high of \$11.50 in March and then declining sharply to the year's low of \$8.25 in June. Prices recovered rapidly in July, reached \$10.25 in August and September but again declined to \$8.25 in December. According to the "Sheep and Lamb Situation" published by the USDA, "For the entire fed-lamb marketing season of December 1937 through April 1938 the average price of lambs may be slightly lower than that of a year earlier. Although supplies are expected to be about the same as in the 1936-37 fed-lamb season, demand for meats and wool may be less favorable than a year earlier."

In the first two weeks of January the fat lamb top price dropped to \$8.50, the lowest since October 1936 and feeder lamb prices continued to decline. Fat ewes were in demand and the top price during the second week in January was \$4.10 compared to \$3.50 in December which was the low for 1937.

**Farm flocks of poultry** on January 1 showed the smallest number of hens and pullets of laying age

in the 1925-38 record. The price of eggs declined in December and was lower than in any other December in our 18-year records. During December the price of fat hens remained at 15 cents which, with the exception of December 1935, was higher than in any December since 1930. According to the USDA report on the "Poultry and Egg Situation" important developments in recent months were "(1) the break in the non-seasonal rise in farm chicken prices, (2) the continued less-than-average seasonal advance in farm egg prices, (3) the continued high rate of egg production per bird, and (4) the continued slow out-of-storage movement of eggs." The same report stated that "because of the lower production prospects for 1938, the outlook for egg prices after the seasonal decline is over is for prices above those of 1937."

**Cold storage holdings** of all classes of meat on January 1 continued much smaller than the 5-year average for that date, despite larger than average December slaughterings of all classes of livestock with the exception of hogs. With larger-than-average slaughterings but less-than-seasonal increases in storage holdings of beef, it is evident that lower meat prices have resulted in increased meat consumption. December slaughterings of all classes of livestock were somewhat below the December 1936 level. Holdings of lamb and mutton increased seasonally in December and stocks of lard increased a little more than usual. Butter stocks declined by about the seasonal amount and on January 1 were far below the 5-year average, but stocks of cheese were about 10 percent above normal. Egg stocks declined by more than the seasonal amount during December but were 66 percent above normal on January 1. Poultry holdings increased less than usual and on January 1 were smaller than the average for the first time in nearly two years.

### Crops

The 1937 total harvested acreage of the eight principal crops in the four complete states in the district, with the exception of the drouth years 1934 and 1936, was the smallest since 1917. The harvested flax acreage was 20 percent smaller than in the preceding year and was the smallest in our 28-year records. All other grains showed increases over 1936 but were smaller than the 10-year average with the exception of rye which was 11 percent above the 10-year average. The 1937 harvested acreage of potatoes was the smallest since 1912. The tame hay acreage decreased substantially from 1936 chiefly because of the cutting in 1936 of thousands of acres of field and forage crops for hay as they were attacked by drouth and grasshoppers during the season.

Higher than average yields in 1937, however, resulted in corn and oats production well above the 10-year averages and larger than in any year since 1929 with the exception of 1932. A lower-than-average yield of wheat together with the less-than-average harvested acreage resulted in a wheat crop

that was considerably below normal for this district. The 1937 rye yield of 13.4 bushels was above the 10-year average of 11.7 which in combination with the more-than-average harvested acreage resulted in the largest production since 1930 with the exception of 1935. Barley production was about 6 percent below the average for our four states; flax production was about half of the 10-year average and except for 1934 and 1936 was smaller than in any other year in our 1910-37 records. Potato production was larger than in 1936 and about the same

as the 10-year average. Tame hay yields were larger than usual and in spite of a smaller-than-normal acreage, the production was 10 percent above the 10-year average.

Stocks of wheat, corn and oats on farms on January 1, 1938 were larger than on the same date last year but smaller than on January 1, 1936 with the exception of corn. Corn stocks were well above average and larger than in any recent year except 1933. Oat stocks were about average. Stocks of wheat were far below the 1928-32 average.

THE YEARS 1933 TO 1937 IN THE NINTH FEDERAL RESERVE DISTRICT

GENERAL BUSINESS

	1933	1934	1935	1936	1937
<b>Bank Debits</b>					
94 Cities .....	\$7,034,848,000	\$7,685,285,000	\$8,751,364,000	\$9,939,600,000	\$10,487,188,000
Minneapolis .....	3,423,602,000	3,456,332,000	3,756,035,000	4,184,537,000	4,411,825,000
St. Paul .....	1,203,693,000	1,460,646,000	1,768,167,000	1,990,856,000	2,053,056,000
South St. Paul .....	139,665,000	142,366,000	207,945,000	275,414,000	265,625,000
Great Lakes Ports .....	537,429,000	525,449,000	549,219,000	663,098,000	779,146,000
Beef and Pork, S. E. ....	225,006,000	262,007,000	296,042,000	344,343,000	355,825,000
Beef and Pork, S. W. ....	243,440,000	266,969,000	313,515,000	391,622,000	382,418,000
Dairy and Mixed Farming .....	298,499,000	364,626,000	430,070,000	540,010,000	595,343,000
Wheat and Mixed Farming .....	388,724,000	474,533,000	529,181,000	557,262,000	607,154,000
Wheat and Range .....	184,795,000	242,458,000	305,461,000	349,045,000	334,455,000
Mining and Lumber .....	389,995,000	489,899,000	595,729,000	643,413,000	702,341,000
<b>Country Check Clearings</b>					
Total .....	\$ 803,242,000	\$1,050,582,000	\$1,284,831,000	\$1,451,301,000	\$ 1,538,030,000
Minnesota .....	317,754,000	392,139,000	477,625,000	556,183,000	598,444,000
Montana .....	112,679,000	160,457,000	212,207,000	241,734,000	254,273,000
North and South Dakota .....	238,880,000	317,520,000	376,308,000	394,481,000	391,037,000
Michigan and Wisconsin .....	133,929,000	180,466,000	218,691,000	258,903,000	294,276,000
<b>Retail Sales</b>					
478 Lumber Yards (bd. ft.) .....	58,326,000	72,707,000	92,212,000	108,203,000	109,181,000
19 City Dept. Stores .....	\$ 47,502,990	\$ 52,280,930	\$ 55,576,660	\$ 61,842,710	\$ 63,843,660
463 Country Dept. and Gen. Stores .....	52,349,670	64,557,280	68,983,390	73,887,690	76,511,011 <sup>1</sup>
Life Insurance Sales .....	175,129,000	185,555,000	206,343,000	203,423,000	208,998,000
<b>Wholesale Sales</b>					
Shoes (5 firms) .....	\$ 2,904,100	\$ 3,593,990	\$ 4,100,880	\$ 3,844,620	\$ 4,019,950
Hardware (10 firms) .....	12,373,930	14,964,540	16,968,280	19,202,330	21,324,260 <sup>1</sup>
Groceries (28 firms) .....	29,443,100	34,791,300	37,434,360	39,630,610	41,052,690 <sup>1</sup>
<b>Manufacturing and Mining</b>					
Flour Prod. at Mpls. and Duluth-Superior (bbls.) .....	7,897,935	7,668,378	7,123,030	7,026,269	6,149,204
Flour Ship. from Mpls. (bbls.) .....	7,594,616	7,548,919	7,018,898	7,161,237	5,949,417
Linseed Prod. Ship. (lbs.) .....	155,635,844	127,773,589	223,228,547	267,310,621	231,230,257
Copper Prod. (3 firms, lbs.) .....	140,115,000	114,018,900	218,635,800	313,080,800	367,706,250
Iron Ore Shipments (tons) .....	21,623,898	22,249,600	28,362,368	44,822,023	62,598,937
Lumber (5 firms, bd. ft. Cut) .....	61,005,000	102,514,000	158,914,000	174,657,000	171,407,000
<b>Inventories, December 31</b>					
454 Lumber Yards (bd. ft.) .....	61,820,000	53,948,000	61,365,000	66,502,000	66,439,000
Lumber Mfrs. (5 firms, bd. ft.) .....	81,242,000	83,769,000	109,674,000	118,963,000	121,098,000
19 City Dept. Stores .....	\$ 8,090,340	\$ 7,935,260	\$ 8,592,750	\$ 8,415,440	\$ 8,716,710
130 Country Dept. & Gen. Stores .....	3,808,730	3,979,140	4,145,730	4,326,840	4,458,790 <sup>1</sup>
Wholesale Shoes (5 firms) .....	589,000	581,520	578,450	501,320	427,720
Wholesale Hardware (8 firms) .....	2,154,210	2,089,270	2,222,070	2,418,940	2,543,470
Wholesale Groceries (24 firms) .....	4,507,410	5,217,080	5,001,850	5,853,110	5,519,520 <sup>1</sup>
<b>Accts. &amp; Notes Receivable, Dec. 31</b>					
478 Lumber Yards .....	\$ 1,660,300	\$ 1,738,500	\$ 2,114,900	\$ 3,269,970	\$ 2,829,740
18 City Dept. Stores .....	6,104,170	6,589,190	7,284,650	8,261,160	8,536,420
Wholesale Shoes (5 firms) .....	571,970	567,400	664,150	591,550	606,440
Wholesale Hardware (8 firms) .....	1,090,630	994,520	979,770	1,046,760	1,147,660
Wholesale Groceries (28 firms) .....	2,859,390	2,782,510	2,862,250	2,718,220	3,164,640
<b>Business Failures</b> .....	725	309	252	228	204
<b>Electric Power Consumption (K.W.H.)</b>					
Minn., N. Dak. and S. Dak. ....	1,533,549,000	1,656,629,000	1,777,515,000	2,103,933,000	2,231,337,000 <sup>1</sup>
Montana .....	922,810,000	867,504,000	1,296,199,000	1,451,816,000	1,320,500,000 <sup>1</sup>

## THE YEARS 1933 TO 1937 IN THE NINTH FEDERAL RESERVE DISTRICT (CONTINUED)

	1933	1934	1935	1936	1937
<b>Freight Carloadings—N. W. District</b>					
Total—Excluding L. C. L.	2,741,143	3,139,725	3,345,731	4,121,610	4,464,146
Grain and Grain Products	444,280	413,553	422,658	445,148	432,509
Livestock	240,087	300,046	160,623	210,969	157,620
Coal	263,000	282,418	297,997	338,472	324,005
Coke	43,749	44,802	59,375	83,420	88,013
Forest Products	280,631	320,513	385,772	474,621	510,087
Ore	384,350	444,403	571,655	914,789	1,246,490
Miscellaneous	1,085,046	1,333,990	1,447,651	1,654,819	1,705,422
Merchandise—L. C. L.	964,490	983,022	968,180	1,001,724	1,045,665
<b>Building Permits</b>					
Number (18 Cities)	9,419	9,976	12,814	15,112	15,169
Valuation (18 Cities)	\$ 10,391,600	\$ 9,185,600	\$ 15,070,700	\$ 23,775,900	\$ 25,189,390
Minneapolis	2,537,400	3,113,000	4,690,000	7,195,800	7,529,820
St. Paul	5,309,200	2,528,400	3,551,700	7,099,900	7,228,100
Duluth-Superior	1,111,600	924,100	1,544,300	1,933,300	2,856,670
4 Wheat Belt Cities	376,900	816,300	1,370,200	1,942,300	2,158,180
6 Mixed Farming Cities	728,100	1,117,600	3,299,400	3,561,000	4,101,830
4 Mining Cities	328,400	686,200	614,200	2,043,600	1,314,790
<b>Building Contracts Awarded</b>					
Total	\$ 44,071,400	\$ 58,599,200	\$ 64,552,700	\$ 89,387,500	\$ 92,387,300
Residential	5,565,200	4,142,600	10,094,400	16,004,500	20,765,600
Commercial and Industrial	6,541,300	5,138,100	5,655,700	9,938,500	11,686,800
Public Works and Utilities	25,001,800	39,132,000	37,284,000	46,788,500	42,259,700
Educational	1,880,200	4,636,000	4,938,400	7,403,000	7,283,400
All Other	5,082,900	5,550,500	6,580,200	9,253,000	10,391,800
<b>Real Estate Activity in Hennepin and Ramsey Counties</b>					
Warranty Deeds Recorded	8,110	10,091	11,073	13,540	14,085
Mortgages Recorded	8,963	16,938	12,883	14,377	13,800
<b>AGRICULTURE</b>					
<b>Farmers' Cash Income (F. R. Bk.)</b>					
Bread Wheat	\$ 80,566,000	\$ 52,459,000	\$ 91,298,000	\$ 50,946,000	\$ 86,171,000
Durum Wheat	12,579,000	10,693,000	11,077,000	8,923,000	14,214,000
Rye	4,969,000	1,989,000	3,348,000	5,819,000	10,811,000
Flax	10,073,000	9,049,000	20,155,000	11,016,000	11,317,000
Dairy Products	118,693,000	129,036,000	141,331,000	181,951,000	173,109,000
Hogs	72,913,000	83,276,000	73,574,000	131,673,000	110,351,000
Wool	10,794,000	14,691,000	9,827,000	14,248,000	15,627,000
Potatoes	11,976,000	14,437,000	13,542,000	19,682,000	24,693,000
Butter Production (lbs.)	536,311,000	488,265,000	465,807,000	488,225,000	462,575,000
<b>Farmers' Cash Income (USDA) (78 Crops, 13 Livestock Items)</b>					
Michigan (15 counties)	\$ 6,334,000	\$ 7,448,000	\$ 9,312,000	\$ 10,016,000	\$ 12,542,000
Minnesota	190,257,000	226,744,000	282,658,000	360,104,000	358,907,000
Montana	57,846,000	79,511,000	100,476,000	81,334,000	88,363,000
North Dakota	94,744,000	75,427,000	101,105,000	97,079,000	118,296,000
South Dakota	70,837,000	80,370,000	103,151,000	107,736,000	102,908,000
Wisconsin (26 counties)	38,074,000	43,787,000	56,280,000	68,317,000	71,919,000
Ninth District	458,092,000	513,287,000	652,982,000	724,586,000	752,935,000
<b>Grain Marketings at Mpls. and Duluth-Superior (Bushels)</b>					
Bread Wheat	90,484,000	43,879,000	63,877,000	33,322,000	57,494,000
Durum Wheat	15,061,000	8,101,000	9,660,000	7,068,000	12,098,000
Rye	8,483,000	2,684,000	6,982,000	8,466,000	13,095,000
Flax	5,864,000	4,658,000	11,593,000	5,382,000	5,391,000
<b>Livestock Receipts at South St. Paul (No. of Head)</b>					
Cattle	835,173	1,475,890	910,785	1,106,434	930,246
Calves	515,370	840,413	477,264	561,040	596,108
Hogs	2,742,455	1,885,080	931,203	1,994,944	1,590,607
Sheep	1,551,906	1,583,674	1,362,424	1,487,363	1,290,319
<b>December Cash Grain Prices at Mpls.</b>					
Wheat—No. 1 D. N. S. (bu.)	\$ .83 <sup>5</sup> / <sub>8</sub>	\$ 1.16 <sup>3</sup> / <sub>4</sub>	\$ 1.28 <sup>3</sup> / <sub>8</sub>	\$ 1.55 <sup>7</sup> / <sub>8</sub>	\$ 1.15 <sup>1</sup> / <sub>8</sub>
Durum—No. 2 Amber (bu.)	1.00 <sup>3</sup> / <sub>8</sub>	1.43 <sup>1</sup> / <sub>4</sub>	1.13	1.77 <sup>5</sup> / <sub>8</sub>	1.05 <sup>7</sup> / <sub>8</sub>
Corn—No. 3 Yellow (bu.)	.43 <sup>3</sup> / <sub>8</sub>	.90 <sup>5</sup> / <sub>8</sub>	.54	1.09 <sup>3</sup> / <sub>8</sub>	.51 <sup>7</sup> / <sub>8</sub>
Oats—No. 3 White (bu.)	.33	.59 <sup>3</sup> / <sub>8</sub>	.26	.49 <sup>3</sup> / <sub>4</sub>	.28 <sup>3</sup> / <sub>4</sub>
Barley—No. 3 (bu.)	.66	1.08	.52	1.23	.72
Malting Barley—No. 3 (bu.)	...	1.18	.62	1.30	.77 <sup>7</sup> / <sub>8</sub>
Rye—No. 2 (bu.)	.58 <sup>7</sup> / <sub>8</sub>	.80 <sup>1</sup> / <sub>2</sub>	.49	1.13 <sup>1</sup> / <sub>2</sub>	.69 <sup>7</sup> / <sub>8</sub>
Flax—No. 1 (bu.)	1.77	1.97 <sup>1</sup> / <sub>2</sub>	1.83 <sup>1</sup> / <sub>8</sub>	2.23 <sup>3</sup> / <sub>8</sub>	2.10 <sup>7</sup> / <sub>8</sub>

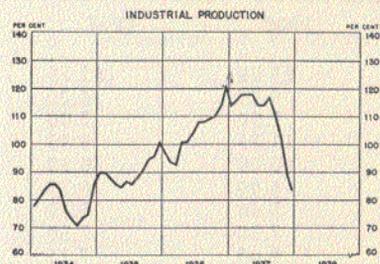
THE YEARS 1933 TO 1937 IN THE NINTH FEDERAL RESERVE DISTRICT (CONTINUED)

	1933	1934	1935	1936	1937
<b>Livestock Prices at So. St. Paul (per cwt.)</b>					
Butcher Cows and Heifers.....	\$2.75	\$3.00	\$5.50	\$6.00	\$5.75
Heavy Butcher Steers <sup>2</sup> .....	4.50	6.50	8.25	9.25	8.25
Light Butcher Steers <sup>3</sup> .....	4.35	5.50	7.00	7.50	7.00
Prime Heavy Butcher Steers <sup>2</sup> ....	5.60	7.50	10.00	11.75	9.75
Prime Light Butcher Steers <sup>3</sup> ....	5.50	8.00	9.50	10.00	8.50
Heavy Stocker and Feeder Steers <sup>4</sup>	3.00	2.50	7.00	6.00	6.25
Light Stocker and Feeder Steers <sup>5</sup>	3.25	2.50	6.00	5.00	6.10
Veal Calves .....	4.00	4.50	8.50	7.50	7.50
Hogs .....	3.00	5.30	9.25	9.65	7.75
Heavy Hogs .....	2.75	5.80	8.90	9.60	6.95
Lambs .....	6.75	7.00	10.75	8.50	8.25
Ewes .....	3.00	2.50	4.75	4.00	3.50
Wool (farm price per lb.).....	.24 <sup>3</sup> / <sub>4</sub>	.18	.22 <sup>1</sup> / <sub>2</sub>	.30 <sup>1</sup> / <sub>2</sub>	.23
<b>Wholesale Produce Prices at Mpls.</b>					
Butter (lb.) .....	\$ .17	\$ .27 <sup>3</sup> / <sub>4</sub>	\$ .31	\$ .31 <sup>1</sup> / <sub>4</sub>	\$ .33 <sup>3</sup> / <sub>4</sub>
Milk (cwt.) .....	1.24	1.55	1.73	2.01	1.97
Hens (lb.) .....	.07 <sup>1</sup> / <sub>2</sub>	.09 <sup>1</sup> / <sub>2</sub>	.17	.11	.15
Eggs (doz.) .....	.16 <sup>1</sup> / <sub>4</sub>	.20	.18	.22 <sup>1</sup> / <sub>2</sub>	.16
Potatoes (bu.) .....	.58	.53	.66 <sup>3</sup> / <sub>8</sub>	1.22	.65 <sup>1</sup> / <sub>4</sub>

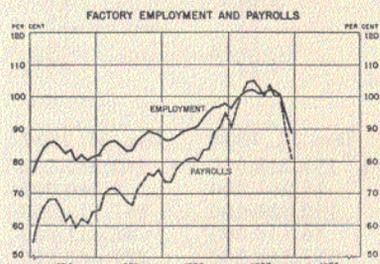
**BANKING**

	Dec. 31, 1933	Dec. 31, 1934	Dec. 31, 1935	Dec. 31, 1936	Dec. 31, 1937
<b>City Member Banks<sup>1</sup></b>					
Loans to Customers.....	\$ 162,760,000	\$ 138,036,000	\$ 162,132,000	\$ 155,718,000	\$ 169,237,000
Other Loans .....	6,827,000	11,123,000	14,791,000	15,967,000	9,240,000
U. S. Government Securities.....	92,315,000	156,220,000	168,550,000	190,028,000	167,174,000
Other Securities .....	56,248,000	55,951,000	44,431,000	48,138,000	40,611,000
Commercial Demand Dep.....	153,751,000	190,306,000	226,698,000	257,344,000	227,482,000
Ind. & Corp. Time Dep.....	101,878,000	114,316,000	118,728,000	122,934,000	121,808,000
Public Deposits .....	40,834,000	54,192,000	60,282,000	53,339,000	57,089,000
Due to Other Banks.....	98,999,000	132,242,000	131,885,000	135,877,000	119,820,000
Total Deposits .....	395,462,000	491,056,000	537,593,000	569,494,000	526,199,000
Total Borrowings .....	68,000	0	0	0	0
<b>Country Member Banks<sup>2</sup></b>					
Loans to Customers.....	\$ 122,767,000	\$ 108,948,000	\$ 118,093,000	\$ 104,706,000	\$ 118,982,000
Other Loans .....	6,976,000	4,940,000	13,360,000	13,107,000	12,378,000
U. S. Government Securities.....	73,644,000	111,779,000	107,952,000	139,688,000	136,766,000
Other Securities .....	109,711,000	111,314,000	104,855,000	114,593,000	103,808,000
Commercial Demand Dep.....	93,575,000	128,918,000	149,170,000	176,383,000	169,195,000
Ind. & Corp. Time Dep.....	172,800,000	200,582,000	213,832,000	228,910,000	234,377,000
Public Deposits .....	68,588,000	56,887,000	55,503,000	53,696,000	49,592,000
Due to Other Banks.....	10,113,000	19,153,000	21,297,000	23,886,000	20,029,000
Total Deposits .....	345,076,000	405,540,000	439,802,000	482,875,000	473,193,000
Total Borrowings .....	2,061,000	0	36,000	3,000	175,000
<b>Member Bank Net Demand and Time Deposits<sup>7</sup></b>					
In Cities over 15,000 pop.....	\$ 388,269,000	\$ 468,551,000	\$ 490,305,000*	\$ 529,543,000	\$ 512,195,000
In Cities under 15,000 pop.....	256,351,000	307,067,000	286,965,000*	313,477,000	313,108,000
Michigan—15 Counties .....	39,812,000	45,955,000	45,538,000*	51,141,000	53,597,000
Minnesota .....	106,328,000	125,902,000	119,028,000*	133,087,000	133,531,000
Montana .....	39,591,000	50,040,000	49,216,000*	51,911,000	52,551,000
North Dakota .....	24,644,000	28,775,000	25,612,000*	24,265,000	21,221,000
South Dakota .....	32,214,000	39,597,000	31,044,000*	34,200,000	33,302,000
Wisconsin—26 Counties .....	13,762,000	16,798,000	16,527,000*	18,873,000	18,906,000
<b>Interest Rates</b>					
Minneapolis Banks .....	4 <sup>1</sup> / <sub>4</sub> -4 <sup>1</sup> / <sub>2</sub>	3 <sup>3</sup> / <sub>4</sub> -4	3 <sup>1</sup> / <sub>2</sub> -3 <sup>3</sup> / <sub>4</sub>	3 <sup>1</sup> / <sub>2</sub> -3 <sup>3</sup> / <sub>4</sub>	3 <sup>1</sup> / <sub>2</sub> -3 <sup>3</sup> / <sub>4</sub>
Commercial Paper (Net Rate)...	1 <sup>3</sup> / <sub>4</sub>	1 <sup>1</sup> / <sub>4</sub>	1 <sup>1</sup> / <sub>4</sub>	1	1 <sup>1</sup> / <sub>4</sub>
Minneapolis Fed. Res. Bank.....	3 <sup>1</sup> / <sub>2</sub>	3	2	2	1 <sup>1</sup> / <sub>2</sub>
<b>Mpls. Federal Reserve Bank</b>					
Loans to Member Banks.....	\$ 1,872,000	\$ 0	\$ 33,000	\$ 3,000	\$ 175,000
Twin Cities .....	24,000	0	0	0	0
Minn., Wis. and Mich.....	736,000	0	0	0	91,000
N. Dak. and Mont.....	302,000	0	0	3,000	0
S. Dak. ....	810,000	0	33,000	0	84,000
Industrial Advances .....	0	1,753,000	1,590,000	1,064,000	637,000
Total Earning Assets .....	70,810,000	67,423,000	77,261,000	91,842,000	83,875,000
Member Bank Reserve Balances..	62,013,000	97,421,000	96,228,000	120,530,000	126,011,000
Fed. Res. Notes in Circulation...	92,896,000	106,687,000	110,563,000	136,096,000	137,569,000
Total Reserves .....	106,256,000	151,469,000	145,513,000	184,211,000	195,865,000

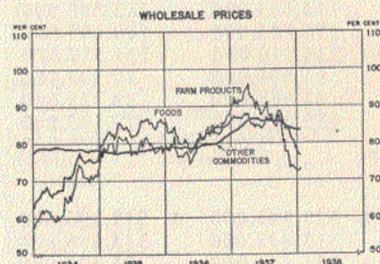
<sup>1</sup> Estimated for December. <sup>2</sup> 1,100 lbs. and over. <sup>3</sup> Under 1,100 lbs. <sup>4</sup> 800 lbs. and over. <sup>5</sup> Under 800 lbs. <sup>6</sup> Figures for 11 weekly reporting banks outside of reserve cities are included under "city member banks." <sup>7</sup> Daily average for December. <sup>8</sup> New method of computation effective August 23, 1935 reduced the 1935 and subsequent figures by 8-10%.



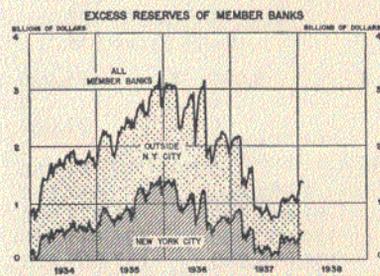
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to December 1937.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average=100. By months, January 1934 to December 1937. Indexes compiled by the United States Bureau of Labor Statistics.



Indexes compiled by the United States Bureau of Labor Statistics, 1926=100. By weeks, 1934 to week ending January 15, 1938.



Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934 to January 19, 1938.

## National Summary of Business Conditions

COMPILED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, JANUARY 26, 1938

Industrial output declined further in December and, according to preliminary reports, showed little change in the first three weeks of January. Prices of raw materials, which had declined sharply in October and November, have been maintained since that time.

**PRODUCTION:** The volume of industrial production declined further in December and the Board's seasonally adjusted index was at 84 per cent of the 1923-1925 average as compared with 89 in November. The decline reflected chiefly a continued sharp curtailment of activity in the durable goods industries. Steel ingot production averaged about 26 per cent of capacity, output of automobiles and plate glass was reduced considerably, and production of lumber and cement also declined. Total output of non-durable goods declined seasonally. There was a sharp decrease in output at silk mills and a further decline in cotton consumption. At woolen mills and shoe factories, however, output was maintained, following a considerable period of sharp decline. Activity at sugar refineries increased further. Mineral production in December, as in other recent months, was at a high level. Output of crude petroleum and bituminous coal declined seasonally, while anthracite production increased somewhat.

In the first three weeks of January, output of steel and automobiles increased somewhat from the extremely low levels reached in the latter part of December.

The value of construction contracts awarded in December continued in about the same volume as in the preceding three months. During this period there was a decline in awards for privately-financed projects, reflecting, in large part, further reductions in residential building, while publicly-financed work increased.

**EMPLOYMENT:** Factory employment and payrolls showed further declines between the middle of November and the middle of December, and employment at mines, on the railroads, and in the construction industry also continued to decrease. The decline in the number employed at factories was larger than in earlier months in industries producing durable goods, and was particularly marked in the steel, machinery, and automobile industries. For the non-durable goods industries as a group, the decline in December was about the same as in each of the previous three months, after allowance for seasonal changes. There was some increase in employment at shoe factories and little change at plants producing tobacco products, while most other industries in this group showed further decreases.

**DISTRIBUTION:** Department store sales increased in December by about the usual seasonal amount, and the Board's adjusted index was 90 per cent of the 1923-1925 average as compared with 91 per cent in November and an average of 93 per cent in the first ten months of the year. Mail-order business and sales at variety stores showed somewhat more than the seasonal increase, while sales of automobiles declined substantially. Preliminary reports indicate that in the first half of January sales at department stores were at about the same level as a year ago.

Railroad freight carloadings continued to decline in December, and in that month were 18 per cent lower than the average for the first half of the year, making allowance for usual seasonal change.

**COMMODITY PRICES:** Wholesale prices of basic commodities, after declining sharply in the autumn, showed little change in December and the first three weeks of January. Grains, cotton, print cloths, steel scrap, and bituminous coal increased somewhat, while leather, rayon, and wood pulp prices were reduced. Prices of a wide variety of finished industrial products showed further declines, and livestock products continued to decrease sharply.

**BANK CREDIT:** Excess reserves of member banks increased in the four weeks ended January 19 from \$1,010 million to \$1,370 million and were larger than at any time since May 1. The post-holiday decline in money in circulation, which accounted for this growth of excess reserves, was larger than the increase that occurred before Christmas.

The volume of loans at reporting member banks in 101 leading cities declined sharply in the five weeks ended January 19, while their holdings of investments showed little net change. Declines occurred in loans to security brokers and dealers and in commercial loans, which decreased both in New York City and in other leading cities. Inter-bank balances were built up during the period, while other deposits decreased somewhat, reflecting largely the repayment of bank loans, partly offset by a return flow of currency from circulation.

**MONEY RATES AND BOND YIELDS:** The average rate on new issues of 91-day Treasury bills continued in January at less than  $\frac{1}{8}$  of 1 per cent, and yields on Treasury notes and bonds declined to new low levels for recent months. Yields on the highest grade corporate bonds also declined somewhat, while those on the lower grade railroad issues rose.