MONTHLY REVIEW
OF
AGRICULTURAL AND BUSINESS CONDITIONS
IN THE
NINTH FEDERAL RESERVE DISTRICT

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December increase in business volume was slightly less than the usual seasonal amount. On December 31 member bank deposits were highest for any call report date in two years. Farm income decreased in December although farm product prices advanced.

Comparative annual figures appear on pages 163-165.

BUSINESS

The volume of business in this district in December increased less than seasonally despite the important gains shown by some of the indexes. The country lumber sales index rose to the highest level in many years. There was an unusually heavy demand for material for corn-crib construction in December in order to store and seal the 1938 corn crop on the farms under the government loan program, and the mild weather throughout the month permitted repair and construction of other farm structures. The city department stores sales index increased slightly in December, the miscellaneous carloadings index rose sharply to the highest point in nearly two years (February 1937), and the LCL index rose to the highest point in 1938.

Annual index figures included in the following table indicate quite definitely that the 1938 volume of business in this district was well below that of 1937 and also lower than in 1936 except in retail lines. The 1938 volume, however, was far above that of 1935, all of the 1938 annual indexes being higher than in that year with the exception of the ones dealing with the movement of goods and commodities.

Northwestern Business Indexes
(1929-1931=100)

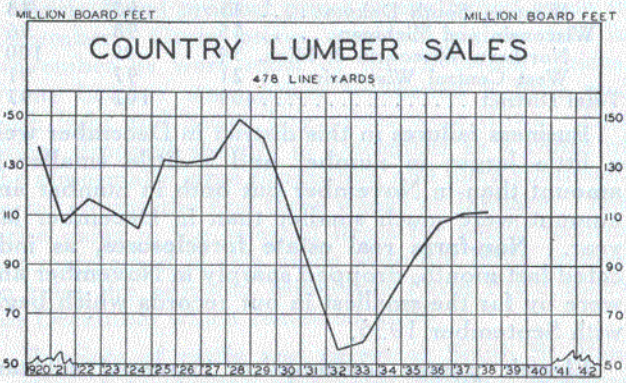
	Dec. 1938	Nov. 1938	Dec. 1937	Dec. 1936
Bank debits—94 cities	79	80	84	94
Bank debits—farming center	87	91	90	93
Country check clearing	146	146	149	155
City department store sales.	97	96	94	98
City department store stocks	78	80	81	80
Rural department store sales	90	93	89	91
Country lumber sales	115	..	105	104
Miscellaneous carloadings ..	101	93	90	118
LCL carloadings	66	64	67	71

	1938	1937	1936	1935
Bank debits—94 cities	82	90	85	75
Bank debits—farming centers	88	93	89	77
Country check clearings ...	143	154	146	129
City department store sales.	93	95	91	83
City department store stocks*	78	81	80	81
Country lumber sales	100	99	94	82
Miscellaneous carloadings ..	76	94	91	80
LCL carloadings	63	69	66	64

* December 31.

Building contracts awarded in December were much larger than in November and well above the December 1937 volume. The 1938 total was a little higher than in 1937 and the highest since 1930. Nearly half of the 1938 building total was residential building, a larger volume and percentage of the total than in any other year in our nine year records. **Building permits** issued in 46 cities as reported by cooperating officials did not show the usual seasonal decline in December, with the result that the 1938 total was slightly larger than in 1937. The valuation of building in 1938 totaled between a half and one million dollars at Superior and Eau Claire, Wisconsin; Fargo, North Dakota; Billings, Helena and Missoula, Montana; Albert Lea, Austin, Hibbing, Mankato and Winona, Minnesota; and was more than a million at Sioux Falls, South Dakota; Duluth, Minneapolis and St. Paul, Minnesota. Among the cities with less than a half million total, Milbank, South Dakota showed the greatest percentage gain in 1938 over 1937, but was rather closely followed by Watertown, South Dakota with a 1938 total nearly three times as large as in 1937.

Mortgages accepted for insurance by FHA in November were a little smaller in dollar amount than in October, but were nearly twice as large as in November 1937. While figures for the entire year 1938 will not be available for another four weeks, if the number and amount of mortgages in December were no larger than in December 1937, the 1938 totals will be slightly larger in number and much larger in amount than in the preceding year. **Warranty deeds recorded** in Hennepin and Ramsey counties increased by more than the seasonal amount in December to a level that was 6 percent higher than December 1937. The 1938 total was slightly below that of the preceding year but was higher



Annual Country Lumber Sales at 478 Line Yards in the Ninth Federal Reserve District.

than any other recent year. **Real estate mortgages recorded,** however, declined in December and the 1938 total was the smallest since 1933 with the exception of 1935.

Department store sales in December continued to improve over the same month in the preceding year and were 2 percent larger than in December 1937. The increases during the last two months of the year, however, were not large enough to offset the earlier decreases, and total sales for 1938 were 3 percent smaller than in 1937. City department store sales showed a little larger increase than country department stores in December but on an annual basis, the two groups were about equal. **City department store stocks** decreased a little more than seasonally in December and were 3 percent smaller than at the end of 1937. During 1938 these stocks figures have fluctuated almost identically with the average, but 20 percent below the 1929-31 level. With the exception of April, which was affected by the variable date of Easter, the stocks index, seasonally adjusted, has ranged from 78 to 81. **Collections,** as usual, decreased slightly in December but **accounts and notes receivable** increased by more than usual and on December 31 were the highest for that date since 1933.

Sales at Department Stores

	No. of Stores	% Dec. 1938 of Dec. 1937	Cumulative % 1938 of 1937
Mpls., St. Paul, Duluth-Superior	21	103	97
Country Stores	388	101	96
Minnesota	140	99	96
Central Minnesota	25	104	97
Northeastern Minnesota	15	100	92
Red River Valley Minnesota	11	89	97
South Central Minnesota	33	99	93
Southeastern Minnesota	19	99	98
Southwestern Minnesota	37	98	98
Montana	47	104	95
Mountain	13	97	89
Plains	34	112	100
North Dakota	69	101	98
North Central North Dakota	12	102	96
Northwestern North Dakota	10	101	95
Red River Valley No. Dakota	21	98	100
Southeastern North Dakota	21	104	95
Southwestern North Dakota	5	109	96
Red River Valley—Minn., N. D.	33	96	100
South Dakota	77	105	99
Southeastern South Dakota	16	100	99
Other Eastern South Dakota	50	110	100
Western South Dakota	11	97	88
Wisconsin and Michigan	55	98	96
Northern Wisconsin & Mich.	34	99	100
West Central Wisconsin	21	97	91
Total District	409	102	97

Business failures in this district in December were a little larger in number and a little smaller in amount than in November but both in number and amount were much smaller than in December last year. **Non-farm real estate foreclosures,** as indicated last month, dropped sharply in November and were by far the smallest in our records which begin with September 1935.

Electric power consumption increased substantially in November in Montana as a result of increased mining operations and was one-fourth larger than in November 1937. Consumption in Minnesota and the Dakotas was about the same in November as in the preceding month and in November 1937.

Iron ore shipments in this district were, of course, in much smaller volume in 1938 than in 1937 but, as shown below, our three important iron ore producing states contributed a very substantial portion of the total United States shipments.

Iron Ore Shipped
(Gross Tons)

	1938	% of Total	1937	% of Total
Michigan	4,091,000	16	12,627,000	17
Minnesota	14,508,000	55	47,878,000	66
Wisconsin	625,000	2	1,420,000	2
Ninth Fed. Res. Dist.	19,224,000	73	61,925,000	85
All Other Fed. Res. Dists.	7,047,000	27	10,423,000	15
Total United States	26,271,000	100	72,348,000	100

Other business volume indicators that were higher in December 1938 than in December 1937 were new passenger car sales in Minnesota, wholesales of groceries, flour production, number of telephone installations in the Twin City area, wheat, rye & flax marketings, butter production, and lumber shipments. Decreases from last year were recorded in sales of passenger cars and trucks in North Dakota, wholesales of hardware, flour and linseed product shipments from Minneapolis, livestock marketings, and the cut of lumber.

BANKING

Country member bank deposits receded only slightly during December from the high point of the year reached in November. There were no important changes in earning assets, however, and the large end-of-November balances at other banks were retained throughout the month. Excess reserves increased $1 million as a result of transfers to us, and at the end of December were at the $16 million level for the first time since early last summer. Compared with the last half of December 1937, deposits averaged $3 million higher and earning assets and balances with us were down $2 million and $6 million, respectively, and balances due from other banks increased $11 million.

On December 31, 1938, deposits at country member banks (excluding those in the larger nonreserve cities that send us weekly condition reports) were higher than on any call date in the last two years, chiefly because of the larger volume of individual and commercial deposits. Loans and discounts were higher than on any call date since December 1932. Holdings of government securities increased moderately during the latter half of the year, but with the exception of last March holdings at the end of 1938 were the smallest since June 1936. Holdings of other securities decreased during 1938 and on December 31 were smaller than at any year-end since 1924.

City member bank deposits dropped sharply from the two-year high on December 14 to $541 million in mid-January, as public deposit totals were materially reduced. There was also some repayment of customer loans which resulted in a corresponding decrease in deposits of individuals and corporations. The decline in public deposits was met by lowering balances due from other banks, reserve balances with us remaining unchanged. On account of the smaller amount of required reserves, excess reserves increased to nearly $23 million, the highest they have been since the middle of last September. Holdings of government and other securities showed little change during the five-week period.

On December 31, 1938, city member bank deposits were higher than on any other call date in the last two years, largely because of substantial increases throughout the year in individual and commercial deposits and balances due to other banks. Loans and discounts were slightly higher than at the time of the June and September calls, but were lower than on any other call date since June 1936. Holdings of government securities increased sharply during the last quarter of 1938 and the December 31 total was larger than at the end of the previous year but it was $4 million smaller than the "high" for the last two years that was reported last March.

Current net earnings of this Federal Reserve Bank in 1938 amounted to a little less than $89 thousand compared with $297 thousand in 1937. Significant items from our profit and loss statement are shown below:

	1938	1937
Current Net earnings	$ 88,548	$297,499
Net additions to current net earnings	284,749 (1)	6,091 (2)
	$373,297	$291,408
Dividends paid	$174,231	$174,057
Payments to Secretary of the Treasury (3)	1,005	0
Transferred to surplus accounts (net)	198,061	117,351

(1) Largely from profit on sales of United States government securities. (2) Deduction. (3) Under section 13b of Federal Reserve Act.

Total earning assets of this bank declined during 1938 and at the end of the year were lower than at any year-end since 1931. The volume of bills discounted for member banks continued small throughout the year, although there was a slight seasonal increase late in the fall, most of which had matured by the end of the year. Industrial advances declined gradually from January to May when they were a little over one-half million dollars, increased rapidly to more than a million in mid-summer, and then slowly declined to slightly less than one million dollars at the end of the year.

Member bank reserve deposits were a little lower throughout 1938 than in 1937 but were over $100 million during the entire year. The only other year when seasonal withdrawals did not reduce the member bank deposit total to less than $100 million was 1937.

Federal Reserve notes in circulation remained relatively high in 1938 although the level was slightly lower than in the preceding year. The volume of notes in circulation decreased seasonally early in the year but continued to decline throughout the summer and did not reach the year's low until August instead of in late January as has generally been the case in other recent years. The volume of notes in circulation expanded gradually from the middle of August to the middle of December, the year's high being reached, as is frequently the case, just before Christmas.

The discount rate to member banks under Sections 13 and 13a of the Federal Reserve Act remained at 1½ percent throughout 1938, but the rate on advances to individuals, partnerships and corporations under Section 13 was dropped to 3 percent on October 8. All other rates remained unchanged.

AGRICULTURE

Farmers' cash income in the Ninth District from the sale of seven products (excluding government payments) decreased by more than the usual amount in December, the small improvement in grain and livestock prices being insufficient to offset the smaller marketing volumes. Income from the sale of grain in December was well above that of December 1937 but grain income in December is only a small percentage of the total. Dairy product income was slightly larger in December than in November but, like income from hogs, was far below the December 1937 volume.

The USDA estimate of cash income in November (including government payments) showed a smaller than usual decline from the preceding month as was indicated by our estimates last month, and income from items not included in our estimates raised the total for November above the level of that month in 1937. The largest increases over 1937 were in Montana as a result of greater income from crops and in South Dakota where a large increase in government payments was responsible for the gain.

Agricultural product prices strengthened again in December. Grain prices were all higher than in November as were most of the livestock prices. Prime butcher steer prices weakened a little and both light and heavy hog prices were down. Egg prices dropped sharply in December as a result of the abnormally large production and have continued to fall during the first three weeks of January. The price gains in the selected items for which records are maintained in this office were not large enough to raise the adjusted Minnesota Farm Price Index for December which remained at 66.

Receipts of cattle and calves at South St. Paul continued to decline seasonally during December and were the smallest for any December since 1933.

Cattle and calf receipts during 1938 were the smallest in any year since 1933, because of the unusually light marketings of young cattle and calves, especially heifers, a result of the active restocking of northwestern farms throughout the year. According to *The Beef Cattle Situation* published by the USDA, the 1939 outlook is: "Slaughter of both cattle and calves in 1939 is expected to be smaller than in 1938. The reduction will be mostly in calves and breeding stock as steer slaughter probably will show little change. Consumer demand for meats is expected to be somewhat stronger than in 1938, reflecting the prospective increase in industrial activity and consumer buying power. The improvement in consumer demand and reduction of cattle slaughter will be price strengthening factors; large supplies of hogs and of all meats will be price depressing factors."

During the first three weeks of January, receipts increased and were about as large as one year earlier. Prices sagged early in the month but later strengthened when dressed beef prices advanced.

Shipments of stocker and feeder cattle from South St. Paul declined seasonally in December but were about two-fifths larger than in December last year. During 1938, feeder cattle shipments were smaller than in 1937, largely because of limited supplies. A good demand for feeder cattle existed throughout the year. Direct shipments of feeder cattle (not going through stockyards) from producer to feed lot have been larger than in 1937 and probably account in part for the decreased receipts at South St. Paul. The USDA estimates that the number of cattle on feed January 1 for market in the eleven corn belt states was 7 percent larger than the number on feed at the beginning of 1938. South Dakota showed a 15 percent and Wisconsin a 5 percent increase over a year earlier, whereas cattle on feed in Minnesota numbered about the same as a year ago.

During the first three weeks of January, shipments continued to decline but were well above the same three weeks last year. The volume of calves and heifers was very limited. Demand remained good and prices steady.

Hog receipts at South St. Paul during December were one-third smaller than the large November receipts and 10% smaller than in December 1937. This seasonal decline in marketings does not usually begin until January but because of favorable weather and feed supplies, the 1938 spring pig crop in our district developed more rapidly than usual and volume marketings began in August instead of September, which resulted in a November instead of the usual December peak. Total 1938 hog receipts were more than one-fourth larger than in 1937 and the largest in any year since 1933. *The Hog Situation* published by the USDA states: "Slaughter supplies of hogs in the 1938 marketing year, which began October 1, will be materially larger than in the preceding year. Domestic demand for hog products, including both consumer and storage demand, in the current marketing year probably will be more favorable than in 1937-38, and the foreign demand for hog products also may be a little stronger. But the effects of the stronger demand upon prices probably will only partially offset the effects of the larger supplies. With feed supplies in 1938-39 abundant and large in relation to livestock numbers a further increase in the number of pigs raised in 1939 is expected."

During the first three weeks of January, hog receipts continued to decline seasonally and were smaller than one year earlier. Heavy hog prices continued to be under pressure whereas light hogs were much in demand and prices were a little stronger.

Imports of Canadian beef cattle during December continued small, leaving the 1938 quota of 156 thousand head only a little more than half filled. November and December importations were undoubtedly curtailed somewhat as many Canadian producers were withholding shipments until the new year when the new trade agreement between the United States and Canada would become effective. On January 1 under the new agreement the duty on beef cattle was reduced from 2 to 1½ cents per pound, and quotas on most classes of cattle were substantially increased. Total Canadian beef cattle imports for 1938 totalled 80 thousand head, less than half the 1937 volume and only a little more than half as numerous as in 1936. Twelve thousand dairy cattle were imported in 1938 compared to 13½ thousand head in 1937 and in 1936.

During the first three weeks of January, Canadian imports increased sharply, accounting for a large part of the supplies of slaughter steers at South St. Paul during the second and third weeks of the month.

The dairy cow market at South St. Paul was less active in December than in November registering the usual mid-winter lull. Demand was narrow because of the scarcity of shippers' orders but supplies were also very light and prices remained fairly steady, ranging from $40-$90. During 1938, well bred cows were readily salable at all times. Because of the abundance of cheap feed, dairy cow prices remained strong throughout 1938 in spite of the sharp decline in dairy product prices, and reached a top of $100 in late October, the highest price since pre-depression years.

Receipts of sheep and lambs at South St. Paul declined seasonally during December and were nearly one-fourth smaller than in December 1937. Total 1938 receipts were slightly smaller than in 1937 and the smallest in any year since 1929. The number of sheep and lambs on feed on January 1 in our four states was about the same as a year ago whereas the number on feed in the total United States was about 5 percent smaller than on January 1, 1938. According to *The Sheep and Lamb Situation* issued by the USDA, "The trend in sheep

numbers in the United States will be upward during the next few years. . . . . The total live weight of sheep and lambs slaughtered in the current fed lamb marketing season may be larger than in the 1937-38 season. The improvement in consumer demand probably will be sufficiently great to more than offset effects upon prices of any increase in marketings of sheep and lambs. Hence, the average price of lambs in the 1938-39 fed lamb season probably will be higher than that of 1937-38."

During the first three weeks of January receipts continued to decline and were smaller than one year earlier. Declines in dressed lamb prices resulted in weakness in the fat lamb trade but demand for feeders remained strong and feeder prices continued steady.

Farm laying flocks of poultry in the United States during 1938 showed the greatest increase on record and contained more potential layers on January 1, 1939 than for several years. The average number of eggs per 100 layers on January 1 exceeded the previous high of last year by 8 percent and the 10-year average by about 42 percent. As a result, the average January 1 production of eggs per farm flock established a new high record, 36 percent above the 10-year average.

Cold storage holdings of all classes of meat increased less than seasonally during December and on January 1 remained much smaller than usual but slightly larger than a year ago. Holdings of beef were about one-half, pork and lamb & mutton three-fourths, and miscellaneous meats about four-fifths as large as the 5-year average. Lard holdings, however, increased more than usual during December and were larger than the 5-year average for the first time in 16 months. Total creamery butter holdings decreased less than seasonally during December, leaving 128 million pounds in storage, compared to 43 million on January 1, 1938 and a 5-year average of 56 million pounds. The January 1, 1939 figure included the 87 million pounds held by The Dairy Products Marketing Association for resale or relief purposes. Cold storage supplies of eggs decreased less than usual as a result of heavy December egg production but remained below normal and about half as large as one year earlier. Poultry supplies continued to be a little above the 5-year average for January 1.

THE YEARS 1934 TO 1938 IN THE NINTH FEDERAL RESERVE DISTRICT

GENERAL BUSINESS

	1934	1935	1936	1937	1938
Bank Debits					
Total—94 Cities	$7,685,285,000	$8,751,364,000	$9,939,600,000	$10,487,188,000	$9,478,722,000
Minneapolis	3,456,332,000	3,756,035,000	4,184,537,000	4,411,825,000	3,905,851,000
St. Paul	1,460,646,000	1,768,167,000	1,990,856,000	2,053,056,000	1,879,028,000
South St. Paul	142,366,000	207,945,000	275,414,000	265,625,000	272,765,000
Great Lakes Ports	525,449,000	549,219,000	663,098,000	779,146,000	678,095,000
Beef and Pork, S. E.	262,007,000	296,042,000	344,343,000	355,825,000	335,507,000
Beef and Pork, S. W.	266,969,000	313,515,000	391,622,000	382,418,000	362,066,000
Dairy and Mixed Farming	364,626,000	430,070,000	540,010,000	595,343,000	559,012,000
Wheat and Mixed Farming	474,533,000	529,181,000	557,262,000	607,154,000	555,613,000
Wheat and Range	242,458,000	305,461,000	349,045,000	334,455,000	323,499,000
Mining and Lumber	489,899,000	595,729,000	643,413,000	702,341,000	607,286,000
Country Check Clearings—F. R. Bk.					
Total	$1,050,582,000	$1,284,831,000	$1,451,301,000	$1,538,030,000	$1,418,701,000
Minnesota	392,139,000	477,625,000	556,183,000	598,444,000	562,196,000
Montana	160,457,000	212,207,000	241,734,000	254,273,000	229,041,000
North and South Dakota	317,520,000	376,308,000	394,481,000	391,037,000	368,849,000
Michigan and Wisconsin	180,466,000	218,691,000	258,903,000	294,276,000	258,615,000
Retail Sales					
478 Lumber Yards (board feet)	72,707,000	92,212,000	108,203,000	111,762,000	113,063,000
19 City Department Stores	$ 52,280,930	$ 55,576,660	$ 61,842,710	$ 64,023,180	$ 62,547,380
426 Country Dept. & Gen. Stores	61,296,790	65,349,290	71,607,340	74,413,730	72,402,380[1]
Life Insurance (4 States)	185,555,000	206,343,000	203,423,000	208,998,000	203,190,000
Autos. (Number—Minn. & N. D.)	45,240	78,075	93,026	95,016	61,319
Manufacturing and Mining					
Flour Production					
Minneapolis Mills (bbls.)	7,081,831	6,636,159	5,867,378	5,681,400	5,736,663
Other N. W. Mills (bbls.)	8,690,584	8,323,982	8,962,115	8,235,835	8,689,927
Copper Prod. (3 Firms, lbs.)	114,018,900	218,635,800	313,080,800	367,706,250	238,262,314[1]
Lumber Cut (5 Mfrs. bd. ft.)	102,514,000	158,914,000	171,407,000	174,657,000	140,267,000
Flour Ship. from Mpls. (bbls.)	7,548,919	7,018,898	7,161,237	5,949,417	6,270,131
Linseed Product Ship. (lbs.)	127,773,589	223,228,547	267,310,621	231,230,257	156,938,761
Iron Ore Shipments (gross tons)	22,249,600	28,362,368	44,822,023	62,598,937	19,263,011
Lumber Shipped (5 Mfrs. bd. ft.)	98,989,000	132,420,000	158,201,000	170,081,000	132,893,000
Inventories, December 31					
454 Lumber Yards (board feet)	53,948,000	61,365,000	66,502,000	68,098,000	62,948,000
Lumber (5 Mfrs. board feet)	83,769,000	109,674,000	118,963,000	121,098,000	125,785,000
19 City Department Stores	$ 7,935,260	$ 8,592,750	$ 8,415,440	$ 8,716,710	$ 8,222,390
107 Ctry. Dept. & Gen. Stores	$ 3,778,480	$ 3,962,050	$ 4,119,410	$ 4,378,430	$ 4,022,320[1]
Accts. & Notes Receivable, Dec. 31					
478 Lumber Yards	$ 1,738,500	$ 2,114,900	$ 3,269,970	$ 2,911,560	$ 2,976,640
18 City Department Stores	6,589,190	7,284,650	8,261,160	8,536,420	8,714,800

THE YEARS 1934 TO 1938 IN THE NINTH FEDERAL RESERVE DISTRICT (CONTINUED)

	1934	1935	1936	1937	1938
Business Failures					
Number	320	263	235	205	226
Liabilities	$ 6,406,000	$ 4,814,000	$ 5,069,000	$ 1,732,000	$ 3,861,000
Electric Power Consumption (K.W.H.)					
Minn., North & South Dakota	1,656,629,000	1,777,515,000	2,103,933,000	2,225,509,000	2,071,402,000[1]
Montana	867,504,000	1,296,199,000	1,451,816,000	1,318,493,000	1,314,896,000[1]
Freight Carloadings—N. W. District					
Total—Excluding LCL	3,139,725	3,345,731	4,121,610	4,464,146	3,096,984
Grain and Grain Products	413,553	422,658	445,148	432,509	486,341
Livestock	300,046	160,623	210,969	157,620	158,814
Coal	282,418	297,997	338,472	324,005	277,380
Coke	44,802	59,375	83,420	88,013	41,066
Forest Products	320,513	385,772	474,621	510,087	377,734
Ore	444,403	571,655	914,789	1,246,490	367,808
Miscellaneous	1,333,990	1,447,651	1,654,819	1,705,422	1,387,841
Merchandise—LCL	983,022	968,180	1,001,724	1,045,665	958,507
Building Permits					
Number (18 Cities)	9,976	12,814	15,112	15,169	15,107
Valuation (18 Cities)	$ 9,185,600	$ 15,070,700	$ 23,775,900	$ 25,189,390	$ 25,494,700
Minneapolis	3,113,000	4,690,000	7,195,800	7,529,820	7,761,690
St. Paul	2,528,400	3,551,700	7,099,900	7,228,100	7,275,350
Duluth-Superior	924,100	1,544,300	1,933,300	2,856,670	2,157,160
4 Wheat Belt Cities	816,300	1,370,200	1,942,300	2,158,180	2,066,620
6 Mixed Farming Cities	1,117,600	3,299,400	3,561,000	4,101,830	4,949,870
4 Mining Cities	686,200	614,200	2,043,600	1,314,790	1,284,010
Construction Contracts Awarded					
Total Building	$ 19,467,700	$ 27,268,100	$ 42,600,000	$ 50,128,400	$ 53,105,000
Residential	4,142,600	10,094,400	16,004,500	20,765,600	23,114,000
Commercial & Industrial	5,138,100	5,655,700	9,938,500	11,686,800	6,577,000
Educational	4,088,000	4,745,000	7,041,000	6,959,000	12,390,000
All Other	6,099,000	6,773,000	9,616,00	10,717,000	11,024,000
Public Works	34,405,000	31,879,000	40,471,000	30,432,000	31,305,000
Utilities	4,727,000	5,405,000	6,317,000	11,906,000	9,259,000
Real Estate Activity in Hennepin and Ramsey Counties					
Warranty Deeds Recorded	10,091	11,073	13,540	14,085	13,729
Mortgages Recorded	16,938	12,883	14,377	13,800	13,659

AGRICULTURE

Farmers' Cash Income (F. R. Bk.)					
Bread Wheat	$ 52,459,000	$ 91,298,000	$ 50,946,000	$ 86,171,000	$ 72,569,000
Durum Wheat	10,693,000	11,077,000	8,923,000	14,214,000	15,347,000
Rye	1,989,000	3,348,000	5,819,000	10,811,000	7,229,000
Flax	7,921,000	17,495,000	9,665,000	11,317,000	10,297,000
Dairy Products	129,036,000	141,331,000	181,951,000	174,166,000	154,752,000
Hogs	83,276,000	73,574,000	131,673,000	108,896,000	98,259,000
Wool	14,691,000	9,827,000	14,248,000	14,953,000	8,805,000
Potatoes	14,437,000	13,542,000	17,727,000	21,222,000	14,356,000
Butter Production (lbs.)	487,822,000	470,556,000	500,698,000	469,622,000	503,273,000[1]
Farmers' Cash Income (USDA)[2]					
Ninth District	$ 534,662,000	$ 628,738,000	$ 701,312,000	$ 736,104,000	$ 670,669,000
Michigan (15 counties)	7,245,000	8,782,000	10,260,000	12,583,000	10,991,000
Minnesota	225,953,000	277,627,000	345,052,000	348,119,000	316,132,000
Montana	79,626,000	100,545,000	80,595,000	88,590,000	83,441,000
North Dakota	99,157,000	93,093,000	94,297,000	118,648,000	100,932,000
South Dakota	78,718,000	92,910,000	103,972,000	97,636,000	105,791,000
Wisconsin (26 counties)	43,963,000	55,781,000	67,136,000	70,528,000	53,382,000
Grain Marketings at Mpls. and Duluth-Superior (bushels)					
Bread Wheat	43,879,000	63,877,000	33,322,000	57,494,000	79,337,000
Durum Wheat	8,101,000	9,660,000	7,068,000	12,098,000	20,615,000
Rye	2,684,000	6,982,000	8,466,000	13,095,000	15,854,000
Flax	4,078,000	10,061,000	4,721,000	5,391,000	5,656,000
Livestock Receipts at South St. Paul (No. of Head)					
Cattle	1,475,890	910,785	1,106,434	930,246	882,236
Calves	840,413	477,264	561,040	596,108	487,099
Hogs	1,885,080	931,203	1,994,944	1,590,607	2,016,720
Sheep	1,583,674	1,362,424	1,487,363	1,290,319	1,258,498
Cash Grain Prices at Mpls. (bu.)[3]					
Wheat—No. 1, D. N. S.	$1.16¾	$1.28⅜	$ 1.55⅞	$ 1.15⅛	$ .77¾
Durum—No. 2 Amber	1.43¼	1.13	1.77⅝	1.05⅞	.69½
Corn—No. 3 Yellow	.90⅝	.54	1.09⅝	.51⅞	.46⅛
Oats—No. 3 White	.59⅜	.26	.49¾	.28¾	.27⅞

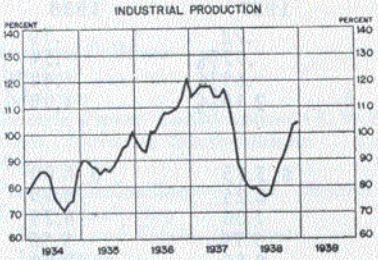
THE YEARS 1934 TO 1938 IN THE NINTH FEDERAL RESERVE DISTRICT (CONTINUED)

	1934	1935	1936	1937	1938
Barley—No. 3	1.08	.52	1.23	.72	.50
Malting Barley—No. 3	1.18	.62	1.30	.77⅞	.54
Rye—No. 2	.80½	.49	1.13½	.69⅞	.42⅝
Flax—No. 1	1.97½	1.83⅛	2.23⅜	2.10⅞	1.90½
Livestock Prices at South St. Paul (cwt.)[3]					
Butcher Cows and Heifers	$3.00	$5.50	$ 6.00	$ 5.75	$ 6.00
Heavy Butcher Steers[4]	6.50	8.25	9.25	8.25	8.75
Light Butcher Steers[5]	5.50	7.00	7.50	7.00	8.25
Prime Heavy Butcher Steers[4]	7.50	10.00	11.75	9.75	9.50
Prime Light Butcher Steers[5]	8.00	9.50	10.00	8.50	10.00
Heavy Stocker and Feeder Steers[6]	2.50	7.00	6.00	6.25	7.00
Light Stocker and Feeder Steers[7]	2.50	6.00	5.00	6.10	6.50
Veal Calves	4.50	8.50	7.50	7.50	8.00
All Hogs	5.30	9.25	9.65	7.75	7.15
Heavy Hogs	5.80	8.90	9.60	6.95	6.75
Lambs	7.00	10.75	8.50	8.25	9.00
Ewes	2.50	4.75	4.00	3.50	3.50
Wool (farm price per lb.)	.18	.22½	.30½	.23	.20
Wholesale Produce Prices at Minneapolis[3]					
Butter (lb.)	$ .27¾	$ .31	$ .31¼	$ .33¾	$ .24½
Milk (cwt.)	1.55	1.73	2.01	1.97	1.52
Hens (lb.)	.09½	.17	.11	.15	.10½
Eggs (doz.)	.20	.18	.22½	.16	.17¾
Potatoes (bu.)	.53	.66⅝	1.22	.65¼	.75

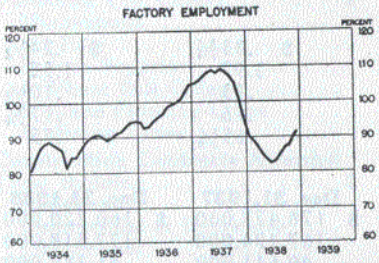
BANKING

City Member Banks[8]	Dec. 31, 1934	Dec. 31,1935	Dec. 31, 1936	Dec. 31,1937	Dec. 31,1938
Loans and Discounts	$ 149,159,000	$ 176,923,000	$ 171,685,000	$ 178,477,000	$ 160,220,000
U. S. Government Securities	156,220,000	168,550,000	190,028,000	167,174,000	177,518,000
Other Securities	55,951,000	44,431,000	48,138,000	40,611,000	41,385,000
Total Deposits	491,056,000	537,593,000	569,494,000	526,199,000	550,790,000
Demand Dep.—Ind.,Part.&Corp.	190,306,000	226,698,000	257,344,000	227,482,000	236,722,000
Time Dep.—Ind.,Part.& Corp.	114,316,000	118,728,000	122,934,000	121,808,000	119,531,000
Public Deposits	54,192,000	60,282,000	53,339,000	57,089,000	61,350,000
Due to Other Banks	132,242,000	131,885,000	135,877,000	119,820,000	133,187,000
Country Member Banks[8]					
Loans and Discounts	$ 113,888,000	$ 131,399,000	$ 117,813,000	$ 131,439,000	$ 137,204,000
U. S. Government Securities	111,779,000	107,952,000	139,688,000	136,766,000	133,899,000
Other Securities	111,314,000	104,855,000	114,593,000	103,808,000	99,746,000
Total Deposits	405,540,000	439,802,000	482,875,000	473,193,000	476,521,000
Demand Dep.—Ind.,Part.&Corp.	128,918,000	149,170,000	176,383,000	169,195,000	170,681,000
Time Dep.—Ind.,Part.& Corp.	200,582,000	213,832,000	228,910,000	234,377,000	230,859,000
Public Deposits	56,887,000	55,503,000	53,696,000	49,592,000	53,978,000
Due to Other Banks	19,153,000	21,297,000	23,886,000	20,029,000	21,003,000
Member Bank Net Demand and Time Deposits[9]					
In Cities over 15,000 pop.	$ 468,551,000	$ 490,305,000[10]	$ 529,543,000	$ 512,195,000	$ 503,703,000
In Cities under 15,000 pop.	307,067,000	286,965,000[10]	313,477,000	313,108,000	299,092,000
Michigan—15 counties	45,955,000	45,538,000[10]	51,141,000	53,597,000	49,996,000
Minnesota	125,902,000	119,028,000[10]	133,087,000	133,531,000	129,355,000
Montana	50,040,000	49,216,000[10]	51,911,000	52,551,000	50,445,000
North Dakota	28,775,000	25,612,000[10]	24,265,000	21,221,000	19,178,000
South Dakota	39,597,000	31,044,000[10]	34,200,000	33,302,000	30,739,000
Wisconsin—26 counties	16,798,000	16,527,000[10]	18,873,000	18,906,000	19,379,000
Interest Rates					
Minneapolis Commercial Banks	3¾-4	3½-3¾	3½-3¾	3½-3¾	3½-3¾
Commercial Paper (Net Rate)	1¼	1¼	1	1¼	⅞
Minneapolis Federal Res. Bank	3	2	2	1½	1½
Minneapolis Federal Reserve Bank					
Loans to Member Banks	$ 0	$ 33,000	$ 3,000	$ 175,000	$ 134,000
Twin Cities	0	0	0	0	0
Minnesota, Wisconsin & Mich.	0	0	0	91,000	124,000
North Dakota & Montana	0	0	3,000	0	10,000
South Dakota	0	33,000	0	84,000	0
Industrial Advances	1,753,000	1,590,000	1,064,000	637,000	964,000
Commitments Indust. Advances	0	138,000	71,000	51,000	212,000
Total Earning Assets	67,423,000	77,261,000	91,842,00	83,875,000	57,915,000
Member Bank Reserve Balances	97,421,000	96,228,000	120,530,000	126,011,000	113,568,000
Fed. Res. Notes in Circulation	106,687,000	110,563,000	136,096,000	137,569,000	136,857,000
Total Reserves	151,469,000	145,513,000	184,211,000	195,865,000	249,844,000

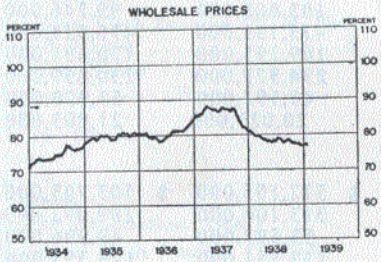
[1] Estimated for December. [2] 78 crops and 13 livestock items including government payments. [3] December. [4] 1,100 lbs. and over. [5] Under 1,100 lbs. [6] 800 lbs. and over. [7] Under 800 lbs. [8] Figures for 11 weekly reporting banks outside of reserve cities are included under "City Member Banks." [9] Daily average for December. [10] New method of computation effective August 23, 1935 reduced the 1935 and subsequent figures by 8-10%.



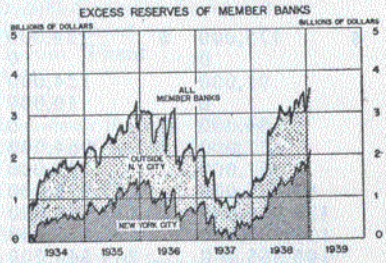
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to December 1938.



Index of number employed, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to December 1938.



Index compiled by the United States Bureau of Labor Statistics, 1926=100. By weeks, 1934 to week ended January 14, 1939.



Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934 to January 18, 1939.

National Summary of Business Conditions

COMPILED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, JANUARY 24, 1939.

The volume of industrial production declined seasonally in December and showed little change in the first three weeks of January, when an increase is usual. Wholesale commodity prices were steady. Employment and payrolls increased further in December, and retail sales showed more than the usual seasonal rise.

PRODUCTION: In December, the volume of industrial production declined by about the usual seasonal amount and the Board's adjusted index was at 104 percent of the 1923-1925 average, about the level reached in November following an exceptionally rapid advance after the middle of the year. Changes in output in most lines in December were largely seasonal. In the steel industry, however, production showed a greater than seasonal decline, and averaged 54 percent of capacity in December as compared with 61 percent in November. Lumber production showed little change from November to December, although usually there is a decline, and at textile mills and shoe factories, activity declined less than seasonally. At meat-packing establishments there was a reduction in output.

Automobile production increased somewhat further in December. In the fourth quarter of 1938, production and sales of new model cars were in about the same volume as in 1937. Dealers' stocks of new cars increased seasonally in this period but at the year-end were much below the high level of a year earlier.

The value of construction contracts awarded increased considerably from November to December, according to F. W. Dodge Corporation figures for 37 eastern states. The increase reflected principally a further rise in contracts awarded for Public Works Administration projects, which accounted for most of the sharp increase in awards that occurred in the last half of 1938. Contracts for private residential building decreased less than seasonally in December, while other private construction showed little change and remained at a low level.

EMPLOYMENT: Employment and payrolls rose further between the middle of November and the middle of December. In most manufacturing lines the number employed continued to increase, when allowance is made for the usual seasonal changes, and in the automobile and machinery industries the rise was considerable. Employment and payrolls in trade increased more than is usual in the holiday season and in the construction industry employment showed much less than the usual seasonal decline.

DISTRIBUTION: Sales of commodities increased more than seasonally in December. Department store sales showed the usual sharp expansion prior to Christmas and sales at variety stores and mail order sales showed a more than seasonal rise.

Freight carloadings declined seasonally from November to December, reflecting largely the customary decrease at this time of year in shipments of miscellaneous freight.

BANK CREDIT: As the result of the post-holiday return of money from circulation, together with Treasury disbursements from its balances with the Reserve banks, and gold imports, excess reserves of member banks increased nearly $600 million in the four weeks ended January 18 to a new high level of $3,560 million. A large part of the increase occurred at New York City banks.

Total loans and investments of reporting member banks in 101 leading cities, which increased substantially in the first three weeks of December, declined in the following four weeks. There was some decline in loans and a reduction in holdings of United States government obligations, reflecting in part distribution to the public of new securities purchased by banks in December. Deposits declined somewhat in the latter part of December but increased in January.

MONEY RATES AND BOND YIELDS: Average yields on United States government securities declined slightly in December and the first three weeks of January. For three consecutive weeks the entire new issue of 91-day Treasury bills sold on or slightly above a no-yield basis. Commercial paper rates declined slightly in January while other open-market money rates continued unchanged.