MONTHLY REVIEW

OF

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

NINTH FEDERAL RESERVE DISTRICT

Vol. 7 (Serial No. 313) **Federal Reserve Bank, Minneapolis, Minn.** **January 28, 1941**

FACILITIES AND FINANCING FOR NATIONAL DEFENSE

On November 18, this bank established an Industrial Coordination Department to serve as Field Representative in the Ninth Federal Reserve District for the National Defense Advisory Commission.

The general function of this Department is to serve as a local center for information regarding the Defense Program. Businessmen and bankers can now obtain at this bank, essentially the same information, as in Washington, and often more promptly. Typical duties of the Department are:

1. To furnish interested manufacturers and suppliers with information on how and where to apply for Defense Contracts.
2. To furnish governmental purchasing bureaus and officers, and interested primary contractors with information on unused production facilities in this District.
3. To provide information regarding procedures in accepting Assignments of Claims arising from Government Contracts.
4. To assist businessmen and bankers, upon request, in arranging the financing of government contracts and subcontracts for both supplies and additional emergency facilities.

Every Ninth District manufacturer may register his production facilities with us by completing a form "Facilities for Defense Supplies," at his local bank. (We will promptly mail an additional supply of the forms, upon request.)

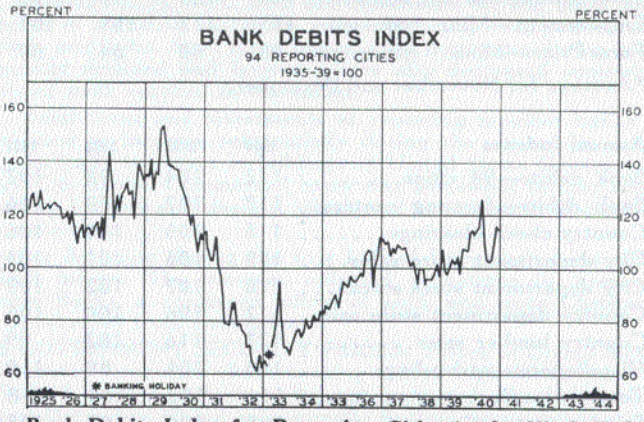
Every bank is urged to suggest to each of its manufacturing customers that it arrange immediately to take advantage of the services of our Industrial Coordination Department.

Even manufacturers of products such as jewelry, novelties, toys, etc., might find after conference with us products that are needed in the Defense Program that they could make.

Business volume declined slightly in December from November but was the largest for any December in eleven years. Deposits at member banks set a new all-time high on December 31 and loans outstanding were the largest in nine years. The agricultural situation on January 1 was the best in the depression decade. Farmers' cash income declined seasonally in December but was larger in 1940 than in any year since 1930.

BUSINESS

December business volume in this district declined slightly after the sharp rise in November but nevertheless was the largest for the month since 1929. The 94 cities bank debits index and the index of bank debits at farming centers declined a little from the November level but were slightly higher than one year earlier and were higher than in any other year since 1929. Country check clearings continued at the same relative rate as in November and were the largest on record for December. Sales at both city and country department stores failed to increase as much as usual from the high November level and were slightly smaller than the exceptionally large December 1939 sales. Nevertheless, with the exception of December 1939, department store sales were the largest since 1929. The index of miscellaneous carloadings increased sharply in December and was at the highest point for any month since November 1929. The index of total carloadings, excluding miscellaneous, declined sharply but was at the highest December level since 1930. Employment as indicated by the Minnesota employment index was at the highest December level in our seven-year records.



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

The 1940 business volume as measured by our annual indexes was substantially larger than in 1939 and was the largest since 1929 or 1930. The 94 cities bank debits index for 1940 was 8 points above 1939 and was the largest since 1930. Debits at farming centers were 9% above last year and were the largest since 1929. The 1940 country check clearings index was the highest on record. City department store sales were the largest since 1930 and country department stores had the largest annual volume since 1929. Country lumber sales were 6 per cent larger in 1940 than in 1939 and were larger than in any other year since 1929. Both of the carloading indexes for 1940 were substantially higher than for 1939 and were the highest since 1930, with the exception of 1937 when each averaged slightly higher than in 1940. Employment in Minnesota averaged 5% higher than in 1939 and was larger than any other year in our seven-year records.

In accordance with the recommendation of the Central Statistical Board at Washington that all general purpose index numbers be published on the uniform base period 1935-39, our indexes have been revised and will be published on that base period hereafter. Persons maintaining long-time charts or tabulations of our indexes may obtain a complete tabulation of each series by writing the Research and Statistical Department of this bank.

Northwestern Business Indexes

(1935-39=100)

Monthly Indexes	Dec. 1940	Nov. 1940	Dec. 1939	Dec. 1938
Bank debits—94 cities	115	116	114	97
Bank debits—farming centers	121	126	116	99
Country check clearings	120	120	114	100
City department store sales	111	117	112	103
City department store stocks	112	107	110	101
Country department store sales	116	120	117	106
Country lumber sales	110*	...	124*	107*
Miscellaneous carloadings	133	121	116	104
Total carloadings (Excl. miscellaneous)	100	125	99	93
Employment—Minn. (1936=100)	115	113	109	102
Farm Price—Minn. (1924-26=100)	68	68	64	66

*Average for November and December.

Annual Indexes	1940	1939	1938	1937
Bank debits—94 cities	112	104	98	107
Bank debits—farming centers	117	107	100	106
Country check clearings	116	106	100	106
City department store sales	109	106	101	103
City department store stocks	110	107	102	109
Country department store sales	112	106	100	105
Country lumber sales	123	116	102	99
Miscellaneous carloadings	108	101	89	110
Total carloadings (Excl. miscellaneous)	114	102	83	118
Employment—Minn. (1936=100)	108	104	99	108
Farm Price—Minn. (1924-26=100)	66	63	70	91

Building contracts awarded as reported by the F. W. Dodge Corporation declined seasonally in December and were 11% smaller than one year earlier. Contracts awarded for public utility construction and commercial buildings were larger than one year earlier but contracts for other classes of building including residential, industrial, public works and educational were much smaller. Total building and construction contracts awarded in this territory in 1940 were slightly smaller than in 1939. Contracts awarded for public works, educational buildings, hospitals, public buildings and social and recreational structures accounted for the decline. Residential building was 21% above 1939 and the largest since 1926. Public utility construction and commercial building contracts were each about one-quarter larger than in 1939 and the largest since 1937. Industrial building was 71% larger than last year and was the largest since 1930. Religious and memorial building was at the highest level since 1929.

Building permits issued in 81 cities and towns in December in this district were substantially smaller than one year earlier. Each state and part state contributed to the decline with the exception of Montana where December permits were 7% larger than a year earlier. Total permits issued by the 81 cities and towns during 1940 were 2% smaller than in 1939, due in large part to a substantial reduction in Minneapolis permits. Minneapolis figures for 1939 contained permits for two large University buildings which greatly increased the total. Other reporting cities in Minnesota recorded a net increase as did the cities in each of the other states and part states in our district.

Department store sales in December were slightly smaller than in the same month one year earlier at both city and country stores. Because of the unusually mild fall weather in 1939, much buying ordinarily done in October and November was not done until later and as a result December 1939 and January 1940 sales were unusually large. For the year 1940, country department and general store sales were 5% larger and city department store sales 3% larger than in 1939 and were the largest since 1929 and 1930 respectively. Each of the eighteen sections in the district had as large or larger sales volumes in 1940 than in 1939. The largest increases over 1939 were reported by Northeastern Minnesota, both sections of Montana, Northwestern North Dakota and the Ninth District portions of Wisconsin and Michigan.

City department store inventories declined seasonally during December but on December 31 were at a level somewhat higher than a year earlier, and substantially higher than on any other year-end since 1931. Country department store inventories also declined seasonally but were 3% larger on December 31 than on that date last year.

Sales at Department Stores

	Number of Stores Showing Increase	Number of Stores Showing Decrease	% Dec. 1940 of Dec. 1939	% 1940 of 1939
Total District	107	119	99	104
Mpls., St. Paul, Dul.-Sup.	8	13	99	103
Country Stores	99	106	99	105
Minnesota	35	38	98	104
Central Minn.	5	4	101	104
Northeastern Minn.	3	4	98	108
Red River Valley Minn.	2	3	99	103
South Central Minn.	13	10	97	102
Southeastern Minn.	7	5	99	104
Southwestern Minn.	5	12	93	103
Montana	15	17	102	107
Mountains	4	2	104	106
Plains	11	15	101	107
North Dakota	23	24	99	103
North Central No. Dakota	4	5	93	100
Northwestern No. Dak.	4	2	105	107
Red River Valley No. Dak.	8	11	100	103
Southeastern No. Dak.	6	6	98	104
Red River Valley—Minnesota and North Dakota	10	14	100	103
South Dakota	11	17	96	102
Southeastern South Dakota	1	6	94	102
Other Eastern South Dakota	5	10	98	103
Western South Dakota	5	1	98	101
Wisconsin and Michigan	15	10	101	109
Northern Wis. and Mich.	8	6	102	106
West Central Wisconsin	7	4	100	111

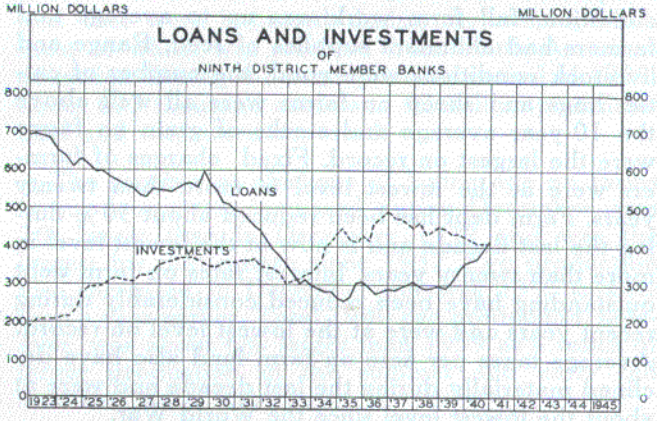
The volume of manufacturing production in this district as measured by the following indicators declined seasonally during December but was well above December in 1939 or in any other recent year. Flour production and shipments declined seasonally and were somewhat smaller than a year earlier. Shipments of linseed oil declined less than usual, were about one quarter larger than in December 1939 and were the largest shipments for that month since 1925. The cut of lumber increased and was the largest December volume since 1936. Slaughterings of all classes of livestock declined seasonally during December, but with the exception of sheep, were larger than a year earlier. The index of Minnesota manufacturing employment advanced further from the November level and was the highest for December in our 7-year records. Electric power utilization increased more than seasonally during November and established a new all-time high.

Mining activity in this district in December continued at a high rate. During 1940, mining operations were at the highest rate in recent years. Iron ore shipments from upper lake ports during 1940 totaled nearly 64 million tons, 19 million more than in 1939 and the largest total since 1929. Copper and silver production were each about one-third larger than during 1939 and the largest since 1937. Gold production was slightly smaller than in 1939, but was larger than in any other year on record.

Other business activity indicators that were as high or higher in December than a year earlier were mortgages accepted for FHA insurance; new passenger and commercial car registrations; net telephone installations in the Twin City area and carloading of coal and forest products. Indicators that were lower than a year ago were warranty deeds and mortgages recorded in Hennepin and Ramsey counties; life insurance sales and carloadings of ore, coke, livestock and grain & grain products. For the entire year of 1940 all of the above indicators with the exception of warranty deeds recorded in Hennepin and Ramsey counties were higher than in 1939.

BANKING

Deposits at all member banks in the district after advancing moderately during the first six months of 1940 increased $83 million during the last half of the year to a total of $1.2 billion, a new all-time high. Loans and discounts increased $52 million and on December 31 were at the highest level since early 1932 and were about $153 million larger than the post-1929 low reached during the first quarter of 1935. Investment holdings increased moderately but on December 31 were at the lowest level for that date since 1933. Earning assets totaled $830 million and were about equally divided between loans and investments on December 31, 1940.



Total Loans & Investments at all Ninth District Member Banks on Call Dates.

Country member bank operations were relatively stable during the first eight months of 1940 but during the last four months deposits rose about $40 million to the highest level since 1931, earning assets increased $25 million to the highest level since 1932 and balances with this bank and correspondent banks rose about $15 million to the highest level on record.

City member bank deposits continued to rise during December and on December 31 were at an all-time high of $665 million. Loans declined slightly during the month but were at the highest year-end level since 1931. Investments also declined and were at the lowest year-end level since 1933. During

1940, deposits increased $48 million. Loans to customers increased $23 million and investments declined $5 million resulting in an increase in earning assets of $18 million. Earning assets on December 31 totaled $425 million and were equally divided between loans and investments. Reserves at the Federal Reserve Bank increased $14 million during 1940 and balances with correspondent banks increased $17 million.

The discount rate to member and non-member banks under the last paragraph of Section 13 and 13a of the Federal Reserve Act remained unchanged at 1½% during 1940 and advances under section 10b and to individuals, partnerships and corporations were unchanged at 2% and 3% respectively. In order to facilitate the financing of defense production, a new schedule of rates on industrial advances under section 13b was established on October 30, 1940. Industrial advances may now be made within a range of 3%-6% and commitments to make advances at 1%-2%.

AGRICULTURE

The agricultural situation in the Ninth District at the beginning of 1941 was in certain respects the best in the depression decade. Subsoil moisture was adequate, fall-sown grains were generally in good condition, fall farm work was up to average and farmers had abundant supplies of feed. Range and livestock conditions were good, the number of cattle, hogs and sheep on farms were all well above the 10-year average and stocks of grain on farms were the largest on record. Fixed charges of farmers were at the lowest level in more than twenty years. Farm debt has been reduced about 30% during the last decade and is now at the lowest level in more than twenty years. Interest rates on farm debt outstanding have been reduced considerably during recent years and were at the lowest level on record. Average taxes per acre on farm land also have declined materially during the last decade and were at about the lowest level since the World War.

Farmers' cash income from seven important products, based on terminal receipts and prices, declined seasonally in December to about the level of one year ago. Total 1940 income from these items totaled $437 million compared with $366 million during 1939 and was larger than in any year since 1930. Incomes from hogs, dairy products and potatoes were the largest since 1937 and incomes from wheat and flax were at the highest level since 1930. Rye marketings and cash income were somewhat smaller than in 1939.

The USDA estimate of farmers' cash income for November (including government payments) declined seasonally from the October level but was the largest for November since 1929. During the first 11 months of 1940, farmers' cash income in this district totaled $846 million compared with $714 million during the corresponding period of 1939 and was the largest for that period since 1930. Income from the sale of crops was at the highest level since 1929 and cash receipts from the marketings of livestock and livestock products were the largest since 1936. Government payments were somewhat larger than during 1939 and were the largest since their inception in 1933.

Agricultural product prices showed mixed trends during December but in general were at about the same level as one month earlier and somewhat higher than in December 1939. Dairy product prices increased somewhat and were at the highest level since December 1937. Eggs declined sharply and poultry prices were little changed but both were higher than one year earlier. Potato prices declined, whereas an advance at this season is usual, and were well below a year ago. Grain prices declined slightly during December and with the exception of corn were well below the December 1939 level. Cattle prices continued to show mixed trends. Prime butcher steers advanced to well over the $12.00 mark, the highest December level since 1929. Poorer quality cattle recorded a slight decline for the third consecutive month but were at the highest level for December since 1935. Hog prices averaged $5.85 during December compared to $5.25 one year earlier. During the first half of January, hog prices rose sharply to a top of $8.25 at mid-month. In regard to 1941 livestock prices, *The Livestock Situation* stated: "Present indications are that incomes of consumers will continue to improve in 1941, and with prospects for only moderate changes in supplies of cattle and lambs and a material reduction in hog supplies next year, prices of all livestock are expected to average higher in 1941 than in 1940."

Receipts of cattle and calves at South St. Paul continued to decline seasonally during December but were 12% larger than in December 1939 and were the largest December receipts since 1936. Total cattle and calf receipts during 1940 were about 3% larger than during either 1938 or 1939. Cattle receipts alone were the largest for any year since 1936 but calf marketings were the smallest since 1921. Vigorous restocking of northwestern farms continued during 1940 for the third consecutive year and accounted in large part for the unusually small calf marketings. Feed supplies were abundant throughout the year and at the end of 1940 were at a favorable level and well distributed throughout the district. It is reported that cattle in the western Range States went into the winter in the best condition in several years. *The Livestock Situation* reported that "Present indications point to little change from a year earlier in marketings of fed cattle during the first half of 1941, but supplies may

be somewhat larger than a year earlier during the last half of the year. Consequently, the seasonal decline in prices of the better grades of slaughter cattle during the coming winter and spring may not be so great as usual, while the seasonal advance in the late summer and fall of 1941 may be less pronounced than the rise in prices that has taken place since August this year."

Shipments of feeder and stocker cattle and calves from South St. Paul declined seasonally during December and were substantially smaller than one year earlier. Shipments during 1940 were slightly smaller than in 1939, more because of small supplies of this class of cattle than because of lack of demand. Also during the last few years, there has been a steady increase in the number of cattle that are shipped directly from producer to feed lot. This trend continued during 1940 and had a material effect on the receipts of this class of cattle at South St. Paul. In Minnesota alone more than 82 thousand head of cattle were received at feed lots through direct shipments compared to about 75 thousand during 1939. *The Livestock Situation* stated: "It still seems probable that the total number of cattle fed this season will be somewhat larger than the number fed last year . . . Feeder cattle have cost farmers a little more this fall than last, but with prospects for continued improvement in domestic demand conditions, the general level of cattle prices is expected to average materially higher in 1941 than in 1940."

Hog receipts at South St. Paul declined seasonally during December and were in about the same volume as the unusually large receipts in December 1939. Nearly 3 million hogs were marketed at South St. Paul during 1940 compared to only 2.2 million in 1939. These were the largest annual receipts since 1931 when 3.2 million were received. The continued unfavorable hog-corn price ratio has resulted in farmers marketing their spring pig crop earlier than usual this season. During the four months, September-December, receipts were 18% larger than during the corresponding period last year, even though the 1940 spring pig crop was slightly smaller than in 1939. The average weight of hogs marketed, however, was somewhat smaller during this period of 1940 than in 1939. *The Livestock Situation* stated: "The seasonal reduction in marketings later this winter will be more pronounced and perhaps earlier than usual; it probably will be accompanied by a fairly sharp advance in prices, particularly if consumer demand conditions continue to improve as now seems likely . . . Ordinarily an unfavorable hog-corn price ratio during the preceding fall and winter breeding season is reflected in a reduction in the spring pig crop the following year. Consequently, present indications point to some further reduction in the spring pig crop of 1941."

Receipts of sheep and lambs at South St. Paul declined seasonally during December but were 5% larger than one year earlier. Total 1940 receipts were 6% larger than in 1939 and 1% larger than in 1938 but were smaller than in any other year since 1929. The number of sheep and lambs on feed in our four states on January 1 has increased each year since 1937. On January 1, 1941 about 964 thousand head were on feed, about 100 thousand more than on that date last year and 200 thousand more than on any other similar date in our 6-year records. *The Livestock Situation* reported: "Slaughter supplies of lambs during the 1940-41 fed-lamb marketing season (December-April) will be a little larger than in that period last year, as a result of the increased feeding operations this fall and winter compared with a year earlier . . . Prices of lambs during the next few months will be supported by stronger consumer demand for meats and higher prices for wool than a year earlier."

Imports of Canadian cattle to South St. Paul during December declined seasonally from November but were the largest for any December in recent years. During 1940, about 47 thousand head of Canadian cattle were marketed in South St. Paul, compared with 65 thousand in 1939 and 40 thousand in 1938. United States imports of cattle during the first ten months of 1940 totaled 544 thousand head, 200 thousand of which were received from Canada and 344 thousand from Mexico. In addition to the above, about 64 million pounds of beef and veal were imported during the same period, most of which was received from South American countries. During the corresponding period of 1939, about 673 thousand cattle and 82 million pounds of beef and veal were imported.

The number of chickens of laying age on farms in our four states increased during December, was 2% larger than in December 1939 and was the largest for that month since 1937. Egg production also increased in December but was 13% smaller than a year earlier. Total 1940 egg production, however, was about 6% larger than 1939 as a result of larger production in the summer and early fall months.

Cold storage holdings of all classes of meat increased more than seasonally during December. On January 1, total meats in storage were one-third larger than a year earlier and were half again as large as the January 1 5-year median. Slaughterings of cattle and calves declined less than usual during December and accounted in part for the large increase in beef stocks. Hog slaughterings also were unusually large and resulted in sharp increases in pork and lard in cold storage. Lamb and mutton holdings increased even though sheep slaughterings declined more than seasonally. Egg supplies declined seasonally and were about normal but poultry holdings increased to a level 50% above the median. Cold storage holdings of butter declined seasonally during the month and continued to be well below the 5-year median on January 1.

THE YEARS 1936 TO 1940 IN THE NINTH FEDERAL RESERVE DISTRICT

GENERAL BUSINESS

	1936	1937	1938	1939	1940
Bank Debits					
Total—106 Cities	$10,075,935,000	$10,653,056,000	$9,625,383,000	$10,194,794,000	$10,960,102,000
Minneapolis	4,184,537,000	4,411,825,000	3,905,851,000	4,126,517,000	4,405,028,000
St. Paul	1,990,856,000	2,053,056,000	1,879,028,000	1,958,139,000	2,071,978,000
South St. Paul	275,414,000	265,625,000	272,765,000	298,792,000	335,376,000
Duluth-Superior	555,197,000	659,913,000	562,552,000	598,324,000	652,017,000
Michigan—13 Cities	234,464,000	267,023,000	223,870,000	240,277,000	258,500,000
Minnesota—38 Other Cities	797,637,000	839,941,000	799,487,000	826,528,000	878,797,000
Montana—14 Cities	676,604,000	730,416,000	653,275,000	721,210,000	785,200,000
North Dakota—13 Cities	552,668,000	595,631,000	556,936,000	579,430,000	651,817,000
South Dakota—16 Cities	519,090,000	513,228,000	495,298,000	544,632,000	594,751,000
Wisconsin—7 Other Cities	289,468,000	316,398,000	276,321,000	300,945,000	326,638,000
Country Check Clearings					
Total	$ 2,073,282,000	$ 2,221,026,000	$2,084,972,000	$ 2,211,726,000	$ 2,426,415,000
Minnesota	999,395,000	1,091,979,000	1,042,377,000	1,088,903,000	1,166,811,000
Montana	246,991,000	260,311,000	234,884,000	253,066,000	302,711,000
North and South Dakota	535,087,000	543,581,000	518,318,000	569,041,000	632,045,000
Michigan and Wisconsin	291,809,000	325,155,000	289,393,000	300,716,000	324,848,000
Retail Sales					
418 Lumber Yards (board ft.)	97,655,000	98,311,000	100,828,000	115,466,000	122,486,000
19 City Department Stores	$ 61,842,710	$ 64,023,180	$ 62,628,080	$ 65,932,760	$ 67,950,320
307 Country Dept. Stores	38,980,100	40,829,610	39,012,690	39,867,910	41,863,460
Minnesota (119 Stores)	11,689,680	12,424,590	11,913,750	12,234,850	12,886,370
Montana (27 Stores)	6,516,270	6,764,580	6,371,340	6,756,010	7,310,130
North Dakota (60 Stores)	6,568,790	6,893,430	6,749,200	6,941,130	7,169,930
South Dakota (43 Stores)	4,626,330	4,617,450	4,460,530	4,497,880	4,572,540
Mich. & Wis. (58 Stores)	9,579,030	10,129,560	9,517,870	9,438,040	9,924,490
Life Insurance—Total	210,592,000	213,993,000	206,142,000	200,750,000	201,172,000
Minnesota	150,853,000	155,213,000	148,083,000	142,149,000	140,620,000
Montana	24,455,000	23,816,000	21,202,000	22,693,000	23,532,000
North Dakota	16,844,000	17,298,000	17,705,000	17,423,000	18,010,000
South Dakota	18,440,000	17,666,000	19,152,000	18,485,000	19,010,000
New Car Registrations—Total	127,169	125,724	79,352	94,785	115,315 [1]
Minnesota	81,773	82,874	52,667	60,771	73,653
Montana	20,745	18,062	10,154	13,523	16,904 [1]
North Dakota	11,095	12,060	8,620	9,902	12,462
South Dakota	13,556	12,728	7,911	10,589	12,296
Inventories, December 31					
396 Lumber Yards (bd. ft.)	59,330,000	58,684,000	54,465,000	53,834,000	63,798,000
Lumber (5 Mfrs., bd. ft.)	118,963,000	121,098,000	125,785,000	97,866,000	86,073,000 [1]
19 City Dept. Stores	$ 8,415,440	$ 8,594,450	$ 8,241,100	$ 8,973,960	$ 9,153,439 [1]
110 Country Dept. Stores	3,938,180	4,227,340	4,019,790	4,147,970	4,325,770
Accts. & Notes Receivable, Dec. 31					
418 Lumber Yards	$ 2,121,200	$ 2,402,060	$ 2,484,570	$ 3,183,390	$ 3,470,247
19 City Dept. Stores	8,336,370	8,797,810	8,761,270	9,428,160	9,778,700 [1]
Manufacturing and Mining					
Flour Production					
Minneapolis Mills (bbls.)	6,381,928	5,721,699	5,736,663	5,559,445	5,278,764
Other N. W. Mills (bbls.)	9,581,406	7,961,073	9,053,823	9,774,609	9,353,627
Copper Prod. (3 Firms, lbs.)	313,082,000	367,882,000	238,032,000	252,893,000	325,961,000
Lumber Cut (5 Mfrs., bd. ft.)	170,867,000	174,657,000	140,267,000	146,673,000	171,329,000 [1]
Flour Ship. from Mpls. (bbls.)	7,161,237	5,949,293	6,270,138	6,364,600	5,875,925
Linseed Product Ship. (lbs.)	267,310,621	231,230,257	156,938,361	253,940,000	432,970,000
Iron Ore Ship. (gross tons)	44,822,023	62,598,937	19,263,011	45,073,052	63,656,058
Lbr. Shipped (5 Mfrs., bd. ft.)	158,201,000	170,081,000	134,122,000	177,739,000	182,274,000
Business Failures					
Number	235	205	226	246	228
Liabilities	$ 5,069,000	$ 1,732,000	$ 3,861,000	$ 2,268,000	$ 2,796,000
Electric Power Production (kwh)					
Total	3,331,781,000	3,324,067,000	3,125,839,000	3,632,945,000	3,993,818,000 [1]
Minnesota	1,558,842,000	1,661,267,000	1,449,993,000	1,670,684,000	1,799,327,000 [1]
Montana	1,451,816,000	1,318,493,000	1,323,389,000	1,574,903,000	1,773,341,000 [1]
North Dakota	188,482,000	200,432,000	205,391,000	226,146,000	243,333,000 [1]
South Dakota	132,641,000	143,875,000	147,066,000	161,212,000	177,817,000 [1]
Freight Carloadings—N. W. District					
Total	5,123,962	5,509,811	4,055,491	4,820,117	5,365,471
Grain and Grain Products	445,148	432,509	486,341	478,649	480,306
Livestock	210,969	157,620	158,814	156,241	162,957
Coal	338,472	324,005	277,380	303,779	330,590
Coke	83,420	88,013	41,066	68,408	83,836
Forest Products	474,621	510,087	377,734	421,211	492,606
Ore	914,789	1,246,490	367,808	851,428	1,183,240
Miscellaneous	1,654,819	1,705,422	1,387,841	1,562,226	1,682,493
Merchandise—LCL	1,001,724	1,045,665	958,507	978,175	949,443

THE YEARS 1936 TO 1940 IN THE NINTH FEDERAL RESERVE DISTRICT (CONTINUED)

	1936	1937	1938	1939	1940
F. H. A. Mortgages					
Number—4 State Total		2,878	2,949	3,052	3,899
Valuation—Total		$ 9,700,000	$ 11,589,000	$ 12,431,000	$ 16,038,000
Minnesota		7,080,000	8,610,000	8,953,000	11,235,000
Montana		1,586,000	1,394,000	1,640,000	2,289,000
North Dakota		393,000	551,000	393,000	625,000
South Dakota		641,000	1,034,000	1,445,000	1,889,000
Non-Farm Real Estate Foreclosures					
Number—Total	3,757	3,438	2,149	1,760	1,198 [1]
Minnesota	2,644	2,012	1,157	1,028	689 [1]
Montana	212	218	168	95	106 [1]
North Dakota	288	390	280	284	159 [1]
South Dakota	613	818	543	353	244 [1]
Building Permits					
Number—52 City Total		18,786	18,784	21,165	22,639
Valuation—Total		$ 34,048,270	$ 34,360,220	$ 50,780,580	$ 49,966,640
Minneapolis	$ 7,195,800	7,529,820	7,761,690	15,646,150	10,254,310
10 Minneapolis Suburbs	3,514,200	3,892,600	4,294,600	6,613,830	8,362,560
St. Paul	7,099,900	7,228,100	7,275,350	8,331,320	9,751,360
Duluth-Superior	1,933,300	2,856,670	2,157,150	2,375,510	3,280,430
38 Other Ninth Dist. Cities		12,541,080	12,871,430	17,813,770	18,317,980
Construction Contracts Awarded					
Total	$ 89,387,000	$ 92,387,000	$ 93,669,000	$ 95,018,000	$ 93,585,000
Public Works	40,471,000	30,432,000	31,305,000	28,880,000	25,498,000
Public Utilities	6,317,000	11,906,000	9,259,000	7,781,000	10,032,000
Total Building	42,599,000	50,049,000	53,105,000	58,357,000	58,055,000
Residential	16,005,000	20,766,000	23,114,000	28,214,000	34,066,000
Commercial & Industrial	9,936,000	11,689,000	6,577,000	8,407,000	11,788,000
Educational	7,401,000	6,959,000	12,390,000	10,790,000	3,830,000
All other	9,257,000	10,635,000	11,024,000	10,946,000	8,371,000
Real Estate Activity in Hennepin and Ramsey Counties					
Warranty Deeds Recorded	13,540	14,085	13,729	18,084	17,517
Mortgages Recorded	14,377	13,800	13,659	15,448	15,930

AGRICULTURE

Farmers' Cash Income (F. R. Bk.)					
Bread Wheat	$ 50,946,000	$ 86,171,000	$ 72,569,000	$ 71,730,000	$ 92,556,000
Durum Wheat	8,923,000	14,214,000	15,347,000	19,461,000	19,778,000
Rye	5,819,000	10,811,000	7,229,000	6,466,000	5,031,000
Flax	9,665,000	11,317,000	10,297,000	19,932,000	23,487,000
Dairy Products	181,951,000	174,166,000	156,344,000	142,536,000	167,842,000 [1]
Hogs	131,673,000	108,896,000	99,790,000	88,981,000	107,953,000
Wool	14,248,000	14,901,000	8,860,000	10,739,000	15,264,000
Potatoes	17,727,000	21,222,000	14,727,000	16,986,000	20,464,000
Butter Production (lbs.)	500,698,000	469,589,000	512,229,000	519,588,000	535,176,000 [1]
Farmers' Cash Income (USDA) [2]					
Ninth District	$ 757,944,000	$ 789,718,000	$ 706,710,000	$ 789,270,000	$ 934,688,000 [1]
Michigan (15 Counties)	12,028,000	13,207,000	11,240,000	11,648,000	12,344,000 [1]
Minnesota	356,974,000	379,880,000	341,907,000	359,365,000	427,644,000 [1]
Montana	88,996,000	92,791,000	77,298,000	96,023,000	108,506,000 [1]
North Dakota	107,664,000	125,362,000	102,559,000	138,160,000	165,792,000 [1]
South Dakota	121,460,000	105,644,000	109,373,000	123,959,000	152,470,000 [1]
Wisconsin (26 Counties)	70,822,000	72,834,000	64,333,000	60,115,000	67,932,000 [1]
Grain Marketings at Mpls. and Duluth-Superior (bushels)					
Bread Wheat	33,322,000	57,494,000	79,337,000	74,859,000	91,698,000
Durum Wheat	7,068,000	12,098,000	20,615,000	23,044,000	22,531,000
Rye	8,466,000	13,095,000	15,854,000	13,070,000	8,874,000
Flax	4,721,000	5,391,000	5,656,000	12,018,000	15,374,000
Livestock Receipts at South St. Paul (No. of Head)					
Cattle	1,106,434	930,246	882,236	892,690	942,389
Calves	561,040	596,108	487,099	480,374	465,485
Hogs	1,994,944	1,590,607	2,016,720	2,204,915	2,959,982
Sheep	1,487,363	1,290,319	1,258,492	1,203,959	1,280,348
Cash Grain Prices at Mpls. (bu.) [3]					
Wheat—No. 1, D. N. S.	$1.55 7/8	$1.15 1/8	$ .77 3/4	$1.04 1/8	$ .88 1/2
Durum—No. 2 Amber	1.77 5/8	1.05 7/8	.69 1/2	1.02 1/8	.89 1/2
Corn—No. 3 Yellow	1.09 5/8	.51 7/8	.46 1/8	.50 3/8	.55 5/8
Oats—No. 3 White	.49 3/4	.28 3/4	.27 7/8	.36 1/4	.34 1/8
Barley—No. 3	1.23	.72	.50	.52	.52
Malting Barley—No. 3	1.30	.77 7/8	.54	.57	.50
Rye—No. 2	1.13 1/2	.69 7/8	.42 5/8	.69 3/8	.50
Flax—No. 1	2.23 3/8	2.10 7/8	1.90 1/2	2.07 1/2	1.64

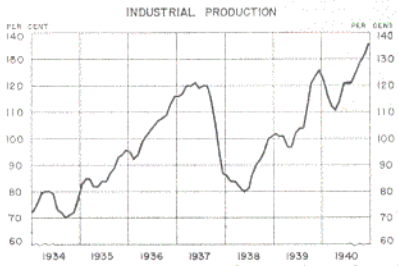
THE YEARS 1936 TO 1940 IN THE NINTH FEDERAL RESERVE DISTRICT (CONTINUED)

	1936	1937	1938	1939	1940
Livestock Prices at South St. Paul (cwt.)[2]					
Butcher Cows and Heifers	$6.00	$5.75	$6.00	$6.50	$7.50
Heavy Butcher Steers[4]	9.25	8.25	8.75	8.75	10.50
Light Butcher Steers[5]	7.50	7.00	8.25	8.25	9.25
Prime Heavy Butcher Steers[4]	11.75	9.75	9.50	9.25	13.00
Prime Light Butcher Steers[6]	10.00	8.50	10.00	9.50	12.25
Hvy. Stocker & Feeder Steers[5]	6.00	6.25	7.46	7.08	7.53
Lt. Stocker & Feeder Steers[7]	5.00	6.10	7.15	7.28	7.32
Veal Calves	7.50	7.50	8.00	8.00	8.00
All Hogs	9.65	7.75	7.15	5.25	5.85
Heavy Hogs	9.60	6.95	6.75	4.65	6.15
Lambs	8.50	8.25	9.00	8.85	9.50
Ewes	4.00	3.50	3.50	4.00	4.25
Wholesale Produce Prices at Minneapolis[3]					
Butter (lb.)	$ .31¼	$ .33¾	$ .24½	$ .26½	$ .31
Milk (cwt.)	2.01	1.97	1.52	1.82	1.83
Hens (lb.)	.11	.15	.10½	.08	.09
Eggs (doz.)	.22½	.16	.17¾	.12¼	.15
Potatoes (bu.)	1.22	.65¼	.75	.80	.65
Wool (farm price per lb.)	.30½	.23	.20	.28	.30

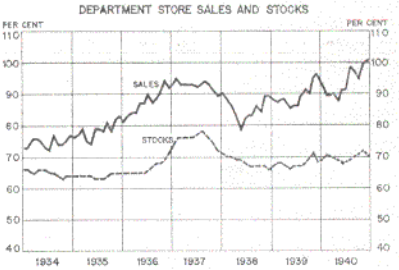
BANKING

City Member Banks[8]	Dec. 31, 1936	Dec. 31, 1937	Dec. 31, 1938	Dec. 30, 1939	Dec. 31, 1940
Loans and Discounts	$ 171,685,000	$ 178,477,000	$ 160,220,000	$ 191,015,000	$ 215,920,000
U. S. Government Securities	190,028,000	167,174,000	177,518,000	173,010,000	167,287,000
Other Securities	48,138,000	40,611,000	41,385,000	42,607,000	41,792,000
Total Deposits	569,494,000	526,199,000	550,790,000	616,854,000	664,879,000
Dem. Dep. Ind., Part. & Corp.	257,344,000	227,482,000	236,722,000	276,089,000	303,232,000
Time Dep. Ind., Part. & Corp.	122,934,000	121,808,000	119,531,000	119,275,000	116,428,000
Public Deposits	53,339,000	57,089,000	61,350,000	57,911,000	61,393,000
Due to Banks & Other Dep.	135,877,000	119,820,000	133,187,000	163,579,000	183,826,000
Estimated Excess Reserves[9]	13,456,000	8,900,000	17,100,000	37,800,000	45,400,000
Country Member Banks[8]					
Loans and Discounts	$ 117,813,000	$ 131,439,000	$ 137,322,000	$ 165,937,000	$ 200,923,000
U. S. Government Securities	139,688,000	136,766,000	133,931,000	125,757,000	124,433,000
Other Securities	114,593,000	103,808,000	99,820,000	89,596,000	79,794,000
Total Deposits	482,354,000	473,252,000	477,070,000	508,327,000	548,249,000
Dem. Dep. Ind., Part. & Corp.	176,730,000	169,040,000	170,483,000	194,412,000	221,232,000
Time Dep. Ind., Part. & Corp.	228,901,000	234,434,000	231,196,000	237,581,000	247,512,000
Public Deposits	52,797,000	49,609,000	54,110,000	51,816,000	51,766,000
Due to Banks & Other Dep.	23,926,000	20,169,000	21,281,000	24,518,000	27,739,000
Estimated Excess Reserves[9]	24,642,000	15,557,000	15,906,000	21,363,000	24,311,000
All Member Bank Total Deposits					
Total	$ 1,051,848,000	$ 999,451,000	$1,027,860,000	$ 1,125,181,000	$ 1,213,128,000
Michigan—15 Counties	59,854,000	60,556,000	59,031,000	60,300,000	63,360,000
Minnesota	708,430,000	666,340,000	689,992,000	759,016,000	822,641,000
Montana	117,607,000	116,868,000	119,413,000	129,283,000	137,872,000
North Dakota	51,401,000	47,682,000	46,114,000	50,886,000	53,846,000
South Dakota	67,266,000	60,835,000	63,989,000	73,709,000	79,080,000
Wisconsin—26 Counties	47,290,000	47,170,000	49,321,000	51,987,000	56,329,000
Interest Rates					
Minneapolis Com'l Banks	3½-3¾	3½-3¾	3½-3¾	3-3¼	2¾-3
Com'l Paper (Net Rate)	1	1¼	⅞	⅞	¾
Minneapolis Fed. Res. Bank	2	1½	1½	1½	1½
Minneapolis Federal Reserve Bank					
Loans to Member Banks	$ 3,000	$ 175,000	$ 134,000	$ 150,000	$ 196,000
Twin Cities	0	0	0	0	0
Minn., Wis. and Mich.	0	91,000	124,000	67,000	35,000
North Dakota and Montana	3,000	0	10,000	50,000	125,000
South Dakota	0	84,000	0	33,000	36,000
Industrial Advances	1,064,000	637,000	964,000	743,000	219,000
Commitments—Indus. Adv.	71,000	51,000	212,000	62,000	50,000
Total Earning Assets	91,840,000	83,875,000	57,915,000	68,450,000	62,683,000
Member Bank Res. Balances	120,530,000	126,011,000	113,568,000	154,788,000	174,476,000
Fed. Res. Notes in Circ.	136,096,000	137,569,000	136,857,000	141,427,000	158,709,000
Total Reserves	184,211,000	195,865,000	249,844,000	268,053,000	318,004,000

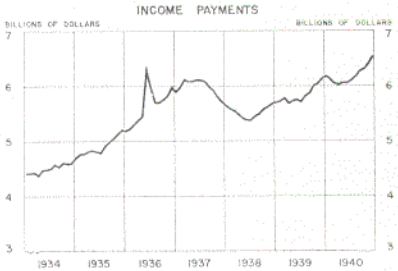
[1] December estimated. [2] 78 crops and 13 livestock items including government payments. [3] December. [4] 1,100 lbs. and over. [5] Under 1,100 lbs. [6] 800 lbs. and over. [7] Under 800 lbs. [8] Figures for 11 weekly reporting banks outside of reserve cities are included under "City Member Banks." [9] Based on last report date in year.



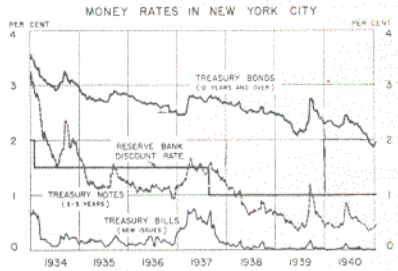
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. By months, January 1934 to December 1940.



Indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1934 to December 1940.



U. S. Department of Commerce estimates of the amount of income payments to individuals, adjusted for seasonal variation. By months, January 1934 to December 1940.



For weeks ended January 6, 1934 to January 11, 1940.

National Summary of Business Conditions

COMPILED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, JANUARY 17, 1941

Industrial activity continued at a high rate in December and the first half of January and distribution of commodities to consumers was maintained in large volume. There was some increase in wholesale commodity prices.

PRODUCTION: The volume of industrial production showed little change from November to December, although usually there is a decline at this season, and consequently the Board's adjusted index rose further by four points to 136 per cent of the 1935-39 average. Steel ingot production was sustained at about 96 per cent of capacity. New orders for steel continued large, according to trade reports, and were equal to or slightly greater than production; consequently the volume of unfilled orders remained at about the peak level reached in November. In the first half of January steel output increased to around 98 per cent of capacity. Activity in the machinery, aircraft, and shipbuilding industries continued to increase sharply and working forces were expanded further. In these lines and in some others, such as wool textiles, unfilled orders are exceptionally large, owing in the main to the defense program.

Automobile production declined somewhat more than seasonally in December following an unusually large volume of output in November and October. Retail sales of new cars during the last quarter of 1940 were about one-fourth greater than in the corresponding period last year and used car sales also were large. In the nonferrous metals industries activity increased further in December and output of lumber and cement showed less than the usual seasonal decline.

Textile production, which in November had exceeded the previous record levels reached a year ago, continued at this high rate in December, not showing the usual seasonal decrease. At cotton and rayon mills, activity increased somewhat further and at wool textile mills output was sustained at peak rates. In the shoe industry, where output had been in reduced volume during the first ten months of the year, there was less than the usual seasonal decline in November and December and, on a seasonally adjusted basis, production was close to earlier peak levels.

At mines bituminous coal production declined less than seasonally and anthracite production increased. Output of crude petroleum showed a reduction in December owing mainly to the fact that wells in Texas were closed for ten days as compared with nine days in November. Output of metals continued in large volume.

The value of construction contract awards, as reported by the F. W. Dodge Corporation, increased contraseasonally in December, reflecting further sharp increases in awards for defense construction and private nonresidential building. Contracts for private residential building declined by somewhat less than the usual seasonal amount.

DISTRIBUTION: Distribution of commodities to consumers increased more than seasonally in December. Department and variety store sales showed the customary sharp expansion during the Christmas season and sales at mail-order houses rose more than is usual at this time of year.

Freight-car loadings showed a seasonal decline from November to December. Shipments of forest products and miscellaneous freight decreased less than seasonally, while ore loadings, which had been unusually large in November, declined sharply.

WHOLESALE COMMODITY PRICES: Basic commodity prices generally increased from the middle of December to the middle of January, following little change during the preceding four weeks. Currently these prices are substantially above the level prevailing last summer. Increases in the past month were most marked for foodstuffs, especially hogs, pork, lard, and cottonseed oil, but there were advances also in a number of industrial materials, particularly pig iron, cotton, cotton goods, paint materials, and hides. Steel scrap prices, after increasing during most of the period, subsequently declined and lumber prices also decreased somewhat from the sharply advanced peak reached in November.

BANK CREDIT: Total loans and investments at reporting member banks in 101 leading cities continued to increase substantially during the six weeks ended January 8, reflecting principally increases in holdings of United States Government obligations at New York City banks. Commercial loans rose somewhat further while loans to New York security brokers and dealers, which had increased in December, subsequently declined somewhat.

Excess reserves, after declining during the first half of December, have since increased to about $6.9 billion. The increase reflected reductions in Treasury deposits with the Reserve Banks, a continued inflow of gold, and since Christmas a seasonal return flow of currency from circulation.

UNITED STATES GOVERNMENT SECURITY PRICES: Prices of United States Government securities reacted somewhat after reaching record high levels early in December. Bonds of 1960-65 showed on January 8 a net decline of about 2⅜ points from the all-time peak of December 10 but subsequently fluctuated somewhat above this level. The yield on this issue, which was 2.03 per cent at the peak in prices, was 2.16 per cent on January 14.