# CROP and BUSINESS CONDITIONS

IN THE
NINTH
FEDERAL RESERVE
DISTRICT

AS REPORTED BY THE
FEDERAL RESERVE AGENT
TO THE
FEDERAL RESERVE BOARD

JOHN H. RICH, Chairman Board of Directors and Federal Reserve Agent

CURTIS L. MOSHER, Secretary Board of Directors and Assistant Federal Reserve Agent

J. F. EBERSOLE
Assistant Federal Reserve Agent

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EDITORIAL NOTICE:—This report is prepared monthly in the office of the Federal Reserve Agent for the purpose of providing the public with accurate and impartial information concerning current business conditions in the Northwest. Under present conditions it is absolutely essential that correct information be available for those who must make business decisions. This report will be mailed free of charge to any responsible person who makes request for it.

## SUMMARY FOR THE MONTH.

Crop harvesting and marketing in the Northwest normally stimulates an increase in business during the fall months and this normal increase is reflected in practically all of the indices of business conditions during the month of August. There are, however, two extraordinary and unseasonal changes in activity to be noted. Grain receipts were both larger and earlier than normal and projected building operations continued in large volume beyond the normal time for their decline. The grain receipts presage a considerable amount of debt payment in certain localities and the building projects promise employment for labor well into the winter months.

Grain receipts at Minneapolis and Duluth totaled more than 38 million bushels in August which were more than double the July receipts and much more than double the receipts of August a year ago. The northwestern wheat crop this year has extraordinary milling and baking quality because of a gluten content higher than in any year of the last forty years. Terminal elevator stocks at Minneapolis and Duluth combined increased from 21 million bushels at the end of July to 31 millions at the end of August. The stocks at the end of August were more than seven times as large as a year ago. Livestock receipts were one-third greater in August than in July but slightly less than a year ago. Shipments of feeders, it is important to note, more than doubled in August as compared with July but were no greater than a year ago.

Building projects increased 27 per cent in number and 34 per cent in valuation in August as compared with July, whereas the years 1919 and 1920 witnessed declines. As compared with a year ago the number of projects were greater by 78 per cent and the valuations greater by 102 per cent. The increase is general in the cities throughout the district and a greater proportion than normal is reported as new construction.

The increase in building is reflected in the lumber industry for shipments of manufacturers increased 24 per cent in August as compared with July and the sales of retailers also increased 20 per cent. In the years 1919 and 1920 both manufacturers and retailers experienced declines during the same period. This post seasonal boom, however, has not kept the volume of shipments by manufactures or sales by retailers up to the quantities of August a year ago.

This Federal Reserve District will produce a total corn crop larger than in any other year according to the September 1 estimates of the United States Department of Agriculture, forecasting a total production for the four states of Minnesota, North Dakota, South Dakota, and Montana, of 259,805,000 bushels, which is 6 per cent larger than the total produced last year. The most economical method of marketing this grain will probably be found to be its use for the production of livestock.

Business opinion as reflected by the comments of about 60 selected business men indicates that the volume of business in August was below normal in practically every case and that it was stationary or declining in a majority of cases, although a substantial minority stated that it was improving.

Payments through banks increased slightly in August whereas normally there is a slight decline in that month. Retail trade in both sales and stocks increased 7 per cent although the sales and stocks were less than a year ago, owing to price changes.

Wholesale trade sales declined 25 per cent in agricultural implements, owing to economy in farming sections; remained unchanged in hardware, owing to the prolonged building activity; and increased 50 per cent in dry goods in anticipation of fall and Christmas needs. Collections in the wholesale trade were better during August than in July but not as satisfactory as in August a year ago.

The majority of grain and livestock prices as well as the price of flour declined during the month of August. The declines in median prices of grain were about as follows: wheat, 27c, rye 11c, oats 3c, and barley 2c, while flax increased 12c. The decreases in livestock quotations did not exceed in any case $1.50 per hundred. Wholesale produce exhibited nearly as many increases as decreases.

Bank credit in the Northwest expanded in August. Thirty-five member banks in the larger cities increased their loans to customers by five million dollars and paid off loans to the Federal Reserve Bank totalling one-half million dollars. Meanwhile, the Federal Reserve Bank increased its accommodation one-half million dollars, therefore its accommodation to country banks and agricultural communities was increased one million. Time and savings deposits in the Twin Cities declined, although remaining at higher levels than a year ago. Sales of investment securities exhibited a similar tendency. Outstanding Federal Reserve notes of this bank declined nearly 3 per cent during August and reflect to some extent the price declines of the month and possibly the termination of a small amount of hoarding among the unemployed. Market interest rates in this district remained unchanged during the month ending September 15 except that the usual rate charged on 4 to 6 months' customers' paper at banks declined from 7½ to 7 per cent.

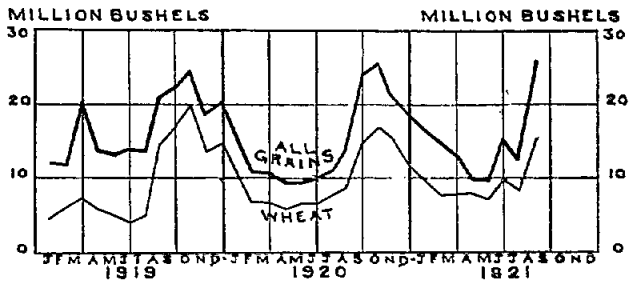
Lake traffic measured by the volume passing through the Soo Canals declined 8 per cent. There was an increase of 7 per cent in iron ore shipped eastward from lake ports and a decline of 25 per cent in the coal coming westward and received at Duluth-Superior. Iron ore shipments for the year to date are 58 per cent less than a year ago while coal receipts for the year to date are 93 per cent greater than a year ago. The coal receipts are heavier than in any one of the three preceding years.

Although the flour output in the district increased 22 per cent in August as compared with July, this was less than the normal increase shown during this month by the United States during the last six years. Flour shipments at Minneapolis and Duluth increased 24 per cent during the month while the shipments of linseed products from Minneapolis increased 21 per cent. Both the flour shipments and linseed shipments are more than 10 per cent greater than a year ago.

Business failures reached record-breaking figures in August. A new high record was established for the number of failures in any one month, there being 72 in August as compared with 27 in July and 18 in August a year ago while the liabilities were 2½ times as large as in July and 16 times greater than a year ago. There has been only one month with greater liabilities, namely, February 1921. Foreclosure sales in Minneapolis under mortgages were greater in August than in the preceding month or a year ago, both as to number and amounts.

**Grain Movement Unusually Heavy.**

The receipts of grain at Minneapolis and Duluth (Table No. 1) more than doubled between July and August, while last year between these two months there was an increase of only one per cent. The increased receipts this year consisted of an increase of 10,700,000 bushels of wheat, 5,400,000 bushels of oats, 2,100,000 bushels of barley, and 2,800,000 bushels of rye, while there was a decrease of 100,000 bushels of corn, and 400,000 bushels of flax. Last year between July and August, the only increases were 1,400,000 bushels of oats and 700,000 bushels of barley. There were decreases last year in the August receipts of all other grains. Shipments between July and August of this year show an increase of 47 per cent, while last year there was a decrease in shipments of 34 per cent. Last year the only increase in shipments occurred in barley with an increase of 100,000 bushels. This year shipments of wheat increased 2,900,000 bushels, oats 1,200,000 bushels, and barley and rye each 1,500,000 bushels. This increased movement of grain took place both at Minneapolis and Duluth, the only variations being an increase in corn receipts at Minneapolis, while Duluth receipts declined, and an increase in the shipments of oats and flax at Minneapolis while Duluth shipments of these grains declined.




Receipts of All Grains and Wheat at Minneapolis

August 1921 as compared with August last year showed an increase in receipts of 140 per cent and in shipments of 95 per cent. This increase was caused principally by a larger volume of receipts and shipments at Duluth. Duluth receipts of grain in August were 310 per cent larger than a year ago and shipments 131 per cent larger, while Minneapolis receipts were 96 per cent and shipments 70 per cent greater. The movement of every grain at Duluth, other than flax, was up this year as compared with last. Flax receipts at Duluth were down 53 per cent and shipments 39 per cent. All grains at Minneapo-

lis showed increased receipts this year over last and all grains, other than rye, which showed a decline of 29 per cent, were up in shipments.

**Table No. 1**

**Grain Movement**
**Minneapolis-Duluth**
**Receipts**

| (In Bushels) | Aug., 1921 | July, 1921 | Aug., 1920 |
|---|---|---|---|
| Wheat | 21,911,320 | 11,261,947 | 9,297,800 |
| Corn | 726,042 | 819,759 | 313,020 |
| Oats | 8,088,238 | 2,621,169 | 2,692,141 |
| Barley | 3,573,357 | 1,453,724 | 1,581,446 |
| Rye | 3,722,187 | 935,223 | 1,567,879 |
| Flax | 596,955 | 1,000,611 | 662,014 |
| Total | 38,618,099 | 18,092,433 | 16,114,300 |

**Shipments**
**(In Bushels)**

| | | | |
|---|---|---|---|
| Wheat | 9,951,115 | 7,021,307 | 4,165,781 |
| Corn | 412,469 | 1,068,121 | 234,021 |
| Oats | 2,233,053 | 1,074,708 | 1,404,390 |
| Barley | 3,073,135 | 1,582,081 | 1,349,503 |
| Rye | 2,175,640 | 614,037 | 1,775,255 |
| Flax | 449,320 | 1,046,145 | 425,208 |
| Total | 18,294,732 | 12,406,399 | 9,354,157 |

Elevator stocks at Minneapolis and Duluth (Table No. 2), with the exception of flax, showed increases at the end of August over stocks at the end of July. Flax stocks were down 100,000 bushels. Stocks of all grains combined were 31 million bushels at the end of August, which is an increase of 10 million bushels over stocks at the end of July. The largest increases were shown in oats stocks which rose 5,600,000 bushels and wheat stocks which rose 2,300,000 bushels. August grain stocks this year were more than seven times as large as stocks last year at the end of August when the terminal elevators reported only 4 million bushels of grain in store, comprising 1,200,000 bushels of oats, one million bushels of wheat, nearly one million bushels of flax, 500,000 bushels of barley, and smaller amounts of rye and corn.

**Table No. 2**

**Grain Stocks in Elevators**
**Minneapolis and Duluth**
**(In Bushels)**

| | End of Aug. 1921 | End of July 1921 | End of Aug. 1920 |
|---|---|---|---|
| Wheat | 4,083,850 | 1,724,462 | 1,099,745 |
| Corn | 116,454 | 28,540 | 27,754 |
| Oats | 21,567,259 | 15,919,084 | 1,228,883 |
| Barley | 1,599,680 | 994,970 | 521,323 |
| Rye | 1,667,246 | 318,617 | 175,121 |
| Flax | 2,022,438 | 2,113,115 | 983,261 |
| Total | 31,056,927 | 21,098,788 | 4,036,087 |

## Fall Live Stock Movement Commences.

The 1919 and 1920 records of receipts at the South St. Paul stock yards, show that the fall movement of cattle and sheep normally commences in July, while the movement of hogs and calves starts in October. This year the fall movement of cattle started in August, while a slight increase in the movement of sheep was noted in July. Receipts of calves in South St. Paul increased slightly in August over July, but receipts of hogs declined. As compared with July, the combined receipts of all live stock in South St. Paul increased 36 per cent (Table No. 3) owing to an increase of 133 per cent in cattle receipts, 185 per cent in sheep, 42 per cent in horses, and less than 1 per cent in calves. Shipments of calves from South St. Paul declined 28 per cent, while shipments of all other classes of live stock increased, giving an increase in shipments of all live stock combined of 94 per cent. As compared with last year, receipts of all live stock during August were down 4 per cent and shipments down 29 per cent. Hogs showed the only increase with a rise in receipts of 60 per cent and in shipments of 271 per cent.

Shipments of feeders from South St. Paul during August were 218 per cent larger than during July with all classes of feeding stock showing increases. Shipments of all feeders combined in August this year were practically the same in number as shipments in August a year ago. With increases in the shipments of cattle and hogs and decreases in the shipments of sheep and calves.

**Table No. 3**

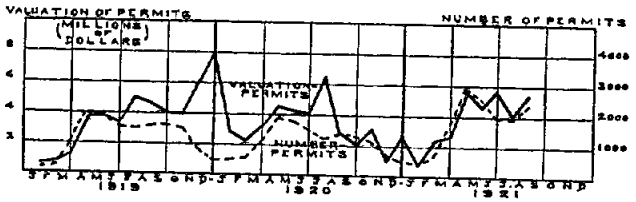
**Live Stock Movement**

| Receipts | Aug. 1921 | July 1921 | Aug. 1920 |
|---|---|---|---|
| Cattle | 63,468 | 27,185 | 95,892 |
| Calves | 24,418 | 24,385 | 26,518 |
| Hogs | 107,252 | 113,145 | 66,913 |
| Sheep | 55,532 | 19,470 | 70,967 |
| Horses | 332 | 234 | 1,730 |
| Total Head | 251,002 | 184,419 | 262,020 |
| **Shipments** | | | |
| Cattle | 39,970 | 13,961 | 63,223 |
| Calves | 1,597 | 2,226 | 2,292 |
| Hogs | 19,375 | 18,111 | 5,217 |
| Sheep | 17,695 | 5,531 | 39,448 |
| Horses | 359 | 235 | 1,555 |
| Total Head | 78,996 | 40,064 | 111,735 |
| **Shipments of Feeders** | | | |
| Cattle | 32,189 | 8,411 | 28,870 |
| Calves | 155 | 108 | 830 |
| Hogs | 3,007 | 2,192 | 2,366 |
| Sheep | 3,557 | 1,520 | 6,826 |
| Total Head | 38,908 | 12,231 | 38,892 |

For the first eight months of 1921, receipts of live stock at South St. Paul were down 11 per cent from receipts a year ago during the same period, and shipments were down 4 per cent, while the shipment of feeders showed a decline of 29 per cent. Sheep exhibited the only increase in receipts between 1920 and 1921, but between the same periods, calves, horses, and sheep showed increased shipments.

## Prospective Building Shows Marked Increase.

The number and valuation of building permits granted during August in nine cities of the Ninth Federal Reserve District (Table No. 4) increased 27 and 34 per cent, respectively, over the July figures. Although the valuation of permits showed pronounced declines in both 1919 and 1920 from July to August, and the number of permits granted increased only slightly between these two months in both years. More permits were granted in August than in July in all cities except Helena, and the valuation of the permits granted was larger in all but the

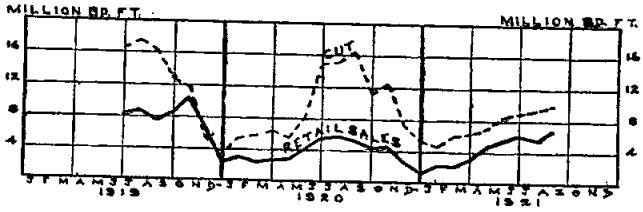



**Permits Granted for Building in Nine Cities of the Ninth Federal Reserve District**

two cities of St. Paul and Helena. As compared with a year ago, all cities showed increases in the number of permits granted with a combined increase of 78 per cent, while all cities other than Great Falls and Helena, showed increases in the valuation of permits granted, giving a combined increase of 102 per cent over last year. Both in number and valuation, permits granted during August showed larger percentages for new construction than the average and a corresponding decline in the percentage for repairs. The average value of permits during August for new construction and for repairs, on the other hand, was somewhat less than the average for the preceding year.

## Lumber Sales Show Unusual Activity.

Lumber shipments by manufacturers during the month of August (Table No. 5) increased 24 per cent in contrast with declines which appeared in August shipments in 1919 and 1920. Sales of lumber by lumber retailers also increased 20 per cent although both 1919 and 1920 showed pronounced declines in lumber sales during August. Except for these two facts, the lumber industry showed a normal condition. Lumber cut by manufacturers was down 5 per cent in August from the July figure and their stocks declined less than one per cent, while stocks in the hands of retailers declined 6 per cent.




**Lumber Cut by Manufacturers and Sales by Retailers. (Based on returns from those Companies which have Reported Consecutively to us.)**

As compared with August last year, manufacturers shipments of lumber showed a decrease of 33 per cent and retailers' sales were down 9 per cent. Stocks in the hands of manufacturers, however, were up 29 per cent over last year's figure while retailers' stocks were down 25 per cent. Lumber cut by manufacturers during August was 56 per cent less than a year ago and the number of men employed while only down 5 per cent from the July figure showed a decrease of 54 per cent from the figure for August a year ago.

**Table No. 4**

| Prospective Building | No. of Permits Aug. 1921 | No. of Permits July 1921 | % Aug. of July | No. of Permits Aug. 1920 | % 1921 of 1920 | No. for New Construction | No. for Repairs & Alterations |
|---|---|---|---|---|---|---|---|
| Minneapolis | 1,212 | 923 | 131.6 | 695 | 174.5 | 843 | 369 |
| St. Paul | 604 | 512 | 118.1 | 293 | 206.1 | 546 | 58 |
| Duluth | 309 | 247 | 125.1 | 182 | 170.0 | 164 | 145 |
| Fargo | 53 | 35 | 151.4 | 30 | 176.6 | 45 | 8 |
| Sioux Falls | 46 | 36 | 127.9 | 29 | 158.9 | 41 | 5 |
| Superior | 93 | 84 | 110.7 | 80 | 116.2 | 43 | 50 |
| Missoula | 36 | 18 | 200.0 | 5 | 720.0 | 14 | 22 |
| Great Falls | 31 | 20 | 154.9 | 25 | 123.9 | 16 | 15 |
| Helena | 6 | 8 | 75.0 | 3 | 200.0 | 4 | 2 |
| Total | 2,390 | 1,883 | 127.0 | 1,342 | 178.0 | 1,716 | 674 |

| | Valuation of Permits Aug. 1921 | Valuation of Permits July 1921 | % Aug. of July | Valuation of Permits Aug. 1920 | % 1921 of 1920 | Valuation for New Construction | Valuation for Repairs & Alterations |
|---|---|---|---|---|---|---|---|
| Minneapolis | $2,785,990 | $1,788,565 | 156.0 | $1,283,600 | 217.0 | $2,497,620 | $288,370 |
| St. Paul | 1,395,571 | 1,540,536 | 90.5 | 665,835 | 209.5 | 1,358,121 | 37,450 |
| Duluth | 513,940 | 404,845 | 126.9 | 249,170 | 206.2 | 302,810 | 211,130 |
| Fargo | 198,445 | 104,535 | 189.9 | 133,000 | 149.1 | 180,955 | 17,490 |
| Sioux Falls | 162,050 | 67,900 | 238.6 | 61,550 | 263.2 | 158,200 | 3,850 |
| Superior | 253,564 | 93,641 | 270.7 | 50,308 | 504.0 | 236,153 | 17,411 |
| Missoula | 78,625 | 21,700 | 362.3 | 22,100 | 355.7 | 70,050 | 8,575 |
| Great Falls | 33,000 | 6,285 | 525.0 | 199,527 | 16.5 | 25,000 | 8,000 |
| Helena | 2,275 | 25,400 | 8.9 | 15,300 | 14.9 | 975 | 1,300 |
| Total | $5,423,460 | $4,053,407 | 133.7 | $2,680,390 | 202.3 | $4,829,884 | $593,576 |

Table No. 5

| Lumber Manufacturers (Board ft.) | Aug. 1921 | July 1921 | Aug. 1920 |
|---|---|---|---|
| Lumber cut | 12,549,909 | 13,187,714 | 28,507,639 |
| Stocks on hand | 173,671,414 | 174,538,551 | 134,596,979 |
| Shipments | 13,015,802 | 10,449,033 | 19,326,097 |
| Men employed | 1,244 | 1,303 | 2,830 |
| **Retailers** | | | |
| Sales | 15,643,566 | 13,068,401 | 17,204,209 |
| Stocks on hand | 109,757,984 | 116,912,078 | 146,402,652 |

### Ninth District Has Record Corn Crop.

The September 1 figures published by the United States Department of Agriculture forecast that the 1921 production of corn in the four states which comprise the chief producing section of the Ninth Federal Reserve District will produce a total corn crop larger than in any other year. Minnesota alone will harvest 8 million more bushels than in any previous year. Montana and South Dakota both have the largest corn crops in their history, while corn is North Dakota's largest crop this year. The total for the four states is 259,805,000 bushels or an increase of 6 per cent over the production of 1920, which was itself almost a record crop. The detailed figures for the four states follow:

| | 1921 | 1920 | % 1921 of 1920 |
|---|---|---|---|
| Minnesota (Bushels) | 126,600,000 | 118,000,000 | 106.9 |
| Montana (Bushels) | 4,196,000 | 3,580,000 | 117.1 |
| North Dakota (Bushels) | 19,323,000 | 17,064,000 | 113.4 |
| South Dakota (Bushels) | 109,686,000 | 105,600,000 | 103.9 |
| Total (Bushels) | 259,805,000 | 244,244,000 | 106.0 |

The other estimates given out by the Department of Agriculture for the four states on September 1 were:

| | | |
|---|---|---|
| Spring wheat | 136,393,000 | bushels |
| Oats | 200,231,000 | " |
| Barley | 57,211,000 | " |
| Flax | 7,755,000 | " |
| Potatoes | 41,659,000 | " |

### Wheat Crop of Highest Quality.

A leading miller in the Northwest has written us as follows:

"From a milling and baking standpoint, the spring wheat crop is superior to any we have raised in a generation. Never in my experience of forty years has wheat averaged as high in gluten content. The crop throughout the Northwest will average two per cent higher in gluten from last year and in most sections glutens are running theirteen to fifteen per cent as against nine to eleven last year. Never was a crop harvested under better conditions. Taking moisture, color and protein into consideration, the Northwest farmer has provided us with a wheat that is making a flour that is almost perfection from both the bakers and family standpoint. That the wonderful baking quality of this crop is becoming known is evidenced by the fact that the Minneapolis market is the highest market in the United States and spring wheat flour is selling at $1.50 to $2.00 per barrel above flour from other sections."

We believe it important because of general belief to the contrary to direct attention again to the statement contained in our August letter, to-wit: "The average protein content of wheat is about 12 per cent, but this year wheat has been received at Minneapolis terminals with a protein content as high as 20 per cent, which is the highest figure on record for this district."

### Business Opinion Indicates Better Trade Prospects.

In the opinion of the majority of a group of sixty-two business men, in the Ninth Federal Reserve District, trade is at present below normal (Table No. 6). This is especially so in the case of lumber manufacturers and the wholesale hardware and agricultural implement trade. On the other hand, twenty-six executives expect improvement in their business and only eight expect a decline. The largest proportion of opinions indicating prospective improvement were from investment houses and wholesalers of agricultural implements. While these opinions have not been verified statistically, they are an interesting commentary on the business sentiment of the northwest.

Table No. 6

| Business Opinion | Business is: Below Normal | Normal | Above Normal |
|---|---|---|---|
| Lbr. Manufacturers | 11 | 1 | .. |
| Lbr. Retailers | 8 | .. | 1 |
| Retail Stores | 4 | 4 | 2 |
| Investment Houses | 6 | 5 | 1 |
| Wholesale Houses: | | | |
| Dry Goods | .. | 2 | 1 |
| Hardware | 7 | .. | .. |
| Agri. Implements | 9 | .. | .. |
| | 45 | 12 | 5 |
| | **Declining** | **Stationary** | **Improving** |
| Lbr. Manufacturers | 3 | 5 | 3 |
| Lbr. Retailers | 1 | 5 | 3 |
| Retail Stores | 2 | 5 | 5 |
| Investment Houses | 1 | 3 | 8 |
| Wholesale Trade: | | | |
| Dry Goods | .. | 2 | 1 |
| Hardware | 1 | 4 | .. |
| Agri. Implements | .. | 3 | 6 |
| | 8 | 27 | 26 |

### Slight Increase in Payments Through Banks.

During the five weeks ending August 31, there was an increase of 2 per cent over the previous five weeks in payments through banks in twelve clearing house cities of the Ninth Federal Reserve District. (Table No. 7.) This increase was largely due to an 8 per cent increase in check payments in Minneapolis, although there were small increases in the volume of payments in Aberdeen, Duluth, Fargo, Grand Forks, Great Falls, and Helena. Between the same periods last year, there was a decline in payments through banks of 4 per cent with increases only in Aberdeen, Great Falls, and Helena. Comparing the five week periods ending August 31, 1921 with the similar period ending September 1, 1920, this year's payments through banks exhibited

Table No. 7

| Payments Through Banks (000's omitted) | 5 Weeks Ending Aug. 31, 1921 | 5 Weeks Ending July 27, 1921 | Per Cent Aug. 1921 of July 1921 | 5 Weeks Ending Sept. 1, 1920 | Per Cent Aug. 1921 of Aug. 1920 | 5 Weeks Ending July 28, 1920 | Per Cent Aug. 1920 of July 1920 |
|---|---|---|---|---|---|---|---|
| Aberdeen | $ 6,456 | $ 6,353 | 101.6 | $ 8,766 | 73.6 | $ 7,539 | 116.2 |
| Billings | 7,657 | 8,154 | 94.0 | 9,611 | 79.6 | 9,708 | 99.0 |
| Duluth | 80,582 | 78,519 | 102.6 | 102,279 | 78.6 | 103,290 | 99.1 |
| Fargo | 12,787 | 12,681 | 100.9 | 16,453 | 77.5 | 17,777 | 92.6 |
| Grand Forks | 5,568 | 5,520 | 100.7 | 7,721 | 72.0 | 8,381 | 92.1 |
| Great Falls | 7,949 | 7,596 | 104.7 | 10,120 | 78.4 | 9,777 | 103.7 |
| Helena | 11,558 | 11,406 | 101.1 | 11,656 | 99.0 | 11,420 | 101.9 |
| Minneapolis | 334,213 | 308,204 | 108.5 | 410,815 | 81.3 | 415,713 | 98.7 |
| St. Paul | 128,569 | 139,204 | 92.2 | 164,661 | 78.0 | 181,777 | 90.6 |
| Sioux Falls | 18,629 | 21,023 | 88.5 | 26,498 | 70.3 | 29,358 | 90.3 |
| Superior | 8,208 | 9,457 | 86.6 | 9,896 | 82.9 | 10,186 | 97.1 |
| Winona | 4,621 | 5,473 | 84.4 | 5,397 | 85.6 | 6,583 | 81.9 |
| Total | $626,797 | $613,590 | 102.1 | $783,873 | 80.0 | $811,509 | 96.4 |

a decline of 20 per cent. In comparing total payments through banks for 1921 through August 31 with 1920 through September 1, there has been a decline of 22 per cent.

### Retail Trade Shows Seasonal Increase.

Sales of fourteen retail stores in the Ninth Federal Reserve District showed an increase in sales of 7 per cent between July and August; and their stocks have also increased 7 per cent, indicating that retailers expect a further seasonal increase in their sales this fall. The turnover of the reporting stores has increased between July and August.

As compared with last year, retail sales in August were down 11 per cent and their stocks at the end of August down 20 per cent. Undoubtedy, this decline is due largely to the drop in retail prices which occurred in the winter of 1920-21.

### Dry Goods Wholesalers Show Increased Sales.

Sales of merchandise by Minneapolis and St. Paul wholesalers of dry goods increased 53 percent between July and August; while sales of wholesale hardware amounted to practically the same number of dollars in August as in July, and sales of agricultural implements at wholesale declined 28 percent. (Table No. 8.) As compared with a year ago, August sales have been about one-half of last year's figures, and the sales at wholesale in the three classes mentioned above for the first eight months of 1921 have been about one-half of the sales during the same period in 1920. Collections in the agricultural implement and dry goods classes increased in dollar volume between July and August, while hardware collections were slightly lower. As compared with a year ago, the dollar amounts of collections in the three classes were down about one-fourth owing probably to a smaller dollar amount of sales this year than last.

Table No. 8
Wholesale Trade

| Sales | Aug. 1921 | July 1921 | Aug. 1920 |
|---|---|---|---|
| Agri. Imp. (6 stores) | $512,193 | $706,095 | $1,236,711 |
| Hardware (8 stores) | 811,557 | 805,645 | 1,288,786 |
| Dry Goods (3 stores) | 2,830,601 | 1,851,010 | 4,819,136 |
| **Cumulative Sales** | | 8 mos. 1921 | 8 mos. 1920 |
| Agri. Imp. | | $2,700,699 | $5,859,104 |
| Hardware | | 6,537,642 | 9,709,963 |
| Dry Goods | | 12,115,383 | 21,330,676 |
| **Collections** | Aug. 1921 | July 1921 | Aug. 1920 |
| Agri. Imp. | $1,884,008 | $1,682,614 | $2,581,793 |
| Hardware | 2,578,137 | 2,618,192 | 3,110,151 |
| Dry Goods | 6,443,277 | 4,807,123 | 9,048,703 |

### Grain, Live Stock and Flour Prices Decline.

The majority of grain and live stock prices and the price of the best grade of flour declined during August, while wholesale produce prices in Minneapolis showed mixed tendencies.

The median price of wheat declined sharply from $1.81¼ to $1.54½ and there were additional declines in median prices as follows: Rye 11 cents, oats 2⅔ cents, barley 1½ cents (Table No. 9). During August very little Number 3 yellow corn was sold. The median price of flax rose 11½ cents during the month.

Table No. 9
Minneapolis Cash Grain Prices

| Wheat— | Month 1921 | High | Median | Low |
|---|---|---|---|---|
| No. 1 Dark Northern | August | $2.06¼ | $1.54½ | $1.36 |
| | July | 2.15½ | 1.81¼ | 1.35 |
| Corn—No. 3 Yellow | August | ... | ... | ... |
| | July | .51 | .50 | .47 |
| Oats—No. 3 White | August | .34 | .30½ | .27 |
| | July | .37½ | .33¼ | .31 |
| Barley—No. 3 | August | .61 | .54 | .45 |
| | July | .68 | .55½ | .50 |
| Rye—No. 2 | August | 1.08½ | 1.01½ | .92 |
| | July | 1.29 | 1.12½ | 1.05 |
| Flax—No. 1 | August | 2.14 | 2.01½ | 1.88 |
| | July | 2.10 | 1.90 | 1.81 |

Median prices of all live stock other than hogs and stock and feeder steers, which remained stationary, declined during August (Table No. 10). Lambs were down $1.00; butcher cows, 50 cents; butcher steers, 75 cents; and veal calves, 50 cents. There were no increases in median prices of live stock during the month.

Table No. 10

| Live Stock Prices | Month 1921 | High | Median | Low |
|---|---|---|---|---|
| Butcher Cows, Heifers | August | $9.50 | $4.50 | $3.00 |
| | July | 9.00 | 5.00 | 2.50 |
| Butcher Steers | August | 9.50 | 6.00 | 3.00 |
| | July | 9.50 | 6.75 | 3.00 |
| Stock & Feeder Steers | August | 7.00 | 5.00 | 2.00 |
| | July | 7.00 | 5.00 | 2.25 |
| Veal Calves | August | 11.00 | 7.00 | 1.50 |
| | July | 9.00 | 8.50 | 2.00 |
| Hogs | August | 11.00 | 8.75 | 6.00 |
| | July | 11.00 | 8.75 | 7.50 |
| Lambs | August | 9.25 | 7.50 | 3.00 |
| | July | 9.00 | 8.50 | 3.00 |

The median price is that price at which the number of items sold at a higher price is exactly equal to the number of items sold at a lower price. These median prices furnish an index of conditions prevailing throughout the month and are a means of simplifying the variations due to changes in daily quotations.

The price of Washburn-Crosby Gold Medal flour declined from $8.35 per barrel on August 1 to $8.00 on September 1, but rose again to $8.50 on September 14.

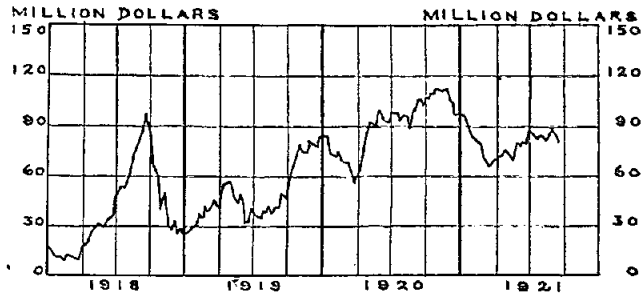
Wholesale produce prices in Minneapolis showed declines, when comparing the first day of August with the last, in butter, cheese, and green beans. There were increases in eggs, potatoes, cabbage, and green onions. Seasonal fruits were down in price, while the price of oranges increased.

### Bank Credit in Northwest Expands in August.

The total accommodation extended to Ninth District member banks by this Federal Reserve Bank increased less than one million dollars between July 27 and August 31, although during a similar period last year there had been an increase of nearly 7 million dollars. Our rediscounts with other Federal Reserve banks were increased one million this year, whereas a year ago in the same period they were increased nearly 8 million dollars. This decrease in accommodation required to move the crop as compared with a year ago is a reflection of the reduced prices as compared with a year ago and the smaller amount that has been expended for farm labor for crop moving purposes. Continued dullness in business, and possibly some price declines, are reflected in our Federal Reserve note circulation which declined nearly two million dollars, which is a much greater decline than normal at this time of the year as the net amount outstanding increased more than one-half million in the same period last year.

Thirty-five member banks in the larger cities in this district in the five-week period ending August 31 increased their total accommodation to customers more than 5½ million dollars, which is an expansion only slightly greater than that which took place a year ago in the corresponding five weeks ending September 3. Demand deposits declined slightly both this year and last year; while time deposits declined this year more than two million dollars, whereas a year ago they increased slightly. These thirty-five member banks are in a much stronger position than a year ago, for their borrowing this year from the Federal Reserve Bank were reduced one-half million dollars, whereas a year ago they were increased nearly 9 millions. As the city banks paid the Federal Reserve Bank during August more than one-half million dollars and as the Federal Reserve Bank's total accommodation meanwhile increased about one-half million dollars, it follows that the agricultural districts received additional credit accommodation to the extent of more than one million dollars from the Federal Reserve Bank during the month of August. This is the same amount of expansion as was given direct to the agricultural districts during the month of July.

Credit conditions in the Ninth District, when measured by the total accommodation, were in contrast with the general tendency prevailing in the whole Federal Reserve System during the month of August. Between July 27 and August 31 the twelve Federal Reserve banks experienced a reduction in total accommodation of 143 million dollars, and gained in gold reserves about 110 millions, so that 77 per cent of the reduction in accommodation was effected by gold deposits all of which presumably were secured through imports from abroad. The prevailing industrial and trade depression resulted in a further offering of Federal Reserve notes for retirement, totaling more than 71 millions during this period.




Accommodation to Member Banks in the Ninth Federal Reserve District by the Federal Reserve System

### Interest Rates Steady.

Market rates for credit remained practically unchanged during the month ending September 15 except that the prevailing rate charged by banks to their customers for prime commercial paper such as is now eligible under the Federal Reserve Act and running for four to six months dropped from 7½ to 7 per cent. Demand and time loans secured by current collateral, cattle or warehouse receipts were usually handled at 7½ per cent, while commercial paper like customer's notes at banks, and loans between banks were taken at 7 per cent. Liberty Bond secured collateral notes, 90-day prime commercial paper, and unendorsed bankers' acceptances had a ruling of 6½ per cent.

### Coal Receipts Heaviest in Four Years.

Coal receipts at the Duluth-Superior Harbor from the opening of navigation to August 31 this year, were larger than receipts during the same periods from 1918 to 1920. In 1918, during this period, there were received 5,265,061 tons; in 1919, 5,909,974 tons; in 1920, 3,994,846 tons; and in 1921, 7,720,428 tons. This record applies to both hard and soft coal. In 1921, there were received 6,513,729 tons of soft coal and 1,206,699 tons of hard coal. As compared with last year, the receipts of soft coal have increased 111 per cent and hard coal 31 per cent or a total increase of 93 per cent.

During the month of August, soft coal receipts declined 36 per cent from the July figures while hard coal receipts increased 23 per cent (Table No. 11) or a net decline for both hard and soft coal of 25 per cent. As compared with August last year, soft coal receipts were down 26 per cent and hard coal receipts up 63 per cent or a net decline of about 10 per cent.

**Table No. 11**

| Duluth-Superior Coal Receipts (In Short Tons) | Aug., 1921 | July, 1921 | Aug., 1920 |
|---|---|---|---|
| Soft Coal | 1,068,555 | 1,650,629 | 1,396,500 |
| Hard Coal | 418,238 | 339,383 | 256,766 |
| Total | 1,486,793 | 1,990,012 | 1,653,266 |

### Small Quantity of Iron Ore Shipped.

From the opening of navigation to August 31, 14,748,072 tons of iron ore have been shipped from upper lake ports according to figures reported to us by the M. A. Hanna Company. This tonnage is 58 per cent below the tonnage shipped last year. During August, 4,329,158 tons of iron ore were shipped, representing an increase over July shipments of 7 per cent, but a decrease of 53 per cent from shipments in August a year ago.

### Flour Output Shows Seasonal Increase.

Production of flour during August at Minneapolis, Duluth-Superior, and outside mills (Table No. 12) increased, while production in St. Paul decreased from the July figure, giving a net increase for the Ninth District of 22%. The normal increase between July and August for the whole United States as shown by an average of the output of all mills for the seven years, 1914 to 1920, inclusive, was 32.8 per cent. Production during August by all four groups of local mills was greater than a year ago with a combined increase of 29 per cent. During August the Ninth District flour mills operated at 50 per cent of capacity as compared with 47 per cent during July and 30 per cent a year ago.

**Table No. 12**

| Flour Production | 4 Weeks Ending 8-27-21 | 4 Weeks Ending 7-30-21 | 4 Weeks Ending 8-28-20 |
|---|---|---|---|
| Minneapolis (Bbls.) | 1,341,565 | 1,049,090 | 1,139,775 |
| St. Paul (Bbls.) | 38,865 | 45,450 | 12,960 |
| Duluth-Superior (Bbls.) | 71,350 | 67,975 | 28,050 |
| Other Mills (Bbls.) | 837,555 | 708,750 | 591,135 |
| All Mills (Bbls.) | 2,289,335 | 1,871,265 | 1,771,920 |

Flour shipments at Minneapolis (Table No. 13) increased 44 per cent in August over the July figure while there was a slight decrease at Duluth, or a net increase in shipments of about 24 per cent. Receipts at Minneapolis also increased to the extent of 7 per cent while Duluth receipts declined 7 per cent, or a net decline for the two cities of 5 per cent. As compared with a year ago Minneapolis and Duluth receipts both increased and Minneapolis shipments increased, but Duluth's shipments declined slightly. For the two cities combined, this year's shipments were 14 per cent larger than shipments last year and receipts were up 26 per cent.

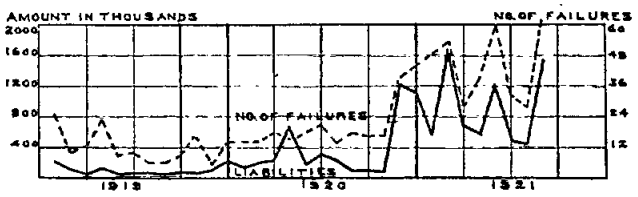
**Table No. 13**

| Flour Movement in Barrels Minneapolis and Duluth | Aug. 1921 | July 1921 | Aug. 1920 |
|---|---|---|---|
| Receipts (Bbls.) | 865,576 | 915,720 | 686,624 |
| Shipments (Bbls.) | 2,535,554 | 2,030,296 | 2,228,330 |

Exports of flour by Minneapolis mills during August totaled 68,495 barrels or a decrease of 6 per cent from July exports, but an increase of 40 per cent over a year ago. Exports for the year from September 1, 1920 to August 31, 1921 were 971,-840 barrels or an increase of 40 per cent over exports from Minneapolis for the previous year.

### Business Mortality Increases.

Business failures in the Ninth District during the month of August reached a new record in number and were only exceeded in liabilities by the total for February of this year. There were 72 business failures in August as compared with 27 in July and 18 in August last year. The liabilities of the 72 firms which failed in August were $1,458,576 according to the figures reported to us by R. G. Dun & Company. This report shows an increase of 243 per cent from the July total and 1600 per cent from the total for August last year.




**Business Failures in the Ninth Federal Reserve District (Figures of R. G. Dun & Company)**

There were 21 foreclosure sales recorded in the Sheriff's Office in Minneapolis for the month of August as compared with 13 recorded in July and 18 in August 1920. The total amount realized through these foreclosure sales in August was $135,381 as compared with $23,630 in July and $57,744 a year ago.