

# MONTHLY REVIEW

OF

## AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

### NINTH FEDERAL RESERVE DISTRICT

Vol. 7 (Serial No. 265)

Federal Reserve Bank, Minneapolis, Minn.

January 28, 1937

#### DISTRICT SUMMARY OF BUSINESS

Business recovery in the district continued throughout December and at the close of the year the general level of business was more than half-way back to the level of 1929. Higher farm product prices and larger marketings of livestock and livestock products and a continuation of government rental and benefit payments, together with the increase in national business volume, were the principal factors in the business improvement in this district, despite the smaller crop production.

The seasonally adjusted trade indexes were all higher in December than in November except the bank debits index for farming centers which was unchanged, but nevertheless was the highest December since 1930. The indexes were all higher than in December a year ago. The debits index for 94 cities equalled last August which was the highest in any month since January, 1931. The December index was the highest December since 1929. The country check clearings index was the highest on record excepting last August. The December miscellaneous carloadings index was the highest since September, 1929, and it was the highest for any December on record.

#### Northwestern Business Indexes

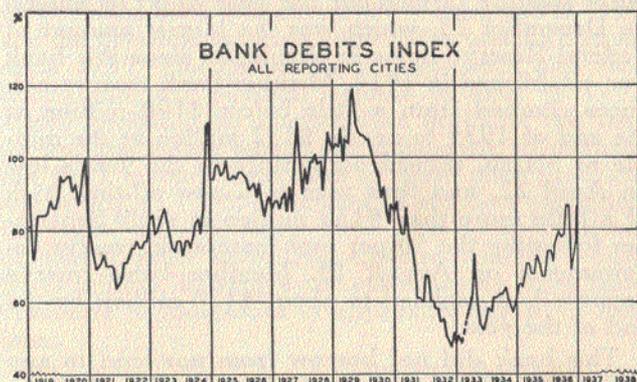
(Varying base periods)

	Dec. 1936	Nov. 1936	Dec. 1935	Dec. 1934
Bank Debits—94 Cities.....	86	77	74	64
Bank Debits—Farming Centers...	86	86	80	66
Country Check Clearings.....	150	149	132	108
Department Store Sales.....	94	91	83	78
Country Lumber Sales.....	92	87	78	47
Miscellaneous Carloadings .....	110	99	88	80
L.C.L. Carloadings .....	67	64	62	62

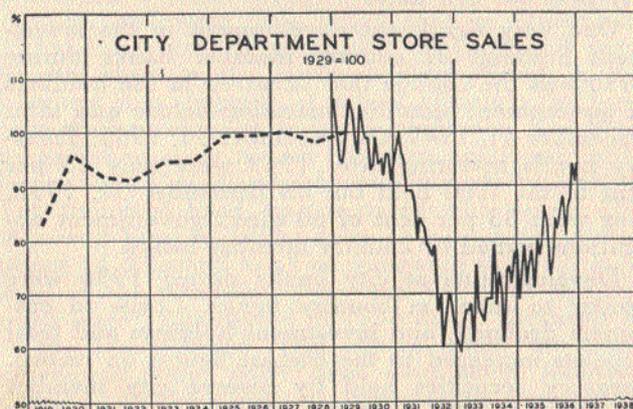
The rise in business volume in 1936 was quite uniform throughout the district. All of the regional groups of cities reported bank debits as the largest since 1930 or 1931 and at St. Paul, debits were larger than in any previous year on record. Total bank debits at 94 cities were \$10,540 million as compared with \$8,751 million in 1935, \$6,887 million in 1932, the lowest point of the depression, and \$13,697 million in 1929. Country check clearings in this district amounted to \$1,451 million in 1936 as compared with \$1,285 million in 1935.

Retail trade in the district increased 10 per cent in 1936 over 1935, according to reports from three hundred and eight stores in the district. Sales at city department stores increased 11 per cent and sales at country department and general stores increased about 9 per cent over 1935. Sub-dividing the rural reports by regions, it appears that the largest increases during the year occurred in northern Wisconsin and Michigan, northeastern Minnesota, western Montana, and west central Wisconsin.

Other 1936 increases in northwestern business volume over the volume in 1935 occurred in all classes of freight carloadings, building permits and contracts, real estate activity in Hennepin and Ramsey counties, flour and linseed product shipments, copper and iron ore output, country lumber sales, and wholesale hardware and grocery trade. Decreases from the 1935 volume occurred in flour production, grain marketings, life insurance sales and sales of shoes at wholesale. Business failures, according to Dun and Bradstreet reports, were only 228 in number as compared with 252 in 1935.



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



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

	Retail Trade	
	No. of Stores	% Dec. 1936, of Dec., 1935
Mpls., St. Paul, Duluth-Superior	21	113
Country stores	287	114
Minnesota—Central	11	120
Minnesota—Northeastern	8	124
Minnesota—Red River Valley	8	116
Minnesota—South Central	17	114
Minnesota—Southeastern	17	120
Minnesota—Southwestern	28	122
Montana—Mountain	14	113
Montana—Plains	26	103
North Dakota—North Central	7	127
North Dakota—Red River Valley	9	112
North Dakota—Southeastern	22	110
South Dakota—Southeastern	16	106
South Dakota—Other Eastern	41	110
Northern Wisconsin and Michigan	30	122
West Central Wisconsin	33	121
Ninth District	308	114

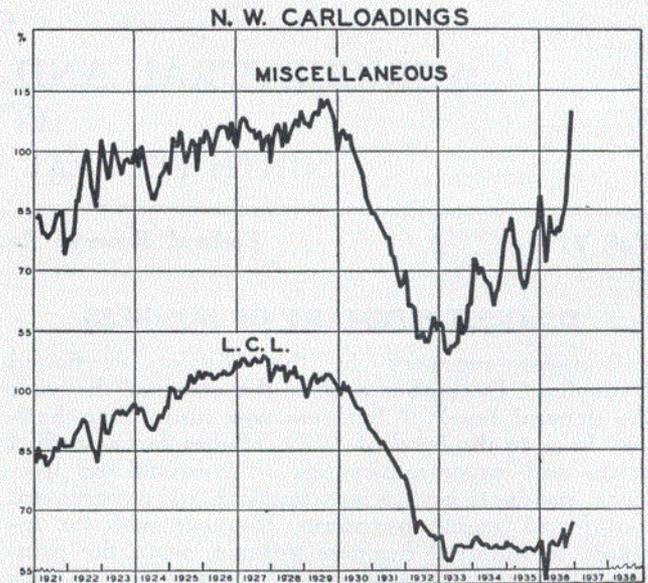
### DISTRICT SUMMARY OF BANKING

Following the establishment of a new all-time high on December 2, city member bank deposits continued at high levels, the daily average for December being higher than in any other month on record. Commercial demand deposits decreased less during December than other classes of demand deposits and also averaged higher for the month than ever before. Loans to customers were unchanged, but investment holdings increased steadily throughout the month and reached a new all-time high the first week in January. Balances due from banks decreased \$4 million during December.

During 1936, total deposits at country member banks in this district continued to rise, gaining more than \$50 million, and at the end of the year totalled \$578 million, the largest total since 1930 according to records compiled from abstracts of member bank called reports. At the end of 1933, country member bank deposits were only \$408 million. Country member bank loans declined again during 1936, and on December 31 were only a little larger than the low of recent years, the end of 1934. On the other hand, investment holdings increased sharply and at the end of the year were higher than on any previous call date.

One very significant development in the investment holdings of country member banks during 1936 was the change that occurred in the holdings of government securities maturing before and after December 31, 1949. On December 31, 1935, Treasury bonds maturing after 1949 were only 13 per cent of the total held but on December 31, 1936, they were 33 per cent of all direct government obligations owned by country member banks.

Developments at city banks during 1936 were similar to those at country banks. Loans to customers declined, and investment holdings and total deposits increased to the highest figures on record. Treasury securities held by reserve city member banks increased from \$138 million to \$154 million during the year. Holdings of bonds maturing after December 31, 1949, increased \$40 million and at



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

the end of 1936 were 26 per cent of all direct government obligations compared with less than 1 per cent at the end of 1935.

Federal Reserve Bank earning assets changed very little during 1936 except that holdings of United States Government obligations increased about \$10 million at mid-year and an additional \$4 million at the beginning of the third quarter. Discounts for member banks which were only \$42 thousand at the beginning of the year increased to a total of \$176 thousand by the latter part of May and then declined and vanished from our weekly statement early in July, but reappeared in an insignificant amount in September. Industrial advances, inaugurated in 1934, gradually declined from the year's high of \$1½ million at the beginning of 1936 to \$1 million at the end of the year. Total reserves increased from \$146 million at the end of 1935 to an all-time high of \$198 million late in August and declined to \$184 million by the end of the year.

Federal Reserve notes in circulation increased fairly steadily throughout the year to \$138 million on December 23, which was the largest amount of Federal Reserve notes in circulation since this bank was established in 1914. Member bank reserve balances climbed from a little below \$100 million at the end of 1935 to nearly \$132 million at the middle of March, sagged off rapidly to the year's low on April 22, and then rose to a new all-time high of a little more than \$132 million in early September following the 50 per cent increase in reserve requirements on August 15. Member bank reserve deposits had declined to about \$120 million by the end of the year.

This bank did not borrow from nor lend to any other Federal Reserve bank during 1936 and the discount rate remained unchanged at 2 per cent throughout the year.

## DISTRICT SUMMARY OF AGRICULTURE

## Farm Income

Receipts from the sale of crops, livestock and livestock products during November, 1936, in Minnesota, Montana, North Dakota and South Dakota combined, as estimated by the Bureau of Agricultural Economics of the United States Department of Agriculture, totalled \$55 million, only slightly larger than the November, 1935, level. During the first 11 months of 1936 the total income from the sale of principal farm products was estimated to be \$538 million, an increase of 15 per cent over the estimated total for the same period in 1935. The decrease in the income from the sale of crops as a result of the 1936 drouth-reduced production was more than offset by the increase in the income from the sale of livestock products and the drouth-increased marketings of livestock. Rental and benefit payments, including payments for participation in the soil conservation program in 1936, were smaller during the first 11 months of 1936 than in the corresponding period in 1935.

Five of the eight important agricultural commodities for which income estimates are prepared by this Federal Reserve Bank produced larger amounts of income in 1936 than in 1935: hogs, dairy products, potatoes, wool and rye. 1936 income from the sale of bread wheat, durum wheat and flax was estimated to be less than in 1935. The 1936 total cash income from the sale of these eight agricultural products, excluding rental and benefit payments, was estimated to be nearly \$416 million, an increase of 13 per cent over the previous year's estimate of \$368 million.

The preliminary estimate of \$300 million gross income from the sale of 16 principal agricultural products by Minnesota farmers in 1936 by the University of Minnesota was nearly \$70 million larger than in 1935 and was the largest since 1930. The large increase in the 1936 income was largely caused by the very great increase in the value of livestock sold, and a substantial increase in the value of livestock products sold during the year. The livestock value index stood at 114, the highest ever recorded since these indexes were first compiled in 1926 and the livestock products value index was the highest since 1930. The University of Minnesota also estimated that the physical volume of sales in 1937 would probably be smaller than in 1936, but that agricultural prices would rise sufficiently to increase the 1937 income from sales of these same products above that of 1936. Estimates of amounts expended for taxes, interest, hired labor and 17 other items of actual farm operating expense totalled about \$160 million, leaving a net cash income from farm operation in Minnesota of approximately \$140 million.

The farm price index compiled by the University of Minnesota increased from 93 in November to 94 in December, the highest December index figure since 1929. The index was 79.3 in December, 1935.

## Livestock and Livestock Products

Receipts of cattle and calves at South St. Paul continued to decline seasonally during December and were little larger than in December, 1935. During 1936, cattle and calf receipts at South St. Paul were about 20 per cent larger than in the preceding year, partly because of increased Canadian marketings and partly because of drouth-forced reductions of domestic herds. Beef cattle prices were mostly lower in December than November, although butcher cow and heifer prices increased to the highest level since last June. Prices of real choice and selected prime heavy butcher steers were also strong because of limited offerings, and climbed to \$11.75, the highest since May, 1935. The "top" for light butcher steers was unchanged from the preceding month, but the median price sagged to \$10. Compared with prices at the end of 1935, 1936 year-end prices for all classes of butcher cattle were higher with the exception of veal calves which were lower than in 1935 but higher than in any other of the preceding five years.

Shipments of stocker and feeder cattle including calves during December declined seasonally and were smaller than in the same month last year. Shipments during the year 1936 showed about the same increase as cattle and calf receipts, and were 20 per cent larger than in 1935. Heavy stockers and feeders were in somewhat stronger demand during December than in November, and prices rose to \$6. Prices for lighter animals were unchanged, remaining at the November level which was only a half cent per pound higher than the year's low of last July when drouth-forced marketings flooded the market.

The dairy cow market at South St. Paul suffered a sharp decrease in shipping demand because of cold weather during early December, and prices declined to the year's low, \$70-\$35. A year earlier, shipping orders were also negligible, but a strong killer demand for low grade cows narrowed the price range. The bulk of sales at the end of 1935 were between \$75 and \$50.

Imports of Canadian beef cattle during December decreased further from the levels of previous months, and were little larger than in December, 1935. Dairy cow imports also declined and were smaller than in the corresponding period in the previous year. Imports of calves, although the total permitted to enter at reduced tariff rates had been exceeded as early as last October, continued fairly large. 1936 Canadian beef cattle imports were about 146 thousand head, as compared with nearly 107 thousand head in 1935; dairy cow imports totalled about 14 thousand head as compared with 12 thousand in the preceding year, and the total calf imports were 59 thousand in 1936 and 5 thousand in 1935. The reduced tariff quotas under the trade agreement were: dairy cows over seven hundred pounds, 20 thousand; all other cattle over seven hundred pounds, 156 thousand; calves (less than one hundred and seventy-five pounds), 52 thousand head.

**Hog receipts** at South St. Paul, while smaller than in the preceding month, were much larger than in December last year when hog holdings were being increased and were the largest December marketings since 1932. Receipts of hogs at South St. Paul during 1936 were more than twice as large as in the preceding year, partly because of a larger spring pig crop, and partly because feed shortages forced the marketing of hogs during 1936 whereas in 1935 ample feed supplies permitted an increase of 700 thousand head in hog inventories during the year. Despite the heavy daily hog runs and larger cold storage holdings of pork on the first of the month, hog prices advanced again during December, in accordance with the statement quoted from "The Hog Situation" in last month's issue of this Review, and were higher than in any December since 1926.

**Receipts of sheep and lambs** continued to decline during December, but were nearly half again as large as in December, 1935. Sheep and lamb receipts during the year 1936 were nearly 10 per cent larger than in 1935, but were smaller than in any other of the last five years. Lamb prices were unchanged from November, but ewe prices were a little higher. Both lamb and ewe prices were lower than in December last year, but were higher than in any other December since 1929.

Estimates of the number of livestock on farms January 1, 1936, have not yet been received, but judging by the larger 1936 marketings and the greatly reduced feed and forage crops as well as numerous reports from bankers and various other reliable sources, it is fairly evident that there was no repetition of the 1935 increases in beef cattle and hog holdings during 1936. Definite figures for January 1 livestock holdings will be published as soon as released, probably in next month's issue of this Review.

As was to be expected from the heavy sow marketings that began when the drouth became evident last summer, the 1936 fall pig crop in the Ninth Federal Reserve District was smaller than that of the preceding year, and with the exception of the other serious recent drouth year, 1934, was the smallest shown by our records. The number of pigs farrowed and saved in Minnesota, Montana, North Dakota and the portions of Wisconsin and Michigan that are in the Ninth Federal Reserve District, between June and December, 1936, were all slightly larger than the number farrowed and saved in the same period in 1935, but these small increases were more than offset by the 33 per cent decline in South Dakota. Combining the spring and fall pig crops, 1936 pig production was larger than that of 1935, and was the largest since the 10 million pig production year of 1933.

### Crops

The total harvested acreage of the eight principal crops in this district in 1936 was far below that of 1935 and while it was about 10 per cent larger than in 1934, was much smaller than in any other

year included in our records which begin with 1910. The only crop to show any increase during 1936 was tame hay. Because of the cutting of thousands of acres of field and forage crops for hay as they were attacked by drouth and grasshoppers during the season, the 1936 tame hay harvested acreage was larger than any year included in our records with the exception of 1931 and 1932. The 1936 harvested corn acreage was about 14 per cent smaller than in 1934, and was the lowest since 1920. The 1936 harvested wheat, flax and oats acreages were larger than in 1934 but were smaller than in any other year for which we have records. The 1936 harvested potato acreage was the smallest since 1912; the barley acreage, excepting 1934, the smallest since 1924; and rye acreage, the smallest in our records with the exception of 1933 and 1934.

The 1936 production of these crops established practically the same records as the harvested acreage figures although the production of wheat as well as corn was less than in 1934. The production of the other principal crops including tame hay was small and in most cases smaller than for fifteen or more years.

December prices for all of the principal crops grown in this district continued to reflect the extremely low 1936 production and were higher than in the preceding month. They were much higher than in December, 1935, and with the exception of oats, were higher than at any recent year end. Barley was higher than in any month since our records began in the fall of 1920; rye and corn, the highest in any December since 1924; spring bread wheat higher than since 1925, and durum wheat since 1926, while flax and potatoes were the highest since 1929. Oats were far above the December, 1935, level but were somewhat below the December, 1934, price which was the highest in our records with the exception of two months in the spring of 1928.

### Stocks

Stocks of grain on farms at the end of 1936 were smaller than at the end of the previous year but, with the exception of corn, were a little larger than at the end of 1934. On the other hand, stocks of all grains at terminal markets were much smaller than at the end of 1934 with the exception of oats and barley.

### United States Cold Storage Holdings (In thousands of pounds)

	Jan. 1, 1937	Jan. 1, 1936	Jan. 1 5-Yr. Avg.
Beef .....	194,107	106,210	84,491
Pork .....	665,087	326,677	539,638
Lamb and Mutton...	10,186	3,025	3,336
Miscellaneous Meats..	131,708	74,376	74,849
Total Meats .....	1,001,088	510,288	702,314
Lard .....	145,522	52,718	79,129
Cream* .....	149	99	113
Butter .....	61,830	40,191	49,445
Cheese .....	100,371	99,572	88,154
Eggs** .....	2,129	2,951	2,683
Poultry .....	187,479	107,389	118,246

\*Thousand cans.

\*\*Thousand cases.

Cold storage holdings of farm products in the United States increased substantially during 1936 and in most cases were much higher than the 5 year average. Stocks of eggs in cold storage at the end of 1936 were smaller than at the end of 1935 and smaller than the 5 year average. Because of increased slaughterings, stocks of beef, pork and lard doubled and trebled during the year. Despite a slight decrease in sheep and lamb slaughterings in 1936, cold storage holdings of lamb and mutton at the end of 1936 were three times as large as at the end of the previous year. Total storage stocks of meat were nearly twice as large as a year earlier and were nearly half again as large as the 5 year

average whereas at the end of 1935 they were one-third smaller than the 5 year average.

Farmers' Cash Income, Including Rental and Benefit Payments, for the Four States of Minnesota, Montana, North Dakota, and South Dakota Combined  
(U. S. D. A. Estimates)

Year	November	Jan.-Nov., Inc.
1929.....	\$85,347,000	\$911,574,000
1930.....	61,819,000	704,834,000
1931.....	49,076,000	484,437,000
1932.....	29,944,000	290,846,000
1933.....	35,009,000	355,772,000
1934.....	52,057,000	456,652,000
1935.....	69,820,000	528,351,000
1936.....	56,085,000	568,176,000

THE YEARS 1932 TO 1936 IN THE NINTH FEDERAL RESERVE DISTRICT

GENERAL BUSINESS

Bank Debits	1932	1933	1934	1935	1936
94 Cities .....	\$ 6,887,474,000	\$ 7,034,848,000	\$ 7,685,285,000	\$ 8,751,364,000	\$10,539,600,000
Minneapolis .....	2,958,446,000	3,423,602,000	3,456,332,000	3,756,035,000	4,184,537,000
St. Paul .....	1,330,056,000	1,203,693,000	1,460,646,000	1,768,167,000	2,590,856,000
South St. Paul.....	156,751,000	139,665,000	142,366,000	207,945,000	275,414,000
Great Lakes Ports.....	544,094,000	537,429,000	525,449,000	549,219,000	663,098,000
Beef and Pork, S. E.....	252,987,000	225,006,000	262,007,000	296,042,000	344,343,000
Beef and Pork, S. W.....	237,576,000	243,440,000	266,969,000	313,515,000	391,622,000
Dairy and Mixed Farming...	344,741,000	298,499,000	364,626,000	430,070,000	540,010,000
Wheat and Mixed Farming...	440,926,000	388,724,000	474,533,000	529,181,000	557,262,000
Wheat and Range.....	202,536,000	184,795,000	242,458,000	305,461,000	349,045,000
Mining and Lumber.....	419,361,000	389,995,000	489,899,000	595,729,000	643,413,000

Electric Power Consumption (K.W.H.)

Minn., No. Dak. and So. Dak.	1,634,261,000	1,533,549,000	1,656,629,000	1,777,515,000	2,107,520,000 <sup>1</sup>
Montana .....	635,093,000	922,810,000	867,504,000	1,296,199,000	1,450,795,000 <sup>1</sup>

Country Check Clearings

Total .....	\$ 665,320,000	\$ 803,242,000	\$ 1,050,582,000	\$ 1,284,831,000	\$ 1,451,301,000
Minnesota .....	263,987,000	317,754,000	392,139,000	477,625,000	556,183,000
Montana .....	98,980,000	112,679,000	160,457,000	212,207,000	241,734,000
North and South Dakota....	170,050,000	238,880,000	317,520,000	376,308,000	394,481,000
Michigan and Wisconsin....	132,303,000	133,929,000	180,466,000	218,691,000	258,903,000

Freight Carloadings—N. W. District

Total—Excluding L. C. L....	2,276,749	2,741,143	3,139,725	3,345,731	4,121,610
Grain and Grain Products...	366,208	444,280	413,553	422,658	445,148
Livestock .....	255,730	240,087	300,046	160,623	210,969
Coal .....	264,347	263,000	282,418	297,997	338,472
Coke .....	32,295	43,749	44,802	59,375	83,420
Forest Products .....	204,537	280,631	320,513	385,772	474,621
Ore .....	68,224	384,350	444,403	571,655	914,789
Miscellaneous .....	1,085,408	1,085,046	1,333,990	1,447,651	1,654,819
Merchandise—L. C. L.....	1,071,496	964,490	983,022	968,180	1,001,724

Building Permits

Number (18 Cities).....	10,063	9,419	9,976	12,814	15,112
Valuation (18 Cities).....	\$ 13,885,000	\$ 10,391,600	\$ 9,185,600	\$ 15,070,700	\$ 23,775,900
Minneapolis .....	6,427,000	2,537,400	3,113,000	4,690,900	7,195,800
St. Paul .....	3,053,800	5,309,200	2,528,400	3,551,700	7,099,900
Duluth-Superior .....	1,616,900	1,111,600	924,100	1,544,300	1,933,300
4 Wheat Belt Cities.....	1,928,400	376,900	816,300	1,370,200	1,942,300
6 Mixed Farming Cities.....	1,720,200	728,100	1,117,600	3,299,400	3,561,000
4 Mining Cities.....	447,300	328,400	686,200	614,200	2,043,600

Building Contracts Awarded

Total .....	\$ 61,516,400	\$ 44,071,400	\$ 58,599,200	\$ 64,552,700	\$ 89,387,500
Residential .....	7,112,000	5,565,200	4,142,600	10,094,400	16,004,500
Commercial and Industrial...	4,479,900	6,541,300	5,138,100	5,655,700	9,938,500
Public Works and Utilities...	39,946,300	25,001,800	39,132,000	37,284,000	46,788,500
Educational .....	2,455,400	1,880,200	4,636,000	4,938,400	7,403,000
All Other .....	7,522,800	5,082,900	5,550,500	6,580,200	9,253,000

**THE YEARS 1932 TO 1936 IN THE NINTH FEDERAL RESERVE DISTRICT  
(CONTINUED)**

	1932	1933	1934	1935	1936
<b>Real Estate Activity in Hennepin and Ramsey Counties</b>					
Warranty Deeds Recorded...	11,147	8,110	10,091	11,073	13,540
Mortgages Recorded .....	11,787	8,963	16,938	12,883	14,377
<b>Manufacturing and Mining</b>					
Flour Prod. at Mpls. & Duluth-Superior (bbls.) .....	7,779,830	7,897,935	7,668,378	7,123,030	6,958,526
Flour Ship. from Mpls. (bbls.)	7,685,170	7,594,616	7,548,919	7,018,898	7,161,237
Linseed Prod. Ship. (lbs.)...	157,000,958	155,635,844	127,773,589	223,228,547	267,310,621
Copper Prod. (3 Firms) (lbs.)	143,800,700	140,115,000	114,018,900	218,635,800	312,044,800
Iron Ore Shipments.....	3,567,985	21,623,898	22,249,600	28,362,368	44,822,023
Business Failures .....	928	725	309	252	228
<b>AGRICULTURE</b>					
<b>Farmers' Cash Income</b>					
Bread Wheat .....	\$ 47,445,000	\$ 80,566,000	\$ 52,459,000	\$ 91,298,000	\$ 50,946,000
Durum Wheat .....	9,086,000	12,579,000	10,693,000	11,077,000	8,923,000
Rye .....	2,056,000	4,969,000	1,989,000	3,348,000	5,819,000
Flax .....	10,651,000	10,073,000	9,049,000	20,155,000	11,016,000
Dairy Products .....	108,016,000	118,693,000	129,036,000	141,331,000	176,168,000
Hogs .....	68,448,000	72,913,000	83,276,000	73,574,000	126,164,000
Wool .....	4,886,000	10,794,000	14,691,000	9,827,000	14,631,000
Potatoes .....	9,027,000	12,038,000	14,900,000	13,897,000	19,888,000
Butter Production (Lbs.)....	504,641,000	536,311,000	488,265,000	465,807,000	488,225,000
<b>Grain Marketings at Minneapolis and Duluth-Superior (Bus.)</b>					
Bread Wheat .....	73,075,000	90,484,000	43,879,000	63,877,000	33,322,000
Durum Wheat .....	15,945,000	15,061,000	8,101,000	9,660,000	7,068,000
Rye .....	5,696,000	8,483,000	2,684,000	6,982,000	8,466,000
Flax .....	9,635,000	5,864,000	4,658,000	11,593,000	5,382,000
<b>Livestock Receipts at South St. Paul (Head)</b>					
Cattle .....	689,930	835,173	1,475,890	910,785	1,106,434
Calves .....	544,125	515,370	840,413	477,264	561,040
Hogs .....	2,599,915	2,742,455	1,885,080	931,203	1,994,944
Sheep .....	1,522,383	1,551,906	1,583,674	1,362,424	1,487,363
<b>Prices in December</b>					
<b>Median Cash Grain Prices at Mpls.</b>					
Wheat—No. 1 D. N. S. (bu.)	\$0.49	\$0.83 <sup>5</sup> / <sub>8</sub>	\$1.16 <sup>3</sup> / <sub>4</sub>	\$1.28 <sup>3</sup> / <sub>8</sub>	\$1.55 <sup>7</sup> / <sub>8</sub>
Durum—No. 2 Amber (bu.)	.50 <sup>1</sup> / <sub>8</sub>	1.00 <sup>5</sup> / <sub>8</sub>	1.43 <sup>1</sup> / <sub>4</sub>	1.13	1.77 <sup>3</sup> / <sub>8</sub>
Corn—No. 3 Yellow (bu.)...	.21 <sup>1</sup> / <sub>2</sub>	.43 <sup>3</sup> / <sub>8</sub>	.90 <sup>5</sup> / <sub>8</sub>	.54	1.09 <sup>5</sup> / <sub>8</sub>
Oats—No. 3 White (bu.)...	.14 <sup>1</sup> / <sub>2</sub>	.33	.59 <sup>3</sup> / <sub>8</sub>	.26	.49 <sup>3</sup> / <sub>4</sub>
Barley—No. 3 (bu.).....	.27	.66	1.08	.52	1.23
Malting Barley—No. 3 (bu.)	.....	.....	1.18	.62	1.30
Rye—No. 2 (bu.).....	.30 <sup>1</sup> / <sub>2</sub>	.58 <sup>7</sup> / <sub>8</sub>	.80 <sup>1</sup> / <sub>2</sub>	.49	1.13 <sup>1</sup> / <sub>2</sub>
Flax—No. 1 (bu.).....	1.07 <sup>1</sup> / <sub>2</sub>	1.77	1.97 <sup>1</sup> / <sub>2</sub>	1.83 <sup>1</sup> / <sub>8</sub>	2.23 <sup>3</sup> / <sub>8</sub>
<b>Median Live Stock Prices at South St. Paul</b>					
Butcher Cows and Heifers...	\$2.50	\$2.75	\$3.00	\$5.50	\$6.00
Heavy Butcher Steers (1,100 lbs. and over).....	3.75	4.50	6.50	8.25	9.25
Light Butcher Steers (under 1,100 lbs.) .....	4.00	4.35	5.50	7.00	7.50
Prime Heavy Butcher Steers (1,100 lbs. and over)....	5.50	5.60	7.50	10.00	11.75
Prime Light Butcher Steers (under 1,100 lbs.).....	5.50	5.50	8.00	9.50	10.00
Heavy Stock and Feeder Steers (800 lbs. and over).....	\$3.00	\$3.00	\$2.50	\$7.00	\$6.00
Light Stock and Feeder Steers (Under 800 lbs.).....	3.00	3.25	2.50	6.00	5.00
Veal Calves .....	3.50	4.00	4.50	8.50	7.50
Hogs .....	2.80	3.00	5.30	9.25	9.65
Heavy Hogs .....	2.50	2.75	5.80	8.90	9.60
Lambs .....	5.75	6.75	7.00	10.75	8.50
Ewes .....	1.50	3.00	2.50	4.75	4.00
Wool (lb.) (Farm Price)....	.09	.24 <sup>3</sup> / <sub>4</sub>	.18	.22 <sup>1</sup> / <sub>2</sub>	.28 <sup>1</sup> / <sub>2</sub>

THE YEARS 1932 TO 1936 IN THE NINTH FEDERAL RESERVE DISTRICT  
(CONTINUED)

	1932	1933	1934	1935	1936
<b>Wholesale Produce Prices at Mpls.</b>					
Butter (lb.) .....	\$0.21¼	\$0.17	\$0.27¾	\$0.31	\$0.31¼
Milk (cwt.) .....	1.16	1.24	1.55	1.73	2.01
Hens (lb.) .....	.09½	.07½	.09½	.17	.11
Eggs (doz.) .....	.24	.16¼	.20	.18	.22½
Potatoes bu.) .....	.27	.58	.53	.66⅝	1.22
<b>TRADE</b>					
<b>Retail Sales</b>					
Lumber (478 yds.) (bd. ft.) ..	55,347,000	58,326,000	72,707,000	92,212,000	106,638,000
City Dept. Store Sales (20 firms) .....	\$ 50,213,440	\$ 47,502,990	\$ 52,280,930	\$ 55,576,660	\$ 61,787,560
Country Dept. and Gen. Stores (448 stores) .....	.....	.....	60,939,660	64,525,930	69,389,630
Life Insurance Sales .....	186,206,000	149,262,000	158,565,000	176,561,000	174,318,000
<b>Wholesale Sales</b>					
Shoes (5 firms) .....	\$ 2,288,020	\$ 2,904,100	\$ 3,593,990	\$ 4,100,880	\$ 3,856,280 <sup>1</sup>
Hardware (10 firms) .....	11,132,370	12,373,930	14,964,540	16,968,280	19,202,330
Groceries (28 firms) .....	31,767,290	32,654,930	38,697,890	40,923,750	42,610,370 <sup>1</sup>
<b>BANKING</b>					
<b>City Bank Conditions (²) Dec. 31</b>					
Loans .....	\$ 176,000,000	\$ 165,000,000	\$ 141,000,000	\$ 162,000,000	\$ 155,000,000
Investments .....	139,000,000	157,000,000	222,000,000	228,000,000	244,000,000
Deposits .....	384,000,000	393,000,000	466,000,000	503,000,000	531,000,000
Borrowings .....	15,000	99,000	0	0	0
<b>Country Member Banks Dec. 31</b>					
Loans .....	\$ 205,040,000	\$ 153,829,000	\$ 133,359,000	\$ 153,822,000	\$ 142,275,000
Investments .....	221,266,000	213,134,000	253,739,000	244,490,000	296,174,000
Deposits .....	437,228,000	408,126,000	480,254,000	526,752,000	578,274,000
Borrowings .....	14,208,000	2,129,000	0	36,000	3,000
<b>Member Bank Net Demand and Time Deposits (³)</b>					
In Cities over 15,000 pop. . . .	\$ 376,751,000	\$ 388,269,000	\$ 468,551,000	\$ 490,305,000 <sup>4</sup>	\$ 529,543,000 <sup>5</sup>
In Cities under 15,000 pop. . .	280,588,000	256,351,000	307,067,000	286,965,000 <sup>4</sup>	313,477,000 <sup>5</sup>
Michigan—15 Counties .....	50,038,000	39,812,000	45,955,000	45,538,000 <sup>4</sup>	51,141,000 <sup>5</sup>
Minnesota .....	112,270,000	106,328,000	125,902,000	119,028,000 <sup>4</sup>	133,087,000 <sup>5</sup>
Montana .....	39,239,000	39,591,000	50,040,000	49,216,000 <sup>4</sup>	51,911,000 <sup>5</sup>
North Dakota .....	27,468,000	24,644,000	28,775,000	25,612,000 <sup>4</sup>	24,265,000 <sup>5</sup>
South Dakota .....	31,927,000	32,214,000	39,597,000	31,044,000 <sup>4</sup>	34,200,000 <sup>5</sup>
Wisconsin—26 Counties .....	19,646,000	13,762,000	16,798,000	16,527,000 <sup>4</sup>	18,873,000 <sup>5</sup>
<b>Interest Rates</b>					
Minneapolis Banks .....	Jan. '33 4½-4¾	Jan. '34 4¼-4½	Jan. '35 3¾-4	Jan. '36 3½-3¾	Jan. '37 3½-3¾
Commercial Paper (Net to Borrower) .....	1¾	1¾	1¼	1¼	1
Minneapolis Fed. Res. Bank ..	3½	3½	2½	2	2
<b>Selected City Member Banks</b>					
	Jan. 18, 1933	Jan. 17, 1934	Jan. 16, 1935	Jan. 15, 1936	Jan. 13, 1937
Loans to Customers .....	\$ 166,466,000	\$ 169,041,000	\$ 140,127,000	\$ 162,527,000	\$ 151,295,000
Other Invested Funds .....	118,637,000	158,373,000	218,887,000	219,200,000	257,143,000
Deposits Due to Banks .....	59,821,000	81,454,000	117,477,000	111,974,000	122,274,000
Public Demand Deposits .....	18,297,000	21,456,000	44,130,000	42,282,000	45,294,000
Other Demand Deposits .....	126,853,000	158,058,000	193,734,000	227,208,000	250,436,000
Time Deposits .....	138,566,000	126,637,000	126,696,000	125,593,000	128,096,000
Total Deposits .....	344,323,000	388,766,000	494,487,000	531,040,000	556,545,000
Borrowings at Fed. Res. Bank ..	130,000	34,000	0	0	0
<b>Minneapolis Fed. Reserve Bank</b>					
Loans to Member Banks .....	\$ 10,266,000	\$ 1,736,000	0	\$ 72,000	\$ 3,000
Twin Cities .....	0	20,000	0	0	0
Minn., Wis. and Mich. ....	3,877,000	674,000	0	0	0
No. Dak. and Montana .....	2,692,000	301,000	0	0	3,000
So. Dak. ....	3,697,000	741,000	0	72,000	0
Fed. Res. Notes in Circulation ..	80,982,000	92,794,000	103,629,000	108,500,000	133,558,000
Fed. Res. Bank Note Circulation—Net .....	0	7,945,000	0	0	0

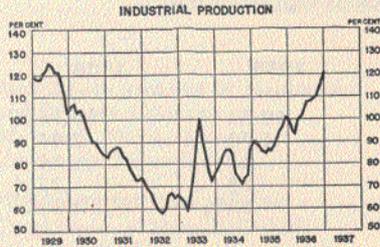
(¹) Estimated for December.

(²) National Banks in Minneapolis and St. Paul and Savings Banks and Trust Companies in Minnesota.

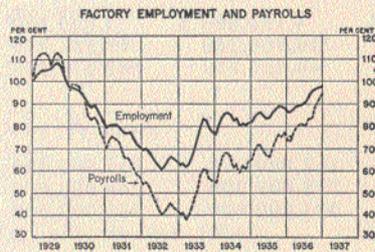
(³) Daily average for December.

(⁴) New method of computation, effective August 23, 1935, reduced these figures by 8-10%.

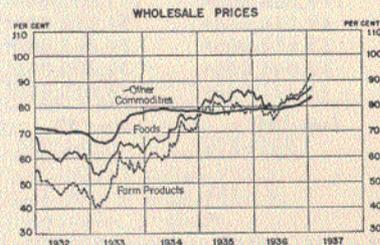
(⁵) Computed on same basis as in 1935.



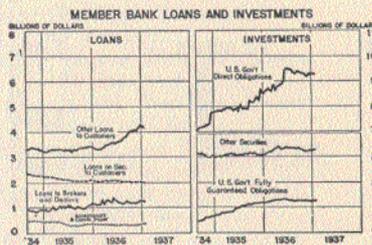
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to December, 1936.



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



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1932 to date. Latest figure is for week ending January 16, 1937.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to January 20, 1937. Loans on real estate and loans to banks excluded.

## Summary of National Business Conditions

COMPILED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, JANUARY 27, 1937

The Board's index of industrial production showed a sharp advance in December after allowance is made for the usual seasonal changes. There was a marked expansion in employment and payrolls and retail trade continued at high levels.

**PRODUCTION AND EMPLOYMENT:** Actual volume of industrial production showed little change from November to December, at a time when a sharp seasonal decline is usual, and the Board's adjusted index advanced from 114 to 121 per cent of the 1923-1925 average. There was a further rise in activity at textile mills to the highest level on record and output of other non-durable manufactures was maintained. Declines in production of steel and lumber were smaller in December than are usual in that month. At automobile factories there was a marked increase in output. In the first three weeks of January activity at steel mills increased somewhat, but there was a decline in assemblies of automobiles as a result of shut-downs occasioned by strikes. Coal production declined seasonally from November to December, while output of crude petroleum increased, contrary to seasonal tendency.

The value of construction contracts awarded, according to figures of the F. W. Dodge Corporation, showed a seasonal decrease in December.

Factory employment expanded further between the middle of November and the middle of December, contrary to the usual seasonal movement. Increases were general among the durable goods industries, with the largest advances at plants producing automobiles and machinery. In the non-durable goods industries there were marked increases in the number employed at textile mills and at shoe factories. Reflecting principally the higher level of employment and advances in wage rates, factory payrolls increased sharply in December, particularly at steel mills and in the textile industries. In retail trade, employment rose more than seasonally and in most other non-agricultural pursuits there were increases, when allowance is made for seasonal changes.

**DISTRIBUTION:** Retail sales in December increased seasonally at department stores and by more than the usual seasonal amount at variety stores and mail order houses serving rural areas.

Freight carloadings showed a smaller decrease than is usual in December, and the Board's seasonally adjusted index advanced further.

**COMMODITY PRICES:** Wholesale prices, for both industrial and agricultural commodities, continued to advance in the second half of December and the first half of January. There were marked increases in prices of industrial raw materials, particularly non-ferrous metals, lumber, hides, and wool, and prices of a number of finished goods, such as steel products, paper, and textiles also advanced. Since the middle of January there has been a decline in prices of commodities traded in on the organized exchanges.

**BANK CREDIT:** Loans and investments of reporting member banks in leading cities declined in the first three weeks of January, as a result of reductions in commercial loans and in loans to brokers. The decrease in loans reflected in part the retirement of notes issued by the Commodity Credit Corporation last July and in part repayment of other loans, which had increased sharply in preceding weeks. Holdings of government obligations declined further at New York City banks but increased at banks in other leading cities. Demand deposits decreased at the turn of the year, but thereafter increased somewhat, reflecting chiefly the return of currency from holiday use.

The rate on 90-day bankers' acceptances was raised 1/16 of 1 per cent on January 13 and now stands at 1/4 of 1 per cent. Market discount rates on Treasury bills have also increased, with bills offered in the week ending January 16 selling at a discount of over 1/8 of 1 per cent, as compared with a rate of about 1/10 of 1 per cent early in December.

Excess reserves of member banks increased from \$1,880 million to \$2,130 million in the four weeks ending January 20, reflecting largely the post-holiday return flow of currency from circulation.