

# MONTHLY REVIEW

## OF

### AGRICULTURAL AND BUSINESS CONDITIONS

#### IN THE

#### NINTH FEDERAL RESERVE DISTRICT

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#### DISTRICT SUMMARY OF BUSINESS

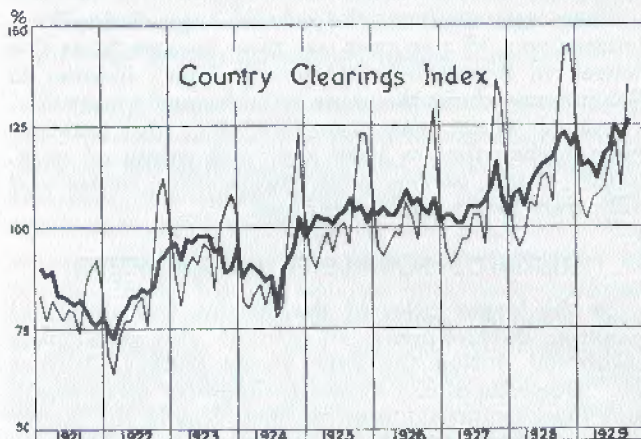
In September it became evident that it was the early grain movement that had caused the abnormal increases in several business records during August. The marketing of grain slackened during September and the first part of October. Whether this decrease in grain receipts at terminal markets in the district was due to the small crop or to the unfavorable storage situation at terminal elevators or to early marketing in August, is not at the present time fully discernible. It is probable that all three causes were responsible, in part, for the development. During September the cash value of grains and potatoes marketed was only 40 per cent as large as the value of marketings in September last year, in spite of the higher prices prevailing. Freight carloadings in the northwestern district have also been adversely affected by the decline in grain carloadings, which were smaller in September than in August and 36 per cent smaller than in September last year. There was also a minor decline in forest product shipments as compared with September a year ago, and total carload freight shipments were 2 per cent smaller in September this year than in September, 1928.

Debits to individual accounts continued to indicate a larger volume of business transactions during September than in the same month last year, although the percentage of increase was smaller than

the increase reported in August. The total debits to individual accounts at sixty-nine cities was 11 per cent larger in September this year than in September a year ago. However, only forty-nine cities reported increases, whereas fifty-eight cities reported increases in August. The country check clearings index for September was 4 per cent larger than the index for September last year. Building contracts, linseed product shipments, postal receipts, department store sales, life insurance sales, security sales and wholesale trade were all larger in September this year than in the corresponding month last year. Building permits, flour shipments and country lumber sales declined. Business failures were only forty-one in number in September this year as compared with sixty-seven in September last year, according to the reports of R. G. Dun and Company.

#### Daily Averages of Debits to Individual Accounts Shown as Percentages of the Corresponding Periods in 1928

	First Quarter	Second Quarter	Third Quarter	August 1929	September 1929
Duluth .....	105	90	127	170	90
Minneapolis ....	114	100	128	144	122
St. Paul .....	104	103	110	119	106
South St. Paul...	97	110	102	101	94
Rural Minnesota .	104	105	111	111	114
Montana .....	115	116	124	125	113
No. Michigan ...	115	109	107	105	106
North Dakota ...	115	111	105	106	106
South Dakota ...	110	108	108	112	101
N. W. Wisconsin..	107	113	109	119	101
Ninth District ...	110	103	120	132	111



Country Check Clearings Index for the Ninth Federal Reserve District. The light curve represents figures without seasonal adjustments. The heavy curve represents figures with seasonal adjustments.

During the first part of October, available records indicate that the volume of business in the district was less than in October a year ago. Debits to individual accounts at seventeen cities were 7 per cent smaller in the two weeks ending October 16 than in the corresponding weeks last year. Country check clearings for the first fifteen business days of October were 6 per cent smaller than in the same days last year. The daily average of building contracts in the northwestern district during the first fifteen business days of October was \$148,400, as compared with the daily average for the month of October, 1928, of \$367,500, according to reports of the F. W. Dodge Corporation.



DEBITS TO INDIVIDUAL ACCOUNTS IN THE  
NINTH FEDERAL RESERVE DISTRICT

Number of Business Days:	September 1929	August 1929	September 1928	August 1928
All States in District	24	27	24	27

(000's omitted)

## Michigan

Escanaba (1 bank)	\$ 1,196	\$ 971	\$ 1,036	\$ 908
Hancock	1,998	2,127	2,348	2,357
Houghton (1 bank)	796	790		
Iron Mountain	4,700	4,916	4,881	4,121
Iron River, Caspian, Stambaugh	2,048	1,764	1,881	1,571
Manistique (1 bank)	613	518		
Marquette	5,472	5,695	5,176	4,900
Menominee	3,727	3,429	3,461	4,807
Sault Ste. Marie	3,663	3,628	3,144	3,232

## Minnesota

Albert Lea	2,535	3,475	2,158	3,120
Austin (2 banks)	3,722	3,876	3,236	2,985
Benson (1 bank)	724	679	381	347
Chaska	623	757	492	609
Chisholm	850	1,123	701	1,029
Cloquet	2,440	2,052	1,753	2,041
Crookston (1 bank)	1,317	1,125	1,009	1,037
Detroit Lakes	1,054	1,084		
Duluth	115,320	118,041	128,135	70,239
Ely	714	479	626	466
Glenwood	474	509	505	475
Hutchinson	1,241	1,243	1,132	1,197
Little Falls	1,269	1,257	815	1,044
Mankato	7,408	7,584	6,785	7,074
Minneapolis	602,647	608,220	494,194	423,582
Morris	714	650	652	542
Owatonna	3,041	2,965	2,856	2,890
Park Rapids	483	541	508	606
Red Wing	2,610	2,872	2,381	2,498
Rochester	6,935	6,757	6,527	6,746
St. Cloud (1 bank)	427	474	375	390
St. Paul	188,224	194,734	178,869	164,176
South St. Paul	34,601	31,364	36,834	31,104
Stillwater	3,198	3,462		
Thief River Falls	1,156	1,034	814	796
Virginia	2,792	3,078		
Wabasha	814	861	811	906
Wadena	1,222	1,180	1,130	1,085
Wheaton	652	578		
Willmar	951	2,235		
Winona	7,884	7,814	7,407	7,094
Worthington (1 bank)	885	802	915	778

## Montana

Billings	11,156	10,103	10,699	9,181
Bozeman	2,917	2,794	2,924	2,501
Butte (2 banks)	15,617	17,314	13,044	11,392
Deer Lodge	1,228	1,202	977	1,070
Glendive	1,464	1,307	1,447	1,325
Great Falls	25,438	24,255	19,814	17,298
Helena	10,702	11,407	10,170	10,822
Lewistown	8,315	2,979	3,653	2,873
Miles City (1 bank)	2,816	1,940	3,277	2,132

## North Dakota

Bismarck	4,909	4,074	4,568	4,458
Devils Lake	2,592	1,912	2,421	1,764
Diekinson	1,780	1,910	1,640	1,569
Fargo	19,788	20,599	20,028	18,597
Grand Forks	9,618	7,936	9,932	8,221
Jamestown	3,373	3,199	3,560	2,931
Mandan	1,334	1,622	1,742	1,722
Minot	10,883	8,621	8,852	8,585
Wahpeton	1,248	1,171	942	775
Williston	3,218	2,021	2,064	1,388

## South Dakota

Aberdeen	8,240	8,295	8,711	7,988
Brookings (1 bank)	1,355	1,124	1,316	988
Huron	5,671	5,797	5,970	5,424
Lead	1,417	1,460	1,311	1,271
Madison (1 bank)	932	966		
Mitchell (2 banks)	4,630	4,838	4,332	4,308
Mobridge	946	757	924	817
Pierre	1,443	1,375	1,460	1,615
Rapid City	4,615	5,061	5,615	4,252
Sioux Falls	21,459	24,120	19,892	20,175
Watertown	4,923	4,565	4,355	4,262
Yankton (4 banks)	2,328	2,610	2,402	2,361

## Wisconsin

Ashland	2,500	2,702		
Chippewa Falls	2,630	2,829	2,703	2,639
Eau Claire	8,290	9,068		
Hudson	686	600	709	576
La Crosse	12,897	14,300	13,059	12,290
Merrill (1 bank)	1,537	2,055	1,807	1,381
Superior	10,189	9,981	9,999	8,167

Total for all Cities Reporting				
Both Years	\$1,232,037	\$1,242,031	\$1,108,306	\$942,729

## DISTRICT SUMMARY OF AGRICULTURE

Estimates of the size of 1929 crops were increased on October 1 by the United States Department of Agriculture, with the exception of the estimate for durum wheat. Crops have been spotted this year in the Northwest and it has been difficult to make a close estimate as to the probable yield. On October 1 it was estimated that all crops would be smaller than last year's crops, with the exception of corn, and that all crops would be smaller than the ten-year average, with the exception of winter wheat, barley and tame hay. The quality of this year's crops is high.

## Relative Size of 1929 Crops in Minnesota, North Dakota, South Dakota and Montana

	% 1929 of 1928	% 1929 of Ten-year Average
CASH CROPS—		
Spring Bread Wheat	67.1	85.6
Durum Wheat	55.7	84.3
Winter Wheat	75.5	101.3
Rye	82.9	60.2
Flax	88.5	96.2
Potatoes	58.9	67.5

## FEED CROPS—

Corn	101.0	99.0
Oats	87.4	89.1
Barley	88.4	163.2
Tame Hay	87.6	104.0

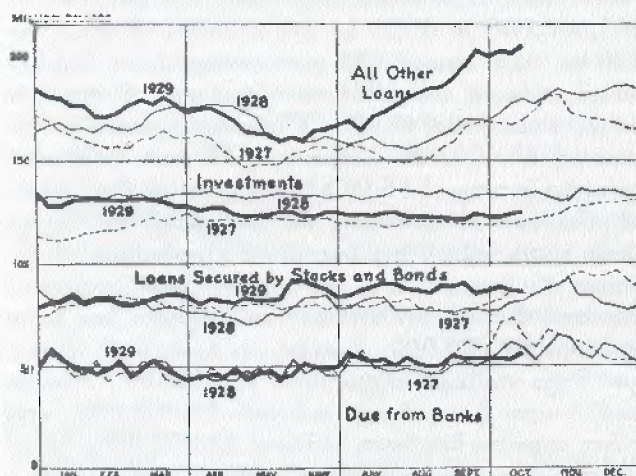
The grain storage situation at northwestern terminal markets has shown very little change during the four weeks ending October 12. According to tabulations of the American Railway Association, public and private elevators and mills at Minneapolis and Duluth-Superior added three million bushels to their already burdensome stocks. In both cities temporary storage facilities were also being used and at Duluth 357,000 bushels of grain were reported to be in boats for winter storage.

Farm income from the sale of hogs during September was 12 per cent less than income from this source in September last year. Dairy income in August was about the same as in August a year ago. Prices of wheat, oats, rye, flax, eggs and potatoes were higher than a year ago, and prices of corn, barley, cattle, calves, hogs, lambs, ewes, butter and milk were lower than a year ago.

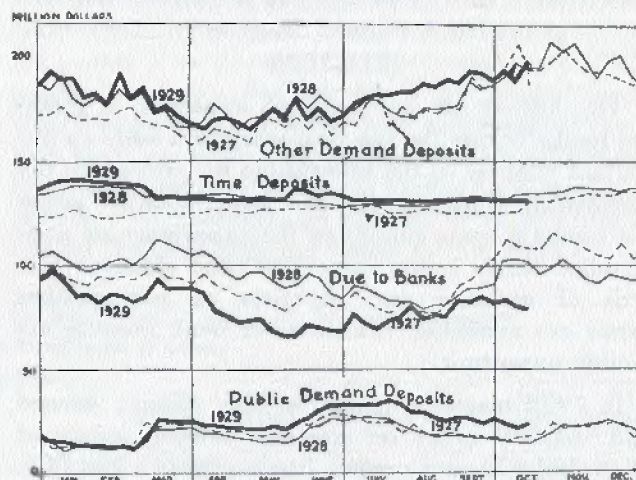
## DISTRICT SUMMARY OF BANKING

In the larger cities of the district, the abnormal banking developments of August and September continued during the four weeks ending October 16. Deposits of city banks declined for three weeks and then recovered most of their loss in the fourth week of this period. Usually there is a sharp increase in city bank deposits at this time of year. The most unusual feature of the sidewise movement of deposits was that deposits due to country corre-





Principal Assets and Liabilities of Selected City Member Banks in the Ninth Federal Reserve District, as Reported Weekly in 1927, 1928 and 1929.



spondent banks have decreased slightly in the four-week period, whereas in all of the previous three years for which we have records, this class of deposits has increased during this four-week interval. On October 16 the total deposits of reporting city banks were sixteen million dollars smaller than on the corresponding date last year.

On the asset side of the combined balance sheet of these city banks there was very little change during the four weeks ending October 16. Loans to customers increased slightly. On October 16 these city banks were borrowing forty million dollars from the Federal Reserve Bank, as compared to sixteen million dollars on the corresponding date last year.

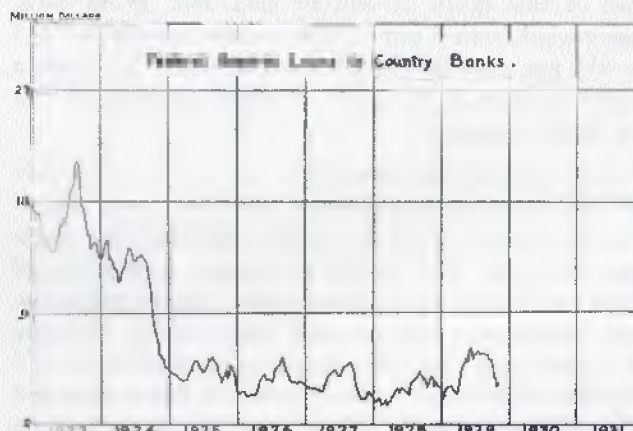
The national banks in Minneapolis increased their interest rate charged on loans secured by prime stock exchange collateral from  $6\frac{1}{2}$  per cent to 7 per cent during the month ending October 15.

Country banks have experienced an increase in deposits and shrinkage in loans to customers during the early fall weeks, according to available evidence. However, the partial crop failure has more than offset the early beginning of the crop marketing season this fall, and the increase in deposits of country banks has not been as large as is customarily experienced at this time of year. Between June 29 and October 4, which was the latest call date for condition reports of member banks, one hundred and seventeen selected country banks experienced an increase of 3 per cent in commercial and individual deposits, and a decrease of one-half of 1 per cent in loans to customers. At these banks, however, deposits of government funds decreased

sharply and a further reduction in security holdings occurred.

According to the evidence of these selected bank reports, the seasonal gain in deposits was largely confined to the wheat belt, although a minor increase occurred in the deposits of banks in the cattle and sheep range country. Similarly, the decrease in loans to customers was confined to these two areas.

Borrowings by country member banks from the Federal Reserve Bank decreased sharply during the four weeks ending October 16. All parts of the district contributed to the decrease, although the sharpest reduction in borrowings occurred in Montana and North Dakota, which include the major portion of the spring wheat belt. On October 16, total borrowings of country banks from this Federal Reserve Bank were slightly smaller than a year ago, owing to smaller borrowings by banks in the eastern part of the district.



Federal Reserve Loans to Country Banks in the Ninth Federal Reserve District.



### EARNINGS and EXPENSES of MEMBER BANKS in the Ninth Federal Reserve District 1919-1928

The history of earnings and expenses of member banks during the ten post-war years adds an important chapter to the knowledge of banking in the Northwest. Undoubtedly, the experience of member banks is quite similar to the experience of non-member banks in the same area, and since no records of earnings and expenses of non-member banks are available, the member bank records are doubly important.

In 1928 member banks in the district earned \$59,364,000 gross on average earning assets of \$914,232,000 and capital funds of \$116,272,000. These earnings are the amount before deducting expenses or charge-offs and represent the gross earnings on loans and investments, charges for services and profits on assets sold. These gross earnings were the largest since 1923 and the amount of earning assets held by member banks was the largest in the ten-year record. It may seem unusual that, with a larger volume of earning assets to produce earnings than in any other post-war year, the gross earnings were not also at a new high level. The explanation of this anomaly is two-fold. In the first place, interest rates and bond yields were lower in 1928 than in the years of the period before 1923. In the second place, a larger proportion of earning assets consisted of bonds in 1928 than in the early years of the decade and bond yields are consistently lower than interest rates on local loans in the Northwest.

The record of earnings and expenses for the last ten years is shown in the table below. The course of gross earnings per one hundred dollars of earning assets is given in the fourth line from the bottom of this table. It will be seen that gross earnings varied from 8 per cent on earning assets in 1921 to  $6\frac{1}{3}$  per cent in 1925, and that there has been a slight increase in the rate of gross earnings in the last three years.

From the public viewpoint, the net earnings and the net additions to profits of member banks are of greater interest than the gross earnings. Net earnings represent the results of current operations of member banks, after subtracting current expenses, such as interest, salaries and wages, taxes, printing and stationery, etc. Net additions to profits are net earnings reduced by the amount of losses charged off and increased by the amount of recoveries on assets previously charged off as losses. The amount of net earnings of member banks during the last ten

years has fluctuated widely from a high level of \$15,648,000 in 1921 to a low point of \$9,735,000 in 1923. Since 1923, net earnings have steadily increased and the 1928 net earnings of member banks were \$14,949,000. While gross earnings decreased \$2,000,000 between 1923 and 1928, net earnings increased \$5,000,000 indicating that greater efficiency of operation has been achieved during these years, which has permitted a reduction of expense. An inspection of the various classifications of expense shows that interest on deposits has been reduced \$2,000,000, interest on borrowed money has been reduced more than \$1,000,000, salaries and wages have been reduced \$1,000,000, and other expense has been reduced \$3,000,000. All of these economies have been made in the face of a small increase in the volume of earning assets.

Net additions to profits have fluctuated still more widely than net earnings. From the high point of \$12,522,000 in 1920, net additions to profits decreased to \$2,550,000 in 1923, and have since increased to \$7,982,000 in 1928. Losses began to be realized and charged-off in large amounts in 1921. Prior to 1923 there is no record of losses and recoveries separately, and the only figures shown in the table for the early years is an item of net losses, which consists of charge-offs minus recoveries. During the last six years, the largest charge-off of undesirable loans occurred in 1923 and the largest charge-off of investments occurred in 1928. Miscellaneous charge-offs in 1928 were more than double the amount in any previous year in the record, chiefly due to an increase in depreciation of banking house, furniture and fixtures. It is probable that bankers have followed the prudent course of making unusually large reductions in book value of their premises during a year of large earnings. One of the most favorable features of the 1928 returns was the large amount of recoveries of assets previously written off. This development bears witness to the strict policy followed by many banks of removing assets as soon as they begin to look doubtful. In spite of the large miscellaneous charge-offs, net additions to profits in 1928 exceeded the total for 1927 by \$921,000.

The net additions to profits represent the true earnings of the banking business, corresponding to the net earnings of industrial and commercial corporations. These net additions to profits are the funds from which stockholders receive dividends and which are used for the increase of capital and surplus for the expansion of the banking business. Measuring the net additions to profits by the amount



of capital funds invested in banking in the Northwest, it is found that the rate of profit was largest in 1919, when more than 10 per cent was earned on capital funds. Profits decreased to less than 2 per cent of capital funds in 1923 and increased to 6.87 per cent of capital invested in 1928.

Dividends were paid in excess of profits from 1922 to 1925, inclusive. This does not mean that

any particular bank paid dividends in excess of its earnings, but merely that for the district as a whole the profits were less than the dividends. Since 1925, profits have exceeded dividends and capital funds would have increased each year as a result if there had been no bank suspensions and consolidations to alter the records of capital funds. As a matter of fact, in 1928 there was an increase of \$2,000,000 in capital funds of member banks in the district.

## EARNINGS AND EXPENSES—ALL MEMBER BANKS IN MINNEAPOLIS FEDERAL RESERVE DISTRICT

(All figures except ratios in thousands of dollars)

	Years Ending June 30, 1919-1923					Years Ending December 31					
	1919	1920	1921	1922	1923	1923	1924	1925	1926	1927	1928
Interest Earned .....						\$ 56,457	\$ 51,816	\$ 51,098	\$ 50,196	\$ 48,997	\$ 52,727
Other Earnings .....						5,056	5,845	6,183	6,144	6,823	6,637
Gross Earnings .....	\$ 55,298	\$ 66,157	\$ 74,936	\$ 66,278	\$ 61,994	61,513	57,661	57,281	56,340	55,820	59,364
Interest on Deposits .....	18,669	21,994	23,096	22,063	22,947	23,334	22,750	22,410	21,067	20,707	21,287
Interest on Borrowed Money.....	1,835	4,015	7,748	4,754	2,288	1,980	1,080	500	509	282	578
Salaries and Wages .....	10,083	12,282	14,310	13,956	13,789	13,761	12,923	12,631	12,390	12,805	12,590
Taxes .....	4,226	4,982	5,518	4,701	3,932		3,651	3,440	2,994	2,940	2,920
All Other Expenses .....	6,203	7,718	8,616	7,991	8,992	12,703*	7,173	6,827	6,772	6,807	7,040
Total Expenses .....	41,016	50,991	59,288	53,465	51,998	51,778	47,527	45,808	43,732	43,041	44,415
Net Earnings .....	14,282	15,166	15,648	12,813	9,996	9,735	10,134	11,473	12,608	12,779	14,949
Losses on Loans .....						8,068	7,893	7,158	6,238	6,075	6,171
Losses on Investments .....						299	604	648	770	703	791
All other losses .....						786	692	948	1,280	1,164	2,433
Total Losses .....						9,153	9,189	8,754	8,288	7,942	9,400
Recoveries .....						1,968	1,825	2,231	2,107	2,224	2,433
Net Losses .....	2,434	2,644	5,021	7,222	6,693	7,185	7,364	6,523	6,181	5,718	6,967
Net Addition to Profits.....	11,848	12,522	10,627	5,591	3,303	2,550	2,770	4,950	6,427	7,061	7,982
Dividends Declared .....	8,390	8,523	7,401	6,703	8,393	6,658	5,368	5,301	5,652	5,721	5,990
Loans .....	568,783	690,826	704,762	681,781	690,972	684,260	633,201	604,988	570,862	545,171	550,665
Investments .....	178,519	182,169	159,645	160,291	193,157	202,676	230,273	293,253	310,579	325,732	363,567
Total Earning Assets .....	747,302	872,995	864,407	842,072	884,129	886,936	863,474	898,241	881,441	870,903	914,232
Capital Funds (Cap. Sur. & U. P.)	115,432	128,781	139,594	140,536	136,509	135,543	126,468	118,218	115,379	114,291	116,272
Ratios:											
Gross Earnings per \$100 of earning assets .....	\$7.13	\$6.94	\$8.01	\$7.72	\$6.95	\$6.94	\$6.68	\$6.38	\$6.39	\$6.41	\$6.49
Net Earnings per \$100 of earning assets .....	1.91	1.74	1.81	1.52	1.13	1.10	1.18	1.28	1.43	1.47	1.64
Earning Assets per \$1 of cap. funds .....	6.47	6.78	6.19	5.99	6.48	6.54	6.83	7.60	7.64	7.62	7.86
Net addition to profits per \$100 of capital funds .....	10.26	9.72	7.61	3.98	2.42	1.88	2.19	4.19	5.57	6.18	6.87

\*Including taxes.



## COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

				%Sept. 1929 of Aug. 1929	%Sept. 1929 of Sept. 1928
Debits to Individual Accounts, Daily Averages—Unit					
17 Cities .....	\$44,566,000	\$40,167,000	\$40,115,000	111	111
Minneapolis .....	25,035,000	22,527,000	20,546,000	111	122
St. Paul .....	7,843,000	7,212,000	7,432,000	109	106
Duluth-Superior .....	5,230,000	4,779,000	5,756,000	109	91
8 Wheat Belt Cities .....	3,147,000	2,669,000	3,066,000	118	103
4 Mixed Farming Cities .....	1,869,000	1,818,000	1,781,000	103	105
South St. Paul .....	1,442,000	1,162,000	1,535,000	124	94
Carloadings—Northwestern District—					
Total—Excluding L. C. L. .... Cars	589,509	664,989	603,988	89	98
Grains and Grain Products .....	Cars 66,712	90,933	103,288	73	64
Livestock .....	Cars 35,285	28,491	35,125	124	100
Coal .....	Cars 32,830	23,294	30,827	141	106
Coke .....	Cars 6,897	8,338	5,525	83	125
Forest Products .....	Cars 62,572	74,895	63,610	84	98
Ore .....	Cars 181,515	219,339	168,698	83	108
Miscellaneous .....	Cars 203,698	219,699	196,915	93	103
Merchandise—L. C. L. .... Cars	138,528	150,812	140,398	92	99
Building Permits—					
Number—18 Cities .....	1,811	1,803	1,738	100	104
Value—18 Cities .....	\$4,051,500	\$4,878,000	\$4,946,900	83	82
Minneapolis .....	1,076,600	1,264,100	2,235,000	85	48
St. Paul .....	1,529,000	692,400	877,600	221	174
Duluth-Superior .....	638,500	1,549,400	341,500	41	187
4 Wheat Belt Cities .....	372,500	512,300	793,200	73	47
6 Mixed Farming Cities .....	334,100	654,200	644,900	51	52
4 Mining Cities .....	100,800	205,600	54,700	49	184
Building Contracts Awarded—					
Total .....	7,640,600	8,303,100	6,811,400	92	112
Residential .....	1,246,000	1,468,400	1,861,500	85	67
Commercial & Industrial .....	2,444,400	1,571,300	1,588,600	156	154
Public Works & Utilities .....	2,660,500	3,254,500	2,666,400	82	100
Educational .....	225,000	967,700	174,700	23	129
All Other .....	1,064,700	1,041,200	520,200	102	205
Cash Value of Farm Products Sold—					
Bread Wheat .....	21,151,000	37,359,000	58,092,000	57	36
Durum Wheat .....	8,848,000	8,620,000	25,056,000	103	35
Rye .....	2,441,000	3,572,000	8,423,000	68	29
Flax .....	6,042,000	2,500,000	10,364,000	242	58
Potatoes .....	4,956,000	1,295,000	5,382,000	383	92
Dairy Products—See Note .....	19,978,000	24,374,000	20,044,000	82	100
Hogs .....	7,550,000	6,300,000	8,611,000	120	88
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—					
Wheat .....	Bu. 62,634,968	58,570,088	32,785,075	107	191
Corn .....	Bu. 140,988	126,848	26,392	111	534
Oats .....	Bu. 6,302,513	5,542,649	4,016,407	114	157
Barley .....	Bu. 5,003,842	5,158,456	3,791,487	97	132
Rye .....	Bu. 5,276,110	4,686,145	1,550,080	113	340
Flax .....	Bu. 929,915	154,062	616,711	604	154
Median Cash Grain Prices—					
Wheat—No. 1 Dark Northern .....	Bu. \$1.36 <sup>3</sup> / <sub>8</sub>	\$1.37 <sup>3</sup> / <sub>8</sub>	\$1.25 <sup>1</sup> / <sub>8</sub>	100	109
Durum—No. 2 Amber .....	Bu. 1.25 <sup>1</sup> / <sub>8</sub>	1.28 <sup>1</sup> / <sub>4</sub>	1.03 <sup>1</sup> / <sub>4</sub>	98	121
Corn—No. 3 Yellow .....	Bu. .92 <sup>1</sup> / <sub>2</sub>	.96 <sup>1</sup> / <sub>2</sub>	.97	96	95
Oats—No. 3 White .....	Bu. .46 <sup>1</sup> / <sub>4</sub>	.40 <sup>1</sup> / <sub>2</sub>	.37 <sup>1</sup> / <sub>4</sub>	114	124
Barley—No. 3 .....	Bu. .60	.56 <sup>3</sup> / <sub>8</sub>	.61	105	98
Rye—No. 2 .....	Bu. .97	.97 <sup>1</sup> / <sub>4</sub>	.93 <sup>3</sup> / <sub>4</sub>	100	103
Flax—No. 1 .....	Bu. 3.30 <sup>1</sup> / <sub>2</sub>	2.79	2.07 <sup>1</sup> / <sub>2</sub>	118	159
Wholesale Produce Prices—					
Butter .....	Lb. \$ .44	\$ .40 <sup>1</sup> / <sub>2</sub>	\$ .46 <sup>1</sup> / <sub>2</sub>	109	95
Milk .....	Cwt. 2.60	2.47	2.65	105	98
Hens—4 <sup>1</sup> / <sub>2</sub> Pounds .....	Lb. .22 <sup>1</sup> / <sub>2</sub>	.21 <sup>1</sup> / <sub>2</sub>	.22 <sup>1</sup> / <sub>2</sub>	105	100
Eggs .....	Doz. .33	.29 <sup>3</sup> / <sub>4</sub>	.29 <sup>1</sup> / <sub>2</sub>	111	112
Potatoes .....	Bu. 1.35	1.35	.52 <sup>1</sup> / <sub>2</sub>	100	257

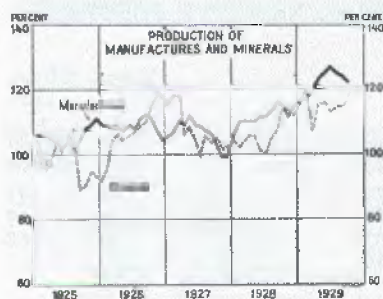
August, 1929; July, 1929, and August, 1928.



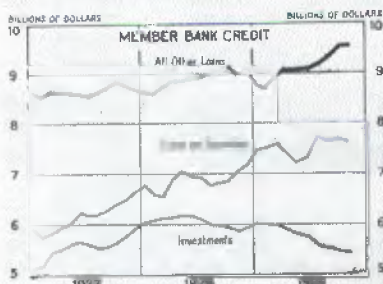
**COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT**  
(Continued)

		Sept., 1929	Aug., 1929	Sept., 1928	%Sept. 1929 of Aug. 1929	%Sept. 1929 of Sept. 1928
<b>Livestock Receipts at South St. Paul—</b>						
Cattle .....	Head	110,450	79,429	121,356	139	91
Calves .....	Head	40,071	33,387	33,765	120	119
Hogs .....	Head	182,034	110,795	107,741	164	169
Sheep .....	Head	227,650	95,668	151,091	238	151
<b>Median Livestock Prices at South St. Paul—</b>						
Butcher Cows .....	Cwt.	\$8.00	\$8.25	\$9.00	97	89
Butcher Steers .....	Cwt.	13.50	13.25	12.00	102	113
Prime Butcher Steers .....	Cwt.	15.00	15.10	16.50	99	91
Stocker and Feeder Steers .....	Cwt.	9.00	9.50	10.75	95	84
Veal Calves .....	Cwt.	16.00	15.00	16.50	107	97
Hogs .....	Cwt.	10.00	10.00	11.50	100	87
Heavy Hogs .....	Cwt.	8.50	9.25	11.00	92	77
Lambs .....	Cwt.	12.50	12.75	13.50	98	93
Ewes .....	Cwt.	4.00	5.50	6.00	73	67
<b>Flour—</b>						
Production—Twin Cities and Duluth—						
Superior .....	Bbls.	1,106,784	1,236,033	1,156,430	90	96
Shipments from Minneapolis .....	Bbls.	1,015,793	1,054,795	1,066,222	96	95
<b>Linseed Products Shipments from Minneapolis—</b>	Lbs.	42,203,605	26,469,979	40,699,774	159	104
<b>Retail Sales—</b>						
Department Stores .....		\$2,695,130	\$2,192,430	\$2,664,010	123	101
Furniture Stores .....		556,250	486,480	705,590	114	79
Country Lumber Yards .....	Bd. Ft.	15,213,000	15,706,000	17,860,000	97	85
<b>Retail Merchandise Stocks—</b>						
Department Stores .....		\$5,964,330	\$5,744,950	\$6,699,540	104	89
Furniture Stores .....		2,590,950	2,586,910	2,772,320	100	93
Country Lumber Yards .....	Bd. Ft.	84,115,000	87,063,000	84,984,000	97	99
<b>Life Insurance Sales—(4 States)</b> .....		\$23,234,000	\$24,778,000	\$20,571,000	94	113
<b>Wholesale Trade—</b>						
Farm Implements .....		293,650	859,970	437,020	34	67
Hardware .....		2,703,380	2,348,230	2,458,270	115	110
Shoes .....		646,850	678,450	621,840	95	104
Groceries .....		5,457,320	5,488,560	5,461,820	99	100
<b>Business Failures—</b>						
Number .....		41	40	67	103	61
Liabilities .....		\$271,148	\$203,100	\$405,656	134	67
<b>Securities Sold—</b>						
To Banks .....		2,778,400	1,491,500	2,025,800	186	137
To Insurance Companies .....		1,105,500	1,266,000	1,136,000	87	97
To General Public .....		11,960,100	6,167,000	5,713,000	194	209
<b>Real Estate Activity in</b>						
<b>Hennepin and Ramsey Counties—</b>						
Warranty Deeds Recorded .....		1,345	1,343	1,468	100	92
Mortgages Recorded .....		1,392	1,505	1,634	93	85
<b>Member Bank Deposits—</b>						
In Cities under 15,000 Population .....		\$453,468,000	\$447,857,000	\$459,461,000	101	99
In Cities over 15,000 Population .....		466,430,000	460,361,000	451,200,000	101	103
<b>24 City Member Banks—</b>						
Loans Secured by Stocks and Bonds .....		\$ 85,681,000	\$ 85,770,000	\$ 82,991,000	100	103
All Other Loans .....		204,659,000	204,011,000	179,127,000	100	114
Securities .....		124,833,000	123,516,000	132,874,000	101	94
Net Demand Deposits Subject to Reserve ..		232,731,000	236,527,000	235,023,000	98	99
Time Deposits .....		131,252,000	132,036,000	134,283,000	99	98
Borrowings at Federal Reserve Bank .....		39,950,000	29,856,000	16,237,000	134	246
<b>Minneapolis Federal Reserve Bank—</b>						
Bills Discounted .....		43,146,743	34,510,005	20,789,544	125	208
Federal Reserve Notes in Circulation .....		67,529,390	67,840,640	62,197,640	100	109





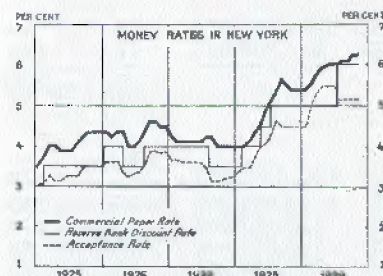
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-25 average=100). Latest figures, September, manufactures, 122, minerals, 119.



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures are averages of first 3 weeks in October.



Monthly averages of daily figures for 12 Federal Reserve banks. Latest figures are averages of first 19 days in October.



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper and acceptance rate on 90-day bankers' acceptances. Latest figures are averages of first 23 days in October.

## Summary of National Business Conditions (Compiled October 24 by Federal Reserve Board)

Industrial activity increased less in September than is usual at this season. Production during the month continued above the level of a year ago, and for the third quarter of the year it was at a rate approximately 10 per cent above 1928. There was a further decline in building contracts awarded. Bank loans increased between the middle of September and the middle of October, reflecting chiefly growth in loans on securities.

**PRODUCTION:** The output of iron and steel declined further in September contrary to the seasonal tendency. There was a sharp decrease in the output of automobiles and automobile tires, and a smaller than seasonal increase in activity in the textile and shoe industries, which continued to produce at a high rate in comparison with the preceding year. Meat packing plants were more active than in August. Factories increased the number of their employees during September and payrolls were also slightly larger. The output of coal showed a substantial increase from August and the average daily production of copper mines was somewhat larger. Iron ore shipments declined seasonally and petroleum output was reduced for the first time in several months. For the first half of October, reports indicate a further reduction in steel plant operations, a continued increase in production of bituminous coal and some increase in petroleum output, following a moderate decrease during September. Building contracts awarded in September declined seasonally from August and were substantially below the corresponding month in any year since 1924. For the third quarter, the volume of contracts was 6 per cent less than a year ago. During the first three weeks of October, contracts continued substantially below the level of last year.

October estimates by the Department of Agriculture indicate a cotton crop of 14,915,000 bales, 3 per cent larger than last year; a corn crop of 2,528,000,000 bushels, 11 per cent smaller than the crop of a year ago and 8 per cent below the five-year average; and a total wheat crop of 792,000,000 bushels, 12 per cent below last year, but only slightly under the five-year average.

**DISTRIBUTION:** Freight carloadings increased by slightly less than the usual seasonal amount in September, and continued to be larger than a year ago. In the first two weeks of October, carloadings were smaller than in the corresponding weeks of 1928. Department store sales in leading cities increased seasonably during the month of September and were 2 per cent larger than a year ago. For the third quarter as a whole sales of the reporting stores exceeded those of the third quarter of last year by 3 per cent.

**PRICES:** Wholesale prices showed little change from August to September, according to the index of the Bureau of Labor Statistics. Prices of meats and live stock declined considerably, while prices of grains advanced. The prices of raw silk, cotton and cotton goods were higher in September and the price of coal increased, while prices of iron and steel products, tin, gasoline, and cement were lower. During the first three weeks of October, prices declined for a considerable number of commodities, including wheat, flour, hides, steel, tin, cotton, silk and wool.

**BANK CREDIT:** Between the middle of September and the middle of October, there was a slight increase in the volume of loans and investments of member banks in leading cities. The banks' loans on securities increased rapidly, while "all other" loans, including loans for commercial and agricultural purposes, declined somewhat after reaching a seasonal peak on October 2. Security holdings of the reporting banks continued the decline which has been almost uninterrupted for more than a year. At the Reserve banks there was little change in the volume of credit outstanding during the four-week period ending October 19. Further increase in the holdings of acceptances by the Federal Reserve banks was accompanied by a decline in discounts for member banks, largely at the Federal Reserve Bank of New York. Open market rates on bankers' acceptances and on prime commercial paper were unchanged during the last half of September and the first three weeks of October. On October 23 rates on bankers' acceptances declined by  $\frac{1}{8}$  per cent to a 5 per cent level for the principal maturities. Rates on demand and time loans on securities declined during the first half of October.