

# CROP and BUSINESS CONDITIONS

IN THE  
NINTH  
FEDERAL RESERVE  
DISTRICT



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

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81st Report

MINNEAPOLIS, MINN.

October 26, 1921

**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.

Corn and potato prospects improved during the month of September and the heavy August movement of grain and live stock was exceeded in September. The volume of general business increased and employment conditions improved slightly during September as compared with August but this increase was probably less than normal for this season. Sales of investment securities increased owing to improved confidence in market prices. Prices of grain, live stock, and produce exhibited mixed tendencies.

Crop estimates of October 1 indicate that the total production of corn and potatoes will exceed the estimates of August 1 and September 1, but there have been declines in the estimates of total production of wheat and oats. When the 1921 production of this district is compared with 1920, an increase is found in corn, and decreases in wheat, oats, and potatoes. Market price prophets must consider variations in demand as well as in production.

Grain receipts at Minneapolis and Duluth totaled more than 47½ million bushels in September, which was about one-fourth larger than the August receipts and more than one-fourth larger than the receipts of September a year ago. There were increases in all of the grains except oats and barley. Terminal elevator stocks at Minneapolis and Duluth combined increased from 31 million bushels at the end of August to 36 million bushels at the end of September. The stocks at the end of September were nearly three times as large as a year ago, all grains showing increases. Live stock receipts of all kinds at South St. Paul were 10 per cent greater in September than in August, but one-fourth less than a year ago. Shipments of feeders of all kinds, it is interesting to notice, increased 37 per cent in Sep-

tember when compared with August, although fully one-fifth below September of the previous year.

The volume of general business increased in September, but the increase was probably less than normal at this time of the year. Payments through banks increased 16 per cent in September as compared with August this year, whereas during the same two months last year there had been an increase of 20 per cent. The total volume in September was 23 per cent less than a year ago. This is to be accounted for largely by the price declines. Retail trade sales apparently increased 10 per cent in September over August and the increase between the same months last year was about three times as great. Federal Reserve notes outstanding increased less than one per cent in September, whereas the increase a year ago in the same month was more than four per cent. Postal receipts of the three largest cities in this district increased four per cent in September and were ten per cent larger than a year ago. Employment conditions improved in September, but this was due partly to the seasonal increase from crop and milling demands. The level of employment is much lower than a year ago.

Price quotations exhibited mixed tendencies in September as compared with August. All live stock median prices declined except veal calves and lambs, while all grain prices increased slightly except rye. Prices of wholesale produce rose and fell in equal number. The most significant price changes were the decline of \$1.50 per cwt. in hogs and \$1.00 per cwt. in butcher steers.

It is too early in this crop year to form a definite conclusion as to the extent of debt liquidation that may take place in this district this year. Thirty-five selected commercial banks in the larger cities were called upon to supply to their customers only 9 million dollars net of money funds in September as

compared with 19 millions net in the same month a year ago. Reductions in loans and increases in government deposits enabled the Federal Reserve Bank in September substantially to reduce its rediscounts with other Federal Reserve banks. The remnant of such rediscounts was paid off on October 3. How long this position can be maintained is uncertain.

Capital funds released or to be released for investment purposes, when measured by the operations of the more substantial local investment houses, increased 32 per cent in September as compared with August and increased 40 per cent as compared with a year ago. The increase this year is due entirely to the doubling in the sales of municipals and an increase of one-fourth in the sale of farm mortgages. It may well be questioned whether this diversion of savings away from business securities into municipals will be of much benefit to business conditions in the long run.

Building projects decreased 17 per cent in number and 26 per cent in valuation in September as compared with August. As compared with a year ago the number was greater by 54 per cent and the valuation was greater by 93 per cent. Lumber cut and shipped by manufacturers, retail lumber sales, and wholesale and retail stocks of lumber all decreased in September as compared with August. And all the foregoing except manufacturers shipments and stocks were less than for the same month a year ago.

Lake traffic, measured by the volume passing through the Soo Canal, declined 13 per cent during September, as compared with the preceding month; and decreased 45 per cent as compared with a year ago. Cumulative totals for the season to date indicate a decrease in iron ore shipments of 58 per cent and a decrease in coal receipts of 27 per cent when comparisons are made with the preceding year.

Flour production increased 16 per cent in September over August and 43 per cent over September a year ago. A comparison of flour shipments indicates increases of 12 per cent as compared with August and 52 per cent as compared with September a year ago. Shipments of linseed products, however, declined 45 per cent during September and 9 per cent as compared with a year ago.

Business failures, although declining slightly in September, are running at very high totals; the number being more than three times as large and the liabilities more than ten times as large as a year ago.

### Corn and Potato Crop Estimates Increased

The improved condition of crops on October 1st warranted the United States Department of Agriculture in increasing its estimate of corn production in the six states all or part of which are included in the Ninth Federal Reserve District from the September 1st figure of 274,187,000 bushels to 281,-

559,000 bushels. On October 1 spring wheat and oats showed prospects of smaller yields than on September 1, while the prospective production of winter wheat and hay remained unchanged.

The October 1 estimate of corn production in 1921 (Table No. 1) shows an increase of 22,433,000 bushels or 9 per cent over the final estimate for the Ninth District in 1920. It should be profitable to feed livestock this fall for winter marketing. The October 1 estimate of wheat production was down 10,416,000 bushels from the final estimate for 1920, or a decline of about 7 per cent, and the production of oats this year was estimated to be 95,714,000 bushels or 32 per cent less than the production last year in this district. No estimate was made on October 1 for barley, rye or flax.

Table No. 1

Crop	Estimates 1921	October 1 estimate 1921	Final estimate 1920
Corn	281,559,000 bushels	281,559,000 bushels	259,126,000 bushels
Winter wheat	5,803,000 bushels	5,803,000 bushels	6,659,000 bushels
Spring wheat	129,302,000 bushels	129,302,000 bushels	138,862,000 bushels
Oats	211,153,000 bushels	211,153,000 bushels	306,867,000 bushels
Hay	15,492,000 tons	15,492,000 tons	17,895,000 tons

The United States Department of Agriculture has also increased its estimate of the potato crop. On August 1 the four states of Minnesota, North Dakota, South Dakota and Montana were estimated to have a crop of potatoes totaling 38,099,000 bushels, but conditions on October 1 warranted an increase in the estimates for the four states of 5,047,000 bushels, giving a total production of 43,146,000 bushels. Montana showed a slight decline in estimated production between August 1 and October 1 and the other three states showed increases with Minnesota showing the largest gain. The greatest improvement occurred in the Red River Valley where weather conditions have been excellent for late potatoes, although in that locality the early potato crop was almost a total failure.

The total estimate for the potato crop in this district this year is, however, 12 per cent below the final estimate of the crop last year. This reduction was caused by an 18 per cent decline in potato production in Minnesota and a 39 per cent decline in South Dakota. In Montana potato production increased 17 per cent this year over last and in North Dakota there was a 25 per cent increase.

### Grain Movement at Duluth Increases.

Receipts of all grains at Duluth increased 86 per cent in September over August and shipments from Duluth increased 187 per cent. While receipts of all grain at Duluth increased, wheat, corn and rye showed the most notable advances. Almost 9,000,000 bushels more of wheat were received at Duluth in September than in August. Similarly 9,000,000 more bushels of wheat were shipped from Duluth in September than in August. As compared with a year ago, the grain movement at Duluth was heavier both in receipts and shipments. Receipts were 66

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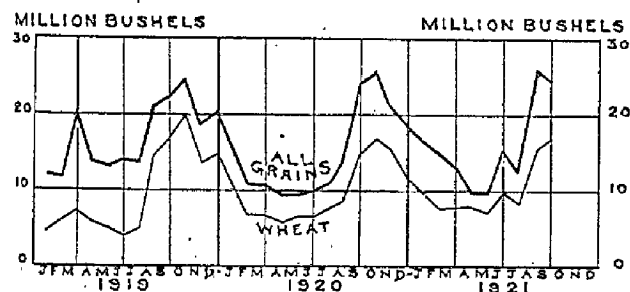
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per cent larger and shipments 157 per cent larger than a year ago.

Minneapolis receipts of grain declined 7 per cent in September from the August total and shipments were down 18 per cent. Grain receipts were down on account of a slump in receipts of oats, barley and rye. Wheat, corn and flax receipts increased in September over the August figure. Shipments of grain from Minneapolis, which have not as great an importance as receipts at Minneapolis, showed declines in shipments of every grain other than corn. This year in September 4 per cent more grain was received in Minneapolis than in September a year ago. This advance was caused by increased receipts of wheat and corn. Shipments from Minneapolis, however, were 14 per cent lower in September this year than in September a year ago, with declines in shipments of all grains other than corn and flax.



Receipts of All Grains and Wheat at Minneapolis

The combined grain movement in Minneapolis and Duluth was larger in September than in August and larger than a year ago in September. (Table No. 2.) Receipts at the two cities were 23 per cent larger in September than in August owing to advances in wheat, corn, rye and flax receipts, while oats and barley declined. Shipments of grain from the two cities increased 69 per cent between August and September with increases in every grain other than barley. Oats and barley receipts at Minneapolis and Duluth were lower this year than last for the month of September, while the receipts of wheat, corn, rye and flax increased, or a net increase this year over last for all grains of 27 per cent. Shipments from the two cities in September this year were 64 per cent larger than a year ago with all grains showing increases.

Table No. 2

Grain Movement  
Minneapolis-Duluth

	September 1921	August 1921	September 1920
Receipts			
Wheat (Bus.)	32,108,426	21,911,320	22,698,772
Corn (Bus.)	1,980,020	726,042	473,850
Oats (Bus.)	5,082,156	8,088,238	5,919,542
Barley (Bus.)	2,951,319	3,573,357	3,643,769
Rye (Bus.)	4,457,135	3,722,187	3,698,141
Flax (Bus.)	954,623	596,955	906,332
Total	47,533,679	38,618,099	37,340,406

Shipments

Wheat (Bus.)	18,733,496	9,951,115	10,848,418
Corn (Bus.)	1,230,433	412,469	255,010
Oats (Bus.)	3,086,212	2,233,053	1,963,694
Barley (Bus.)	2,653,679	3,073,135	2,503,739
Rye (Bus.)	4,608,269	2,175,640	2,928,561
Flax (Bus.)	511,338	449,320	280,235
Total	30,823,427	18,294,732	18,779,657

Elevator stocks at Minneapolis were 22 per cent larger in September than in August with larger stocks of all grains except flax. September elevator stocks at Minneapolis were also 261 per cent larger than stocks at the end of September a year ago, although corn stocks were lower this year than last. Duluth elevator stocks increased 5 per cent between the end of August and the end of September, owing to increases in stocks of wheat, corn and flax, while stocks of oats, barley and rye declined. At the end of September this year, grain stocks at Duluth were also 83 per cent larger than at the end of September last year with increases in stocks of all grains other than flax.

For the two cities combined, grain stocks at the end of September (Table No. 3) were 173 per cent larger than stocks at the end of September last year with all grains showing gains. The combined stocks at the two cities were also 15 per cent larger in September than in August with gains in stocks of wheat, corn, oats and barley, but reduced stocks of rye and flax.

Our Montana correspondent reports that receipts of grain from farmers at Montana country elevators during September were 55 per cent larger than receipts in September a year ago. Of the grain received at these Montana elevators, 67.9 per cent was bought outright by the elevator and 32.1 per cent was left in storage by farmers.

Table No. 3

Grain Stocks in Elevators

Minneapolis and Duluth

(On latest reported date in month)

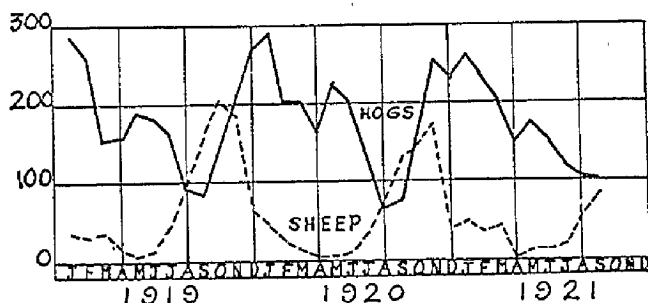
	September 1921	August 1921	September 1920
Wheat (Bus.)	7,204,377	4,083,850	4,721,510
Corn (Bus.)	469,268	116,454	64,629
Oats (Bus.)	23,295,039	21,567,259	4,852,359
Barley (Bus.)	1,773,051	1,599,680	1,472,374
Rye (Bus.)	1,297,682	1,667,246	750,257
Flax (Bus.)	1,931,487	2,022,438	1,313,209
Total	35,970,904	31,056,927	13,174,338

Heavy Fall Movement of Sheep.

An increase in the movement of sheep featured the month of September at the South St. Paul stockyards. Receipts were up 52 per cent over August, shipments increased 140 per cent and the shipment of sheep for feeding purposes increased 305 per cent. While the movement of sheep was heavier in September than in August, it did not reach the volume of the movement in 1920. Receipts of sheep in September this year were 36 per cent lower than

one year ago and shipments were down 50 per cent. The shipment of feeder sheep, however, was 2 per cent larger this year than last during the month of September.

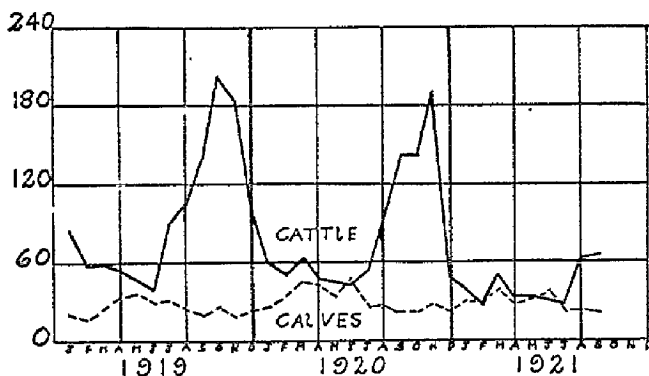
THOUSAND HEAD



Receipts of Hogs and Sheep at South St. Paul

Receipts of cattle were up 3 per cent in September over August and cattle shipments were up 5 per cent, but the shipment of cattle for feeding purposes showed a slight decline. Receipts of calves declined 8 per cent in September from the August figure, while shipments increased 16 per cent. Shipments of feeder calves also increased 75 per cent in September over August. Both receipts and shipments of hogs were down in September from the previous month's figure, but shipments of hogs for feeding showed an increase of 122 per cent. Receipts of all classes of livestock combined (Table No. 4) showed a 10 per cent increase in September over August. There was a 29 per cent increase in total shipments and an increase of 37 per cent in shipments of feeder stock.

THOUSAND HEAD



Receipts of Cattle and Calves at South St. Paul

The increased movement of sheep was due to a bulge in the price offered during the first two weeks in September for sheep to be fattened. Reduced stocks of meat and cheap and plentiful fodder resulting from the large corn crop were factors in inducing the heavier movement to the country of feeder calves and hogs.

Compared with a year ago, while receipts of hogs were up 36 per cent, the combined September receipts of all livestock showed a decline of 22 per cent. Similarly, while shipments of hogs showed an increase of 79 per cent in September this year over last year, the combined shipments of all livestock declined 46 per cent. Shipments of feeders were 20 per cent less in September this year than a year ago, although there was a 15 per cent increase in the shipment of hogs and a 2 per cent increase in the shipment of sheep for feeding purposes.

Receipts of all livestock for the first nine months of 1921 were 12 per cent below last year's figures for the same period and shipments declined 14 per cent between the same periods. Shipments of feeders were also 26 per cent lower this year than last for the first nine months of the year.

Table No. 4

Live Stock Movement	September 1921	August 1921	September 1920
Receipts			
Cattle .....	65,460	63,468	141,286
Calves .....	22,560	24,418	23,119
Hogs .....	103,755	107,252	76,247
Sheep .....	84,680	55,532	132,257
Horses .....	151	332	1,765
Total Head .....	276,606	251,002	374,674

## Shipments

Cattle .....	42,127	39,970	89,982
Calves .....	1,846	1,597	3,269
Hogs .....	15,094	19,375	8,431
Sheep .....	42,499	17,695	85,663
Horses .....	130	359	1,531
Total Head .....	101,696	78,996	188,876

## Shipments of Feeders

Cattle .....	32,009	32,189	38,670
Calves .....	271	155	834
Hogs .....	6,668	3,007	5,805
Sheep .....	14,421	3,557	14,139
Total Head .....	53,369	38,908	59,448

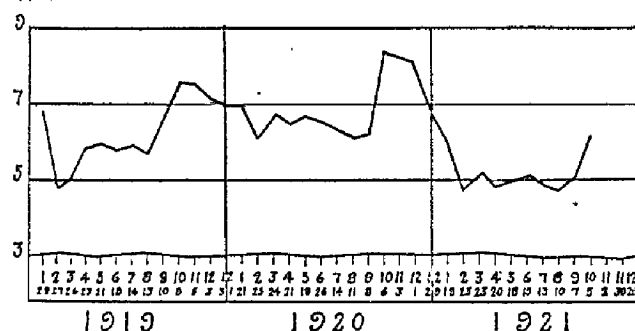
## Bank Debits to Individual Accounts Show Seasonal Increase.

Eleven important cities in the Ninth Federal Reserve District showed increases in the dollar amounts of payments through banks in September over August, while Sioux Falls exhibited a slight decline (Table No. 5). The increase for the twelve cities combined amounted to 16 per cent, while last year between August and September there was an increase in the twelve cities of 20 per cent. This increase is seasonal and was to be expected during the crop moving period. Especially noteworthy was the 57 per cent increase in September over the previous month at Duluth. Last year between August and September, Duluth also exhibited the largest increase of the twelve cities.

Table No. 5

Payments Through Banks (000's omitted)	4 weeks Ending Sept. 28, 1921	4 weeks Ending Aug. 31, 1921	Per cent Sept. of Aug.	4 weeks Ending Sept. 29, 1920	Per cent Sept. '21 of Sept. 1920	4 weeks Ending Sept. 1, 1920	Per cent Sept. '20 of Aug. 1920
Aberdeen .....	\$ 5,443	\$ 5,219	104.5	\$ 8,638	63.1	\$ 6,414	134.6
Billings .....	6,488	6,034	107.6	8,573	75.6	7,670	111.9
Duluth .....	104,338	66,480	157.1	132,586	78.7	80,954	163.9
Fargo .....	10,845	10,212	106.1	15,573	69.6	12,955	120.1
Grand Forks .....	5,453	4,427	123.4	7,202	75.6	6,218	116.0
Great Falls .....	7,568	6,307	120.0	10,842	69.6	7,612	142.5
Helena .....	10,009	9,295	100.1	10,237	97.7	9,410	108.9
Minneapolis .....	304,183	273,533	111.2	397,119	76.6	332,581	119.4
St. Paul .....	108,746	101,037	107.5	138,362	78.5	136,050	101.8
Sioux Falls .....	14,351	14,517	98.7	23,535	61.0	21,615	108.9
Superior .....	7,805	6,385	122.2	7,245	107.9	8,938	81.1
Winona .....	3,775	3,656	103.2	5,083	74.1	4,308	118.1
Total .....	\$589,004	\$507,102	116.0	\$764,995	77.1	\$634,725	120.5

MILLION DOLLARS



Payments Through Banks in Twelve Cities of the Ninth Federal Reserve District

The volume of payments through banks in September this year was 23 per cent less than a year ago and the same relation exists between payments for the first nine months of 1921 and payments for the first nine months of 1920. This decline is not particularly significant owing to the contemporaneous decline in prices.

#### Value of Retail Trade Less Than Last Year.

Representative retail stores in the Ninth District sold goods during September whose value was 10 per cent more than the value of August sales, but 18 per cent less than the value of goods sold in September, 1920. Likewise for the period from July 1 to September 30 the value of sales was 17 per cent less this year than last. Stocks of merchandise on hand at the end of September, while 18 per cent lower than stocks at the end of September a year ago, showed an increase of 4 per cent over stocks at the end of August this year. The index of turn-over for September was lower than the index for August, indicating an increase in the turnover of the reporting stores.

#### Wholesale Agricultural Implement Sales Improved.

Sales of agricultural implements have been at a low ebb this year as compared with last. The sales during the nine months ending September 30 totaled 55 per cent less than during the same months last

year. There has been a remarkable change, however, in September. The September sales were 46 per cent larger than a year ago and 34 per cent larger than in August. (Table No. 6.) Some of these September sales may represent sales which normally come in October, as much of the crop came to market earlier this year than usual. It is evident that the recent crop has some buying power. Hardware and dry goods wholesalers, however, sold 12 per cent and 20 per cent less goods, respectively, during September than during August, and their sales were about 34 per cent less in September than a year ago. Also for the nine months ending September 30, hardware wholesale firms sold 28 per cent less goods and dry goods wholesalers sold 39 per cent less goods than a year ago. In comparisons of sales during 1921 with sales in 1920, allowance should be made for the fact that wholesale prices have undergone considerable reductions between the two years.

Table No. 6

#### Wholesale Trade

Sales	Sept. 1921	Aug. 1921	Sept. 1920
Agric. Implements ....	\$744,300	\$555,778	\$509,218
Hardware .....	761,710	863,626	1,144,881
Dry Goods .....	3,001,128	3,755,185	4,577,102

#### Cumulative Sales

##### January 1 to September 30

	1921	1920
Agricultural Implements .....	\$3,403,012	\$7,498,248
Hardware .....	6,609,161	9,180,743
Dry Goods .....	20,979,125	34,167,610

#### Postal Receipts Increase.

Revenues of the Minneapolis and St. Paul post-offices (Table No. 7) increased in September over August, while there was a decline at Duluth. The net result was an increase of 4 per cent in the total for the three cities combined. As compared with a year ago, all three cities showed increased postal receipts with a combined increase of 10 per cent.

Table No. 7

Postal Receipts	Sept. 1921	Aug. 1921	Sept. 1920
Minneapolis .....	\$409,443	\$391,329	\$380,584
St. Paul .....	244,314	230,836	208,078
Duluth .....	54,129	57,005	51,857
Total .....	\$707,886	\$679,170	\$640,519

### Employment Conditions Improve.

From all indications employment conditions were more satisfactory in September than in August. A large Minneapolis newspaper reported 14 per cent less advertisements asking for positions by men in September than in August and 8 per cent less by women. At the same time in this newspaper there were 6 per cent fewer advertisements for the services of men and 28 per cent more advertisements for women's services. As compared with a year ago, however, advertisements asking for positions were 22 per cent larger this year in the case of men and 100 per cent larger in the case of women, while advertisements for the services of both men and women were less than one-half in number this year of a year ago.

A similar tendency is shown in the figures of the Federal Department of Labor Employment Agencies in Minneapolis, St. Paul and Duluth. At Minneapolis there were 29 per cent less registrations in September than in August, but at St. Paul and Duluth there were slightly more registrations in September than the previous month. Applications for services registered at agencies showed declines between August and September at Minneapolis and Duluth, but a 14 per cent increase at St. Paul. While September registrations of persons seeking employment in all three cities were fewer than a year ago with a decline for the three cities combined of 46 per cent, there were 63 per cent fewer applications for services at the three cities in September this year than last.

Among factories which employed 500 men or more on January 1, 1920, there was an 8.2 per cent increase in employment at Minneapolis between August and September and a 3.6 per cent increase at St. Paul. This survey of employment conducted by the Department of Labor indicated that operations of factories in food, textile and tobacco manufacturing lines were practically normal, but that iron and steel and other metals and stone, clay and glass factories were operating at 30 per cent of normal and all other industries were operating at somewhat less than normal. Unemployment in Minneapolis was greatest in clerical and iron and steel trades. For the Ninth District as a whole, building and flour milling are creating employment for a large number of men. With the passing of the harvest season, unemployment was expected by the Department of Labor to increase.

### Livestock Prices Down, Grain Prices Steady.

The median prices of livestock declined during September from the August median prices in every case other than that of veal calves and lambs (Table No. 8). The median price of veal calves rose \$3.00 between August and September and the median price of lambs remained unchanged. On the other hand the median price of hogs declined \$1.50, butcher steers were down \$1.00 and butcher cows and stocker and feeder steers each down 50c.

It is interesting to note in connection with livestock prices that our medians for a year ago show a much higher level of prices for livestock than this year's medians. The median price of hogs in September, 1920, was \$15.25, while the median price in September this year is \$7.25. Veal calves were selling last year in September at \$14.50 and this year at \$10.00. Stockers and feeders sold at \$8.00 last year and this year they sold at \$4.50. Butcher cows and heifers were selling in September last year at \$6.75; this year they sold at \$4.00. In the case of lambs, however, last year's median of \$8.00 per hundred was only 50c higher than the September median this year. It is also interesting to note that last year between August and September there were more increases than decreases in median livestock prices. This year the decreases exceeded increases.

Table No. 8

Live Stock Prices	Month 1921	High	Median	Low
Butcher Cows, Heifers.....	September	\$9.00	\$4.00	\$3.00
	August	9.50	4.50	3.00
Butcher Steers .....	September	10.00	5.00	2.00
	August	9.50	6.00	3.00
Stock & Feeder Steers.....	September	7.00	4.50	2.50
	August	7.00	5.00	2.00
Veal Calves .....	September	11.50	10.00	1.50
	August	11.00	7.00	1.50
Hogs .....	September	9.00	7.25	5.75
	August	11.00	8.75	6.00
Lambs .....	September	9.00	7.50	2.50
	August	9.25	7.50	3.00

Grain prices during September (Table No. 9) showed slight increases over August medians in the case of wheat, oats and flax and a slight decrease in the case of rye, while the barley median remained unchanged. There was not enough corn sold during the months of August and September to warrant a median quotation.

Table No. 9

Grain Prices	Month 1921	High	Median	Low
Wheat				
No. 1 Dark Northern.....	Sept.	\$1.65	\$1.57	\$1.40 1/4
	Aug.	2.06 1/4	1.54 1/2	1.36
Oats—No. 3 White.....	Sept.	.37 1/2	.32 1/2	.28 1/4
	Aug.	.34	.30 1/2	.27
Barley—No. 3 .....	Sept.	.59	.54	.48
	Aug.	.61	.54	.45
Rye—No. 2 .....	Sept.	1.05 1/2	.99 1/2	.91 1/2
	Aug.	1.08 1/2	1.01 1/2	.92
Flax—No. 1 .....	Sept.	2.19 1/2	2.02 1/2	1.88
	Aug.	2.14	2.01 1/2	1.88

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 flour, as exemplified by Washburn-Crosby's best grade, rose from \$8.00 per barrel on September 1 to \$8.50 a barrel on September 14, but declined to \$8.00 per barrel on October 1 and declined further to \$7.50 per barrel on October

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15. This movement in the price of flour paralleled the movement in the price of wheat for which our median showed only a slight increase between August and September, but a decrease of 16½c between the September median and the median figured for the first fifteen days of October.

Wholesale produce prices at the Minneapolis market showed about as many important increases as declines. Butter, eggs, veal and navy beans increased in price between the first and last days of September, while potatoes, cabbage, tomatoes and four pound hens declined in price. There were also seasonal declines in fruits. The fruits which were classed as seasonal during September were pears, grapes, plums, watermelons and lemons. The price of oranges advanced slightly during September.

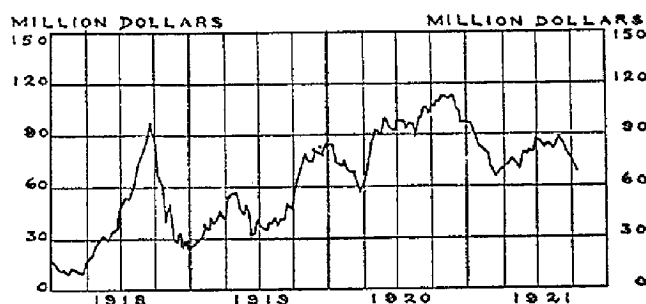
#### Extent of Liquidation in the Northwest Cannot Be Measured Until Later in the Crop Year.

Thirty-five member banks in the larger cities in this district in the four-week period ending September 28 gained about 13 million dollars in United States Government deposits and withdrew more than 2 millions of their reserve deposits from the Federal Reserve Bank. These funds were used as follows: To meet withdrawals of demand deposits, 4 millions; to meet withdrawals of time deposits, about one million; to reduce obligations for money borrowed, about one million; to increase loans to customers, about 4 millions; and to increase holdings of United States securities, about 5 millions. During the similar period a year previous, loans to customers decreased 5 million dollars, and demand deposits fell 24 millions, while time deposits rose slightly, and government deposits rose about 2 millions. It is particularly gratifying to note the stability of demand deposits this year as compared with last.

The total accommodation extended to the Ninth District member banks by this Federal Reserve Bank during the four-week period ending September 28 decreased about 10 million dollars, which was aided to some extent by increases in United States Government deposits made with this bank and with our member banks. Our rediscounts with other Federal Reserve banks were therefore reduced about 9½ millions. There was a decline in member bank reserve deposits of 2½ million dollars which coincides with the decline which took place in the same four weeks a year ago. Federal Reserve notes outstanding, however, increased only one-half million as compared with an increase of 3¾ millions during September a year ago.

The twelve Federal Reserve banks, representing conditions throughout the United States, experienced during the four weeks ending September 28 declines in the total accommodation extended of 85 millions, and in Federal Reserve notes outstanding of 33 millions with increases in member bank deposits of 17 millions, in Government deposits of 11

millions, and in reserves of 90 millions. The trend of each of these items for the whole United States was the same as in the Ninth District except that our note circulation increased and our member bank deposits decreased.



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

In the two weeks ending October 11, the total accommodation extended to the Ninth District member banks by this Federal Reserve Bank decreased 6½ millions, thereby enabling this bank to pay off the remnant of its rediscounts with other Federal Reserve Banks of about 5½ millions on October 3. How long this condition will prevail is uncertain.

#### War Finance Corporation.

Announcement has been made of the local committees to pass upon applications for loans from the War Finance Corporation and this announcement has been a force strengthening general confidence. Up to October 15, no loans had actually been made in this district although numerous applications were pending until completion of the plans for operation.

#### Interest Rates Decline.

The customary rate secured on open market commercial paper, bankers' acceptances, and on cattle loans and warehouse collateral secured paper declined during the month ending October 15 as follows: From 6½ to 6 per cent on 3 months, and from 7 to 6 per cent on 4-6 months commercial paper; from 6¾ to 5 per cent on endorsed and from 6½ to 5½ per cent on unendorsed bankers' acceptances maturing in from 60 to 90 days; and from 7½ to 7 per cent on cattle loans and notes secured by warehouse collateral. Also, the highest and lowest rates charged on various kinds of loans declined about one-half per cent in 15 out of the 26 quotations and increased slightly in but two quotations.

#### Investment Sales Increase.

During September 32 per cent more securities were sold by Minneapolis and St. Paul investment houses than during August. This increase was principally in sales of municipal bonds which increased 98 per cent. There was a 25 per cent increase in the volume of farm mortgage sales, an increase of 1 per cent in city mortgage sales and sales of miscel-



laneous securities increased 12 per cent, while sales of corporation bonds, foreign securities and stocks declined. September sales of securities as compared with a year ago were up 40 per cent with increases in sales of all classes of securities other than foreign securities and miscellaneous securities. Both this year and a year ago, sales of municipal bonds showed the largest volume of business of all of the classes segregated in our reports.

#### Depression Causes Decline in Savings Deposits.

Over a period of time, savings deposits furnish a good index of business conditions. At the beginning of a business depression, savings deposits rise because employment is uncertain and workingmen put aside a portion of their wages to tide them over the expected period of unemployment. At the same time they modify their style of living in order to save a larger portion of their wages. The cost of living declines as purchases fall off and retail prices are forced downward. This also allows the laborer to increase his savings. Savings deposits are also created through the working of other influences. The usual investments become non-liquid and there is a general fear that even the soundest investments may lose their value through the collapse of the enterprise whose obligations they are. A bank appears to the investor to be the best place to leave his funds until the period of uncertainty is over and he places them temporarily in an interest bearing time deposit.

Then as depression grows more serious, money incomes decline through cuts in wages, irregular employment and smaller profits due to losses on inventory and a smaller volume of business. These factors force withdrawals from savings and as a result the total of savings deposits shows a temporary decline.

As business recovers from depression, the volume of business increases bringing an increase in employment. Profits rise faster than expenses. At this time the thrift which was learned during the period of depression causes individuals to place a large portion of their increased income in savings banks. The accumulation of capital is resumed and continues until the time of the next depression.

The decline in savings deposits in the wake of business depression has not been experienced for more than two years in the United States at any one time as far back as figures are available. Figures compiled by the Comptroller of the Currency for the whole United States (Table No. 10) show that from 1890 until the present time, there has been a regular increase in the volume of savings on June 30 of each year with the exception of the years 1894 and 1908, which were years of depression following the panics of 1893 and 1907. In the years following these two years of depression, savings again increased. In fact, in 1895 and 1909 the total volume of savings was larger than before the depression set in.

Table No. 10  
Savings Deposits on June 30th in the Whole United States.  
(Amounts in Millions)

Year	Amount	% of
1890	\$1,525	1890
1891	1,623	100.0
1892	1,713	106.5
1893	1,785	117.5
1894	1,748	117.0
1895	1,811	114.7
1896	1,907	118.9
1897	1,939	125.0
1898	2,066	127.1
1899	2,230	135.5
1900	2,450	146.1
1901	2,597	160.9
1902	2,750	170.1
1903	2,935	180.5
1904	3,060	192.0
1905	3,261	200.5
1906	3,482	213.9
1907	3,690	238.2
1908	3,661	242.0
1909	3,713	240.1
1910	4,070	243.2
1911	4,213	267.5
		275.9

With this experience for the whole United States in mind, it is interesting to examine the course of savings deposits in the Ninth Federal Reserve District during the year 1920 and up to the present time in 1921. (Table No. 11.) From December 31, 1919, there was a steady increase in time deposits of national banks, as reported to the Comptroller of the Currency at the time of the reports for which he called, through September 8, 1920. From September 8, 1920, until April 28, 1921, time deposits declined, but on June 30, 1921, the last date for which figures are available, time deposits of national banks in the Ninth District were slightly larger than on April 28. Similar changes are seen in the time deposits of state banks in the four states of Minnesota, North Dakota, South Dakota, and Montana. In Minnesota the high point was reached on June 30, 1920, and the lowest point following the peak was apparently reached on June 30, 1921, which is the latest available figure. In Montana the highest point was that of June 30, 1920, and the latest figure, that of September 6, 1921, was also the lowest since the peak. In North Dakota, however, the high point was reached on September 8, 1920, and the lowest subsequent figure to date was that of April 28, 1921. In South Dakota the high point was reached on April 4, 1920, and the latest report received, that of June 30, 1921, was the lowest figure reached thereafter.

Table No. 11  
Time Deposits—National Banks in Ninth Federal Reserve District  
(000's omitted)

Date	Amount	% of
December 31, 1919	\$305,369	1919
February 28, 1920	312,170	102.4
May 4, 1920	325,824	106.8
June 30, 1920	327,375	107.2
September 8, 1920	327,621	107.2
November 15, 1920	321,499	105.2
December 29, 1920	319,505	104.8
February 21, 1921	317,890	104.0
April 28, 1921	315,054	103.2
June 30, 1921	317,113	103.9



## NINTH FEDERAL RESERVE DISTRICT

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More recent figures are available for selected groups of member banks in seven cities of the Ninth Federal Reserve District. (Table No. 12.) In the Twin Cities, the peak of savings deposits in a group of nine member banks was reached in the quarter of July 6, 1921. Since that date, time deposits in the Twin Cities have declined. In five other cities of the Ninth District, the peak of time deposits was reached in the quarter beginning January 7, 1921, and there have been steady declines since that time.

Table No. 12  
Time Deposits—Selected Member Banks in Seven Cities  
of the Ninth Federal Reserve District.

(000's omitted)

Date	Twin Cities	% of January 2, 1920	Other Cities	% of January 2, 1920
January 2, 1920.....	\$31,515	100.0	\$27,618	100.0
April 2, 1920.....	34,705	110.0	28,666	103.9
July 2, 1920.....	34,377	108.9	28,743	104.0
October 1, 1920.....	36,419	115.5	28,220	102.3
January 7, 1921.....	38,444	121.9	28,888	104.7
April 1, 1921.....	39,130	124.0	27,850	100.9
July 6, 1921.....	41,536	131.8	26,697	96.7
October 5, 1921.....	38,128	120.9	26,450	95.7

Quarterly figures have been compiled for a group of nine Twin City savings banks. (Table No. 13.) From January 1, 1920, the deposits of these nine banks rose steadily until April 1, 1921. From April 1, 1921, they have declined. If the figures of Twin City commercial and savings banks are combined the peak of savings deposits by quarters is seen to have occurred on July 1, 1921, in Minneapolis and St. Paul.

Table No. 13  
Savings Deposits—Nine Twin City Savings Banks

Date	Amount	% of Jan. 1, 1920
January 1, 1920.....	\$49,500,088	100.0
April 1, 1920.....	52,906,805	106.9
July 1, 1920.....	53,662,978	108.2
October 1, 1920.....	55,002,581	111.1
January 1, 1921.....	57,270,590	115.6
April 1, 1921.....	59,121,770	119.5
July 1, 1921.....	58,392,874	117.9
October 1, 1921.....	58,361,501	117.9

Again, if the time deposits of all the national banks in the Ninth District are divided into two groups—Twin City time deposits and other time deposits (Table No. 14)—it is still more apparent that the decline in savings occurred a year earlier in the rural section of the district than in the cities. Time deposits outside of the Twin Cities reached their peak on June 30, 1920, and have declined since that date. Twin City time deposits rose more or less regularly until June 30, 1921, the latest date on which the Comptroller of the Currency's figures are available. And figures compiled by this office indicate that Twin City time deposits commenced to decline on June 30, 1921.

Table No. 14

Time Deposits—Twin City National Banks and Other Ninth District National Banks

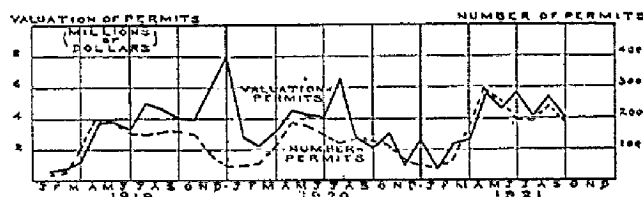
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Date	Twin Cities	% of Dec. 31, 1919	Outside	% of Dec. 31, 1919
December 31, 1919.....	\$24,792	100.0	\$280,577	100.0
February 28, 1920.....	26,215	105.9	285,955	101.9
May 4, 1920.....	27,775	111.9	298,049	106.2
June 30, 1920.....	27,409	110.8	299,966	106.9
September 8, 1920.....	27,762	111.9	299,859	106.8
November 15, 1920.....	31,009	125.1	290,490	103.6
December 29, 1920.....	32,697	131.6	286,808	102.1
February 21, 1921.....	30,453	122.7	287,437	102.4
April 28, 1921.....	32,257	130.0	282,797	100.9
June 30, 1921.....	35,937	144.9	281,176	100.2

From the foregoing it appears that savings in the rural districts of the Ninth Federal Reserve District commenced to decline almost a year earlier than savings in the cities. For the district as a whole, the high point in savings deposits was reached between April 4 and September 8, 1920, but for the city banks the peak was not reached until 1921. In the rural districts the peak was reached June 30, 1920; in the smaller cities, the peak occurred in January, 1921; and in the Twin Cities it occurred between April 1 and July 6. This variation may be accounted for by the fact that money incomes in the rural communities were curtailed sooner than incomes in the cities and where the cities were large enough to be well organized industrially, money incomes declined slower than in the smaller cities, where labor unions and other industrial organizations were not in as great a state of perfection.

### Building Permits Show Expected Decline.

The number of permits granted for building in nine important cities of the Ninth Federal Reserve District (Table No. 15) declined 17 per cent between August and September, and the valuation of permits granted declined 26 per cent at the same time. Two cities, Superior and Helena, exhibited increases in the number of permits and the valuation of permits increased at St. Paul, Missoula and Helena. The volume of anticipated building continues to be larger than the volume last year. The number of permits granted in September this year was 54 per cent greater than the number granted in September a year ago and the valuation showed an increase of 93 per cent between the same two months. All cities but Sioux Falls shared this increase in the number of permits, and Fargo was the only city of those reporting where the valuation of permits did not show an increase.



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

Table No. 15

	No. of Permits Sept. '21	No. of Permits Aug. '21	% Sept. of Aug.	No. of Permits Sept. '20	% Sept. 1921 of Sept. 1920	No. for New Con- struction	No. for Repairs & alterations
Prospective Building	961	1,212	79.2	639	150.2	686	275
Minneapolis	549	604	90.9	264	207.9	458	91
St. Paul	228	309	73.7	188	121.3	138	90
Duluth	51	53	96.2	32	159.3	38	13
Fargo	23	46	50.0	38	60.5	21	2
Sioux Falls	100	93	107.5	76	131.6	41	59
Superior	24	36	66.7	16	150.0	14	10
Missoula	31	31	100.0	29	107.0	21	10
Great Falls	8	6	133.3	3	266.7	8	0
Helena							
Total	1,975	2,390	82.6	1,282	154.0	1,425	550
	Valuation of Permits Sept. '21	Valuation of Permits Aug. '21	% Sept. of Aug.	Valuation of permits Sept. '20	% Sept. 1921 of Sept. 1920	Valuation for New Construction	Valuation for Repairs & Alterations
Minneapolis	\$1,866,640	\$2,785,990	67.0	\$1,117,365	167.2	\$1,682,645	\$183,995
St. Paul	1,405,993	1,395,571	100.7	445,940	315.2	1,351,945	54,048
Duluth	310,179	513,940	60.4	169,890	182.8	279,057	31,122
Fargo	185,575	198,445	93.5	212,000	87.4	158,892	26,683
Sioux Falls	52,700	162,050	32.5	49,325	107.0	50,075	2,625
Superior	56,626	253,564	22.3	38,824	145.7	36,825	19,801
Missoula	90,150	78,625	114.7	31,925	282.3	85,950	4,200
Great Falls	29,000	33,000	87.8	12,905	224.8	26,000	3,000
Helena	7,375	2,275	324.2	1,250	590.0	7,375	
Total	\$4,004,238	\$5,423,460	73.7	\$2,078,274	192.8	\$3,678,764	\$325,474

New construction was responsible for a larger share of the building permits both in number and in valuation during September this year than in 1920. The average permit was somewhat smaller this year than last due partly to a decline in building costs and partly to the fact that the majority of building this year has been residences rather than office buildings or other large structures.

### Lumber Business Slows Down.

Retail lumber sales, measured in board feet (Table No. 16), which follow the trend of building operations, were 12 per cent lower in September than in August and 15 per cent below sales in September last year. Likewise retail lumber stocks fell off 5 per cent between August and September in anticipation of a smaller volume of business during the fall and winter months and were also 25 per cent lower than a year ago.

From reports of representative lumber manufacturers in this district, it appears that lumber cut during September was 20 per cent less in volume than the cut during August and 40 per cent less than the cut in September last year. Manufacturers' stocks were 3 per cent lower at the end of September than at the end of August, but 22 per cent larger than a year ago. Fifteen per cent more lumber was ordered from manufacturers in September than in August and September orders were 50 per cent more than orders in September last year. Shipments, however, by manufacturers declined 4 per cent between August and September, and September shipments were only 10 per cent larger than during the same month last year.

While the amount of outstanding bills and accounts receivable of both manufacturers and retailers continued as large in September as in August, cash collections were larger in September than in August. The amount of paper outstanding and of cash collections in September, 1921, were both smaller than during September, 1920.

Table No. 16

	September 1921	August 1921	September 1920
Lumber Retailers			
Sales (Bd. Ft.)	13,314,409	15,072,662	15,627,150
Stocks on hand (Bd. Ft.)	112,962,566	118,895,083	149,974,997
Manufacturers			
Lumber cut (Bd. Ft.)	14,089,436	17,449,497	23,389,776
Stocks on hand (Bd. Ft.)	186,986,604	189,429,347	153,398,712
Shipments (Bd. Ft.)	17,099,104	17,819,945	15,605,281

### Soo Canal Traffic Shows Fall Decline.

East bound traffic through the Soo Canal declined 2 per cent between August and September. West bound traffic was down 38 per cent, making a reduction in total traffic of 13 per cent between the two months. (Table No. 17.) As compared with a year ago, east bound traffic in September was down 46 per cent and west bound traffic was down 40 per cent, or a decline in total traffic of 45 per cent.

Table No. 17

Soo Canal Traffic	September 1921	August 1921	September 1920
East Bound (Sh. T.)	5,017,941	5,128,043	9,290,129
West Bound (Sh. T.)	1,464,130	2,369,833	2,458,002
Total	6,482,071	7,497,876	11,748,131

## NINTH FEDERAL RESERVE DISTRICT

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## Iron Ore Shipments Continue Small.

The volume of iron ore shipped from upper lake ports (Table No. 18) was 56 per cent less in September this year than in September a year ago and the total shipment of iron ore from the opening of navigation to October 1st this year was 58 per cent less than the volume during the same period last year. Shipments of ore during September were also down 9 per cent from August shipments.

Table No. 18

Iron Ore Shipments from upper lake ports	Sept. 1921	Aug. 1921	Sept. 1920
Short Tons Shipped.....	3,913,122	4,329,158	8,923,482
Cumulative Shipments from Opening of Navigation to October 1.			

	1921	1920
Short tons shipped .....	18,661,194	44,273,356

## Upper Lake Ports Receive One-Third More Hard Coal This Year Than Last.

The problem of sufficient hard coal to meet the needs of northwestern households during the winter months has apparently been satisfactorily solved for the coming winter. Hard coal receipts from the opening of navigation to September 30th have amounted to 1,414,600 tons as compared with 1,048,650 tons last year or an increase of 35 per cent. Soft coal receipts for the season have shown an increase of 74 per cent over last year's receipts, assuring manufacturing plants of an abundance of fuel for the winter, especially as manufacturing is at a low level.

The volume of coal received at Duluth and Superior during the month of September (Table No. 19) declined 43 per cent from the August volume, with declines in the receipts of both soft and hard coal, and was down 27 per cent from last year's September receipts, owing entirely to a decline in soft coal receipts as the receipts of hard coal show an increase of 61 per cent between the two months.

Table No. 19

Duluth-Superior Coal Receipts	Sept. 1921	Aug. 1921	Sept. 1920
Soft Coal (Short Tons)....	647,095	1,068,555	1,048,073
Hard Coal (Short Tons)...	207,901	418,238	129,222

Total (Short Tons)....	854,996	1,486,793	1,177,295
Cumulative Receipts From the Opening of Navigation to September 30.			

	1921	1920
Soft Coal (Short Tons).....	7,160,824	4,127,491
Hard Coal (Short Tons).....	1,414,600	1,048,650
Total (Short Tons).....	8,575,424	5,176,141

## Flour Output Continues to Increase.

During September the seasonal increase in flour production in the Ninth Federal Reserve District continued. (Table No. 20). September production was 16 per cent larger than August production and Minneapolis, St. Paul and all other mills, except those at Duluth and Superior showed increases. At Duluth and Superior there was a decrease of almost

8 per cent in production between August and September. The largest increase occurred in Minneapolis flour production. Minneapolis mills during September operated at 74.8 per cent of their capacity as compared with 60.2 per cent in August.

Flour production during September in this district was also 43 per cent larger than production during September last year, with all groups of mills showing increases. Last year Minneapolis mills operated at only 48.8 per cent of their capacity, with the other groups of mills at a correspondingly low level of production.

Our Montana correspondent reports that Montana mills operated at 91.3 per cent of capacity in September this year as compared with 66.9 per cent a year ago. Flour collections have been good in Montana this year.

Table No. 20	5 weeks Ending 10-1-21	5 weeks Ending 8-27-21	5 weeks Ending 10-2-20
Flour Production			
Minneapolis (Bbls.) .....	2,035,710	1,649,095	1,347,525
St. Paul (Bbls.).....	57,290	52,020	47,935
Duluth-Superior (Bbls.)..	81,355	87,895	51,085
Other mills (Bbls.).....	1,067,571	1,008,160	818,985
All mills (Bbls.).....	3,241,926	2,797,170	2,265,530

Flour shipments from Minneapolis and Duluth (Table No. 21) increased 12 per cent between August and September, with both Minneapolis and Duluth showing increases. Receipts of flour at Minneapolis and Duluth, which are composed almost entirely of Duluth receipts, increased 27 per cent. As compared with a year ago the flour movement has shown a noteworthy increase with receipts 87 per cent greater and shipments 52 per cent greater than last year's figures.

Table No. 21

Flour Movement Minneapolis and Duluth	Sept. 1921	Aug. 1921	Sept. 1920
Receipts (Bbls.) .....	1,103,917	865,576	590,119
Shipments (Bbls.).....	2,830,382	2,535,554	1,864,164

## Shipments of Linseed Products Decline.

Linseed oil shipments (Table No. 22) declined 14 per cent between August and September and shipments of oil cake declined 59 per cent, or a total decline for all linseed products of 45 per cent. As compared with a year ago, linseed oil shipments were up 18 per cent, while shipments of oil cake were down 26 per cent, or a net decline for both combined of 9 per cent.

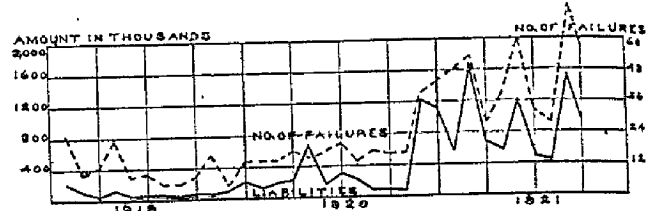
Table No. 22

Shipments of Linseed Products	Sept. 1921	Aug. 1921	Sept. 1920
Linseed Oil (Lbs.)....	8,315,506	9,700,309	7,058,847
Oil Cake (Lbs.).....	8,059,974	19,798,713	10,838,879
Total Shipments (Lbs.) .....	16,375,480	29,499,022	17,897,726

### Business Failures Heavy During September.

While the number of business failures in September showed a decline of 21 per cent from the August figures, the fact that Dun's Review cites 57 failures during the month in the Ninth District indicates that business mortality is still at high tide. The liabilities involved in business failures during September amounted in aggregate to \$980,471 or a decline of 33 per cent from the figure for the previous month. The number of failures in September, however, was more than three times the number in

September last year with almost ten times the amount of liabilities involved.



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

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