

MONTHLY REVIEW

of Ninth District Agricultural and Business Conditions
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Summary of Business Conditions

Business continued to expand during 1944.

Department store sales were 11 per cent larger than in the preceding year.

Bank deposits have risen steadily. Most of the additional funds were invested in United States Government securities.

The decline in 1944 cash farm income is due primarily to a reduction in wheat and hog marketings during the last few months of the year.

Business

IN a review of 1944 business, one again is impressed with the ingenuity of American businessmen. Approximately 197 billion dollars of goods and services were produced during the year. The production of war materials was expanded and at the same time the volume of consumer goods and services was increased. The Federal Government spent about 91 billion dollars for materials and services to prosecute the war, whereas in 1943 the expenditures aggregated 81.3 billion dollars. Civilians spent about 96.5 billion dollars, a record dollar volume of business, for consumer goods and services. In 1943 such expenditures totaled 91.0 billion dollars.

A comparison of last year's production with the output of our economic machine in 1939, a prewar year, reveals the vast expansion that has taken place since the war began. In 1939 the volume of goods and services produced aggregated only 88.1 billion dollars, less than one-half of the dollar volume turned out last year. The Federal Government spent 1.4 billion dollars for national defense—a small sum compared with present war expenditures. Even so, the American people spent only 61.7 billion dollars for consumer goods and services. The 1944 level of expenditures indicates that the vast production of war materials has not been done entirely at the expense of consumer goods and services.

The larger dollar volume of consumption includes the general rise in prices. Prices rose rapidly before the regulations were enacted. According to the index of retail prices compiled by the United States Department of Commerce, retail prices since June, 1939, have risen about 42 per cent. Civilian expenditures in recent years expressed in terms of the 1939 price level exclude the rise in prices which has occurred in recent years and reveal the expansion in physical volume of output. The Department of Commerce estimates that civilians last year in terms of 1939 prices consumed 73.6 billion dollars worth of goods and services. In 1939 they consumed 61.7 billion dollars. The difference of 11.9 billion dollars be-

tween these totals is a measure of the expansion in physical volume. Even though it has been necessary to stop the production of many durable items and ration the distribution of others, the larger output of nondurable goods and services has more than offset the decline in durable goods. As a result the American people during the past year have consumed the largest volume of goods and services on record.

The states in the Ninth Federal Reserve district have shared materially in this economic expansion. Income payments made to individuals residing in the four states located wholly within this district for 1939, 1943, and 1944 are listed below.

	1939 ¹	1943 ¹ (Millions of Dollars)	1944 ²
Minnesota	1,378	2,362	2,375
Montana	288	498	488
North Dakota	209	526	515
South Dakota	228	488	491

¹ Source: United States Department of Commerce.

² Estimated.

The 1944 figures are estimates based on the cash farm income and the payrolls in non-agricultural industries. From 1939 to 1943, income payments rose rapidly in these states. In North Dakota they rose by one and one-half times; in South Dakota they doubled; and in Minnesota and in Montana they increased by three-fourths of the 1939 totals. The marked expansion in income payments in the Dakotas was due almost entirely to favorable weather for crops and higher prices for agricultural products. The rise in cash farm income was also an important factor in the larger income payments in Minnesota and in Montana. According to the estimates for 1944, the income paid to individuals has reached a plateau. In two states the income payments are slightly higher than in 1943 while in the other two states they are slightly lower. The trend in farm income is again primarily the cause of the leveling off in income payments. Farmers in all four states realized a smaller cash income during 1944 as compared with 1943. Payrolls in non-agricultural industries, on the contrary, continued the upward trend.

Bank debits are a measure of the volume of business transacted. They are the amount of checks charged by banks against the demand deposits of individuals, firms, corporations, and government units. Since all but a small number of transactions are paid by checks, they are a measure of the income paid out by individuals, business firms and government units. Income payments comprise the income realized by individuals from their economic activities. They are paid out only in part for goods and services since some of them are used for other purposes such as savings. For example, such is the case in the purchase of securities or in the retirement of debt. In each war loan a large number of government savings bonds are purchased by check. As a result bank debits rise significantly during each loan. Even though transactions which do not represent business activity are a part of the aggregate volume of bank debits, an allowance can usually be made for such transactions in an interpretation of the trend in bank debits.

Bank debits reported by banks located in cities over the Ninth Federal Reserve district continued to mount during 1944. The monthly average was nearly double the prewar average from 1935 to 1939. Three war loans were carried out during the year. During each loan the monthly debits rose significantly above 200 per cent of the prewar average. For those months when debits were not so heavily influenced by Treasury financing, they averaged 185.7 per cent of the former base period.

Expressing the 1943 monthly bank debits on the same base period, they averaged 182.0 per cent for the year. Two war loans were carried out during the year. For the months when the drives were not in progress, the debits averaged 178.3 per cent.

A comparison of the 1943 and 1944 bank debits, excluding those months when war loans were in progress, provides a good measure of the trend in general business activity. The per cent of increase in debits between the two years was 4.2 per cent. This is evidence that business continued the upward trend during the past year in cities of the Ninth District.

Northwest Business Indexes

Adjusted for Seasonal Variation—1935-1939 = 100

	Dec. 1944	Nov. 1944	Dec. 1943	Dec. 1942
Bank debits—93 cities.....	208	216	195	165
Bank debits—farming centers.....	221	218	199	172
City department store sales.....	186	207	153	139
City department store stocks.....	135	144	132	130
Country department store sales.....	163	169	138	131
Country lumber sales.....	160		179	134
Miscellaneous carloadings.....	150	144	136	136
Total carloadings (excl. misc.).....	97	122	104	98
Farm prices—Minn. (unadj.).....	172	172	164	159
Employment—Minn. (unadj. 1936=100).....	140	138	148	140
Payrolls—Minn. (unadj. 1936=100).....	238	232	236	205

Using the same method of analysis for debits reported by banks located in the smaller communities over the district, business expanded more in these

communities than in the cities. With the exclusion of the months when war loans were in progress, the debits in 1943 and 1944 averaged 181.8 per cent and 195.7 per cent of the 1935 to 1939 base period respectively. The increase of 7.6 per cent in debits between the two years is significantly larger than the per cent of increase found for city bank debits. Thus, business over the district in all probability expanded more in the small communities than in the cities during the past year.

Department store sales continued the upward trend in 1944. The dollar receipts were 11 per cent larger than in the preceding year. To show the trend of these sales since 1939, the annual sales are listed as a per cent of the preceding year.

Year	Per Cent of Previous Year
1944.....	111
1943.....	111
1942.....	108
1941.....	111
1940.....	104

According to the annual percentages, the rise in 1944 dollar receipts was as large as in any year since the beginning of the war. Consequently there is no evidence of a slowing-up in the expansion of department store sales.

It is difficult to estimate the increase in the volume of merchandise sold by the stores. Part of the gain in dollar receipts was the result of a rise in prices.

Sales at Department Stores

	Number of Stores Showing		% Dec. 1944 of Dec. 1943	% Jan.-Dec. 1944 of Jan.- Dec. 1943
	Increase	Decrease		
Total District.....	209	17	115	111
Mpls., St. Paul, Dul.-Sup....	20	0	116	112
Country Stores.....	189	17	114	110
Minnesota.....	66	5	115	108
Central.....	8	0	126	117
Northeastern.....	6	0	109	105
Red River Valley.....	5	0	114	108
South Central.....	18	2	114	107
Southeastern.....	11	1	116	111
Southwestern.....	18	2	114	103
Montana.....	24	2	110	111
Mountains.....	11	0	109	110
Plains.....	13	2	111	111
North Dakota.....	45	4	115	113
North Central.....	9	2	112	110
Northwestern.....	5	0	121	119
Red River Valley.....	16	0	117	113
Southeastern.....	13	2	110	111
Southwestern.....	*	*		
Red Riv. Val.-Minn. & N.D.	21	0	117	112
South Dakota.....	22	4	115	110
Southeastern.....	5	0	116	107
Other Eastern.....	11	2	118	115
Western.....	6	2	105	102
Wisconsin and Michigan.....	32	2	114	107
Northern Wisconsin.....	10	1	113	110
West Central Wisconsin.....	13	1	112	107
Upper Pen. Michigan.....	9	0	117	104

*Not shown, but included in totals. Insufficient number reporting.

According to the United States Bureau of Labor Statistics indexes of clothing and house furnishing prices, prices rose about 4 per cent during the year. A number of other factors contributed to the larger dollar receipts. In many instances consumers with larger incomes voluntarily purchased higher-priced merchandise. Others were forced to purchase such merchandise because the lower priced lines had disappeared from the retail markets.

The variation in the 1944 sales expansion over the district was small. The stores located in the larger cities reported an average increase slightly larger than those designated as country stores. The stores in Minneapolis, St. Paul, Duluth, and Superior reported a 12 per cent increase in 1944 dollar receipts over the 1943 receipts while the stores in the smaller cities over the district reported a 10 per cent increase. A comparison of the rise in sales by states indicates that the largest expansion, 13 per cent, occurred among stores in North Dakota. Stores in the Upper Peninsula of Michigan and in Northwestern Wisconsin, on the contrary, reported the smallest increase, 7 per cent. The stores in the other states, Montana, South Dakota, and Minnesota, reported increases of 11, 10, and 8 per cent respectively.

The type of articles purchased is influenced greatly by the supply available in the stores. A large proportion of the increased sales is concentrated in piece goods. In the men's and boys' department the larger sales are primarily due to more purchases of men's hats, hosiery, gloves, and underwear and boys' clothing and furnishings. The sales of shoes have remained quite stable. The larger sales in the women's and misses' department are distributed rather uniformly over the numerous items with the exception of furs, neckwear and scarfs. Sales of the latter items were significantly smaller in the latter part of 1944 as compared with the same period of 1943. Sales in the home furnishings department have increased mostly through more sales of furniture, draperies, curtains, and housewares.

In spite of the high excise tax on luxury items, more and more consumer income is flowing into such items. The revenue from the sale of such items has been mounting rapidly.

Stocks are the limiting factor in time of war. Individuals, in many instances, hold an excess of consumer purchasing power. The supply of merchandise in a large measure determines the amount of sales.

During 1944, department store stocks increased to 148.3 per cent from 136.2 per cent for the preceding year on the basis of the 1935-1939 average. The increase of nearly 9 per cent is less than the expansion in sales. Consequently, stocks as a ratio to sales are now lower than a year ago.

Consumer instalment credit in commercial banks over the Ninth district on December 31, 1944, declined 8 per cent as compared with the 1943 year-

end figures. As may be observed from the table, the actual volume of loans made decreased more than is indicated by the amount outstanding. A significant amount of paper was purchased. Automobile paper purchased and outstanding at the end of the year was 52 per cent more than at the end of 1943. The increase in other retail credit loans, however, was due primarily to a larger volume of loans made to consumers. According to these figures, total consumer credit has continued to contract during 1944.

The trend of consumer instalment credit for commercial banks over the entire United States presents a different picture for the past year. Since December 30, 1944, figures are not available, it is necessary to use November 30 figures. Whereas the consumer credit outstanding in commercial banks of the Ninth District decreased by 8 per cent, such credit outstanding in commercial banks over the United States increased by about 8 per cent. With the exception of repair and modernization loans, the volume of loans made to consumers increased significantly. A much smaller percentage increase occurred in the amount of paper purchased than for the commercial banks of this district.

**Consumer Credit in Commercial Banks
Ninth District and United States***

Type of Loan	Ninth District		Per Cent Change	Amount Outstanding United States		Per Cent Change
	Dec. 31, 1943	Dec. 31, 1944		Nov. 30, 1943	Nov. 30, 1944	
	(Thousands of Dollars)			(Millions of Dollars)		
Automobile retail						
Purchased paper	236	358	+52	56	60	+7
Direct loans.....	1,541	1,377	-11	84	105	+25
Other retail						
Purch. and direct	1,764	1,894	+7	67	70	+4
Repair and modern- ization	6,223	5,299	-15	92	83	-10
Personal instalment cash	2,393	2,218	-7	218	238	+9
Total	12,157	11,146	-8	517	556	+8

*The figures are based on a sample of reporting banks.

Iron ore shipments from the Lake Superior region were closed for the season on December 1. The shipments for the year aggregated 81,170,538 tons, whereas for 1943 they totaled 84,404,852 tons. These figures indicate a decrease of 4 per cent for 1944. Stocks have been running lower. At the end of last October the stocks were 6.4 per cent less than at the same period of the preceding year.

Electric power production in the four states of Minnesota, Montana, North and South Dakota has reached a plateau. Production last year was approximately one-half of one per cent less than in the preceding year. During 1944, 5,612,137,000 kilowatt hours of energy were produced while in the previous year the total was 5,632,478,000 kilowatt hours. Since industry is a large user of electrical power, the plateau very likely indicates a leveling off in industrial production over the district.

Flour production in the Northwest has continued to rise. The mills in this region in 1944 milled a total of 19,215,959 barrels. In the preceding year the total output was 18,309,892 barrels. These figures show a 5 per cent increase for the past year.

The Bureau of Agricultural Economics has predicted a greater demand for flour in 1945. On the basis of the needs of various federal agencies and civilian demand, the increase was estimated tentatively at some 22,700,000 sacks of flour. This would be a gain of about 9 per cent over 1944 production. According to an article published in "The Northwestern Miller," much doubt has been expressed over the achievement of the goal. A large number of mills attain peak production in January and output then tapers off to the end of the crop year.

December business did not expand by the usual amount over the November volume. Business indicators, as may be observed from the table of Northwest Business Indexes, declined after an adjustment was made for the normal rise in December business. Christmas shopping for the personnel in the armed forces stationed overseas of necessity was done early. The anticipated shortages of merchandise stimulated other civilians to do their buying early. Consequently, a large amount of the usual December business was done in one of the earlier months.

Banking

DURING 1944, war financing continued to dominate banking operation.

Bankers over the Ninth District actively promoted the three war loans which were carried out during the year. They gave generously of their time and effort to reach the bond quota set for their locality.

In this great task of financing the war, bankers were called upon to invest a large share of their funds in United States Government securities. Over the course of 1944, all member banks in the Ninth district increased their holding of such securities from 1,295 million to 1,722 million dollars—an increase of 427 million dollars. These securities now constitute more than three-fourths of their total earning assets.

The downward trend in loans and discounts was reversed during the year. Whereas the volume outstanding at the end of 1943 was 361 million dollars, it rose to 408 million dollars at the end of last year. There was considerably more construction activity. This was, in large part, the source of greater volume of credit to individuals and businesses.

As a by-product of war financing, deposits at member banks have risen to a new high of 2,797 million dollars. An increase of 548 million dollars occurred during the year. The purchase of United States Government bonds by banks added greatly to the aggregate volume. The newly-created de-

Ninth District City Member Banks

	December 13, 1944 (In Millions of Dollars)	January 10, 1945
Assets		
Loans for carrying securities.....	\$ 49	\$ 27
All other loans	196	194
U. S. Government securities.....	857	903
Other investments	89	69
Cash and due from banks.....	363	343
Other assets	15	13
Total	\$1,569	\$1,549
Liabilities and Capital		
U. S. Government deposits.....	\$ 317	\$ 312
Other deposits	1,166	1,151
Borrowings	1	0
Misc. liabilities	7	7
Capital funds	78	79
Total	\$1,569	\$1,549
Excess Reserves	\$ 8	\$ 6

posits through the purchase of bonds by banks are transferred to individuals and businesses as the government purchases materials and services. Thus, the deposits created by banks in this manner result in a larger volume of private deposits.

Even though cash farm income was somewhat less in 1944 than in 1943, it was still large enough to constitute a potent influence in the accumulation of more deposits. As soon as farm equipment again appears on the market,*some of these deposits will flow to manufacturing centers.

The Sixth War Loan was officially closed on December 15. Since that time the loans for carrying securities have declined while the holdings of government securities have increased. United States Government deposits have begun the usual decline following a loan but private deposits have not started to expand. In fact, they have continued to decline still further.

The changes which have taken place in the banking picture may be observed at a glance by an examination of the items listed in the table for the twenty reporting city banks.

Loans for carrying securities—primarily government securities—decreased from 49 million dollars at the close of the Sixth War Loan to 27 million on January 10 of this year. Only a slight decline occurred in other loans. Over the same period the holdings of government securities rose by 46 million dollars while other investments declined 20 million dollars. There was a net increase in investments of 26 million dollars.

United States Government deposits over the four-week period decreased 5 million dollars. Private deposits decreased another 15 million dollars. As the government disburses the funds collected in the war loan, the deposits of individuals, partnerships, and corporations again will increase.

Cash and the amount due from other banks rose by 20 million dollars. Since private deposits de-

clined and the only increase was in United States Government accounts, which are not subject to reserve requirements, excess reserves have risen another 2 million dollars. Due to the larger reserves, banks have wiped out their borrowing completely.

The reserve position of all Ninth district member banks is indicated by the accompanying table.

Daily Average Reserve Position for All Ninth District Member Banks for the Sixteen-Day Period Ending December 31, 1944.

Type of Bank	Average Reserves Carried (000)	Average Reserves Required (000)	Average Excess Reserves (000)
Reserve City Banks.....	\$150,786	\$145,019	\$ 5,767
Other City Banks.....	24,631	20,381	4,250
Total City Banks.....	175,417	165,400	10,017
Total Country Banks.....	169,938	127,935	42,003
Total Ninth District—1944	345,355	293,335	52,020
Total Ninth District—1943	260,979	203,766	57,213

Agriculture

FARMERS' cash income in the Ninth district during the first ten months of 1944 totaled \$1,628,203,000 compared with \$1,619,260,000 for a similar period in 1943. There is some indication that farmers have held back during November and December to some extent in marketing their 1944 wheat. This together with decreased hog marketings in late 1944 compared with a year earlier indicates that total 1944 cash farm income in the Ninth district may total slightly less than the 2.1 billion dollar figure for 1943.

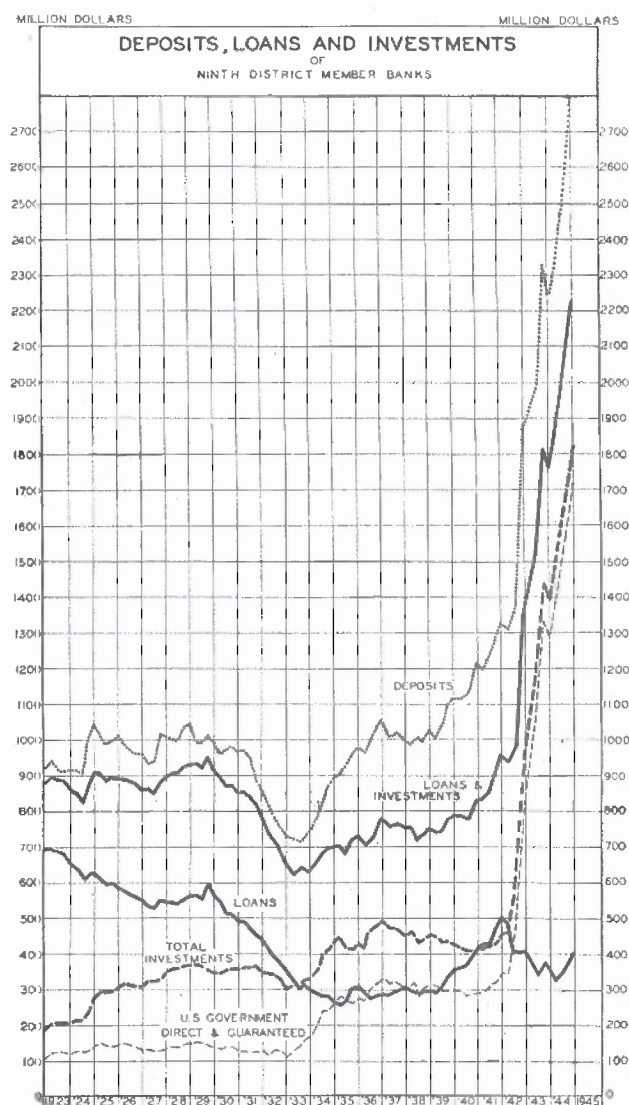
For the United States as a whole, 1944 cash farm income for the first ten months was approximately 7 per cent higher compared with a similar period a year earlier. For the entire year farmers' income may exceed 1943 income by about 6 per cent, according to the Department of Agriculture. Farm income in the Pacific states and many southeastern states for the first ten months of the year exceeded a similar period a year earlier by 10 per cent or better.

January-October Cash Farm Income¹

State	1935-1939 Average	1943 (Thousands of Dollars)	1944	1944 in Per Cent of 1943
Minnesota	\$ 281,466	\$ 694,560	\$ 662,873	95
North Dakota ...	92,795	331,261	332,093	100
South Dakota ...	89,304	269,160	281,259	104
Montana	73,817	172,346	188,399	109
Ninth District ² ...	584,578	1,619,260	1,628,203	101
United States.....	6,683,437	15,307,169	16,342,815	107

¹ Data from "The Farm Income Situation," United States Department of Agriculture.

² Includes 15 counties in Michigan and 26 counties in Wisconsin.



Prices received by farmers in the Ninth District during the month ended December 15 remained at about the same levels as the previous month. Wheat prices strengthened slightly while corn prices declined. Grain prices in general were about double the prewar average, 1937-1941.

Livestock prices changed very little from mid-November to mid-December. Hog prices were seasonally lower while cattle prices were slightly higher. Prices of dairy products were unchanged. Egg prices improved somewhat.

For the United States as a whole, prices received by farmers are now at the highest level since September, 1920, the Department of Agriculture re-

ported in late December. The farm product price index in mid-December was at 200 per cent of the 1909-1914 average. This is 4 points above a year earlier and also 4 points above November 15th prices. Parity prices, however, remained unchanged as the index of prices paid by farmers remained unchanged at 171 per cent of the 1909-1914 average. The parity ratio in December was at 117 compared with 115 in mid-November.

Average Prices Received by Farmers¹

Commodity and Unit	Ninth District			Parity Prices/ United States Dec. 15, 1944
	Dec. 15, 1937-1941 Avg.	Nov. 15, 1944	Dec. 15, 1944	
Crops				
Wheat, bushel	\$.75	\$ 1.39	\$ 1.40	\$ 1.51
Corn, bushel .....	.44	.90	.88	1.10
Oats, bushel .....	.28	.54	.59	.682
Potatoes, bushel .....	.48	1.21	1.29	1.24
Livestock and Livestock Products				
Hogs, 100 lbs.....	6.88	13.45	13.27	12.40
Beef cattle, 100 lbs.....	7.23	10.97	11.07	9.27
Veal calves, 100 lbs.....	8.61	12.63	12.59	11.50
Lambs, 100 lbs.....	8.04	11.47	11.70	10.10
Milk, wholesale, 100 lbs.	1.75	2.77	2.77	3.00
Butterfat, lb. ....	.34	.52	.52	.493
Chickens, live, lb.	1.18	.215	.215	.195
Eggs, dozen	2.38	.366	.372	.442

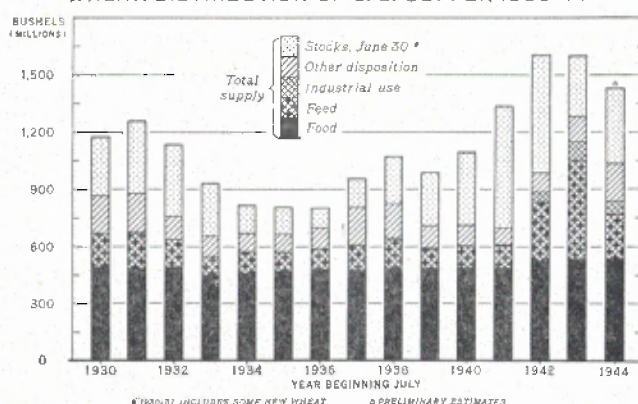
¹ Data compiled from "Agricultural Prices," United States Department of Agriculture.

² The term parity as applied to the price of an agricultural commodity is that price which will give to the commodity a purchasing power equivalent to the average purchasing power of the commodity in the base period, 1910-1914.

Winter wheat production in 1945 is estimated at 762 million bushels by the Department of Agriculture. The condition of the crop on December 1, 1944, was much better than a year earlier, but a combination of favorable factors in the 1944 growing season produced a near record crop of 764 million bushels. The estimate of a 762 million bushel crop in 1945 is based on present conditions, planted acreages, and average yields. If the present indicated production of winter wheat is achieved next summer, it would take only about average yields on the acreage of spring wheat which probably will be seeded to produce another billion bushel total wheat crop.

Because of the record corn and grain sorghum crops in 1944, it is doubtful if as much wheat will be used for feed or in industrial uses during 1945 compared with 1944. Increased exports of wheat and flour, however, may offset to some degree decreased domestic uses of wheat—much will depend on availability of shipping space. A program to facilitate the exportation of wheat and wheat flour was announced last November 11 by the War Food Administration. This program involves making domestic wheat available for the export market at the world price—the difference between the world price and the domestic price is to be financed by the Commodity Credit Corporation.

WHEAT: DISTRIBUTION OF U. S. SUPPLY, 1930-44



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The Department of Agriculture has estimated, however, that even in view of expanded wheat exports, the wheat carry-over next July 1 may total 400 million bushels—about 100 million bushels more than stocks last July 1 and considerably above the prewar 10-year average (1932-1941). The distribution of the United States wheat supply is indicated graphically in the accompanying chart.

The feed situation in the Ninth district during the winter feeding season is favorable compared with the tight feed situation of a year earlier. Production of wheat, corn and oats in this district during 1944 exceeded the previous year's production by about 18 per cent and was approximately 7 per cent above the previous record high production of 1942.

The supply of winter range feed in the western part of the district is better than a year earlier. Range feed matured well last fall with ample soil moisture. North Dakota and parts of eastern Montana were covered with snow in mid-January but, for the winter thus far, the ranges have been open a good part of the time. Because of good rains early in the fall and a late frost, pastures and ranges continued to be good through most of October. This helped conserve winter feed stocks.

During the war, livestock numbers in this district have increased tremendously. Cattle numbers increased 36 per cent from the 1935-1939 average to January 1, 1944. Sheep and lamb numbers were up about 40 per cent; hogs up 180 per cent; and chickens up about 80 per cent. The expansion of hogs and chickens was particularly rapid during the earlier part of the war when feed reserves were high and feeding ratios unusually favorable.

Slaughter and production statistics during 1944 indicate that hog and chicken numbers during 1944 have been sharply reduced—in fact the tight feed situation during last winter's feeding season discouraged livestock production to some extent. In any event, reduced livestock numbers on farms eases further the feed supply situation.

Livestock-feed price ratios in November were more favorable than a year earlier except for eggs

(see table below). Since November, feed grain prices have tended to weaken because of record high supplies. Livestock values have held up and, as a result, feeding ratios in recent weeks have tended to improve for the livestock feeder.

Livestock-Feed Price Ratios¹

Price Ratio	Average 1923-42	November 1943	November 1944
Hog-Corn	11.8	12.3	12.7
Milk-Feed	1.24	1.21	1.38
Butterfat-Feed	24.5	22.3	24.1
Egg-Feed	17.5	15.6	14.5

¹Data from "The Feed Situation," United States Department of Agriculture, December, 1944.

Wool growers have been assured that their 1945 production of wool will be purchased by the Commodity Credit Corporation under essentially the same conditions as in 1944. As in the past, established wool dealers and cooperative associations will purchase, store, handle and sell domestic wool for the Government agency.

Recent developments in the military situation have increased greatly the amount of wool to be taken for military uses. It is reported that army requirements will take a much larger part of wool fabric output in the first half of 1945 than was taken in the first part of 1944. Unexpectedly large military demands have made it necessary to cancel a large

part of civilian production of wool cloth scheduled for spring delivery.

Stocks of apparel wool in the United States, outside of foreign wool stored in this country by the British Government, totaled about 950 million pounds (grease basis) on October 1, 1944, according to Department of Agriculture estimates. The wool stockpile was more than twice as large as the 1935-1939 average of about 400 million pounds.

Wool consumption in this country is now around an annual rate of 1 billion pounds compared with only about 600 million pounds for the 1935-1939 average. Domestic wool production averages somewhat less than 450 million pounds annually. Imports of foreign wool are therefore necessary to meet domestic requirements. It was the policy of the Government early in the war to stockpile wool as a strategic commodity. This accounts in part for the present large supply. Despite a 34 cents a pound import duty, prices of imported fine wool at Boston have been materially lower than prices at which the Government is supporting domestic wools of comparable quality. As a result, mills have used foreign wool almost exclusively in manufacture for civilians.

Under present price relationships, mills are purchasing domestic wools only when specified by Government orders in the manufacture of goods for the armed services. When military orders decline, there is likely to be a tendency for domestic wool supplies again to accumulate as long as the domestic price is above the foreign market plus the wool tariff.

The 1935-39 Average and the Years 1941 to 1944 in the Ninth Federal Reserve District

BUSINESS

Bank Debits	1935-39 Ave.	1941	1942	1943	1944
TOTAL—108 Cities	\$ 9,988,121,000	\$12,854,603,000	\$14,658,284,000	\$18,204,908,000	\$19,672,630,000
Minneapolis	4,076,953,000	4,957,803,000	5,712,422,000	7,473,039,000	8,023,312,000
St. Paul	1,929,849,000	2,466,073,000	2,793,508,000	3,550,443,000	3,813,602,000
South St. Paul	264,108,000	422,674,000	633,359,000	697,304,000	595,499,000
Duluth-Superior	566,771,000	749,464,000	806,411,000	980,247,000	1,123,146,000
Michigan—14 Cities	251,171,000	331,521,000	369,281,000	438,209,000	464,821,000
Minnesota—38 Cities	791,036,000	1,033,040,000	1,125,333,000	1,301,720,000	1,451,762,000
Montana—15 Cities	747,514,000	989,578,000	1,035,282,000	1,182,220,000	1,410,675,000
North Dakota—13 Cities	561,721,000	792,030,000	878,067,000	1,033,226,000	1,173,919,000
South Dakota—16 Cities	514,531,000	726,100,000	887,625,000	1,078,322,000	1,094,174,000
Wisconsin—7 Cities	284,467,000	386,320,000	416,996,000	470,188,000	521,720,000
Country Check Clearings	1935-39 Ave.	1941	1942	1943	1944
TOTAL	\$ 2,085,295,000 ¹	\$ 2,951,750,000	\$ 3,402,878,000	\$ 3,894,910,000	\$ 4,135,602,000
Minnesota	1,016,178,000 ¹	1,405,775,000	1,615,711,000	1,798,806,000	1,897,312,000
Montana	242,415,000 ¹	374,826,000	411,093,000	473,300,000	491,402,000
North and South Dakota	535,293,000 ¹	783,059,000	944,315,000	1,157,031,000	1,220,993,000
Michigan and Wisconsin	290,712,000 ¹	388,090,000	431,759,000	465,773,000	525,895,000

¹ 1935 Data Estimated.

Electric Power Production (kwh)

	1935-39 Ave.	1941	1942	1943	1944
TOTAL	1,986,043,000	4,797,689,000	4,998,714,000	5,632,478,000	5,612,137,000
Minnesota	1,509,249,000	2,171,558,000	2,290,692,000	2,539,736,000	2,622,190,000
Montana	139,296,000	2,177,348,000	2,248,001,000	2,595,369,000	2,459,863,000
North Dakota	198,608,000	265,318,000	262,814,000	267,739,000	289,411,000
South Dakota	138,890,000	183,465,000	197,207,000	229,634,000	240,673,000

Retail Sales	1935-39 Ave.	1941	1942	1943	1944
399 Lumber Yards (bd. ft.)...	100,921,000	141,974,000	132,772,000	138,513,000	115,843,000
399 Lumber Yards (Dollar volume).....\$	14,744,900	\$ 20,889,760	\$ 20,246,300	\$ 24,458,850	\$ 24,652,390
City Dept. Stores (22 stores)	64,083,000	78,118,700	84,462,000	97,068,900	108,454,710
535 Country Dept. Stores.....	75,524,900 ¹	88,164,500	98,007,800 ²	106,782,900	115,980,400
Minnesota (189 Stores).....	24,086,000 ¹	28,021,900	31,063,300	32,151,600	34,913,900
Montana (86 Stores).....	16,497,000 ¹	18,888,300	19,940,200	21,718,600	23,408,200
North Dakota (93 Stores).....	12,697,300 ¹	15,213,400	16,842,500	18,732,300	21,292,400
South Dakota (93 Stores).....	10,709,900 ¹	12,449,300	14,646,900	16,981,300	18,313,700
Mich. & Wis. (74 Stores).....	11,534,500 ¹	13,591,600	15,514,900	17,199,100	18,052,200

¹ 1939 Data.

Life Insurance	1935-39 Ave.	1941	1942	1943	1944
TOTAL	\$ 207,564,000	\$ 206,032,000	\$ 178,576,000	\$ 216,584,000	\$ 247,986,000 ¹
Minnesota	148,572,000	143,280,000	121,948,000	147,297,000	170,450,000 ¹
Montana	22,720,000	22,520,000	19,407,000	21,042,000	23,628,000 ¹
North Dakota	17,781,000	18,952,000	17,920,000	23,090,000	25,666,000 ¹
South Dakota	18,491,000	21,280,000	19,301,000	25,155,000	28,242,000 ¹

² December Figures Estimated.

Inventories, Dec. 31	1935-39 Ave.	1941	1942	1943	1944
379 Lumber Yards (bd. ft.)...	56,293,000	75,221,000	52,988,000	49,472,000	57,262,000
3 Lumber Mfrs. (bd. ft.).....	81,524,000	55,404,000	36,408,000	27,439,000	21,253,000
16 City Dept. Stores.....\$	7,663,030	\$ 15,999,220	\$ 16,023,060	\$ 16,304,110	\$ 16,672,580
77 Country Dept. Stores.....	2,510,700 ¹	2,870,080	2,657,360	2,422,040	2,598,130

¹ 1939 Data.**Accts. & Notes Receivable, December 31**

342 Lumber Yards	\$ 2,135,700	\$ 2,963,420	\$ 1,292,340	\$ 1,755,680	\$ 1,829,620
17 City Dept. Stores.....	7,651,740	8,807,980	6,472,210	6,490,370	7,527,530

Manufacturing and Mining

Flour Production:	1935-39 Ave.	1941	1942	1943	1944
Minneapolis Mills (bbls.)...	6,007,180	5,631,711	5,965,895	7,365,740	7,550,556
Other N. W. Mills (bbls.)...	9,031,120	9,127,051	9,611,932	9,897,440	10,622,584
Lumber Cut (bd. ft.).....	115,751,000	141,525,000	153,565,000	160,064,000	152,796,000
Flour Ship. from Mpls. (bbls.)	6,552,833	5,871,245	6,072,655	6,492,260	6,610,521
Linseed Product Ship. (lbs.)	226,529,600	642,900,000	782,660,000	958,200,000	926,340,000
Iron Ore Ship. (gross tons)...	40,030,420	81,152,122	92,076,781	84,404,852	81,170,538
Lumber Shipped (bd. ft.).....	114,338,000	157,348,000	170,637,000	168,353,000	153,892,000

Business Failures	1935-39 Ave.	1941	1942	1943	1944
Number	235	194	147	28	8
Liabilities	\$ 3,549,000	\$ 2,962,000	\$ 2,127,000	\$ 182,000	\$ 113,000

Freight Carloadings—N. W. District

	1935-39 Ave.	1941	1942	1943	1944
TOTAL	\$ 4,764,533	\$ 6,201,577	\$ 6,300,774	\$ 5,938,988	\$ 5,979,262
Grain and Grain Products	453,061	564,139	645,708	802,170	714,329
Livestock	168,853	152,994	173,530	197,321	219,147
Coal	308,327	336,691	385,760	412,097	394,424
Coke	68,056	104,662	101,914	96,276	100,912
Forest Products	433,885	570,506	652,184	562,650	596,692
Ore	790,434	1,497,487	1,722,920	1,565,781	1,479,697
Miscellaneous	1,551,592	2,021,910	2,043,997	1,843,129	1,974,684
Merchandise—LCL	990,450	953,188	574,756	459,564	499,377

F. H. A. Mortgages	1935-39 Ave.	1941	1942	1943	1944
NUMBER—4 STATE TOTAL	3,281	3,955	1,249	1,066	966
VALUATION—TOTAL	\$ 1,178,000	\$ 16,883,000	\$ 5,164,000	\$ 4,222,000	\$ 3,912,000 ¹
Minnesota	822,000	11,686,000	3,558,000	2,364,000	1,276,000 ¹
Montana	1,610,000	3,029,000	931,000	826,000	1,744,000
North Dakota	611,000	516,000	30,000	49,000	48,000 ¹
South Dakota	1,071,000	1,652,000	645,000	983,000	844,000 ¹

¹ December Figures Estimated.**Non-Farm Real Estate Foreclosures**

	1935-39 Ave.	1941	1942	1943	1944
NUMBER—TOTAL	2,760	981	764	526	322 ¹
Minnesota	1,838	558	431	270	131 ¹
Montana	158	88	66	46	11 ¹
North Dakota	267	158	135	80	120 ¹
South Dakota	509	177	132	130	60 ¹

¹ Fourth Quarter Estimated.

Construction Contracts Awarded

	1935-39 Ave.	1941	1942	1943	1944
TOTAL	\$ 87,002,000	\$ 125,539,000	\$ 251,889,000	\$ 39,695,000	\$ 40,823,000
Public Works	32,593,000	36,135,000	43,409,000	6,042,000	11,488,000
Public Utilities	8,133,000	10,123,000	48,918,000	11,368,000	5,053,000
Total Building	46,276,000	79,281,000	159,562,000	22,285,000	24,282,000
Residential	19,640,000	39,869,000	26,177,000	4,005,000	5,979,000
Commercial & Industrial	8,453,000	27,375,000	72,996,000	13,977,000	15,003,000
Educational	8,496,000	3,716,000	2,552,000	551,000	1,307,000
All other	9,687,000	8,321,000	57,837,000	3,752,000	1,993,000

BANKING

City Member Banks	1935-39 Ave.	Dec. 31, 1941	Dec. 31, 1942	Dec. 31, 1943	Dec. 31, 1944
Loans and Discounts	\$ 175,656,400	\$ 273,764,000	\$ 207,806,000	\$ 195,465,000	\$ 233,331,000
U. S. Gov't Securities	174,924,600	201,611,000	514,193,000	732,169,000	929,523,000
Other Securities	43,434,400	41,258,000	39,149,000	39,674,000	41,449,000
Total Deposits	560,186,000	721,856,000	1,050,477,000	1,224,953,000	1,497,485,000
Dem. Dep. Ind., Pt. & Corp.	244,867,000	346,953,000	494,398,000	605,731,000	616,746,000
Time Dep. Ind., Pt. & Corp.	120,455,200	109,510,000	111,109,000	129,665,000	165,963,000
Public Deposits	57,994,200	65,588,000	178,111,000	219,091,000	413,981,000
Due to Bks. & Other Dep.	136,869,600	199,805,000	266,859,000	270,466,000	300,795,000
Estimated Excess Reserves.....	19,779,200	12,796,000	21,555,000	5,853,000	10,017,000

Country Member Banks	1935-39 Ave.	Dec. 31, 1941	Dec. 31, 1942	Dec. 31, 1943	Dec. 31, 1944
Loans and Discounts	\$ 136,792,000	\$ 230,375,000	\$ 199,088,000	\$ 165,165,000	\$ 174,228,000
U. S. Gov't Securities	128,818,800	144,227,000	330,590,000	562,696,000	792,740,000
Other Securities	102,534,400	72,256,000	69,422,000	64,467,000	63,230,000
Total Deposits	476,159,800	605,836,000	822,773,000	1,023,837,000	1,299,643,000
Dem. Dep. Ind., Pt. & Corp.	171,966,200	266,298,000	403,211,000	531,546,000	634,005,000
Time Dep. Ind., Pt. & Corp.	229,188,400	245,520,000	265,654,000	318,887,000	419,401,000
Public Deposits	52,767,000	58,992,000	103,793,000	120,348,000	190,207,000
Due to Bks. & Other Dep.	22,238,200	35,026,000	50,115,000	53,056,000	56,034,000
Estimated Excess Reserves.....	19,367,000	20,984,000	33,048,000	31,844,000	42,003,000

All Member Bank Total Deposits

	1935-39 Ave.	Dec. 31, 1941	Dec. 31, 1942	Dec. 31, 1943	Dec. 31, 1944
TOTAL	\$ 1,036,345,800	\$ 1,327,692,000	\$ 1,873,250,000	\$ 2,248,790,000	\$ 2,797,128,000
Michigan—15 counties	58,413,600	62,098,000	76,715,000	93,772,000	118,475,000
Minnesota	695,966,400	893,755,000	1,263,201,000	1,496,148,000	1,832,914,000
Montana	119,182,800	154,566,000	217,293,000	263,052,000	336,007,000
North Dakota	49,717,200	66,658,000	99,310,000	129,907,000	170,729,000
South Dakota	65,413,400	91,660,000	138,050,000	167,796,000	199,944,000
Wisconsin—26 counties	47,652,400	58,955,000	78,680,000	98,115,000	139,759,000

Interest Rates (Per Cent)

Minneapolis Com'l Banks.....	3-3 1/4	2 1/2-3	2 1/2-3	2 1/2-3
Com'l Paper (Net Rate)	3/4	7/8	1	1
Minneapolis Fed. Res. Bank...	1 1/2	1	1	1

Minneapolis Federal Reserve Bank

	1935-39 Ave.	Dec. 31, 1941	Dec. 31, 1942	Dec. 31, 1943	Dec. 31, 1944
Loans to Member Banks	\$ 99,000	\$ 50,000	\$ 0	\$ 0	\$ 0
Twin Cities	0	0	0	0	0
Minn., Wis. & Mich.	56,400	0	0	0	0
North Dakota & Montana...	12,600	50,000	0	0	0
South Dakota	30,000	0	0	0	0
Industrial Advances	999,600	514,000	366,000	178,000	0
Total Earning Assets	75,868,200	67,073,000	154,600,000	358,374,000	465,835,000
Mem. Bank Res. Balances.....	122,225,000	178,535,000	276,826,000	295,470,000	317,789,000
Fed. Res. Notes in Circ	132,502,400	206,510,000	302,727,000	385,761,000	475,794,000
Total Reserves	208,697,200	400,484,000	485,606,000	383,515,000	366,305,000

AGRICULTURE

Cash Income from Farm Marketings (USDA)¹

	1935-1939 Average	1940	1941	1942	1943	1944
Michigan (15 counties)	\$ 11,852,000	\$ 12,832,000	\$ 16,296,000	\$ 20,798,000	\$ 24,778,000	\$ 27,492,000
Minnesota	346,863,000	420,927,000	524,979,000	732,828,000	864,377,000	821,609,000
Montana	92,904,000	111,184,000	151,272,000	198,173,000	252,969,000	241,568,000
North Dakota	113,247,000	153,921,000	227,182,000	330,178,000	434,219,000	422,368,000
South Dakota	110,244,000	139,776,000	182,134,000	269,244,000	357,360,000	354,259,000
Wisconsin (26 counties)	69,297,000	72,917,000	101,505,000	132,354,000	160,954,000	173,725,000

Ninth District	744,407,000	911,557,000	1,203,368,000	1,683,575,000	2,094,657,000	2,041,021,000
Crops	188,621,000	261,791,000	375,225,000	510,760,000	661,134,000	632,716,000
Livestock and Live- stock Products	491,981,000	544,844,000	756,654,000	1,083,886,000	1,351,548,000	1,326,330,000
Gov't Payments	63,805,000	104,922,000	71,489,000	88,929,000	81,975,000	81,975,000

¹ 1944 Estimated on Basis of First 10 Months.

Ninth District Farm Prices¹

	1935-1939 Average	1940	1941	1942	1943	1944
Wheat	\$.87	\$.68	\$.78	\$.96	\$1.21	\$1.39
Corn	.58	.48	.53	.67	.88	.99
Oats	.26	.27	.30	.39	.58	.64
Barley	.46	.36	.42	.56	.82	1.03
Rye	.47	.37	.40	.49	.75	.98
Flax	1.66	1.58	1.64	2.23	2.79	2.84
Potatoes	.63	.52	.49	.90	1.25	1.16
Hogs	8.37	5.20	8.98	13.01	13.55	13.05
Beef Cattle	6.95	7.21	8.62	10.76	12.13	11.54
Veal Calves	7.81	8.57	10.18	12.34	13.32	12.92
Sheep	4.03	4.10	5.01	6.22	6.38	6.21
Lambs	7.88	7.86	9.25	11.24	12.78	12.20
Chickens	.13	.11	.13	.16	.21	.21
Butterfat	.29	.29	.36	.42	.52	.52
Milk	1.59	1.46	1.83	2.12	2.61	2.70
Eggs	.20	.16	.22	.29	.35	.31
Wool	.23	.28	.34	.39	.42	.43

¹ Data from United States Department of Agriculture.

Farm Production 4 Northwest States¹

	1935-1939 Average	1940	1941	1942	1943	1944
Wheat (Bu.)	141,102,000	203,273,000	268,500,000	292,071,000	283,363,000	295,050,000
Corn (Bu.)	208,096,000	250,727,000	271,899,000	343,204,000	323,743,000	433,249,000
Oats (Bu.)	220,275,000	279,503,000	245,139,000	363,211,000	302,135,000	346,148,000
Barley (Bu.)	101,791,000	118,003,000	133,548,000	189,475,000	138,813,000	117,684,000
Rye (Bu.)	23,185,000	22,298,000	24,580,000	34,019,000	11,178,000	8,123,000
Potatoes (Bu.)	35,890,000	46,020,000	34,363,000	41,876,000	51,996,000	41,279,000
Wool (Lbs.)	50,260,000	56,884,000	65,428,000	67,661,000	64,122,000	58,710,000
Milk (Lbs.)	11,943,000,000	12,954,000,000	13,668,000,000	14,036,000,000	13,700,000,000	
Butter (Lbs.)	380,813,000	426,596,000	451,487,000	438,832,000	413,354,000	359,215,000
Eggs (Doz.)	207,833,000	253,333,000	291,833,000	372,583,000	446,500,000	479,167,000

¹ Data from United States Department of Agriculture for Minnesota, Montana, North Dakota, and South Dakota.

Livestock Numbers, 4 Northwest States, January 1¹

	1935-1939 Average	1940	1941	1942	1943	1944
All Cattle and Calves	7,170,000	7,500,000	8,074,000	8,629,000	9,091,000	9,799,000
Dairy Cows	2,931,000	2,892,000	2,999,000	3,114,000	3,166,000	3,223,000
Sheep and Lambs	6,101,000	6,839,000	7,567,000	8,170,000	7,856,000	8,531,000
Hogs	3,464,000	5,673,000	5,114,000	6,283,000	8,343,000	9,519,000
Chickens	29,650,000	35,281,000	35,381,000	41,416,000	50,005,000	53,518,000
Turkeys	942,000	1,266,000	1,100,000	1,146,000	1,002,000	900,000

¹ Data from United States Department of Agriculture for Minnesota, Montana, North Dakota, and South Dakota.

Farm Real Estate Mortgage Indebtedness, January 1¹

	1935-1939 Average	1940	1941	1942	1943	1944
Michigan (15 counties)	\$ 25,342,000	\$ 24,403,000	\$ 24,331,000	\$ 24,003,000	\$ 22,572,000	\$ 21,064,000
Minnesota	387,703,000	375,990,000	384,419,000	395,901,000	385,623,000	364,768,000
Montana	87,154,000	66,118,000	63,536,000	57,535,000	48,143,000	39,876,000
North Dakota	181,156,000	141,230,000	132,717,000	128,255,000	122,631,000	105,047,000
South Dakota	180,998,000	127,706,000	119,122,000	118,474,000	114,740,000	105,042,000
Wisconsin (26 counties)	134,208,000	121,358,000	117,883,000	113,315,000	106,737,000	97,754,000
Ninth District	996,561,000	856,805,000	842,008,000	837,483,000	800,446,000	733,551,000

¹ Data from United States Department of Agriculture.

Land Values¹ (1912-1914=100)

	1935-1939 Average	1940	1941	1942	1943	1944
Michigan	88	91	93	105	115	134
Minnesota	86	86	86	90	100	110
Montana	53	55	57	62	69	80
North Dakota	65	52	52	55	58	70
South Dakota	52	41	40	42	47	57
Wisconsin	86	84	82	88	92	102

¹ Data from United States Department of Agriculture.