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MONTHLY REVIEW

OF

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

NINTH FEDERAL RESERVE DISTRICT

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DISTRICT SUMMARY OF BUSINESS

The volume of business in the Ninth Federal Reserve District during February continued at about the level of January and was much above the level a year ago, although not as high as in the pre-depression years. As in earlier months, rural conditions showed a greater improvement than urban conditions. The country check clearings index rose from 88 in January to 99 in February, and in the latter month, it was the highest since June, 1930. On the other hand, the bank debits index, which chiefly reflects the volume of business transactions in the larger cities, declined from 58 in January to 57 in February, after allowance for seasonal changes. The seasonally corrected index of miscellaneous freight carloadings decreased from 71 in January to 67 in February, and the corrected index of less-than-carlot freight movement decreased from 64 in January to 62 in February.

The same trends apparently continued in the first half of March. The bank debits index, judging from the weekly reports of banks in seventeen cities for the first half of the month, will probably be one point lower than the index for February. Country check clearings figures for the first fourteen business days of March indicate that the final index for the month will be somewhat higher than the index for February. In neither bank debits nor country check clearings is it possible to make a satisfactory comparison with the volume in March last year owing to the bank holiday, which occurred a year ago.

The volume of retail trade in the district was larger in February than in the corresponding month last year. City department stores reported an 18 per cent increase and rural department stores and general stores reported a 34 per cent increase as compared with February last year. Similarly, city furniture stores had a 15 per cent increase in sales over February sales last year, and rural furniture stores reported a 77 per cent increase. Country lumber yards did two and one-half times as much business in lumber in February as in the same month last year, partly as a result of the mild weather and lack of snow which permitted building and repair work to be carried on outdoors. Other increases over the corresponding month last year were revealed by the latest reports of electric power consumption, build-

ing permits and contracts, flour production and shipments, linseed products shipments, copper output, freight carloadings of grains and grain products, coke, forest products and iron ore, marketings of cattle and calves, securities sales and wholesale trade. Decreases occurred in the freight movement of coal, marketings of hogs and sheep and butter production.

DISTRICT SUMMARY OF AGRICULTURE

Farm Income and Prices

The cash income of northwestern farmers from seven major items was 11 per cent larger in February than in the same month last year. Much greater income from cash crops more than offset a moderate decrease in income from dairy products and a large decrease in income from hogs. These farm income estimates do not include payments to farmers by the Agricultural Adjustment Administration, or loans to farmers through the Federal Farm Loan System, or through the corn loan activities of the Reconstruction Finance Corporation, all of which were major sources of farm revenues during February.

The farm product price developments during February were notable for the increases which occurred in the prices of many farm products which did not advance as rapidly as the grains last spring. Using median prices, hogs advanced \$1.00 per hundredweight from January to February, lambs advanced \$1.25 and veal calves advanced \$1.50. The price of butter, computed as a basis for March payments to farmers for butterfat delivered during February, was 5¾ cents higher than the price in the preceding month and was also at the highest level in more than two years. The price of eggs declined only 1 cent per dozen between January and February, which was much less than the usual seasonal decrease. The price of potatoes increased sharply in February. Among the grains, no significant price changes occurred, except a small advance in the price of barley, which nevertheless brought that grain to the highest price in three years. Comparing February prices with prices a year ago, potatoes, ewes and barley were about three times as high, durum wheat, corn and oats were more than twice as high, and all other important prices were higher than last year's prices, with the exception of hens.

To summarize the changes in northwestern farm product prices, it is most convenient to use the index number of Minnesota farm prices computed for the Agricultural Extension Division of the University of Minnesota. This index for February was 54.3, using 1924-26 as the base period. In January, the index was 46.0, and in February last year, the index was 34.8. According to this index, farm product prices in Minnesota were 56 per cent higher than a year ago, and 19 per cent higher than two years ago, but, as the index shows, they were 46 per cent below prices in the more normal years 1924-26.

Wheat Benefit Payments By AAA

In compensation to farmers who have signed agreements to reduce their wheat acreage for 1934, the Agricultural Adjustment Administration has paid \$14,045,316.46 to farmers in Minnesota, North Dakota, South Dakota and Montana during the past winter up to the end of February. In February alone the wheat benefit payments in these states amounted to \$8,309,707.17. To give some idea of the importance of these payments, it can be said that the February wheat benefit payments in this district were larger than the February income in the district from the sale of either dairy products, hogs or grain and potatoes. Obviously these payments were a major factor in stimulating business activity in the wheat-raising portions of the district.

Wheat Benefit Payments

	Month of Feb., 1934	Season up to Feb. 28, 1934
Minnesota	\$ 142,405.01	\$ 1,191,277.85
Montana	2,326,927.45	3,209,505.95
North Dakota	5,416,834.38	6,376,209.35
South Dakota	423,540.33	3,268,323.31
Four State Total	\$ 8,309,707.17	\$14,045,316.46
United States Total	14,316,496.31	59,635,216.43

Livestock Marketings

Receipts of cattle at South St. Paul during February continued in about the same volume as in January but were somewhat larger than in February last year. Total slaughter of cattle under Federal inspection in the entire United States was unusually large during February, being greater than in any February since 1918. Cutter and canner cows slaughtered for Government account contributed considerably to the large February total.

Shipments of feeder cattle and calves from South St. Paul were somewhat larger during the short month of February than they were in January and were much larger than in February last year. Since March 1, shipments have increased still further as compared to a year ago. As a result of the recent heavy shipments, the total for the year to date is almost as large as a year ago, despite the small shipments in January. One of the principal reasons for the steady, strong demand for feeder cattle was the

higher prices paid by packers for high quality fat cattle.

Hog receipts at South St. Paul in February clearly showed the effect of the AAA pig purchases last fall. Receipts during February, 1934, were much smaller than in the same month last year, despite a larger pig crop last spring than in the preceding year. Hog prices rose rapidly during February, reaching a new high since last October on the opening day of the last week of the month, February 26. Prices slumped badly on the following days, partly due to buyers' uncertainty as to the effect of the increase in the processing tax on March 1, and partly due to the low quality of the hogs received.

Marketings of hogs during February at all important slaughter centers evidently were a little below those of a year ago, as the total number of hogs slaughtered under Federal inspection was 6 per cent smaller than in February, 1933, and was smaller than in any February since 1927.

Receipts of sheep and lambs at South St. Paul during February were sharply reduced from January levels and from those of February last year. A smaller decrease was shown by the seven principal mid-western livestock markets. As a result of the decreased slaughter supplies, prices rose each week during the month, lifting the February medians considerably above those of the preceding month and to a point nearly twice as high as in February last year.

Cold Storage Holdings

The cold storage situation improved notably during March, especially in butter and pork. The heavy stocks of butter, which were responsible for the break in butter prices last November, have been rapidly diminishing. During February there was a disappearance from storage of 39 million pounds, which was more than half of the amount in storage at the beginning of the month. Of these withdrawals, 22 million pounds were for Government relief purposes, but the 17 million pounds which went into regular channels exceeded any February withdrawals during the past ten years. On March 1 stocks of butter were down to a level only 13 million pounds larger than the five year average for the first of March.

Stocks of pork in cold storage throughout the United States increased only 8 million pounds during February, whereas the five year average shows an increase of more than 100 million pounds during that month. Evidently the reduction in market supplies of hogs as a result of Government pig buying last fall, is now having a salutary effect on the storage situation. This is further evidenced by the fact that whereas on February 1 stocks of pork were 4 per cent above the five year average for that date, on March 1 stocks of pork were 8 per cent below the five year average for the date. Comparative improvement in stocks during February, although to a smaller extent, also occurred in cheese, poultry, beef,

lamb and mutton, miscellaneous meats and lard. The only commodities for which storage holdings were larger than the five year average on March 1 were butter, cheese, poultry and lard.

United States Cold Storage Holdings

(In thousands of pounds)

	March 1, 1934	March 1, 1933	March 1 5-year Average
Beef	65,308	36,015	67,823
Pork	735,903	609,321	801,086
Lamb and Mutton....	3,083	1,683	3,140
Miscellaneous Meats..	65,803	45,919	78,673
Total Meats	870,097	692,938	950,722
Lard	177,560	58,182	102,360
Cream**	103	82	.....
Butter	36,842	11,580	23,178
Cheese	67,188	55,731	63,447
Poultry	101,790	88,675	100,509
Eggs*	1,225	1,319	1,647

*Thousand Cases.

**Thousand Cans.

Livestock on Farms, January 1

January 1 livestock holdings on farms in the four complete states of the Ninth Federal Reserve District were smaller than a year earlier, except in the case of dairy stock, according to a report recently issued by the United States Department of Agriculture. Cows and heifers kept for milk again increased during 1933, continuing the expansion of dairy farming which has been constant since 1926. Beginning with 1932, a new item was added to the livestock inventory record, figures on heifer calves to be kept for milk cows. On each January 1 since, the number of heifer calves has been larger than on the preceding January 1.

In the table below are the number of thousand head of each class of livestock included in the United States Department of Agriculture report for the four states, Minnesota, Montana, North Dakota and South Dakota combined, on January 1, 1934 and 1933, and the average for the years 1929-1933, together with percentage comparisons.

Livestock on Farms in Minnesota, North Dakota, South Dakota and Montana

(000's omitted in number of head)

	1934	1933	Per Cent of 1933	5-yr. Av.	Per Cent of 1934
Horses and Colts..	2,170	2,232	97	2,416	90
Mules and Colts..	46	48	96	50	92
All Cattle*	9,068	8,788	103	7,800	116
Dairy Cows	3,437	3,294	104	3,027	114
1-2 yr. Heifers....	687	674	102	633	109
Heifer Calves	769	739	104	.....	...
Sheep and Lambs..	7,628	7,711	99	7,200	106
Swine and Pigs..	5,106	6,409	80	7,080	72

*Including Calves.

Intentions to Plant

Undiscouraged by the smaller than normal amount of precipitation during the winter, farmers in the four complete states of the Ninth Federal Reserve District are planning to plant nearly as many acres as they planted last year and a little over 10 per cent more than they harvested last fall, according to the United States Department of Agriculture report of "Planting Intentions as of March 1, 1934." Basing their plans upon their experiences of the last few years, however, they intend to increase generously the acres devoted to the early season crops, which may mature some grain even if the moisture deficiency continues throughout the summer. Rye, barley and oats all show large increases over last year's harvested acreages, which had been greatly reduced owing to drouth abandonment.

Few of the farmers in our four states intend to increase flax acreages materially in 1934. The intended acreage is 23 per cent larger than the 1933 harvested acreage, but even with this increase, it will be smaller than in any other year since 1922, when there was a definite "stepping up" of flax acreage in our four states. On account of the small domestic flax marketings resulting from the 1933 crop failure one of the Minneapolis crushers was forced to import flaxseed from India during February. This is the first time that foreign flax has been crushed in Minneapolis since 1930.

Smaller intended increases were indicated for spring wheat and potatoes. Acreage reduction agreements with the AAA were largely responsible for a 4 per cent decrease in the intended corn acreage, and the acreage for tame hay was unchanged from that harvested last year.

In the entire United States, farmers intended to plant 4 per cent more acres than they harvested in 1933. In the United States as a whole, rye, barley and flax intended acreages showed the same large increases over 1933 harvested acres as in our four states because of the large proportion of the United States total acreage that is in our four states; spring wheat showed a decrease, despite the fact that 80 per cent of the acres planted to spring wheat are in our four states; oats and potatoes showed increases, and tame hay was unchanged. Corn was the only crop, besides spring wheat, that United States farmers intended to decrease below the 1933 harvested acreage.

Moisture Conditions

Since January 1, the amount of precipitation in each of the four complete states in the Ninth Federal Reserve District has been below normal. In South Dakota, a deficiency has been recorded each month during the winter, resulting in an accumulated deficiency nearly twice as great as in any other of our four states. Because of a large excess in the one month of December, Montana continues to show a small net excess over normal, but the other three

states now show deficiencies. The figures quoted below are averages of precipitation at all reporting stations within each state. It should be remembered that deficiencies at some stations are far greater than the state figures, and that some stations in Montana also have accumulated deficiencies.

Precipitation (Inches)			
	Nov., 1933- Feb., 1934	Normal	Departure from Normal
Minnesota	2.72	3.41	— .69
Montana	3.76	3.45	+ .31
North Dakota	1.79	2.10	— .31
South Dakota	1.22	2.38	— 1.16

DISTRICT SUMMARY OF BANKING

The most recent banking reports reveal a continuation of the increase in deposits which has been under way since the bank holiday a year ago. Bank loans have continued to decrease and a large portion of the new deposits has remained as idle funds, either in the form of excess reserves with the Federal Reserve Bank or as balances due from correspondent banks. The growth in these totals of idle funds during the past year is shown by the table below. In this table, the first three columns show the excess reserves of licensed member banks in this district which have been carried in their reserve accounts with the Federal Reserve Bank. The figures are daily averages by months. The first two columns show these excess reserves subdivided into those carried by reserve city banks and those of country banks. Reserve city banks carry higher reserves against their demand deposits than the country banks are required to carry, and this is the primary basis for this classification of banks. However, since the reserve city banks include only the larger banks in Minneapolis and St. Paul and the banks at Helena, Montana, the group reflects fairly well the excess reserve condition of city banks in the district, whereas the country bank figures, which include all other member banks in the district, reflect chiefly the excess reserve condition of banks in the agricultural and mining regions.

Excess reserves carried with this Federal Reserve Bank have risen from \$4,800,000 in January, 1933, to more than \$21,000,000 in February, 1934. The greater part of the rise occurred after the passage of the Banking Act of 1933, which prohibited the payment of interest on correspondent bank balances. As a result there was no great profit motive to keep reserve balances with Federal reserve banks at the legal minimum. In previous periods when country banks had idle funds, these funds were chiefly deposited in central reserve banks in New York and Chicago, and the excess reserves with Federal reserve banks were only important in those centers.

Most of the recent increase in the excess reserves carried with this Federal Reserve Bank has occurred in the balances of country member banks, which in

February exceeded legal requirements by \$16,800,000. Reserve city banks have also been carrying increased amounts of excess reserves with the Federal Reserve Bank, but not to the same degree as has been true of the country banks.

The situation as to idle funds of banks in the Northwest is also revealed in two ways in the weekly reports made to this office by twenty city member banks in the district. As part of these weekly statements, the banks report the total of their balances due to other banks and their balances due from banks. The balances due to banks represent a portion of the correspondent balances of country banks in the Northwest, and to a considerable extent are comprised of the reserves of non-member banks. These balances have doubled since the bank holiday, and on March 14 were at the highest level since the spring of 1931, and were about \$6,000,000 higher than the average for the prosperous years 1926-1929. A portion of the increase in the last three weeks has been due to the deposit of tax money.

Balances due from banks, other than the Federal Reserve Bank, as reported by city member banks in the district, are chiefly balances carried by them with eastern correspondent banks. These balances have also increased sharply in the past few months, and on March 14, they were at the highest level since the summer of 1933 and much above the average of other recent years. Most of the increase in these balances in the last three weeks has been due to the deposit of tax funds. The figures for balances due to banks and balances due from banks for selected report dates near the middle of each month since January, 1933, are given in the last two columns of the following table.

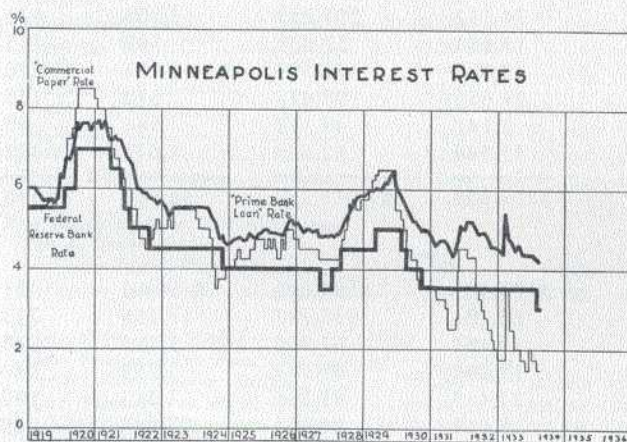
Excess Reserves and Correspondent Balances of Member Banks in the Ninth Federal Reserve District (In Millions of Dollars)

	Excess Reserve of Licensed Member Banks			Correspondent Balances of 20 Reporting City Member Banks	
	Reserve City Banks	Country Banks	Total Excess Reserves	Due to Banks	Due from Banks
January, 1933...	\$.6	\$ 4.2	\$ 4.8	\$59.8	\$73.8
February, 1933..	4.1	5.0	9.1	56.0	73.4
March, 1933....	1.4	9.1	10.5	46.1	37.6
April, 1933.....	.9	8.6	9.5	57.8	57.7
May, 1933.....	.6	7.7	8.3	63.3	78.7
June, 1933.....	1.2	8.5	9.7	77.7	98.2
July, 1933.....	3.0	12.0	15.0	74.7	64.2
August, 1933...	2.2	13.2	15.4	67.7	55.1
September, 1933.	2.0	12.3	14.3	69.1	59.4
October, 1933...	1.9	12.2	14.1	73.1	58.2
November, 1933.	2.9	12.9	15.8	78.2	60.9
December, 1933.	4.0	14.5	18.5	75.0	62.5
January, 1934...	5.4	16.3	21.7	81.5	66.6
February, 1934..	4.3	16.8	21.1	85.0	75.4
March, 1934....	....	....	....	95.7	89.7

Country bank deposits, as represented by deposits of member banks in the district located in cities with less than 15,000 population, increased \$9,000,000 between the daily average for January and the daily average for February. A portion of the increase in deposits from January to February as in earlier months, was the result of the inclusion of figures for a number of new member banks in the February figures, but even excluding figures for these newly added banks, the deposit increase in February was the largest on record for that month. The country member banks which were licensed immediately after the bank holiday have gained \$24,000,000 (10 per cent) in deposits since the holiday.

City member banks experienced an increase of \$15,000,000 in total deposits during the four weeks ending March 14. This increase was chiefly the result of the deposit of tax funds, which was evidenced by increases in deposit balances of municipalities, and in balances due to country banks. Total deposits of city member banks on March 14 were the highest since the fall of 1931. Loans to customers by city member banks decreased \$2,000,000 during the four weeks ending March 14, and investment holdings increased \$5,000,000.

Interest rates at Minneapolis dropped to new low levels during March. The weighted average rate charged by leading Minneapolis banks on prime loans to customers decreased to less than $4\frac{1}{4}$ per cent, which was the lowest rate quoted in the history of this series, which extends back through 1919. The discount rate of this Federal Reserve Bank was reduced to 3 per cent on March 16. The previous rate, which was $3\frac{1}{2}$ per cent, had been effective since September, 1930. The new rate is the lowest which this bank has ever made. The rate to borrowers quoted by a leading commercial paper house decreased to $1\frac{1}{2}$ per cent for all maturities during March. This was equal to the lowest rate previously quoted for shorter maturities and was the lowest rate in our record for longer maturities.



Interest Rates at Minneapolis on Prime Bank Loans and Commercial Paper and the Discount Rate at the Federal Reserve Bank, 1919-1934.

BANKING DURING 1933

The banks of the district fared very well during 1933, when it is considered that so many unexpected and trying events occurred in that year. The decrease in deposits during the first half of the year, including the amount of deposits removed from the total by the failure of banks to reopen after the bank holiday, amounted to \$80,000,000. In the last half of 1933, a small recovery of deposits occurred, amounting to \$4,000,000, so that the net loss in deposits of operating banks during the year was \$76,000,000, and total deposits in going member and non-member banks in the district at the end of 1933, amounted to \$1,013,000,000.

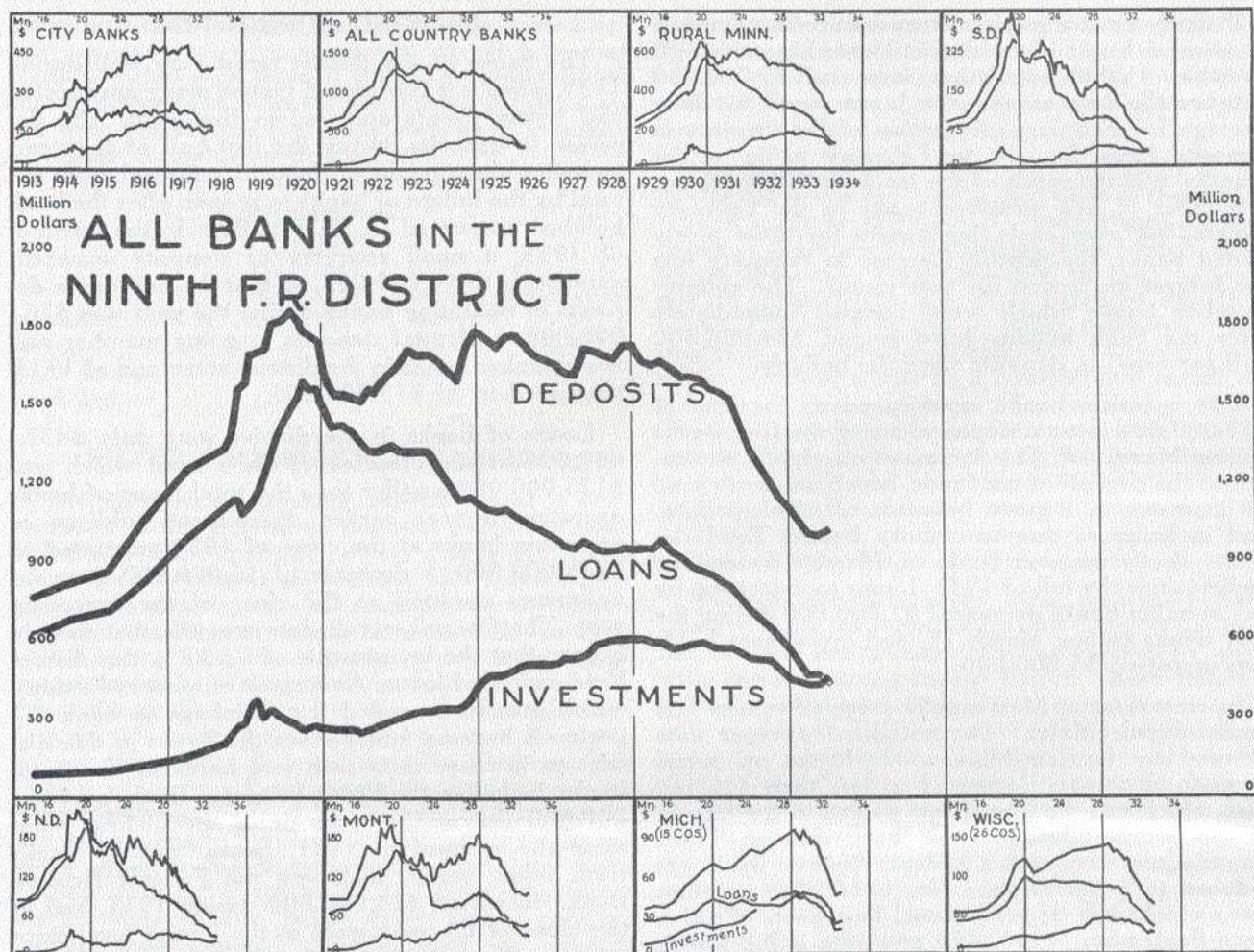
Loans of banks in the district were only \$437,000,000 at the close of 1933, a total which was \$123,000,000 smaller than the total loans of banks operating a year earlier. Investment holdings of operating banks at the close of 1933 amounted to \$445,000,000, a decrease of \$7,000,000 from investments reported at the close of the preceding year. The December call date was the first time in history that the investments of banks in this district have exceeded loans. As a result of asset reductions, which greatly exceeded the shrinkage in bank deposits, it became possible for the banks in this district to increase their cash and balances due from banks, including the Federal Reserve Bank, by \$26,000,000 during the year, or to the highest point since the summer of 1931. Borrowings by banks from other banks, including the Federal Reserve Bank, decreased \$24,000,000 during 1933, and at the close of the year were at the lowest level since our records started in 1914.

The city banks fared relatively better than the country banks during 1933. At city banks, there was an increase of \$8,000,000 in deposits and a reduction of \$12,000,000 in loans. Investment holdings were increased \$19,000,000 and cash and balances due from banks were increased \$3,000,000. City banks were practically out of debt throughout the year.

Country banks experienced decreases of \$84,000,000 in deposits, \$111,000,000 in loans and \$25,000,000 in investments. Nevertheless, they were able to increase their cash and balances due from banks \$23,000,000 and to reduce their borrowings \$24,000,000.

The number of banks in operation in the Ninth Federal Reserve District, according to the records of our Transit Department, decreased from 1,685 in 1932 to 1,449 in 1933. It will be noted that this number of banks is larger for both dates than the number reported in the accompanying table, which shows only those banks whose statements were reported to the various supervisory authorities for inclusion in the abstracts of called reports.

(Chart and table on following page)



BANK RETURNS IN THE NINTH FEDERAL RESERVE DISTRICT

(000's omitted, except in number of banks)

December 30, 1933

Minnesota	Loans	Investments	Cash and Due From Banks	Deposits	Borrowings	No. of Banks
City Banks**	\$164,668	\$157,478	\$111,882	\$392,517	\$ 99	18
Rural Minnesota	128,125	131,907	74,112	291,239	1,208	673
North Dakota	29,273	23,748	13,880	57,629	387	213
South Dakota	30,757	30,036	13,077	62,593	2,161	210
Montana	30,172	47,957	31,630	97,437	570	133
Michigan*	21,022	26,986	9,141	49,193	564	49
Wisconsin*	33,491	26,986	13,564	62,649	1,612	152
Total	\$437,508	\$445,098	\$267,286	\$1,013,257	\$6,601	1,448

December 31, 1932

Minnesota	Loans	Investments	Cash and Due From Banks	Deposits	Borrowings	No. of Banks
City Banks**	\$176,214	\$138,887	\$108,445	\$384,695	\$ 15	21
Rural Minnesota	180,676	147,021	62,284	336,743	11,566	773
North Dakota	42,703	23,163	10,489	63,990	3,453	228
South Dakota	42,277	29,733	13,100	68,745	5,759	240
Montana	40,834	47,076	25,413	97,711	2,315	147
Michigan*	28,402	34,976	8,665	60,055	2,445	60
Wisconsin*	49,119	31,116	12,876	76,968	4,926	189
Total	\$560,225	\$451,972	\$241,272	\$1,088,907	\$30,479	1,658

*Portion of states in the Ninth Federal Reserve District.

**Twin City national banks and Minnesota savings banks and trust companies.

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

GENERAL BUSINESS		Per Cent Feb., '34 of Feb., '33	
Debits to Individual Accounts ¹	Feb., '34	Feb., '33	Feb., '33
All Reporting Cities.....	\$ 22,218,900	\$ 18,871,400	118
Minneapolis	9,821,000	8,163,000	120
St. Paul	4,495,000	4,062,000	111
South St. Paul.....	453,000	403,000	112
Great Lakes Ports.....	1,357,500	1,299,800	104
Beef and Pork, S.E.....	809,400	635,100	127
Beef and Pork, S.W.....	815,100	718,400	113
Dairy and Mixed Farming.....	1,043,200	856,200	122
Wheat and Mixed Farming.....	1,329,200	1,052,200	126
Wheat and Range.....	652,900	526,900	124
Mining and Lumber.....	1,442,600	1,154,800	125
Electric Power Consumption (K.W.H.) ^{1,2}			
Minn., No. Dak and So. Dak.....	4,488,200	4,325,700	103
Montana	2,758,300	1,747,100	158
Country Check Clearings ³			
Total	\$ 2,957,500	\$ 2,010,600	147
Minnesota	1,107,900	797,700	139
Montana	414,500	281,300	147
North and South Dakota.....	906,600	594,300	153
Michigan and Wisconsin.....	528,500	337,300	157
Freight Carloadings—N. W. District			
Total—Excluding L. C. L.....	190,425	148,874	128
Grains and Grain Products.....	30,506	21,920	139
Livestock	14,891	16,452	91
Coal	28,697	31,071	92
Coke	4,391	3,498	126
Forest Products	27,814	15,134	184
Ore	422	184	229
Miscellaneous	83,704	60,615	138
Merchandise—L.C.L.....	72,284	67,279	107
Building Permits			
Number—18 Cities	376	199	189
Value—18 Cities	\$ 360,900	\$ 283,500	127
Minneapolis	136,700	42,600	321
St. Paul	72,500	47,300	153
Duluth-Superior	86,100	158,200	54
4 Wheat Belt Cities	17,100	16,700	102
6 Mixed Farming Cities	38,600	15,800	244
4 Mining Cities	9,900	2,900	341
Building Contracts Awarded			
Total	\$ 1,344,500	\$ 361,500	372
Commercial	192,300	90,500	212
Factories	124,000	25,000	496
Educational	86,500	0	.....
Hospitals, etc.	40,000	0	.....
Public	63,800	0	.....
Religious and Memorial.....	18,800	0	.....
Social and Recreational	8,500	32,000	27
Residential	121,000	121,700	99
Public Works	423,600	23,300	1,818
Public Utilities	266,000	69,000	386
Real Estate Activity in Hennepin and Ramsey Counties			
Warranty Deeds Recorded.....	277	291	95
Mortgages Recorded	829	602	138
Manufacturing and Mining			
Flour Production at Mpls., St. Paul and Duluth-Superior (Bbls.).....	758,595	577,883	131
Flour Shipments at Mpls. (Bbls.).....	684,224	530,166	129
Linseed Product Shipments (Lbs.).....	12,361,909	9,871,602	125
Copper Output (3 Firms) (Lbs.).....	11,336,100	11,235,400	101
Business Failures			
Number	29	83	35
Liabilities	\$ 336,686	\$ 1,094,353	31

AGRICULTURE		Per Cent Feb., '34 of Feb., '33	
Farmers' Cash Income	Feb., '34	Feb., '33	Feb., '33
Total of 7 Items.....	\$ 20,289,000	\$ 18,299,000	111
Bread Wheat	3,615,000	1,528,000	237
Durum Wheat	948,000	250,000	379
Rye	108,000	59,000	183
Flax	271,000	115,000	236
Potatoes	1,881,000	727,000	259
Dairy Products	8,174,000	8,768,000	93
Hogs	5,292,000	6,852,000	77
Butter Production (Lbs.).....	37,166,000	43,401,000	86
Grain Marketings at Minneapolis and Duluth-Superior (Bus.)			
Bread Wheat	3,569,000	2,762,000	129
Durum Wheat	838,000	491,000	171
Rye	177,000	184,000	96
Flax	144,000	104,000	138
Grain Stocks at END of Month at Minneapolis and Duluth-Superior (Bus.)			
Wheat	34,068,645	39,881,621	85
Corn	10,547,317	1,280,389	824
Oats	27,812,427	13,012,338	214
Barley	9,956,036	6,147,140	162
Rye	5,705,999	5,154,043	111
Flax	981,747	1,026,962	96
Livestock Receipts at So. St. Paul (Head)			
Cattle	51,875	43,149	120
Calves	53,740	35,128	153
Hogs	150,215	180,489	83
Sheep	63,341	105,911	60
Median Cash Grain Prices (Bus.)			
Wheat—No. 1 Dark Northern.....	\$.90 3/4	\$.49 1/2	183
Durum—No. 2 Amber	1.13 1/8	.50 7/8	222
Corn—No. 3 Yellow.....	.43	.20 1/2	214
Oats—No. 3 White .....	.33 3/4	.14 1/8	239
Barley—No. 3 .....	.68 1/2	.23	298
Rye—No. 2 .....	.60 7/8	.32 1/4	189
Flax—No. 1	1.88	1.10 1/2	170
Median Livestock Prices (Cwt.)			
Butcher Cows and Helpers.....	\$ 3.50	\$ 2.75	127
Heavy Butcher Steers.....	4.75	3.85	123
Light Butcher Steers.....	4.75	4.00	119
Prime Heavy Butcher Steers.....	6.25	4.40	142
Prime Light Butcher Steers.....	5.75	5.25	110
Heavy Stocker & Feeder Steers.....	3.67 1/2	3.25	113
Light Stocker & Feeder Steers.....	3.50	3.50	100
Veal Calves	6.00	4.50	133
Hogs	4.20	3.05	138
Heavy Hogs	4.00	2.80	143
Lambs	8.75	5.00	175
Ewes	4.50	1.50	300
Wholesale Produce Prices			
Butter (Lb.)	\$.22 3/4	\$.15 1/2	147
Milk (Cwt.)	1.35	.94	144
Hens (Lb.) .....	.07 1/2	.10 1/2	71
Eggs (Doz.) .....	.14 1/2	.10	145
Potatoes (Bu.) .....	.95	.28	339
TRADE			
City Department Stores ⁴			
Sales	\$ 3,286,180	\$ 2,794,580	118
Merchandise Stocks	8,723,600	8,047,630	109
Receivables	5,164,100	4,613,440	112
Instalment Receivables	1,263,690	1,142,270	111
Country Department and Gen'l Stores ⁵			
Sales	240,960	179,590	134
Merchandise Stocks	1,079,090	986,800	109
City Furniture Stores ⁶			
Total Sales	\$ 39,940	\$ 34,780	115
Instalment Sales	34,350	28,770	119
Merchandise Stocks	287,630	227,050	127
Instalment Receivables	640,310	576,720	111
Country Furniture Stores ⁶			
Sales	26,020	14,670	177
Merchandise Stocks	146,790	112,390	131
Country Lumber Yards ⁷			
Sales (Bd. Ft.)	3,077,000	1,196,000	257
Lumber Stocks (Bd. Ft.).....	60,533,000	52,002,000	116
Total Sales	\$ 552,100	\$ 457,500	121
Receivables	1,433,200	1,507,300	95
Life Insurance Sales			
Four States	\$ 11,301,000	\$ 12,238,000	92
Minnesota	8,657,000	9,596,000	90
Montana	959,000	978,000	98
North Dakota	816,000	627,000	130
South Dakota	869,000	1,039,000	84

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

	Feb., '34	Feb., '33	Per Cent Feb., '34 of Feb., '33		Feb., '34	Feb., '33	Per Cent Feb., '34 of Feb., '33
Investment Dealers				Interest Rates²			
Sales to Banks.....	\$ 3,860,000	\$ 2,102,800	184	Minneapolis Banks.....	4-4 $\frac{1}{4}$	5 $\frac{1}{4}$ -5 $\frac{1}{2}$	
Sales to Insurance Companies.....	285,100	118,800	240	Commercial Paper (net to borrower).....	1 $\frac{1}{2}$	1 $\frac{3}{4}$	
Sales to General Public.....	3,752,100	3,172,500	118	Minneapolis Fed. Res. Bank.....	3	3 $\frac{1}{2}$	
Wholesale Trade				Selected City Member Banks	Mar. 14, '34	Mar. 15, '33	
Groceries⁴				Loans to Customers.....	\$159,900,000	\$169,349,000	94
Sales.....	\$ 2,898,250	\$ 2,151,200	135	Other Invested Funds.....	167,335,000	140,146,000	119
Stocks.....	5,573,020	4,553,970	122	Cash and Due from Banks.....	145,847,000	79,288,000	184
Receivables.....	3,527,380	3,485,660	101	Deposits Due to Banks	95,680,000	46,080,000	208
Hardware⁴				Public Demand Deposits.....	27,792,000	17,750,000	157
Sales.....	\$ 967,670	\$ 501,070	193	Other Demand Deposits.....	154,279,000	125,592,000	123
Stocks.....	2,510,840	2,154,660	117	Time Deposits	125,551,000	136,848,000	92
Receivables.....	1,180,370	1,117,770	106	Total Deposits	410,268,000	335,465,000	122
Shoes				Borrowings at Fed. Res. Bank.....	0	2,359,000	0
Sales.....	\$ 221,830	\$ 148,580	149	Minneapolis Federal Reserve Bank			
Stocks.....	635,450	546,140	116	Loans to Member Banks.....	\$ 944,000	\$ 12,377,000	8
Receivables.....	501,610	431,050	116	Twin Cities.....	0	1,713,000	0
BANKING				Minn., Wis. and Mich.....	325,000	5,841,000	6
Member Bank Deposits				N. Dak. and Mont.....	196,000	3,074,000	6
In Cities Over 15,000 pop.....	\$388,302,000	\$363,146,000	107	South Dakota.....	423,000	3,462,000	12
In Cities Under 15,000 pop.....	272,813,000	266,842,000	102	Fed. Res. Notes in Circulation.....	96,702,000	116,555,000	83
Michigan—15 Cos.....	44,660,000	50,956,000	88	Fed. Res. Bank Note Circulation—			
Minnesota.....	113,076,000	106,942,000	106	Net.....	6,187,000	0	.....
Montana.....	40,222,000	36,648,000	110	Member Bank Reserve Deposits	72,444,000	39,870,000	182
North Dakota.....	25,670,000	26,040,000	99				
South Dakota.....	34,170,000	30,411,000	112				
Wisconsin—26 Cos.....	15,015,000	15,845,000	95				

¹Daily Averages.²Latest Reported Data.³Figures for the various items in this section not always from identical firms.

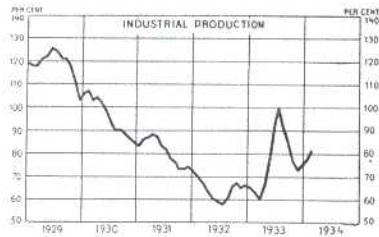
BANK DEBITS

	February 1934	January 1934	February 1933	January 1933		February 1934	January 1934	February 1933	January 1933
Number of Business Days:					Montana				
Wisconsin.....	23	26	23	25	Anaconda.....	926	1,060	613	754
All Other States in District.....	22	26	22	25	Billings.....	4,640	4,916	3,577	4,324
(000's omitted)					Bozeman.....	1,192	1,208	1,172	1,202
Michigan					Butte (2 Banks).....	6,651	8,037	5,071	5,072
Escanaba (1 Bank).....	\$ 384	\$ 493	\$ 334	\$ 418	Deer Lodge.....	450	861	358	745
Hancock.....	1,053	1,335	1,088	1,585	Glendive.....	520	544	394	494
Houghton.....	1,180	1,283	1,201	1,444	Great Falls.....	5,999	6,599	4,819	6,047
Iron Mountain.....	1,327	1,475	1,301	1,659	Harlowton.....	180	212	144	178
Iron River, Caspian, Stambaugh.....	551	888	493	967	Hayre.....	778	925	540	703
Manistique (1 Bank).....	105	124	51	65	Helena.....	5,868	5,816	4,639	5,118
Marquette.....	1,837	2,767	2,091	2,708	Kalispell.....	943	1,143	785	1,008
Menominee.....	2,106	2,426	1,482	2,388	Lewistown.....	912	998	773	876
Sault Ste. Marie.....	1,551	2,041	877	2,125	Malta.....	297	384	299	340
Minnesota					Miles City (1 Bank).....	700	831	555	700
Albert Lea.....	1,631	1,656	1,261	1,505	North Dakota				
Austin.....	3,256	2,982	2,107	2,146	Bismarck.....	9,119	11,666	4,728	6,412
Bemidji.....	781	534*	531	541	Devils Lake.....	700	898	589	841
Chaska.....	279	514	310	575	Dickinson.....	663	717	608	795
Chisholm.....	585	756	440	648	Fargo.....	9,329	10,301	8,472	9,246
Cloquet.....	1,332	1,288	766	768	Grafton.....	496	400	253	229
Crookston.....	791	871	699	763	Grand Forks.....	2,824	2,981	2,481	3,013
Detroit Lakes.....	642	720	519	683	Jamestown.....	1,004	954	1,093	1,197
Duluth.....	22,865	28,243	22,148	24,246	Mandan.....	576	539	540	668
Ely.....	276	268	225	265	Minot.....	2,415	2,699	2,370	2,487
Faribault (1 Bank).....	816	933	607	786	Valley City.....	640	662	575	620
Farmington.....	108	136	110	117	Wahpeton.....	654	640	542	651
Fergus Falls.....	1,332	1,529	1,061	1,391	Williston.....	566	529	607	667
Glenwood.....	182	219	193	218	South Dakota				
Hutchinson (1 Bank).....	463	452	266	423	Aberdeen.....	2,346	2,569	2,254	2,732
Lakefield.....	228	225	164	174	Brookings (1 Bank).....	554	576	405	522
Lanesboro.....	160	248	129	158	Deadwood.....	574	677	522	667
Little Falls.....	525	605	467	567	Huron.....	1,712	2,171	2,107	2,627
Luverne.....	454	453	281	324	Lead.....	1,291	1,552	1,140	1,289
Mankato.....	3,345	4,432	2,741	3,722	Madison.....	491	525	366	533
Minneapolis.....	216,051*	260,750*	179,575	207,503	Milbank.....	220	270	234	286
Moorhead.....	1,588	1,147	738	736	Mitchell.....	1,668	1,652	1,381	1,643
Morris.....	294*	301*	273	286	Mobridge.....	373	401	333	362
Owatonna.....	1,587	1,765	1,357	1,806	Pierre.....	1,548	1,212	830	990
Park Rapids.....	141	169	231	210	Rapid City.....	1,340	1,519	1,202	1,410
Red Wing.....	1,292	1,494	891	1,102	Sioux Falls.....	9,667	11,069	8,254	10,101
Rochester.....	2,958	3,524	2,578	3,216	Watertown.....	1,350	1,511	1,336	1,786
St. Cloud.....	2,060	2,194	2,089	2,089	Yankton.....	1,194	1,125	955	1,246
St. Paul.....	98,890*	108,392*	89,365	92,090	Wisconsin				
Sauk Rapids.....	210	232	.....	.....	Ashland.....	613	783	.....	.....
South St. Paul.....	9,959	10,736	8,866	9,677	Chippewa Falls.....	1,190	1,313	1,076	1,245
Stillwater.....	1,090	1,300	1,151	1,560	Eau Claire.....	3,954	4,360	3,235	3,754
Thief River Falls.....	643*	653*	445	525	Hudson.....	292*	400*	334	375
Two Harbors.....	270	295	245	263	La Crosse.....	5,489	6,510	5,072	5,975
Virginia.....	1,135	1,204	1,025	1,215	Merrill.....	992	1,020	.....	.....
Wabasha.....	568	718	366	549	Superior.....	2,476	2,861	3,033	3,655
Wells.....	827	.....	.....	.....		
Wheaton.....	200	231	192	214					
Willmar (1 Bank).....	384	456	478	643					
Winona.....	4,770	6,008	3,390	4,562					
Worthington (1 Bank).....	394	386	322	144					

*Figures for a smaller number of banks

Summary of National Business Conditions

(Compiled March 24 by Federal Reserve Board)



Index number of industrial production, adjusted for seasonal variation. (1923-1925 average=100.)



Indexes of factory employment and payrolls, without adjustment for seasonal variation. (1923-1925 average=100.)



Index of United States Bureau of Labor Statistics. (1926=100.) By months 1929 to 1931; by weeks 1932 to date. Latest figure is for week ending March 17.



Wednesday figures for reporting member banks in 90 leading cities. Latest figures are for March 14.

The volume of industrial activity increased in February for the third consecutive month and there was a considerable growth in factory employment and payrolls. Wholesale commodity prices, after advancing for two months, showed little change between the middle of February and the middle of March.

PRODUCTION AND EMPLOYMENT: Output of manufactures and minerals, as measured by the Board's seasonally adjusted index of industrial production, increased from 78 per cent of the 1923-1925 average in January to 81 per cent in February. The advance reflected chiefly increases of considerably more than the usual seasonal amount in the output of steel and automobiles, while activity at meat packing establishments declined. Activity at textile mills, which in January had increased from the low level prevailing at the end of the year, showed a further moderate increase in February, partly of seasonal character. In the first week of March, steel production showed a further increase and in the following two weeks remained unchanged.

Factory employment and payrolls increased substantially between the middle of January and the middle of February to a level higher, on a seasonally adjusted basis, than at any other time since the summer of 1931. Working forces on railroads also showed an increase, while at mines there was little change in the volume of employment. The number on the payrolls of the Civil Works Administration declined from about 4,000,000 in January to about 2,900,000 in the week ending March 1. At automobile factories, there was a large increase in the number employed to approximately the level prevailing four years ago. Substantial increases were reported also for the textile, clothing, shoe and tobacco industries.

The value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a decline in February, followed by an increase in the first half of March. The total volume indicated for the first quarter is somewhat smaller than in the last quarter of 1933, but considerably larger than in the first quarters of 1932 and 1933.

DISTRIBUTION: Freight traffic increased seasonally during February and the early part of March. The dollar volume of department store sales on a daily average basis showed little change in February.

DOLLAR EXCHANGE: The foreign exchange value of the dollar in relation to gold currencies declined in the second week of February to within 2 per cent of its new parity, and in the latter part of February and the first three weeks of March showed a further slight decline.

COMMODITY PRICES: Wholesale prices of commodities showed little change from the middle of February to the middle of March, after a considerable increase earlier in the year. The index of the Bureau of Labor Statistics for the week ending March 17 was at 73.7 per cent of the 1926 average, compared with 73.8 per cent the week before and 72.4 per cent at the end of January.

BANK CREDIT: Between the middle of February and the third week of March, imports of gold from abroad resulted in a growth of about \$550,000,000 in the country's monetary gold stock. Funds arising from these imports of gold and from expenditure by the Treasury of about \$140,000,000 of its cash and deposits with the Federal Reserve banks were for the most part added to the reserves of member banks, which consequently increased by \$600,000,000 during the four-week period. At the close of the period, member bank reserves were nearly \$1,500,000,000 in excess of legal requirements. Total deposits of reporting member banks increased by about \$1,000,000,000 between the middle of February and the middle of March, reflecting the imports of gold, purchases by the banks of United States Government and other securities, and a growth of bankers' balances.

During March, money rates in the open market declined further. Rates on 90-day bankers' acceptances were reduced from $\frac{1}{2}$ per cent to $\frac{1}{4}$ per cent, and rates on prime commercial paper were reduced by $\frac{1}{4}$ per cent to a range of 1-1 $\frac{1}{4}$ per cent. Yields on United States Government securities also declined considerably. On March 16, the Federal Reserve Bank of Minneapolis reduced its discount rate from 3 $\frac{1}{2}$ to 3 per cent.