

MONTHLY REVIEW

OF

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

NINTH FEDERAL RESERVE DISTRICT

JOHN R. MITCHELL, Chairman of the Board
and Federal Reserve Agent

CURTIS L. MOSHER F. M. BAILEY
Assistant Federal Reserve Agents

OLIVER S. POWELL
Statistician

Vol. V (Serial
No. 195)

Minneapolis, Minnesota

March 28, 1931

DISTRICT SUMMARY OF BUSINESS

The level of business in the district was apparently slightly higher in February than in January, but declined again in the first half of March. Phenomenally mild weather continued to affect many lines of activity.

The volume of business in February and early March was smaller than in the corresponding periods last year. Bank debits in February were 20 per cent smaller than in February last year, and in the first three weeks of March they were 21 per cent below the corresponding weeks a year ago. Country check clearings in February were 19 per cent smaller than in February last year, and in the first fifteen business days of March they were 17 per cent below the corresponding days last year. Freight carloadings in the northwestern district were 19 per cent

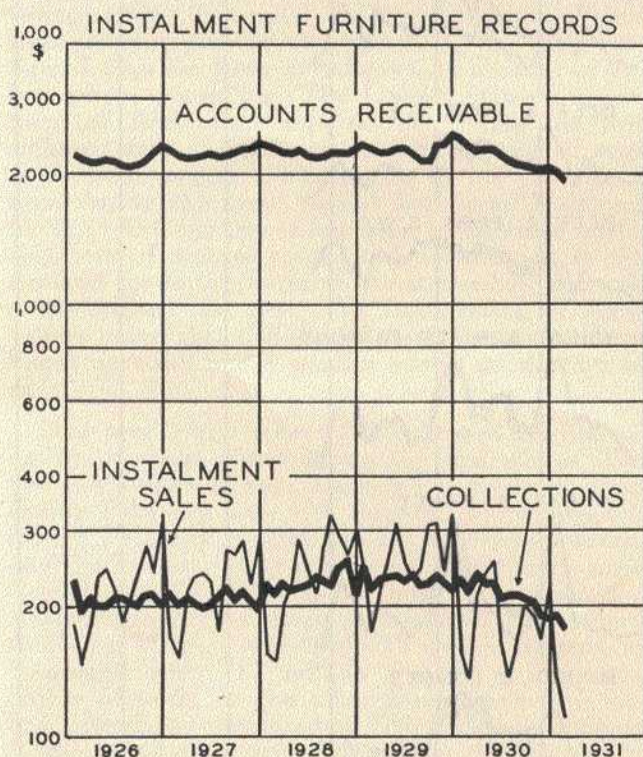
smaller in February than in February last year, and declines as compared with last year's figures were also shown for electric power consumption, postal receipts, flour production, copper output and marketings of cattle and hogs. Increases over last year's figures occurred in building permits and contracts, grain marketings, receipts of calves and sheep, and shipments of linseed products. Business failures were larger, both in number and liabilities, during February than in the same month last year.

The volume of trade at wholesale and retail was smaller in February than a year ago. Part of this decline can be attributed to lower price levels, but the shrinkage in the dollar figures in most lines of trade was so large as to indicate decreases in the physical volume of goods sold. In the sales of lumber by country lumber yards, which are reported in board feet, the decrease in February as compared with February last year was 15 per cent. Accounts receivable in all lines of wholesale and retail trade have been declining with the decrease in volume of sales. It is especially noteworthy that instalment receivables at department stores and furniture stores in the larger cities have declined to the lowest levels in the five-year period for which comparable statistics are available.

Employment conditions in Minneapolis did not change much during February. Such small fluctuations as occurred indicated a slightly less favorable situation than a month earlier. The seasonally adjusted curve of "Situations Wanted" increased moderately, the adjusted curve of "Skilled Help Wanted" declined, and there was a further increase in the number of families receiving aid from the Family Welfare Association on account of unemployment. This latter increase was contrary to the usual seasonal change during February.

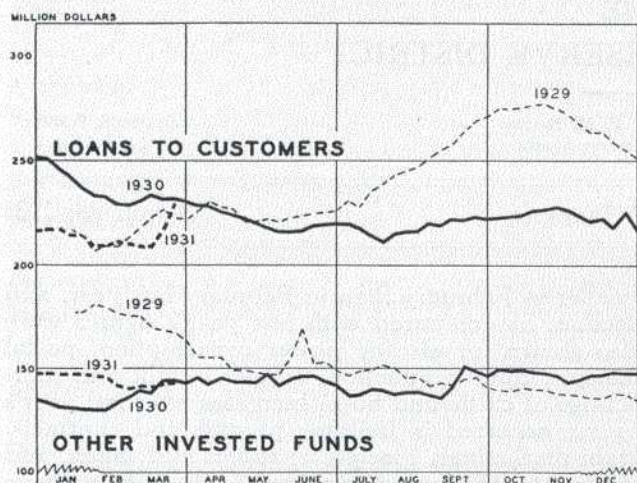
DISTRICT SUMMARY OF BANKING

Veterans' loans and personal property taxes were responsible for most of the fluctuations in city bank records during the four weeks ending March 18. Loans to customers by city member banks increased from 208½ million dollars on March 4 to 229 million dollars on March 18, largely as a result of the granting of loans to veterans based on recent adjusted service compensation legislation. These loans were made without recourse to borrowing from the Federal Reserve Bank, and without any



Instalment Sales, Collections and Accounts Receivable reported by representative furniture dealers in the Ninth Federal Reserve District.

material shrinkage in investments up to March 18. Balances due from banks were reduced 6 million dollars, and cashiers' checks outstanding increased.



Loans to Customers and Investments of Selected City Member Banks in the Ninth Federal Reserve District.

Personal property tax payments increased the government deposits at city banks 11 million dollars during the four weeks ending March 18. These tax payments were also responsible for an increase in deposits due from country correspondent banks during the two weeks ending March 4. The net effect of the various factors mentioned above was to increase the total deposits of city member banks from 427½ million dollars on February 18 to 447 million dollars on March 18, which was the highest figure on record for that date.

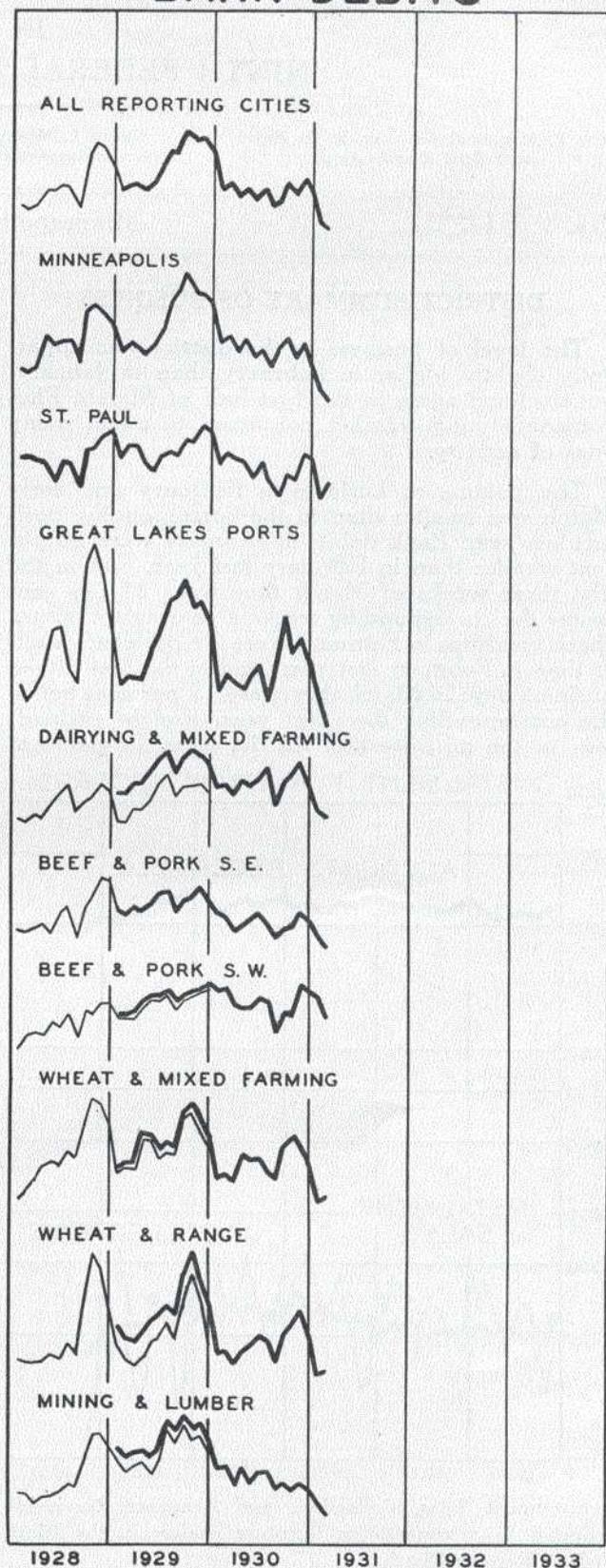
Country member banks were able to reduce their borrowings from this Federal Reserve Bank slightly during the four weeks ending March 18. The reduction was almost entirely in the mixed farming country where the sale of livestock brings in an important volume of farm income at that time of year. However, country banks in this district were borrowing more on March 18 than a year ago.

Country bank deposits decreased further in February and during that month were 9 per cent smaller than a year ago. The sharpest decreases from last year's deposit totals occurred in Montana, North Dakota and South Dakota.

DISTRICT SUMMARY OF AGRICULTURE

Mild weather which stimulated many farm activities and the national business depression were the two chief factors explaining agricultural events during February. Grain marketings were considerably larger than in February a year ago, partly on account of favorable weather conditions for hauling grain and partly on account of the desire of farmers and others to avail themselves of the present prices for wheat. Dairy output and egg production were stimulated by the warm weather, but prices of farm products declined further. The estimated cash in-

NINTH FED. RES. DISTRICT BANK DEBITS



come from important farm products marketed in February were 25 per cent smaller than in February last year. All farm product prices were lower than a year ago, and all prices, except potatoes, corn and cattle, were at or below the previous post-war low levels for February.

The heavy grain marketings in January, February and the first half of March have threatened a complete blockade of the terminal elevators at Duluth-Superior. The elevators at Minneapolis, on the other hand, report decreasing grain stocks. The congested condition of elevators at the Head-of-the-Lakes is not as serious now as such a situation would be in the fall months, and there is in prospect an early opening of the lake shipping season which will afford an opportunity to ship some of the burdensome stocks to lower lake ports.

The dairy situation had some favorable aspects in spite of the decrease in butter prices to the lowest level since 1911. The low prices have stimulated consumption, both of butter and of fluid milk and cream. In spite of the heavy winter production of dairy products, stocks of butter in cold storage decreased by a larger amount during February than in February last year, and more than the average decrease during February. Creamery butter stocks on March 1 were 30½ million pounds, as compared with 46½ million pounds a year ago, and 21½ million pounds on the five-year average for that date.

Egg prices have suffered recently from larger storage stocks than usual and heavy receipts of eggs from current production. However, the consumption of eggs has been very heavy on account of the low prices prevailing. The United States Department of Agriculture reports that during the first eighteen days of February the consumption of eggs at the four largest markets was 40 per cent more than during the same period last year. A second result of low egg prices has been an increase in the slaughter of mature fowls, and a reduction in the demand for baby chicks to about one-half the volume reported last year. The Department of Agriculture states that this should result in smaller farm flocks next fall and a smaller winter production of eggs.

Hog marketings reflect the increased feeding of barley, rye and wheat during the past winter. The average weight of hogs marketed at South St. Paul during February was 198 pounds, which was the lowest February weight in our nine-year record, and the lowest weight reported in any month since November 1926. The lighter hogs have yielded a smaller quantity of lard, and United States lard stocks on March 1 were only 75 million pounds, as compared with 112 million pounds a year ago. Stocks of pork, on the other hand, were 853 million pounds, as compared to 786 million pounds on March 1 last year, and 780 million pounds on the five-year average for that date. Stocks of beef and lamb were smaller than a year ago, and smaller than the five-year average.

THE AGRICULTURAL OUTLOOK FOR 1931

In the spring of each year, the United States Department of Agriculture publishes an exhaustive discussion of the price and production outlook for all of the major farm products. Significant paragraphs from this report, dealing with products which are important in the Northwest, are quoted below:

Wheat: The present very low level of wheat prices has brought into operation forces tending to cause an improvement, but despite this, another year of low wheat prices is in prospect for 1931. For several years, world production has increased more rapidly than consumption and burdensome stocks have accumulated. The world carry-over on July 1, 1931, will again be abnormally large. At present, there is no indication that there will be any material change in the world acreage of wheat to be harvested in 1931, and thus far weather conditions have been generally favorable for the fall-sown crop. It is too early to forecast yields, but if yields approach the average, the new crop, plus the very large carry-over, would again result in burdensome supplies. Prices in the United States now average in the vicinity of 30 to 35 cents per bushel above an export parity. If prices in the United States are on a normal export basis next summer, it would mean that world prices would have to rise about 30 to 35 cents per bushel in order for United States prices to remain at their present levels. Looking further ahead, substantial adjustments may be expected through forced contraction of high-cost acreage, through checking the expansion in low-cost acreage, through increased purchasing power, and through modification of import and milling restrictions which are now tending to reduce consumption. A better balance between production and consumption is likely eventually to be reached at price levels that will average above those now prevailing in world markets, but will be lower than have prevailed during most of the last 10 years. Any surplus of wheat that the United States may have for export will continue to face severe competition from other low-cost producing countries.

We may expect competition from overseas durum production to be as keen next year as this year, or keener. Italy, an important market for our surplus, has increased total winter wheat acreage, and thus has probably increased durum acreage also. The chances are that yields in Italy will be as large or larger than in 1930, when they were below the average of recent years. Russia is a potential source of competition which must be watched closely. Russia sent a little durum to Italy in 1929-30 and is known to be sending some there this year. North African prospects are still uncertain, but durum production from this region appears to have little influence upon the foreign demand for durum wheat from this country. Indicated exports from the United States since July 1 have been heavier this year than last, and disappearance from sight in Minneapolis, where durum is used largely for semolina and durum flour manufacture, is slightly larger than last year. Elsewhere in the United States disappearance has been slow, leaving the balance on hand nearly equal to that of a year ago.

Flax: Average yields of flaxseed on an acreage as large as seeded in 1930 would produce a crop about equal to domestic requirements. Any increase in acreage or better-than-average yields would tend to reduce the margin between domestic prices and world prices. The record acreage of 4,428,000 acres seeded in 1930 seems therefore to be the maximum acreage warranted by the prospective de-

mand for flax products. When domestic requirements for flax return to the level of the 43,000,000 bushels utilized during the 1924-1928 crop seasons, a further increase in flax acreage could be made without reducing the margin between domestic prices and world prices. Although flax grown on better lands may continue to give higher returns than wheat and other small grains, lower levels may be expected than prevailed during the last few years.

Oats: In view of the decreasing market demand for oats, resulting from the continued reduction in numbers of workstock and a more general use of barley as feed, it can not be expected that returns from oats for market in 1931, when compared with competing crops, will be more favorable than in 1930. In much of the drouth area, a considerable increase in the acreage of oats for hay appears advisable since clover and timothy stands were damaged by the dry weather and probably will not produce sufficient hay for farm needs in the 1931-32 season. Livestock producers in the spring-wheat area should cut sufficient oats for hay to insure ample forage for their feeding requirements, in view of the prospective small hay supplies next season and reduced demand for oats as grain.

Barley: Although there may be increased market demand for barley from July to November 1931, there is little probability that market demand will be as large during the remainder of the crop season from November until August 1932 as in the corresponding months in 1930-31. Until the 1931 corn crop is harvested, the use of barley will be unusually large. After that time, domestic requirements will probably be less than during the 1930-31 season, and continued active competition will probably be encountered in foreign markets. The rapid increase in barley acreage during recent years has resulted from increased use of this grain as a substitute for oats and corn in hog and cattle rations and from the increased need for feed for the increased numbers of livestock raised on farms in the Great Plains States where barley is a more certain crop than corn.

Corn: If planting conditions are normal in 1931 a moderate increase in corn acreage is to be expected, especially in those areas in which prices for competing crops have been unusually low. Should average yields per acre be obtained on the expected larger acreage, corn production in 1931 would be slightly larger than average, and would constitute the largest crop since 1925. The numbers of livestock on farms during the 1931-32 feeding season will probably be about the same as during the present season. Some increase is to be expected in the commercial consumption of the 1931 corn crop in the United States, but foreign demand is not expected to be large unless the production of feed crops in Europe is less than average and the Argentine surplus is small. With prospects for only a slightly greater demand for corn and with much larger supplies in prospect, it is probable that prices during the season beginning November 1, 1931, will average somewhat lower than during the present season. Because of this year's short supply, some improvement in cash corn prices seems probable before the 1931 crop is available.

Hogs: Slaughter supplies of hogs during the remainder of the present marketing year ending September 30, 1931, will probably be smaller than during the corresponding period of 1930, but with a weaker demand for hog products prices of hogs for the period will probably average lower than for the same period of last year. The hog industry during the marketing year that begins October 1, 1931, is expected to be in a more favorable position than in the current year, since indications point to slightly smaller supplies, lower feed costs and some improvement in both foreign and domestic demand during that period.

Beef Cattle: Cattle prices during the first half of 1931 are expected to average considerably below those of the first half of 1930, but prices of most classes and grades during the second half will probably average about the same as those of a year earlier. Slaughter supplies in 1931 probably will be larger than those of last year, but the increase will be in unfinished cattle marketed during the last

half of the year. Consumer demand for beef probably will remain near present levels until there is a marked improvement in business conditions. Imports of cattle, beef and veal into the United States during 1931 are expected to be less than those of 1930.

Sheep and Wool: Sheep numbers in the United States have increased 43 per cent since 1922 and on January 1, 1931, probably were the largest for that date in the history of the country. Marketings of lambs last year also reached record levels and are expected to continue relatively large through 1931. Although an increase in demand is expected during the next year or two, sheep producers are faced with the problem of reducing breeding-stock numbers and disposing of a larger proportion of their annual lamb production through slaughter channels in order to improve materially the economic position of the industry.

World wool production continues near record levels, whereas consumption has been reduced by business depressions throughout the world. The present low level of wool prices is expected to curtail production, but no material reduction is likely in the coming year. World stocks are still large.

Horses and Mules: The long-time horse and mule outlook at the beginning of 1931 is but little different from that at the beginning of 1930. The number of horses and mules on farms decreased further in 1930 and decreasing numbers are in prospect for the next few years. The colt crop of both horses and mules in 1930 was smaller than in 1929. The decline in the index of horse and mule prices in 1930 was less than the decline in the index of all agricultural products. Although the use of power equipment on farms expanded in 1930, it is possible that lower purchasing power, lower wages and cheaper work stock will tend to restrict this expansion in 1931.

Dairy Products: The number of milk cows on farms is 2.4 per cent larger than the number a year ago, and the number of yearling heifers being kept for milk cows, although about the same as the number on hand a year ago, is above the number normally required for replacement. Fewer cows have been moving to market than in either of the last two years, and more beef-type cows are being milked.

Milk production per cow during 1930 averaged about 2 per cent lower than in 1929, chiefly because of the drought and poor pastures, but production per cow on January 1, 1931, was nearly 2 per cent heavier than a year ago. With more cows on farms and the number still increasing, and with milk per cow running above last year, an increased production of dairy products during 1931 must be expected. The volume of the increase will depend in part on pasture conditions and feed supplies, and in part on the extent to which the plans of producers are changed by recent declines in prices of dairy products, by such further price declines as may be caused by steadily increasing production, or by possible recovery in the prices of other farm products in the less-specialized areas of dairy production. A substantial reduction in the number of heifer calves on farms January 1, 1931, below the number a year earlier seems to indicate the beginning of a slowing up in the recent increase in dairy stock.

The demand for dairy products has been distinctly reduced by the business depression. This is manifested by the curtailed consumption of fluid milk and the failure of lower prices to induce any appreciable increase in butter consumption. Undoubtedly, when business recovery comes demand will improve, but the improvement throughout 1931 is expected to be comparatively slight. Imports and exports of dairy products were below normal in 1930. Domestic dairy prices have now declined nearly to the world level, but foreign markets do not afford an advantageous outlet for the American dairy industry. The outlook is for continued low prices for 1931.

Long-Time Dairy Outlook: Adjustment in dairy output to meet changes in demand normally comes from regulating

culling and replacements, and in certain areas by changing the degree to which dual-purpose and beef cattle are used for milk. Several conditions apparent in American agriculture will probably tend to prevent, in the present situation, the usual prompt reduction in supply to meet curtailed demand and to keep the total output relatively larger during the next few years than during recent years. First of these is the lower return from a number of other farm enterprises, which has been in large measure responsible for the recent expansion in dairying. With the apparently contracting outlet for American pork products abroad, with sheep prices low, and with an expanding beef-cattle enterprise, livestock production for meat is likely to be more generally supplemented by dairy production as a means of getting added income. Similarly, new developments in the production of wheat tend to reduce its importance in the older wheat-producing areas, and again to turn more of the farm resources into dairying. Throughout the eastern half of the Cotton Belt, as well as the more hilly parts of the western portion, competitive conditions are such as to cause farmers to look for new enterprises to replace or partly to supplement the older cash crops.

Another condition making for the continued larger dairy output is the general turning, throughout the eastern part of the United States, toward a larger acreage of forage crops, particularly those used as pasture and hay. Depleted soil fertility, the growing problem of erosion, and the cheapening of such grain crops as oats, tend to make a distinctly larger place for legume crops. This development inevitably brings a greater emphasis upon cattle with a correspondingly higher capacity for dairy production.

The steady reduction in the number of work stock during the last twelve years is expected to continue, thus reducing still further the demand for feeds for their support. This will tend to counteract any reduction in feed-grain acreages caused by the shift to forage crops, and to keep dairy feeds at low prices.

In view of all of the above factors, the resistance to the dairy enterprise, because of its heavy demands for labor and the confining nature of it, will, until wages and profits rise again, probably be less important in restricting dairy output than it has been in the past.

On the demand side, the considerations are somewhat more encouraging. Population growth will make for a steady, although slow, expansion in the domestic demand for dairy products. This expansion, however, is nearly offset by the evident increase in the output per cow. We may reasonably expect also some further increase in the per capita domestic consumption of milk and other dairy products during times of normal business conditions, particularly in certain parts of the country where the rate of consumption is now low.

The readjustment in other farm enterprises, which may be expected during the next few years, should in a measure relieve the present serious competition in the domestic dairy industry. If more satisfactory prices for other farm products are realized, we may look for a shift out of dairying on the part of many producers who have entered the field as an emergency measure. However, it is very doubtful whether, during the next few years, domestic butter prices will be maintained at the substantial margin above the foreign market that has obtained through most of the last ten years. In all periods of depression, additional effort is forthcoming to reduce costs of production through the introduction of efficiencies. This may well be expected to happen in the next ten years on our American dairy farms. Those interested in the welfare of the industry may well make this a major consideration. This means greater care in the selection of milk cows, a greater amount of culling out of low producers, and much more skill in the feeding and general management of the dairy herd.

Poultry and Eggs: Although the number of layers and the production of eggs in 1931 promises to be somewhat less than in 1930, the prices of eggs during the first half

of the year will be lower than for the same period in 1930. The demand for eggs for storage this spring is likely to be weak, in view of the losses to storage operators during last year; and a decrease in egg requirements from hatcheries and a weaker demand from breaking plants may be expected. Improvement in the price trend for eggs may be expected, however, for the last half of the year. In view of the prospective smaller number of pullets that will be raised this year, egg production will probably be lighter next fall and winter. As storage stocks in 1931 will also be lighter than in 1930, egg prices should show at least the normal fall seasonal rise, although they will probably not reach the high peaks of recent years.

With a short supply of poultry in storage at the beginning of 1931, and with the likelihood that market receipts of poultry for the coming spring and summer will be less than a year ago, poultry prices for the first half of 1931 should be somewhat above those for the first half of 1930. Lighter marketings in the fall of 1931, as a result of the smaller number of chickens that will be raised this year, supported by a rising level of egg prices, should give additional improvement in the 1931-32 poultry markets.

Hay and Pasture: A continuation of the replacement of timothy and other tame grass hays with alfalfa, clover and other legumes is suggested in the outlook for farm and market hay. The 1931 production of timothy and clover will be reduced somewhat more than usual as the result of the 1930 drought, and this shortage, particularly of clover, will tend to strengthen the market for alfalfa and clover for the coming year, at least. Increased seedings of annual legumes and grain hay for local consumption will be necessary this year to overcome the shortage of hay in the drought area. The increase in the world acreage devoted to grain crops and in large-scale farming is making it more difficult to obtain satisfactory returns from grains produced on rough and hilly lands or other high-cost-of-production lands in the United States. In view of the shortage of pastures in many of these high-cost-of-production areas, conversion of these lands to permanent pasture, whenever possible, seems desirable.

Clover and Alfalfa Seed: Supplies of clover and alfalfa seed are expected to be ample for spring sowing requirements, as the large carry-over of these seeds offsets the marked decrease in the 1930 production of red, alsike and sweetclover seed. Because of the unusually large percentage of new seedings of clovers, alfalfa and grasses that were killed by the drought, a larger quantity than usual of clover seed will be required if the acreage of the clovers is to be restored. In view of the relatively favorable prices for hay as compared with other crops, and the short supplies of hay in many sections, farmers may be expected to bring their clover acreage to be cut for hay in 1932 up to that of 1929.

Unless unforeseen conditions occur, such as prolonged drought in the spring or early summer that would not permit of sowing clover seed, available supplies will probably be drawn upon heavily and thus leave only a small quantity to be carried over. This, together with the fact that the 1931 acreage of red clover available for seed is indicated to be relatively small, points to a favorable outlook for growers of red and alsike clover seed.

Although the outlook for growers of alfalfa and sweetclover seed is not so bright as for growers of red and alsike clover seed, the acreage of these crops may be maintained equal to that harvested in 1930 without seriously affecting the present level of prices.

Potatoes: Increased supplies of potatoes in prospect in the 1931 crop year will probably more than offset any improvement in demand if growers respond as they usually do to potato prices, or if they plant the increased acreage now reported as intended. If average weather conditions prevail during 1931, potato growers are likely to receive lower prices for the 1931 crop than were received for the 1930 crop.

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

GENERAL BUSINESS				AGRICULTURE			
			Per cent Feb. '31 of Feb. '30				Per cent Feb. '31 of Feb. '30
Bank Debits ¹				Farmers' Cash Income			
All Reporting Cities.....	\$ 32,087,400	\$ 41,145,900	80	Total of 7 Items.....	\$ 32,534,000	\$ 43,279,000	75
Minneapolis.....	12,950,000	18,077,000	72	Bread Wheat.....	6,614,000	8,996,000	74
St. Paul.....	6,213,000	7,310,000	85	Durum Wheat.....	3,430,000	2,296,000	149
South St. Paul.....	1,081,000	1,532,000	71	Rye.....	33,000	323,000	10
Great Lakes Ports.....	2,727,600	3,531,300	77	Flax.....	413,000	257,000	161
Beef and Pork, S. E.....	1,140,100	1,347,700	85	Potatoes.....	2,327,000	3,663,000	64
Beef and Pork, S. W.....	1,595,500	1,857,500	86	Dairy Products.....	11,611,000	13,988,000	83
Dairy and Mixed Farming.....	1,536,900	1,819,300	84	Hogs.....	8,106,000	13,756,000	59
Wheat and Mixed Farming.....	1,866,600	2,059,700	91	Grain Marketings at Minneapolis and Duluth-Superior (Bus.)			
Wheat and Range.....	1,018,100	1,128,300	90	Bread Wheat.....	7,524,000	6,356,000	118
Mining and Lumber.....	1,958,600	2,483,100	79	Durum Wheat.....	4,698,000	2,050,000	229
Electric Power Consumption (K.W.H.) ^{1,2}				Rye.....	89,000	409,000	22
Minn., No. Dak., and So. Dak.....	5,065,000	5,119,000	99	Flax.....	265,000	84,000	316
Montana.....	2,857,000	4,265,000	67	Grain Stocks at End of Month at Minneapolis and Duluth-Superior (Bus.)			
Country Check Clearings ¹				Wheat.....	66,831,984	58,126,379	115
Total.....	\$ 2,523,100	\$ 3,243,700	81	Corn.....	2,262,690	1,828,661	124
Minnesota.....	947,500	1,164,900	81	Oats.....	6,506,278	9,817,738	66
Montana.....	443,300	592,100	75	Barley.....	5,327,848	5,562,204	96
North and South Dakota.....	680,300	837,000	81	Rye.....	8,099,827	3,688,576	220
Michigan and Wisconsin.....	552,000	649,700	85	Flax.....	1,293,935	745,033	174
Postal Receipts				Livestock Receipts at So. St. Paul (Head)			
Six Cities.....	937,510	1,034,450	91	Cattle.....	45,107	47,432	95
Minneapolis.....	480,810	526,090	91	Calves.....	57,170	51,133	112
St. Paul.....	304,320	346,500	88	Hogs.....	257,143	266,216	97
Duluth.....	53,420	54,080	99	Sheep.....	94,704	66,417	143
Three Other Cities.....	98,960	107,780	92	Median Cash Grain Prices (Bus.)			
Freight Carloadings—N. W. District				Wheat—No. 1 Dark Northern.....	\$.75½	\$1.25	61
Total—Excluding L.C.L.	242,258	300,261	81	Durum—No. 2 Amber.....	.73	1.12	65
Grains and Grain Products.....	41,073	41,781	98	Corn—No. 3 Yellow.....	.53¼	.80	67
Livestock.....	29,117	31,656	92	Oats—No. 3 White.....	.29¼	.41¼	71
Coal.....	24,026	27,954	86	Barley—No. 3.....	.39	.55½	70
Coke.....	4,180	6,196	67	Rye—No. 2.....	.36½	.79	46
Forest Products.....	41,880	63,418	66	Flax—No. 1.....	1.56	3.05½	51
Ore.....	1,016	1,605	63	Median Livestock Prices (Cwt.)			
Miscellaneous.....	100,966	127,651	79	Butcher Cows.....	\$4.50	\$7.50	60
Merchandise—L.C.L.	102,213	118,225	86	Butcher Steers.....	6.75	11.00	61
Building Permits				Prime Butcher Steers.....	8.50	12.50	67
Number—18 Cities.....	756	549	138	Feeder Steers.....	6.00	9.50	63
Value—18 Cities.....	\$ 1,695,900	\$ 1,247,000	136	Veal Calves.....	8.00	11.50	70
Minneapolis.....	576,100	544,100	106	Hogs.....	6.50	10.25	63
St. Paul.....	550,300	145,900	377	Heavy Hogs.....	6.15	9.75	63
Duluth-Superior.....	74,200	79,500	93	Lambs.....	8.25	11.00	75
4 Wheat Belt Cities.....	94,900	304,500	31	Ewes.....	3.50	5.75	61
6 Mixed Farming Cities.....	354,500	164,700	215	Wholesale Produce Prices			
4 Mining Cities.....	45,900	8,300	553	Butter (Lb.).....	\$.25	\$.32½	77
Building Contracts (F. W. Dodge Corp.)				Milk (Cwt.).....	1.47	2.07	71
Total.....	\$ 5,086,000	\$ 4,304,300	118	Hens (Lb.).....	.16	.20	80
Commercial.....	640,000	1,505,000	43	Eggs (Doz.).....	.14¼	.25¼	56
Factories.....	102,000	351,900	29	Potatoes (Bu.).....	1.12½	1.65	68
Educational.....	269,300	292,800	92	TRADE			
Hospitals, etc.....	100,000	140,000	71	Department Stores			
Public.....	0	166,800	0	Sales.....	\$ 2,405,820	\$ 2,779,920	87
Religious and Memorial.....	7,000	130,500	5	Merchandise Stocks.....	6,374,220	7,393,130	86
Social and Recreational.....	71,800	418,500	17	Receivables.....	3,237,810	3,459,550	94
Residential.....	942,700	821,600	115	Instalment Receivables.....	742,230	840,200	88
Public Works and Utilities.....	2,953,200	477,700	618	Furniture Stores			
Real Estate Activity in Hennepin and Ramsey Counties				Total Sales.....	\$ 168,080	\$ 184,480	91
Warranty Deeds Recorded.....	546	461	118	Instalment Sales.....	110,310	133,210	83
Mortgages Recorded.....	1,004	907	111	Merchandise Stocks.....	1,400,450	1,590,950	88
Manufacturing and Mining				Instalment Receivables.....	1,926,470	2,213,900	87
Flour Production at Mpls., St. Paul, and Duluth-Superior (bbls.).....	839,114	941,890	89	Country Lumber Yards			
Flour Shipments at Mpls. (bbls.).....	784,268	922,480	85	Sales (Bd. Ft.).....	3,494,000	4,100,000	85
Linseed Product Shipments (lbs.).....	20,639,504	19,092,273	108	Lumber Stocks (Bd. Ft.).....	80,251,000	89,534,000	90
Copper Output (5 firms) (lbs.).....	24,406,100	29,094,700	84	Total Sales.....	\$ 695,500	\$ 957,700	73
Business Failures				Receivables.....	3,035,000	3,387,600	90
Number.....	69	48	144	Life Insurance Sales			
Liabilities.....	\$ 3,446,340	\$ 522,300	660	Four States.....	\$ 19,329,000	\$ 24,969,000	77
				Minnesota.....	14,447,000	18,357,000	79
				Montana.....	1,515,000	2,321,000	65
				North Dakota.....	1,482,000	1,847,000	80
				South Dakota.....	1,885,000	2,444,000	77

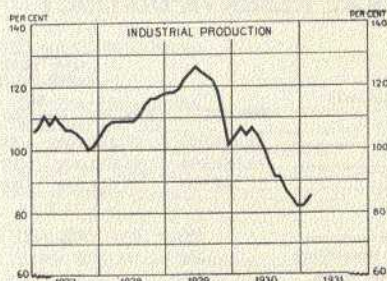
COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

(Continued)

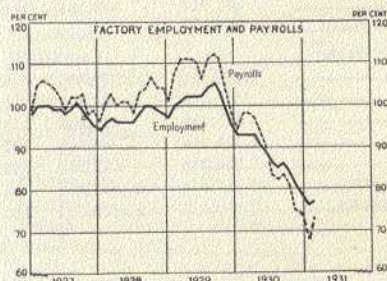
Investment Dealers	Per cent Feb. '31 of Feb. '30			Member Bank Deposits (continued)	Per cent Feb. '31 of Feb. '30		
	Feb. '31	Feb. '30	Feb. '30		Feb. '31	Feb. '30	Feb. '30
Sales to Banks.....	2,519,000	3,100,000	81	North Dakota	41,466,000	47,348,000	88
Sales to Insurance Companies.....	636,100	355,800	179	South Dakota	48,582,000	55,643,000	87
Sales to General Public.....	3,708,200	5,739,900	65	Wisconsin—26 Cos.....	27,548,000	29,400,000	94
Wholesale Trade				Interest Rates²			
Farm Implements—				Minneapolis Banks	4½	4¾	
Sales	\$ 48,200	\$ 119,330	40	Commercial Paper (net to borrower)	3¾	5	
Stocks	642,760	650,980	99	Minneapolis Federal Reserve Bank.....	3½	4½	
Groceries—				Selected City Member Banks			
Sales	\$ 3,079,020	\$ 3,504,860	88	Loans to Customers.....	\$ 229,280	\$ 230,772	99
Stocks	6,306,610	6,977,150	90	Other Invested Funds.....	142,741	144,819	99
Receivables	4,366,430	4,807,030	91	Deposits Due to Banks.....	98,300	80,387	122
Hardware—				Public Demand Deposits.....	34,463	32,713	105
Sales	\$ 1,142,430	\$ 1,449,450	79	Other Demand Deposits.....	163,294	162,858	100
Stocks	2,852,080	3,111,430	92	Time Deposits	150,457	132,023	114
Receivables	1,872,470	2,241,840	84	Total Deposits	447,014	409,186	109
Shoes—				Borrowings at Fed. Reserve Bank.....	0	0	
Sales	\$ 224,820	\$ 290,540	77	Minneapolis Federal Reserve Bank			
Stocks	827,050	1,457,580	57	Loans to Member Banks.....	3,493,000	2,252,000	155
Receivables	780,600	1,143,270	68	Twin Cities	0	44,000	0
BANKING				Minn., Wis. and Mich.....	919,000	621,000	148
Member Bank Deposits				N. Dak. and Mont.....	1,350,000	1,066,000	127
In Cities Over 15,000 pop.....	\$453,859,000	\$454,947,000	100	South Dakota	1,224,000	521,000	235
In Cities Under 15,000 pop.....	388,487,000	424,649,000	91	Fed. Res. Notes in Circulation.....	48,420,845	59,663,300	81
Michigan—15 Cos.....	67,298,000	70,492,000	95	Member Bank Reserve Deposits.....	52,216,445	51,888,783	101
Minnesota	149,998,000	160,815,000	93	Daily Averages.			
Montana	53,595,000	60,951,000	88	²Latest Reported Data.			

BANK DEBITS

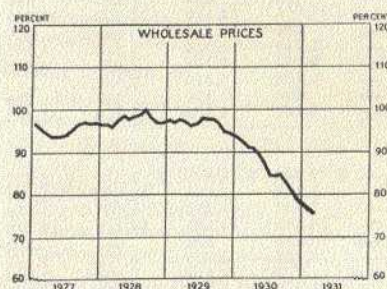
Number of Business Days:	February		January	
	1931	1931	1930	1930
Wisconsin	23	26	23	26
All Other States in District.....	22	26	22	26
(000's omitted)				
Michigan				
Escanaba (1 Bank).....	\$ 709	\$ 946	\$ 879	\$ 946
Hancock	1,018	1,724	1,250	1,878
Houghton (1 Bank).....	855	649	530	795
Iron Mountain	3,056	4,212	3,972	6,181
Iron River, Caspian, Stambaugh	1,185	2,012	1,491	1,785
Manistique (1 Bank).....	412	870	377	732
Marquette	3,811	4,587	4,459	5,345
Menominee	2,024	3,315	2,858	4,098
Sault Ste. Marie.....	2,000	3,073	2,262	3,232
Minnesota				
Albert Lea	\$ 2,413	\$ 2,762	\$ 2,501	\$ 2,594
Austin 1 Bank).....	3,273	3,719	3,826	4,690
Bemidji (2 Banks).....	918	974	1,088	1,207
Chaska	425	695	503	671
Chisholm	862	1,121	748	892
Cloquet	1,754	1,961	3,075	2,334
Crookston	1,208	1,173	1,336	1,270
Detroit Lakes	662	762	677	790
Duluth	46,314	63,621	60,049	64,266
Ely	423	604	560	514
Faribault (1 Bank).....	809	1,443	993	1,306
Farmington	187	211	216	232
Fergus Falls	2,636	2,676	2,148	3,113
Glenwood	379	393	379	409
Hutchinson	1,020	1,221	1,237	1,255
Lakefield (2 banks)	316	325	436	349
Lanesboro	293	366	253	380
Little Falls	808	1,199	838	984
Luverne	708	726	927	986
Mankato	4,836	6,340	5,367	6,608
Minneapolis	284,905	354,416	397,704	455,073
Moorhead	1,288	1,100	1,700	1,453
Morris	432	525	469	611
Owatonna	2,477	2,718	2,635	2,754
Park Rapids	286	406	373	431
Red Wing	1,712	2,096	2,049	2,603
Rochester	4,785	5,929	5,426	6,215
St. Cloud (1 Bank).....	330	309	360	360
St. Paul	135,694	152,338	160,807	179,602
South St. Paul.....	23,774	30,359	33,698	40,326
Stillwater	1,943	1,992	2,321	2,660
Thief River Falls.....	618	776	704	794
Two Harbors	445	426	461	535
Virginia	1,652	2,031	1,969	2,265
Wabasha	630	789	830	925
Wadena	926	808	915	915
Wheaton	430	456	456	571
Willmar	1,220	1,070	1,400	1,604
Winona	5,315	7,171	6,298	7,685
Worthington (1 Bank).....	641	773	818	883
Montana				
Anaconda	\$ 1,315	\$ 1,875	\$ 1,745	\$ 2,395
Billings	6,206	7,549	6,752	8,221
Bozeman	1,785	2,335	1,945	1,910
Butte (2 Banks).....	10,417	10,569	11,700	12,970
Deer Lodge	1,494	1,160	1,444	1,287
Glendive	856	900	899	989
Great Falls	10,044	12,285	13,599	14,909
Harlowton	244	285	339	436
Havre	1,103	1,524	1,373	1,757
Helena	5,945	7,127	7,630	8,628
Lewistown	1,352	1,766	1,920
Malta	400	553	587	750
Miles City (1 Bank).....	1,223	1,389	1,359	1,499
North Dakota				
Bismarck	\$ 9,662	\$ 8,925	\$ 8,811	\$ 9,677
Devils Lake	1,116	1,485	1,240	1,614
Dickinson	1,123	1,291	1,137	1,140
Fargo	12,561	15,081	14,175	16,278
Grafton	514	528	600	533
Grand Forks	5,187	6,370	5,761	6,531
Jamestown	1,972	2,146	1,974	2,620
Mandan	1,355	1,527	1,228	1,538
Minot	4,220	5,453	5,352	6,697
Valley City	1,121	1,212	1,145	1,365
Wahpeton	870	984	991	1,061
Williston	1,321	1,142	1,291	1,294
South Dakota				
Aberdeen	\$ 4,406	\$ 6,174	\$ 5,265	\$ 6,398
Brookings (1 Bank).....	833	963	1,114	1,142
Deadwood	642	991	662	928
Huron	4,907	7,413	5,375	6,648
Lead	1,070	1,436	1,143	1,204
Madison	328	213
Milbank	482	547	502	517
Mitchell (2 Banks).....	3,163	4,072	4,063	4,796
Mobridge	303	383	499	691
Pierre	992	1,128	1,169	1,445
Rapid City	2,948	3,513	3,353	4,341
Sioux Falls	18,681	24,180	21,978	24,779
Watertown	3,291	4,705	3,626	5,497
Yankton	2,067	2,424	2,217	2,221
Wisconsin				
Ashland	\$ 1,801	\$ 2,081	\$ 2,364	\$ 2,322
Chippewa Falls.....	1,569	1,913	1,964	2,259
Eau Claire	5,506	7,125	6,453	8,385
Hudson	518	499	522	514
La Crosse	9,735	11,347	10,971	12,840
Merrill (1 Bank)	1,204	1,267	1,773	1,875
Superior	5,756	6,771	7,313	8,069
Total for All Cities Reporting				
Both Years	\$704,789	\$861,628	\$900,756	\$1,029,252



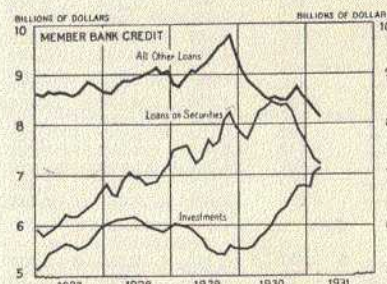
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average = 100.)



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).



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures are averages of first 2 weeks in March.

Summary of National Business Conditions (Compiled March 23 by Federal Reserve Board)

The output of most of the important industries increased more than seasonally in February and although factory employment advanced at a less rapid rate, the volume of wage payments at factories also rose by more than the usual seasonal amount. The general level of commodity prices continued to decline.

PRODUCTION: Industrial production, as measured by the Board's index which is adjusted to allow for seasonal variation, increased by 4 per cent in February from the low level prevailing in December and January. On the basis of the average for 1923-25 as 100, the volume of production in February was 85, compared with 82 for the two preceding months, and 107 for February of last year. At steel mills, activity increased considerably and the output of automobiles advanced by somewhat more than the usual seasonal amount. The output of shoe factories and textile mills increased substantially, while the output of coal continued to decline. During the first half of March, activity at steel mills continued to increase.

The value of building contracts awarded in February was slightly larger than in January, according to the F. W. Dodge Corporation. An increase in residential building was accompanied by a decrease in contracts for public works and utilities, while awards for factories and commercial buildings continued in small volume. In the first half of March, there was an increase in the daily average of contracts awarded, as is usual at this season.

FACTORY EMPLOYMENT AND PAYROLLS: Factory employment increased slightly less than usual in February, while factory payrolls increased by more than the seasonal amount from the low level of January. In many industries the rate of increase in payrolls was about the same as in February of other recent years, but in the automobile, shoe, woolen goods and clothing industries the rate of increase was larger than usual.

DISTRIBUTION: Average freight carloadings showed little change from January to February, while ordinarily there is an increase at this season. Sales by department stores increased slightly.

WHOLESALE PRICES: Wholesale commodity prices declined further in February and the Bureau of Labor Statistics' index at 75.5 per cent of the 1926 average was about 18 per cent below the level of a year ago. Prices of many agricultural products decreased considerably, while the price of cotton advanced further. In the first half of March, there were considerable increases in prices of silver, live-stock, meats and hides, and declines in the prices of petroleum and cotton.

BANK CREDIT: Loans and investments of member banks in leading cities changed relatively little between the end of January and the middle of March. Total loans on securities declined, notwithstanding the growth in brokers' loans in New York City, and all other loans showed considerable further liquidation, while the banks' investments continued to increase.

The volume of Reserve bank credit tended downward in February and showed little change between March 4 and March 18. Funds arising from gold imports in February were largely absorbed in meeting a seasonal demand for currency, while in the early part of March there was an increase in member bank reserve balances.

Money rates in the open market continued at low levels from the middle of February to the middle of March. Rates on commercial paper were reduced from a range of $2\frac{1}{2}$ - $2\frac{3}{4}$ to a prevailing level of $2\frac{1}{2}$ per cent, while rates on 90-day bankers' acceptances remained at $1\frac{1}{2}$ per cent. Yields on high-grade bonds continued to decline.