

CROP and BUSINESS CONDITIONS

IN THE
NINTH
FEDERAL RESERVE
DISTRICT



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

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82nd Report

MINNEAPOLIS, MINN.

November 28, 1921

EDITORIAL NOTICE:—This report is prepared monthly in the office of the Federal Reserve Agent for the purpose of providing the public with accurate and impartial information concerning current business conditions in the Northwest. Under present conditions it is absolutely essential that correct information be available for those who must make business decisions. This report will be mailed free of charge to any responsible person who makes request for it.

CONDENSED SUMMARY.

The heavy movement of grain reached and passed its peak in October and the usual fall run of cattle, hogs, and sheep is developing. Unfortunately, these products have suffered, during the month, a great decline in price, particularly in the case of grain, which has made the problems of business and finance more difficult in this district. Copper and iron mining are at low ebb, but flour production is well above normal. Retail trade has been stimulated slightly by the approach of colder weather and Christmas buying, but wholesale trade has fallen considerably. Farmers are said to be burning corn for fuel in some localities. Payments through banks have increased but not as rapidly as last year for this season. The most favorable development is the maintenance of a substantial volume of new permits for building construction with the resulting effects of increasing retail sales of lumber and giving winter employment to skilled laborers. Business failure totals are quite exceptional for this season of the year in this district.

SUMMARY FOR THE MONTH.

Grain receipts at Minneapolis and Duluth, totaling nearly 41 million bushels during October, were 14 per cent less than in September, although Minneapolis had an increase and the total was 2 per cent greater than a year ago. Elevator stocks at Minneapolis and Duluth terminals exceeded 43 million bushels at the end of October, of which nearly 27 millions consisted of oats and more than 10 millions of wheat. These stocks are 20 per cent greater than a month ago and more than double the stocks of a year ago. As compared with last year there were increases of 19 million bushels in oats and about one million each in rye, wheat, and corn. The 1921

corn production in this district has exceeded the 1920 record by nearly 17 million bushels. This increased production with increases elsewhere, and the large carryover of the old crop has depressed prices to the lowest level of the year. Many stories are current to the effect that it is more profitable in dollars to burn the corn on the cob for fuel than to purchase coal, with the transportation costs by wagon and by rail which are necessary in such an exchange of products. Although these cases of persons using corn for fuel are somewhat isolated and not general, it is a condition that epitomizes the primary difficulty of the present business situation in the Northwest, namely, that prices of different commodities have not been adjusted to the same extent and therefore trading in volume is impossible.

Live stock receipts in October were nearly double the movement in September owing to the normal fall movement which develops with a peak later in November. The cattle movement is not as great as last year, but has been offset by the greater increases in number of head received of hogs and sheep. Shipments of feeders for fattening were much greater in October than in September, but not as great as a year ago. Cumulative receipts for all kinds of cattle for the first 10 months of this year were 10 per cent below 1920; and the shipments of feeders during the same period were 20 per cent below 1920.

Potato shipments for the crop year to date have been nearly double those of a year ago in spite of the fact that the total production is estimated to be about one-eighth less than last year. Sixty per cent of the year's crop was reported as marketed by November 1 or a total shipment of over 25,000 carloads from the four states of Minnesota, North Dakota, Montana, and South Dakota.

Price quotations developed a pronounced downward trend in October for the median prices of grains as compared with September. The declines were about 21c per bushel in the cases of flax, wheat, and rye, and about 10c per bushel for corn and barley. These declines continued into November and in the case of wheat amounted to more than 8c additional in the first half of November. These declines appear to be due very largely to export conditions. There has been a serious resulting effect on the profits of farming, payment of farmers' debts, and the outlook for merchandising in this district. The prices of live stock declined 50c per cwt. for steers and \$1 per cwt. for calves, while hogs and stocker and feeder steers advanced but 25c per cwt. The tendency for live stock prices to hold more firmly than in the case of grains has relieved the situation somewhat in those sections depending upon the marketing of their hogs to maintain their purchasing power and to pay debts.

Retail trade increased while wholesale trade declined. Retail trade in dollars increased about 9 per cent in October over September, but the net sales were 13 per cent less than last year and the stocks 17 per cent less than last year. The rate of turnover decreased in October. Wholesale trade in all lines appears to have been less in October than in September with the greatest declines in dry goods (20 per cent) and agricultural implements (13 per cent). As compared with a year ago in October, wholesale sales of agricultural implements were about one-half, of dry goods, about four-fifths, and of hardware about two-thirds, and collections generally reported not to be as good as last year.

Copper mining continued at about 73 per cent less than last year and iron ore shipments about 63 per cent less than last year in the month of October; and both these industries indicated slight declines in October as compared with September. The depression in the mining industry is counterbalanced to some extent by the increase of activity in flour milling and linseed products. Flour production throughout the district increased 7 per cent in October over September and was 23 per cent greater than a year ago, while linseed shipments of oil increased 5 per cent and of cake increased 60 per cent over the preceding month. Linseed production is about the same as a year ago and the Minneapolis flour production is fully 3 per cent greater than the 10-year average.

Coal receipts at Duluth-Superior harbor for the season have been nearly 40 per cent greater than last year and greater than in any recent year. The volume in October was greater than in September, but not equal to a year ago when extraordinary measures were being taken to expedite shipments in the latter part of the season. These coal receipts account for the maintenance of the volume of traffic through the Soo Canals during the current month, although the total movement through the canals was about one-half of a year ago.

The volume of payments through the banks reflects the combined effect of the heavy seasonal agricultural marketing and the depression in the extractive industries and general manufacturing. These bank debits increased but 3 per cent in the four weeks ending October 26 as compared with a seasonal increase last year of 13 per cent. Apparently there has been an increase in the total volume of business in the district but not equal to normal for this part of the year. Owing to price declines, the total of payments through banks for October was 30 per cent less than a year ago and the total for the first 10 months of this year was more than 28 per cent below a year ago.

Building permits granted during October diminished only 2 per cent in number while increasing 5 per cent in total valuation as compared with September. The number of permits was 69 per cent greater and the valuation 42 per cent greater in October this year than last. These comparisons are all the more significant because of the price declines which have taken place since a year ago. An increasing proportion of the total is reported as being devoted to new construction and constitutes one of the most promising factors in the outlook for winter activity.

The retailers of lumber, in their reports, reflect the conditions of the building industry with sales 25 per cent greater in board feet than in September, and 15 per cent greater in dollar values; while manufacturers report an increase of 21 per cent in orders. This may soon be reflected in greater activity in the lumber business as stocks of both retailers and wholesalers are less than a year ago, while the lumber cut by manufacturers declined nearly one-fifth during the month.

Employment for labor has been sustained by the strength of the building movement which has been favored by exceptionally fine weather, and by the holdover of labor demand for moving crops and agricultural produce. Other sources of labor demand appear to indicate that there has been a slight improvement in the demand for skilled labor in the larger factories in the Twin Cities, but a much greater lessening of demand for unskilled labor, and clerical and domestic service. If there has been an improvement in the general employment situation, it has been but slight.

The cost of living is being readjusted gradually. There was a decline of nearly 2 per cent in October; and a total decline since January 1 of more than eleven per cent.

Banking conditions did not improve materially during October. Proceeds from the marketing of the grain, potatoes, and live stock products of the farmers began to have an effect upon banking conditions in October, but owing to the round-aboutness of settlements, there was no significant change until during the first two weeks in November.

Thirty-five selected city banks in the larger cities reported collections from their customers on loans to the extent of \$9 millions during October, but owing to the heavy withdrawals of Government deposits their borrowings from the Federal Reserve Bank were reduced but \$2 millions; and their customers' deposits did not rise as rapidly in October as a year ago. This liquidation in urban centers did not prevail generally throughout the district as shown by the fact that the loans of the Federal Reserve Bank expanded \$1 million during the month. However, the general situation was quite satisfactory as the expansion a year ago had totalled \$8 millions. Commercial paper held for short time investment by bankers and business houses in this district increased 5 per cent in October as compared with September which is the same rate of increase which took place between the same months a year ago. The total volume held at the end of the month was about 40 per cent less than a year ago owing to the tendency to shift borrowings from this district to eastern centers where discount rates are one per cent lower, and partly to the fact that banks in this district are not in a position to purchase non-customers paper to the same extent at this time.

The financial condition of the Northwest as reflected in the statement and activities of this Federal Reserve Bank improved considerably during the first half of November. About \$11 millions of loans were repaid by the District and all rediscounts with other Federal Reserve banks were eliminated on November 3. Gold reserves increased \$7 millions and interest rates were reduced at the Federal Reserve Bank from 6 per cent to 5½ per cent, while customers' loans at city banks were reduced from 7 to 6½ per cent, although cattle loans and collateral-secured notes other than those secured by Liberty Bonds continued at 7½ per cent. During this period the War Finance Corporation loaned about \$1 million in this district and the member banks sold for cash over \$2 millions of their holdings of Government certificates of indebtedness.

Savings and investment sales increased in a very satisfactory way during October. Savings deposits in Twin City banks which total nearly \$100 million increased about 3 per cent as compared with the closing day of September and amounted to 6 per cent more than a year ago. Sales of securities increased 10 per cent during the month and totalled 45 per cent more than in the same month a year ago. This trend toward economy and investment will have very gratifying results.

Business failures in this district established a new high record of liabilities with a total of nearly \$2 millions in October and the number of failures established the second highest record. Possibly some of these may be accounted for by the inability to find sufficient capital to finance an increased volume of business. The totals obviously do not include individual failures and losses in agriculture. The October failures are greater than those of the pre-

ceding month and of October a year ago. Cumulative totals for failures in this district for the first nine months of this year were 370 per cent greater in liabilities and 280 per cent greater in number than during the same nine months during the year 1920, and of these totals about one-half were in the State of Minnesota.

TOPICAL SUMMARIES.

Minneapolis-Duluth Grain Movement Falls Off.

The grain movement at Minneapolis and Duluth (Table No. 1) was lower in October than in September, with declines of 14 per cent in grain receipts and 34 per cent in grain shipments. Minneapolis receipts and shipments increased, but Duluth receipts and shipments of grain were a little more than half in October of their September volume. There were declines at Duluth in the receipts of wheat, corn and rye and a decline in receipts of barley at both Minneapolis and Duluth. Shipments of all grains, other than flax, were down at Duluth in October from the September figure and shipments of all grains, other than wheat and oats, were down at Minneapolis. The flax movement was stronger in October than in September both at Minneapolis and Duluth with the exception of flax shipments from Minneapolis.

As compared with October of last year Minneapolis and Duluth receipts of all grains were up 2 per cent and shipments down 8 per cent. Receipts of wheat and oats were up in both cities. Corn receipts were up at Minneapolis, while there were no corn receipts at Duluth in October of this year or last. Receipts of rye at Minneapolis showed an increase in October this year over last, while rye receipts at Duluth declined. Shipments from Minneapolis and Duluth were larger this year than last in the case of wheat, corn, oats and flax and smaller in the case of rye and barley. Both Minneapolis and Duluth showed increases in shipments of wheat, corn and flax. Minneapolis showed an increase in shipments of oats, while shipments of oats at Duluth declined.

Table No. 1

Grain Movement Minneapolis-Duluth Receipts

	October 1921	September 1921	October 1920
Wheat (Bus.)	27,744,836	32,108,426	26,278,983
Corn (Bus.)	1,088,780	1,980,020	453,120
Oats (Bus.)	5,907,698	5,082,156	4,564,716
Barley (Bus.)	1,977,422	2,951,319	3,302,935
Rye (Bus.)	2,282,659	4,457,135	3,067,094
Flax (Bus.)	1,758,392	954,623	2,474,299
Total	40,759,787	47,533,679	40,141,147
Shipments			
Wheat (Bus.)	13,512,418	18,733,496	12,935,045
Corn (Bus.)	1,130,376	1,230,433	387,490
Oats (Bus.)	2,261,134	3,086,212	1,818,866
Barley (Bus.)	1,410,552	2,653,679	3,375,708
Rye (Bus.)	1,386,642	4,608,269	3,211,430
Flax (Bus.)	880,987	511,338	630,183
Total	20,582,109	30,823,427	22,358,722

Stocks in elevators at Minneapolis and Duluth (Table No. 2) were up 20 per cent in October over September with increases in both cities. There were increases of three million bushels in stocks of oats and wheat and smaller increases in corn, barley and rye, while flax stocks declined. As compared with a year ago, stocks of all grains combined at Minneapolis and Duluth were up 101 per cent in October with all grains other than flax showing increases. Corn stocks, which increased one million bushels were 1200 per cent larger in October this year than in October a year ago, and indicate the effect of the bumper crop of 1920. Stocks of oats exhibited an increase over last year of almost nineteen million bushels or 226 per cent. Wheat stocks were up 11 per cent over last year, stocks of barley were up 29 per cent and rye up 368 per cent.

Table No. 2
Grain Stocks in Elevators
Minneapolis and Duluth

	End of October 1921	End of September 1921	End of October 1920
Wheat (Bus.)	10,297,496	7,204,377	9,292,080
Corn (Bus.)	1,052,600	469,268	78,735
Oats (Bus.)	26,776,041	23,295,039	7,968,817
Barley (Bus.)	2,002,270	1,773,051	1,553,697
Rye (Bus.)	1,567,560	1,297,682	334,690
Flax (Bus.)	1,487,399	1,931,487	2,183,875
Total	43,183,366	35,970,904	21,411,894

Corn Crop Estimate for This District Continues to Increase.

Favorable weather conditions in the Ninth Federal Reserve District have caused a further increase in the estimate of the number of bushels of corn produced in this district. The total estimate now stands at 287,813,000 bushels or 6,254,000 bushels more than the October 1 figure, and 26,687,000 bushels more than the production of 1920. While this district has shown a slight increase over the estimated production of October 1, the estimate for the United States as a whole has been reduced 11,365,000 bushels during the same period. The Ninth Federal Reserve District will produce 9.1 per cent of all the corn raised in the United States in 1921, while in 1920 this District produced only 8 per cent of the national production.

In addition to our large crop this year we have an unusually large carry-over from 1920. The Department of Agriculture estimates that South Dakota alone has 9 per cent of her 1920 production or approximately 9,500,000 bushels still on the farms.

Flax, Apple and Sugar Beet Crop.

The November 1 estimates of flax, 8,251,000 bushels, and apples, 2,111,000 bushels, produced in the four states, Minnesota, Montana, North and South Dakota were both below the total production figures for 1920.

The sugar beet crop in Montana this year is larger than the 100,000 ton crop of last year and the harvest has been very successful under splendid weather conditions.

Heavier Marketing of Potatoes in Spite of Reduced Production.

The potato crop estimate of 42,357,000 bushels on November 1, 1921, for the four states, Minnesota, Montana, North and South Dakota (Table No. 3), exhibited a reduction of more than 6½ million bushels from the crop of 1920, according to the estimates of the United States Department of Agriculture. This decline was shared by all states except Montana and North Dakota. The latter enjoyed an increase of about 2 million bushels or 28 per cent over 1920. Although the total production of potatoes in these four states is 13 per cent less than last year, the shipments for the crop year to date have been nearly double those of a year ago. Table No. 3 based on reports of the United States Bureau of Markets indicates that over 60 per cent of the 1921 production had been marketed by the end of October of this year, although less than 28 per cent of last year's crop had been marketed by the same date last year. This rapid marketing was most pronounced in the case of North Dakota for which the carloadings indicate that 86 per cent of the total production has been shipped; and all the states show considerable increases over a year ago. Shipments during the current crop year totalled 25,534 carloads as compared with 13,587 carloads during the same period last year. The Government reports, in describing the South Dakota situation, state: "Part of this increase in carload shipments can be accounted for by the smaller loads, since higher temperatures prevailed and this compelled light loading. In addition to this, the commercial crop of potatoes is usually produced in the counties of Brookings, Codington, Deuel, Kingsbury, Hamlin, and Clark, and this year that small region has been more favored and as a result has a fair yield of potatoes on a greatly increased acreage, while the remainder of the state has a most inferior crop on practically a normal acreage."

Table No. 3
Proportion of Total Potato
Crop Marketed

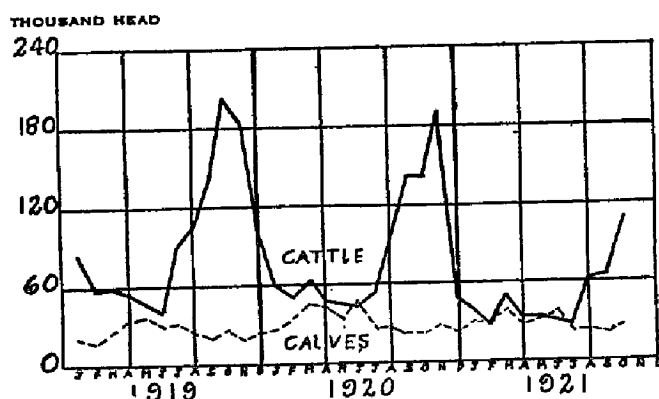
	November 1 Estimate 1921	% Mar- keted of 1921 Production	November 1 Estimate 1920	% Mar- keted of 1920 Production
Minnesota	22,752,000 bus.	62.7	28,025,000 bus.	38.3
Montana	5,750,000 bus.	12.0	5,060,000 bus.	5.4
North Dak.	9,025,000 bus.	86.0	7,110,000 bus.	12.5
South Dak.	4,830,000 bus.	57.6	8,697,000 bus.	19.5
Total	42,357,000 bus.	60.4	48,892,000 bus.	27.8

Fall Live Stock Movement in Full Swing.

Receipts and shipments of all classes of live stock combined at South St. Paul (Table No. 4) were nearly 90 per cent greater in October than in

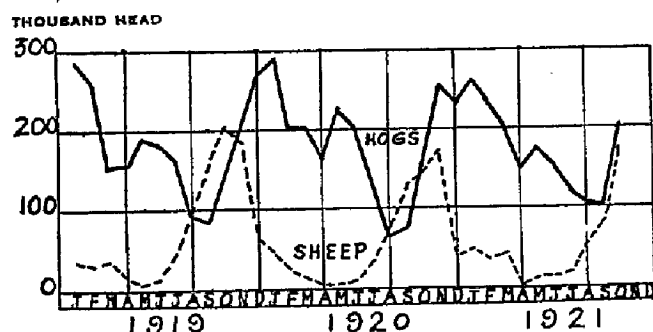
September, indicating that the normal fall movement of live stock has commenced. Receipts moreover were three per cent larger in October this year than last year, but shipments showed a decline of 11 per cent.

All classes of live stock showed pronounced increases in October over September both in receipts and in shipments. The increase in the movement of calves was only 20 per cent in receipts and 25 per cent in shipments, but this increase was quite satisfactory considering the fact that the movement of calves does not show any pronounced increase normally until March.



Receipts of Cattle and Calves at South St. Paul

The receipts of calves, hogs and sheep were 15 per cent larger in October this year than in October a year ago. However, the movement of cattle is smaller this year than last. Receipts of cattle in October were 25 per cent below receipts in October a year ago and shipments were down 38 per cent. The shipments of hogs showed an increase between October this year and October a year ago of 108 per cent, but there were declines in the shipments of calves and sheep between the two months of 9 and 8 per cent respectively.



Receipts of Hogs and Sheep at South St. Paul

Shipment of feeders for winter fattening has also begun. Shipments of cattle for feeding increased 54 per cent in October over Sep-

tember, calves increased 332 per cent, hogs 76 per cent and sheep 135 per cent, or a combined increase for the four classes of more than 80 per cent. The movement of feeders to the country, however, was slightly less in October this year than a year ago. While there was an 11 per cent increase in the shipment of feeder cattle and a 42 per cent increase in the shipment of calves, there was a decrease of 7 per cent in the shipment of sheep and a decrease of 23 per cent in the shipment of hogs.

As compared with a year ago, the total movement of live stock in the first ten months of this year has not been so great as in the same period last year. Receipts of each class of live stock were lower this year than last, with a combined decrease of 10 per cent. Combined shipments of live stock this year have been 14 per cent less than a year ago, with decreases in every class other than hogs which showed an increase of 36 per cent. Shipments of feeders for the first ten months of 1921 were 20 per cent lower than shipments in the same period last year, with decreases in each class of feeders. Calves especially were affected by the decline with a decrease of 69 per cent in shipments from last year's figure.

"Southern cattle have been shipped to Montana this fall for feeding. It has long been profitable to bring the Texas, Arizona and New Mexico stock here for summer grazing, but considerable shipments have been made this fall to take advantage of the abundance of good winter range and the almost unlimited forage supply in high quality hay for which the native herds are sadly inadequate. There have also been large numbers of animals brought from Canada for feeding."—Monthly Financial Review, American Bank & Trust Company, Great Falls, Montana.

Table No. 4

Live Stock Movement	October 1921	September 1921	October 1920
Receipts			
Cattle	106,785	65,460	141,282
Calves	27,169	22,560	23,482
Hogs	201,921	103,755	177,835
Sheep	171,830	84,680	148,495
Horses	271	151	704
Total head	507,976	276,606	491,798
Shipments			
Cattle	62,326	42,127	100,295
Calves	2,314	1,846	2,523
Hogs	43,209	15,094	20,730
Sheep	82,856	42,499	89,649
Horses	249	130	657
Total head	190,954	101,696	213,854
Shipments of Feeders			
Cattle	49,321	32,009	45,462
Calves	1,171	271	822
Hogs	11,778	6,668	15,281
Sheep	33,964	14,421	36,301
Total head	96,234	53,369	97,866

Grain Prices Off; Live Stock Prices Show Mixed Tendencies

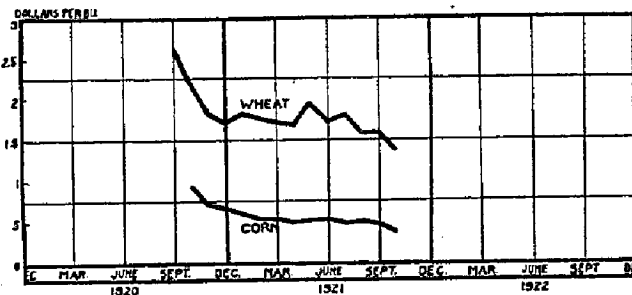
There were marked declines in the median prices of all grains between September and October. (Table No. 5.) Wheat was off 21 cents; corn, 11 cents; flax, 21½ cents; rye, 20½ cents; barley, nine cents; and oats, 4¾ cents. The median prices of corn, it should be noted, are based on a small number of sales but are probably a good symptom of the price movement for all grades of corn.

Table No. 5

Grain Prices	Month 1921	High	Median	Low
Wheat				
No. 1 Dark Northern.....	Oct.	\$1.52¾	\$1.36	\$1.25½
	Sept.	1.65	1.57	1.40¾
*Corn—No. 3 Yellow.....	Oct.	.39½	.38	.37½
	Sept.	.49	.49	.49
Oats—No. 3 White.....	Oct.	.32¾	.27¾	.25¾
	Sept.	.37½	.32½	.28½
Barley—No. 3	Oct.	.53	.45	.38
	Sept.	.59	.54	.48
Rye—No. 2	Oct.	.93	.79	.72½
	Sept.	1.05½	.99½	.91½
Flax—No. 1	Oct.	1.96	1.81	1.71
	Sept.	2.19½	2.02½	1.88

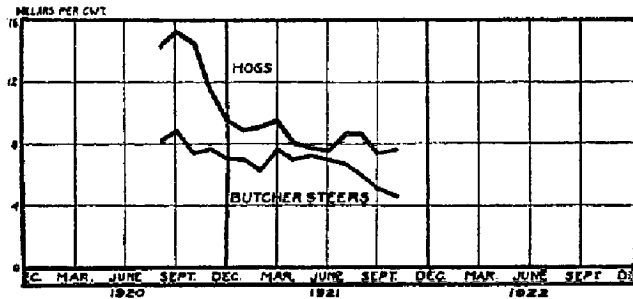
*Only one sale in September and five in October.

The slump in the price of wheat is due to a number of causes, among which might be noted an exceptionally heavy Canadian wheat movement causing a congestion of wheat at Montreal; the rapidly declining price of Canadian wheat which has been reduced in order to attract the export buyers; a large increase in the visible supply of wheat at terminal markets owing to the early marketing of grain this year in the United States; improving crop prospects in other grain exporting countries which tends to curtail export demand from this country and a probable reduction in domestic consumption as a result of unemployment and low priced corn and oats.



Median Prices of Wheat and Corn at Minneapolis

Washburn-Crosby Gold Medal flour declined from \$8.00 per barrel on October 1 to \$7.25 per barrel on November 1, but had risen to \$7.50 per barrel on November 15. This rise during November in the price of flour was in contrast to the decline in the median price of wheat between the median for October and the median for the first fifteen days in November. The October median price of wheat was \$1.36 and the median for the first half of November was \$1.27¾, indicating a decrease of 8¼ cents between the two periods.



Median Prices of Hogs and Butcher Steers at South St. Paul

Median live stock prices have fluctuated very little between September and October. (Table No. 6.) The median price of butcher cows and of lambs remained unchanged from September to October. Butcher steers were down 50 cents, and veal calves down \$1.00 and there was an increase of 25 cents in the price of hogs and stocker and feeder steers.

Table No. 6

Live Stock Prices	Month 1921	High	Median	Low
Butcher Cows, Heifers.....	October	\$7.50	\$4.00	\$3.10
	September	9.00	4.00	3.00
Butcher Steers	October	8.50	4.50	3.00
	September	10.00	5.00	2.00
Stock & Feeder Steers.....	October	6.00	4.75	2.25
	September	7.00	4.50	2.50
Veal Calves	October	10.50	9.00	2.00
	September	11.50	10.00	1.50
Hogs	October	8.00	7.50	5.25
	September	9.00	7.25	5.75
Lambs	October	8.25	7.50	1.00
	September	9.00	7.50	2.50

During October wholesale produce prices showed about as many increases as declines. There were increases in butter, eggs, tomatoes and onions at wholesale and decreases in veal, potatoes, cabbage and sweet potatoes. Potatoes were down on account of a larger estimate on November 1 than on October 1 for the crop, increased receipts at markets and favorable weather for shipping. In addition to these variations in the prices of staple products, there were decreases in prices of grape-fruit and apples among the seasonable fruit group.

It is interesting to note the declines which have taken place in wholesale produce prices in Minneapolis during the past year. Between the last of October, 1920, and the same date in 1921 an unweighted average of eighteen commodities at wholesale showed declines of 9.9 per cent, with the greatest declines in veal, hogs, dried peas, onions and eggs.

Value of Retail Trade Less Than Last Year

Representative retail stores in the Ninth District sold goods in October the value of which was 9 per cent more than the value of September sales, but 13 per cent less than the value of goods sold in October, 1920. Likewise for the period from July 1 to October 31, the value of sales was 17 per cent less this

year than last. Stocks of merchandise on hand at the end of October, while 17 per cent lower than stocks at the end of October a year ago, show an increase of one per cent over stocks at the end of September this year. The index of turnover for October was higher than the index for September, indicating a decrease in the turnover of the reporting stores.

Wholesale Hardware Sales Increase; Sale of Dry Goods and Agricultural Implements Decrease.

Reports from eleven wholesale hardware firms in Minneapolis, St. Paul and Duluth (Table No. 7) indicate that wholesale hardware sales were only four-tenths of one per cent smaller in October than in September. This is significant when compared with a reduction of twenty per cent from the September figures in sales of wholesale dry goods reported by five companies and a reduction of thirteen per cent between the two months in agricultural implements sales reported by eight companies.

The three classes of wholesale stores show reductions in October from the figures for October last year. Sales of agricultural implements which were down 50 per cent made the worst showing. Wholesale hardware sales were down 32 per cent and wholesale dry goods sales were down 21 per cent. For the ten months of 1921 sales in each of the three classes has also been lower than in the same period of 1920. Agricultural implement sales exhibited a decline of 54 per cent, dry goods sales were off 37 per cent and hardware sales were down 31 per cent.

Table No. 7

Wholesale Trade

Sales	October 1921	September 1921	October 1920
Dry Goods	\$2,392,954	\$3,001,127	\$3,018,351
Agric. Implements	185,594	213,569	374,755
Hardware	1,402,187	1,407,279	2,087,133

Table No. 8

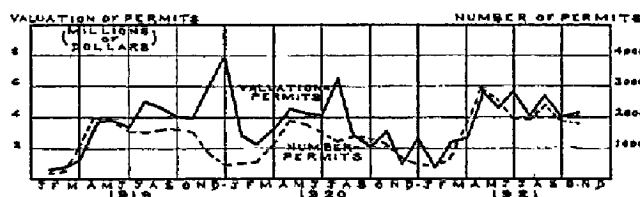
Prospective Building	No. of Permits Sept. '21	No. of Permits Oct. '21	% Oct. of Sept.	No. of Permits Oct. '20	% Oct. 1921 of Oct. 1920	No. for New Construction	No. for Repairs & Alterations
Minneapolis	943	961	98.0	567	166.1	693	250
St. Paul	555	549	101.1	245	226.5	316	239
Duluth	216	228	94.6	147	147.0	122	94
Fargo	37	51	72.5	31	119.2	28	9
Sioux Falls	35	23	152.1	38	92.2	32	3
Superior	104	100	104.0	75	138.6	43	61
Missoula	11	24	45.8	8	137.8	6	5
Great Falls	28	31	90.1	29	96.4	17	11
Helena	2	8	25.0	2	100.0	2	0
Total	1,931	1,975	97.9	1,142	169.0	1,259	672
	Valuation of Permits Oct. '21	Valuation of Permits Sept. '21	% Oct. of Sept.	Valuation of Permits Oct. '20	% Oct. 1921 of Oct. 1920	Valuation for New Construction	Valuation for Repairs & Alterations
Minneapolis	\$2,072,165	\$1,866,640	111.0	\$1,148,425	180.5	\$1,873,425	\$198,740
St. Paul	1,064,178	1,405,993	75.6	516,382	206.0	979,062	85,116
Duluth	373,498	310,179	120.2	153,120	243.9	323,928	49,570
Fargo	180,470	185,575	97.4	342,000	52.7	155,385	25,085
Sioux Falls	407,200	52,700	772.6	738,651	55.2	404,600	2,600
Superior	47,972	56,626	84.6	33,532	143.0	34,294	13,678
Missoula	23,350	90,150	25.8	7,000	333.5	22,200	1,150
Great Falls	40,000	29,000	137.8	23,270	171.9	35,000	5,000
Helena	400	7,375	5.4	5,675	7.0	400
Total	\$4,209,233	\$4,004,238	105.0	\$2,968,055	141.7	\$3,828,294	\$380,939

Cumulative Sales

	Jan. 1-Oct. 31, 1921	Jan. 1-Oct. 31, 1920
Dry Goods	\$23,372,083	\$37,072,444
Agricultural Implements	3,083,250	6,687,986
Hardware	14,759,890	21,699,634

October Building Continues Strong.

In nine cities of the Ninth Federal Reserve District the number of permits granted during October for building (Table No. 8) receded only 2 per cent from the September figure and the valuation of permits actually increased 5 per cent between September and October. This change in the volume and value of building from September shows the same tendency as was exhibited last year, and was more satisfactory than the showing made in 1919 when both the number and valuation of permits fell off in October. As compared with October a year ago, the figures for October this year show a much larger volume of building. The number of permits granted this year was 69 per cent above the number a year ago in October and the valuation of permits was up 42 per cent.



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

The number of permits granted in October declined slightly in Minneapolis, Duluth and Great Falls, 28 per cent in Fargo, 54 per cent in Missoula and 75 per cent in Helena. While the number of permits declined in Minneapolis, Duluth and Great

Falls, there were increases in the valuation of permits granted between September and October in these cities. On the other hand, while the number of permits increased at St. Paul and Superior, the valuation in each of these cities fell off. The valuation of permits at Fargo, Missoula and Helena declined with the decline in the number of permits. At Sioux Falls the building activity was much greater in October than in September. The number of permits granted increased more than 50 per cent and the valuation of permits, owing to the granting of a permit for the erection of a public building, increased nearly 700 per cent. As compared with a year ago, the number of October building permits was greater in every city other than Sioux Falls, Great Falls and Helena. In the latter city there were two permits issued in October of both years. The valuation of permits was larger in October this year than in October a year ago in every city excepting Fargo, Sioux Falls and Helena.

New construction continues to be a larger proportion of the total construction than was the case during the twelve months ending June 30, 1921. Considering that twelve months' building as normal, during that period 81 per cent of the valuation and 61 per cent of the number of permits was for new construction. In October, 1921, 91 per cent of the valuation and 65 per cent of the number of permits was for new construction. The average valuation of permits for new construction and for repairs continued to be smaller during October than the average permit in the twelve months ending June 30, 1921.

Lumber Sales Increase.

Retail lumber sales measured in board feet (Table No. 9), which follow the trend of building operations, were 25 per cent higher in October than in September and but 4 per cent below sales in October last year. Retail sales measured in dollars, increased 16 per cent over September and declined 33 per cent from the total of October a year ago. Retail stocks were slightly less than a month ago and one-fourth less than a year ago.

From reports of representative lumber manufacturers in this district, it appears that lumber cut during October was 17 per cent less than in September and 53 per cent less than a year ago. Manufacturers' stocks were 4 per cent lower than in September and 14 per cent greater than a year ago. Shipments in October were about the same as in September but one-fourth larger than a year ago while orders received in October were 20 per cent larger than in September and 25 per cent larger than a year ago. Collections by both manufacturers and retailers were not as large as in October a year ago, although retailers enjoyed an increase in October as compared with September of this year. The outstanding bills and accounts of both

manufacturers and retailers are at much lower sums than a year ago, but indicate very little change since a month ago.

Table No. 9

	October 1921	September 1921	October 1920
Lumber Retailers			
Sales (Bd. Ft.)....	15,937,600	12,733,364	16,645,486
Stocks on hand (Bd. Ft.)	100,319,274	107,990,469	134,995,638
Lumber Manufacturers			
Lumber Cut			
(Bd. Ft.)	8,930,564	10,740,131	18,927,902
Stocks on Hand (Bd. Ft.)....	204,575,076	212,023,534	179,861,036
Shipments (Bd. Ft.)	15,699,808	15,504,804	12,532,101
Orders (Bd. Ft.)..	14,292,407	11,796,230	10,444,445

Mining Remains at Low Ebb.

October copper mining in the Ninth Federal Reserve District, as indicated by the figures of companies producing about 75 per cent of the refined copper in this district, remained at the same low level which has prevailed since the spring months of 1921. (Table No. 10.) Production of the same companies totalled 22,132,286 pounds in October, 1920.

Table No. 10

Pounds of Copper Produced in the Ninth Federal Reserve District

	Pounds		Pounds
January	22,090,948	June	5,790,145
February	21,947,260	July	6,673,804
March	25,923,390	August	7,285,507
April	8,772,008	September	6,167,093
May	5,791,664	October	6,133,935

Iron ore shipments from upper lake ports in October, totaling 3,233,681 tons, were down 17 per cent from the September figure and were 63 per cent less than shipments for October a year ago. Only 21,894,275 tons of ore have been shipped from upper lake ports from the opening of navigation to November 1 this year as compared with 53,122,342 tons in the same period last year, or a decline in shipments of 59 per cent.

Flour Production Above Normal

Flour mills in this district produced nearly 3 million barrels during the month of October (Table No. 11), which was 7 per cent larger than in September and 23 per cent larger than a year ago. The Minneapolis mills, which produced more than one-half of the total, increased 4 per cent over September and 25 per cent over a year ago. When the flour production of Minneapolis alone during October is compared with its ten year average production for that month during the years 1911-20, it appears that current production is 3 per cent above this normal. In the twelve years from 1910-21 there were 7 years in which the October flour production was below that in October this year and only 4 years when it was above. Flour receipts and shipments at Minneapolis and Duluth combined

(Table No. 12) exhibit much larger increases than do the flour production figures. The receipts were about 50 per cent larger than in September and about 100 per cent larger than in October a year ago, while the percentage increases in shipments were precisely half of those shown for the receipts.

Table No. 11

	October 1921	September 1921	October 1920
Flour Production			
Minneapolis (Bbls.)	1,821,341	1,759,164	1,459,706
St. Paul (Bbls.)	79,835	72,000	78,396
Duluth-Superior (Bbls.)	52,206	41,138	50,220
Other Mills (Bbls.)	1,035,707	916,119	839,427
All Mills (Bbls.)	2,989,089	2,788,421	2,427,749

Table No. 12

Flour Movement (in Barrels)			
Minneapolis and Duluth Combined			
	October 1921	September 1921	October 1920
Receipts	1,676,275	1,103,917	852,154
Shipments	3,538,421	2,830,382	2,378,773

Shipments of Linseed Products Increase.

During October 8,693,669 pounds of linseed oil and 12,804,469 pounds of oil cake were shipped from Minneapolis. This was an increase of 5 per cent in the shipments of linseed oil and an increase of 60 per cent in the oil cake over the September volume. As compared with a year ago, October shipments of linseed oil were down 7 per cent while oil cake shipments were up 7 per cent.

Northwest Coal Supply Sufficient for Winter Needs.

An investigation made during October of the coal supply in the Ninth Federal Reserve District indicates that there will be no shortage of household coal this winter. The question was asked of a number of the retail lumber companies who have yards throughout the district. Of these companies 14 reported that in the towns where their yards are located, the coal supply was sufficient and only one company reported a scant supply in some of the towns where it operates.

The total coal received at Duluth-Superior during the lake shipping season up to October 31 is a larger amount than that received in any year since the government reports began which was in 1918. Soft coal receipts of Duluth-Superior for the shipping season to October 31 were 40 per cent larger in 1921 than in 1920 and hard coal receipts for the same period were 26 per cent larger in 1921 than in 1920, or a combined increase for soft and hard coal of 38 per cent (Table No. 13).

During the month of October, 25 per cent more soft coal and 24 per cent more hard coal was received than during the month of September. As compared with a year ago, October soft coal receipts, however, were down 48 per cent and hard coal receipts down 7 per cent or a combined decrease of 42 per cent.

Table No. 13

Duluth-Superior Coal Receipts			
	October 1921	September 1921	October 1920
Soft coal (Short Tons)	808,260	647,095	1,556,287
Hard Coal (Short Tons)	257,240	207,901	275,549
Totals	1,065,500	854,996	1,831,836
Cumulative Receipts from the Opening of Navigation to October 31.			

	1921	1920
Soft Coal (Short Tons)	7,969,084	5,683,778
Hard Coal (Short Tons)	1,671,840	1,324,199
Total	9,640,924	7,007,977

West Bound Traffic Through the Soo Canal Increases in October.

West bound traffic through the Soo Canal consisting largely of coal increased 17 per cent in October over September (Table No. 14). East bound traffic, however, showed a decrease of about one per cent owing to smaller shipments of iron ore and grains other than wheat. Shipments of wheat and flour and of copper showed increases between September and October. Both East and West bound traffic were about 50 per cent lower in October, 1921, than in October last year.

Table No. 14

	October 1921	September 1921	October 1920
Soo Canal Traffic			
East Bound (Sh. T.)	4,943,351	5,017,941	9,876,641
West Bound (Sh. T.)	1,709,044	1,464,130	3,123,658
Total	6,652,395	6,482,071	13,000,299

Slight Increase in Payments Through Banks.

The four weeks ending October 26 witnessed an increase of 3 per cent over the four weeks ending September 28 in payments through banks of twelve cities in the Ninth Federal Reserve District. (Table No. 15.) All cities shared in this increase except Duluth and Superior. Last year between September and October, there was an increase of 13 per cent in payments through banks in the twelve cities with increases in every city except Aberdeen and Great Falls. At Minneapolis there was an increase between September and October of this year of 4 per cent and last year of 10 per cent. In St. Paul the increase was less than 17 per cent this year and slightly more than 17 per cent a year ago. Comparing October this year with October a year ago, there was a decline in the dollar amount of payments through banks of 30 per cent with all cities other than Helena showing declines. From January 1 to the end of October in 1921, the total payments through banks in the twelve cities were \$5,688,512,000 or a decline of 28.3 per cent from the amount during the same period in 1920; while the 1921 total through the end of October was only 28 per cent less than in 1920. As the dollar amounts of payments through banks increased much less between September and October this year than last and the October amount this year was 30 per cent less than the amount last year in October, it is probably true that the physical volume of business in October this year was considerably lower than the volume a year ago.

Table No. 15

Payments Through Banks (000's omitted)	4 weeks Ending Oct. 26, 1921	4 weeks Ending Sept. 28, 1921	Per cent Oct. of Sept.	4 weeks Ending Oct. 27, 1920	Per cent Oct. '21 of Oct. 1920	4 weeks Ending Sept. 29, 1920	Per cent Oct. '20 of Sept., 1920
Aberdeen	\$ 5,956	\$ 5,443	109.2	\$ 8,176	72.8	\$ 8,638	94.8
Billings	7,762	6,488	119.7	10,748	72.2	8,573	125.2
Duluth	80,975	104,338	77.6	158,770	51.0	132,586	119.8
Fargo	11,992	10,845	110.6	17,126	69.9	15,573	110.0
Grand Forks	7,950	5,453	145.9	8,303	95.6	7,202	115.2
Great Falls	7,828	7,568	103.4	10,551	74.1	10,842	97.4
Helena	12,009	10,009	120.0	10,571	113.9	10,237	103.3
Minneapolis	316,319	304,183	104.0	438,317	72.1	397,119	110.2
St. Paul	126,956	108,746	116.9	162,588	77.9	138,362	117.4
Sioux Falls	15,904	14,351	110.9	26,859	59.2	23,535	114.2
Superior	7,746	7,805	99.1	8,959	86.5	7,245	123.6
Winona	4,461	3,775	118.2	5,965	74.8	5,083	117.2
Total	\$605,858	\$589,004	102.8	\$866,933	69.9	\$764,995	113.2

Employment Conditions Improve Slightly for Skilled Labor in Larger City Factories.

The firms in Minneapolis and St. Paul normally employing more than five hundred men show some improvement in the number of men employed on October 31 over September 30. In St. Paul the increase during the month was 6.4 per cent and in Minneapolis .09 per cent. The Minneapolis firms represent a total of 13,000 employees and St. Paul firms employ about 9,000 men. For Minneapolis there was an increase in employment in railroad repair shops of 7.2 per cent and increases of .1 per cent in shops manufacturing food and textiles. These increases were nearly off-set by a decrease of 15 per cent in iron and steel employment, a decrease of more than 10 per cent in vehicles and a decrease of more than 2 per cent in the miscellaneous factory group.

While this improvement in employment conditions in the larger factories was taking place, clerical, domestic and other lines of employment appear to be in a less satisfactory condition. A large Minneapolis newspaper shows a decrease of 21 per cent between September and October in the number of advertisements for "Help Wanted" and an increase of 17 per cent in "Situations Wanted." Although this is an unsatisfactory tendency, the situation is not acute for in actual numbers of ads, there were 3,744 for "Help Wanted" and 1,564 for "Situations Wanted," indicating that there were more situations open than there were applicants fitted to accept in October.

The United States Employment Offices at Minneapolis, St. Paul and Duluth show an increase of 49 per cent in registrations of unemployed men and women between September and October and an increase of 43 per cent in applications for services between the two months. This would indicate that unemployment in unskilled labor is increasing. Moreover the total number of registrations during October was 6,376 and the applications for services were only 5,652 in number. While there is some unemployment in Minneapolis, St. Paul and Duluth, the situation is not alarming. Always at

this time of the year, with harvesters returning to the city at the close of the harvest season, there is an increase in unemployment in the cities, and it is questionable whether unemployment is much greater this year than normally.

For the Ninth Federal Reserve District as a whole, the United States Department of Labor reports that a serious increase in unemployment has been prevented by the continuation of mild weather which makes it possible to continue building operations in the open. This condition is in turn reflected in the sash and door factories which are normal for this time of the year. Outside of the cities and the larger towns unemployment is increasing, owing to the completion of harvesting. In North and South Dakota the unemployment does not appear to be serious for there is plenty of agricultural work available for those who will accept it. It appears, however, that this class of labor at the prices which are offered does not appeal to the unemployed who prefer to work on municipal improvements and other public work which pays a higher wage. In Montana, while coal mining has increased and brighter prospects are noted in the lumbering industry, copper mining and related industries are much depressed and in the copper mining regions there is a surplus of labor.

Cost of Living.

The cost of living in the Ninth Federal Reserve District as indicated by the weighted index number for the cities of Minneapolis, St. Paul, Duluth, Grand Forks and Helena declined 1½ per cent in the month of October. (Table No. 16.) When the cost of living on November 1 is compared with the cost of living on January 1 of this year, it appears that there has been a decrease in this interval of 11.6 per cent.

The index number shown in Table No. 16 for the several months is computed with January 1, 1921, as a base of 100 per cent and this base is made up of quotations for 20 food articles, 15 articles of clothing for the winter 6 months, and 13 for the summer 6 months, and the cost of housing,

placed in South Dakota, \$140,000 in Montana, \$134,000 in North Dakota, and \$75,000 in Minnesota. A very much larger sum is in process, extending from the making of applications, the approval of applications by the local committee, and the approval of applications at Washington, to the arrangement of details for the advancement of the funds. The Federal Reserve Bank is acting merely as the fiscal agent for the War Finance Corporation in issuing the checks chargeable to the Government account and as custodian for the collateral which is of such a nature and maturity as to be ineligible for discount under the conditions imposed by the Federal Reserve Act.

Savings Deposits and Sales of Investment Securities on the Increase.

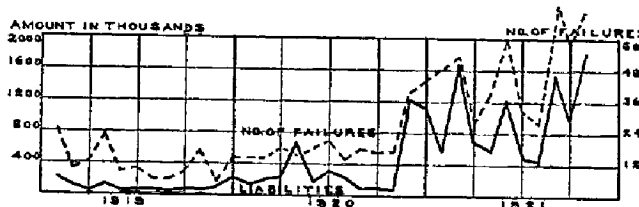
Nine savings banks in the Twin Cities showed a slight increase of .1 per cent in the amount of savings deposits on November 1, 1921, as compared with October 1, 1921, and the total deposits in these nine banks of \$58,391,305 was more than 4 per cent larger than the total on November 1 a year ago. In fourteen Twin City member banks there were time deposits on November 2 of this year totaling \$40,785,000, or an increase of 7 per cent over the total time deposits in those banks on October 5 and an increase of 8 per cent over the amount of time deposits a year ago.

Leading investment houses in Minneapolis and St. Paul sold 10 per cent more securities in October than in September and 45 per cent more than in October a year ago. Of the total nearly 40 per cent consisted of municipal bonds, of which somewhat fewer were sold in October than in September but more than double the sum sold in October a year ago. Larger sales were effected of city mortgages and corporation notes during October than in September and than in October a year ago. Foreign securities sales were larger in October than in September. Doubtless some of this increase in sales has been due to the same forces that have brought about an increase in savings deposits, although the expectation of falling interest rates has helped to increase the volume of securities sold even to the extent of inducing many purchases with borrowed funds.

Business Failures Make New Record.

October business failures in the Ninth Federal Reserve District, reported by Dun's Review, made a new high record in liabilities during October with a total of \$1,833,103. The number of liabilities, reported as seventy, was the second highest on record, being exceeded only by the total of seventy-two failures recorded in August of this year. The October business failures were 23 per cent larger

than September in number and 87 per cent larger in liabilities. As compared with October a year ago, the number of failures exhibited an increase of 337 per cent and liabilities an increase of 2088 per cent.



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

Dun's Review quotes very striking figures for business failures during the first three quarters of 1921 and 1920. (Table No. 17). For the four states Minnesota, North Dakota, South Dakota and Montana, business failures for the first nine months of 1921 were 179 per cent larger than during the same period of 1920, with liabilities 271 per cent greater in 1921 than in 1920.

South Dakota leads in the increase in the number of failures with Minnesota, North Dakota, and Montana showing increases in the order named. North Dakota leads in the percentage of increase in the amount of liabilities involved with South Dakota, Minnesota and Montana following. Of the total number and liabilities of failures in 1921, Minnesota was responsible for more than half.

It is interesting to note that the percentage of assets to liabilities in the reported failures was 65.9 per cent in Montana, 64.3 per cent in South Dakota, 59.1 per cent in Minnesota, and 57.3 per cent in North Dakota.

Table No. 17

Commercial Failures			
(As Reported by Dun's Review)			
From January 1 to September 30, 1921 and 1920.			
	Number of failures		% 1921 of 1920
	1921	1920	
Minnesota	205	73	280.8
Montana	105	54	194.4
North Dakota	41	15	273.3
South Dakota	54	3	1800.0
Total	405	145	279.3
	Liabilities 1921	Liabilities 1920	% 1921 of 1920
Minnesota	\$4,585,917	\$1,469,802	312.2
Montana	1,172,783	376,976	311.1
North Dakota	857,386	202,720	422.9
South Dakota	1,112,131	30,812	361.1
Total	\$7,728,217	\$2,080,310	371.5

WHEN IS BUSINESS NORMAL?

This question is commonly asked by business men at the present time when reading about business conditions. Comparisons which it is customary to make between figures for the current month and figures for the month previous and for the same valuable, but they do not indicate whether current month in the foregoing year are recognized to be business is above or below what it should be, having regard to a normal for long-run experience. If every year were a normal year, comparison between successive months or between the same months in different years would give a true measure of the divergence from ideal business conditions, but unfortunately not every year is found to be normal and therefore available as a base from which to measure differences. The cycle of trade induces years of unequal activity as was particularly shown in the past two years with the rapid change from feverish excitement to great depression in the course of a few months.

There is a need, then, for figures which will indicate the normal movement of the great industries of this district, and during this month such figures have been prepared with regard to the physical volume of cereals moved to market. In preparing such normal figures account should be taken of the normal growth of the country, from which it follows that the total volume of each year usually exceeds that of each of the preceding years. In the case of grain, however, it is more important to know whether the volume of any one month has increased or decreased as compared with the normal seasonal movement in the same month of the preceding years. We have overlooked the normal growth for the purpose of simplicity in presentation, and from this fact, it follows that the normal growth should bring the percentage of change in each current year slightly above the normal based on the preceding years in our graphic presentation of these figures.

What Are the Normal Monthly Grain Receipts at Minneapolis?

The receipts of cereals at Minneapolis for the past forty years indicate that there is an apparent cycle of growth in grain receipts ranging from seven

to thirteen years, but most frequently including a period of ten years. This cycle includes a period of relatively small receipts followed by a rapidly rising volume of receipts and a final period of a receding volume of receipts.

Having found ten years to be the approximate cycle of grain receipts at Minneapolis, it is advisable to use a ten-year average of the receipts of each grain at Minneapolis by months as our base or normal. These averages for the years 1911 to 1920, inclusive, and for 1910 to 1919, inclusive, were compiled in order to determine the normal monthly movement of grain receipts. It appears that the peak of the actual physical volume of grain received at Minneapolis in an average year comes in October. The peak of receipts is reached for barley, oats, and rye in September. The peak for wheat and flax is reached in October and the peak for corn is reached in December. November is a period of decline in receipts for all grains other than corn, but during December they remain at about the same level as in November. During January and February, the receipts of all grains decline. In March, all grains other than corn show slight increases in receipts. From this minor peak in March, receipts of all grains decline during April and May until June, when there is another slight increase in receipts of grains other than wheat and rye. This flurry is followed by a slump in the receipts of all grains during July. In August, all grains other than flax and corn commence their autumn increase which culminates, as we have stated, in September and October.

In these conclusions it has been assumed that the Minneapolis receipts are a uniform percentage of the total shipments from the Ninth Federal Reserve District, and the reader may also possibly assume that they are a uniform percentage of the total production of this district, but a word of caution must be added to the effect that both of these conclusions may not be true. It may be possible later to make some definite statement as to the extent to which the Minneapolis receipts are maintained at a constant percentage of the total volume shipped and produced in this district.

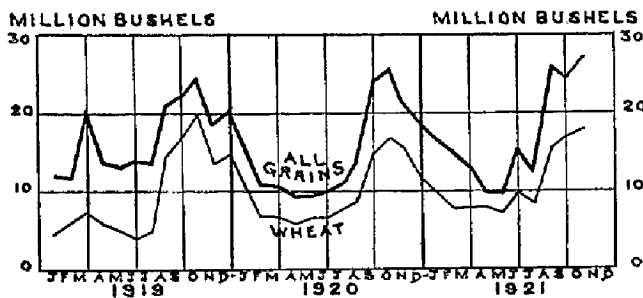


Chart I. Physical Volume of Receipts of All Grains and Wheat at Minneapolis

Were Minneapolis Grain Receipts Normal in October, 1921?

Chart No. 1 represents graphically the quantities of grain received at Minneapolis during 1919, 1920 and 1921. Chart No. 2 indicates that receipts of all grains at Minneapolis, totaling 27,175,190 bushels in October, 1921, were about 3 per cent below normal for this time of the year, although they were 11 per cent greater than in September and 7 per cent greater than in October a year ago. This decline from normal is not significant in view of the fact that the total receipts in the five months preceding September were much heavier than normal. Chart No. 3 indicates that the receipts of wheat and oats were slightly above normal in October and the receipts of corn very much greater than normal. These increases in wheat, oats, and corn, however, were not sufficient to offset the decline in flax, rye, and barley; the greatest decline from normal appearing in the case of barley.

Were Grain Receipts Normal in the Years 1920 and 1921?

A general survey of Chart No. 2 indicates that the receipt of all grains during 1920 and 1921 has shown a pronounced change from normal marketing. A tendency is shown to market smaller volumes in the last four and first four months of the year, which are the months of heaviest receipts; and to market a larger volume in the months of May, June, July, and August, which are known to be the months of lighter receipts. Indeed, it may be true that a new normal is in process of development, owing to changes in facilities for storage and financing. It is apparent that the marketing of the crop is being distributed more evenly throughout the year. In the year 1920 the reason for this change may have been partly railroad conditions and the great expansion of loans in the Federal Reserve System, but probably it is due more largely to the disposition manifested to hold grain in the expectation of higher prices or from a determination to secure the old prices after prices fell. In addition, there

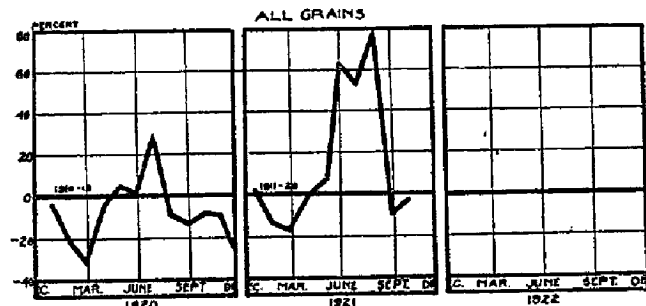


Chart II. Percentage Variations Monthly in Grain Receipts at Minneapolis from the Averages for the Same Months in the Preceding Ten Years

may have been some desire to hold the old crop speculatively for the chance that the new crop might be a poor one, and therefore rapid shipments were made in the few months preceding the new crop in order to make room for the new crop as soon as it was assured to be a good one. Doubtless the heavier shipments during the summer months of 1921 are to be accounted for by the desire to realize before prices should decline to lower levels which at that time appeared to be inevitable in view of the large crop throughout the world and the reduced buying power of foreign countries and of the industrial section of this country. The general lack of confidence during those months with regard to future prices led many to utilize old stocks of flour, thereby impairing still further the market for grains with consequent price influence.

This tendency to market grain more heavily in the summer months than normal is based almost entirely on the movement of wheat which constitutes about two-thirds of the total grain movement, and the graphic representation of wheat in Chart No. 3 coincides very largely with that for all grains shown in Chart No. 2.

The reader must be cautioned not to use these charts as if the curves represented the actual physical volume of receipts. They represent merely the monthly percentage increase or decrease from the average of the same month during the preceding 10 years. For example, while the curve representing the deviation of corn receipts from normal in 1921 rises to 199 points above zero in October, 1921, the volume of corn received was very small compared with the volume of wheat received, although the October curve for wheat was only 5 points above the zero line. Again, when comparing two months for the same grain, the same caution should be maintained. It was a more significant event to market more wheat than normally in August than it was to market more than the normal in June, on account of the larger physical volume of receipts normally in August than in June.

Chart III. Percentage Variations Monthly in Receipts of Six Grains at Minneapolis from the Averages for the Same Months in the Preceding Ten Years.

