MONTHLY REVIEW

OF

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

NINTH FEDERAL RESERVE DISTRICT

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DISTRICT SUMMARY FOR THE MONTH

The cumulative effect of two profitable crops on buying power outside of the largest cities continued to be felt in June. The outlook for the next crop year in this district is not as favorable. From present indications there will be poor yields in the cash crops including spring wheat, rye and potatoes. Feed crops other than corn are also poor. Corn can make an average crop. The high price of hogs, the strong position of beef cattle and the increased dairy production will partly compensate for the poor crops.

The July 1 estimates of the United States Department of Agriculture indicate for the whole United States a production of all wheat 100 million bushels greater than a year ago. On the other hand, the same estimates indicate a total spring wheat and durum crop for the four states of Minnesota, Montana, North Dakota and South Dakota combined, of 51 million bushels less than last year. This is a decrease of 25 per cent. This shrinkage is due to impaired condition caused by insufficient moisture early in the growing season. The relative size of the 1926 crops in this district is shown in the table below.

Relative Size of 1926 Crops in Minnesota, North Dakota, South Dakota and Montana

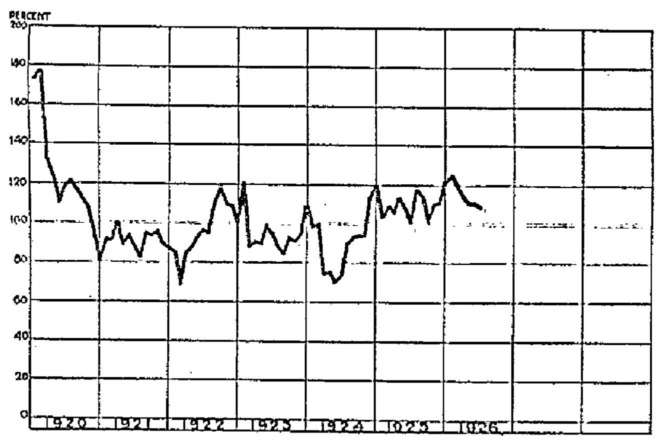
Crop	Per cent of 1925 crop	Percent of the average crop 1920-1924
Spring Bread Wheat	74	79
Durum Wheat	75	81
Winter Wheat	128	74
Corn	107	103
Oats	62	76
Rye	64	48
Barley	71	103
Flax	90	127
White Potatoes	93	61
Tame Hay	71	79

Ninth District farmers have planted 400,000 more acres to principal field crops than they did in 1925. This amount approximates the increased acreage indicated in the "March 1 Intentions to plant" figures. Only three-fourths of the intended increase in durum wheat was planted, however, and the intended decrease in spring bread wheat acreage did not occur, with the result that the actual increase in all wheat is almost double the March 1 figure. Corn, oats and flax acreages are all considerably less than the reported intentions.

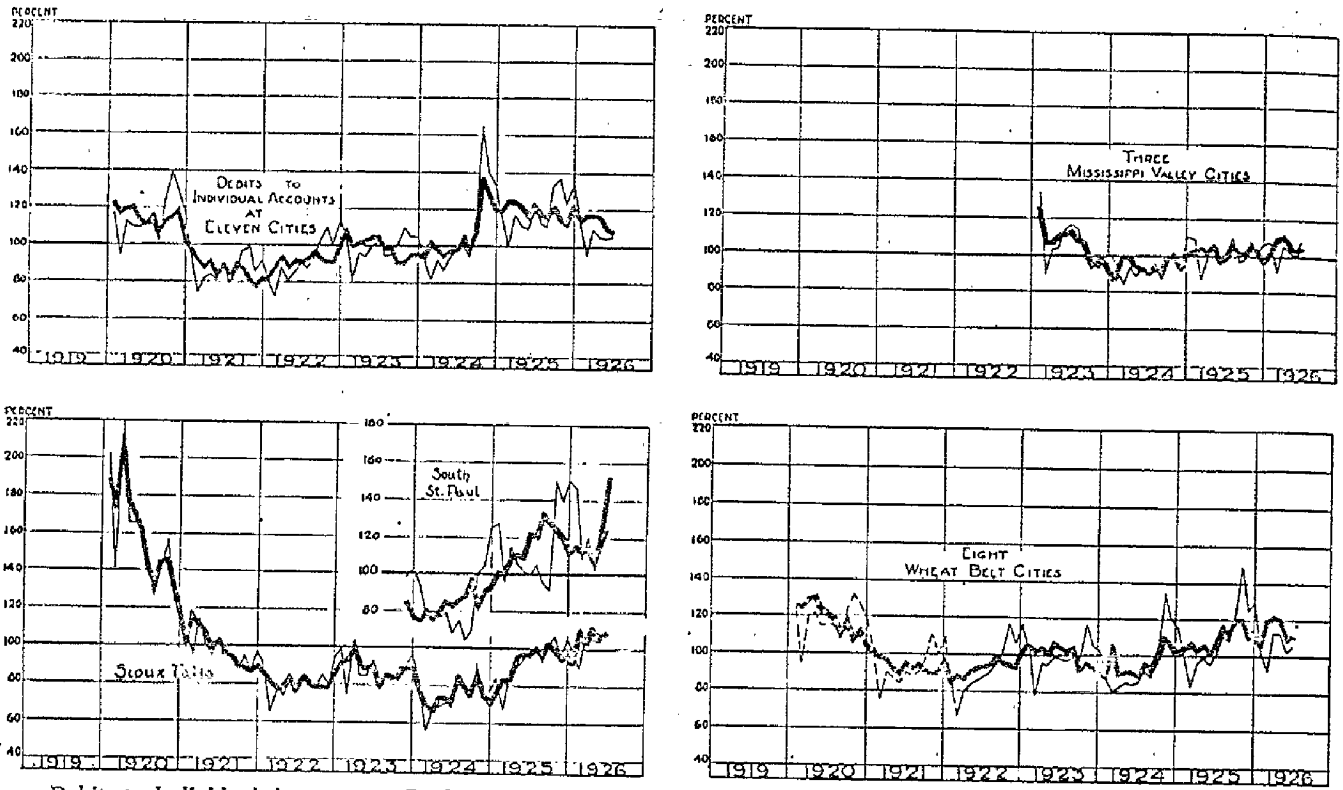
The basic agricultural purchasing power created by the money value of the marketings of livestock and the grains combined during June was 9 per cent less than a year ago. For the period August 1, 1925 to July 1, 1926, the decline in the money value of such marketings was 14 per cent as compared with a similar period one year earlier.

Grain receipts at terminals were one-fourth less in June this year than last, and all the median prices declined. As compared with May, total grain receipts declined, and median prices exhibited a number of small advances.

Livestock receipts were much greater than in June a year earlier, owing partly to poor pastures in the early part of the month and partly to the increased marketings of long-fed steers, which had been taken on earlier to utilize cheap corn. This explains the decline in the median price of butcher steers, although the median prices of most other varieties of livestock were higher. The heavy run of light weight grass-fed cattle also affected the feeder section of the market, increasing the shipments to the country and depressing feeder prices as compared with last month. There is evidence



Lumber Sales by Retail Yards in the Ninth Federal Reserve District, with Seasonal Changes Eliminated.



Debits to Individual Accounts at Banks in Cities of the Ninth Federal Reserve District. Heavy curves represent figures adjusted to eliminate seasonal changes; light curves represent actual, or unadjusted, figures. The "Eleven Cities" include Minneapolis, St. Paul, Duluth, Superior, and seven others reporting to us since 1920.

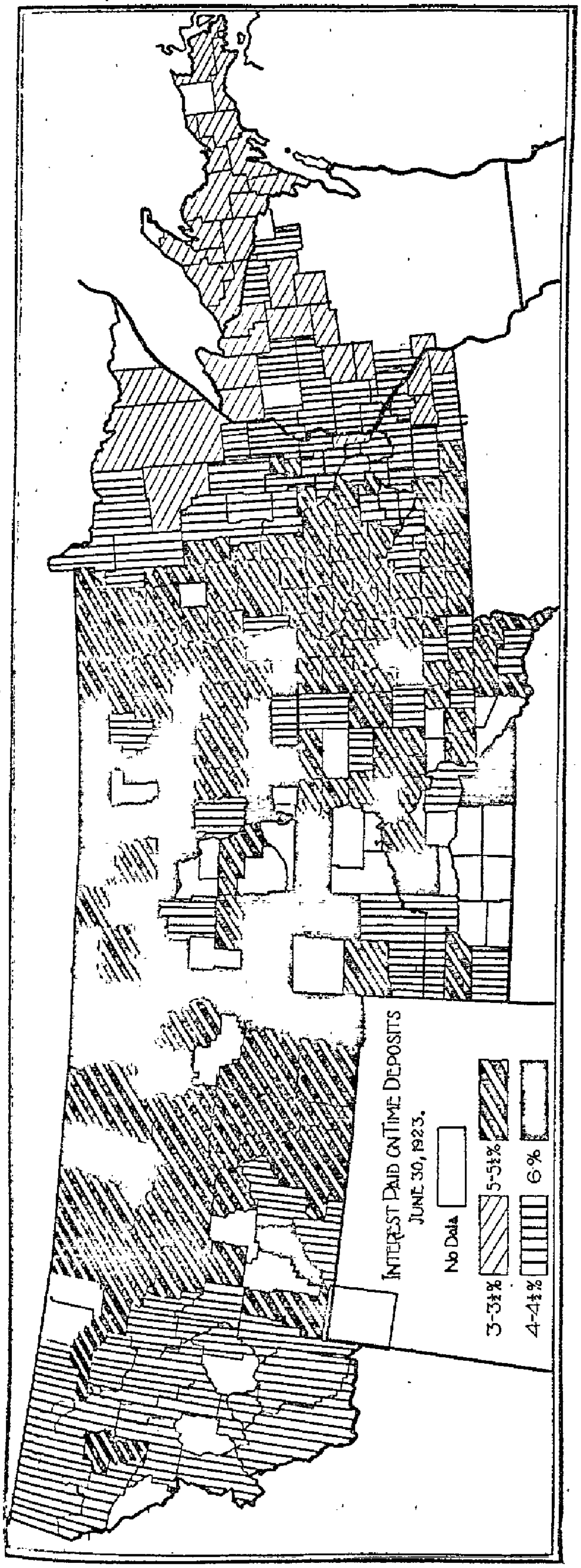
also of a tendency to limit the expansion of sheep herds. The quantity of sheep marketed in June was double that in May, the median price of ewes dropped during June and lamb prices were lower than a year ago. Excepting feeder cattle and ewes, livestock median prices were all higher in June than in May, hogs attaining the highest median price recorded by this office in any month since October, 1920.

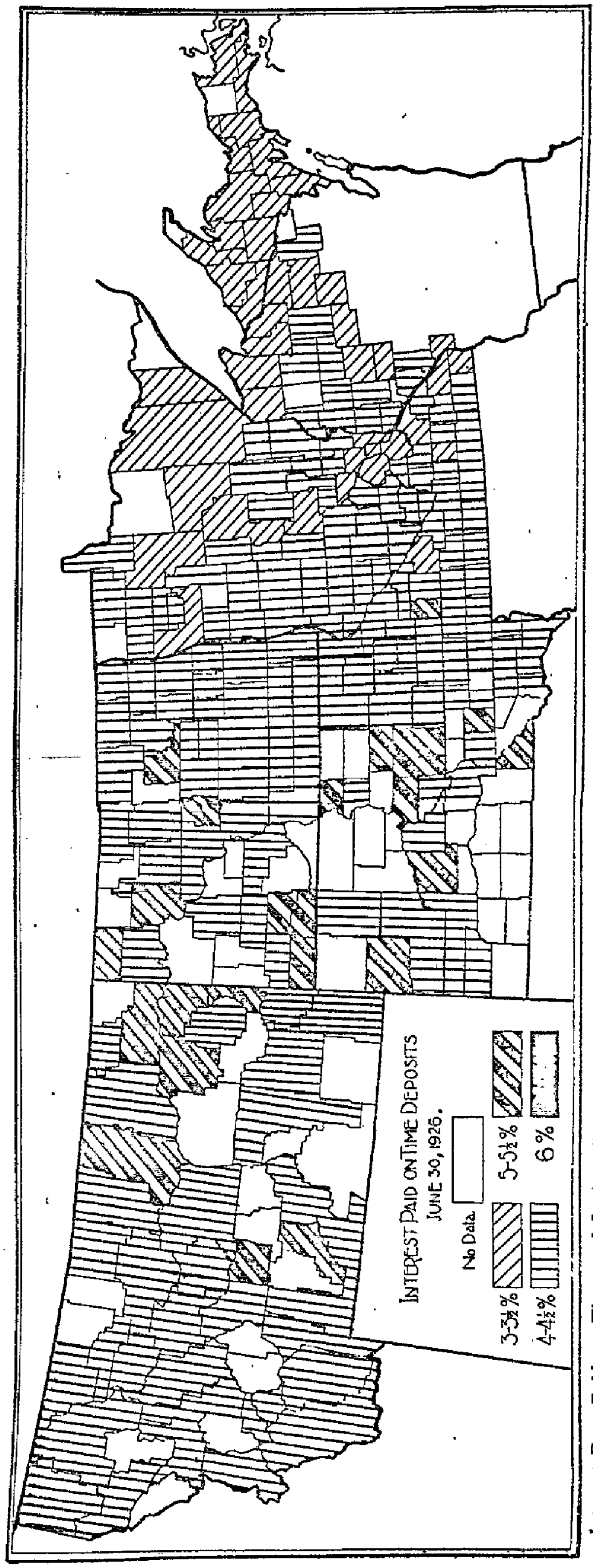
The volume of business in this district, when measured by check payments through banks, was 10 per cent less this June than a year ago. However, gains were shown at all of the reporting cities except Minneapolis, St. Paul and Duluth. This indicates a desirable general improvement outside of the larger cities. Further evidence of rural buying activity is found in lumber sales at country yards which were 8 per cent larger in June than a year ago, but failed to show as large an increase over May 1926 as usual. Carloadings were 9 per cent larger than a year ago, showing increases in livestock, ore, coke, forest products, miscellaneous commodities and less-than-carload lot shipments. Loadings of miscellaneous freight were the largest loadings for June since 1920. There was a heavy movement of ore which had been held back by the late opening of the lakes. However, cumulative iron ore shipments for this season were below a year ago. Department store and wholesale sales were smaller than a year ago, except for farm implements and groceries.

Prospective business activity based upon building operations, as reflected in building permits granted during June at eighteen representative cities, was 7 per cent less than in June last year. When June is compared with May, there was an increase of 6 per cent instead of the 4 per cent decrease customarily expected at this season of the year. It is particularly noteworthy that substantial gains were shown both as compared with last month and last year outside the cities of Minneapolis and St. Paul.

TOPICAL REVIEWS

Banking developments: Loans and deposits expanded moderately during June at the reporting member banks in the larger cities of this district. There was a further growth in time deposits during the first two weeks in July but loans contracted slightly. This Federal Reserve Bank experienced a decrease in loans to member banks of 2 million dollars between May 26 and June 30 and an increase during the next two weeks of 2½ millions. Total earning assets decreased 5 millions in the earlier period and increased less than 2 millions in the later period. Federal reserve notes in circulation expanded less than 1 million dollars during





Interest Rate Paid on Time and Savings Deposits by National Banks in the Ninth Federal Reserve District, by counties, June 30, 1923, and June 30, 1926.

June and about 1½ million dollars during the first two weeks of July, partly as a result of the call for currency to meet the July 4 holiday demands.

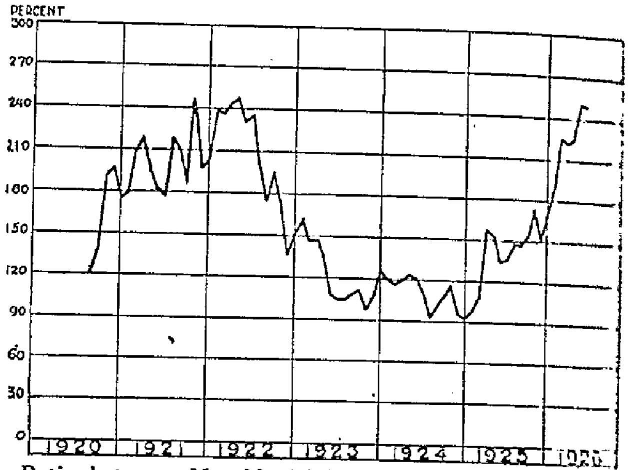
The prevailing interest rate paid on time deposits by national banks in this district has been reduced 1 per cent or more between 1923 and 1926. Although the reduction has not been uniform for all banks, the most common rate paid has been reduced from 5 per cent to 4 per cent in Minnesota, Montana and South Dakota and from 6 per cent to 4 per cent in North Dakota. In the portions of Michigan and Wisconsin which lie within this district, there has been very little reduction in the rates paid, but these rates were already low in 1923.

On June 30, 1923, nine national banks in this district were paying 7 per cent on all or part of their time deposits; 229 banks were paying 6 per cent; 475 banks were paying 5 or 5½ per cent; 329 banks were paying 4 or 4½ per cent; and only 102 banks reported rates as low as 3 or 3½ per cent. It must be noted that the total number of banks, adding the figures quoted above, is larger than the number of banks actually in operation because many banks reported two or more rates on different kinds of deposits. On June 30, 1926 no banks reported rates higher than 5 per cent and only 56 banks paid as high a rate as 5 per cent. Of the remaining banks, 455 banks paid 4 to 4½ per cent; 146 banks paid 3 or 3½ per cent and one bank paid 2 per cent on part of its time deposits. The accompanying maps show the prevailing interest rates paid on time deposits by reporting national banks in the various counties of this district on June 30, 1923 and June 30, 1926.

Interest paid on deposits by member banks in this district consumed 38 per cent of gross earnings in 1923 and 39 per cent of gross earnings in 1924 and 1925. A larger proportion of gross earnings was paid out in interest on deposits in this district than in any other district. The percentage for the member banks in the United States as a whole was 32 per cent in 1923, 33 per cent in 1924 and 34 per cent in 1925.

THE OUTLOOK FOR HOGS

Hog production in this district during the past winter and spring has been more profitable than in any previous season in our record, which extends back to 1920. For the United States as a whole, the United States Department of Agriculture states that the corn-hog ratio was the highest on June 15 that it has been since monthly farm prices were first collected in 1910. Corn has been selling at Minneapolis for some months past at about 70 cents a bushel, and the median price of hogs at South St. Paul increased to $13.50 per hundredweight in May and $13.85 in June, which was the highest median price since October, 1920. Although the number of hogs marketed at South St. Paul decreased from 2,000,000 head in the first six months of 1924 to 1,900,000 head in the corresponding months of 1925 and 1,600,000 head in 1926, the cash value of the hogs marketed during these periods increased from $29,000,000 in 1924 to $47,000,000 in 1925 and $46,000,000 in 1926. The 1926 value would undoubtedly have been higher than that of 1925 if the hogs were included which have been diverted to the packing plants in North Dakota and South Dakota which were opened last winter.



Ratio between Monthly Median Prices of Hogs per 100 Pounds and 450 Pounds of Corn. (Hog Prices at South St. Paul; Corn Prices at Minneapolis.)

The prospects are for strong hog prices for almost a year to come. Storage stocks of pork in the United States at the end of May were lower than a year ago by the equivalent of 1,500,000 hogs, according to the records of the United States Department of Agriculture. The Department does not expect any increase over last year in hog slaughter during the months from June to October, inclusive. Moreover, the world supply of pork is expected to be below 1925 for these months.

Looking further ahead, the pig survey made on June 1 by the United States Department of Agriculture shows one-half per cent fewer pigs saved in the corn belt states this spring than a year ago, which indicates no increase in pork supplies before next spring. Minnesota and South Dakota should benefit more than the average by the high hog prices which are expected, for the number of pigs saved in Minnesota was 5 per cent larger and in South Dakota 4 per cent larger than a year ago.

Beyond next spring, the prospects are for larger pork supplies. The June 1 pig survey indicates an increase of 36 per cent in the number of sows bred, or to be bred for fall farrowing this year as compared with the number that farrowed in the fall of 1925. The increase in Minnesota is 37 per cent and in South Dakota 62 per cent. Even allowing for some reduction from these stated intentions, in the words of the Department, "this strongly suggests a marked reversal of the hog supply and the price situation about the winter of 1927."

JULY 1, 1926, ACREAGE ESTIMATES AND PRODUCTION FORECASTS, 1925 ACREAGES AND PRODUCTION, AND 1920-1924 AVERAGE ACREAGES AND PRODUCTION BY STATES, U. S. DEPARTMENT OF AGRICULTURE

(000's omitted)

SPRING BREAD WHEAT

	Acres 1926	Acres 1925	Bushels 1926	Bushels 1925	5-Year Average
Minn.	1,825	1,888	19,586	24,232	23,511
Mont.	3,044	2,905	36,209	30,563	30,883
No. Dak.	6,243	6,243	38,113	63,629	56,185
So. Dak.	1,463	1,573	6,019	16,464	16,038
4 States	12,575	12,609	99,927	134,888	126,617

DURUM WHEAT

	Acres 1926	Acres 1925	Bushels 1926	Bushels 1925	5-Year Average
Minn.	185	142	2,327	2,158	2,533
Mont.	103	121	1,051	1,210	3,234
No. Dak.	4,135	3,362	41,019	48,749	42,309
So. Dak.	944	1,049	5,607	14,476	13,843
4 States	5,367	4,674	50,004	66,593	61,919

ALL SPRING WHEAT

	Acres 1926	Acres 1925	Acres 5-Year Average	Bushels 1926	Bushels 1925	Bushels 5-Year Average
Minn.	2,010	2,030	2,057	21,913	26,390	26,044
Mont.	3,147	3,026	2,542	37,260	31,773	34,117
No. Dak.	10,378	9,605	9,109	79,132	112,378	98,494
So. Dak.	2,407	2,622	2,712	11,626	30,940	29,881
4 States	17,942	17,283	16,420	149,931	201,481	188,536
U. S.	20,884	20,931	19,677	199,595	270,879	243,231

ALL WHEAT

	Acres 1926	Acres 1925	Acres 5-Year Average	Bushels 1926	Bushels 1925	Bushels 5-Year Average
Minn.	2,179	2,200	2,159	24,700	29,110	27,926
Mont.	3,537	3,221	3,112	42,962	34,601	42,868
No. Dak.	10,378	9,605	9,109	79,132	112,378	98,495
So. Dak.	2,482	2,747	2,808	12,106	32,378	31,309
4 States	18,576	17,773	17,188	158,900	208,467	200,598
U. S.	57,687	52,200	59,890	767,357	669,365	835,108

WINTER WHEAT

	Acres 1926	Acres 1925	Acres 5-Year Average	Bushels 1926	Bushels 1925	Bushels 5-Year Average
Minn.	169	170	103	2,787	2,720	1,882
Mont.	390	195	569	5,702	2,828	8,751
No. Dak.	0	0	0	0	0	0
So. Dak.	75	125	96	480	1,438	1,429
4 States	634	490	768	8,969	6,986	12,062
U. S.	36,803	31,269	40,159	567,762	396,000	591,876

RYE

	Acres 1926	Acres 1925	Acres 5-Year Average	Bushels 1926	Bushels 1925	Bushels 5-Year Average
Minn.	450	500	773	5,720	7,250	13,665
Mont.	112	112	130	1,517	1,400	1,593
No. Dak.	1,163	1,571	1,256	8,833	15,710	15,771
So. Dak.	121	201	289	847	1,910	4,347
4 States	1,846	2,384	2,448	16,917	26,270	35,376
U. S.	3,601	4,088	4,960	39,666	48,696	70,528

CORN

	Acres 1926	Acres 1925	Acres 5-Year Average	Bushels 1926	Bushels 1925	Bushels 5-Year Average
Minn.	4,488	4,357	3,994	132,486	156,852	137,948
Mont.	359	399	278	6,641	6,584	5,723
No. Dak.	1,119	1,056	826	22,940	24,816	21,415
So. Dak.	4,909	4,766	4,092	129,917	83,405	118,577
4 States	10,875	10,578	9,190	291,984	271,657	283,663
U. S.	101,074	101,631	102,737	2,660,780	2,905,000	2,909,895

FLAX

	Acres 1926	Acres 1925	Acres 5-Year Average	Bushels 1926	Bushels 1925	Bushels 5-Year Average
Minn.	836	760	437	7,243	7,600	4,502
Mont.	190	271	191	1,037	1,220	1,051
No. Dak.	1,295	1,349	927	8,205	8,768	7,136
So. Dak.	447	559	286	2,803	3,801	2,487
4 States	2,768	2,939	1,841	19,288	21,389	15,176
U. S.	2,843	3,012	1,892	19,886	22,007	15,590

OATS

	Acres 1926	Acres 1925	Acres 5-Year Average	Bushels 1926	Bushels 1925	Bushels 5-Year Average
Minn.	4,525	4,814	4,139	133,035	202,188	147,100
Mont.	670	638	611	17,105	14,355	17,340
No. Dak.	2,537	2,415	2,541	50,233	65,205	67,341
So. Dak.	2,564	2,947	2,492	35,101	100,198	78,675
4 States	10,296	10,814	9,783	235,474	381,946	310,456
U. S.	45,945	45,490	42,503	1,334,260	1,512,000	1,323,795

WHITE POTATOES

	Acres 1926	Acres 1925	Acres 5-Year Average	Bushels 1926	Bushels 1925	Bushels 5-Year Average
Minn.	268	276	395	24,013	26,772	38,630
Mont.	35	35	39	3,719	3,780	4,347
No. Dak.	92	88	140	6,871	6,160	12,395
So. Dak.	55	61	87	3,319	3,965	7,101
4 States	450	460	661	37,922	40,677	62,473
U. S.	3,202	3,113	3,808	334,044	326,000	411,948

BARLEY

	Acres 1926	Acres 1925	Acres 5-Year Average	Bushels 1926	Bushels 1925	Bushels 5-Year Average
Minn.	1,211	1,121	925	25,722	33,630	23,751
Mont.	179	156	88	3,515	3,276	2,054
No. Dak.	2,003	1,908	1,177	30,596	42,930	24,049
So. Dak.	1,090	908	940	13,489	23,608	21,272
4 States	4,483	4,093	3,130	73,322	103,444	71,126
U. S.	8,842	8,243	7,405	190,959	217,000	180,472

TAME HAY

	Acres 1926	Acres 1925	Acres 5-Year Average	Tons 1926	Tons 1925	Tons 5-Year Average
Minn.	2,385	2,359	2,022	2,583	4,132	3,128
Mont.	1,222	1,232	1,110	1,811	2,034	2,019
No. Dak.	971	896	945	971	1,452	1,377
So. Dak.	1,217	1,153	1,020	1,139	1,520	1,706
4 States	5,795	5,640	5,097	6,504	9,138	8,230
U. S.	59,080	59,398	59,870	77,800	86,700	90,690

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

	Unit	June 1926	May 1926	June 1925	% June 1926 of May 1926	% June 1926 of June 1925
Debits to Individual Accounts—						
17 cities		$759,150,000	$747,159,000	$840,099,000	102	90
Minneapolis		372,999,000	366,476,000	409,530,000	102	91
St. Paul		162,607,000	155,183,000	174,411,000	105	93
Duluth-Superior		89,771,000	98,874,000	136,500,000	91	66
8 Wheat Belt Cities		54,892,000	52,830,000	52,025,000	104	106
3 Mississippi Valley Cities		19,538,000	18,748,000	18,368,000	104	106
South St. Paul		39,575,000	36,169,000	31,630,000	109	125
Sioux Falls		19,758,000	18,889,000	17,635,000	105	112
Carloadings—Northwestern District—						
Total	Cars	720,179	640,737	662,137	112	109
Grains and Grain Products	Cars	38,637	38,217	41,491	101	93
Livestock	Cars	34,480	31,595	30,502	109	113
Coal	Cars	19,052	17,298	20,120	110	95
Coke	Cars	7,569	6,923	4,884	109	155
Forest Products	Cars	83,817	85,938	76,756	98	109
Ore	Cars	195,315	142,069	171,433	137	114
Merchandise—L. C. L.	Cars	148,776	140,342	143,926	106	103
Miscellaneous	Cars	192,533	178,355	173,025	108	111
Building Permits—						
Number—18 Cities		2,201	2,678	2,353	82	94
Value—18 Cities		$6,694,700	$6,332,200	$7,203,200	106	93
Minneapolis		1,793,600	2,678,000	3,322,500	67	54
St. Paul		1,663,200	1,657,700	2,270,400	100	73
Duluth-Superior		1,732,300	825,300	843,400	210	205
4 Wheat Belt Cities		584,900	536,400	289,500	109	202
6 Mixed Farming Cities		775,400	500,800	361,100	155	215
4 Mining Cities		145,300	134,000	116,300	108	125
Building Contracts Awarded—						
Total		10,398,800	10,959,100	12,466,400	95	83
Residential		3,514,700	4,432,400	3,663,100	79	96
Commercial, Industrial and Utility		5,095,500	4,685,400	6,559,600	109	78
Educational		874,100	727,800	1,013,500	120	86
All other		914,500	1,113,500	1,230,200	82	74
Grain Receipts at Minneapolis and Duluth-Superior—						
Wheat	Bu.	8,296,794	7,957,553	10,804,900	104	77
Corn	Bu.	712,085	500,867	702,362	142	101
Oats	Bu.	1,997,379	4,020,303	4,457,293	50	45
Barley	Bu.	1,334,739	1,292,631	2,044,824	103	65
Rye	Bu.	900,917	1,060,252	715,186	85	126
Flax	Bu.	647,554	643,863	835,525	101	78
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—						
Wheat	Bu.	4,494,125	7,943,318	12,132,420	57	37
Corn	Bu.	438,110	245,530	343,262	178	128
Oats	Bu.	24,924,408	26,712,309	18,784,180	93	133
Barley	Bu.	2,295,843	2,545,513	522,897	90	439
Rye	Bu.	7,354,634	7,443,672	2,266,428	99	324
Flax	Bu.	1,282,839	1,221,388	571,111	105	225
Median Cash Grain Prices—						
Wheat—No. 1 Dark Northern	Bu.	$1.66½	$1.64½	$1.68½	101	99
Durum—No. 2 Amber	Bu.	1.49¼	1.46	1.61	102	93
Corn—No. 3 Yellow	Bu.	.69½	.67½	1.09¾	103	63
Oats—No. 3 White	Bu.	.38	.38	.46	100	83
Barley—No. 3	Bu.	.62	.63	.83	98	75
Rye—No. 2	Bu.	.90	.82⅝	1.13	109	80
Flax—No. 1	Bu.	2.34	2.30	2.70	102	87