

FEDERAL RESERVE BANK OF MINNEAPOLIS

NINTH DISTRICT

JOHN H. RICH
CHAIRMAN AND FEDERAL RESERVE AGENT
CURTIS L. MOSHER
ASSISTANT FEDERAL RESERVE AGENT
J. F. KERRSOLE
ASSISTANT FEDERAL RESERVE AGENT

MONTHLY REPORT OF CROP AND BUSINESS CONDITIONS

MARCH--1921

GENERAL SUMMARY: Credit conditions in the Northwest improved considerably during February and in the first half of March. Prices at both wholesale and retail declined in February. There was also a reduction in the volume of business while unemployment increased.

The local credit situation on March 18, however, was not as favorable as a year ago owing to smaller bankers' deposits, lower reserves, and larger loans at this Federal Reserve Bank, the net difference in loans and deposits amounting to 18 million dollars. National credit conditions have also been improving slowly throughout February by reductions in loans and increases in reserves for the twelve Federal reserve banks combined.

Wholesale cash prices for all grains, for all meats except hogs, and for numerous kinds of produce declined in February. Average retail prices declined with greatest declines in clothing, although food prices increased in some cities. Prices of building materials were firm, except for lumber, in anticipation of spring needs. Farm land values have receded as compared with a year ago.

The reduction in business volume and prices as measured by payments through banks in February was 19 per cent below January, while January and February combined were 18.6 per cent below a year ago. In February grain receipts were 77 per cent; live stock receipts, 85 per cent; and postal receipts, 94 per cent of the January totals. Building permits were larger in number and value than during January but 3 per cent less than a year ago in total valuation. Lumber manufacturers increased their lumber cut 50 per cent in February, while lumber retailers had unchanged sales.

Employment agencies placed 17 per cent fewer persons in February than in January and the applications for help wanted declined 75 per cent for men and 60 per cent for women compared with a year ago. Local relief agencies report more unemployment than at any time since February, 1915. Business failures reached a record-breaking total during the month when measured by liabilities, but this is merely past history rather than present conditions.

CREDIT CONDITIONS: Banking conditions in the Ninth Federal Reserve District improved noticeably during February according to the Federal Reserve Bank's statement of condition of March 4, as compared with the statement of February 4. Between these dates about 11 million dollars was collected from member banks and the last of our rediscounts with other Federal reserve banks, amounting to 2 million dollars, was paid off. Our reserves were increased more than 8 millions and note circulation retired to the extent of more than 2 millions. Although the reduction in loans was more rapid than in February a year ago, the total outstanding at the end of the month had not diminished to the amount outstanding a year ago. On March 4 the accommodation given to member banks in this district by the Federal Reserve Bank totaled over 70 million dollars, or 6 million dollars more than a year ago. Also our total cash reserves diminished more than 7 millions, member banks' deposits more than 14 millions, and our notes in circulation more than 12 millions. The combined reserve percentage was about $\frac{1}{2}$ of

1 per cent less. The total accommodation on March 4 consisted of 41 millions of agricultural and live stock paper, 14 millions of notes secured by United States bonds and certificates, and about 14 millions of business paper. Of the collections made during the month, more than two-thirds consisted of business paper and collateral notes secured by government securities.

Improvement continued during the two weeks of March 4 to 18 in which there was a reduction in bills discounted or earning assets of $1\frac{1}{2}$ million dollars, a gain in member banks' net reserve deposits of about one million, a decline in total notes outstanding of about $1\frac{1}{2}$ millions, and a gain in total reserves of about $1\frac{1}{2}$ millions. However, the condition on March 18 was not as favorable as a year ago, for money reserves were down 8 millions, loans to our district up $31\frac{1}{3}$ millions, and member bank deposits down 15 millions.

Reports received from 35 selected member banks in the larger cities on March 4 as compared with February 4 confirm this improved credit condition because their customers paid off 3 million dollars, while net demand deposits rose 8 millions, and payments were made for notes rediscounted and money borrowed from the Federal Reserve Bank totaling $7\frac{1}{2}$ million dollars.

Credit conditions throughout the entire United States, as reflected in the statement of condition of all Federal reserve banks combined on March 4 as compared with February 4, have noticeably improved. The total earning assets were reduced about 98 million dollars, notes in circulation were redeemed and retired to the extent of 45 millions, and total reserves increased about 50 million dollars, although member banks' net reserve deposits declined 37 million dollars. As a result of the month's operations, the combined reserve percentage increased $1\frac{1}{2}$ per cent to 50.8 per cent. These favorable developments were continued in the week ending March 11 by an increase in member bank deposits of 26 million dollars, although earning assets increased more than 7 million dollars. Total reserves increased 22 millions, and notes were redeemed and retired to the extent of about 37 millions.

Discount rates of the Federal Reserve Bank are unchanged. March 1st market rates on 4 and 6 months' commercial paper, and bank rates on customers' loans remained unchanged at 8 per cent and $7\frac{1}{2}$ per cent respectively. A year before such commercial paper was selling at 6% per cent and the customers' rate at banks was $6\frac{1}{2}$ per cent. During the month ending March 15 market rates changed slightly. There was an increase of $\frac{1}{4}$ of 1 per cent on bankers' acceptances. There were decreases of $\frac{1}{4}$ of 1 per cent on long term collateral secured paper, and on 30 to 60-day commercial paper; and of $\frac{1}{2}$ per cent on demand and 3 months' notes secured by prime collateral.

Financial conditions are reflected to a certain extent in the outstanding volume of Federal reserve notes. The net reduction in the first four weeks of the year was \$6,379,000 as compared with a net reduction during the same four weeks in the preceding year of only \$4,330,000. An even larger reduction as compared with last year took place in the second four weeks of this year ending February 25, amounting to \$2,352,000, as compared with but \$124,000 in the four weeks ending February 27, 1920. The total reduction in average weekly circulation since last year (about 16%) has not been as great as the reduction in business shown by the average weekly payments through banks (about 18.6%), so that we are rapidly reaching a situation where note issues relative to business volume (measured by turnover in prices) is much greater than formerly. The decline in note issues is therefore lagging behind the declines in business volume and in prices in this district. Evidently pocket money in use and private money hoards are larger than normal.

PRICE CHANGES: Prices during the month of February exhibited a pronounced downward trend with but few exceptions.

The highest, lowest, and median prices for cash sales of wheat, corn, oats, rye, and flax decreased in Minneapolis in February as compared with January, while the highest and median prices of barley also decreased. The decreases in median prices were as follows: Flax, 15; rye, 14; wheat, 8½; corn, 7½; barley, 4; and oats, 3¼ cents per bushel. These median prices furnish an index of conditions prevailing throughout the month and are a means for simplifying the variations due to changes in daily quotations. The median is that price at which the number of bushels sold at a higher price is exactly equal to the number of bushels sold at a lower price. The price quotations on cash sales of grains in Minneapolis follow:

	February 1921 Prices			January 1921 Prices		
	High	Median	Low	High	Median	Low
Cash Wheat—						
No. 1 Dark North..	\$1.87½	\$1.75½	\$1.56	\$2.03	\$1.84	\$1.64½
Cash Corn—						
No. 3 Yellow.....	.58	.54½	.50	.65	.62	.51
Cash Oats—						
No. 3 White.....	.42	.39	.35	.45½	.42½	.36½
Cash Barley—						
No. 3 Choice to Fy	.73	.62	.55	.75	.66	.54
Cash Rye—						
No. 2.....	1.51	1.44	1.34½	1.69	1.58	1.47
Cash Flax—						
No. 1.....	1.90	1.83	1.71	2.09½	1.98	1.76½

The median quotations for cash sales of live stock at the South St. Paul Stock Yards during February as compared with January declined with the exception of hogs. The declines in median prices were as follows: Veal calves, \$1.50; butcher steers, 75¢; butcher cows and heifers, stock and feeder steers, and lambs, 50¢. The increase in hogs was but 18 cents. The quotations follow:

	February 1921 Prices			January 1921 Prices		
	High	Median	Low	High	Median	Low
Butcher Cows and						
Heifers	\$8.50	\$5.00	\$4.00	\$8.25	\$5.50	\$3.00
Butcher Steers.....	9.00	6.25	4.00	10.00	7.00	4.75
Stock & Feeder Steers.	8.00	6.00	3.00	8.50	6.50	3.50
Veal Calves.....	10.00	8.50	2.50	10.75	10.00	3.00
Hogs	9.75	9.13	8.00	8.25	8.95	9.75
Lambs	10.25	8.50	3.00	10.50	9.00	2.00

Wholesale produce prices for 30 important articles in Minneapolis indicated six declines, three increases, and twelve unchanged prices in February as compared with January. There were decreases in eggs, potatoes, tomatoes, green beans, veal, and onions. The increases were in hens, new beets, and butter.

Building material prices as published by the "American Contractor" for St. Paul and Minneapolis, declined for practically all kinds of Douglas Fir, from an average of \$38.60 to \$34.10 on February 26 as compared with February 5. Other building materials were unchanged except brick, which advanced from \$20 to \$21 per 1000. Douglas Fir prices on February 26, 1921, were 43 per cent of the prices prevailing on March 6, 1920. All other materials advanced between the same dates except brick, which declined about 5 per cent, and sand, which remained unchanged.

Dun's Review in quoting minimum prices for our selected list of 19 important commodities at wholesale in representative cities of the United States for February 25, 1921, exhibited 10 decreases, 4 unchanged prices, and 5 increases as compared with February 4, 1921. There were decreases in rubber, copper, pig iron, lead, coke, silk, print cloth, hides, hogs, and potatoes. There were increases in oak, cement, wheat, flour, and butter; and unchanged prices for hemlock, paint, serge, and leather.

The average price of farm lands declined during the year ending March 1, 1921, 24 per cent in Montana, 5 per cent in Wisconsin, 2 per cent in South Dakota, and $\frac{1}{2}$ of 1 per cent in North Dakota; while it increased 4 per cent in the case of Minnesota, according to estimates prepared by the Bureau of Crop Estimates of the United States Department of Agriculture. The average value per acre on March 1, 1921, was over \$109 in Minnesota, over \$101 in Wisconsin, over \$91 in South Dakota, \$44 in North Dakota, and nearly \$29 in Montana.

COST OF LIVING: The cost of living is coming down. Declines in wholesale prices mean nothing to the individual consumer. We have therefore secured reports from representative persons in important cities in this district covering the prices at retail of food, clothing, rents, fuel, and light and gas on the first of each month, beginning with last December. Our weighted index number exhibits a total decline of 9.4 per cent between December 1 and March 1, although the average decline since December 1st has been about 7 1/3%. The decline in the cost of living has been continuous for each month of the four, although the decline in March was not as marked as in the earlier months. In fact, there was an increase in the prices of foods during the month of March as shown in the figures for Minneapolis, St. Paul, Great Falls and Grand Forks. The greatest change is found to have taken place in the prices of clothing and food, which declined 32% and 7% respectively. Under present conditions of rapid price change, with more declines than advances in recent months, it is particularly advantageous for buyers to compare prices and qualities in different stores before making purchases.

The index number for each date and each city with our computation of total percentage of change follows:

	December 1 1920	January 1 1921	February 1 1921	March 1 1921	Percent Decrease Dec. 1 to March 1
Minneapolis ..	\$1,530.03	\$1,453.52	\$1,375.25	\$1,359.26	11.3
St. Paul.....	1,490.05	1,434.35	1,390.41	1,386.53	7.0
Duluth	1,463.49	1,419.09	1,394.07	1,357.72	7.3
Helena	1,499.43	1,355.91	1,306.01	1,255.98	16.2
Great Falls...	1,415.43	1,388.13	1,277.41	1,274.31	10.0
Miles City....	1,320.87	1,241.87	1,213.69	1,194.13	9.6
Grand Forks...	1,506.32	1,470.18	1,459.18	1,347.88	10.5
Ninth District	\$1,501.96	\$1,436.86	\$1,376.96	\$1,360.54	9.4

Our index number has been weighted according to the relative amount expended for each article and for the relative size of each of the cities included.

The index number was conceived as the actual cost of living for a family of three during the six winter months. Quotations have been secured for the price of twenty food articles, fifteen items of clothing, and the cost of housing, heat, light, and gas. Weights have been included for furniture, and miscellaneous expense to cover such

costs as insurance, medical treatment, amusement, and savings. These latter costs do not fluctuate and have been included merely to prevent the variations in the cost of food and clothing from affecting the index number in too great a degree. The percentages of each item of expense correspond closely with the experience of about 100 families to whose budgets we have had access.

Care must be exercised in interpreting the changes for the different cities. Larger percentages of change may mean merely that some cities were slower in making the reductions which have been impending for some time or have found it necessary to force the sale of holdovers of winter clothing not required, owing to the abnormally mild winter. And possibly some of the differences may be due to differences in the quality of goods quoted in the different cities although the article quoted has been the same in each succeeding month in the city where used.

VOLUME OF BUSINESS: Changes in the money volume of business is shown by the payments made by depositors of clearing-house banks in the twelve most important cities in this district for the four weeks ending February 23, as compared with the four weeks ending January 28. The February volume was 19 per cent less than in January, whereas a year ago between the same dates there was a decline of but 12½ per cent. All cities without exception experienced declines in February as compared with January. As compared with the same four weeks a year ago all cities experienced declines except Superior. These figures for debits to individual accounts, omitting thousands, follow:

	4 wks. ending Feb. 23 1921	4 wks. ending Jan. 28 1921	% Feb. of Jan.	4 wks. ending Feb. 25 1920	% Feb. 1921 of Feb. 1920	4 wks. ending Jan. 29 1920
Aberdeen	\$ 4,845	\$ 9,072	53.4	\$ 6,143	78.9	\$ 9,402
Billings	8,022	7,908	76.0	8,991	66.9	9,829
Duluth	55,372	87,182	63.5	64,782	85.4	69,972
Fargo	8,666	8,808	98.4	10,839	79.9	12,014
Grand Forks	4,069	5,024	80.9	5,842	69.4	7,103
Great Falls	5,875	9,391	62.6	10,053	58.4	11,477
Helena	7,984	11,955	66.8	8,840	90.4	10,753
Minneapolis	256,655	310,301	82.7	314,630	81.4	370,789
St. Paul	105,099	115,078	91.4	145,854	72.1	151,107
Sioux Falls	16,500	19,100	86.4	23,543	70.2	33,489
Superior	8,044	8,106	99.4	7,197	111.9	7,643
Winona	3,736	3,768	99.3	5,523	67.6	5,618
Total	\$482,867	\$595,693	80.9	\$612,237	78.9	\$699,196

Cumulative totals for such payments through these banks for the ten-week period from January 1 to March 9, 1921, inclusive, are but 81.4 per cent of a similar period in the preceding year.

Postal receipts in the cities of Minneapolis, St. Paul, and Duluth during the month of February totaled more than 6 per cent less than in January and 10 per cent more than in February a year ago.

GRAIN MOVEMENT — The total of all grains received at Minneapolis and Duluth during February was more than 14 million bushels, which is three-quarters of the January receipts and fully 17 per cent larger than the receipts for February a year ago. Wheat receipts in February totaled about 8,800,000 bushels as compared with over 11 million in January and nearly 7 million in February a year ago. February March 29, 1921—Page 5.

shipments were about 30 per cent less than in January and about 30 per cent larger than in February a year ago. The combined Minneapolis and Duluth receipts follow:

	February 1921	January 1921	% Feb. of Jan.	February 1920	% Feb. 1921 of Feb. 1920
Receipts					
Wheat (Bushels)	8,777,936	11,152,671	78.8	6,859,285	128.1
Corn "	1,367,241	1,956,699	69.9	927,810	147.1
Oats "	2,228,017	2,672,437	83.5	1,259,593	177.2
Barley "	741,356	1,256,177	59.1	631,397	117.5
Rye "	663,512	892,194	74.3	1,899,166	34.9
Flax "	369,301	448,050	82.4	464,101	79.6
Total "	14,147,363	18,378,148	77.1	12,041,352	117.4

Minneapolis receipts of grain for the month of February totaled 11,084,330 bushels or 26 per cent less than in January and 6 per cent more than a year ago. The total shipments of all grains were about two-thirds of January and about 14 per cent larger than a year ago.

Duluth receipts for all grains totaled 3,063,033 bushels in February, which was not as large as January, but nearly double those of a year ago.

TERMINAL GRAIN STOCKS: Total stocks of all grains in Minneapolis and Duluth terminals on February 28, 1921, were 26,074,796 bushels, which is about 4 per cent more than a month ago and practically the same as a year ago. As compared with a month ago there were substantial increases in stocks of corn and rye and small declines in wheat and barley. As compared with a year ago there were extraordinary increases in flax, corn, and oats; and a radical decline in the stocks of rye. Wheat stocks, totaling 8,021,441 bushels, were 8 per cent less than a month ago and about 24 per cent less than a year ago. These stocks in bushels with our percentage computations of change follow:

	February 1921	January 1921	% Feb. of Jan.	February 1920	% Feb. 1921 of Feb. 1920
Mpls. & Duluth					
Wheat (Bushels)	8,021,441	8,722,338	92.0	10,529,247	76.2
Corn "	931,659	581,723	160.2	99,513	936.2
Oats "	12,755,744	11,572,592	110.2	3,138,959	406.3
Barley "	1,218,484	1,286,918	94.8	907,633	134.1
Rye "	322,977	177,533	181.9	11,464,964	2.8
Flax "	2,824,491	2,744,986	103.2	95,494	2,957.7
Total "	26,074,796	25,086,090	104.1	26,235,810	99.1

GRAIN HELD ON FARMS: Estimates made by the Bureau of Crop Estimates of the United States Department of Agriculture on March 1st indicate that the farmers in Minnesota, North Dakota, South Dakota, Montana, and Wisconsin held on that date a larger percentage of the last crop for wheat, oats, barley and corn, than they held a year ago, with the single exception that Montana held a smaller percentage of the last wheat crop. The larger holdover is accounted for quite generally by the smaller number of cattle on the farms that were fed this winter, and the fact that open weather and ample hay stocks carried over, required less feeding of grain, although some holding has been due undoubtedly to dissatisfaction with prices. The north-western states are holding more of the last crop than the average holdover in the United States. This is true for all of the grains in

all of the northwestern states except for corn in Montana, North Dakota, and Wisconsin, where the holdover is considerably less than for the whole United States, although greater than a year ago. The totals for the United States show a greater holdover than last year in the case of wheat and corn and less than last year in the case of oats and barley. The detailed percentages estimated are as follows:

Holdings on March 1st of crops grown in 1920 and 1919:

	Mont.		Minn.		N. D.		S. D.		Wis.		U. S.	
	'20	'19	'20	'19	'20	'19	'20	'19	'20	'19	'20	'19
Wheat	20%	27%	35%	23%	26%	21%	28%	23%	31%	22%	17.6%	14.0%
Corn	18%	9%	41%	28%	17%	16%	51%	30%	31%	30%	37.4%	34.2%
Oats	49%	28%	48%	37%	47%	35%	52%	41%	44%	37%	33.9%	38.4%
Barley	40%	20%	37%	27%	35%	27%	38%	26%	33%	28%	22.9%	31.9%

WINTER WHEAT AND MOISTURE CONDITIONS: Moisture conditions have not been satisfactory during the winter months, all sections having received less moisture than normal except possibly the southern half of South Dakota. Special reports indicate snow deposits much less than normal generally through the large portion of Montana lying east of the main range of the Rockies, which will have an important effect on stream flow and irrigation in the summer. Owing to the lack of snow for cover and protection, damage has been reported to winter wheat and rye in Minnesota, South Dakota, Montana and Wisconsin.

MILLING AND FLOUR MOVEMENT: The production of flour mills in this district for the four weeks ending February 26th declined about 2 per cent, as compared with the four weeks ending January 29th, but the total production was about 14 per cent larger than a year ago. The mills are operating at about 38 per cent of capacity. The milling output as reported to the Northwestern Miller by mills, representing about 75 per cent of the total production in this district, with our percentage computations of change, follows:

Location of	Bbls. in 4		Per cent	Per cent	
	wks. ending	wks. ending		wks. ending	Feb.
	Feb. 26,	Jan. 29,	Feb. of	Feb. 28,	of Feb.
	1921	1921	Jan.	1920	1920
Flour Mills					
Minneapolis	1,075,559	1,022,755	106.1	972,250	110.9
Duluth-Superior	46,115	44,640	103.5	69,150	66.7
St. Paul	25,590	36,033	70.9	18,395	139.0
Outside	706,945	783,180	90.4	570,400	123.9
All Mills	1,854,209	1,886,608	98.4	1,630,195	113.9

Flour shipments in February from Minneapolis and Duluth combined were 2 per cent less than in January and 2 per cent more than in February a year ago. Minneapolis shipments alone declined 5 per cent as compared with January. The combined receipts in February were much less than in January or a year ago.

LIVE STOCK: Field reports concerning the condition of live stock are all favorable, and South Dakota and Montana are described as "excellent." Receipts in February for all kinds of live stock at the South St. Paul Stock Yards were fully 15 per cent less than in January, and the number of head was 6 per cent greater than in February a year ago. Cattle receipts alone in February were but 69 per cent of January, and only 55 per cent of February a year ago. The total shipments in February show the same decrease as compared with January, but were about 20 per cent larger than in February a year ago. Shipments

of feeders in February were about equal to those in January although only two-thirds of the movement in February a year ago.

National supplies of meats in cold storage were increased during March to the extent of 28 per cent in the case of pork, while beef remained practically unchanged. Cold storage stocks as compared with a year ago are less by about one-half in the case of beef and down 7 per cent in the case of pork. The figures as reported by the "Market Reporter," with thousands omitted, follow:

Kind of Meat (lbs.)	Mar. 1,		% Mar. 1 of Feb. 1	% Mar. 1,	
	1921	1921		1920	of Mar. 1, 1921
Frozen Beef	121,124	119,965	101.1	223,145	54.4
Cured and in Process Beef	23,782	22,826	103.9	37,002	64.0
Total Beef	144,906	142,877	101.6	260,147	55.6
Frozen Pork	209,233	150,594	133.5	132,095	152.1
Dry Salt Pork and in Process	252,796	202,909	124.4	402,230	62.9
Pickled Pork and in Process	377,864	316,328	119.1	369,026	102.1
Total Pork	839,893	654,123	128.1	903,351	92.9
Frozen Poultry	75,184	81,095	92.8	78,421	95.8
Frozen Lamb and Mutton	59,679	78,082	76.4	5,781	1,030.0

LUMBER: Reports from a selected list of manufacturers and retailers indicate practically unchanged conditions in the retail lumber business. Manufacturers report lumber cut in February at 48 per cent more than in January, but 25 per cent less than a year ago. Their stocks on hand are slightly greater than a month ago and fully 40 per cent larger than a year ago. Shipments were better in February than in January, but only one-third of a year ago. Retailers report sales and stocks practically unchanged in February, as compared with January, but sales are about one-half of a year ago and stocks 15 per cent smaller than a year ago. Three-quarters of the manufacturers and two-thirds of the retailers report reductions in prices. The volume of orders received and filled appears to have declined to about 15 per cent of what they were a year ago at this time.

MINING CONDITIONS: Copper production in February was practically the same as in January, but it was 35 per cent below the production in February a year ago, the decline being greatest for the Montana companies. The figures reported by companies producing about 75 per cent of the refined copper in the Ninth District follow:

Copper:	February		% Feb. of Jan.	% Feb. 1921	
	1921	1921		1920	of Feb. 1920
Michigan (lbs.)	9,577,367	9,157,412	104.9	12,096,333	79.2
Montana "	11,268,055	11,658,410	96.6	19,886,295	56.6
Total "	20,845,422	20,815,822	100.1	31,982,628	65.4

RETAIL TRADE: The volume of retail trade in February, 1921, as measured in dollars and cents, declined 7 per cent from the February, 1920, figure. Cumulative sales from January 1, 1921, to February 28, are nearly 11 per cent less than during the same period in 1920. Stocks on hand at the end of February, 1921, were 23 per cent below the stocks of goods a year ago measured by their cost price, but had increased 1 per cent since the end of January. The turnover of reporting stores declined somewhat during the month.

LINSEED OIL AND OIL CAKE: As Minneapolis is the largest manufacturing center for linseed oil and oil cake in the United States, figures have been secured from the Minneapolis Chamber of Commerce, showing an increase in shipments of 4.5% over January, and of 42% over February a year ago.

BUILDING OPERATIONS: Contemplated projects in the nine largest cities in this district, when measured by the number of permits and their valuation, increased in February, as compared with January. The increase in the number of permits was 34 per cent; and in valuation, 152 per cent. When comparisons are made with a year ago, however, it appears that the increase in the number of permits was but 9 per cent and that there was a decrease in total valuation of more than 3 per cent. In view of the slightly lower prices prevailing, the physical volume of building represented by these permits probably was larger than in February a year ago. The greatest increases, as compared with January, are shown in Minneapolis, Missoula, and St. Paul. All cities exhibited a decline as compared with a year ago, except Fargo, Missoula, and Minneapolis.

A summary of these reports received by us from building departments in the several cities, with our computation of percentages of change, follows:

City—	No. of Permits Feb. 1921	No. of Permits Jan. 1921	Percent Feb. of Jan.	No. of Permits Feb. 1920	Percent Feb. of Feb. 1920	No. for New Con- struc- tion	No. for Repairs and Alter- ations
Minneapolis	351	247	142.1	276	127.1	176	175
St. Paul	147	94	156.4	131	112.1	84	63
Duluth	158	120	131.9	200	79.1	38	37
Fargo	25	18	139.0	6	417.0	6	5
Sioux Falls	12	10	120.0	19	63.2	8	4
Superior	29	21	138.1	12	241.9	20	9
Missoula	8	4	200.0	2	400.0	4	4
Great Falls	52	69	75.4	69	75.4	24	28
Grand Forks	1	0	0	1	100.0	1	0
Total	783	583	134.1	716	109.2	361	325

City—	Valua- tion of Permits Feb. 1921	Valua- tion of Permits Jan. 1921	Percent Feb. of Jan.	Valua- tion of Permits Feb. 1920	Percent Feb. of Feb. 1920	Valua- tion for Repairs and Alter- ations	Valua- tion for New Con- structions
Mpls.	\$1,354,855	\$379,480	357.9	\$1,300,570	104.1	\$259,210	\$1,095,645
St. Paul	535,938	327,550	163.5	664,080	80.5	178,300	149,250
Duluth	86,206	80,826	106.9	154,260	55.9	15,870	54,550
Fargo	147,180	15,270	96.6	10,950	1345.0	129,000	8,720
Sioux Falls	24,625	26,300	93.6	56,875	43.4	2,075	22,550
Superior	10,601	11,564	91.9	16,900	62.8	2,975	7,626
Missoula	10,275	4,950	207.8	7,700	133.2	1,175	9,100
Great Falls	9,854	15,000	65.6	27,365	36.1	2,244	7,610
Grand Forks	250	10,000	2.5	250
Total	\$2,179,784	\$860,940	252.0	\$2,248,700	96.9	\$590,849	\$1,355,301

Upon closer analysis of the reports, it appears that the small increase in February, as compared with January, is due to a relative increase in the number and valuation of permits for repairs and alterations. The repairs constitute 30 per cent of the valuation in

February, as compared with a normal percentage of 21 per cent, while the number of permits for repairs constitutes 47 per cent of the total, as compared with a norm of 40. The average permit for repairs is over \$1,800, as compared with a norm of \$1,500, while the average permit for new construction in February was less than \$3,800, as compared with a norm of about \$4,000 for the nine months ending with February.

The F. W. Dodge Company reports that building contracts awarded in Minnesota, North Dakota, and South Dakota amounted to \$3,010,000 in February, and but two-thirds of the totals in January; and that more than one-half of the February contracts were given for educational buildings. They also estimate that contemplated work is six times the volume of contracts awarded during the two opening months of this year, and this indicates the volume of orders which may become effective when prices and building conditions are thought to be more favorable.

EMPLOYMENT CONDITIONS: February is normally the month of greatest unemployment in Minnesota because a large number of mines are closed during the winter, logging operations are completed, navigation has not opened up, spring building operations have not been started, and farm demand is not active. However, conditions are much different now from a year ago. Last year there was practically no unemployment because the railroads, lumber companies, and other business concerns were all seeking labor. This year the railroads are not taking on new men, construction companies are not active, and the stimulus given to lumber production by the mild winter weather has not been as large as heretofore. The shrinkage of demand from city sources is so great that employment agencies which are able to place men do so by sending them in practically every instance to positions outside of the cities. Reports received from the Federal employment agents in the cities of Minneapolis, St. Paul, and Duluth indicate that requests for help wanted are about 25 per cent of a year ago for men and about 40 per cent for women, and the number of persons which these same agencies succeeded in placing, exhibited similar tendencies.

Reports received from 12 important employment agencies, including the Federal employment offices in the three cities, Minneapolis, St. Paul, and Duluth, indicate that 2,673 men were placed in positions in February, as compared with 3,231 in January, or a decline of 17.4 per cent. The number of skilled men that were placed in February was 516, as compared with 436 in January. These figures are included in the totals above.

There was a decline of 5 per cent in the number of men employed on the last pay day of February, as compared with the number employed on the last day of January in Minneapolis industries which employed 500 men or more a year ago. The declines were greatest in vehicles for land transportation and repair shops. The figures for the number of employed as furnished to us by the Minneapolis Civic and Commerce Association with our percentage computations of change follow:

	February 1921	January 1921	Percent Feb. 1921 of Jan. 1921
Food and Kindred Products:	4,039	4,352	92.6
Textiles and Their Products:	3,401	3,239	105.1
Iron and Steel and the Products:	1,191	1,263	94.4
Vehicles for Land Transportation:	73	280	26.0
Railroad Repair Shops:	2,504	3,196	78.4
Miscellaneous Industries:	491	509	96.4
Total:	11,699	12,839	95.0

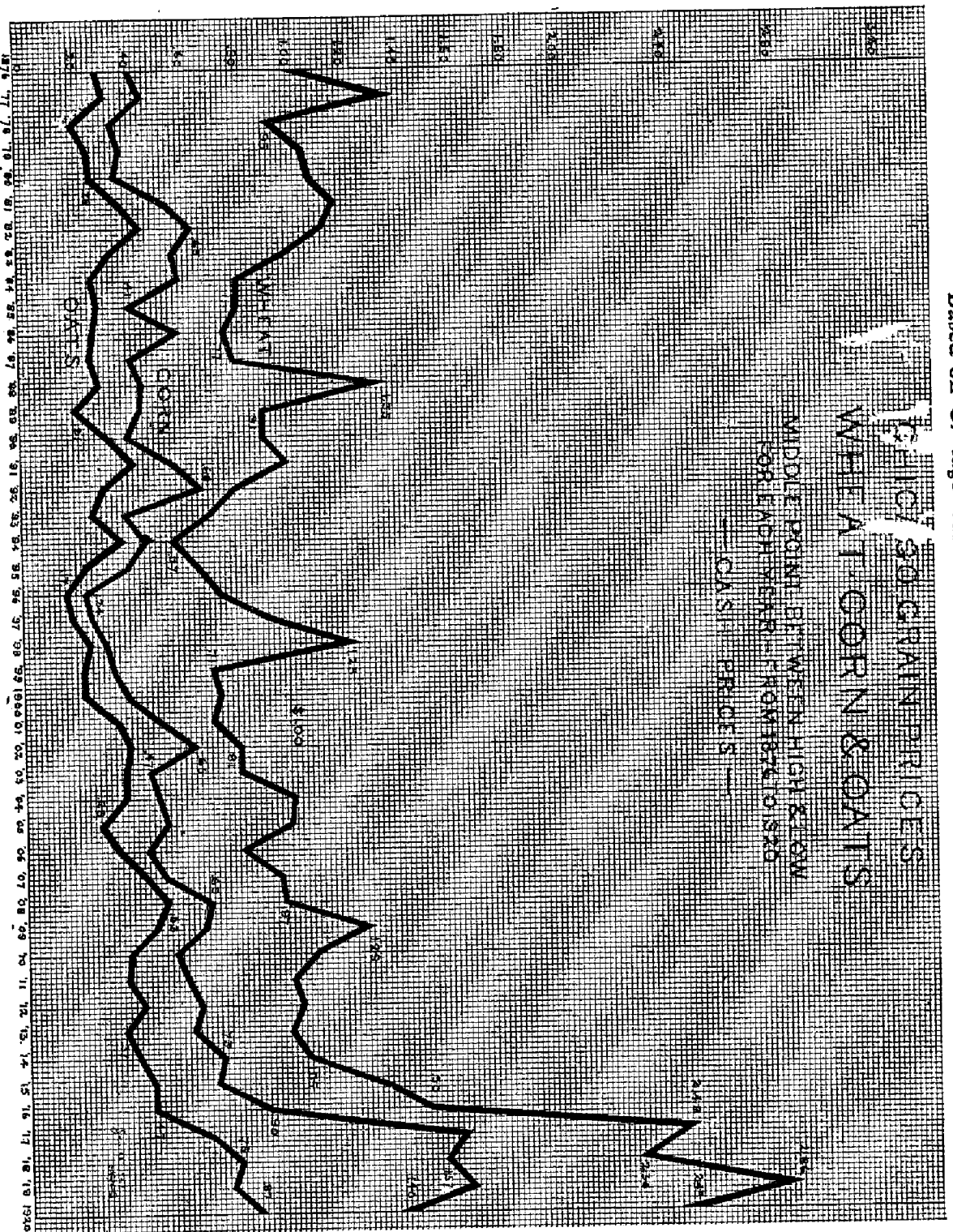
According to the records of the aid extended by the Associated Charities in Minneapolis, unemployment is greater now than in any month since February, 1915. There were 175 applications for aid in February as compared with 25 in January and as compared with 11 in February a year ago, and the per cent being spent for unemployment reasons in their total expenditure is much greater than in any preceding peak month for which we have made computations as shown by the following table:

Peak month in each year	No. applica- tions for aid on account of unemployment	Funds spent for relief of unemployed	Total funds spent for relief	Expenditure for unemploy- ment as com- pared with total spent for relief
Feb. 1921.....	175	\$2,693	\$8,529	31.6
Jan. 1920.....	25	90	5,331	1.6
Feb. 1919.....	34	178	3,593	4.9
Feb. 1918.....	69	416	2,952	14.1
Feb. 1917.....	116	241	3,493	6.9
Jan. 1916.....	158	676	3,125	21.6
Feb. 1915.....	401	...	5,079	...

BUSINESS FAILURES: Business failures, which are a better index to past than to present business conditions, were less favorable in February than in January and much more unfavorable than in February a year ago. There were 53 failures in February, which is more than three times the number a year ago and the liabilities were \$1,690,771, which is about three times the January amount and about nine times the amount in February a year ago according to tentative figures furnished us by R. G. Dun's Review.

Chart I. Forty-five Years of Grain Prices

Based on Chicago Cash Sales of Wheat, Corn and Oats

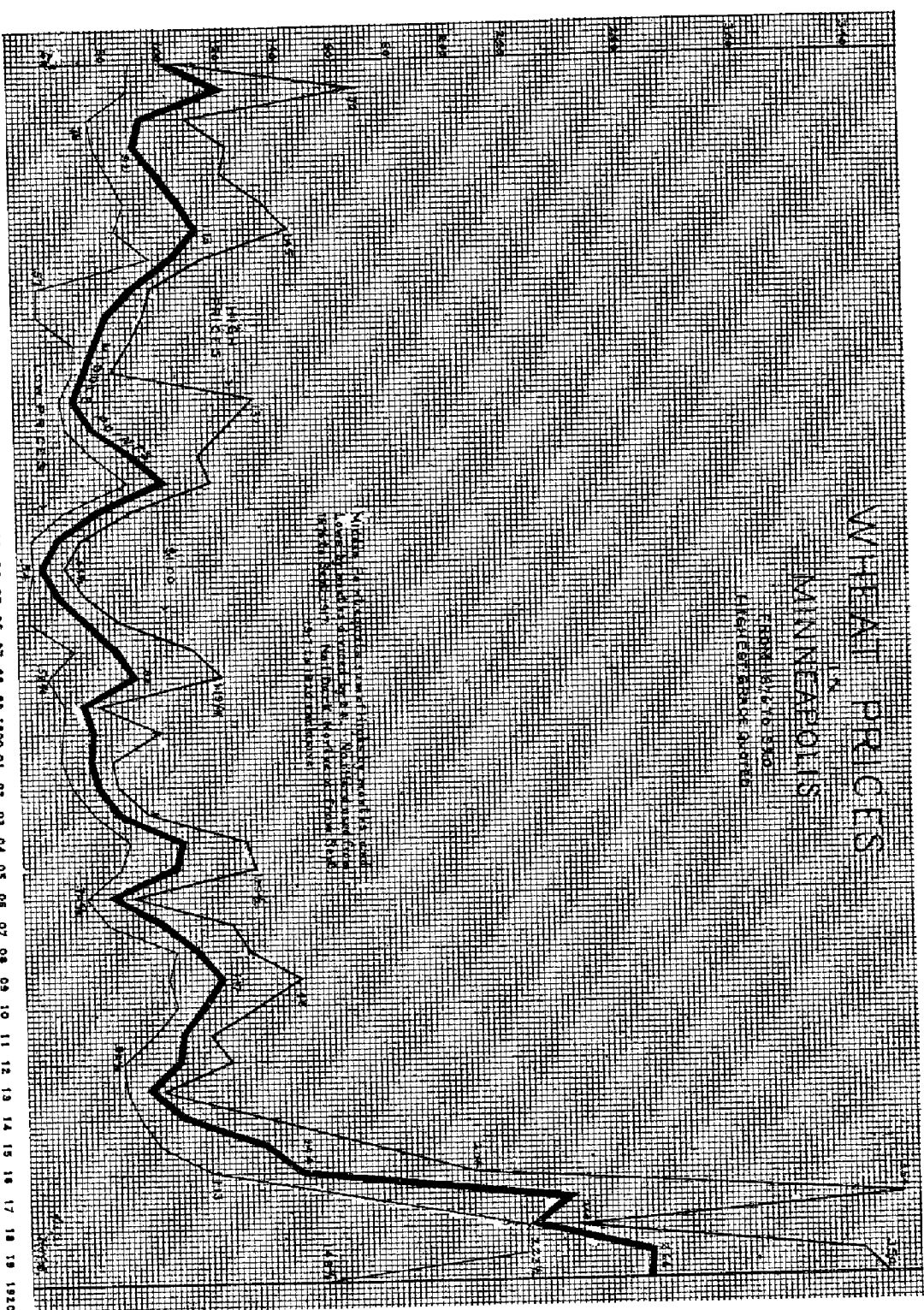


This chart shows how recent grain prices compare with those prevailing in past years. The heavy lines are 'middle points' halfway between the highest and lowest quotations in each year.

Wheat has fluctuated above and below the dollar level shown in 1904 to 1905.

The extraordinary rise after 1914 was due to war conditions and cannot reasonably be considered normal.

Chart II. Forty-five Years of Wheat Prices in Minneapolis

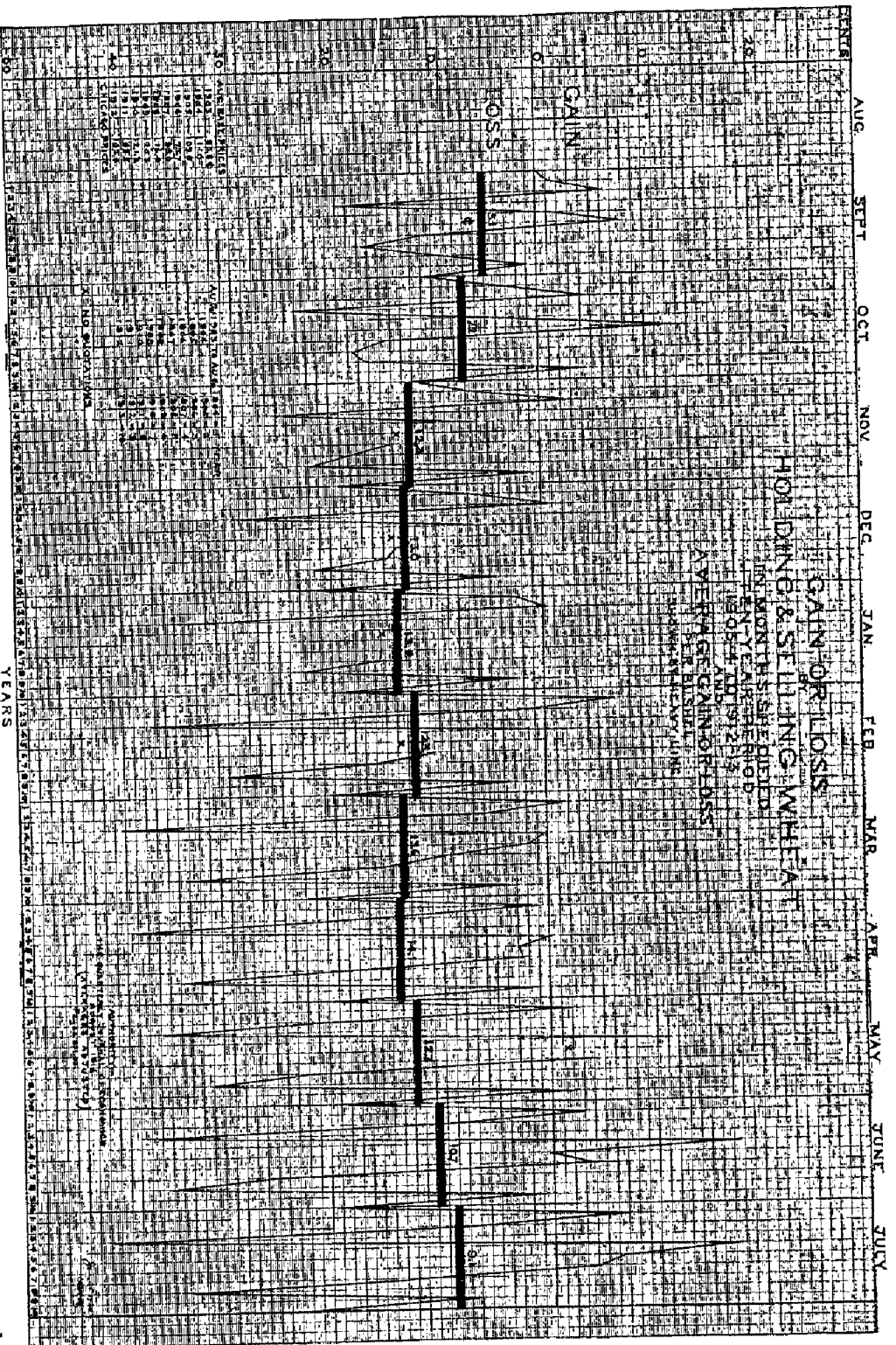


The lighter lines show the highest and lowest prices in each year since 1876, and the heavy line is the middle point between these highs and lows.

It appears that from 1877 to 1914 the middle price was more often below \$1.00 per bushel than above.

The extraordinary high points of \$3.54 and \$3.50 per bushel are peculiarities of war conditions and may not be witnessed again for a generation.

Chart IV. Does it Pay the Farmer to Hold His Wheat?



This chart is based on the experience of 10 crop years, from 1903 to 1913, and on Chicago prices. These were normal years not influenced by war conditions.

The horizontal "zero" line is the August price in each year. The irregular light line is the monthly difference above or below the August price in each year. The monthly price (light line) is above the August price (zero line) in only 25 months out of the 120 in which the farmer could sell in the full 10 years. Therefore, 95 months out of the 120 show a loss as compared with selling for the August price. The heavy black bars show the average net loss by holding wheat from August to any one of the succeeding months. Every month shows a loss on the average, and the losses vary from about 5c to 14c per bushel. If the September prices had been selected instead of August the conclusions would not be changed.

Allowance has been made in these curves for the cost of storage, shrinkage in weight, and interest charges. Selling promptly in the fall of every year appears, therefore, to yield the farmer the best average price, judging by the experience of the normal pre-war years.