

MONTHLY REVIEW

OF
 AGRICULTURAL AND BUSINESS CONDITIONS
 IN THE
 NINTH FEDERAL RESERVE DISTRICT

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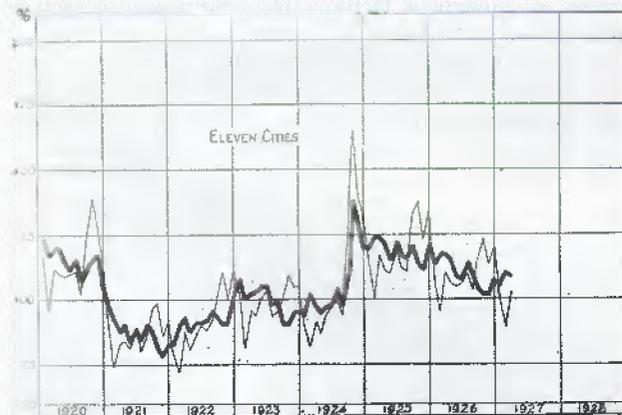
DISTRICT SUMMARY FOR THE MONTH

March business in this district was in smaller volume than during the same month of last year. The money value, as reflected by individual debits at representative banks was less in March than a year ago; and all of the seventeen reporting cities experienced declines, except St. Paul, Billings, Helena, Sioux Falls, Winona and La Crosse. This is the eighth consecutive month to show a decline in debits as compared with a year ago. Retail sales reported by department stores in this district for March and for the first three months of this year were both slightly below a year ago and retail inventories at the end of March were 10 per cent less than a year ago. Wholesale trade in March was less than last year, with declines of 21 per cent for farm implements, 16 per cent for shoes and 3 per cent for hardware, while sales of groceries increased 3 per cent. The physical volume of business, as shown by carlot carloadings, declined. The declines in carlot loadings of grain and grain products, livestock, coal, coke and forest products more than offset the increases shown for ore and miscellaneous

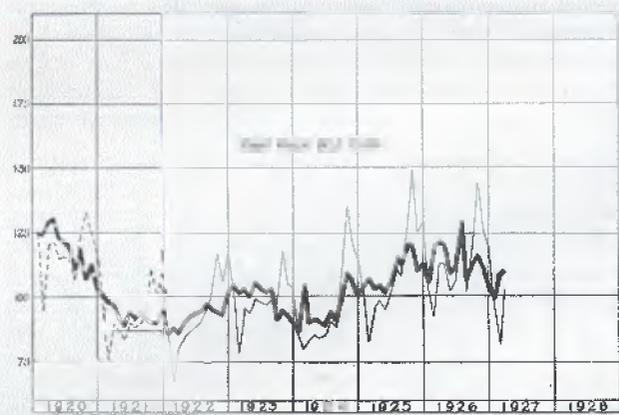
commodities. Less than carlot loadings increased 4 per cent, as compared with a year ago. Livestock and grain receipts at terminals and flour shipments declined, while linseed products shipped increased.

As compared with February, the volume of business in March measured by the debits at banks, increased slightly less than the customary seasonal amount. Grain receipts at terminals declined, although customarily gains should be shown during this month. Flour shipments increased, but linseed products shipments declined, as compared with February.

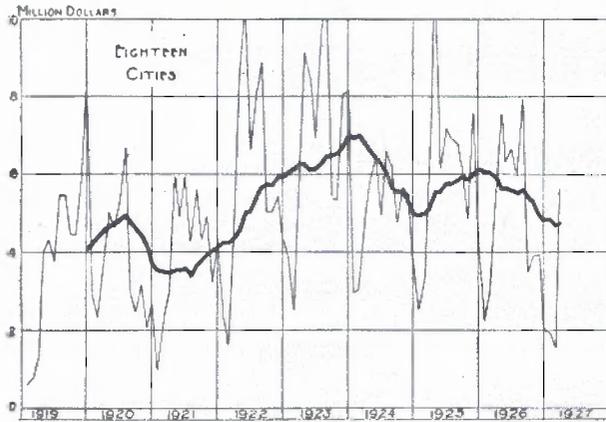
Prospective business activity based upon building operations, as reflected in the total valuation of building permits granted at eighteen cities in this district, was greater in March than a year ago. As compared with last month, permit valuation totals increased much more than the customary seasonal expectancy. Dwellings available for rent in Minneapolis, according to the number of newspaper advertisements of the same, increased materially for the third consecutive month, after adjustment is made to eliminate seasonal tendencies.



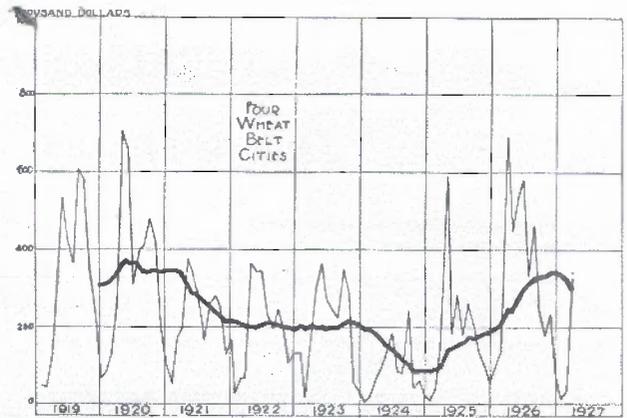
Debits to Individual Accounts at Banks in Eleven Cities in the Ninth Federal Reserve District. Heavy curve represents figures adjusted to eliminate seasonal changes; light curve represents unadjusted figures as percentages of the average month.



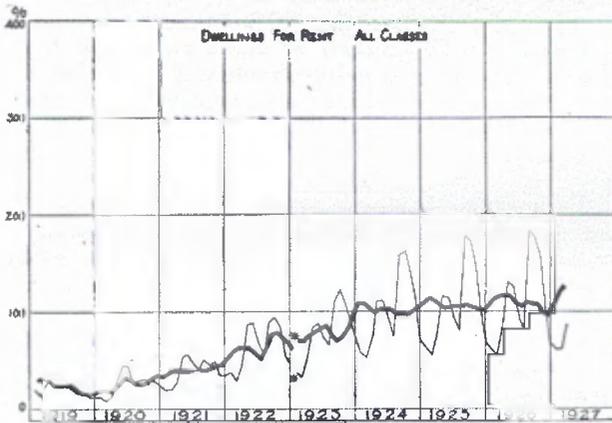
Debits to Individual Accounts at Banks in Eight Wheat Belt Cities in the Ninth Federal Reserve District. Heavy curve represents figures adjusted to eliminate seasonal changes; light curve represents unadjusted figures as percentages of the average month.



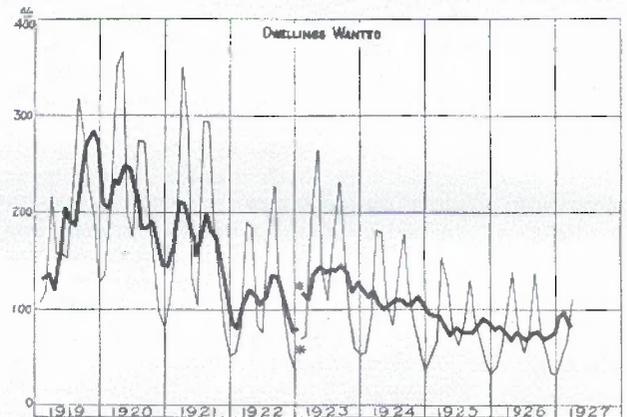
Valuation of Building Permits Issued at 18 Cities in the Ninth Federal Reserve District. Light curve, actual figures; heavy curve, 12 months moving average.



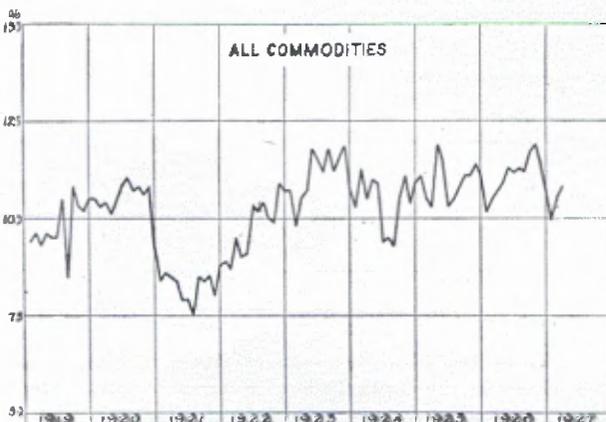
Valuation of Building Permits Issued at Four Wheat Belt Cities in the Ninth Federal Reserve District. Light curve, actual figures; heavy curve, 12 months moving average.



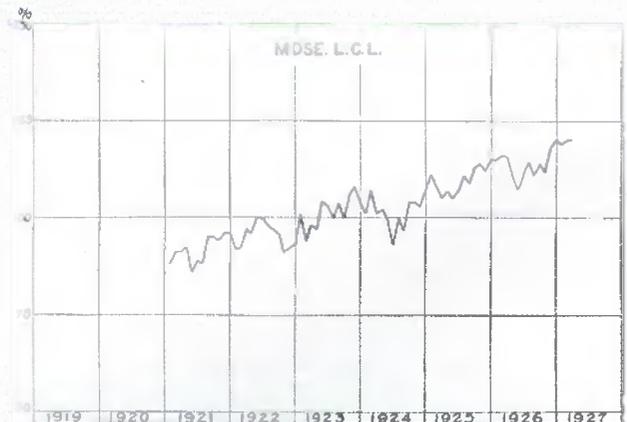
Dwellings for Rent, as Advertised in Minneapolis Newspapers. The heavy curve represents the figures adjusted to eliminate seasonal changes; the light curve represents actual, or unadjusted, figures. The stars denote changes in the data.



Dwellings Wanted, as Advertised in Minneapolis Newspapers. The heavy curve represents the figures adjusted to eliminate seasonal changes; the light curve represents actual, or unadjusted, figures. The stars denote changes in the data.



Carloadings of All Commodities Combined in the Northwestern District, with seasonal changes eliminated.



Less than Carlot Loadings in the Northwestern District, with seasonal changes eliminated.

In the country sections of this district, business activity has been in much smaller volume than during last year. Debits reported for our group of eight wheat belt cities declined 9 per cent in March, 10 per cent in February and 6 per cent in January, as compared with the respective months of last year. Reports received from more than 500 retail lumber yards scattered throughout the district indicate declines of 13 per cent during the first three months of 1927 and 1 per cent during March in their sales of lumber measured in board feet, as compared with last year, and declines in the dollar value of their sales of both lumber and other commodities of 3 per cent and 6 per cent for the same respective periods. The accounts and notes receivable of these same retail yards were 4 per cent less than in March of last year, while their cash collections declined 14 per cent. Building permits granted during March in our group of four wheat belt cities and in our group of six mixed farming cities, declined substantially as compared with a year ago.

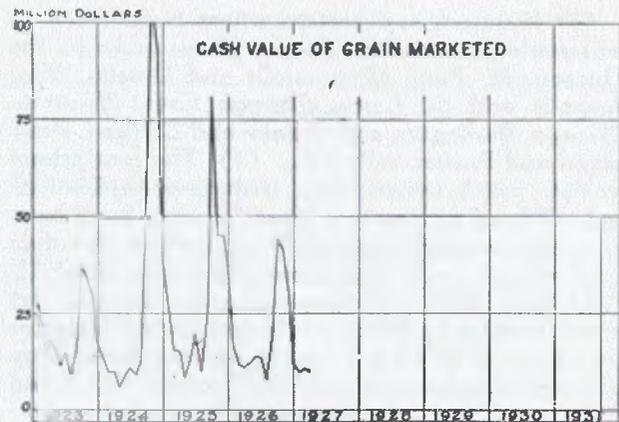
Financial developments in March were such as are customarily expected at this season.

TOPICAL REVIEWS

Cash value of grains marketed from Minnesota, North Dakota, South Dakota and Montana.—The 1923 crops of bread wheat, durum, rye and flax raised and sold in the four complete states of this district were worth \$195,000,000 as compared with marketings of \$417,000,000 from the 1924 crop and \$315,000,000 from the 1925 crop. While the 1926 crop has not been completely marketed, the portion which has reached the markets during the eight months from August, 1926 to March, 1927, inclusive, was valued at \$175,000,000, which was 34.5 per cent less than the value of the 1925 crop marketed during the first eight months of that crop year. The 1923 crop was the last poor crop preceding the crop of 1926. The value of marketings during the first eight months of the 1926 crop year was 9 per cent larger than the 1923 value of marketings for the eight month period, although the bushel yield in 1926 was 11 per cent smaller than that of 1923. The larger 1926 money income was due to higher prices for grains.

No adequate information has been available regarding farm income by months in the northwest and rough estimates are frequently so inaccurate as to be misleading. The present study has been undertaken to supply detailed information regarding income from grain which is repeatedly asked for by bankers, merchants and other business men within this district and elsewhere in the United States. A chart is inserted to show the monthly variations in grain income from 1923 to the present time. Obviously, grains do not furnish all of the farm income.

The cash value of wheat marketed in this district



Cash Value of Wheat, Rye and Flax Marketed from Minnesota, North Dakota, South Dakota and Montana, by months.

has been computed by a uniform method for the whole period covered, using only such data as is available within a few days after the close of each month. The chief sources of information are the records of the Minneapolis Chamber of Commerce and the Duluth Board of Trade.

Three objections arise to the ordinary method of adding wheat receipts at Minneapolis and Duluth-Superior and considering the combined total as the marketings of wheat from the four states of Minnesota, North Dakota, South Dakota and Montana. These objections are (1) There is considerable duplication in the figures, owing to wheat being re-shipped from Minneapolis to Duluth-Superior or vice versa and being counted in the receipts twice. (2) Wheat is received at Minneapolis from southern and eastern states outside of the territory for which the survey is being made. (3) Some wheat is bought by country mills from supplies in their own locality and does not enter Minneapolis or Duluth-Superior at all, and a small quantity is shipped to west coast terminals. This third objection applies almost entirely to bread wheat.

Our improved method of computation, which meets all of these objections as nearly as available data permit, is as follows: (1) Wheat receipts at Minneapolis and domestic wheat receipts at Duluth-Superior are added to give the gross wheat receipts during the month. (2) From these gross receipts the following duplications are deducted:

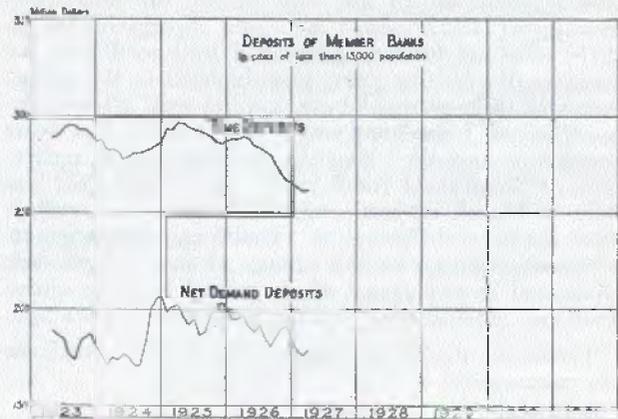
- a. Total shipments from Minneapolis by the Great Northern, Northern Pacific and Minneapolis, St. Paul and Sault Ste. Marie railroads.
- b. Shipments from Minneapolis to Duluth by the Chicago, St. Paul, Minneapolis and Omaha railroad.
- c. All rail shipments from Duluth-Superior.

(3) Southern and eastern wheat is deducted as represented by total receipts at Minneapolis on the Chicago, St. Paul, Minneapolis and Omaha, Minneapolis and St. Louis, Chicago Great Western, Chicago, Burlington and Quincy and Chicago, Rock Island and Pacific railroads. (4) The net wheat receipts which remain after deducting duplications and southern and eastern wheat receipts have been found to be approximately 10 per cent smaller than total wheat marketings from the crops of 1923, 1924 and 1925. Consequently, the monthly net wheat receipts at Minneapolis and Duluth-Superior are increased by 10 per cent to account for country sales and shipments to west coast points. (5) Bread wheat marketings are determined by deducting durum marketings from the total wheat marketings, as computed in steps one to four, above. (6) Durum wheat marketings are determined by adding inspections of durum wheat at Minneapolis and receipts of durum wheat at Duluth-Superior. (7) The cash values of durum and bread wheat are computed by multiplying the number of bushels marketed by the cash price of representative grades at Minneapolis for bread wheat and at Duluth for durum. The cash values are thus the values at terminal markets, which include revenues to railroads from hauling the grain and commissions and other charges, as well as the net income to the farmer.

The methods of computing the marketings of rye and flax are identical with those used for computing the marketings of wheat, except that no increase of 10 per cent is necessary to make the net receipts of rye and flax equal the total marketings. The unit price used in computing the cash values of rye and flax marketed are Minneapolis terminal prices for representative grades.

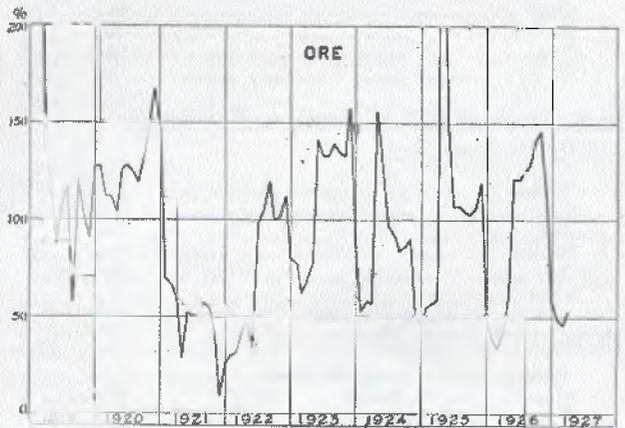
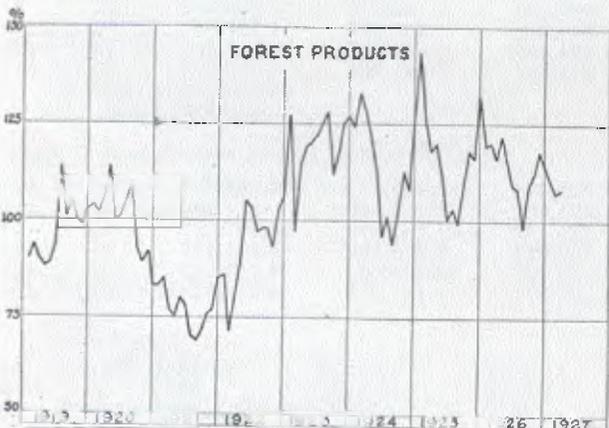
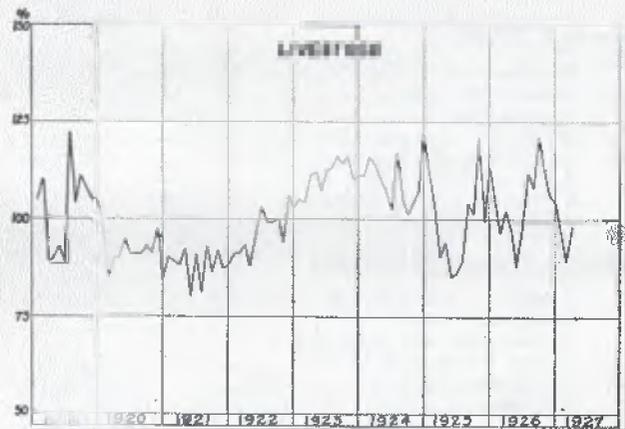
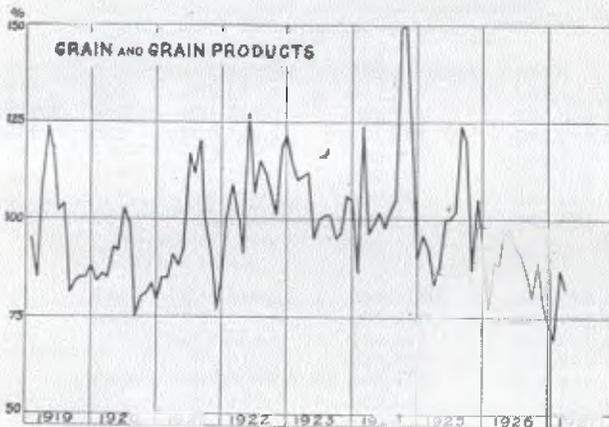
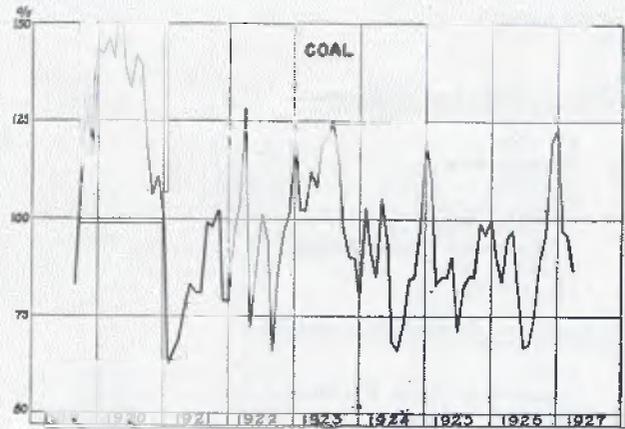
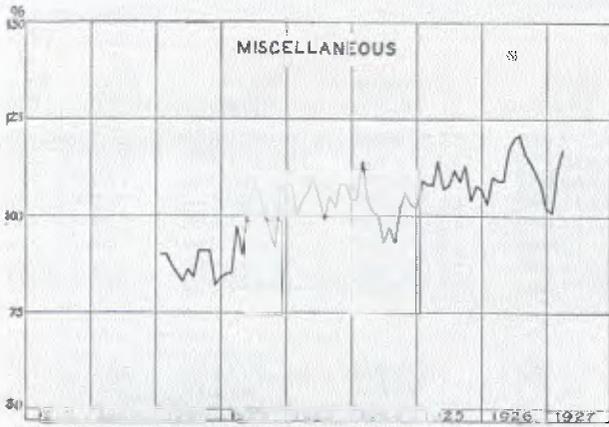
Banking developments during March and the first part of April were about what should be expected at this time of year, but deposits in country banks were lower than a year ago as a result of small crop returns and bank failures. Member banks in cities with less than 15,000 population, which are considered typical of all country banks in this district, experienced a small increase in deposits during the month of March, an occurrence which happens every year. Deposits at these banks were 9 per cent smaller than a year ago. During the first three weeks in April there was a decline of 2 per cent in their reserve accounts with the Federal Reserve Bank, giving evidence of the seasonal decrease in deposits which customarily continues until the latter part of May. Other reserves of country banks in the form of balances due from city correspondent banks in this district have declined since March 9, giving further evidence of the utilization of reserves to meet spring demands in the agricultural regions. Moreover, Federal reserve loans to

country member banks expanded from 2.4 million dollars on March 30 to 3.1 million dollars on April 20. This is part of the usual seasonal expansion in loans to country banks which culminates in the latter part of May. The expansion in loans to country banks began two weeks earlier this year than a year ago.



Deposits of Country Banks in the Ninth Federal Reserve District as typified by member banks in cities with less than 15,000 population.

The most important development in city banking conditions during the past year has been the tremendous growth in time deposits. While no change has taken place in the last few weeks, the situation, as compared with a year ago, deserves comment. Time deposits of member banks in cities with over 15,000 population were \$18,000,000 (12 per cent) larger at the end of March this year than a year ago and were far larger than in any other year. Net demand deposits of these banks were \$9,000,000 (4 per cent) smaller than a year ago, so that total deposits were only 2 per cent larger than last year. Net demand deposits at the larger city banks reporting weekly to this office have been declining for the last seven weeks, partly as a result of the withdrawal of country bank balances. Commercial loans at these larger banks (the "all other" classification) have shown a 5 per cent decline in the last five weeks, which is a seasonal occurrence that ordinarily ends in the last week in May. These commercial loans on April 20 were smaller by a wide margin than on the corresponding date in any of the preceding four years. Investments and loans secured by stocks and bonds at these banks were larger in amount on April 20 than on the same date in any preceding year, but have shown some decline in recent weeks. Borrowings by city banks continue to be unimportant in amount. Interest rates on prime loans, quoted by Minneapolis commercial banks, have shown very little change during the last month and are very slightly higher than a year ago.



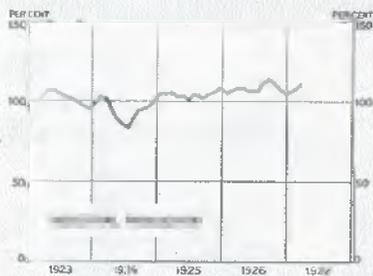
Freight Carloadings of Important Commodity Groups in the Northwestern District, with seasonal changes eliminated. The curve for carloadings of ore is plotted on a reduced scale on account of its wide fluctuations.

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

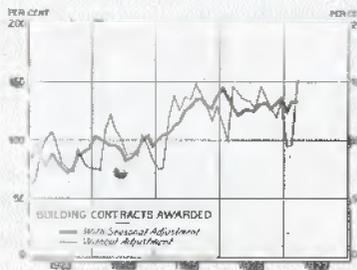
Debits to Individual Accounts—	Unit	March 1927	February 1927	March 1926	%Mar. %Mar.	%Mar. %Mar.
					1927	1927
17 cities		\$726,779,000	\$631,899,000	\$780,883,000	115	93
Minneapolis		349,658,000	310,936,000	388,853,000	112	90
St. Paul		181,660,000	151,145,000	177,050,000	120	103
Duluth-Superior		67,624,000	60,254,000	80,087,000	112	84
8 Wheat Belt Cities		53,224,000	42,621,000	58,504,000	125	91
3 Mississippi Valley Cities		21,682,000	18,497,000	19,087,000	117	114
South St. Paul		32,930,000	31,013,000	38,292,000	106	86
Sioux Falls		20,001,000	17,433,000	19,010,000	115	105
Carloadings—Northwestern District—						
Total	Cars	525,002	456,320	522,604	115	100
Grains and Grain Products	Cars	39,923	40,866	42,669	98	94
Livestock	Cars	37,817	33,652	39,265	112	96
Coal	Cars	25,852	33,781	28,231	77	92
Coke	Cars	6,100	5,398	7,506	113	81
Forest Products	Cars	95,629	83,737	102,217	114	94
Ore	Cars	3,553	2,720	2,853	131	125
Merchandise—L. C. L.	Cars	152,707	125,071	147,429	122	104
Miscellaneous	Cars	163,421	131,095	152,434	125	107
Building Permits—						
Number—18 Cities		1,756	655	1,564	268	112
Value—18 Cities	\$	5,616,700	\$ 1,548,900	\$ 4,932,700	363	114
Minneapolis		2,398,600	819,200	1,928,400	293	124
St. Paul		1,339,500	396,700	1,161,800	338	115
Duluth-Superior		927,600	196,000	506,800	473	183
4 Wheat Belt Cities		357,600	39,700	695,600	901	51
6 Mixed Farming Cities		439,500	95,900	580,900	458	76
4 Mining Cities		153,900	1,400	59,200	10,993	260
Building Contracts Awarded—						
Total		10,472,900	2,871,400	12,084,100	365	87
Residential		3,299,900	1,648,600	4,673,000	200	71
Commercial and Industrial		3,053,400	473,000	3,556,900	646	86
Public Works and Utilities		1,132,200	71,000	1,716,700	1,595	66
Educational		916,800	349,000	1,620,900	263	57
All other		2,070,600	329,800	516,600	628	401
Grain Receipts at Minneapolis and Duluth-Superior—						
Wheat	Bu.	7,500,840	7,420,552	7,745,813	101	97
Corn	Bu.	641,826	1,507,885	890,880	43	72
Oats	Bu.	966,051	1,106,535	2,210,203	87	44
Barley	Bu.	815,070	905,220	1,300,557	90	63
Rye	Bu.	1,074,433	1,464,075	816,467	73	132
Flax	Bu.	572,101	613,401	513,572	93	111
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—						
Wheat	Bu.	19,985,098	18,785,377	16,184,010	106	123
Corn	Bu.	1,293,607	1,768,423	614,528	73	211
Oats	Bu.	18,235,137	21,323,454	30,857,639	86	59
Barley	Bu.	2,383,653	2,958,106	4,151,438	81	57
Rye	Bu.	11,042,987	10,292,022	9,068,647	107	122
Flax	Bu.	2,048,811	2,119,259	1,353,620	97	151
Median Cash Grain Prices—						
Wheat—No. 1 Dark Northern	Bu.	\$1.42 ³ / ₄	\$1.46 ³ / ₈	\$1.64 ¹ / ₂	97	87
Durum—No. 2 Amber	Bu.	1.57 ¹ / ₄	1.61 ³ / ₄	1.42 ¹ / ₂	97	110
Corn—No. 3 Yellow	Bu.	.70	.74	.70 ¹ / ₂	95	99
Oats—No. 3 White	Bu.	.44 ³ / ₈	.44 ¹ / ₈	.36 ³ / ₈	101	123
Barley—No. 3	Bu.	.71	.69	.60 ¹ / ₂	103	117
Rye—No. 2	Bu.	.98 ³ / ₄	1.02	.81 ¹ / ₂	97	121
Flax—No. 1	Bu.	2.22	2.24 ¹ / ₂	2.31 ¹ / ₂	99	96

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

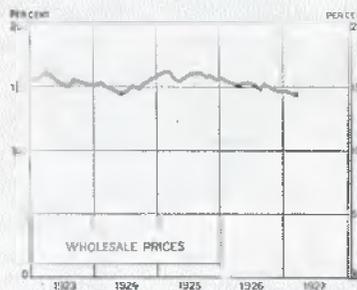
	Unit	March 1927	February 1927	March 1926	%Mar. 1927 of Feb. 1927	%Mar. 1927 of Mar. 1926
Livestock Receipts at South St. Paul—						
Cattle	Head	61,331	56,458	76,097	109	81
Calves	Head	71,280	61,575	71,763	116	99
Hogs	Head	249,046	241,974	281,763	103	88
Sheep	Head	23,688	45,202	22,159	52	107
Median Livestock Prices at South St. Paul—						
Butcher Cows	Cwt.	\$6.50	\$6.25	\$6.25	104	104
Butcher Steers	Cwt.	9.25	8.50	8.35	109	111
Prime Butcher Steers	Cwt.	10.50	9.75	9.25	108	114
Stocker & Feeder Steers	Cwt.	7.50	7.00	7.25	107	103
Veal Calves	Cwt.	11.50	12.50	11.50	92	100
Hogs	Cwt.	11.25	11.40	12.50	99	90
Heavy Hogs	Cwt.	9.75	10.50	10.00	93	975
Lambs	Cwt.	14.75	13.00	12.75	113	116
Ewes	Cwt.	8.75	8.00	7.50	109	117
Flour—						
Production—Twin Cities & Duluth-Superior	Bbls.	1,018,090	881,906	1,167,580	115	87
Shipments from Minneapolis	Bbls.	955,089	815,341	1,065,018	117	90
Linseed Products Shipments from Minneapolis	Lbs.	23,357,883	26,789,303	21,605,652	87	108
Retail Sales—						
22 Department Stores		\$2,368,870	\$1,967,780	\$2,403,260	120	99
509 Lumber Yards	Bd. Ft.	9,824,000	6,061,000	9,943,000	162	99
Retail Merchandise Stocks—						
17 Department Stores		\$6,815,880	\$6,264,090	\$7,531,850	109	90
475 Lumber Yards	Bd. Ft.	105,096,000	103,928,000	106,752,000	101	98
Life Insurance Sales (4 States)		\$22,695,000	\$18,829,000	\$27,150,000	121	84
Wholesale Trade—						
Farm Implements—6 firms		415,540	232,330	525,420	179	79
Hardware—12 firms		2,007,660	1,478,130	2,068,790	136	97
Shoes—5 firms		571,990	335,850	676,970	170	84
Groceries—46 firms		4,853,060	4,152,300	4,570,830	117	106
Business Failures—						
Number		89	77	90	116	99
Liabilities		\$868,720	\$1,114,000	\$926,970	78	94
Securities Sold—						
To Banks		3,906,200	2,986,900	3,585,100	131	109
To Insurance Companies		2,087,100	1,197,400	1,745,100	174	120
To General Public		6,846,600	4,822,700	6,627,000	142	103
Ninth Federal Reserve District Member Banks—						
Net Demand Deposits		424,870,000	422,428,000	452,286,000	101	94
Time Deposits		430,266,000	429,798,000	439,126,000	100	98
24 City Member Banks—						
		Apr. 13 1927	Mar. 16 1927	Apr. 14 1926	%Apr. of Mar.	%Apr. of Apr.
Loans		\$240,825,000	\$244,344,000	\$237,966,000	99	101
Securities		121,221,000	120,212,000	115,109,000	101	105
Net Demand Deposits Subject to Reserve ..		212,221,000	219,292,000	220,918,000	97	96
Time Deposits		126,634,000	125,263,000	109,717,000	101	115
Borrowings at Federal Reserve Bank		2,279,000	900,000	2,283,000	253	100
Minneapolis Federal Reserve Bank—						
Loans to Member Banks		5,380,732	3,512,323	4,839,854	153	111
Federal Reserve Notes in Circulation		64,357,000	64,414,660	63,642,825	100	101



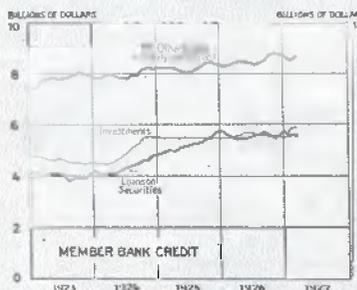
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average=100). Latest figure, March, 112.



Federal Reserve Board's indexes of value of building contracts awarded as reported by the F. W. Dodge Corporation, (1923-25 average=100). Latest figures, March, adjusted index, 131; unadjusted index, 151.



Index of United States Bureau of Labor Statistics (1918=100, base adopted by bureau). Latest figure, March, 145.3.



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first three weekly report dates in April.

Summary of National Business Conditions (Compiled April 25 by Federal Reserve Board)

Industrial activity increased further in March and was larger than a year ago, while the general level of prices continued to decline. Distribution of commodities at wholesale and retail was somewhat smaller than a year ago.

PRODUCTION: Industrial production, after increasing continuously for three months, was larger in March, when allowance is made for usual seasonal changes, than in any month since last September. Output of bituminous coal, crude petroleum, and steel ingots and mill consumption of raw cotton in March were larger than in any previous month. Since April 1, however, steel mill operations have been somewhat curtailed, and bituminous coal output has been reduced by about 40 per cent since the beginning of the miners' strike on April 1. The consumption of silk and wool, sugar meltings, flour production, and the output of rubber tires increased in March. Production of automobiles has shown seasonal increases since the first of the year but has been in smaller volume than a year ago. The value of building contracts awarded in March was larger than at any previous time, and the production of building materials has increased considerably in recent weeks. The largest increases in contracts, as compared with last year, were in the middle western states, while the largest decreases occurred in the southeastern states. In the first half of April contracts awarded were in slightly smaller volume than in the same period of last year.

TRADE: Sales of department stores increased less than usual in March and were slightly smaller than last year, owing in part to the lateness of Easter. Sales of mail order houses and chain stores, however, were somewhat larger than a year ago. Inventories of department stores increased slightly more than is usual in March in anticipation of the expansion in retail trade before the Easter holidays, and at the end of the month they were in about the same volume as a year ago. Wholesale trade in March continued slightly smaller than in the corresponding period a year ago. Stocks of merchandise carried by wholesale firms were seasonally larger at the end of March than in February, but in most lines continued smaller than last year.

Freight carloadings which showed seasonal increases in March, declined in the first ten days of April, owing to the smaller shipments of coal, but continued larger than in the corresponding period of previous years. Loadings of miscellaneous freight and of merchandise in less-than-carload lots were in large volume.

PRICES: The general level of wholesale commodity prices declined further in March, reflecting decreases in most of the important groups of commodities. Prices of non-agricultural commodities as a group declined to the lowest level since the war, while the average for agricultural products, which advanced somewhat from November to February, remained practically unchanged in March. During the first half of April, prices of winter wheat, sugar, cotton, silk, bituminous coal and hides advanced, while those of hogs, crude petroleum, gasoline and non-ferrous metals declined.

BANK CREDIT: There was some decline in the volume of loans for commercial purposes and in loans on securities at member banks in leading cities between the middle of March and the middle of April. Member banks' holdings of United States securities, which had increased considerably in the middle of March in connection with the operations of the treasury, have declined more than \$100,000,000 since that time, but are still about \$200,000,000 larger than in the early months of the year.

At the reserve banks total bills and securities, which have fluctuated near the \$1,000,000,000 level since the end of January, showed little change during the six weeks ending April 20. Discounts for member banks were in about the same volume on that date as on March 9, while acceptances showed a decrease and holdings of United States securities a slight increase.

During the first three weeks of April, quoted rates on prime commercial paper and on acceptances were the same as in the latter part of March, while call money averaged somewhat higher.