MONTHLY REVIEW
OF
AGRICULTURAL AND BUSINESS CONDITIONS
IN THE
NINTH FEDERAL RESERVE DISTRICT

DISTRICT SUMMARY OF BUSINESS

From the reports of business volume and banking in October and the first part of November it appears that business in this district has continued to be at a low level. During the month of October 1930, bank debits and country check clearings were both 24 per cent smaller than in October last year. Only six of the ninety-three cities reporting bank debits experienced increases in October over the same month last year. Freight carloadings in October were 22 per cent below the volume in the same month a year ago. Decreases in comparison with last year's figures also occurred in postal receipts, building permits, copper and iron ore output, department store sales, furniture sales, country lumber sales, life insurance sales and wholesale trade. Increases occurred in electric power consumption in the eastern half of the district, in flour and linseed product shipments, building contracts and securities sales to banks. Business failures in October were fewer than in October a year ago, making the first favorable comparison in several months. Employment conditions in Minneapolis continued to become less satisfactory, with a decrease in the index of labor demand and a sharp increase in the adjusted index of unemployment relief.

During the first half of November, business in the district continued to be in reduced volume. Bank debits during the two weeks ending November 12 were 28 per cent smaller than in the corresponding two weeks a year ago. Country check clearings for the first thirteen business days in November were 11 per cent smaller than for the corresponding period last year. The daily average of building contracts awarded in the central Northwest in the first eleven business days of November was $324,000, as compared with a daily average of $446,700 during the complete month of November a year ago, according to the Graphic Review of the F. W. Dodge Corporation.

RETAIL FURNITURE BUSINESS
1926-1930

An interesting chapter in the history of retail trade, and especially in the history of consumer credit of the instalment variety, is being written in the current records of retail furniture stores in this district. Beginning with 1926, monthly records have been reported by the larger furniture stores of the district. This period includes a period of increasing business activity from 1926 to 1929, and a period of depression during the latter part of 1929 and 1930.
About two-thirds of the sales by these furniture companies consist of instalment sales. It is interesting to note that the proportion of sales which were made on the instalment basis in 1930 was smaller than the proportion in 1929. This was probably due to a stricter credit policy during a year of serious actual or possible unemployment, as well as to hesitancy on the part of purchasers to make new contracts.

### Furniture Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Sales</th>
<th>Instalment Sales</th>
<th>Per cent Instalment Sales of Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1926</td>
<td>$4,061,580</td>
<td>$2,657,870</td>
<td>65.4</td>
</tr>
<tr>
<td>1927</td>
<td>$4,069,000</td>
<td>$2,773,780</td>
<td>68.2</td>
</tr>
<tr>
<td>1928</td>
<td>$4,539,510</td>
<td>$2,932,450</td>
<td>64.6</td>
</tr>
<tr>
<td>1929</td>
<td>$4,563,350</td>
<td>$3,133,460</td>
<td>68.7</td>
</tr>
<tr>
<td>1929 (10 mos.)</td>
<td>$3,737,130</td>
<td>$2,562,670</td>
<td>68.6</td>
</tr>
<tr>
<td>1930 (10 mos.)</td>
<td>$2,852,600</td>
<td>$1,865,640</td>
<td>65.4</td>
</tr>
</tbody>
</table>

During the period from 1926 to 1929, the instalment accounts outstanding reported by these furniture stores were 9.3 times as large as the average monthly instalment sales during those years. The usual credit terms for larger furniture items consist of a cash payment at the time of purchase, and the remainder payable during the succeeding twelve months.

### Furniture Instalment Credit in a Depression Year

The year 1930 has come to be recognized as a year of major depression in business and employment. In such a period, the experience with con-
sumer credit should be studied in detail. The furniture business has made successful use of instalment credit for a long period.

The most important observation to be drawn from the furniture records is that consumers have continued to pay their instalment accounts, even though they were unwilling or unable to make new furniture purchases. Total furniture sales in the first ten months of 1930 were 24 per cent smaller than in the same portion of 1929. Sales made on the instalment plan were 27 per cent smaller than a year ago. In contrast with these large reductions in sales, the volume of instalment credit payments was only 6 per cent smaller in the first ten months of 1930 than in the same ten months of 1929. As a result of the maintenance of the rate of instalment payments and the shrinkage in new sales, the total instalment credit outstanding on October 31 was 13 per cent smaller than a year ago, and was at the lowest level since our records began in 1926. There is, however, no record available of the bad debts written off by the furniture dealers, so that the record of consumer credit in this trade is incomplete to that extent.

Retail Furniture Records
January-October, 1929 and 1930

<table>
<thead>
<tr>
<th></th>
<th>1929</th>
<th>1930</th>
<th>% 1930 of 1929</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales</td>
<td>$3,737,130</td>
<td>$2,852,600</td>
<td>76.3</td>
</tr>
<tr>
<td>Instalment Sales</td>
<td>2,562,670</td>
<td>1,865,640</td>
<td>72.8</td>
</tr>
<tr>
<td>Accounts Receivable Outstanding October 31</td>
<td>2,356,790</td>
<td>2,058,390</td>
<td>87.3</td>
</tr>
</tbody>
</table>

**DISTRICT SUMMARY OF AGRICULTURE**

The wheat marketing movement declined sharply from its peak in the second week of September to a low point in the last week of October, and made a minor increase in the first half of November. In October, the receipts of wheat at Minneapolis and Duluth-Superior were slightly smaller than in October last year, but from present indications November wheat receipts will be somewhat larger than November wheat receipts last year. Up to the 22nd of November, 51 per cent of the marketable wheat supply of the district had reached the terminal market, as compared with 47 per cent marketed in the corresponding portion of the preceding crop year.

**Retail Furniture Records**

**Accounts Receivable**

<table>
<thead>
<tr>
<th></th>
<th>1929</th>
<th>1930</th>
</tr>
</thead>
<tbody>
<tr>
<td>INSTALMENT FURNITURE RECORDS</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1,000</td>
<td>$1,000</td>
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<td>$8,000</td>
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<tr>
<td></td>
<td>$9,000</td>
<td>$9,000</td>
</tr>
</tbody>
</table>

**Instalment Sales, Collections and Accounts Receivable**
reported by representative furniture dealers in the Ninth Federal Reserve District.
Hogs are the largest source of the farmers' cash income in this district during the winter months. In October this year, receipts of hogs at South St. Paul were 3 per cent smaller than in October last year. During the first three weeks in November, however, hog receipts were 24 per cent smaller than during the same period last year. The average weight of hogs marketed was about the same as the average weight a year ago, and gave little evidence of the expected marketings of light hogs due to the poor corn crop. Stock pigs and feeder hogs shipped from South St. Paul averaged about ten pounds heavier in October 1930 than in October 1929. During the first three weeks in November, stock pigs and feeder hogs shipped from South St. Paul averaged even heavier, and the average weight was nearly fifteen pounds heavier than a year ago. The median price of hogs in October was $8.90 per hundredweight, as compared with $9.40 per hundredweight a year ago. Since November 1, hog prices have declined steadily at South St. Paul. On November 20, the bulk of lightweights and butcher hogs sold at $7.50, the lowest level since July 1924.

The cattle market was irregular during October and November. Prices fluctuated widely, but most classes were slightly lower on November 20 than on October 1, and all classes were lower than prices a year ago.

Long fed weighty steers were offered in large numbers at all the principal cattle markets during October. Because of the over-supply, price declines were registered on this class of beef early in the month. On the other hand, light and medium weight steers were scarce, resulting in a strong demand and the establishment of a price of $13.00 late in the month. Fleshy heifers weighing in the neighborhood of 900 pounds benefited considerably from the shortage of lightweight steers, but fat cows were discriminated against in the same manner as heavy steers and weighty bullocks.

As a result of the unfavorable outturn of the long-fed cattle deal during the last year, it appears that cattle feeders are adopting a practice of short feeding with a quicker turnover. During October, many short-fed cattle which had been in the feed lots only since July and August were returned to market. Since these cattle were purchased as heavy feeders at, or near the bottom of the summer slump, they made some profit for the feeder, even though they lacked the quality to bring the higher prices.

During the first three weeks in November, the cattle market has been extremely sensitive. As a result of a large decrease in country loadings during the first week of the month, prices improved somewhat. The moderate price increases resulted in a flood of offerings during the second week. Prices then dropped lower than those existing at the beginning of the month. Receipts promptly decreased again, and the market showed strength and some gains. These gains failed to hold, however, on account of the decreased dressed beef sales, as a result of the beginning of the holiday poultry consumer demand. Choice long-fed lightweights were still in demand, but practically all other kinds of cattle sold on November 20 at lower prices than on November 1.

The estimated cash income of farmers in October from cash crops, dairy products and hogs was 32 per cent smaller than the income in October last year, with all important farm products of the district showing declines. Prices of all grains, livestock and other major farm products of the district were below last year's prices, with the exception of heavy hogs.

**DISTRICT SUMMARY OF BANKING**

The banking records of October and early November indicate that the reduced income from the 1930 crops and the smaller activity in non-agricultural lines have prevented the usual seasonal rise in rural deposits in the fall of 1930, and have obstructed the usual liquidation of indebtedness. It will be recalled that member bank deposits in the rural portion of the district increased only 4 million dollars, or 1 per cent, between the average for August and the average for September. The deposit average for October was one-half of 1 per cent smaller than the average for September, indicating that the seasonal influences which produce the autumn increase in deposits were largely spent in September. The October average of country member bank deposits was 7 per cent smaller than the average in October last year. The greatest reductions were in North Dakota and Montana.

The loans of this Federal Reserve Bank to country member banks have not shown the usual amount of seasonal reduction from the August peak. On November 19, they stood at $3,843,000, which was a reduction of only $600,000 from the peak on August 13, and an increase of $100,000, as compared with the total a year ago. Banks in the western half of the district were borrowing more heavily than a year ago, and banks in the eastern half of the district were borrowing less than a year ago.

City member banks experienced a decrease in deposits during the last half of October, followed by a sharp increase in deposits during the first half of November, which brought their deposits again to new high levels for that time of year. The decrease in the last half of October was characteristic of the behavior of deposits after the peak of grain marketing has passed, and the increase in November was also a seasonal occurrence, following the payment of real estate taxes and the deposit of public funds in the banks of the district.

As a result of the smaller volume of loans to customers and the record high level of deposits, city member banks have not been forced to borrow from the Federal Reserve Banks as they did a year ago.
Country Member Bank Deposits in the Ninth Federal Reserve District. These country member banks are member banks in cities with less than fifteen thousand population. The scales have been exaggerated to make the changes in deposits more apparent.

Loans to customers by city member banks have shown a very moderate increase this fall of only 16 million dollars. A year ago, the autumn increase was abnormally large, amounting to 57 million dollars. The peak in loans to customers was reached on November 5 this year, which was one week later than the peak a year ago. On November 19, loans to customers by city member banks were 44 million dollars smaller than loans to customers last year.
COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

AGRICULTURAL AND BUSINESS CONDITIONS

General Business

Bank Debts
All Reporting Cities...
Minneapolis...
St. Paul...
South St. Paul...
Great Lakes Ports...
Beef and Pork, S. E. ...
Beef and Pork, S. W. ...
Dairy and Mixed Farming...
Wheat and Mixed Farming...
Wheat and Range...
Mineral and Mining...
Electric Power Consumption (K.W.H.)
Min. No. Dak., and So. Dak...
Montana...
Country Check Clearings
Total...
Minnesota...
Montana...
North and South Dakota...
Michigan and Wisconsin...
Postal Receipts
Six Cities...
Minneapolis...
St. Paul...
Duluth...
Three Other Cities...
Freight Carloadings—N. W. District
Total—Excluding L. C. L...
Grains and Grain Products...
Livestock...
Coal...
Coke...
Forest Products...
Ore...
Miscellaneous...
Merchandise—L. C. L...
Building Permits
Number—18 Cities...
Value—18 Cities...
Minneapolis...
St. Paul...
Duluth-Superior...
4 Wheat Belt Cities...
4 Mixed Farming Cities...
4 Mining Cities...
Building Contracts Awarded
Total...
Commercial...
Industrial...
Educational...
Hospitals, etc...
Public Religious and Memorial...
Social and Recreational...
Residential...
Public Works and Utilities...
Real Estate Activity in Hennepin and Ramsey Counties
Warranty Deeds Recorded...
Mortgages Recorded...
Manufacturing and Mining
Flour Production at Mpls., St. Paul, and Duluth-Superior (bbls.)...
Flour Shipments at Mpls. (bbls.)...
Lime and Product Shipments (lbs.)...
Copper Output (5 firms) (lbs.)...
Iron Ore Shipments (tons)...
Business Failures
Number...
Liabilities...

Agriculture
Farmers' Cash Income
Total of 7 Items...
Wheat...
Durum Wheat...
Rye...
Flax...
Potatoes...
Daughters...
Hogs...

Grain Marketings at Minneapolis and Duluth-Superior (Bus.)
Wheat...
Durum Wheat...
Rye...
Flax...

Grain Stocks at End of Month at Minneapolis and Duluth-Superior (Bus.)
Wheat...
Corn...
Oats...
Barley...
Rye...
Flax...

Livestock Receipts at St. Paul (Head)
Cattle...
Calves...
Hogs...

Median Cash Grain Prices (Bus.)
Wheat—No. 1 Dark Northern...
Durum—No. 2 Amber...
Corn—No. 3 Yellow...
Oats—No. 3 White...
Barley—No. 2...
Rye—No. 2...
Flax—No. 1...

Median Livestock Prices (Cwt.)
Butcher Cows...
Butcher Steers...
Prime Butcher Steers...
Feeder Steers...
Veal Calves...
Hogs...
Heavy Hogs...
Lamb...
Ewes...

Wholesale Produce Prices
Butter (Lb.)...
Milk (Cwt.)...
Heated Dakota...
Eggs (Doz.)...

Trade
Department Stores
Sales...
Merchandise Stocks...
Receivables...
Instalment Receivables...

Furniture Stores
Total Sales...
Instalment Sales...
Receivables...

Country Lumber Yards
Sales (Bd. Ft.)...
Lumber Stocks (Bd. Ft.)...
Tree Sales...
Receivables...

Life Insurance Sales
Four States...
Minnesota...
Montana...
North Dakota...
South Dakota...

86 AGRICULTURAL AND BUSINESS CONDITIONS November 28, 1930
COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT  

(Continued)

GENERAL BUSINESS

Per cent

| Oct., '26 | Oct., '29 | Oct., '29
---|---|---
Investment Dealers
Sales to Banks  | 4,232,200 | 1,774,290 | 237
Sales to Insurance Companies  | 512,700 | 460,600 | 55
Sales to General Public  | 5,304,000 | 6,682,700 | 73

Wholesale Trade

| | | |
---|---|---
Farm Implements  | $173,880 | $273,580 | 58
Stocks  | 615,600 | 602,500 | 99
Receivables  | 272,910 | 238,880 | 111
Groceries  | 5,288,250 | 5,071,196 | 85
Stocks  | 6,252,206 | 7,078,050 | 92
Receivables  | 5,780,998 | 6,088,576 | 95
Hardware  | 2,288,260 | 2,006,610 | 76
Stocks  | 2,079,470 | 2,569,000 | 88
Receivables  | 2,977,440 | 3,357,260 | 99
Shoes  | 441,570 | 649,160 | 152
Stocks  | 1,044,820 | 1,968,650 | 77
Receivables  | 1,285,900 | 1,678,629 | 31

BANKING

Member Bank Deposits (continued)

| | | |
---|---|---
Minneapolis Federal Reserve Bank  | 3,290,000 | 428,105,000 | 108

Interest Rates

| | |
---|---|
Minneapolis Banks  | 4 1/2 |
Commercial Paper (not to borrower)  | 5 1/2 |

Selected City Member Banks

| | |
---|---|
Loans to Customers  | $2,383,400,000 | $2,677,400,000 | 84
Other Deposits Due to Banks  | 144,267,000 | 138,686,000 | 106
Deposits Due to Banks  | 2,689,000 | 2,383,000 | 38
Public Deposit Demand Loans  | 41,898,000 | 22,954,000 | 91

Other Deposits Due to Banks  | 192,244,000 | 192,044,000 | 97
Time Deposits  | 135,809,000 | 134,145,000 | 95

Total Deposits  | 443,398,000 | 428,105,000 | 108

Borrowings at Federal Reserve Banks

| | |
---|---|
Minn., Wis. and Mich.  | 2,747,000 | 2,574,000 | 99
N. Dak. and Mont.  | 824,000 | 534,000 | 158
South Dakota  | 1,182,000 | 1,125,000 | 185

Borrowings at Federal Reserve Bank

| | |
---|---|
Loans to Member Banks  | 2,544,000 | 2,946,000 | 15

Twin Cities  | 2,544,000 | 2,946,000 | 15

BANK DEBITS

| | |
---|---|
Commercial Paper (net to borrower)  | 5 1/2 |

Most recent reported date.
Summary of National Business Conditions
(Compiled November 22 by Federal Reserve Board)

The volume of industrial production and factory employment declined in October, and there was a further downward movement of commodity prices. The volume of sales by department stores increased by more than the usual seasonal amount. There was a considerable inflow of gold from South America and the Orient, and a further slight easing of money rates.

PRODUCTION AND EMPLOYMENT: Industrial production, including both factories and mines, decreased by about 3 per cent in October, according to the Federal Reserve Board's index, which makes allowance for usual seasonal changes. This decline reflected chiefly a further decrease in the output of steel ingots, contrary to the usual seasonal movement, and a larger than seasonal decline in the output of automobiles. Output in the shoe industry was also curtailed; consumption of cotton by domestic mills showed a further increase of slightly more than the usual seasonal amount, and stocks of cotton cloth were further reduced. Increased activity was also reported for the silk industry. Output of coal was in substantially larger volume than in September, while production of copper and petroleum declined. The number of workers employed showed a decrease for the month in foundries and in the automobile, machine tool, woolen and shoe industries, while increases were reported in the number of persons employed in the production of silk goods, hosiery and radios. Employment at coal mines increased considerably, partly in response to seasonal influences.

The value of contracts for residential buildings, as reported by the F. W. Dodge Corporation, which had shown a growth in September, increased further in October, but by an amount smaller than is usual for that month. Contracts for public works and utilities also increased somewhat, reflecting a larger volume of awards for pipe lines. Owing to a substantial decrease in contracts for industrial building, however, there was little change in the total value of building contracts awarded.

DISTRIBUTION: The volume of distribution of commodities by rail showed a decline from September to October. Retail trade, however, as indicated by sales of department stores, increased by considerably more than the seasonal amount, according to preliminary reports to the Federal Reserve System.

WHOLESALE PRICES: The general level of wholesale prices, as measured by the Bureau of Labor Statistics' index, declined in October and the decline continued in the first half of November. Further decreases in the prices of many agricultural products, including grains, livestock and meats, were accompanied by reductions in the prices of hides, tin, petroleum and gasoline, while sugar and copper advanced. The price of cotton rose considerably at the end of October from the low level prevailing early in the month.

BANK CREDIT: The total volume of credit at reporting member banks in leading cities showed relatively little change for the four-week period ending November 12. Loans on securities declined further by $350,000,000, reflecting reductions in loans to brokers and dealers in securities, while all other loans increased by $150,000,000, partly on account of purchases of acceptances by the member banks. The banks also increased their holdings of investments. The volume of Reserve bank credit in use showed little change between the middle of October and the middle of November. There was a further addition of $30,000,000 to the stock of monetary gold and a decline of $20,000,000 in money in circulation, while member bank reserve balances increased. No material change in the composition of the Reserve bank portfolio was shown for the month.

Money rates in the open market have eased slightly since the middle of October. The rate on prime commercial paper declined from 3 per cent to a range from 2 3/4 to 3 per cent, and there was a reduction in the rate on bankers' acceptances of the longer maturities. Long-time money rates, as measured by yields on United States government securities, declined slightly.