

# MONTHLY REVIEW

## OF

### AGRICULTURAL AND BUSINESS CONDITIONS

#### IN THE

#### NINTH FEDERAL RESERVE DISTRICT

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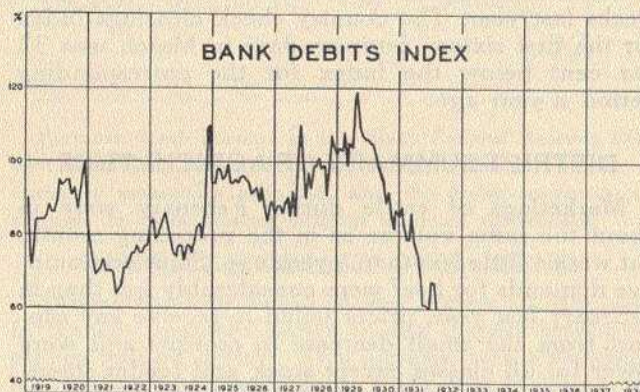
Minneapolis, Minnesota

March 29, 1932

#### DISTRICT SUMMARY OF BUSINESS

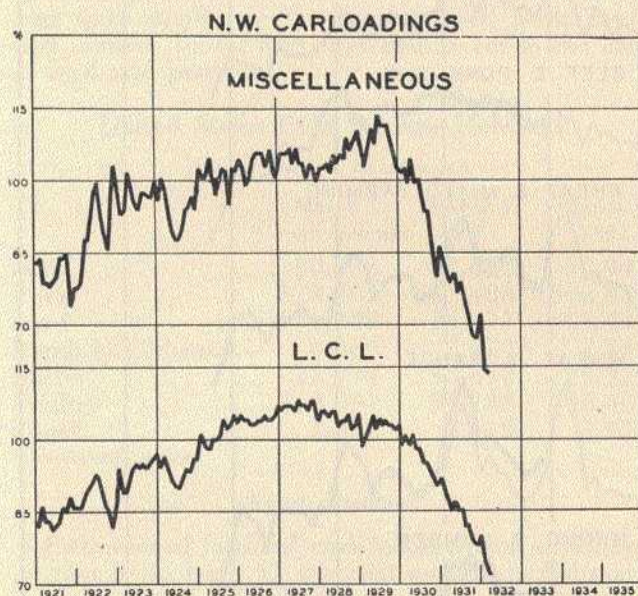
The volume of business in the district declined in February from the level of January, and was lower than a year ago. Unfavorable weather conditions prevailed during most of February, which reduced the volume of business in such lines as building operations. In February last year, the weather was mild. The index of bank debits, adjusted for seasonal variation, declined from 67 in January to 60 in February, equalling the previous low point reached in November. The country check clearings index, adjusted for seasonal variation, declined from 63 in January to 61 in February, which was a new low point for the post-war years. Declines also occurred in the adjusted indexes of carloadings of miscellaneous freight and l. c. l. freight. Employment conditions at Minneapolis appear to have improved during February, for the indexes, adjusted for seasonal variations, increased.

The daily average of bank debits was 27 per cent lower in February this year than in February a year

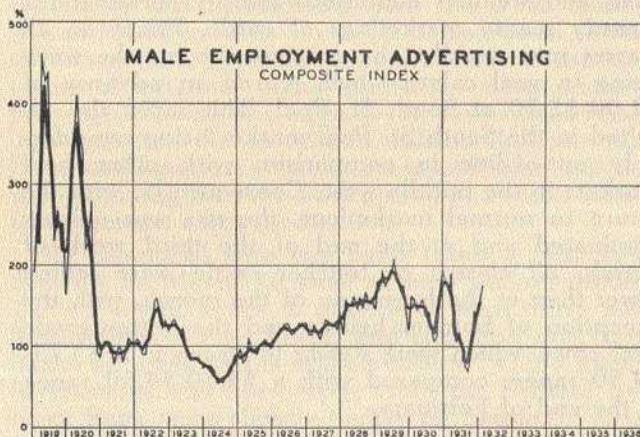


Bank Debits Index for Reporting Cities in the Ninth Federal Reserve District, adjusted for seasonal variations.

ago. The country check clearings index for February was 29 per cent lower than in the corresponding month last year. Freight carloadings in full carlots in February were 25 per cent smaller than in the same month last year. Other decreases occurred in electric power consumption, postal receipts, building permits and contracts, flour shipments, linseed



Carloadings of Miscellaneous Commodities and Less-than-Carlot Freight in the Northwestern District, adjusted to remove seasonal variations.



Male Employment Advertising Index for Minneapolis. This index is computed by dividing the seasonally adjusted index numbers of "Situations Wanted" into the similar index numbers for "Help Wanted." The heavy curve is a 3-month moving average of the light curve.



products shipments, copper output, grain marketings, receipts of cattle and calves, department store sales, furniture sales, country lumber sales, life insurance sales, securities sales and wholesale trade. The only increases in volume over February last year were reported for receipts of hogs and sheep and carloadings of coal. Business failures were less numerous in February than in February last year.

Business records in the first half of March continued to indicate a smaller volume than in the corresponding period last year. This was again partly due to less favorable weather conditions prevailing in March this year than a year ago. Bank debits at seventeen cities were 22 per cent smaller in the two weeks ending March 16 than in the same weeks last year. The country check clearings index for the first sixteen business days in March was 32 per cent below the index for the corresponding period a year ago.

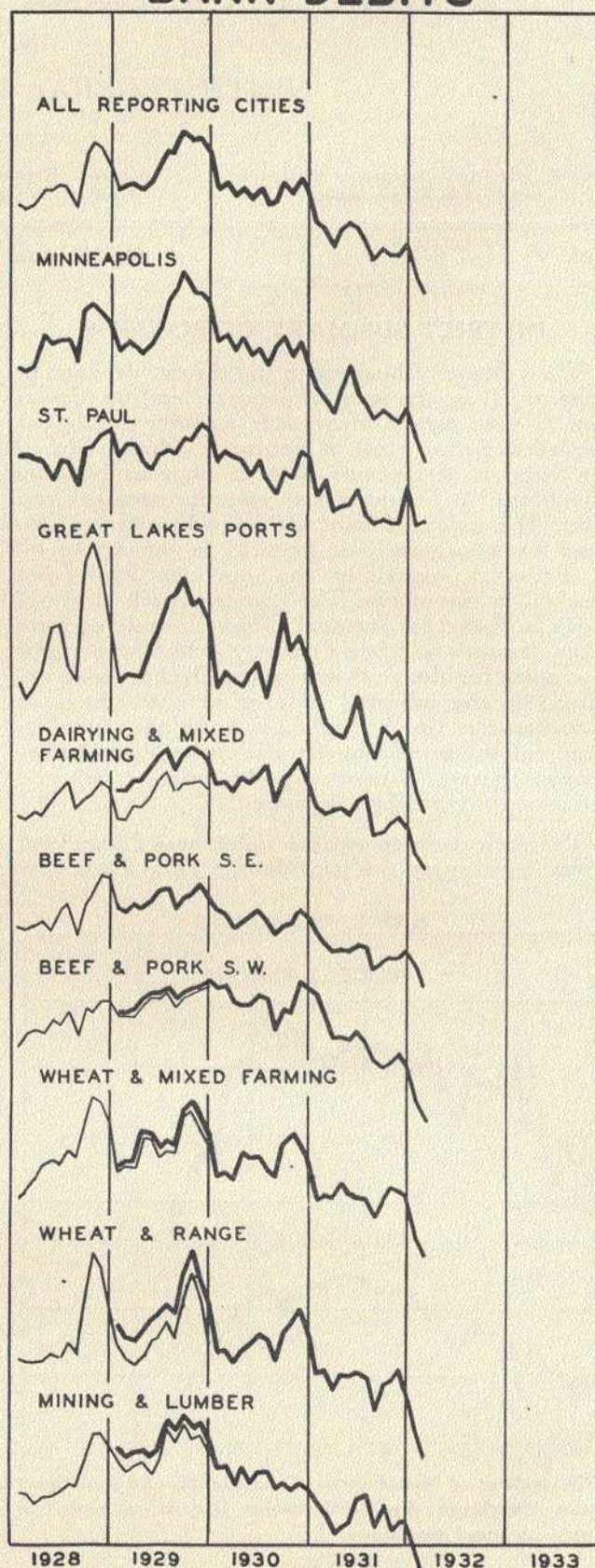
### DISTRICT SUMMARY OF AGRICULTURE

Marketings of cattle during February were in about the same volume as in the preceding month, but were a little less than a year ago. Since consumptive demands for beef were considerably less than in February last year, prices failed to receive any support from the small decrease in receipts and were lower for all classes except stock and feeder steers. While it is customary for the better grades of butcher cattle to decline in price at this season of the year, it is usually occasioned by heavy receipts. This year receipts of choice and good cattle have been scanty, and the price decline has been caused by exceptionally low prices of competitive food products. Pork, lamb and poultry supplies have been plentiful and very cheap, causing a rapid decrease in the movement of dressed beef into consumptive channels.

During the second week of March, unfavorable road and weather conditions sharply curtailed the already scanty marketings of cattle. Prices on all classes rose rapidly, the greatest rise for the week being in veal calves which scored an advance of \$2.00-\$2.50 at South St. Paul. This rapid rise resulted in the South St. Paul market being considerably out-of-line in comparison with other beef markets in the middle west. Consequently, with the return to normal marketings, the rise was quickly eliminated and at the end of the third week of March, all classes of butcher cattle were selling lower than at the beginning of the month, with the exception of butcher heifers and the better grade beef cows, which were steady to strong in a \$3.75-\$4.50 range, compared with a \$3.50-\$4.50 range at the end of February.

Short supplies of suitable stock and feeder cattle during February were responsible for maintenance of a price equal to that of January. Since the last week of February, supplies have continued low and dealers have been unable to fill all orders placed with them. During this period, the average price has

## NINTH FED. RES. DISTRICT BANK DEBITS





increased each week, rising from \$3.91 for the week ending February 24 to \$4.70 for the week ending March 16.

During February, about the same number of hogs produced in the Ninth Federal Reserve District was marketed as in the same month last year and at about the same average weight. The price received per hundredweight, however, was \$3.00 lower than in February, 1931, resulting in a large decrease in the amount of cash income to farmers from hogs.

Since March 1, considerable improvement in hog prices has occurred. During the second week of March, a "top" of \$4.60 was reached, which was an even dollar per hundredweight higher than the price a month earlier, when the weather was extremely favorable for marketing. During the third week in March, prices sagged gradually, but the bulk of the better quality hogs sold for \$4.00 or higher.

Marketings of lambs and ewes during February were as large as in January on a daily average basis, but were considerably smaller than in February last year. Ewes were able to hold the price increase registered in January, but lamb prices declined somewhat. February prices for ewes and for lambs showed a large advance over prices of two months ago. The "top" for lambs in February was \$.85 above the "top" in January, despite the decline of \$.50 in the median price.

### Cold Storage Holdings

United States holdings of beef, pork, lard, lamb and mutton, butter and poultry on March 1 were smaller than the five year average for that date, but holdings of eggs were larger than the five year average. As compared with March 1, 1931, current holdings were smaller in the case of beef, pork, lamb and mutton, butter and eggs and larger in the case of lard and poultry.

### United States Cold Storage Holdings

(In thousands of pounds)

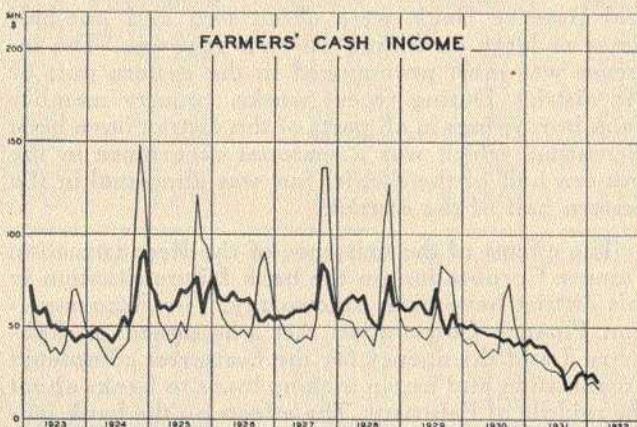
	March 1 5-year Average	March 1, 1931	March 1, 1932
Beef .....	80,752	67,622	50,943
Pork .....	828,262	853,408	806,826
Lard .....	111,788	74,977	93,447
Lamb and Mutton..	4,065	3,573	1,756
Butter .....	22,294	30,672	15,229
Poultry .....	110,091	95,188	96,404
Eggs* .....	1,302	2,519	2,179

\*Thousand cases.

### Farm Income

Estimates of farmers' cash income from seven important items were 57 per cent smaller in February this year than in February a year ago. The decrease was principally caused by reduced marketings of grain and lower prices for hogs. In February, the prices of bread wheat, durum wheat, barley and rye

were higher than a year ago, but prices of all other important farm commodities were lower than last year's prices.



Farmers' Cash Income in the Ninth Federal Reserve District from Cash Crops, Hogs and Dairy Products. The heavy curve is seasonally adjusted, and the light curve shows changes in farm income without seasonal adjustment.

### DISTRICT SUMMARY OF BANKING

During the four weeks ending March 16, deposits in the city member banks of the district increased eleven million dollars. This increase was a seasonal movement resulting chiefly from the payment of personal property taxes at the end of February and to a lesser extent from United States government financing on March 15. Demand deposits of municipalities and other governmental deposits increased ten million dollars during the period. Deposits due to country banks also increased six million dollars, reflecting the deposit of tax money in rural banks. Other demand deposits and time deposits decreased during the four week period.

On the asset side of the balance sheet of city banks, there were practically no changes in loans to customers and investments until the week ending March 16, when loans to customers decreased eleven million dollars, presumably as the result of the maturing of veterans' loans which had been made a year ago. During the same week investment holdings increased eleven million dollars. Balances due from correspondent banks increased nine million dollars during the four week period as a result of the tax payments mentioned above.

As compared with city bank totals a year ago, deposits on March 16 were seventy million dollars (15%) lower, loans to customers were thirty million dollars (13%) lower, and cash and due from banks were fifty-seven million dollars (42%) lower. Investments and borrowings from the Federal Reserve Bank were slightly higher on March 16 than a year ago.

Country member bank deposits declined seasonally during February and the daily average for February was 16 per cent smaller than the daily average for February last year. The largest decrease from last year's totals measured in percentages, oc-



curred in North Dakota and the smallest decrease occurred in the upper peninsula of Michigan.

Country member bank borrowings from this Federal Reserve Bank were about two and one-half times as large on March 16 as a year ago. The increase was most pronounced in the eastern part of the district. During recent weeks, country member bank borrowings in all parts of the district have been increasing, which was a seasonal occurrence in the western half of the district but was abnormal in the eastern half of the district.

The effects of the existence of the Reconstruction Finance Corporation on the bank failure situation in this district have been noteworthy. The Reconstruction Finance Corporation Act was signed on February 2 and the agency for the northwest completed organization and began making loans to banks about the middle of February. The effects on the bank failure situation were immediate. In January, before the Reconstruction Finance Corporation Act was passed, there were nine non-member bank failures in the district involving \$2,258,000 of deposits and four member bank failures involving \$1,922,000 of deposits. In the first half of February there were only four non-member bank failures, involving \$729,000 of deposits. In the last half of February there was only one bank failure in the district, a non-member bank with \$572,000 of deposits. In the first twenty days of March, there was only one non-member bank failure involving \$335,000 of deposits. There were no member bank failures after the beginning of February.

### BANKING IN 1931

The banks of the Ninth District gave an impressive demonstration of strength in the face of adverse circumstances during the year 1931. The national business depression, together with low prices for farm products and a serious crop failure in a large part of the district, affected the banking situation. There was a decline of 238 million dollars, or 15 per cent, in deposits during the year. To meet this decline in deposits, it was only necessary for the banks of the district to increase their borrowed money by 4 million dollars. Borrowings from other banks at the close of 1931 were only 1 per cent of total deposits. The remainder of the decrease in deposits was offset by the following reductions in assets: Loans, 137 million dollars; investments, 38 million dollars; cash and due from banks, 75 million dollars; and other real estate 4½ million dollars. As a result of 1931 developments, the deposits of the banks of the district were reduced to the level of early 1918, and loans were back to the 1915 level. On the other hand, investment holdings were larger at the close of 1931 than at any time prior to 1927. The amount of other real estate in the banks of the district was reduced to the level of early 1921.

Two remarkable performances stand out in the foregoing statements. The first of these is the large total of loan repayments in the face of a serious

shrinkage in the income of the district. The loan repayments together with loans charged off and loans removed from the published records by bank failures totaled 137 million dollars. This reduction, amounting to 17 per cent of all the bank loans in the district at the beginning of the year, was almost entirely in the country banks, for city bank loans were reduced only 4 million dollars, or 2 per cent during the year. Country bank loans at the end of 1931 were lower than in 1913, when our records begin. Loans of city banks would have shown a larger reduction except for the fact that several million dollars of veterans' loans were added to their assets in the spring of 1931.

The second outstanding development of the banking year was the large part of the deposit shrinkage which was met by reductions in balances due from other banks. This can partly be accounted for by the fact that during the period of exceptionally low interest rates for short term investments during 1930 and the first part of 1931, many banks of the district built up large correspondent bank balances. The return on this type of investment was not much less than the return from other types of short term investments. Other banks in the district had maintained large correspondent balances since 1928, or earlier. These heavy accumulations of balances in other banks afforded a first line of defense to meet the shrinkage in deposits. The reduction in correspondent balances was also a factor in causing the decline in deposits in the district, since balances due to banks decreased 22 million dollars during the year.

It is probable that this decrease in correspondent balances will not continue in the future at the rapid rate evidenced in 1931, since cash and due from banks at the close of 1931 was less than 20 per cent of total deposits. A large part of the remainder of correspondent balances (including balances with the Federal reserve bank) consists of legal reserves and necessary working funds.

Both city banks and country banks experienced a deposit decrease during 1931, but the decrease was relatively greater at the country banks than at the city banks. Among the rural banks, the largest percentage reduction in deposits occurred in South Dakota, and the smallest percentage reduction occurred in the upper peninsula of Michigan.

Bank failures were a factor in the reduction of banking totals in 1931. During the year, the number of banks in the district declined to 1,816, a reduction of 302. Of this reduction, 271 were bank failures, and the remainder consisted of bank consolidations and voluntary liquidations, partly offset by reopenings and new organizations. The deposits involved in banking failures during 1931 totaled \$57,448,000. As in the other post-war years, the banks which failed were largely small institutions. The average deposits of banks which failed in 1931 were \$212,000 per bank, whereas the average deposits of going country banks at the close of 1931 were \$490,000 per bank.



## BANK RETURNS IN THE NINTH FEDERAL RESERVE DISTRICT

(000's omitted, except in number of banks)

December 31, 1931

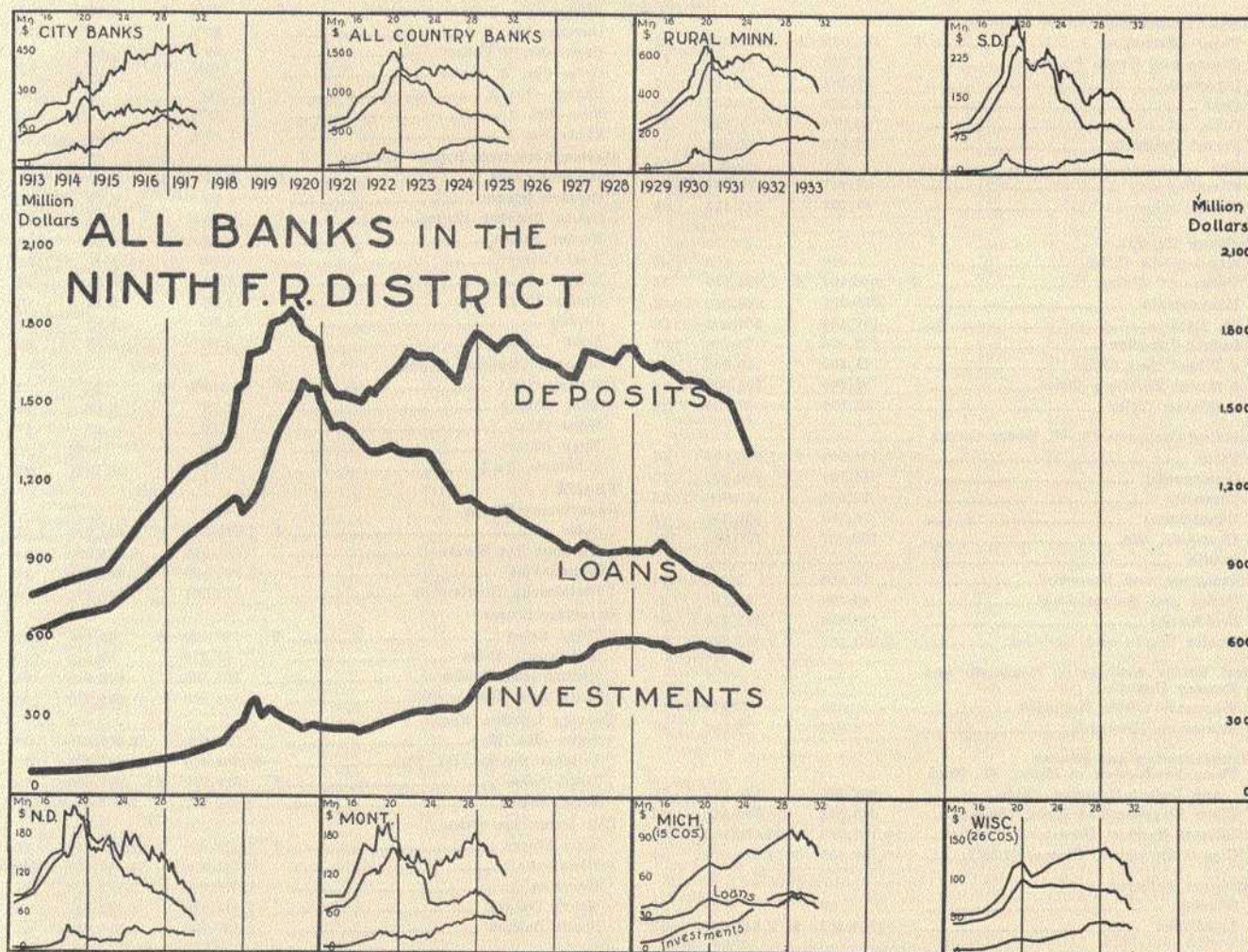
Minnesota	Loans	Investments	Cash and Due From Banks	Deposits	Borrowings	No. of Banks
City Banks**.....	\$221,550	\$155,189	\$ 93,337	\$ 431,019	\$ 164	23
Rural Minnesota.....	225,851	168,665	70,500	415,074	4,071	845
North Dakota.....	48,144	26,007	14,521	77,918	1,053	246
South Dakota.....	53,794	34,950	18,886	92,347	2,499	264
Montana.....	55,225	54,090	27,402	121,496	1,270	156
Michigan*.....	35,546	43,841	8,794	75,524	2,402	71
Wisconsin*.....	59,597	37,342	12,619	96,291	2,803	211
Total.....	\$699,707	\$520,084	\$246,059	\$1,309,669	\$14,262	1,816

December 31, 1930

Minnesota	Loans	Investments	Cash and Due From Banks	Deposits	Borrowings	No. of Banks
City Banks**.....	\$225,567	\$166,492	\$119,115	\$ 465,738	\$ 83	25
Rural Minnesota.....	284,105	183,652	87,704	505,109	3,139	967
North Dakota.....	64,621	28,367	20,291	100,855	1,389	321
South Dakota.....	77,646	35,761	24,308	122,886	2,210	328
Montana.....	68,972	58,468	38,106	149,779	713	174
Michigan*.....	40,320	44,697	12,614	84,009	1,326	73
Wisconsin*.....	75,060	40,352	19,033	119,081	1,695	230
Total.....	\$836,291	\$557,789	\$321,171	\$1,547,457	\$10,555	2,118

\*Portion of states in the Ninth Federal Reserve District.

\*\*Twin City national banks and Minnesota savings banks and trust companies.





## COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

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		of				of	
		Feb. '32				Feb. '32	
		Feb. '31				Feb. '31	
		of				of	
		Feb. '32				Feb. '32	
		Feb. '31				Feb. '31	
		of				of	
		Feb. '32				Feb. '32	
		Feb. '31				Feb. '31	
		of				of	
		Feb. '32				Feb. '32	
		Feb. '31				Feb. '31	
		of				of	
		Feb. '32				Feb. '32	



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

	Feb. '32	Feb. '31	Per Cent of Feb. '32		Feb. '32	Feb. '31	Per Cent of Feb. '32
<b>Investment Dealers</b>				<b>Interest Rates<sup>2</sup></b>			
Sales to Banks.....	1,344,500	2,519,000	53	Minneapolis Banks .....	5-5 1/4	4 1/2-4 3/4	....
Sales to Insurance Companies.....	334,700	639,000	52	Commercial Paper (net to borrower)...	4 1/4	3 1/4	....
Sales to General Public.....	3,582,600	3,708,200	97	Minneapolis Federal Reserve Bank.....	3 1/2	3 1/2	....
<b>Wholesale Trade</b>				<b>Selected City Member Banks</b>	Mar. 16, '32	Mar. 18, '31	
<b>Groceries—</b>				Loans to Customers.....	\$199,787,000	\$229,280,000	87
Sales .....	\$ 2,615,370	\$ 3,003,140	87	Other Invested Funds.....	144,714,000	142,741,000	101
Stocks .....	5,198,460	6,108,780	85	Cash and Due from Banks.....	79,552,000	136,695,000	58
Receivables .....	3,869,270	4,236,310	91	Deposits Due to Banks.....	61,640,000	98,300,000	63
<b>Hardware—</b>				Public Demand Deposits.....	27,479,000	34,463,000	80
Sales .....	\$ 730,950	\$ 986,540	74	Other Demand Deposits.....	133,866,000	163,294,000	82
Stocks .....	2,235,510	2,432,610	92	Time Deposits .....	149,386,000	150,457,000	99
Receivables .....	1,822,430	1,442,220	92	Total Deposits .....	377,834,000	447,014,000	85
<b>Shoes—</b>				Borrowings at Fed. Res. Bank.....	963,000	.....	....
Sales .....	\$ 159,450	\$ 223,160	71				
Stocks .....	645,500	827,050	78	<b>Minneapolis Federal Reserve Bank</b>			
Receivables .....	490,340	780,600	63	Loans to Member Banks.....	8,770,000	3,493,000	251
<b>BANKING</b>				Twin Cities .....	35,000	.....	....
<b>Member Bank Deposits</b>				Minn., Wis. and Mich.....	3,164,000	919,000	344
In Cities Over 15,000 pop.....	\$413,536,000	\$453,859,000	91	N. Dak. and Mont.....	2,640,000	1,350,000	196
In Cities Under 15,000 pop.....	327,602,000	388,487,000	84	South Dakota .....	2,931,000	1,224,000	239
Michigan—15 Cos. ....	59,578,000	67,298,000	89	Fed. Res. Notes in Circulation.....	69,624,580	48,420,845	144
Minnesota .....	129,802,000	149,998,000	87	Member Bank Reserve Deposits.....	42,925,980	52,216,445	82
Montana .....	44,624,000	53,595,000	83				
North Dakota .....	31,608,000	41,466,000	76	<sup>1</sup> Daily Averages.			
South Dakota .....	38,506,000	48,582,000	79	<sup>2</sup> Latest Reported Data.			
Wisconsin—26 Cos. ....	23,484,000	27,548,000	85				

## BANK DEBITS

	Feb. 1932	Jan. 1932	Feb. 1931	Jan. 1931				
<b>Number of Business Days:</b>					<b>Montana</b>			
Wisconsin .....	24	25	23	26	Anaconda .....	\$ 1,047	\$ 1,344	\$ 1,315
All other States in District.....	23	25	22	26	Billings .....	4,318	5,344	6,206
					Bozeman .....	1,345	1,832	1,785
					Butte (2 Banks).....	7,522	7,981	10,417
<b>Michigan</b>					Deer Lodge .....	575	1,064	1,494
Escanaba (1 Bank) .....	\$ 459	\$ 596	\$ 709	\$ 946	Glendive .....	575	624	856
Hancock .....	903	1,214	1,018	1,724	Great Falls .....	7,257	8,625	10,044
Houghton (1 Bank).....	250	461	355	649	Harlowton .....	188	192	244
Iron Mountain .....	2,249	3,346	3,056	4,212	Havre .....	736	993	1,103
Iron River, Caspian, Stambaugh	804	1,604	1,185	2,012	Helena .....	5,139	6,556	5,945
Manistique (1 Bank) .....	299	391	412	870	Kalispell .....	1,138	1,278	1,329
Marquette .....	2,967	4,108	3,311	4,587	Lewistown .....	958	1,150	1,352
Menominee .....	2,540	2,562	2,024	3,815	Malta .....	261	359	400
Sault Ste. Marie.....	1,784	2,646	2,000	3,073	Miles City (1 Bank).....	628	739	1,223
<b>Minnesota</b>					<b>North Dakota</b>			
Albert Lea .....	\$ 1,868	\$ 2,016	\$ 2,413	\$ 2,762	Bismarck .....	\$ 6,822	\$ 8,122	\$ 9,662
Austin (1 Bank).....	2,673	2,675	3,273	3,719	Devils Lake .....	826	1,209	1,116
Benidji (2 Banks).....	767	789	918	974	Dickinson .....	1,083	1,186	1,123
Chaska .....	340	486	425	695	Fargo .....	10,692	12,574	12,561
Chisholm .....	625	727	862	1,121	Grafton .....	554	370	514
Cloquet .....	1,175	1,044	1,754	1,961	Grand Forks .....	3,823	4,653	5,187
Crookston .....	987	1,072	1,208	1,173	Jamestown .....	1,347	1,682	1,972
Detroit Lakes .....	572	700	662	762	Mandan .....	785	960	1,355
Duluth .....	27,571	32,642	46,314	63,621	Minot .....	3,023	3,930	4,220
Ely .....	442	425	423	604	Valley City .....	782	1,165	1,121
Faribault (1 Bank).....	717	875	809	1,443	Wahpeton .....	748	924	870
Farimington .....	151	193	187	211	Williston .....	895	913	1,321
Fergus Falls .....	1,744	2,249	2,036	2,676	<b>South Dakota</b>			
Glenwood .....	286	299	379	393	Aberdeen .....	\$ 3,068	\$ 3,659	\$ 4,406
Hutchinson .....	783	856	1,020	1,221	Brookings (1 Bank).....	646	626	833
Lakefield (2 Banks).....	197	221	316	325	Deadwood .....	593	859	642
Lanesboro .....	220	247	293	366	Huron .....	3,071	3,807	4,907
Little Falls .....	574	685	808	1,199	Lead .....	1,220	1,297	1,070
Luverne .....	457	566	708	726	Madison .....	573	653	.....
Mankato .....	4,694	6,049	4,836	6,340	Milbank .....	335	358	482
Minneapolis .....	217,101	264,345	284,905	354,416	Mitchell (2 Banks).....	1,876	2,145	3,163
Moorhead .....	1,054	1,119	1,288	1,100	Mobridge .....	293	337	303
Morris .....	328	375	432	525	Rapid City .....	835	901	992
Owatonna .....	1,981	2,041	2,477	2,718	Sioux Falls .....	2,012	2,419	2,948
Park Rapids .....	248	274	286	406	Watertown .....	10,754	13,655	18,681
Red Wing .....	1,460	1,723	1,712	2,096	Yankton .....	1,917	2,302	3,291
Rochester .....	3,701	4,446	4,785	5,929		1,320	1,362	2,067
St. Cloud .....	2,628	2,822	.....	3,299	<b>Wisconsin</b>			
St. Paul .....	117,633	123,595	136,694	152,338	Ashland .....	\$ 1,360	\$ 1,566	\$ 1,801
South St. Paul .....	15,685	19,495	23,774	30,359	Chippewa Falls .....	1,261	1,476	1,569
Stillwater .....	1,440	1,482	1,943	1,992	Eau Claire .....	4,102	4,665	5,506
Thief River Falls.....	558	651	618	776	Hudson .....	408	522	518
Two Harbors .....	340	373	445	426	La Crosse .....	8,092	9,665	9,735
Virginia .....	1,565	1,543	1,652	2,031	Merrill (1 Bank).....	765	867	1,204
Wabasha .....	598	684	630	789	Superior .....	4,679	5,033	5,756
Wadena (1 Bank) .....	205	289	224	352	<b>Total for All Cities Reporting</b>			
Wheaton .....	290	314	430	456	Both Years .....	\$541,211	\$635,123	\$707,794
Willmar .....	971	1,002	1,220	1,070				\$862,945
Winona .....	4,866	5,848	5,315	7,171				
Worthington (1 Bank).....	415	490	641	778				



## Summary of National Business Conditions

(Compiled March 26 by Federal Reserve Board)

Volume of industrial production and factory employment increased from January to February by an amount smaller than usual at this season. Improvement in the banking situation during February and the first three weeks of March was reflected in a decline in bank suspensions and a return flow of currency from the public to the banks.

**PRODUCTION AND EMPLOYMENT:** Output of industrial products increased less than seasonally in February and the Board's index, which makes allowance for the usual seasonal variations, declined from 71 per cent of the 1923-1925 average to 70 per cent. Activity in the steel industry during February and the first three weeks of March showed little change from the January rate, although ordinarily substantial increases are reported at this time of year. Automobile production continued in small volume, showing none of the usual seasonal expansion, and the number of cars produced in the three months period ending in February is about 35 per cent less than in the corresponding period a year ago.

In the lumber industry, output declined further. Contrary to seasonal tendency activity at cotton mills and shoe factories increased by more than the seasonal amount and was at about the same level as in the corresponding months last year.

Volume of employment at factories increased in February by somewhat less than the usual seasonal amount. In the iron and steel, automobile and machinery industries the number employed showed an increase smaller than usual, and at lumber mills a continued decline in employment was reported. At establishments producing fabrics, wearing apparel and shoes, volume of employment increased by more than the seasonal amount. Daily average value of total building contracts awarded, as reported by the F. W. Dodge Corporation, showed little change in February and the first half of March. For the period between the first of January and the middle of March the value of contracts was 65 per cent less than a year ago, reflecting continued declines in residential building as well as in other types of construction. Part of the decrease in the value of awards reflects reductions in building costs.

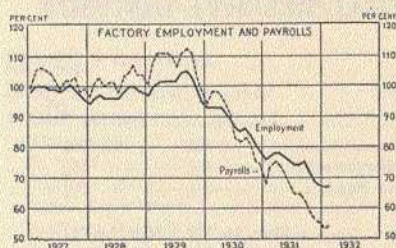
**DISTRIBUTION:** Carloadings of merchandise and of miscellaneous freight showed none of the usual seasonal increase in February, while department store sales remained unchanged, as is usual at this season.

**WHOLESALE PRICES:** Wholesale commodity prices, as measured by the index of the Bureau of Labor statistics declined further from 67 per cent of the 1926 average for January to 66 per cent for February. Between the first week of February and the third week of March, there were increases in the prices of cotton, livestock, and meats, while prices of grains, nonferrous metals and imported raw materials, including silk, sugar, and rubber, declined considerably.

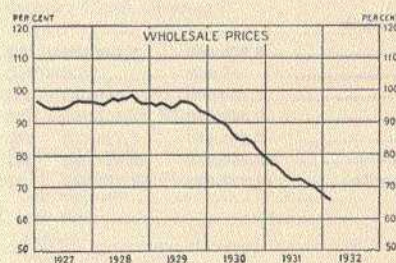
**BANK CREDIT:** In the banking situation the important developments in February and the first half of March were a considerable reduction in the number of bank suspensions and return flow of currency from the public to the banks.

The country's stock of monetary gold declined in February but increased somewhat in the first half of March. Member bank reserve balances, after decreasing almost continuously since last summer, showed a slight increase for the first two weeks in March. Purchases of United States Government obligations by the Federal Reserve banks beginning in March were accompanied by a considerable decline in member bank indebtedness to the reserve banks.

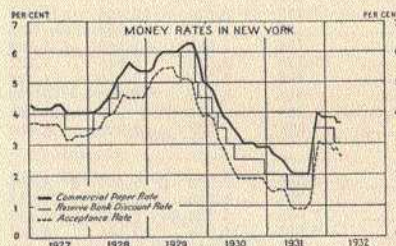
Loans and investments of member banks in leading cities continued to decline until the middle of March when there was a substantial increase, owing largely to the banks' purchases of United States Government securities, issued on March 15. Demand and time deposits of these banks decreased further during February but showed little change in the first half of March. Open market rates on acceptances and commercial paper declined during February and the first half of March. During this period yields on treasury and other high grade bonds decreased to the lowest point since early December, but after the middle of the month yields on high grade corporate bonds increased somewhat.



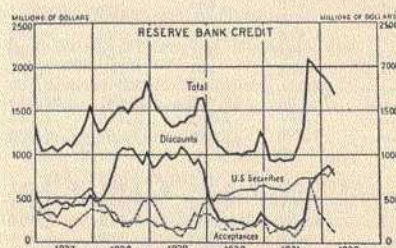
Indexes of factory employment and payrolls, without adjustment for seasonal variation. (1923-1925 average = 100.)



Index of United States Bureau of Labor Statistics (1926 = 100).



Monthly rates in the open market in New York: commercial paper rate on 4 to 6 month paper. Acceptance rate on 90-day bankers' acceptances. Latest figures are averages of first 22 days in March.



Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first 22 days in March.