

MONTHLY REVIEW

OF

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

NINTH FEDERAL RESERVE DISTRICT

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Vol. VI (Serial No. 218)

Minneapolis, Minnesota

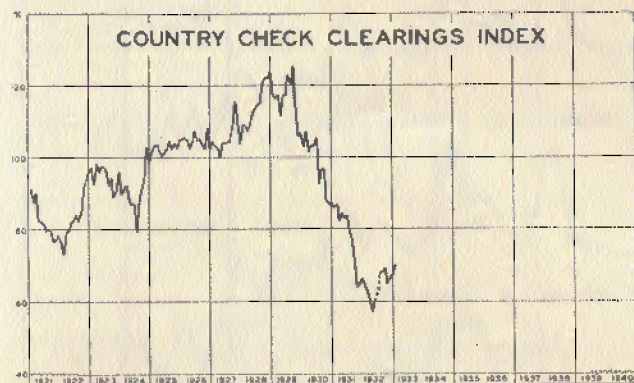
February 28, 1933

DISTRICT SUMMARY OF BUSINESS

The volume of business in the district during January was smaller than the volume in January last year. Decreases occurred in bank debits, electric power consumption, freight carloadings, building permits, flour and linseed products shipments, marketings of calves and hogs, department store sales, country lumber sales, securities sales and wholesale trade. Increases occurred in building contracts, grain marketings and receipts of cattle and sheep.

The business indexes showed mixed trends from December to January, after allowance for seasonal influences. The bank debits index increased from 48 in December to 50 in January. The country check clearings index increased from 67 in December to 70 in January. On the other hand, the indexes of miscellaneous freight carloadings and l.c.l. freight carloadings declined from December to January.

The country check clearings index presented in chart form on this page has been slightly revised to improve the seasonal adjustments. It is again based on the monthly average from 1923 to 1927 as 100 per cent. The dotted portion of the curve during part of the summer of 1932 shows the influence on the curve of the Federal check tax which became operative on June 26, 1932. It is estimated that the increased operations of our country check clearings department due to the Federal check tax raised the curve eight points. Without this increase in the activity of our country check clearings department,

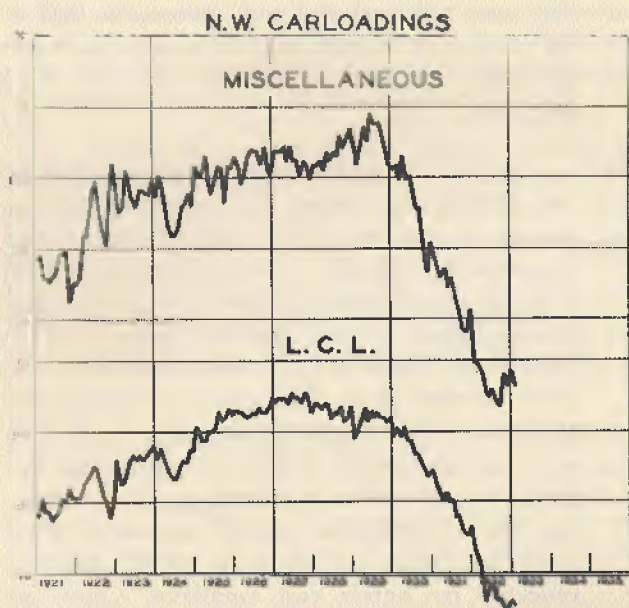


Country Check Clearings Index, adjusted to remove seasonal variations.

it is estimated that the country check clearings index in January would have been 3 per cent below the index in January last year. The January index was at the highest level in the past six months.



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



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

According to the Minnesota Employment Review, the volume of employment in the three largest cities of Minnesota showed an unusually small decline in December from the number employed in November. Significant passages from that publication are quoted below:

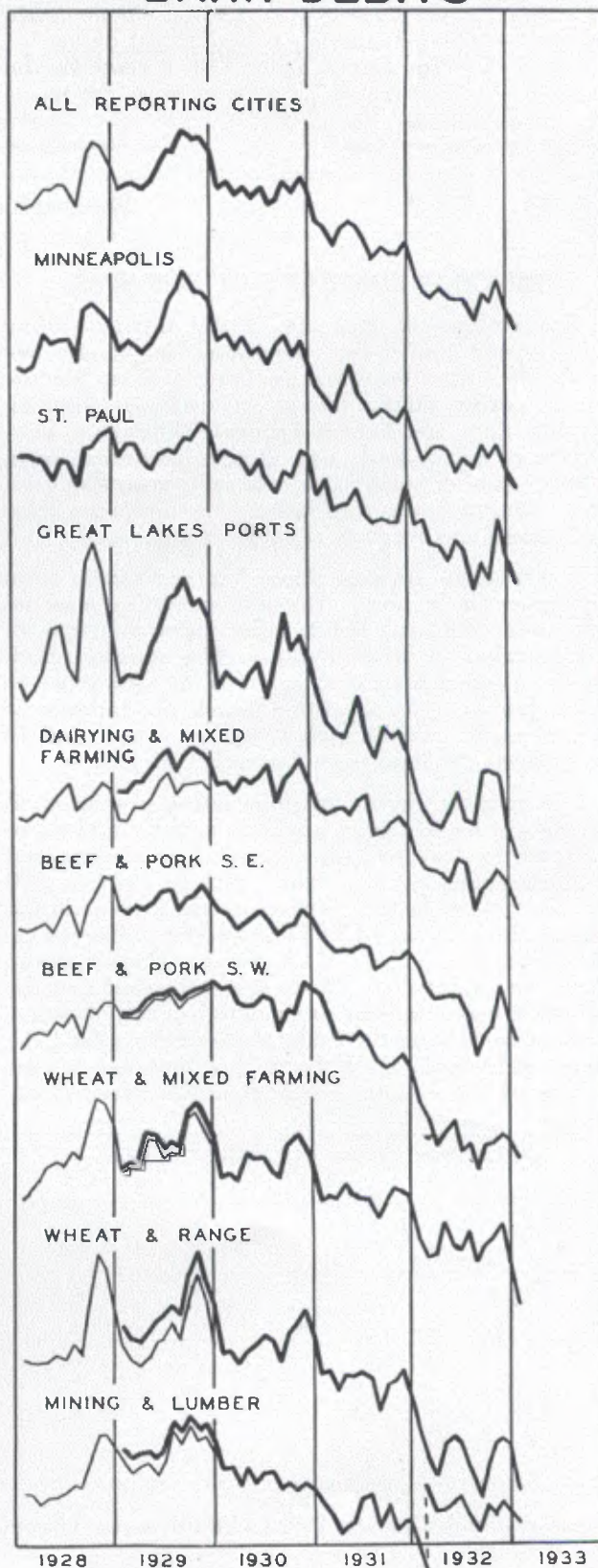
"The 528 Twin City and Duluth establishments reporting to the Institute had one-half of one per cent fewer employees in December than in November. This contraction for all industries combined is less than the average decline of 1.5 per cent for the five year period, 1927 through 1931. The December index number of 69.5 (1928 average=100) was slightly above the low point of 69.2 reached in July, and 9.3 per cent below that of December, 1931. The average for 1932 was 11.0 per cent under that of the preceding year.

"Payrolls were reduced more than employment, namely 2.2 per cent, reflecting in general a shortening of working time. Only a few wage reductions were reported. The payroll changes are based on data furnished by nearly 400 firms.

"Manufacturing industries of the three cities showed losses of 0.7 per cent in employment and 5.3 per cent in payrolls during the closing month of the year. The index number of 71.1 was still above those of June, July, and August this year, although 9.3 per cent under that of the corresponding month a year ago. The average reduction from 1931 to 1932 was 12.4 per cent.

"Two of the manufacturing groups, clothing and textiles and paper and printing, had increases in numbers, while only the latter also increased its payrolls. The addition of workers in retail establishments during the pre-holiday season helped to keep up employment levels in December. The wholesale group declined to an index number of 62. Transportation and public utilities registered seasonal lay-offs, the closing of navigation on the Great Lakes affecting this group considerably. Employment in the banking and construction groups remained practically unchanged, while some curtailment was reported by hotels and laundries. Only one group, clothing and textiles manufacturing, had a higher December index number in 1932 than in 1931."

NINTH FED. RES. DISTRICT BANK DEBITS



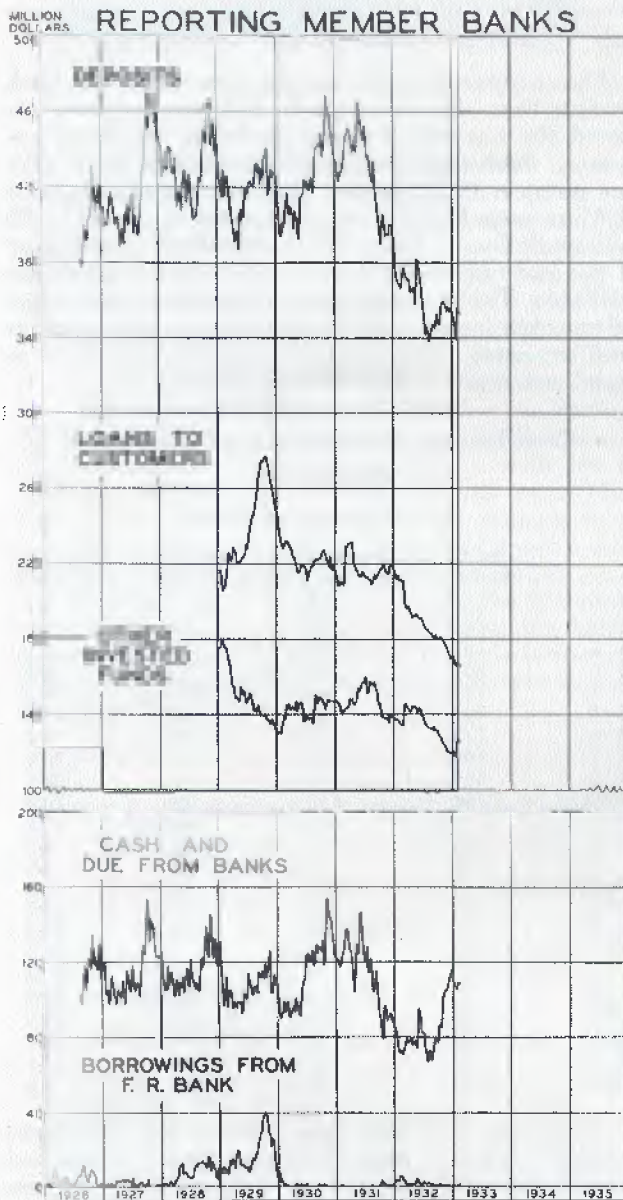
DISTRICT SUMMARY OF BANKING

The month in banking in this district was uneventful except for the seasonal decrease in deposits. The daily average of demand deposits at country member banks during January was 3 per cent below the daily average for December. This decrease in deposits was accompanied by a decrease in the assets of country member banks, and borrowings from the Federal Reserve Bank did not increase. At the city member banks, the seasonal decrease in deposits during the four weeks ending February 15 did not show in the figures owing to the consolidation of a non-member bank with one of the reporting member banks. This had the effect of increasing the

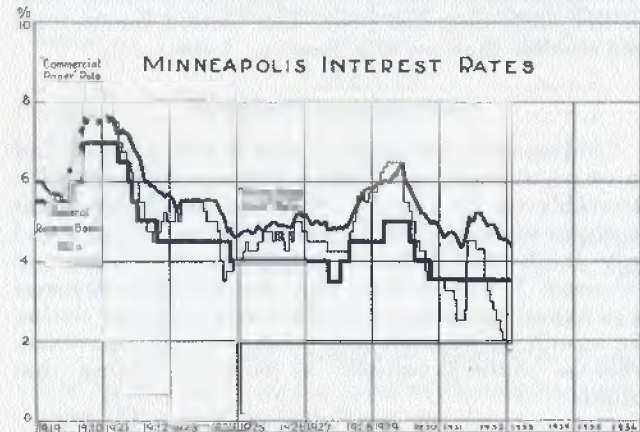
loans, investments and deposits of the reporting group of banks, but after allowance for this change, the figures show that the customary seasonal decrease in deposits, loans and investments occurred this year.

As compared with the records of a year ago, country bank deposits were 18 per cent smaller than last year's totals, and city member bank deposits were 4 per cent below last year's totals.

Interest rates on loans by Minneapolis banks decreased slightly during the month ending February 15 and were lower than rates quoted a year ago.



Principal Assets and Liabilities of City Member Banks in the Ninth Federal Reserve District which make Weekly Reports to the Federal Reserve Bank.



Interest Rates at Minneapolis on Prime Bank Loans and Commercial Paper and the Discount Rate at the Federal Reserve Bank, 1919-1933.

DISTRICT SUMMARY OF AGRICULTURE

Livestock on Farms, January 1, 1933

The number of dairy cows and heifers, two years old and over, on farms January 1 in the four complete states of the Ninth Federal Reserve District, Minnesota, Montana, North Dakota and South Dakota, was larger than the number on January 1, 1932, despite the extremely low prices received by farmers for dairy products during the last year. The increase was not large, however, being smaller than in any year since 1928. A small increase was also recorded in the United States as a whole, establishing a new all time record high of 25,136,000 dairy cows and heifers. The preliminary figures issued by the United States Department of Agriculture did not include a state table of "heifers under two years kept for milk cows."

In three of our four states, the number of hogs on farms on January 1 was about 10 per cent smaller than on the same date last year. In South Dakota the number was about 5 per cent larger. The net decrease for the four states combined, together with the decreased farrowings indicated by the December 1 pig survey, denotes a considerable decrease in hog marketings in our territory for 1933 as compared with 1932. A decrease in hog population in these four states has occurred in each of the

last two years. In the entire United States, the number of hogs on farms January 1 was larger than a year earlier. The hog population in the United States has increased each year since January 1, 1929. The number is still smaller, however, than the all time high established in 1923.

The number of sheep on farms January 1 in three of our four states showed an increase over the number on farms January 1 last year, but the number in Minnesota was slightly smaller. The net increase for the four states combined was about 4 per cent. The number of sheep on farms in the entire United States, however, was over 3 per cent smaller than on the same date last year. The United States total was smaller than on any January 1 since 1929.

Cold Storage Holdings

Cold storage holdings of meats and poultry and dairy products in the United States continued to be favorable to the farmer. Holdings of all important products were smaller than the five year average and only lamb and mutton holdings were larger on February 1 than a year ago. Stocks of butter and eggs experienced less than the usual decrease during the month of January, and poultry stocks increased, whereas there is usually a decrease during that month.

United States Cold Storage Holdings

(In thousands of pounds)

	February 1 5-year Average	February 1, 1932	February 1, 1933
Beef	77,669	51,285	39,537
Pork	716,288	674,151	576,098
Lard	91,552	78,430	52,975
L a m b and Mutton..	3,822	1,947	2,023
Butter	36,510	22,506	17,842
Poultry	114,989	111,554	104,752
Eggs*	1,955	2,733	1,402

*Thousand cases.

Farm Income

The estimated cash income of northwestern farmers from marketings of important products during January was 24 per cent smaller than the income in January last year, in spite of an increase in the income from the marketing of wheat, rye and flax. Prices of all important northwestern farm products were lower in January than a year ago, the smallest percentage decreases appearing in eggs and feeder steers.

FARM INCOME IN MINNESOTA

A recent study by the Division of Agricultural Economics of the University of Minnesota furnishes important information about the decline in farm income in Minnesota during the present depression. According to a preliminary estimate made by that institution, the gross cash income of Minnesota

farmers was only 175 million dollars in 1932. This represented a decrease of 58 million dollars from the 1931 income and a decrease of 209 million dollars from 1929, which was the latest year of satisfactory income. The gross cash income of Minnesota farmers in 1932 was the lowest since 1912.

Cash expenditures of Minnesota farmers have also been reduced during the past three years, but not by as large a proportion as the reduction in cash income. Expenses payable in cash were 149 million dollars in 1932, which was a reduction of only 10 million dollars from 1931, and 50 million dollars from 1929. Many of the cash expenses of farming are relatively fixed. This is notably true of taxes and interest, which declined only 3 million dollars between 1931 and 1932, and in the latter year were only 10 million dollars smaller than in 1929.

The proportionately greater shrinkage in cash receipts than the shrinkage in cash expenditures reduced the net cash income available for living expenses, debt payments and investment to a very low point in 1932. In that year, the net cash income of Minnesota farmers was estimated to be only 26 million dollars, which was the smallest total in any of the last twenty-three years for which records are available. The accompanying chart shows the effect on net cash income of changes in gross cash receipts and expenses. The figures on which the chart is based are given in the following table:

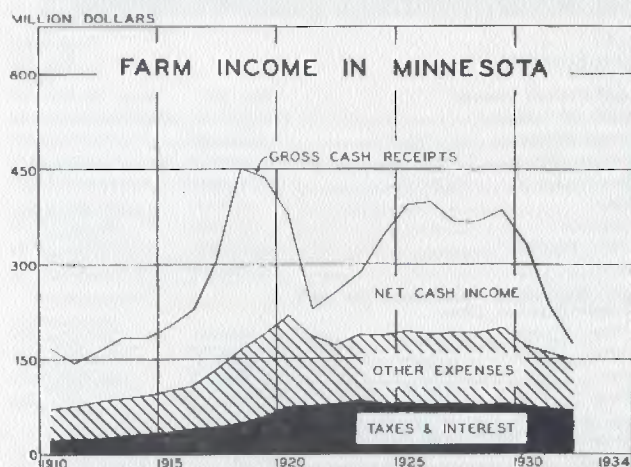
Cash Income and Expenses of Minnesota

Agriculture

(In millions of dollars)

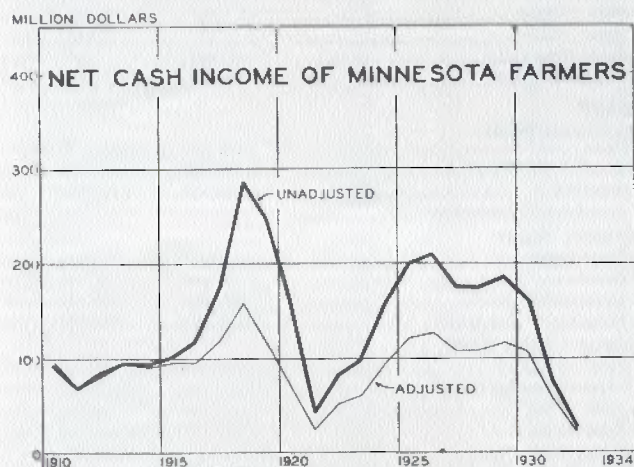
Year	Gross Cash Income	Expenses Less Taxes and Interest	Taxes and Interest	Net Cash Income
1910.....	166	51	21	94
1911.....	144	52	23	69
1912.....	163	57	24	82
1913.....	182	60	28	94
1914.....	184	60	32	92
1915.....	201	66	34	101
1916.....	228	70	40	118
1917.....	308	91	43	174
1918.....	451	118	48	285
1919.....	438	131	59	248
1920.....	379	145	76	158
1921.....	229	111	76	42
1922.....	256	95	78	83
1923.....	287	105	84	98
1924.....	342	109	79	154
1925.....	395	115	80	200
1926.....	398	112	77	209
1927.....	366	113	79	174
1928.....	367	115	77	175
1929.....	384	120	79	185
1930.....	332	94	77	161
1931.....	233	87	72	74
1932.....	175	80	69	26

The figures of net cash income of Minnesota farmers require some interpretation. They are merely the total number of dollars which farmers in the state have to spend for things other than farm operations. The quantity of merchandise or securities which farmers can buy with this cash income is not accurately measured by these figures because of



Gross and Net Cash Income of Minnesota Farmers, 1910-1932.

the large changes in the price level which have occurred in recent years. According to figures published by the United States Department of Agriculture, the price level of things which the farmer buys for living use as contrasted with farming requirements declined from 160 in 1929 to 110 in 1932, using the average of the years 1910 to 1914 as 100. As a result, the farmer's dollar will buy more merchandise now than it would three years ago. Whereas the farmer's cash income has declined 86 per cent between 1929 and 1932, the quantity of merchandise which he could buy with his net cash income has declined only 79 per cent. However, in the matter of paying debts, changes in the price level are not a factor, and the farmer's debt-paying power is truly reflected by the dollar figures of net cash income as estimated by the University of Minnesota. The second chart shows the history of net cash income of Minnesota farmers before and after corrections to show the buying power in terms of things the farmer buys.



Net Cash Income of Minnesota Farmers, 1910-1932. The adjusted curve shows the trend of net income measured in terms of the things which farmers buy.

Changes in the number of farms and in the percentage of tenancy in Minnesota were also important in interpreting the cash income figures, for these changes determine the portion of the net cash income which has been received by the average farmer and the use to which the income is put. The following table shows the number of Minnesota farms and the percentage of tenancy as reported by the last four censuses.

Number of Farms and Tenancy in Minnesota

Year	Number of Farms	Per Cent of Farms Operated by Tenants
1910	156,137	21.0
1920	178,478	24.7
1925	188,231	27.1
1930	185,255	31.1

The following quotations describe the estimates of gross cash income and cash operating expenses used in this study:

The gross cash income of Minnesota farmers is "made up from the sales of the sixteen principal Minnesota agricultural products; butterfat, hogs, cattle, wheat, eggs, milk, corn, flax, oats, barley, potatoes, calves, chickens, hay, rye and lambs-sheep. The amounts of the principal products sold each month multiplied by their farm price constitute the cash income for each month. The sum of the twelve calendar months is the estimated annual cash income. A number of minor crops have been omitted. These figures do not represent the total value of agricultural production and no allowance has been made either for the value of farm products used by the farm family or for changes in inventory of livestock or crops. Cash income obtained from other sources than the sale of farm products is not included."

The cash operating expenses "are the summation of estimates of the following twenty items: taxes, interest on indebtedness, hired labor, feed, stocker and feeder cattle, hogs and sheep, veterinary charges, stallion fees, threshing, twine, sacks, spray material, gasoline, auto and truck licenses, machine repairs, building repairs, farm papers, organization fees, insurance, fertilizer, and electricity. These items of expenses are estimated from data obtained from a great number of sources, including State and Federal publications and unpublished data from State and Federal departments and other sources. These figures represent the cash operating expenses of farmers, so do not represent all of the total cash outlay."

COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

GENERAL BUSINESS		Per Cent Jan. '33 of Jan. '32		AGRICULTURE		Per Cent Jan. '33 of Jan. '32	
Debits to Individual Accounts ¹		Jan. '33	Jan. '32 Jan. '32	Farmers' Cash Income		Jan. '33	Jan. '32 Jan. '32
All Reporting Cities	\$ 19,010,200	\$ 25,390,600	75	Total of 7 Items	\$ 19,175,000	\$ 25,148,000	76
Minneapolis	8,300,000	10,574,000	78	Bread Wheat	2,265,000	882,000	257
St. Paul	3,684,000	4,944,000	75	Durum Wheat	431,000	432,000	100
South St. Paul	387,000	779,800	50	Rye	140,000	112,000	125
Great Lakes Ports	1,358,100	1,878,400	72	Flax	485,000	254,000	191
Beef and Pork, S.E.	694,300	1,011,500	69	Potatoes	222,000	549,000	40
Beef and Pork, S.W.	777,400	1,047,300	74	Dairy Products	9,531,000	12,315,000	77
Dairy and Mixed Farming	945,000	1,289,400	74	Hogs	6,101,000	10,604,000	58
Wheat and Mixed Farming	1,085,600	1,508,200	72	Grain Marketings at Minneapolis and Duluth-Superior (Bus.)			
Wheat and Range	563,700	747,200	75	Bread Wheat	4,023,000	972,000	414
Mining and Lumber	1,220,100	1,630,800	75	Durum Wheat	829,000	490,000	169
Electric Power Consumption (K.W.H.) ^{1,2}				Rye	437,000	243,000	180
Minn., No. Dak. and So. Dak.	4,547,000	4,955,000	92	Flax	418,000	187,000	224
Montana	1,659,000	2,516,000	66	Grain Stocks at End of Month at Minneapolis and Duluth-Superior (Bus.)			
Country Check Clearings ¹				Wheat	39,537,513	48,492,140	82
Total	\$ 2,180,000	\$ 1,994,600	109	Corn	1,087,308	137,859	789
Minnesota	830,000	749,700	111	Oats	12,877,932	5,670,276	227
Montana	311,600	334,600	93	Barley	6,194,175	2,652,343	234
North and South Dakota	637,200	425,800	146	Rye	5,183,479	5,410,024	96
Michigan and Wisconsin	402,000	474,500	85	Flax	1,217,679	648,892	188
Freight Carloadings—N. W. District				Livestock Receipts at South St. Paul (Head)			
Total—Excluding L.C.L.	153,487	179,850	85	Cattle	46,165	44,193	104
Grains and Grain Products	25,145	25,020	100	Calves	38,730	43,341	89
Livestock	21,939	31,060	71	Hogs	277,093	405,682	69
Coal	27,066	30,648	88	Sheep	144,803	129,264	112
Coke	2,699	3,388	80	Median Cash Grain Prices (Bus.)			
Forest Products	15,536	16,950	92	Wheat—No. 1 Dark Northern	\$.50 1/4	\$.78 7/8	64
Ore	176	250	70	Durum—No. 2 Amber	.52	.38 1/2	59
Miscellaneous	65,926	72,534	91	Corn—No. 3 Yellow	.20 5/8	.43	48
Merchandise—L.C.L.	75,692	90,740	83	Oats—No. 3 White	.14 1/2	.26 1/2	54
Building Permits				Barley—No. 3	.24	.50 1/2	48
Number—13 Cities	234	326	72	Rye—No. 2	.38 1/2	.46	70
Value—13 Cities	\$ 193,800	\$ 304,400	24	Flax No. 1	1.16	1.40 1/2	83
Minneapolis	60,500	295,900	20	Median Livestock Prices (Cwt.)			
St. Paul	58,000	290,900	20	Butcher Cows	\$ 3.00	\$ 3.50	86
Duluth-Superior	20,500	123,100	17	Butcher Steers	3.90	5.00	78
4 Wheat Belt Cities	7,100	14,900	48	Prime Butcher Steers	5.75	6.50	88
6 Mixed Farming Cities	18,300	68,000	27	Feeder Steers	3.25	3.50	93
4 Mining Cities	29,400	11,600	253	Veal Calves	4.00	5.00	80
Building Contracts Awarded (F. W. Dodge Corp.)				Hogs	2.80	3.70	76
Total	\$ 1,456,800	\$ 1,269,800	115	Heavy Hogs	2.50	3.35	75
Commercial	68,000	142,000	48	Lambs	5.00	6.00	83
Factories	23,000	26,000	88	Ewes	2.00	3.00	67
Educational	0	71,900	0	Wholesale Produce Prices			
Hospitals, etc.	0	20,800	0	Butter (Lb.)	\$.17	\$.19 1/2	87
Public	0	24,800	0	Milk (Cwt.)	.94	1.30	72
Religious and Memorial	20,000	23,000	87	Hens (Lb.)	.11	.18 1/2	81
Social and Recreational	0	127,000	0	Eggs (Doz.)	.15 1/4	.16	95
Residential	150,200	360,000	42	Potatoes (Bu.)	.28	.47	60
Public Works and Utilities	1,195,600	474,300	252	TRADE			
Real Estate Activity in Hennepin and Ramsey Counties				Department Stores			
Warranty Deeds Recorded	221	998	22	Sales	\$ 1,741,430	\$ 2,206,730	79
Mortgages Recorded	715	936	73	Merchandise Stocks	4,414,060	5,337,720	83
Manufacturing and Mining				Receivables	2,598,820	3,097,300	84
Flour Production at Mpls., St. Paul, and Duluth-Superior (Bbls.)	632,357	717,733	88	Instalment Receivables	570,860	635,150	90
Flour Shipments at Mpls. (Bbls.)	605,975	643,697	94	Furniture Stores			
Linseed Product Shipments (Lbs.)	12,405,076	14,555,276	85	Total Sales	\$ 37,510	\$ 74,710	50
Copper Output (3 Firms) (Lbs.)	10,991,600	13,511,600	81	Instalment Sales	27,660	60,740	46
Business Failures				Merchandise Stocks	404,690	508,730	80
Number	100	74	135	Instalment Receivables	660,560	823,500	80
Liabilities	\$ 1,207,057	\$ 670,578	180	Country Lumber Yards			
				Sales (Bd. Ft.)	1,635,000	2,808,000	60
				Lumber Stocks (Bd. Ft.)	54,292,000	64,928,000	84
				Total Sales	\$ 491,900	\$ 779,300	63
				Receivables	1,747,300	2,561,800	68
				Life Insurance Sales			
				Four States	\$ 13,322,000	\$ 17,270,000	77
				Minnesota	10,401,000	13,212,000	76
				Montana	1,099,000	1,577,000	68
				North Dakota	706,000	1,066,000	61
				South Dakota	1,116,000	1,415,000	78

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

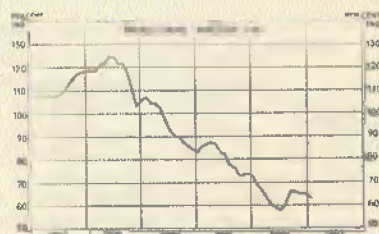
			Per Cent Jan. '33 of			Per Cent Jan. '33 of
Investment Dealers	Jan. '33	Jan. '32	Jan. '32	Interest Rates ²	Jan. '33	Jan. '32 Jan. '32
Sales to Banks.....	1,056,300	1,460,000	72	Minneapolis Banks	4½-4½	5-5½
Sales to Insurance Companies.....	600,500	231,600	259	Commercial Paper (net to borrower)..	1¾	4¼
Sales to General Public.....	2,768,200	3,664,500	76	Minneapolis Fed. Res. Bank.....	3½	3½
Wholesale Trade						
Groceries—				Selected City Member Banks	Feb. 15, '33	Feb. 17, '32
Sales	\$ 2,216,490	\$ 2,776,170	80	Loans to Customers.....	\$165,229,000	\$211,367,000
Stocks	4,548,810	5,233,190	87	Other Invested Funds.....	125,042,000	135,317,000
Receivables	3,505,650	3,894,380	90	Cash and Due from Banks.....	108,693,000	70,978,000
Hardware—				Deposits Due to Banks.....	56,087,000	55,677,000
Sales	\$ 540,760	\$ 784,760	69	Public Demand Deposits.....	14,043,000	17,197,000
Stocks	2,165,170	2,512,400	86	Other Demand Deposits.....	135,782,000	138,999,000
Receivables	1,117,350	1,292,160	86	Time Deposits	146,489,000	153,180,000
Shoes—				Total Deposits	352,543,000	366,931,000
Sales	\$ 91,770	\$ 88,620	104	Borrowings at Fed. Res. Bank.....	449,000	4,895,000
Stocks	546,980	579,300	94			
Receivables	391,690	459,960	85			
BANKING				Minneapolis Federal Reserve Bank		
Member Bank Deposits				Loans to Member Banks.....	10,104,000	11,759,000
In Cities Over 15,000 pop.....	\$364,335,000	\$423,907,000	86	Twin Cities	35,000	4,256,000
In Cities Under 15,000 pop.....	274,118,000	335,176,000	82	Minn., Wis. and Mich.....	3,983,000	2,891,000
Michigan—15 Cos.	51,791,000	61,197,000	85	N. Dak. and Mont.....	2,585,000	2,168,000
Minnesota.....	109,368,000	131,884,000	83	South Dakota	3,501,000	2,444,000
Montana.....	87,533,000	46,367,000	81	Fed. Res. Notes in Circulation.....	86,176,000	68,770,000
North Dakota	27,011,000	32,502,000	83	Member Bank Reserve Deposits	39,072,000	40,955,000
South Dakota.....	30,936,000	39,632,000	78			
Wisconsin—26 Cos.	17,489,000	23,594,000	74			
				¹ Daily Averages.		
				² Latest Reported Data.		

*Daily Averages.

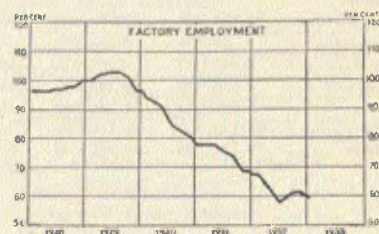
†Latest Reported Data.

BANK DEBITS

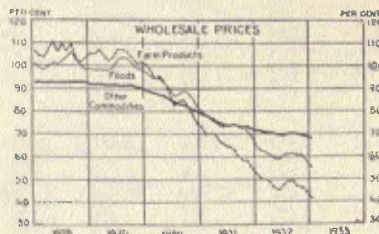
Number of Business Days:		Jan. 1933	Dec. 1932	Jan. 1932	Dec. 1931	Montana				
All other states in district.....		25	26	25	26	Anaconda	\$ 754	\$ 980	\$ 1,844	\$ 1,715
						Billings	4,324	5,405	5,344	7,070
						Bozeman	1,202	1,612	1,832	1,973
						Butte (2 Banks)	5,072	6,364	7,981	11,244
						Deer Lodge	745	633	1,064	961
						Glendive	494	771	624	950
						Great Falls	6,047	7,437	8,625	10,831
						Harlowton	178	245	192	238
						Havre	703	1,096	993	1,360
						Helena	5,118	7,473	6,556	8,284
						Kalispell	1,008	1,628	1,278	1,959
						Lewistown	876	1,363	1,150	1,827
						Malta	340	502	359	675
						Miles City (1 Bank)	700	1,048	739	1,214
Michigan						North Dakota				
Escanaba (1 Bank)						Bismarck				
Hancock						Devils Lake				
Houghton						Dickinson				
Iron Mountain						Fargo				
Iron River, Caspian						Grafton				
Manistique (1 Bank)						Grand Forks				
Marquette						Jamestown				
Menominee						Mandan				
Sault Ste. Marie						Minot				
						Valley City				
						Wahpeton				
						Williston				
Minnesota						South Dakota				
Albert Lea						Aberdeen				
Austin (1 Bank)						Brookings (1 Bank)				
Bemidji (2 Banks)						Deadwood				
Chaska						Huron				
Chisholm						Lead				
Cloquet						Madison				
Crookston						Milbank				
Detroit Lakes						Mitchell (2 Banks)				
Duluth						Mohrbridge				
Ely						Pierre				
Faribault (1 Bank)						Rapid City				
Farmington						Sioux Falls				
Fergus Falls						Watertown				
Glenwood						Yankton				
Hutchinson (1 Bank)										
Lakefield (2 Banks)										
Lanesboro										
Little Falls										
Luverne										
Mankato										
Minneapolis										
Moorhead										
Morris										
Owatonna										
Park Rapids										
Red Wing										
Rochester										
St. Cloud										
St. Paul										
South St. Paul										
Stillwater										
Thief River Falls										
Two Harbors										
Virginia										
Wabasha										
Wheaton										
Willmar (1 Bank)										
Winona										
Worthington (1 Bank)										
						Wisconsin				
						Chippewa Falls				
						Eau Claire				
						Hudson (2 Banks)				
						La Crosse				
						Merrill (1 Bank)				
						Superior				
						Total for All Cities Reporting				
						Both Years				



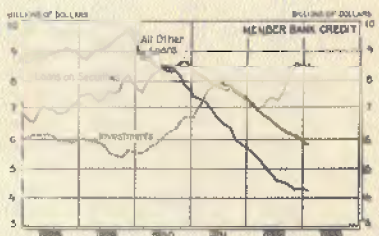
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average = 100.)



Federal Reserve Board's index of factory employment with adjustment for seasonal variation. (1923-1925 average = 100.)



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



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures are averages of first 3 weeks in February.

Summary of National Business Conditions (Compiled February 24 by Federal Reserve Board)

The volume of industrial production increased in January by less than the usual seasonal amount and factory employment and payrolls continued to decline. Prices of commodities at wholesale, which declined further in January, showed relatively little change in the first three weeks of February.

PRODUCTION AND EMPLOYMENT: Industrial activity, as measured by the Board's index, which makes allowance for usual seasonal changes, declined from 66 per cent of the 1923-25 average in December to 64 per cent in January, which compares with a low level of 58 per cent last July. Output of coal declined considerably, contrary to the usual seasonal tendency. Increases in activity in the cotton and silk industries were somewhat less than seasonal in amount, and there was a slight decline in production at woolen mills. The output of shoes increased seasonally. Activity in the steel industry showed a seasonal increase during January, and little change during the first three weeks of February. Automobile production, which had increased substantially in December, showed a further slight increase in January.

Factory employment declined between the middle of December and the middle of January by considerably more than the seasonal amount. Decreases were reported in most lines except in the cotton, wool and silk industries, where employment increased.

Construction contracts awarded were in about the same volume in January as in December, according to the F. W. Dodge Corporation; in the first half of February, the value of awards showed a decline.

DISTRIBUTION: The volume of freight traffic was somewhat smaller in January than in December, reflecting a reduction in shipments of coal. Sales by department stores decreased after Christmas by more than the usual seasonal amount.

WHOLESALE PRICES: The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, declined further from 62.6 per cent of the 1926 average in December to 61.0 per cent in January, reflecting substantial reductions in the prices of crude petroleum, gasoline, textiles and dairy and poultry products. Prevailing prices for wheat, cotton and hogs in January and the first three weeks of February were somewhat above the low levels reached in December.

BANK CREDIT: Between January 4 and February 21 there was an increase of \$319,000,000 in the demand for currency, accompanying banking disturbances in different parts of the country and a decrease of \$64,000,000 in the country's stock of monetary gold. These demands were met by member banks in part by the use of their balances at the Reserve banks, which declined by \$243,000,000 during the period, but continued to be considerably above legal requirements. Reserve bank holdings of United States securities declined by \$88,000,000 between January 4 and February 1, but increased by \$70,000,000 during the following three weeks; their holdings of acceptances increased by \$141,000,000 and discounts for member banks increased by \$76,000,000.

Loans and investments of reporting member banks in leading cities declined by about \$100,000,000 during the five weeks ending February 15. The banks' net demand deposits declined by \$390,000,000, reflecting largely reductions in bankers' balances, and time deposits showed a decrease of \$93,000,000 for the period.

Money rates in the open market were slightly firmer during the first half of February. Open market rates on 90-day bankers' acceptances, which had been one-fourth of 1 per cent, had increased to five-eighths of 1 per cent by February 20. Rates on prime commercial paper and on stock exchange loans remained unchanged. The minimum buying rate on bills at the Federal Reserve Banks of Boston, New York and Chicago was reduced from 1 to one-half of 1 per cent.