

# MONTHLY REVIEW

## OF

### AGRICULTURAL AND BUSINESS CONDITIONS

#### IN THE

#### NINTH FEDERAL RESERVE DISTRICT

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#### DISTRICT SUMMARY OF BUSINESS

Business in the district during November was slightly above the level of October and was above the level of November in the two preceding years. From October to November, the seasonally corrected indexes of country check clearings, department store sales, and miscellaneous and l.c.l. carloadings rose, but the bank debits index for farming centers declined. The department store sales index made the sharpest advance, reaching a level higher than in any previous month since the summer of 1931, and only 14 per cent lower than the level of 1929. On the basis of figures for the forepart of December, it appears that the bank debits and country check clearings indexes for December will be higher than for November.

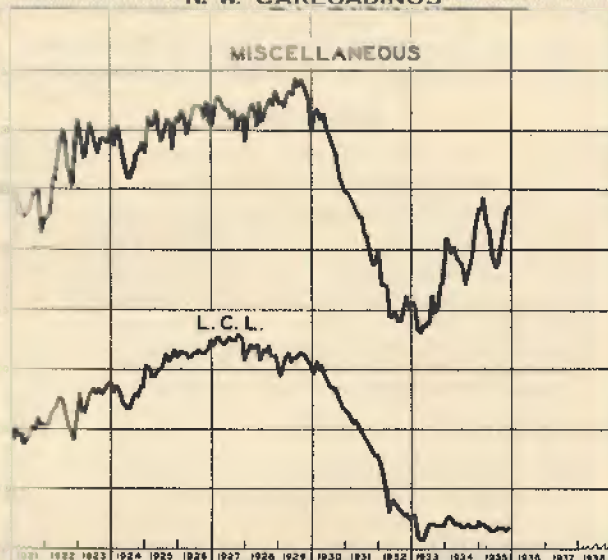
#### Northwestern Business Indexes

(Various base periods)

	Nov. 1935	Oct. 1935	Nov. 1934	Nov. 1933
Bank debits—94 cities.....	67	67	59	52
Bank debits—Farming centers .....	72	75	63	49
Country check clearings....	129	125	109	81
Department Store sales....	86	79	77	65
Carloadings—Miscellaneous	81	79	76	62
Carloadings—L.C.L. ....	60	59	60	60

Nearly all of the trade reports from the district revealed increases in business during November, as

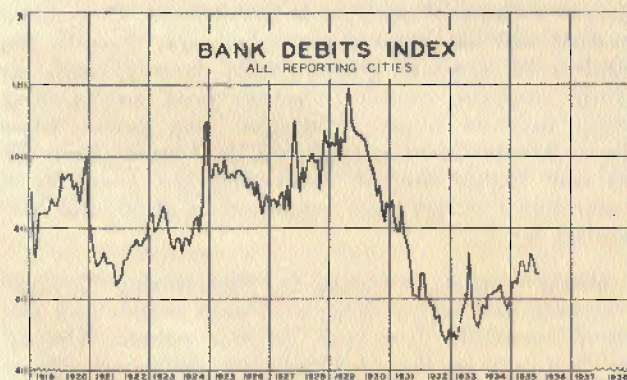
#### N. W. CARLOADINGS



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

compared with the same month last year. Bank debits were up 14 per cent, country check clearings 18 per cent, and freight carloadings 19 per cent. Other increases occurred in electric power consumption, building permits and contracts, flour and linseed product shipments, copper output, butter production, grain marketings, life insurance sales and wholesale trade. The only reported decreases were in livestock receipts and real estate activity in Hennepin and Ramsey counties.

Retail trade in the district during November continued to be in larger volume than a year ago. City department stores reported an increase of 12 per cent over November last year. Three hundred and sixty country department stores and general stores reported an increase of 11 per cent over last year's volume. The increases were most pronounced in Minnesota, outside of the Red River Valley, and in western Montana, and Wisconsin and Michigan. On the other hand, parts of North Dakota reported decreases, and the increases in South Dakota were below the average.



Bank Debits Index for reporting cities in the Ninth Federal Reserve District, adjusted for seasonal variations.





Index of Department Store Sales at Minneapolis, St. Paul, and Duluth-Superior, adjusted for seasonal variations.

### Retail Trade

	% Nov. 1935 of Nov. 1934
Mpls., St. Paul, Duluth-Superior... ( 22 stores)	112
Country Stores ..... (360 stores)	111
Minnesota—Central ..... ( 12 stores)	116
Minnesota—Northeastern ..... ( 7 stores)	119
Minnesota—Red River Valley... ( 12 stores)	111
Minnesota—South central ..... ( 26 stores)	119
Minnesota—Southeastern ..... ( 19 stores)	123
Minnesota—Southwestern ..... ( 35 stores)	116
Montana—Mountain ..... ( 19 stores)	118
Montana—Plains ..... ( 37 stores)	108
North Dakota—Other N. D. .... ( 15 stores)	97
North Dakota—Red River Val. . ( 26 stores)	100
North Dakota—Southeastern ... ( 23 stores)	101
South Dakota—Other Eastern... ( 41 stores)	105
South Dakota—Southeastern ... ( 13 stores)	105
Wisconsin—West central..... ( 40 stores)	116
North Wisconsin and Michigan.. ( 35 stores)	121
Ninth District ..... (382 stores)	111

### DISTRICT SUMMARY OF BANKING

The last few weeks have been uneventful in the banking situation of this district. Deposits of city banks have remained at a high level, although they were 13 million dollars lower on December 18 than at the autumn peak. This seasonal decrease in deposits was shared by all important classes of deposits, but none of the declines in the various subdivisions was pronounced. Loans to customers of city member banks increased 2 million dollars during the five weeks ending December 18, and continued to be at the highest levels since the winter of 1933-34. Investment holdings of these banks increased 8 million dollars, largely in government securities, and total investments are now almost as high as at the all-time peak reached last spring. With rising loans and investments and declining deposits, city member banks decreased their balances due from banks 19 million dollars during the five-week period.

Country member banks reported an increase of less than 1 per cent in net deposits between the daily average for October and the daily average for November. Deposits increased in Minnesota, Michigan,

and South Dakota, and decreased in Montana, North Dakota, and Wisconsin. These deposit figures are the net figures as used for computing reserves, and it is consequently impossible to interpret changes in them exactly, for an increase in net deposits might be due either to an increase in gross deposits or a decrease in allowable deductions.

### DISTRICT SUMMARY OF AGRICULTURE

#### Livestock Marketings

Receipts of cattle and calves at South St. Paul continued smaller in November than a year ago and showed the full seasonal decline from the preceding month. During December receipts have continued to decrease, but have more closely approximated the volume of receipts in the same period last year. Prices of all classes of cattle were higher during November than in November last year. Comparing November prices with October, prices of average quality cattle showed little change, but prices for prime stock, especially prime butcher steers, were appreciably lower, partly because of lower quality. In December prices have firmed slightly, the result of slightly better quality of offerings.

Shipments of feeder cattle from South St. Paul declined materially during November from the October level and were far below the volume shipped in November last year. During the first two weeks of December, feeder cattle shipments have decreased still further, partly because of the exceptionally small volume of feeder cattle receipts, and partly because of the less favorable outlook for fat cattle. The average price of feeder cattle shipped from South St. Paul during November was slightly below that of October, but in the first two weeks of December, feeder steer prices recovered most of the November loss.

Hog receipts at South St. Paul increased seasonally during November and were larger than in any month since last January when only a slightly larger number of hogs was received. November hog receipts were little more than half as large as in November last year. Hog receipts continued to increase during the first two weeks of December, and if the current volume of receipts is maintained, December receipts will be larger than in January. Despite the number of apparently favorable factors, such as strong shipping demand, higher pork prices, and better finished hogs, November hog prices were lower than in October although they were about 70 per cent higher than in November last year. Since December 1 prices have remained at about the November level.

Sheep receipts at South St. Paul during November continued below those of a year earlier and declined seasonally from the October volume. During the first two weeks of December, however, sheep and lamb receipts were larger than in the corresponding weeks last year. Fat ewe and lamb prices were both higher in November than in the preced-



ing month, resulting in the establishment of new "highs" since late in February, 1930, in each of the last three weeks of November. During the first two weeks of December, prices have fallen slightly. Broad packer interest was noted on arrival of the first large string of fed lambs early in the month.

### Cold Storage Holdings

Withdrawals of cold storage butter and cream were larger in November this year than in the same month last year and larger than normal, reducing stocks on December 1 well below the average for that date. The amount of cheese withdrawn in November was equal to the five-year average, but the December 1 stocks were still above the average December 1 level.

The movement of poultry products into and out of cold storage during November was about normal; stocks of eggs, because of lessening production and a fair consumptive demand, were reduced sharply despite the less than average stocks on November 1. Stocks of dressed poultry increased sharply in anticipation of a reasonably strong end-of-the-year demand.

Cold storage holdings of beef and miscellaneous meats continued to increase much more rapidly than in October. On December 1, stocks of beef were smaller than on the same date last year, when they were abnormally large because of increased slaughter resulting from the drouth, but they were nearly one-third larger than the five-year average. On the other hand, holdings of pork increased much less than the average amount during November and on December 1 remained little more than half as large as the five year average and less than half as large as on the same date last year. Lard holdings decreased about half the normal amount in November although a little more than a year ago, and on December 1 were almost 60 per cent of the average.

### Farm Income and Prices

The government estimates that farmers' cash income in the four complete states within this district was \$80,376,000 in October before including rental and benefit payments for which estimates are not yet available. If rental and benefit payments were included, it is probable that October farm income this year was the largest in any October since 1929. Income for the first ten months of 1935 was the largest since 1930.

For November, our estimates of farmers' cash income in the district from seven important items was 32 per cent larger than in November a year ago. Large increases occurred in income from the marketing of wheat, rye, flax, and potatoes. A smaller increase occurred in the income from dairy products, and a slight decline was estimated for hog income.

### Farmers' Cash Income, Including Rental and Benefit Payments, for the Four States of Minnesota, Montana, North Dakota, and South Dakota Combined

(U. S. D. A. Estimates)

Year	October	Jan.-Oct., inc.
1929.....	\$117,452,000	\$826,277,000
1930.....	83,245,000	643,015,000
1931.....	52,631,000	435,361,000
1932.....	36,683,000	260,902,000
1933.....	42,904,000	320,763,000
1934.....	66,136,000	404,595,000
1935.....	80,376,000*	449,093,000*

\*Excluding Rental and Benefit payments for the month of October 1935.

Prices of butter, hens, lambs, and potatoes were higher in November than in October, but prices of grains, cattle, hogs, and eggs declined. All farm product prices in the Northwest were higher in November than a year ago with the exception of durum wheat, flax, rye, and feed grains.

### UNITED STATES DEPARTMENT OF AGRICULTURE DECEMBER 1 CROP PRODUCTION ESTIMATES

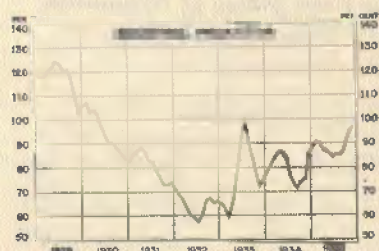
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	1935	1934	Average 1928-32
<b>ALL WHEAT</b>			
Minnesota .....	19,676	12,534	20,946
Montana .....	35,017	28,174	45,167
North Dakota .....	53,772	21,190	102,803
South Dakota .....	30,822	599	97,652
Four States .....	139,287	62,502	266,648
United States .....	603,199	496,929	860,570
<b>FLAX</b>			
Minnesota .....	6,450	3,430	6,040
Montana .....	380	76	1,149
North Dakota .....	6,030	938	5,909
South Dakota .....	912	42	2,195
Four States .....	13,772	4,536	15,293
United States .....	14,931	5,213	15,961
<b>POTATOES</b>			
Minnesota .....	28,390	23,380	29,620
Montana .....	1,955	1,610	2,027
North Dakota .....	13,500	5,940	8,710
South Dakota .....	3,400	1,290	4,177
Four States .....	47,245	32,220	44,534
United States .....	356,406	385,421	363,367
<b>CORN</b>			
Minnesota .....	148,731	76,619	146,425
Montana .....	1,800	665	1,896
North Dakota .....	21,690	4,904	20,826
South Dakota .....	52,248	12,722	80,806
Four States .....	224,469	94,910	249,953
United States .....	2,202,852	1,377,126	2,562,147
<b>BARLEY</b>			
Minnesota .....	58,752	24,115	49,608
Montana .....	8,812	2,214	4,078
North Dakota .....	46,658	7,119	39,537
South Dakota .....	43,130	1,778	55,771
Four States .....	156,752	35,226	128,994
United States .....	292,249	118,348	282,841

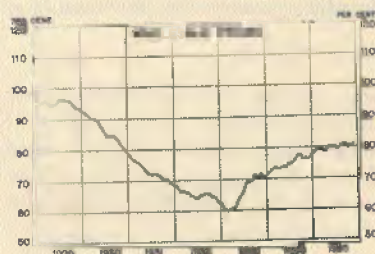


## Summary of National Business Conditions

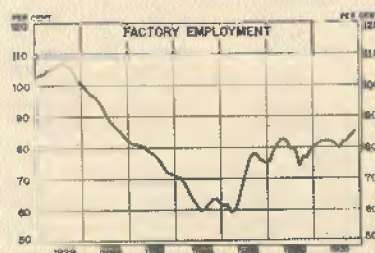
COMPILED BY THE BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM DECEMBER 26, 1935



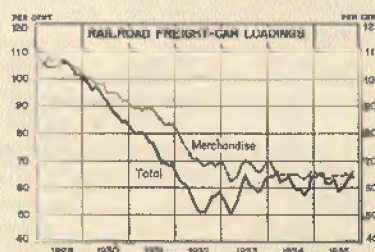
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average—100.)



Indexes of the United States Bureau of Labor Statistics. (1926-1928.) By months 1929 to 1931; by weeks 1932 to date.



Index of factory employment, adjusted for seasonal variation. (1923-1925 average—100.)



Indexes of daily average number of cars loaded, adjusted for seasonal variation. (1928-1925 average—100.)

Industrial production and employment, which usually decline at this season, showed little change from October to November. Distribution of commodities to consumers increased more than seasonally.

**INDUSTRIAL PRODUCTION AND EMPLOYMENT:** The Board's seasonally adjusted index of industrial production advanced from 95 per cent of the 1923-1925 average in October to 97 per cent in November. The output of industries producing durable goods continued to increase substantially in November, while activity in most other industries declined somewhat. The output of steel increased further during November to a higher rate than in any previous month this year and this high level was maintained during the first three weeks of December. Automobile production in November continued the sharp increase which began after the change to new models in September. Activity at silk mills and at woolen mills declined.

Factory employment and pay rolls, which usually decline from the middle of October to the middle of November, showed little change for that period this year. Increases in employment were reported for the automobile, iron and steel, machinery, railroad car, and cotton textile industries and at railroad repair shops. There were larger than seasonal declines at sawmills, shoe factories, silk and rayon mills, and establishments producing wearing apparel.

The value of construction contracts awarded, as reported by the F. W. Dodge Corporation, continued to increase in November and the first half of December. There was a decline, largely seasonal, in residential building, while other types of construction showed an increase.

**AGRICULTURE:** Crop production in 1935, according to final estimates by the Department of Agriculture, showed an increase of about 20 per cent in volume over the drought year of 1934, and the farm value of 64 crops amounted to \$5,120,000,000 compared with \$4,780,000,000 last season. The cotton crop which has been reduced in recent months by bad weather is now estimated at 10,734,000 bales compared with the exceptionally small output of 9,636,000 bales in 1934. Cash farm income from marketings of crops and live stock and from government rental and benefit payments is estimated at about \$6,800,000,000 for the calendar year 1935, as compared with \$6,387,000,000 last year.

**DISTRIBUTION:** Freight carloadings decreased by less than the usual seasonal amount during November, reflecting principally a smaller decline in shipments of miscellaneous freight than is customary at this time of year. The value of department store sales, on a daily average basis, increased from October to November.

**COMMODITY PRICES:** The general level of wholesale commodity prices, after a decline during October, increased during November and showed little change during the first two weeks of December.

**BANK CREDIT:** Excess reserves of member banks, which increased to a new high level of \$3,310,000,000 on December 11, largely as the result of continued gold imports, declined considerably during the week ending December 18, as a consequence of seasonal demands for currency and a large increase in Treasury balances with the Federal Reserve Banks, in connection with mid-December fiscal operations.

Changes in condition of reporting banks in 101 leading cities during the four weeks ending December 18 reflected principally the influence of new government financing. These banks showed increases of \$310,000,000 in holdings of United States government securities, of \$110,000,000 in loans to brokers and dealers in securities, and of \$200,000,000 in United States government deposits. Adjusted demand deposits showed a further growth of \$270,000,000 in the weeks ending December 11 and declined by \$250,000,000 in the following week, as a result of withdrawals for holiday currency demands, income tax payments, and the purchase of new government securities.