# MONTHLY REVIEW

OF

## AGRICULTURAL AND BUSINESS CONDITIONS

IN THE

## NINTH FEDERAL RESERVE DISTRICT

**Vol. 7** (Serial No. 313) **Federal Reserve Bank, Minneapolis, Minn.** **January 28, 1941**


### FACILITIES AND FINANCING FOR NATIONAL DEFENSE

On November 18, this bank established an Industrial Coordination Department to serve as Field Representative in the Ninth Federal Reserve District for the National Defense Advisory Commission.

The general function of this Department is to serve as a local center for information regarding the Defense Program. Businessmen and bankers can now obtain at this bank, essentially the same information, as in Washington, and often more promptly. Typical duties of the Department are:

1. To furnish interested manufacturers and suppliers with information on how and where to apply for Defense Contracts.
2. To furnish governmental purchasing bureaus and officers, and interested primary contractors with information on unused production facilities in this District.
3. To provide information regarding procedures in accepting Assignments of Claims arising from Government Contracts.
4. To assist businessmen and bankers, upon request, in arranging the financing of government contracts and subcontracts for both supplies and additional emergency facilities.

Every Ninth District manufacturer may register his production facilities with us by completing a form "Facilities for Defense Supplies," at his local bank. (We will promptly mail an additional supply of the forms, upon request.)

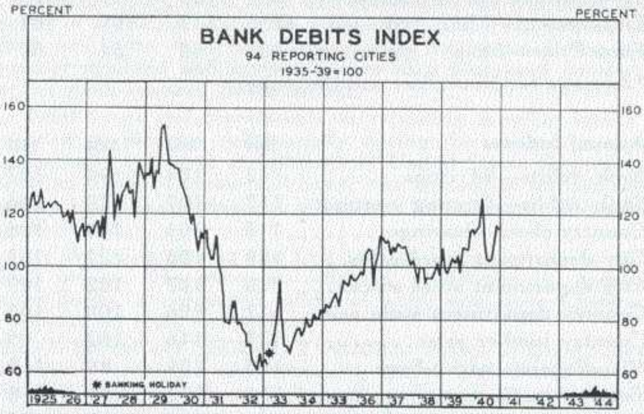
Every bank is urged to suggest to each of its manufacturing customers that it arrange immediately to take advantage of the services of our Industrial Coordination Department.

Even manufacturers of products such as jewelry, novelties, toys, etc., might find after conference with us products that are needed in the Defense Program that they could make.

**Business volume declined slightly in December from November but was the largest for any December in eleven years. Deposits at member banks set a new all-time high on December 31 and loans outstanding were the largest in nine years. The agricultural situation on January 1 was the best in the depression decade. Farmers' cash income declined seasonally in December but was larger in 1940 than in any year since 1930.**

### BUSINESS

**December business volume** in this district declined slightly after the sharp rise in November but nevertheless was the largest for the month since 1929. The 94 cities bank debits index and the index of bank debits at farming centers declined a little from the November level but were slightly higher than one year earlier and were higher than in any other year since 1929. Country check clearings continued at the same relative rate as in November and were the largest on record for December. Sales at both city and country department stores failed to increase as much as usual from the high November level and were slightly smaller than the exceptionally large December 1939 sales. Nevertheless, with the exception of December 1939, department store sales were the largest since 1929. The index of miscellaneous carloadings increased sharply in December and was at the highest point for any month since November 1929. The index of total carloadings, excluding miscellaneous, declined sharply but was at the highest December level since 1930. Employment as indicated by the Minnesota employment index was at the highest December level in our seven-year records.




**Bank Debits Index for Reporting Cities in the Ninth Federal Reserve District, adjusted for Seasonal Variation.**

**The 1940 business volume** as measured by our annual indexes was substantially larger than in 1939 and was the largest since 1929 or 1930. The 94 cities bank debits index for 1940 was 8 points above 1939 and was the largest since 1930. Debits at farming centers were 9% above last year and were the largest since 1929. The 1940 country check clearings index was the highest on record. City department store sales were the largest since 1930 and country department stores had the largest annual volume since 1929. Country lumber sales were 6 per cent larger in 1940 than in 1939 and were larger than in any other year since 1929. Both of the carloading indexes for 1940 were substantially higher than for 1939 and were the highest since 1930, with the exception of 1937 when each averaged slightly higher than in 1940. Employment in Minnesota averaged 5% higher than in 1939 and was larger than any other year in our seven-year records.

In accordance with the recommendation of the Central Statistical Board at Washington that all general purpose index numbers be published on the uniform base period 1935-39, our indexes have been revised and will be published on that base period hereafter. Persons maintaining long-time charts or tabulations of our indexes may obtain a complete tabulation of each series by writing the Research and Statistical Department of this bank.

### Northwestern Business Indexes

(1935-39=100)

| Monthly Indexes | Dec. 1940 | Nov. 1940 | Dec. 1939 | Dec. 1938 |
|---|---|---|---|---|
| Bank debits—94 cities | 115 | 116 | 114 | 97 |
| Bank debits—farming centers | 121 | 126 | 116 | 99 |
| Country check clearings | 120 | 120 | 114 | 100 |
| City department store sales | 111 | 117 | 112 | 103 |
| City department store stocks | 112 | 107 | 110 | 101 |
| Country department store sales | 116 | 120 | 117 | 106 |
| Country lumber sales | 110* | ... | 124* | 107* |
| Miscellaneous carloadings | 133 | 121 | 116 | 104 |
| Total carloadings (Excl. miscellaneous) | 100 | 125 | 99 | 93 |
| Employment—Minn. (1936=100) | 115 | 113 | 109 | 102 |
| Farm Price—Minn. (1924-26=100) | 68 | 68 | 64 | 66 |

*Average for November and December.

| Annual Indexes | 1940 | 1939 | 1938 | 1937 |
|---|---|---|---|---|
| Bank debits—94 cities | 112 | 104 | 98 | 107 |
| Bank debits—farming centers | 117 | 107 | 100 | 106 |
| Country check clearings | 116 | 106 | 100 | 106 |
| City department store sales | 109 | 106 | 101 | 103 |
| City department store stocks | 110 | 107 | 102 | 109 |
| Country department store sales | 112 | 106 | 100 | 105 |
| Country lumber sales | 123 | 116 | 102 | 99 |
| Miscellaneous carloadings | 108 | 101 | 89 | 110 |
| Total carloadings (Excl. miscellaneous) | 114 | 102 | 83 | 118 |
| Employment—Minn. (1936=100) | 108 | 104 | 99 | 108 |
| Farm Price—Minn. (1924-26=100) | 66 | 63 | 70 | 91 |

**Building contracts awarded** as reported by the F. W. Dodge Corporation declined seasonally in December and were 11% smaller than one year earlier. Contracts awarded for public utility construction and commercial buildings were larger than one year earlier but contracts for other classes of building including residential, industrial, public works and educational were much smaller. Total building and construction contracts awarded in this territory in 1940 were slightly smaller than in 1939. Contracts awarded for public works, educational buildings, hospitals, public buildings and social and recreational structures accounted for the decline. Residential building was 21% above 1939 and the largest since 1926. Public utility construction and commercial building contracts were each about one-quarter larger than in 1939 and the largest since 1937. Industrial building was 71% larger than last year and was the largest since 1930. Religious and memorial building was at the highest level since 1929.

**Building permits** issued in 81 cities and towns in December in this district were substantially smaller than one year earlier. Each state and part state contributed to the decline with the exception of Montana where December permits were 7% larger than a year earlier. Total permits issued by the 81 cities and towns during 1940 were 2% smaller than in 1939, due in large part to a substantial reduction in Minneapolis permits. Minneapolis figures for 1939 contained permits for two large University buildings which greatly increased the total. Other reporting cities in Minnesota recorded a net increase as did the cities in each of the other states and part states in our district.

**Department store sales** in December were slightly smaller than in the same month one year earlier at both city and country stores. Because of the unusually mild fall weather in 1939, much buying ordinarily done in October and November was not done until later and as a result December 1939 and January 1940 sales were unusually large. For the year 1940, country department and general store sales were 5% larger and city department store sales 3% larger than in 1939 and were the largest since 1929 and 1930 respectively. Each of the eighteen sections in the district had as large or larger sales volumes in 1940 than in 1939. The largest increases over 1939 were reported by Northeastern Minnesota, both sections of Montana, Northwestern North Dakota and the Ninth District portions of Wisconsin and Michigan.

**City department store inventories** declined seasonally during December but on December 31 were at a level somewhat higher than a year earlier, and substantially higher than on any other year-end since 1931. Country department store inventories also declined seasonally but were 3% larger on December 31 than on that date last year.

### Sales at Department Stores

| | Number of Stores Showing Increase | Decrease | % Dec. 1940 of Dec. 1939 | % 1940 of 1939 |
|---|---|---|---|---|
| Total District | 107 | 119 | 99 | 104 |
| Mpls., St. Paul, Dul.-Sup. | 8 | 13 | 99 | 103 |
| Country Stores | 99 | 106 | 99 | 105 |
| Minnesota | 35 | 38 | 98 | 104 |
| Central Minn. | 5 | 4 | 101 | 104 |
| Northeastern Minn. | 3 | 4 | 98 | 108 |
| Red River Valley Minn. | 2 | 3 | 99 | 103 |
| South Central Minn. | 13 | 10 | 97 | 102 |
| Southeastern Minn. | 7 | 5 | 99 | 104 |
| Southwestern Minn. | 5 | 12 | 93 | 103 |
| Montana | 15 | 17 | 102 | 107 |
| Mountains | 4 | 2 | 104 | 106 |
| Plains | 11 | 15 | 101 | 107 |
| North Dakota | 23 | 24 | 99 | 103 |
| North Central No. Dakota | 4 | 5 | 93 | 100 |
| Northwestern No. Dak. | 4 | 2 | 105 | 107 |
| Red River Valley No. Dak. | 8 | 11 | 100 | 103 |
| Southeastern No. Dak. | 6 | 6 | 98 | 104 |
| Red River Valley—Minnesota and North Dakota | 10 | 14 | 100 | 103 |
| South Dakota | 11 | 17 | 96 | 102 |
| Southeastern South Dakota | 1 | 6 | 94 | 102 |
| Other Eastern South Dakota | 5 | 10 | 98 | 103 |
| Western South Dakota | 5 | 1 | 98 | 101 |
| Wisconsin and Michigan | 15 | 10 | 101 | 109 |
| Northern Wis. and Mich. | 8 | 6 | 102 | 106 |
| West Central Wisconsin | 7 | 4 | 100 | 111 |

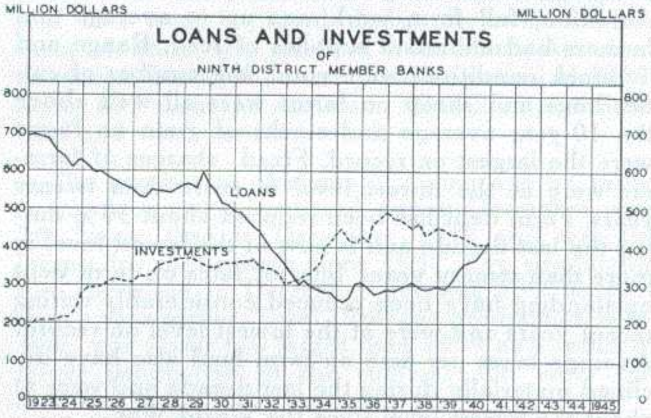
**The volume of manufacturing production** in this district as measured by the following indicators declined seasonally during December but was well above December in 1939 or in any other recent year. Flour production and shipments declined seasonally and were somewhat smaller than a year earlier. Shipments of linseed oil declined less than usual, were about one quarter larger than in December 1939 and were the largest shipments for that month since 1925. The cut of lumber increased and was the largest December volume since 1936. Slaughterings of all classes of livestock declined seasonally during December, but with the exception of sheep, were larger than a year earlier. The index of Minnesota manufacturing employment advanced further from the November level and was the highest for December in our 7-year records. Electric power utilization increased more than seasonally during November and established a new all-time high.

**Mining activity** in this district in December continued at a high rate. During 1940, mining operations were at the highest rate in recent years. Iron ore shipments from upper lake ports during 1940 totaled nearly 64 million tons, 19 million more than in 1939 and the largest total since 1929. Copper and silver production were each about one-third larger than during 1939 and the largest since 1937. Gold production was slightly smaller than in 1939, but was larger than in any other year on record.

**Other business activity indicators** that were as high or higher in December than a year earlier were mortgages accepted for FHA insurance; new passenger and commercial car registrations; net telephone installations in the Twin City area and carloading of coal and forest products. Indicators that were lower than a year ago were warranty deeds and mortgages recorded in Hennepin and Ramsey counties; life insurance sales and carloadings of ore, coke, livestock and grain & grain products. For the entire year of 1940 all of the above indicators with the exception of warranty deeds recorded in Hennepin and Ramsey counties were higher than in 1939.

## BANKING

**Deposits at all member banks** in the district after advancing moderately during the first six months of 1940 increased $83 million during the last half of the year to a total of $1.2 billion, a new all-time high. Loans and discounts increased $52 million and on December 31 were at the highest level since early 1932 and were about $153 million larger than the post-1929 low reached during the first quarter of 1935. Investment holdings increased moderately but on December 31 were at the lowest level for that date since 1933. Earning assets totaled $830 million and were about equally divided between loans and investments on December 31, 1940.




**Total Loans & Investments at all Ninth District Member Banks on Call Dates.**

**Country member bank operations** were relatively stable during the first eight months of 1940 but during the last four months deposits rose about $40 million to the highest level since 1931, earning assets increased $25 million to the highest level since 1932 and balances with this bank and correspondent banks rose about $15 million to the highest level on record.

**City member bank deposits** continued to rise during December and on December 31 were at an all-time high of $665 million. Loans declined slightly during the month but were at the highest year-end level since 1931. Investments also declined and were at the lowest year-end level since 1933. During

1940, deposits increased $48 million. Loans to customers increased $23 million and investments declined $5 million resulting in an increase in earning assets of $18 million. Earning assets on December 31 totaled $425 million and were equally divided between loans and investments. Reserves at the Federal Reserve Bank increased $14 million during 1940 and balances with correspondent banks increased $17 million.

**The discount rate** to member and non-member banks under the last paragraph of Section 13 and 13a of the Federal Reserve Act remained unchanged at 1½% during 1940 and advances under section 10b and to individuals, partnerships and corporations were unchanged at 2% and 3% respectively. In order to facilitate the financing of defense production, a new schedule of rates on industrial advances under section 13b was established on October 30, 1940. Industrial advances may now be made within a range of 3%-6% and commitments to make advances at 1%-2%.

## AGRICULTURE

**The agricultural situation** in the Ninth District at the beginning of 1941 was in certain respects the best in the depression decade. Subsoil moisture was adequate, fall-sown grains were generally in good condition, fall farm work was up to average and farmers had abundant supplies of feed. Range and livestock conditions were good, the number of cattle, hogs and sheep on farms were all well above the 10-year average and stocks of grain on farms were the largest on record. Fixed charges of farmers were at the lowest level in more than twenty years. Farm debt has been reduced about 30% during the last decade and is now at the lowest level in more than twenty years. Interest rates on farm debt outstanding have been reduced considerably during recent years and were at the lowest level on record. Average taxes per acre on farm land also have declined materially during the last decade and were at about the lowest level since the World War.

**Farmers' cash income** from seven important products, based on terminal receipts and prices, declined seasonally in December to about the level of one year ago. Total 1940 income from these items totaled $437 million compared with $366 million during 1939 and was larger than in any year since 1930. Incomes from hogs, dairy products and potatoes were the largest since 1937 and incomes from wheat and flax were at the highest level since 1930. Rye marketings and cash income were somewhat smaller than in 1939.

**The USDA estimate of farmers' cash income** for November (including government payments) declined seasonally from the October level but was the largest for November since 1929. During the first 11 months of 1940, farmers' cash income in this district totaled $846 million compared with $714 million during the corresponding period of 1939 and was the largest for that period since 1930. Income from the sale of crops was at the highest level since 1929 and cash receipts from the marketings of livestock and livestock products were the largest since 1936. Government payments were somewhat larger than during 1939 and were the largest since their inception in 1933.

**Agricultural product prices** showed mixed trends during December but in general were at about the same level as one month earlier and somewhat higher than in December 1939. Dairy product prices increased somewhat and were at the highest level since December 1937. Eggs declined sharply and poultry prices were little changed but both were higher than one year earlier. Potato prices declined, whereas an advance at this season is usual, and were well below a year ago. Grain prices declined slightly during December and with the exception of corn were well below the December 1939 level. Cattle prices continued to show mixed trends. Prime butcher steers advanced to well over the $12.00 mark, the highest December level since 1929. Poorer quality cattle recorded a slight decline for the third consecutive month but were at the highest level for December since 1935. Hog prices averaged $5.85 during December compared to $5.25 one year earlier. During the first half of January, hog prices rose sharply to a top of $8.25 at mid-month. In regard to 1941 livestock prices, *The Livestock Situation* stated: "Present indications are that incomes of consumers will continue to improve in 1941, and with prospects for only moderate changes in supplies of cattle and lambs and a material reduction in hog supplies next year, prices of all livestock are expected to average higher in 1941 than in 1940."

**Receipts of cattle and calves** at South St. Paul continued to decline seasonally during December but were 12% larger than in December 1939 and were the largest December receipts since 1936. Total cattle and calf receipts during 1940 were about 3% larger than during either 1938 or 1939. Cattle receipts alone were the largest for any year since 1936 but calf marketings were the smallest since 1921. Vigorous restocking of northwestern farms continued during 1940 for the third consecutive year and accounted in large part for the unusually small calf marketings. Feed supplies were abundant throughout the year and at the end of 1940 were at a favorable level and well distributed throughout the district. It is reported that cattle in the western Range States went into the winter in the best condition in several years. *The Livestock Situation* reported that "Present indications point to little change from a year earlier in marketings of fed cattle during the first half of 1941, but supplies may be somewhat larger than a year earlier during the last half of the year. Consequently, the seasonal decline in prices of the better grades of slaughter cattle during the coming winter and spring may not be so great as usual, while the seasonal advance in the late summer and fall of 1941 may be less pronounced than the rise in prices that has taken place since August this year."

**Shipments of feeder and stocker cattle and calves** from South St. Paul declined seasonally during December and were substantially smaller than one year earlier. Shipments during 1940 were slightly smaller than in 1939, more because of small supplies of this class of cattle than because of lack of demand. Also during the last few years, there has been a steady increase in the number of cattle that are shipped directly from producer to feed lot. This trend continued during 1940 and had a material effect on the receipts of this class of cattle at South St. Paul. In Minnesota alone more than 82 thousand head of cattle were received at feed lots through direct shipments compared to about 75 thousand during 1939. *The Livestock Situation* stated: "It still seems probable that the total number of cattle fed this season will be somewhat larger than the number fed last year . . . Feeder cattle have cost farmers a little more this fall than last, but with prospects for continued improvement in domestic demand conditions, the general level of cattle prices is expected to average materially higher in 1941 than in 1940."

**Hog receipts** at South St. Paul declined seasonally during December and were in about the same volume as the unusually large receipts in December 1939. Nearly 3 million hogs were marketed at South St. Paul during 1940 compared to only 2.2 million in 1939. These were the largest annual receipts since 1931 when 3.2 million were received. The continued unfavorable hog-corn price ratio has resulted in farmers marketing their spring pig crop earlier than usual this season. During the four months, September-December, receipts were 18% larger than during the corresponding period last year, even though the 1940 spring pig crop was slightly smaller than in 1939. The average weight of hogs marketed, however, was somewhat smaller during this period of 1940 than in 1939. *The Livestock Situation* stated: "The seasonal reduction in marketings later this winter will be more pronounced and perhaps earlier than usual; it probably will be accompanied by a fairly sharp advance in prices, particularly if consumer demand conditions continue to improve as now seems likely . . . Ordinarily an unfavorable hog-corn price ratio during the preceding fall and winter breeding season is reflected in a reduction in the spring pig crop the following year. Consequently, present indications point to some further reduction in the spring pig crop of 1941."

**Receipts of sheep and lambs** at South St. Paul declined seasonally during December but were 5% larger than one year earlier. Total 1940 receipts were 6% larger than in 1939 and 1% larger than in 1938 but were smaller than in any other year since 1929. The number of sheep and lambs on feed in our four states on January 1 has increased each year since 1937. On January 1, 1941 about 964 thousand head were on feed, about 100 thousand more than on that date last year and 200 thousand more than on any other similar date in our 6-year records. *The Livestock Situation* reported: "Slaughter supplies of lambs during the 1940-41 fed-lamb marketing season (December-April) will be a little larger than in that period last year, as a result of the increased feeding operations this fall and winter compared with a year earlier . . . Prices of lambs during the next few months will be supported by stronger consumer demand for meats and higher prices for wool than a year earlier."

**Imports of Canadian cattle** to South St. Paul during December declined seasonally from November but were the largest for any December in recent years. During 1940, about 47 thousand head of Canadian cattle were marketed in South St. Paul, compared with 65 thousand in 1939 and 40 thousand in 1938. United States imports of cattle during the first ten months of 1940 totaled 544 thousand head, 200 thousand of which were received from Canada and 344 thousand from Mexico. In addition to the above, about 64 million pounds of beef and veal were imported during the same period, most of which was received from South American countries. During the corresponding period of 1939, about 673 thousand cattle and 82 million pounds of beef and veal were imported.

**The number of chickens** of laying age on farms in our four states increased during December, was 2% larger than in December 1939 and was the largest for that month since 1937. Egg production also increased in December but was 13% smaller than a year earlier. Total 1940 egg production, however, was about 6% larger than 1939 as a result of larger production in the summer and early fall months.

**Cold storage holdings** of all classes of meat increased more than seasonally during December. On January 1, total meats in storage were one-third larger than a year earlier and were half again as large as the January 1 5-year median. Slaughterings of cattle and calves declined less than usual during December and accounted in part for the large increase in beef stocks. Hog slaughterings also were unusually large and resulted in sharp increases in pork and lard in cold storage. Lamb and mutton holdings increased even though sheep slaughterings declined more than seasonally. Egg supplies declined seasonally and were about normal but poultry holdings increased to a level 50% above the median. Cold storage holdings of butter declined seasonally during the month and continued to be well below the 5-year median on January 1.

## THE YEARS 1936 TO 1940 IN THE NINTH FEDERAL RESERVE DISTRICT

### GENERAL BUSINESS

| **Bank Debits** | 1936 | 1937 | 1938 | 1939 | 1940 |
|---|---|---|---|---|---|
| Total—106 Cities | $10,075,935,000 | $10,653,056,000 | $9,625,383,000 | $10,194,794,000 | $10,960,102,000 |
| Minneapolis | 4,184,537,000 | 4,411,825,000 | 3,905,851,000 | 4,126,517,000 | 4,405,028,000 |
| St. Paul | 1,990,856,000 | 2,053,056,000 | 1,879,028,000 | 1,958,139,000 | 2,071,978,000 |
| South St. Paul | 275,414,000 | 265,625,000 | 272,765,000 | 298,792,000 | 335,376,000 |
| Duluth-Superior | 555,197,000 | 659,913,000 | 562,552,000 | 598,324,000 | 652,017,000 |
| Michigan—13 Cities | 234,464,000 | 267,023,000 | 223,870,000 | 240,277,000 | 258,500,000 |
| Minnesota—38 Other Cities | 797,637,000 | 839,941,000 | 799,487,000 | 826,528,000 | 878,797,000 |
| Montana—14 Cities | 676,604,000 | 730,416,000 | 653,275,000 | 721,210,000 | 785,200,000 |
| North Dakota—13 Cities | 552,668,000 | 595,631,000 | 556,936,000 | 579,430,000 | 651,817,000 |
| South Dakota—16 Cities | 519,090,000 | 513,228,000 | 495,298,000 | 544,632,000 | 594,751,000 |
| Wisconsin—7 Other Cities | 289,468,000 | 316,398,000 | 276,321,000 | 300,945,000 | 326,638,000 |
| **Country Check Clearings** | | | | | |
| Total | $ 2,073,282,000 | $ 2,221,026,000 | $2,084,972,000 | $ 2,211,726,000 | $ 2,426,415,000 |
| Minnesota | 999,395,000 | 1,091,979,000 | 1,042,377,000 | 1,088,903,000 | 1,166,811,000 |
| Montana | 246,991,000 | 260,311,000 | 234,884,000 | 253,066,000 | 302,711,000 |
| North and South Dakota | 535,087,000 | 543,581,000 | 518,318,000 | 569,041,000 | 632,045,000 |
| Michigan and Wisconsin | 291,809,000 | 325,155,000 | 289,393,000 | 300,716,000 | 324,848,000 |
| **Retail Sales** | | | | | |
| 418 Lumber Yards (board ft.) | 97,655,000 | 98,311,000 | 100,828,000 | 115,466,000 | 122,486,000 |
| 19 City Department Stores | $ 61,842,710 | $ 64,023,180 | $ 62,628,080 | $ 65,932,760 | $ 67,950,320 |
| 307 Country Dept. Stores | 38,980,100 | 40,829,610 | 39,012,690 | 39,867,910 | 41,863,460 |
| Minnesota (119 Stores) | 11,689,680 | 12,424,590 | 11,913,750 | 12,234,850 | 12,886,370 |
| Montana (27 Stores) | 6,516,270 | 6,764,580 | 6,371,340 | 6,756,010 | 7,310,130 |
| North Dakota (60 Stores) | 6,568,790 | 6,893,430 | 6,749,200 | 6,941,130 | 7,169,930 |
| South Dakota (43 Stores) | 4,626,330 | 4,617,450 | 4,460,530 | 4,497,880 | 4,572,540 |
| Mich. & Wis. (58 Stores) | 9,579,030 | 10,129,560 | 9,517,870 | 9,438,040 | 9,924,490 |
| Life Insurance—Total | 210,592,000 | 213,993,000 | 206,142,000 | 200,750,000 | 201,172,000 |
| Minnesota | 150,853,000 | 155,213,000 | 148,083,000 | 142,149,000 | 140,620,000 |
| Montana | 24,455,000 | 23,816,000 | 21,202,000 | 22,693,000 | 23,532,000 |
| North Dakota | 16,844,000 | 17,298,000 | 17,705,000 | 17,423,000 | 18,010,000 |
| South Dakota | 18,440,000 | 17,666,000 | 19,152,000 | 18,485,000 | 19,010,000 |
| New Car Registrations—Total | 127,169 | 125,724 | 79,352 | 94,785 | 115,315 [1] |
| Minnesota | 81,773 | 82,874 | 52,667 | 60,771 | 73,653 |
| Montana | 20,745 | 18,062 | 10,154 | 13,523 | 16,904 [1] |
| North Dakota | 11,095 | 12,060 | 8,620 | 9,902 | 12,462 |
| South Dakota | 13,556 | 12,728 | 7,911 | 10,589 | 12,296 |
| **Inventories, December 31** | | | | | |
| 396 Lumber Yards (bd. ft.) | 59,330,000 | 58,684,000 | 54,465,000 | 53,834,000 | 63,798,000 |
| Lumber (5 Mfrs., bd. ft.) | 118,963,000 | 121,098,000 | 125,785,000 | 97,866,000 | 86,073,000 [1] |
| 19 City Dept. Stores | $ 8,415,440 | $ 8,594,450 | $ 8,241,100 | $ 8,973,960 | $ 9,153,439 [1] |
| 110 Country Dept. Stores | 3,938,180 | 4,227,340 | 4,019,790 | 4,147,970 | 4,325,770 |
| **Accts. & Notes Receivable, Dec. 31** | | | | | |
| 418 Lumber Yards | $ 2,121,200 | $ 2,402,060 | $ 2,484,570 | $ 3,183,390 | $ 3,470,247 |
| 19 City Dept. Stores | 8,336,370 | 8,797,810 | 8,761,270 | 9,428,160 | 9,778,700 [1] |
| **Manufacturing and Mining** | | | | | |
| Flour Production | | | | | |
| Minneapolis Mills (bbls.) | 6,381,928 | 5,721,699 | 5,736,663 | 5,559,445 | 5,278,764 |
| Other N. W. Mills (bbls.) | 9,581,406 | 7,961,073 | 9,053,823 | 9,774,609 | 9,353,627 |
| Copper Prod. (3 Firms, lbs.) | 313,082,000 | 367,882,000 | 238,032,000 | 252,893,000 | 325,961,000 |
| Lumber Cut (5 Mfrs., bd. ft.) | 170,867,000 | 174,657,000 | 140,267,000 | 146,673,000 | 171,329,000 [1] |
| Flour Ship. from Mpls. (bbls.) | 7,161,237 | 5,949,293 | 6,270,138 | 6,364,600 | 5,875,925 |
| Linseed Product Ship. (lbs.) | 267,310,621 | 231,230,257 | 156,938,361 | 253,940,000 | 432,970,000 |
| Iron Ore Ship. (gross tons) | 44,822,023 | 62,598,937 | 19,263,011 | 45,073,052 | 63,656,058 |
| Lbr. Shipped (5 Mfrs., bd. ft.) | 158,201,000 | 170,081,000 | 134,122,000 | 177,739,000 | 182,274,000 |
| **Business Failures** | | | | | |
| Number | 235 | 205 | 226 | 246 | 228 |
| Liabilities | $ 5,069,000 | $ 1,732,000 | $ 3,861,000 | $ 2,268,000 | $ 2,796,000 |
| **Electric Power Production (kwh)** | | | | | |
| Total | 3,331,781,000 | 3,324,067,000 | 3,125,839,000 | 3,632,945,000 | 3,993,818,000 [1] |
| Minnesota | 1,558,842,000 | 1,661,267,000 | 1,449,993,000 | 1,670,684,000 | 1,799,327,000 [1] |
| Montana | 1,451,816,000 | 1,318,493,000 | 1,323,389,000 | 1,574,903,000 | 1,773,341,000 [1] |
| North Dakota | 188,482,000 | 200,432,000 | 205,391,000 | 226,146,000 | 243,333,000 [1] |
| South Dakota | 132,641,000 | 143,875,000 | 147,066,000 | 161,212,000 | 177,817,000 [1] |
| **Freight Carloadings—N. W. District** | | | | | |
| Total | 5,123,962 | 5,509,811 | 4,055,491 | 4,820,117 | 5,365,471 |
| Grain and Grain Products | 445,148 | 432,509 | 486,341 | 478,649 | 480,306 |
| Livestock | 210,969 | 157,620 | 158,814 | 156,241 | 162,957 |
| Coal | 338,472 | 324,005 | 277,380 | 303,779 | 330,590 |
| Coke | 83,420 | 88,013 | 41,066 | 68,408 | 83,836 |
| Forest Products | 474,621 | 510,087 | 377,734 | 421,211 | 492,606 |
| Ore | 914,789 | 1,246,490 | 367,808 | 851,428 | 1,183,240 |
| Miscellaneous | 1,654,819 | 1,705,422 | 1,387,841 | 1,562,226 | 1,682,493 |
| Merchandise—LCL | 1,001,724 | 1,045,665 | 958,507 | 978,175 | 949,443 |

## THE YEARS 1936 TO 1940 IN THE NINTH FEDERAL RESERVE DISTRICT (CONTINUED)

| | 1936 | 1937 | 1938 | 1939 | 1940 |
|---|---|---|---|---|---|
| **F. H. A. Mortgages** | | | | | |
| Number—4 State Total | ............ | 2,878 | 2,949 | 3,052 | 3,899 |
| Valuation—Total | ............ | $ 9,700,000 | $ 11,589,000 | $ 12,431,000 | $ 16,038,000 |
| Minnesota | ............ | 7,080,000 | 8,610,000 | 8,953,000 | 11,235,000 |
| Montana | ............ | 1,586,000 | 1,394,000 | 1,640,000 | 2,289,000 |
| North Dakota | ............ | 393,000 | 551,000 | 393,000 | 625,000 |
| South Dakota | ............ | 641,000 | 1,034,000 | 1,445,000 | 1,889,000 |
| **Non-Farm Real Estate Foreclosures** | | | | | |
| Number—Total | 3,757 | 3,438 | 2,149 | 1,760 | 1,198 [1] |
| Minnesota | 2,644 | 2,012 | 1,157 | 1,028 | 689 [1] |
| Montana | 212 | 218 | 168 | 95 | 106 [1] |
| North Dakota | 288 | 390 | 280 | 284 | 159 [1] |
| South Dakota | 613 | 818 | 543 | 353 | 244 [1] |
| **Building Permits** | | | | | |
| Number—52 City Total | ............ | 18,786 | 18,784 | 21,165 | 22,639 |
| Valuation—Total | ............ | $ 34,048,270 | $ 34,360,220 | $ 50,780,580 | $ 49,966,640 |
| Minneapolis | $ 7,195,800 | 7,529,820 | 7,761,690 | 15,646,150 | 10,254,310 |
| 10 Minneapolis Suburbs | 3,514,200 | 3,892,600 | 4,294,600 | 6,613,830 | 8,362,560 |
| St. Paul | 7,099,900 | 7,228,100 | 7,275,350 | 8,331,320 | 9,751,360 |
| Duluth-Superior | 1,933,300 | 2,856,670 | 2,157,150 | 2,375,510 | 3,280,430 |
| 38 Other Ninth Dist. Cities | ............ | 12,541,080 | 12,871,430 | 17,813,770 | 18,317,980 |
| **Construction Contracts Awarded** | | | | | |
| Total | $ 89,387,000 | $ 92,387,000 | $ 93,669,000 | $ 95,018,000 | $ 93,585,000 |
| Public Works | 40,471,000 | 30,432,000 | 31,305,000 | 28,880,000 | 25,498,000 |
| Public Utilities | 6,317,000 | 11,906,000 | 9,259,000 | 7,781,000 | 10,032,000 |
| Total Building | 42,599,000 | 50,049,000 | 53,105,000 | 58,357,000 | 58,055,000 |
| Residential | 16,005,000 | 20,766,000 | 23,114,000 | 28,214,000 | 34,066,000 |
| Commercial & Industrial | 9,936,000 | 11,689,000 | 6,577,000 | 8,407,000 | 11,788,000 |
| Educational | 7,401,000 | 6,959,000 | 12,390,000 | 10,790,000 | 3,830,000 |
| All other | 9,257,000 | 10,635,000 | 11,024,000 | 10,946,000 | 8,371,000 |
| **Real Estate Activity in Hennepin and Ramsey Counties** | | | | | |
| Warranty Deeds Recorded | 13,540 | 14,085 | 13,729 | 18,084 | 17,517 |
| Mortgages Recorded | 14,377 | 13,800 | 13,659 | 15,448 | 15,930 |
| **AGRICULTURE** | | | | | |
| **Farmers' Cash Income (F. R. Bk.)** | | | | | |
| Bread Wheat | $ 50,946,000 | $ 86,171,000 | $ 72,569,000 | $ 71,730,000 | $ 92,556,000 |
| Durum Wheat | 8,923,000 | 14,214,000 | 15,347,000 | 19,461,000 | 19,778,000 |
| Rye | 5,819,000 | 10,811,000 | 7,229,000 | 6,466,000 | 5,031,000 |
| Flax | 9,665,000 | 11,317,000 | 10,297,000 | 19,932,000 | 23,487,000 |
| Dairy Products | 181,951,000 | 174,166,000 | 156,344,000 | 142,536,000 | 167,842,000 [1] |
| Hogs | 131,673,000 | 108,896,000 | 99,790,000 | 88,981,000 | 107,953,000 |
| Wool | 14,248,000 | 14,901,000 | 8,860,000 | 10,739,000 | 15,264,000 |
| Potatoes | 17,727,000 | 21,222,000 | 14,727,000 | 16,986,000 | 20,464,000 |
| **Butter Production (lbs.)** | 500,698,000 | 469,589,000 | 512,229,000 | 519,588,000 | 535,176,000 [1] |
| **Farmers' Cash Income (USDA)** [2] | | | | | |
| Ninth District | $ 757,944,000 | $ 789,718,000 | $ 706,710,000 | $ 789,270,000 | $ 934,688,000 [1] |
| Michigan (15 Counties) | 12,028,000 | 13,207,000 | 11,240,000 | 11,648,000 | 12,344,000 [1] |
| Minnesota | 356,974,000 | 379,880,000 | 341,907,000 | 359,365,000 | 427,644,000 [1] |
| Montana | 88,996,000 | 92,791,000 | 77,298,000 | 96,023,000 | 108,506,000 [1] |
| North Dakota | 107,664,000 | 125,362,000 | 102,559,000 | 138,160,000 | 165,792,000 [1] |
| South Dakota | 121,460,000 | 105,644,000 | 109,373,000 | 123,959,000 | 152,470,000 [1] |
| Wisconsin (26 Counties) | 70,822,000 | 72,834,000 | 64,333,000 | 60,115,000 | 67,932,000 [1] |
| **Grain Marketings at Mpls. and Duluth-Superior (bushels)** | | | | | |
| Bread Wheat | 33,322,000 | 57,494,000 | 79,337,000 | 74,859,000 | 91,698,000 |
| Durum Wheat | 7,068,000 | 12,098,000 | 20,615,000 | 23,044,000 | 22,531,000 |
| Rye | 8,466,000 | 13,095,000 | 15,854,000 | 13,070,000 | 8,874,000 |
| Flax | 4,721,000 | 5,391,000 | 5,656,000 | 12,018,000 | 15,374,000 |
| **Livestock Receipts at South St. Paul (No. of Head)** | | | | | |
| Cattle | 1,106,434 | 930,246 | 882,236 | 892,690 | 942,389 |
| Calves | 561,040 | 596,108 | 487,099 | 480,374 | 465,485 |
| Hogs | 1,994,944 | 1,590,607 | 2,016,720 | 2,204,915 | 2,959,982 |
| Sheep | 1,487,363 | 1,290,319 | 1,258,492 | 1,203,959 | 1,280,348 |
| **Cash Grain Prices at Mpls. (bu.)** [2] | | | | | |
| Wheat—No. 1, D. N. S. | $1.55⅞ | $1.15⅛ | $ .77¾ | $1.04⅛ | $ .88½ |
| Durum—No. 2 Amber | 1.77⅝ | 1.05⅞ | .69½ | 1.02⅛ | .89½ |
| Corn—No. 3 Yellow | 1.09⅝ | .51⅞ | .46⅛ | .50⅜ | .55⅝ |
| Oats—No. 3 White | .49¾ | .28¾ | .27⅞ | .36¼ | .34⅛ |
| Barley—No. 3 | 1.23 | .72 | .50 | .52 | .52 |
| Malting Barley—No. 3 | 1.30 | .77⅞ | .54 | .57 | .50 |
| Rye—No. 2 | 1.13½ | .69⅞ | .42⅝ | .69⅜ | .50 |
| Flax—No. 1 | 2.23⅜ | 2.10⅞ | 1.90½ | 2.07½ | 1.64 |

## THE YEARS 1936 TO 1940 IN THE NINTH FEDERAL RESERVE DISTRICT (CONTINUED)

| | 1936 | 1937 | 1938 | 1939 | 1940 |
|---|---|---|---|---|---|
| **Livestock Prices at South St. Paul (cwt.)**[3] | | | | | |
| Butcher Cows and Heifers | $6.00 | $5.75 | $6.00 | $6.50 | $7.50 |
| Heavy Butcher Steers[4] | 9.25 | 8.25 | 8.75 | 8.75 | 10.50 |
| Light Butcher Steers[5] | 7.50 | 7.00 | 8.25 | 8.25 | 9.25 |
| Prime Heavy Butcher Steers[4] | 11.75 | 9.75 | 9.50 | 9.25 | 13.00 |
| Prime Light Butcher Steers[5] | 10.00 | 8.50 | 10.00 | 9.50 | 12.25 |
| Hvy. Stocker & Feeder Steers[6] | 6.00 | 6.25 | 7.46 | 7.08 | 7.53 |
| Lt. Stocker & Feeder Steers[7] | 5.00 | 6.10 | 7.15 | 7.28 | 7.32 |
| Veal Calves | 7.50 | 7.50 | 8.00 | 8.00 | 8.00 |
| All Hogs | 9.65 | 7.75 | 7.15 | 5.25 | 5.85 |
| Heavy Hogs | 9.60 | 6.95 | 6.75 | 4.65 | 6.15 |
| Lambs | 8.50 | 8.25 | 9.00 | 8.85 | 9.50 |
| Ewes | 4.00 | 3.50 | 3.50 | 4.00 | 4.25 |
| **Wholesale Produce Prices at Minneapolis**[3] | | | | | |
| Butter (lb.) | $ .31¼ | $ .33¾ | $ .24½ | $ .26½ | $ .31 |
| Milk (cwt.) | 2.01 | 1.97 | 1.52 | 1.82 | 1.83 |
| Hens (lb.) | .11 | .15 | .10½ | .08 | .09 |
| Eggs (doz.) | .22½ | .16 | .17¾ | .12¼ | .15 |
| Potatoes (bu.) | 1.22 | .65¼ | .75 | .80 | .65 |
| Wool (farm price per lb.) | .30½ | .23 | .20 | .28 | .30 |

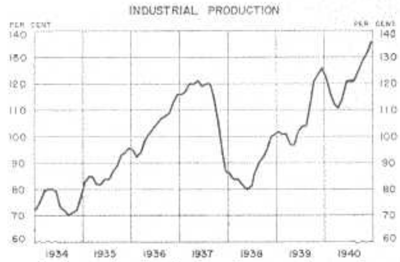
## BANKING

| | Dec. 31, 1936 | Dec. 31, 1937 | Dec. 31, 1938 | Dec. 30, 1939 | Dec. 31, 1940 |
|---|---|---|---|---|---|
| **City Member Banks**[1] | | | | | |
| Loans and Discounts | $ 171,685,000 | $ 178,477,000 | $ 160,220,000 | $ 191,015,000 | $ 215,920,000 |
| U. S. Government Securities | 190,028,000 | 167,174,000 | 177,518,000 | 173,010,000 | 167,287,000 |
| Other Securities | 48,138,000 | 40,611,000 | 41,385,000 | 42,607,000 | 41,792,000 |
| Total Deposits | 569,494,000 | 526,199,000 | 550,790,000 | 616,854,000 | 664,879,000 |
| Dem. Dep. Ind., Part. & Corp. | 257,344,000 | 227,482,000 | 236,722,000 | 276,089,000 | 303,232,000 |
| Time Dep. Ind., Part. & Corp. | 122,934,000 | 121,808,000 | 119,531,000 | 119,275,000 | 116,428,000 |
| Public Deposits | 53,339,000 | 57,089,000 | 61,350,000 | 57,911,000 | 61,393,000 |
| Due to Banks & Other Dep. | 135,877,000 | 119,820,000 | 133,187,000 | 163,579,000 | 183,826,000 |
| Estimated Excess Reserves[9] | 13,456,000 | 8,900,000 | 17,100,000 | 37,800,000 | 45,400,000 |
| **Country Member Banks**[8] | | | | | |
| Loans and Discounts | $ 117,813,000 | $ 131,439,000 | $ 137,322,000 | $ 165,937,000 | $ 200,923,000 |
| U. S. Government Securities | 139,688,000 | 136,766,000 | 133,931,000 | 125,757,000 | 124,433,000 |
| Other Securities | 114,593,000 | 103,808,000 | 99,820,000 | 89,596,000 | 79,794,000 |
| Total Deposits | 482,354,000 | 473,252,000 | 477,070,000 | 508,327,000 | 548,249,000 |
| Dem. Dep. Ind., Part. & Corp. | 176,730,000 | 169,040,000 | 170,483,000 | 194,412,000 | 221,232,000 |
| Time Dep. Ind., Part. & Corp. | 228,901,000 | 234,434,000 | 231,196,000 | 237,581,000 | 247,512,000 |
| Public Deposits | 52,797,000 | 49,609,000 | 54,110,000 | 51,816,000 | 51,766,000 |
| Due to Banks & Other Dep. | 23,926,000 | 20,169,000 | 21,281,000 | 24,518,000 | 27,739,000 |
| Estimated Excess Reserves[9] | 24,642,000 | 15,557,000 | 15,906,000 | 21,363,000 | 24,311,000 |
| **All Member Bank Total Deposits** | | | | | |
| Total | $ 1,051,848,000 | $ 999,451,000 | $1,027,860,000 | $ 1,125,181,000 | $ 1,213,128,000 |
| Michigan—15 Counties | 59,854,000 | 60,556,000 | 59,031,000 | 60,300,000 | 63,360,000 |
| Minnesota | 708,430,000 | 666,340,000 | 689,992,000 | 759,016,000 | 822,641,000 |
| Montana | 117,607,000 | 116,868,000 | 119,413,000 | 129,283,000 | 137,872,000 |
| North Dakota | 51,401,000 | 47,682,000 | 46,114,000 | 50,886,000 | 53,846,000 |
| South Dakota | 67,266,000 | 60,835,000 | 63,989,000 | 73,709,000 | 79,080,000 |
| Wisconsin—26 Counties | 47,290,000 | 47,170,000 | 49,321,000 | 51,987,000 | 56,329,000 |
| **Interest Rates** | | | | | |
| Minneapolis Com'l Banks | 3½-3¾ | 3½-3¾ | 3½-3¾ | 3-3¼ | 2¾-3 |
| Com'l Paper (Net Rate) | 1 | 1¼ | ⅞ | ⅞ | ¾ |
| Minneapolis Fed. Res. Bank | 2 | 1½ | 1½ | 1½ | 1½ |
| **Minneapolis Federal Reserve Bank** | | | | | |
| Loans to Member Banks | $ 3,000 | $ 175,000 | $ 134,000 | $ 150,000 | $ 196,000 |
| Twin Cities | 0 | 0 | 0 | 0 | 0 |
| Minn., Wis. and Mich. | 0 | 91,000 | 124,000 | 67,000 | 35,000 |
| North Dakota and Montana | 3,000 | 0 | 10,000 | 50,000 | 125,000 |
| South Dakota | 0 | 84,000 | 0 | 33,000 | 36,000 |
| Industrial Advances | 1,064,000 | 637,000 | 964,000 | 743,000 | 219,000 |
| Commitments—Indus. Adv. | 71,000 | 51,000 | 212,000 | 62,000 | 50,000 |
| Total Earning Assets | 91,840,000 | 83,875,000 | 57,915,000 | 68,450,000 | 62,683,000 |
| Member Bank Res. Balances | 120,530,000 | 126,011,000 | 113,568,000 | 154,788,000 | 174,476,000 |
| Fed. Res. Notes in Circ. | 136,096,000 | 137,569,000 | 136,857,000 | 141,427,000 | 158,709,000 |
| Total Reserves | 184,211,000 | 195,865,000 | 249,844,000 | 268,053,000 | 318,004,000 |

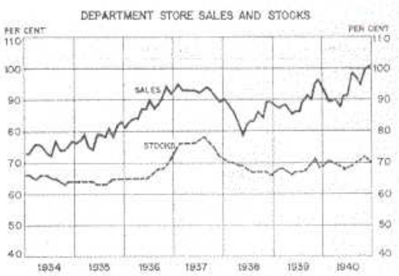
[1] December estimated. [2] 78 crops and 13 livestock items including government payments. [3] December. [4] 1,100 lbs. and over. [5] Under 1,100 lbs. [6] 800 lbs. and over. [7] Under 800 lbs. [8] Figures for 11 weekly reporting banks outside of reserve cities are included under "City Member Banks." [9] Based on last report date in year.

# National Summary of Business Conditions

## COMPILED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, JANUARY 17, 1941

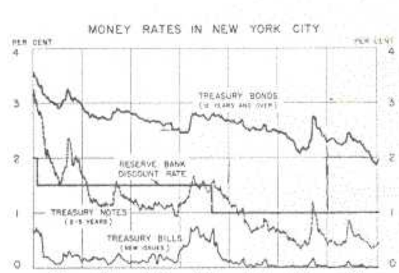



Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. By months, January 1934 to December 1940.




Indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1934 to December 1940.


U. S. Department of Commerce estimates of the amount of income payments to individuals, adjusted for seasonal variation. By months, January 1934 to December 1940.




For weeks ended January 6, 1934 to January 11, 1940.

**Industrial activity continued at a high rate in December and the first half of January and distribution of commodities to consumers was maintained in large volume. There was some increase in wholesale commodity prices.**

**PRODUCTION:** The volume of industrial production showed little change from November to December, although usually there is a decline at this season, and consequently the Board's adjusted index rose further by four points to 136 per cent of the 1935-39 average. Steel ingot production was sustained at about 96 per cent of capacity. New orders for steel continued large, according to trade reports, and were equal to or slightly greater than production; consequently the volume of unfilled orders remained at about the peak level reached in November. In the first half of January steel output increased to around 98 per cent of capacity. Activity in the machinery, aircraft, and shipbuilding industries continued to increase sharply and working forces were expanded further. In these lines and in some others, such as wool textiles, unfilled orders are exceptionally large, owing in the main to the defense program.

Automobile production declined somewhat more than seasonally in December following an unusually large volume of output in November and October. Retail sales of new cars during the last quarter of 1940 were about one-fourth greater than in the corresponding period last year and used car sales also were large. In the nonferrous metals industries activity increased further in December and output of lumber and cement showed less than the usual seasonal decline.

Textile production, which in November had exceeded the previous record levels reached a year ago, continued at this high rate in December, not showing the usual seasonal decrease. At cotton and rayon mills, activity increased somewhat further and at wool textile mills output was sustained at peak rates. In the shoe industry, where output had been in reduced volume during the first ten months of the year, there was less than the usual seasonal decline in November and December and, on a seasonally adjusted basis, production was close to earlier peak levels.

At mines bituminous coal production declined less than seasonally and anthracite production increased. Output of crude petroleum showed a reduction in December owing mainly to the fact that wells in Texas were closed for ten days as compared with nine days in November. Output of metals continued in large volume.

The value of construction contract awards, as reported by the F. W. Dodge Corporation, increased contraseasonally in December, reflecting further sharp increases in awards for defense construction and private nonresidential building. Contracts for private residential building declined by somewhat less than the usual seasonal amount.

**DISTRIBUTION:** Distribution of commodities to consumers increased more than seasonally in December. Department and variety store sales showed the customary sharp expansion during the Christmas season and sales at mail-order houses rose more than is usual at this time of year.

Freight-car loadings showed a seasonal decline from November to December. Shipments of forest products and miscellaneous freight decreased less than seasonally, while ore loadings, which had been unusually large in November, declined sharply.

**WHOLESALE COMMODITY PRICES:** Basic commodity prices generally increased from the middle of December to the middle of January, following little change during the preceding four weeks. Currently these prices are substantially above the level prevailing last summer. Increases in the past month were most marked for foodstuffs, especially hogs, pork, lard, and cottonseed oil, but there were advances also in a number of industrial materials, particularly pig iron, cotton, cotton goods, paint materials, and hides. Steel scrap prices, after increasing during most of the period, subsequently declined and lumber prices also decreased somewhat from the sharply advanced peak reached in November.

**BANK CREDIT:** Total loans and investments at reporting member banks in 101 leading cities continued to increase substantially during the six weeks ended January 8, reflecting principally increases in holdings of United States Government obligations at New York City banks. Commercial loans rose somewhat further while loans to New York security brokers and dealers, which had increased in December, subsequently declined somewhat.

Excess reserves, after declining during the first half of December, have since increased to about $6.9 billion. The increase reflected reductions in Treasury deposits with the Reserve Banks, a continued inflow of gold, and since Christmas a seasonal return flow of currency from circulation.

**UNITED STATES GOVERNMENT SECURITY PRICES:** Prices of United States Government securities reacted somewhat after reaching record high levels early in December. Bonds of 1960-65 showed on January 8 a net decline of about 2⅜ points from the all-time peak of December 10 but subsequently fluctuated somewhat above this level. The yield on this issue, which was 2.03 per cent at the peak in prices, was 2.16 per cent on January 14.