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

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Business volume as a whole rose to the highest December level in 10 years. Deposits at all banks in the district were the highest since 1931 and earning assets were the highest since 1932. Farmers' cash income rose sharply in December as grain prices averaged the highest in eighteen months. Other farm prices declined.

Comparative annual figures appear on pages 215-217.

BUSINESS

The volume of business in this district in December was the largest for that month in the last ten years with the exception of carloadings, according to our seasonally adjusted indexes. While both of our carloadings indexes were the highest for December since 1936, the total carloadings index dropped sharply from the November level. The carloadings index in November was exceptionally high because of the second largest November ore shipments in our 20 year records (larger in 1923). All of our other indexes were sharply higher in December than in November. The country check clearings index climbed to 167, the highest point ever reached. While country lumber sales in the winter months are generally somewhat smaller than in the fall, the decline was much less than usual in November and December of 1939, the total for those two months being the largest since 1928 and the index figure for the final period of the year was at the highest level since April, 1930. The bank debits and city department store sales indexes were the highest since early in 1931. Reflecting the high volume of sales in December, the city department store stocks index declined abruptly but at the end of the year was higher than at any other year-end since 1931.

Northwestern Business Indexes

(1929-1931=100)

Monthly Indexes	Dec. 1939	Nov. 1939	Dec. 1938	Dec. 1937
Bank debits—94 cities	96	90	81	85
Bank debits—farming centers	102	95	87	90
Country check clearings	167	157	146	149
City department store sales	105	94	96	93
City department store stocks	83	88	78	81
Country department store sales	109	98	100	100
Country lumber sales	128	117	110	99
Miscellaneous carloadings	99	93	89	79
Total carloadings (excl. miscellaneous)	73	90	68	70
Employment—Minn. (1936=100)	109	108	102	103
Farm Prices—Minn. (1924-26=100)	64	68	66	77

Annual Indexes	1939	1938	1937	1936
Bank debits—94 cities	88	83	90	85
Bank debits—farming centers	94	88	93	88
Country check clearings	151	143	154	146
City department store sales	97	93	95	91
City department store stocks	83	78	81	80
Country department store sales	100	95	100	93
Country lumber sales	111	100	99	94
Miscellaneous carloadings	86	76	94	91
Total carloadings (excl. miscellaneous)	75	61	87	79
Employment—Minn. (1936=100)	104	99	108	100
Farm Prices—Minn. (1924-26=100)	66	70	91	88

On an annual basis, all of our indexes were higher in 1939 than in 1938 and about half were higher than in any year since 1930 or 1929. Indexes for bank debits at farming centers, city department store and country department and general store sales were all higher in 1939 than in any year since 1930. Lumber sales at country lumber yards during the last year were the largest since 1929. The country check clearings and total bank debit indexes, however, were a little lower in 1939 than in 1937, and both the miscellaneous and total carloadings indexes were somewhat below the 1937 level.

Building contracts awarded in December dropped sharply from the level of the preceding month and were little more than half as large as the 15-year record volume of December 1938 but the total for 1939 was well above the volume of one year earlier and was the largest since 1929. Residential building contracts accounted for most of the December building total and while they were somewhat lower than in November, they were in larger volume than in December last year and set a new high for the month since 1925. The 1939 total for residential contracts was the largest for any year since 1927. Contracts for public works in December showed the customary seasonal increase over November but were smaller than in December in any other recent year. Public utility construction contracts declined in December instead of increasing as usual.

Building permits issued in December in 72 cities (including 10 Minneapolis suburbs) were substantially larger than in the same month in 1938, both in number and amount. Permits for new construction accounted for 96% of the total compared with only 86% in December 1938.

Department store sales in December were 9% larger than in the same month one year earlier at both city and country stores. For the year 1939, country department and general stores showed a gain of 6% and city department stores a gain of 5% over 1938. All of the eighteen sections in the district reported larger sales volumes for December 1939 than for the same month in 1938 and all but one reported 1939 annual sales that equalled or exceeded those in the preceding year. The largest statewide increase over 1938 was reported by Montana where the increase at the 41 reporting stores averaged 9%.

Sales at Department Stores

	No. of Stores	% Dec. 1939 of Dec. 1938	% 1939 of 1938
Mpls., St. Paul, Duluth-Superior	21	109	105
Country Stores	390	109	106
Minnesota	132	109	105
Central Minnesota	24	111	104
Northeastern Minnesota	13	112	109
Red River Valley Minnesota	6	118	107
South Central Minnesota	31	102	99
Southeastern Minnesota	18	105	101
Southwestern Minnesota	43	112	108
Montana	41	109	109
Mountain	11	111	108
Plains	30	107	109
North Dakota	69	111	106
North Central North Dakota	12	110	107
Northwestern North Dakota	10	115	108
Red River Valley No. Dakota	24	110	103
Southeastern North Dakota	20	108	108
Southwestern North Dakota	3	121	120
Red River Valley—Minn., N. D.	30	112	104
South Dakota	79	109	105
Southeastern South Dakota	16	109	103
Other Eastern South Dakota	52	110	106
Western South Dakota	11	100	104
Wisconsin and Michigan	69	110	104
Northern Wis. and Mich.	37	114	110
West Central Wisconsin	32	107	100
Total District	411	109	105

Collections on accounts and notes showed a little more than the usual decline from the November volume in December, but the percentage increase in **receivables** during the month was no larger than in December in other recent years. The end-of-the-year dollar total, however, was the largest in our five-year records.

City department store stocks decreased by more than the seasonal amount in December to the lowest level in several months whereas at the end of November, stocks had been the largest in nine years. **Rural department store stocks** decreased somewhat more sharply in December 1939 than in December 1938 but the decline was much more moderate than at city stores. **Wholesalers' inventories** declined in December, the totals reported by automotive supply dealers, grocery wholesalers, tobacco suppliers and other miscellaneous lines all being lower at the end of the year than one month earlier.

Warranty deeds recorded in Hennepin and Ramsey Counties in December increased to the customary year-end peak but the increase was much larger than usual. The December total was more than twice as large as in November and was the largest for any single month since December 1927. **Real estate mortgages** also increased substantially in December and were more numerous than in any month since December 1934. **Mortgages accepted for FHA insurance** in November decreased seasonally in both number and amount in Minnesota, Montana and North Dakota but there was an increase in South Dakota. The totals for the district, however, were lower than in November 1938. The 1939 January-November total was 7% larger than in the same eleven months in 1938 and slightly exceeded the 1938 annual total.

Business failures in December declined from the relatively high levels of November but were higher than in December of the previous year in both number of failures and amount of liabilities. **Non-farm real estate foreclosures** were larger in November than in October for the second time in our 5-year records. The November total was nearly half again as large as in November 1938.

The volume of production in our district as indicated by several unadjusted indicators continued at a high rate during December despite a reduced output of flour both at Minneapolis and at outside mills. Flour shipments, however, declined less than seasonally and were 4% larger than one year earlier. Linseed oil shipments declined seasonally but were nearly three times the volume of December 1938 and were larger than in any other December in the last 12 years. Linseed cake shipments were more than twice the volume of December 1938 and were the largest December shipments since 1935. Slaughterings of cattle, calves and sheep at South St. Paul declined seasonally but hog slaughter increased sharply and was more than three-fourths larger than in December 1938. The cut of lumber declined slightly from November but was one-fourth larger than one year ago. Lumber shipments declined but were a little above December 1938. Mine production of copper and silver declined somewhat during December but gold production increased 13% and the production of all three metals was somewhat larger than in December 1938. The number of employees at reporting copper, gold and silver mines increased during the month and was 4% larger than one year earlier. The Minnesota employment index increased from 107.9 in November to 109.2 during December. Electric power consumption during November was practically unchanged from the October volume, was 9% larger than one year earlier and was the largest on record for that month.

Other business activity indicators that were higher in December 1939 than in the final month of 1938 were total sales at country lumber yards; new car and truck sales in each of the four complete states in our district; net telephone installations in the Twin City area, and wholesales of automotive supplies, hardware, paper, tobacco and other miscellaneous lines. Indicators that were lower last December than a year earlier were wholesales of groceries and life insurance sales.

BANKING

Country member bank deposits remained at about the highest level in recent years during December and averaged more than $504 million for the latter half of the month. **Earning assets** decreased nearly $3 million, resulting in an increase in balances with correspondents of about that amount as balances with us were unchanged. Because of the increase in balances at city banks, there was a reduction in net demand deposits upon which reserve balances are required, raising **excess reserves** to the highest level since February 1937.

City member bank deposits rose irregularly throughout December to a point only slightly lower than the all-time high reached at the middle of November but declined sharply during the first three weeks of January to last fall's level. **Loans to cus-**

tomers have declined steadily since establishing a 7 year high on November 15. Holdings of securities paralleled the decline in loans during most of December but increased moderately toward the end of the month and during the first three weeks of January. **Excess reserves** continued to increase during December and reached an all-time high on December 20 of nearly $40 million, but since then have declined by about $5 million. Total reserves also increased throughout December, setting a new record at $262 million on December 27 but have since declined to the lowest level in several months.

Deposits at all member banks during the last quarter of 1939 increased $33 million, most of which was at city (weekly reporting) banks. There was a net increase of six in the number of member banks during the final quarter of the year, all of which were in the country (non-weekly reporting) bank group. Deposits at these banks totalled $4 million, loans nearly $3 million and other investments a little over $1 million. There was a net increase of $11 million in **earning assets** of all member banks, an increase of $19 million in loans being partially offset by decreased security holdings. Comparable figures for selected items from call reports of the two groups of banks are shown in the table below.

Selected Items from December 30, 1939 and October 2, 1939 Call Reports, in Millions of Dollars

	City (weekly reporting) Banks			Country (non-weekly reporting) Banks		
	12-30	10-2		12-30	10-2	
Earning Assets	1939	1939	Change	1939	1939	Change
Total Loans and Discounts	$191	$183	$+ 8	$166	$155	$+11
U. S. Govt. Securities	171	173	— 2	126	127	— 1
Sec. of States, Counties, Municipalities, etc.	25	28	— 3	51	52	— 1
"All Other" Securities	18	17	+ 1	39	41	— 2
Total Earning Assets	$405	$401	$+ 4	$382	$375	$+ 7
Deposits						
Ind., Part. & Corp. (dem.)	$276	$264	$+12	$195	$193	$+ 2
Ind., Part. & Corp. (time)	119	119		237	232	+ 5
U. S. Government	2	2		3	3	
State, Co. & Mun., etc.	56	54	+ 2	49	44	+ 5
Due to Banks	157	151	+ 6	19	18	+ 1
"All Other" Deposits	7	7		5	5	
Total Deposits	$617	$597	$+20	$508	$495	$+13
Number of Banks	20	20		447	441	+ 6

Deposits at all banks in the Ninth District continued to climb during the last quarter of 1939 and by the end of the year totalled more than $1½ billion for the first time since the spring of 1931. Investments, during the fourth quarter, continued the decline that has been evident throughout the year, but loans increased sharply to the largest total in 8 years. Taking into consideration the increases shown in the second and third quarters, the rise in loans in 1939 by banks in this district has been the largest and of the greatest duration in the last 20 years. In addition, during the last three quarters of 1939, commercial paper outstanding expanded as usual and on December 31 was about one-third larger than on the same date one year earlier but remained far below the level of pre-depression years.

The Federal Reserve Bank of Minneapolis' current net earnings in 1939 amounted to $160 thousand compared with $89 thousand in 1938. Significant items from our profit and loss statement are shown below:

	1939	1938
Current net earnings	$159,860	$ 88,548
Net additions to current net earnings	13,572	284,749[1]
Net earnings	173,432	373,297
Dividends paid	174,905	174,231
Payments to Secretary of the Treasury		1,005[2]
Withdrawn from surplus (Sec. 13b)	479	
Transferred to surplus	994[3]	198,061

[1]Largely from profit in sales of United States government securities.
[2]Under section 13b of Federal Reserve Act. [3]Withdrawn from surplus.

Total earning assets of the bank declined steadily throughout 1939 from $81 million in early January to $68 million at the end of the year. The volume of bills discounted for member banks remained very small despite some increase in November. Industrial advances declined steadily throughout the year except for a small temporary increase in mid-summer. The December 31 total, $740 thousand, was the smallest year end figure since loans of this type were authorized in 1934.

Member bank reserve balances averaged higher in 1939 than in any year since this bank was established in 1914 and set a new all-time high of $162 million on December 15. Member bank reserve deposits have now remained constantly above the $100 million level for three consecutive years, 1937, 1938 and 1939. Federal Reserve notes in circulation in 1939 were in about the same volume as in 1938, the average for both years being slightly lower than in 1937.

The discount rate to member and non-member banks under the last paragraph of Section 13 of the Federal Reserve Act was lowered to 1½% in September 1939, but all other rates, including advances to individuals, partnerships and corporations under Section 13, remained at the levels in effect at the end of 1938.

AGRICULTURE

Farmers' cash income from the sale of seven products (excluding government payments) increased in December instead of showing the usual seasonal decline and was 27% larger than in December last year. Income from the sale of grains and hogs accounted for most of the increase from the November level but incomes from potatoes and from dairy products were also a little larger than in the preceding month. The income from each of the seven products was considerably higher than in December 1938.

The USDA estimate of cash income for November (including government payments) confirmed the greater-than-usual decline from October that was indicated by our incomplete estimate last month, but the total for the month was 11% larger than in November 1938. Since the January-November 1939 total of $673 million equalled the total for the year of 1938, it is evident that the 1939 income was well above that of the preceding year. About half of the increase in 1939 over 1938 was from the sale of crops and about half from larger government payments (including proceeds from loans) but there was also a small increase from the sale of livestock and livestock products.

Agricultural product prices declined slightly in December despite the strength of grain prices which were all higher than in the preceding month and higher than in December 1938. Most livestock and livestock product prices were lower in December than in November although prices for butcher steers, cows and heifers and for butter were unchanged and veal calf, lamb, ewe and wool prices were slightly higher. Compared with December 1938, most of these prices, with the exception of wool, which was materially higher, were lower last December as shown in the tables on pages 216-7. The Minnesota farm price index dropped from 68 in November to 64 in December which was a little lower than the 1939 average, 66.

Receipts of cattle and calves at South St. Paul continued to decline seasonally during December but were somewhat larger than in December 1938. Total receipts of cattle and calves during 1939 were only slightly larger than in 1938 when receipts were the smallest in any year since 1933. The restocking of northwestern farms which began in 1938 continued at an even more active rate throughout 1939 and accounted in large part for the negligible increase in marketings in spite of the larger numbers of cattle on farms. Feed supplies were abundant throughout the year and at the end of 1939 were the largest in many years. The USDA cattle production outlook stated: "Cattle numbers are expected to be about 2 million head larger on January 1, 1940 than a year earlier. . . . Total slaughter of cattle and calves in 1940 probably will be somewhat smaller than in 1939. Calf slaughter is expected to be smaller than a year earlier in most of next year but in the first half of 1940, cattle slaughter may be about as large as in the first half of 1939. The prospective increase in marketings of grain-fed cattle may offset the reduction in marketings of cows and heifers." In conclusion, the report stated: "Cattle prices during the past few years have been maintained at considerably higher levels than would have prevailed except for the marked shortage in hogs. Hog production is now back to the pre-drouth level and total production of meats in 1940 will be above average and may approach record proportions. Under these conditions it would seem that cattle producers might well utilize the coming period of improved demand to market fairly heavily rather than to increase numbers and potential production by building up herds in a period of high prices."

Shipments of feeder and stocker cattle and calves from South St. Paul declined seasonally during December and were somewhat smaller than a year ago, December and July being the only months in 1939 when shipments were below those of one year earlier. Total 1939 shipments were about one-fourth larger than in 1938 and were the largest since 1936. Demand for feeders and stockers was strong throughout the year and frequently supplies were inadequate; as a result, an unusually small price margin between feeders and finished cattle prevailed throughout most of 1939. The USDA's Agricultural Marketing Service reported that "The number of cattle on feed for market in the 11 Corn Belt States about January 1 was 12% larger this year than last. The estimate also shows an increase of about 19% in the number on feed in the 11 Western states. The total number on feed at the beginning of 1940, for the country as a whole, was the largest in recent years and among the largest in the past 20 years." Minnesota showed a 20%, South Dakota a 17% and Wisconsin a 10% increase over one year earlier. Continuing, the Marketing Service stated: "Reports from Corn Belt feeders as to the months they expected to market the cattle on feed January 1 show a larger proportion for marketing in the 4 months, January through April, and a smaller proportion after April this year than last."

Imports of Canadian beef cattle during December were about one-quarter the November volume and were only 40% of December 1938. Total 1939 Canadian cattle importations were 192 thousand head compared with 98 thousand in 1938. According to a recent presidential proclamation, Canada was again allotted a quota of 193,950 head for 1940. This, however, may not be completely utilized since the USDA recently reported "Present indications are that total imports of live cattle in 1940 will be smaller than the 1939 imports."

Hog receipts at South St. Paul in December were 23% larger than in November and were half again as large as in December 1938. Such a sharp increase in marketings is unusual in December but abundant feed supplies and favorable weather encouraged farmers to hold and feed their larger supplies of hogs a little longer than usual, resulting in substantially larger numbers of hogs being ready for market after December 1 than in other recent years. Total 1939 hog receipts were 9% larger than in 1938 and were the largest since 1933. According to *The Livestock Situation*, "The number of hogs slaughtered under Federal inspection in the present hog marketing year, October 1939-September 1940, probably will be about 20% greater than in the 1938-39 marketing year. . . . In view of abundant feed supplies and the prospects for a hog-corn ratio about average or somewhat above average, a further increase in the number of pigs raised is expected in 1940. . . . Of all farm products, hogs are the only important one for which a significant expansion in export outlets is probable for 1939-40 as a result of the war. But even in the case of hogs, prospective improvement in domestic demand, resulting from enlarged consumer incomes, is expected to be much more important as a price-supporting factor than the increase in foreign demand."

Receipts of sheep and lambs at South St. Paul declined seasonally during December but were 16% larger than the small December receipts in 1938. Total 1939 receipts were a little smaller than in 1938 and were the smallest annual receipts since 1929. The number of sheep and lambs on feed on January 1, 1940 in our four states was about 20% larger than a year earlier compared to an increase of 3% for the total United States. *The Livestock Situation* stated that: "The outlook for the sheep industry during the next few years appears to be relatively more favorable than the outlook for either

cattle or hogs. No large increase in total number of stock sheep is expected during the next few years. . . . But some increase in numbers in Montana and South Dakota is probable. . . . The price outlook for both wool and lambs seems relatively favorable compared with that for cattle and hogs. The war situation is expected to be more of a price strengthening factor for wool than for any other agricultural product."

Farm flocks of poultry increased during 1939 and egg production continued at an unusually high rate. The west north central states made larger gains over a year ago than any other section of the United States both in size of flocks and egg production. According to the *Poultry and Egg Production Report* issued by USDA, "The average number of hens and pullets of laying age in farm flocks belonging to crop reporters on January 1 was 85.2 compared with 82.8 a year ago and the 10 year (1929-38) average of 84.5. . . . Holdings of young chickens on January 1, including pullets and other chickens, averaged 83.0 per farm flock compared with 80.3 a year earlier, a gain of 3.4 per cent. . . . The indicated total egg production on January 1 was the largest on record, being 9 per cent above a year ago and about 40 per cent above the 10 year (1929-38) average."

Cold storage holdings of all classes of meat increased during December and on January 1, 1940 were substantially larger than one year earlier. Beef holdings increased seasonally but holdings of pork, lamb & mutton, and miscellaneous meats increased more than usual. Due to large hog slaughterings cold storage holdings of lard nearly doubled during December and on January 1 were nearly 70% above the 5 year average. Egg supplies declined less than seasonally but were about normal. Poultry in cold storage increased more than usual and was about one-fifth larger than the 5 year average. Butter stocks declined more than usual during December for the fourth consecutive month and were 13% below the 5 year average on January 1. Cheese stocks on January 1 were about equal to the 5 year average.

THE YEARS 1935 TO 1939 IN THE NINTH FEDERAL RESERVE DISTRICT

GENERAL BUSINESS

Bank Debits	1935	1936	1937	1938	1939
Total—94 Cities	$8,804,156,000	$9,954,268,000	$10,515,671,000	$9,504,418,000	$10,184,745,000
Minneapolis	3,756,035,000	4,184,537,000	4,411,825,000	3,905,851,000	4,126,517,000
St. Paul	1,768,167,000	1,990,856,000	2,053,056,000	1,879,028,000	1,958,139,000
South St. Paul	207,945,000	275,414,000	265,625,000	272,765,000	298,792,000
Duluth-Superior	457,869,000	555,197,000	659,913,000	562,552,000	598,324,000
Michigan—9 Cities	171,760,000	197,407,000	223,521,000	189,300,000	204,401,000
Minnesota—35 Other Cities	651,197,000	770,365,000	809,742,000	769,397,000	795,294,000
Montana—13 Cities	604,739,000	651,399,000	704,736,000	631,102,000	814,237,000
North Dakota—12 Cities	521,715,000	549,760,000	592,496,000	553,761,000	575,798,000
South Dakota—14 Cities	443,713,000	511,342,000	505,686,000	488,199,000	536,844,000
Wisconsin—6 Other Cities	221,016,000	267,991,000	289,071,000	252,463,000	276,399,000
Country Check Clearings—F. R. Bk.					
Total	$1,284,831,000	$1,451,301,000	$ 1,538,030,000	$1,418,701,000	$ 1,508,939,000
Minnesota	477,625,000	556,183,000	598,444,000	562,196,000	584,820,000
Montana	212,207,000	241,734,000	254,273,000	229,041,000	246,482,000
North and South Dakota	376,308,000	394,481,000	391,037,000	368,849,000	409,805,000
Michigan and Wisconsin	218,691,000	258,903,000	294,276,000	258,615,000	267,832,000
Retail Sales					
418 Lumber Yards (board feet)	84,619,000	97,655,000	98,311,000	100,828,000	115,466,000
19 City Department Stores	$ 55,928,030	$ 61,842,710	$ 64,023,180	$ 62,628,080	$ 65,940,810
421 Country Dept. & Gen. Stores	61,159,130	67,419,690	70,893,500	68,595,370	71,892,520[1]
Life Insurance—Total	206,343,000	203,423,000	208,998,000	203,190,000	200,750,000
Minnesota	146,561,000	143,931,000	150,117,000	145,028,000	142,149,000
Montana	21,433,000	24,262,000	23,929,000	21,295,000	22,693,000
North Dakota	19,635,000	16,844,000	17,298,000	17,678,000	17,423,000
South Dakota	18,714,000	18,386,000	17,654,000	19,189,000	18,485,000
New Car Registrations—Total	109,006	127,169	125,724	79,352	94,885
Minnesota	65,458	81,773	82,874	52,667	60,771
Montana	17,405	20,745	18,062	10,154	13,623
North Dakota	12,612	11,095	12,060	8,620	9,902
South Dakota	13,531	13,556	12,728	7,911	10,589
Manufacturing and Mining					
Flour Production					
Minneapolis Mills (bbls.)	6,636,159	6,381,928	5,721,699	5,736,663	5,559,445
Other N. W. Mills (bbls.)	8,784,680	9,581,406	7,961,073	9,053,823	9,416,270
Copper Prod. (3 Firms, lbs.)	219,470,000	313,082,000	367,882,000	238,032,000	252,806,000
Lumber Cut (5 Mfrs., bd. ft.)	158,914,000	170,867,000	174,657,000	140,267,000	146,449,000
Flour Ship. from Mpls. (bbls.)	7,018,898	7,161,237	5,949,293	6,270,138	6,364,600
Linseed Product Ship. (lbs.)	223,228,547	267,310,621	231,230,257	156,938,361	253,940,000
Iron Ore Ship. (gross tons)	28,362,368	44,822,023	62,598,937	19,263,011	45,072,724
Lbr. Shipped (5 Mfrs., bd. ft.)	132,422,000	158,201,000	170,081,000	134,122,000	176,911,000
Inventories, December 31					
396 Lumber Yards (board feet)	54,628,000	59,330,000	58,684,000	54,465,000	54,430,000
Lbr. (5 Mfrs. bd. ft.)	109,674,000	118,963,000	121,098,000	125,785,000	99,311,000
19 City Department Stores	$ 8,592,750	$ 8,415,440	$ 8,594,450	$ 8,241,100	$ 8,976,040[1]
96 Country Dept. & Gen. Stores	3,433,540	3,618,470	3,859,260	3,537,930	3,790,110[1]

THE YEARS 1935 TO 1939 IN THE NINTH FEDERAL RESERVE DISTRICT (CONTINUED)

	1935	1936	1937	1938	1939
Accts. & Notes Receivable, Dec. 31					
418 Lumber Yards	$ 1,854,100	$ 2,121,200	$ 2,402,060	$ 2,484,570	$ 2,869,540[1]
18 City Department Stores	7,284,650	8,261,160	8,536,420	8,714,800	9,362,940[1]
Business Failures					
Number	263	235	205	226	236
Liabilities	$ 4,814,000	$ 5,069,000	$ 1,732,000	$ 3,861,000	$ 2,263,000
Electric Power Consumption (kwh)					
Minn., North & South Dak.	1,777,515,000	2,103,933,000	2,233,509,000	2,187,223,000	2,406,563,000[1]
Montana	1,296,199,000	1,451,816,000	1,318,493,000	1,323,389,000	1,598,097,000[1]
Freight Carloadings—N. W. District					
Total	4,313,911	5,123,962	5,509,811	4,055,491	4,820,117
Grain and Grain Products	422,658	445,148	432,509	486,341	478,649
Livestock	160,623	210,969	157,620	158,814	156,241
Coal	297,997	338,472	324,005	277,380	303,779
Coke	59,375	83,420	88,013	41,066	68,408
Forest Products	385,772	474,621	510,087	377,734	421,211
Ore	571,655	914,789	1,246,490	367,808	851,428
Miscellaneous	1,447,651	1,654,819	1,705,422	1,387,841	1,562,226
Merchandise—LCL	968,180	1,001,724	1,045,665	958,507	978,175
Building Permits					
Number—Total 51 Cities	.....	.....	18,751	18,797	21,160
Valuation—Total 51 Cities	.....	.....	$ 33,885,110	$ 34,507,260	$ 50,170,530
Minneapolis	$ 4,690,900	$ 7,195,800	7,529,820	7,761,690	15,646,160
Minneapolis Suburbs (10)		3,514,200	3,892,600	4,294,600	6,605,600
St. Paul	3,551,700	7,099,900	7,228,100	7,275,350	8,331,320
Duluth-Superior	1,544,300	1,933,300	2,856,670	2,157,150	2,375,520
Michigan—5 Cities	.....	.....	609,770	597,200	746,860
Minnesota—11 Other Cities	.....	.....	3,805,350	5,322,930	7,626,680
Montana—7 Cities	.....	.....	3,483,660	3,174,670	3,323,020
North Dakota—5 Cities	.....	.....	1,053,000	1,111,320	1,802,200
South Dakota—7 Cities	.....	.....	2,010,050	2,156,580	2,409,490
Wisconsin—2 Other Cities	.....	.....	1,416,090	655,770	1,303,680
Construction Contracts Awarded					
Total Building	$ 27,269,000	$ 42,599,000	$ 50,049,000	$ 53,105,000	$ 58,357,000
Residential	10,095,000	16,005,000	20,766,000	23,114,000	28,214,000
Commercial & Industrial	5,654,000	9,936,000	11,689,000	6,577,000	8,407,000
Educational	4,937,000	7,401,000	6,959,000	12,390,000	10,790,000
All Other	6,583,000	9,257,000	10,635,000	11,024,000	10,946,000
Public Works	31,879,000	40,471,000	30,432,000	31,305,000	28,880,000
Public Utilities	5,403,000	6,317,000	11,906,000	9,259,000	7,781,000
Real Estate Activity in Hennepin and Ramsey Counties					
Warranty Deeds Recorded	11,073	13,540	14,085	13,729	18,084
Mortgages Recorded	12,883	14,377	13,800	13,659	15,448

AGRICULTURE

Farmers Cash Income (F. R. Bk.)					
Bread Wheat	$ 91,298,000	$ 50,946,000	$ 86,171,000	$ 72,569,000	$ 71,730,000
Durum Wheat	11,077,000	8,923,000	14,214,000	15,347,000	19,461,000
Rye	3,348,000	5,819,000	10,811,000	7,229,000	6,466,000
Flax	17,495,000	9,665,000	11,317,000	10,297,000	19,932,000
Dairy Products	141,331,000	181,951,000	174,166,000	154,753,000	142,507,000
Hogs	73,574,000	131,673,000	108,896,000	99,790,000	90,162,000
Wool	9,827,000	14,248,000	14,901,000	8,860,000	10,684,000
Potatoes	13,542,000	17,727,000	21,222,000	14,356,000	16,142,000
Butter Production (lbs.)	470,556,000	500,698,000	469,589,000	512,102,000	520,018,000[1]
Farmers' Cash Income (USDA)[2]					
Ninth District	$ 627,634,000	$ 700,830,000	$ 776,979,000	$ 683,936,000	$ 734,069,000[1]
Michigan (15 Counties)	8,752,000	10,258,000	13,082,000	10,492,000	10,578,000[1]
Minnesota	277,627,000	345,042,000	374,799,000	319,667,000	331,860,000[1]
Montana	100,545,000	80,595,000	90,855,000	83,427,000	91,373,000[1]
North Dakota	93,093,000	94,299,000	123,244,000	99,232,000	125,605,000[1]
South Dakota	92,910,000	103,972,000	102,623,000	107,037,000	116,693,000[1]
Wisconsin (26 counties)	54,707,000	66,664,000	72,376,000	64,081,000	57,960,000[1]
Grain Marketings at Mpls. and Duluth-Superior (bushels)					
Bread Wheat	63,877,000	33,322,000	57,494,000	79,337,000	74,859,000
Durum Wheat	9,660,000	7,068,000	12,098,000	20,615,000	23,044,000
Rye	6,982,000	8,466,000	13,095,000	15,854,000	13,070,000
Flax	10,061,000	4,721,000	5,391,000	5,656,000	12,018,000
Livestock Receipts at South St. Paul (No. of Head)					
Cattle	910,785	1,106,434	930,246	882,236	892,690
Calves	477,264	561,040	596,108	487,099	480,374
Hogs	931,203	1,994,944	1,590,607	2,016,720	2,204,915
Sheep	1,362,424	1,487,363	1,290,319	1,258,492	1,203,959

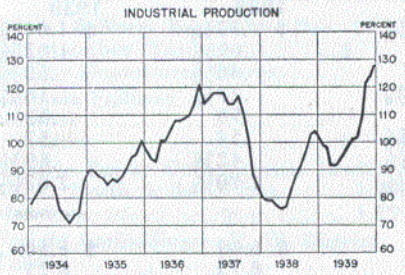
THE YEARS 1935 TO 1939 IN THE NINTH FEDERAL RESERVE DISTRICT (CONTINUED)

Cash Grain Prices at Mpls. (bu.)[1]	1935	1936	1937	1938	1939
Wheat—No. 1, D. N. S.	$ 1.28 3/8	$ 1.55 7/8	$ 1.15 1/8	$ .77 3/4	$ 1.04 1/8
Durum—No. 2 Amber	1.13	1.77 5/8	1.05 7/8	.69 1/2	1.02 1/8
Corn—No. 3 Yellow	.54	1.09 5/8	.51 7/8	.46 1/8	.50 3/8
Oats—No. 3 White	.26	.49 3/4	.28 3/4	.27 7/8	.36 1/4
Barley—No. 3	.52	1.23	.72	.50	.52
Malting Barley—No. 3	.62	1.30	.77 7/8	.54	.57
Rye—No. 2	.49	1.13 1/2	.69 7/8	.42 5/8	.69 3/8
Flax—No. 1	1.83 1/8	2.23 3/8	2.10 7/8	1.90 1/2	2.07 1/2
Livestock Prices at South St. Paul (cwt.)[2]					
Butcher Cows and Heifers	$ 5.50	$ 6.00	$ 5.75	$ 6.00	$ 6.50
Heavy Butcher Steers[4]	8.25	9.25	8.25	8.75	8.75
Light Butcher Steers[5]	7.00	7.50	7.00	8.25	8.25
Prime Heavy Butcher Steers[4]	10.00	11.75	9.75	9.50	9.25
Prime Light Butcher Steers[5]	9.50	10.00	8.50	10.00	9.50
Heavy Stocker & Feeder Steers[6]	7.00	6.00	6.25	7.46	7.08
Light Stocker & Feeder Steers[7]	6.00	5.00	6.10	7.15	7.28
Veal Calves	8.50	7.50	7.50	8.00	8.00
All Hogs	9.25	9.65	7.75	7.15	5.25
Heavy Hogs	8.90	9.60	6.95	6.75	4.65
Lambs	10.75	8.50	8.25	9.00	8.85
Ewes	4.75	4.00	3.50	3.50	4.00
Wholesale Produce Prices at Minneapolis[3]					
Butter (lb.)	$ .31	$ .31 1/4	$ .33 3/4	$ .24 1/2	$ .26 1/2
Milk (cwt.)	1.73	2.01	1.97	1.52	1.82
Hens (lb.)	.17	.11	.15	.10 1/2	.08
Eggs (doz.)	.18	.22 1/2	.16	.17 3/4	.12 1/4
Potatoes (bu.)	.66 5/8	1.22	.65 1/4	.75	.80
Wool (farm price per lb.)	.22 1/2	.30 1/2	.23	.20	.28

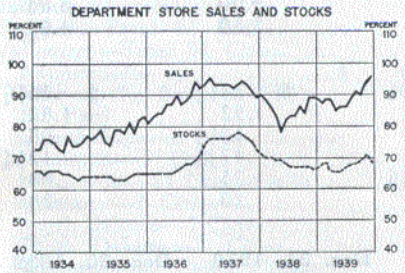
BANKING

City Member Banks[8]	Dec. 31, 1935	Dec. 31, 1936	Dec. 31, 1937	Dec. 31, 1938	Dec. 30, 1939
Loans and Discounts	$ 176,923,000	$ 171,685,000	$ 178,477,000	$ 160,220,000	$ 190,977,000
U. S. Government Securities	168,550,000	190,028,000	167,174,000	177,518,000	171,353,000
Other Securities	44,431,000	48,138,000	40,611,000	41,385,000	42,607,000
Total Deposits	537,593,000	569,494,000	526,199,000	550,790,000	616,854,000
Demand Dep.-Ind.,Part.&Corp	226,698,000	257,344,000	227,482,000	236,722,000	276,089,000
Time Dep.-Ind., Part. & Corp.	118,728,000	122,934,000	121,808,000	119,531,000	119,275,000
Public Deposits	60,282,000	53,339,000	57,089,000	61,350,000	57,911,000
Due to Banks & Other Dep.	131,885,000	135,877,000	119,820,000	133,187,000	163,579,000
Estimated Excess Reserves[9]	21,640,000	13,456,000	8,900,000	17,100,000	37,800,000
Country Member Banks[8]					
Loans and Discounts	$ 131,399,000	$ 117,813,000	$ 131,439,000	$ 137,322,000	$ 165,987,000
U. S. Government Securities	107,952,000	139,688,000	136,766,000	133,931,000	125,757,000
Other Securities	104,855,000	114,593,000	103,808,000	99,820,000	89,596,000
Total Deposits	439,802,000	482,354,000	473,252,000	477,070,000	508,321,000
Demand Dep.-Ind.-Part&Corp	149,170,000	176,730,000	169,040,000	170,483,000	194,408,000
Time Dep.-Ind., Part.&Corp.	213,832,000	228,901,000	234,434,000	231,196,000	237,579,000
Public Deposits	55,503,000	52,797,000	49,609,000	54,110,000	51,816,000
Due to Banks & Other Dep.	21,297,000	23,926,000	20,169,000	21,281,000	24,518,000
Estimated Excess Reserves[9]	.....	24,642,000	15,557,000	15,906,000	21,363,000
All Member Bank Total Deposits					
Total	$ 977,395,000	$1,051,848,000	$ 999,451,000	$1,027,860,000	$ 1,125,175,000
Michigan—15 counties	52,326,000	59,854,000	60,556,000	59,031,000	60,301,000
Minnesota	656,031,000	708,430,000	666,340,000	689,992,000	759,039,000
Montana	112,721,000	117,607,000	116,868,000	119,413,000	129,305,000
North Dakota	52,555,000	51,401,000	47,682,000	46,114,000	50,834,000
South Dakota	61,270,000	67,266,000	60,835,000	63,989,000	73,707,000
Wisconsin—26 counties	42,492,000	47,290,000	47,170,000	49,321,000	51,989,000
Interest Rates					
Minneapolis Commercial Banks	3 1/2-3 3/4	3 1/2-3 3/4	3 1/2-3 3/4	3 1/2-3 3/4	3-3 1/4
Commercial Paper (Net Rate)	1 1/4	1	1 1/4	7/8	7/8
Minneapolis Federal Res. Bk.	2	2	1 1/2	1 1/2	1 1/2
Minneapolis Federal Reserve Bank					
Loans to Member Banks	$ 33,000	$ 3,000	$ 175,000	$ 134,000	$ 150,000
Twin Cities	0	0	0	0	0
Minnesota, Wis. & Mich.	0	0	91,000	124,000	67,000
North Dakota & Mont.	0	3,000	0	10,000	50,000
South Dakota	33,000	0	84,000	0	33,000
Industrial Advances	1,590,000	1,064,000	637,000	964,000	743,000
Commitments-Indust. Adv.	138,000	71,000	51,000	212,000	62,000
Total Earning Assets	77,261,000	91,840,000	83,875,000	57,915,000	68,450,000
Member Bk. Res. Balances	96,228,000	120,530,000	126,011,000	113,568,000	154,788,000
Fed. Res. Notes in Circ.	110,563,000	136,096,000	137,569,000	136,857,000	141,427,000
Total Reserves	145,513,000	184,211,000	195,865,000	249,844,000	268,053,000

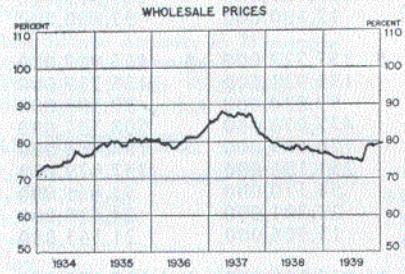
[1] December estimated. [2] 78 crops and 13 livestock items including government payments. [3] December. [4] 1,100 lbs. and over. [5] Under 1,100 lbs. [6] 800 lbs. and over. [7] Under 800 lbs. [8] Figures for 11 weekly reporting banks outside of reserve cities are included under "City Member Banks."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



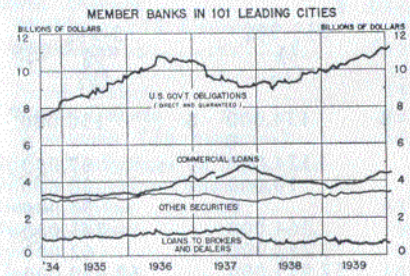
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to December 1939.



Indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to December 1939.



Index compiled by the United States Bureau of Labor Statistics, 1926=100. By weeks, 1934 to week ended January 13, 1940.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934 to January 17, 1940. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.

National Summary of Business Conditions

COMPILED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, JANUARY 18, 1940

Industrial activity, after a rapid rise in recent months, declined less than seasonally in December. In the first half of January activity did not show the usual seasonal increase. Distribution of commodities to consumers was maintained in large volume.

PRODUCTION: Industrial output decreased in December, but by a smaller amount than is usual at this season, with the consequence that the Board's index, which allows for usual seasonal variations, advanced further from 124 to 128 per cent of the 1923-1925 average. As in other recent months, the rise in the index continued to reflect mainly increased activity in industries producing durable goods. Automobile production rose sharply in December owing to the reopening of plants of one large producer which had been closed for almost two months. Plate glass production also increased. At steel mills activity was maintained near the high level that prevailed in October and November; fourth quarter production of steel ingots was greater than in any other three-month period on record. Output of zinc and deliveries of tin continued to increase in December, and lumber production declined less than seasonally.

In the nondurable goods industries, where production had been at high levels throughout the autumn, changes in output in December were largely seasonal in character. At woolen textile mills, however, there was a considerable reduction in activity, and activity at silk mills declined to a low level, reflecting in part continued high prices of raw silk. Output of crude petroleum continued at a high rate in December, while coal production was reduced, following a large volume of output in the two preceding months.

In the first half of January steel ingot production was at a somewhat lower level than in December, while automobile assemblies were maintained at about the same high rate as in the previous month.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased further in December, owing to the inclusion in the December figures of a large amount for a dam under construction by the Tennessee Valley Authority. Contracts for private building, both residential and nonresidential, declined seasonally.

EMPLOYMENT: According to reports from leading industrial States, factory employment decreased less than seasonally in December and pay rolls showed a further advance.

DISTRIBUTION: Distribution of commodities to consumers increased further in December. Sales at variety stores showed about the usual sharp rise and sales at department stores and mail-order houses increased more than seasonally.

Freight-car loadings declined by more than the usual seasonal amount from November to December, reflecting chiefly a further reduction in coal shipments and a decrease in loadings of ore, which had been at a high level in the previous month.

COMMODITY PRICES: Prices of wheat, which had advanced sharply early in December and continued at the higher level during the rest of the month, declined considerably in the first half of January. Smaller decreases occurred in some other commodities, including hides, tin, and zinc. Prices of most other basic commodities, such as cotton, wool, lead, and steel scrap, showed little change.

GOVERNMENT SECURITY MARKET: Prices of United States Government securities continued to advance during December and were steady during the first two weeks of January.

BANK CREDIT: Total loans and investments of reporting member banks in 101 leading cities declined in the four weeks ended January 10, following an increase during the first half of December. These changes reflected largely a temporary rise and a subsequent decline in loans to security brokers and dealers in connection with the Government's flotation of a new issue of bonds. Total holdings of United States Government obligations at city banks showed little net change during the period.

As a result chiefly of further increases in gold stock as well as the post-holiday return of currency from circulation, excess reserves of member banks increased sharply in the four weeks ended January 10.