

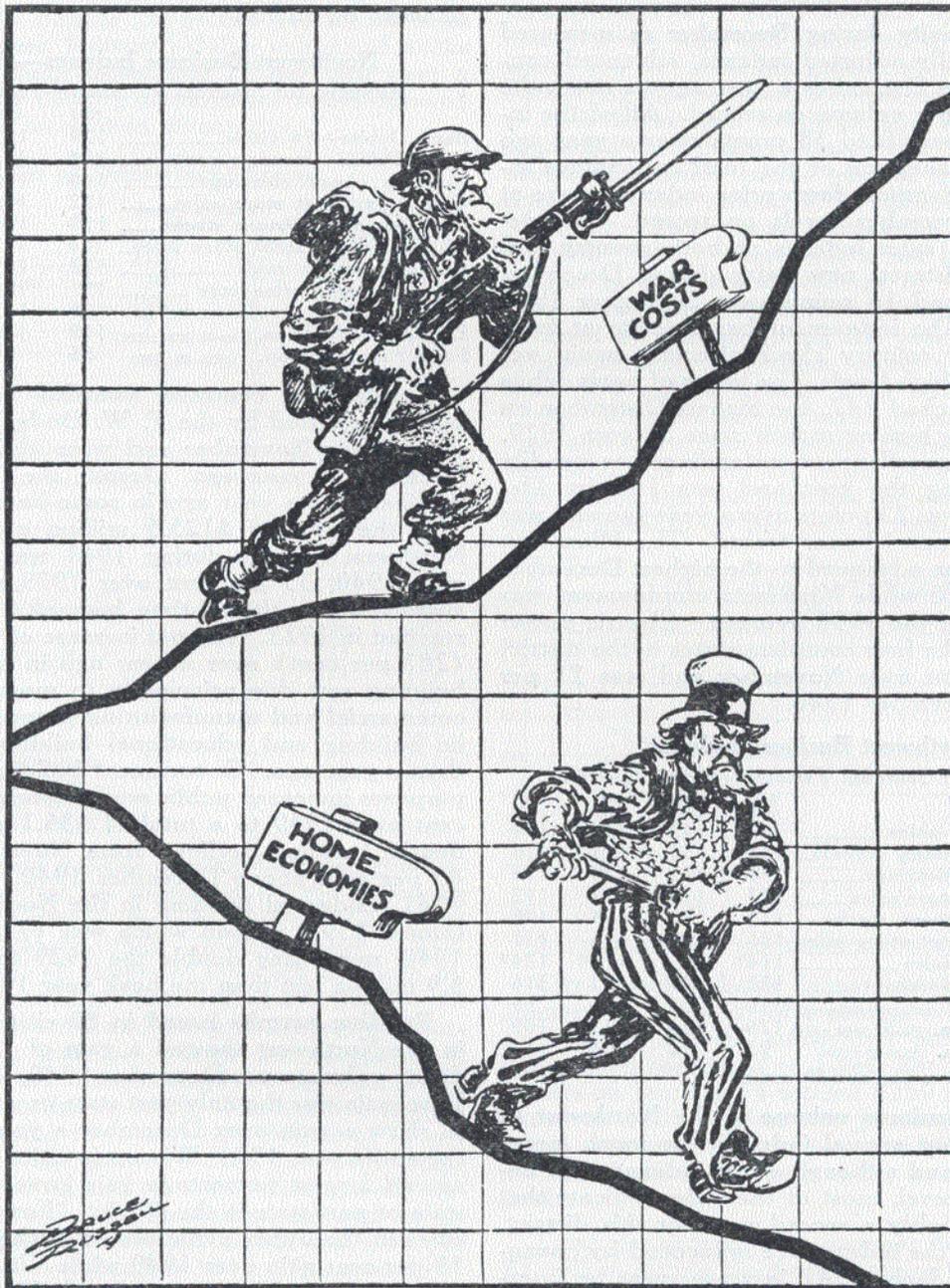
MONTHLY REVIEW

OF
AGRICULTURAL AND BUSINESS CONDITIONS
IN THE
NINTH FEDERAL RESERVE DISTRICT

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Federal Reserve Bank, Minneapolis, Minn.

January 28, 1942



"The Road\$ to Victory"

Russell—Los Angeles Times

BUY DEFENSE SAVINGS BONDS

Northwest business volume during December was larger than in November and reached the highest December level on record. Member bank deposits expanded further to new record levels. Member bank loans to customers reached the highest total since 1930. Cash farm income for 1941 was the highest since World War I. December cash farm income from hogs was more than double December 1940.

BUSINESS

Business activity during December as measured by our seasonally adjusted indexes, advanced considerably above December a year ago to reach the highest December volume on record. All of the indexes were from 10 to 38 points over a year ago and with the exception of the total carloadings index and the Minnesota farm price index all were at the highest December levels on record. The department store sales indexes at both country and city stores registered new gains during December and were 20 and 16 points over December 1940 respectively. The indexes of bank debits at farm centers and of country check clearings again advanced to new high levels. The index of bank debits at 94 cities reached 147, the highest December on record and the highest month since August 1929. The index of miscellaneous carloadings has steadily increased during the year and was 157 for December. This was 23 points over a year ago and was the highest in our 18-year record. The Minnesota farm price index advanced to the highest December level since 1926 while Minnesota employment was 126 per cent of the 1936 average. Electric power production in the four complete states in the district was 10 per cent over November and was 21 per cent above December 1940.

Northwest Business Indexes

Adjusted for Seasonal Variation—1935-39=100

	Dec. 1941	Nov. 1941	Dec. 1940	Dec. 1939
Bank Debts—94 cities.....	147	143	115	114
Bank Debts—farming centers...	156	151	121	116
Country check clearings.....	158	151	120	114
City department store sales.....	127	123	111	112
City department store stocks.....	132	132	108	106
Country department store sales	136	128	116	117
Country lumber sales.....	134*	.....	110*	124*
Miscellaneous carloadings	157	149	133	116
Total carloadings (excl. miscellaneous)	110	153	100	99
Employment—Minn. (Unadj. 1936=100)	126	124	115	109
Farm Prices—Minn. (1924-26=100)	97	92	68	64

*Average for November and December

The 1941 business volume in the Northwest as measured by our annual indexes was much larger than in 1940, and although a few indexes were below the 1929 level, most of the series indicate that 1941 was probably a record year for this district. Since many of the indexes are influenced by changing prices, the large 1941 increase must be interpreted in view of the generally higher price level prevailing during the latter half of the year. Even after making such allowance the 1941 volume appears to be greater than any year on record. The 1941 volume of retail sales at department stores was the largest on record. The index of bank debits

at country centers also reached a new high while the index of bank debits at 94 cities was not far below the high of 1929. The indexes of freight carloadings also approached the record levels of 1929. Minnesota employment was 119 per cent of the 1936 average and the index of country lumber sales was the highest on record. The Minnesota farm price index was 19 points above 1940. These higher farm prices associated with better than average production have produced one of the largest cash farm incomes on record.

Northwest Business Indexes—Annual

Adjusted for Seasonal Variation—1935-39=100

	1941	1940	1939	1938
Bank Debts—94 cities.....	129	112	104	98
Bank Debts—farming centers.....	138	117	107	100
Country check clearings.....	140	116	105	100
City department store sales.....	122	110	106	101
City department store stocks.....	119	106	103	98
Country department store sales...	124	112	106	100
Country lumber sales.....	138	123	116	101
Miscellaneous carloadings	131	108	101	89
Total carloadings (excl. miscellaneous)	128	112	100	84
Employment—Minn. (Unadj. 1936=100)	119	108	104	99
Farm Prices—Minn. (1924-26=100)	86	67	66	70

Construction contracts awarded during December, as reported by the F. W. Dodge Corporation, were below November and were also less than in December a year ago. Despite the fourth quarter decline from a year ago in some lines of construction, the total of \$125.5 million awarded in the Northwest District during 1941 was 34 per cent over 1940, 33 per cent over 1929 and was only slightly below the all-time high of \$127.3 million reached in 1923. The net increase of \$25.4 million (282 per cent) over a year ago in non-residential building was due principally to more building for commercial and manufacturing purposes since public building and educational building totaled less than a year ago. Government building for defense purposes increased public works construction 42 per cent over 1940 to a total of \$36.1 million. Residential building declined from November but was 48 per cent above December 1940. For the year 1941 residential building in the Northwest District totaled \$39.9 million which was 17 per cent over 1940, more than double the 1929 total, and only \$.9 million less than the peak year 1923.

Building permits issued in 82 cities and suburbs in the Northwest showed a gain of 17 per cent in dollar volume over December 1940. Northwestern Wisconsin was the only part state or state that failed to show a gain over December a year ago but for the entire year 1941, Wisconsin cities registered the second largest percentage gain over 1940 for any state or part-state in the district. For the year 1941 cities in the upper peninsula of Michigan showed a 39 per cent gain over 1940 while Wisconsin reporting cities were 24 per cent ahead of last year. Minneapolis suburbs showed an increase of 27 per cent for the year as compared to the Minnesota increase of 10 per cent.

Department store sales in the Ninth District during December were again above the corresponding

month of 1940 and the total dollar volume of sales for the year was 11 per cent over 1940. Since prices have advanced well over the 1940 level it is likely that the physical volume of goods moved during 1941 was not materially changed from 1940. The dollar volume of sales in 1941 increased in every trade section of the district with each state percentage increase deviating only slightly from the district average.

Stocks at department stores on January 1 were unusually large despite the record volume of sales during December. January 1 dollar volume of stocks at city department stores was 22 per cent over a year ago while country department stores showed an 18 per cent increase in inventories.

Sales at Department Stores

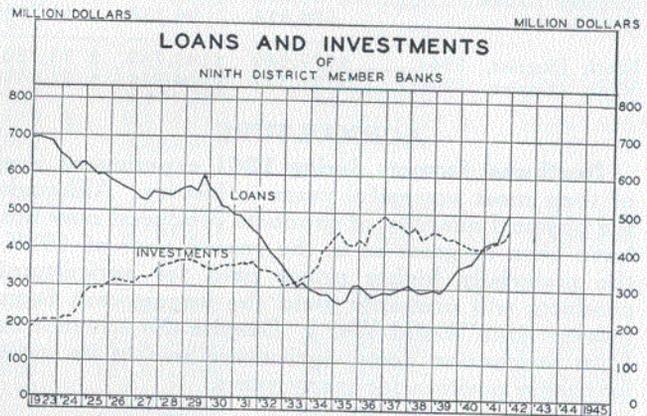
	Number of Stores		% Dec. 1941 of Dec. 1940	Cumulative % 1941 of 1940
	Increase	Showing Decrease		
Total District	216	16	116	111
Mpls., St. Paul, Dul.-Sup....	20	2	115	111
Country Stores	196	14	117	110
Minnesota	71	1	120	110
Central	7	0	115	108
Northeastern	8	0	119	110
Red River Valley.....	6	0	119	111
South Central	22	0	126	112
Southeastern	11	0	115	109
Southwestern	17	1	122	110
Montana	32	9	110	107
Mountains	9	4	108	107
Plains	23	5	111	107
North Dakota	43	0	124	111
North Central	9	0	131	114
Northwestern	6	0	132	119
Red River Valley.....	16	0	121	109
Southeastern	11	0	120	109
Red Riv. V.-Minn.-N. D. ..	22	0	121	109
South Dakota	20	2	121	116
Southeastern	7	0	120	118
Other Eastern	11	1	124	114
Western	2	1	108	103
Wisconsin & Michigan....	30	2	115	111
Northern Wisconsin ..	11	2	118	110
West Central Wis.....	11	0	116	114
Up. Peninsula Mich....	8	0	112	108

The December volume of manufacturing production in the district, as measured by the following indicators, was greater than in November and was substantially larger than in December 1940. Slaughtering of all classes of livestock at South St. Paul during December were well above that month a year ago, with cattle and sheep slaughtering showing the largest increases. With the exception of hogs, all livestock slaughtering for the year 1941 were larger than during 1940. The number of hogs slaughtered during 1941 showed a decline of 13 per cent from the high point reached in 1940. Shipments of linseed oil and oil cake, which usually decline from November to December, showed an increase of 43 per cent over last month and a 33 per cent increase over December 1940. The total 1941 shipments of 643 million pounds were 48 per cent over 1940 and were 42 per cent greater than the previous high of 454 million pounds shipped in 1925. Flour production, too, failed to show the usual seasonal decline and was one-third larger than in December a year ago. Flour production in the

Northwest during 1941 amounted to 15.3 million barrels. This was 3 per cent above 1940 but was far short of the 25.0 million barrel annual output maintained during the 20's. The Minnesota index of manufacturing employment advanced one point and was 124 per cent of the 1936 average.

BANKING

Deposits of all member banks in the Ninth Federal Reserve district steadily increased in volume throughout 1941. Total deposits on December 31 rose to a new high and amounted to \$1,328 million which was \$115 million greater than a year earlier. Paralleling this increase, member banks have added to their investment holdings and have materially expanded their loans to customers. Loans and discounts of member banks were at the highest level since 1930 and totaled \$504 million on December 31, 1941. This was an increase of \$87 million for the year 1941. There was a net increase of \$46 million in investment holdings of member banks. Since investments other than government securities declined \$8 million during the year, their holdings of government obligations, direct and guaranteed, were \$54 million greater than on December 31, 1940. Whereas earning assets of member banks a year ago were about equally divided between investments and loans, the larger increase in loan volume during the past year has increased the proportion of loans to 59 per cent of total earning assets.



City member bank loans and investments on January 14 showed little change from one month earlier, but showed substantial increases in both items when compared to a year ago. Loans to customers on January 14 totaled \$269 million as compared to \$209 million last January, while investments increased \$29 million to \$243 million. City member bank loans were about equal to the 1929 peak.

Total deposits of city member banks increased \$3 million during the 4-week period ended January 14 and were \$60 million larger than a year ago. Demand deposits increased \$67 million during the year to more than offset the decline of \$7 million in time deposits. City member bank reserve balances with us increased \$8 million during the 4-week period ended January 14 and probably reflect the

seasonal decline of money in circulation. Excess reserves increased by about the same amount but were \$28 million less than a year ago.

The sales of Series E Defense Savings Bonds in the Ninth Federal Reserve District have materially increased since November. During each of the months, October and November, about \$2.5 million in bonds were sold by issuing agents other than post offices. In December total sales amounted to \$8.9 million and for the first 19 days of January the sales amounted to \$10.9 million. The distribution of bond sales by months was as follows:

	Amount (Thousands of Dollars) (Sale Price)	No. of Bonds
May	\$ 1,641	12,059
June	1,456	11,462
July	2,261	17,096
August	1,902	16,103
September	2,072	18,306
October	2,687	24,371
November	2,550	25,319
December	8,857	114,503
January 1-19	10,907	124,494
TOTAL	\$34,333	363,713

The reserve position of Ninth District member banks as indicated by the daily average of deposits and reserves for the last half of December, was as follows:

	Member Bank Reserve Deposits	Required Reserves Thousands of Dollars	Excess Reserves
Country Banks	\$ 68,635	\$ 47,651	\$ 20,984
City Banks	108,914	96,118	12,796
Ninth District, 1941	\$177,549	\$143,769	\$ 33,780
Ninth District, 1940	\$176,327	\$104,716	\$ 71,611

AGRICULTURE

Northwest farmers during 1941 experienced one of their most successful years in history. Although the physical quantity of products produced may not have been as great as in the record year of 1939, the materially higher prices paid for agricultural products will probably yield the largest cash farm income since World War I. Despite the advance in farm production costs, agriculture was in its most favorable position for many years.

Farmers' cash income during December was greater than in November and was substantially above December of 1940. We estimate the December cash farm income from important livestock and livestock product items to be approximately 12 per cent above November and 68 per cent over December 1940. The larger farm cash income in December this year was due principally to increases in income from the sale of hogs and cattle. Cash income from the sale of dairy products in December in the district increased only moderately over December last year but the total of \$223 million for the year was 32 per cent above 1940 and was the highest since 1929.

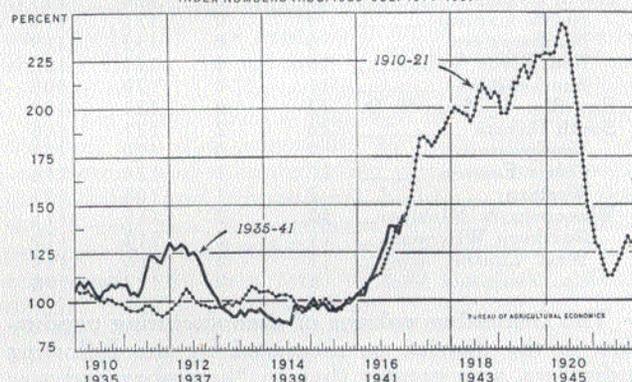
Farm production goals for 1942 have been fixed above the 1941 levels with the largest increases requested in livestock and livestock products. Expansion of output of livestock, dairy and poultry prod-

ucts will require further capital investment for agriculture, especially short-term loans which have steadily increased since 1934. Long-term agricultural loans which have steadily declined in volume from the 1923 peak, leveled off during 1941 and preliminary figures indicate the January 1, 1942 total may slightly exceed the farm mortgage debt outstanding on January 1 a year earlier.

Agricultural product prices which had leveled off during the months of October and November, resumed their upward trends during December and were well above prices a year ago. All grain prices showed moderate increases of from 3 to 9 cents per bushel over November while the median flax price advanced 14 cents to \$1.99 as compared to \$1.64 a year earlier. The median price of No. 1 Dark Northern wheat reached \$1.23 which was 35 cents over December 1940 and was the highest wheat price since early in 1938.

All livestock prices showed further improvement during December and in most instances were at the highest December levels since the late 20's. However, during the early fall months of 1937 most livestock prices at South St. Paul were slightly above present levels. The December hog price was \$10.50 per hundredweight compared to \$5.85 last year, while most classes of cattle showed increases of \$1.50 to \$2.50 per hundredweight over a year ago.

PRICES RECEIVED BY FARMERS, UNITED STATES, 1910-21, AND 1935-41
INDEX NUMBERS (AUG. 1909-JULY 1914=100)



Receipts of cattle at South St. Paul during December, although below November, declined less than usual and were 42 per cent greater than in December a year ago. Receipts during 1941 totaled 1,060 thousand head which was 13 per cent greater than in 1940, and, except for the abnormal drought years of 1934 and 1936, this represented the largest receipts since 1926 when 1,180 thousand head were received. Calf receipts during December were 13 per cent larger than in December 1940 but marketings for the year were about equal to the relatively small receipts of 1940 to indicate that farmers have continued to retain large numbers of calves on the farm for replacement purposes and for expansion of their herds. Hog receipts at South St. Paul during December were 11 per cent larger than in December 1940. This was the only month during 1941 that receipts were larger than in the corresponding month of 1940.

THE YEARS 1937 TO 1941 IN THE NINTH FEDERAL RESERVE DISTRICT

Bank Debits	1937	1938	1939	1940	1941
Total—108 Cities	\$10,775,084,000	\$ 9,725,629,000	\$10,293,872,000	\$11,068,149,000	\$12,843,455,000
Minneapolis	4,411,825,000	3,905,851,000	4,126,517,000	4,405,028,000	4,957,803,000
St. Paul	2,053,056,000	1,879,028,000	1,958,139,000	2,071,978,000	2,466,073,000
South St. Paul	265,625,000	272,765,000	298,792,000	335,376,000	422,674,000
Duluth-Superior	659,913,000	562,552,000	598,324,000	652,017,000	749,464,000
Michigan—14 Cities	316,693,000	263,260,000	278,136,000	297,562,000	340,446,000
Minnesota—38 Other Cities	836,281,000	796,280,000	824,350,000	878,655,000	1,012,967,000
Montana—15 Cities	806,434,000	717,338,000	784,607,000	853,862,000	989,578,000
North Dakota—13 Cities	595,631,000	556,936,000	579,430,000	652,282,000	792,030,000
South Dakota—16 Cities	513,228,000	495,298,000	544,632,000	594,751,000	726,100,000
Wisconsin—7 Other Cities	316,398,000	276,321,000	300,945,000	326,638,000	386,320,000
Country Check Clearings					
Total	\$ 2,221,026,000	\$ 2,084,972,000	\$2,211,726,000	\$ 2,426,415,000	\$ 2,951,750,000
Minnesota	1,091,979,000	1,042,377,000	1,088,903,000	1,166,811,000	1,405,775,000
Montana	260,311,000	234,884,000	253,066,000	302,711,000	374,826,000
North and South Dakota	543,581,000	518,318,000	569,041,000	632,045,000	783,059,000
Michigan and Wisconsin	325,155,000	289,393,000	300,716,000	324,848,000	388,090,000
Retail Sales					
308 Lumber Yards (bd. ft.)	73,019,000	75,767,000	85,196,000	91,124,000	104,494,000
19 City Dept. Stores	64,023,180	62,628,080	65,932,760	67,930,680	75,730,890
408 Country Dept. Stores	61,537,460	59,014,820	62,315,350	65,410,230	73,357,770
Minnesota (160 Stores)	21,262,180	20,486,840	21,338,450	22,470,850	24,779,250
Montana (74 Stores)	14,830,780	14,297,780	15,492,500	16,354,310	18,276,220
North Dakota (91 Stores)	11,698,160	11,208,110	11,780,020	12,274,770	14,072,310
South Dakota (56 Stores)	7,823,570	7,694,240	8,375,610	8,741,280	9,992,400
Mich. & Wis. (27 Stores)	5,922,770	5,327,850	5,328,770	5,569,020	6,237,590
Life Insurance—Total	213,993,000	206,142,000	200,750,000	201,172,000	206,032,000
Minnesota	155,213,000	148,083,000	142,149,000	140,620,000	143,280,000
Montana	23,816,000	21,202,000	22,693,000	23,532,000	22,520,000
North Dakota	17,298,000	17,705,000	17,423,000	18,010,000	18,952,000
South Dakota	17,666,000	19,152,000	18,485,000	19,010,000	21,280,000
New Car Registrations—Total	125,724	79,352	94,785	115,093	120,847
Minnesota	82,874	52,667	60,771	73,653	77,038
Montana	18,062	10,154	13,523	16,697	17,142
North Dakota	12,060	8,620	9,902	12,447	13,756
South Dakota	12,728	7,911	10,589	12,296	12,911
Inventories, December 31					
286 Lumber Yards (bd. ft.)	44,781,000	40,409,000	39,258,000	46,550,000	55,058,000
Lumber (4 Mfrs., bd. ft.)	94,302,000	95,724,000	75,311,000	65,073,000	49,518,000
17 City Dept. Stores	\$ 7,532,390	\$ 7,431,410	\$ 8,112,170	\$ 13,166,880*	\$ 16,061,980*
76 Country Dept. Stores	2,020,850	2,790,070	2,883,810	3,013,080	3,462,490
*Retail value.					
Accts. & Notes Receivable, Dec. 31					
308 Lumber Yards	\$ 1,863,950	\$ 1,950,670	\$ 2,215,200	\$ 2,429,780	\$ 2,615,750
17 City Dept. Stores	7,953,490	7,779,180	8,198,630	8,309,570	8,825,510
Manufacturing and Mining					
Flour Production					
Minneapolis Mills (bbls.)	5,721,699	5,736,663	5,559,445	5,241,560	5,622,308
Other N. W. Mills (bbls.)	7,961,073	9,053,823	9,774,609	9,654,140	9,635,764
Copper Prod. (3 Firms, lbs.)	367,882,000	238,032,000	252,893,000	326,133,000	333,095,000
Lumber Cut (4 Mfrs., bd. ft.)	145,450,000	117,967,000	121,833,000	139,542,000	149,707,000
Flour Ship. from Mpls. (bbls.)	5,949,293	6,270,138	6,364,600	5,875,925	5,871,245
Linseed Product Ship. (lbs.)	231,230,257	156,938,361	253,940,000	432,970,000	642,900
Iron Ore Ship. (gross tons)	62,598,937	19,263,011	45,105,746	63,656,058	80,116,360
Lbr. Shipped (4 Mfrs., bd. ft.)	141,144,000	115,085,000	141,951,000	149,707,000	168,295,000
Business Failures					
Number	205	226	246	228	194
Liabilities	\$ 1,732,000	\$ 3,861,000	\$ 2,268,000	\$ 2,796,000	\$ 2,962,000
Electric Power Production (kwh)					
Total	3,324,047,000	3,125,839,000	3,632,945,000	4,145,460,000	4,797,458,000
Minnesota	1,661,247,000	1,449,993,000	1,670,684,000	1,955,260,000	2,171,558,000
Montana	1,318,493,000	1,323,389,000	1,574,903,000	1,768,816,000	2,177,342,000
North Dakota	200,432,000	205,391,000	226,146,000	243,678,000	265,312,000
South Dakota	143,875,000	147,066,000	161,212,000	177,706,000	183,246,000
Freight Carloadings—N. W. District					
Total	5,509,811	4,055,491	4,820,117	5,365,471	6,201,577
Grain and Grain Products	432,509	486,341	478,649	480,306	564,139
Livestock	157,620	158,814	156,241	162,957	152,994
Coal	324,005	277,380	303,779	330,590	336,691
Coke	88,013	41,066	68,408	83,836	104,662
Forest Products	510,087	377,734	421,211	492,606	570,506
Ore	1,246,490	367,808	851,428	1,183,240	1,497,487
Miscellaneous	1,705,422	1,387,841	1,562,226	1,682,493	2,021,910
Merchandise—LCL	1,045,665	958,507	978,175	949,443	953,188

THE YEARS 1937 TO 1941 IN THE NINTH FEDERAL RESERVE DISTRICT (CONTINUED)

	1937	1938	1939	1940	1941
F. H. A. Mortgages					
Number—4 State Total.....	2,878	2,949	3,052	3,899	3,955
Valuation—Total.....\$	9,700,000	\$ 11,589,000	\$ 12,431,000	\$ 16,699,000	\$ 16,883,000
Minnesota.....	7,080,000	8,610,000	8,953,000	11,235,000	11,686,000
Montana.....	1,586,000	1,394,000	1,640,000	2,950,000	3,029,000
North Dakota.....	393,000	551,000	393,000	625,000	516,000
South Dakota.....	641,000	1,034,000	1,445,000	1,889,000	1,652,000
Non-Farm Real Estate Foreclosures					
Number—Total.....	3,438	2,148	1,760	1,195	975 ¹
Minnesota.....	2,012	1,157	1,028	690	559 ¹
Montana.....	218	168	95	101	90 ¹
North Dakota.....	390	280	284	171	161 ¹
South Dakota.....	818	543	353	233	165 ¹
Building Permits					
Number—52 City Total.....	18,786	18,784	21,165	22,639	22,205
Valuation—Total.....\$	34,048,270	34,360,220	\$ 50,780,580	\$ 50,083,950	\$ 53,316,010
Minneapolis.....	7,529,820	7,761,690	15,646,150	10,281,310	10,919,270
10 Minneapolis Suburbs... St. Paul.....	3,892,600 7,228,100	4,294,600 7,275,350	6,613,830 8,331,320	8,386,160 9,751,760	10,649,370 9,705,160
Duluth-Superior.....	2,856,670	2,157,150	2,375,510	3,280,430	4,126,330
38 Other Ninth Dist. Cities	12,541,080	12,871,430	17,813,770	18,384,290	17,915,880
Construction Contracts Awarded					
Total.....\$	92,387,000	\$ 93,669,000	\$ 95,018,000	\$ 93,585,000	\$ 125,539,000
Public Works.....	30,432,000	31,305,000	28,880,000	25,498,000	36,135,000
Public Utilities.....	11,906,000	9,259,000	7,781,000	10,032,000	10,123,000
Total Building.....	50,049,000	53,105,000	58,357,000	58,055,000	79,281,000
Residential.....	20,766,000	23,114,000	28,214,000	34,066,000	39,869,000
Commercial & Industrial	11,689,000	6,577,000	8,407,000	11,788,000	27,375,000
Educational.....	6,959,000	12,390,000	10,790,000	3,830,000	3,716,000
All other.....	10,635,000	11,024,000	10,946,000	8,371,000	8,321,000
Farmers' Cash Income (F. R. Bk.)					
Bread Wheat.....\$	86,171,000	\$ 72,569,000	\$ 71,730,000	\$ 92,556,000	\$ 129,330,000
Durum Wheat.....	14,214,000	15,347,000	19,461,000	19,778,000	29,719,000
Rye.....	10,811,000	7,229,000	6,466,000	5,031,000	10,442,000
Flax.....	11,317,000	10,294,000	19,932,000	23,487,000	31,197,000
Dairy Products.....	174,166,000	156,778,000	142,507,000	168,451,000	222,655,000 ¹
Hogs.....	103,906,000	92,866,000	84,899,000	112,541,000	169,620,000
Wool.....	14,901,000	8,860,000	10,739,000	16,094,000	22,106,000
Potatoes.....	16,950,000	10,019,000	12,062,000	14,350,000	14,140,000
Cattle and Calves.....	118,339,000	106,305,000	108,463,000	125,710,000	190,803,000
Sheep and Lambs.....	21,142,000	17,551,000	17,681,000	20,460,000	26,644,000
Eggs.....	35,544,000	33,472,000	29,671,000	32,806,000	50,282,000
Butter Production (lbs).....	469,589,000	512,229,000	519,588,000	543,821,000	583,410,000 ¹
Farmers' Cash Income (USDA)²					
Ninth District.....\$	794,149,000	\$ 708,051,000	\$ 806,378,000	\$ 929,647,000	\$ 1,233,752,000 ¹
Michigan (15 Counties) ..	13,478,000	11,393,000	11,779,000	12,832,000	17,087,000 ¹
Minnesota.....	379,917,000	342,436,000	359,653,000	428,550,000	529,150,000 ¹
Montana.....	93,753,000	76,851,000	97,639,000	112,044,000	163,690,000 ¹
North Dakota.....	125,878,000	102,366,000	140,048,000	156,647,000	228,795,000 ¹
South Dakota.....	105,391,000	108,471,000	131,550,000	148,554,000	194,009,000 ¹
Wisconsin (26 Counties) ..	75,732,000	66,534,000	65,709,000	71,020,000	101,021,000 ¹
Grain Markets at Mpls. and Duluth-Superior (bushels)					
Bread Wheat.....	57,494,000	79,337,000	74,859,000	91,698,000	108,340,000
Durum Wheat.....	12,098,000	20,615,000	23,044,000	22,531,000	28,136,000
Rye.....	13,095,000	15,854,000	13,070,000	8,874,000	17,215,000
Flax.....	5,391,000	5,656,000	12,018,000	15,374,000	16,409,000
Livestock Receipts at South St. Paul (No. of Head)					
Cattle.....	930,246	882,236	892,690	942,389	1,060,478
Calves.....	596,108	487,099	480,374	465,485	471,136
Hogs.....	1,590,607	2,016,720	2,204,915	2,959,982	2,558,807
Sheep.....	1,290,319	1,258,492	1,203,959	1,280,348	1,306,163
Cash Grain Prices at Mpls (bu.)³					
Wheat—No. 1, D. N. S.....	\$1.15 ¹ / ₈	\$0.77 ³ / ₄	\$1.04 ¹ / ₈	\$0.88 ¹ / ₂	\$1.23 ¹ / ₄
Durum—No. 2 Amber.....	1.05 ⁷ / ₈	.69 ¹ / ₂	1.02 ¹ / ₈	.89 ¹ / ₂	1.20 ³ / ₈
Corn—No. 3 Yellow.....	.51 ⁷ / ₈	.46 ¹ / ₈	.50 ³ / ₈	.55 ⁵ / ₈	.68 ⁷ / ₈
Oats—No. 3 White.....	.28 ³ / ₄	.27 ⁷ / ₈	.36 ¹ / ₄	.34 ¹ / ₈	.51
Barley—No. 3.....	.72	.50	.52	.52	.65
Malting Barley—No. 3.....	.77 ⁷ / ₈	.54	.57	.50	.79
Rye—No. 2.....	.69 ⁷ / ₈	.42 ⁵ / ₈	.69 ³ / ₈	.50	.68 ⁷ / ₈
Flax—No. 1.....	2.10 ⁷ / ₈	1.90 ¹ / ₂	2.07 ¹ / ₂	1.64	1.99

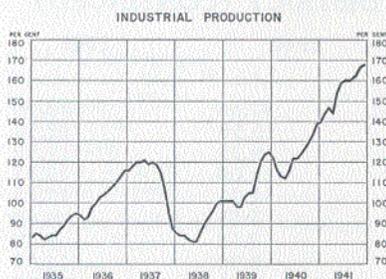
NINTH FEDERAL RESERVE DISTRICT

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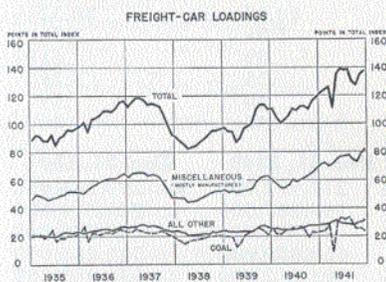
THE YEARS 1937 TO 1941 IN THE NINTH FEDERAL RESERVE DISTRICT (CONTINUED)

	1937	1938	1939	1940	1941
Livestock Prices at South St. Paul (cwt.)³					
Butcher Cows and Heifers...	\$5.75	\$6.00	\$6.50	\$7.50	\$8.50
Heavy Butcher Steers ⁴	8.25	8.75	8.75	10.50	12.50
Light Butcher Steers ⁵	7.00	8.25	8.25	9.25	11.50
Prime Heavy Butcher Steers ⁴ .	9.75	9.50	9.25	13.00	13.75
Prime Light Butcher Steers ⁵ ..	8.50	10.00	9.50	12.25	13.25
Hvy. Stocker & Feeder Steers ⁶	6.25	7.46	7.08	7.53	9.69
Lt. Stocker & Feeder Steers ⁷ .	6.10	7.15	7.28	7.32	9.29
Veal Calves	7.50	8.00	8.00	8.00	11.50
All Hogs	7.75	7.15	5.25	5.85	10.50
Heavy Hogs	6.95	6.75	4.65	6.15	10.35
Lambs	8.25	9.00	8.85	9.50	11.75
Ewes	3.50	3.50	4.00	4.25	5.50
Wholesale Produce Prices At Minneapolis³					
Butter (lb.)	\$0.33 ³ / ₄	\$0.24 ¹ / ₂	\$0.26 ¹ / ₂	\$0.31	\$0.32 ¹ / ₂
Milk (cwt.)	1.97	1.52	1.82	1.83	2.26
Hens (lb.) .....	.15	.10 ¹ / ₂	.08	.09	.11 ¹ / ₂
Eggs (doz.) .....	.16	.17 ³ / ₄	.12 ¹ / ₄	.15	.25
Potatoes (Farm Price per bu.)	.42	.47	.50	.40	.59
Wool (Farm Price per lb.)..	.23	.20	.28	.30	.36
City Member Banks⁸					
	Dec. 31, 1937	Dec. 31, 1938	Dec. 30, 1939	Dec. 31, 1940	Dec. 31, 1941
Loans and Discounts.....\$	178,477,000	\$ 160,220,000	\$ 191,015,000	\$ 215,972,000	\$ 273,764,000
U. S. Gov't Securities.....	167,174,000	177,518,000	173,010,000	167,287,000	201,611,000
Other Securities	40,611,000	41,385,000	42,607,000	41,792,000	41,258,000
Total Deposits	526,199,000	550,790,000	616,854,000	664,879,000	721,856,000
Dem. Dep. Ind., Pt. & Corp.	227,482,000	236,722,000	276,089,000	303,232,000	346,953,000
Time Dep. Ind., Pt. & Corp.	121,808,000	119,531,000	119,275,000	116,428,000	109,510,000
Public Deposits	57,089,000	61,350,000	57,911,000	61,393,000	65,588,000
Due to Banks & Other Dep.	119,820,000	133,187,000	163,579,000	183,826,000	199,805,000
Estimated Excess Reserves ⁹ ..	8,900,000	17,100,000	37,800,000	45,400,000	12,796,000
Country Member Banks⁸					
Loans and Discounts.....\$	131,439,000	\$ 137,322,000	\$ 165,937,000	\$ 201,167,000	\$ 230,375,000
U. S. Gov't Securities.....	136,766,000	133,931,000	125,757,000	124,491,000	144,227,000
Other Securities	103,808,000	99,820,000	89,596,000	79,833,000	72,256,000
Total Deposits	473,252,000	477,070,000	508,327,000	548,241,000	605,836,000
Dem. Dep. Ind., Pt. & Corp.	169,040,000	170,483,000	194,412,000	221,162,000	266,298,000
Time Dep. Ind., Pt. & Corp.	234,434,000	231,196,000	237,581,000	247,514,000	245,520,000
Public Deposits	49,609,000	54,110,000	51,816,000	51,816,000	58,992,000
Due to Bks. & Other Dep..	20,169,000	21,281,000	24,518,000	27,749,000	35,026,000
Estimated Excess Reserves ⁹ ..	15,557,000	15,906,000	21,363,000	24,311,000	20,984,000
All Member Bank Total Deposits					
Total	999,451,000	\$ 1,027,860,000	\$1,125,181,000	\$ 1,213,120,000	\$ 1,327,692,000
Michigan—15 Counties ..	60,556,000	59,031,000	60,300,000	63,357,000	62,098,000
Minnesota	666,340,000	689,992,000	759,016,000	822,629,000	893,755,000
Montana	116,868,000	119,413,000	129,283,000	137,873,000	154,566,000
North Dakota	47,682,000	46,114,000	50,886,000	53,846,000	66,658,000
South Dakota	60,835,000	63,989,000	73,709,000	79,086,000	91,660,000
Wisconsin—26 Counties ..	47,170,000	49,321,000	51,987,000	56,329,000	58,955,000
Interest Rates					
Minneapolis Com'l Banks....	3 ¹ / ₂ -3 ³ / ₄	3 ¹ / ₂ -3 ³ / ₄	3-3 ¹ / ₄	2 ³ / ₄ -3	3-3 ¹ / ₄
Com'l Paper (Net Rate)	1 ¹ / ₄	⁷ / ₈	⁷ / ₈	³ / ₄	³ / ₄
Minneapolis Fed. Res. Bank..	1 ¹ / ₂	1 ¹ / ₂	1 ¹ / ₂	1 ¹ / ₂	1 ¹ / ₂
Minneapolis Federal Reserve Bank					
Loans to Member Banks.....\$	175,000	\$ 134,000	\$ 150,000	\$ 196,000	\$ 50,000
Twin Cities	0	0	0	0	0
Minn., Wis. and Mich....	91,000	124,000	67,000	35,000	0
North Dakota and Montana	0	10,000	50,000	125,000	50,000
South Dakota	84,000	0	33,000	36,000	0
Industrial Advances	637,000	964,000	743,000	219,000	514,000
Commitments—Indus. Adv...	51,000	212,000	62,000	50,000	28,000
Total Earning Assets.....	83,875,000	57,915,000	68,450,000	62,683,000	67,073,000
Mem. Bank Res. Balances...	126,011,000	113,568,000	154,788,000	174,476,000	178,535,000
Fed. Res. Notes in Circ.....	137,569,000	136,857,000	141,427,000	158,709,000	206,510,000
Total Reserves	195,865,000	249,844,000	268,053,000	318,004,000	400,484,000

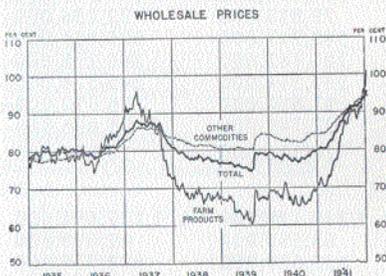
¹ December estimated. ² 78 crops and 13 livestock items including government payments. ³ December. ⁴ 1,100 lbs. and over. ⁵ Under 1,100 lbs. ⁶ 800 lbs. and over. ⁷ Under 800 lbs. ⁸ Figures for 11 weekly reporting banks outside of reserve cities are included under "City Member Banks." ⁹ Based on last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



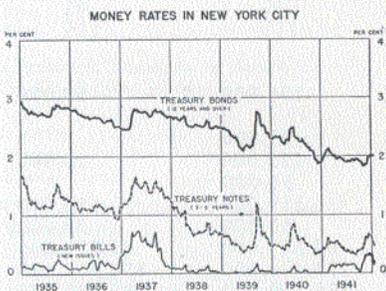
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. By months, January 1935 to December 1941.



Federal Reserve index of total loadings of revenue freight, adjusted for seasonal variation, 1923-25 average = 100. Sub-groups shown are expressed in terms of points in the total index. By months, January 1935 to December 1941.



Bureau of Labor Statistics' indexes, 1926 = 100. "Other" includes commodities other than farm products and foods. By weeks, January 5, 1935 to week ended January 17, 1942.



Weekly averages of daily yields of 3- to 5-year tax-exempt Treasury notes, Treasury bonds callable after 12 years, and average discount on new issues of Treasury bills offered within week. For week ended January 5, 1935 to January 17, 1942.

National Summary of Business Conditions

COMPILED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, JANUARY 21, 1942

Industrial activity declined less than seasonally in December and the first half of January, retail trade continued in large volume, and prices of many commodities rose further.

PRODUCTION: In December total volume of industrial output declined less than is usual at this season and the Board's adjusted index rose further to 168 per cent of the 1935-1939 average. In the armament industries output continued to advance and at machinery plants activity rose sharply, following little change in November. Output of materials, such as iron and steel and nonferrous metals, continued at peak levels and lumber production showed less than the usual seasonal decrease. Automobile production declined sharply in the latter half of December, following announcement of sharp reductions in passenger car quotas, but early in January quotas for that month were increased and output rose considerably. Sales of new automobiles to civilians were halted at the beginning of January pending the establishment of a rationing system.

Textile production declined somewhat in December owing to a reduction in activity at cotton mills from the record level reached in November. Output of wool and rayon textiles was sustained at about capacity. Output of manufactured food products and shoe production showed about the customary seasonal declines. Coal output decreased somewhat in December, while petroleum production and mining of nonferrous metals were maintained at the high November rate.

Value of construction contracts awarded in December declined less than is usual at this time of year, according to figures of the F. W. Dodge Corporation. Awards for public projects showed little change, while those for residential construction declined less than seasonally following a considerable reduction in November.

DISTRIBUTION: Volume of retail trade, which had been large during most of the autumn, increased less than seasonally in December. This reflected to some extent a temporary slackening in sales around the middle of the month following this country's entry into the war. In the first half of January sales at department stores showed less than the customary sharp reduction from the Christmas buying peak and were at a level substantially higher in comparison with a year ago than that prevailing in other recent months.

Freight-car loadings of most products decreased by less than the customary seasonal amount in December. Coal shipments declined considerably in the latter part of the month but then increased sharply in the first half of January. Shipments of miscellaneous freight, which includes most manufactured products, were maintained in large volume for this season of the year.

COMMODITY PRICES: Wholesale commodity prices increased sharply when this country entered the war early in December and then showed little change during the latter half of the month. In the first half of January prices again advanced, the principal increases being in agricultural commodities and chemicals.

Federal action to impose maximum prices was accelerated with the outbreak of war and applied on a wider scale to industrial products. Ceilings were extended to products in later stages of production and distribution and in most instances covered consumers' goods. Certain of the actions, like those relating to rubber and wool products, were associated with new Federal production restrictions. In this period also there were advances in a number of price ceilings established earlier.

BANK CREDIT: Total loans and investments of banks in leading cities, which had advanced sharply during the first half of December, have subsequently shown little further change.

Treasury financing in the middle of December and heavy currency withdrawals during the holiday season absorbed close to 700 million dollars of excess reserves during the month. About 500 million of this was recovered in the first half of January, as the result of a decline in Treasury deposits at the Reserve Banks and a return of currency from circulation. Recent changes in excess reserves have been almost entirely at banks outside of New York City.

UNITED STATES GOVERNMENT SECURITY PRICES: Prices of Government securities were steady in the first half of January, following a decline in December after the entry of the United States into the war.