

# MONTHLY REVIEW

## OF AGRICULTURAL AND BUSINESS CONDITIONS IN THE NINTH FEDERAL RESERVE DISTRICT

Vol. 8 (Serial No. 25)

Federal Reserve Bank, Minneapolis 2, Minn.

January 31, 1944

Business activity in December continued at record levels. Bank deposits and investments established new all-time year-end highs while loans continued to decline. Farm income in 1943 was nearly half again as large as in 1942.

### BUSINESS

Business activity during December showed mixed trends, but on the whole was at the highest level for that month in history. The bank debits indexes, which indicate money payments, increased sharply from November and were nearly double the 1935-39 average. Sales at both city and country department stores increased somewhat less than usual, and as a result the adjusted indexes declined from November but were nevertheless above one year earlier. Both of the carloadings indexes declined from November, but were substantially the same as in December, 1942. Minnesota employment was 6 per cent higher than in December, 1942 and was about 50 per cent larger than in 1936. Minnesota payrolls also increased and were more than double the 1936 level. Flour production was slightly smaller than in November, but was in about the same volume as one year earlier. Shipments of linseed oil, however, were about 20 per cent above one year earlier and were substantially larger than any other December in history. Electric power production established another all-time high.

### Northwest Business Indexes

Adjusted for Seasonal Variation—1935-39 = 100

	Dec. 1943	Nov. 1943	Dec. 1942	Dec. 1941
Bank debits—93 cities .....	195	189	165	147
Bank debits—farming centers.....	199	183	172	156
City department store sales.....	153	178	139	125
City department store stocks.....	130	134	130	129
Country department store sales.....	137	153	131	131
Country lumber sales .....	152	.....	134	174
Miscellaneous carloadings .....	132	136	136	157
Total carloadings (excl. misc.) .....	101	145	98	110
Farm prices—Minn. (unadj.) .....	164	170	159	127
Employment—Minn. (unadj. 1936=100)	148	147	140	126
Payrolls—Minn. (unadj. 1936=100) .....	237	231	205	158

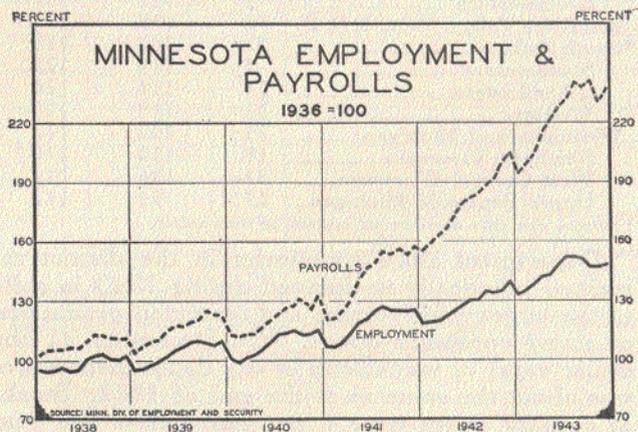
The 1943 volume of business set a new all-time record. Both of the annual bank debits indexes were substantially above 1942, the previous all-time high. Similarly, both the annual city and country department store sales indexes established new all-time highs and were about 50 percent larger than the 1935-39 average. Country lumber sales increased slightly but were smaller than in 1941, reflecting not only the smaller supplies of lumber available, but also government building restrictions. The number of freight cars loaded declined slightly

from the 1942 and 1941 levels, but was larger than in any other year since 1930. Carloadings of grain were substantially larger than one year earlier, but declines in forest products, ore and miscellaneous freight more than offset the increase in grain and other categories. Building contracts awarded in 1943 were about one-sixth the 1942 volume. Employment and payrolls in Minnesota averaged 11 and 24 per cent, respectively, larger than in 1942. Electric power production and linseed oil shipments established new all-time highs. Flour production was 13 percent larger than in 1942, and the largest of any year since 1931. The volume of lumber cut declined somewhat from the 1942 level. Iron ore shipments from upper lake ports totaled 84 million tons during the year, about 8 percent less than in 1942, but larger than in any other year in history.

### Northwest Business Indexes—Annual

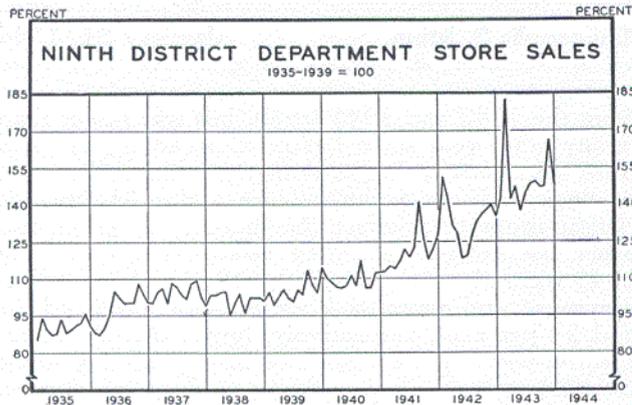
Adjusted for Seasonal Variation—1935-39 = 100

	1943	1942	1941	1940
Bank debits—93 cities .....	183	149	129	112
Bank debits—farming centers.....	185	159	138	117
City department store sales.....	152	131	123	110
City department store stocks.....	135	150	119	106
Country department store sales.....	147	135	121	109
Country lumber sales.....	143	138	154	139
Miscellaneous carloadings .....	119	132	131	108
Total carloadings (excl. misc.) .....	127	132	128	112
Farm Prices—Minn. ....	171	143	111	86
Employment—Minn. (unadj. 1936=100)	144	128	119	108
Payrolls—Minn. (unadj. 1936=100) .....	223	179	143	123



Sales at department stores increased seasonally during December and were about 7 per cent larger than in December last year. Sales at country stores averaged about 5 per cent larger than in 1942, while city store sales experienced about a 10 per cent increase. During the year 1943, sales at department stores in every retail trade section in this district

were larger than in 1942. Country department stores in Minnesota experienced a 3 per cent increase over 1942, the smallest for any state or part state in the district, while South Dakota experienced the largest gain with a 13 per cent increase over a year earlier.



Sales at Department Stores

	Number of Stores	% Dec. 1943 of Dec. 1942	% Jan.-Dec. 1943 of Jan.-Dec. 1942
*Total District .....	524	107	111
Mpls., St. Paul, Dul.-Sup.....	22	110	115
*Country Stores .....	502	105	108
*Minnesota .....	180	102	103
Central .....	21	104	107
Northeastern .....	8	105	106
Red River Valley.....	10	106	114
South Central .....	29	110	118
Southeastern .....	18	103	109
Southwestern .....	34	103	111
*Montana .....	81	105	107
Mountains .....	11	107	107
Plains .....	32	113	121
*North Dakota .....	97	108	111
North Central .....	13	116	123
Northwestern .....	7	115	118
Red River Valley .....	21	115	116
Southeastern .....	19	108	116
Southwestern .....	3	121	127
Red River Valley, Minn. & N. D.	31	113	116
*South Dakota .....	71	108	113
Southeastern .....	8	114	125
Other Eastern .....	24	114	120
Western .....	11	119	129
Wisconsin and Michigan.....	73	104	112
Northern Wisconsin.....	19	110	110
West Central Wisconsin.....	37	106	112
Upper Peninsula Michigan...	17	95	112

\* Includes some sales which are not available by trade section.

Department store inventories in the district remained practically unchanged during 1943 in spite of the larger sales volume and restricted production of many consumer goods. On December 31 the dollar value of inventories at city department stores was about the same as at the end of 1942. Stocks at country stores were 6 per cent below one year earlier, but were apparently at a relatively high level when compared with former years.

Construction contracts awarded in this district during 1943 totaled only \$40 million, less than one-sixth as large as during 1942 and were smaller than in any other year in our twenty-five-year records. Building activity, however, was not curtailed as

sharply as these figures would indicate since many large contracts were let during the summer and fall of 1942 and were completed during 1943.

Residential construction contracts awarded totaled only \$4 million during 1943 as compared with an average during the previous four years of about \$34 million. Non-residential building, which includes commercial, industrial, educational, hospital, religious, social and recreational building totaled only \$18 million compared with the unusually large 1942 volume of \$133 million, and the 1939-41 average of \$31 million.

Public utility contracts were less than one-fourth of the unusually large 1942 total, but were larger than in any other year since 1931. Contracts for public works totaled only \$6 million, whereas they have been running around the \$30 million level for nearly a decade.

Iron ore shipments totaled 84 million tons during 1943, a small reduction from 1942 because of the late date on which the ice broke up in the lakes last spring. The 1943 movement, nevertheless, completed the third great iron ore lake shipping season in succession, and brought the total of ore shipped during the last three years to more than one-quarter billion tons. The iron ore movement during 1941 was 81 million tons. Then came the peak year of 1942 with an all-time record of 92 million tons forwarded from Lake Superior iron mines by boat, and now 1943 with 84 million tons. Previous to these years the largest amount of ore shipped in any one calendar year was 65 million tons in 1929.

Since iron ore consumption during 1943 totaled nearly 90 million tons, the year end iron ore stocks at lower lake ports were about 5 million tons smaller than one year earlier and totaled approximately 42 million tons. These stocks, at present consumption rates, would be sufficient to keep furnaces operating for about five and one-half months. Since the ore shipping season usually opens in April, iron ore stocks at furnaces would appear to be adequate.

While the shipping season closed on December 7th, iron ore producers are nevertheless conducting a heavy winter program in preparation for another large ore shipping season. A very active underground ore mining program is being carried on with the ore being stock-piled against the opening of navigation next spring. Also, considerable work is being done in removing over-burden on open-pit mine areas that are to be mined next summer, and installation of new surface equipment and machinery is taking place.

## BANKING

City member bank deposits in the middle of January were \$1,243 million, a decline of about \$22 million relative to mid-December. Total investments at these banks in the middle of January were \$788 million, a reduction of about \$17 million relative to the previous month. This reduction was preponderantly in bank holdings of U. S. Government securities. These banks reduced holdings of U. S. Treasury bills by \$20 million and certificates of indebted-

ness by \$2 million; but on the other hand increased their holdings of U. S. Government bonds by about \$6 million. Loans to customers also declined during the month by \$2.6 million to reach a level of \$188 million in mid-January, but holdings of commercial paper increased by about a million dollars.

Country member bank deposits during the last half of December averaged \$1,019 million, a decline of \$15 million over the average for the last half of November. Total demand deposits declined by \$19 million but time deposits increased. Total funds available for earning assets declined by \$47 million during the month, but were \$166 million above a year ago. Reserves carried with the Federal Reserve Bank were \$6 million above the average for the last two weeks in November, and were \$21 million above the average for the last half of December a year ago.

**Daily Average Reserve Position for All Ninth District Member Banks for the Sixteen-Day Period Ended December 31, 1943**

Type of Bank	Average Reserves Carried (000)	Average Reserves Required (000)	Average Excess Reserves (000)
Country Banks .....	\$121,782	\$ 89,938	\$ 31,844
City Banks .....	172,705	166,852	5,853
Total Ninth District-1943...	294,487	256,790	37,697
Total Ninth District-1942...	260,979	203,766	57,213

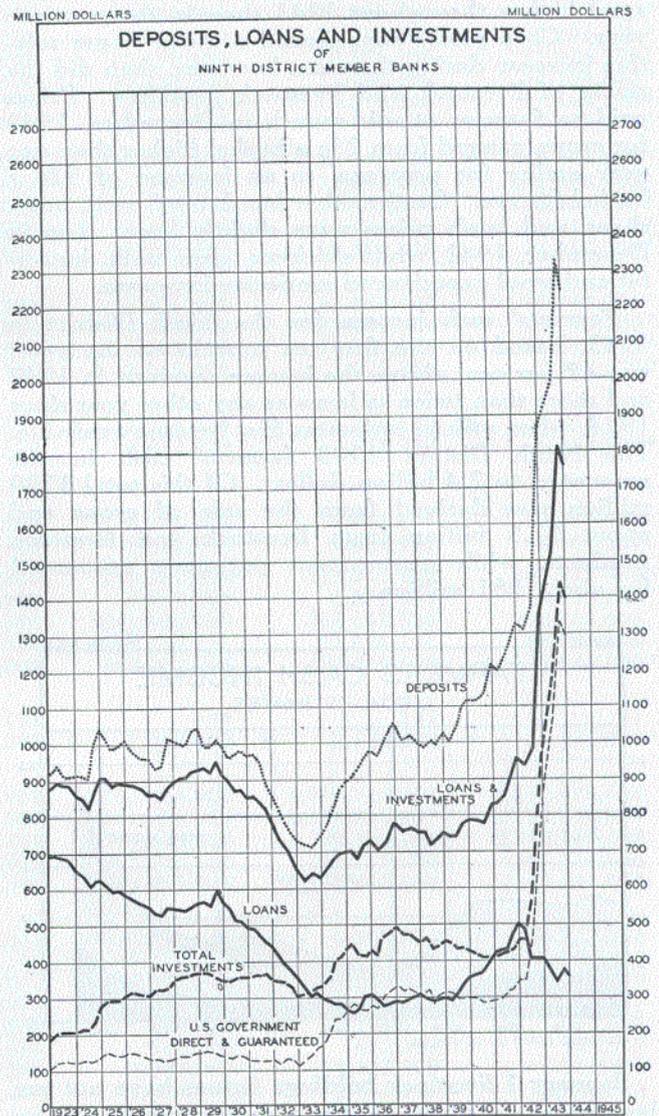
The year 1943 was marked by three striking features for the member banks in the Ninth District.

First, they were called upon to assume a large responsibility in the gigantic task of financing this country in the second year of the war. They increased their holdings of U. S. Government securities by \$450 million and by the end of 1943 held \$1,295 million of these securities. This compares with \$353 million on December 31, 1941 (at the beginning of the war), and \$135 million at the end of the boom year of 1929. Another important part of bank participation in war financing was the time and effort put in by local bankers in pushing war loan sales of bonds to the public to the maximum possible extent.

The second outstanding feature of 1943 was a rise in deposits from \$1,874 million at the end of 1942 to an all-time high at the end of 1943 of \$2,248 million. Several factors accounted for this rise in deposits of \$374 million in one year. Farmers' incomes have been at record levels, and this has tended to draw funds in from the non-agricultural areas. The Treasury has continued to find it necessary to sell bonds to banks (although to a decreasing extent) in order to finance the tremendous demands of the war. As the Treasury paid out to businesses and individuals the funds in the deposits with which the banks paid the government for the bonds, deposits of business and individuals rose accordingly. Recent studies by the Federal Reserve System indicate that the larger proportion of the increases in deposits has gone into deposits of businesses with the larger relative increases in accounts of retailers, wholesalers, construction firms, and others whose inventories have tended to be sold out more rapidly than they could be replaced by the

war. To some extent the inventories of these businesses are being "stored" in the form of deposits in the commercial banks.

The third striking feature is the continued decline in loans and discounts. On December 31, 1942, these amounted to \$407 million for all Ninth District Member Banks compared with \$361 million at the end of 1943 and \$563 million at the end of the high year of 1929. To some extent this represents merely the continuation of a long-time downward trend. This trend has been accelerated during the war for banks in this district by several factors. Shortage of materials has prevented any appreciable volume of residential construction and the resulting expansion of FHA loans. The increased incomes of consumers and credit controls combined with the unavailability of "hard" goods (new automobiles, refrigerators, radios, etc.) has resulted in a marked decline in consumer and individual borrowing. Much of this borrowing either directly or indirectly has been financed by the banks in recent years.



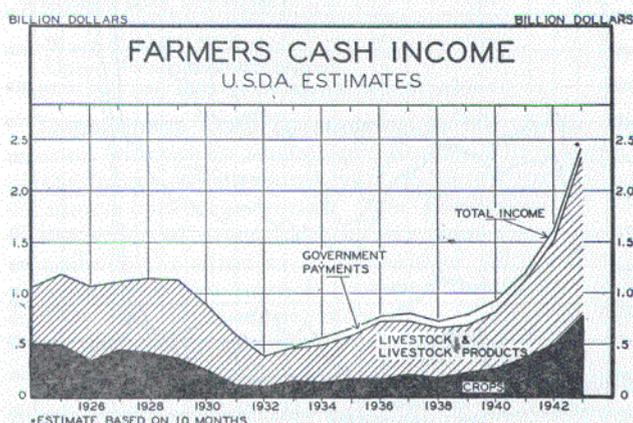
## AGRICULTURE

**Crop production** in the Ninth Federal Reserve District in 1943 was a little lower than the all-time record production of 1942, but in general production goals were met. Labor shortages at planting and harvest threatened to materially reduce this season's crops but strenuous farm labor recruiting campaigns and excellent cooperation of business men throughout the heavy grain producing areas, plus favorable fall weather, resulted in only negligible losses.

While final figures are not yet available, it is apparent that total food production in our district was greater in 1943 than in 1942 as increases in livestock production and in some livestock product items more than offset the small decreases in crop production. Top honors for increased livestock production again went to hog raisers who raised 15½ million pigs in 1943, 21 percent more than the previous all-time high record set in 1942.

**Prices received by farmers** for products sold averaged higher throughout 1943 than in the previous year. Crop prices experienced a much larger relative increase during the year, however, than did the prices of livestock and livestock products. Prices paid to farmers at mid-month in December, 1943 for crops, ranged from 23c a bushel higher than one year earlier for potatoes, to an increase of 52c a bushel for rye. On the other hand, beef, veal, hogs, sheep and lamb prices were slightly lower than in December, 1942, while chickens, eggs, milk, butterfat and wool experienced moderate increases.

**Farmers' cash income** for the Ninth District in 1943, based on the first ten months of the year, was 42 per cent above the income received in 1942 and more than twice as large as any other year since 1924, when official estimates first became available. The Ninth District 1943 farmers' cash income amounted to 2.4 billion dollars. Of this total \$790 million was derived from the sale of crops and about \$1.5 billion from livestock and livestock products, while government payments accounted for about \$81 million.



January 1 livestock holdings figures have not yet been released but indications are that they will be

substantially higher than a year earlier. At the end of 1943, hog marketings so greatly exceeded slaughtering facilities that embargoes or restrictions were put into effect at practically all mid-western markets. As a result many farmers were unable to ship as many hogs in December as they wished, and January 1 hog holdings will be increased somewhat on that account. In addition, 1943 fall farrowings were well above the 1942 level and a large percentage of the pigs saved from the fall crop (over 3½ million head) will swell the January 1, 1944, figure. Those acquainted with the cattle and sheep industries are likewise expecting the numbers of cattle and sheep on farms to be higher than one year earlier, but the increase is expected to be much more moderate than in the case of hogs.

**The moisture conditions** at year-end were not as favorable for a record production year in 1944 as they were at the beginning of 1942 and 1943. In many sections of our district the reserve of sub-soil moisture was far less last fall than in the two preceding years, and the mild open winter with its reduced snowfall has not bettered conditions. Heavy damage to winter wheat and rye has already been reported. Some of the most heavily damaged fields will be reseeded to spring grains, but with the expected spring labor shortage many fields will be left to produce what they will.

**The feed supply** situation is also much less favorable than a year ago. At the beginning of 1943 feed supplies were large, and if 1943 production goals were reached the carryover and new production of feed grains appeared adequate for the greatly expanded livestock production program. During the year, however, vast quantities of feed grains were allocated to the production of industrial alcohol with the result that feed supplies became scarce in many sections of the country. Increases in ceiling prices in certain sections resulted in better distribution of remaining supplies and a further increase in farm income, but actually reduced supplies by moving more grain into consumption.

**The outlook for farm income** is not unfavorable, however, even though the factors affecting production are somewhat less favorable than in recent years. As mentioned above, the livestock carryover in 1944—especially hogs—is probably the largest on record which should swell the volume of livestock marketings this year. If feed supplies remain short during the year, marketings of calves and cattle may be made this year that normally would be in feed lots at the end of 1944. If the sharp drop in snowfall throughout our district should continue two or three more months, the heavily stocked condition of our ranges may necessitate the liquidation of sizable percentages of range herds and flocks. Finally, while no runaway price increases are in evidence, neither is there any indication of a decline in demand for farm products, and currently the average of prices received by farmers is considerably above that for the past year as a whole. Thus farm income in 1944 could equal that of 1943 even with some decline in production.

## THE YEARS 1939 TO 1943 IN THE NINTH FEDERAL RESERVE DISTRICT

## BUSINESS

Bank Debits	1939	1940	1941	1942	1943
Total—108 Cities .....	\$10,282,001,000	\$11,060,959,000	\$12,854,603,000	\$14,658,284,000	\$18,204,908,000
Minneapolis .....	4,126,517,000	4,405,028,000	4,957,803,000	5,712,422,000	7,473,039,000
St. Paul .....	1,958,139,000	2,071,978,000	2,466,073,000	2,793,508,000	3,550,433,000
South St. Paul .....	298,792,000	335,376,000	422,674,000	633,359,000	697,304,000
Duluth-Superior .....	598,324,000	652,017,000	749,464,000	806,411,000	980,247,000
Michigan—14 Cities .....	262,009,000	282,294,000	331,521,000	369,281,000	438,209,000
Minnesota—38 Cities .....	828,606,000	886,733,000	1,033,040,000	1,125,333,000	1,301,720,000
Montana—15 Cities .....	784,607,000	853,862,000	989,578,000	1,035,282,000	1,182,220,000
North Dakota—13 Cities .....	579,430,000	652,282,000	792,030,000	878,067,000	1,033,226,000
South Dakota—16 Cities .....	544,632,000	594,751,000	726,100,000	887,625,000	1,078,322,000
Wisconsin—7 Cities .....	300,945,000	326,638,000	386,320,000	416,996,000	470,188,000
<b>Country Check Clearings</b>					
Total .....	\$ 2,211,726,000	\$ 2,426,415,000	\$2,951,750,000	\$ 3,402,878,000	\$ 3,890,081,000
Minnesota .....	1,088,903,000	1,166,811,000	1,405,775,000	1,615,711,000	1,798,806,000
Montana .....	253,066,000	302,711,000	374,826,000	411,093,000	473,300,000
North and South Dakota .....	569,041,000	632,045,000	783,059,000	944,315,000	1,157,031,000
Michigan and Wisconsin .....	300,716,000	326,848,000	388,090,000	431,759,000	465,773,000
<b>Retail Sales</b>					
337 Lumber Yards (bd. ft.) .....	99,500,000	108,354,000	120,958,000	114,960,000	119,098,000 <sup>1</sup>
337 Lumber Yards (Dollar volume) .....	\$ 14,070,580	\$ 15,250,520	\$ 17,978,620	\$ 17,011,490	\$ 20,110,970 <sup>1</sup>
19 City Dept. Stores .....	65,932,760	67,930,680	75,336,050	81,398,470	93,629,220
529 Country Dept. Stores .....	75,972,300	79,914,700	88,638,000	97,980,400	106,903,400 <sup>1</sup>
Minnesota (195 Stores) .....	24,784,900	26,154,900	28,842,300	32,015,200	33,203,300 <sup>1</sup>
Montana (83 Stores) .....	17,080,800	18,152,700	19,476,400	20,306,200	21,924,200 <sup>1</sup>
North Dakota (97 Stores) .....	12,698,400	13,269,300	15,231,900	16,700,000	18,724,800 <sup>1</sup>
South Dakota (95 Stores) .....	10,926,700	11,356,500	12,659,400	14,810,900	17,163,800 <sup>1</sup>
Mich. & Wis. (59 Stores) .....	10,481,500	10,981,300	12,428,000	14,148,100	15,887,300 <sup>1</sup>
Life Insurance—Total .....	\$ 200,750,000	\$ 201,172,000	\$ 206,032,000	\$ 178,576,000	\$ 214,026,000 <sup>1</sup>
Minnesota .....	142,149,000	140,620,000	143,280,000	121,948,000	145,974,000 <sup>1</sup>
Montana .....	22,693,000	23,532,000	22,520,000	19,407,000	20,467,000 <sup>1</sup>
North Dakota .....	17,423,000	18,010,000	18,952,000	17,920,000	22,918,000 <sup>1</sup>
South Dakota .....	18,485,000	19,010,000	21,280,000	19,301,000	24,687,000 <sup>1</sup>
<b>Inventories, December 31</b>					
311 Lumber Yards (bd. ft.) .....	44,441,000	52,485,000	62,026,000	43,869,000	40,343,000 <sup>1</sup>
4 Lumber Mfrs. (bd. ft.) .....	75,311,000	65,073,000	49,518,000	29,752,000	25,195,000 <sup>1</sup>
17 City Dept. Stores .....	\$ 8,112,170	\$ 13,166,880	\$ 16,005,410	\$ 16,165,460	\$ 16,169,420 <sup>1</sup>
83 Country Dept. Stores .....	2,672,680	2,780,580	3,069,990	2,870,300	2,710,270 <sup>1</sup>
<b>Accts. &amp; Notes Receivable, Dec. 31</b>					
337 Lumber Yards .....	\$ 2,573,760	\$ 2,782,891	\$ 2,963,420	\$ 1,569,670	\$ 1,737,120 <sup>1</sup>
17 City Dept. Stores .....	8,198,630	8,309,570	8,827,720	6,620,790	6,437,530 <sup>1</sup>
<b>Manufacturing and Mining</b>					
<b>Flour Production</b>					
Minneapolis Mills (bbls.) .....	5,559,445	5,241,560	5,622,308	5,965,895	7,377,515
Other N. W. Mills (bbls.) .....	9,774,609	9,654,140	9,127,051	9,611,932	10,309,269
Lumber Cut (bd. ft.) .....	121,833,000	139,542,000	149,707,000	153,013,000	147,528,000 <sup>1</sup>
Flour Ship. from Mpls. (bbls.) .....	6,364,600	5,875,925	5,871,245	6,072,655	6,492,260
Linseed Product Ship. (lbs.) .....	253,940,000	432,970,000	642,900,000	782,660,000	958,200,000
Iron Ore Ship. (gross tons) .....	45,105,746	63,656,058	81,210,559	92,076,781	84,404,852
Lumber Shipped (bd. ft.) .....	141,951,000	149,707,000	168,295,000	176,819,000	153,844,000 <sup>1</sup>
<b>Business Failures</b>					
Number .....	246	228	194	147	31
Liabilities .....	\$ 2,268,000	\$ 2,796,000	\$ 2,962,000	\$ 2,127,000	\$ 226,000 <sup>1</sup>
<b>Electric Power Production (kwh)</b>					
Total .....	3,632,945,000	4,145,460,000	4,797,684,000	4,998,714,000	5,632,478,000
Minnesota .....	1,670,684,000	1,955,260,000	2,171,558,000	2,290,692,000	2,539,736,000
Montana .....	1,574,903,000	1,768,816,000	2,177,348,000	2,248,001,000	2,595,369,000
North Dakota .....	226,146,000	243,678,000	265,318,000	262,814,000	267,739,000
South Dakota .....	161,212,000	177,706,000	183,465,000	197,207,000	229,634,000
<b>Freight Carloadings—N. W. District</b>					
Total .....	4,820,117	5,365,471	6,201,577	6,300,774	5,927,232
Grain and Grain Products .....	478,649	480,306	564,139	644,708	800,116
Livestock .....	156,241	162,957	152,994	173,530	196,790
Coal .....	303,779	330,590	336,691	385,760	410,767
Coke .....	68,408	83,836	104,662	101,914	95,898
Forest Products .....	421,211	492,606	570,506	652,184	561,353
Ore .....	851,428	1,183,240	1,497,487	1,722,920	1,565,705
Miscellaneous .....	1,562,226	1,682,493	2,021,910	2,043,997	1,838,302
Merchandise—LCL .....	978,175	949,443	953,188	574,756	458,301

F. H. A. Mortgages	1939	1940	1941	1942	1943
Number—4 State Total.....	3,052	3,899	3,955	1,249	1,066
Valuation—Total.....\$	12,431,000	\$ 16,699,000	\$ 16,883,000	\$ 5,164,000	\$ 4,222,000
Minnesota.....	8,953,000	11,235,000	11,686,000	3,558,000	2,364,000
Montana.....	1,640,000	2,950,000	3,029,000	931,000	826,000
North Dakota.....	393,000	625,000	516,000	30,000	49,000
South Dakota.....	1,445,000	1,889,000	1,652,000	645,000	983,000
<b>Non-Farm Real Estate Foreclosures</b>					
Number—Total.....	1,760	1,195	981	764	411 <sup>2</sup>
Minnesota.....	1,028	690	558	431	266 <sup>2</sup>
Montana.....	95	101	88	66	40 <sup>2</sup>
North Dakota.....	284	171	158	135	74 <sup>2</sup>
South Dakota.....	353	233	177	132	131 <sup>2</sup>
<b>Construction Contracts Awarded</b>					
Total.....\$	95,018,000	\$ 93,585,000	\$ 125,539,000	\$ 251,889,000	\$ 39,695,000
Public Works.....	28,880,000	25,498,000	36,135,000	43,409,000	6,042,000
Public Utilities.....	7,781,000	10,032,000	10,123,000	48,918,000	11,368,000
Total Building.....	58,357,000	58,055,000	79,281,000	159,562,000	22,285,000
Residential.....	28,214,000	34,066,000	39,869,000	26,177,000	4,005,000
Commercial & Industrial.....	8,407,000	11,788,000	27,375,000	72,996,000	13,977,000
Educational.....	10,790,000	3,830,000	3,716,000	2,552,000	551,000
All other.....	10,946,000	8,371,000	8,321,000	57,837,000	3,752,000

## BANKING

City Member Banks <sup>3</sup>	Dec. 31, 1939	Dec. 31, 1940	Dec. 31, 1941	Dec. 31, 1942	Dec. 31, 1943
Loans and Discounts.....\$	191,015,000	\$ 215,972,000	\$ 273,764,000	\$ 207,806,000	\$ 195,465,000
U. S. Gov't Securities.....	173,010,000	167,287,000	201,611,000	514,193,000	732,169,000
Other Securities.....	42,607,000	41,792,000	41,258,000	39,149,000	39,674,000
Total Deposits.....	616,854,000	664,879,000	721,856,000	1,050,477,000	1,224,953,000
Dem. Dep. Ind., Pt. & Corp.....	276,089,000	303,232,000	346,953,000	494,398,000	605,731,000
Time Dep. Ind., Pt. & Corp.....	119,275,000	116,428,000	109,510,000	111,109,000	129,665,000
Public Deposits.....	57,911,000	61,393,000	65,588,000	178,111,000	219,091,000
Due to Banks & Other Dep.....	163,579,000	183,826,000	199,805,000	266,859,000	270,466,000
Estimated Excess Reserves.....	37,800,000	45,400,000	12,796,000	21,555,000	5,853,000
<b>Country Member Banks<sup>4</sup></b>					
Loans and Discounts.....\$	165,937,000	\$ 201,167,000	\$ 230,375,000	\$ 199,088,000	\$ 165,165,000
U. S. Gov't Securities.....	125,757,000	124,491,000	144,227,000	330,590,000	562,696,000
Other Securities.....	89,596,000	79,833,000	72,256,000	69,422,000	64,467,000
Total Deposits.....	508,327,000	548,241,000	605,836,000	822,773,000	1,023,837,000
Dem. Dep. Ind., Pt. & Corp.....	194,412,000	221,162,000	266,298,000	403,211,000	531,546,000
Time Dep. Ind., Pt. & Corp.....	237,581,000	247,514,000	245,520,000	265,654,000	318,887,000
Public Deposits.....	51,816,000	51,765,000	58,992,000	103,793,000	120,348,000
Due to Banks & Other Dep.....	24,518,000	27,749,000	35,026,000	50,115,000	53,056,000
Estimated Excess Reserves.....	21,363,000	24,311,000	20,984,000	33,048,000	31,844,000
<b>All Member Bank Total Deposits</b>					
Total.....\$	1,125,181,000	\$ 1,213,120,000	\$ 1,327,692,000	\$ 1,873,250,000	\$ 2,248,790,000
Michigan—15 Counties.....	60,300,000	63,357,000	62,098,000	76,715,000	93,772,000
Minnesota.....	759,016,000	822,629,000	893,755,000	1,263,201,000	1,496,148,000
Montana.....	129,283,000	137,873,000	154,566,000	217,293,000	263,052,000
North Dakota.....	50,886,000	53,846,000	66,658,000	99,310,000	129,907,000
South Dakota.....	73,709,000	79,086,000	91,660,000	138,050,000	167,796,000
Wisconsin—26 Counties.....	51,987,000	56,329,000	58,955,000	78,680,000	98,115,000
<b>Interest Rates (Per Cent)</b>					
Minneapolis Com'l Banks.....	3-3 <sup>1</sup> / <sub>4</sub>	2 <sup>3</sup> / <sub>4</sub> -3	3-3 <sup>1</sup> / <sub>4</sub>	2 <sup>1</sup> / <sub>2</sub> -3	2 <sup>1</sup> / <sub>2</sub> -3
Com'l Paper (Net Rate).....	<sup>7</sup> / <sub>8</sub>	<sup>3</sup> / <sub>4</sub>	<sup>3</sup> / <sub>4</sub>	<sup>7</sup> / <sub>8</sub>	<sup>1</sup> / <sub>1</sub>
Minneapolis Fed. Res. Bank.....	1 <sup>1</sup> / <sub>2</sub>	1 <sup>1</sup> / <sub>2</sub>	1 <sup>1</sup> / <sub>2</sub>	1	1
<b>Minneapolis Federal Reserve Bank</b>					
Loans to Member Banks.....\$	150,000	\$ 196,000	\$ 50,000	\$ 0	\$ 0
Twin Cities.....	0	0	0	0	0
Minn., Wis. and Mich.....	67,000	35,000	0	0	0
North Dakota and Montana.....	50,000	125,000	50,000	0	0
South Dakota.....	33,000	36,000	0	0	0
Industrial Advances.....	743,000	219,000	514,000	366,000	178,000
Total Earning Assets.....	68,450,000	62,683,000	67,073,000	154,600,000	358,374,000
Mem. Bank Res. Balances.....	154,788,000	174,476,000	178,535,000	276,826,000	295,470,000
Fed. Res. Notes in Circ.....	141,427,000	158,709,000	206,510,000	302,727,000	385,761,000
Total Reserves.....	268,053,000	318,004,000	400,484,000	485,606,000	383,515,000

## AGRICULTURE

Farmers' Cash Income (F. R. Bk.)	1939	1940	1941	1942	1943
Dairy Products.....\$	143,970,000	\$ 173,200,000	\$ 228,450,000	\$ 277,760,000	\$ 348,450,000
Hogs.....	84,900,000	112,540,000	164,450,000	285,890,000	418,040,000
Cattle and Calves.....	108,460,000	125,710,000	193,000,000	256,150,000	244,280,000
Sheep and Lambs.....	17,680,000	20,440,000	27,620,000	42,750,000	53,000,000
Eggs.....	29,670,000	32,810,000	50,290,000	95,070,000	143,820,000
Wool.....	10,739,000	16,090,000	22,750,000	26,370,000	27,130,000
Wheat.....	92,230,000	103,230,000	183,620,000	232,680,000	299,210,000
Flax.....	21,220,000	28,610,000	35,990,000	64,530,000	107,660,000
Rye.....	5,040,000	4,620,000	7,270,000	11,120,000	8,600,000
Potatoes.....	12,060,000	14,360,000	12,620,000	20,110,000	32,900,000

# NINTH FEDERAL RESERVE DISTRICT

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	1939	1940	1941	1942	1943
<b>Farmers' Cash Income (USDA) <sup>5</sup></b>					
Michigan (15 Counties).....\$	11,856,000	\$ 12,832,000	\$ 16,296,000	\$ 20,798,000	\$ 23,168,000
Minnesota .....	362,484,000	420,927,000	524,979,000	732,828,000	925,875,000
Montana .....	93,660,000	111,184,000	151,272,000	198,173,000	291,030,000
North Dakota .....	135,800,000	153,921,000	227,182,000	330,178,000	572,893,000
South Dakota .....	125,105,000	139,776,000	182,134,000	269,244,000	420,357,000
Wisconsin (26 Counties).....	64,820,000	72,917,000	101,505,000	132,354,000	165,616,000
Ninth District .....	793,725,000	911,557,000	1,203,368,000	1,683,575,000	2,398,939,000
Crops .....	227,447,000	261,791,000	375,225,000	510,760,000	790,455,000
Livestock & Lvstk. Products	470,840,000	544,844,000	756,654,000	1,083,886,000	1,527,944,000
Government Payments .....	95,438,000	104,922,000	71,489,000	88,929,000	80,540,000

### Northwest Farm Production

Wheat (Bu.) .....	172,344,000	204,785,000	269,211,000	292,868,000	279,650,000
Corn (Bu.) .....	285,022,000	266,756,000	288,551,000	360,806,000	347,650,000
Oats (Bu.) .....	257,163,000	305,759,000	265,433,000	390,377,000	328,370,000
Barley (Bu.) .....	121,395,000	121,127,000	135,857,000	191,702,000	138,820,000
Rye (Bu.) .....	20,409,000	23,129,000	25,638,000	34,667,000	11,580,000
Flax (Bu.) .....	15,967,000	23,236,000	22,642,000	31,338,000	39,860,000
Potatoes (Bu.) .....	44,752,000	50,914,000	39,734,000	45,785,000	57,240,000
Pigs Farrowed .....	9,766,000	9,736,000	10,325,000	12,770,000	15,454,000
Lambs .....	4,441,000	4,877,000	5,447,000	5,747,000	5,670,000
Wool (Lbs.) .....	52,387,000	57,997,000	66,417,000	67,624,000	64,590,000
Milk (Cwt.) .....	163,540,000	168,440,000	179,670,000	180,340,000	182,400,000
Butter (Lbs.) .....	519,588,000	543,821,000	582,678,000	562,300,000	536,240,000
Eggs (Doz.) .....	275,333,000	293,167,000	314,583,000	411,750,000	497,000,000

### Northwest Farm Prices

Wheat .....	\$.59	\$.68	\$.78	\$.96	\$1.21
Oats .....	.24	.27	.30	.39	.58
Corn .....	.37	.48	.53	.67	.88
Barley .....	.34	.36	.42	.56	.82
Rye .....	.32	.37	.40	.49	.75
Flax .....	1.59	1.58	1.64	2.23	2.79
Potatoes .....	.53	.52	.49	.90	1.25
Hogs .....	6.23	5.20	8.98	13.01	13.55
Beef Cattle .....	6.82	7.21	8.62	10.76	12.13
Veal Calves .....	8.26	8.57	10.18	12.34	13.32
Sheep .....	3.88	4.10	5.01	6.22	6.38
Lambs .....	7.53	7.86	9.25	11.24	12.78
Chickens .....	.11	.11	.13	.16	.21
Butterfat .....	.25	.29	.36	.42	.52
Milk .....	1.31	1.46	1.83	2.12	2.61
Eggs .....	.15	.16	.22	.29	.35
Wool .....	.22	.28	.34	.39	.42

### Corn—Hog Ratios (No. bu. of corn required to buy 100 lbs. live hogs)

Northwest .....	16.8	10.8	16.9	19.4	15.4
United States .....	13.4	9.2	14.2	16.5	13.6

### Storage Holdings (United States)

Wheat (bu. in elev.) Oct. 1.....	155,862,000	185,488,000	238,701,000	255,945,000	205,587,000
Wheat (bu. on farms) Oct. 1.....	338,658,000	369,447,000	488,311,000	644,503,000	517,740,000
Corn (bu. on farms) Oct. 1.....	555,596,000	548,625,000	474,622,000	423,597,000	364,844,000
Butter (Lbs.) Dec. 31.....	55,468,000	41,497,000	114,436,000	24,979,000	154,364,000
Cheese (Lbs.) Dec. 31.....	108,183,000	129,536,000	201,613,000	139,398,000	175,554,000
Beef (Lbs.) Dec. 31.....	78,988,000	106,990,000	135,478,000	127,034,000	225,890,000
Pork (Lbs.) Dec. 31.....	467,416,000	656,169,000	468,538,000	490,476,000	509,123,000
Lard (Lbs.) Dec. 31.....	162,105,000	287,009,000	181,237,000	83,776,000	146,407,000

### Livestock Receipts at So. St. Paul

Cattle .....	892,690	942,389	1,060,478	1,116,836	985,309
Calves .....	480,374	465,485	471,136	503,246	437,885
Hogs .....	2,204,915	2,959,982	2,558,807	3,114,262	3,705,285
Sheep .....	1,203,959	1,280,348	1,306,163	1,612,240	1,787,014

### Grain Samplings—Minneapolis Chamber of Commerce

Wheat (Bu.) .....	94,300,000	141,235,000	134,375,000	138,709,000	208,975,000
Corn (Bu.) .....	18,069,000	19,655,000	16,206,000	19,166,000	12,086,000
Oats (Bu.) .....	26,554,000	21,144,000	32,448,000	45,689,000	58,908,000
Barley (Bu.) .....	49,504,000	36,970,000	54,215,000	58,308,000	78,560,000
Rye (Bu.) .....	12,586,000	8,763,000	18,939,000	13,351,000	13,943,000
Flax (Bu.) .....	12,593,000	16,148,000	19,685,000	23,603,000	26,996,000

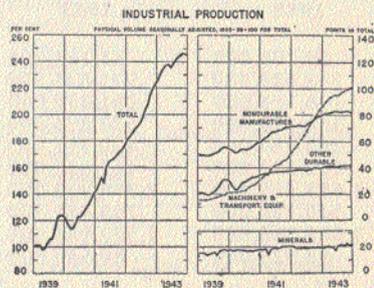
<sup>1</sup> December estimated.

<sup>2</sup> Fourth quarter estimated.

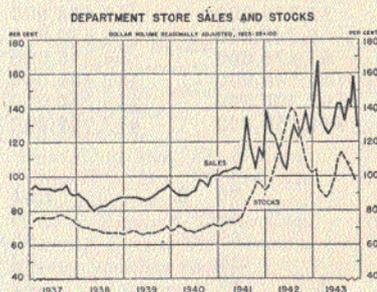
<sup>3</sup> Weekly reporting member banks.

<sup>4</sup> Weekly reporting member banks excluded.

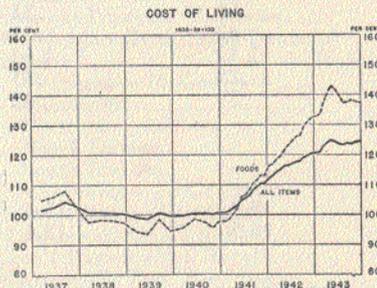
<sup>5</sup> 1943 estimated on basis of first 10 months.



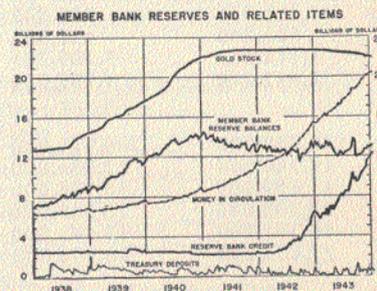
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for December, 1943.



Federal Reserve indexes. Monthly figures, latest shown are for December, 1943.



Bureau of Labor Statistics' indexes. Last month in each calendar quarter through September, 1940, monthly thereafter. Mid-month figures, latest shown are for December, 1943.



Wednesday figures, latest shown are for January 19, 1944.

## National Summary of Business Conditions

COMPILED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, JANUARY 26, 1944

Industrial activity declined slightly in December from the record levels reached in preceding months. Prices of commodities at retail showed little change and distribution was maintained in large volume.

**INDUSTRIAL PRODUCTION**—The Board's seasonally adjusted index of industrial production, which had been at 247 per cent of the 1935-39 average in October and November, declined to 245 in December, reflecting largely decreases in output of steel and chemicals.

Steel production dropped 6 per cent in December to the same rate as in December 1942. Output for the year, however, totaled 88.9 million tons, which was 2.8 million tons larger than the year before. Activity in the transportation equipment and machinery industries was maintained in December at a high level. The number of aircraft accepted during the month was slightly larger than in November and was at approximately the average monthly rate scheduled for 1944. The average weight of planes to be produced, however, will continue to increase. Deliveries of merchant vessels in December were the largest on record, bringing the total for the year to 19,238,626 deadweight tons, as compared with 8,089,732 tons in 1942. Lumber production in the last two months of 1943 was above the level of a year ago in contrast to the first 10 months of 1943 when output averaged 10 per cent below the same period in 1942.

Activity in the chemical industry declined 5 per cent in December, reflecting a large reduction in output of small arms ammunition in accordance with plans of the armed forces. Cotton consumption declined further in December to a level 13 per cent below December 1942. Newsprint consumption declined seasonally. Further restrictions on its use, as well as on the use of printing paper in books and magazines, were made effective January 1, 1944, owing to inadequate supplies of pulpwood. Output in the petroleum refining and rubber products industries increased further.

Crude petroleum production showed little change in December and output of coal was restored to a high level. Bituminous coal production for the year exceeded 1942 output by 1.6 per cent. Iron ore production continued to decline seasonally in December and output for the year was approximately 4 per cent below 1942.

The value of construction contracts awarded in December, according to reports of the F. W. Dodge Corporation, was greater than in recent months, reflecting mainly increased Federal awards for manufacturing and other nonresidential buildings.

**DISTRIBUTION**—December department store sales were slightly larger than a year ago and combined with November sales were 11 per cent larger than in the corresponding months last year. For the year 1943 total value of sales reached a new peak—about 12 per cent larger than 1942 and 55 per cent larger than 1939. Sales during the first two weeks of January were about the same as last year.

Railway freight traffic in December and the first part of January was unusually heavy for this season. For 1943 total freight carloadings were about the same as in 1942. Shipments of grain and livestock averaged about 20 per cent above 1942, while loadings of ore, forest products, and less-than-carload-lot freight averaged 8 per cent lower.

**COMMODITY PRICES**—Wholesale prices of agricultural and industrial commodities showed little change from the middle of December to the middle of January and the general index of the Bureau of Labor Statistics remained at 103 per cent of the 1926 average.

Retail food prices declined slightly from mid-November to mid-December, while other groups of cost-of-living items increased and the total index advanced .2 to 124.4 per cent of the 1935-39 average.

**BANK CREDIT**—During the latter part of December and the first two weeks of January excess reserves at all member banks were maintained at an average level close to 1.1 billion dollars. Purchases of Government securities by the Federal Reserve Banks offset the effect on reserves of increases in nonmember deposits at the Reserve Banks and the increase in currency in circulation. The System portfolio of Government securities increased by 900 million dollars in the five weeks ended January 19. After allowance for expected seasonal movements, currency in circulation increased less in December than in November but there was little post-Christmas return flow.

Loans and investments of reporting member banks in 101 leading cities, which had been decreasing steadily since late October, declined by an additional 620 million dollars during the five weeks ended January 19. A large part of the decline reflected sales of Government securities, principally Treasury bills, to the Federal Reserve Banks. Holdings of United States Government securities were reduced by 370 million dollars. Total loans declined by 230 million dollars, representing reductions in loans to banks, in commercial and industrial loans, and in "other" loans, mainly instalment credit. Adjusted demand deposits, which had increased sharply from the middle of October to the middle of December, declined somewhat over the year-end, but increased again in the first half of January. United States Government deposits at banks continued to decline.