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SPECIAL ARTICLE

Income from Livestock Tops Grain in Ninth

Agriculture Is Dominant Source of Total Income Payments: 83% in North Dakota, 72% in South Dakota, 51% In Montana; Only 35% in Minnesota

THE economic importance of agriculture in the Ninth District is in sharp contrast to that of the United States as a whole. Cash farm income in this district is a major part of total income payments, whereas for the nation as a whole it constitutes only 12 to 13 percent of the total.*

District cash farm income in early 1945 was approximately 125 to 150 million dollars a month. This compares with about 50 million in the 1935-1939 average and about 26 to 28 million dollars at the low point in 1932.

The share of the national income going directly to farmers as cash income indicates only partly the relative importance of agriculture in the economy. Probably as many or more people are engaged in the processing and handling of agricultural commodities from the producer to the consumer as are engaged in the actual production processes. These people who are engaged in economic activity closely related to agriculture therefore have a vital interest in farm prosperity. The larger the share of total income that flows to farmers in a given area, the more dependent naturally the economy of that area is on agriculture.

There is considerable variation in the proportion of the income arising in agriculture in states within the district. In North Dakota, for example, 1944 cash farm income was 83 percent of total income payments. At the opposite extreme, cash farm income in the State of Michigan was only 7 percent of total income payments. However, only a small part of Michigan (13 counties in the Upper Peninsula) is included in the Ninth District. This area is devoted largely to mining and lake transport activities.

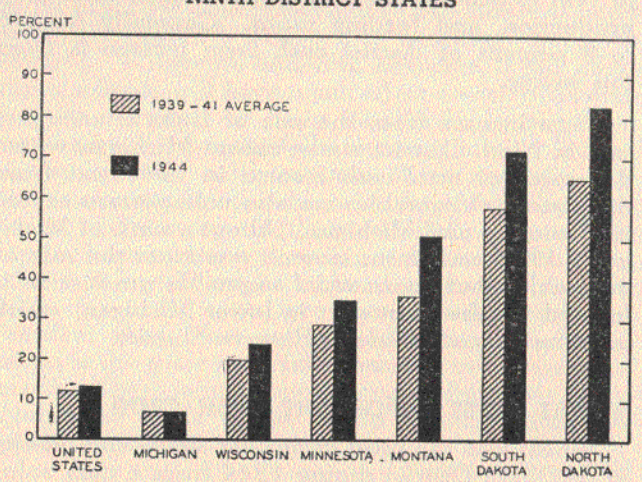
Agriculture is of dominant importance in South Dakota, Montana, and the Ninth District part of Wisconsin. Urban incomes in the metropolitan centers of Minnesota reduce the relative importance of farm incomes in that state.

In South Dakota, cash farm income in 1944 was 72 percent of total income payments to individuals. In Montana, mining interests loom large but agriculture is still the most important income source—51 percent in 1944. Industry in Minnesota, as indicated above, was so important that cash farm income in 1944 was only 35 percent of total income payments to individuals.

The 26 counties in Wisconsin in the Ninth District are predominantly agricultural but exact statistics covering that portion are not available. For Wisconsin as a whole, cash farm income was about a fourth of total income payments to individuals.

Agriculture's share of the income payments in states of the Ninth District has increased materially during the war years—much more so than for the United States as a whole. With average or better weather conditions, favorable farm incomes are a usual phenomenon when industrial activity and employment are at a high level. Agricultural prices during the war have almost doubled from the 1909-1914 average while prices paid by farmers for commodities used in production and farm family living have increased only about 70 percent. Total overall production of food increased about a third in

CASH FARM INCOME IN PERCENT OF TOTAL INCOME PAYMENTS, UNITED STATES AND INDIVIDUAL NINTH DISTRICT STATES



* Total "income payments to individuals" is nearly equivalent to national income—transfer payments are added and contributions to social insurance funds and savings of corporation are deducted. Total income payments to individuals includes the income arising directly out of agricultural activities such as the net income of farm operators and wages paid to farm laborers. Data by states on cash income from farm marketings are more readily available, however, and they are used as a basis of comparison in this article. It is believed that this comparison indicates satisfactorily the relative importance of agriculture in the economy of Ninth District states.

1944 from the prewar 1935-1939 average. Part of the increase was due to weather, but improved farm technology also has been an important factor.

MAJOR CASH FARM INCOME FROM LIVESTOCK AND LIVESTOCK PRODUCTS

About two-thirds of Ninth District cash farm income in 1944 was derived from the sale of livestock or livestock products. There is a distinct variation from state to state but only a slight variation from year to year in the proportion of the income from this source. In Minnesota, Wisconsin and South Dakota from 75 percent to 90 percent of cash farm income was from livestock and livestock products during 1944.

In Wisconsin, milk is the all important farm commodity. About half the entire cash farm income comes from the sale of milk. In South Dakota, cattle and hogs are most important and constitute nearly half the total income. In Minnesota, cattle, hogs, butterfat, and eggs are dominant farm enterprises.

North Dakota is a grain state with approximately 42 percent of its total cash farm income in 1944 derived from the sale of wheat and rye with about 50 percent from these two crops for the 1939-41 average. There is a trend, however, toward more livestock in North Dakota to utilize more fully the large production of feed grains and hay. Dairying accounts for only 6 to 12 percent of total farm income in the Dakotas and Montana. In Montana, cattle and sheep and lambs are the most important livestock commodities produced and make up a fourth of total cash farm income. Wheat has made up about another one-third of total farm income in recent years.

Feed grains and hay are of minor importance as a cash grain crop in the Ninth District with the exception of parts of Minnesota and South Dakota. Apparently more corn, oats, and barley are normally produced in these areas than can be put through livestock. The proportion of feed grains sold as a cash crop will vary considerably from year to year depending on livestock numbers, total crop production, and feeding ratios. Generally from 6 to 8 percent of district cash farm income is from this source.

Farm income from the sale of fruits is unimportant in Ninth District states except Michigan where 9 percent of total cash income in 1944 was from this source. Vegetables are also unimportant except in Wisconsin and Michigan. About a sixth of Michigan's 1944 cash farm income was from the sale of vegetables, but commercial vegetable production is located for the most part in lower Michigan, which is in the Seventh Federal Reserve District.

WHEAT MOST IMPORTANT CASH CROP

Wheat was the most important single commodity in the Ninth District during 1944 from a cash value viewpoint. It constituted about a fifth of the total district cash farm income. The production of cattle, calves, and sheep and lambs are dominant livestock enterprises in the western part of the Ninth District. Dairying and production of hogs are most important in the eastern part of the district.

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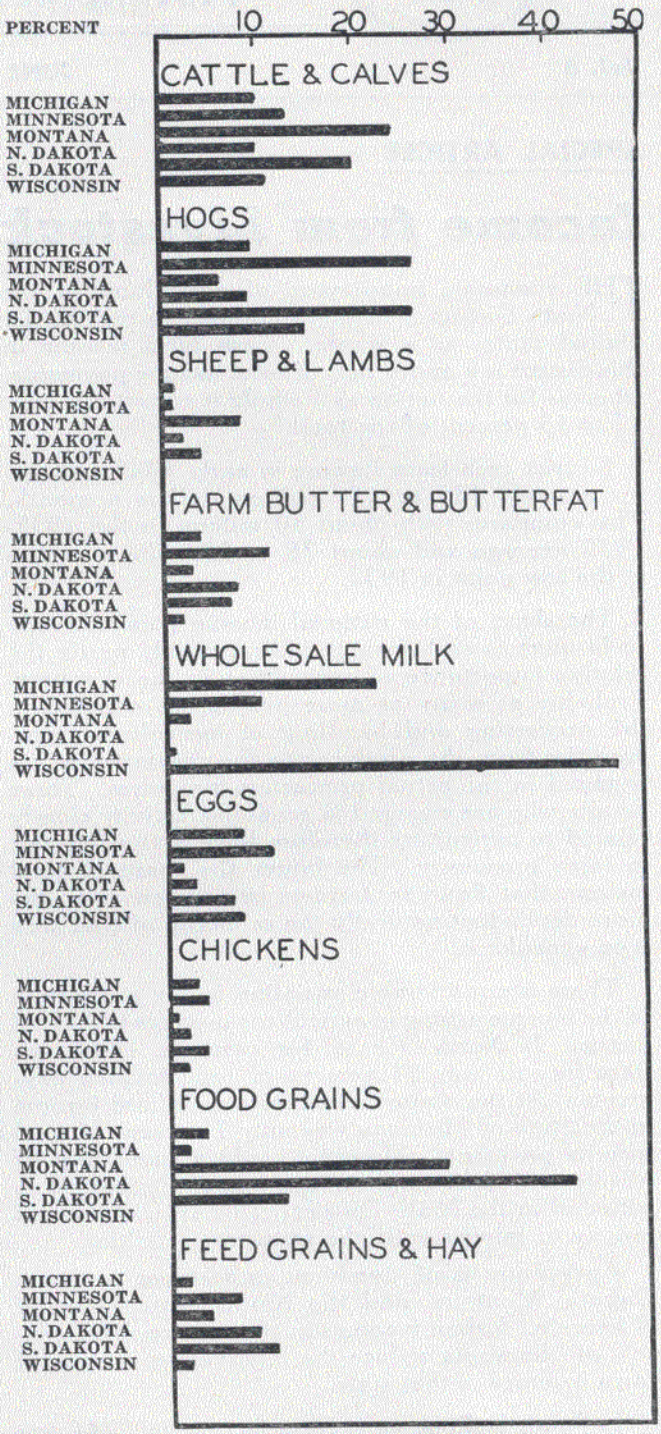
PROPORTION OF CASH FARM INCOME FROM DIFFERENT FARM PRODUCTS, 1944



[1] Michigan and Wisconsin data are for entire state.

AGRICULTURE

Crop Prospects Good Despite Cold Spring

SUMMARY

SUBSOIL moisture reason for optimism, with small grain looking the best.

Favorable feeding conditions and government action may result in additional meat production.

Cash farm income declines due to reduced hog marketings, retarded movement of farm-stored grain to market.

Prices received by farmers at mid-May were generally higher.

CROP conditions in the district continue to look good in spite of the cold, backward spring and excessive surface moisture in some areas. Excellent subsoil moisture in practically all areas is one of the most optimistic factors for another good crop this year in the Northwest.

Small grain looks good although it is in all stages of growth. In southern Minnesota and South Dakota, much of it is in the shot blade, while in the northern areas the crop is only a few inches high. Reports indicate stands are thick and exceptionally well rooted.

Although it is too early to pass judgment on the corn crop, it is getting off to a rather bad start. In general it has a decidedly yellow color and is two or three weeks behind in development. Sunshine and warm weather could quickly change the appearance of the crop and would also permit cultivation, which is greatly needed. The unseasonable weather has favored weed growth, and wild oats, wild buckwheat, and mustard practically carpet the ground in uncultivated corn fields and are also a menace in flax and small grain fields. Much of the grain this year may carry considerable dockage.

Flax condition is fairly satisfactory. What is needed is sunshine and warm weather to restore a more healthy color to the plants and to stimulate growth in the large acreage seeded.

The acreages planted to corn and small grains in Minnesota, North and South Dakota, and Montana are larger than they were a year earlier and considerably larger compared with a recent 10-year average (see accompanying table).

Grain Acreages Planted[1] — Four Northwest States[2]

	(Thousands of Acres)					
	Winter Wheat	Spring Wheat	Corn	Oats	Barley	Flaxseed
1934-1943 Average	1,568	13,874	9,609	8,949	6,374	2,455
1944	1,903	14,996	11,466	10,634	6,103	2,439
1945	1,901	14,714	11,874	11,623	5,122	3,541
1945 as a percent of 1944	100%	98%	104%	109%	84%	145%

[1] "Crops and Markets" for April.
[2] Minnesota, Montana, North Dakota, and South Dakota.

From the table it is noted wheat acreage is about the same as a year earlier, but corn, oats, and flax acreages are considerably larger. Adverse weather conditions may have caused some shifts in farmers' intentions to plant in recent weeks. Some observers believe flax acreages may be increased from that indicated.

Livestock conditions in the district are good. Both cattle and sheep have apparently come through the winter in generally good condition. There is a fair to good supply of range feed in the west. Range feed and forage have been developing somewhat slowly but prospects indicate good summer grazing in most areas.

With a near record carry-over of feed grains on farms and excellent crop and pasture prospects, it appears the livestock producers may be in a favorable feeding position this year. Indications are that more emphasis will be put on increased meat production and the production of dairy and other livestock products during the next several months.

Several government regulations have recently been made that are designed to increase meat production. The support price on hogs was raised to $13.00, Chicago basis, and made to apply on all weights of good and choice butcher hogs rather than on certain specified weights, as was previously the case. This support price is guaranteed until September 1946. The subsidy to hog processors was also increased 40 cents per hundredweight. With hog prices already at ceiling levels this additional subsidy will benefit the processor and will tend to maintain producers' prices at ceiling levels.

The widely publicized beef production payment of 50 cents per hundredweight to producers of good and choice cattle is designed to encourage livestock feeding. It appears doubtful, however, if this additional subsidy will have much effect on cattle feeding for the next two or three months at least. Most cattle go on feed in the fall or winter period. During the spring and early summer there are relatively few feeder cattle available and the spread between feeder and slaughter cattle is seasonally narrow. The farmer is also busy with spring work, and with labor what it is he will not be inclined to change his work plans for a 50 cents per hundredweight subsidy. Another thing that cattle feeders are wondering about is the price next fall when the cattle are marketed. There is no support price under cattle and a decline in cattle prices would quickly offset the producer subsidy.

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Fred M. Vinson, director of the Office of War Mobilization and Reconversion, has announced that there will be no downward revision in the overriding ceiling price or in the maximum of the stabilization ranges for beef cattle, except bulls, without at least six months' advance notice to producers. This action is designed to assure cattle feeders of as much protection as possible while cattle are on feed.

There is no question but that additional meat production is needed, and with a favorable feed and demand situation it should be profitable. The objective should be to give cattle a rapid light finish to relieve the present meat shortage and avoid increasing breeding stock above the level that can be safely carried on the range.

Farmers' cash income in the Ninth District for the first quarter of 1945 totaled $405,440,000, compared with $459,642,000 for the same period a year earlier. For the country as a whole, there was little change in cash farm income thus far this year compared with a year earlier. The decline in the Ninth District is due partly to reduced hog marketings, particularly in Minnesota and South Dakota, and a retarded movement of farm stored grain to market.

April 1 storage stocks of corn, wheat, and oats on farms in the Ninth District were larger by more than a third compared with a year earlier and almost double the 10-year 1934-1943 average.

Accumulated grain storage stocks, favorable crop prospects, and prices of most farm products as high or higher than a year earlier indicate cash farm income this year may be about as favorable as in 1944 assuming that demand for farm products remains near present levels.

January-March Cash Farm Income[1]

(Thousands of Dollars)

State	1935-1939 Average	1944	1945	1945 In Percent of 1944
Minnesota	$ 76,843	$ 219,769	$ 187,402	85%
North Dakota	17,388	68,322	62,974	92
South Dakota	23,345	82,780	67,802	82
Montana	12,874	41,176	42,342	103
Ninth District[2]	148,196	459,642	405,440	88
United States	1,680,482	4,536,000	4,502,000	99

[1] Data from "The Farm Income Situation," United States Department of Agriculture.

[2] Includes 15 counties in Michigan and 26 counties in Wisconsin.

Prices received by farmers in the Ninth District at mid-May were generally higher compared with the previous month and a year earlier. The recent increase in the wheat price ceiling of about three cents a bushel and an increase of three cents ($1.35 to $1.38) in the 1945 wheat loan rate gave strength to the wheat market in recent weeks in spite of the June 1 government forecast of a new record wheat crop this year.

Wheat prices advanced approximately five to seven cents per bushel from a year ago. No. 2 Hard Winter Wheat at $1.67 at Kansas City on June 1 was five cents higher than a year ago while No. 1 Dark Northern Spring at $1.71 at Minneapolis was about eight cents higher compared with a year earlier.

Average Prices Received by Farmers[1]

Commodity and Unit	Ninth District May 15, 1937-1941 Avg.	Ninth District May 15, 1944	Ninth District May 15, 1945	Parity Prices[2] United States May 15, 1945
Crops				
Wheat, bushel	$0.80	$ 1.43	$ 1.46	$ 1.53
Corn, bushel	.60	1.01	.89	1.11
Oats, bushel	.30	.71	.58	.69
Potatoes, bushel	.64	1.08	1.69	1.25
Livestock and Livestock Products				
Hogs, 100 lbs.	7.33	12.74	13.95	12.60
Beef cattle, 100 lbs.	7.17	11.96	12.42	9.38
Veal calves, 100 lbs.	8.33	13.26	13.38	11.70
Lambs, 100 lbs.	8.20	12.98	12.82	10.20
Wool, lb.	.27	.41	.40	.317
Milk, wholesale, 100 lbs.	1.45	2.65	2.60	2.49
Butterfat, lb.	.29	.53	.52	.431
Chickens, live, lb.	.128	.211	.224	.197
Eggs, dozen	.156	.27	.315	.316

[1] Data compiled from "Agricultural Prices," United States Department of Agriculture.

[2] The term parity as applied to the price of an agricultural commodity is that price which will give to the commodity a purchasing power equivalent to the average purchasing power of the commodity in the base period, 1910-1914.

Prices of good quality corn have remained about steady at ceiling prices but much of the corn in the Ninth District has been marketed at below ceiling prices because of its high moisture content and poor quality.

Oats prices at Minneapolis have remained fairly constant at 69 to 70 cents per bushel this season while barley prices have averaged about $1.25 a bushel.

Data from the Minneapolis Weekly Grain Market Review indicate that compared with the 10-year (1932-1941) May average wheat prices are 70 cents per bushel higher for spring wheat and about 80 cents per bushel higher for hard winter wheat. Oats prices are approximately double the 10-year average while corn prices are 50 cents a bushel higher and barley 57 cents a bushel above the 10-year May average.

The May index of prices received by farmers for meat animals was 217 percent of the 1909-1914 average, 2 points above a month earlier and 16 points above a year earlier according to the Bureau of Agricultural Economics. Prices for hogs, cattle, chickens and eggs in the Ninth District were up slightly from a year ago and from the previous month. Lambs, wool, milk, and butterfat were down slightly from a year earlier.

BUSINESS

Reconversion as Yet Poses Few Problems

SUMMARY

PRELIMINARY phase of changeover has been completed with no consequential drop in output or employment.

Bank debits for May rose sharply due to sale of war bonds.

Department store sales again increased from low volume in April.

Iron ore stock pile is at low point.

BUSINESS activity in the Ninth Federal Reserve District has continued on a high level during the first phase of the industrial reconversion to peacetime production.

Industry in the Ninth District has now practically completed the first phase of the reconversion to peacetime production. Plants that fulfilled their war contracts some months ago now have either resumed the production of civilian goods or have nearly completed the job of retooling. Other plants began the task of revamping their equipment when hostilities ceased in Europe. Some of those still engaged in the production of war materials expect their volume to taper off in the near future and others expect theirs to continue in substantial amount until the end of hostilities in the Pacific.

The aggregate volume of output has not declined appreciably during this phase of reconversion. The consumption of electrical energy is a fair measure of over-all output. During May the large industrial users consumed 2½ percent more kilowatt hours of current than in the previous month. The small industrial users consumed 1.8 percent less, which is the usual seasonal trend from April to May.

Employment has remained quite stable. According to the War Manpower Commission, reconversion and cut-backs in war contracts have not resulted in lay-offs of any consequences.

Reconversion began early in Eau Claire, Wisconsin. The United States Rubber Company completed its ordnance contracts by the end of 1943. During the past year the plant was reconverted to the production of tires. In the interim some of the employees were loaned to other U. S. Rubber Company plants. Others were employed on the reconversion construction work. Consequently, practically no unemployment resulted.

In Duluth and Superior, reconversion began some time ago. Production in the shipyards is tapering off gradually. At the beginning of the year, the labor force in the yards constituted about 14,000 workers. It has now contracted by about 3,000 workers. These workers have secured employment either with other industrialists in the two cities or in nearby communities.

A significant number of the shipyard workers were commuters from the Range cities and other nearby municipalities. As soon as the overtime was abandoned most of the commuters found it to their advantage to seek employment in their own communities. In fact, these workers have been leaving Duluth and Superior at so rapid a rate that the iron and steel companies have never obtained their quota of employees and the railroad shops are in great need of labor. A large number of white-collared workers are still on a double shift: after their regular working hours, they work for several hours on the docks.

In Minneapolis and St. Paul the paper cuts in shell and powder contracts have thus far not affected local employment. The cut-backs in a number of other plants has merely placed them on schedule. At the present time there are still about 7,000 unfilled priority orders. For this reason, the demand for labor is still brisk.

A survey was made recently of the reconversion problems in this district by the Minneapolis regional office of the United States Department of Commerce.

The actual job of reconversion varies greatly among the different concerns. Some have continued to produce the same type of product for the armed forces as they had produced for civilians. They have practically no reconversion problem. Labor requires little, if any, retraining and the same equipment is employed. On the other hand, concerns that have produced a different type of product for the armed forces are faced with a transition period ranging from a few days to several months. One industrialist hopes to shorten this period by anticipating contract termination and by limiting the resources and labor used in "test-runs" of civilian products prior to full conversion.

Shortages of materials may delay the production of civilian goods. Most industrialists are agreed that the uses of scarce materials should be kept under government control throughout the transition period.

Some manufacturers plan to change their distribution system. During the war period the organizations have waned noticeably. The transition period affords an opportune time to rebuild the system.

A number of manufacturers also plan to extend more services to their distributors. Various techniques have been devised to give wholesalers and retailers a thorough knowledge of the product.

Bank debits reported by banks in 93 cities throughout the district have again risen from a low of 180 in April to 201 for May after making an adjustment for the normally smaller amount of debits made to deposit accounts during May as com-

pared with the average monthly amount for the year. In the farming centers the debits remained very stable: the debits for May were one point higher as compared with the preceding month.

In view of the seventh war bond drive which was opened officially May 14, it is necessary to discount in part the sharp rise in bank debits. Individuals have used checks to purchase bonds as well as to pay for goods and services. Consequently, the rise in the monthly bank debits is not indicative of a comparable rise in the aggregate volume of business transacted.

In previous bond drives, the debits increased sharply. During the months of the preceding six drives, bank debits averaged approximately 25 percent higher than for the other months of the same year. According to past experience, nearly all of the present rise in debits may be attributed to the sale of war bonds.

Marked differences occurred in the rise of bank debits among areas. Most of the increase was concentrated in the urban centers. Banks in the Great Lakes Ports reported debits 19 percent higher in May as compared with April. Banks in Minneapolis and St. Paul reported debits 9 and 10 percent higher respectively. Of the farming centers, the largest increase of 5 percent was reported by banks in the wheat and range region of Montana.

Department store sales during May again started an upward movement from the unusual slump in the previous months. The Ninth District index rose from 167.5 for April to 171.0 for May. The expansion in sales was quite universal among all stores reporting.

During this war period the volume of sales have expanded most in the industrial centers. On the basis of the 1935 to 1939 average, the sales for the first five months of this year were 8 percent larger in stores reporting from Minneapolis, St. Paul, Duluth and Superior than those reporting from other cities over the district. The concentration of workers in the war plants has, in a large measure, accounted for the greater expansion. Consequently, this may be only a temporary differential if these workers migrate back to their former communities at the end of the war.

As compared with May of a year ago, sales for last month were 2 percent larger. The increase was concentrated among the stores in Minnesota, Montana, and South Dakota. Sales reported from stores in North Dakota and in northwest Wisconsin were 4 percent less.

For the first five months of this year, department store sales were 12 percent larger than for the same period of a year ago. This upward trend in receipts reflects primarily a rise in prices and the selection of higher priced goods by consumers. In many instances, the lower priced goods have not been available. At the present time, some soft goods are almost as difficult to obtain as hard goods. In view of these circumstances, it is doubtful that there has been much increase in the physical volume.

Sales at Department Stores

	Number of Stores Showing		Percent May 1945 of May 1944	Percent Jan.-May 1945 of Jan.-May 1944
	Increase	Decrease		
Total District	128	134	102	112
Mpls., St. Paul, Dul.-Sup.	15	7	105	115
Country Stores	113	129	99	107
Minnesota	39	37	101	107
Central	5	4	109	115
Northeastern	0	6	88	95
Red River Valley	1	4	96	107
South Central	11	9	104	110
Southeastern	9	6	99	103
Southwestern	13	8	103	107
Montana	24	14	102	110
Mountains	8	3	107	113
Plains	16	11	99	108
North Dakota	20	27	96	108
North Central	3	7	84	96
Northwestern	1	2	88	109
Red River Valley	8	9	98	111
Southeastern	6	9	99	108
Southwestern	*	*	.....	.....
Red River Valley—Minn. and N. D.	9	13	98	110
South Dakota	14	11	103	111
Southeastern	3	2	104	110
Other Eastern	7	4	105	112
Western	4	5	96	111
Wisconsin & Michigan	16	40	96	103
Northern Wisconsin	5	11	97	104
West Central Wis.	6	26	94	101
Upper Peninsula Michigan	5	3	100	116

* Not shown, but included in totals. Insufficient number reporting.

Iron ore shipments are expected to continue in large volume throughout the present season. According to a survey made by the Lake Superior Iron Ore Association, ore stocks at United States and Canadian furnaces and lower lake docks declined during April to 16,428,765 gross tons. This is the lowest stock pile in 27 years.

May shipments from Lake Superior ports totalled 11,121,203 gross tons. This is 8.2 percent less than was shipped during May of last year. However, due to the early opening of the shipping lanes, shipments to the first of June aggregated 18,403,277 gross tons which is 5.75 percent more than was the shipment prior to June 1 of last year.

Northwest Business Indexes

Adjusted for Seasonal Variations—1935-1939=100

	May, 1945	April, 1945	May, 1944	May, 1943
Bank Debits—93 Cities	201	180	170	170
Bank Debits—Farming Centers	207	206	182	171
City Dept. Store Sales	171	168	163	138
City Dept. Store Stocks	163	144	144	126
Country Dept. Store Sales	154	145	156	137
Country Lumber Sales	101	136	94	127
Miscellaneous Carloadings	120	130	120	113
Total Carloadings (excl. Misc.)	203	155	144	138
Farm Prices (Minn. unadj.)	180	173	175	177
Employment—Minn. (unadj. 1936=100)	134	134	139	143
Minnesota Payrolls (unadj. 1936=100)	229	229	228	221

BANKING

Seventh War Loan Affects Deposit Situation

SUMMARY

CITY bank deposits rise to $1.4 billion. Borrowings decline with rising reserve balances and a shift of funds to war loan accounts.

Rise in country member bank deposits centered in Minnesota, South Dakota and Wisconsin.

CITY member bank deposits rose $54 million during the month to a total of $1,399 million by June 13. The increase was centered to a large extent in United States Government deposits (mostly war loan accounts) and miscellaneous deposits. Deposits of individuals and businesses rose by only $8 million during the same period.

The influence of the Seventh War Loan is evident in the weekly statements of these banks. The increase in war loan deposits and the consequent easing of the reserve position made possible a reduction in borrowings from $28 million on May 16 to $21 million on June 13. Most of this borrowing had, of course, occurred during the weeks immediately preceding the Seventh War Loan when the transfer of deposits from war loan to other accounts requiring reserves forced the banks to build up their reserve balances. Now the movement is being reversed with reserve-free war loan balances rising.

Assets and Liabilities of Selected Ninth District Member Banks

(In Million Dollars)

Assets	5/16/45	6/13/45	Change
U. S. Treasury bills	$ 6	$ 21	$+ 15
U. S. Treasury Certificates of Indebtedness	193	169	—24
Other U. S. Government securities	662	698	+ 36
Total U. S. Government securities	861	888	+ 27
Other investments	46	47	+ 1
Loans	195	198	+ 3
Cash and due from banks	345	360	+ 15
Miscellaneous assets	15	16	+ 1
Total	1462	1509	+ 47
Liabilities			
Deposits of U. S. Government	123	135	+ 12
Deposits of individuals & businesses	853	861	+ 8
Other deposits	369	403	+ 34
Total deposits	1345	1399	+ 54
Borrowings	28	21	— 7
Miscellaneous liabilities	7	7	0
Capital accounts	82	82	0
Total liabilities and capital	1462	1509	+ 47
Excess reserves	5	1	— 4

Some readjustment in the holdings of securities took place, the banks increasing substantially their holdings of U. S. Treasury bills. This presumably represents an investment of what the banks consider temporarily free funds while reserve-free war loan balances are rising and large. Some additions to their holdings of longer term bonds also occurred, but holdings of certificates of indebtedness actually declined during the month. On balance these banks increased their government security holdings by $27 million during the month.

Loans for carrying securities rose from $10 million in mid-May to $15 million by June 13, an increase of 50 percent. Commercial, industrial and agricultural loans remained essentially unchanged, and other miscellaneous loans declined. The increase in loans for the purpose of carrying securities presumably arises out of the financing operations of the Seventh War Loan, although the increase would not appear yet to be of unduly large proportions. During the month ending December 13, 1944 (approximately the month of the Sixth War Loan) these loans increased from $40 million to $49 million. For various reasons, however, the two periods are not completely comparable. The banks have been requested to make these loans during the drive only for bona fide purchases of securities.

An increase in cash and balances due from other banks indicated some inflow of funds to these banks either from country banks in the district or from outside the area.

Country member bank deposits rose slightly during the last month and during the last two weeks of May average $1,301 million. Most of the increase was centered in Minnesota banks although deposits in South Dakota member banks increased by $2.5 million and those in the Ninth District portion of Wisconsin by slightly over $1 million. Deposits in Montana, North Dakota, and the Upper Peninsula of Michigan declined slightly.

Reserves of these country banks rose to $147 million during the last two weeks in May, pushing excess reserves up to $31 million, substantially above the average for the previous month. Earning assets declined $2 million over the last two weeks in April.

Daily Average Reserve Position for All Ninth District Member Banks for the 16-Day Period Ending May 31, 1945

Type of Bank	Average Reserves Carried (000)	Average Reserves Required (000)	Average Excess Reserves (000)
Reserve City Banks	$161,496	$157,276	$ 4,220
Other City Banks	24,744	21,974	2,770
Total City Banks	186,240	179,250	6,990
Total Country Banks	146,915	115,642	31,273
Total Ninth District—1945	333,155	294,892	38,263
Total Ninth District—1944	289,310	257,489	31,821

INCOME FROM LIVESTOCK TOPS GRAIN IN NINTH

(from Page 234)

The proportion of cash farm income derived from different farm commodities was not greatly different in 1944 from what it was for the prewar 1939-1941 average. The income share from livestock and livestock products during war years has been slightly higher, which reflects increased livestock numbers on Ninth District farms.

There has been a noticeable shift from the sale of butterfat to whole milk in the eastern part of the district—particularly in Minnesota. This indicates a probable long time trend in dairy marketing in the eastern part of the district.

It is interesting to note from the accompanying table the comparison of cash farm income received from various farm products in Ninth District states with the United States as a whole.

SEASONAL PATTERN OF FARM INCOME VARIES CONSIDERABLY WITH STATES

Cash farm income in the Ninth District follows a fairly definite seasonal pattern. The trend from month to month is fairly even during the January to July period, reflecting steady marketings of livestock and livestock products and of grains stored on farms and in elevators from the previous year's crops. Starting in late July, however, a sharp increase in cash farm income occurs. This reflects the movement of new crop grains, particularly wheat, to market.

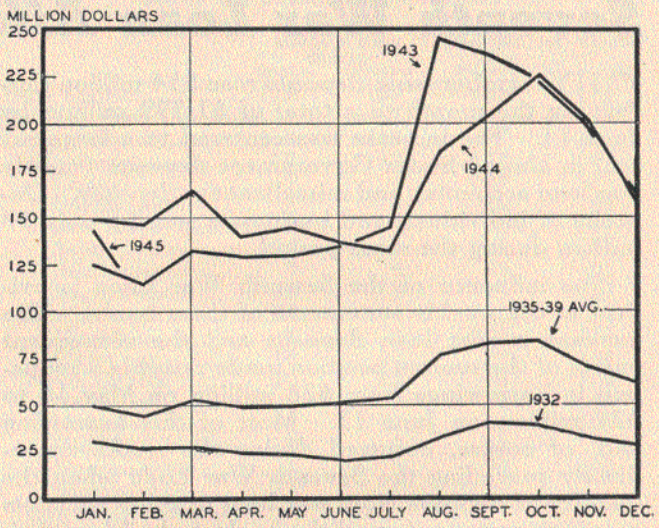
Cash farm income during the months of August, September, and October, usually runs 50 to 90 percent larger compared with the average of the first six months of the year. The price of wheat and the size of the crop exerts an important influence on farm income during these late summer months. Seasonal increases in marketings of cattle and lambs off grass in September and October also tend to swell cash farm income at this period, particularly in South Dakota and Montana, where beef cattle are especially important.

Proportion of Cash Farm Income Derived From Different Farm Products in Ninth District States, 1939-1941 Average

	Minn.	Mont.	N. Dak.	S. Dak.	Mich.	Wis.	United States
	(In Percent)						
Livestock and Livestock Prod.:	73	53	42	74	63	88	57
Cattle & Calves	17	18	13	25	11	14	16
Hogs	20	3	6	18	8	12	10
Sheep & Lambs	2	10	2	4	2	1	2
Farm Butter & Butterfat	17	4	11	10	7	7	4
Wholesale Milk	5	2	1	1	19	44	10
Eggs	6	2	2	4	7	7	6
Chickens	3	1	1	3	3	2	3
Other	3	13	6	9	6	1	6
Crops:	27	47	58	26	37	12	43
Food Grains[1]	5	36	48	15	3	.....	6
Feed Grains & Hay	10	2	4	8	2	2	6
Vegetables	3	2	3	1	16	3	7
Fruits & Nuts	.....	.....	.....	.....	7	1	5
Other	9	7	3	2	9	6	19
Total	100	100	100	100	100	100	100

[1] Includes wheat, rye, rice, and buckwheat.

MONTHLY TREND OF CASH FARM INCOME IN THE NINTH DISTRICT, 1932, 1935-39 AVERAGE, 1943, 1944, and 1945



STABLE INCOME DUE TO DIVERSIFICATION

In individual states within the district the seasonal trend of cash farm income varies considerably. In North Dakota, for example, where in many years wheat accounts for nearly 50 percent of total cash farm income, the income trend is sharply higher during the August to October period. In 1943 and 1944, August and September cash farm income was approximately 3½ times as high as the average farm income during the first six months of the year. On the other hand, cash farm income in Minnesota is more stable from month to month, reflecting a wide diversification of farm enterprises. In Wisconsin the seasonal trend of farm income is less pronounced than that in other district states. This is because about half the total income is derived from the sale of milk.

The trend of cash farm income for the district is downward during November and December and it tends to level off again after the first of the year. Marketings of new-crop corn and a major share of the relatively large spring pig crop during the last two months of the year tend to keep farm income at a high level relative to the average for the first half of the year.

While district cash farm income during the first two months of 1945 was running about 10 percent below the same period a year earlier, favorable crop prospects and large numbers of livestock on farms and prospects for a continuing high demand for food products indicate cash farm incomes during 1945 may approximate those of the last two years.