FEDERAL RESERVE BANK OF MINNEAPOLIS

MONTHLY REVIEW

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ON INSIDE PAGES

✓ Corn and Soybean Production to Set New Record

✓ Counter-balancing Factors Give Stability

SURVEY SHOWS PRICES AND SALES HIGH

Housing Market Continues Brisk

Activity up 12 per cent, with feature of market the all-time peak of prices in low-priced bracket

BUYERS of residential properties in Minneapolis and its suburbs found prices of most types holding firm in the first half of the year.

Houses in the low-priced bracket have been near an all-time peak, whereas those in the medium- and high-priced brackets have begun to decline.

Activity of the market has increased, with the number of homes sold rising 12 per cent over a year's time.

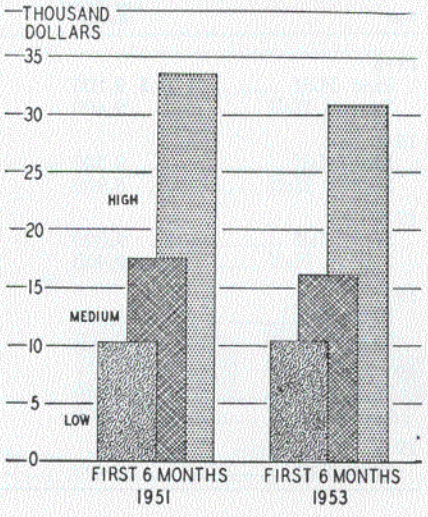
These are chief findings of the sixth annual survey of residential real estate prices made by the Federal Reserve Bank of Minneapolis in cooperation with the Minneapolis Board of Realtors. The survey, covering the period from July 1, 1952, through June 30, 1953, included 3,323 houses sold by representative realtors.

Bulk of market in low-priced bracket

Realtors, in describing the current market, pointed out that the supply of houses offered for sale has increased in relation to demand. As a result, buyers have had a larger selection from which to choose the types of houses that fit their needs and tastes—even if they have not received much concession on prices.

As was done in previous surveys, distribution of prices on houses sold was divided into three brackets: low-priced, medium-priced, and high-priced. Houses in the low-priced bracket comprise the largest portion of the residential market: 60 per cent of the total number of houses sold by realtors whose transactions were included in the survey.

MINNEAPOLIS HOME PRICES IN LOW, MEDIUM, HIGH-PRICED BRACKETS IN FIRST SIX MONTHS, 1951 AND 1953



The low-priced bracket ranged up to $13,200. In the latter half of 1952 such properties sold for an average price of $10,500, and in the first half of this year for $10,400. This decline in average price represents a decrease of only one per cent.

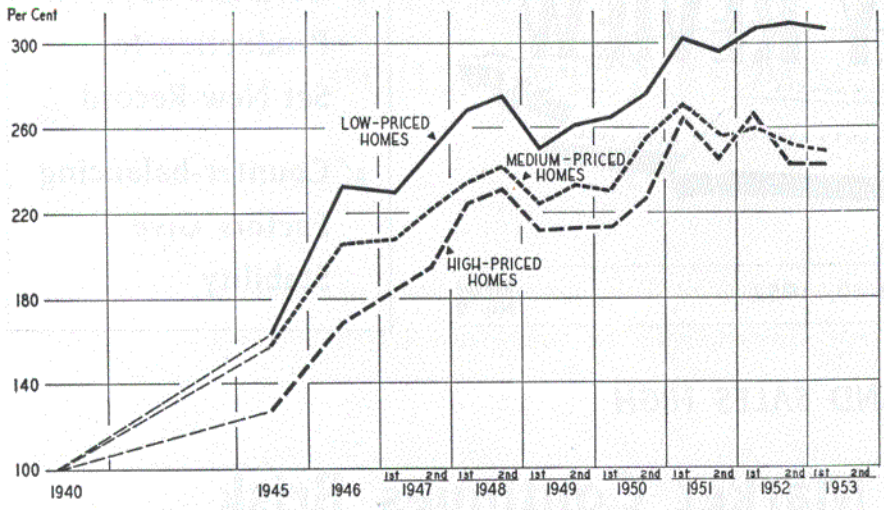
An examination of prices by months reveals no persistent downward trend. For example, there was a slight downward trend from the first of this year through May, but in June prices again turned upward.

A review of the trend in prices in this area since World War II shows that prices of houses in the low-priced bracket as well as those in the other brackets reached a peak in the first half of 1951, when a buying surge developed as a result of the outbreak of the Korean war.

Prices of those in the low-priced bracket declined in the latter half of 1951, but rose again in 1952, and in the latter half of that year they reached a higher level than in the earlier period. With prices down only one per cent during the first half of this year, it is evident that such houses still are selling close to the all-time peak.

INDEX OF REAL ESTATE PRICES, 1940 TO 1953

(1940=100)



Houses in medium-priced bracket down 8 per cent

Houses in the medium-priced bracket constituted 34 per cent of those sold by realtors. The price range on these houses extended from $13,300 to $23,500.

Prices of this grouping have declined at a slow rate since the spring of 1951. In the first half of that year the average price was $17,600, while in the first half of this year such houses sold for an average price of $16,200—a drop of 8 per cent.

Houses in high-priced bracket also decline

Houses in the high-priced bracket represent a small part of the residential real estate market—6 per cent of the total number of houses included in the survey. The prices in this bracket extended from $23,500 to over $100,000. Since the number of these houses sold is small, the average price by half-year periods fluctuates more than the average price of houses in the other two brackets.

In the first half of 1951 these houses sold for an average price of $33,700, and one year later they were approximately at the same level. In the latter half of 1952 the average price dropped to $30,800 and remained there for the first half of this year. According to these averages, the prices of such houses have receded about 9 per cent from the all-time peak.

Income properties popular

Houses included in the survey were classified by single units, duplexes, triplexes, etc. A comparison of the trend in price between single- and multiple-unit structures indicates that there has been a strong demand for income properties.

The average price on single units declined by $200 between the latter half of 1952 and the first half of this year, while the average price on houses containing two or more units increased. For example, duplexes averaged $1,800 higher in the first half of this year than in the second half last year.

Price trend uniform

No significant difference in the trend of prices was observed among houses sold in low-, medium-, and high-rent areas of Minneapolis as these areas are defined by the U. S. Bureau of the Census.

Prices of houses sold in the low-rent area, which presumably comprise the less desirable residential districts of the city, have held up as well as those in the medium- and high-rent areas.

Residential activity up

Activity in the residential real estate market has held up well. The representative group of realtors whose transactions were included in the survey sold 12 per cent more houses in the first half of this year as compared with the number sold in the latter half of last year.

Realtors now are selling more new houses. During the time a sellers' market prevailed, buyers purchased new houses directly from builders, but now the selling of many new houses as well as old ones requires salesmanship — a service performed by realtors.

With the prodigious growth of suburbs around Minneapolis, a larger proportion of the houses sold each year is in these communities. From July 1952 to June 1953, 48 per cent of the houses sold by realtors included in the survey were in these areas.

Concluded on Page 76

Residential Real Estate Prices, by Price Bracket, in Minneapolis and Surrounding Suburbs, 1948 to July 1, 1953

Year	Low-Priced Houses	Medium-Priced Houses	High-Priced Houses	All Houses
1948				
First Half	$ 9,100	$15,400	$28,600	$12,400
Second Half	9,400	15,900	29,500	12,800
1949				
First Half	8,500	14,700	27,000	11,700
Second Half	8,900	15,200	27,100	12,100
1950				
First Half	9,000	15,000	27,100	12,100
Second Half	9,400	16,600	28,900	13,000
1951				
First Half	10,300	17,600	33,700	14,200
Second Half	10,100	16,800	31,100	13,600
1952				
First Half	10,400	16,900	33,800	14,000
Second Half	10,500	16,400	30,800	13,800
1953				
First Half	10,400	16,200	30,800	13,600

DURUM WHEAT SCOURGED BY BLACK RUST

Corn and Soybean Production to Set New Record

Durum wheat and oats show disappointing returns; above-average total crop production to maintain farm income

THE YEAR 1953 promises to be an excellent one for producers of corn, flax, and soybeans, but it is likely to prove only an average year for growers of wheat and other small grains.

Black stem rust took a heavy toll during the month of August in sections growing durum and some other spring wheat. In spite of the severe rust epidemic, however, the district wheat crop is estimated at over 270 million bushels.

This compares favorably with the relatively small crop of 232 million bushels in 1952 and 269 million bushels for the 1948-52 average. (See table on crop production.)

District flax production, estimated at over 37 million bushels, is substantially above last year's output of only 28 million bushels. The crop this year is the second largest on record in the Ninth district.

District corn production in Montana, the Dakotas, and Minnesota is now estimated at 450 million bushels. If this materializes it will be a new all-time high. The previous high was 442 million bushels produced in 1948.

Current reports indicate that the quality of the 1953 crop will be excellent, since the crop is now safe from serious frost damage.

Soybeans promise to be another bumper crop this year. The harvest is just now getting under way, but a record 28 million bushel crop is in prospect for the district's four full states. This is 20 per cent above last year's soybean output and approximately 2½ times the 1942-51 average.

Barley and rye production this season are estimated slightly larger than output in 1952, but each crop is below a recent 10-year average.

The oats crop generally was a disappointment. Early season prospects were good, but excessive rain, rust, and poor harvesting conditions cut final yields below that of last year and a recent 5-year average.

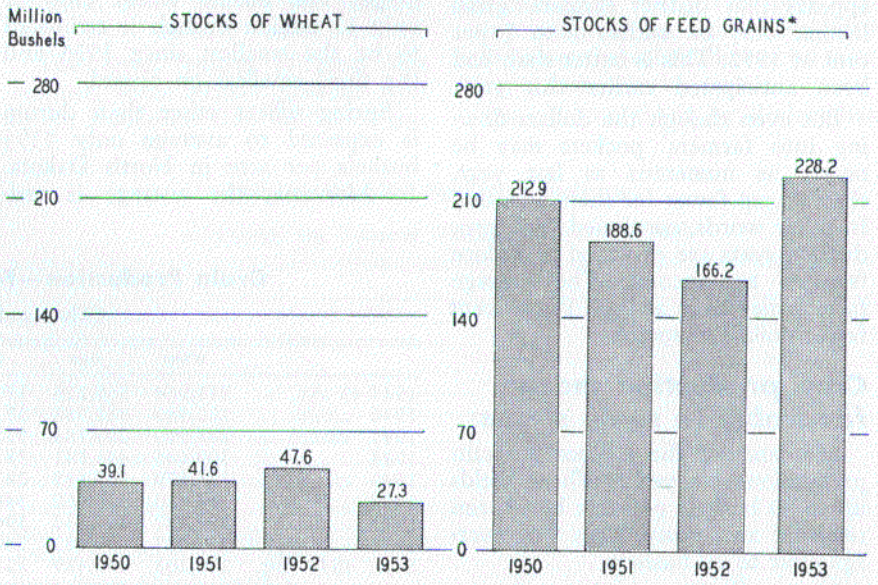
Summing up, and on the basis of September 1 crop estimates, it appears that the total volume of district crop production in 1953 may be approximately 8 to 10 per cent larger than that of last year, with the bulk of the increase in corn, flax, soybeans, and wheat.

Grain prices down

Unfortunately for the economy of the Ninth district, grain prices are down substantially from a year earlier. All farm prices are approximately 13 per cent less compared with a year ago, but prices of grains are down less compared with livestock, except hogs.

Price supports on grains undoubtedly have been a tremendous factor in limiting grain price declines in recent months in spite of large

JULY 1 STOCKS OF WHEAT AND FEED GRAINS ON DISTRICT FARMS



Source: Crop Production, USDA.
*Corn, oats, barley, rye. Barley and rye are June 1 stocks.

crop production, declining exports, and mounting grain surpluses.

For example, average prices received by farmers in the U. S. as a whole for wheat in mid-August were 18 cents a bushel, or 9 per cent less compared with August a year ago. This occurred in spite of the fact that farmers, able to put their wheat under loan, received approximately the same support price as they did a year ago.

Durum wheat prices did not share in the wheat market decline. In fact, durum wheat prices were 70 to 75 cents per bushel higher in early September compared with a year earlier. Durum wheat prices of approximately $3.50 per bushel at Minneapolis are a reflection of the extremely short durum wheat supplies.

Large crop production supports farm income

A district grain crop 8 to 10 per cent larger than that of last year will offset, in part at least, the effects of lower grain prices on farmers' cash income in 1953.

In fact, total district cash farm income received from crop production during the second half of 1953 may even be somewhat larger compared to the last half of 1952. It will, if this year's corn crop is high in quality—as now seems probable.

In view of the over-all favorable crop returns in 1953, and continued large livestock marketings, it now appears that district farmers' gross income may be within 5 to 7 per cent of 1952. This is better than had been anticipated earlier this year.

But even though the dollars flowing into farmers' pockets may be nearly as numerous as last year, they'll keep fewer for their own use. In other words, continued high production costs are expected to reduce farmers' net income. The average farmer may have at least 10 per cent fewer dollars to spend.

Crop production more favorable in some states

Montana hit the jackpot in grain production this year. Wheat yields up to 50 bushels per acre have been reported and many areas will average close to 20 bushels.

Montana wheat production is estimated at 114 million bushels this year—an all-time high—and 51 per cent above average. Eighty-four million bushels of wheat were produced last year (1952) and the 1942-51 average was only 75 million bushels.

Montana cash farm income for the first half of 1953 was 9 per cent below the same period in 1952. However, the bumper grain crop just harvested and now in process of marketing is likely to boom total farm income for the year close to that of 1952. Montana wheat production is important to this state's economy, since approximately one-third of Montana farm income is derived from wheat alone.

Montana farmers have done better than they expected, but in contrast there are many crop farmers in North and South Dakota this year who have been bitterly disappointed.

Many farmers in these two states were unhappy because early prospects and hopes for a record-breaking crop were shattered in July and August by a terrific attack of black stem rust. Even so the final outturn of Dakota crops is expected to be above last year's production and slightly above a recent 10-year average.

The durum wheat area was particularly hard hit by rust. A private authority estimates an average yield of only six bushels to the acre. The USDA estimate is 7½ bushels, or just 50 per cent of the 1942-51 average. The durum wheat crop of only 13 million bushels is estimated to be the smallest since 1936 and the third smallest on record.

Spring wheat other than durum is expected to average only 11½ bushels per acre in North Dakota. In Montana, the average is estimated at 18 bushels per acre. This illustrates the extreme variability that often occurs in crop yields within district boundaries.

Grain stocks are large

The amount of grain held back on farms in storage is important in the farm income flow during the year. On July 1, 1953, wheat stocks on farms were relatively light. This reflected in part the small wheat crop of last year (1952). (See chart on wheat and feed stocks on farms).

On the other hand, feed grain stocks on July 1, 1953, were the second largest on record. This was a reflection of the unusually large and fine quality corn crop of 1952 and the large quantity of corn under government seal.

Farm storage stocks of both wheat and feed grains this fall and winter may boom to unusually high levels. There are two reasons for expecting this situation to develop. First, there exists a strong price incentive to put wheat, corn, and other price-supported grains into storage under government loan.

Second, the quantity of total feed grains will be at near-record proportions this fall. Furthermore, consumption of corn may be reduced somewhat in view of the decline in hog production.

Grain storage space on farms this fall and winter will be at a premium. The price incentive to store at the farm may disturb, to some degree, normal trends in grain transportation and marketing in that less than the usual proportion of this year's crop may be marketed at the harvest season. More grain may be carried over until support loans mature in mid-1954. END

Grain Production—Four Northwest States*

(Thousands of Bushels)

	Wheat	Corn	Oats	Barley	Rye	Flax	Total
1945-49 Av.	275,964	368,326	370,642	115,703	9,681	32,241	1,172,557
1946	282,989	388,788	371,382	114,781	6,480	18,214	1,182,634
1947	285,990	293,584	333,672	127,372	12,202	34,153	1,086,973
1948	302,646	441,841	382,834	148,671	13,763	44,954	1,334,709
1949	225,579	362,615	283,716	75,588	8,315	34,007	989,820
1950	264,420	326,460	348,826	130,184	10,275	35,656	1,115,821
1951	318,047	325,532	396,140	122,086	12,270	31,853	1,205,928
1952	232,027	393,082	348,280	85,594	6,534	27,714	1,093,231
Sept. 1953 Est.	270,203	450,489	325,539	93,341	8,327	36,927	1,184,826

* Minnesota, North Dakota, South Dakota, and Montana.

Source: Crop Production reports, USDA.

Counter-balancing Factors Give Stability

BUSINESS has been good in the Ninth district, but there are several signs which continue to suggest that a leveling off has occurred in the district's economy.

Perhaps the most important signposts indicating this are continued weakness in farm prices, growth of business inventories, and some reduction in spending.

There are a number of district business factors, however, that still register favorably. For instance, carloadings in August were up from July and were higher than those of a year ago.

Also, the dollar valuations of new building permits in August, as well as for the first eight months of 1953, were substantially above the same periods a year earlier.

Furthermore, bank debit figures in August and for the first eight months of the year for the district as a whole registered some increase over those of the same periods a year earlier.

A better-than-expected and relatively large crop production this year together with high business activity in urban areas of the district are expected to have a stabilizing effect for the rest of 1953.

Employment is a key factor in the economic outlook. Currently, nonagricultural employment in St. Paul and Minneapolis is reported at record levels.

Record ore shipments also have contributed to full employment in mining areas of the district.

BUSINESS

▶ *Record iron ore shipments lead to early closing of Great Lakes shipping*

December 1 will mark the earliest closing date in 15 years for the transporting of iron ore on the Great Lakes — if announced plans are carried out. In 1952 the last boats left Lake Superior docks on December 7.

Reasons given for the earlier closing date are the record tonnage of ore shipped to lower ports and the somewhat lower rate of ore consumption at steel mills.

Iron ore shipments from Lake Superior regions through August of the current season totaled 65.8 million gross tons—a new record for the same period since World War II. The previous record was set in 1951 when 58.8 million gross tons were shipped by the end of August.

The record tonnage of iron ore shipments has been the result of brisk activity in the iron ore mining regions of this district. Employment in mining industries has been high in comparison with last year's figures. Since the first of the year from 400 to 1,000 more men have been employed each month in Minnesota.

On the upper Michigan peninsula, increases have been noted in both iron ore mines and copper mines. The number employed in Wisconsin has been about equal to the number employed last year.

Larger stocks of ore have accumulated at lower ports as steel mills have operated at somewhat lower capacities. In July and August they operated at 93 and 94 per cent respectively of January 1 rated capacity.

The lower output of steel this summer, while largely seasonal, may be an indication that stocks of finished steel are growing in relation to current demand.

▶ *New car sales continue high, but stiffer competition has been causing some dealer liquidation*

Sales of new passenger cars have held up well even in states predominantly agricultural, where the decline in cash farm income has reduced consumer purchasing power.

For the first six months of this year, cash farm income in North Dakota was down 12 per cent as compared with the income for the same period last year. In both Montana and South Dakota, the income fell by 9 per cent over the same period.

New passenger car registrations in July were decidedly higher in these states than they were in the same month of a year ago. In North Dakota and in South Dakota, the respective gains were 45 and 36 per cent. In Montana the increase was not so impressive; nevertheless, 8 per cent more new cars were registered.

The growing competition in the automotive market, especially in used cars, has forced most dealers to operate on smaller margins of profit. In many instances, used cars have been sold below the value allowed on sales of new cars.

Competition faced by dealers has

Ninth District Business Indexes

(Adjusted for Seasonal Variation—1947-49=100)

	Aug. '53	July '53	Aug. '52	Aug. '51
Bank Debits—93 Cities	128	128	122	117
Bank Debits—Farming Centers	121	124	121	114
Ninth District Dept. Store Sales	102p	105	108	103
City Department Store Sales	106	110	108	105
Country Department Store Sales	96p	97	108	101
Ninth District Dept. Store Stocks	120p	117	109	122
City Department Store Stocks	121p	116	110	124
Country Department Store Stocks	119p	119	108	119
Country Lumber Sales	81p	83	87	96
Miscellaneous Carloadings	113	104	110	106
Total Carloadings (excl. Misc.)	101	99	106	101
Farm Prices (Minn. unadj.)	90	95	108	101

p—preliminary

caused a few into voluntary liquidation of their businesses. Dun and Bradstreet have reported an increase in failures of automotive retailers.

▸ *Slow growth evident in district retail inventories*

There has been a slow growth in inventories held by some retail businesses of this district. Stocks (valued in retail prices) held by department stores during the summer months were 9 per cent higher than a year ago.

On a comparable price basis, furniture stores have held an increase in stocks of less than 5 per cent.

Also, retail lumber yards have held an increase of about 5 per cent in stocks of board feet of lumber from the quantity held last year.

▸ *Department store sales in August were below last year's receipts*

August sales for the district as a whole were approximately 5 per cent below last year's dollar volume, partially reflecting the exceptionally hot weather in the latter part of the month.

In the mining regions, a per cent increase in sales was partly due to lower sales a year ago on account of the steel strike.

It appears that sales in agricultural communities have settled down to a lower level. For example, in both North Dakota and South Dakota August 1953 sales were down about 10 per cent from August 1952 receipts.

FARMING

▸ *Artificial breeding cuts dairy production costs*

Artificial breeding of dairy cattle, a relatively new practice in the Ninth district, has been receiving substantial acceptance by farmers.

In the more concentrated dairy areas of Minnesota and Wisconsin, artificial breeding associations report a few localities where 75 to 80 per cent of all dairy cows are now being bred artificially.

One-fourth of the dairy cows on Minnesota farms were bred by artificial breeding services last year. Among Wisconsin dairy herds the percentage was 33 per cent. Throughout the Dakotas and Montana, where dairying is less concentrated, the percentages ran much lower, but artificial insemination of dairy cattle is practiced in many areas.

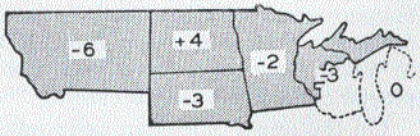
▸ *District land values show decline*

Farm land values were down moderately in most district states for the year ended July 1, 1953. North Dakota was the one exception. The oil boom in this state stimulated farm land prices to a 4 per cent gain. (See chart.)

In general, however, the decline in farm commodity prices and high farming costs have been depressing influences on land values in recent months.

CHANGES IN DOLLAR VALUE OF FARM LAND

Percentages, July, 1952 — July, 1953



Note: The United States decrease was 4 per cent. Percentage changes are based on index numbers of value per acre, including improvements.

Source: USDA, Bureau of Agricultural Economics.

Even so, land values on July 1 remained substantially above the pre-Korean 1947-49 average. In fact, the South Dakota land value increase of 40 per cent has been the largest in the nation. (See table below.)

Percentage Increase in Land Values

1947-49 to July 1953

Minnesota	34
North Dakota	36
South Dakota	40
Montana	15
Wisconsin	14

▸ *Beef consumption per capita sets record*

The average consumer will eat 73 pounds or more of beef in 1953, according to the U. S. Department of Agriculture. Last year's rate of consumption was only 61 pounds.

Consumers will eat more beef this year because farmers and ranchers have produced and will sell more cattle in 1953 than they did in 1952. Practically all the beef produced in the United States is consumed domestically.

The story is different for pork. Fewer hogs are being slaughtered in 1953. Hence there is less pork to eat. In fact, per capita pork consumption has fallen from 72 pounds per capita in 1952 to an estimated 62 pounds this year.

Counting all red meat, consumers may eat 148 pounds per person this year compared with 144 pounds last year and 136 pounds in 1951. Consumption this year will be near a peacetime high.

▸ *Strong demand favorable to cattle feeding in the district*

To feed or not to feed? That is the current question many farmers in southern Minnesota and southeastern South Dakota are asking themselves. These farmers have the corn and the roughage, and the current prices of feeder cattle are at relatively favorable levels compared with fat cattle values.

But cattle feeders remember the slim or negative profits from cattle feeding the past two years. They wonder what cattle values will be four to seven months hence when cattle are fat and ready to market.

On the favorable side are these factors:

1) There is a strong demand for beef and it will continue good as long as people's incomes are maintained.

2) Pork supplies will continue relatively light into 1954.

3) Feeder cattle prices are relatively low, but fewer cattle may be fed this winter.

4) Feed supplies are near record proportion.

On the unfavorable side are these factors:

1) Beef cattle numbers are at a record high.

2) Increased beef supplies may continue to put pressure against prices.

3) Feed grain costs continue high in spite of large supplies.

4) Production costs remain high.

BANKING

▶ 1953 deposit lag not confined to country banks

Member banks in all district states except Michigan have reported that deposits in August failed to move up by as much as they had in August last year. For the first time in recent years South Dakota member banks reported net withdrawals for that month, whereas last year deposits at these banks gained 3 per cent in August.

Doubtless the weakness displayed by this year's seasonal deposit rise is associated in part with the reduced levels of income and cash receipts in the agricultural areas of the district. Debits statistics continue to indicate that residents of the district have increased their expenditures by less—compared to last year—than bank customers in any other district.

In the Dakotas the amount of bank debits recorded so far this year has failed to match the amount of debits recorded in the same period of 1952.

But not all of the weakness can be attributed to banks in rural areas. On the contrary, the cumulative change in city and country bank deposits since the first of the year shows that the city banks have lost a larger proportion of their deposits than have the country banks, even though the city banks enjoyed a larger percentage increase than the country banks in the same period last year.

Change in Member Bank Deposits for the First Eight Months of 1952 and 1953

	1952	1953
City Banks	+3.1%	−4.3%
Country Banks	+1.5%	−1.5%

LOANS AND BORROWINGS ROSE

The city bank statistics reflect to a large extent the movement of correspondent balances, which declined by $54 million so far this year in contrast to a gain of $11 million in the same period last year.

In August, however, the city banks enjoyed a larger percentage increase in deposits than occurred a year ago, while the increase at country banks amounted to less than half the increase at these banks in August last year.

Other funds made available to both city and country banks included the proceeds of additional borrowings, which amounted to $3 million for each group of banks.

At the city banks a rather substantial gain in the amount of loans outstanding during August mostly reflected advances to business firms and, to a lesser extent, consumers.

Other earning assets acquired by the city banks included U. S. Treasury obligations amounting to $13 million and other securities worth $5 million.

An increase of $7 million in the earning assets of country banks resulted entirely from more loans; a decline in holdings of U. S. government obligations was exactly offset by other securities purchased. Cash assets of country banks absorbed most of the August deposit inflow. END

HOUSING MARKET CONTINUES BRISK

Continued from Page 71

Tax exemption a stimulus

The high activity in the residential real estate market is attributable in some measure to the exemption from the personal income tax of capital gains accruing on residences. This feature was incorporated into the 1951 Federal Revenue Act.

Capital gains realized in the sale of houses are exempt from the income tax provided taxpayers buy other residences within a period of one year, and provided that the purchase price of the new residence is at least as high as the sale price of the old residence. The tax liability on gains accruing on houses due to the rise in prices for more than a decade may have deterred many owners from exchanging their houses for others more to their needs and tastes.

In the last session of the Minnesota legislature, a companion act was adopted to exempt such capital gains from the state income tax. The act was made retroactive to the federal act. Consequently, owners who wish to exchange their houses now are completely relieved of a tax liability on capital gains accruing on them.

A few owners have been interested in exchanging houses provided they can secure a very favorable price for their own. The listing of such houses decidedly above market price has made it appear, when they were finally sold, that these sellers were taking large discounts.

Need for more new houses supports used market

The trend of prices for older houses is closely tied to the market for new houses. In most postwar years, residential builders in the nation have completed more units than the net addition of new families. Nevertheless, in relatively few communities have new houses saturated the market.

In Minneapolis and in its suburbs, there is still a strong demand for additional residences. The net addition of families through marriage and through migration to this metropolitan center has kept pace with the number of new houses built.

Currently many Minneapolis home builders again are preparing tracts of land for their 1954 building program. Such activity indicates that Minneapolis has not reached a saturation point. Consequently, prices of older houses are not apt to drop sharply.

It should be remembered that the Minneapolis findings do not necessarily reflect market conditions in other communities. In the Ninth district, it has been observed, a saturation point has been reached in some of the smaller places where there are no new industrial or commercial developments under way. The number of houses available is about equal to the number of families demanding shelter.

In these communities residential building has dropped to a replacement basis; that is, new houses are built only to replace those destroyed by "acts of God" or those no longer inhabited. Cursory information available shows that prices on older houses in such communities have dropped noticeably.

— Oscar F. Litterer

ECONOMIC *Briefs*

SIGNIFICANT HAPPENINGS IN THE NINTH DISTRICT

✓ Oil firms expand Billings offices

Shell Oil company will convert its Billings district office into a division office as soon as work is completed on additional space. This expansion of Shell's offices will bring some 60 new families into Billings.

Socony-Vacuum Oil company will center in Billings its operating headquarters for the entire Williston Basin, northern Rocky Mountain, and Western Canada region. It will begin construction this fall of a four-story office building to be ready for occupancy early next year.

✓ Spend $13.5 million in S. Dakota

The Bureau of Reclamation will spend $13.5 million in South Dakota during the fiscal year ending next June 30. Major work includes the $4 million Rapid Valley unit in western South Dakota (involving a dam and other projects) and construction of power transmission lines. First power from the Army Engineers' dams in North and South Dakota is expected to be available by February of 1954.

✓ Chromium ore mine reactivated

American Chrome company has begun the production of chromium ore concentrates after spending $4 million to return its Mouat mine and mill to operation in Montana.

The company is under government contract to produce 900,000 tons of concentrates over an eight-year period, and expects to reach an annual capacity of 300,000 tons.

Operations will require about 250 workers, with the monthly payroll $160,000.

✓ Tax writeoffs granted refinery

Williston Basin Refining corporation was granted rapid tax write-offs on its 1,500 barrel-a-day refinery at Williston, North Dakota. The $450,000 refinery now being built on the outskirts of Williston is scheduled for completion late this fall.

✓ Suburb sells bonds, lets contracts

Bonds amounting to $2,250,000 were sold and $1.8 million in building contracts were awarded for the construction of a new senior high school by the school district of Richfield, one of Minneapolis' fastest growing suburbs. Net interest cost on the bonds was about 4.13 per cent.

The village of Richfield has already let more than $2 million in contracts for sewer construction, and it is expected the total cost will reach $5 million.

✓ Another shopping center set

Work is to begin soon on a $750,000 suburban Hub shopping center north of St. Paul, companion to the Hub shopping center now nearing completion south of Minneapolis. Store buildings on the 15-acre project will have a moving sidewalk.

✓ Oliver Mining plats home area

South of Mountain Iron, Minnesota, where U. S. Steel corporation has one of its experimental taconite units, the Oliver Iron Mining division has purchased an 80-acre residential division to be called South Grove.

A Twin Cities contractor has been authorized to build 125 homes in the area to be offered for sale or rent under FHA terms, and the remaining lots will be sold at cost.

✓ Pipeline test set for October 15

Construction of the Lakehead Pipeline company's crude oil pipeline that crosses the Ninth district from Superior, Wisconsin, to St. Ignace, Michigan, is nearing completion.

The $76 million project, employing several hundred construction workers, is scheduled to be ready for testing by about October 15, when 50- to 80-mile sections, beginning at Superior, will be sealed off and tested for leakage.