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FEDERAL RESERVE BANK OF MINNEAPOLIS

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1954

A year of readjustment . . . its effects in this district were not pronounced

THIS ECONOMY of ours appears to be one of continual shift and change. Last year was no exception. Several adjustments took place in the Ninth District as the total economy moved into a minor recession phase of the business "cycle." In this article an attempt is made to show what the recession did (or did not do) in this district. Since we are predominantly an agricultural region (more so than any of the other Federal Reserve districts), we'll first examine what happened in AGRICULTURE.

IF THE CHILL winds of business recession during 1954 served to cool the economic climate for farmers, the effect was not clearly evident. Consumers continued to spend their money in record amounts during the year. And since spending by consumers is the direct source of demand for most farm products, that demand was well maintained.

District farmers, on the other hand, contributed to the stability of the economy by continuing to turn out crops and livestock in large volume. The flow of these products through marketing, processing and transportation channels helped to sustain economic activity both within and outside the district during this so-called recession year.

Farmers, nevertheless, continued to feel the effects of the price-cost adjustment which had taken shape during 1952 and 1953. That was when the main "adjustment" in farm prices and income occurred. The adjustment seemed largely completed by late 1954.

For the district, estimated cash receipts of farmers from their marketings declined about 3 percent compared with 1953, a smaller drop than the 4-percent decline for the nation.

For individual states within the district, the estimated cash receipts of farmers compared with 1953 ranged from 8 percent more than a year ago in South Dakota, to 12 percent less in Montana, and 8 percent less in North Dakota.

Average farm prices for the nation continued to decline—from an index of 259 in January to 239 in December. However, prices of both wheat and corn, important products within the district, averaged higher during the year than in 1953.

Higher wheat prices were particularly related to the spring wheat varieties grown in Ninth district states, including durum. Hog prices, which were substantially higher than a year ago during the early months of 1954, dropped below year-ago levels during the latter half of the year because of much larger marketings. District cattle prices have averaged higher than in 1953 since August.

Agriculture . . .

But prices that farmers paid for goods and services declined only slightly during the year, and this further reduced the parity ratio—the relationship between prices received by farmers to prices they pay. That rough measure of price-cost margins in farming dropped from 91 in January to a 13-year low of 86 in December.

Farm economists, discussing this trend at the Annual Outlook Conference of the Department of Agriculture in November, expressed the view that present farm prices and this present ratio of prices to costs may now approximate the normal relationship between farm prices and costs that can be expected during peacetime.

Weather and acreage controls

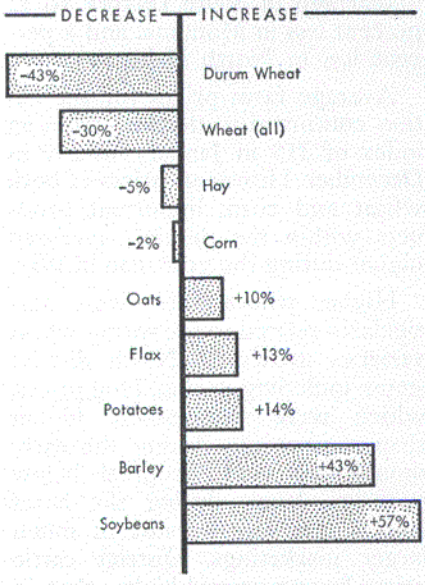
Despite dry weather, rust damage, and acreage restrictions on some crops, total crop production in the Ninth district at 1.2 billion bushels was the third largest output of the past ten years. Total grain receipts at Minneapolis (shipments mainly from within the district) during August-December were up 10 percent from the same 1953 period, reflecting the increased volume of commodities moving through market channels.

Generally speaking, the Ninth district escaped the severe drought conditions which blanketed many agricultural areas of the nation. However, moisture conditions were notably spotty and dryness limited crop yields in many communities, particularly in North Dakota and Montana. Especially damaging to wheat and small grains were the hot, midsummer winds and heavy rust infestations which swept over much of the district's wheat producing area. As a result, crop yields in many localities were below normal, with the income of farmers reduced by smaller marketings.

Durum wheat production in North Dakota was particularly hard hit. The final result of the year's durum effort was a fast-dwindling 5.6 million bushels compared with 13 million bushels in 1953 and a 10-year average output of 35 million bushels.

But even dry weather had some blessings—much of the spring wheat produced in the Ninth district during 1954 brought substantial price premiums because of high protein content, a quality factor encouraged by dry moisture conditions.

NINTH DISTRICT CROP PRODUCTION PERCENTAGE CHANGE, 1953 TO 1954



Source: U. S. Department of Agriculture.

Major acre diversion

Total wheat production for Ninth district was 30 percent less than in 1953, the smallest wheat crop since 1939. Part of this low output was directly related to poor crop conditions. But most of the reduction was the result of government acreage allotments which caused farmers to cut back their wheat acreages 23 percent compared with 1953—one of the most drastic shifts in crop acreage in Ninth district history.

With 23 percent of 1953 acreage diverted out of wheat by the allotment restrictions, production of other crops increased sharply. Soybean production in the district increased 57 percent from the previous record set in 1953. Barley production was up 43 percent from the previous year. And crops of flax, rye, oats, and most other small grains were all larger than the year before. Obviously, the pattern of crop production within the district was significantly altered as a result of acreage allotments during 1954.

Throughout the main corn producing areas of the district, yields were generally excellent. Even with reduced acreage resulting from the allotment program on corn (many farmers did not comply with their acreage allotments, however), total production was down just 2 percent from the near record output of 1953. Poor drying weather during the fall months has delayed movement of corn under government loan in some areas.

Livestock outputs maintained

Large production and marketings of both hogs and cattle during the year helped to maintain farm income in many areas of the district where crop production was disappointing. Total livestock receipts at South St. Paul were 5 percent larger in 1954 than in 1953. Beef cattle numbers have been maintained near the record high numbers on farms last January 1. Dairy production has been maintained at high levels also, although prices have been reduced in line with the drop in government price supports.

Summary

Thus the recession of 1954 brought little change in economic climate for farmers. Mostly it was a continuation of trends with which they had already become well acquainted in 1953. Most changes in prices were in response to changes in supply, not to any slackening of consumer demand. Despite some further reduction in incomes, farmers generally were able to maintain a sound financial position. Banks throughout the district report good loan pay-off; the volume of non-real estate farm loans was slightly lower than during 1953.

By maintaining a large output of farm products during 1954, district farmers probably contributed to economic stability during this recession year somewhat more than they were themselves affected by adjustments taking place in other segments of the economy.

Production . . .

IT'S EVIDENT, THEN, that the business recession wasn't felt too severely in agricultural areas of the district. Production was maintained, and prices fell only slightly. But at those scattered points where the region's usual landscape of farms and ranches gives way to centers of mining, industry, or commerce, some of the signs of "readjustment" did show up.

The recession of 1953-54 has been considered as a reaction to lowered defense outlays and as an adjustment (trimming) of inventories. Inventories are, of course, the reservoir of goods that stands between the producer and the consumer. When inventories begin to swell, only two actions can stop them—either producers produce less, or consumers consume more. In late 1953, businessmen judged inventories to be "too big," and producers cut back their output of many things. Here's what happened on the PRODUCERS' side in this district.

THE MILD economic recession which began in the fall of 1953 and extended through most of 1954 did not depress production as much in the Ninth district as in the more industrialized areas of the nation. Likewise, the recovery which began in the fourth quarter has been small in this district in comparison with that observed in automobile and steel producing centers.

The economy of this district is weighted heavily by agriculture and the processing of agricultural products. Neither agriculture nor the industries associated closely with agriculture were affected perceptibly either by the liquidation of inventories or by the cuts made in Federal government expenditures for national security. Fabricators of most other types of nondurable goods, such as paper products, chemicals, and petroleum products were similarly little affected.

Producers of durable goods (lumber, machinery, and especially ordnance and defense equipment) experienced a sharp decline in orders. Since these comprise a small proportion of total manufacturing in this district, however, the decline in total manufacturing employment was relatively small.

Among other basic district industries, iron ore mining in the Lake Superior region was cut back sharply.

Geographically, the economic recession curtailed manufacturing the most in the Twin City metropolitan area. The output of ordnance and other defense material was cut back substantially in 1954. Employment at the New Brighton Ordnance Plant was reduced by nearly one-half from the peak number employed in January 1954. In addition, many subcontracts held by Twin City industrial firms for the fabrication of parts used in ordnance were terminated.

Inventory liquidation, which began in the fall of 1953, caused new orders for durable goods to fall abruptly in 1954. The output of machinery and transportation equipment was reduced in the Twin Cities. In many firms, employment was cut by 25 percent or more.

In the nondurable-goods' field, producers of textiles and apparel (whose firms in this district are located largely in the Twin Cities) reduced their output in 1954. Like producers of most durable goods, they had a smaller volume of orders due to liquidation of inventories by distributors. Lay-offs of workers in this industry accounted for most of the decline in employment in nondurable goods manufacturing.

Ore shipments down a third

Reduced steel output coupled with large ore stocks at lower lake ports and steel mills when the 1954 ore shipping season opened, decreased the demand for iron ore from the Lake Superior region.

Shipments last season totaled 60.8 million gross tons; compared with 95.8 million gross tons shipped the year before. Marginal mines were closed. Employment during the peak of the mining season was down as much as 14 percent below 1953 figures and toward the close of the season, employment fell even further. However, near the end of 1954 some marginal mines were reopened to be ready for production this year.

Less lumber was cut

In the timber regions of Montana, South Dakota, and Upper Michigan the demand for lumber at sawmills was down in 1954 despite the larger volume of building in the nation.

In the fall of 1953 lumber stocks were high, causing prices to decline to a low point in December of that year. Marginal sawmills, which account for only a small part of total lumber output, were closed through most of 1954. Even the lumber strike in the western pine region extending from June 20 to the early part of September (and which affected some of the Montana mills) did not stimulate production appreciably in other regions. In this interim, mills in the southern pine region reduced their stocks.

AT THE OTHER END of the inventory pile stands the consumer. He assumes many forms. In the form of Uncle Sam, he bought less than in previous years. As state and local governments, he bought more (particularly the kinds of things that go to make up schools and roads). In the form of big business (the plant-builder type) he bought less. But as the ordinary, man-in-the-street variety of consumer, he nibbled away at the nation's stocks of goods at a pace that surprised many a forecaster. On the following page, briefly, is what the available information revealed about SPENDING in this district.

Consumption . . .

ON THE consumption side of the picture, expenditures made by state and local governments continued to rise in 1954, uninterrupted by the economic recession. The growth in population, especially in the larger communities, maintained a steady pressure for more schools and municipal development projects such as streets and sewers.

Educational buildings in 1954 were erected in larger numbers than in former years. A substantially larger amount of contracts were awarded for streets, highways, and bridges than in 1953. There was also an increase in the amount of contracts awarded for sewage systems, parks, and playgrounds.

On the other hand, federal government expenditures for dams and reservoirs in this district were further reduced in 1954. Federal appropriations made for the Missouri River Basin Development program since 1950 have decreased each year. Smaller appropriations for this program have reduced materially the volume of construction in the western half of the district.

Capital outlays reduced

In the past year, the building of industrial plants and the installation of equipment was down in most states of the district. A substantial part of this type of construction consisted of the installation of hydroelectric generators at the multiple-purpose dams in the Missouri Basin, the building of refineries and pipelines in conjunction with the development of the Williston Oil Basin, and the building of taconite plants in northern Minnesota and related facilities in Upper Michigan to process low-grade iron ores.

Commercial building last year held up much better than industrial building. In some of the larger cities, the construction of retail outlets and office buildings exceeded the 1953 volume.

Consumers more selective

In this district, as in the nation, consumers in the larger urban centers increased their purchases of new houses in 1954. In the small communities, where the demand for new houses has been diminishing, the expenditures for repair and modernization of existing houses has been high which reflects the growing interest in better housing.

Consumers purchased fewer new cars in 1954. In fact, a comparison with 1953 shows that sales last year slumped more in the district than in the nation. For instance, in the first half of 1954, registrations of new cars were down nearly 7 percent from the same period in 1953 as compared with slightly more than a 2 percent decrease for the nation. In the latter half of the year, the decrease in new car registrations in the district and in the nation was quite comparable.

With the introduction of 1955 models, new car sales again have risen sharply. In December, new car registrations in the Twin City metropolitan area were higher than after the introduction of new 1954 models.

The purchase of smaller items as reflected by department and furniture store sales indicates that consumer buying in 1954 held close to the 1953 volume. District department store sales in 1954 were equal to the 1953 dollar volume, while furniture store sales were down 1 per cent.

Employment . . .

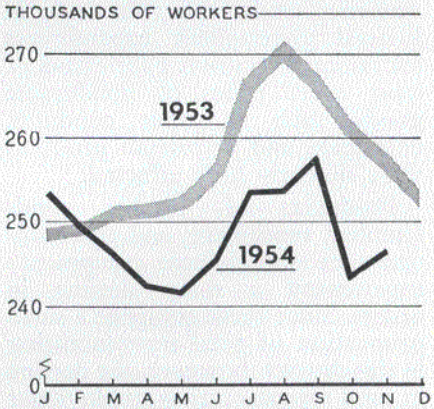
EMPLOYMENT is a kind of "secondary phenomenon" to the tasks of producing and consuming. It's an important one, of course, and one that's watched closely. It goes down when producers decide to produce less, and when it goes down too much, it can have serious effects on consuming. It's a fairly good measure of whether producers changed (or did not change) output. Here's what employment showed about production in the Ninth district.

THE LEVEL of employment[1] in 1954 reflected the mildness of the economic recession. The curtailment of industrial production and freight movement did no more than halt the annual growth in employment in the western half of the district. In Montana, North Dakota, and South Dakota, employment remained close to the near-record established in 1953. In the eastern half of the district, employment fell by a few percent below the former year's monthly averages.

Although district employment did not recede much in 1954, unemployment rose in this region as it did in other parts of the nation. The growth in the labor force and less migration to industrial centers accounted for most of the rise in the number of unemployed workers.

[1]The term "employment" used in this article refers to nonagricultural employment.

MANUFACTURING EMPLOYMENT, 9TH DISTRICT*



*Four states: Minn., Mont., N. Dak., S. Dak.
Source: State Divisions of Employment.

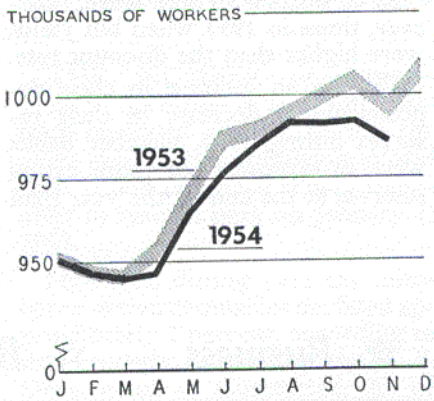
Employment in Montana during the first seven months was equal to or slightly above the totals for the same months of 1953. Employment declined in the latter part of August due to a work stoppage in the metal

industries. Settlement of this wage dispute in October produced only partial restoration of employment. In North Dakota, employment did not fall in any month by more than one percent below the 1953 level. In South Dakota, employment held close to the 1953 yearly average: in five months, it exceeded 1953 totals and in the other months, it was down only 1 or 2 percent.

Beginning with March, employment in Minnesota was down 2 to 5 percent from the corresponding months of 1953. In northwestern Wisconsin, employment declined somewhat less than in Minnesota. For the entire state, it was down by about the same percentage as in Minnesota, but the largest cutback in workers was made in the highly industrialized centers in the southern part of the state. In Upper Michigan 1954 employment declined more than in any other part of the district. The combined layoffs in iron ore mining and manufacturing caused it to slump as much as 7 and 8 percent from the corresponding months of 1953.

Fewer workers were employed in the transportation industry during 1954 because (a) a smaller volume of freight was hauled and (b) conversion from steam to diesel locomotives made it possible to reduce railway operating and maintenance crews. The reduction in these crews has decreased employment, particularly in cities with railroad shops.

NON-MANUFACTURING EMPLOYMENT, 9TH DISTRICT*

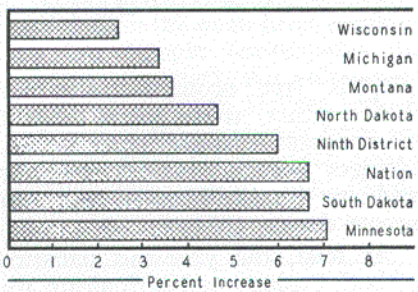


*See preceding chart.

Banking . . .

REPORTS BY BANKERS in the Ninth district, when totaled up, act as a sort of giant accounting record for the region's economy, its figures responding to the tenor of business transactions. For example, debits to checking accounts were up three percent, reflecting sustained spending by producers and consumers. The banking record, here summarized, confirms the rather slight nature of the recession in this district.

MEMBER BANK DEPOSIT GROWTH
November '53 to November '54



While evidence of the recession could be found in parts of the district economy, it was not visible at the banks. District bankers, in common with those elsewhere, saw their earning assets and deposits rise to the highest level in history. Also, the most recently tabulated profit and loss statements show the best earnings ever.

In contrast to deposit growth of $45 million in 1953, a gain of $137 million was registered in 1954—three times as much as a year earlier. Especially encouraging was the behavior of time deposits which grew slightly more in 1954 than in 1953.

A sample of banks in the district reported that a larger dollar volume of checks was drawn in 1954 than in 1953; the gain, however, was not so great as in the rest of the nation, which suggests that district bank customers practiced more restraint in spending than was true elsewhere.

Proportionately, country bank deposits grew more rapidly than did city bank deposits. Doubtless, the large amounts of grain and livestock marketed by district farmers found reflection in country bank deposits. Also, the efforts of farmers to shave expenses, with prices falling, have operated to hold down the outflow of cash from the rural areas.

The average amount of loans held by district member banks increased proportionately more between 1953 and 1954 than was true at member banks in the rest of the nation. Commercial and industrial loans, in particular, behaved differently; at banks outside the district such loans fell, while they were increased at member banks here.

Loans secured by residential property continued to grow at district member banks as they have in every year since the end of World War II. That many such loans originated in the district is indicated by the large amount of building permits reported by a sample of district communities—15 percent larger in 1954 than in 1953.

Some lenders — unwilling to acquire G. I. and F. H. A. mortgage loans in 1953 because of the high yields available on alternative investments — were anxious to make such loans in 1954, as yields on other investments fell. Profit and loss statements for the first half of 1954 indicate that the average rate of return on loans at district member banks leveled off after a slow rise in recent years.

The improvement in bank reserve positions during 1954 reflected it-

self at the Minneapolis Federal Reserve Bank, where the average volume of loans to member banks was reduced substantially from the 1953 level despite two reductions in the rate of interest charged on such loans. In February the discount rate was lowered from 2 percent to 1¾ percent, and in April it was lowered from 1¾ percent to 1½ percent.

The yield on Treasury bills remained below the discount rate in 1954 so that banks in need of cash found it less costly to liquidate bills than to borrow. There were, however, times in 1953 when bill yields were higher than the discount rate.

Despite an increase in their deposits and a decrease in their reserves during 1954, member banks were in possession of more excess reserves at the end of the year than at the beginning. This situation was possible owing to the summertime reduction in reserve requirements.

The absence of deposit liquidation by district bank customers, together with good collection experience (as revealed by a survey of country banks in the district) suggests that to find evidence of economic distress one must search elsewhere than at the banks. END

CURRENT TOPICS ☆ *Business* ☆ *Banking* ☆ *Farming*

Economic 'Climate' is Favorable at '55 Outset

OUR free economy, like the weather, seems to be subject to frequent change. Fortunately, changes in the district's weather and its economy were not too severe during 1954.

At least, the year-end statistics of both business and agriculture are fairly comparable with those of a year earlier.

Except for wheat, farm marketings actually were nearly at record levels. Business changes were a bit severe, however, in the areas of mining and manufacturing.

There is an important difference, however, in the business outlook between now and a year ago. In early 1954 the economy was in a recession period. Now, the situation is one of recovery. Actually, the recession of last year was not felt too severely in the Ninth district. Agriculture is of major importance here, and farmers did not share appreciably in the business adjustment which resulted from the decline in defense expenditures and inventory changes.

The district's economic climate at the beginning of the new year appears invigorating as indicated by the following:

- Agricultural marketings are continuing in large volume, reflecting last year's excellent over-all production picture. The number of cattle on feed is substantially higher than that of a year ago. Hog numbers are increasing, and feed grain stocks as of January are larger than a year ago.
- Department store sales for the four weeks ended January 15 in the Twin Cities, Duluth, and Superior were 9 percent up from a year ago.
- Liquid savings are at an estimated all-time high. Commercial banks ended the year with record time and demand deposits. Savings banks and Savings and Loan Associations also have increased savings to a new high.
- Bank debits in the latest period with available statistics (December) were at 136 (1947-49=100). A year ago it was 125, and in November the figure was 127.
- New car sales as measured by car registrations in the Twin Cities during December were 2⅓ times that of a year earlier. Dealers are optimistic for 1955 sales.
- Both miscellaneous and total carloadings figures during December were higher compared with a year ago.

But, just as the weather can and will inevitably change in 1955, there will also be changes and shifts in the district's economic climate during the year. At the moment we can only hope that such adjustments as do occur will be moderate and that they will continue to be on the favorable side.

► *Carloadings reflect rise in business**

The decline in railroad freight loadings in the fourth quarter in this region was smaller than the usual seasonal downward trend. Carloadings invariably rise during the summer, reaching a peak in August or September, and then decline during the fall and winter.

Comparisons with corresponding periods in 1953 show that third-quarter carloadings were down 18 percent; while, in the fourth quarter, loadings were down only 8 percent.

*Raw products carried by railroads from farms and mines to processors, and finished products carried from processors to wholesalers and retailers is a measure of the total volume of products moving from producers to consumers. Railroads still may be losing some freight to trucks, planes, and pipelines but the annual loss has become small; so, year-to-year comparisons again are meaningful.

Shipments of both farm and forestry products this final quarter, exceeded those of a year ago. For example, carloadings of livestock were up from the 1953 totals by 14 percent. Carloadings of grain and grain products were up 6 percent. The increase of 23 percent in the loadings of forest products reflects high construction activity.

The decrease in carloadings of other products, however, more than offset the increases in those mentioned above. Shipments of iron ore were down substantially from the 1953 volume. Merchandise shipped in less than carload lots also was down significantly.

► *Livestock receipts up at South St. Paul*

Total carload receipts of livestock in the South St. Paul Union Stockyards during 1954 were 5 percent larger than the previous year. All types were received in larger numbers except sheep, which decreased less than one percent from last year.

Cattle receipts were 5 percent larger; calf receipts were up 10 percent; and hog receipts were up 5 percent compared with a year ago, again making South St. Paul the largest hog market in the United States.

Decline Overtakes Number of Firms

THE NUMBER of business firms in operation in the Ninth district increased sharply during the years immediately following World War II and expanded slowly thereafter to reach a peak on January 1, 1953.

However, during 1953 the number of active companies declined approximately 2 percent, according to data recently released by the U. S. Department of Commerce. As of January 1, 1954, the number of firms in operation in the states fully within the Ninth district (Minnesota, Montana, North Dakota and South Dakota) was estimated to be 132,300.

Business failures in the district during 1954 have increased 27 percent from the previous year, according to estimates prepared by Dun and Bradstreet. Meanwhile, the number of new businesses incorporated has increased by only 4 percent. This would suggest that data for January 1, 1955 will reveal a further decline in the business population.

FIRMS IN OPERATION JANUARY 1, 1954

	Number	Change from 1949
Minnesota	81,800	+ 1%
Montana	16,100	−12%
North Dakota	15,000	− 1%
South Dakota	19,400	+ 8%
4 States	132,300	0
United States	4,185,300	+ 5%

The rapid post-war expansion ended in 1949. Although the district total changed but little thereafter, sizeable changes occurred in some states. A decrease of 12 percent in Montana appears to be concentrated in the small firms employing few people (principally the service industries). An increase of 8 percent in South Dakota reflects additions to the number of firms engaged in retail trade, which rose 9 percent from 1949 to 1951. END

► *District farming receipts down*

Latest USDA statistics show that the total amount of cash received by farmers in the Ninth district from sale of their products was down 3 percent from a year ago for the 10-month period, January through October. This compares with a 4 percent decline for the nation. North Dakota and Montana farmers received 8 percent and 12 percent less respectively for the sale of farm products during this period. Minnesota cash receipts were down only 1 percent. In South Dakota, cash receipts were 8 percent above the same 1953 period.

► *Emergency loans for North Dakota*

Because of extensive damage to North Dakota's wheat crop during 1954, that state has been declared eligible for emergency loans through June 30, 1955, the U. S. Department of Agriculture has announced. Damage from rust, root-rot, drought, and other adverse weather conditions over extensive areas of the state were cited as reasons. Emergency loan funds may be used by eligible farmers to continue normal operations but are not to be used for the payment of existing debts.

► *1955 models boost car sales*

In 1954, the sale of new passenger cars and trucks fell off more in the Ninth district than in the nation as a whole, according to registration figures.

For the first eleven months of 1954, registrations of both new cars and new trucks in the four states—Minnesota, Montana, North Dakota, and South Dakota — were off 11 percent from the number listed in the same months of 1953. In the state of Michigan, registrations were down even more—new car registrations decreased 16 percent and new trucks, 13 percent. In the state of Wisconsin, registrations of new cars and new trucks were down 10 percent and 14 percent respectively.

During this same period, for the United States as a whole, registration totals of new cars and new trucks combined, dropped only 8 percent from the like period of 1953.

The introduction of 1955 model cars boosted sales substantially in December. Figures available for the Twin City metropolitan area show that registrations during December were 2⅓ times the number listed

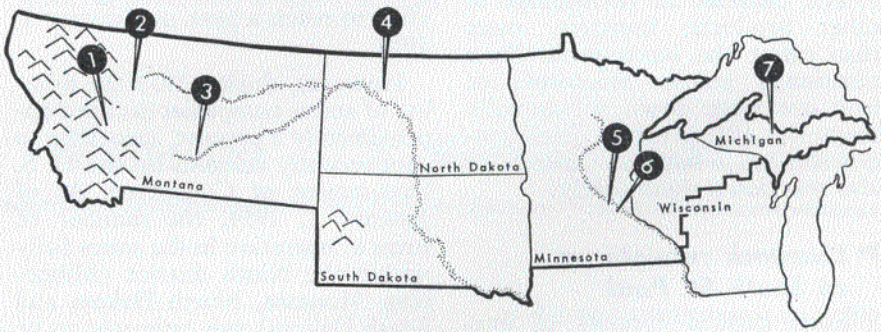
for the same month of 1953. In part, the relatively poor showing of registrations during December, 1953, is due to the fact that important model changeovers were taking place at that time. Truck registrations also were ⅓ higher.

In the first half of January, 1955, new car registrations fell below the number recorded a year ago due to the introduction of 1954 models at that time. As of January 21, new car registrations for the month were within 4 percent of those for the same day a year ago, and new truck registrations were within 7 percent of last year's total. Each day's registrations since the 14th of January have shown a small percent gain over last year's figures.

END

ECONOMIC *Briefs*

SIGNIFICANT HAPPENINGS IN THE NINTH DISTRICT



1 - Risk firm breaks ground

Ground was broken late in December for construction of a new home office building for Western Life Insurance Company of Helena, Montana. The structure is expected to be completed early in 1956 at a cost of about $3,500,000. The new headquarters will measure 202 feet by 74 feet, providing more than 2½ times the working space of the present building.

2, 3 - Plan apartments in Montana

Plans for an 11-story apartment building in the Country Club addition west of Great Falls **(2)** were announced early in December by the Country Club Towers, Inc. Construction is expected to get under way next spring. The $600,000 structure will include 21 apartments and will be an owner-occupancy operation—the first project of its type in the state. The proposed building will be the tallest in Great Falls and represents another step in the development of the city's rapidly growing Country Club addition.

Following Great Falls' lead, plans for a six-story, 20-unit, resident-owner apartment house were announced for Billings **(3)**. Construction of the $500,000 project is planned to start about July 1, with completion scheduled for the first of next year.

4 - $6.5 million GN freight yard

Among major projects planned by the Great Northern Railroad for 1955 is a modern freight classification yard expected to cost in the neighborhood of $6,500,000. This automatic switching yard will be located about 4 miles east of Minot, North Dakota. Part of the construction cost, in the interest of national defense, will be subject to rapid write-off for tax purposes.

5 - Suburb starts sewer project

On December 28 the village of Crystal (a suburban community northwest of Minneapolis) awarded contracts for construction of a $1 million sanitary sewer and sold $1.1 million in bonds to finance the project. The network, to be completed within a year, will serve about 10 percent of the homes in Crystal. It represents only the first step in a projected $4.5 million sewer program by the village. Sewage will enter the Minneapolis sewer system.

6 - Plant will close in April

Baker-Lull corporation announced that its plant in Bloomington, south of Minneapolis, will be closed about April 1. Baker-Lull and its parent corporation in Cleveland, Ohio, were purchased by Otis Elevator Company about two months ago. The Bloomington plant has been used for manufacturing earth-moving and material-handling equipment. Completion of government contracts, which accounted for 70 to 80 percent of the plant's output, prompted the closing. A number of the 365 employees of Baker-Lull will be transferred to the Baker-Raulang plant in Cleveland. No plans have been made yet for use of the building. It contains 100,000 square feet of floor space and was built four years ago at a cost of $1 million.

7 - Contract for ore pellet unit

Cleveland-Cliffs Iron Company awarded contracts to a Cleveland firm for construction of a 2,000-ton-a-day agglomerating plant, to be located a few miles west of Marquette on the main line of the Lake Superior and Ishpeming Railroad. It will pelletize iron ore concentrates prepared from jasper (iron-bearing rock) at CCI's Republic mine, and it is scheduled for operation late this year. The mine and agglomerating plant, with an initial capacity of 500,000 tons of pellets per year, is CCI's second venture of this type. Jasper development in Upper Michigan parallels that of taconite in Minnesota.

The 1947-49 Average and the Years 1951 to 1954

in the Ninth Federal Reserve District

—BUSINESS—

Ninth District Business Indexes (Monthly Averages—1947-49 = 100)

	1950	1951	1952	1953	1954
Bank Debits—93 Cities	110	120	122	125	130
Bank Debits—Farming Centers	109	118	120	122	128
Ninth Dist. Department Stores Sales	105	104	104	104	105
City Department Store Sales	108	106	107	109	110
Country Department Store Sales	99	100	99	97	96
Ninth Dist. Department Store Stocks	104	116	107	115	115
City Department Store Stocks	105	120	108	117	117
Country Department Store Stocks	103	113	107	113	112
Lumber Sales at Retail Yards (Bd. Ft.)	101	87	89	83	88
Miscellaneous Carloadings	102	105	104	107	99
Total Carloadings (Excl. Misc.)	92	99	88	93	74
Farm Prices—Minnesota	91	105	101	91	84

Index of Department Store Sales by Cities (Monthly Averages—1947-49 = 100)

	1950	1951	1952	1953	1954
Duluth-Superior	106	105	107	107	104
Mpls.-St. Paul Metropolitan Area	107	105	106	107	109
Minneapolis	110	110	111	112	114
St. Paul	102	97	97	98	96

Total New Car Registrations

	1947-49 Av.	1951	1952	1953	1954
TOTAL—4 States	178,699	225,909	183,005	232,851	220,200
Minnesota	102,814	132,460	108,002	142,715	136,100
Montana	28,468	33,601	27,824	32,870	30,200
North Dakota	24,235	30,465	24,016	30,203	26,500
South Dakota	23,182	29,383	23,163	27,063	27,400

Source: Automotive News. Data for 1954 include estimated figures for December.

Retail Sales

	1947-49 Av.	1951	1952	1953	1954
			(T-h-o-u-s-a-n-d-s)		
507 Lumber Yards (Board Feet)	179,679	165,961	165,585	154,448	164,946
507 Lumber Yards (Dollar Vol.)	$ 64,757	$ 64,288	$ 62,627	$ 59,618	$ 62,225
Department Stores*					
Ninth District	367,697	382,106	384,457	382,841	385,046
Minnesota	286,797	302,662	304,805	306,479	310,109
Montana	16,756	17,806	18,308	17,649	17,558
North Dakota	20,793	19,560	20,207	18,920	18,224
South Dakota	23,246	21,062	20,315	19,885	20,303
Wisconsin and Michigan (Ninth District portion)	20,105	21,016	20,822	19,908	18,852

*1948 figures are from the Census of Business; sales for other years are estimated.

Inventories, December 31

	1947-49 Av.	1951	1952	1953	1954
			(T-h-o-u-s-a-n-d-s)		
507 Lumber Yards (Board Feet)	79,647	93,224	87,650	84,326	86,626
Department Stores*					
Ninth District	$ 79,643	$ 84,241	$ 83,115	$ 85,240	$ 87,767
Minnesota	59,004	62,287	63,049	65,409	68,137
Montana	4,078	4,348	4,399	4,666	4,347
North Dakota	4,773	4,737	5,102	4,823	4,684
South Dakota	6,601	6,879	5,162	4,923	5,228
Wisconsin and Michigan (Ninth District portion)	5,187	5,990	5,403	5,419	5,371

*Department store stock benchmark data are not available from the 1948 Census of Business. Dollar department store stock estimates appearing in this table were prepared by applying the ratio of year-end stocks to annual sales for a sample of reporting Ninth district department stores to estimates of total annual department store sales.

Freight Carloadings—N. W. District

	1947-49 Av.	1951	1952	1953	1954
			(T-h-o-u-s-a-n-d-s)		
TOTAL	5,757	5,839	5,425	5,675	4,873
Grain and Grain Products	634	625	606	566	624
Livestock	158	107	107	96	98
Coal	341	275	239	226	215
Coke	92	94	70	65	65
Forest Products	503	513	495	472	455
Ore	1,414	1,692	1,390	1,703	1,060
Miscellaneous	1,986	2,076	2,071	2,118	1,949
Merchandise—LCL	630	457	447	429	407

Source: Association of American Railroads.

Electric Power Prod. by Electric Utilities (KWH)

	1947-49 Av.	1951	1952	1953	1954
TOTAL	7,603,339	9,364,469	10,308,282	10,900,375	12,008,331
Minnesota	3,841,179	4,775,822	5,246,607	5,770,588	5,939,246
Montana	2,850,467	3,303,594	3,780,224	3,718,777	4,272,807
North Dakota	494,913	678,835	666,212	760,983	849,737
South Dakota	416,780	606,218	615,239	650,027	946,541

Source: Federal Power commission.
p—Partially estimated.

Life Insurance Sales

	1947-49 Av.	1951	1952	1953	1954
			(T-h-o-u-s-a-n-d-s)		
TOTAL	$469,583	$482,461	$533,083	$613,796	$655,408
Minnesota	295,663	315,592	347,980	402,862	432,640
Montana	58,183	62,418	70,702	82,188	85,036
North Dakota	54,745	47,235	55,306	55,221	57,649
South Dakota	60,991	57,216	59,095	73,525	80,083

Source: Life Insurance Agency Management association.

Manufacturing and Mining

	1947-49 Av.	1951	1952	1953	1954
			(T-h-o-u-s-a-n-d-s)		
Flour Production:					
Minneapolis Mills (bbls.)	7,737	7,012	7,341	6,928	6,096
Other N. W. Mills (bbls.)	13,663	12,129	11,774	11,542	11,850
Flour Shipped from Mpls. (bbls.)	7,069	6,720	7,367	7,504	6,666
Linseed Products Shipped (lbs.)	951,820	1,211,760	1,008,240	891,240	1,050,000
Iron Ore Shipped (gross tons)	76,797	89,092	74,911	95,844	60,794

Source: Flour data, Northwestern Miller; linseed production data, Minneapolis Grain Exchange; iron ore shipped, Lake Superior Iron Ore association.

Construction Contracts Awarded in Ninth District

	1947-49 Av.	1951	1952	1953	1954
			(T-h-o-u-s-a-n-d-s)		
TOTAL	$311,137	$482,812	$453,108	$547,419	$609,888
Public Works	99,748	106,628	85,491	89,040	102,879
Public Utilities	27,219	45,727	24,496	24,116	56,671
Total Building	184,169	330,457	343,121	434,263	450,338
Residential	89,786	164,317	169,293	199,516	233,391
Commercial and Industrial	37,022	45,430	67,277	120,718	74,197
Educational	20,103	56,447	52,559	65,725	73,599
All Other	37,258	64,263	53,992	48,304	69,151

Source: F. W. Dodge Corporation.

Business Failures in Ninth District

	1947-49 Av.	1951	1952	1953	1954
Number	76	113	106	122	161
Liabilities	$3,895,667	$4,023,000	$3,124,000	$4,494,000	$6,041,000

Source: Dun and Bradstreet, Inc.

—AGRICULTURE—

Cash Income from Farm Marketings*

	1947-49 Av.	1951	1952	1953	1954[1]	1954 in Percent of 1953
			(T-h-o-u-s-a-n-d-s)			
Ninth District—TOTAL	$3,221,743	$3,168,136	$3,063,238	$2,938,301	$2,864,161	97%
Crops	1,305,309	1,070,898	1,086,008	1,123,332	1,117,023	99
Livestock and Livestock Products	1,890,059	2,068,346	1,950,968	1,789,527	1,747,138	98
Government Payments[2]	26,375	28,892	26,262	25,442	25,442	100
Michigan (15 counties)	31,804	30,553	29,890	28,213	26,472	94
Minnesota	1,298,665	1,283,405	1,287,627	1,292,170	1,274,519	99
Montana	388,187	444,139	402,848	377,279	331,451	88
North Dakota	649,095	569,801	538,959	486,496	447,347	92
South Dakota	631,249	603,406	564,962	533,710	576,951	108
Wisconsin (26 counties)	222,743	236,832	238,952	220,433	207,421	94

*SOURCE: USDA—"Farm Income Situation."

[1]Ten months actual and two months estimated.

[2]1953 Government Payments estimated to be the same as 1952.

Farm Real Estate Mortgage Indebtedness, January 1*

	1947-49 Av.	1951	1952	1953	1954	1954 in Percent of 1953
			(T-h-o-u-s-a-n-d-s)			
Michigan (15 Counties)	$ 10,382	$ 11,664	$ 12,391	$ 13,397	$ 14,095	105%
Minnesota	269,521	291,507	305,270	316,427	323,819	102
Montana	49,973	70,397	78,552	86,941	96,316	111
North Dakota	71,448	70,002	70,551	74,184	78,397	106
South Dakota	87,726	93,964	100,078	106,122	112,660	106
Wisconsin (26 Counties)	74,790	86,084	89,856	94,690	98,181	104
Ninth District	563,841	623,618	656,698	691,761	723,468	105

*SOURCE: USDA—"Agricultural Finance Review."

Ninth District Farm Prices* (Monthly Av.)

	1947-49 Av.	1951	1952	1953	1954	1954 in Percent of 1953
Wheat (Bu.)	$2.18	$2.07	$2.08	$2.08	$2.13	102%
Corn (Bu.)	1.52	1.48	1.41	1.29	1.32	102
Oats (Bu.)	.78	.78	.75	.66	.66	100
Barley (Bu.)	1.44	1.17	1.20	1.06	1.00	94
Rye (Bu.)	1.86	1.54	1.65	1.16	.95	82
Flax (Bu.)	5.52	3.90	3.77	3.48	3.33	96
Potatoes (Bu.)	1.44	1.16	2.42	1.25	.84	67
Hogs (Cwt.)	21.80	19.90	17.72	21.05	21.47	102
Beef Cattle (Cwt.)	20.14	28.40	24.82	15.94	15.19	95
Veal Calves (Cwt.)	23.46	32.89	28.52	18.76	17.58	94
Sheep (Cwt.)	8.91	16.16	10.50	6.39	5.74	90
Lambs (Cwt.)	21.18	31.10	24.23	18.78	18.53	99
Chickens (Lb.)	.23	.23	.20	.21	.17	81
Butterfat (Lb.)	.75	.74	.77	.70	.63	90
Milk (Cwt.)	3.62	3.82	4.06	3.61	3.31	92
Eggs (Doz.)	.40	.42	.36	.43	.30	70
Wool (Lb.)	.47	.92	.50	.52	.54	104

*SOURCE: USDA—"Agricultural Prices."

Index of Land Values, March 1*—(1912-1914 = 100)

	1947-49 Av.	1951	1952	1953	1954	1954 in Percent of 1953
Michigan	198	228	244	249	252	101%
Minnesota	155	197	212	207	196	95
Montana	125	141	152	143	135	94
North Dakota	107	125	142	146	144	99
South Dakota	89	112	126	122	117	96
Wisconsin	144	162	172	172	162	94

*SOURCE: USDA—"Current Developments in Farm Real Estate Market."

Livestock Numbers, 4 Full Ninth District States, January 1*

	1947-49 Av.	1951	1952	1953	1954[p]	1954 in Percent of 1953
			(T-h-o-u-s-a-n-d-s)			
All Cattle and Calves	9,318	9,147	9,965	10,716	11,267	105%
Dairy Cows	2,596	2,346	2,292	2,336	2,438	104
Sheep and Lambs	3,855	3,383	3,738	3,778	4,373	116
Hogs	5,515	5,824	6,399	5,255	4,710	90
Chickens	44,062	39,800	39,439	37,502	38,392	102
Turkeys	393	298	380	339	412	121

*SOURCE: USDA—"Livestock on Farms" for Minnesota, Montana, North Dakota and South Dakota.

p—Preliminary.

Farm Production, 4 Full Ninth District States*

	1947-49 Av.	1951	1952	1953	1954p	1954 in Percent of 1953
			(T-h-o-u-s-a-n-d-s)			
Wheat (Bu.)	271,405	318,047	232,751	260,029	183,289	70%
Corn (Bu.)	366,013	325,532	393,010	432,009	421,473	98
Oats (Bu.)	333,407	396,140	348,280	323,634	356,072	110
Barley (Bu.)	117,210	122,086	86,223	96,697	138,270	143
Rye (Bu.)	11,427	12,270	6,563	8,454	8,398	99
Flaxseed (Bu.)	37,705	31,853	26,950	34,700	39,324	113
Soybeans for Beans (Bu.)	15,289	20,082	23,582	29,659	46,508	157
Potatoes (Bu.)	40,907	29,020	30,370	33,953	38,701	114
Wool (Lbs.)	30,470	29,810	31,984	32,683	32,344	99
Milk (Lbs.)	12,105,000	11,561,000	11,610,000	12,269,000	.....	..
Butter (Lbs.)	326,990	322,562	329,634	361,165	355,401	98
Eggs (Doz.)	479,889	478,167	484,666	488,500	510,667	104

*SOURCE: USDA—"Crop Production" for Minnesota, Montana, North Dakota and South Dakota.
p—Preliminary.

Non-Real Estate Loans to Farmers, January 1*

	1947-49 Av.	1951	1952	1953	1954	1954 in Percent of 1953
			(T-h-o-u-s-a-n-d-s)			
Minnesota	$ 62,746	$ 120,402	$ 146,229	$ 146,259	$ 132,152	90%
Montana	20,827	27,885	34,910	36,473	35,109	96
North Dakota	14,228	27,917	32,699	36,091	38,365	106
South Dakota	32,002	52,585	69,930	69,434	57,232	82

*SOURCE: USDA—"Agricultural Finance Review." Loans held by Insured Commercial Banks, exclusive of CCC loans.

—BANKING—

All member Banks Total Deposits

	1947-49 Av.	Dec. 31, 1951	Dec. 31, 1952	Dec. 31, 1953	Dec. 31, 1954
			(T-h-o-u-s-a-n-d-s)		
TOTAL	$3,518,664	$3,742,938	$3,962,354	$4,031,047	$4,196,761
Michigan—15 counties	153,071	162,485	167,748	178,964	184,818
Minnesota	2,083,980	2,233,777	2,375,923	2,424,583	2,532,306
Montana	493,507	529,340	561,462	569,732	590,224
North Dakota	266,089	271,867	278,999	274,257	281,928
South Dakota	339,644	357,143	375,729	377,545	396,551
Wisconsin—26 Counties	182,373	188,326	202,493	205,965	210,934

City Member Banks (Weekly Reporting Banks)

	1947-49 Av.	Dec. 31, 1951	Dec. 31, 1952	Dec. 31, 1953	Dec. 31, 1954
			(T-h-o-u-s-a-n-d-s)		
Loans and Discounts	$ 428,115	$ 598,704	$ 627,698	$ 672,503	$ 701,388
U. S. Government Securities	671,501	551,395	647,963	600,225	643,655
Other Securities	85,241	129,746	156,464	138,717	155,052
Total Deposits	1,591,526	1,713,972	1,820,218	1,814,761	1,888,415
Dem. Dep. Ind., Pt. and Corp.	838,356	948,144	1,007,057	996,024	1,043,394
Time Dep. Ind., Pt. and Corp.	249,059	237,882	255,558	264,138	275,221
Public Deposits	173,887	149,162	170,469	178,108	171,635
Due to Banks and Other Dep.	330,224	378,784	387,134	376,491	398,165

Country Member Banks (Non-Weekly Reporting Banks)

	1947-49 Av.	Dec. 31, 1951	Dec. 31, 1952	Dec. 31, 1953	Dec. 31, 1954
			(T-h-o-u-s-a-n-d-s)		
Loans and Discounts	$ 414,405	$ 631,762	$ 680,565	$ 778,917	$ 815,191
U. S. Government Securities	1,052,794	889,200	944,509	920,135	975,619
Other Securities	123,702	150,159	161,189	171,645	185,832
Total Deposits	1,927,138	2,028,966	2,142,136	2,216,286	2,308,346
Dem. Dep. Ind., Pt. and Corp.	1,051,749	1,133,280	1,164,900	1,166,274	1,195,580
Time Dep. Ind., Pt. and Corp.	678,254	669,738	727,676	776,498	818,476
Public Deposits	136,713	158,373	182,909	201,786	221,087
Due to Banks and Other Dep.	60,422	67,576	66,651	71,728	73,203

Minneapolis Federal Reserve Bank

	1947-49 Av.	Dec. 31, 1951	Dec. 31, 1952	Dec. 31, 1953	Dec. 31, 1954
			(T-h-o-u-s-a-n-d-s)		
Loans to Member Banks*	$ 3,913	$ 10,854	$ 15,785	$ 27,329	$ 6,936
Industrial Advances*	3	156	110	114	100
Total Earnings Assets	666,173	749,487	765,802	626,690	615,062
Mem. Bank Res. Balances	450,708	464,389	437,867	468,968	443,527
Fed. Res. Notes in Circulation	623,512	632,029	650,889	644,292	583,511
Total Gold Certificate Reserve	464,999	350,279	353,155	510,047	445,972

*Daily average of amounts outstanding during the year.