

MONTHLY REVIEW

OF AGRICULTURAL AND BUSINESS CONDITIONS IN THE NINTH FEDERAL RESERVE DISTRICT

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DISTRICT SUMMARY OF BUSINESS

It is now more clearly evident that the early marketing of crops in this district was responsible for the large September record in farm income from crops. October income from crops was only 4 per cent larger than the income in September. October marketings were valued at \$100,000,000, which was a total nearly twice as large as the value of October marketings in 1926, but \$16,000,000 smaller than the value of marketings in October, 1924, which, therefore, remains the largest total in any month on record.

For the first three months of the present marketing season the income from crops has been \$220,000,000, making a new high record for the value of marketings during the first quarter of the crop year. However, there is no assurance that the high record will be maintained throughout the remainder of the crop year. Carloadings of grains and grain products have been smaller than in 1924 every week since the third week in September. The table below gives the cash income from grains and potatoes by months during the heavy marketing periods of the five years for which estimates have been made.

INCOME FROM CASH GRAINS AND POTATOES

(In millions of dollars)

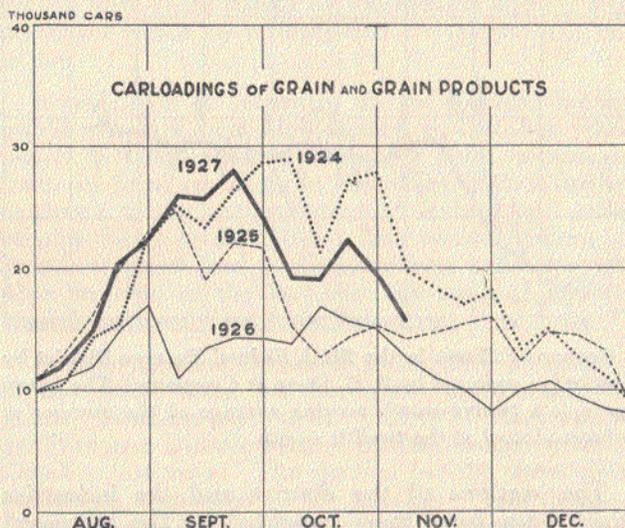
	1923	1924	1925	1926	1927
August	17.0	14.5	24.1	18.9	23.1
September	42.3	63.5	85.2	49.8	96.9
October	40.5	116.6	57.3	52.6	100.4
November	31.0	93.9	49.7	34.4	...
December	17.2	39.2	38.0	12.8	...

Farm product prices showed more declines than advances in October, as compared with a year ago. The income from the sale of hogs in October was 16 percent smaller than the income from this source in October, 1926 on account of lower prices and smaller marketings. Although the marketings of cattle were smaller than a year ago, the profits of those farmers who marketed fat cattle in October were large.

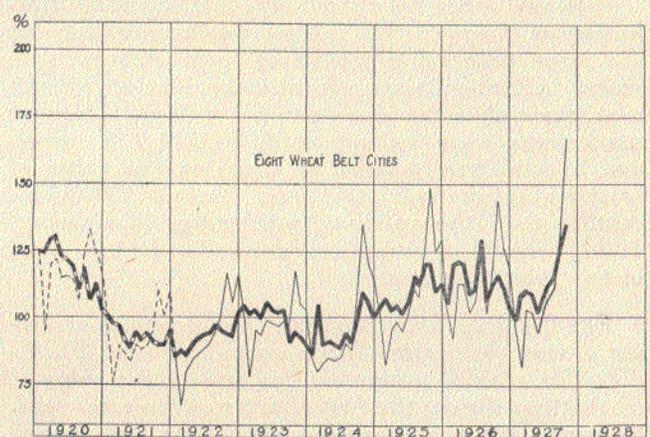
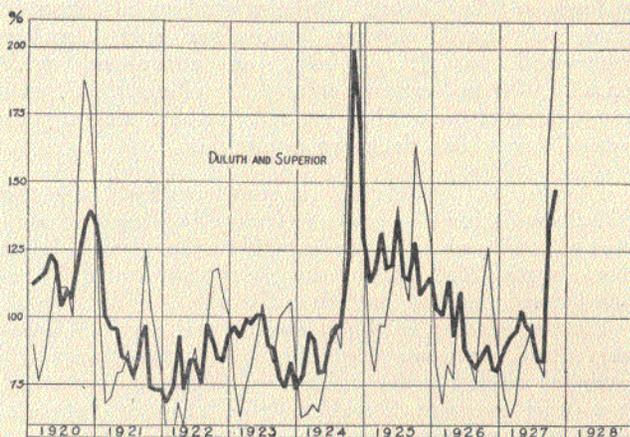
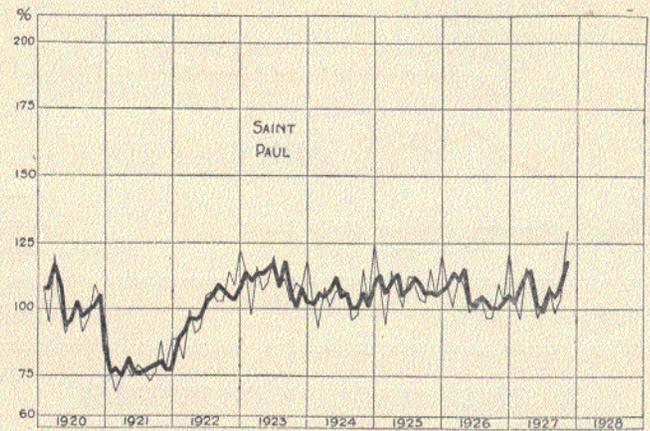
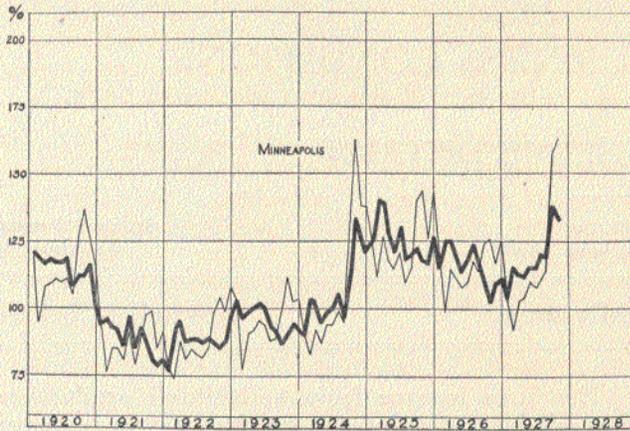
The large income from agricultural production this fall has caused a general increase in business volume in this district. The net outflow of currency from this bank during September and October amounted to \$9,000,000, as compared with \$5,000,000 in September and October, 1926, and constituted a new high record for the seven year period for which data are available.

Debits to individual accounts, which are the withdrawals for all purposes from checking and savings accounts at 17 representative cities, would have made a new high record during the month of October except for the fact that October, 1924, which holds the record at the present time, had 27 business days, whereas October, 1927, had only 26 business days. If the volume of debits is converted to a daily average, October, 1927 exceeds October, 1924 by 2 percent.

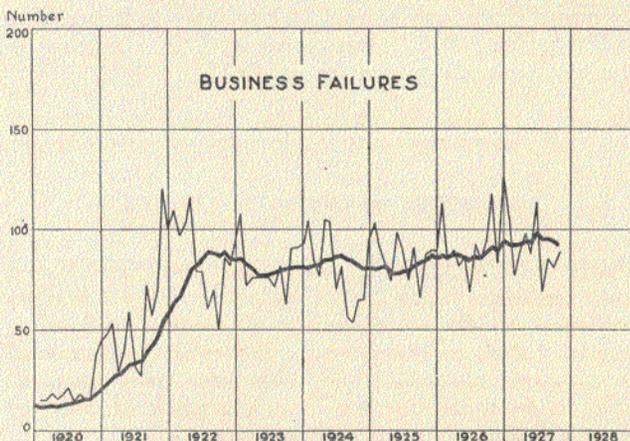
Business failures in this district have been fewer this fall than a year ago, probably as a direct result of the more satisfactory business conditions. R. G. Dun and Company report 167 failures in September and October, 1927, compared with 213 failures in the corresponding months of 1926.



Carloadings of Grain and Grain Products in the Northwestern District by weeks during the heavy crop moving months, 1924-1927.



Debits to Individual Accounts at Banks in Minneapolis, St. Paul, Duluth-Superior and Eight Smaller Cities in the Spring Wheat Belt. The heavy curves represent figures adjusted to eliminate seasonal changes; the light curves represent unadjusted figures as percentages of the average month.



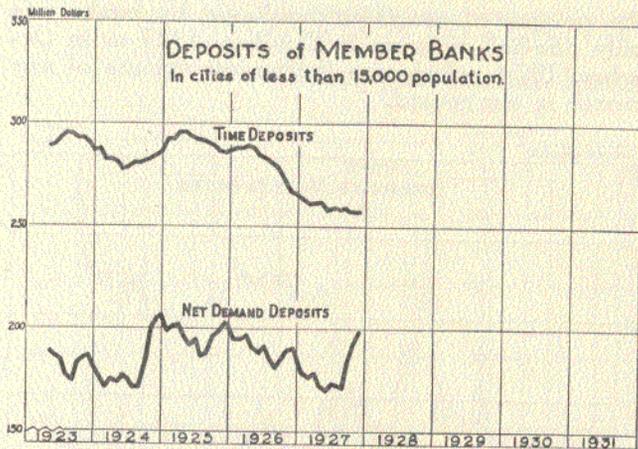
Business Failures in the Ninth Federal Reserve District by months, as reported by R. G. Dunn & Company. The heavy curve is a twelve-month moving average of the number of failures plotted at the twelfth month.

The sections of the district and the industries which have been most benefited by the increased farm income can now be indicated with some degree of accuracy. Looking first at the record of rural business conditions it is found that new high records

for all time were made in debits to individual accounts at Aberdeen, Billings, Fargo, Jamestown and Minot, and that debits to individual accounts at Helena, Dickinson and Winona were larger in October than in the same month last year, although they did not establish new records.

Deposits in country banks on October 26 were 5 percent larger than on August 24, but were slightly smaller than a year ago. The increase in country bank deposits during September and October amounted to 14 percent in North Dakota, 12 percent in Montana and 11 percent in South Dakota. These are the states where crop marketings constitute a large part of the total farm income and they are also the states where crops yielded the best returns this year. The increase in country bank deposits in Minnesota this fall has been only 1 percent and in Michigan and Wisconsin there have been slight decreases.

Through a change in the reporting date for member bank deposits, it is possible to bring the deposit data down to November 9. On this date country member banks reported an increase of 1 percent in deposits over the amount held on October 26, 1927. All states reported increases of 2 percent, or less.



Deposits of Country Banks in the Ninth Federal Reserve District as typified by member banks in cities with less than 15,000 population.

The farm implement business has been greatly benefited by the large crop income. Sales of farm implements by wholesalers and manufacturers reporting to this office were 36 percent larger in the three months from August to October, 1927 than in the corresponding period last year. Carloadings of farm implements shipped out of Minneapolis and St. Paul during the same three month period were 74 percent larger in 1927 than in 1926.

The volume of rural building this fall has shown a moderate increase over the volume in the fall of 1926 and the prospects are for a pronounced increase in the near future. Retail lumber sales at representative lumber yards scattered over this district were 4 percent larger in the three months from August to October, 1927 than in the same three months last year. Wholesale hardware sales, which include a large percentage of builders' hardware, were 7 percent larger in these three months of 1927 than in the same three months of 1926. The promise of a larger volume of building in the near future is found in the record of building permits at ten cities in the farm territory, excluding Minneapolis, St. Paul and Duluth. These ten smaller cities reported \$2,216,000 of building permits during September and October, 1927, as compared with \$1,318,000 in the same two months last year.

Collections have improved this fall. Farm implement wholesalers and manufacturers report a reduction in outstanding accounts and notes receivable of \$300,000 during September and October this year, as compared with a reduction of \$236,000 in the same two months last year. Hardware wholesalers reach a seasonal peak in credit extension to customers on September 30. The reduction in their accounts and notes receivable during October amounted to \$200,000 this year, as compared with \$130,000 a year ago. Retail lumber yards usually increase their credit extensions to customers until the end of October. On October 31, 1927 the lumber yards reporting to this office showed a

14 percent smaller volume of receivables on their books than a year ago, although their lumber sales for the first ten months of the year were exactly as large as the sales in the same portion of 1926.

Aside from farming and allied industries, the October activities of the district have been on a lower level than a year ago. Carloadings of iron ore were 32 percent smaller than in October last year and carloadings of forest products and coal and coke were 7 percent and 8 percent respectively below a year ago. Miscellaneous carloadings in October were 5 percent smaller than in October, 1926, but this decrease was partly offset by an increase of 4 percent in carloadings of merchandise in less-than-carlots.

Conditions in the three largest cities have reflected the varied fortunes of the major industries of the district. At Minneapolis and St. Paul, the daily average of debits to individual accounts made a new high record in October. At Duluth debits made a marked recovery but did not reach the high level of October, 1924. The flour and linseed industries exhibited increased activity, as compared with last year. Shipments of flour from Minneapolis in October were 3 percent larger than in October, 1926 and there was an increase of 6 percent in shipments of linseed products.

Accumulation of savings and time deposits in the cities has proceeded at a rapid rate. On November 1, 1927, savings deposits at 26 savings banks and trust companies amounted to \$121,000,000, which was the highest figure on record and constituted an increase of 6 percent over the total savings deposits of these banks a year ago. Time deposits at reporting member banks in the larger cities also established a new high record on November 16, 1927 at \$133,000,000. These time deposits include both savings accounts and time certificates of deposit placed with these banks by individuals and by corporations which have funds that are temporarily not in use.

Investments in securities by the general buying public made a new high record in October when nearly \$10,000,000 of securities were purchased from ten firms reporting to this office. This is further evidence of the accumulation of savings and other surplus funds in the cities. The record volume of securities purchased in October was truly remarkable, in view of the fact that the peak of security buying ordinarily occurs in January.

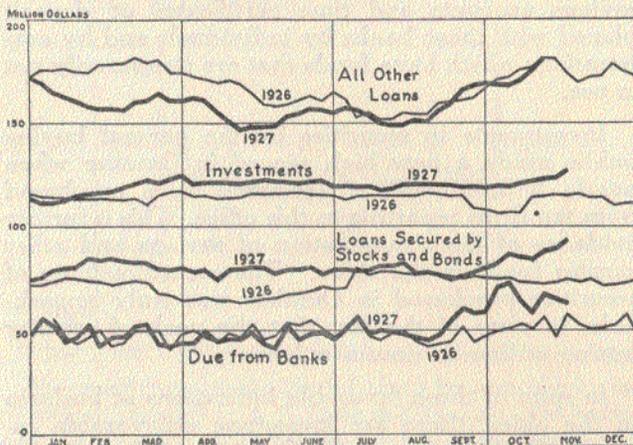
In spite of these favorable indications of business in the cities, there are important unfavorable aspects. Building permits in October at Minneapolis, St. Paul and Duluth were in smaller volume than in October last year. The decline for the three cities combined amounted to 26 percent. The demand for male employees, as evidenced by newspaper advertising during October, was 15 percent smaller in Minneapolis and 10 percent smaller in St. Paul than a year ago. Retail trade at Minneapolis represen-

tative department stores was 7 percent smaller than in October a year ago. Duluth and Superior stores reported a decrease of 10 percent, but St. Paul stores reported an increase of 6 percent.

DISTRICT SUMMARY OF BANKING

Banking developments have continued to reflect the crop movement. The increase in deposits of country banks, which was mentioned on a preceding page, was corroborated by a rise in country bank reserve accounts carried by this Federal Reserve Bank to the highest figure in several years. This increase to \$30,000,000 on November 16 culminates a steady rise which has occurred since the low point of the year was reached in August 31. Country bank balances carried with correspondent banks reached a high point for the year on November 2 and have shown a small seasonal decline since that date. Country bank borrowings from this Federal Reserve Bank have remained near the low level of the year.

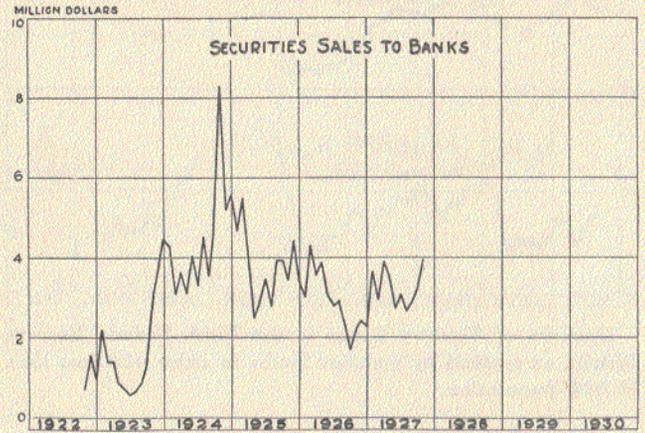
City member banks on November 9 had the largest volume of deposits in their history. Loans for commercial purposes (the "all other loan" classification) reached a seasonal peak on November 9, but the volume at the peak was no greater than a year ago and declined sharply during the week ending November 16. With a record volume of deposits and a very moderate demand for commercial loans, these banks have utilized the remainder of their lending power by increasing their investment holdings and their loans secured by stocks and bonds. Temporarily, in the early part of the crop moving season they also enlarged their balances carried with correspondent banks, but these balances have recently been reduced to a level much nearer to that which is usually maintained.



Principal Assets of Twenty-four City Member Banks, Weekly 1926-1927.

Purchases of securities by banks from representative Twin City investment dealers reached the largest volume during the month of October which has been reported since February, 1926. However,

the volume of securities purchased by banks was only one-half as great in October, 1927 as in October, 1924, which was the largest volume of any month in our record.



Sales of Securities to Banks by Representative Investment Dealers in Minneapolis and St. Paul.

NOVEMBER 1, 1927 PRODUCTION FORECASTS WITH COMPARISONS

United States Department of Agriculture
(000's omitted)

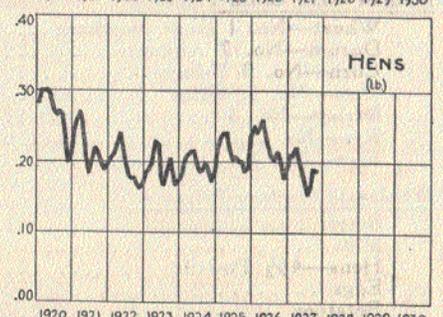
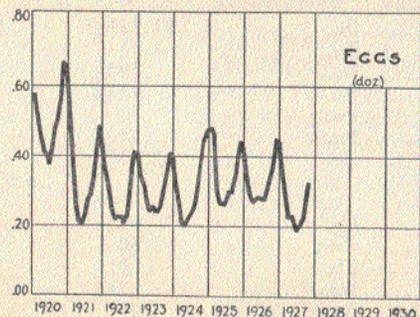
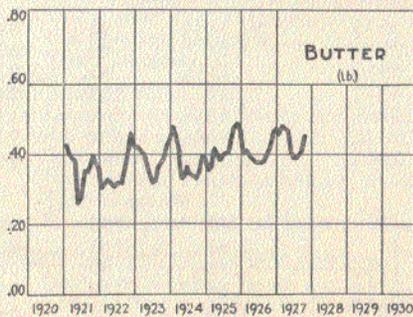
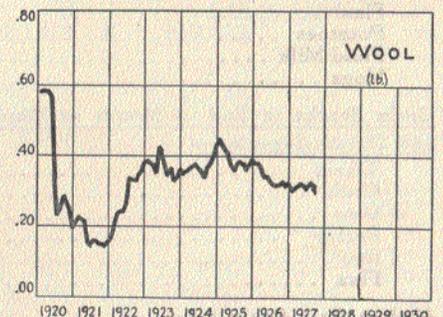
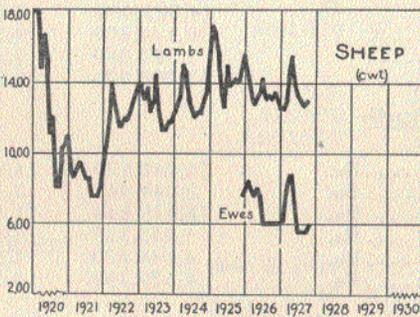
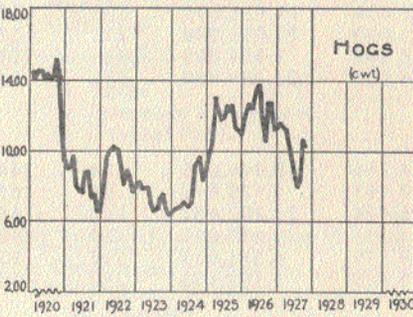
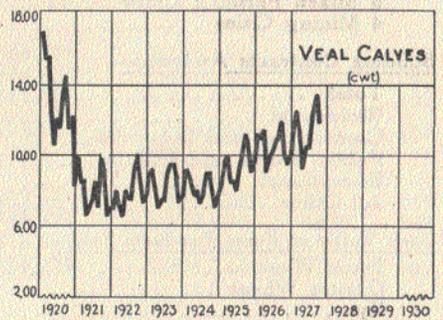
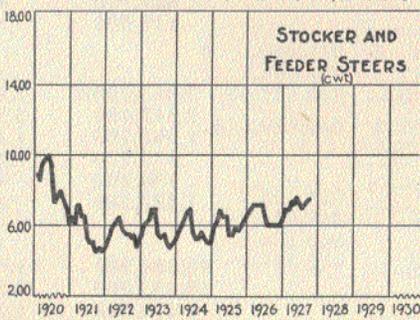
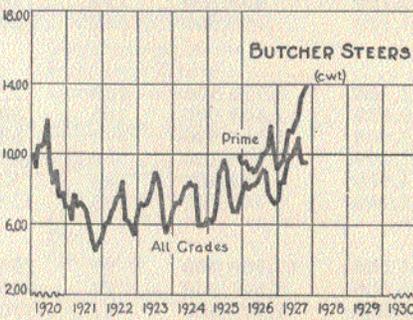
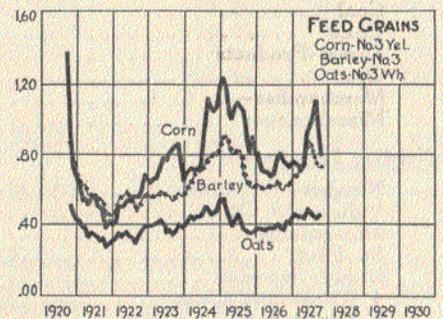
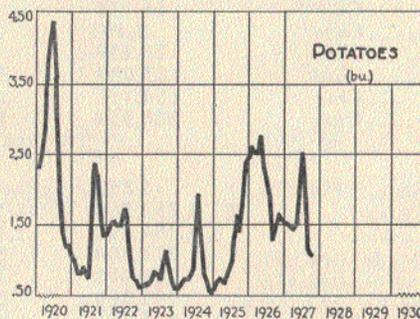
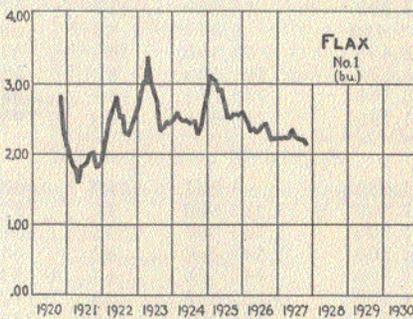
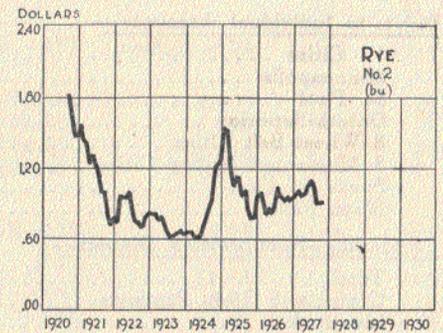
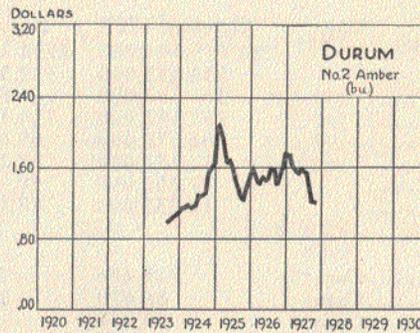
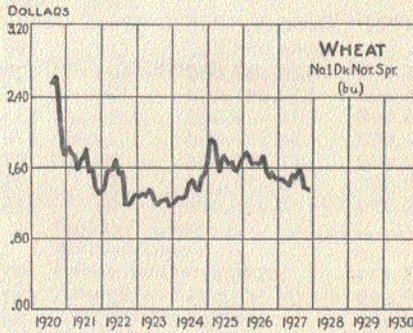
CORN			
	Forecast 11-1-27	Forecast 10-1-27	Production 1926
Minn. . . .	129,808	121,211	147,662
Mont. . . .	7,268	6,228	3,949
No. Dak. . .	24,934	22,469	18,162
So. Dak. . .	134,995	127,082	79,794
4 States . .	297,005	276,990	249,567
U. S. . . .	2,753,249	2,603,437	2,645,031

FLAX			
	Forecast 11-1-27	Forecast 10-1-27	Production 1926
Minn. . . .	7,110	7,179	7,652
Mont. . . .	2,183	1,987	804
No. Dak. . .	9,168	9,351	6,736
So. Dak. . .	5,220	5,110	2,755
4 States . .	23,681	23,627	17,947
U. S. . . .	24,321	24,270	18,592

POTATOES			
	Forecast 11-1-27	Forecast 10-1-27	Production 1926
Minn. . . .	32,522	33,153	29,800
Mont. . . .	5,600	5,446	2,975
No. Dak. . .	11,526	11,696	7,520
So. Dak. . .	6,670	5,806	3,300
4 States . .	56,318	56,101	43,595
U. S. . . .	400,305	394,757	356,123

NORTHWESTERN FARM PRODUCT PRICES

(Price per bushel, hundredweight, pound or dozen)



COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT

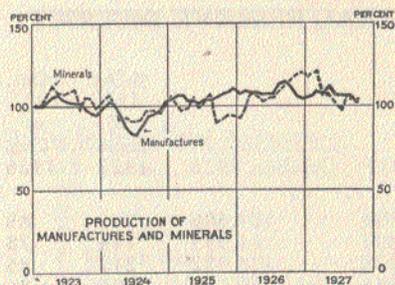
		October, 1927	Sept., 1927	October, 1926	% Oct. 1927 of Sept. 1927	% Oct. 1927 of Oct. 1926
Debits to Individual Accounts—						
	Unit					
17 Cities		\$1,119,304,000	\$998,156,000	\$888,988,000	112	126
Minneapolis		550,833,000	532,511,000	428,157,000	103	129
St. Paul		201,547,000	164,843,000	172,237,000	122	117
Duluth-Superior		193,193,000	159,189,000	121,610,000	121	159
8 Wheat Belt Cities		86,572,000	69,641,000	74,599,000	124	116
3 Mississippi Valley Cities		21,172,000	22,212,000	21,856,000	95	97
South St. Paul		47,052,000	30,988,000	50,673,000	152	93
Sioux Falls		18,935,000	18,772,000	19,856,000	101	95
Carloadings-Northwestern District—						
Total	Cars	738,426	743,471	798,913	99	92
Grains and Grain Products	Cars	86,070	109,649	65,873	78	131
Livestock	Cars	43,938	34,505	50,963	127	86
Coal	Cars	44,738	35,298	45,989	127	97
Coke	Cars	5,163	5,454	8,071	95	64
Forest Products	Cars	72,437	68,410	78,160	106	93
Ore	Cars	123,009	150,624	181,280	82	68
Merchandise—L. C. L.	Cars	154,132	148,336	148,736	104	104
Miscellaneous	Cars	208,939	191,195	219,841	109	95
Building Permits—						
Number—18 Cities		1,853	1,698	1,857	109	100
Value—18 Cities		\$ 3,252,800	\$ 3,992,800	\$ 3,903,100	81	83
Minneapolis		1,304,800	1,405,300	1,564,600	93	83
St. Paul		711,900	822,200	1,043,400	87	68
Duluth-Superior		236,900	358,900	447,100	66	53
4 Wheat Belt Cities		255,300	854,600	182,600	30	140
6 Mixed Farming Cities		625,100	480,700	466,900	130	134
4 Mining Cities		118,800	71,100	198,500	167	60
Building Contracts Awarded—						
Total		7,063,100	5,472,100	9,776,300	129	72
Residential		3,343,400	2,310,600	3,409,000	145	98
Commercial and Industrial		1,360,500	1,193,400	1,993,900	114	68
Public Works and Utilities		835,500	1,028,400	3,574,200	81	23
Educational		196,200	474,600	395,500	41	50
All Other		1,327,500	465,100	403,700	285	329
Cash Value of Farm Products Sold—						
Bread Wheat		50,821,000	51,494,000	17,980,000	99	283
Durum Wheat		18,432,000	25,056,000	9,641,000	74	191
Rye		5,835,000	8,223,000	1,579,000	71	370
Flax		14,823,000	7,133,000	11,411,000	208	130
Potatoes		10,534,000	4,991,000	12,033,000	211	88
Fluid Milk		1,309,000	1,176,000	1,154,000	111	113
Hogs		17,282,000	10,084,000	20,489,000	171	84
Grain Stocks at End of Month at Minneapolis and Duluth-Superior—						
Wheat	Bu.	26,040,650	24,954,756	18,040,685	104	144
Corn	Bu.	2,044,461	2,127,963	1,128,850	96	181
Oats	Bu.	18,819,044	11,196,444	27,292,682	168	69
Barley	Bu.	1,355,575	1,567,335	3,613,069	86	38
Rye	Bu.	4,844,870	1,529,349	8,511,013	317	57
Flax	Bu.	4,680,753	1,575,413	3,103,030	297	151
Median Cash Grain Prices—						
Wheat—No. 1 Dark Northern	Bu.	\$1.31½	\$1.35⅝	\$1.52⅞	97	86
Durum—No. 2 Amber	Bu.	1.21	1.22¼	1.52	99	80
Corn—No. 3 Yellow	Bu.	.79⅜	.93½	.74¼	85	107
Oats—No. 3 White	Bu.	.44⅞	.43¾	.42	103	107
Barley—No. 3	Bu.	.72	.72	.63½	100	113
Rye—No. 2	Bu.	.91¾	.91¾	.94¾	100	97
Flax—No. 1	Bu.	2.11¾	2.20½	2.20¼	96	96
Wholesale Produce Prices—						
Butter	Lb.	.455	.42	.43	108	106
Milk	Cwt.	2.60	2.48	2.41	105	108
Hens—4½ Pounds	Lb.	.19	.19¼	.18	99	106
Eggs	Doz.	.32½	.27½	.35	118	93
Potatoes	Bu.	1.05	1.05	1.65	100	64

NINTH FEDERAL RESERVE DISTRICT

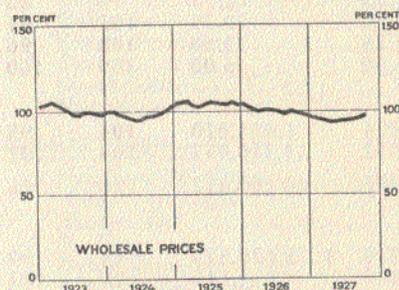
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COMPARATIVE STATISTICS OF BUSINESS IN THE NINTH FEDERAL RESERVE DISTRICT (Continued)

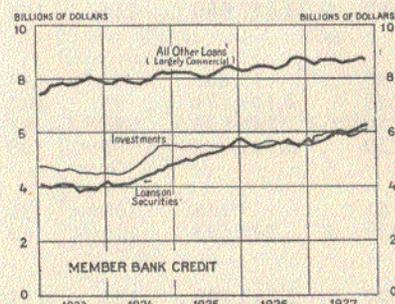
	Unit	October, 1927	Sept., 1927	October, 1926	% Oct. 1927 of Sept. 1927	% Oct. 1927 of Oct. 1926
Livestock Receipts at South St. Paul—						
Cattle	Head	163,570	99,384	183,606	165	89
Calves	Head	51,747	36,004	66,395	144	78
Hogs	Head	286,594	132,270	326,922	217	88
Sheep	Head	205,004	100,685	237,795	204	86
Median Livestock Prices at South St. Paul—						
Butcher Cows	Cwt.	\$ 6.75	\$ 6.75	\$ 5.25	100	129
Butcher Steers	Cwt.	9.50	9.50	7.50	100	127
Prime Butcher Steers	Cwt.	14.00	13.75	11.75	102	119
Stocker and Feeder Steers	Cwt.	7.50	7.50	6.00	100	125
Veal Calves	Cwt.	12.00	13.50	10.00	89	120
Hogs	Cwt.	10.25	10.75	12.75	95	80
Heavy Hogs	Cwt.	9.75	9.50	10.75	103	91
Lambs	Cwt.	13.00	12.75	13.50	102	96
Ewes	Cwt.	6.00	5.50	6.00	109	100
Flour—						
Production—Twin Cities & Duluth-Superior	Bbbs.	1,409,248	1,356,294	1,431,020	104	99
Shipments from Minneapolis	Bbbs.	1,374,333	1,296,552	1,338,857	106	103
Linseed Products Shipments from Minneapolis.	Lbs.	44,693,978	32,389,997	42,105,432	138	106
Retail Sales—						
Department Stores		\$ 2,795,400	\$ 2,460,810	\$ 2,820,620	114	99
Furniture Stores		624,680	625,410	614,150	100	102
Country Lumber Yards	Bd. Ft.	16,247,000	14,435,000	16,050,000	113	101
Retail Merchandise Stocks—						
Department Stores		\$ 7,006,140	\$ 6,804,730	\$ 7,218,650	103	97
Furniture Stores		2,948,050	2,874,620	3,029,290	103	97
Country Lumber Yards	Bd. Ft.	80,397,000	86,248,000	78,477,000	93	102
Life Insurance Sales (4 States)		\$23,085,000	\$ 20,298,000	\$ 22,091,000	114	104
Wholesale Trade—						
Farm Implements		261,920	487,580	175,660	54	149
Hardware		2,286,960	2,319,320	2,133,670	99	107
Shoes		622,600	670,950	746,670	93	83
Groceries		5,468,230	5,738,730	5,003,740	95	109
Business Failures—						
Number		88	81	118	109	75
Liabilities		\$ 660,024	\$ 535,829	\$ 949,673	123	69
Securities Sold—						
To Banks		3,956,500	3,239,200	2,263,700	122	175
To Insurance Companies		1,462,000	1,216,300	1,846,800	120	79
To General Public		9,608,800	6,513,200	4,670,200	148	206
Ninth Federal Reserve District Member Banks—						
In Cities under 15,000 Population		Nov. 9, 1927	Oct. 26, 1927	Nov. 24, 1926	% Nov. 1927 of Oct. 1927	% Nov. 1927 of Nov. 1926
Net Demand Deposits		\$199,152,000	\$193,403,000	\$190,418,000	103	105
Time Deposits		257,261,000	257,298,000	266,652,000	100	96
In Cities over 15,000 Population		290,718,000	272,564,000	250,207,000	107	116
Net Demand Deposits		185,631,000	182,762,000	166,208,000	102	112
Time Deposits		105,087,000	89,802,000	84,000,000	107	116
24 City Member Banks—						
Loans Secured by Stocks and Bonds		\$ 93,926,000	\$ 85,330,000	\$ 75,014,000	110	125
All Other Loans		173,102,000	170,305,000	175,474,000	102	99
Securities		127,188,000	120,517,000	115,070,000	106	111
Net Demand Deposits Subject to Reserve..		253,059,000	238,009,000	224,029,000	106	113
Time Deposits		132,755,000	130,196,000	123,038,000	102	108
Borrowings at Federal Reserve Bank		0	0	5,950,000		0
Minneapolis Federal Reserve Bank—						
Loans to Member Banks		2,024,054	2,007,406	9,251,729	101	22
Federal Reserve Notes in Circulation		62,681,600	62,466,920	66,921,105	100	94



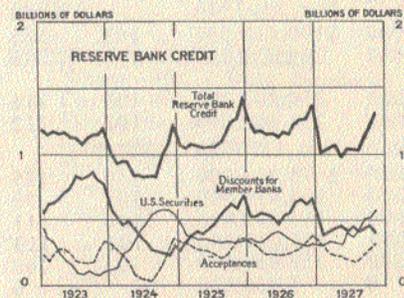
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-25 average=100). Latest figures, October, manufactures, 102, minerals 105.



Index of United States Bureau of Labor Statistics (1926=100, base adopted by bureau). Latest figure, September, 97.0.



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are average for first three weekly report dates in November.



Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 23 days in November.

Summary of National Business Conditions (Compiled November 25 by Federal Reserve Board)

Industry and trade were less active in October than in the preceding month, and were in smaller volume than a year ago. The general level of wholesale commodity prices showed a further slight advance.

PRODUCTION: Production of manufactures declined in October, contrary to the usual seasonal tendency, while the output of minerals remained in practically the same volume as in September. In October and November, activity of iron and steel mills and of automobile plants was smaller than at any previous period of the year. There were also decreases during October in cotton consumption and in the production of building materials, crude petroleum and boots and shoes. The output of bituminous coal and the number of hogs and cattle slaughtered increased by less than the usual seasonal amount. Production of flour, copper and anthracite coal showed increases in October. Building contracts awarded increased considerably, owing to unusually large awards in New York and Chicago in the last week of the month. The increases were largest in contracts for residential and commercial buildings.

Unusually favorable weather during October in the agricultural states resulted in increased yields for late fall crops. The indicated production of corn, according to the November crop report of the Department of Agriculture, was placed at 2,753,000,000 bushels, an increase of 150,000,000 bushels over the estimate of the previous month and 106,000,000 bushels over the yield a year ago. Larger yields, as compared with the previous month's estimates were also indicated for cotton, tobacco and potatoes.

TRADE: Trade at wholesale and retail showed less than the usual seasonal increase in October compared with October a year ago. Wholesale trade in all leading lines, except meats and drugs, was smaller. Department store sales were approximately 3 percent smaller than in October 1926, while those of mail order houses and chain stores were somewhat larger. Inventories of merchandise carried by wholesale firms were smaller in all reporting lines at the end of the month than in September. Compared with a year ago, stocks were smaller in all lines, except drugs. Stocks of department stores increased in October in anticipation of the growth in sales that usually occurs in November and December, but at the end of the month they were no larger than a year ago. Freight carloadings declined in October and the first part of November and were smaller than in the corresponding period of last year for all classes of freight, except grain and grain products.

PRICES: Wholesale commodity prices increased slightly in October, continuing the advance which began early in the summer, and the Bureau of Labor Statistics index for October was higher than for any previous month of this year. The advance in the average for all commodities from September to October reflected increases in the prices of livestock, meats and dairy products. Prices of corn, cotton, coal, metals, paint materials and automobile tires, on the other hand, declined. During the first three weeks in November, there were increases in the prices of grains, cattle, copper, hides and rubber, and decreases in hogs, cotton, silk, coal, petroleum and iron and steel.

BANK CREDIT: Total loans and investments of member banks in leading cities increased by nearly \$300,000,000 during the latter part of October and the first half of November, and on November 16 were the highest ever reported. Investments increased by more than \$200,000,000, reflecting in large part purchases of Treasury certificates issued on November 15, and loans on securities increased by about \$125,000,000. Loans chiefly for commercial and agricultural purposes declined during the period from the seasonal peak reached early in October. There was a continued increase in the demand for Reserve bank credit between October 19 and November 23, arising chiefly out of further exports of gold. Discounts from member banks declined somewhat, while acceptances and holdings of United States government securities increased. Conditions in the money market remained moderately easy in November. Call loan rates remained at the level reached in the latter part of October, and rates on prime commercial paper and bankers' acceptances were unchanged.