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MONTHLY REPORT  
CROP AND BUSINESS CONDITIONS IN THE  
NINTH FEDERAL RESERVE DISTRICT

Chairman and Federal Reserve Agent.

June

Minnesota and South Dakota show no conditions that would weaken the hope of record production. The same is true of Wisconsin July 1, 1918. producing a large amount of grain this year.

Dry weather throughout the northern portion of Montana and in parts of North Dakota has changed the extremely favorable crop outlook of a month ago, and has done serious damage to the grain crops in the sections affected. Montana's total wheat production will be reduced as compared with the outlook thirty days earlier and some reduction of the prospective totals in North Dakota may also be looked for. The southern half of Montana is still in good shape, as is the eastern two-thirds of North Dakota, and the outlook in South Dakota, Minnesota and Wisconsin is excellent. The losses that have so far occurred are unfortunate, but they are not yet sufficient to prevent the district from recording as large a crop as it has ever grown. This result is safeguarded by the excellent condition of the crop in portions of the district that have not so far been hit by drought and by the larger acreage in the areas referred to.

The losses in Montana are most unfortunate. They are chiefly confined to sections which last year failed to obtain a crop. They extend to the northern belt of counties from Sheridan County west to the Rocky Mountains. From Havre to Cut Bank and from Havre eastward to Glasgow, the drought has so seriously hurt the small grains that farmers will not as a rule be able to obtain more than 25% of a crop. In many cases they will not get their seed back, and the drought has had the added ill effect of seriously reducing the amount of feed.

In Valley and Phillips Counties the crop is practically a failure and such rains as have been received lately have done little good. In Sheridan County in the far northeastern corner of the state, the outlook is still fair to good.

Throughout this entire district, there has been a lack of soaking general rains. There have been occasional showers, some of them producing a fairly good rainfall, but these have been confined to small areas. For this reason there are here and there farms that will show a fairly good crop in spite of the poor average.

Farther south in Fergus County, which is the central county of the state, dry weather has also done much damage, especially in a section 20 miles wide along the northern border and in a section about the same width along the eastern border. These portions of the county will produce about half a crop. In the remainder of the county, which represents a considerable agricultural area, winter

Montana's outlook thirty days ago was for a crop very much in excess of anything the state has ever grown. Considering the very large increase in acreage, and the prospective increased yield in districts which have not so far been hurt, it is very possible that the total production in that state may still reach a very satisfactory figure and compare well with the best former years. The same may be said of North Dakota where the greater part of the area in which there is a heavy grain production is still in good shape. It should be noted that the outlook in the Red River Valley which is practically an unbroken grain field, is very favorable.

Minnesota and South Dakota show no conditions that would weaken the hope of record production. The same is true of Wisconsin, which is producing a large amount of grain this year.

Corn in many sections has reached the traditional "Knee high by the Fourth of July" and promises well. The corn production is to a very considerable extent confined to portions of the district which have not so far suffered especially from lack of rain.

Rye and barley are making excellent progress, Rye especially is beginning to ripen. The hay crop throughout Minnesota, eastern North Dakota, South Dakota and Wisconsin will be very good.

Potatoes are a good crop and in spite of the difficulties experienced by shippers in disposing of the last crop, the acreage is well up to normal and the outlook so far is very good. Garden products made good progress.

Banking and business conditions show little change from last month. High prices of all commodities and high labor costs continue to reflect themselves in a very largely increased bill of expense for all those who are in business, and farmers have not escaped. Farm operations have cost a good deal more than in an average year, and the demand upon all country banks has been unusually heavy, reflecting itself in a steady demand upon correspondent institutions at the larger centers. The Federal Reserve Bank has been able to come strongly to the support of the banks of the district in general and its holdings of rediscounted paper have largely increased.

Conditions up to a recent date seemed to justify the expectation that all portions of this district would benefit from large yields and that the resulting profits to farmers would enable them to clear up their indebtedness and go into the winter in very good shape. This will not be true in some sections, but the greater portion of the area embraced within the district still has this hope, and there is no reason to believe that the money return of this year's crop will not be extremely large. The crop turn-over will serve to liquidate the present heavy obligations of farmers at country banks and will relieve the present demand for loans. The recent action of the Government in readjusting grain prices will at the same time take from the farmers the burden of meeting recent freight rate advances. What the crop does not show in bushels, it will make up in dollars.