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## FEDERAL RESERVE BANK OF MINNEAPOLIS

## NINTH DISTRICT

## MONTHLY REPORT OF

## CROP AND BUSINESS CONDITIONS

## FEBRUARY

The unfavorable transportation situation is the outstanding feature of present conditions. Approximately 60,000 cars are needed to move what is left of last season's crop in the grain growing portion of the Ninth District, of which one-half are needed to move wheat. Stocks still in the hands of the farmers represent about 11,000,000 bushels of wheat, and an equal quantity of other grains and corn. Country elevators contain 18,000,000 bushels of wheat, and Minneapolis and Duluth terminals something in excess of 11,000,000 bushels. The car supply at Minneapolis terminals averaged 527 cars a day for the first ten days in January and 240 cars a day for the first ten days of February. The falling off for the 30-day period terminating at the middle of the month was approximately 3,000 cars. Four hundred country elevators in the States of Minnesota, North Dakota and South Dakota are closed to the farmers, because of the inability to move accumulated stocks. No substantial relief is in sight. As a consequence of the slowing down of transportation which has continued since the beginning of the crop movement, normal fall liquidation is nearly five months delayed, and the Federal Reserve Banks and all commercial banks are still carrying large loans, which cannot be liquidated until farm products are moved. The strain on credit is severe, and promises to become heavier if liquidation cannot be forced during the next six weeks and a substantial reduction of loans effected before the beginning of spring farm operations due about that time. The planting season will create heavy demands upon the banks because of the scarcity and high prices of seed wheat, and because of high rates for farm labor.

The agricultural outlook is generally good. Winter snows have been very satisfactory in sections which needed moisture, and the outlook is for a favorable planting season.

Sales in farm implement lines are very active.

The western half of the district reports that live stock is in better condition than was anticipated early in the winter. Mild weather has cut down the feed requirements and the feed now in hand will be sufficient until the ranges are available. The number of cattle in Montana is only about half of normal, owing to heavy shipments to the market, and to outside states last fall, resulting from the drouth.

North Dakota reports that while forage west of the Missouri River was distressingly short, forcing a reduction in live stock herds of from 15 to 30 percent, striking the hardest in the southwestern part of the state, that doubtless these herds will soon be built up to normal with imports of a better grade of cattle from the eastern part of the state and from Minnesota and Iowa. This will require some credit accommodation, but is a problem that can and will be solved by the bankers and herdsmen when the time for action arrives.

Collections throughout the district show an average increase of 10 percent over the same period a year ago, while collections in the drouth districts will be quite slow until the next crop has been harvested. This 10 percent increase over last year may be easily accounted for in the fact that purchases have

fallen off some two percent and that bankers reporting from thirty-five points in the district show loans almost 50 percent greater than totals shown six months ago. Farmers and dealers generally have been forced to borrow for various purposes, including, no doubt, sums to settle old obligations.

Considerable activity is shown in the logging and lumber districts of northern Minnesota, Wisconsin and Michigan, but increasing difficulty in bringing logs to the mills and abnormal wages and costs all along the line, lead one to believe that we may not expect lower prices for that part of the building supplies that comes from the northern woods.

Recent tabulations of freight movements for Minneapolis show a falling off of practically 3,000 cars as compared with the same month a year ago.

Out of twenty-four cities reporting on postal savings, only six show an increase in amount over last month, all others showing pronounced decreases ranging from \$23,000 down to \$200.

Mining operations in Minnesota are limited to stripping with the amount done this winter a bare two-thirds of normal, accounted for by an extremely early winter. Freezing weather continued throughout the early part of the season.

The Black Hills District reports only about 50 percent operations with a rather discouraging outlook because of the low margin of profit in gold mined under present conditions. The total gold output for the Black Hills is estimated at 500 ounces per day.

Copper mining in Michigan and Montana still continues at normal with nothing unusual to report.

Wholesalers, including wholesale drugs, general merchandise, crockery, jewelry, hardware and farm implements, all have practically the same story. Collections never better, sales very satisfactory, merchandise still hard to get, especially in lines manufactured in the East.

There is no feeling that there will be any great reduction in prices of merchandise. Some of the wholesalers and retailers are inclined to believe that the top has been reached, and that some lines may show reductions later in the year. Nothing very definite, however, is known of the price situation because prices of merchandise are naturally affected by cost of production which is still very high.

Reports of live stock receipts at the South Saint Paul market show a falling off of 15,000 head for all classes during January, 1920, as compared with January, 1919. Receipts of hogs and sheep show an increase over last year, while receipts of cattle have fallen off 20,848 head.

The milling situation in Minneapolis and throughout the district is passing through a period of uncertainty. With shipping conditions quite unsatisfactory, and a feeling that the price may go down materially, there has been a general slowing up in this industry for the past month, naturally affecting trade balances for this district.