

## FEDERAL RESERVE BANK OF MINNEAPOLIS

## NINTH DISTRICT

MONTHLY REPORT OF  
CROP AND BUSINESS CONDITIONS

MARCH

The spring agricultural outlook is favorable. The western half of the district which suffered from a short crop because of drouth last year has benefited by considerable winter moisture, and snow storms during the month further improved the prospects for spring planting. In Montana, the mountains were bare of snow last year and irrigation water was very short in consequence of the drying up of the streams. Heavy snows have fallen in most of the mountain country and normal water conditions are anticipated as a result. Farther east the moisture resulting from spring thaws has been largely absorbed by the soil, and in the eastern half of the district soil condition prospects are normal.

The grain raising sections of Montana and some areas in western North Dakota and western South Dakota need spring rains in order to give the crops a good start, and the outlook in these sections is much better than a year ago at this time.

There was a heavy volume of March 1 land settlements throughout eastern South Dakota and southern Minnesota, and in a lesser degree in the eastern portion of North Dakota. Comparatively few contracts were defaulted and a considerable number of farmers will come in from Iowa, Illinois and points east and south as a result.

Bank deposits improved as a result, 35 reporting banks showing an increase of \$23,330,000 over deposits reported 30 days ago, while rediscounts with the Federal Reserve Bank showed a decrease of \$10,871,000.

The states of Minnesota, North Dakota, South Dakota and Montana, producing the bulk of northwestern wheat, undoubtedly will show a decrease in the wheat acreage this year due to the high price of farm labor, which as reported from 65 local points has advanced 73.4 since 1914, and due also to the scarcity of good seed wheat. The natural letting down after the extraordinary crop production efforts during the war is also a factor. A probable decrease of at least 10 percent will reduce the acreage this year to approximately 15,000,000 acres, which, on the basis of average production indicates a loss of from 20,000,000 to 22,000,000 bushels on the 1920 crop. Winter wheat prospects in this district are fair to good. Some wheat in Montana has winter killed, but the amount is not greater than the normal loss. The winter wheat acreage, however, is somewhat less than a year ago. Some shrinkage may be expected in other grain crops, but it is too early to estimate what this will amount to. There is every prospect, however, that the acreage loss will be offset by better crops than have been harvested for the last two years, due to improved soil conditions and better moisture.

Clearing operations at twelve reporting centers for the week ending March 11 showed an increase of \$36,281,410 over the same week a year ago. Business failures for February increased from ten to fifteen in number, and liability totals increased from \$118,400 to \$195,000.

Wholesalers and distributors of merchandise are contending with great difficulty in procuring goods from manufacturers. Agricultural implements dealers are shipping to distributing points in anticipation of a heavy demand for farm machinery. The movement of farm tractors has been active, due to the shortage of farm labor. Dealers in heavy hardware and machinery report an unprecedented demand in mechanical equipment and are able to rapidly turn all equipment supplies they can obtain from manufacturers. The credit situation

is satisfactory. Collections are good. Most of the outgoing merchandise now bears the usual after harvest dating with the customary cash discounts.

The labor situation is quiet over the entire district, but in many respects is very unsatisfactory. Rates are high and competent men are very hard to get. Federal officers report that for some days past the average of idle working men in Minneapolis alone has been approximately 3,000 per day in the face of an insistent demand for help from practically all industrial concerns. These men, the Federal officers report, are not employed because they have temporarily enough money to satisfy their demands. If this element of inactive labor, which is noticeable at all of the larger centers, could be induced to take continuous employment, it would materially improve production.

The wage situation is unsettled. A number of organized trades have given notice of demands for increases which will be presented at mid-summer, and while the demands on building contractors are heavy and a large amount of business is in sight, many contractors are beginning to decline contracts except on a cost plus basis on account of uncertainty as to wage rates. Extremely high prices for lumber and building materials have shown no recession and the cost of construction is still so high as to discourage a large amount of residence building which is urgently needed and to confine current construction chiefly to business buildings, apartments and work of a similar character. In the country districts more or less building is in progress, but the tendency is to confine it to necessary repairs and to avoid new construction.

Montana reports a prospect of good range grass about June 10. The outlook for hay is uncertain. On account of the very dry condition of the ranges for two years, many ranchmen take the view that a crop of wild hay will not be available until next year.

The Forest Supervisor reports that applications for grazing permits in the forest reserves are equal to those of preceding years, indicating that in the face of heavy livestock shipments last fall there is a disposition to bring the herds back to a normal basis. Montana lost 641,000 cattle in the late summer and last year, and approximately half of the 2,300,000 sheep within that state. The estimates of cattle still in the state vary widely, the Livestock Commission reporting 575,000 while stock experts and other authorities give estimates running from 250,000 to 350,000. It is evident that the normal holdings of cattle of from 1,000,000 to 1,200,000 head have been reduced at least 50 percent and perhaps as much as 60 percent. The restoration of normal herds of both cattle and sheep will be slow and will necessitate heavy financing.

Iron mining operations in northern Michigan and northern Minnesota are at the seasonal standstill awaiting the opening of lake transportation. Discouraging reports still come from the gold mining sections of the Black Hills District of South Dakota, although operations are being resumed at the Homestake, where a large part of the workings have been under water due to the flooding of the mine on account of fire. Copper mining in northern Michigan and Montana is on practically a normal basis. Coal mining operations in Montana are back to normal, mines operating on an average of four days each week.

Some liquidation occurred in the district during the first part of the month, but normal traffic conditions have not been restored, and the free movement of farm produce and commodities has not yet resulted. The car shortage still continues, and the load which has been carried at financial centers since last fall will not be appreciably lessened until country elevators can be cleared, grain held back on farms marketed and grain accumulations at terminals moved east for consumption or export.