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

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In common with other parts of the country, the Ninth Reserve District is suffering from a severe car shortage which during the month has created serious problems in the distribution of coal, in the handling of grain from country points to terminals, in the movement of flour and other manufactured articles, and in the transportation of practically all the commodities that move in volume. In Montana, especially, the car shortage has resulted in preventing farmers from making deliveries of grain to country elevators that are already filled up. They have had no option but to find temporary storage or haul their wheat to another shipping point or back to the farm. Very little improvement in the situation has occurred, and although Northern Minnesota lines are releasing large numbers of ore cars, which will in turn release a proportionate number of box cars, the number of cars that Minnesota lines are able to send East will have no very appreciable effect, considering that the shortage is already estimated over the country as a whole at more than 110,000 cars. The milling industry within the district is seriously affected, and predictions are made that a sharp curtailment in production will follow, unless early relief can be obtained and cars secured for eastern loading.

The trade situation over the district as a whole is excellent. Merchandising at country points is in good volume, and both country merchants and those in the wholesale distributing trade report excellent collections and a considerable reduction of past due accounts, as compared with other years.

Industrial lines are maintaining a large production with orders ahead sufficient to guarantee active operations through the winter. As a result, labor is fully employed at good wages, and the demand is equal to or somewhat in excess of the supply. The district is free from disturbances, and labor has recently benefited from a perceptible tendency to grant increases of pay in consideration of the advancing cost of living. Price averages on the commodities entering into the living of an average family show an advance for the month, and very sharp increases as compared with a year ago. The shortage of potatoes is reflected in unusually high prices for this essential item, which is proving a serious hardship to families with small incomes.

Over the agricultural sections of the district, the amount of fall work accomplished before freezing weather set in is unusually large. Satisfactory moisture conditions and the large amount of fall plowing are factors which give very favorable promise for the spring planting season. Reports indicate that as a whole the farmers have heeded seed wheat and seed corn warnings that were sent out earlier and have made provision for spring demands. This is especially true of corn. The farmers have shown unusual interest in providing themselves with fully matured seed of fine quality.

Crop year receipts of wheat at Minneapolis and Duluth from September 1st to November 25th amount to 58,801,000 bushels as against 127,629,000 bushels a year ago. The difference is due to the short crop, on account of which some of the country mills have already been compelled to close down. Experts in the grain trade believe that a substantial percentage of this year's wheat has already moved to market along with large amounts of old wheat held back on the farms, which has moved in response to the sharp upward tendency of prices. During the last few days of the month wheat receded somewhat from the previously extremely high point. However, observers are inclined to believe that the reaction is temporary and that prices on all small grains will continue high throughout the winter. As an indication of the profit made by farmers who have grain, it is noted that the price paid for barley at the mill during the last week of the month, was in one case as high as \$1.12 cash. A single flax cargo moving down the Lakes, amounting to 415,000 bushels, represented a value of \$1,234,350.

Construction operations in the farming districts have been quite active, with a noticeable disposition to increase the number of silos, dairy barns, and hog barns. Urban construction is in good volume, but is being held back by the very high prices prevailing for all building materials; and there has been a noticeable disposition during the month to defer contemplated construction until spring in the hope of cheaper construction cost.

Railroad traffic is heavy, and earnings correspondingly favorable.

Country bank deposits are high and rates show little or no change. Loans and discounts reflect a satisfactory demand.

With the heavily reduced grain production, financing of the crop movement, which has fallen very largely upon the Federal reserve bank, acting with the larger commercial institutions at terminals, has already required a larger total volume of currency than was called out by the crop a year ago. This is accounted for by the fact that while the production is far short, the average prices have been extremely high.

The district as a whole presents a condition of undoubted prosperity. Business men are looking forward to a very satisfactory Holiday trade, and to a continuation of the present favorable volume of business in both retail, wholesale and manufacturing lines, through the winter months. Some of the larger industrial concerns have a volume of business ahead, sufficient to guarantee the active employment of their present forces during the first half of 1917.