

Covers conditions in Oct. 1919.

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FEDERAL RESERVE BANK OF MINNEAPOLIS

NINTH DISTRICT

MONTHLY REPORT OF
CROP AND BUSINESS CONDITIONS

November 26, 1919.

The business outlook throughout the Ninth Federal Reserve District is good. Business in all lines is active, and production in industry is limited only by capacity. The district is free from the acute labor disturbances that have hurt business elsewhere, and conditions in all sections reflect a healthy tone.

The most unfavorable factor in the present situation is the seriousness of the spring wheat seed situation. Because of the short crop and relatively poor quality of this year's wheat, seed supplies for spring planting will be hard to obtain. Mills and elevator companies, and agricultural authorities generally, are giving early attention to this problem and all available seed will undoubtedly be segregated and held for spring use. An unfavorable feature of the situation is the prospect of further increases in the acreage of the Durum variety, of which the district is already producing a sufficient quantity to supply a normal demand. This will react against the better milling varieties and may tend to reduce next year's production of hard spring wheat. North Dakota reports that the outlook is for an increase that may run as high as forty percent in Durum acreage, and there will undoubtedly be substantial increases in the planting of these varieties in Minnesota and South Dakota.

There is a strong disposition on the part of farmers to hold back their grain products, which is reflected in the decrease of bank clearings at Duluth and Minneapolis, and which has forced Minneapolis mills to bid actively for desirable wheat for milling purposes. Clearings at other points show increases.

During the first ten months of 1919 South St. Paul live stock market showed substantial increases in the receipts of cattle, hogs and sheep. Sioux Falls and Billings report especially heavy hog shipments. Live stock prices are down, which will probably have a tendency to check the movement to market and reduce the volume of shipments during the remainder of the year.

A heavy corn crop is being harvested, and the average quality is high. Seed corn supplies for next year will be more than ample. The fall cutting of corn for silage is large, Wisconsin reporting that approximately half of the total acreage in that state was fodder corn saved for feeding purposes.

Southern Minnesota shows a large amount of stock on feed-- both cattle and hogs.

Preliminary estimates are that corn in Minnesota will average 40 bushels, with a total production of 118,800,000 bushels, an increase of nearly 9,000,000 bushels over last year.

There is a decrease in the potato crop in Wisconsin. The Minnesota crop is estimated at 26,833,000 as compared with 32,760,000 bushels a year ago.

The flax crop shows decreases as compared with last year, only the estimated production being 2,727,000 bushels as compared with one

3,120,000 bushels last year. While Minnesota flax was not damaged by frosts, there was considerable injury both before and after harvest from grasshoppers.

Throughout the entire eastern half of the district the clover seed yield is below normal. Seed will be scarce and very high in price before spring. Seed houses are already advancing their quotations.

There are some signs of changing conditions. Non-radical working men are beginning to show a decided disposition to hesitate before adopting the program of radicals here and there, and some substantial laboring classes are declaring themselves against the I. W. W. movement and similar influences. Public opinion is showing a determined set against radical agitation and anti-American propaganda, and the questions that are involved are receiving unusual attention, not only in business and financial circles but at the hands of all classes of people.

While the wave of reckless buying has not spent itself, and while sales of jewelry, automobiles, expensive rugs, high-grade woman's wear, and other articles in the luxury class, are heavy, it is noticeable that retail institutions have started their annual sales earlier than usual and are advertising more heavily than a year ago, while reports from the different centers indicate that there is a better tendency toward thrift and economy than was evident sixty days ago. Some decreases have occurred in living costs, but at the larger centers these have been to a considerable extent offset by advances in rents due to an acute shortage of housing.

While building permits in the reporting cities show no radical advance in volume, a substantial amount of construction is under way. There is good promise of heavy activity in building lines in the spring.

Wage rates in industry continue abnormally high with some indication of a falling off in individual efficiency and lack of interest. There is considerable scarcity of skilled labor and the demand for experienced men is considerably in excess of the supply.

Wholesale trade is active and deliveries are very slow. Furniture houses report that they are just receiving goods ordered in the early summer, and the same slack movement from factories is apparent in all lines.

Machinery houses report that deliveries are from six to ten months behind, and in common with other lines, state that their sales are limited by the difficulty in obtaining goods.

Heavy hardware is moving steadily and distributing concerns are optimistic as to future business.

Clothing manufacturers are experiencing difficulty in securing sufficient operators and some concerns are operating at sixty percent of normal due to lack of help.

In the manufacturing field generally conditions are spotted due chiefly to scarcity of labor and scarcity of raw material.

The freight movement is steadily increasing in volume, but is likely to be reduced by conditions arising out of the coal strike.

Considerable interest is being shown by merchants throughout the district in the efforts of Great Lakes ship owners to increase the volume of lake and rail shipments and improve lake transportation facilities. Heavy storms on the Lakes have marked the end of navigation and there have been severe losses of ships.

The rail movement of coal from Lake Superior ports to interior points has been the cause of some uneasiness. Sufficient coal supplies are at the docks to take care of the district through the winter. It is promised that transportation conditions will not be seriously affected by the coal strike and that interior points will have sufficient supplies within thirty days.

Mining conditions in the Black Hills district are unsatisfactory. The Homestake Mine has been fighting a fire on the 300-foot level, which could only be extinguished by flooding the mine and putting it out of operation. Only one

conditions prevail in the copper and iron districts of northern Michigan and in Montana. There are evidences of a general depression on the part of the buyers. In the larger cities, the general storekeeping and department shops have kept the stores busy, but their purchases have been of a rather more practical nature than a year ago, and the department stores have spent their money more cautiously and for articles having a greater staying power and value. Current reports from the leading portions of the country indicate the same trend. Customers are inquiring into the intrinsic value of the articles they purchase and are exhibiting more conservatism than was apparent a few months ago. In view of the repeated warnings of the Federal Reserve Board and of leading financiers, that continued reckless spending can only lead to an unfortunate result, this tendency is encouraging and suggests that the worst of the wave of extravagance which has prevailed for many months may have been reached.