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# FEDERAL RESERVE BANK OF MINNEAPOLIS

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NINTH DISTRICT

OFFICE OF THE CHAIRMAN  
AND FEDERAL RESERVE AGENT

Min. Nat. Sec.

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## MARKETING THE GRAIN CROPS

To All Banks in the Ninth Federal Reserve District:

Large yields of all grain crops in the Ninth Federal Reserve District are practically assured. The production of wheat, oats, barley, rye and flax promises to run as high as 650,000,000 bushels, of which wheat promises to reach a total of approximately 200,000,000 bushels.

The total rated elevator capacity, including private houses owned by mills, operated in connection with milling enterprises and not as public warehouses, in the states of Minnesota, North and South Dakota, and Montana, is 225,000,000 bushels. The actual working capacity of these elevators is probably at least 20 percent less.

When the grain crops are cut and threshed, the farmer will have only two alternatives. He must deliver his grain at the elevator where the ability to receive it will be governed by the car supply, or he must store it on his farm. The total available farm storage capacity for small grains does not seem to be greater than 10 percent of the promised production, and in all probability is considerably less.

During the month of May 619 reporting elevators in Minnesota and North and South Dakota received a total of 1318 cars for the loading of grain, or an average per elevator of 2.12 cars for the month. During the month of June 759 reporting elevators received 1683 cars for grain loading, or an average per elevator of 2.22 for the month. The June average represents a fractional advance

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over May, but nothing to give any promise of a normal movement from the country elevators to terminal markets. At the end of June, there was in country elevators in the same states 15,800,000 bushels of grain, including a small amount of corn, having a total value of \$33,337,000. There was on July 1st approximately 24,000,000 bushels on the farms, valued at approximately \$50,000,000. This amount of grain still to be moved from country elevators before they will be clean and ready for the new crop and the amount still held on the farms are factors which tend to hurt the prospect of the free movement of the new crop. There has been some improvement in the traffic situation, and the Federal authorities and operating officials of all the grain carrying lines are undoubtedly putting forth their best and most energetic efforts to meet the situation which they are about to confront. The prospective small grain crop involves the movement of approximately 550,000 cars. Without considering the marketing of possibly 225,000,000 bushels or an additional 180,000 cars. The rate of improvement in the traffic situation is not sufficient to justify the hope that the grain carrying lines will be able to effect a normal movement. In all probability the crop will move slowly, and its progress from the farms to the markets will be subject to the same delays and difficulties that have characterized the movement of grain, flour and mill products throughout all of the past year.

In view of this situation, it is of the utmost importance that each grain grower investigate at once the possibilities for the prompt marketing of grain from his own farm this fall. If he cannot satisfy himself that the elevators at his local shipping points will be in a position to receive and move his grain, he should take immediate steps to provide dry, clean and weather proof storage on the farm. There is sufficient time to erect new grain bins and take other appropriate steps for the safety of the new crop after it is threshed. There is a strong probability that on most of the farms in this district the

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owner can provide emergency grain storage by repairing existing buildings or cleaning out sheds and outbuildings used for other purposes, making them ready for grain. One of the serious dangers is that farmers will place too much reliance upon shipping conditions, and if they are disappointed when the grain is ready to move, will store it out of doors. There is no safety in such a course, and the experience of the Northwest over many years indicates that while grain may sometimes be carried through without injury, that when stored in this manner it is usually subject to special hazards which should be avoided if possible. Without a much more encouraging and definite promise of sufficient transportation to move the crop, it would be very unwise for any grain grower to discount the seriousness of the traffic situation, and it is urgently recommended that all farmers surround themselves with the protection that can be afforded by enough farm storage space to take care of the grain that cannot be moved to the elevator when it comes from the machine. Grain so stored will at least be safe from the weather and can be protected by insurance.

(Signed) JOHN H. RICH.  
 Chairman and Federal Reserve Agent