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FEDERAL RESERVE BANK OF MINNEAPOLIS
NINTH DISTRICT
MONTHLY REPORT OF
CROP AND BUSINESS CONDITIONS

June 6, 1919.

Chairman John H. Rich of the Federal Reserve Bank said: Damage to growing wheat in the western portion of the Ninth District during the latter part of May has probably decreased the productive acreage to a figure less than last year. Substantial injury from dry weather, cut worms, and wire worms, is reported from the so-called "high-line" country or the border counties of northern Montana and injury from dry weather in the Central and Yellowstone Valley sections. To this date the damage has been largely confined to winter wheat, although there has been some injury to spring wheat. This is particularly true of North Dakota, where grasshoppers, as well as dry weather, have injured the spring wheat prospect.

Montana came through the winter with the best winter wheat prospect it has had in many years. The acreage winter killed was the lightest on record, and the early spring prospect showed a loss of only 4.5%, leaving a net prospective crop of 674,111 acres. The injury to winter wheat in Montana is unfortunate chiefly because of the crop losses of the two previous seasons, and points to the probability of a somewhat decreased total yield for the Ninth District this year. Yet with a favorable season and good returns from the more easterly sections, which are of greater importance from the wheat raising standpoint, the total production may still show gains.

Until the end of May, the northern districts in Montana were very dry, but on the last day of the month, and for several days following, there were rain falls which have considerably improved the prospect so far as spring wheat is concerned. There is still need of rain in the Judith Basin and in the Yellowstone Valley, and some localities in the high line country are in need of additional moisture.

Reports from Glasgow, Montana, indicate a net loss of approximately 10 percent in the wheat acreage.

Great Falls reports that serious damage has already occurred in several adjacent districts.

Lewistown reports that winter wheat has sustained injury, and that some has formed short heads, and that spring wheat shows a better prospect. Rain is needed.

Billings reports that in the Yellowstone Valley timely rains have checked the injury to the grain crops, but have not greatly improved conditions. Good rains are needed at an early date to give as good a prospect as at this time last year.

In the Yellowstone Valley country the spring wheat acreage is increased.

Havre reports damage of about 20 percent, but that the recent rains have given satisfactory moisture for at least two weeks to come.

of raw acreage that has been brought under cultivation. There are substantial indications that the period of stagnation in the farm land business is over, and that throughout the northwestern states, where there is still a very large amount of excellent farm land to be had at reasonable figures, the next year will witness a period of considerable activity. Reported evidences of advances in farm land values constitute an assurance of a healthy demand for productive acreage.

North Dakota in the main is in excellent shape. In the western end of the state rains are needed, but crops are not at present suffering for moisture. The damage that has occurred, as previously noted, is largely due to grasshoppers.

South Dakota shows an excellent wheat prospect, except for a limited amount of injury due to high water in the James River Valley.

Conditions in Minnesota are very good, and with a good average and satisfactory moisture, the outlook is excellent.

Wisconsin's grain crops are progressing favorably, and the outlook is very good.

It is noticeable that the majority of the recent reports speak of very active flax planting, indicating the probability of an acreage increase for the district as a whole of perhaps as much as 10 percent. This is due, to a considerable extent, to the late season, which cut down the amount of wheat that the farmers put in. Flax planting is still in progress and will continue until approximately the 15th of the month. Western North Dakota reports a good flax increase, and also that oats and barley will show an increase of approximately 10 percent in acreage. Reports from the central portion of North Dakota show fine soaking rains and indicate a very promising flax acreage.

Government estimates of winter wheat in Montana at the beginning of May indicate a prospective yield of nearly 15,000,000 bushels as compared with 8,705,000 bushels last year. It is apparent from these figures that Montana can stand a considerable loss of winter wheat and still show comparatively good returns at harvest. The increase in spring wheat in the Yellowstone Valley and central sections must also be considered. There is, however, the offsetting condition in some areas where last year's crops were very good, that there has been a lack of moisture which with continued dry weather may result in further injury.

Upon the other hand, North Dakota at this date shows a much more favorable condition than last year, and the condition in Minnesota, South Dakota and Wisconsin is fully as good as a year ago. These are the sections that are accountable for the principal wheat production.

Corn promises to be a big crop. Due to cool weather, it has not so far made great progress, but is beginning to come up in South Dakota, Minnesota and Wisconsin in good shape, and the cool weather that has held it back has been a considerable boon to the grain crops, insuring them good root.

The hay and forage prospect is good in Wisconsin, Minnesota, North and South Dakota, and fair in Montana.

In the discussion of readjustments after the war, a considerable land boom in South Dakota has almost escaped notice. Land is moving actively, and while sales to outsiders have not been large, much improved and raw land has been changing hands at figures which a year or two ago would have seemed surprisingly high. Sales of central South Dakota lands at \$100 or better no longer cause any surprise. There is a healthy movement of land in Minnesota, and it is very probable that harvest returns will show an unusual amount of raw acreage that has been brought under cultivation. There are substantial indications that the period of stagnation in the farm land business is over, and that throughout the northwestern states, where there is still a very large amount of excellent farm land to be had at reasonable figures, the next year will witness a period of considerable activity. Repeated evidences of advances in farm land values constitute an assurance of a healthy demand for productive acreage.

In the copper district of northern Michigan, there has been improved activity, and some advance in the price of copper during the month. The iron range of northern Minnesota reports increasing activity with normal labor conditions except for a shortage of skilled underground labor. Duluth reports a shortage of common labor, with considerable wage readjustments in prospect.

In the Black Hills District of South Dakota the increased cost of labor and material, and incidental items entering into production, has seriously depressed the gold mining industry, and improvement is very slow. When gold will purchase only about half as much as in pre-war times, many of those who are prominent in the mining business are inclined to look for slow recovery. Stock raising, which is important in this section, shows a very favorable outlook and agricultural conditions are very good. There is a considerable demand for money for development purposes, and prospects for the future are promising.

There are encouraging evidences of increased business activity. Trade is good throughout the district, and seems to be improving from day to day. Collections are good.

The demand at the banks is active, but shows nothing out of normal, except as the influence of high labor costs and high prices demonstrate themselves in increased financing requirements, both for business and for spring agricultural activities.

One of the important developments of the month was the decision of the Board of Directors of the Federal Reserve Bank of Minneapolis to purchase a desirable site at the corner of Fifth Street and Marquette Avenue, 155x165 feet, upon which to erect in the future a permanent home for this institution. A substantial building adapted both to the present and future necessities of the institution is contemplated. The site cannot be occupied for building operations before March, 1921, except by arrangement with the present lessees. The intervening period is probably not too long in which to make the necessary study of the requirements of this bank and prepare plans and specifications accordingly.

Simultaneously with the announcement from the Federal Reserve Bank came the announcement that the Northwestern National Bank and Minnesota Loan & Trust Company will erect a permanent home upon adjacent property, affording a building site of the same area. A day or two later the Minneapolis Chamber of Commerce announced plans for the construction of a new million dollar building, and at the same time the Armour interests at South St. Paul announced development plans which in their opinion, in point of hog tonnage, will make the South St. Paul market one of the most important in the country. From other points in the district come announcements of important business buildings and new commercial developments, but the hoped for revival of small building, while in prospect, seems slow of realization in spite of the generally conceded fact that while some recessions may be expected, no radical change in construction costs will be looked for in the immediate future.

Farmers are busy with the first cutting of clover, and the hay crop in the eastern half of the district will be excellent.

There has been some improvement in the construction situation during the month, especially in the rural districts, where the demand for lumber and building material is active. There has been no tendency toward lower prices, and lumber, together with some other items on the building material list, has shown advances during the last month.