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

January

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In some respects January was a month of surprises. The usual lull in business after the Holidays was less pronounced than in former years, and January retail trade was satisfactory, both in the cities and at country points. The usual falling off of bank deposits and loans and discounts was less marked than usual, and the demand, although rates continued low and showed but little change, was satisfactory. Over the district as a whole, there is evidence of substantial prosperity. The poor crops have evidently had little effect in impairing the purchasing power of the farmers, and there has been a continued and noticeable disposition to make investments in the kind of permanent farm improvements that contribute to production and to better farm methods. From all parts of the district, reports show that since the last crop was out of the way, farmers have been putting up dairy barns, silos and hog houses, and have been buying freely of good stock. This was especially noticeable in December and January in eastern Montana, where the war demand has taken thousands of head of horses, and where farmers have been buying freely of first class breeding stock from the breeding farms of southern Minnesota, Iowa and Illinois. It is predicted that an indirect result of the war will be a very substantial improvement in Montana breeds, resulting from the ability of stockmen to clean up their old stock, and employ the proceeds in reorganizing their business on a better basis. Much the same process is in progress with respect to cattle, and a large amount of good breeding stock has moved during recent weeks into the Dakotas and Montana.

The spring outlook is favorable. Whatever unfavorable influences may come from the present serious international situation can hardly affect, to any great degree, the substantial prosperity of this district. The next crop will probably go into the ground under very favorable conditions. There has been excellent preparation of the soil, and while there is danger of heavy spring floods, the district as a whole has the promise of good moisture conditions.

Industrial enterprises are doing a large business and have satisfactory orders ahead. Merchants are not overbuying and from the evidence available, seem to have taken stock of the general situation, with the result that they are exercising prudence. Individuals are buying freely, but not recklessly. Collections are good. Savings bank figures indicate that a large section of the public is exercising commendable thrift.

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Sudden unfavorable developments may create lower price levels for farm products, but in that case, are almost certain to bring recessions in the present extremely high prices of all the things that enter into the cost of living, and it is therefore evident that with a satisfactory crop year, agricultural prosperity will continue, although there may not be the heavy flow of money into the hands of the farmers that has continued for more than a year.

January was a heavy month at the South St. Paul stock market. Cattle receipts amounted to 52,855 head as against 37,219 a year ago; receipts of calves were 12,161 as against 9,090; and sheep 72,982 as against 60,572 a year ago. The figures show a decrease of 146,989 in receipts of hogs, but the comparison is with January a year ago when hogs in particular, were moving very rapidly and freely to market on account of the soft corn situation. Prices continue high.

Continued cold throughout the month, and several very heavy storms, have interrupted and interfered with transportation, and made deliveries of incoming products uncertain, and have, as well, seriously interfered with shipments of fuel, produce, dairy products and merchandise.

The car shortage is still severe, and has cut down flour production in Minneapolis to a point where only about 16½ out of 25 Minneapolis mills were in operation at the end of the month. As against a production of 199,530 barrels a year ago, 53 outside mills showed for the closing week of the month an output of only 43,450 barrels.

In spite of heavy snow, bad roads, and interruptions to train service, Minneapolis and Duluth wheat receipts have been fairly satisfactory. Crop year receipts to the end of the month were approximately 81,000,000 bushels, or considerably less than half the receipts at the same date a year ago, due to the short crop.

On the basis of the closing prices for the month, the average price to the farmer at country points was \$1.66 for No. 1 northern wheat; \$1.61 for No. 2, and \$1.35 for light weight.