

DEC 5 - 1921

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

October

John H. Rich
Federal Reserve Agent.

November 2, 1917.

A notable event of the month was the successful completion of the Second Liberty Loan campaign in the Ninth District. At this date, it is evident that the total subscriptions will aggregate \$130,000,000 with a possibility that they may go considerably higher. The most important service the Northwestern states have ever been called upon to perform for their Government was adequately, energetically and satisfactorily discharged. The minimum allotment of \$105,000,000 has been substantially oversubscribed.

An important and significant feature of the campaign was the liberal buying of bonds by the farmers in all but a few districts, and the very greatly increased number of individual subscriptions, as compared with those recorded in the first war loan. Nothing could be more desirable than to have bonds of the United States Government widely scattered in the hands of the people. This result has been so thoroughly well attained that even school children are bond owners, while the bond sales have been on a satisfactory scale even in the remotest farming districts. Second Liberty Loan bonds sold well even in the districts where the 1917 crop was poor, as is indicated by the notable over-subscriptions in North Dakota and Montana. This is a satisfactory indication that there is a considerable amount of money in the hands of the farmers in spite of adverse crop conditions.

Business throughout the district is on a sound footing. Wholesale and retail lines are active, and industrial concerns have large orders ahead. Flour mills are running to capacity.

The effect of continued high prices is beginning to be apparent in a slight change in the character of retail buying. Both city and country customers are showing somewhat more conservatism than before, and are buying carefully against actual necessities. It is probable that sales of some classes of goods falling under the head of luxuries will be decreased, and leading merchants expect conservative holiday trade. Purchasers are meeting their obligations promptly and collections are excellent.

Banking conditions show comparatively little change except for a slight hardening of the already very firm rates.

High prices for all kinds of raw material and a considerable increase in the cost of practically all manufactured goods have made a considerable difference in financing of both wholesale and retail enterprises, and most business men are finding that it is requiring a substantially increased amount of money to handle the same volume of business as in former years. This, to a considerable extent, accounts for the active demand at both city and country banks at a time when the demand usually shows signs of slackening.

The close of the month shows a tendency to make free use of the ample facilities of the reserve bank, although rediscounts are more a reflection of the added burden placed upon all commercial banks by the Second Liberty Loan than of any purely commercial conditions that have arisen. The completion of the Second Loan and the beginning of the period for partial payments, according to the Government plan, impose a severe burden upon all banks and a heavy strain on their deposits, which will undoubtedly decrease materially in consequence of the large amounts of money that have

DEC 5 - 192

-2-

been subscribed. So far there has been no evidence that the effect of Government War Loans has been to permanently decrease deposits.

This is taken as a very satisfactory indication of the disposition of the people generally to take care of obligations arising out of the Loan from current income, either by the employment of funds saved, or in the form of the investment of anticipated savings.