

JUN 15 1918

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**CROP AND BUSINESS CONDITIONS IN THE**  
**NINTH FEDERAL RESERVE DISTRICT.**

July brought no change in **JOHN H. RICH** and on country banks, and the consequent heavy **Chairman and Federal Reserve Agent.** amounts of money have been sent into the **July** to meet the cost of current agricultural operations, and the flow will continue until late September when the marketing of the crop begins. Currency shipments during the next 60 days are likely to be heavy, due to the large amounts of money required this year to handle the crop. Interest rates maintain approximately the same level as before and are very firm.

August 2, 1918.

In Wisconsin, Minnesota and South Dakota the harvesting of a very large crop is in progress. Opportune rains in July have materially improved the condition of all small grains and helped flax especially. While more or less hot weather was not especially beneficial to the grain crops, no great amount of damage occurred, and it was a valuable help to corn, which has made unusual progress, and is at this date considerably further advanced toward maturity than in an average year. Late flax in central Minnesota and in other parts of the eastern half of this district promises to be a very good crop.

The harvesting of wheat is in progress in South Dakota and southern Minnesota, and a little threshing has been done. Within ten days it is expected that threshing will be quite general.

Black rust has appeared in South Dakota and some parts of southern Minnesota, but has come too late to do much harm.

The western half of North Dakota benefited by rains during July which improved the condition which existed during the first part of the month. Opportune moisture helped the early grain to fill and was very valuable in assisting the development of the late sown grain, especially wheat and flax. Flax gives evidence of considerable improvement. On account of the very spotted condition, no general statement as to the crop in western North Dakota is of much value. In evidence of the improvement, it may be stated that some fields which earlier in the month gave promise of not more than 5 bushels, are now rated at from six to seven, and that where grain was not too severely hurt by dry weather at an earlier date, it has revived and made very substantial progress which will result in considerable improvement and in a yield over that expected during the first half of July.

It will probably prove true that western North Dakota will harvest a considerable amount of grain which, when the present high prices are considered, will represent a money return that would ordinarily be considered very fair.

In Montana as well as in western North Dakota rains have greatly improved the feed situation and helped out the pastures. Moisture came too late to save the crop in Northern Montana or to make much improvement in the outlook. The central counties of the state and the valley and irrigated districts are in good shape and will harvest good crops. In the eastern end of the Yellowstone Valley and the eastern and northern sides of the Judith Basin, and the

northern portion of the state between Sheridan County and the Rocky Mountains, is included the area which has suffered most and in which most of the damage has occurred. In the section thus outlined crops will be poor and in some cases, very poor.

July brought no change in the active demand on country banks, and the consequent heavy call upon city correspondents. Large amounts of money have been sent into the country to meet the cost of current agricultural operations, and the flow will continue until late September when the marketing of the crop begins. Currency shipments during the next 60 days are likely to be heavy, due to the larger amounts of money required this year to handle the crop. Interest rates maintain approximately the same level as before and are very firm.

Business conditions show no change of consequence. Trade in both wholesale and retail lines is good and the people appear to have plenty of money to spend for the things they want. It is noticeably true that the war has not appreciably curtailed the volume of business of concerns engaged in the merchandising of the less necessary articles and luxuries. Jewelry concerns are doing a good business and except for conditions within the trade, the automobile houses are selling cars much as usual.

The curtailment of purchases by a part of the population have so far been offset by the increased purchasing power of another element which has benefited by unusually favorable wage rates and by the very heavy demand for every kind and variety of skilled competent labor.

In the meantime, there is a distinct movement toward the restriction of credit for non-essentials. There is no universal test that will disclose what is essential and what is non-essential, but it is clear, as the problem of Government financing is carefully studied, that the ability of the United States to meet future demands that will result from the continuation of the war will be largely proportionate to its ability to save and that the saving habit must be very much more widely adopted by the people. Banks generally are giving serious consideration to their part in preparing for future war demands and it is likely that borrowing with the expectation of renewing will be curtailed. The Government is taking the position that the public can very well get along without new parks, new public buildings, new highways, new irrigation ditch projects, the reclamation of additional arable land and similar enterprises until the close of the war, and it is only through the application of these same principles to the more common and ordinary transactions of the people, that the banks are beginning to realize that credit restrictions must go far beyond the question of public financing and eventually reach the financial operations of the individual. It is a logical conclusion that only that form of borrowing is justifiable which relates to maintaining necessary business and agricultural production in safe and sound shape or is required to obviate a direct and positive menace to the health and welfare of the public or contributes directly or indirectly to the prosecution of the war. Speculative enterprises can wait until the close of the war. Borrowing for permanent investment can also wait. It will do no harm if every individual takes a personal interest in conserving credit, funds, labor and material, and subjects his own expenditures to an inquiry as to how necessary they are to the successful prosecution of the war.