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

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The outlook in the Ninth Federal Reserve District is for large crops. Conditions for the most part are very favorable. Montana, South Dakota, Minnesota and Wisconsin have a large acreage of all small grains and an increased amount of corn on the ground, and both fine and course grains show good color, and are making satisfactory progress.

The only unfavorable reports are from North Dakota where after an exceedingly dry May, the fields failed to get soaking rains during June. Showers were frequent, and several rains extended over rather large districts. There are still some sections, however, that have not had adequate moisture, in which the late sown wheat has been injured. Reports are that unless rains come shortly, it will be of some importance in affecting the wheat production, and in the totals for other grains. Rye in North Dakota, it is generally conceded, has been injured from 40 to 50 percent by late frosts and dry weather. There are also reports that wheat is beginning to head on very short straw.

South Dakota, which did not receive much rain during May has had plenty of moisture and rather more in some of the eastern sections of the state than is desirable. Montana is in excellent shape and the outlook is very promising. Crop conditions in Minnesota are very good with the exception that very heavy rains in the southern portion of the state have somewhat retarded the corn crop, which has also been held back by cool weather throughout the month. Over the grain growing portion of the district, corn is everywhere reported somewhat backward, and needs warm growing weather.

Considering the importance of the Northwest's crop this year, it is rather surprising that damage reports have not been more frequent. Not only the United States, but the allied governments as well, are looking to the Northwestern States for a heavy production of wheat, and of other small grains, and corn and potatoes. Conditions are such as to justify the hope of adequate crops will be realized, and if the present outlook is not impaired, it is very probable that the yields this fall will present larger totals than for a number of years.

The farm labor situation has not so far been troublesome, although it will require careful attention in the next six weeks. Federal and State officers, and the recently organized public safety and defense bodies in the states of this district have given the situation careful attention, and plans have been well worked out to provide and distribute men that will be needed.

Pasturage and wild hay, which are most important items, are not as good as last year. Farmers are now harvesting alfalfa, which is proving a good average crop.

The Comptroller's call for a report of condition of National banks discloses a very sound situation throughout the entire district. Deposits at the larger centers have fallen off somewhat as compared with the previous call, but no more than is expected at this season of the year. The heavy demands made by the Liberty Loan subscription of \$70,223,100 in the Ninth Federal Reserve District do not seem to have brought about any unfavorable conditions. The public may never realize the immense burden the first of the great war loans has imposed upon the banks, or the numberless entries and details that it has necessitated. Banks throughout the Ninth Reserve District have contributed an extremely valuable service to their Government in taking care of the detail work of recording subscriptions and handling the payments for individuals of their communities. The work voluntarily undertaken has cost them thousands of dollars, and has multiplied their clerical work. Coming conjointly with this extra burden was the adoption of a series of amendments to the Federal Reserve Act establishing new reserves for member banks as follows:

	<u>Demand Deposits</u>	<u>Time Deposits</u>
Country banks	7 percent	3 percent
Reserve city banks	10 percent	3 percent
Central Reserve city banks	13 percent	3 percent

Under these amendments banks will no longer carry any portion of their legal reserves in their own vaults, and the entire reserve will be held by the Federal Reserve Bank. This necessitated large Transfers to the Federal Reserve Bank.

While the Ninth Federal Reserve District did not succeed in raising the entire sum tentatively allotted to it as its proportion of the great \$2,000,000,000 Loan, the final figures were of such a character as to bring a letter of warm commendation from Governor Harding of the Federal Reserve Board to the Central Liberty Loan Committee, acting for the Federal Reserve Bank of Minneapolis. In a District that is largely agricultural, and where an immense amount of personal work must be accomplished in order to carry the necessary facts to the people, the progress of such a campaign was necessarily slow, but through the patriotic efforts of very large committees in each state, composed of both bankers and business men, the work was vigorously conducted, even in the agricultural districts where there was no opportunity to reach the farmers, except for the committeemen to go out in automobiles and personally interview them.

Immediately on completion of the campaign Secretary McAdoo of the Treasury Department wired messages of congratulation to each of the State Chairman in the States of the Ninth District commending them for the excellent results obtained under many handicaps and difficulties.

Partially as the result of the Liberty Loan, and partially as the result of war conditions, the interest rates have hardened somewhat, and it is unlikely that the rate level will recede during the present year. Crop moving is only a little more than 60 days away, and there is the possibility of a second war loan coming this fall. With the outlook, there is a probability that there will be active employment for funds, and conditions will not be such as to favor lower rates than prevail at the present time.

Both retail and wholesale businesses are prosperous, and manufacturing and industrial enterprises are active. Labor is fully employed at good rates, and the outlook over the district is encouraging for the remainder of the summer.