

# CROP and BUSINESS CONDITIONS

NINTH FEDERAL RESERVE DISTRICT

REPORT OF

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TO THE

FEDERAL RESERVE BOARD

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86th Report

MINNEAPOLIS, MINN.

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**EDITORIAL NOTICE:**—This report is prepared monthly in the office of the Federal Reserve Agent for the purpose of providing the public with accurate and impartial information concerning current business conditions in the Northwest. This report will be mailed free of charge to any responsible person who makes request for it.

## SUMMARY

Business in February was about the same as in January, when measured by the daily average of physical volume. Prices for all grains and for all kinds of live stock continued to advance. Although the dollar amounts of individual payments through banks and of our Federal reserve notes outstanding declined during the month, the reductions were considerably less than took place between the same dates last year.

Corn, rye, and oats moved to market with a larger daily average volume, causing an increase in terminal stocks. The total grain receipts were 10 per cent larger than a year ago and the stocks 80 per cent larger, gains in the latter taking place in rye, corn, oats, and wheat.

Live stock receipts declined one-fourth in the total number of head, but there were gains in the average daily receipts of horses, cattle, and calves. Hog receipts exhibited a normal decline while calves doubled the normal amount for this season. It is important to note that shipments of calves and cattle for feeders were much larger than a year ago. Dairy production is reported to be substantially larger than a year ago.

Wholesale trade sales were greater in daily average for February in all lines except dry goods. And when compared with a year ago, sales of shoes were much greater, dry goods and groceries were somewhat less, and farm implements and hardware considerably less. Retail trade declined slightly in February.

The Anaconda mines in Montana have reopened, causing a substantial increase in copper production, although the total was 30 per cent below the same month in 1921, and 55 per cent below 1920.

Prospective building activity in this district as indicated by permits granted in February, declined only in valuation. However, the number and valuation were both one-quarter less than a year ago. Lumber sales at retail declined slightly during the month and were one-quarter less than a year ago. Orders and shipments of lumber manufacturers were practically unchanged while the lumber cut was but one-half of a year ago. Retailers' stocks have been rising and manufacturers' stocks declining.

Unemployment conditions were improved by an increase of demand for labor for mining and lumbering, but there was no change in the larger cities.

Flour and linseed products rose in daily average production but flour production has remained substantially below the 10-year average since November.

Business failures were slightly lower both in liabilities and in number, but continued larger than a year ago.

Twin City banks report reductions in loans and deposits while member banks in other cities report increases in loans and deposits, the aggregate for the district indicating a reduction of loans of customers at banks and by member banks at the Federal Reserve Bank. Cash reserves have increased. Market interest rates declined slightly in the month ending March 15. The advance of one-fourth per cent in 90-day commercial paper, while the longer maturities declined one-fourth per cent, indicates the relative decline in the demand for shorter maturities at the prevailing rate of  $4\frac{3}{4}$  per cent. Sales of investments are being made to bankers in somewhat larger quantities although the public bought much less.

## GENERAL SURVEY

Acreage Prospects have improved. Six weeks ago there were many pessimistic reports about the probable acreage for 1922. The improvement in agricultural prices since that time has largely done away with the apprehension that the district might not have its normal planting of cereals and corn. Winter wheat, of which there is a good acreage in the western part of the district has come through the winter in splendid shape and very little of it has suffered due to the fact that it was well protected by good snow falls. Moisture conditions in northern Montana and western North Dakota promise to be excellent and recent reports indicate that the farmers there are much more disposed to put in good acreages. Among the farmers there is a widespread feeling, whether justified or not, that northwestern wheat is going to be in demand at good prices, and farmers point to the injury to the southwestern crop and to the volume of exports as factors likely to result in good wheat prices in the fall. Warm winds have carried off a good deal of snow in the western end of this district and the promise of an early active spring season has been very stimulating. There will be some sections of western North Dakota where it will be necessary to finance seed purchases, and this is being arranged for by the issue of warrants. A shortage of seed in the district is unlikely and the problems involved are chiefly those of financing and distributing. Comparatively small areas need help.

The upward movement of Median Prices of Agricultural Products increased in strength during February. Flax sold higher than at any time since October, 1920. The median price of hogs was higher than at any time since November, 1920, and lambs were higher than at any time since our compilation of medians was commenced, (August, 1920.)

All grain medians at Minneapolis moved up appreciably during February. The flax median rose 28½ cents, rye 23½ cents, wheat 19¼ cents, corn 9⅛ cents, barley 6 cents and oats 3½ cents.

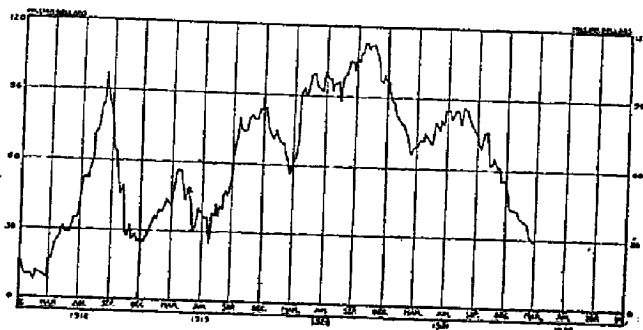
All median livestock prices reached new highs for 1922 during February. Hogs were up \$1.65 over January, and \$3.15 over December when the present increase began. Lambs rose \$1.50 over January having shown increases in every month since October. Between October and February lambs have risen \$4.50. Butcher cows and veal calves were up \$1.00 over January. Stock and feeder steers were up fifty cents and butcher steers twenty-five cents.

Washburn-Crosby's best flour rose seventy-five cents a barrel to \$8.50 between February 1 and March 1.

In wholesale produce prices at Minneapolis, there were about as many increases as declines. There were decreases in eggs, potatoes, cabbage, celery and tomatoes and increases in hens, hogs, navy beans and onions.

The Cost of Living in the Ninth Federal Reserve District as indicated by index figures for seven important cities rose 1 per cent between February 1 and March 1, but was 14 per cent lower than on January 1, 1921.

The Financial Condition of the Northwest was further improved during February. Member banks in this district reduced their borrowings from this Bank about 6½ millions. Twin City banks paid off more than 2 millions and other banks more than 4 millions. Twin City bank borrowings from this bank totaled about one million dollars on March 1 as compared with 27 millions on March 4 a year ago; and the total borrowings from this bank by all members on March 1 amounted to only 34 millions as compared with 70 millions a year ago. The cash reserve held by this bank on March 1 was larger than on any date since November 14, 1919.



Federal Reserve Accommodation to the Ninth District.

Customers of thirty-five selected member banks in eight of the larger cities of this district reduced their loans about 1 million dollars during February. Customers of Twin City banks paid off a million and a half; while customers of banks in the six other cities increased their borrowings a half million. Deposits of Twin City banks declined almost one million during February, while deposits in the six other cities rose more than a half million. The financial situation cannot be fully measured without considering also the cash advances of the War Finance Corporation.

Our Federal Reserve notes in circulation declined less than one million between February 1 and March 1 as compared with a decline of more than 2 millions a year ago.

Cash reserve of the Twelve Federal Reserve Banks continued to rise during February, but at a slower rate than during February, 1921. Member banks reduced their borrowings more rapidly than a year ago. Federal Reserve notes in circulation and member banks' reserve deposits increased during February, although a year ago they declined.

Interest Rates prevailing at Minneapolis declined for most classes of paper during the month ending March 15. This is a normal occurrence in a time of declining demand from customers. Prime com-

mercial paper of 90 days maturity advanced  $\frac{1}{4}$  per cent while the longer maturities declined  $\frac{1}{4}$  per cent. There were also declines of less than one per cent in rates on inter-bank loans, bankers' acceptances, demand and time paper running less than three months secured by stocks and other collateral and cattle loan paper.

**Investments** by banks increased during February, while investments by the general public declined. The amount of note brokers' commercial paper in the hands of banks increased 8 per cent during February, although the amount outstanding on February 28 was a fifth less than a year ago. Sales of securities by investment companies on the other hand were a fourth less in February than in January, but greater by a half than a year ago. Comparing February with January, sales of city mortgages, stocks and municipal bonds showed declines of about a half, and sales of corporation bonds and farm mortgages also showed pronounced declines, while sales of foreign securities increased a fourth. As compared with a year ago, all securities but corporation bonds sold in larger quantities. In fact, sales of municipal bonds and foreign securities were about twice as large this year as last year.

Investments of the small investor represented by deposits in savings banks and by time deposits in commercial banks were slightly less on March 1 than on February 1, but were almost 10 per cent larger on March 1 than a year ago.

**The Volume of Business** as indicated by payments through selected banks was better sustained in February this year than a year ago. Payments through banks at twelve important cities of the Ninth Federal Reserve District were 3 per cent smaller during the four weeks ending February 21 this year than during the four weeks ending January 25. A year ago between these two four-week periods, check payments fell off 19 per cent and two years ago, 26.5 per cent. Payments during the period ending February 21 this year were 7 per cent smaller in dollar amount than during the corresponding period a year ago.

Average daily **Grain Receipts** at Minneapolis and Duluth terminals in February declined as compared with January except for corn, rye, and oats. Receipts of corn were well above normal for this season of the year and oats and rye receipts were also slightly more than normal, but wheat receipts were somewhat below normal, receipts of flax were less than a half of the normal amount and receipts of barley only a third of normal. Receipts of corn, three times as large as a year ago, and receipts of oats and rye, somewhat larger than a year ago, made the total grain receipts at Minneapolis and Duluth a tenth larger in February this year than a year ago, although wheat, barley, and flax showed smaller receipts. Grain receipts at Minneapolis during February did not decline as rapidly from January as was the case at Duluth.

Stocks of corn at Minneapolis and Duluth increased a half between the end of January and the end of February and were seven times as large as a year ago. Stocks of rye increased a tenth during February and were eight times as large as a year ago. Stocks of barley, flax, and wheat declined during February, while oat stocks increased slightly. As compared with a year ago, stocks of oats were twice as large and stocks of wheat were up a fourth, while barley stocks were about the same and flax stocks declined to a tenth of last year's figure. Total stocks were up 86 per cent over a year ago.

**Receipts of Live Stock** at South St. Paul during February continued small with the exception of hogs, and when measured by number of head, declined 25 per cent from the January total which cannot be accounted for entirely by the fact that February is a short month. More than 200,000 head of hogs were received during February, although there was a normal decline of about 60,000 head from the January figure. Receipts of cattle were about normal in January and February, but receipts of calves were about double the normal amount in both months. Receipts of sheep were about as far below normal in February as they were above normal in January, showing a normal movement for the two months combined.

Shipments of feeders were larger in February than in January in the case of hogs and cattle, and smaller for calves and sheep. As compared with a year ago, three times as many calves were shipped out for feeding purposes and almost twice as many cattle. The movement of feeder sheep this year was slightly stronger than a year ago, but shipments of feeder hogs were less than half as large as a year ago.

**Butter Production** by twelve large Minnesota creameries, owing to the short month, declined slightly between January and February, but was 13 per cent larger in February this year than a year ago. The dollar return to patrons of these creameries was 7 per cent less in February than in January and 18 per cent less in February this year than a year ago.

The daily average of **Wholesale Sales** of shoes, groceries, hardware and agricultural implements showed increases during February over January but decreases from February, 1921, with the exception of shoes. Dry goods sales were below January and below February, 1921. The amount of accounts receivable held by reporting wholesale firms on March 1, 1922, was smaller than a year ago in the grocery, farm implement and hardware trades, but larger in the case of dry goods and shoes.

**Retail Sales** declined slightly, even after allowing for the fewer shopping days in February as compared with January and sales in February were also smaller than in February a year ago. Stocks rose somewhat over January stocks in anticipation of spring buying and were also larger than last year.