

# CROP and BUSINESS CONDITIONS

NINTH FEDERAL RESERVE DISTRICT

REPORT OF

JOHN H. RICH, FEDERAL RESERVE AGENT

TO THE

FEDERAL RESERVE BOARD

WASHINGTON, D. C.

CURTIS L. MOSHER  
Assistant Federal Reserve Agent

J. F. EBERSOLE  
Assistant Federal Reserve Agent

88th Report

MINNEAPOLIS, MINN.

May 26, 1922

**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 anyone making request for it.

## SUMMARY

The month is characterized by an improvement in the crop outlook, stabilized or improving prices for farm and range produce, and improved buying in urban centers owing to a large building program and the reopening of copper and iron mines, while credit facilities are in a position to finance a substantial increase both in industry and marketing.

Crop prospects appear very promising at the present time. Winter wheat has had excellent growing weather in the northwestern states with less than the five-year average of winter killing, which means that if no unfavorable developments occur later, there will be an increased production over 1921. Rye in this section has increased enormously over last year in acreage; and present conditions appear to warrant a final crop fully two-thirds larger than last year, North Dakota participating most heavily in this increased production. Spring wheat seeding was unseasonably late in Montana, but reasonably satisfactory elsewhere. Live stock in this district as a whole came through the winter in average condition, although there were losses greater than normal in North Dakota. A recent survey indicates that Montana will have more wool than last year. Butter production in Minnesota has increased 10 per cent.

The marketing movement and prices of farm products remain substantially unchanged. Hogs, cattle, and calves moved to market more rapidly than is normal for this season, but the movement of sheep and grains was less than normal, except for corn, oats, and barley. The price of flax has risen while that of lambs and calves has declined. The wool market has strengthened very satisfactorily in recent weeks, and dairymen report unchanged prices of butterfat. City consumers have experienced a slight increase in the prices of the essentials in the average household.

The volume of buying at retail has improved with considerable increases in retail lumber sales and department stores sales and a less than seasonal decline in the sales of mail order houses. Wholesale trade improved considerably for manufacturers shipping lumber and wholesalers of farm implements and of hardware, although groceries, shoes, and dry goods have declined.

Stocks of merchandise and materials remained about the same during the month on the average, although there has been an increase in the stocks of department stores and in the elevator stocks of wheat, corn, and barley. When stocks are compared with a year ago, it appears there has been an increase for all grains except flax, and for department stores, but a substantial decline in the case of lumber retailers.

Manufacturing indicates mixed conditions with declines in the production of flour and linseed products, but a small increase in refined copper produced and a doubling of lumber cut by manufacturers. Similar tendencies are shown in the same industries when compared with a year ago.

Building operations projected in the important cities in this district doubled in April as compared with March, both in number and in valuation of permits granted and were larger than a year ago. An improvement in the rental situation locally is indicated by the number of rental advertisements increasing more than one-half as compared with a year ago.

Employment conditions have improved noticeably because of the reopening of mines, doubling of building operations, and the high pressure of farm labor demand occasioned by the late spring.

The volume of general business measured by bank debits, coupled with a consideration of the foregoing

factors, indicates there has not been much change since last month. The lack of a substantial improvement in volume has further delayed the expected improvement in statistics of business failures. April failures were much larger both in number and liabilities than a year ago, although there has been some reduction in liabilities as compared with March. The reopening of traffic on the lakes on April 17 was later than a year ago and did not influence the volume of business substantially during the month.

Financial conditions from the standpoint of available credit facilities are very satisfactory. Selected member banks in eight large cities reported substantial increases in deposits, some reduction in loans by customers and considerable investment in bonds and securities. This Federal Reserve Bank has had recently a noticeable although small increase in loans requested by and granted to member banks. The twelve Federal reserve banks experienced a reduction in loans during the month and an increase in reserves and of deposits, although Federal reserve notes were not required in such large quantities. There has been no important change in interest rates or in holdings of commercial paper by banks in this district. Security sales were somewhat reduced during the month, but are running much larger than a year ago.

### GENERAL SURVEY

**Winter Wheat** enjoys ideal growing conditions which with the small loss in acreage during the past month forecast an increase of production for this district of 10 per cent as compared with the final 1921 production, although the acreage is no larger according to the May 1 report of the United States Department of Agriculture. South Dakota showed the largest increase in production, although Minnesota and Montana also shared in the increased production forecast. The Judith Basin and the Gallatin Valley in Montana are in especially good condition for heavy winter wheat production. Minnesota showed the largest abandonment of acreage due to winter killing, 12 per cent, due to a heavy covering of ice in the central counties of the state. However, every state in the district showed a smaller per cent of winter killing than the five year average.

**Rye** acreage in this district has increased 52 per cent in 1922 over 1921. The production estimate predicts an increase of 67 per cent over last year due to the propitious growing conditions. North Dakota has shown a phenomenal increase in rye acreage and also in condition, the production for 1922 being estimated at two and one-fourth times the 1921 final estimate. Minnesota, with an acreage 15 per cent and production 22 per cent larger, exhibited a better condition for rye at this period of the year than for a number of years. Most of the rye in South Dakota is grown in the northern part of the state where heavy snows last winter created excellent moisture conditions for this spring.

**Plowing and Seeding** has been delayed in Montana. It is the only state of the four in the district which is late in this respect. Only twice in the last eight years has Montana plowing and seeding been as backward as it is this year. North Dakota seeding, while not as far advanced as last year, is nevertheless up to the ten year average for May 1. Minnesota and South Dakota are both up to last year in spite of the fact that seeding was started about two weeks late. After the farmers were able to get into the fields the amount of fall plowing which had been done enabled them to seed rapidly.

North Dakota is the only state in this district which suffered severe livestock losses during the winter. The western and southwestern sections of the state sustained material losses due to scarcity of feed and a heavy covering of ice on the ranges. South Dakota losses, of about the average amount, consisted chiefly of sheep in the northwestern section of the state, although some swine were lost due to cholera in scattered localities. Montana cattle are in an unusually healthy condition, and considerably above the health average for the United States as a whole, but the loss from exposure, however, for the last few years has been remarkably high. The severe weather has caused a shortage of hay on Montana farms this spring.

**The Wool Clip** in Montana this spring will be about six per cent larger than the clip last year, according to reports received from representative bankers in the wool shearing districts. There are more sheep to be clipped this year than last, which will more than offset the lighter fleeces which are due to the severe weather of the past winter. Judging from the weight of the fleeces, the sheep are in the best condition in the southwest counties of the state where there has been an increase in the weight of fleeces while the other sections, almost without exception, will show decreases. Wool growers will probably receive a more favorable price for their clip this year than last. A year ago in April the price on the farm for Montana wool as reported by the U. S. Department of Agriculture was 25 cents. On March 15th of this year the price reported was 30 cents. Our more recent reports indicate that a large part of the wool will go at 35 to 42 cents per pound and some of the clip has already been contracted for at these prices.

**Prices of Agricultural Products** during April did not exhibit any marked changes from March, with the exception of a few articles affected by special conditions such as flax and lambs. The median price of flax at Minneapolis rose more than 11 cents between March and April to \$2.69. At this price flax was selling for \$1.11 more than during April, 1921, which was the low point for that year. The median price of lambs at South St. Paul fell off \$1.50 between March and April and calves were down 50 cents, while hogs and steers increased slightly in price.

The **Cost of Living** on May 1st in the Ninth Federal Reserve District was .5 per cent higher than on April 1st; and was almost 20 per cent lower than on January 1, 1921, when this bank's investigation began. The cost of living increased less than 1 per cent at Minneapolis, St. Paul and Grand Forks, and declined somewhat at Duluth, Billings, Miles City and Helena.

**Receipts of All Classes of Livestock** at South St. Paul declined during April with the greatest decline occurring in receipts of sheep. This decline was seasonal, however. Receipts of hogs, cattle and calves were above normal in April and receipts of sheep were below. For the first four months of 1922 more cattle and calves came to market than a year ago, but fewer hogs and sheep.

**Receipts of Grain** at Minneapolis and Duluth were about one-half as large in April as in March. Wheat and corn both registered declines of 3 million bushels, rye was down  $1\frac{1}{2}$  millions and oats down 1 million bushels. Receipts of rye were about normal for this time of the year, but wheat and oats were below normal, barley was a little more than one-half of normal and flax less than one-half of normal for April. Receipts of corn, for which there is insufficient data to compute a normal, were about one-fourth in April of March. As compared with a year ago April receipts of all grains were down a fourth, although corn, oats and barley showed increases.

Duluth showed greater percentage declines in grain receipts than Minneapolis, but shipments from Duluth were more than three times as large in April as in March owing to the movement down the lakes of wheat and corn.

Stocks of grain at Minneapolis and Duluth were slightly less at the end of April than at the end of March. There were increases in stocks of wheat, corn and barley. Flax stocks continued to decline and were only 5 per cent of the stocks a year ago. As compared with a year ago stocks of other grains than flax were larger, especially corn which was twenty-one times as large and rye which was thirty-three times as large.

**Retail Sales** by department stores in selected cities of this district increased almost one-fifth in dollar amounts between March and April. Stocks at the end of April were about one-fifth larger than a month ago and more than one-fifth larger than a year ago. The rate of turnover improved during the month.

Although retail sales by mail order houses in the four states of Minnesota, Montana, North and South Dakota declined in dollar amounts in April as compared with March, the decrease was not as great as between the corresponding months in 1921, and sales in South Dakota were even maintained at approximately the March level during April this year. The seasonal decline reflects probably the resump-

tion of spring work in farming sections. The number of mail orders showed a substantial increase in April, 1922, as compared with April, 1921.

Department store sales were 8 per cent below and mail order sales were 10 per cent below a year ago in dollar amounts which, in view of price declines estimated at 20 per cent, indicates an increased volume of goods taken and received by the consumer.

**Lumber** reports reflect the spring revival of building. Retailers sold one-half more in April than in March and their sales were slightly larger than a year ago. Anticipating that the demand for lumber will continue, they maintained their stocks at last month's level, although stocks were almost one-fourth lower than a year ago. Lumber manufacturers shipped during April one-third more lumber than during March, and three-fourths more than in April last year. The lumber cut in April was more than twice as large as in March and a half larger than last year in April.

**Wholesale Sales** in dollar values of farm implements increased one-half and hardware somewhat between March and April, but dry goods, shoes and groceries declined. Sales of all classes of goods in dollar amounts were below a year ago owing to price declines during the interim.

**Flour Production** in the Ninth Federal Reserve District fell off 13 per cent between March and April, all sections of the district showing declines. Minneapolis production fell off 14 per cent, while normally there is a slight increase in production between March and April, and April flour production at Minneapolis was about a fourth under normal, showing a widening spread from normal. Shipments of flour from Minneapolis and exports of flour by Minneapolis mills showed declines between March and April, but Duluth shipments doubled. Production and shipments of flour in this district were both below April a year ago.

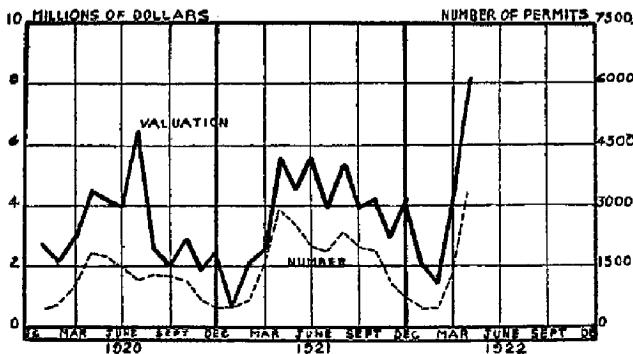
**Shipments of Linseed Products** are showing more strongly the effect of the shortage of domestic flax seed and European competition. Shipments for April were 32 per cent lower than those of March and less than one-half of shipments in April a year ago. The greatest decline occurred in shipments of oil cake.

**Copper Mining** showed further increases in activity during April and the production of refined copper increased one-fifth between March and April. The production during April was almost three times as large as in April last year. The output of silver and gold in this district, while lower in April than in March, was much higher than a year ago.

**Contemplated Building** as evidenced by building permits granted in nine important cities of this district more than doubled in number of permits granted and almost doubled in valuation in April over March. April permits were also more in number and valuation than a year ago. Ninety per cent

of the valuation and sixty-six per cent of the number of permits during April were for new construction. The average permit for new construction continued during April to be larger than the average permit during the year 1921, but the average permit for repairs was smaller in April than in 1921.

This large increase in new building projects and the spring movement from the cities to the summer resorts has resulted in a doubling of advertisements of houses and apartments for rent between March and April and a decline in the number of advertisements by those needing dwellings. As compared with a year ago, the number of advertisements of dwellings for rent was up more than a half and advertisements of dwellings wanted to rent were down a fourth.



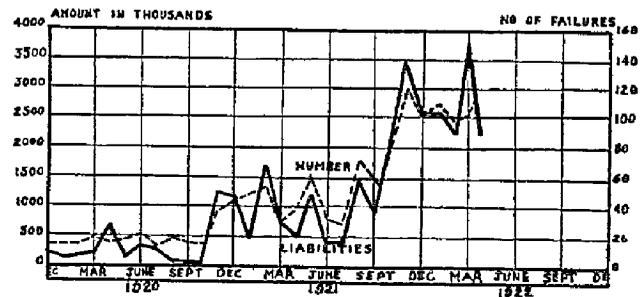
Building Permits Granted in Nine Cities of the Ninth Federal Reserve District

**Employment** conditions were much better on May 1 than a month ago. The rush of spring building has taken up the slack in the building trades. In Minneapolis more men are employed in the building trades now than at this time in 1921 or 1920. The late thaw throughout the district delayed farm work and the consequent necessity for haste in seeding caused an unusually strong demand for farm labor when the weather became clement. Lumber manufacturing has increased during the last month and about 40 per cent more men were employed by lumber firms in April than in March. Iron and copper mining are reviving. During the last month several important groups of mines resumed operations on a full time basis, which has improved the employment situation in that industry materially.

At Minneapolis during the month large firms reporting to the U. S. Department of Labor showed employment increases in iron and steel, vehicles, textiles and railroad repair shops, but a decrease in food. This bank's quarterly survey of employment in Minneapolis showed that on May 1 there were more men employed in the building trades, clothing and miscellaneous factories than on February 1 but fewer in food factories, and that on May 1 this year there were more men employed in the building trades and miscellaneous factories than a year ago, but less men in food and clothing factories.

**The Volume of Business** in twelve important cities of the Ninth Federal Reserve District as exhibited by payments through banks was about the same in April as in March, although there was considerable irregularity shown in individual cities. A year ago between March and April the volume of bank payments increased 3 per cent. April payments this year were 3 per cent lower than April payments a year ago.

**Business Failures** in the Ninth Federal Reserve District during April continued at a high figure. In number they were the second highest month in the recent business phase, totaling 116. There was a falling off from March of 40 per cent, however, in liabilities, which totaled \$2,268,658 during April. As compared with April a year ago, last month's business failures showed three times the number and almost four times the liabilities.



Business Failures in the Ninth Federal Reserve District (Reports from R. G. Dun & Co.)

**The Condition of Member Banks** in eight large cities of this district improved during April. Deposits increased almost 7 millions and loans to customers declined almost a half million. Borrowings from the Federal Reserve Bank increased three-fourths of a million.

The loans of the Minneapolis Federal Reserve Bank increased slightly during April, declined again towards the close of the month and then rose 3 millions to \$28,600,000 on May 19. Member bank reserve deposits increased less than 1 million and notes in circulation declined a half million in April. Reserves were down slightly. During the month this bank's holdings of United States securities increased 3½ millions.

The borrowings from the twelve Federal Reserve Banks were down 112 millions on May 3 from the figure of March 29, bringing the total loans down to 617 millions, which is little more than a fourth of the loans a year ago. Reserves and deposits increased during the month of April and Federal Reserve notes in circulation declined.

Interest rates were practically stationary during the month ending May 15. There was a decline of one-half per cent in the rate on three to six months paper secured by stock exchange collateral and an increase of one-half per cent in the rate on commercial loans secured by government obligations.