CROP and BUSINESS CONDITIONS

NINTH FEDERAL RESERVE DISTRICT

REPORT OF

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TO THE

FEDERAL RESERVE BOARD

WASHINGTON, D. C.

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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 Federal Reserve Board with complete, accurate, and impartial information concerning business conditions in the Northwest. It is also printed for public use and will be mailed free of charge to anyone making request for it.

SUMMARY FOR THE MONTH

A **grain crop** well above the average has been harvested in the Northwest. The volume of the crop has been satisfactory, and it would appear that for the important items, wheat and rye, losses in other producing sections have been offset approximately by the better than usual production in the Ninth Federal Reserve District. The volume of the crop is highly important, but even at that, it is secondary to the price at the farm, which is the important element which will determine how far the farmers can go this fall in liquidating their debts, and rebuilding their prosperity. The lack of coal has been a handicap to threshing operations, but will be offset to a considerable degree by the return to straw as fuel for threshing engines. A more serious element exists in the shortage of grain box cars and the difficulties railroads are laboring under, which will doubtless tend to prolong the customary marketing period. This may be beneficial in tending to stabilize prices. The volume of the crop has been overemphasized and has been given undue importance. The steadying effect of a longer period of marketing may offset to some extent the depressing influence of the enthusiastic reports as to the size of the crop which have been given worldwide publicity and which might easily have an adverse effect on the price. The facts appear to be that while the volume of the wheat crop is satisfactory, the gluten content which is highly important to the milling trade, is not equal to the crop of a year ago. Some of the small grains, noticeably oats, are bringing a very moderate price and in many sections oats will be valuable only for feed since the price, with production and threshing costs deducted, will leave no profit in shipping. Generally speaking, the quality of all the small grains is excellent both as to weight and color. Warnings have already been broadcast by agricultural experts and by the governor of one of the principal grain producing states of the district to stack grain and protect it from the weather in view of both the railroad situation and possible delays in threshing.

The **crop prospect** for the whole United States as reported by the United States Department of Agriculture on August 1 is for a production of spring wheat totaling 263 million bushels as compared with the final production estimate of 1921 of 208 millions, or a gain of 55 million bushels. On the other hand, the winter wheat prospect is for 541 million bushels as compared with 587 millions last year or a reduction of 46 million bushels so that the net total wheat crop increase this year over last is estimated at not to exceed 9 million bushels. In this connection, it should be noted that rye which is an acceptable cereal in foreign countries as a substitute for wheat had a prospect on August 1, 1922 of 80 million bushels as compared with 58 millions last year or a gain of 22 million bushels. Wheat stocks on the farms in the United States on July 1 were estimated at less than 32 million bushels as compared with less than 57 million bushels one year previous, or a decline of 25 million bushels. The visible supply of grain comprising the stocks in terminal elevators, on board ships, or in transit in the United States was estimated on July 29 this year at less than 20 million bushels as compared with less than 25 millions a year ago, or a decline of 5 million bushels. From the foregoing, it will be observed that in the United States the excess production of wheat this year over last, plus the excess production of rye, which is considered as a substitute for wheat, is practically equal to the diminution which has taken place in the stocks of these bread grains during the same year. It is particularly pleasing to the people in the Northwest to note the estimates of our four states, Montana, North Dakota, South Dakota and Minnesota, which reveal an increase in the spring wheat yield of 60 million bushels which is greater than the total gain in spring wheat for the whole United States; and also that we have a gain in rye of 21½ million bushels which is practically equal to the total increase in rye production for the whole United States. Our crops

of oats, barley, flax, and potatoes in the Northwest, are also expected to be larger than a year ago. As last year's corn crop was a bumper crop, no one should expect as good a showing for corn this year.

The **coal situation** in the Northwest is more critical than a month ago, despite announcements of a settlement of the strike in bituminous mining regions. Our needs for anthracite cannot be fully met even with an immediate resumption of production. And to fill our demand for bituminous coal, we shall be largely dependent upon rail shipments during the winter months. Much irregularity is necessarily inevitable in a resumption of mining production, the shipping period on the lakes is limited, and the stocks of dealers are depleted. While the western part of the district will doubtless receive enough coal from the North Dakota and Montana fields to meet any emergency, the eastern sections which depend largely on coal from Illinois and Pennsylvania, do not have a satisfactory prospect. At the Duluth-Superior Harbor, only 108,474 tons of coal were received in July as compared with 1,990,012 tons in July last year; and receipts through July 31 from the opening of navigation were only 397,210 tons as compared with 6,233,635 tons a year ago, or 6.4 per cent as large a volume this year as last. Coal stocks are very much depleted. In the Twin Cities, there are probably not more than 5,000 tons of coal as compared with 125,000 tons last year on August 1. At Duluth-Superior on August 1 this year, there were 831,438 tons of coal as compared with 5,683,835 tons a year ago. Furthermore, there has been more coal sold for delivery from the docks than there is standing on the docks now. In other words, there is no coal at Duluth-Superior available for sale. The Northwestern coal situation is further embarrassed by a shortage of coal to run the cargo vessels plying on the Great Lakes.

During the month there was a noteworthy improvement in the **movement of live stock to the farms for feeding purposes.** This indicates that farmers are able to secure adequate financing for this purpose and that they appreciate fully the advantages of utilizing our abundant feeding crops through animal production. As compared with a year ago, shipments of feeders to the farms were nearly quadrupled, there being increases in all kinds of feeders, and an extraordinarily large increase in the shipment of calves. As compared with the shipments in the preceding month, July had an increase of one-fourth in the total number, owing to an increase of two-thirds in shipments of feeder cattle, an increase of more than 2½ times in shipments of sheep, and a slight increase in shipments of calves; although feeder hogs declined three-fifths.

The **marketing of farm products** declined as compared with last month for both grains and live stock. Grain receipts were one-sixth lower than a year ago and live stock receipts were two-thirds greater than a year ago. Receipts were more than normal for wheat and rye, approximately at normal for oats, but less than normal for barley and flax. Total receipts of livestock during July followed the normal seasonal trend. However receipts of calves were double normal, and cattle and hogs were well above normal. Wholesale prices of the principal farm products showed uneven tendencies during July. There were moderate increases in the median price at Minneapolis of all grains other than oats and rye. The median price of rye fell 10½c during the month. Live stock prices at South St. Paul showed two increases and four decreases in the grades and classes which are tabulated in this office. Wholesale produce prices at Minneapolis showed a great majority of decreases during July which were mostly seasonal. Flour prices have declined steadily since July 1 to the lowest point in several years.

The **volume of retail buying** declined during the month 17 per cent for general merchandise and 10 per cent for lumber. At wholesale there were substantial increases in sales of farm implements and dry goods, but declines in groceries, hardware, and shoes. Apparently there was an increase in wholesale trade in the aggregate. As compared with a year ago, all sales were down both at retail and at wholesale except lumber at retail and hardware at wholesale.

Stocks of merchandise and materials declined in the aggregate during the month. Lumber stocks held by retailers remained practically unchanged while stocks of lumber manufacturers increased slightly. Merchandise stocks in retail stores declined slightly. Lumber stocks both at retail and wholesale were less than a year ago and stocks of retail stores were greater. Grain stocks at Minneapolis and Duluth terminal elevators were one-fourth lower at the end of July than at the end of June, the percentage declines being greatest for flax, corn, barley, and wheat, all of which declined more than one-half. As compared with a year ago, the grain stocks were somewhat smaller in the aggregate despite a pronounced increase in wheat and 38 times as much corn.

Manufacturing activity increased in flour but decreased in lumber for the month but both were greater than a year ago. Flour production increased by about 1/5th in all parts of the district during July over June with an abnormally large increase of almost 1/3rd at Minneapolis. Flour production in this district was also 7% larger than a year ago, owing to large Minneapolis production. Shipments of flour from Minneapolis and Duluth were ¼ larger in July than in June and 4% larger than a year ago in July. Lumber manufacturers shipped 16% less lumber in July than in June but twice as much as in July last year. The mills cut a slightly smaller volume in July than in June and 1/3rd more than in July last year. Shipments of linseed products declined although oil cake shipments increased between June and July. As compared with a year ago, ship-

ments of all linseed products were about 2/5ths as large with declines in both oil and oil cake.

Mining production increased for iron but declined for copper during the month. As compared with a year ago the volume of both was much greater in July this year. Iron ore production when measured by shipments from upper lake ports as reported to us by the M. A. Hanna Co. increased 1/3rd between June and July and totaled double the quantities of July last year. Total shipments for the season through July 31st of this year have been more than 2/3rds larger than shipments a year ago during the same period. Copper production in this district in July declined 8% as compared with June but was more than 4 times as large as July last year.

Building operations projected in the important cities of this district declined in number in July as compared with June. An increasing number of reports have been received of adequate housing facilities. Seven cities showed declines and seven showed increases in the valuation of permits between June and July. As compared with a year ago, the number of permits was 14 per cent larger and the valuation of permits 88 per cent greater.

Employment conditions were normal during July. It is customary at this time of the year, to have an increased demand for farm labor, and shortages were reported in some localities. Montana reported the largest number of communities lacking farm labor. The copper mines in Montana are still suffering from an acute shortage of skilled miners due to the closing of the mines for about a year, and consequent dissipation of skilled labor to other centers. It is estimated that for complete revival of copper mining in Montana, there is a need for 4,000 additional experienced men.

The **volume of general business** measured by bank debits declined slightly during July but the decline was less than took place in the same period a year ago. The total volume was also 8 per cent larger than a year ago. Total traffic through the Soo Canal increased more than one-fourth due entirely to an increase in eastbound traffic, consisting of lumber, iron and copper ore, grains, and flour; while Eastbound traffic alone was practically double that of a year ago. This improved showing in the general volume of business has affected business profits sufficiently to bring about a decline in the number of business failures of 1/4 and a decline in the liabilities of 1/8, as compared with the preceding month. However, the number of failures was 2 1/4 times as large as a year ago in July and the liabilities 2 2/3rds times as large indicating the need for a further continuation of the improvement in business turnover or profit margins. The business failures reported in July totaled 60 with liabilities of $1,142,174.

Financial conditions in the Northwest, as evidenced by reports from 35 large member banks in selected cities, became somewhat easier during July. Loans declined more than 6 million dollars, while deposits declined only 3 millions. Borrowed money and U. S. securities held increased about one million. Collections as reported by lumber retailers were somewhat better than in June and much better than in July one year ago. Brokers paper outstanding in the Minneapolis territory declined 2 millions or about 1/7th between June 30 and July 31, and the amount was about 4 millions lower than last year at the end of July. The continued quietness in the money market has induced a further decline in interest rates in Minneapolis. The longer maturities of customers' notes declined 1/2 per cent. Prime commercial paper declined from 1/4 to 1/2 per cent, bankers acceptances were down fractionally, but commodity paper secured by warehouse receipts increased 1/2 per cent. The lowest quotation during the month ending August 15 for customers' notes and prime commercial paper was lower than the lowest point in 1919 when this office's records commence. On August 15th the rediscount rate of the Minneapolis Federal Reserve Bank was reduced from 5 to 4 1/2 per cent on all classes of loans and rediscounts other than acceptances.

The Minneapolis Federal Reserve Bank experienced a decline in loans of one million dollars during July, and a decline of almost 2 millions in notes in circulation. Deposits declined more than 3 millions, reserves declined 2 1/2 millions, and United States securities held declined 2 millions. In the first two weeks of August there were no noteworthy changes in the balance sheet of this bank other than a rise of 3 millions in reserves. The twelve Federal Reserve banks experienced a decline of 104 million in loans during July, reserves increased 69 millions, and notes in circulation declined 60 millions.

Savings deposits in Minneapolis, St. Paul, and Duluth were about at the same level on August 1 as on July 1, but Twin City savings deposits were 1/2% larger on August 1 than a year ago, while Duluth savings deposits were 1/2% lower.

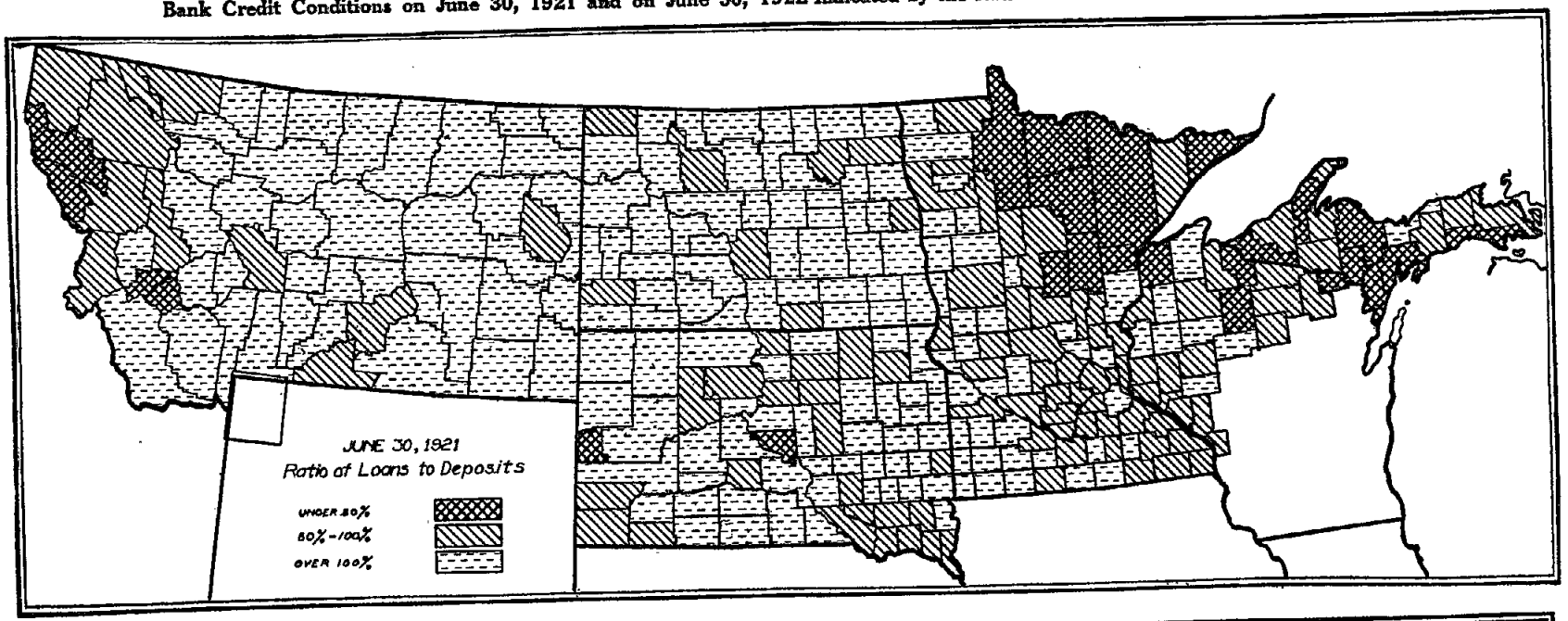
Bank Credit Situation Maps.—Two charts have been prepared (Page 4) showing banking conditions on June 30, 1921 and on June 30, 1922. The banks have been grouped by counties to show differences in condition in the various sections of this district. In order to determine precisely the bank credit situation, we have used as an index the ratio of loans to deposits.

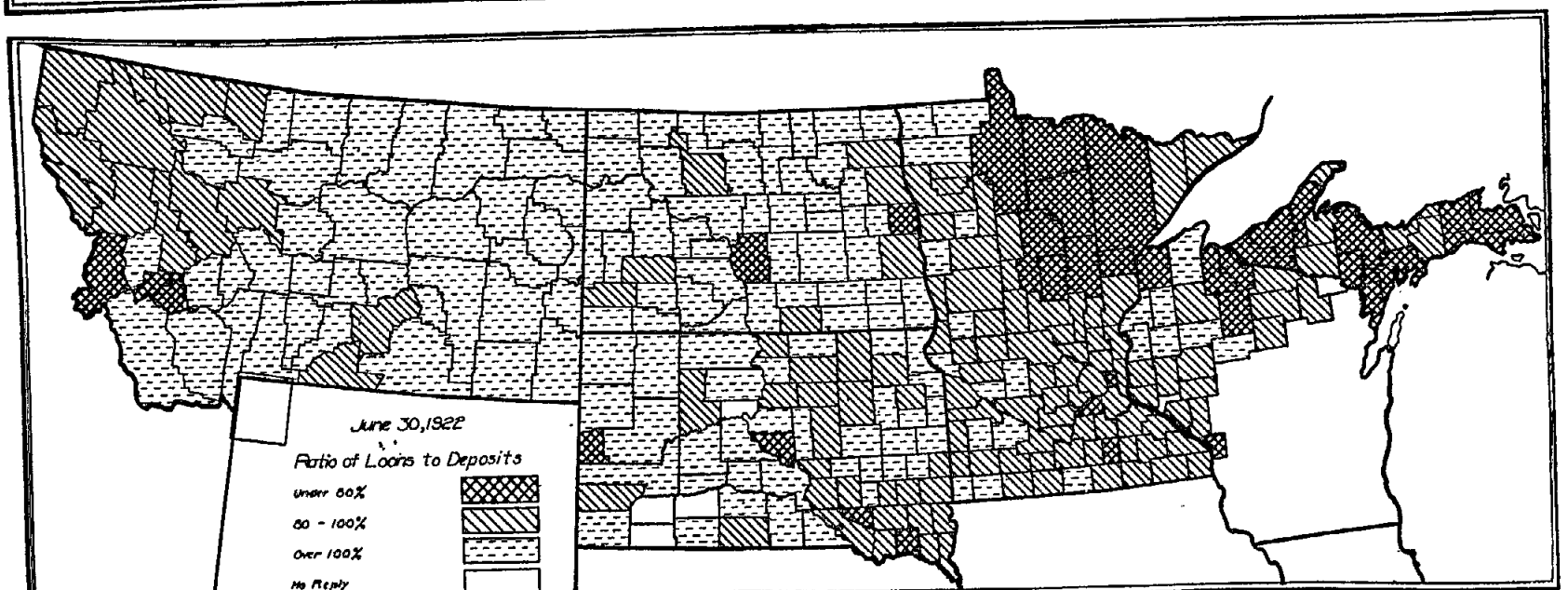
The value of this ratio as an index was described in our letter of June 27, 1921, when we first began this investigation, as follows:

"The credit situation, past, present, and prospective, can always be determined by the ratio of loans to deposits. When the ratio of loans to deposits rises, either deposits are being withdrawn more rapidly than loans are being collected or loans are being expanded more rapidly than deposits are growing. In either case, the credit situation would not be so favorable with regard to the outlook for more lib-

(*Continued on Page 6*)

Bank Credit Conditions on June 30, 1921 and on June 30, 1922 Indicated by the Ratio of Customers' Loans to Total Deposits.





Wheat Yields per Acre, by Counties, on August 10, 1921 and August 10, 1922 According to Estimates Furnished by our Member Banks.

(*Continued from Page 3*)

eral lending or much lower interest rates. On the contrary, when the ratio of loans to deposits declines, it is apparent that deposits are rising, filling up bank reserves, or that collections of loans are being made; either of which will strengthen the bank position and indicate the probability of a more lenient lending policy or reduced interest rates."

The improvement shown in particular localities is doubtless due very largely to the nature of the crop or the prevalence of dairying in the several counties affected. Obviously, one should not expect to find much change between these two dates as it was not a particularly favorable crop year. A more valuable comparison can be made by comparing the credit conditions map of June 30, 1922, with the crop conditions map of the same year which will be found on another page, as crop conditions will doubtless have a much greater effect upon banking conditions this year than last. A negligible number of improvements in the credit conditions between the two years are to be accounted for by the closing of banks which were heavily involved in 1921 and which were therefore not included in the figures for 1922.

In Montana, the counties showing gains were equal to those showing losses, the improvement taking place in the territory west of Great Falls.

Wisconsin experienced an equal number of gains and losses, there being a slight retrogression in the western counties and a slight improvement in the eastern counties which are contained in this Federal Reserve District.

South Dakota experienced in the main, slightly more gains than losses, the improvement of conditions being noticeable east of the Missouri River, especially in the southeastern part of the state, and retrogression in conditions being experienced west of the Missouri River, especially in the southwestern portion of the state.

North Dakota had a noticeable improvement, of which a noteworthy part took place in the Red River Valley.

Minnesota exhibits decidedly the best showing of the northwestern states in the improvement of credit conditions, with large gains in the south, southwestern and Red River Valley counties.

Michigan registered noteworthy improvement with no counties showing retrogression.

Maps for the 1921 and 1922 Crops.

There is no better way of illustrating the improvement in the wheat crop in this district in 1922 over 1921 than by county maps (Page 5). Last year and this year we have received reports from about 1,000 bankers in the district. Their reports have been averaged by counties and the results have been shown in these two maps indicating the wheat yields per acre by counties.

The reader should be warned emphatically not to interpret this map as portraying the total amount of wheat raised in any county. A county shaded to represent a yield of over 18 bushels per acre might have a small total production, owing to a large portion of its territory being mountainous or wooded, and in southeastern South Dakota and southern Minnesota, wheat might not be the principal crop, and for that reason the toal production would be small. The reader should also be cautioned not to assume that crops are uniformly good in a county which is heavily shaded. Local conditions in one township may not be important enough in the total estimate for the county to be noted on this map.

Conditions as shown in the 1922 map are better in the district as a whole with the most noticeable improvement shown in southeastern Montana, northwestern South Dakota and eastern Minnesota. The only districts other than scattering counties which showed poorer conditions this year than last were the northwestern and northeastern sections of Montana.

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1922 Exposition, the Association has offered $27,650 in prizes for Dairy Cattle. These prizes will be awarded to the ten winners in each of the 185 classes listed. Every conceivable class is listed, from Boys and Girls Calf Club calves (each breed in a class by itself), with five classes in each breed for grade cows to the "Get of Sire Production Class" which requires a Bull entered in the Register of Merit or Advanced Registry and five of his daughters, also in R. of M. or A. R., to qualify. Last year 1,004 animals were entered, and from present indications this year there will be even more.

For the farmer who is working himself and his family early and late taking care of half a dozen cows, the exhibits of modern equipment and machinery will be a revelation, for with proper equipment, eighteen cows can be handled with less effort than six would require without it.

All railroads have announced regular excursion fares on their lines (one and one-third fares for round trip ticket) throughout the entire Ninth Federal Reserve District with the exception of South Dakota west of the Missouri, and Western Montana. Visitors from these two sections can procure one and one-half fare round trip rates by asking the agent for an excursion certificate. Tickets at these rates will be on sale from October 5 to 13, with a return limit of October 16. The minimum excursion fare, however, is one dollar.

NINTH FEDERAL RESERVE DISTRICT HOLDS LEADING POSITION IN THE PRODUCTION OF MANY COMMODITIES WHEN COMPARED WITH PRODUCTION IN OTHER FEDERAL RESERVE DISTRICTS.

This district produces more spring wheat, flax, rye, barley, potatoes, iron ore and manganese than any other Federal Reserve District. We hold second place only in the production of all wheat, oats, flour, copper and silver, and second place in the number of milch cows owned. For all livestock the first, second and third places are held respectively by the Chicago, Kansas City and Minneapolis districts. For raw wool produced, first, second and third places are held by San Francisco, Kansas City and Minneapolis, respectively. In the production of flour, the city of Minneapolis alone produces nearly three times as much as the next largest city (Buffalo) and about four times as much as the third largest producer (Kansas City). The foregoing statements are based upon the following table which was prepared for the use of the Federal Reserve Board at a conference held at Washington in June.

It will prove of great value to anyone wishing to compare the production of the Ninth Federal Reserve District with that of the whole United States. One column shows the percentage which the production of this district bears to the total production of the United States. For instance, in 1921 we produced 96 per cent of all the flax in the United States, 86 per cent of the iron ore, 71 per cent of the spring wheat, and more than 50 per cent of the rye, etc. In 1920, we produced 81 per cent of the manganese.

(000's omitted)

Product	Total U. S. Production In 1921†	Total Production in this District in 1921	% This Dist. of total	Rank Among Fed. Res. Districts	Other Districts	Their Production	% of Total
Grain and Grain Products							
Spring Wheat ..	207,861 bu.	146,613 bu.	70.7	1	San. Fran.	41,943	20.2%
					Kan. City	12,220	5.9%
Flax	8,112 bu.	7,820 bu.	96.4	1	Kan. City	164	2.0%
Rye	57,918 bu.	29,098 bu.	50.3	1	Chicago	5,652	9.7%
					Kan. City	4,633	8.0%
Barley	151,181 bu.	60,608 bu.	40.1	1	San. Fran.	37,521	24.8%
					Kan. City	29,376	18.7%
Wheat	794,893 bu.	160,797 bu.	20.2	2	Kan. City	289,637	36.4%
					San. Fran.	87,334	11.0%
Oats	1,060,737 bu.	259,053 bu.	24.4	2	Chicago	306,931	29.0%
					Kan. City	155,408	14.7%
Linseed Oil—Capacity of Minneapolis Linseed Mills: Minneapolis mills can use yearly 14,800,000 bushels of flax.							
Flour (1919-1920)							
9th Dist.	129,096 bbl.	32,147 bbl.	24.9	2	Kan. City	38,026	39.4%
					San. Fran.	15,669	12.2%
Minneapolis	.....	15,003 bbl.	11.6	1*	Buffalo	5,243	4.1%
					Kan. City	3,597	2.8%
*Among cities of United States. †When 1921 not available, other years used as noted.							
Minerals							
Iron Ore (1918)	72,021 Gr. T.	62,018 Gr. T.	86.3	1	Atlanta	792	9.4%
Iron Ore (1921)	29,547 Gr. T.	25,394 Gr. T.	86.0	1			
Manganese (1920)	94 L. T.	76 L. T.	81.4	1	San. Fran.	second place	
Copper (1918)	1,908,533 lb.	557,522 lb.	29.2	2	San Fran.	1,161,701	60.9%
					Kan. City	56,738	3.0%
Copper (1921)	505,586 lb.	150,389 lb.	29.8	2	San. Fran.	234,878	46.4%
					Kan. City	15,640	3.1%
Silver (1920)	$57,420	$14,392	25.0	2	San. Fran.	$32,987	57.3%
					Kan. City	$ 6,044	10.5%
Animals and Animal Products							
Milch cows	23,594 head	3,252 head	13.8	2	Chicago	4,764	20.2%
					St. Louis	2,609	11.1%
Raw Wool Product	224,564 lb.	26,106 lb.	11.6	3	San. Fran.	78,226	34.8%
					Kan. City	36,908	16.4%
Total Live Stock	159,136 head	19,267 head	12.1	3	Dallas	23,254	10.3%
					Chicago	27,915	17.5%
					Kan. City	25,304	15.9%
Other cattle	41,939 head	5,839 head	13.9	4	San. Fran.	19,221	12.0%
					Kan. City	9,027	21.5%
					Dallas	6,605	15.7%
Sheep	37,452 head	4,184 head	11.2	4	Chicago	6,017	14.3%
					San. Fran.	11,903	31.6%
					Kan. City	7,148	19.1%
Hogs	56,097 head	5,992 head	10.7	5	Dallas	4,643	12.4%
					Chicago	14,447	25.8%
					St. Louis	8,224	14.7%
Miscellaneous					Kan. City	7,082	12.6%
Potatoes	346,823 bu.	72,815 bu.	21.0	1	Atlanta	6,682	11.9%
					Boston	49,191	14.2%
Wood Pulp (1918)	3,313 S. T.	705 S. T.	21.3	3	New York	38,502	11.1%
					Boston	1,182	35.8%
					New York	749	22.6%

THE IMPORTANCE OF THE NATIONAL DAIRY SHOW TO THE NORTHWEST

On account of the numerous expressions of interest, and many inquiries received, the following summary has been designed to cover the history, objects, and methods of this important organization.

The Sixteenth National Dairy Exposition, to be held this year at the Minnesota State Fair Grounds, October 7 to 14, is the annual show staged under the direction of the National Dairy Association, and is the second exposition to be held in the Northwest, the 1921 show having been held at the Minnesota State Fair Grounds also. The National Dairy Association surperseded the original National Dairy Show Association in 1917. This latter association was organized shortly after the World's Fair at St. Louis by creamery and dairy equipment manufacturers, and the show that was held each year was primarily an exhibit of their wares. After a few shows, some of the large pure bred breeders throughout the country sought the opportunity of exhibiting their herds at these shows, and as a result, were admitted to the organization. In a short time the creamery operators and the cheese and ice-cream manufacturers, realizing what a wonderful opportunity lay before them in the National Dairy Show, likewise effected an entrance into the organization. Lastly, the dairymen, who up to this time had been the most interested spectators at the shows, were admitted to membership. At the present time there are between four and five hundred members of this new organization (National Dairy Association), representing every phase of the dairy industry, including the man who milks the cows, the man who owns the dairy farm, the man who raises the pure bred cattle, the creamery, cheese and ice-cream factory operator, the publishers of dairy papers, and the manufacturers of creamery and dairy equipment.

The year 1921 was an exceptionally good one for the National Dairy Show to come to the Northwest, as the grain farmer was in a particularly receptive mood for diversification propaganda. As a result, he listened eagerly to the advocates of the high grade dairy cow which would give him a year-around income. So necessary was it in North Dakota for the farmers to get away from one crop farming, that Governor Nestos, convinced by the National Dairy Show that the dairy cow was the solution, designated a "Diversified Farming Week," March 6-11. During this week, 214 meetings were held in 32 North Dakota counties, attended by 20,653 farmers. A doubling of general diversification with a 35 per cent increase in dairying for 1922, is the prediction of Director G. W. Randlett of the Extension Division, who was in charge. During the show many North Dakota farmers purchased a number of good dairy cows and shortly afterwards over 30 car-loads were shipped into the state.

The benefits to the Northwest resulting from last year's National Dairy Show at the State Fair Grounds, prove that the show is worth while and a paying project. It is difficult, nevertheless, to determine its value in dollars and cents. Approximately 35,000 farmers attended last year's show and a majority of them spent most of their time examining the livestock exhibits. As a result of their talks with the exhibitors, the dairymen in charge and the handlers, and of their close examination of some of the best dairy animals in the world, many farmers went home with a definitely developed idea that, as soon as possible they were going to begin raising some "four-legged gold mines." In a dozen or more localities throughout the district a large number of good grade cows have already been imported and plans have been made for the improvement of herds in many more.

Of the 62 Minnesota livestock exhibitors last year, 30 were Holstein, 13 Jersey, 13 Guernsey, 2 Brown Swiss and 2 Ayrshire breeders. The state association for each breed reports from several to many sales of pure breds as a result of the show, a strong demand for grade cows and a wide-spread general interest in the breed. The Minnesota Jersey Cattle Club reports a noticeable increase in demand for Jersey milk, as a result of the free distribution of ice cold samples during the show. Naturally, in communities where there has been an active local organization to continue the work started by the show, the greatest development has occurred. The Blue Earth County Holstein Breeders Association and the Blue Earth County Guernsey Breeders Association are such organizations, and their enthusiastic officers are largely responsible for the introduction of 200 head of good grade Holstein cows and 50 grade Guernsey cows into Blue Earth County since the 1921 show, and for the increase of the number of pure bred herds by 30 during the last year. These purchases have been financed in the main, by local bankers in Blue Earth County, and the rate of interest charged for loans to purchase dairy cows and sires is usually 1 per cent lower than the prevailing rate.

Other communities have also had a much larger traffic in dairy cattle during the last year, one of the most notable being Dodge County, which has shipped out 1,000 head of grade Holsteins, 500 to points in Minnesota, the balance going to North and South Dakota, Wyoming, Nebraska and Iowa. Steele County breeders have shipped out 200 head, principally to Minnesota points, while breeders in Rice County have shipped 640, 80 per cent remaining in Minnesota and better than 10 per cent going to the Dakotas. In addition to these shipments of grade dairy cows, many pure bred sires have been sold, farmers and breeders in the Red River Valley alone purchasing 85 Holstein sires and over 600 grade cows of the various breeds.

In order to secure numerous entries from the best dairy herds throughout the United States for the

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