

## monthly statistical report

# NINTH DISTRICT CONDITIONS federal reserve bank of minneapolis

### TOTAL TIME AND SAVINGS DEPOSITS DECLINE AS HEAVY OUTFLOW OF CDS CONTINUE

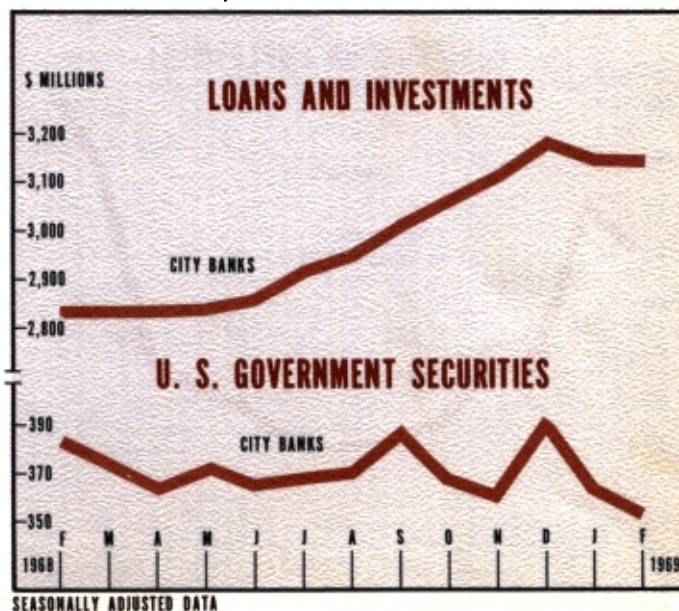
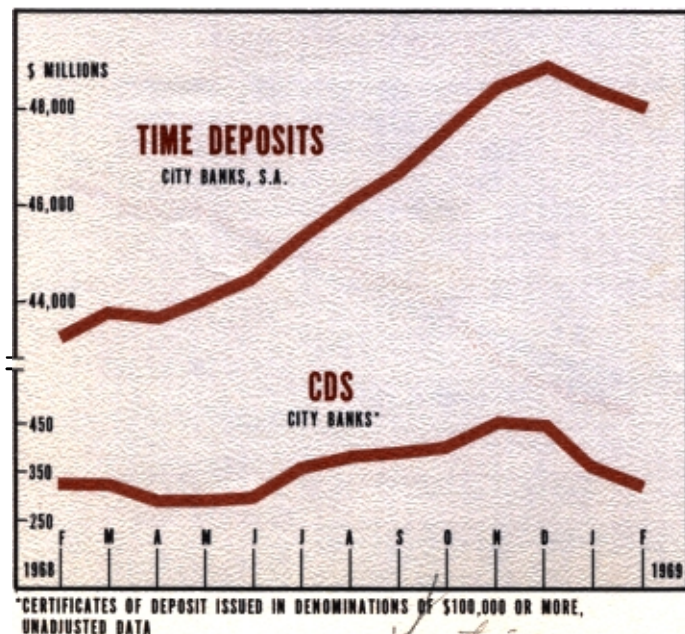
Total time and savings deposits at Ninth district member banks continued to decline during February. After adjustment for seasonal movements, the outflow during February was at an annual rate of 8 percent – about the same as that recorded during January.

A large part of the decline in total time deposits during February, as in January, was attributable to the continued heavy outflow of negotiable certificates of deposit (large CDs). Weekly reporting banks sustained a \$28 million runoff in large CDs during the month. Although this was a far smaller loss than the \$89 million drop recorded in January, it still represents a striking divergence from the \$25 million average increase recorded in February of the two preceding years. The pronounced reduction in the net outflow of large CDs during February was due mainly to a sharp contraction in the volume of large CDs maturing during the month. The ratio of CD outflow to the volume of CDs maturing was approximately 50 percent during February – about the same as in the preceding month.

Consumer-type time deposits (all time deposits other than large CDs) also advanced at a less than seasonal pace during February. The increase recorded during February was 25 percent below that of the average advance in the preceding two years. On the other hand, savings deposits, which account for one-fourth of total time and savings deposits, have experienced no slowing thus far in 1969.

Total credit growth (loans and investments) at district member banks has slowed perceptibly since the start of 1969. Virtually all of the slowing has occurred at large city banks whereas the rate of credit growth at country banks has remained rather steady since November.

After increasing at a 13 percent seasonally adjusted annual rate in the final two months of 1968, total district bank credit growth slowed to a 3 percent annual rate in the January-February two-month period. Virtually all of the slowing was concentrated in the investments sector, principally U.S. Government securities. The pace of loan expansion, at 12 percent, in January-February was virtually unchanged from that recorded in the November-December period.



The resistance of the loan sector to the adjustment process induced by the slowing of deposit inflow during this period was most pronounced at district city banks. The growth rate of total loans and investments dropped from 23 percent, annual rate, to minus 8 percent during the first two months of 1969. Yet, the loan component maintained a virtually unchanged 18 percent pace during each period.

## UPTREND CONTINUES IN CONSTRUCTION INDUSTRY

The current uptrend in construction employment, which began in September of last year, continued through February. At 108,800, employment was 3.3 percent (seasonally adjusted) above the preceding month's level and 6.5 percent greater than last year. Part of the increase in employment during February occurred as a result of continued strength in the housing industry, and some of the gain was attributed to the start of flood control work throughout the district. An indicator of the relative strength of housing activity in the current construction upturn is the number of housing units authorized by building permits in the district. Although the number of units authorized (on a seasonally adjusted basis) exhibited a slight downward trend during the three months ending in February, the level of new units authorized is still relatively high. During these three months an average 3,491 housing units were authorized each month. This was almost 17 percent greater than the preceding three month average and was 19 percent above the comparable year-earlier period.

Information relating to contracts awarded in the district suggests that building construction will continue to be relatively stronger than nonbuilding construction. Seasonally adjusted, contracts awarded for residential construction during the three months ending in January were about 15 percent greater than during the three preceding months, and nonresidential building contracts

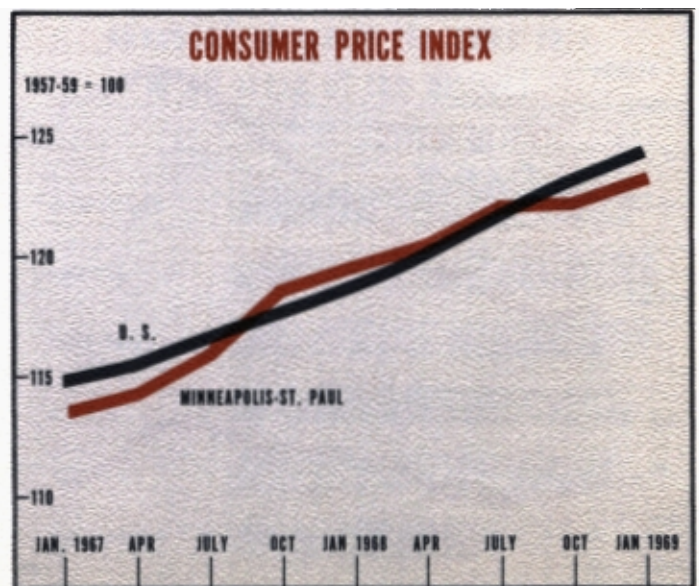
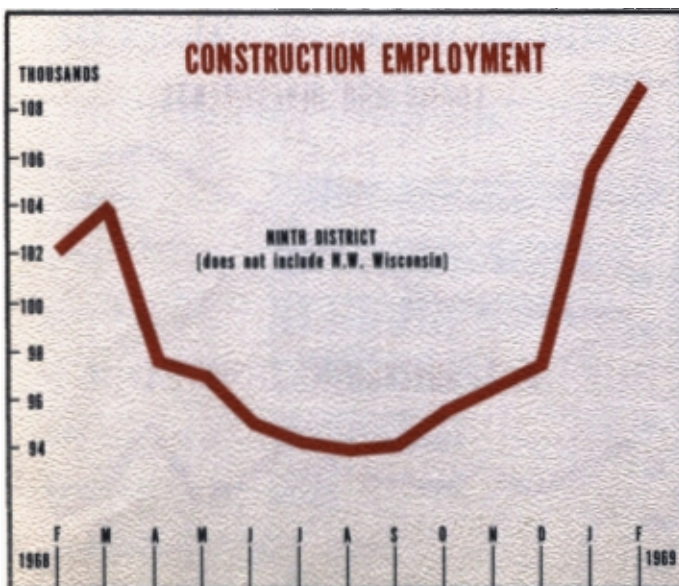
rose 13 percent. Because of a reduced volume of highway construction, nonbuilding contracts fell 66 percent.

Interest rates on conventional mortgages tended to stabilize in the Twin Cities during February. According to the Federal Home Loan Bank Board, a decline in initial fees and charges caused the average effective mortgage rate to settle 1 basis point to 7.49 percent. Nationally, the upward trend in rates continued through February, for the average mortgage rate rose to 7.39 percent, 9 basis points above the January rate. This was the largest month-to-month increase since last July.

## SOME MODERATION SEEN IN BUSINESS ACTIVITY

Overall business activity in the Ninth district continued at a high level – although there is some indication of moderation – during the first part of 1969. Preliminary estimates indicate that district wage and salary employment increased in February for the eighth successive month, and for the three month period ending in February an 8 percent increase (annual rate) was recorded over the preceding three months. Recent employment gains in the district have been concentrated in the construction, services and trade sectors – offsetting a slowdown in employment growth in manufacturing and government. Employment in the government sector has not increased appreciably since last fall. And employment in manufacturing increased at an annual rate of just 2 percent during the three month period ending in February over the preceding three months. This increase was substantially below the advance in total wage and salary employment recorded in the district over that time period.

Data on the industrial use of electric power also tends to confirm the recent moderation of employment growth in manufacturing. Industrial consumption of electric power in January was nearly 5 percent (annual rate) below December's level. And the average consump-





tion during the three month period ending in January increased at a 4 percent annual rate over the previous three month period — just one-half of the trend rate of growth over the last twelve months.

One of the costs incurred by the district for the high level of economic activity that it is currently enjoying is a rather rapid increase in the price level, but here also some moderation has been experienced recently. Data for the Minneapolis-St. Paul metropolitan area show that consumer prices have increased by 3.0 percent from January 1968 to January 1969. However, this rate of increase is lower than the 4.6 percent increase experienced nationally during the same period, and it is less than the rate of increase experienced between 1967 and the first part of 1968. The slower rate of increase in the Twin Cities area can be attributed almost entirely to a slower rate of growth in the cost of home-ownership.

### REDUCTION IN SOYBEAN ACREAGE EXPECTED

A recent Department of Agriculture release on projected crop plantings for 1969 suggests that the district acreage of soybeans will be smaller for the second consecutive year.

The decreased acreage, together with indications that sales of soybeans have been a declining percent of total cash receipts from all crops in Minnesota, North Dakota and South Dakota for the past two years suggests that the district is making, at least, a temporary shift away from soybeans as a source of farm income. The declining proportion of soybean receipts as well as some of the reduction in acreage has been caused by generally low price levels for soybeans. The lower price levels may be accounted for by the increasing production of soybeans at the national level.

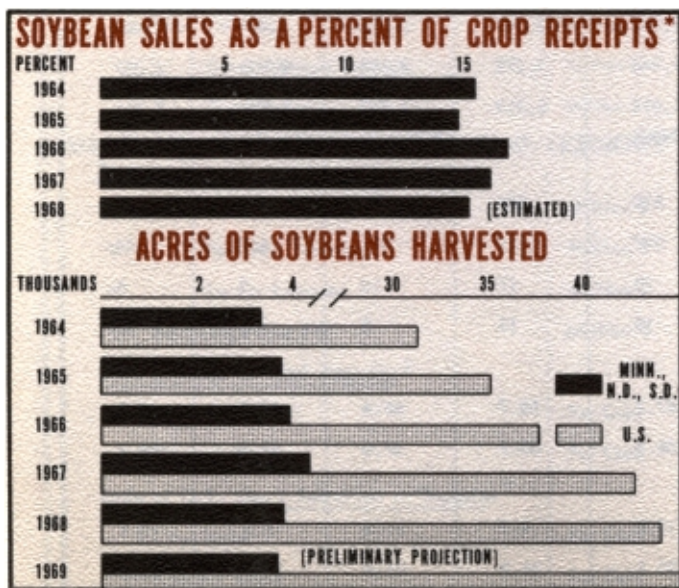
The recently-announced reduction in the loan-rate support price which will apply to the 1969 soybean crop

shows that national policy objectives have taken a stand against further expansion in the production of soybeans. This reduction was from the present rate of \$2.50 per bushel on #2 grade soybeans to \$2.25 per bushel on #1 grade soybeans. (The reduced support price will become effective with the 1969 harvest.) Considering past experience with the difference in value between #1 and #2 soybeans, the rate reduction amounts to approximately 27¢ to 30¢ per bushel on a #2 basis.

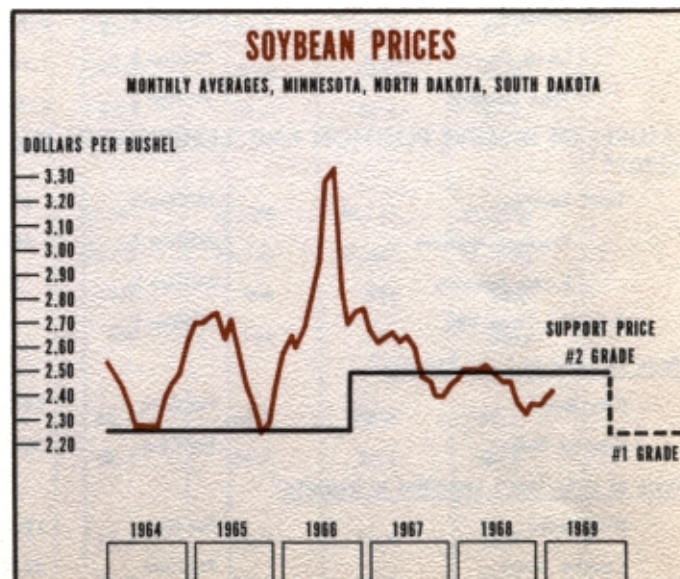
In spite of the reduced support level, the information on total national planting intentions indicates another record acreage for the 1969 soybean crop — the ninth record in nine years.

The uncertain outcome is how low prices will go during the coming crop year. The change in the support level allows more downward adjustment before support is encountered but certainly does not specify the lowest possible price. As shown on the accompanying graph, a government price support level does not provide a "firm floor" under soybean prices — perhaps, their effect could be better described as giving "temporary bouyancy."

What the future holds for soybeans is quite difficult to project. Records show that soybean prices can swing widely from one year to the next. About all that can be said is that currently prices are in a downswing and it appears that the Ninth district, at least, is reacting by producing less of this crop. No emergence from the downswing is yet seen as the nation as a whole continues to increase production.



\*Minnesota, North Dakota, South Dakota



# NINTH DISTRICT<sup>1</sup> income and financial indicators

9th dist.  
percent  
change

item	unit	1968			1969			percent change
		FEBRUARY	MARCH	DECEMBER	JANUARY	FEBRUARY	MARCH	FEB. to FEB.
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION								
Total Personal Income <sup>2</sup>								
Nonagricultural Personal Income								
Average Weekly Earnings in Manufacturing <sup>3</sup>	Dollars,	125.06	125.83	130.99	130.33p	129.86e		+ 3.8
Consumer Instalment Credit Outstanding <sup>4</sup>	Million \$	1,101	1,105	1,210	1,212	1,214		+ 10.3
Time & Savings Deposits at Member Banks	Million \$	4,339	4,386	4,850	4,820	4,821	4,837	+ 11.1
Savings Balances at Savings & Loan Assoc. <sup>2</sup>	Million \$	3,054	3,091	3,233	3,230	3,247p		+ 6.3
Cash Farm Receipts, Total <sup>2</sup>	Million \$	284	286	376	365	n.a.		
Receipts from Crops	Million \$	81	70	135	135	n.a.		
Receipts from Livestock & Produce	Million \$	203	216	241	230	n.a.		
MEASURES OF PRICE LEVELS								
Consumer Price Index <sup>5</sup>	Index, sa				122.9			
Prices Received by Farmers <sup>6</sup>	Index,	110	112	114	115	117		+ 6.4
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS <sup>7</sup>								
CITY BANKS <sup>8</sup>								
Adjusted Loans and Discounts <sup>9</sup>	Million \$	1,972	2,025	2,299	2,217	2,239	2,247	+ 13.5
Real Estate Loans	Million \$	362	364	420	425	429	432	+ 18.5
Commercial and Industrial Loans	Million \$	955	988	1,061	1,034	1,045	1,061	+ 9.4
Total Investments	Million \$	826	821	944	911	866	812	+ 4.8
U.S. Government Obligations	Million \$	384	370	395	387	355	331	- 7.6
Other Securities	Million \$	442	451	549	524	511	481	+ 15.6
Total Deposits	Million \$	3,132	3,074	4,008	3,398	3,271	3,273	+ 4.4
Gross Demand Deposits	Million \$	1,767	1,702	2,476	1,934	1,830	1,848	+ 3.6
Time Deposits	Million \$	1,365	1,372	1,532	1,464	1,441	1,425	+ 5.6
COUNTRY BANKS <sup>10</sup>								
Loans and Discounts	Million \$	2,787	2,818	3,119	3,113	3,134	3,186	+ 12.4
Total Investments	Million \$	1,977	1,969	2,173	2,184	2,139	2,121	+ 8.2
U.S. Government Securities	Million \$	1,116	1,101	1,185	1,169	1,122	1,092	+ 0.5
Other Securities	Million \$	861	868	988	1,015	1,017	1,029	+ 18.1
Total Deposits	Million \$	4,943	4,962	5,597	5,460	5,431	5,468	+ 9.9
Gross Demand Deposits	Million \$	1,969	1,948	2,278	2,103	2,051	2,057	+ 4.2
Time Deposits	Million \$	2,974	3,014	3,319	3,357	3,380	3,411	+ 13.7
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS								
Reserves: <sup>11</sup>								
Total Reserves	Million \$	621	610	686	701	678	656p	+ 9.2
Required Reserves	Million \$	604	597	669	691	669	648p	+ 10.8
Excess Reserves	Million \$	17	13	17	10	9	8p	- 47.1
Borrowings from FRB	Million \$	2	18	13	8	16	53p	+700.0
Ratio of Loans to Total Deposits: <sup>7</sup>								
City Banks	Per Cent	64.2	67.7	58.7	66.4	69.8	69.9	+ 8.7
Country Banks	Per Cent	56.4	56.8	55.7	57.0	57.7	58.3	+ 2.3
Ratio of U.S. Gov't Securities to Deposits: <sup>7</sup>								
City Banks	Per Cent	12.3	12.0	9.9	11.4	10.9	10.1	- 11.4
Country Banks	Per Cent	22.6	22.2	21.2	21.4	20.7	20.0	- 8.4



# UNITED STATES income and financial indicators

U.S. <sup>15</sup> percent change		item	unit	1968			1969		
FEB. to FEB.				FEBRUARY	MARCH	DECEMBER	JANUARY	FEBRUARY	MARCH
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION									
+ 8.8	Total Personal Income	Billion \$, saar	663.0	670.0	713.5	716.1	721.4p		
+ 8.9	Nonagricultural Personal Income	Billion \$, saar	643.1	649.9	692.5	695.1	700.6p		
+ 5.3	Average Weekly Earnings in Manufacturing	Dollars	119.36	120.18	127.82	126.05	125.74p		
+13.1	Consumer Instalment Credit Outstanding <sup>4</sup>	Billion \$	32.8	33.1	37.0	37.0	37.1		
+ 6.5	Time & Savings Deposits at Member Banks	Billion \$	151.7	152.5	163.6	161.8	161.6		
+ 5.9	Savings Balances at Savings & Loan Assoc.	Billion \$	124.7	126.0	131.6	131.5	132.1p		
	Cash Farm Receipts, Total	Billion \$	2.8	3.0	4.0	3.7	n.a.		
	Receipts from Crops	Billion \$	.9	.9	1.9	1.5	n.a.		
	Receipts from Livestock & Produce	Billion \$	1.9	2.1	2.1	2.2	n.a.		
MEASURES OF PRICE LEVELS									
+ 4.7	Consumer Price Index	Index, sa	119.0	119.5	123.7	124.1	124.6		
+ 3.8	Prices Received by Farmers	Index	106	107	108	109	110		
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS <sup>7</sup>									
CITY BANKS <sup>8</sup>									
+12.2	Adjusted Loans and Discounts <sup>9</sup>	Billion \$	140.5	141.6	161.8	156.7	157.6		
+11.7	Real Estate Loans	Billion \$	29.1	29.3	32.1	32.2	32.5		
+13.2	Commercial and Industrial Loans	Billion \$	65.1	66.5	74.0	72.9	73.7		
+ 0.3	Total Investments	Billion \$	62.9	61.9	68.4	65.9	63.1		
-12.5	U.S. Government Obligations	Billion \$	28.7	27.1	29.4	27.7	25.1		
+11.1	Other Securities	Billion \$	34.2	34.8	39.0	38.2	38.0		
+ 5.6	Total Deposits	Billion \$	221.5	219.0	256.4	237.0	233.9		
+ 7.0	Gross Demand Deposits	Billion \$	116.5	113.9	144.3	127.0	124.7		
+ 4.0	Time Deposits	Billion \$	105.0	105.1	112.1	110.0	109.2		
COUNTRY BANKS <sup>10</sup>									
+12.0	Loans and Discounts	Billion \$	49.3	49.7	55.2	54.7	55.2		
+ 5.8	Total Investments	Billion \$	34.3	34.3	36.4	36.6	36.3		
- 2.2	U.S. Government Securities	Billion \$	18.6	18.4	18.8	18.8	18.2		
+15.3	Other Securities	Billion \$	15.7	15.9	17.6	17.8	18.1		
+ 8.6	Total Deposits	Billion \$	87.6	87.7	98.5	95.3	95.1		
+ 4.6	Gross Demand Deposits	Billion \$	40.9	40.3	47.0	43.5	42.8		
+12.0	Time Deposits	Billion \$	46.7	47.4	51.5	51.8	52.3		
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS									
Reserves: <sup>11</sup>									
+ 6.8	Total Reserves	Million \$	25,591	25,561	27,196	28,111	27,338p		
+ 7.5	Required Reserves	Million \$	25,202	25,225	26,752	27,887	27,093p		
-37.0	Excess Reserves	Million \$	389	336	444	224	245p		
+127.2	Borrowings from FRB	Million \$	368	658	744	714	836p		
Ratio of Loans to Total Deposits: <sup>7</sup>									
+ 6.9	City Banks	Per Cent	65.2	66.0	64.3	68.4	69.7		
+ 3.0	Country Banks	Per Cent	56.3	56.6	56.1	57.4	58.0		
Ratio of U.S. Gov't Securities to Deposits: <sup>7</sup>									
-17.7	City Banks	Per Cent	13.0	12.4	11.4	11.7	10.7		
- 9.9	Country Banks	Per Cent	21.3	21.0	19.1	19.7	19.2		

# NINTH DISTRICT<sup>1</sup> production and employment indicators

								9th dist percent change
item	unit	1968			1969			FEB. to FEB.
		FEBRUARY	MARCH	DECEMBER	JANUARY	FEBRUARY	MARCH	
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION								
Total Industrial Production:								
Manufacturing								
Mining								
Utilities								
Electrical Energy Consumption: Mfg. & Mining	Index, sa	230	228	241	243	246		+ 7.0
Manufacturing	Index, sa	208	207	225	228	231		+11.1
Mining	Index, sa	333	324	318	316	317		- 4.8
Production Worker Manhours: Mfg. & Mining	Index, sa	120	119	121	n.a.	n.a.		
Manufacturing	Index, sa	129	127	130	n.a.	n.a.		
Mining	Index, sa	77	78	78	n.a.	n.a.		
Total Construction Contracts Awarded	Million \$, sa	149.6	138.7	170.8	154.6	n.a.		
Residential Buildings	Million \$, sa	54.9	56.4	91.4	51.9	n.a.		
Nonresidential Buildings	Million \$, sa	37.6	48.8	61.9	69.2	n.a.		
All Other Construction	Million \$, sa	57.1	33.5	17.5	33.5	n.a.		
Bldg. Permits: New Housing Units <sup>12</sup>	Number	1,768	2,429	2,715	1,733	1,631		- 7.7
MEASURES OF MANPOWER UTILIZATION <sup>3</sup>								
Civilian Work Force	Thousands, sa	2,531	2,529	2,540	2,577p	2,582e		+ 2.0
Total Civilian Employment	Thousands, sa	2,446	2,442	2,458	2,498p	2,505e		+ 2.4
Number Unemployed	Thousands, sa	85	87	82	79p	77e		- 9.4
Unemployment Rate	Per Cent, sa	3.4	3.5	3.2	3.1p	3.0e		-11.8
Average Weekly Hours in Manufacturing	Hours, sa	41.5	41.1	40.9	41.1p	41.3e		- 0.5
EMPLOYMENT BY INDUSTRY SECTOR <sup>3</sup>								
Wage and Salary Employment, Nonfarm	Thousands, sa	1,824	1,828	1,857	1,880p	1,889e		+ 3.6
Manufacturing	Thousands, sa	370	374	378	381p	382e		+ 3.2
Mining	Thousands, sa	31	31	33	33p	33e		+ 6.5
Construction	Thousands, sa	102	102	98	104p	109e		+ 6.9
Transport., Comm., & Public Utilities	Thousands, sa	130	130	130	131p	131e		+ 0.8
Trade	Thousands, sa	439	441	446	455p	458e		+ 4.3
Finance, Insurance & Real Estate	Thousands, sa	82	82	83	84p	84e		+ 2.4
Service Industries	Thousands, sa	287	286	298	301p	300e		+ 4.5
Government	Thousands, sa	383	382	391	391p	392e		+ 2.3
Number of Workers on Farms	Thousands, sa	368	363	355	356p	357e		- 3.0
MEASURES OF SPENDING								
Total Retail Sales	Million \$, sa							
Durable Goods								
Nondurable Goods	Million \$, sa							
GAF <sup>13</sup>	Million \$, sa							
New Passenger Car Registrations	Thousands, sa	19.0	19.8	19.4	n.a.	n.a.		
Bank Debits <sup>14</sup>	Billion \$, saar	112.1	108.5	135.6	145.2	140.5		

Series discontinued June 1968



# UNITED STATES production and employment indicators

U.S. <sup>15</sup> percent change FEB. to FEB.	item	unit	1968			1969		
			FEBRUARY	MARCH	DECEMBER	JANUARY	FEBRUARY	MARCH
	MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION							
+ 4.9	Total Industrial Production:	Index, sa	162	163	169	169	170p	
+ 4.3	Manufacturing	Index, sa	164	165	170	170	171p	
+ 1.6	Mining	Index, sa	124	126	128	128	126p	
+ 7.5	Utilities	Index, sa	199	198	210	211	214p	
	Electrical Energy Consumption: Mfg. & Mining							
	Manufacturing							
	Mining							
	Production Worker Manhours: Mfg. & Mining	Index, sa	114	115	117	n.a.	n.a.	
	Manufacturing	Index, sa	118	119	120	n.a.	n.a.	
	Mining	Index, sa	77	78	85	n.a.	n.a.	
+29.9	Total Construction Contracts Awarded	Million \$, sa	4726.5	5024.7	5494.9	6437.9	6140.6	
+22.3	Residential Buildings	Million \$, sa	2009.2	2064.4	2303.9	2439.2	2457.8	
+51.3	Nonresidential Buildings	Million \$, sa	1535.3	1742.4	2095.6	2835.8	2322.9	
+15.0	All Other Construction	Million \$, sa	1182.0	1217.9	1095.4	1162.9	1359.9	
+10.1	Bldg. Permits: New Housing Units <sup>12</sup>	Thousands	91.1	117.3	99.2	97.0p	100.3p	
	MEASURES OF MANPOWER UTILIZATION							
+ 2.3	Civilian Work Force	Thousands, sa	78,569	78,658	79,368	79,874	80,356p	
+ 2.8	Total Civilian Employment	Thousands, sa	75,640	75,802	76,765	77,229	77,729p	
-10.3	Number Unemployed	Thousands, sa	2,929	2,856	2,603	2,645	2,627p	
-10.8	Unemployment Rate	Per Cent, sa	3.7	3.6	3.3	3.3	3.3p	
- 0.7	Average Weekly Hours in Manufacturing	Hours, sa	40.8	40.7	40.7	40.6	40.5p	
	EMPLOYMENT BY INDUSTRY SECTOR							
+ 3.5	Wage and Salary Employment, Nonfarm	Thousands, sa	67,600	67,656	69,310	69,618	69,997p	
+ 2.3	Manufacturing	Thousands, sa	19,612	19,607	19,974	19,988	20,063p	
+ 5.6	Mining	Thousands, sa	608	609	638	643	642p	
+ 2.7	Construction	Thousands, sa	3,388	3,330	3,387	3,369	3,480p	
+ 1.8	Transport., Comm., & Public Utilities	Thousands, sa	4,342	4,332	4,400	4,394	4,422p	
+ 4.1	Trade	Thousands, sa	13,920	13,999	14,271	14,449	14,489p	
+ 5.2	Finance, Insurance & Real Estate	Thousands, sa	3,304	3,311	3,442	3,460	3,475p	
+ 4.2	Service Industries	Thousands, sa	10,405	10,415	10,755	10,791	10,846p	
+ 4.6	Government	Thousands, sa	12,021	12,053	12,443	12,524	12,580p	
- 4.7	Number of Workers on Farms	Thousands,sa	4,074	4,014	3,842	3,752	3,881p	
	MEASURES OF SPENDING							
+ 5.7	Total Retail Sales	Million \$, sa	27,449	27,996	28,347	29,031p	29,021e	
+ 6.0	Durable Goods	Million \$, sa	8,828	9,018	9,238	9,483p	9,355e	
+ 5.6	Nondurable Goods	Million \$, sa	18,621	18,978	19,109	19,548p	19,666e	
	GAF <sup>13</sup>	Million \$, sa	7,264	7,440	7,505	7,623p	n.a.	
	New Passenger Car Registrations	Thousands, sa	705.6	682.6	878.5	759.5p	n.a.	
+16.4	Bank Debits <sup>14</sup>	Billion \$, saar	2453.8	2419.2	2773.7	2828.9	2855.6	

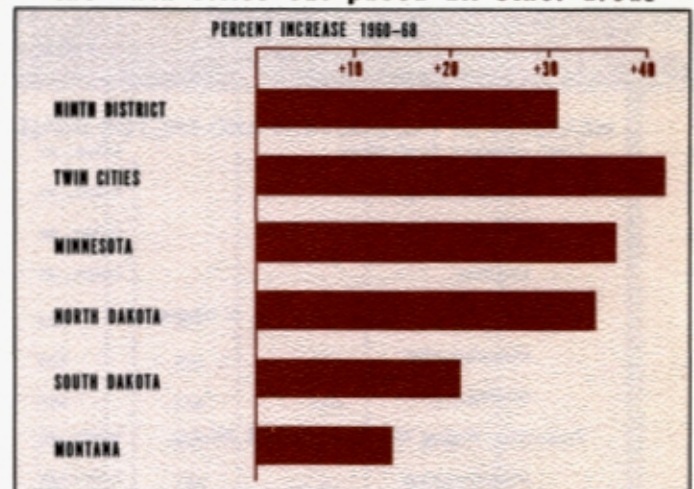
NOTE: For explanation of footnotes, sources and other notes used in volume 3, No. 4(April 1969), see volume 3, No. 1(January 1969).



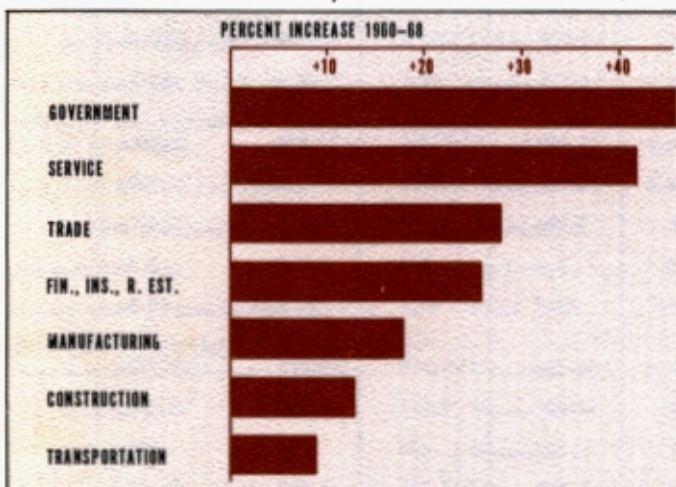
**TOTAL WAGE AND SALARY EMPLOYMENT**  
increased at the same rate from 1960-68  
in the U.S. and the Ninth District



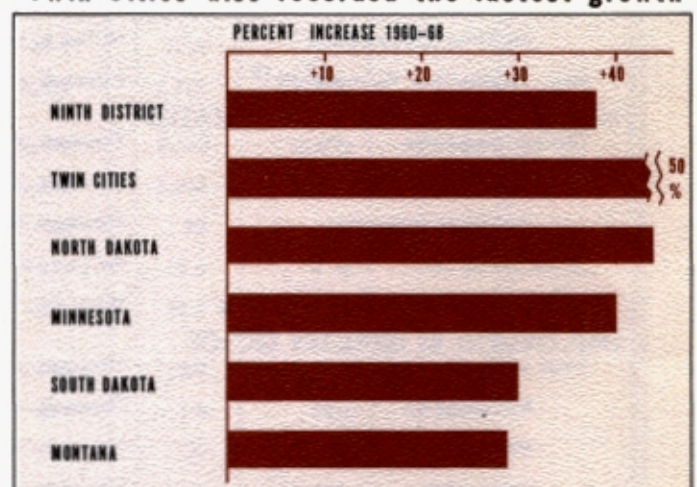
**IN DISTRICT MANUFACTURING**  
the Twin Cities out paced all other areas



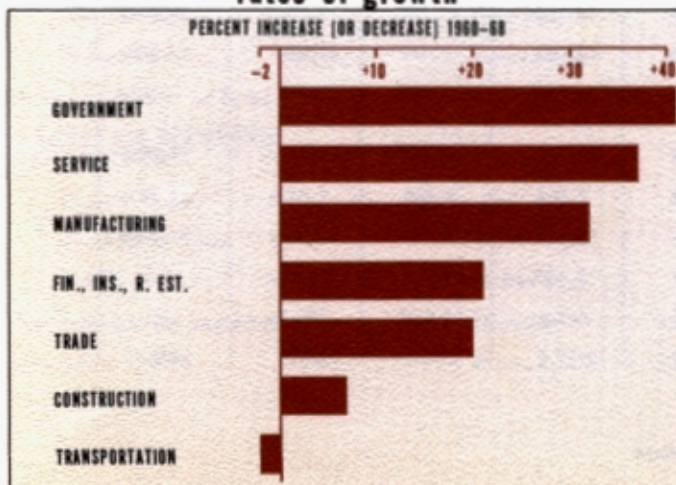
**IN THE U.S. the highest increases were**  
recorded in Govt., Services and Trade



**IN THE SERVICE INDUSTRIES the**  
Twin Cities also recorded the fastest growth



**IN THE NINTH DISTRICT, Govt., Services**  
and Manufacturing recorded the highest  
rates of growth



**EMPLOYMENT IN GOVERNMENT**  
advanced at nearly the same rate  
in all areas of the district

