

monthly
statistical
report

NINTH DISTRICT CONDITIONS
federal reserve bank of minneapolis



DISTRICT EMPLOYMENT
REMAINS HIGH THROUGH SUMMER

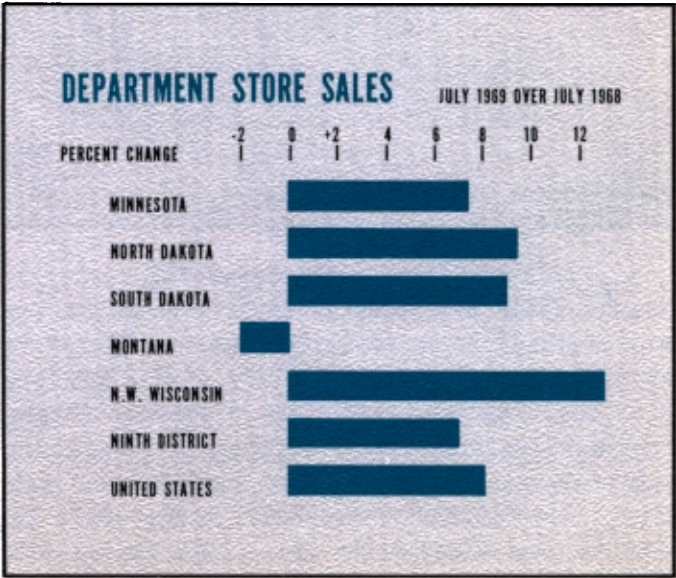
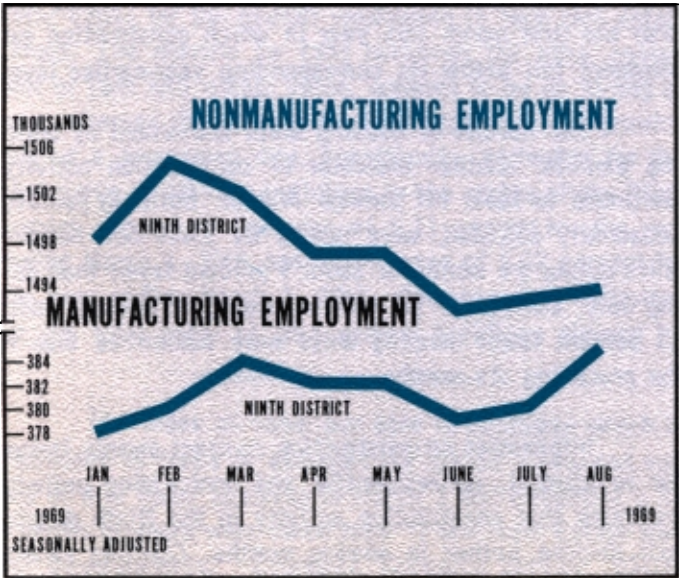
District wage and salary employment, seasonally adjusted, appears to have leveled-off at a high plateau over the summer months. Following a dip in June, employment rose again in both July and August and for the three-month period was 2.4 percent above the same period a year earlier. However, this rise was not sufficient for the district to keep pace with the national expansion in wage and salary employment. Nationally, employment for the three-month period ending in August was 3.5 percent above the year-earlier level.

Despite the July-August advances, district employment remained somewhat below levels attained earlier this year. In the three months ending in August, district employment was down 1.2 percent from the average of the three preceding months. The decline was concentrated in the mining and construction industries; employment in these two sectors decreased 14.4 and 19.8 percent at an annual rate respectively in the three months ending in August. Less marked decreases were also recorded in the trade and government sectors. The service sector was the only one experiencing an expansion in em-

ployment during this period. National wage and salary employment increased 1.7 percent in the June-August period over the preceding three-month period.

The district's August increase in total wage and salary employment was spurred by the sharp 14.1 percent rise from July in manufacturing employment. This more than accounted for the 3.4 percent increase in total employment between July and August, since employment declined in mining and government between the two months and was little changed in other sectors. National wage and salary employment increased by 2.9 percent between July and August.

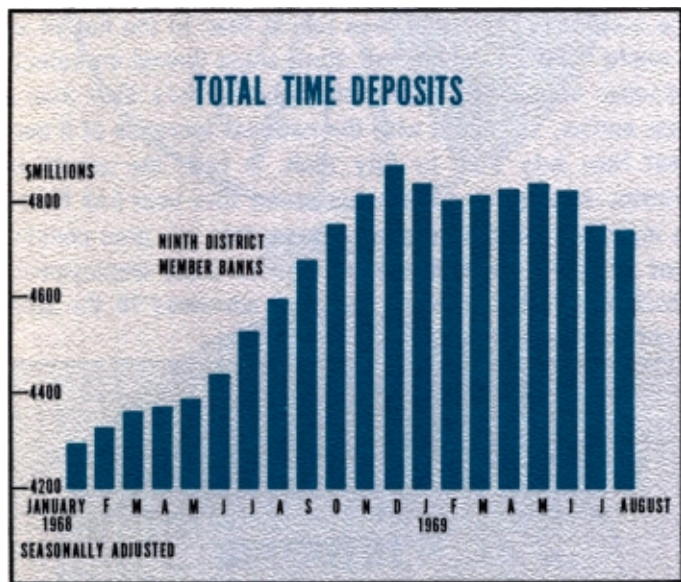
Trade data also suggest that economic activity in the district is somewhat less robust than in the nation as a whole. District department store sales (based on selected urban areas) were 7 percent higher in July 1969 than a year earlier, compared with the national increase of 8 percent from July 1968 to July 1969. In fact, the growth in district department store sales so far this year has failed to match national increases. These data are also consistent with the performance of district trade employment, which has failed to equal national advances in the first eight months of this year.



LOAN EXPANSION SLOWS AT NINTH DISTRICT COUNTRY BANKS

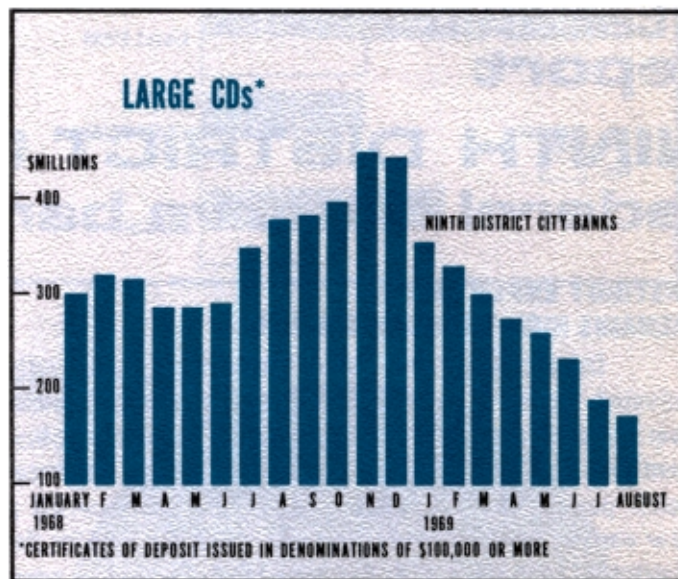
The pace of loan expansion at Ninth district member banks has slowed markedly during the third quarter. After rising at a 12 percent seasonally adjusted annual rate during the second quarter, district bank loan growth slowed to a 4 percent, annual rate, in the July-August period. The slowing trend in the Ninth district is consistent with that reported for the nation during this period.

The recent easing of loan growth at the district level reflects primarily the slowing of loan expansion at country banks. Throughout the second quarter, district bank loan expansion had been sustained by a substantial growth at country banks that was strong enough to offset a reduction in loans at city banks. The vigorous second quarter growth in country bank loans had been made possible by the continuation of large deposit inflows and a reduction of bank liquidity primarily in the form of a substantial sell-off of U.S. Government securities. Since midyear, however, the inflow of total deposits to country banks has slowed perceptibly, particularly in the time deposit sector. The net effect has been to reduce the supply of funds available for making loans even though the sell-off of U.S. Government securities has continued at a rapid pace. As a result loan expansion at country banks slowed from a near 20 percent annual rate in the second quarter to 12 percent in the July-August period.



Outstanding loans at city banks continued to decline during the July-August period. The conditions that partly contributed to the contraction in loans earlier in the year still exist. That is, an outflow of time deposits, mainly large negotiable certificates of deposits attracted in part to higher interest rates elsewhere, and intense liquidity pressures. The outflow of time deposits is not quite as large now compared to the second quarter partly because the level of negotiable CDs is much lower. On the

other hand, city banks in recent months have been experiencing a somewhat stronger demand deposit outflow compared to the first half of 1969. As for liquidity considerations, the loan-deposit ratio in August stood at 72 percent, a level which has been maintained for the last five months but which is considerably higher than the 67 percent level of August 1968.



DOWNTURN IN NINTH DISTRICT CONSTRUCTION EMPLOYMENT CONTINUES

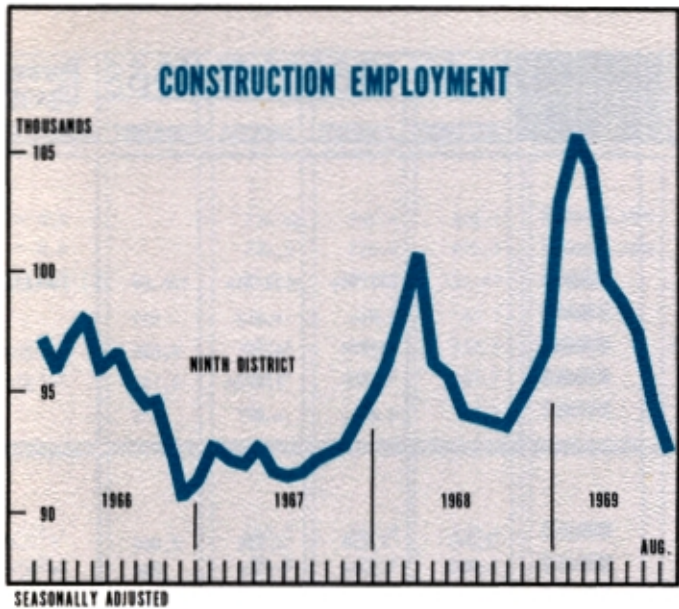
Tight money conditions continued to restrain Ninth district construction activity during August. In addition, currently available data suggest further slowing can be expected in coming months.

Employment data gives the best overall picture of the degree of softening in construction conditions over the past six months. In August, construction employment in the district was at 92,400, seasonally adjusted. This represents a decline of about two percent in employment since mid-July, and a twelve percent drop in employment since the current downturn began in March. August was also the first month this year in which construction employment fell below its corresponding year-earlier level.

The number of housing units authorized by building permits, another indicator of construction activity, continued to taper off through August. Building permits, seasonally adjusted, were issued for 2,449 new housing units during the month, or about 9 percent fewer than during July. During the six months ending in August, about 13 percent fewer housing units were authorized than in the preceding six months.

Information on construction contract awards issued for residential, nonresidential and nonbuilding projects indicates that construction activity in the Ninth district will decline further in coming months. Contract awards

for new construction projects for the three months ending in July were 13 percent lower than in the preceding three months and nearly 20 percent below the corresponding level one year earlier.



FARM REAL ESTATE VALUES MAY BE WEAKENING IN THE NINTH DISTRICT STATES

Ninth district farm real estate values appear to be weakening somewhat from the long-established upward trend. Recent information from the Department of Agriculture shows that the District's average monthly increase in the index of average farm real estate value per acre fell to 0.59 on March 1 of this year from 0.78 last November 1.¹ This is the smallest increase for the Ninth district since March of 1965. It is, moreover, the first time that the district's average increase has been less than the 48-state average increase since March of 1967. Most of the weakening occurred in Minnesota where the monthly increase in the index fell to 0.5 from 1.13 recorded last November 1.

A slack in the demand for land appears to be the basic cause for the overall weakening in farm real estate values. The demand for farm buildings, the other component of farm real estate value, appears to be as strong as ever, whereas the demand for land appears to be growing only at a decreasing rate. Specifically, estimates for the total value of all farm buildings in the states of the Ninth district showed an increase of 5.11 percent for the year ending March 1, 1968 and an increase of 5.12 percent for the year ending March 1, 1969. Corresponding estimates for the total value of land without buildings showed in-

¹An index of value per acre is available which is expressed in terms of averages for states. Computed values of this index applying to March 1 and November 1 for a series of years were taken from "Farm Real Estate Market Developments," Economic Research Service, USDA.

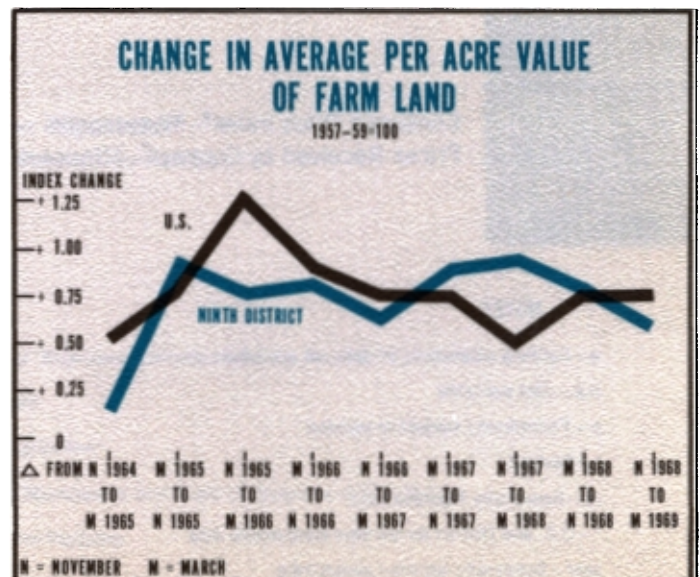
creases of 6.78 percent and 5.90 percent, respectively.

For the district as a whole, buildings account for about 20 percent of the total value of farm real estate. In Minnesota, the share is about 30 percent. This is a far larger share than is found in any other district state.

A decrease in the number of farm title transfers in all of the district states except Montana is a further indication of slack in the farm real estate market. In Montana, the number of transfers increased from an average of 47.6 sales per 1,000 farms during the year ending March 1, 1968 to an average of 50.9 last March 1. In Minnesota, the number of transfers decreased from 50.3 to 47.3; in North Dakota, 37.0 to 33.8; and in South Dakota, 39.5 to 36.9.

In addition, the average gross cash rent per acre was reported to be up in Minnesota, North Dakota and South Dakota. And in the Dakotas there were increases in the ratio of gross rent to land value also. The only comparable statistic available for Montana shows an increase in the average rental charge for grazing land of 5¢ per head per month which was about even with last year's increase. The increase in farm rentals, in addition to the decline in the number of farm title transfers would seem to indicate that there may be some slowing in the consolidation of smaller farms into larger units.

An additional interesting note applies to Montana where information is available on the index of average farm real estate value by type of real estate. The types differentiated are real estate used for irrigated land, dry land farming, and grazing. Over the recent year (ending March 1, 1969), grazing land increased the most in value with the index shifting from 186 to 193 (1957-59=100). This was followed by equal increases in dry farming land (159 to 164) and irrigated land (151 to 156).



NINTH DISTRICT income and finance

I N D I C A T O R		UNIT	1969			1968	Percent Change	
			SEPTEMBER	AUGUST	JULY	AUGUST	AUG. to AUG.	
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION	Total Personal Income*							
	Nonagricultural Personal Income*							
	Average Weekly Earnings in Manufacturing ¹	Dollars,		132.06e	132.26e	126.89	+ 4.1	
	Consumer Installment Credit Outstanding ²	Million \$		n.a.	1,312	839		
	Time and Savings Deposits at Member Banks	Million \$		4,774	4,791	4,626	+ 3.2	
	Savings Balances at Savings & Loan Assoc. ³	Million \$		3,307	3,292p	3,137	+ 5.4	
	Cash Farm Receipts ³	Million \$		n.a.	297	377		
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS	CITY BANKS ^{4,5}							
	Adjusted Loans and Discounts ⁶	Million \$	2,241	2,238	2,236	2,080	+ 7.6	
	Commercial and Industrial Loans	Million \$	1,022	1,034	1,056	986	+ 4.9	
	Real Estate Loans	Million \$	464	458	456	396	+15.7	
	Gross Demand Deposits	Million \$	1,942	1,904	1,862	1,814	+ 5.0	
	Time Deposits	Million \$	1,264	1,286	1,309	1,451	- 11.4	
	U.S. Government Securities	Million \$	309	311	325	370	- 15.9	
	Other Securities	Million \$	561	551	574	471	+17.0	
	COUNTRY BANKS ^{4,7}							
	Loans and Discounts	Million \$	3,495	3,481	3,487	3,051	+14.1	
	Gross Demand Deposits	Million \$	2,201	2,139	2,115	2,049	+ 4.4	
	Time Deposits	Million \$	3,495	3,488	3,482	3,175	+ 9.9	
	U.S. Government Securities	Million \$	994	987	985	1,094	- 9.8	
	Other Securities	Million \$	1,043	1,025	1,009	898	+14.1	
	MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS	Total Reserves*	Million \$	663p	667	673	639	+ 4.4
		Required Reserves	Million \$	657p	658	662	624	+ 5.4
		Excess Reserves	Million \$	9p	9	11	15	-40.0
		Borrowings from FRB	Million \$	29p	20	37	18	+11.1
		Ratio of Loans to Total Deposits—City Banks ⁴	Percent	71.6	72.8	71.8	65.2	+11.7
Ratio of Loans to Total Deposits—Country Banks ⁴		Percent	61.3	61.9	62.3	58.4	+ 6.0	
MEASURES OF PRICE LEVELS		Consumer Price Index ⁹ —Minneapolis	Index, sa			128.0		
	Prices Received by Farmers ⁹ —Minnesota	Index, sa		128	128	112	+ 14.3	

NOTES

- e—Partially estimated; all data not available
n.a.—Not available
p—Preliminary; subject to revision
r—Revised
sa—Seasonally adjusted data
*—U.S. and District do not have comparable data
saar—Seasonally adjusted annual rate

FOOTNOTES

- Excluding Northwestern Wisconsin
- All commercial banks, estimated by a sample of banks
- Excluding Northwestern Wisconsin and Upper Michigan
- Last Wednesday of the month figures
- City Banks—Selected banks in major cities
- Net loans and discounts less loans to domestic commercial city banks
- Country Banks—All member banks excluding the selected major city banks
- Average of daily figures of the four or five weeks ending on Wednesday which contain at least four days falling within the month
- Index: 1957-59 Base Period

UNITED STATES income and finance

Percent Change AUG. to AUG.	1969			1968	UNIT	I N D I C A T O R	
	SEPTEMBER	AUGUST	JULY	AUGUST			
+ 8.7		756.6p	751.4	696.1	Billion \$, saar	Total Personal Income	MEASURES OF CONSUMER INCOME & FINANCIAL POSITION
+ 8.6		733.8	728.8	675.5	Billion \$, saar	Nonagricultural Personal Income	
+ 6.1		129.11p	129.20	121.69	Dollars	Average Weekly Earnings in Manufacturing	
		n.a.	39.2	35.7	Billion \$	Consumer Installment Credit Outstanding ²	
- 3.5		152.4	154.0	157.9	Billion \$	Time and Savings Deposits at Member Banks	
+ 4.7		133.7	133.7	127.7	Billion \$	Savings Balances at Savings & Loan Assoc.	MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS
		n.a.	3.8	3.8	Billion \$	Cash Farm Receipts	
+ 11.1		165.1	168.0	148.6	Billion \$	CITY BANKS ^{4, 5}	
+ 12.0		76.3	77.6	68.1	Billion \$	Adjusted Loans and Discounts ⁶	
+ 9.1		33.5	33.3	30.7	Billion \$	Commercial and Industrial Loans	
+ 8.5		126.9	127.1	117.0	Billion \$	Real Estate Loans	
- 8.6		99.0	100.6	108.3	Billion \$	Gross Demand Deposits	
- 15.8		23.4	23.5	27.8	Billion \$	Time Deposits	
- 0.6		36.1	36.6	36.3	Billion \$	U.S. Government Securities	
						Other Securities	
+ 12.3		59.5	59.4	53.0	Billion \$	COUNTRY BANKS ^{4, 7}	
+ 3.8		43.8	43.9	42.2	Billion \$	Loans and Discounts	
+ 7.7		53.4	53.3	49.6	Billion \$	Gross Demand Deposits	
- 9.9		16.3	16.5	18.1	Billion \$	Time Deposits	
+ 13.3		18.8	18.8	16.6	Billion \$	U.S. Government Securities	
						Other Securities	
+ 3.6		26,980p	27,052	26,033	Million \$	Total Reserves ⁸	MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS
+ 4.3		26,808p	26,848	25,696	Million \$	Required Reserves	
- 49.0		172p	372	337	Million \$	Excess Reserves	
+ 110.1		1,210p	1,230	576	Million \$	Borrowings from FRB	
+ 11.8		75.8	76.3	67.8	Percent	Ratio of Loans to Total Deposits—City Banks ⁴	
+ 6.2		61.3	61.1	57.7	Percent	Ratio of Loans to Total Deposits—Country Banks ⁴	MEASURES OF PRICE LEVELS
+ 5.6		128.7	128.2	121.9	Index, sa	Consumer Price Index ⁹	
+ 6.5		115	117	108	Index, sa	Prices Received by Farmers ⁹	

SOURCES

PERSONAL INCOME: U.S. Department of Commerce, Office of Business Economics

SAVINGS AND LOAN ASSOCIATIONS: Federal Home Loan Bank Board

CASH RECEIPTS FROM FARM MARKETINGS: U.S. Department of Agriculture

FINANCIAL DATA OF MEMBER BANKS: Federal Reserve Bank of Minneapolis and Board of Governors of F. R. System

CONSUMER PRICE INDEX: U.S. Department of Labor, Bureau of Labor Statistics

PRICES RECEIVED BY FARMERS: U.S. Department of Agriculture and Minnesota Farm Price Report

NINTH DISTRICT production and employment

I N D I C A T O R	UNIT	1969		1968	Percent Change	
		AUGUST	JULY	AUGUST	AUG. to AUG.	
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION	Total Industrial Production*					
	Electrical Energy Consumption: Mfg. and Mining ¹	Index, sa	262p	256	239	+ 9.6
	Production Worker Manhours: ¹	Index, sa	124p	124	123	+ 0.8
	Manufacturing	Index, sa	133p	134	131	+ 1.5
	Mining	Index, sa	82p	79	85	- 3.5
	Total Construction Contracts Awarded	Million \$, sa	n.a.	147.8	184.5	
	Residential Buildings	Million \$, sa	n.a.	55.3	58.5	
	Nonresidential Buildings	Million \$, sa	n.a.	53.8	60.4	
	All Other Construction	Million \$, sa	n.a.	38.7	65.6	
	Bldg. Permits: New Housing Units ²	Number	2,353	3,151	2,451	- 4.0
MEASURES OF MANPOWER UTILIZATION	Civilian Work Force ³	Thousands, sa	2,551e	2,546p	2,500	+ 2.0
	Total Civilian Employment	Thousands, sa	2,460e	2,459p	2,409	+ 2.1
	Number Unemployed	Thousands, sa	91e	87p	91	+ 0.0
	Unemployment Rate ³	Percent, sa	3.6e	3.4p	3.6	+ 0.0
	Average Weekly Hours in Manufacturing ³	Hours, sa	40.9e	41.1e	41.5	- 1.4
	EMPLOYMENT BY INDUSTRY SECTOR	Wage and Salary Employment, Nonfarm ³	Thousands, sa	1,878e	1,873p	1,840
Manufacturing		Thousands, sa	385e	380p	378	+ 1.9
Mining		Thousands, sa	32e	31p	34	- 5.9
Construction		Thousands, sa	95e	94p	94	+ 1.1
Transport., Comm., & Public Utilities		Thousands, sa	131e	131p	130	+ 0.8
Trade		Thousands, sa	456e	455p	444	+ 2.7
Finance, Insurance & Real Estate		Thousands, sa	85e	85p	83	+ 2.4
Service Industries		Thousands, sa	303e	303p	294	+ 3.1
Government		Thousands, sa	392e	394p	383	+ 2.3
MEASURES OF SPENDING		Total Retail Sales*	Thousands, sa	n.a.	19.9	23.9
	New Passenger Car Registrations	Billion \$, saar	157.9	161.2	125.7	+ 25.6
	Bank Debits ⁴					

NOTES

e—Partially estimated; all data not available
n.a.—Data not available
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r—Revised
sa—Seasonally adjusted data
*—U.S. and District do not have comparable data
saar—Seasonally adjusted annual rate

FOOTNOTES

- Index: 1957-59 Base Period
- A sample of permit issuing centers
- Excluding Northwestern Wisconsin
- Six standard metropolitan statistical areas
- A sample of centers blown up to represent total permits issued
- 226 centers excluding the seven leading centers

UNITED STATES production and employment

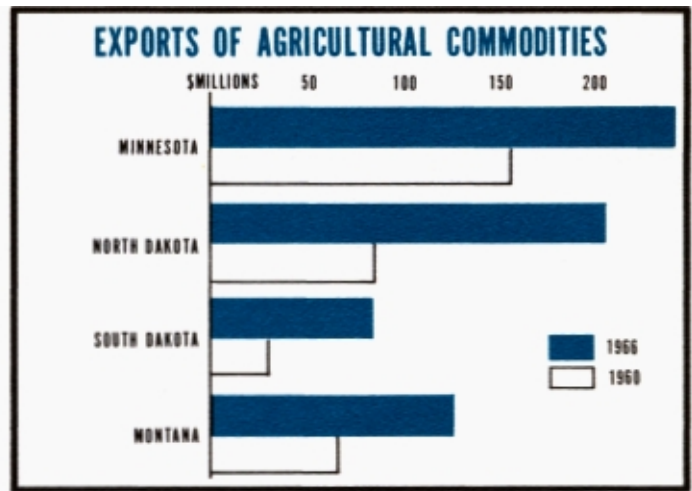
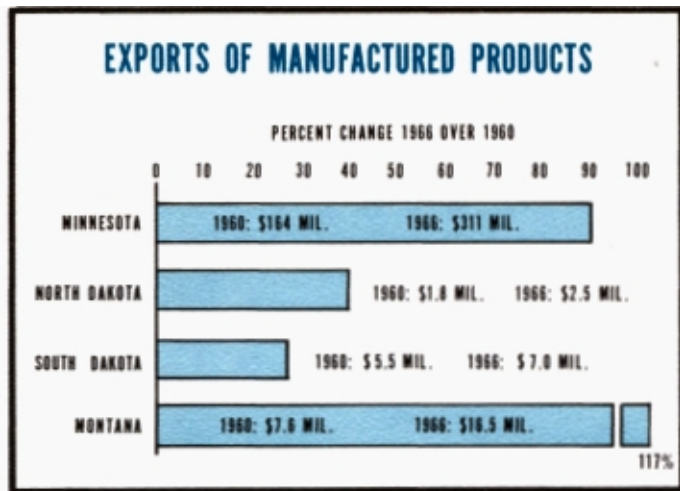
Percent Change AUG. to AUG.	1969		1968	UNIT	I N D I C A T O R	
	AUGUST	JULY	AUGUST			
+ 5.5	174p	175	165	Index, sa	Total Industrial Production	MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION
+ 3.4	120	119	116	Index, sa	Electrical Energy Consumption: Mfg. and Mining*	
+ 3.4	123	123	119	Index, sa	Production Worker Manhours: ¹	
+ 2.4	84	83	82	Index, sa	Manufacturing	
+ 3.2	5913.6	5606.8	5728.4	Million \$, sa	Mining	
+ 4.5	2186.9	2036.0	2092.4	Million \$, sa	Total Construction Contracts Awarded	
+15.7	2353.8	2111.2	2034.3	Million \$, sa	Residential Buildings	
-14.3	1372.9	1459.6	1601.7	Million \$, sa	Nonresidential Buildings	
	n.a.	n.a.	117.6	Thousands	All Other Construction	
					Bldg. Permits: New Housing Units ⁵	
+ 2.9	81,054p	80,756	78,749	Thousands, sa	Civilian Work Force	MEASURES OF MANPOWER UTILIZATION
+ 2.9	78,187p	77,874	75,973	Thousands, sa	Total Civilian Employment	
+ 3.3	2,867p	2,882	2,776	Thousands, sa	Number Unemployed	
0.0	3.5p	3.6	3.5	Percent, sa	Unemployment Rate	
- 0.2	40.6p	40.7	40.7	Hours, sa	Average Weekly Hours in Manufacturing	
+ 3.4	70,436p	70,269	68,088	Thousands, sa	Wage and Salary Employment, Nonfarm	EMPLOYMENT BY INDUSTRY SECTOR
+ 2.6	20,306p	20,186	19,800	Thousands, sa	Manufacturing	
+ 1.3	628p	628	620	Thousands, sa	Mining	
+ 3.0	3,371p	3,414	3,272	Thousands, sa	Construction	
+ 3.6	4,482p	4,489	4,327	Thousands, sa	Transport., Comm., & Public Utilities	
+ 3.9	14,710p	14,679	14,154	Thousands, sa	Trade	
+ 5.4	3,584p	3,569	3,399	Thousands, sa	Finance, Insurance & Real Estate	
+ 4.6	11,110p	11,055	10,625	Thousands, sa	Service Industries	
+ 3.0	12,245p	12,249	11,891	Thousands, sa	Government	
+ 2.0	29,327p	29,157	28,760	Million \$, sa	Total Retail Sales	MEASURES OF SPENDING
	n.a.	758.1	726.8	Thousands, sa	New Passenger Car Registrations	
+16.1	3039.1	3089.7	2617.0	Billion \$, saar	Bank Debits ⁶	

INDUSTRIAL PRODUCTION: Board of Governors of F.R. System
INDUSTRIAL USE OF ELECTRIC POWER: Federal Reserve Bank of Minneapolis
PRODUCTION WORKER MANHOURS: Federal Reserve Bank of Minneapolis
CONSTRUCTION CONTRACTS AWARDED: Board of Governors of F. R. System, F. W. Dodge Corporation data
NEW HOUSING UNITS AUTHORIZED: Federal Reserve Bank of Minneapolis and U.S. Department of Commerce, Bureau of Census
BANK DEBITS: Board of Governors of F. R. System

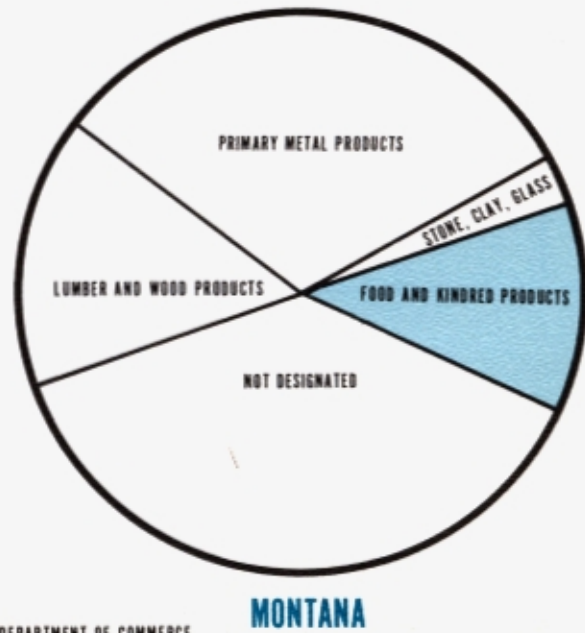
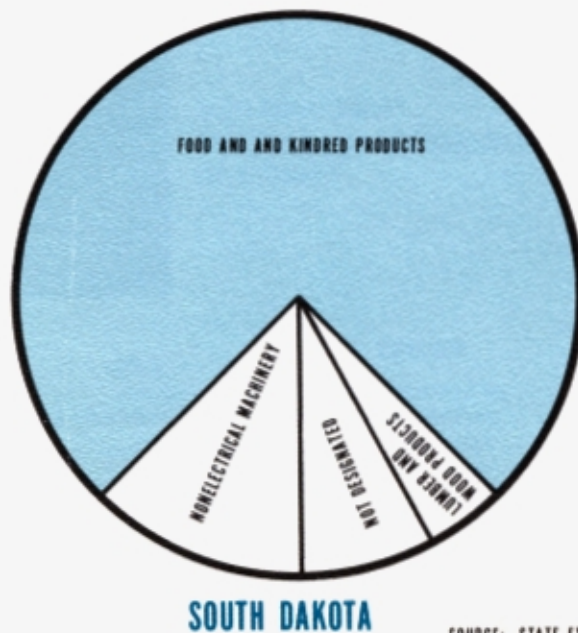
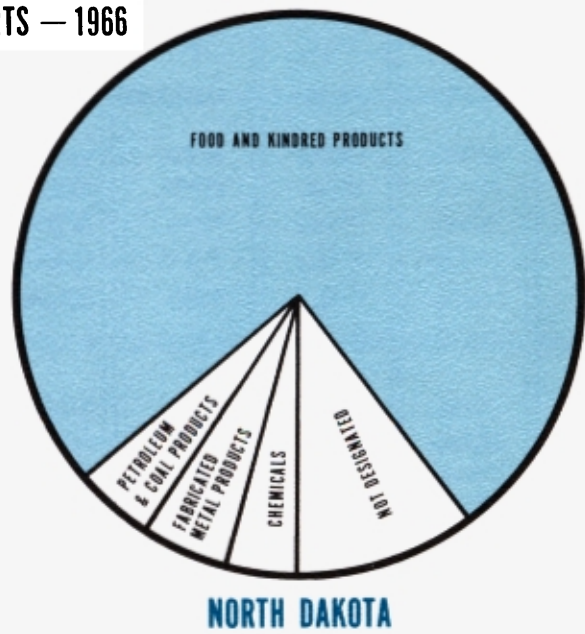
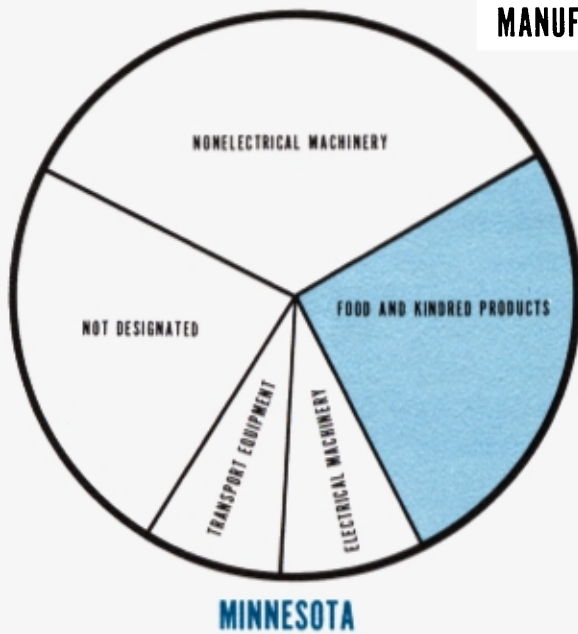
SOURCES

EMPLOYMENT, UNEMPLOYMENT, HOURS AND WAGES:
Employment Security Departments; Minnesota, North Dakota, South Dakota, Montana, Michigan, and U.S. Department of Labor, Bureau of Labor Statistics
RETAIL SALES: U.S. Department of Commerce, Bureau of Census
NEW PASSENGER CAR REGISTRATIONS: Automotive News Magazine

THE NINTH DISTRICT'S CONTRIBUTION TO U.S. EXPORTS



MANUFACTURED EXPORTS — 1966



SOURCE: STATE EXPORT ORIGIN SERIES, U.S. DEPARTMENT OF COMMERCE