

NINTH DISTRICT CONDITIONS

MONTHLY STATISTICAL REPORT OF THE FEDERAL RESERVE BANK OF MINNEAPOLIS

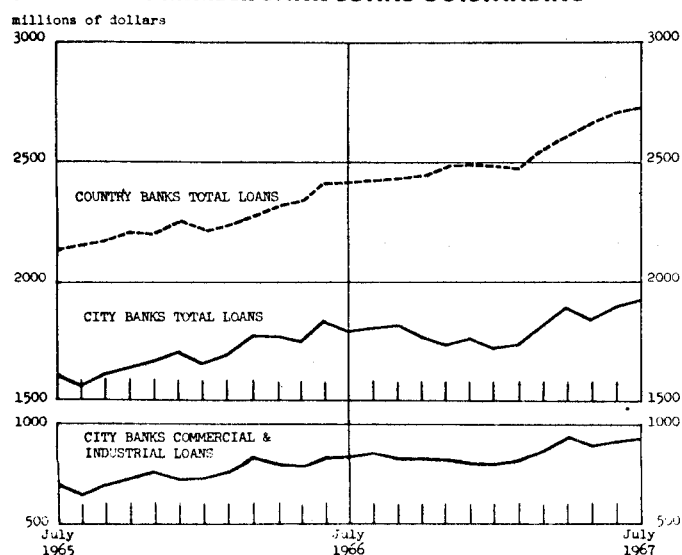


BANK DEPOSITS AND BANK CREDIT CLIMB;
HOUSING INDUSTRY SHOWS IMPROVEMENT;
CATTLE MARKETINGS INCREASE

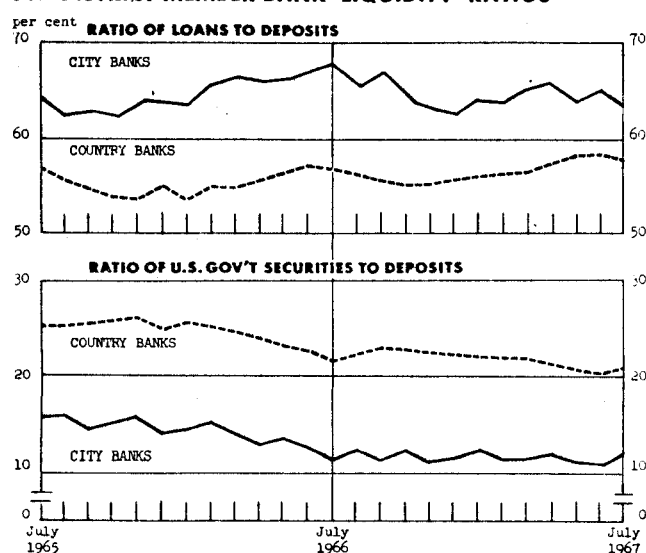
District banks recorded unusually sharp increases in total deposits and total credit (loans and investments) during July. The bulk of the rise in total credit was accounted for by U.S. government securities reflecting, primarily, substantial purchases by both city and country banks of newly issued tax anticipation bills maturing in March and April 1968. These bills were especially attractive to commercial banks because payment could be made by crediting the U.S. government deposit account for the full amount of the purchase--a procedure which, in effect, serves to increase the yield to banks relative to other investors.

Loan demand strengthened somewhat in July following two months of below seasonal growth in May and June. The July advance was especially noticeable at city banks where the recent softness in district loan demand had centered. The

9TH DISTRICT MEMBER BANK LOANS OUTSTANDING



9TH DISTRICT MEMBER BANK 'LIQUIDITY' RATIOS



demand for loans at country banks which was very heavy throughout the first half of 1967 remained strong during July.

Deposit growth in July continued at a rapid pace at both city and country banks. Demand deposits were up sharply in large part because of the expansion of U.S. government deposits associated with the aforementioned sale of tax anticipation bills. In addition, time deposits also maintained their robust rate of growth. The increase during the month--more than double the normal advance--reflects primarily a continuation of the rapid expansion of savings certificates and other consumer-type time deposits.

District business conditions during the latter part of the second quarter were highlighted by renewed optimism in the construction industry, particularly in housing. The industrial sector continued its sideways movement as manufacturing employment in June declined for the third consecutive month.

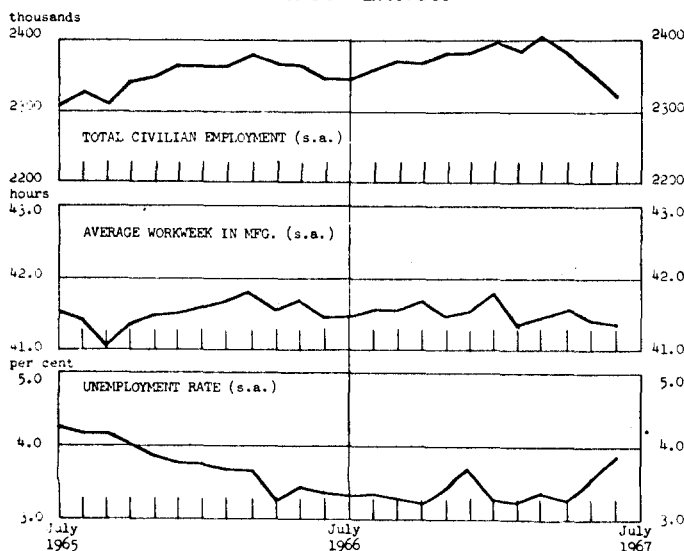
Earlier this year, industrial output in the district was relatively stronger than that for the nation as a whole, but June data were not as bullish as the nation's--indicating that district recovery may lag the nation by a month or two. The second quarter downturn in district production was reflected in a drop in manhours worked in manufacturing and a decline, largely concentrated in June, in manufacturing employment. In large part the less buoyant performance in June was the result of scattered labor-management disputes in the important non-electrical machinery industry. The rapid growth in the ordinance industry within the district continued to moderate the over-all industrial slowdown, and the current war effort seems to indicate that the district will experience continued strong growth in this sector.

The construction industry within the district showed distinct signs of recovery during the second quarter, particularly in the residential area. Residential contracts let for district projects advanced in each of the last four months while building permits issued in June for new housing units surpassed the year-ago level by better than 50 per cent. The number of housing units started during the first six months of the year was still below the corresponding period in 1966, but the gap was rapidly closing toward the end of the period. Construction employment declined somewhat in the second quarter in part because of minor work stoppages. However, the improved housing outlook and a continued high level of highway and large-project construction tend to paint an optimistic picture for the construction industry.

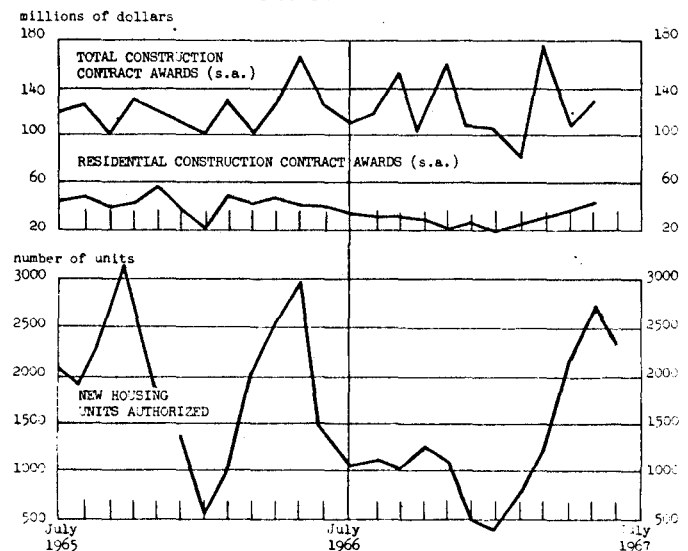
On the agricultural scene, cattle feeding operations in the Ninth Federal Reserve District continued at relatively high levels throughout the second quarter of 1967 as 441,000 head were marketed, reflecting a 6% gain above the second quarter 1966. This increase, however, was 3 percentage points lower than the gain reported throughout the major 32 state feeding area. District marketings during the 3rd quarter 1967 are expected to reach 104,000 head, up 4% from a year earlier and 2 percentage points greater than the anticipated rise in the 32 state feeding area. District marketings after the third quarter are expected to drop by 10% from last year and are anticipated to be off 6% in the 32 state feeding area. The expected decline in winter marketings is based on the smaller number of feeder placements this spring. Livestock placed in district feed lots during the second quarter numbered 153,000 head, down 8% from a year earlier. Overall, the July 1 inventory of cattle and calves on feed in the district was down 3% from July 1, 1966.

Second quarter district increases in cattle marketings were the result of 13% and 11% gains in Minnesota and South Dakota, respectively. Marketings for the period July-September 1967 are expected to increase in all district states except North Dakota where a 12% decrease from a year earlier is anticipated. A moderate 3% gain is expected in Minnesota and Montana, whereas a third quarter increase of 11% is predicted for South Dakota. On July 1, the total number of cattle on feed fell below year earlier levels in all states except Montana where a 11% increment was reported. Decreases ranged from 1% in Minnesota to 18% in North Dakota.

9TH DISTRICT MANPOWER UTILIZATION



9TH DISTRICT CONSTRUCTION



NINTH DISTRICT¹ income and financial indicators9th dist
percent
change

item	unit	1966		1967				percent change
		JUNE	JULY	APRIL	MAY	JUNE	JULY	JUNE to JULY
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION								
Total Personal Income ²								*
Nonagricultural Personal Income								*
Average Weekly Earnings in Manufacturing ³	Dollars	115.97	114.46	118.37p	117.74	118.01		+ 5.3
Consumer Instalment Credit Outstanding ⁴	Million \$	953	969	1,006	1,023	n.a.		
Time & Savings Deposits at Member Banks	Million \$	3,455	3,505	3,847	3,899	3,979		+15.2
Savings Balances at Savings & Loan Assoc. ²	Million \$	2,797	2,761	2,901	2,918	n.a.		
Cash Farm Receipts, Total ²	Million \$	243	233	250	253	n.a.		
Receipts from Crops	Million \$	55	63	65	60	n.a.		
Receipts from Livestock & Produce	Million \$	188	170	185	193	n.a.		
MEASURES OF PRICE LEVELS								
Consumer Price Index ⁵	Index, sa		112.0	114.2				
Prices Received by Farmers ⁶	Index, sa	118	122	110	114	114		- 3.4
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS ⁷								
CITY BANKS ⁸								
Adjusted Loans and Discounts ⁹	Million \$	1,845	1,807	1,888	1,853	1,906	1,914	+ 3.3
Real Estate Loans	Million \$	315	316	319	323	328	332	+ 4.1
Commercial and Industrial Loans	Million \$	851	850	939	916	925	934	+ 8.7
Total Investments	Million \$	670	646	689	681	684	726	+ 2.1
U.S. Government Obligations	Million \$	355	335	349	337	335	376	- 5.6
Other Securities	Million \$	315	311	340	344	349	350	+10.8
Total Deposits	Million \$	2,787	2,754	2,892	2,936	2,973	3,062	+ 6.7
Gross Demand Deposits	Million \$	1,689	1,652	1,693	1,726	1,708	1,782	+ 1.1
Time Deposits	Million \$	1,098	1,102	1,199	1,210	1,265	1,280	+15.2
COUNTRY BANKS ¹⁰								
Loans and Discounts	Million \$	2,411	2,426	2,588	2,642	2,692	2,705	+11.7
Total Investments	Million \$	1,621	1,619	1,721	1,723	1,716	1,771	+ 5.9
U.S. Government Securities	Million \$	945	942	978	962	956	999	+ 1.2
Other Securities	Million \$	676	677	743	761	760	772	+12.4
Total Deposits	Million \$	4,214	4,267	4,490	4,520	4,600	4,665	+ 9.2
Gross Demand Deposits	Million \$	1,858	1,864	1,842	1,831	1,886	1,898	+ 1.5
Time Deposits	Million \$	2,356	2,403	2,648	2,689	2,714	2,767	+15.2
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS								
Reserves: ¹¹								
Total Reserves	Million \$	545	555	566	561	572	592	+ 5.0
Required Reserves	Million \$	526	534	546	541	551	569	+ 4.8
Excess Reserves	Million \$	19	21	20	20	21	23	+10.5
Borrowings from FRB	Million \$	27	22	2	2	2	3	-92.6
Ratio of Loans to Total Deposits: ⁷								
City Banks	Per Cent	66.9	67.2	65.8	63.7	65.0	63.3	- 2.8
Country Banks	Per Cent	57.2	56.8	57.6	58.4	58.5	57.0	+ 2.3
Ratio of U.S. Gov't Securities to Deposits: ⁷								
City Banks	Per Cent	12.7	12.2	12.1	11.5	11.3	12.3	-11.0
Country Banks	Per Cent	22.4	22.1	21.8	21.3	20.8	21.4	- 7.1

UNITED STATES income and financial indicators

5

U.S.¹⁵
percent
change

JUNE to JUNE

Percent change JUNE to JUNE	item	unit	1966		1967			
			JUNE	JULY	APRIL	MAY	JUNE	JULY
	MEASURES OF CONSUMER INCOME & FINANCIAL POSITION							
+ 7.0	Total Personal Income	Billion \$, saar	581.1	580.0	616.5	618.2	621.9	
+ 7.4	Nonagricultural Personal Income	Billion \$, saar	560.7	559.8	596.9	598.8	602.4	
+ 0.9	Average Weekly Earnings in Manufacturing	Dollars	112.74	111.11	112.56	113.52	113.80p	
	Consumer Instalment Credit Outstanding ⁴	Billion \$	31.0	31.4	32.3	32.6	n.a.	
+11.4	Time & Savings Deposits at Member Banks	Billion \$	127.5	128.9	138.2	140.5	142.0	
+ 6.5	Savings Balances at Savings & Loan Assoc.	Billion \$	112.4	110.9	116.8	117.9	119.8	
	Cash Farm Receipts, Total	Billion \$	3.1	3.2	2.7	2.7	n.a.	
	Receipts from Crops	Billion \$	1.1	1.4	.8	.7	n.a.	
	Receipts from Livestock & Produce	Billion \$	2.0	1.8	1.9	2.0	n.a.	
	MEASURES OF PRICE LEVELS							
+ 2.7	Consumer Price Index	Index, sa	112.9	113.3	115.3	115.6	116.0	
- 3.7	Prices Received by Farmers	Index, sa	109	110	101	104	105	
	MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS ⁷							
	CITY BANKS ⁸							
+ 2.3	Adjusted Loans and Discounts ⁹	Billion \$	133.0	131.5	133.6	133.1	136.0	
+ 3.0	Real Estate Loans	Billion \$	26.7	26.8	27.1	27.3	27.5	
+ 9.4	Commercial and Industrial Loans	Billion \$	58.3	58.7	62.3	61.8	63.8	
+11.2	Total Investments	Billion \$	50.2	50.3	56.0	56.3	55.8	
+ 7.1	U.S. Government Obligations	Billion \$	22.5	22.6	25.3	25.4	24.1	
+14.4	Other Securities	Billion \$	27.7	27.7	30.7	30.9	31.7	
+ 4.6	Total Deposits	Billion \$	199.1	195.9	206.4	209.3	208.2	
+ 0.5	Gross Demand Deposits	Billion \$	108.9	105.0	110.0	111.5	109.4	
+ 9.5	Time Deposits	Billion \$	90.2	90.9	96.4	97.8	98.8	
	COUNTRY BANKS ¹⁰							
+ 9.7	Loans and Discounts	Billion \$	43.3	43.0	46.1	46.9	47.5	
+ 9.1	Total Investments	Billion \$	27.4	28.3	29.6	29.9	29.9	
- 1.2	U.S. Government Securities	Billion \$	16.5	16.5	16.7	16.5	16.3	
+24.8	Other Securities	Billion \$	10.9	11.8	12.9	13.4	13.6	
+ 8.8	Total Deposits	Billion \$	75.0	75.6	80.1	81.1	81.6	
+ 2.1	Gross Demand Deposits	Billion \$	37.7	37.6	38.3	38.4	38.5	
+15.5	Time Deposits	Billion \$	37.3	38.0	41.8	42.7	43.1	
	MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS							
	Reserves: ¹¹							
+ 4.2	Total Reserves	Million \$	22,547	23,059	23,427	23,230	23,490p	
+ 4.4	Required Reserves	Million \$	22,194	22,684	23,067	22,876	23,183p	
-13.0	Excess Reserves	Million \$	353	375	360	354	307p	
-90.4	Borrowings from FRB	Million \$	699	747	147	85	67p	
	Ratio of Loans to Total Deposits: ⁷							
- 1.9	City Banks	Per Cent	68.5	68.5	66.2	65.3	67.2	
+ 0.9	Country Banks	Per Cent	57.7	57.0	57.6	57.8	58.2	
	Ratio of U.S. Gov't Securities to Deposits: ⁷							
+ 2.7	City Banks	Per Cent	11.3	11.5	12.3	12.1	11.6	
- 9.5	Country Banks	Per Cent	22.1	21.8	20.8	20.3	20.0	

6 NINTH DISTRICT¹ production and employment indicators9th dist
percent
change

item	unit	1966		1967				percent change
		JUNE	JULY	APRIL	MAY	JUNE	JULY	JUNE to JULY
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION								
Total Industrial Production:								
Manufacturing								*
Mining								*
Utilities								*
Electrical Energy Consumption: Mfg. & Mining	Index, sa	184	191	205	203	209		+13.6
Manufacturing	Index, sa	175r	183	189	187r	193		+10.3
Mining	Index, sa	226r	227	285	283	285		+26.1
Production Worker Manhours: Mfg. & Mining	Index, sa	115	116	118	116	113		- 1.7
Manufacturing	Index, sa	122	122	124	122	119		- 2.5
Mining	Index, sa	85	84	92	90	88		+ 3.5
Total Construction Contracts Awarded	Million \$, sa	123.7	109.6	112.3	130.5	n.a.		
Residential Buildings	Million \$, sa	42.0	35.1	40.3	44.4	n.a.		
Nonresidential Buildings	Million \$, sa	41.0	43.6	49.2	53.3	n.a.		
All Other Construction	Million \$, sa	40.7	30.9	22.8	32.8	n.a.		
Bldg. Permits: New Housing Units ¹²	Number	1,558	1,190	2,178	2,727	2,419		+55.2
MEASURES OF MANPOWER UTILIZATION ³								
Civilian Work Force	Thousands, sa	2,429	2,429	2,463	2,440p	2,417e		- .5
Total Civilian Employment	Thousands, sa	2,347	2,345	2,381	2,353p	2,323e		- 1.0
Number Unemployed	Thousands, sa	82	84	82	87p	94e		+14.6
Unemployment Rate	Per Cent, sa	3.4	3.4	3.3	3.5p	3.9e		+14.7
Average Weekly Hours in Manufacturing	Hours, sa	42.1	41.6	41.3p	41.6p	41.8p		- .7
EMPLOYMENT BY INDUSTRY SECTOR ³								
Wage and Salary Employment, Nonfarm	Thousands, sa	1,701	1,708	1,745	1,740p	1,737e		+ 2.1
Manufacturing	Thousands, sa	343	344	356	354p	348e		+ 1.5
Mining	Thousands, sa	35	35	35	35p	35e		0
Construction	Thousands, sa	96	95	101	97p	97e		+ 1.0
Transport., Comm., & Public Utilities	Thousands, sa	126	125	128	127p	128e		+ 1.6
Trade	Thousands, sa	413	414	421	421p	421e		+ 1.9
Finance, Insurance & Real Estate	Thousands, sa	76	77	78	78p	78e		+ 2.6
Service Industries	Thousands, sa	257	258	264	265p	265e		+ 3.1
Government	Thousands, sa	355	360	362	363p	365e		2.8
Number of Workers on Farms	Thousands, sa	393	385	372	368p	352e		-10.4
MEASURES OF SPENDING								
Total Retail Sales	Million \$, sa	814		854p	n.a.	n.a.		
Durable Goods								*
Nondurable Goods	Million \$, sa	567	569	582p	n.a.	n.a.		
GAF ¹³	Million \$, sa	158	159	167p	n.a.	n.a.		
New Passenger Car Registrations	Thousands, sa	20.3	21.6	19.3	20.6	n.a.		
Bank Debits ¹⁴	Billion \$, saar	86.1	88.3	102.6	98.2	102.1		+18.6

UNITED STATES production and employment indicators

7

U.S.¹⁵
percent
change

NE to JUNE

Percent Change to JUNE	item	unit	1966		1967			
			JUNE	JULY	APRIL	MAY	JUNE	JULY
	MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION							
- 0.6	Total Industrial Production:	Index, sa	156	157	156	156	155p	
- 1.3	Manufacturing	Index, sa	159	159	158	157	157p	
+ 0.8	Mining	Index, sa	122	122	123	121	123p	
+ 5.8	Utilities	Index, sa	172	176	180	181	182p	
*	Electrical Energy Consumption: Mfg. & Mining							
*	Manufacturing							
*	Mining							
- 3.5	Production Worker Manhours: Mfg. & Mining	Index, sa	115	114	112	111p	111p	
- 3.4	Manufacturing	Index, sa	118	117	115	114p	114p	
- 2.4	Mining	Index, sa	84	85	83	81p	82p	
+11.9	Total Construction Contracts Awarded	Million \$, sa	4332.2	4160.8	3767.7	4323.3	4846.1	
+ 9.0	Residential Buildings	Million \$, sa	1551.4	1386.1	1330.8	1674.6	1690.9	
+10.0	Nonresidential Buildings	Million \$, sa	1695.8	1604.6	1608.9	1562.7	1866.2	
+18.8	All Other Construction	Million \$, sa	1085.0	1170.1	828.0	1086.0	1289.0	
+14.2	Bldg. Permits: New Housing Units ¹²	Thousands	97.5	77.6	95.6	107.0p	111.3p	
	MEASURES OF MANPOWER UTILIZATION							
+ 6.6	Civilian Work Force	Thousands, sa	75,668	75,770	76,740	76,189	80,681	
+ 1.9	Total Civilian Employment	Thousands, sa	72,730	72,846	73,910	73,289	74,147	
+ 5.2	Number Unemployed	Thousands, sa	2,938	2,924	2,830	2,900	3,090	
+ 2.6	Unemployment Rate	Per Cent, sa	3.9	3.9	3.7	3.8	4.0p	
- 2.7	Average Weekly Hours in Manufacturing	Hours, sa	41.3	41.0	40.5	40.4	40.2p	
	EMPLOYMENT BY INDUSTRY SECTOR							
+ 2.5	Wage and Salary Employment, Nonfarm	Thousands, sa	63,983	64,072	65,476	65,412	65,565p	
- 0.1	Manufacturing	Thousands, sa	19,167	19,128	19,224	19,124	19,153p	
- 1.9	Mining	Thousands, sa	632	636	623	617	620p	
- 4.4	Construction	Thousands, sa	3,300	3,297	3,251	3,146	3,155p	
+ 2.2	Transport., Comm., & Public Utilities	Thousands, sa	4,143	4,122	4,186	4,238	4,236p	
+ 2.9	Trade	Thousands, sa	13,217	13,256	13,584	13,596	13,596p	
+ 3.6	Finance, Insurance & Real Estate	Thousands, sa	3,090	3,095	3,173	3,184	3,201p	
+ 5.1	Service Industries	Thousands, sa	9,549	9,609	10,005	10,025	10,040p	
+ 6.2	Government	Thousands, sa	10,885	10,929	11,430	11,482	11,564p	
- 6.3	Number of Workers on Farms	Thousands,sa	3,981	3,926	3,890	3,652	3,727	
	MEASURES OF SPENDING							
+ 2.6	Total Retail Sales	Million \$, sa	25,394	25,362	25,918	25,980p	26,050p	
+ 3.6	Durable Goods	Million \$, sa	8,056	8,106	8,104	8,192p	8,347p	
+ 2.1	Nondurable Goods	Million \$, sa	17,338	17,256	17,814	17,788p	17,703p	
	GAF ¹³	Million \$, sa	6,023	6,087	6,350	6,291p	n.a.	
	New Passenger Car Registrations	Thousands, sa	722.2	772.5	675.7	n.a.	n.a.	
+ 8.1	Bank Debits ¹⁴	Billion \$, saar	2087.2	2130.6	2238.1	2204.5	2256.7	

NOTES

e - Partially estimated; all data not available
Index - 1957-59 = 100
n.a. - Not available
p - Preliminary; subject to revision

r - Revised
sa - Seasonally adjusted
saar - Seasonally adjusted annual rate
* - U.S. and District do not have comparable data

FOOTNOTES

1. Includes Minnesota, Montana, North Dakota, South Dakota, the upper peninsula of Michigan, and northwestern Wisconsin
2. Four state total: Minnesota, Montana, North Dakota, and South Dakota
3. Excludes Wisconsin portion of the Ninth district
4. All commercial banks, estimated by a sample of banks
5. Minneapolis only; data is published quarterly for the first 15 days of the quarter
6. Minnesota only
7. Figures are for last Wednesday of the month
8. City Banks - Selected banks in major cities
9. Net loans and discounts less loans to domestic commercial banks
10. Country Banks - All member banks excluding the selected major city banks
11. Average of daily figures of the four or five weeks ending on Wednesday which contain at least four days falling within the month
12. Ninth District - A fixed sample of permit issuing centers. Does not represent district total.
U.S. - A sample of centers blown up to represent total permits issued
13. General merchandise, apparel, and furniture and appliance groups
14. Ninth District - Figures are for six standard metropolitan statistical areas included in U.S. data.
U.S. - 226 centers excluding the seven leading centers
15. Per cent change compares only months specified. Does not always compare latest month available.

SOURCES

BANK DEBITS: Board of Governors of the Federal Reserve System

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

CONSTRUCTION CONTRACTS AWARDED: Board of Governors of F.R. System, F.W. Dodge Corporation data

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

EMPLOYMENT, UNEMPLOYMENT, HOURS AND WAGES: Michigan Employment Security Commission, Minnesota Department of Employment Security, Montana State Employment Service, North Dakota State Employment Service, South Dakota Department of Employment Security, and U.S. Department of Labor, Bureau of Labor Statistics

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

INDUSTRIAL PRODUCTION: Board of Governors of F.R. System

INDUSTRIAL USE OF ELECTRIC POWER: Federal Reserve Bank of Minneapolis

NEW HOUSING UNITS AUTHORIZED: Federal Reserve Bank of Minneapolis and U.S. Department of Commerce, Bureau of Census

NEW PASSENGER CAR REGISTRATIONS: Automotive News Magazine

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

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

PRODUCTION WORKER MANHOURS: Federal Reserve Bank of Minneapolis

RETAIL SALES: U.S. Department of Commerce, Bureau of Census

SAVINGS AND LOAN ASSOCIATIONS: Federal Home Loan Bank Board