

NINTH DISTRICT CONDITIONS

MONTHLY STATISTICAL REPORT OF THE

FEDERAL RESERVE BANK OF MINNEAPOLIS



LABOR-MANAGEMENT DISPUTES AFFECT OUTPUT

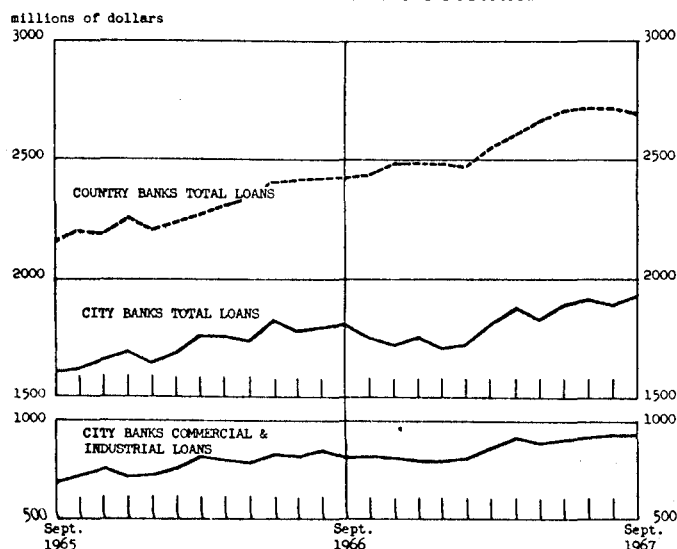
RECORD WHEAT CROP FORECAST, AND

CREDIT EXPANSION ABATED

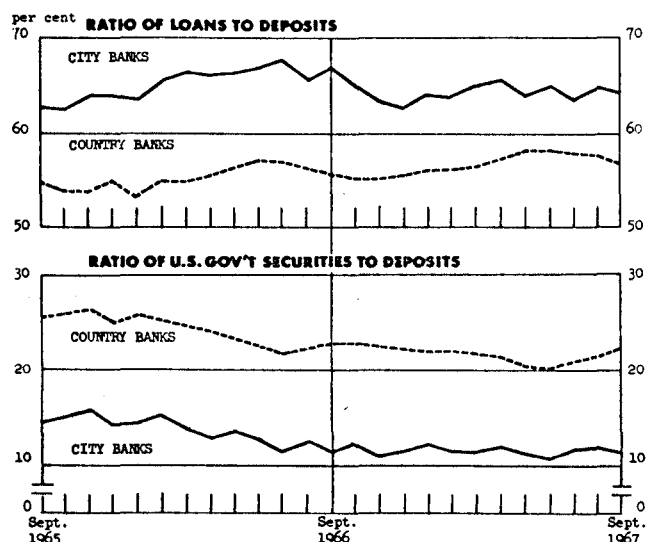
Industrial output in the district appears to have remained at the July level as the advance in electrical energy consumption was essentially offset by a decline in production worker manhours. Both of these indicators, and hence total output, were restrained by the downturn resulting from major labor-management disputes scattered throughout the district. The basic over-all strength of the economy is reflected in the fact that these disputes did not cause a significant downturn in total output.

Although total civilian employment edged upward during August, the important nonfarm wage and salary component of total employment moved downward. Essentially all of this July to August decline is accounted for by the manufacturing and mining sectors--the areas where the strike activity is most prevalent. Most of the other major divisions of employment registered July

9TH DISTRICT MEMBER BANK LOANS OUTSTANDING



9TH DISTRICT MEMBER BANK 'LIQUIDITY' RATIOS



to August gains. The district unemployment rate remained unchanged, from July to August, at 3.8 per cent of the total work force, because strikers are counted in the work force but not in the number unemployed.

The residential housing sector of the district continued its amazingly strong expansion during August. Building permits issued for new housing units advanced to their highest level since October 1965. Also, the cumulative number of housing unit permits issued for the first eight months of the year reached the highest level for the corresponding period since 1964. Judging by the national performance and the number of commitments made by the savings and loan associations, the district construction contract data for August should continue to support the bullish outlook for that industry.

With Harvesting of small grain completed, a record wheat crop of 398,605 thousand bushels has now been virtually assured in the Ninth Federal Reserve District. 1967 production levels for the district, as forecast on September 1, are expected to top the 1966 levels by 26 per cent; the five-year average by 43 per cent. Most of the increase is due primarily to the 22 per cent increase in wheat acreage for 1967, as opposed to higher yields per acre. September 1 yield forecasts, although higher than those predicted on August 1, are down from year earlier levels in the two principal wheat producing states by one bushel per acre in North Dakota and three bushels per acre in Montana. Actual yields may be higher than earlier anticipated due to the relatively cool weather of August which enabled the crop to make maximum use of available soil moisture.

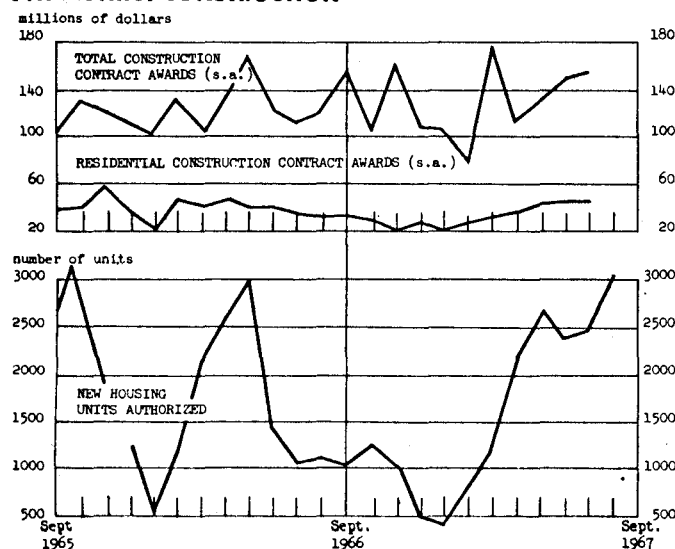
District corn and soybean crops appear to have been more adversely affected by the weather than was the wheat crop. In Minnesota and South Dakota--the two principal corn producing states in the district--expected production on September 1 was forecast at 350,382 and 129,008 thousand bushels, respectively. Maturity of the crop is somewhat behind normal in both states, and September production and yield forecasts were lower than was indicated in August and well below year ago levels. Unseasonably cool temperatures and inadequate moisture supplies have most critically affected western Minnesota and eastern South Dakota--where 1967 production is expected to be down from 1966 levels by 3 per cent in Minnesota, and 20 per cent in South Dakota. Soybean maturation is somewhat behind normal throughout the district due to the generally adverse weather conditions. In Minnesota, the principal soybean producing

state in the district, the September 1 forecast estimated production at 76,814 thousand bushels--down 5 per cent from 1966 but up 42 per cent from the five-year average.

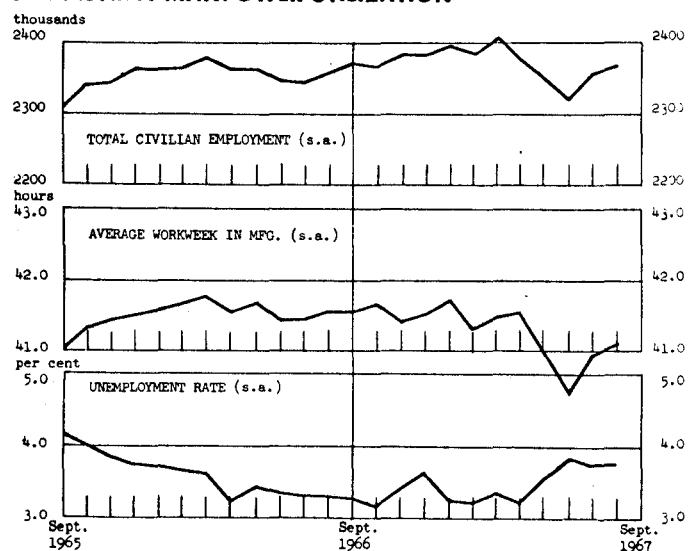
The pace of credit expansion at district member banks was noticeably abated in September following the sharp increase of August. Contributing to the September slowdown were a sharp decline in loan demand at country banks and a contraction of investments among district banks as a whole. For country banks, the slowdown in loan growth is a fairly recent development, whereas, at city banks, loan expansion has been quite moderate in recent months and this trend carried through September. Surprisingly, corporate needs for loans over the mid-September tax and dividend period did not produce a noticeable increase in business loans for the month as a whole.

Deposit inflow was unusually heavy at both city and country banks during September. All of the above-normal September expansion accrued to demand deposit balances. This reflected a larger-than-usual buildup of U.S. government deposits associated with quarterly income tax payments and recent bank purchases of Treasury bills carrying credit privileges to tax and loan accounts. In time, a large share of these balances will be drawn down to meet U.S. Government obligations as they arise. There was also a considerably above-seasonal inflow of private demand deposits which represents a source of strength for long-term deposit growth. Time deposits, despite a sharp tax-induced contraction in large certificates of deposits, rose at a seasonal pace during September.

9TH DISTRICT CONSTRUCTION



9TH DISTRICT MANPOWER UTILIZATION



NINTH DISTRICT¹ income and financial indicators9th dist.
percent
change

item	unit	1966		1967				percent change
		AUGUST	SEPTEMBER	JUNE	JULY	AUGUST	SEPTEMBER	AUG. to AUG.
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION								
Total Personal Income ²								*
Nonagricultural Personal Income								*
Average Weekly Earnings in Manufacturing ³	Dollars,	114.22	115.47	118.42p	117.61e	116.87e		+ 2.3
Consumer Instalment Credit Outstanding ⁴	Million \$	981	991	1,051	1,074	1,085		+10.6
Time & Savings Deposits at Member Banks	Million \$	3,523	3,524	3,979	4,047	4,102		+16.4
Savings Balances at Savings & Loan Assoc. ²	Million \$	2,770	2,796	2,961	2,944	2,964		+ 7.0
Cash Farm Receipts, Total ²	Million \$	352	412	255	243	n.a.		
Receipts from Crops	Million \$	154	187	58	70	n.a.		
Receipts from Livestock & Produce	Million \$	198	225	197	173	n.a.		
MEASURES OF PRICE LEVELS								
Consumer Price Index ⁵	Index, sa				115.7			
Prices Received by Farmers ⁶	Index, sa	128	125	114	115	114		-10.9
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS ⁷								
CITY BANKS ⁸								
Adjusted Loans and Discounts ⁹	Million \$	1,834	1,814	1,906	1,914	1,906	1,936	+ 3.9
Real Estate Loans	Million \$	322	326	328	332	340	346	+ 5.6
Commercial and Industrial Loans	Million \$	860	850	925	934	940	943	+ 9.3
Total Investments	Million \$	664	644	684	726	743	725	+11.9
U.S. Government Obligations	Million \$	349	333	335	376	374	361	+ 7.2
Other Securities	Million \$	315	311	349	350	369	364	+17.1
Total Deposits	Million \$	2,827	2,771	2,973	3,062	3,025	3,096	+ 7.0
Gross Demand Deposits	Million \$	1,723	1,688	1,708	1,782	1,723	1,802	0.0
Time Deposits	Million \$	1,104	1,083	1,265	1,280	1,302	1,294	+17.9
COUNTRY BANKS ¹⁰								
Loans and Discounts	Million \$	2,439	2,441	2,692	2,705	2,712	2,699	+11.2
Total Investments	Million \$	1,673	1,715	1,716	1,771	1,841	1,879	+10.0
U.S. Government Securities	Million \$	984	1,007	956	999	1,041	1,085	+ 5.8
Other Securities	Million \$	689	708	760	772	800	794	+16.1
Total Deposits	Million \$	4,321	4,363	4,600	4,665	4,708	4,796	+ 9.0
Gross Demand Deposits	Million \$	1,901	1,921	1,886	1,898	1,909	1,978	+ 0.4
Time Deposits	Million \$	2,420	2,442	2,714	2,767	2,799	2,818	+15.7
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS								
Reserves: 11								
Total Reserves	Million \$	560	574	572	583	585	596	+ 4.5
Required Reserves	Million \$	537	555	551	563	564	578	+ 5.0
Excess Reserves	Million \$	23	19	21	20	21	18	- 8.7
Borrowings from FRB	Million \$	5	3	2	2	2	0	-60.0
Ratio of Loans to Total Deposits: 7								
City Banks	Per Cent	65.5	66.8	65.0	63.3	64.5	63.7	- 1.5
Country Banks	Per Cent	56.4	55.9	58.5	58.0	57.6	56.3	+ 2.1
Ratio of U.S. Gov't Securities to Deposits: 7								
City Banks	Per Cent	12.3	12.0	11.3	12.3	12.4	11.7	+ 0.8
Country Banks	Per Cent	22.8	23.1	20.8	21.4	22.1	22.6	- 3.1

UNITED STATES income and financial indicators

5

U.S.¹⁵
percent
change
JUG. to AUG.

Percent change AUG. to AUG.	item	unit	1966		1967			
			AUGUST	SEPTEMBER	JUNE	JULY	AUGUST	SEPTEMBER
	MEASURES OF CONSUMER INCOME & FINANCIAL POSITION							
+ 7.1	Total Personal Income	Billion \$, saar	589.1	594.1	622.6	626.7	631.2p	
+ 7.5	Nonagricultural Personal Income	Billion \$, saar	568.3	573.4	603.2	606.9	610.8p	
+ 2.4	Average Weekly Earnings in Manufacturing	Dollars,	111.78	114.13	114.49	113.93p	114.49p	
+ 5.7	Consumer Instalment Credit Outstanding ⁴	Billion \$	31.7	31.8	33.0	33.2	33.5	
+12.8	Time & Savings Deposits at Member Banks	Billion \$	129.4	128.8	142.0	143.8	146.0	
+ 8.6	Savings Balances at Savings & Loan Assoc.	Billion \$	111.1	111.7	120.0	120.0	120.7	
	Cash Farm Receipts, Total	Billion \$	3.5	4.1	3.2	3.3	n.a.	
	Receipts from Crops	Billion \$	1.3	1.9	1.2	1.4	n.a.	
	Receipts from Livestock & Produce	Billion \$	2.2	2.2	2.0	1.9	n.a.	
	MEASURES OF PRICE LEVELS							
+ 2.7	Consumer Price Index	Index, sa	113.8	114.1	116.0	116.5	116.9	
- 5.4	Prices Received by Farmers	Index, sa	112	112	105	106	106	
	MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS ⁷							
	CITY BANKS ⁸							
+ 3.3	Adjusted Loans and Discounts ⁹	Billion \$	131.2	132.0	136.0	136.1	135.5	
+ 3.7	Real Estate Loans	Billion \$	27.1	27.3	27.5	27.8	28.1	
+ 6.7	Commercial and Industrial Loans	Billion \$	58.3	59.4	63.8	63.7	62.2	
+16.5	Total Investments	Billion \$	50.9	50.6	55.8	58.2	59.3	
+14.5	U.S. Government Obligations	Billion \$	23.5	23.1	24.1	26.2	26.9	
+18.2	Other Securities	Billion \$	27.4	27.5	31.7	32.0	32.4	
+ 7.0	Total Deposits	Billion \$	195.8	195.1	208.2	212.1	209.5	
+ 3.1	Gross Demand Deposits	Billion \$	104.5	104.7	109.4	111.9	107.7	
+11.5	Time Deposits	Billion \$	91.3	90.4	98.8	100.2	101.8	
	COUNTRY BANKS ¹⁰							
+11.1	Loans and Discounts	Billion \$	43.2	43.0	47.5	47.9	48.0	
+12.0	Total Investments	Billion \$	28.4	28.8	29.9	30.7	31.8	
+ 6.1	U.S. Government Securities	Billion \$	16.5	16.7	16.3	16.8	17.5	
+20.2	Other Securities	Billion \$	11.9	12.1	13.6	13.9	14.3	
+10.4	Total Deposits	Billion \$	75.7	76.1	81.6	82.9	83.6	
+ 4.8	Gross Demand Deposits	Billion \$	37.6	37.7	38.5	39.3	39.4	
+16.0	Time Deposits	Billion \$	38.1	38.4	43.1	43.6	44.2	
	MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS							
	Reserves: ¹¹							
+ 4.8	Total Reserves	Million \$	22,645	23,196	23,426	23,967	23,741p	
+ 4.9	Required Reserves	Million \$	22,276	22,822	23,081	23,553	23,378p	
- 1.6	Excess Reserves	Million \$	369	374	345	414	363p	
-89.3	Borrowings from FRB	Million \$	730	764	88	129	78	
	Ratio of Loans to Total Deposits: ⁷							
- 3.6	City Banks	Per Cent	68.9	69.2	67.2	65.8	66.4	
+ 0.5	Country Banks	Per Cent	57.1	56.4	58.2	57.7	57.4	
	Ratio of U.S. Gov't Securities to Deposits: ⁷							
+ 6.7	City Banks	Per Cent	12.0	11.9	11.6	12.3	12.8	
- 4.1	Country Banks	Per Cent	21.8	21.9	20.0	20.2	20.9	

6 NINTH DISTRICT¹ production and employment indicators

								9th dist percent change
item	unit	1966		1967				AUG. to AUG.
		AUGUST	SEPTEMBER	JUNE	JULY	AUGUST	SEPTEMBER	
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION								
Total Industrial Production:								*
Manufacturing								*
Mining								*
Utilities								*
Electrical Energy Consumption: Mfg. & Mining	Index, sa	188	190	207	206	216		+ 14.9
Manufacturing	Index, sa	179	181	193	189	200		+ 11.7
Mining	Index, sa	228	237	276	284	291		+ 27.6
Production Worker Manhours: Mfg. & Mining	Index, sa	116	117	114	116	114p		- 1.7
Manufacturing	Index, sa	123	122	119	122	121p		- 1.6
Mining	Index, sa	85	89	88	91	81p		- 4.7
Total Construction Contracts Awarded	Million \$, sa	120.8	150.7	155.0	160.1	n.a.		
Residential Buildings	Million \$, sa	34.2	34.9	47.0	48.9	n.a.		
Nonresidential Buildings	Million \$, sa	52.7	52.0	66.8	45.2	n.a.		
All Other Construction	Million \$, sa	33.9	63.8	41.2	66.0	n.a.		
Bldg. Permits: New Housing Units ¹²	Number	1,218	1,209	2,419	2,501	3,035		+149.2
MEASURES OF MANPOWER UTILIZATION ³								
Civilian Work Force	Thousands, sa	2,437	2,446	2,410p	2,442p	2,458p		+ 0.9
Total Civilian Employment	Thousands, sa	2,354	2,364	2,316p	2,349p	2,364p		+ 0.4
Number Unemployed	Thousands, sa	83	82	94p	93p	94p		+ 13.3
Unemployment Rate	Per Cent, sa	3.4	3.3	3.9p	3.8p	3.8p		+ 11.8
Average Weekly Hours in Manufacturing	Hours, sa	41.6	41.6	40.4p	40.9e	41.1e		- 1.2
EMPLOYMENT BY INDUSTRY SECTOR ³								
Wage and Salary Employment, Nonfarm	Thousands, sa	1,709	1,706	1,732p	1,748p	1,744p		+ 2.0
Manufacturing	Thousands, sa	345	344	348p	350p	345p		0.0
Mining	Thousands, sa	35	35	34p	34p	31p		- 11.4
Construction	Thousands, sa	95	95	96p	96p	96p		+ 1.1
Transport., Comm., & Public Utilities	Thousands, sa	125	127	123p	130p	131p		+ 4.8
Trade	Thousands, sa	415	416	422p	422p	423p		+ 1.9
Finance, Insurance & Real Estate	Thousands, sa	77	77	78p	78p	79p		+ 2.6
Service Industries	Thousands, sa	259	259	266p	269p	269p		+ 3.9
Government	Thousands, sa	358	353	365p	369p	370p		+ 3.4
Number of Workers on Farms	Thousands, sa	389	391	345p	362p	375p		- 3.6
MEASURES OF SPENDING								
Total Retail Sales	Million \$, sa	815	844	949	980p	n.a.		
Durable Goods								*
Nondurable Goods	Million \$, sa	550	563	645	636p	n.a.		
GAF ¹³	Million \$, sa	157	164	178	184p	n.a.		
New Passenger Car Registrations	Thousands, sa	22.4	20.6	20.9	26.3	n.a.		
Bank Debits ¹⁴	Billion \$, sa	89.5	90.2	102.1	107.0	108.5		+ 21.2

UNITED STATES production and employment indicators 7

15
ent
nge

AUG

item	unit	1966		1967			
		AUGUST	SEPTEMBER	JUNE	JULY	AUGUST	SEPTEMBER
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION							
Total Industrial Production:	Index, sa	158.0	157.7	155.2	156.7	158.0p	
Manufacturing	Index, sa	160.1	160.0	156.9	157.9	159.3p	
Mining	Index, sa	122.1	121.0	123.5	127.7	128.5p	
Utilities	Index, sa	179.0	177.0	183.6	183.0	183.5p	
Electrical Energy Consumption: Mfg. & Mining							
Manufacturing							
Mining							
Production Worker Manhours: Mfg. & Mining	Index, sa	116	115	112	113p	113p	
Manufacturing	Index, sa	119	118	115	116p	116p	
Mining	Index, sa	85	84	80	84p	82p	
Total Construction Contracts Awarded	Million \$, sa	4254.2	4022.7	4846.1	4303.9	5008.3	
Residential Buildings	Million \$, sa	1386.8	1284.6	1690.9	1753.6	1741.0	
Nonresidential Buildings	Million \$, sa	1689.6	1698.2	1866.2	1554.5	1804.9	
All Other Construction	Million \$, sa	1177.8	1039.9	1289.0	995.8	1462.4	
Bldg. Permits: New Housing Units ¹²	Thousands	80.3	68.1	113.5	92.5	107.5	
MEASURES OF MANPOWER UTILIZATION							
Civilian Work Force	Thousands, sa	76,069	76,039	77,237	77,505	77,701	
Total Civilian Employment	Thousands, sa	73,141	73,195	74,147	74,489	74,718	
Number Unemployed	Thousands, sa	2,928	2,844	3,090	3,016	2,983	
Unemployment Rate	Per Cent, sa	3.8	3.7	4.0	3.9	3.8p	
Average Weekly Hours in Manufacturing	Hours, sa	41.4	41.4	40.3	40.5	40.6p	
EMPLOYMENT BY INDUSTRY SECTOR							
Wage and Salary Employment, Nonfarm	Thousands, sa	64,345	64,394	65,903	65,947p	66,250p	
Manufacturing	Thousands, sa	19,371	19,337	19,285	19,172p	19,358p	
Mining	Thousands, sa	630	625	619	623p	605p	
Construction	Thousands, sa	3,273	3,260	3,187	3,230p	3,212p	
Transport., Comm., & Public Utilities	Thousands, sa	4,126	4,184	4,266	4,296p	4,299p	
Trade	Thousands, sa	13,259	13,279	13,648	13,645p	13,677p	
Finance, Insurance & Real Estate	Thousands, sa	3,114	3,118	3,227	3,234p	3,252p	
Service Industries	Thousands, sa	9,611	9,619	10,035	10,069p	10,131p	
Government	Thousands, sa	10,961	10,972	11,636	11,678p	11,716p	
Number of Workers on Farms	Thousands,sa	3,935	3,886	3,727	3,856	3,992	
MEASURES OF SPENDING							
Total Retail Sales	Million \$, sa	25,572	25,703	26,544	26,644	27,016e	
Durable Goods	Million \$, sa	8,358	8,394	8,546	8,668p	8,656e	
Nondurable Goods	Million \$, sa	17,214	17,309	17,998	17,976p	18,360e	
GAF ¹³	Million \$, sa	6,116	6,106	6,423	6,345p	n.a.	
New Passenger Car Registrations	Thousands, sa	768.7	770.0	769.1	686.3	n.a.	
Bank Debits ¹⁴	Billion \$, saar	2138.3	2158.9	2256.7	2271.1	2307.1	

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