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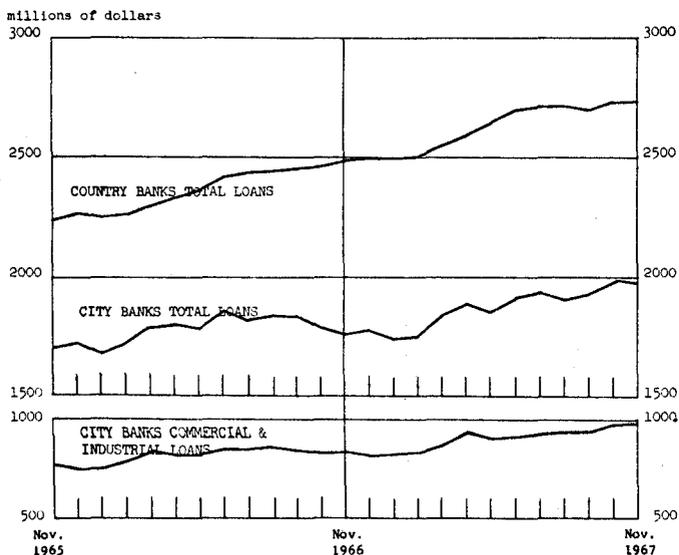
NINTH DISTRICT CONDITIONS MONTHLY STATISTICAL REPORT OF THE FEDERAL RESERVE BANK OF MINNEAPOLIS

LOAN DEMAND CONTRACTS AT CITY BANKS,
INDUSTRIAL SECTOR HINDERED BY LABOR-MANAGEMENT DISPUTES,
AGRICULTURAL LABOR FORCE CONTINUES TO DECLINE

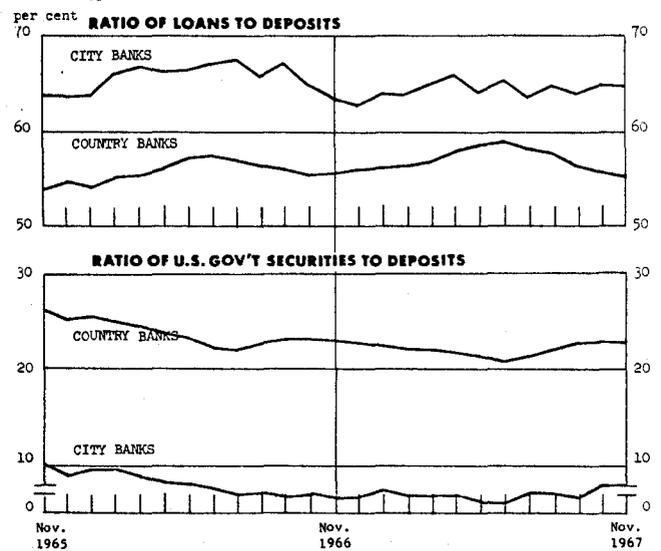
Following an unusually rapid expansion during October, total loans and investments at all district member banks advanced at a much slower, although still above normal, pace during November. Loan demand slackened visibly during November to account for a great share if not all of the slow-down in district bank credit growth between October and November. The contraction in loan demand occurred entirely at city banks. Business loans at these large banks, unusually vigorous during October as a result of an above seasonal increase in loan demand on the part of commodity dealers, rose very little during November even though commodity dealer loan demand remained very strong during the month. Country banks, in contrast to city banks, recorded near normal loan demand during November.

Total deposits at all district banks rose at an above seasonal pace

9TH DISTRICT MEMBER BANK LOANS OUTSTANDING



9TH DISTRICT MEMBER BANK 'LIQUIDITY' RATIOS



during November. The recent rate of total deposit expansion has declined markedly, however, from that recorded earlier this year. This slowdown, has been visible in both the demand and time deposit categories. It should be noted, however, that the recent pace of time deposit expansion, although slower than that recorded throughout most of 1967, is still in line with the vigorous rate of growth recorded in recent years.

At present district banks appear to be in a relatively strong liquidity position. At the end of November the loan-deposit ratio of city banks stood at .645--the level which has existed throughout 1967 and somewhat below the 1966 average level. The country bank loan-deposit ratio at the end of November was .553--about the same as that recorded at this time a year ago.

During October, Ninth district production and employment indicators told essentially the same story as the previous several months. Improvement in the industrial sector was hampered by several major labor-management disputes; the housing industry continued its steady improvement; total employment increased slightly, but was basically a sideways movement.

Judging by the downturn in the electric power index and the expected downturn in the production worker manhours index, district industrial production retreated slightly from the September level. Most of this decline can be attributed to labor stoppages in three major industries--primary metals, transportation equipment, and paper and allied products.

In the construction sector our data indicate a rather buoyant industry. Although employment in the construction sector has been virtually stable throughout the entire year, an increased level of activity is evidenced by higher levels of construction contracts and building permits. The residential area in particular has shown rather rapid increases in the level of activity. Building permits data for the first ten months of the year indicate that the number of housing units started over this ten month period is about 32 per cent above the corresponding period of 1966.

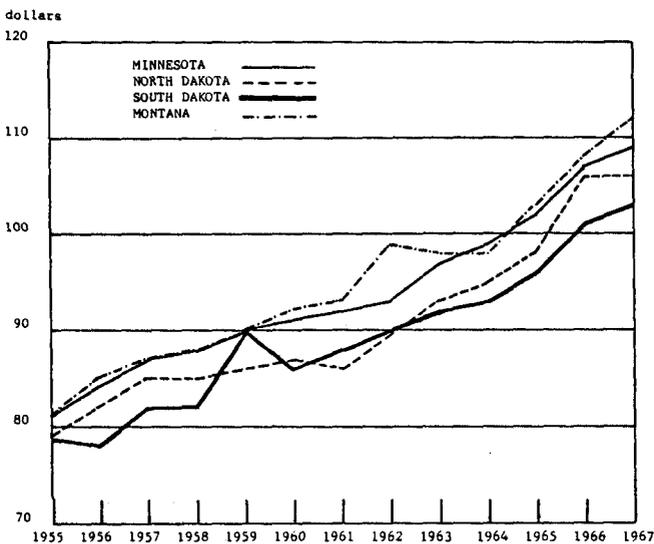
Although total employment increased slightly from the September level, the important wage and salary component registered a slight decline--which can be attributed to major labor-management disputes.

The Ninth district agricultural labor force totaling 395,000 farm workers on November 1, has declined by 4.5 per cent since 1966. As shown in the accompanying graphs, all district states have experienced relatively

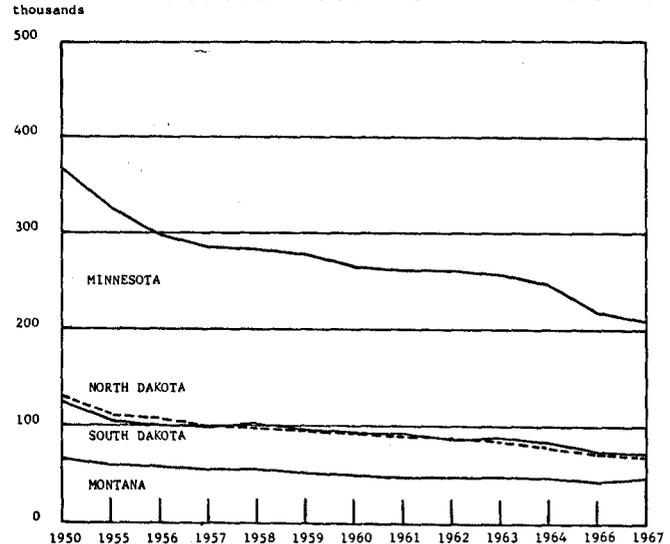
constant rates of decline with a total decrease of 285,000 farm workers since 1950. Minnesota, North and South Dakota all experienced declines in the agricultural labor force, of around 21 per cent since 1960. Montana, however, diverges considerably from the district pattern with a minimal 1 per cent decrease in farm workers since 1960. District farm laborers are composed primarily (about 85 per cent) of farm family members, but the most rapid rate of decrease in farm workers is found among hired laborers, reflecting the impact of the technological shifts in farm production methods. During the period 1960-67 the average number of family workers declined by 19 per cent, while the average number of hired workers decreased by 29 per cent. Once again, Montana deviates from the district mean substantially, as the number of hired workers actually increased by 14 per cent since 1960.

According to the Department of Agriculture, wage rates for the district's hired laborers continued to increase through October 1967. The average cash rate per hour (without board and room) for the district farm worker, at \$1.08 cents per hour, is 2 cents above 1966 wage levels and 8 cents above the national average. The range in wages varies among district states from a high of \$1.12 cents in Montana to a low of \$1.03 cents in South Dakota. In the aggregate, however, all district states have experienced wage increases on the order of 20-22 per cent since 1960. In spite of the high relative wage increases since 1960, agricultural wage rates for hired laborers are still considerably lower than are wages for the district's manufactural employees who currently average about \$2.78 cents per hour.

WAGE RATE PER HOUR — HIRED LABOR — 1955—67



AVERAGE NO. OF TOTAL WORKERS ON FARMS 1950—67



NINTH DISTRICT¹ income and financial indicators9th dist.
percent
change

item	unit	1966		1967				OCT. to OCT.
		OCTOBER	NOVEMBER	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION								
Total Personal Income ²								*
Nonagricultural Personal Income								*
Average Weekly Earnings in Manufacturing ³	Dollars,	117.61	115.35	117.62	119.57p	120.45e		+ 2.4
Consumer Instalment Credit Outstanding ⁴	Million \$	997	998	1,085	1,087	n.a.		
Time & Savings Deposits at Member Banks	Million \$	3,558	3,596	4,102	4,112	4,154	4,208	+16.8
Savings Balances at Savings & Loan Assoc. ²	Million \$	2,781	2,800	2,964	3,002	2,998		+ 7.8
Cash Farm Receipts, Total ²	Million \$	517	405	383	373	n.a.		
Receipts from Crops	Million \$	244	144	182	159	n.a.		
Receipts from Livestock & Produce	Million \$	273	261	201	214	n.a.		
MEASURES OF PRICE LEVELS								
Consumer Price Index ⁵	Index, sa	113.4				118.4		+ 4.4
Prices Received by Farmers ⁶	Index, sa	120	115	114	112	108	105	-10.0
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS⁷								
CITY BANKS⁸								
Adjusted Loans and Discounts ⁹	Million \$	1,792	1,767	1,906	1,936	1,987	1,980	+10.9
Real Estate Loans	Million \$	331	332	340	346	351	354	+ 6.0
Commercial and Industrial Loans	Million \$	836	840	940	943	969	974	+15.9
Total Investments	Million \$	656	656	743	725	785	795	+19.7
U.S. Government Obligations	Million \$	343	335	374	361	408	409	+19.0
Other Securities	Million \$	313	321	369	364	377	386	+20.4
Total Deposits	Million \$	2,822	2,860	3,025	3,096	3,103	3,098	+10.0
Gross Demand Deposits	Million \$	1,725	1,744	1,723	1,802	1,795	1,761	+ 4.0
Time Deposits	Million \$	1,097	1,116	1,302	1,294	1,308	1,337	+19.2
COUNTRY BANKS¹⁰								
Loans and Discounts	Million \$	2,456	2,472	2,712	2,699	2,720	2,738	+10.7
Total Investments	Million \$	1,760	1,763	1,841	1,879	1,928	1,968	+ 9.5
U.S. Government Securities	Million \$	1,032	1,029	1,041	1,085	1,111	1,132	+ 7.6
Other Securities	Million \$	728	734	800	794	817	836	+12.2
Total Deposits	Million \$	4,441	4,464	4,708	4,796	4,872	4,948	+ 9.7
Gross Demand Deposits	Million \$	1,980	1,984	1,909	1,978	2,026	2,076	+ 2.3
Time Deposits	Million \$	2,461	2,480	2,799	2,818	2,846	2,872	+15.6
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS								
<u>Reserves: 11</u>								
Total Reserves	Million \$	581	586	585	596	607	610	+ 4.5
Required Reserves	Million \$	563	565	564	578	589	592	+ 4.6
Excess Reserves	Million \$	18	21	21	18	17	18	- 5.6
Borrowings from FRB	Million \$	3	3	2	0	1	1	-66.7
<u>Ratio of Loans to Total Deposits: 7</u>								
City Banks	Per Cent	64.6	63.3	64.5	63.7	64.6	64.5	0.0
Country Banks	Per Cent	55.3	55.4	57.6	56.3	55.8	55.3	+ 0.9
<u>Ratio of U.S. Gov't Securities to Deposits: 7</u>								
City Banks	Per Cent	12.2	11.7	12.4	11.7	13.1	13.2	+ 7.4
Country Banks	Per Cent	23.2	23.1	22.1	22.6	22.8	22.9	- 1.7

UNITED STATES income and financial indicators

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U.S.¹⁵
percent
change

OCT. to OCT

	item	unit	1966		1967		
			OCTOBER	NOVEMBER	AUGUST	SEPTEMBER	OCTOBER
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION							
+ 6.4	Total Personal Income	Billion \$, saar	597.5	602.1	631.6	634.4	636.0p
+ 6.6	Nonagricultural Personal Income	Billion \$, saar	577.5	581.9	611.4	614.0	615.8p
+ 2.1	Average Weekly Earnings in Manufacturing	Dollars,	113.85	113.99	114.77	116.57	116.28p
+ 5.6	Consumer Instalment Credit Outstanding ⁴	Billion \$	31.9	32.0	33.5	33.4	33.7
+15.0	Time & Savings Deposits at Member Banks	Billion \$	128.0	127.3	146.0	146.2	147.2
+ 9.6	Savings Balances at Savings & Loan Assoc.	Billion \$	111.7	112.3	120.7	121.9	122.4
	Cash Farm Receipts, Total	Billion \$	5.4	4.6	3.6	4.0	n.a.
	Receipts from Crops	Billion \$	3.0	2.5	1.5	1.8	n.a.
	Receipts from Livestock & Produce	Billion \$	2.4	2.1	2.1	2.2	n.a.
MEASURES OF PRICE LEVELS							
+ 2.6	Consumer Price Index	Index, sa	114.5	114.6	116.9	117.1	117.5
- 5.5	Prices Received by Farmers	Index, sa	110	107	106	104	104
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS⁷							
CITY BANKS⁸							
+ 4.8	Adjusted Loans and Discounts ⁹	Billion \$	131.1	131.6	135.5	138.0	137.4
+ 4.0	Real Estate Loans	Billion \$	27.4	27.5	28.1	28.3	28.5 ⁷
+ 6.0	Commercial and Industrial Loans	Billion \$	59.5	59.9	62.2	63.4	63.1
+23.9	Total Investments	Billion \$	49.8	49.8	59.3	59.7	61.7
+26.4	U.S. Government Obligations	Billion \$	22.7	23.4	26.9	27.0	28.7
+21.8	Other Securities	Billion \$	27.1	26.4	32.4	32.7	33.0
+10.8	Total Deposits	Billion \$	194.8	197.2	209.5	214.7	215.9
+ 7.7	Gross Demand Deposits	Billion \$	105.6	108.8	107.7	113.0	113.7
+14.6	Time Deposits	Billion \$	89.2	88.4	101.8	101.7	102.2
COUNTRY BANKS¹⁰							
+11.0	Loans and Discounts	Billion \$	43.8	44.1	48.0	48.2	48.6
+13.0	Total Investments	Billion \$	29.2	29.1	31.8	32.4	33.0
+ 7.6	U.S. Government Securities	Billion \$	17.0	16.9	17.5	18.0	18.3
+20.5	Other Securities	Billion \$	12.2	12.2	14.3	14.4	14.7
+11.4	Total Deposits	Billion \$	76.9	77.5	83.6	84.6	85.7
+ 6.8	Gross Demand Deposits	Billion \$	38.1	38.6	39.4	40.1	40.7
+16.0	Time Deposits	Billion \$	38.8	38.9	44.2	44.5	45.0
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS							
<u>Reserves:¹¹</u>							
+ 5.4	Total Reserves	Million \$	23,387	23,214	23,743	24,123	24,655p
+ 5.4	Required Reserves	Million \$	23,059	22,822	23,371	23,789	24,302p
+ 7.6	Excess Reserves	Million \$	328	392	372	334	353p
-82.4	Borrowings from FRB	Million \$	732	608	78	82	129
<u>Ratio of Loans to Total Deposits:⁷</u>							
- 4.9	City Banks	Per Cent	68.8	68.4	66.4	66.0	65.4
- 0.4	Country Banks	Per Cent	56.9	56.9	57.4	57.0	56.7
<u>Ratio of U.S. Gov't Securities to Deposits:⁷</u>							
+13.7	City Banks	Per Cent	11.7	11.9	12.8	12.6	13.3
- 2.7	Country Banks	Per Cent	22.0	21.8	20.9	21.2	21.4

6 NINTH DISTRICT¹ production and employment indicators

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percent
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item	unit	1966		1967			OCT. to OCT.
		OCTOBER	NOVEMBER	AUGUST	SEPTEMBER	OCTOBER	
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION							
Total Industrial Production:							*
Manufacturing							*
Mining							*
Utilities							*
Electrical Energy Consumption: Mfg. & Mining	Index, sa	192	192	216	215	203	+ 5.7
Manufacturing	Index, sa	180	180	200	198	188	+ 4.4
Mining	Index, sa	248	250	291	299	277	+11.7
Production Worker Manhours: Mfg. & Mining	Index, sa	117	117	115	117p	n.a.	
Manufacturing	Index, sa	123	124	122	125p	n.a.	
Mining	Index, sa	89	84	84	77p	n.a.	
Total Construction Contracts Awarded	Million \$, sa	102.6	174.5	129.1	150.2	n.a.	
Residential Buildings	Million \$, sa	31.1	26.2	49.0	49.4	n.a.	
Nonresidential Buildings	Million \$, sa	46.5	42.0	44.4	50.8	n.a.	
All Other Construction	Million \$, sa	25.0	106.3	35.7	50.0	n.a.	
Bldg. Permits: New Housing Units ¹²	Number	1,345	1,185	3,035	2,456	2,436	+81.1
MEASURES OF MANPOWER UTILIZATION³							
Civilian Work Force	Thousands, sa	2,453	2,476	2,470	2,481p	2,492e	+ 1.6
Total Civilian Employment	Thousands, sa	2,371	2,389	2,376	2,389p	2,398e	+ 1.1
Number Unemployed	Thousands, sa	82	87	94	92p	94e	+14.6
Unemployment Rate	Per Cent, sa	3.3	3.5	3.8	3.7p	3.7e	+12.1
Average Weekly Hours in Manufacturing	Hours, sa	41.8	41.5	41.1	41.8p	41.5e	- 0.7
EMPLOYMENT BY INDUSTRY SECTOR³							
Wage and Salary Employment, Nonfarm	Thousands, sa	1,717	1,721	1,753	1,761p	1,758e	+ 2.4
Manufacturing	Thousands, sa	343	349	346	353p	346e	+ 0.9
Mining	Thousands, sa	36	35	32	31p	30e	-16.7
Construction	Thousands, sa	97	95	96	97p	98e	+ 1.0
Transport., Comm., & Public Utilities	Thousands, sa	128	128	131	129p	130e	+ 1.6
Trade	Thousands, sa	419	418	426	427p	427e	+ 1.9
Finance, Insurance & Real Estate	Thousands, sa	77	77	79	79p	80e	+ 3.9
Service Industries	Thousands, sa	261	260	269	271p	270e	+ 3.4
Government	Thousands, sa	356	359	374	374p	377e	+ 5.9
Number of Workers on Farms	Thousands, sa	387	394	375	373p	374e	- 3.4
MEASURES OF SPENDING							
Total Retail Sales	Million \$, sa	853	853	838	859p	n.a.	
Durable Goods							*
Nondurable Goods	Million \$, sa	565	569	593	595p	n.a.	
GAF ¹³	Million \$, sa	172	172	165	162p	n.a.	
New Passenger Car Registrations	Thousands, sa	21.7	20.2	16.8	25.2	n.a.	
Bank Debits ¹⁴	Billion \$, saar	92.9	97.1	108.5	101.2	99.2	+ 6.8

UNITED STATES production and employment indicators

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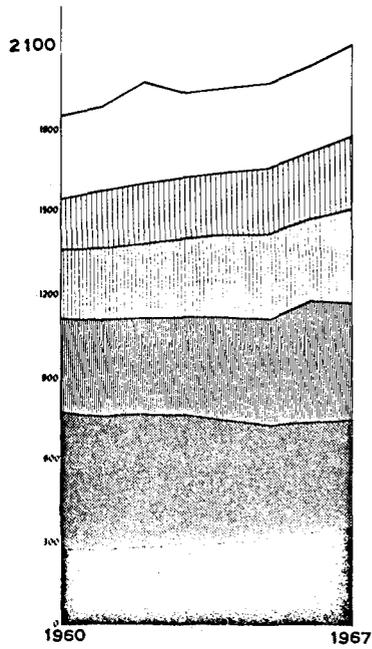
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	item	unit	1966		1967			
			OCTOBER	NOVEMBER	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION								
1.9	Total Industrial Production:	Index, sa	159	159	158	157	156p	
2.5	Manufacturing	Index, sa	162	161	160	158	158p	
0.8	Mining	Index, sa	122	121	128	125	121p	
6.3	Utilities	Index, sa	175	177	185	185	186p	
*	Electrical Energy Consumption: Mfg. & Mining							
*	Manufacturing							
*	Mining							
0.9	Production Worker Manhours: Mfg. & Mining	Index, sa	116	116	113	114p	115p	
1.7	Manufacturing	Index, sa	120	119	116	117p	118p	
7.2	Mining	Index, sa	83	82	79	79p	77p	
3.5	Total Construction Contracts Awarded	Million \$, sa	3983.3	3931.1	5008.3	4654.4	4918.7	
4.7	Residential Buildings	Million \$, sa	1207.6	1187.3	1741.0	1778.0	1868.1	
4.2	Nonresidential Buildings	Million \$, sa	1681.3	1623.4	1804.9	1796.2	1752.4	
8.6	All Other Construction	Million \$, sa	1094.4	1120.4	1462.4	1080.2	1298.2	
8.5	Bldg. Permits: New Housing Units ¹²	Thousands	63.5	58.1	107.1	101.0	107.0p	
MEASURES OF MANPOWER UTILIZATION								
1.6	Civilian Work Force	Thousands, sa	76,801	76,612	77,701	77,803	77,997	
2.0	Total Civilian Employment	Thousands, sa	73,199	73,897	74,718	74,625	74,630	
6.8	Number Unemployed	Thousands, sa	2,882	2,715	2,983	3,178	3,367	
3.2	Unemployment Rate	Per Cent, sa	3.8	3.5	3.8	4.1	4.3p	
1.5	Average Weekly Hours in Manufacturing	Hours, sa	41.3	41.3	40.7	40.8	40.7p	
EMPLOYMENT BY INDUSTRY SECTOR								
2.3	Wage and Salary Employment, Nonfarm	Thousands, sa	64,694	65,014	66,190	66,047	66,165p	
1.3	Manufacturing	Thousands, sa	19,422	19,498	19,318	19,153	19,166p	
4.5	Mining	Thousands, sa	623	621	606	599	595p	
0.5	Construction	Thousands, sa	3,239	3,241	3,223	3,235	3,224p	
1.6	Transport., Comm., & Public Utilities	Thousands, sa	4,190	4,212	4,283	4,266	4,256p	
3.0	Trade	Thousands, sa	13,354	13,406	13,664	13,706	13,748p	
4.8	Finance, Insurance & Real Estate	Thousands, sa	3,120	3,132	3,253	3,263	3,270p	
5.2	Service Industries	Thousands, sa	9,675	9,744	10,130	10,167	10,177p	
5.9	Government	Thousands, sa	11,071	11,160	11,713	11,658	11,729p	
1.9	Number of Workers on Farms	Thousands, sa	3,779	3,892	3,992	3,676	3,707	
MEASURES OF SPENDING								
2.4	Total Retail Sales	Million \$, sa	25,550	25,610	26,422	26,753p	26,152e	
1.5	Durable Goods	Million \$, sa	8,276	8,143	8,508	8,731p	8,155e	
4.2	Nondurable Goods	Million \$, sa	17,274	17,467	17,914	18,022p	17,997e	
	GAF ¹³	Million \$, sa	6,086	6,222	6,426	6,473p	n.a.	
	New Passenger Car Registrations	Thousands, sa	785.1	747.0	734.9	723.0	n.a.	
9.5	Bank Debits ¹⁴	Billion \$, saar	2148.7	2138.1	2307.1	2333.4	2352.9	

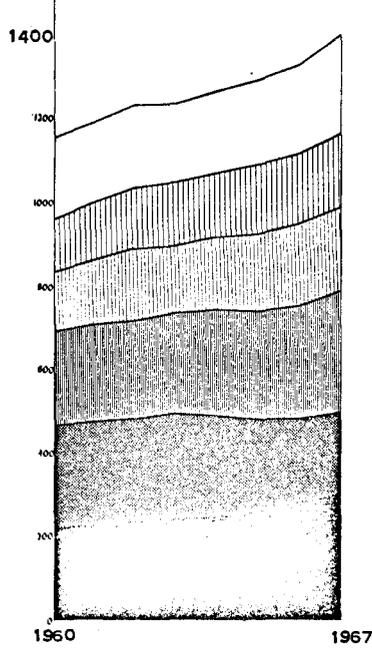
EMPLOYMENT STRUCTURE FOR THE NINTH DISTRICT 1960 - 67

(MANUFACTURE INCREASES - AGRICULTURE DECREASES)

Thousands

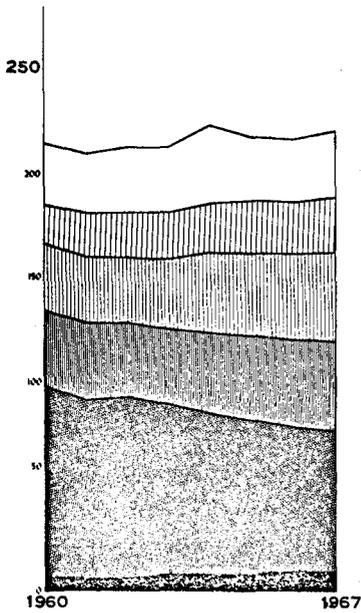


Ninth District

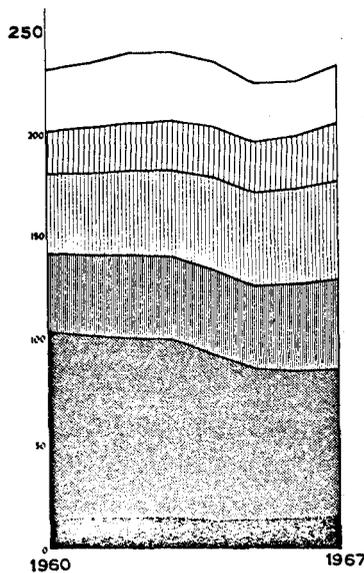


Minnesota

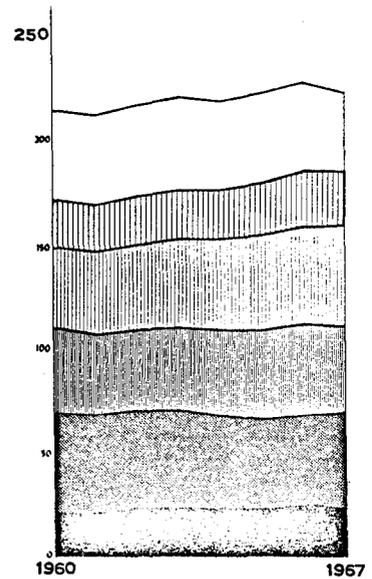
-  OTHER (Transportation, Utilities, Construction, Mining, Finance)
-  SERVICES
-  GOVERNMENT
-  TRADE
-  AGRICULTURE
-  MANUFACTURING



North Dakota



South Dakota



Montana

SOURCE:

Montana Labor Market, Montana State Employment Service; Labor Bulletin, Employment Security Department of South Dakota; North Dakota Employment Trends, Employment Security Bureau; Minnesota Employment Trends, Employment Security Department; Bureau of Labor Statistics, U. S. Department of Labor. For additional sources used in Vol. 1 issue no. 12 - see Vol. 1 issue no. 10.