



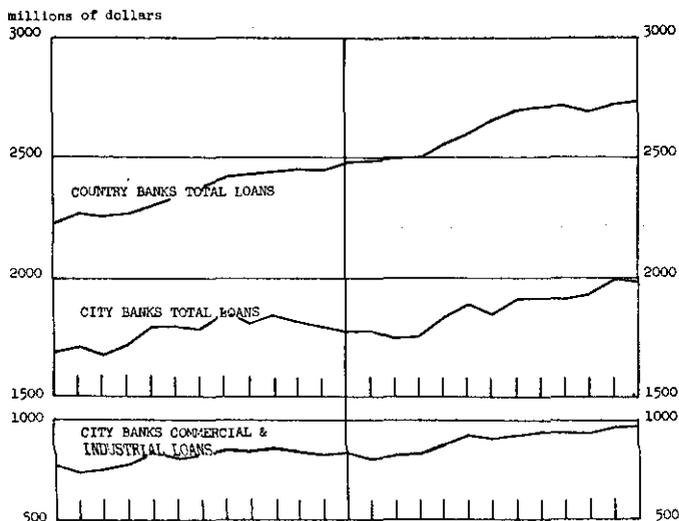
NINTH DISTRICT CONDITIONS MONTHLY STATISTICAL REPORT OF THE FEDERAL RESERVE BANK OF MINNEAPOLIS

FARM SPENDING DECREASES AS INCOME DECREASES,
DEMAND DEPOSITS RISE SHARPLY
BUSINESS CONTINUES TO EXPAND

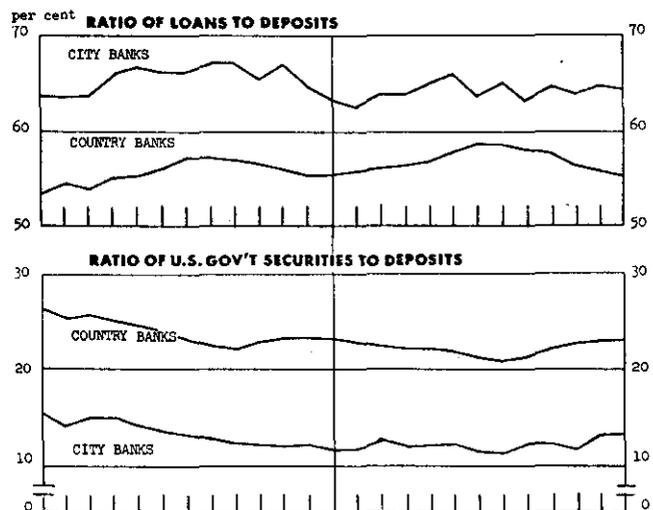
The current pressure on farm income is having a definite effect on farmer spending and credit demands according to the reports of 140 Ninth district agricultural bankers responding to a recent credit conditions survey. A majority of the bankers reported that farm income was running below year ago levels due to lower grain and hog prices and higher farm production expenses. For the most part, the bankers expected no improvement in farm incomes during the first quarter 1968.

The weakening farm income position is reflected in anticipated farmer spending patterns and debt position. Current farmer spending for all items was reported to be at or below year ago levels by three-fourths of the bankers and a slightly higher proportion of the bankers expect this situation to continue into 1968. Many of the bankers reported that planned expenditures for

9TH DISTRICT MEMBER BANK LOANS OUTSTANDING



9TH DISTRICT MEMBER BANK 'LIQUIDITY' RATIOS



farm machinery and other big ticket items was being curtailed as farmers became more price conscious. The debt load of individual farms is increasing, according to the survey, and many of the bankers anticipated greater difficulties in farm debt repayment in the coming months.

There appears to be a pickup in the demand for both short and long-term loans, and a further strengthening of demand is expected during the first quarter. The survey indicates that farm debt refinancing is and will continue to be a primary reason for additional credit needs. Interest rates on farm loans are again on the increase according to the reports, especially for long-term real estate loans.

The bankers appear to be in a good position to handle the increase in loan demands. Only a few bankers expected any difficulty in obtaining a sufficient amount of loanable funds for farm loans. Loan-to-deposit ratios were also reported to be at normal operating levels. Many of the bankers reported, however, that farm income problems were forcing "reapprovals" of some loan requests.

District banks recorded an unusually sharp rise in total deposits during December. On a seasonally adjusted basis the December expansion was on the order of 15 per cent annual rate. A much slower growth during the October-November period, however, held the fourth quarter increase in total deposits to 9 per cent compared to a 12 per cent rise for the third quarter. Most of the inflow of total deposits consisted of an expansion in demand deposits which was above seasonal in nature at both city and country banks. Time deposit inflow at all district banks slowed markedly during December after increasing at a very sharp rate throughout most of 1967.

The heavy inflow of deposits into district banks was accompanied by a relatively high rate of credit expansion during December. Total loans and investments rose at an 11 per cent annual rate - a pace which has been maintained fairly consistently throughout the year. Loan growth was vigorous at all banks during December. The recent strength of loan demand at country banks stands in sharp contrast to the sluggish pace of the third quarter. Holdings of municipal and Federal agency securities continued to expand rapidly during December but holdings of U.S. government securities declined during the month.

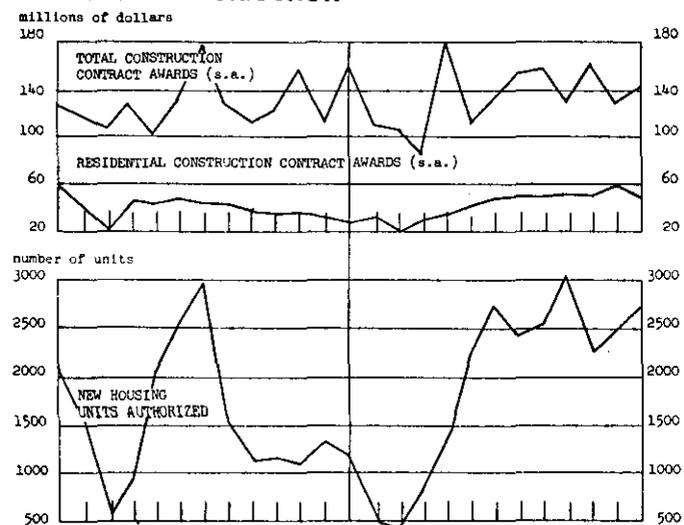
November data indicate that the current business expansion continued with renewed vigor. Production data point to a sharp rebound from the strike-retarded October level and the housing industry maintained its strong uptrend.

The district's electrical energy consumption index rebounded sharply in November to about the peak level of August and September. Leading this advance were exceptionally strong improvements in the electrical machinery industry as well as the lumber and wood products industry (reflecting, in part, the continued improvement in residential construction). The nonelectrical machinery industry and the ordnance industry continued to register gains just as they have over most of the current expansion. The nondurable goods industry showed virtually no change from the October level as a strike in the paper and allied products industry retarded output expansion.

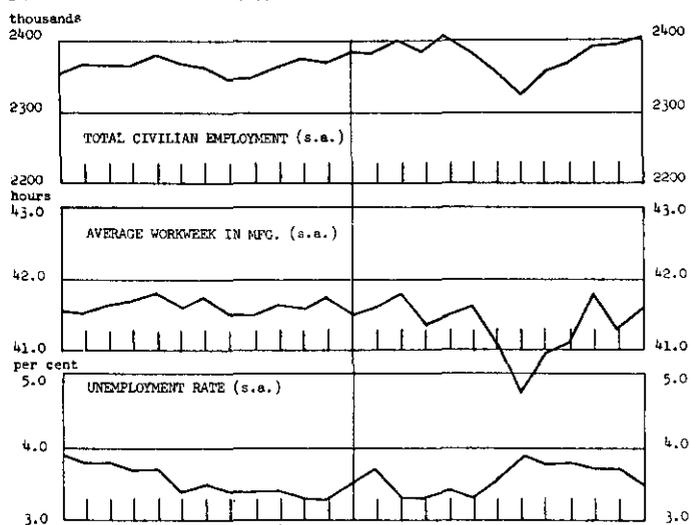
In construction, district building permit data indicated continued strong improvement in the residential sector. For the first eleven months of this year the total number of permits issued for new housing units was about 38% greater than the corresponding period of 1966. Although the bulk of this increase was in multifamily units, permits for single family dwellings advanced about 13 per cent.

Total wage and salary employment in the district advanced slightly from the October level because of the rebound in manufacturing employment. Manufacturing employment, reflecting output increases, advanced at about a 17 per cent annual rate during the month. The district unemployment rate declined by .2 of a point during November to 3.5 per cent of the civilian work force. This compares favorably to the national unemployment rate of 3.9 per cent, and is a reflection of the relationship between the district and national unemployment rates that have prevailed during most of the current expansion.

9TH DISTRICT CONSTRUCTION



9TH DISTRICT MANPOWER UTILIZATION



4 NINTH DISTRICT¹ production and employment indicators

9th dis
percent
change

item	unit	1966		1967				NOV. to NOV.
		NOVEMBER	DECEMBER	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION								
Total Industrial Production:								
Manufacturing								*
Mining								*
Utilities								*
Electrical Energy Consumption: Mfg. & Mining	Index, sa	192	197	215	211	215		+ 12.0
Manufacturing	Index, sa	180	184	198	194	197		+ 9.4
Mining	Index, sa	250	255	299	292	300		+ 20.0
Production Worker Manhours: Mfg. & Mining	Index, sa	117	119	117	114p	n.a.		
Manufacturing	Index, sa	124	124	126	122p	n.a.		
Mining	Index, sa	84	91	77	78p	n.a.		
Total Construction Contracts Awarded	Million \$, sa	174.5	107.2	150.2	121.3	n.a.		
Residential Buildings	Million \$, sa	26.2	30.5	49.4	57.2	n.a.		
Nonresidential Buildings	Million \$, sa	42.0	43.5	50.8	35.0	n.a.		
All Other Construction	Million \$, sa	106.3	33.2	50.0	29.1	n.a.		
Bldg. Permits: New Housing Units ¹²	Number	1199	524	2456	2436	2694		+124.7
MEASURES OF MANPOWER UTILIZATION³								
Civilian Work Force								
Total Civilian Employment	Thousands, sa	2476	2478	2481p	2483p	2490e		+ 0.6
Number Unemployed	Thousands, sa	87	92	92p	93p	88e		+ 1.1
Unemployment Rate	Per Cent, sa	3.5	3.7	3.7p	3.7p	3.5e		0.0
Average Weekly Hours in Manufacturing	Hours, sa	41.5	41.6	41.8p	41.3e	41.6e		+ 0.2
EMPLOYMENT BY INDUSTRY SECTOR³								
Wage and Salary Employment, Nonfarm								
Manufacturing	Thousands, sa	1724	1729	1760p	1757p	1761e		+ 2.1
Mining	Thousands, sa	349	353	352p	346p	351e		+ 0.6
Construction	Thousands, sa	35	35	31p	31p	30e		- 14.3
Transport., Comm., & Public Utilities	Thousands, sa	96	96	97p	98p	99e		+ 3.1
Trade	Thousands, sa	128	129	129p	129p	129e		+ 0.8
Finance, Insurance & Real Estate	Thousands, sa	419	419	427	428p	428e		+ 2.1
Service Industries	Thousands, sa	77	77	79p	79p	79e		+ 2.6
Government	Thousands, sa	261	262	271p	271p	273e		+ 4.6
Number of Workers on Farms	Thousands, sa	359	358	374p	375p	372e		+ 3.6
	Thousands, sa	394	384	373p	367p	379e		- 3.8
MEASURES OF SPENDING								
Total Retail Sales								
Durable Goods	Million \$, sa	853	873	859p	n.a.	n.a.		*
Nondurable Goods	Million \$, sa	569	583	595p	n.a.	n.a.		
GAF ¹³	Million \$, sa	172	177	162p	n.a.	n.a.		
New Passenger Car Registrations	Thousands, sa	20.2	21.8	25.2	19.1	n.a.		
Bank Debits ¹⁴	Billion \$, sa	97.1	99.0	101.2	99.2	106.7		+ 9.9

UNITED STATES production and employment indicators 5

U.S.¹⁵
percent
change

QV. to NOV.

	item	unit	1966		1967			
			NOVEMBER	DECEMBER	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION								
0.0	Total Industrial Production:	Index, sa	159	160	156	156	159p	
- 0.6	Manufacturing	Index, sa	162	162	158	158	161p	
+ 0.8	Mining	Index, sa	122	124	125	121	123p	
+ 3.9	Utilities	Index, sa	179	179	185	186	186p	
*	Electrical Energy Consumption: Mfg. & Mining							
*	Manufacturing							
*	Mining							
	Production Worker Manhours: Mfg. & Mining	Index, sa	116	115	114p	115p	n.a.	
	Manufacturing	Index, sa	119	118	117p	118p	n.a.	
	Mining	Index, sa	82	83	79p	77p	n.a.	
+22.4	Total Construction Contracts Awarded	Million \$, sa	3931.1	3819.5	4654.4	4918.7	4811.2	
+58.8	Residential Buildings	Million \$, sa	1187.3	1167.9	1779.0	1868.1	1885.0	
+11.8	Nonresidential Buildings	Million \$, sa	1623.4	1609.8	1796.2	1752.4	1815.7	
- 0.9	All Other Construction	Million \$, sa	1120.4	1041.8	1080.2	1298.2	1110.5	
+65.7	Bldg. Permits: New Housing Units ¹²	Thousands	58.1	50.8	101.0	107.0p	96.3p	
MEASURES OF MANPOWER UTILIZATION								
+ 2.0	Civilian Work Force	Thousands, sa	76,612	76,764	77,803	77,997	78,106	
+ 1.6	Total Civilian Employment	Thousands, sa	73,897	73,893	74,625	74,630	75,083	
+11.3	Number Unemployed	Thousands, sa	2715	2871	3178	3367	3023	
+11.4	Unemployment Rate	Per Cent, sa	3.5	3.7	4.1	4.3	3.9	
- 1.0	Average Weekly Hours in Manufacturing	Hours, sa	41.3	41.0	40.8	40.6	40.9p	
EMPLOYMENT BY INDUSTRY SECTOR								
+ 2.6	Wage and Salary Employment, Nonfarm	Thousands, sa	65,014	65,251	66,055	66,231	66,709p	
- 0.4	Manufacturing	Thousands, sa	19,498	19,526	19,142	19,162	19,413p	
- 3.7	Mining	Thousands, sa	621	623	601	596	598p	
+ 0.2	Construction	Thousands, sa	3241	3291	3238	3235	3248p	
+ 1.8	Transport., Comm., & Public Utilities	Thousands, sa	4212	4218	4262	4255	4289p	
+ 3.2	Trade	Thousands, sa	13,406	13,416	13,719	13,769	13,833p	
+ 4.9	Finance, Insurance & Real Estate	Thousands, sa	3132	3144	3264	3268	3286p	
+ 5.3	Service Industries	Thousands, sa	9744	9781	10,161	10,198	10,260p	
+ 5.6	Government	Thousands, sa	11,160	11,252	11,668	11,748	11,782p	
- 1.6	Number of Workers on Farms	Thousands, sa	3892	4011	3676	3707	3829	
MEASURES OF SPENDING								
+ 3.6	Total Retail Sales	Million \$, sa	25,610	25,368	26,732	26,122p	26,525e	
+ 1.9	Durable Goods	Million \$, sa	8,143	8,156	8,743	8,236p	8,300e	
+ 4.3	Nondurable Goods	Million \$, sa	17,467	17,212	17,989	17,886p	18,225e	
	GAF ¹³	Million \$, sa	6,222	5,967	6,493	6,347p	n.a.	
	New Passenger Car Registrations	Thousands, sa	747.0	726.8	723.0	716.6	n.a.	
+ 9.4	Bank Debits ¹⁴	Billion \$, saar	2138.1	2156.8	2333.4	2352.9	2339.1	

NINTH DISTRICT¹ income and financial indicators

item	unit	1966		1967		9th dist. percent change		
		NOVEMBER	DECEMBER	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	NOV. to NOV.
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION								
Total Personal Income ²								*
Nonagricultural Personal Income								*
Average Weekly Earnings in Manufacturing ³	Dollars,	115.35	118.19	119.58p	120.53e	120.34e		+ 4.3
Consumer Instalment Credit Outstanding ⁴	Million \$	998	1004	1087	1091	1094		+ 9.6
Time & Savings Deposits at Member Banks	Million \$	3596	3600	4112	4154	4208		+17.0
Savings Balances at Savings & Loan Assoc. ²	Million \$	2800	2844	3002	2998	3012		+ 7.6
Cash Farm Receipts, Total ²	Million \$	405	323	373	458	n.a.		
Receipts from Crops	Million \$	144	119	159	191	n.a.		
Receipts from Livestock & Produce	Million \$	261	204	214	267	n.a.		
MEASURES OF PRICE LEVELS								
Consumer Price Index ⁵	Index, sa				118.4			
Prices Received by Farmers ⁶	Index, sa	115	115	112	108	105		- 8.7
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS⁷								
CITY BANKS⁸								
Adjusted Loans and Discounts ⁹	Million \$	1767	1772	1936	1987	1980	2013	+12.1
Real Estate Loans	Million \$	332	335	346	351	354	358	+ 6.6
Commercial and Industrial Loans	Million \$	840	820	943	969	974	968	+16.0
Total Investments	Million \$	655	676	725	785	795	788	+21.4
U.S. Government Obligations	Million \$	335	348	361	408	409	376	+22.1
Other Securities	Million \$	320	328	364	377	386	412	+20.6
Total Deposits	Million \$	2860	2913	3096	3103	3098	3328	+ 8.3
Gross Demand Deposits	Million \$	1744	1814	1802	1795	1761	1999	+ 1.0
Time Deposits	Million \$	1116	1099	1294	1308	1337	1329	+19.8
COUNTRY BANKS¹⁰								
Loans and Discounts	Million \$	2472	2488	2699	2720	2738	2767	+10.8
Total Investments	Million \$	1763	1745	1879	1928	1968	1978	+11.6
U.S. Government Securities	Million \$	1029	1008	1085	1111	1132	1122	+10.0
Other Securities	Million \$	734	737	794	817	836	856	+13.9
Total Deposits	Million \$	4464	4449	4796	4872	4948	4981	+10.8
Gross Demand Deposits	Million \$	1984	1948	1978	2026	2076	2083	+ 4.6
Time Deposits	Million \$	2480	2501	2818	2846	2872	2898	+15.8
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS								
Reserves: 11								
Total Reserves	Million \$	586	595	596	607	610	616p	+ 4.1
Required Reserves	Million \$	565	573	578	589	592	599p	+ 4.8
Excess Reserves	Million \$	21	22	18	17	18	17p	-14.3
Borrowings from FRB	Million \$	3	3	0	1	1	1p	-66.7
Ratio of Loans to Total Deposits: 7								
City Banks	Per Cent	63.3	62.5	63.7	64.6	64.5	61.7	+ 1.9
Country Banks	Per Cent	55.4	55.9	56.3	55.8	55.3	55.6	- 0.2
Ratio of U.S. Gov't Securities to Deposits: 7								
City Banks	Per Cent	11.7	11.9	11.7	13.1	13.2	11.3	+12.8
Country Banks	Per Cent	23.1	22.7	22.6	22.8	22.9	22.5	- 0.9

UNITED STATES income and financial indicators

7

U.S.
percent
change

NOV. to NOV.

	item	unit	1966		1967		
			NOVEMBER	DECEMBER	SEPTEMBER	OCTOBER	
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION							
+ 6.6	Total Personal Income	Billion \$, saar	602.1	605.0	634.4	635.9	641.7p
+ 6.8	Nonagricultural Personal Income	Billion \$, saar	581.9	584.8	614.0	615.7	621.5p
+ 3.7	Average Weekly Earnings in Manufacturing	Dollars, sa	113.99	114.40	116.57	116.00	118.20p
+ 5.6	Consumer Instalment Credit Outstanding ⁴	Billion \$	32.0	32.2	33.4	33.7	33.8
+16.3	Time & Savings Deposits at Member Banks	Billion \$	127.3	128.9	146.2	147.2	148.0
+ 9.4	Savings Balances at Savings & Loan Assoc.	Billion \$	112.3	114.0	121.9	122.4	122.9p
	Cash Farm Receipts, Total	Billion \$	4.9	3.9	4.0	4.9	n.a.
	Receipts from Crops	Billion \$	2.7	1.9	1.8	2.6	n.a.
	Receipts from Livestock & Produce	Billion \$	2.2	2.0	2.2	2.3	n.a.
MEASURES OF PRICE LEVELS							
+ 2.8	Consumer Price Index	Index, sa	114.6	114.7	117.1	117.5	117.8
- 3.7	Prices Received by Farmers	Index, sa	107	106	104	104	103
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS⁷							
CITY BANKS⁸							
+ 5.0	Adjusted Loans and Discounts ⁹	Billion \$	131.6	134.8	138.0	137.4	138.2
+ 4.7	Real Estate Loans	Billion \$	27.5	27.5	28.3	28.5	28.8
+ 6.3	Commercial and Industrial Loans	Billion \$	59.9	60.6	63.4	63.1	63.7
+23.5	Total Investments	Billion \$	49.8	51.5	59.7	61.7	61.5
+21.4	U.S. Government Obligations	Billion \$	23.4	24.8	27.0	28.7	28.4
+25.4	Other Securities	Billion \$	26.4	26.7	32.7	33.0	33.1
+ 9.7	Total Deposits	Billion \$	197.2	204.4	214.7	215.9	216.4
+ 4.2	Gross Demand Deposits	Billion \$	108.8	114.8	113.0	113.7	113.4
+16.5	Time Deposits	Billion \$	88.4	89.6	101.7	102.2	103.0
COUNTRY BANKS¹⁰							
+10.7	Loans and Discounts	Billion \$	44.1	44.9	48.2	48.6	48.8
+15.8	Total Investments	Billion \$	29.1	29.1	32.4	33.0	33.7
+10.6	U.S. Government Securities	Billion \$	16.9	16.8	18.0	18.3	18.7
+23.0	Other Securities	Billion \$	12.2	12.3	14.4	14.7	15.0
+11.4	Total Deposits	Billion \$	77.5	78.9	84.6	85.7	86.3
+ 7.0	Gross Demand Deposits	Billion \$	38.6	39.6	40.1	40.7	41.3
+15.7	Time Deposits	Billion \$	38.9	39.3	44.5	45.0	45.0
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS							
<u>Reserves:¹¹</u>							
+ 6.3	Total Reserves	Million \$	23,214	23,885	24,123	24,665	24,674p
+ 6.6	Required Reserves	Million \$	22,822	23,540	23,789	24,324	24,318p
- 9.2	Excess Reserves	Million \$	392	345	334	341	356p
-77.8	Borrowings from FRB	Million \$	608	536	82	129	135
<u>Ratio of Loans to Total Deposits:⁷</u>							
- 4.2	City Banks	Per Cent	68.4	65.9	66.0	65.4	65.5
- 0.7	Country Banks	Per Cent	56.9	56.9	57.0	56.7	56.5
<u>Ratio of U.S. Gov't Securities to Deposits:⁷</u>							
+10.1	City Banks	Per Cent	11.9	12.1	12.6	13.3	13.1
- 0.5	Country Banks	Per Cent	21.8	21.3	21.2	21.4	21.7

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