



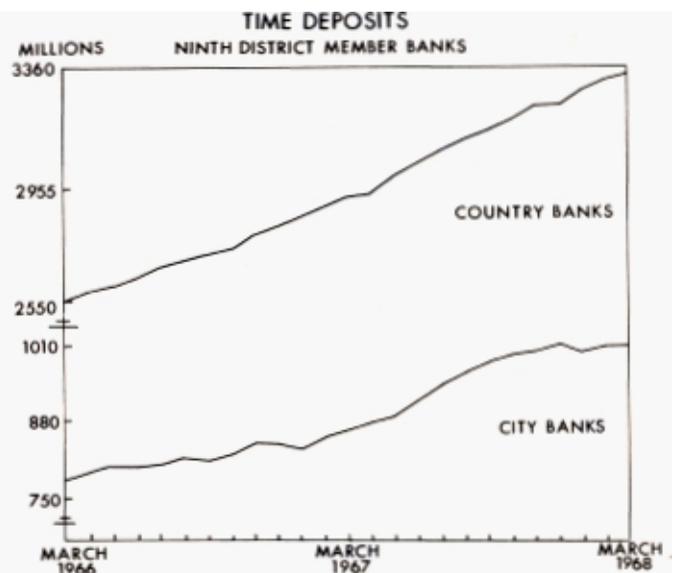
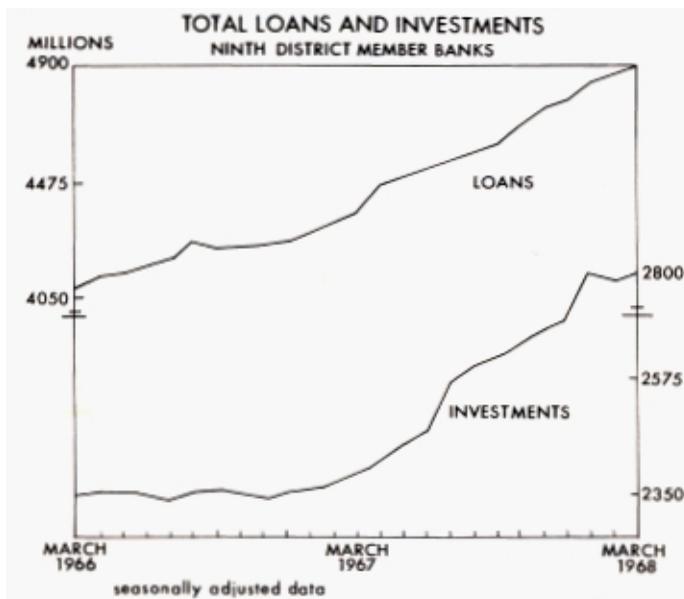
NINTH DISTRICT CONDITIONS

monthly statistical report of the federal reserve bank of minneapolis

BANK CREDIT CONTINUES SLOW GROWTH

During March Ninth district bank credit (seasonally adjusted) inched up at an annual rate of less than one percent following an advance of only 4 percent in February. Mid-month reports for April indicate a continuation of the recent snail-like pace of growth in bank credit. A general slowdown in credit growth has also been reported among commercial banks across the nation in recent weeks.

Both loans and holdings of U.S. government securities (seasonally adjusted) declined during March, but a sizable increase in holdings of municipal and agency securities enabled total credit to score a nominal advance for the month. While the rapid expansion in municipals during March was common to all district banks, the downturn in the other sectors of bank credit was especially noticeable at large city banks. Holdings of U.S. government securities at these



banks were reduced in order to alleviate the pressure on reserve positions resulting from a heavy outflow of demand deposits. Loans also fell sharply in part because finance companies which ordinarily borrow heavily in March repaid a portion of their outstanding indebtedness instead.

As market rates of interest continued to rise during March district banks found it increasingly difficult to attract new and hold on to existing time deposits. Country banks fared much better in this respect than did their city counterparts. This was due in part to the fact that a portion of the March slowdown in time deposit growth was attributable to losses of interest-rate-sensitive large negotiable certificates of deposit which are held primarily by city banks. Nonetheless, city banks also recorded a slower rate of growth in smaller consumer-oriented certificates of deposit during March relative to country banks in the district.

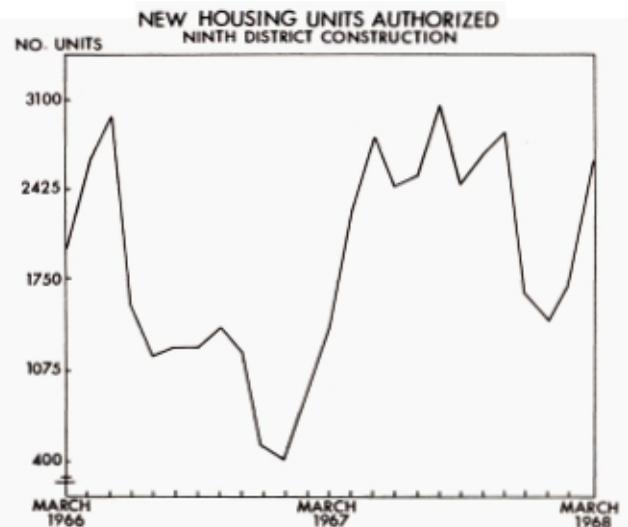
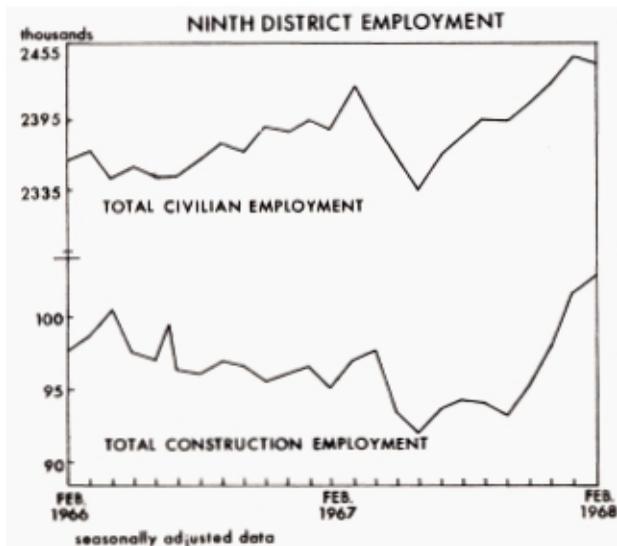
NONELECTRICAL MACHINE INDUSTRY SETS PACE FOR ECONOMIC ADVANCE

The level of economic activity throughout the country advanced at a record setting pace during the first quarter of 1968

and most available evidence indicates that the Ninth district participated quite strongly in this overall increase in economic activity. Strong gains were apparent in the industrial sector as well as the construction sector of the district's economy and the district's unemployment rate continued to remain below the national rate.

At the national level, industrial production advanced during the first quarter at nearly a 6 percent annual rate, and district data indicate a growth of similar proportions. A rise in the index of electrical power consumption as well as an increase in employment support the inference of very rapid growth in the district during the first quarter of 1968. The resumption of operations in the copper industry contributed to the more vigorous pace of advance; but the nonelectrical machinery industry, which includes the manufacture of computers and business equipment, continued to set the pace for the overall economic advance.

The construction industry also experienced a very rapid increase in activity during the first quarter of the year. This is evidenced by the strong increase in construction employment, particularly in the highway



and heavy construction area, and also by the fact that building permits issued for new housing units during the first quarter were more than double the number issued in the first quarter of 1967.

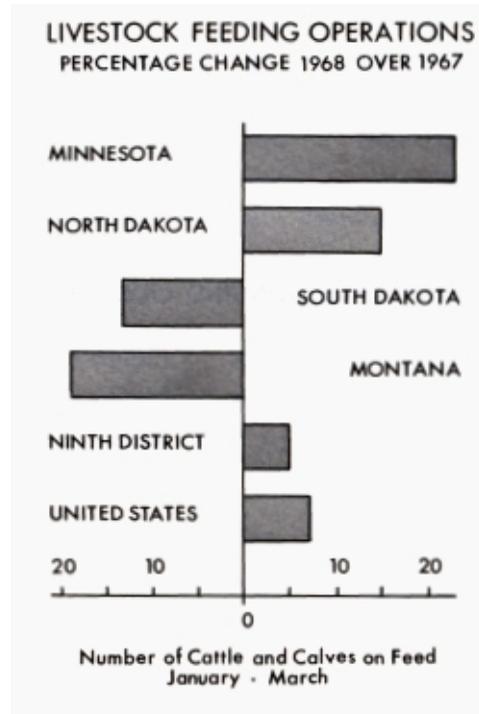
Employment levels in the district advanced during the first quarter along with the generally increased level of economic activity. The unemployment rate of about 3.4 percent was slightly below the national rate of 3.6 percent

LIVESTOCK MARKETING ACTIVITY IS HEAVY THROUGHOUT FIRST QUARTER

Cattle feeding operations in the Ninth district remained on a moderately high level throughout the first quarter of 1968. In all, 370 thousand head of cattle and calves were placed in district feedlots from January through March, representing a five percent increase over the corresponding period in 1967. This was two percentage points lower than the overall 7 percent increase that occurred in placements for the major 32 state feeding area. Although there was an overall increase in the number of cattle and calves placed in district feedlots; a uniform pattern of increase did not occur among the district states. Substantial increases, compared to one year earlier, in fed cattle placements were registered in Minnesota and North Dakota (23 and 15 percent, respectively), whereas, a 13 percent decrease was realized in South Dakota and a 19 percent cut occurred in Montana. In spite of the generally large numbers of livestock placed on feed in the district as a whole during the first quarter, the inventory of cattle and calves on feed on April 1, at 10,671 thousand head, was slightly lower (1 percent) than year earlier levels. The inventory decrease is largely attributable to the heavy marketings that took place in the latter half of the first quarter 1968.

District fed cattle marketings for the first quarter of 1968 were unexpectedly heavy with marketings exceeding those of second quarter 1967 by 13 percent. This compares with a five percent gain in slaughter shipments in the 32 state feed belt area. In all, 501 thousand head of cattle and calves were marketed from the district during the January-March period. The largest relative increase in marketings occurred in Montana where a 30 percent gain was realized over the second quarter 1967. A marketing increase of 12 percent occurred in Minnesota, while 9 and 10 percent gains were registered in North and South Dakota, respectively.

Livestock marketings for the April through June period are expected to run about 367 thousand head - an 18 percent decrease compared to second quarter 1967. Decreased cattle marketings for the second quarter are anticipated in all district states, with the largest relative cut (24 percent) expected in South Dakota. District marketings after June 30, however, are expected to pick up significantly with a 12 percent gain anticipated over the corresponding period of 1967.



NINTH DISTRICT¹ income and financial indicators

item	unit	1967		1968				9th dist. percent change MAR. to MAR.
		MARCH	APRIL	JANUARY	FEBRUARY	MARCH	APRIL	
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION								
Total Personal Income ²								*
Nonagricultural Personal Income								*
Average Weekly Earnings in Manufacturing ³	Dollars	120.13	119.38	126.30	125.22p	125.74e		+ 4.7
Consumer Instalment Credit Outstanding ⁴	Million \$	998	1006	1094	1101	n.a.		
Time & Savings Deposits at Member Banks	Million \$	3791	3847	4277	4339	4386		+ 15.7
Savings Balances at Savings & Loan Assoc. ²	Million \$	2909	2901	3041	3054	n.a.		
Cash Farm Receipts, Total ²	Million \$	272	250	359	284	n.a.		
Receipts from Crops	Million \$	74	65	149	81	n.a.		
Receipts from Livestock & Produce	Million \$	198	185	210	203	n.a.		
MEASURES OF PRICE LEVELS								
Consumer Price Index ⁵	Index, sa		114.2	119.3				
Prices Received by Farmers ⁶	Index, sa	112	110	106	110	n.a.		
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS⁷								
CITY BANKS⁸								
Adjusted Loans and Discounts ⁹	Million \$	1829	1888	1968	1972	2025	2042	+ 10.7
Real Estate Loans	Million \$	319	319	359	362	364	370	+ 14.1
Commercial and Industrial Loans	Million \$	885	939	941	955	988	1003	+ 11.6
Total Investments	Million \$	679	689	877	826	821	802	+ 20.9
U.S. Government Obligations	Million \$	347	349	446	384	370	355	+ 6.6
Other Securities	Million \$	332	340	431	442	451	447	+ 35.8
Total Deposits	Million \$	2856	2892	3203	3132	3074	3050	+ 7.6
Gross Demand Deposits	Million \$	1685	1693	1873	1767	1702	1712	+ 1.0
Time Deposits	Million \$	1171	1199	1330	1365	1372	1338	+ 17.2
COUNTRY BANKS¹⁰								
Loans and Discounts	Million \$	2547	2588	2770	2787	2818	2854	+ 10.6
Total Investments	Million \$	1737	1721	1977	1977	1969	1942	+ 13.4
U.S. Government Securities	Million \$	992	978	1114	1116	1101	1073	+ 11.0
Other Securities	Million \$	745	743	863	861	868	869	+ 16.5
Total Deposits	Million \$	4486	4490	4928	4943	4962	4973	+ 10.6
Gross Demand Deposits	Million \$	1866	1842	1981	1969	1948	1946	+ 4.4
Time Deposits	Million \$	2620	2648	2947	2974	3014	3027	+ 15.0
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS								
<u>Reserves:¹¹</u>								
Total Reserves	Million \$	573	566	632	621	611		+ 6.6
Required Reserves	Million \$	553	546	616	604	598		+ 8.1
Excess Reserves	Million \$	20	20	16	17	13		- 35.0
Borrowings from FRB	Million \$	2	2	2	2	12		+500.0
<u>Ratio of Loans to Total Deposits:⁷</u>								
City Banks	Per Cent	64.9	65.8	62.9	64.2	67.7	67.6	+ 4.3
Country Banks	Per Cent	56.8	57.6	56.2	56.4	56.8	57.4	0.0
<u>Ratio of U.S. Gov't Securities to Deposits:⁷</u>								
City Banks	Per Cent	12.1	12.1	13.9	12.3	12.0	11.6	- 0.8
Country Banks	Per Cent	22.1	21.8	22.6	22.6	22.2	21.6	+ 0.5

UNITED STATES income and financial indicators

5

U.S.¹⁵
percent
change

MAR. to MAR.

	item	unit	1967		1968			
			MARCH	APRIL	JANUARY	FEBRUARY	MARCH	APRIL
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION								
+ 8.2	Total Personal Income	Billion \$, saar	615.6	616.5	650.9	659.3	666.0p	
+ 8.2	Nonagricultural Personal Income	Billion \$, saar	596.2	596.9	630.3	638.6	645.0p	
+ 6.9	Average Weekly Earnings in Manufacturing	Dollars, sa	112.44	112.56	117.60	119.48	120.18p	
	Consumer Instalment Credit Outstanding ⁴	Billion \$	32.1	32.3	34.0	34.2	n.a.	
+ 11.0	Time & Savings Deposits at Member Banks	Billion \$	137.4	138.2	150.3	151.7	152.5	
+ 8.2	Savings Balances at Savings & Loan Assoc.	Billion \$	116.4	116.9	124.1	124.7	125.9p	
	Cash Farm Receipts, Total	Billion \$	2.8	2.7	3.8	2.8	n.a.	
	Receipts from Crops	Billion \$.8	.8	1.7	.9	n.a.	
	Receipts from Livestock & Produce	Billion \$	2.0	1.9	2.1	1.9	n.a.	
MEASURES OF PRICE LEVELS								
+ 3.9	Consumer Price Index	Index, sa	115.0	115.3	118.6	119.0	119.5	
+ 3.9	Prices Received by Farmers	Index, sa	103	101	105	107	107	
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS⁷								
CITY BANKS⁸								
+ 6.5	Adjusted Loans and Discounts ⁹	Billion \$	133.0	133.6	141.8	140.5	141.6	
+ 8.1	Real Estate Loans	Billion \$	27.1	27.1	29.0	29.1	29.3	
+ 7.3	Commercial and Industrial Loans	Billion \$	62.0	62.3	65.0	65.1	66.5	
+ 10.3	Total Investments	Billion \$	56.1	56.0	62.1	62.9	61.9	
+ 1.1	U.S. Government Obligations	Billion \$	26.8	25.3	28.1	28.7	27.1	
+ 18.8	Other Securities	Billion \$	29.3	30.7	34.0	34.2	34.8	
+ 8.0	Total Deposits	Billion \$	202.7	206.4	224.3	221.5	219.0	
+ 6.8	Gross Demand Deposits	Billion \$	106.6	110.0	120.1	116.5	113.9	
+ 9.4	Time Deposits	Billion \$	96.1	96.4	104.2	105.0	105.1	
COUNTRY BANKS¹⁰								
+ 9.5	Loans and Discounts	Billion \$	45.4	46.1	49.1	49.3	49.7	
+ 16.3	Total Investments	Billion \$	29.5	29.6	34.1	34.3	34.3	
+ 9.5	U.S. Government Securities	Billion \$	16.8	16.7	18.5	18.6	18.4	
+ 25.2	Other Securities	Billion \$	12.7	12.9	15.6	15.7	15.9	
+ 10.7	Total Deposits	Billion \$	79.2	80.1	87.2	87.6	87.7	
+ 6.3	Gross Demand Deposits	Billion \$	37.9	38.3	41.1	40.9	40.3	
+ 14.8	Time Deposits	Billion \$	41.3	41.8	46.1	46.7	47.4	
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS								
<i>Reserves:¹¹</i>								
	Total Reserves	Million \$	23,373	23,427	25,774p	25,595p	n.a.	
	Required Reserves	Million \$	22,952	23,067	25,424p	25,211p	n.a.	
	Excess Reserves	Million \$	421	360	350p	384p	n.a.	
+224.1	Borrowings from FRB	Million \$	203	147	220	368	658	
<i>Ratio of Loans to Total Deposits:⁷</i>								
- 1.8	City Banks	Per Cent	67.2	66.2	64.7	65.2	66.0	
- 1.2	Country Banks	Per Cent	57.3	57.6	56.3	56.3	56.6	
<i>Ratio of U.S. Gov't Securities to Deposits:⁷</i>								
- 6.1	City Banks	Per Cent	13.2	12.3	12.5	13.0	12.4	
- 0.9	Country Banks	Per Cent	21.2	20.8	21.2	21.3	21.0	

6 NINTH DISTRICT¹ production and employment indicators

item	unit	1967		1968				9th dist. percent change MAR. to MAR.
		MARCH	APRIL	JANUARY	FEBRUARY	MARCH	APRIL	
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION								
Total Industrial Production:								*
Manufacturing								*
Mining								*
Utilities								*
Electrical Energy Consumption: Mfg. & Mining	Index, sa	203	205	225	230	228		+12.3
Manufacturing	Index, sa	188	189	208	208	207		+10.1
Mining	Index, sa	275	280	309	333	324		+17.8
Production Worker Manhours: Mfg. & Mining	Index, sa	119	118	119	120	n.a.		
Manufacturing	Index, sa	125	124	129	129p	n.a.		
Mining	Index, sa	90	91	70	77p	n.a.		
Total Construction Contracts Awarded	Million \$, sa	134.4	115.9	214.9	140.5	n.a.		
Residential Buildings	Million \$, sa	33.0	37.1	93.8	47.0	n.a.		
Nonresidential Buildings	Million \$, sa	41.4	48.8	58.4	31.5	n.a.		
All Other Construction	Million \$, sa	60.0	30.0	62.7	62.0	n.a.		
Bldg. Permits: New Housing Units ¹²	Number	1406	2257	1442	1768	2429		+72.8
MEASURES OF MANPOWER UTILIZATION³								
Civilian Work Force	Thousands, sa	2502	2472	2537	2526p	2545e		+ 1.7
Total Civilian Employment	Thousands, sa	2418	2390	2451	2443p	2457e		+ 1.6
Number Unemployed	Thousands, sa	84	82	86	83p	88e		+ 4.8
Unemployment Rate	Per Cent, sa	3.4	3.3	3.4	3.3p	3.5e		+ 2.9
Average Weekly Hours in Manufacturing	Hours, sa	41.5	41.2	41.6	41.5p	41.2e		- 0.7
EMPLOYMENT BY INDUSTRY SECTOR³								
Wage and Salary Employment, Nonfarm	Thousands, sa	1773	1770	1818	1828p	1824e		+ 2.9
Manufacturing	Thousands, sa	369	364	374	374p	374e		+ 1.4
Mining	Thousands, sa	35	34	29	31p	31e		-11.4
Construction	Thousands, sa	94	95	102	103p	103e		+ 9.6
Transport., Comm., & Public Utilities	Thousands, sa	130	129	130	130p	130e		0.0
Trade	Thousands, sa	424	424	438	442p	440e		+ 3.8
Finance, Insurance & Real Estate	Thousands, sa	78	79	81	82p	82e		+ 5.1
Service Industries	Thousands, sa	273	273	283	284p	284e		+ 4.0
Government	Thousands, sa	370	372	381	382p	380e		+ 2.7
Number of Workers on Farms	Thousands, sa	391	372	379	357p	376p		- 3.8
MEASURES OF SPENDING								
Total Retail Sales	Million \$, sa	905	861	896	904p	n.a.		*
Durable Goods								*
Nondurable Goods	Million \$, sa	607	591	575	613p	n.a.		
GAF ¹³	Million \$, sa	185	170	174	193p	n.a.		
New Passenger Car Registrations	Thousands, sa	19.4	19.8	19.3	19.0	n.a.		
Bank Debits ¹⁴	Billion \$, saar	97.3	102.6	114.4	112.1	108.5		+11.5

UNITED STATES production and employment indicators 7

U.S. ¹⁵ percent change	item	unit	1967		1968			
					JANUARY	FEBRUARY	MARCH	APRIL
			MARCH	APRIL				
	MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION							
+ 3.8	Total Industrial Production:	Index, sa	156	156	161	162	162p	
+ 3.8	Manufacturing	Index, sa	158	158	163	163	164p	
+ 3.3	Mining	Index, sa	122	122	123	124	126p	
+ 7.7	Utilities	Index, sa	182	183	195	196	196p	
*	Electrical Energy Consumption: Mfg. & Mining							
*	Manufacturing							
*	Mining							
0.0	Production Worker Manhours: Mfg. & Mining	Index, sa	113	112	113	113p	113p	
+ 0.9	Manufacturing	Index, sa	116	115	117	118p	117p	
- 7.6	Mining	Index, sa	79	83	76	72p	73p	
+21.3	Total Construction Contracts Awarded	Million \$, sa	4115.1	3919.4	5136.3	4695.7	4990.1	
+39.6	Residential Buildings	Million \$, sa	1376.6	1334.4	2019.3	1935.3	1921.9	
+ 6.5	Nonresidential Buildings	Million \$, sa	1636.8	1628.0	1847.7	1495.9	1743.8	
+20.2	All Other Construction	Million \$, sa	1101.7	957.0	1269.3	1264.5	1324.4	
+32.5	Bldg. Permits: New Housing Units ¹²	Thousands	87.7	95.6	72.3	89.5	116.2p	
	MEASURES OF MANPOWER UTILIZATION							
+ 2.6	Civilian Work Force	Thousands, sa	76,676	76,814	77,923	78,672	78,658	
+ 2.7	Total Civilian Employment	Thousands, sa	73,822	73,939	75,167	75,731	75,802	
+ 0.1	Number Unemployed	Thousands, sa	2854	2875	2756	2941	2856	
- 2.7	Unemployment Rate	Per Cent, sa	3.7	3.7	3.5	3.7	3.6	
+ 0.7	Average Weekly Hours in Manufacturing	Hours, sa	40.4	40.5	40.2	40.7	40.7p	
	EMPLOYMENT BY INDUSTRY SECTOR							
+ 3.2	Wage and Salary Employment, Nonfarm	Thousands, sa	65,749	65,653	67,137	67,712	67,855p	
+ 0.4	Manufacturing	Thousands, sa	19,445	19,331	19,511	19,525	19,522p	
- 3.5	Mining	Thousands, sa	624	620	598	602	602p	
+ 3.9	Construction	Thousands, sa	3313	3276	3175	3461	3442p	
+ 1.8	Transport., Comm., & Public Utilities	Thousands, sa	4246	4212	4294	4321	4321p	
+ 4.1	Trade	Thousands, sa	13,557	13,572	13,915	14,047	14,111p	
+ 4.7	Finance, Insurance & Real Estate	Thousands, sa	3179	3194	3308	3321	3330p	
+ 4.9	Service Industries	Thousands, sa	9946	9973	10,358	10,409	10,436p	
+ 5.7	Government	Thousands, sa	11,439	11,475	11,978	12,026	12,091p	
+ 4.0	Number of Workers on Farms	Thousands, sa	3858	3843	4003	4127	4014	
	MEASURES OF SPENDING							
+ 8.8	Total Retail Sales	Million \$, sa	25,739	25,918	27,065	27,482	28,009e	
+ 9.4	Durable Goods	Million \$, sa	8150	8104	8523	8760	8919e	
+ 8.5	Nondurable Goods	Million \$, sa	17,589	17,814	18,542	18,722	19,090e	
	GAF ¹³	Million \$, sa	6048	6350	6518	6702	n.a.	
	New Passenger Car Registrations	Thousands, sa	643.7	701.0	748.1	705.6	n.a.	
+11.4	Bank Debits ¹⁴	Billion \$, saar	2172.5	2238.1	2461.2	2453.8	2419.2	

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