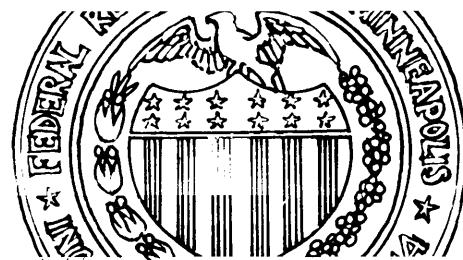


## monthly statistical report



# NINTH DISTRICT CONDITIONS federal reserve bank of minneapolis

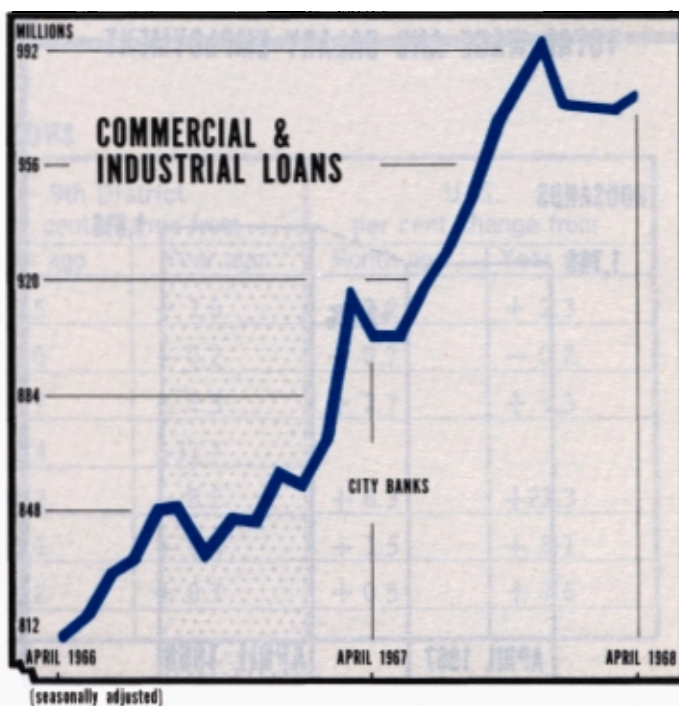
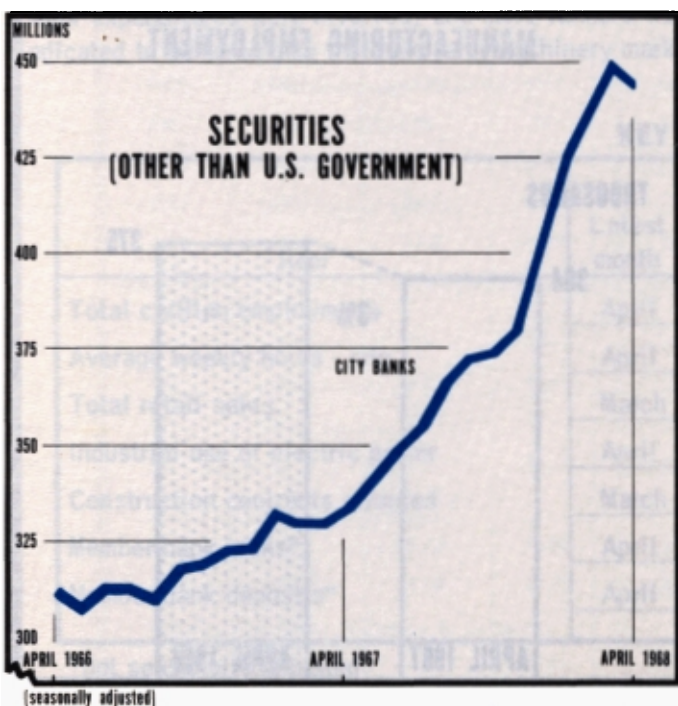
### HOLDINGS OF MUNICIPAL SECURITIES DROP - GROWTH OF BUSINESS LOANS SLOWS AT CITY BANKS

Total Ninth district bank credit (loans and investments) declined slightly during April following two months of unusually slow growth in February and March. Over this three-month period total credit, seasonally adjusted, increased at an annual rate of less than one percent in contrast to the 11 percent growth rate recorded during the fourth quarter of 1967. Expansion of bank credit in the nation has also slackened sharply in recent months.

The decline of bank credit in the district during April occurred as a result of a sharp contraction in holdings of U.S. government and other securities - a contraction which more than offset a relatively weak advance in loans during the month. The liquidation of U.S. government securities has proceeded at a rapid and rather steady pace for the past three months. The large drop in

holdings of municipal securities, on the other hand, represents a significant turnabout from the vigorous rate of growth which has been in evidence throughout recent months. The slowdown in the growth of loans occurred for the most part at city banks and was most noticeable in the area of business loans - quite the opposite from the vigorous upsurge in business loans which has been reported at large banks throughout the nation since mid-March.

District bank deposit data for April reveals a further slowing of the rate of growth in time deposits. This was most apparent at city banks where large CD's (negotiable time certificates of deposits denominated in amounts of \$100,000 or more) dropped sharply during the month. Moreover, the rate of inflow of smaller consumer-oriented CD's continued to slow down at district banks as a whole during April, with the greater impact again



falling on city banks.

Savings and loan associations located in the Ninth district appear to have weathered the first quarter post-dividend period much better than S&L's across the nation. No more than a normal outflow of savings occurred at district S&L's during April while outflow at S&L's throughout the nation was considerably above normal for the month.

### ECONOMIC GROWTH SLOWS SOMEWHAT IN THE NINTH DISTRICT

According to preliminary estimates of the employment level for April in the Ninth district, there was a rather distinct slowdown in the vigorous rate of growth in the district economy that was experienced during the first quarter of the year. However, since there is a significant random component in the month-to-month changes of seasonally adjusted employment data, it is wise to consider the economic outlook in terms of the underlying trends of the economy rather than simply the month-to-month changes. This approach tends to emphasize the foundation upon which the overall economy is growing. Strength in the district economy is indicated by the trend in manufacturing employment, the continued strong growth in the housing industry, and the outlook of industrial firms in the district.

Wage and salary employment in the Ninth district declined from March at nearly a seven percent annual rate. However, there was a 2.7 percent gain above the level of April 1967, and the trend rate of growth over the

past twelve months was about 3.8 percent. This trend rate of growth is almost identical to the national performance.

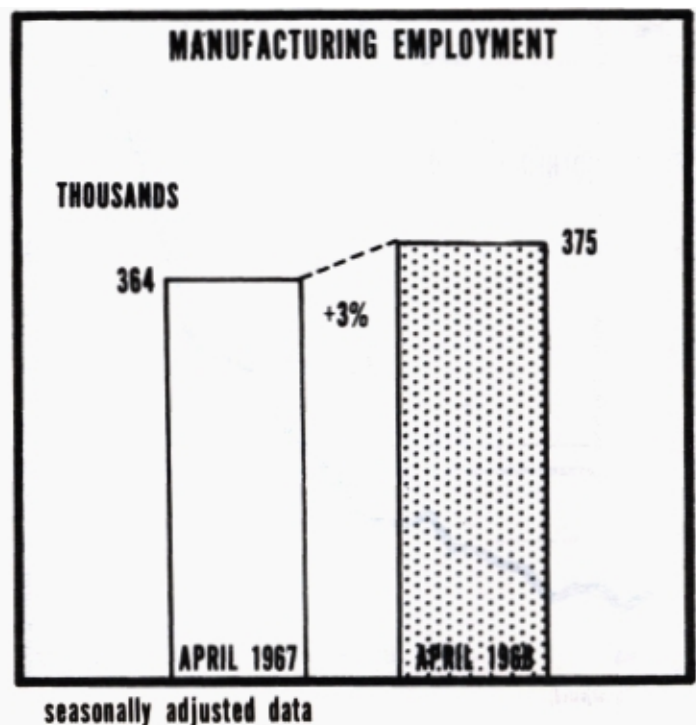
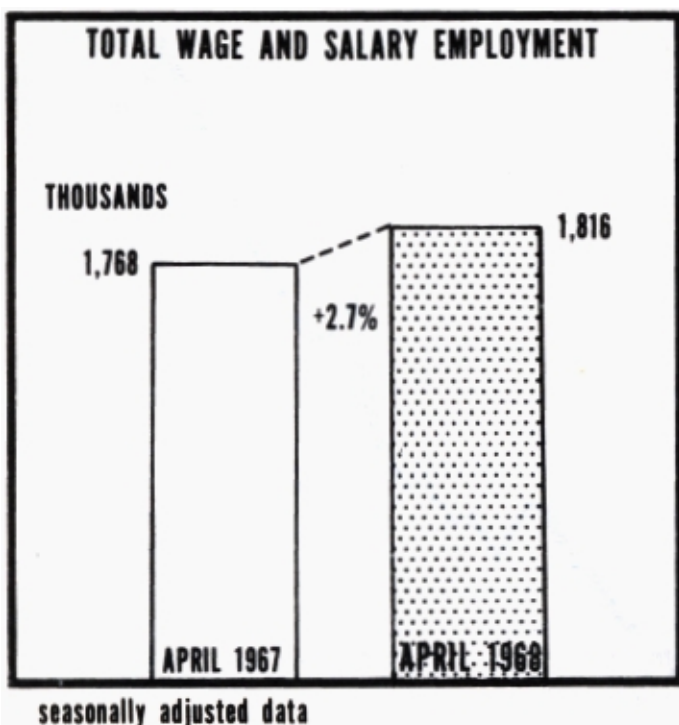
Most of the month-to-month decline in employment was attributable to the nonmanufacturing (construction and trade) sectors of the economy. Total manufacturing employment in the district increased by three percent in April over the year earlier level. The twelve month trend rate of growth in manufacturing employment is about 4.5 percent which is almost double the national trend rate.

In the housing industry, building permit data for the first quarter show that housing starts were up more than double the year-ago level. The strong rate of growth continued in April as permits were up by a third, again above the April 1967 level. The largest part of the increase is coming from the apartment-type building although single family housing units are also substantially above the year-ago levels.

Industrial firms in the district have experienced substantial sales increases during the past three quarters, and are expecting strong increases during the remainder of the year. This topic is discussed further on the back page of this report.

### FARM SPENDING AND INCOME DECLINE THROUGHOUT THE DISTRICT

A further indication of reduced farmer spending in the Ninth district was apparent in the latest data provided by the Farm and Industrial Equipment Institute. These data show that unit sales for all farm tractors in



the district, during March 1968, declined 20 percent compared to one year earlier. The most significant decrease occurred in Minnesota where unit sales - declining since the first of the year - were off 33 percent. A decline in tractor sales also occurred in North and South Dakota (22 and 7 percent, respectively) for the month of March even though modest sales increases had occurred during January and February in those states. A minimal four percent increase over year earlier sales was registered in Montana during March. Decreasing farm machinery sales, other than tractors, are also evidenced by declining sales for combines, hay balers and windrowers (23, 15 and 20 percent, respectively) throughout the district.

Farm equipment sales throughout the United States have also slackened perceptibly since the first of the year. A twelve percent reduction in tractor sales occurred from the first of January through March 31, while a nine percent decrease was registered for the month of March. Further evidence of declining farm machinery sales in the United States is apparent in the heavy inventory accumulation of tractors - 140,765 units - for March 1968. This record level is one percent above the year earlier inventory and 18 percent over the March 1966 level.

The slowdown in farm machinery purchases, as shown by the sales data provided by the Farm and Industrial Equipment Institute, bear out the findings of the Quarterly Agricultural Credit Conditions survey taken on April 1, which indicated a relatively sharp reduction in farmer spending for all items. Farmers were reported to be very cautious about their purchases especially where major expenditures were involved, and more farmers were indicated to be turning to the used farm machinery market

rather than buying new equipment. The increasing costs of machinery as well as the uncertain income outlook for 1968 were cited as reasons forestalling equipment purchases by the farmers.

Pessimism and uncertainty over 1968 prices and income may be the most relevant factor contributing to the slowdown in farm machinery purchases by Ninth district farmers. Although earlier estimates had indicated improved farm incomes for 1968, recently released Department of Agriculture figures for March cash farm receipts showed a 32 percent decline in crop receipts. The steep decline in crop income more than offset an eight percent gain in livestock receipts leaving the March total cash farm receipts almost six percent short of the previous years total. Overall, total cash farm receipts declined by 1.1 percent for the January-March period as compared to first quarter 1967. In all, given the relatively depressed gross income situation of first quarter 1968 and the general increase in farm production costs; Ninth district farmers may be curtailing the purchase of farm machinery and other spending until a brighter spot on their horizon appears.

FARM TRACTOR SALES March 1968		
	No. Sales	% change Mar. 67-68
MINNESOTA	510	-33
NORTH DAKOTA	290	-22
SOUTH DAKOTA	367	- 7
MONTANA	131	+ 4
UNITED STATES	17,638	- 9

#### KEY INDICATORS

Item	Latest month	9th District per cent change from		U. S. per cent change from	
		month ago	Year ago	Month ago	Year ago
Total civilian employment	April	- 0.5	+ 1.6	- 0.2	+ 2.3
Average weekly hours - mfg.	April	0.0	- 0.2	- 0.7	- 0.2
Total retail sales	March	+ 8.7	+ 7.3	+ 2.7	+ 9.3
Industrial use of electric power	April	+ 0.4	+11.7		
Construction contracts awarded	March	-14.2	- 8.2	+ 6.3	+21.3
Member bank loans*	April	+ 1.1	+ 9.4	+ 1.5	+ 8.1
Member bank deposits*	April	- 0.2	+ 8.7	+ 0.5	+ 7.6

\*not seasonally adjusted



## NINTH DISTRICT' income and financial indicators

9th dist.  
percent  
change

item	unit	1967		1968				percent change
		APRIL	MAY	FEBRUARY	MARCH	APRIL	MAY	APR. to APR.
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION								
Total Personal Income <sup>2</sup>								*
Nonagricultural Personal Income								*
Average Weekly Earnings in Manufacturing <sup>3</sup>	Dollars,	119.38	119.33	125.43p	125.80e	124.21e		+ 4.0
Consumer Instalment Credit Outstanding <sup>4</sup>	Million \$	1006	1023	1101	1105	1125		+ 11.8
Time & Savings Deposits at Member Banks	Million \$	3847	3899	4339	4386	4364	4382	+ 13.4
Savings Balances at Savings & Loan Assoc. <sup>2</sup>	Million \$	2901	2918	3054	3091	3082p		+ 6.2
Cash Farm Receipts, Total <sup>2</sup>	Million \$	250	253	284	n.a.	n.a.		
Receipts from Crops	Million \$	65	60	81	n.a.	n.a.		
Receipts from Livestock & Produce	Million \$	185	193	203	n.a.	n.a.		
MEASURES OF PRICE LEVELS								
Consumer Price Index <sup>5</sup>	Index, sa	114.2				120.4		+ 5.4
Prices Received by Farmers <sup>6</sup>	Index, sa	110	114	110	112	113		+ 2.7
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS <sup>7</sup>								
CITY BANKS <sup>8</sup>								
Adjusted Loans and Discounts <sup>9</sup>	Million \$	1888	1853	1972	2025	2042	1987	+ 8.2
Real Estate Loans	Million \$	319	323	362	364	370	380	+ 16.0
Commercial and Industrial Loans	Million \$	939	916	955	988	1003	954	+ 6.8
Total Investments	Million \$	689	681	826	821	802	812	+ 16.4
U.S. Government Obligations	Million \$	349	337	384	370	355	356	+ 1.7
Other Securities	Million \$	340	344	442	451	447	456	+ 31.5
Total Deposits	Million \$	2892	2936	3132	3074	3050	3095	+ 5.5
Gross Demand Deposits	Million \$	1693	1726	1767	1702	1712	1756	+ 1.1
Time Deposits	Million \$	1199	1210	1365	1372	1338	1339	+ 11.6
COUNTRY BANKS <sup>10</sup>								
Loans and Discounts	Million \$	2588	2642	2787	2818	2854	2905	+ 10.3
Total Investments	Million \$	1721	1723	1977	1969	1942	1933	+ 12.8
U.S. Government Securities	Million \$	978	962	1116	1101	1073	1069	+ 9.7
Other Securities	Million \$	743	761	861	868	869	864	+ 17.0
Total Deposits	Million \$	4490	4520	4943	4962	4973	4964	+ 10.8
Gross Demand Deposits	Million \$	1842	1831	1969	1948	1946	1921	+ 5.6
Time Deposits	Million \$	2648	2689	2974	3014	3027	3043	+ 14.3
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS								
Reserves: <sup>11</sup>								
Total Reserves	Million \$	566	561	621	611	606	606	+ 7.1
Required Reserves	Million \$	546	541	604	598	596	594	+ 9.2
Excess Reserves	Million \$	20	20	17	13	10	12	- 50.0
Borrowings from FRB	Million \$	2	2	2	12	29	30	+1,350.0
Ratio of Loans to Total Deposits: <sup>7</sup>								
City Banks	Per Cent	65.8	63.7	64.2	67.7	67.6	65.2	+ 2.7
Country Banks	Per Cent	57.6	58.4	56.4	56.8	57.4	58.5	- 0.3
Ratio of U.S. Gov't Securities to Deposits: <sup>7</sup>								
City Banks	Per Cent	12.1	11.5	12.3	12.0	11.6	11.5	- 4.1
Country Banks	Per Cent	21.8	21.3	22.6	22.2	21.6	21.5	- 0.9

# UNITED STATES income and financial indicators

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U.S. <sup>15</sup> percent change		item	unit	1967		1968		
APR. to APR.				APRIL	MAY	FEBRUARY	MARCH	APRIL
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION								
+ 8.7	Total Personal Income	Billion \$, saar	616.5	618.2	659.4	666.5	670.1p	
+ 8.8	Nonagricultural Personal Income	Billion \$, saar	596.9	598.8	638.7	645.6	649.3p	
+ 5.5	Average Weekly Earnings in Manufacturing	Dollars,	112.56	113.52	119.07	120.18	118.70p	
+ 8.0	Consumer Instalment Credit Outstanding <sup>4</sup>	Billion \$	32.3	32.6	34.2	34.4	34.9	
+ 9.9	Time & Savings Deposits at Member Banks	Billion \$	138.2	140.5	151.7	152.5	151.9	
+ 7.5	Savings Balances at Savings & Loan Assoc.	Billion \$	116.9	118.0	124.7	126.0	125.7p	
	Cash Farm Receipts, Total	Billion \$	2.7	2.7	2.8	n.a.	n.a.	
	Receipts from Crops	Billion \$	.8	.7	.9	n.a.	n.a.	
	Receipts from Livestock & Produce	Billion \$	1.9	2.0	1.9	n.a.	n.a.	
MEASURES OF PRICE LEVELS								
+ 4.0	Consumer Price Index	Index, sa	115.3	115.6	119.0	119.5	119.9	
+ 5.9	Prices Received by Farmers	Index, sa	101	104	107	107	107	
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS <sup>7</sup>								
CITY BANKS <sup>8</sup>								
+ 7.5	Adjusted Loans and Discounts <sup>9</sup>	Billion \$	133.6	133.1	140.5	141.6	143.6	
+ 8.9	Real Estate Loans	Billion \$	27.1	27.3	29.1	29.3	29.5	
+ 8.5	Commercial and Industrial Loans	Billion \$	62.3	61.8	65.1	66.5	67.6	
+ 9.3	Total Investments	Billion \$	56.0	56.3	62.9	61.9	61.2	
+ 3.2	U.S. Government Obligations	Billion \$	25.3	25.4	28.7	27.1	26.1	
+ 14.3	Other Securities	Billion \$	30.7	30.9	34.2	34.8	35.1	
+ 6.2	Total Deposits	Billion \$	206.4	209.3	221.5	219.0	219.2	
+ 4.5	Gross Demand Deposits	Billion \$	110.0	111.5	116.5	113.9	115.0	
+ 8.1	Time Deposits	Billion \$	96.4	97.8	105.0	105.1	104.2	
COUNTRY BANKS <sup>10</sup>								
+ 9.8	Loans and Discounts	Billion \$	46.1	46.9	49.3	49.7	50.6	
+ 15.9	Total Investments	Billion \$	29.6	29.9	34.3	34.3	34.3	
+ 9.0	U.S. Government Securities	Billion \$	16.7	16.5	18.6	18.4	18.2	
+ 24.8	Other Securities	Billion \$	12.9	13.4	15.7	15.9	16.1	
+ 11.1	Total Deposits	Billion \$	80.1	81.1	87.6	87.7	89.0	
+ 7.8	Gross Demand Deposits	Billion \$	38.3	38.4	40.9	40.3	41.3	
+ 14.1	Time Deposits	Billion \$	41.8	42.7	46.7	47.4	47.7	
MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS								
Reserves: <sup>11</sup>								
+ 9.6	Total Reserves	Million \$	23,427	23,234	25,591	25,561	25,669p	
+ 9.8	Required Reserves	Million \$	23,067	22,874	25,202	25,225	25,322p	
- 3.6	Excess Reserves	Million \$	360	360	389	336	347p	
+365.3	Borrowings from FRB	Million \$	147	85	368	658	684	742
Ratio of Loans to Total Deposits: <sup>7</sup>								
+ 1.5	City Banks	Per Cent	66.2	65.3	65.2	66.0	67.2	
- 1.2	Country Banks	Per Cent	57.6	57.8	56.3	56.6	56.9	
Ratio of U.S. Gov't Securities to Deposits: <sup>7</sup>								
- 3.3	City Banks	Per Cent	12.3	12.1	13.0	12.4	11.9	
- 1.9	Country Banks	Per Cent	20.8	20.3	21.3	21.0	20.4	

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# 6 NINTH DISTRICT<sup>1</sup> production and employment indicators

9th dist.  
percent  
change

item	unit	1967		1968				percent change
		APRIL	MAY	FEBRUARY	MARCH	APRIL	MAY	APR. to APR.
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION								
Total Industrial Production:								*
Manufacturing								*
Mining								*
Utilities								*
Electrical Energy Consumption: Mfg. & Mining	Index, sa	205	204	230	228	229		+11.7
Manufacturing	Index, sa	189	187	208	207	210		+11.1
Mining	Index, sa	280	283	333	324	320		+14.3
Production Worker Manhours: Mfg. & Mining	Index, sa	118	118	120	118	118p		0.0
Manufacturing	Index, sa	124	124	129	127	126p		+ 1.6
Mining	Index, sa	91	89	76	76	81p		-11.0
Total Construction Contracts Awarded	Million \$, sa	115.9	93.1	140.5	120.6	n.a.		
Residential Buildings	Million \$, sa	37.1	41.4	47.0	50.3	n.a.		
Nonresidential Buildings	Million \$, sa	48.8	51.7	31.5	49.6	n.a.		
All Other Construction	Million \$, sa	30.0	35.0	62.0	20.7	n.a.		
Bldg. Permits: New Housing Units <sup>12</sup>	Number	2257	2792	1768	2429	3781		+67.5
MEASURES OF MANPOWER UTILIZATION <sup>3</sup>								
Civilian Work Force	Thousands, sa	2476	2470	2531p	2527p	2515p		+ 1.6
Total Civilian Employment	Thousands, sa	2391	2382	2447p	2440p	2429p		+ 1.6
Number Unemployed	Thousands, sa	85	88	84p	87p	86p		+ 1.2
Unemployment Rate	Per Cent, sa	3.4	3.6	3.3p	3.4p	3.4p		0.0
Average Weekly Hours in Manufacturing	Hours, sa	41.2	41.0	41.5p	41.1e	41.1e		- 0.2
EMPLOYMENT BY INDUSTRY SECTOR <sup>3</sup>								
Wage and Salary Employment, Nonfarm	Thousands, sa	1768	1769	1826p	1829p	1816p		+ 2.7
Manufacturing	Thousands, sa	364	363	372p	373p	375p		+ 3.0
Mining	Thousands, sa	34	34	31p	31p	32p		- 5.9
Construction	Thousands, sa	93	92	102p	104p	88p		- 5.4
Transport., Comm., & Public Utilities	Thousands, sa	129	129	130p	130p	129p		0.0
Trade	Thousands, sa	424	425	443p	442p	440p		+ 3.8
Finance, Insurance & Real Estate	Thousands, sa	79	79	82p	82p	82p		+ 3.8
Service Industries	Thousands, sa	273	273	284p	285p	285p		+ 4.4
Government	Thousands, sa	372	374	382p	382p	385p		+ 3.5
Number of Workers on Farms	Thousands, sa	374	371	368p	363p	362p		- 3.2
MEASURES OF SPENDING								
Total Retail Sales	Million \$, sa	865	891	881	958p	n.a.		*
Durable Goods								*
Nondurable Goods	Million \$, sa	588	593	589	617p	n.a.		
GAF <sup>13</sup>	Million \$, sa	172	170	186	187p	n.a.		
New Passenger Car Registrations	Thousands, sa	19.8	20.4	19.0	19.8	n.a.		
Bank Debits <sup>14</sup>	Billion \$, saar	102.6	98.2	112.1	108.5	116.9		+13.9



# UNITED STATES production and employment indicators 7

U.S. percent change APR. to APR.	item	unit	1967		1968			
			APRIL	MAY	FEBRUARY	MARCH	APRIL	MAY
	MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION							
+ 4.5	Total Industrial Production:	Index, sa	156	156	162	163	163p	
+ 3.8	Manufacturing	Index, sa	158	157	164	164	164p	
+ 4.1	Mining	Index, sa	122	120	125	126	127p	
+ 7.1	Utilities	Index, sa	183	183	198	196	196p	
*	Electrical Energy Consumption: Mfg. & Mining							
*	Manufacturing							
*	Mining							
+ 1.8	Production Worker Manhours: Mfg. & Mining	Index, sa	112	111	114	113p	114p	
+ 2.6	Manufacturing	Index, sa	115	114	118	117p	118p	
- 6.0	Mining	Index, sa	83	80	77	73p	78p	
+ 7.4	Total Construction Contracts Awarded	Million \$, sa	4045.8	4321.9	4695.7	4990.1	4344.1	
+29.7	Residential Buildings	Million \$, sa	1460.8	1617.6	1935.3	1921.9	1895.2	
-16.8	Nonresidential Buildings	Million \$, sa	1628.0	1635.8	1495.9	1743.8	1354.9	
+14.3	All Other Construction	Million \$, sa	957.0	1068.5	1264.5	1324.4	1094.0	
+37.1	Bldg. Permits: New Housing Units <sup>12</sup>	Thousands	95.6	107.0	88.8	116.3	131.1p	
	MEASURES OF MANPOWER UTILIZATION							
+ 2.0	Civilian Work Force	Thousands, sa	76,814	76,502	78,672	78,658	78,343	
+ 2.3	Total Civilian Employment	Thousands, sa	73,939	73,550	75,731	75,802	75,636	
- 5.8	Number Unemployed	Thousands, sa	2875	2952	2941	2856	2707	
- 5.4	Unemployment Rate	Per Cent, sa	3.7	3.9	3.7	3.6	3.5	
- 0.2	Average Weekly Hours in Manufacturing	Hours, sa	40.5	40.3	40.7	40.7	40.4p	
	EMPLOYMENT BY INDUSTRY SECTOR							
+ 3.5	Wage and Salary Employment, Nonfarm	Thousands, sa	65,653	65,639	67,712	67,813	67,921p	
+ 1.3	Manufacturing	Thousands, sa	19,331	19,238	19,524	19,512	19,585p	
+ 0.2	Mining	Thousands, sa	620	617	604	603	621p	
+ 4.5	Construction	Thousands, sa	3276	3192	3461	3439	3425p	
+ 2.4	Transport., Comm., & Public Utilities	Thousands, sa	4212	4267	4318	4316	4314p	
+ 3.7	Trade	Thousands, sa	13,572	13,609	14,049	14,112	14,080p	
+ 4.7	Finance, Insurance & Real Estate	Thousands, sa	3194	3205	3321	3330	3343p	
+ 4.9	Service Industries	Thousands, sa	9973	9987	10,407	10,449	10,462p	
+ 5.4	Government	Thousands, sa	11,475	11,524	12,028	12,052	12,091p	
+ 3.6	Number of Workers on Farms	Thousands,sa	3843	3728	4127	4014	3980	
	MEASURES OF SPENDING							
+ 6.6	Total Retail Sales	Million \$, sa	25,918	25,897	27,399	28,129p	27,640e	
+ 8.0	Durable Goods	Million \$, sa	8104	8187	8765	9065p	8750e	
+ 6.0	Nondurable Goods	Million \$, sa	17,814	17,710	18,634	19,064p	18,890e	
	GAF <sup>13</sup>	Million \$, sa	6350	6264	6720	6970p	n.a.	
	New Passenger Car Registrations	Thousands, sa	701.0	745.6	705.6	682.6	n.a.	
+13.6	Bank Debits <sup>14</sup>	Billion \$, saar	2238.1	2204.5	2453.8	2419.2	2541.7	

## DISTRICT SURVEY RESULTS: UNEXPECTED INCREASE IN MANUFACTURING SALES

Economic activity throughout the nation advanced at a vigorous pace during the first quarter of 1968. The total output of goods and services in the nation advanced at an annual rate of nearly \$20 billion. Evidence that the Ninth Federal Reserve District made a significant contribution to the overall national performance is given in the latest Quarterly Industrial Expectations Survey which was taken around the first of May.

District industrial firms reported an increase in sales during the first quarter of 1968 of nearly 20 percent above the first quarter of 1967. However, this figure is distorted to a certain extent by the unusually large increase in sales reported by mining firms. A somewhat more stable picture of district developments is obtained from the manufacturing data alone, which show a year-to-year sales increase of 10.4 percent for the first quarter. This figure indicates substantial strength in the district economy, but it also indicates that there was a more vigorous increase in sales than was expected. According to the two previous surveys, local manufacturing firms

were expecting sales to increase during the first quarter by about 8.5 percent.

Increased sales by the food products industry (SIC 20) contributed significantly to the upward revision of actual first quarter sales over earlier expectations, but the major upward revision came in the lumber and wood products industry (SIC 24). The fact that housing starts continued strong during the first quarter of 1968 may be one reason that sales of lumber products turned out to be larger than earlier expectations. Building permit data for the Ninth Federal Reserve District show a first quarter increase of better than 100 percent over the first quarter of 1967 in permits issued for new housing units.

District manufacturing firms also appear to be operating on the basis of a very favorable outlook for the remainder of 1968 as second and third quarter sales gains are expected to be even larger than those of the first quarter. There is some slowdown indicated in the fourth quarter as most of the durable goods industries reported expected sales increases below those of the first three quarters.



NOTE: For additional sources, notes and footnotes used in Volume II, No. 6, see Volume II, No. 5