

monthly statistical report

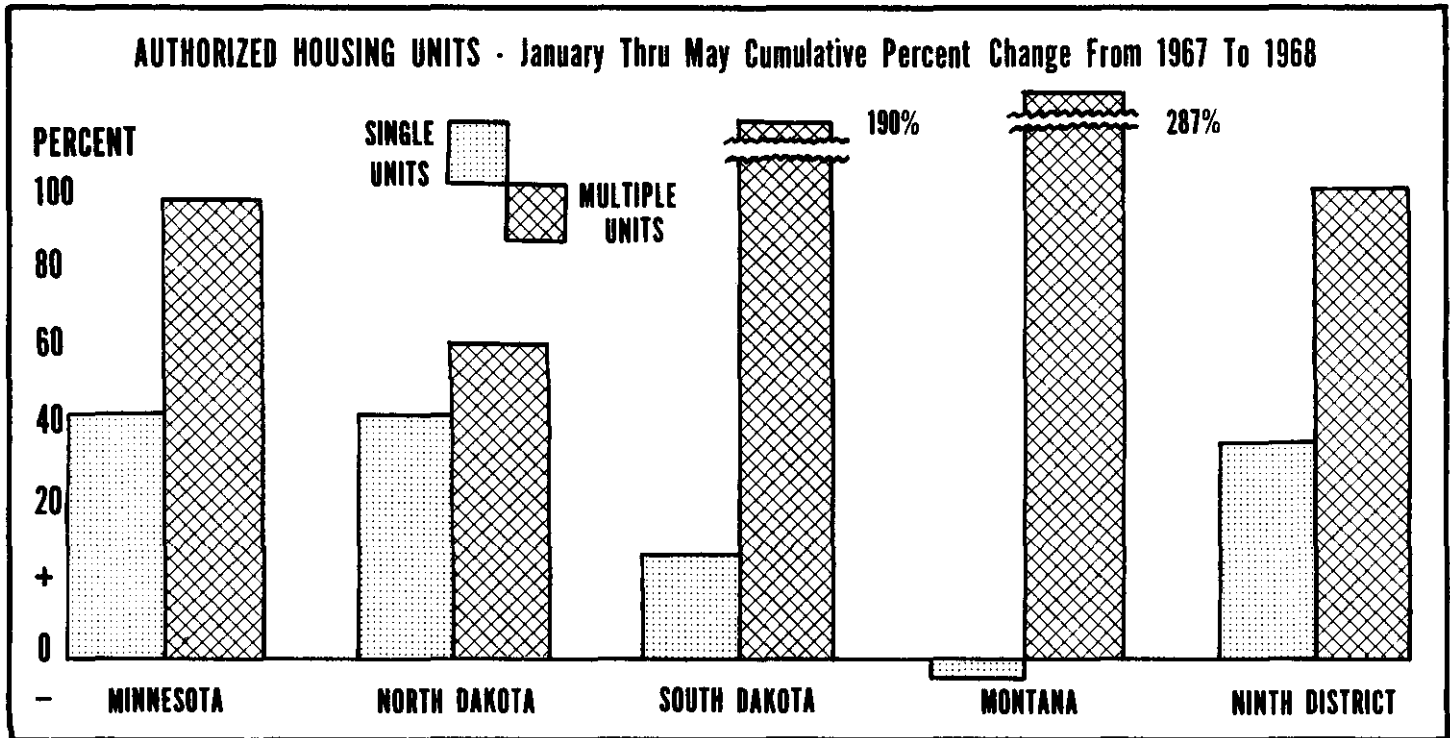
NINTH DISTRICT CONDITIONS federal reserve bank of minneapolis

RAPID RATE OF ECONOMIC GROWTH CONTINUES THROUGHOUT THE NINTH DISTRICT

The latest available data for the Ninth Federal Reserve District indicates that economic activity is at a very high level, and that the district is participating quite actively in the vigorous rate of growth currently underway throughout the United States economy. For example, total wage and salary employment in the district continues to advance with the May estimate currently indicated to be above year ago levels by 2.5 percent. Employment in manufacturing leads the pace with an overall 3.3 percent increase registered over May 1967. District manufacturing firms are also expecting sales increases on the order of 13 percent during the second and third quarters of 1968 over the corresponding two

quarters of 1967. This rate of growth compares quite favorably to the national trend as a ten percent increase in sales is expected for manufacturing firms throughout the nation for the same time period. The latest Commerce Department survey indicates that U.S. manufacturing firms increased their sales less than eight percent during the first quarter 1968 compared to one year earlier, while district firms reported a sales increase for this period in excess of ten percent.

Homebuilding in the district has also contributed significantly to the overall level of economic activity. Building permits issued for new housing units during the first five months of the year are about 72 percent above the corresponding period of 1967. The largest part of this increase is attributable to the very rapid increase in



apartment buildings in the district, particularly the Twin Cities area, but permits issued for single family dwellings have increased on the order of 40 percent above the first five months of 1967. The recent passage of the income surtax should assist in continued growth in the homebuilding industry to the extent that upward pressure on interest rates are eased.

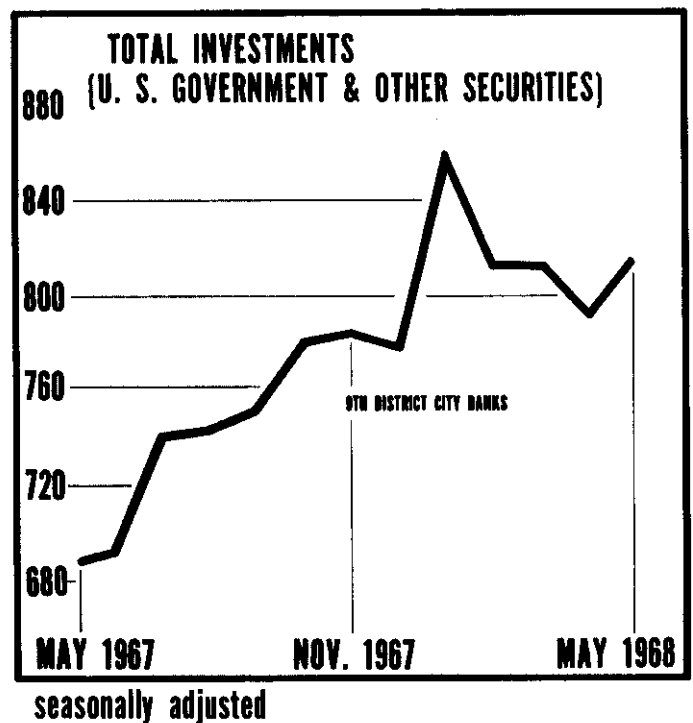
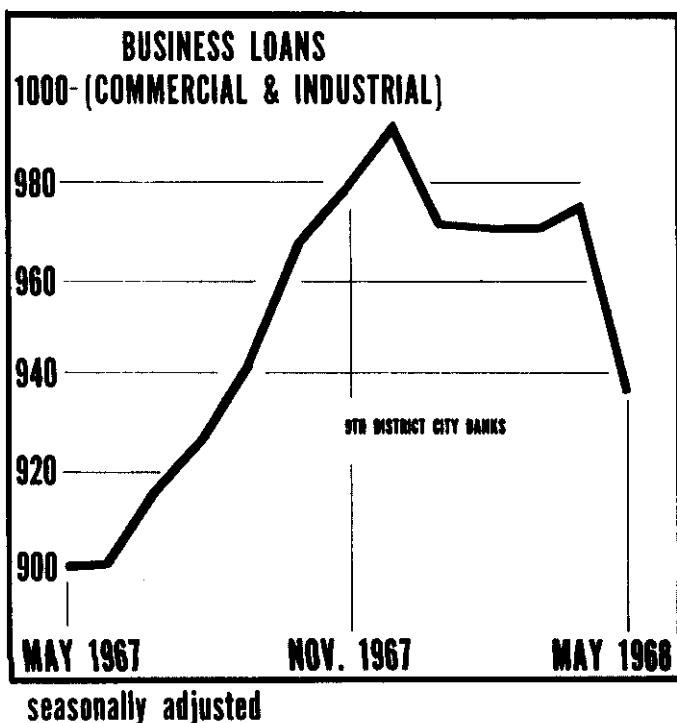
One of the costs incurred by the district for the rapid rate of economic growth that it is currently undergoing is an acceleration in the rate of price increases. Data for the Minneapolis-St. Paul metropolitan area show that consumer prices have increased by 5.4 percent from April 1967 to April 1968. This is a somewhat more rapid rate of price increase than has been experienced nationally during the same period. During most of the current business expansion, price increases in the local area have been accelerating at a slightly slower pace than at the national level.

TOTAL CREDIT AT NINTH DISTRICT CITY BANKS CONTINUES TO DECLINE - BUSINESS LOANS DROP SHARPLY

Total loans and investments at large city banks in the Ninth district dropped sharply during May thereby continuing the very weak performance observed in recent months. Total credit, on a seasonally adjusted basis, has declined steadily since February, and in the March-May three-month period the annual rate of decline was just short of five percent. Although the pace of credit growth at commercial banks throughout the nation has slowed perceptibly in recent months as a result of a tightening

of monetary policy, the recent rate of deceleration at district city banks appears to be considerably greater. In contrast, total loans and investments at district country banks in May, as in other recent months, advanced at a normal pace.

The May decline in total credit (loans and investments) at large district city banks was the result primarily of a sharp decline in loans, principally business loans, which more than offset a substantial increase in holdings of securities, primarily municipal securities. The movements in these components of total credit during May are fairly representative of the trends which have been observed throughout most of 1968. The relative shift from loans to securities, in the light of reports that the demand for loans has strengthened in recent months, suggests that city banks at this point may be placing priority on liquidity relative to earnings. Due primarily to an unusually weak inflow of demand and time deposits during the early part of 1968, the loan-deposit ratio for city banks, a widely used indicator of bank liquidity, rose to 70 percent in March and April - a record high level for recent years. In addition, borrowings in the federal funds market and at the Federal Reserve discount window rose to unusually high levels during these two months. Added to these strains on liquidity are the pressures stemming from the potential call on bank resources represented by unused commitments to make business loans and scheduled maturities of large negotiable certificates of deposit. During May, city banks succeeded in noticeably reducing loan-deposit ratios and repaying a substantial portion of their short-term borrowing.

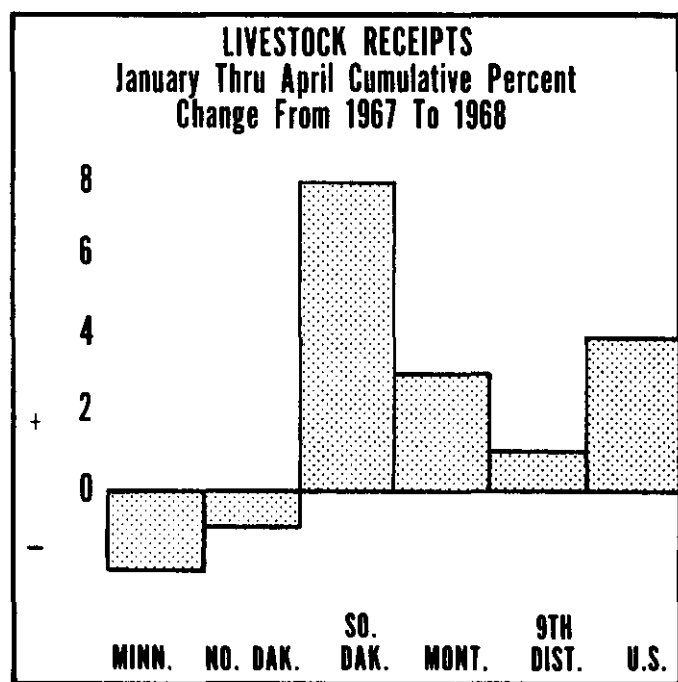


TOTAL CASH FARM RECEIPTS DROP AS CROP SALES DECREASE AND LIVESTOCK-PRODUCT RECEIPTS REMAIN NEAR YEAR AGO LEVELS

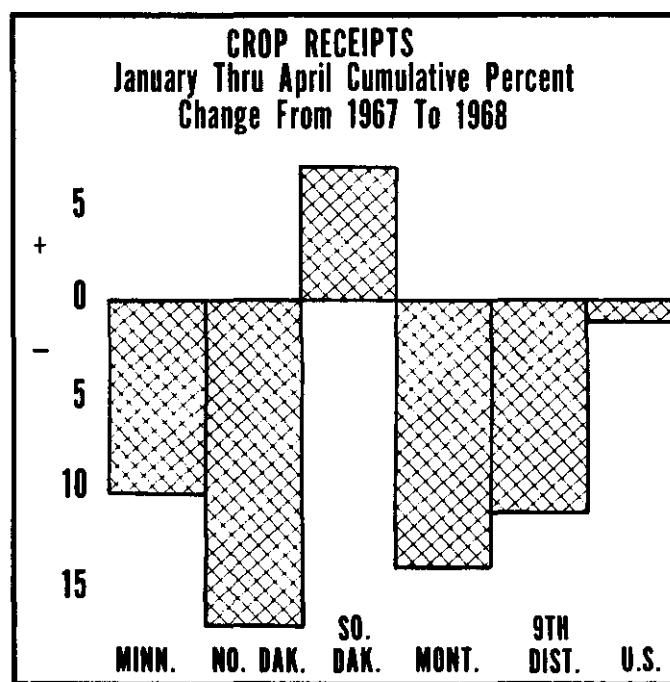
According to recent U.S. Department of Agriculture estimates Ninth district cash farm receipts from crop and livestock marketings for the January-April period totaled \$1,158 mil., down three percent from the previous year's receipts. The overall decline is largely attributable to lower grain prices and a reluctance on the part of district farmers to market their crops at prevailing price levels. Total cash farm receipts from crop sales from January 1 through April 30, at \$364 mil. were off 11 percent compared to the corresponding period in 1967. For the month of April alone, crop receipts were off 15 percent from the previous year. Cash receipts for livestock and products fared significantly better than crop receipts, but were up just one percent during the January-April period as compared to a year earlier. Increased cattle marketings and some strengthening of prices were largely responsible for the slightly improved level of livestock-product sales, particularly during the months of February, March and April when cash receipts were up around seven to eight percent over 1967. On the national scene, total cash farm receipts fared comparatively better than Ninth district receipts. For the months January-April, total U.S. cash farm receipts increased by two percent over last year. Livestock receipts were up four percent while crop sales registered a one percent decline.

Cash receipt flows varied somewhat among the district states. South Dakota, with a seven percent in-

crease in sales was the only state registering an overall increase in total cash farm receipts for the January-April period compared to the corresponding period of one year earlier. This increase was distributed proportionately between livestock and crop receipts. However, the single month of April shows a 17 percent increase in livestock receipts offsetting a six percent decline in crop receipts. In spite of a certain amount of variation in the remaining district states (Montana, Minnesota and North Dakota), a pattern of declining crop receipts and comparatively stable livestock receipts was apparent for the January-April period. In Montana total cash farm receipts declined seven percent for the January-April period, as a minimal increase in livestock receipts could not offset a 14 percent decline in crop receipts. In Minnesota total cash farm receipts were off four percent for the January-April period. This decrease was largely attributable to a sharp decline in crop receipts during the month of March when cash receipts were off 28 percent compared to one year earlier. On the North Dakota scene, a minimal .3 percent decline in livestock receipts coupled with a 17 percent decrease in crop receipts resulted in an overall 11 percent decrease in total cash farm receipts for the January-April period compared to the previous year's receipts. The sharp drop in receipts for this period was most apparent during March and April when receipts plummeted by 42 and 34 percent, respectively.



SOURCE: USDA



SOURCE: USDA

NINTH DISTRICT¹ income and financial indicators9th dist.
percent
change

| item | unit | 1967 | | 1968 | | | | MAY to MAY |
|---|------------|--------|--------|--------|---------|---------|------|------------|
| | | MAY | JUNE | MARCH | APRIL | MAY | JUNE | |
| MEASURES OF CONSUMER INCOME & FINANCIAL POSITION | | | | | | | | |
| Total Personal Income ² | | | | | | | | * |
| Nonagricultural Personal Income | | | | | | | | * |
| Average Weekly Earnings in Manufacturing ³ | Dollars | 119.33 | 120.59 | 125.84 | 124.99p | 127.91e | | + 7.2 |
| Consumer Instalment Credit Outstanding ⁴ | Million \$ | 1023 | 1051 | 1105 | 1125 | 1147 | | +12.1 |
| Time & Savings Deposits at Member Banks | Million \$ | 3899 | 3979 | 4386 | 4364 | 4382 | 4438 | +12.4 |
| Savings Balances at Savings & Loan Assoc. ² | Million \$ | 2918 | 2961 | 3091 | 3082 | 3094p | | + 6.0 |
| Cash Farm Receipts, Total ² | Million \$ | 253 | 452 | 286 | n.a. | n.a. | | |
| Receipts from Crops | Million \$ | 60 | 197 | 70 | n.a. | n.a. | | |
| Receipts from Livestock & Produce | Million \$ | 193 | 255 | 216 | n.a. | n.a. | | |
| MEASURES OF PRICE LEVELS | | | | | | | | |
| Consumer Price Index ⁵ | Index, sa | | | | 120.4 | | | |
| Prices Received by Farmers ⁶ | Index, sa | 114 | 114 | 112 | 113 | 113 | | - 0.9 |
| MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS⁷ | | | | | | | | |
| CITY BANKS⁸ | | | | | | | | |
| Adjusted Loans and Discounts ⁹ | Million \$ | 1853 | 1906 | 2025 | 2042 | 1987 | 2014 | + 7.2 |
| Real Estate Loans | Million \$ | 323 | 328 | 364 | 370 | 380 | 385 | +17.6 |
| Commercial and Industrial Loans | Million \$ | 916 | 925 | 988 | 1003 | 954 | 951 | + 4.1 |
| Total Investments | Million \$ | 681 | 684 | 821 | 802 | 812 | 830 | +19.2 |
| U.S. Government Obligations | Million \$ | 337 | 335 | 370 | 355 | 356 | 345 | + 5.6 |
| Other Securities | Million \$ | 344 | 349 | 451 | 447 | 456 | 485 | +32.6 |
| Total Deposits | Million \$ | 2936 | 2973 | 3074 | 3050 | 3095 | 3164 | + 5.4 |
| Gross Demand Deposits | Million \$ | 1726 | 1708 | 1702 | 1712 | 1756 | 1815 | + 1.7 |
| Time Deposits | Million \$ | 1210 | 1265 | 1372 | 1338 | 1339 | 1349 | +10.7 |
| COUNTRY BANKS¹⁰ | | | | | | | | |
| Loans and Discounts | Million \$ | 2642 | 2692 | 2818 | 2854 | 2905 | 2958 | +10.0 |
| Total Investments | Million \$ | 1723 | 1716 | 1969 | 1942 | 1933 | 1928 | +12.2 |
| U.S. Government Securities | Million \$ | 962 | 956 | 1101 | 1073 | 1069 | 1061 | +11.1 |
| Other Securities | Million \$ | 761 | 760 | 868 | 869 | 864 | 867 | +13.5 |
| Total Deposits | Million \$ | 4520 | 4600 | 4962 | 4973 | 4964 | 5058 | + 9.8 |
| Gross Demand Deposits | Million \$ | 1831 | 1886 | 1948 | 1946 | 1921 | 1969 | + 4.9 |
| Time Deposits | Million \$ | 2689 | 2714 | 3014 | 3027 | 3043 | 3089 | +13.2 |
| MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS | | | | | | | | |
| <u>Reserves:¹¹</u> | | | | | | | | |
| Total Reserves | Million \$ | 561 | 572 | 610 | 606 | 606 | 617 | + 8.0 |
| Required Reserves | Million \$ | 541 | 551 | 597 | 596 | 594 | 605 | + 9.8 |
| Excess Reserves | Million \$ | 20 | 21 | 13 | 10 | 12 | 12 | -40.0 |
| Borrowings from FRB | Million \$ | 2 | 2 | 18 | 29 | 30 | 24 | +1400.0 |
| <u>Ratio of Loans to Total Deposits:⁷</u> | | | | | | | | |
| City Banks | Per Cent | 63.7 | 65.0 | 67.7 | 67.6 | 65.2 | 65.7 | + 2.4 |
| Country Banks | Per Cent | 58.4 | 58.5 | 56.8 | 57.4 | 58.5 | 58.5 | + 0.2 |
| <u>Ratio of U.S. Gov't Securities to Deposits:⁷</u> | | | | | | | | |
| City Banks | Per Cent | 11.5 | 11.3 | 12.0 | 11.6 | 11.5 | 10.9 | 0.0 |
| Country Banks | Per Cent | 21.3 | 20.8 | 22.2 | 21.6 | 21.5 | 21.0 | + 0.9 |

UNITED STATES income and financial indicators

5

U.S.¹⁵
percent
change

MAY to MAY

| | item | unit | 1967 | | 1968 | | | |
|---|---|------------------|--------|--------|--------|--------|---------|------|
| | | | MAY | JUNE | MARCH | APRIL | MAY | JUNE |
| MEASURES OF CONSUMER INCOME & FINANCIAL POSITION | | | | | | | | |
| + 9.0 | Total Personal Income | Billion \$, saar | 618.2 | 622.6 | 666.5 | 669.8 | 674.0p | |
| + 9.1 | Nonagricultural Personal Income | Billion \$, saar | 598.8 | 603.2 | 645.6 | 649.1 | 653.2p | |
| + 6.6 | Average Weekly Earnings in Manufacturing | Dollars | 113.52 | 114.49 | 120.18 | 117.91 | 120.99p | |
| + 8.6 | Consumer Instalment Credit Outstanding ⁴ | Billion \$ | 32.6 | 33.0 | 34.4 | 34.9 | 35.4 | |
| + 8.4 | Time & Savings Deposits at Member Banks | Billion \$ | 140.5 | 142.0 | 152.5 | 151.9 | 152.3 | |
| + 7.1 | Savings Balances at Savings & Loan Assoc. | Billion \$ | 118.0 | 120.0 | 126.0 | 125.7 | 126.4p | |
| | Cash Farm Receipts, Total | Billion \$ | 2.7 | 3.2 | 3.0 | n.a. | n.a. | |
| | Receipts from Crops | Billion \$ | .7 | 1.2 | .9 | n.a. | n.a. | |
| | Receipts from Livestock & Produce | Billion \$ | 2.0 | 2.0 | 2.1 | n.a. | n.a. | |
| MEASURES OF PRICE LEVELS | | | | | | | | |
| + 4.1 | Consumer Price Index | Index, sa | 115.6 | 116.0 | 119.5 | 119.9 | 120.3 | |
| + 3.8 | Prices Received by Farmers | Index, sa | 104 | 105 | 107 | 107 | 108 | |
| MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS⁷ | | | | | | | | |
| CITY BANKS⁸ | | | | | | | | |
| + 8.0 | Adjusted Loans and Discounts ⁹ | Billion \$ | 133.1 | 136.0 | 141.6 | 143.6 | 143.7 | |
| + 9.2 | Real Estate Loans | Billion \$ | 27.3 | 27.5 | 29.3 | 29.5 | 29.8 | |
| + 8.6 | Commercial and Industrial Loans | Billion \$ | 61.8 | 63.8 | 66.5 | 67.6 | 67.1 | |
| + 8.5 | Total Investments | Billion \$ | 56.3 | 55.8 | 61.9 | 61.2 | 61.1 | |
| + 4.3 | U.S. Government Obligations | Billion \$ | 25.4 | 24.1 | 27.1 | 26.1 | 26.5 | |
| + 12.0 | Other Securities | Billion \$ | 30.9 | 31.7 | 34.8 | 35.1 | 34.6 | |
| + 4.8 | Total Deposits | Billion \$ | 209.3 | 208.2 | 219.0 | 219.2 | 219.3 | |
| + 3.2 | Gross Demand Deposits | Billion \$ | 111.5 | 109.4 | 113.9 | 115.0 | 115.1 | |
| + 6.5 | Time Deposits | Billion \$ | 97.8 | 98.8 | 105.1 | 104.2 | 104.2 | |
| COUNTRY BANKS¹⁰ | | | | | | | | |
| + 8.7 | Loans and Discounts | Billion \$ | 46.9 | 47.5 | 49.7 | 50.6 | 51.0 | |
| + 14.7 | Total Investments | Billion \$ | 29.9 | 29.9 | 34.3 | 34.3 | 34.3 | |
| + 10.3 | U.S. Government Securities | Billion \$ | 16.5 | 16.3 | 18.4 | 18.2 | 18.2 | |
| + 20.1 | Other Securities | Billion \$ | 13.4 | 13.6 | 15.9 | 16.1 | 16.1 | |
| + 9.9 | Total Deposits | Billion \$ | 81.1 | 81.6 | 87.7 | 89.0 | 89.1 | |
| + 6.8 | Gross Demand Deposits | Billion \$ | 38.4 | 38.5 | 40.3 | 41.3 | 41.0 | |
| + 12.6 | Time Deposits | Billion \$ | 42.7 | 43.1 | 47.4 | 47.7 | 48.1 | |
| MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS | | | | | | | | |
| <u>Reserves:¹¹</u> | | | | | | | | |
| + 9.5 | Total Reserves | Million \$ | 23,234 | 23,426 | 25,561 | 25,636 | 25,438p | |
| + 9.6 | Required Reserves | Million \$ | 22,874 | 23,081 | 25,225 | 25,302 | 25,072p | |
| + 1.7 | Excess Reserves | Million \$ | 360 | 345 | 336 | 334 | 366p | |
| +772.9 | Borrowings from FRB | Million \$ | 85 | 88 | 658 | 684 | 742 | |
| <u>Ratio of Loans to Total Deposits:⁷</u> | | | | | | | | |
| + 3.2 | City Banks | Per Cent | 65.3 | 67.2 | 66.0 | 67.2 | 67.4 | |
| - 0.9 | Country Banks | Per Cent | 57.8 | 58.2 | 56.6 | 56.9 | 57.3 | |
| <u>Ratio of U.S. Gov't Securities to Deposits:⁷</u> | | | | | | | | |
| 0.0 | City Banks | Per Cent | 12.1 | 11.6 | 12.4 | 11.9 | 12.1 | |
| + 1.0 | Country Banks | Per Cent | 20.3 | 20.0 | 21.0 | 20.4 | 20.5 | |

6 NINTH DISTRICT¹ production and employment indicators

9th dist.
percent
change

| item | unit | 1967 | | 1968 | | | | MAY to MAY |
|---|----------------|-------|-------|-------|-------|-------|------|------------|
| | | MAY | JUNE | MARCH | APRIL | MAY | JUNE | |
| MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION | | | | | | | | |
| Total Industrial Production: | | | | | | | | * |
| Manufacturing | | | | | | | | * |
| Mining | | | | | | | | * |
| Utilities | | | | | | | | * |
| Electrical Energy Consumption: Mfg. & Mining | Index, sa | 204 | 207 | 228 | 229 | 236 | | +15.7 |
| Manufacturing | Index, sa | 187 | 191 | 207 | 210 | 217 | | +16.0 |
| Mining | Index, sa | 283 | 281 | 324 | 320 | 325 | | +14.8 |
| Production Worker Manhours: Mfg. & Mining | Index, sa | 118 | 117 | 118 | 118 | n.a. | | |
| Manufacturing | Index, sa | 124 | 123 | 127 | 126 | n.a. | | |
| Mining | Index, sa | 89 | 88 | 76 | 81 | n.a. | | |
| Total Construction Contracts Awarded | Million \$, sa | 128.1 | 149.2 | 120.6 | 155.8 | n.a. | | |
| Residential Buildings | Million \$, sa | 41.4 | 44.0 | 50.3 | 62.4 | n.a. | | |
| Nonresidential Buildings | Million \$, sa | 51.7 | 61.4 | 49.6 | 36.9 | n.a. | | |
| All Other Construction | Million \$, sa | 35.0 | 43.8 | 20.7 | 56.5 | n.a. | | |
| Bldg. Permits: New Housing Units ¹² | Number | 2794 | 2460 | 2429 | 3781 | 3787 | | +35.5 |
| MEASURES OF MANPOWER UTILIZATION³ | | | | | | | | |
| Civilian Work Force | Thousands, sa | 2473 | 2446 | 2529 | 2517p | 2500e | | + 1.1 |
| Total Civilian Employment | Thousands, sa | 2385 | 2355 | 2442 | 2430p | 2411e | | + 1.1 |
| Number Unemployed | Thousands, sa | 88 | 91 | 87 | 87p | 89e | | + 1.1 |
| Unemployment Rate | Per Cent, sa | 3.6 | 3.7 | 3.4 | 3.4p | 3.6e | | 0.0 |
| Average Weekly Hours in Manufacturing | Hours, sa | 41.0 | 40.9 | 41.1 | 41.1p | 41.6e | | + 1.5 |
| EMPLOYMENT BY INDUSTRY SECTOR³ | | | | | | | | |
| Wage and Salary Employment, Nonfarm | Thousands, sa | 1771 | 1772 | 1830 | 1824p | 1815e | | + 2.5 |
| Manufacturing | Thousands, sa | 363 | 361 | 373 | 375p | 375e | | + 3.3 |
| Mining | Thousands, sa | 34 | 34 | 31 | 32p | 33e | | - 2.9 |
| Construction | Thousands, sa | 93 | 91 | 104 | 97p | 94e | | + 1.1 |
| Transport., Comm., & Public Utilities | Thousands, sa | 129 | 130 | 130 | 129p | 129e | | 0.0 |
| Trade | Thousands, sa | 425 | 427 | 442 | 440p | 437e | | + 2.8 |
| Finance, Insurance & Real Estate | Thousands, sa | 79 | 80 | 82 | 82p | 82e | | + 3.8 |
| Service Industries | Thousands, sa | 274 | 274 | 285 | 285p | 284e | | + 3.6 |
| Government | Thousands, sa | 374 | 375 | 383 | 384p | 381e | | + 1.9 |
| Number of Workers on Farms | Thousands, sa | 371 | 360 | 363 | 362p | 355p | | - 4.3 |
| MEASURES OF SPENDING | | | | | | | | |
| Total Retail Sales | Million \$, sa | 891 | 936 | 967 | 875p | n.a. | | * |
| Durable Goods | | | | | | | | * |
| Nondurable Goods | Million \$, sa | 593 | 632 | 622 | 572p | n.a. | | |
| GAF ¹³ | Million \$, sa | 170 | 176 | 186 | 186p | n.a. | | |
| New Passenger Car Registrations | Thousands, sa | 20.4 | 21.1 | 19.8 | 23.3 | n.a. | | |
| Bank Debits ¹⁴ | Billion \$, sa | 98.2 | 102.1 | 108.5 | 116.9 | 113.6 | | +15.7 |

UNITED STATES production and employment indicators ⁷

| U.S. ¹⁵ percent change | item | unit | 1967 | | 1968 | | | | |
|---|---|------------------|------------|---------|---------|---------|---------|------|--|
| | | | MAY to MAY | | | | | | |
| | | | MAY | JUNE | MARCH | APRIL | MAY | JUNE | |
| | MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION | | | | | | | | |
| + 5.1 | Total Industrial Production: | Index, sa | 156 | 156 | 163 | 162 | 164p | | |
| + 5.1 | Manufacturing | Index, sa | 157 | 157 | 164 | 164 | 165p | | |
| + 6.7 | Mining | Index, sa | 120 | 124 | 127 | 128 | 128p | | |
| + 8.2 | Utilities | Index, sa | 183 | 183 | 197 | 198 | 198p | | |
| * | Electrical Energy Consumption: Mfg. & Mining | | | | | | | | |
| * | Manufacturing | | | | | | | | |
| * | Mining | | | | | | | | |
| | Production Worker Manhours: Mfg. & Mining | Index, sa | 113 | 112 | 113p | 114p | n.a. | | |
| | Manufacturing | Index, sa | 116 | 115 | 117p | 118p | n.a. | | |
| | Mining | Index, sa | 79 | 78 | 73p | 78p | n.a. | | |
| | Total Construction Contracts Awarded | Million \$, sa | 4321.9 | 4570.5 | 4990.1 | 4344.1 | n.a. | | |
| | Residential Buildings | Million \$, sa | 1617.6 | 1650.5 | 1921.9 | 1895.2 | n.a. | | |
| | Nonresidential Buildings | Million \$, sa | 1635.8 | 1746.8 | 1743.8 | 1354.9 | n.a. | | |
| | All Other Construction | Million \$, sa | 1068.5 | 1173.2 | 1324.4 | 1094.0 | n.a. | | |
| +22.3 | Bldg. Permits: New Housing Units ¹² | Thousands | 107.0 | 113.5 | 116.3 | 130.5 | 130.9p | | |
| | MEASURES OF MANPOWER UTILIZATION | | | | | | | | |
| + 2.8 | Civilian Work Force | Thousands, sa | 76,502 | 77,214 | 78,658 | 78,343 | 78,613 | | |
| + 3.1 | Total Civilian Employment | Thousands, sa | 73,550 | 74,169 | 75,802 | 75,636 | 75,829 | | |
| - 5.7 | Number Unemployed | Thousands, sa | 2952 | 3045 | 2856 | 2707 | 2784 | | |
| -10.2 | Unemployment Rate | Per Cent, sa | 3.9 | 3.9 | 3.6 | 3.5 | 3.5 | | |
| + 0.7 | Average Weekly Hours in Manufacturing | Hours, sa | 40.3 | 40.3 | 40.7 | 40.0 | 40.6p | | |
| | EMPLOYMENT BY INDUSTRY SECTOR | | | | | | | | |
| + 3.2 | Wage and Salary Employment, Nonfarm | Thousands, sa | 65,677 | 65,821 | 67,656 | 67,784 | 67,788p | | |
| + 1.6 | Manufacturing | Thousands, sa | 19,346 | 19,356 | 19,607 | 19,670 | 19,665p | | |
| + 1.9 | Mining | Thousands, sa | 622 | 621 | 609 | 632 | 634p | | |
| + 2.8 | Construction | Thousands, sa | 3159 | 3131 | 3330 | 3307 | 3249p | | |
| + 0.3 | Transport., Comm., & Public Utilities | Thousands, sa | 4273 | 4276 | 4332 | 4331 | 4285p | | |
| + 3.5 | Trade | Thousands, sa | 13,564 | 13,573 | 13,999 | 14,019 | 14,038p | | |
| + 4.2 | Finance, Insurance & Real Estate | Thousands, sa | 3199 | 3214 | 3311 | 3322 | 3333p | | |
| + 4.5 | Service Industries | Thousands, sa | 9996 | 10,032 | 10,415 | 10,410 | 10,450p | | |
| + 5.3 | Government | Thousands, sa | 11,518 | 11,618 | 12,053 | 12,093 | 12,134p | | |
| + 4.4 | Number of Workers on Farms | Thousands, sa | 3728 | 3739 | 4014 | 3980 | 3893 | | |
| | MEASURES OF SPENDING | | | | | | | | |
| + 7.6 | Total Retail Sales | Million \$, sa | 25,897 | 26,544 | 28,120 | 27,565p | 27,876e | | |
| + 9.5 | Durable Goods | Million \$, sa | 8187 | 8546 | 9053 | 8822p | 8966e | | |
| + 6.8 | Nondurable Goods | Million \$, sa | 17,710 | 17,998 | 19,067 | 18,743p | 18,910e | | |
| | GAF ¹³ | Million \$, sa | 6264 | 6423 | 6962 | 6703p | n.a. | | |
| | New Passenger Car Registrations | Thousands, sa | 745.6 | 741.8 | 682.6 | 742.8 | n.a. | | |
| +14.4 | Bank Debits ¹⁴ | Billion \$, saar | 2,204.5 | 2,256.7 | 2,419.2 | 2,541.7 | 2,521.4 | | |

DISTRICT SURVEY RESULTS:

HIGHER INTEREST RATES, LESS DEMAND FOR LONG-TERM LOANS

The pinch of restrictive monetary policy is being felt to a greater extent in the district's rural areas according to the bankers responding to the July 1 survey of farm credit conditions. While none of the bankers reported any severe problems, they indicated that a tightness was developing in the amount of funds available for agricultural credit. For example, the proportion of bankers reporting that they had to reduce or refuse some current loan requests because of a shortage of funds increased from 5 percent in April to 17 percent in the current survey while the proportion of bankers seeking new farm loan accounts declined from 65 percent to 55 percent. Looking ahead, ten percent of the bankers expect some difficulty in meeting farm loan requests during the next quarter. Further evidence of monetary tightness can be seen in an upward shift in loan-to-deposit ratios. One-half of the bankers reported ratios of 60 percent or higher, while only 10 percent reported ratios of 50 percent or less. In April one-fourth of the banks had ratios of 50 percent or less and only one-third exceeded the 60 percent level. For the most part, the number of loan referrals to other banks and non-bank credit agencies were reported to be at normal levels, although several of the bankers noted that less credit funds were currently available from the Federal agencies.

While the bankers appear to be able to service their established customers, loans are being made at higher prices. None of the bankers reported short-term interest rates for farm loans of less than 6½ percent and ninety percent reported rates of 7 percent or higher. Farm real estate loan rates were generally in the 6 to 7 percent class, although one-fourth of the bankers reported mortgage rates of above 7 percent. The survey showed a distinct upward trend for both long and short-term loans.

High interest rates were cited as the primary reason for a reported cutback in the demand for long-term

NOTE: For additional sources, notes and footnotes used in volume 2, No. 7, see volume 2, No. 5.

loans as farmers appeared to be reluctant to undertake long-term commitments at present prices. Little change is expected in this attitude during the next few months according to the bankers with a majority anticipating a normal or less than normal demand for real estate credit. Various forces have combined, however, to keep the demand for short-term credit at fairly high levels in spite of the high interest charges. Among these, the most often mentioned are: an uncertain income situation, the continued holding of a sizable part of last year's crop in storage, and increased production expenses. A minor let up in the demand for short-term credit is anticipated for the third quarter.

The survey provided little unanimity with respect to the current and prospective farm income situation. For the most part, the bankers reported current incomes at or below year-ago levels, although the overall situation was not as severe as indicated in the April survey. Low commodity prices and little anticipation for a significant improvement in price in the near term dominated the bankers' expectations concerning farm incomes. A ray of optimism, however, has been found in this year's excellent crop prospects. Current spending by farmers for all items was rated at about the same as a year ago by more than two-thirds of the bankers and 20 percent reported higher levels of spending. About the same pattern is expected during the next three months. The farmer is still hesitant, however, about making expenditures for large ticket items such as new farm machinery.

The farm debt position seems to have changed to some extent since the last survey. The demand for loans to refinance farm debt appears to have dropped off a bit and the rate of debt repayment is reported to be above normal. There was, however, an increase in the proportion of bankers reporting that more of their farm customers were at their debt limit as compared to the April survey and a fairly large proportion of the bankers expect some difficulty in debt repayment in the months to come. By and large, the current survey indicated some strengthening in the farm sector especially when compared to the rather pessimistic tone of the last few quarterly surveys.

The Annual Statistical Review contains various agriculture, business, employment, finance, and income statistics and displays state breakdowns for Minnesota, Montana, North Dakota and South Dakota. This publication, covering the select years 1950 through 1967, is available upon request to Statistical Review, Research Department, Federal Reserve Bank of Minneapolis, Minneapolis, Minnesota 55440