

monthly statistical report

NINTH DISTRICT CONDITION federal reserve bank of minneapolis



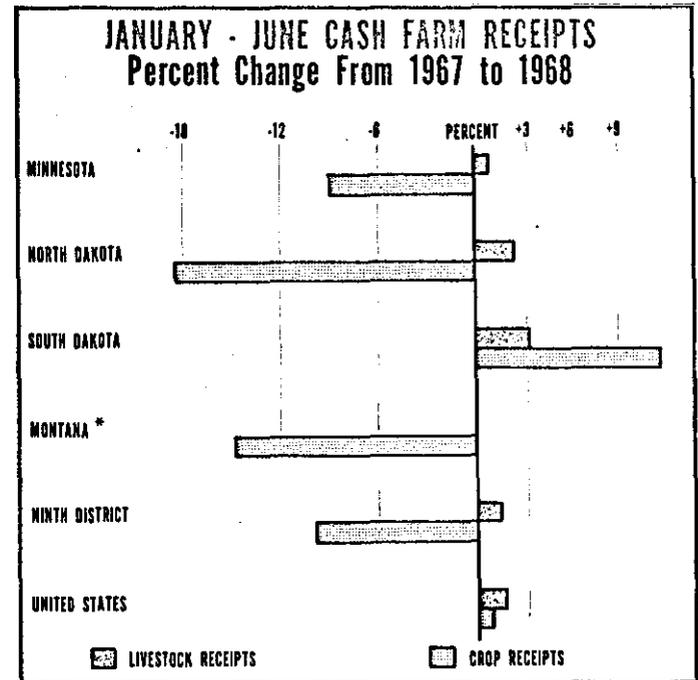
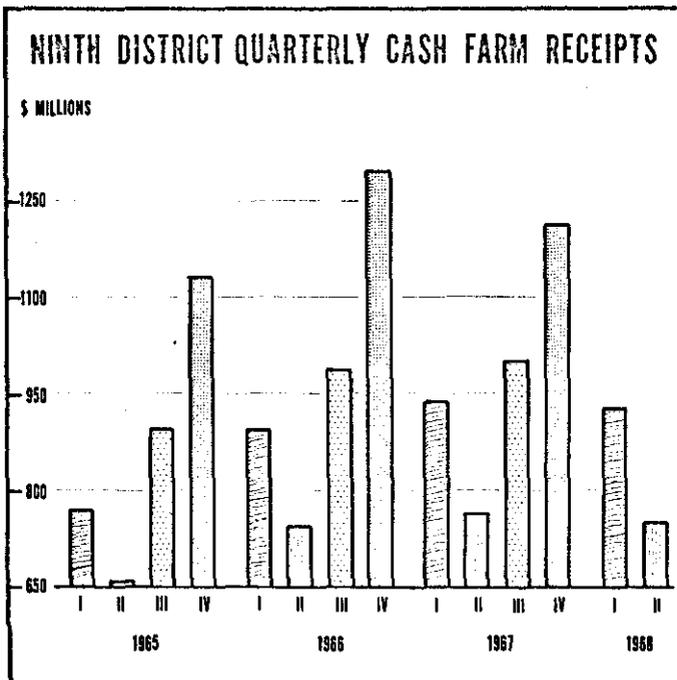
NINTH DISTRICT FARM INCOME SITUATION WEAKENS AS CASH FARM RECEIPTS CONTINUE TO DECLINE

Estimated cash receipts from the marketings of Ninth district farm products totaled \$1,655 million during the first half of 1968, a 2.2 percent decrease over 1967's mid-year totals. The six-month pattern among district states was generally that of slightly improved livestock receipts and lower crop receipts. On the national scene a 1.5 percent increase in total cash farm receipts was recorded during the first half of 1968 compared to 1967. Slight increases in both crop and livestock receipts account for the overall increment in total cash farm receipts in the United States.

District cash receipts for crop marketings totaled \$480 million for the first half of 1968, a 10 percent decrease from the corresponding period one year earlier. Grain prices, which have been spiraling downward with consistent regularity since the first of the year, coupled with a reluctance on the part of district farmers to market

their crops at the prevailing prices are the primary reasons for the decrease in crop receipts. Cash receipts from livestock marketings totaled \$1,176 million for the January-June period, a 1.6 percent gain over the corresponding period one year earlier. This gain, however, is due to increased livestock marketings during the first quarter of the year. Second quarter receipts were much less favorable, with declines of 2.8 and 2.2 percent being registered in May and June, respectively, compared to one year earlier.

The six-month pattern of cash farm receipts varied somewhat among the district's states. In South Dakota, cash receipts from livestock and crop marketings differed substantially from the district norm with a five percent year-to-year increase in receipts. The overall increase was the result of three and twelve percent gains in livestock and crop receipts, respectively. The other district states all experienced declines in cash flows but with varying degrees of severity. North Dakota has been the



SOURCE: USDA

SOURCE: USDA

*Livestock Receipts No Change

most adversely affected with an overall 10 percent drop in cash receipts compared to the first half of 1967. This deficit was due entirely to a 19 percent decrease in crop receipts. During the month of June alone, crop receipts in North Dakota plummeted 54 percent below that of June 1967. In Montana a 15 percent decrease in crop receipts and virtually no change in livestock receipts resulted in an overall eight percent decline in January-June cash farm receipts. Minnesota was not as adversely affected by declining cash flows as were North Dakota and Montana. In all, total receipts in that state declined by two percent during the first half of 1968, with a nine percent drop in crop receipts and a one percent increase in livestock marketings.

LOANS AND TIME DEPOSITS RISE SHARPLY DURING JULY

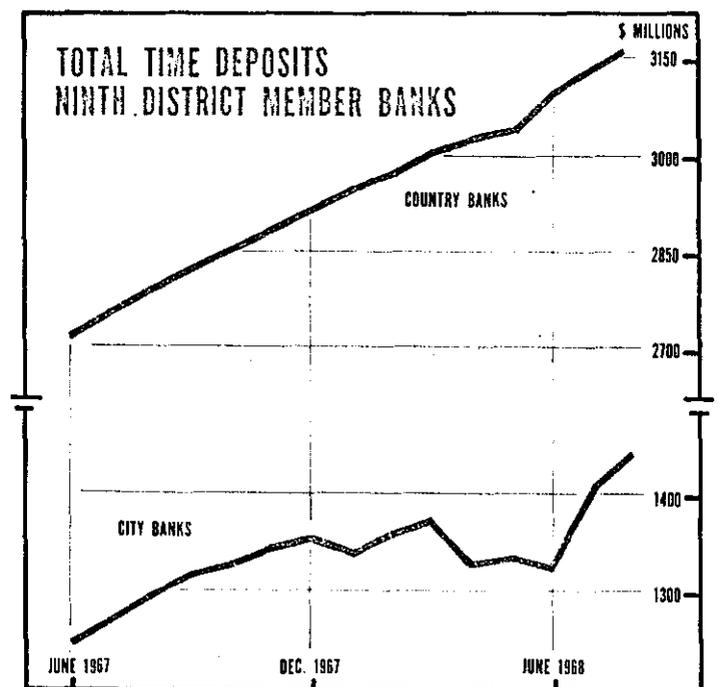
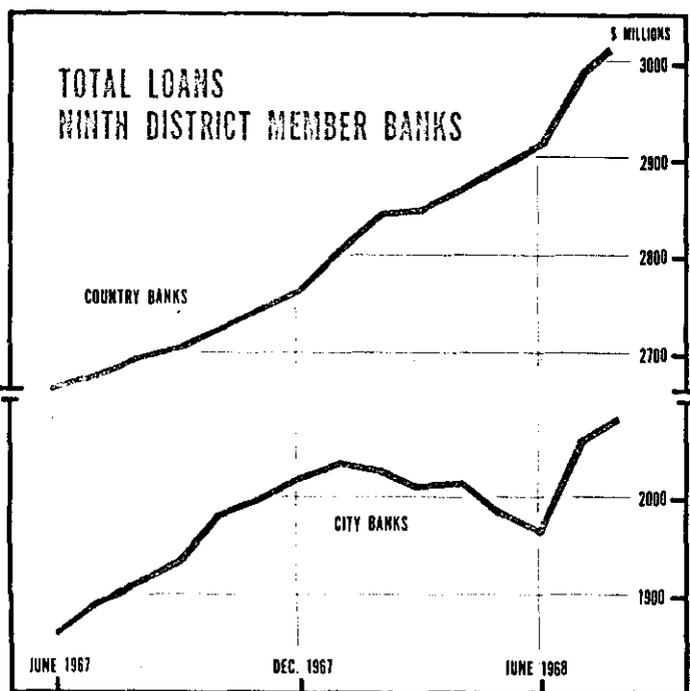
District member bank credit (loans plus investments) increased rapidly in July after having advanced at a relatively moderate pace in June. The July expansion was attributable principally to a vigorous advance in loans, but gains were also scored in holdings of U.S. government and other (municipal and agency) securities. Time and savings deposits also increased at an unusually rapid pace during the month, following a vigorous advance in June. The upsurge in July reflected both a heavy inflow of large negotiable certificates of deposits coinciding with the easing of money market interest rates during the latter part of the month and the continuation of a strong inflow of the smaller consumer-oriented time deposits.

The increase in total loans during July was evenly distributed between city and country banks. The increase

at country banks continued the strong pace of loan expansion observed in recent months, but for city banks this advance represented a sharp reversal from the sluggish pace maintained throughout the first half of 1968. Business loans, which have been unusually weak in recent months, and loans to nonbank financial institutions were important factors in the upsurge of total loans at city banks. This possibly reflected the demand for funds to meet corporate income tax payments falling due in July -- obligations which emerged from the recently enacted 10 percent federal income surtax.

The inflow of time and savings deposits was unusually heavy at both city and country banks during July. Virtually all of the increase at country banks was in time deposits; very likely in the form of savings certificates and other consumer-oriented time deposits. At city banks, on the other hand, consumer-type time deposits continued the lackluster trend evidenced in recent months, but large negotiable certificates of deposits (\$100,000 and larger) rose sharply during the month. Most of the increase occurred in the last half of the month when money market interest rates eased perceptibly following the passage of the tax bill.

Despite the upsurge in loans, district bank liquidity positions were not overly burdened during July due in part to the substantial increase in time deposits. At country banks, the loan-deposit ratio (a commonly used yardstick for bank liquidity) stood at 59 percent at the end of July -- little changed from that of a year ago. City banks which normally loan out a higher percentage of deposits recorded a 64 percent loan-deposit ratio in July -- slightly higher than that of July 1967.



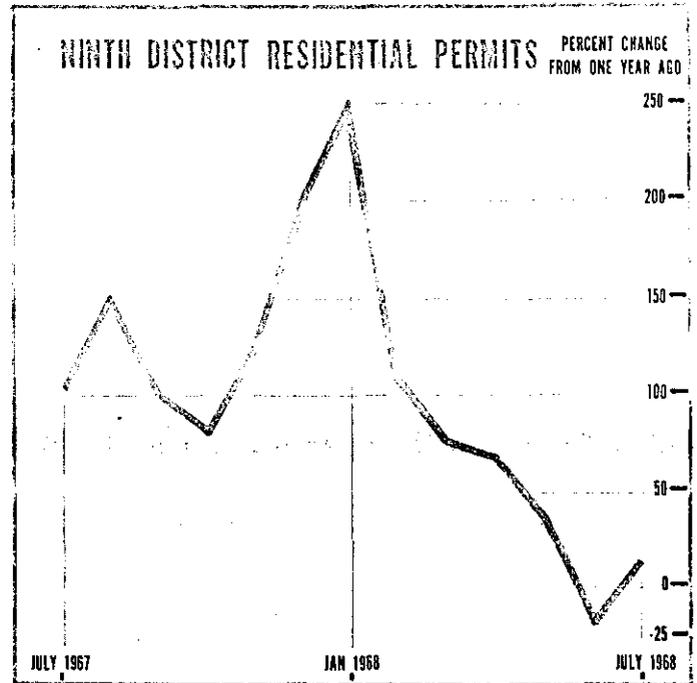
Seasonally Adjusted Data

Seasonally Adjusted Data

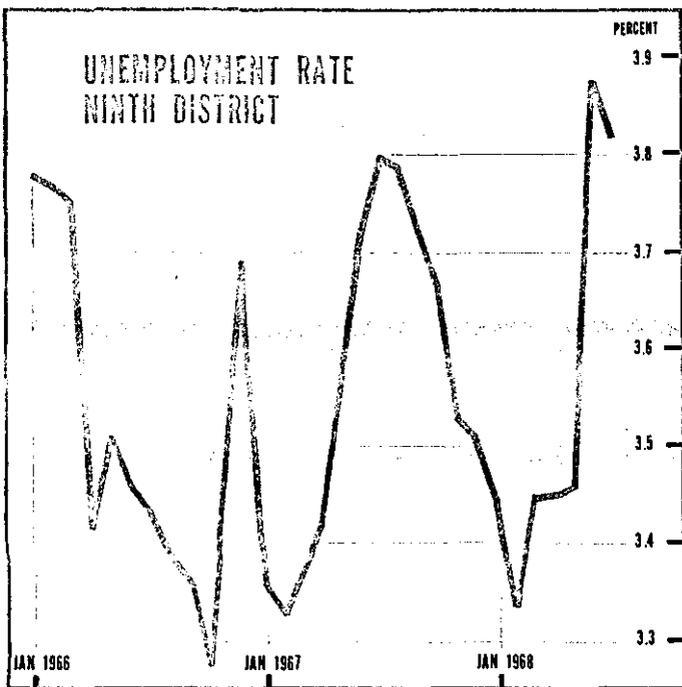
The district unemployment rate has maintained the relatively high level reached in June. Seasonally adjusted July data indicate a rate of 3.8 percent unemployed -- slightly below the 3.9 percent registered in June, yet above the levels achieved throughout earlier months of the year. The national rate of unemployment was 3.7 percent in July and thus for two consecutive months the district rate was above the national rate. Previous to June, the district unemployment rate had been consistently at or below the national rate for an extended period of time.

Preliminary data for July indicate that the economy of the Ninth Federal Reserve District is operating at an advanced level, but is growing at a rate which is somewhat below the pace established in the fourth quarter of last year and the first quarter of this year. Evidence of this slowdown is given by (1) the latest survey of industrial firms in the district, (2) a recent upward movement in unemployment rates, and (3) a slowdown in the rate of new housing starts.

The latest survey of the sales expectations of district industrial firms (see back page) indicates that the industrial sector of the district economy has been growing at a vigorous pace and is expected to make further gains during the last half of the year. The outlook for the second half, however, is below the expectations which were reported in the survey one quarter earlier. The fact that sales in the second quarter turned out to be about 2.5 percentage points below expected sales may have caused some of the firms to revise downward their entire forecast for the remainder of the year.



Housing starts in the district, as measured by the number of building permits issued for new housing units, advanced during July by 14 percent above the July 1967 level. Although this represents a substantial rate of growth during the month, it is below the rates recorded earlier in the year as evidenced by the fact that there was a 44 percent increase in starts during the first seven months of the year over the corresponding period of 1967. Interest rates on mortgages have shown some signs of easing recently and this may be the stimulus that is needed to permit the housing industry to continue its recovery from the depressed levels of 1966 and early 1967.



ECONOMIC INFORMATION SERIES PUBLICATION

"Higher Education in the Ninth District -- Institutions, Enrollment, Capital Expenditures," a study published by the Federal Reserve Bank of Minneapolis which examines capital expenditures of Ninth district colleges and universities may be obtained from Director of Public Information, Federal Reserve Bank of Minneapolis, Minnesota 55440.

NINTH DISTRICT income and financial indicators

9th dis
percen
change

item	unit	1967		1968				9th dis percen change JULY to JUL
		JULY	AUGUST	MAY	JUNE	JULY	AUGUST	
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION								
Total Personal Income								*
Nonagricultural Personal Income								*
Average Weekly Earnings in Manufacturing ³	Dollars	119.14	119.65	128	127	124.48e		+ 4.5
Consumer Instalment Credit Outstanding ⁴	Million \$	1074	1085	1147	1174	1195		+11.3
Time & Savings Deposits at Member Banks	Million \$	4047	4102	4382	4438	4563		+12.8
Savings Balances at Savings & Loan Assoc. ²	Million \$	2944	2964	3094	3138p	n.a.		
Cash Farm Receipts, Total ²	Million \$	243	383	253	242	n.a.		
Receipts from Crops	Million \$	70	182	61	55	n.a.		
Receipts from Livestock & Produce	Million \$	170	201	192	187	n.a.		
MEASURES OF PRICE LEVELS								
Consumer Price Index ⁵	Index, sa	115.7				121.8		+ 5.3
Prices Received by Farmers ⁶	Index, sa	115	114	113	115	117		+ 1.7
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS⁷								
CITY BANKS⁸								
Adjusted Loans and Discounts ⁹	Million \$	1914	1906	1987	2014	2083	2083	+ 8.8
Real Estate Loans	Million \$	332	340	380	385	391	396	+17.8
Commercial and Industrial Loans	Million \$	934	940	954	951	983	986	+ 5.2
Total Investments	Million \$	726	743	812	830	841	841	+15.8
U.S. Government Obligations	Million \$	376	374	356	345	362	370	- 3.7
Other Securities	Million \$	350	369	456	485	479	471	+36.9
Total Deposits	Million \$	3062	3025	3095	3164	3271	3265	+ 6.8
Gross Demand Deposits	Million \$	1782	1723	1756	1815	1851	1814	+ 3.9
Time Deposits	Million \$	1280	1302	1339	1349	1420	1451	+10.9
COUNTRY BANKS¹⁰								
Loans and Discounts	Million \$	2705	2712	2905	2958	3028	3051	+11.9
Total Investments	Million \$	1771	1841	1933	1928	1945	1992	+ 9.8
U.S. Government Securities	Million \$	999	1041	1069	1061	1067	1094	+ 6.8
Other Securities	Million \$	772	800	864	867	878	898	+13.7
Total Deposits	Million \$	4665	4708	4964	5058	5160	5224	+10.6
Gross Demand Deposits	Million \$	1898	1909	1921	1969	2017	2049	+ 6.3
Time Deposits	Million \$	2767	2799	3043	3089	3143	3175	+13.6
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS								
Reserves:¹¹								
Total Reserves	Million \$	583	585	606	615	630	639	+ 8.1
Required Reserves	Million \$	563	564	594	605	617	624	+ 9.6
Excess Reserves	Million \$	20	21	12	10	13	15	-35.0
Borrowings from FRB	Million \$	2	2	30	28	27	18	+1250.0
Ratio of Loans to Total Deposits:⁷								
City Banks	Per Cent	63.3	64.5	65.2	65.7	64.5	65.2	+ 1.9
Country Banks	Per Cent	58.0	57.6	58.5	58.5	58.7	58.4	+ 1.2
Ratio of U.S. Gov't Securities to Deposits:⁷								
City Banks	Per Cent	12.3	12.4	11.5	10.9	11.1	11.3	- 9.8
Country Banks	Per Cent	21.4	22.1	21.5	21.0	20.7	20.9	- 3.3

UNITED STATES income and financial indicators

5

U.S. ¹⁵ percent change	item	unit	1967		1968			
			JULY	AUGUST	MAY	JUNE	JULY	AUGUST
	MEASURES OF CONSUMER INCOME & FINANCIAL POSITION							
+ 9.4	Total Personal Income	Billion \$, saar	629.8	634.2	678.2	683.7	689.2p	
+ 9.6	Nonagricultural Personal Income	Billion \$, saar	610.5	614.4	658.0	663.4	669.0p	
+ 7.4	Average Weekly Earnings in Manufacturing	Dollars	113.65	114.49	122.29	123.30p	122.10p	
+ 9.9	Consumer Instalment Credit Outstanding ⁴	Billion \$	33.2	33.5	35.4	36.0	36.5	
+ 8.1	Time & Savings Deposits at Member Banks	Billion \$	143.8	146.0	152.3	152.3	155.5	
+ 6.1	Savings Balances at Savings & Loan Assoc.	Billion \$	120.0	120.7	126.5	128.0	127.3p	
	Cash Farm Receipts, Total	Billion \$	3.3	3.6	3.0	3.2	n.a.	
	Receipts from Crops	Billion \$	1.4	1.5	.9	1.2	n.a.	
	Receipts from Livestock & Produce	Billion \$	1.9	2.1	2.1	2.0	n.a.	
	MEASURES OF PRICE LEVELS							
+ 4.3	Consumer Price Index	Index, sa	116.5	116.9	120.3	120.9	121.5	
+ 1.9	Prices Received by Farmers	Index, sa	106	105	108	107	108	
	MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS⁷							
	CITY BANKS⁸							
+10.1	Adjusted Loans and Discounts ⁹	Billion \$	136.1	135.5	143.7	147.7	149.8	
+ 9.4	Real Estate Loans	Billion \$	27.8	28.1	29.8	30.2	30.4	
+ 8.6	Commercial and Industrial Loans	Billion \$	63.7	62.2	67.1	69.2	69.2	
+ 6.9	Total Investments	Billion \$	58.2	59.3	61.1	60.1	62.2	
+ 3.4	U.S. Government Obligations	Billion \$	26.2	26.9	26.5	25.5	27.1	
+ 9.7	Other Securities	Billion \$	32.0	32.4	34.6	34.6	35.1	
+ 7.9	Total Deposits	Billion \$	212.1	209.5	219.3	223.1	228.8	
+ 9.4	Gross Demand Deposits	Billion \$	111.9	107.7	115.1	119.2	122.4	
+ 6.2	Time Deposits	Billion \$	100.2	101.8	104.2	103.9	106.4	
	COUNTRY BANKS¹⁰							
+ 9.8	Loans and Discounts	Billion \$	47.9	48.0	51.0	51.7	52.6	
+12.4	Total Investments	Billion \$	30.7	31.8	34.3	34.3	34.5	
+ 7.1	U.S. Government Securities	Billion \$	16.8	17.5	18.2	18.0	18.0	
+18.7	Other Securities	Billion \$	13.9	14.3	16.1	16.3	16.5	
+10.4	Total Deposits	Billion \$	82.9	83.6	89.1	90.0	91.5	
+ 7.9	Gross Demand Deposits	Billion \$	39.3	39.4	41.0	41.6	42.4	
+12.6	Time Deposits	Billion \$	43.6	44.2	48.1	48.4	49.1	
	MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS							
	<u>Reserves:¹¹</u>							
+ 8.8	Total Reserves	Million \$	23,967	23,743	25,445	25,677	26,070p	
+ 9.1	Required Reserves	Million \$	23,553	23,371	25,071	25,368	25,703p	
-11.4	Excess Reserves	Million \$	414	372	374	309	367p	
+311.6	Borrowings from FRB	Million \$	129	78	742	680	531	
	<u>Ratio of Loans to Total Deposits:⁷</u>							
+ 2.1	City Banks	Per Cent	65.8	66.4	67.4	68.6	67.2	
- 0.5	Country Banks	Per Cent	57.7	57.4	57.3	57.4	57.4	
	<u>Ratio of U.S. Gov't Securities to Deposits:⁷</u>							
- 4.1	City Banks	Per Cent	12.3	12.8	12.1	11.4	11.8	
- 2.5	Country Banks	Per Cent	20.2	20.9	20.5	20.0	19.7	

6 NINTH DISTRICT¹ production and employment indicators

9th dist
percent
change

item	unit	1967		1968				JULY to JULY
		JULY	AUGUST	MAY	JUNE	JULY	AUGUST	
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION								
Total Industrial Production:								*
Manufacturing								*
Mining								*
Utilities								*
Electrical Energy Consumption: Mfg. & Mining	Index, sa	207	214	236	230	226		+ 9.2
Manufacturing	Index, sa	190	196	217	212	210		+10.5
Mining	Index, sa	289	295	325	316	301		+ 4.2
Production Worker Manhours: Mfg. & Mining	Index, sa	116	116	123	121	120p		+ 3.4
Manufacturing	Index, sa	121	123	131	129	127p		+ 5.0
Mining	Index, sa	89	83	87	86	88p		- 1.1
Total Construction Contracts Awarded	Million \$, sa	150.0	137.3	164.5	224.6	n.a.		
Residential Buildings	Million \$, sa	47.7	49.1	51.6	51.9	n.a.		
Nonresidential Buildings	Million \$, sa	45.7	42.6	66.4	43.1	n.a.		
All Other Construction	Million \$, sa	56.6	45.6	46.5	129.6	n.a.		
Bldg. Permits: New Housing Units ¹²	Number	2541	3086	3787	2076	2895		+13.9
MEASURES OF MANPOWER UTILIZATION³								
Civilian Work Force	Thousands, sa	2470	2475	2502	2499p	2466p		- 0.2
Total Civilian Employment	Thousands, sa	2376	2381	2415	2401p	2372p		- 0.2
Number Unemployed	Thousands, sa	94	94	87	98p	94p		0.0
Unemployment Rate	Per Cent, sa	3.8	3.8	3.5	3.9p	3.8p		0.0
Average Weekly Hours in Manufacturing	Hours, sa	40.9	41.2	41.8	41.3p	41.0e		+ 0.2
EMPLOYMENT BY INDUSTRY SECTOR³								
Wage and Salary Employment, Nonfarm	Thousands, sa	1780	1775	1824	1812p	1812p		+ 1.8
Manufacturing	Thousands, sa	363	357	375	372p	369p		+ 1.7
Mining	Thousands, sa	33	31	33	32p	32p		- 3.0
Construction	Thousands, sa	92	93	97	95p	94p		+ 2.2
Transport., Comm., & Public Utilities	Thousands, sa	131	130	129	129p	130p		- 0.8
Trade	Thousands, sa	429	430	438	438p	439p		+ 2.3
Finance, Insurance & Real Estate	Thousands, sa	80	80	82	81p	81p		+ 1.2
Service Industries	Thousands, sa	275	276	286	285p	287p		+ 4.4
Government	Thousands, sa	377	378	384	380p	380p		+ 0.8
Number of Workers on Farms	Thousands, sa	364	370	355	371p	340p		- 6.6
MEASURES OF SPENDING								
Total Retail Sales	Million \$, sa	937	851	892p	n.a.	n.a.		
Durable Goods								
Nondurable Goods	Million \$, sa	608	600	575p	n.a.	n.a.		*
GAF ¹³	Million \$, sa	184	171	195p	n.a.	n.a.		
New Passenger Car Registrations	Thousands, sa	24.7	17.7	23.3	17.0	n.a.		
Bank Debits ¹⁴	Billion \$, saar	107.0	108.5	113.6	124.6	123.2		+15.1

UNITED STATES production and employment indicators 7

 U.S.¹⁵
 percent
 change

LY to JULY

	item	unit	1967		1968			
			JULY	AUGUST	MAY	JUNE	JULY	AUGUST
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION								
+ 5.1	Total Industrial Production:	Index, sa	157	158	164	165	165p	
+ 5.7	Manufacturing	Index, sa	158	159	166	166	167p	
+ 0.8	Mining	Index, sa	128	128	127	128	129p	
+ 6.5	Utilities	Index, sa	185	185	196	197	197p	
*	Electrical Energy Consumption: Mfg. & Mining							
*	Manufacturing							
*	Mining							
	Production Worker Manhours: Mfg. & Mining	Index, sa	112	112	116p	117p	n.a.	
	Manufacturing	Index, sa	115	116	119p	120p	n.a.	
	Mining	Index, sa	79	77	83p	85p	n.a.	
+20.4	Total Construction Contracts Awarded	Million \$, sa	4542.5	4761.7	5228.8	4665.6	5470.3	
+16.1	Residential Buildings	Million \$, sa	1886.6	1774.7	2044.7	1842.9	2191.0	
+40.3	Nonresidential Buildings	Million \$, sa	1625.4	1737.2	2021.0	1690.3	2280.4	
- 3.1	All Other Construction	Million \$, sa	1030.5	1249.8	1163.1	1132.4	998.9	
+19.8	Bldg. Permits: New Housing Units ¹²	Thousands	96.5	111.5	134.5	118.2p	115.6p	
MEASURES OF MANPOWER UTILIZATION								
+ 1.9	Civilian Work Force	Thousands, sa	77,495	77,598	78,613	79,018	78,985	
+ 2.1	Total Civilian Employment	Thousands, sa	74,478	74,664	75,829	76,048	76,038	
- 2.3	Number Unemployed	Thousands, sa	3,017	2,934	2,784	2,970	2,947	
- 5.1	Unemployment Rate	Per Cent, sa	3.9	3.8	3.5	3.8	3.7	
+ 1.2	Average Weekly Hours in Manufacturing	Hours, sa	40.4	40.7	40.9	40.9	40.9	
EMPLOYMENT BY INDUSTRY SECTOR								
+ 3.4	Wage and Salary Employment, Nonfarm	Thousands, sa	65,920	66,186	67,792	67,997	68,156p	
+ 2.8	Manufacturing	Thousands, sa	19,288	19,407	19,693	19,759	19,822p	
+ 1.1	Mining	Thousands, sa	626	610	631	631	633p	
+ 0.4	Construction	Thousands, sa	3168	3165	3245	3171	3181p	
+ 1.0	Transport., Comm., & Public Utilities	Thousands, sa	4296	4288	4281	4327	4337p	
+ 3.6	Trade	Thousands, sa	13,610	13,648	14,049	14,068	14,094p	
+ 3.8	Finance, Insurance & Real Estate	Thousands, sa	3223	3241	3334	3337	3346p	
+ 4.4	Service Industries	Thousands, sa	10,056	10,110	10,425	10,479	10,495p	
+ 5.1	Government	Thousands, sa	11,653	11,717	12,134	12,225	12,248p	
- 0.3	Number of Workers on Farms	Thousands, sa	3847	3956	3893	3851	3836	
MEASURES OF SPENDING								
+ 9.9	Total Retail Sales	Million \$, sa	26,444	26,422	27,993	28,218p	29,055e	
+11.5	Durable Goods	Million \$, sa	8592	8508	9031	9143p	9,580e	
+ 9.1	Nondurable Goods	Million \$, sa	17,852	17,914	18,962	19,075p	19,475e	
	GAF ¹³	Million \$, sa	6334	6426	6757	6888p	n.a.	
	New Passenger Car Registrations	Thousands, sa	689.4	711.7	742.0	745.8	n.a.	
+15.8	Bank Debits ¹⁴	Billion \$, sa	2271.1	2307.1	2521.4	2582.5	2629.0	

NOTE: For additional sources, notes and footnotes used in volume 2, No. 9, see volume 2, No. 8.

SUMMARY OF THE QUARTERLY INDUSTRIAL EXPECTATIONS SURVEY

Economic growth in the industrial sector of the Ninth Federal Reserve District continued at a vigorous pace during the second quarter of 1968. On the basis of responses from local firms to the latest Quarterly Industrial Expectations Survey (taken around the first of August), it is estimated that industrial sales of district firms increased by about 10 percent above the level of the second quarter of 1967.

Since the mining data in this survey are distorted to a certain extent by recent strikes and stockpiling, a truer picture of district growth can be obtained by looking at the manufacturing data alone (see chart below). District manufacturing firms experienced a year-to-year sales increase in the second quarter of about 9.5 percent which is almost identical to the estimated increase of all manufacturing firms throughout the nation. Thus, the district appears to have at least maintained its share of industrial output during a period of extremely rapid national expansion.

The important question now is whether or not the district manufacturing sector will be able to maintain its rapid rate of growth in the face of a less buoyant national economy that is expected in the second half of the year because of such things as the tax increase and a stabilizing of Federal expenditures. At this point in time, the respondents to the survey are expecting rather substantial growth during the second half with year-to-year sales increases on the order of nine percent. This expectation carries on into the first quarter of 1969, yet is below the rates experienced in the previous three quarters.

The survey also yielded another indication that a second half slowdown was materializing, and that was the fact that there were some rather significant downward revisions of second half sales expectations from the previous survey. The nonelectrical machinery industry is, to a large degree, responsible for the overall downward revision, but several other major industries also revised their expectations downward from the second quarter survey.

