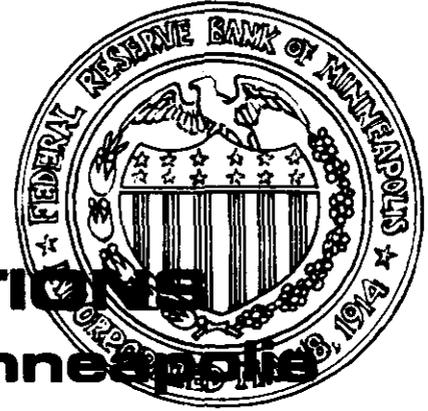


monthly statistical report

NINTH DISTRICT CONDITIONS federal reserve bank of minneapolis



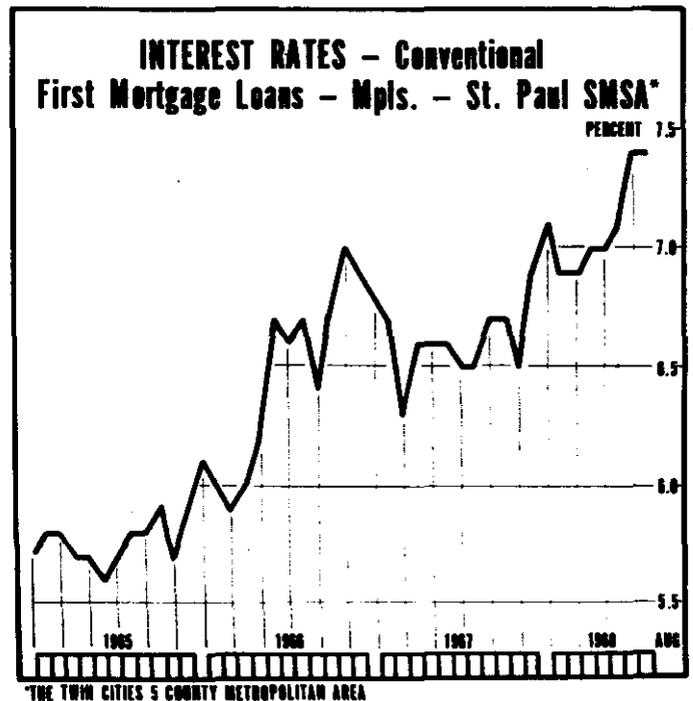
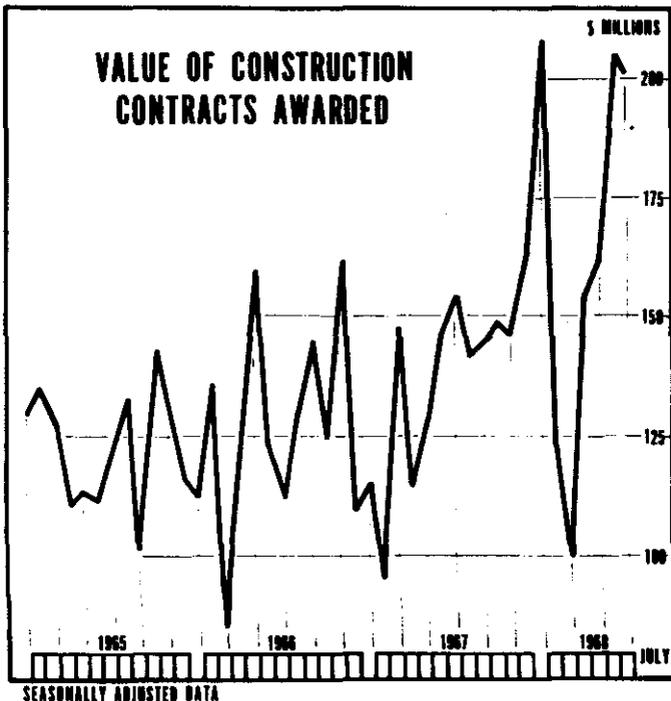
OPTIMISTIC OUTLOOK SEEN FOR NINTH DISTRICT CONSTRUCTION INDUSTRY

Construction employment in the Ninth Federal Reserve District increased on a seasonally adjusted basis by one percent, from 94.6 thousand to 95.1 thousand, between June and July, 1968. Although this increase appears to be a very minimal gain it does reverse the downward trend experienced during the second quarter of this year, and preliminary estimates for August indicate that employment continued to rise to 95.7 thousand.

The outlook for the construction industry is now somewhat more optimistic than it was earlier this year. The valuation of construction contracts awarded, on a seasonally adjusted basis, has risen almost continuously from \$100.1 million in March to \$199.5 million in July after falling slightly from June. Moreover, contracts awarded have totaled more than \$150 million in every month since April, a level reached in only four months during the years 1964 through 1967. A comparison with a year

ago shows that non-residential construction contracts totaling \$73.2 million were awarded in July 1968, compared to \$54.5 million last year. Residential construction contracts awarded have fluctuated quite widely from month to month during 1968, but at a level well above 1967. During the first seven months of this year, the valuation of residential construction contracts awarded has averaged \$60.6 million per month compared to the \$44.5 million average in 1967. The number of housing units authorized through building permits have followed the same general trend of residential construction contracts awarded -- fluctuating widely from month to month but at higher levels than last year. Contrary to the strong general up-trend in most of the construction industry, awards for non-building construction are about the same as last year.

Mortgage interest rates are beginning to reflect the impact of the income tax increase as they rose at a slower rate in August than during the preceding two months. In August the average interest rate for a con-



ventional home mortgage in the Minneapolis-St. Paul SMSA was 7.43 percent, 6 basis points higher than during July. During June and July mortgage interest rates rose by 15 and 24 basis points, respectively. Indications are that interest rates will fall, however, during the next few months. At the Federal National Mortgage Association "auction" on September 23 the average price per \$100 FNMA commitment to buy government-backed home loans within 90 days rose to \$96.81 suggesting an outlook for net yields to drop to less than 7 percent during the next three months.

COMPOSITION OF CREDIT MOVEMENT CHANGES AT NINTH DISTRICT CITY BANKS

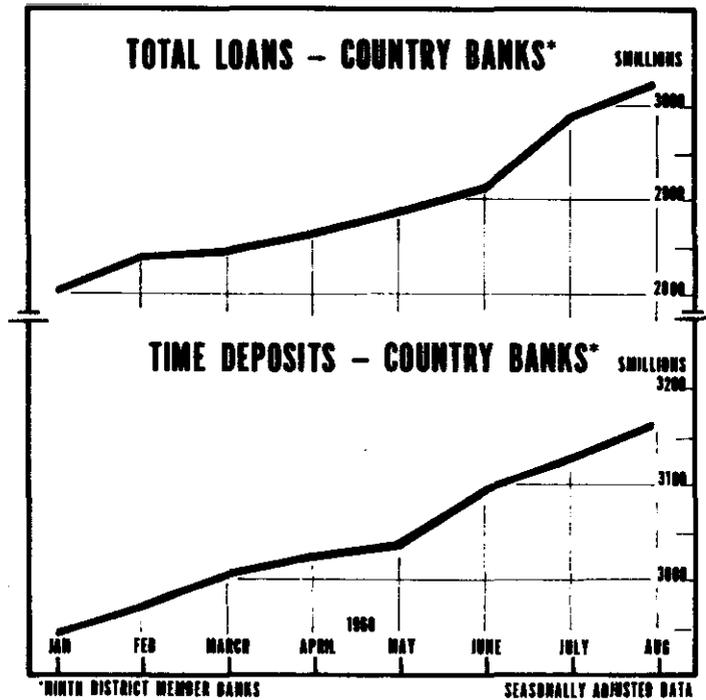
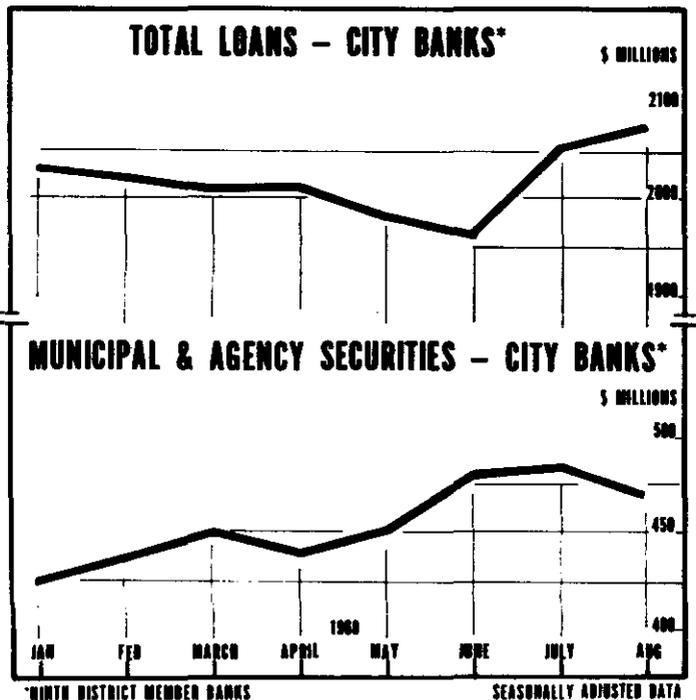
Growth of total credit, that is, loans plus investments, at district city banks receded to a seasonal pace in August following an unusually vigorous advance during July. In the loan sector a greater than seasonal advance was scored during August, but it was substantially below the unusually vigorous upsurge scored in July. An above normal increase in holdings of U.S. government securities was also recorded during August with much of the increase coming in the long-term sector - perhaps reflecting acquisitions of the new 6-year, 5 5/8 percent U.S. Treasury note issued at mid-month. Offsetting the August strength in these two sectors, however, was a contra-seasonal decline in municipal and agency securities - the second consecutive month this has occurred.

Thus, in July and August, there has occurred a distinct change in the composition of credit movement at district city banks. Throughout the first half of 1968, total credit rose only nominally as a vigorous growth in municipal and agency securities was virtually nullified by

a slowdown in the loan sector. Just the reverse has been observed in the first two months of the third quarter as loans have expanded rapidly while other securities have declined.

Time deposit inflow at city banks continued at a rapid pace throughout August. Again, as in July, the main impetus came from the large negotiable certificates of deposit. In these two months, large CD's have increased by \$90 million. This represents a 30 percent increase over the level at the end of June. Against this resurgence in large CD's stands the lackluster behavior of consumer-type CD's. Inflow of these small CD's during August as well as in July was considerably weaker than that for the comparable period in 1967 and even slightly smaller than the average inflow for comparable months in the three-year period 1964-66.

Country banks reported the continuation of an unusually vigorous growth in both loans and time deposits during August. Since mid-year, total loans have increased at an annual rate of about 20 percent, nearly double the rate of growth which prevailed throughout the preceding twelve months. During the July-August interval time deposit inflow has increased to a robust 15-20 percent annual rate which prevailed in the favorable monetary climate of early 1967.



ANOTHER RECORD WHEAT CROP FORECASTED

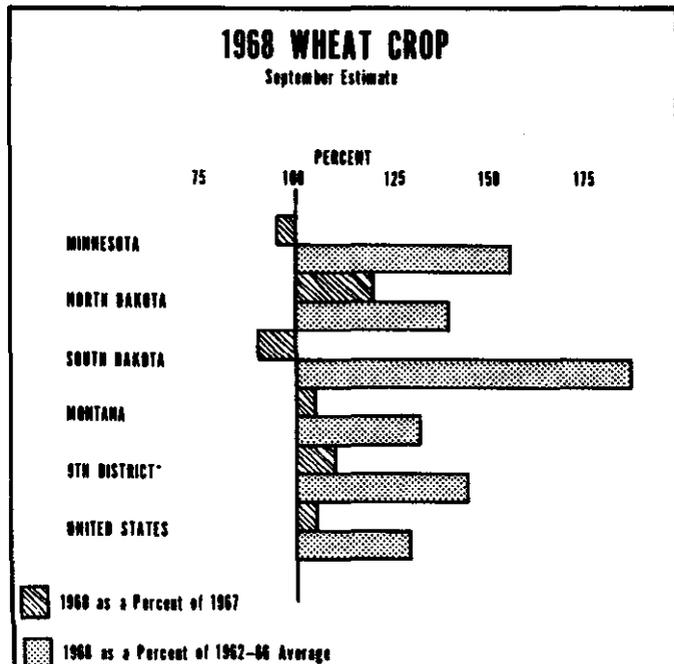
Estimates on the recently harvested wheat crop indicate a strong likelihood that the total Ninth district production has surpassed last year's record level. In September, the Department of Agriculture estimated that 1968 production for the states of Minnesota, North Dakota, South Dakota and Montana would total nearly 437.5 million bushels or 109 percent of the corresponding total for 1967 and 144 percent of the 1962-1966 average production for these four states.

Along with the large wheat crop in the Ninth district, and in the entire United States as well, there are reports of unusually large crops in some of the normally wheat-deficient areas of the world — resulting in a world wheat supply that is well above any in previous years. This situation has resulted in a generally low price structure for wheat which includes some prices that are the lowest for the fall season in several years. Minneapolis f.o.b., track prices at the end of the third week in September were: \$1.49 to \$1.50 per bushel for No. 1 Dark Northern Spring wheat (ordinary protein) — 8 percent below one year earlier, \$1.60 per bushel for No. 1 Dark Hard Winter (13 percent protein) — nearly 10 percent below one year earlier and \$1.92 to \$2.05 per bushel for No. 1 Hard Amber Durum — about 4 percent below the corresponding price in 1967.

In addition to generally low cash wheat prices, near futures prices for wheat have recently been depressed relative to the more deferred futures prices, although not as much as was the case last year. In general, at this time of the year, near futures prices below deferred futures prices, particularly for the contracts maturing late

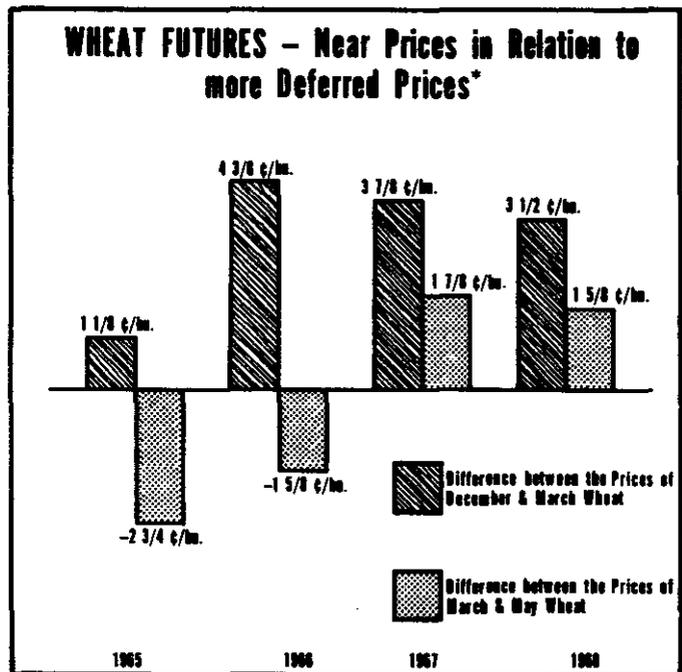
in the winter and early in the spring, are the result of very large supplies on hand. This situation is the signal to store wheat heavily over the winter months and, with the existing non-recourse loan rates, much of this year's crop is expected to remain on farms until mid 1969.

In addition to low prices, Ninth district producers have recently encountered costly difficulties with the weather. Wet weather seriously disrupted harvesting operations in nearly all of the wheat producing areas throughout much of the harvest period. The result has been increased field losses and extensive deterioration of quality. The following weather and crop conditions which were noted for states of the Ninth district illustrate the situation. For the week ending September 8, Minnesota reported that harvesting was largely interrupted with some wheat damaged and some lost. In Montana, the winter wheat harvest, which is usually completed by the end of August, was only 80 percent harvested through the first week in September. One week later, Montana was reporting that as much as 10 percent of the winter wheat still remained in the fields. North Dakota, on September 8, reported that wheat harvesting operations were more retarded for that date than they had been since 1951. Later, North Dakota reported that harvesting had advanced well in the second week of September but weather damage to grain had been widespread and severe in many localities.



SOURCE: USDA

*EXCLUDES WISC. & MICH.



*Values shown are averages of weekly differences between the prices of December and March Wheat futures contracts and corresponding averages between the prices of March and May wheat futures contracts. The price differences used to compute the averages are those that existed at the close of trading on each Thursday in September for the Minneapolis, Kansas City and Chicago markets.

NINTH DISTRICT¹ income and financial indicators

item	unit	1967		1968		9th dist. percent change		
		AUGUST	SEPTEMBER	JUNE	JULY	AUGUST	SEPTEMBER	AUG. to AUG.
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION								
Total Personal Income								*
Nonagricultural Personal Income								*
Average Weekly Earnings in Manufacturing ³	Dollars	119.63	121.17	127.89 _p	125.91 _e	125.83 _e		+ 5.2
Consumer Instalment Credit Outstanding ⁴	Million \$	1085	1087	1174	1195	1235		+13.8
Time & Savings Deposits at Member Banks	Million \$	4102	4112	4438	4563	4626		+12.8
Savings Balances at Savings & Loan Assoc. ²	Million \$	2964	3002	3139	3123	3137 _p		+ 5.8
Cash Farm Receipts, Total ²	Million \$	383	372	242	283	n.a.		
Receipts from Crops	Million \$	182	158	55	108	n.a.		
Receipts from Livestock & Produce	Million \$	201	214	187	175	n.a.		
MEASURES OF PRICE LEVELS								
Consumer Price Index ⁵	Index				121.8			
Prices Received by Farmers ⁶	Index	114	112	115	117	114		0.0
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS⁷								
CITY BANKS⁸								
Adjusted Loans and Discounts ⁹	Million \$	1906	1936	2014	2083	2080	2114	+ 9.1
Real Estate Loans	Million \$	340	346	385	391	396	406	+16.5
Commercial and Industrial Loans	Million \$	940	943	951	983	986	1007	+ 4.9
Total Investments	Million \$	743	725	830	841	841	873	+13.2
U.S. Government Obligations	Million \$	374	361	345	362	370	377	- 1.1
Other Securities	Million \$	369	364	485	479	471	496	+27.6
Total Deposits	Million \$	3025	3096	3164	3271	3265	3379	+ 7.9
Gross Demand Deposits	Million \$	1723	1802	1815	1851	1814	1911	+ 5.3
Time Deposits	Million \$	1302	1294	1349	1420	1451	1468	+11.4
COUNTRY BANKS¹⁰								
Loans and Discounts	Million \$	2712	2699	2958	3028	3051		+12.5
Total Investments	Million \$	1841	1879	1928	1945	1992		+ 8.2
U.S. Government Securities	Million \$	1041	1085	1061	1067	1094		+ 5.1
Other Securities	Million \$	800	794	867	878	898		+12.2
Total Deposits	Million \$	4708	4796	5058	5160	5224		+11.0
Gross Demand Deposits	Million \$	1909	1978	1969	2017	2049		+ 7.3
Time Deposits	Million \$	2799	2818	3089	3143	3175		+13.4
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS								
Reserves:¹¹								
Total Reserves	Million \$	585	596	615	630	639		+ 9.2
Required Reserves	Million \$	564	578	605	617	624		+10.6
Excess Reserves	Million \$	21	18	10	13	15		-28.6
Borrowings from FRB	Million \$	2	0	28	27	18		+800.0
Ratio of Loans to Total Deposits:⁷								
City Banks	Per Cent	64.5	63.7	65.7	64.5	65.2	65.0	+ 1.1
Country Banks	Per Cent	57.6	56.3	58.5	58.7	58.4		+ 1.4
Ratio of U.S. Gov't Securities to Deposits:⁷								
City Banks	Per Cent	12.4	11.7	10.9	11.1	11.3	11.2	- 8.9
Country Banks	Per Cent	22.1	22.6	21.0	20.7	20.9		- 5.4

UNITED STATES income and financial indicators

5

U.S.¹⁵
percent
change

UG. to AUG.

	item	Unit	1967	1968	1969	1970	1971
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION							
+ 9.5	Total Personal Income	Billion \$, saar	634.2	637.0	683.7	689.2	694.3p
+ 9.7	Nonagricultural Personal Income	Billion \$, saar	614.4	617.1	663.4	668.9	673.7p
+ 6.6	Average Weekly Earnings in Manufacturing	Dollars	114.49	116.85	123.30	122.10p	121.99p
+10.7	Consumer Instalment Credit Outstanding ⁴	Billion \$	33.5	33.4	36.0	36.5	37.1
+ 8.2	Time & Savings Deposits at Member Banks	Billion \$	146.0	146.2	152.3	155.5	157.9
+ 5.8	Savings Balances at Savings & Loan Assoc.	Billion \$	120.7	121.9	128.0	127.3	127.7
	Cash Farm Receipts, Total	Billion \$	3.6	4.0	3.2	3.4	n.a.
	Receipts from Crops	Billion \$	1.5	1.8	1.2	1.5	n.a.
	Receipts from Livestock & Produce	Billion \$	2.1	2.2	2.0	1.9	n.a.
MEASURES OF PRICE LEVELS							
+ 4.3	Consumer Price Index	Index	116.9	117.1	120.9	121.5	121.9
+ 2.9	Prices Received by Farmers	Index	105	105	107	108	108
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS⁷							
CITY BANKS⁸							
+ 9.7	Adjusted Loans and Discounts ⁹	Billion \$	135.5	138.0	147.7	149.8	148.6
+ 9.3	Real Estate Loans	Billion \$	28.1	28.3	30.2	30.4	30.7
+ 9.5	Commercial and Industrial Loans	Billion \$	62.2	63.4	69.2	69.2	68.1
+ 8.1	Total Investments	Billion \$	59.3	59.7	60.1	62.2	64.1
+ 3.3	U.S. Government Obligations	Billion \$	26.9	27.0	25.5	27.1	27.8
+12.0	Other Securities	Billion \$	32.4	32.7	34.6	35.1	36.3
+ 7.5	Total Deposits	Billion \$	209.5	214.7	223.1	228.8	225.3
+ 8.6	Gross Demand Deposits	Billion \$	107.7	113.0	119.2	122.4	117.0
+ 6.4	Time Deposits	Billion \$	101.8	101.7	103.9	106.4	108.3
COUNTRY BANKS¹⁰							
+10.4	Loans and Discounts	Billion \$	48.0	48.2	51.7	52.6	53.0
+ 9.1	Total Investments	Billion \$	31.8	32.4	34.3	34.5	34.7
+ 3.4	U.S. Government Securities	Billion \$	17.5	18.0	18.0	18.0	18.1
+16.1	Other Securities	Billion \$	14.3	14.4	16.3	16.5	16.6
+ 9.9	Total Deposits	Billion \$	83.6	84.6	90.0	91.5	91.9
+ 7.4	Gross Demand Deposits	Billion \$	39.4	40.1	41.6	42.4	42.3
+12.2	Time Deposits	Billion \$	44.2	44.5	48.4	49.1	49.6
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS							
<u>Reserves:¹¹</u>							
+ 9.6	Total Reserves	Million \$	23,743	24,123	25,677	26,071	26,084p
+ 9.9	Required Reserves	Million \$	23,371	23,789	25,368	25,702	25,696p
- 9.1	Excess Reserves	Million \$	372	334	309	369	338p
+638.5	Borrowings from FRB	Million \$	78	82	680	531	576
<u>Ratio of Loans to Total Deposits:⁷</u>							
+ 2.1	City Banks	Per Cent	66.4	66.0	68.6	67.2	67.8
+ 0.5	Country Banks	Per Cent	57.4	57.0	57.4	57.4	57.7
<u>Ratio of U.S. Gov't Securities to Deposits:⁷</u>							
- 3.9	City Banks	Per Cent	12.8	12.6	11.4	11.8	12.3
- 5.7	Country Banks	Per Cent	20.9	21.2	20.0	19.7	19.7

6 NINTH DISTRICT¹ production and employment indicators

9th dist
percent
change

item	unit	1967		1968				AUG. to AUG.
		AUGUST	SEPTEMBER	JUNE	JULY	AUGUST	SEPTEMBER	
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION								
Total Industrial Production:								*
Manufacturing								*
Mining								*
Utilities								*
Electrical Energy Consumption: Mfg. & Mining	Index, sa	214	214	230	226	241		+12.6
Manufacturing	Index, sa	196	196	212	210	221		+12.8
Mining	Index, sa	295	299	316	301	340		+15.3
Production Worker Manhours: Mfg. & Mining	Index, sa	116	116	121	120p	123p		+ 6.0
Manufacturing	Index, sa	123	125	129	127p	130p		+ 5.7
Mining	Index, sa	83	77	86	88p	88p		+ 6.0
Total Construction Contracts Awarded	Million \$, sa	137.4	140.4	224.7	193.1	n.a.		
Residential Buildings	Million \$, sa	49.1	50.2	51.9	67.4	n.a.		
Nonresidential Buildings	Million \$, sa	42.7	45.9	43.1	62.2	n.a.		
All Other Construction	Million \$, sa	45.6	44.3	129.7	63.5	n.a.		
Bldg. Permits: New Housing Units ¹²	Number	3086	2467	2076	2895	2253		-27.0
MEASURES OF MANPOWER UTILIZATION³								
Civilian Work Force	Thousands, sa	2478	2479	2499p	2466p	2481e		+ 0.1
Total Civilian Employment	Thousands, sa	2383	2386	2401p	2372p	2386e		+ 0.1
Number Unemployed	Thousands, sa	95	93	98p	94p	95e		0.0
Unemployment Rate	Per Cent, sa	3.8	3.7	3.9p	3.8p	3.8e		0.0
Average Weekly Hours in Manufacturing	Hours, sa	41.2	41.4	41.3p	41.1e	41.3e		+ 0.2
EMPLOYMENT BY INDUSTRY SECTOR³								
Wage and Salary Employment, Nonfarm	Thousands, sa	177.5	1784	1812p	1810p	1825p		+ 2.8
Manufacturing	Thousands, sa	357	362	372p	369p	376p		+ 5.3
Mining	Thousands, sa	31	30	32p	32p	33p		+ 6.5
Construction	Thousands, sa	93	93	95p	94p	95p		+ 2.2
Transport., Comm., & Public Utilities	Thousands, sa	130	129	129p	130p	130p		0.0
Trade	Thousands, sa	430	431	438p	439p	440p		+ 2.3
Finance, Insurance & Real Estate	Thousands, sa	80	81	81p	81p	82p		+ 2.5
Service Industries	Thousands, sa	276	278	285p	286p	287p		+ 4.0
Government	Thousands, sa	378	380	380p	379p	382p		+ 1.1
Number of Workers on Farms	Thousands, sa	370	368	371p	340p	345p		- 6.8
MEASURES OF SPENDING								
Total Retail Sales	Million \$, sa	851	866					
Durable Goods								
Nondurable Goods	Million \$, sa	600	600					
GAF ¹³	Million \$, sa	171	169					
New Passenger Car Registrations	Thousands, sa	17.7	22.0	17.0	18.1	n.a.		
Bank Debits ¹⁴	Billion \$, saar	108.5	101.2	124.6	123.2	125.7		+15.9

Retail Sales Series Discontinued as of June, 1968.

UNITED STATES production and employment indicators 7

U.S.¹⁵
percent
change

UG. to AUG.

U.S. ¹⁵ percent change	item	UNIT						
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION								
+ 3.8	Total Industrial Production:	Index, sa	158	157	165	166	164p	
+ 3.8	Manufacturing	Index, sa	159	158	167	167	165p	
+ 1.6	Mining	Index, sa	128	124	129	131	130p	
+ 7.0	Utilities	Index, sa	185	186	198	198	198p	
*	Electrical Energy Consumption: Mfg. & Mining							
*	Manufacturing							
*	Mining							
	Production Worker Manhours: Mfg. & Mining	Index, sa	112	112	118p	117p	n.a.	
	Manufacturing	Index, sa	116	116	121p	120p	n.a.	
	Mining	Index, sa	77	77	85p	85p	n.a.	
	Total Construction Contracts Awarded	Million \$, sa	4761.7	4706.6	46,656	54,702	n.a.	
	Residential Buildings	Million \$, sa	1774.7	1830.9	1842.9	2191.0	n.a.	
	Nonresidential Buildings	Million \$, sa	1737.2	1749.9	1690.3	2280.3	n.a.	
	All Other Construction	Million \$, sa	1249.8	1125.8	1132.4	998.9	n.a.	
+ 2.3	Bldg. Permits: New Housing Units ¹²	Thousands	111.5	105.7	118.3	120.4p	114.1p	
MEASURES OF MANPOWER UTILIZATION								
+ 1.4	Civilian Work Force	Thousands, sa	77,598	77,807	79,018	78,985	78,690p	
+ 1.7	Total Civilian Employment	Thousands, sa	74,664	74,638	76,048	76,038	75,939p	
- 5.9	Number Unemployed	Thousands, sa	2934	3169	2970	2947	2761p	
- 7.9	Unemployment Rate	Per Cent, sa	3.8	4.1	3.8	3.7	3.5p	
+ 0.2	Average Weekly Hours in Manufacturing	Hours, sa	40.7	40.8	40.9	40.9	40.8p	
EMPLOYMENT BY INDUSTRY SECTOR								
+ 3.4	Wage and Salary Employment, Nonfarm	Thousands, sa	66,186	66,123	68,039	68,201	68,409p	
+ 1.9	Manufacturing	Thousands, sa	19,407	19,285	19,777	19,782	19,775p	
+ 4.1	Mining	Thousands, sa	610	606	632	637	635p	
+ 0.7	Construction	Thousands, sa	3165	3182	3174	3182	3186p	
+ 1.8	Transport., Comm., & Public Utilities	Thousands, sa	4288	4278	4336	4339	4366p	
+ 3.8	Trade	Thousands, sa	13,648	13,684	14,086	14,119	14,171p	
+ 4.3	Finance, Insurance & Real Estate	Thousands, sa	3241	3251	3335	3352	3381p	
+ 4.3	Service Industries	Thousands, sa	10,110	10,139	10,467	10,487	10,541p	
+ 5.4	Government	Thousands, sa	11,717	11,698	12,232	12,303	12,354p	
- 5.6	Number of Workers on Farms	Thousands, sa	3956	3697	3851	3836	3733p	
MEASURES OF SPENDING								
+10.4	Total Retail Sales	Million \$, sa	26,422	26,732	28,296	29,075p	29,163e	
+12.6	Durable Goods	Million \$, sa	8508	8743	9211	9582p	9583e	
+ 9.3	Nondurable Goods	Million \$, sa	17,914	17,989	19,085	19,493p	19,580e	
	GAF ¹³	Million \$, sa	6426	6493	6750	6992p	n.a.	
	New Passenger Car Registrations	Thousands, sa	711.7	700.6	745.8	800.2	n.a.	
+13.4	Bank Debits ¹⁴	Billion \$, sa	2307.1	2333.4	2582.5	2629.0	2617.0	

NOTE: For explanation of footnotes, sources and other notes used in volume 2, No. 10 (October issue), see volume 2, No. 8 (August issue).

NINTH DISTRICT AGRICULTURAL CREDIT CONDITIONS SURVEY

Results show: Improved Farm Income
Easing Credit Conditions

Evidence of some economic improvement in the Ninth district's farm sector was shown in the October 1 Agricultural Credit Conditions Survey. In general, the 140 agricultural bankers responding to the survey indicated that some gains had occurred in farm incomes as compared to the July situation and that credit conditions had become less restrictive. The demand for farm credit appears to be down slightly although farmers are still reported to be reluctant about making major expenditures for capital items.

The farm income situation, while somewhat improved, still shows a certain amount of variation. On comparing current earnings with those of last year, about one-third of the bankers noted some improvement while 19 percent reported higher than year earlier incomes in the July survey. The proportion of bankers reporting lower earnings compared to the previous year held at just under 30 percent for both the July and October surveys. Looking ahead, 28 percent of the bankers expect farm earnings for the fourth quarter to run above the year ago figures while 26 percent expect lower earnings. The reported gains in farm income were generally related to improved livestock incomes and the generally excellent crop output of this year. Low grain prices, however, dampened the expectations of many bankers in the cash grain areas and the constant rise in production costs was a common problem cited in what otherwise would be a good year for the farmer.

If farm earnings are improving, the impact is not apparent in farmer spending patterns. For the most part, the bankers rate current and expected purchases of all items to be about at last year's levels, although there was some increase in the proportion of bankers who found divergent patterns from a year ago. Where increased farm spending was noted the report typically came from bankers in the livestock producing areas. Those bankers reporting decreased spending levels were generally located in the cash grain areas. Overall, the bankers expect little change in the currently depressed level of equipment and other large ticket purchases. This expectation for the most part is based on the recent income squeeze and the uncertain price outlook for agriculture. The reports indicate that farmers are looking to the used equipment market for replacements and are willing to defer other purchases rather than incur major debt or cash outlays at this time.

The farm debt position appears to have improved during the past few months. While most of the bankers continued to report no change in the farmer debt position

as compared to last year the proportion of bankers reporting an increase in the number of farmers at their debt limit dropped from 32 percent in July to 14 percent in the current survey. During the same period those reporting fewer farmers at their debt limit rose from 2 percent to 14 percent. For the most part, the bankers rated farm debt repayment as normal to rapid and the current demand for credit to refinance farm debt is rated as normal to less than normal. The bankers appear to be less optimistic with regard to farm debt conditions during the next few months as 30 percent expect an adverse change in the ability of farmers to repay debt and the demand for farm debt refinancing is expected to be greater than is currently the case.

Overall, the current demand for short-term farm loans is reported to be at normal levels with a few bankers experiencing greater demand due to an expansion in livestock feeding. Some of the pressure for farm loans, according to many of the bankers surveyed, is being relieved by farmer participation in the government commodity loan program. Little change from past surveys is indicated in the demand for long-term or real estate loans. Farmers are typically resistant to incur long-term debt at present income levels and interest rates. Some stabilization seems to be occurring in interest rates as about half of the bankers reported little change in both long and short-term rates since July. An equal number of bankers also reported an upward movement in both short and long-term rates, but this proportion was significantly less than the No. of bankers who made that report in July. Seventy percent of the bankers reported that short-term rates charged in their area were in the 7 percent to 8 percent category, the same as in July, while the remaining bankers found rates in the 6.5 to 7 percent category. There was a small increase in the proportion of bankers reporting long-term interest rates in the 7 percent to 8 percent category, although 65 percent noted that rates were in the 6 to 7 percent group.

A comparison of the July and October surveys indicates a degree of easing in terms of the availability of funds for farm loans. Only 6 percent of the bankers reported having had to refuse a loan or reduce its size because of a fund shortage as compared to 17 percent in July. The proportion of bankers looking for new farm loan accounts moved from 55 percent in July to 66 percent in October and the amount of loan referrals to other banks is currently rated as normal to below normal. Only 13 percent of the bankers found their current loan-to-deposit ratios above a desired level as compared to 27 percent in July while the proportion citing ratios below the desired level moved from 11 percent in July to 23 percent in the current survey.