

monthly statistical report

NINTH DISTRICT CONDITIONS federal reserve bank of minneapolis



MORTGAGE RATES CONTINUE TO RISE

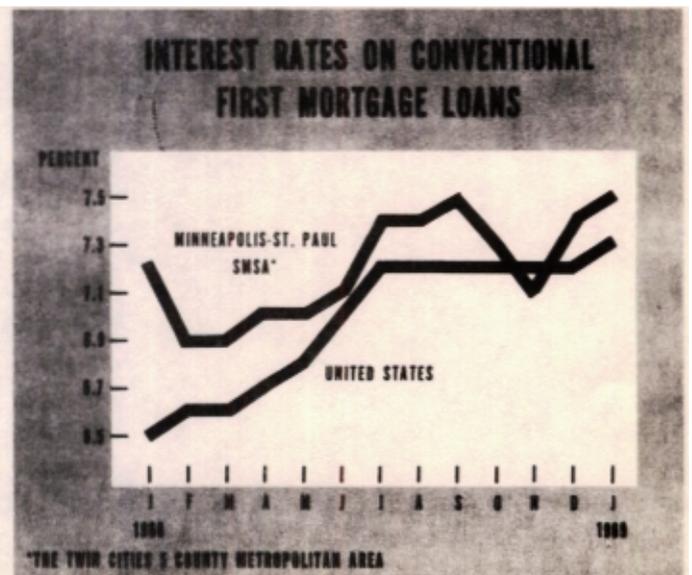
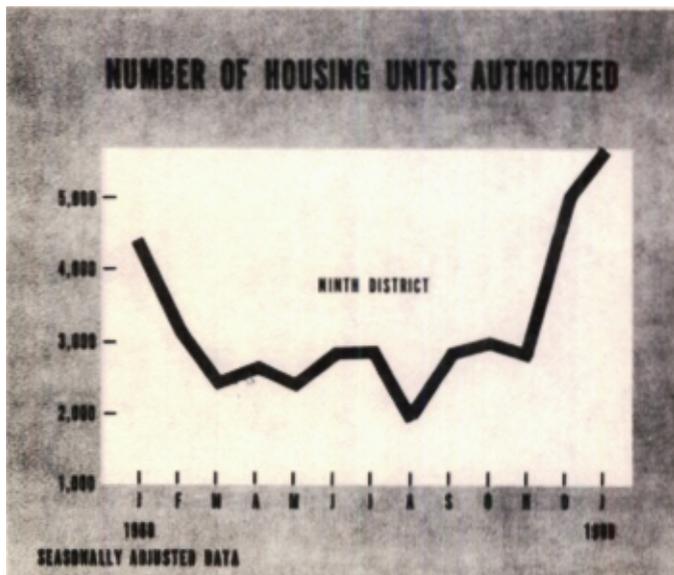
Primarily as a result of increased residential building, the construction sector of the Ninth district economy has continued to expand in recent months. Construction employment rose on a seasonally adjusted basis about 9 percent between December and January, and at 106,200 was about 6 percent greater than the level recorded in January, 1968.

Labor market analysts from the various state employment services in the district attribute most of the rise in construction employment to increased home building activity. Supporting this observation, the number of housing units authorized by building permits has been increasing steadily each month since the middle of 1968. During January, 5,700 housing units were authorized – that was 14 percent above the December level and 20 percent above the number of units authorized in January, 1968.

Statistical indicators of future construction activity in the Ninth district suggest that the nonresidential sector will continue to be weaker than the residential sector. According to the F. W. Dodge Company, contract awards for future residential building rose 12.7 percent on

a seasonally adjusted basis during the fourth quarter of 1968. Contract awards for nonresidential and nonbuilding projects, however, fell by about 35 percent during the same period.

Mortgage rates in the Twin Cities, following the national trend, continued to rise during January. Nationwide, the average effective interest rate, at 7.29 percent, rose 5 basis points above the peak levels of late last summer. In the Twin Cities, the increase was even sharper, for the average mortgage rate climbed 12 basis points to 7.50 percent. This level was 3 basis points higher than the previous peak reached in September, 1968. Part of the increase in mortgage rates was due to generally tighter money conditions, but part was also due to an increase in the relative importance of multi-family residential construction, both in the nation and in the Twin Cities. Mortgage rates for multi-family dwellings are usually higher than rates for single family dwellings, and this tends to lift the average interest rate. It is expected that the up-trend in mortgage rates in the Twin Cities, which began late in 1968, will continue at least through the next few months. In addition to the effect of generally tighter money conditions, a seasonally higher demand for mortgage funds



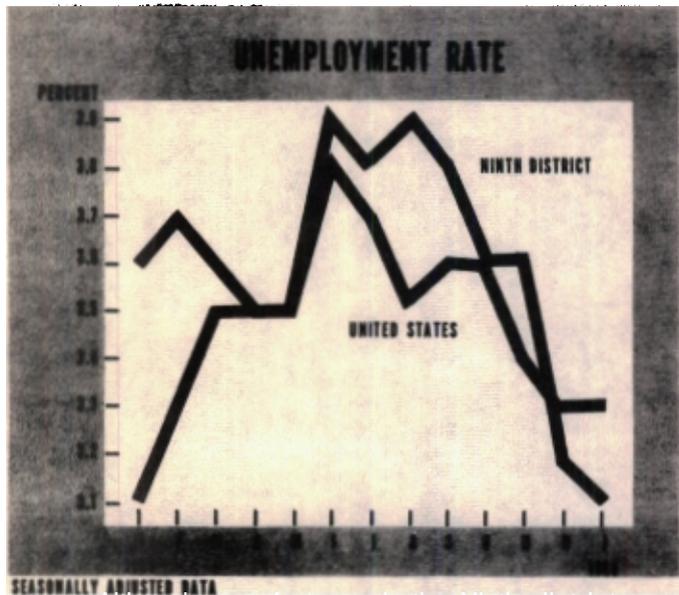
will push rates higher as the 1969 building season progresses.

Ninth district S&Ls experienced a net savings outflow of \$3.2 million during January, and the level of savings held at S&Ls declined to \$3230.4 million at the end of the month. Although the net outflow was larger than usual for the last five years, it was substantially less than the \$11.2 million net outflow in January, 1968 and was better than had been anticipated.

NINTH DISTRICT UNEMPLOYMENT RATE REACHES HISTORICALLY LOW LEVEL

Overall business activity continues to expand in the Ninth district during the early part of 1969, but there are some signs of moderation. Total district employment increased substantially in January over December's level with increases recorded in all of the major employment sectors. Over the past twelve months the trend rate of growth in total district employment, at 1.6 percent, is identical to the national performance. However, in the important wage and salary category of employment, the district has grown during the past twelve months at an annual rate of 2.7 percent which is below the comparable national rate of 3.1 percent.

The district's unemployment rate edged down one tenth of one percent to 3.1 percent in January. This is an historically low level of unemployment for the district and is below the national economy's 3.3 percent unemployment rate in January.



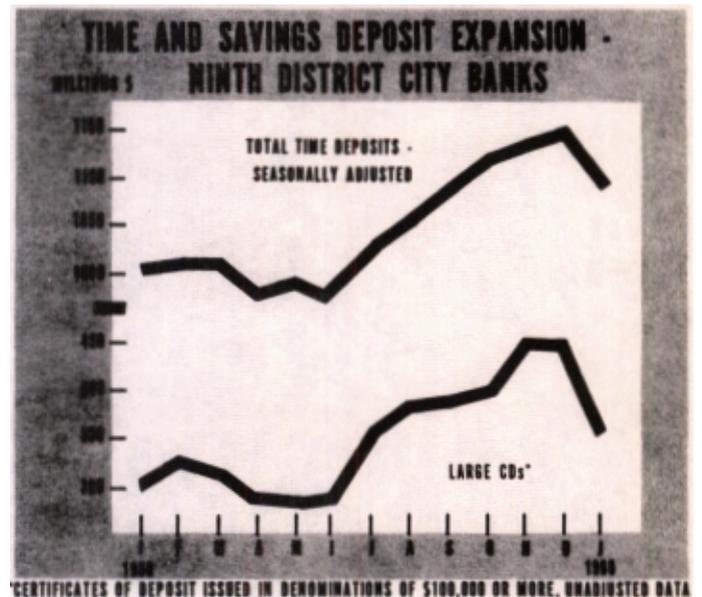
Although manufacturers in the Ninth district expect their sales to continue to increase this quarter (see back page), there are signs that the output of manufacturing firms has begun to slow. The monthly number of production worker manhours utilized in the manufacturing production process has shown little change since September. This fact, together with the fact that the monthly industrial use of electrical power has also shown little change since

September, indicates that manufacturing output has grown very little since the end of the third quarter. This also probably explains why district manufacturers expect their rate of sales increase to decline somewhat in the first quarter from that registered in the fourth quarter.

TIME AND SAVINGS DEPOSIT EXPANSION SLOWS AS LARGE CDS CONTRACT AT CITY BANKS

The pace of time and savings deposit expansion at Ninth district member banks has slowed markedly since the beginning of 1969. After increasing at a seasonally adjusted annual rate of 17 percent in the fourth quarter of 1968, time and savings deposit flow reversed directions and declined at a 9 percent annual rate during January. The outflow continued at a relatively rapid pace during the first half of February.

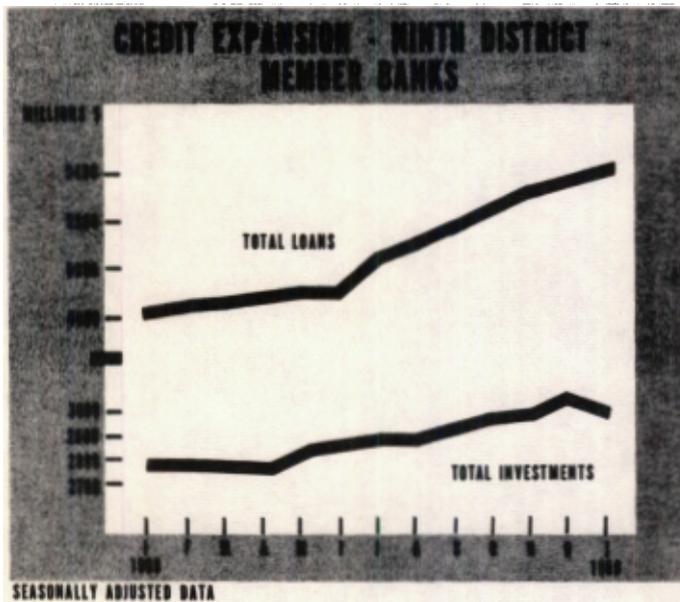
The slowdown in time and savings deposit growth thus far in 1969 has been due in large part to an above seasonal contraction in large (\$100,000 and over) negotiable certificates of deposit (CDs) which are issued principally by large city banks — a trend which has been observed throughout the nation as well. During January large CDs at district city banks fell \$67 million and an additional \$21 million was lost in the first two weeks of February. The combined outflow of \$88 million represents a 20 percent decline in the level of outstanding negotiable CDs since the end of 1968.



In addition both city and country banks during 1969 have experienced a slowdown in the inflow of other time deposits. During the 7-week period from December 25 to February 12 the increase in these smaller, consumer-oriented, time deposits was about 25 percent below the average increase during the comparable periods in the two preceding years. Passbook savings deposits, however, have experienced no slowdown thus far in the new year.

The pace of credit (loans and investments) expansion at Ninth district member banks has slowed since December but not as markedly as have time deposits. One reason for this is that since last fall demand deposit inflow has remained relatively strong thereby partially offsetting the slowing of time deposit growth. In addition, district banks increased their borrowing during this period relative to that of comparable periods in recent years.

Total credit growth at all district banks eased to 9 percent (annual rate) during the December-January period following a 14 percent (annual rate) advance in the preceding two-month period. Essentially all of the slowing occurred at city banks as loans slowed from a 27 percent annual growth rate in October-November to 13 percent in December-January. Holdings of U.S. Government and other securities after remaining unchanged throughout the October-November period, declined at a 12 percent (annual) rate during the subsequent two months. Reports received from large city banks suggest that the recent slowdown in total loans, principally business loans, was due primarily to the imposition of higher rates and stiffer loan conditions rather than to any perceptible slackening of business loan demand.



1968 NET FARM INCOME EXPECTED TO BE SLIGHTLY LARGER THAN 1967

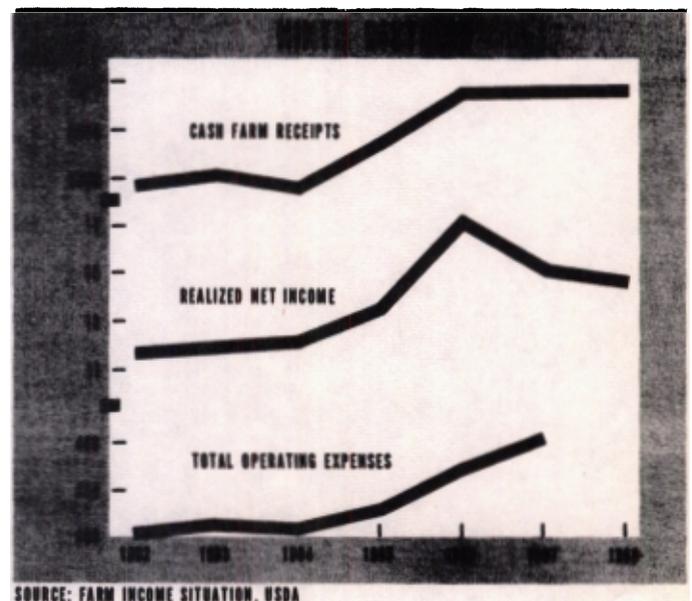
Estimated cash receipts from the marketings of Ninth district farm products totaled \$3,940 million during 1968, about equal to the 1967 level. The breakdown was somewhat different for 1968, however, as crop receipts declined 8 percent from the level reached in 1967. This change was offset by a 5 percent increase in receipts from livestock sales. On the national scene a 3 percent increase in total cash farm receipts was recorded in 1968 as compared to 1967. As in the district, livestock sales gained and, in this case, accounted for practically all of the increase in the total.

District cash receipts from crop marketings totaled \$1,351 million for 1968 compared to \$1,469 million in 1967. This represents a decrease from 37 percent to 34 percent of the total cash farm receipts. This drop appeared to be caused by lower crop prices and weather damage on one hand, while on the other hand demand for finished slaughter animals remained strong throughout the year and district producers marketed livestock heavily.

The increase in receipts from livestock sales was rather evenly distributed over the district states – ranging from 4.2 percent in Minnesota to 6.4 percent in South Dakota. Cash receipts for crops decreased in all of the district states, but was most severe in Minnesota and Montana (approximately 11 percent in each). Montana receipts likely show the effects of low wheat prices while the Minnesota figure is, perhaps, more the result of low soybean prices and extensive weather damage to late-maturing crops in general.

Detailed information on the relationships between farm income and farm expenses is not yet available for 1968, but preliminary, state-by-state estimates of realized net income from farming (the difference between total cash receipts and incurred cash expenses) suggest that total expenses increased slightly while total receipts remained constant.

It is expected that final figures will show that the squeeze on realized net income will be offset somewhat by larger inventories of livestock and crops on farms and, on balance, district net farm income will likely be recorded as slightly larger than in 1967.



NINTH DISTRICT¹ income and financial indicators

9th dist.
percent
change

item	unit	1968				1969		JAN. to JAN.
		JANUARY	FEBRUARY	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION								
Total Personal Income ²								
Nonagricultural Personal Income								
Average Weekly Earnings in Manufacturing ³	Dollars,	126.28	125.24	129.43	130.72p	129.62e		+ 2.6
Consumer Instalment Credit Outstanding ⁴	Million \$	1,094	1,101	1,198	1,210	1,212		+10.8
Time & Savings Deposits at Member Banks	Million \$	4,277	4,339	4,846	4,850	4,820	4,821	+12.7
Savings Balances at Savings & Loan Assoc. ²	Million \$	3,041	3,054	3,192	3,233	3,230p		+ 6.2
Cash Farm Receipts, Total ²	Million \$	359	284	376	472	n.a.		
Receipts from Crops	Million \$	149	81	190	135	n.a.		
Receipts from Livestock & Produce	Million \$	210	203	282	241	n.a.		
MEASURES OF PRICE LEVELS								
Consumer Price Index ⁵	Index, sa	119.3				122.9		+ 3.0
Prices Received by Farmers ⁶	Index,	106	110	113	114	115		+ 8.5
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS⁷								
CITY BANKS⁸								
Adjusted Loans and Discounts ⁹	Million \$	1,968	1,972	2,242	2,299	2,217	2,239	+12.7
Real Estate Loans	Million \$	359	362	421	420	425	429	+18.4
Commercial and Industrial Loans	Million \$	941	955	1,083	1,061	1,034	1,045	+ 9.9
Total Investments	Million \$	877	826	892	944	911	866	+ 3.9
U.S. Government Obligations	Million \$	446	384	363	395	387	355	-13.2
Other Securities	Million \$	431	442	529	549	524	511	+21.6
Total Deposits	Million \$	3,203	3,132	3,479	4,008	3,398	3,271	+ 6.1
Gross Demand Deposits	Million \$	1,873	1,767	1,924	2,476	1,934	1,830	+ 3.3
Time Deposits	Million \$	1,330	1,365	1,555	1,532	1,464	1,441	+10.1
COUNTRY BANKS¹⁰								
Loans and Discounts	Million \$	2,770	2,787	3,114	3,119	3,113	3,134	+12.4
Total Investments	Million \$	1,977	1,977	2,165	2,173	2,184	2,139	+10.5
U.S. Government Securities	Million \$	1,114	1,116	1,194	1,185	1,169	1,122	+ 4.9
Other Securities	Million \$	863	861	971	988	1,015	1,017	+17.6
Total Deposits	Million \$	4,928	4,943	5,520	5,597	5,460	5,431	+10.8
Gross Demand Deposits	Million \$	1,981	1,969	2,229	2,278	2,103	2,051	+ 6.2
Time Deposits	Million \$	2,947	2,974	3,291	3,319	3,357	3,380	+13.9
MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS								
Reserves: ¹¹								
Total Reserves	Million \$	632	621	667	686	701	678	+10.9
Required Reserves	Million \$	616	604	658	669	691	669	+12.2
Excess Reserves	Million \$	16	17	9	17	10	9	-37.5
Borrowings from FRB	Million \$	2	2	24	13	8	16	+300.0
<u>Ratio of Loans to Total Deposits:⁷</u>								
City Banks	Per Cent	62.9	64.2	65.6	58.7	66.4	69.8	+ 5.6
Country Banks	Per Cent	56.2	56.4	56.4	55.7	57.0	57.7	+ 1.4
<u>Ratio of U.S. Gov't Securities to Deposits:⁷</u>								
City Banks	Per Cent	13.9	12.3	10.4	9.9	11.4	10.9	-18.0
Country Banks	Per Cent	22.6	22.6	21.6	21.2	21.4	20.7	- 5.3

UNITED STATES income and financial indicators

U.S. ¹⁵ percent change	item	unit	1968				1969	
			JANUARY	FEBRUARY	NOVEMBER	DECEMBER	JANUARY	FEBRUARY
	MEASURES OF CONSUMER INCOME & FINANCIAL POSITION							
+ 9.2	Total Personal Income	Billion \$, saar	654.9	663.0	708.0	713.5	715.1p	
+ 9.3	Nonagricultural Personal Income	Billion \$, saar	635.1	643.1	687.0	692.5	694.1p	
+ 7.4	Average Weekly Earnings in Manufacturing	Dollars	117.60	119.36	125.97	127.41	126.36p	
+13.1	Consumer Instalment Credit Outstanding ⁴	Billion \$	32.7	32.8	36.6	37.0	37.0	
+ 7.7	Time & Savings Deposits at Member Banks	Billion \$	150.3	151.7	163.1	163.6	161.8	
+ 6.0	Savings Balances at Savings & Loan Assoc.	Billion \$	124.1	124.7	130.0	131.6	131.5p	
	Cash Farm Receipts, Total	Billion \$	3.8	2.8	4.9	4.0	n.a.	
	Receipts from Crops	Billion \$	1.7	.9	2.7	1.9	n.a.	
	Receipts from Livestock & Produce	Billion \$	2.1	1.9	2.2	2.1	n.a.	
	MEASURES OF PRICE LEVELS							
+ 4.6	Consumer Price Index	Index, sa	118.6	119.0	123.4	123.7	124.1	
+ 3.8	Prices Received by Farmers	Index	105	106	108	108	109	110
	MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS⁷							
	CITY BANKS⁸							
+10.5	Adjusted Loans and Discounts ⁹	Billion \$	141.8	140.5	154.0	161.8	156.7	
+11.0	Real Estate Loans	Billion \$	29.0	29.1	31.8	32.1	32.2	
+12.2	Commercial and Industrial Loans	Billion \$	65.0	65.1	71.2	74.0	72.9	
+ 6.1	Total Investments	Billion \$	62.1	62.9	66.5	68.4	65.9	
- 1.4	U.S. Government Obligations	Billion \$	28.1	28.7	28.2	29.4	27.7	
+12.4	Other Securities	Billion \$	34.0	34.2	38.3	39.0	38.2	
+ 5.7	Total Deposits	Billion \$	224.3	221.5	236.9	256.4	237.0	
+ 5.7	Gross Demand Deposits	Billion \$	120.1	116.5	125.0	144.3	127.0	
+ 5.6	Time Deposits	Billion \$	104.2	105.0	111.9	112.1	110.0	
	COUNTRY BANKS¹⁰							
+11.4	Loans and Discounts	Billion \$	49.1	49.3	55.0	55.2	54.7	
+ 7.3	Total Investments	Billion \$	34.1	34.3	36.0	36.4	36.6	
+ 1.6	U.S. Government Securities	Billion \$	18.5	18.6	18.6	18.8	18.8	
+14.1	Other Securities	Billion \$	15.6	15.7	17.4	17.6	17.8	
+ 9.3	Total Deposits	Billion \$	87.2	87.6	96.2	98.5	95.3	
+ 5.8	Gross Demand Deposits	Billion \$	41.1	40.9	45.1	47.0	43.5	
+12.4	Time Deposits	Billion \$	46.1	46.7	51.1	51.5	51.8	
	MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS							
	<u>Reserves:¹¹</u>							
+ 9.0	Total Reserves	Million \$	25,769	25,591	26,892	27,196	28,096p	
+ 9.8	Required Reserves	Million \$	25,411	25,202	26,459	26,752	27,893p	
-43.3	Excess Reserves	Million \$	358	389	286	444	203p	
+224.5	Borrowings from FRB	Million \$	220	368	541	744	714p	
	<u>Ratio of Loans to Total Deposits:⁷</u>							
+ 5.7	City Banks	Per Cent	64.7	65.2	66.7	64.3	68.4	
+ 2.0	Country Banks	Per Cent	56.3	56.3	57.1	56.1	57.4	
	<u>Ratio of U.S. Gov't Securities to Deposits:⁷</u>							
- 6.4	City Banks	Per Cent	12.5	13.0	11.9	11.4	11.7	
- 7.1	Country Banks	Per Cent	21.2	21.3	19.3	19.1	19.7	

NINTH DISTRICT' production and employment indicators

Item	unit	1968				1969		9th dist. percent change JAN. 29
		JANUARY	FEBRUARY	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION								
Total Industrial Production:								
Manufacturing								
Mining								
Utilities								
Electrical Energy Consumption: Mfg. & Mining	Index, sa	225	230	241	239	n.a.		
Manufacturing	Index, sa	208	208	226	225	n.a.		
Mining	Index, sa	309	333	317	307	n.a.		
Production Worker Manhours: Mfg. & Mining	Index, sa	118	120	122	121p	n.a.		
Manufacturing	Index, sa	128	129	131	130p	n.a.		
Mining	Index, sa	70	76	81	78p	n.a.		
Total Construction Contracts Awarded	Million \$, sa	179.9	149.6	132.3	170.8	n.a.		
Residential Buildings	Million \$, sa	76.7	54.9	72.0	91.4	n.a.		
Nonresidential Buildings	Million \$, sa	47.9	37.6	50.7	61.9	n.a.		
All Other Construction	Million \$, sa	55.3	57.1	9.6	17.5	n.a.		
Bldg. Permits: New Housing Units ¹²	Number	1,446	1,768	3,046	2,715	1,733		+19.8
MEASURES OF MANPOWER UTILIZATION³								
Civilian Work Force	Thousands, sa	2,530	2,533	2,534	2,539p	2,584e		+ 2.1
Total Civilian Employment	Thousands, sa	2,442	2,449	2,443	2,457p	2,503e		+ 2.5
Number Unemployed	Thousands, sa	88	84	91	82p	81e		- 8.0
Unemployment Rate	Per Cent, sa	3.5	3.3	3.6	3.2p	3.2e		- 8.6
Average Weekly Hours in Manufacturing	Hours, sa	41.7	41.5	41.5	40.8p	41.0e		- 1.7
EMPLOYMENT BY INDUSTRY SECTOR³								
Wage and Salary Employment, Nonfarm	Thousands, sa	1,812	1,826	1,845	1,856p	1,882e		+ 3.9
Manufacturing	Thousands, sa	370	372	379	378p	381e		+ 3.0
Mining	Thousands, sa	29	31	32	33p	33e		+13.8
Construction	Thousands, sa	98	102	96	98p	106e		+ 8.2
Transport., Comm., & Public Utilities	Thousands, sa	130	130	129	130p	131e		+ 0.8
Trade	Thousands, sa	436	443	446	446p	456e		+ 4.6
Finance, Insurance & Real Estate	Thousands, sa	81	82	83	83p	84e		+ 3.7
Service Industries	Thousands, sa	286	284	292	298p	300e		+ 4.9
Government	Thousands, sa	382	382	388	390p	391e		+ 2.4
Number of Workers on Farms	Thousands, sa	377	368	347	355p	360e		- 4.5
MEASURES OF SPENDING								
Total Retail Sales	Million \$, sa							
Durable Goods								
Nondurable Goods	Million \$, sa			Series discontinued	June 1968			
GAF ¹³	Million \$, sa							
New Passenger Car Registrations	Thousands, sa	19.3	19.0	19.5	n.a.	n.a.		
Bank Debits ¹⁴	Billion \$, saar	114.4	112.1	139.3	135.6	145.2		+26.9

UNITED STATES production and employment indicators

U.S. ¹⁵ percent change JAN. to JAN.	item	unit	1968				1969	
			JANUARY	FEBRUARY	NOVEMBER	DECEMBER	JANUARY	FEBRUARY
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION								
+ 5.0	Total Industrial Production:	Index, sa	161	162	167	169	169p	
+ 4.9	Manufacturing	Index, sa	163	164	168	170	171p	
+ 4.1	Mining	Index, sa	122	124	126	128	127p	
+ 7.1	Utilities	Index, sa	197	199	207	210	211p	
	Electrical Energy Consumption: Mfg. & Mining							
	Manufacturing							
	Mining							
	Production Worker Manhours: Mfg. & Mining	Index, sa	113	114	116p	117p	n.a.	
	Manufacturing	Index, sa	116	118	120p	120p	n.a.	
	Mining	Index, sa	75	77	81p	82p	n.a.	
+28.3	Total Construction Contracts Awarded	Million \$, sa	5019.2	4726.5	5450.6	5494.9	6437.9	
+19.7	Residential Buildings	Million \$, sa	2038.3	2009.2	2228.3	2303.9	2439.2	
+59.8	Nonresidential Buildings	Million \$, sa	1775.0	1535.3	2155.1	2095.6	2835.8	
- 3.6	All Other Construction	Million \$, sa	1205.9	1182.0	1067.2	1095.4	1162.9	
+24.6	Bldg. Permits: New Housing Units ¹²	Thousands	75.1	91.1	106.5	99.2	93.6p	
MEASURES OF MANPOWER UTILIZATION								
+ 2.6	Civilian Work Force	Thousands, sa	77,881	78,672	79,042	79,042	79,874p	
+ 2.9	Total Civilian Employment	Thousands, sa	75,086	75,731	76,388	76,765	77,229p	
+ 5.4	Number Unemployed	Thousands, sa	2,795	2,941	2,654	2,603	2,645p	
- 8.3	Unemployment Rate	Per Cent, sa	3.6	3.7	3.4	3.3	3.3p	
+ 1.2	Average Weekly Hours in Manufacturing	Hours, sa	40.2	40.8	40.8	40.7	40.7p	
EMPLOYMENT BY INDUSTRY SECTOR								
+ 3.7	Wage and Salary Employment, Nonfarm	Thousands, sa	67,058	67,600	68,955	69,280	69,538p	
+ 1.9	Manufacturing	Thousands, sa	19,612	19,612	19,871	19,973	19,986p	
+ 6.0	Mining	Thousands, sa	604	608	637	637	640p	
+ 7.7	Construction	Thousands, sa	3,107	3,388	3,279	3,378	3,346p	
+ 1.5	Transport., Comm., & Public Utilities	Thousands, sa	4,317	4,342	4,392	4,391	4,380p	
+ 4.4	Trade	Thousands, sa	13,818	13,920	14,326	14,260	14,425p	
+ 5.0	Finance, Insurance & Real Estate	Thousands, sa	3,291	3,304	3,426	3,441	3,454p	
+ 4.6	Service Industries	Thousands, sa	10,331	10,405	10,702	10,757	10,810p	
+ 4.3	Government	Thousands, sa	11,978	12,021	12,322	12,443	12,497p	
- 5.3	Number of Workers on Farms	Thousands, sa	3,962	4,127	3,706	3,842	3,752p	
MEASURES OF SPENDING								
+ 6.4	Total Retail Sales	Million \$, sa	26,936	27,512	28,779	28,083	28,673p	
+10.5	Durable Goods	Million \$, sa	8,502	8,871	9,272	9,074	9,396p	
+ 4.6	Nondurable Goods	Million \$, sa	18,434	18,641	19,507	19,009	19,277p	
	GAF ¹³	Million \$, sa	7,161	7,285	7,762	7,369	n.a.	
	New Passenger Car Registrations	Thousands, sa	748.1	705.6	778.4	n.a.	n.a.	
+14.9	Bank Debits ¹⁴	Billion \$, saar	2461.2	2453.8	2710.1	2773.7	2828.9	

NOTE: For explanation of footnotes, sources and other notes used in volume 3, No. 3 (March 1969), see volume 3, No. 1 (January 1969).

FIRST QUARTER, 1969

SUMMARY OF THE INDUSTRIAL EXPECTATIONS SURVEY

According to the results of the Quarterly Industrial Expectations Survey of February 1, Ninth district manufacturers are anticipating a first quarter sales increase of 9.2 percent over the first quarter of 1968. This increase is somewhat lower than the actual 11.8 percent increase over the year-earlier level recorded in the fourth quarter of 1968. Expectations in the nondurable goods sector were largely responsible for the overall anticipated slowdown.

In the nondurable goods sector, district manufacturers expect the rate of sales increase to be off considerably from the fourth quarter, decreasing from 10 percent to 5 percent. The food and kindred products industry is largely responsible for the anticipated slowdown in sales growth. In this particular industry, sales are expected to advance only 1.9 percent in the current quarter after increasing 9.4 percent in the fourth quarter. However, both the paper and allied products, and the petroleum products industries expect their rate of sales growth to increase during the first quarter.

Manufacturers in the durable goods industries expect their sales to increase 12.9 percent above the 1968 level during the first quarter which is slightly below their fourth quarter advance. The situation varies, however, among the industries comprising this group. The machine industries (both electrical and nonelectrical) anticipate a strong increase in sales during the first quarter of 1969. But the lumber and wood products, and the stone, clay and glass industries expect their rate of sales increase to slow considerably during the first quarter; these firms expect sales to pick up in the second quarter, however.

The results of the current survey indicate that the rate of economic growth will vary among the states and areas in the district. (Table 1.) In the Twin Cities metropolitan area, where over 50 percent of the district manufacturing activity is located, manufacturing sales are expected to increase 15.2 percent (compared to 14.8 percent in Minnesota) over the first quarter of 1968. Manufacturers in Northwestern Wisconsin and Upper Michigan also expect substantial sales increases (14.9 and 11.5 percent, respectively) during the first quarter, while a 7 percent advance is anticipated in North Dakota. In South Dakota, however, manufacturing sales are not anticipated to increase this quarter, and in Montana they are expected to be down slightly from a year ago.

TABLE 1
Percent Change in Manufacturing Firms' Sales From One Year Earlier

	Q 4 1968	Q 1 1969	Q 2 1969	Q 3 1969
Michigan	22.5	11.5	4.0	3.6
Minnesota	12.9	14.8	13.9	7.9
Montana	7.0	-1.3	.1	5.9
North Dakota	9.7	7.0	6.2	7.1
South Dakota	8.4	.7	2.4	8.6
Wisconsin	13.5	14.9	12.1	15.1
Twin Cities	13.4	15.2	14.3	7.4

According to the results of a similar survey taken at the national level, the Ninth district's expected sales increase in manufactured products compares favorably to the national advance of 9 percent over the first quarter of 1968. (Chart 1.) However, on the national level the nondurable goods sales increase is expected to be greater than the advance in durable goods, while the reverse is anticipated in the Ninth district. This distinct contrast can best be explained by examining the differences in the industrial composition of the Ninth district and the nation. The district's durable goods sector is dominated by the rapidly growing nonelectrical machinery industry, while several of the slower growing durable goods industries, such as the steel industry, do not have the same relative importance in the Ninth district as they do in the nation. In the nondurable goods sector, however, the Ninth district is dominated by the food and kindred products industry which has not been growing as rapidly as such industries as chemicals, plastics, and rubber which are more important in the nation's industrial structure.

