

# monthly statistical report

## NINTH DISTRICT CONDITIONS federal reserve bank of minneapolis



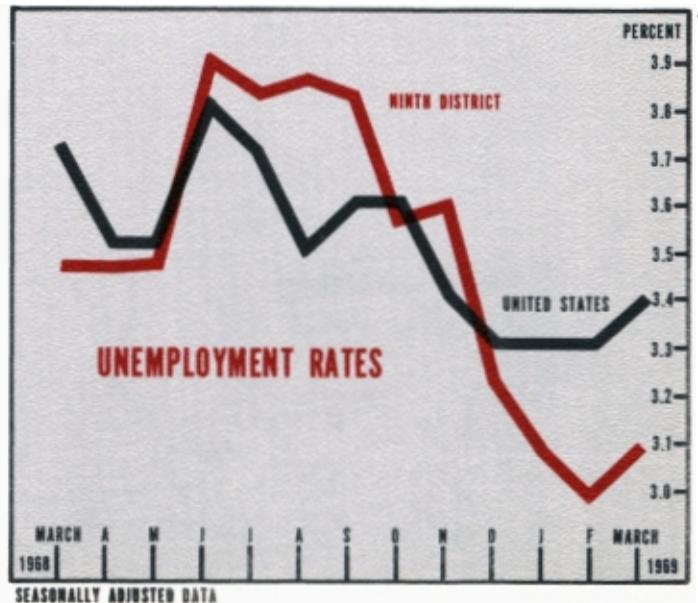
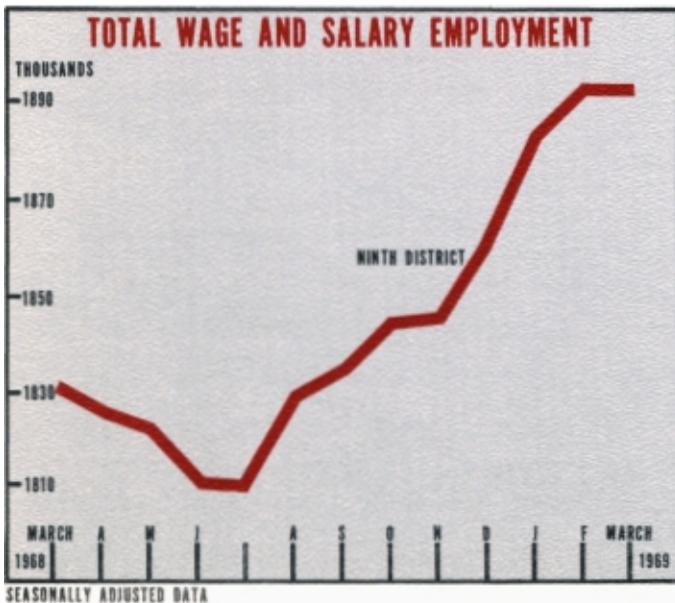
### LEADING INDICATORS SHOW CONTINUED ADVANCE IN NINTH DISTRICT BUSINESS ACTIVITY

Business activity in the Ninth Federal Reserve District (as measured by employment) expanded at a brisk pace during the first quarter of 1969. Total wage and salary employment in the district increased at an 8.7 percent annual rate over the fourth quarter level. This large quarterly increase occurred even though there was a monthly decrease in March - the first in nine months. The strong advance of this indicator during the first quarter can be attributed to an exceptionally large increase in construction employment and to substantial gains in the trade and service sectors. Year-to-year comparisons show that employment increases were recorded in all Ninth district states. In Minnesota, wage and salary employment was up 4.1 percent, followed by Montana (3.6), Upper Michigan (3.4), South Dakota (2.6), and North Dakota (2.0).

In the district's labor markets the continued high demand for workers has caused the level of unemployment to remain slightly below 3.1 percent since the first of the year, a historically low level.

Manufacturing employment increased at a 4.5 percent annual rate during the first quarter. The greater share of this advance came between February and March when the rate of increase accelerated to a 9.5 percent annual rate. Also, the industrial use of electric power increased at a 15.9 percent annual rate between January and February. The prospects for continued expansion in these areas are very bright in the light of the most recent Ninth District Industrial Expectations Survey. District manufacturers responding to this survey expect their sales performance in the second quarter to improve over their expected first quarter performance.

One source of impetus to district manufacturing activity has been defense spending. The most recent data available indicate that prime defense contracts awarded to firms in the four complete district states during the fourth quarter of 1968 were 55 percent above their average in the four preceding quarters. The entire increase was concentrated in Minnesota where prime defense contract awards were up 77 percent. Contracts were down by 8 and 42 percent in Montana and North Dakota, respectively. And in South Dakota contract cancel-



lations exceeded contract awards by \$3.4 million. Because some time lag is assumed to exist between the contract award and the actual expenditure, the district probably did not start to feel the impact of this increase in defense spending until the first quarter of this year.

### CONSTRUCTION EMPLOYMENT DECLINES - CHANGING SEASONAL PATTERN MAY BE REASON

Despite a small decline in seasonally adjusted employment, the Ninth district construction industry tended to remain relatively strong in March. Leading indicators suggest that construction activity will continue to expand, but the strongest impetus will come from non-residential building instead of the residential building sector.

After rising continuously since last September, construction employment in the district declined to 107,800 on a seasonally adjusted basis during March. The 2 percent decline in employment, seasonally adjusted, was a result of a smaller seasonal expansion this March than in previous years. The smaller increase this year, however, appears to have resulted from a changing seasonal pattern in construction and not from a weakening in the construction sector. For example, the smaller than normal decline in employment (not seasonally adjusted) last fall seems to have occurred not only because of higher aggregate demand, but also because work had been scheduled to permit a maximum number of people to work indoors during the winter. As a result, with the advent of warmer weather these same workers were switched to outdoor activities and the normal seasonal increase did not occur.

The number of housing units authorized in the district indicates that the housing sector expanded during March. After adjusting for seasonal variations, housing unit authorizations reversed the downward trend of the preceding two months and permits were issued for 3,093 units during March. During the entire first quarter of

1969, the number of housing units authorized by building permits in the district was about 6 percent below the preceding quarter. Historically, however, the number of authorizations is still high; during the first quarter, permits were issued for nearly 8 percent more housing units than during the first quarter of 1968.

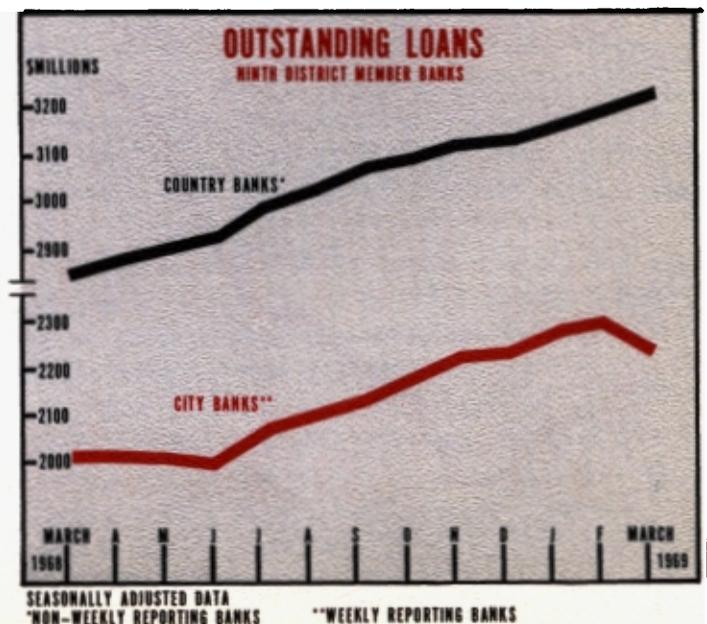
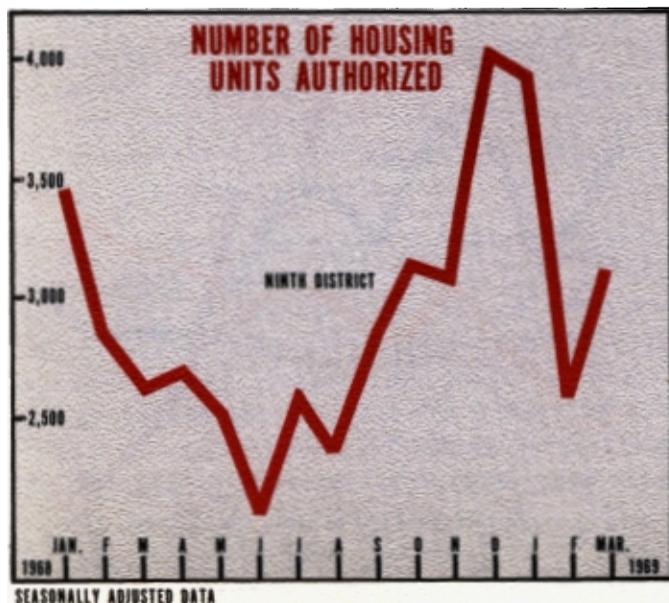
Statistical indicators of future construction activity suggest that the district construction industry will continue to expand and that nonresidential building will rise faster than residential construction. Information relating to construction contract awards reveals that contracts for nonresidential buildings expanded by 16 percent while residential building contract awards rose 6 percent.

Mortgage funds continued to become more scarce in the Twin Cities during March. The average interest rate for a conventional home mortgage rose to 7.53 percent in accordance with a trend that has existed for the past four months. Last March, the average effective mortgage rate in the Minneapolis-St. Paul SMSA stood at 6.88 percent.

### NINTH DISTRICT BANK CREDIT GROWTH SLOWS - BUSINESS LOANS DECLINE AT CITY BANKS

Ninth district bank credit (loans and investments) growth slowed during March as banks continued to adjust their portfolios of earning assets into line with the decidedly slower pace of deposit expansion experienced in recent months.

Holdings of U. S. Treasury securities declined sharply again in March bringing the net attrition during the first quarter of 1969 to \$165 million. This compares to an average \$30 million decline for the first quarters of the preceding three years. The acquisition rate of municipal and Federal agency securities, which had dropped sharply during the first two months of 1969 after the vig-



orous pace maintained over the second half of 1968, eased further in March.

Loan growth at district banks eased perceptibly during March from the rather buoyant 12 percent (annual rate) pace maintained throughout January and February. The entire March slowdown occurred at city banks principally in business loans. Real estate and consumer loans at city banks expanded at a more than seasonal pace during the month.

At country banks, on the other hand, loan expansion has continued at a vigorous pace. During March loans increased by 13 percent (annual rate), essentially the same pace as that recorded during the first two months of 1969, and substantially faster than the 8 percent (annual rate) experienced during the fourth quarter. The latest Agricultural Credit Conditions Survey (see back page) suggests that the recent surge in loans at country banks stemmed in part from a slower rate of debt repayment and a strong demand for debt refinancing as a result of weather damage and postponement of marketings.

Time and savings deposits at district banks increased by a nominal 2 percent (annual rate) during March after declining fairly rapidly during the preceding two months. This turnabout appears to have stemmed primarily from a slowing in the outflow of large negotiable time certificates of deposit at city banks. The smaller outflow of large CDs in March relative to February reflected both a reduction in the estimated volume of large CDs maturing during the month and a lower ratio of net losses to volume of maturities. The growth of passbook savings and consumer-oriented time deposits during March continued at the same slow pace - 30 percent below the average expansion during corresponding periods of the last three years - as that maintained during the first two months of 1969.

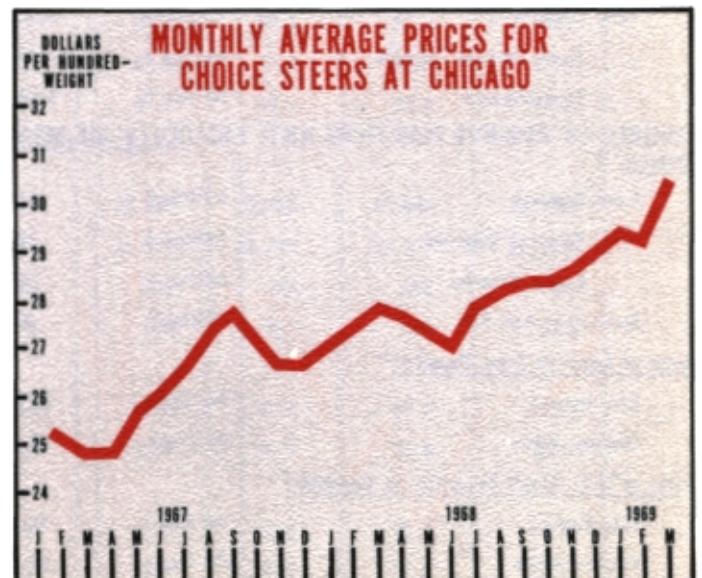
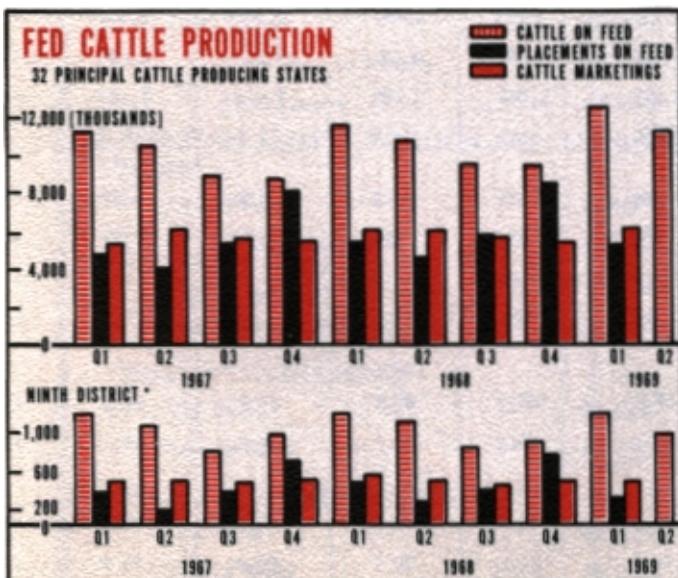
## LIVESTOCK PLACED ON FEED ARE DOWN IN THE NINTH DISTRICT

The total number of "cattle on feed" April 1st was above the year-ago level by 7 percent for the 32 principal cattle-producing states. This is a continuation of a general trend toward greater production of beef. Nine of the past ten quarters have found the number of cattle on feed to be above the year-earlier levels.

It is interesting to note, however, that the recent number of "cattle placed on feed" is not a continuation of the trend toward greater production. Placements are slightly less than they were a year ago. The decline is particularly noticeable in the Ninth district where only 302 thousand cattle and calves were placed on feed between January 1 and March 31 - 18 percent less than during the corresponding period of 1968.

The implication of the decreased placement rate is that earlier expectations of larger supplies and impending lower prices for fed cattle are now virtually reversed. In other words, with additions to the number of cattle on feed at a lower level, the final number of cattle fed-out and marketed in the next 3 or 4 months may not be as large as earlier anticipated and the price of cattle, which is an important factor in Ninth district farm income, may not decline after all.

Continuing strong prices also seem reasonable now in view of what we have recently learned about the demand for beef. Prices held up well in spite of the fact that there was a considerable increase in the total number of cattle marketed during the first quarter of this year. Looking back, it seems apparent that for the past two years there has been little relationship between the total number of cattle marketed and the price. Demand seems to be the important variable and consumers' desire for beef is high and going higher. Better incomes are likely the reason.



# NINTH DISTRICT<sup>1</sup> income and financial indicators

9th dist.  
percent  
change

item	unit	1968			1969			MAR. to MAR.
		MARCH	APRIL	MAY	FEBRUARY	MARCH	APRIL	
<b>MEASURES OF CONSUMER INCOME &amp; FINANCIAL POSITION</b>								
Total Personal Income <sup>2</sup>								
Nonagricultural Personal Income								
Average Weekly Earnings in Manufacturing <sup>3</sup>	Dollars,	125.70	125.00	128.30	130.34e	130.57e		+ 3.9
Consumer Instalment Credit Outstanding <sup>4</sup>	Million \$	1,105	1,125	1,147	1,214	1,231		+ 11.4
Time & Savings Deposits at Member Banks	Million \$	4,386	4,364	4,382	4,821	4,837		+ 10.3
Savings Balances at Savings & Loan Assoc. <sup>2</sup>	Million \$	3,091	3,082	3,094	3,247	3,283p		+ 6.2
Cash Farm Receipts, Total <sup>2</sup>	Million \$	286	256	253	285	n.a.		
Receipts from Crops	Million \$	70	60	61	85	n.a.		
Receipts from Livestock & Produce	Million \$	216	196	192	200	n.a.		
<b>MEASURES OF PRICE LEVELS</b>								
Consumer Price Index <sup>5</sup>								
Prices Received by Farmers <sup>6</sup>	Index, sa		120.4					
	Index,	112	113	113	117	118	119	+ 5.4
<b>MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS<sup>7</sup></b>								
<b>CITY BANKS<sup>8</sup></b>								
Adjusted Loans and Discounts <sup>9</sup>	Million \$	2,025	2,042	1,987	2,239	2,247	2,268	+ 11.0
Real Estate Loans	Million \$	364	370	380	429	432	436	+ 18.7
Commercial and Industrial Loans	Million \$	988	1,003	954	1,045	1,061	1,065	+ 7.4
Total Investments	Million \$	821	802	812	866	812	858	- 1.1
U.S. Government Obligations	Million \$	370	355	356	355	331	344	- 10.5
Other Securities	Million \$	451	447	456	511	481	514	+ 6.7
Total Deposits	Million \$	3,074	3,050	3,095	3,271	3,273	3,366	+ 6.5
Gross Demand Deposits	Million \$	1,702	1,712	1,756	1,830	1,848	1,974	+ 8.6
Time Deposits	Million \$	1,372	1,338	1,339	1,441	1,425	1,392	+ 3.9
<b>COUNTRY BANKS<sup>10</sup></b>								
Loans and Discounts	Million \$	2,818	2,854	2,905	3,134	3,186	3,254	+ 13.1
Total Investments	Million \$	1,969	1,942	1,933	2,139	2,121	2,087	+ 7.7
U.S. Government Securities	Million \$	1,101	1,073	1,069	1,122	1,092	1,060	- 0.8
Other Securities	Million \$	868	869	864	1,017	1,029	1,027	+ 18.5
Total Deposits	Million \$	4,962	4,973	4,964	5,431	5,468	5,506	+ 10.2
Gross Demand Deposits	Million \$	1,948	1,946	1,921	2,051	2,057	2,084	+ 5.6
Time Deposits	Million \$	3,014	3,027	3,043	3,380	3,411	3,422	+ 13.2
<b>MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS</b>								
<u>Reserves:</u> <sup>11</sup>								
Total Reserves	Million \$	610	606	606	678	656	669	+ 7.5
Required Reserves	Million \$	597	596	594	669	647	661	+ 8.4
Excess Reserves	Million \$	13	10	12	9	9	8	- 30.8
Borrowings from FRB	Million \$	18	29	30	16	59	42	+ 127.8
<u>Ratio of Loans to Total Deposits:</u> <sup>7</sup>								
City Banks	Per Cent	67.7	67.6	65.2	69.8	69.9	68.4	+ 3.2
Country Banks	Per Cent	56.8	57.4	58.5	57.7	58.3	59.1	+ 2.6
<u>Ratio of U.S. Gov't Securities to Deposits:</u> <sup>7</sup>								
City Banks	Per Cent	12.0	11.6	11.5	10.9	10.1	10.2	- 15.8
Country Banks	Per Cent	22.2	21.6	21.5	20.7	20.0	19.3	- 9.9

# UNITED STATES income and financial indicators

U.S. <sup>15</sup> percent change MAR. to MAR.	item	unit	1968			1969	
			MARCH	APRIL	MAY	FEBRUARY	MARCH
<b>MEASURES OF CONSUMER INCOME &amp; FINANCIAL POSITION</b>							
+ 17.7	Total Personal Income	Billion \$, saar	617.6	618.6	620.6	721.4	726.7p
+ 8.6	Nonagricultural Personal Income	Billion \$, saar	649.9	652.4	658.0	700.5	705.9p
+ 5.5	Average Weekly Earnings in Manufacturing	Dollars	120.18	118.21	122.29	124.49	126.77p
+ 12.7	Consumer Instalment Credit Outstanding <sup>4</sup>	Billion \$	33.1	33.6	34.1	37.1	37.3
+ 5.8	Time & Savings Deposits at Member Banks	Billion \$	152.5	151.9	152.3	161.6	161.4
+ 6.0	Savings Balances at Savings & Loan Assoc.	Billion \$	126.0	125.7	126.4	132.1	133.5p
	Cash Farm Receipts, Total	Billion \$	3.0	2.8	3.0	3.0	n.a.
	Receipts from Crops	Billion \$	.9	.8	.9	1.0	n.a.
	Receipts from Livestock & Produce	Billion \$	2.1	2.0	2.1	2.0	n.a.
<b>MEASURES OF PRICE LEVELS</b>							
+ 5.1	Consumer Price Index	Index, sa	119.5	119.9	120.3	124.6	125.6
+ 4.7	Prices Received by Farmers	Index	107	107	108	110	112
<b>MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS<sup>7</sup></b>							
<b>CITY BANKS<sup>8</sup></b>							
+ 11.9	Adjusted Loans and Discounts <sup>9</sup>	Billion \$	141.6	143.6	143.7	157.6	158.4
+ 11.3	Real Estate Loans	Billion \$	29.3	29.5	29.8	32.5	32.6
+ 12.8	Commercial and Industrial Loans	Billion \$	66.5	67.6	67.1	73.7	75.0
+ 1.6	Total Investments	Billion \$	61.9	61.2	61.1	63.1	62.9
- 8.5	U.S. Government Obligations	Billion \$	27.1	26.1	26.5	25.1	24.8
+ 9.5	Other Securities	Billion \$	34.8	35.1	34.6	38.0	38.1
+ 5.8	Total Deposits	Billion \$	219.0	219.2	219.3	233.9	231.7
+ 8.3	Gross Demand Deposits	Billion \$	113.9	115.0	115.1	124.7	123.3
+ 3.1	Time Deposits	Billion \$	105.1	104.2	104.2	109.2	108.4
<b>COUNTRY BANKS<sup>10</sup></b>							
+ 12.9	Loans and Discounts	Billion \$	49.7	50.6	51.0	55.2	56.1
+ 5.8	Total Investments	Billion \$	34.3	34.3	34.3	36.3	36.3
- 2.7	U.S. Government Securities	Billion \$	18.4	18.2	18.2	18.2	17.9
+ 15.7	Other Securities	Billion \$	15.9	16.1	16.1	18.1	18.4
+ 9.5	Total Deposits	Billion \$	87.7	89.0	89.1	95.1	96.0
+ 6.7	Gross Demand Deposits	Billion \$	40.3	41.3	41.0	42.8	43.0
+ 11.8	Time Deposits	Billion \$	47.4	47.7	48.1	52.3	53.0
<b>MEASURES OF RESERVE POSITION AND 'LIQUIDITY' OF MEMBER BANKS</b>							
<u>Reserves:<sup>11</sup></u>							
+ 4.7	Total Reserves	Million \$	25,561	25,636	25,445	27,347	26,757p
+ 5.3	Required Reserves	Million \$	25,225	25,302	25,071	27,091	26,571p
- 44.6	Excess Reserves	Million \$	336	334	374	256	186p
+ 27.2	Borrowings from FRB	Million \$	658	684	742	836	837p
<u>Ratio of Loans to Total Deposits:<sup>7</sup></u>							
+ 7.0	City Banks	Per Cent	66.0	67.2	67.4	69.7	70.6
+ 3.2	Country Banks	Per Cent	56.6	56.9	57.3	58.0	58.4
<u>Ratio of U.S. Gov't Securities to Deposits:<sup>7</sup></u>							
- 13.7	City Banks	Per Cent	12.4	11.9	12.1	10.7	10.7
- 11.0	Country Banks	Per Cent	21.0	20.4	20.5	19.2	18.7

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

item	unit	1968			1969		9th dist. percent change MAR. to MAR.
		MARCH	APRIL	MAY	FEBRUARY	MARCH	
<b>MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION</b>							
Total Industrial Production:							
Manufacturing							
Mining							
Utilities							
Electrical Energy Consumption: Mfg. & Mining	Index, sa	228	229	236	246	250p	+ 9.6
Manufacturing	Index, sa	207	210	217	231	234p	+ 13.0
Mining	Index, sa	324	320	325	317	324p	0.0
Production Worker Manhours: Mfg. & Mining	Index, sa	118	115	123	123	124p	+ 5.1
Manufacturing	Index, sa	127	127	131	133	133p	+ 4.7
Mining	Index, sa	76	60	87	80	81p	+ 6.6
Total Construction Contracts Awarded	Million \$, sa	138.7	160.6	166.2	162.2	154.7	+ 11.5
Residential Buildings	Million \$, sa	56.4	61.4	54.2	70.3	63.1	+ 11.9
Nonresidential Buildings	Million \$, sa	48.8	41.5	57.5	46.1	50.9	+ 4.3
All Other Construction	Million \$, sa	33.5	57.7	54.5	45.8	40.7	+ 21.5
Bldg. Permits: New Housing Units <sup>12</sup>	Number	2,495	3,781	3,787	1,631	2,823	+ 13.1
<b>MEASURES OF MANPOWER UTILIZATION<sup>3</sup></b>							
Civilian Work Force							
Total Civilian Employment	Thousands, sa	2,530	2,517	2,502	2,587p	2,564p	+ 1.3
Number Unemployed	Thousands, sa	87	87	87	77p	79p	- 9.2
Unemployment Rate	Per Cent, sa	3.4	3.4	3.5	3.0p	3.1p	- 8.8
Average Weekly Hours in Manufacturing	Hours, sa	41.1	41.1	41.8	41.4e	41.0e	- 0.2
<b>EMPLOYMENT BY INDUSTRY SECTOR<sup>3</sup></b>							
Wage and Salary Employment, Nonfarm							
Manufacturing	Thousands, sa	1,829	1,824	1,824	1,892p	1,896p	+ 3.7
Mining	Thousands, sa	370	375	375	383p	385p	+ 4.1
Mining	Thousands, sa	31	32	33	33p	33p	+ 6.5
Construction	Thousands, sa	102	97	97	109p	106p	+ 3.9
Transport., Comm., & Public Utilities	Thousands, sa	130	129	129	131p	132p	+ 1.5
Trade	Thousands, sa	440	440	438	457p	458p	+ 4.1
Finance, Insurance & Real Estate	Thousands, sa	82	82	82	84p	85p	+ 3.7
Service Industries	Thousands, sa	290	285	286	301p	302p	+ 4.1
Government	Thousands, sa	384	384	384	394p	395p	+ 2.9
Number of Workers on Farms	Thousands, sa	363	362	355	353p	333p	- 8.3
<b>MEASURES OF SPENDING</b>							
Total Retail Sales							
Durable Goods			Series discontinued		June 1968		
Nondurable Goods	Million \$, sa						
GAF <sup>13</sup>	Million \$, sa						
New Passenger Car Registrations	Thousands, sa	19.8	23.3	23.3	23.9	n.a.	
Bank Debits <sup>14</sup>	Billion \$, saar	108.5	116.9	113.6	140.5	151.6	+ 39.7

# UNITED STATES production and employment indicators

U.S. percent change MAR. to MAR.	item	unit	1968			1969	
			MARCH	APRIL	MAY	FEBRUARY	MARCH
<b>MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION</b>							
+ 4.9	Total Industrial Production:	Index, sa	163	162	164	170	171p
+ 4.2	Manufacturing	Index, sa	165	164	166	171	172p
+ 1.6	Mining	Index, sa	126	127	127	125	128p
+ 10.6	Utilities	Index, sa	198	196	196	218	219p
	Electrical Energy Consumption: Mfg. & Mining						
	Manufacturing						
	Mining						
+ 2.6	Production Worker Manhours: Mfg. & Mining	Index, sa	115	114	117	118p	118p
+ 2.5	Manufacturing	Index, sa	119	117	120	121p	122p
+ 2.6	Mining	Index, sa	78	81	81	80p	80p
- 8.1	Total Construction Contracts Awarded	Million \$, sa	5024.7	4638.5	5176.7	6140.6	4617.9
- 11.7	Residential Buildings	Million \$, sa	2064.4	2050.7	2048.8	2457.8	1823.7
- 3.9	Nonresidential Buildings	Million \$, sa	1742.4	1442.4	1959.2	2322.9	1675.0
- 8.1	All Other Construction	Million \$, sa	1217.9	1145.4	1168.7	1359.9	1119.2
+ 1.1	Bldg. Permits: New Housing Units <sup>12</sup>	Thousands	117.3	135.4	134.5	98.8	118.6p
<b>MEASURES OF MANPOWER UTILIZATION</b>							
+ 2.4	Civilian Work Force	Thousands, sa	78,645	78,343	78,613	80,356	80,495p
+ 2.6	Total Civilian Employment	Thousands, sa	75,764	75,636	75,829	77,729	77,767p
- 5.3	Number Unemployed	Thousands, sa	2,881	2,707	2,784	2,627	2,728p
- 8.1	Unemployment Rate	Per Cent, sa	3.7	3.5	3.5	3.3	3.4p
- 0.2	Average Weekly Hours in Manufacturing	Hours, sa	40.7	40.1	40.9	40.1	40.6p
<b>EMPLOYMENT BY INDUSTRY SECTOR</b>							
+ 3.6	Wage and Salary Employment, Nonfarm	Thousands, sa	67,656	67,755	67,792	69,955	70,102p
+ 2.6	Manufacturing	Thousands, sa	19,607	19,657	19,693	20,054	20,118p
+ 6.2	Mining	Thousands, sa	609	632	631	646	647p
+ 2.9	Construction	Thousands, sa	3,330	3,313	3,245	3,491	3,428p
+ 2.7	Transport., Comm., & Public Utilities	Thousands, sa	4,332	4,331	4,281	4,418	4,448p
+ 3.6	Trade	Thousands, sa	13,999	14,009	14,049	14,473	14,503p
+ 5.2	Finance, Insurance & Real Estate	Thousands, sa	3,311	3,323	3,334	3,474	3,483p
+ 4.4	Service Industries	Thousands, sa	10,415	10,402	10,425	10,849	10,871p
+ 4.6	Government	Thousands, sa	12,053	12,088	12,134	12,550	12,604p
- 6.2	Number of Workers on Farms	Thousands, sa	3,978	3,980	3,893	3,881	3,732p
<b>MEASURES OF SPENDING</b>							
+ 5.7	Total Retail Sales	Million \$, sa	27,996	27,791	28,158	29,359p	29,585e
+ 7.3	Durable Goods	Million \$, sa	9,018	8,975	9,132	9,621p	9,675e
+ 4.9	Nondurable Goods	Million \$, sa	18,978	18,816	19,026	19,738p	19,910e
	GAF <sup>13</sup>	Million \$, sa	7,440	7,315	7,397	7,817p	n.a.
	New Passenger Car Registrations	Thousands, sa	682.6	742.8	742.0	720.9	n.a.
+ 18.5	Bank Debts <sup>14</sup>	Billion \$, saar	2419.2	2541.7	2521.4	2855.6	2866.2

NOTE: For explanation of footnotes, sources and other notes used in volume 3, No. 5(May 1969), see volume 3, No. 1(January 1969).

# Ninth District Agricultural Credit Conditions Survey

## FARM INCOME AND SPENDING HAVE INCREASED

Current farm earnings and spending are reported to be at higher levels than one year earlier according to the 140 bankers who responded to the April 1 Ninth District Agricultural Credit Conditions Survey. Farmer debt position appears to have weakened recently and any indication of improvement in the near-term was not visible. The survey also indicated that general credit conditions at agricultural-lending banks are tighter than they were at the time of the previous survey taken on January 1.

Thirty-nine percent of the responding bankers indicated that farm earnings were greater than last year, 17 percent reported earnings to be less and 44 percent observed that the farm income situation was about the same as one year earlier. These percentages were almost exactly the same as those reported on the previous survey taken on January 1. Nearly one-third of the bankers who responded to the April 1 survey (29 percent) expected higher earnings to prevail until midyear and only 11 percent expected lower earnings during the second quarter. The main reason for higher earnings, both current and expected, according to the bankers, was the continuation of exceptionally high livestock prices which have greatly increased the gross receipts of many of their farm customers.

The overall amount of farm spending compared to year-ago levels was rated "greater", as was the case last quarter, by more respondents than rated it "less" for both the current and expected situations. In both situations, however, the percentage reporting it "less" gained on the percentage reporting it "greater" in a comparison of the present to the previous survey. It was typical for those reporting "less spending" on the recent survey to mention at least one of the following three reasons: 1) a backlog of farm work caused by severe weather, 2) expected wet spring field conditions which would delay planting and decrease the amount of fertilizer and other chemicals that could be applied, and 3) smaller crop planting intentions.

The severe winter weather seems to have had an important effect on farm debt position as many bankers attributed the currently slow rate of debt repayment and the strong demand for debt refinancing to weather damage and postponement of marketings. The greater current and expected demands for new short-term loans were also attributed to weather-caused difficulties. Here it was often indicated that bankers were experiencing many cases in which bank financing was sought to replace what would have been self-financing had not certain hardships been incurred. Effects of the winter weather

were also cited by some of the bankers who expect an adverse change in the farmers' ability to repay debt.

A greater percent of respondents indicated that more of their customers were at debt limits than was the case in the previous survey. This might also be related to the adverse weather of last winter, but in addition to the weather many of the bankers mentioned a need to reduce the practical debt limits for their customers heavily committed to the production of wheat. Country prices for wheat were reported to be very low - making it hard to justify increasing the allocation of resources to that crop. Overall, the demand for real estate loans appeared to be weakening as farmers were reported as becoming quite sensitive to the high rates asked for this type of financing. Furthermore, it was reported that farmers - noting the low crop prices and the extensive weather damage of the past fall and winter - are becoming pessimistic about the potential return to owning land. However, some increase in the demand for real estate loans was noted by those bankers who are experiencing a demand by city people eager to purchase small tracts, and a few bankers encountered more requests for real estate loans where insurance companies have stopped lending operations entirely in their areas.

It appeared that a general tightening of credit occurred in the surveyed banks during the recent quarter. This was a marked reversal of the situation that the preceding survey revealed for the last quarter of 1968. Comparing the recent results to the preceding ones, the percentage of bankers reporting higher-than-normal loan-to-deposit ratios has increased and there is now a sharply lower percentage of bankers reporting less-than-usual dependence on correspondents. Although, in the latter case, some of these responses may have gone to the newly added "none" category. The percentage of banks reducing or refusing a loan because of fund shortage increased noticeably as did the percentage of bankers expecting problems in meeting loan requests in the next three months. The respondents did not make specific references to any causes of the tightening - at least none that could be generalized.

As mentioned above, a new possible response was added in the recent survey to the questions concerning the number of loan referrals to correspondent banks, and the number of loan referrals to nonbank credit agencies. This alternative response "none" accumulated a significant percentage of the responses to each question - particularly the question on the number of referrals to correspondents. (The alternative response "none" was added to the following possible responses: greater than usual, less than usual and about usual.)