

# monthly statistical report

## NINTH DISTRICT CONDITIONS federal reserve bank of minneapolis



### DISTRICT ECONOMY STRENGTHENS SLIGHTLY BUSINESS LOANS CONTINUE RAPID GROWTH

Developments in several indicators suggest that the Ninth District's economy strengthened slightly in January. The improvement was evident at district commercial banks, where in December loans expanded at a seasonally adjusted rate three times that at commercial banks in the nation. In January, a month which normally witnesses no loan growth, the fast pace quickened further, partly as a result of the expansion in business loans at the district's large urban banks.

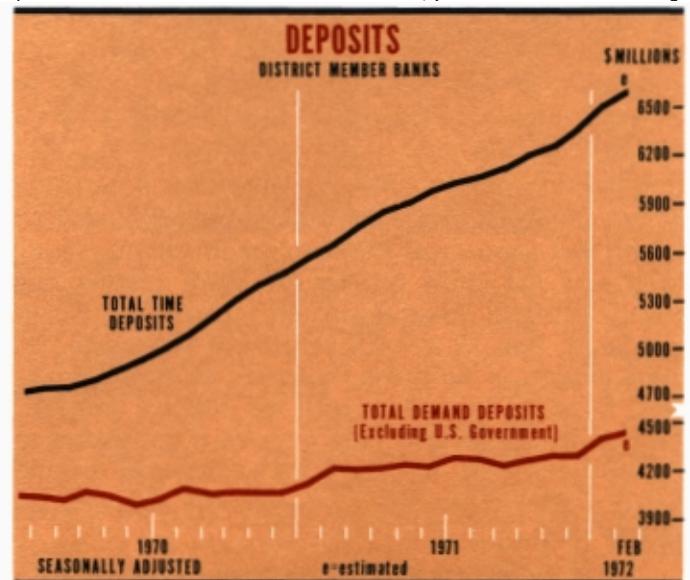
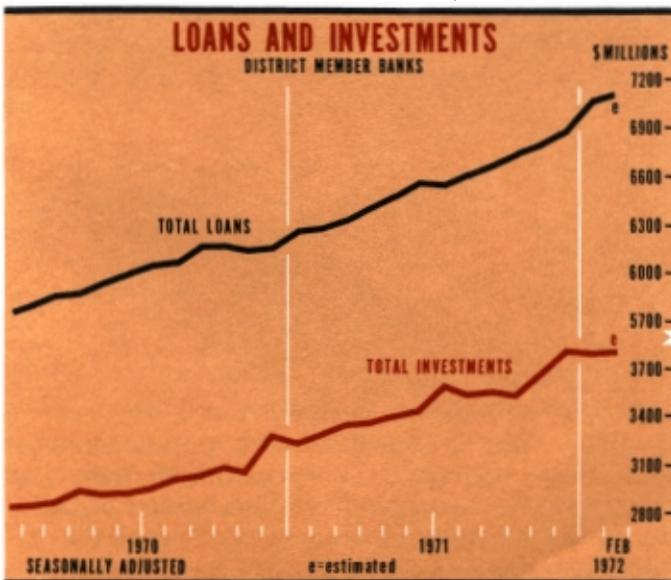
Loans outstanding at district member banks expanded more rapidly in January than in December. The strength, although evident at both large and small banks, was particularly noticeable at large urban banks, where business loans continued to expand in January after registering a large December advance. The actual gain of \$53 million contrasted sharply with the average January decline of \$18 million over the past five years. One probable factor in this advance appeared to be a greater than usual retention of business loans outstanding that could not be attributed to any particular borrowing sectors. Early February data indicated that business loan growth had begun

to recede slightly.

Investments at district member banks fell slightly in January, with all the contraction occurring at large urban banks. This resulted from an attrition of all types of securities and probably reflected in part the stronger loan demand at these banks in January. At rural and small urban banks, investments in both U. S. government and other securities rose, although at a slower rate than in December.

Deposit inflows at Ninth District member banks continued at a strong pace in January after registering substantial strength in the final months of last year. Total deposits, excluding those of the U. S. government, increased 25 percent on a seasonally adjusted annual basis in January after a 14 percent gain in December. Part of this expansion was due to a strong January increase in demand deposits, much of which occurred at the large urban banks of the district. Time deposits also contributed to deposit growth at district member banks by advancing in January at about the December rate of 26 percent on a seasonally adjusted annual basis.

At large urban banks, total time deposits advanced in January by somewhat less than the rapid pace of December. Consumer-type time and savings

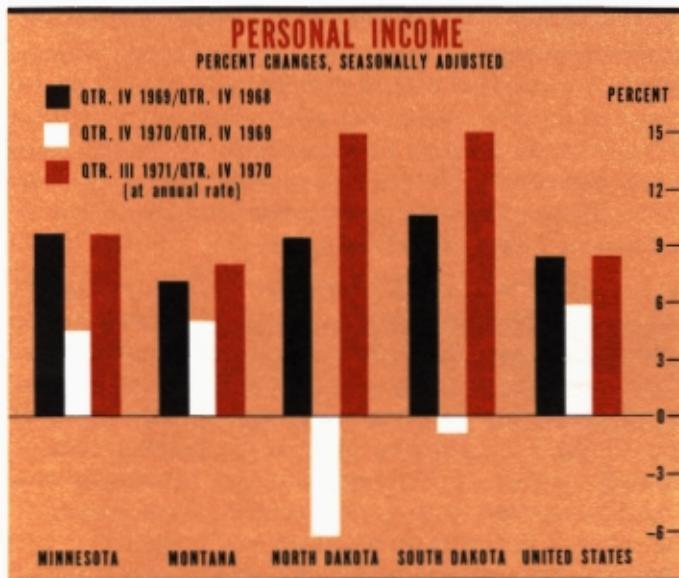


deposit inflows, however, at a 31 percent seasonally adjusted annual rate, increased much faster than the 20 percent December gain. In early February, time deposit inflows seemed to be slowing due to outflows of large CDs.

Total time deposits at district rural and small urban banks continued to show strength in January and early February as consumer-type deposits increased at an approximate 20 percent seasonally adjusted annual rate following the 12 percent advance in December.

### DISTRICT PERSONAL INCOME RATES REBOUND FLUCTUATIONS REFLECT BUSINESS ACTIVITY

Swings in personal income data provide a measure of the impact of the recent business slowdown and subsequent recovery in district states. Prior to the



national economy reaching its peak in the fourth quarter of 1969, personal income growth in Minnesota and the Dakotas exceeded the 8.4 percent national advance during 1969, while in Montana personal income rose at a somewhat slower pace. During the subsequent contraction in economic activity, Minnesota's and Montana's personal income expansions were slightly below the 5.3 percent national advance. No change in personal income occurred in South Dakota during this period, but North Dakota experienced a decline of 6.3 percent.

Since the late 1970 cyclical trough in business activity, personal income in the nation increased at an 8.4 percent annual rate between the fourth quarter of 1970 and the third quarter of 1971. During this period, personal income rose 15.1 percent in North and South Dakota and 9.5 percent in Minnesota. Income growth in Montana, however, at only 7.9 percent, failed to keep pace with the national gain. All the post-trough growth rates equaled if not exceeded the district states' relative gains in personal income during 1969, when the economy was reaching its cyclical peak.

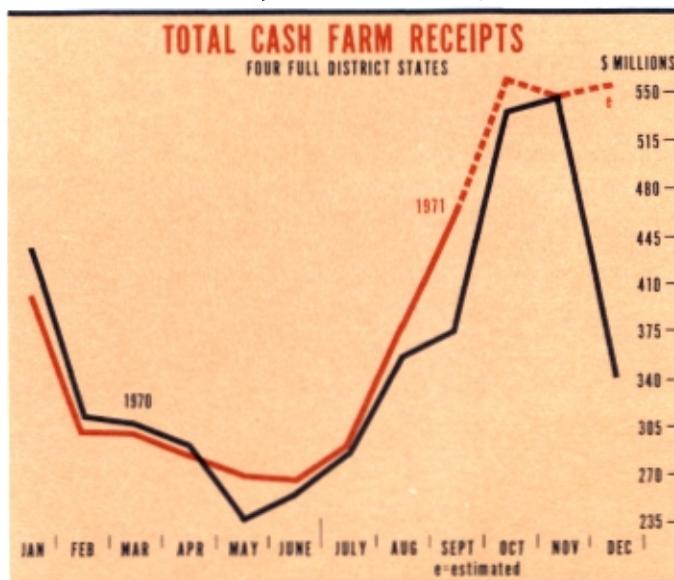
These variations in state personal income growth

can largely be traced to the commodity-producing sectors -- manufacturing, mining, construction, and agriculture -- as income gains from all other sources, including government payrolls and transfer payments, have been comparatively uniform. In North and South Dakota, the large swings in personal income are attributable to the agricultural sector. Although fluctuations in agricultural earnings also effect personal income changes in Minnesota, much of the recent slowdown and subsequent recovery in personal income growth there can be traced to the manufacturing sector. Manufacturing wages and salaries in Minnesota declined 3.6 percent during 1970, then advanced at a 4.8 percent annual rate between the fourth quarter of 1970 and the third quarter of 1971. The rate of personal income recovery in Montana was slowed by strikes affecting that state's mining and manufacturing sectors in the third quarter of last year.

Between September 1971 and January 1972, personal income in the nation increased at a 7.5 percent annual rate. As gains in district manufacturing earnings and farm income have probably kept pace with national advances, it is likely that district personal income growth since September has also approximated the national gain.

### DEC. FARM RECEIPTS REACH RECORD HIGH BUMPER CROPS PROVIDE GREATEST BOOST

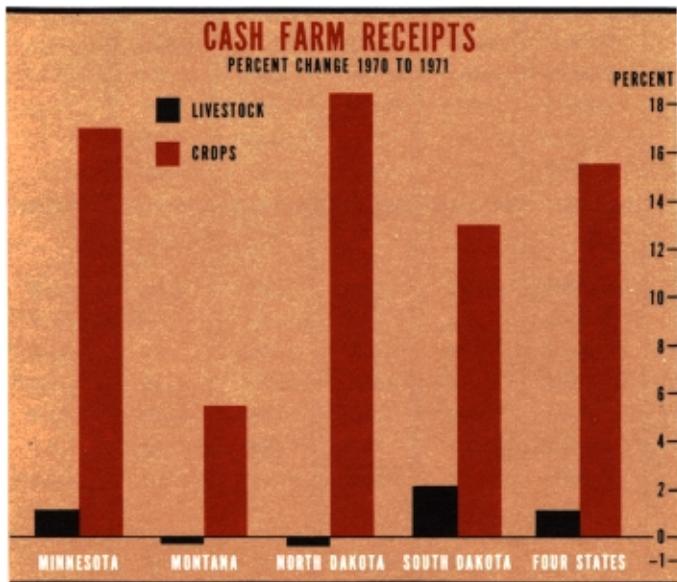
Cash receipts from district farm marketings in December are estimated at a record-breaking \$456 million -- 30 percent larger than the year-earlier figure and 18 percent larger than cash receipts in December 1969. This high level of cash income is mostly the result of a 56 percent jump from one year earlier in receipts from marketings of crops. Marketings of livestock and livestock products rose 16 percent.



The district's large 1971 corn crop was a major contributor to December's high cash farm receipts. In Minnesota, for example, 49 million bushels of newly harvested corn were placed under the Federal Government loan program during December -- almost three

times more than one year ago -- and the \$1.05 per bushel received for this corn was included in the accounting of cash farm receipts.

The movement of corn off farms during December -- either by direct sale or for storage under government loans in commercial grain elevators -- provided an even greater boost to the district's cash receipts total. Minnesota's cash receipts from crops in December were 89 percent greater than one year earlier, while a 52 percent gain was experienced in South Dakota.



The total district receipts from crops in December accounted for 41 percent of the combined receipts from crops and livestock, a rise from the 35 percent in December 1970. Proportionately larger crop receipts throughout the preceding fall months as well helped make 1971 an exceptional year in terms of district crop income. Whereas yearly receipts from crops in the district usually account for about one-third of annual cash farm receipts, the 1971 share was 37 percent.

During 1971, district receipts from crop commodities totaled nearly \$1.7 billion, a 16 percent increase from 1970. This growth was the dominant factor in bringing total cash farm receipts for the year to 6 percent over the previous year's level. Nationally, total receipts rose only 3 percent in 1971 and crop receipts were up 11 percent. Farmers' receipts for sales of livestock and livestock products increased only 1 percent in both the district and the nation.

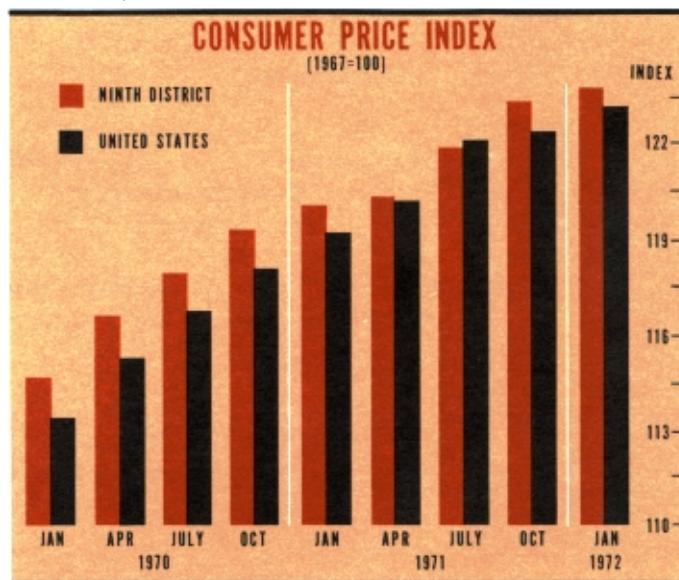
The relative importance of the district's large 1971 crop output in the year's total cash farm receipt figures is evident in the individual state totals. In North Dakota, which experienced record yields and a record total wheat production, combined crop and livestock receipts were 11 percent greater than their 1970 level. The bumper corn crop was primarily responsible for total receipt gains of 6 and 4 percent in Minnesota and South Dakota, respectively. Montana's cash farm receipts increased by only 2 percent in 1971.

## JOB EXPANSIONS REDUCE UNEMPLOYMENT TWIN CITIES CONSUMER PRICES UP LITTLE

Recently released employment data denote some strengthening in the district's economy. According to preliminary estimates, the district's unemployment rate, seasonally adjusted, declined from 5.6 to 5.3 percent between December and January. Growth in district employment during January exceeded the expansion in the labor force, and the number of workers unemployed declined by 3.9 percent. The national rate of joblessness also dropped -- one-tenth of a percentage point to 5.9 percent in January.

District wage and salary employment was originally reported as static throughout 1971, but revisions in state employment data reveal that some expansion in district jobs did occur during the year. Total district payroll employment in January is now estimated to have been up 2.1 percent from the level of January 1971. Approximate rises in district construction and government employment have been revised to 5.2 and 4.2 percent, respectively, while January trade employment is estimated to have been 3.1 percent higher than a year ago. According to these new estimates, jobs in finance, insurance, and real estate expanded 2.7 percent and the number of service workers rose 0.7 percent. Manufacturing employment this past January was essentially unchanged from a year earlier.

Consumer prices in Minneapolis and St. Paul rose 0.3 percent between October and January, with



gains in some components of the Twin Cities consumer price index more than offsetting declines in others. Food prices advanced 1.2 percent during this three-month period, while transportation and health and recreation costs rose 1.9 and 1.1 percent, respectively. Apparel and upkeep prices, on the other hand, dropped 1.4 percent, and a 1.3 percent decline in the cost of homeownership resulted in an 0.8 percent decrease in housing costs. In the nation, consumer prices rose 0.7 percent in the three-month period ending in January.

# NINTH DISTRICT income and finance

INDICATOR	UNIT	1972		1971		Percent Change JAN.-JAN.	
		FEB.	JAN.	DEC.	JAN.		
<b>MEASURES OF CONSUMER INCOME &amp; FINANCIAL POSITION</b>	Total Personal Income*						
	Nonagricultural Personal Income*						
	Average Weekly Earnings in Manufacturing <sup>1</sup>	Dollars	n.a.	154.80e	158.54p	143.69	+ 7.7
	Consumer Installment Credit Outstanding <sup>2</sup>	Million \$	n.a.	n.a.	1,488	1,350	
	Time and Savings Deposits at Member Banks	Million \$	6,618	6,581	6,490	5,607	+17.4
	Savings Balances at Savings & Loan Assoc. <sup>3</sup>	Million \$	n.a.	n.a.	4,406	3,800	
Cash Farm Receipts <sup>3</sup>	Million \$	n.a.	n.a.	456	401		
<b>MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS</b>	<b>CITY BANKS</b> <sup>4,5</sup>						
	Adjusted Loans and Discounts <sup>6</sup>	Million \$	2,777	2,812	2,867	2,450	+14.8
	Commercial and Industrial Loans	Million \$	1,221	1,234	1,267	1,105	+11.7
	Real Estate Loans	Million \$	500	501	502	449	+11.6
	Gross Demand Deposits	Million \$	2,084	2,083	2,435	2,003	+ 4.0
	Time Deposits	Million \$	1,872	1,898	1,897	1,538	+23.4
	U.S. Government Securities	Million \$	477	499	622	463	+ 7.8
	Other Securities	Million \$	664	623	651	545	+14.3
	<b>COUNTRY BANKS</b> <sup>4,7</sup>						
	Loans and Discounts	Million \$	4,330	4,301	4,361	3,857	+11.5
	Gross Demand Deposits	Million \$	2,406	2,469	2,708	2,224	+11.0
	Time Deposits	Million \$	4,746	4,683	4,592	4,069	+15.1
	U.S. Government Securities	Million \$	1,191	1,245	1,338	1,069	+16.5
	Other Securities	Million \$	1,518	1,496	1,481	1,232	+21.4
<b>MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS</b>	Total Reserves <sup>8</sup>	Million \$	n.a.	838	770	740	+13.2
	Required Reserves	Million \$	n.a.	829	766	732	+13.3
	Excess Reserves	Million \$	n.a.	9	4	8	+12.5
	Borrowings from FRB	Million \$	n.a.	1	3	1	
	Ratio of Loans to Total Deposits—City Banks <sup>4</sup>	Percent	72.0	74.1	68.5	69.7	+ 6.3
	Ratio of Loans to Total Deposits—Country Banks <sup>4</sup>	Percent	60.5	60.1	59.7	61.3	- 2.0
<b>MEASURES OF PRICE LEVELS</b>	Consumer Price Index <sup>9</sup> —Minneapolis	Index	n.a.	123.8	n.a.	120.1	+ 3.1
	Prices Received by Farmers <sup>9</sup> —Minnesota	Index	n.a.	116	112	106	+ 9.4

## NOTES

- e—Partially estimated; all data not available  
n.a.—Not available  
p—Preliminary; subject to revision  
r—Revised  
sa—Seasonally adjusted data  
\*—U.S. and District do not have comparable data  
saar—Seasonally adjusted annual rate

## FOOTNOTES

- Excluding Northwestern Wisconsin to domestic commercial city banks
- All commercial banks, estimated by a sample of banks
- Excluding Northwestern Wisconsin and Upper Michigan
- Last Wednesday of the month figures
- City Banks -- Selected banks in major cities
- Net loans and discounts less loans
- Country Banks -- All member banks excluding the selected major city banks
- Average of daily figures of the four or five weeks ending on Wednesday which contain at least four days falling within the month
- Index: 1967 Base Period

# UNITED STATES income and finance

Percent Change JAN.-JAN.	1972		1971		UNIT	INDICATOR	
	FEB.	JAN.	DEC.	JAN.			
+ 7.4		891.1p	883.9	829.9	Billion \$, saar	Total Personal Income	<b>MEASURES OF CONSUMER INCOME &amp; FINANCIAL POSITION</b>
+ 7.1		866.2p	859.2	808.6	Billion \$, saar	Nonagricultural Personal Income	
+ 6.0		146.89p	150.18	138.60	Dollars	Average Weekly Earnings in Manufacturing	
		n.a.	46.0	41.6	Billion \$	Consumer Installment Credit Outstanding <sup>2</sup>	
+16.3		214.3	211.3	184.3	Billion \$	Time and Savings Deposits at Member Banks	
		n.a.	174.5	149.0	Billion \$	Savings Balances at Savings & Loan Assoc.	<b>MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS</b>
		n.a.	5.1	4.2	Billion \$	Cash Farm Receipts	
+ 8.1		189.4	192.6	175.2	Billion \$	CITY BANKS <sup>4,5</sup>	
+ 2.2		81.8	83.9	80.0	Billion \$	Adjusted Loans and Discounts <sup>6</sup>	
+13.1		38.8	38.5	34.3	Billion \$	Commercial and Industrial Loans	
+ 6.1		146.8	153.0	138.3	Billion \$	Real Estate Loans	
+16.0		142.8	141.3	123.1	Billion \$	Gross Demand Deposits	
- 1.8		27.8	29.0	28.3	Billion \$	Time Deposits	
+16.2		52.3	52.3	45.0	Billion \$	U.S. Government Securities	
					Billion \$	Other Securities	
+12.3		72.9	73.3	64.9	Billion \$	COUNTRY BANKS <sup>4,7</sup>	
+ 8.4		50.4	52.3	46.5	Billion \$	Loans and Discounts	
+16.7		71.4	70.1	61.2	Billion \$	Gross Demand Deposits	
+ 5.3		17.9	18.1	17.0	Billion \$	Time Deposits	
+22.3		27.4	27.0	22.4	Billion \$	U.S. Government Securities	
					Billion \$	Other Securities	<b>MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS</b>
		n.a.	31,256p	30,403	Million \$	Total Reserves <sup>8</sup>	
		n.a.	31,080p	30,159	Million \$	Required Reserves	
		n.a.	176p	244	Million \$	Excess Reserves	
		n.a.	112p	359	Million \$	Borrowings from FRB	
- 1.3		68.9	69.0	69.8	Percent	Ratio of Loans to Total Deposits—City Banks <sup>4</sup>	
- 0.5		59.9	59.9	60.2	Percent	Ratio of Loans to Total Deposits—Country Banks <sup>4</sup>	
+ 3.4		123.2	123.1	119.2	Index	Consumer Price Index <sup>9</sup>	<b>MEASURES OF PRICE LEVELS</b>
+13.2		120	116	106	Index	Prices Received by Farmers <sup>9</sup>	

## SOURCES

PERSONAL INCOME: U.S. Department of Commerce, Office of Business Economics

SAVINGS AND LOAN ASSOCIATIONS: Federal Home Loan Bank Board

CASH RECEIPTS FROM FARM MARKETINGS: U.S. Department of Agriculture

FINANCIAL DATA OF MEMBER BANKS: Federal Reserve Bank of Minneapolis and Board of Governors of F. R. System

CONSUMER PRICE INDEX: U.S. Department of Labor, Bureau of Labor Statistics

PRICES RECEIVED BY FARMERS: U.S. Department of Agriculture and Minnesota Farm Price Report

# NINTH DISTRICT production and employment

INDICATOR	UNIT	1972		1971		Percent Change JAN., -JAN.
		JAN.	DEC.	JAN.	JAN.	
<b>MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION</b>	Total Industrial Production *					
	Electrical Energy Consumption: Mfg. and Mining <sup>1</sup>	Index, sa	135	130	129	+ 4.7
	Production Worker Manhours: <sup>2</sup>	Index, sa	n.a.	99p	101	
	Manufacturing	Index, sa	n.a.	99p	100	
	Mining	Index, sa	n.a.	98p	101	
	Total Construction Contracts Awarded	Million \$, sa	n.a.	331.4	242.2	
	Residential Buildings	Million \$, sa	n.a.	70.4	41.2	
	Nonresidential Buildings	Million \$, sa	n.a.	58.6	31.6	
	All Other Construction	Million \$, sa	n.a.	202.4	169.4	
	Bldg. Permits: New Housing Units <sup>3</sup>	Number	1,106	3,003	1,464	-24.4
<b>MEASURES OF MANPOWER UTILIZATION</b>	Civilian Work Force <sup>4</sup>	Thousands, sa	2,681e	2,629p	2,640	+ 1.6
	Total Civilian Employment	Thousands, sa	2,540e	2,483p	2,501	+ 1.6
	Number Unemployed	Thousands, sa	141e	146p	139	+ 1.4
	Unemployment Rate <sup>4</sup>	Percent, sa	5.3e	5.6p	5.3	
	Average Weekly Hours in Manufacturing <sup>4</sup>	Hours, sa	40.1e	40.6p	39.7	+ 1.0
<b>EMPLOYMENT BY INDUSTRY SECTOR</b>	Wage and Salary Employment, Nonfarm <sup>4</sup>	Thousands, sa	1,972e	1,948p	1,925	+ 2.4
	Manufacturing	Thousands, sa	364e	363p	361	+ 0.8
	Mining	Thousands, sa	32e	31p	31	+ 3.2
	Construction	Thousands, sa	104e	99p	97	+ 7.2
	Transport., Comm., & Public Utilities	Thousands, sa	129e	129p	130	- 0.8
	Trade	Thousands, sa	485e	474p	471	+ 3.0
	Finance, Insurance & Real Estate	Thousands, sa	92e	91p	90	+ 2.2
	Service Industries	Thousands, sa	325e	322p	321	+ 1.2
	Government	Thousands, sa	441e	439p	424	+ 4.0
<b>MEASURES OF SPENDING</b>	Total Retail Sales *	Thousands, sa	n.a.	n.a.	12.7	
	New Passenger Car Registrations	Thousands, sa	n.a.	n.a.	12.7	
	Bank Debits <sup>5</sup>	Billion \$, saar	n.a.	179.3	170.2	

## NOTES

- e – Partially estimated; all data not available
- n.a. – Data not available
- p – Preliminary; subject to revision
- r – Revised
- sa – Seasonally adjusted data
- \* – U.S. and District do not have comparable data
- saar – Seasonally adjusted annual rate

## FOOTNOTES

1. Index: 1967 Base Period; Weights: 1963
2. Index: 1967 Base Period; Weights: 1958
3. A sample of permit issuing centers
4. Excluding Northwestern Wisconsin
5. Six standard metropolitan statistical areas
6. A sample of centers blown up to represent total permits issued
7. 226 centers excluding the seven leading centers

# UNITED STATES production and employment

Percent Change JAN.-JAN.	1972		1971		UNIT	INDICATOR	
	JAN.	DEC.	JAN.	JAN.			
+ 2.5	107.9p	107.6	105.3	Index, sa	Total Industrial Production	<b>MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION</b>	
- 1.1	94p	94p	95	Index, sa	Electrical Energy Consumption: Mfg. and Mining*		
- 7.1	94p	93p	94	Index, sa	Production Worker Manhours: <sup>2</sup>		
+44.9	92p	99p	99	Index, sa	Manufacturing		
+64.5	8,040.4	7,641.2	5,548.6	Million \$, sa	Mining		
+ 0.4	3,556.0	3,882.1	2,161.3	Million \$, sa	Total Construction Contracts Awarded		
+78.3	2,004.6	2,151.6	1,996.5	Million \$, sa	Residential Buildings		
	2,479.8	1,607.5	1,390.8	Million \$, sa	Nonresidential Buildings		
	n.a.	n.a.	100.9	Thousands	All Other Construction	<b>MEASURES OF MANPOWER UTILIZATION</b>	
					Bldg. Permits: New Housing Units <sup>6</sup>		
+ 2.4	85,707p	85,225	83,730	Thousands, sa	Civilian Work Force	<b>MEASURES OF MANPOWER UTILIZATION</b>	
+ 2.4	80,636p	80,098	78,718	Thousands, sa	Total Civilian Employment		
+ 1.2	5,071p	5,127	5,012	Thousands, sa	Number Unemployed		
- 1.7	5.9p	6.0	6.0	Percent, sa	Unemployment Rate		
+ 0.3	39.9p	40.3	39.8	Hours, sa	Average Weekly Hours in Manufacturing		
+ 1.4	71,407p	71,167	70,454	Thousands, sa	Wage and Salary Employment, Nonfarm	<b>EMPLOYMENT BY INDUSTRY SECTOR</b>	
- 0.7	18,619p	18,574	18,747	Thousands, sa	Manufacturing		
- 2.2	611p	606	625	Thousands, sa	Mining		
+ 1.0	3,305p	3,228	3,271	Thousands, sa	Construction		
- 0.3	4,492p	4,464	4,507	Thousands, sa	Transport., Comm., & Public Utilities		
+ 2.1	15,359p	15,325	15,039	Thousands, sa	Trade		
+ 3.1	3,861p	3,851	3,746	Thousands, sa	Finance, Insurance & Real Estate		
+ 2.5	12,098p	12,083	11,800	Thousands, sa	Service Industries		
+ 2.7	13,062p	13,036	12,719	Thousands, sa	Government		
+ 7.5	34,720p	34,638	32,290	Million \$, sa	Total Retail Sales		<b>MEASURES OF SPENDING</b>
	n.a.	766.9	689.6	Thousands, sa	New Passenger Car Registrations		
	n.a.	3,963.1	3,408.9	Billion \$, saar	Bank Debits <sup>7</sup>		

## SOURCES

INDUSTRIAL PRODUCTION: Board of Governors of F.R. System

INDUSTRIAL USE OF ELECTRIC POWER: Federal Reserve Bank of Minneapolis

PRODUCTION WORKER MANHOURS: Federal Reserve Bank of Minneapolis

CONSTRUCTION CONTRACTS AWARDED: Board of Governors of F. R. System, F. W. Dodge Corporation data

NEW HOUSING UNITS AUTHORIZED: Federal Reserve Bank of Minneapolis and U.S. Department of Commerce, Bureau of Census

BANK DEBITS: Board of Governors of F. R. System

EMPLOYMENT, UNEMPLOYMENT, HOURS AND WAGES:

Employment Security Departments; Minnesota, North Dakota, South Dakota, Montana, Michigan, and U.S. Department of Labor, Bureau of Labor Statistics

RETAIL SALES: U.S. Department of Commerce, Bureau of Census

NEW PASSENGER CAR REGISTRATIONS: Automotive News Magazine

# INDUSTRIAL EXPECTATIONS SURVEY

## INDUSTRIAL SALES EXPECTED TO RISE FOLLOWING RECOVERY OF LAST HALF 1971

Industrial activity in the Ninth Federal Reserve District is expected to strengthen during the first nine months of 1972, according to responses to our first quarter Industrial Expectations Survey. District industrial sales are anticipated to be up 7.2 percent from a year ago in the current quarter, followed by a 4.5 percent increase in the second quarter and a 10.7 percent advance in the third.

The projected quarter-to-quarter fluctuations in district industrial sales growth during the first three quarters of 1972 can be attributed to the district's mining industry. After a decline of 8.5 percent from a year earlier in the fourth quarter, district mining sales are expected to show a rise of 10.8 percent in the current quarter, a decline of 12.6 percent in the second quarter, and an increase of 22.0 percent in the third. These projected changes should be interpreted with caution, however, for mining sales have been erratic in the past.

The relative gains in district manufacturing sales are anticipated to level off this year after recovering during the last half of 1971. Following no growth in the first half of last year, district manufacturers reported 3.8 and 7.6 percent year-to-year sales gains in the third and fourth quarters, respectively. District manufacturing sales are expected to increase 6.5 percent from a year earlier in the current quarter and about 8.0 percent in the second and third quarters of 1972. These sales expectations essentially match the estimates of 1972 sales made last August and November.

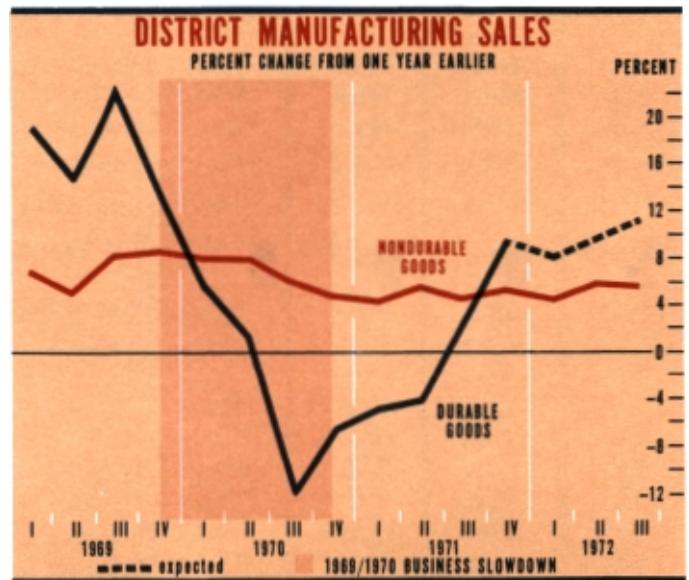
## EASING DURABLE GOODS GROWTH PROJECTED BUT NONDURABLES PACE TO BE MAINTAINED

The recovery in district manufacturing sales growth can be attributed to the durable goods industries. After failing to exceed year-earlier levels in the four preceding quarters, district durable goods sales advanced 3.2 percent in the third quarter of 1971 and 9.5 percent in the fourth quarter. Durable goods manufacturers do not foresee their sales gains accelerating further during the first half of 1972, however, and anticipate about a 9.0 percent year-to-year sales gain for that period.

Much of the easing in durable goods sales growth can be traced to the large nonelectric machinery industry, where no significant improvement in sales performance is foreseen in 1972. Sales gains in the fabricated metals, transportation, and stone, clay, and glass industries during 1972 are expected to fall short of those industries' fourth quarter advances. In

addition, the rate of sales growth in the lumber and wood products industry is anticipated to taper off from 26.9 percent in the first quarter of 1972 to 6.5 percent in the third. Manufacturers in the electric machinery, scientific instruments, and miscellaneous durable goods industries, however, foresee improved sales performances.

District nondurable goods manufacturers expect to maintain their 1971 rate of sales advance during the first three quarters of 1972 and anticipate sales about 5.5 percent higher than a year earlier throughout this period. Food and kindred products are meanwhile expected to increase only 1.5 percent, but larger increases are foreseen in the petroleum products, printing and publishing, chemical products, and rubber and plastics industries.



In the past three years, district durable goods sales growth has quite closely paralleled cyclical movements in the national economy while nondurable goods sales have been relatively immune to the national economy's oscillations. Year-to-year growth in district durable goods sales attained a high of 22.4 percent prior to the national economy reaching its peak in the fourth quarter of 1969. These sales then fell off sharply until just before the trough in economic activity -- ending their slide in the third quarter of 1971 at a level 12.1 percent lower than one year earlier. Since then, district durable goods sales have shown a strengthening pattern. Nondurable goods sales, contrastingly, declined only slightly during the 1969/1970 business slowdown.

The district's 7.6 percent fourth quarter gain in manufacturing sales is below the 8.9 percent year-to-year increase which was anticipated nationally. Both national and district manufacturing sales are expected to be up 6.5 percent in the first quarter of 1972.