

monthly statistical report

NINTH DISTRICT CONDITIONS federal reserve bank of minneapolis



AGRICULTURE BRIGHTENS AREA OUTLOOK

Evidence of economic recovery in the Ninth District continues to come to light although the advance is spotty and the statistics require careful and optimistic interpretation. The employment figures provide a prime example. The district's unemployment rate through August appeared to be hovering around 6 percent: the construction industry had yet to fully recover from the Minnesota lockout, and the Northwest Airlines strike continued to idle a significant number of workers. Other labor market indicators — including average hours worked, help wanted advertising, and initial claims for unemployment compensation — however, improved and so seemed to promise future expansion in employment and production.

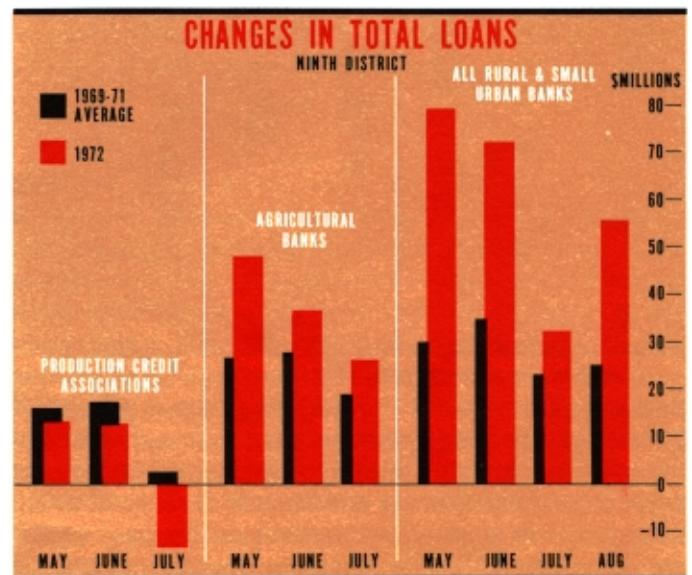
The housing construction industry, the prime mover in recovery to date, is losing steam yet appears to be settling down at a very respectable level. Agriculture has replaced it as the district's pacesetter as farm production and prices combine in favorable farm incomes. Farmer optimism, reflected in increasing farm investment for machines and equipment, has also contributed considerably to the expansion in district retailing and banking activity. In sum, agriculture and a solid home construction sector generate the greatest

optimism for the district economy over the next few months.

FARMER OPTIMISM STRENGTHENS LENDING

Lending has been trending upward since May in agricultural regions of the Ninth District. Over the four months May through August, loans outstanding at all rural and small urban banks rose at a seasonally adjusted annual rate of nearly 15 percent, a strong gain of about \$240 million in additional lending. And, during May through July, agricultural banks alone — those which lend primarily to farmers — increased their loans outstanding by about \$110 million after an average \$74 million gain in that period the previous three years.

District Production Credit Associations (PCAs), meanwhile, did not record comparable net lending increases, but transactions there still reflected favorable farm conditions. In Minnesota, Montana, North Dakota, and South Dakota, stronger-than-usual volumes of new loans at these local cooperative lending organizations were offset by stronger-than-usual volumes of loan repayments; district farmers were borrowing more from PCAs — and repaying their loans faster.



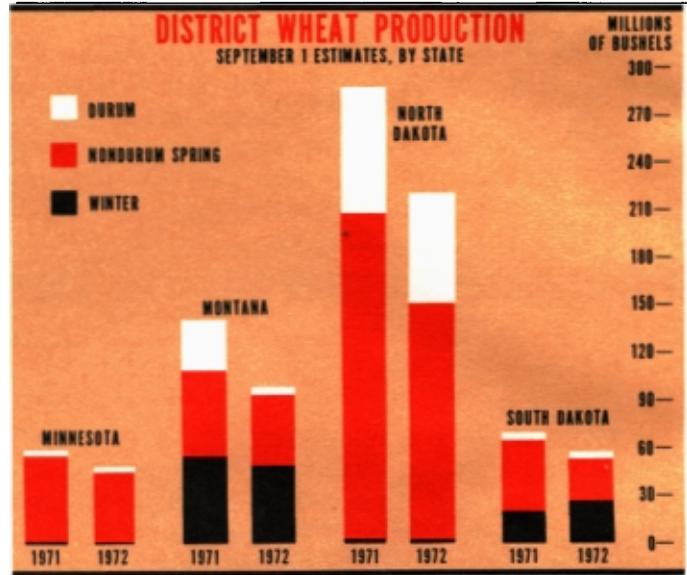
This increased use of credit by district farmers reveals much optimism about the future as well as some current problems. Encouraged by their bright income outlook — good production and high prices — many farmers appear quite willing to borrow further, especially to purchase farm machinery and equipment. Others, however, seem to have been forced into debt by the same conditions. The high price of feeder cattle, for example, though raising the income of livestock farmers, has made replacement stock for district feedlots more expensive and thus necessitated additional borrowing by district cattle feeders.

SEPT. 1 CONDITIONS INDICATE GOOD CROPS

Good crops have been realized in the Ninth District this year, according to estimates based on September 1 conditions. Total production of most crops is below that of 1971 because of smaller acreages, but yields per acre are nearly as high as last year's record levels. Among the district's 11 important crops, the average yield change is a scant decrease of 0.8 percent. And compared to 1970's per acre output, the yields this year are higher by an average of 13.4 percent.

The district's corn crop, produced primarily in southern Minnesota and eastern South Dakota, is expected to total 576.3 million bushels in 1972. This 5.4 percent drop from last year's total is remarkably small since 13 percent fewer acres were planted this year than last. Despite the smaller crop, a record district average yield of 77.5 bushels per acre of corn is expected due to good growing conditions in early summer; the frequent and heavy rains which were damaging in some areas provided the abundant moisture so beneficial to this crop.

should produce an overall district average wheat output of 28.9 bushels per acre. This is below 1971's record 30.6 bushels but surpasses 1970's 24.0 by more than 20 percent.



The district's soybean crop is estimated to actually expand over last year: With 10 percent more acres planted and 8 percent better yields, soybeans' total production should jump 19 percent. High prices have encouraged district farmers to plant more of this crop, and the heavy spring rains which delayed crop plantings caused some farmers to substitute soybeans because of their shorter growing season.

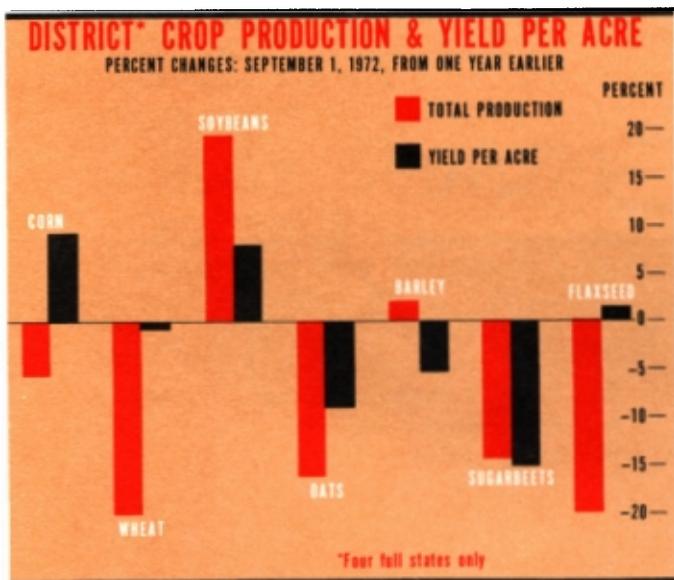
HOUSING EXPANSION STOPS AT RECORD HIGH APARTMENTS GIVE WAY TO PRIVATE HOMES

The housing boom of 1971 and early 1972 has leveled off. During March through August this year, the number of district housing units authorized by building permit declined 5 percent from the previous six-month period and essentially matched last year's high. Housing authorizations in the nation have also failed to expand beyond peaks reached in late 1971.

Although the number of housing authorizations has changed little since 1971, the district's housing mix has changed significantly. During the first eight months of 1971, 51 percent of these authorizations were for large apartments (ones with five or more units) and 41 percent for single-family homes. One year later this ratio was reversed: large apartments' share shrank to 41 percent while single-family homes' expanded to 51 percent. Permits issued for smaller multifamily dwellings and mobile homes, meanwhile, remained at about 7 percent.

Large Apartment Building Declines in Metro Area

Most of the lag in large apartment construction has occurred in the Minneapolis/St. Paul metropolitan area, which accounts for approximately 50 percent of the district's housing market. During the first eight months of 1971, 8,127 large apartments were authorized in this Twin Cities area; only 5,588 were authorized this year.



Wheat production is also expected to be smaller than last year, primarily because of a 15 percent reduction in acreage, but yields per acre — down as well — are still considered very good. Although short-term dryness in North Dakota and Montana will hold state-average yields slightly below last year's record highs, the otherwise generally adequate weather conditions

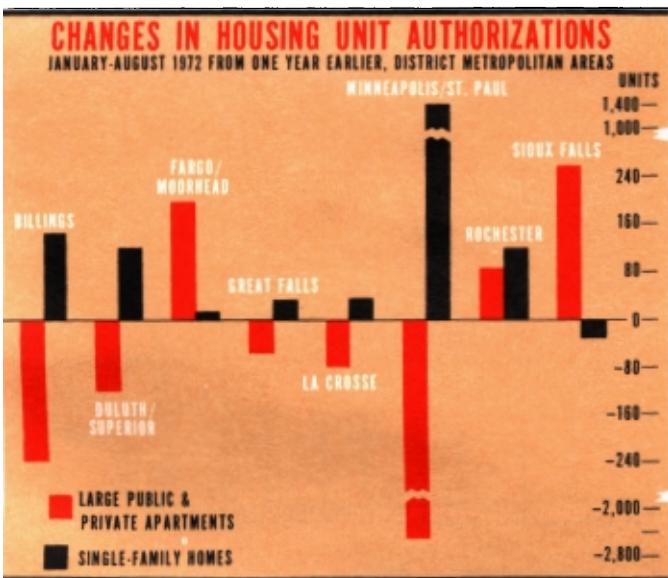
The reasons for these cutbacks? Probably, the main one is overbuilding. Rising vacancy rates in metropolitan apartments show that there are simply more apartment units on the market than there are people to absorb them. Apartment surpluses in other areas of the country also testify to overzealous building in the 1971-early 1972 boom.

Coincident with apartment overbuilding, sluggish employment growth has hurt the metropolitan area. A soft job market has reduced the number of new employees moving into Minneapolis/St. Paul, and many apartment vacancies thus remain unfilled.

Outside the Minneapolis/St. Paul metropolitan area, housing authorizations for large apartments increased 12 percent from the January-August period a year ago. The availability of FHA Section 236 funds, which subsidize monthly rent payments, has stimulated apartment construction throughout the district; 11 percent of the building permits issued for large apartments in 1969-1971 can be attributed to this program. Other federally funded apartment projects, some for senior citizen housing, have also promoted apartment construction outside the metropolitan area.

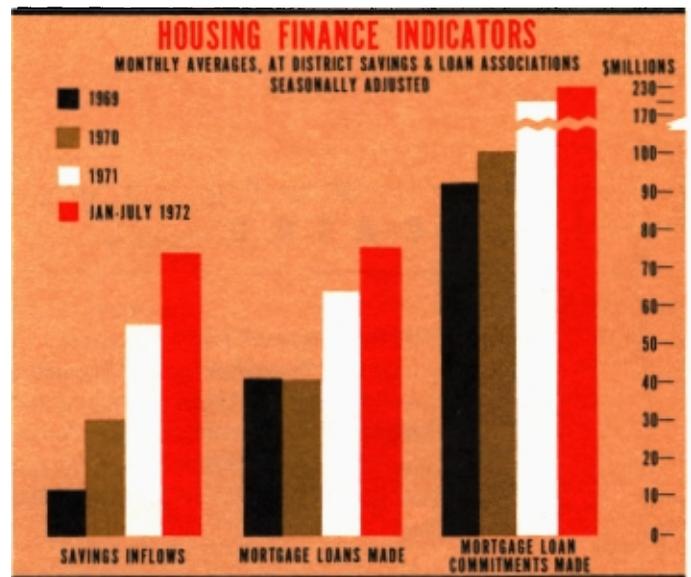
Increased Funds Stimulate Home Construction

Single-family home construction, however, has surged districtwide. Building permits for houses issued during the first eight months of 1972 surpassed last year's level by 27 percent in the Minneapolis/St. Paul metropolitan area and by 26 percent in the rest of the district.



Several factors have encouraged construction of private homes: availability of mortgage funds, aid from federal programs, and the trend toward smaller, less expensive houses.

Between 1969 and July 1972, the net average monthly inflow of savings capital to district savings and loan associations (S&Ls) advanced from \$11.8 million to \$74.0 million. Not only did these inflows make more funds available to finance housing, but they also precipitated a decline in mortgage interest



rates. In Minneapolis/St. Paul, the effective mortgage interest rate for a government-insured mortgage fell from 9.14 percent in August 1970 to about 7.57 percent two years later. Naturally, these favorable conditions have increased the value of mortgage loans made: the monthly value of mortgage loans from district S&Ls averaged \$41.0 million in 1969 and \$75.1 million in the first seven months of this year.

Housing subsidy and mortgage guarantee programs have also stimulated housing construction, by creating housing opportunities for families otherwise unable to afford moderately priced homes. The FHA Section 235 program, for example, subsidizes mortgage payments in single-family dwellings and can be credited with approximately 13 percent of the building permits issued for houses between 1969 and 1971.

Wise to the opportunities for expansion available in the lower-income housing market, builders began turning to smaller, less expensive homes in 1970 and 1971. During the first eight months of 1972, the valuation of district building permits issued averaged \$23,044 for a house without land or furnishings. Since more houses are now being built at the lower end of the price scale where the market is largest, the average price of all new houses has leveled off somewhat.

District Housing Strength to Be Maintained

No severe nationwide decline in housing construction is foreseen. However, because of serious apartment overbuilding in many areas of the country, housing authorizations in late 1972 and early 1973 are expected to fall below the record levels of 1971 and early 1972. The prospects for district construction are consistent with this outlook. Large apartment building in the Minneapolis/St. Paul metropolitan area should be discouraged by high vacancy rates in existing buildings. Nevertheless, the recent strong inflows to district S&Ls combined with the high level of loan commitments at these thrift institutions suggest continued expansion for construction of single-family homes.

NINTH DISTRICT income and finance

INDICATOR	UNIT	1972			1971	Percent Change AUG.-AUG.	
		SEPT	AUG	JULY	AUG		
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION	Total Personal Income *						
	Nonagricultural Personal Income *						
	Average Weekly Earnings in Manufacturing ¹	Dollars	n.a.	160.21e	159.98p	149.94	+ 6.8
	Consumer Installment Credit Outstanding ²	Million \$	n.a.	n.a.	1,627	1,454	
	Time and Savings Deposits at Member Banks	Million \$	7,051	7,024	6,968	6,113	+14.9
	Savings Balances at Savings & Loan Assoc. ³	Million \$	n.a.	4,940	4,890	4,190	+17.9
	Cash Farm Receipts ³	Million \$	n.a.	n.a.	n.a.	380	
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS	CITY BANKS^{4,5}						
	Adjusted Loans and Discounts ⁶	Million \$	3,188	3,078	3,081	2,646	+16.3
	Commercial and Industrial Loans	Million \$	1,420	1,372	1,390	1,146	+19.7
	Real Estate Loans	Million \$	595	585	569	470	+24.5
	Gross Demand Deposits	Million \$	2,141	2,031	2,082	2,096	- 3.1
	Time Deposits	Million \$	1,923	1,929	1,917	1,682	+14.7
	U.S. Government Securities	Million \$	419	405	445	362	+11.9
	Other Securities	Million \$	782	731	658	629	+16.2
	COUNTRY BANKS^{4,7}						
	Loans and Discounts	Million \$	4,877	4,882	4,807	4,213	+15.9
	Gross Demand Deposits	Million \$	2,586	2,550	2,515	2,354	+ 8.3
	Time Deposits	Million \$	5,128	5,096	5,052	4,430	+15.0
	U.S. Government Securities	Million \$	1,127	1,129	1,121	1,056	+ 6.9
	Other Securities	Million \$	1,622	1,575	1,542	1,381	+14.0
MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS	Total Reserves ⁸	Million \$	798	801	790	749	+ 6.9
	Required Reserves	Million \$	792	797	782	742	+ 7.4
	Excess Reserves	Million \$	6	4	8	7	-42.9
	Borrowings from FRB	Million \$	3	3	19	4	-25.0
	Ratio of Loans to Total Deposits—City Banks ⁴	Percent	79.0	78.4	79.5	72.2	+ 8.6
	Ratio of Loans to Total Deposits—Country Banks ⁴	Percent	63.2	63.8	63.5	62.1	+ 2.7
MEASURES OF PRICE LEVELS	Consumer Price Index—Minneapolis ^{9,10}	Index	n.a.	n.a.	125.5	n.a.	
	Prices Received by Farmers—Minnesota ⁹	Index	n.a.	127	127	110	+15.5

NOTES

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

FOOTNOTES

1. Excluding Northwestern Wisconsin
2. All commercial banks; estimated by sample
3. Excluding Northwestern Wisconsin and Upper Michigan
4. Last Wednesday of the month figures
5. Selected banks in major cities
6. Net loans and discounts less loans to domestic commercial city banks
7. All member banks, excluding the selected major city banks
8. Average of daily figures of the four or five weeks ending on Wednesday which contain at least four days falling within the month
9. Index: 1967 Base Period
10. Quarterly

UNITED STATES income and finance

Percent Change AUG. -AUG.	1972			1971	UNIT	INDICATOR	
	SEPT	AUG	JULY	AUG			
+ 8.1		939.8p	932.9	869.1	Billion \$, saar	Total Personal Income	MEASURES OF CONSUMER INCOME & FINANCIAL POSITION
+ 8.2		914.1p	907.3	844.7	Billion \$, saar	Nonagricultural Personal Income	
+ 8.9		154.25p	153.12	141.69	Dollars	Average Weekly Earnings in Manufacturing	
+16.0		n. a.	49.9	44.1	Billion \$	Consumer Installment Credit Outstanding ²	
+18.7		233.2	228.0	201.1	Billion \$	Time and Savings Deposits at Member Banks	
		196.6	194.8	165.6	Billion \$	Savings Balances at Savings & Loan Assoc.	
		n. a.	n. a.	4.2	Billion \$	Cash Farm Receipts	
+12.2		206.4	204.6	184.0	Billion \$	CITY BANKS ^{4,5}	MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS
+ 2.9		85.0	85.2	82.6	Billion \$	Adjusted Loans and Discounts ⁶	
+18.6		43.4	42.6	36.6	Billion \$	Commercial and Industrial Loans	
+ 0.5		140.4	145.2	139.7	Billion \$	Real Estate Loans	
+16.2		155.5	151.4	133.8	Billion \$	Gross Demand Deposits	
+ 2.8		25.7	25.8	25.0	Billion \$	Time Deposits	
+11.0		54.4	53.8	49.0	Billion \$	U.S. Government Securities	
					Billion \$	Other Securities	
+15.3		80.1	79.4	69.5	Billion \$	COUNTRY BANKS ^{4,7}	
+ 9.0		53.1	53.7	48.7	Billion \$	Loans and Discounts	
+15.3		77.6	76.6	67.3	Billion \$	Gross Demand Deposits	
- 1.7		17.1	17.1	17.4	Billion \$	Time Deposits	
+17.4		30.4	29.8	25.9	Billion \$	U.S. Government Securities	
					Billion \$	Other Securities	
+ 8.6		33,104p	33,073	30,492	Million \$	Total Reserves ⁸	MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS
+ 8.7		32,905p	32,869	30,272	Million \$	Required Reserves	
- 9.5		199p	204	220	Million \$	Excess Reserves	
-53.4		374p	249	803	Million \$	Borrowings from FRB	
+ 4.5		73.6	73.0	70.4	Percent	Ratio of Loans to Total Deposits - City Banks ⁴	
+ 2.3		61.3	60.9	59.9	Percent	Ratio of Loans to Total Deposits - Country Banks ⁴	
+ 2.9		125.7	125.5	122.1	Index	Consumer Price Index ⁹	MEASURES OF PRICE LEVELS
+13.3		128	127	113	Index	Prices Received by Farmers ⁹	

SOURCES

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

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

COMMERCIAL BANK FINANCIAL DATA: Federal Reserve Bank of Minneapolis; Board of Governors of Federal Reserve System

SAVINGS AND LOAN ASSOCIATIONS: Federal Home Loan Bank Board

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

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

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

NINTH DISTRICT production and employment

INDICATOR	UNIT	1972		1971	Percent Change AUG.-AUG.	
		AUG	JULY	AUG		
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION	Total Industrial Production *					
	Electrical Energy Consumption: Mfg. and Mining ¹	Index, sa	135	135	126	+ 7.1
	Production Worker Manhours: ¹	Index, sa	104p	103	95	+ 9.5
	Manufacturing	Index, sa	108p	105	98	+10.2
	Mining	Index, sa	85p	88	72	+18.1
	Total Construction Contracts Awarded	Million \$, sa	n.a.	245.1	181.2	
	Residential Buildings	Million \$, sa	n.a.	78.4	68.8	
	Nonresidential Buildings	Million \$, sa	n.a.	54.8	51.7	
	All Other Construction	Million \$, sa	n.a.	111.9	60.7	
	Bldg. Permits: New Housing Units ²	Number	4,017	3,203	3,436	+16.9
MEASURES OF MANPOWER UTILIZATION	Civilian Work Force ³	Thousands, sa	2,633e	2,585p	2,614	+ 0.7
	Total Civilian Employment	Thousands, sa	2,475e	2,429p	2,463	+ 0.5
	Number Unemployed	Thousands, sa	158e	156p	151	+ 4.6
	Unemployment Rate ³	Percent, sa	6.0e	6.0p	5.8	+ 3.4
	Average Weekly Hours in Manufacturing ³	Hours, sa	41.1e	41.0p	40.1	+ 2.5
EMPLOYMENT BY INDUSTRY SECTOR	Wage and Salary Employment, Nonfarm ³	Thousands, sa	1,952p	1,927	1,920	+ 1.7
	Manufacturing	Thousands, sa	370p	370	360	+ 2.8
	Mining	Thousands, sa	28p	29	25	+12.0
	Construction	Thousands, sa	92p	71	96	- 4.2
	Transport., Comm., & Public Utilities	Thousands, sa	126p	125	130	- 3.1
	Trade	Thousands, sa	482p	480	473	+ 1.9
	Finance, Insurance & Real Estate	Thousands, sa	93p	92	91	+ 2.2
	Service Industries	Thousands, sa	323p	321	320	+ 0.9
	Government	Thousands, sa	438p	439	425	+ 3.1
MEASURES OF SPENDING	Total Retail Sales *	Thousands, sa	n.a.	n.a.	19.1	
	New Passenger Car Registrations	Billion \$, saar	n.a.	211.4	178.8	
	Bank Debits ⁴					

NOTES

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- n.a.-- Not available
- p-- Preliminary; subject to revision
- r-- Revised
- sa-- Seasonally adjusted
- *-- District and U.S. data not comparable
- saar-- Seasonally adjusted annual rate

FOOTNOTES

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

UNITED STATES production and employment

Percent Change AUG. -AUG.	1972		1971	UNIT	INDICATOR	
	AUG	JULY	AUG			
+ 8.2	114.3p	113.7	105.6	Index, sa	Total Industrial Production	MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION
+ 5.4	97p	96p	92	Index, sa	Electrical Energy Consumption: Mfg. and Mining*	
+ 6.6	97p	96p	91	Index, sa	Production Worker Manhours: ¹	
+ 4.2	99p	98p	95	Index, sa	Manufacturing	
+17.3	7,992.3	7,260.5	6,814.3	Million \$, sa	Total Construction Contracts Awarded	
+44.6	4,246.4	3,481.1	2,936.3	Million \$, sa	Residential Buildings	
+17.9	2,299.3	2,089.1	1,949.4	Million \$, sa	Nonresidential Buildings	
-25.0	1,446.6	1,690.3	1,928.6	Million \$, sa	All Other Construction	
	n.a.	n.a.	171.6	Thousands	Bldg. Permits: New Housing Units ⁵	
+ 3.0	86,860p	86,467	84,313	Thousands, sa	Civilian Work Force	
+ 3.5	81,973p	81,682	79,199	Thousands, sa	Total Civilian Employment	
- 4.4	4,887p	4,785	5,114	Thousands, sa	Number Unemployed	
- 8.2	5.6p	5.5	6.1	Percent, sa	Unemployment Rate	
+ 2.3	40.7p	40.6	39.8	Hours, sa	Average Weekly Hours in Manufacturing	
+ 3.3	72,871p	72,592	70,529	Thousands, sa	Wage and Salary Employment, Nonfarm	EMPLOYMENT BY INDUSTRY SECTOR
+ 2.9	18,999p	18,915	18,457	Thousands, sa	Manufacturing	
- 2.3	595p	597	609	Thousands, sa	Mining	
+ 0.2	3,227p	3,177	3,219	Thousands, sa	Construction	
+ 2.2	4,524p	4,520	4,428	Thousands, sa	Transport., Comm., & Public Utilities	
+ 3.6	15,775p	15,716	15,223	Thousands, sa	Trade	
+ 3.6	3,940p	3,930	3,804	Thousands, sa	Finance, Insurance & Real Estate	
+ 4.2	12,442p	12,404	11,946	Thousands, sa	Service Industries	
+ 4.1	13,369p	13,333	12,843	Thousands, sa	Government	
+ 9.5	38.0	37.5	34.7	Million \$, sa	Total Retail Sales	MEASURES OF SPENDING
	n.a.	754.5	826.6	Thousands, sa	New Passenger Car Registrations	
	n.a.	4,370.8	3,901.2	Billion \$, saar	Bank Debits ⁶	

SOURCES

INDUSTRIAL PRODUCTION: Board of Governors of Federal Reserve System

ELECTRICAL ENERGY CONSUMPTION: Federal Reserve Bank of Minneapolis

PRODUCTION WORKER MANHOURS: Federal Reserve Bank of Minneapolis

CONSTRUCTION CONTRACTS AWARDED: Board of Governors of Federal Reserve System; F. W. Dodge Corporation

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

EMPLOYMENT, UNEMPLOYMENT, AND HOURS: Michigan, Minnesota, Montana, North Dakota, and South Dakota Employment Security Departments; 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

BANK DEBITS: Board of Governors of Federal Reserve System

BANK HOLDING COMPANIES IN THE NINTH DISTRICT

The 1970 amendments to the Bank Holding Company Act brought corporations or similar organizations controlling a single commercial bank (one-bank holding companies) under the supervision and regulation of the Federal Reserve System. Prior to these amendments, the Act was concerned only with organizations which controlled two or more banks (multibank holding companies). The Act requires bank holding companies to register with the System, to file annual reports, and to apply to the Board of Governors for approval to acquire additional banks or bank-related activities. It also empowers the Board of Governors to determine the types of activities which are closely related to banking and limits bank holding companies to these permissible activities.

The amendments to this Act have had a significant impact on banking in the Ninth District because many one-bank holding companies were already operating here. About 180 of these organizations were required under the 1970 amendments to register with the Federal Reserve Bank of Minneapolis, and several corporations have since filed applications for approval to become one-bank holding companies.

Most of the one-bank holding companies in the district control a small bank. In these cases, the holding company device represents a form of ownership employed primarily for tax advantages and estate planning. Often a bank-related insurance agency is a part of the structure; income from the agency may be used to service debt incurred in acquiring the bank. One-bank holding companies are essentially independent banks which have chosen the holding company form of ownership rather than the proprietor form.

MATURE MULTIBANKS DOMINATE DISTRICT

Holding companies are not new to the Ninth District. Five multibank holding companies were in operation when the Act was passed in 1956, and three more have been formed since 1969.

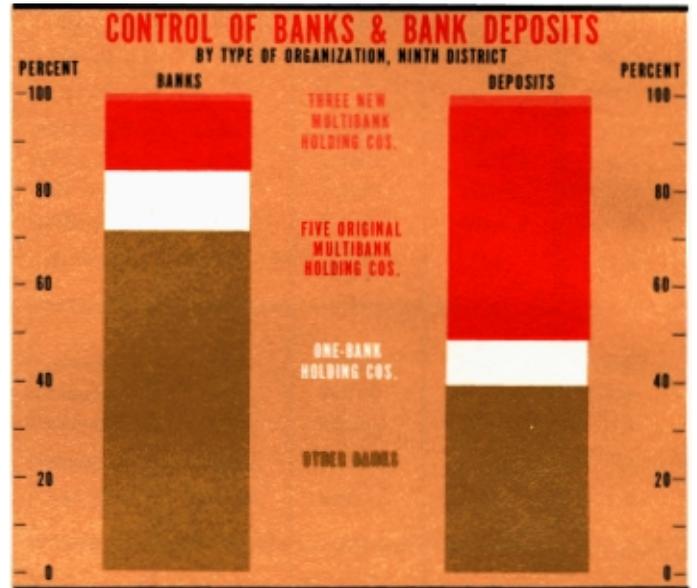
Two of these eight companies, First Bank System, Inc., and Northwest Bancorporation, rank among the largest multibank holding companies in the nation. Together they control 164 banks, 155 in the Ninth District. Since these 155 banks represent only 11 percent of the total number in the district but hold deposits of more than \$7.8 billion or 45 percent of the district total, some very large banks are obviously subsidiaries of the two companies.

First Bank System and Northwest Bancorporation were very active in 1929 and 1930 when they each acquired at least 75 percent of their present number of banks. Since passage of the 1956 Act, however, they have acquired only five additional banks.

The three newcomers, Dacotah Bank Holding Company, Mid-America Bancorporation, and American Bancorporation, control a total of 14 banks hold-

ing deposits of \$365.5 million. They have been very active in forming and expanding their systems.

The remaining three multibank holding companies, Bank Shares, Inc., Otto Bremer Foundation and Company, and Bancorporation of Montana, control a total of 45 banks with deposits of \$712.4 million. Together they have made ten bank acquisitions since the passage of the 1956 Act.



The large number of one-bank holding companies and the fairly small number of multibank holding companies distinguish the Ninth District from other Federal Reserve Districts. Only two districts have more one-bank holding companies and only two have fewer multibank holding companies than the Ninth District. Uniquely, the two largest multibank holding companies dominate the district. No bank holding company in the nation controls as many subsidiary banks as does either First Bank System or Northwest Bancorporation, even though some systems operating in branch banking states control many more offices.

If past experience provides any indication, the newer district holding companies should be the most active in expanding their banking systems as they attempt to provide viable competition on a regional or statewide basis. It is probable that additional multibank systems will also be formed.

The two large multibank companies have not vigorously pursued expansion since the Act was passed. These two organizations may be turning their attention to permissible nonbanking activities in order to provide a broad range of financial services.

No trends regarding one-bank holding companies have developed in this district. Possibly bankers are weighing the advantages of holding company ownership against its major disadvantage, increased regulation.