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monthly statistical report

NINTH DISTRICT CONDITIONS
federal reserve bank of minneapolis

DISTRICT ECONOMY RECUPERATES SLOWLY FOOD & DEFENSE MFG. RETARD EXPANSION

The upward swing in the national business cycle is characterized by a mixture of strengths and weaknesses: some sectors thrive while others drag. Current recovery in the Ninth District also fits this formula. So far agriculture and construction have been the district's major curatives. The important manufacturing industries have only recently begun to show signs of solid recovery.

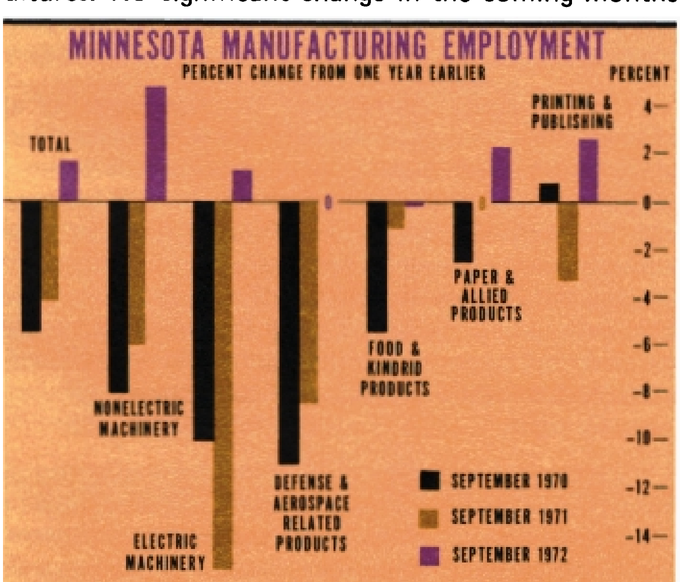
A closer look at manufacturing employment in Minnesota reveals some of the obstacles to a more rapid districtwide recovery. Sluggishness in Minnesota's manufacturing employment, concentrated in a few categories, will probably continue to dampen an otherwise promising manufacturing outlook. Of primary concern are the lagging employment gains in the food- and defense-related industries. Food and kindred products industries, accounting for 20 percent of all Minnesota manufacturing employment, have been hit hard by meat packing cutbacks and are unlikely to grow much in the near future. Lagging employment growth in the defense and aerospace products industries can be directly traced to reductions in government expenditures. No significant change in the coming months is expected for these industries either. Since 85 percent of district manufacturing employment is located in Minnesota, the present rate of manufacturing expansion will not greatly stimulate the district's overall economy.

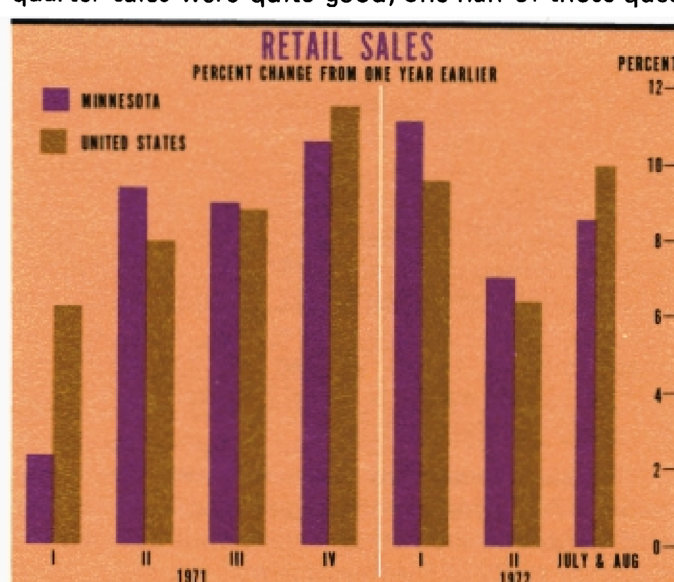
RISING INCOMES SPUR CONSUMER SPENDING AREA RETAILERS OPTIMISTIC FOR 4TH QTR.

Income gains bolstered third quarter consumer spending in the district: in rural areas higher grain and livestock prices increased cash receipts; in urban areas incomes, in general, seemed to be rising. The average weekly earnings of a district manufacturing worker in September were 7.1 percent more than last year. Labor disputes, however, may have curbed some retail spending in the third quarter.

Minnesota retail sales during the first eight months of 1972 were up 8.9 percent from a year ago; during the comparable period of 1971, they increased 6.1 percent. National retail sales for the first eight months of 1972 improved 9.8 percent.

According to a telephone survey of major Minneapolis/St. Paul area department and discount stores, consumer spending has continued to improve since August. Five out of six retailers revealed that their quarter sales were quite good; one-half of those ques-





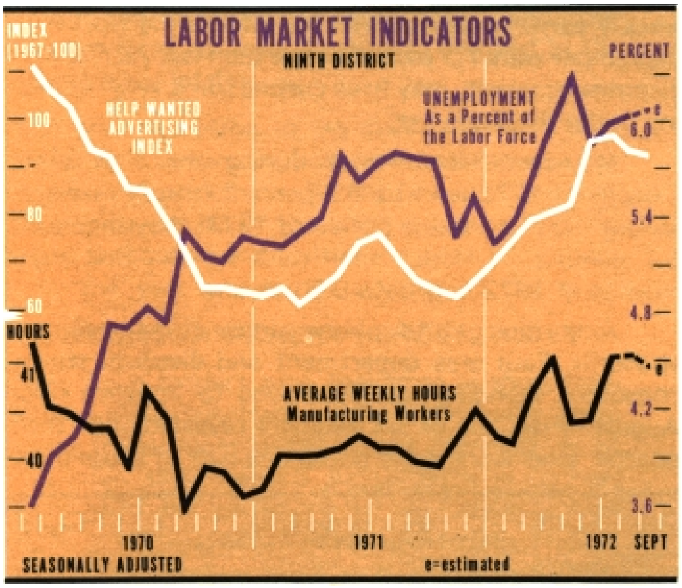
tioned noted a definite pickup in retail spending in August and September. In most cases, third quarter sales have matched earlier expectations.

Given the very favorable farm income situation and the optimistic outlook expressed by district retailers, district consumer spending should expand significantly in the fourth quarter.

LABOR FORCE GROWTH OFFSETS NEW JOBS DISTRICT STILL EXPECTS UNEMPLOYMENT DIP

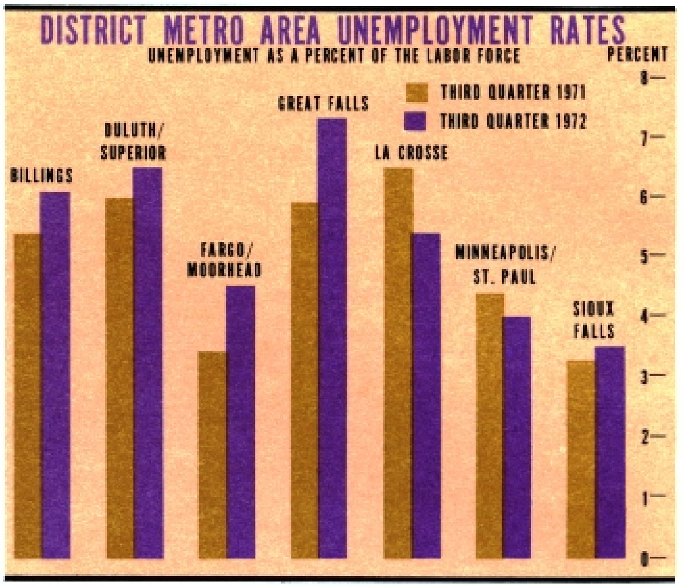
In the third quarter, the Ninth District's unemployment rate averaged 6.0 percent, seasonally adjusted. Unlike the national rate, the district's rate failed to decline from last spring's high. District labor disputes were primarily responsible for continuing high unemployment.

Sluggish employment growth has also exerted upward pressure on unemployment in the district: the labor force has been increasing faster than jobs can be created. Employment gains in the district's large trade and service sectors, for example, have not kept pace with those in the nation. In the third quarter, district trade employment rose 1.7 percent from a year ago; national growth was 3.5 percent. Service employment increased only 0.7 percent in the district, while the national advance was 4.2 percent.



Despite these rather discouraging developments, help wanted advertising has increased: in the past this has preceded decreases in unemployment. Although the district's help wanted advertising index leveled somewhat during the third quarter, it was nevertheless 9.7 percent higher than in the second quarter and 33.8 percent higher than a year ago. Also, district average weekly hours worked in manufacturing, another leading indicator, rose 1.2 percent between the second and third quarters.

Because these two indicators are reasonably positive, and because no major labor disputes are anticipated, the district unemployment rate should decline modestly in the fourth quarter.



This fourth quarter outlook is consistent with a recent survey of state employment security offices in sixteen of the district's largest labor markets. When asked to characterize the outlook for employment growth during the next ninety days, most Minnesota respondents replied "good" to "excellent"; only Mankato and Duluth termed prospects "fair." In North and South Dakota, employment outlooks seemed to be generally "good," but they were "fair" in Wisconsin. Although Great Falls envisioned "poor" prospects now that work on the local ABM missile site has been discontinued, Billings, Montana, predicted "good" job expansion.

Most respondents to this survey expected near-future job openings to surpass those of a year ago, yet labor force growth in many areas will probably limit unemployment reductions. In almost all major labor markets in Minnesota, North Dakota, South Dakota, and Wisconsin, fourth quarter unemployment should vary only slightly from last year. In Great Falls, Montana, unemployment is expected to double; in Billings a modest increase in anticipated.

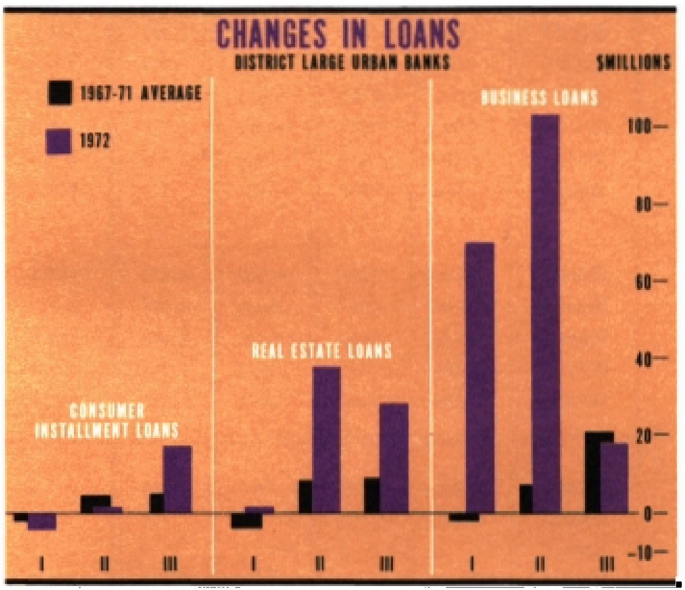
THIRD QUARTER LENDING DOWN 20 PERCENT SHORT-TERM DEMAND DROPS IN FARM BELT

An unequal distribution of loan demand at district member banks slowed loan growth considerably in the third quarter. Short-term credit demand sagged at rural and small urban banks, and business loan growth slowed early in the quarter at large urban banks. Therefore, loans grew at a 22 percent seasonally adjusted annual rate in the second quarter but only at a 2 percent rate in the third. Rural and small urban banks ended the period with ample lendable funds, while large urban banks were simultaneously tight.

Increased liquidity (indicative of the quantity of funds available for loans) at smaller banks reflected a significant drop in their loans outstanding in September. Early in the quarter, loan demand in the district's agricultural regions was relatively strong. By September, however, the agricultural income situation was sufficiently prosperous to discourage demand for short-term loans. The combination of a large wheat crop and unexpectedly high wheat prices, which enabled many district farmers to retire outstanding debt, raised farm incomes and contributed to the marked loan fall-off. Another contributor: the federal government's acreage diversion program. Federal payments are being made earlier and are for larger amounts than in other years.

Bank Funds Flow into Real Estate & Consumer Loans

Steady demand for real estate and consumer installment loans throughout the quarter claimed much of the supplies of lendable funds at large urban banks. Considerable business lending activity toward the end of the quarter further tightened the loan situation.



Both real estate and consumer installment loans were considerably stronger than predictable from growth trends in recent years. The expansion of real estate loans (an increase of $29 million this quarter compared to an average $9 million gain for the last five third quarters) corresponded to heightened activity in the district's construction industry.

Consumer installment loans rebounded from a conspicuously flat performance in the first half of the year to a dramatic $19 million advance in the third quarter. This gain compared quite favorably with the $5 million average increase in previous third quarters. Part of the revitalization of consumer loan activity can be attributed to auto purchases. Undoubtedly, the thriving housing construction industry has also contributed by increasing consumer loans for household furnishings and appliances.

Business Lending Lags, Then Recovers at Large Banks

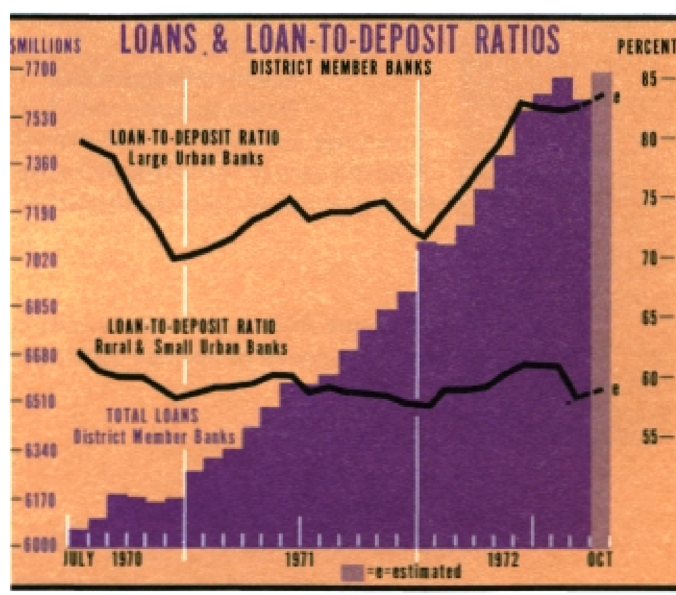
Unlike real estate and consumer installment loans, business loans outstanding at large urban banks did not register consistently encouraging growth throughout the third quarter. During July and August, business loans were sluggish in the district as well as in other parts of the nation. However, in September business loans showed renewed strength and increased by a seasonally adjusted $19 million.

The lag in business loans early in the quarter was apparently due to rising corporate profits. Many large corporations enjoying satisfactory profits felt no need to borrow heavily until September when the prospect of major fall and year end sales encouraged borrowing for inventory buildups. Contrary to expectations, corporate borrowing was used mainly to prepare for these sales and was only partly related to quarterly tax needs.

Liquidity Positions Reflect Changing Credit Demands

Relatively strong loan demand at the district's large urban banks, the cumulative result of consumer installment, real estate, and business loan demand, has created fairly tight liquidity positions. Bank liquidity increased in July and August but declined in September. Thus their loan-to-deposit ratio—loans as a percentage of total deposits—fell slightly early in the quarter and then returned to 82.7 percent at the end. The peak at the end of the second quarter was 82.9 percent.

At rural and small urban banks, a third quarter slack in credit demand eased the tight liquidity position of the second quarter. The loan-to-deposit ratio at these banks fell to 57.9 percent from a nearly stable 60.8 percent in the June-August period.



With continued improvement in the national economy, demand for bank credit in both the Ninth District and the nation will probably remain strong. Consumers should be more willing to undertake additional debt for consumer items such as automobiles as employment and incomes rise. Stimulated business borrowing for capital outlays and inventory buildup should also add to credit demands.

UNITED STATES income and finance

Percent Change SEPT.-SEPT.	1972 OCT.	1972 SEPT.	1972 AUG.	1971 SEPT.	UNIT	INDICATOR
						MEASURES OF CONSUMER INCOME & FINANCIAL POSITION
+ 8.4		945.7p	940.0	872.2	Billion $, saar	Total Personal Income
+ 8.5		919.4p	914.0	847.6	Billion $, saar	Nonagricultural Personal Income
+ 7.8		154.47p	154.28	143.28	Dollars	Average Weekly Earnings in Manufacturing
		n.a.	50.9	44.6	Billion $	Consumer Installment Credit Outstanding[2]
+14.8		234.7	233.2	204.4	Billion $	Time and Savings Deposits at Member Banks
		n.a.	196.6	168.3	Billion $	Savings Balances at Savings & Loan Assoc.
		n.a.	n.a.	4.8	Billion $	Cash Farm Receipts
						MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS
						CITY BANKS[4,5]
+13.3		211.0	206.4	186.3	Billion $	Adjusted Loans and Discounts[6]
+ 3.5		86.6	85.0	83.7	Billion $	Commercial and Industrial Loans
+18.5		44.1	43.4	37.2	Billion $	Real Estate Loans
+ 3.5		146.1	140.4	141.2	Billion $	Gross Demand Deposits
+14.8		156.3	155.5	136.2	Billion $	Time Deposits
+ 4.8		26.3	25.7	25.1	Billion $	U.S. Government Securities
+ 9.2		54.7	54.4	50.1	Billion $	Other Securities
						COUNTRY BANKS[4,7]
+14.8		80.9	80.1	70.5	Billion $	Loans and Discounts
+ 9.8		53.8	53.1	49.0	Billion $	Gross Demand Deposits
+15.0		78.4	77.6	68.2	Billion $	Time Deposits
- 0.6		17.2	17.1	17.3	Billion $	U.S. Government Securities
+17.5		30.9	30.4	26.3	Billion $	Other Securities
						MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS
		n.a.	33,104p	30,785	Million $	Total Reserves[8]
		n.a.	32,905p	30,601	Million $	Required Reserves
		n.a.	199p	184	Million $	Excess Reserves
		n.a.	374p	494	Million $	Borrowings from FRB
+ 4.0		73.5	73.6	70.7	Percent	Ratio of Loans to Total Deposits—City Banks[4]
+ 1.8		61.2	61.3	60.1	Percent	Ratio of Loans to Total Deposits—Country Banks[4]
						MEASURES OF PRICE LEVELS
+ 3.3		126.2	125.7	122.2	Index	Consumer Price Index[9]
+15.3		128	128	111	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 income and finance

INDICATOR		UNIT	1972 OCT.	1972 SEPT.	1972 AUG.	1971 SEPT.	Percent Change SEPT.-SEPT.
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION	Total Personal Income*						
	Nonagricultural Personal Income*						
	Average Weekly Earnings in Manufacturing[1]	Dollars	n.a.	161.14e	160.37e	150.46	+ 7.1
	Consumer Installment Credit Outstanding[2]	Million $	n.a.	n.a.	1,662	1,463	
	Time and Savings Deposits at Member Banks	Million $	7,185	7,051	7,024	6,179	+14.1
	Savings Balances at Savings & Loan Assoc.[3]	Million $	n.a.	n.a.	4,940	4,266	
	Cash Farm Receipts[3]	Million $	n.a.	n.a.	n.a.	462	
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS	CITY BANKS[4,5]						
	Adjusted Loans and Discounts[6]	Million $	3,250	3,188	3,078	2,660	+19.8
	Commercial and Industrial Loans	Million $	1,506	1,420	1,372	1,151	+23.4
	Real Estate Loans	Million $	604	595	585	480	+24.0
	Gross Demand Deposits	Million $	2,216	2,141	2,031	2,051	+ 4.4
	Time Deposits	Million $	1,999	1,923	1,929	1,714	+12.2
	U.S. Government Securities	Million $	424	419	405	399	+ 5.0
	Other Securities	Million $	753	782	731	623	+25.5
	COUNTRY BANKS[4,7]						
	Loans and Discounts	Million $	4,939	4,877	4,882	4,249	+14.8
	Gross Demand Deposits	Million $	2,806	2,586	2,550	2,400	+ 7.8
	Time Deposits	Million $	5,186	5,128	5,096	4,465	+14.8
	U.S. Government Securities	Million $	1,185	1,127	1,129	1,067	+ 5.6
	Other Securities	Million $	1,652	1,622	1,575	1,426	+13.7
MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS	Total Reserves[8]	Million $	817p	798	801	760	+ 5.0
	Required Reserves	Million $	812p	792	797	754	+ 5.0
	Excess Reserves	Million $	5p	6	4	6	
	Borrowings from FRB	Million $	3p	3	3	1	+200.0
	Ratio of Loans to Total Deposits—City Banks[4]	Percent	79.0	79.0	78.4	71.3	+10.8
	Ratio of Loans to Total Deposits—Country Banks[4]	Percent	61.8	63.2	63.8	61.9	+ 2.1
MEASURES OF PRICE LEVELS	Consumer Price Index—Minneapolis[9,10]	Index	n.a.	n.a.	n.a.	n.a.	
	Prices Received by Farmers—Minnesota[9]	Index	n.a.	128	127	109	+17.4

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

NINTH DISTRICT production and employment

INDICATOR		UNIT	1972 SEPT.	1972 AUG.	1971 SEPT.	Percent Change SEPT.-SEPT.
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION	Total Industrial Production*					
	Electrical Energy Consumption: Mfg. and Mining[1]	Index, sa	137	134	130	+ 5.4
	Production Worker Manhours:[1]	Index, sa	n.a.	104p	96	
	Manufacturing	Index, sa	n.a.	108p	98	
	Mining	Index, sa	n.a.	85p	80	
	Total Construction Contracts Awarded	Million $, sa	n.a.	207.3	200.6	
	Residential Buildings	Million $, sa	n.a.	81.0	71.8	
	Nonresidential Buildings	Million $, sa	n.a.	47.2	55.6	
	All Other Construction	Million $, sa	n.a.	79.1	73.2	
	Bldg. Permits: New Housing Units[2]	Number	3,960	4,017	3,966	- 0.2
MEASURES OF MANPOWER UTILIZATION	Civilian Work Force[3]	Thousands, sa	2,654e	2,631p	2,619	+ 1.3
	Total Civilian Employment	Thousands, sa	2,493e	2,472p	2,468	+ 1.0
	Number Unemployed	Thousands, sa	161e	159p	151	+ 6.6
	Unemployment Rate[3]	Percent, sa	6.1e	6.0p	5.8	+ 5.2
	Average Weekly Hours in Manufacturing[3]	Hours, sa	40.9e	41.1e	40.0	+ 2.2
EMPLOYMENT BY INDUSTRY SECTOR	Wage and Salary Employment, Nonfarm[3]	Thousands, sa	1,966e	1,948p	1,933	+ 1.7
	Manufacturing	Thousands, sa	373e	368p	362	+ 3.0
	Mining	Thousands, sa	30e	27p	26	+15.4
	Construction	Thousands, sa	93e	92p	98	- 5.1
	Transport., Comm., & Public Utilities	Thousands, sa	126e	125p	131	- 3.8
	Trade	Thousands, sa	483e	482p	474	+ 1.9
	Finance, Insurance & Real Estate	Thousands, sa	94e	93p	91	+ 3.3
	Service Industries	Thousands, sa	324e	323p	321	+ 0.9
	Government	Thousands, sa	443e	438p	430	+ 3.0
MEASURES OF SPENDING	Total Retail Sales*					
	New Passenger Car Registrations	Thousands, sa	n.a.	n.a.	22.4	
	Bank Debits[4]	Billion $, saar	217.7	210.7	178.2	+22.2

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. 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 SEPT.-SEPT.	1972 SEPT.	1972 AUG.	1971 SEPT.	UNIT	INDICATOR	
+ 7.6	115.2p	114.5	107.1	Index, sa	Total Industrial Production	MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION
					Electrical Energy Consumption: Mfg. and Mining*	
+ 6.5	98p	97p	92	Index, sa	Production Worker Manhours:[1]	
+ 6.5	98p	97p	92	Index, sa	Manufacturing	
+ 4.2	100p	99p	96	Index, sa	Mining	
+23.6	8,664.8	7,992.3	7,008.9	Million $, sa	Total Construction Contracts Awarded	
+33.5	4,223.7	4,246.4	3,163.4	Million $, sa	Residential Buildings	
+ 6.9	2,503.2	2,299.3	2,342.1	Million $, sa	Nonresidential Buildings	
+28.9	1,937.9	1,446.6	1,503.4	Million $, sa	All Other Construction	
	n.a.	n.a.	166.2	Thousands	Bldg. Permits: New Housing Units [5]	
+ 3.0	87,049p	86,860	84,491	Thousands, sa	Civilian Work Force	MEASURES OF MANPOWER UTILIZATION
+ 3.5	82,222p	81,973	79,451	Thousands, sa	Total Civilian Employment	
- 4.2	4,827p	4,887	5,040	Thousands, sa	Number Unemployed	
- 8.3	5.5p	5.6	6.0	Percent, sa	Unemployment Rate	
+ 2.8	40.7p	40.6	39.6	Hours, sa	Average Weekly Hours in Manufacturing	
+ 3.3	73,221p	72,980	70,853	Thousands, sa	Wage and Salary Employment, Nonfarm	EMPLOYMENT BY INDUSTRY SECTOR
+ 2.2	19,019p	18,932	18,616	Thousands, sa	Manufacturing	
- 1.6	606p	603	616	Thousands, sa	Mining	
+ 8.9	3,538p	3,537	3,250	Thousands, sa	Construction	
+ 0.7	4,490p	4,487	4,460	Thousands, sa	Transport., Comm., & Public Utilities	
+ 3.3	15,774p	15,743	15,273	Thousands, sa	Trade	
+ 3.4	3,951p	3,936	3,821	Thousands, sa	Finance, Insurance & Real Estate	
+ 4.0	12,438p	12,424	11,962	Thousands, sa	Service Industries	
+ 4.3	13,405p	13,318	12,855	Thousands, sa	Government	
+ 6.0	37.3	37.8	35.2	Million $, sa	Total Retail Sales	MEASURES OF SPENDING
	n.a.	919.1	860.5	Thousands, sa	New Passenger Car Registrations	
+17.4	4,546.8	4,585.2	3,874.5	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

DISTRICT FARM FINANCING TRENDS

FARMERS EARN MORE, BORROW LESS & MORE

Healthy cash receipts for district farmers and ranchers this year have altered the pattern of agricultural borrowing in recent years. Short-term lending declined: with more cash on hand, farmers had less need for operating credit. Intermediate- and long-term lending increased as the year progressed: encouraged by "better times," operators expanded their land holdings and invested in machinery and equipment.

First-half receipts from crop sales and government payments in 1972 were approximately 13 percent higher than last year's. July and August cash receipts were 42 percent higher. The results of improved farm income in the district were evident in our third-quarter Ninth District Agricultural Credit Conditions Survey; 93 percent of the responding bankers reported demand for short-term loans "no greater than usual."

Tapering short-term demand was especially prominent in the small grains- and cash crop-producing regions. The normal, harvest-season credit decline was accentuated by improved farm incomes: both crop prices and yields per acre were high. Cash income gains from profitable barley, flax, sugar beet, and potato crops have reduced short-term demand in the Red River Valley lately.

The only exception to the decline of short-term loan demand: farmers in both the extreme eastern and western regions of the district have continued to seek operating credit in the third quarter. This demand was associated with plans for expanding dairy farms in the east and cattle ranches in the west.

DATA SUPPORTS APPARENT LENDING SHIFT

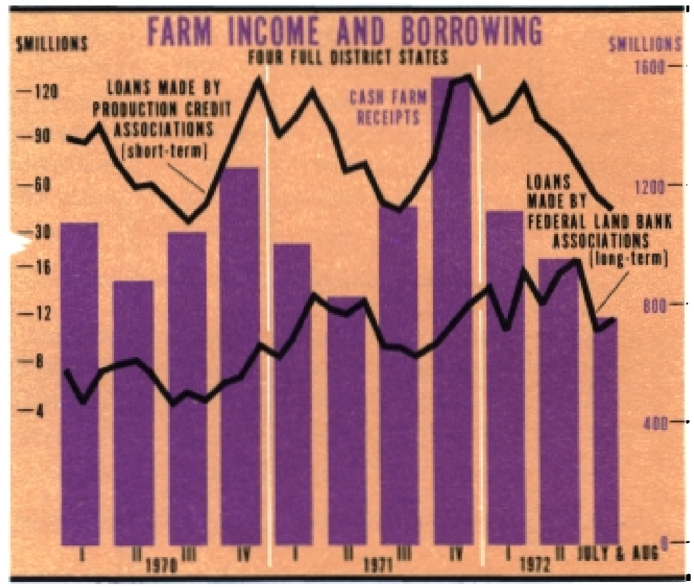
Data from lenders who specialize in short-term agricultural loans substantiate the shift away from short-term loans. Commercial banks reported, as of June 30, that their nonreal estate loans to farmers increased only 7½ percent from the first half of 1971. The previous annual increase was 11½ percent. These loans are made primarily for annual operating expenses and, to a lesser extent, for breeding stock and machinery purchases.

Production Credit Associations, which also make operating loans, reported only a 5 percent increase in loans outstanding for the first half of the year, when most farm borrowing occurs. The previous annual increase was 19 percent. First and second quarter gains of 6 and 9 percent, respectively, in their lending volumes hardly compare with the 14 and 23 percent gains of 1971.

Because of improvements in their overall financial position, fewer district farmers and ranchers were at their debt limits at the end of the third quarter and fewer have encountered difficulty repaying debts.

General financial ease has stirred fresh interest in heavy equipment and real estate purchases, which means that as short-term loans declined, long-term loans climbed.

At midyear, district Federal Land Bank Associations, local cooperatives which make only long-term real estate loans to members, reported a 15 percent increase in loans outstanding since last year. Their



lending volume increased 21 percent, reflecting the stronger demand for real estate financing. Long-term loans from commercial banks (loans secured by farm real estate) rose 7 percent this year; last year they were down 17 percent.

Similar increases were apparent for the Farmers Home Administration (FmHA). As of June 30, loans to farmers for real estate financing were 12 percent higher than in 1971. Despite the general slack in short-term demand, operating loans at FmHAs also rose 7 percent. The FmHA was able to assume a greater share of the district's lending activity because of government appropriations and a greater demand for credit.

The volume of loans to farmers and ranchers at commercial banks, FmHAs, and Federal Land Bank and Production Credit Associations totaled $4.1 billion on June 30. Because this date is near the seasonal peak of agricultural borrowing and because these major lenders typically provide about one-half of the district's agricultural credit, the $4.1 billion total is indicative of the district's borrowing needs and patterns for 1972. This total is 10 percent higher than the $3.7 billion of June 30, 1971; the '71 figure was 11 percent higher than the '70 figure. Of the $4.1 billion reported this year, 46 percent was from banks, 42 percent from Federal Land Bank and Production Credit Associations, and 12 percent from the FmHA.