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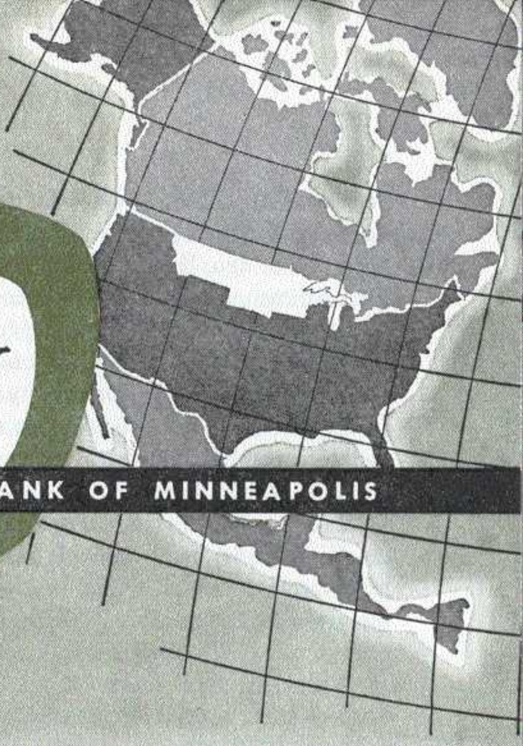
Monthly Review
OF THE FEDERAL RESERVE BANK OF MINNEAPOLIS



Cross currents blur economic scene

Information since the first of the year indicates the economy of the Ninth district is off to a strong start in 1957. This is no particular surprise, however, in view of the economic momentum at the year's end. Continued health in the area's economy since the year-end is indicated by higher bank debits, weekly earnings and department store sales compared with a year ago. Employment and construction contract awards, too, continued to register increases during January.

In brief, businessmen and consumers alike are basically optimistic even though evidence is accumulating that they are becoming more cautious in their buying.

Farmers, particularly, have been encouraged in recent months by the prices they have received. Advances have been slight but the drift upwards in farm prices during much of 1956 was a welcome change after several years of price decline, while at the same time their costs stayed the same or increased. Farmers' optimism has been translated into gradually rising farm land prices through late 1956. Farm operators are also inclined to be more liberal in their machinery and equipment purchases.

The recent advances in many of the district's business indicators are numerous but the advance is by no means unanimous. As usual, there are soft spots too.

For example, residential construction and lum-

Contents

bering are operating below January 1956 rates. Unemployment claims have shown a mild increase from a year ago. Recent declines in the stock market have caused businessmen to wonder if a downturn has been signaled. Looking further ahead, it is probable that an effective soil bank program in 1957, coupled with the possibility of a spreading drouth situation, will cut down the volume of wheat and corn production, which in turn may cut down on farm income received.

The agricultural scene, particularly important to the Ninth district economy, is currently obscured by extreme dryness in some areas—particularly in the western two-thirds of South Dakota and the eastern part of Montana. The drouth curtailed crop and livestock production in these areas in 1956. Unless heavy spring rains make up the deficiency, 1957 crop production will be adversely affected. At the moment moisture reserves tied up in mountain snow in the western part of the district are below normal.

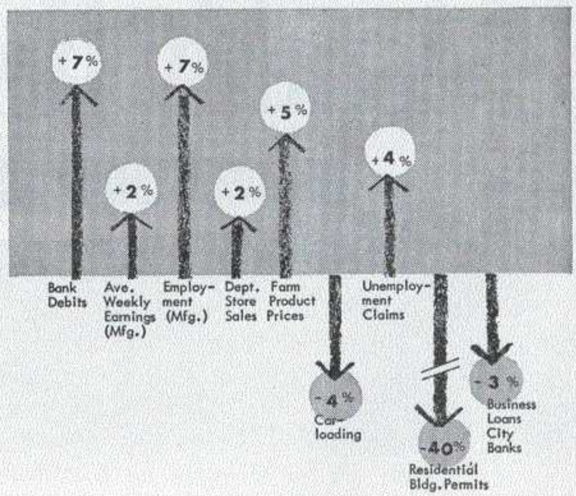
Prices at wholesale and retail continued to advance through January to new high levels. Nevertheless the list of things that registered increases included fewer and fewer items. In fact, some important commodities such as copper, steel scrap, cotton textiles and leather registered price declines.

With wholesale prices up 4 percent and consumer prices up 3 percent from year-ago levels, real concern has been expressed about creeping inflation. The monetary authorities have been fully aware of this danger and the tight money policy has been continued in order to counter the persistent inflationary pressures.

Even though some activity in the national economy may be slowing down, signs of strength continue to dominate the district economy. Personal incomes are at a high level. There exists a strong demand for goods and services. Skilled labor is in short supply and prices in general, by late February, remained on the strong side.

Year-end forecasts by most business analysts expect that increases in government expenditures will provide a stimulus for further expansion. The

DISTRICT INDICATORS SHOW MIXED TRENDS
(Jan. 1957 percent change from year earlier)



U. S. economy has been running near capacity for some months. Under such circumstances, continued strong private demands could make for continuation of inflationary pressures. In spite of this, many businessmen apparently have adopted an outlook of caution. This will help to keep the economy in better balance.

One indication of a more cautious approach by the private sector of the economy is the record seasonal decline in business loans at city banks for the U. S. as a whole during the first six weeks of 1957. This decline was about twice as much as last year for the same period. In the Ninth district, business and industrial loans at city banks also declined through February 13 of this year but last year a modest advance occurred in the volume of such loans.

It is, of course, unwise to jump to conclusions about the district's economic outlook for 1957 this early in the year. It's too soon yet for clear visibility. Perhaps after the record is in for the first-quarter business indicators, the picture will begin to take clearer shape.

The following selected topics describe particular aspects of the district's current economic scene:

LOANS, DEPOSITS DOWN, SAVINGS STRONG

January was the first month since March of last year in which loans at district member banks declined. Furthermore, the decline was the largest for a month since May of 1954. Of the $62 million net repayment of loans, $58 million was recorded at the city banks which reported commercial and industrial loans down $17 million. Consumer-type loans were down $21 million; loans to banks down $17 million. The last category, 'loans to banks,' largely represents very short term loans which ordinarily fluctuate widely from day to day. In January last year the total loans of city banks rose $1 million.

City bank *deposits* also registered a large decline in January, falling by $138 million in contrast to a decline of only $62 million in January last year. Borrowings by the city banks rose $39 million for the month. Securities held dropped $18 million.

Loans and investments at the country banks fell $4 million and $3 million respectively in January. Deposits at these institutions were down $22 million in January—not much more than the $19 million outflow reported in January last year. The deposit loss at country banks would have been much greater except for an unusually large addition to time deposits. Such balances increased $25 million. The largest gain reported for any month last year was $6 million and in January last year time deposits rose but $1 million.

FARM LOANS AT HIGH LEVEL

Farmers in the Ninth district continued to use large amounts of bank credit to finance their operations during 1956. At district member banks the volume of 'Other Loans to Farmers' outstanding on December 31, 1956 totaled $164 million, about the same as a year ago. Such loans consist mainly of short-term, non-real-estate loans to farmers for production purposes. Although the December volume did not increase compared with December 1955, the volume of such loans outstanding on earlier reporting periods during the year was greater than for the comparable 1955 dates.

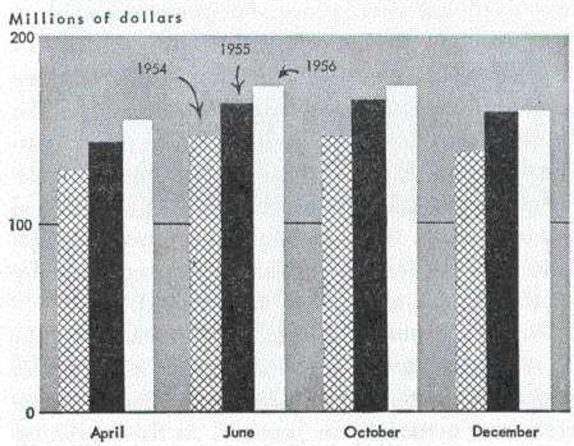
Thus, the December figures suggest the possible leveling off of a two-year rise in such loans to farmers at district banks. (See chart.)

The 1956 rise of non-real-estate loans measured 2-3 percent in the Dakotas and Minnesota with an offsetting 9 percent decrease in Montana. Loans in Ninth district banks in Wisconsin were up 4 percent from a year ago.

Some liquidation of cattle in drouth areas of Montana quite likely has a bearing on the reduction in non-real-estate farm loans in that state.

Loans secured by farm real estate at district member banks continued to increase during 1957, showing a rise of 6 percent for the district. By states, the largest increase came in South Dakota with an increase of 27 percent in real estate loans. It seems probable that part of this represents refinancing of short-term debt, since crop and in-

NON-REAL-ESTATE FARM LOANS AT
NINTH DISTRICT COUNTRY MEMBER BANKS, 1954-6



come results in South Dakota have been unfavorable for the past two years. Real estate loans in Montana and North Dakota were up 8 and 10 percent respectively, but rose only 1 percent in Minnesota.

CCC loans were down in all states compared with a year ago, and for all member banks in the district totaled 79 percent of the December 31, 1955 volume. This probably reflects the fact that some banks are handling fewer CCC loans in order to provide funds for other credit needs of their communities.

The continued rise in loan volume during 1956 is related to continued investments in operating assets and seasonal expenses on farms. Costs of most manufactured goods and supplies used by farmers have continued to edge higher during the past 12 months. The continued rise in real estate loans is supported by apparent continued strength of land values throughout the area. Even in dry areas where crops have been disappointing there seems little indication that land values have been weakened significantly by the reduced income.

UNEMPLOYMENT SLIGHTLY HIGHER

This winter the unemployment insurance claim load in the Ninth district is larger than it was a year ago. However, it is still at a comparatively low figure. District employment in 1956 was high, establishing a new record, but the seasonal drop has been larger than in the winter of 1955-56.

Minnesota—Claims in January 1957 were up about 11 percent from those of a year ago. The laying-off of building tradesmen due to the cutback in residential building contributed significantly to the rise in unemployment. The seasonal contraction in trade and in transportation industries also has been larger than a year ago, thereby adding to the number of unemployed.

North Dakota — Nonfarm employment established a new record in 1956 as it did in all district states. But unemployment insurance claims in this state rose materially in January. At the beginning of this year the number of individuals filing claims for the first time this winter was up about one-fourth from a year ago. The seasonal decline beginning in November was somewhat more than a year ago. This contraction took place in nearly all industries, but the largest drop occurred in construction when the cold weather led contractors to close down projects.

Although the unemployment insurance claim load is not available for other district states, the seasonal drop in employment points to a similar rise in the district unemployed.

DISTRICT-WIDE, STORE SALES COMPARE WELL WITH YEAR AGO

District department store sales in January receded from the December peak. The index, seasonally adjusted, for January was 118 percent of the 1947-49 base period. For December the index stood at 124 percent. Although department store sales declined in January more than seasonally, sales, nevertheless, remained above the year-ago volume. On a daily average basis, sales were 2 percent higher than in January 1956. For the month, which had one more trading day, sales were up 5 percent. In the first half of February sales continued close to the January level, according to weekly reports.

Nationally, department store sales did not decline as much from the December peak. Sales in January, seasonally adjusted, were 126 percent of the 1947-49 average, compared with 129 percent for December.

Geographically, there were no weak spots in the district sales picture. January sales in all district states remained above the year-ago volume. The increases ranged from 3 percent in Montana to 12 percent in North Dakota.

In district department stores, sales have continued strong in soft goods. According to a breakdown of sales by departments, women's apparel and accessories sales were strong. Hard goods, on the other hand, were on the weak side. Major household appliances, radios, phonographs, television, records, etc., were down noticeably from the January 1956 volume.

SURVEY SHOWS THAT PRICES OF HOUSES REMAIN FIRM

Prices of houses in the Ninth district have remained quite firm despite the sharp cutback in home building last fall and winter. Due to a houseing shortage, in some communities prices had been high on existing houses in comparison with those on new ones. In the past year the prices on these existing houses have declined. Nevertheless, except in those small towns where the real estate market is almost stagnant, the prices of existing houses are not depressed in comparison with the prices of newly constructed houses.

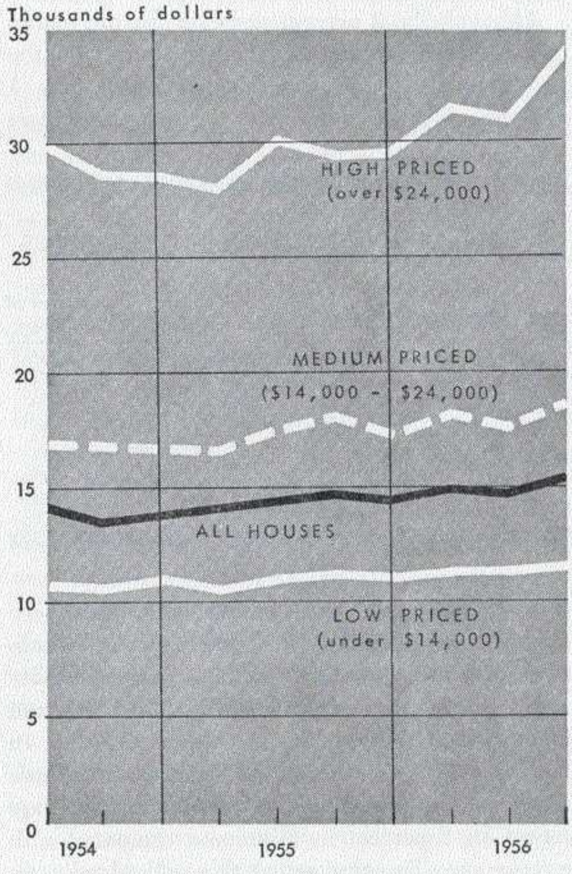
Builders in a number of communities carried a few completed houses through most of the winter, but only in a few instances have they reduced prices substantially in an effort to sell them. In the greater Minneapolis area the average price paid by home buyers was higher in 1956 than in the preceding year, according to a survey recently conducted by this bank. It does not necessarily follow that the same house sold for a higher price. With more houses offered for sale in relation to the demand, buyers, no doubt, are selecting more desirable locations or better quality houses.

In this metropolitan area the average price of houses sold in the fourth quarter of 1956 was $15,300 compared with $14,600 in the same period of 1955. Average prices were up, not only in the fourth quarter but in each quarter of 1956 over the comparable quarter of 1955. In fact, since the last quarter of 1954 there has been a fairly consistent increase in average prices, quarter by quarter, while the volume of sales remained relatively stable. Percentagewise, the fourth quarter of 1956 was up 4.3 percent over the fourth quarter of 1955 and up 14.2 percent over the same quarter of 1954.

Low-priced houses (under $14,000) have risen proportionately less than those in higher brackets. The average price in the fourth quarter of last year stood at $11,500, an increase of less than 3 percent from the former year.

In the medium-priced bracket ($14,000 to $24,000), the average prices stood at $18,000 and $18,600 respectively in the last quarters of 1955 and 1956, an increase of over 3 percent. High-priced houses (over $24,000) rose by the largest amount. The average prices were $29,500 and $34,300 respectively in the above periods, an increase of 16 percent for those houses included in the survey.

AVERAGE PRICES OF EXISTING HOUSES SOLD IN MINNEAPOLIS AND SUBURBS



DISTRICT LIVESTOCK NUMBERS DOWN SLIGHTLY

The number of cattle on farms and ranches of the Ninth district was down nearly 3 percent on January 1, 1957, compared with a year ago, according to the USDA's annual first-of-the-year estimate. This was a slightly greater reduction than the 2 percent estimate for the country as a whole. For the nation the total estimate of 95,166,000 head is the smallest number on farms since 1953.

Although the 2 percent decrease for the nation is a rather moderate reduction, increases for the two previous years have measured less than 1 percent per year, so that over the past three years the net change in cattle numbers has been very slight. Considering the widespread drouth conditions over much of the Great Plains area, stability rather than change is probably the most significant characteristic of the trend in cattle population. In the three western states of the Ninth district cattle numbers are down from 4-6 percent. They are larger by 1 percent in Minnesota compared with a year ago. To some extent this undoubtedly reflects dry conditions in the western areas, and the high level of feeding in the corn belt sections of the district.

NUMBER OF LIVESTOCK ON DISTRICT FARMS

	Number on January 1, 1957	Percent of year ago
Beef cows 2 yrs. & older	3,260,000	97%
Milk Cows 2 yrs. & older	2,384,000	100%
Sheep and lambs	4,657,000	99%
Hogs and pigs	4,855,000	85%

Data for Montana, N. Dakota, S. Dakota, Minnesota; source: USDA.

Beef cow numbers on January 1 were down significantly in only one district state, South Dakota, where the decline was 8 percent. There were fewer beef heifers in all states however—by a substantial margin of from 22 percent fewer in Montana up to a reduction of only 6 percent in North Dakota. Montana and North Dakota had fewer steers than a year ago but there were more steers in South Dakota and Minnesota—again reflecting the higher numbers on feed.

Dairy cow numbers in the district did not change appreciably during 1956 for the district, and were down just 1 percent for the nation. Slight reductions in dairy cows in the Dakotas and Montana were offset by about a 1 percent increase in Minnesota and, for the entire state of Wisconsin, dairy cow numbers were also up 1 percent. A slight reduction in the number of dairy heifers on farms was largely offset by an increase in the number of dairy calves.

Hog numbers throughout the district were down consistently in all the states and totaled 89 percent of a year ago. This reflects the reduction in fall farrowings and is in line with the expected reduced marketings in the months ahead.

The trends in sheep and lamb numbers illustrate the continuing shift of sheep production toward the farm flock type of enterprise in the more diversified farming areas. Sheep numbers were up in Minnesota and the Dakotas by 2-4 percent—but in Montana, numbers were down 7 percent from a year ago. For the nation, sheep numbers continue at a relatively low level, totaling 31 million head this January compared with an average 33 million for the previous 10 years.

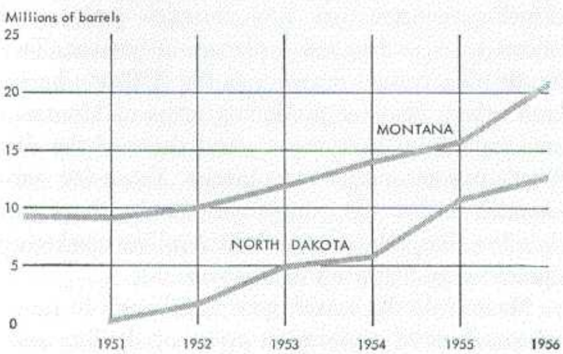
Drouth conditions in much of Montana and western South Dakota undoubtedly have influenced the distribution of cattle numbers compared with a year ago. Some of the liquidation of cattle numbers in these dry areas have apparently been absorbed by farms in the eastern portion of the district where crop production and feed supplies have been good.

Search for oil picks up interest

Six years ago this month, the Williston basin discovery well in North Dakota was still in the drilling stage. The chain of events that ensued gave the oil industry in the Ninth district its greatest stimulus. Realization grew quickly that a 'new' oil frontier lay dormant beneath the northern plains. Discoveries made during the summer of 1951 in Montana, North Dakota, and the neighboring Canadian provinces spread and deepened the interest. In the past six years oil output in Montana has nearly tripled, while that in North Dakota rose from nothing to 14 million barrels annually—this in spite of limited markets.

The Williston basin was hard to beat as an attention-getter in its first years. It spurred the imagination of many, oil industry and outsiders alike. Perhaps it was inevitable therefore that enthusiasm fired by the startling string of early successes would be chilled when some of the hard realities of oil exploration began to figure in the averages. In fact, the infant oil development had proceeded but a year or two when the first symptoms of doubt were expressed. This question was posed to us early: "We hear that the Williston basin isn't panning out . . . is this true?"

CRUDE OIL OUTPUT IN THE NINTH DISTRICT

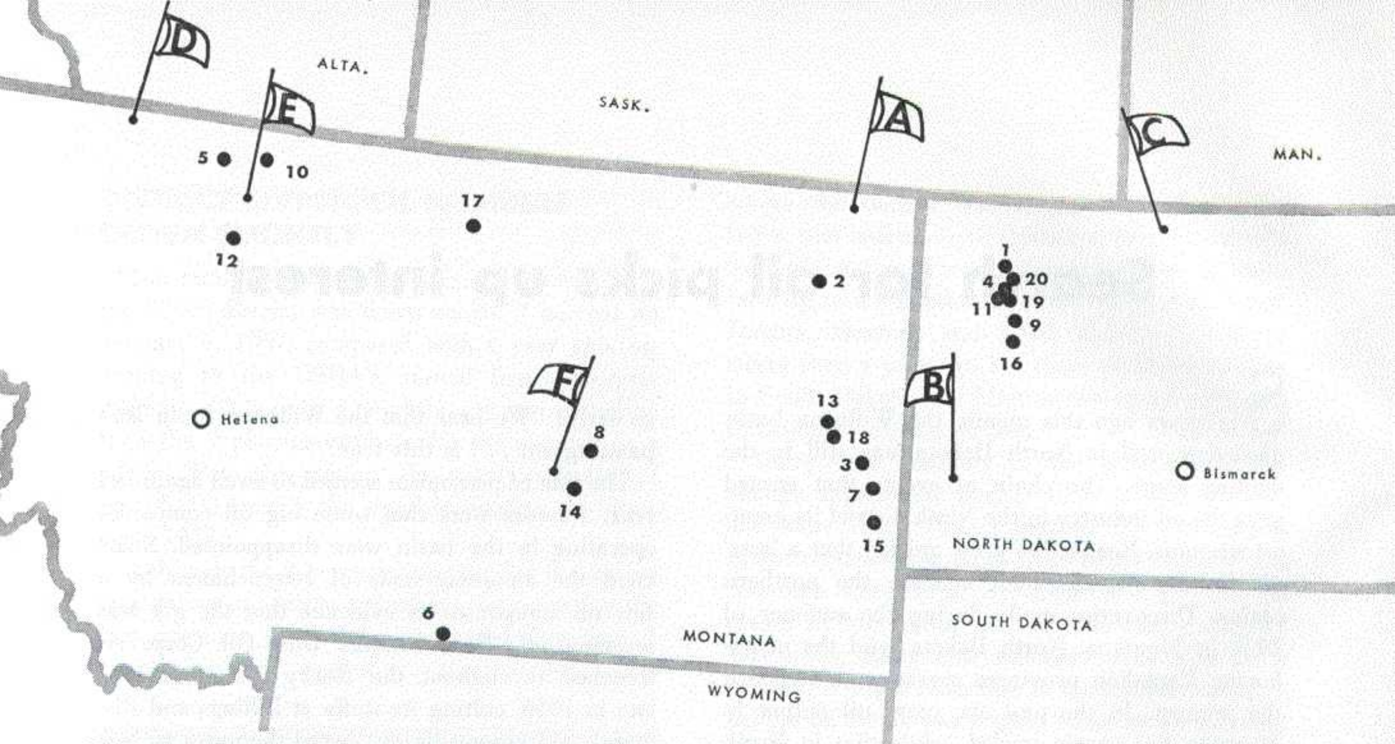


The tide of pessimism seemed to swell again last year. Rumors were that some big oil companies operating in the basin were disappointed. Some cited the announcements of retrenchment by a few oil companies as evidence that the gilt was wearing off. For example, Gulf Oil Corp. retrenched throughout the Rocky Mountain area late in 1956, cutting its staffs at Billings and Bismarck and reportedly attributed the move to lack of oil finds. Closing of Pure Oil Company's office in Billings announced in January seemed to further bear out the trend.

As February drew to an end, however, it was clear that events of the past several months had recreated some of the earlier excitement. It served to remind us that hunting for oil is still a gamble—a few 'bad hands' never establish the long-run odds. Recurring pessimism is a natural result of the statistical gamble, and is no reflection against the favorable basic geology of the region. *The Oil and Gas Journal* in its January 28 Annual Review and Forecast Number made this particularly appropriate observation:

"Williston basin developments on both sides of the forty-ninth parallel emphasize that the region is one of the best undeveloped sedimentary units in North America in which to hunt for oil and gas. The year's happenings proved that the ripple of discouragement that filtered through the United States side of the basin early in the year was unfounded."

With that question treated, here's a brief account of the current production situation. During 1956 some 35 million barrels of oil and 44 billion cubic feet of gas were produced in the Ninth district



TWENTY TOP OIL FIELDS RANKED BY 1956 OUTPUT

1 Tioga	4,233	11 Capa	742*
2 East Poplar	3,936	12 Pondera	680
3 Pine Unit	3,759*	13 Glendive	530
4 Beaver Lodge	3,455	14 Wolf Springs	413*
5 Cut Bank	2,676	15 Pennel	370*
6 Elk Basin	2,007	16 Blue Buttes	343*
7 Cabin Creek	1,670*	17 Bowes	339
8 Sumatra	1,463	18 Gas City	336*
9 Charlson	1,127	19 Hofflund	287
10 Kevin-Sunburst	1,018	20 White Earth	279

1956 production shown in thousands of barrels; asterisk (*) indicates rapid expansion during 1956.

from some 90 gas and oil fields. Leading oil fields are shown in the map, where they are numbered according to their rank in production during the year. Two features are worthy of note: (1) Most production comes from a few fields. In fact, the five largest fields account for over half the district's oil. (2) 'New' areas dominate production. Four of the top five fields are in the Williston basin, hence less than six years old.

Known reserves, as well as production of crude oil, are still a relatively small part of the national picture and far smaller than the region's ultimate potential. Growth to date has been locally sharp but considerably under the rate of oil development in nearby Alberta. In large part this is a matter of economics—the market in the U. S. has not offered much demand at this time for greatly increased production from the Williston basin, remote as it is from existing oil producing centers. Pipeline construction was slow to arrive and seems to have reached a plateau at present. Two crude oil pipelines drawing on the Williston basin, and others in older producing areas of Montana, are capable of carrying a good share of the district's present output to refineries. Yet, a few substantial further discoveries may render these outlets less than adequate and the familiar marketing 'pinch' may begin all over again.

Meanwhile the search goes on, though in terms of numbers of exploration crews or drilling rigs, activity is still below that of the 1952-3 period. Some recent tests have drawn more than usual interest, and some of these have sparked new hopes for development possibilities during the coming year. To round out our picture of the oil situation in the district, we'll describe some of the current high spots.

Focus on new discoveries

Late in 1956 Amerada Petroleum Corp. brought in a well near Outlook in Sheridan county, Montana (**A** on the map) that had three good reasons for being in the news: its first tests indicated a flow rate of better than 2,700 barrels a day; it is distant from established oil 'trends'; and it draws its oil from a *Silurian* reef horizon which is not a standard producer as yet elsewhere in the basin (the higher *Madison* formations are the dominant producers). Another discovery, by Northern Pump Company in Billings county, North Dakota, (**B** on the map) was unique in the basin for its large flow from the *Heath* sandstone horizons. Together with Amerada's Outlook well, 175 miles away, the Heath discovery draws attention to possibilities in a vast area between the two big anticlines along which most known oil fields are strung. Heavy leasing has developed in this central area.

The big 'break' on the eastern rim of the Williston basin still eludes the drillers, though rapid development in southeast Saskatchewan this past year adds further encouragement. The object of the search, somewhat simplified, is to find the belt along which Mississippian-age rocks, so productive to the west, disappear in a thinning underground wedge. Along this trend—with a little bit of luck—economic accumulations of oil may await the driller. Some discoveries have been made in the Bottineau county area in North Dakota (**C** on the map) but the 'big' strike that would presumably set off a first class scramble has not yet occurred. Reason for the special interest in this area is economic. The favorable formations are less than half as deep as in western North Dakota, so drilling costs would be correspondingly less.

Between the arbitrarily-defined western rim of the Williston basin and the Rocky Mountains, lie other localities of interest. At the foot of Chief Mountain near the east edge of Glacier National Park (**D** on the map) a well is now being drilled jointly by Gulf and Pan American oil companies. It may be the most expensive well ever drilled in Montana, likely to cost in excess of a million dollars, but the stakes are equally high. Less than 20 miles away, under geologically identical conditions of the so-called 'disturbed belt' east of the Rocky Mountains, lies the Pincher Creek gas field of Alberta—perhaps the largest field of its kind in the world. As this test reaches its 13,000 foot destination sometime next summer, a great deal of attention will be focussed on it.

New possibilities along the Sweetgrass arch (**E** on the map) have been opened in the past few years as 'basal Madison' discoveries suggest a new dimension for such veteran producers situated along the arch as Cut Bank, Pondera and Kevin-Sunburst oil fields, producing now from formations at the top of the Madison.

Finally, in central Montana (the Musselshell county area in particular; **F** on the map) several promising discoveries have been made. The Wolf Springs field, discovered in 1955, sported several new wells this past year, each producing from 300 to 800 barrels of oil per day. Successes in this area are felt to be a significant indicator of possibilities elsewhere in central Montana.

In summary, the localities we've mentioned are among those receiving special attention at the present time. They should provide a setting in which a number of the important discoveries of the coming year may be made. The outlook for 1957 in the district is for at least a slight increase in exploration activity, some further oil finds, and, oh yes, a sprinkling of pessimism and optimism.

Loans swell bank revenue in 1956

Member bank income accounts last year primarily reflected a substantial demand for loans of all types. Of the $18 million additional revenue at district member banks $14 million represented increased revenue from loans.

Loans increased at member banks in every district state or part state. Gains ranged from 2.4 percent in South Dakota to 13.5 percent in Michigan. During the year 1956, loans and investments *averaged* $1,823 million and $1,692 million respectively at all district member banks. In the previous year loans and investments averaged $1,621 million and $1,856 million respectively. Thus, in 1956 for the first time in many years, the value of loans exceeded the value of investment securities at our member banks.

In every year for the past decade not only have loans grown but every major category of bank loans has shared the growth. Loans secured by real estate scored the largest gain in the postwar decade—up $436 million. Business-type loans, officially labeled 'commercial and industrial,' rose $362 million in the same period. Consumer loans and production-type loans to farmers were up by $336 million and $113 million respectively in the 10-year period.

Mortgages lead credit growth

The impressive expansion of real estate credit was, of course, fostered by government insurance and guarantees of home mortgages. At the end of 1956 over half the real estate loans on the books of district member banks were insured or guaranteed. Loans with this feature are not strictly comparable to other types of bank loans owing to the reduced risk entailed. The lower risk factor in turn has induced banks to acquire government-underwritten mortgage loans in spite of the fact that they yield less than most other kinds of bank loans.

The chart indicates that loans secured by real estate rose less rapidly in 1956 than in previous years. In part, this reduction of the growth rate reflected the fact that yields on other loans and investments were rising while yields on insured and guaranteed mortgages remained unchanged at the fixed legal maximum. Hence, lenders found such mortgages becoming less attractive relative to other uses for funds.

While the increase in all kinds of mortgages held was $74 million in 1955, it was down to $46 million in 1956. Furthermore, while $41 million of insured or guaranteed mortgages were added in 1955, only $11 million of such mortgages were added in 1956. These figures indicate that mortgage loans without a fixed yield were added *more* rapidly in 1956 than in 1955 while loans of fixed yield were added less rapidly.

The rate of increase in commercial and industrial loans was also reduced in 1956. These loans rose $116 million in 1955 and $55 million in 1956. Since the proceeds of commercial and industrial loans are often used to finance the purchase of inventories, loan figures may have reflected a lowered rate of inventory accumulation in 1956.

Farm loans unchanged

Production loans to farmers, which increased $23 million in 1955, were unchanged in 1956. Loans secured by farm real estate are included in the real estate loan total mentioned previously. Farm real estate loans went up $2 million in 1955 and $1.5 million in 1956. Loans to farmers, guaranteed by the Commodity Credit Corporation, which are not included in either the farm real estate or farm production loans mentioned above, fell $32 million in 1955 and $15 million in 1956.

The only major category of loans which registered a larger gain in 1956 than in 1955 was the consumer type. Although the auto component of consumer loans displayed a lesser growth rate in 1956, the increase of other retail instalment paper at district member banks was greater in 1956 than in 1955.

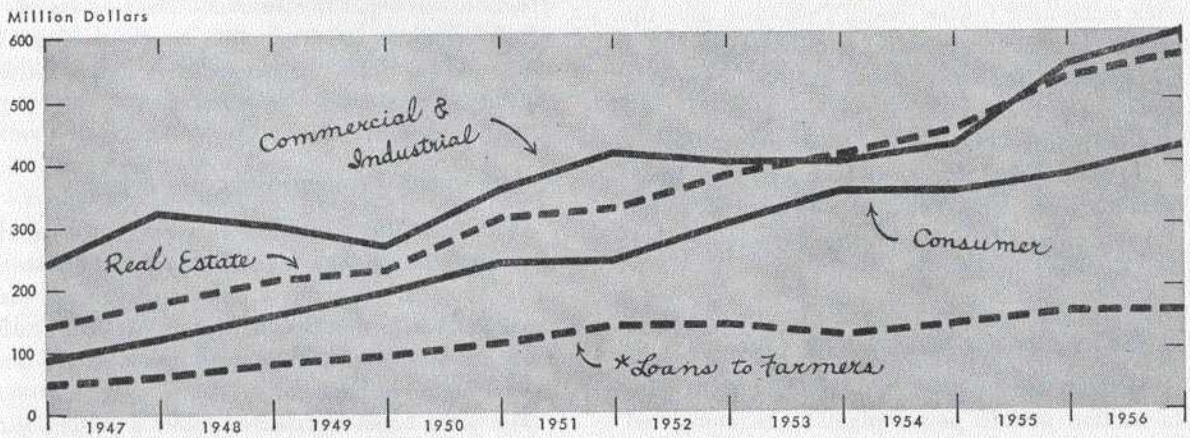
Earnings helped by loan growth

The postwar loan expansion at district banks (and at banks in the rest of the country) has been financed in large part by the liquidation of securities, particularly Treasury obligations. The removal of government securities from bank portfolios has narrowed the range of alternatives available to banks in need of cash. Thus, the importance of borrowing by banks has been growing. In none of the years since the early 1930's have borrowings of member banks, from this bank, for example, been as large as in 1955 or 1956. Not since 1932 have loans represented such a large proportion of district member bank deposits as at the end of 1956. The ratio of loans to deposits is one popular indicator of bank liquidity. This ratio has risen in every one of the postwar years as liquidity deteriorated.

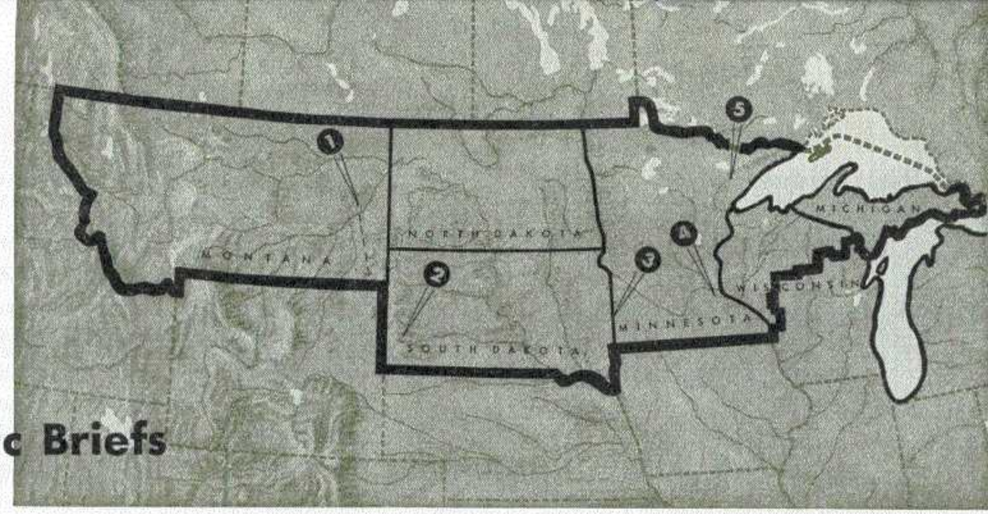
Principally in response to the substitution of loans for investment securities, the gross receipts of our member banks have climbed in every one of the postwar years. The average yield on loans held by the member banks is well over twice the yield earned on investments.

Another factor operating to lift gross receipts has been a rising level of interest rates in general. Reflecting this were receipts from loans, up 17 percent last year while average loans held were up only 12.5 percent. And income from securities was up slightly—despite a reduction from the previous year in the average amount held.

TRENDS IN VARIOUS TYPES OF LOANS AT NINTH DISTRICT MEMBER BANKS, 1946-1956



*Excludes real estate & C. C. C. loans to farmers



Economic Briefs

1. Pipeline capacity from east Montana increased

Butte Pipe Line Co. has expanded the capacity of its eastern Montana pipeline from 37,000 to 49,000 barrels per day by installation of additional pumping facilities. The $18 million, 16-inch line, engineered for an ultimate capacity of about 90,000 barrels a day, carries crude oil southward about 450 miles to link with pipelines in Wyoming which move oil into the Chicago and Wood River refining area.

2. S. D. mica mine bought by 3 M

Minnesota Mining & Manufacturing Co., St. Paul is taking up its options for the purchase of a mica mine near Custer, South Dakota to give the firm its first domestic source of mica. Large mica flakes occur in many coarse-grained pegmatite veins in the Black Hills, some large enough to go into the more valuable electrical applications.

The 'Old Mike' mine has been operated intermittently since 1880. Facilities now present on the 500-acre mine site are a crushing-screening plant and auxiliary buildings.

3. District A-power plant set for 1962

Northern States Power Co. is planning a $20-25 million atomic power plant to be completed by 1962 in the border area of southern Minnesota or South Dakota. Other midwest utilities will cooperate in the financing and planning but the plant will be owned and operated by NSP.

Construction of the 60,000-kilowatt utility is predicated on approval by the Atomic Energy Commission. Such approval would probably give the Ninth district its second reactor plant, the proposed Elk River, Minnesota plant having been approved last year.

4. Dry ice plant in T. C. area

Pine Bend, Minnesota has been chosen as the site for a $1.1 million carbon dioxide and dry ice plant by Liquid Carbonic Corp. of Chicago. Construction will begin this summer. The new facility, scheduled to be in production by the spring of 1958, will triple the concern's Twin Cities capacity. The site adjoins a refinery.

5. Iron range firm increases ore prices

Cleveland-Cliffs Iron Co. has sold substantial tonnages of iron ore for delivery in 1957 at a price boost of 60 cents a ton, which brings the price of Mesabi non-Bessmer-grade ore to $11.45 a ton for ores of 51.50 percent iron content, delivered at lower lake ports.

The price boost is expected to set a pattern for the iron ore mining industry.