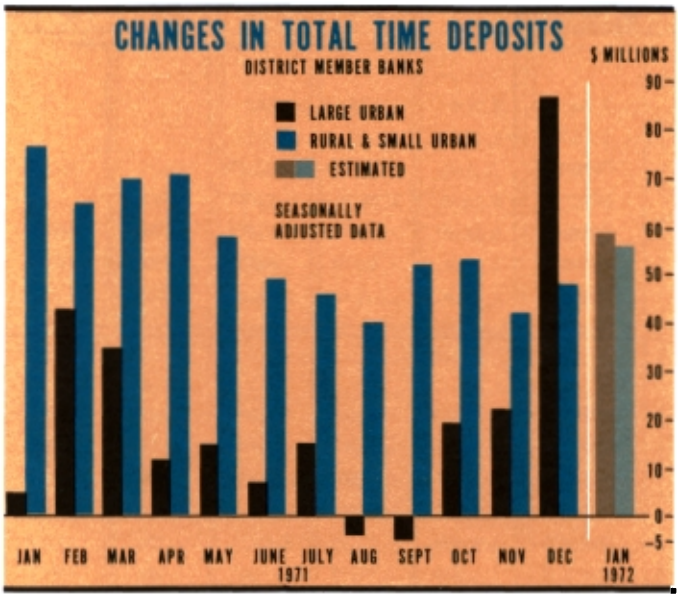
quidity positions for all types of banks in the district. At rural and small urban banks, the loan-deposit ratio declined to 57.6 percent, slightly under the level achieved at the end of 1970 and its lowest point since April 1969. Loan-deposit ratios at large urban banks declined nearly 3 points from the November level to 72 percent in December.



Stronger liquidity positions were possible as inflows to time and savings deposits accelerated greatly at district banks in December, far exceeding the November gain. Primarily as a result of a 27 percent seasonally adjusted annual rate of increase in December, the advance for the fourth quarter as a whole was nearly double the 9 percent third quarter gain. The more rapid December influx occurred at large urban banks. At rural and small urban banks, time deposits continued to advance at the same steady pace of about 11 percent that has prevailed for the last several months.

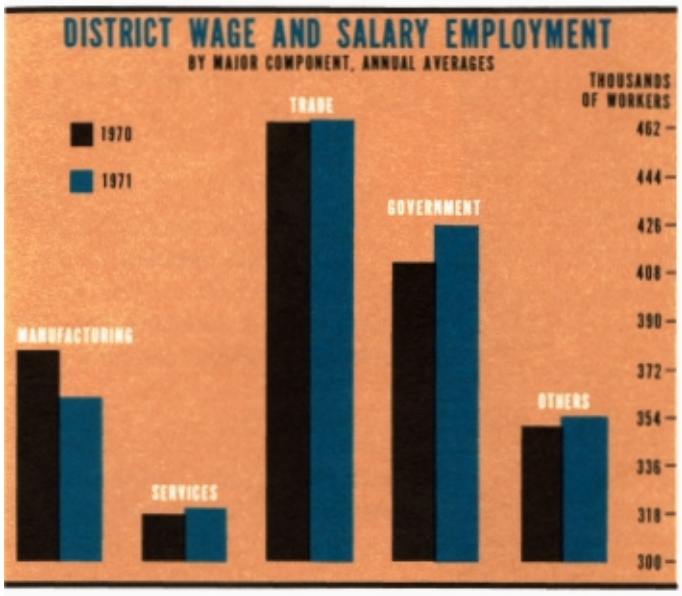
The December inflow of time deposits at large urban banks reflected strong advances in both large negotiable certificates of deposits and consumer-type time and savings accounts. Although somewhat stronger, the advance in large CDs was a continuation of the growth of the past several months. In contrast, the December expansion of consumer-type time and savings deposits at large urban banks represents a deviation from the essentially flat trend existing over most of the last half of 1971.

UNEMPLOYMENT REMAINS AT HIGH LEVELS INDICATORS OFFER LITTLE ENCOURAGEMENT

Recent data confirm that district unemployment was not reduced in 1971. Preliminary seasonally adjusted estimates for December indicate that 5.5 percent of the district's labor force was out of work as compared to 5.3 percent a year ago and 5.4 percent last June. No growth occurred in the district's labor force over the past year, and the district's economy failed to expand rapidly enough to provide any net increase in jobs. The national unemployment rate was also essentially unchanged in December from the year-ago level, but in the nation there was growth both in the labor force and in employment in 1971.

Labor market indicators still offer little encouragement that the number of jobs in the district will increase significantly in the near future. Although the district's help wanted advertising index increased in December for the first time in five months, after the increase it was still only slightly above its level at the beginning of the year and 52 percent below its high in early 1969. Manufacturing job vacancies in the Minneapolis/St. Paul metropolitan area remain scarce; and throughout the district, the rate of involuntary separation from employment has shown no appreciable decline.

Total district wage and salary employment in 1971 essentially matches the level at the end of 1970, with gains in most sectors offsetting declines in manufacturing and mining employment. The number of workers on government payrolls expanded 3.2 percent, construction jobs advanced 2.7 percent, and employment was up 1.6 percent in finance, insurance and real estate. The numbers of transportation and public utilities workers and service industry employees both increased about 1 percent from 1970, while district trade employment remained unchanged, and manufacturing and mining jobs fell 4.8 and 4.5 percent, respectively



December data also showed that 1971 employment growth varied among the district states. Wage and salary employment in North Dakota in 1971 was up 3.5 percent from a year ago while both South Dakota and the Upper Peninsula of Michigan enjoyed a 1.5 percent expansion in payrolls. In Montana, the number of workers on payrolls increased 0.9 percent last year. These gains, however, were offset in Minnesota by a 0.8 percent decline in wage and salary employment. Minnesota's decrease can largely be attributed to a 1.7 percent drop in payroll employment in the Minneapolis/St. Paul metropolitan area.

NINTH DISTRICT income and finance

INDICATOR		UNIT	1972 JAN.	1971 DEC.	1971 NOV.	1970 DEC.	Percent Change DEC.-DEC.
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION	Total Personal Income*						
	Nonagricultural Personal Income*						
	Average Weekly Earnings in Manufacturing[1]	Dollars	n.a.	154.93e	150.65e	144.93	+ 6.9
	Consumer Installment Credit Outstanding[2]	Million $	n.a.	n.a.	1,488	1,360	
	Time and Savings Deposits at Member Banks	Million $	6,581	6,490	6,390	5,518	+17.6
	Savings Balances at Savings & Loan Assoc.[3]	Million $	n.a.	4,406	4,332	3,741	+17.8
	Cash Farm Receipts[3]	Million $	n.a.	n.a.	n.a.	351	
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS	CITY BANKS[4,5]						
	Adjusted Loans and Discounts[6]	Million $	2,812	2,867	2,711	2,488	+15.2
	Commercial and Industrial Loans	Million $	1,234	1,267	1,146	1,105	+14.7
	Real Estate Loans	Million $	501	502	496	449	+11.8
	Gross Demand Deposits	Million $	2,083	2,435	1,968	2,200	+10.7
	Time Deposits	Million $	1,898	1,897	1,821	1,524	+24.5
	U.S. Government Securities	Million $	499	622	537	481	+29.3
	Other Securities	Million $	623	651	659	564	+15.4
	COUNTRY BANKS[4,7]						
	Loans and Discounts	Million $	4,301	4,361	4,300	3,904	+11.7
	Gross Demand Deposits	Million $	2,469	2,708	2,474	2,451	+10.5
	Time Deposits	Million $	4,683	4,592	4,569	3,993	+15.0
	U.S. Government Securities	Million $	1,245	1,338	1,131	1,171	+ 9.9
	Other Securities	Million $	1,496	1,481	1,459	1,217	+21.7
MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS	Total Reserves[8]	Million $	844	770	770	731	+ 5.3
	Required Reserves	Million $	836	766	762	724	+ 5.8
	Excess Reserves	Million $	8	4	8	7	-42.9
	Borrowings from FRB	Million $	1	3	2	1	+200.0
	Ratio of Loans to Total Deposits—City Banks[4]	Percent	74.1	68.5	74.2	68.4	+ 0.1
	Ratio of Loans to Total Deposits—Country Banks[4]	Percent	60.1	59.7	61.1	60.6	- 1.5
MEASURES OF PRICE LEVELS	Consumer Price Index[9]—Minneapolis	Index	n.a.	n.a.	n.a.	n.a.	
	Prices Received by Farmers[9]—Minnesota	Index	n.a.	n.a.	107	102	

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

1. Excluding Northwestern Wisconsin
2. All commercial banks, estimated by a sample of banks
3. Excluding Northwestern Wisconsin and Upper Michigan
4. Last Wednesday of the month figures
5. City Banks -- Selected banks in major cities
6. Net loans and discounts less loans to domestic commercial city banks
7. Country Banks -- 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

UNITED STATES income and finance

Percent Change DEC.-DEC.	1972 JAN.	1971 DEC.	1971 NOV.	1970 DEC.	UNIT	INDICATOR	
+ 7.7		883.8p	874.9	820.9	Billion $, saar	Total Personal Income	MEASURES OF CONSUMER INCOME & FINANCIAL POSITION
+ 7.3		859.0p	850.1	800.5	Billion $, saar	Nonagricultural Personal Income	
+ 8.5		150.18p	144.72	138.45	Dollars	Average Weekly Earnings in Manufacturing	
		n.a.	45.4	41.9	Billion $	Consumer Installment Credit Outstanding[2]	
+17.4		211.3	207.5	180.0	Billion $	Time and Savings Deposits at Member Banks	
		n.a.	171.4	146.4	Billion $	Savings Balances at Savings & Loan Assoc.	
		n.a.	n.a.	4.2	Billion $	Cash Farm Receipts	
						CITY BANKS[4,5]	MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS
+ 6.8		192.6	186.2	180.4	Billion $	Adjusted Loans and Discounts[6]	
+ 2.8		83.9	82.6	81.6	Billion $	Commercial and Industrial Loans	
+12.9		38.5	38.0	34.1	Billion $	Real Estate Loans	
+ 3.9		153.0	141.5	147.3	Billion $	Gross Demand Deposits	
+18.3		141.3	138.0	119.4	Billion $	Time Deposits	
+ 3.2		29.0	27.3	28.1	Billion $	U.S. Government Securities	
+18.6		52.3	50.9	44.1	Billion $	Other Securities	
						COUNTRY BANKS[4,7]	
+10.4		73.3	72.6	66.4	Billion $	Loans and Discounts	
+ 6.3		52.3	50.7	49.2	Billion $	Gross Demand Deposits	
+15.9		70.1	69.5	60.5	Billion $	Time Deposits	
+ 6.5		18.1	17.3	17.0	Billion $	U.S. Government Securities	
+22.2		27.0	26.7	22.1	Billion $	Other Securities	
+ 7.0		31,256p	30,936	29,224	Million $	Total Reserves[8]	MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS
+ 7.2		31,080p	30,703	28,999	Million $	Required Reserves	
-21.8		176p	233	225	Million $	Excess Reserves	
-65.1		112p	413	321	Million $	Borrowings from FRB	
- 2.5		69.0	69.7	70.8	Percent	Ratio of Loans to Total Deposits—City Banks[4]	
- 1.0		59.9	60.4	60.5	Percent	Ratio of Loans to Total Deposits—Country Banks[4]	
+ 3.4		123.1	122.6	119.1	Index	Consumer Price Index[9]	MEASURES OF PRICE LEVELS
+11.5		116	114	104	Index	Prices Received by Farmers[9]	

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	1971 DEC.	1971 NOV.	1970 DEC.	Percent Change DEC.-DEC.
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION	Total Industrial Production*					
	Electrical Energy Consumption: Mfg. and Mining[1]	Index, sa	130	130	126	+ 3.2
	Production Worker Manhours:[2]	Index, sa	n.a.	99p	102	
	Manufacturing	Index, sa	n.a.	100p	102	
	Mining	Index, sa	n.a.	95p	104	
	Total Construction Contracts Awarded	Million $, sa	331.4	157.3	196.9	+68.3
	Residential Buildings	Million $, sa	70.4	75.7	58.4	+20.5
	Nonresidential Buildings	Million $, sa	58.6	52.9	75.8	-22.7
	All Other Construction	Million $, sa	202.4	28.7	62.7	+222.8
	Bldg. Permits: New Housing Units[3]	Number	3,003	3,894	1,683	+78.4
MEASURES OF MANPOWER UTILIZATION	Civilian Work Force[4]	Thousands, sa	2,621e	2,618p	2,607	+ 0.5
	Total Civilian Employment	Thousands, sa	2,473e	2,478p	2,469	+ 0.2
	Number Unemployed	Thousands, sa	148e	140p	138	+ 7.2
	Unemployment Rate[4]	Percent, sa	5.6e	5.4p	5.3	+ 5.7
	Average Weekly Hours in Manufacturing[4]	Hours, sa	40.2e	40.1e	39.6	+ 1.5
EMPLOYMENT BY INDUSTRY SECTOR	Wage and Salary Employment, Nonfarm[4]	Thousands, sa	1,937e	1,946p	1,931	+ 0.3
	Manufacturing	Thousands, sa	362e	366p	370	- 2.2
	Mining	Thousands, sa	31e	32p	33	- 6.1
	Construction	Thousands, sa	99e	101p	102	- 2.9
	Transport., Comm., & Public Utilities	Thousands, sa	134e	135p	131	+ 2.3
	Trade	Thousands, sa	467e	468p	466	+ 0.2
	Finance, Insurance & Real Estate	Thousands, sa	91e	91p	89	+ 2.2
	Service Industries	Thousands, sa	322e	323p	324	- 0.6
	Government	Thousands, sa	431e	430p	416	+ 3.6
MEASURES OF SPENDING	Total Retail Sales*					
	New Passenger Car Registrations	Thousands, sa	n.a.	n.a.	14.3	
	Bank Debits[5]	Billion $, saar	179.3	181.7	163.8	+ 9.5

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 DEC.-DEC.	1971 DEC.	1971 NOV.	1970 DEC.	UNIT	INDICATOR	
+ 3.1	107.8p	107.0	104.6	Index, sa	Total Industrial Production	MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION
					Electrical Energy Consumption: Mfg. and Mining*	
	n.a.	93p	94	Index, sa	Production Worker Manhours:[2]	
	n.a.	95p	93	Index, sa	Manufacturing	
	n.a.	79p	98	Index, sa	Mining	
+19.4	7,641.2	7,277.9	6,401.6	Million $, sa	Total Construction Contracts Awarded	
-45.0	3,882.1	3,394.8	2,676.6	Million $, sa	Residential Buildings	
-14.7	2,151.6	2,320.6	1,876.6	Million $, sa	Nonresidential Buildings	
-13.0	1,607.5	1,562.5	1,848.4	Million $, sa	All Other Construction	
	n.a.	n.a.	135.2	Thousands	Bldg. Permits: New Housing Units[6]	
+ 2.1	85,349p	85,172	83,609	Thousands, sa	Civilian Work Force	MEASURES OF MANPOWER UTILIZATION
+ 2.1	80,133p	80,022	78,463	Thousands, sa	Total Civilian Employment	
+ 1.4	5,216p	5,150	5,146	Thousands, sa	Number Unemployed	
- 1.6	6.1p	6.0	6.2	Percent, sa	Unemployment Rate	
+ 2.0	40.3p	40.1	39.5	Hours, sa	Average Weekly Hours in Manufacturing	
+ 1.1	71,104p	70,981	70,313	Thousands, sa	Wage and Salary Employment, Nonfarm	EMPLOYMENT BY INDUSTRY SECTOR
- 1.3	18,549p	18,603	18,796	Thousands, sa	Manufacturing	
- 0.2	622p	521	623	Thousands, sa	Mining	
- 1.3	3,258p	3,318	3,302	Thousands, sa	Construction	
+ 0.2	4,459p	4,435	4,450	Thousands, sa	Transport., Comm., & Public Utilities	
+ 2.5	15,330p	15,276	14,952	Thousands, sa	Trade	
+ 3.1	3,847p	3,852	3,731	Thousands, sa	Finance, Insurance & Real Estate	
+ 2.3	12,046p	12,020	11,776	Thousands, sa	Service Industries	
+ 2.4	12,993p	12,956	12,683	Thousands, sa	Government	
+ 9.8	34,880p	35,620	31,761	Million $, sa	Total Retail Sales	MEASURES OF SPENDING
	n.a.	1,001.8p	526.4	Thousands, sa	New Passenger Car Registrations	
+16.6	3,963.1	3,981.6	3,400.2	Billion $, saar	Bank Debits[7]	

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 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

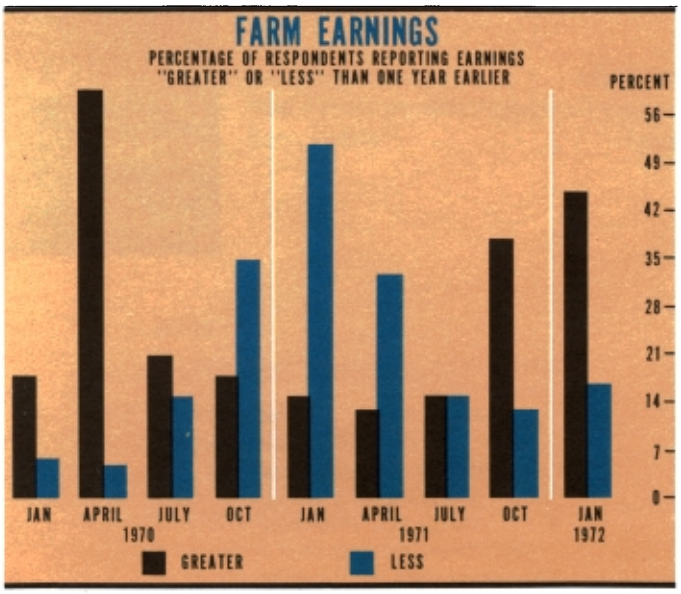
NEW PASSENGER CAR REGISTRATIONS: Automotive News Magazine

AGRICULTURAL CREDIT CONDITIONS

SHORT-TERM LOAN DEMAND RISES IN QTR. IV MORE LOANS AVAILABLE AT RURAL BANKS

The demand for short-term agricultural credit at banks in the Ninth District increased somewhat over the final quarter of 1971. The increase in demand can be traced to regional areas where current farm earnings declined, causing farmers to seek more borrowing in order to meet current expenses. Also, mostly in the same areas, the high cost of feeder cattle for feedlot placements boosted the demand for short-term credit. The overall district farm income picture held steady; farmers' earnings declined in the general farming and feed grain producing areas of the eastern half of the district but increased in the northern and western portions of Montana. Funds available for agricultural loans at banks, though already high in October, increased somewhat further during the fourth quarter.

The percent of respondents reporting that the current demand for short-term loans was "greater than usual" rose from 11 percent in October to 15 percent in January, reflecting a stronger demand. Comments from respondents, however, indicated that some major components of this strength were temporary: placements of cattle in feedlots, a particularly important source of loan demand because of the high prices for feeder cattle, was expected to decrease seasonally in the first quarter of 1972, and there were no reasons to anticipate further income shortfalls in addition to those which had already led to greater borrowings during the fourth quarter. Only 12 percent of the respondents expected that short-term loan demands would be greater than usual in the next three months.



The farm earnings situation has become more diverse across the district since October. Fewer respondents reported in January that farm earnings were "about the same" as one year earlier while more reported earnings as "less" or "greater." Some reports of improvement were from corn growing areas where corn prices had risen from harvest time lows. The same areas also reported that recent increases in hog prices had improved farmers' returns from current marketings of hogs. In western portions of the district, strong prices for feeder cattle also contributed to the improved fourth quarter earnings.

The demand for farm real estate loans appeared to have strengthened somewhat since October, but no change was reported in the demand for intermediate-term loans; farmers still seemed cautious about machinery and equipment purchases. A few bankers did comment, however, that this past year's excellent wheat crop had caused equipment investment in their areas to be somewhat higher than one year earlier.

FARM DEBT REFINANCING JUMPS SHARPLY LOANS REFERRED DESPITE INCREASED FUNDS

A sharp increase since October was revealed in the percentage of January respondents noting a strong demand for farm debt refinancing. Mainly traced to those areas where current farm earnings had recently declined, this was due to farmers' unexpected income shortfalls. Several bankers also noted a recent speedup in the long-established practice of consolidating existing short-term debt into longer-term loans.

Increased agricultural loan funds at banks were apparent in a 4 percentage point rise since October in the percent of respondents actively seeking new farm loan accounts. Also, the percent of respondents reporting that they had recently reduced or refused a loan because of a shortage of funds declined slightly. There was a large increase in the percent of respondents reporting that their current loan-to-deposit ratio was "low" with respect to normal bank operations, and the percent of banks expecting problems in meeting loan requests in the next three months dropped to a negligible level.

Despite the greater availability of funds at rural banks, bankers have recently referred more loans both to correspondent banks and nonbank credit agencies. Several bankers noted cases of feedlot loans becoming too large for local banks as prices of feeder cattle reached high levels. Greater correspondent bank willingness to accept loans may also have been a factor. Referrals to nonbank credit agencies were mainly traceable to areas where crop income had been low in 1971. More farmers than usual in these areas were being referred to the Farmers Home Administration to ease their strained financial positions.

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