

monthly statistical report

NINTH DISTRICT CONDITIONS federal reserve bank of minneapolis



SIGNS OF ECONOMIC WEAKENING PERSIST TIME AND SAVINGS DEPOSIT INFLOWS SOAR

Ninth District economic activity has weakened somewhat this spring, but the slowdown seems to be less marked in this region than elsewhere in the nation. District employment advanced at a reduced rate in the first quarter, and the March unemployment rate remained at 3.7 percent of the labor force, seasonally adjusted. Financial indicators generally appear to reflect these trends.

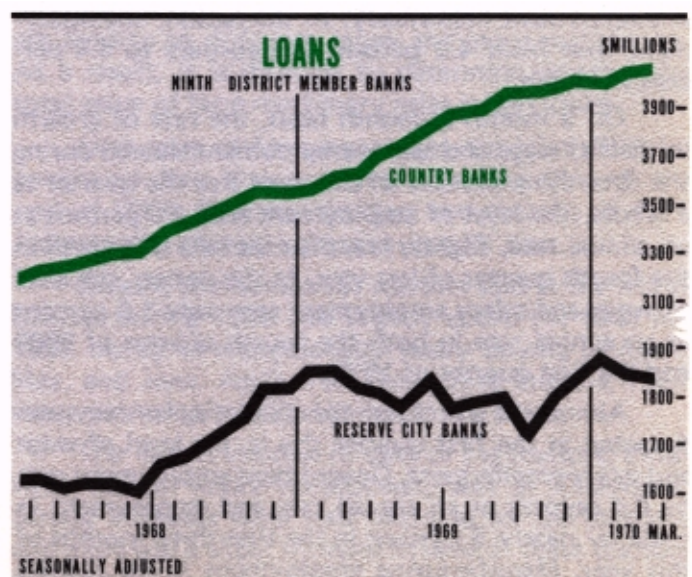
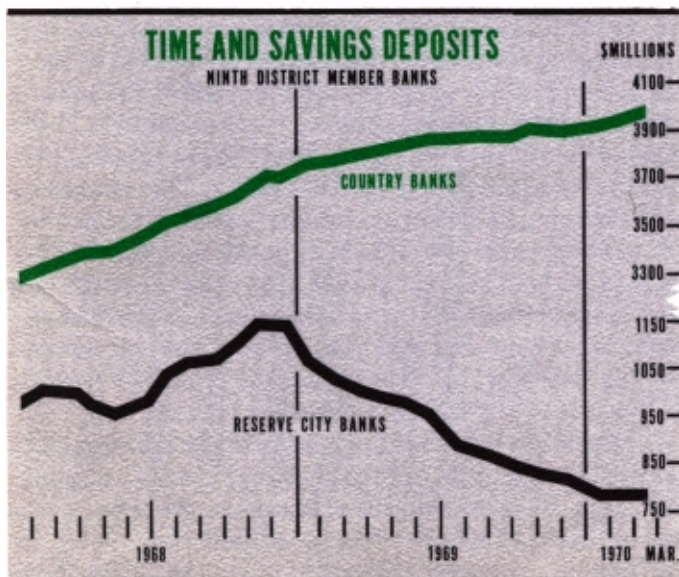
Time and savings deposits in both the district and the nation have risen dramatically in recent months. Since the beginning of February, time and savings deposits at district member banks have risen at an annual rate of 8 percent, unadjusted. Although the recent pace is substantially slower than the 14 percent average annual growth rate of the mid-1960's, it represents a dramatic reversal of the 3 percent decline recorded in 1969. Time and savings deposits at commercial banks throughout the nation have grown at an annual average rate of 15 percent since February, in contrast to the 5 percent decline experienced in 1969.

The resurgence of time deposit inflows to banks

has been accompanied by an expansion of savings at other financial intermediaries. Savings inflows at thrift institutions began to pick up in February, and in March the monthly rise was the largest in nearly 8 years.

As the graphs below show, the recent growth of district bank time and savings deposits has occurred entirely at country banks. Time deposits at large city banks continued to decline although the outflow in recent months has been substantially smaller than that experienced in 1969. The current outflow at city banks has been in consumer CDs, in contrast to 1969 when the contraction in time deposits was due to the outflow of large, business oriented, certificates of deposits. This may in part reflect the effect of competition coming from nonbank financial intermediaries, since these institutions are heavily concentrated in metropolitan areas.

Demand deposit expansion in the last two months has kept pace with time deposit growth. Recent advances in demand deposits, however, have been influenced to some degree by a temporary increase in U. S. government demand deposits. This developed as a consequence of heavy Treasury financing during the period and such balances are generally drawn down in a relatively short time span.



Outstanding loans at district banks remained unchanged in March after rising moderately in the first two months of 1970, a pattern quite similar to that experienced by all commercial banks in the nation. In the district, the stability of loans in March reflected a modest decline at reserve city banks and a slight increase at country banks.

The decline in loans at reserve city banks resulted in part from a less than seasonal increase in business loans which may reflect the changing pattern of corporate tax payments. In addition, loans to finance companies declined contraseasonally in March suggesting the possibility that such firms may have shifted out of bank loans into commercial paper. This was to be expected as a result of the decline in interest rates of commercial paper relative to interest rates on bank loans. This relative decline occurred throughout the month until the reduction of the prime rate on March 25.

A large portion of the loan increase at country banks was in Federal funds sales. Among banks that allocate at least 20 percent of their total loan portfolio to agricultural loans, however, the growth of total loans, net of Federal funds, during 1970 has been greater than that during comparable periods in 1969 and 1968.

The increased flows of savings to nonbank financial institutions had not yet penetrated to the mortgage markets. According to the Federal Home Loan Bank Board, the average mortgage rate on conventional home loans in the Twin Cities rose to 8.06 percent during March, up 9 basis points from February.

UNEMPLOYMENT RATE REMAINS RELATIVELY LOW GROWTH IN LEVEL OF EMPLOYMENT SLOWS DOWN

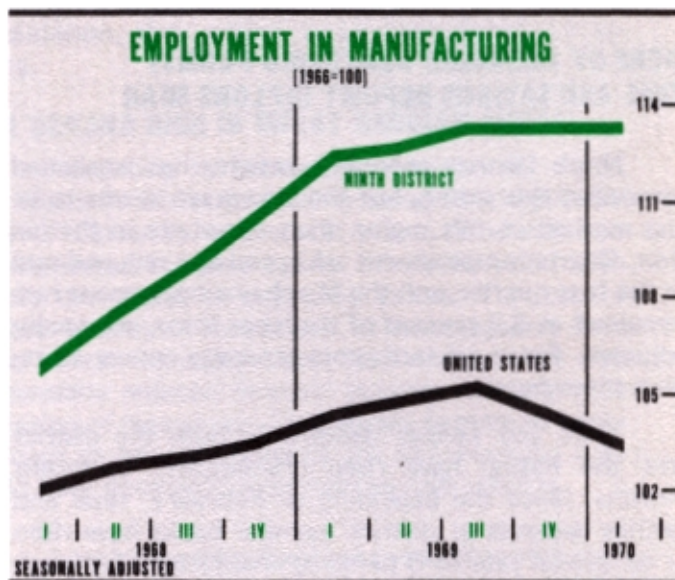
District unemployment, seasonally adjusted, remained at 3.7 percent of the labor in March. The February figure was revised upward from 3.6 percent to 3.7 percent. Although the February-March unemployment rate was somewhat higher than the 3.4 percent rate that prevailed late last year and into the first month of 1970, it still represents a very low rate of unemployment historically. In the nation, unemployment rose from 4.2 percent in February to 4.4 percent in March.

On a month-to-month basis, the rate of growth in district wage and salary employment slowed during the first three months of this year. For the quarter as a whole, the level of employment rose 4.3 percent at an annual rate, slightly less than the rate of growth in the fourth quarter of last year. In the nation, the level of wage and salary employment rose only 1.5 percent at an annual rate in both the fourth quarter of 1969 and the first quarter of 1970.

Almost all sectors of the district's economy participated in the first quarter rise in the level of wage and salary employment. Government employment rose by 6.4 percent at an annual rate and employment in trade by nearly 5 percent in the first three months of this year. Manufacturing employment in the district

has remained almost unchanged since mid-1969, as shown on the accompanying graph. However, district employment in manufacturing is holding up better than that in the nation as a whole, where the level of employment in manufacturing has declined nearly 2 percent since the second quarter of 1970.

Other business indicators also suggest some weakening in the district's economy. Average weekly initial claims for unemployment insurance in Minnesota have been increasing since the beginning of the year. In the four-week period ending April 10, these claims were 110 percent above a year earlier, and in the preceding period such claims were 62 percent greater than in the previous year.



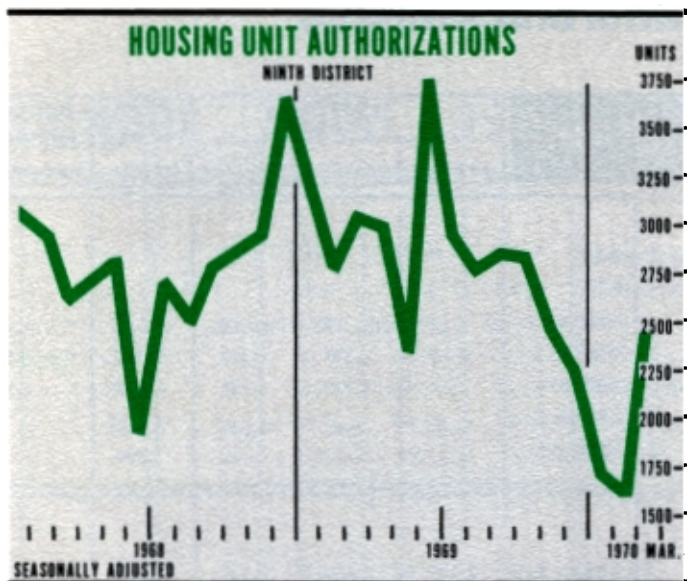
Another indicator of business softening is business failures reported by Dun and Bradstreet. Although the number of business failures in the district dropped 11 percent from a year ago in the three month period ending in February, the liabilities of these failures surpassed year earlier levels by 50 percent.

HOUSING ACTIVITY MAY HAVE BOTTOMED OUT

Ninth District construction indicators present a mixed picture, but there are scattered indications that the housing downturn may be in the process of turning around. Following the upward trend in housing starts in the nation, housing unit authorizations in the district rebounded in March after falling steadily during the five preceding months. At 2,720, seasonally adjusted, housing authorizations were up more than 50 percent from the previous month and were nearly as high as last summer's level. The rise, however, was not great enough to offset the steep declines in the first two months of this year; during the first quarter of this year permit activity was still about 25 percent below last year's fourth quarter.

Because housing unit authorizations fluctuate widely from month to month, it is too early to tell on the basis of a one-month experience whether or not the housing downturn has bottomed out. Other information, however, suggests that housing activity

could expand in coming months. The increased savings flows to thrift institutions discussed above along with a number of institutional changes may act to

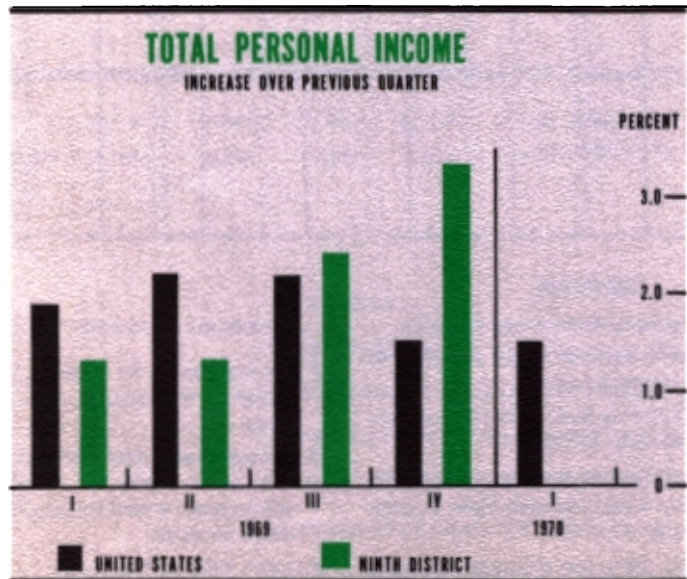


ease mortgage market conditions and to increase money flows into housing. Because the underlying demand factors for housing are still very strong, this could mean that the trough in homebuilding has already passed.

Conditions in other sectors of construction have not changed materially from those reported last month. Contracts for nonresidential buildings during the three months ending in February were essentially the same as during the preceding three month period. Contract awards for "heavy" construction projects rose about 15 percent during the three months ending in February, and could portend some resurgence in activity in this sector in coming months.

PERSONAL INCOME RISES FASTER IN DISTRICT

Personal income in the Ninth District rose 3.3 percent (\$635 million at a seasonally adjusted annual rate) between the third and fourth quarters of 1969, more than double the 1.5 percent rate of advance that prevailed in the nation. The district's growth in



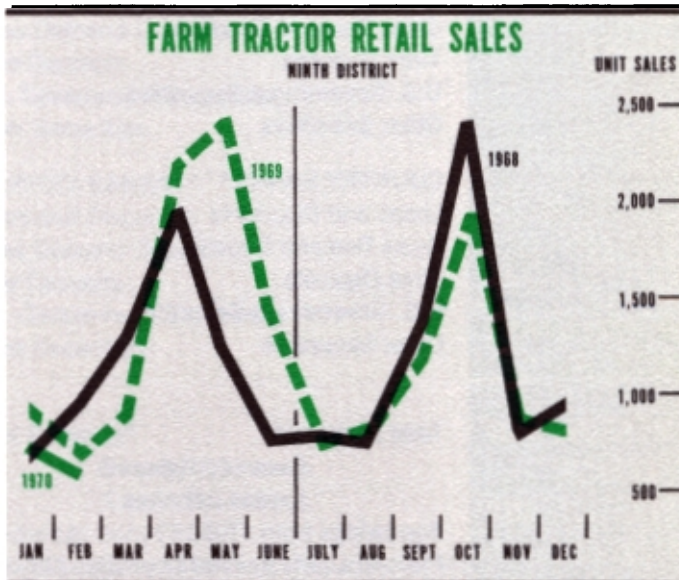
personal income has exceeded that for the nation since mid-1969. Personal income in the nation continued to rise at 1.5 percent through the first quarter of 1970.

The district's overall fourth quarter increase of 3.3 percent, however, was not evenly distributed. In South Dakota and Montana personal income increased 5.1 and 4.1 percent, respectively, in the fourth quarter. In Minnesota it was up 3.2 percent, but in North Dakota it advanced only .9 percent. The gains in personal income in South Dakota and Montana can be traced to substantial increases in agricultural income. In contrast, North Dakota's small advance can be attributed to a 5.2 percent decline in agricultural income.

UNIT SALES OF FARM TRACTORS DEPRESSED

Agricultural conditions in the district have not changed significantly. Although harsh weather conditions have been experienced recently in scattered areas of the district, it is not expected that last month's crop production projections will be materially changed.

Farm machinery sales are still depressed when judged on the basis of number of units sold. Detailed



information for 1969 shows, however, that farmers are tending to shift into larger and more costly units. As a result, it is difficult to determine whether the total value of farm machinery sales is also lower.

Unit sales of farm tractors in the Ninth District continued their slow pace from October through the end of 1969. Data for the first two months of 1970 indicate that district unit sales are still slow.

Overall, the number of tractors sold in the Ninth District during 1969 was slightly above the total for 1968 owing to exceptionally heavy buying in April, May, and June. Aside from these three months, 1969 was a year of generally depressed unit sales.

The largest increase in sales of big tractors, those with 100 or more horsepower, was in Minnesota. Strong increases were also recorded for the Dakotas and there was a slight increase in sales of these tractors in Montana.

NINTH DISTRICT income and finance

I N D I C A T O R	UNIT	1970			1969	Percent Change
		APRIL	MARCH	FEBRUARY	MARCH	MAR.-MAR.
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION	Total Personal Income*					
	Nonagricultural Personal Income*					
	Average Weekly Earnings in Manufacturing ¹	Dollars, n.a.	137.19e	136.90e	132.02	+ 3.9
	Consumer Installment Credit Outstanding ²	Million \$ n.a.	1,323	1,323	1,231	+ 7.5
	Time and Savings Deposits at Member Banks	Million \$ n.a.	4,778	4,735	4,837	- 1.2
	Savings Balances at Savings & Loan Assoc. ³	Million \$ n.a.	n.a.	3,367	3,283	
	Cash Farm Receipts ³	Million \$ n.a.	n.a.	n.a.	279	
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS	CITY BANKS ^{4,5}					
	Adjusted Loans and Discounts ⁶	Million \$ 2,300	2,307	2,262	2,247	+ 2.7
	Commercial and Industrial Loans	Million \$ 991	991	969	1,061	- 6.6
	Real Estate Loans	Million \$ 459	460	459	432	+ 6.5
	Gross Demand Deposits	Million \$ 1,906	1,845	1,920	1,848	- 0.2
	Time Deposits	Million \$ 1,180	1,176	1,169	1,425	-17.5
	U.S. Government Securities	Million \$ 312	309	323	331	- 6.7
	Other Securities	Million \$ 604	531	517	481	+10.4
	COUNTRY BANKS ^{4,7}					
	Loans and Discounts	Million \$ 3,631	3,595	3,551	3,186	+12.8
	Gross Demand Deposits	Million \$ 2,079	2,121	2,122	2,057	+ 3.1
	Time Deposits	Million \$ 3,643	3,601	3,565	3,411	+ 5.6
	U.S. Government Securities	Million \$ 933	955	963	1,092	-12.6
	Other Securities	Million \$ 1,074	1,068	1,073	1,029	+ 3.8
MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS	Total Reserves ⁸	Million \$ 676	678r	682	656	+ 3.4
	Required Reserves	Million \$ 669	670	675	647	+ 3.6
	Excess Reserves	Million \$ 7	8r	7	9	-11.1
	Borrowings from FRB	Million \$ 39	20r	12	59	-66.1
	Ratio of Loans to Total Deposits—City Banks ⁴	Percent 76.6	78.4	74.9	69.9	+12.2
	Ratio of Loans to Total Deposits—Country Banks ⁴	Percent 63.5	62.8	62.4	58.3	+ 7.7
MEASURES OF PRICE LEVELS	Consumer Price Index ⁹ —Minneapolis	Index, sa n.a.	n.a.	n.a.	n.a.	
	Prices Received by Farmers ⁹ —Minnesota	Index, sa n.a.	130	132	118	+10.2

NOTES

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

FOOTNOTES

- Excluding Northwestern Wisconsin
- All commercial banks, estimated by a sample of banks
- Excluding Northwestern Wisconsin and Upper Michigan
- Last Wednesday of the month figures
- City Banks—Selected banks in major cities
- Net loans and discounts less loans to domestic commercial city banks
- Country Banks—All member banks excluding the selected major city banks
- Average of daily figures of the four or five weeks ending on Wednesday which contain at least four days falling within the month
- Index: 1957-59 Base Period

UNITED STATES income and finance

Percent Change MAR.-MAR.	1970			1969	UNIT	I N D I C A T O R	
	APRIL	MARCH	FEBRUARY				
+ 7.1		782.6	778.5	730.7	Billion \$, saar	Total Personal Income	MEASURES OF CONSUMER INCOME & FINANCIAL POSITION
+ 7.1		759.6	755.8	709.5	Billion \$, saar	Nonagricultural Personal Income	
+ 3.9		132.40	130.54	127.39	Dollars	Average Weekly Earnings in Manufacturing	
+ 7.2		40.0	40.0	37.3	Billion \$	Consumer Installment Credit Outstanding ²	
- 6.0		151.8	149.3	161.4	Billion \$	Time and Savings Deposits at Member Banks	
+ 1.8		135.9	134.3	133.5	Billion \$	Savings Balances at Savings & Loan Assoc.	
		n.a.	n.a.	3.1	Billion \$	Cash Farm Receipts	
+ 6.3		168.3	167.6	158.4	Billion \$	CITY BANKS ^{4,5}	MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS
+ 5.2		78.9	78.2	75.0	Billion \$	Adjusted Loans and Discounts ⁶	
+ 2.8		33.5	33.5	32.6	Billion \$	Commercial and Industrial Loans	
+ 6.1		130.8	131.9	123.3	Billion \$	Real Estate Loans	
-10.2		97.4	95.6	108.4	Billion \$	Gross Demand Deposits	
-11.7		21.9	21.5	24.8	Billion \$	Time Deposits	
- 3.2		36.9	35.5	38.1	Billion \$	U.S. Government Securities	
						Other Securities	
+ 8.6		60.9	60.3	56.1	Billion \$	COUNTRY BANKS ^{4,7}	
+ 0.9		43.4	43.7	43.0	Billion \$	Loans and Discounts	
+ 2.6		54.4	53.7	53.0	Billion \$	Gross Demand Deposits	
-13.4		15.5	15.6	17.9	Billion \$	Time Deposits	
+ 4.3		19.2	18.9	18.4	Billion \$	U.S. Government Securities	
						Other Securities	
+ 2.5		27,442p	28,012	26,765	Million \$	Total Reserves ⁸	MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS
+ 2.9		27,321p	27,802	26,542	Million \$	Required Reserves	
-45.7		121p	210	223	Million \$	Excess Reserves	
- 3.2		880p	1,126	909	Million \$	Borrowings from FRB	
+ 8.2		76.4	76.4	70.6	Percent	Ratio of Loans to Total Deposits—City Banks ⁴	
+16.1		67.8	67.9	58.4	Percent	Ratio of Loans to Total Deposits—Country Banks ⁴	
+ 6.1	n.a.	133.2p	132.5	125.6	Index, sa	Consumer Price Index ⁹	MEASURES OF PRICE LEVELS
+ 7.1	n.a.	120	120	112	Index, sa	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

I N D I C A T O R		UNIT	1970		1969	Percent Change
			MARCH	FEBRUARY	MARCH	MAR., -MAR.
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION	Total Industrial Production*					
	Electrical Energy Consumption: Mfg. and Mining ¹	Index, sa	261	262	249	- 0.4
	Production Worker Manhours: ¹	Index, sa	n.a.	124p	126	
	Manufacturing	Index, sa	n.a.	132p	135	
	Mining	Index, sa	n.a.	83p	82	
	Total Construction Contracts Awarded	Million \$, sa	n.a.	180.5	156.5	
	Residential Buildings	Million \$, sa	n.a.	52.7	61.1	
	Nonresidential Buildings	Million \$, sa	n.a.	94.8	54.1	
	All Other Construction	Million \$, sa	n.a.	33.0	41.3	
	Bldg. Permits: New Housing Units ²	Number	2,497	952r	2,823	-11.6
MEASURES OF MANPOWER UTILIZATION	Civilian Work Force ³	Thousands, sa	2,592e	2,611p	2,521	+ 2.8
	Total Civilian Employment	Thousands, sa	2,493e	2,514p	2,439	+ 2.2
	Number Unemployed	Thousands, sa	99e	97p	82	+20.7
	Unemployment Rate ³	Percent, sa	3.8e	3.7p	3.3	+15.2
	Average Weekly Hours in Manufacturing ³	Hours, sa	40.6e	40.4p	41.1	- 1.2
EMPLOYMENT BY INDUSTRY SECTOR	Wage and Salary Employment, Nonfarm ³	Thousands, sa	1,947e	1,950p	1,888	+ 3.1
	Manufacturing	Thousands, sa	393e	394p	394	- 0.3
	Mining	Thousands, sa	33e	33p	32	+ 3.1
	Construction	Thousands, sa	103e	106p	99	+ 4.0
	Transport., Comm., & Public Utilities	Thousands, sa	134e	134p	132	+ 1.5
	Trade	Thousands, sa	470e	472p	451	+ 4.2
	Finance, Insurance & Real Estate	Thousands, sa	89e	89p	85	+ 4.7
	Service Industries	Thousands, sa	314e	314p	302	+ 4.0
	Government	Thousands, sa	411e	408p	393	+ 4.6
MEASURES OF SPENDING	Total Retail Sales*	Thousands, sa	n.a.	n.a.	20.7	
	New Passenger Car Registrations					
	Bank Debits ⁴	Billion \$, saar	158.8	163.8	151.6	+ 4.7

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

- Index: 1957-59 Base Period
- A sample of permit issuing centers
- Excluding Northwestern Wisconsin
- Six standard metropolitan statistical areas
- A sample of centers blown up to represent total permits issued
- 226 centers excluding the seven leading centers

UNITED STATES production and employment

Percent Change MAR., -MAR.	1970		1969	UNIT	I N D I C A T O R	
	MARCH	FEBRUARY	MARCH			
0.0	170	170	170	Index, sa	Total Industrial Production	MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION
- 4.2	113p	114p	118	Index, sa	Electrical Energy Consumption: Mfg. and Mining*	
- 3.3	117p	117p	121	Index, sa	Production Worker Manhours: ¹	
- 6.0	79p	79p	84		Manufacturing	
					Mining	
+23.4	5912.6	6362.2	4793.1	Million \$, sa	Total Construction Contracts Awarded	
+ 1.8	1902.5	1893.7	1869.7	Million \$, sa	Residential Buildings	
+24.6	2165.2	2720.9	1737.8	Million \$, sa	Nonresidential Buildings	
+55.6	1844.9	1747.6	1185.6	Million \$, sa	All Other Construction	MEASURES OF MANPOWER UTILIZATION
-18.6	100.0	73.9	122.8	Thousands	Bldg. Permits: New Housing Units ⁵	
+ 3.0	82,769p	82,249	80,379	Thousands, sa	Civilian Work Force	
+ 1.9	79,112p	78,822	77,650	Thousands, sa	Total Civilian Employment	
+34.0	3,657p	3,427	2,729	Thousands, sa	Number Unemployed	
+29.4	4.4p	4.2	3.4	Percent, sa	Unemployment Rate	
- 1.7	40.2p	39.9	40.9	Hours, sa	Average Weekly Hours in Manufacturing	
+ 1.9	71,033p	70,990	69,710	Thousands, sa	Wage and Salary Employment, Nonfarm	EMPLOYMENT BY INDUSTRY SECTOR
- 1.5	19,824p	19,880	20,122	Thousands, sa	Manufacturing	
+ 1.0	632p	634	626	Thousands, sa	Mining	
+ 1.7	3,432p	3,416	3,374	Thousands, sa	Construction	
+ 3.2	4,540p	4,511	4,399	Thousands, sa	Transport., Comm., & Public Utilities	
+ 2.8	14,916p	14,985	14,508	Thousands, sa	Trade	
+ 4.4	3,668p	3,654	3,515	Thousands, sa	Finance, Insurance & Real Estate	
+ 3.7	11,437p	11,417	11,034	Thousands, sa	Service Industries	
+ 3.7	12,584p	12,493	12,132	Thousands, sa	Government	MEASURES OF SPENDING
+ 3.3	29,877p	29,942	28,916	Million \$, sa	Total Retail Sales	
	n.a.	n.a.	743.0	Thousands, sa	New Passenger Car Registrations	
+12.2	3215.8	3252.8	2866.6	Billion \$, saar	Bank Debits ⁶	

INDUSTRIAL PRODUCTION: Board of Governors of F.R. System
INDUSTRIAL USE OF ELECTRIC POWER: Federal Reserve Bank of Minneapolis
PRODUCTION WORKER MANHOURS: Federal Reserve Bank of Minneapolis
CONSTRUCTION CONTRACTS AWARDED: Board of Governors of F. R. System, F. W. Dodge Corporation data
NEW HOUSING UNITS AUTHORIZED: Federal Reserve Bank of Minneapolis and U.S. Department of Commerce, Bureau of Census
BANK DEBITS: Board of Governors of F. R. System

SOURCES

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 SURVEY

RURAL CREDIT APPEARS SHARPLY TIGHTER ACCORDING TO APRIL 1 SURVEY RESULTS

Rural banks in the Ninth District appear to have sustained a sharp tightening in their liquidity positions since the last quarterly survey.

There were several factors involved in this change. High loan-to-deposit ratios and other indicators of pressure on banks seem to be basically the result of strong loan demand. This was particularly complicated by an unexpected poor showing of rural banks' ability to attract deposits. The results are that many rural banks are in a tight position. This is particularly restrictive now, since they are entering the annual period of seasonally high loan demand and low deposits.

There are several indicators in the current survey results that suggest this recent change in liquidity. First, the percentage of banks reporting that they had reduced or refused a loan because of a shortage of loanable funds during the previous three months climbed to 23 percent from 18 percent in the results reported for January 1. One-year ago, only 8 percent of the respondents reported such action. Second, the

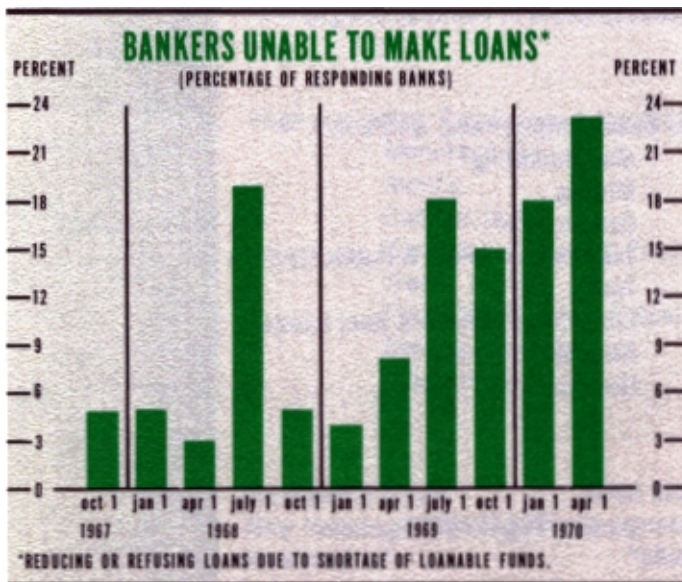
Demand for loans was up during the first quarter of 1970 according to the percentages of respondents reporting demand for short-term loans "greater or less than usual." The percentage of bankers reporting "greater than usual" demand for real estate loans also increased sharply. This, however, was generally attributed to a shortage of funds at the Farmers Home Administration and to higher terms being asked by other lenders. Many banks indicated that they were not making farm real estate loans. It was also common for respondents to indicate that practically all land sales in their areas were by contract. But most farm consolidation, they added, was being carried out by leasing.

LOAN DEMAND HIGH IN WHEAT GROWING AREAS

According to comments, demand for short-term loans in wheat producing areas was higher because of currently low wheat prices. Producers are still motivated to carry stocks of wheat rather than market the wheat at depressed prices. This caused farmers to request extensions of loans against their stored wheat. In many areas, low wheat prices also substantially reduced farmers' incomes even after the marketing of their crops. This caused farmers to apply for loans to take the place of the self-financing they would have done with more normal cash returns.

Loan demand in livestock producing areas continued to be high, partly because of the desire to expand livestock feeding operations. Also, higher prices for feeder livestock were generally cited as increasing the amount of credit needed for feeding purposes. But a few respondents indicated that recent high prices for feeder cattle were causing some of their customers to reduce their cattle feeding activities and, hence, to demand less credit.

Demand for loans in livestock producing areas also rose because of needs associated with growing feed grains. The advance acreage diversion payments under the Food Grain Program were removed this year. Many respondents, mostly in Minnesota and South Dakota, indicated that in the past these advance payments had been used extensively to finance crop production. The effect of their removal, they said, has been to cause feed grain producers to seek additional short-term credit. Comments revealed that bankers generally anticipated that most of the credit-demand effect of this policy change is yet to come. This feeling appeared to be the main reason for the increase in the percentage of respondents reporting that they expected demand for non-real estate farm loans in the next three months to be "greater than usual." It was even more clearly responsible for the increase in the percent of respondents reporting that they expected problems in meeting loan requests in the next three months.



percentage of respondents actively seeking new farm loan accounts dropped to 38 percent from 47 percent on January 1. One-year ago this figure was 70 percent. And third, 18 percent of the respondents were expecting problems in meeting loan requests during the next three months. On January 1 the figure was 10 percent and one-year ago it was 7 percent. All three of these present results are record extremes in the eight year history of this survey. Also a record-high 32 percent of the respondents in the present results indicated that their loan-to-deposit ratios were "high" with respect to their normal bank operations while a record-low 15 percent reported it "low."