

monthly statistical report

NINTH DISTRICT CONDITIONS

federal reserve bank of minneapolis



DISTRICT UNEMPLOYMENT REMAINS HIGH DESPITE EXPANDING INDUSTRIAL ACTIVITY

District unemployment rose to 5.9 percent early in the second quarter as layoffs continued at high levels. This rising rate of joblessness persisted despite the gains in district industrial activity and the help wanted advertising index. The latter rose for the fifth consecutive month in April to a figure 29 percent above November's level.

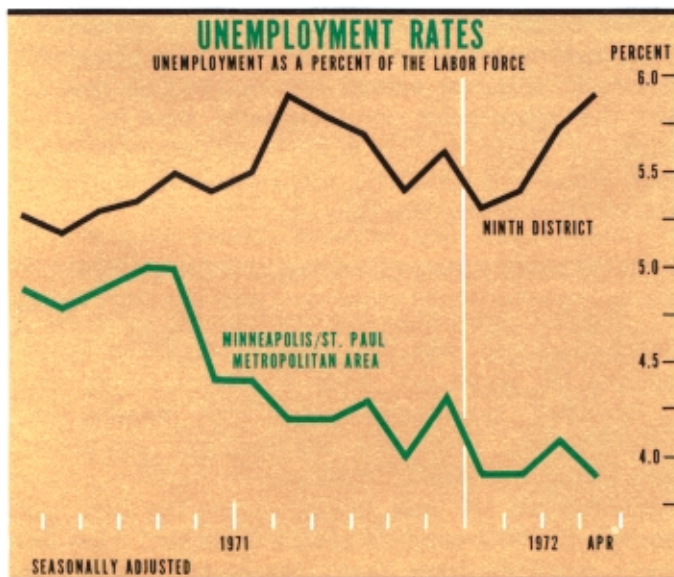
Industrial activity continues to expand in the Ninth District. The results of our latest Industrial Expectations Survey reveal an unanticipated strengthening in first-quarter district manufacturing sales and expectations of further improvement during the last nine months of 1972 (see back page). In addition, the district's industrial use of electric power increased at an 11.5 percent annual rate between the three-month period ending in April and the preceding three-month period and in April was up 5.4 percent from a year ago.

Despite the recent strengthening in industrial activity, however, unemployment has been rising in the district. After averaging 5.3 percent in January and February, the district's unemployment rate, seasonally adjusted, jumped to 5.7 percent in March and

climbed to 5.9 percent in April. This upward shift is mainly attributable to three labor market developments. Layoffs continue at a high level; in April district initial claims for unemployment insurance essentially equaled their high year-earlier level. In addition, these unemployed workers are having difficulty finding employment and are not being recalled to their old jobs. This spring the number of unemployed Minnesota workers who had exhausted their regular unemployment benefits, for instance, was double the number reported a year earlier. Finally, the labor force has been growing. The Minnesota Department of Manpower Services reported more entrants and reentrants into Minnesota's labor force this March and April than a year ago.

In the Minneapolis-St. Paul metropolitan area, which accounts for a third of district employment, the unemployment rate remained essentially unchanged. Apparently the recent surge in unemployment has occurred in other areas of the district.

Despite the recent climb in district unemployment, two district labor market indicators advanced in April. The district's help wanted advertising index for that month was 29 percent above last November's low as a result of five consecutive monthly increases.



Also, the average weekly hours worked in district manufacturing industries attained a two-year high in April. District manufacturers are apparently using their work forces more intensively, a development which usually precedes hiring additional workers.

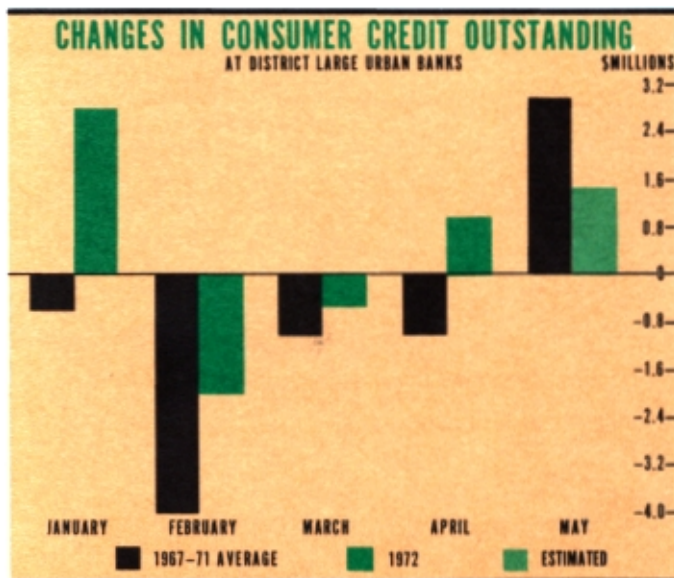
Between January and April the consumer price index for Minneapolis and St. Paul rose 0.3 percent, thus matching its rise in the preceding three-month period. This was considerably below the 0.9 percent national advance in consumer prices during the recent three-month period. Twin Cities food prices increased 2.0 percent from January to April, while costs of health and recreation climbed 1.3 percent; of apparel and upkeep, 1.0 percent. These price rises were offset by a 2.5 percent decline in transportation costs and no change in the price of housing. Twin Cities consumer prices in April were only up 3.2 percent from a year ago, and almost all of this advance occurred before the imposition of the new economic policy last August.

LOANS OUTSTANDING CONTINUE TO RISE TIME & SAVINGS DEPOSIT INFLOWS STILL SLOW

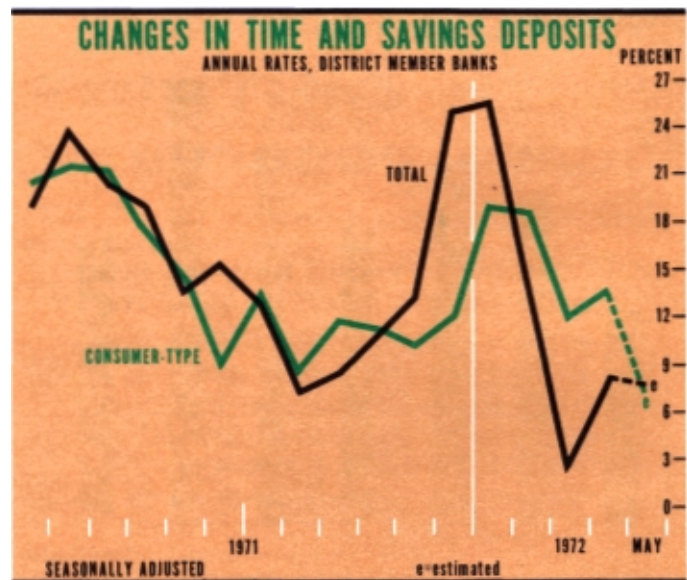
In April and early May, loan demand retained its recent strength throughout the district as the level of outstanding loans at member banks rose at a seasonally adjusted annual rate of approximately 18 percent. Although the strength of the advance was evident at both large urban banks and at rural and small urban banks in the district, the larger banks appeared to be showing greater gains.

At large urban banks, business loans continued to be the major source of growth in total outstanding loans. The expansion of business loans over the first quarter was at nearly a 40 percent seasonally adjusted annual rate, a pace which continued into the second quarter. Indications are that these funds are mainly being used to finance business activity within the district.

The growth in consumer installment credit in



April and early May at large urban banks in the district continued the sluggishness of recent months. In a historical context, however, this condition does not appear so bleak. Although experiencing a drop in February, consumer installment credit fell by less than the normal decline in that month. Similar comparisons for March and April are also mildly encouraging.



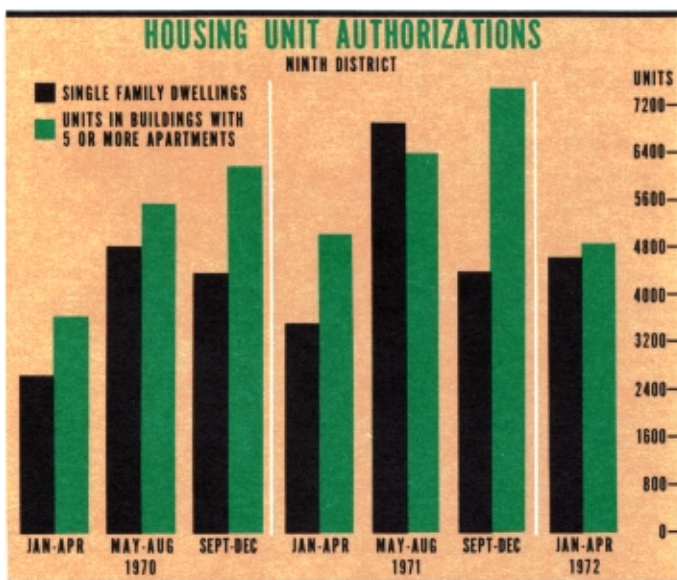
Inflows to total time and savings deposits at district member banks expanded moderately in April and early May after slowing near the end of the first quarter. As a result, total time and savings deposits gained at a seasonally adjusted annual rate of approximately 8 percent in April and early May after advances of 2 percent in March and 14 percent for the first quarter as a whole. Part of the recent slowness can be traced to large urban banks where a net outflow of large negotiable certificates of deposits over the February-April three-month period offset much of the gain in consumer-type accounts.

Indications are that consumer-type time and savings deposits at district member banks may have been affected by overwithholding of federal income taxes and improved consumer spending attitudes. Inflows to consumer-type accounts were at a 17 percent seasonally adjusted annual rate in the first quarter, with the largest gains occurring early, then fell to an estimated 11 percent rate in April and early May. Both large urban and rural and small urban banks in the district experienced this slowing.

DISTRICT HOUSING CONSTRUCTION EASES

District residential construction in early 1972 remained strong, but the advance in district homebuilding has slackened. After reaching a record high in February, the number of district housing unit authorizations, seasonally adjusted, fell sharply in both March and April. Consequently, building permit authorizations for new homes during the first four months of 1972 were up only 6.2 percent from last year's relatively high level. The recent cutback in

housing growth can be traced to lagging construction of large apartments; authorizations for these housing units were down 2.5 percent from a year earlier during the January-April period. Meanwhile, however, the construction of single-family homes was vigorous: permits issued for these dwellings during the first four months of 1972 were 31.0 percent ahead of a year ago.



Housing-related financial indicators continue to suggest expansion in district homebuilding. First-quarter net savings inflows to district S&Ls, seasonally adjusted, were 71.9 percent above their fourth-quarter level. In addition, at the beginning of April, mortgage loan commitments outstanding at district S&Ls amounted to \$239.7 million, up 33.2 percent from a year earlier.

WEATHER REDUCES WINTER WHEAT OUTLOOK SPRING PLANTING OPERATIONS DELAYED

Adverse spring weather generally retarded the early development of district crops this year; it postponed planting operations and teamed with a federal government program to reduce the yield outlook for this year's winter wheat harvest. The weather this spring was a marked contrast to last year's exceptionally favorable growing and field-working conditions.

Winter wheat, rated in "mostly good or better" condition as it emerged from the snow last year, emerged this year in "fair to good" condition, according to weekly weather and crop reports. In Montana, which produced 70 percent of the district's wheat crop last year, moderate winterkill damage was reported in several counties. These developments were responsible for a reduction in the predicted yield per acre from the high level recorded during last year's harvest. While last year's district average yield was 31.3 bushels per acre, the Department of Agriculture forecasts a 1972 district yield of 28.1 bushels per acre based on May 1 crop conditions.

The slightly damaged condition of the district's

winter wheat crop this spring was also responsible for lowering the district acreage of winter wheat from the 3.06 million acres farmers reportedly planted last fall. Farmers apparently retilled some of their more seriously winterkilled fields and diverted the land to other uses. They were encouraged in this by a special federal program to lower the overall 1972 wheat acreage which offered additional payments to farmers for reducing their wheat acreage below the 1971 level. The Department of Agriculture's May estimates of winter wheat acreages in district states total 2.56 million acres, an increase of only 3 percent from that actually harvested in 1971. District farmers originally intended to increase acreage by 24 percent.

Cool temperatures and excessive moisture throughout the district retarded pasture growth and delayed field preparation during the weeks when spring activity is often heaviest. On April 24, pastures were described as dormant in North Dakota, with the general progress of the spring season almost two weeks later than usual. In Montana on that date, 80 percent of the range cattle were necessarily receiving supplemental feed compared to 65 percent about one year earlier, and inadequate range feed supplies were also noted there on May 1 and May 8. In Minnesota on May 8, preparation of land for corn planting was only 21 percent completed compared to normal progress of 48 percent.

In general, planting operations seem to be the most delayed activities, especially in southern portions of the district. Heavy rainfall during late April and early May in South Dakota and in southwestern areas of Minnesota added to the problem. On May 15, only 5 percent of the South Dakota corn crop was planted compared to normal progress of 33 percent, and flax was only 8 percent planted compared to a normal figure of 53 percent. Minnesota crop plantings were similarly retarded except that the largest delays were in the earlier-seeded small grain crops. Spring wheat planting, normally the season's first major crop activity in the state, was especially late in starting.

PROGRESS OF MINNESOTA SPRING-PLANTED CROPS										
PERCENTAGE SEEDED										
DATE	CORN		OATS		SPRING WHEAT		BARLEY		FLAX	
	This Year	5-Year Average	This Year	5-Year Average	This Year	5-Year Average	This Year	5-Year Average	This Year	5-Year Average
APRIL 17			2	13	11		6			
APRIL 24			8	26	1	20	1	13	1	7
MAY 1	1	4	17	46	3	37	1	27	5	16
MAY 8	3	20	25	64	11	55	6	43	9	31
MAY 15	28	49	46	79	30	71	19	59	18	47

NINTH DISTRICT income and finance

I N D I C A T O R		UNIT	1972			1971	Percent Change
			MAY	APRIL	MARCH	APRIL	APR. -APR.
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION	Total Personal Income *						
	Nonagricultural Personal Income *						
	Average Weekly Earnings in Manufacturing ¹	Dollars		159.81e	157.78p	147.56	+ 8.3
	Consumer Installment Credit Outstanding ²	Million \$		1,529	1,504	1,375	+11.2
	Time and Savings Deposits at Member Banks	Million \$	6,781	6,672	6,646	5,870	+13.7
	Savings Balances at Savings & Loan Assoc. ³	Million \$		4,691	4,654	4,000	+17.3
	Cash Farm Receipts ³	Million \$		301	333	286	+ 5.2
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS	CITY BANKS ^{4,5}						
	Adjusted Loans and Discounts ⁶	Million \$	2,984	2,897	2,865	2,548	+13.7
	Commercial and Industrial Loans	Million \$	1,362	1,305	1,277	1,163	+12.2
	Real Estate Loans	Million \$	547	533	526	451	+18.2
	Gross Demand Deposits	Million \$	2,184	2,069	2,042	1,998	+ 3.6
	Time Deposits	Million \$	1,855	1,808	1,837	1,626	+11.2
	U.S. Government Securities	Million \$	485	426	462	415	+ 2.6
	Other Securities	Million \$	691	656	647	613	+ 7.0
	COUNTRY BANKS ^{4,7}						
	Loans and Discounts	Million \$	4,620	4,480	4,391	4,015	+11.6
	Gross Demand Deposits	Million \$	2,545	2,399	2,374	2,163	+10.9
	Time Deposits	Million \$	4,926	4,864	4,809	4,244	+14.6
	U.S. Government Securities	Million \$	1,170	1,186	1,223	1,032	+14.9
	Other Securities	Million \$	1,530	1,525	1,516	1,257	+21.3
MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS	Total Reserves ⁸	Million \$	788	790	783	707	+11.7
	Required Reserves	Million \$	782	784	779	702	+11.7
	Excess Reserves	Million \$	6	6	4	5	+20.0
	Borrowings from FRB	Million \$	1	0	1	0	
	Ratio of Loans to Total Deposits—City Banks ⁴	Percent	74.6	76.2	74.9	71.3	+ 6.9
	Ratio of Loans to Total Deposits—Country Banks ⁴	Percent	61.8	61.7	61.1	62.7	- 1.6
	MEASURES OF PRICE LEVELS	Consumer Price Index ⁹ —Minneapolis	Index		124.2	n.a.	120.3
Prices Received by Farmers ⁹ —Minnesota		Index		117	118	109	+ 7.3

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: 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 centers excluding the seven leading centers

UNITED STATES income and finance

Percent Change APR., -APR.	1972			1971	UNIT	I N D I C A T O R	
	MAY	APRIL	MARCH	APRIL			
+ 7.9		909.7p	905.6	843.0	Billion \$, saar	Total Personal Income	MEASURES OF CONSUMER INCOME & FINANCIAL POSITION
+ 7.7		884.2p	879.8	821.1	Billion \$, saar	Nonagricultural Personal Income	
+ 9.2		152.69	151.13	139.83	Dollars	Average Weekly Earnings in Manufacturing	
+11.9		47.1	46.4	42.1	Billion \$	Consumer Installment Credit Outstanding ²	
+13.7		220.8	218.8	194.2	Billion \$	Time and Savings Deposits at Member Banks	
+ 2.9		n.a.	n.a.	157.7	Billion \$	Savings Balances at Savings & Loan Assoc.	
		3.5	3.8	3.4	Billion \$	Cash Farm Receipts	
+11.2		197.0	194.5	177.2	Billion \$	CITY BANKS ^{4,5}	MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS
+ 4.6		84.9	83.8	81.2	Billion \$	Adjusted Loans and Discounts ⁶	
+16.4		40.4	39.7	34.7	Billion \$	Commercial and Industrial Loans	
+ 3.7		146.8	143.9	141.5	Billion \$	Real Estate Loans	
+13.5		146.7	144.9	129.3	Billion \$	Gross Demand Deposits	
+ 0.8		26.8	27.7	26.6	Billion \$	Time Deposits	
+ 9.6		53.8	53.7	49.1	Billion \$	U.S. Government Securities	
						Other Securities	
+11.8		75.0	74.5	67.1	Billion \$	COUNTRY BANKS ^{4,7}	
+ 9.9		51.1	50.4	46.5	Billion \$	Loans and Discounts	
+14.4		74.1	73.9	64.8	Billion \$	Gross Demand Deposits	
+ 4.7		17.9	17.7	17.1	Billion \$	Time Deposits	
+22.8		29.1	28.6	23.7	Billion \$	U.S. Government Securities	
						Other Securities	
+ 3.4		n.a.	31,857p	29,848	Million \$	Total Reserves ⁸	MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS
- 0.7		n.a.	31,656p	29,694	Million \$	Required Reserves	
		n.a.	201p	154	Million \$	Excess Reserves	
		n.a.	96p	152	Million \$	Borrowings from FRB	
		70.6	71.6	68.3	Percent	Ratio of Loans to Total Deposits—City Banks ⁴	
		59.9	59.9	60.3	Percent	Ratio of Loans to Total Deposits—Country Banks ⁴	
+ 3.4		124.3	124.0	120.2	Index	Consumer Price Index ⁹	MEASURES OF PRICE LEVELS
+ 7.2		119	120	111	Index	Prices Received by Farmers ⁹	

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 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

NINTH DISTRICT production and employment

I N D I C A T O R		UNIT	1972		1971	Percent Change
			APRIL	MARCH	APRIL	APR. -APR.
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION	Total Industrial Production*	Index, sa	136	135	129	+ 5.4
	Electrical Energy Consumption: Mfg. and Mining ¹	Index, sa	101p	100	97	+ 4.1
	Production Worker Manhours: ¹	Index, sa	103p	101	96	+ 7.3
	Manufacturing	Index, sa	93p	93	100	- 7.0
	Mining	Million \$, sa	n.a.	145.7	162.4	
	Total Construction Contracts Awarded	Million \$, sa	n.a.	68.8	50.7	
	Residential Buildings	Million \$, sa	n.a.	53.1	54.2	
	Nonresidential Buildings	Million \$, sa	n.a.	23.8	57.5	
	All Other Construction	Number	3,745	3,072	4,856	-22.9
	Bldg. Permits: New Housing Units ²					
MEASURES OF MANPOWER UTILIZATION	Civilian Work Force ³	Thousands, sa	2,650p	2,678	2,606	+ 1.7
	Total Civilian Employment	Thousands, sa	2,494p	2,525	2,466	+ 1.1
	Number Unemployed	Thousands, sa	156p	153	140	+11.4
	Unemployment Rate ³	Percent, sa	5.8p	5.7	5.4	+ 7.4
	Average Weekly Hours in Manufacturing ³	Hours, sa	40.9e	40.7p	39.9	+ 2.5
EMPLOYMENT BY INDUSTRY SECTOR	Wage and Salary Employment, Nonfarm ³	Thousands, sa	1,966p	1,979	1,926	+ 2.1
	Manufacturing	Thousands, sa	369p	368	359	+ 2.8
	Mining	Thousands, sa	30p	31	31	- 3.2
	Construction	Thousands, sa	99p	106	98	+ 1.0
	Transport., Comm., & Public Utilities	Thousands, sa	128p	129	129	- 0.8
	Trade	Thousands, sa	481p	485	472	+ 1.9
	Finance, Insurance & Real Estate	Thousands, sa	93p	93	91	+ 2.2
	Service Industries	Thousands, sa	324p	325	319	+ 1.6
	Government	Thousands, sa	442p	442	427	+ 3.5
MEASURES OF SPENDING	Total Retail Sales *	Thousands, sa	n.a.	n.a.	19.4	
	New Passenger Car Registrations	Billion \$, saar	n.a.	201.7	172.7	
	Bank Debits ⁴					

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: 1967 Base Period

UNITED STATES production and employment

Percent Change APR. -APR.	1972		1971	UNIT	I N D I C A T O R	
	APRIL	MARCH	APRIL			
+ 4.4	110.9p	109.8	106.2	Index, sa	Total Industrial Production	MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION
	n.a.	95p	93	Index, sa	Electrical Energy Consumption: Mfg. and Mining *	
	n.a.	95p	93	Index, sa	Production Worker Manhours: ¹	
	n.a.	96p	96	Index, sa	Manufacturing	
					Mining	
+ 4.5	7,452.6	6,885.5	7,133.8	Million \$, sa	Total Construction Contracts Awarded	MEASURES OF MANPOWER UTILIZATION
+27.1	3,420.3	3,471.2	2,691.4	Million \$, sa	Residential Buildings	
+ 6.2	2,130.9	2,152.6	2,006.8	Million \$, sa	Nonresidential Buildings	
-21.9	1,901.4	1,261.7	2,435.6	Million \$, sa	All Other Construction	
	n.a.	n.a.	174.2	Thousands	Bldg. Permits: New Housing Units ⁵	
+ 3.0	86,284p	86,313	83,788	Thousands, sa	Civilian Work Force	EMPLOYMENT BY INDUSTRY SECTOR
+ 3.1	81,205p	81,241	78,732	Thousands, sa	Total Civilian Employment	
+ 0.5	5,079p	5,072	5,056	Thousands, sa	Number Unemployed	
- 1.7	5.9p	5.9	6.0	Percent, sa	Unemployment Rate	
+ 2.5	40.8p	40.4	39.8	Hours, sa	Average Weekly Hours in Manufacturing	
+ 2.4	72,269p	72,030	70,599	Thousands, sa	Wage and Salary Employment, Nonfarm	MEASURES OF SPENDING
+ 1.2	18,867p	18,777	18,639	Thousands, sa	Manufacturing	
- 3.0	604p	613	623	Thousands, sa	Mining	
- 0.9	3,252p	3,272	3,282	Thousands, sa	Construction	
+ 0.4	4,522p	4,536	4,505	Thousands, sa	Transport., Comm., & Public Utilities	
+ 3.5	15,636p	15,518	15,107	Thousands, sa	Trade	
+ 3.4	3,899p	3,890	3,769	Thousands, sa	Finance, Insurance & Real Estate	
+ 3.4	12,251p	12,217	11,843	Thousands, sa	Service Industries	
+ 3.2	13,238p	13,207	12,831	Thousands, sa	Government	
+ 6.8	35.9	36.4	33.6	Million \$, sa	Total Retail Sales	
	n.a.	818.3	767.6	Thousands, sa	New Passenger Car Registrations	
	n.a.	4,224.2	3,664.7	Billion \$, saar	Bank Debits ⁶	

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

INDUSTRIAL EXPECTATIONS SURVEY

DISTRICT INDUSTRIAL ACTIVITY ROBUST 1ST QUARTER SALES EXCEED EXPECTATIONS

Responses to our latest Industrial Expectations Survey conducted in late April and early May suggest continued improvement in district industrial activity. First-quarter district industrial sales surpassed the 7.2 percent gain expected last February by reportedly rising 11.5 percent from a year earlier. In the current quarter, respondents anticipate sales to increase 5.9 percent from a year ago before jumping 19.2 percent in the third quarter and 9.9 percent in the fourth.

These anticipated quarter-to-quarter fluctuations in district industrial sales growth can be attributed to the survey's mining component. After advancing 7.5 percent from a year earlier in the first quarter, district mining sales are expected to decline 15.0 percent in the current quarter then rise 77.0 and 23.7 percent in the third and fourth quarters, respectively. The oscillation can largely be traced to labor disputes which disrupted district mining activity in 1971.

District manufacturers remain optimistic and look for their 1972 sales to be up markedly from a year ago. The strongest year-to-year sales increase in ten quarters was achieved in the first quarter when district manufacturing sales advanced 12.2 percent. This gain surpassed the 6.5 percent sales advance expected last February and resulted from an unexpected strengthening in both durable and nondurable goods sales. Despite their heartening

second and third quarters and advance 7.6 percent in the fourth.

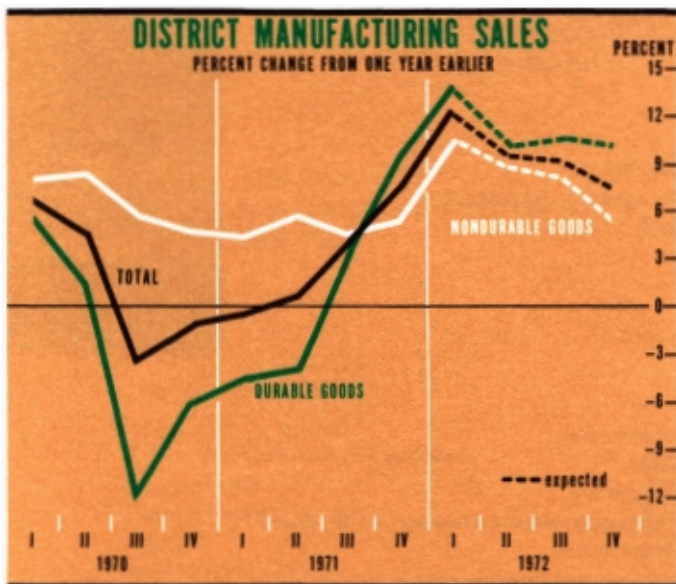
Although no acceleration in growth is foreseen, district durable goods sales during the last nine months of 1972 should remain quite strong. Manufacturers of these goods reported a 13.7 year-to-year sales gain in the first quarter and now look for about a 10.0 percent increase in the last nine months of 1972. The current second- and third-quarter durable goods sales expectations essentially match those made in the February survey.

Many durable goods industries anticipate sizable year-to-year sales gains in 1972. Electric machinery sales, for example, increased 31.6 percent in the first quarter and are expected to advance 10.4 percent in the current quarter and 12.5 percent during the last half of 1972. Strong sales growth is also anticipated in the primary and fabricated metals, nonelectric machinery, transportation, and miscellaneous durable goods industries. Sales gains in the lumber and wood products industry, however, are expected to taper off during the year, and no significant year-to-year sales growth is foreseen in the large scientific instruments industry.

NONDURABLE GOODS SALES STRENGTHEN DISTRICT MFG. GAINS SURPASS NATIONAL

In contrast to the durable goods manufacturers, nondurable goods producers revised their sales expectations upward. Last February nondurable goods sales were anticipated to increase about 5.7 percent in the second and third quarters; the current survey reveals an expected rise of approximately 8.4 percent in both the second and third quarters and a 5.0 percent advance in the fourth. This upward revision in sales expectations can be traced primarily to the large food and kindred products industry. The first-quarter nondurable goods year-to-year sales increase of 10.5 percent was more than double the first-quarter gain anticipated last February.

District first-quarter manufacturing sales increased 12.2 percent from a year ago as compared to the expected 9.4 percent national gain. This is the first time since the second quarter of 1970 that the relative growth in district manufacturing sales outpaced the expansion nationally. In the second quarter the 8.7 percent anticipated rise in district manufacturing sales also surpasses the projected 7.7 percent national sales advance. The stronger sales performance expected in the district during the first half of 1972 can be attributed to the recent strength in both durable and nondurable goods sales.



first-quarter performance, however, district manufacturers only modestly revised upward their expectations for the second and third quarters. District manufacturers currently anticipate sales to increase about 9.5 percent from a year earlier in the