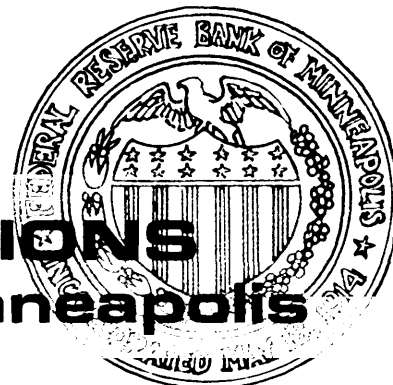


## monthly statistical report

# NINTH DISTRICT CONDITIONS federal reserve bank of minneapolis



### DISTRICT ECONOMY REMAINS SLUGGISH BANK LOANS DIP IN OCTOBER-NOVEMBER

The district's general economic scene changed little in late fall. Business activity continued at a reduced level, while bank loans edged off in October-November. Homebuilding continued to spur construction activity, and low farm machinery sales mirrored the poor agricultural income situation.

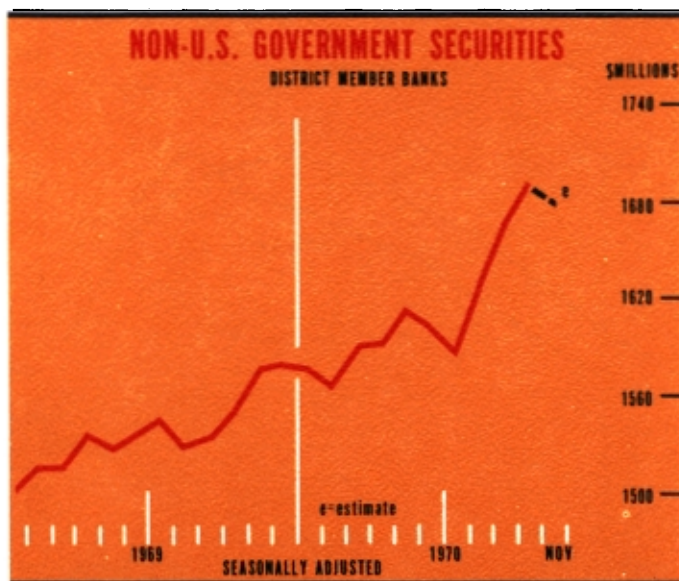
Seasonally adjusted loans at Ninth District member banks, after growing at a steadily slower pace throughout the late summer and early fall, dipped slightly in October and continued to decline in early November. The October decline was the first monthly contraction since November 1969; but, unlike conditions prevailing then, the ample supply of funds currently available for making loans suggests that borrower demand has weakened in recent months.

The recent slowing of loan growth at district banks is largely attributable to a weaker trend at city banks. After quite modest advances in August and September, seasonally adjusted loans at city banks declined sharply in October and the first half of November. Loans at rural banks, on the other hand, rose more than seasonally in October, repeating the September pattern. The relatively strong loan advance

at rural banks in recent months may be partially due to loans made to farmers for refinancing current indebtedness as a result of the current weakness in cash farm receipts.

Bank investment portfolios expanded sharply in October, continuing the vigorous pace of recent months. A large share of the October advance reflected heavy participation in the Treasury's new issue of tax anticipation bills. Holdings of other securities also rose strongly during the month, following relatively substantial increases in the preceding two months. The rise in other securities suggests that banks are once again investing in local bonds. The continuation of such a trend would serve to brighten district nonresidential construction prospects for 1971 as it would provide a better climate for the issuance of new bonds by municipalities and school districts.

Time deposit inflow to district member banks continued in October at the brisk 25 percent seasonally adjusted annual rate which has characterized this series since the partial suspension of Regulation Q in June. Reports covering the first two weeks of November indicated no letup in the rate of inflow. Although savings and consumer-type time deposits continued to climb at a vigorous rate, the surge of large CDs



provided the main impetus to the recent rapid growth of total time deposits.

### WAGE & SALARY EMPLOYMENT STABILIZES UNEMPLOYMENT RATE INCREASES SLIGHTLY

Business activity appears to be stabilizing. District wage and salary employment, seasonally adjusted, advanced in October but in the three months ending in October was essentially unchanged from the preceding three-month period. Manufacturing employment increased at a 2.2 percent annual rate in October after falling continuously during the first nine months of 1970. The district's economy was relatively unaffected by the General Motors strike, although nationally, manufacturing employment declined at a 30.7 percent annual rate in October because of the strike.

The recent relative stability in district payroll employment has helped to moderate the rise in unemployment. The district's unemployment rate leveled off at 5.0 percent in the third quarter, and preliminary estimates indicate that it rose to 5.3 percent in October. The national unemployment rate in October was 5.6 percent.

Respondents to our latest Industrial Expectations Survey foresee some improvement in their sales during the first half of 1971. This contrasts with the reverses suffered in the last half of this year (see back page).

Certain patterns have emerged in the ten-month-old slowdown in district business activity. The Twin Cities metropolitan area has probably been the most severely affected area in the district. Total district wage and salary employment, seasonally adjusted, declined 2.1 percent between the first and third quarters as compared to a 2.7 percent drop in the Twin Cities. Payroll employment outside of the Twin Cities decreased 1.7 percent during this period. The reason for this relative difference in employment trends can mainly be traced to the manufacturing sector. Twin Cities area manufacturing employment shrunk by 5.6 percent between the first and third

quarters of this year in contrast to a 2.9 percent decline in the rest of the district.

Although growth in almost all of the district's industrial sectors was retarded by the current slowdown, the most restrictive effects were in manufacturing and construction. After increasing at an average



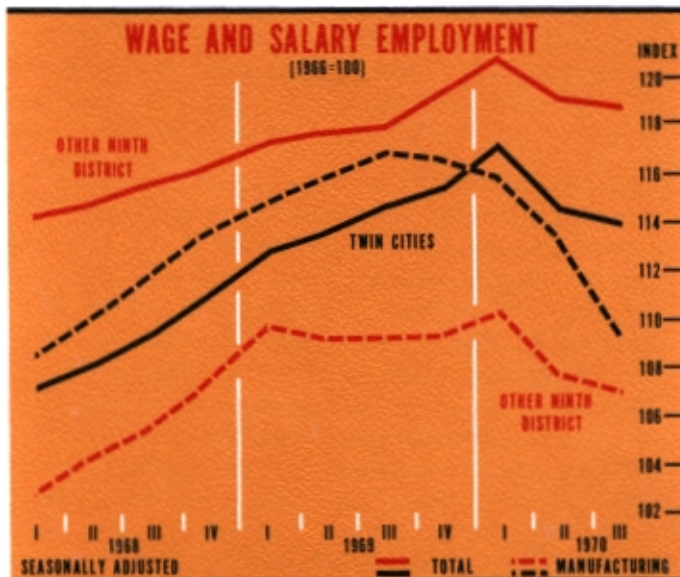
annual rate of 5.4 percent from 1965 to 1969, district manufacturing employment during the first ten months of this year was down 2.4 percent from a year ago. Construction employment, which increased at an annual average rate of 2.3 percent between 1965 and 1969, was down 2.1 percent this year. Growth in the large trade, service and government sectors slowed markedly this year. The year-to-year increase in trade employment during the first ten months of this year was 2.6 percent as compared to an average gain of 3.5 percent in the preceding five years.

The district economy's lackluster performance this year has helped moderate consumer price increases. In Minneapolis and St. Paul, consumer prices advanced 1.1 percent between July and October, following an increase of 1.2 percent in the previous quarter. Price increases of this magnitude are considerably less than the average quarterly gain in Twin Cities' consumer prices of 2.0 percent during 1969. The national advance in consumer prices was 1.3 percent between July and October.

### LOWER MORTGAGE RATES SPUR HOUSING

Construction activity in the district is continuing to improve, primarily as a result of a pickup in homebuilding. Rising from the trough reached in May, construction employment has been climbing steadily and rose to 98,300 on a seasonally adjusted basis in October. Reflecting the general slack in the industry, however, employment was still below the level recorded in October 1969.

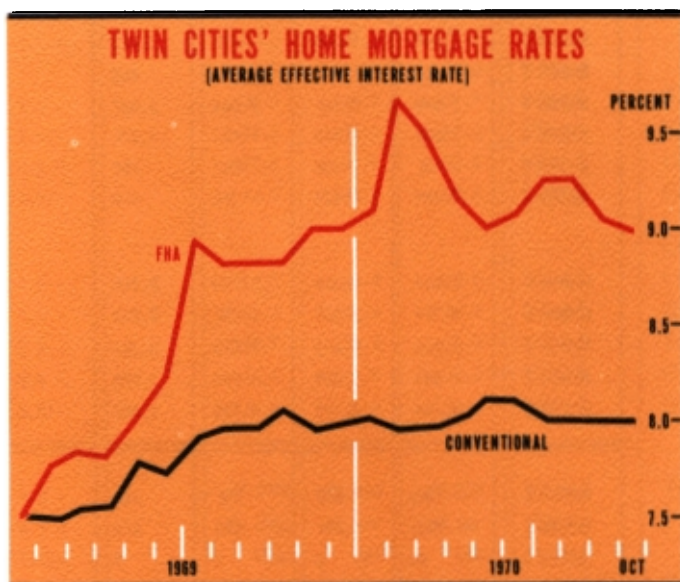
The housing outlook continues to be optimistic.





Although new housing unit authorizations in the district remained steady during September and October, they were still well above their levels earlier this year. During the three months ending in October, permits for an average of approximately 3,150 new housing units, seasonally adjusted, were issued each month. This was about 40 percent higher than the average for the first half of this year.

The strength in homebuilding appears to be inversely related to home mortgage interest rates. Homebuilding dropped to its lowest level early this year when mortgage rates had risen to their record peaks. In recent months, however, mortgage rates have been edging down, and in October effective mortgage rates on government-insured mortgages in the Twin Cities dropped to about 9 percent. Conventional mortgage rates, which are subject to Minnesota's usury law, have hovered around 8 percent since late last year.



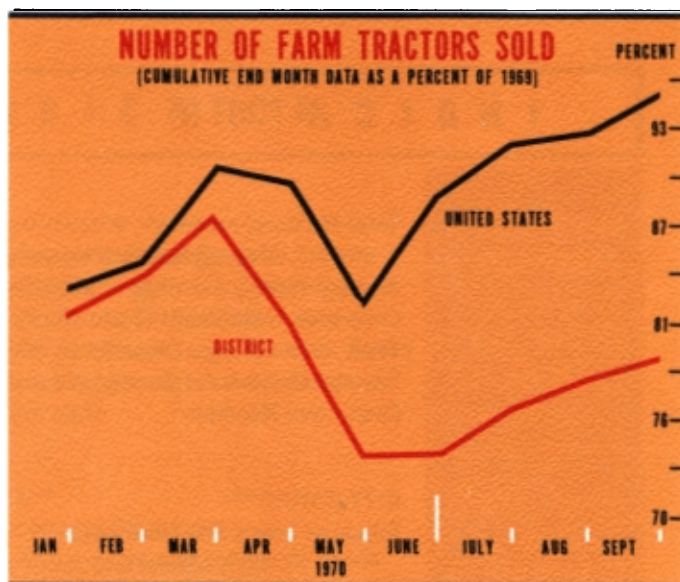
### FARM MACHINERY SALES STILL DEPRESSED DISTRICT TRACTOR SALES 20% BELOW 1969

Total sales of farm machinery remain depressed in the district. National sales have picked up since mid-summer, but low farm income prospects in the district have impeded any significant sales recovery here.

The number of farm tractors sold, an indicator of the value of all farm machinery sales, is below last year's level for both the district and the nation. The national sales total for January through September of this year is only slightly below the level of last year, but the total for the district is 20 percent lower.

The year began badly for tractor sales in both the district and the nation, as January sales were about 20 percent below a year earlier. After two months of relatively strong sales, the situation deteriorated again during the spring buying season, particularly in the district, where sales fell far below the impressive levels achieved in 1969. National sales began picking up strongly in June, and by the end

of September, total U. S. sales for the first nine months of 1970 were within 6 percent of the year-earlier total. In contrast, tractor sales in the



district made only modest gains through the summer, and total sales for the first nine months of 1970 were still about 20 percent lower than the previous year's total.

The weaker tractor sales performance in the district is probably related to the district's farm income picture. Monthly estimated receipts from the sale of farm products in the district fell below those for the corresponding month of last year in July and have remained so for all months since then. Estimated receipts for the nation have held up better.

Sales of combines, hay balers and forage harvesters in the district are also lower than last year. Only the sales of corn harvesting equipment (corn heads and corn pickers) are above last year's levels in both the district and the nation. These figures may give a misleading impression, however, since the corn harvest throughout the nation was early this fall and probably shifted normally later sales back to September.

	1968	1969	1970
Tractors	117,514	110,971	104,568
	9,794	11,328	9,039
Combines	23,368	17,966	17,276
	4,431	3,811	2,789
Hay Balers	29,271	27,728	25,664
	3,375	3,410	3,182
Forage Harvesters	10,006	10,305	10,400
	1,252	1,236	1,186
Corn Heads and Pickers	11,637	9,404	11,577
	746	1,063	1,087

■ = Ninth District  
■ = United States

# NINTH DISTRICT income and finance

I N D I C A T O R	UNIT	1970			1969	Percent Change OCT.-OCT.
		NOVEMBER	OCTOBER	SEPTEMBER	OCTOBER	
<b>MEASURES OF CONSUMER INCOME &amp; FINANCIAL POSITION</b>	Total Personal Income*					
	Nonagricultural Personal Income*					
	Average Weekly Earnings in Manufacturing <sup>1</sup>	Dollars, n.a.	141.45e	140.16p	138.70	+ 2.0
	Consumer Installment Credit Outstanding <sup>2</sup>	Million \$ n.a.	n.a.	1,377	1,338	
	Time and Savings Deposits at Member Banks	Million \$ n.a.	5,359	5,273	4,760	+12.6
	Savings Balances at Savings & Loan Assoc. <sup>3</sup>	Million \$ n.a.	n.a.	3,612	3,322	
	Cash Farm Receipts <sup>3</sup>	Million \$ n.a.	n.a.	427	552	
<b>MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS</b>	CITY BANKS <sup>4,5</sup>					
	Adjusted Loans and Discounts <sup>6</sup>	Million \$ 2,438	2,464	2,509	2,204	+ 11.8
	Commercial and Industrial Loans	Million \$ 1,087	1,088	1,111	1,012	+ 7.5
	Real Estate Loans	Million \$ 460	460	461	460	
	Gross Demand Deposits	Million \$ 1,999	2,051	2,062	2,057	- 0.3
	Time Deposits	Million \$ 1,557	1,468	1,435	1,241	+18.3
	U.S. Government Securities	Million \$ 401	406	367	385	+ 5.5
	Other Securities	Million \$ 499	529	516	478	+10.7
	COUNTRY BANKS <sup>4,7</sup>					
	Loans and Discounts	Million \$ 3,854	3,813	3,790	3,500	+ 8.9
	Gross Demand Deposits	Million \$ 2,319	2,363	2,257	2,228	+ 6.1
	Time Deposits	Million \$ 3,954	3,892	3,838	3,519	+10.6
	U.S. Government Securities	Million \$ 1,054	1,099	999	1,028	+ 6.9
	Other Securities	Million \$ 1,186	1,190	1,135	1,057	+12.6
<b>MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS</b>	Total Reserves <sup>8</sup>	Million \$ 709p	697	701	681	+ 2.3
	Required Reserves	Million \$ 703p	691	692	672	+ 2.8
	Excess Reserves	Million \$ 6p	6	9	9	-33.3
	Borrowings from FRB	Million \$ 4p	6	5	40	-85.0
	Ratio of Loans to Total Deposits—City Banks <sup>4</sup>	Percent 71.7	72.1	73.6	68.6	+ 5.1
	Ratio of Loans to Total Deposits—Country Banks <sup>4</sup>	Percent 61.4	61.0	62.2	60.9	+ 0.2
<b>MEASURES OF PRICE LEVELS</b>	Consumer Price Index <sup>9</sup> —Minneapolis	Index, sa n.a.	138.2	n.a.	130.3	+ 6.1
	Prices Received by Farmers <sup>9</sup> —Minnesota	Index, sa n.a.	120	125	124	- 3.2

## 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

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: 1957-59 Base Period



# UNITED STATES income and finance

Percent Change OCT. -OCT.	1970			1969	UNIT	I N D I C A T O R	
	NOVEMBER	OCTOBER	SEPTEMBER				
+ 6.0		809.5p	811.9	763.9	Billion \$, saar	Total Personal Income	MEASURES OF CONSUMER INCOME & FINANCIAL POSITION
+ 6.2		787.4p	789.7	741.5	Billion \$, saar	Nonagricultural Personal Income	
+ 1.5		133.85p	135.43	131.87	Dollars	Average Weekly Earnings in Manufacturing	
		n.a.	42.1	40.0	Billion \$	Consumer Installment Credit Outstanding <sup>2</sup>	
+ 15.3		173.7	171.9	150.7	Billion \$	Time and Savings Deposits at Member Banks	
+ 5.5		141.6	139.7	134.2	Billion \$	Savings Balances at Savings & Loan Assoc.	
		n.a.	4.5	5.6	Billion \$	Cash Farm Receipts	
+ 3.8		173.8	175.6	167.5	Billion \$	CITY BANKS <sup>4,5</sup>	MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS
+ 3.1		80.0	81.2	77.6	Billion \$	Adjusted Loans and Discounts <sup>6</sup>	
		34.0	33.9	34.0	Billion \$	Commercial and Industrial Loans	
- 0.5		131.0	140.0	131.7	Billion \$	Real Estate Loans	
+ 18.1		114.8	113.6	97.2	Billion \$	Gross Demand Deposits	
+ 9.4		25.6	24.8	23.4	Billion \$	Time Deposits	
+ 15.3		40.7	40.1	35.3	Billion \$	U.S. Government Securities	
						Other Securities	
+ 7.2		64.3	63.8	60.0	Billion \$	COUNTRY BANKS <sup>4,7</sup>	
+ 4.5		46.3	46.5	44.3	Billion \$	Loans and Discounts	
+ 10.1		58.9	58.2	53.5	Billion \$	Gross Demand Deposits	
- 0.6		16.3	16.0	16.4	Billion \$	Time Deposits	
+ 12.6		21.4	21.0	19.0	Billion \$	U.S. Government Securities	
						Other Securities	
+ 4.8		28,641p	28,820	27,329	Million \$	Total Reserves <sup>8</sup>	MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS
+ 4.6		28,438p	28,571	27,181	Million \$	Required Reserves	
+ 37.2		203p	249	148	Million \$	Excess Reserves	
- 58.5		468p	596	1,127	Million \$	Borrowings from FRB	
- 3.2		73.3	71.4	75.7	Percent	Ratio of Loans to Total Deposits—City Banks <sup>4</sup>	
- 0.3		61.1	60.9	61.3	Percent	Ratio of Loans to Total Deposits—Country Banks <sup>4</sup>	
+ 5.9		137.4	136.6	129.8	Index, sa	Consumer Price Index <sup>9</sup>	MEASURES OF PRICE LEVELS
- 1.7		113	116	115	Index, sa	Prices Received by Farmers <sup>9</sup>	

## 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	
		OCTOBER	SEPTEMBER	OCTOBER	OCT.-OCT.	
MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION	Total Industrial Production*					
	Electrical Energy Consumption: Mfg. and Mining <sup>1</sup>	Index, sa	265	258	269	- 1.5
	Production Worker Manhours: <sup>1</sup>	Index, sa	120p	122p	128	- 6.3
	Manufacturing	Index, sa	128p	130	137	- 6.6
	Mining	Index, sa	84p	85	86	- 2.3
	Total Construction Contracts Awarded	Million \$, sa	n.a.	116.5	132.0	
	Residential Buildings	Million \$, sa	n.a.	50.7	64.1	
	Nonresidential Buildings	Million \$, sa	n.a.	65.8	67.9	
	All Other Construction	Million \$, sa	n.a.	34.0	50.0	
	Bldg. Permits: New Housing Units <sup>2</sup>	Number	4,025	3,235	3,996	+ 0.7
MEASURES OF MANPOWER UTILIZATION	Civilian Work Force <sup>3</sup>	Thousands, sa	2,603e	2,565p	2,554	+ 1.9
	Total Civilian Employment	Thousands, sa	2,469e	2,437p	2,464	+ 0.2
	Number Unemployed	Thousands, sa	134e	128p	90	+48.9
	Unemployment Rate <sup>3</sup>	Percent, sa	5.2e	5.0p	3.5	+48.6
	Average Weekly Hours in Manufacturing <sup>3</sup>	Hours, sa	39.7e	39.4p	41.2	- 3.7
	EMPLOYMENT BY INDUSTRY SECTOR	Wage and Salary Employment, Nonfarm <sup>3</sup>	Thousands, sa	1,921p	1,907	1,915
Manufacturing		Thousands, sa	375p	375	394	- 4.8
Mining		Thousands, sa	33p	33	32	+ 3.1
Construction		Thousands, sa	100p	97	99	+ 1.0
Transport., Comm., & Public Utilities		Thousands, sa	130p	130	133	- 2.3
Trade		Thousands, sa	466p	462	464	+ 0.4
Finance, Insurance & Real Estate		Thousands, sa	90p	90	87	+ 3.4
Service Industries		Thousands, sa	320p	317	308	+ 3.9
Government		Thousands, sa	407p	403	398	+ 2.3
MEASURES OF SPENDING		Total Retail Sales*				
	New Passenger Car Registrations	Thousands, sa	n.a.	22.0	20.9	
	Bank Debits <sup>4</sup>	Billion \$, saar	163.2	169.5	166.6	- 2.1

## 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: 1957-59 Base Period
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 production and employment

Percent Change OCT. -OCT.	1970		1969	UNIT	I N D I C A T O R	
	OCTOBER	SEPTEMBER	OCTOBER			
- 6.2	162.3p	166.1	173.1	Index, sa	Total Industrial Production	MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION
- 11.0	105p	109	118	Index, sa	Electrical Energy Consumption: Mfg. and Mining*	
- 12.3	107p	112	122	Index, sa	Production Worker Manhours: <sup>1</sup>	
- 6.0	79p	80	84	Index, sa	Manufacturing	
- 12.9	4,882.5	5,744.8	5,606.2	Million \$, sa	Mining	
- 0.4	2,076.9	2,286.2	2,085.8	Million \$, sa	Total Construction Contracts Awarded	MEASURES OF MANPOWER UTILIZATION
- 26.1	1,614.5	2,062.8	2,184.9	Million \$, sa	Residential Buildings	
- 10.8	1,191.1	1,395.8	1,335.5	Million \$, sa	Nonresidential Buildings	
	n.a.	121.1p	125.8	Thousands	All Other Construction	
					Bldg. Permits: New Housing Units <sup>5</sup>	
+ 2.2	83,353p	83,031	81,523	Thousands, sa	Civilian Work Force	EMPLOYMENT BY INDUSTRY SECTOR
+ 0.3	78,686p	78,424	78,445	Thousands, sa	Total Civilian Employment	
+ 51.6	4,667p	4,607	3,078	Thousands, sa	Number Unemployed	
+ 47.4	5.6p	5.5	3.8	Percent, sa	Unemployment Rate	
- 2.7	39.6p	39.6	40.7	Hours, sa	Average Weekly Hours in Manufacturing	
- 1.0	70,129p	70,610	70,836	Thousands, sa	Wage and Salary Employment, Nonfarm	MEASURES OF SPENDING
- 7.6	18,689p	19,298	20,233	Thousands, sa	Manufacturing	
- 0.2	621p	621	622	Thousands, sa	Mining	
- 5.8	3,246p	3,253	3,445	Thousands, sa	Construction	
+ 1.0	4,506p	4,512	4,463	Thousands, sa	Transport., Comm., & Public Utilities	
+ 1.3	15,018p	14,972	14,824	Thousands, sa	Trade	
+ 2.8	3,695p	3,681	3,596	Thousands, sa	Finance, Insurance & Real Estate	
+ 2.9	11,688p	11,626	11,361	Thousands, sa	Service Industries	
+ 3.0	12,666p	12,647	12,292	Thousands, sa	Government	
	n.a.	30,813	29,620	Million \$, sa	Total Retail Sales	
	n.a.	659.4	840.5	Thousands, sa	New Passenger Car Registrations	
+ 7.9	3,392.8	3,388.4	3,144.7	Billion \$, saar	Bank Debits <sup>6</sup>	

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

# INDUSTRIAL EXPECTATIONS SURVEY

## DISTRICT INDUSTRIAL SALES DECLINE PROSPECTS FOR 1971 IMPROVE SLIGHTLY

Shipments of industrial goods in the Ninth District are expected to be down slightly from a year ago during the last half of 1970, according to the results of the fourth quarter Industrial Expectations Survey taken around the first of November. This lack of sales growth reflects the sluggish business conditions in the district noted in the third quarter and represents a downward revision from the 3.5 percent average gain anticipated last September. A modest strengthening in district industrial sales, however, is foreseen during the first half of 1971, and survey respondents look for their sales to surpass year-earlier levels by 2.2 percent in the first quarter and 3.2 percent in the second.

The survey's mining and manufacturing components reveal conflicting trends, with manufacturing sales performance improving over the survey period while mining sales growth is expected to deteriorate. Mining sales in the third quarter were up 14.9 percent over a year earlier, and in the current quarter they are expected to advance only 3.3 percent. During the first six months of 1971, mining sales are anticipated to be up 6.9 percent in the first quarter and drop 1.8 percent in the second.

Manufacturing respondents, on the other hand, expect their sales performance to improve during the first half of 1971, following the year-to-year sales declines of the last half of 1970. District third quarter manufacturing sales were down 3.7 percent, and fourth quarter manufacturing sales are expected to decline 1.3 percent from a year earlier. This is the first time in 13 surveys that district manufacturing sales have shown a year-to-year decline. In the first quarter of 1971, manufacturing sales are expected to be up 1.3 percent and are then expected to surpass year-earlier levels by 4.2 percent in the second quarter. Although these sales gains are too modest to signal a recovery in district manufacturing activity, this is the first time in a year that manufacturers have expected their sales to strengthen over the forecast period.

The source of this anticipated improvement next year in manufacturing sales growth is the durable goods industries. Their sales dropped 12.1 percent from a year ago in the third quarter and are expected to fall 7.3 percent in the current quarter. In 1971, durable goods manufacturers look for their sales to be down only 2.6 percent in the first quarter and to increase 2.2 percent from a year ago in the second quarter. Although they foresee some improvement in their sales performance, electric and nonelectric machinery manufacturers do not expect their sales to exceed year-earlier levels during the forecast period. The lumber and wood products and fabricated metals industries, on

the other hand, anticipate a substantial sales recovery.

The survey results reveal very little change in nondurable goods sales. In these industries, sales exceeded last year's level by 5.8 percent in the third quarter and are expected to maintain this rate of advance in the current quarter. Next year, they look for their sales to increase around 6.0 percent in the first and second quarters.

The results of the current survey also provide some insights as to how the various states and areas in the district are weathering the current economic slowdown. In the Twin Cities metropolitan area, where over

	Q3 1970	Q4 1970	Q1 1971	Q2 1971
Minnesota	-8.9	-7.1	-1.1	1.7
Montana	-4.0	10.7	4.9	8.6
North Dakota	5.9	4.0	15.5	5.7
Northwestern Wisconsin	1.2	-5.8	-5.4	-2.4
South Dakota	9.7	9.1	3.8	3.8
Twin Cities	-11.4	-8.2	-1.9	1.5
Upper Michigan	31.9	23.6	23.2	13.3

( ) = expected

50 percent of the district's manufacturing activity is located, manufacturing sales were down 11.4 percent from a year ago in the third quarter and are expected to drop 8.2 percent in the current quarter. In 1971, Twin Cities' manufacturing sales are anticipated to decline 1.9 percent in the first quarter and increase 1.5 percent in the second quarter. Manufacturing sales in all of Minnesota, which are heavily influenced by the Twin Cities, are expected to follow a similar pattern. Although Northwestern Wisconsin sales were up 1.2 percent from a year ago in the third quarter, sales declines are expected there in the current quarter and during the first six months of 1971. In Montana and North Dakota, manufacturing sales growth should improve over the forecast period, while some slowing in sales growth is foreseen by South Dakota and Upper Michigan manufacturers.

The district's third quarter decline in manufacturing sales of 3.7 percent is below the anticipated national advance of 2.6 percent. This is the first time since the third quarter of 1968 that district manufacturing sales growth failed to outpace national manufacturing sales gains. In the current quarter, national manufacturing sales are expected to be up 2.8 percent as compared to a 1.3 percent drop in the district.