

## monthly statistical report

# NINTH DISTRICT CONDITIONS

## federal reserve bank of minneapolis



### LOAN EXPANSION CEASES

The Ninth District's economy sustained a strong level of activity through October. There are indications that tight supplies of loan funds and labor shortages restrained further expansion.

The pace of loan expansion has slowed noticeably in recent months. As recently as the second quarter, district bank loans were rising at an annual rate of 12 percent. The growth of loans tapered off to 4 percent at an annual rate in July-August and came to a complete halt in September-October.

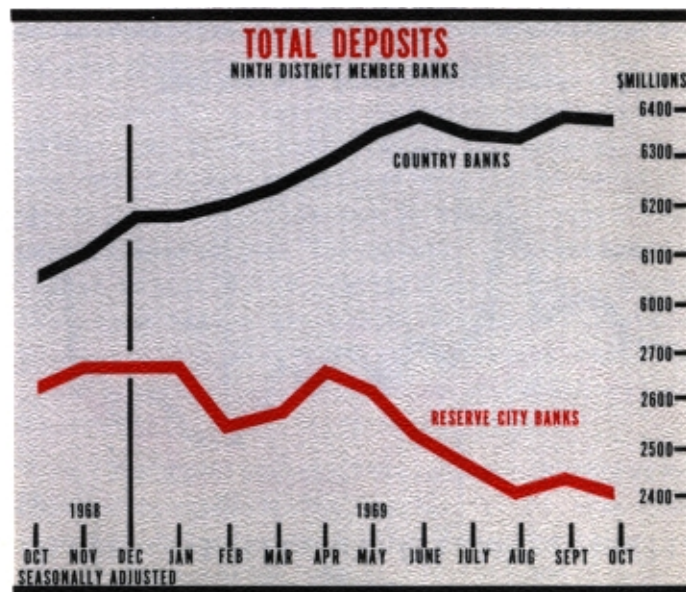
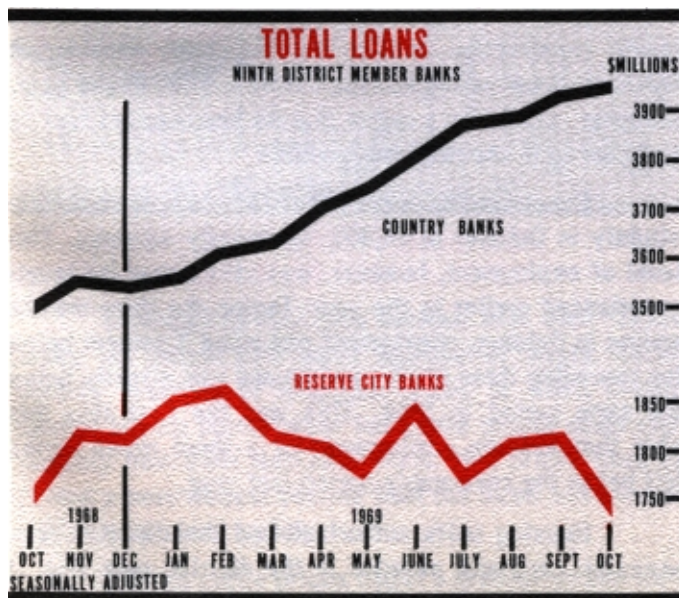
The recent slowdown in district bank loan expansion has occurred mainly at country banks. During the first seven months of 1969, total loans at these banks increased at an annual rate of 16 percent, a pace which surpassed that maintained in 1967 and 1968 when easier monetary conditions prevailed. Since August, however, loans have been increasing at about one-half this rate.

The continuation of unusually weak deposit inflows combined with tight liquidity positions appears to be largely responsible for the curtailed loan growth at

country banks. In early 1969, net deposit inflows at country banks diminished considerably from their 1968 levels. In order to acquire funds to meet the heavy demand for loans, the banks sold a substantial portion of their holdings of U.S. government securities. As a result, liquidity positions deteriorated sharply during this period. Deposit inflows have remained weak since August, and with country banks unable or unwilling to undergo a further contraction of liquidity, the result has been a braking of loan growth.

Outstanding loans at reserve city banks continue to decline at about the same rate experienced earlier in the year. Business loans and loans to financial institutions have borne the brunt of this decline throughout the year, but in the past three months some slowing has also been observed in real estate and consumer loans.

As in the case of country banks, the continued decline in outstanding loans at city banks appears to stem primarily from supply considerations. There is little evidence yet that demand pressures are abating. Although city banks are still losing deposits, the drain is not as heavy as it was previously. The relative improvement is



attributable primarily to the fact that the outflow of large negotiable certificates of deposit has diminished in the last three months in step with the reduced volume of certificates maturing during the period.

### **DISTRICT'S LABOR FORCE GROWS LITTLE, AS DOES WAGE AND SALARY EMPLOYMENT**

Preliminary estimates indicate that district wage and salary employment, seasonally adjusted, increased between September and October. This increase reflects a recovery from the employment dip of last summer. District wage and salary employment increased 2.2 percent at an annual rate in the three-month period ending in October, after declining 1.6 percent in the previous three months.

Year-to-year comparisons emphasize the slowing in district employment growth relative to the nation. In October, district wage and salary employment was only 2.0 percent above a year ago, while the national advance was 3.2 percent. The district's trend rate of employment growth is 1.2 percent versus 3.2 percent in the nation, a further evidence of slowing. In fact, all major industrial sectors in the district had a twelve-month trend rate of growth below their national counterparts.

The slowing in district employment growth appears to be the result of a shortage in the supply of labor rather than any weakening in labor demand. The average monthly increase in the district's civilian labor force over the past twelve months was 0.1 percent, while in the nation it increased at a 2.8 percent annual rate. Consequently, there has been more room for expansion in employment at the national level. Also, labor markets have been tighter in the district than in the nation. The district's unemployment rate in October was 3.5 percent compared to a national unemployment rate of 3.9 percent. During the first nine months of this year the district's unemployment rate has generally been below the national rate.

Consumer spending in the district has been relatively sluggish according to department store and retail



sales data. In the third quarter, department store sales in selected district urban areas were up only 5 percent over a year ago, while national department store sales were up 10 percent over the 1968 level. District department store sales growth has been quite modest throughout the first nine months of this year compared to the U.S. as a whole.



The growth in total retail sales has been more depressed in Minnesota than in the nation. In the third quarter, while retail sales increased 2.4 percent over last year's level in the nation, they were down 1.4 percent in Minnesota. During the first nine months of this year, national retail sales were running 4 percent ahead of a year ago versus a 2 percent increase in Minnesota.

Industrial activity in the third quarter of 1969 continued to expand according to the results of the latest Industrial Expectations Survey taken around the first of November (see back page for detailed discussion).

### **CONSTRUCTION REMAINS DEPRESSED, MORTGAGE RATES REACH RECORD HIGH**

The Ninth District construction industry is continuing to feel the effects of the tight monetary policy. As a result, construction activity during October remained at levels well below those experienced earlier in the year. Moreover, statistics suggest that no improvement will be forthcoming in the next few months.

Construction employment in the district rose slightly in October to 94,000, seasonally adjusted. This level of employment, however, was still below the levels experienced earlier in the year. During the three months ending in October, employment was about 3 percent below the preceding three-month average and was slightly below the same period in 1968. This was the first time this year that average employment for a three month period fell below the comparable period last year.

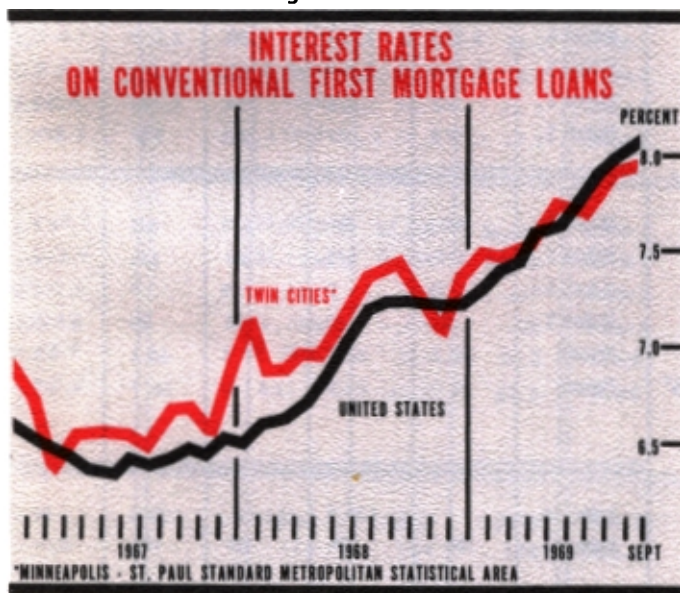
Housing units authorized and the value of construction contracts awarded in the district were also at lower levels than they had been earlier in the year. Dur-



ing October, the number of housing units authorized by building permits slipped 16 percent from September's level and during the six months ending in October they were nearly 25 percent lower than during the preceding six months.

Since May of this year, the volume of new contracts awarded in the district each month has been lower than during the same month last year, and the volume of new contracts awarded during the six months ending in September was about 5 percent below the preceding six months. The decline in contracts awarded in recent months has not been uniform among different construction sectors. The value of residential building contracts fell about 25 percent during the most recent six month period while nonresidential building contracts were down less than 5 percent. Nonbuilding contracts awarded were substantially greater during the six months ending in September than during the preceding six months; this reflected the temporary freeze on highway spending late last year.

National conventional mortgage interest rates reached a new peak in September, rising to an average 8.08 percent. In contrast, the average mortgage interest rate in the Twin City area stayed at 7.96 percent; this was nearly 50 basis points above a year earlier. The likely reason the Minneapolis-St. Paul rate remained unchanged was that it was already crowding Minnesota's 8 percent interest rate ceiling.

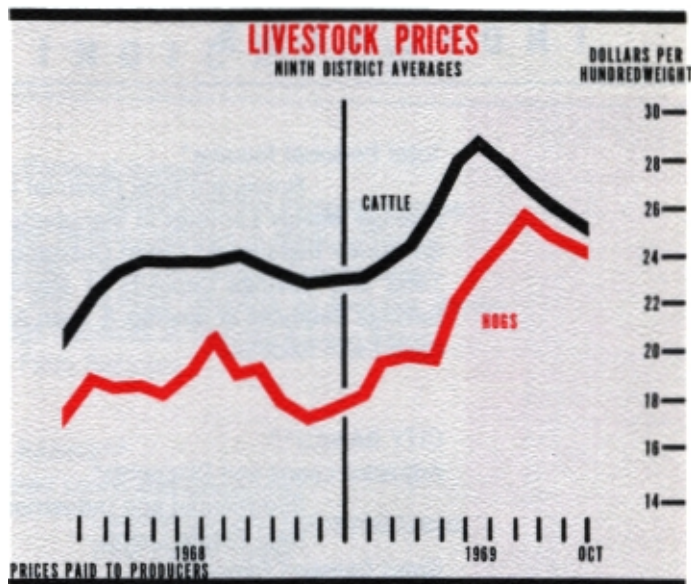


### CATTLE AND HOG PRICES REMAIN HIGH, AFTER RECEDING FROM SUMMER PEAKS

Livestock prices have receded from their summer peaks, but remain well above year-earlier levels. Recent monthly averages of livestock prices at Ninth District country buying points show fed cattle prices down significantly from their May-June highs. Hog prices have exhibited a more modest decline from the three and one-half year peak attained in July.

District cattle prices began a gradual ascent early

in 1968. By fall, the higher prices had stimulated an increase in both the number of cattle marketed for slaughter and average weights, and this in turn caused a modest retrenchment in prices. However, by the turn of the year the price rise had resumed and in the early months of 1969 cattle prices shot up dramatically.



The basic cause of the sharp rise in prices between mid-1968 and mid-1969 was apparently a rapid nationwide increase in consumer demand for beef. The particularly large increases in monthly prices that began in April of this year were also partially due to speculative demand. During this period of rapidly rising prices, the number of cattle marketed and slaughtered in the Ninth District also rose rapidly as feeders took advantage of the favorable situation. Cattle slaughter in the district had begun the year at relatively low levels, and it was not until September that year-earlier levels were achieved. Cattle slaughter in the nation, on the other hand, was already at peak levels early in the year when the sharp price rises occurred. During the period of rapidly increasing prices, the national slaughter of cattle rose even further, and this was no doubt a factor in eventually ending the price climb and the attendant speculation.

The price of hogs has also risen dramatically over the last year in the Ninth District. The slaughtering of hogs has followed a pattern similar to that for cattle, except that the absolute increase in number of hogs slaughtered has been smaller. The increase in hog slaughtering relative to past performance has been greater at the national level than in the district. The somewhat smaller increase in hogs slaughtered and the general increase in consumer demand for meat appear to be the primary factors underlying the rise in the price of hogs.

The dip in hog prices in September-October is not expected to continue. Hog supplies for the near future seem to be limited to levels below those of last year, and this should tend to firm prices.

# NINTH DISTRICT income and finance

I N D I C A T O R	UNIT	1969			1968	Percent Change	
		November	October	September	October	Oct.-Oct.	
MEASURES OF CONSUMER INCOME & FINANCIAL POSITION	Total Personal Income*						
	Nonagricultural Personal Income*						
	Average Weekly Earnings in Manufacturing <sup>1</sup>	Dollars,		137.73e	136.96e	130.06	+5.9
	Consumer Installment Credit Outstanding <sup>2</sup>	Million \$		1,338	1,330	1,272	+5.2
	Time and Savings Deposits at Member Banks	Million \$	4,773	4,760	4,759	4,744	+0.3
	Savings Balances at Savings & Loan Assoc. <sup>3</sup>	Million \$		n.a.	3,345p	3,174	
	Cash Farm Receipts <sup>3</sup>	Million \$		n.a.	427	460	
MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS	CITY BANKS <sup>4,5</sup>						
	Adjusted Loans and Discounts <sup>6</sup>	Million \$	2,273	2,204	2,241	2,198	+ 0.3
	Commercial and Industrial Loans	Million \$	1,039	1,012	1,022	1,046	- 3.3
	Real Estate Loans	Million \$	467	460	464	415	+10.8
	Gross Demand Deposits	Million \$	1,963	2,057	1,942	1,915	+ 7.4
	Time Deposits	Million \$	1,238	1,241	1,264	1,495	-17.0
	U.S. Government Securities	Million \$	339	386	309	377	+ 2.4
	Other Securities	Million \$	519	478	561	525	- 9.0
	COUNTRY BANKS <sup>4,7</sup>						
	Loans and Discounts	Million \$	3,523	3,500	3,495	3,475	+13.8
	Gross Demand Deposits	Million \$	2,332	2,228	2,201	2,179	+ 2.2
	Time Deposits	Million \$	3,535	3,519	3,495	3,248	+ 8.3
	U.S. Government Securities	Million \$	1,065	1,028	994	1,193	-13.8
	Other Securities	Million \$	1,077	1,057	1,043	957	+10.4
	MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS	Total Reserves <sup>8</sup>	Million \$	688 p	681	670	655
Required Reserves		Million \$	679 p	672	661	646	+ 4.0
Excess Reserves		Million \$	9p	9	9	9	0.0
Borrowings from FRB		Million \$	80p	40	31	20	+100.0
Ratio of Loans to Total Deposits—City Banks <sup>4</sup>		Percent	72.2	68.6	71.5	65.4	+4.9
Ratio of Loans to Total Deposits—Country Banks <sup>4</sup>		Percent	60.0	60.9	61.3	56.7	+7.4
MEASURES OF PRICE LEVELS		Consumer Price Index <sup>9</sup> —Minneapolis	Index, sa		130.3	n.a.	122.2
	Prices Received by Farmers <sup>9</sup> —Minnesota	Index, sa	100	124	127	112	

## 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.	1969			1968	UNIT	I N D I C A T O R	
	November	October	September				
+8.1		763.1p	760.7	706.2	Billion \$, saar	Total Personal Income	MEASURES OF CONSUMER INCOME & FINANCIAL POSITION
+7.9		740.6p	738.1	686.1	Billion \$, saar	Nonagricultural Personal Income	
+4.8		131.87p	132.84	125.77	Dollars	Average Weekly Earnings in Manufacturing	
+9.9		40.0	39.8	36.4	Billion \$	Consumer Installment Credit Outstanding <sup>2</sup>	
-6.8		150.7	151.5	161.7	Billion \$	Time and Savings Deposits at Member Banks	
+3.8		134.2	134.6	129.3	Billion \$	Savings Balances at Savings & Loan Assoc.	MEASURES OF FINANCIAL CONDITION OF MEMBER BANKS
		n.a.	4.5	5.2	Billion \$	Cash Farm Receipts	
+10.3		167.5	167.7	151.9	Billion \$	CITY BANKS <sup>4,5</sup>	
+11.3		77.6	78.1	69.7	Billion \$	Adjusted Loans and Discounts <sup>6</sup>	
+7.6		33.9	33.7	31.5	Billion \$	Commercial and Industrial Loans	
+6.6		131.7	128.8	123.6	Billion \$	Real Estate Loans	
-12.3		97.2	97.9	110.8	Billion \$	Gross Demand Deposits	
-22.3		23.4	22.2	30.1	Billion \$	Time Deposits	
-7.1		35.3	36.2	38.0	Billion \$	U.S. Government Securities	
						Other Securities	
+10.5		60.0	60.1	54.3	Billion \$	COUNTRY BANKS <sup>4,7</sup>	
+0.7		44.3	44.4	44.0	Billion \$	Loans and Discounts	
+5.1		53.5	53.6	50.9	Billion \$	Gross Demand Deposits	
-11.8		16.4	16.4	18.6	Billion \$	Time Deposits	
+10.5		19.0	19.0	17.2	Billion \$	U.S. Government Securities	
						Other Securities	
+2.5		27,331p	27,020	26,665	Million \$	Total Reserves <sup>8</sup>	MEASURES OF RESERVE POSITION AND "LIQUIDITY" OF MEMBER BANKS
+2.9		27,195p	26,759	26,428	Million \$	Required Reserves	
-42.6		136p	261	237	Million \$	Excess Reserves	
+157.3		1,127p	1,075	438	Million \$	Borrowings from FRB	
+13.8		75.7	76.6	66.5	Percent	Ratio of Loans to Total Deposits—City Banks <sup>4</sup>	
+7.2		61.3	61.3	57.2	Percent	Ratio of Loans to Total Deposits—Country Banks <sup>4</sup>	MEASURES OF PRICE LEVELS
+5.6		129.8	129.3	122.9	Index, sa	Consumer Price Index <sup>9</sup>	
+6.5		115	114	108	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

# UNITED STATES production and employment

Percent Change Oct.-Oct.	1969		1968	UNIT	I N D I C A T O R	
	October	September	October			
+4.2	173p	174	166	Index, sa	Total Industrial Production	MEASURES OF PRODUCTION AND FACTOR INPUTS TO PRODUCTION
				Index, sa	Electrical Energy Consumption: Mfg. and Mining*	
+0.9	118p	119	117	Index, sa	Production Worker Manhours: <sup>1</sup>	
+1.7	122p	123	120	Index, sa	Manufacturing	
+6.3	84p	83	79	Index, sa	Mining	
+0.2	5663.6	5194.1	5654.5	Million \$, sa	Total Construction Contracts Awarded	MEASURES OF MANPOWER UTILIZATION
-5.7	2137.8	1983.9	2267.0	Million \$, sa	Residential Buildings	
+5.1	2258.4	2042.0	2148.3	Million \$, sa	Nonresidential Buildings	
+2.3	1267.4	1168.2	1239.2	Million \$, sa	All Other Construction	
n.a.	n.a.	108.0p	130.1	Thousands	Bldg. Permits: New Housing Units <sup>5</sup>	
+3.4	81,486p	8,359	78,800	Thousands, sa	Civilian Work Force	EMPLOYMENT BY INDUSTRY SECTOR
+3.1	78,325p	78,127	76,002	Thousands, sa	Total Civilian Employment	
+13.0	3,161p	3,232	2,798	Thousands, sa	Number Unemployed	
+8.3	3.9p	4.0	3.6	Percent, sa	Unemployment Rate	
-1.5	40.5p	40.8	41.1	Hours, sa	Average Weekly Hours in Manufacturing	
+3.7	70,663	70,486	68,127	Thousands, sa	Wage and Salary Employment, Nonfarm	MEASURES OF SPENDING
+1.8	20,190p	20,201	19,840	Thousands, sa	Manufacturing	
+10.5	633p	631	573	Thousands, sa	Mining	
+3.1	3,406p	3,414	3,305	Thousands, sa	Construction	
+3.1	4,476p	4,482	4,341	Thousands, sa	Transport., Comm., & Public Utilities	
+3.8	14,801p	14,731	14,265	Thousands, sa	Trade	
+4.9	3,601p	3,590	3,433	Thousands, sa	Finance, Insurance & Real Estate	
+4.9	11,251p	11,153	10,721	Thousands, sa	Service Industries	
+3.0	12,305p	12,284	11,949	Thousands, sa	Government	
+2.3	29,371p	29,249p	28,697	Million \$, sa	Total Retail Sales	
	n.a.	940.2	856.1	Thousands, sa	New Passenger Car Registrations	
+14.7	3144.7	3173.3	2741.2	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



# NINTH DISTRICT production and employment

I N D I C A T O R		UNIT	1969		1968	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	n.a.	262	241	+3.2
	Production Worker Manhours: <sup>1</sup>	Index, sa	128p	128	124	+3.8
	Manufacturing	Index, sa	137p	136	132	+3.6
	Mining	Index, sa	86p	88	83	
	Total Construction Contracts Awarded	Million \$, sa	n.a.	134.2	166.6	
	Residential Buildings	Million \$, sa	n.a.	60.1	69.4	
	Nonresidential Buildings	Million \$, sa	n.a.	57.1	57.5	
	All Other Construction	Million \$, sa	n.a.	17.0	39.7	
	Bldg. Permits: New Housing Units <sup>2</sup>	Number	n.a.	3,142	3,833	
MEASURES OF MANPOWER UTILIZATION	Civilian Work Force <sup>3</sup>	Thousands, sa	2,582e	2,551	2,529	+2.1
	Total Civilian Employment	Thousands, sa	2,490 e	2,461 p	2,441	+2.0
	Number Unemployed	Thousands, sa	92 e	90p	88	+4.5
	Unemployment Rate <sup>3</sup>	Percent, sa	3.6e	3.5p	3.5	+2.9
	Average Weekly Hours in Manufacturing <sup>3</sup>	Hours, sa	41.3e	41.2 p	41.2	+0.2
EMPLOYMENT BY INDUSTRY SECTOR	Wage and Salary Employment, Nonfarm <sup>3</sup>	Thousands, sa	1,895 p	1,885p	1,851	+2.4
	Manufacturing	Thousands, sa	384p	382p	379	+1.3
	Mining	Thousands, sa	33p	34p	33	0.0
	Construction	Thousands, sa	94p	94p	94	0.0
	Transport., Comm., & Public Utilities	Thousands, sa	132 p	132p	130	+1.5
	Trade	Thousands, sa	462p	457p	447	+3.4
	Finance, Insurance & Real Estate	Thousands, sa	86p	86p	83	+3.6
	Service Industries	Thousands, sa	305p	303p	296	+3.0
	Government	Thousands, sa	400p	397p	389	+2.8
MEASURES OF SPENDING	Total Retail Sales*	Thousands, sa	n.a.	24.5	23.1	
	New Passenger Car Registrations	Thousands, sa	n.a.	24.5	23.1	
	Bank Debits <sup>4</sup>	Billion \$, saar	166.6	151.6	126.7	+31.5

## 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

- 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

# NINTH DISTRICT INDUSTRIAL EXPECTATIONS SURVEY

## THIRD QUARTER SALES RISE SHARPLY, SLOWER GROWTH ANTICIPATED FOR 1970

Economic activity in the Ninth Federal Reserve District during the third quarter of 1969 continued to expand according to the results of the latest Industrial Expectations Survey, taken around the first of November. Third quarter industrial sales increased 16.5 percent over last year's level, after expanding 13.3 percent in the second quarter. Survey respondents, however, do not expect to maintain their third quarter rate of sales increase. In the fourth quarter industrial sales are anticipated to increase 13.4 percent over year-earlier levels and then drop next year to 8.7 percent in the first quarter and 7.0 percent in the second quarter.

District mining sales were up 19.8 percent over a year ago in the third quarter, which is down from the 26.6 percent advance recorded in the second quarter. District mining respondents look for their rate of sales increase to drop to 13.3 percent in the fourth quarter. Then during the first half of 1970, sales increases on a year-to-year basis are expected to decline further to 6.4 percent in the first quarter and 7.2 percent in the second quarter.

After increasing 10.6 percent over last year's level in the second quarter, district manufacturing sales advanced 15.9 percent in the third quarter (see table). This increase in manufacturing sales is the largest reported so far in nine surveys. In the fourth quarter, district manufacturers anticipate that their rate of sales increase will decline to 13.4 percent. Next year they expect their sales to advance 9.1 percent in the first quarter and only 6.9 percent in the second quarter.

The sales of durable goods manufacturers registered a very strong 22.4 percent third quarter increase. This increase can be attributed to a 23.8 percent sales gain in the nonelectric machinery industry and a 25.5 percent advance in the electric machinery industry. The fabricated metals, transportation and scientific instruments industries also had good sized year-to-year sales gains. Sales in the lumber and wood products industry, however, were down slightly from a year ago in the third quarter, and substantial sales declines are expected in the next three quarters.

The large third quarter increase in durable goods sales is not expected to continue into the fourth quarter. Durable goods manufacturers now foresee a 14.0 percent sales increase in the fourth quarter. Then in the first quarter of 1970 they look for their rate of sales increase to drop to 10.5 percent and then decline further to 4.9 percent in the second quarter. The large nonelectric machine-

ry industry, which expects its year-to-year sales increase to be in excess of 20 percent during the last half of 1969, now anticipates sales increases of 7.3 and 7.7 percent in the first and second quarters of 1970 respectively. Also, the scientific instruments industry is quite pessimistic about its sales prospects during the first half of next year, for they expect their sales to decline 2.9 percent in the first quarter and 4.9 percent in the second quarter.

Nondurable goods sales advanced 8.5 percent over 1968 levels in the third quarter, after increasing only 5.3 percent in the second quarter. Increases in the food and kindred products and petroleum products industries were

MANUFACTURING SALES						
(Percent change from One Year earlier)						
	NINTH DISTRICT			UNITED STATES		
	Total	Durable	Nondurable	Total	Durable	Nondurable
I 69	13.3	22.1	6.8	9.6	22.3	8.6
II	20.6	25.3	5.3	8.2	9.0	7.4
III	15.9	22.4	8.5	8.8e	11.3e	5.9e
IV	13.4e	14.0e	12.8e	6.9e	8.8e	4.4e
I 70	9.1e	10.5e	7.6e			
II	6.9e	4.9e	9.1e			
e - expected						

responsible for the improved sales performance. After increasing only 1.1 percent in the second quarter, food and kindred products sales advanced 7.2 percent in the third quarter. Petroleum products industry sales were 17.7 percent above year-ago levels in the third quarter. Whereas the rate of increase in durable goods sales is expected to decrease between the third and fourth quarters, it is expected to increase from 8.5 percent to 12.8 percent in the nondurable goods industries. Nondurable goods sales are expected to advance 7.6 percent over a year ago in the first quarter of 1970 and 9.1 percent in the second quarter. The results of the first nine surveys indicate that in the Ninth district durable goods sales have increased faster than nondurable goods sales, but if the manufacturers' sales expectations in this survey are realized, manufacturing sales gains will be approximately equal in durable and nondurable goods industries during the first half of next year.

The district third quarter increase in manufacturing sales of 15.9 percent is considerably above the anticipated national advance of 8.8 percent. Although the rate of increase in both district and national manufacturers' sales is expected to decrease in the fourth quarter, district manufacturing sales, at least through the end of this year, are expected to grow faster than national manufacturing sales.