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Monthly Review

OF THE FEDERAL RESERVE BANK OF MINNEAPOLIS

Recession trend moderated

In recent weeks evidence has appeared at the national level to indicate the eight-month-old downward movement of the economy has been moderated. In fact, it may be at or near the bottom. Industrial production, employment and incomes have recently edged up slightly and unemployment has declined more than seasonally. On the favorable side, too, was a more stable trend in both the wholesale and consumer price indexes. Actually, the end of the rise in consumer prices may be in sight for 1958 as more meat, fruit and vegetable supplies reach the market and food prices are moderated.

The current rise in jobs and the boost in federal pay scales (retroactive to January 12) give personal income payments a boost. Also, people have been reducing their instalment indebtedness. This, sooner or later, may facilitate expansion via new instalment debt which, in turn, could stimulate production. Recent increases in new orders for machinery are another hopeful sign, as is the speed-up in residential construction activity.

It may be, however, that even if many of the nation's economic indexes should show strength in the months ahead, unemployment may still remain a problem. Growth in the labor force adds substantially each year to the number of people seeking employment. Reduction of unemployment may therefore come slowly, depending on how swiftly the economy emerges from the recession.

Time deposit growth during a recession

A brief study of the postwar record increase in time deposit growth at commercial banks . . . . . see page 7

There is evidence that the recession has been felt less keenly in the Ninth Federal Reserve district than it has in the country as a whole. While this may be true in total, the mining areas of the district have been severely affected by recessionary trends. In fact, about a third of the total district unemployment may be found in the district's mining industries. In such areas economic activity, as measured by employment, retail sales and bank debits, has been sharply curtailed. Fortunately, though, unemployment compensation payments and supplemental payments have reduced the economic shock to those unemployed.

Agriculture, in recent months, has been the economic bulwark of the region with both higher prices for many important farm products and a level of income up approximately 6 percent by the end of April from a year earlier. Current crop and livestock conditions are favorable except in some sections of western North Dakota and eastern Montana where soil moisture is on the light side. Confidence in farming is evidenced by a 6.8 percent gain in district farm land prices from March 1957 to March 1958. A 2.6 percent gain occurred during the four months ended March 1, 1958.

Recent banking data disclose what might represent a reversal in trends that have prevailed for many months. This year, prior to May, loans at country member banks in the district *increased* by more than they had in the same period last year while at the city banks loans *decreased* by more than they had in the comparable period last year. In May country bank loans failed to match the year ago increase while city bank loans fell by a little less than a year earlier.

The following selected topics describe particular aspects of the district's current economic scene:

LAND VALUES CONTINUE TO RISE

Farm land prices in the Ninth district continued to rise during the four months ended March 1, 1958 according to U. S. Department of Agriculture estimates. The Ninth district index of estimated farm real estate prices rose 2.6 percent during the recent four-month period to reach 162 percent of the average level of farm land prices during the period 1947-1949.

During the 12-month period ending March 1 farm land values in the Ninth district rose 6.8 percent compared with an increase of 6.1 percent for the nation as a whole.

Apparently the recession in business activity has affected the farm real estate market very little thus far. The more favorable current agricultural price and income situation has likely contributed strength to the farm real estate market. Prices for farm products in 1958 averaged more than 7 percent above the first quarter of 1957, and in mid-March they were at the highest level in nearly five years.

Cash receipts from farm marketings in the first quarter were up 7 percent for the nation over a year ago; the district recorded an increase of 3.9 percent during the period. Delayed marketings arising from late harvests and substantial price increases accounted for the rise in cash receipts in both the nation and district.

In addition to favorable prices and incomes, several other factors influence the continuing rise in land values. Probably the most important factor is the demand for land by farm operators to expand farm size in an effort to reduce per unit costs.

Government programs undoubtedly contribute strength to the farm real estate market. Programs such as the soil bank program would tend to support land prices in some areas, particularly the areas of lower land values such as the cut-over areas in the northeastern part of the Ninth district. The growing conviction that government programs will be continued indefinitely in an effort to stabilize farm income would also be a contributing factor to a general rise in farm land values.

In some areas the demand for land for roads, highways and rural homesites contributes to the rising real estate market.

1958 WHEAT CROP PROSPECT HIGH IN U.S., LOW IN DISTRICT

A total 1958 wheat crop of 1,271 million bushels is in prospect, according to the June 1 estimate of the U. S. Department of Agriculture. If the estimate is fulfilled the 1958 crop will exceed 1957 production by 34 percent, and exceed the average production of the previous ten years by 14 percent.

The winter wheat crop estimate on June 1 was again revised upward to 1,069 million bushels, 59 million bushels over the May 1 estimate. The indicated winter wheat crop would be a record high and exceeds the 10-year average by 26 percent. Increases in estimates of the winter wheat crop over May occurred quite generally throughout the southwest and south central states.

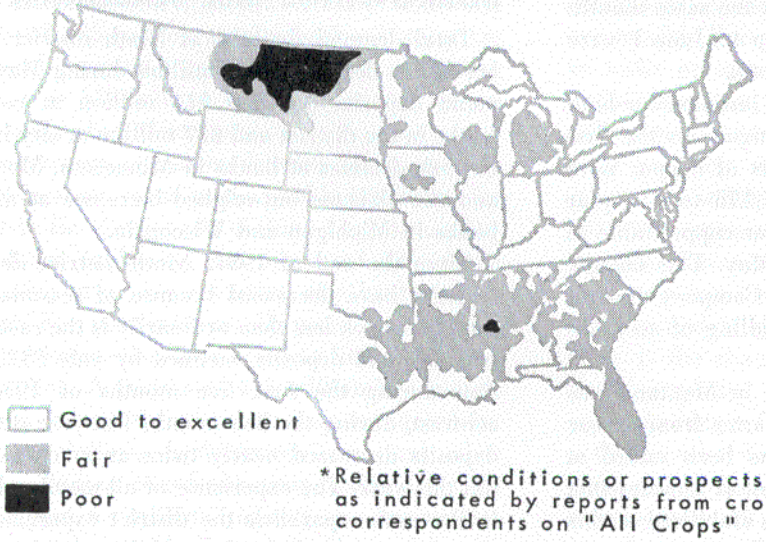
Because of a critical shortage of moisture during the month of May throughout much of the Ninth district, the prospect for the 1958 district winter wheat crop was dampened considerably. The USDA revised their estimates of winter wheat yields downward from 27 to 22 bushels per acre in Montana, and from 27 to 26 bushels in Minnesota; the South Dakota estimate remained unchanged at 20 bushels. Thus, the indicated winter wheat crop for the Ninth district on June 1 stands at 60.2 million bushels, down 16.1 percent from the May 1 forecast.

The June 1 USDA estimate of total spring wheat production indicates a crop of 202 million bushels, 16 percent below last year and nearly one-fourth lower than the ten-year average. The smaller crop prospect this year is due largely to lower prospective yields since the acreage intended for planting as reported March 1 was above last year. The expectations of lower yields were attributed to the May moisture deficiencies in the principal spring wheat areas. In the Ninth district intended plantings of all spring wheat as estimated March 1 were up 16 percent over 1957, while indicated production in 1958 as estimated on June 1 is 17 percent below last year.

Production of durum wheat is expected to total only 16.1 million bushels and rank with the smaller crops of recent years. The crop in 1957 was 40 million bushels compared with the 10-year average of 30 million bushels. The small crop of durum wheat this year is due largely to reduced plantings which growers reported in March.

The crop prospects for all crops as estimated by crop reporters are indicated as good to excellent throughout most of the nation. However, exceptions are found throughout a relatively large part of the Ninth district and in southeastern United States. The moisture shortages that have developed in the Ninth district have also caused pasture conditions to deteriorate considerably.

1958 Crop prospects in the United States



*Relative conditions or prospects as indicated by reports from crop correspondents on "All Crops"

Source: United States Department of Agriculture

MINERAL OUTPUT CUT SHARPLY

In the Ninth district the current recession is concentrated, to a large extent, in the mineral producing regions. The output of minerals has been cut sharply, reducing employment substantially and thereby consumer incomes and spending in those areas.

Employment in mining in Ninth district states

	Month	1958	1957	Decrease	Percent decrease
Michigan Peninsula	April	8,800	11,100	2,300	—21%
Minnesota	May	14,600	21,400	6,800	—32%
Montana	May	8,700	11,900	3,200	—27%
No. Dakota	April	1,800	1,800		
So. Dakota	April	2,500	2,500		
Wisconsin	April	3,400	4,200	800	—19%
		39,800	52,900	13,100	—25%

Iron ore production is being curtailed sharply this season. The opening of the navigation season on the Great Lakes was delayed last spring. Furthermore, the entire fleet of iron ore boats has not been placed in operation. In April and May only 4,123,171 gross tons of ore were shipped from the Lake Superior region as compared with 16,714,273 gross tons shipped in the same months of last year. Thus, shipments up to June 1 were only one-fourth of last year's total.

The output of copper was cut last summer both in Montana and in Upper Michigan. In the first quarter of this year, 37,380 tons of copper were produced as compared with 41,175 tons a year ago, a drop of 9 percent. Another copper mine in Butte, Montana was closed in May. This cut the output of the Anaconda Copper Company another 10 percent and resulted in the idling of an additional 200 workers.

The output of zinc and lead in Montana was down 40 percent in the first quarter from a year ago. In recent months, zinc has been mined at about one-half of last year's rate. It appears that the output of zinc now has been stabilized at this low level. The output of lead, according to some observers, may be cut still further because of unfavorable market conditions.

Silver is recovered from ore mined primarily for other minerals. The output has also declined to nearly one-half of last year's volume. On the other hand, the output of gold in the first quarter of this year was down only 10 percent from 1957.

The decline in employment reflects the economic impact that the reduction in mineral production has had on the mining regions of this district. As may be observed in the table, in the four district states where the iron ore and nonferrous metals are mined, employment in mining during May was down about 13,100 from a year ago. This reduction in employment is approximately one-third of the increase in insured unemployment in the entire Ninth district.

In addition to the unemployment in mining, the workweek has been shortened by nearly all mining companies. A four-day week has become quite prevalent and in Upper Michigan a few companies have cut operations to a three-day week. Thus, the income of workers who remain on payrolls has also been cut.

DEMAND DEPOSITS DROP, BORROWINGS RISE SEASONALLY

Total demand deposits at Ninth district member banks decreased $31 million during May. Demand deposits dropped $14 million at country banks in the district and $17 million at city banks. Deposit declines at banks in Minnesota, Montana, and the Dakotas outweighed increases at district banks in Michigan and Wisconsin.

Since the end of 1957, Ninth district demand deposits have decreased because of seasonal factors, but much less than ordinarily is the case. District demand deposits declined by only $123 million during the first five months of 1958. In contrast, during the like months last year demand deposits decreased nearly twice as much as they did this year. The experience of all member banks in the nation parallels the district experience. In the nation as a whole, demand deposits decreased

only .5 percent during the first four months of the year in contrast to a drop of 4.5 percent in 1957.

Credit expansion attending reductions of reserve requirements has been chiefly responsible for a growth in deposits in the nation. This has been accompanied by a decrease in the volume of loans which Federal Reserve Banks make to member banks. Borrowings by reserve city banks in May, at $3 million, were $58 million below borrowings during May last year. Country bank borrowings, at $5 million, dropped $13 million in May relative to the May figure in 1957.

LOANS INCREASE

The dollar amount of total loans made by Ninth district member banks increased $5 million during May. A $7 million decline in loans at weekly reporting city banks was more than offset by a $12 million increase in loans at country banks. However, last year loans at country banks increased $19 million during May while loans at city banks increased $2 million. During May, loans are often near their seasonal low at both city and country banks in the district.

During the first five months of this year, total loans increased $32 million at country banks and decreased $25 million at city banks. During the comparable period a year earlier, loans at country banks rose $32 million and loans at city banks decreased only $18 million.

More recent and more detailed information is available about loans at the weekly reporting city banks in the district. As of June 11, loans, other than loans to banks, had increased $3 million since May at weekly reporting city banks in the district. For the twelve-month period ended June 11, total loans other than loans to banks, dropped $29 million. A decline of $35 million in commercial and industrial loans more than accounted for the total decline. Agricultural loans and other loans including overdrafts were reduced by $2 million and $3 million, respectively, during this twelve-month period. Principal offset to the declines has been a $9 million increase in loans secured by real estate. Broker's loans increased $2 million relative to the year earlier figures.

Slack created by loan liquidation coupled with deposit gains relative to year earlier figures, has been taken up by a sharp growth in investment accounts. City banks have added a substantial $122 million to their investments during the year ended June 11—a very substantial 21 percent gain. Similarly, investments at country banks increased $90 million during the year ended May 28—an 8 percent rise.

BANK DEBITS UP SLIGHTLY

For the district as a whole or even for a state, fluctuations in the volume of bank debits—the amount of checks drawn on banks—generally indicate fluctuations in the volume of business transacted. Debits represent payments made by individuals, business firms and governmental units for goods, services and debts. It has been observed that the rise and decline in debits correlates closely with fluctuations in disposable personal income.

Changes in the amount of checks drawn on local banks, however, may not parallel changes in the volume of business transacted in that particular community. For example, checks often are written to make purchases in neighboring communities.

Since the first of this year, the amount of bank debits as compared with the comparable figures of a year ago has been down substantially in some communities and up in others. In this district, the recession is most severe in the mining regions. Debits in the larger cities serving these regions reflect the decline that has taken place in incomes and in spending. As may be observed in table 1, the change in amount of debits for the first five months of this year as compared with a year ago ranges from 0 to a -15 percent.

On the other hand, an impressive list of district cities can be listed where debits for the first five months were 15 percent or more above a year ago (table 2). These urban centers serve com-

Table 1—Bank debits in district mining regions

(Percent change from a year ago)

Cities	May	April	Jan.-May cumulative
Duluth, Minnesota	—10	—14	— 8
Hibbing, Minnesota	—14	—12	— 7
International Falls, Minnesota	—13	— 8	— 9
Virginia, Minnesota	— 7	0	0
Ashland, Wisconsin	— 8	— 6	— 7
Superior, Wisconsin	— 5	— 2	— 2
Marquette, Michigan	— 7	—13	— 7
Negaunee, Michigan	—37	—16	—14
Ishpeming, Michigan	—18	—15	— 9
Hancock, Michigan	— 9	— 8	— 5
Ironwood, Michigan	—13	—11	— 7
Anaconda, Montana	— 1	—22	— 8
Butte, Montana	—13	—24	—15
Great Falls, Montana	— 5	—14	—10
Ninth district	+ 2	+ 3	+ 3

munities where incomes and spending have risen even during this recession. Most of these cities are in agricultural regions. Of course, many of them also serve a few manufacturing firms as well as retail outlets and service establishments.

In the entire district, bank debits for the first five months were 3 percent above a year ago. Thus, total disposable personal income in these states very likely was up slightly from 1957.

Table 2—District cities where bank debits have risen significantly

(Percent change from a year ago)

Cities	May	April	Jan.-May cumulative
Iron Mountain, Michigan	+16	+11	+18
Barnesville, Minnesota	+10	+30	+17
Crookston, Minnesota	+18	+ 7	+15
East Grand Forks, Minnesota	+ 3	+21	+18
Hastings, Minnesota	+ 5	+15	+19
Owatonna, Minnesota	+ 3	+15	+10
Rochester, Minnesota	+19	+ 8	+17
South St. Paul, Minnesota	+16	+20	+20
Wabasha, Minnesota	+16	+30	+23
Bozeman, Montana	+24	+12	+16
Glasgow, Montana	+16	+ 7	+21
Glendive, Montana	+ 2	+ 7	+15
Sidney, Montana	+15	+25	+26
Bismarck, North Dakota	+18	+14	+16
Dickinson, North Dakota	+35	+19	+31
Grafton, North Dakota	+26	+13	+16
Lisbon, North Dakota	+27	+29	+18
Mandan, North Dakota	+36	+38	+29
Belle Fourche, South Dakota	+22	+19	+22
Chamberlain, South Dakota	+15	+26	+19
Dell Rapids, South Dakota	+26	+41	+28
Mobridge, South Dakota	+15	— 2	+15
Pierre, South Dakota	+ 4	+ 5	+18
Yankton, South Dakota	+17	+11	+18
Barron, Wisconsin	+21	+24	+22
Grantsburg, Wisconsin	+10	+15	+20
Ninth district	+ 2	+ 3	+ 3

Time deposit growth during a recession

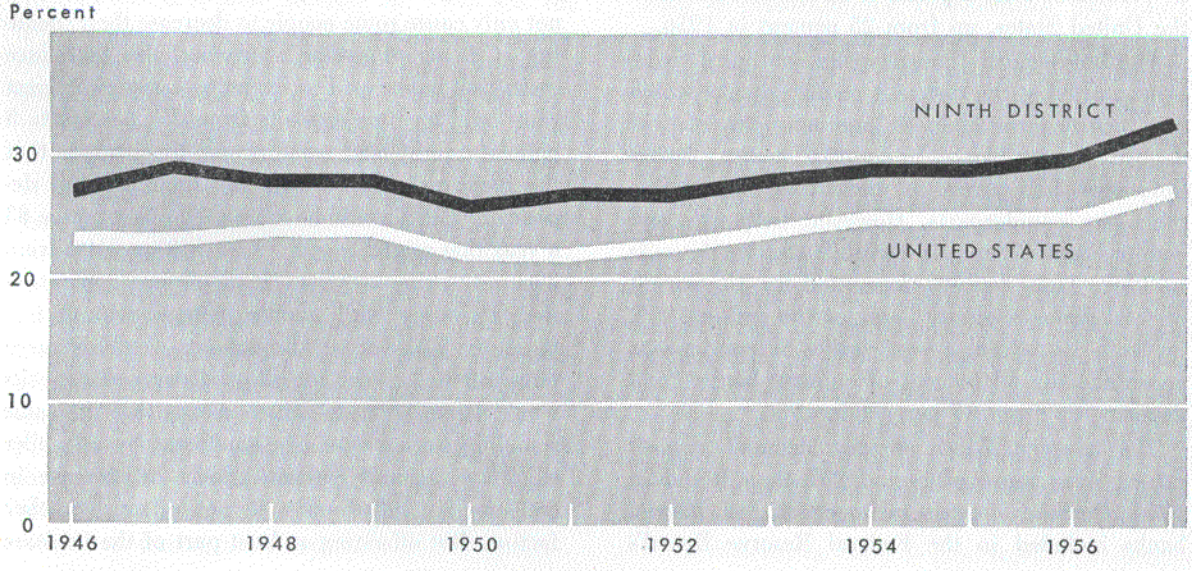
Among the most powerful economic developments of 1957 were those related to the forces pushing up the demand for funds and the efforts of the Federal Reserve System to parry the inflationary influences of that push. An interesting sidelight to the center-ring monetary attraction in 1957 was the postwar record increase in time deposits at the nation's commercial banks.

Effective January 1, 1957, the Federal Reserve Board increased the legal maximum rate of interest on member bank time deposits to 3 percent. Many member banks in the United States and in the Ninth Federal Reserve district subsequently did advance their rates on time deposits. In many cases member banks engaged in rather extensive advertising campaigns to tell their customers—and other savers—about the higher rates. The average rate of interest on time deposits at Ninth district member banks rose from 1.5 percent in 1956 to 1.9 percent in 1957.

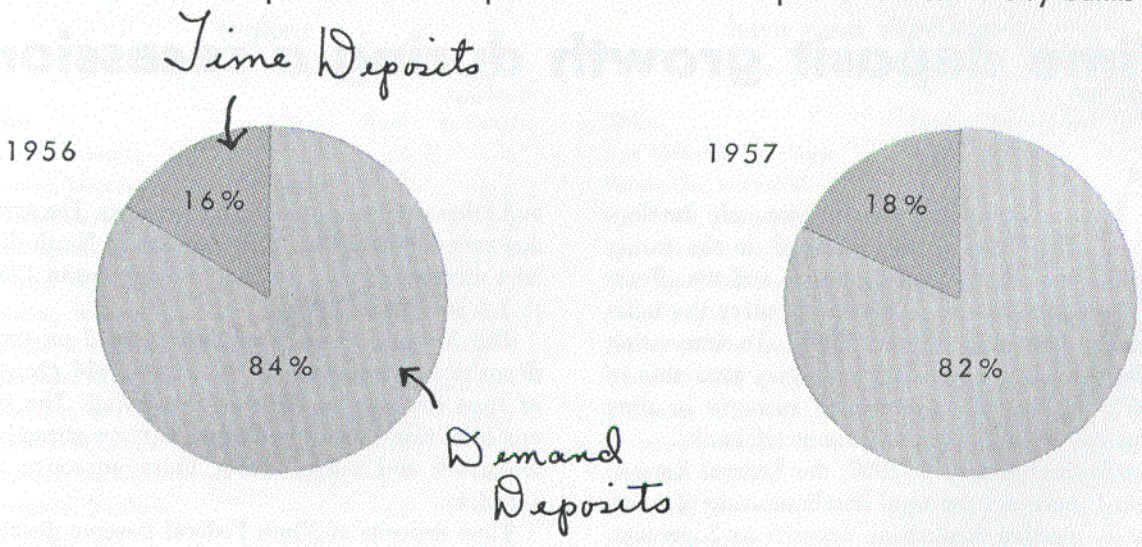
The increase in rates of interest paid on time deposits was followed by the most rapid growth of time deposits of the postwar period. The increase in rates made time deposits more attractive to savers and made saving more attractive to spenders.

Time deposits at Ninth Federal Reserve district banks increased $171 million during 1957; this was a record increase. To put that change in perspective, the 1957 record was more than twice the previous record increase of $80 million which occurred in 1952. Time deposits increased over

Time deposits as a percent of total deposits at member banks



Percent of total deposits in time deposits and demand deposits at district city banks



$4 billion at all member banks in the United States in 1957.

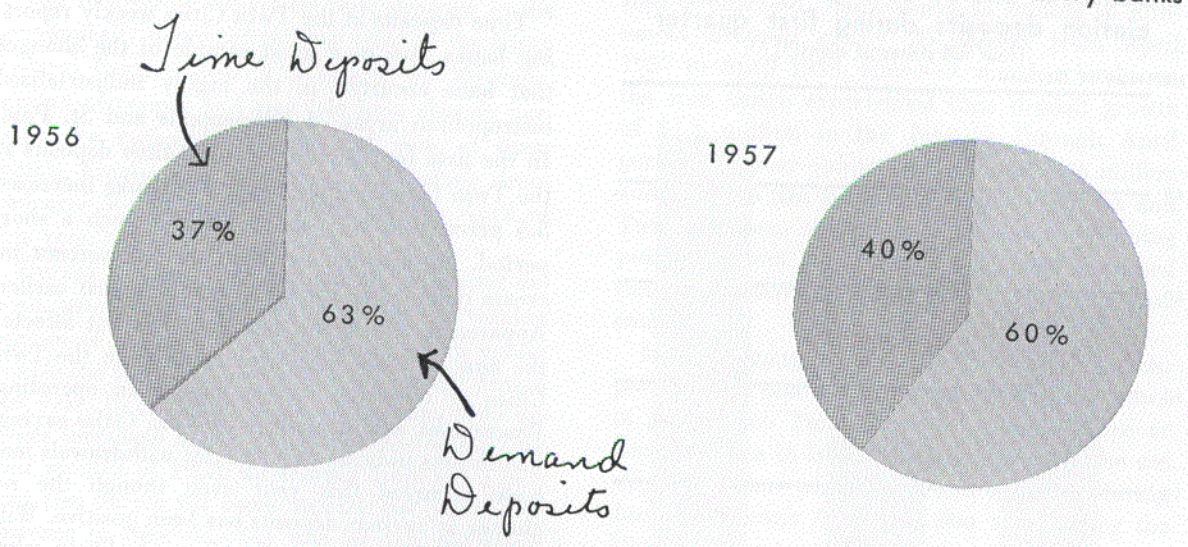
Time deposits showed remarkable growth relative to demand deposits in 1957. At Ninth district member banks, time deposits made up 33 percent of total deposits at the end of 1957 compared with 30 percent a year earlier. Time deposits made up 27 percent of total deposits at all member banks in the United States, up from 25 percent in 1956.

The holdings of time deposits continued to be concentrated at the district's country banks which have nearly three times as large a volume of time deposits as city banks. In contrast, country banks hold only half again as much total deposits as their city counterparts. However, both city and country banks shared in the shift to time deposits in 1957. Time deposits accounted for 18 percent of total deposits at city banks at the end of 1957, up from 16 percent a year earlier. Time deposits accounted for 40 percent of country banks' total deposits, up from 37 percent in 1956.

The average Ninth district demand deposit turned over more often in 1957 than it did in 1956. Demand deposit turnover at 114 district banks included in the Federal Reserve Board's turnover study rose from 24 times per year in 1956 to 25.5 times in 1957. The national rate of deposit turnover increased from 21.8 times in 1956 to 23 times in 1957 at 337 non-money market reporting centers.

The rise in time deposit rates in 1957 may have been related to this increase in the 'velocity of money.' A rise in rates of interest would probably not only cause some people to decrease their spending in favor of saving more but also to reduce their cash balances. For example, a rise in interest rates paid on time deposits from 2½ percent to 3 percent might lead some people to conclude that the inconvenience of reducing their demand deposits by $100 would be more than offset by the $3 a year that might be earned by shifting $100 from demand to time deposits. If these people maintain their spending with smaller demand deposit balances, each dollar of the balance would be used more often, i.e., the turnover of demand deposits would have increased which means that the same spending stream would be supported by a smaller stock of demand deposits. Such an increase in 'velocity' is inflationary if not offset by other factors. But offsetting at least part of the increase

Percent of total deposits in time deposits and demand deposits at district country banks



in the turnover of deposits would be a reduction in the money supply resulting from a shift from demand deposits (money) to time deposits.

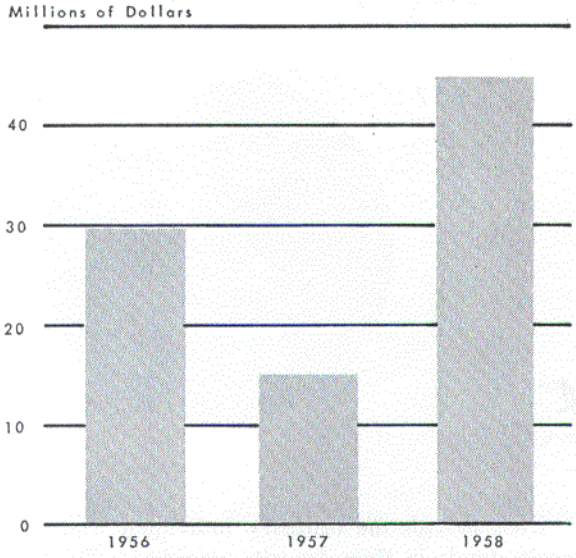
Since the end of 1957, economic activity has slowed in the nation as a whole as well as in the district. Nevertheless, both nation and district have experienced accelerated time deposit growth during the first four months of 1958. In the United States time deposits rocketed up 10 percent, and in the district time deposits increased 5 percent in the first four months of this year.

What is the meaning of this accelerated growth of one form of financial saving during a period of less than full employment? Part of the growth may stem from a delayed reaction of banks to the increase in maximum time deposit rates or from a delayed reaction of savers to the increase in time deposit rates at many banks. Part of the growth may have occurred at the expense of some other forms of financial investment. However, the increase in time deposits did not come at the expense of district savings and loan association shares which increased over $45 million—more than three times as much during the first quarter of 1958 as during the comparable period in 1957.

Even though the ordinary individual who deposits funds in time deposits considers a limited set of alternative investments, a relative decline in rates of interest paid on alternative investments would tend to induce him to invest additional funds in time deposits. For investors that consider a wide range of alternative investments—investors such as municipalities, corporations, and foreign central banks—a decline in rates on open market commercial paper and government securities relative to the rate paid on time deposits causes a much greater shifting of funds. During late 1957 and early 1958, the rate of return on open market paper and short term government securities fell sharply. The yield on 91 day Treasury bills, for example, dropped from a high of 3.7 percent in October to a low of .6 percent in May. Partly because of the low yield on short term market paper relative to time deposit rates a large volume of foreign funds have been shifted from 'governments' to time deposits at banks in money market centers. But something more than a shift in alternative rates of interest is probably involved in the increased flow of funds into savings in the Ninth district. In order to gain further perspective

Increases in insured savings and loan association deposits during first quarter

(four full states of district)



of the possible causes of the shift, consider the time deposit changes that have occurred in the district industrial, mining and agricultural regions.

Industrial sector

Time deposits at the Twin Cities weekly reporting banks give us a good sample of the changes that have occurred in the highly industrialized metropolitan areas of Minneapolis and St. Paul. In the first four months of 1958 time deposits at the Twin Cities weekly reporting banks increased 5.5 percent—a very sharp rise for such a short period, but slightly less than the 5.7 percent increase recorded in the same months a year earlier. Apparently, either the recession has not affected the flow of funds into time deposits in the Twin Cities or offsetting factors have been operating. Discussions with a number of Twin Cities savings institutions indicate that heavier withdrawals may have occurred this year even though the net change in savings deposits has been positive. With incomes in the area reduced, as is likely when there is unemployment, the savings flowing into time deposits per dollar of income has increased leaving fewer dollars for other investments and for spending.

Time deposits and demand deposits at member banks in the Ninth district

(millions of dollars)

	Michigan		Minnesota		Montana	
Date	Time deposits	Demand deposits	Time deposits	Demand deposits	Time deposits	Demand deposits
1950	85	71	523	1,659	85	416
1951	90	73	525	1,709	88	441
1952	92	76	566	1,809	99	463
1953	98	80	598	1,826	104	466
1954	102	83	637	1,895	111	480
1955	104	88	656	1,845	118	484
1956	106	92	678	1,919	136	490
1957	113	92	757	1,917	172	478

	North Dakota		South Dakota		Wisconsin	
Date	Time deposits	Demand deposits	Time deposits	Demand deposits	Time deposits	Demand deposits
1950	68	192	65	275	78	98
1951	67	205	69	288	78	110
1952	74	205	81	295	85	118
1953	76	198	92	286	89	117
1954	79	203	101	295	89	121
1955	77	201	106	289	89	119
1956	81	213	107	285	92	126
1957	102	220	130	290	99	131

December Call Report

Mining regions

The recession's impact on time deposits in the economically depressed mining areas of the Ninth Federal Reserve district is mixed. In Montana, mining of copper and zinc has been sharply curtailed by cutbacks in industrial uses of these metals. Employment in mining in Montana dropped over 30 percent from April 1957 to April of this year.

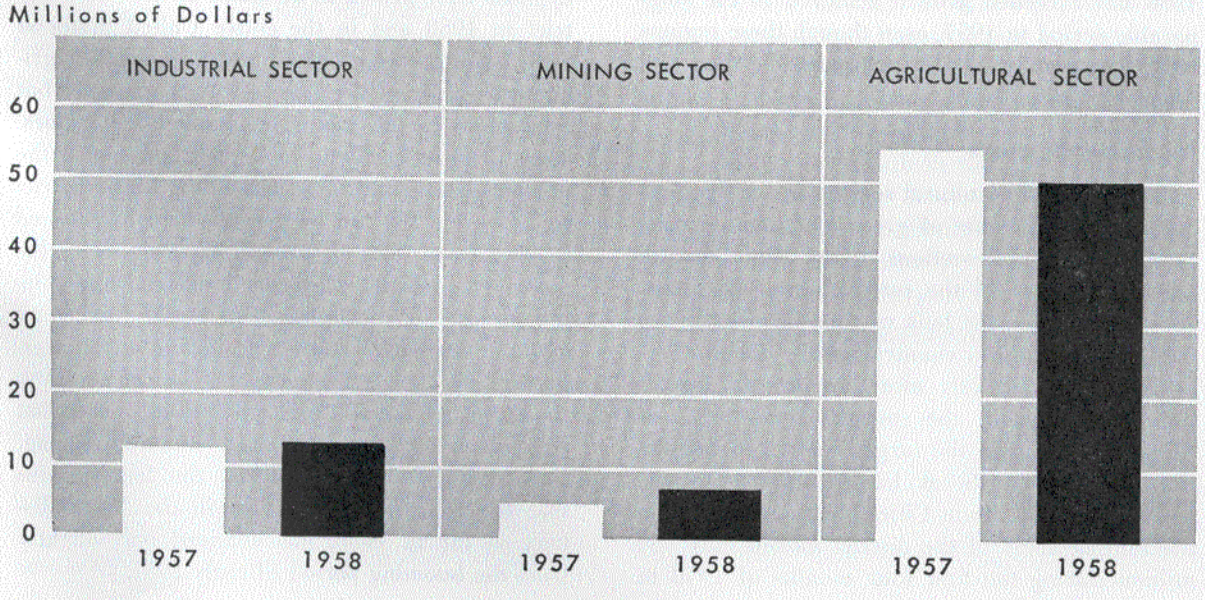
During the first four months of 1958, time deposit growth at member banks in the mining regions of Montana has increased at a pace nearly double the increase during the comparable period last year. In the entire state of Montana time deposits increased about 10 percent during the first four months of 1958, up sharply from the 3 percent rise during the same months last year. This increase in time deposits was in part the result of large transfers of funds into time deposits by state and local governments in Montana made possible for the first time by a law passed in 1956.

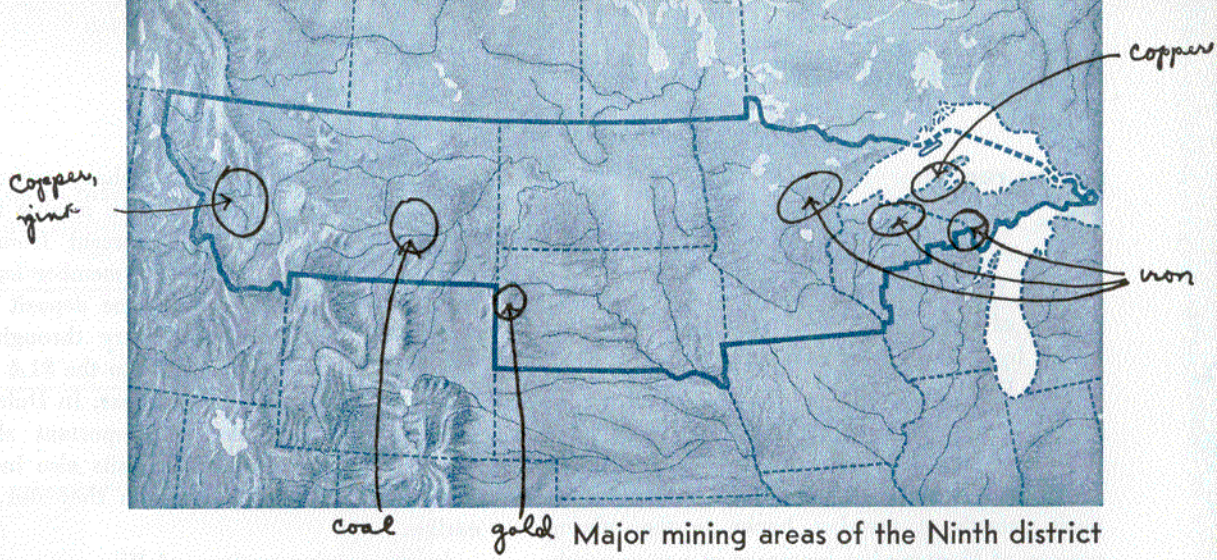
Activity in Minnesota's iron range has been reduced severely because of sharp cutbacks in steel production. Employment in mining in Minnesota dropped nearly 20 percent from April 1957 to April 1958. However, member banks on the iron range experienced time deposit growth of $1.5 million in the January through April period this year—about equal to the $1.4 million added in the like period last year. In Duluth and Two Harbors, which are important shipping points for iron ore, time deposits also increased this year somewhat more than they did a year earlier.

In the mining regions of Wisconsin, time deposit growth continues unabated by the slowdown in production. Time deposits increased more or decreased less in Iron county as well as in the ore shipping points of Ashland and Superior during January through April this year than during the like period a year earlier.

The lone exception to time deposit growth in mining regions of the district occurred in the mining area of Michigan. In Michigan time deposit growth has fallen short of growth last year. For

Increases in Ninth district time deposits during first four months of 1957 and 1958





Major mining areas of the Ninth district

all Michigan counties in the mining region, time deposits grew less or decreased more than in the comparable four months in 1957, with the exception of Marquette county where time deposit growth through April in 1958 has exceeded growth in the like period last year.

Thus, time deposit growth has fallen short of growth achieved last year in Michigan. The rate of time deposit growth has been about the same as last year in Minnesota and Wisconsin mining regions, but has been increased in the Montana mining counties. For the total of district mining areas, time deposit growth January through May 1958 has exceeded growth achieved in the comparable period in 1957, even though these regions have been harder hit by the recession than any other sections in the district.

Agricultural areas

What about agricultural regions in the district? Surprisingly, the rate of growth of time deposits in the agricultural sections of the Ninth district has fallen short of the rate achieved last year. As stated earlier, the bulk of time deposits in the Ninth district are at country banks, and time deposits are a relatively more important form of financial saving in the smaller communities of the district than in the larger centers of population. Time deposits at banks other than the weekly reporting Twin Cities banks and banks in the mining areas of the district gained only $50 million during the first four months of 1958 in contrast to $55 million during the comparable months last year. The rate of growth dropped even more at the smaller country banks in the smaller communities which are typically the least industrially developed. The larger country banks are closely tied to agriculture but are in more industrially developed cities than most of the communities with smaller country banks.

In summary, time deposits increased a great deal in 1957 while demand deposit growth was held in check. Time deposits continued to grow during the first months of 1958 at a pace nearly equal to the record rate established in 1957. Time deposits have grown in all states of the Ninth district in 1958 and in the entire United States as well. Growth has occurred not only in the agricultural sector of the Ninth district economy but even more in the industrial and mining sectors. Time deposits continue to be concentrated in the prospering agricultural sectors of the Ninth district economy but the rate of growth there has slowed relative to the rate of growth experienced in the more economically depressed industrial and mining sectors of the Ninth district. The meaning of these changing growth rates is not at all clear, but it very likely reflects the reaction of savers to the threat of unemployment. It is reasonable that fear of unemployment should stimulate saving. Regardless of the explanation, the fact remains that the time deposit picture in the Ninth district so far in 1958, has changed only slightly from the booming period of early 1957.