Rates of Change in NATIONAL ECONOMIC INDICATORS

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONTH ENDING: July 31, 1966 RELEASED: August 19, 1966

Business activity expanded through July. While production and employment remained strong, the rise in output of goods and services apparently did not keep pace with demand. As a result, prices rose further.

Industrial output has risen at a 9.1 per cent annual rate since February. From September to February, industrial production increased at a 14.6 per cent annual rate. Similarly, the rate of growth of employment has declined. Total civilian employment has increased at a 1.8 per cent rate since February compared with a 4.1 per cent rate of growth from September to February.

Income has risen more rapidly in recent months than earlier. Personal income has grown at a 6.5 per cent rate since February, compared with a 5.4 per cent rate of increase from September to February. Retail sales have jumped markedly since April, following a decline from March to May.

Prices have continued their upward movement, reflecting excessive total demand. Wholesale prices of all commodities have advanced at a 2.3 per cent annual rate since February, compared with a 5.7 per cent rate of increase from September to February. The decline in the rate of price increases largely reflects shifts in agricultural prices. These shifts have occurred against a background of a strong upward movement in industrial prices. Prices of industrial commodities have moved upward strongly since the fall of 1965. After having risen 1.6 per cent in the year ending in November 1965, they have since risen at a 2.8 per cent annual rate.

Bank loans continued to expand markedly through July. Since February, loans made by commercial banks have grown at a 14.2 per cent annual rate. In order to accommodate strong loan demand, banks have reduced their holdings of Government securities.

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Rates of Change in NATIONAL ECONOMIC INDICATORS

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONTH ENDING: August 31, 1966 RELEASED: September 21, 1966

Total spending continued to grow through August. Prices have continued to rise, reflecting the inability of output of goods and services to keep pace with the rapid growth of final demand.

Physical output has advanced since early spring but at a reduced rate. Industrial production rose at a 7 per cent annual rate from June to August, compared with a 9 per cent rate from February to June, and a 15 per cent rate from September 1965 to February 1966. From 1960 to 1965 industrial production rose at an average annual rate of 5.7 per cent.

Total purchasing power as evidenced by personal income has continued to rise rapidly. This income flow rose at an 8.4 per cent annual rate from June to August, about the same rate as during the past year and about twice the rate of growth of productive potential.

Responding to growth of purchasing power much more rapidly than productive capacity, prices have continued to rise (see chart on next page). Led by rising prices of farm products and processed foods, wholesale prices have risen at a 4 per cent rate over the past year. They had been virtually unchanged from 1958 through mid-1964, and then had risen at a 2.3 per cent rate from mid-1964 to October 1965.

Bank loans continued to expand through August. These loans have grown rather steadily at about a 13 per cent annual rate during the past twelve months. Holdings of U. S. Government securities increased in August, in marked contrast to a general downward trend. Such holdings have declined about 5 per cent during the past year.

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Rates of Change in NATIONAL ECONOMIC INDICATORS

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONTH ENDING: September 30, 1966 RELEASED: October 20, 1966

Measured in dollars, the national economy has continued to expand at a rapid rate. Measured in real terms, advance has been at a reduced rate, probably due to capacity limitations.

Personal income rose at a 9 per cent annual rate from May to September compared with a 6 per cent rate from 1960 to 1965, a time when unused resources were more readily available. Wages and salaries have contributed largely to the increase in personal income, increasing at a 9.7 per cent annual rate from May to September.

Industrial production, a major part of real product, rose at a 6 per cent rate from May to September and at a 4 per cent rate from June, compared with a 10 per cent rate of increase from May 1965 to May 1966.

Total employment, another indicator of real economic growth, has been increasing at a 1.5 per annum rate after growing about 3 per cent from early 1965 to early 1966. Payroll employment similarly has grown at only a 3 per cent rate since last March after increasing 5.3 per cent in the preceding year. These declines in the rate of increase in employment may be due to the limited availability of workers profitably employable at or above the minimum wage rates.

With total demand increasing much more rapidly than real product, prices have risen rapidly. The general price level rose at a 3.6 per cent annual rate from the first to the third quarter. Consumer prices have risen at about a 4 per cent annual rate since early this year and wholesale prices have been rising at about a 3.5 per cent rate.

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Rates of Change in NATIONAL ECONOMIC INDICATORS

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONTH ENDING: December 31, 1966 **RELEASED:** January 20, 1967

Total employment increased at about a 4 per cent rate from August to December, compared with 3 per cent in the preceding year (Table I). Payroll employment also increased from August to December at a 4 per cent rate, about the same as in the previous 6 months (Chart). Personal income, a measure of purchasing power, has continued to rise at the 8 or 9 per cent rate that has prevailed over the past two years. Retail sales have changed little since last winter after rising at an unsustainable 12 per cent rate in the previous year.

Total spending slowed during 1966. Dollar demand for goods and services rose at a 7 per cent annual rate from the first to the fourth quarter of 1966 compared with about a 9 per cent rate of increase from late 1964 to early 1966 (Chart). From the third to the fourth quarter, the largest increase in total demand was for military goods and business inventories, a part of which was probably involuntary.

Real output, which had risen at an unsustainable 7 per cent rate from late 1964 to early 1966, has since increased at a 3.5 per cent rate (Chart). Industrial production has increased at about a 2 per cent rate (Table I) since August compared with a 7 per cent rate from March to August and a 9 per cent increase in the previous twelve months. Slowdown of real economic activity may reflect bottlenecks inherent in the shift of resources from production of civilian goods to military goods and readjustments which have occurred as essentially all efficient resources have come to be employed.

Associated with the somewhat less excessive total demand has been less upward pressure on prices. General prices, as measured by the GNP price index, rose at a 3 per cent rate from the second to the fourth quarter compared with a 4 per cent rate in the two previous quarters. Consumer prices have followed a roughly similar pattern. From August to November these prices rose at about a 3 per cent annual rate compared with a 3.7 per cent rate from October 1965 to August 1966. Wholesale prices have declined somewhat since August in contrast with a 4 per cent rate of increase from October 1965 to August 1966 (Table III). Wholesale industrial prices have risen at about a 1 per cent rate.

Total bank credit (loans and investments), reflecting primarily the course of commercial bank time deposits, showed little change from August to December compared with a 9 per cent rise in the year ending in August (Table V).

For more detail on rates of change for various economic time series, see this Bank's monthly release "Triangles of U.S. Economic Data."

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Rates of Change in NATIONAL ECONOMIC INDICATORS

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONTH ENDING: January 31, 1967 RELEASED: February 23, 1967

Growth in spending has slowed in recent months, weakness in the private sector being only partially offset by continued expansion in Government outlays. Retail sales have declined since September and are currently running at a level slightly below last March, despite a continued marked gain in personal income. By comparison, retail sales rose at a 9.5 per cent rate from the spring of 1964 to the spring of 1966, and at a 4 per cent rate from 1955 to 1964.

Reflecting the hesitation in sales, industrial production has decreased since October and has changed little since August. From March last year to August, production rose at a 7 per cent rate, and in the previous year it went up 9 per cent. From 1955 to 1965 industrial output increased at an average 4 per cent rate.

Employment, on the other hand, has continued to rise at a rate faster than the growth in population of labor force age (estimated at less than a 2 per cent annual rate). Over the past year total employment has risen 2.6 per cent, and payroll employment has gone up 4.6 per cent. Large gains have been recorded in recent months by both measures. Unemployment has remained below 4 per cent of the labor force, but the average work week has been getting shorter since September.

The plateau in spending has also reduced demand-pull pressures on prices, but as contracts (including wages) are renegotiated an upward cost-push force is exerted. Consumer prices rose at a 2 per cent annual rate from August to January, after going up at a 3.7 per cent rate from the fall of 1965 to the late summer of 1966. Wholesale prices have declined moderately since August, compared with a 4.3 per cent rate rise from October 1965 to August 1966. The recent decline centered in agricultural commodities; industrial wholesale prices have risen at a 1.4 per cent rate since last August compared with a 2.8 per cent rate of increase from October 1965 to August.

Bank credit has risen markedly (9 per cent rate) since November, and has gone up at a 2.1 per cent rate since last August. The recent surge in bank credit has probably not been the result of a significant strengthening in demands for funds, but reflects primarily a reintermediation of funds through banks as market interest rates have declined to the point where banks are competitive in seeking large CD's at the 5-1/2 per cent ceiling. Inflows of time deposits have been sizeable enough that banks have also improved their liquidity somewhat since last fall.

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NATIONAL ECONOMIC TRENDS

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONTH ENDING: February 28, 1967 RELEASED: March 28, 1967

Spending and production have slowed markedly in recent months. Retail sales have declined at a 4 per cent annual rate since September, following a moderate rise from March to September (Page 7). In contrast, personal income has risen at a 8 per cent rate since September (Page 6). Consumer instalment credit rose at a 6 per cent rate from September to January, after rising at a 10 per cent rate from December 1965 to September and at a 13 per cent rate in the last half of 1965. Repayments of this debt, however, continued high, amounting to 14.5 per cent of incomes (after taxes) in the third quarter and an estimated 14.3 per cent in January.

Industrial production declined at a 5 per cent rate from October to February after rising at a 6 per cent rate from March to October and growing 9 per cent in the previous year (Page 5). Payroll employment has continued to grow at about a 4 per cent annual rate and total civilian employment at a 2.5 per cent rate (Page 2).

The rise in number of employees has been accompanied by a reduction in average hours worked per week. Despite the cutbacks in production, inventories rose from 1.47 times sales in June to 1.55 in January (Page 12). A marked rise both in inventories relative to sales and employment relative to output presents a potential drag on activity.

The slowdown in spending has reduced upward pressure on prices. Wholesale prices fell at a 1.5 per cent rate from August to February after rising at a 4.3 per cent rate from October 1965 to August 1966 (Page 8). Consumer prices rose at a 2 per cent rate from August to February in contrast with a 3.7 per cent rate of increase from the fall of 1965 to the late summer of 1966.

Bank credit has risen at a 10 per cent rate since November, after declining in the previous three months (Page 11). The recent rapid growth has reflected primarily the reintermediation of commercial banks, which has been facilitated by declines in market interest rates.

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NATIONAL ECONOMIC TRENDS

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONTH ENDING: April 30, 1967 RELEASED: May 26, 1967

The pause in economic activity which began last fall has continued since the first of this year, but expectations have apparently become more optimistic. Revised figures show that total spending on goods and services rose at a 2.3 per cent annual rate from the fourth quarter of last year to the first quarter of this year after increasing at a 7 per cent rate during most of 1966. The slowdown centered in smaller purchases of inventories by businesses. Final sales of goods and services rose at an 8 per cent rate from the fourth quarter to the first following a 6 per cent rate during the three previous quarters.

Retail sales have shown virtually no net change since March 1966. However, from February to April preliminary figures indicate that sales went up at a 5 per cent rate with the rise being centered in automobiles and other durable goods. Personal income rose at a 4.4 per cent rate from January to April, after rising at an 8 per cent rate from September 1963 to January 1967.

Real output declined slightly from the fourth quarter of last year to the first quarter of 1967, after rising at a 3.5 per cent annual rate during the previous three quarters. Industrial production declined at a 3.7 per cent rate from October to April in contrast to a 6 per cent rate of increase from March 1966 to October.

Demands for manpower have eased since the first of the year. Total civilian employment has declined at a 2 per cent rate since January after rising at a 2.6 per cent annual rate from December 1965 to January 1967. Payroll employment rose at a 1.4 per cent rate from January to April compared with a 4.7 per cent rate of increase during the earlier period.

Price increases have moderated in recent months. Consumer prices rose at a 2 per cent annual rate from August 1966 to April after going up at a 3.7 per cent rate from October 1965 to August. Total wholesale prices declined at a 2 per cent rate from August to April. The decline was caused by lower quotations on farm products, and processed foods and feeds which fell back to their late 1965 level. Industrial wholesale prices increased at a 1.1 per cent rate, while in the previous year they rose 2.4 per cent.

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NATIONAL ECONOMIC TRENDS

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONTH ENDING: June 30, 1967 RELEASED: July 21, 1967

Despite the recent moderation in economic activity, underlying demands for goods and services have remained strong and upward pressure on prices has continued. Total spending increased at a 3.5 per cent annual rate during the first half of the year, compared with a 7 per cent increase from the first to the fourth quarters of 1966. Final sales (spending other than for inventories) increased at an annual rate of 8 per cent in the first half of the year compared with 6.5 per cent during 1966. Real product going to ultimate users, final sales adjusted for price changes, increased at an estimated 6 per cent rate since late last year in contrast to a 3 per cent increase during 1966.

Federal Government purchases accounted for 11.5 per cent of total spending in the second quarter, continuing the upward trend from the mid-1965 share of 9.7 per cent. The increased share has resulted from an increase in the proportion of total product allocated to defense.

The economic pause occurred as businessmen attempted to adjust unusually large inventories toward a more normal relationship with sales. Industrial production, reflecting these inventory adjustments, has decreased at a 3.5 per cent annual rate from October to June.

Employment increased in June, but the labor force grew even faster. Payroll employment has risen at a 1.5 per cent annual rate since December, or about the same rate as population of work force age. Unemployment averaged 4 per cent of the labor force in June, up from the 3.8 per cent level which had persisted since early last fall.

The general price index rose at a 2.4 per cent rate in the first half of the year, compared with a 3.2 per cent increase last year. Prices paid by consumers for all items except food rose at a 4 per cent annual rate from January to May, following an average increase of 2.4 per cent during the previous two years. Food prices, which had fallen for eight months, rose in May.

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NATIONAL ECONOMIC TRENDS

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MONTH ENDING: July 31, 1967 RELEASED: August 18, 1967

Economic expansion began accelerating in the second quarter. Retail sales increased markedly from May to July, primarily due to increased purchases of durable goods. Sales have increased at an 8 per cent annual rate since January compared with a 2.4 per cent rise during the previous year. Final sales of goods and services (total spending other than for inventory) strengthened in the first half of 1967, showing a 8.5 per cent annual rate of increase since the fourth quarter compared with an increase of 5.2 per cent in the previous three quarters.

The inventory adjustment appears to be nearing an end as indications of improved demand increase. Manufacturers' new orders exceeded shipments throughout the second quarter for the first time since last December. Reflecting the strong demand and the improved inventory situation, industrial production increased in July after declining at a 3.4 per cent annual rate from October to June.

Employment rose markedly in June and July, more than offsetting declines earlier in the year. Since January, total employment has risen at a 0.6 per cent annual rate, compared with the 2.6 per cent increase of the previous year. The recent gain came despite a cutback in manufacturing employment. The rate of unemployment remained essentially unchanged in July as increased employment was matched by an increase in the size of the labor force.

Personal income, which began accelerating in May, showed a large increase in July. Income has risen at a 9 per cent annual rate since May, and at a 5.6 per cent rate since January. By comparison personal income rose 8 per cent last year.

Since April, price increases have accelerated. From April to June consumer prices rose at a 3.7 per cent annual rate compared with a 2 per cent rate from last August to April. Wholesale prices rose at a 5.8 per cent rate from April to June compared with a 2 per cent rate of decline from last August to April. The marked shift in the trend of wholesale prices was caused chiefly by developments in farm products and processed foods.

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NATIONAL ECONOMIC TRENDS

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MONTH ENDING: August 31, 1967 RELEASED: September 19, 1967

The acceleration of economic expansion which began in the second quarter is becoming more clearly discernable. Most measures of economic activity have shown mounting strength in recent months. Retail sales have risen sharply since May, increasing at an 18 per cent annual rate, compared with a slow 1.2 per cent rate from March 1966 to this past May. The upward trend in retail sales was 5 per cent per year from 1957 to 1966.

Industrial production has expanded at a 10 per cent annual rate since June in response to recent demand increases and improvement in inventories relative to sales. Reflecting primarily an inventory adjustment, production decreased at a 3.2 per cent rate from last October to June. Despite increases in output, manufacturers have been accumulating an increasing backlog of unfilled orders since May as new orders have continued to outpace shipments.

Total employment has grown at an 8 per cent annual rate since May, more than offsetting decreases earlier in the year. Payroll employment has increased at a 4 per cent rate since May after changing little earlier in the year. Unemployment as a per cent of the labor force has remained relatively stable over the past year as employment changes have generally been matched by changes in the size of the labor force.

The strengthening of demand is being accompanied by price increases. Consumer prices increased at a 4 per cent annual rate from April to July after rising at a 2 per cent rate during the previous seven months. The recent acceleration has been primarily in food prices. Prices of all consumer items other than food have increased at a 3 per cent annual rate since April, virtually unchanged from the rate of the previous seven months. Wholesale prices, strongly reflecting price developments in agricultural items and processed foods, have increased at a 4.6 per cent annual rate since April. These prices had fallen at a 2 per cent annual rate from last August to April. Prices of finished industrial wholesale goods have risen at a 1.7 per cent rate since April, about the same as in the previous seven months.

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NATIONAL ECONOMIC TRENDS

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MONTH ENDING: September 30, 1967 RELEASED October 23, 1967

The economy expanded rapidly in the third quarter despite work stoppages which have affected some sectors. Total demand for goods and services increased at an 8 per cent annual rate in the recent quarter following a 3.4 per cent rate of increase during the first half of the year. Almost half of the third quarter rise was due to increasing prices while real production increased at a 4.2 per cent rate. During the first half of the year, real production increased at a 1 per cent annual rate. Final sales continued to expand at an advanced rate in the quarter, growing at a 7.4 per cent annual rate, slightly slower than the 8.5 per cent rate during the previous three quarters.

Retail sales increased at about a 10 per cent rate from last spring to September. The increase in September was due primarily to purchases of durables, mainly automobiles. Sales had risen at about a 1.2 per cent rate from the spring of 1966 to the spring of 1967.

Industrial production while declining in September, due to strikes against manufacturing firms, increased from June to September at a 2.1 per cent annual rate. From last October to June of this year, production had declined at about a 3 per cent rate.

Total employment declined slightly in September due to a special situation in agriculture but since late spring has grown at a 5.6 per cent rate. Employment had declined at a 4 per cent rate from January to May. Payroll employment also fell in September but shows a 2 per cent rate of increase since late spring, following little change earlier in the year. The decline in September is attributable to the fact that strikers are not counted in payroll employment statistics.

Personal income growth moderated in September reflecting income lost due to strikes. Nevertheless, since late spring income has grown at about a 7.5 per cent annual rate, compared with a 5 per cent rate of increase during the winter and spring.

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NATIONAL ECONOMIC TRENDS

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MONTH ENDING: October 31, 1967 RELEASED: November 21, 1967

Revised figures show total demand increased at an 8.6 per cent annual rate in the third quarter following a 3.4 per cent rate of increase during the first half of the year. Real production grew at a 4.5 per cent annual rate in the third quarter after changing little in the first half. The accelerated growth of demand relative to production increased the upward pressure on prices; general prices rose at a 3.8 per cent rate in the third quarter after increasing at a 2.3 per cent rate during the first half.

Retail sales decreased abruptly in October, reflecting primarily the decreased availability of new automobiles which resulted from the automotive strike. Despite the decline in October, sales show about a 3 per cent annual rate of increase from late last spring. Sales had increased at a 1.2 per cent rate from March 1966 to this past May.

Industrial production declined in October for the second straight month as the effects of the major strikes spread through the economy. For the period June to October, production increased at about a 1 per cent annual rate, following a 3.6 per cent annual rate of decline from October to June.

Total employment was unchanged during October but has shown about a 4 per cent rate of increase since late last spring. The labor force grew faster than employment in the fall and the unemployment rate, which was slightly less than 4 per cent last spring, rose to 4.3 per cent. Payroll employment increased in October and has grown at about a 1.5 per cent rate since late spring. Payroll employment had remained about unchanged earlier in the year.

The rapid expansion of economic activity, which began in the second quarter, was retarded to some extent in the fall by major strikes. Uncertainty about future strikes in key industries has dampened expectations of economic performance in the near future. Along with limitations on production, increasing price pressure can be expected to continue. Post-strike adjustments can expand production but can also provide a stimulus for further growth in demand and prices.

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NATIONAL ECONOMIC TRENDS

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MONTH ENDING: November 30, 1967 RELEASED: December 20, 1967

Economic activity appears to have rebounded from the slightly moderated pace induced by recent strikes. Industrial production increased sharply in November as firms recently affected by strikes resumed production. Despite decreased activity in the previous two months, production rose at a 5 per cent rate from June to November and reached a level only slightly below the historical high of last December. Significant increases in the manufacture of durable materials and products were primarily responsible for the overall production increases.

Employment rose markedly in November after showing little change in the two months previous, and showed a 5 per cent annual rate of increase from spring. The rapid increase in employment caused the unemployment rate to fall to 3.8 per cent, about the level which had been maintained for most of the year. Payroll employment increased sharply in November as those unemployed by strikes returned to work, and has grown at better than a 3 per cent rate from spring.

Following the abrupt decline in October, retail sales rebounded strongly in November and as a result showed a 5 per cent rate of increase from spring. Most of the increase was in the sale of non-durables. Consumer non-durables at the retail level have experienced some significant price increases recently and part of the November increase was probably due to these higher prices.

Reflecting the rebound of activity as major strikes ended, personal income increased sharply in November. Growth in personal income had moderated in the previous two months but, with the recent increase, showed an 8 per cent rate of increase from spring to November, compared with a 5 per cent rate during the winter and spring. Most of the increase in payroll income originated in durable goods manufacturing industries, mainly those recently affected by strikes.

The current expansion is being accompanied by accelerating prices. Prices of consumer commodities less food increased at a 5.5 per cent rate from July to October, following a 2.2 per cent rate of increase during the previous seven months. Wholesale prices of industrial commodities increased at a 3 per cent rate from July to October after changing little earlier in the year.

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NATIONAL ECONOMIC TRENDS

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MONTH ENDING: December 31, 1967 RELEASED: January 22, 1968

Economic activity in the second half of 1967 expanded strongly compared with the performance in the first half. Total spending increased at a 9 per cent annual rate in the second half, compared with a 3.4 per cent rate in the previous six months. Real product, which had changed little early in the year, rose at a 4.5 per cent annual rate in the second half. The general level of prices also accelerated after mid-year, increasing at a 4 per cent annual rate, following a 2.3 per cent rate of increase in the first half.

Industrial production rose sharply following the strikes, expanding at an 8 per cent rate from June to December. Production of final goods and materials rose significantly late in the year. Production of consumer goods, both durable and nondurable, increased rapidly in the last two months of 1967.

Employment jumped in December and has shown a 6 per cent rate of growth since spring, compared with a 4 per cent rate of decline earlier in the year. Large increases late in the year were experienced in manufacturing, construction and government employment. Personal income rose sharply in December, up at an 8.4 per cent rate since spring. Income had grown at a 5 per cent rate earlier in the year.

Prices paid by consumers for commodities other than food rose at a 6 per cent rate from July to November, compared with a 2.2 per cent rate of increase from December to July. The increases were primarily in the prices of apparel, new automobiles and home furnishings. Wholesale prices of industrial commodities increased at a 3 per cent rate from July to November.

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NATIONAL ECONOMIC TRENDS

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONTH ENDING: January 31, 1968 RELEASED: February 21, 1968

Total spending has accelerated since mid-1967 with the sharpest increases being investment expenditures. Accumulation of inventories has accounted for much of the increase. Residential construction, which had declined sharply in 1966, has been rising briskly since early last year. Growth in plant and equipment spending moderated last year, but businesses give indications of increasing expenditures this year. Consumer spending has picked up since fall, but the gains have been moderate relative to recent increases in income; households have continued to save a relatively high proportion of their take-home pay.

Industrial production increased at a 6.3 per cent annual rate from June to January, compared with an average increase of 4.6 per cent from 1957 to 1967. The expansion of production since June, following the 3.6 per cent rate of decline over the previous eight months, has been broadly based with all major market groups showing significant improvement.

Employment rose at a 3.3 per cent annual rate from last spring to January, and the rate of unemployment stood at a 3.5 per cent of the labor force in January, slightly below the average of the past two years. Recent gains were widespread with employment increases in manufacturing, trade, service industries and State and Local Governments.

Personal income rose at an 8 per cent annual rate from last spring to January, and at a 6 per cent average rate from 1957 to 1967. Retail sales have risen at a 7.5 per cent rate since last May, compared with a 4.6 per cent average gain from 1957 to 1967.

Prices paid by consumers for commodities other than food advanced at a 4.5 per cent rate from July to December, following a 2.2 per cent rate of increase from December 1966 to July. Food prices, which had fallen last fall, rose in December and contributed to a rapid 4 per cent rate of increase of total consumer prices during the month. Wholesale prices of industrial commodities increased at a 3.2 per cent rate from July to December, following six months of little change.

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NATIONAL ECONOMIC TRENDS

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONTH ENDING: February 29, 1968 RELEASED: March 20, 1968

Growth in demand in recent months has been substantially more rapid than the expansion of output, intensifying the upward pressure on prices. Spending by consumers and businesses has picked up and Government demand for goods and services has continued to grow at a high rate. Retail sales rose rapidly during the winter months and have increased at an 8 per cent annual rate since last spring; by comparison sales grew at a 4.8 per cent trend rate from 1957 to 1966. Sales probably have been stimulated over the past year by expansionary fiscal and monetary developments.

Reflecting the increasing demand, industrial production rose at a 5.5 per cent annual rate from June to February after declining earlier last year. Production early this year has been hampered by several strikes, but gains since last summer are comparable to the 5 per cent average rate of increase in output over the period from 1957 to 1966.

Employment rose at a 4 per cent annual rate from last spring to February, compared with an estimated 2 per cent rate of expansion in the population of working-force age. On average, employment grew at a 1.5 per cent rate over the period from 1957 to 1966.

Growth in personal income has been rapid in recent months. From last spring to February income increased at a 9 per cent annual rate, compared to a 6 per cent per year increase from 1957 to 1966. The sharp rise in personal income in recent months reflects pay increases for Government employees as well as the quickened pace of overall economic activity.

Upward pressure on prices has increased with the acceleration of spending. Prices of consumer commodities other than food rose at a 4 per cent rate from July to January. Food prices, which had declined last fall, rose in December and January and contributed to the rapid increase in consumer prices. Wholesale prices of industrial commodities increased at a 3.4 per cent annual rate from July to January, following little change over the previous seven months.

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NATIONAL ECONOMIC TRENDS

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MONTH ENDING: March 31, 1968 RELEASED: April 19, 1968

Economic activity accelerated in the first quarter of this year. Although production increased significantly, demand for goods and services rose more rapidly, placing upward pressure on prices. Total spending has increased at a 9 per cent annual rate since mid-1967, compared with a 6 per cent average rate of growth from 1957 to 1966. Real product rose sharply in the first quarter and has increased at a 5 per cent annual rate since the second quarter of last year. Industrial production increased at a 6 per cent annual rate from June to March, with recent gains reflecting expanded production of automobiles and some industrial materials.

Consumer spending has accelerated this year, accounting for most of the first quarter increase in GNP. Spending for both durable and non-durable goods has risen. The value of retail sales increased at a 10 per cent annual rate from last spring to March. Rapid expansion of income has stimulated the increase in consumer spending. From last spring to March, personal income increased at a 9 per cent annual rate, compared with a trend growth of 6 per cent over the period from 1957 to 1966.

Investment in inventories declined in the first quarter to an annual rate of $3.9 billion from a $9.2 billion rate in the previous quarter. The reduction probably reflected expansion of consumer spending beyond the sales expectations of firms. Households saved a somewhat smaller portion of their take-home pay in the first quarter. Business investment in plant and equipment, which had moderated in 1967, showed a large increase in the first quarter. Government demand for goods and services continued to rise rapidly in the quarter.

The expansion of demand relative to production has placed upward pressure on prices. Prices paid for commodities other than food increased at a 4 per cent annual rate from July to February. Food prices, which had declined last fall, rose from November to February. Wholesale prices of industrial commodities rose in February and showed a 4 per cent rate of increase from July to February.

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NATIONAL ECONOMIC TRENDS

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONTH ENDING: April 30, 1968 RELEASED: May 21, 1968

Total demand for goods and services accelerated in the first quarter and has grown at a 9 per cent annual rate since the second quarter of last year. Personal consumption spending increased at a 14 per cent annual rate in the first quarter, following a 6 per cent increase in 1967. Sharp increases in income stimulated the spurt in spending, but individuals also saved a smaller portion of their take-home pay. The large rise in consumer spending was apparently unanticipated by businesses, as the rate of inventory accumulation declined markedly from the fourth quarter of last year. Total output has increased at a 5 per cent rate since mid-1967, and prices have risen at a 4 per cent rate.

Industrial production increased at a 5.5 per cent annual rate from last June to April, compared with a trend growth rate of 5 per cent from 1957 to 1967. Manufacturers' new orders have risen relative to shipments, and the backlog of unfilled orders continues to rise.

Since last spring, employment has increased at a 3 per cent annual rate, compared with an estimated 2 per cent rate of increase in population of working-force age. Unemployment stood at 3.5 per cent of the labor force in April. Personal income, partially reflecting higher social security benefits and a government pay increase, rose at a 9 per cent rate from last spring to April, well above the 6 per cent average rate of increase from 1957 to 1967.

Prices continue to accelerate, reflecting the rapid expansion of demand for goods and services. Prices of consumer goods other than food increased at a 4 per cent annual rate from last July to March. Food prices, which began rising in November, continued to increase in March. Prices of wholesale industrial commodities increased at a 3.7 per cent rate from July to March, as prices of goods at all stages of production rose.

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PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONTH ENDING: May 31, 1968 RELEASED: June 20, 1968

The pressures exerted on prices by the rapid expansion of demand for goods and services are indicated by a comparison of recent and long-run growth trends of total spending and real product. Real product rose at a 5.2 per cent annual rate from first quarter 1961 to first quarter 1968, a rate slightly greater than the 5 per cent increase from second quarter 1967 to first quarter 1968. However, spending in dollar terms increased at a 9 per cent rate over the past three quarters compared with a 7.3 per cent rate since 1961. Both consumer and wholesale prices reflect the effects of the acceleration in economic activity. Wholesale prices rose by nearly 3 per cent in the year ending in April, and consumer prices increased by 4 per cent.

Unemployment continued at 3.5 per cent of the labor force in May, recording the lowest sustained 6-month jobless rate since 1953. Over the past year total employment, buoyed largely by job gains for adult women, rose at a 3.1 per cent annual rate. Employment since early 1961 has shown a 2 per cent rate of increase.

Industrial production has climbed at a 5.7 per cent annual rate since early last summer. The consumer goods category of industrial production demonstrated considerably more growth than business equipment over the period. Manufacturers' inventories, which had mounted slowly during the first quarter, advanced sharply to an April high pushing up the inventories-shipments ratio. Despite rising mortgage costs, new housing starts continued to expand after suffering a drop during the winter months.

Recent rapid increases in the money stock indicate to quantity theorists that the likelihood is great that total spending will continue to rise in the third quarter at approximately the first half pace. On the other hand, some other monetary analysts expect a marked slowing in demand from the lagged effect of recent interest rate increases, and some fiscal economists anticipate that the tax increase and expenditure cut will produce a significant slowdown in spending in the third quarter.

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MONTH ENDING: June 30, 1968 RELEASED: July 24, 1968

Total spending on goods and services rose at an annual rate of 10 per cent from the first to the second quarter to $851 billion a year. This rate of growth of total demand was about the same as the exceedingly high rate of the first quarter and greater than the 9 per cent rise of the past year. From 1957 to 1967 total spending went up at a 6 per cent annual rate. Retail sales have risen at a very high 11.5 per cent rate since last fall. The composition of total demand has changed recently; final sales increased in the second quarter by approximately half the first quarter rate as business inventories rose substantially.

The growth of real product was at a 5.3 per cent rate in the second quarter, slightly less than in the previous quarter, but higher than over the past year. Payroll employment climbed at a 1.5 per cent annual rate in June, about the same as population of labor force age. Since May of last year payroll employment has gone up at a very rapid 3 per cent rate with some slowing of the pace after February of this year. Industrial production went up at a 2 per cent rate in June and at about a 4 per cent rate since March, after rising at a 6 per cent rate from last summer to March. Recent moderation in some key economic sectors may reflect a growing scarcity of resources.

Reflecting the continued strong demand for goods and services relative to their supply, upward pressure on prices has intensified. Overall prices went up at a 4.1 per cent rate from the first to second quarter. In the previous three quarters prices rose at a 3.8 per cent rate. From 1965 to 1967 prices rose at a 3 per cent rate, and from 1961 to 1965 at a 1.5 per cent rate.

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NATIONAL ECONOMIC TRENDS

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MONTH ENDING: July 31, 1968 RELEASED: August 21, 1968

Latest estimates now show that total spending in the April-June quarter was at an annual rate of $852 billion, up at a 10.2 per cent annual rate from the first quarter. From fourth quarter 1967 to second quarter 1968, spending has grown at a 10.3 per cent rate. Real product climbed at an unsustainable 5.7 per cent annual rate in the second quarter.

About one-half of the latest gain in total demand was manifested in an increase of general prices at a 4.1 per cent rate. Civilian employment has risen at about a 2 per cent annual rate so far this year; industrial production over the same period has increased at a 5 per cent rate compared with a 1961 to 1967 trend of 6.5 per cent.

Consumers, reflecting a 10 per cent rate of gain in personal income since last fall, have continued to increase their spending for both durable and nondurable goods. Retail sales have risen since early this year at a 15 per cent rate, compared with a 6 per cent rate from 1961 to 1967. Spending on durable goods has been especially pronounced. The inventory-sales ratio fell from 1.53 at the end of 1967 to 1.50 in June, about the same as the 1961 to 1967 average.

Consumer prices rose at about a 4.5 per cent rate in the six months ending with June and during the past year have risen about 4 per cent. Wholesale industrial prices have risen at nearly a 3 per cent rate during the past year. Wholesale prices of all commodities have increased by about that same percentage.

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MONTH ENDING: August 31, 1968 RELEASED: September 24, 1968

Total spending has increased 9 per cent during the past year, compared with an average growth rate of 6 per cent per year from 1957 to 1967. The rise in spending in the past year consisted of 5 per cent growth of real product and a 4 per cent advance of prices. Payroll employment has increased about 3.5 per cent since a year ago and total civilian employment about 2 per cent.

Industrial production has declined recently, following the contract settlement in the steel industry, but has increased 5 per cent since about a year ago. Production of consumer goods remained strong through the summer, while output of business equipment grew at a more moderate rate.

Retail sales were up at a 15 per cent annual rate in August from late 1967, and 10 per cent from a year ago. The 10 per cent growth in sales was as great or greater than in 93 per cent of all consecutive twelve-month periods since January 1949. Sales of both durable and nondurable goods have increased at rapid rates during the summer.

Consumer prices have risen at a 5 per cent annual rate in the last six months, a rate as great or greater than in 94 per cent of all successive six-month periods since 1949. By comparison, consumer prices increased at a 1.7 per cent average annual rate from 1957 to 1967.

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NATIONAL ECONOMIC TRENDS

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MONTH ENDING: September 30, 1968 RELEASED: October 23, 1968

Total spending continued to grow rapidly during the third quarter of this year, increasing at about a 9 per cent annual rate. During the first two quarters of 1968, growth was at about an 11 per cent rate, compared with the 6 per cent rate of increase from 1957 to 1967. Cutbacks in steel inventories, following avoidance of a major strike in the steel industry, accounted for much of the moderate slowdown in total spending. The third quarter increase reflects a 5 per cent rate of gain in real product and a 4 per cent rate of increase in prices. Final sales, that is total spending other than changes in inventories, grew at a 10 per cent annual rate in the third quarter, about the same as in the two preceding quarters. Disposable personal income grew at a 4 per cent annual rate in the third quarter after increasing at a 10 per cent rate in the first half.

Consumer demand showed no immediate effect from the increase in Federal income taxes and reduced rate of growth of disposable income; consumer spending rose at a 10.6 per cent annual rate from the second to the third quarter, little changed from the rapid rate of the first half of the year. The recent increase in consumer demand was accompanied by a decline in the savings rate of individuals.

Payroll employment has increased at about a 3 per cent annual rate since the beginning of this year. Total civilian employment has shown little net change in recent months. Industrial production declined in August and September due to slowdowns in production of iron, steel, and various other industrial materials. During the preceding year industrial production had increased about 5 per cent.

The general price level increased at a 3.7 per cent annual rate in the third quarter, slightly below the first half rate, but more than twice the 1.5 per cent rate of 1959-1965. Consumer prices have risen at about a 5 per cent annual rate since early this year, compared with a 4 per cent rate from May, 1967 to February, 1968, a 3 per cent rate from 1965 to 1967, and a 1.3 per cent rate from 1961 to 1965.

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NATIONAL ECONOMIC TRENDS

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MONTH ENDING: October 31, 1968 RELEASED: November 22, 1968

Personal income grew slowly in October, but has increased at about an 8 per cent annual rate since July, down from the high rate of the first half of 1968, but more rapid than in 1967. Retail sales declined from August to October, after increasing 10 per cent in the year ending with August.

Total spending grew at about a 9 per cent annual rate from the second to the third quarter of 1968, slightly less rapidly than in the first half of the year, but above the rate from 1965 to 1967. Real product increased at a 5 per cent rate, the same as in the previous year.

Industrial production has risen at about a 4 per cent annual rate since August, about the same as in the preceding 12 months. Total civilian employment was essentially unchanged from June to October after increasing 2.5 per cent in the preceding year. Payroll employment grew at a 2.2 per cent annual rate from June to October after increasing 3.4 per cent in the preceding 12 months.

Consumer prices have advanced at a 3.5 per cent annual rate since July, less than the 4.3 per cent increase in the preceding year, but substantially greater than the 2.9 per cent rate from 1965 to 1967 and the 1.3 per cent rate from 1958 to 1965.

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MONTH ENDING: November 30, 1968 RELEASED: December 20, 1968

Inflationary pressures, which began to mount in 1965, have not slowed in recent months. Overall prices have risen at a 3.8 per cent rate from late 1967, compared with a 2.9 per cent average rate for the 1965-1967 period. Wholesale prices of industrial commodities rose at a 3.4 per cent rate in the July-October period, 2.6 per cent in the previous year, and a 1.8 per cent average rate from 1965-1967. Consumer prices have increased at a 4.8 per cent rate from late 1967, compared with a 1965-1967 rate of 2.9 per cent and a 1961-1965 rate of 1.3 per cent.

Payroll and total civilian employment have risen at 2.8 and 1.2 per cent rates, respectively, in 1968. These rates are somewhat below those of the 1965-1967 period when payroll employment increased at a 4.2 per cent rate and total civilian employment at a 2.3 per cent rate. The slowdown in employment growth reflects a shortage of labor resources in a high-employment economy. Unemployment, which dropped below 4 per cent of the labor force in January, 1966 for the first time in nine years, has remained at or below 4 per cent for most of the past three years, and has averaged 3.6 per cent in 1968.

Industrial production, which increased at a 7 per cent rate from 1961-1965 and a 5 per cent rate in the 1965-1967 period, has risen at a 3.6 per cent rate in 1968. Growth in production has also slowed because of resource shortages. In a high-employment economy production growth is constrained by the growth of manhours as employed workers are used more intensively and marginal workers are attracted into the labor force. Once full employment is reached, productivity gains may tend to decline with the utilization of less efficient labor and equipment.

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NATIONAL ECONOMIC TRENDS

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONTH ENDING: February 28, 1969 RELEASED: March 21, 1969

Inflationary pressures have continued unabated in the early months of 1969. Wholesale and retail prices have shown no signs of slowing, nor has the growth in employment and industrial production displayed indications of tapering off. Moreover, the pattern of declining final sales and rising inventories which evolved last fall appears to have been reversed.

Wholesale prices of industrial commodities, as well as wholesale prices of all commodities, rose at a 4.5 per cent annual rate from last August to January. By comparison, these prices increased 2.5 per cent in the previous year and at a 0.7 per cent annual rate from 1957 to 1967. Consumer prices rose at a 4.4 per cent annual rate in the August-January period compared with a 3.3 per cent rate from 1965 to 1968, and a 1.4 per cent rate for the 1957-1965 period.

Payroll employment has increased at about a 6 per cent rate since early last fall, compared with a 2.3 per cent trend rate for the 1957-1968 period. Unemployment remained at an unusually low 3.3 per cent of the labor force in the three-month period ending in February. Industrial production rose at a 6 per cent rate in the August-February period compared with 4 per cent for the previous year, and a 4.6 per cent rate in the 1957-1967 period.

Retail sales in February were about 6 per cent above sales a year earlier. These sales declined slightly from July to December, but have resumed a steep upward trend since December. An increase in inventories combined with a slowing in sales last fall raised the ratio of inventories to sales well above the 1955-1968 trend line (see chart). The upward movement of the monthly inventory-sales ratio was reversed in January as the ratio declined from 1.56 to 1.54 (compared with a 1955-1968 average of 1.53) due to a slackening in the growth of inventories and a substantial rise in manufacturing and trade sales.

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MONTH ENDING: March 31, 1969 RELEASED: April 23, 1969

Total spending on goods and services in the first quarter of 1969 rose rapidly, probably in response to earlier expansionary fiscal and monetary developments. Few signs of slowing in the private sector of the economy were evident. Total spending advanced at a 7.4 per cent annual rate from the fourth quarter of 1968 to the first quarter of this year, little changed from the 7.8 per cent rate from the third to the fourth quarter of 1968 and still above the 6 per cent trend rate from 1957 to 1967. Prices rose at a very rapid 4.3 per cent annual rate in the first quarter.

Final sales, or total spending less changes in inventories, grew at an annual rate of 9.5 per cent in the first quarter, significantly greater than the 6.3 per cent rate of increase in the fourth quarter of last year and the 6 per cent 1957-67 trend rate. Personal income also showed a substantial gain during the first quarter, rising at a rate of 7.6 per cent compared with an 8.9 per cent increase in the previous six months.

Real product rose at a 2.9 per cent rate from fourth quarter 1968 to first quarter 1969 and was up 4.5 per cent from a year ago. Unemployment averaged 3.3 per cent of the labor force in the first three months of this year. Civilian employment rose at an annual rate of 5.3 per cent during the first quarter compared with a 1.7 per cent increase in 1968 and a 1.5 per cent 1957-67 trend rate. Industrial production increased at a 4.3 per cent rate during the first three months of 1969, compared to about a 4 per cent rise in the previous year.

Business spending continued to increase rapidly in early 1969. Expenditures for plant and equipment increased 10.7 per cent in the past year, well above the 5.3 per cent trend rate for 1957-67. The ratio of inventories to sales declined to 1.53 in February from 1.56 at the end of last year and is now at about the 1955-68 trend level. Total private housing starts rose at an 8.8 per cent annual rate in the first quarter.

Consumer spending increased at an 8.8 per cent annual rate in the first quarter, about the same as last year and up from the 7.5 per cent 1957-67 trend rate. This first quarter growth was similar for durable goods, for nondurables, and for services. Consumer prices increased at an annual rate of 4.5 per cent in the December-February period, about the same as the increase in the previous year, but considerably faster than the 1957-67 trend rate of 1.7 per cent.

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NATIONAL ECONOMIC TRENDS

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MONTH ENDING: April 30, 1969 RELEASED: May 21, 1969

Personal income grew at an 8.3 per cent annual rate in the past three months, a little slower than in the preceding year. Since last September personal income growth has been at a 7.7 per cent annual rate, slower than the rate of the preceding year, but not much different from the whole inflationary period since 1965. Retail sales have risen at a 6 per cent annual rate in the past three months, about the same as in the past year. The ratio of manufacturing and trade inventories to sales averaged 1.54 in the first quarter, about unchanged for the past year.

Total spending on goods and services (gross national product) rose at a 7.4 per cent annual rate in the first quarter of 1969, about the same as the rate of increase during the past three years. Final sales, which is total spending excluding changes in inventories, grew at a 9.2 per cent rate in the first quarter compared with 8.1 per cent in the past year, and a 7.7 per cent rate in the past three years. Price increases accounted for about 60 per cent of the growth of total spending in the first quarter. Prices rose at a 4.6 per cent annual rate compared with a 3.5 per cent rate for the previous two years and a 1957-1967 trend rate of 1.9 per cent.

Both consumer and wholesale prices rose rapidly in the first three months of 1969. Consumer prices increased at a 6.3 per cent rate compared with 4.7 per cent in the previous year. Wholesale industrial prices rose at a 6.7 per cent rate compared with 2.6 per cent in the previous year.

Payroll employment has increased at a 3.5 per cent annual rate in the past three months, about the same rapid rate as in the preceding year. Total civilian employment in the past three months has risen at a rate of 2 per cent per annum, about the same as in the preceding 12 months. Population of working force age is currently estimated to be growing at a 1.6 per cent annual rate.

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NATIONAL ECONOMIC TRENDS

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MONTH ENDING: May 31, 1969 RELEASED: June 20, 1969

Inflationary pressures have continued unabated into the second quarter of 1969. Wholesale and consumer prices not only have failed to slow, but have accelerated from the rapid rates of increase of 1968. Other business indicators show mixed trends; employment has slowed in recent months, while industrial production has continued to increase rapidly.

Wholesale prices of all commodities rose at about a 6 per cent annual rate from late last year to May compared with a 3 per cent increase in 1968. Wholesale industrial prices, which rose at a 2.5 per cent rate in 1968 increased at a 4.5 per cent rate in the first five months of 1969. Consumer prices advanced at a 6.5 per cent annual rate in the December-April period compared with a 4.7 per cent rise in 1968.

Employment growth has subsided in recent months from the rapid rates of increase last winter. Total civilian employment rose at a 3 per cent annual rate in the twelve months ending with February, but declined at about a 2 per cent rate between February and May. Payroll employment, which is usually a better measure of employment trends within short periods, increased at a 1.7 per cent annual rate from February to May, about half the rate of the previous year. Industrial production, buoyed by continued increases in iron and steel output, has risen steadily since last summer, rising at a 5.9 per cent annual rate in the first five months of 1969 compared with a 4.5 per cent rise in 1968.

Retail sales in May were up at about a 5 per cent rate since January, about the same rate as in the past year. These sales rose at a 3 per cent rate from 1955 to 1961 and at a 6.5 per cent rate from 1961 to 1968. The ratio of inventories to sales was 1.54 in both March and April, not significantly different from the 1955-1968 average of 1.53.

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NATIONAL ECONOMIC TRENDS

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MONTH ENDING: June 30, 1969 RELEASED: July 24, 1969

Inflationary pressures continue unabated as demand for goods and services expands rapidly. Total spending increased at a 7.4 per cent annual rate in the second quarter (pages 8 and 9), little changed from the rate in the first quarter but less than the 8.7 per cent rate of the past two years. The continued growth of total spending, in the face of monetary restraint, demonstrates the lag of response in economic activity to changes in economic policy.

Final sales, spending other than for inventory accumulation, rose at an annual rate of 6.1 per cent during the second quarter (pages 10 and 11), compared with an 8.3 per cent rate during the past two years. Retail sales have risen only slightly since last fall, compared with a 1957-1968 rate of increase of about 5 per cent (pages 6 and 7). Personal income shows little sign of slowing, rising at a rate of 8.6 per cent during the first six months of this year (pages 6 and 7), compared with a 9.2 per cent rate of increase in the last two years.

Real product increased at a 2.3 per cent annual rate from the first quarter to the second quarter (pages 8 and 9), compared with a 4.2 per cent rate in the past two years. Industrial production rose at a 6.3 per cent rate in the first half of the year (pages 4 and 5), about the same as the rate which has prevailed in the past two years. Plant and equipment spending was up at a 19.2 per cent annual rate in the second quarter, about the same as the first quarter rate of expansion, and well above the 1968 increase of 4 per cent. Total civilian employment has increased at a very rapid 2.9 per cent rate since last fall (pages 2 and 3).

General prices rose at a 4.9 per cent annual rate in the first half of this year (page 15), compared with a 4.3 per cent rate in the past two years. Inflation has accelerated sharply from a 1.8 per cent rate in the 1964-1965 period, to a 3.2 per cent rate from late 1965 to mid-1967, and to a 4.1 per cent rate from mid-1967 to the fourth quarter of 1968. Wholesale prices of industrial commodities rose at a 3.7 per cent rate in the first six months of this year (page 14), compared with a 2.9 per cent rate during the past two years. Consumer prices increased at a 6 per cent rate from December to May (pages 12 and 13), compared with a 4.8 per cent rate during the past two years.

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NATIONAL ECONOMIC TRENDS

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MONTH ENDING: July 31, 1969 RELEASED: August 20, 1969

Total spending has remained strong and prices have continued to rise rapidly while growth of real product has slowed considerably. Since last summer, total spending has risen 7.7 per cent (pages 8 and 9), little changed from the growth rate of the previous five years, while real product has increased only 3 per cent (pages 8 and 9), compared with a 5.1 per cent rate of increase over the 1964-1968 period. The general price level has risen 4.6 per cent since mid-1968 (page 15), compared with the 3 per cent annual rate of increase from 1964 to 1968.

Gross private domestic investment (which includes residential, nonresidential, and inventory investment) rose at a 6.7 per cent rate in the second quarter (see the Quarterly Supplement release of this Bank, page 3), compared with a 13.2 per cent increase in the previous year. This slowing in overall investment activity reflects weakened housing investment, which has more than offset increases in plant and equipment and inventory spending.

Industrial production, buoyed by gains in business equipment output, rose at an 8.4 per cent rate in the April-July period (pages 4 and 5), well above the 5.2 per cent increase in the previous year and the 4.6 per cent 1957-1968 trend rate. Payroll employment has also continued to rise rapidly, increasing at a 3.9 per cent rate in the past three months (pages 2 and 3), compared with a 3.6 per cent increase in the previous year. Total civilian employment, which rose at a 1.6 per cent annual rate from 1957 to 1968, has increased 2.4 per cent in the past year (pages 2 and 3).

Overall wholesale prices increased at a 5 per cent rate from April to July (page 12), although prices of industrial commodities increased at only a 1 per cent rate (pages 13 and 14); wholesale prices of farm products, food and feed rose very rapidly over that period (page 14). Consumer prices rose at a 6.4 per cent rate in the first six months of this year (pages 12 and 13), after increasing 5 per cent during 1968 and at a 2 per cent rate from 1957 to 1968.

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NATIONAL ECONOMIC TRENDS

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MONTH ENDING: August 31, 1969 RELEASED: September 23, 1969

Recent economic data indicate there may have been some moderation in the pace of economic activity over the summer. Growth of production, employment and sales appears to have been less rapid in most recent months.

Industrial production has risen at a 5 per cent annual rate since December, compared with a 1957-68 trend rate of 4.6 per cent, but declined in August. Payroll employment grew at a 3.4 per cent annual rate in the last eight months, but increased at a 1.2 per cent rate from June to August.

Personal income, buoyed by Federal pay raises, has continued to increase at a fast pace, an 8.6 per cent annual rate since December, only moderately less than the 9.6 per cent rate in the previous year. Despite the rapid advance of income, retail sales data have shown no indication of such strength. These sales were about unchanged from May to August. The apparent inconsistency of retail sales on the one hand, and income and consumer expenditures on the other, suggests that there may be some inadequacies in the sales data.

While growth of employment, production, and sales seem to have slowed in recent months, prices have continued to advance. Consumer price increases have quickened to a 6.1 per cent rate since December, up significantly from a 4.7 per cent rise in the previous year. Wholesale prices have been essentially unchanged since June after increasing 4 per cent in the previous year. Wholesale industrial prices, however, have advanced at a 3.3 per cent annual rate since June and at a 3.6 per cent rate since December.

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NATIONAL ECONOMIC TRENDS

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MONTH ENDING: September 30, 1969 RELEASED: October 22, 1969

Growth in total spending continued in the third quarter at about the same rate as in the three previous quarters, but the composition of the increase, as well as other major indicators of economic activity, portend slowing of spending and output in the immediate future. Total spending increased at a 7.8 per cent annual rate (pages 8 and 9) from the second to the third quarter. Prices rose at a 5.4 per cent rate, compared with a 4.6 per cent increase (page 15) in the previous year. Real product increased at a 2.1 per cent rate in the quarter (pages 8 and 9), after rising 3 per cent in the previous year. The imposition of restrictive actions slows real output initially, but experience indicates that prices are affected after some lag.

The composition of the increase in total spending in the third quarter changed considerably from that of the first half of the year. Consumer and fixed investment spending contributed about 90 per cent of the $32.3 billion net increase in total spending in the first two quarters of the year, but only 56 per cent of the $17.5 billion rise in the third quarter. Inventory accumulation and Federal government spending, which made a negative contribution to the change in overall spending in the first half, accounted for 30 per cent of the third quarter total spending increase. Restrictive monetary measures usually slow consumer and fixed investment expenditures first, and only later does inventory accumulation adjust to the moderation in final demand.

Payroll employment rose at a 1.3 per cent rate in the July to September period (pages 2 and 3), compared with a 3 per cent rate in the previous six months and a 1957-68 trend rate of 2.3 per cent. Personal income, which slowed to a 3.7 per cent rate of increase in September (pages 6 and 7), rose at a 9.5 per cent rate in the previous two months and at a 9.4 per cent rate in the January to June period. Industrial production, slowed by reductions in primary metals output, declined at a 2.7 per cent rate from July to September (pages 4 and 5), compared with a 4.6 per cent 1957-68 trend rate of increase.

Wholesale prices of industrial commodities rose at a 4.3 per cent rate over the summer (pages 13 and 14), compared with a 2.7 per cent rate in the previous six months. A slowing in the wholesale prices of farm products and processed foods and feeds has moderated the price of overall wholesale goods to a 1.6 per cent rate of increase in the July to September period (page 12). Consumer prices rose at a 5.3 per cent rate in the June to August period (pages 12 and 13), compared with a 6.4 per cent rate in the previous six months.

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NATIONAL ECONOMIC TRENDS

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONTH ENDING: October 31, 1969 RELEASED: November 19, 1969

Total spending rose at a rapid 8 per cent annual rate from the second to the third quarter of the year (pages 8 and 9), but significant signs of slowing in certain areas of the economy have developed in recent months. Final sales, that is, spending other than for inventory accumulation, rose at a 6.3 per cent rate from the second to the third quarter (pages 10 and 11), after increasing 8.1 per cent in the previous year. Real product rose at a 2.2 per cent rate (pages 8 and 9), compared with a 3 per cent increase in the previous year. Industrial production, employment, and personal income also have slowed considerably.

The growth of personal income slowed from an 8.8 per cent annual rate for the first eight months of the year (pages 6 and 7), to a 4.5 per cent rate in the August to October period. Retail sales have been about unchanged since last spring (pages 6 and 7), compared to a 4.9 per cent rate in the 1957-68 period. Corporate profits after taxes declined at a 13 per cent rate in the third quarter, after rising at a 0.8 per cent rate in the first half of the year.

Payroll employment, which rose at a 3.6 per cent rate in the first eight months of the year (pages 2 and 3), increased at a reduced 1.5 per cent rate from August to October. Unemployment rose to an average of 3.8 per cent of the labor force in the most recent three-month period from an average of 3.3 per cent in the first three months of the year. Industrial production has declined for three consecutive months (pages 4 and 5), following a 5.2 per cent rise in the previous year.

Prices, which usually respond slowly to stabilization actions, have continued their upward trend. Wholesale prices of industrial commodities increased at a 5.1 per cent rate in the most recent three months (pages 13 and 14), up from a 3.4 per cent rate in the December to July period and a 0.9 per cent trend rate from 1957 to 1968. Consumer prices rose at about a 6 per cent rate in the first nine months of 1969 (pages 12 and 13), compared to a 2 per cent trend rate from 1957 to 1968.

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NATIONAL ECONOMIC TRENDS

PREPARED BY FEDERAL RESERVE BANK OF ST. LOUIS

MONTH ENDING: November 30, 1969 RELEASED: December 19, 1969

Economic slowing has been underway since last summer and, in late fall, has become more pervasive. Output, productivity, income, employment, and sales growth have slackened in recent months while prices have continued to rise. Total spending and production movements usually precede price changes, whether in an upward or downward direction.

Payroll employment, probably a more reliable and meaningful magnitude than current total employment and unemployment figures, increased at a 1.6 per cent rate from July to November (pages 2 and 3), down from a 3.4 per cent rate in the previous twelve months. Industrial production growth, reversed by slowing demand and by work stoppages in the electrical equipment industry, declined at a 5.9 per cent rate in the July to November period (pages 4 and 5), after increasing 5.2 per cent in the previous year. The production of both business equipment and consumer goods has slowed. Among consumer goods, the production of automotive products and household goods and apparel has recently been well below early summer levels.

Personal income rose at a 5.1 per cent rate from August to November (pages 6 and 7), compared to an 8.8 per cent rate in the previous year and an 8.2 per cent rate in the 1966-68 period. Retail sales have been about unchanged since last spring (pages 6 and 7), compared with a 4.9 per cent rate of increase in the 1957-68 period. Retail sales adjusted for price increases have declined substantially in 1969.

Wholesale prices of industrial commodities have trended upward at about a 4 per cent rate over the past year (pages 13 and 14), after increasing at a 0.9 per cent rate in the 1957-68 period. Consumer prices increased 5.6 per cent in the year ending in October (pages 12 and 13), compared with a 2 per cent rate of increase from 1957 to 1968. During the past year there has been observed neither acceleration nor deceleration of upward price trends.

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