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FEDERAL RESERVE BANK
of KANSAS CITY

L.4.3

APR 27 1959

RESEARCH LIBRARY

BANKING AND MONETARY DEVELOPMENTS IN MARCH 1959

Summary. Total credit at commercial banks declined somewhat in March as a substantial reduction in holdings of U. S. Government securities more than offset growth in loans and in holdings of other securities. Business loans accounted for the greater part of the loan growth but most major types of loans rose. The seasonally adjusted active money supply rose sharply. U. S. Government deposits, which usually increase substantially in March, declined. Net borrowed reserves of member banks rose somewhat. Effective between March 6 and March 16, the discount rate was raised to 3 per cent from 2-1/2 per cent at all Federal Reserve Banks.

Data for assets and liabilities of all commercial banks have been revised for the period October 1958 through March 1959, and these revisions are reflected in this report. Revisions were made in accordance with the all-bank call figures for December 31, 1958, which have just become available. These data differ from those previously published in the Federal Reserve Bulletins and in the regular monthly releases, "Assets and Liabilities of All Banks in the United States".

The recent revisions were considerably larger than the usual semi-annual revisions. Revised data on demand deposits adjusted and currency outside banks, for example, show a level \$1.1 billion higher on December 31, 1958, than previous figures had indicated. As a result, growth in the active money supply during the year 1958 totaled \$5.7 billion, or 4.1 per cent, rather than the 3.3 per cent previously indicated. Growth in time deposits was also slightly larger than previously reported. On the other hand, revised data show that the decline in the active money supply during the first quarter of 1959 was \$500 million larger than previously reported, resulting in a seasonally adjusted rise of \$500 million less, that is, \$900 million instead of \$1.4 billion. Additional tables have been included in this report showing final changes in major asset and liability items for the year 1958 compared with previous years.

The large changes between estimated and final year-end data resulted primarily from more rapid growth in credit and deposits at nonmember commercial banks than at country banks during the latter part of 1958. Preliminary data for nonmember banks are entirely estimated from country bank data

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on the basis of the latest available call report relationships between country and nonmember bank data for individual items. Generally, balance sheet data for these two groups of banks move in a similar manner. On December 31, however, final nonmember bank data for total loans and investments were \$500 million higher than estimates had indicated, and final data for demand deposits adjusted were \$700 million higher.

Final member bank data for December 31 on total loans and investments differed only slightly from preliminary data, but on demand deposits adjusted, they were \$300 million higher. This unusually large difference was mainly due to technical reporting and estimating difficulties growing out of the fact that the last Wednesday of December in 1958 fell on the last day of the year. The data used by the Reserve Banks in preparing end-of-month deposit figures are those reported by the member banks on the reserve computation form, which shows deposits as of the opening of business on December 31. Therefore, the December 31 close-of-business figure for country banks did not become available until those banks submitted their reserve computation form for the first half of January, too late for preparation of the G.7 release. As a result, the Reserve Banks estimated the country bank figure on the basis of the December 31 opening deposit figure. Owing to large year-end deposit movements, this estimate was subject to a considerable margin of error.

The revised demand deposits adjusted figures for the last Wednesday in January, February, and March are only \$500-\$600 million higher than previous estimates, in contrast with the \$1.1 billion revision for December 31. The smaller revision for these months resulted from two factors. (1) Deposits adjusted for country member banks required no revision for these months whereas they were revised upward by \$300 for December 31. However, this resulted in a larger decline between the end of December and the end of January than had previously been reported. (2) The ratios used in estimating nonmember data from country bank data were revised on the basis of the increased volume of nonmember bank resources found to exist on December 31. Since deposits at country banks were declining during the period January through March, the revised estimates for nonmember banks show a more rapid decline and a lower absolute level of deposits than the previous estimates.

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Table 1

Estimated Changes in Loans and Investments at All Commercial Banks
(In billions of dollars)

Item	Last Wednesday in February to last Wednesday in March					
	1959	1958	1957	1956	1955 ^{2/}	1954 ^{2/}
<u>Total loans (excluding interbank)</u>	+ 1.5	+ 0.9	+ 1.2	+ 2.1	+ 1.0	+ 0.8
Business	+ 1.0	+ 0.6	+ 1.2	+ 1.6	+ 0.6	+ 0.3
Real estate	+ 0.2	<u>1/</u>	<u>1/</u>	+ 0.2	+ 0.2	+ 0.1
Security	- 0.1	+ 0.3	- 0.1	<u>1/</u>	+ 0.2	+ 0.1
Agricultural	- 0.1	<u>1/</u>	<u>1/</u>	- 0.1	- 0.3	+ 0.3
Consumer	+ 0.2	- 0.1	+ 0.1	+ 0.1	+ 0.2	<u>1/</u>
All other	+ 0.1	<u>1/</u>	<u>1/</u>	+ 0.2	+ 0.1	<u>1/</u>
U. S. Government securities	- 2.3	+ 1.3	- 1.1	- 0.6	- 2.6	- 2.3
Other securities	+ 0.2	+ 0.7	+ 0.2	<u>1/</u>	+ 0.2	+ 0.1
Total loans and investments (less interbank)	- 0.6	+ 2.8	+ 0.3	+ 1.4	- 1.4	- 1.5

Item	Last Wednesday in February to last Wednesday in March					
	1953	1952	1951	1950 ^{2/}	1949 ^{2/}	1948 ^{2/}
<u>Total loans (excluding interbank)</u>	+ 1.0	+ 0.5	+ 0.9	+ 0.7	+ 0.4	+ 0.3
Business	+ 0.5	+ 0.2	+ 0.6	- 0.1	n.a.	n.a.
Real estate	<u>1/</u>	+ 0.1	+ 0.1	+ 0.2	n.a.	n.a.
Security	+ 0.1	+ 0.1	<u>1/</u>	+ 0.3	n.a.	n.a.
Agricultural	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	n.a.	n.a.
Consumer	+ 0.3	+ 0.1	+ 0.1	+ 0.1	n.a.	n.a.
All other	<u>1/</u>	<u>1/</u>	+ 0.1	+ 0.2	n.a.	n.a.
U. S. Government securities	- 1.4	- 0.2	- 0.3	- 1.3	- 1.3	- 2.4
Other securities	+ 0.2	+ 0.2	+ 0.2	+ 0.4	+ 0.2	+ 0.3
Total loans and investments (less interbank)	- 0.2	+ 0.6	+ 0.7	- 0.2	- 0.7	- 1.8

^{1/} Less than \$50 million.

n.a. Not available

^{2/} Data for March are affected by the date of the last Wednesday relative to the April 1 personal property tax date in Cook County Illinois.

Note: Data for March 25, 1959, are preliminary estimates based on data reported by a sample of member banks. Revised estimates will be available at the end of April.

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Table 1 (Con't)

Estimated Changes in Loans and Investments at All Commercial Banks
(In billions of dollars)

Item	December 31 to last Wednesday of March					
	1959 3/	1958	1957	1956	1955 2/	1954 2/
<u>Total loans (excluding interbank)</u>	<u>1/</u>	- 1.7	- 0.6	+ 1.3	+ 0.8	- 0.6
Business	- 0.2	- 1.3	+ 0.3	+ 1.3	+ 0.5	- 0.5
Real estate	+ 0.7	+ 0.1	<u>1/</u>	+ 0.4	+ 0.6	+ 0.1
Security	- 0.7	<u>1/</u>	- 0.7	- 0.5	- 0.4	- 0.6
Agricultural	- 0.1	+ 0.3	<u>1/</u>	- 0.1	- 0.3	+ 0.8
Consumer	+ 0.4	- 0.5	<u>1/</u>	+ 0.2	+ 0.3	- 0.3
All other	- 0.1	- 0.2	- 0.2	+ 0.1	+ 0.2	- 0.1
U. S. Government securities	- 3.2	+ 1.4	- 2.9	- 3.0	- 4.8	- 2.7
Other securities	<u>1/</u>	+ 1.0	+ 0.2	- 0.1	+ 0.7	+ 0.4
Total loans and investments (less interbank)	- 3.1	+ 0.6	- 3.1	- 1.8	- 3.3	- 3.0

Item	December 31, to last Wednesday of March					
	1953	1952	1951	1950 2/	1949 2/	1948 2/
<u>Total loans (excluding interbank)</u>	+ 0.4	- 0.2	+ 1.7	+ 0.6	- 0.3	+ 0.8
Business	<u>1/</u>	- 0.1	+ 1.8	<u>1/</u>	n.a.	n.a.
Real estate	+ 0.2	+ 0.1	+ 0.3	+ 0.4	n.a.	n.a.
Security	- 0.5	- 0.3	- 0.4	+ 0.1	n.a.	n.a.
Agricultural	<u>1/</u>	<u>1/</u>	<u>1/</u>	- 0.1	n.a.	n.a.
Consumer	+ 0.6	+ 0.1	<u>1/</u>	+ 0.2	n.a.	n.a.
All other	<u>1/</u>	- 0.1	+ 0.1	<u>1/</u>	n.a.	n.a.
U. S. Government securities	- 2.8	- 0.4	- 3.2	- 1.2	- 1.7	- 3.7
Other securities	+ 0.2	+ 0.3	+ 0.2	+ 0.6	+ 0.1	+ 0.3
Total loans and investments (less interbank)	- 2.3	- 0.4	- 1.4	<u>1/</u>	- 1.9	- 2.7

1/ Less than \$50 million.

2/ Data for March are affected by the date of the last Wednesday relative to the April 1 personal property tax date in Cook County, Illinois.

3/ As a result of bank structure changes in January, total credit increased about \$400 million.

Note: Data, for March 25, 1959, are preliminary estimates based on data reported by a sample of member banks. Revised estimates will be available at the end of April.

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Table 1 (continued)

Changes in Loans and Investments at City and Country Banks

(In millions of dollars)

Item	Last Wednesday in February to last Wednesday in March <u>1/</u>					
	1959	1958	1957	1956	1955	1954
<u>Weekly reporting banks</u>						
Total loans	+ 1,053	+ 725	+ 1,052	+ 1,679	+ 928	+ 480
U. S. Government securities	- 1,460	+ 1,252	- 559	- 277	- 1,865	- 1,626
Other securities	+ 181	+ 475	+ 73	+ 39	+ 76	+ 77
Total loans and investments	- 226	+ 2,452	+ 566	+ 1,441	- 861	- 1,069
<u>Country member banks</u>						
Total loans	+ 337	+ 180	+ 221	+ 301	+ 100	+ 292
U. S. Government securities	- 642	+ 71	- 353	- 244	- 621	- 447
Other securities	- 10	+ 135	+ 103	- 9	+ 58	+ 18
Total loans and investments	- 315	+ 386	- 29	+ 48	- 463	- 137
Item	Last Wednesday in February to last Wednesday in March <u>1/</u>					
	1953	1952	1951	1950	1949	1948
<u>Weekly reporting banks</u>						
Total loans	+ 745	+ 310	+ 518	+ 286	+ 169	- 158
U. S. Government securities	- 828	+ 63	+ 95	- 1,044	- 1,064	- 1,848
Other securities	+ 112	+ 130	+ 84	+ 336	+ 120	+ 169
Total loans and investments	+ 29	+ 503	+ 697	- 422	- 775	- 1,837
<u>Country member banks</u>						
Total loans	+ 265	+ 156	+ 391	+ 162	+ 116	+ 247
U. S. Government securities	- 471	- 148	- 199	- 171	- 200	- 469
Other securities	+ 52	+ 31	+ 55	+ 96	- 7	+ 110
Total loans and investments	- 154	+ 39	+ 247	+ 87	- 91	- 113

1/ Data for March are affected by the closeness of the last Wednesday to the April 1 tax date in Cook County, Illinois. Years most affected are 1948, 1949, 1950, 1954, and 1955.

Note: Data for country banks include interbank loans, but interbank loans outstanding at these banks are generally less than \$100 million. Data for weekly reporting banks include interbank loans prior to 1952.

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Table 1 (continued)

Changes in Loans and Investments at City and Country Banks

(In millions of dollars)

Item	End of December to last Wednesday in March <u>1/</u>					
	1959	1958	1957	1956	1955	1954
<u>Weekly reporting banks</u>						
Total loans	- 500	- 1,652	- 946	+ 983	+ 468	- 1,298
U. S. Government securities	- 2,529	+ 1,685	- 1,490	- 2,127	- 4,017	- 1,950
Other securities	+ 86	+ 793	+ 115	+ 39	+ 423	+ 406
Total loans and investments	- 2,943	+ 826	- 2,321	- 1,105	- 3,126	- 2,842
<u>Country member banks</u>						
Total loans	+ 208	- 34	+ 235	+ 526	+ 307	+ 326
U. S. Government securities	- 718	- 295	- 934	- 844	- 933	- 654
Other securities	+ 49	+ 222	+ 192	+ 12	+ 194	+ 2
Total loans and investments	- 559	- 107	- 507	- 306	- 433	- 326
Item	End of December to last Wednesday in March <u>1/</u>					
	1953	1952	1951	1950	1949	1948
<u>Weekly reporting banks</u>						
Total loans	- 141	- 283	+ 1,108	- 8	- 525	+ 124
U. S. Government securities	- 2,317	- 262	- 2,780	- 1,351	- 1,237	- 2,794
Other securities	+ 155	+ 240	+ 89	+ 501	+ 182	+ 75
Total loans and investments	- 2,303	- 305	- 1,591	- 858	- 1,580	- 2,595
<u>Country member banks</u>						
Total loans	+ 438	+ 240	+ 617	+ 405	+ 96	+ 457
U. S. Government securities	- 452	+ 3	- 661	+ 143	- 265	- 741
Other securities	+ 11	+ 27	+ 62	+ 95	- 63	+ 141
Total loans and investments	- 3	+ 270	+ 18	+ 643	- 231	- 144

1/ Data for March are affected by the closeness of the last Wednesday to the April 1 tax date in Cook County, Illinois. Years most affected are 1948, 1949, 1950, 1954, and 1955.

Note: Data for country banks include interbank loans, but interbank loans outstanding at these banks are generally less than \$100 million. Data for weekly reporting banks include interbank loans prior to 1952.

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Table 1 (continued)

Estimated Changes in Loans and Investments at All Commercial Banks
(In billions of dollars)

Item	Year ending December 31					
	1958	1957	1956	1955	1954	1953
<u>Total loans (excluding interbank)</u>	+ 4.3	+ 3.5	+ 7.6	+11.6	+ 2.9	+ 3.4
Business	- 0.1	+ 1.8	+ 5.5	+ 6.4	- 0.3	- 0.7
Real estate	+ 2.1	+ 0.6	+ 1.7	+ 2.4	+ 1.7	+ 1.0
Security	+ 0.4	- 0.1	- 0.8	+ 0.6	+ 0.9	+ 0.4
Agricultural	+ 0.9	- 0.1	- 0.3	- 0.7	+ 0.2	+ 1.0
Consumer	+ 0.1	+ 1.1	+ 1.3	+ 2.3	<u>1/</u>	+ 1.5
All other	+ 1.0	+ 0.3	+ 0.5	+ 0.9	+ 0.6	+ 0.2
U. S. Government securities	+ 8.1	- 0.3	- 3.0	- 7.4	+ 5.6	+ 0.1
Other securities	+ 2.6	+ 1.7	- 0.4	+ 0.4	+ 1.6	+ 0.5
Total loans and investments (less interbank)	+15.1	+ 4.9	+ 4.2	+ 4.6	+10.2	+ 4.1

Item	Year ending December 31						
	1952	1951	1950	1949	1948	1947	1946
<u>Total loans (excluding interbank)</u>	+ 6.4	+ 5.4	+ 9.3	+ 0.5	+ 4.4	+ 6.9	+ 4.9
Business	+ 2.0	+ 4.0	+ 4.9	- 1.9	+ 0.8	+ 4.0	+ 4.6
Real estate	+ 1.1	+ 1.0	+ 2.0	+ 0.7	+ 1.4	+ 2.2	+ 2.5
Security	+ 0.6	- 0.3	+ 0.2	+ 0.3	+ 0.3	- 1.0	- 3.7
Agricultural	+ 0.5	+ 0.5	- 0.1	+ 0.2	+ 1.2	+ 0.3	<u>1/</u>
Consumer	+ 1.9	+ 0.1	+ 1.6	+ 1.0	+ 1.0	+ 1.3	+ 1.2
All other	+ 0.3	+ 0.3	+ 0.9	+ 0.3	+ 0.3	+ 0.3	+ 0.4
U. S. Government securities	+ 1.8	- 0.5	- 5.0	+ 4.4	- 6.6	- 5.6	-15.8
Other securities	+ 0.8	+ 0.9	+ 2.2	+ 1.0	+ 0.2	+ 0.9	+ 0.8
Total loans and investments (less interbank)	+ 9.0	+ 5.9	+ 6.5	+ 5.9	- 2.0	+ 2.3	-10.1

1/ Less than \$50 million.

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Bank credit. Total loans and investments at all commercial banks declined \$600 million in March as a \$2.3 billion reduction in holdings of U. S. Government securities more than offset increases of \$1.5 billion in loans and \$200 million in holdings of other securities. The reduction in holdings of Governments reflected in part cash redemption on March 24 of maturing tax certificates, about \$1.2 billion of which were held by commercial banks. The decline in holdings of U. S. Government securities was larger than in most recent years and contrasts with a \$1.3 billion rise in March 1958, when there was a Treasury financing. The major part of the decline in holdings of Governments occurred at city banks but country banks also reduced their holdings more than usual as shown in Table 1. The \$1.5 billion increase in loans in March was larger than in any other recent year except 1956, and reflected unusually rapid growth at both city and country banks.

On April 1, (not included in above data) commercial banks subscribed to \$1,285 million of the \$1,745 million 4 per cent Treasury notes maturing May 15, 1963, and to \$340 million of the \$620 million 4 per cent Treasury bonds maturing October 1, 1969. They probably took most of the \$2 billion 289-day special Treasury bills, but complete data are not yet available. In addition, loans for purchasing and carrying U. S. Government securities increased substantially at the time of the financing.

During the first quarter (through March 25), total credit at commercial banks declined \$3.1 billion, or more than in most other recent years, after allowance for usual end-of-March credit movements. Last year, commercial bank credit had increased contraseasonally. This year's reduction was mainly at weekly reporting banks, which had larger declines than usual in both loans and holdings of U. S. Government securities. At other banks, credit also declined more than usual. Holdings of U. S. Government securities at these banks went down more than in most other recent years and loans went up somewhat less.

Business loans at commercial banks increased \$1 billion in March, more than in any other recent year except 1957 and 1956 when the increases amounted to \$1.2 billion and \$1.6 billion respectively. The tax-period rise of \$900 million at city banks in the two weeks ending March 18 was followed by a small decline in the week of March 25 and a further nominal reduction in the week of April 1 (not included in data). This year's tax period borrowing was about \$100 million larger than last year's but less than the increases of \$1.1 billion in 1957

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Table 2

Changes in Commercial and Industrial Loans 1/
(In millions of dollars)

Business of Borrower	Last Wednesday in February to last Wednesday in March							
	1959	1958	1957	1956	1955	1954	1953	1952
Food processors	- 46	- 46	+ 39	+ 43	- 42	- 58	- 62	-191
Commodity dealers	- 13	- 80	- 111	- 73	-132	-125	-129	-119
Trade concerns	+152	+ 73	+ 80	+ 107	+ 91	+ 72	+143	+ 36
Total	+ 93	- 53	+ 8	+ 77	- 83	-111	- 48	-274
Sales finance	+235	+106	+ 292	+ 158	+ 98	+ 16	+ 15	+ 54
All other - total	+453	+430	+ 790	+1,139	+455	+391	+456	+426
Metals and products	+249	+233	+ 443	+ 510	+ 80	+133	+199	+288
Textiles, apparel and leather	+ 57	+ 49	+ 75	+ 84	+ 73	+ 29	+ 79	+ 8
Petroleum, coal, etc.	- 10	- 6	+ 80	+ 111	+ 87	+ 21	+ 40	+ 49
Other manufacturing and mining	+ 88	+ 92	+ 92	+ 145	+ 49	+ 36	+ 43	+ 33
Public utilities	+ 27	- 20	+ 90	+ 226	+126	+105	+ 67	+ 54
Construction	+ 18	+ 9	+ 2	+ 3	- 9	+ 17	+ 21	+ 1
All other types of business	+ 24	+ 73	+ 8	+ 60	+ 49	+ 50	+ 7	- 7
Classified	+781	+481	+1,089	+1,374	+470	+297	+421	+205
Unclassified	+135	+ 91	+ 52	+ 96	2/+ 19	3/+ 20	+ 47	+ 10
Total change	+916	+572	+1,141	+1,470	2/+489	3/+317	+468	+215

1/ Prior to week ending January 11, 1956, included changes in agricultural loans.

2/ Includes CGC certificates of interest which are estimated to have declined \$60 million.

3/ Includes CCC certificates of interest which are estimated to have increased \$175 million

Note: Classified data are for a sample of about 210 banks reporting changes in their larger loans; these banks hold over 95 per cent of total commercial and industrial loans of all weekly reporting banks and about 75 per cent of those of all commercial banks.

Table 2 (con't)

Changes in Commercial and Industrial Loans 1/
(In millions of dollars)

Business of Borrower	Last Wednesday in December to last Wednesday in March							
	1959	1958	1957	1956	1955	1954	1953	1952
Food processors	-268	-399	-305	-190	-279	-250	-236	-422
Commodity dealers	-176	-215	-253	-103	-260	-214	-301	-333
Trade concerns	+ 92	-181	-124	+ 96	- 11	- 68	+117	-124
Total	-352	-795	-682	-197	-550	-532	-420	-879
Sales finance	-124	-509	+136	-321	+105	-219	-106	-325
<u>All other - total</u>	<u>+337</u>	<u>+317</u>	<u>+825</u>	<u>+1,637</u>	<u>+667</u>	<u>+ 74</u>	<u>+575</u>	<u>+1,129</u>
Metals and products	+493	+300	+561	+826	+115	- 13	+321	+948
Textiles, apparel and leather	+129	+150	+136	+138	+192	+ 89	+154	+ 17
Petroleum, coal, etc.	- 77	- 24	+ 53	+204	+195	- 75	+ 37	+192
Other manufacturing and mining	+ 95	+109	+112	+214	+ 43	+ 2	+ 25	+ 55
Public utilities	-210	-190	+140	+304	+106	+ 56	+ 34	- 9
Construction	+ 4	- 14	- 44	- 30	+ 4	+ 10	+ 17	- 36
All other types of business	- 97	- 14	-133	- 19	+ 12	+ 5	- 13	- 38
Classified	-139	-989	+280	+1,119	+222	-677	+ 49	- 73
Unclassified	- 65	-230	-116	+ 1	<u>2/-48</u>	<u>3/+60</u>	-102	+ 18
Total change	-203	-1,219	+164	+1,120	<u>2/+174</u>	<u>3/-617</u>	- 53	- 55

1/ Prior to week ending January 11, 1956, included changes in agricultural loans.

2/ Includes CCC certificates of interest which are estimated to have declined \$170 million.

3/ Includes CCC certificates of interest which are estimated to have increased \$175 million.

Note: Classified data are for a sample of about 210 banks reporting changes in their larger loans; these banks hold over 95 per cent of total commercial and industrial loans of all weekly reporting banks and about 75 per cent of those of all commercial banks.

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and \$1.3 billion in 1956. Nevertheless, it was larger than might have been expected in view of the reduced level of corporate profits in 1958 compared with other recent years and the lower percentage of the previous year's tax liability payable by large corporations in March 1959--30 per cent compared with 35 per cent in 1958 and 40 per cent in 1957. Repayments in the two weeks following the tax period were considerably less this year than in past years.

In March, loans to metals processors accounted for about one-quarter of the total loan expansion and loans to sales finance companies for another quarter. Loans to trade concerns, which are now increasing seasonally, rose more than in any other year, and loans to textile concerns also rose as is usual. Seasonal repayments by food processors and commodity dealers slackened compared with earlier months this year.

So far this year, business loans have declined \$200 million, all at banks in New York City. Last year, they declined \$1.3 billion with about \$200 million of the decline in New York. In the three previous years, they had increased in a range of \$300 million to \$1.3 billion. During the first quarter of 1959, the volume of new loans made at city banks substantially exceeded last year's first quarter volume; the volume of loan repayments was also slightly larger in 1959.

Real estate loans at all commercial banks increased further in March. So far this year, they appear to have increased about \$500 million (adjusted for structure changes), somewhat more than in any other year except 1955. Consumer loans also expanded further in March, bringing the total growth this year to \$400 million, also one of the largest in recent years. Security loans continued to decline in March.

Deposits and currency. Seasonally adjusted demand deposit and currency holdings of businesses and individuals increased \$1.2 billion in March, as shown in Table 3. A major contributing factor was a contraseasonal decline in U. S. Government deposits which usually rise substantially in March. The increases in February and March substantially exceeded the January decline of \$900 million, resulting in a first quarter rise of \$900 million. At the end of March the level of deposits and currency was over 4-1/2 per cent above that of a year ago. Seasonally adjusted demand deposits and currency had also increased in March last year.

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Table 3

Estimated Changes in Deposits and Currency
(In billions of dollars)

Item	1959	1958	1959	1958	Year ending	
	Feb. 26 March 25	Feb. 27 March 26	Jan. 1 March 25	Jan. 1 March 26	March 25 1959	March 26 1958
<u>Seasonally adjusted data 1/4/</u>						
Demand deposits adjusted	+ 1.0	+ 0.9	+ 0.9	+ 1.3	+ 5.8	- 0.6
Currency outside banks	+ 0.2	2/	2/	- 0.5	+ 0.5	- 0.1
Total	+ 1.2	+ 0.9	+ 0.9	+ 0.8	+ 6.3	- 0.7
<u>Seasonally unadjusted data 1/4/</u>						
Demand deposits adjusted	- 1.0	- 1.0	- 5.2	- 5.7	+ 5.7	- 0.6
Currency outside banks	+ 0.2	2/	- 0.3	- 0.9	+ 0.5	2/
Total	- 0.8	- 1.0	- 6.0	- 6.6	+ 6.2	- 0.6
Time deposits	+ 0.7	+ 1.6	+ 1.1	+ 3.4	+ 6.9	+ 7.9
Commercial banks	+ 0.4	+ 1.2	+ 0.9	+ 2.7	+ 5.3	+ 6.2
Mutual savings banks	+ 0.2	+ 0.3	+ 0.2	+ 0.7	+ 1.8	+ 2.0
U. S. Government deposits	- 0.6	+ 2.2	- 0.5	+ 1.7	- 2.0	+ 2.1
Total	- 0.7	+ 2.8	- 5.4	- 1.4	+ 11.1	+ 9.4
<u>Factors affecting deposits and currency</u> (signs indicate effect on deposits and currency)						
Bank loans and investments other than U. S. Govt. sec.3/	+ 1.8	+ 2.0	- 0.2	+ 0.1	+ 9.5	+ 7.7
Commercial	+ 1.7	+ 1.6	2/	- 0.7	+ 7.7	+ 4.8
Mutual savings	+ 0.2	+ 0.2	+ 0.2	+ 0.8	+ 2.3	+ 2.4
Bank holdings of U. S. Government securities:	- 2.1	+ 1.4	- 3.9	+ 0.5	+ 5.4	+ 3.4
Federal Reserve	+ 0.2	+ 0.1	- 0.8	- 0.7	+ 2.0	- 0.5
Commercial	- 2.3	+ 1.3	- 3.2	+ 1.4	+ 3.6	- 3.9
Mutual saving and other	2/	+ 0.1	+ 0.1	2/	- 0.3	+ 0.8
Gold stock and foreign deposits at F. R. Banks	2/	- 0.2	- 0.2	- 0.2	- 2.1	+ 0.3
Other factors	- 0.4	- 0.4	- 1.1	- 1.8	- 1.7	- 2.0

1/ Seasonally adjusted data are for last Wednesday throughout; unadjusted data are for last Wednesday except in case of June and December call dates, when available.

2/ Less than \$50 million.

3/ Total includes foreign loans on gold, holdings of bankers' acceptances at the Federal Reserve, and loans to foreign banks; changes in these items are generally relatively small. In addition even if there were no changes in these items, changes at commercial and mutual savings banks would not add to total change which is "net" because commercial banks exclude all interbank loans, domestic and foreign.

4/ In January as a result of the addition of all banks in Alaska, time deposits at commercial banks increased almost \$100 million and demand deposits adjusted increased about \$100 million. As a result of the absorption of a mutual savings bank by a commercial bank, time deposits at commercial banks increased \$300 million and those at mutual savings banks declined \$300 million.

Note: Data for March 25, 1959, are preliminary estimates based on data reported by a sample of member banks. Revised estimates will be available at the end of April.

Estimated Changes in Deposits and Currency
(In billions of dollars)

Item	First Quarter					
	1957	1956	1955	1954	1953	1952
<u>Seasonally adjusted data</u> ^{1/}						
Demand deposits adjusted	+ 0.3	+ 0.4	+ 1.8	- 0.1	+ 0.7	+ 1.4
Currency outside banks	<u>2/</u>	+ 0.1	+ 0.1	- 0.2	+ 0.2	+ 0.3
Total	+ 0.3	+ 0.5	+ 1.9	- 0.3	+ 0.9	+ 1.7
<u>Seasonally unadjusted data</u> ^{1/}						
Demand deposits adjusted	- 6.2	- 5.5	- 4.2	- 5.8	- 4.1	- 3.4
Currency outside banks	- 0.9	- 1.1	- 1.2	- 1.2	- 0.6	- 0.6
Total	- 7.1	- 6.6	- 5.3	- 6.9	- 4.7	- 4.0
Time deposits	+ 2.4	+ 0.9	+ 0.9	+ 1.3	+ 1.0	+ 1.0
Commercial banks	+ 2.0	+ 0.4	+ 0.4	+ 0.8	+ 0.5	+ 0.6
Mutual savings banks	+ 0.4	+ 0.5	+ 0.6	+ 0.5	+ 0.5	+ 0.4
U. S. Government deposits	- 0.2	+ 2.6	+ 0.2	+ 1.3	+ 0.2	+ 1.9
Total	- 4.9	- 3.2	- 4.2	- 4.4	- 3.6	- 1.2

Item	First Quarter					
	1951	1950	1949	1948	1947	1946
<u>Seasonally adjusted data</u> ^{1/}						
Demand deposits adjusted	+ 0.2	+ 0.9	<u>2/</u>	- 0.7	+ 0.8	n.a.
Currency outside banks	+ 0.2	+ 0.2	<u>2/</u>	- 0.1	n.a.	n.a.
Total	+ 0.4	+ 1.1	<u>2/</u>	- 0.8	n.a.	n.a.
<u>Seasonally unadjusted data</u> ^{1/}						
Demand deposits adjusted	- 3.3	- 2.6	- 4.4	- 5.6	- 2.9	- 0.9
Currency outside banks	- 1.0	- 0.8	- 1.0	- 0.9	- 0.6	- 0.4
Total	- 4.3	- 3.4	- 5.4	- 6.5	- 3.5	- 1.2
Time deposits	- 0.1	+ 0.7	+ 0.5	+ 0.5	+ 0.8	+ 1.6
Commercial banks	- 0.1	+ 0.4	+ 0.2	+ 0.3	+ 0.4	+ 1.2
Mutual savings banks	+ 0.1	+ 0.4	+ 0.3	+ 0.3	+ 0.3	+ 0.4
U. S. Government deposits	+ 3.7	+ 1.2	+ 1.5	+ 2.1	+ 1.8	- 1.6
Total	- 0.7	- 1.5	- 3.4	- 3.9	- 0.9	- 1.2

^{1/} Seasonally adjusted data are for last Wednesday throughout; unadjusted data are for last Wednesday except in case of June and December call dates, when available

^{2/} Less than \$50 million.

Not for publication

Table 3 (con't)

Changes in Deposits and Currency
(In billions of dollars)

Item	Year ending December 31					
	1958	1957	1956	1955	1954	1953
<u>Seasonally adjusted data</u> ^{1/}						
Demand deposits adjusted	+ 6.2	- 1.6	+ 0.9	+ 3.0	+ 3.3	+ 1.7
Currency outside banks	<u>1/</u>	<u>+ 0.4</u>	<u>+ 0.3</u>	<u>+ 0.5</u>	<u>- 0.4</u>	<u>+ 0.4</u>
Total	+ 6.2	- 1.2	+ 1.2	+ 3.5	+ 2.9	+ 2.1
<u>Seasonally unadjusted data</u> ^{1/}						
Demand deposits adjusted	+ 5.3	- 1.1	+ 1.5	+ 3.4	+ 4.1	+ 0.9
Currency outside banks	<u>+ 0.4</u>	<u>2/</u>	<u>+ 0.1</u>	<u>+ 0.4</u>	<u>- 0.2</u>	<u>+ 0.6</u>
Total	+ 5.7	- 1.2	+ 1.5	+ 3.8	+ 3.9	+ 1.5
Time deposits	+ 9.2	+ 6.9	+ 3.8	+ 3.1	+ 4.9	+ 4.6
Commercial banks	+ 7.0	+ 5.6	+ 2.2	+ 1.5	+ 3.2	+ 3.0
Mutual savings banks	+ 2.3	+ 1.7	+ 1.9	+ 1.8	+ 1.9	+ 1.8
U. S. Government deposits	<u>+ 0.3</u>	<u>+ 0.2</u>	<u>2/</u>	<u>- 0.6</u>	<u>+ 0.3</u>	<u>- 0.8</u>
Total	+15.1	+ 5.9	+ 5.4	+ 6.3	+ 9.0	+ 5.3

Item	Year ending December					
	1952	1951	1950	1949	1948	1947
<u>Seasonally adjusted data</u> ^{1/}						
Demand deposits adjusted	+ 3.3	+ 4.7	+ 5.5	+ 0.8	- 1.7	+ 3.8
Currency outside banks	<u>+ 1.3</u>	<u>+ 1.1</u>	<u>- 0.2</u>	<u>- 0.6</u>	<u>- 0.6</u>	<u>n.a.</u>
Total	+ 4.6	+ 5.8	+ 5.3	+ 0.2	- 2.3	n.a.
<u>Seasonally unadjusted data</u> ^{1/}						
Demand deposits adjusted	+ 3.3	+ 6.0	+ 6.5	+ 0.2	- 1.6	+ 3.8
Currency outside banks	<u>+ 1.2</u>	<u>+ 0.9</u>	<u>2/</u>	<u>- 0.7</u>	<u>- 0.4</u>	<u>- 0.3</u>
Total	+ 4.5	+ 6.9	+ 6.5	- 0.4	- 2.0	+ 3.6
Time deposits	+ 4.3	+ 2.2	+ 0.6	+ 1.1	+ 1.1	+ 2.5
Commercial banks	+ 2.8	+ 1.5	+ 0.2	+ 0.3	+ 0.6	+ 1.4
Mutual savings banks	+ 1.7	+ 0.9	+ 0.7	+ 0.9	+ 0.6	+ 0.9
U. S. Government deposits	<u>+ 1.8</u>	<u>+ 0.2</u>	<u>- 0.4</u>	<u>+ 0.5</u>	<u>+ 1.3</u>	<u>- 1.2</u>
Total	+10.6	+ 9.3	+ 6.7	+ 1.2	+ 0.4	+ 4.8

n.a. Not available.

^{1/} Seasonally adjusted data are for last Wednesday throughout; unadjusted data are for last Wednesday except in case of June and December call dates, when available.

^{2/} Less than \$50 million.

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Time deposits at commercial banks increased further in March, but only a third as much as in March last year. During the first three months of the year, time deposits increased \$500 million (after adjustment for structure changes), about one-quarter as much as in 1958 and 1957 but about the same as in other postwar years. Growth of deposits at mutual savings banks so far this year also appears to have been somewhat less than last year but about the same as in earlier years.

Bank reserves. Net borrowed reserves of member banks averaged \$140 million in March, \$100 million higher than in February, as shown in Table 4. Borrowings averaged \$600 million compared with \$500 million in February while excess reserves averaged \$460 million, the same as a month earlier. Weekly average reserve positions remained close to the monthly average level.

Over the month of March, as shown in Table 5, reserves were absorbed principally by a reduction in System holdings of U. S. Government securities, currency outflow, and increases in Treasury and foreign deposits at the Reserve Banks. They were supplied mainly by a decline in required reserves. In early April, however, required reserves rose sharply as a result of deposit expansion associated with bank purchases of new Treasury issues.

Interest rates. Between March 6 and March 16, the discount rate was increased to 3 per cent from 2-1/2 per cent at all Federal Reserve Banks. The effective rate on Federal funds rose to 3 per cent on March 6 but thereafter it was generally at 2-3/4 or 2-7/8 per cent, and only occasionally at 3 per cent. Other money market interest rates also rose, and at the end of March, the rate on 4-6 months prime commercial paper was 3-3/8 per cent, on bankers' acceptances, 2-7/8 per cent, and on 3-6 months' finance paper, 3-1/4--3-3/8 per cent.

Not for publication

Table 4

Free Reserves
(excess reserves minus member bank borrowings;
based on average of daily figures; in millions of dollars)

	All member	New York	Chicago	Reserve City	Country
<u>Quarterly averages</u>					
1958: First	314	- 10	- 16	- 27	366
Second	508	18	4	63	422
Third	341	- 28	1	- 55	424
Fourth	25	- 44	- 17	- 194	280
1959: First	- 81	- 25	- 67	- 216	227
1958: January	122	- 46	- 25	- 144	337
February	324	- 25	- 6	1	353
March	495	42	- 18	62	408
April	493	- 3	- 7	44	459
May	547	51	7	89	399
June	484	7	12	57	408
July	546	16	4	56	471
August	383	- 22	---	- 22	426
September	95	- 79	- 3	- 201	378
October	96	- 8	- 3	- 198	305
November	20	- 43	- 16	- 189	268
December	- 41	- 80	- 32	- 197	268
1959: January	- 59	- 65	- 53	- 223	281
February	- 47	- 28	- 26	- 195	202
March	- 137	17	- 123	- 230	199
February 25	- 46	10	- 16	- 211	171
March 4	- 111	2	- 35	- 225	147
11	- 150	40	- 62	- 362	234
18	- 131	- 58	- 104	- 166	197
25	- 131	16	- 205	- 206	264
April 1	- 138	70	- 148	- 200	139

Note: Data for last half of March and April are preliminary.

Not for publication

Table 5

Changes in Member Bank Reserves, with Relevant Factors
(Monthly average of daily figures; in millions of dollars)

	March		January-March		Year ending March	
	1959	1958	1959	1958	1959	1958
<u>Member bank reserve balances</u>						
<u>Total</u>	<u>-148</u>	<u>-270</u>	<u>-470</u>	<u>-690</u>	<u>-301</u>	<u>-154</u>
Required reserves ^{1/}	-152	-335	-417	-744	-134	-267
Effect of reduction in requirements	---	-599	---	-622	-818	-622
Effect of deposit change	-152	+264	-417	-122	+684	+355
Excess reserves ^{1/}	+ 4	+ 65	- 53	+ 54	-167	+113
<u>Principal factors</u> (signs indicate effect on reserves)						
Currency in circulation	- 69	+ 19	+1,144	+1,343	-637	- 21
Gold stock and foreign accounts	- 36	-182	-165	-141	-2,147	+294
Treasury operations	- 42	- 54	- 19	- 22	+ 80	+123
Federal Reserve float	- 7	- 14	-542	-550	+ 61	-131
Other factors	+ 4	- 43	- 74	-243	- 93	-141
<u>Effect of above factors on reserves</u>	<u>-150</u>	<u>-274</u>	<u>+344</u>	<u>+387</u>	<u>-2,736</u>	<u>+124</u>
<u>Federal Reserve loans and investments:</u>						
<u>Total</u>	<u>+ 5</u>	<u>+ 5</u>	<u>-816</u>	<u>-1,076</u>	<u>+2,434</u>	<u>-278</u>
U. S. Govt. securities	- 86	+108	-866	-496	+1,960	+425
Outright	-103	+152	-816	-150	+1,935	+468
Repurchase agreements	+ 17	- 44	- 50	-346	+ 25	- 43
Acceptances	- 3	---	- 6	- 3	- 7	+ 17
Discounts and advances;						
To member banks	+ 93	-104	+ 44	-572	+463	-696
To others	+ 1	+ 1	+ 12	- 5	+ 18	- 24

^{1/} Data for March 1959 are preliminary.

Not for publication

Deposits and Currency
(In billions of dollars)

Year or month	(1) Seasonally adjusted money supply 1/		(3) Cur- rency outside banks	(4) Seasonally adjusted money supply and time dep. at com'l. banks(1+7)	(5) Demand deposits adjusted	(6) Time deposits				(9) U. S. Gov't. deposits 2/	(10) Cur- rency outside banks	(11) Total deposits and currency (5+6+10 +11)
	(2) Total (2+3)	(2) Demand deposits adjusted				(7) Total (7+8+9)	(8) Commer- cial	(8) Mutual savings	(8) Postal savings			
End of Dec.												
1947	111.1	85.2	25.9	146.3	87.1	56.4	35.2	17.7	3.4	2.3	26.5	172.3
1948	108.8	83.5	25.3	144.6	85.5	57.5	35.8	18.4	3.3	3.6	26.1	172.7
1949	109.0	84.3	24.7	145.1	85.8	58.6	36.1	19.3	3.2	4.1	25.4	173.9
1950	114.3	89.8	24.5	150.6	92.3	59.2	36.3	20.0	2.9	3.7	25.4	180.6
1951	120.1	94.5	25.6	158.0	98.2	61.5	37.9	20.9	2.7	3.9	26.3	189.9
1952	124.7	97.8	26.9	165.4	101.5	65.8	40.7	22.6	2.5	5.6	27.5	200.4
1953	126.8	99.5	27.3	170.5	102.5	70.4	43.7	24.4	2.4	4.8	28.1	205.7
1954	129.7	102.8	26.9	176.5	106.6	75.3	46.8	26.3	2.1	5.1	27.9	214.8
1955	133.2	105.8	27.4	181.6	109.9	78.4	48.4	28.1	1.9	4.4	28.3	221.0
1956	134.4	106.7	27.7	185.0	111.4	82.2	50.6	30.0	1.6	4.5	28.3	226.4
1957	133.2	105.1	28.1	189.3	110.3	89.1	56.1	31.7	1.3	4.7	28.3	232.3
1958:												
Jan. 29	132.2	104.7	27.5	188.8	107.6	89.8	56.6	31.9	1.3	2.9	27.3	227.7
Feb. 26	133.1	105.5	27.6	190.7	105.6	90.9	57.6	32.1	1.3	4.2	27.4	228.1
Mar. 26	134.0	106.4	27.6	192.8	104.6	92.5	58.8	32.4	1.3	6.4	27.4	230.9
Apr. 30	135.0	107.2	27.8	194.9	107.2	93.6	59.9	32.5	1.2	6.0	27.6	234.4
May 28	135.5	107.6	27.9	196.2	105.8	94.6	60.7	32.7	1.2	6.1	27.8	234.3
June 23	135.4	107.4	28.0	196.9	106.2	95.5	61.5	32.8	1.2	10.0	27.8	239.5
July 30	137.6	109.5	28.1	199.9	108.1	96.4	62.3	32.9	1.2	4.8	27.9	237.2
Aug. 27	137.3	109.2	28.1	200.0	107.5	97.0	62.7	33.1	1.2	6.2	28.0	238.7
Sept. 24	136.7	108.9	27.8	199.4	108.1	97.2	62.7	33.3	1.2	5.0	27.9	238.1
Oct. 29	138.1	110.2	27.9	201.0	111.0	97.4	62.9	33.4	1.2	4.2	28.0	240.6
Nov. 26	138.8	110.6	28.2	200.9	111.9	96.7	62.1	33.5	1.1	6.3	28.8	243.7
Dec. 31	139.4	111.3	28.1	202.6	115.5	98.3	63.2	34.0	1.1	4.9	28.7	247.5
1959:												
Jan. 28p 3/	138.5	110.7	27.8	201.9	113.8	98.4	63.4	33.8	1.1	5.3	27.6	245.1
Feb. 25p	139.1	111.2	27.9	202.8	111.3	98.7	63.7	34.0	1.1	5.0	27.7	242.7
Mar. 25p	140.3	112.2	28.1	204.4	110.3	99.4	64.1	34.2	1.1	4.4	27.9	242.0

p Preliminary

1/ Seasonally adjusted series begins in 1947 and is available only for last Wednesday of the month.

2/ At commercial, savings, and Federal Reserve Banks.

3/ As a result of the addition of all banks in Alaska, time deposits at commercial banks increased almost \$100 million and demand deposits adjusted increased about \$100 million. As a result of the absorption of a mutual savings bank, time deposits at commercial banks increased \$300 million and those at mutual savings banks declined \$300 million.

Not for publication Note: Beginning October 1958, data revised.

Loans and Investments at All Commercial Banks
(In billions of dollars)

Date	Loans and investments	U. S. Govt. securities	Other securities	Total loans	Business	Real estate	Secu-rity	Farm	Con-sumer	All other
1947: Dec. 31	116.2	69.2	9.0	37.9	18.2	9.4	2.1	1.7	3.8	2.8
1948: Dec. 31	114.2	62.6	9.2	42.4	18.9	10.8	2.3	2.9	4.8	3.1
1949: Dec. 31	120.1	67.0	10.2	42.9	17.1	11.5	2.6	3.1	5.8	3.4
1950: Dec. 31	126.6	62.0	12.4	52.2	21.9	13.5	2.9	2.9	7.4	4.2
1951: Dec. 31	132.5	61.5	13.3	57.6	25.9	14.6	2.6	3.4	7.5	4.5
1952: Dec. 31	141.5	63.3	14.1	64.0	27.9	15.7	3.2	3.9	9.4	4.9
1953: Dec. 31	145.5	63.4	14.7	67.4	27.2	16.7	3.6	5.0	10.9	5.1
1954: Dec. 31	155.7	69.0	16.3	70.4	26.9	18.4	4.5	5.2	10.9	5.6
1955: Dec. 31	160.3	61.6	16.7	82.0	33.2	20.8	5.0	4.5	13.2	6.5
1956: Dec. 31	164.5	58.6	16.3	89.7	38.7	22.5	4.3	4.2	14.6	7.0
1957: Mar. 27	161.4	55.7	16.5	89.1	39.0	22.5	3.6	4.2	14.6	6.8
June 26	164.3	55.5	16.8	92.0	40.5	22.6	3.9	4.0	15.3	7.2
Sept 25	165.1	55.9	17.1	92.2	40.3	22.9	3.8	3.8	15.6	7.3
Dec. 31	169.3	58.2	17.9	93.2	40.5	23.1	4.2	4.1	15.7	7.3
1958: Jan. 29	166.2	57.7	17.9	90.5	38.8	23.1	3.6	4.2	15.5	7.2
Feb. 26	167.1	58.3	18.2	90.6	38.6	23.2	3.9	4.4	15.3	7.1
Mar. 26	169.9	59.6	18.9	91.5	39.2	23.2	4.2	4.4	15.2	7.1
Apr. 30	174.0	62.8	19.3	91.9	38.4	23.3	5.1	4.4	15.3	7.2
May 28	173.8	63.1	19.4	91.3	38.1	23.5	4.4	4.4	15.4	7.2
June 23	178.2	64.2	20.1	93.9	38.9	23.7	5.6	4.6	15.5	7.5
July 30	176.2	64.1	19.9	92.2	37.9	23.9	4.5	4.6	15.6	7.4
Aug. 27	178.3	66.1	20.2	92.1	38.3	24.1	3.6	4.6	15.6	7.6
Sept 24	177.9	64.7	20.6	92.6	38.7	24.3	3.7	4.7	15.6	7.5
Oct. 29p	180.1	66.2	20.5	93.4	38.9	24.7	3.6	4.8	15.6	7.7
Nov. 26p	182.7	67.7	20.3	94.7	39.3	25.0	3.9	4.9	15.6	8.0
Dec. 31p	184.4	66.4	20.6	97.5	40.4	25.3	4.7	5.0	15.8	8.3
1959: 1/Jan. 28p	183.8	67.5	20.4	95.9	39.2	25.6	4.2	5.0	15.9	8.1
Feb. 25p	181.9	65.5	20.4	96.0	39.2	25.8	4.0	5.0	16.0	8.1
Mar. 25p	181.3	63.2	20.6	97.5	40.2	26.0	3.9	4.9	16.2	8.2

1/ Total credit increased over \$400 million in January as a result of bank structure changes.

Note: Data exclude interbank loans. Total loans are after and types of loans before deductions for valuation reserves. Consumer and "other loans" are partly estimated for all dates. Other data are partly estimated on all but June and December call dates. Data for March 25, 1959 are preliminary estimates based on data reported by a sample of member banks. Beginning with October 1958, data have been revised in accordance with December 31, 1958 all-commercial bank call report figures.

Not for publication

Banking Section, Board of Governors.