

CONFIDENTIAL

CHANGES IN MEMBER BANK LOANS DURING THE FIRST HALF OF 1948

(Based on preliminary figures)

by

Paul F. Smith, Division of Bank Operations

The attached table shows the breakdown of member bank loans outstanding on June 30, 1948 compared with December 31, 1947.^{1/} The June 30 figures have been prepared from preliminary data submitted by the Federal Reserve Banks in response to the Board's telegram of July 9.

All member banks

Total loans at all member banks increased \$1,361 million or 4.1 per cent in the first half of 1948, compared with increases of \$1,959 million or 7.3 per cent in the first half of 1947 and \$3,973 million or 13.9 per cent in the second half of 1947.

All of the major loan classifications show increases with the exception of commercial and industrial loans, which declined \$326 million. Loans to brokers and dealers increased by \$361 million, largely for purchasing or carrying United States Government obligations. This increase was partially offset by a decline of \$110 million in other loans for purchasing or carrying securities, leaving a net increase of \$251 million in total loans for purchasing or carrying securities. Real-estate loans show the largest increase, \$617 million; consumer loans increased \$510 million, and loans to farmers \$190 million. The remaining \$120 million increase was divided between loans to banks and "all other" loans.

Member banks by classes

Commercial and industrial loans declined \$190 million at central reserve city banks and \$292 million at reserve city banks. This is in contrast to an increase in these loans at country banks of \$156 million.

Real-estate and consumer loans continued to increase at all classes of banks, with country banks showing an increase of \$331 million in real-estate loans and \$281 million in consumer loans. Reserve city banks showed an increase of \$239 million in real-estate loans and \$197 million in consumer loans. The remaining increase of \$47 million in real-estate loans and \$32 million in consumer loans was divided between New York and Chicago central reserve city banks.

Loans to brokers and dealers increased \$418 million at New York central reserve city banks and decreased \$57 million at other member banks. Loans to others for purchasing or carrying securities declined \$110 million, of which \$75 million was at reserve city banks.

Of the \$190 million increase in loans to farmers, \$163 million was at country banks and \$28 million at reserve city banks.

Attachment

July 27, 1948

^{1/} December 31 figures have been adjusted on a partly estimated basis in order that they may be substantially comparable with current figures: (1) for the change in the method of reporting valuation reserves; (2) for the reclassification of reserve cities on March 1, 1948; and (3) for the reserve reclassification of a number of banks in Philadelphia.

LOANS OF MEMBER BANKS, BY CLASSES, JUNE 30, 1948 COMPARED WITH DECEMBER 31, 1947

(Preliminary figures. In thousands of dollars)

Item	All Member Banks				Central Reserve City member banks				Reserve City member banks		Country member banks							
	June 30, 1948	Change since Dec. 31, 1947*		New York		Chicago		June 30, 1948	Change since Dec. 31, 1947*		June 30, 1948	Change since Dec. 31, 1947*						
		Amount	%	June 30, 1948	Change since Dec. 31, 1947*	June 30, 1948	Change since Dec. 31, 1947*		June 30, 1948	Change since Dec. 31, 1947*		June 30, 1948	Change since Dec. 31, 1947*					
Commercial and industrial loans	16,725,338	-	325,755	-	1.9	5,275,035	-122,894	1,357,377	-	67,305	6,792,502	-291,960	3,300,424	+156,404				
Loans to farmers guaranteed by Commodity Credit Corporation	17,533	-	26,015	-	59.7	-	-	--	-	--	1,936	-	4,658	15,597	-	21,357		
Other loans to farmers	1,221,428	+	215,865	+	21.5	197	+	115	1,708	-	1,104	252,164	+	32,262	967,359	+	184,592	
Loans to brokers and dealers in securities	1,171,658	+	360,921	+	44.5	962,849	+417,716	61,138	-	11,772	125,565	-	44,201	22,106	-	822		
Other loans for purchasing or carrying securities	956,347	-	110,419	-	10.4	250,098	-17,018	74,573	-	12,274	417,155	-	74,753	214,521	-	6,374		
Real-estate loans:																		
On farm land	494,528	+	46,097	+	10.3	25	-	111	778	-	113	79,215	+	7,490	414,510	+	38,831	
On residential property	5,863,039	+	464,781	+	8.6	105,661	+36,204	29,922	+	248	2,688,643	+195,670	3,038,813	+	232,659	794,641	+	59,463
On other property	1,413,045	+	105,835	+	8.1	54,884	+10,356	15,805	+	610	547,715	+35,406						
Other loans to individuals:																		
Retail automobile instalment paper	994,525	+	235,417	+	31.0	29,752	+ 8,432	34,196	+	3,593	435,326	+102,224	495,251	+121,168				
Other retail instalment paper	599,740	+	115,824	+	23.9	89,141	+ 11,375	37,822	+	7,949	272,474	+ 43,568	200,303	+ 52,932				
Repair and modernization instalment loans	558,970	+	75,153	+	15.5	52,941	+ 9,182	17,399	+	1,300	273,100	+ 41,226	215,530	+ 23,445				
Instalment cash loans	783,988	+	63,291	+	8.8	84,843	- 3,805	7,185	-	124	281,105	+ 23,972	410,855	+ 43,248				
Single-payment loans	2,278,644	+	20,011	+	.9	359,465	- 437	59,455	-	5,947	880,954	- 14,278	978,770	+ 40,673				
Loans to banks	160,558	+	47,532	+	42.1	137,979	+ 45,389	103	+	5	17,319	+ 2,397	5,157	-	259			
All other loans	923,736	+	72,254	+	8.5	234,115	- 13,510	31,631	+	5,846	355,771	+ 8,230	302,219	+ 71,688				
Total loans and discounts - gross	34,163,077	+1,360,792	+ 4.1	7,636,985	+380,994	1,729,092	- 79,088	13,420,944	+ 62,595	11,376,056	+996,291							
Less reserves ^{1/}	293,292	+	118,992	+ 68.3	86,940	+ 9,940	14,897	+ 7,897	124,562	+ 72,362	66,893	+ 28,793						
Total loans and discounts - net	33,869,785	+1,241,800	+ 3.8	7,550,045	+371,054	1,714,195	- 86,985	13,296,382	- 9,767	11,309,163	+967,498							

* In computing the changes the December 31, 1947 figures were adjusted on a partly estimated basis for the change in method of reporting valuation reserves, for the reclassification of reserve cities on March 1, 1948, and for the reserve reclassification of a number of banks in Philadelphia.

^{1/} December 31, 1947 figures were estimated in computing the change.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM,
DIVISION OF BANK OPERATIONS,
JULY 27, 1948.