

FEDERAL RESERVE BANK
OF DALLAS

Dallas, Texas, November 22, 1950

CONDITION OF MEMBER BANKS, OCTOBER 4, 1950
ELEVENTH FEDERAL RESERVE DISTRICT

To the Member Banks of the
Eleventh Federal Reserve District:

A consolidated condition statement of all member banks in the Eleventh Federal Reserve District as of October 4, 1950, with comparative figures for November 1, 1949, and June 30, 1950, is presented on the reverse of this letter. Most notable increases in principal assets occurred with respect to loans and demand deposits of individuals, partnerships, and corporations; in contrast, holdings of United States Government securities declined moderately.

Total loans of all member banks in the District amounted to \$2,219,337,000 on October 4, 1950, reflecting an increase of \$335,141,000 from November 1, 1949. Loans for commercial, industrial, and agricultural purposes, loans on real estate, and loans to finance consumer purchasing showed the most notable growth, with approximately 47 percent of the total increase reported between June 30 and October 4. The strong demand for bank credit, partly reflecting inflationary developments, was supported by very high business and industrial activity and unusually large volumes of construction and consumer purchasing.

The increase in loans between November 1, 1949, and October 4, 1950, raised total loans of all member banks in this District to a record high. This substantial expansion of bank credit has been a matter of increasing concern to bank supervisory authorities and to the officers and directors of this bank. You will recall that on August 4, 1950, a joint announcement by national and state supervisors of banks and other lending institutions emphasized the need to restrain credit expansion and urged banks and other financial institutions to decline to make loans to business or consumers which might be used for speculative purposes or otherwise interfere with defense requirements. The persistent increase that has occurred in bank loans to date warrants a re-emphasis of that request.

Investments in United States Government securities declined \$34,625,000 between November 1, 1949, and October 4, 1950, although investments in obligations of states and political subdivisions and other securities increased during the period. As a consequence, total investments of the member banks amounted to \$2,559,624,000 on October 4, 1950, as compared with \$2,550,004,000 on November 1, 1949.

Loan expansion and the maintenance of total investments at a high level provided the basis for the increase of \$355,454,000 in total deposits between November 1, 1949, and October 4, 1950. Growth in demand deposits of individuals, partnerships, and corporations was the principal factor contributing to the increase, as this category of deposits rose by \$326,494,000. Time deposits of individuals, in common with other forms of personal savings, declined between June 30 and October 4 as consumer expenditures reflected the upward surge of anticipatory buying.

Member banks in the District reported total capital accounts of \$422,279,000 on October 4, 1950, an increase of \$44,169,000 from November 1, 1949, and \$18,967,000 from June 30, 1950. These increases represent the strengthening of capital positions through the sale of new stock and the retention of earnings and, in addition, the admission of seven banks to membership in the System.

Yours very truly,

R. R. GILBERT

President

**COMPARATIVE STATEMENT OF CONDITION OF MEMBER BANKS
ELEVENTH FEDERAL RESERVE DISTRICT**

Item	October 4, 1950 ^p	June 30, 1950 ^r	November 1, 1949 ^r
Member banks in Eleventh District.....	630	626	623
Loans, including overdrafts.....	2,219,337,000	2,062,161,000	1,884,196,000
U. S. Government obligations, direct and guaranteed.....	2,200,547,000	2,274,896,000	2,235,172,000
Obligations of states and political sub- divisions.....	285,158,000	267,797,000	262,144,000
Other securities.....	73,919,000	61,344,000	52,688,000
TOTAL LOANS AND INVESTMENTS	4,778,961,000	4,666,198,000	4,434,200,000
TOTAL ASSETS	6,847,511,000	6,825,546,000	6,432,938,000
Individual—Demand deposits.....	4,386,484,000	4,272,620,000	4,059,990,000
Individual—Time deposits.....	538,512,000	548,934,000	525,348,000
Deposits of U. S. Government, including postal savings.....	83,048,000	101,143,000	71,643,000
Deposits of states and political sub- divisions.....	545,814,000	584,295,000	566,673,000
Deposits of banks.....	768,001,000	817,307,000	756,580,000
Other deposits.....	65,599,000	68,890,000	51,770,000
TOTAL DEPOSITS	6,387,458,000	6,393,189,000	6,032,004,000
TOTAL CAPITAL ACCOUNTS	422,279,000	403,312,000	378,110,000
Cash and balances due from banks.....	1,968,819,000	2,068,738,000	1,915,976,000
Borrowings from Federal Reserve Bank.....	515,000	100,000	401,000
All other borrowings.....	—0—	—0—	105,000
Ratio of loans to total loans and invest- ments.....	46.4 %	44.2 %	42.5 %
Ratio of cash and exchange to total deposits.....	30.8 %	32.4 %	31.8 %

p—Preliminary.

r—Revised.

**PRINCIPAL ASSET AND LIABILITY ITEMS OF MEMBER BANKS
AS OF SELECTED CALL DATES
ELEVENTH FEDERAL RESERVE DISTRICT
(In thousands of dollars)**

Date	Total Deposits	Total Loans	Total Investments	Total Loans and Investments	Total U. S. Gov. Secs.	Total Capital Accounts
October 2, 1939	1,518,754	476,136	419,638	895,774	275,784	168,364
September 24, 1941	1,872,673	617,892	494,460	1,112,352	336,806	185,470
October 18, 1943	3,544,018	636,216	1,753,077	2,389,293	1,613,767	200,876
September 30, 1946	5,349,713	1,215,435	2,704,627	3,920,062	2,493,675	292,813
October 6, 1947	5,545,858	1,427,525	2,526,407	3,953,932	2,257,746	320,737
November 1, 1949 ^r	6,032,004	1,884,196	2,550,004	4,434,200	2,235,172	378,110
October 4, 1950 ^p	6,378,458	2,219,337	2,559,624	4,778,961	2,200,547	422,279

r—Revised.

p—Preliminary.