

FEDERAL RESERVE BANK

OF DALLAS

Dallas, Texas, May 16, 1951

CONDITION OF MEMBER BANKS, APRIL 9, 1951 ELEVENTH FEDERAL RESERVE DISTRICT

To the Member Banks of the
Eleventh Federal Reserve District:

The statement of condition of member banks in the Eleventh Federal Reserve District as of April 9, 1951, with comparative figures for April 24 and December 30, 1950, is presented on the reverse of this letter.

Between December 30, 1950, and April 9, 1951, member bank loans rose \$24,000,000, as compared with an increase of \$8,000,000 in the comparable period last year. During the first 3 months of 1951 the demand for loans at member banks in the District continued very strong, reflecting such factors as the gradual increase in the tempo of defense activity, the sustained high level of business that has prevailed throughout this area, and the rising costs of doing business, which have been, at least to some extent, a reflection of the marked inflationary developments during the past 9 months.

Perhaps even more significant, however, than the increase in loans since the end of 1950 is the increase of more than \$391,000,000 that occurred during the approximate 12-month period extending from April 24, 1950, to April 9, 1951. The loan increase of the past 12 months has been directly associated, of course, with the unusually high levels of business activity, production, and employment. To a considerable extent, however, much of the stimulation of business during the period was due to inflationary factors and to buying by businesses and individuals in anticipation of shortages that they feared might develop as the defense program progressed. All classes of loans, including commercial, industrial, and agricultural; real estate; and consumer-type credits, participated in the upward trend.

The decline in total deposits of member banks in the District was much more substantial during the first 3 months of 1951 than during the comparable period in 1950. In the latest reporting period total deposits of member banks declined \$606,000,000, as compared with about \$248,000,000 in the first 3 months of 1950. This development reflects principally the unusually large corporate and personal income tax payments made in March of this year. Full employment at relatively high wage rates, full production, very high levels of business activity, and upward revisions in tax rates resulted in much larger tax payments on 1950 incomes than on incomes of 1949. Despite the sharp decline in deposits during the first 3 months of this year, however, total deposits on April 9, amounting to \$6,593,000,000, were more than \$400,000,000 above the total reported on April 24, 1950.

The rising loan volume and declining deposits during the first 3 months of 1951 contributed to the decline in member bank holdings of United States Government securities — a decline which amounted to \$219,000,000. Another contributing factor was the increase in reserve requirements in January, which member banks partly met by selling Government securities. Member banks also obtained funds to meet deposit withdrawals by reducing their holdings of cash and balances due from banks by about \$404,000,000 during the 3-month period.

On April 9, 1951, total capital accounts of member banks in the Eleventh Federal Reserve District amounted to \$441,000,000, or an increase of \$22,000,000 over the figure reported December 30, 1950.

Yours very truly,

R. R. Gilbert

President

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

| Item | April 9, 1951 ^p | December 30, 1950 ^r | April 24, 1950 ^r |
|--|-------------------------------|-----------------------------------|--------------------------------|
| Member banks in Eleventh District..... | 630 | 630 | 626 |
| Loans, including overdrafts..... | 2,430,559,000 | 2,406,188,000 | 2,039,175,000 |
| U. S. Government obligations, direct and guaranteed..... | 2,056,078,000 | 2,274,935,000 | 2,261,143,000 |
| Obligations of states and political sub- divisions..... | 297,845,000 | 293,662,000 | 260,394,000 |
| Other securities..... | 79,875,000 | 74,469,000 | 57,769,000 |
| TOTAL LOANS AND INVESTMENTS | 4,864,357,000 | 5,049,254,000 | 4,618,481,000 |
| TOTAL ASSETS | 7,071,824,000 | 7,656,856,000 | 6,605,931,000 |
| Individual—Demand deposits..... | 4,428,386,000 | 4,703,369,000 | 4,185,205,000 |
| Individual—Time deposits..... | 546,170,000 | 548,512,000 | 543,182,000 |
| Deposits of U. S. Government, including postal savings..... | 194,689,000 | 100,122,000 | 87,439,000 |
| Deposits of states and political sub- divisions..... | 594,277,000 | 616,963,000 | 586,674,000 |
| Deposits of banks..... | 761,191,000 | 1,075,735,000 | 724,481,000 |
| Other deposits..... | 67,964,000 | 153,766,000 | 63,904,000 |
| TOTAL DEPOSITS | 6,592,677,000 | 7,198,467,000 | 6,190,885,000 |
| TOTAL CAPITAL ACCOUNTS | 440,622,000 | 418,483,000 | 389,547,000 |
| Cash and balances due from banks..... | 2,102,987,000 | 2,507,062,000 | 1,899,300,000 |
| Borrowings from Federal Reserve Bank | 160,000 | —o— | 2,060,000 |
| All other borrowings..... | 870,000 | 21,000 | 31,000 |
| Ratio of loans to total loans and invest- ments..... | 50.0% | 47.7% | 44.2% |
| Ratio of cash and exchange to total deposits..... | 31.9% | 34.8% | 30.7% |

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 |
|--------------------------------|-------------------|----------------|----------------------|-----------------------------------|---------------------------|------------------------------|
| March 29, 1939 | 1,392,296 | 462,555 | 426,652 | 889,207 | 297,873 | 163,924 |
| March 26, 1940 | 1,566,740 | 481,612 | 429,947 | 911,559 | 286,077 | 170,637 |
| April 4, 1941 | 1,770,340 | 578,611 | 460,481 | 1,039,092 | 308,359 | 179,633 |
| April 4, 1942 | 2,008,777 | 644,140 | 559,171 | 1,203,311 | 397,105 | 187,163 |
| April 13, 1944 | 3,626,910 | 672,662 | 1,849,078 | 2,521,740 | 1,722,605 | 210,584 |
| March 20, 1945 | 4,484,246 | 815,794 | 2,331,123 | 3,146,917 | 2,202,830 | 239,085 |
| April 12, 1948 | 5,595,769 | 1,625,015 | 2,454,168 | 4,079,183 | 2,163,177 | 336,341 |
| April 11, 1949 | 5,672,188 | 1,779,887 | 2,344,376 | 4,124,263 | 2,036,676 | 358,495 |
| April 24, 1950 ^r | 6,190,885 | 2,039,175 | 2,579,306 | 4,618,481 | 2,261,143 | 389,547 |
| April 9, 1951 ^p | 6,592,677 | 2,430,559 | 2,433,798 | 4,864,357 | 2,056,078 | 440,622 |

r—Revised.

p—Preliminary.