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MONEY MARKET IN DECEMBER

The money market was subject to substantial demands and uncertainties in December. Pressures on the banking system were particularly heavy during the early part of the month when sharp seasonal increases in reserve needs, together with large-scale Treasury financing operations, augmented the underlying heavy demand for credit generated by an economy operating at high levels. These pressures during December were in part relieved through outright Federal Reserve System acquisitions of Government securities in the amount of 400 million dollars and through extensive use of repurchase agreements with dealers.

Federal Reserve security operations relieved somewhat the pressures on the banking system common to December. However, reserves tended to flow away from the New York City banks, and money market conditions remained tight. The prevailing atmosphere of tightness was reflected in the quotations for Federal funds, which remained at the ceiling level of 2½ per cent for most of the period. Other short-term market rates of interest also rose and were generally at the highest levels since the early 1930's. The rise in money rates reflected to an important degree the reduced availability of nonbank funds for temporary investment in short-term securities. Banks, moreover, tended to seek greater liquidity in December because of the uncertainties incident to the large-scale shifting of funds which is customary at this season and which was further accentuated this year by the magnitude of Treasury operations.

Advances in Treasury bill yields that had begun early in November continued until the last few days of December. The longest regular Treasury bills reached a peak bid rate of 2.67 per cent on December 23, then receded to 2.50 per cent by the month end but were still 6 basis-points above the end-of-November level. The upward movement in bill rates and the scanty supply of investable short-term funds led to similar adjustments in other short-term rates. Dealers in bankers' acceptances twice raised their quotations on all maturities by ⅛ of 1 per cent, and offering rates on unindorsed 90-day acceptances at the end of the month stood at 2½ per cent. Rates on directly placed finance paper were similarly increased by ⅛ of 1 per cent on two occasions, while open market commercial paper rates were advanced by ⅛ of 1 per cent early in December.

Activity in the intermediate and long-term Government bond market centered principally on tax switches. Prices generally declined over the month, partly because of money market pressures and the sustained rise in short-term rates, and partly because of pressures in other sections of the capital market. Markets for corporate and municipal securities were characterized by sluggishness during the early part of the month, with dealers encountering difficulties in moving heavy inventories because of investor resistance to the then-existing rate structure. Thereafter, however, interest in new offerings improved as prices were marked down to what the market considered more "realistic" levels. Yields on both municipal and corporate bonds had at that time approximately returned to the previous peaks reached in August and September. As the customary lull in new offerings and in institutional demand developed over the final ten days of the year, the corporate market appeared reasonably free of congestion and the heaviness in municipals was somewhat relieved; prices steadied and in some cases even advanced.

MEMBER BANK RESERVE POSITIONS

Member bank reserve positions eased during December, particularly after the middle of the month. For the four weeks ended December 28, average net borrowed reserves (borrowings from the Reserve Banks less excess reserves) were 243 million dollars, as compared with 470 million dollars in November (see chart). Member bank borrowings from the Federal Reserve Banks averaged 827 million dollars, or 181 million less than in November, while average excess reserves rose by 46 million.

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As is usual for this season of the year, the flow of currency into circulation exerted persistent pressure on bank reserves, as did the increase of required reserves. Wide fluctuations were recorded in daily and weekly average levels of other operating factors, particularly Federal Reserve float outstanding and Treasury balances (see Table 1). Most striking was the movement in the volume of Federal Reserve float. After receding at a modest rate during the first half of the month, float climbed very sharply during the statement week ended December 21, and on an average basis continued to rise during the last statement week of the period, although declines occurred toward the latter part of the week. An especially marked mid-month bulge in float always occurs just before Christmas. Peaks in consumer purchases and sizable fourth-quarter dividend and tax disbursements lead to a greatly expanded volume of check transactions at a time when collection of checks is delayed because of the exceptional burden on the mail services. This year, however, the December upturn in float was even more pronounced than usual, reflecting the record levels in economic activity; during the final statement week covered, delays in transportation caused by storms in the Far West appear to have been a factor in limiting the decline.

The movement of funds into and out of the Treasury balances at the Federal Reserve Banks was heavy, as is usual in December. These flows were particularly large during the middle of the month, when quarterly interest payments were made and a sizable volume of maturing Government obligations that had not been exchanged in the late November refunding had to be redeemed. These disbursements coincided with receipt of the proceeds from the sale of the March 1956 tax bills and just preceded substantial receipts from corporate tax payments. In the course of the extensive and varied Treasury transactions during this period, the Treasury's balances at the Federal Reserve Banks necessarily varied more than has been usual in recent months. However, use of the new facility introduced last August for making prompt offsetting adjustments in the balances through immediate calls, or redeposits, at the Class C depositaries helped to reduce the net swings in the Treasury's balances at the Federal Reserve Banks. Following some build-up during the first week of the month, average net Treasury balances at the Federal Reserve Banks declined by 146 million dollars during the second week and thus provided additional reserve funds at a time when all other major operating factors tended to strain the banks' reserve positions. After the mid-month, however, Treasury deposits again rose.

Table I
Changes in Factors Tending to Increase or Decrease Member Bank Reserves, December 1955
(In millions of dollars; (+) denotes increase, (—) decrease in excess reserves)

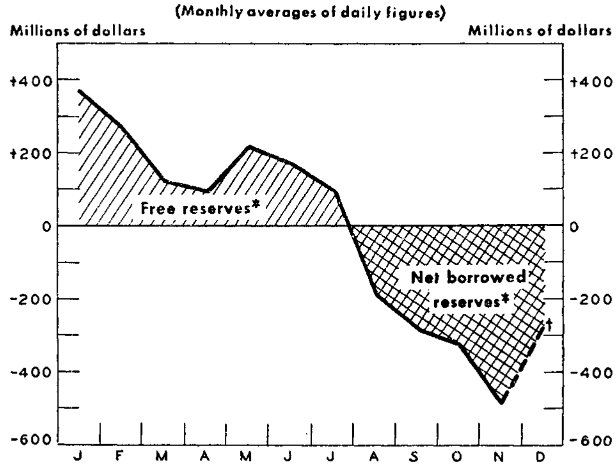
Factor	Daily averages—week ended Dec. 7	Dec. 14	Dec. 21	Dec. 28	Net changes
Operating transactions					
Treasury operations*	− 42	+139	− 49	−124	− 76
Federal Reserve float	− 62	− 16	+805	+129	+856
Currency in circulation	−108	−174	−120	− 51	−453
Gold and foreign account	− 25	− 21	− 23	− 27	− 96
Other deposits, etc	− 11	− 17	+ 15	− 76	− 89
Total	−249	− 89	+628	−149	+141
Direct Federal Reserve credit transactions					
Government securities:					
Direct market purchases or sales	+136	+404	− 68	+ 10	+482
Held under repurchase agreements	+227	−179	+ 67	+169	+284
Loans, discounts, and advances:					
Member bank borrowings	− 38	− 54	−134	+ 9	−217
Other	− 1	− 2	+ 3	− 3	− 3
Bankers' acceptances:					
Bought outright	+ 1	− 1	—	+ 3	+ 3
Under repurchase agreements	—	+ 1	—	+ 4	+ 5
Total	+324	+170	−132	+190	+552
Total reserves	+ 75	+ 81	+496	+ 41	+693
Effect of change in required reserves†	− 35	− 94	−276	− 23	−428
Excess reserves†	+ 40	− 13	+220	+ 18	+265
Daily average level of member bank:					
Borrowings from Reserve Banks	932	878	744	753	827‡
Excess reserves†	479	466	686	704	584‡

Note: Because of rounding, figures do not necessarily add to totals.
* Includes changes in Treasury currency and cash.
† These figures are estimated.
‡ Average for four weeks ended December 28.

That the levels of member bank borrowings and of excess reserves did not fluctuate more widely in response to the large and often erratic swings in reserve pressures was largely a result of extensive security transactions by the Federal Reserve System. During the first two statement weeks of the month, when seasonal pressures were particularly intense and conditions in the money and securities markets were affected by various uncertainties, including the Treasury's financing operations, the System added 540 million dollars to average reserve balances through outright acquisitions of Government securities. In the third week, when float expansion caused a sudden easing of pressures on reserve positions, the System Account was reduced by a relatively small amount, with a modest increase in System Account holdings occurring during the final statement week of the month.

In addition to these transactions, the System also alternately released and absorbed reserves through repurchase agreements with Government security dealers, using this device more extensively than during any other month this year. Over the four statement weeks as a whole, the daily-average level of

MEMBER BANK RESERVE POSITIONS, 1955
(Monthly averages of daily figures)



* Represents excess reserves minus borrowings from Federal Reserve Banks.
† The December average is based on three weeks of preliminary figures plus estimates for the last nine days.

short-term Government securities held under repurchase agreements was 267 million dollars, and the balance in the repurchase account stood at 416 million dollars on Wednesday, December 28. Use of repurchase contracts has proved a particularly flexible device for smoothing the day-to-day impact of large and erratic shifts in reserve pressures, particularly over the year-end period.

Government Securities Market

Activity in the Government securities market in the early part of December was focused largely on Treasury financing operations. Subscription books were closed on the last day of November on the refunding of 12.2 billion dollars of Treasury notes and certificates of indebtedness maturing on December 15, and on December 5 the Treasury announced an offering for cash of 1.5 billion dollars of tax anticipation bills, to be dated December 15 and to mature March 23. Over the month as a whole, rates moved generally higher for Government issues except the very longest bonds, with the largest advances occurring in yields on Treasury bills. Trading in Treasury bills and other short-term securities was fairly active as banks and nonfinancial corporations made preparation for their year-end money needs, including sizable dividend disbursements, while tax switching was the principal source of activity in the intermediate and longer maturities.

Treasury bill yields declined moderately during the opening days of December, as dealer portfolios were depleted by large demands from nonbank investors, some of whom were reinvesting the proceeds of sales or anticipated redemptions of Treasury issues maturing December 15. However, the approach of the December 8 date for the sale of 1.5 billion dollars of tax anticipation Treasury bills, combined with reduced buying, brought upward pressure on bill rates. Related year-end pressures also contributed to the advance in rates. Against this background of uncertainty, it was expected that corporations would have only limited funds to invest immediately in the new bills. However, by the time of the auction on December 8, bank interest in the new issue had increased substantially. Bids for 4.1 billion dollars were entered, resulting in an average issuing rate of 2.465 per cent. Partly as a reflection of the differential to be expected because of initial bank payment for these bills through credit to Tax and Loan Accounts, trading on a "when-issued" basis took place at higher rates, ranging between 2.54 per cent and 2.60 per cent; by the end of the month, the yield on the new tax bill was 2.50 per cent (bid).

Yields on other short-term Government securities moved up generally after the first week of the month. The average issuing rate established in the weekly bill auctions rose steadily higher during the month, from 2.450 per cent for the issue dated December 1 to 2.688 per cent for that of December 29. These bill rates represented successive new highs since the bank holiday of 1933. (However, in the auction on December 30 for the new bill to be dated January 5, the average discount receded to 2.489 per cent.) Yields on outstanding bills advanced by as much as 20 basis-points during the period of Treasury financing in the first half of December, and edged up a few more basis-points through December 23, declining abruptly thereafter to close at 2.50 (bid) for the three-month issue on December 30.

The pressure that had developed at the end of November on the "when-issued" 2⅝ per cent certificates maturing December 1, 1956 and 2⅞ per cent notes maturing June 1958 lifted after the books were closed on November 30. Both issues rose above par in the first few days of December as the result of moderate demand. Later, however, some selling pressure appeared and by December 8, the day of the exchange, bid quotations were $\frac{1}{32}$-$\frac{2}{32}$ below par. The 2⅝ per cent certificates remained below par throughout the remainder of the month, while the notes moved above par to a $\frac{7}{32}$ premium in midmonth. Toward the end of the month, prices of the notes declined in sympathy with the resumed downward movement of notes and bonds generally.

Government securities in the intermediate and long-term area generally showed moderate declines early in the month, thus continuing the downward trend that had gotten under way in November. A brief upturn, extending from December 13 to December 19, carried most securities close to, or above, end-of-November levels. Later declines, influenced by end-of-year selling and the higher level of bill yields, were only partially offset by an upturn in the last two trading days of the month. Over the month as a whole most intermediate issues fell ⅛ to ⅜ of a point. Longer issues showed mixed movements, as the prices of the very longest 2½'s, the 3¼'s, and the 3's increased moderately.

Other Securities Markets

Yields on seasoned corporate and municipal bonds moved upward during the early part of December, apparently in reflection of the rise in Government bond yields which occurred in November as well as of the temporary congestion in the new-issues market at the beginning of the month. Average yields on seasoned high-grade corporate bonds rose 5 basis-points to 3.18 per cent by midmonth, thus exceeding the previous high for the year attained in early September. High-grade municipal bond yields advanced 9 basis-points during December, almost reaching the late summer high of 2.34 per cent. Toward the end of the month corporate and municipal bond yields leveled out, as the volume of new offerings tapered off.

Public offerings of corporate bonds for new capital amounted to an estimated 280 million dollars, in December, compared with about 200 million in November. Initial buying inter-

On December 29, Allan Sproul, President of this Bank, spoke at a joint luncheon of the American Economic Association and the American Finance Association. Copies of the text of his remarks are available on request from the Publications Division of this Bank.

est was highly selective at original reoffering prices, but the termination of older syndicates and a continuation of the price concessions that had begun in late November brought about a revival of demand at the higher yields. The light volume of new issues during the latter half of the month enabled dealers to reduce more easily the unsold balances in their accounts.

Publicly offered municipal issues amounted to an estimated 360 million dollars in December, a decline of about one third from the offerings of the previous month. Widespread price concessions were offered by dealers to reduce their heavy inventories of tax-exempt securities at the beginning of the month. Some of the downward pressure on prices was taken off the market by the announcement on December 7 of the indefinite postponement of a proposed turnpike issue because of "unfavorable conditions" in the municipal market. This deferral had the effect of reducing by about half the supply of new tax-exempt issues expected during the remainder of the month. Another State-guaranteed highway bond issue of 50 million dollars was favorably received at yields of 2.60 to 2.75 per cent, an increase in borrowing costs of almost ¼ per cent above a similar issue in October and about the same as the best bid on a larger offering which was rejected by the same borrower in July.

Member Bank Credit

A further sharp increase in the demand for bank credit was reflected in the most recent data for loans of weekly reporting member banks. Total loans rose by 1,213 million dollars during the four weeks ended December 21, expanding somewhat more rapidly than in previous months. The current increase, moreover, exceeded that in the comparable four-week period last year by about 50 per cent. More than half of the current increase was attributable to an expansion of commercial, industrial, and agricultural loans. Security loans showed a sharp rise, as a result in large part of the need of dealers to finance their holdings of Treasury securities—both the new issues and others bought from customers raising funds for end-of-year disbursements. "All other loans" (largely consumer) also increased, at about the same rate as in previous months.

The rapid increase in commercial, industrial, and agricultural loans was strongly influenced by a sharp 457 million dollar rise in loans to sales finance companies, following a sizable advance during November. This increase appears to have reflected higher borrowings by automobile dealers to finance inventories of cars, in addition to the usual December shift of sales finance borrowing from nonbank lenders to commercial banks. In contrast, loans to commodity dealers, to food, liquor, and tobacco concerns, and to wholesale and retail distributors rose less rapidly than in the preceding four-week period.

In contrast to previous months, banks increased their holdings of Government securities. Total holdings rose by 282 million dollars, as sales and redemptions of other Government securities only partially offset the rise in Treasury bill holdings consequent upon substantial allotments of the new tax anticipation bills to commercial banks. Total loans and investments rose by 1,424 million dollars.

Table II
Weekly Changes in Principal Assets and Liabilities of the Weekly Reporting Member Banks
(In millions of dollars)

Item	Statement weeks ended				Change from Dec. 29, 1954 to Dec. 21, 1955*
	Nov. 30	Dec. 7	Dec. 14	Dec. 21*	
Assets					
Loans and investments:					
Loans:					
Commercial, industrial, and agricultural loans	+181	+103	+ 200	+ 287	+3,863
Security loans	+ 26	+113	+ 82	+ 126	+ 375
Real estate loans	+ 7	− 32	—	− 8	+1,266
All other loans (largely consumer)	+ 51	+ 38	+ 10	+ 34	+1,882
Total loans adjusted†	+264	+221	+ 292	+ 436	+7,303
Investments:					
U.S. Government securities:					
Treasury bills	−151	+ 54	+ 88	+ 749	−1,016
Other	−167	−138	− 88	− 65	−5,643
Total	−318	− 84	—	+ 684	−6,659
Other securities	+ 22	− 23	− 45	− 25	− 357
Total investments	−296	−107	− 45	+ 659	−7,016
Total loans and investments adjusted†	− 32	+114	+ 247	+1,095	+ 287
Loans to banks	+352	−182	+ 285	− 171	+ 339
Loans adjusted† and "other" securities	+286	+198	+ 247	+ 411	+6,946
Liabilities					
Demand deposits adjusted	+514	+356	+1,302	+ 112	+ 225
Time deposits except Government	− 7	− 27	+ 33	+ 16	+ 224
U. S. Government deposits	− 93	−981	− 367	+ 803	− 277
Interbank demand deposits:					
Domestic	+ 69	+258	+ 256	+ 229	− 328
Foreign	− 29	+ 41	+ 26	− 17	− 40

* Preliminary. In order to minimize the distortions resulting from a reclassification of certain loans on October 5, the immediate effects of this revision have been eliminated from the data for the cumulative changes since the end of 1954.
† Exclusive of loans to banks and after deduction of valuation reserves; figures for the individual loan classifications are shown gross and may not, therefore, add to the total shown.

INTERNATIONAL MONETARY DEVELOPMENTS

Monetary Trends and Policies

Credit restraint continued to prevail in the major financial centers abroad during December. In Canada, where the central bank discount rate had been increased three times between August and November, the chartered banks were reported in the press to have decided, after consultation with the Bank of Canada, to tighten certain lending practices in order to check further credit expansion. In particular the extension of loans to finance companies and individuals is to be more selective, and most business loans are to be limited to one year. The chartered banks also raised the interest rate on National Housing Act mortgages from 5 per cent to the legal maximum of 5¼; the rate on conventional mortgages went up to at least 6 per cent. Bank loans continued to rise through early December, and on December 7 were 24 per cent above the 1955 low reached in February and 17 per cent above December 1954. During the four weeks ended December 21 bank holdings of government securities declined by another 7 per cent. The average cash ratio of the chartered banks remained close to the legal minimum, but Bank of Canada advances to the chartered and savings banks averaged substantially below the November level. Interest rates rose further in the first part of December, but eased somewhat thereafter; the three months' Treasury bill tender rate declined to 2.56 per cent on December 29 after reaching a new peak of 2.64 per cent on December 8.

In the United Kingdom, Treasury bill rates declined slightly in December for the first time since June. The average tender rate for three months' bills, after declining on December 2 to 4.07 per cent from 4.10, rose on December 23 to 4.14, the highest level since 1932, but fell to 4.07 again at the end of the month; the rate for two months' bills stood at 4.10 on December 16. The issue of two months' bills, which began in November, was suspended at the last two tenders in December. Government bond yields fluctuated but little, and the yield of 2½ per cent Consols stood at 4.42 per cent at the end of December, as against 4.35 a month earlier. A 4¾ per cent, 14 to 18-year loan by the City of Liverpool, issued at 97, was oversubscribed early in December, in contrast to a bond issue by the City of Glasgow at the end of November, 87 per cent of which remained with the underwriters; the Glasgow issue had the same coupon, and a shorter maturity, but was priced at 98½. These two issues were the first since the government decision in October that the local authorities should rely more on the capital market for their funds and less on advances from the Public Works Loan Board. New advances by the board in the six weeks through early December were one-fifth less than those extended in the corresponding period of 1954.

The reduction in bank loans, which had begun in July, probably continued through December. Detailed data on changes in bank loans during the quarter ended in November—the first quarter to show a fall in the total since 1953—revealed that loans to the public utilities, excluding transport, and to the local authorities accounted for 137 million pounds of the over-all decline of 235 million, to 1,981 million, in bank loans during the quarter. The reduction in loans to the private sector was unevenly distributed, but only a few categories showed increases. Loans to stockbrokers, to instalment finance companies, and those in the "personal and professional" category fell by 38, 18, and 9 per cent, respectively. The textile group also recorded a sharp cut, while smaller declines were registered in the retail trade and building industry groups. On the other hand, the food, drink, and tobacco classification showed a considerable increase, apparently reflecting the seasonal rise in the financing of tobacco imports, and loans to the metal industries also rose. Instalment buying is beginning to show the effects of credit restrictions, as well as of the July tightening of instalment terms. In November the number of new instalment contracts for passenger automobiles was down 12 per cent from October, and for motorcycles down nearly 20 per cent; the November figures, however, were still 13 and 1 per cent above November 1954.

In Norway, where a number of anti-inflationary measures including a rise in the central bank discount rate and the introduction of commercial bank cash reserve requirements had been taken early in 1955, the commercial banks and insurance companies were reported to have agreed on several steps to restrain credit to the private sector of the economy. In general, bank advances in 1956 and 1957 are not to exceed the 1955 level, and the banks are to convert any government bonds maturing in 1956 and 1957 into new issues. In addition, the commercial banks are to invest in government securities all funds obtained from any increase in deposits. Insurance companies, on their part, are to invest in government securities an agreed minimum amount during 1956-57.

In Brazil, the monetary authorities announced a change in the rediscount rate structure of the Banco do Brasil's Rediscount Department, effective December 1. For the most part the measure seems to have reversed the May lowering of the rate structure, since the rates for most types of trade bills and for promissory notes again became 8 and 10 per cent, respectively, as against the 6 per cent rate that had prevailed for both categories since May. This action came against the background of renewed inflationary pressures, which seemed to have abated in the first half of 1955.

In Peru, the supplementary reserve requirements against increases in commercial bank sight and time deposits above the level of November 1955 were set at 70 and 35 per cent, respectively. This compares with the previous requirements of 50 and 25 per cent for deposit increases occurring during April-November 1955. The basic requirements against deposits as of March 31, 1955 were left unchanged at 22 and 11 per cent. In Bolivia, the government increased the commercial banks' reserve requirements to 40 per cent of demand and time deposits, effective mid-November; the requirements had been set since May 1953 at 20 per cent for demand deposits and 10 per cent for time deposits.

Exchange Rates

Sterling continued to experience a generally good demand in the New York market during December. The rate for American-account sterling in fact rose to as high as $2.80⅝ on December 14 and thus reached the highest quotation since September 1954. A fairly good commercial demand for sterling, due in part to purchases by oil companies, appeared to be an important influence in the market. During mid-December, however, sterling tended to weaken, declining to $2.80¼ on December 16, but subsequently improved and closed at $2.80⅜ on December 30. Movements in the rate were also reportedly cushioned by intervention on the part of the British authorities. Rates for sterling for forward delivery tended to move along with spot sterling quotations, with discounts on three months' sterling fluctuating between 1¹⁄₁₆ and 1¼ cents.

Transferable sterling moved somewhat erratically, with quotations early in the month of about $2.77⅝ declining to as low as $2.77 on December 23; the rate, however, tended to firm during the closing days of the month. There appeared to be increased activity in the transferable-sterling market, with a rather brisk demand meeting fairly substantial offerings. Securities sterling also moved rather erratically, with quotations declining from \$2.75¼ on December 1 to a midmonth low of \$2.74⅜ and then strengthening to a close of \$2.74⅝ at the month's end.

The Canadian dollar fluctuated within $\frac{1}{32}$ cent either side of parity with the United States dollar early in the month but rose to as high as \$1.00$\frac{5}{32}$ on December 12; subsequently the rate remained rather steady and closed on December 30 at \$1.00$\frac{3}{32}$. Demand for the Canadian dollar was strengthened by movements of United States investment funds to Canada and by purchases of Canadian dollars on the part of grain interests.

CONSUMER INSTALMENT CREDIT ABROAD

Consumer instalment credit has increased markedly in many foreign countries during the last few years although it continues to be much less significant than in the United States. The recent rise has occurred at a time of rapid expansion of demand not only for domestic goods but also for imports, which in many cases has brought about inflationary strains and renewed balance-of-payments difficulties. Under these circumstances, certain foreign countries have imposed restrictions on instalment buying, supplementing general monetary measures for restraining over-all demand. Other countries, however, have left instalment credit unregulated, apart from certain provisions of a social rather than a monetary character.

The Growth of Consumer Instalment Credit

Consumer instalment credit, primarily designed as it is for the financing of purchases of consumer durable goods,[1] tends of course to assume importance chiefly in countries that have reached a high degree of economic development. As in the United States, consumer instalment buying in most Western European countries and some of the overseas countries of the British Commonwealth dates back to the late nineteenth century.[2] Furniture, sewing machines, and pianos were then the principal goods bought in this way. In the United Kingdom, however, instalment selling is believed to have existed as early as the seventeenth century, when Scottish weavers began selling suit "lengths" in this manner on a door-to-door basis to wage earners in the North of England.

In the interwar period consumer instalment credit abroad took on somewhat greater prominence in the advanced economies, but in most of them it has become important only since World War II. In the postwar years, too, its use has spread, although to a smaller degree, in a number of Latin American countries. However, despite its recent growth, it is still used much less abroad than in the United States. Such estimates on consumer instalment credit abroad as are available from official and unofficial sources are presented for nine foreign countries in Table I. The tentativeness of most of these figures must be emphasized, as well as their lack of strict comparability. It is nevertheless clear that only in Canada and Australia do the ratios of consumer instalment credit outstanding to annual national income approach the current United States figure of about 8 per cent; similar ratios are some 3 per cent in the United Kingdom, 2 per cent in Austria, Belgium, West Germany, and the Netherlands, and about ½ per cent in France. In Italy, where only the annual volume of instalment sales is available, the ratio is probably also less than 2 per cent.

There are of course a number of reasons why instalment credit is less widely used abroad than in the United States. National income per head is very much smaller: in most Western European countries it is well below half of the United States figure, and even in Australia and New Zealand, where it exceeds that of most Western European countries, it is not very much above one half, while in Canada it is some two thirds. In foreign countries the proportion of consumer expenditures used for durable goods is consequently below that of the United States. Comparative figures for specific articles bear out this difference in material living standards. For example, while there was one passenger car for just over 3 persons in the United States at the end of 1954, the figures for Western Europe were one car for 16 persons in the United Kingdom, 17 in France, 33 in West Germany, 64 in Italy, and 76 in Austria; even in Australia, Canada, and New Zealand the figures (7, 6, and 6) were substantially above those in the United

Table I
Estimates of Consumer Instalment Credit in Selected Countries

Country	Amount outstanding					Instalment sales as per cent of total retail sales in 1954
	Date	In millions of national currency		In United States dollars per capita	As per cent of national income	
		Unit	Amount			
Australia	Mid-1955	£A.	200*	50	5	11-12
Austria	End-1954	Sch.	1,400	8	2	5
Belgium	Mid-1955	B. fr.	5,000*	11	2	n.a.
Canada	Mid-1955	Can. \$	1,243†	81	6	12
France	End-1954	F. fr.	60,000*	4	½	n.a.
West Germany	Mid-1955	DM.	1,800	9	2	7
Italy	—	—	n.a.	n.a.	n.a.	3
Netherlands	End-1954	Gld.	400	10	2	n.a.
United Kingdom	End-1954	£	360-460*‡	20-25	2½-3	n.a.
United States	Mid-1955	U.S. \$	24,914	153	8	n.a.

Note: These data are in some cases highly tentative, and are not strictly comparable.
n.a. Not available.
* Includes credit on purchases of automobiles for business purposes.
† Includes cash personal loans by chartered banks, only a part of which is repayable in instalments. Total consumer credit outstanding, including charge accounts and all cash personal loans, amounted to 2,098 million, or 10.2 per cent of national income; comparable United States ratio was 9.6 per cent.
‡ A tentative estimate places the total at 600-700 million as of late 1955.
Sources: Adapted from official and unofficial publications.

[1] In accordance with the usual practice, consumer instalment credit as discussed here excludes real estate credit.

[2] In some foreign countries, notably Australia, the Netherlands, and the United Kingdom, instalment buying takes the legal form of hire-purchase under which, in contrast to instalment buying, the seller remains the owner of the property until the full amount is paid and until the customer exercises his right of final purchase.

States. As regards television sets, even in Canada and the United Kingdom, which come closest to the United States figure of about 4.5 persons per set, the ratio is about 11 per set, while the ownership of radio sets is at best only one third as common in Europe as in the United States.

Furthermore, the sales effort to spread the use of instalment credit is often less pronounced and instalment buying is still much less accepted in most foreign countries than in this country. This is especially true in the case of passenger cars, the proportion of which bought on instalment credit is substantially lower in virtually all foreign countries than in the United States. Only in Belgium is the proportion comparable, while in the United Kingdom it is only about one quarter of the United States ratio. For other consumer durables, however, the proportion sold on instalment credit is often quite high (see Table II), and in some countries is significant also for nondurable goods such as clothing. It may also be noted that, as in this country, instalment credit has begun to be used in the service industries abroad, notably in air travel.

The varying use made of instalment selling for individual products in different countries of course influences the relative importance of each product in the total consumer instalment credit outstanding. The proportion of the total accounted for by automobiles in several countries, including Canada and France, is probably not far below the more than 50 per cent of the United States, while in Australia it appears to be even higher than here. In the United Kingdom, on the other hand, the ratio is small—probably below 20 per cent. As to other products, an especially high proportion of consumer instalment debt seems to be represented by furniture in the United Kingdom (perhaps as much as one third).

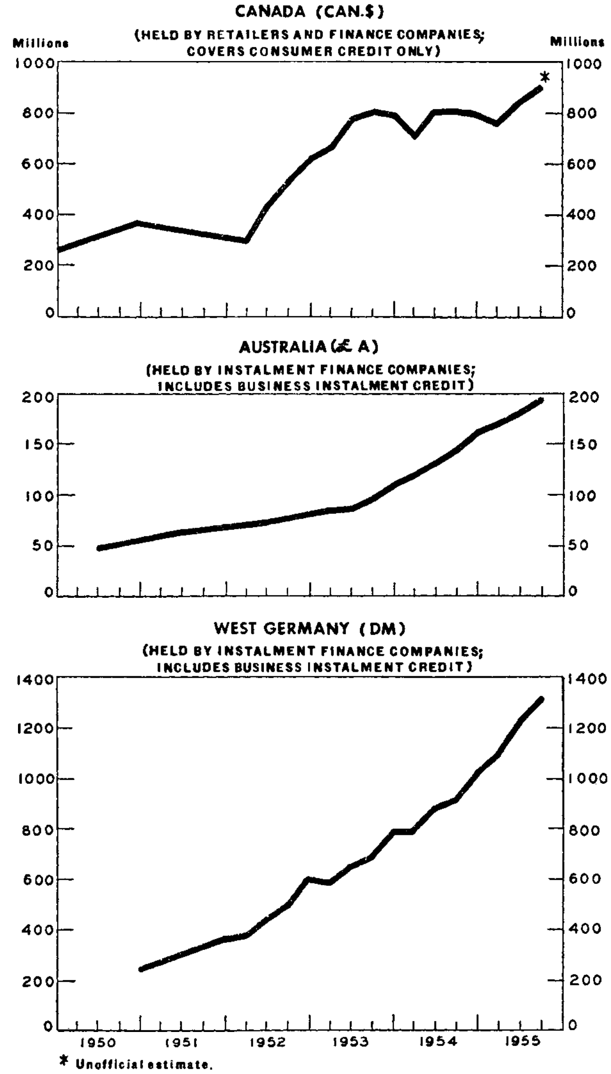
Table II
Estimated Ratio of Instalment Sales to Total Sales of Various Goods in Selected Countries

	Per cent		Per cent
Austria:		West Germany:	
Motor cycles, bicycles	39	Television sets	25
Electrical goods	27	Italy (Northern Italy only):	
Furniture	50	Household appliances	41
Australia:		Furniture	54
Passenger automobiles	30-35*	Netherlands:	
Refrigerators	60	Bicycles	80
Furniture	50	Vacuum cleaners	85
Belgium:		United Kingdom:	
Passenger automobiles	60-65	Passenger automobiles	14*
Radios	50-60	Television sets	60
Household appliances	70	Radios	50
Furniture	40	Furniture	70-80
Canada:		United States:†	
Passenger automobiles	40*	Passenger automobiles	62‡
Household appliances	49§	Furniture	45
Furniture	46§	Television sets	57
France:		Refrigerators	58
Passenger automobiles	30	Washing machines	55

Note: Data are estimates only, and are not strictly comparable. The period covered is the latest available, in most cases 1954.
* New automobiles only.
† Ratio of number of instalment purchasers to number of total purchasers.
‡ Includes purchasers using other forms of borrowing. Ratios for new and for used automobiles are both 62 per cent.
§ Sales of household appliance and furniture stores only.
Sources: Official and unofficial publications.

Chart I

INSTALMENT CREDIT OUTSTANDING IN CANADA, AUSTRALIA, AND WEST GERMANY



* Unofficial estimate.

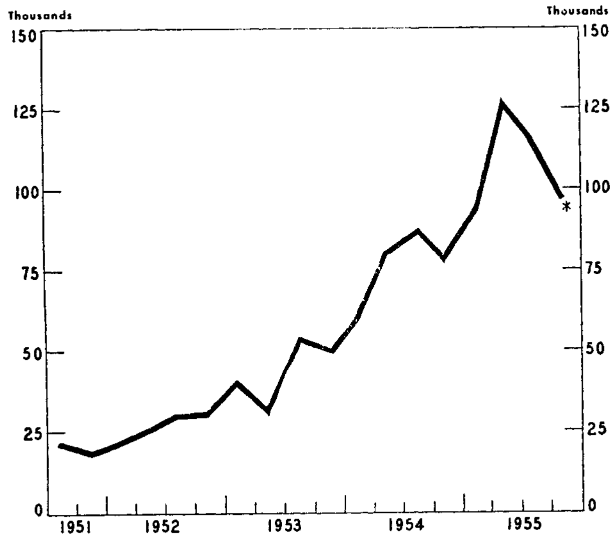
Sources: Canada, Bank of Canada Statistical Summary; Australia, 1950-52, estimates by The Banker, October 1955, 1953-55, The Commonwealth Statistician; West Germany, Bank deutscher Lander, Monthly Report.

Even though the relative importance of consumer instalment credit abroad remains generally well below that of the United States, in many foreign countries such credit seems to have grown in recent years considerably faster than here, as consumer durable goods became more available and the practice of buying consumer goods on the instalment plan became acceptable to a wider segment of the population. Although in this respect, too, the lack of adequate statistics unfortunately prevents precise comparison, the accompanying charts give some idea of the recent trends in a few countries.

In most Western European countries and in Australia the increase in instalment credit had apparently been accelerating in the last few years. However, in those countries where, as noted below, instalment credit curbs have lately been imposed

UNITED KINGDOM

NUMBER OF NEW INSTALMENT SALES CONTRACTS FOR NEW AND USED PASSENGER CARS



* Quarterly rate based on October and November.
Source: Derived from data published in the London Financial Times.

or tightened the rate of increase has apparently slowed down in the more recent months. The growth of instalment credit in Western Europe and in Australia began to assume importance some five years ago, but 1954 seems generally to have been the year when the upsurge really developed. This may be seen from the following approximate percentage increases, even though they tend to give a somewhat exaggerated picture because of the relatively small base figures. Outstanding credit in 1954 rose roughly 30 per cent in the United Kingdom, 40 per cent in Austria, and probably more than 50 per cent in France; in Australia and West Germany it rose by about 40 per cent in the year ended June 1955, while in Belgium, where the postwar growth probably started earlier, it increased 20 per cent in the same period. In Canada, on the other hand, where instalment credit rose very sharply in 1952-53, there was little net change in 1954; however, there appears to have been a net increase of some 10 per cent during the first three quarters of 1955.

The Financing of Instalment Credit

The financing of the growing volume of consumer instalment credit has changed noticeably in recent years. The proportion held by retailers on their own account seems to have diminished in foreign countries as in the United States, although it apparently remains in most cases above the United States figure of about 14 per cent. Belgium appears to be one country where this type of financing is as relatively small as in the United States. The retailers, of course, obtain the required funds either from their own capital or from their general borrowing from the banks, or sometimes by delaying payments to their suppliers. In addition, in several countries, including Australia, West Germany, and the United Kingdom, the public utilities are active in providing instalment credit for the purchase of gas and electrical appliances.

While in most countries the retailers who finance consumer instalment credit do so on an individual basis, in a few countries groups of traders have pooled their resources for this purpose. This practice has become especially significant in France where so-called "economic unions" play an important role in consumer credit financing. These groups obtain their capital from the participating traders, and extend instalment credit to consumers not for specific products but in the form of "purchasing certificates" for which the consumer pays in instalments and which he can redeem for any desired article in the affiliated stores; the retailer then cashes the certificate with the union at a small discount. This form of instalment financing is also common among special financing institutions in France and, as "check trading" or "payment-stamp buying", also exists in other European countries. Except in limited areas and for certain less expensive products, however, it seems to be much less important than in France.

The commercial banks' role in the direct financing of instalment credit is much smaller in most developed foreign countries than in the United States. Belgium is an exception, possibly as a result of the separation of investment banking from commercial banking in 1935, which led the commercial banks to seek other business. In Canada, where the first commercial bank department for consumer instalment lending was organized in 1936, this type of lending by commercial banks remains much less widespread than in the United States; however, it may well have been stimulated by the revision of the Bank Act in Canada in 1954 to permit the commercial banks to lend against chattel mortgages.

In the United Kingdom commercial banks do not play a direct part in instalment lending to consumers, but rather confine themselves to granting overdraft facilities to instalment credit institutions; however, a large bank in Scotland purchased an instalment sales finance company in 1954. In Australia, a large commercial bank became a major stockholder in a sales finance company in 1953, and the bank's many branches have come to serve as agencies for the latter. Two other Australian commercial banks have special instalment finance departments. It should be pointed out, however, that in Australia, as in Canada and several European countries, including Austria, Belgium, France, Germany, and the United Kingdom, instalment credit is also used to finance business purchases of capital goods and equipment, somewhat after the fashion of term loans in this country.

In France and the Netherlands, direct bank participation in instalment credit is limited to recent participations in a few finance companies. In West Germany the commercial banks' direct share in instalment finance is relatively small, but savings and "mortgage" banks hold a major portion of the total instalment debt. Specialized semipublic banking institutions in Belgium, France, and the Netherlands also extend instalment credit to consumers.

Special financial institutions, commonly called sales finance companies, often play a larger part in instalment credit in foreign countries than in the United States, and their importance as holders of such credit has been growing abroad as in this country. While in most industrial countries these institutions first appeared in the twenties, most often in connection with automobile financing, their growth both in number and in total assets has been rapid in the last few years. In France and West Germany, for example, their number has risen by at least 50 per cent and by 25 per cent, respectively, since the end of 1953 when there were about 100 of them in each country; in the United Kingdom some 170 small finance companies were established from the end of World War II to early 1954. These sales finance companies are often created by manufacturers, especially automobile companies, or by retailers individually or in groups, to help finance the sale of their products. In some countries, too, insurance companies own an interest in sales finance companies, mainly in the United Kingdom, France, and the Netherlands.

The funds for the operations of the finance companies come from various sources, but as would be expected a major role is everywhere played by indirect bank financing, either through loans or overdrafts or through discounts of instalment paper. Nonbank borrowing, however, has become important in a number of countries. Insurance companies often lend funds to these financing institutions, especially in Australia, Belgium, and the United Kingdom. Finance companies in Canada borrow in the short and medium-term market and have recourse to direct placements with various investors. In Belgium, they issue secured notes to the public against which instalment paper is deposited with a trustee. Bond issues are apparently providing an increasing proportion of finance company funds in the Netherlands and in Australia. In Australia, use is also made of secured notes redeemable at three-month intervals. In the United Kingdom, acceptance houses provide acceptance credit to the finance companies which enables the latter to discount instalment paper in the market; so-called hire-purchase bills in recent years reportedly accounted for as much as 10 per cent of finance company funds. While the taking of deposits by finance companies is prohibited in some countries, as in France, or is very minor in others, as in West Germany, such deposits have grown considerably in importance in the United Kingdom and Australia where finance companies offer substantially higher interest rates on deposits than the commercial banks.

The cost of instalment credit, whether obtained from a finance company or other financial institution or directly from the retailer, varies greatly as among countries, commodities, and lenders. Comparisons among countries are very difficult, both because there is a wide range of charges within each country and because rates are quoted in such various ways that it is often not easy to determine the true interest charge. In the few countries where banks lend directly, their charges are relatively low. Low rates also are charged by the nationalized gas and electricity industries in the United Kingdom, where the true cost on the amount actually lent for the purchase of gas and electric appliances works out at 7 to 8 per cent per annum. Most rates in the United Kingdom, as well as in other countries, are substantially higher.

Government Regulation

Government intervention in the field of consumer credit varies of course with the conditions in each country, depending not only on the extent and the method of financing of consumer credit, but also on the institutional banking and monetary setup and the structure of the economy. Initially, government regulations in the field of consumer credit were aimed at preventing excessive charges to the purchaser. Such social-type legislation, which sometimes also defined the rights of the seller, was enacted in the thirties in several countries including Canada, the Netherlands, and the United Kingdom, while in Germany similar legislation goes back to the end of the last century. Government supervision of this kind is not confined to the older industrialized countries; Venezuela, for example, passed a law in 1955 regulating the general status of instalment buying.

Government regulation motivated by general monetary and economic considerations is more recent, dating only from World War II. Canada and the United Kingdom were the first foreign countries to impose controls over downpayments and the duration of instalment contracts, having taken such action in 1941, the same year that Regulation W came into force in this country. It may, however, be of interest to note that the first proposal to give the government power to alter instalment selling terms was made in Germany as early as 1938; a bill to this effect was then drafted, but it never became law.

Selective monetary controls over instalment credit are of two main kinds, involving respectively the terms of instalment selling and the actual financing operations. The latter controls most often take the form of informal agreements with, or requests to, the commercial banks to curtail financing for instalment credit. Such arrangements were made during the early postwar years in a number countries, including Belgium, Canada, and Sweden, and during 1955 were resorted to in Australia, the Netherlands, Norway, the Union of South Africa, and the United Kingdom. Financial controls may also cover the capital issues of finance companies, as at one time in Australia and at present in the United Kingdom, or may include restrictions on the discounting of instalment paper by the central bank, as in West Germany.

Since late 1954, government controls over instalment credit terms have been imposed or tightened within a framework of general monetary restraint in Austria, Denmark, New Zealand, the Union of South Africa, and the United Kingdom; in 1953 this had also been similarly done in Peru. In 1954 the French authorities had introduced such regulations over instalment credit extended directly by financial institutions—not as part of a general anti-inflationary policy, however, but to prevent unsound conditons in this part of the credit structure. Last year the French Government was given power to control the instalment credit terms extended by retailers; indeed, even as early as 1934 the minimum downpayments and maximum duration of automobile instalment sales had been laid down in an act establishing a chattel mortgage guarantee for the seller. In addition, bills have recently been prepared or proposed in Belgium, the Netherlands, and Sweden that would enable the authorities to impose and vary consumer-instalment-credit terms.

Canadian consumer credit controls, which had been reintroduced in 1950, were suspended in May 1952, and the authority of the Canadian Government to apply such controls expired in July 1953. In Australia, in the absence of Federal jurisdiction in this field, the instalment finance companies agreed last fall after consultation with the government to set minimum downpayments and limit the duration of instalment contracts, and not to increase the volume of new business by more than 10 per cent by mid-1956. In the United Kingdom, instalment sales finance companies are reportedly also voluntarily curtailing their business.

In all the countries that have recently imposed or tightened controls over instalment credit as part of a general anti-inflationary policy, the control power is given to the government, usually the Finance Minister, rather than to the central bank. In the Netherlands, however, a proposed bill would give this power to the Ministers of Finance and Economic Affairs only after consultation with the central bank. In France, the regulations covering instalment credit extended by others than retailers—intended primarily to ensure the soundness of the credit structure—have been issued by the Bank of France acting as agent for the National Credit Council, while the council has advisory powers as regards the regulations governing credit directly extended by retailers.

The terms of instalment selling that are currently being enforced in foreign countries by government regulation or by voluntary agreement are, as could be expected, often much stricter than those which had existed prior to such regulations or agreements, and in some countries they have already begun to affect the volume of instalment sales. The minimum downpayments range in the case of passenger cars from one third in the United Kingdom to one half in New Zealand, and from 15 per cent in most countries to 25 per cent in Denmark for all other consumer durable goods; however, in the United Kingdom a downpayment of 33⅓ per cent is required for some household appliances, but for others only 15 per cent. The maximum duration of instalment contracts for cars ranges from 9 months (under the French chattel mortgage law) to 30 months in Australia, and that for other purchases from 18 months in France to 2 years in New Zealand and the United Kingdom; in the latter country, however, a maximum period of 4 years is permitted for certain special appliances.

Concluding Remarks

The postwar increase in consumer instalment credit is the result of many social and economic forces. While the general European attitude toward such credit before the war had been skeptical and even antagonistic, instalment buying has since become more accepted and has shed much of the opprobrium previously associated with it. Changes in the distribution of incomes seem to have had a particularly pronounced impact, with middle-class consumers turning to instalment buying to an extent not known earlier; at the same time, the wage-earning groups have gained greater real income, thus enabling them to make instalment purchases of goods previously beyond their reach. Moreover, the rise in output and productivity has increased the availability of consumer durable goods—products that are most often associated with consumer instalment credit.

The rapid development of consumer instalment credit, in turn, has encouraged the recent expansion of demand for consumer durable goods in most Western European and British Commonwealth countries. While instalment credit can do much to further output and productivity by widening markets and stimulating individual efforts and thus to facilitate improvement in living standards, its rapid rise at a time of renewed inflationary strains has undoubtedly accentuated the shortage of resources, and hence the balance-of-payments deficits of countries greatly dependent on foreign trade. It is for these and other reasons, including the difficulty of curbing consumer credit by general credit control measures, that a number of foreign countries have recently imposed selective controls over consumer instalment credit within a framework of overall monetary restraint.

DEPARTMENT STORE TRADE

The dollar volume of sales at Second District department stores during the 1955 Christmas shopping season (December 1-24) surpassed sales in the 1954 preholiday period by 3 per cent and set a new record, according to preliminary data from a representative group of reporting stores. For the entire month of December 1955, sales are estimated to have equaled November's record (as the best month in 1955), on a daily-average basis after adjustment for usual seasonal differences. Average daily sales were 4 per cent higher than in December 1954. In both years, there were the same number of shopping days in the month—21 days before Christmas and 5 after.

Department store sales in the four major metropolitan areas of the District were paced by the Buffalo metropolitan area which registered sales 6 per cent higher than in the 1954 preholiday period. Sales in the Syracuse and the Rochester metropolitan areas were 5 per cent ahead of 1954's Christmas shopping season. In the New York-Northeastern New Jersey metropolitan area, 1955 preholiday sales were 2½ per cent greater than in the 1954 period. New York City sales, on the other hand, were 1 per cent below a year ago. In the preholiday period of 1954, however, a large department store in the City was holding its final liquidation sale before closing.

Sales in Newark stores also averaged 1 per cent below 1954, while sales in the New York portion of the metropolitan area outside the City (Westchester, Nassau, Suffolk, and Rockland Counties) were 29 per cent above the 1954 pre-Christmas season, continuing the substantial growth trend for the suburban area that has been evident throughout the year.

For the entire year 1955, department store sales in the District were 4 per cent ahead of 1954. The average increase in department store sales for the District during January through June was 3 per cent; during the last half of the year sales showed greater gains from year-earlier levels, averaging 5 per cent.

Indexes of Department Store Sales and Stocks Second Federal Reserve District
(1947-49 average=100 per cent)

Item	1955			1954
	Nov.	Oct.	Sept.	Nov.
Sales (average daily), unadjusted	139	116	111	135
Sales (average daily), seasonally adjusted	110	109r	109r	107
Stocks, unadjusted	136	132r	123	131r
Stocks, seasonally adjusted	119	117	116	115

r Revised.

Department and Apparel Store Sales and Stocks, Second Federal Reserve District, Percentage Change from the Preceding Year

Area	Net sales			Stocks on hand Nov. 30, 1955
	Nov. 1955	Jan. through Nov. 1955	Feb. through Nov. 1955	
Department stores, Second District	+ 4	+ 4	+ 4	+ 5
New York-Northeastern New Jersey Metropolitan Area	+ 4	+ 4	+ 3	+ 4
New York City	− 2	0	0	+ 4*
Nassau, Suffolk, Westchester, and Rockland Counties	+34	+26	+26	
Northern New Jersey	+10	+ 5	+ 5	+ 5
Newark	+ 8	0	0	—
Fairfield County	+18	+11	+10	+ 3
Bridgeport	+22	+ 7	+ 8	—
Lower Hudson River Valley	+ 9	+ 8	+ 8	+11
Poughkeepsie	+ 8	+ 8	+ 7	+14
Upper Hudson River Valley	+10	+ 4	+ 4	+ 8
Albany-Schenectady-Troy Metropolitan Area	+10	+ 3	+ 3	+ 6
Albany	+11	+ 6	+ 6	+ 8
Schenectady	+ 8	− 1	− 1	+ 6
Central New York State	+ 6	+ 4	+ 4	+ 1
Utica-Rome Metropolitan Area	+ 4	+ 3	+ 3	+ 4
Utica	+ 1	+ 5	+ 4	+ 6
Syracuse Metropolitan Area	+ 7	+ 5	+ 5	0
Northern New York State	n.a.	n.a.	n.a.	n.a.
Southern New York State	+ 4	+ 2	+ 2	+ 2
Binghamton Metropolitan Area	+ 5	+ 4	+ 4	+ 4
Western New York State	+ 3	+ 2	+ 2	+ 7
Buffalo Metropolitan Area	− 1	+ 2	+ 2	+ 6
Buffalo	− 2	+ 1	+ 2	+ 6
Niagara Falls	+ 8	+ 3	+ 3	—
Rochester Metropolitan Area	+ 8	+ 2	+ 2	+10
Apparel stores (chiefly New York City)	+ 2	+ 2	+ 2	+10

* Separate figures for New York City and the other counties are not available.
n.a. Not available.

SELECTED ECONOMIC INDICATORS
United States and Second Federal Reserve District

Item	Unit	1955			1954	Percentage change	
		November	October	September	November	Latest month from previous month	Latest month from year earlier
UNITED STATES							
Production and trade							
Industrial production*	1947-49 = 100	144p	143	142	128	+ 1	+13
Electric power output*	1947-49 = 100	—	204p	202	173r	+ 1	+17
Ton-miles of railway freight*	1947-49 = 100	—	109p	106	92	+ 3	+15
Manufacturers' sales*	billions of $	27.4p	26.7	27.2	24.0	+ 3	+14
Manufacturers' inventories*	billions of $	45.6p	45.3	44.7	43.3	+ 1	+ 5
Manufacturers' new orders, total*	billions of $	28.2p	27.5	28.3	23.1	+ 3	+22
Manufacturers' new orders, durable goods*	billions of $	14.6p	14.1	14.9	10.5	+ 4	+39
Retail sales*	billions of $	—	15.8p	15.8	14.4	#	+12
Residential construction contracts*	1947-49 = 100	253p	252	256	264	#	− 4
Nonresidential construction contracts*	1947-49 = 100	283p	266	246	250	+ 6	+13
Prices, wages, and employment							
Basic commodity prices†	1947-49 = 100	88.5	89.3	89.9	90.8	− 1	—
Wholesale prices†	1947-49 = 100	111.2p	111.6	111.7	110.0	#	+ 1
Consumer prices†	1947-49 = 100	115.0	114.9	114.9	114.6	#	#
Personal income (annual rate)*	billions of $	—	309.6p	307.9	290.8	+ 1	+ 7
Composite index of wages and salaries*	1947-49 = 100	—	143p	143	138	#	+ 4
Nonagricultural employment*	thousands	50,149p	49,969p	49,857	48,386	#	+ 4
Manufacturing employment*	thousands	16,995p	16,805p	16,691	15,972	+ 1	+ 6
Average hours worked per week, manufacturing†	hours	41.2p	41.1	40.9	40.2	#	+ 2
Unemployment	thousands	2,398	2,131	2,149	2,893	+ 13	−17
Banking and finance							
Total investments of all commercial banks	millions of $	78,000p	79,650p	78,870p	82,260	− 2	− 5
Total loans of all commercial banks	millions of $	81,390p	79,210p	78,390p	69,450	+ 3	+17
Total demand deposits adjusted	millions of $	106,920p	106,130p	104,840p	104,000	+ 1	+ 3
Currency outside the Treasury and Federal Reserve Banks*	millions of $	30,516p	30,410	30,359	30,017	#	+ 2
Bank debits (337 centers)*	millions of $	72,916	69,318	71,681	65,826	+ 5	+11
Velocity of demand deposits (337 centers)*	1947-49 = 100	130.6p	126.9	130.0	122.5	+ 3	+ 7
Consumer instalment credit outstanding†	millions of $	—	26,963p	26,699	22,014	+ 1	+23
United States Government finance (other than borrowing)							
Cash income	millions of $	5,934	2,869	5,988	5,123	+107	+16
Cash outgo	millions of $	5,951	5,659	5,904	4,374	+ 5	+36
National defense expenditures	millions of $	3,292p	3,281	3,292	3,286	#	#
SECOND FEDERAL RESERVE DISTRICT							
Electric power output (New York and New Jersey)*	1947-49 = 100	—	149p	150	137r	#	+10
Residential construction contracts*	1947-49 = 100	—	163p	169	177	− 4	− 7
Nonresidential construction contracts*	1947-49 = 100	—	223p	253	217	− 12	+13
Consumer prices (New York City)†	1947-49 = 100	112.5	112.4	112.6	112.7	#	#
Nonagricultural employment*	thousands	—	7,597.5p	7,586.5	7,492.3r	#	+ 1
Manufacturing employment*	thousands	—	2,632.8p	2,627.2	2,601.2r	#	+ 1
Bank debits (New York City)*	millions of $	68,178	66,899	63,182	63,212	+ 2	+ 8
Bank debits (Second District excluding New York City)*	millions of $	4,681	4,621	4,810	4,294	+ 1	+ 9
Velocity of demand deposits (New York City)*	1947-49 = 100	175.2	176.0	161.8	162.6	#	+ 8

Note: Latest data available as of noon, December 30, 1955.
p Preliminary. r Revised.
* Adjusted for seasonal variation.
† Seasonal variations believed to be minor; no adjustment made.
# Change of less than 0.5 per cent.

Source: A description of these series and their sources is available from the Domestic Research Division, Federal Reserve Bank of New York, on request.