Farm income in Fifth District states declined again in 1954 and production of feed crops was curtailed by drought. These facts together with acreage allotments on the 1955 crops of tobacco, cotton, peanuts, and wheat provide the background against which farmers are mapping this year's operations. Their plans are discussed in the article beginning on page 3.

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CONSTRUCTION CONTRACT AWARDS

ONE AND TWO FAMILY HOUSES

(Seasonally Adjusted) (1947-1949=100)

There was a drop of 25% in seasonally adjusted contract awards for one- and two-family houses between January and February but the February level was still 92% higher than a year ago and 4 times higher than in the years 1947-49. In the first two months of 1955, awards for this type of structure were up 125% from a year ago.

BITUMINOUS COAL PRODUCTION

(Average Daily) (1947-1949=100)

Average daily production of bituminous coal in February was at the same level as in January and 19% higher than in February 1954. Last year, February's output was moderately below that of January. In the first two months of this year, bituminous coal production was 17% larger than a year ago.

DEPARTMENT STORE SALES

(Seasonally Adjusted) (1947-1949=100)

Department store sales in this District established an all-time high record in December 1954 at a level 33% higher than in the base years 1947-49. January sales dropped 7% from those in December and February sales dropped 4% from those in January. February sales were 3% higher than in February 1954 and the combined January-February total was 7% higher than a year earlier.

RETAIL FURNITURE STORES NET SALES

(Seasonally Adjusted) (1947-1949=100)

January sales of furniture stores gave evidence that recovery appeared to be under way but February sales washed out most of the January gain showing an adjusted drop of 4% during the month but a rise of 6% over a year ago.

COTTON CONSUMPTION

(Seasonally Adjusted) (1947-1949=100)

Cotton consumed in Fifth District mills rose 2% in February from January to recover one-third of the loss experienced between December and January. February consumption was 6% higher than in February last year and the first two months of the year shows a gain of 5%.
Prospective Changes In Crop Acreages

Fifth District farmers are planning some sizable shifts in their 1955 plantings of various crops. This fact is revealed in the United States Crop Reporting Board’s annual survey of farmers’ planting intentions and other available data. Actual acreage, of course, may vary substantially from the announced levels if farmers alter their plans, if adverse weather occurs at planting time, or if changes are made in acreage allotments of certain crops.

For the most part indicated acreage shifts tend to offset one another, although there is a slightly smaller total acreage in the specified crops. Usable data are available for 12 of the principal crops grown in the District. In the aggregate, the acreage devoted to these 12 crops will decline 2%—to 16.4 million acres. In Virginia the expected decrease is 1% compared with 2% in Maryland and South Carolina, and 3% in West Virginia and North Carolina.

With tobacco, cotton, peanuts, and wheat each grown under acreage allotments, the changes indicated for these crops tend to be governed largely by these external controls. The indicated changes for other crops are a by-product of the shifts forced in allotment crops, the current and prospective pattern of farm prices, and perhaps still more important, the tight feed supply situation in areas which were hurt by drought in 1954 and earlier years.

Feed Production May Increase

District farmers are planning to cut corn acreage in 1955 and to increase the acreages of oats, barley, grain sorghums, and hay. A clearer picture of the effect of shifts in crop acreages upon feed production can, however, be seen by reviewing the situation in each state insofar as available data permit. Details for each state are shown in the accompanying table.

Presumably the greatest need for increased feed production over 1954 levels exists in South Carolina where last Summer’s drought was particularly severe. Actually, farmers in the Palmetto State are planning to reduce corn acreage 83,000 acres or 7% and to increase oats by some 56,000 acres, barley by 3,000 acres, grain sorghums by 8,000 acres, and hay by 61,000 acres. Meanwhile, wheat is reduced by 27,000 acres. Such a combination is apparently calculated to produce more feed early in the year and provide a better hedge against drought should it cut corn yields again in 1955.

Virginia is the only other District state to show a sizable net increase in the acreage of oats and barley, but the increase is still smaller than the reduction in either wheat or corn acreage. There are some indications that Winter killing of wheat in some sections of the District may cause some farmers to plow up severely damaged fields and plant Spring oats. The extent to which this may influence farmers to alter their 1955 cropping plans remains to be seen.

Smaller Tobacco and Cotton Acreages

Farmers in this five-state area plan to plant about 4% less tobacco this year than in 1954. Flue-cured acreage will be down 5%, Virginia fire-cured 8%, Burley 5%, and Maryland about 2%, but Virginia Sun-cured will be up 5%. Because of the current Burley supply situation, legislation is now before Congress which, if enacted, would decrease the 1955 Burley allotments (if approved by producers in a special referendum) by a moderate amount.

Cotton is not covered by the planting intentions report. However, acreage allotments are in effect, and, based on past history, it is reasonably assured that practically all District farmers will plant within their allotted acreage. In fact, data for District states reveal that underplanting in 1954 amounted to 6% in the Carolinas and 7% for the nation. Largely because of adverse weather, underplanting in Virginia totaled 17%.

If, for convenience, it is assumed that the planted acreage of cotton—actually the acreage in cultivation on July 1—will coincide with present allotments, the reduction for the District will total 11%—largest cutback for any major crop and the smallest cotton acreage in the District for many decades. In fact, the acreage in both North and South Carolina will be the lowest in more than 80 years—since the early 1870’s.

Other Crops

The acreage of peanuts in Virginia and North Carolina is expected to remain unchanged in 1955. South Carolina farmers, however, plan to increase the land devoted to peanuts by 1,000 acres. Consequently, the total peanut acreage in the District will be a fraction of 1% larger than in 1954.

Soybean acreage will be 14,000 acres or 1% smaller this year than last. In Maryland and North Carolina the same acreage is contemplated, but other District states show modest acreages declines.

Indications are that the acreages of Irish and sweet potatoes grown in the District will be decreased 1% and 2%, respectively. No change in either crop is indicated for Virginia and North Carolina, but the other states will cut acreages slightly.

Significance

Wide dissemination of this information on farmers’ planting intentions gives them the maximum opportunity to alter their plans if conditions appear to justify a change. In this way the Spring planting intentions report tends to be one of the important segments in the agricultural outlook work carried on throughout the country. Another important purpose of this and other
reviews of the contemplated shifts in crop acreages is
to throw some light on the probable level of farmers' production expenses and their gross and net farm incomes.

With smaller acreages of tobacco and cotton in prospect, production expenses should be smaller in 1955 than in 1954. Gross income from these crops is likely to shrink even more than production expenses, however, and result in somewhat smaller net incomes. From the standpoint of feed crops, it appears that a larger harvested feed supply will depend on more favorable weather than in 1954 since, except in South Carolina, acreage shifts do not suggest that the aggregate production of feed will be much, if any, larger.

### PROSPECTIVE PLANTINGS OF SPECIFIED CROPS IN 1955

<table>
<thead>
<tr>
<th>Crop</th>
<th>Fifth District 1955</th>
<th>Maryland 1955</th>
<th>Virginia 1955</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>as % of 1954</td>
<td>as % of 1954</td>
<td>as % of 1954</td>
</tr>
<tr>
<td>Tobacco*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flue-cured</td>
<td>873.0 95</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Va. Fire-cured</td>
<td>9.3 92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Burley</td>
<td>27.1 95</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maryland</td>
<td>49.0 98</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Va. Sun-cured</td>
<td>4.4 105</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Tobacco</td>
<td>962.8 96</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cotton†</td>
<td>1,308 89</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corn, All</td>
<td>4,706 95</td>
<td>466 101</td>
<td></td>
</tr>
<tr>
<td>Oats**</td>
<td>2,992 103</td>
<td>76 100</td>
<td></td>
</tr>
<tr>
<td>Barley</td>
<td>318 105</td>
<td>84 96</td>
<td></td>
</tr>
<tr>
<td>Hay, All*</td>
<td>4,346 102</td>
<td>466 99</td>
<td></td>
</tr>
<tr>
<td>Peanuts***</td>
<td>302 100</td>
<td>132 100</td>
<td></td>
</tr>
<tr>
<td>Soybeans***</td>
<td>993 99</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sorghum**</td>
<td>175 114</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Irish Potatoes**</td>
<td>99.7 99</td>
<td>5.6 95</td>
<td></td>
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<tr>
<td>Sweet Potatoes</td>
<td>90.0 98</td>
<td>5.0 91</td>
<td></td>
</tr>
<tr>
<td>Wheat**</td>
<td>1,015 92</td>
<td>185 88</td>
<td></td>
</tr>
<tr>
<td>Total (12 Crops)</td>
<td>16,351.5 98</td>
<td>1,468.6 98</td>
<td>3,477.2 99</td>
</tr>
</tbody>
</table>

#### PROSPECTIVE PLANTINGS OF SPECIFIED CROPS IN 1955 (Continued)

<table>
<thead>
<tr>
<th>Crop</th>
<th>West Virginia 1955</th>
<th>North Carolina 1955</th>
<th>South Carolina 1955</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>as % of 1954</td>
<td>as % of 1954</td>
<td>as % of 1954</td>
</tr>
<tr>
<td>Tobacco*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flue-cured</td>
<td>3.1 97</td>
<td>653.0 95</td>
<td>121.0 96</td>
</tr>
<tr>
<td>Burley</td>
<td>3.1 97</td>
<td>663.8 95</td>
<td>121.0 96</td>
</tr>
<tr>
<td>Total Tobacco</td>
<td>182 90</td>
<td>2,085 96</td>
<td>1,099 93</td>
</tr>
<tr>
<td>Corn, All</td>
<td>80 93</td>
<td>685 95</td>
<td>991 106</td>
</tr>
<tr>
<td>Oats**</td>
<td>15 94</td>
<td>68 105</td>
<td>26 113</td>
</tr>
<tr>
<td>Barley</td>
<td>836 100</td>
<td>1,310 100</td>
<td>470 115</td>
</tr>
<tr>
<td>Hay, All*</td>
<td>7 78</td>
<td>441 100</td>
<td>171 97</td>
</tr>
<tr>
<td>Peanuts***</td>
<td>13 93</td>
<td>123 110</td>
<td>36 129</td>
</tr>
<tr>
<td>Soybeans***</td>
<td>56 98</td>
<td>364 100</td>
<td>141 84</td>
</tr>
<tr>
<td>Sorghum**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Irish Potatoes**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweet Potatoes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wheat**</td>
<td>1,192.1 97</td>
<td>6,337.8 97</td>
<td>3,875.8 98</td>
</tr>
</tbody>
</table>

† 1955 cotton data are allotted acreages. Comparison is made with July 1, 1954 acreage in cultivation.

* Acreage harvested.

** Includes acreage planted in preceding Fall.

*** Grown alone for all purposes.

Retail Trade and the Business Outlook

Although retail trade in January and February receded moderately from the December peak, the amount of back-away was of little consequence. This all-time high level of retail trade has been a major contributing factor to the amount of the business recovery that has occurred since the Summer of '54.

Most economic analysts would probably project the year 1955 somewhat as follows: expenditures for goods and services by Federal, state and local governments will likely show a moderate increase, with state and local government expenditures about offsetting some reduction in Federal Government expenditures. Planned expenditures by business concerns (revised) for plant and equipment shows some increase and inventory liquidation will no longer act as a drag on the economy but may even add to the total demand for goods. Expenditures on construction other than manufacturing plant appear to be a strong sector of the economy, possibly adding $2-3 billion to the amount spent on such facilities in 1954.

The net arithmetic effect of the factors mentioned would indicate mild improvements in 1955 over 1954, although this gives little or no consideration to consumers' outlay on goods and services. These accounted for two-thirds of the total demand for goods and services in the fourth quarter of 1954. Some analysts are exuberant over the business outlook and anticipate a rather sharp increase in consumer expenditures in 1955 over 1954. Those not so optimistic on the outlook as a whole are anticipating a much smaller gain in this sector of the economy.

In view of the fact that the economy has already recorded marked recovery in the fourth quarter of 1954, the purpose of this article is to examine some of the early 1955 elements of the trade portion of consumer purchases to evaluate the recovery under way and judge the possibility of its being sustained or, alternatively, backing away from current high levels.

Sales of retail stores compiled by the U. S. Department of Commerce are not strictly a measure of retail trade but also include some business sales. In the income and product accounts, sales to business concerns are segregated but it is not possible to segregate these on the basis of retail sales reports presented. Therefore, the indications which follow will be clouded to the extent that the sales recovery represented a disproportionate amount of business sales in the early part of 1955 compared with a year earlier.

In Perspective

Sales of all retail stores in the United States established a pre-recession high in February 1953, held close to that level through mid-Summer of that year and then moved downward until January 1954 to reach a low point in the late recession. From the low point of January 1954 sales recovered to Summer and leveled off through the Fall. The current revival began in November, when adjusted sales in that month were only 1% below the February 1953 high, carried through December, and brought sales to a new high 11% above the January 1954 low and 4% above the 1953 peak.

The December Boom

A large part of the rise in sales of retail stores in December over a year ago was due to the early introduction of new model automobiles. Many other types of stores, however, showed sizable gains over December 1953—food was up 6.6%, apparel 5.1%, furniture 3.8%, lumber, building materials and hardware 7.6%, and filling stations 4.4%. Although the November-December rise was considerably accentuated by automobile sales, there was, nevertheless, a considerable recovery in many other lines of trade.

On a seasonally adjusted basis, the rise from November to December amounted to 7.5% in durable goods stores and 4.2% in nondurable goods stores, with a total rise during the month of 5.3%. The November-December rise in sales of nondurable goods stores was rather abrupt for they had maintained throughout much of the year only a slightly rising trend. Strength was manifest in food (up 5%), general merchandise (up 6%), apparel (up 11%); in durable goods the sales rise came mainly in automotive establishments.

January Recedes

January figures released by the Department of Commerce (seasonally adjusted) showed all store sales down 1.7% from December with durable goods stores sales down 3.3% and nondurables down 0.8%. Types of stores running contrary to these trends were eating and drinking establishments, up 2.1%; furniture and appliance stores, up 5.1%; filling stations up 5.0% and drugstores, up 2.9%.

A substantial part of the December to January decline in the seasonally adjusted figures was contributed by the automobile dealers. In past years, when automobiles were introduced as early as they were last year, it was customary for both January and February new passenger car registrations to fall from December levels, with a subsequent rise from February through May or June. The 40% decline from December to January (21 states) is larger than in any of the earlier years, which showed decreases ranging from 9% to 32%.

In the past, when early model introduction occurred, February also fell below January, but this year indications from preliminary figures are that February sales...
of automobiles are about 5% higher than in January after seasonal correction. This certainly indicates a very strong demand for automobiles at this season of the year. Whether the level is sustained or a still higher level reached is problematical but at least the automobile industry is doing its part in making the business recovery one of exuberance rather than moderation.

February Holds

Preliminary figures of all retail stores in February show declines from January in dollar sales in all categories save automotive establishments and lumber, building and hardware concerns. All store sales were off 3.3%. If the figures are adjusted by the same seasonal index used last year, February adjusted sales of all stores would come out a shade above January. In this calculation, food stores and filling stations held even with January, while automotive stores showed a gain of 5% and offset losses shown by other types of stores.

Indicated Consumer Outlays

If the changes over a year ago in the sales of retail stores in January and preliminarily indicated for February are applied to consumer outlays for the first quarter of 1954, for durable and nondurable goods, the following figures are indicated: nondurables, $125.7 billion, up 2.9% from the fourth quarter and up 5.8% from the first quarter of 1954; durables, $30.7 billion, up 2.7% from the fourth quarter and up 9.6% from the first quarter of 1954; total durable and nondurable, $156.4 billion, up 2.9% from the fourth quarter and up 6.5% from a year ago. In dollar terms, the indicated first quarter 1955 outlay of consumers on durable and nondurable goods at $156.4 billion would be $4.4 billion higher than in the fourth quarter and $9.6 billion higher than a year ago, all figures being expressed in annual rates.

Current Trends

Sales of all retail stores in the United States in January receded 1.7% from the all-time high figure of December 1954 on seasonally adjusted figures; February preliminary sales on the same basis remained at the January level. Thus far, the back-away from the peak has been quite modest and unless sales drift lower in later months, the trade level will continue to offer substantial strength to the rising business trend.

Sales of durable goods stores in January declined 3% from December (seasonally adjusted basis) and February showed a further drop of 3%. Sales of nondurable goods stores in January declined 1% from December on a seasonally adjusted basis, and February has apparently declined 1% further from January.

In the department store segment of the trade area January 1955 established a level exceeded only by January 1951 and July 1950 (seasonally adjusted basis) for the United States while February sales declined 5.1% from January. Levels in early March were showing considerable strength but year-ago figures were adversely affected by weather conditions. In the Fifth Federal Reserve District, department store sales, seasonally adjusted, reached their high point in December; January was down 7% from December and February down an additional 7% from January.

In the Fifth District, new passenger automobile registrations for four states and the District of Columbia, while showing a drop of 38% in January from December, were 22% larger than in January 1954. In 21 states of the United States reporting thus far, January sales were down 40% from December but 22% higher than a year ago. Other durable goods sales in the department stores of the Fifth District showed seasonally adjusted major household appliance sales in January up 34% from December and up 21% from January 1954, although they were down 58% from the all-time peak in July 1950. January sales of domestic floor coverings in District stores, seasonally adjusted, were down 4% from December and up 4% from a year ago. For the historical record, sales of these products, seasonally adjusted, were 24% under November 1950's all-time peak. Adjusted sales of furniture and bedding in District department stores in January were 4% higher than in December and 3% higher than a year ago. January sales of these products were within 9% of the all-time peak established in March 1951. Sales of furniture stores in the Fifth District in January, seasonally adjusted, were 4% higher than in December, 12% higher than a year ago, and 12% under the all-time high record of June 1952. It is apparent, therefore, that other lines of durable goods sales as far as the Fifth District is concerned have continued to show strength in January but not the exuberance that was witnessed in new passenger automobile sales.

Seasonal Patterns

Registration of new passenger automobiles in the Fifth District in December reached the all-time peak established in August 1950; if past seasonal patterns are maintained during 1955, the most optimistic forecasts will be met or surpassed. New automobiles were first introduced during November in the year 1935 when December registrations stood at 69% of the peak month of the subsequent year. In 1936, December registrations of new cars stood at 85% of the subsequent year peak; in 1937 the depression of that year predominated over the seasonal and December was higher than any month of the model year. December 1938 registrations were 93% of the peak in the following year and in 1939 December registrations were 72% of the following year's peak. If this seasonal pattern is approached this year, record sales would be indicated. Such a forecast is not here intended.
Secondary Bank Reserves—A Challenge To Management

Almost every decision made and every action taken by the commercial banker is influenced by the fundamental need of being ready to redeem his bank’s deposits into cash. As indicated in “Cash at Work” in the October 1954 Monthly Review, his first assurance lies in maintaining an amount of cash, either on hand or in demand accounts with other banks, adequate to meet his day-to-day needs. His second assurance rests in his understanding and application of the principles relating to the liquidity, safety, and profitability of the remaining assets—principles which indubitably find expression in his secondary reserve policy.

The ever-present need of maintaining convertibility of his deposits conditions the banker’s attitude toward cash, making it sharply different from that of the average business man or individual. The banker looks upon his pool of cash and bank balances not as something available for spending but rather as a protective shock absorber. Demands of depositors for cash can first be met from this pool of funds, but in the process counter forces (in the form of bankers’ decisions and actions) are set in motion to restore the shock absorber to its original position—ready to meet any successive demands. The efficient banker never permits his pool of readily available funds to remain much below or above some predetermined level relative to his deposit liabilities. Although there is a steady flow and flow through the pool over short periods of time, it is fairly constant, seasonality considered, over the long run. In this area, then, the commercial banker’s attitude is one of wanting money to hold rather than the more general attitude of wanting money to spend.

Because the commercial banker desires to keep his available cash close to estimated needs, he is constantly confronted with two problems which are closely related: first, how to employ profitably any funds in excess of estimated requirements and, second, how to maintain a standby reservoir from which to replenish his cash when seasonal or other deposit declines reduce the cash level. The problems are interrelated because in banker thinking profitability must always be tempered with liquidity and safety—the ability to convert into cash conveniently, quickly, and preferably without loss. It is through his comprehension of and “solutions” to these problems that the banker establishes his secondary reserve policy.

Safety has several aspects of basic importance to bankers. It may refer to susceptibility to wide fluctuations in price of marketable securities. Securities with relatively high interest rates and long maturities are generally subject to much sharper fluctuations in price than the shorter term, lower interest-bearing issues. Used in this sense, safety to the banker becomes an attribute of liquidity. Because an asset is marketable at some price does not mean it is considered liquid by the banker. In his eyes it must be readily marketable without significant loss before he considers it liquid. This fairly common concept of liquidity is itself subject to varying interpretations among bankers or by the same banker under different economic conditions.

Another thought regarding employment of excess funds: in principle, the use of funds by a banker means the creation of an amount of deposit liabilities appropriate to the amount of funds available—it does not mean the “spending” of excess funds. Banks make payments by means of their own deposit liabilities. True, the owner of a newly created deposit may immediately convert it into cash, or draw a check which will find its way to some other bank, resulting in a demand from that bank that the deposit be redeemed. Nevertheless, the acquisition of an earning asset—a customer’s promissory note, a corporate bond, a Treasury Bill—is paid for through the creation of deposit liabilities. The first effect of such a transaction represents the employment of excess cash, because deposits have now increased and accordingly the amount of cash needed to maintain the cash-deposit relationship is larger. Some of the bank’s excess funds have become “employed” as a part of the pool which the bank desires to maintain. There is no reason to suppose that demand deposits given in exchange for earning assets are subject to any different demands for redemption than those exchanged for cash. Without regard to source, they are both used as money by their owners to make business and personal payments. The decision to make a payment locally or in some other part of the country is determined by business and individual needs, not by the nature of the creation of the money that is used.

The banker’s problems of liquidity and safety arise only with the acquisition of assets other than cash. When a bank accepts deposits of cash—when it creates deposit liabilities in exchange for cash—it can meet any demands of its depositors without difficulty because it has a dollar of cash for every dollar of deposits on its books. It is only when the bank creates deposits in exchange for an asset other than cash that its total deposits become greater than its total cash. The problem of meeting demands for the conversion of deposits into cash, however, does not become serious until total deposits have been expanded to an amount several times the size of the bank’s cash accounts. This is true since demands for redemption are generally offset by new deposits of cash or checks which the bank claims against other banks. The net conversion loss suffered from time to time is only a very small percentage of the total deposit liabilities created. It is this net loss figure which forces the banker to decide, first, what level of cash and bank balances he needs to maintain relative to his deposits and, second, what provision he needs to make for replenishing the cash pool.

In acquiring earning assets, therefore, the banker,
while seeking to acquire those assets which give him the largest possible return, must at the same time make provision for meeting any net conversion losses he may suffer which in turn reduce the amount of his cash and bank balances relative to his outstanding deposit liabilities.

From years of practical experience the prudent banker is able to estimate the probable net losses he will suffer for several months in advance. He recognizes the seasonal patterns that the flow of payments through his deposit accounts tend to establish; he knows that his balances “due to” other banks are subject to certain standard behavior as well as to in-and-out swings of unpredictable magnitude or timing. He keeps himself informed as to the payment plans of his largest depositors—those who with a single check can produce a considerable drain—and at the same time considers the support he will receive from his more stable demand accounts and his savings deposits. Naturally he takes account of future loan demands and the extent to which drains will materialize from the creation of deposit liabilities to meet these demands; and in addition, he allows for some margin of error in his own estimates.

In the light of this detailed analysis, the banker arrives at the rough amounts of secondary reserve-type earning assets the institution will require over the period analyzed. Characteristic of these assets is their ready marketability with the potential loss, through market fluctuations, at a minimum. Today, since they are only a short step removed from money itself, the assets purchased will predominantly take the form of Treasury Bills or other Government obligations of short maturity. Commercial paper issued by large corporations with prime credit records and bankers’ acceptances are also generally considered eligible for the account.

Looking back to mid-year 1954, it is found that Treasury Bills, Certificates of Indebtedness, and Notes made up 12% of the total assets of member banks in the Fifth District and just slightly less than that for all member banks in the nation. By contrast, ‘way back in 1929 these types of securities equaled only 2.2% of assets for Fifth District member banks and 2.5% for the nation. At that time, commercial paper, bankers’ acceptances, and brokers’ call loans were relied on more heavily to fill out the secondary reserve account. In the World War II years, the amount of short-term Government securities held reached as high as 20% of total assets, primarily because of the absence of other acceptable loans and investments.

Although ready convertibility into cash without significant loss is the primary requisite of secondary reserve type assets, the manager of the account strives for the maximum income permitted under these conditions. Because of their short-term nature and the unquestionable worthiness of the credit standing of the issuers, the return on securities of this kind is very small relative to other loans and investments. To squeeze the maximum return possible from the secondary reserve portfolio, while constantly maintaining it at a level and of a composition appropriate to the bank’s liquidity needs, requires a high degree of technical efficiency and maturity of judgment. The exact timing of sales and purchases for the account must be related to two constantly fluctuating variables: market conditions and the bank’s liquidity needs. The first of these requires familiarity with the money markets in which these kinds of securities are traded, cognizance of price changes, a broad understanding of overall economic conditions with particular emphasis on those changes which affect money market conditions, and a knack for appraising the near-term future. Determination of the bank’s liquidity needs, as pointed out above, rests on a continuing knowledge of the cash, deposit, and loan position—present and potential future. In matching the two variables, any margin of error, needless to say, must be in favor of liquidity.

The good bank helmsman, in steering a sometimes difficult course between Scylla and Charybdis, is constantly aware that his vessel can ride out easily the adversities of somewhat lower profitability but may run into trouble through inadequate liquidity.
Operations in the manufacturing industries of three States of the District in February (based on man-hours) rose 1.6\% from January, which compares with a rise of 0.7\% in that period last year. The trade level, however, apparently receded somewhat from the peak levels of December and January. The back-away seems unimportant, for early March indications point to a resumption of the upward movement.

The overall volume of new construction placed under contract rose further in February, after seasonal correction, due entirely to a sharp increase in awards for factory buildings. Cotton consumption recovered about a third of its December-to-January loss, but on a spindle-hour basis February held even with January's high for the current recovery. Insured unemployment in the week of March 5 was down 7.3\% from a month earlier and 23.0\% under a year ago, which is about the same pattern as indicated nationally.

Farm prices in each State of the District during February were higher than in January, and in Maryland and South Carolina they were higher than a year ago. Bank debits made a further adjusted rise of 1\% in February and stood 11\% above a year ago. Business failures reversed the downward trend in February and rose 33\%, adjusted, from January. They were, however, a third smaller than a year ago. Bituminous coal output in February held at the January adjusted level and was 19\% higher than a year ago. In late March output appeared to be holding at better than the seasonal level.

Time deposits of member banks during February were at the same level as in January, and 11\% higher than a year ago. Savings bond purchases were down seasonally 17\% from January but remained 6\% ahead of a year ago. Share capital in savings and loan associations of the District, excluding West Virginia, was 4\% higher in February than a year ago, largely as a result of a 50\% increase in North Carolina and 10\% in Maryland. Other States showed substantial declines.

Employment in the manufacturing industries of West Virginia, North Carolina and South Carolina was 0.5\% higher in February than in January, and 1.1\% higher than a year ago. Employment in the nonmanufacturing industries of these States was at the same level in February as in January, but 1.6\% under a year ago, due largely to West Virginia's 6.4\% decline.

Trade

The current trade level and trends are of considerable interest since it is here that a large share of the sharp recovery in business activity of recent months has been noted. In the Fifth District, sales of department stores in February failed to maintain January adjusted levels and were off 4\% in this period. The February level, however, was 3\% higher than a year ago and the first two months of the year were up 7\%. The February adjusted level was 10.5\% below the December peak and back to the same level established in October and November. Average daily seasonally adjusted sales in Maryland and Washington, D. C., were lower than either January or February 1954. Sales in West Virginia and North Carolina were lower than in January but higher than in February last year. Sales in South Carolina were higher than in either January or February last year.

While sales of women's coats, suits, dresses and accessories in February were smaller than a year ago, men's wear was somewhat higher. Domestic floor coverings and major household appliances were the bellwethers while radios, television, etc., took a substantial beating.

The improvement witnessed in January sales of retail furniture stores was not sustained in February, when a seasonally adjusted drop of 4\% occurred. February sales, however, were 6\% higher than a year ago and the two months of the year were up 11\%. February adjusted sales of furniture stores were back near the level established in December.

Household appliance store sales in February showed an unadjusted increase of 6\% from January, and 14\% over last year. Much the same trend was shown by major household appliance departments of department stores.

Complete January registrations of new passenger automobiles are available for Fifth District States, and while they were 36\% below December, they jumped 18\% over a year ago. This compares with a drop during the month of 34\% for 47 States and a gain over last year of 26\%. New commercial car registrations in the District during January were down 27\% from December, and down 12\% from January a year ago. Nationally, there was a drop during the month of 11\%, but a 3\% rise from a year ago.

New passenger car registrations for February are available only for the District of Columbia. These were down 3\% from January but 56\% ahead of February 1954. New automobile sales in Richmond, Virginia, declined 4\% from January to February but gained 19\% in February over last year. Used-car sales in Richmond were down 7\% from January and 2\% from a year ago.

Definite indications of continued recovery or maintenance of high-level sales are hardly to be found in the department store and furniture store figures for this District, since February figures fell back into the range that had held for a good part of 1954. Automobiles, on the other hand, continued to show strength and the same is true of household appliance stores. Weekly reports for most of March, however, showed a considerable
measure of recovery in the department store field even after correction for an earlier Easter.

Construction

Construction has been one of the pillars of strength in both the District and the United States economies. There was some back-up in most types of construction during February, but an adjusted gain of 69% in contract awards for factory buildings was more than sufficient to offset losses in all other types of construction and raise the adjusted total contract awards for the month 4% over January. Total contract awards in February were 77% higher than a year ago and the two months' gain was 78%.

Adjusted contract awards for commercial buildings in February were down 13% from January but 52% ahead of a year ago. Factory awards were up 69% during the month and up 108% in the year; one- and two-family houses were down 25% during the month but up 92% over a year ago. Public works and utilities declined 4% during the month but rose 21% during the year.

Banking

Member banks of the Fifth District lost $71 million in total deposits between January 26 and February 23, but on the latter date the deposits were a sharp $441 million over year-ago figures. Time deposits were only about $300,000 higher in February than January but had jumped $178 million above the year-ago level. Interbank deposits were down $31 million during the month and $24 million above a year ago. Other demand deposits were lower by $41 million in the month and $239 million higher than a year ago.

The $71 million decline in deposits was accompanied by a $68 million decline in loans and investments during the month of February. In this period, however, loans rose $31 million, U. S. Government securities dropped $105 million, and other security holdings rose $6 million. Relative to a year ago, loans and investments were up $394 million, with loans showing an increase of $282 million, U. S. Government holdings up $38 million, and other security holdings up $74 million.

Borrowings of member banks from the Federal Reserve and from others totaled $84 million on February 23, a gain of $47 million since January 26 and a gain of $50 million over February 24 of last year.

Business loans of the weekly reporting banks continued their upward trend through the fourth week in March, when they were at an all-time high. Real estate loans continued to expand at much the same rate observed since mid-1954. "Other" loans (largely consumer loans) have been expanding in the early weeks of 1955 at an accelerated rate.

Manufacturing

Man-hours in all manufacturing industries of West Virginia, North Carolina and South Carolina in February were 1.6% higher than in January, and 5.7% higher than a year ago. The January-February rise of 1.6% compares with last year's 0.7%. In the durable goods industries, February gained 3.3% over January and 3.7% over a year ago. The January-February rise of 3.3% compares with 1.2% a year ago. In the non-durable goods industries in these States, man-hours in February were up 1.0% from January and 6.6% ahead of a year ago. The January-February rise of 1.0% this year compares with a rise of 0.5% last year.

A brief run-down of manufacturing trends may be of interest. In Maryland, man-hours reached a low point in April 1954, recovered about a third of the loss by August, and have been trending downward since then. In Virginia, the low point was established in April 1954. Recovery ensued from that point until a new high level was established in November. December and January (latest figures) turned down and approached the low point of last year. In West Virginia, the low point was established during the vacation month of July 1954; a moderate rise ensued until November; a reaction carried down to January; and February again improved moderately. The broad trends show no recovery in West Virginia, but they do indicate the decline has ceased. In North Carolina, man-hours dropped sharply from a peak in 1953 until May 1954, rose sharply practically to the 1953 high by October, and have been trending downward—by February, about one-fourth of the May-October rise was lost. In South Carolina, man-hours established a low point in May 1954 and have shown general recovery since that time—indeed, February was within striking distance of the 1953 peak. It should be remembered that these man-hour figures will understate changes in production levels to the extent that efficiency in output per man-hour has taken place. There is evidence that considerable increase in productivity has taken place in the past year.
Fifth District Statistical Data

FIFTH DISTRICT INDEXES
Seasonally Adjusted: 1947-1949=100

<table>
<thead>
<tr>
<th>LINES</th>
<th>% Chg. Latest Mo.</th>
<th>% Chg.</th>
<th>Latest Mo.</th>
</tr>
</thead>
<tbody>
<tr>
<td>New passenger car registration*</td>
<td>127</td>
<td>109</td>
<td>+18</td>
</tr>
<tr>
<td>Bank debits</td>
<td>168</td>
<td>151</td>
<td>+11</td>
</tr>
<tr>
<td>Bituminous coal production*</td>
<td>86</td>
<td>72</td>
<td>+19</td>
</tr>
<tr>
<td>Construction contracts</td>
<td>262</td>
<td>251</td>
<td>+4</td>
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<tr>
<td>Business failures—number</td>
<td>177</td>
<td>155</td>
<td>+32</td>
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<tr>
<td>Clearing production</td>
<td>110</td>
<td>90</td>
<td>+26</td>
</tr>
<tr>
<td>Dry goods</td>
<td>109</td>
<td>80</td>
<td>+35</td>
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<tr>
<td>Manufacturing employment*</td>
<td>105</td>
<td>102</td>
<td>+3</td>
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<tr>
<td>Life insurance sales</td>
<td>178</td>
<td>169</td>
<td>+24</td>
</tr>
</tbody>
</table>

* Not seasonally adjusted.

Source: Bureau of the Census, Department of Commerce.

BUILDING PERMIT FIGURES

<table>
<thead>
<tr>
<th>LINES</th>
<th>Feb. 1955</th>
<th>2 Months</th>
<th>2 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb.</td>
<td>1956</td>
<td>1955</td>
<td>1954</td>
</tr>
<tr>
<td>Maryland</td>
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<td>2,742,135</td>
<td>$16,543,057</td>
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<td>New Jersey</td>
<td>217,900</td>
<td>17,000</td>
<td>264,050</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>171,955</td>
<td>145,100</td>
<td>264,155</td>
</tr>
<tr>
<td>New York</td>
<td>65,070</td>
<td>61,850</td>
<td>320,670</td>
</tr>
<tr>
<td>Virginia</td>
<td>84,055</td>
<td>84,830</td>
<td>199,865</td>
</tr>
<tr>
<td>West Virginia</td>
<td>1,609,488</td>
<td>1,355,068</td>
<td>2,000,617</td>
</tr>
<tr>
<td>Maryland</td>
<td>579,135</td>
<td>557,350</td>
<td>1,874,938</td>
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<tr>
<td>Connecticut</td>
<td>162,365</td>
<td>122,237</td>
<td>416,568</td>
</tr>
<tr>
<td>New York</td>
<td>348,621</td>
<td>542,835</td>
<td>899,064</td>
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<td>166,412</td>
<td>109,992</td>
<td>283,280</td>
</tr>
<tr>
<td>New York</td>
<td>992,482</td>
<td>552,761</td>
<td>1,896,238</td>
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<td>168,600</td>
<td>116,500</td>
<td>334,900</td>
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<td>657,531</td>
<td>765,354</td>
<td>1,821,068</td>
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<td>243,500</td>
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<td>515,370</td>
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<td>899,577</td>
<td>682,351</td>
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<td>751,917</td>
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<tr>
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<td>133,555</td>
<td>128,181</td>
<td>223,422</td>
</tr>
<tr>
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<td>291,390</td>
<td>328,409</td>
<td>522,140</td>
</tr>
<tr>
<td>West Virginia</td>
<td>282,823</td>
<td>288,984</td>
<td>385,880</td>
</tr>
<tr>
<td>West Virginia</td>
<td>1,145,958</td>
<td>1,192,349</td>
<td>2,682,193</td>
</tr>
<tr>
<td>West Virginia</td>
<td>665,735</td>
<td>341,482</td>
<td>4,097,046</td>
</tr>
<tr>
<td>West Virginia</td>
<td>812,675</td>
<td>683,633</td>
<td>2,131,815</td>
</tr>
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<td>West Virginia</td>
<td>1,065,955</td>
<td>275,790</td>
<td>1,409,455</td>
</tr>
<tr>
<td>West Virginia</td>
<td>3,201,158</td>
<td>1,898,060</td>
<td>2,809,602</td>
</tr>
<tr>
<td>West Virginia</td>
<td>283,092</td>
<td>184,627</td>
<td>619,519</td>
</tr>
<tr>
<td>West Virginia</td>
<td>84,132</td>
<td>355,357</td>
<td>151,378</td>
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<tr>
<td>West Virginia</td>
<td>238,000</td>
<td>195,150</td>
<td>494,450</td>
</tr>
<tr>
<td>West Virginia</td>
<td>1,188,517</td>
<td>2,420,583</td>
<td>1,944,183</td>
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<tr>
<td>West Virginia</td>
<td>282,823</td>
<td>288,984</td>
<td>385,880</td>
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<tr>
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<td>1,188,517</td>
<td>2,420,583</td>
<td>1,944,183</td>
</tr>
</tbody>
</table>

Source: Bureau of the Census, Department of Commerce.

 WHOLESALE TRADE

Sales in February 1955 compared with Feb. 28, 1954

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto supplies</td>
<td>+41</td>
<td>4</td>
</tr>
<tr>
<td>Electrical goods</td>
<td>+16</td>
<td>+17</td>
</tr>
<tr>
<td>Hardware</td>
<td>+9</td>
<td>+3</td>
</tr>
<tr>
<td>Industrial supplies</td>
<td>+10</td>
<td>+9</td>
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<tr>
<td>Drugs and sundries</td>
<td>+12</td>
<td>+9</td>
</tr>
<tr>
<td>Dry goods</td>
<td>+7</td>
<td>0</td>
</tr>
<tr>
<td>Groceries</td>
<td>+3</td>
<td>9</td>
</tr>
<tr>
<td>Paper and its products</td>
<td>+19</td>
<td>+9</td>
</tr>
<tr>
<td>Tobacco products</td>
<td>+13</td>
<td>+6</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>+12</td>
<td>0</td>
</tr>
<tr>
<td>District Total</td>
<td>+17</td>
<td>+1</td>
</tr>
</tbody>
</table>

NA Not Available.

Source: Bureau of the Census, Department of Commerce.

DEPARTMENT STORE OPERATIONS

(Figures show percentage changes)

<table>
<thead>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales, Feb. '55 vs Feb. '54</td>
<td>+3</td>
<td>-2</td>
<td>-2</td>
<td>+6</td>
<td>+2</td>
</tr>
<tr>
<td>Sales, 2 Mos. ending Feb. 28, '55, vs 2 Mos. ending Feb. 28, '54</td>
<td>+10</td>
<td>+4</td>
<td>+4</td>
<td>+8</td>
<td>+6</td>
</tr>
<tr>
<td>Stocks, Feb. 28, '55 vs '54</td>
<td>+3</td>
<td>+8</td>
<td>0</td>
<td>-3</td>
<td>+2</td>
</tr>
<tr>
<td>Outstanding Orders</td>
<td>+14</td>
<td>+5</td>
<td>-7</td>
<td>-1</td>
<td>0</td>
</tr>
<tr>
<td>Open account receivables Feb. 1, collected in Feb. 1955</td>
<td>29.5</td>
<td>45.2</td>
<td>43.2</td>
<td>37.2</td>
<td>40.2</td>
</tr>
<tr>
<td>Installment receivables Feb. 1, collected in Feb. 1955</td>
<td>16.7</td>
<td>13.6</td>
<td>14.3</td>
<td>15.8</td>
<td>13.6</td>
</tr>
</tbody>
</table>

Furniture Sales*

(Based on Dollar Value)

<table>
<thead>
<tr>
<th>LINES</th>
<th>Feb. 1955</th>
<th>2 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>States</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Virginia</td>
<td>11</td>
<td>19</td>
</tr>
<tr>
<td>North Carolina</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>South Carolina</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>West Virginia</td>
<td>3</td>
<td>19</td>
</tr>
<tr>
<td>Individual Cities</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Baltimore, Md.</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Washington, D. C.</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Richmond, Va.</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Charleston, W. Va.</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Greenville, S. C.</td>
<td>10</td>
<td>2</td>
</tr>
</tbody>
</table>

* Data from furniture departments of department stores as well as furniture stores.
Federal Reserve Bank of Richmond

FIFTH DISTRICT BANKING STATISTICS

DEBITS TO DEMAND DEPOSIT ACCOUNTS*

(000 omitted)

<table>
<thead>
<tr>
<th>Dist. of Columbia</th>
<th>Feb. 1955</th>
<th>2 Months</th>
<th>Feb. 1954</th>
<th>2 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington</td>
<td>$1,199,564</td>
<td>$ 998,797</td>
<td>$2,522,945</td>
<td>$2,095,782</td>
</tr>
<tr>
<td>Maryland</td>
<td>1,423,627</td>
<td>1,282,374</td>
<td>2,927,148</td>
<td>2,663,291</td>
</tr>
<tr>
<td>Baltimore</td>
<td>21,540</td>
<td>20,314</td>
<td>44,209</td>
<td>42,244</td>
</tr>
<tr>
<td>Frederick</td>
<td>29,448</td>
<td>20,516</td>
<td>41,773</td>
<td>41,007</td>
</tr>
<tr>
<td>Hagerstown</td>
<td>37,853</td>
<td>33,385</td>
<td>77,614</td>
<td>70,364</td>
</tr>
<tr>
<td>Total 4 Cities</td>
<td>1,503,488</td>
<td>1,356,539</td>
<td>3,090,744</td>
<td>2,816,906</td>
</tr>
</tbody>
</table>

North Carolina

| Ashevi lle       | 60,937    | 55,471    | 131,659   | 118,316   |
| Charlotte        | 375,996   | 332,198   | 782,828   | 672,401   |
| Durham           | 73,119    | 76,899    | 154,402   | 162,995   |
| Greensboro       | 141,486   | 110,522   | 286,758   | 225,775   |
| High Point**     | 46,856    | 39,175    | 94,316    | 81,338    |
| In town          | 20,691    | 19,582    | 46,165    | 41,891    |
| Raleigh          | 193,309   | 160,235   | 390,653   | 247,629   |
| Wilming to n      | 46,960    | 46,715    | 97,915    | 86,711    |
| Wilso n          | 19,941    | 17,082    | 42,267    | 37,203    |
| Winston-Salem    | 160,046   | 130,439   | 321,822   | 252,020   |
| Total 9 Cities   | 1,092,985 | 943,056   | 2,253,333 | 1,974,041 |

South Carolina

| Charleston       | 74,503    | 65,657    | 156,023   | 138,216   |
| Columbia         | 155,999   | 149,455   | 323,699   | 315,617   |
| Greenville       | 111,622   | 100,791   | 244,586   | 228,149   |
| Spartanburg      | 60,267    | 59,432    | 129,672   | 118,797   |
| Total 4 Cities   | 402,391   | 376,414   | 855,345   | 780,958   |

Virginia

| Charlottesville | 32,807    | 27,895    | 62,240    | 57,772    |
| Danville        | 36,617    | 30,594    | 75,841    | 71,481    |
| Lynchburg       | 48,540    | 44,359    | 100,822   | 92,914    |
| Newport News    | 50,547    | 44,129    | 100,628   | 97,894    |
| Norfolk         | 242,415   | 233,967   | 529,658   | 487,884   |
| Portsmouth      | 37,859    | 30,406    | 68,850    | 68,149    |
| Richmond        | 97,235    | 93,119    | 214,153   | 197,807   |
| Roanoke         | 116,878   | 103,739   | 239,094   | 216,109   |
| Total 8 Cities  | 1,168,588 | 1,049,499 | 2,431,346 | 2,172,005 |

West Virginia

| Bluefield        | 39,889    | 35,734    | 85,677    | 80,125    |
| Charleston       | 149,144   | 157,160   | 351,620   | 356,999   |
| Clarksburg       | 29,024    | 24,420    | 69,909    | 67,382    |
| Huntington       | 63,378    | 62,585    | 143,530   | 138,966   |
| Parkersburg      | 25,891    | 27,547    | 56,102    | 54,422    |
| Total 5 Cities   | 267,566   | 251,366   | 545,729   | 530,744   |
| District Totals  | $5,674,652 | $5,036,671 | $11,860,627 | $10,550,436 |

* Interbank and U. S. Government accounts excluded.
** Not included in District totals.

** WEEKLY REPORTING MEMBER BANKS**

(000 omitted)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Loans</td>
<td>$1,575,124**</td>
<td>+ 23,474</td>
<td>+161,753</td>
</tr>
<tr>
<td>Bus. &amp; Agric.</td>
<td>719,939</td>
<td>+ 16,201</td>
<td>+ 67,143</td>
</tr>
<tr>
<td>Real Estate Loans</td>
<td>388,186</td>
<td>+ 2,737</td>
<td>+ 44,316</td>
</tr>
<tr>
<td>All Other Loans</td>
<td>569,051</td>
<td>+ 4,693</td>
<td>+ 54,918</td>
</tr>
<tr>
<td>Total Security Holdings</td>
<td>1,831,109</td>
<td>- 16,496</td>
<td>+ 31,965</td>
</tr>
<tr>
<td>U. S. Treasury Bills</td>
<td>86,495</td>
<td>- 1,355</td>
<td>- 69,551</td>
</tr>
<tr>
<td>U. S. Treasury Certificates</td>
<td>49,689</td>
<td>- 13,576</td>
<td>- 164,780</td>
</tr>
<tr>
<td>U. S. Treasury Notes</td>
<td>374,481</td>
<td>- 6,501</td>
<td>- 152,140</td>
</tr>
<tr>
<td>U. S. Treasury Bonds</td>
<td>1,038,535</td>
<td>- 2,234</td>
<td>- 60,177</td>
</tr>
<tr>
<td>Other Bonds, Stocks &amp; Secur.</td>
<td>281,090</td>
<td>- 2,072</td>
<td>- 58,979</td>
</tr>
<tr>
<td>Cash Items in Process of Col.</td>
<td>340,780</td>
<td>- 20,351</td>
<td>- 46,400</td>
</tr>
<tr>
<td>Due from Banks</td>
<td>171,418*</td>
<td>+ 1,527</td>
<td>- 15,456</td>
</tr>
<tr>
<td>Currency and Coin</td>
<td>75,116</td>
<td>- 516</td>
<td>- 1,798</td>
</tr>
<tr>
<td>Reserve with F. R. Banks</td>
<td>541,618</td>
<td>+ 22,839</td>
<td>- 7,065</td>
</tr>
<tr>
<td>Other Assets</td>
<td>66,553</td>
<td>- 631</td>
<td>+ 4,769</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$4,601,744</td>
<td>+ 50,548</td>
<td>+ 222,577</td>
</tr>
<tr>
<td>Total Demand Deposits</td>
<td>$3,845,812</td>
<td>+102,602</td>
<td>+ 162,672</td>
</tr>
<tr>
<td>Deposits of Individuals</td>
<td>2,618,102</td>
<td>+ 78,119</td>
<td>+ 156,007</td>
</tr>
<tr>
<td>Deposits of U. S. Government</td>
<td>104,429</td>
<td>- 12,449</td>
<td>- 12,970</td>
</tr>
<tr>
<td>Deposits of State &amp; Local Gov.</td>
<td>229,306</td>
<td>+ 30,199</td>
<td>+ 12,955</td>
</tr>
<tr>
<td>Deposits of Banks</td>
<td>1,038,535</td>
<td>+ 2,234</td>
<td>- 60,177</td>
</tr>
<tr>
<td>Certified &amp; Officers' Checks</td>
<td>64,690*</td>
<td>+ 5,099</td>
<td>- 711</td>
</tr>
<tr>
<td>Total Time Deposits</td>
<td>750,429</td>
<td>- 3,056</td>
<td>+ 51,994</td>
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<tr>
<td>Deposits of Individuals</td>
<td>672,545</td>
<td>- 1,930</td>
<td>+ 48,388</td>
</tr>
<tr>
<td>Other Time Deposits</td>
<td>77,884</td>
<td>- 4,895</td>
<td>- 3,606</td>
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<tr>
<td>Liabilities for Borrowed Money</td>
<td>19,000</td>
<td>- 42,450</td>
<td>+ 2,650</td>
</tr>
<tr>
<td>All Other Liabilities</td>
<td>304,059</td>
<td>- 631</td>
<td>+ 4,769</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$4,601,744</td>
<td>+ 50,548</td>
<td>+ 222,577</td>
</tr>
</tbody>
</table>

* Net figures, reciprocal balances being eliminated.
** Less losses for bad debts.