MONTHLY REVIEW

TWELFTH FEDERAL RESERVE DISTRICT

AUGUST 1952 FEDERAL RESERVE BANK OF SAN FRANCISCO

FARM FORECAST—ANOTHER GOOD YEAR

PRESENT indications are that United States food supplies from the 1952 harvests will be generally plentiful in the months ahead. The combined production of all crops is expected to be the third largest on record and the output of livestock products may top all previous years. Farm income should be the same or slightly higher than in 1951, with lower average prices largely offsetting increased output.

Plantings of 1952 crops were about the same as in 1951. Despite some "headline" weather problems during the growing season, yields for most crops should be at high levels. Winter wheat and rice are expected to set new production records and above average crops of corn, cotton, soybeans, hops, grapes, cherries, and plums are forecast. Smaller production of dairy products and fewer hogs should be more than offset by increased supplies of beef cattle and poultry products.

Production problems during most of the season have been no more difficult than in other recent years. Concern over labor supplies and continued high production costs led farmers to continue the gradual shift to less intensive farming and crops requiring less labor. Drought in the Northeast and Southeast has been severe but will not affect national food supplies appreciably. Feed grain supplies for the 1952-53 season were reduced somewhat by the dry weather in July and August but will still be near the average of recent years. As the season progressed, few problems arose which required farmers to alter their planting intentions, and shifts between crops were relatively minor.

More field crops, less fruit in the District

Compared with some recent years, Twelfth District farmers have enjoyed a relatively favorable growing season so far this year. Heavy winter rains and good snowfall assured adequate irrigation water and good soil moisture conditions throughout all states. Dry spells in local areas reduced some crop yields, but in most areas spring rains contributed to the favorable moisture situation. Winter freezes and spring frosts were few and had relatively little effect on production prospects. Abandonment of dry-farmed crops was less than usual.

These good growing conditions have allowed California and Arizona farmers to bring to harvest a record acreage of field crops. Arizona's record acreage results largely from the sharp increase in cotton plantings from which Arizona growers hope to harvest their first million-bale crop. No outstanding increases have occurred for any individual field crops in California but gains are indicated for most. Last year's record cotton and rice acreages were increased slightly and the output of both crops should reach all-time highs.

Field crop production in Oregon, Idaho, and Nevada is turning out larger than in 1951. Yields for most crops should be higher under the stimulus of adequate moisture and favorable temperatures. The larger seedings of winter wheat in the Pacific Northwest came through the winter with relatively little winter kill. Though plantings of spring wheat were consequently reduced, total wheat production in Idaho and Oregon will set a new high, and Washington's crop is well above that of 1951. Despite these increased acreages of wheat in the Pacific Northwest and the larger cotton acreages in California and Arizona, District farmers made substantial expansions in feed grain and hay acreages. District output of the four feed grains (barley, corn, oats, and sorghums) is expected to be 17 percent above 1951 levels.

Fruit is coming off District trees this year in considerably smaller quantities than in 1951 except for apples and cherries. In addition, most fruit crops are below the 1941-51 average production. Contrary to the last few years, adverse weather is not the principal cause of the smaller crops. Spring frosts in Oregon and central Washington caused some losses, but the other District states came through the winter and spring with no freeze dam-

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age. Much of the decrease in output is merely the reaction that often follows a year of fairly large crops. Despite the cold weather losses in Oregon and Washington, total fruit production in both states should exceed the 1951 outturn, which suffered even more seriously from freezing weather. Idaho's orchards are also expected to yield larger crops. These increases, however, are more than offset by drops in California's big fruit crops, with substantial reductions anticipated for apricots, grapes, peaches, plums, and prunes.

At the start of the 1951-52 citrus year last November, California's navel orange crop was expected to be up slightly and little change was forecast for lemons and grapefruit. Two freezing spells, high winds, and brown and water rot induced by heavy rains reduced yields considerably. The Valencia crop matured slowly and turned out smaller-sized than usual. Arizona's citrus crop has been disappointing. Many groves were short of water, and the set was lighter than was first thought. Orange production was down almost 50 percent from the previous year, and the grapefruit crop is turning out 40 percent smaller.

District egg supplies to decline while milk production up

More eggs were gathered from the nation's hen houses during the first seven months of this year than during the same period last year. Fewer chickens are being raised for laying flock replacement, however, and egg production nationally is expected to fall off later this year. District production, which has also been running ahead of last year, may not decrease as much as nationally. Not only has the increase in laying flocks over last year been relatively larger than for the entire United States, but potential layers on farms on August 1 have increased in the District while decreasing in the country as a whole.

Milk production will continue its seasonal decline until winter, and national output for the year will probably be slightly below that in 1951. Both milk production from January to July and mid-year numbers of milk cows were under the previous year's levels. In the District, however, both output and numbers are slightly above 1951 figures.

More meat for 1952

Although total livestock slaughter and meat production in the nation in the first half of the year was well above a year earlier, in the second half of 1952 it will be little if any larger than in the last six months of 1951. Cattle slaughter is rising from last year's level, but the rise is slower than the decrease which is occurring in hog slaughter. Cattle numbers on farms have been expanding for several years. Unless slaughter rates are substantially increased, this trend will continue. Although commercial hog slaughter in the first six months of 1952 was 7½ percent larger than in the first half of 1951, the increase took place in the first four months. Hog slaughter has been falling since May and this trend is likely to continue well into 1953. Not only was there a 9 percent reduction in the 1952 spring pig crop, but farmers indicate they intend to reduce the fall crop as well.

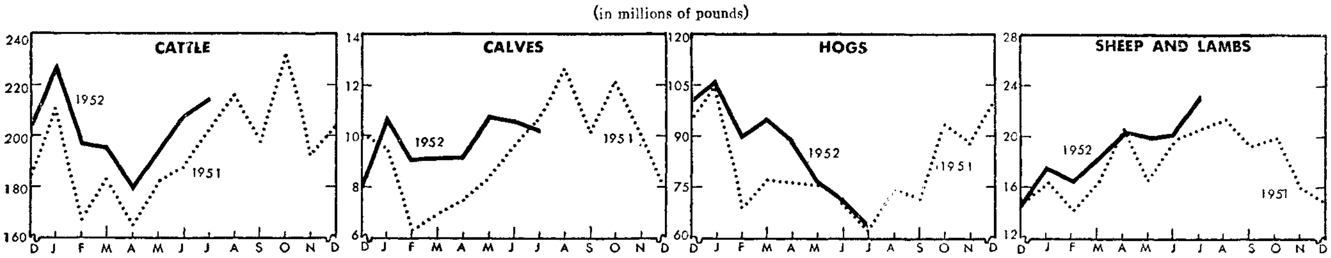
Commercial slaughter of sheep and lambs in the United States in the first half of 1952 was about one-fourth larger than a year earlier. The substantial rise is attributed chiefly to increased numbers fed last winter and to a more normal pattern of marketing spring lambs. Last

INDICATED 1952 PRODUCTION OF LEADING CROPS—TWELFTH DISTRICT AS OF AUGUST 1, 1952

	Indicated 1952 production (in thousands)	Percent change 1952 compared with— 1951	1941-50 average
Field and seed crops			
Barley (bu.)	91,867	+18	+ 11
Beans, dry (bags)	7,325	—10	+ 4
Corn (bu.)	9,331	+16	+ 24
Cotton (bales)	2,920	+14	+233
Flaxseed (bu.)	1,312	—30	— 64
Sorghums, grain (bu.)	5,338	+47	— 22
Hay, all (tons)	14,043	+ 9	— 2
Hops (lbs.)	61,063	— 3	+ 25
Oats (bu.)	32,797	+13	0
Peas, dry (bags)	2,422	—32	— 6
Potatoes (bu.)	106,468	+ 8	+ 5
Rice (bags)	11,220	+ 8	+ 60
Sugar beets (tons)	4,012	— 6	+ 4
Wheat, all (bu.)	173,362	+ 7	+ 25
Fruits			
Apples (bu.)	36,800	+17	— 13
Apricots (tons)	173	— 6	— 24
Cherries (tons)	86	+28	— 6
Grapes (tons)	2,792	—14	+ 5
Grapefruit[1] (boxes)	4,170	—29	— 33
Oranges[1] (boxes)	39,030	—16	— 21
Lemons[1] (boxes)	12,800	— 5	— 2
Peaches (bu.)	32,402	—15	— 6
Pears (bu.)	25,702	0	+ 4
Plums (tons)	56	—42	— 29
Prunes, fresh (tons)	94	— 1	— 19
Prunes, dried (tons)	137	—23	— 26
Nuts			
Almonds (tons)	35	—19	+ 13
Filberts (tons)	11	+57	+ 57
Walnuts (tons)	81	+ 5	+ 16

[1] Figures are for crop year which begins in October of the previous year.
Source: United States Department of Agriculture, Bureau of Agricultural Economics, *Crop Production*, August 1, 1952.

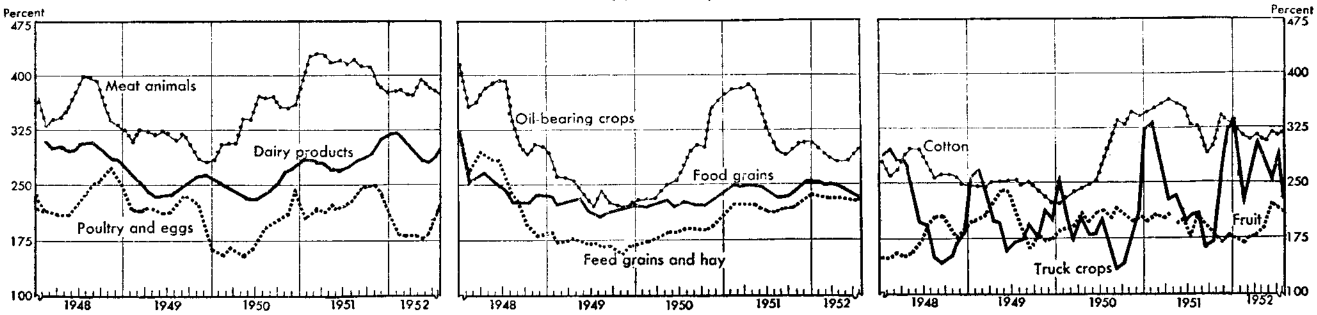
LIVESTOCK SLAUGHTER*—TWELFTH DISTRICT, 1951 AND 1952
(in millions of pounds)



*Slaughter in Federally inspected plants and in other wholesale and retail plants: excludes farm slaughter.
Source: United States Department of Agriculture, Bureau of Agricultural Economics, *Livestock Slaughter by States*.

INDEXES OF PRICES RECEIVED BY FARMERS—UNITED STATES, 1948-52*

(1910-14=100)



*Mid-monthly data.
Source: United States Department of Agriculture, Bureau of Agricultural Economics, *Agricultural Prices.*

year, in contrast, an unusually large proportion of lambs were withheld from slaughter for building up flocks and breeding inventories. As the rate of retention on farms is expected to be lower this summer and fall than last and because of larger numbers on farms, sheep and lamb slaughter will show a net gain over last year. On balance, red meat production for 1952 will be slightly larger than last year.

White meat supplies for the year as a whole are also expected to total more than in 1951. During the first half of the year, consumption of chickens and turkeys was apparently of record proportions. Larger supplies are in prospect for the coming months from the larger stocks of chickens now in storage, marketings of chickens at about year-ago levels, and the probable increase in turkey production. Turkey growers started the year with plans to increase the number of turkeys raised because of favorable returns in 1951. Hatchings during the spring were 13 percent above last year and the total crop could establish a new record by year end.

Agricultural prices remain high and firm

Demand for farm products throughout the nation has continued at high levels for the past year. Consumer incomes have continued high and exports of farm products were at record levels. With prospects for an expanding defense program, a high level of business investment spending, and a general rise in total demand for goods and services, consumer incomes probably will continue to increase moderately and will support a high level of domestic demand for farm products in the 1952-53 marketing year. Since total agricultural production is expected to increase only moderately, prices should be relatively stable for most agricultural products.

Prices received by farmers in the first half of 1952 averaged only slightly lower than during the first half of last year. They are not expected to change much in coming months if current prospects materialize. Wheat prices have been adjusting to a large new crop, and feed grain prices may weaken somewhat at harvest time if growing conditions are favorable. The effect of relatively large supplies will be modified by price supports. Recent action by Congress guarantees that prices will be supported at 90 percent of parity for at least two more years. Relatively high prices for vegetables will continue into the second half of the year because of strong demand and decreased production. Although fruit crops are generally smaller, supplies are expected to be large enough to fill processing demands and yet provide a fairly large volume for the fresh market at prices generally under 1951 levels.

Because production and stocks of most dairy products are below last year and demand continues high, there will be some seasonal price increases this year. The normal seasonal increase in cattle marketings this fall will push beef prices below 1951 levels. In drought-affected areas, drying ranges and pastures have already resulted in some forced marketings. If further deterioration occurs, ranchers may reduce herds more than now appears likely, thus putting further pressure on beef prices. Sheep and lamb prices will also tend to dip slightly this fall as marketings increase seasonally. Although livestock prices as a group will probably continue below those of a year earlier, the smaller spring pig crop will be reflected in higher hog prices the rest of the year.

Lower farm income likely for 1952

Farmers' net income in 1952 is expected to be about the same as or somewhat smaller than the $14.9 billion they realized last year. Gross farm income in the United States, which was 14 percent higher in 1951 than the year before, seems to be leveling off, with lower average prices largely offsetting increased output. On the other hand, farm production expenses, which rose 12 percent last year, are still rising, though at a considerably slower rate. This combination indicates a small decline in this year's net income.

Cash receipts from farm marketings, the principal element in farmers' gross income, may be slightly higher than the 1951 total, however. Wheat, corn, cotton, and dairy products will be the main contributors to the increase. Receipts may be lower for meat animals, eggs, flaxseed, soybeans, and some fruits. Crop receipts for the first eight months of the year ran 18 percent higher than the corresponding period a year ago. Livestock and livestock products receipts, however, dropped 4 percent, dairy products being the only member of the group to register an increase over the first eight months of 1951.

BUSINESS INDEXES—TWELFTH DISTRICT[1]

(1947-49 average = 100)

Year and month	Industrial production (physical volume)[2]								Total nonagricultural employment	Total mf'g employment[4]	Carloadings (number)[2]	Dep't store sales (value)[2]	Retail food prices[3,5]	Waterborne foreign trade[3,6]	
	Lumber	Petroleum[3] Crude	Petroleum[3] Refined	Cement	Lead[3]	Copper[3]	Wheat flour[3]	Electric power						Exports	Imports
1929	97	87	78	54	165	105	90	29	....	....	102	30	64	190	124
1931	51	57	55	36	100	49	86	29	....	....	68	25	50	138	80
1933	41	52	50	27	72	17	75	26	....	....	52	18	42	110	72
1934	44	52	50	35	76	24	81	28	....	....	60	21	45	132	78
1935	54	62	56	33	86	37	87	30	....	47	66	24	48	135	109
1936	70	64	61	58	96	64	81	34	....	54	77	28	48	131	116
1937	74	71	65	56	114	88	84	38	....	60	81	30	50	170	119
1938	58	75	64	45	92	58	81	36	....	51	72	28	48	164	87
1939	72	67	63	56	93	80	91	40	....	55	77	31	47	163	95
1940	79	67	63	61	108	94	87	43	....	63	82	33	47	132	101
1941	93	69	68	81	109	107	87	49	....	83	95	40	52	....	....
1942	93	74	71	96	114	123	88	60	....	121	102	49	63	....	....
1943	90	85	83	79	100	125	98	76	100	164	99	59	69	....	....
1944	90	93	93	63	90	112	101	82	101	158	105	65	68	....	....
1945	72	97	98	65	78	90	112	78	96	122	100	72	70	....	....
1946	85	94	91	81	70	71	108	78	95	104	101	91	80	89	57
1947	97	100	98	96	94	106	113	90	99	100	106	99	96	129	81
1948	104	101	100	104	105	101	98	101	102	102	100	104	103	86	98
1949	99	99	103	100	101	93	88	108	99	98	94	98	100	85	121
1950	112	98	103	112	109	115	86	119	103	105	97	105	100	91	137
1951	114	106	112	128	89	115	95	136	110	119	100	108	113	186	157
1951															
June	124	106	110	132	91	114	81	135	110	120	107	103	112	196	166
July	101	107	112	142	84	112	83	140	111	120	92	108	113	201	147
August	114	107	115	138	67	98	90	141	111	120	94	106	112	240	142
September	105	107	116	129	74	108	96	135	110	118	104	108	112	215	155
October	118	107	114	130	80	116	96	141	111	120	101	106	113	187	172
November	109	107	116	124	85	114	99	140	111	121	101	114	114	182	144
December	99	106	109	119	88	118	101	136	111	120	100	110	117	192	130
1952															
January	93	106	111	94	88	109	112	142	113	122	86	106	116	183	146
February	107	106	113	112	104	109	105	139	113	124	101	108	114	208	138
March	108	106	115	113	96	115	90	142	112	125	100	102	114	210	157
April	110	107	114	120	95	117	88	141	112	126	106	105	116	185	143
May	94	108	114	129	89	116	87	147	112	125	98	118	115	...	143
June	117	107	116	126	90	112	84	150	113	126	108	114	115	...	...

BANKING AND CREDIT STATISTICS—TWELFTH DISTRICT

(amounts in millions of dollars)

Year and month	Condition items of all member banks[7]				Bank rates on short-term business loans[9]	Member bank reserves and related items[10]					Bank debits index 31 cities[3,13] (1947-49 = 100)[2]
	Loans and discounts	U.S. Gov't securities	Demand deposits adjusted[8]	Total time deposits		Reserve bank credit[11]	Commercial operations[12]	Treasury operations[12]	Coin and currency in circulation[11]	Reserves	
1929	2,239	495	1,234	1,790	......	− 34	0	+ 23	− 6	175	42
1931	1,898	547	984	1,727	......	+ 21	− 154	+ 154	+ 48	147	28
1933	1,486	720	951	1,609	......	− 2	− 110	+ 150	− 18	185	18
1934	1,469	1,064	1,201	1,875	......	− 7	− 198	+ 257	+ 4	242	21
1935	1,537	1,275	1,389	2,064	......	+ 2	− 163	+ 219	+ 14	287	25
1936	1,682	1,334	1,791	2,101	......	+ 6	− 227	+ 454	+ 38	479	30
1937	1,871	1,270	1,740	2,187	......	− 1	− 90	+ 157	− 3	549	32
1938	1,869	1,323	1,781	2,221	......	− 3	− 240	+ 276	+ 20	565	29
1939	1,967	1,450	1,983	2,267	......	+ 2	− 192	+ 245	+ 31	584	30
1940	2,130	1,482	2,390	2,360	......	+ 2	− 148	+ 420	+ 96	754	32
1941	2,451	1,738	2,893	2,425	......	+ 4	− 596	+1,000	+ 227	930	39
1942	2,170	3,630	4,356	2,609	......	+ 107	−1,980	+2,826	+ 643	1,232	48
1943	2,106	6,235	5,998	3,226	......	+ 214	−3,751	+4,486	+ 708	1,462	61
1944	2,254	8,263	6,950	4,144	......	+ 98	−3,534	+4,483	+ 789	1,706	69
1945	2,663	10,450	8,203	5,211	......	− 76	−3,743	+4,682	+ 545	2,033	76
1946	4,068	8,426	8,821	5,797	......	+ 9	−1,607	+1,329	− 326	2,094	87
1947	5,358	7,247	8,922	6,006	......	− 302	− 510	+ 698	− 206	2,202	95
1948	6,032	6,366	8,655	6,087	......	+ 17	+ 472	− 482	− 209	2,420	103
1949	5,925	7,016	8,536	6,255	3.20	+ 13	− 930	+ 378	− 65	1,924	102
1950	7,105	6,392	9,244	6,256	3.35	+ 39	−1,141	+1,198	− 14	2,026	115
1951	7,907	6,533	9,940	6,720	3.66	− 21	−1,582	+1,983	+ 189	2,269	132
1951											
July	7,473	6,005	9,052	6,510	......	− 14	− 342	+ 298	+ 19	2,186	125
August	7,630	6,000	9,058	6,547	......	+ 159	− 80	+ 86	+ 41	2,312	129
September	7,704	5,998	9,235	6,576	3.65	− 43	+ 18	+ 42	+ 32	2,293	129
October	7,791	6,204	9,485	6,642	......	− 121	− 143	+ 283	+ 17	2,291	134
November	7,885	6,356	9,584	6,625	......	+ 236	− 239	+ 118	+ 18	2,392	137
December	7,907	6,533	9,940	6,720	3.82	− 276	− 102	+ 279	+ 14	2,269	141
1952											
January	7,806	6,543	9,951	6,806	......	+ 84	− 228	+ 194	− 86	2,416	134
February	7,760	6,413	9,420	6,900	......	+ 180	− 109	− 111	+ 20	2,365	138
March	7,787	6,378	9,426	6,915	3.94	− 309	− 17	+ 272	− 7	2,313	139
April	7,850	6,313	9,408	6,924	......	+ 176	− 237	+ 102	+ 13	2,341	135
May	7,921	6,238	9,306	6,985	......	+ 52	− 174	+ 185	+ 49	2,347	128
June	8,062	6,258	9,501	7,083	3.95	− 211	− 97	+ 190	+ 29	2,209	144
July	8,114	6,507	9,643	7,143	......	+ 45	− 208	+ 288	+ 7	2,333	134

[1] Adjusted for seasonal variation, except where indicated. Except for department store statistics, all indexes are based upon data from outside sources, as follows: lumber, various lumber trade associations; petroleum, cement, copper, and lead, U.S. Bureau of Mines; wheat flour, U.S. Bureau of the Census; electric power, Federal Power Commission; nonagricultural and manufacturing employment, U.S. Bureau of Labor Statistics and cooperating state agencies; retail food prices, U.S. Bureau of Labor Statistics; carloadings, various railroads and railroad associations; and foreign trade, U.S. Bureau of the Census. [2] Daily average. [3] Not adjusted for seasonal variation. [4] Excludes fish, fruit, and vegetable canning. [5] Los Angeles, San Francisco, and Seattle indexes combined. [6] Commercial cargo only, in physical volume, for Los Angeles, San Francisco, San Diego, Oregon, and Washington customs districts; starting with July 1950, "special category" exports are excluded because of security reasons. [7] Annual figures are as of end of year, monthly figures as of last Wednesday in month or, where applicable, as of call report date. [8] Demand deposits, excluding interbank and U.S. Gov't deposits, less cash items in process of collection. Monthly data partly estimated. [9] Average rates on loans made in five major cities during the first 15 days of the month. [10] End of year and end of month figures. [11] Changes from end of previous month or year. [12] Minus sign indicates flow of funds out of the District in the case of commercial operations, and excess of receipts over disbursements in the case of Treasury operations. [13] Debits to total deposit accounts, excluding inter-bank deposits. r—revised.

UNITED STATES SAVINGS BONDS — THE OLD AND THE NEW

The causes of inflation and the weapons available for combating it were described briefly in the June and July issues of the *Monthly Review*. These articles stressed the important role of Savings Bonds in helping to prevent a deterioration in the purchasing power of the dollar. The purchaser of Savings Bonds plays a dual role, however. He not only strikes a blow against inflation but, at the same time, he purchases an investment which for many millions of savers is an ideal medium for holding liquid assets. Most Americans, even those with modest incomes, endeavor to lay aside savings to be used in case of illness or other unforeseen events and as a provision against old age.

The proper choice as to the form in which to hold savings is virtually as important as the act of saving itself. Safety and liquidity, combined with a satisfactory return, are the primary considerations. The large investor is, of course, an important factor in supplying equity and private bond markets with necessary funds for capital development. He also has need, however, for riskless, highly liquid investments as a contingency reserve and as a hedge against other more risky investments.

Considering their highly desirable risk and liquidity features, the new Savings Bonds which became available in May and June of this year provide an attractive yield. The terms of these new Savings Bonds have been given wide publicity, but because of their importance it might be well to point out again the significant changes which have been made in the Treasury's present offerings of Savings Bonds. More detailed information is available at Federal Reserve Banks and their branches, local banks and post offices, other designated agencies, and the Treasury Department.

Among the Savings Bonds now available, one is last season's model, Series E, with important changes in accessories to make it more attractive for the coming season. Another, Series H, is an entirely new model designed to appeal to the "middle-income" groups. The remaining two new models, Series J and K, are primarily "carriage trade" items and replace the former Series F and G bonds. The major difference is that the new issues carry significantly higher yields than their predecessors.

The new Series E bond is unchanged in that it is still a discount bond — that is, a $25 bond may be purchased for $18.75. It is available in denominations from $25 to $10,000, is sold only to individuals, is nontransferable, and may be redeemed at any time after two months from the issue date. It may now be purchased in quantities up to $20,000 maturity value a year. A marked increase in yield in the earlier years of its life represents the most significant change in the new Series E bond compared with the old. If held for one year, the new bond yields 1.59 percent, more than twice the .67 percent paid by the old. At the end of two years the yield is 2.10 percent, compared with .99 percent for the old. The return on Series E bonds in their earlier years now compares more favorably than heretofore with that of alternative forms of investment for savings. The new issue also has a higher yield to maturity than the old — 3 percent compounded semiannually compared with 2.9 percent. This resulted from reducing the maturity of the bonds from the former 10 years to the present 9 years and 8 months. A similar increase in yield also applies to bonds held for an "extended maturity" period. Under the new provisions old Series E bonds maturing after May 1, 1952, as well as new bonds issued after that date, will earn 3 percent per annum compounded semiannually for each half-year period of the extension period. As previously, an investor desiring to hold a bond after its original maturity date need take no specific action and need only retain the bond for any period desired up to 10 years.

The most conspicuous change in the Treasury's new Savings Bonds line-up is the entirely new Series H bond. The Series H bond is similar to the Series E bond in that they both yield 3 percent if held to maturity (9 years and 8 months), both carry a smaller rate of interest for earlier years to encourage holding until maturity, can be purchased only by individuals, are nontransferable, and a maximum of $20,000 of each can be purchased in any one year. In contrast, however, to the Series E bond, which is a "discount" bond, the Series H bond is a "current income" bond — that is, it is sold at par and interest is paid by check every six months. The Series H bond is issued in larger denominations ($500, $1000, $5000 and $10,000). While the Series E bond is redeemable any time after two months (with accrued interest), the Series H bond is redeemable at par after six months and then only after one month's notice. The Series H bond is designed to appeal to those who are dependent upon current income from investments and others who prefer to receive interest currently rather than at some future date. The new bond also has tax appeal to some people in that the income is received semi-annually. In contrast, income on Series E bonds may be reported for tax purposes either as accrued each year or as a lump sum at time of redemption.

The other new Savings Bonds are the Series J and K which replace the old Series F and G. These bonds parallel Series E and H, respectively, in that Series J is a "discount" bond and Series K is a "current income" bond sold at par. They differ from Series E and H, however, in their longer maturity (12 years), lower yield, and the fact that they can be sold to all classes of investors except commercial banks. The new Series J and K bonds differ from the old Series F and G in that their yield in the earlier years has been increased sharply — an even greater relative increase than occurred for Series E bonds. Their yield to maturity has also been increased to 2.76 percent from 2.53 percent on the old Series F and 2.50 percent on the old Series G. In addition, the maximum amount of these bonds which can be purchased in any year has been increased from $100,000 to $200,000 (for either series or a combination of the two). Series J and K bonds are intended to appeal to institutional and corporation buyers, as well as to individual investors whose investment programs are limited by the ceiling on the purchase of Series E and H bonds — $20,000 of each.

Investors perform a dual function by purchasing Savings Bonds. On the one hand they purchase a desirable form of investment with their current income. These savings, on the other hand, represent a diversion of spending from civilian markets and this helps to reduce the upward pressure on prices. Moreover, this flow of funds provides the Government with a noninflationary form of deficit financing.

COMPARISON OF SAVINGS BOND INVESTMENT YIELDS FOR LENGTH OF TIME HELD*

(in percent)

Length of time held after issue date:	Old Series E	New Series E	New Series H	Old Series F	New Series J	Old Series G	New Series K
½ year	.00	1.07	.80	.00	1.11	.10	1.16
1 year	.67	1.59	1.65	.27	1.25	.30	1.26
1½ years	.88	1.94	1.93	.45	1.38	.44	1.37
2 years	.99	2.10	2.07	.61	1.51	.61	1.52
2½ years	1.06	2.19	2.15	.75	1.64	.75	1.62
3 years	1.31	2.25	2.21	.89	1.77	.88	1.75
3½ years	1.49	2.28	2.25	1.03	1.85	1.04	1.84
4 years	1.62	2.30	2.28	1.19	1.95	1.20	1.94
4½ years	1.72	2.43	2.40	1.34	2.04	1.35	2.03
5 years	1.79	2.52	2.49	1.49	2.12	1.51	2.13
5½ years	1.85	2.59	2.57	1.63	2.20	1.66	2.21
6 years	1.90	2.64	2.63	1.76	2.26	1.79	2.27
6½ years	2.12	2.69	2.69	1.87	2.33	1.89	2.33
7 years	2.30	2.72	2.73	1.96	2.39	1.98	2.39
7½ years	2.45	2.74	2.77	2.03	2.45	2.05	2.44
8 years	2.57	2.79	2.81	2.09	2.50	2.12	2.49
8½ years	2.67	2.83	2.84	2.14	2.54	2.18	2.53
9 years	2.76	2.86	2.87	2.19	2.57	2.23	2.57
9½ years	2.84	2.88	2.89	2.24	2.61	2.27	2.61
9 years and 8 months	—	3.00**	3.00**	—	—	—	—
10 years	2.90**	—	—	2.29	2.64	2.31	2.65
10½ years	—	—	—	2.34	2.68	2.35	2.68
11 years	—	—	—	2.40	2.71	2.39	2.70
11½ years	—	—	—	2.46	2.73	2.44	2.73
12 years	—	—	—	2.53**	2.76**	2.50**	2.76**

*Approximate investment yield (rate per annum, compounded semiannually) on purchase price for length of time held.
**Maturity date.
Source: United States Treasury Department.