



Monthly Review

F E D E R A L R E S E R V E B A N K O F S T . L O U I S

APRIL 1, 1946

Survey of Current Conditions

Events of the past month have brightened the over-all economic picture to a marked extent. The announcement of a more or less formalized Government wage-price program apparently has dissipated some of the haze of uncertainty hanging over the industrial scene. Settlement of the major automobile and electrical equipment strikes plus the earlier solution to the steel work stoppage have eliminated some serious obstacles in the path of the nation's postwar industrial program.

It must be noted, however, that full-scale production in these lines cannot be achieved at once and thus heavy pressure upon prices probably will continue and even increase. The threat of further inflation coming from tremendous purchasing power and high demand cannot be obviated until large amounts of goods flow into the market. February retail sales were notably higher than a year earlier and preliminary March figures point to continuance of the postwar sales boom.

EMPLOYMENT

District nonagricultural employment in February was not much changed from January as seasonal declines in certain nonmanufacturing lines offset gains in others and in total manufacturing employment. The latter, while well below war-time peak, continues to show the heartening upward trend that has been evident since the post-V-J Day low reached last fall. Because of fairly general wage increases and continuation of overtime pay in some industries, average earnings have remained relatively stable since the sharp decline following the end of the war.

New entrants, mostly veterans, continued to swell the labor force in February, and since the

number of new job openings showed no appreciable rise, unemployment increased. This situation, which has been characteristic of the past three months, has caused the labor market to ease considerably, particularly for those industries where relatively low wage rates held down the number of new employees. This trend is expected to continue, and perhaps to accelerate, as increasing numbers of persons approach the end of the unemployment compensation benefit period and become more resigned to the lower-paying jobs. Labor shortages, however, remain serious in such lines as cotton textiles, lumbering and refractories.

The problem of unemployed veterans is becoming increasingly serious. In St. Louis, during the first week in March almost 50 per cent of unemployment compensation claimants were veterans as compared with some 30 per cent during the first week in January. Claims of non-veterans increased only 15 per cent from January to March while veterans' claims more than doubled. It is estimated that 25 per cent of the veterans who have returned to St. Louis since V-J Day are currently unemployed, 50 per cent are employed, 10 per cent are in school and 15 per cent have not yet entered the labor force.

INDUSTRY

In the face of work stoppages and labor and materials shortages in some lines, total Eighth District industrial activity moved upward in February and early March. Consumption of industrial electric power in the major cities of the district in February was 9 per cent more than in January and 12 per cent above that of December, 1945.

(Continued on Page 6)

The Growth and Distribution of Demand Deposits In the Eighth District

The latest Federal Reserve survey of demand deposits of individuals, partnerships, and corporations for January 31, 1946 reveals no major reversals of wartime trend either in deposit growth or in ownership pattern in this district. The most important facts brought out by the survey are that deposits have continued to rise since the end of the war, but at a slower rate, and that rural banks have continued to gain deposits more rapidly than banks in metropolitan areas. The smaller growth in deposits at metropolitan banks is due to the decline in deposits of manufacturing and mining concerns which accompanied the termination of war contracts and reconversion to civilian production. The growth in deposits in rural areas, while still substantial, is somewhat less than during the last half of 1944.

DEPOSIT GROWTH

Government borrowing from the banking system has been the major factor leading to deposit expansion throughout the war period. Strong efforts were made to sell as many securities as possible to nonbank investors, but it was also necessary for the banking system to absorb a substantial volume of Government issues, mostly through open market purchases from nonbank investors who adjusted portfolios in interdrive periods. Such purchases inflated deposits just as though the banks had bought directly from the Treasury.

Between December, 1941, and June, 1945, Government security holdings of the commercial banking system rose \$62 billion and total deposits increased \$65 billion. Government borrowing did not end with V-J Day (the second largest Treasury financing in history, the Victory Loan, came in December, 1945), and in the last half of 1945 commercial bank investments in Government securities gained another \$6 billion and total deposits rose \$13 billion.

While bank purchases of Government securities, just as any form of bank credit expansion, cause deposits of the entire banking system to increase, varying rates of gain in different areas cannot be attributed to relatively larger or smaller purchases by these areas' banks. Regional differences in deposit growth stem from the distribution of the banking system's deposits and reflect mainly two factors: first, the spread between receipts and ex-

penditures in the various regions and, second, the manner in which individuals and businesses choose to hold their liquid assets. Two areas with equal income may have different rates of deposit growth because their expenditures differ in amount and because different proportions of liquid assets are held in the form of bank balances, currency or Government securities. Decisions to hold proportionately larger shares of liquid assets as demand and time deposits tend to increase the rate of bank deposit growth.

Changes Since July 31, 1945—As shown in the accompanying table, demand deposits of individuals, partnerships, and corporations (hereafter referred to in this article as demand deposits) at all Eighth District banks totaled \$3,675 million on January 31, 1946. This represented an increase of \$362 million or 11 per cent for the six-month period July 31, 1945 to January 31, 1946. For the corresponding six-month period a year ago the increase in demand deposits at all Eighth District banks was \$506 million or 19 per cent. Demand deposit increase in this district is normally larger in the latter part of the year than in the first part because of heavy farm income payments during the harvesting and marketing season.

TABLE I
DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS AND
CORPORATIONS IN EIGHTH DISTRICT BANKS, BY AREAS
(In millions of dollars)

Area	1/31/46	Change from			
		7/31/45		12/31/41	
		Amount	Per Cent	Amount	Per Cent
St. Louis	\$ 908.1	\$+ 5.4	— 0.6	\$+ 349.9	+ 62.7
Louisville	285.4	+ 25.3	+ 9.7	+ 148.0	+107.7
Memphis.....	192.1	+ 19.5	+11.3	+ 102.7	+114.9
Little Rock	73.8	+ 4.4	+ 6.3	+ 43.3	+142.0
Evansville	73.7	— 11.1	—13.1	+ 43.8	+146.5
Total Metro-					
politan Areas.....	1,533.1	+ 32.7	+ 2.2	+ 687.7	+ 81.3
St. Louis Outlying.....	371.3	+ 52.5	+16.5	+ 247.0	+198.7
Louisville Outlying.....	112.2	+ 25.6	+29.6	+ 75.6	+206.6
North Missouri.....	289.5	+ 45.6	+18.7	+ 196.9	+212.6
Ozark	228.0	+ 33.2	+17.0	+ 169.7	+291.1
South Arkansas.....	222.4	+ 26.8	+13.7	+ 154.9	+229.5
Delta	334.6	+ 61.4	+22.5	+ 202.1	+152.5
East Mississippi-					
Tennessee	153.4	+ 29.7	+24.0	+ 115.5	+304.7
Kentucky-Indiana	431.0	+ 54.7	+14.5	+ 313.0	+265.3
Total Rural Areas.....	2,142.4	+329.5	+18.2	+1,474.5	+220.8
Total District.....	3,675.5	+362.2	+10.9	+2,162.2	+142.9

The increase in demand deposits since the end of the war has been much smaller at banks in the metropolitan areas than at banks in the rural districts. In the six-month period following July 31, 1945 demand deposits in the five metropolitan areas increased only \$33 million or 2 per cent as compared to an increase of \$329 million or 18 per cent

in rural banks. It should be noted that comparisons of total deposit changes, rather than demand deposit changes alone, tend to show urban banks in a more favorable position as bankers' balances and U. S. Government deposits, which are held mostly in urban banks, increased considerably in the six-month period.

Among the metropolitan areas Louisville, Memphis, and Little Rock continued to show demand deposit increases, while St. Louis and Evansville banks suffered losses. The decline in St. Louis was very small, being less than 1 per cent. The loss in Evansville was relatively more substantial, about 13 per cent. Evansville was hit harder by the end of the war than the other metropolitan areas. Employment has dropped considerably. Some of the war-born industries which provided a large share of the area's payrolls have disappeared from the Evansville scene and their employees have migrated to other areas. The other three metropolitan areas experienced some increase in demand deposits but none show an increase equal to the smallest percentage growth in the rural areas. Termination of war contracts, reconversion difficulties, strikes, and the relatively greater impact of tax payments and the Victory Loan in the metropolitan areas combined to restrict deposit growth in all urban centers.

One other factor, not common to the actual war period, apparently operated effectively to restrict deposit gains in the urban banks in the July, 1945-January, 1946 period. Large investors, both individuals and businesses, recognized that the Victory Loan was the last major Treasury financing for some time. As a result they bought heavily in the drive, and more significantly, they failed to sell in any great volume either previously purchased issues or those obtained in the drive.

The substantial rise in deposits at rural area banks in the last inter-survey period is characteristic of the Eighth District which is predominantly agricultural. Farm marketings come in greatest volume in the fall months and continue heavy (because of tobacco sales) throughout early winter. Farm prices have remained high so that value of marketings this past season was about as large as in the 1944-45 period. While some other factors that raised rural income to record heights in the war years (for example, military payments, including family allowances) operated less strongly in the July, 1945-January, 1946 period, they still exercised some upward influence.

On the other hand, the outflow of funds from

rural areas continued relatively small in late 1945 and early 1946. Manufactured goods, especially consumer durable goods, are still in short supply. Tax payments and purchases of Government securities also have remained small in the rural areas as compared to the metropolitan areas. Another factor is that a major part of demand deposits in rural banks is held in small personal accounts. The holders of these small balances are much less inclined to invest surplus funds, both because the amounts involved are small and therefore not easily tapped for investment and because these individuals are not in the habit of making investments.

Among the rural regions the gain over the six-month period ranged from a high of 30 per cent in the Louisville outlying district to a low of 14 per cent in southern Arkansas. The substantial increase in the Louisville outlying district reflected largely a good tobacco crop sold at high prices. The Mississippi-Tennessee area, which showed a better-than-rural-region-average gain from July to January, had substantial increases in agricultural income throughout the war period. The southern Arkansas, Kentucky-Indiana and Ozark regions had deposit increases below the average for the rural regions during the last six months. These were due mainly to declining military payments which had added substantially to income in these areas during the war years.

Changes Since December 31, 1941—From December 31, 1941 to January 31, 1946 demand deposits at all Eighth District banks increased \$2.2 billion or 143 per cent. Approximately two-thirds of this increase was in rural banks where the gain was nearly \$1.5 billion or 221 per cent. The increase for banks in urban centers was \$688 million or only 81 per cent.

Of the metropolitan centers, Evansville and Little Rock had the greatest wartime increase in deposits. Evansville, as noted, was the district's major war-boom city and war manufacturing contributed materially to its increase in income. Little Rock was the beneficiary not only of war production but of increases in military payments and agricultural income which were relatively large for the state of Arkansas.

The east Mississippi-central Tennessee, the Ozark and the Kentucky-Indiana rural areas had demand deposit increases in the war years substantially above the average. These regions also received large military payments and had large increases in agricultural income. The significance of military payments in the Ozark and Kentucky-In-

diana regions is also indicated by the below average deposit increase in these areas since last July. The Delta region has had an increase of demand deposits since 1941 of only 152 per cent, well below the average for all rural areas combined. The small increase in the Delta is due in part to use of funds to pay off much of the heavy indebtedness which existed at the beginning of the war. As old debts were paid off, the increased incomes began to build up deposit balances and this region had an above average deposit increase in the last six months.

OWNERSHIP OF DEMAND DEPOSITS

The end of the war has not resulted in any substantial shift in the ownership pattern of demand deposits in Eighth District banks. Table II gives the distribution of demand deposits by type of owner as of January 31, 1946.

TABLE II
OWNERSHIP OF DEMAND DEPOSITS
ALL BANKS EIGHTH DISTRICT, JANUARY 31, 1946

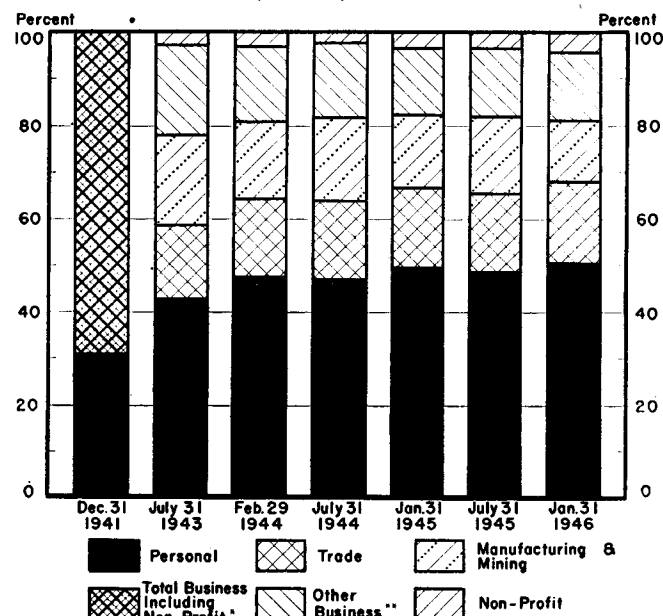
Type of Owner	Amount (Millions of dollars)	Per Cent of Total
Nonfinancial Business.....	\$1,447.5	39.4
Manufacturing and Mining.....	470.7	12.8
Transportation & Public Utilities.....	155.4	4.2
Retail and Wholesale Trade.....	633.7	17.3
Other Nonfinancial Business.....	187.7	5.1
Financial Business	209.2	5.6
Personal (including farmers).....	1,873.7	51.0
Nonprofit Associations.....	145.1	4.0
Total	\$3,675.5	100.0

Personal deposits continued to increase during the last six months, and at the end of January totaled \$1,874 million or 51 per cent of all demand deposits. Business deposits aggregated \$1,657 million or about 45 per cent of the total. This ownership pattern differs substantially from that for the nation as a whole. Personal deposits account for only one-third of total demand deposits at all banks in the United States. The relatively large proportion of personal deposits in the Eighth District is due mainly to the fact that agriculture is a major source of income and to the lack of industrial concentration in this area.

The trend in the ownership pattern of demand deposits in the Eighth District is shown in Chart I. The most striking change is the substantial gain in the relative importance of personal deposits. Demand deposits of individuals increased steadily, although at a diminishing rate, from 31 per cent of the total in 1941 to 51 per cent on January 31, 1946. The relative decline in business deposits has been concentrated mainly in accounts of manufacturing and mining establishments, public utilities, and financial businesses. Deposits of manufacturing and mining concerns decreased from 19 per cent of the total on July 31, 1943 to 13 per cent on January 31, 1946, those of public utilities from

6 to 4 per cent and financial business balances from 8 to 6 per cent. Relatively, the position of retail and wholesale firms improved slightly while that of miscellaneous business establishments remained fairly steady throughout the war period.

CHART I
DEMAND DEPOSITS AT EIGHTH DISTRICT BANKS
Ownership Pattern, 1941 - 1946



*DETAILED BREAKDOWN NOT AVAILABLE

**INCLUDES TRUST FUNDS

The large growth in personal deposits during the war period is due to several factors. In the first place, farmers and wage earners have been the recipients of substantial increases in income. Secondly, personal expenditures have been limited because of the shortage of consumers' goods, especially durable goods. Third, is the apparent preference on the part of individuals to hold liquid assets in bank deposits rather than in Government securities. Industrial firms generally maintain a more fully invested position and hence accumulate relatively smaller cash balances. The greater desire to hold cash is also in part responsible for the appreciable growth in trade balances. There is a considerable number of small retailers and their investment policy is very similar to that of individuals. The preference of individuals to hold cash instead of securities is probably due to unfamiliarity with investments and investment procedure and to the fact the amounts at their disposal are usually too small for appropriate investment.

Chart II shows the different patterns of ownership for four different size classes of Eighth District banks as of January 31, 1946. Banks in the \$1 to \$10 million size group held the major part

of demand deposits, \$1,978 million or 54 per cent of the district total. The small banks with demand deposits of less than \$1 million held \$362 million or 10 per cent of the total; the \$10 to \$50 million group had \$512 million or 14 per cent of the total, and the large banks with deposits of over \$50 million held \$824 million or 22 per cent of the total. The small banks have a relatively smaller portion of the district's demand deposits than in previous surveys because the banks are classified into size groups on the basis of demand deposits held on December 31, 1945 instead of December 31, 1943 as in the previous surveys, and a substantial number formerly in the smallest size group are now in the \$1 to \$10 million class.

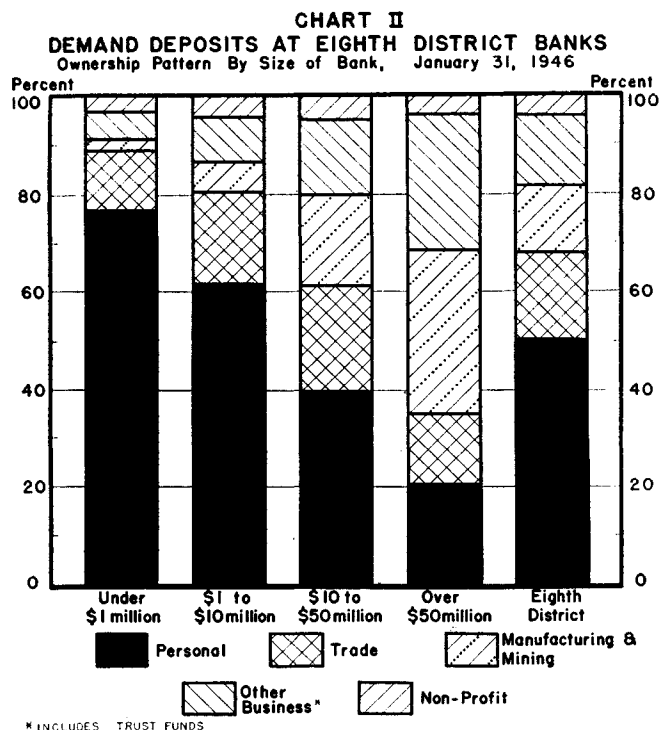
The most significant fact revealed by the ownership pattern of the different size groups is the varying proportion of personal and business demand deposits held. In the smallest banks, 76 per cent of demand deposits are owned by individuals, while in the largest banks personal deposits constitute only 22 per cent of the total. The large proportion of business deposits in the big metropolitan banks is due primarily to the concentration of business in the metropolitan centers. The small banks are located mainly in rural areas and in suburban towns around the metropolitan centers and hence a much larger proportion of their deposit business is with individuals. There are relatively little business funds in the small rural banks, the largest amount being in trade balances which make up about 11 per cent of their total demand deposits. Indications are that about one-third of the personal accounts in the smallest group of banks are held by farmers.

The corporate deposit pattern for the district also did not change greatly since the last survey, although the relative decline in corporate to total business deposits has been accelerated in the last six months. Corporate deposits totaled \$933 million or 58 per cent of all business deposits on January 31, 1946 as compared to \$984 million or 63 per cent of business deposits July 31, 1945. Most of the decrease in corporate demand deposits was due to a decline of nearly \$80 million in balances of manufacturing and mining companies. There was also a slight decrease in public utility corporation balances and slight increases in the deposits of trade and financial corporations. Reconversion expenditures and reduced incomes during the reconversion period account for a major part of the decrease in the deposit balances of manufacturing corporations. Moreover, for other reasons ex-

plained above, demand deposits in metropolitan banks, which hold most of the corporate balances, have increased much less in the last six months than in banks in rural areas. Corporate balances are not particularly important in the small banks. For example, they constitute only 19 per cent of total business deposits in banks with deposits of under \$1 million, but the percentage increases with each size group, reaching a peak of 92 per cent of all business balances in banks with deposits of over \$100 million.

Corporate deposits are concentrated in accounts of manufacturing and mining concerns, public utilities and retail and wholesale trade establishments; these three categories accounting for over two-thirds of all corporate deposits in the district. Nearly one-half of all corporate balances are held by manufacturing and mining firms.

The ownership pattern of demand deposits varies not only with size of bank but also with size of account. About 87 per cent of total demand deposits held in accounts under \$1,000 in the very small banks are personal deposits. However, the proportion of personal to total deposits declines as the size of account and of bank increase, reaching a low of only 11 per cent of deposits held in accounts of over \$100,000 for the largest banks. The same trend holds in all size groups of banks, namely an increasing proportion of business deposits to the total as the size of the account increases. Even



in the smallest banks, personal deposits account for only 44 per cent of the total held in accounts of over \$10,000. Thus the large accounts tend to be held by business firms rather than individuals regardless of the size of the bank.

OUTLOOK

The rate of growth of demand deposits in Eighth District banks is likely to continue to diminish. The chief source of deposit growth both nationally and for the district has been Government borrowing. The desire of individuals and business firms to hold cash made it necessary for the Government to borrow large amounts from the banks. Present indications are that no net Government borrowing will be necessary in the next year or so and that the large Treasury balance will be used to retire some of the maturing issues. To the extent that these securities are held by the commercial banks, total deposits will decrease, although the reduction will be in War Loan deposits rather than in the demand deposits of individuals and corporations. On the other hand, full-scale

civilian production will probably bring an increase in bank loans. An inflow of gold and a return of money from circulation would also tend to increase bank deposits. If any shift occurs, it is also more likely that individuals will sell securities to the banks rather than the reverse. Some further increase in bank deposits is therefore probable, although it is likely to be at a greatly diminished rate.

The deposit trend in the Eighth District will probably be similar to that for the nation as a whole. Deposit growth in the Eighth District has not been much above the national average and there is no indication at present of any substantial loss to other districts. Some shift, however, from rural to metropolitan banks is likely as soon as consumers' durable goods and farm equipment become available in quantity. Much will depend on agricultural income. Cash farm income can hardly be expected to continue at the same relatively high level which has existed during the war period, although the present outlook is favorable for the period just ahead.

CURRENT CONDITIONS

(Continued from Page 1)

Power consumption currently is far below the comparable period a year ago when war activity was high, but the gap has narrowed appreciably during the past two months. For example, February power consumption was 21 per cent below a year earlier, while January use was 34 per cent less than in January, 1945.

Last month's increase in total district activity is attributable to gains at St. Louis, Louisville and Memphis, as Little Rock, Evansville and some smaller cities registered declines. The February rise in the district reflects increases in manufacturing and mining activity which more than offset seasonal declines in construction and transportation volume.

Manufacturing—While aggregate manufacturing output in the district rose in February, there were mixed trends among the different lines. The steel industry operated at far less than capacity as the steel strike kept most district mills and foundries idle throughout the month. Sustained production at two large plants, however, kept district output relatively much higher than national production. The ingot rate at St. Louis steel mills in February averaged 31 per cent of capacity as compared with

35 per cent in January. Back orders on steel products are piling up in considerable volume, with some items being scheduled for delivery next year. Shortages of experienced manpower for steel mills and foundries continue and there is some evidence that steel scrap supplies are becoming tighter.

By drawing heavily upon materials stocks, many steel users expanded production in February. Gains were registered in district output of machinery and automobile accessories. Nonferrous metals producers and fabricators also showed some increased production in the month.

At the close of February, 46 of the 60 whiskey distilleries in Kentucky were operating as compared with 49 at the end of the preceding month and 52 in February, 1945. Grain allowances through June will be sufficient to permit operations on a peak capacity basis only five days per month, a rate equivalent to about half of the normal production rate. In addition to grain shortages, many companies are experiencing difficulties in obtaining adequate supplies of cooperage stocks, a problem that has induced several leading producers to purchase their own cooperage mills in an effort to assure ample supplies. Operations in the brewing industry were at a higher level than in January and considerably above February, 1945, but the

reduction in available grain supplies is expected to reduce output considerably during coming months.

Some improvement has occurred in the production of certain building materials, but a number of items continue in short supply. Southern pine production in February averaged 15 per cent above January and 25 per cent above December. Operations currently are at about the same level as a year earlier but unsold stocks on hand are lower than at any time since the end of July. The southern hardwood industry operated at about 44 per cent of capacity in February as compared with 45 per cent in January and 61 per cent in February, 1945.

Mining and Oil—Daily average coal production in the district in February was 6 per cent higher than in January and 3 per cent above February, 1945. Total February output was 16.2 million tons as compared with 16.6 million tons in January and 15.8 million tons a year ago. Demand for coal was heavy during the month despite the curtailment of steel operations, due to the fact that many steel producers as well as other large consumers, such as railroads, took advantage of the opportunity to build up their depleted reserve supplies. In addition, some forward buying occurred in anticipation of strike-enforced shortages.

Average daily production of crude oil in the district was somewhat above the daily rate in January and slightly higher than in February, 1945. Output has increased steadily since December and at a higher rate than has been registered by the oil industry in the rest of the country. In the first eight weeks of this year a total of 422 oil well completions were reported in this district's oil fields, of which 250 or 59 per cent are oil producers. Exploratory activity has been especially heavy in Indiana fields where completions in the two months increased 37 per cent over the same period last year.

Construction—Building activity continued at a relatively high level during February in terms of available supplies of building materials and labor, but current construction for residential purposes remains far below the volume necessary to alleviate the housing shortage. Value of building permits in the leading district cities dropped seasonally 21 per cent during February due mostly to sharp reductions in St. Louis and Louisville. However, February awards were valued at about five times the amount authorized in the same month last year, and preliminary reports for March indi-

cate that the total this month will approximate the February figure. Much of the gain over a year ago in current building permit figures cannot be attributed, as it normally would be, to increased residential construction but reflects greatly increased building costs and the fact that many permits for erecting new and remodeling old commercial structures were requested in the hope of getting such construction under way before announcement of the program to divert materials from commercial construction to residential building.

Lumber for building continues critically short and substantially increased supplies of it, as well as greatly expanded production of brick, pipe, gypsum board and lath, plywood, and plumbing and electrical equipment, will have to be achieved if the housing goals of the administration are to be met. Increased productive capacity will be required in some instances, notably for gypsum board and lath and plywood, while presently idle plants in other lines are scheduled to be brought into production. The largest brick manufacturing plant in Arkansas and the southwest is expected to reopen after being idle for ten years.

Transportation—Freight carloadings in St. Louis in February were 9 per cent less than in January and 24 per cent below February, 1945. The decline from January to February appears to be slightly more than seasonal. During the first nine days of March, the number of cars interchanged showed a decrease of 25 per cent from the corresponding period in 1945, although there was practically no change from the first nine days of February. As industrial activity throughout the nation resumes its postwar climb, a considerable part of the decline in demand for freight cars resulting from cessation of war production should be taken up by the expanding rate of distribution of raw materials and finished products for peacetime consumption.

TRADE

During February, dollar sales of retail lines reporting to this bank showed substantial gains over both the previous month and the comparable month in 1945. Current sales are being limited mostly by amount of available merchandise, and with some prospect for increased supplies of a number of scarce "soft-lines" (men's shirts, shorts, suits, etc.) and the gradually increasing flow of durable goods (electric appliances, radios, furniture, etc.), sales volume should continue to expand in coming months.

At reporting district department stores, February sales were 14 per cent greater than January and 27 per cent more than in February, 1945. Preliminary reports for the first two weeks of March indicate maintenance of this rate of gain over last year. Among district cities, Springfield and Memphis ran ahead of the district average increase, Evansville and Quincy fell below it, while most other urban areas approximated the average gain. Among individual stores, sales increases continued to show large variations.

The dollar level of inventories at department stores at the close of February was up 9 per cent from a year earlier, but shortages are becoming more acute in certain merchandise departments which normally account for a large portion of the total store sales. Increased, though still inadequate, stocks of other departments, however, have supported and should continue to maintain over-all sales volume.

District men's store sales in February showed gains of 16 per cent and 45 per cent, respectively, over a month and a year earlier. The major limiting factor in sales of men's wear is the very pronounced shortage of goods. Considerable publicity has been given to reports that manufacturers, particularly of textiles and clothing, have withheld their products from the market in the hope that price increases would be granted. Recent regulations announced by OPA should tend to ease this situation and lead to larger supplies of men's wear items.

Some shortages have developed in certain lines at women's apparel stores, but, in general, these stores apparently are having little difficulty in maintaining adequate over-all supplies of merchandise. At the end of the month, inventories at women's wear shops were up 15 per cent over January and were slightly over last year's level. Sales volume for February was 13 per cent over January and 15 per cent greater than in the comparable month last year.

Sales at district furniture stores in February were 60 per cent larger than in February, 1945. The increase might have been even larger had full lines of goods been available and were housing easier. Despite the sharply higher sales volume, the increasing supply of goods from manufacturers lifted inventories in reporting district furniture stores 17 per cent in the month. Stocks at the end of February were 15 per cent larger than on the comparable date last year.

BANKING AND FINANCE

During the five weeks ending March 20, district banking was affected primarily by Treasury operations, notably the redemption on March 1 of \$1 billion of certificates and on March 15 of \$1.3 billion of notes and \$500 million of bonds, and income tax collections on the latter date. Most of the redeemed securities were held by the banking system, which in anticipation of the announced Treasury action attempted to replace the maturing securities through fairly heavy open market purchases. On March 20 certificate holdings of the

INDUSTRY

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Customers*	Feb., 1946	Jan., 1946	Feb., 1945	Feb., 1946 compared with	
		K.W.H.	K.W.H.	K.W.H.	Jan., '46	Feb., '45
Evansville	40	5,062	5,517	7,900 r	- 8%	-36%
Little Rock	34	3,164	3,479	3,208 r	- 9	- 1
Louisville	82	15,376	14,562	17,798	+ 6	-14
Memphis	31	5,257	5,104	6,602	+ 3	-20
Pine Bluff	19	1,570	1,667	7,624	- 6	-79
St. Louis.....	96	51,537	45,196 r	61,181 r	+14	-16
Totals	302	81,966	75,525 r	104,313 r	+ 9	-21

* Selected industrial customers.
r—Revised.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

First nine days						
Feb., '46	Jan., '46	Feb., '45	Mar., '46	Mar., '45	2 mos., '46	2 mos., '45
111,258	121,952	147,288	36,236	48,458	233,210	303,230

Source: Terminal Railroad Association of St. Louis.

COAL PRODUCTION

(In thousands of tons)	Feb., '46	Jan., '46	Feb., '45	Feb., '46 comp. with	
				Jan., '46	Feb., '45
Illinois	6,191	6,442	6,181	- 4%	- 0%
Indiana	2,200	2,344	2,226	- 6	- 1
Kentucky	6,296	6,222	5,715	+ 1	+10
Other Dist. States..	1,501	1,555	1,678	- 3	-11
Totals	16,188	16,563	15,800	- 2	+ 2

AGRICULTURE

CASH FARM INCOME

(In thousands of dollars)	January		Cumulative for 1 month		
	1946	1945	1946	1945	1944
Arkansas	\$ 21,142	\$ 29,812	\$ 21,142	\$ 29,812	\$ 22,610
Illinois	91,386	94,633	91,386	94,633	101,575
Indiana	46,914	47,654	46,914	47,654	53,281
Kentucky	86,654	87,473	86,654	87,473	91,427
Mississippi	25,105	26,703	25,105	26,703	20,058
Missouri	49,350	53,815	49,350	53,815	56,063
Tennessee	39,961	42,790	39,961	42,790	38,420
Totals	360,512	382,880	360,512	382,880	383,434

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Feb., 1946	Jan., 1946	Feb., 1945	Feb., 1946	Jan., 1946	Feb., 1945
Cattle and Calves..	96,916	101,353	103,017	65,841	63,617	43,190
Hogs	182,128	219,392	150,461	75,262	89,292	49,908
Horses and Mules..	8,243	4,626	3,915	8,291	4,626	3,901
Sheep	70,088	48,502	25,530	8,655	10,898	2,553
Totals	357,375	373,873	282,923	158,049	168,433	99,552

weekly reporting banks in this district were up only \$4 million and note holdings were off \$31 million from February 13. In the same period these banks increased their bond accounts \$11 million.

Total deposits at district banks declined somewhat over the past five weeks. Treasury redemption of securities caused War Loan accounts to be drawn down and on March 20 these at weekly reporting banks were off \$52 million from February 13. Income tax payments checked the growth in private demand deposits which in the five-week period were off \$27 million. Correspondent balances at the urban banks, indirectly affected both by the redemptions and by tax payments, dropped \$51 million between February 13 and March 20.

Total loans at banks in this district showed little change during the past five weeks, with real estate and miscellaneous loans up, and business loans and those on securities down. The latter development normally occurs after a major Treasury financing, but the decline in security loans that has followed the Victory Loan has been much smaller than that following previous War Loan drives. As compared with a year earlier, total loans at weekly reporting banks were up \$171 million or 40 per cent, evidence of a strong upward trend in bank credit extension. About 30 per cent of this rise was in security loans; most of the balance was in business loans.

Consumer Credit—Since the end of the war, the volume of consumer credit outstanding has increased considerably. At the close of January, 1946,

total consumer credit outstanding in the United States was \$6.4 billion, or \$850 million more than on July 31, 1945. Instalment sale and loan credit increased \$400 million and single payment loans \$200 million in the six-month period. Service credit expanded very little. Part of the \$250 million net gain in charge account credit is due to carry over from the seasonal upswing through the fall and Christmas buying period.

In the Eighth District, expansion in consumer credit since the end of the war has been relatively greater than in the nation as a whole. Instalment loans outstanding at major sources of such credit in this district (commercial banks, small loan companies, industrial banking and loan companies and credit unions) were estimated on January 31, 1946 to be \$83 million, up 26 per cent from July 31, 1945 in contrast to a gain of 17 per cent for all such credit grantors in the nation. At the end of February, 1946, district volume outstanding was estimated at \$85 million.

The relative share of instalment credit supplied by the various major types of lending agency has changed radically in the past fifteen years. In 1929, commercial banks held only 14 per cent of total instalment loan credit outstanding. In 1939, their share was 24 per cent and in 1945 about 30 per cent. This rapid rise was due to several factors. Large reserves and a small demand for funds from the usual sources caused banks to search for new credit outlets. The rather general acceptance of consumer credit caused bankers' attitude toward loans

PRICES

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	Feb. 15, 1946	Jan. 15, 1946	Sept. 15, 1942	Feb. 15, '46 comp. with Jan. 15, '46	Feb. 15, '46 comp. with Sept. 15, '42
United States	129.4	129.9	117.8	-0.4%	+9.8%
St. Louis	127.9	128.6	116.6	-0.5	+9.7
Memphis	*	*	119.3	*	*

*Not available.

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	Feb. 15, 1946	Jan. 15, 1946	Sept. 15, 1942	Feb. 15, '46 comp. with Jan. 15, '46	Feb. 15, '46 comp. with Sept. 15, '42
U. S. (51 cities)	139.6	141.0	126.6	-1.0%	+10.3%
St. Louis	142.3	144.3	126.7	-1.4	+12.3
Little Rock	138.1	140.8	129.2	-1.9	+6.9
Louisville	132.7	151.2	129.7	-12.2	+2.3
Memphis	149.2	151.2	129.7	-1.3	+15.0

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Feb., '46	Jan., '46	Feb., '45	Feb., '46 comp. with Jan., '46	Feb., '46 comp. with Feb., '45
All Commodities	107.7	107.1	105.2	+0.6%	+2.4%
Farm Products	130.8	129.9	127.0	+0.7	+3.0
Foods	107.8	107.3	104.7	+0.5	+3.0
Other	101.3	100.8	99.2	+0.5	+2.1

DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	Feb., 1946	Jan., 1946	Feb., 1945	Feb., '46 comp. with Jan., '46	Feb., '46 comp. with Feb., '45
El Dorado, Ark.	\$ 11,658	\$ 12,764	\$ 9,261	- 8%	+20%
Fort Smith, Ark.	27,484	30,233	21,921	- 9	+25
Helena, Ark.	4,890	6,625	3,733	-26	+31
Little Rock, Ark.	77,128	86,196	72,383	-11	+7
Pine Bluff, Ark.	16,121	19,257	13,427	-16	+20
Texarkana, Ark.-Tex.	6,751	9,438	10,717	-28	-37
Alton, Ill.	15,122	16,666	13,317	-9	+14
E. St. L. - Nat. S. Y., Ill.	62,925	73,350	66,074	-14	-5
Quincy, Ill.	17,495	19,551	14,985	-11	+17
Evansville, Ind.	60,977	77,394	82,944	-21	-26
Louisville, Ky.	348,181	404,574	372,678	-14	-7
Owensboro, Ky.	23,427	26,149	20,826	-10	+12
Paducah, Ky.	9,912	10,880	7,829	-9	+27
Greenville, Miss.	12,065	12,355	8,841	-2	+36
Cape Girardeau, Mo.	6,814	7,824	4,766	-13	+43
Hannibal, Mo.	5,366	5,587	4,531	-4	+18
Jefferson City, Mo.	26,072	43,318	18,603	-40	+40
St. Louis, Mo.	931,879	1,066,747	882,706	-13	+6
Sedalia, Mo.	7,345	7,696	5,833	-5	+26
Springfield, Mo.	37,300	41,093	26,322	-9	+42
Jackson, Tenn.	10,967	12,490	8,189	-12	+34
Memphis, Tenn.	320,017	359,418	238,105	-11	+34
Totals	2,039,896	2,349,515	1,907,991	-13	+7

RETAIL TRADE

DEPARTMENT STORES

	Net Sales			Stocks on Hand		Stock Turnover	
	Feb., 1946 compared with Jan., 1946			2 mos. 1946 to same period 1945		Feb. 28, 1946 comp. with Feb. 28, 1945	
	Jan., 1946	Feb., 1945	1945	Feb. 28, 1945	1945	Jan. 1, to Feb. 28, 1946	1945
Ft. Smith, Ark...	+19%	+27%	+21%	-13%	.98	.72	
Little Rock, Ark.	+38	+25	+15	-2	1.05	.91	
Quincy, Ill.....	+10	+14	+19	+7	.84	.73	
Evansville, Ind...	+15	+14	+13	+2	.60	.55	
Louisville, Ky....	+9	+24	+19	+11	1.05	1.00	
†St. Louis Area...	+13	+27	+18	+12	.92	.85	
St. Louis, Mo....	+13	+27	+18	+13	.92	.85	
E. St. Louis, Ill.	+32	+25	+10	
Springfield, Mo...	+6	+47	+35	-7	.93	.66	
Memphis, Tenn...	+10	+29	+21	+10	1.03	.92	
*All other cities...	+8	+41	+32	+16	.85	.73	
8th F.R. District	+14	+27	+19	+9	.95	.86	

*El Dorado, Fayetteville, Pine Bluff, Ark.; Alton, Harrisburg, Jacksonville, Mt. Vernon, Ill.; New Albany, Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; and Jackson, Tenn.
†Includes St. Louis, Mo., East St. Louis and Belleville, Ill.
Trading days: February, 1946—24; January, 1946—26; February, 1945—24.

Outstanding orders of reporting stores at the end of February, 1946, were 24 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding February 1, 1946, collected during February, by cities:

	Instalment Excl. Instal.		Instalment Excl. Instal.	
	Accounts	Accounts	Accounts	Accounts
Fort Smith.....%	63%	Quincy	43%
Little Rock	32	66	St. Louis	38
Louisville	40	61	Other cities	29
Memphis	42	51	8th F.R. Dist.	38

INDEXES OF DEPARTMENT STORE SALES AND STOCKS 8th Federal Reserve District

	Feb., 1946	Jan., 1946	Dec., 1945	Feb., 1945
†Sales (daily average), Unadjusted.....	236	192	365	187
†Sales (daily average), Seasonably adjusted	281	234	239	222
*Stocks, Unadjusted.....	158	138	130	145
*Stocks, Seasonably adjusted.....	175	160	155	161

†Daily Average 1935-39=100.

*Monthly Average 1935-39=100.

SPECIALTY STORES

	Net Sales			Stocks on Hand		Stock Turnover	
	Feb., 1946 compared with Jan., 1946			2 mos. 1946 to same period 1945		Feb. 28, 1946 comp. with Feb. 28, 1945	
	Jan., 1946	Feb., 1945	1945	Feb. 28, 1945	1945	Jan. 1, to Feb. 28, 1946	1945
Men's Furnishings	+16%†	+45%†	+26%†	-43%†	1.21†	.52†	
Boots and Shoes	+4	+19	+18	-1	1.79	1.24	
Percentage of accounts and notes receivable outstanding February 1, 1946, collected during February:							
Men's Furnishings.....	73%†					48%	
Trading days: February, 1946—24; January, 1946—26; February, 1945—24.							
†Preliminary.							

RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	February, 1946 compared with Jan., '46		February 28, 1946 compared with Jan. 31, '46		Feb. '46 Feb. '45	
	Jan., '46	Feb., '45	Jan. 31, '46	Feb. 28, '45	Feb., '46	Feb., '45
St. Louis Area ¹ ...	+6%	+62%	+36%	+21%	52%	39%
St. Louis.....	+2	+65	+36	+21	53	41
Louisville Area ² ...	+4	+66	+8	+6	32	26
Louisville	+1	+57	+8	+4	31	25
Memphis	+4	+46	+7	+14	25	24
Little Rock.....	+4	+52	+26	+22	31	27
Fort Smith.....	+11	+143	*	*	*	*
8th Dist. Total ³ ...	+3	+60	+17	+15	40	32

*Not shown separately due to insufficient coverage, but included in Eighth District totals.

¹Includes St. Louis, Missouri; East St. Louis and Alton, Illinois.

²Includes Louisville, Kentucky, and New Albany, Indiana.

³In addition to above cities, includes stores in Blytheville and Pine Bluff, Arkansas; Evansville, Indiana; Henderson, Hopkinsville, Owensboro, Kentucky; Greenville, Greenwood, Mississippi; Hannibal and Springfield, Missouri.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Feb., '46	Jan., '46	Feb., '45
Cash Sales	28%	29%	24%
Credit Sales	72	71	76
Total Sales	100	100	100

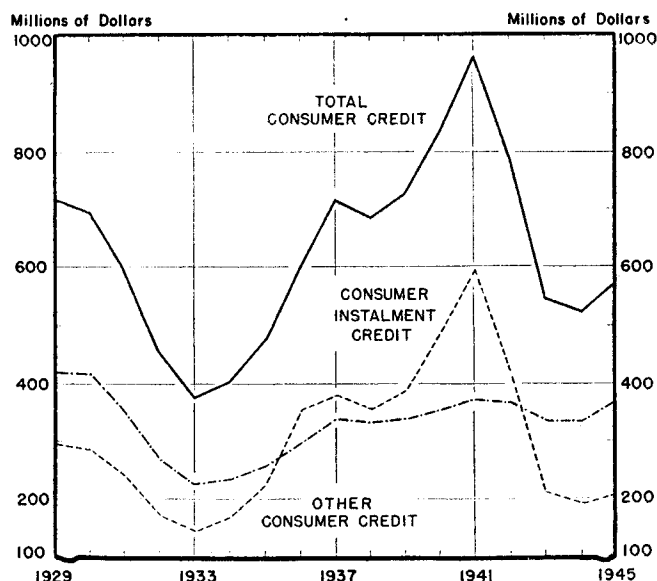
for nonproductive purposes to change. The high interest rates paid on consumer loans were attractive and induced many banks to install personal loan departments.

In the next few months expansion of consumer credit will be limited by two major factors. In the first place, the major segment where expansion might be expected is in consumer instalment credit. This volume depends largely upon the amount of consumer expenditure for durable goods. Until such goods come into the market in quantity, expansion of instalment credit will be relatively slow. Also, consumer credit regulation is still in force.

No one yet knows whether the consuming public will utilize its wartime savings instead of credit to purchase durable goods when they become available in large volume. It is estimated that liquid asset holdings of individuals (currency, bank deposits and Government securities) at the end of 1945 were \$146 billion, or more than three times as large as in December, 1940. Roughly 30 per cent of this huge sum is in currency or demand deposits, another 30 per cent in time deposits, and 40 per cent in securities. Fragmentary reports indicate that many holders of such assets do not plan to use time deposits or to redeem securities to purchase goods. The majority apparently would prefer to use credit rather than these assets to pay for purchases they expect to make. To the extent, however, that currency and demand balances are used for purchases of consumer durables, they will act as a dampening factor on consumer credit expansion.

CONSUMER CREDIT OUTSTANDING—UNITED STATES TOTALS

END OF MONTH AVERAGES, 1929-45



SOURCE: BOARD OF GOVERNORS, FEDERAL RESERVE SYSTEM

AGRICULTURE

Recent weather has been generally favorable to out-door work in the Eighth District. Oat seeding in the northern section is well under way and preparations for crops are advanced in most southern areas. Spring work in northern Mississippi, however, has been retarded somewhat because of too much rain.

Farmers' intentions, according to the Department of Agriculture annual survey, indicate a total crop acreage of 357,500,000 acres will be planted in 1946. While the intended acreage is about 3 per cent less than the established goal, it exceeds plantings in 1945 by 500,000 acres and is 2,500,000 acres above the 1934-45 average.

The general condition of wheat is currently favorable and on present prospects a crop of about 1,007,000,000 bushels will be harvested. This compares with the record 1945 crop of 1,173,000,000 bushels. In past years, a wheat crop of this proportion would have been a problem matter, but with present demands for relief feeding and other export abroad, a large 1946 wheat crop will be welcome and will help solve a world shortage of food. On the basis of present conditions and with average weather conditions, the 1946 corn crop is expected to slightly exceed in bushels the 1945 harvest.

The trend toward fewer workers in agriculture continues despite demobilization and closing of war plants. On March 1, there were 8,263,000 workers on farms as compared to a total of 8,414,000 on March 1, 1945 and to a 1935-39 average for that date of 9,412,000. Currently there are 2 per cent less hired workers on farms than a year earlier and 2 per cent less family workers. While it is possible that the farm labor situation will change as the season advances, it may be that 1946 crops will be produced with less workers than were available during the war years. Apparently nonfarm employment prospects are sufficiently bright to prevent a significant movement of war workers or veterans into the farm labor supply.

The postwar food situation is much worse than was anticipated. Present agricultural output in many of the war-torn nations is far below prewar volume; in some cases as much as 50 per cent of what was produced in the period before the war. As a result, a lively foreign demand for American agricultural products exists, and it appears that the American farmer can expect a ready market for all that he can produce in 1946 and 1947.

WHOLESALE

Lines of Commodities	Net Sales		Stocks
Data furnished by Bureau of Census, U. S. Dept. of Commerce*	February, 1946, compared with Jan., '46 Feb., '45		Feb. 28, 1946, compared with Feb. 28, 1945
Drugs and Chemicals.....	+ 35%	+ 34%%
Electrical Supplies	+ 28	+ 60
Groceries	+ 9	+ 31	+ 8
Hardware	+ 10	+ 21	+ 34
Plumbing Supplies	+ 27	+ 72
Tobacco and its Products.....	+ 10	+ 54
Miscellaneous	+ 13	+ 12	+ 39
Total all lines**.....	+ 8	+ 22	+ 31

*Preliminary.

**Includes certain lines not listed above.

CONSTRUCTION

		BUILDING PERMITS				Repairs, etc.			
		New Construction							
(Cost in thousands)	Number	Cost	Number	Cost	Number	Cost	Number	Cost	
	1946	1945	1946	1945	1946	1945	1946	1945	
Evansville	32	8	\$ 206	\$ 4	119	74	\$ 94	\$ 32	
Little Rock.....	108	15	517	10	188	109	114	132	
Louisville	152	25	708	88	69	17	144	10	
Memphis	772	256	2,838	320	213	192	191	134	
St. Louis.....	218	58	732	244	198	129	398	154	
Feb. Totals.....	1,282	362	5,001	666	787	521	941	462	
Jan. Totals.....	786	341	6,298	569	696	567	1,258	399	

BANKING

CHANGES IN PRINCIPAL ASSETS AND LIABILITIES FEDERAL RESERVE BANK OF ST. LOUIS

(In thousands of dollars)	Change from		
	Mar. 20, 1946	Feb. 20, 1946	Mar. 21, 1945
Industrial advances under Sec. 13b.....	\$.....		
Other advances and rediscounts.....	38,610	+ 27,250	+ 12,610
U. S. Securities.....	1,058,747	- 29,124	+ 221,853
Total earning assets.....	1,097,357	- 1,874	+ 234,463
Total reserves	594,653	- 11,913	+ 67,938
Total deposits	652,214	+ 9,173	+ 65,567
F. R. notes in circulation.....	1,045,365	- 1,598	+ 96,536
Industrial commitments under Sec. 13b			

PRINCIPAL RESOURCE AND LIABILITY ITEMS OF REPORTING MEMBER BANKS

(In thousands of dollars)	Change from		
	Mar. 20, 1946	Feb. 20, 1946	Mar. 21, 1945
Total loans and investments.....	\$2,177,463	- 42,959	+ 346,665
Commercial, industrial, and agricultural loans*	341,851	- 6,082	+ 96,255
Loans to brokers and dealers in securities	7,753	- 2,849	+ 1,129
Other loans to purchase and carry securities	75,944	- 3,348	+ 44,166
Real estate loans.....	72,045	+ 1,185	+ 7,723
Loans to banks.....	1,778	+ 1,819	+ 1,612
Other loans	103,970	+ 4,706	+ 20,557
Total loans	603,341	- 8,207	+ 171,442
Treasury bills	12,469	- 10,729	- 12,974
Certificates of indebtedness.....	314,031	+ 714	- 9,063
Treasury notes	277,038	- 28,712	+ 18,074
U. S. Bonds.....	836,491	+ 4,287	+ 177,131
Obligations guaranteed by U. S. Govt	362	- 0.	- 13,710
Other securities	133,731	- 312	+ 15,765
Total investments	1,574,122	- 34,752	+ 175,223
Balances with domestic banks.....	103,745	- 7,549	- 8,130
Demand deposits—adjusted**.....	1,060,545	- 13,875	- 853
Time deposits	350,600	+ 3,295	+ 61,578
U. S. Government deposits.....	443,784	- 52,672	+ 221,483
Interbank deposits	615,773	- 30,964	+ 31,855
Borrowings	36,700	+ 26,700	+ 11,700

*Includes open market paper.

**Other than interbank and Government deposits, less cash items on hand or in process of collection.

Above figures are for selected member banks in St. Louis, Louisville, Memphis, Little Rock and Evansville.

National Summary of Conditions

BY BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Industrial production—Output of durable goods declined considerably further in February, while production of nondurable goods and minerals continued to increase. Production of steel, automobiles, and machinery has advanced sharply since the settlement of wage disputes in these industries, and the Board's index of industrial production, which declined from 160 in January to 154 per cent of the 1935-39 average in February, will show a considerable rise in March.

Steel mill operations in February were at an average rate of 19 per cent of capacity as compared with 50 per cent in January. Output at steel mills has increased rapidly since the middle of February, and during the week ending March 23 is scheduled at 89 per cent of capacity—the highest rate since V-J day. In February production of nonferrous metals, machinery, and transportation equipment also declined, reflecting chiefly the direct or indirect effects of work stoppages. Lumber production, after advancing in January, showed little change in February. Plate glass production increased sharply to the highest level since November 1941.

Production of most nondurable goods continued to advance in February, partly reflecting increases in working forces. Output at textile mills rose further and was at a rate slightly above the level of a year ago. Activity in the meat packing industry increased sharply in February following settlement of the wage dispute at major plants and was 20 per cent higher than a year ago. Flour production likewise showed a substantial gain for the month. In March a Federal program was instituted to reduce domestic consumption of wheat in order to increase exports for relief purposes. Output of automobile tires in February rose to the highest rate on record.

Employment—Employment continued to advance from the middle of January to the middle of February in most lines of activity except at manufacturing plants closed by industrial disputes. After February 15, with the settlement of the steel strike, there were large increases in employment in the durable goods industries and by the middle of March employment in private nonagricultural establishments is estimated to be about 2½ million larger than last September, after allowing for seasonal changes. Unemployment increased from

January to February by about 400,000 to a level of 2,700,000 persons.

Distribution—Department store sales in February, after allowance for seasonal changes, were the largest on record by a considerable margin, and in the first half of March sales continued to show marked increases over a year ago. Total retail trade in February was probably close to one-fourth higher than in the same month last year.

Shipments of most classes of railroad freight increased from the middle of February to the middle of March and almost the same number of cars were being loaded in the first two weeks of March as during the same period last year, when shipments of war products were at peak levels.

Commodity prices—The general level of wholesale commodity prices advanced one per cent from the middle of February to the middle of March, reflecting increases in most groups of agricultural and industrial products. Since last September wholesale prices have advanced 3.3 per cent, according to the Bureau of Labor Statistics' index. Price control regulations permit manufacturers and distributors to pass on to consumers only part of the recent advances granted in maximum wholesale prices.

Bank Credit—Retirement of 2.8 billion dollars of United States Government obligations during March was reflected in a decline of about the same amount in Treasury balances during the four weeks ending March 20. Holdings of Government securities by both Federal Reserve Banks and member banks declined, accompanying reductions in Treasury deposits at these banks. Deposits, other than those of the Treasury, at member banks showed little change. Member banks' required and excess reserves also changed little during the period. Member banks increased their borrowings at the Reserve Banks to over 700 million dollars on March 13, but reduced them somewhat in the following week.

Commercial and industrial loans at member banks in leading cities continued to increase between the middle of February and the middle of March. Loans on Government securities to brokers and dealers fluctuated considerably in connection with the Treasury retirement and refunding operations, while those to others continued to show a slow decline.