

## BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

H.12

(For Immediate Release)

August 7, 1951

CHANGES IN COMMERCIAL AND INDUSTRIAL LOANS, BY INDUSTRY AND PURPOSE

The decrease of 89 million dollars in commercial, industrial, and agricultural loans at weekly reporting member banks during the week ended July 25 included decreases in loans to wholesale and retail trade and sales finance companies. These decreases exceeded the increases in loans to public utilities and to manufacturers of metals and metal products.

In a somewhat smaller sample of loans classified as to purpose, there was a further increase in loans for defense and defense-supporting activities totaling 48 million dollars while non-defense loans decreased 88 million.

The principal changes in loans classified by type of business, during the week and since the end of March, were as follows:

<u>Business of Borrower</u>	Week ended <u>July 25</u> (In millions of dollars)	Change since <u>March 28</u>
Manufacturing and mining:		
Food, liquor, and tobacco	- 10	-372
Textiles, apparel, and leather	- 10	+129
Metals and metal products	+ 13	+353
Trade -- wholesale and retail	- 33	- 36
Commodity dealers	- 2	-456
Sales finance companies	- 29	+ 7
Public utilities and transportation	+ 28	+213

In addition to the usual table showing changes for the week by industry of borrower, purpose of loans, and Federal Reserve District, there is also attached a summary table showing the monthly changes since a sample of the largest banks began reporting these data at the request of the National Voluntary Credit Restraint Committee.

The summary table shows that loans to commodity dealers and to manufacturers of food, liquor, and tobacco have decreased in every month since the series was started. On the other hand, loans to manufacturers of textiles, apparel, and leather, to manufacturers of metals and metal products, to "other" manufacturing and mining borrowers, and loans to public utilities have increased in every month. Loans to wholesale and retail trade and to sales finance companies increased during April and May but decreased during June and July.

Changes in loans classified as to purpose showed increases in defense loans every month. Non-defense loans increased somewhat in April and June but decreased by larger amounts during May and July; however, repayments of non-defense loans were greatly under-reported in the early weeks of the survey.

During these four months commercial, industrial, and agricultural loans at all weekly reporting member banks have decreased 256 million dollars. During the same period the change in loans classified by type of business of borrower was nominal. This indicates that the industrial categories showing increases are probably overstated and those showing decreases, understated. The difference between the change in classified loans and in total commercial, industrial, and agricultural loans at all weekly reporting member banks may be due in part to the decline in loans at banks not included in the classification sample and to the decline of smaller loans in the sampled banks. However, it is probable that the difference is largely due to the coverage of new loans being more complete than the coverage of repayments, particularly in some of the earlier weeks of the series, when some banks were classifying only their new loans and not their repayments. However, this is to be expected to a certain extent at all times, since a loan may be large enough to classify at the time it is made, but its repayments may escape the classifier if made over a period of time.

CHANGES IN COMMERCIAL AND INDUSTRIAL LOANS OF A SAMPLE OF WEEKLY REPORTING MEMBER BANKS  
BY INDUSTRY, PURPOSE, AND FEDERAL RESERVE DISTRICT,  
WEEK ENDED WEDNESDAY, JULY 25, 1951

(In millions of dollars)

Business of Borrower	All Districts	Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atlanta	Chicago	St. Louis	Minne- apolis	Kansas City	Dallas	San Francisco
<b>Manufacturing and mining:</b>													
Food, liquor, and tobacco	-10.4	- 1.1	- 7.7	- 2.2	- .4	+ 1.1	- 2.0	- 4.3	+ 1.2	- .5	+ 1.0	- .6	+ 5.1
Textiles, apparel, and leather	- 9.5	+ .3	- 1.5	- .6	- .9	- .2	- .4	- 3.5	- 3.0	+ .2	--	- .2	+ .3
Metals and metal products (including machinery & transportation equipment)	+13.3	+ 2.3	+ 3.8	+ 1.6	+ 3.0	- .1	+ 1.0	+ 2.0	+ .1	- .1	- .4	- .5	+ .6
Petroleum, coal, chemicals, and rubber	- 1.3	- .2	+ 3.5	- .1	--	--	- .1	- 3.3	- .2	- .3	+ .4	- 1.8	+ .8
Other manufacturing and mining	- 2.9	+ 1.1	- 1.8	- .2	+ .1	- .7	- .4	+ 1.7	- 1.0	+ .2	+ 1.7	- .8	- 2.8
<b>Trade:</b>													
Wholesale	( )	- 1.0	- 2.3	- .3	+ .2	+ .4	- .7	- 1.2	- .2	- .2	- .8	( )	- 7.1
Retail	(-32.5)	+ .4	- 9.3	- .3	- .4	+ .6	- .3	- .2	- 1.0	- .7	- 1.9	(- 3.6)	- 2.6
Commodity dealers	- 2.2	- 5.2	- 5.6	+ 1.4	+ 2.2	+ 1.0	- .6	- .8	+ 2.6	- 4.2	+ 3.1	+ .8	+ 3.1
Sales finance companies	-28.5	- 1.0	-31.3	- 2.4	- 6.1	- 2.4	- .7	+14.5	- .8	- .1	+ 1.1	+ .4	+ .3
Public utilities (including transportation)	+28.0	- .3	+21.1	- .2	+ 5.0	+ .5	+ .7	+ 3.1	+ .5	+ .1	- 1.5	- 2.5	+ 1.5
Construction	+ .5	+ .1	+ 1.2	--	+ .5	- .5	- .2	- .6	- .4	- .2	+ .8	--	- .2
All other types of business	+ 5.2	- .2	+ 6.4	+ .2	- .8	+ .2	+ .5	--	- 1.5	- .1	- .1	+ 1.5	- .9
Net change of classified loans <sup>1/</sup>	-40.3	- 4.8	-23.5	- 3.1	+ 2.4	- .1	- 3.2	+ 7.4	- 3.7	- 5.9	+ 3.4	- 7.3	- 1.9
To balance with net change in weekly reporting series	-48.7	- 1.2	-11.5	- 3.9	- 3.4	- 3.9	- 1.8	- 2.4	- 1.3	- 2.1	- 1.4	- 1.7	-14.1
Net change in commercial, industrial, and agricultural loans	-89.0	- 6.0	-35.0	- 7.0	- 1.0	- 4.0	- 5.0	+ 5.0	- 5.0	- 8.0	+ 2.0	- 9.0	-16.0
<b>Purpose Classification</b>													
Defense contracts	+18.7	+ 1.7	+ 8.8	+ 1.8	+ 2.4	--	+ 1.1	+ 2.9	- .1	--	- 1.2	- .4	+ 1.7
Defense-supporting activities:													
Plant and equipment	+25.3	+ .3	+20.0	- .2	+ 4.7	+ .2	- .4	+ .1	+ .2	+ .1	+ .2	--	+ .1
All other	+ 3.7	--	+ .2	+ .3	+ 3.2	+ .3	--	+ .4	- .1	--	- 1.6	--	+ 1.0
Non-defense activities:													
Inventory and working capital	-98.9	- 6.6	-60.5	- 5.1	- 7.9	- 1.1	- 3.8	+ 1.6	- 1.6	- 5.8	+ 2.9	- 7.9	- 3.1
Plant and equipment	+ 9.2	- .2	+ 5.1	+ .1	+ .7	+ .3	- .2	+ 1.5	+ .3	- .3	+ .9	+ .5	+ .5
Retirement of non-bank debt and preferred stock	+ 6.8	--	+ 4.3	--	--	--	--	+ 2.0	- .6	--	--	+ 1.1	--
All other (for loans classified)	- 5.5	--	- 1.4	--	- .7	+ .2	+ .1	- 1.1	- 1.8	+ .1	+ 1.8	- .6	- 2.1
Net change of classified loans <sup>1/</sup>	-40.7	- 4.8	-23.5	- 3.1	+ 2.4	- .1	- 3.2	+ 7.4	- 3.7	- 5.9	+ 3.0	- 7.3	- 1.9

<sup>1/</sup> About 220 weekly reporting member banks are reporting changes in their larger loans as to industry and purpose; these banks hold nearly 95 per cent of total commercial and industrial loans of all weekly reporting member banks and about 75 per cent of those of all commercial banks.

H. 12 (b)

CHANGES IN COMMERCIAL AND INDUSTRIAL LOANS OF A SAMPLE OF WEEKLY REPORTING MEMBER BANKS  
BY INDUSTRY AND PURPOSE, FOR THE FOUR MONTHS ENDED WEDNESDAY, JULY 25, 1951

(In millions of dollars)

Business of Borrower	4 months <sup>1</sup> totals	Four or five weeks ended			
		April 25	May 30	June 27	July 25
Manufacturing and mining:					
Food, liquor, and tobacco	-371.5	-77.4	-125.8	-39.9	-128.4
Textiles, apparel, and leather	+129.2	+24.2	+27.3	+64.1	+13.6
Metals and metal products (including machinery & transportation equipment)	+353.2	+ 8.0	+97.3	+169.9	+78.0
Petroleum, coal, chemicals, and rubber	+ 48.0	+10.2	+24.0	+13.9	- .1
Other manufacturing and mining	+ 82.3	+ 8.6	+ 2.5	+48.9	+22.3
Trade -- wholesale and retail	- 36.3	+66.8	+ 5.2*	-10.0*	-98.3
Commodity dealers	-456.0	-135.1	-168.4	-117.7	-34.8
Sales finance companies	+ 6.8	+17.7	+47.9	- 3.0	-55.8
Public utilities (including transportation)	+213.1	+19.1	+83.9*	+71.8*	+38.3
Construction					
All other types of business	{ + 32.1	+ 2.8	- 2.9* }	+30.8	+ .3
Net change of classified loans <sup>1/</sup>	+ .9	-55.1	- 9.0 *	+250.3*	-185.3
To balance with net change in weekly reporting series	-256.9	-19.9	-70.0*	-78.3*	-88.7
Net change in commercial, industrial, and agricultural loans	-256.0	-75.0	-79.0	+172.0	-274.0
Purpose Classification <sup>2/</sup>					
Defense contracts	+319.8	+67.8	+66.8	+111.6	+73.6
Defense-supporting activities:					
Plant and equipment	+165.2	--	+19.9	+78.9	+66.4
All other	+ 48.0	--	+ 5.5	+48.4	- 5.9
Non-defense activities:					
Inventory and working capital	-435.3	+26.0	-108.7	-49.1	-303.5
Plant and equipment	+134.0	+ 6.3	+73.7*	+54.0*	--
Retirement of non-bank debt and preferred stock	+ .6	-14.6	- 2.4	+ 6.4	+11.2
All other (for loans classified)	- 70.8	- 5.4	-44.8*	+ 2.8*	-23.4
Net change of classified loans <sup>1/ 2/</sup>	+161.5	+80.1	+10.0*	+253.0*	-181.6

\* Revised; cumulative totals for May and June reflect minor revisions in some items.

<sup>1/</sup> See footnote on preceding table regarding current coverage. During April and most of May the coverage was somewhat smaller.

<sup>2/</sup> During April and early May, many of the banks were classifying only the new loans, and not repayments, as to purpose. The purpose classification, "Defense-supporting activities", was not generally used prior to the week of May 16.