BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

H.12 (For Immediate Release) November 13, 1951

CHANGES IN COMMERCIAL AND INDUSTRIAL LOANS, BY INDUSTRY AND PURPOSE

The previously reported increase of $99 million in commercial, industrial, and agricultural loans at weekly reporting member banks for the week ended October 31 included additional net borrowings by commodity dealers, processors of food products, public utilities (including transportation), and by manufacturers of petroleum, coal, chemicals, and rubber products. Net repayments were made by sales finance companies and by manufacturers of textiles, apparel, and leather.

The increase of $59 million in loans to commodity dealers was largely in the New York, St. Louis, Dallas, and San Francisco districts. The increases in loans to public utilities and to the petroleum, coal, chemical, and rubber industries were largely in New York.

Defense loans increased $40 million and non-defense loans increased $55 million.

Changes in loans classified by type of business during the week, since mid-year, and since the end of March, were as follows:

Business of Borrower	Week ended October 31	Since June 27	Since March 28
	(In millions of dollars)		
Manufacturing and mining:			
Food, liquor, and tobacco	+ 31	+521	+278
Textiles, apparel, and leather	- 26	-217	-101
Metals and metal products	+ 5	+537	+812
Petroleum and other	+ 20	+144	+252
Trade -- wholesale and retail	+ 1	+ 40	+102
Commodity dealers	+ 59	+394	- 27
Sales finance companies	- 38	-104	- 42
Public utilities and transportation	+ 35	+318	+493
Construction and other	+ 8	- 67	- 15
Classified changes	+ 94	+1,565	+1,752
Unclassified changes	+ 5	-214	-383
Net changes in commercial, industrial, and agricultural loans	+ 99	+1,351	+1,369

In addition to the usual weekly table showing changes by industry of borrower, purpose of loans, and Federal Reserve District, there is also attached a summary table showing the changes during the seven months since a sample of the largest banks began reporting these data.

The changes during October were quite similar to those during the preceding quarter. There have been further increases in loans to commodity dealers and processors of food products, continuing their seasonal borrowings to finance the crop movement. Loans to manufacturers of metals and metal products have also increased, but at a diminished rate. The repayments of loans by manufacturers of textiles, apparel, and leather have continued at a faster rate.

Since the only comparable period for which changes in commercial loans according to industry are available was between mid-year and November 1, 1950, a comparison of the changes during these two years is shown in the following table. Last fall the Federal Reserve Banks made a special survey

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of commercial loans made at member banks in leading cities during the four-months' period; the collection of these statistics was not continued beyond November 1, 1950 but it was resumed in March 1951 at the request of the National Voluntary Credit Restraint Committee.

Business of Borrower	Mid-year thru October 1951	1950
	(In millions of dollars)	
Manufacturing and mining:		
Food, liquor, and tobacco	+521	+413
Textiles, apparel, and leather	-217	+130
Metals and metal products	+537	- 17
Petroleum, coal, chemicals, and rubber	+ 68	+ 19
Other manufacturing and mining	+ 75	+ 17
Trade -- wholesale and retail	+ 40	+272
Commodity dealers	+394	+690
Sales finance companies	-104	+324
Public utilities and transportation	+318	+ 50
Construction	- 61	+ 55
All other types of business	- 6	+113
Classified changes	+1,565	+2,065
Unclassified changes	-214	+809
Net changes in commercial, industrial, and agricultural loans	+1,351	+2,874

Although the coverage was not nearly as complete in 1950 as at present, all of the large banks that cooperated in the survey a year ago are in the present series.

The recent expansion of commercial loans has been less than half that of the comparable period of 1950. The pattern of the loans classified during the two periods has been somewhat similar in that over one-half of the loan expansion has been to commodity dealers and to processors of food products. However, in most respects the patterns have been quite different. Loans to public utilities and to the wholesale and retail trade increased in both years, but the public utility expansion was much greater in 1951, while the recent increase in trade loans has been relatively small as compared with last year. Loans to manufacturers of metals and metal products have shown a larger increase than any other industrial category this year; this compares with a nominal decrease in the previous year, and is indicative of the present defense effort. Loans to manufacturers of textiles, apparel, and leather, and to sales finance companies have decreased in the past four months, as compared with substantial increases a year ago.

Changes in loans classified as to purpose during the two periods are quite different in that about half of the increase this year has been for defense purposes; last year only a small amount was so classified. A year ago over 80 per cent of the loans were reported to be for non-defense inventory and working capital purposes, as compared with about 50 per cent this year. Plant and equipment loans, for both defense and non-defense purposes, have increased $436 million this year as compared with only $54 million in the corresponding period of 1950.

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H.12(a)

CHANGES IN COMMERCIAL AND INDUSTRIAL LOANS OF A SAMPLE OF WEEKLY REPORTING MEMBER BANKS BY INDUSTRY, PURPOSE, AND FEDERAL RESERVE DISTRICT, WEEK ENDED WEDNESDAY, OCTOBER 31, 1951

(In millions of dollars)

Business of Borrower	All Districts	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Manufacturing and mining:													
Food, liquor, and tobacco	+30.5	+ 6.2	+10.2	+ .5	+ .7	- .6	+ 1.2	+ 9.0	+ 1.1	- .6	+ .5	+ 1.7	+ .6
Textiles, apparel, and leather	-26.5	- 5.7	-15.7	- 1.3	- .5	- 1.0	- 1.6	+ .3	- .4	- .6	- .2	- .1	+ .3
Metals and metal products (including machinery & transportation equipment)	+ 5.1	+ 1.5	- .4	+ .3	+ 1.8	- .2	+ .4	+ 3.6	- 1.3	+ .1	+ .6	+ .1	- 1.4
Petroleum, coal, chemicals, and rubber	+20.0	+ 3.6	+15.8	+ .2	+ .3	+ .1	+ .4	+ 1.2	+ .1	+ .4	- .5	- .9	- .7
Other manufacturing and mining	+ .1	- 1.4	+ 3.9	- .1	- 6.8	--	- .3	+ 2.0	- .8	- .1	--	+ .9	+ 2.8
Trade:													
Wholesale	(+ 1.0)	--	+ .9	- .3	+ 3.5	+ .3	- .3	- 7.6	- 1.2	+ .5	- .2	(+ 1.1)	+ 1.0
Retail	( )	+ 1.2	- .7	+ 1.1	+ 1.2	+ .6	+ .3	+ .1	- 1.4	+ .5	+ .6	( )	- .2
Commodity dealers	+59.2	- .3	+17.0	- 1.2	+ .7	- 1.3	+ 3.6	+ 6.0	+15.1	--	+ .9	+ 9.4	+ 9.3
Sales finance companies	-38.2	+ 1.3	-33.7	- 6.6	- 1.1	+ .8	+ .9	+ 9.0	- .3	- .5	+ .2	+ 1.1	- 9.3
Public utilities (including transportation)	+35.2	- 1.9	+29.5	+ .4	+ 3.2	--	+ .9	+ 2.1	- .1	--	--	+ .2	+ .9
Construction	- 5.9	+ .2	+ .9	- .3	- .2	- .3	- 3.0	- 2.7	- .3	- .8	+ .8	+ .6	- .8
All other types of business	+14.0	+ .1	+ 4.1	- .3	+ 1.0	+ 2.1	- 2.2	+ 5.7	- .5	+ .4	+ 2.1	- .1	+ 1.6
Net change of classified loans 1/	+94.5	+ 4.8	+31.8	- 7.6	+ 3.8	+ .5	+ .3	+28.7	+10.0	- .7	+ 4.8	+14.0	+ 4.1
To balance with net change in weekly reporting series	+ 4.5	+ 7.2	-12.8	- .4	- .8	- 1.5	+ 2.7	- 1.7	- 1.0	- .3	+ 7.2	+ 1.0	+ 4.9
Net change in commercial, industrial, and agricultural loans	+99.0	+12.0	+19.0	- 8.0	+ 3.0	- 1.0	+ 3.0	+27.0	+ 9.0	- 1.0	+12.0	+15.0	+ 9.0
Purpose Classification													
Defense contracts	+13.3	- .8	+ 6.6	- .5	+ 2.6	+ .9	+ .5	+ 1.4	- .1	- .1	+ .6	+ 1.3	+ .9
Defense-supporting activities:													
Plant and equipment	+28.0	+ 3.0	+22.6	+ .4	+ 1.9	--	--	+ .5	+ .6	--	--	--	- 1.0
All other	- 1.5	--	+ .3	--	+ .8	--	+ .3	- 1.2	- .1	--	- .1	--	- 1.5
Non-defense activities:													
Inventory and working capital	+45.6	+ 6.7	- 6.9	- 7.9	- 4.3	- 1.7	+ 3.8	+24.6	+ 9.8	- .6	+ 3.9	+12.8	+ 5.4
Plant and equipment	+ 2.1	- 4.9	+ 3.8	+ .5	+ 1.6	- .5	+ .1	+ 1.8	+ 1.0	--	+ .3	- 1.2	- .4
Retirement of non-bank debt and preferred stock	- 2.7	--	+ 1.0	--	--	--	- 4.4	--	--	--	--	+ 1.2	- .5
All other (for loans classified)	+ 9.7	+ .8	+ 4.4	- .1	+ 1.2	+ 1.8	--	+ 1.6	- 1.2	--	+ .1	- .1	+ 1.2
Net change of classified loans 1/	+94.5	+ 4.8	+31.8	- 7.6	+ 3.8	+ .5	+ .3	+28.7	+10.0	- .7	+ 4.8	+14.0	+ 4.1

1/ 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.

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H.12(b)

CHANGES IN COMMERCIAL AND INDUSTRIAL LOANS OF A SAMPLE OF WEEKLY REPORTING MEMBER BANKS BY INDUSTRY AND PURPOSE, FOR THE SEVEN MONTHS ENDED WEDNESDAY, OCTOBER 31, 1951

(In millions of dollars)

Business of Borrower	7 months' totals	3 months ended June 27	3 months ended September 26	5 weeks ended October 31
Manufacturing and mining:				
Food, liquor, and tobacco	+278.2	-243.1	+231.4	+289.9
Textiles, apparel, and leather	-101.3	+115.6	- 77.5	-139.4
Metals and metal products (including machinery and transportation equipment)	+811.7	+275.2	+451.7	+ 84.8
Petroleum, coal, chemicals, and rubber	+116.4	+ 48.1	+ 42.0	+ 26.3
Other manufacturing and mining	+135.4	+ 60.0	+ 69.8	+ 5.6
Trade -- wholesale and retail	+102.4	+ 62.0	+ 22.6	+ 17.8
Commodity dealers	- 27.4	-421.2	+164.1*	+229.7
Sales finance companies	- 41.5	+ 62.6	-100.3*	- 3.8
Public utilities (including transportation)	+492.7	+174.8	+218.3*	+ 99.6
Construction	- 16.5	+ 44.2	- 32.9*	- 27.8
All other types of business	+ 1.6	+ 8.0	- 26.2	+ 19.8
Net change of classified loans 1/	+1,751.7	+186.2	+963.0	+602.5
To balance with net change in weekly reporting series	-382.7	-168.2	-105.0	-109.5
Net change in commercial, industrial, and agricultural loans	+1,369.0	+ 18.0	+858.0	+493.0
Purpose Classification 2/				
Defense contracts	+552.4	+246.2	+257.0	+ 49.2
Defense-supporting activities:				
Plant and equipment	+494.5	+ 98.8	+292.7	+103.0
All other	+127.5	+ 53.9	+ 63.9	+ 9.7
Non-defense activities:				
Inventory and working capital	+609.4	-131.8	+301.1	+440.1
Plant and equipment	+173.9	+134.0	+ 42.5	- 2.6
Retirement of non-bank debt and preferred stock	+ 10.8	- 10.6	+ 22.3	- .9
All other (for loans classified)	- 56.2	- 47.4	- 12.8	+ 4.0
Net change of classified loans 1/ 2/	+1,912.3	+343.1	+966.7	+602.5

* August and September figures revised.

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

2/ 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.

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