

BANKING AND MONETARY DEVELOPMENTS IN MAY 1956

Summary. Total loans and investments at all commercial banks declined somewhat in May as further loan expansion was more than offset by reductions in bank holdings of U. S. Government and other securities. Demand deposit and currency holdings of businesses and individuals declined considerably more than the usual seasonal amount. U. S. Government deposits, however, increased substantially. Net borrowed reserves of all member banks declined somewhat in the latter part of the month. Some short-term money market rates rose further.

Bank credit. Preliminary estimates indicate that total loans and investments at all commercial banks may have declined about \$400 million in May as shown in Table 1. Loans expanded an additional \$500 million; real estate and consumer loans continued to increase and security loans rose toward the end of the month. U. S. Government security holdings declined about \$600 million, however, and other securities \$300 million. Last year, in May, total credit increased slightly; expansion in total loans was considerably larger than this year but reductions in U. S. Government and other security holdings were about the same.

Business loans at all commercial banks are estimated to have been about unchanged in May compared with an increase of \$400 million in May last year. At reporting banks in leading cities, business loans declined slightly over the month, but generally there is some expansion at other banks during this season of the year.

One of the major factors accounting for the difference in the behavior of business loans at reporting banks in May this year compared with last was a reduction in loans to sales finance companies of \$100 million compared with an increase of almost the same volume in May last year, as shown in Table 2. Loans to public utility concerns also declined in May 1956 whereas they rose a year ago. In addition, repayments of seasonal borrowing, which lagged earlier this year, were larger in May than a year ago. On the other hand, borrowings by metals and textiles manufacturers were larger than a year ago. Early in May, loans to metals manufacturers continued to increase substantially, but late in the month, they declined sharply, presumably reflecting in large part repayments by one large company from the proceeds of a bond issue.

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Table 1

Estimated Changes in Loans and Investments at All Commercial Banks

(In billions of dollars)

Item	1956	1955	1956	1955	Year ending:	
	Apr. 26,	Apr. 28,	Jan. 1,	Jan. 1,	May 30,	May 25,
	-	-	-	-	1956,	1955,
	May 30	May 25	May 30	May 25	1956	1955
<u>Total loans (excluding</u>						
<u>interbank</u>	+ 0.5	+ 1.0	+ 2.4	+ 2.4	+ 11.6	+ 6.6
Business	<u>1/</u>	+ 0.4	+ 1.5	+ 1.1	<u>2/</u> + 6.7	<u>2/</u> + 2.0
Real estate	+ 0.2	+ 0.3	+ 0.8	+ 1.1	<u>2/</u> + 2.1	<u>2/</u> + 2.5
Security	+ 0.1	<u>1/</u>	- 0.5	- 0.2	+ 0.2	+ 0.8
Agricultural	<u>1/</u>	<u>1/</u>	- 0.2	- 0.8	- 0.1	- 0.6
Consumer	+ 0.1	+ 0.2	+ 0.6	+ 0.7	+ 1.9	+ 0.3
All other loans	+ 0.1	+ 0.2	+ 0.2	+ 0.6	+ 0.8	+ 1.3
U. S. Government securities	- 0.6	- 0.6	- 4.1	- 4.0	- 7.5	+ 1.7
Other securities	- 0.3	- 0.3	- 0.4	+ 0.4	- 0.4	+ 1.4
Total loans and invest- ments (excluding interbank)	- 0.4	+ 0.1	- 2.1	- 1.2	+ 3.7	+ 9.7

1/ Less than \$50 million.

2/ Level of business loans increased by, and real estate loans decreased by, \$300 million at end of October 1955 to correct classification errors. No back figures revised; most of the misclassification probably occurred during 1955.

Note: Data for May 1956 are estimates. Preliminary data for May will be shown in the Board's statement, "Assets and Liabilities of All Banks in the United States," available at the end of June.

So far in 1956, business loans at all commercial banks have increased about \$1.5 billion compared with \$1.1 billion in the same period last year. Business borrowing was much sharper over the March tax period this year than last but earlier in 1956 declines had been larger than a year ago due primarily to larger net repayments by sales finance companies. In April, business loans expanded at about the same rate in both years, but in May, they remained unchanged in contrast with a substantial increase last year.

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Table 2

Changes in Commercial, Industrial, and Agricultural Loans 1/

(In millions of dollars)

Business of Borrower	1956	1955	1953	1956	1955	1953
	Apr. 26,	Apr. 28,	Apr. 30,	Jan. 5,	Jan. 6,	Jan. 8,
	- May 30	- June 1	- June 3	- May 30	- June 1	- June 3
Food processors	- 79	-112	-154	-277	-451	-581
Commodity dealers	-106	- 47	-162	-278	-393	-777
Trade concerns	+ 19	+ 53	+ 20	+243	+158	+362
Total	-166	-106	-296	-312	-686	-903
Sales finance	-102	+ 85	-103	-434	+345	- 72
All other - total	+208	+228	- 2	+1,852	+1,015	+676
Metal and metal products	+ 54	+ 4	+ 41	+968	+ 73	+380
Textiles, apparel, and leather	+ 37	+ 2	- 19	+180	+189	+109
Petroleum, coal, etc.	- 7	+ 1	+ 9	+217	+263	+ 69
Other manufacturing and mining	+ 32	+ 52	+ 36	+265	+119	+ 74
Public utilities	- 45	+ 68	- 57	+ 88	+170	+ 48
Construction	+ 31	+ 51	- 2	+ 35	+ 83	+ 8
All other types of business	+106	+ 50	- 11	+ 99	+117	+115
Total - Classified	- 60	+208	-400	+1,105	+673	-299
Unclassified	+ 3	±/-117	- 43	+ 90	3/-292	-169
Total change	- 57	±/+ 91	-443	+1,195	3/+382	-469

1/ Data for 1956 exclude agricultural loans.

2/ CCC certificates may have declined about 160 million dollars.

3/ CCC certificates may have declined about 440 million dollars.

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Over the January-May 1956 period, borrowing by metals manufacturers was exceptionally large and accounted for about four-fifths of total business borrowing at weekly reporting banks. Borrowing by petroleum and chemical concerns rose rapidly earlier in the year, and that by textiles manufacturers more recently. Borrowing by trade concerns increased fairly steadily throughout the period, and in the last month or two, borrowing by construction firms also has begun to increase.

All commercial bank holdings of U. S. Government securities are estimated to have declined an additional \$600 million in May. This assumes that the reduction was largely at banks in leading cities. At banks outside those cities, holdings of U. S. Government securities declined substantially in the first quarter of 1956, but not as rapidly as at city banks. In April, however, they rose, while holdings at banks in leading cities continued to decline.

Total credit at all commercial banks declined about \$2 billion during the first five months of 1956 compared with a reduction of about \$1 billion in the comparable period a year ago. Total loans increased about \$2.5 billion and holdings of U. S. Government securities declined around \$4 billion in both years. Holdings of other securities, however, also declined in early 1956; about \$400 million, whereas last year they increased \$400 million.

Deposits and currency. Preliminary estimates indicate that demand deposits and currency held by the public, shown in Table 3, may have declined \$1.7 billion in May, around \$1.4 billion more than the usual seasonal amount. This followed a seasonally adjusted increase of \$1.3 billion in April, considerably larger than previous estimates had indicated. At the end of May, demand deposits adjusted and currency, on a seasonally adjusted basis, were about one per cent above the year-ago level. So far this year, reductions in both demand deposits adjusted and currency outside banks have been of about seasonal proportions.

The major factor underlying the May decline in the privately held money supply was a more than seasonal decline in demand deposits adjusted, largely reflecting a sharp rise in U. S. Government deposits at commercial banks. These deposits increased \$1.3 billion in May to \$6.3 billion, considerably above the usual working level. Recently, Treasury expenditures for national security have been smaller than expected. Also, in May, corporate and individual tax receipts were higher than anticipated. Total bank credit showed little change, with expansion at mutual savings banks and at Federal Reserve Banks largely offsetting small declines at commercial banks. In May of other recent years, U. S. Government deposits have either declined or shown much smaller increases, and commercial bank credit generally has shown little change.

Table 3

Estimated Changes in Deposits and Currency
(In billions of dollars)

Item	1956	1955	1956	1955	Year ending:	
	Apr. 26, May 30	Apr. 28, May 25	Jan. 1, May 30	Jan. 1, May 25	May 30, 1956	May 25, 1955
<u>Seasonally adjusted data 1/</u>						
Demand deposits adjusted	- 1.6	- 0.8	- 0.2	+ 2.0	+ 0.8	+ 4.7
Currency outside banks	+ 0.2	- 0.1	- 0.1	2/	+ 0.5	- 0.1
Total	- 1.4	- 0.9	- 0.3	+ 2.0	+ 1.3	+ 4.6
<u>Unadjusted data</u>						
Demand deposits adjusted	- 2.0	- 1.2	- 5.8	- 3.3	+ 0.8	+ 4.6
Currency outside banks	+ 0.3	+ 0.1	- 1.0	- 1.1	+ 0.5	2/
Total	- 1.7	- 1.1	- 6.8	- 4.3	+ 1.3	+ 4.6
Time deposits	+ 0.2	+ 0.3	+ 1.1	+ 1.2	+ 3.0	+ 4.0
U. S. Government deposits	+ 1.3	+ 0.3	+ 1.9	+ 0.8	+ 0.4	+ 0.3
Total	- 0.2	- 0.4	- 3.8	- 2.2	+ 4.6	+ 9.0
<u>Factors affecting deposits and currency</u> (signs indicate effect on deposits and currency)						
Bank loans and investments other than U. S. Govt. sec. 3/	+ 0.4	+ 0.8	+ 2.9	+ 3.7	+13.7	+10.5
Commercial	+ 0.2	+ 0.7	+ 2.0	+ 2.8	+11.2	+ 8.0
Mutual savings	+ 0.2	+ 0.2	+ 1.1	+ 1.0	+ 2.4	+ 2.3
Bank holdings of U. S. Government securities:	- 0.5	- 0.8	- 5.6	- 5.4	- 8.2	- 0.1
Federal Reserve	+ 0.1	- 0.1	- 1.4	- 1.4	- 0.1	- 1.2
Commercial	- 0.6	- 0.6	- 4.1	- 4.0	- 7.5	+ 1.7
Mutual saving and other	2/	2/	2/	2/	- 0.4	- 0.7
Gold stock and foreign deposits at F. R. Banks	+ 0.1	2/	+ 0.2	2/	+ 0.2	- 0.2
Foreign bank deposits, net, at commercial banks	- 0.1	- 0.1	2/	2/	2/	- 0.2
Other factors	- 0.1	- 0.3	- 1.3	- 0.4	- 1.1	- 1.0

1/ Seasonally adjusted data are for last Wednesday throughout; unadjusted data are for last Wednesday except in case of June and December call dates.

2/ Less than \$50 million.

3/ Total includes foreign loans on gold and holdings of bankers' acceptances at the Federal Reserve; changes in these items are generally relatively small. In addition, even if there were no changes in these items, changes at commercial and mutual savings banks would not necessarily add exactly to total change, which is "net" because of bookkeeping discrepancies between various banking records.

Note: Data for May 1956 are estimates. Preliminary data for May will be shown in the Board's statement, "Assets and Liabilities of All Banks in the United States", available at the end of June.

Table 4

Free Reserves

(Excess reserves minus member bank borrowings;
based on average of daily figures; in millions of dollars)

Period	All member	New York	Chicago	Reserve City	Country
1954: December	459	- 50	- 16	- 26	550
1955: April	95	- 23	- 125	- 155	399
May	212	19	- 25	- 127	345
June	168	2	- 43	- 167	377
September	- 285	- 127	- 114	- 409	365
December	- 245	- 161	- 83	- 338	338
1956: January	- 255	- 198	- 83	- 353	379
February	- 266	- 138	- 103	- 336	310
March	- 408	- 174	- 256	- 298	319
April	- 533	- 167	- 262	- 429	324
May	- 499	- 88	- 154	- 469	212
1956: April 25	- 521	- 105	- 288	- 455	327
May 2	- 681	- 117	- 229	- 484	149
9	- 561	- 121	- 194	- 523	277
16	- 597	- 160	- 184	- 455	202
23	- 399	- 53	- 164	- 508	326
30	- 385	- 37	- 51	- 348	51
June 6	- 287	- 47	- 119	- 424	303

Note: Data for second half of May and June are preliminary.

Time deposits increased further in May. So far this year, expansion has been at about the same rate as last year. On balance, total deposits and currency declined only slightly in May.

Bank reserves. Net borrowed reserves of member banks averaged \$500 million in May, slightly below the April level, as shown in Table 4, Member bank borrowings averaged \$970 million and excess reserves, \$470 million. Net borrowed reserves remained high in early May averaging about \$590 million but in the last two weeks of the month, they declined to \$400 million.

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Table 5

Changes in Member Bank Reserves, with Relevant Factors
(Monthly average of daily figures; in millions of dollars)

Item	May		Jan.-May		Year ended May	
	1956	1955	1956	1955	1956	1955
<u>Member bank reserve balances</u>						
<u>Total</u>	- 113	- 54	- 506	- 533	- 11	- 787
Excess reserves	- 55	- 10	- 122	- 123	- 108	- 136
Required reserves	- 58	- 44	- 384	- 410	+ 96	- 651
<u>Principal factors</u> (signs indicate effect on reserves)						
Currency in circulation	- 77	- 54	+ 943	+ 888	- 461	- 88
Gold stock and foreign accounts	+ 40	- 26	+ 207	+ 12	+ 153	- 156
Treasury operations	- 3	+ 80	- 110	+ 26	- 73	+ 122
Federal Reserve float	+ 3	- 40	- 461	- 194	+ 130	+ 158
Other factors	+ 101	+ 94	+ 73	- 66	+ 56	- 84
<u>Federal Reserve loans and investments:</u>						
U. S. Govt. securities	- 88	+ 34	-1,280	-1,251	- 344	-1,023
Outright	- 131	+ 13	-1,056	-1,271	- 355	-1,063
Repurchase agreements	+ 43	+ 21	- 224	+ 20	+ 11	+ 40
Acceptances	+ 2	- 1	- 3	+ 14	+ 2	+ 14
<u>Discounts and advances:</u>						
To member banks	- 89	- 127	+ 132	+ 122	+ 603	+ 213
To others	---	- 13	- 1	- 84	- 77	+ 60

At central reserve city banks in New York and Chicago, net borrowed reserves declined almost \$200 million. They increased almost \$50 million at reserve city banks, however, and at country banks, free reserves declined over \$100 million. These changes occurred generally toward the end of the month; at country banks, free reserves were exceptionally low in the week of May 30.

Over May, as shown in Table 5, a slightly larger volume of reserves was supplied to banks, principally through reductions in required reserves, foreign operations, and miscellaneous factors than was absorbed through System sales of U. S. Government securities and currency outflows. Late in the month, however, a substantial

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volume of reserves was supplied through System acquisitions of U. S. Government securities. Early in the week of May 30, the System purchased \$160 million of securities outright and \$86 million under repurchase contracts. By the end of that week some of these repurchase contracts had expired, but on May 31, there were substantial additional purchases.

Interest rates. There were further increases in some short-term money market rates in May. Rates charged on prime commercial paper and on 90 day time money increased $1/8$ per cent to $3-3/8$ per cent and $3-3/4--4$ per cent respectively. However, rates charged on brokers' call loans collateralized by U. S. Government securities declined from $3-1/4$ per cent on renewal and $3-1/4--3-1/2$ on new to $3--3-1/4$ per cent on both. The effective trading rate for Federal funds remained at $2-3/4$ per cent for the entire month.

Changes in bank credit, deposits, and reserves, by class of member bank, and by region, during the first four months of 1956

Between December 1955 and April 1956, total bank credit and total deposits declined at all classes of member banks, but reductions were relatively greater at central reserve city banks in New York and Chicago than at either reserve city or country banks. Regionally, outside central reserve cities, the largest declines generally tended to be in the mid-and-southwest. Loans increased at most classes of banks and in most sections of the country except for central reserve city banks in New York and for banks in the mid-and-southwest. In meeting loan demands and reserve needs, all classes of banks in almost all areas of the country sold U. S. Government securities and drew down their cash assets. In addition, banks reduced their excess reserves generally and most banks, except those in New York City and in some areas of the south and west, increased their borrowings with the Federal Reserve. Relative to required reserves, the largest reductions in free reserves were concentrated at central reserve city banks in Chicago and at other banks in the midwest.

Loans and investments. Total loans and investments at all member banks declined \$1.5 billion, or about one per cent, between December 31, 1955, and April 25, 1956, as shown in Table 6. Both volume-wise and relatively, the largest reductions were at central reserve city banks in New York and Chicago, where credit declined over \$1 billion, or close to 4 per cent at each group of banks. The reduction was less than 1 per cent at reserve city banks and nominal at country banks. Outside of central reserve cities, as shown in Table 7, total bank credit declined in most areas of the country. The largest reductions relatively were in the St. Louis, Dallas, and Boston Districts, all close to 2 per cent. Total credit increased slightly, however, in the Atlanta, Chicago, and Cleveland Districts.

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On balance, substantial loan expansion continued in early 1956 reflecting growth in business, real estate, and consumer loans. It was concentrated at reserve city and country banks, with expansion rates of about 3 per cent each. Growth was small at central reserve city banks in Chicago, and at banks in New York, loans declined. Mid-March tax borrowing was large at the latter banks but subsequently, business loans declined whereas they continued to rise at other banks. Also, security loans declined seasonally in early 1956. Last year in the same period, loan expansion was larger relatively at banks in New York City than at any other class of bank.

Loans rose between 3 and 5 per cent in most eastern districts and in the Chicago and San Francisco Districts. Loans declined, however, in the Kansas City, Dallas, and St. Louis Districts probably reflecting in part repayments of borrowing associated with seasonal agricultural needs. Total agricultural loans at all member banks declined over the period; reductions in CCC loans more than offset new production loans which were getting under way in the late spring.

In meeting loan demands and reserve needs, all classes of banks in almost all areas of the country reduced their holdings of U. S. Government securities. By class of bank, these reductions ranged from 11 per cent at New York central reserve banks to 4 per cent at country banks. Regionally, the largest declines tended, though not invariably, to be in the districts showing the most rapid loan expansion or having the largest deposit drains. Atlanta was the only district to add to its holdings of U. S. Government securities.

Member bank holdings of securities other than those of the U. S. Government declined slightly in the January-April 1956 period, but changes in these holdings tended to be mixed both among classes of banks and areas of the country.

Cash assets of all member banks, that is, reserve balances, interbank balances, and cash in vault, declined \$1.9 billion, or almost 7 per cent, in early 1956. Seasonally, a large decline in these assets is expected, but the 1956 reduction was slightly greater than that in the comparable 1955 period. The reduction was general, but the largest declines were in the Dallas and St. Louis Districts which also had the largest deposit reductions.

Deposits. Total deposits (excluding cash items in process of collection) declined \$4.6 billion, or 3 per cent, in the first four months of 1956, compared with \$2.9 billion, or 2 per cent, in the same period last year. By class of bank, the reductions ranged from 2 per cent at country banks to 8 per cent at central reserve city banks in Chicago. Regionally, the largest reductions were in the St. Louis and Dallas Districts, 7 and 6 per cent, respectively, and as in the case of the reductions in loans, were probably in large part seasonal. Last year, in the same period, deposits in these two

Districts also showed relatively large declines but over the entire year, they rose about the same as the average for all member banks. Agricultural districts tend to lose funds to other sections of the country early in the year but subsequently gain them when farm commodities are marketed in the fall. In the four months ending April 1956, St. Louis and Dallas were among the districts showing the largest net outflow of funds.

Demand deposits of businesses and individuals declined \$2.9 billion, or 3 per cent, at member banks in the first four months of 1956. At Chicago central reserve city banks, however, they declined 8 per cent, reflecting in part a large drain of funds from this District by the Treasury.

Time deposits continued to increase at member banks in early 1956, but largely at country banks. They rose at these banks in all areas, but especially in the south and the northeast.

Interbank deposits declined seasonally in early 1956, \$2.3 billion, or about 15 per cent, only slightly more than in the same period last year. Deposit drains were substantial at all classes of banks indicating that nonmember banks too were drawing down their balances. On a district basis, reductions even in the same areas of the country tended to vary considerably.

Bank reserves. Net borrowed reserves of all member banks increased \$480 million, on the average, between the last half of December 1955 and the last half of April, 1956, as shown in Table 8. This reflected an increase in borrowings from the Federal Reserve of \$220 million and a decline in excess reserves of \$260 million. A year ago, in the December-April 1955 period, free reserves had declined \$395 million.

With the exception of central reserve city banks in New York, where reserve positions eased, all classes of banks increased their net borrowed reserves or reduced their free reserves by \$150-200 million. Regionally, outside central reserve cities, reserve positions tightened in all districts except Atlanta, Kansas City, and San Francisco. The largest increases in net borrowed reserves, both in dollar amount and relative to required reserves, tended to be in the midwest and northeast, particularly in districts showing heavy loan demands or experiencing large deposit drains. In other areas, the changes were small. Six districts still maintained net free reserves in April although generally they were nominal.

In the January-April period, borrowings from the Federal Reserve increased considerably at Chicago central reserve city banks and at reserve city banks but only nominally at country banks. They declined at central reserve city banks in New York and in four districts in the south and west. Geographically, the pattern of change was similar to that of net borrowed reserves.

Excess reserves declined at all classes of banks and in all sections of the country between December and April. Half of the decline was at country banks where most excess reserves are held; here they declined about one-fourth to \$425 million, about as low as they have ever been.

Table 6

Changes in Selected Assets and Liabilities of All Member Banks, by Class of Bank
 December 31, 1955 and April 25, 1956
 and of All Member Banks, December 31, 1954 and April 27, 1955

	All member banks	Central reserve city banks		Reserve city banks	Country banks	All member banks
		New York	Chicago			
In millions of dollars						
<u>Assets</u>						(1955 period)
Loans and investments: <u>1/</u>	-1,532	- 920	- 226	- 331	- 53	-1,271
Loans <u>1/</u>	+1,589	- 79	+ 32	+ 849	+ 787	+1,219
U. S. Govt. securities	-3,058	- 769	- 264	-1,132	- 894	-3,042
Other securities	- 62	- 73	+ 5	- 48	+ 54	+ 554
Cash assets <u>2/</u>	-1,892	- 290	- 50	- 590	- 962	-1,364
<u>Liabilities</u>						
Demand deposits adjusted	-2,940	- 467	- 361	- 589	-1,523	-1,528
Time deposits	+ 329	+ 28	- 48	+ 40	+ 309	+ 318
U. S. Govt. deposits	+ 317	+ 27	+ 7	+ 118	+ 166	+ 460
Total	-2,294	- 412	- 402	- 431	-1,048	- 750
Interbank deposits, total	-2,324	- 671	- 167	-1,209	- 276	-2,130
Total deposits <u>3/</u>	-4,619	-1,083	- 570	-1,642	-1,324	-2,882
Borrowings from the Federal Reserve	+ 750	+ 72	+ 246	+ 324	+ 108	+ 396
In per cent						
<u>Assets</u>						
Loans and investments: <u>1/</u>	- 1.1	- 4.0	- 3.5	- 0.6	- 0.1	- 1.0
Loans <u>1/</u>	+ 2.3	- 0.6	+ 1.0	+ 3.0	+ 3.2	+ 2.1
U. S. Govt. securities	- 6.0	-11.3	-10.5	- 6.0	- 4.0	- 5.3
Other securities	- 0.5	- 3.4	+ 0.7	- 1.0	+ 0.9	+ 4.1
Cash assets <u>2/</u>	- 6.7	- 6.1	- 3.8	- 5.4	- 8.4	- 4.8
<u>Liabilities</u>						
Demand deposits adjusted	- 3.2	- 2.8	- 8.3	- 1.7	- 4.0	- 1.7
Time deposits	+ 0.8	+ 1.2	- 3.6	+ 0.2	+ 1.6	+ 0.8
U. S. Govt. deposits	+ 8.7	+ 3.3	+ 3.1	+ 8.5	+13.8	+11.4
Total	- 1.7	- 2.1	- 6.8	- 0.8	- 1.8	- 0.6
Interbank deposits, total	-14.6	-12.0	-12.9	-16.2	-18.1	-13.3
Total deposits <u>3/</u>	- 3.1	- 4.3	- 7.9	- 2.8	- 2.2	- 2.0

1/ Excludes loans to banks.

2/ Reserves, cash in vault, and interbank balances.

3/ Adjusted to exclude cash items in process of collection.

Table 7

Changes in Selected Assets and Liabilities of All Member Banks, by Districts
Excluding Central Reserve City Banks
December 31, 1955-April 25, 1956

F. R. districts (excluding central reserve cities)	Loans and invest- ments	Loans	U. S. Govt. secu- rities	Other securi- ties	Cash assets 1/	Total deposits 2/	Time deposits (total) 3/	Interbank deposits (demand) 3/ 4/
In millions of dollars								
Total	- 385	+1,634	-2,026	+ 5	-1,552	-2,966	+ 541	- 530
Boston	- 102	+ 140	- 258	+ 16	- 165	- 211	+ 19	- 2
New York	- 5	+ 190	- 194	- 1	- 60	- 175	+ 80	- 6
Philadelphia	- 50	+ 158	- 208	---	- 77	- 200	+ 52	- 27
Cleveland	+ 28	+ 257	- 248	+ 20	- 117	- 202	+ 80	- 58
Richmond	- 82	+ 48	- 107	- 24	- 72	- 192	+ 54	- 81
Atlanta	+ 222	+ 130	+ 85	+ 7	- 113	+ 47	+ 49	- 32
Chicago	+ 53	+ 311	- 297	+ 39	- 147	- 260	+ 90	- 66
St. Louis	- 139	- 5	- 125	- 9	- 179	- 386	+ 17	- 110
Minneapolis	- 26	+ 40	- 66	---	- 31	- 135	+ 5	+ 13
Kansas City	- 79	- 56	- 29	+ 6	- 170	- 254	+ 16	- 31
Dallas	- 121	- 49	- 71	- 1	- 356	- 555	+ 40	- 94
San Francisco	- 85	+ 470	- 508	- 47	- 65	- 444	+ 39	- 36
In per cent								
Total	- 0.4	+ 3.1	- 4.9	2/	- 6.9	- 2.5	+ 1.5	- 6.7
Boston	- 1.6	+ 4.0	-11.7	+ 2.7	-12.8	- 3.1	+ 1.4	- 0.4
New York	2/	+ 3.4	- 4.8	- 0.1	- 3.5	- 1.5	+ 1.7	- 3.6
Philadelphia	- 0.7	+ 4.1	- 8.3	---	- 5.5	- 2.6	+ 2.3	- 5.6
Cleveland	+ 0.2	+ 4.7	- 5.2	+ 1.7	- 5.3	- 1.6	+ 2.0	- 9.8
Richmond	- 1.4	+ 1.6	- 4.3	- 4.4	- 5.1	- 2.8	+ 3.0	-14.1
Atlanta	+ 3.3	+ 4.0	+ 3.1	+10.0	- 6.3	+ 0.6	+ 3.1	- 3.4
Chicago	+ 0.3	+ 5.0	- 4.2	+ 2.5	- 4.9	- 1.5	+ 1.5	- 9.9
St. Louis	- 2.8	- 0.2	- 6.4	- 1.8	-14.0	- 6.6	+ 1.4	-13.8
Minneapolis	- 0.7	+ 2.3	- 4.7	---	- 4.4	- 3.4	+ 0.4	+ 3.6
Kansas City	- 1.3	- 2.0	- 1.2	+ 0.9	- 9.5	- 3.6	+ 1.5	- 3.2
Dallas	- 1.8	- 1.2	- 3.0	- 0.2	-14.5	- 6.3	+ 3.0	- 8.2
San Francisco	- 0.4	+ 4.3	- 7.0	- 2.3	- 2.0	- 2.0	+ 0.4	- 4.8

1/ Reserves, cash in vault, and interbank balances.

2/ Adjusted to exclude cash items in process of collection.

3/ Based on semimonthly averages of daily figures for the last half of December and April.

4/ Interbank deposits, whether total or demand, declined considerably less on an average basis, than on a year-end to last Wednesday basis.

5/ Less than 0.05%.

Table 8

Changes in Reserves and Borrowings by Class of Member Bank and by District
December 1955-April 1956
and Free Reserves as Per Cent of Required Reserves,
December 1955-April 1956 ^{1/}

	Free reserves	Borrowings	Excess reserves	Required reserves	Free reserves as per cent of required reserves	
					April 1956	Dec. 1955
(In millions of dollars)						
<u>All member banks</u>	- 480	+ 218	- 262	- 476	- 3.1	- 0.4
<u>Central reserve city:</u>						
New York	+ 61	- 119	- 58	- 150	- 3.1	- 4.3
Chicago	- 185	+ 171	- 14	- 72	-22.7	- 5.7
Reserve city	- 197	+ 147	- 50	- 187	- 5.8	- 3.2
Country	- 159	+ 19	- 140	- 68	5.2	8.2
<u>F. R. districts (excluding central reserve cities):</u>	- 353	+ 167	- 186	- 254	- 1.4	1.3
Boston	- 22	+ 4	- 18	- 21	1.1	3.8
New York	- 28	+ 8	- 20	- 11	0.2	2.8
Philadelphia	- 57	+ 38	- 19	- 19	- 7.4	- 0.7
Cleveland	- 59	+ 38	- 21	- 18	- 2.9	1.2
Richmond	- 10	- 2	- 12	- 24	1.2	2.4
Atlanta	+ 11	- 12	- 1	+ 26	0.2	- 1.0
Chicago	- 132	+ 91	- 41	- 28	- 4.0	3.4
St. Louis	- 31	+ 24	- 7	- 37	- 2.0	2.6
Minneapolis	- 27	+ 25	- 2	- 13	- 7.9	- 1.2
Kansas City	+ 5	- 11	- 6	- 13	2.8	2.1
Dallas	- 13	+ 2	- 11	- 31	2.0	3.3
San Francisco	+ 10	- 38	- 28	- 65	- 0.8	- 1.2

^{1/} All data are based on semimonthly averages of daily figures for the last half of December and April.

Not for publication

Loans and Investments at All Commercial Banks

(In billions of dollars)

Date	Loans and investments	U. S. Gov't. secur-ities	Other secur-ities	Total loans	Business	Real estate	Secu- rity	Farm	Con- sumer	All other
1947: Dec. 31	116.2	69.2	9.0	37.9	18.3	9.4	2.1	1.7	3.8	2.9
1948: Dec. 31	114.2	62.6	9.2	42.4	18.9	10.8	2.3	2.9	4.8	3.1
1949: Dec. 31	120.1	67.0	10.2	42.9	17.1	11.5	2.6	3.1	5.8	3.4
1950: Dec. 31	126.6	62.0	12.4	52.2	21.9	13.5	2.9	2.9	7.4	4.2
1951: Dec. 31	132.5	61.5	13.3	57.6	25.9	14.6	2.6	3.4	7.5	4.5
1952: Mar. 26	132.1	61.1	13.6	57.4	25.8	14.7	2.3	3.4	7.6	4.4
June 30	134.3	61.2	14.0	59.1	25.3	15.0	3.1	3.7	8.3	4.6
Sept. 24	136.4	61.6	14.3	60.5	26.2	15.4	2.5	3.9	8.7	4.7
Dec. 31	141.5	63.3	14.1	64.0	27.9	15.7	3.2	3.9	9.4	4.9
1953: Mar. 25	139.2	60.5	14.3	64.4	27.9	15.9	2.7	3.9	10.0	4.9
June 30	137.8	58.6	14.3	64.9	27.4	16.2	2.8	3.7	10.6	5.1
Sept. 30	142.6	62.2	14.5	65.9	27.9	16.5	2.9	3.9	10.9	4.9
Dec. 31	145.5	63.4	14.7	67.4	27.2	16.7	3.6	5.0	10.9	5.1
1954: Mar. 31	142.5	60.7	15.1	66.8	26.7	16.8	3.0	5.8	10.6	5.0
June 30	146.2	63.5	15.5	67.2	26.1	17.2	3.7	5.1	10.8	5.2
Sept. 29	150.1	67.3	16.0	66.8	26.1	17.8	3.8	3.9	10.7	5.5
Dec. 31	155.7	69.0	16.3	70.4	26.9	18.4	4.5	5.2	10.7	5.8
1955: Jan. 26	155.5	69.0	16.7	69.8	26.6	18.6	4.0	5.2	10.7	5.8
Feb. 23	153.8	66.8	16.8	70.2	26.8	18.8	3.9	5.2	10.8	5.9
Mar. 30	152.4	64.2	17.0	71.2	27.4	19.0	4.1	4.9	11.0	6.0
Apr. 27	154.4	65.6	17.0	71.8	27.6	19.2	4.3	4.4	11.2	6.2
May 25	154.5	65.0	16.7	72.8	28.0	19.5	4.3	4.4	11.4	6.4
June 30	154.8	63.3	16.8	74.8	28.9	19.8	4.5	4.4	11.8	6.6
July 27	155.8	63.7	16.7	75.4	29.1	20.0	4.5	4.2	11.9	6.7
Aug. 31	155.6	62.5	16.9	76.2	29.9	20.3	4.2	3.9	12.1	6.8
Sept. 28	156.4	62.0	16.9	77.5	30.5	20.6	4.2	3.9	12.3	7.0
Oct. 26	158.1	62.9	16.8	78.4	30.8	20.8	4.4	4.0	12.5	7.0
Nov. 30	158.2	61.4	16.6	80.2	<u>1/31.1</u>	<u>1/20.5</u>	4.5	4.3	12.6	7.0
Dec. 31	160.3	61.6	16.7	82.0	32.3	20.7	5.0	4.5	12.7	7.0
1956: Jan. 25p	158.3	60.9	16.5	80.9	32.7	20.9	4.6	4.4	12.8	6.9
Feb. 29p	157.1	59.2	16.6	81.2	32.9	21.0	4.5	4.5	12.8	6.9
Mar. 28p	158.5	58.5	16.6	83.3	34.5	21.2	4.5	4.4	13.0	7.0
Apr. 25p	158.6	58.1	16.6	83.9	34.7	21.4	4.4	4.3	13.2	7.1
May 30e	158.2	57.5	16.3	84.4	34.7	21.6	4.5	4.3	13.3	7.2

Preliminary

e - Estimated

l of business loans increased by, and real estate loans decreased by
million at the end of October 1955 to correct classification errors. No
figures revised; most of the misclassification probably occurred during 1955.
a exclude interbank loans. Total loans are after and types of loans
re deductions for valuation reserves. Consumer and "other loans" are
y estimated for all dates. Other data are partly estimated on all
ne and December dates.

Banking Section, Board of Governors

May 12, 1956

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