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FEDERAL RESERVE BANK
of KANSAS CITY

AUG 20 1958

RESEARCH LIBRARY

BANKING AND MONETARY DEVELOPMENTS IN JULY 1958

Summary. Total commercial bank credit declined during July reflecting reductions in business and security loans and in holdings of U. S. Government securities. Seasonally adjusted demand deposit and currency holdings of businesses and individuals increased substantially while U. S. Government deposits declined sharply. Time deposits continued to expand. Free reserves of member banks averaged about \$550 million, somewhat above the June level.

Bank credit. Total loans and investments at all commercial banks declined almost \$2 billion in July as shown in Table 1. The reduction, however, followed a record expansion of \$4.4 billion in June. Net growth over the two months was therefore substantial and was exceeded only in the comparable periods of 1952 and 1953. The July 1958 reduction reflected mainly declines in business and security loans, but holdings of U. S. Government securities also declined \$300 million. The reduction in Government security holdings at city banks was larger than this but at nonweekly reporting banks there is estimated to have been some increase, as is usual in this month. Holdings of other securities showed little further change in July but generally this has been true in other years as well. At city banks, redemptions of maturing FNMA issues in late June were not fully offset by purchases of other securities.

Business loans at all commercial banks declined \$900 million in July following a \$600 million growth in June. These loans had also declined about \$900 million in July last year, after a record expansion in June. Reductions in business loans in July of 1958 and 1957 were substantially larger than in any other year.

Over half the reduction in business loans in July was in loans to metals manufacturers which fell \$350 million, over twice as much as the June rise. Net repayments by food processors were slightly larger than in other recent years. Repayments by public utilities and petroleum concerns exceeded the June increases and were also larger than repayments in most earlier years. Loans to sales finance companies declined less than last year but the rise in June had also been smaller than in 1957.

Not for publication

Table 1

Estimated Changes in Loans and Investments at All Commercial Banks
(In billions of dollars)

Item	1958:	1957:	1958:	1957:	Year ending:	
	June 26- July 30	June 27- July 31	Jan. 1- July 30	Jan. 1- July 31	July 30, 1958	July 31, 1957
Total loans (excluding interbank)	- 1.5	- 1.0	- 1.3	+ 1.4	+ 0.9	+ 5.2
Business	- 0.9	- 0.9	- 2.7	+ 0.9	- 1.8	+ 3.8
Real estate	+ 0.2	+ 0.1	+ 0.8	+ 0.2	+ 1.2	+ 0.8
Security	- 0.9	- 0.2	+ 0.5	+ 0.6	+ 1.0	- 0.6
Agricultural	+ 0.1	- 0.1	+ 0.4	- 0.3	+ 0.6	- 0.3
Consumer	---	+ 0.1	- 0.1	+ 1.0	+ 0.2	+ 1.2
All other	---	<u>1/</u>	- 0.1	+ 0.1	---	+ 0.4
U. S. Government securities	- 0.3	+ 0.8	+ 6.2	- 2.3	+ 8.1	+ 0.1
Other securities	<u>1/</u>	<u>1/</u>	+ 2.1	+ 0.5	+ 3.2	+ 0.5
Total loans and investments (less interbank)	- 1.9	- 0.2	+ 7.0	- 0.4	+ 12.2	+ 5.8

Item	1956:	1955:	1954:	1953:	1952:	1951:
	End of June to last Wednesday of July					
Total loans (excluding interbank)	- 0.4	+ 0.6	- 0.6	+ 0.3	+ 0.2	--- 0.6
Business	- 0.3	+ 0.2	- 0.3	+ 0.1	- 0.2	- 0.3
Real estate	+ 0.1	+ 0.2	+ 0.2	+ 0.1	+ 0.1	+ 0.1
Security	- 0.1	<u>1/</u>	- 0.4	+ 0.2	<u>1/</u>	- 0.1
Agricultural	- 0.1	- 0.2	<u>1/</u>	+ 0.1	+ 0.1	+ 0.1
Consumer	+ 0.1	+ 0.2	<u>1/</u>	+ 0.1	+ 0.1	<u>1/</u>
All other	- 0.1	+ 0.1	+ 0.1	<u>1/</u>	+ 0.1	- 0.2
U. S. Government securities	- 0.4	+ 0.4	+ 0.8	+ 4.6	+ 1.7	+ 0.2
Other securities	- 0.2	- 0.1	+ 0.2	<u>1/</u>	+ 0.1	+ 0.1
Total loans and investments (less interbank)	- 1.0	+ 1.0	+ 0.4	+ 5.0	+ 2.1	- 0.3

1/ Less than \$50 million:

Note: Data for July 30 1958, are preliminary estimates based on data for weekly reporting member banks and estimates for other banks. Later estimates for July will be shown in the Board's statement, "Assets and Liabilities of All Banks in the United States."

Not for publication

Table 1 (continued)

Estimated Changes in Loans and Investments at All Commercial Banks
(In billions of dollars)

Item	First seven months:				
	1956	1955	1954	1953	1952
<u>Total loans (excluding interbank)</u>	+ 3.8	+ 5.0	- 0.8	+ 1.2	+ 1.7
Business	+ 2.6	+ 2.2	- 1.4	- 0.4	- 0.8
Real estate	+ 1.1	+ 1.6	+ 0.7	+ 0.6	+ 0.5
Security	- 0.7	1/	- 0.3	- 0.2	+ 0.5
Agricultural	- 0.3	- 1.0	+ 0.1	- 0.1	+ 0.4
Consumer	+ 1.2	+ 1.4	- 0.1	+ 1.3	+ 0.9
All other	+ 0.1	+ 0.7	+ 0.2	+ 0.2	+ 0.2
U. S. Government securities	- 5.4	- 5.3	+ 0.9	- 0.1	+ 1.4
Other securities	- 0.4	+ 0.4	+ 1.0	+ 0.2	+ 0.8
Total loans and investments (less interbank)	- 2.0	+ 0.1	+ 1.1	+ 1.3	+ 3.9

Item	First seven months:				
	1951	1950	1949	1948	1947
<u>Total loans (excluding interbank)</u>	+ 1.9	+ 2.8	- 2.2	+ 1.9	+ 2.8
Business	+ 1.5	+ 0.2	n. a.	n. a.	n. a.
Real estate	+ 0.7	+ 1.1	n. a.	n. a.	n. a.
Security	- 0.4	+ 0.5	n. a.	n. a.	n. a.
Agricultural	+ 0.3	- 0.3	n. a.	n. a.	n. a.
Consumer	1/	+ 1.0	n. a.	n. a.	n. a.
All other	1/	+ 0.3	n. a.	n. a.	n. a.
U. S. Government securities	- 3.3	- 2.0	+ 1.8	- 3.9	- 4.1
Other securities	+ 0.4	+ 1.2	+ 0.6	+ 0.3	+ 0.6
Total loans and investments (less interbank)	- 1.0	+ 1.9	+ 0.2	- 1.8	- 0.7

1/ Less than \$50 million.

So far this year, business loans at city banks have declined \$2.8 billion, about the same as in 1949 but more than in any other postwar year. Loans to sales finance companies declined about \$1 billion, more than in any other year since 1952 when data became available. Net repayments by food processors and trade concerns were larger than in other years but those by commodity dealers were smaller. Total reductions in these seasonal loans were \$1.2 billion. Loans to metals manufacturers, petroleum concerns and public utilities also declined but those to textile and other manufacturers and to construction firms increased.

Security loans declined \$900 million in July following an increase of \$1.2 billion in June, largely to brokers and dealers for purchasing and carrying U. S. Government securities in connection with the mid-June Treasury refunding. Reflecting largely the June growth, security loans have increased \$500 million so far this year, compared with a decline of \$600 million in the first seven months of 1957.

Real estate loans at all commercial banks increased \$200 million further in July, bringing the total growth so far this year to \$800 million compared with \$200 million last year. The 1958 growth was less than in 1956 and 1955 but about the same as in other recent years. Consumer loans were about unchanged in July. They have declined slightly so far this year compared with a \$1 billion increase in 1957. These loans also declined in 1954 but showed substantial growth in most other years.

Total loans and investments at all commercial banks increased \$7 billion during the first seven months of 1958. In other post-war years, the largest increases were in 1952 (\$4 billion) and in 1950 (\$2 billion). In several years, total credit declined over this period. Growth in 1958 reflected an increase of over \$6 billion in holdings of U. S. Government securities and of over \$2 billion in holdings of other securities. Loans, however, declined \$1.3 billion in 1958 and this reduction was exceeded only by a \$2.2 billion decline in 1949.

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Table 2

Changes in Commercial and Industrial Loans 1/
(In millions of dollars)

Business of Borrower	1958	1957	1956	1955	1954	1953	1952
	June 26- July 30	June 27- July 31	June 28- Aug. 1	June 30- Aug. 3	July 1- Aug. 4	June 25- July 29	June 26- July 30
Food processors	- 117	- 83	- 81	- 61	+ 21	- 119	- 24
Commodity dealers	+ 19	+ 42	+ 197	+ 62	+ 73	+ 25	+ 59
Trade concerns	- 14	- 42	- 15	+ 35	- 27	- 16	- 32
Total	- 112	- 83	+ 101	+ 36	+ 67	- 110	+ 3
Sales finance	- 115	- 280	- 138	+ 54	- 35	+ 36	- 32
All other - total	- 566	- 303	+ 27	+ 205	- 302	- 39	- 160
Metals and products	- 356	- 229	- 136	- 35	- 154	- 50	- 109
Textiles, apparel and leather	- 22	+ 21	+ 37	+ 61	+ 41	+ 34	+ 20
Petroleum, coal, etc.	- 88	- 27	+ 44	+ 26	- 56	- 21	+ 29
Other manufacturing and mining	- 11	+ 9	+ 81	+ 36	- 13	+ 11	+ 6
Public utilities	- 126	- 83	- 24	+ 7	- 95	- 17	- 165
Construction	+ 9	+ 9	- 24	+ 24	+ 24	- 5	+ 6
All other types of business	+ 28	- 3	+ 49	+ 86	- 49	+ 9	+ 53
Classified	- 793	- 665	- 9	+ 295	- 270	- 113	- 189
Unclassified	- 62	- 122	- 89	2/- 246	3/- 844	- 41	- 10
Total change	- 855	- 787	- 98	2/+ 49	3/- 114	- 154	- 199

- 1/ Prior to week ending January 11, 1956, included changes in agricultural loans.
2/ CCC certificates of interest, which are included in data, are estimated to have declined \$300 million
3/ CCC certificates of interest, which are included in data, are estimated to have declined \$475 million.

Note: Classified data are for a sample of about 210 banks reporting changes in their larger loans. These banks hold over 90 per cent of total commercial and industrial loans of all weekly reporting banks and nearly 70 per cent of those of all commercial banks. Data are preliminary for week of July 30, 1958.

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Table 2 (continued)

Changes in Commercial and Industrial Loans 1/
(In millions of dollars)

Business of Borrower	End of December to end of July:						
	1958	1957	1956	1955	1954	1953	1952
Food processors	- 775	- 538	- 402	- 605	- 500	- 740	- 891
Commodity dealers	- 264	- 497	- 244	- 395	- 297	- 608	- 575
Trade concerns	- 179	- 43	+ 167	+ 176	- 67	+ 192	- 138
Total	-1,218	-1,078	- 479	- 824	- 864	-1,156	-1,604
Sales finance	- 968	+ 86	- 525	+ 552	- 189	- 53	- 249
All other - total	- 361	+1,729	+2,989	+1,655	- 506	+ 736	+1,119
Metals and products	- 211	+ 706	+1,241	+ 131	- 710	+ 395	+1,002
Textiles, apparel and leather	+ 73	+ 168	+ 267	+ 248	+ 91	+ 185	- 52
Petroleum, coal, etc.	- 228	+ 263	+ 488	+ 331	- 75	- 31	+ 205
Other manufacturing and mining	+ 146	+ 223	+ 445	+ 182	- 14	+ 106	+ 82
Public utilities	- 303	+ 429	+ 337	+ 386	+ 38	+ 67	- 167
Construction	+ 66	- 3	+ 39	+ 169	+ 87	+ 13	+ 24
All other types of business	+ 96	- 57	+ 172	+ 208	+ 77	+ 1	+ 25
Classified	-2,559	+ 739	+1,985	+1,382	-1,559	- 473	- 735
Unclassified	- 242	- 277	+ 29	2/- 279	3/- 297	- 274	- 101
Total change	-2,800	+ 462	+2,014	2/+1,103	3/-1,856	- 747	- 836

1/ Prior to week ending January 11, 1956, included changes in agricultural loans.

2/ CCC certificates of interest, which are included in data, are estimated to have declined \$820 million.

3/ CCC certificates of interest, which are included in data, are estimated to have declined \$410 million.

Note: Classified data are for a sample of about 210 banks reporting changes in their larger loans. These banks hold over 90 per cent of total commercial and industrial loans of all weekly reporting banks and nearly 70 per cent of those of all commercial banks. Data are preliminary for week of July 30.

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Deposits and currency. Preliminary estimates indicate that seasonally adjusted demand deposit and currency holdings of businesses and individuals increased \$2.3 billion in July, much more than in any other month since the Board's seasonally adjusted series began in 1947. This followed a decline of \$100 million in the seasonally adjusted money supply in June. In the six months since January, growth in the active money supply has been at an annual rate of over 8 per cent. At the end of July, seasonally adjusted deposits and currency were slightly over one per cent above the year-ago level.

The sharp increase in demand deposits adjusted in July was associated with a \$5.4 billion decline in U. S. Government deposits. In June, U. S. Government balances at commercial and Federal Reserve Banks, had increased \$4.2 billion to \$10.2 billion, the highest level since early 1946. This was accompanied by record bank credit expansion and the privately-held money supply was reduced only nominally by the build-up of Government deposits. In July, the fairly heavy decline in bank credit offset a part of the effect of the sharp reduction in Government balances on deposits of businesses and individuals.

Time deposits at commercial banks increased \$600 million between June 25 and July 30. This was somewhat less than the increase in other recent months, but time deposits tend to show slightly smaller growth in the July reporting period than in surrounding months. So far this year, time deposits at commercial banks have increased \$6.3 billion, much more rapidly than in any other year. Previously, these deposits had expanded most rapidly in 1945 and 1957--about \$3.8 billion in each of these years. Growth of deposits at mutual savings banks at \$1.4 billion has also been greater than in other years.

The seasonally adjusted annual rate of deposit turnover at banks outside New York and other financial centers averaged 23 times during the second quarter of 1958, about the same as in the previous two quarters and about 3 per cent below the peak in the third quarter of 1957. At banks in New York City, however, turnover continued to rise, and in the second quarter of 1958 averaged almost 57 times at a seasonally adjusted annual rate, or 11 per cent above the third quarter of 1957.

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Table 3

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

Item	1958	1957	1958	1957	Year ending:	
	June 26- July 30	June 27- July 31	Jan. 1- July 30	Jan. 1- July 31	July 30, 1958	July 31, 1957
<u>Seasonally adjusted data</u> ^{1/}						
Demand deposits adjusted	+ 2.2	+ 0.7	+ 4.5	+ 1.3	+ 1.6	+ 1.4
Currency outside banks	+ 0.1	+ 0.1	---	+ 0.3	+ 0.1	+ 0.5
Total	+ 2.3	+ 0.8	+ 4.5	+ 1.6	+ 1.7	+ 1.9
<u>Seasonally unadjusted data</u> ^{1/}						
Demand deposits adjusted	+ 2.5	+ 1.0	- 2.1	- 4.8	+ 1.6	+ 1.4
Currency outside banks	+ 0.1	---	- 0.4	- 0.5	+ 0.1	+ 0.4
Total	+ 2.6	+ 1.0	- 2.5	- 5.3	+ 1.7	+ 1.8
Time deposits	+ 0.7	+ 0.3	+ 7.5	+ 4.5	+ 9.9	+ 6.0
Commercial	+ 0.7	+ 0.4	+ 6.3	+ 3.8	+ 8.0	+ 4.7
Mutual savings	+ 0.1	---	+ 1.4	+ 0.9	+ 2.2	+ 1.7
U. S. Government deposits	- 5.4	- 1.0	+ 0.1	- 0.3	+ 0.6	---
Total	- 2.1	+ 0.3	+ 5.2	- 1.2	+ 12.3	+ 7.7
<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/}	- 1.3	- 0.8	+ 2.6	+ 3.0	+ 7.1	+ 8.3
Commercial	- 1.5	- 1.0	+ 0.8	+ 1.9	+ 4.1	+ 5.7
Mutual savings	+ 0.2	+ 0.2	+ 1.8	+ 1.3	+ 2.7	+ 2.3
Bank holdings of U. S. Government securities:	- 0.4	+ 1.2	+ 6.6	- 4.2	+ 9.0	- 0.7
Federal Reserve	- 0.1	+ 0.4	+ 0.7	- 1.6	+ 1.6	2/
Commercial	- 0.3	+ 0.8	+ 6.2	- 2.3	+ 8.1	+ 0.1
Mutual saving and other	---	- 0.1	- 0.3	- 0.3	- 0.8	- 0.6
Gold stock and foreign deposits at F. R. Banks	- 0.2	2/	- 1.5	+ 0.6	- 1.3	+ 0.7
Other factors ^{4/}	- 0.2	- 0.1	- 2.5	- 0.6	- 2.5	- 0.6

^{1/} Seasonally adjusted data are for last Wednesday throughout; unadjusted data are for last Wednesday except in case of June and December call dates, when available.

^{2/} Less than \$50 million.

^{3/} Total includes foreign loans on gold, holdings of bankers' acceptances at the Federal Reserve, and loans to foreign banks; 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 add to total change which is "net" because commercial banks exclude all interbank loans, domestic and foreign.

^{4/} Includes interbank time deposits of foreign banks which increased about \$900 million at weekly reporting banks between December 31, 1957 and July 30, 1958.

Note: Data for July 30, 1958, are preliminary estimates based on data for weekly reporting member banks and estimates for other banks. Later estimates for July will be shown in the Board's statement "Assets and Liabilities of All Banks in the United States" available at the end of August

Not for publication

Table 3 (continued)

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

Item	1956	1955	1954	1953	1952
	Jan. - July	Jan. - July	Jan. - July	Jan.-July	Jan. - July
<u>Seasonally adjusted data</u> ^{1/}					
Demand deposits adjusted	+ 0.8	+ 2.5	+ 1.8	+ 0.9	+ 2.5
Currency outside banks	+ 0.1	+ 0.3	- 0.4	+ 0.4	+ 0.8
Total	+ 0.9	+ 2.8	+ 1.4	+ 1.3	+ 3.3
<u>Seasonally unadjusted data</u> ^{1/}					
Demand deposits adjusted	- 4.6	- 2.8	- 3.3	- 4.1	- 2.4
Currency outside banks	- 0.5	- 0.3	- 1.0	- 0.3	- 0.1
Total	- 5.1	- 3.1	- 4.3	- 4.4	- 2.5
Time deposits	+ 2.3	+ 1.8	+ 3.3	+ 2.6	+ 2.4
Commercial	+ 1.2	+ 0.9	+ 2.3	+ 1.6	+ 1.5
Mutual savings	+ 1.1	+ 1.1	+ 1.1	+ 1.1	+ 1.0
U. S. Government deposits	- 0.2	+ 1.4	- 0.4	+ 2.7	+ 3.7
Total	- 3.5	- 0.2	- 0.9	+ 0.9	+ 3.5

Item	1951	1950	1949	1948	1947	1946
	Jan.-Jul.	Jan.-Jul.	Jan.-Jul.	Jan.-Jul.	Jan.-Jul.	Jan.-Jul.
<u>Seasonally adjusted data</u> ^{1/}						
Demand deposits adjusted	+ 2.1	+ 2.9	+ 0.3	- 1.2	+ 1.5	n.a.
Currency outside banks	+ 0.7	- 0.2	- 0.3	- 0.3	n.a.	n.a.
Total	+ 2.8	+ 2.7	--	- 1.5	n.a.	n.a.
<u>Seasonally unadjusted data</u> ^{1/}						
Demand deposits adjusted	- 2.5	- 0.2	- 2.7	- 3.8	- 0.3	+ 4.4
Currency outside banks	+ 0.1	- 0.6	- 0.8	- 1.0	- 0.7	- 0.1
Total	- 2.4	- 0.8	- 3.5	- 4.8	- 1.0	+ 4.4
Time deposits	+ 0.8	+ 0.8	+ 0.9	+ 0.9	+ 1.8	+ 3.9
Commercial	+ 0.5	+ 0.3	+ 0.4	+ 0.5	+ 1.1	+ 2.7
Mutual savings	+ 0.4	+ 0.6	+ 0.6	+ 0.5	+ 0.6	+ 1.0
U. S. Government deposits	+ 1.3	2/	- 1.7	+ 1.9	- 1.4	- 13.8
Total	+ 0.2	+ 0.5	- 4.5	- 2.0	- 0.6	- 5.5

n.a. Not available.

^{1/} Seasonally adjusted data are for last Wednesday throughout; unadjusted data are for last Wednesday except in case of June and December call dates, when available.

^{2/} Less than \$50 million

Not for publication

Bank reserves. Free reserves of member banks averaged \$550 million in July (preliminary data) compared with \$485 million in June, as shown in Table 4. The increase in free reserves occurred at country banks; at city banks, reserve positions were about unchanged over the month. Average member bank borrowings from the Federal Reserve declined to \$110 million and excess reserves rose to about \$650 million. Rates on Federal funds ranged from a low of $1/8 - 1/4$ per cent early and late in the month to a high of $1-5/8$ per cent around the midmonth.

Free reserves were relatively high during the two weeks ending July 9, averaging \$590 million. They declined temporarily in mid-July when the System reduced its holdings of U. S. Government securities, but increased to over \$700 million in the week of July 23 when currency inflows and increases in float provided funds. They dropped again during the last week of the month to \$530 million reflecting seasonal declines in float and further reductions in System holdings of U. S. Government securities.

Over July, on a monthly average basis, reserves were supplied principally by a \$470 million increase in System holdings of U. S. Government securities and were absorbed primarily by currency and gold outflows, as shown in Table 5. The reduction in gold stock, on the average, was still substantial, over \$200 million, but below the average decline of the previous three months. During the latter part of July, the gold outflow slowed considerably. Required reserves declined only slightly on a monthly average basis in July reflecting the carry-over effect of the sharp build-up in deposits in late June. Between June 30 and July 31, however, required reserves dropped \$365 million, reflecting sharp withdrawals from U. S. Government deposits offset only in part by growth in other deposits.

Average System holdings of U. S. Government securities were \$470 million higher in July than in June, reflecting the carry-over effect of heavy purchases during mid and late June. Between June 30 and July 31, however, System holdings of U. S. Government securities declined \$960 million. The System reduced its bill holdings substantially both before and after the July 18 announcement that the Federal Open Market Committee "has instructed the manager of the Open Market Account to purchase Government securities in addition to short-term Government

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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
<u>Quarterly averages</u>					
1956: First	- 310	- 170	- 147	- 329	336
Second	- 411	- 96	- 175	- 418	278
Third	- 230	- 157	- 71	- 341	338
Fourth	- 128	- 166	- 113	- 214	365
1957: First	- 108	- 88	- 115	- 221	316
Second	- 485	- 196	- 141	- 373	224
Third	- 440	- 241	- 56	- 428	286
Fourth	- 256	- 109	- 105	- 320	276
1958: First	313	- 9	- 16	- 27	365
Second	508	18	4	63	422
1957: January	117	- 41	- 40	- 172	369
February	- 126	- 123	- 53	- 249	299
March	- 316	- 101	- 253	- 242	280
April	- 505	- 300	- 210	- 263	269
May	- 444	- 104	- 165	- 367	192
June	- 508	- 185	- 48	- 488	210
July	- 383	- 181	- 28	- 452	278
August	- 471	- 289	- 26	- 400	244
September	- 466	- 254	- 115	- 433	336
October	- 344	- 141	- 115	- 389	301
November	- 293	- 80	- 123	- 342	252
December	- 133	- 105	- 77	- 228	277
1958: January	122	- 46	- 25	- 144	337
February	324	- 24	- 6	1	353
March	493	42	- 18	62	406
April	493	- 3	- 7	44	459
May	547	51	7	89	399
June	484	7	12	57	408
July	546	17	3	53	472
1958: June 25	569	34	10	77	449
July 2	558	71	21	95	370
9	615	- 31	2	53	591
16	455	15	6	13	409
23	705	50	11	75	563
30	532	52	12	142	326
Aug. 6	448	- 38	- 1	50	437

Note: Data for second half of June and July are preliminary

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securities." The purchase of \$1.1 billion of the new 1-5/8 per cent one year certificate on a when-issued basis did not enter the System account until August 1. Through July 31, bill holdings were reduced more than \$1.1 billion; note and bond holdings increased almost \$200 million, but over half of this latter amount was exchanged on August 1 for the new certificate.

Table 5

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

Item	July		Jan.-July		Year ending July	
	1958	1957	1958	1957	1958	1957
<u>Member bank reserve balances</u>						
<u>Total</u>	+ 9	+ 147	- 811	- 406	- 520	+ 293
Required reserves <u>1/</u>	- 20	+ 110	- 889	- 288	- 641	+ 358
Effect of reduction in requirements	---	---	-1,440	---	-1,440	---
Effect of deposit change	- 20	+ 110	+ 551	- 288	+ 799	+ 358
Excess reserves <u>1/</u>	+ 29	+ 37	+ 78	- 118	+ 121	- 65
<u>Principal factors</u>	(signs indicate effect on reserves)					
Currency in circulation	- 225	- 214	+ 668	+ 659	- 148	- 365
Gold stock and foreign accounts	- 226	+ 20	-1,441	+ 678	-1,265	+ 722
Treasury operations	- 42	+ 25	+ 27	+ 30	+ 159	+ 119
Federal reserve float	+ 26	+ 5	- 501	- 458	- 233	- 88
Other factors	+ 44	+ 40	- 189	- 82	- 111	- 48
<u>Effect of above factors on reserves</u>	- 423	- 124	-1,436	+ 827	-1,598	+ 340
Federal Reserve loans and investments:						
<u>Total</u>	+ 433	+ 271	+ 626	-1,232	+1,078	- 46
U. S. Govt. securities	+ 469	+ 362	+1,236	-1,414	+1,867	- 229
Outright	+ 520	+ 281	+1,603	-1,300	+2,020	- 375
Repurchase agreements	- 52	+ 81	- 367	- 114	- 153	+ 146
Acceptances	- 3	+ 1	- 3	- 29	+ 19	+ 4
Discounts and advances:						
To member banks	- 33	- 88	- 601	+ 229	- 808	+ 179
To others	---	- 4	- 6	- 18	---	---

1/ Data for July 1958 are preliminary.

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Loans and Investments at All Commercial Banks
(In billions of dollars)

Date	Loans and investments	U. S. Govt. securities	Other securities	Total loans	Business	Real estate	Secu-rity	Farm	Con-sumer	All other
1947: Dec. 31	116.2	69.2	9.0	37.9	18.2	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: Dec. 31	141.5	63.3	14.1	64.0	27.9	15.7	3.2	3.9	9.4	4.9
1953: Dec. 31	145.5	63.4	14.7	67.4	27.2	16.7	3.6	5.0	10.9	5.1
1954: Dec. 31	155.7	69.0	16.3	70.4	26.9	18.4	4.5	5.2	10.9	5.6
1955: Dec. 31	160.3	61.6	16.7	82.0	33.2	20.8	5.0	4.5	13.2	6.5
1956: Mar. 28	158.5	58.6	16.6	83.3	34.5	21.2	4.5	4.4	13.4	6.6
June 30	159.3	56.6	16.5	86.2	36.1	21.8	4.4	4.3	14.2	6.8
Sept. 26	160.7	57.0	16.6	87.2	37.0	22.3	4.1	4.2	14.4	6.7
Dec. 31	164.5	58.6	16.3	89.7	38.7	22.5	4.3	4.2	14.6	7.0
1957: Jan. 30	161.6	57.7	16.2	87.7	37.6	22.5	3.7	4.2	14.5	6.8
Feb. 27	161.1	56.8	16.3	87.9	37.8	22.5	3.7	4.2	14.5	6.8
Mar. 27	161.4	55.7	16.5	89.1	39.0	22.5	3.6	4.2	14.6	6.8
Apr. 24	163.8	57.5	16.7	89.7	39.0	22.5	3.8	4.1	14.9	6.9
May 29	163.8	57.1	16.8	89.9	38.9	22.5	3.8	4.1	15.1	7.0
June 26	164.3	55.5	16.8	92.0	40.5	22.6	3.9	4.0	15.4	7.1
July 31	164.1	56.3	16.8	91.0	39.6	22.7	3.7	3.9	15.5	7.1
Aug. 28	164.6	56.2	16.9	91.5	39.9	22.8	3.8	3.8	15.6	7.1
Sept. 25	165.1	55.9	17.1	92.2	40.3	22.9	3.8	3.8	15.7	7.2
Oct. 30	166.5	57.3	17.6	91.6	39.7	22.9	3.7	4.0	15.8	7.1
Nov. 27	165.9	56.9	17.4	91.5	39.6	23.0	3.6	4.0	15.7	7.2
Dec. 31	169.3	58.2	17.9	93.2	40.5	23.1	4.2	4.1	15.8	7.2
1958: Jan. 29p	166.2	57.7	17.9	90.5	38.8	23.1	3.6	4.2	15.7	7.0
Feb. 26p	167.1	58.3	18.2	90.6	38.6	23.2	3.9	4.4	15.5	6.9
Mar. 26p	169.9	59.6	18.9	91.5	39.2	23.2	4.2	4.4	15.4	6.8
Apr. 30p	174.0	62.8	19.3	91.9	38.4	23.3	5.1	4.4	15.5	6.9
May 28p	173.8	63.2	19.4	91.2	38.1	23.5	4.4	4.4	15.5	7.0
June 25p	178.2	64.7	20.0	93.4	38.7	23.7	5.6	4.4	15.7	7.1
July 30e	176.3	64.4	20.0	91.9	37.8	23.9	4.7	4.5	15.7	7.1

p - Preliminary

e - Estimated

Note: Data exclude interbank loans. Total loans are after and types of loans before deductions for valuation reserves. Consumer and "other loans" are partly estimated for all dates. Other data are partly estimated on all but June and December call dates. Monthly data on individual loan items appear to correspond relatively well with preliminary member bank call report data for June 23, 1958. All data for July 30, 1958, are estimates and subject to error.

Banking Section, Board of Governors,
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