

FEDERAL RESERVE BANK  
of KANSAS CITY

SEP 17 1958

## RESEARCH LIBRARY

BANKING AND MONETARY DEVELOPMENTS IN AUGUST 1958

Summary. Total commercial bank credit increased in August as additions to holdings of U. S. Government and other securities were offset only in part by further reductions in loans. Although business, real estate, and consumer loans rose, this growth was more than offset by further substantial declines in security loans. Seasonally adjusted demand deposit and currency holdings of businesses and individuals declined following sharp growth in July. U. S. Government deposits at commercial banks rose substantially, but time deposits at these banks rose much less than in other recent months. Free reserves of member banks declined. The discount rate was increased at six Federal Reserve Banks in August and early September. Market interest rates rose.

Bank credit. Total loans and investments at all commercial banks increased \$1.1 billion during August, as shown in Table 1. Holdings of U. S. Government securities increased \$1.3 billion and holdings of other securities, \$200 million, but total loans declined \$300 million, as reductions in security loans more than offset growth in most other major loan categories. Holdings of U. S. Government securities rose sharply during the first week of August when commercial banks acquired \$3.1 billion of the new \$3.6 billion 1-5/8 per cent tax anticipation certificates dated August 6 and maturing March 14, 1959. In the following three weeks, holdings of Government securities declined substantially, particularly Treasury bills.

Security loans declined \$800 million in August, largely reflecting further broker and dealer liquidation of the large borrowings prior to the mid-June Treasury financing and reduction in their inventories of municipal and corporate securities. Since June, security loans have declined \$1.7 billion to a level substantially below that in late May prior to the financing and near the low point of the last three years.

Business loans at all commercial banks increased \$300 million during August, about the same as in August last year, but somewhat less than the average increase in other recent years. At city banks, seasonal borrowing by food processors, commodity dealers, and trade concerns accounted for two-thirds of the increase. While less than last year, borrowings by these industries exceeded the average of other recent years. Loans to sales

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Table 1

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

Item	1958:	1957:	1958:	1957:	1958:	1957:
	July 31- Aug. 27	Aug. 1- Aug. 28	June 26- Aug. 27	June 27- Aug. 28	Jan. 1- Aug. 27	Jan. 1- Aug. 28
<u>Total loans (excluding interbank)</u>	- 0.3	+ 0.5	- 1.7	- 0.5	- 1.5	+ 1.9
Business	+ 0.3	+ 0.3	- 0.6	- 0.6	- 2.4	+ 1.2
Real estate	+ 0.2	+ 0.1	+ 0.4	+ 0.2	+ 1.0	+ 0.3
Security	- 0.8	+ 0.1	- 1.7	- 0.1	- 0.3	- 0.5
Agricultural	- 0.2	- 0.1	- 0.1	- 0.2	+ 0.2	- 0.4
Consumer	+ 0.1	+ 0.1	+ 0.1	+ 0.2	<u>1/</u>	+ 1.1
All other	+ 0.1	<u>1/</u>	+ 0.1	<u>1/</u>	<u>1/</u>	+ 0.1
U. S. Government securities	+ 1.3	- 0.1	+ 0.9	+ 0.7	+ 7.4	- 2.4
Other securities	+ 0.2	+ 0.1	<u>1/</u>	+ 0.1	+ 2.1	+ 0.6
Total loans and investments (less interbank)	+ 1.1	+ 0.5	- 0.9	+ 0.3	+ 8.0	+ 0.1

Item	Change during August:					
	1956	1955	1954	1953	1952	1951
<u>Total loans (excluding interbank)</u>	+ 0.5	+ 0.8	- 0.7	+ 0.2	+ 0.3	+ 0.5
Business	+ 0.6	+ 0.8	--	+ 0.2	+ 0.4	+ 0.5
Real estate	+ 0.2	+ 0.3	+ 0.2	+ 0.1	+ 0.2	+ 0.1
Security	- 0.3	- 0.3	+ 0.3	- 0.2	- 0.4	- 0.3
Agricultural	- 0.2	- 0.3	- 1.3	+ 0.1	+ 0.1	+ 0.1
Consumer	--	+ 0.2	--	+ 0.1	+ 0.2	--
All other	+ 0.1	+ 0.1	--	- 0.1	- 0.2	+ 0.1
U. S. Government securities	+ 1.0	- 1.2	+ 3.0	- 0.6	- 0.9	+ 0.4
Other securities	+ 0.1	+ 0.2	--	+ 0.2	+ 0.3	- 0.1
Total loans and investments (less interbank)	+ 1.5	- 0.2	+ 2.3	- 0.3	- 0.4	+ 0.8

1/ Less than \$50 million.

Note: Data for August 27, 1958, are preliminary estimates based on data for weekly reporting member banks and estimates for other banks. Later estimates for August will be shown in the Board's statement, "Assets and Liabilities of All Banks in the United States" available at the end of September.

Not for publication.

Table 1 (continued)

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

Item	End of December to end of August				
	1956	1955	1954	1953	1952
<u>Total loans (excluding interbank)</u>	+ 4.3	+ 5.8	- 1.5	+ 1.4	+ 2.0
Business	+ 3.2	+ 3.0	- 1.4	- 0.2	- 0.4
Real estate	+ 1.3	+ 1.9	+ 0.9	+ 0.7	+ 0.7
Security	- 1.0	- 0.3	<u>1/</u>	- 0.4	+ 0.1
Agricultural	- 0.5	- 1.3	- 1.2	<u>1/</u>	+ 0.5
Consumer	+ 1.1	+ 1.6	- 0.1	+ 1.4	+ 1.1
All other	+ 0.3	+ 0.8	+ 0.2	+ 0.1	<u>1/</u>
U. S. Government securities	- 4.4	- 6.5	+ 3.9	- 0.7	+ 0.5
Other securities	- 0.3	+ 0.6	+ 1.0	+ 0.4	+ 1.1
Total loans and investments (less interbank)	- 0.5	- 0.1	+ 3.4	+ 1.0	+ 3.5

Item	End of December to end of August				
	1951	1950	1949	1948	1947
<u>Total loans (excluding interbank)</u>	+ 2.4	+ 4.0	- 1.5	+ 2.4	+ 3.7
Business	+ 2.0	+ 1.2	n. a.	n. a.	n. a.
Real estate	+ 0.8	+ 1.4	n. a.	n. a.	n. a.
Security	- 0.7	<u>1/</u>	n. a.	n. a.	n. a.
Agricultural	+ 0.4	- 0.3	n. a.	n. a.	n. a.
Consumer	<u>1/</u>	+ 1.3	n. a.	n. a.	n. a.
All other	+ 0.1	+ 0.4	n. a.	n. a.	n. a.
U. S. Government securities	- 2.9	- 2.8	+ 4.1	- 4.1	- 4.5
Other securities	+ 0.3	+ 1.6	+ 0.8	+ 0.4	+ 0.7
Total loans and investments (less interbank)	- 0.2	+ 2.8	+ 3.4	- 1.4	- 0.1

n. a. Not available.

1/ Less than \$50 million.Not for publication.

finance companies also rose in August, but outstanding loans to these companies recently had declined to the lowest level in more than three years. Small increases occurred in most other industry categories except metals manufacturers where outstanding loans declined further. Net repayments in these loans were large from late June through early August, but in late August, outstanding loans to metals manufacturers increased slightly.

Since midyear, business loans at city banks have declined \$550 million, about the same as in the comparable period last year, as shown in Table 2. Borrowing in June 1958, however, had been substantially less than the record June 1957 borrowing. Most of the decline since midyear has been in loans to metals manufacturers, public utilities, sales finance companies, and petroleum producers. These repayments have been concentrated at banks in New York and Chicago; elsewhere, on balance, business loans have increased slightly. Excluding the cities of New York and Chicago, increases occurred in eight of the twelve Federal Reserve Districts, the largest generally being in the Midwest and Far West.

Real estate loans at commercial banks increased \$200 million further in August. So far this year, they have increased \$1 billion compared with \$300 million last year. Consumer loans increased \$100 million in August. They have shown little change this year compared with a growth of over \$1 billion last year and comparable increases in other recent years. Agricultural loans declined \$200 million in August reflecting largely redemptions of CCC certificates, as is usual in this month. These loans have shown little change this year.

Since midyear, total credit at all commercial banks has declined \$900 million. In other recent years, it has increased during this period. Reductions in loans largely to security dealers were offset only in part by increases in investments. Sharp credit reduction in July, however, followed a record growth in June, which alone had accounted for half the \$8.9 billion increase that occurred during the first half of the year. Generally total loans and investments declined over the January-June period.

Money supply. Preliminary estimates indicate that seasonally adjusted demand deposit and currency holdings of businesses and individuals declined \$800 million in August, following a record increase of \$2.2 billion in July. In the seven months since January, the annual rate of growth in the money supply has been about 6 percent. At the end of August, seasonally adjusted deposits and currency were about 1-1/2 per cent above the year-ago level.

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Table 2

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

Business of Borrower	1958	1957	1956	1955	1954	1953	1952
	July 31- Aug. 27	Aug. 1- Aug. 28	Aug. 2- Aug. 29	Aug. 3- Aug. 31	July 28- Aug. 25	July 29- Aug. 26	July 30- Aug. 27
Food processors	+ 90	+ 71	+ 96	+ 56	- 24	+ 89	+ 167
Commodity dealers	+ 97	+ 156	+ 52	+ 33	+ 45	- 11	+ 83
Trade concerns	+ 16	+ 29	+ 13	+ 26	+ 9	- 5	- 3
Total	+ 203	+ 256	+ 161	+ 115	+ 30	+ 73	+ 247
Sales finance	+ 51	+ 4	+ 71	+ 184	- 44	- 60	- 37
<u>All other - total</u>	+ 9	- 10	+ 180	+ 235	- 49	+ 190	+ 93
Metals and products	- 83	- 138	- 124	+ 21	- 99	- 13	- 105
Textiles, apparel and leather	+ 13	+ 50	+ 40	+ 45	+ 40	+ 33	+ 37
Petroleum, coal, etc.	+ 24	- 1	+ 74	+ 12	+ 2	+ 18	+ 68
Other manufacturing and mining	- 7	+ 11	+ 54	+ 9	+ 2	+ 7	+ 7
Public utilities	- 9	+ 17	+ 48	+ 36	- 16	+ 76	+ 38
Construction	+ 21	+ 5	+ 27	+ 13	+ 19	+ 19	+ 12
All other types of business	+ 50	+ 46	+ 61	+ 99	+ 3	+ 50	+ 36
Classified	+ 263	+ 249	+ 412	+ 535	- 64	+ 201	+ 304
Unclassified	+ 35	+ 24	+ 8	+ 86	2/- 687	+ 47	+ 48
Total change	+ 298	+ 273	+ 420	+ 621	2/- 751	+ 248	+ 352

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

<sup>2/</sup> CCC certificates of interest which are included in data are estimated to have declined \$435 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 August 27, 1958.

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Table 2 (continued)

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

Business of Borrower	End of June to end of August:						
	1958	1957	1956	1955	1954	1953	1952
Food processors	- 27	- 12	+ 15	- 5	- 19	- 30	+ 143
Commodity dealers	+ 117	+ 197	+ 249	+ 95	+ 111	+ 13	+ 142
Trade concerns	+ 3	- 12	- 2	+ 60	- 18	- 21	- 36
Total	+ 93	+ 173	+ 262	+ 150	+ 74	- 38	+ 249
Sales finance	- 64	- 276	- 67	+ 238	- 58	- 24	- 69
All other - total	- 554	- 314	+ 208	+ 442	- 324	+ 149	- 66
Metals and products	- 441	- 367	- 259	- 13	- 232	- 63	- 214
Textiles, apparel and leather	- 9	+ 70	+ 76	+ 106	+ 76	+ 67	+ 57
Petroleum, coal, etc.	- 60	- 28	+ 118	+ 38	- 62	- 4	+ 97
Other manufacturing and mining	- 19	+ 20	+ 135	+ 46	- 11	+ 17	+ 13
Public utilities	- 135	- 66	+ 24	+ 43	- 104	+ 59	- 127
Construction	+ 31	+ 14	+ 4	+ 37	+ 35	+ 14	+ 18
All other types of business	+ 79	+ 43	+ 110	+ 185	- 26	+ 59	+ 90
Classified	- 525	- 416	+ 403	+ 830	- 309	+ 88	+ 114
Unclassified	- 32	- 98	- 81	<sup>2/</sup> - 160	<sup>3/</sup> - 803	+ 6	+ 39
Total change	- 557	- 514	+ 322	<sup>2/</sup> + 670	<sup>3/</sup> - 1,111	+ 94	+ 153

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

<sup>2/</sup> Includes CCC certificates of interest which are estimated to have declined \$300 million.

<sup>3/</sup> Includes CCC certificates of interest which 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 August 27, 1958.

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The reduction in demand deposits adjusted in August was associated in part with a \$1.6 billion build-up in U. S. Government deposits. Changes during August in U. S. Government deposits have been erratic in recent years, but generally these deposits have increased less than in 1958 or have declined. In late August (following the reporting date) and in early September, these deposits were drawn down somewhat.

Time deposits at commercial banks increased \$300 million further in August, considerably less than in other recent months. At weekly reporting banks, these deposits rose only \$25 million, compared with an average monthly increase of \$450 million during the first seven months of the year. Reduced growth at reporting banks outside New York was offset in part by a \$50 million decline at New York City banks. In all previous months this year, time deposit growth at weekly reporting banks exceeded that of the comparable month of 1957, generally by a substantial margin. At nonweekly reporting banks, too, growth is estimated to have moderated in August. So far this year, time deposits at commercial banks have increased \$6.6 billion compared with \$4.1 billion last year and much more than in any previous year. Since June, however, they have increased \$1 billion compared with \$700 million last year and more than in any previous year except 1945.

Over the past three months, interbank time deposits (largely foreign) at weekly reporting banks have declined \$200 million compared with an increase of \$1.1 billion in the first five months of the year. The earlier growth in these deposits reflected in large part shifts out of Treasury bills at a time when money market yields were declining rapidly. Recently, short-term rates have risen sharply, and there apparently has been some shifting out of time deposits into other liquid assets. In late August, at New York City banks, the rate paid on foreign deposits was increased in two steps from 1-3/4 per cent to 2-1/4 per cent. In February 1958, the rate had been lowered 1/2 per cent.

Bank reserves. Free reserves of member banks averaged \$400 million in August (preliminary data) compared with \$550 million in July, as shown in Table 4. Reserves tightened somewhat at all classes of banks, with the largest drains at reserve city banks. Average member bank borrowings from the Federal Reserve rose to \$250 million while excess reserves remained around \$650 million. Reserve positions tightened progressively over the month but most of the reduction in free reserves was concentrated in late August and early September. In the week ending September 3, free reserves averaged \$130 million with borrowings rising to

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Table 3

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

Item	1958	1957	1958	1957	1958	1957
	July 31- Aug. 27	Aug. 1- Aug. 28	June 26- Aug. 27	June 27- Aug. 28	Jan. 1- Aug. 27	Jan. 1- Aug. 28
<u>Seasonally adjusted data</u> <sup>1/</sup>						
Demand deposits adjusted	- 0.8	- 1.2	+ 1.4	- 0.5	+ 3.7	+ 0.1
Currency outside banks	<u>2/</u>	<u>- 0.1</u>	<u>2/</u>	<u>2/</u>	<u>- 0.1</u>	<u>+ 0.2</u>
Total	- 0.8	- 1.3	+ 1.4	- 0.5	+ 3.6	+ 0.3
<u>Unadjusted data</u> <sup>1/</sup>						
Demand deposits adjusted	- 1.1	- 1.5	+ 1.4	- 0.5	- 3.2	- 6.3
Currency outside banks	<u>+ 0.1</u>	<u>2/</u>	<u>+ 0.1</u>	<u>2/</u>	<u>- 0.4</u>	<u>- 0.5</u>
Total	- 1.0	- 1.5	+ 1.5	- 0.5	- 3.6	- 6.8
Time deposits	+ 0.4	+ 0.4	+ 1.2	+ 0.7	+ 8.0	+ 4.9
Commercial banks	+ 0.3	+ 0.3	+ 1.0	+ 0.7	+ 6.6	+ 4.1
Mutual savings banks	+ 0.1	+ 0.1	+ 0.2	+ 0.1	+ 1.5	+ 1.0
U. S. Government deposits	<u>+ 1.6</u>	<u>+ 0.7</u>	<u>- 3.8</u>	<u>- 0.3</u>	<u>+ 1.7</u>	<u>+ 0.4</u>
Total	+ 1.0	- 0.3	- 1.1	<u>2/</u>	+ 6.2	- 1.5
<u>Factors affecting deposits and currency</u> (signs indicate effect on deposits and currency)						
Bank loans and investments other than U. S. Govt. sec. <sup>3/</sup>	<u>+ 0.1</u>	<u>+ 0.7</u>	<u>- 1.2</u>	<u>- 0.1</u>	<u>+ 2.7</u>	<u>+ 3.7</u>
Commercial	- 0.1	+ 0.6	- 1.7	- 0.4	+ 0.6	+ 2.5
Mutual savings	+ 0.2	+ 0.2	+ 0.4	+ 0.3	+ 2.0	+ 1.5
Bank holdings of U. S. Government securities:	<u>+ 1.6</u>	<u>- 0.1</u>	<u>+ 1.1</u>	<u>+ 1.1</u>	<u>+ 8.1</u>	<u>- 4.3</u>
Federal Reserve	+ 0.3	<u>2/</u>	+ 0.2	+ 0.4	+ 1.0	- 1.6
Commercial	+ 1.3	- 0.1	+ 0.9	+ 0.7	+ 7.4	- 2.4
Mutual saving and other	<u>2/</u>	<u>2/</u>	+ 0.1	- 0.1	- 0.2	- 0.3
Gold stock and foreign deposits at F. R. Banks	- 0.1	<u>2/</u>	- 0.3	+ 0.1	- 1.6	+ 0.6
Other factors <sup>4/</sup>	- 0.6	- 0.9	- 0.7	- 1.1	- 3.0	- 1.5

<sup>1/</sup> 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.

<sup>2/</sup> Less than \$50 million.

<sup>3/</sup> 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.

<sup>4/</sup> Includes time deposits of foreign banks which increased about \$900 million at weekly reporting banks between December 31, 1957 and August 27, 1958.

Note: Data for August 27, 1958, are preliminary estimates based on data for weekly reporting member banks and estimates for other banks. Later estimates for August will be shown in the Board's statement, "Assets and Liabilities of All Banks in the United States" available at the end of September.

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Table 3 (continued)

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

Item	End of December to end of August					
	1956	1955	1954	1953	1952	1951
<u>Seasonally adjusted data</u> <sup>1/</sup>						
Demand deposits adjusted	+ 0.4	+ 2.8	+ 1.5	+ 1.3	+ 2.9	+ 2.8
Currency outside banks	+ 0.1	+ 0.3	- 0.4	+ 0.4	+ 0.8	+ 0.8
Total	+ 0.5	+ 3.1	+ 1.1	+ 1.7	+ 3.7	+ 3.6
<u>Unadjusted data</u> <sup>1/</sup>						
Demand deposits adjusted	- 5.4	- 2.7	- 3.1	- 4.0	- 2.4	- 0.9
Currency outside banks	- 0.8	- 0.6	- 1.2	- 0.2	<sup>2/</sup>	- 0.1
Total	- 6.2	- 3.2	- 4.2	- 4.2	- 2.4	- 1.0
Time deposits	+ 2.5	+ 2.1	+ 3.6	+ 2.9	+ 2.7	+ 1.1
Commercial banks	+ 1.5	+ 1.2	+ 2.5	+ 1.8	+ 1.7	+ 0.8
Mutual savings banks	+ 1.2	+ 1.2	+ 1.2	+ 1.2	+ 1.1	+ 0.5
U. S. Government deposits	+ 1.9	+ 0.5	+ 1.3	+ 2.1	+ 3.0	+ 0.9
Total	- 1.9	- 0.6	+ 0.7	+ 0.7	+ 3.2	+ 1.0

  

Item	End of December to end of August				
	1950	1949	1948	1947	1946
<u>Seasonally adjusted data</u> <sup>1/</sup>					
Demand deposits adjusted	+ 3.6	+ 0.1	- 1.2	+ 1.8	n.a.
Currency outside banks	- 0.2	- 0.3	- 0.3	n.a.	n.a.
Total	+ 3.4	- 0.2	- 1.5	n.a.	n.a.
<u>Unadjusted data</u> <sup>1/</sup>					
Demand deposits adjusted	+ 1.7	- 2.1	- 3.3	<sup>2/</sup>	+ 4.7
Currency outside banks	- 0.9	- 1.0	- 0.9	- 0.6	+ 0.1
Total	+ 0.7	- 3.1	- 4.2	- 0.6	+ 4.9
Time deposits	+ 0.5	+ 0.9	+ 0.9	+ 1.8	+ 4.2
Commercial banks	+ 0.1	+ 0.3	+ 0.5	+ 1.1	+ 3.0
Mutual savings banks	+ 0.5	+ 0.6	+ 0.5	+ 0.6	+ 1.0
U. S. Government deposits	+ 0.4	+ 0.1	+ 2.0	- 0.9	- 14.6
Total	+ 1.6	- 2.1	- 1.3	+ 0.3	- 5.5

n.a. Not available.

<sup>1/</sup> 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.

<sup>2/</sup> Less than \$50 million.

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\$460 million, the highest since early in January. Rates on Federal funds fluctuated from a low of  $1/4$  per cent to a high of  $1-3/4$  per cent. Rates were low early in the month but were generally at  $1-3/4$  per cent during most of the latter part of August.

Over August, on a monthly average basis, reserves were absorbed primarily through further gold sales, reductions in Federal Reserve Bank float, a build-up in Treasury deposits at the Reserve Banks, and increases in nonmember deposits and other Federal Reserve accounts. System purchases of U. S. Government securities offset these reserve drains only in part, and free reserves declined \$150 million.

During the three weeks ending August 20 free reserves declined about \$100 million. Reserves absorbed principally through a substantial increase in required reserves reflecting a build-up in U. S. Government deposits, an outflow of currency into circulation and further gold sales more than offset reserves becoming available through an increase of \$370 million in System holdings of U. S. Government securities and the intramonthly seasonal rise in float. On August 1, the System acquired \$1.1 billion of the new  $1-5/8$  per cent certificates, previously allotted on a when-issued basis, but this increase was offset in large part by subsequent sales and run-offs of Treasury bill holdings.

During the two weeks ending September 3, reserves absorbed through reductions in float, outflows of gold and currency, and some net decline in System holdings of U. S. Government securities substantially exceeded those supplied through reductions in required reserves and small changes in other factors. Free reserves declined \$300 million.

Since midyear, member bank reserve positions have tightened somewhat with free reserves declining about \$100 million. Gold outflows have absorbed about \$400 million of reserves, currency drain an additional \$230 million, whereas other market factors on balance have absorbed \$200 million of reserves. Reserve funds have been supplied to member banks primarily through System purchases of U. S. Government securities totaling \$660 million and a \$50 million decline in required reserves.

Not for publication

Table 4

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

	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	16	4	56	471
August	394	- 22	----	- 23	439
1958: July 30	530	52	12	142	324
Aug. 6	446	- 41	- 3	43	447
13	457	26	3	- 34	462
20	424	- 47	2	- 31	500
27	320	- 34	----	- 40	394
Sept. 3	128	- 83	----	- 138	349

Note: Data for second half of August and September are preliminary.

Note for publication

Interest rates. Effective between August 15 and September 5, with the approval of the Board of Governors, the discount rate was raised to 2 per cent from 1-3/4 per cent at the Federal Reserve Banks of San Francisco, Dallas, Atlanta, Kansas City, Chicago, and Minneapolis.

Interest rates on private open market paper also increased in August and early September for the first time since the fall of 1957. Rates on 4-6 month commercial paper rose seven times from 1-1/2 per cent to 2-7/8 per cent. Rates on 90-day bankers' acceptances rose from 1-1/8 to 2-1/4 per cent, and those on 3-6 month finance company paper from 1-1/8 per cent to 2-3/8 per cent.

Not for publication

Table 5

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

Item	August		July - August		Jan. - August	
	1958	1957	1958	1957	1958	1957
<u>Member bank reserve balances</u>						
<u>Total</u>	- 29	-295	- 20	-148	- 840	- 701
Required reserves <u>1/</u>	- 19	-295	- 40	-185	- 909	- 583
Effect of reduction in requirements	---	---	---	---	-1,440	---
Effect of deposit change	- 19	-295	- 40	-185	+ 531	- 583
Excess reserves <u>1/</u>	- 10	---	+ 20	+ 37	+ 69	- 118
<u>Principal factors</u>						
			(signs indicate effect on reserves)			
Currency in circulation	- 4	+ 81	-229	-133	+ 664	+ 740
Gold stock and foreign accounts	-145	+ 29	-371	+ 49	-1,586	+ 707
Treasury operations	- 44	+ 2	- 86	+ 27	- 17	+ 32
Federal reserve float	- 84	-186	- 58	-181	- 585	- 644
Other factors	- 80	-109	- 36	- 69	- 269	- 191
<u>Effect of above factors on reserves</u>	-357	-183	-780	-307	-1,793	+ 644
Federal Reserve loans and investments:						
<u>Total</u>	+328	-113	+761	+158	+ 954	-1,345
U. S. Govt. securities	+192	-205	+661	+157	+1,428	-1,619
Outright	+188	- 69	+708	+212	+1,790	-1,369
Repurchase agreements	+ 4	-136	- 48	- 55	- 363	- 250
Acceptances	- 7	- 1	- 10	---	- 10	- 30
Discounts and advances:						
To member banks	+143	+ 88	+110	---	- 458	+ 317
To others	---	+ 5	---	+ 1	- 6	- 13

1/ Data for August 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 30p	176.2	64.3	19.8	92.0	37.8	23.9	4.7	4.5	15.7	7.1
Aug. 27e	177.3	65.6	20.0	91.7	38.1	24.1	3.9	4.3	15.8	7.2

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 August 27, 1958, are estimates and subject to error.

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Banking Section, Board of Governors,  
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