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**FEDERAL RESERVE BANK**  
**BANKING AND MONETARY DEVELOPMENTS IN JANUARY 1959**  
**OF KANSAS CITY**

FEB 26 1959

RESEARCH LIBRARY

Summary. Total credit at all commercial banks declined somewhat in January. Seasonal loan repayments were offset in part by a contraseasonal increase in holdings of U. S. Government securities reflecting bank purchases of new Treasury issues. The seasonally adjusted active money supply declined slightly but U. S. Government deposits increased whereas they usually decline sharply in January. Net borrowed reserves of member banks averaged around \$70 million, about the same as in December.

Bank credit. Total loans and investments at all commercial banks declined \$600 million in January, but this change includes an increase of more than \$400 million resulting from bank structure changes, as noted in detail in Table 1. The total credit reduction in January, after adjustment for structure changes, was still much smaller than in the three past years when credit had declined \$2-3 billion. Credit growth in December 1958 had also been less than in the 1955-1957 period, but over the second half of 1958 it had been larger.

The smaller-than-usual credit decline in January reflected seasonal loan repayments offset in part by a contraseasonal increase in holdings of U. S. Government securities resulting from Treasury financing. During the first two weeks of January, prior to the Treasury financing, credit at weekly reporting banks declined \$1.9 billion. This was only slightly less than the record reduction in the comparable 1958 period which had followed the largest December rise in the postwar period.

Total loans at commercial banks declined \$1.5 billion in January (\$1.7 to \$1.8 billion after adjustment for structure changes) compared with \$2.7 billion in 1958 and \$2 billion in 1957. The reduction reflected largely seasonal repayments in the business and security categories. Loan growth in December 1958 had been the largest on record, considerably exceeding that of 1957 and 1956.

Holdings of U. S. Government securities increased \$1 billion in January (about \$900 million after adjustment for structure changes) whereas usually these holdings decline. Commercial banks subscribed to \$2.2 billion of the \$2.7 billion 16-month Treasury note issued on January 21 and to \$165 million of the \$885 4 per cent Treasury bonds of 1980 issued on January 23. During the first two weeks of January, however, holdings of U. S. Government securities at weekly reporting banks had declined \$600 million, somewhat more than in other recent years; at other banks they were about unchanged. During the second half of January, they rose \$1.5 billion at all

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

Item	December 31 to last Wednesday of January					
	1959 2/	1958	1957	1956	1955	1954
<u>Total loans (excluding interbank)</u>	- 1.5	- 2.7	- 2.0	- 1.1	- 0.6	- 1.4
Business	- 1.2	- 1.7	- 1.1	- 0.5	- 0.3	- 0.6
Real estate	+ 0.4	1/	1/	+ 0.1	+ 0.2	1/
Security	- 0.4	- 0.6	- 0.6	- 0.4	- 0.5	- 0.7
Agricultural	+ 0.1	+ 0.1	1/	- 0.1	1/	+ 0.1
Consumer	1/	- 0.2	- 0.1	1/	1/	- 0.1
All other	- 0.2	- 0.1	- 0.2	1/	1/	- 0.1
U. S. Government securities	+ 1.0	- 0.5	- 0.9	- 0.7	1/	+ 0.8
Other securities	- 0.1	1/	- 0.1	- 0.2	+ 0.4	1/
Total loans and investments (less interbank)	- 0.6	- 3.1	- 2.9	- 2.0	- 0.2	- 0.7

Item	December 31 to last Wednesday of January					
	1953	1952	1951	1950	1949	1948
<u>Total loans (excluding interbank)</u>	- 0.6	- 0.9	+ 0.1	- 0.3	- 0.1	+ 0.1
Business	- 0.4	- 0.3	n.a.	n.a.	n.a.	n.a.
Real estate	+ 0.1	1/	n.a.	n.a.	n.a.	n.a.
Security	- 0.5	- 0.5	n.a.	n.a.	n.a.	n.a.
Agricultural	1/	1/	n.a.	n.a.	n.a.	n.a.
Consumer	+ 0.1	1/	n.a.	n.a.	n.a.	n.a.
All other	+ 0.1	- 0.2	n.a.	n.a.	n.a.	n.a.
U. S. Government securities	- 0.5	+ 0.5	- 2.0	+ 1.0	+ 0.4	+ 0.2
Other securities	+ 0.1	1/	1/	+ 0.1	- 0.1	1/
Total loans and investments (less interbank)	- 1.2	- 0.5	- 1.9	+ 0.8	+ 0.2	+ 0.2

n.a. Not available.

1/ Less than \$50 million.

2/ Total credit increased about \$440 million in January 1959 as a result of (1) inclusion of all banks in Alaska and (2) of absorption of a mutual savings bank by a commercial bank; loans were increased about \$250 million, a substantial part of which was in real estate loans; U.S. Government securities were increased \$130 million; and other securities \$50 million.

Note: Data for January 28, 1959 are preliminary estimates based on data reported by a sample of member banks. Revised estimates will be available at end of Feb.

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Table 1 (continued) - 3 -

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

Item	Last Wednesday of November to December 31					
	1958	1957	1956	1955	1954	1953
<u>Total loans (excluding interbank)</u>	+ 2.7	+ 1.7	+ 1.5	+ 1.8	+ 1.5	+ 0.7
Business	+ 1.0	+ 0.9	+ 0.9	+ 0.9	+ 0.3	- 0.6
Real estate	+ 0.3	+ 0.1	<u>1/</u>	+ 0.1	+ 0.2	<u>1/</u>
Security	+ 0.7	+ 0.6	+ 0.3	+ 0.5	+ 0.7	+ 0.6
Agricultural	+ 0.1	+ 0.1	+ 0.1	+ 0.2	+ 0.1	+ 0.5
Consumer	+ 0.2	+ 0.1	+ 0.2	+ 0.2	+ 0.1	+ 0.1
All other	+ 0.3	<u>1/</u>	+ 0.1	<u>1/</u>	+ 0.1	<u>1/</u>
U. S. Government securities	- 1.1	+ 1.3	+ 0.4	+ 0.2	- 1.1	- 0.3
Other securities	+ 0.1	+ 0.5	<u>1/</u>	+ 0.1	+ 0.1	+ 0.1
Total loans and investments (less interbank)	+ 1.7	+ 3.4	+ 1.8	+ 2.1	+ 0.6	+ 0.6

  

Item	Last Wednesday of November to December 31					
	1952	1951	1950	1949	1948	1947
<u>Total loans (excluding interbank)</u>	+ 1.0	+ 1.0	+ 1.1	+ 0.4	+ 0.3	+ 0.5
Business	+ 0.4	+ 0.6	+ 0.8	n.a.	n.a.	n.a.
Real estate	+ 0.1	+ 0.1	+ 0.1	n.a.	n.a.	n.a.
Security	+ 0.4	+ 0.4	+ 0.1	n.a.	n.a.	n.a.
Agricultural	- 0.2	<u>1/</u>	<u>1/</u>	n.a.	n.a.	n.a.
Consumer	+ 0.3	+ 0.1	<u>1/</u>	n.a.	n.a.	n.a.
All other	+ 0.1	- 0.1	+ 0.2	n.a.	n.a.	n.a.
U. S. Government securities	- 0.8	- 0.1	+ 0.3	+ 0.1	- 0.2	- 0.8
Other securities	- 0.1	+ 0.3	+ 0.3	+ 0.2	+ 0.1	+ 0.1
Total loans and investments (less interbank)	+ 0.2	+ 1.3	+ 1.6	+ 0.6	+ 0.2	- 0.2

1/ Less than \$50 million.

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Table 1 (continued)

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

Item	End of June to end of December					
	1958	1957	1956	1955	1954	1953
<u>Total loans (excluding interbank)</u>	+ 3.4	+ 1.2	+ 3.4	+ 7.3	+ 3.2	+ 2.6
Business	+ 1.4	<u>1/</u>	+ 2.6	+ 4.4	+ 0.7	+ 0.2
Real estate	+ 1.6	+ 0.5	+ 0.7	+ 1.0	+ 1.2	+ 0.5
Security	- 1.0	+ 0.3	- 0.2	+ 0.6	+ 0.7	+ 0.8
Agricultural	+ 0.4	+ 0.1	- 0.1	+ 0.1	+ 0.1	+ 1.3
Consumer	+ 0.3	+ 0.4	+ 0.4	+ 1.1	+ 0.1	+ 0.3
All other	+ 0.8	+ 0.1	+ 0.2	+ 0.2	+ 0.4	<u>1/</u>
U. S. Government securities	+ 2.0	+ 2.7	+ 1.9	- 1.7	+ 5.5	+ 4.8
Other securities	+ 0.3	+ 1.1	- 0.2	- 0.1	+ 0.8	+ 0.4
Total loans and investments (less interbank)	+ 5.7	+ 5.0	+ 5.1	+ 5.5	+ 9.5	+ 7.7

Item	End of June to end of December						
	1952	1951	1950	1949	1948	1947	1946
<u>Total loans (excluding interbank)</u>	+ 4.9	+ 2.9	+ 7.5	+ 1.9	+ 2.7	+ 4.4	+ 4.0
Business	+ 2.6	+ 2.2	+ 5.0	+ 0.6	+ 0.9	+ 3.3	+ 3.8
Real estate	+ 0.7	+ 0.4	+ 1.1	+ 0.5	+ 0.6	+ 1.1	+ 1.4
Security	+ 0.1	- 0.1	+ 0.1	- 0.3	<u>1/</u>	- 0.8	- 2.0
Agricultural	+ 0.3	+ 0.3	<u>1/</u>	+ 0.2	+ 0.8	+ 0.1	<u>1/</u>
Consumer	+ 1.1	<u>1/</u>	+ 0.8	+ 0.7	+ 0.3	+ 0.6	+ 0.7
All other	+ 0.3	+ 0.1	+ 0.6	+ 0.3	+ 0.1	+ 0.1	+ 0.1
U. S. Government securities	+ 2.1	+ 3.0	- 3.7	+ 3.8	- 2.2	- 1.3	- 9.7
Other securities	+ 0.1	+ 0.6	+ 1.2	+ 0.7	<u>1/</u>	+ 0.5	+ 0.2
Total loans and investments (less interbank)	+ 7.2	+ 6.6	+ 4.9	+ 6.4	+ 0.5	+ 3.5	- 5.5

1/ Less than \$50 million.

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Table 1 (continued)

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

Item	Year ending December 31					
	1958	1957	1956	1955	1954	1953
<u>Total loans (excluding interbank)</u>	+ 4.1	+ 3.5	+ 7.6	+11.6	+ 2.9	+ 3.4
Business	- 0.2	+ 1.8	+ 5.5	+ 6.4	- 0.3	- 0.7
Real estate	+ 2.2	+ 0.6	+ 1.7	+ 2.4	+ 1.7	+ 1.0
Security	+ 0.4	- 0.1	- 0.8	+ 0.6	+ 0.9	+ 0.4
Agricultural	+ 0.9	- 0.1	- 0.3	- 0.7	+ 0.2	+ 1.0
Consumer	+ 0.1	+ 1.1	+ 1.3	+ 2.3	<u>1/</u>	+ 1.5
All other	+ 0.9	+ 0.3	+ 0.5	+ 0.9	+ 0.6	+ 0.2
U. S. Government securities	+ 8.0	- 0.3	- 3.0	- 7.4	+ 5.6	+ 0.1
Other securities	+ 2.5	+ 1.7	- 0.4	+ 0.4	+ 1.6	+ 0.5
Total loans and investments (less interbank)	+14.6	+ 4.9	+ 4.2	+ 4.6	+10.2	+ 4.1

Item	Year ending December 31						
	1952	1951	1950	1949	1948	1947	1946
<u>Total loans (excluding interbank)</u>	+ 6.4	+ 5.4	+ 9.3	+ 0.5	+ 4.4	+ 6.9	+ 4.9
Business	+ 2.0	+ 4.0	+ 4.9	- 1.9	+ 0.8	+ 4.0	+ 4.6
Real estate	+ 1.1	+ 1.0	+ 2.0	+ 0.7	+ 1.4	+ 2.2	+ 2.5
Security	+ 0.6	- 0.3	+ 0.2	+ 0.3	+ 0.3	- 1.0	- 3.7
Agricultural	+ 0.5	+ 0.5	- 0.1	+ 0.2	+ 1.2	+ 0.3	<u>1/</u>
Consumer	+ 1.9	+ 0.1	+ 1.6	+ 1.0	+ 1.0	+ 1.3	+ 1.2
All other	+ 0.3	+ 0.3	+ 0.9	+ 0.3	+ 0.3	+ 0.3	+ 0.4
U. S. Government securities	+ 1.8	- 0.5	- 5.0	+ 4.4	- 6.6	- 5.6	-15.8
Other securities	+ 0.8	+ 0.9	+ 2.2	+ 1.0	+ 0.2	+ 0.9	+ 0.8
Total loans and investments (less interbank)	+ 9.0	+ 5.9	+ 6.5	+ 5.9	- 2.0	+ 2.3	-10.1

1/ Less than \$50 million.

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commercial banks, reflecting some reductions in holdings prior and following purchases of new securities.

Business loans at commercial banks declined \$1.2 billion in January, almost offsetting the \$1.4 billion increase in the last half of 1958, which had been somewhat less than seasonal. Growth during the last quarter of 1958, however, had appeared to be about seasonal. In January 1958, business loans had shown a record decline of \$1.7 billion after showing no change in the last half of 1957.

Loan repayments by sales finance companies totaled \$260 million at city banks in January, accounting for about one-quarter of the total business loan decline, as shown in Table 2. This was a somewhat larger volume of repayments than in January 1958 but borrowing in December 1958, although accounting for over half the rise in total business loans, had been less than a year earlier. Seasonal repayments by food processors, commodity dealers, and trade concerns totaled \$300 million in January, somewhat less than in the past two years.

Borrowing by this group in the second half of 1958, however, had been less than in the comparable period of most other recent years. Loans also declined in nearly every other major business group, with loans to public utilities falling more than in any other year. Loans to metals processors increased \$60 million.

Security loans declined \$400 million in January, compared with \$600 million last year. Previous year-end increases and the early-January declines in both years had been comparable. In mid-January this year, however, loans for purchasing and carrying U. S. Government securities increased somewhat in connection with Treasury financing.

Real estate loans rose moderately further in January after allowance for a \$150 million increase resulting from bank structure changes. Preliminary call report data indicate that these loans at country banks did not increase quite as rapidly in the last quarter of 1958 as previously estimated. Consumer loans probably showed little further change in January, after increasing \$200 million in December, slightly more than estimated.

Deposits and currency. Seasonally adjusted demand deposit and currency holdings of businesses and individuals declined \$300 million in January, as shown in Table 3. Demand deposits adjusted declined \$1.3 billion, \$200 million more than the usual

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

Business of Borrower	Last Wednesday in December to last Wednesday in January							
	1959	1958	1957	1956	1955	1954	1953	1952
Food processors	- 151	- 227	- 254	-113	-119	- 97	- 32	-118
Commodity dealers	- 60	- 10	- 68	- 38	- 82	- 37	- 89	- 93
Trade concerns	- 94	- 207	- 233	- 68	-116	-108	- 51	-155
Total	- 305	- 444	- 555	-219	-317	-242	-172	-366
Sales finance	- 264	- 571	- 186	-221	+ 5	-153	-106	-320
All other - total	- 280	- 304	- 91	+110	- 60	-343	+ 59	+392
Metals and products	+ 61	- 44	- 19	+ 66	+ 7	-152	+ 90	+520
Textiles, apparel and leather	- 12	+ 25	- 23	+ 6	+ 28	+ 14	+ 6	- 39
Petroleum, coal, etc.	- 71	- 22	+ 18	+ 48	-	-104	- 2	+ 39
Other manufacturing and mining	- 14	- 28	- 21	+ 10	- 10	- 31	- 10	+ 4
Public utilities	- 109	- 81	+ 100	+ 65	- 9	- 16	+ 25	- 53
Construction	- 23	- 24	- 38	- 4	+ 4	- 11	- 4	- 30
All other types of business	- 112	- 130	- 108	- 81	- 80	- 43	- 46	- 49
Classified	- 848	-1,319	- 833	-331	-371	-737	-219	-293
Unclassified	- 271	- 281	- 199	-139	2/- 58	-142	-160	+ 21
Total change	-1,119	-1,600	-1,032	-470	2/-429	-878	-379	-272

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

2/ Includes CCC certificates of interest which are estimated to have declined \$85 million.

Note: Classified data are for a sample of about 210 banks reporting changes in their larger loans, these banks hold over 95 per cent of total commercial and industrial loans of all weekly reporting banks and about 75 per cent of those of all commercial banks.

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Table 2 (continued)

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

	Last Wednesday in June to last Wednesday in December						
	1958	1957	1956	1955	1954	1953	1952
Food processors	+ 522	+331	+ 822	+ 480	+ 498	+501	+ 754
Commodity dealers	+ 410	+420	+ 739	+ 469	+ 539	+380	+ 662
Trade concerns	+ 86	- 8	+ 178	+ 327	+ 120	+ 1	+ 141
Total	+1,018	+743	+1,739	+1,276	+1,157	+882	+1,557
Sales finance	+ 294	-108	+ 98	+ 704	+ 32	-138	+ 544
All other - total	- 175	-474	+ 883	+1,069	- 559	-311	+ 394
Metals and products	- 454	-496	- 71	+ 224	- 548	-351	+ 1
Textiles, apparel and leather	- 232	-159	- 6	+ 71	- 26	-101	- 40
Petroleum, coal, etc.	- 14	+150	+ 428	+ 208	+ 88	+102	+ 250
Other manufacturing and mining	- 121	-161	+ 72	+ 63	- 62	- 54	+ 36
Public utilities	+ 234	+183	+ 350	+ 27	- 225	+ 18	- 57
Construction	+ 50	- 49	- 66	+ 106	+ 82	- 23	+ 13
All other types of business	+ 362	+ 58	+ 176	+ 370	+ 132	+ 98	+ 191
Classified	+1,138	+161	+2,719	+3,050	+ 630	+433	+2,494
Unclassified	- 197	-457	- 260	2/+ 156	3/- 91	4/+150	- 59
Total change	+ 941	-296	+2,459	2/+3,206	3/+ 539	4/+583	+2,435

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

2/ Includes CCC certificates of interest which are estimated to have declined \$300 million. In October 1955, the level of business loans was increased by \$318 million to correct classification errors. No back figures were revised and changes for the July-December period include the revisions.

3/ Includes CCC certificates of interest which are estimated to have increased \$65 million.

4/ Includes CCC certificates of interest which are estimated to have increased \$410 million.

Note: Classified data are for a sample of about 210 banks reporting changes in their larger loans; these banks hold about 95 per cent of total commercial and industrial loans of all weekly reporting banks and about 75 per cent of those of all commercial banks.

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seasonal amount, and currency outside banks declined \$900 million, \$100 million more than the expected seasonal drop. In December, the active money supply had declined \$200 million, reflecting a smaller-than-usual rise in currency outside banks. Currency had increased more than seasonally during the late fall, however. Over 1958, growth in the money supply had been 3-1/2 per cent, reflecting an annual rate of 5-1/2 per cent in the first seven months of the year with a subsequent drop to about 1-1/4 per cent in the latter part of the year.

U. S. Government deposits at commercial and Federal Reserve Banks increased \$300 million in January reflecting Treasury financing operations in the latter part of the month. Generally in January, these deposits have declined \$1-2 billion.

The level of time deposits at commercial banks increased \$400 million during January, reflecting only bank structure changes. Last year in January, time deposits had increased \$500 million. Over the year 1958, but mainly in the first seven months, time deposits increased \$6.8 billion, exceeding growth in any other year.

The level of deposits at mutual savings banks declined \$100 million in January, reflecting a reduction of \$300 million due to bank structure changes offset in part by continued growth of \$200 million. Expansion was at about the same rate as in late 1958 when growth at these banks had not slackened as at commercial banks.

Bank reserves. Net borrowed reserves of member banks averaged \$70 million in January, a little higher than the \$40 million December level, as shown in Table 4. In December, banks had moved from a position of low free reserves to low net borrowed reserves. Reserve positions tightened slightly at city banks in January but were about unchanged at country banks. Member bank borrowings from the Federal Reserve averaged \$555 million in January, the same as in December, but excess reserves declined to \$490 million from \$520 million.

On a weekly average basis during January, reserve positions ranged from net borrowed reserves of \$110 million to free reserves of \$85 million. In the first half of January, net borrowed reserves remained close to the late December level of about \$125 million as funds supplied through currency inflow reduction in required reserves, and a decline in Treasury deposits at the Reserve Banks were absorbed through System sales of U. S. Government securities and a decline in float. In the week of January 21, positions shifted to a free reserves level of \$85 million. Further declines in currency and

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

Item	1959	1958	1958	1957	1958	1957
	Jan. 1 Jan. 28	Jan. 1 Jan. 29	June 24 Dec. 31	June 27 Dec. 31	Jan. 1 Dec. 31	Jan. 1 Dec. 31
<u>Seasonally adjusted data</u> <sup>1/ 4/</sup>						
Demand deposits adjusted	- 0.2	- 0.4	+ 2.9	- 2.2	+ 5.2	- 1.6
Currency outside banks	- 0.1	- 0.6	2/	+ 0.2	- 0.1	+ 0.4
Total	- 0.3	- 1.0	+ 2.9	- 2.0	+ 5.1	- 1.2
<u>Seasonally unadjusted data</u> <sup>1/ 4/</sup>						
Demand deposits adjusted	- 1.3	- 2.7	+ 8.3	+ 4.7	+ 4.2	- 1.1
Currency outside banks	- 0.2	- 1.0	+ 0.8	+ 0.5	+ 0.3	2/
Total	- 2.2	- 3.7	+ 9.1	+ 5.2	+ 4.5	- 1.2
Time deposits	+ 0.3	+ 0.7	+ 2.4	+ 2.7	+ 8.8	+ 6.9
Commercial banks	+ 0.4	+ 0.5	+ 1.4	+ 2.1	+ 6.8	+ 5.6
Mutual savings banks	- 0.1	+ 0.2	+ 1.1	+ 0.8	+ 2.2	+ 1.7
U. S. Government deposits	+ 0.3	- 1.8	- 5.1	- 0.5	+ 0.2	+ 0.2
Total	- 1.3	- 4.6	+ 6.4	+ 7.4	+ 13.6	+ 5.9
<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	- 2.5	+ 5.0	+ 3.7	+ 9.5	+ 7.5
Commercial	- 1.4	- 2.7	+ 3.5	+ 2.3	+ 6.4	+ 5.1
Mutual savings	2/	+ 0.4	+ 1.2	+ 1.1	+ 2.8	+ 2.2
Bank holdings of U. S. Government securities:	+ 0.2	- 1.5	+ 3.3	+ 3.6	+ 9.5	- 1.8
Federal Reserve	- 0.8	- 0.9	+ 1.2	+ 1.3	+ 1.2	- 0.7
Commercial	+ 1.0	- 0.5	+ 2.0	+ 2.7	+ 9.0	- 0.3
Mutual saving and other	- 0.1	- 0.1	- 0.2	- 0.6	- 0.5	- 0.8
Gold stock and foreign deposits at F. R. Banks	- 0.1	+ 0.1	- 0.8	+ 0.2	- 2.2	+ 0.8
Other factors	- 0.1	- 0.7	- 1.1	- 0.1	- 3.2	- 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. Seasonally adjusted data for January 1958 reflect change from December 25, 1957.

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/ As a result of the addition of all banks in Alaska, time deposits at commercial banks increased almost \$100 million and demand deposits adjusted increased about \$100 million. As a result of the absorption of a mutual savings bank by a commercial bank, time deposits at commercial banks increased \$300 million and those at mutual savings banks declined \$300 million.

Note: Data for January 28, 1959, are preliminary estimates based on data reported by a sample of member banks. Revised estimates will be available at the end of February.

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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>					
1957: First	- 108	- 88	- 115	- 221	316
Second	- 485	- 196	- 141	- 373	224
Third	- 440	- 241	- 56	- 428	286
Fourth	- 265	- 109	- 105	- 320	276
1958: First	313	- 9	- 16	- 27	365
Second	508	18	4	63	422
Third	341	- 28	1	- 55	424
Fourth	30	- 35	- 17	- 191	273
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	383	- 22	---	- 22	426
September	95	- 79	- 3	- 201	378
October	111	17	- 3	- 187	284
November	20	- 43	- 16	- 189	268
December	- 41	- 80	- 31	- 198	268
1959: January	- 67	- 64	- 53	- 223	273
1958: December 31	- 133	- 54	- 55	- 214	190
1959: January 7	- 84	- 140	- 94	- 258	408
January 14	- 153	- 101	- 80	- 285	313
January 21	83	- 37	- 48	- 171	339
January 28	- 110	- 52	- 6	- 205	153
February 4	- 62	26	- 4	- 173	89

Note: Data for January and February are preliminary.

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required reserves along with the mid-month rise in float supplied more reserves than System sales of securities absorbed. In the following week, however, when required reserves increased sharply in connection with Treasury financing, net borrowed reserves averaged \$110 million.

Over the month of January, as shown in Table 5, reserves were supplied to banks principally through the post-Christmas reduction of \$850 million in currency in circulation and were absorbed by a reduction of \$535 million in System holdings of U. S. Government and of \$325 million in Reserve Bank float. Moderate gold outflow continued and in addition, foreign deposits at the Reserve Banks rose somewhat. Treasury deposits at the Reserve Banks declined, however, and other miscellaneous factors supplied a small volume of reserves. Required reserves increased slightly on a monthly average basis. On a weekly basis, they declined \$265 million during the three weeks ending January 21, reflecting seasonal contraction in bank credit and deposits. In the week of January 28, they rose \$190 million associated with substantial bank takings of new Treasury securities.

Interest rates. In January, the effective rate on Federal funds remained almost constantly at 2-1/2 per cent, dropping below that level only for two days around the midmonth. Money market rates increased slightly further. The rate on 4-6 month prime commercial paper rose from 3-1/4 per cent to 3-3/8 per cent and that on 3-6 month finance paper from 3 per cent to a range of 3-3-1/4 per cent. In early February, however, rates on both classes of paper dropped back to their late December levels.

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

Item	January		July - December		January-December	
	1959	1958	1958	1957	1958	1957
<b><u>Member bank reserve balances</u></b>						
<u>Total</u>	- 6	- 124	+ 299	+ 438	- 521	- 115
Required reserves <u>1/</u>	+ 22	- 120	+ 408	+ 358	- 461	- 40
Effect of reduction in requirements	--	--	--	--	-1,440	--
Effect of deposit change	+ 22	- 120	+ 408	+ 358	+ 979	- 40
Excess reserves <u>1/</u>	- 28	- 4	- 109	+ 80	- 60	- 75
<b><u>Principal factors</u></b>	(signs indicate effect on reserves)					
Currency in circulation	+ 849	+ 873	-1,331	-1,029	- 438	- 156
Gold stock and foreign accounts	- 89	+ 61	- 908	+ 196	-2,123	+ 854
Treasury operations	+ 42	- 132	+ 8	+ 156	+ 77	+ 161
Federal Reserve float	- 326	- 325	+ 580	+ 273	+ 53	- 190
Other factors	+ 38	+ 32	- 29	+ 118	- 262	- 4
<u>Effect of above factors on reserves</u>	+ 514	+ 509	-1,680	- 286	-2,693	+ 665
<b>Federal Reserve loans and investments:</b>						
<u>Total</u>	- 522	- 632	+1,981	+ 723	+2,174	- 780
U. S. Govt. securities	- 536	- 374	+1,563	+ 993	+2,330	- 783
Outright	- 493	- 157	+1,518	+ 698	+2,601	- 883
Repurchase agreements	- 43	- 217	+ 44	+ 295	- 271	+ 100
Acceptances	+ 3	+ 4	- 4	+ 23	- 4	- 7
Discounts and advances:						
To member banks	- 1	- 259	+ 415	- 295	- 153	+ 22
To others	+ 12	- 3	+ 7	+ 2	+ 1	- 12

1/ Data for January 1959 are preliminary.

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Deposits and Currency  
(In billions of dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Year or month	Seasonally adjusted money supply 1/			Seasonally adjusted money supply and time dep. at com'l. banks (1+7)	Demand deposits adjusted	Time deposits				U. S. Gov't. deposits 2/	Cur- rency outside banks	Total deposits and currency (5+6+10 +11)
	Total (2+3)	Demand deposits adjusted	Cur- rency outside banks			Total (7+8+9)	Commer- cial	Mutual savings	Postal savings			
End of Dec.												
1947	111.1	85.2	25.9	146.3	87.1	56.4	35.2	17.7	3.4	2.3	26.5	172.3
1948	108.8	83.5	25.3	144.6	85.5	57.5	35.8	18.4	3.3	3.6	26.1	172.7
1949	109.0	84.3	24.7	145.1	85.8	58.6	36.1	19.3	3.2	4.1	25.4	173.9
1950	114.3	89.8	24.5	150.6	92.3	59.2	36.3	20.0	2.9	3.7	25.4	180.6
1951	120.1	94.5	25.6	158.0	98.2	61.5	37.9	20.9	2.7	3.9	26.3	189.9
1952	124.7	97.8	26.9	165.4	101.5	65.8	40.7	22.6	2.5	5.6	27.5	200.4
1953	126.8	99.5	27.3	170.5	102.5	70.4	43.7	24.4	2.4	4.8	28.1	205.7
1954	129.7	102.8	26.9	176.5	106.6	75.3	46.8	26.3	2.1	5.1	27.9	214.8
1955	133.2	105.8	27.4	181.6	109.9	78.4	48.4	28.1	1.9	4.4	28.3	221.0
1956	134.4	106.7	27.7	185.0	111.4	82.2	50.6	30.0	1.6	4.5	28.3	226.4
1957	133.2	105.1	28.1	189.3	110.3	89.1	56.1	31.7	1.3	4.7	28.3	232.3
1958:												
Jan. 29	132.2	104.7	27.5	188.8	107.6	89.8	56.6	31.9	1.3	2.9	27.3	227.7
Feb. 26	133.1	105.5	27.6	190.7	105.6	90.9	57.6	32.1	1.3	4.2	27.4	228.1
Mar. 26	134.0	106.4	27.6	192.8	104.6	92.5	58.8	32.4	1.3	6.4	27.4	230.9
Apr. 30	135.0	107.2	27.8	194.9	107.2	93.6	59.9	32.5	1.2	6.0	27.6	234.4
May 28	135.5	107.6	27.9	196.2	105.8	94.6	60.7	32.7	1.2	6.1	27.8	234.3
June 23	135.4	107.4	28.0	196.9	106.2	95.5	61.5	32.8	1.2	10.0	27.8	239.5
July 30	137.6	109.5	28.1	199.9	108.1	96.4	62.3	32.9	1.2	4.8	27.9	237.2
Aug. 27	137.3	109.2	28.1	200.0	107.5	97.0	62.7	33.1	1.2	6.2	28.0	238.7
Sept. 24	136.7	108.9	27.8	199.4	108.1	97.2	62.7	33.3	1.2	5.0	27.9	238.1
Oct. 29p	137.9	110.0	27.9	200.8	110.8	97.4	62.9	33.4	1.2	4.2	28.0	240.4
Nov. 26p	138.5	110.3	28.2	200.6	111.6	96.7	62.1	33.5	1.1	6.3	28.8	243.3
Dec. 31p	138.3	110.3	28.0	201.2	114.5	97.9	62.9	33.9	1.1	4.9	28.6	245.9
1959:												
Jan. 28p 3/	138.0	110.1	27.9	201.3	113.2	98.2	63.3	33.8	1.1	5.2	27.7	244.4

p Preliminary

1/ Seasonally adjusted series begins in 1947 and is available only for last Wednesday of the month.

2/ At commercial, savings, and Federal Reserve Banks.

3/ As a result of the addition of all banks in Alaska, time deposits at commercial banks increased almost \$100 million and demand deposits adjusted increased about \$100 million. As a result of a merger of a reserve city bank in the Fourth District with a mutual savings bank, time deposits at commercial banks increased \$300 million and those at mutual savings banks declined \$300 million.

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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: 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	15.3	7.2
July 31	164.1	56.3	16.8	91.0	39.6	22.7	3.7	3.9	15.4	7.2
Aug. 28	164.6	56.2	16.9	91.5	39.9	22.8	3.8	3.8	15.5	7.2
Sept. 25	165.1	55.9	17.1	92.2	40.3	22.9	3.8	3.8	15.6	7.3
Oct. 30	166.5	57.3	17.6	91.6	39.7	22.9	3.7	4.0	15.7	7.2
Nov. 27	165.9	56.9	17.4	91.5	39.6	23.0	3.6	4.0	15.6	7.3
Dec. 31	169.3	58.2	17.9	93.2	40.5	23.1	4.2	4.1	15.7	7.3
1958: Jan. 29	166.2	57.7	17.9	90.5	38.8	23.1	3.6	4.2	15.5	7.2
Feb. 26	167.1	58.3	18.2	90.6	38.6	23.2	3.9	4.4	15.3	7.1
Mar. 26	169.9	59.6	18.9	91.5	39.2	23.2	4.2	4.4	15.2	7.1
Apr. 30	174.0	62.8	19.3	91.9	38.4	23.3	5.1	4.4	15.3	7.2
May 28	173.8	63.1	19.4	91.3	38.1	23.5	4.4	4.4	15.4	7.2
June 23	178.2	64.2	20.1	93.9	38.9	23.7	5.6	4.6	15.5	7.5
July 30	176.2	64.1	19.9	92.2	37.9	23.9	4.5	4.6	15.6	7.4
Aug. 27	178.3	66.1	20.2	92.1	38.3	24.1	3.6	4.6	15.6	7.6
Sept. 24	177.9	64.7	20.6	92.6	38.7	24.3	3.7	4.7	15.6	7.5
Oct. 29p	179.8	66.0	20.5	93.3	38.9	24.7	3.6	4.8	15.6	7.7
Nov. 26p	182.2	67.3	20.3	94.6	39.3	25.0	3.9	4.9	15.6	8.0
Dec. 31p	183.9	66.2	20.4	97.3	40.3	25.3	4.6	5.0	15.8	8.3
1959: Jan. 28pl	183.3	67.2	20.3	95.8	39.1	25.7	4.2	5.1	15.8	8.1

1/Total credit increased over \$400 million in January as a result of (1) inclusion of all banks in Alaska and (2) a merger of a reserve city bank in the Fourth District with a mutual savings bank. Note: Data exclude interbank loans. Data for January 28, 1959, are preliminary estimates based on data reported by a sample of member banks. Loan data, by type, have been revised on basis of preliminary member bank call data for Dec. 31, 1958.

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Banking Section, Board of Governors.