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L. FRASER  
FEDERAL RESERVE BANK  
of KANSAS CITY

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RESEARCH LIBRARY

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BANKING AND MONETARY DEVELOPMENTS IN JUNE 1959

Summary. Total credit at commercial banks showed little further change in June. Loans continued to increase rapidly while holdings of United States Government and other securities declined. The seasonally adjusted active money supply declined slightly. Time deposits increased moderately. United States Government deposits declined. Net borrowed reserves of member banks rose further.

Bank credit. Loans and investments at all commercial banks increased only slightly in June, much less than usual, as shown in Table 1. Loans rose \$2.1 billion further, slightly less than in 1958 (when there was a large increase in security loans associated with Treasury financing) but about the same as in 1955 and 1957. Holdings of United States Government securities declined \$1.8 billion, somewhat more than in June of any other recent year. Sales were substantial over the month and, in addition, commercial banks held about \$500 million of the \$3 billion tax anticipation bills redeemed on June 22. Holdings of securities other than those of the United States Government declined whereas they usually increase in June.

At weekly reporting banks in leading cities, credit declined in June, in contrast with the usual seasonal increase. Loan growth was less than in June of the preceding four years and the reduction in holdings of United States Government securities was larger than in any recent year. At country member banks, on the other hand, total credit increased in June whereas it had declined during this month in the 1955-57 period. Loan growth was considerably larger than in June of any other year (including 1958) while the decline in holdings of United States Government securities was smaller than the 1955-57 average.

Over the January-June 1959 period, total credit at commercial banks declined about \$1.3 billion (after adjustment for bank structure changes), roughly in line with the usual seasonal reduction. Loans increased almost \$5 billion, slightly more than in the comparable period of any other postwar year. In meeting heavy loan demands, banks reduced their holdings of U. S. Government securities by about \$6 billion, considerably more than the

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Table 1

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

Item	Last Wednesday in May to end of June 2/					
	1959	1958	1957	1956	1955	1954
<u>Total loans (excluding interbank)</u>	+ 2.1	+ 2.3	+ 2.1	+ 1.5	+ 2.0	+ 1.0
Business	+ 1.1	+ 0.7	+ 1.6	+ 1.3	+ 0.9	+ 0.1
Real estate	+ 0.3	+ 0.2	+ 0.1	+ 0.2	+ 0.3	+ 0.2
Security	- 0.1	+ 1.0	+ 0.1	- 0.1	+ 0.2	+ 0.2
Agricultural	+ 0.1	+ 0.2	- 0.1	- 0.1	<u>1/</u>	+ 0.1
Consumer	+ 0.4	+ 0.1	+ 0.3	+ 0.3	+ 0.4	+ 0.2
All other	+ 0.3	+ 0.2	+ 0.1	+ 0.1	+ 0.1	+ 0.1
U. S. Government securities	- 1.8	+ 1.5	- 1.6	- 0.7	- 1.7	+ 0.2
Other securities	- 0.2	+ 0.6	<u>1/</u>	+ 0.1	+ 0.1	+ 0.2
Total loans and investments (less interbank)	+ 0.2	+ 4.4	+ 0.5	+ 0.9	+ 0.3	+ 1.4

  

Item	Last Wednesday in May to end of June 2/					
	1953	1952	1951	1950	1949	1948
<u>Total loans (excluding interbank)</u>	+ 0.3	+ 1.1	+ 0.6	+ 0.8	+ 0.3	+ 0.4
Business	- 0.2	+ 0.4	+ 0.2	+ 0.2	n.a.	n.a.
Real estate	+ 0.1	+ 0.1	+ 0.1	+ 0.2	n.a.	n.a.
Security	+ 0.1	<u>1/</u>	+ 0.2	- 0.1	n.a.	n.a.
Agricultural	<u>1/</u>	+ 0.2	+ 0.1	<u>1/</u>	n.a.	n.a.
Consumer	+ 0.1	+ 0.4	<u>1/</u>	+ 0.2	+ 0.1	+ 0.1
All other	+ 0.1	<u>1/</u>	- 0.1	+ 0.2	n.a.	n.a.
U. S. Government securities	+ 0.3	+ 0.5	+ 0.4	- 0.3	<u>1/</u>	- 1.1
Other securities	- 0.1	+ 0.2	+ 0.2	+ 0.2	+ 0.2	<u>1/</u>
Total loans and investments (less interbank)	+ 0.6	+ 1.7	+ 1.2	+ 0.7	+ 0.6	- 0.7

1/ Less than \$50 million.

n.a. Not available

2/ Dates are for June 30 for all years except 1959, 1958, and 1957 which are for last Wednesday.

Note: Data for June 24, 1959, are preliminary estimates based on data reported by a sample of member banks. Revised data will be available at end of July.

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Table 1 (continued)

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

Item	December 31 to end of June 2/						
	1959 3/	1958	1957	1956	1955	1954	1953
<u>Total loans (excluding interbank)</u>	+ 5.1	+ 0.4	+ 2.4	+ 4.2	+ 4.4	- 0.3	+ 0.9
Business	+ 1.7	- 1.7	+ 1.8	+ 2.9	+ 2.0	- 1.1	- 0.5
Real estate	+ 1.6	+ 0.6	+ 0.1	+ 1.0	+ 1.4	+ 0.5	+ 0.5
Security	- 0.6	+ 1.2	- 0.4	- 0.6	1/	+ 0.2	- 0.4
Agricultural	1/	+ 0.5	- 0.2	- 0.6	- 0.8	+ 0.2	- 0.2
Consumer	+ 1.4	- 0.2	+ 0.8	+ 0.9	+ 1.2	- 0.1	+ 1.2
All other	+ 0.9	+ 0.1	+ 0.1	+ 0.3	+ 0.6	+ 0.1	+ 0.2
U. S. Government securities	- 5.8	+ 6.4	- 3.1	- 5.0	- 5.7	+ 0.1	- 4.7
Other securities	1/	+ 2.1	+ 0.5	- 0.2	+ 0.5	+ 0.9	+ 0.1
Total loans and investments (less interbank)	- 0.6	+ 8.9	- 0.2	- 1.0	- 0.8	+ 0.7	- 3.7

  

Item	December 31 to end of June 2/						
	1952	1951	1950	1949	1948	1947	1946
<u>Total loans (excluding interbank)</u>	+ 1.5	+ 2.5	+ 1.8	- 1.4	+ 1.8	+ 2.6	+ 0.9
Business	- 0.6	+ 1.7	- 0.1	- 2.5	- 0.2	+ 0.7	+ 0.8
Real estate	+ 0.4	+ 0.6	+ 0.9	+ 0.2	+ 0.8	+ 1.1	+ 1.1
Security	+ 0.5	- 0.2	+ 0.2	+ 0.6	+ 0.2	- 0.3	- 1.7
Agricultural	+ 0.2	+ 0.2	- 0.2	- 0.1	+ 0.4	+ 0.2	1/
Consumer	+ 0.8	+ 0.1	+ 0.8	+ 0.3	+ 0.6	+ 0.7	+ 0.5
All other	+ 0.1	+ 0.2	+ 0.3	1/	+ 0.2	+ 0.2	+ 0.3
U. S. Government securities	- 0.3	- 3.5	- 1.3	+ 0.6	- 4.4	- 4.2	- 6.1
Other securities	+ 0.7	+ 0.3	+ 1.0	+ 0.3	+ 0.2	+ 0.4	+ 0.5
Total loans and investments (less interbank)	+ 1.8	- 0.7	+ 1.6	- 0.5	- 2.5	- 1.2	- 4.7

1/ Less than \$50 million.

2/ Data are for June 30 for all years except 1959, 1958, and 1957 which are for last Wednesday. 3/ Structure changes increased total credit about \$640 million; loans about \$370 million; Government securities, about \$200 million; and other securities about \$70 million.

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Table 1 (continued)

Changes in Loans and Investments and Deposits at City and Country Banks  
(In millions of dollars)

Item	Last Wednesday in May to last Wednesday in June					
	1959	1958	1957	1956	1955	1954
<u>Weekly reporting banks</u>						
Total loans	+1,314	+1,733	+1,698	+1,244	+1,411	+ 381
U. S. Government securities	-1,234	+1,522	- 961	- 291	-1,220	+ 684
Other securities	- 146	+ 478	- 7	- 55	+ 1	+ 182
Total loans and investments	- 66	+3,733	+ 730	+ 898	+ 192	+1,247
Demand deposits adjusted	- 170	- 168	+ 580	+ 689	- 281	-1,038
<u>Country member banks</u>						
Total loans	+ 669	+ 520	+ 359	+ 225	+ 446	+ 321
U. S. Government securities	- 492	+ 41	- 585	- 467	- 591	- 320
Other securities	+ 19	+ 121	+ 68	+ 73	+ 47	+ 57
Total loans and investments	+ 196	+ 682	- 158	- 168	- 97	+ 58
Demand deposits adjusted	+ 66	+ 191	+ 148	+ 210	+ 268	+ 361

  

Item	Last Wednesday in May to last Wednesday in June					
	1953	1952	1951	1950	1949	1948
<u>Weekly reporting banks</u>						
Total loans	+ 62	+ 547	+ 449	+ 551	+ 183	+ 106
U. S. Government securities	+ 436	+ 760	+ 733	+ 182	+ 33	- 571
Other securities	- 152	+ 96	+ 84	+ 124	+ 112	+ 41
Total loans and investments	+ 346	+1,403	+1,266	+ 857	+ 328	- 424
Demand deposits adjusted	- 435	+ 10	- 118	+ 439	- 290	- 443
<u>Country member banks</u>						
Total loans	+ 132	+ 240	+ 48	+ 236	+ 49	+ 146
U. S. Government securities	- 341	- 272	- 300	- 214	- 256	- 332
Other securities	+ 51	+ 53	+ 57	+ 59	+ 32	+ 21
Total loans and investments	- 157	+ 21	- 195	+ 82	- 174	- 165
Demand deposits adjusted	+ 149	+ 182	- 265	- 97	- 128	+ 291

Note: Data for country banks include interbank loans, but interbank loans outstanding at these banks have generally been less than \$100 million although on March 12, 1959, they were close to \$200 million. Data for weekly reporting banks include interbank loans prior to 1952.

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Table 1 (continued)

Changes in Loans and Investments and Deposits at City and Country Banks  
(In millions of dollars)

Item	End of December to last Wednesday in June 1/					
	1959 2/	1958	1957	1956	1955	1954
<u>Weekly reporting banks</u>						
Total loans	+2,381	- 857	+ 677	+2,754	+2,694	-1,424
U. S. Government securities	-4,410	+6,192	-1,737	-3,540	-4,826	+ 925
Other securities	- 7	+1,511	+ 107	- ,328	+ 98	+ 739
Total loans and investments	-2,036	+6,846	- 953	-1,114	-2,034	+ 240
Demand deposits adjusted	-2,505	-1,621	-2,485	-2,672	-2,289	-2,898
<u>Country member banks</u>						
Total loans	+2,049	+ 738	+1,208	+1,337	+1,357	+ 603
U. S. Government securities	-1,219	+ 246	-1,039	-1,494	-1,308	- 644
Other securities	+ 55	+ 487	+ 388	+ 133	+ 291	+ 111
Total loans and investments	+ 885	+1,471	+ 557	- 23	+ 340	+ 70
Demand deposits adjusted	-1,703	-1,962	-1,988	-1,687	- 943	-1,460
Item	End of December to last Wednesday in June 1/					
	1953	1952	1951	1950	1949	1948
<u>Weekly reporting banks</u>						
Total loans	- 220	+ 366	+1,278	+ 690	-1,677	+ 412
U. S. Government securities	-3,756	+ 252	-2,498	- 831	+1,191	-2,561
Other securities	- 4	+ 528	+ 66	+ 680	+ 344	- 20
Total loans and investments	-3,980	+1,146	-1,154	+ 539	- 142	-2,169
Demand deposits adjusted	-1,919	- 523	-1,726	- 281	-1,701	-2,271
<u>Country member banks</u>						
Total loans	+ 815	+ 837	+ 870	+ 818	+ 23	+1,035
U. S. Government securities	-1,155	- 381	-1,130	- 32	- 389	- 965
Other securities	+ 104	+ 137	+ 150	+ 239	- 24	+ 229
Total loans and investments	- 235	+ 593	- 110	+1,026	- 388	+ 299
Demand deposits adjusted	- 315	-1,380	-1,177	- 55	-1,301	- 785

1/ Country bank data are for June and December call dates.

2/ Country bank assets and liabilities were increased about \$350 million in April as a result of inclusion of a national bank in Hawaii and the shifting of six national banks in Alaska from nonmember banks. (Loans +200; U.S. Govt. +100; other sec.+50; dem.dep.adj.+200; time +150)

Note: Data for country banks include interbank loans, but interbank loans outstanding at these banks have generally been less than \$100 million although on March 12, 1959, they were close to \$200 million. Data for weekly reporting banks include interbank loans prior to 1952.

Table 2  
Changes in Commercial and Industrial Loans 1/  
(In millions of dollars)

Business of Borrower	Last Wednesday of May to last Wednesday of June							
	1959	1958	1957	1956	1955	1954	1953	1952
Food processors	- 57	---	+ 19	+ 25	- 29	- 31	- 65	- 35
Commodity dealers	- 48	- 5	- 66	- 96	- 61	- 36	- 91	- 53
Trade concerns	+ 46	+ 11	+ 48	- 35	+ 43	+ 2	+ 2	+ 5
Total	- 59	+ 6	+ 1	- 106	- 47	- 65	- 154	- 83
Sales finance	+ 336	+ 58	+ 315	+ 59	+ 239	+ 67	+ 8	+ 70
All other - total	+ 584	+ 411	+1,098	+1,066	+ 549	- 33	+ 128	+ 263
Metals and products	+ 175	+ 136	+ 295	+ 396	+ 70	- 306	+ 72	+ 93
Textiles, apparel and leather	+ 39	+ 6	+ 40	+ 62	+ 40	+ 5	+ 41	+ 2
Petroleum, coal, etc	- 27	+ 31	+ 201	+ 170	+ 36	- 18	- 66	+ 44
Other manufacturing and mining	+ 44	+ 57	+ 97	+ 106	+ 44	+ 22	+ 40	+ 16
Public utilities	+ 180	+ 73	+ 351	+ 222	+ 243	+ 183	+ 5	+ 59
Construction	+ 54	+ 30	+ 29	+ 24	+ 64	+ 18	+ 10	+ 15
All other types of business	+ 133	+ 78	+ 85	+ 86	+ 52	+ 63	+ 26	+ 34
Classified	+ 874	+ 474	+1,415	+1,019	+ 739	- 30	- 18	+ 249
Unclassified	+ 70	+ 64	+ 21	+ 63	+121	+ 60	- 21	+ 9
Total change	+ 944	+ 538	+1,436	+1,082	+860	+ 30	- 39	+ 258

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

2/ Includes CCC certificates of interest which are estimated and have declined \$55 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 (con't)

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

Business of Borrower	End of December to end of June:							
	1959	1958	1957	1956	1955	1954	1953	1952
Food processors	- 459	- 658	- 456	- 302	- 540	- 505	- 657	- 868
Commodity dealers	- 355	- 283	- 539	- 386	- 461	- 363	- 644	- 634
Trade concerns	+ 307	- 158	- 1	+ 171	+ 146	- 41	+ 215	- 105
Total	- 507	-1,099	- 996	- 517	- 855	- 909	-1,086	-1,607
Sales finance	+ 321	- 853	+ 366	- 322	+ 589	- 175	- 91	- 217
<u>All other - total</u>	<u>+1,192</u>	<u>+ 195</u>	<u>+2,035</u>	<u>+2,961</u>	<u>+1,524</u>	<u>- 230</u>	<u>+ 640</u>	<u>+1,278</u>
Metals and products	+ 844	+ 146	+ 935	+1,362	+ 177	- 577	+ 420	+1,111
Textiles, apparel and leather	+ 213	+ 84	+ 148	+ 238	+ 220	+ 55	+ 156	- 73
Petroleum, coal, etc.	- 142	- 140	+ 291	+ 424	+ 313	- 10	- 45	+ 176
Other manufacturing and mining	+ 199	+ 157	+ 214	+ 369	+ 153	- 1	+ 90	+ 76
Public utilities	- 156	- 177	+ 513	+ 365	+ 384	+ 126	+ 12	- 2
Construction	+ 104	+ 56	- 12	+ 54	+ 134	+ 71	+ 18	+ 18
All other types of business	+ 130	+ 69	- 54	+ 149	+ 143	+ 106	- 11	- 28
Classified	+1,008	-1,758	+1,404	+2,124	+1,257	-1,314	- 536	- 546
Unclassified	+ 185	- 180	- 155	+ 119	2/-179	3/-182	- 269	- 91
Total change	+1,192	-1,938	+1,249	+2,243	2/+1078	3/-1496	- 805	- 637

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 \$520 million.

3/ CCC certificates of interest which are included in data, are estimated to have increased \$65 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 70 per cent of those of all commercial banks.

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usual amount for this time of year. Holdings of other securities showed little over-all change. Banks added somewhat to their holdings of State and local government issues but reduced their holdings of non-guaranteed Federal agency debt.

The total credit decline in the first half of 1959 was somewhat larger than usual at city banks while at country banks, the total credit increase was somewhat larger than usual. Loan growth at country banks substantially exceeded that of any other year, while at city banks, loan growth was large but less than in 1955 and 1956. The reduction in holdings of U. S. Government securities was considerably larger than usual at city banks and slightly larger than usual at country banks.

Business loans at city banks increased \$945 million in June, accounting for about three-quarters of the total loan growth at these banks. An increase of \$1 billion in the tax payment period (two weeks ending June 17) was offset in small part by prior and subsequent reductions. The expansion in business loans during the month of June was considerably larger than in 1958, about the same as in 1955, but less than in 1956 and 1957.

Borrowing by sales finance companies totaled \$335 million at city banks during June, over one-third of total business borrowing. As is usual in a quarterly tax month, this borrowing reflected in part a shift in financing from open market paper held by corporations to direct bank borrowing rather than an increase in total borrowing by finance companies. Metals manufacturers increased their borrowing by \$175 million, less than in 1956 and 1957, but more than in 1955. Public utilities, which had been reducing their outstanding loans most of the year, increased their borrowing in June, but not as much as in the 1955-57 period. Petroleum and chemicals concerns reduced their bank loans further.

During the first half of 1959, business loans at city banks increased \$1.2 billion, somewhat less than the record increases in the 1955-57 period. Growth in the second quarter alone, however, exceeded that in the same quarter of any other year; if sales finance company borrowing is excluded the increase was above that of every year except 1956.

Loans to metals manufacturers accounted for two-thirds of the growth in business loans at city banks during the first half of 1959. This reflected in part inventory accumulation by these businesses in anticipation of the possibility of a steel strike after midyear. The increase was smaller than in 1956, however, when a strike had also been anticipated. Loans to trade concerns rose by a record amount in the first half of 1959 and loans to textile manufacturers by a near-record amount. Reductions in loans

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Table 3

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

Item	1959	1958	1959	1958	Year Ending	
	May 28 June 24	May 29 June 25	Jan. 1 4/ June 24	Jan. 1 June 25	June 24 1959 4/	June 25 1958
<u>Seasonally adjusted data</u> 1/						
Demand deposits adjusted	- 0.2	- 0.2	+ 1.1	+ 2.3	+ 5.0	+ 0.1
Currency outside banks	+ 0.1	+ 0.1	+ 0.3	- 0.1	+ 0.4	+ 0.1
Total	- 0.1	- 0.1	+ 1.4	+ 2.2	+ 5.4	+ 0.2
<u>Seasonally unadjusted data</u> 1/						
Demand deposits adjusted	- 0.1	- 0.1	- 4.9	- 4.6	+ 4.9	+ 0.1
Currency outside banks	+ 0.2	2/	- 0.4	- 0.5	+ 0.5	2/
Total	+ 0.1	- 0.1	- 5.3	- 5.1	+ 5.4	+ 0.1
Time deposits	+ 0.6	+ 1.0	+ 2.7	+ 6.5	+ 5.4	+ 9.2
Commercial banks	+ 0.4	+ 0.9	+ 2.1	+ 5.5	+ 3.7	+ 7.6
Mutual savings banks	+ 0.2	+ 0.1	+ 0.6	+ 1.2	+ 1.8	+ 1.9
U. S. Government deposits	- 0.4	+ 4.1	+ 0.4	+ 5.5	- 4.9	+ 5.0
Total	+ 0.4	+ 5.0	- 2.3	+ 7.0	+ 5.9	+ 14.4
<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/	+ 1.8	+ 3.3	+ 5.0	+ 4.1	+ 10.7	+ 7.8
Commercial	+ 1.9	+ 2.9	+ 5.1	+ 2.5	+ 9.6	+ 4.8
Mutual savings	+ 0.2	+ 0.2	+ 0.8	+ 1.6	+ 2.1	+ 2.7
Bank holdings of U. S. Government securities:	- 1.9	+ 2.3	- 6.2	+ 6.9	- 3.3	+ 10.5
Federal Reserve	2/	+ 0.9	- 0.4	+ 0.8	+ 0.9	+ 2.1
Commercial	- 1.8	+ 1.4	- 5.8	+ 6.4	- 4.0	+ 9.1
Mutual saving and other	2/	- 0.1	2/	- 0.3	- 0.1	- 0.9
Gold stock and foreign deposits at F. R. Banks	- 0.5	- 0.3	- 0.8	- 1.3	- 1.6	- 1.1
Other factors	+ 1.0	- 0.3	- 0.3	- 2.7	+ 0.1	- 2.8

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. Data for 1959, and 1958, are for last Wednesday of June throughout.

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/ In April 1959 as a result of the addition of a bank in Hawaii, demand deposits adjusted increased about \$100 million and time deposits increased about \$100 million. In January 1959 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 the result of the absorption of 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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Table 3 (continued)

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

	December 31 to end of June <u>1/</u>					
	1957	1956	1955	1954	1953	1952
<u>Seasonally adjusted data</u> <u>1/</u>						
Demand deposits adjusted	+ 0.6	+ 0.9	+ 2.1	+ 0.2	+ 1.0	+ 2.9
Currency outside banks	+ 0.2	+ 0.2	+ 0.2	- 0.3	+ 0.3	+ 0.6
Total	+ 0.8	+ 1.1	+ 2.3	- 0.1	+ 1.3	+ 3.5
<u>Seasonally unadjusted data</u> <u>1/</u>						
Demand deposits adjusted	- 5.8	- 5.2	- 3.3	- 4.3	- 4.6	- 3.5
Currency outside banks	- 0.5	2/	- 0.5	- 1.0	- 0.1	+ 0.2
Total	- 6.3	- 5.2	- 3.8	- 5.3	- 4.7	- 3.3
Time deposits	+ 4.2	+ 2.2	+ 1.8	+ 2.9	+ 2.5	+ 2.2
Commercial banks	+ 3.4	+ 1.3	+ 1.0	+ 2.0	+ 1.6	+ 1.4
Mutual savings banks	+ 0.9	+ 1.0	+ 1.0	+ 1.0	+ 1.0	+ 0.9
U. S. Government deposits	+ 0.7	+ 1.6	+ 0.7	+ 2.0	- 1.6	+ 2.6
Total	- 1.5	- 1.3	- 1.2	- 0.4	- 3.8	+ 1.5
	December 31 to end of June <u>1/</u>					
	1951	1950	1949	1948	1947	1946
<u>Seasonally adjusted data</u> <u>1/</u>						
Demand deposits adjusted	+ 1.2	+ 2.5	2/	- 1.2	+ 1.3	n.a.
Currency outside banks	+ 0.6	- 0.1	- 0.3	- 0.4	n.a.	n.a.
Total	+ 1.8	+ 2.4	- 0.3	- 1.6	n.a.	n.a.
<u>Seasonally unadjusted data</u> <u>1/</u>						
Demand deposits adjusted	- 3.3	- 0.7	- 3.6	- 4.4	- 1.1	+ 3.6
Currency outside banks	+ 0.4	- 0.2	- 0.8	- 0.8	- 0.4	2/
Total	- 2.9	- 0.9	- 4.4	- 5.3	- 1.6	+ 3.7
Time deposits	+ 0.7	+ 1.1	+ 1.0	+ 0.9	+ 1.7	+ 3.4
Commercial banks	+ 0.5	+ 0.6	+ 0.5	+ 0.5	+ 1.0	+ 2.3
Mutual savings banks	+ 0.4	+ 0.7	+ 0.5	+ 0.4	+ 0.6	+ 0.9
U. S. Government deposits	+ 3.0	+ 0.7	- 0.8	+ 1.8	- 1.4	- 11.3
Total	+ 0.8	+ 0.9	- 4.3	- 2.5	- 1.2	- 4.3

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. Data for 1957 are for last Wednesday throughout.

2/ Less than \$50 million.

3/ Not available

Not for publication

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to food processors and commodity dealers were smaller than usual. Public utilities and petroleum and chemical concerns reduced their outstanding loans in contrast with substantial increases in the 1955-57 period.

Real estate loans at all commercial banks are estimated to have increased \$300 million further in June, bringing the growth over the first half of 1959 to about \$1.4 billion (after adjustment for bank structure changes), about the same as the first-half 1955 record rise. Consumer loans are estimated to have increased \$400 million further in June and about \$1.4 billion over the January-June period. First-half expansion slightly exceeded that of any other year.

Security loans declined slightly in June and \$600 million over the first half of 1959. Agricultural loans showed little further change over the six-month period.

Deposits and currency. Seasonally adjusted demand deposit and currency holdings of businesses and individuals declined \$100 million in June following moderate growth in April and May and sharp expansion in February and March. So far this year, the money supply has increased at an annual rate of about 2 per cent compared with 3-1/2 per cent in the same months of 1955, a comparable period in the previous economic upswing. At the end of June, the money supply was about 4 per cent above the year-ago level.

United States Government deposits at commercial banks declined \$500 million in June. Over the first half of 1959, they increased only slightly compared with substantial expansion in the first half of most other recent years.

Time deposits at commercial banks increased \$400 million in June bringing expansion so far this year to \$1.6 billion (exclusive of deposits in new reporting banks). Growth was at an annual rate of about 5 per cent, somewhat below the postwar average prior to the sharp increases in 1957 and 1958. Deposits in mutual savings banks rose \$200 million further in June bringing expansion (after adjustment for bank structure changes) to \$900 million compared with \$1.2 billion last year. The 1959 rate of growth was also somewhat less than in most earlier years.

Deposit turnover. The seasonally adjusted annual rate of turnover of demand deposits in leading cities outside New York and other financial centers rose to a postwar high of 24.8 times in the second quarter of 1959. This was about 9 per cent above the level of the second quarter of 1958 and 5-1/2 per cent above the peak in the previous upswing in the third quarter of 1957. Turnover also rose at banks in New York City but in the second quarter of 1959 the rate was still below the previous peak in the second quarter of 1958, when the volume of financial transactions in that city had been unusually large.

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>					
1958: First	314	- 10	- 16	- 27	366
Second	508	18	4	63	422
Third	341	- 28	1	- 55	424
Fourth	25	- 44	- 17	- 194	280
1959: First	- 82	- 25	- 67	- 215	225
Second	- 363	- 52	- 56	- 393	137
1958: January	122	- 46	- 25	- 144	337
February	324	- 25	- 6	1	353
March	495	42	- 18	62	408
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	96	- 8	- 3	- 198	305
November	20	- 43	- 16	- 189	268
December	- 41	- 80	- 32	- 197	268
1959: January	- 59	- 65	- 53	- 223	281
February	- 47	- 28	- 26	- 195	202
March	- 140	16	- 122	- 228	194
April	- 258	- 89	- 64	- 284	178
May	- 318	- 51	- 41	- 360	133
June	- 513	- 15	- 63	- 535	101
May 27	- 329	- 49	- 15	- 310	45
June 3	- 545	- 45	- 38	- 467	5
10	- 550	3	- 73	- 600	119
17	- 519	- 9	- 88	- 559	137
24	- 419	- 46	- 56	- 519	202
July 1	- 600	- 12	- 39	- 493	-56

Note: Data for July are preliminary.

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Bank reserves. Net borrowed reserves of member banks averaged \$515 million in June compared with \$315 million in May, as shown in Table 4. Borrowings rose to an average level of \$920 million and excess reserves to \$410 million. Most of the tightening in June occurred at reserve city banks.

Over June, as shown in Table 5, reserves were absorbed principally by a larger-than-seasonal currency outflow of \$325 million and a reduction in gold stock of \$190 million. In late June (reflected only in small part in monthly average data) gold stock was reduced by \$344 million in payment of the gold portion of the increased U. S. subscription to the International Monetary Fund. The remainder of the payment, \$1,031 million (75 per cent of the total) was paid in non-interest bearing demand notes of the Treasury. Free gold was used to meet \$300 million of the payment, and Treasury cash was reduced \$300 million, offsetting to that extent the effect of the transaction on member bank reserve balances.

Reserves were supplied in June by Treasury operations, a contra-seasonal reduction in required reserves, an increase in Reserve Bank float, and small System purchases of United States Government securities. Increases in required reserves in mid-June associated with bank credit expansion during the tax period were more than offset by prior and subsequent declines. Banks met the remainder of their reserve needs by increasing their borrowings with the Federal Reserve and reducing their excess reserves.

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Table 5

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

Item	June		Jan. - June		Year ending June	
	1959	1958	1959	1958	1959	1958
<u>Member bank reserve balances</u>						
<u>Total</u>	- 129	+ 377	- 448	- 820	- 149	- 382
Required reserves	- 89	+ 417	- 339	- 869	+ 69	- 511
Effect of reduction in requirements	---	---	---	-1,440	---	-1,440
Effect of deposit change	- 89	+ 417	- 339	+ 571	+ 69	+ 929
Excess reserves	- 40	- 40	- 109	+ 49	- 218	+ 129
<u>Principal factors</u> (signs indicate effect on reserves)						
Currency in circulation	- 326	- 242	+ 554	+ 893	- 777	- 137
Gold stock and foreign accounts	- 190	- 306	- 548	-1,215	-1,456	-1,019
Treasury operations	+ 130	+ 57	+ 87	+ 69	+ 95	+ 226
Federal Reserve float	+ 74	+ 75	- 487	- 527	+ 93	- 254
Other factors	- 12	- 46	- 67	- 233	- 96	- 115
<u>Effect of above factors on reserves</u>	- 324	- 462	- 461	-1,013	-2,141	-1,299
Federal Reserve loans and investments:						
<u>Total</u>	+ 195	+ 837	+ 11	+ 193	+1,993	+ 916
U. S. Gov't. securities	+ 43	+ 810	- 349	+ 767	+1,214	+1,760
Outright	+ 67	+ 759	- 267	+1,083	+1,251	+1,781
Repurchase agreements	- 24	+ 52	- 82	- 315	- 38	- 20
Acceptances	- 2	+ 4	- 13	---	- 17	+ 23
Discounts and advances:						
To member banks	+ 154	+ 23	+ 363	- 568	+ 779	- 863
To others	---	---	+ 10	- 6	+ 17	- 4

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Deposits and Currency  
(In billions of dollars)

Year or month	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Seasonally adjusted money supply 1/ Total (2+3)			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)
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:												
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. 29	138.1	110.2	27.9	201.0	111.0	97.4	62.9	33.4	1.2	4.2	28.0	240.6
Nov. 26	138.8	110.6	28.2	200.9	111.9	96.7	62.1	33.5	1.1	6.3	28.8	243.7
Dec. 31	139.4	111.3	28.1	202.6	115.5	98.3	63.2	34.0	1.1	4.9	28.7	247.5
1959:												
Jan. 28 3/	138.5	110.7	27.8	201.9	113.8	98.4	63.4	33.8	1.1	5.3	27.6	245.1
Feb. 25	139.1	111.2	27.9	202.8	111.3	98.7	63.7	34.0	1.1	5.0	27.7	242.7
Mar. 25	140.3	112.2	28.1	204.4	110.3	99.5	64.1	34.3	1.1	4.4	27.9	242.0
Apr. 29p 4/	140.7	112.5	28.2	205.2	112.5	99.9	64.5	34.3	1.1	5.1	27.9	245.4
May 27p	140.9	112.6	28.3	205.8	110.7	100.4	64.9	34.4	1.1	5.7	28.1	244.8
June 24p	140.8	112.4	28.4	206.1	110.6	101.0	65.3	34.6	1.1	5.3	28.3	245.2

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 the absorption of a mutual savings bank, time deposits at commercial banks increased \$300 million and those at mutual savings banks declined \$300 million. 4/ As a result of inclusion of a national bank in Hawaii, demand deposits adjusted increased about \$100 million and time deposits at commercial banks about \$100 million.

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	Security	Farm	Consumer	All other
1947: Dec. 31	116.2	69.2	9.0	37.9	18.2	9.4	2.1	1.7	3.8	2.8
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: 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	5.0	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. 29	180.1	66.2	20.5	93.4	38.9	24.7	3.6	4.8	15.6	7.7
Nov. 26	182.7	67.7	20.3	94.7	39.3	25.0	3.9	4.9	15.6	8.0
Dec. 31	184.4	66.4	20.6	97.5	40.4	25.3	4.7	5.0	15.8	8.3
1959: 1/ Jan. 28	183.8	67.5	20.4	95.9	39.2	25.6	4.2	5.0	15.9	8.1
Feb. 25	181.9	65.5	20.4	96.0	39.2	25.7	4.0	5.0	16.0	8.2
Mar. 25	181.1	63.2	20.6	97.4	40.2	25.9	3.9	4.8	16.1	8.4
2/ Apr. 29p	183.7	63.5	20.9	99.3	40.4	26.3	4.4	4.9	16.5	8.7
May 27p	183.6	62.4	20.8	100.5	41.0	26.6	4.2	4.9	16.8	8.9
June 24p	183.8	60.6	20.6	102.6	42.1	26.9	4.1	5.0	17.2	9.2

1/ Total credit increased over \$400 million in January as a result of bank structure changes.

2/ Total credit increased about \$200 million as a result of bank structure changes.

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. Data for June 24, 1959 are preliminary estimates based on data reported by a sample of member banks.