**Postwar Deposit Growth Leads Nation**

According to estimates from the latest demand deposit survey made in January by the Federal Reserve System with 179 cooperating Ninth district banks, the postwar boom in private demand balances at Ninth district commercial banks is still in progress.

Total demand deposits of individuals and businesses in the Ninth district climbed from $2,378 million in February 1947 to $2,608 million in January 1948, reaching an all-time high for a survey date. This was an annual increase of about 10 percent compared with a 13 percent increase between 1946 and 1947. Nationally such deposits rose from $77.8 billion to $82.4 billion during the same period—a 6 percent gain.

The rise in personal balances accounted for the largest part of the total increase in private demand deposits in this district between 1947 and 1948, as is shown in the accompanying table. Demand deposits in personal accounts rose $114 million, or 9 percent, and deposits of businesses advanced $105 million, or 11 percent during the 11-month period.

Nationally, business demand deposits increased 8 percent and personal demand deposits rose 4 percent during 1947, both gains being smaller percentage wise than those registered in the Ninth district.

In both the Ninth district and the U. S., a large percentage increase between the last two surveys occurred in the deposits held by insurance companies. The large sales on the part of the insurance companies of their holdings of U. S. government securities in late 1947 and early 1948 was probably a major reason for the large advance in these deposits.

Demand deposits owned by public utilities declined 8 percent in this district during 1947. Demand deposits held by foreigners was the only other category of deposits which went down between 1947 and 1948, and both of these classes of owners are relatively unimportant in the total picture of demand deposits of individuals and businesses in the Ninth district.

Figures for demand deposits of individuals and businesses at all member banks between December 1945 and December 1947 show that the postwar expansion in these deposits has been relatively greater in the Ninth district than in any other district, as well as in the United States as a whole. There has been a 29 percent increase in such deposits in Ninth district member banks during this period compared with a 15 percent increase for all member banks in the United States.

Among the factors which have contributed to this district's leading the nation in the rate of postwar growth of private demand balances have been the sustained high level of agricultural production and agricultural prices resulting in a high level of farm income throughout the period.

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**Chart I**

**THE PATTERN OF OWNERSHIP OF DEMAND DEPOSITS**

January 31, 1948

All Banks  
9th District Banks by Size Groups

<table>
<thead>
<tr>
<th>Size Groups</th>
<th>1948</th>
</tr>
</thead>
<tbody>
<tr>
<td>I under $1 million</td>
<td>12%</td>
</tr>
<tr>
<td>II $1 to $10 million</td>
<td>24%</td>
</tr>
<tr>
<td>III $10 to $100 million</td>
<td>26%</td>
</tr>
<tr>
<td>IV over $100 million</td>
<td>38%</td>
</tr>
</tbody>
</table>

1 Size groups based on total demand deposits of individuals, partnerships, and corporations as follows:

- IV over $100 million
- III $10 to $100 million
- II $1 to $10 million
- I under $1 million
An analysis of Chart I reveals the predominance of farmers' deposits in the Ninth district compared with the United States. This concentration of about 1/4 of all private demand deposits in farmers' accounts helps to explain why total demand deposits have increased to such an extent in this district since the war.

Another factor contributing to the growth of both personal and business demand balances in this district has been the expansion in loans at commercial banks. On December 31, 1947, commercial and industrial loans at all Ninth district member banks were up about 35 percent over December 31, 1946; loans to farmers were up about 14 percent; and loans to individuals were about 36 percent higher on the later date.

MAJOR HOLDERS EXPERIENCE POSTWAR DEPOSIT EXPANSION

A review of the changes in the ownership and volume of private demand deposits in all Ninth district commercial banks since the war reveals that the postwar period has been one of great expansion for most types of holders of these deposits.

This expansion has been continuous in the case of farmers' and other personal demand deposits (see Chart 2). Although the advance has been interrupted in the case of wholesale and retail trade and manufacturing and mining balances at intervals during the postwar period, nevertheless on January 31, 1948, demand deposits were at record levels for all of these four major types of holders for that time of year.

Deposits held by manufacturing and mining concerns, the only one of these major groups whose deposits have gone below the level of January 1945 during the postwar period, declined about 2 percent between 1945 and 1946, but increased 10 percent between 1946 and 1947 and advanced 10 percent between 1947 and 1948. The decline in industrial deposits during 1945 for the most part reflected a drawing down of large wartime accumulated deposits to meet postwar reconversion expenditures for new plant and equipment and inventory outlays.

Following a rise in 1945, trade deposits declined 6 percent during 1946 and subsequently increased 15 percent last year. It appears that the decline in trade deposits during 1946 was largely due to heavy expenditures on the part of retail and wholesale firms to replenish their inventories with goods which had become available.

Demand deposits held by farmers and other individuals increased about 43 percent between 1945 and 1946, about 25 percent between 1946 and 1947, and about 9 percent between 1947 and 1948. Although substantial gains occurred in the demand balances held in farmers' and other personal accounts over last year, apparently the rate of accumulation is slowing down somewhat for these types of owners.

A partial explanation of the slowing down in the rate of personal deposit growth may lie in the fact that consumers are now spending a larger proportion of their income for durables and other consumer goods than they did when many of these items were unobtainable.


(Estimates in Millions of Dollars)

<table>
<thead>
<tr>
<th>Type of Holder</th>
<th>Amount Outstanding Jan. 31, 1948</th>
<th>Change from Feb. 29, 1947</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total business</td>
<td>$1,055</td>
<td>$105</td>
</tr>
<tr>
<td>Manufacturing and mining</td>
<td>277</td>
<td>+ 25</td>
</tr>
<tr>
<td>Public utilities</td>
<td>92</td>
<td>- 8</td>
</tr>
<tr>
<td>Trade</td>
<td>439</td>
<td>+ 58</td>
</tr>
<tr>
<td>Other nonfinancial</td>
<td>123</td>
<td>+ 11</td>
</tr>
<tr>
<td>Insurance</td>
<td>51</td>
<td>+ 7</td>
</tr>
<tr>
<td>All other financial</td>
<td>93</td>
<td>+ 12</td>
</tr>
<tr>
<td>Personal</td>
<td>1,434</td>
<td>+ 114</td>
</tr>
<tr>
<td>Farmers</td>
<td>677</td>
<td>+ 67</td>
</tr>
<tr>
<td>Others</td>
<td>757</td>
<td>+ 47</td>
</tr>
<tr>
<td>Trust funds</td>
<td>26</td>
<td>+ 7</td>
</tr>
<tr>
<td>Nonprofit associations</td>
<td>93</td>
<td>+ 5</td>
</tr>
<tr>
<td>Foreigners</td>
<td>*</td>
<td>- 1</td>
</tr>
<tr>
<td>Total</td>
<td>2,608</td>
<td>+ 230</td>
</tr>
</tbody>
</table>

* Less than $1 million.
**AGRICULTURE**

**Dry Topsoil Endangers Good Crop Outlook**

It is too early to estimate accurately the level of 1948 farm production in the Ninth district, but early crop prospects appear almost uniformly good. The one exception is in the Red River Valley area and several northeast counties in North Dakota, where excessive snows and rains have delayed spring work from two to three weeks.

Eastern Montana and southwestern North Dakota had been dry, but recent rains have improved both surface and subsoil moisture conditions. In practically all of the district, except northeast North Dakota, soil conditions have been almost ideal for spring plantings. The ground has worked up easily and with relatively few operations.

This is in sharp contrast to a year ago when the cold wet spring seemed to pack the soil. In fact, in many areas in southern Minnesota, farmers report the crop this spring will be put in the ground at about half the work and expense that was incurred last year.

In the last 10 days of May, however, lack of rain has left dry topsoil conditions in some areas.

The crop acreage in the district this year may exceed last year by about 1%, and it may be approximately 10% larger than the 1937-46 average. This is due to a reduction in the amount of land left fallow, and because tame pasture and range land continue to be broken out to an alarming degree.

**RANGE CONDITIONS SHOW FAST IMPROVEMENT**

Range and pasture conditions have improved rapidly in late April and to the date of writing, May 20. Currently, at least, pasture conditions appear better than they did a year ago at this time.

The long, difficult winter and heavy snows were particularly hard on feed reserves, and because of high prices feed many farmers did not feed too liberally. As a result, some livestock came through the winter in thin condition. The reported condition of cattle and calves on western ranges on May 1 was 79%, compared with 82% a year ago and the 10-year average of 82%. Good pasture and feed development is expected to bring rapid improvement in the condition of livestock.

**FEED GRAIN STOCKS DOWN; STOCKS OF WHEAT UP**

Stocks of corn, oats, barley, and rye on Ninth district farms, April 1, were approximately 20% below those of a year ago. For the country as a whole, they are 30% less. This reflects both a smaller feed-grain production last year and heavy livestock feeding during the winter.

Wheat stocks on district farms, April 1, were nearly 90 million bushels, whereas a year earlier they were 74 million bushels. Farmers probably will continue to hold a large amount of wheat in reserve until 1948 wheat prospects become more certain.

Farmers are under little financial pressure to sell. They are not worried too much about price declines, since the support level for the 1948 crop is expected to be around $2.00 a bushel at the farm. Also, the rush of spring work will prevent many from marketing for several weeks. Many wheat growers plan on keeping back enough grain for 1949 seed, in the event a crop failure should occur.

In the event a wheat crop is assured by late June, marketings might be expected to increase and they could be heavy in July, if the crop outlook becomes especially good. A big crop in 1948 might have a particularly bearish effect on wheat prices, since good crops abroad will reduce demand for American wheat.

**CROP PROSPECTS ABROAD REPORTED FAVORABLE**

European crop conditions continue to improve. The crop outlook is reported good in the United Kingdom and an excellent wheat crop of around 292 million bushels is expected in France. Moisture conditions for Europe appear to be generally favorable.

Undoubtedly the need for American wheat and other farm products will not be so great in the new crop year. About 577 million bushels of grain, most of it wheat, will be exported from the U. S. in the year ending June 30. This is a record for this or any other country. It is 21 million bushels larger than the amount actually promised to shortage areas abroad. The time may be approaching when such large quantities of U. S. grain may not be welcome, even on a gift basis.

**FOOD EXPORTS DOWN IN 1949**

If favorable crop-production prospects abroad materialize, domestic exports may be cut back materially. However, the European Recovery Program will provide for an outlay of $6.1 billion worth of exports for the new crop year, about half of...
which may be spent for food, feed, and fertilizer. This will tend to main-
tain agricultural exports at a
substantially high level—possibly 75 to
90% of the current crop-year
exports.

**PRICES RECEIVED BY FARMERS
UP FROM FEBRUARY LOW**

In early February, farm prices de-
clined from an index of 307 to 279
—a decline of nearly 9% (1910-14
= 100). Prices received by farmers
recovered to 291 by mid-April, and
apparently prices have held fairly
steady in recent weeks.

High consumer demand plus con-
tinued large exports are expected to
maintain farm product prices at high
levels for the rest of the year, states
the Department of Agriculture. It
should be remembered, however,
that farm prices in the period ahead
will be affected by crop conditions
both here and abroad. Normal to
above average crops would tend to
depress farm prices. Poor crops
might further inflate them.

Probably the most important in-
fluences on domestic farm prices are
the high levels of industrial produc-
tion and employment in the U. S.
Currently these are at record levels
and, with additional expenditures for
national defense and reduced per-
sonal taxes, industrial activity is
likely to remain high.

**HIGH FARM COSTS MAY
SQUEEZE NET FARM INCOME**

Prices paid by farmers for all com-
modities used in production and
farm-family living continue their
long upward trend. In mid-April, it
was at 249 (1910-14 = 100). A
year ago, it was 229. Before the war
(1933-39), it was 129.

It is feared that when the agri-
cultural price balloon is punctured,
farm prices may go down sharply.
At the same time, prices paid by
farmers may go down less sharply,
just as the wartime rise in prices re-
ceived by farmers has in general
been more pronounced than the rise
in prices paid by farmers. This is
where farmers may get the economic
squeeze that many remember so well
as occurring after World War I.

It can happen again, and probably
will, unless agricultural exports con-
tinue at current abnormally high
levels. It could happen, because total
food production per capita is at rec-
ord high levels and food production
is expected to remain high. If ex-
ports are not available to remove sur-
pluses, there would appear to be only
one direction for prices to move.

A major question has to do with
the probable effect of such price de-
clines on output. A sharp decline in
farm prices could well produce some-
what different repercussions this
time than formerly. Traditionally
out-of-pocket farm costs (those
which the economists call variable
costs) represented but a small propor-
tion of total costs that agricultural
production was curtailed by farmers
to a very minor degree during a
price decline. The important farm-
ing costs were such items as interest
payments and taxes which had to be
paid whether the farmer planted a
crop or not.

Consequently, so long as the ex-
pected return could more than meet
the out-of-pocket costs incident to
growing the crop, the farmer consid-
ered it to his advantage to continue
the same size farm operations as before. It is for this reason
that agricultural production (at least
the number of acres planted) has
traditionally declined very little in
periods of low prices.

Now the situation is somewhat
changed. Depreciation on expensive
tractors and other machinery, gaso-
line, and repairs may mean that de-
clining agricultural prices will cur-
tail farm production more quickly.
If the price decline becomes too dras-
tic, the expected return may not be
sufficient to match the out-of-pocket
costs of gasoline, machinery repairs,
and other types of expenditures
which mechanized farming, unlike
the horse-drawn era, entails. All of
this can occur even though mechaniz-
ation has actually reduced the total
unit cost of producing agricultural
products.

**PARITY RATIO DOWN
FROM YEAR AGO**

One way to measure agricultural
well-being is to compare prices paid
by farmers with prices received. This
is technically called the parity ratio.
This ratio was 117 in mid-April. A

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**Average Prices Received by Farmers in Ninth District**

<table>
<thead>
<tr>
<th>Commodity and Unit</th>
<th>April 15, 1937-1941</th>
<th>April 15, 1947</th>
<th>April 15, 1948</th>
<th>Parity Price United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crops</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wheat, bushel</td>
<td>$ .84</td>
<td>$ 2.35</td>
<td>$ 2.40</td>
<td>$ 2.20</td>
</tr>
<tr>
<td>Corn, bushel</td>
<td>.59</td>
<td>1.47</td>
<td>2.09</td>
<td>1.60</td>
</tr>
<tr>
<td>Oats, bushel</td>
<td>.31</td>
<td>.79</td>
<td>1.14</td>
<td>.994</td>
</tr>
<tr>
<td>Potatoes, bushel</td>
<td>.66</td>
<td>1.24</td>
<td>1.72</td>
<td>1.87</td>
</tr>
<tr>
<td>Livestock and Livestock Products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hogs, 100 lbs</td>
<td>7.29</td>
<td>24.72</td>
<td>20.06</td>
<td>18.10</td>
</tr>
<tr>
<td>Beef cattle, 100 lbs</td>
<td>7.12</td>
<td>18.96</td>
<td>21.06</td>
<td>13.50</td>
</tr>
<tr>
<td>Veal calves, 100 lbs</td>
<td>8.25</td>
<td>20.42</td>
<td>22.77</td>
<td>16.80</td>
</tr>
<tr>
<td>Lambs, 100 lbs</td>
<td>8.34</td>
<td>18.77</td>
<td>20.19</td>
<td>14.60</td>
</tr>
<tr>
<td>Wool, lb.</td>
<td>26</td>
<td>4.1</td>
<td>4.4</td>
<td>4.56</td>
</tr>
<tr>
<td>Milk, whole, 100 lbs</td>
<td>1.48</td>
<td>3.43</td>
<td>3.97</td>
<td>3.73</td>
</tr>
<tr>
<td>Butterfat, lb.</td>
<td>.29</td>
<td>.72</td>
<td>.89</td>
<td>.648</td>
</tr>
<tr>
<td>Chickens, live, lb</td>
<td>.124</td>
<td>.222</td>
<td>.200</td>
<td>.284</td>
</tr>
<tr>
<td>Eggs, doz.</td>
<td>.157</td>
<td>.377</td>
<td>.590</td>
<td>.449</td>
</tr>
</tbody>
</table>

1 Data compiled from April 30, 1948, "Agricultural Prices," USDA.
2 The term parity as applied to the price of an agricultural commodity is that price which
will give to the commodity a purchasing power equivalent to the average purchasing power of the
commodity in the base period, 1910-1914.

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**January-March Cash Farm Income**

<table>
<thead>
<tr>
<th>State</th>
<th>1935-1939 Average</th>
<th>1947</th>
<th>1948</th>
<th>1948 in Percent of 1947</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minnesota</td>
<td>$ 76,843</td>
<td>$ 297,899</td>
<td>$ 310,810</td>
<td>104%</td>
</tr>
<tr>
<td>North Dakota</td>
<td>17,368</td>
<td>118,715</td>
<td>138,766</td>
<td>117</td>
</tr>
<tr>
<td>South Dakota</td>
<td>23,345</td>
<td>147,269</td>
<td>139,831</td>
<td>95</td>
</tr>
<tr>
<td>Montana</td>
<td>12,874</td>
<td>60,531</td>
<td>67,583</td>
<td>111</td>
</tr>
<tr>
<td>Ninth District</td>
<td>148,196</td>
<td>684,708</td>
<td>719,886</td>
<td>105</td>
</tr>
<tr>
<td>United States</td>
<td>1,680,482</td>
<td>6,111,165</td>
<td>6,353,247</td>
<td>104</td>
</tr>
</tbody>
</table>

1 Data from "The Farm Income Situation," dated April 1948, USDA.
2 Includes 15 counties in Michigan and 58 counties in Wisconsin.
April Department Store Sales Hit High Level

THE Ninth district economy during April continued to operate close to full capacity.

In a few manufacturing industries output was reduced materially as a result of work stoppage, product change-over, or reduced orders reflecting high inventories in the hands of distributors. In most industries, however, activity was maintained or expanded slightly and total employment in April was somewhat above the March level.

Department store sales during April continued to rise from the low point recorded for February. The April index, adjusted for usual seasonal variation due primarily to the Easter period, was 1/2 points above the March index and 16 points above the February index, and was quite comparable to the best months in the postwar period.

The index of 283 percent of the 1935-39 average was exceeded by a few points in only two previous months, September 1947 and January 1948.

SHIFT IN DEPARTMENT STORE SALES NOTICED

Since the winter months, consumers in this district have tended to shift their purchases to the lower priced lines. A sample of Ninth district department stores reporting sales by departments indicates a shift in sales to the basement store.

In February, when total sales for this sample of stores was 3 percent larger than a year ago, basement store sales were 9 percent larger. In March total sales were again 3 percent over a year ago, but basement store sales were 12 percent larger.

The increase in basement store sales has been heavily concentrated in house-furnishings and men's and boys' wear.

CITY STORE STOCKS SHOW INCREASE

A substantial expansion occurred in department store stocks during April. The adjusted index of the dollar amount of stocks on hand at the end of April in this district was 22 points higher than at the end of March. As a result of this increase, the adjusted index is now 265 percent above the 1935-39 average.

Most of the increase in stocks during April was concentrated in the city stores; namely, Duluth, Minneapolis, St. Paul, and Superior. According to the adjusted index, stocks in stores located in these cities increased by 37 points, while in all other cities it was only 9 points.

APRIL SAW MORE LIVESTOCK AND IRON ORE SHIPMENTS

Since the first of the year, finished merchandise has moved at a fairly high and stable rate in this district, according to figures on carloadings. Raw products, on the other hand, moved at a rather low rate during the first quarter but began to move faster during April.

Miscellaneous carloadings comprise largely fabricated materials. The adjusted index for the first four months of this year has varied by only a few points from the corresponding period of last year. The April adjusted index was 133 percent of the 1935-39 average.

Merchandise shipped in less-than-carload lots has shown little fluctuation since the first of the year. Aggregate shipments thus far approximate closely the volume shipped last year.

Total carloadings, less miscellaneous, during the first quarter on an index basis averaged 13 percent lower than last year, while in April they were 7 percent higher. The increase in number of cars loaded during April is traced primarily to a larger movement of livestock and iron ore.

The work stoppage in meat packing plants may have had some bearing on livestock shipments during March. However, shipments were low throughout the first quarter.

Ore shipments were quite low during the first two months but since that time have greatly exceeded shipments of a year ago. A significant amount of ore has already been shipped by rail all the way to the steel mills.

Grain shipments were low during the first quarter and continued so during April.

CONSTRUCTION ADVANCE MOSTLY RESIDENTIAL

Construction activity in this district expanded sharply with the arrival of favorable weather. The amount of building permits awarded during April in 76 cities aggregated 80 percent more than last year.

A substantial proportion of the expansion in construction activity is concentrated in residential building. The amount of contracts awarded during March, according to the F. W. Dodge Corporation, exceeded last year's amount by 26 percent and for April was 65 percent larger.

EMPLOYMENT CONTINUES HIGH

Some expansion occurred in non-agricultural employment in this district during April. According to the Minnesota Division of Employment and Security, approximately 6,000 more workers were employed in Minnesota during April than in March.

Construction accounted for the largest share of the increase. In fact, a slight decline occurred in manufacturing, which was caused primarily by the work stoppage in meat packing.

In a few concerns employment declined, due to a change-over in the type of products. In a few others production was reduced, due to a reduction in orders reflecting large inventory accumulation in the hands of distributors. Such instances, however, were few, so that the decline in manufacturing activity has had no noticeable effect on the over-all business activity.
LITTLE CHANGE IN PAYROLLS DURING FIRST QUARTER

Payrolls have shown little change since the first of the year, according to the data available from the Minnesota Division of Employment and Security. The average weekly earnings in Minneapolis manufacturing industries during March were $70.52, while in February and January they were slightly over $51.00.

In the St. Paul manufacturing industries, March average weekly earnings were $52.48, while in the two preceding months they were over $53.00.

Payrolls are significantly higher than a year ago. During March, average weekly earnings were approximately $3 higher in Minneapolis and $6 higher in St. Paul. The differential increase between the two cities is due to a decrease in the average number of hours worked in Minneapolis industries and an increase in St. Paul industries. The general rise in earnings over the past year is traced to higher hourly rates.

BANK DEBITS REFLECT DROP IN TAX PAYMENTS

Bank debits during April were significantly smaller than during the first quarter. The adjusted index for April was 282 percent of the 1935-39 average, while the March index stood at 329 percent and the January index was as high as 382 percent.

The large amount of bank debits during the first quarter was due to federal income tax collections. In Minnesota alone the Bureau of Internal Revenue collected $254 million during the first three months. This was $36 million more than in the preceding year.

END
ASSETS and liabilities of member banks in the Ninth district continued during April the trends which prevailed during March. Deposits had a further decline, loans made additional increases, and investments, cash and bank balances continued to drop.

The demand for funds during March was sparked by the large tax payments. This need was continued during April with the advent of the new crop year. Farmers are requiring funds for seed, farm machinery, and feed for livestock which could not be marketed because of strikes. This farmer demand for funds highlights the developments in the banking field during April.

The overall picture for all member banks conceals divergent trends in the large city banks and in the country banks. During April, city banks were recovering from the loss of funds occasioned by tax payments. Overall deposits increased slightly, reflecting primarily a rise of $13 million in demand deposits of individuals, partnerships, and corporations.

At the same time, loans were down a fraction because of a $5 million decrease in loans on securities. The most noticeable changes in city bank assets were drops of $9 million in U. S. government securities and of $18 million in cash and due from banks. This liquidation of assets was necessary to wipe out $30 million of borrowings which were made necessary by the heavy withdrawals of deposits during March.

Assets and liabilities of country member banks in the Ninth district on the other hand continued during April the trends which prevailed in March. Deposits had a further decline, loans made additional increases, and investments, cash and bank balances continued to drop.

Country bank deposits during April declined $31 million to $1,859 million outstanding on April 28. This demand for deposit funds was supplemented by a further increase of $10 million in loans which brought the level of outstanding loans on April 28 up to $528 million. This is the highest level for these loans at any time in recent years.

1 Large city banks enjoy recovery from March tax drain.

New crop year causes deposit withdrawals.

NINTH FEDERAL RESERVE DISTRICT
These substantial demands for funds by farmers are occasioned largely by their needs for new machinery. During the war years, worn and obsolete equipment could not be replaced. The pent-up demand is still largely unsatisfied, and many farmers are reaching a point where replacements are essential. High prices plus a real need for the machinery have made it necessary for farmers to draw down their deposits and in some cases secure bank credit.

To meet these requirements for funds, country banks were forced to sell $19 million in securities and to use $24 million in cash and bank balances.

During the first two weeks of May only data for the 20 large weekly reporting banks are available. These banks made substantial gains in deposits during this period. These deposit gains were reflected in gains of $23 million in holdings of short term U. S. government securities and $34 million in cash and bank balances. Holdings of U. S. government notes and bonds declined slightly.

There was a further easing in the demand for bank credit at the larger banks. Total loans showed a decrease of $7 million to $412 million outstanding on May 12. This resulted largely from a drop of $6 million in commercial, industrial, and agricultural loans.

The structure of ownership of demand deposits varies a great deal according to the size of bank in which the deposits are held. The greater importance of farmers' deposits at the smaller banks in the Ninth district and of industrial deposits at the larger banks can be observed in Chart I.

During the early postwar period the largest proportional increases in private demand deposits were centered in the smaller banks, but this trend was apparently reversed in the latest survey with the two smallest bank size groups showing an 8 percent increase over 1947, the next to the largest group showing a 14 percent increase, and the largest group registering a 13 percent increase.

The proportion of total deposits represented by trade balances increased from 16 to 17 percent and the proportion held in industrial accounts stayed at 10 percent.

### POSTWAR DEPOSIT GROWTH LEADS NATION

Continued from Page 570

### DEPOSIT OWNERSHIP PATTERN SHOWS LITTLE CHANGE

The pattern of ownership of demand deposits of individuals and businesses remained virtually unchanged in the Ninth district between the survey dates of February 1947 and January 1948. Individuals continued to hold a little over one-half of the total of these deposits, with farmers retaining around one-fourth of the total, and other individuals retaining a little under one-third.

The proportion of total deposits represented by trade balances increased from 16 to 17 percent and the proportion held in industrial accounts stayed at 10 percent.

### DRY TOPSOIL ENDANGERS GOOD CROP OUTLOOK

Continued from Page 572

Year ago, it was 121 and at the peak, October 1946, it was 132.

Only during the two major war periods has this parity ratio consistently remained above 100. For the five years, 1935-39, this ratio averaged only 84. In the depression, it was in the lower 60's.

Agriculture will be fortunate indeed, if in the next few years the parity ratio remains above 100. To hold it artificially at that level or above might make the cost of past farm programs look small.

### Assets and Liabilities of Twenty Reporting Banks

<table>
<thead>
<tr>
<th>Mar. 31, 1948</th>
<th>Apr. 28, 1948</th>
<th>May 12, 1948</th>
<th>Mar. 31-Apr. 28</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comm., Ind. and Ag. Loans</td>
<td>$213</td>
<td>$255</td>
<td>$249</td>
</tr>
<tr>
<td>Real Estate Loans</td>
<td>54</td>
<td>55</td>
<td>55</td>
</tr>
<tr>
<td>Loans and Securities</td>
<td>16</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>Other Loans</td>
<td>96</td>
<td>96</td>
<td>94</td>
</tr>
<tr>
<td>Total Loans</td>
<td>$419</td>
<td>$417</td>
<td>$412</td>
</tr>
<tr>
<td>U. S. Treas. Bills</td>
<td>6</td>
<td>17</td>
<td>28</td>
</tr>
<tr>
<td>Certificates of Indebt</td>
<td>67</td>
<td>67</td>
<td>79</td>
</tr>
<tr>
<td>U. S. Treas. Notes</td>
<td>50</td>
<td>49</td>
<td>48</td>
</tr>
<tr>
<td>U. S. Govt. Bonds</td>
<td>505</td>
<td>486</td>
<td>483</td>
</tr>
<tr>
<td>Total U. S. Govt. Sec.</td>
<td>$628</td>
<td>$619</td>
<td>$638</td>
</tr>
<tr>
<td>Other Investments</td>
<td>78</td>
<td>78</td>
<td>80</td>
</tr>
<tr>
<td>Cash and Due from Banks</td>
<td>418</td>
<td>400</td>
<td>434</td>
</tr>
<tr>
<td>Miscellaneous Assets</td>
<td>14</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$1,557</td>
<td>$1,529</td>
<td>$1,579</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Demand Deposits, Ind., Part., Corp.</td>
<td>$707</td>
<td>$720</td>
<td>$755</td>
</tr>
<tr>
<td>Demand Deposits, U. S. Govt.</td>
<td>31</td>
<td>39</td>
<td>33</td>
</tr>
<tr>
<td>Due to Other Banks</td>
<td>257</td>
<td>251</td>
<td>266</td>
</tr>
<tr>
<td>Other Deposits</td>
<td>424</td>
<td>420</td>
<td>415</td>
</tr>
<tr>
<td><strong>Total Deposits</strong></td>
<td>$1,419</td>
<td>$1,420</td>
<td>$1,469</td>
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<tr>
<td>Borrowings</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Miscellaneous Liabilities</td>
<td>10</td>
<td>11</td>
<td>12</td>
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<tr>
<td>Capital Funds</td>
<td>98</td>
<td>98</td>
<td>98</td>
</tr>
<tr>
<td><strong>Total Liabilities and Cap.</strong></td>
<td>$1,557</td>
<td>$1,529</td>
<td>$1,579</td>
</tr>
<tr>
<td><strong>Excess Reserves</strong></td>
<td>11</td>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>
National Summary of Business Conditions

Compiled by the Board of Governors of the Federal Reserve System, May 26, 1948

Industrial Production—The Board’s seasonally adjusted index of industrial production declined 5 points in April to 187 per cent of the 1935-39 average, reflecting chiefly lower output of iron and steel resulting from the labor dispute at coal mines, which began in the middle of March. Following settlement of the dispute around the middle of April, output of coal and steel increased and the total index in May is expected to be around 190.

Output of nondurable goods showed a further slight decline in April. According to preliminary indications, textile production was below the March level. Coke production was sharply curtailed because of reduced coal supplies. Activity in the rubber products industry and in some chemical industries declined. On the other hand, production of gasoline increased, and newsprint consumption showed somewhat more than the usual seasonal rise.

Coal production for the month of April was in about the same small volume as in March. Output of crude petroleum was maintained at a record level, and there was an exceptionally large increase in output of iron ore.

Construction—Value of construction contracts awarded expanded sharply in April, according to the F. W. Dodge Corporation, reflecting chiefly large increases in awards for private residential construction and for religious and other institutional buildings. Awards for manufacturing plants and public works and utilities showed little change from the levels prevailing in recent months.

Distribution—Department store sales, which usually decline after the Easter shopping season, were maintained this year and the Board’s seasonally adjusted index rose from 284 in March to 299 in April, with some further rise indicated for May.

Railroad shipments of coal and coke showed a sharp increase in the latter part of April following the end of the coal strike. Shipments of perishable goods were curtailed temporarily in the middle of May in anticipation of a rail strike which was subsequently called off. Carloadings of most classes of manufactured goods continued to show little change in April and the first half of May.

Commodity Prices—Wholesale prices of meats, livestock, and vegetable oils advanced from the middle of April to the third week of May, while most other farm products and foods showed little change or declined somewhat.

Price changes were also mixed for industrial materials. Wool tops, coal, coke, and building materials were higher in this period, reflecting in part freight rate increases, while prices of steel, cotton grey goods, and certain other materials were reduced somewhat. Price reductions were announced for various electrical products.

Consumer prices in mid-April were 1.4 per cent higher than in March and exceeded slightly the previous peak reached in January. The advance in April reflected higher retail prices for foods, owing chiefly to reduced supplies of meats and fresh vegetables, and further rises in prices for various consumer services.

Bank Credit—Little change occurred in member bank reserve positions in the last half of April and the first two weeks of May. Treasury operations were largely neutral in their effect on total bank reserves. A further moderate gold inflow permitted a small reduction in Reserve bank credit. In the third week of May, member bank reserve balances were reduced considerably, in part as a result of a transfer by the Treasury of funds from war loan accounts to its balances at Reserve banks. In addition, member banks used reserve funds to purchase in the market Treasury bills held by the Reserve banks, with the result that the reserves of many large city banks fell temporarily below requirements.

Real estate and consumer loans continued to expand at banks in leading cities during April and the first half of May. Commercial and industrial loans increased somewhat during May following a decline in earlier months of the year.

Security Markets—Prices of common stocks showed a marked further rise in the middle of May to a level 14 per cent below the high of May 1946, according to Standard and Poor’s index of 90 stocks. Volume of trading was unusually large.

Following the Treasury announcement on May 13 that June and July certificate maturities would be refunded at 1½ per cent, prices of Treasury bonds advanced sharply.