

MONTHLY REVIEW

of Ninth District Agricultural and Business Conditions
FEDERAL RESERVE BANK OF MINNEAPOLIS

Vol. 10

JULY 31, 1950

Serial
No. 7

District Savings Quadruple in Decade

SPELLING increased financial security as well as potential buying power, a record backlog of savings has been amassed by people of the Ninth district in the last decade.

That there has been a savings bonanza—even while we were purchasing more goods and services than ever before—is shown by an analysis of individuals' long-term liquid savings in financial institutions and in holdings of U. S. savings bonds.*

At the end of 1949, residents of the Ninth district had accumulated an estimated \$5,158,000,000 in commercial and mutual savings bank time deposits, life insurance equities, share capital of savings and loan associations, postal savings, and U. S. savings bonds.¹

Of the district total, Minnesota savers had claim to \$3,374,000,000, North Dakotans owned \$634,000,000, South Dakotans \$583,000,000, and Montanans \$568,000,000.²

Per capita figures—savings divided by population—showed average holdings per Ninth district citizen to be \$1,086 at the end of last year. In Minnesota the average per individual was \$1,133, in Montana \$1,089, in North Dakota \$1,047, and in South Dakota \$899.

For the United States the per capita estimate of individuals' long-term liquid savings last year was \$1,137.

RATE OF SAVING SLACKENED IN POSTWAR

Every year since 1939, total accumulated long-term savings have scaled a new peak. However, since

*For a more detailed discussion of U. S. Savings bonds, see Monthly Review, Federal Reserve Bank of Minneapolis, May 31, 1950, p. 49.

¹ Estimates of long-term liquid savings in the four complete states in the Ninth district were prepared by the Research department of the Federal Reserve Bank of Minneapolis. Detailed sources may be obtained upon request.

Estimates for the portions of Michigan and Wisconsin included in the Ninth district are not available.

² State figures do not necessarily add to district totals because of rounding.

At Year-End, Ninth District Residents Had Bulk of Nest-Egg in U. S. Savings Bonds, Life Insurance Equities, and Bank Time Deposits

By JUDITH A. WEISS

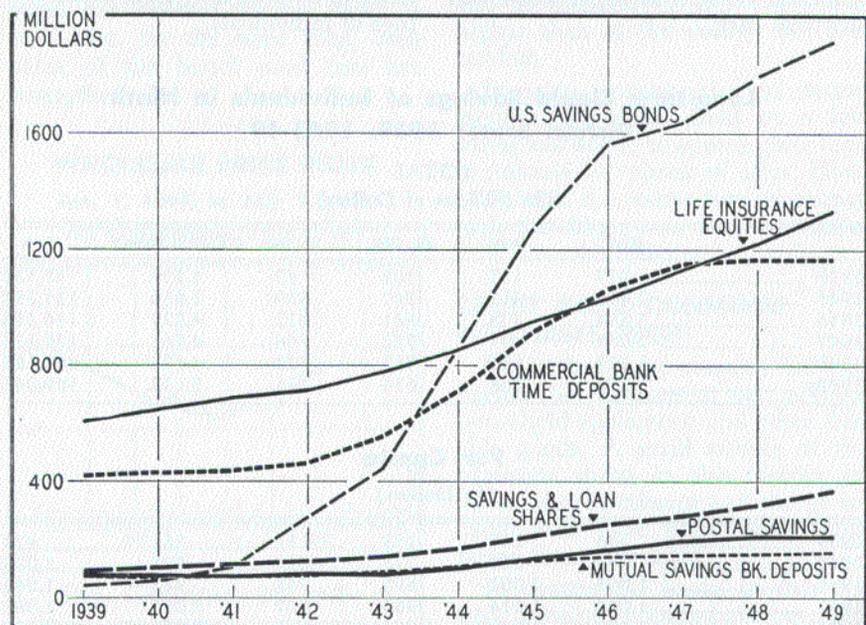
the end of World War II the yearly net additions to the savings pile have fallen off steadily. In other words, while savings have continued to grow without pause, the rate of increase has been slowing down.

This was what most observers ex-

pected. As a matter of fact, it was predicted that after the war the rate of saving would fall off far more rapidly than it has.

Incomes jumped dramatically during the war, while goods were scarce. Consequently, savings grew at an astronomical pace as people laid away idle funds in financial institutions and to an even greater extent in U. S.

LONG-TERM LIQUID SAVINGS OF INDIVIDUALS
Ninth District States, 1939-49*



ALL MAJOR FORMS of savings have grown substantially in the last 10 years. By the end of 1949 their total topped \$5 billion.

*Includes Minnesota, Montana, North Dakota and South Dakota.

savings bonds. In 1945—the peak savings year in this area—citizens of Minnesota, Montana, and the Dakotas added \$818,000,000 to their savings nest egg.

After the war, as scarce materials and goods reappeared in the market, the public went on a buying spree. Nonetheless, with incomes continuing at near record levels, there was money left over for savings. In 1946 the people stored up an additional \$609,000,000 in financial institutions and savings bonds.

By 1949 the rate of saving had fallen back to a more normal pace. Last year the residents of the Ninth district put aside \$284,000,000—roughly one-third of the 1945 peak but more than three times the amount saved a decade ago.

"LONG-TERM LIQUID SAVINGS" DEFINED

The savings totals given here include time deposits in mutual savings and commercial banks, share capital of savings and loan associations, funds accumulated behind life insurance policies, postal savings deposits and holdings of U. S. saving bonds.

These estimates do not cover all avenues for long-term liquid savings of individuals. For example, they omit private and government pension reserves, as well as sugar bowl and mattress cash.

Long-term Liquid Savings of Individuals in Ninth District States 1939, 1945-49¹

TOTAL
(In Millions of Dollars)

	Minn.	Mont.	No. Dak.	So. Dak.	4 District States ²	U. S.
1939	959	137	103	97	1,296	55,532
1945	2,470	411	397	339	3,616	135,388
1946	2,854	478	481	412	4,225	146,358
1947	3,068	495	532	466	4,561	155,110
1948	3,227	536	583	528	4,874	162,168
1949p	3,374	568	634	583	5,158	169,044

Per Capita
(In Dollars)

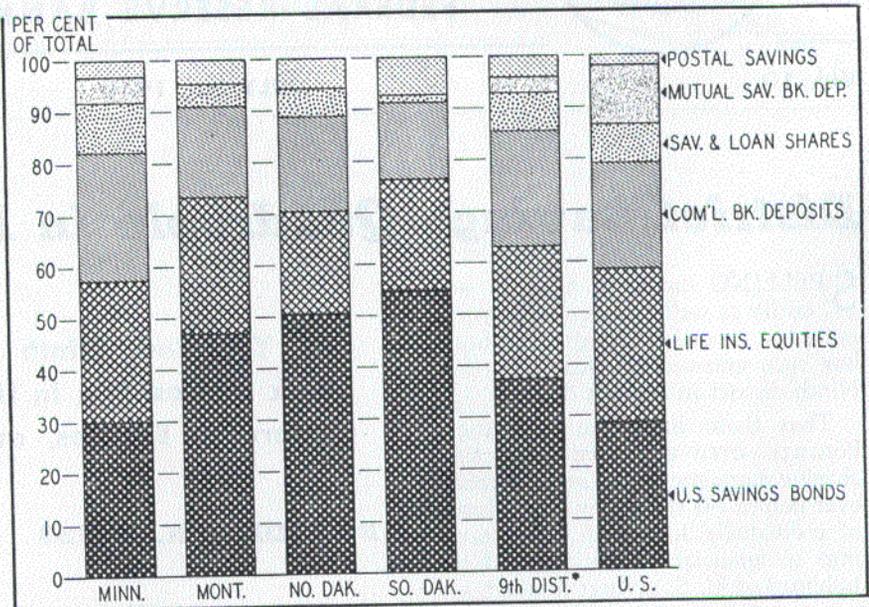
	Minn.	Mont.	No. Dak.	So. Dak.	4 District States ²	U. S.
1939	346	247	159	151	281	424
1945	941	921	778	629	878	1,026
1946	1,008	1,001	898	748	962	1,046
1947	1,062	1,014	983	807	1,015	1,082
1948	1,100	1,049	1,001	865	1,051	1,110
1949p	1,133	1,089	1,047	899	1,086	1,137

p Preliminary.

¹ Long-term liquid savings of individuals include time deposits in commercial and mutual savings banks, share capital of savings and loan associations, life insurance equities, postal savings deposits, and U. S. savings bonds at current redemption value.

² State figures do not necessarily add to district totals because of rounding.

DISTRIBUTION OF LONG-TERM SAVINGS OF INDIVIDUALS December 31, 1949



U. S. SAVINGS bonds and postal savings account for larger shares of total savings in the Ninth district states than in the U. S. as a whole.

*Includes Minnesota, Montana, North Dakota and South Dakota.

Nonetheless our estimates include the savings reservoirs held by the major financial institutions and, in all probability, they cover the lion's share of over-all long-term liquid savings of individuals.

INCREASE IN '49 LED BY SAVINGS BONDS AND LIFE INSURANCE EQUITIES

Faced with numerous choices, where did Ninth district savers put their rainy-day money in 1949?

U. S. savings bonds led the popularity parade as they have done almost every year since early in the war. Of the \$284,000,000 added to long-term liquid savings in 1949, \$118,000,000 represented the increase in U. S. savings bonds outstanding, plus accrued interest.

Running a very close second, life insurance equities increased \$112,000,000. Share capital of savings and loan associations rose \$47,000,000; time deposits in mutual savings banks rose \$8,000,000; while postal savings deposits lost ground to the tune of \$1,000,000.

Comparing rates of growth—that is, the percentage change from 1948 to 1949—savings and loan associations were out in front. Share capital increased 15% against advances of 9% in life insurance equities, 7% in Savings bonds outstanding, and 5% in mutual saving bank deposits. Commercial bank time deposits showed practically no change, while postal

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BUSINESS**Business Reflects International Developments**

SCARE buying induced by fear of possible shortages resulting from international developments appears to be affecting the same items which people had difficulty obtaining during World War II, according to reports from Ninth district merchants and bankers.

These reports indicate the area picture is not much different from the national. For the nation as a whole as well as the district, stepped-up purchases of numerous types of commodities have been superimposed on an economy already straining to satisfy a high level of consumer demand.

It is a well-known fact that a shift from a peacetime to a wartime basis in the early Forties was made when there was considerable slack in the economy. The essential difference between that situation and the one now confronting us is that today national defense necessitates rising expenditures in a period of existing inflation.

Although there were rumors of possible shortages in some lines earlier, scare buying did not begin until the news of the invasion of South Korea broke on June 25. Consequently, June figures on business conditions reflect primarily trends prior to repercussions of the war.

LAG IN RURAL DEPARTMENT STORE SALES OVERCOME

For the second consecutive month, Ninth district department store sales exceeded the dollar volume for corresponding months in 1949. Sales were 3% larger in May and 5% larger in June.

In previous months, department store sales in industrial, mining, and larger distributing centers, compared with last year's sales in the same months, were substantially better than those in the agricultural areas. Sales in the latter areas rose materially in June, no doubt reflecting the rise in farm income as a result of higher farm product prices.

For example, June sales in South Dakota were equal to the dollar volume of a year ago. In Montana, sales were down only 1% and only 3% in North Dakota. Thus sales in these areas in June were catching up

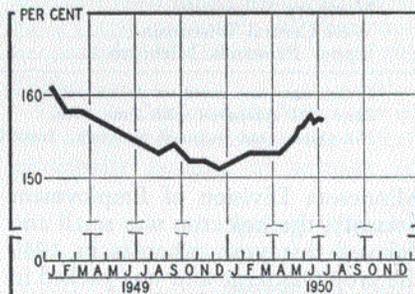
with last year's volume. In the large metropolitan centers — Minneapolis, St. Paul, Duluth, and Superior — sales were 6% above last year's figures. From these percentages it is evident that department store sales in the agricultural areas rose significantly during June, thereby approaching the performance of the urban areas.

Prior to the advent of scare buying, department stores and furniture stores were experiencing the secondary effect of the residential housing boom. The sale of house furnishings was high in June. The sale of television sets was especially high in the Twin Cities metropolitan area within range of television stations.

New passenger car sales have been high since the first of the year. For instance, during May over one and one-half times as many new cars were registered in South Dakota and in Minnesota as in the same month of last year. The sudden surge in the demand for new cars, stemming from fear that automobile plants may be converted to production of war equipment, has lessened trade-in value of used cars. At the same time, cash value of the better used cars has strengthened.

WHOLESALE PRICE INDEX

Jan. 1, 1949, to July 1, 1950
All Commodities, 1926 = 100



THE GRADUAL DECLINE in prices was reversed in January of this year. Since April, prices have risen significantly, reflecting the strong consumer demand.

Source: Bureau of Labor Statistics, Department of Labor.

▶ **Ninth district experiences scare buying in some commodities.**

▶ **Rise in farm income improves retail sales in rural areas.**

▶ **Credit figures in continued high sales of durable goods.**

▶ **Construction boom explains large rise in employment figures.**

SALES FOR RECENT WEEKS REFLECT SCARE BUYING

For the four weeks ending July 22, covering the first four weeks of scare buying, department store sales were 23% higher than sales in the corresponding weeks of last year. The large increase reflects the tremendous demand for merchandise originating from fear of shortages.

Stocks held by department stores in this district have been rising slowly since the first of the year. After an adjustment was made for the usual seasonal fluctuations, stocks held at the end of May were 10% higher and at the end of June were 4% higher than at the end of last December.

In some communities in recent months, the stocks held by a few stores had begun to appear quite high in relation to volume of sales. However, with the recent turn of events, such merchants now find themselves in a favorable position.

CREDIT KEEPS CONSUMER PURCHASES HIGH

Credit in a large measure has supported the purchase of automobiles, household appliances, and other durable goods. A small sample of department stores in this district revealed that instalment and charge account sales have been rising much faster than cash sales.

In commercial banks of this district, instalment loans have been rising steadily. At the end of June, the amount outstanding aggregated approximately \$200 million as compared with \$176 million at the end of last December.

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A similar expansion has taken place in the amount of loans outstanding at industrial loan companies, small loan companies, and credit unions. At the end of June, the amount of loans outstanding at federal and state credit unions in this district was one-fifth larger than at the end of December. In the same period, loans at small loan companies increased by 13% and by 6% at industrial loan companies.

URBAN EMPLOYMENT AT HIGH LEVEL

According to the estimates available on employment, the economy is operating close to maximum capacity. In all states of this district, employment in non-agricultural industries has surpassed the comparable employment of a year ago.

In Montana, employment in non-agricultural industries during June reached 155,000, which was 2.6% more than the number employed last year, according to the latest report issued by the Unemployment Compensation Commission of Montana.

In Minnesota, the total number employed was also higher than a year ago, but the percentage increase was small due to a delayed vegetable canning season. As reported by the

Index of Department Store Sales by Cities

(Unadjusted 1935-39 = 100)

	June ¹	Percent Change ²	
		June	Jan.-June
MINNESOTA			
Duluth-Superior ..	289	+ 4	- 3
Fairmont	292	+13	- 5
Mankato	245	+ 7	- 4
Minneapolis	297	+ 7	+ 3
Rochester	226	- 4	- 8
St. Cloud	287	+ 6	-10
St. Paul	255	+ 6	- 0
Willmar	307	+21	- 5
Winona	276	+15	- 1
MONTANA			
Great Falls	286	-13	-10
NORTH DAKOTA			
Bismarck	315	+ 3	-14
Grand Forks	321	+ 3	-10
Minot	291	- 4	- 8
Valley City	206	- 3	-17
SOUTH DAKOTA			
Aberdeen	382	+ 2	-16
Rapid City	357	+ 8	- 4
Sioux Falls	332	- 0	- 9
Yankton	258	+ 2	-10
WISCONSIN			
LaCrosse	255	+ 9	- 4

¹ Based on daily average sales.

² Based on total dollar volume of sales. Percentage comparison is with the same period a year ago.

Northwest Business Indexes

(Adjusted for Seasonal Variations—1935-39=100)

	June '50	May '50	June '49	June '48
Bank Debits—93 Cities.....	347	343	322	342
Bank Debits—Farming Centers.....	410	406	394	417
Ninth District Department Store Sales.....	288p	268	266	288
City Department Store Sales.....	298p	296	279	299
Country Department Store Sales.....	277p	239	252	278
Ninth District Department Store Stocks.....	305p	322	301	326
City Department Store Stocks.....	270p	281	257	273
Country Department Store Stocks.....	334p	356	337	369
Country Lumber Sales.....	177p	148p	148	150
Miscellaneous Carloadings	143	113	128	134
Total Carloadings (excl. Misc.).....	111	109	123	121
Farm Prices (Minn. unadj.).....	241	239	236	304

p—preliminary.

Sales at Ninth District Department Stores*

	% June 1950 of June 1949	% Jan.-June 1950 of Jan.-June 1949	Number of Stores ¹ showing	
			Increase	Decrease
Total District	105	98	115	139
Mpls., St. Paul, Dul. Sup.....	106	101	21	9
Country Stores	101	92	94	130
Minnesota (City and Country).....	106	101	50	40
Minnesota (Country)	103	94	31	33
Central	100	89	2	5
Northeastern	100	96	1	4
Red River Valley.....	98	88	2	2
South Central	105	93	7	7
Southeastern	105	92	4	3
Southwestern	106	96	15	12
Montana	99	96	15	16
Mountains	104	95	4	7
Plains	97	96	11	9
North Dakota	97	87	11	37
North Central	97	88	1	8
Northwestern	95	92	0	6
Red River Valley	98	88	7	11
Southeastern	95	80	3	10
Southwestern	(2)	(2)	....	....
Red River Valley-Minn. & N. D.....	98	88	9	13
South Dakota	100	89	17	26
Southeastern	99	90	5	9
Other Eastern	101	87	10	15
Western	104	91	2	2
Wisconsin and Michigan.....	106	95	20	18
Northern Wisconsin	101	98	6	8
West Central Wisconsin	105	95	6	6
Upper Peninsula Michigan.....	109	94	8	4

*Percentages are based on dollar volume of sales.

¹ June 1950 compared with June 1949.

² Not shown, but included in totals. Insufficient number reporting.

Minnesota Division of Employment Security, the pea crop was small and delayed this year, whereas in 1949 the crop was large and was packed in June.

CONSTRUCTION CAUSE OF LARGE EMPLOYMENT RISE

In the western part of the district, as many workers are employed on construction work as are employed in factories. Dam construction at the Hungry Horse site near Kalispell, at

the Canyon Ferry site near Helena, and installation of a third generator at the Fort Peck Dam have added materially to the total number of construction workers in Montana. Under construction in North Dakota on the Missouri river is the Garrison dam, and being built in South Dakota on the same river are the Fort Randall and Oahe dams.

The expansion in construction activity this year in these states, as in

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AGRICULTURE

Larger Area Crop Production Probable in '50

DU E largely to increased business activity and rising employment, prices of farm products have displayed unusual strength this spring and early summer. The future trend in farm prices is uncertain, but unsettled markets may be expected for Ninth district farm products in the next several months. This is why:

(1) The advent of military operations has changed the picture materially. Whether the Korean action is settled as a minor incident, or expands to world proportions, the economic picture is different from what it was prior to June 27. A war psychology has developed which is likely to exert a strong influence on farm markets.

(2) Billions of dollars of additional military spending may be required. Military operations require tremendous supplies of all kinds. These requirements will be placed on an economy already running at near-capacity production.

(3) Should the war be intensified, businessmen may find it necessary to change buying and spending patterns to fit a return to wartime controls. Farmers may anticipate higher prices and thus delay marketings. This would cause scarcities and prices would rise, at least temporarily.

One should remember, however, that food of all kinds is abundant at the present time. In fact, enormous surpluses of many farm products exist.

Food production this year may be about the same as last year if rainfall during the next few weeks is normal. The Department of Agriculture estimated in early July that total crop production may be less than in either of the last two years, but above the recent 10-year average. The acreage allotment program is the chief reason for the expected decline in crop production for the country as a whole.

Offsetting the expected decrease in over-all crop production is a substantial increase in production of livestock and livestock products this year. Both meat and dairy products are likely to be in substantially larger supply. However, on a per capita basis they should show little change.

In view of continued over-all high food production and existing surpluses, it seems there is little reason for people to hoard food in expectation of short supplies and highly inflated food prices in the current crop year.

CROP PROSPECTS GOOD IN NINTH DISTRICT

Based on the crop reports as of July 1, 1950, and of field observations up to mid-July, production of principal crops such as wheat, corn, oats, barley, and hay in the Ninth district may be somewhat larger than it was in 1949.

Spring wheat acreage was reduced 18% from last year in line with the acreage allotment program. But last year there was serious drouth in the important spring wheat-producing areas. Cool, wet weather the first part of July has been perfect and yields per acre are expected to be higher this year compared with 1949.

Weather conditions have been such this spring and summer that wheat is unusually well-rooted. It is in good position now to withstand some drouth and hot winds if they should occur. As a result, spring wheat production may even exceed last year. (See table.)

Corn is another crop where acreage allotments have reduced the total acres planted, but actual production may nearly equal that of last year. Cool weather in early July has retarded corn growth, and unless we have a long, frost-free fall there may be considerable immature corn this year.

Oats, barley, and soybeans are on an expanded acreage this year, principally because of acreage re-

▶ **Despite acreage allotments for some grains, favorable July weather made district production estimates equal to or above a year ago.**

▶ **War fears change farm economic outlook.**

▶ **Small-grain production may exceed that of 1949.**

▶ **Much soft corn probable, unless frosts come late.**

▶ **Hay production is ample for next winter's needs.**

strictions on wheat and corn. Production of these crops, based on July 1 conditions, is likely to exceed that of last year by a substantial amount, according to the Department of Agriculture.

Soybean acreage, particularly, has seen a tremendous expansion this year. It doubled in both North and South Dakota and increased almost 50% in Minnesota.

The biggest acreage cut for a major crop in this district in 1950 based on July 1 government estimates was in flax. The anticipated reduction is due principally to a sharp cut in flax price support levels. Last-minute changes in farmers' actual plantings, however, may see more flax actually planted than the July 1 figures indicate. Thus district flax production this year may be somewhat larger than was expected from farmers' earlier reports on intentions to plant.

CROP AND PASTURE CONDITIONS VARY WIDELY

As usual in the great sprawling area of the Ninth district, there is a great difference in crop conditions. In

Spring Wheat Other Than Durum

	Acreage			Yield per acre			Production		
	Average 1939-48	1949	For harvest 1950	Average 1939-48	1949	Indi- cated 1950	Average 1939-48	1949	Indi- cated 1950
	Thousand acres			Bushels			Thousand bushels		
Minnesota	1,094	1,105	807	17.3	15.5	14.0	18,809	17,128	11,298
North Dakota	6,734	7,374	6,047	15.1	10.5	11.5	102,415	77,427	69,540
South Dakota	2,552	3,512	2,563	12.5	8.0	9.0	32,673	28,096	23,067
Montana	2,603	3,792	3,602	15.5	10.5	17.0	40,301	39,816	61,234
4-States	12,983	15,783	13,018	15.0	10.3	13.0	194,198	162,467	165,139

Source: "Crop Production"—July 11, 1950.

general, the northern half of the district has had ample to excess amounts of rainfall. In the southern sections rainfall has been relatively light.

Crop conditions were abnormal in much of this northern section of the district during the spring season. Seeding was delayed and farmers had to shift cropping in some places. Floods in the Red River Valley were serious this spring and some of the heavy soils near the river will remain idle this year.

Almost the entire state of Montana has experienced near ideal late spring and early summer growing conditions. Range grass is lush and grain crops are making rapid development. If dry, hot winds do not occur in late July or August, the state should have at least a 50% larger grain crop compared with last year.

South Dakota and southwestern Minnesota have been in the least favored position up to about mid-July in relation to rainfall. Rains have been fairly general since then, but much of the small grain is on short straw and yields may be relatively low.

HAY CROP MUCH LARGER

Hay production in 1949 was substantially below average. To make matters worse, we had a long, cold winter with much snow, especially in

Commodity and Unit	June 15 1937-41 Avg.	June 15 1949	June 15 1950	Parity Prices ¹ United States June 15, 1950
Crops				
Wheat, bushel	\$0.76	\$ 1.93	\$ 2.00	\$ 2.21
Corn, bushel .....	.61	1.09	1.42	1.60
Oats, bushel .....	.30	.52	.75	.948
Potatoes, bushel .....	.61	1.55	1.35	1.75
Livestock and Livestock Products				
Hogs, 100 lbs.	7.51	17.93	17.17	19.20
Beef Cattle, 100 lbs.	7.30	20.56	23.74	17.30
Veal Calves, 100 lbs.	8.36	24.13	26.91	19.40
Lambs, 100 lbs.	8.00	22.92	23.91	19.10
Wool, lb. ....	.26	.49	.57	.513
Milk, wholesale, 100 lbs.	1.44	2.93	2.93	.441
Butterfat, lb. ....	.29	.62	.64	.706
Chicken, live, lb. ....	.124	.212	.178	.291
Eggs, doz. ....	.156	.393	.261	.511

*Source: "Agricultural Prices"—June 30, 1950.

¹ 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, 1910-14.

the northern part of the district. As a result, many farmers and ranchers ran out of hay. Hay prices skyrocketed.

Prospects for hay production this season are good. The Department of Agriculture estimates that 15½ million tons of hay may be produced in the four full states of the Ninth district this year, compared with only 13¼ million last year and the recent 10-year average of about 15 million tons. Cutting of hay on uplands is reported as general in recent weeks, so there should be adequate hay to carry livestock through next winter.

DISTRICT GRAIN STOCKS SHOW REDUCTION

Carryover of grain stocks on Ninth district farms is sharply lower compared with a year ago. This is partly a reflection of the smaller grain crop of 1949. It also reflects the declining trend in grain prices and the efforts of farmers to sell before prices should decline still further. Also, the long, hard winter caused heavy consumption of feed grains by an increasing number of livestock on farms.

National totals for farm and for non-farm grain stocks are up from a year ago. END

BUSINESS REFLECTS INTERNATIONAL DEVELOPMENTS

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the eastern states of this district is traced, however, to the boom in residential and public building. In May 1949, contracts awarded for residential building in this district totaled almost \$11 million, while in May of this year they totaled over \$21 million, or almost double the amount in 1949.

Contracts awarded for other types of construction totaled \$21½ million in May 1949 and \$32½ million in May of this year. This represents an increase of 50%. A large part of this construction is public building—namely, public and private schools, colleges, universities, hospitals, churches, and state and municipal buildings.

CREDIT TERMS TIGHTENED TO PREVENT PRICE RISE

Since the economy is now operating close to full capacity, the production of war materials and equipment cannot be superimposed on the production of civilian goods as was done at the beginning of World War II without dislocation of industries and strong inflationary pressures. Consequently, to prevent a rapid rise in prices, it appears necessary to reduce the civilian demand for commodities by tightening credit terms.

On July 19, the Veterans administration raised requirements for the guarantee or insurance of mortgage loans. A veteran purchasing a house now is required to make a 5% down payment. Furthermore, a veteran to whom a VA loan has been granted cannot request an additional amount of credit.

On August 1, the Federal Housing administration tightened terms of insurance on mortgage loans. A down payment of 10% is required on Title I loans, which comprise repair and modernization loans. The appraisal value of houses now is based on construction cost as of July 1. Credit loaned on appraisal value has been reduced by 5%. Maximum amount loaned on a single dwelling house has been reduced from \$16,000 to \$14,000.

Prices in general have been rising since the latter half of April. On the accompanying chart there has been plotted an index of wholesale prices from January 1, 1949, to July of this year. The low point in the price level in this period occurred in December, 1949. In subsequent months there was a slight stiffening in prices until the latter part of April, when prices began to rise noticeably. END

**DISTRICT SAVING
QUADRUPLE IN DECADE**

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savings slipped off about 1%.

**SAVINGS ROSE SHARPLY
IN THE FORTIES**

For every savings medium, 1939 to 1949 was a decade of growth. U. S. Savings bonds staged the most phenomenal increase. Today Ninth district citizens hold almost 50 times as many savings bonds as they did 10 years ago.

Today, however, Series E, F, and G bonds, which were introduced in 1941, make up the bulk of the savings bonds outstanding. In 1939 holdings consisted of earlier series which had first been offered to the public only four years previously.

For every dollar invested in share capital of savings and loan associations in 1939, today there are roughly four dollars. Savings accumulated behind life insurance have more than doubled in the past 10 years. Postal savings deposits and time deposits in mutual savings and commercial banks have grown about 175% since 1939.

Total accumulated savings of people living in the Ninth district states grew from \$1,296,000,000 a decade ago to \$5,158,000,000 at the end of 1949—a gain of almost 300%. Per capita total savings rose 285% from \$281 to \$1,086.

These increases are indeed striking. However, the real value of savings—how much goods each dollar will buy—has not increased as sharply. In terms of 1939 dollars, last year's per capita savings were worth \$647. This means the real purchasing power of our district's long-term liquid savings increased 130% in the past 10 years.

**DISTRICT SAVINGS PATTERN
VARIES FROM U.S.**

Savings habits of Ninth district residents are somewhat different from those in the U. S. as a whole. Apparently savings bonds and postal savings have a stronger foothold in this section of the country than in other areas.

Montanans and Dakotans have invested roughly half of their total long-term liquid savings in U. S. sav-

ings bonds, while nationally savings bonds have attracted less than 30% of the total. (See chart.) In Minnesota the share of total savings going to savings bonds is about the same as the U. S. average.

Per capita holdings of U. S. savings bonds in the Ninth district states last year were \$403, compared with national per capita holdings of \$327.

Postal savings deposits in all four states get a bigger slice of the total savings pie than in the nation as a whole. Accounting for 2% of total savings nationally, postal savings represent twice that in our district states. Residents of this area have deposited an average of \$44 in postal savings as compared with a national average of \$23.

Minnesotans have deposited about one-fourth of their total long-term liquid savings in commercial bank

time accounts. Nationally, commercial banks claim only one-fifth of individuals' savings, and in Montana and the Dakotas time deposits account for about 17% of the total.

Savings and loan associations have been making headway in Minnesota. Last year residents of this state invested 9% of their long-term liquid savings in savings and loan share capital, compared with a national average of 7%. The portion of total savings of Montanans and Dakotans flowing to savings and loan associations, however, was considerably less than the U. S. average.

People throughout the nation have put about 30% of their total nest egg in life insurance equities. Falling short of the national average, Ninth district residents have about one-fourth of their savings in funds accumulated behind life insurance policies. END

**June Banking
Developments**

TOTAL earning assets of district member banks showed little change during June as increases in loans and holdings of securities other than U. S. governments were offset by liquidations of U. S. government issues. On the liability side, demand deposits in city banks rose somewhat, while country bank demand deposits held steady.

Loans increased \$18 million in district member banks during June—up \$11 million in city banks and \$7 million in country banks. Totalling \$976 million at the end of the month, loans in Ninth district member banks were 14% higher than a year ago.

Demand for bank credit so far in 1950 has been greater than that of the first six months of last year. The table below shows changes in loans from the end of December to mid-July in 1949 and 1950 in Ninth district city banks.

Reflecting in part the accumulation of inventories, commercial loans have increased this year, whereas a year ago such credit declined as businessmen liquidated inventories and paid off bank loans. The figures also reflect the increased tempo of real estate and consumer lending this year compared to last.

**Twenty Weekly Reporting
Member Banks**

Changes in Millions of \$

	Changes in Millions of \$	
	12/28/49 to 7/12/50	12/29/48 to 7/13/49
Loans (gross)		
Comm., Ind., Ag.....	\$ + 18	\$ - 27
Real Estate	+ 14	+ 2
On Securities	+ 1	0
To Banks	- 7	0
Other (largely consumer)	+ 25	+ 8
Total	\$ + 51	\$ - 17

Government security holdings of Ninth district banks declined \$26 million in June—down \$17 million in city banks and \$9 million in country banks. In country banks government bonds were liquidated primarily to meet increased loan demand, while in city banks funds obtained from the sale or redemption of Treasury issues were used to purchase securities other than U. S. government, to pay off borrowings, and to increase balances at other banks, as well as to meet loan demand.

In the 20 reporting banks certificates of indebtedness bore the brunt of the decline in government securities. The decrease in the C. I. portfolios was offset, in part, by additions to note holdings, reflecting the

exchange on June 1 and July 1 of maturing certificates for new 13-month $1\frac{1}{4}\%$ notes.

Demand deposits rose \$23 million during June, the gain taking place almost entirely in city banks. In these banks, deposits of federal, state, and local governments increased sharply as income tax payments were made. At the same time, tax collections created a drain on private deposits. However, by mid-July deposits of individuals, partnerships, and corporations had more than recovered the decline sustained in June.

In the past two months the velocity of deposits has taken an upward turn. From January through April 1950 the turnover of total deposits in selected Ninth district banks averaged 12.1 turns per year, compared with 12.8 in the first four months of 1949. In April and May this year, however, the turnover of deposits rose to an average annual rate of 13.8 turns, surpassing the 1949 April-May average of 13.0.

This increase in velocity of deposits is especially significant in view of the current inflationary potential, since a faster turnover of deposits is equivalent to an increase in the money supply. END

Assets and Liabilities of Twenty Reporting Banks

(In Million Dollars)

	May 31, 1950	June 28, 1950	July 12, 1950	\$ Change May 31-June 28
ASSETS				
Comm., Ind., and Ag. Loans.....	\$ 217	\$ 225	\$ 232	+ 8
Real Estate Loans	83	85	87	+ 2
Loans on Securities	11	11	11	....
Other (largely consumer) Loans.....	159	159	161	....
Total Gross Loans & Discounts \$	470	\$ 480	\$ 491	+ 10
Less Reserves	7	6	7	- 1
Total Net Loans & Discounts \$	463	\$ 474	\$ 484	+ 11
U. S. Treasury Bills.....	15	20	22	+ 5
U. S. Treasury C. of I.'s.....	80	52	42	- 28
U. S. Treasury Notes.....	125	131	146	+ 6
U. S. Government Bonds.....	426	426	424	....
Total U. S. Gov't Securities\$	646	\$ 629	\$ 634	- 17
Other Investments	128	134	133	+ 6
Cash and Due from Banks.....	411	427	457	+ 16
Miscellaneous Assets	17	15	16	- 2
Total Assets	\$1,665	\$1,679	\$1,724	+ 14
LIABILITIES				
Due to Banks.....	\$ 259	\$ 270	\$ 295	+ 11
Demand Deposits, Ind., Part., Corp.	800	778	810	- 22
Demand Deposits, U. S. Gov't.....	49	60	56	+ 11
Other Demand Deposits.....	163	185	187	+ 22
Total Demand Deposits	\$1,271	\$1,293	\$1,348	+ 22
Time Deposits	253	253	252	....
Total Deposits	\$1,524	\$1,546	\$1,600	+ 22
Borrowings	20	11	2	- 9
Miscellaneous Liabilities	17	18	18	+ 1
Capital Funds	104	104	104	....
Total Liabilities & Capital	\$1,665	\$1,679	\$1,724	+ 14

Assets and Liabilities of All Ninth District Member Banks*

(In Million Dollars)

	May 31, 1950	June 28, 1950	\$ Change May 31, 1950 June 28, 1950	\$ Change June 28, 1949 June 28, 1950
ASSETS				
Loans and Discounts.....	\$ 958	\$ 976	+ 18	+ 119
U. S. Government Obligations.....	1,614	1,588	- 26	- 24
Other Securities	262	267	+ 5	+ 49
Cash and Due from Banks & Res.....	772	789	+ 17	- 44
Other Assets	32	31	- 1	+ 1
Total Assets	\$3,638	\$3,651	+ 13	+ 101
LIABILITIES AND CAPITAL				
Due to Banks.....	\$ 296	\$ 308	+ 12	+ 8
Other Demand Deposits.....	2,147	2,158	+ 11	+ 69
Total Demand Deposits	\$2,443	\$2,466	+ 23	+ 77
Time Deposits	935	932	- 3	- 1
Total Deposits	\$3,378	\$3,398	+ 20	+ 76
Borrowings	20	12	- 8	+ 11
Other Liabilities	24	24	..	+ 4
Capital Funds	216	217	+ 1	+ 10
Total Liabilities and Capital	\$3,638	\$3,651	+ 13	+ 101

*This table is in part estimated. Data on loans and discounts, U. S. government obligations and other securities are obtained by reports directly from the member banks. Balances with domestic banks, cash items, and data on deposits are largely taken from semi-monthly reports which member banks make to the Federal Reserve Bank for the purpose of computing reserves.

Reserve balances and data on borrowings from the Federal Reserve banks are taken directly from the books of the Federal Reserve bank. Data on other borrowings are estimated. Capital funds, other assets, and other liabilities are extrapolated from call report data.