FEDERAL RESERVE BANK OF MINNEAPOLIS

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Ownership Survey Reveals . . .

DEPOSIT GAINS in Ninth District

Were Shared Equally by All Types of Holders

PRIVATELY HELD demand deposits in Ninth district banks reached a record end-of-January level in 1952, a survey made of these accounts by the Federal Reserve Bank of Minneapolis revealed.*

The increase in demand-deposit holdings of individuals and businesses in this district was 5.1 per cent over January 31, 1951—which was a good showing, but not quite as good as for the nation as a whole, since nationally the increase was 7.2 per cent.

The expansion in Ninth district demand deposits from the last previous survey to the current one was the largest since the one made in 1948, which covered 1947.

A breakdown of the ownership of these deposits shows that the increase was shared almost equally by all major categories of depositors in this district, which also was true for the nation as a whole.

Non-Business Accounts Made Best Showing

As shown on the accompanying chart, non-business demand deposit accounts grew more rapidly than did business accounts in the first three postwar years. In later years, business accounts continued to rise quite steadily, while non-business holdings first declined, then stabilized, and finally —during 1951—rose again.

Non-business holdings of demand deposits increased substantially during 1951, whereas in 1950 they barely held to the levels of the previous year. This was a better showing, relative to the previous year, than that made by business accounts, which increased by about the same amount each year.

Farm, Trade Deposits Resumed Upward Trend

A breakdown of non-business holdings of demand deposits into farmers' and other personal accounts and a division of business holdings into trade and manufacturing accounts reveals that all of these major categories of depositors shared almost equally in the growth during the period under survey.

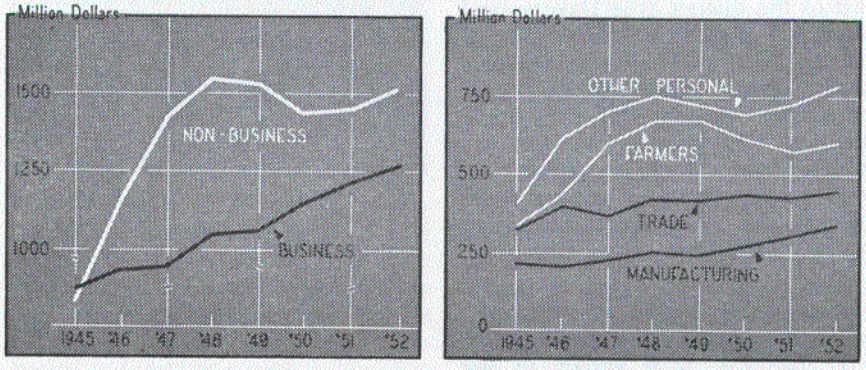
In the previous survey period, from January 1950 to January 1951, holdings of demand deposits by farmers and trade businesses declined, whereas holdings of individuals other than farmers and manufacturing businesses increased. Last year farmers and tradesmen gained in absolute terms as much as the others, and relative to

▶ Gain in demand-deposit holdings of individuals and businesses compared favorably with the national rate.

▶ Deposits of farmers and trade groups reversed the declining trend of the previous year.

▶ Western farmers made a better showing, relative to the previous survey period.

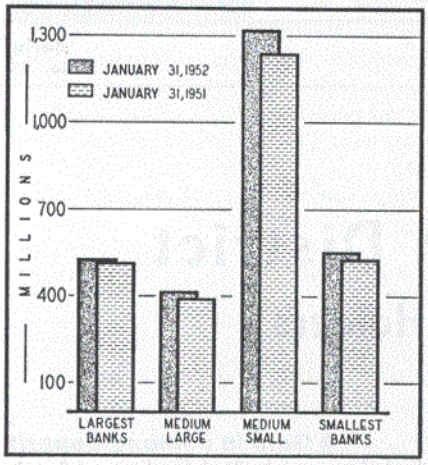
CHART I—NINTH DISTRICT DEMAND DEPOSITS BY VARIOUS TYPES OF HOLDERS (1945-1952)*



NON-BUSINESS accounts in January 1952 approached the high level of January 31, 1948. Farmer and trade accounts rose after having declined the previous year.

*This survey is limited to demand deposits of individuals, partnerships, and corporations, and reveals their status at the end of January each year.

CHART II — DEMAND DEPOSITS FOR JANUARY 31, 1952 COMPARED WITH JAN. 31, 1951 BY SIZE OF BANKS



ALL four groups of banks in the district increased their demand deposits since Jan. 31, 1951. Increases ranged from 0.7 per cent at large banks to 6.5 per cent at the medium-small banks.

their performance the previous year they gained more.

In the Ninth district, farmers comprise one of the largest classes of non-business depositors. These accounts, reflecting the high cash farm income last year, were higher at the beginning of 1952 than a year earlier, yet not as high as deposits produced by the record levels of net farm income in 1947 and 1948. Nevertheless, a two-year downward trend of demand deposits held by farmers was reversed last year.

It should be noted that livestock breeders and farmers in the western part of the district (the Dakotas and Montana) had an especially good year in 1951, and banks in this part of the district showed the greatest increases in demand deposits over a year ago. On the other hand, banks in Minnesota, where the poor corn crop and wet weather affected farm income, had below average increases in their total demand deposits.

The percentage increases in deposits owned by farmers showed wide variations among Federal Reserve districts, as is shown in the accompanying table. This fact reflects wide interdistrict as well as intradistrict variations in farmers' net incomes last year.

Reflected in the rise in deposits of individuals last year was the higher level of personal savings. It has been reported that, for the nation, demand deposits of individuals rose $1.5 billion. They also added $2.5 billion to liquid assets in the form of time deposits, and about $1 billion in currency. Moreover, share accounts of individuals in savings and loan associations increased about $2 billion. (See "Federal Reserve Bulletin," May 1952, p. 484.)

Business Deposits Show Varying Trends

Business demand deposits in Ninth district banks on January 31 showed an increase of 4.8 per cent over the previous year, despite a decline in those held by public utility and transportation companies. A possible explanation of the decrease in the accounts of the latter type of holder was the fact that they were engaged in large capital expansion programs. Among the various categories of non-financial business demand-deposit holders, those held by manufacturing and mining firms showed the greatest percentage increase.

Ownership of Demand Deposits Ninth District January 31, 1952

(Estimates in Millions of Dollars)

Type of Holder	Total Deposits	$ Change from 1-31-51	% Change from 1-31-51
Manufacturing & Mining	339	+30	+ 9.7
Transportation and Public Utilities	126	—16	—11.3
Trade	445	+10	+ 2.3
Other Non-Financial	171	+15	+ 9.3
Insurance	62	+ 9	+17.4
Other financial	128	+10	+ 8.5
Trust funds	31	— 6	—15.1
Non profit	111	+11	+11.0
Farmers	624	+37	+ 6.3
Other Personal	771	+37	+ 5.0
Total	2,808	+137	+ 5.1

The steady increase in deposits held by business firms since 1945 doubtless reflects the need for increased balances to meet persistently

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Percentage Changes in Demand Deposits of Individuals, Partnerships, and Corporations, by Federal Reserve District and Type of Holder

January 31, 1951 to January 31, 1952

Federal Reserve District	Type of Holder: All Holders[1]	Individuals: Farmers	Individuals: Non-farmers	Non-Financial Businesses
Boston	+ 6.1	+18.0	+3.7	+ 7.1
New York	+ 7.0	+11.2	+8.4	+ 8.2
Philadelphia	+ 3.9	+ 8.6	+2.4	+ 5.2
Cleveland	+10.8	+ 8.9	+8.3	+12.4
Richmond	+10.4	+22.7	+7.8	+10.4
Atlanta	+ 9.0	+ 7.2	+7.0	+10.7
Chicago	+ 5.1	+ 2.6	+5.6	+ 4.6
St. Louis	+ 6.1	+ 6.9	+3.8	+ 7.3
Minneapolis	+ 5.1	+ 6.3	+5.0	+ 3.7
Kansas City	+ 6.1	+ 2.3	+6.9	+ 7.9
Dallas	+ 7.9	+ 4.1	+4.1	+11.7
San Francisco	+ 8.7	+17.6	+4.4	+ 9.9
All districts	+ 7.2	+ 7.3	+6.0	+ 8.1

[1] Includes also financial businesses, non-profit associations, trust funds, and foreigners.
Source: Federal Reserve Bulletin, May 1952, p. 484.

Store Sales Exhibit Stability

DOLLAR VOLUME AT DEPARTMENT STORES COMPARABLE TO 1947-49

Retail Trade — Sales of Ninth district department stores so far this year have compared favorably with the level in the corresponding period of 1951.

The exceptionally mild April weather served to stimulate sales somewhat more than the normal seasonal increase. Sales in April were 98 per cent of the 1947-49 base period, seasonally adjusted, while adjusted March sales were only 94 per cent of the base period.

April sales were 7 per cent higher than those of April 1951 — Easter buying having contributed to the larger volume this year. Sales for March were down 9 per cent, largely because buying for the Easter season last year took place in that month. In the first four months of this year, sales were only 5 per cent lower than the volume for the corresponding period in 1951.

Sales measured in dollar terms currently reflect quite accurately the year-to-year change in physical volume—or number of transactions. Retail prices of commodities sold in department stores reached a peak in the middle of 1951 and started to decline slowly in the latter half of the year.

According to the index of retail prices compiled by Fairchild Publications, prices of commodities sold in department stores in the first four months of this year averaged only a trifle higher than those sold in the same months of 1951. Consequently, the movement of prices has ceased to be an important factor in yearly percent change figures.

Department store sales for more than a year, although lower than in the periods of heaviest consumer buying, have been good and relatively stable when compared with those in the 1947-49 period. Beginning with the second quarter of 1951, monthly sales adjusted for seasonal variation averaged 102 per cent of the 1947-49 base (which is 100 per cent).

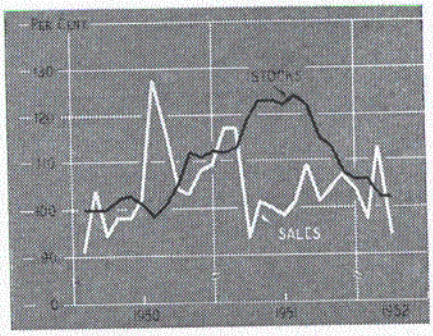
While total department store sales have been fairly stable, sales of soft goods have strengthened in recent months. Those of hard goods, however, have continued to slump. April sales of men's clothing and women's wearing apparel exceeded last year's figure significantly. On the other hand, household furnishings and appliance sales for April 1952 were still below those for the corresponding month of last year.

Sales of new passenger cars were low this spring. March 1952 sales in Michigan, South Dakota, and Wisconsin, measured by new car registrations, were down 42 per cent, 44 per cent, and 45 per cent respectively from the totals for March 1951. In Minnesota, Montana, and North Dakota, registrations were off roughly by one-third.

On the basis of figures compiled on new car registrations for the Twin Cities metropolitan area, sales have improved materially in recent weeks. In comparison with figures for a year ago, registrations in April were down only 12 per cent, and they were up by 42 per cent for the first half of May.

NINTH DISTRICT DEPARTMENT STORE SALES AND STOCKS JANUARY 1, 1950, TO DATE

1947-49=100 Adjusted



FOLLOWING the two periods of exceptionally high sales growing out of the Korean conflict, monthly sales have fluctuated around a trend slightly above the three-year average from 1947 to 1949. Stocks rose sharply after each period and reached a peak in July 1951 —with liquidation since bringing them into line with sales.

Department Store Stocks — As a percentage of current sales, stocks held in this district again are quite normal, as may be observed by the movement of stocks and sales on the chart. Following the two periods of extraordinarily great consumer buying in July 1950 and January 1951, stores accumulated stocks rapidly. The extent of the accumulation is revealed by the peak reached at the end of July 1951 which, in dollar terms, was approximately 24 per cent above the volume held before the Korean conflict began.

Retailers' stocks since the middle of last year have been liquidated through a reduction of new orders for goods and by offering promotional sales. By the end of April, stocks were 104 per cent of the 1947-49 base period. With the index of April sales at 98 per cent, stocks were still above the relationship which prevailed between sales and stocks for the three-year period from 1947 to 1949.

Employment — The defense program is contributing to a high level of employment at a time when some manufacturers of civilian merchandise have reduced their labor forces because of temporarily saturated markets for their goods. In most states of this district, employment in nonagricultural industries exceeds the total number employed in 1951.

April employment in Montana was 2 per cent higher than it was a year ago. The available supply of labor declined rapidly and, at the end of the month, the number of job seekers was about 1,400 less than at the same time last year. Furthermore, the Division of Unemployment Compensation commission anticipated a shortage of certain types of skilled labor in the summer months.

Comparable data on employment are not available for North and South Dakota, but one can assume that it is high due to the large Missouri basin development project undertaken by the Corps of Engineers and the Bureau of Reclamation.

In Minnesota, April employment

was low due to floods on the Mississippi and Minnesota rivers and to a few labor strikes. According to the state Division of Employment and Security, employment has risen rapidly since the middle of April. Most manufacturers, with the exception of those in textiles and apparel, may employ more labor this summer than they did last year. They may encounter difficulties in doing so, however, because there is a growing shortage of certain types of skilled labor.

March employment in Wisconsin was down slightly from a year ago. The decline was especially noticeable in the northwestern part of the state, where paper mills reduced their labor forces or reduced the work week to four days.

Both manufacturing and nonmanufacturing employment in March was at a seasonal low level on the Upper Peninsula of Michigan. About 3,000 workers in the lumber industry were idled by the spring thaw which softened roads. According to the Michigan Employment Security commission, some improvements in labor market conditions may be witnessed in April and May on the peninsula.

Ninth District Business Indexes

(Adjusted for Seasonal Variation—1947-49=100)

	April '52	March '52	April '51	April '50
Bank Debits—93 Cities	121	125	126	104
Bank Debits—Farming Centers	116	121	120	103
Ninth District Dept. Store Sales	98p	94	101	98
City Department Store Sales	99	94	104	101
Country Department Store Sales	95p	93	97	93
Ninth District Dept. Store Stocks	106p	103	123	102
City Department Store Stocks	108p	102	129	102
Country Department Store Stocks	103p	104	116	101
Lumber Sales at Retail Yards (Bd. Ft.)	80p	72	81	89
Miscellaneous Carloadings	102	104	107	100
Total Carloadings (excl. Misc.)	97	83	108	56
Farm Prices (Minn. unadj.)	101	105	108	85

p—preliminary.

DEPOSIT GAINS

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rising operating costs, taxes, interest payments, etc.

Demand deposits of financial businesses, such as insurance companies, savings and loans associations, and credit unions, increased substantially, reflecting the higher volume of individual saving during the past year.

Western Region Fared Better Than Eastern

Unlike the situation prevailing last year, a tabulation of data from reporting banks indicates that the western, more predominantly agricultural section of our district this year increased demand deposit accounts relatively more than banks in the eastern part of the Ninth district.

Some of this difference is attributable to the relatively better experience of farmers in the western section. Also speculative and investment activity in the 100 million acre Williston basin injected a considerable amount of new money into communities in eastern Montana and the western Dakotas.

The effects have been to augment bank accounts of farmers and trades people in the area affected. END

BANKING DEVELOPMENTS

City Bank Deposits Up, Country Down

BALANCE sheet footings at city and country banks moved in opposite directions by equal amounts in April. Total assets and liabilities of all member banks in the Ninth district consequently were unchanged.

Country Banks — As is usual at this time of year, deposits at country banks declined. Net withdrawals of demand deposits amounted to $29 million. Total deposits were down only $24 million because of an increase in time deposits.

The most important offsets to these withdrawals came from the liquidation of government securities together with "cash and due" accounts. Although less important, another source of funds for country banks in April was borrowing.

Besides deposit withdrawals, another need for cash resulted from an addition to loan accounts of $3 million.

City Banks — At the city banks, deposits rose $20 million and were accompanied by an increase in holdings of loans and securities, a buildup of "cash and due," and a reduction in borrowing.

Most of the increase in loans of $9 million at the city banks in April represented credit extended to banks. Commercial, industrial, and agricultural loans declined $3 million, bringing the total of this type of credit outstanding to a level $16 million less than at the beginning of the year.

By way of contrast, in the same period last year these "business" loans jumped $85 million.

On balance, city banks sold $5 million of U. S. government notes and certificates of indebtedness in April while buying $4 million of bills and bonds. At the same time, securities other than those of the U. S. government worth $5 million were added to portfolios. END