

MONTHLY REVIEW

OF BUSINESS CONDITIONS

ISAAC B. NEWTON, Chairman of the Board and Federal Reserve Agent
Federal Reserve Bank of San Francisco

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No. 12

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial activity declined somewhat in November, but continued above the level of a year ago. Wholesale commodity prices declined further, reflecting principally a continued decrease in the prices of farm products. Security loans of member banks declined sharply after the first week of December, while other loans increased.

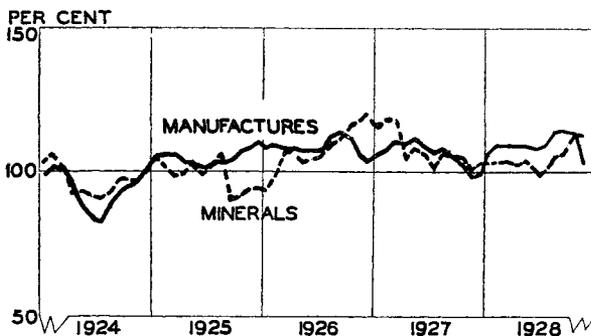
Production. Total output of manufactures was somewhat lower in November, reflecting primarily a greater than seasonal decrease in production of automobiles and steel, but total output continued larger than a year ago. Production of pig iron and copper continued to increase in November, textile mills remained active, meat packing increased, while sugar refining declined seasonally during the month and the production of building materials was smaller. Factory employment and payrolls were seasonally reduced but were larger than in 1927. Mineral production was in about the same volume as in October, according to the Federal Reserve Board's index, which makes allowance for seasonal variations. Increases occurred in the daily average production of copper, zinc, tin and bituminous coal, while anthracite coal decreased and the output of petroleum was smaller. The value of building contracts awarded in November and the early part of December receded sharply from the record figures of the two preceding months. The Novem-

ber total was slightly larger than in the corresponding month in 1927, while the volume of contracts for the first two weeks of December was smaller than a year ago.

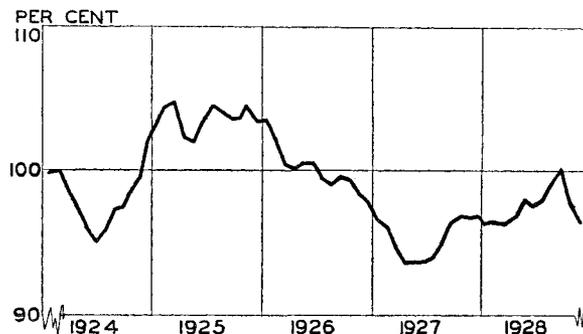
The December forecast of the Department of Agriculture increased the estimated 1928 production of cotton by 240,000 bales to a total of 14,373,000 bales, which is nearly 11 per cent larger than the 1927 crop. The total value of crops grown in the United States during 1928, based on December farm prices, is estimated at \$8,456,052,000 as compared with \$8,522,563,000 in 1927.

Trade. Department store sales showed a seasonal increase in November, when allowance is made for the number of business days in that month, and approximated sales of a year ago. Inventories continued smaller than in 1927. Sales at wholesale declined seasonally, but were larger than in the same month of last year. Railroad freight shipments decreased in volume during November and the early part of December, but continued larger than in 1927. The decrease from October was especially marked in loadings of miscellaneous freight.

Prices. Wholesale commodity prices decreased further in November and the first two weeks of December. The largest price declines during the six-week period were in farm and food products and leather, while several groups



PRODUCTION OF MANUFACTURES AND MINERALS
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 average=100). Latest figures, November, manufactures, 111; minerals, 114.

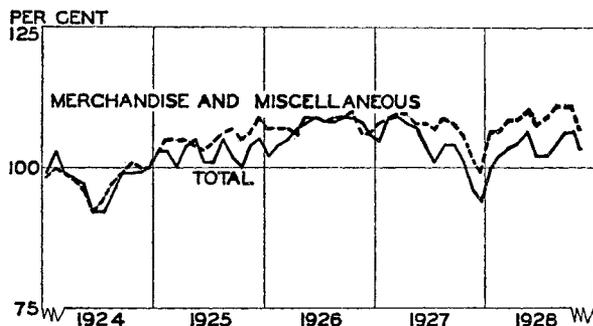


WHOLESALE PRICES
Index of United States Bureau of Labor Statistics (1926 prices=100, base adopted by Bureau). Latest figure, November, 96.7.

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of industrial products, notably iron and steel, non-ferrous metals, and cotton goods, were generally higher in price. Wholesale prices of gasoline and automobile tires declined. Among the agricultural products, prices of raw silk, corn, livestock, and meats were lower during November, while prices of raw cotton, wool, wheat, and oats increased somewhat. During the first two weeks of December, however, prices of all

offset by a rapid increase in all other loans and in holdings of investments. The increase in all other loans, which include loans for commercial purposes, was contrary to the usual movement at this season and carried the total to the highest figure in eight years. Seasonal growth in the demand for currency in November and December, together with increases in member bank reserve requirements consequent upon an in-

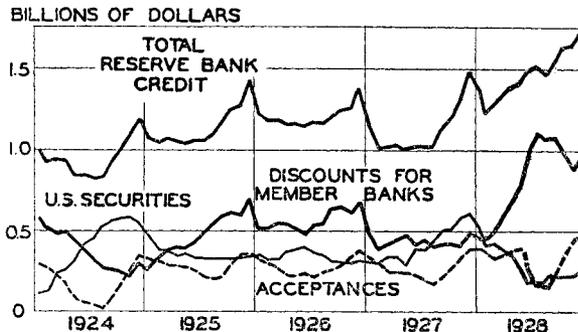


RAILROAD FREIGHT CARLOADINGS

Cars of revenue freight loaded as reported by the American Railway Association. Index numbers adjusted for seasonal variations, (1923-1925 average = 100). Latest figures, November, total 103, miscellaneous, 106.

these products with the exception of raw silk declined. Prices of building materials were generally higher in November, but declined somewhat toward the middle of December.

Bank Credit. Loans and investments of member banks in leading cities increased \$329,000,000 during the four-week period ending December 19. The advance during the first two weeks reflected chiefly a rapid increase in security loans, which include loans to brokers and dealers in securities. Subsequently, a sharp decline in loans on securities was more than



RESERVE BANK CREDIT

Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages for first 21 days in December.

crease in their deposits, have been reflected in larger borrowings by the member banks from the reserve banks. This recent growth, following upon the demand caused by the export of gold in earlier months, has carried the total volume of reserve bank credit in use to the highest level in seven years. The rates on call and time loans on security collateral increased during the last week in November and the first part of December, while rates for commercial paper were generally steady. Rates on certain maturities of bankers' bills increased slightly.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Economic conditions in the Twelfth Federal Reserve District during the closing months of 1928 have reflected those developments which characterized the year as a whole. Industry has been active and during the second half of the year labor has been more fully employed than a year ago. Sales of goods at wholesale and at retail have been large both in volume and value. Agricultural output has increased but prices of agricultural products have tended downward during the marketing season. Prices of non-agricultural commodities have averaged above the prices of last year. A substantial amount of credit has been available at but slightly higher interest rates than prevailed during 1927.

Crop estimates made December 1 indicate that, in the aggregate, production of field, grain, and fruit crops during 1928 was larger than during 1927. During the current marketing season, and particularly toward its close, prices paid for these crops have not compared

favorably with prices paid in 1927. It appears probable that total returns to the District's farmers will not exceed those of last year. Livestock producers have been moderately heavy sellers of cattle, and heavy sellers of sheep at prices which have averaged higher than a year ago.

Industrial output in the District experienced a seasonal decline during November, but employment of other than unskilled labor continued at levels higher than a year ago. Trade at retail declined moderately during the month, but total sales both at retail and at wholesale were larger during the first eleven months of 1928 than during the same period of 1927.

Prices generally tended upward during the second and third quarters of 1928, but declined during the fourth quarter, and toward the year's close the Bureau of Labor Statistics' Index of wholesale commodity prices receded to levels approximating those of November, 1927. The decline in recent months has been a reflec-

tion chiefly of lower prices for agricultural products, prices of certain non-agricultural commodities important in this District, notably copper, lumber, and petroleum, now being higher than a year ago.

Reduced demand for credit at the Federal Reserve Bank of San Francisco, and increased loans and investments by member banks characterized the credit situation in the Twelfth Federal Reserve District during late November and early December. The amount of Reserve Bank and member bank credit in use during this period, however, was considerably greater than a year ago.

Agriculture

The United States Department of Agriculture's most recent (December 1) estimates of production and value of field, grain and fruit crops grown in the District show that the 1928 harvest was greater in volume but had a slightly smaller value than the 1927 harvest. Weather conditions during the year favored the growth and harvesting of large crops, although yields of some of the important field crops—hay, rice, sugar beets, and beans—were smaller than a year ago. The general level of prices paid farmers for their crops during active marketing periods was lower in 1928 than in 1927, price declines being greatest in the case of those crops—deciduous fruit and grains—which were produced in largest quantities. These declines in prices of agricultural products were accompanied by slight advances in prices of many of the commodities purchased by farmers, indicating that farmers of the District generally experienced some decrease in purchasing power during the year.

The 1928 wheat crop of the Pacific Northwest continues to move to market at the slow pace which often characterizes periods of declining

grain prices. On December 8, receipts of wheat at the grain terminals in Seattle and Tacoma, Washington, and in Astoria and Portland, Oregon, had totaled 27,715 carloads for the current crop season as compared with receipts of 38,548 carloads during the same period a year ago. Exports of wheat from these and other Puget Sound and Columbia River ports totaled 15,446,000 bushels for the 1928 season to December 1 as compared with 35,052,000 bushels during the same period last year.

The 1928 deciduous fruit year ended during November and early December, with the practical completion of grape picking and shipping in California. This year's abundant grape crop matured early and a prolonged period of dry weather during the picking season aided the successful harvesting of the fruit. The size of the crop and its early maturity developed a serious marketing problem for growers and shippers and the season was characterized by the relatively low prices which were received for nearly all varieties of grapes. Shipments of California grapes totaled 70,587 carloads between June 15 and December 8, 1928, compared with total shipments of 75,383 carloads during the same period in 1927. The total tonnage shipped during the current season was probably larger than one year ago, however, as the minimum carload requirement was raised from 26,000 to 30,000 pounds this year. It is estimated that 258,000 tons of raisins were produced in California during 1928. The 1927 crop was estimated to be 285,000 tons.

Harvesting of the late crop of apples has been completed in the Pacific Northwest but heavy shipments continued during the early part of December. On December 1, there were 15,106 carloads of apples in cold and common storage in the Wenatchee, Yakima, and Spokane Valleys in Washington, as compared with

(A) Production and Value of Farm Crops—

Unit	Production*						Value*			
	Twelfth District			United States			Twelfth District		United States	
	1928	1927	1923-1927 Average	1928	1927	1923-1927 Average	1928	1927	1928	1927
Barley bu.	46,413	41,147	40,443	356,868	265,882	209,321	\$32,922	\$35,295	\$197,128	\$180,200
Corn bu.	11,164	12,058	11,610	2,839,959	2,763,093	2,747,040	11,432	10,577	2,132,991	1,997,759
Grain Sorghum . . . bu.	6,325†	5,606†	4,413†	142,533	137,358	99,877	4,672†	5,096†	88,471	84,614
Oats bu.	35,260	34,095	33,286	1,449,531	1,182,594	1,345,081	18,376	18,780	592,674	531,762
Wheat bu.	125,746	138,822	101,465	878,374	902,749	793,713	126,913	148,953	877,193	979,813
Beans (dry) bu.	5,901‡	6,531‡	5,811‡	16,598	16,181	16,941	22,128‡	17,293‡	66,639	46,612
Cotton bales	289‡	182‡	199‡	14,373	12,955	14,160	...	21,774‡	1,291,589	1,269,885
Hay (tame) tons	14,568	15,312	14,535	93,031	106,001	93,017	180,538	148,193	1,148,283	1,202,953
Hops lbs.	32,742§	30,658§	26,714§	32,742§	30,658§	26,542§	6,319§	6,808§	6,319§	6,808§
Potatoes (white) . . bu.	47,107	56,076	40,706	462,943	402,741	383,526	25,235	36,948	250,043	388,741
Rice bu.	8,073*	8,960*	6,356*	41,881	44,774	36,118	7,104*	10,304*	30,077	41,616
Sugar Beets tons	1,541#	1,534#	1,636#	7,040	7,753	7,458	...	7,049#	50,525	59,455
Apples bu.	58,740	43,861	49,721	184,920	123,693	183,434	47,222	51,887	185,126	171,394
Apricots tons	171	208	177	...	...	...	8,550	11,856	...	...
Grapes tons	2,331¶	2,406¶	1,099¶	2,636¶	2,605¶	2,191¶	...	56,600	49,041	65,332
Peaches bu.	25,752	20,500	17,808	68,374	45,463	52,224	12,559	10,675	63,649	50,494
Pears bu.	15,326§	14,719§	10,947§	23,783	18,373	20,210	14,588§	11,112§	24,246	24,298
Plums tons	66°	57°	57°	...	...	...	2,442°	2,565°	...	...
Prunes tons	193°	203°	153°	...	...	...	19,300°	14,210°	...	...
Oranges boxes	31,000°	23,000°	23,530°	43,000°	31,200°	35,293°	102,300°	92,000°	130,500°	124,800°
Lemons boxes	7,100°	6,000°	6,415°	...	...	...	22,720°	22,800°	...	...
Almonds tons	13°	12°	10°	...	...	...	4,658°	3,840°	...	...
Walnuts tons	25°	51°	29°	...	...	...	10,500°	16,830°	...	...

*In thousands. †Arizona and California. ‡California and Idaho. §California, Oregon, and Washington. °California. #California, Idaho, and Utah. ¶In California, 142,000 tons were not harvested in 1927, and 153,000 tons not harvested in 1928. ◊California and Florida.

11,500 carloads held in storage in this area a year ago. Exports of apples from the United States during the 1928 crop season to November 24 totaled 1,854,347 barrels and 5,337,665 boxes. During the corresponding period in 1927, exports amounted to 1,257,556 barrels and 2,617,492 boxes. Current f.o.b. shipping point (Pacific Northwest) prices for apples range from 75 cents to one dollar per box lower than in 1927.

APPLES—Carlot Shipments

	November		July 1 - Dec. 1	
	1928	1927	1928	1927
California	272	436	5,298	3,303
Idaho	887	1,814	5,150	6,520
Oregon	1,072	848	4,406	2,472
Washington	6,512	6,181	25,864	19,106
Total	8,743	9,279	40,718	31,401
United States	13,388	15,877	90,182	69,519

During November shipments of oranges from California totaled 4,481 carloads. During November a year ago, 1,277 carloads were shipped. Current estimates of the 1928-1929 crop of Navel oranges place the yield at approximately 16,500,000 boxes, a figure which may be compared with the 11,650,000 boxes harvested during the 1927-1928 season. Average prices, f.o.b. shipping point, for California oranges declined during November to levels below those of either one month or one year ago.

Livestock on the District's ranges are generally in good condition, although the quality and quantity of range forage has declined during recent months, making necessary the early use of supplemental feed supplies.

The accompanying record of livestock receipts at eight principal markets of the District reflects recent trends of livestock production, the growing receipts of sheep and the declining receipts of cattle following upon readjustments in the cattle and sheep industries which took place a few years ago. These data and the weighted average prices, which are also shown, indicate with some accuracy the relative amounts of cash income received by livestock producers of the District during the past two years. Market prices for cattle and sheep during 1928 have been at higher levels than during 1927, and stockmen have realized cash returns equal to or better than last year.

LIVESTOCK RECEIPTS AND PRICES Twelfth District

	January 1 - December 1		Prices†	
	Receipts* 1928	1927	1928	1927
Cattle	808,398	932,112	\$11.83	\$ 9.07
Calves	174,298	225,572	.....	.....
Hogs	2,286,689	1,913,447	10.38	11.97
Sheep	3,641,083	3,320,867	13.44	12.51

*Eight principal markets. †Per hundredweight. Prices weighted according to seasonal receipts and volume received at each market.

Seasonal rainfall in the Twelfth District during September and October was less than normal, and fall plowing and grain sowing operations were hindered by the resultant lack of moisture in the soil. Heavy rains during

recent weeks have added to seasonal totals, however, until they approximate normal in all parts of the District, except the Pacific Northwest.

Industry

Activity in a number of important industries in the Twelfth Federal Reserve District showed a seasonal decline during November, but a generally high level of production was maintained. A reflection of the sustained pace of industry during November is found in the month's figures of unemployment and of railroad carloadings. The total number of unemployed persons in the District at the opening of the winter season was reported to be smaller than a year ago. This Bank's seasonally adjusted index of freight carloadings of industrial commodities stood at 110 (1923-1925 daily average=100) in November, 1928; 109 in October, 1928; and 108 in November, 1927. Urban building provided an exception to this general situation.

A smaller than seasonal reduction in employment was reported during November from all states of the District except Oregon and California. Increased mining activity and a fairly active engineering construction program were largely responsible for the maintenance of employment schedules. In California and Oregon, the reduced demand for labor incident to the close of the agricultural season and the usual winter influx of workers tended to raise the number of unemployed. A slight shortage of skilled miners was reported from most of the mining sections of the District.

Lumber production was curtailed rather sharply during November, particularly in Arizona, Northern California, and Oregon. Despite curtailment, the cut of lumber for the District as a whole was substantially larger than the volume of orders received or of shipments made. This Bank's seasonally adjusted index of lumber production dropped to 107 (1923-1925 daily average=100) in November, 1928, from 111 in October, 1928. In November, 1927, it stood at 106.

As reported by S. W. Straus and Company,

(B) Industry—

Indexes of daily average production, adjusted for seasonal variation
(1923-1925 daily average = 100)

	1928			1927
	Nov.	Oct.	Sept.	Nov.
Manufactures:				
Flour	101	109	108	90
Slaughter of Livestock	85	92	84	99
Lumber	107*	111	104	106
Refined Mineral Oils†	161	162	159	150
Cement	118	103	120	110
Wool Consumption	88	73	73	81
Minerals:				
Petroleum (California)†	101	95	96	94
Copper (United States)†	133	128	121	106
Lead (United States)†	114	109	116	110
Silver (United States)†	91	81	79	100
General:				
Carloadings§	110	109	109	108

*Preliminary. †Not adjusted for seasonal variations. ‡Prepared by Federal Reserve Board. §Other than Merchandise and Miscellaneous. ¶Revised.

the value of **building** permits issued in the District declined sharply during November, bringing the cumulated total for the year 13 per cent below the total for the January 1-November 30 period in 1927. In October, the cumulative figures were 11 per cent below those of last year. The major part of the decline over the year period may be accounted for in the permit figures of four of the larger cities of the District—Los Angeles, San Francisco, Portland, and Seattle. The value of engineering and heavy **construction** contracts awarded during November, as published for the far-western district by the Engineering News Record, showed a substantial increase over November a year ago. The cumulative totals for the year to date, however, were 11 per cent below those for the same period in 1927.

Production of **petroleum** rose sharply during November, due chiefly to increased yield from the new deep well zone of the Santa Fe Springs field in Southern California. Metal mining was active throughout the District during November with **copper** production reaching new record levels. Stimulation of copper production, afforded by rising prices for that metal, has noticeably increased the production of other non-ferrous metals, frequently found associated with copper. High prices and an increased demand have also induced a larger production of **quicksilver**.

Milling of **flour** in the District continued in large volume during November. Stocks of flour and of millers' wheat declined somewhat during the month. Reports indicate that domestic demand for flour was fairly active during November, and that foreign demand was relatively quite.

Trade

Trade in the Twelfth District was more active during November, 1928, than during November, 1927, and, if allowance be made for the usual seasonal changes, approximated that of October, 1928. The value of department store sales, particularly in Los Angeles and

(C) Distribution and Trade—

	1928			1927
	Nov.	Oct.	Sept.	Nov.
Carloadings, Total†	116	112	114	110
Carloadings, Merchandise and Miscellaneous†	120	115	118	112
Sales at Wholesale‡	106	107	99	105
Sales at Retail‡	116	120	123	118
Stocks, Retail§	110	110	109	113
Sales of New Automobiles||	117	112	110	73
Passenger Cars	113	126	119	90
Commercial Vehicles				
	Actual Figures			
Stock Turnover, Retail¶	.24	.26	.25	.24
Collections, Retail#	46.2	48.3	45.3	45.9
Regular	14.7	17.3	15.8	15.8
Installment				

*Adjusted for seasonal variations, 1923-1925 average=100. †Daily average. ‡Monthly totals of eleven lines combined §At end of month ||For source of figures, see June, 1928, Review. ¶Proportion of average stocks sold during month. #Per cent of collections during month to amount outstanding at first of month.

San Francisco, was smaller than during October, 1928, or November, 1927, but sales at wholesale, sales of new automobiles, and merchandise and miscellaneous freight carloadings were at higher levels than one year ago.

This Bank's seasonally adjusted index of merchandise and miscellaneous freight **carloadings** stood at 120 (1923-1925 daily average=100) in November, 1928; 115 in October, 1928, and 112 in November, 1927. Total carloadings were heavy throughout the District during November, nearly all commodities being handled in larger volume than during November a year ago. This Bank's seasonally adjusted index of total carloadings advanced to 116 (1923-1925 daily average=100) in November, 1928, as compared with 112 in October, 1928, and 110 in November, 1927.

Total value of sales at **retail** of 144 department, apparel, and furniture stores was 1.3 per cent smaller in November, 1928, than in November, 1927. The principal declines were reported from Los Angeles, San Francisco, and other northern California cities, excepting Oakland. The seasonally adjusted index of sales of 28 department stores declined to 116 in November, 1928, as compared with 120 in October, 1928, and 118 in November, 1927.

RETAIL TRADE—Twelfth District

	NET SALES*		STOCK* Nov., 1928, compared with Nov., 1927
	Nov., 1928, compared with Nov., 1927	Jan. 1 to Nov. 30, 1928, compared with Jan. 1 to Nov. 30, 1927	
Department Stores†	-1.8 (65)	2.4 (60)	-2.3 (49)
Apparel Stores	3.6 (29)	1.9 (23)	1.8 (17)
Furniture Stores	-0.2 (50)	-2.1 (42)	-8.2 (33)
All Stores	-1.3 (144)	1.7 (125)	-2.8 (99)

*Percentage increase or decrease (—). Figures in parentheses indicate number of stores reporting. †Includes dry goods stores.

Sales at **wholesale**, while not so great in value during November as during October, were of

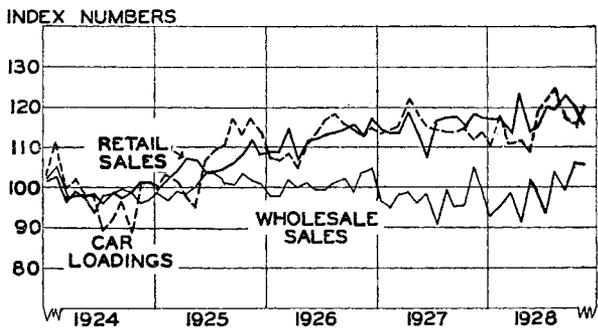
(D) Employment—

Industries	California		Oregon	
	No. of Firms	No. of Employees	No. of Firms	No. of Employees
All Industries	741	151,452	148	26,554
Stone, Clay and Glass Products	46	6,883 (5.8)	4	136 (3.6)
Lumber and Wood Manufactures	113	25,238 (4.9)	56	16,193 (6.8)
Textiles	18	2,511 (4.9)	10	1,858 (4.3)
Clothing, Millinery and Laundering	61	7,463 (1.1)	8*	455 (3.4)
Foods, Beverages and Tobacco	159	26,106 (4.9)	40	2,830 (0.9)
Water, Light and Power	5	7,723 (6.4)	..	..
Other Industries†	325	73,426 (14.7)	..	..
Miscellaneous	14	2,102 (7.2)	30	5,082 (0.3)

*Laundry only. †Includes the following industries: Metals, machinery and conveyances; leather and rubber goods; chemicals, oils and paints; printing and paper goods. Figures in parentheses indicate percentage changes from November, 1927.

greater value than during November, 1927. The seasonally adjusted index of sales at wholesale as computed by this Bank stood at 106 (1923-1925 monthly average=100) in November, 1928; 107 in October, 1928, and 105 in November, 1927. Wholesalers' stocks were 3 per cent smaller at the end of November, 1928, than at the end of November, 1927.

Sales of new automobiles remained at high levels for this season of the year. The seasonally adjusted index of sales of new passenger cars stood at 117 (1923-1925 daily average=100) in November, 1928; 112 in October, 1928;



DISTRIBUTION AND TRADE—TWELFTH DISTRICT
Indexes adjusted for seasonal variation. 1923-1925 average=100. Daily average figures of department store sales and railway carloadings of merchandise freight. Monthly figures of sales at wholesale.

and 73 in November, 1927, while the index of new truck sales stood at 113 (1923-1925 daily average=100) in November, 1928, as compared with 126 in October, 1928, and 90 in November, 1927.

Prices

The general level of commodity prices has fluctuated within a range of 5 per cent during 1928 and it was approximately the same in the last month of the year as in the first. There was little change in average monthly indexes during the first quarter of the year, but during the second and third quarters an upward trend was in evidence. This movement culminated in September, after carrying the indexes to the highest point reached since June, 1926. During the past three months sharp declines in prices of commodities of leading importance have brought composite indexes to approximately the levels at which they stood at the beginning of the year.

Composite indexes are not reliable indicators of actual changes in prices of specific commodities and the moderate movements in such general indexes during the past year do not reflect the wide variations that have taken place in quotations of many individual products. It is desirable, therefore, to call attention not only to the relative stability in the general price level during 1928, but also to the considerable fluctuation in prices of many important commodities—fluctuations which have tended more or less to offset one another. For example,

prices for cotton, corn, and cattle have moved within a range of 25 per cent, quotations for lambs and hogs have fluctuated by as much as 30 per cent, and wheat prices have had a spread of 35 per cent between the high and low points for the year. Crude petroleum prices have been advanced substantially, some grades as much as 45 per cent, and quotations for copper have advanced 15 per cent since January. Crude rubber prices declined 50 per cent early in the year and have remained at about the levels reached at that time.

Prices of commodities important in the Twelfth District have not been free from these movements and the year's returns to various economic groups, such as mining operators and agriculturists, have been increased or decreased to some extent in accordance with price changes. Advances in copper prices throughout the year have resulted in improved conditions in that industry. Crude oil producers have benefitted from upward revisions in petroleum prices. Increases in softwood lumber prices have been moderate and, with at least a partial control of output in effect, have helped to improve the position of that industry. In agriculture, advancing prices for some crops have increased the incomes of certain producers, while other groups of producers have received smaller aggregate returns than were anticipated early in the year, even though crops were of record or near-record size. Among those producers who have, in general, been favored by price changes are orange, lemon, and prune growers. Groups whose aggregate income was adversely affected by changing prices during the year include grape, potato, and wheat growers. A combination of changes in prices and production has resulted in generally satisfactory total income returns to other groups such as those producing apples, barley, or cotton.

Banking and Credit

There has been little change in the credit situation in the Twelfth Federal Reserve District since October, 1928. Demand for member bank and Reserve Bank credit has continued larger than a year ago and the supply of credit has continued ample for the District's needs. Reporting member bank loans and investments were further expanded during November and early December, while at the same time their borrowings from the Federal Reserve Bank of San Francisco were reduced. Prevailing interest rates charged by banks in principal financial centers of the District remained slightly above the rates quoted a year ago.

Commercial loans of reporting member banks averaged higher during November than in October and rose to record levels (997 million dollars on December 12) during the first half of December. Loans on securities at these

banks also increased during November and the first week of December. These loans showed a slight reduction during the second week of December, as security prices and activity in security markets declined. Investment holdings of reporting banks were reduced during November, but during the first half of December they rose to October levels. Both demand and time deposits at the banks showed an upward trend throughout November and the first half of December. The increase was not so great as that in loans and investments, however, and the member bank ratio of total deposits to total loans and investments ranged slightly lower during late November and early December than a month earlier.

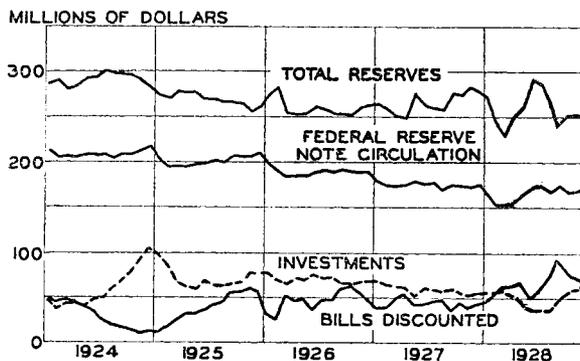
REPORTING MEMBER BANKS*—Twelfth District
(In millions of dollars)

	Condition				
	Dec.12, 1928	Nov.28, 1928	Nov.14, 1928	Oct.31, 1928	Dec.14, 1927
Total Loans and Investments	2,082	2,056	2,044	2,030	1,889
Total Loans	1,412	1,401	1,389	1,364	1,302
Commercial Loans	997	983	987	973	951
Loans on Securities	415	419	401	390	352
Investments	671	654	655	667	586
Net Demand Deposits	859	863	882	840	849
Time Deposits	1,038	1,013	1,017	1,016	942
Borrowings from Federal Reserve Bank	50	67	61	64	39

*Total resources of reporting banks are approximately 46 per cent of total resources of all banks and 62 per cent of total resources of all member banks in the Twelfth Federal Reserve District. Reporting banks embrace member banks and branches located only in Los Angeles, San Francisco, Oakland, Portland, Tacoma, Seattle, Spokane, Salt Lake City, and Ogden.

During the first half of November borrowings from the Federal Reserve Bank of San Francisco were reduced, a net inflow of funds into the District and large treasury disbursements being but partially offset by an increased demand for currency and increased reserve requirements of the member banks. During the second half of November borrowings from the Reserve bank increased sharply, due to a heavy

outflow of funds from the District, which was not altogether offset by (a) Treasury disbursements in excess of receipts, (b) a reduced District demand for currency and (c) reduced reserve balances of member banks. Average total borrowings from the Reserve bank were lower during November than during October, but this decrease, insofar as the total amount of reserve bank credit outstanding is concerned, was balanced by slightly larger average holdings of purchased acceptances and United States Securities. During the first half of December there was a renewed inflow of funds into the District, which coupled with further net Treasury disbursements and a further reduction in member bank reserve balances overcame the influence of a seasonal expansion in the District's currency needs and resulted in a sharp reduction in demand for credit at the Reserve bank. Country banks reduced their borrowings one million dollars or 15 per cent, and city banks 17 million dollars or 25 per cent.



RESERVE BANK CREDIT—TWELFTH DISTRICT
Monthly average of daily figures. Latest figures are averages for first 21 days in December.

(E) Bank Debits*—

	Nov., 1928	Nov., 1927	First Eleven Months —	
			1928	1927
Bakersfield	\$ 16,437	\$ 15,631	\$ 157,032	\$ 146,171
Bellingham	9,765	9,238	110,435	106,739
Berkeley	22,049	23,237	240,295	237,937
Boise	16,109	16,238	169,752	152,763
Eugene	8,512	7,929	84,333	82,691
Everett	13,576	12,495	149,867	139,727
Fresno	40,680	55,166	391,988	449,581
Long Beach	58,324	43,595	608,936	526,760
Los Angeles	1,122,458	959,827	11,742,149	10,162,734
Oakland	219,940	223,368	2,681,191	2,422,441
Ogden	23,220	25,281	209,990	203,738
Pasadena	38,657	37,321	441,393	438,717
Phoenix	43,006	32,258	386,226	299,308
Portland	210,361†	189,656	2,000,534‡	1,874,764
Reno	11,265	9,203	110,758	103,412
Ritzville	1,167	1,263	11,570	10,787
Sacramento	51,023	48,346	551,574	426,762
Salt Lake City	78,740	75,477	827,333	766,063
San Bernardino	10,987	11,424	117,860‡	112,761
San Diego	59,574	62,460	683,345	674,914
San Francisco	1,476,300	1,323,671	16,704,667	13,552,389
San Jose	44,191	27,174	329,746	289,973
Santa Barbara	15,083	13,341	155,993	148,249
Seattle	224,486	223,036	2,690,528	2,374,367
Spokane	55,959	58,116	623,286	610,789
Stockton	28,209	27,076	320,710	308,256
Tacoma	46,371	42,949	506,832	492,986
Yakima	17,957	17,479	156,842	143,838
District	\$3,964,406†	\$3,592,255	\$43,165,165‡	\$37,259,617

*In thousands. †Includes \$18,026,000 at four banks not reporting prior to week ended May 2, 1928. ‡Includes \$121,979,000 at four banks not reporting prior to week ended May 2, 1928. †Revised, cumulative figure Sept. \$95,668; October \$106,873.

Those factors responsible for changes in the demand for credit at the Reserve bank also accounted for the increase in this Bank's cash reserves during the first half of November, their sharp decline during the second half of that month and their sharp increase during the first half of December. During this six weeks period, November 1 to December 12, inclusive, there was a relatively constant transfer of funds into the District by the United States Treasurer to cover his disbursements in this area, a factor tending to increase this Bank's reserves, which, at the end of the period, were higher than at its beginning.

FEDERAL RESERVE BANK OF SAN FRANCISCO
(In millions of dollars)

	Condition				
	Dec.12, 1928	Nov.28, 1928	Nov.14, 1928	Oct.31, 1928	Dec.14, 1927
Total Bills and Securities	124	141	125	127	97
Bills Discounted	55	73	66	70	45
Bills Bought	32	50	42	40	6
United States Securities	17	17	17	17	46
Total Reserves	259	240	262	251	282
Total Deposits	194	195	200	192	191
Federal Reserve Notes in Circulation	169	164	167	164	172
Reserve Ratio	71.5	66.7	71.3	70.6	77.7

Earnings and Expenses of Member Banks in Twelfth District

Analysis of Costs and Earnings of Non-Branch Operating Banks During 1927

(Statement of amounts per \$100 of earning assets in even dollars and cents results in some instances in slight discrepancies between component figures and related totals.)

	Twelfth District*	\$1,000,000 and Under	Average Amount of Earning Assets				
			\$1,000,000 to 1,999,999	\$2,000,000 to 2,999,999	\$3,000,000 to 3,999,999	\$4,000,000 to 4,999,999	\$5,000,000 and Over
Number of Banks	620	418	100	35	21	14	32
Amount per \$100 of Earning Assets†							
Total Earnings	\$6.77	\$7.67	\$7.37	\$7.42	\$6.55	\$6.17	\$6.38
Interest Earned	5.90	6.80	6.52	6.25	5.82	5.74	5.39
Other Earnings .....	.88	.87	.85	1.17	.73	.42	.99
Total Expenses	5.00	5.80	5.49	5.61	4.85	4.40	4.67
Salaries and Wages	1.65	2.16	1.97	1.88	1.68	1.38	1.41
Interest and Discount on Borrowed Money .....	.08	.12	.08	.08	.03	.05	.09
Interest on Deposits	2.03	1.96	1.98	2.04	2.11	1.92	2.08
All Other Expenses	1.24	1.57	1.46	1.61	1.02	1.05	1.09
Net Earnings	1.77	1.86	1.88	1.81	1.70	1.77	1.71
Net Losses .....	.82	1.12	1.03	.89	.84	.43	.73
Net Addition to Profits.....	.95	.74	.85	.92	.86	1.34	.98
Dividends Declared .....	.73	.72	.78	.81	.67	.81	.70
Amount per \$100 of Earnings							
Interest Earned	87.05	88.70	88.48	84.19	88.88	93.04	84.47
Other Earnings	12.95	11.30	11.52	15.81	11.12	6.96	15.53
Total Expenses	73.85	75.70	74.45	75.57	74.00	71.36	73.13
Salaries and Wages	24.41	28.18	26.75	25.29	25.62	22.52	22.05
Interest and Discount on Borrowed Money	1.24	1.53	1.03	1.04	.50	.82	1.46
Interest on Deposits	29.93	25.52	26.86	27.54	32.28	31.05	32.55
All Other Expenses	18.27	20.48	19.81	21.70	15.60	16.96	17.07
Net Earnings	26.15	24.30	25.55	24.43	26.00	28.64	26.87
Net Losses	12.13	14.62	14.03	12.00	12.80	7.16	11.55
Net Addition to Profits.....	14.02	9.68	11.52	12.43	13.20	21.48	15.32
Dividends Declared	10.79	9.40	10.59	10.91	10.18	12.97	11.03

Other Operating Ratios

(Amount per \$100)

Earning Assets to Invested Capital.....	\$724.84	\$628.94	\$684.37	\$693.63	\$806.22	\$611.43	\$813.24
Profits to Invested Capital.....	6.88	4.67	5.81	6.40	6.97	8.11	7.95
Interest on Deposits to Gross Deposits.....	2.11	1.86	1.90	1.96	2.07	2.09	2.33
Time Deposits to Gross Deposits.....	38.54	38.91	42.57	44.38	50.32	31.60	35.27
Losses on Loans to Total Losses.....	59.60	65.79	53.24	45.48	61.81	75.97	58.43
Losses on Securities to Total Losses.....	12.30	6.74	14.58	9.17	14.61	4.96	15.48
Other Losses to Total Losses.....	28.10	27.48	32.18	45.34	23.58	19.07	26.09

Miscellaneous Comparative Items

(Per Cent of District Total)

Invested Capital	100.0	19.42	12.41	6.98	7.91	13.74	39.54
Earning Assets	100.0	16.85	11.72	6.68	8.80	11.59	44.36
Gross Deposits	100.0	18.46	12.70	7.25	9.37	11.05	41.17

*Includes figures for Arizona and Nevada which are not shown separately because of small numbers of banks included.

†Earning assets include loans and discounts and holdings of Government securities and other bonds, stocks and securities.

These ratios are based upon data taken from the customary abstracts of reports of conditions and of earnings, expenses, and dividends. It should be borne in mind in using them that the statistics employed represent aggregates for all member banks reporting on the various dates, and such ratios as are shown in this table are therefore ratios of aggregates in which figures for large banks have a statistical influence somewhat disproportionate to their number in comparison with the figures for small banks. Data are only for member banks for which complete condition reports for every call in a particular year were available. Where reports for any bank were not complete during any year all figures for that bank were omitted.

NOTE: The character of the work and the large amount of data involved in preparing these operating ratios have resulted in occasional clerical errors. It is, therefore, necessary to regard the figures now being published as preliminary data, subject to some revision. Complete and final figures, including those for 1928, will probably be published during 1929.