

Monthly Review



FEDERAL RESERVE BANK OF SAN FRANCISCO

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PRODUCTION AND PRICE DEVELOPMENTS—1947

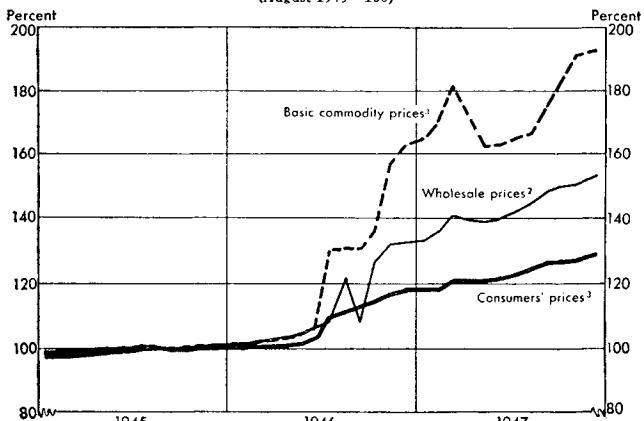
THE CENTRAL developments in the economic situation in 1947 were the widespread improvement in employment and industrial production in most countries and the practically world-wide rise in the general price level. Industrial output in 1946 had already increased greatly over 1945 in most European countries, and in 1947 these gains continued and were generally accelerated. In the United States, Canada, and Japan, industrial output declined in 1946 from the high wartime levels, but a substantial expansion of production in 1947 reversed this downward trend. The decline in employment and production had already been checked in the United States in 1946 and more people had jobs in this country in 1947 than ever before, while industrial production rose to new peacetime levels.

Increased output in 1947 failed, however, to keep pace with the demand for goods, and prices rose in nearly all countries. In a number of countries, including France, Japan, and particularly China, where unsettled political conditions and unbalanced budgets led to excessive currency inflation, prices advanced to extreme levels in 1947, continuing the trends already in existence. In at least a dozen other countries, price increases in 1947 were held to relatively moderate proportions; in several of these, however, inflation had reached fairly high levels before 1947. In the United States and Great Britain the official indexes of wholesale prices rose in 1947 by about 15 percent and in Canada by more than 25 percent.

In such important areas as the United States, Great Britain, and Canada, inflationary potentials had already been created by national policies of war finance during the years before 1946. Pent-up purchasing power became effective on a large scale in the United States with the removal of most of the wartime restrictions on materials and production following the end of the war, and more especially after the abandonment of all attempts at rationing and price control in 1946. In that year the average monthly wholesale price index rose by more than 31 percent. Canada continued most of its war controls through 1946 and in that country the wholesale price index advanced only about 7 percent. In 1947 when controls were largely abolished, the trend of Canadian prices roughly paralleled that of 1946 in the United States. British price levels were especially influenced by American and Canadian prices in 1947, both because of the heavy volume of British purchasing in North American markets in that year and also because of the great weight of American

buying in determining prices for many raw materials moving in international trade.

WHOLESALE AND RETAIL PRICE INDEXES—UNITED STATES
(August 1945=100)



¹ A group of 27 products traded on organized primary markets or commodity exchanges whose prices are especially sensitive to changes in market conditions.

² Based on prices of some 900 commodities.

³ Based on a list of commodities and services, including rents, purchased by moderate income groups in large cities.

Source: United States Bureau of Labor Statistics.

Specific inflationary factors in the United States

Over and above such underlying basic conditions, price movements in 1947 were influenced by a number of specific factors peculiar to that year. Perhaps the most significant of these were world crop shortages, including serious deficiencies in European wheat harvests and in the American corn crop. The resulting pressure on the grain markets exerted marked influence on food prices in general, which led the advance, both in wholesale price levels and in the cost of living. The progress of industrial recovery in western Europe also caused heavy demands for raw materials and semi-manufactured products, much of which was concentrated on American markets. High rates of industrial activity and employment, of government expenditures, and of investment in industrial facilities and in building construction, all contributed importantly to maintaining a high level of consumer purchasing power in the United States, and both directly and indirectly exerted upward price pressures. General advances in wage rates in response to higher living costs at a time of full employment tended to increase operating costs and provided a ready opportunity for many industries to raise their selling prices.

The marked expansion of bank loans since the middle of 1946 also contributed to the upward pressure upon prices for both consumer and producer goods. In 1947 the volume of bank loans in the United States expanded by approximately 21 percent. This loan increase more than offset the reduction in bank holdings of Government securities. As a consequence personal and business deposits increased by \$6 billion. The funds thus obtained were used by businessmen and consumers to bid against each other for plant and equipment and for consumer goods, the supplies of which could not be increased correspondingly.

The degree of price inflation that occurred in the United States in 1947 is indicated in the chart on page 1, which is based upon official index numbers compiled by the

Bureau of Labor Statistics. Increased expenditure for either consumption or plant and equipment must be reflected in higher prices unless the production of goods and services can be increased without significant increases in unit costs. The principal impediments to increased production continue to be (1) practically full employment of labor; (2) the scarcity of certain basic industrial materials, such as steel and lumber; (3) short supplies of energy fuels—coal and petroleum; and (4) the shortage of transportation equipment. The serious nature of these obstacles, although considerable plant expansion is taking place, makes it appear that large increases in the production of most goods cannot occur in the near future. However, a substantial increase in world grain production is in prospect for 1948. If this occurs it would lessen somewhat the pressure on commodity prices.

INDUSTRY AND TRADE IN 1947

INDUSTRIAL production and employment in the Twelfth District were characterized by much greater continuity in 1947 than in 1946, when wage disputes and material shortages impeded operations over a wide range of extractive and manufacturing industries, and when, in many cases, management was faced with the task of converting war plants to peacetime use. Many materials were in somewhat easier supply in 1947, and most industries operated at a much higher pitch of efficiency. Electric power production rose to new high levels during the year, exceeding even the wartime peaks. Carloadings of manufactured products in 1947 also exceeded all previous records. Manufacturing employment held the gains made during the second half of 1946 and established a new high for the postwar period. Employment in public utilities, construction, and the distributive and service trades also made notable gains. Total payroll disbursements increased fairly steadily, and the volume of consumer incomes rose to new postwar levels in practically all parts of the District, although price inflation probably prevented any general expansion in the purchasing power of incomes.

Population growth and labor supply

Population continued to grow fairly rapidly in most parts of the District in 1947, though not at so high a rate as in 1946 and some of the war years. Total civilian population of the Twelfth District states at mid-1947 was estimated by the Bureau of the Census at 15,375,000, or approximately one-ninth of the national total.¹ About one-third of the population growth of the entire country since 1940 has occurred in this District. Over four-fifths of the District increase was represented by net immigration. Migration of war veterans is still continuing, especially into California, and is contributing to the steady enlargement of the labor force, mainly among the relatively unskilled. It is also helping to sustain the pressure on housing facilities and on the demand for many other goods and services.

There are indications that the labor supply is becoming redundant in some areas, at least for certain types of labor. In spite of an active demand for labor in most indus-

INDEXES OF INDUSTRIAL PRODUCTION—TWELFTH DISTRICT
(1939=100)

	1938	1940	1941	1942	1943	1944	1945	1946	1947 ¹
Copper	72	118	133	154	157	140	112	89	133
Lead	100	116	116	121	107	96	84	73	98
Zinc	99	146	159	168	171	191	185	170	200
Silver	101	104	102	88	68	56	46	39	58
Gold	88	105	103	75	35	29	25	30	78
Coal	91	105	118	153	161	163	160	140	164
Iron ore	69	115	145	148	599	839	765	569	1112
Steel ingots	74	118	134	156	205	301	295	247	386
Aluminum ²	0	0	43	100	197	216	130	94	165
Petroleum	111	100	103	111	127	139	146	140	148
Refined oils	99	97	108	110	121	141	152	137	150
Natural gas	90	101	109	115	127	134	155	148	158
Cement	80	109	144	170	140	112	115	144	169
Lumber	81	110	128	128	121	126	98	106	126
Wood pulp	77	130	143	141	110	118	116	124	144
Paper	86	112	127	127	118	123	122	135	135
Wooden boxes ²	—	—	—	100	120	145	132	132	122
Douglas fir plywood	68	126	174	188	151	152	125	147	168
Fish meal	94	73	94	65	72	82	67	54	42
Fish oil	76	61	86	56	53	79	60	37	31
Canned fruits	74	91	117	116	91	121	106	167	135
Canned vegetables	94	131	165	176	198	215	213	278	249
Canned fish	97	105	123	93	89	98	99	88	88
Meat	97	117	121	132	126	149	163	161	166
Sugar	92	100	87	94	84	84	84	92	120
Flour	90	96	96	97	107	111	123	119	124
Butter	101	104	101	88	78	70	51	39	64
Cheese	96	100	115	123	119	131	140	140	139
Ice cream	87	106	122	163	161	176	194	281	250
Wool consumption	89	105	114	139	168	162	178	223	191
Motion pictures (cost) .	95	91	112	112	121	164	242	248	248

¹ Preliminary.

² 1942=100. Adequate data on wooden boxes not available prior to 1942.

Note: Data given above supersede previously published annual indexes.

tries of the District, unemployment has for the past two years remained higher than in the country at large. Continued claims filed for unemployment compensation in the Twelfth District were about one-seventh of the total for the United States in October, about one-sixth in November, and nearly one-fifth in December. These ratios were consistently higher in 1947 than in the corresponding months of 1946. While there is no lack of job opportunities for well-qualified workers, reports of state employment services repeatedly emphasize the difficulty of placing many types of job applicants, particularly unskilled workers, non-whites, and women.

Capital formation

Capital investment in new productive facilities and in public works reached very high levels in 1947 in many parts of the District. Enlargement of existing plants and

establishment of new enterprises occurred in all the major industrial centers, and a considerable expansion of manufacturing facilities is under way in a number of smaller cities. Plans were announced during the year for notable additions to the iron and steel, lumber, oil refining, paper, and plywood manufacturing capacity of the District, as well as numerous expansions in a wide variety of miscellaneous industries. The public utilities, particularly the telephone and power companies, as well as publicly owned units, have embarked upon large programs of expansion, some of which will require a period of years for completion. Outlays on reclamation and other development projects, while cut back from the levels of recent years, were still substantial. A large volume of highway and other public works construction, state and municipal, was inaugurated. Wholesale and retail establishments also undertook much replacement and expansion work.

Construction and the housing situation

Building construction in 1947 proceeded much more smoothly and efficiently than in 1946, when progress was held up by frequent bottlenecks in the supply of materials and trained building mechanics. The total volume of new construction, as well as of additions, alterations and repairs, was apparently considerably larger than in 1946, both in the District and in the country as a whole, although exact comparisons cannot be made because of the lack of data for non-urban areas and for work actually put in place. With these reservations, it may be estimated that the total value of building construction authorized in the Twelfth District in 1947 was roughly one-eighth above the 1946 total. The dollar value of building permits issued in the urban areas of the eleven Western states during 1947 was about \$1,260 million as against about \$1,120 million for the year 1946. Comparisons with other recent years are shown in the accompanying table.

Except for a brief period of hesitation in the second quarter, western building activity in 1947 increased month by month until October. Total permits issued in urban areas in the eleven Western states during the first five months of the year ran about 22 percent below the corresponding period of 1946 when applications for permits had been stimulated by the announcement of a policy of stricter limitation on non-residential construction. During the seven months from June to December, however, 1947 permits regularly exceeded those of 1946, with an aggregate value about 47 percent higher.

The lumber market

With the rise of material prices and building labor costs to record levels, lumber prices have experienced a spectacular increase compared with other commodity prices. While the general average of wholesale commodity prices has slightly more than doubled since 1939, the composite lumber price index, as computed by the Bureau of Labor Statistics, has more than trebled. Over the 13 months from October 1946 to November 1947 the lumber index advanced 54 percent, much the greater part of the increase occurring in the four months between October and

WESTERN BUILDING CONSTRUCTION—1943-1947

Estimated value of building permits in urban areas of the western states¹
(millions of dollars)

	1943	1944	1945	1946	1947
All building construction ²	337	324	513	1,118	1,259
Federal	158	122	92	58	25
Non-federal	179	203	420	1,060	1,234
New residential construction.....	184	124	221	617	710
Federal	88	21	21	41	2
Non-federal	96	103	200	576	708
New non-residential construction.....	103	137	191	338	358
Federal	66	96	62	7	19
Non-federal	37	41	128	331	339

¹ Area includes Colorado, Montana, New Mexico, and Wyoming in addition to Twelfth District states.

² Including additions, alterations, and repairs.

Figures will not necessarily add to totals because of rounding.

Source: United States Bureau of Labor Statistics.

February. There was some slowing down in March and April, followed by a slight recession in May and June, but in the last half of the year lumber prices resumed their upward course and mounted to steadily higher levels.

Prices of western lumber of standard grades and dimensions appear to have been affected very slightly by the temporary decline in the market last spring. It was chiefly the weakness in Southern pine, which declined about 10 percent between February and June, that caused the recession in the composite lumber price index in May and June. Standard grades of Douglas Fir held at firm prices through the year; minor reductions occurred in some grades of Ponderosa pine in June—followed by speedy recovery, however; white pine maintained a steady advance throughout. Prices of substandard grades and of rough unfinished lumber weakened somewhat in April and May, reflecting primarily the improved supply of finished lumber. Rough lumber is produced by small mills which lack facilities for planing and finishing. During the chaotic markets of last winter and early spring these small operators could dispose of their product, often uncured, at good prices on the open market or sell their rough lumber to the larger mills which finished it into usable types. As the labor and equipment supply improved and more logs became available, the position of the large mills improved correspondingly. Faced with greater difficulty in selling their rough lumber, the small mills were forced to cut prices and in some cases to quit business. In the aggregate, however, and aside from type of product, the small mills appear to have made in 1947, as in 1946, a very substantial contribution to the total lumber supply of the District, although their logging and milling practices have in many cases been uneconomic.

Lumber production

Production conditions were much easier in 1947 in most of the logging and lumbering areas of the District than in 1946, and a considerably greater output of finished lumber was obtained. Industrial relations improved and labor supply increased substantially; more logging and mill equipment became available; weather conditions were exceptionally favorable through most of the year. Shipping difficulties were not so acute as in 1946, when maritime strikes occurred, although freight car shortages were still a limiting factor on production in many instances, especially in the summer months when box cars were diverted to move the bumper wheat crop of the Southwest.

Total estimated District lumber production, based on trade association reports, was about 14.6 billion board feet in 1947—an increase of roughly one-sixth over reported production for 1946. This output was slightly above the average of the three years 1942-44; production in the last half of 1947, in fact, exceeded that of the corresponding period of any year since 1941. Actual lumber output in the past two years has been substantially greater than the above estimates because of a large unreported production by small sawmills whose output is extremely difficult to estimate. The most recent Census count of lumber production in twelve western states indicates that previously published estimates for 1946 output should be increased by about 12 percent. Possibly some such ratio may also apply to the 1947 estimates, although there are some indications of a considerable mortality rate among the small mills in 1947.

The major part of the increased District lumber output in 1947, compared with 1946, occurred in the Douglas Fir area, where reported production rose from 6.5 to 7.6 billion board feet. In combination, the Western Pine and Redwood areas produced nearly a billion more board feet in 1947 than in 1946. Increased output was particularly striking, proportionately, in the Redwood area where some of the largest mills had been strikebound for a substantial part of 1946. Marked expansion also occurred in 1947 in District pulp and paper production, in the operations of plywood and millwork plants, and in furniture and other wood-working establishments.

Lumber exports

Construction lumber was in heavy demand in 1947, not only for domestic use, but also for export. Water-borne export shipments from the North Pacific coast (Oregon and Washington ports) aggregated nearly 750 million board feet in 1947, more than double the 1946 volume and equivalent to the best month's total output of the Douglas fir area in any year since 1944. Heaviest foreign shipments were made in the second and third quarters of the year. Over half the total export of lumber from this area in 1947 was to Great Britain, with substantial quantities going also to China, Africa, South America and Australia, and lesser quantities to the Netherlands, Belgium and France. The total water-borne movement, foreign and domestic, from the North Pacific ports was over 1.5 billion board feet, up 90 percent from 1946, reflecting in part the greater availability of ocean shipping and generally easier freight rates.

Petroleum

In 1947 the rapidly increasing demand for petroleum products outran the ability of the industry, in many parts of the country, to supply its customers' needs. Many of the industry's problems, however, resulted from shortages of transportation facilities of one kind or another, rather than from inadequate production, although efforts to increase output were hampered in many cases by lack of equipment and manpower. As compared with the situation in many parts of the country, particularly towards the end of the year, conditions were relatively favorable

in the Twelfth District and a much better balance was achieved between supply and demand than in the country as a whole.

This area was not without its problems, however. Shortages of fuel oil, in particular, threatened to develop at various points in the District, largely in consequence of reduced output of hydro-electric energy caused by low stream flow and the necessity to supplement water power by steam generated current. This extra demand on steam plant facilities came at a time of rapidly mounting power requirements and of limited supplies of natural gas—the alternative fuel. The use of fuel oil by the electric power utilities of the Pacific Coast states averaged about 4.5 million barrels per year during the years 1942 to 1945; it rose to nearly 11 million barrels in 1946 and almost 17 million barrels in 1947. The rapid growth of heating requirements incident to increased population and building activity was an important factor in the fuel oil situation in 1947. The demand for Diesel oil for rail and motor transportation also established a new high level, as more and more Diesel-type locomotives and trucks were put into use. With more cars and trucks in operation than ever before, the demands of motorists and other users of gasoline attained levels in 1947 well above previous records. District gasoline output was for several months near the rate of the top months of 1945 when the war effort was at its peak. Offshore demand for District petroleum products also increased substantially.

Faced with this combination of demands for its major products, the District petroleum industry steadily stepped up its output in 1947. Average daily output of crude oil in 1947 exceeded 912,000 barrels, as compared with 894,000 in 1945, the previous high year, and production of refined oils was within about 1 percent of the 1945 record. Drilling, both exploratory and developmental, was exceedingly active in many areas, and was limited only by the availability of equipment. About 1600 new wells were completed in California in 1947, as compared with 1375 in 1946 and 1690 in 1945.

Prices of crude oil and of all major petroleum products were sharply advanced during 1947. The largest increase came at the end of the year, when crude oil prices were raised 50 cents per barrel and gasoline prices 1.8 cents per gallon, with corresponding advances for other products. The succession of increases in 1947 brought the price of crude oil to its highest level in more than twenty years. Additional gasoline and use taxes were imposed in California, effective July 1, 1947, in order to help finance highway construction.

Plans were announced during the year by one of the leading petroleum producers of the District for the early construction of a 200-mile pipe line to bring crude oil from the Rangeley oil field district in northwestern Colorado to a new refinery to be built in the Salt Lake City area. It is expected that this operation will in time serve a considerable part of the Intermountain and Northwestern markets and thus relieve the pressure on California oil resources which promise to be completely absorbed

at an early date by the growth of local population and industry. The 1,200-mile natural gas pipe line from West Texas to Southern California was opened in November and the first deliveries of natural gas from this new source of supply became available to the industries of the District.

Shipbuilding and aircraft industries

District shipbuilding output and employment continued to shrink in 1947, and new ship construction has practically reached the vanishing point. Four merchant vessels were delivered during the year under the Maritime Commission building program—three cargo carriers at Portland in March and April, and a large combination passenger-cargo liner at San Francisco in December. One additional vessel of the latter type—the last of ten ships originally designed as troop transports and built at the same yard since 1942—remains to be delivered. This will complete the Maritime Commission's contracts on the Pacific Coast. Aside from a few small naval vessels and some fishing boats, no other ship construction of ocean-going types was under way in 1947. A fair amount of reconditioning and reconversion work was carried out, chiefly of laid-up naval tankers, in order to augment the commercial tanker tonnage of the east coast.

The aircraft industry also experienced a generally unsatisfactory year in 1947. Gross revenues for the industry as a whole were about equal to those of 1946, but costs increased and the industry net loss was expected to be about double that of 1946 after tax adjustments. Commercial business in 1947 proved very disappointing and was responsible for most of the losses sustained. Some airplane producers were severely affected by cancellations of orders from commercial airlines and others were forced to absorb large additional costs in modifying planes which had previously been accepted for commercial flying. Military orders, while sufficient to keep the industry functioning, were still far below the volume required to encourage the maintenance of adequate engineering staffs or to secure production on a really economic basis. The backlog of orders held by District aircraft producers at the end of 1947 was approximately \$1 billion, nine-tenths of which was government business. A considerable part of this is represented by development work in rockets, guided missiles and other research in non-aircraft products. Employment in District airframe and aircraft parts plants in 1947 averaged slightly below that of 1946.

Base metals

Production of copper, lead, and zinc by District mines and smelters recovered sharply in 1947 from the low levels of 1946, when operations were drastically reduced by long continuous strikes and labor shortages. In addition to improved industrial relations and better labor supply, steady demand and high prices contributed to the better showing in 1947. Prices of most non-ferrous metals remained at high levels practically without change throughout the year.

The lapse after June 30, 1947 of premium price payments as subsidies to high-cost metal producers apparently had little effect on total output of copper or lead in the Twelfth District, as the labor released by the marginal mines quickly shifted to the lower-cost producers. In spite of a decline after June, Twelfth District zinc production in 1947 was the highest on record.

As in other recent years, Arizona, Utah, and Nevada continued to produce the great bulk of the copper output of the District, although production in Nevada has declined steadily since 1942, the year of highest output in that state. Idaho held its position as the leading producer of lead and zinc in the District, followed by Utah, Arizona, and California in lead, and by Arizona, Utah, Nevada, and Washington in zinc.

Total District output of copper, lead, and zinc for the three years 1945 to 1947 and the weighted average price paid for each metal, f.o.b. refinery, including premium payments, as estimated by the Bureau of Mines, were as follows:

	Production (thousand short tons)			Price per pound		
	Copper	Lead	Zinc	Copper	Lead	Zinc
1945	580	149	200	\$0.135	\$0.086	\$0.115
1946	462	135	179	0.162	0.109	0.122
1947	684	174	211	0.209	0.146	0.117

Precious metals

The large increases in the District's production of base metals in 1947 was paralleled by similar gains in output of precious metals. To an important extent gold and silver production in this region reflects the activity of base metal mining of which they are by-products. Gold output increased in five of the seven District states in 1947, and silver production gained in every state. Utah was apparently the largest gold producer in 1947 with an output of around 413,000 fine ounces, the highest in the state's history. Practically continuous operation in 1947 of the leading copper mine in the Bingham district, which produces gold as a by-product, was largely responsible for this showing. California output increased moderately over that of 1946, and was very close to the Utah total. The major part of California's production comes from dredging operations; the lode mines have experienced increasing difficulties with rising costs and many of them remain inoperative. Total District gold output in 1947 gained about 42 percent over 1946 and 71 percent over 1945.

District silver production in 1947 reversed the six-year downward trend from 1940 to 1946, with an output nearly 50 percent greater than in 1946. The largest proportional increase occurred in Utah, where the bulk of silver production is a by-product of other mineral ores. Idaho remained, however, the nation's leading silver state in 1947 as in every year since 1933, with more than one-third of the total District output. Roughly half the silver production of Idaho is recovered from silver ore, the remainder chiefly from lead and zinc ores. Silver production was stimulated in 1947 by the advance in the Treasury's buying price after June 30, 1946 to \$0.905 per fine ounce.

This compares with the average price of \$0.808 for 1946 as a whole and \$0.711 for the period from July 1, 1939 to June 30, 1946.

Total District output of gold and silver for the three years 1945 to 1947, in fine ounces, was as follows:

	Gold	Silver
1945	655,016	20,290,283
1946	787,979	16,743,004
1947	1,122,433	24,910,700

Steel and aluminum industries

The steel and metal working industries of the District made notable progress in 1947. Pig iron and steel ingot production rose to levels approximately one-third higher than at the peak of war production in 1944. Operations at the two large integrated steel plants at Geneva, Utah, and Fontana, California, set new records, and the output of finished steel products for the District as a whole was well above that of any previous year. The new pipe mill at Fontana, the first tubular mill in the District, was completed and put into operation early in 1948. Miscellaneous expansions were also effected during the year in both open-hearth and finishing capacity at various other plants in the District.

Primary aluminum production in the Twelfth District in 1947 was about 260,000 tons, over half the national total and about 70 percent more than in 1946, when a number of war plants were still out of production for several months. The 1947 District output was about 25 percent under that of the peak year 1944. For the country as a whole, aluminum production also attained a new peacetime record in 1947, with a total output of about 570,000 tons, nearly 40 percent above the 1946 figure. Contrary to the situation in most metal markets, basic aluminum prices were reduced in 1947, with the result that extensive new uses and outlets were developed. Utilization of aluminum was particularly noteworthy in the building and construction industry, which became the leading user of that metal in 1947. The shortages of steel sheet and galvanized iron in particular led to the wide substitution of aluminum in sheet metal work. The manufacture of transportation equipment also took large quantities of aluminum in 1947.

The aluminum reduction plants in the Columbia River basin had a somewhat mixed experience in 1947. Pig aluminum became relatively abundant early in the year, and with the easing of prices an important reduction plant at Longview, Washington was shut down in June. On the other hand, a renovated surplus war plant at Tacoma was put in operation by private interests late in the year. Shortages of electric power have prevented the reopening of the Longview plant and it is probable that 1948 operations will be on a generally curtailed basis. Aluminum reduction by the electro-metallurgical process requires huge amounts of cheap electric energy, and the growth of population and industry in the Northwest, together with the release of some of the Grand Coulee generators to the Shasta plant in California, has created a very tight power situation in the Columbia basin area and its interconnected grid system in Oregon and Washington.

Retail Trade

Twelfth District retail trade as a whole established a new high for dollar sales in 1947, with almost all areas of the District reporting increases. After closing their books for 1946, the best year then on record, Twelfth District retail establishments faced several problems. For some lines inventories were at an all-time high, though still out of balance. Most prices also surpassed any previous level. Predictions in some quarters called for a business decline ranging from a minor recession to a resounding crash. Yet, in the consumer durable goods area, the flow of goods at the end of 1946 was still small relative to demand.

The decline did not materialize either for retail trade or for the economy as a whole. Nevertheless, the year was one of change and adjustment. Instead of falling, prices rose. Even so, consumer spending continued at a high level. As a consequence, the more conservative buying policies of retailers evident early in the year were reversed after mid-year. Because of higher prices and the larger volume of durable goods available, consumers bought more on credit and probably dipped into accumulated savings to a greater extent than in 1946. Luxury and many soft goods lines met with increased buyer resistance. More extensive advertising, the reappearance of sales promotions such as give-away contests, and occasional price reduction sales indicated that the sellers' market was abating.

Gains varied among retail lines

The greatest gains during 1947 were registered by retail establishments selling durable consumer goods. Automobile dealers, appliance dealers, and furniture stores reported the most outstanding sales increases in the major metropolitan areas of the District, according to the Bureau of the Census. The increased flow of these goods was readily absorbed. As the year proceeded, expanded production permitted inventory accumulation for some consumer durable goods, but in general there was still a gap between demand and the available supply.

In contrast to the ready market for durable goods, eating and drinking establishments and furriers experienced a reduction in dollar volume during 1947 compared with that in 1946. Despite the "new look," declines were reported in this bank's department store series for most women's accessories and ready-to-wear items. Also failing to achieve 1946 sales levels were drug sundries, silverware, and jewelry, a few piece goods items, and men's furnishings. Even those soft goods lines for which increases in dollar volume were reported met some consumer resistance. Evidence for these declines was also shown in the California sales tax collections, which for

DEPARTMENT STORE SALES BY MAJOR DEPARTMENT GROUPS—

TWELFTH DISTRICT

(Percent change, 1947 compared with 1946)

Main Store	+ 2
Housefurnishings	+ 21
Miscellaneous merchandise departments	+ 3
Piece goods	+ 1
Men's and boys' wear	+ 1
Women's and misses' ready-to-wear accessories	0
Small wares	- 4
Women's and misses' ready-to-wear apparel	- 5
Basement	+ 1

the first time since prewar years failed to increase in the third quarter of the year. In more than half the total classifications in which sales are reported, including such soft goods as mentioned above, sales tax receipts were actually less than in the second quarter. This reflected the competition of hard goods for the consumer's dollar, and the fact that food prices were increasing more rapidly than incomes, which reduced funds available for other expenditures. The 1946-47 percentage increases in dollar sales of soft goods were usually not greater, and frequently less, than the increases in their prices.

Sales in rural centers, chain stores, and basement departments rose more rapidly

The increase in sales of general merchandise in 1947 over 1946 was approximately half again as much in rural areas as in the country as a whole. In the Twelfth District, department store sales increased 6 percent, but most localities outside the larger metropolitan areas reported increases above this figure.

Consumers spent an increasing portion of their dollar with mass distributors. Among Twelfth District department stores, independent stores had a smaller percentage increase in sales from 1946 to 1947 than did chain stores. In retail food distribution, chain food stores appear to have had greater sales increases than independents.

During 1947 consumers reacted to high prices by buying a somewhat greater portion of their goods in basement stores or inexpensive departments. Although this was not as marked in the Twelfth District as in the rest of the country, most soft goods items carried in the basements of Twelfth District stores fared better than their main store counterparts.

Consumers used more credit during 1947

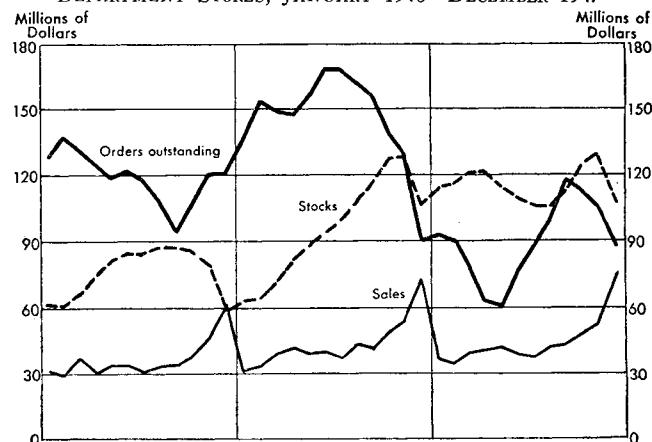
In addition to the increase in consumer credit granted by financial institutions, more credit was also granted by retailers. Cash sales of department stores declined from 57 percent of total sales in 1946 to 52 percent in 1947. Charge account sales increased from 40 to 43 percent, and instalment sales from 3 to 5 percent. Furniture stores reported an increase in their credit sales from 73 to 78

percent. In 1947 the rate of repayment on accounts receivable also declined slightly.

Department store inventories and orders outstanding were reduced

Twelfth District department store stocks were larger in January than in any other corresponding month on record. Inventories continued to grow through April and then declined, reaching their low point for the year in August. This movement was in part an attempt to adjust inventories which were high and out of balance, but also reflected the belief of a good many retailers that prices might decline and that the predicted break in business levels might materialize. When the anticipated declines in business and prices failed to appear, inventory accumulation was resumed. By the end of the year, stocks had been increased to a level only 2 percent below the record high level at the end of 1946. As early as August 1946 orders outstanding had started to decline. This decline continued through May 1947, reaching a level 65 percent below the 1946 peak. A sharp increase in orders outstanding followed, and they were double the May level in September. The last three months of the year witnessed some decline, however, and the year-end level of orders was slightly below that of December 1946.

SALES, STOCKS, AND ORDERS OUTSTANDING, 37 TWELFTH DISTRICT DEPARTMENT STORES, JANUARY 1946—DECEMBER 1947¹



¹ Not adjusted for seasonal variation.

BANKING AND CREDIT IN 1947

CONTINUED expansion of bank loans during 1947 both contributed significantly to and resulted from the upward push upon prices during that year. Since both the rise in prices and the growth in bank loans were most pronounced in the second half of the year, increasing attention was centered upon the problem of controlling further credit expansion as the year progressed. Both the Federal Reserve System and the United States Treasury took action designed to increase short-term and long-term interest rates. Although short-term rates in particular rose substantially in the last six months of 1947, credit expansion continued at an apparently unchecked pace. The already high rate of expansion of consumer instal-

ment credit has been encouraged by the more lenient terms which have been available since November 1, 1947, when the remaining controls over such credit were terminated by Congressional action.

The economy operated close to its current capacity throughout 1947. Although industrial production had slight ups and downs, there was no significant change in its general level from the first to the second half of the year, such as occurred a year earlier. Nevertheless, the increase in bank loans during 1947 was larger both in dollar amount and in percent than in 1946. Higher prices required businessmen and consumers to increase their borrowings, but in turn the proceeds of the loans obtained

by businessmen and consumers were used by them to bid against each other for plant and equipment and for consumer goods, the supplies of which could not be significantly increased within the limits of our current productive capacity.

Total loans outstanding at all banks in the United States aggregated \$43 billion at the end of 1947. They increased during the year approximately 21 percent, or by about \$7.4 billion, of which \$4.6 billion occurred in the last half of the year. Security holdings continued to decline, largely because of Treasury debt retirement. At the end of the year, all banks held some \$92 billion in securities, about \$4 billion less than a year earlier. Deposits in the hands of the public rose by about \$6 billion, or 5 percent, during the year, a decline of \$1 billion in the first half of the year being more than offset by an increase of \$7 billion in the last half.

Member bank reserves in the entire country increased \$1.8 billion during 1947 and reached a total of \$18 billion by the end of the year. A sharp increase in excess reserves in the last half of December raised the average excess reserves for that month to about \$1 billion, or \$100 million above the average for December 1946. Among the factors augmenting reserves was an increase of \$2.2 billion in the monetary gold stock, most of which was received from other countries, while a contraction of nearly \$1 billion in Reserve Bank credit was a factor reducing reserves. The net decline in Reserve Bank credit was largely the result of the retirement of public debt held by the Federal Reserve System, partially offset by System purchases of Government securities from banks and others.

Measures to Restrict Credit Expansion

Several steps were taken during 1947 by the Federal Reserve System and the United States Treasury either to discourage the continued expansion of bank loans or to counteract the growth of privately-held bank deposits resulting from that expansion. These include the retirement of bank-held public debt, the sale of Government securities outside the banking system, increased yields on short-term and longer-term Government securities, and an appeal for voluntary restraint in the granting of unproductive bank loans. These were followed early in 1948 by a rise in the discount rate of Federal Reserve Banks from 1 percent to $1\frac{1}{4}$ percent, and by an increase in the reserve requirements for demand deposits at central reserve city banks from 20 percent to 22 percent.

Retirement of public debt

During 1947 the Treasury redeemed \$10.9 billion of marketable public debt. Because of an increase of \$8.6 billion in nonmarketable issues, the total public debt declined only \$2.3 billion. The funds for the retirement of marketable public debt were provided by an excess of Treasury tax receipts over expenditures and by the net increase in nonmarketable public debt. Included in the latter was a net increase of \$2.3 billion in United States savings bonds outstanding and an increase of \$4.4 billion

in special issues held by Government trust accounts, especially those associated with the social security program.

Most of the funds derived from these various sources came directly or indirectly from individuals and businesses during the course of the year, and consequently reduced privately-held bank deposits. To the extent that these funds were used by the Treasury to retire bank-held public debt, bank deposits were not restored. The retirement of debt held by the Federal Reserve Banks also reduced bank reserves.¹ Of the \$10.9 billion of marketable public debt retired during 1947, Federal Reserve Banks held approximately 27 percent and commercial banks about 36 percent. The net effect, therefore, of public debt retirement during 1947 was to reduce privately-held bank deposits by a substantial amount. This decrease was more than offset, however, by the increase in deposits resulting from the loan expansion during the year, with the result that total deposits of individuals, partnerships, and corporations increased about \$6 billion during 1947.

Sale of Government securities outside the banking system

The sale of new issues of Government securities outside the banking system serves initially to reduce privately-held bank deposits. When these funds are used to retire bank-held public debt, bank deposits are not restored and bank reserves are reduced to the extent that the securities redeemed are held by Federal Reserve Banks. In line with such a program, the sale of savings bonds was pushed with renewed vigor during 1947. Also in late September the Treasury offered to long-term investors a new nonmarketable, redeemable security, designated as Series A investment bonds. Commercial banks were permitted to buy these bonds only on a limited basis, with the result that they subscribed for only about one-fourth of the total issue of \$970 million.

Increased yields on Government securities

To facilitate war financing, interest rates were held at low levels during the war and early postwar periods. As a move to check credit expansion in 1947 and thereafter, interest rates were allowed to rise. Effective in July the Federal Reserve System discontinued its fixed buying rate of $\frac{3}{8}$ of 1 percent for Treasury bills and terminated the repurchase option privilege pertaining to them. Immediately the yield on new Treasury bills increased to about $\frac{3}{4}$ of 1 percent, and by early 1948 it was virtually 1 percent. Beginning in October the coupon rate on new issues of certificates of indebtedness was raised from $\frac{7}{8}$ of 1 percent to 1 percent, and in January 1948 the coupon rate was again increased to $1\frac{1}{8}$ percent.

The rise in short-term interest rates for Government securities, particularly for Treasury bills, made more costly the acquisition of bank reserves through sale to the Federal Reserve System of Treasury bills and certificates of indebtedness. Short-term rates for other types of credit also increased. The extent to which the increase in short-term rates has exercised a restrictive influence upon

¹For a detailed discussion of the process by which the retirement of public debt affects bank reserves, see the *Monthly Review* for March 1947, page 28.

further credit expansion is indeterminate, but the results are likely to be cumulative in character.

On December 24, the Federal Reserve System took another step in the direction of making the acquisition of additional bank reserves more costly by lowering its support price for longer-term, fully-taxable Treasury bonds. The yields on such bonds were permitted to rise significantly, but not above 2½ percent, which, with minor exceptions, is the maximum coupon rate on outstanding long-term Government bonds.

Voluntary restraint in granting unproductive bank loans

On November 24, 1947 the Federal and State supervisory banking authorities issued a statement urging that each bank exercise extreme caution in its lending policies. Banks were advised to curtail all loans for speculation in real estate, commodities, or securities, and were asked to guard against the over-extension of consumer credit. The American Bankers Association also undertook to promote a program of voluntary restraint on the part of banks in the granting of loans.

Banking and Credit in the Twelfth District

Developments in the Twelfth District during 1947 were similar to those in the United States except that the percentage expansion in bank loans was considerably greater in the District than in the country as a whole. However, due to a relatively greater decline in District member bank holdings of United States Government securities, the percentage increases in total loans and investments and in total deposits of these banks were somewhat less than for all member banks in the United States.

Bank deposits and currency

During 1947 the creation of new deposits through the expansion of bank loans more than offset the reduction in deposits arising from the retirement of bank-held public debt from Treasury surplus. In the year-period, total deposits of member banks increased 1 percent in the Twelfth District compared with an increase of about 3 percent in the country as a whole. Deposits of individuals, partnerships, and corporations experienced slightly larger percentage gains than total deposits in both the District and the United States. For the fourth successive year, time deposits increased more rapidly than demand deposits in both areas.

MEMBER BANK DEPOSITS AND EARNING ASSETS—TWELFTH DISTRICT

(millions of dollars, as of December 31)

	1941	1945	1946	1947
Demand deposits of individuals, partnerships, and corporations...	2,778	7,958	8,554	8,622 ¹
Time deposits ²	2,390	5,187	5,776	5,984 ¹
U. S. Government deposits.....	144	2,049	303	148 ¹
Loans	2,451	2,663	4,068	5,363
U. S. Government securities.....	1,738	10,450	8,426	7,243
Other securities	542	795	908	872

¹Partly estimated.

²Excluding interbank and U. S. Government deposits.

Government deposits continued the decline which started in 1946, and by the end of 1947 were down to approximately the prewar level in both the District and the country as a whole.

Throughout most of 1947 the amount of money in circulation in the United States was at a slightly higher level, on a seasonally adjusted basis, than in the corresponding months of 1946. However, since the expansion of currency in circulation was less in November and December 1947 than in the corresponding months of 1946, the amount of currency in circulation at the end of 1947 was slightly less than that at the end of 1946. Demand for currency in the Twelfth District declined for the second successive year. A primary cause of this decline was the further curtailment during 1947 of activities of the armed services in the West and in the Pacific area.

Member bank reserves

Member bank reserves in the Twelfth District experienced a net increase of \$108 million during 1947. This is almost twice the increase for 1946, but is still far less than the yearly increase during the war period. Although excess reserves in the District at the end of 1947 were nearly double the amount at the end of 1946, this was due almost entirely to a sharp increase in such reserves in the latter part of December.

FACTORS AFFECTING TWELFTH DISTRICT MEMBER BANK RESERVE BALANCES

(millions of dollars)

FACTORS WHICH INCREASED RESERVES	1936-40 average	1944	1945	1946	1947
United States Treasury Operations..	311	4,482	4,682	1,331	631
The amount by which Federal Government disbursements in the District exceeded collections.					
Demand for Currency	36 ¹	788 ¹	545 ¹	324	206
The amount by which holdings of cash by banks and the public decreased.					
Other Federal Reserve Accounts....	3 ¹	14 ¹	9	4	16
The amount of the decrease in non-member bank accounts and other miscellaneous accounts at the Reserve Bank.					
Total of factors increasing member bank reserves	272	3,680	4,146	1,659	853
FACTORS WHICH REDUCED RESERVES					
Interdistrict Payments and Transfers of Funds	180	3,534	3,743	1,607	443
The net amount paid to other districts in settlement of commercial and financial transactions (exclusive of Treasury operations).					
Reserve Bank Credit	1 ¹	98 ¹	76	9 ¹	302
The amount by which credit extended directly in the Twelfth District decreased.					
Total of factors decreasing member bank reserves	179	3,436	3,819	1,598	745
Member bank reserve balances at the Federal Reserve Bank of San Francisco increased	93	244	327	61	108

¹Increase.

In the aggregate, the magnitude of the factors affecting District member bank reserves has been declining sharply since 1945. Net Treasury disbursements have been the principal source of increases in District member bank reserves in recent years. The volume of these net dis-

bursements in 1947 was only about one-half as large as in 1946 and one-seventh as large as in 1945. A return of currency from circulation was the next most important source of District member bank reserves in 1947.

The major factor which operated to reduce reserves was the excess of interdistrict payments over receipts, other than on Treasury account. Payments and transfers to other areas for goods, services, and securities have decreased along with diminished Treasury disbursements in the District. In 1947 this net outflow was only about one-fourth as large as in 1946 but was still substantially above the prewar level. The net outward movement of these funds reduces reserves correspondingly, and, to the extent that payments or transfers are made with depositors' rather than with bank funds, results in a loss of deposits as well.

A substantial contraction in Reserve Bank credit was another factor tending to reduce District member bank reserves during 1947. Virtually all of the reduction in 1947 consisted of a decline in the Federal Reserve Bank's holdings of Treasury bills purchased within the Twelfth District.

Loans and investments of member banks

The Treasury's program of debt retirement was the primary cause of a 14 percent decline in Twelfth District member bank holdings of United States Government securities during 1947, compared with a decrease of about 8 percent in the country as a whole. The decline in member bank holdings of Government securities was more than offset by an expansion in bank loans, with the result that total loans and investments of member banks increased slightly during 1947 in both the Twelfth District and the nation.

Total loans of Twelfth District member banks increased \$1.3 billion during 1947 and reached an all-time high of \$5.4 billion at the end of the year. In both the District and the nation, the increase in total loans was greater in the second than in the first half of the year.

PERCENTAGE INCREASE IN LOANS OF TWELFTH DISTRICT MEMBER BANKS, BY STATES
(December 31, 1946 to December 31, 1947)

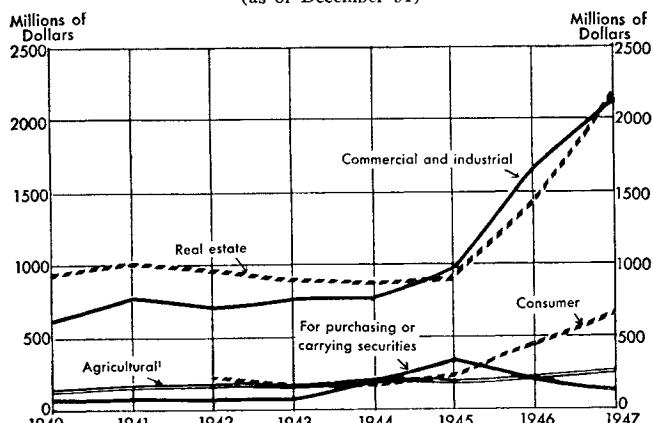
	Commercial and industrial	Agricultural (except real estate)	Real estate	Consumer loans to individuals	Total
Arizona	19	38	91	70	44
California	31	16	54	41	36
Idaho	28	9	55	55	32
Nevada	56	9	48	11	36
Oregon	13	18	43	111	17
Utah	37	14	23	91	31
Washington	5	-31	22	92	10
Twelfth District	26	11	50	52	32

Fifty-six percent of the dollar increase in total loans in the Twelfth District occurred in real estate loans, primarily on residential property. Commercial and industrial loans stood second in the amount of dollar increase, followed by consumer loans. Retail automobile instalment paper accounted for nearly two-fifths of the total dollar

increase in consumer loans. In relative terms, consumer loans lead the list with an increase of 52 percent, compared with 50 percent for real estate loans and 26 percent for commercial and industrial loans. Non-real estate agricultural loans increased 11 percent in the year-period. Loans for purchasing and carrying securities continued the decline which started in 1946.

Fifty-four percent of the dollar increase in total loans of District member banks during 1947 occurred in the last half of the year. The behavior for individual types of

LOANS OF MEMBER BANKS—TWELFTH DISTRICT
(as of December 31)



¹ Not including real estate loans.

loans differed significantly from this pattern, however. The increase in total real estate loans was somewhat greater in the first than in the second half of the year. This condition applied to all types of real estate loans but was especially pronounced in the case of farm real estate loans. The smaller increase in the second half of the year in the dollar volume of residential mortgages probably reflects primarily the development of a more conservative lending policy on the part of banks. Commercial and industrial loans, on the other hand, experienced a much larger increase in the second than in the first six months of 1947. This was no doubt the result of the change in business sentiment from one of caution and hesitancy in the first half of the year to one of optimism in the second half. Consumer loans also had a larger dollar increase in the second half of the year, while the dollar increases in non-real estate agricultural loans were about equal in the two periods.

The expansion in member bank loans during 1947 was not at all uniform among the states in the Twelfth District. Arizona led the list with an increase of 44 percent in total loans compared with 32 percent for the District. Washington, with an increase of only 10 percent in total loans, stood at the bottom of the list, and Oregon was next in line with an increase of 17 percent. This was due largely to the small increase in commercial and industrial loans in these two states. The accompanying table shows, by states, the percentage changes during 1947 in certain major classifications of loans.

AGRICULTURE IN 1947

IN SPITE of less favorable weather than in 1946, total United States agricultural output in 1947 fell only slightly below previous record years. The total production of 52 principal crops, including grain, cotton, hay, fruits, and vegetables, was the fourth largest on record, exceeded only by the exceptionally favorable production of 1942, 1944, and 1946.

For the first time, winter wheat production surpassed one billion bushels. Rice and sugar beets also exceeded previous production records. Cotton production was 35 percent greater than in 1946, but 6 percent below the 1936-45 average. The output of some major crops declined, however, particularly the corn crop, which, due to unfavorable weather, was the smallest since the drought of 1936. The 1947 fruit and vegetable crops were large, but below the 1946 level. Meat, milk, and egg production changed little in 1947 from the peak of 1946.

Agricultural prices, led by grains, beef, and hogs, generally moved upward during 1947, averaging about 19 percent higher than in 1946. Gross and cash income of farmers increased 19 percent, while net income gained 21 percent over 1946.

FARM INCOME AND PRODUCTION OF SELECTED COMMODITIES—UNITED STATES, 1947

	1947	Percentage change 1947 compared with		1947 Production (000)	Percentage change 1947 compared with			1947 Gross farm value (\$000)
		1946	1936-45		1946	1936-45	1946	
Gross farm income (\$ bil.).....	34.6	+19	+116					
Cash farm income (\$ bil.) ¹	30.3	+19	+126					
Net farm income (\$ bil.)	18.0	+21	+136					
Agricultural production (1935-39 =100) ²	137	+1	+16					
Wheat (million bushels)	1,365	+18	+53					
Barley (million bushels)	279	+6	—3					
Corn (million bushels)	2,401	-26	—9					
Oats (million bushels)	1,216	-19	+5					
Cotton (thousand bales)	11,694	+35	—6					
Milk (billion lbs.)	121	+1	+8					
Eggs (billions)	55	—1	+22					

¹ Government payments included in cash farm income amounted to \$340 million, 60 percent less than for 1946.

² For sale and home consumption.

Farm Production

Attractive agricultural prices and prospective higher incomes have brought more and more acres under harvest in the Twelfth District. In addition to increased acreage, total production has been furthered in recent years by greater yields due to favorable weather, improved technical knowledge, and the financial means to adopt improved cultural practices.

HARVESTED ACREAGE OF 52 PRINCIPAL CROPS—TWELFTH DISTRICT, 1947

	1947 acreage (000)	Percentage change 1947 compared with			1947 Production (000)
		1946	1941	1936-45 Av.	
Arizona	857	+5.9	+9.5	+19.9	
California	6,757	+3.4	+15.5	+13.0	
Idaho	3,484	+1.1	+15.6	+11.6	
Nevada	484	-1.0	+5.2	+8.5	
Oregon	2,903	0.0	+12.8	+7.3	
Utah	1,163	+0.4	+4.4	+5.3	
Washington	4,220	+1.0	+14.6	+11.6	
Twelfth District	19,868	+1.8	+13.7	+11.3	
United States	348,355	+1.0	+4.3	+3.5	

Source: United States Department of Agriculture, *Agricultural Statistics, 1943; Annual Summary of Crop Production, 1947*.

Field crops

The acreage of field crops harvested in the Twelfth District in 1947 was only slightly greater than in 1946. The greatest increase was in cotton harvested acreage, which was about 50 percent greater than in 1946, followed by flaxseed and sugar beets, around 30 percent greater. The harvested acreage of grain sorghums declined about 40 percent, potatoes, 24 percent, and rice, 7 percent. As shown in the accompanying table, the 1947 total production of field crops in the District showed almost no change from that of 1946. Its composition changed somewhat, however, with increases of nearly 60 percent in cotton and cottonseed, large increases in the production of flaxseed and sugar beets, and considerable declines in grain

PRODUCTION, PRICES, AND GROSS FARM VALUE OF MAJOR CROPS AND LIVESTOCK—TWELFTH DISTRICT, 1947

	1947 Production (000)	Percentage change 1947 compared with			1947 Gross farm value (\$000)
		1946 Production (000)	1936-45 average	Season average price	
Field and Seed Crops					
Alfalfa seed (bu.)	494	+26.0	+ 55.8	-38.6	— 22.9
Barley (bu.)	79,336	+ 3.4	+ 26.7	+14.6	+ 18.8
Beans, dry (cwt.) ¹	6,179	+14.6	+ .6	+10.8	+ 26.9
Corn (bu.)	6,377	+ 1.8	+ 23.2	+52.4	+ 55.2
Cotton, lint (bales)	980	+59.1	+ 56.1	+ 1.6	+ 61.7
Cottonseed (tons)	398	+59.2	+ 51.3	+13.3	+ 80.4
Flaxseed (bu.)	3,333	+46.6	+ 22.9	+79.3	+162.9
Grain sorghums (bu.)	4,792	-36.0	+ 17.7	+47.3	— 5.7
Hay, all (tons)	14,380	— 2.5	+ 5.8	-10.7	— 13.0
Hops (lbs.)	50,098	-5.8	+ 23.0	+ 8.5	+ 2.1
Oats (bu.)	32,148	+ 2.9	+ 3.9	+18.5	+ 22.6
Peas, dry (cwt.) ¹	5,352	+ 2.2	²	+17.7	+ 14.2
Potatoes (bu.)	89,561	-26.1	+ 16.9	+35.9	+ 0.1
Sweet Potatoes (bu.)	1,200	— 2.0	— 2.6	— 5.8	— 7.6
Rice (bu.)	17,860	+ 1.6	+ 62.6	+25.0	+ 27.0
Sugar beets (tons)	5,290	+34.9	+58.5	²	²
Wheat (bu.)	145,610	— 8.2	+ 20.3	+36.0	+ 24.8
Total, 12th District (tons)	34,934	+ 0.1	+ 20.7	+14.2 ³	+ 15.3
Total, United States (tons)	293,393	— 7.8	+ 6.6	+30.9 ³	+ 20.0
Fruit and Nut Crops					
Apples (bu.) ⁴	49,134	+ 9.4	+ 20.8	-16.5	— 8.9
Apricots (tons)	199	-41.3	+ 14.2	-18.1	— 52.1
Avocados (tons)	14	0.0	+ 7.7	-21.1	— 23.3
Cherries (tons)	83	-28.4	+ 2.5	— 8.5	— 35.0
Dates (tons)	10	-41.2	+ 66.7	+16.7	— 31.3
Figs, dried (tons)	33	-10.8	+ 10.0	-50.7	— 55.6
Figs, not dried (tons)	14	-22.2	— 6.7	-12.1	— 31.6
Grapes and fresh raisins (tons)	1,602	-27.5	+ 16.0	-59.6	— 70.7
Raisins (tons)	325	+77.6	+ 27.5	-58.0	— 25.4
Grapefruit (65-68 lb. bx.)	7,270	+ 0.7	+ 28.9	— 4.2	— 4.1
Lemons (79 lb. box)	14,100	+ 2.5	+ 15.7	-10.8	— 8.6
Oranges (77 lb. box)	51,660	+ 5.9	+ 9.4	-24.2	— 28.6
Olives (tons)	40	-16.7	+ 7.0	-57.0	— 64.1
Peaches (bu.)	38,364	-7.8	+ 30.8	-24.6	— 30.4
Pears (bu.)	28,562	+ 1.6	+ 30.8	-15.6	— 14.3
Plums (tous)	73	-27.0	+ 1.4	+11.7	— 18.5
Prunes, dried (tons)	201	— 9.1	— 1.0	-37.5	— 43.2
Prunes, not dried (tons)	88	-28.5	+ 1.1	— 6.9	— 33.4
Almonds (tons)	29	-23.7	+ 70.6	+13.2	— 12.6
Filberts (tons)	9	+12.5	+125.0	-23.8	— 19.7
Walnuts (tons)	65	— 9.7	+ 6.6	-23.2	— 30.8
Total, 12th District (tons)	8,375	— 9.0	+ 16.3	-31.5 ³	— 36.3
Total, United States (tons)	16,595	— 4.0	+ 20.3	-27.4 ³	— 31.7

(Continued on Page 20)

PRODUCTION, PRICES, AND GROSS FARM VALUE OF MAJOR CROPS
AND LIVESTOCK—TWELFTH DISTRICT, 1947—(Continued)

	1947 Production (000)	Percentage change 1947 compared with				1947 Gross farm value (\$000)
		1947 Production 1946 average		1946 Season average price	1946 Gross farm value	
		1946	1936-45			
Vegetables for Market						
Artichokes						
(40 lb. box) ..	761	+ 8.7	—	8.9 —20.0	— 13.0	2,283
Asparagus						
(24 lb. cr.) ..	3,150	+ 19.5	+	0.1 — 1.0	+ 18.6	9,421
Beans, snap						
(30 lb. bu.) ..	1,530	+ 17.4	+	0.1 + 8.3	+ 27.2	3,995
Cabbage (tons)	117	—21.0	—	9.3 + 8.8	— 13.9	4,927
Cantaloups						
(60 lb. cr.) ..	10,673	— 6.4	+	67.6 + 3.4	— 2.2	32,144
Carrots						
(50 lb. bu.) ..	15,083	+ 5.5	+	24.7 + 15.2	+ 21.7	30,994
Cauliflower						
(37 lb. cr.) ..	8,002	— 4.3	+	46.7 — 7.0	— 11.3	10,550
Celery (65 lb. cr.)	10,152	+ 4.4	+	51.3 + 45.3	+ 51.8	28,000
Cucumbers						
(48 lb. bu.) ..	624	+ 15.6	+	28.9 + 5.3	+ 21.6	1,248
Garlic						
(100 lb. sks.) ..	167	— 9.7	+	18.4 — 29.4	— 36.3	1,603
Honeyball melons						
(70 lb. cr.) ..	70	—63.7	—	76.4 + 31.4	— 52.3	357
Honeydew melons						
(35 lb. cr.) ..	3,216	—26.9	+	20.1 + 14.0	— 16.3	6,535
Lettuce (70 lb. cr.) ..	31,561	+ 2.8	+	48.6 + 25.6	+ 29.3	100,699
Onions						
(50 lb. sacks) ..	11,434	—24.8	+	19.6 + 72.0	+ 28.9	16,150
Peas, green						
(30 lb. bu.) ..	2,905	—14.7	—	38.6 + 10.3	— 6.0	6,842
Peppermint (lbs.)	759	+ 22.8	+	185.3 + 10.4	+ 35.5	5,260
Peppers						
(25 lb. bu.) ..	940	+ 1.7	+	49.0 + 7.1	+ 9.0	1,410
Spinach						
(18 lb. bu.) ..	2,238	—13.2	+	1.7 + 3.3	— 10.4	1,413
Strawberries						
(36 lb. cr.) ..	2,472	+ 50.7	+	19.2 — 24.2	+ 14.2	19,645
Tomatoes						
(53 lb. bu.) ..	6,922	—11.7	+	25.2 + 10.7	— 2.0	25,849
Watermelons						
(no.)	13,392	— 5.9	+	15.2 + 8.8	+ 2.0	4,900
Total, 12th District (tons)	3,145	— 3.8	+	33.3 + 16.5 ^a	+ 15.1	314,225
Total, United States (tons)	7,918	—11.5	+	14.7 + 14.0 ^a	+ 3.8	659,739
Vegetables for Processing						
Asparagus (tons)	60	—22.1	+	7.1 — 22.5	— 39.4	8,489
Lima beans, green (tons)	17	+ 88.9	+	466.7 + 18.4	+ 137.6	2,948
Snap beans, green (tons) ..	48	+ 23.1	+	50.0 — 3.8	+ 18.3	5,469
Cucumbers (tons)	26	—38.1	+	23.8 — 3.9	+ 40.5	1,327
Peas, green (tons)	158	— 1.9	+	73.6 + 5.8	+ 3.9	14,237
Spinach (tons)	33	—33.3	—	8.3 + 3.0	— 33.9	887
Tomatoes (tons)	1,484	+ 6.2	+	114.5 + 0.1	+ 6.3	42,773
Total, 12th District (tons)	1,826	+ 2.8	+	96.1 — 3.0 ^a	— 1.6	76,130
Total, United States (tons)	4,268	— 7.8	+	30.3 — 6.5 ^a	— 15.4	183,850

¹ Production figures are on a cleaned basis.

² Not available.

³ Comparison of average prices weighted by 1946 production.

⁴ For commercial apple areas only.

Source: United States Department of Agriculture, 1947 annual summaries of crop production, and *Agricultural Prices*.

sorghums and potatoes. The value of production of District field crops in 1947 exceeded that of 1946 by more than 15 percent, largely because of increased season average prices.

Fruits and nuts

Fruit and nut production in the District for 1947 fell 9 percent below the 1946 level. Apricots, dates, prunes, and cherries accounted for the greatest reduction. Raisin production, however, rose about 78 percent, and filberts, apples, and lemons also showed increases over 1946. With season average prices some 30 percent lower than in 1946, the value of production of fruit and nut crops in 1947 was 36 percent below the 1946 peak. Prices of

grapes, raisins, olives, and dried figs were more than 50 percent lower. Only dates, almonds, and plums increased in price.

Vegetables for market and processing

The total District production of vegetables for market and for processing increased slightly in 1947. Particularly large percentage gains in production were shown for lima beans and strawberries, and the greatest declines for honeyball melons, and cucumbers and spinach for processing. The 1947 value of production of vegetables for market was 15 percent above 1946, principally because of the 16 percent increase in prices. Although the production of vegetables for processing reached a somewhat higher total than in 1946, the value of production was about 2 percent lower, due to a 3 percent decline in prices.

Livestock

The number of livestock on United States farms declined during 1947. District livestock numbers likewise declined except in the case of chickens and hogs which showed an increase. Turkeys showed a substantial reduction both in numbers and in total dollar value. The decline in the number of livestock was attributed to high market prices for meat animals, leading to heavy slaughter, and the reduced feed supplies resulting in high feed prices, which occurred in the second half of the year.

NUMBER AND VALUE OF LIVESTOCK ON TWELFTH DISTRICT FARMS¹

	1948 compared with				Total value 1948 (\$000)
	Number (000) 1948	Number 1947	Value per head 1947	Total value 1947	
All cattle & calves	7,542	— 2.6	+ 7.2	+ 26.5 + 23.3	956,060
Milk cows & heifers	1,898	— 1.7	+ 6.1	+ 17.0 + 15.0	327,172
Sheep and lambs ..	7,039	— 1.1	— 36.4	+ 24.2 + 22.8	120,835
Hogs, including pigs ..	1,411	+ 2.5	+ 28.8	+ 26.7 + 30.0	63,837
Chickens	34,335	+ 1.5	+ 2.6	+ 7.2 + 8.7	56,282
Hens	14,211	— 0.9	—	—	—
Pullets	17,179	+ 7.0	—	—	—
Turkeys	1,114	—34.4	— 43.1	+ 8.6 — 28.7	8,673
Total, Twelfth District	51,441	— 0.6	+ 7.3	+ 25.1 + 22.2	1,205,687
Total, United States	636,417	— 3.1	+ 2.2	+ 18.0 + 14.2	12,746,529

¹ Figures for all years are as of January 1.

Source: United States Department of Agriculture, *Livestock on Farms*, January 1, 1948.

Meat

Total United States meat production under Federal inspection¹ was estimated at 23 million pounds in 1947. This was slightly greater than in 1946, more than 30 percent above the 1937-45 average, and only about 8 percent below the record production of 1944. The production of lamb and mutton and pork, however, fell considerably below that of 1946.

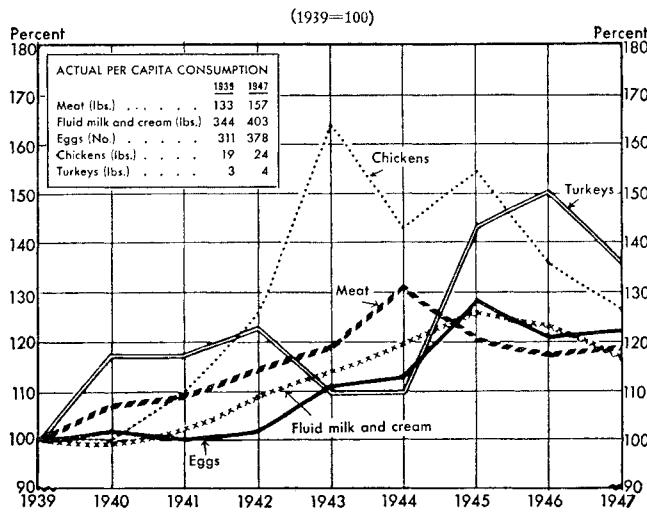
For the Twelfth District, total 1947 meat production changed little from the 1946 level. Federal inspection data show a greater number of cattle and calves slaughtered, about the same number of hogs, and a considerably smaller number of sheep than in 1946. The unusually

¹ Slaughter of cattle, calves, sheep, and swine.

large marketings of hogs since October 1947 can be attributed to the combined effects of the short corn supply and high pork prices.

Americans continued to consume large quantities of meat in 1947—about 157 pounds per capita. Per capita meat consumption has risen considerably since the beginning of World War II, in spite of a 9.4 percent increase in population.

INDEXES OF CIVILIAN PER CAPITA CONSUMPTION OF SELECTED FOOD COMMODITIES—UNITED STATES



Data from United States Department of Agriculture, *Agricultural Outlook Charts*, 1948.

Poultry and eggs

Production of eggs in the United States for 1947 was estimated at 4,608 million dozen, slightly less than for 1946. Egg production in the District was 371 million dozen, 2.6 percent above 1946. The uncertainty of turkey prices because of an unusually large carryover of cold storage stocks, and high feed costs during 1947 caused a reduction of about 18 percent in the number of turkeys raised for market in the United States in 1947. The greatest reduction in turkey numbers in the District occurred in California, which raised 15 percent fewer turkeys than during 1946.

Wool

Wool production in the Twelfth District and the United States continued its downward trend in 1947 and was about 30 percent below the 1936-45 average. Since 1942 District wool production has decreased by about 33 million pounds, or by more than one-third. District wool production, accounting for about one-fifth of the United States total, was about 6 percent below 1946.

Agricultural Prices

As shown in the accompanying table, the index of prices received by United States farmers broke all records in 1947. Among crop groups, the only decline occurred in prices received for fruit which averaged 14 percent below 1946, but still 185 percent above the 1939 level. Of all crops, food grain prices received by farmers exhibited the greatest increase, averaging 35 percent above 1946 and

SELECTED AGRICULTURAL PRICE INDEXES—UNITED STATES, 1947¹ (1935-39=100)

	1947	Percentage change 1947 compared with		
		1946	1945	1939
Prices received by farmers.....	260	+19.3	+37.6	+192.1
All crops	269	+15.5	+30.0	+228.0
Food grains	288	+34.6	+57.4	+274.0
Feed grains and hay	259	+26.3	+53.3	+254.8
Cotton	314	+14.2	+52.4	+273.8
Fruit	234	-14.0	-11.7	+185.4
Truck crops	244	+22.0	+10.9	+174.2
Livestock and products	250	+22.0	+43.7	+171.7
Meat animals	286	+33.0	+62.5	+204.3
Dairy products	226	+11.3	+36.1	+145.7
Poultry and eggs	203	+11.5	+12.8	+133.3
Prices paid by farmers ²	181	+20.0	+33.1	+86.6
Family maintenance	207	+21.1	+38.0	+111.2
Farm production	183	+21.2	+33.6	+90.6
Feed	234	+20.6	+43.6	+175.3

¹ Annual averages of monthly indexes.

² Including interest and taxes.

Source: United States Department of Agriculture, *Agricultural Prices*, December 29, 1947.

274 percent above 1939. The prices they received for livestock and livestock products increased more in 1947 than prices received for all crops, although livestock prices have increased less than prices for all crops since 1939.

Farmers paid 20 percent more for all lines of goods in 1947 than in 1946, and 87 percent more than in 1939, while they received 19 percent more for their products than in 1946, and 192 percent more than in 1939. The greatest increase in prices paid was for feed.¹

Continued heavy domestic and foreign demand during the past year held prices of principal food items above parity. Consequently, the program to maintain prices of certain commodities at not less than 90 percent of parity had little effect in 1947 on the general level of farm prices. Some support was given, however, to a number of commodities whose prices were close to 90 percent of parity, including potatoes and tobacco (below 90 percent), and eggs and wool (90-99 percent of parity).²

SELECTED COMMODITIES CLASSIFIED ACCORDING TO RATIO OF PRICE TO PARITY—1947 AVERAGE

Below 90% of parity	90-99% of parity	100-124% of parity	125-134% of parity	135% of parity or over
Hay	Grain	Wheat ¹	Corn ¹	Rye
Potatoes ¹	sorghums	Barley	Rice ¹	Flaxseed ²
Grapefruit	Eggs ²	Oats	Veal	Cottonseed
Lemons	Wool ³	Cotton ¹	Sweet	Dry beans ²
Oranges			potatoes ²	Hogs
Tobacco ⁴			Apples	Cattle
			Butterfat ²	Lambs
			Milk ²	
			Chickens ²	
			Turkeys ²	

¹ Basic commodity.

² Steagall commodity.

³ Wool price legislation 1947.

Farmers' Cash Receipts

United States farmers received about \$30 billion in cash receipts from farm marketings in 1947, 25 percent more than the 1946 record of \$24 billion. Record cash receipts are attributed largely to higher prices, since the volume of farm marketings exceeded 1946 by only about 3 percent, while prices for all farm products averaged 19 percent higher in 1947. The increase for the country as a whole was considerably larger than for the Twelfth Dis-

¹ "Prices paid" includes interest and taxes.

² In order to hold prices up to 90 percent of parity, as required by law, support may be given when the price is slightly above 90 percent of the parity level.

trict. While cash receipts for the country as a whole increased by more than 23 percent, District cash receipts (\$3.9 billion) were only 9 percent above the 1946 figure.

CASH RECEIPTS FROM FARM MARKETINGS—TWELFTH DISTRICT, 1947

	1947 (in thousands)	Percentage increase 1947 compared with		
	1947 (in thousands)	1946	1945	Average
Arizona	\$ 182,574	7.7	31.4	242.3
California	2,144,538	3.3	20.0	273.4
Idaho	359,880	26.4	45.4	306.3
Nevada	40,944	26.5	47.5	230.4
Oregon	376,350	10.4	30.5	271.1
Utah	151,949	17.2	25.6	258.0
Washington	611,455	19.4	29.9	323.2
Twelfth District	3,867,690	9.1	25.5	280.3
United States	30,174,744	23.1	45.2	278.4

Source: United States Department of Agriculture, *Farm Income Situation*, January 1948.

The smaller increase in cash receipts in 1947 for the District than for the United States reflects the lower prices for a number of crops grown mostly within the District, principally fruits and nuts, although some increase in cash receipts was recorded for every state in the District.

CASH RECEIPTS FROM FARM MARKETINGS OF CROPS AND LIVESTOCK—TWELFTH DISTRICT, 1947

	1947 (in thousands)		Percentage change 1947 compared with 1946	
	Crops	Livestock	Crops	Livestock
Arizona	\$ 107,131	\$ 75,443	— 3.9	+29.8
California	1,411,503	733,035	— 3.7	+20.3
Idaho	213,659	146,221	+30.2	+21.2
Nevada	5,216	35,728	— 5.6	+33.2
Oregon	195,102	181,248	+ 2.2	+20.7
Utah	45,103	106,846	+25.9	+13.9
Washington	411,329	200,126	+19.1	+19.9
Twelfth District	2,389,043	1,478,647	+ 3.0	+20.6
United States	13,125,236	17,049,508	+21.0	+24.7

Source: United States Department of Agriculture, *Farm Income Situation*, January 1948.

Farm Real Estate

The estimated value per acre of District farm real estate in November 1947 was 1.5 percent higher than a year earlier, as compared to an advance of nearly 8 percent in the country as a whole. In general the increases reflect the higher prices received by farmers for most of their products. The smaller average increment in the District may be ascribed to the fact that prices of fruits and nuts, approximately half of which are grown in the District, had fallen considerably from their 1946 level. Farm real estate values for both the District and the United States were nearly twice the 1935-39 average. In the District they were about 27 percent higher than the previous record peak of 1920, but inasmuch as farm real estate values rose to a higher peak in 1920 in the country as a whole than in the District, the United States figure is still 4 percent below that of 1920. The increases in farm land value in the different states of the District were materially less during 1947 than in 1946.

Agricultural loans

Total agricultural loans of District insured banks outstanding December 31, 1947 amounted to \$311 million as compared to \$274 million at the end of 1946. Bank credit extended for other activities has increased considerably more, however. As a proportion of the dollar

amount of all loans made by insured Twelfth District banks, loans to agriculture have declined every year since 1939, the earliest date for which comparable figures are available. Total agricultural loans December 31, 1947 accounted for only 5.4 percent of the total dollar amount of all loans made as compared to 7 percent for 1946 and 10.6 percent for 1939-42. A similar pattern was shown for the United States.

INDEX NUMBERS OF ESTIMATED VALUE PER ACRE OF FARM REAL ESTATE AS OF NOVEMBER 1—TWELFTH DISTRICT (1935-39=100)

	Percentage change 1947 compared with	
	1947	1946
Arizona	194	+8.4
California	199	—1.5
Idaho	199	+4.7
Nevada	166	+5.7
Oregon	197	+2.6
Utah	167	+7.7
Washington	220	+4.3
Twelfth District	198	+1.5
United States	197	+7.7

Source: United States Department of Agriculture, *Current Developments in the Farm Real Estate Market*, December 15, 1947.

Outstanding farm mortgage debt experienced in 1946 the first increase since 1927. Farm mortgage loans of District member banks and the Federal Land Bank combined were slightly higher at the end of 1947 than a year earlier. Although information on holdings of other types of lenders is not yet available, it is believed that total farm mortgage debt in the District also increased somewhat in 1947. However, total mortgage debt for 1947 will still be from 50 to 55 percent smaller in the District and the United States than the record peak set in 1923.

AGRICULTURAL LOANS AS A PERCENTAGE OF DOLLAR VOLUME OF TOTAL LOANS OF INSURED BANKS—TWELFTH DISTRICT

	1947 ¹		1946		1939		average	
	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31
Arizona	13.5	17.0	18.8	17.4	32.0	30.5	28.4	28.9
California	5.3	4.1	7.2	5.5	10.7	10.2	9.2	8.6
Idaho	28.1	24.0	35.6	29.1	37.7	39.9	35.9	40.1
Nevada	15.2	12.3	17.0	14.9	16.1	14.7	13.7	14.0
Oregon	9.6	8.1	9.9	8.0	14.9	14.3	12.6	16.1
Utah	15.7	15.1	23.5	16.9	20.4	19.7	18.6	18.9
Washington	7.4	6.1	8.9	8.1	11.4	12.4	10.3	14.1
Twelfth District	6.7	5.4	8.9	7.0	11.9	11.6	10.4	10.6
United States	7.0	²	7.4	6.6	10.7	9.7	9.4	10.0

¹December 1947 based on estimated figures.

²Not available.

Farm Employment

Slightly more than one million workers were employed in the Mountain and Pacific states¹ during 1947, somewhat more than in 1946, and about 5 percent more than the 1935-39 average. In 1947, 1.3 million family and hired workers were employed at the peak on September 1, and .8 million at the low on January 1. Of the average number of foreign workers employed during 1947 in United States agriculture, 15,180 or 56 percent were employed in the Twelfth District. California alone employed 42 percent of all foreign agricultural workers in the country. The highest agricultural wage rates in the country have been paid by the Pacific states since the beginning of World War II, and they rose further in 1947.

¹Includes Montana, Wyoming, Colorado, and New Mexico, which are outside the Twelfth District.

BUSINESS INDEXES—TWELFTH DISTRICT

1935-39 Average=100¹

Year and month	Industrial production (physical volume) ²										Total manufacturing employment ³		Factory payrolls ⁴	
	Lumber		Petroleum ⁵		Cement		Wheat flour	Electric power						
	Ad- justed	Unad- justed	Crude	Refined	Unad- justed	Unad- justed	Ad- justed	Unad- justed	Unad- justed	Ad- justed	Unad- justed	Ad- justed	Unad- justed	
	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	
1930		112	95	168		96	100		84					93
1931		77	78	140		74	101		82					73
1932		46	74	134		48	89		73					54
1933		62	72	127		54	88		73					53
1934		67	73	123		70	95		79					64
1935		83	86	140		68	94		85					78
1936		106	89	154		117	96		96					96
1937		113	99	163		112	99		105					115
1938		88	104	159		92	96		102					101
1939		110	93	160		114	107		112					110
1940		120	93	158		124	103		122					134
1941		140	96	172		164	103		136					224
1942		140	103	175		194	104		167					460
1943		123	118	194		160	115		214					705
1944		138	129	226		128	119		231					694
1945		108	135	243		131	132		219					497
1946		118	131	219		165	128		219					339
November		128	122	132	227	182	176	127	237	232	183	183	372	373
December		133	100	133	221	182	170	145	243	240	183	183	387	388
1947														
January		154 ^r	106	134	219	191	164	152	250	246	182	182	386	379
February		172	120 ^r	136	227	182	166	147	249	244	183	182	387	384
March		142 ^r	123 ^r	137	231 ^r	207	190	141	252	248	183	182	390	389
April		132	134 ^r	137	234 ^r	193	196	133	254	252	184	184	392	392
May		129 ^r	150 ^r	138	243 ^r	193	195	129	251	253	183	183	392	394
June		131	150 ^r	139	240 ^r	186	202	138	251	257	182	182	394	396
July		125 ^r	139 ^r	139	236 ^r	184	195	126	252	262	181 ^r	181 ^r	392	392
August		130	157 ^r	139	254 ^r	185	201	125	252	263	183	183 ^r	408	410
September		130 ^r	153 ^r	139	254 ^r	193	207	123	259	259	184 ^r	185	411	412
October		139 ^r	151 ^r	140	247 ^r	187	203	133	260	253	187	187	418	423
November		153 ^r	146 ^r	141	246 ^r	205	199	133	263	258	188 ^p	187 ^p	419	420
December		178	133	140	241	215	200	116	275	271	187 ^p	187 ^p	423	423

Year and month	Carloadings (number) ⁶						Department store sales (value) ^{4,7}				Dept. store stocks (value) ⁵		Retail food prices ⁸	
	Total		Merchandise and miscellaneous		Other		District		Calif- ornia	Pacific North- west	Utah & So. Idaho	District		
	Ad- justed	Unad- justed	Ad- justed	Unad- justed	Ad- justed	Unad- justed	Ad- justed	Unad- justed	Ad- justed	Ad- justed	Ad- justed	Ad- justed		
	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	Unad- justed	
1930		96		105		84		104	99	123	89		125	124.8
1931		75		89		57		92	91	101	83		110	104.0
1932		57		74		37		69	70	72	61		89	89.8
1933		58		70		43		66	67	68	64		80	86.8
1934		66		81		48		74	73	77	77		85	93.2
1935		72		85		56		86	86	86	89		89	99.6
1936		85		97		70		99	98	100	100		97	100.3
1937		90		102		75		106	105	105	106		108	104.5
1938		79		90		65		101	101	100	99		101	99.0
1939		85		96		72		109	110	109	106		106	96.9
1940		90		99		79		119	120	118	115		113	97.6
1941		105		116		91		139	138	147	135		137	107.9
1942		105		121		103		171	164	189	177		187	130.9
1943		109		119		97		203	196	219	232		172	143.4
1944		115		130		97		223	221	232	250		177	142.1
1945		110		131		83		247	225	252	280		182	146.3
1946		111		132		86		305	307	312	348		238	167.4
November		117		132		98		330	329	336	351		293	200.3
December		121		107	145	91	79	321	306	318	366	334	273	198.4
1947														
January		136	108	146	122	89	313	253	310	320	356	315	277	195.7
February		134	111	150	125	113	311	281	308	320	343	330	290	193.5
March		117	109	129	120	103	96	319	300	316	325	306	331	308
April		120	117	130	122	108	111	320	302	320	321	335	308	304
May		112	112	131	123	88	98	325	302	325	332	340	287	298
June		115	124	134	142	91	101	330	299	332	333	343	280	285
July		122	124	133	142	107	102	327	278	328	332	350	267	283
August		108 ^r	125	129	145	82	100	348	308	355	345	361	248	196.5
September		108	124	121	142	91	101	336	338	340	341	341	253	285
October		109	128	122	147	92	103	333	343	331	348	343	288	319
November		113 ^r	114	129	129	94	95	339	410	339	344	360	315	333
December		120	106	134	119	103	90	352	554	357	353	358	325	266

¹ The terms "adjusted" and "unadjusted" refer to adjustment of monthly figures for seasonal variation. Excepting department store statistics, all indexes are based upon data from outside sources, as follows: Lumber, various lumber trade associations; Petroleum and Cement, U.S. Bureau of Mines; Wheat flour, U.S. Bureau of the Census; Electric power, Federal Power Commission; Manufacturing employment, Factory payrolls, and Retail food prices, U.S. Bureau of Labor Statistics and cooperating state agencies; and Carloadings, various railroads and railroad associations.

² Daily average. * 1923-25 daily average = 100. ⁴ Excludes fish, fruit and vegetable canning. Factory payrolls index covers wage earners only.

³ At retail, end of month or end of year. ⁵ Los Angeles, San Francisco, and Seattle indexes combined. ⁶—preliminary. ^r—revised.

⁷ Revised series. Data for earlier periods, by months, sub-areas and cities, available on request. Explanation of revision will appear in the March 1948 Monthly Review.

BANKING AND CREDIT STATISTICS—TWELFTH DISTRICT

(amounts in millions of dollars)

Year and month	Condition items of all member banks ¹									
	Loans and discounts					Investments ²		Demand deposits adjusted ^{3,4}	Time deposits (except U.S. Gov't) ⁴	U.S. Gov't deposits ⁴
	Total	Coml., ind. & agric.	For purch., carry'g secs.	Real estate	All other	U.S. Gov't securities	All other securities			
1929	2,239	.....	.....	647	.....	495	458	1,234	1,776	36
1930	2,218	.....	.....	721	.....	467	561	1,158	1,915	49
1931	1,898	.....	.....	711	.....	547	560	984	1,667	99
1932	1,570	.....	.....	635	.....	601	528	840	1,515	148
1933	1,486	.....	.....	668	.....	720	510	951	1,453	233
1934	1,469	.....	.....	670	.....	1,064	575	1,201	1,759	228
1935	1,537	.....	.....	662	.....	1,275	587	1,389	2,006	167
1936	1,682	.....	.....	686	.....	1,334	614	1,791	2,078	96
1937	1,871	.....	.....	730	.....	1,270	498	1,740	2,164	90
1938	1,869	663	82	798	327	1,323	486	1,781	2,212	127
1939	1,967	664	76	864	362	1,450	524	1,983	2,263	118
1940	2,130	735	65	931	399	1,482	590	2,390	2,351	68
1941	2,451	933	59	1,000	460	1,738	541	2,893	2,417	144
1942	2,170	870	51	974	275	3,630	538	4,356	2,603	307
1943	2,106	934	62	899	211	6,235	557	5,998	3,197	842
1944	2,254	956	184	885	228	8,263	698	6,950	4,127	1,442
1945	2,663	1,103	343	908	309	10,450	795	8,203	5,194	2,050
1946	4,068	1,882	195	1,431	560	8,426	908	8,821	5,781	303
1947	5,363	2,338	121	2,153	750	7,243	872	8,928	5,988	148
1947	.....	.....	.....	.....	.....	8,303	911	8,704	5,761	308
January	4,140	.....	.....	.....	.....	8,058	893	8,367	5,804	370
February	4,254	.....	.....	.....	.....	7,909	894	8,327	5,820	396
March	4,364	.....	.....	.....	.....	7,677	876	8,334	5,837	286
April	4,479	.....	.....	.....	.....	7,662	862	8,260	5,851	235
May	4,558	.....	.....	.....	.....	7,370	871	8,297	5,908	103
June	4,658	2,047	134	1,828	649	7,375	874	8,366	5,888	148
July	4,755	.....	.....	.....	.....	7,353	871	8,462	5,887	208
August	4,879	.....	.....	.....	.....	7,364	889	8,600	5,909	216
September	4,997	.....	.....	.....	.....	7,361	896	8,722	5,949	192
October	5,158	.....	.....	.....	.....	7,361	884	8,797	5,907	205
November	5,240	.....	.....	.....	.....	7,243	872	8,928	5,988	148
December	5,363	2,338	121	2,153	750	7,264	848	8,854	6,006	159
1948	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
January	5,413	.....	.....	.....	.....	.....	.....	.....	.....	.....

Year and month	Member bank reserves and related items ⁵							Bank debits index 31 cities ⁶		
	Reserve bank credit ⁶	Commercial operations ⁶	Treasury operations ⁶	Coin and currency in circulation		Reserves ⁷				
				Total ⁸	F.R. notes of F.R.B. of S.F.	Total	Required	Excess		
1929	— 34	0	+	23	— 6	189	175	171	4	146
1930	— 16	— 53	+	89	+	16	183	180	5	126
1931	+ 21	— 154	+	154	+	48	147	154	— 4	97
1932	— 42	— 175	+	234	+	30	227	142	8	68
1933	— 2	— 110	+	150	—	18	213	185	37	63
1934	— 7	— 198	+	257	+	4	211	242	84	72
1935	+ 2	— 163	+	219	+	14	280	287	100	87
1936	+ 6	— 227	+	454	+	38	335	351	119	102
1937	— 1	— 90	+	157	—	3	343	549	70	111
1938	— 3	— 240	+	276	+	20	361	565	142	98
1939	+ 2	— 192	+	245	+	31	388	584	138	102
1940	+ 2	— 148	+	420	+	96	493	754	257	110
1941	+ 4	— 596	+	1,000	+	227	700	930	245	134
1942	+ 107	— 1,980	+	2,826	+	643	1,279	1,232	262	165
1943	+ 214	— 3,751	+	4,486	+	708	1,937	1,462	1,343	211
1944	+ 98	— 3,534	+	4,483	+	789	2,699	1,706	1,598	237
1945	— 76	— 3,743	+	4,682	+	545	3,219	2,033	1,878	260
1946	+ 9	— 1,607	+	1,329	—	326	2,871	2,094	2,051	298
1947	— 302	— 443	+	630	—	206	2,639	2,202	2,085	326
1947	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
January	+ 109	— 35	— 168	— 81	2,800	2,081	2,043	60	321	
February	+ 14	— 25	— 133	— 32	2,765	1,981	1,982	51	325	
March	— 62	— 3	— 50	— 30	2,735	2,003	1,940	61	332	
April	— 2	— 69	— 47	— 18	2,716	1,997	1,934	63	309	
May	+ 34	— 14	— 49	— 10	2,714	1,993	1,934	59	297	
June	— 21	— 41	— 7	— 13	2,695	1,992	1,944	51	322	
July	— 234	— 213	— 381	— 23	2,669	1,963	1,956	60	305	
August	— 48	— 78	— 124	— 23	2,685	2,078	1,985	62	322	
September	— 87	— 85	— 172	— 10	2,675	2,095	2,028	80	325	
October	+ 23	— 39	— 35	— 16	2,656	2,137	2,046	77	346	
November	— 4	— 0	— 33	— 3	2,653	2,130	2,059	65	344	
December	— 25	— 5	— 49	— 18	2,639	2,202	2,085	70	365	
1948	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
January	+ 14	— 48	— 253	— 113	2,541	2,113	2,086	83	352	

¹ Annual figures are as of end of year; monthly figures are as of last Wednesday in month or, where applicable, as of call report date.

² Monthly data for 1947 partly estimated.

³ Demand deposits, excluding interbank and U.S. Gov't deposits, less cash items in process of collection.

⁴ Monthly data partly estimated. ⁵ End of year and end of month figures. ⁶ Changes only.

⁷ Total reserves are as of end of year or month. Required and excess: monthly figures are daily averages, annual figures are December daily averages.

⁸ Debits to total deposit accounts, excluding interbank deposits. 1935-39 daily average = 100.

p—preliminary. r—revised.