

# MONTHLY REVIEW

## OF BUSINESS CONDITIONS

JOHN PERRIN, Chairman of the Board and Federal Reserve Agent  
Federal Reserve Bank of San Francisco

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No. 6

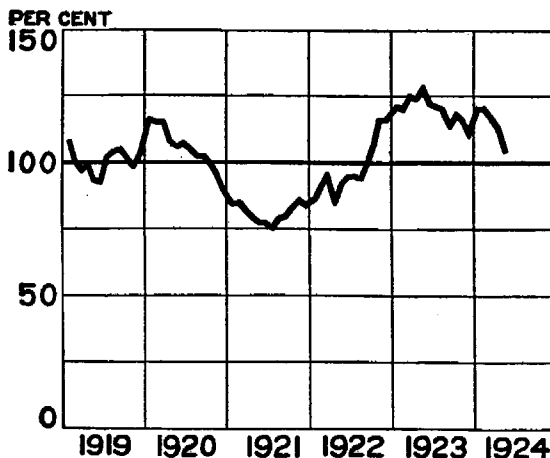
### Summary of National Conditions

Production of basic commodities and factory employment showed unusually large declines in May and were considerably below the levels of a year ago. Purchases at wholesale and retail also declined during the month and were somewhat below last year's volume. Commercial loans at member banks decreased, and there was a further decline in money rates.

**Production.** The Federal Reserve Board's index of production in basic industries, adjusted to allow for seasonal variations, declined about 10 per cent in May to a point about 18 per cent below the peak reached a year ago. Particularly marked decreases were shown for production of iron and steel and mill consumption of cotton. Output of anthracite coal, cement, and tobacco products, on the other hand, was slightly larger than in April.

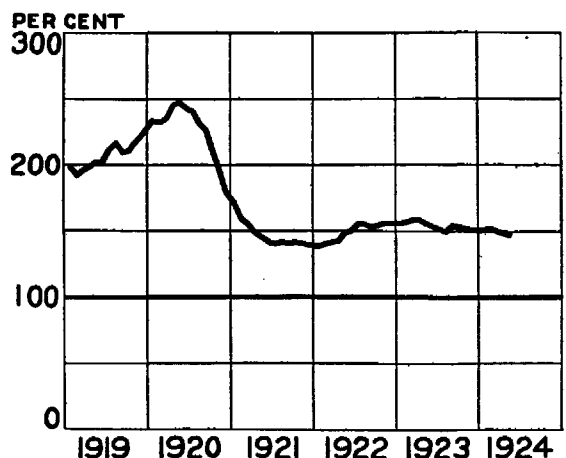
Factory employment declined 4 per cent in May, the number of employees being reduced in almost all reporting industries. The largest reductions of working forces occurred in the textile, metal, automobile, and leather industries. The value of building contracts awarded in May was 13 per cent less than in the month before, and for the first time since the beginning of the year fell below the corresponding month in 1923. Department of Agriculture forecasts, as of June 1st, indicated smaller yields of wheat, oats, and barley, as compared with the harvests of 1923. The condition of the cotton crop on May 25th was 5 per cent lower than a year ago and 7 per cent below the average condition for the past ten years.

**Trade.** Railroad shipments showed a slight increase in May, but were 8 per cent smaller than a year ago. Carloadings of all classes of



Production in Basic Industries

Index of 22 basic commodities corrected for seasonal variation (1919=100).  
Latest figure, May, 103.



Wholesale Prices

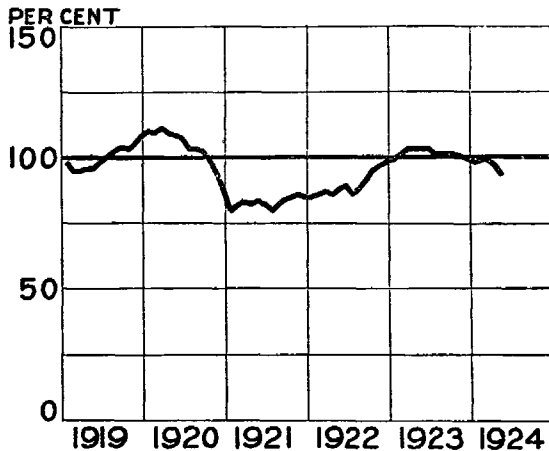
Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by Bureau).  
Latest figure, May, 147.

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freight, with the exception of grain and live-stock, were smaller than in May, 1923. Wholesale trade decreased slightly in May and was 6 per cent less than in May, 1923. Sales of dry goods, shoes, and hardware were much smaller than a year ago, while drug sales were slightly larger. Retail trade at department stores and mail order houses declined more than is usual

earning assets were somewhat larger than a month ago.

The prevailing ease in the money market was reflected in a further decline from  $4\frac{1}{4}$  to  $3\frac{1}{2}$ - $3\frac{3}{4}$  per cent in rates on prime commercial paper in New York. The June 15th issue of six-month Treasury Certificates bore a rate of  $2\frac{3}{4}$  per cent compared with 4 per cent on a



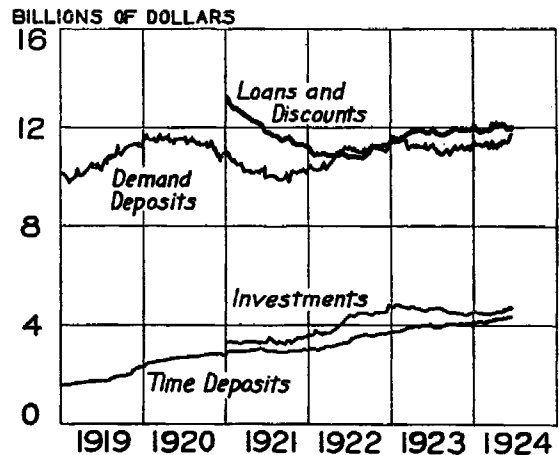
Factory Employment

Index for 33 Manufacturing Industries (1919=100). Latest figure, May, '24.

for the season during May, and was smaller than last year. Department store stocks were 4 per cent smaller in May, 1924, than in April, 1924, and 3 per cent larger than in May, 1923.

**Prices.** Wholesale prices, as measured by the index of the Bureau of Labor Statistics, declined 1 per cent during May to a level about 8 per cent below the high point reached in the spring of 1923. Prices of all commodity groups, with the exception of food, declined in May. During the first half of June quotations on wheat, corn, rye, and milk increased, while prices of hogs, beef, cotton, and lumber declined.

**Bank credit.** Decreased demand for credit for current business requirements between the middle of May and the middle of June was reflected in a smaller volume of borrowings for commercial purposes at member banks in leading cities. Further purchases of corporate securities by these banks and larger loans on stocks and bonds, however, resulted in an increase for the month in their total loans and investments. There was an unusually large increase in net demand deposits of these banks, which carried the total of these deposits to the highest figures on record. At the Federal reserve banks, between May 21st and June 18th, there was a further decline in discounts for member banks and in acceptances purchased in the open market. Government security holdings, on the other hand, increased and total



Member Bank Credit

Weekly figures for member banks in 101 leading cities. Latest figure, June 11.

similar offering last December. Discount rates at the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis, and San Francisco were reduced from  $4\frac{1}{2}$  to 4 per cent during June, and the rates in Boston, New York, and Philadelphia were reduced to  $3\frac{1}{2}$  per cent.

### Summary of District Conditions

A moderate recession of business activity appeared in this district during May. Declines in production, noted during March and April, continued, and the first evidences of a decline in the distribution and consumption of goods were observed. Instead, however, of the increase in demand by business men for bank accommodation which has heretofore characterized the beginning of a major depression, the credit requirements of business in the district have recently diminished promptly with the decline in trade activity, indicating that there are no large stocks of goods being withheld from the market and carried by means of bank loans. Accompanying the diminishing demand for bank credit, interest rates at the banks have eased slightly. The trend of prices was downward during the month, continuing a movement begun in February.

Foremost among the factors contributing to this decline in business activity have been the falling off in building permits which in May

were 13 per cent less than a year ago but were still in relatively large volume; the hesitancy in the market for lumber, following several months of large production; the unsatisfactory condition of growing crops, which in every state of the district except Arizona are reported to have suffered to a material degree from lack of seasonal rainfall; the problems facing copper mines because current production cannot be sold at prices favorable to the high cost producers; and the hampering effects of the hoof and mouth disease of livestock in parts of California, a factor of declining importance as eradication of the disease progresses.

Notwithstanding these unfavorable influences, figures of debits to individual accounts (bank debits), which afford the best single available index of business conditions in this district, declined only slightly during May, 1924, both as compared with April, 1924, and May, 1923. (Allowance being made for changes due to seasonal variation and normal year to year growth.) The movement of bank debits at 20 principal cities of the district during recent months is best shown by the following index numbers (normal=100):

May, 1924.....	104.2*	February, 1924....	113.5
April, 1924.....	104.6*	January, 1924....	103.4
March, 1924.....	107.3	May, 1923....	108.6

\*Preliminary.

Irregularity in the wholesale trade situation has persisted, and nine of the eleven lines of business reporting to this bank showed decreases in value of sales during May, 1924, as compared with May, 1923. It should be noted, however, that wholesale prices today are approximately 5.7 per cent lower than a year ago. Sales of retail dealers were also slightly smaller than a year ago, the value of sales of 35 department stores in 7 cities of the district being 0.6 per cent less than in May, 1923. While sales of these stores decreased, stocks held by them increased, so that the annual rate of stock turnover indicated by the relation between sales and stocks in May, 1924, was but 2.88 compared with an indicated annual rate of 3.16 in May, 1923. Increases in the number and liabilities of business failures, both as compared with one month ago and one year ago were reported during May.

Decreased demands for credit in the district have been reflected during the past month in a decline of \$13,000,000 or 1.3 per cent in total loans of reporting member banks, of \$9,000,000 or 2.5 per cent in their investments, and of \$8,000,000 or 34.8 per cent in their borrowings from the Federal Reserve Bank. Total discounts of the Federal Reserve Bank at \$33,000,000 on June 18th were lower than at any

time since April, 1918, and total earning assets were down to levels approached only once (in the spring of 1922) since the summer of that year. Interest rates at the principal financial centers of the district in general declined slightly during May and early June. Rates charged customers on ordinary commercial loans are now uniform at 6 per cent except in San Francisco where the prevailing rate is 5 to 6 per cent. Effective June 10, 1924, the Federal Reserve Bank of San Francisco reduced its rediscount rate from 4½ to 4 per cent. The 4½ per cent rate had been in effect since March 21, 1923.

**Agriculture**

An accumulated shortage of rainfall, amounting to more than 50 per cent of the normal precipitation over large areas of the district, has resulted in unsatisfactory crop conditions on unirrigated lands, and has threatened a shortage of water for irrigation purposes later in the year. Temporary relief from drought conditions was reported in the Pacific Northwest and in parts of the Intermountain States during the first weeks of June, when the long dry spell was broken by generally heavy showers. Further rainfall will be needed soon, however, if normal yields of grains and field crops are to be harvested on unirrigated lands in these states. The season when heavy rains normally fall in California has passed, and the general lack of moisture in that state is now reflected in the curtailed plantings of many field crops and in the generally unsatisfactory condition of all growing crops solely dependent upon rainfall for moisture.

The important wheat crop of this district did not make satisfactory progress during May, and reported conditions on June 1st were far below normal. Condition figures for both winter and spring wheat on June 1 and May 1, 1924, and June 1, 1923, and figures of acreage planted to spring wheat in 1924 and 1923 in the more important grain raising states of the district follow:

	Spring Wheat						
	Condition of Winter Wheat (Per Cent of Normal)			Condition of Spring Wheat (Per Cent of Normal)		Acreage Sown*	
	June 1, 1924	June 1, 1924	June 1, 1923	June 1, 1924	June 1, 1923	1924 (acres)	1923 (acres)
California ...	54	64	91	..	..	..	..
Idaho .....	73	91	96	88	97	598	659
Oregon .....	65	96	97	70	95	230	242
Utah .....	60	93	93	85	94	114	124
Washington .	58	83	92	89	92	1,000	1,124
Totals .....	..	..	..	..	..	1,942	2,149
United States.	73.9	84.8	76.3	82.3	90.2	16,920	18,786

\*000 omitted.  
†Figures for May 1, 1924, not available.

The estimated condition of barley in California was 57.0 per cent of normal on June 1, 1924, and the forecasted yield on that date was 10,055,000 bushels from 504,000 acres, or only 46.0 per cent of the acreage harvested in 1923. There were 33,069,000 bushels of barley produced on 1,095,000 acres in that state in 1923. Should the yield be no greater than the present forecast, the 1924 barley crop in California will be the smallest on record since 1898. Estimates of the total 1924 acreage and yield of all wheat, barley, and oats, and figures of the total 1923 acreage and yield of these grains for five important grain growing states of the district (California, Idaho, Oregon, Utah, and Washington) are given in the following table:

	Estimated Acreage 1924 (acres)	Acreage 1923 (acres)	Estimated Yield 1924 (bushels)	Yield 1923 (bushels)
All Wheat..	4,927,000	5,653,000	71,691,000	141,388,000
Barley .....	824,000	1,383,000	18,568,000	44,925,000
Oats .....	838,000	893,000	26,353,000	38,647,000

Commercial estimates indicate that the acreage planted to rice in California this season is approximately the same as the area harvested in 1923 (106,000 acres). The growing rice is in good condition and up to the present time has made better progress than during the same period in the 1923 growing season.

Spring plantings of field crops have been practically completed in this district and, excepting plantings on unirrigated land in California, the crops (beans, cotton, potatoes, sugar beets, etc.) are generally in good condition. Reports indicate, however, that further rainfall will be needed to insure satisfactory yields of

most crops. The condition of deciduous fruit crops in California is given in the following table:

	Condition (per cent of normal)					Final Yield 1923 (tons)
	June 1st		Year	May 1st		
	1924	1923	Average	1924	1923	
Almonds .....	63	75	72	61	75	11,000
Apples .....	75	76	79	90	80	5,196,000‡
Apricots .....	65	98	69	66	98	170,000
Cherries .....	62	75	74*	65	73	14,500
Peaches .....	75	91	86	77	87	380,000
Pears .....	68	75	78	70	90	128,000
Plums .....	74	97	79†	78	95	69,000
Prunes .....	68	60	75	68	60	80,000
Walnuts .....	80	89	79	..	..	25,000

\*7-year average.

†5-year average.

‡Commercial crop in boxes—total crop 8,450,000 boxes.

Damage to Pacific Northwestern deciduous fruits, the result of excessively cold weather in April and early May, has proved less serious than at first reported, although present prospects indicate smaller yields than last year. Condition figures (per cent of normal) for June 1st, and the 1923 yield of the important apple crop in the chief commercial apple producing states of the district follow:

	Condition June 1st		Production (commercial) 1923 (boxes)
	1924	1923	
California .....	75	76	5,196,000
Idaho .....	56	96	4,800,000
Oregon .....	70	90	5,250,000
Utah .....	70	95	780,000
Washington .....	55	88	27,594,000
Total 5 states.....	..	..	43,620,000
United States.....	71.6	75.5	103,209,000

A slight decline in the condition of California citrus fruits was recorded during May, but normal yields of both oranges and lemons are still in prospect.

Markets for both canned and dried fruits, although normally more sluggish during the summer months than earlier in the marketing season, continued relatively active during May, absorbing substantial amounts of the 1923 carryover of these products.

Available data for roughly measuring the progress made in marketing certain crops of the district are presented in Table "A."

### Livestock—Animal Products

The condition of pastures and grazing lands in the Pacific Northwest and Intermountain States remained favorable to the livestock industry during May and early June. Seasonal rainfall over a large part of this area, excepting certain sections of Arizona, has been considerably less than normal during the present year, however, and continuance of satisfactory conditions depends in large degree upon the

### (A) Movement of Crops to Market\*

#### TWELFTH FEDERAL RESERVE DISTRICT

	1923-1924 Season to May 31, 1924	1922-1923 Season to May 31, 1923	1921-1922 Season to May 31, 1922
<b>Wheat Exports†</b>			
Portland and Puget Sound .....	29,933,806 (20.9)	18,870,498 (19.3)	41,855,340 (33.1)
<b>Barley Exports†</b>			
San Francisco (bu.)	10,098,075 (21.7)	15,655,825 (37.1)	16,570,954 (42.1)
<b>Apple Shipments‡</b>			
Twelfth Dis. (cars)	57,468 (99.4)	40,989 (91.5)	50,868 (99.5)
<b>Orange Shipments‡</b>			
California ... (cars)	27,883 (50.6)	32,526 (65.7)	21,818 (70.6)
<b>Lemon Shipments‡</b>			
California ... (cars)	7,264 (56.9)	4,720 (48.2)	5,867 (56.3)

\*Figures in parentheses indicate percentage of crop.

†Season begins July 1st.

‡Season begins November 1st.

amount of rainfall received in the immediate future. In California, livestock are beginning to suffer from the shortage of feed on pastures and ranges as a result of drought conditions prevailing throughout the state, and the situation has been further complicated by restrictions (due to the presence of hoof and mouth disease) upon the movement of live animals both within the state and into other states.

The hoof and mouth disease of livestock, which has been present in parts of California since February, now appears to be under complete control, the few remaining cases being confined to relatively small areas of the state. Up to June 1, 1924, losses on account of slaughtered animals and destroyed property totaled \$3,732,406. Slightly more than 93,000 head of cattle, sheep, swine, and goats had been killed, or less than 2.0 per cent of the total of cloven footed animals in the state.

Shearing of the 1924 wool clip in all but a few sections of the district was completed

California markets as a result of the presence of hoof and mouth disease in that state.

**LIVESTOCK RECEIPTS AT EIGHT MARKETS**

	Cattle	Calves	Hogs	Sheep
May, 1924.....	70,029	23,088	209,506	371,778
April, 1924.....	64,086	15,348	184,021	204,675
May, 1923.....	67,895	20,511	170,364	440,028
4-year average*—				
May .....	62,463	17,698	150,864	401,750
4-year average*—				
April .....	64,144	14,353	141,766	214,808

\*1921-1924.

Receipts of butter in the district's markets during May were greatly in excess of current needs, a situation due to a rapid seasonal increase of production. Practically all of the surplus butter was placed in cold storage in anticipation of an early decline in the volume of production because of relatively poor feed and pasture conditions, particularly in California which normally supplies more than half of the butter produced in the district. Cold storage stocks of butter on June 1, 1924, were greater than on June 1st of any previous year of which this bank has record and were 78.0 per cent greater than the 5-year average (including June 1, 1924) for that date. A rapid but normal increase in holdings of cold storage eggs occurred during May, reflecting production trends during the month.

**COLD STORAGE HOLDINGS OF BUTTER AND EGGS**

	June 1, 1924	May 1, 1924	June 1, 1923	Five-Year Average June 1st
Butter (pounds)				
*Twelfth District. . . . .	4,361,528	1,859,787	2,193,561	2,451,286
United States.....	22,328,000	8,977,000	10,112,000	17,461,000
Eggs (cases)				
†Twelfth District. . . . .	429,049	295,810	532,749	‡
United States.....	6,944,000	3,609,000	7,890,000	6,806,000

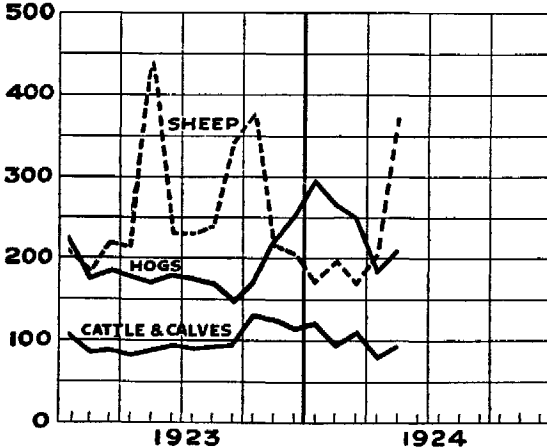
\*Four markets. †Six markets. ‡Figures not available.

**Prices**

Prices generally tended toward lower levels during May. The decline of the average price level for agricultural products of the Twelfth District was slight, decreases in livestock prices, both at the district's chief markets and at Chicago, and in wool, wheat, wheat flour and sugar prices being partially offset by small advances for some varieties of deciduous fruits (fresh and canned) and for dairy and poultry products. Prices of other commodities within the group were relatively stable. Definite price declines among mineral and forest products were recorded during the month.

Livestock prices at the principal markets of this district and at Chicago declined during May as they had in April. In this district prices at the close of the month were higher for cattle and hogs and lower for lambs than on June 1, 1923. Average prices at Chicago during the first weeks of June, 1924, were slightly higher for sheep, lambs, and hogs, and

**THOUSANDS**



Receipts of Livestock at Eight of the Principal Markets of the District 1923-1924. (Los Angeles, Ogden, Portland, Salt Lake City, San Francisco, Seattle, Spokane, and Tacoma included)

early in June. Previous estimates placing the total clip of the district at 78,500,000 pounds, a somewhat larger yield than was produced in 1923, appear at this time to be approximately correct. Buyers of wool have been slightly more active during recent weeks than they were earlier in the season, and it is estimated that approximately 75.0 per cent of the 1924 clip has now been sold or contracted for sale. About 50.0 per cent of the clip had been sold at this time a year ago.

Figures for total receipts of all classes of livestock at eight principal markets of the district during May are presented in the accompanying table and chart. As in April, departures from normal seasonal trends may be attributed largely to conditions prevailing in

lower for beef cattle than one year ago. Prices for July wheat at Chicago continued upward during May, then declined to a low point of \$1.04 $\frac{3}{8}$  per bushel on June 3rd, and later advanced to \$1.12 $\frac{3}{8}$  per bushel (June 14th), the highest price for future wheat recorded at that market since February, 1924. On June 14, 1923, July wheat was quoted at \$1.12 $\frac{3}{8}$  per bushel at the Chicago market. Wool prices again declined during the month, the average of 98 quotations at Boston, at 77.34 cents per pound on June 6th, being 4.5 per cent and 7.8 per cent, respectively, lower than one month ago and one year ago. Prices offered growers in this district for unscoured wool during May ranged from 3 to 5 cents per pound lower than during April and were 3.0 to 8.0 per cent below those paid during May, 1923. On June 5th, sugar prices, which have been declining irregularly since November, 1923, reached a low point for the present movement, granulated beet sugar at San Francisco being quoted at \$6.60 per 100 pounds. On June 18th quotations for the same grade and kind of sugar advanced to \$7.10 per 100 pounds, which compares with a price of \$9.70 per 100 pounds on June 18, 1923. Quotations for canned fruits generally strengthened during the month, but many varieties continued at lower levels than a year ago. On June 16th the largest factor in the trade announced its 1924 opening prices for canned fruit. Opening prices for the past five years and spot prices on May 15, 1924, and 1923, for the more important varieties of canned fruits follow:

Choice Grade No. 2 $\frac{1}{2}$ Cans	Opening Prices (f. o. b. cannery)				Spot Price	
	1924 per doz.	1923 per doz.	1922 per doz.	1921 per doz.	May 15, 1924 per doz.	May 15, 1923 per doz.
Apples .....	\$2.20	\$2.20	\$2.25	\$2.60	†	†
Apricots .....	2.45	2.15	2.70	2.35	\$3.85	\$2.45
Blackberries .....	2.85	3.00	2.60	2.25	3.00	3.00
Cherries, R. A. .....	2.85	3.25	3.90	3.00	4.50	3.00
Grapes, Muscat. .....	2.25	2.10	2.35	2.35	4.15	2.25
Plums, Egg .....	1.85	1.85	2.15	2.00	3.40	1.85
Loganberries* .....	3.10	3.10	2.25	2.35	4.15	3.10
Peaches, Y. C. .....	2.40	2.25	2.60	2.35	4.15	2.40
Peaches, Y. F. .....	2.25	2.10	2.35	2.30	3.90	2.25
Pears, Bartlett .....	3.00	2.65	3.25	3.15	4.65	3.00

\*F. O. B. San Francisco.  
†Not quoted.

Average prices paid by canners for apricots, cherries, pears, and peaches during the 1922 and 1923 canning seasons and prices at present (June 20th) established for these fruits are given in the following table:

Number One Grade Canning Fruit	1924 (per ton)	1923 (per ton)	1922 (per ton)
Apricots .....	\$ 65	\$25-\$35	\$75-\$100
Cherries .....	115	190-200	196
Peaches, Y. C. ....	45*	30	60
Peaches, Y. F. ....	25	25	45
Pears, Bartlett .....	60	35	71.25

\*Growers' offering price.

Dried fruit prices displayed further weakness during May, and, for many varieties, stood on June 1st at substantially lower levels than one year ago. Butter and egg quotations advanced seasonally during May.

Non-ferrous metals (excepting silver) sold for less during May and the first weeks of June than during April, 1924, or May, 1923. Copper, which was quoted at 13 cents per pound on May 20th, sold for 12 $\frac{5}{8}$  cents per pound on June 20th, compared with a price of 15 $\frac{1}{8}$  cents per pound quoted on June 20, 1923. Lead prices declined from 7.25 to 7 cents per pound during the last week of May, but on June 20th the metal was again quoted at 7.25 cents per pound on the New York market, a quotation identical with the published price on May 20, 1924, and June 20, 1923. Average monthly prices for copper, lead, silver, zinc, and quicksilver follow:

	May, 1924 (cents)	Apr., 1924 (cents)	May, 1923 (cents)
Copper (lb.)			
New York Electrolytic..	12.77	13.21	15.44
Lead (lb.)			
New York.....	7.27	8.26	7.31
Silver (oz.)			
New York.....	65.52	64.14	67.04
Zinc (lb.)			
St. Louis.....	5.79	6.12	6.63
Quicksilver (dollars per flask) San Francisco....	72.65	72.25	67.03

Prices paid producers for petroleum in California oil fields were unchanged during the month, the quotation for crude oil of 35 degrees gravity and above standing at \$1.40 per barrel, compared with \$1.04 per barrel one year ago. Lumber prices at Pacific Northwestern producing centers continued downward during May. Declines for the month ranged from 4.0 to 8.0 per cent, and prices prevailing at the end of May were from 20.0 to 30.0 per cent lower than one year ago. The softwood index of "Lumber" stood at 30.59 for the week ending June 6, 1924, compared with 31.72 one month ago and 35.40 one year ago.

### Industrial Activity

Industrial activity during May, 1924, as in April, was below the levels of earlier months of the year and, if allowance be made for normal year to year growth, production was probably smaller in volume than in May, 1923.

Although output of the lumber industry of the district continued large, 200 mills in four associations reporting a gain of 2.1 per cent as compared with April, 1924, the cut was 5.7 per cent less than in May, 1923. This decrease, as compared with a year ago, was the second reported during the past two and one-half years, that reported in April, 1924, being the first. The volume of shipments and of new orders

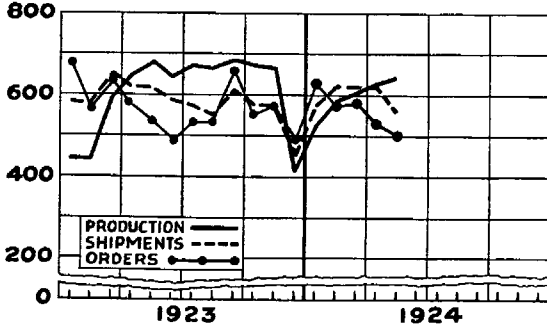
received by district mills continued the decline first reported in April and remained smaller than one year ago. Figures follow (000 omitted):

	May, 1924 (board feet)	Apr., 1924 (board feet)	May, 1923 (board feet)	Apr., 1923 (board feet)
Production .....	641,456	627,838	680,193	649,400
Shipments .....	558,490	618,267	618,534	619,512
Orders .....	500,096	530,011	535,299	580,014
Unfilled Orders...	384,370	455,846	575,280	628,419

Commercial factors report that logging operations in the Pacific Northwest have been sharply curtailed during recent weeks. Forest fires during May caused some loss to the lumber industry in this district, and interfered with logging and lumbering operations. Fires have appeared earlier than usual this year owing to the unusually dry spring weather.

Domestic lumber markets continued relatively inactive during May. Foreign demand, however, increased, and the volume of new orders placed in overseas trade during the

MILLIONS OF BOARD FEET



Lumber Production, Orders Received, and Shipments in Twelfth Federal Reserve District as Reported by Four Lumber Associations, 1923-1924

month was more than twice as great as in April and slightly larger than in May, 1923.

Preliminary reports for the mining industry of the district show a slight tendency towards decreased production during May, the decline affecting all of the principal metals. Figures for national production of copper, silver, zinc, and quicksilver during April, 1924, and April, 1923, (figures for May are not yet available) are given in the following table:

	Apr., 1924	Mar., 1924	Apr., 1923
Copper (lbs.) (mine production) ....	131,600,000	128,560,000	118,424,000
Silver (oz.) (commercial bars)...	4,588,375	5,726,600	6,616,000
Zinc (tons) (slab) .....	44,949	47,775	46,866
Quicksilver (flasks—75 lbs., estimated)	1,120	1,165	*

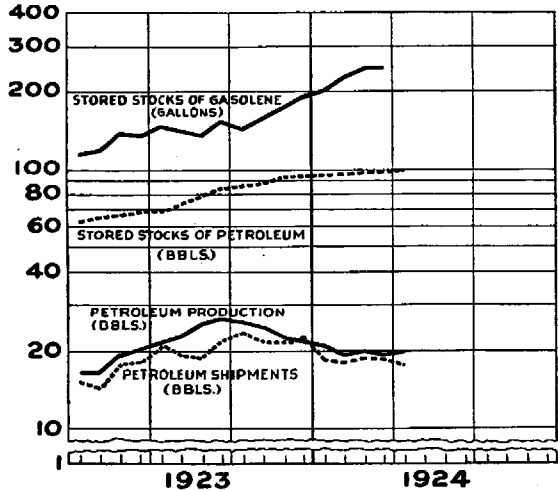
\*Not available. Figures for lead are not available.

The reported slackening of producers' activities during May is no doubt a reflection of relatively sluggish market conditions during

recent weeks, particularly in the case of lead and zinc. Sales of copper have been reported in good volume, but present market prices are not attractive to many of the higher cost producers of this metal.

A slight decrease in the production of petroleum in California during May was accompanied by an even greater decline in consumption, and stored stocks at the close of the month were 2.2 per cent greater than on May 1st. Production of gasoline at California refineries during April was 0.8 per cent greater than during March, a large part of the increased output being added to stored stocks,

MILLIONS



Production, Shipments, and Stored Stocks of Petroleum, and Refinery Stored Stocks of Gasolene, 1923-1924

which on May 1, 1924, were 0.2 per cent and 80.4 per cent greater, respectively, than on April 1, 1924, and May 1, 1923. A statistical summary of the California oil industry follows:

PETROLEUM

	Average Daily Production (barrels)	Indicated Average Daily Consumption (Shipments) (barrels)	Stored Stocks at End of Month (barrels)	New Wells Opened (Number)	Daily Production (barrels)
May, 1924	639,793	569,590	99,511,937	150	56,451
Apr. 1924	643,328	621,030	97,335,651	97	37,937
Sept., 1923*	858,750	779,657	85,496,609	93	139,960
May, 1923	694,689	654,942	70,169,898	56	96,420

\*Peak of production.

GASOLENE

	Apr., 1924 (gallons)	Mar., 1924 (gallons)	Apr., 1923 (gallons)	Mar., 1923 (gallons)
Refinery Output.	113,124,488	112,234,823	102,428,548	104,402,122
Stored Stocks*..	246,600,953	246,170,979	136,684,477	138,058,780

\*As of the last day of the month.

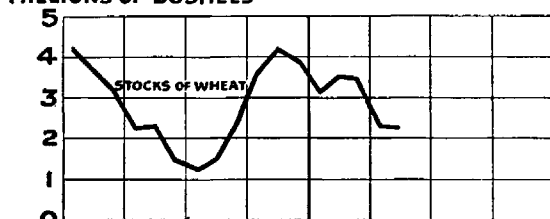
Output of flour at 16 regularly reporting mills was greater during May than during April, this being the first time that May production has exceeded that of the earlier month

since this bank began keeping the record in August, 1920. The increased production of millers evidently resulted from a more active market demand for their product, as it was accompanied by a decrease in reported stocks of flour. Production during May, 1924, was 39.6 per cent greater than during May, 1923, and 25.5 per cent greater than the four-year (1921-1924) average for May. Stocks of flour held on June 1, 1924, were smaller by 8.8 per cent, 13.3 per cent, and 10.2 per cent, respectively, than on May 1, 1924, June 1, 1923, and the five-year average for June 1st. Reported stocks of wheat held at the close of May showed a decline of but 1.7 per cent and 0.9 per cent, from one month ago and one year ago, respectively, and an increase of 20.2 per cent over the five-year average. Figures follow:

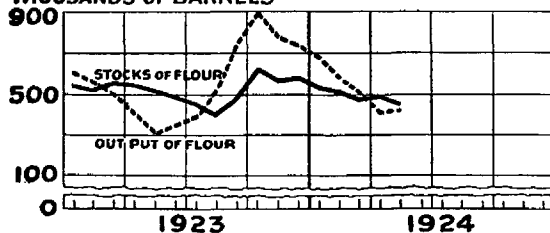
	May, 1924	Apr., 1924	May, 1923	Five-Year Average (1920-1924) May
Output (bbls.)	421,961	411,405	302,129	336,245†
Stocks*				
Flour (bbls.)	449,346	492,486	517,704	500,211
Wheat (bu.)	2,269,107	2,307,082	2,288,340	1,886,865

\*As of the first day of the following month.  
†Four-year average, 1921-1924.

#### MILLIONS OF BUSHELS



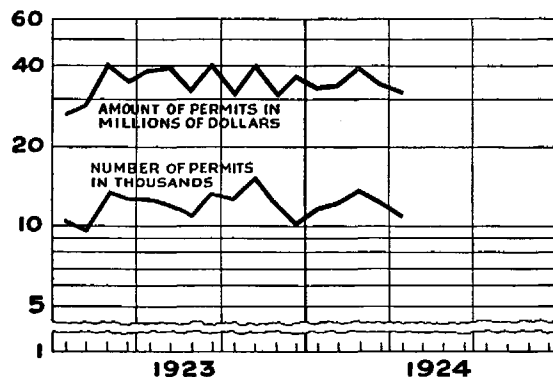
#### THOUSANDS OF BARRELS



Monthly Flour Output, and Stocks of Wheat and Flour at End of Month of 16 Reporting Milling Companies

A definite, though slight, downward trend in building activity is indicated by figures of building permits issued in principal cities of this district during recent months. In May, for the second consecutive month, the value of prospective building permitted was less than in the preceding month, and, for the third consecutive month, it was less than in the corresponding month a year ago. The decline for May, 1924, compared with May, 1923 (18.7 per cent), was greater than the estimated decline of building costs over the same period. The

United States Department of Labor index number of building materials prices stood at 180 in May, 1924 (1913 prices=100). This is 1.9 per cent lower than a month ago, and 10.2 per cent less than a year ago (1923 peak). The Aberthaw index number of the total cost of constructing a reinforced concrete factory building stood at 199 on June 1, 1924 (100 in 1915), compared with 200 on May 1, 1924, and 207 on June 1, 1923, the most recent peak.



Building Permits Issued in 20 Principal Cities, Twelfth Federal Reserve District, 1923-1924

Employment in the district generally continued at about the same level during May as in April, whereas the normal seasonal expectation is an increase in the volume of employment during the later month. A slightly greater volume of unemployment was reported than in May, 1923. Factors principally responsible for the present labor situation are the unfavorable agricultural outlook, hesitancy in the lumber industry, and the downward trend of building activity. Evidence continues at

#### (B) Building Permits—

	May, 1924		May, 1923	
	No.	Value	No.	Value
Berkeley .....	235	\$ 747,004	247	\$ 816,510
Boise .....	77	47,009	82	164,000
Fresno .....	98	130,903	146	241,583
Long Beach...	411	2,027,373	478	1,740,817
Los Angeles..	3,817	8,789,932	5,184	18,926,881
Oakland .....	1,013	2,240,983	935	2,373,020
Ogden .....	53	144,750	78	227,000
Pasadena .....	287	691,220	272	896,373
Phoenix .....	83	102,415	62	133,287
Portland .....	1,251	2,535,760	1,322	2,594,620
Reno .....	21	28,700	17	87,996
Sacramento ..	290	948,872	297	703,740
Salt Lake City	193	516,525	179	1,516,295
San Diego.....	483	1,260,208	432	765,865
San Francisco.	932	5,478,111	948	4,928,986
San Jose.....	90	249,650	132	337,360
Seattle .....	960	4,758,170	933	1,867,280
Spokane .....	236	372,670	288	277,155
Stockton .....	86	249,750	121	342,871
Tacoma .....	340	589,010	388	328,101
District .....	10,956	\$31,909,015	12,541	\$39,269,740



hand, however, indicating that an influx of casual laborers from other states has contributed to the present surplus of labor in this district.

Total industrial sales of electric energy in the Twelfth District during April, 1924, were 13.1 per cent greater than in April, 1923. The increase of sales to agricultural and manufacturing consumers more than offset a decline of 2.5 per cent in sales to the mining industry. The serious lack of seasonal rainfall throughout the greater part of the district, necessitating more irrigation than in previous years, has caused a greater demand for power on farms. Although the increase during the year period in the use of electric energy by manufacturers (15.8 per cent) undoubtedly indicates a growth in the number and an expansion in the size of such enterprises, it should again be pointed out that a large proportion of this increase is a result of the substitution of electricity for other types of power. A statistical summary of the industry in the Twelfth District is presented in the following tables:

Percentage Increase or Decrease (—) in Volume of Sales April, 1924, compared with April, 1923

	Agriculture	Mining	Manufacturing	Total Industrial Sales
California .....	7.5	17.8	12.2	13.8
Pacific Northwest.....	25.5	15.2	23.8	13.4
Intermountain States...	17.3	-42.2	7.2	9.7
Twelfth District.....	8.4	-2.5	15.8	13.1

Number and Distribution of Industrial Consumers and Actual Volume of Sales

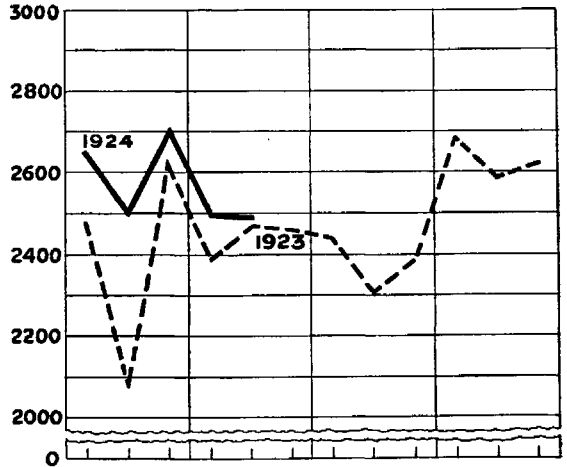
	Number of Industrial Consumers		Industrial Sales K. W. H.	
	Apr., 1924	Apr., 1923	Apr., 1924	Apr., 1923
California .....	79,090	56,426	243,143,710	213,532,197
Pacific Northwest ..	13,067	11,686	77,465,818	68,262,220
Intermountain States	5,208	4,976	56,782,239	51,731,780
Twelfth District ....	97,365	73,088	377,391,767	333,526,197

cities in the Twelfth District, 9 cities in the Twelfth District outside of California, and 11 cities in California during the first five months of 1924 and during May, 1923. Allowance has been made for seasonal variation in the reported figures, and also for the extra business day in February, 1924.

	Twelfth District* 20 Centers	Outside California* 9 Centers	California* 11 Centers
1924			
May .....	\$2,519,700	\$550,900	\$1,968,800
April .....	2,532,000	560,300	1,971,700
March .....	2,605,000	557,500	2,047,500
February .....	2,785,600	545,100	2,240,500
January .....	2,510,400	528,800	1,981,600
1923			
May .....	2,497,200	537,300	1,959,900

\*000 omitted.

MILLIONS OF DOLLARS



Debits to Individual Accounts in 20 Principal Cities, Twelfth Federal Reserve District, 1923-1924

**General Business and Trade**

The moderate decline in business activity, first noted in California during March and April, became general throughout the district during May, and while trade continued large in volume it was below the high levels of the previous two months.

Debits to individual accounts (bank debits) at banks in 20 principal clearing house centers, figures of which afford the best single available index of general business activity in this district, declined slightly during May, 1924, as compared with April, 1924, whereas there is normally a slight increase during the later month. As compared with May, 1923, bank debits for May, 1924, increased 0.9 per cent, an amount substantially less than the estimated rate of normal annual growth (6.5 per cent). The following table shows bank debits for 20

**(C) Bank Debits\***

	1924		1923	
	Four Weeks ending May 28	Cumulative Total for Year to Week ending May 28	Four Weeks ending May 29	Cumulative Total for Year to Week ending May 29
Berkeley .....	\$ 16,587	\$ 90,789	\$ 14,339	\$ 88,611
Boise .....	9,667	55,411	10,777	62,662
Fresno .....	26,311	157,844	38,640	242,992
Long Beach.....	49,993	295,346	52,949	289,243
LOS ANGELES....	675,695	4,024,785	625,922	3,440,980
Oakland .....	111,160	653,534	105,914	622,067
Ogden .....	18,323	120,511	25,856	152,358
Pasadena .....	29,151	184,266	30,071	165,827
Phoenix .....	19,900	107,475	16,799	94,623
FORTLAND .....	146,840	818,017	133,324	734,214
Reno .....	7,161	41,912	8,670	49,264
Sacramento .....	41,536	247,741	41,290	247,653
SALT LAKE CITY..	56,728	321,812	55,391	317,306
San Diego.....	41,317	248,924	40,784	239,230
SAN FRANCISCO..	718,556	4,141,777	703,928	4,007,008
San Jose.....	17,447	106,717	18,260	114,060
SEATTLE .....	161,054	907,099	149,082	837,729
SPOKANE .....	41,228	238,354	42,076	242,026
Stockton .....	20,077	119,447	20,720	114,325
Tacoma .....	36,569	209,399	34,101	189,136
Yakima .....	8,561	49,929	8,349	49,043
Total .....	\$2,253,861	\$13,141,089	\$2,177,242	\$12,300,357

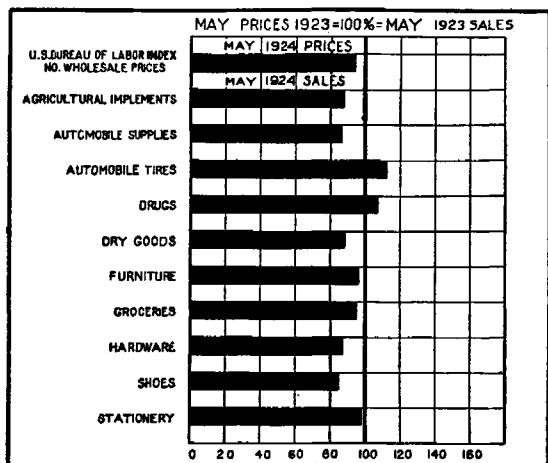
\*000 omitted.

The wholesale trade situation was less favorable during May than during April or March, months during which trade at wholesale had previously been characterized as irregular. Of the eleven lines of business which report to this bank, nine showed decreases in value of sales as compared with May, 1923. Retailers are buying cautiously, and as trade at retail has slackened moderately, their immediate

cent larger than on May 31, 1923. The rate of stock turnover during May, 1924, was 2.88 as compared with a rate of 3.16 during May, 1923. A detailed statement of the percentage changes in value of sales and stocks of reporting department stores of the district follows:

	No. of Stores	Percentage increase or decrease (—) in value of sales compared with May, 1924		Percentage increase or decrease (—) in value of stocks compared with May, 1924	
		May, 1923	Apr., 1924	May, 1923	Apr., 1924
Los Angeles...	6	7.3	0.1	24.0	-4.7
Oakland .....	4	2.2	2.7	4.7	-0.9
Salt Lake City..	4	-0.2	26.0	12.7	-3.6
San Francisco..	10	-11.3	6.0	0.9	-6.1
Seattle .....	5	5.7	8.6	0.8	-3.0
Spokane .....	5	-5.2	-2.4	-4.5	-4.5
*District ....	35	-0.6	4.6	7.8	-4.7

\*Figures for one store included in district figures not included in figures for cities shown above.



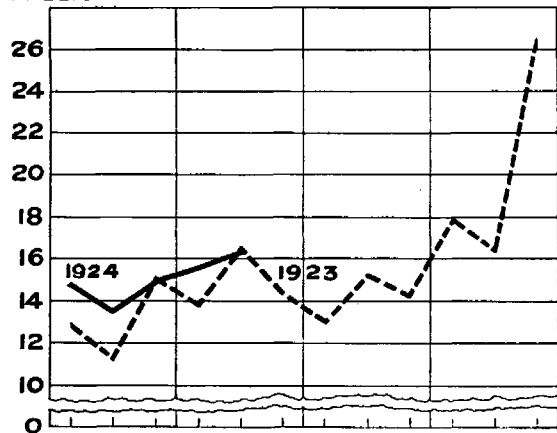
Dollar Value of Sales of Representative Wholesale Firms and General Wholesale Prices in May, 1924, compared with May, 1923

needs have diminished. Percentage changes in the value of sales of reporting wholesale dealers during May, 1924, as compared with one year ago and one month ago follow:

	No. of Firms	Percentage Increase or Decrease (—) in the Value of Sales During May, 1924, compared with	
		May, 1923	April, 1924
Agricultural Implements....	21	-21.4	-19.1
Automobile Supplies.....	17	-13.4	-4.8
Automobile Tires.....	21	12.6	14.8
Drugs .....	8	7.7	-6.9
Dry Goods.....	15	-11.6	0.1
Electrical Supplies.....	6	-3.9	-16.8
Furniture .....	17	-3.3	-2.7
Groceries .....	28	-4.7	-1.7
Hardware .....	21	-12.5	1.9
Shoes .....	15	-14.9	3.2
Stationery .....	27	-1.9	6.2

Sales of retail dealers, as indicated by reports received from 35 large department stores, were smaller in value during May, 1924, than during May, 1923, and showed less than the normal seasonal increase as compared with April, 1924. (Sales during the latter month were unusually large, however, due to the late Easter season.) The decline as compared with a year ago (0.6 per cent), although small, compares with gains of 6.1 per cent in March-April, 17.7 per cent in February, and 13.6 per cent in January compared with the corresponding months of the preceding year. Stocks of reporting stores on May 31, 1924, were 7.8 per

MILLIONS OF DOLLARS



Net Sales of 35 Department Stores in Twelfth Federal Reserve District (In Millions of Dollars)

Registrations (sales) of new automobiles in the states of this district during the first four months of 1924 (an index of purchasing power of the community) were less by 7.6 per cent than during the first four months of 1923, the number of new passenger cars and of new commercial vehicles registered declining 7.2 per cent and 11.9 per cent respectively. These declines were the result largely of declines in registrations in California and Washington. Total registrations of old and new automobiles during the first five months of 1924 were 29.2 per cent greater than during the first five months of 1923. Figures follow:

	AUTOMOBILE REGISTRATIONS				Total Cars	
	New Cars		Commercial		Old and New	Jan. 1 to June 1, 1923
	Jan. 1 to May 1, 1924	Jan. 1 to May 1, 1923	Jan. 1 to May 1, 1924	Jan. 1 to May 1, 1923	Jan. 1 to June 1, 1924	Jan. 1 to June 1, 1923
Arizona .....	3,106	2,816	370	199	49,236	40,007
California .....	62,780	71,463	5,433	7,103	1,167,475	901,274
Idaho .....	3,927	2,336	373	158	88,941	49,070
Oregon .....	12,634	10,925	821	428	159,148*	130,868
Utah .....	3,524	2,700	209	285	62,608	48,638
Washington .....	11,732	15,075	1,421	1,616	219,773	182,443
<b>Total (6 states)</b>	<b>97,703</b>	<b>105,315</b>	<b>8,627</b>	<b>9,789</b>	<b>1,747,181</b>	<b>1,352,300</b>

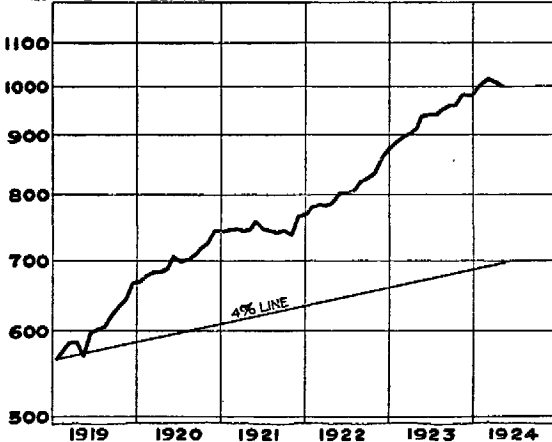
\*Revised figures.

Production of automobiles during May, 1924, was less than during May, 1923, and April, 1924, by 20.5 per cent and 16.2 per cent respectively. Figures compiled by the Federal Reserve Bank of Chicago follow:

	May, 1924	Apr., 1924	May, 1923
Passenger Cars.....	279,385	336,968	350,073
Trucks .....	32,326	34,977	42,446
Total .....	311,711	371,945	392,446

Savings deposits at 72 banks in 7 principal cities declined during May for the second consecutive month, but were 9.6 per cent greater than a year ago. This increase for the year period was considerably in excess of the increase which could be attributed to interest accruals alone. Detailed changes in the amount

**MILLIONS OF DOLLARS**



Savings Deposits of 72 Banks in Seven Cities of Twelfth District (Base year 1919.)

NOTE: Four per cent line represents Savings Deposits as of January 31, 1919, with interest accruals at a rate of 4 per cent compounded semi-annually, assuming no new deposits.

of savings deposits during the month and year, as reported by the 72 banks, are presented in the following table:

	Number of Banks	Per Cent Increase or Decrease (-) compared with May, 1924				
		*May, 1924	*Apr., 1924	*May, 1923	May, 1923	
Los Angeles ..	13	\$337,391	\$341,228	\$303,964	10.9	-1.1
Oakland† .....	7	93,242	93,260	87,008	7.1	-0.02
Portland .....	9	49,837	49,841	44,825	11.1	-0.008
Salt Lake City.	8	28,178	28,068	26,282	7.2	0.4
San Francisco.	14	407,998	408,111‡	376,593	8.3	-0.03
Seattle .....	15	65,442	65,114	57,042	14.7	0.5
Spokane .....	6	17,144	16,910	15,545	10.3	1.4
Total .....	72	\$999,232	\$1,002,532	\$911,259	9.6	-0.33

\*000 omitted.

†Includes one bank in Berkeley which was formerly a branch of an Oakland bank.

‡Revised.

R. G. Dun & Company's preliminary figures of the number and liabilities of business fail-

ures in the states of this district during May, 1924, and April, 1924, follow:

	May, 1924		April, 1924	
	No.	Liabilities	No.	Liabilities
Arizona .....	0	0	1	\$ 114,570
California .....	127	\$1,417,427	96	710,780
Idaho .....	5	47,713	24	148,814
Nevada .....	2	2,450	0	0
Oregon .....	43	327,099	33	249,320
Utah .....	13	138,197	12	369,626
Washington .....	36	503,094	31	556,803
District .....	226	\$2,435,980	197	\$2,149,913

Percentage increases in the number and liabilities of business failures in the Twelfth Federal Reserve District follow:

	May, 1924, compared with May, 1923	Apr., 1924
Number of Business Failures....	9.1	14.7
Liabilities of Business Failures..	21.9	13.3

**Banking and Credit Situation**

There was a marked decline in the requests for credit accommodation made upon member banks in the Twelfth District during May and early June, and an accompanying decrease in the amount of Federal reserve bank credit in use. This slackening in the demand for credit has contributed to the prevailing ease in interest rates, which declined still further during the month ending June 14, 1924. The Federal Reserve Bank of San Francisco on June 10, 1924, lowered its rediscount rate on all classes of paper from 4½ per cent, the rate prevailing since March 21, 1923, to 4 per cent.

Total loans and investments of reporting member banks of this district amounted to \$1,370,000,000 on June 11, 1924, a decline of \$22,000,000 (1.6 per cent) for the month, but an increase of \$1,000,000 (less than 0.1 per cent) for the year. The decline for the month was due to decreases both in total loans and in investments, while the increase for the year was wholly the result of an increase in total loans. Time and demand deposits declined during the first four weeks of the period but advanced sharply during the fifth week, the two items showing a net gain for the five weeks of \$9,000,000 or 0.7 per cent. Perhaps the most significant movement of this period was the increase of \$16,000,000 in demand deposits during the week ending June 11th, accompanied by an increase of \$9,000,000 in loans and investments and a decrease of \$6,000,000 in borrowings from the Federal Reserve Bank.

Changes occurring in the principal items of the statement of 74 reporting member banks in this district during the month and during the year are presented in the following table

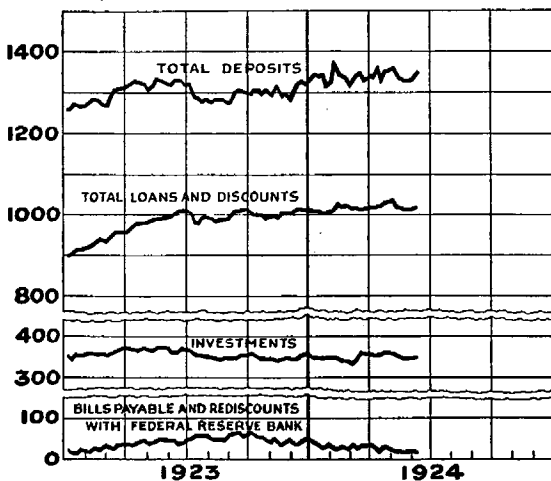
(increases are indicated by plus, decreases by minus signs). The figures are in millions of dollars, numbers in parentheses indicating percentage changes:

	Change from One Month Ago	Change from One Year Ago	Condition June 11, 1924
Total Loans . . . .	-13 (1.3%)	+13 (1.3%)	1,019
Investments . . . .	-9 (2.5%)	-12 (3.3%)	351
Demand Deposits +	8 (1.1%)	-3 (0.4%)	733
Time Deposits... +	1 (0.2%)	+25 (4.3%)	610
Borrowings from Federal Reserve Bank....	-8 (34.8%)	-21 (58.3%)	15

Principal changes in the condition of the Federal Reserve Bank of San Francisco during the month and during the year follow (figures are in millions of dollars):

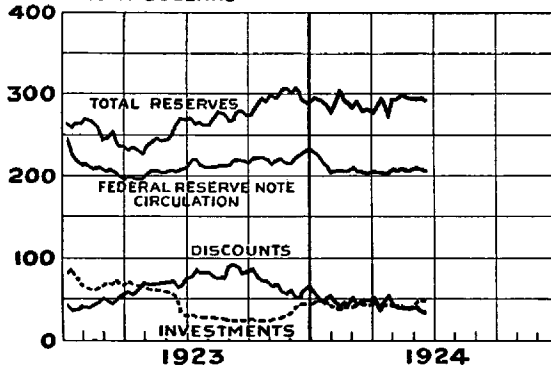
	Change from One Month Ago	Change from One Year Ago	Condition June 18, 1924
Total Discounts.	-8 (19.5%)	-31 (48.4%)	33
Investments . . . .	+7 (17.1%)	+17 (54.8%)	48
United States Securities . . . .	+10 (30.3%)	+34 (377.8%)	43
Federal Reserve Note Circulation . . . . .	-2 (1.0%)	0	205
Total Reserves . . . . .	-1 (0.4%)	+24 (9.0%)	292

MILLIONS OF DOLLARS



Total Deposits, Loans and Discounts, Investments, and Bills Payable and Rediscounts of Reporting Member Banks

MILLIONS OF DOLLARS



Total Reserves, Federal Reserve Note Circulation, Bills Discounted, and Investments, Federal Reserve Bank of San Francisco

Declining credit needs in the district further reduced the dependence of member banks upon the Federal Reserve Bank and discounts of the latter, at \$31,000,000 on June 18th, were 19.5 per cent below one month ago and 48.4 per cent below a year ago. The Reserve Bank maintained its earning assets at approximately the levels of the previous month, however, by increasing its investment in United States Government securities, holdings of which on June 18, 1924, were nearly four times as large as on June 20, 1923. The volume of Federal reserve notes in circulation has shown only minor fluctuations during recent weeks, the general trend being slightly downward. On June 18, 1924, the volume of notes in circulation was the same as a year ago.

Interest rates declined during the four weeks ending June 14th to the lowest levels since 1917. The following table shows weekly average interest rates on various classes of paper in the New York market as reported by the Federal Reserve Bank of New York:

	June 14, 1924	May 17, 1924	Autumn Peak 1923	June 16, 1923
Time Money . . . . .	3¾%	3¾-4%	5½%	4.88%
Commercial Paper . . . .	3¾-4	4¼-4½	5¼	5
Bankers' Acceptances . . .	2¾	3¾	4½	4½

On June 9, 1924, the Secretary of the Treasury announced an issue of United States Treasury Certificates of Indebtedness date June 16, 1924 (Series TD2-1924), maturing December 15, 1924, and bearing interest at the rate of 2¾ per cent per annum, the lowest rate on any offering of government securities during the past ten years. Subscription books were closed on June 11, 1924, the issue oversubscribed approximately 3½ times.

NOTE: The following table summarizes changes in Federal reserve bank discount rates during the present year:

Federal Reserve Bank of	Present Rate	Former Rate	Date of Change	Federal Reserve Bank of	Present Rate	Former Rate	Date of Change
Boston . . . . .	3½%	4½%	June 12, 1924	Richmond . . . . .	4	4½	June 14, 1924
New York . . . . .	3½	*4	June 12, 1924	Atlanta . . . . .	4	4½	June 18, 1924
Philadelphia . . . .	3½	4½	June 18, 1924	Chicago . . . . .	4	4½	June 14, 1924
Cleveland . . . . .	4	4½	June 1, 1924	St. Louis . . . . .	4	4½	June 19, 1924
				San Francisco . . . .	4	4½	June 10, 1924

\*On May 1, 1924, the New York bank reduced its rate from 4½ to 4 per cent. The other Federal reserve banks (Minneapolis, Kansas City, and Dallas) all maintain a 4½ per cent rate, having made no change this year.