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**FEDERAL RESERVE BANK
OF SAN FRANCISCO**

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**GENERAL BUSINESS AND AGRICULTURAL CONDITIONS
IN THE TWELFTH FEDERAL RESERVE DISTRICT**

October 16, 1920.

The Month. Preliminary forecasts of good crops throughout this district have been justified by the harvest, which is now practically complete. Total production of grains and fruits will generally exceed the high figures of 1919, although apples, prunes and beans will show diminished yields. The uncertainty which prevailed a month ago as to what prices would be received for the crops has been largely removed, and it is now apparent that, while these prices are generally lower than those obtained last year, they nevertheless yield a profitable return to the grower. This promises sound business conditions throughout the greater part of this largely agricultural district.

In the wool and cotton producing communities, however, depression is still felt, as the prices currently offered for these two commodities are still below what growers claim to be their cost of production. The lumber industry continues to show a falling off in new business received, which is attributed to the effect of the new freight rates, and several mills are preparing to shut down.

Business conditions generally reveal the transition period through which we are passing and no pronounced characterization of the immediate situation can be made. The foreign commerce of the district is falling off, business failures have increased slightly, and interest rates are unchanged at high levels; but on the other hand the transportation situation is improving slightly, there are no strikes or labor disturbances, building activity is increasing, bank clearings and debits to indi-

vidual accounts are in excess of last month's figures, and banks are meeting without difficulty the seasonal demand for handling the crops.

The volume of retail trade throughout the district is approximately the same as in August while the wholesale trade reports increased activity in some lines and decreases in others. The disposition of the buying public is plainly to watch and wait.

Grains. The harvesting of grains has been practically completed in the states of the Twelfth Federal Reserve District. Heavy rains in the Pacific Northwest throughout the month of September delayed threshing and slightly reduced the estimated yields. The production per acre in California and Arizona was found to be somewhat below earlier expectations as the harvest proceeded, but Utah and Nevada report increased yields due to favorable growing and harvesting conditions.

The grain market as a whole has been a declining one and trading has been sluggish accordingly. Farmers have been holding for better prices, and buyers, especially millers, are slow to accumulate stocks. It is estimated that only about one-third of the crop has passed out of first hands.

In the wheat districts of Oregon, Washington, and Idaho, prices to the grower were maintained at about 15 cents above those of last year, until the break in the market in the latter part of September. At that time they fell to \$1.90 to \$2.00 a bushel, depending on the variety, compared with last year's September prices of \$2.00 to \$2.16 a bushel. In the other states of the district, where local demand determines the market, prices have not been so responsive to eastern market variations and the growers have received from \$2.00 to \$2.25 a bushel.

The demand for barley is very light and prices show a further decline, growers receiving from 80 to 90 cents a bushel for feed barley and 90 cents to \$1.05 for brewing barley. The chief cause of the decline has been the lack of European demand. The United Kingdom, which is normally the heaviest buyer, finds itself well supplied, due to large purchases during the last two years and a good domestic crop, and is only taking barley previously contracted for. About 200,000 tons have already been exported from this district and allowing for a consumption of 225,000 tons within its borders, there will remain an exportable surplus of over 200,000 tons.

Oats, although showing a slightly improved demand late in September continued to be the weakest of the grains. Prices to the grower range from 75 cents to 83 cents a bushel in the coastal states and 96 cents a bushel in the intermountain region. There is little movement even at these prices.

A comparative statement of the estimated wheat, barley and oat production in the seven states of this district follows:

	WHEAT			OATS			BARLEY		
	Oct. 1 1920	Sept. 1 1920	1919	Oct. 1 1920	Sept. 1 1920	1919	Oct. 1 1920	Sept. 1 1920	1919
ARIZONA	1,118	1,118	1,204	364	429	533	20	20	26
CALIFORNIA	9,840	9,840	16,335	5,000	5,576	5,250	675	700	700
IDAHO	21,364	21,686	18,705	8,360	9,311	7,700	98	101	80
NEVADA	627	593	667	588	586	448	11	11	10
OREGON	21,700	21,924	21,095	12,600	14,000	11,104	65	67	45
UTAH	5,844	5,397	3,682	2,940	2,859	2,448	19	18	17
WASHINGTON	36,104	36,700	40,100	14,265	12,937	12,800	109	110	99
TWELFTH DISTRICT.	96,597	97,258	101,788	44,117	45,698	40,283	997	1,027	977
UNITED STATES....	750,648	770,015	940,987	1,144,362	1,442,000	1,248,310	4,594	4,677	3,977

Figures for wheat and oats in thousands of bushels; for barley in thousands of tons.

Looking forward, the largest winter wheat acreage in several seasons is predicted for the Pacific Northwest, as the result of recent weather conditions. Early rains followed by an interval of good weather put the ground in fine condition for fall seeding and the work is well under way.

Rice. The cool weather prevailing in the rice districts during September caused some delay in the ripening of the paddy, but harvesting is now proceeding rapidly. Early October rains caused some damage in fields which had been drained preparatory to harvesting, but the estimated yield of 3,625,000 bags has not been materially reduced. The market is characterized as depressed and unsettled. Growers are still attempting to hold the paddy rice in hopes of obtaining a price which will cover an approximate net cost of production now estimated at \$3.25 per hundred pounds, as it comes from the field. This would necessitate a price to the millers of at least \$6.00 a hundredweight for fancy clean rice. The wide fluctuations in the rice market are shown by a comparison of this year's quotation of \$5.35 to \$6.00 per hundred pounds f. o. b. mill for California Fancy Japan with last year's quotation of \$10.50 per hundred and the 1918 quotation of \$7.50 per hundred.

There is little foreign demand for the California crop and large domestic markets have been showing some preference for the large grained varieties of rice, whereas California produces only the Japanese or small grain rice. The Cuban embargo, which prohibits the importation of rice into that country, except by government permit, until January 1, 1921, has only an indirect effect on the California market, as very little California rice is shipped to Cuba.

Cotton. Favored with an adequate labor supply and good weather conditions, cotton picking is progressing satisfactorily in California and Arizona. The gins have been slow to commence operations, however,

and only about one-third of the cotton picked has been ginned. The California crop showed a decline during September, as previously reported unfavorable factors made their effect apparent in decreased yields. The average yield is now forecasted at 225 pounds of lint per acre, from the 278,000 acres sown to cotton. Last year the average yield was 268 pounds of lint per acre on 185,000 acres. The crop in Arizona gained 5,000 bales during the month and is now estimated at 115,000 bales of 500 pounds each, 92,000 bales of which is long staple Pima cotton. The market remains stagnant. Some contracts at 60 cents for long staple cotton are being fulfilled but no sales are reported. Growers are beginning to show a disposition to sell whenever the market opens. The price for short staple cotton, which averages below 30 cents a pound, is claimed to be below the cost of production and the sale of cotton seed offers no relief as it is finding only a casual demand at \$20.00 a ton compared with \$75.00 a ton last year.

Beans. The present season has been a mediocre one with regard to the crop of beans other than limas and an unsuccessful one with regard to the market. High temperatures in July and the absence of fog in the coast counties of California and the lateness of the summer rains in Arizona hurt the crop on unirrigated lands. A heavy carryover, estimated at 900,000 hundred-pound bags, will, however, offset the poorer crop and smaller acreage. The harvest is well under way in the San Joaquin Valley, Southern California, and Arizona, and will be in full swing in Northern California by the end of October. The estimated production this year compared with last year follows:

	1920	1919
CALIFORNIA	1,300,000 bushels	4,464,000 bushels
ARIZONA	78,000 bushels	136,000 bushels

The market is weak and quiet. Shippers' quotations f. o. b. California range from \$7.50 a hundredweight for Bayo beans to \$4.25 a hundredweight for large and small white beans.

Lima beans show an estimated yield of 1,275,000 hundred-pound bags (including 275,000 bags of baby limas) compared with 950,000 bags in 1919. The carryover from the crop of last year is light, there being approximately 75,000 bags of regular limas in the warehouses and practically no baby limas. Opening prices quoted late in September were \$7.75 a hundredweight for baby limas and \$8.00 a hundredweight for limas. Prices have since fallen to \$7.00 and \$7.25 per hundredweight, respectively. Last year the market opened at \$14.50 per hundredweight for limas but did not hold and the bulk of the crop sold at \$10.00 and \$11.00 a hundred.

Potatoes. October first estimates place the yield of potatoes in the Twelfth Federal Reserve District at 37,596,000 bushels compared with an estimate of 37,017,000 bushels on September first, and 31,879,000 bushels in 1919. Weather conditions have benefited the crop with the exception of early plantings in Oregon and Washington, where September rains started new growth and aided the development of tuber diseases. Growers are selling freely though the market is a declining one. In the coast states the trade is offering \$2.00 per cental for selected stock in carload lots and \$1.50 to \$1.75 per cental for fancy potatoes f. o. b. shipping point. In the Utah district the growers are receiving an average of \$1.25 per cental.

Tomatoes. A fairly heavy crop of tomatoes in California and Utah, a large carryover of the canned product, and the inability of the canneries to finance themselves on their former scale due to high operating costs and the tightening of credit, have caused considerable congestion in the disposition of this year's crop of tomatoes. Consequently fresh market supplies are liberal and the market weak. Growers in California are receiving \$12.00 a ton when there are buyers. Last year the growers received \$18.00 to \$20.00 a ton. Packers predict a large reduction in the 1920 pack. Opening prices of \$1.50 a dozen for number 2½ tin, solid pack tomatoes and \$1.10 for standard pack, have not held and the trade has shown little interest even at much lower prices.

Apples. On October first the crop of apples in the Twelfth Federal Reserve District was estimated at 29,058,000 bushels compared with 29,641,300 bushels on September first and 38,484,000 bushels in 1919. Apples from the Pacific Northwest began moving eastward in train-load lots during the first week in October and the movement will be steady from now on. Late varieties in this section are maturing earlier than usual and a high quality pack is expected. A shortage of help, especially experienced packers, is reported in the Hood River district. In California the Bellflower yield has fallen considerably below early estimates and the Newtowns are showing a large percentage of culls.

The sale of early varieties has been satisfactory both as to price and as to quantity, and the crop has moved to market freely at prices only slightly below those of last year. However, the market shows no tendency to take more than its day to day requirements, and few future sales of the late varieties have been made. Despite eager markets in Great Britain and the Scandinavian countries the export demand is quiet, due to continued unfavorable exchange rates for buyers. These countries prefer the boxed apples, and unless the Norwegian embargo on imports except

by permit and the contemplated fixing of maximum prices in England on November 15th, seriously interfere, will import a considerable quantity of fruit. The market for cull apples is still dormant. Some manufacturers of vinegar and some apple driers and canners are operating, but growers are forced to sell at the buyers' figures. Prices of \$6.00 to \$9.00 a ton have been set, compared with prices reaching \$20.00 a ton last year.

During the latter part of September, Washington and Oregon growers held a conference with representatives of the various carriers, at Yakima, and lodged a formal protest against the increased freight rates on apples now in effect. Following this meeting the railroad executives held a meeting in Chicago and on October fifth announced that no reduction in freight rates could be granted. The growers claim that the recent increase has disturbed, to the prejudice of Northwestern producers, the parity previously existing between freight charges from eastern and western shipping centers to common markets.

Grapes and Raisins. Owing to the dry season, the 1920 crop of grapes will probably fall short of last year's crop which totaled 606,538 tons. This included 194,668 tons of table grapes, 371,870 tons of wine grapes, and 40,000 tons of culls and strippings used in wine making. There has been ample help in the vineyards this year but, due to the shortage of refrigerator cars, the shipping season is a little late. It is estimated that there are 8,000 carloads still to be moved if the refrigerator cars are provided. 7,829 cars of grapes were shipped during September.

Table grapes and a considerable portion of the wine grapes are finding ready purchasers in the fresh fruit markets. Prices have ruled high and firm and the growers have been receiving \$90.00 to \$100.00 a ton for the naked grapes. Purchases at these prices have not been uniformly profitable to the trade and there are now signs of weakening, especially in the black grape market.

The part of the wine grape crop which is not sold in the fresh fruit markets will be made into various grape products. Last season the wine grape tonnage was disposed of as follows:

- 48,450 tons—Sweet wines.
- 152,570 tons—Dry wines.
- 128,150 tons—Shipped fresh.
- 40,000 tons—Unfermented grape juice.
- 5,200 tons—Grape syrup.
- 37,500 tons—Dried wine grapes (10,000 dried tons).

The refrigerator car shortage has been most acute during the present grape shipping season. Measures have been taken to provide better

shipping facilities next year and 6,500 new refrigerator cars are now being constructed for California railroads. 838 of these have already been delivered.

The estimate of the 1920 crop of raisins has been reduced and the yield is now placed at 175,000 tons compared with 200,000 tons a month ago. The California Associated Raisin Company will name prices for the unsold portion of the crop in November and independent packers are selling firm against this price. During September hearings were begun on the suit of the Government against the California Associated Raisin Company under the Sherman Act. The application of the Government for an immediate and temporary injunction, to restrain the Association from doing business, was withdrawn and a compromise, suggested by the company, adopted. Among other things the Association agrees to sell 40,000 tons of raisins to independent packers for present use, to be put up under the latter's brands.

Prunes. The crop of prunes in Oregon and Washington suffered severely from continued heavy rains in September and the yield was reduced approximately 30 per cent. It is now placed at 40,000,000 pounds as compared with 60,000,000 pounds on September first and 35,000,000 pounds in 1919. Prices in this section are very uncertain as a slow market and a short crop are now exerting opposite influences. At present the growers are receiving about 2 cents a pound under the opening prices named last month by the Oregon Growers Coöperative Association, which ranged from 7 to 15 cents a pound, bulk basis.

In California the condition of the prune crop has improved as the harvest proceeded and the yield is estimated at 95,000 to 100,000 tons. (These figures are in correction of those published in last month's report). The market, both domestic and foreign, continues dull and buyers are only purchasing for their immediate needs. In an effort to prevent forcing the market under present conditions the California Prune and Apricot Growers Association is arranging a pool for growers, not members of the Association. Advances to the growers will be made on the crop and the prunes put on the market as demand develops. Prices are still held at the opening figures.

Walnuts. The walnut season began during the latter part of September and yields indicate that former estimates placing the 1920 crop at 48,000,000 pounds were correct. The nuts are running large and uniform, and recent tests show only 4 per cent of second quality nuts compared with 25 per cent in 1919. The California Walnut Association named its opening prices during the second week in October and these

will be the basis for future trading. They are nearly 30 per cent lower than last year as is shown by the following table:

Grade	1920	1919	1918
No. 1 SOFT SHELL.....	22½c	31½c	28c
No. 2 SOFT SHELL.....	16½c	26c	25c
FANCY BUDDED	25½c	34c	31½c
STANDARD	22½c		

Prices per pound f. o. b. shipping point.

Approximately 75 per cent of the crop was sold at opening prices and most of the nuts are expected to move out of the producers' hands during the holiday season, although the trade is not ordering as freely as in former years.

Foreign competition is keen but few foreign purchases were reported prior to the announcement of California prices. French nuts are quoted at 12½ to 18 cents a pound in New York, duty paid, and Italian nuts at 15 to 16 cents a pound. Number 1 Manchurian nuts are now being offered in the Seattle market at 16 cents a pound.

Ranges and Pasture. Pasture throughout the district continues much better than last year and considerably better than the average for the last five years. Cattle and sheep are coming off the summer ranges in good condition and winter pasture is plentiful, except in parts of California and Arizona. In these districts the stockmen are on the lookout for outside pasture, in case early rains fail to materialize. Roundups are in progress in Utah, Nevada, and Arizona, and the cattle are steadily moving to eastern and western markets.

Livestock. A comparative statement of receipts of livestock and purchases for local slaughter for the month of September is given below:

	RECEIPTS OF LIVESTOCK								HORSES AND MULES	
	CATTLE		CALVES		HOGS		SHEEP		1920	1919
	1920	1919	1920	1919	1920	1919	1920	1919	1920	1919
PORTLAND	11,304	12,266	1,022	1,021	11,938	10,537	32,135	29,943	555	271
SALT LAKE CITY....	3,639	3,251	106	253	725	3,070	38,938	3,098	233	101
SEATTLE	4,928	6,728	315	390	13,743	3,952	8,743	14,391	...	...
SPOKANE	3,725	5,835	695	1,988	3,660	3,155	23,362	12,461	108	173
TACOMA	1,743	3,087	196	92	2,188	1,796	3,974	3,527	...	...
TOTAL.....	25,339	31,167	2,334	3,744	32,254	22,510	107,152	63,420	896	545

	PURCHASES FOR LOCAL SLAUGHTER							
	CATTLE		CALVES		HOGS		SHEEP	
	1920	1919	1920	1919	1920	1919	1920	1919
PORTLAND	4,250	4,441	433	482	6,174	4,927	16,509	12,858
SALT LAKE CITY....	1,443	1,189	106	253	2	2,430	692	1,633
SEATTLE	4,756	6,215	315	378	3,639	3,709	8,742	14,121
SPOKANE	2,812	3,904	575	876	1,946	1,642	2,431	997
TACOMA	1,743	3,087	196	92	2,188	1,796	3,974	3,527
TOTAL.....	15,004	18,836	1,625	2,081	13,949	14,504	32,348	33,136

Livestock men have experienced an unsatisfactory year. Feed, range rent, and labor have been high but prices for cattle, sheep, and hogs have not risen correspondingly. As a result there has been a tendency to decrease the supply of stocker animals. Some movement in the opposite direction is now evident, with cheaper feed in prospect, but inability to secure financial assistance is limiting the purchase of stockers and feeders. Prices on light steers and young cows are low and offer a big inducement to the man who has the money to buy. The heavy receipts of sheep at the five principal markets of the district give some indication of the financial condition of the sheepmen. Inability to market their wool clip at satisfactory prices seems to be forcing heavy sales of sheep, in order to meet expenses, and 43,732 more sheep were shipped during September, 1920, than in September, 1919.

Wide fluctuations in price have characterized the market for September, but the general trend was a slight decline. Steers at the various markets brought anywhere from \$3.75 to \$9.00 a hundredweight depending on quality and demand. Hogs registered a high mark of \$20.00 a hundredweight but brought as low as \$7.00 on one market when in poor condition. Sheep prices ranged from \$10.50 a hundredweight for best lambs to \$2.25 a hundredweight for ewes, with variations within each class according to quality.

Dairy Products. Cold storage holdings of butter in the four principal markets of the district are much smaller than one year ago and withdrawals during September were correspondingly lighter. Reports of increased butter production, due to the closing of some of the canned milk plants, and of heavy importations from New Zealand, have tended to weaken the market. A comparative statement of cold storage withdrawals during September of this year and last year and total holdings on October first follows:

	Withdrawals Sept., 1920	Withdrawals Sept., 1919	Holdings Oct. 1, 1920	Holdings Oct. 1, 1919
LOS ANGELES	104,346 lbs.	141,533 lbs.	861,612 lbs.	305,876 lbs.
PORTLAND	3,378 lbs.	107,478 lbs.	484,398 lbs.	987,084 lbs.
SAN FRANCISCO	90,171 lbs.	269,200 lbs.	934,822 lbs.	1,594,323 lbs.
SEATTLE	278,308 lbs.	284,817 lbs.	852,811 lbs.	1,548,331 lbs.
TOTAL	476,203 lbs.	803,028 lbs.	3,133,643 lbs.	4,435,614 lbs.

Condensed and Evaporated Milk. During the past two months the demand for condensed and evaporated milk has fallen off. Export business, which greatly stimulated production during the war, is at a standstill. This is partly due to the reluctance of foreign buyers to purchase at present rates of exchange, and partly due to increased production in Holland, Norway and Denmark. Increased freight rates from western

shipping points to eastern centers of consumption have cut down the domestic markets in which western manufacturers can compete with eastern condensaries. As a result large stocks were thrown on the local markets and on October first a price reduction of 50 cents a case to the jobber was announced. Comparative prices for the past year are as follows:

October, 1919	\$6.25 case*	April, 1920	\$6.00 case
February, 1920	5.75 case	October, 1920	5.50 case

*Case of 4 dozen tall cans.

Jobbers and wholesalers are not buying heavily even at the reduced price. Storage holdings have not increased as greatly as might be expected, however, due to the action of the largest condensary in the Pacific Northwest, which reduced the output of its main plants and closed two of its smaller condensaries. Other manufacturers are reported ready to take similar measures. The milk formerly used by the idle plants is being made into butter and cheese and these products are finding a ready market in the states of this district.

Lumber. A heavy falling off in the amount of new business placed with mills in the district, except those producing California redwood, occurred during the week ending October 2nd. Demand originating in competitive eastern territory for other varieties of lumber was almost negligible, but during the previous week new orders increased slightly due principally to heavy purchases of ties by railroads, and also due to increased purchases for delivery otherwise than by rail. The strongest demand for Northwestern lumber at the present time comes from California, particularly the southern part. The market is reported to remain generally dull and several mills are preparing to cease operations. It is claimed that recent decreases in prices of grain and other farm products have reduced the agricultural demand for lumber.

Comparative figures of cut, shipments and orders for the reporting mills of the four associations operating in this district are tabulated below:

	West Coast Lumbermen's Association		Western Pine Manufacturers' Association		California White and Sugar Pine Manufac- turers Association		California Redwood Association	
	4 Weeks ending Sept. 25	Pre- ceding Four Weeks	4 Weeks ending Sept. 25	Pre- ceding Four Weeks	4 Weeks ending Sept. 25	Pre- ceding Four Weeks	4 Weeks ending Sept. 25	Pre- ceding Four Weeks
AVERAGE No. MILLS REPORTING.	123	126	32	27	8	10	10	11
*CUT	286,440	300,866	102,763	95,795	43,529	51,410	26,029	20,421
*SHIPMENTS	233,220	261,055	65,340	72,094	17,113	19,574	17,626	17,369
*ORDERS	202,008	242,233	33,075	48,000	12,789	17,785	19,388	14,260

* (000) feet omitted.

Petroleum. A record production of petroleum occurred in California during September when the average daily output rose to 304,340 barrels. The nearest approach to this figure previously was in June, 1914, when the daily average was 302,400 barrels. The increase in September figures is chiefly due to new production in the Elk Hills. Shipments fell off 2.6 per cent as compared with August but still exceeded production, so that stored stocks were further reduced.

All industries in this district using fuel oil are threatened with a shortage of it during the winter. Growing industrial demands, the steadily increasing requirements of the railroads, and the recently added needs of our fleet on this coast are throwing a burden upon California production of petroleum too great to be met in full. There is no rationing of either oil or gasoline in the district. Following are figures furnished by the Standard Oil Company:

	SEPTEMBER	AUGUST	JULY
PRODUCTION—Daily average.....	304,340 bbls.	290,590 bbls.	279,169 bbls.
SHIPMENTS—Daily average.....	313,533 bbls.	321,955 bbls.	310,271 bbls.
STORED STOCKS—End of month..	23,158,657 bbls.	23,434,464 bbls.	24,406,753 bbls.
NEW WELLS OPENED.....	55	56	51
With initial daily production.	21,775 bbls.	20,550 bbls.	21,330 bbls.
WELLS ABANDONED.....	5	5	6

Car Shortage. The car situation in this district showed little improvement during the past month. The Tehachapi tunnel cave-in in Southern California, which had necessitated re-routing freight cars—particularly refrigerators—for three weeks at the height of the canning and grape-picking seasons was repaired and opened for traffic on September 27th. This interruption helped to increase the shortage of refrigerator cars in California from 815 on September 9th, to 977 on September 30th. Although the past week has shown a decided improvement, the shortage of these cars is still causing embarrassment to shippers.

Wholesale and retail stores in this district report general improvement in the transportation situation although a few advise that shipments from the east are delayed from fifteen to thirty days.

A comparative statement of car shortages in California, Washington, and Oregon on October 9th and September 9th follows:

	OPEN		CLOSED		REFRIGERATOR	
	Oct. 9	Sept. 9	Oct. 9	Sept. 9	Oct. 9	Sept. 9
WASHINGTON	65	131	32	55	4	3
CALIFORNIA	315	572	2,423	1,105	800	815
OREGON—Southern Pacific..	1,638	1,861	1,565	982	...	...
OREGON—Other Lines.....	26	174	63	513	...	...
TOTAL.....	2,044	2,738	4,083	2,655	804	818

Wholesale and Retail Trade Activity. Retail trade as reported by 31 representative department stores in this district, averages 14.5 per cent larger by value during September, 1920, than during the same month last year, as against an increase of 21.7 per cent in August, 1920, over the same month of last year. The increase in volume of sales during September of this year over those in August was .4 per cent as against an increase in August of 8.8 per cent for the previous month.

Statement of increases and decreases in retail trade for 31 firms follows:

CONDITION OF RETAIL TRADE DURING SEPTEMBER, 1920

	Los Angeles	San Francisco	Seattle	District
Percentage increase (or decrease) of net sales during September, 1920, over net sales during same month last year.....	29.1	10.4	-4.5	14.5
Percentage increase (or decrease) of net sales during September, 1920, over August, 1920.....	-18.2	1.7	16.6	0.4
Percentage increase (or decrease) of net sales from July 1, 1920, to September 30, 1920, over net sales during same period last year.....	37.9	17.3	-4.2	19.8
Percentage increase (or decrease) of stocks at close of September, 1920, over stocks at close of same month last year.....	33.4	16.2	3.9	20.6
Percentage increase (or decrease) of stocks at close of September, 1920, over stocks at close of August, 1920.....	13.7	7.4	6.3	4.9

Reports from 129 wholesale firms show a general increase in volume of trade during September over the same month last year, except in the wholesale shoe and automobile tire business, which showed a decrease of 17.6 per cent and 23.5 per cent respectively. The increases in volume of business were most pronounced in stationery and grocery lines, amounting to 31.6 per cent and 30.9 per cent respectively.

Three classes of business, dry goods, groceries and drugs, show a decrease in sales during September over sales during August, while only one class, that of automobile tires and rubber goods, shows a decrease in total sales during the first nine months of 1920 over sales for the same period last year.

Collections during September show little change over last month, the majority of firms still reporting collections good. Reports are unanimous that the tendency of the trade is to buy cautiously and only for current consumption. An increasing number reported an even greater preference than has recently prevailed for staples as against fancy goods.

Demand in general is reported weak, buyers tending to hold off in anticipation of further price reductions. This tendency is most notice-

able among dealers in hardware, dry goods, groceries, and rubber goods, while furniture and stationery dealers notice it only to a limited extent.

General improvement in transportation conditions is noted by nearly all firms, only a few reporting any delays in shipments during the past month.

Prices are reported as steady during September by hardware dealers, while wholesale furniture and stationery firms report a slight increase in prices over last year. Reductions in prices are generally reported by dealers in shoes, dry goods and groceries.

Statements of increases and decreases in wholesale trade of 129 firms for September, 1920, as compared with August, 1920, and September, 1919, and for the first nine months of 1920, as compared with the same period in 1919, follow:

CONDITION OF WHOLESALE TRADE DURING SEPTEMBER, 1920

(1a) Percentage of increase or decrease in net sales for September, 1920, over September, 1919

	Los Angeles	San Francisco	Portland	Seattle	District
Hardware	29.9	23.0	35.7	12.2	22.5
Dry Goods.....	...	3.5	31.0	11.4	14.3
Groceries	35.9	50.6	26.1	...	30.9
Drugs .....	...	42.3	10.9	...	26.5
Shoes .....	...	-19.9	-29.1	...	-17.6
Stationery	30.8	35.8	12.9	45.2	31.6
Furniture	4.6	18.1	33.4	27.6	19.9
Auto Tires.....	-20.8	-14.9	...	-24.1	-23.5

(1b) Percentage of increase or decrease in net sales January 1 to September 30, 1920, over same period last year

	Los Angeles	San Francisco	Portland	Seattle	District
Hardware	50.9	45.7	32.1	22.0	34.8
Dry Goods.....	...	37.8	29.4	48.1	39.6
Groceries	30.6	30.7	24.6	...	27.0
Drugs .....	...	25.6	...	...	30.1
Shoes .....	...	9.2	-14.8	...	5.9
Stationery	47.8	44.9	36.8	24.8	42.5
Furniture	53.6	60.9	51.3	18.5	46.6
Auto Tires.....	-9.2	7.8	...	-11.8	-2.6

(1c) Percentage of increase or decrease in net sales for September, 1920, over August, 1920

	Los Angeles	San Francisco	Portland	Seattle	District
Hardware	21.4	-2.0	15.2	-9.5	7.3
Dry Goods.....	...	-14.4	45.3	-14.6	-7.7
Groceries	31.7	-1.6	14.3	...	-0.9
Drugs .....	...	5.1	-6.1	...	-5.3
Shoes .....	...	-4.2	38.6	...	7.0
Stationery	21.4	-6.1	32.1	-9.1	13.3
Furniture	28.5	28.9	74.5	21.3	26.4
Auto Tires.....	...	...	...	...	...

Foreign Trade. Both imports and exports through Pacific Coast ports fell off in value in August, 1920, as compared with August, 1919, the former 10 per cent and the latter 25.7 per cent. The more rapid decline in exports caused their total value to fall below the total value of imports for the month, which illustrates the tendency now apparent in the foreign trade returns of the country, namely, the reduction in our so-called "favorable balance" of trade.

The volume of foreign trade (i. e., the value of exports and imports combined) is less both for the month of August and for the eight months period from January 1st to August 31st, 1920, than for the same periods last year. While this reflects the readjustment of trade routes mentioned in last month's report, it is also doubtless an indication of the reduced activity of business in the Orient since the commercial depression which began in China last Spring following the decline in the price of silver, and the business crisis in Japan last April.

IMPORTS

(000 omitted)

	Month Ending		% In-	Eight Months Ending		% In-
	Aug. 31, '20	Aug. 31, '19	crease (+) or Decrease(—)	Aug. 31, '20	Aug. 31, '19	crease (+) or Decrease(—)
SAN FRANCISCO.....	20,510	21,392	—4.1	164,999	152,311	+8.3
LOS ANGELES.....	448	155	+189.0	6,339	1,793	+253.5
PORTLAND	525	57	+821.1	6,731	1,381	+387.4
WASHINGTON (Seattle).	6,544	9,727	—32.7	69,407	89,330	—22.3
SAN DIEGO.....	260	102	+154.9	656	389	+68.6
TOTAL PACIFIC COAST...	28,287	31,433	—10.0	248,132	245,204	+ 1.2
TOTAL UNITED STATES..	519,000	307,000	+69.1	4,000,000	2,262,000	+76.8
% OF PACIFIC COAST TO						
TOTAL UNITED STATES	5.4%	10.2%		6.2%	10.8%	

EXPORTS

(000 omitted)

	Month Ending		% In-	Eight Months Ending		% In-
	Aug. 31, '20	Aug. 31, '19	crease (+) or Decrease(—)	Aug. 31, '20	Aug. 31, '19	crease (+) or Decrease(—)
SAN FRANCISCO.....	13,619	20,685	—34.3	158,148	160,103	—1.2
LOS ANGELES.....	432	1,155	—62.6	12,168	5,407	+125.0
PORTLAND	5,642	5,484	+2.8	36,337	31,039	+17.0
WASHINGTON (Seattle).	7,410	9,331	—20.5	88,782	147,315	—42.1
SAN DIEGO.....	116	27	+329.6	357	260	+37.3
TOTAL PACIFIC COAST...	27,219	36,682	—25.7	295,792	344,124	—14.0
TOTAL UNITED STATES..	584,000	646,000	—9.6	5,483,000	5,272,000	+4.0
% OF PACIFIC COAST TO						
TOTAL UNITED STATES	4.6%	5.6%	..	5.4%	6.5%	

Labor. With the exception of a strike for higher wages in the building trades of San Francisco, involving approximately 300 plasterers, painters and paper-hangers, which has been temporarily settled on the old basis of wages, pending arbitration of the demands, no strikes or labor disturbances are reported in this district. Unemployment has increased slightly owing to the closing of some shipyards and lumber mills and there is a small surplus of labor in the principal cities of the district.

Business Failures. Business failures increased during the month of September and were practically the same as in the month of July but still less than the highest mortality of the year, which was reached in June. The average failure during September was again largest in Utah, where it exceeded \$26,000 in total liabilities. In Idaho the average exceeded \$16,000, in Washington \$15,000, in California \$8,000, in Oregon \$7,000, in Nevada \$4,000, and in Arizona \$500. R. G. Dun and Company's comparative figures by states for the past three months follow:

	SEPTEMBER		AUGUST		JULY	
	No.	Liabilities	No.	Liabilities	No.	Liabilities
ARIZONA	3	\$ 1,500	0	\$ 0	2	\$ 9,000
CALIFORNIA	45	401,032	41	209,254	53	365,000
IDAHO	10	163,929	5	33,844	0	0
NEVADA	2	8,602	1	1,000	0	0
OREGON	11	87,258	16	263,658	16	239,710
UTAH	11	290,261	6	131,882	0	0
WASHINGTON	19	291,978	21	367,600	30	678,178
DISTRICT	101	\$1,244,560	90	\$1,007,238	101	\$1,291,888

Building Permits. Building activity during September exceeded that of August both in number and valuation of permits issued, and was over 50 per cent greater than in September, 1919. Reports from the 19 principal cities of the district, summarized below, indicate that building is proceeding on a large scale in Southern California, but is less in the Pacific Northwest than it was last month or last year at this time.

	Sept., 1920		Aug., 1920		% Increase (+) or Decrease (—) in Value During Month	Sept., 1919		% In- crease (+) or De- crease (—) in Value During Year
	No.	*Value	No.	*Value		No.	*Value	
LOS ANGELES	3,515	7,231	2,643	6,970	+ 3.7	1,259	2,447	+195.5
SAN FRANCISCO	435	1,996	452	1,517	+31.5	482	1,231	+62.1
PORTLAND	1,074	802	1,039	1,022	—21.5	900	1,377	—41.7
LONG BEACH	475	1,231	368	969	+27.0	280	679	+81.3
OAKLAND	510	798	438	672	+18.7	390	574	+38.9
SEATTLE	1,046	865	904	1,072	—19.3	1,356	1,340	—35.4
TOTAL DISTRICT	9,190†	16,528	7,459	14,559	+13.4	5,847	10,691	+54.6

*(\$000) omitted.

†Percentage increase in number over last month, 20.6%; over September, 1919, 55.4%.

Bank Clearings. Clearings during September increased in all the Federal Reserve bank and branch cities as compared with last month, and total clearings of the district (19 cities reporting) were 12.5 per cent in excess of those of August, 1920, and 13.4 per cent greater than they were in September, 1919.

Accelerated business activity is also reflected in the increase in debits to individual accounts in the 20 largest cities of the district, the total for September being \$2,686,720,000 or 19.7 per cent larger than the total of \$2,158,893,000 in August, 1920, and 28.8 per cent larger than in September, 1919. The increase is distributed evenly throughout the different sections of the district.

BANK CLEARINGS

	September, 1920	August, 1920	September, 1919
SAN FRANCISCO.....	\$ 712,000,000	\$ 645,480,000	\$ 669,392,000
LOS ANGELES	346,945,000	309,955,000	208,332,000
SEATTLE	175,874,000	156,990,000	202,235,000
PORTLAND	180,364,000	150,498,000	171,405,000
SALT LAKE CITY.....	69,379,000	61,021,000	72,720,000
SPOKANE	57,662,000	49,601,000	62,019,000
TOTAL	\$1,542,224,000	\$1,373,545,000	\$1,386,103,000
TOTAL DISTRICT.....	\$1,779,545,000	\$1,580,815,000	\$1,568,585,000

Interest and Discount Rates. An easing of 1 per cent in the rate charged in Seattle on loans secured by United States Government securities, and of a like amount in Los Angeles in the rate on prime commercial paper purchased in the open market, together with an increase of $\frac{1}{2}$ per cent in the rate charged for inter-bank loans in Portland, are the only changes in the general level of interest rates asked by member banks throughout the district. Customary rates charged by banks in Federal Reserve Bank and branch cities for the month ending September 10th are quoted below:

	Prime Customers	Commercial Paper Open Market	Interbank Loans	Collateral Loans	Secured by L. L. Bonds With U.S. Certificates of Indebtedness
SAN FRANCISCO.....	6½	8	6	7	6½
LOS ANGELES.....	7	7	6	7	7
SEATTLE	7	8	7	8	7
PORTLAND	7	8	7	7	7
SALT LAKE CITY.....	8	8	8	8	8
SPOKANE	7½	None	7	7	8

Population. Preliminary reports of the 1920 census show that population in this district increased from 5,177,478 in 1910 to 6,858,642 in 1920, an increase of 32.4 per cent, while the percentage of increase for the con-

tinental United States during the same period was 14.9 per cent. The discrepancy between these percentages shows the continued westward drift of population. Four states in the district, California, Oregon, Utah, and Idaho, increased in ranks, while all states in the district increased in population except Nevada, which decreased 5.4 per cent during the decade. The greatest percentage increases were in Arizona and California, and amounted to 63.3 per cent and 44.1 per cent respectively. The population of this district in 1920 was 6.5 per cent of that of the entire United States, as against 5.6 per cent in 1910.

State—	Rank 1920	Rank 1910	Population 1920	Population 1910	% Increase (+) Decrease (—)
CALIFORNIA	8	12	3,426,536	2,377,549	+44.1
WASHINGTON	30	30	1,356,316	1,141,990	+18.6
OREGON	34	35	783,285	672,765	+16.5
UTAH	40	41	449,446	373,351	+20.3
IDAHO	42	44	431,826	325,594	+32.6
ARIZONA	45	45	333,826	204,354	+63.3
NEVADA	48	48	77,407	81,875	— 5.4
TOTAL DISTRICT.....	..	..	6,858,642	5,177,478	+32.4
TOTAL UNITED STATES.....	..	..	105,683,108	91,972,266	+14.9
% OF DISTRICT TOTAL TO UNITED STATES TOTAL .....	..	..	6.5	5.6	

Federal Reserve Bank. The usual autumn demand of member banks for credit accommodation is reflected in this bank's statement of condition for October 8 (see last page of this report), which shows that holdings of bills discounted for member banks increased \$17,224,000 during the past four weeks as against an increase of approximately \$6,000,000 in the previous month. At the same time, holdings of bills bought in the open market were reduced \$6,309,000, making a net increase of \$10,915,000 in total bills on hand. Cash reserves fell off \$2,316,000 (of which \$2,160,000 represented gold outflow), reserve notes in circulation increased \$2,369,000, while deposits to the credit of the Government and of member banks increased \$4,027,000 and \$1,950,000 respectively.

**COMPARATIVE STATEMENT OF PRINCIPAL RESOURCE AND
LIABILITY ITEMS OF MEMBER BANKS IN RESERVE CITIES OF
TWELFTH FEDERAL RESERVE DISTRICT**

	(000.00 omitted)		
	July 30, 1920	Aug. 27, 1920	Oct. 8, 1920
Reporting Member Banks.....	68		
U. S. Securities.....	\$ 135,472	\$ 137,078	\$ 135,018
Loans and Investments excluding rediscounts with Federal Reserve Bank:			
Secured by Government War Obligations...	34,902	32,380	29,833
Secured by Stocks and Bonds.....	144,634	149,428	146,291
All Others.....	991,124	968,878	918,040
Total Loans and Investments.....	<u>\$1,306,132</u>	<u>\$1,287,764</u>	<u>\$1,229,182</u>
Reserve Balance with Federal Reserve Bank....	\$ 84,567	\$ 79,862	\$ 80,153
Cash in Vault.....	27,933	27,464	28,134
Net Demand Deposits.....	632,024	632,417	632,245
Time Deposits.....	519,826	514,551	519,241
Government Deposits.....	6,603	6,546	9,562
Bills Payable with Federal Reserve Bank:			
Secured by U. S. War Obligations.....	26,064	29,315	32,206
All Others.....	85	408	210
Bills Rediscounted with Federal Reserve Bank:			
Secured by U. S. War Obligations.....	2,139	2,462	3,288
All Others.....	63,433	63,913	84,370

**COMPARATIVE STATEMENT OF
CONDITION OF FEDERAL RESERVE BANK OF SAN FRANCISCO**

RESOURCES:	Oct. 8, 1920	Sept. 10, 1920	Oct. 3, 1919
Gold and Gold Certificates.....	\$ 13,475,000	\$ 11,606,000	\$ 11,964,000
Gold Settlement Fund—F. R. Board....	49,175,000	49,704,000	41,571,000
Gold with Foreign Agencies.....	4,118,000	5,127,000	5,009,000
Total Gold Held by Bank.....	\$ 66,768,000	\$ 66,437,000	\$ 58,544,000
Gold with Federal Reserve Agent.....	81,242,000	85,279,000	104,450,000
Gold Redemption Fund.....	11,627,000	10,081,000	1,143,000
Total Gold Reserves.....	\$159,637,000	\$161,797,000	\$164,137,000
Legal Tender Notes, Silver, etc.....	546,000	702,000	193,000
Total Reserves.....	\$160,183,000	\$162,499,000	\$164,330,000
Bills Discounted:			
Secured by Govt. War Obligations...	\$ 55,242,000	\$ 51,457,000	\$ 54,045,000
All Other.....	121,026,000	107,587,000	18,544,000
Bills Bought in Open Market.....	55,306,000	61,615,000	80,079,000
Total Bills on Hand.....	\$231,574,000	\$220,659,000	\$152,668,000
U. S. Government Bonds.....	2,632,000	2,632,000	2,632,000
U. S. Victory Notes.....	0	0	0
U. S. Certificates of Indebtedness.....	11,207,000	11,288,000	8,539,000
All Other Earning Assets.....	0	0	0
Total Earning Assets.....	\$245,413,000	\$234,579,000	\$163,839,000
Bank Premises.....	231,000	231,000	400,000
Uncollected Items and Other Deductions from Gross Deposits.....	43,047,000	37,999,000	40,107,000
5% Redemption Fund Against F. R. Notes.....	665,000	665,000	525,000
All Other Resources.....	302,000	463,000	918,000
TOTAL RESOURCES.....	\$449,841,000	\$436,436,000	\$370,119,000
LIABILITIES:			
Capital Paid in.....	\$ 6,880,000	\$ 6,830,000	\$ 5,059,000
Surplus.....	11,662,000	11,662,000	4,578,000
Government Deposits.....	4,941,000	914,000	5,450,000
Due to Members—Reserve Account....	118,926,000	116,976,000	101,011,000
Deferred Availability Items.....	34,846,000	29,341,000	19,899,000
Other Deposits, Including Foreign Government Credits.....	2,478,000	3,456,000	7,465,000
Total Gross Deposits.....	\$161,191,000	\$150,687,000	\$133,825,000
F. R. Notes in Actual Circulation.....	254,380,000	252,011,000	215,429,000
F. R. Bank Notes in Circulation—Net Liability.....	10,831,000	11,359,000	8,850,000
All Other Liabilities.....	4,897,000	3,887,000	2,378,000
TOTAL LIABILITIES.....	\$449,841,000	\$436,436,000	\$370,119,000
MEMO: Contingent Liability on Bills Purchased for Foreign Correspondents....	736,000	736,000	0