

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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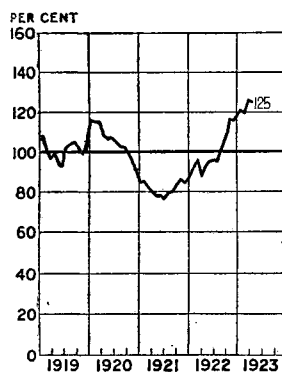
No. 5

Summary of National Conditions

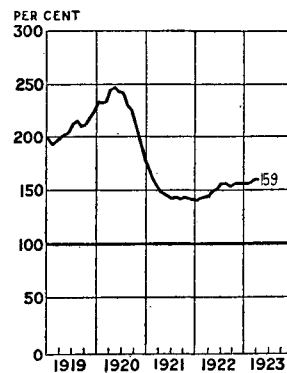
Production and trade continued in large volume during April. There was some slackening of business activity in the latter part of the month and during the early weeks of May, partly on account of seasonal influences.

Production. The Federal Reserve Board's index of production in basic industries declined about 1 per cent in April. Production of lumber, anthracite coal, and mill consumption of cotton decreased, while there were increases in the output of pig iron and petroleum. There was a further increase in the number of building contracts awarded in April, but the value of building permits issued in 168 cities was 16 per cent less than the record figures of March.

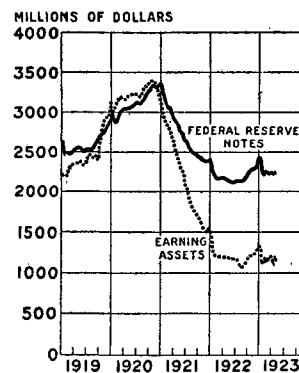
The decrease was due chiefly to a curtailment of new projects in New York, as the aggregate value of permits at other reporting cities showed an increase of 20 per cent. Car loadings continued to be much larger than in the corresponding weeks of previous years, owing chiefly to heavy shipments of manufactured goods. In spite of present heavy traffic, the shortage of freight cars has largely disappeared. Employment at industrial establishments continued to increase during April, although plants in Eastern states reported some reductions in their forces, and there was an increase in those states in the number of concerns working part time. Increases in wage rates were announced by many concerns, and average weekly earnings of factory workers increased about 1 per cent.



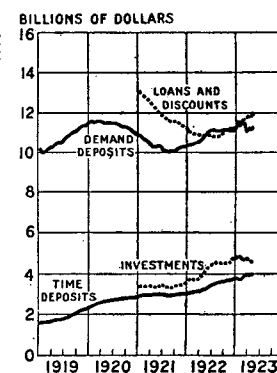
Index of Production in Basic Industries
Combination of 22 individual series corrected for seasonal variation (1919 average = 100 per cent)



Prices
Index numbers of wholesale prices, United States Bureau of Labor statistics (1913 average = 100 per cent)



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Trade. Wholesale and retail trade were somewhat smaller in April than in March, which is the customary trend at this season of the year. Both were well above the level of a year ago. Decreased sales by department stores in April as compared with March were, in part, due to the fact that Easter purchases were made in March, and in part to the unseasonably cold weather in many localities during April. Mail order sales during April were 10 per cent less than in March, but 32 per cent larger than a year ago.

Wholesale prices. Prices of certain basic commodities declined during April and the early part of May. The general index of wholesale prices of the Bureau of Labor statistics, it is to be noted, showed no change between March and April. Prices of building materials, metals, cloths, and clothing were higher in April than in March, these advances being offset by declines in prices of fuel and of farm products, especially livestock and dairy products.

Bank credit. Since the middle of April the volume of bank credit in use has remained relatively constant. Between April 11th and May 9th loans of member banks in leading cities showed an increase of nearly \$100,000,000, a large part of which occurred in the Chicago district. These increases in loans were accompanied by a somewhat larger liquidation of investments, which was general throughout the country. Partly through the sale of these investments, reporting member banks have met the demand for additional loans without obtaining increased accommodation at the Reserve Banks. The volume of Federal Reserve Bank credit has consequently continued fairly steady at the level which has prevailed since the middle of January, and the volume of Federal Reserve Notes in circulation has remained practically unchanged.

Somewhat easier money conditions are indicated by slightly lower rates on commercial paper and lower yields on outstanding treasury certificates. The Treasury offering of approximately \$400,000,000 of 4¾ per cent notes, maturing March, 1927, was heavily oversubscribed, and the issue was subsequently quoted at a slight premium in the open market.

Summary of District Conditions

A pause in the steady expansion of business and industry in the Twelfth District which characterized the first three months of 1923

appeared in the statistical record for April. In certain of the basic raw materials such as lumber, metals, etc., the demand was not so insistent as during the first quarter of the year; building was not so active as in March; and petroleum stocks, already somewhat burdensome to the industry, again increased. Distribution of goods at wholesale and retail was apparently slightly less in volume than during March, but is still considerably greater than it was a year ago. Labor continues to be fully employed. An upward trend of rediscounts of the Reserve Bank since the first of the year continued during April, but interest rates charged by banks in the larger cities remained steady.

Output of **lumber** mills of the district was greater than in any month during the past four years. For the first time since November, 1922, however, the volume of both orders received and shipments made was less than production. Stocks of lumber, which have been and are below normal, increased slightly as a result of this situation. Activity in **mineral** producing centers was maintained at the high levels of the first quarter of the year, but demand as reflected by prices for copper, lead, and zinc, declined, bringing to a close a continuous price advance of twelve months duration. A new record for **petroleum** production in California was set during April when a flow of 689,865 barrels per day was reported. Increasing consumption has not kept pace with production in recent months, and storage facilities have been inadequate to care for the present flush output of wells in new producing fields. Some of the larger oil producing companies have determined upon a policy of voluntary curtailment of output. **Building activity** during April declined from the record figures of March, 1923, but continued greater than one year ago. The gain over the year period in both the number and value of permits issued in the principal cities of the district was approximately 15 per cent. Involuntary **unemployment** in the district has practically disappeared. A strike of loggers in the Pacific Northwest, called during the latter part of April, temporarily embarrassed the logging industry. The majority of the men who went out on strike have returned to work.

The dollar value of **business transacted** during April, 1923, as reflected by debits to individual accounts at banks in 21 cities, was 20 per cent greater than during April, 1922. This increase was less by 6 per cent than that reported in March, 1923, as compared with

March, 1922. Trade at wholesale in 11 reporting lines of business was uniformly greater in value in April, 1923, than in April, 1922, increases of 15 per cent or more being reported in 10 of the 11 lines. Department store sales at retail were 12 per cent greater in value than a year ago, and a more rapid rate of stock turnover is reported. The number of business failures in the district during April, 1923, was the smallest since September, 1922.

The supply of credit continued abundant. An increase of \$18,000,000 in "all other loans, largely commercial" of 66 reporting member banks in the principal cities of the district was chiefly responsible for the rise in total loans and discounts of these banks from \$971,000,000 on April 11th to \$991,000,000 on May 9th. The latter figure is 20 per cent above the low point of February, 1922. Investments of reporting banks changed little during the month. Deposits on the contrary declined by \$15,000,000 between April 11th and May 9th, and the ratio of deposits to loans and investments was 2.5 per cent lower on the latter date than on the former. Demands upon the Reserve Bank for funds continued during April at approximately the same pace as during February and March. Since January 10th of this year total discounts of this bank have risen from \$33,000,000 to \$66,000,000, an increase of 100 per cent. Nearly all the increase has been due to rediscounting by San Francisco banks. Federal Reserve Note circulation increased from \$196,000,000 on April 18th to \$205,000,000 on May 16th, the first increase during the present year.

The general price level was stationary during April, but a slight downward tendency was apparent. The principal development among prices of products of this district was in the metals group, where quotations of copper, lead, and zinc, which have been advancing for the past year, declined without exception.

Spring planting of crops of the district is well advanced and all crops now in the ground are reported to be in good condition. The weather during April was exceptionally favorable for general agricultural operations, and a marked improvement in the condition of crops, especially the growing grains, was noted during the month. Deciduous fruit trees in California bloomed heavily this spring, and notwithstanding later losses caused by the dropping of immature fruits, the United States Department of Agriculture forecasts average crops of all varieties, with the possible exception of prunes. Livestock reports of the same authority state that losses of cattle, sheep, and hogs during the past winter were small, and that animals are entering the summer in good condition.

Crop Conditions

Favorable growing weather during April improved the condition of grain crops in all states of the district. In California the rains of early April revived drying fields of barley, while in the Pacific Northwest mild weather and a plentiful supply of moisture during the month benefited the growing crop of wheat.

During the autumn of 1922, 3,700,000 acres were sown to winter wheat in the principal grain raising states of this district, 5.0 per cent of which had been abandoned by May 1, 1923, due to adverse weather conditions or other causes, leaving 3,516,000 acres to be harvested. In the autumn of 1921 there were 3,579,000 acres sown to winter wheat of which 6.3 per cent had been abandoned by May 1, 1922. Basing its estimate on the average condition of winter wheat in the different states of the district on May 1st, the United States Department of Agriculture forecasts a total 1923 yield of 75,033,000 bushels, compared with the 1922 crop of 67,649,000 bushels (estimated at 71,440,000 bushels on May 1, 1922). The following table gives the government estimates of the condition of winter wheat, acreage sown, and percentage of acreage abandoned for the 1923 crop by principal wheat growing states in this district:

	Condition — Per Cent of Normal —				Acreage Sown Autumn 1922	Per Cent Abandoned by May 1, 1923
	May 1, 1923	Apr. 1, 1923	May 1, 1922	Year Average		
California ...	88	75	90	82	813,000	8
Idaho	92	91	88	94	409,000	4
Oregon	95	92	91	95	879,000	3
Utah	90	85	93	94	143,000	2.5
Washington .	88	84	85	91	1,456,000	5
Twelfth Dist.					3,700,000	5
United States	80.1	75.2	83.5	87.5	46,379,000	14.3

The wheat markets of the district were relatively inactive during April, a continuation of the condition which has prevailed during the greater part of the present year. The export movement of wheat from Portland and the Puget Sound ports has been light during the entire season beginning July 1, 1922, and on May 1, 1923, the total seasonal movement amounted to only 16,719,289 bushels, 58 per cent less than exports during the period July 1, 1921, to May 1, 1922.

Early sown barley fields in California survived the drought of February and March, and were greatly benefited by the state-wide rains which fell during the first week of April. It was necessary to abandon some late sown barley, however, and the total acreage to be harvested as grain during the forthcoming season will be below the average of the past few years. It is reported that the old crop barley in California has been moving slowly during recent months.

Spring planting operations are well advanced throughout the district and field crops already planted are generally reported to be growing well. Cotton planting has been practically completed in Arizona and California, and an excellent stand of young plants has been obtained in the earlier cotton-raising sections. Thinning of sugar beets has begun in California, the crop being reported in good condition. Commercial reports indicate that the acreage of ordinary lima beans in California will be smaller than it was last year, but that plantings of Henderson bush beans, or baby limas, will be increased. Final estimates of the 1922 bean crop in California place the total yield at 2,867,000 bags of 100 pounds each, comprising 1,275,000 bags of lima beans and 1,592,000 bags of all other varieties. During the last half of 1922 an active demand for beans resulted in advancing prices for nearly all varieties. For the past few months, however, the market is reported to have been relatively inactive, with slightly declining prices. Warehouse holdings of all varieties of beans in California on May 1, 1923, were reported to total 812,089 bags of 100 pounds each, compared with 765,771 bags held on May 1, 1922. Approximately 300,000 bags of pink beans and 200,000 bags of lima beans are included in the reported stocks on May 1, 1923.

Mild spring weather in all fruit-raising sections of the district brought forth an excellent bloom on deciduous fruit trees, and generally favored a heavy setting of fruits. In California, however, prospects for large crops have been diminished to some extent by the heavy dropping of most fruits during the past month. The apricot and plum crops are the only deciduous fruit crops in that state which are still reported to be in excellent condition. Prunes have suffered most severely, the reported condition of the crop on May 1st being only 60 per cent of normal, as compared with 95 per cent on May 1, 1922. The cherry crop, which is now being picked, has been reduced by light frosts in some sections of California. Estimates of the peach and pear crops have declined during April and early May as a result of heavy dropping of the immature fruits. The condition of California deciduous fruit and nut crops on May 1st, as reported by the United States Department of Agriculture, is given in the following table:

	Condition on May 1st (percentage of normal)		1922 Final Yield
	1923	1922	
Almonds	75	70	8,000 tons
Apples	80	96	3,600,000 boxes†
Apricots	98	52	120,000 tons
Cherries	73	90	12,000 tons
Peaches	87	92	420,000 tons
Pears	90	92	125,000 tons
Plums	95	*	46,000 tons
Prunes	60	95	95,000 tons

*Not estimated in 1922. †Commercial crop. Total crop—7,656,000 boxes.

Fruit crops in the Pacific Northwest are reported to be in excellent condition, with prospects for normal or heavier than normal yields of all varieties. The important loganberry crop in Oregon has suffered from the depredations of insect pests and from short spells of unfavorable weather during the winter season, and a small crop is expected.

Prices for canning cherries during the 1923 season have been set by the organized growers in California at \$220 to \$240 per ton, an advance of \$24 to \$44 per ton over last year's price of \$196 per ton. Cannery have purchased some fruit at prices ranging from \$190 to \$200 per ton from independent growers. Prices for other fruits have not yet been established.

The shipment of 907 carloads of apples from the district during April brought total seasonal shipments to 40,421 carloads, leaving somewhat less than 4,000 carloads in storage in the district on May 1st. On May 1, 1922, shipments of 1921-1922 crop apples from this district had reached 50,287 carloads, and there were approximately 800 carloads remaining in storage. Reports state there is a surplus of apples in Eastern cities, which has tended to restrict the marketing of the Western fruit. Although supplies of apples are plentiful, prices for the better grades are reported to have strengthened during the past month.

Orange and lemon groves in California have bloomed heavily during the present season, and are now in much better condition than at this time last year when they had only partially recovered from the severe freeze of January, 1922. Commercial reports state that approximately 7 per cent of the Navel orange crop of approximately 10,000,000 boxes remained unshipped on May 1st. Only a small proportion of the Valencia orange crop, now estimated at 10,278,000 boxes, had been marketed up to that date. Total shipments of oranges and lemons up to May 1st of the past two seasons have been as follows:

	Nov. 1st to May 1st 1922-1923 (cars)	1921-1922* (cars)
Oranges	25,416	18,642
Lemons	3,479	4,065

*The method of compiling shipments has been changed and the published figures for the 1921-1922 season are not comparable with those printed in the April issue of this review. The corrected figures for the 1921-1922 season to April 1st are 15,250 cars of oranges and 3,118 cars of lemons.

Canned and Dried Fruits

Reports from commercial factors indicate that canners generally will operate conservatively during the 1923 season, the extent of their pack depending chiefly upon the volume of their sales contracts and the movement into consumption during the remaining months of the 1922-1923 season of the stocks of 1922 pack fruit still unsold.

It is estimated that the 1923 Hawaiian **pine-apple** pack will be 10 per cent larger than the small 1922 pack of 4,770,000 cases, which was greatly reduced because of the small crop, occasioned by drought conditions during the winter of 1921-1922. Present unsold stocks of canned pineapples are reported to be small. Opening prices for the 1923 season, as recently announced by the largest factor in the trade, were from 10 to 35 cents per dozen cans above 1922 opening prices, as shown by the following table:

	Opening Price per Doz. Cans		
	1923	1922	1921
Extra, sliced, No. 2½ cans. . .	\$3.25	\$3.00	\$2.35
Extra, crushed, No. 2½ cans. . .	2.10	1.75	2.00

Independent packers of **dried fruits** have recently announced tentative opening prices on dried apricots and prunes at levels below those of a year ago, but the amount of fruit they have to sell is small. As reports of a small prune crop have been substantiated, the price of this product has become firmer. Buying interest in old crop dried fruits has been lacking, with the market generally dull. Stocks of raisins in California continue abnormally large. Price announcements and sales plans have awaited the recently consummated reorganization of the raisin growers co-operative association which controls 85 to 90 per cent of the crop.

Livestock

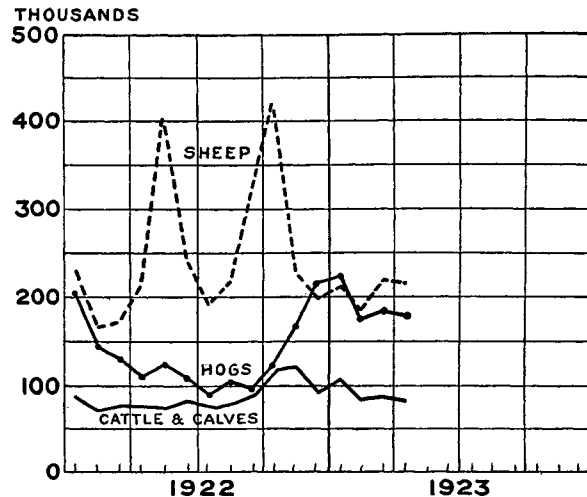
Statistical confirmation of the benefits accruing to the livestock industry from the recent mild winter and favorable spring is contained in the May reports of the United States Department of Agriculture. They state that losses of livestock from disease and exposure during the past winter and spring have been smaller than during the previous year in all states of the district. During the past month livestock ranges of the district continued the improvement noted in previous months of this year. Grass which had been slow to start in the Intermountain States, due to the cold weather prevailing in April, is now springing up on the lower ranges. Some feeding is still necessary, however, in these states.

Lambing has been practically completed throughout the district. Losses of ewes and lambs have been light this year, as ewes entered the lambing season in good condition and feed has generally been plentiful. Shipments of lambs from California reached their peak during the past three weeks and are now beginning to decline. Up to May 19th, approximately 234,000 lambs had been shipped from that state. Shipments of lambs from the Northern states of the district do not commence in volume until about June 1st.

The total receipts of all classes of livestock at eight principal markets in the district during the first four months of 1923 were 16.0 per cent greater than during the same period in 1922, as shown in the following table:

	Receipts, January to April inclusive		Per Cent Increase
	1923	1922	1923 over 1922
Cattle and Calves.	362,518	307,386	17.9
Hogs	761,393	595,318	27.8
Sheep	830,567	781,408	6.2
Total	1,954,478	1,684,112	16.0

The large increase in receipts of hogs reflects, in part, the increased production of hogs in this district during the past year as compared with the previous year. To a greater extent, however, it represents an increase in the importation of hogs into this district from other states. At the principal livestock markets of the district approximately 65 per cent of the hogs received during this period came from outside of the Twelfth Federal Reserve District.



Receipts of Livestock at Eight of the Principal Markets of the District 1922-1923. (Los Angeles, Ogden, Portland, Salt Lake City, San Francisco, Seattle, Spokane, and Tacoma included)

During April, 1923, receipts of livestock were smaller than during March, 1923, but excepting sheep, they were greater than during April, 1922. Receipts of sheep were practically the same as in April, 1922. Prices for cattle in the principal markets of this district tended to advance during the past month, while prices for hogs, lambs, and sheep declined slightly.

Wool

Shearing of wool proceeded rapidly during April and the first two weeks of May. Fleeces are generally proving to have been well grown and of good quality, a reflection of the favorable weather during the past season. In Ari-

zona, California, and Washington more than 75 per cent of the forthcoming clip is reported to have been shorn, while the estimated proportion of the clip already collected in other states of the district varies from 25 to 35 per cent in Idaho and Utah, to 15 and 20 per cent in Nevada and Oregon. Commercial estimates now place the 1923 wool clip in the district at 78,750,000 pounds, a decrease of 250,000 pounds from previous estimates, but an increase of 6.2 per cent over the 1922 clip of 74,123,000 pounds.

Buying of wool became active as shearing proceeded, and it is estimated that over 75 per cent of the total clip in this district has now (May 15th) been sold. Present prices to growers range from 40 cents per pound for the lower grades of wool to 55 cents per pound for wool of the best quality and grade. At a recent sale of 600,000 pounds of wool held in Northern California the top price paid was 53½ cents per pound. Last year at this time buyers were contracting for wool at 20 to 40 cents per pound, the price depending partly upon the quality and grade of the wool and partly upon the convenience and cost of transportation to consuming markets.

Dairy and Poultry Products

Holdings of cold storage butter in the principal markets of the district were increased greatly during April, removing from the markets a considerable part of the fresh butter which becomes available in large quantities at this season of the year. The amount of butter in storage on May 1, 1923, was approximately 27.8 per cent less than the amount held on May 1, 1922. Butter prices, although they tended downward during April, were, on May 1st, approximately 25 per cent higher than a year ago.

The heavy movement of eggs into cold storage noted in March continued during April. On May 1st total cold storage holdings of eggs in the principal markets of the district were 314,697 cases, more than double the stocks held on April 1, 1923, and 9.3 per cent greater than the holdings on May 1, 1922.

A summary of the cold storage holdings of butter and eggs in the chief markets of the Twelfth Federal Reserve District is presented in the following table:

	May 1, 1923	April 1, 1923	March 1, 1923	May 1, 1922
Butter (pounds)...	532,956	66,173	378,764	738,209
Eggs (cases).....	314,697	145,204	1,352	287,683

Milling

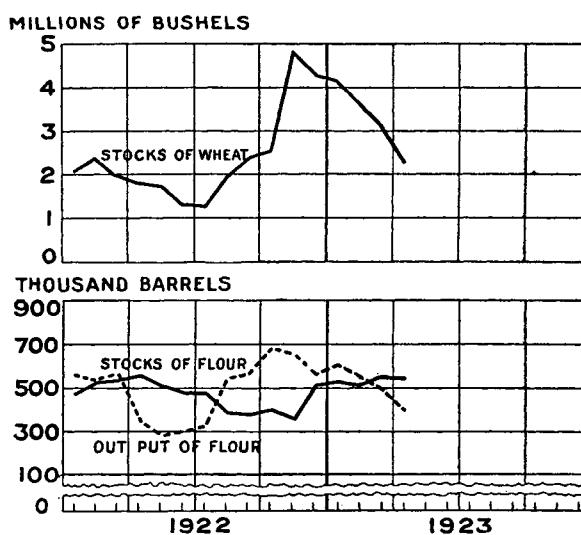
The light demand for flour in both foreign and domestic markets which characterized the first quarter of the present year continued during April, and millers restricted their output

accordingly. Production of 46 reporting mills amounted to 563,560 barrels during April compared with 710,241 barrels produced by 48 mills in March. The curtailed output of April, 1923, was, however, approximately 12 per cent greater than production in April, 1922.

	No. of Mills Reporting		Output		
	April, 1923	Mar., 1923	April, 1923 (barrels)	Mar., 1923 (barrels)	April, 1922* (barrels)
California ..	10	10	214,879	243,179	171,360
Idaho	3	3	8,912	11,386	13,566
Oregon	17	18	115,118	144,273	88,157
Washington 16	17		224,651	311,403	221,863
District	46	48	563,560	710,241	494,946

*61 Mills reporting.

Reports received from 16 large milling companies show that sales of flour during April were slightly in excess of production, and



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

stocks were reduced from 549,582 barrels on April 1st to 541,303 barrels on May 1st. Stocks of wheat held by the same companies on May 1, 1923, were 20.4 per cent less than on April 1, 1923, but, at 2,243,886 bushels, were 22.5 per cent greater than on May 1, 1922. On April 1, 1923, stocks of wheat held by these millers were 58 per cent larger than on April 1, 1922, and a similar comparison as of March 1st shows an excess of holdings this year amounting to 88 per cent. The large stocks of wheat purchased in the fall of 1922 have been rapidly reduced in recent months.

Prices

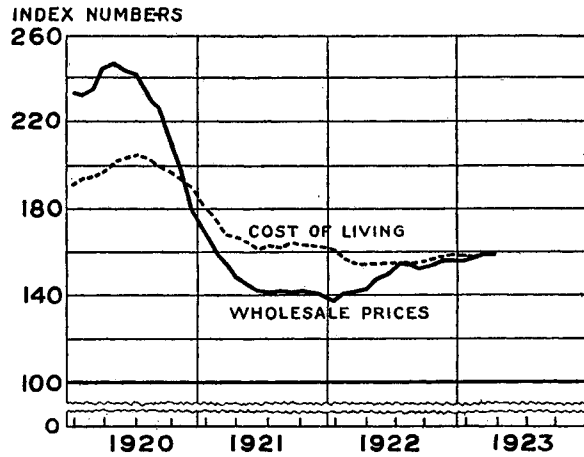
Marked price discrepancies continue to exist among the various agricultural products of the district. One group, including sheep, lambs, hogs, wheat, rice, and fresh and dried deciduous fruits, is now bringing prices below those of a year ago. A second group, including cat-

tle, wool, barley, cotton, sugar, and lemons, is selling at prices well above those of a year ago. The general level of prices has advanced during the past year, and the purchasing power of those agricultural products which have not experienced a corresponding rise has been reduced proportionately.

Prices for sheep, lambs, wool, rice, sugar, and oranges advanced during April, 1923. The average of 98 wool quotations on the Boston market at 83.49 cents per pound on May 4th was 41.5 per cent higher than at the beginning of May, 1922. The price of refined beet sugar on the San Francisco market reached a peak for the present upward movement, when that commodity was quoted at \$10.05 per hundred pounds on April 30th. The present (May 16th) quotation is \$9.90 per hundred pounds. Cotton prices (spot quotations on middling upland cotton at New Orleans) declined approximately one cent per pound during April, but remained 57.1 per cent above the level of one year ago.

The steady upward movement in prices of the non-ferrous metals, which has been in progress for a year past, ceased, at least tem-

porarily, during April. The price of copper declined one cent per pound and prices for lead and zinc were fractionally lower at the close of the month than at its beginning. Present quotations of copper, lead, and zinc are, respectively, 26, 46, and 38 per cent higher than in May, 1922.



Wholesale Prices and the Cost of Living, 1920-1923
 United States Bureau of Labor Index of Wholesale Prices (1913=100)
 National Industrial Conference Board Index of the Cost of Living (July 1914=100)

(A) Commodity Prices—

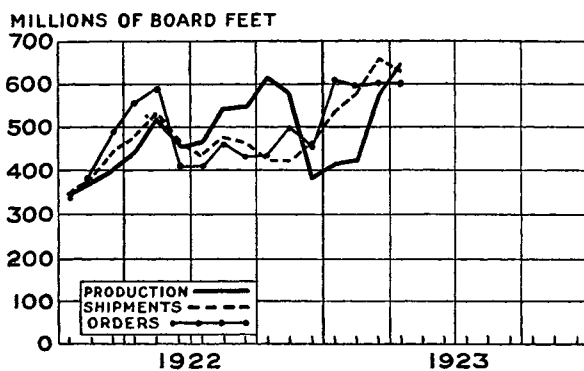
Commodity	Unit	May 4, 1923	One Month Ago	One Year Ago
Twenty Basic Commodities (F. R. B. of N. Y.) 1913=100.		157.4	161.3	133.1
Wholesale Prices (U. S. Bureau of Labor*) 1913=100....		159.0	159.0	143.0
Cost of Living (National Industrial Conference Board)				
July, 1914=100.....		159.1	159.2	154.8
Cattle (Native Beef).... Weekly average price at Chicago..	100 lbs.	\$ 9.05	\$ 9.10	\$ 8.25
Sheep	100 lbs.	8.35	8.20	9.00
Lambs	100 lbs.	13.75	13.45	14.85
Hogs	100 lbs.	8.00	8.40	10.25
Wheat	Chicago contract prices for May Wheat. bu.	1.17 $\frac{7}{8}$ -1.19 $\frac{7}{8}$	1.21 $\frac{3}{4}$ -1.23 $\frac{3}{8}$	1.36 $\frac{1}{2}$ -1.39 $\frac{3}{4}$
Barley	Shipping Barley f. o. b. San Francisco... cental	1.60-1.65	1.65-1.75	1.45-1.55
Rice	California Fancy Japan at San Francisco cental	4.30	4.15	4.90
Cotton	Middling Uplands—Weekly range of spot quotations at New Orleans..... lb.	27.00-28.25¢	28.00-29.50¢	17.00-18.12¢
Wool	Average of 98 quotations at Boston..... lb.	83.49¢	82.14¢	58.98¢
Flour	First Grade Family Patent f. o. b. Pacific Coast mills..... bbl.	7.79	7.79	8.08
Sugar	Beet granulated f. o. b. San Francisco... 100 lbs.	9.90	9.00	5.60
Oranges	Navels, Market pack, Los Angeles..... box	2.50-3.00	2.25-2.75	5.50-6.00
Lemons	Loose pack at Los Angeles..... box	3.00-3.25	3.00-3.25	2.50-3.00
Dried Apples....	Choice in 50-lb. boxes f. o. b. California.. lb.	.07 $\frac{3}{4}$ -.07 $\frac{1}{2}$	.08	.16 $\frac{1}{2}$
Dried Apricots...	Choice in 25-lb. boxes f. o. b. California.. lb.	.15	.21	.26
Prunes	Size 40/50 in 25-lb. boxes f. o. b. Calif... lb.	.10 $\frac{3}{4}$ -.11	.10 $\frac{3}{4}$	.14-.14 $\frac{1}{4}$
Raisins	Loose Muscatel, 25-lb. boxes, f. o. b. Calif. lb.	.11	.11	.15 $\frac{3}{8}$
Canned Apricots.	Choice 2 $\frac{1}{2}$ s f. o. b. California..... doz.	3.30	3.30	3.00
Canned Peaches..	Cling Choice, 2 $\frac{1}{2}$ s f. o. b. California.... doz.	2.75	2.75	2.60
Canned Pears....	Bartlett, Standard 2 $\frac{1}{2}$ s f. o. b. California. doz.	2.75	2.75	3.00
Raw Milk.....	Pacific Coast—April average..... 100 lbs.	2.75	2.83	2.32
Butter .....	.93 score at San Francisco..... lb.	.43 $\frac{1}{2}$	.43	.35
Eggs	Extras—San Francisco .....	.32	.29 $\frac{1}{2}$	.27 $\frac{1}{2}$
Copper	Electrolytic; New York Spot..... lb.	.16 $\frac{3}{8}$	.17 $\frac{3}{8}$	.13
Lead	New York Spot..... lb.	7.75¢	8.30¢	5.30¢
Silver	New York Foreign..... oz.	.67 $\frac{3}{4}$	.66 $\frac{3}{8}$	.70 $\frac{1}{8}$
Zinc	East St. Louis Spot..... lb.	7.00-7.05¢	7.45-7.50¢	5.05-5.15¢
Petroleum	California 35° and above..... bbl.	1.04	1.45	2.45
Douglas Fir.....	2x4, 16-ft. No. S1S1E f. o. b. Seattle.... M ft.	23.50	23.50	14.50
Douglas Fir.....	12x12 Timbers f. o. b. Seattle..... M ft.	26.50	25.00	17.00

*Revised Figures.

Lumber

Production of lumber in this district, which has been increasing steadily since December 1, 1922, reached, in April, 1923, the largest total reported during the past three years, a total which exceeded the previous record month of October, 1922, by 4.7 per cent. Orders received and shipments dispatched during April were at approximately the same high levels as those reported during the previous three months of this year, but did not keep pace with production, and for the first time since November, 1922, mills produced more lumber than they sold or shipped. Some accumulation of stocks of green lumber has resulted, but the holdings of the mills are still considerably below normal. A record of the activity of reporting mills follows (000 omitted):

	April, 1923 (board feet)	Mar., 1923 (board feet)	April, 1922 (board feet)
Production	646,508	573,471	443,222
Shipments	630,596	659,718	474,085
Orders	601,184	601,543	557,987
Unfilled Orders....	593,496	639,430	440,441



Lumber Production, Orders Received, and Shipments in Twelfth Federal Reserve District as Reported by Four Lumber Associations, 1922-1923

Demand for lumber in the domestic market continued unusually active during April, 1923, due principally to improved transportation conditions and to the widespread activity in home building and industrial construction. The heaviest buying has been reported from California and the North Atlantic Coast markets, with South Dakota, Minnesota, Wisconsin, Iowa, and Illinois following in approximately the order named. In the foreign market dealers in Australia, China, Japan, and South America have been the principal buyers. In general, prices on the various grades of Pacific Coast lumber remained fairly stable during the month. Compared with prices one year ago, April, 1923, prices show an increase in most items. The distribution of the present trade in lumber is illustrated by the following figures furnished by the West Coast Lumbermen's

Association, which includes a majority of the manufacturers of Douglas fir lumber:

Rail Trade	Four Weeks Ending		
	April 28, 1923 (cars)	Mar. 24, 1923 (cars)	April 29, 1922 (cars)
Orders Accepted..	7,922	7,180	7,422
Orders Shipped..	8,989	9,539	7,106

Cargo Trade (000 omitted)	April 28, 1923	Mar. 24, 1923	April 29, 1922
	(board feet)	(board feet)	(board feet)
Orders Accepted:			
Domestic	125,346	118,623	94,998
Export	41,190	52,301	63,025
Total	166,536	170,924	158,023
Orders Shipped:			
Domestic	120,236	134,693	72,373
Export	42,624	42,500	45,576
Total	162,860	177,193	117,949

Logging operations in Oregon and Washington proceeded at approximately 100 per cent of capacity during April, supplying logs sufficient to meet mill requirements in all sections. There were, however, few additions to surplus stocks of logs. On April 25th a loggers' strike was called by the Industrial Workers of the World, reducing logging output to approximately 65 per cent of normal. The supply of logs already cut on May 1st was estimated to be sufficient to care for mill requirements for 60 days. A sustained interruption of logging operations at this time, however, would have seriously curtailed the output of saw mills later in the year. Striking loggers began to return to work on May 7th, and production is now (May 16th) estimated to be 80 per cent of capacity.

Mining

Reports from the mineral producing sections of this district state that the activity which characterized the month of March continued during April. Production was greatly in excess of one year ago, when the copper mines in particular were just resuming operations after a long period of inactivity. Development work has been proceeding actively. In Utah the smelters are now producing approximately 100 per cent more lead and 40 per cent more copper than they were six months ago, and the same conditions prevail to a greater or lesser degree in other producing states. Capacity production of silver continued, as mines hurried to produce as much metal as possible before government purchases under the Pittman Act, at the fixed price of one dollar an ounce, are suspended. Officials of the United States Mint state that at the present rate of purchase government buying will be completed about July 1st. Gold production in California has reached approximately 100 per cent of the capacity of the deep gold mines and the dredges now in operation. A shortage of mine labor has been

reported from some mining sections of the district.

Figures of the national production of copper, silver, and zinc during March are now available and are presented in the following table:

	Mar., 1923	Feb., 1923	Mar., 1922
Copper (lbs.) (mine production)	122,193,969	102,515,414	62,305,403
Silver (oz.) (commercial bars)	6,109,841	4,728,953	4,186,042
Zinc (tons) (slab)	40,480	35,616	26,532

Figures for lead are not available.

Consumption of these metals is reported to have continued at high levels during the past month, but the market has reflected a decline in buying demand. The prices of copper, lead, silver, and zinc, which have been increasing steadily during the past year, declined without exception during April, 1923. Average prices for these metals are quoted in the following table:

	Average Prices		
	April, 1923 (cents)	Mar., 1923 (cents)	April, 1922 (cents)
Copper (lb.) New York Electrolytic	16.91	17.08	12.82
Lead (lb.) New York	8.10	8.25	5.11
Silver (oz.) New York Foreign	66.85	67.55	66.57
Zinc (lb.) St. Louis	7.19	7.70	4.90

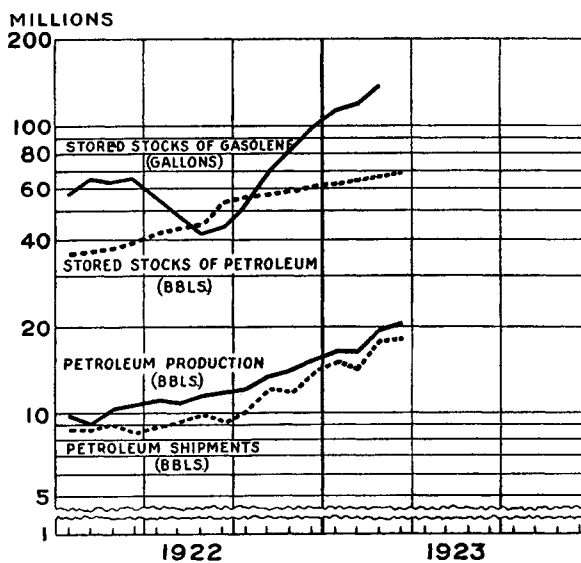
Petroleum

Notwithstanding some voluntary curtailment of output in Southern California fields, another new high record for production of petroleum in California was established during April, 1923. Daily production during that month averaged 689,865 barrels compared with 632,522 barrels in March, 1923, the previous record month. One year ago in April, 1922, average daily production was 341,077 barrels.

Expanding activity in industry and seasonal increases in the demand for petroleum products resulted in an increase in the shipments (consumption) of crude petroleum during April, 1923, which at 611,736 barrels per day, exceeded daily shipments during March, 1923, by 36,660 barrels or 6.3 per cent, and daily shipments during April, 1922, by 330,771 barrels per day or 117.7 per cent. A considerable part of the increased shipments of California petroleum, as compared with a year ago, is finding a market on the Atlantic and Gulf coasts, reaching eastern ports by way of the Panama Canal. Such shipments totaled 4,681,000 barrels (crude and refined oil) during April.

Stored stocks of petroleum in California reached the record level of 68,937,559 barrels on May 1, 1923. One year ago they stood at 39,795,057 barrels. This increase of approximately 75 per cent has occurred in spite of a

steady increase in consumption. Storage facilities have been greatly enlarged during the past year, but have proved inadequate to care for the flush production of new producing fields. The voluntary reduction of output aforementioned has resulted. Sixty new wells were com-



Production, Shipments, and Stored Stocks of Petroleum, and Refinery Stored Stocks of Gasolene, 1922-1923

pleted during April and 29 wells abandoned, a net increase of 31 producing wells during the month.

Stocks of gasolene held at refineries in California on April 1, 1923, totaled 138,058,780 gallons, compared with 119,809,000 gallons held on March 1, 1923, and 63,718,701 gallons held on April 1, 1922.

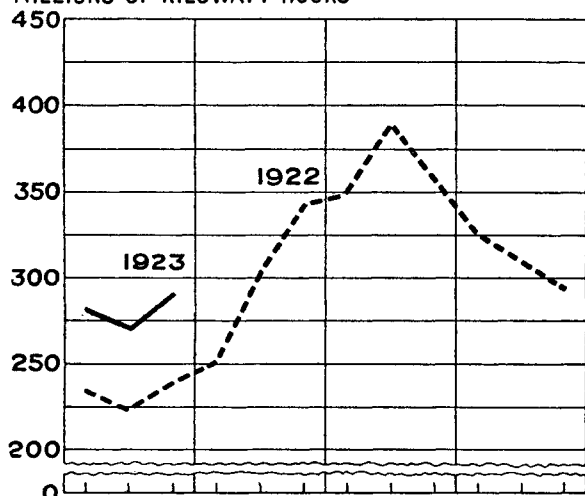
Electric Energy

Total industrial sales of electric energy during March, 1923, were 25.3 per cent greater than during March, 1922, according to reports from 20 electric power companies in the Twelfth Federal Reserve District. The increase in sales of power during March, 1923, compared with March, 1922, is the largest monthly increase reported during the past year, and indicates a continued quickening of the industrial activity during the first quarter of the year noted in previous reviews. Percentage comparisons of sales by certain industries and by sections of the district are presented in the following table:

	Percentage Increase March, 1923, compared with March, 1922			
	Agriculture	Mining	Manufacturing	Total Industrial Sales
California	68.2	7.7	38.3	22.2
Pacific Northwest	10.0	20.8	19.1	9.8
Intermountain	54.2	98.3	10.9	80.5
Twelfth District	66.6	13.5	33.0	25.3

Compared with February, 1923, sales of electric power increased 7.7 per cent during March. This increase is a normal seasonal movement, and ignoring the difference in the number of days in the two months, is due primarily to the demands of agricultural consumers of power in California, Idaho, and Arizona.

MILLIONS OF KILOWATT HOURS



Total Industrial Sales (K. W. H.) of 20 Power Companies in Twelfth Federal Reserve District, 1922-1923

Figures showing the number of industrial consumers and industrial sales of reporting companies during March, 1923, and March, 1922, follow:

	Number of Industrial Consumers		Industrial Sales K. W. H.	
	Mar., 1923	Mar., 1922	Mar., 1923	Mar., 1922
California	55,680	46,914	180,931,196	147,973,506
Pacific Northwest ..	11,663	10,486	65,044,698	59,204,764
Intermountain States	4,956	9,716	44,971,806	24,909,958
Twelfth District	72,299	67,116	290,947,700	232,088,288

Employment

Seasonal activity in agriculture, lumbering, fishing, building, and highway and railroad construction has increased the demand for skilled and unskilled laborers in all sections of the district. Reports received since the close of April indicate that, with few exceptions, industrial operations are now being carried on at the maximum capacity permitted by the available number of workers. Shortages of farm laborers, building trades artisans, and mine workers have been reported from a few sections during the past month.

More men were reported employed in the logging camps and saw mills of the district during April, 1923, than at any previous time in the history of the lumber industry. Reports from the 10 principal lumbering sections show that 90,000 loggers and lumbermen were on the

payrolls on April 30, 1923, compared with 85,000 men on April 30, 1922, an increase of 5.8 per cent. The mines of the district, which have experienced considerable difficulty in securing an adequate number of laborers for some time past, now report that the seasonal movement of unskilled workers to the farms has begun, and their forces in many cases have been further depleted. Compared with April, 1922, employment in the manufacturing industries during April, 1923, increased approximately 18 per cent according to figures compiled by the United States Employment Service of the Department of Labor. Figures showing the total number of workers on the payrolls of 40 manufacturing firms usually employing 501 men or more are given in the following table:

	Number of Firms	Number of Men on Payroll* Apr. 30, 1923	Number of Men on Payroll* Apr. 30, 1922	Per Cent Increase Apr., 1923, over Apr., 1922
Los Angeles....	16	31,290	25,698	21.7
Portland	8	9,112	7,767	17.3
San Francisco..	10	8,138	7,466	9.0
Seattle	6	2,629	2,205	19.2
Totals	40	51,169	43,136	18.6

*These figures do not represent the total number of men engaged in manufacturing activities in these cities, but only the payroll figures of a selected number of firms.

Reports of wage increases have become numerous. Laborers in various industries are estimated to be receiving wages from 5 to 15 per cent higher than one year ago.

On April 25th the Industrial Workers of the World called a strike among the loggers of the Pacific Northwest lumbering regions. The announced purpose of the strike was to protest against the further confinement of so-called political prisoners in that section. It is variously estimated that from 5,000 to 15,000 men were temporarily unemployed as a result of the strike. Most of the strikers have now (May 16th) returned to work.

Retail Trade

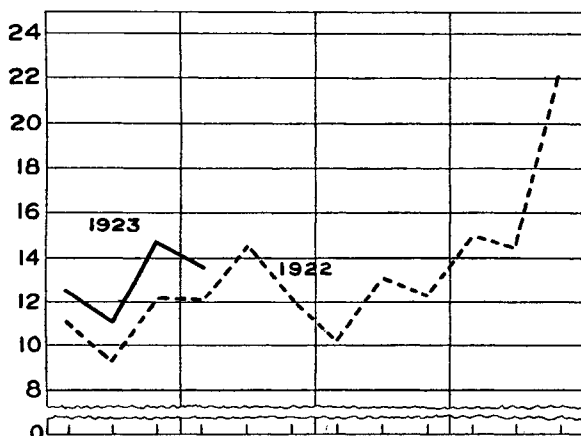
Sales of 34 department stores in this district during April, 1923, were 12.1 per cent above those of April a year ago, and were larger than in any previous April during the past four years. This large increase occurred despite the fact that Easter purchases were made in March this year, whereas last year a large part of the Easter buying was done in April. The number of individual sales transactions during April, 1923, as reported by 16 stores, was 3.5 per cent greater than during April, 1922. Compared with March, 1923, sales during April declined 7.7 per cent, which is less than the normal seasonal decline during this month.

The value (selling price) of stocks of reporting department stores on April 30, 1923, was 7.0 per cent greater than on April 30, 1922. As sales increased 12.1 per cent during the year period, it is evident that retailers have not increased their stocks of merchandise in proportion to the increase in the value of their sales. A more rapid turnover of goods is indicated. A detailed statement of the percentage changes in the value of sales and stocks of 34 department stores in this district follows:

	No. of Stores	Percentage increase or decrease (—) in sales April, 1923 compared with		Percentage increase or decrease (—) in stocks April, 1923 compared with	
		April, 1922	March, 1923	April, 1922	March, 1923
Los Angeles.....	6	15.1	— 7.4	2.7	2.7
Oakland	4	1.4	—14.3	4.3	4.4
Salt Lake City... 4	4	13.0	.3	— 8.3	— 4.0
San Francisco... 9	9	12.3	—11.1	9.9	10.3
Seattle	5	12.9	— 1.9	22.0	5.8
Spokane	5	6.4	— 2.0	— 2.1	7.8
District*	34	12.1	— 7.7	7.0	5.9

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

MILLIONS OF DOLLARS



Net Sales of 31 Department Stores in Twelfth Federal Reserve District (In Millions of Dollars)

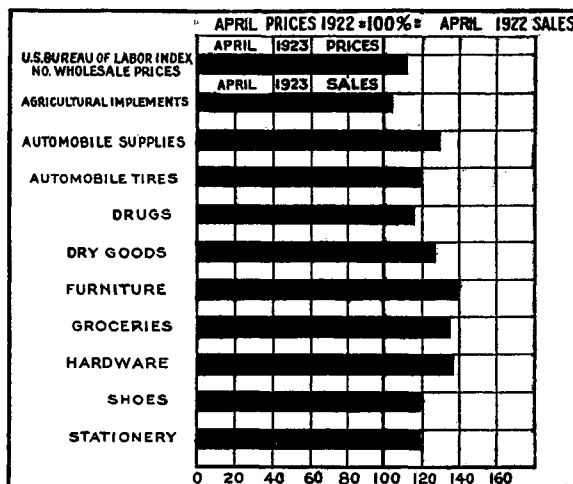
Wholesale Trade

In April, for the sixth consecutive month, the value of sales in all reporting lines of wholesale trade was greater than in the corresponding month a year ago. In four of the eleven lines the increase was over 30 per cent and in ten lines over 15 per cent. The total value of sales of all reporting firms during April, 1923, was 28.3 per cent greater than during April, 1922, amounting to \$26,942,998 this year compared with \$20,984,328 last year. The percentage increase or decrease (—) in the

value of sales of all reporting firms in each line of business was as follows:

	Number of Firms	April, 1923, compared with		Four Months Ending Apr. 30, 1923, compared with same period in 1922
		April, 1922	Mar., 1923	
Agricultural Implements	23	4.1	—12.9	25.8
Automobile Supplies....	20	29.9	20.8	25.7
Automobile Tires.....	22	20.0	—13.4	45.4
Drugs	10	15.9	—11.2	10.3
Dry Goods.....	15	26.5	—12.7	29.2
Electrical Equipment... 6	6	31.9	— 3.7	30.8
Furniture	16	39.1	.4	39.0
Groceries	29	35.0	18.5	19.7
Hardware	21	37.3	— 2.3	40.5
Shoes	14	19.0	—10.2	20.4
Stationery	29	19.3	— 3.9	21.2

The general level of wholesale prices has advanced during the past year, the all commodities index of the United States Department of Labor having risen from 143 in April, 1922, to



Dollar Value of Sales of Representative Wholesale Firms and General Wholesale Prices in April, 1923, compared with April, 1922

159 in April, 1923, an increase of 11.1 per cent. After making allowance for this advance in prices it appears that the physical volume of business transacted by wholesale firms in at least 10 of the 11 reporting lines during April of this year was greater than one year ago. Although it is not clear whether sales of agricultural implements, the one excepted line, were greater in physical volume in April, 1923, than in April, 1922, it is evident from the figures appearing above that sales in this line during the first four months of the year were considerably greater in both value and volume than one year ago.

Collections during the past three months have been reported as follows:

	Number of Firms Reporting Collections as			
	Excellent	Good	Fair	Poor
February, 1923.....	3	42	74	11
March, 1923.....	5	53	69	13
April, 1923.....	7	50	74	10

Automobile Registrations

A comparative statement covering the first quarter of the years 1922 and 1923 showing the total number of new motor vehicles registered in five states of this district, as distinguished from motor vehicles purchased in previous years and registered again during the current year, is presented in the accompanying table. It shows a large increase in the number of new automobiles registered (sales of new automobiles) during 1923 in every state for which figures are available. The gains in Arizona, Idaho, and Oregon have been particularly noteworthy.

	Total New Passenger Cars Registered Jan. 1, to April 1, 1923		Total New Commercial Cars Registered Jan. 1, to April 1, 1923	
	1923	1922	1923	1922
Arizona	2,026	584	136	36
California	51,273	25,827	5,078	3,024
Idaho	1,321	457	116	70
Oregon	7,106	2,392	197*	138
Utah	1,451	‡	141	‡
Washington	753†	429†	357†	‡
Total	63,930	29,689	6,025	3,268

*January 1st to March 1st.

†January figures only.

‡Not available.

Note: Figures on registrations of new automobiles in the states of the district will appear regularly in the review, in the belief that registrations of new automobiles may afford a reliable index of changes in the purchasing power of the community, and indirectly, at least, of general business conditions.

National production of passenger automobiles and trucks during March, 1923, the latest month for which final figures are available, was the largest of any month on record, exceeding the previous record month of June, 1922, by 22.8 per cent. The following production figures collected from manufacturers representing over 90 per cent of the national output have been compiled by the Federal Reserve Bank of Chicago:

Production	Mar., 1923	Mar., 1922	Per Cent Increase
			Mar., 1923, over Mar., 1922
Passenger Cars....	319,527	152,625	109.3
Trucks	36,786	19,369	89.9
Total	356,313	171,994	107.1

Preliminary estimates of production during April, 1923, indicate that the March record has already been broken. Output during April is at present placed at 343,698 passenger cars and 36,674 trucks.

Building Activity

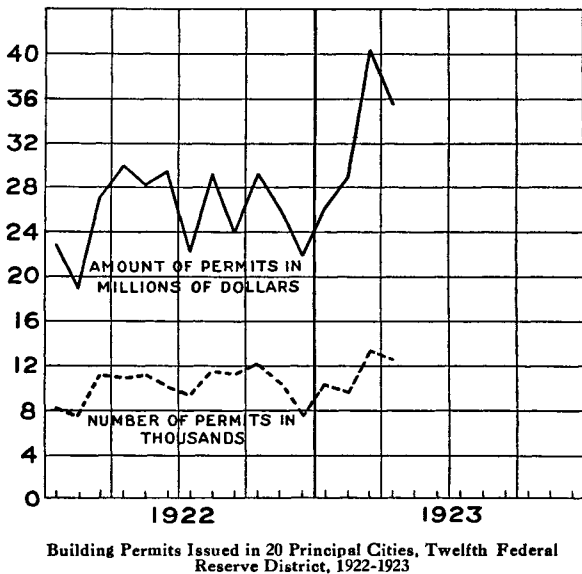
Building activity, as reflected in the number and value of building permits issued in 20 cities in this district during April, 1923, receded from the record level of the previous month, but was greater by at least 15 per cent

than in April, 1922. Comparisons with April, 1922, and March, 1923, are made in the following table:

	Percentage Increase or Decrease (—) in the Number and Value of Building Permits	
	April, 1923, compared with April, 1922	Mar. 1923
Number of Permits Issued.....	15.4	— 5.2
Value of Permits Issued.....	17.3	—11.8

Considered geographically the reports for April, 1923, show an increase in the number of permits granted in 12 of the 20 cities, while the value of construction involved was greater in 13 cities.

The United States Bureau of Labor's index of prices of building materials at wholesale advanced 3 per cent during April and is now 30.7



(B) Building Permits—

	April, 1923		April, 1922	
	No.	Value	No.	Value
Berkeley	173	\$ 525,925	173	\$ 430,200
Boise	132	40,052	98	73,347
Fresno	152	492,543	235	641,474
Long Beach..	504	2,260,272	350	2,475,597
Los Angeles..	5,094	15,352,944	3,983	12,959,686
Oakland	859	2,135,488	772	1,850,160
Ogden	62	185,800	34	97,360
Pasadena	285	968,526	284	961,396
Phoenix	64	135,200	43	91,590
Portland	1,357	2,523,330	1,366	1,865,970
Reno	20	32,720	20	66,500
Sacramento ..	301	699,047	305	532,303
Salt Lake City	200	570,028	138	330,270
San Diego....	409	846,480	395	821,446
San Francisco.	954	5,173,801	766	3,993,720
San Jose.....	107	332,810	85	341,310
Seattle	1,105	2,141,385	973	1,632,175
Spokane	346	318,685	408	359,190
Stockton	129	407,600	150	379,643
Tacoma	408	280,703	388	291,715
District	12,661	\$35,423,339	10,966	\$30,195,052

per cent higher than one year ago. Certain figures from this series are given herewith (1913 prices equal 100) :

Peak—April 1920	April, 1922	March, 1923	April, 1923
300	156	198	204

Actual price quotations on March 1, 1923, and March 1, 1922, for some of the principal building materials are compared in the following table:

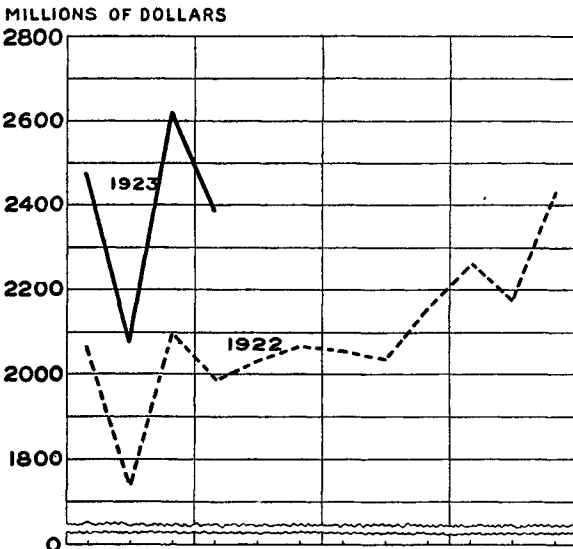
Commodity	Prices	
	March, 1923	March, 1922
Brick, common red, per 1,000, New York	\$20.00	\$17.30
Cement per bbl. f. o. b. plant, Indiana	1.75	1.50
Douglas Fir, 1x8, per M ft. f. o. b. mill, Washington	21.25	11.75
White Lead, American in oil, per 100 lbs., New York	13.40	12.30
Linseed Oil, raw per bbl., New York	1.04	.86
Quartered Oak, white, Indiana, per M ft., New York	163.50	166.00
Structural steel beams per 100 lbs. Pittsburgh	23.90	13.90

Wages in the building industry have been advancing, and are now reported to average between 80 and 90 per cent higher than in 1914. No reports of actual abandonment of construction work in progress on account of present costs have been received from this district. Cement manufacturers report that buyers have begun to place duplicate orders for their cement supplies, and that in some cases they are contracting for cement far in excess of their needs in an attempt to secure speculative profits. A similar situation arose in 1920. The manufacturers point out that unless buyers limit their purchases to their actual needs a fictitious shortage of cement might develop.

Bank Debits

The volume of business transacted in this district during April, 1923, as reflected by debits to individual accounts in 21 principal clearing house centers, was 20.5 per cent greater than in April, 1922, and 1.1 per cent less than in March, 1923, the latter decline being a seasonal movement. This is the twelfth consecutive month during which bank debits have been greater than in the corresponding month a year ago. The percentage increases in March and April, 1923, have been greater than in any of the previous 10 months. The course of bank debits since 1919 is roughly indicated by the figures for 20 cities for the month of April in that and succeeding years. They totaled \$1,497,486,000 in 1919, advanced to \$2,181,702,000 in 1920, declined to \$1,874,042,000 in 1921, and have since advanced to \$2,316,390,000, the figure for 1923. An increase from year to year, due to the growth of the community, is expected. This normal movement appears to have been resumed.

In interpreting the figures presented in table "C" and in the accompanying chart, allowance must be made for advances in the price level during the past year, which would result in an increase in the number of dollars necessary to transact a given volume of business. Since April, 1922, wholesale prices (according to the United States Department of Labor) have increased 11 per cent. Inasmuch as debits to individual accounts increased 21.4 per cent during the same period it would appear that the physical volume of business transacted in the district during April, 1923, was greater than one year ago.



Debits to Individual Accounts in 20 Principal Cities, Twelfth Federal Reserve District, 1922-1923

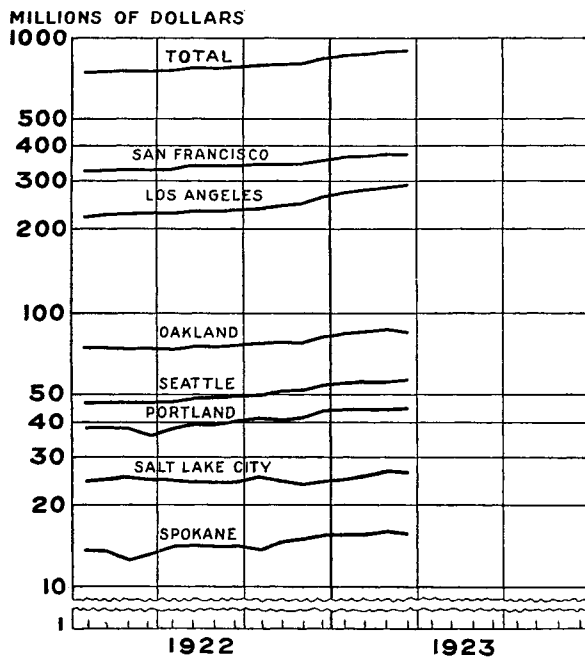
(C) Bank Debits*—

	Four weeks ending May 2, 1923	Four weeks ending May 3, 1922
Berkeley	\$ 16,180	\$ 15,211
Boise	11,330	9,724
Fresno	43,745	46,507
Long Beach	54,932	27,920
Los Angeles	652,127	459,227
Oakland	119,680	81,600
Ogden	30,116	16,312
Pasadena	30,845	24,891
Phoenix	16,600	14,925
Portland	152,417	129,900
Reno	9,010	8,718
Sacramento	34,640	59,473
Salt Lake City	59,219	50,963
San Diego	40,718	40,155
San Francisco	764,428	682,862
San Jose	22,782	17,780
Seattle	159,296	141,557
Spokane	45,838	41,278
Stockton	22,233	20,801
Tacoma	37,186	34,809
Yakima	9,668	10,773
Total	\$2,332,990	\$1,935,386

*000 Omitted.

Savings Accounts

The total amount in all savings accounts as reported by 74 banks in seven principal cities increased six-tenths of 1 per cent during the month ending April 30th, being on that date \$890,921,000 compared with \$885,590,000 on March 31st. Increases as compared with the previous month were shown in Los Angeles, Portland, and Seattle, and small decreases in Oakland, Salt Lake City, San Francisco, and Spokane. Savings accounts are now at the highest point in the four years for which records have been kept by this bank. They are 17.1 per cent greater than they were on April 30, 1922, and 56.2 per cent greater than on April



Savings Accounts in Banks in Seven Principal Cities of the Twelfth Federal Reserve District, 1922-1923

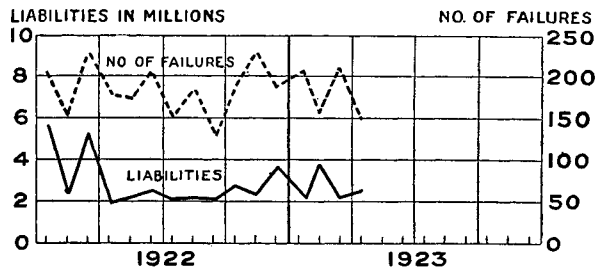
30, 1919. Detailed changes in the amount of savings deposits reported by 74 banks in the seven cities follow:

	Number of Reporting Banks	Per Cent Increase or Decrease (—)	
		April 30, 1923, compared with April 30, 1922	Mar. 31, 1923
Los Angeles.....	13	25.9	2.5
Oakland*	6	12.6	—2.0
Portland	9	21.1	.6
Salt Lake City.....	8	5.4	—1.2
San Francisco.....	16	11.8	—1
Seattle	16	21.8	1.4
Spokane	6	17.5	—1.8
	74	17.1	.6

*The number of banks in Oakland has been changed from seven to six, due to the consolidation of two banks which formerly reported separately.

Business Failures

The number of business failures in this district during April, 1923, was smaller than in any month since September, 1922, and 19.0 per cent below the monthly average number reported during the year 1922. There were 149 failures recorded during the month with liabilities



Business Failures, Twelfth Federal Reserve District, 1922-1923

ties of \$2,539,207. Compared with figures for April, 1922, the report for April, 1923, shows a decrease of 16.7 per cent in number and an increase of 33.0 per cent in amount of liabilities involved. A similar comparison of the April, 1923, figures with figures for March, 1923, shows a decline of 29.0 per cent in number and an increase of 15.8 per cent in liabilities of failures in the later month.

R. G. Dun & Company's comparative figures of the number and liabilities of business failures in the states of this district follow:

	April, 1923		March, 1923	
	No.	Liabilities	No.	Liabilities
Arizona .....	..	..	..	..
California	73	\$1,015,054	94	\$1,022,092
Idaho	10	180,293	10	153,386
Nevada	1	3,596	4	15,100
Oregon	17	130,789	42	404,773
Utah	13	221,974	9	45,427
Washington	35	987,501	51	552,011
District	149	\$2,539,207	210	\$2,192,789

Government Financing

On May 7th the Treasury Department announced an offering of Treasury Notes designated as Series B-1927, dated May 15, 1923, and maturing March 15, 1927. The notes will bear interest at the rate of 4¾ per cent per annum. They are not subject to call for redemption before maturity. The offering was for \$400,000,000 or thereabouts, sales to be effected for cash and in exchange for Victory Notes of the 4¾ per cent series.

Subscription books for the limited cash offering of notes were closed on May 12, 1923, and books for the exchange of 4¾ per cent Victory Notes on May 16, 1923. Total subscriptions received amounted to \$1,234,570,000, of which \$947,900,500 were cash subscriptions and \$286,669,900 were exchanges of 4¾ per cent Victory

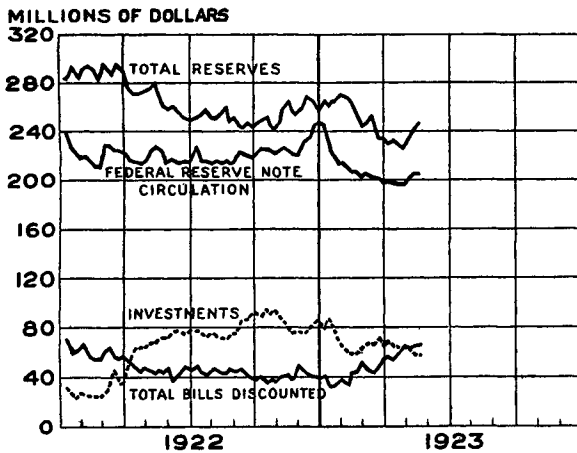
Notes. Exchange subscriptions were allotted in full and allotments on cash subscriptions amounted to \$382,052,900, making total allotments for the issue \$668,722,800. In this district total subscriptions amounted to \$77,523,500 of which \$33,831,800 were allotted. Exchanges included in the total subscriptions allotted in this district amounted to \$10,701,800.

According to the announcement of the Secretary of the Treasury this offering practically completes the refunding of the Victory Loan and other short dated government debts amounting to approximately \$7,500,000,000. On April 30, 1921, the gross public debt, on the basis of daily Treasury statements, amounted to approximately \$24,000,000,000, including the aforementioned short dated debt mostly maturing within about two years. By June 30, 1923, it is estimated that the gross debt will have been reduced to about \$22,400,000,000. In place of the short dated debt of \$7,500,000,000 maturing in two years, there will be a new class of short dated debt amounting to approximately \$5,500,000,000 and maturing over a period of about five years, up to the time of the maturity of the Third Liberty Loan in 1928.

The Treasury Note issue of May 15, 1923, Series B-1927, together with the balance of nearly \$400,000,000 previously in the Treasury, will provide for the payment of outstanding Victory Notes amounting to approximately \$830,000,000.

Banking and Credit Situation

Expansion of loans of reporting member banks in the principal cities of the district continued during April and the first week of May

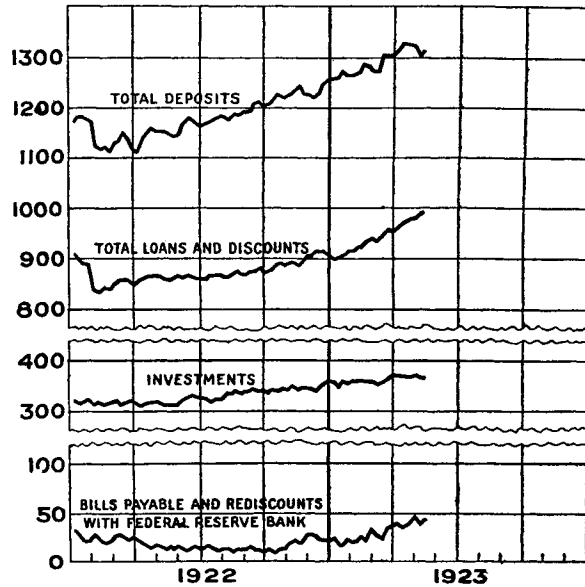


Total Reserves, Federal Reserve Note Circulation, Bills Discounted, and Investments, Federal Reserve Bank of San Francisco

so that on May 9th the total loans and discounts of the 66 banks stood at \$991,000,000 compared with \$971,000,000 reported four weeks previous. As has been the case since

February, 1922, when member bank loans began the present upward movement, the principal part of the recent increase was in the item "all other loans, largely commercial." On May 9, 1923, this figure was \$809,000,000, 2.5 per cent above the figure for April 11, 1923, 10 per cent above that of January 3, 1923, and 20 per cent above the low point of February 8, 1922. Investments of reporting banks declined but \$2,000,000, or one-half of 1 per cent, during the four-week period ending May 9th, and total loans and investments were increased by approximately the amount of the increase in loans. The combined total now stands at \$1,359,000,000, a figure \$28,000,000 or 2 per cent above the highest point reached in 1920. Total deposits, as a result of a decline in time deposits, were \$15,000,000 lower on May 9th than

MILLIONS OF DOLLARS



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

on April 11th, and the ratio of total deposits to total loans and investments stood at .966 compared with .991 on the earlier date. At the peak of credit expansion in 1920 this ratio was .882.

During April country banks increased their borrowings from the Federal Reserve Bank for the first time since November, 1922. They are now rediscounting paper amounting to \$22,000,000 compared with total borrowings of \$18,000,000 one month ago. City member banks, principally those in San Francisco, also increased their borrowings from the Federal Reserve Bank, and total rediscounts stood at \$65,000,000 on May 9th compared with \$53,000,000 on April 11th. The figure for May 9th is the largest reported since January, 1922.

The decline in Federal Reserve Note circulation, which had proceeded steadily since the

first of the year, was checked, temporarily at least, during the past month. After declining from \$196,796,000 on April 18th to a low point of \$196,294,000 on April 25th, circulation increased to \$205,000,000 on May 16th. The latter figure may be compared with an average circulation of \$220,000,000 during the year 1922.

A slight easing of interest rates, partly due to seasonal causes, was apparent during the month. In the New York market the rates on prime commercial paper and on time money declined by one-quarter of 1 per cent between April 14th and April 28th, and remained at the lower figures, 5 per cent for commercial paper and 5¼ per cent for time money, during the week ending May 12th. A further decline in the rate for time money was reported during the week ending May 19th, the average for the week having been 5⅞ per cent. The average rate charged by San Francisco banks on customers' prime paper was steady at 5½ to 6 per cent.

Increasing activity in the acceptance market was reported during the first two weeks of May, both country and city banks entering the market for short term bills. Rates, which had advanced from 4⅞ to 4¼ per cent during the latter part of April, declined to 4⅞ per cent as the demand became more active. Reports received by this bank from 35 of the principal accepting banks of the district show the following changes in the amount of bills purchased and accepted during April, 1923, compared with March, 1923, and April, 1922:

	April, 1923, compared with	
	April, 1922	Mar., 1923
Amount of bills accepted	124.6	10.6
Amount of bills bought	— 14.1	63.7
Amount of bills held at close of month	— 38.3	—23.5

The principal commodities upon which these acceptances were based were sugar, wheat, raisins, and coffee.

PRINCIPAL RESOURCE AND LIABILITY ITEMS OF REPORTING MEMBER BANKS IN RESERVE CITIES IN TWELFTH FEDERAL RESERVE DISTRICT

	May 9, 1923	April 11, 1923	May 10, 1922
<i>Number of Reporting Banks</i>	66*	66*	68*
Loans and Discounts (including rediscounts).....	\$ 991,029,000	\$ 970,893,000	\$ 847,920,000
Investments	367,538,000	369,435,000	314,995,000
Cash in Vault and with Federal Reserve Bank.....	116,426,000	111,048,000	99,741,000
Total Deposits.....	1,312,789,000	1,328,106,000	1,150,961,000
Bills Payable and Rediscounts with Federal Reserve Bank.....	43,428,000	35,310,000	12,397,000

*Mergers have reduced the number of reporting banks, but comparisons of resource and liability items have not been affected.

COMPARATIVE STATEMENT OF CONDITION OF FEDERAL RESERVE BANK OF SAN FRANCISCO AT CLOSE OF BUSINESS, MAY 16, 1923

	May 16, 1923	April 18, 1923	May 17, 1922
RESOURCES			
Total Reserves.....	\$246,869,000	\$229,877,000	\$262,490,000
Bills Discounted.....	66,246,000	58,749,000	45,986,000
Bills Bought in Open Market.....	31,062,000	37,267,000	10,285,000
United States Government Securities.....	27,596,000	27,617,000	60,009,000
Total Earning Assets.....	\$124,904,000	\$123,633,000	\$116,280,000
All Other Resources*.....	55,408,000	55,528,000	49,767,000
Total Resources.....	\$427,181,000	\$409,038,000	\$428,537,000
LIABILITIES			
Capital and Surplus.....	\$ 23,066,000	\$ 23,040,000	\$ 22,581,000
Total Deposits.....	157,493,000	148,996,000	143,371,000
Federal Reserve Notes in Actual Circulation.....	205,266,000	196,796,000	224,987,000
All Other Liabilities†.....	41,356,000	40,206,000	37,598,000
Total Liabilities.....	\$427,181,000	\$409,038,000	\$428,537,000
*Includes "Uncollected Items".....	43,124,000	42,350,000	43,042,000
†Includes "Deferred Availability Items".....	39,724,000	38,743,000	32,050,000

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