MONTHLY REVIEW
OF
BUSINESS CONDITIONS

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

Vol. X San Francisco, California, January 20, 1926 No. 1

SUMMARY OF NATIONAL CONDITIONS

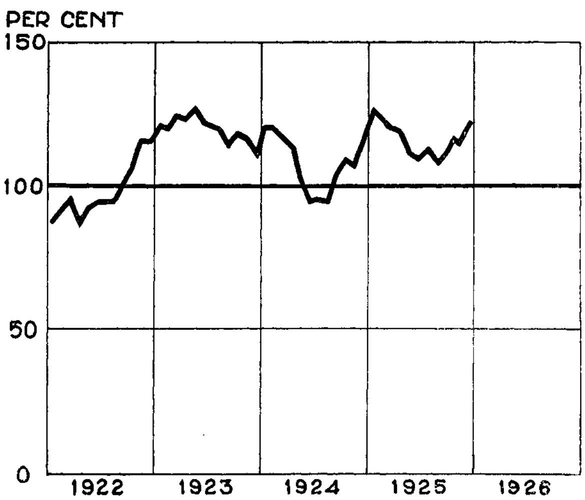
Production and distribution of commodities was in larger volume in December than in November, and the volume of retail trade was larger than in any previous month. Wholesale prices declined to the level prevailing last spring, which was the low point of the year.

Production. The Federal Reserve Board's index of production in basic industries advanced 6 per cent in December to the highest level in ten months. The rise in this index has been nearly continuous since last August, when the volume of production was at the 1925 low point.

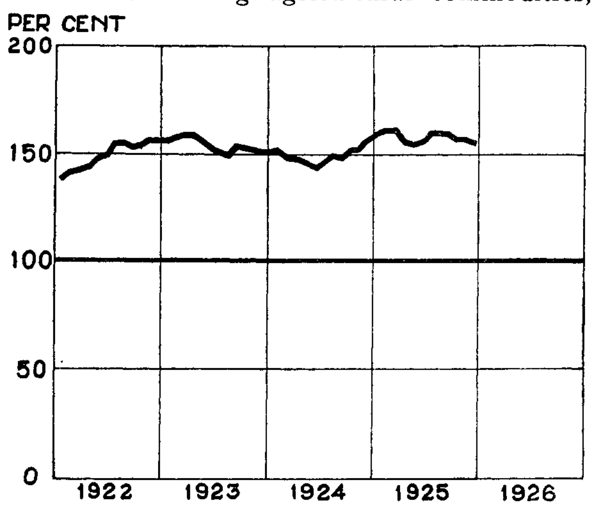
In December, production of iron and steel and of bituminous coal, and factory consumption of cotton increased considerably, and the production of lumber, cement, and copper was maintained at relatively high levels. The volume of factory employment and payrolls, after increasing during the late summer and autumn months, continued practically unchanged in November and December, with increases in some important industries offsetting seasonal declines in others. Building contracts awarded during December were the largest ever recorded for that month and exceeded in value those awarded in November, although a seasonal decrease in building activity usually occurs at that time of the year.

Trade. Sales at department stores, chain stores, and mail order houses in December indicated the largest volume of Christmas trade on record. Trade at wholesale declined seasonally, but continued larger than last year. Stocks at department stores showed less than the usual decline in December and were four per cent larger at the end of 1925 than a year earlier. Freight car loadings continued larger during December with shipments of merchandise and miscellaneous commodities, coke, and coal particularly heavy.

Prices. The general level of prices, as measured by the wholesale price index of the Bureau of Labor Statistics, declined by one per cent in December and at the end of the year was somewhat lower than a year earlier. The average of wholesale prices for the year 1925 as a whole, however, was the highest in five years and the changes in the price level during the year were smaller than in any year in more than a decade. Among agricultural commodities,



PRODUCTION IN BASIC INDUSTRIES
Index of 22 basic commodities corrected for seasonal variation (1919=100). Latest figure, December, 122.



WHOLESALE PRICES
Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by Bureau). Latest figure, December, 156.

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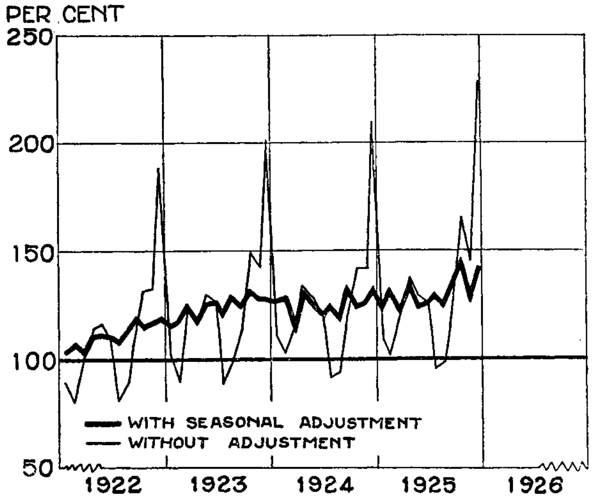
prices of livestock and dairy products declined in December, while grain prices advanced. Among non-agricultural commodities, the principal declines during December were in prices of cotton goods, paper, and rubber, while somewhat higher prices were shown for silk, coal, and lumber. In the first three weeks of January, quotations on hogs, coke, and hardwood



DEPARTMENT STORE SALES

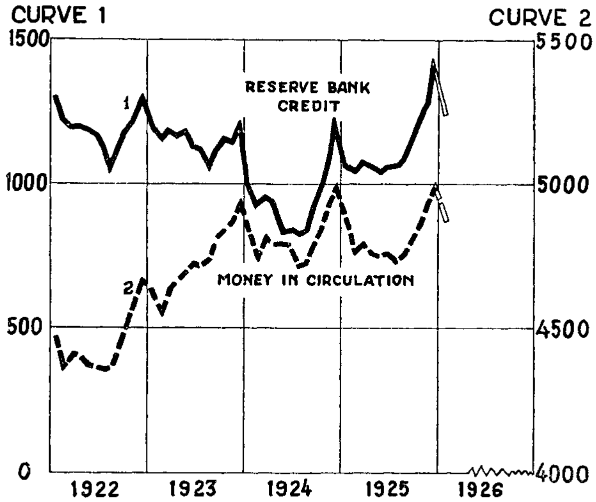
Index of sales of 359 stores (1919=100). Latest figures, December; adjusted index, 142; unadjusted index, 228.

lumber advanced while prices of corn, cattle, and rubber declined.

Bank Credit. Changes in the demand for currency have been the principal factor influencing the volume of reserve bank credit in use since the middle of November. During the five weeks between November 18th and December 23rd, the reserve banks paid out into domestic circulation a net amount of about $320,000,000 of currency in the form of gold and gold certificates, Federal reserve notes, and other kinds of money, and during the following four weeks the return flow of currency from circulation amounted to about $430,000,000. These currency movements were reflected in corresponding changes in the volume of reserve bank discounts for member banks.

At member banks in leading cities, total loans and investments, which had increased almost continuously during 1925, reached the highest level on record at the end of December, but declined by about $200,000,000 during the first two weeks of the new year.

Both the increase in bank loans in the latter part of December and the decline after the turn



CURRENCY AND RESERVE BANK CREDIT

Money in circulation data are averages of first-of-month figures. Reserve bank credit data are monthly averages of daily figures. Latest figures, January (partly estimated); money in circulation, $4,870,000,000; reserve bank credit, $1,242,000,000.

of the year were largely in loans on securities, particularly at member banks in New York City. These changes in demand for loans at member banks were related both to changes in customers' currency requirements and to end of year disbursements by many industrial and financial institutions.

Conditions in the money market, which had become firmer in the last half of December, were easier in January. Rates on bankers' acceptances increased following the advance in the buying rate of the New York Federal Reserve Bank, effective January 8th, while rates on commercial paper showed little change during the period.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Statistical Summary—

	Dec., 1925	Nov., 1925	Dec., 1924	Nov., 1924	Dec., 1925# compared with Dec., 1924	Nov., 1925
Bank Debits—Index Numbers†—20 cities	150	146	125	125	20.0	2.7
Building Permits—20 cities	$37,071,485	$27,884,388	$31,478,701	$28,604,122	17.8	32.9
Retail Sales—32 stores—Index Numbers†	164	161	153	146	7.2	1.9
Savings Deposits—69 banks*§	$1,155,008	$1,130,251	$1,054,972	$1,027,261	9.5	2.2
Lumber Production—4 associations—board feet*	576,995	683,770	492,629	578,562	17.1	—15.6
Petroleum Production‡—California—barrels	620,958	636,530	606,294	592,234	— 2.4	2.4
Flour Production—16 companies—barrels	483,092	510,946	530,949	403,681	— 9.0	— 5.5
Reporting Member Bank Loans and Discounts‖*	$1,186,206	$1,213,381	$1,040,889	$1,048,051	14.0	— 2.2
Reporting Member Bank Deposits‖*	$1,633,464	$1,626,010	$1,486,787	$1,482,840	9.9	0.5
Federal Reserve Bank Discounts¶*	$25,227	$50,368	$7,614	$9,397	231.3	—49.9

*In thousands. †Adjusted for seasonal variations—1919 monthly average=100. ‡Daily average production. §Not comparable with figures published in previous reviews. ‖January 6, 1926, December 9, 1925, January 7, 1925, December 10, 1924. ¶January 13, 1926, December 16, 1925, January 14, 1925, December 17, 1924. #Percentage increase or decrease (—).

The Declining Ratio of Capital Assets to Current Liabilities in Banking Institutions

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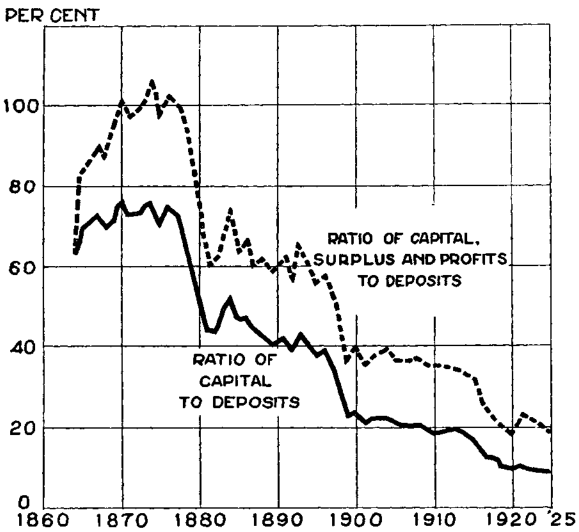
Supplement San Francisco, California, January 20, 1926 Vol. X—No. 1

A review of banking experience in the United States from 1865 to 1925 shows that there has been a significant decrease in the ratio of invested capital to individual deposits in banking institutions during that period.* The situation is presented graphically in the accompanying chart.



RATIO OF INVESTED CAPITAL TO INDIVIDUAL DEPOSITS
All National Banks in the United States

The ratios reached their highest points in the years between 1865 and 1877, or during the first twelve years of the existence of the national banking system. During this period, capital of the banks amounted to approximately 75 per cent of their deposits, and their total capital funds at times exceeded their deposit liabilities. This situation could not long persist and the ratios moved sharply downward during the four years 1877-1881. Then followed a fluctuating horizontal movement until 1893 since when, with few interruptions, the trend has been downward. The ratio of capital, surplus, and undivided profits of all national banks to their deposits was 105 in 1874, 60 in 1881, 40 in 1900, and 34 in 1914, compared with 18 on June 30, 1925.

Although the same general trend has been apparent in all parts of the United States, the movement has differed in intensity in different districts. The following table, giving data by Federal reserve districts for the years 1914 and 1925, illustrates these differences:

INVESTED CAPITAL PER $100 OF INDIVIDUAL DEPOSITS, NATIONAL BANKS, OCTOBER 31, 1914, AND JUNE 30, 1925

Federal Reserve District	All Banks		Banks in Reserve Cities†		Country Banks	
	Oct. 31, 1914	June 30, 1925	Oct. 31, 1914	June 30, 1925	Oct. 31, 1914	June 30, 1925
All	$34	$18	$37	$18	$32	$17
Boston	38	19	31	17	43	20
New York	33	17	28	13	26	14
Philadelphia	33	21	37	22	32	21
Cleveland	36	20	45	22	31	19
Richmond	39	21	44	22	36	21
Atlanta	46	17	43	18	46	17
Chicago	30	16	31	15	27	17
St. Louis	41	19	51	20	35	18
Minneapolis	23	14	27	14	21	14
Kansas City	29	14	29	14	30	15
Dallas	49	21	42	18	53	23
San Francisco	33	15	38	15	29	15
New York City			37	18		
City of Chicago			36	16		

†Exclusive of the cities of New York and Chicago.

It appears from these figures that the decline in the Twelfth Federal Reserve District, amounting to 54.5 per cent, from 1914 to 1925 has been greater than the average decline for the country as a whole, which amounted to 47 per cent. In this district, as in a majority of the other districts, there has been a greater decrease in the ratio for city banks than for country banks, so that whereas in the initial period the relative capital of the city banks was larger than that of the country banks, the ratios are now approximately the same in both city and country institutions.

The underlying causes and the probable effects of the trend towards lower ratios of capital assets to current liabilities in the banking institutions of the country would seem to be proper matters for public and banker study and consideration.

*Data for national banks only were used in this study because comparable figures for banks other than national banks are not available over such a long period of time. It is believed, however, that the figures of national banks reflect a situation prevailing among all banking institutions of the country.

Agricultural Activities

Seasonal rain and snowfall has been less than normal in amount over a large part of the district during the present winter, and the snow covering at the higher altitudes, particularly in California, is light. Midwinter temperatures have not been unduly low.

RAINFALL—Twelfth District

	July 1, 1925 to Jan. 12, 1926 (Actual) (inches)	July 1, 1924 to Jan. 12, 1925 (Actual) (inches)	July 1 to Jan. 12 (Normal) (inches)
Arizona:			
Flagstaff	13.5	12.1	12.8
Phoenix	4.0	1.7	5.7
California:			
Eureka	14.0	20.0	19.4
Fresno	3.4	3.0	4.2
Los Angeles	3.9	2.9	6.1
Red Bluff	5.1	10.1	11.4
Sacramento	2.7	7.3	8.2
San Diego	6.3	2.2	3.9
San Francisco	4.2	11.9	9.6
San Jose	2.8	4.9	6.2
San Luis Obispo	3.5	3.9	7.7
Idaho:			
Boise	6.0	6.0	5.4
Lewiston	5.0	6.9	6.4
Nevada:			
Reno	3.6	2.5	4.5
Oregon:			
Baker City	4.4	3.6	5.8
Portland	13.4	21.4	23.5
Roseburg	10.9	25.7	17.1
Utah:			
Salt Lake City	7.8	7.6	6.7
Washington:			
Seattle	11.4	19.7	20.1
Spokane	5.4	8.1	9.7

Citrus fruit crops in California were slightly damaged by frost during the first weeks of January. Prompt use of orchard heating devices quite generally prevented serious losses, however, and the state crop of oranges and lemons is reported to be better than average in condition and quality.

Winter wheat and other growing or dormant crops are generally reported to be in good condition except in parts of the Pacific Northwest where cold weather has damaged grain crops not sufficiently protected by a covering of snow. Preliminary estimates of the United States Department of Agriculture indicate that the area planted to winter wheat in this district during the autumn of 1925 was 10.2 per cent smaller than the area sown to this crop in the autumn of 1924. Acreage and condition figures of winter wheat for the states of this district and for the United States follow:

WINTER WHEAT—Twelfth District

	Acreage* Autumn 1925	Acreage* Autumn 1924	Condition Dec. 1, 1925	Condition Dec. 1, 1924	Condition Ten-Year† Average
Arizona	33	33	94	89	93
California	788	804	90	88	89
Idaho	478	478	92	82	88
Nevada	2	2	97	95	90
Oregon	920	1,000	82	87	91
Utah	152	148	96	86	87
Washington	955	1,240	68	77	83
Twelfth District	3,328	3,705	..	..	..
United States	39,540	39,956	83	81	85

*In thousands of acres. †December 1st average, 1915-1924.
Note: December 1st condition figures are the latest available.

Agricultural marketing trends, as indicated by comparative figures of the movement of certain of the district's important crops, figures of market receipts of livestock, and of cold storage holdings of butter and eggs, are shown in Table "A" below. Exports of wheat from Pacific Northwestern ports during the 1925-1926 season to December 31st were smaller in proportion to district production than were exports during the same period of the 1924-1925 season. Domestic demand for Pacific Northwestern wheat has been more active than last year but foreign demand has been unsteady, as United States prices have not always been in line with those prevailing in world markets. Commercial factors report that producers are still holding a considerable proportion of the 1925 crop.

Livestock of the district generally are in satisfactory condition. Hay and other feeds have continued in ample supply. In some sections of the Intermountain and Pacific Northwestern states the comparatively mild winter has prolonged the open range season and less feeding has been necessary than is usual during winter months.

Industrial Activity

Available statistical and non-statistical evidence indicates that **industrial activity** and volume of **employment** in this district reached higher levels during 1925 than during 1924. Activity and volume of employment declined seasonally during December of 1925.

(A) Agricultural Marketing Activity—

	Exports: Wheat* Portland and Puget Sound (1000 bu.)	Exports: Barley* San Francisco (1000 bu.)	Carlot Shipments: Apples* 12th Dist. (cars)	Carlot Shipments: Oranges† Calif. (cars)	Carlot Shipments: Lemons† Calif. (cars)	Livestock Receipts at Eight Markets in 12th District: Cattle and Calves	Livestock Receipts: Hogs	Livestock Receipts: Sheep	Cold Storage Holdings§ 12th District: Butter (1000 lbs.)	Cold Storage Holdings§: Eggs (1000 cases)
Monthly										
December, 1925	980	684	4,206	4,310	672	119,935	234,920	172,372	2,164	78
November, 1925	1,179¶	1,252	8,907	3,409	439	135,349	206,257	199,854	2,409	191
December—5-year average (1919-1923)	2,334	569	4,081‡	4,004	432	103,773‖	230,004‖	195,641‖	1,177‖	37‖
Cumulative	Crop Year					Calendar Year				
To December 31, 1925	7,896 (7.9)	9,475 (20.7)	38,706 (57.8)	7,719 (15.1)	1,111 (7.4)	1,324,649	2,264,622	3,187,876		
To December 31, 1924	15,755 (22.2)	6,694 (32.7)	32,052 (69.7)	7,366 (15.3)	1,241 (10.8)	1,291,097	2,675,825	3,198,301		
Five-year average to December 31 (1919-1923)	15,828 (13.7)	8,354 (20.7)	36,147‡ (71.3)	6,086 (12.8)	829 (7.3)	1,153,774‖	2,014,708‖	3,090,776‖		

Figures in parentheses indicate percentage of new crop only. *Season begins July 1st. †Season begins November 1st. ‡Four-year average (1922-1925). §At end of month. ‖1921-1925. ¶Revised.

A new annual record in value of **building** permits issued in 20 cities of the district was established during 1925. A total of 133,702 permits authorizing construction valued at $421,594,906 was issued during the year. These figures are 1.8 per cent smaller in number and 7.5 per cent greater in value than those of 1924. The 1925 figures of value are slightly greater than those of 1923 ($419,726,721), the previous record year. A geographical grouping of annual value figures of building permits issued in 20 selected cities of the district during the past five years and the five-year (1920-1924) average value, together with index numbers based on these figures, follows:

BUILDING PERMITS—Value

	1925	1924	1923	1922	1921	Five-Year Average 1920-1924
Southern California	$199,525	$196,478	$247,458	$154,440	$111,698	$157,999
	(126.3)	(124.4)	(156.6)	(97.7)	(70.7)	(100.0)
Northern California	123,305	117,132	104,486	97,216	53,285	85,214
	(144.7)	(137.5)	(122.6)	(114.1)	(62.5)	(100.0)
Pacific Northwest	84,397	68,323	56,209	50,216	35,938	48,863
	(172.7)	(139.8)	(115.0)	(102.8)	(73.5)	(100.0)
Intermountain States	14,368	10,248	11,573	8,804	7,948	9,643
	(149.0)	(106.3)	(120.0)	(91.3)	(82.4)	(100.0)
Twelfth District*	421,595	392,182	419,727	310,676	208,869	301,718
	(139.7)	(130.0)	(139.1)	(103.0)	(69.2)	(100.0)

*20 selected cities.
Figures in parentheses are index numbers. Base period 1920-1924 five-year average=100. All figures except index numbers are in thousands. Southern California includes Long Beach, Los Angeles, Pasadena, and San Diego. Northern California includes Berkeley, Fresno, Oakland, Sacramento, San Francisco, San Jose, and Stockton. Pacific Northwest includes Portland, Seattle, Spokane, and Tacoma. Intermountain States include Boise, Ogden, Phoenix, Reno, and Salt Lake City.

Figures of value of building permits issued during December, 1925, exceeded the figures of November, 1925, by 32.9 per cent and those of December, 1924, by 17.8 per cent. The usual seasonal increase from November to December is estimated at 5.4 per cent. The increases both during the month and year were chiefly due to large increases reported from Los Angeles and San Diego, California.

Indexes of building materials prices and of construction costs follow:

Building Materials Prices*		Construction Costs†	
Dec., 1925..177	1925 av...175	Dec., 1925..194	1925 av...195
Nov., 1925..176	1924 av...176	Nov., 1925..194	1924 av...202
Dec., 1924..175	1923 av...189	Dec., 1924..197	1923 av...202

*United States Bureau of Labor Statistics' index (1913=100).
†Aberthaw index of constructing a reinforced concrete factory building (1914=100).

Production of **lumber,** as reported by four associations whose members operate in this district, was approximately 11.1 per cent greater in volume in 1925 than in 1924. After making allowance for fluctuations in the number of reporting mills, it is estimated that the 1925 cut was approximately equal to, or slightly greater than, production in 1923, the previous record year. Total shipments in 1925 were approximately 12.5 per cent, 7.9 per cent, and 40.9 per cent greater, respectively, than the 1924, 1923, and five-year (1920-1924) average shipments. Total volume of orders booked by reporting mills of three associations during 1925 exceeded the 1924, 1923, and five-year (1920-1924) average volume of orders by 7.9 per cent, 3.6 per cent, and 33.5 per cent, respectively. Annual figures of production, shipments, and orders for each of four reporting associations for the past three years and the five-year (1920-1924) average, together with index numbers, follow:

LUMBER ACTIVITY

Association	1925 (board feet)*	1925 Index†	1924 (board feet)*	1924 Index†	1923 (board feet)*	1923 Index†	Five-Year Average 1920-1924 (board feet)*	Five-Year Average 1920-1924 Index†
West Coast Lumbermen's§								
Production	5,193	123.3	4,823	114.5	5,255	124.8	4,212	100
Shipments	5,383	130.8	4,936	120.0	5,351	130.1	4,113	100
Orders	5,377	133.0	4,918	121.7	5,266	130.3	4,043	100
Western Pine Manufacturers‖								
Production	1,838	141.0	1,605	123.2	1,717	131.8	1,303	100
Shipments	1,674	138.5	1,560	129.1	1,524	126.1	1,209	100
Orders	1,656	140.6	1,590	135.1	1,445	122.7	1,177	100
California White and Sugar Pine Manufacturers								
Production	1,479	193.0	1,148	149.8	1,208	157.6	767	100
Shipments	1,281	245.5	889	170.5	736	141.2	522	100
Orders	1,007		...		...		...	
California Redwood								
Production	391	100.5	440	112.9	492	126.2	390	100
Shipments	370	110.0	352	104.9	456	135.8	336	100
Orders	377	114.6	357	108.6	439	133.6	329	100
Four Associations								
Production	8,902	133.4	8,016	120.2	8,672	130.0	6,671	100
Shipments	8,708	140.9	7,738	125.2	8,068	130.6	6,179	100
Orders‡	7,410	133.5	6,865	123.7	7,150	128.9	5,549	100

*000,000 omitted. †Five-year (1920-1924) annual average=100. ‡Figures of California White and Sugar Pine Manufacturers' Association not included. §Operating in Western Oregon and Washington. ‖Operating in Idaho, Oregon, and Washington.

Note: Figures reported by National Lumber Manufacturers' Association. Differences in number of reporting mills from year to year are responsible for some change in the figures, but have not seriously affected their value for comparative purposes.

Seasonal decline in lumber production of the district continued during December, 1925. Reporting mills cut 15.6 per cent less lumber than in November, 1925, but 17.1 per cent more than in December, 1924. The volume of shipments increased during December and was 6.8 per cent and 12.3 per cent greater, respectively, than one month ago and one year ago. Orders received during the month were 1.1 per cent smaller in volume than in November, 1925, but 3.1 per cent greater in volume than those reported in December, 1924. Figures of the volume of unfilled orders at the end of the month

(B) Building Permits—

	December, 1925 No.	December, 1925 Value	December, 1924 No.	December, 1924 Value
Berkeley	254	$ 568,402	276	$ 705,651
Boise	37	43,324	23	10,581
Fresno	106	229,394	68	633,280
Long Beach	419	1,143,550	401	1,793,176
Los Angeles	3,159	16,810,677	3,486	11,923,961
Oakland	919	3,881,109	851	3,227,514
Ogden	20	578,750	10	314,000
Pasadena	232	454,387	288	1,245,976
Phoenix	102	147,104	75	101,764
Portland	849	1,801,410	819	1,890,190
Reno	11	82,600	7	5,200
Sacramento	198	929,595	159	452,361
Salt Lake City	74	271,741	40	219,666
San Diego	678	3,176,108	620	1,242,790
San Francisco	761	3,243,915	763	5,519,031
San Jose	84	1,464,330	81	402,735
Seattle	690	1,164,590	594	843,745
Spokane	122	126,900	105	304,925
Stockton	93	215,489	77	210,695
Tacoma	184	738,110	166	431,460
District	8,992	$37,071,485	8,909	$31,478,701

were reported as 404,969,000 board feet in December, 1925, 386,268,000 board feet in November, 1925, and 467,784,000 board feet in December, 1924.

Daily average production of **petroleum** in California declined during the last four months of the year 1925, but, at 620,958 barrels in December, was 2.4 per cent greater than in December, 1924. Daily average flow was 630,541 barrels in 1925, compared with 628,590 barrels in 1924, and 722,545 barrels in 1923, the record year. Stored stocks of petroleum increased from 97,829,374 barrels at the end of 1924 to 127,194,894 barrels at the end of 1925.

PETROLEUM—California

Year	Production: Total (barrels)	Production: Daily Average (barrels)	Stored Stocks at End of Year (barrels)	Producing Oil Wells Completed	Average Active Producing Wells
1925	230,147,000	630,541	127,194,894	948	11,393
1924	230,064,000	628,590	97,829,374	1,238	10,903
1923	263,729,000	722,545	89,274,244	980	8,928
1922	139,671,000	382,660	‡	837	9,410
1921	114,709,000	314,271	‡	704	9,425
1920	105,668,000	288,710	‡	572	9,299
1919	101,564,000	278,258	‡	559	....
1918	97,532,000	267,211	‡	586	....

‡Comparable figures not available.
Source: American Petroleum Institute.

National and Twelfth District production of **non-ferrous metals** was greater in 1925 than in 1924. Figures follow:

NON-FERROUS METALS—PRODUCTION*

Unit	Twelfth District† 1925	Twelfth District† 1924	United States 1925	United States 1924
Copper (lb.)	1,092,434	1,050,238	1,693,000	1,634,000
Lead (lb.)	620,586	530,263	1,302,000	1,132,000
Zinc (lb.)	97,087‡	47,286‡	1,102,000	1,032,000
Silver (oz.)	46,338	44,914	65,723	65,407
" (dollars)....	31,974	30,154	45,612	43,823
Gold (dollars)....	25,803	26,980	49,127	52,277

*000 omitted. †Including all of Arizona. ‡Not including Arizona, Oregon and Washington.
Source: Bureau of Mines, United States Department of Commerce.

(C) *Employment*—

Industries	California No. of Firms	California No. of Employees Dec., 1925	California No. of Employees Nov., 1925	Oregon No. of Firms	Oregon No. of Employees Dec., 1925	Oregon No. of Employees Nov., 1925
All Industries	**701**	**145,453 (—4.7)**	**152,621**	**102**	**18,043 (—5.2)**	**19,023**
Stone, Clay and Glass Products.	45	8,064 (1.9)	7,916	5	231 (—2.5)	237
Lumber and Wood Manufactures ..	116	27,057 (0.5)	28,332	44	14,205 (—3.6)	14,732
Textiles	12	2,333 (—0.4)	2,343	5	1,029 (0.5)	1,024
Clothing, Millinery and Laundering.	61	6,959 (1.5)	6,857	7	479 (0.2)	478
Food, Beverages and Tobacco...	151	24,362 (—16.5)	29,184	32	1,576 (—20.4)	1,980
Water, Light and Power	5	9,247 (—3.3)	9,564	..	...	...
Other Industries*.	298	65,536 (—1.4)	66,449	..	...	...
Miscellaneous	13	1,895 (—4.1)	1,976	9	523 (—8.6)	572

*Includes the following industries: metals, machinery and conveyances; leather and rubber goods; chemicals, oils and paints; printing and paper goods.
Figures in parentheses represent percentage changes from November.

The **flour milling** industry of the district operated at lower levels during the greater part of 1925 than at any time during the previous four years. The 1925 output of 16 large companies, representing approximately 60 per cent of the total district production, was 20.9 per cent and 22.4 per cent smaller in volume, respectively, than the 1924 output or the average output for the five years 1921-1925.

FLOUR—Production
(16 companies)

Year	Total (bbls.)	Monthly Average (bbls.)	Year	Total (bbls.)	Monthly Average (bbls.)
1925	4,674,316	389,526	1922	5,944,977	495,415
1924	5,907,329	492,277	1921	5,652,981	471,082
1923	6,779,155	564,930	1921–1925 average	5,751,752	479,313

The low point of production for the year (231,456 barrels) was reached in May. The trend has been upward since that month and, since August, the volume of production has increased more rapidly than is usual at this season. During December, however, output of reporting mills was 9.0 per cent less than in December, 1924, and 6.0 per cent smaller than the five-year average for that month. Stocks of flour held by millers decreased seasonally during the early months of 1925, reaching a low point in August. From August to December stocks increased but the figures on January 1, 1926, were smaller than those of January 1, 1925, and the five-year January 1st average by 24.9 per cent and 20.1 per cent, respectively. Reported stocks of wheat in millers' hands on January 1, 1926, were 26.6 per cent greater than the five-year average for the first of the year.

Official figures of the 1925 **canned fruit** and **vegetable** packs in California indicate a record output of these products. The largest canned peach and pear packs ever produced in that state and an unusually large pack of apricots were the chief items which made the 1925 canned fruit pack of record proportions.

CANNED FRUITS AND VEGETABLES—Pack
(California)

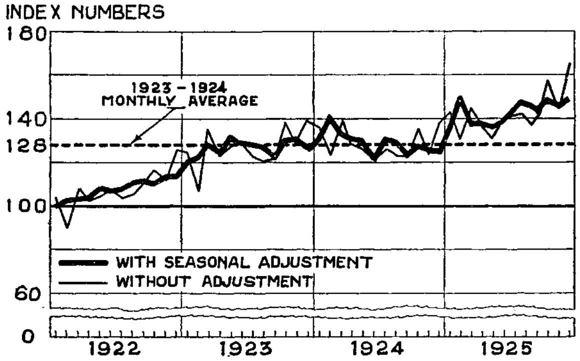
	1925	1924	1923	1922	Five-Year Average 1920-1924
Fruits....	15,631,852	10,362,998	11,351,536	15,477,865	11,417,423
Vegetables	8,527,891	7,138,759	7,800,835	6,913,371	5,941,412
Totals..	24,159,743	17,501,757	19,152,371	22,391,236	17,358,835

Canned fruit markets, both foreign and domestic, have been active during the present season, and remaining unsold stocks held by packers are relatively small in volume.

General Business and Trade

Activity in general business and trade in the Twelfth Federal Reserve District was at high levels during the year 1925. Increases in trade volume, in general, were larger than could be accounted for by normal increases in population and anticipated development of natural resources of the district. During December general business activity continued at the high levels of recent months.

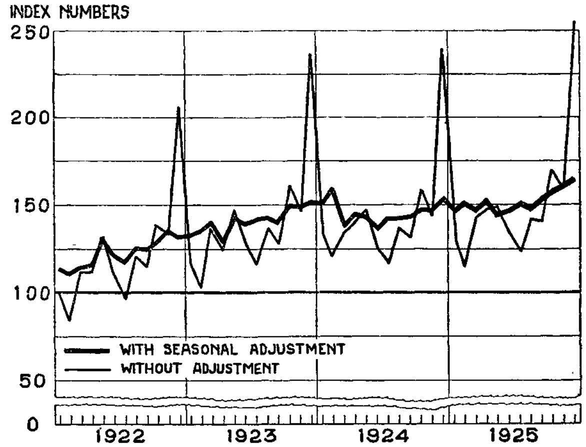
Debits to individual accounts (**bank debits**) at banks in 20 principal clearing house centers of the district, the best single measure of general business activity now available, were 14.4 per cent larger during December, 1925, than during November, 1925, and 19.6 per cent larger than during December, 1924. The increase during the month exceeded the usual seasonal increase for December, and this bank's index adjusted for seasonal variation, advanced from 146 to 149 (1919 average=100). In December, 1924, this index stood at 125. Total of bank debits at 20 reporting clearing house centers during the year 1925 ($33,261,381,000) exceeded the total for 1924 ($30,012,726,000) and 1923 ($29,424,384,000) by 10.8 per cent and 13.0 per cent, respectively.



BANK DEBITS—TWELFTH DISTRICT

Index for 20 principal cities, Phoenix, Arizona, not included, (1919 monthly average=100). Latest figures, December, with adjustment, 149; without adjustment, 165.

Trade at retail increased by more than the usual seasonal amount during December, 1925. An index based upon the dollar value of sales reported by 32 department stores, adjusted for seasonal movements, advanced from 161 in November to 164 in December (1919=100). The computed rate of stock turnover was 3.13 times per year during 1925, compared with 2.94 times per year in 1924. Retailers' inventories at the close of 1925 were 1.5 per cent larger than at the close of 1924.



DEPARTMENT STORE SALES—TWELFTH DISTRICT

Index of 32 Stores in 7 cities (1919 monthly average=100). Latest figures, December, with adjustment, 164; without adjustment, 255.

DEPARTMENT STORE SALES—Index Numbers
(1919 Monthly Average=100)

	Los Angeles	Oakland	San Francisco	Salt Lake City	Seattle	Spokane	District
Without Seasonal Adjustment							
Dec., 1919..	189	189	181	165	178	173	182
Dec., 1920..	215	206	184	182	148	175	187
Dec., 1921..	219	187	182	155	141	148	181
Dec., 1922..	257	207	203	161	158	156	205
Dec., 1923..	334	232	217	175	167	157	237
Dec., 1924..	335	243	221	177	173	148	239
July, 1925..	188	117	104	85	91	77	124
Aug., 1925..	210	138	129	90	97	88	142
Sept., 1925..	193	133	130	113	107	100	141
Oct., 1925..	238	178	148	139	116	131	170
Nov., 1925..	230	145	153	122	102	98	159
Dec., 1925..	361	268	235	191	177	157	255
With Seasonal Adjustment							
Dec., 1919..	125	113	112	106	113	114	117
Dec., 1920..	142	123	114	117	94	116	120
Dec., 1921..	145	112	113	100	89	98	116
Dec., 1922..	170	124	126	104	100	103	132
Dec., 1923..	221	139	135	112	106	104	152
Dec., 1924..	222	146	137	114	110	98	153
July, 1925..	219	146	134	106	100	99	150
Aug., 1925..	195	153	135	115	102	101	148
Sept., 1925..	223	140	140	114	98	97	153
Oct., 1925..	232	164	137	117	105	98	158
Nov., 1925..	231	143	148	115	104	93	161
Dec., 1925..	239	160	146	123	112	104	164

Value of sales of reporting **wholesale** firms in eleven lines of trade was 2.9 per cent greater in December, 1925, than in December, 1924. Seven of the ten lines for which complete data are available showed increased sales as compared with December, 1924, the increases ranging from 5.8 per cent for automobile supplies to 22.2 per cent for furniture. Total annual sales of an identical group of reporting wholesale firms in eleven lines of trade were $281,644,150 in 1925, compared with $274,937,820 in 1924. Total sales in three of the eleven lines, automobile supplies, dry goods, and groceries, were

(D) *Bank Debits**—

	December, 1925	December, 1924	Twelve Months 1925	Twelve Months 1924
Berkeley	$ 20,220	$ 17,329	$ 218,936	$ 208,743
Boise	15,516	14,216	150,889	140,483
Fresno	57,493	34,521	467,680	399,659
Long Beach	57,421	48,520	572,133	606,796
Los Angeles	880,620	801,463	9,458,157	8,920,579
Oakland	176,211	127,422	1,719,991	1,480,935
Ogden	38,308	28,507	320,144	286,211
Pasadena	37,308	33,217	416,687	387,114
Phoenix	30,610	27,023	286,547	255,740
Portland	179,552	163,451	1,998,792	1,942,036
Reno	9,544	8,471	103,927	96,274
Sacramento	37,900	34,892	438,395	513,378
Salt Lake City..	95,995	85,561	865,294	779,768
San Diego	68,704	52,957	668,987	579,628
San Francisco ..	1,121,610	885,396	11,496,447	9,767,845
San Jose	29,200	24,390	311,179	275,811
Seattle	221,937	186,810	2,424,902	2,166,876
Spokane	58,751	47,908	626,986	566,914
Stockton	30,982	27,029	317,432	286,302
Tacoma	47,703	41,540	524,436	480,283
Yakima	14,989	12,421	159,987	127,091
Total	$3,230,574	$2,703,044	$33,547,928	$30,268,466

*000 omitted.
Note: October, 1925, Bank Debits figure for Oakland should be revised from $158,485,000 to $158,475,000.

smaller in 1925 than in 1924. During June, July, August, and October, months of greatest activity in wholesale trade during 1925, percentage increases in total value of sales as compared with corresponding months of 1924 were respectively 13.8 per cent, 15.9 per cent, 6.9 per cent and 11.4 per cent. The general level of wholesale prices during these months ranged from 4 to 9 per cent higher in 1925 than in 1924.

WHOLESALE TRADE

	No. of Firms	Percentage increase or decrease (—) in Value of Sales: Dec., 1925 compared with Dec., 1924	Dec., 1925 compared with Nov., 1925	Nov., 1925 compared with Nov., 1924
Agricultural Implements.	15	*	*	— 0.4†
Automobile Supplies	13	5.8	— 6.7	5.8
Automobile Tires	20	—18.7‡	—14.5	—28.7‡
Drugs	6	6.0	— 4.6	6.6
Dry Goods	15	— 4.6	—26.6	10.2
Electrical Supplies	9	17.5	11.4	14.8
Furniture	18	22.2	1.7	14.6
Groceries	25	— 5.2	—18.9	3.3
Hardware	20	7.7	2.3	8.0
Shoes	11	12.7	—25.7	8.3
Stationery	26	9.6	17.5	2.8

*Not available. †Revised. ‡Decrease largely due to discontinuance by certain of the larger companies of "spring dating" sales, or the practice of advancing credit on sales made in autumn months until March, April, and May of the following year.

On December 31, 1925, **savings deposits** at 69 banks in seven principal cities of the district were 2.2 per cent larger in amount than on November 30, 1925, and 9.5 per cent larger than on December 31, 1924.

SAVINGS DEPOSITS

	Number of Banks	Dec. 31, 1925*	Nov. 30, 1925*	Dec. 31, 1924*	Dec. 31, 1925† compared with Dec. 31, 1924	Nov. 30, 1925
Los Angeles ..	13	$394,181	$385,862	$349,357	12.8	2.2
Oakland‡	7	100,796	99,337	95,037	6.1	1.5
Portland‖	7	54,681	53,230§	53,679§	1.9	2.7
Salt Lake City	8	29,935	29,661	29,285	2.2	0.9
San Francisco.	14	476,445	465,432	435,202	9.5	2.4
Seattle	14	78,971	77,080	71,858	9.9	2.5
Spokane	6	19,999	19,649	20,563	—2.7	1.8
Total‖	69	$1,155,008	$1,130,251§	$1,054,972§	9.5	2.2

*000 omitted. †Percentage increase or decrease (—). ‡Includes one bank in Berkeley which was formerly a branch of an Oakland bank. §Revised. ‖Not comparable with figures published in previous Reviews.

Prices

The Bureau of Labor Statistics' index of wholesale prices declined 0.8 per cent during December, 1925, and stood at 156.3 (1913=100), as compared with 157.6 in November, 1925, and 157.0 in December, 1924. Stability of the general price level was a noteworthy feature of the business situation during the year 1925, particularly so because such stability is contrary to past experience in years of great activity in industry and trade.

The Labor Bureau's wholesale price index of non-agricultural commodities declined slightly during December as did the United States Department of Agriculture's farm price index, and the ratio between these two indexes, an indication of the relative purchasing power of farm products, remained unchanged at 87 for the month. In December, 1924, the ratio was 85.

Wheat prices advanced during December, and on January 4, 1926, the May contract for new wheat sold for $1.80¾ to $1.83¼ per bushel, the highest point reached since March, 1925. The 1925 high point for the May contract ($2.02¾ to $2.05½ per bushel) was reached on January 30, 1925.

Cattle, sheep and **lamb** prices at Chicago declined during December while quotations for **hogs** advanced. Livestock prices changed little at the chief markets of this district during the month. All classes of livestock sold at higher prices during December, 1925, than during December, 1924, both at Chicago and at Twelfth District markets. Chicago quotations are given in Table "E."

Cotton prices were relatively stable during December at levels approximately 18.6 per cent below those of December, 1924. The average of 98 **wool** quotations on the Boston market declined 4.6 per cent during December, and at 77.57 cents per pound on January 2, 1926, was 24.47 cents per pound lower than one year ago.

(E) Commodity Prices—

Commodity		Unit	January 2, 1926	One Month Ago	One Year Ago
Wholesale Prices (U. S. Bureau of Labor) 1913=100			156.3	157.6	157.0
Purchasing Power of Farm Products (U. S. Department of Agriculture)*			87	87	85
Cattle (Native Beef)	Weekly average price at Chicago	100 lbs.	$9.40	$9.95	$9.25
Hogs	Weekly average price at Chicago	100 lbs.	11.40	11.15	10.45
Lambs	Weekly average price at Chicago	100 lbs.	16.00	16.10	17.25
Wheat	Chicago contract price for May wheat	bu.	1.76–1.79½	1.67–1.72¼	1.75½–1.80⅜
Cotton	Middling Uplands—Weekly range of spot quotation at New Orleans	lb.	19.82–20.00¢	19.50–20.05¢	23.90–24.60¢
Wool	Average of 98 quotations at Boston	lb.	77.57¢	81.33¢	102.04¢
Sugar	Beet granulated f. o. b. San Francisco	lb.	5.10¢†	5.35¢	6.55¢
Apples	Winesaps, medium to large extra fancy f. o. b. Pacific Northwest	box	1.75–2.00	2.00–2.15	2.50
Prunes	Size 40/50 in 25-lb. boxes f. o. b. California	lb.	.09–.09½	.08½–.09	.10–.10¼
Raisins	Thompson Seedless Bulk in 25-lb. boxes f. o. b. California	lb.	.07¾	.07¾	not quoted
Lumber (Softwood)	Weekly Index United States‡		30.26	30.42	31.18

*Ratio of farm prices (August, 1909-July, 1914=100) to wholesale prices of non-agricultural commodities (1910-1914=100).
†January 8, 1926. ‡As published by "The Lumber Manufacturer and Dealer."

During the last half of 1925 prices of refined beet **sugar** at San Francisco ranged from $5.05 to $5.70 per 100 pounds, lower figures than had previously prevailed since the close of 1921 and the first months of 1922. The low point of $5.05 per 100 pounds was quoted during the period from November 5 to November 12, 1925. The published quotation on January 8th was $5.10 per 100 pounds.

Dried fruit prices strengthened during the last months of 1925, and prune and raisin quotations were advanced slightly by California packers during November and December. **Canned fruit** quotations continued firm at levels which have changed little since the late summer months of 1925, when slight advances over opening prices were announced for many varieties.

Monthly average prices of **copper, lead, silver,** and **zinc**, as reported by the "Engineering and Mining Journal-Press," were generally higher in 1925 than in 1924. The figures follow:

NON-FERROUS METALS PRICES

Monthly Average	COPPER New York (cents per lb.) 1925	1924	LEAD New York (cents per lb.) 1925	1924	SILVER New York (cents per oz.) 1925	1924	ZINC St. Louis (cents per lb.) 1925	1924
December	13.87	14.26	9.31	9.21	68.89	68.10	8.57	7.37
November	14.35	13.64	9.74	8.69	69.22	69.30	8.61	6.80
October	14.30	12.93	9.51	8.24	71.11	70.83	8.28	6.32
September	14.38	12.92	9.51	8.00	71.57	69.35	7.75	6.18
August	14.49	13.22	9.19	7.83	70.24	68.52	7.58	6.18
July	13.95	12.39	8.15	7.12	69.44	67.16	7.21	5.90
June	13.40	12.33	8.32	7.02	69.11	66.69	6.99	5.79
May	13.35	12.77	7.99	7.27	67.58	65.52	6.95	5.79
April	13.25	13.21	8.01	8.26	66.90	64.14	6.99	6.12
March	14.00	13.52	8.91	9.01	67.81	63.96	7.32	6.49
February	14.46	12.71	9.43	8.55	68.47	64.36	7.48	6.76
January	14.71	12.40	10.17	7.97	68.45	63.45	7.74	6.43
Annual Average	14.04	13.02	9.02	8.10	69.07	66.78	7.62	6.34
Five-year Average:								
1920-1924	14.16		6.72		72.55		6.20	
1909-1913	13.94		4.40		55.79		5.73	
1913-1925 Range:								
High	33.50 (12–16–1916)		12.00 (6–16–1917)		135.00 (1–31–1920)		27.00 (6–12–1915)	
Low	11.38 (8–25–1921)		3.75 (3–2–1921)		46.25 (9–4–1915)		4.13 (8–30–1921)	

Banking and Credit Situation

Demand for credit at reporting member banks in the Twelfth Federal Reserve District decreased during the four weeks ending January 6, 1926, a partly seasonal movement. Total loans and investments of the banks declined by $47,000,000, or 2.8 per cent, during this period, the result of decreased loans of all classes and of smaller holdings of investments. Time deposits declined from $823,000,000 on December 9th to $778,000,000 on December 16th, then increased to $810,000,000 on December 30th, and subsequently declined to $800,000,000 on January 6th, movements which were probably allied with seasonal holiday and year-end needs of depositors. Demand deposits increased by $8,000,000, or 1.1 per cent, during the four weeks. Borrowings of reporting banks from the Federal Reserve Bank of San Francisco declined by 60.4 per cent, or $36,000,000.

REPORTING MEMBER BANKS—Twelfth District
(In millions of dollars, percentage changes in parentheses.)

	Condition Jan. 6, 1926	Changes from One Month Ago	Changes from One Year Ago
Total Loans	1,186	—27 (2.2)	+145 (14.0)
Commercial Loans	915	—20 (2.1)	+ 93 (11.4)
Loans on Securities	271	— 7 (2.6)	+ 52 (23.7)
Investments	457	—20 (4.2)	+ 22 (5.1)
Total Loans and Investments	1,644	—47 (2.8)	+167 (11.3)
Net Demand Deposits	807	+ 8 (1.1)	+ 12 (1.5)
Time Deposits	800	—23 (2.7)	+122 (18.0)
Borrowings from Federal Reserve Bank	24	—36 (60.4)	+ 14 (150.8)

Movements in principal items of condition statements of the Federal Reserve Bank of San Francisco during December and early January have reflected the usual seasonal changes in demand for reserve bank accommodation which accompanied corresponding seasonal change in currency requirements incidental to holiday activity. During the four weeks ending January 13, 1926, decreases of $25,000,000 (49.9 per cent) in bills discounted and of $2,000,000 (7.8 per cent) in holdings of purchased bills more than offset an increase of $11,000,000 (27.9 per cent) in holdings of United States securities, and total earning assets of the Reserve Bank declined by $17,000,000 (13.8 per cent). The volume of Federal reserve notes in circulation increased from $204,000,000 on November 25th to $214,000,000 on December 23rd, since when the subsidence of holiday demands for currency has caused a decline in Federal reserve note circulation to $196,000,000, the figure for January 13, 1926. During the year ending January 13, 1926, total bills and securities (earning assets) of the Federal Reserve Bank of San Francisco decreased $3,000,000 or 2.6 per cent, due to a decrease of $21,000,000 (42.3 per cent) in holdings of bills bought, which was slightly larger than the combined increase of $18,000,000 (231.3 per cent) in bills discounted and $1,000,000 (2.1 per cent) in holdings of United States securities. Volume of Federal reserve notes in actual circulation declined $8,000,000 (3.9 per cent) during the year period, total deposits increased $10,000,000 (5.9 per cent) and total reserves increased $7,000,000 (2.6 per cent), and as a result of these various movements the reserve ratio was 75.6 on January 13, 1926, compared with 74.0 on January 14, 1925.

FEDERAL RESERVE BANK OF SAN FRANCISCO
(In millions of dollars, percentage changes in parentheses.)

	Condition Jan. 13, 1926	Changes from One Month Ago	Changes from One Year Ago
Total Bills and Securities	105	—17 (13.8)	— 3 (2.6)
Bills Discounted	25	—25 (49.9)	+18 (231.3)
United States Securities	50	+11 (27.9)	+ 1 (2.1)
Bills Bought	29	— 2 (7.8)	—21 (42.3)
Total Reserves	282	+ 8 (2.9)	+ 7 (2.6)
Total Deposits	177	+ 2 (1.0)	+10 (5.9)
Federal Reserve Note Circulation	196	—12 (5.5)	— 8 (3.9)