MONTHLY REVIEW
OF
BUSINESS CONDITIONS

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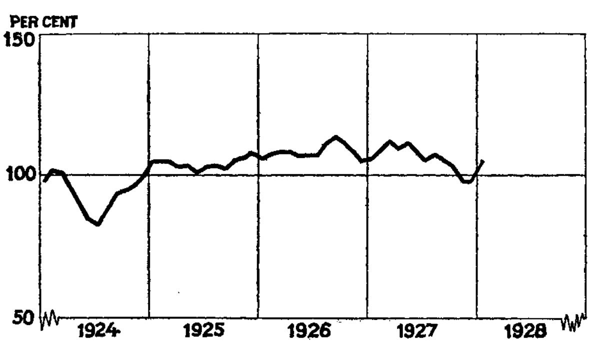
SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

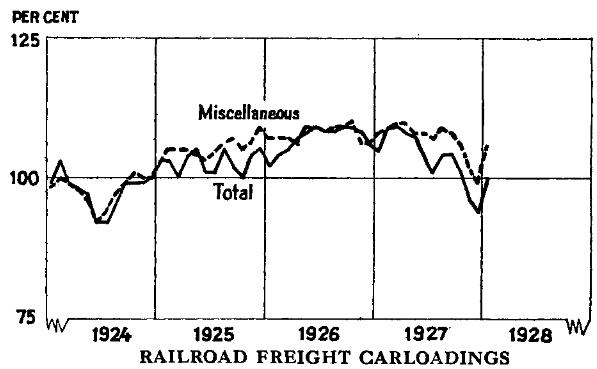
Industrial production and shipments of commodities by railroads increased considerably in January from the low point reached at the end of 1927. The general level of wholesale commodity prices showed a slight decline.

Production. The increase of 6 per cent in industrial production from December to January reflected a larger output of manufactures, particularly of iron and steel and automobiles. Daily average production of steel ingots increased by over 25 per cent in January, the largest monthly increase since 1924. Buying of steel products by the railroads and by the automobile and construction industries was also active in January, and, notwithstanding the large volume of production and shipments, unfilled orders showed an increase during the month. Since the first of February production of steel products has continued active, with new orders and shipments more nearly in balance than in previous months. Automobile production, which in December was in the smallest volume since 1922, increased considerably in January and was only slightly smaller than in the same month of the preceding year. Cotton consumption showed about the usual seasonal increase in January, following substantial curtailment in December, and the woolen and silk industries were somewhat more active than in December. Production of minerals, after adjustment for customary seasonal changes, was in practically the same volume in January as in December. Building contracts awarded in January exceeded those for the corresponding month of last year and awards during the first half of February were in practically the same volume as a year ago.

Trade. Sales of department stores showed more than the usual seasonal decline in January from the high levels reached in December and averaged slightly smaller than in January of last year. Sales of mail order houses, on the other hand, were about 6 per cent larger than a year ago. Wholesale trade in nine leading lines averaged larger than in January of last year. Stocks of groceries and hardware carried by wholesale firms were smaller than a year ago, but reports in other lines indicated that stocks were somewhat larger. Freight carloadings for all groups of commodities were larger



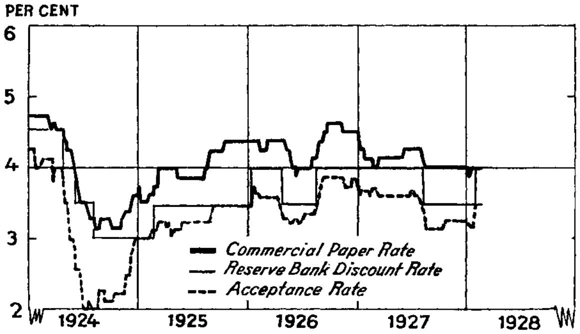
INDUSTRIAL PRODUCTION
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average = 100). Latest figure, January, 105.



RAILROAD FREIGHT CARLOADINGS
Cars of revenue freight loaded as reported by the American Railway Association. Index numbers adjusted for seasonal variations, (1923-1925 average = 100). Latest figures, January, total 100, miscellaneous, 106.

in January than in December, the increase being particularly large for miscellaneous commodities. Compared with January of last year, however, loadings of all classes of commodities, except livestock, were smaller.

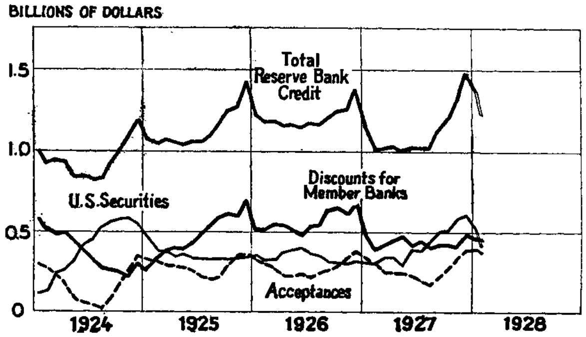
Prices. The Bureau of Labor Statistics' index number of wholesale commodity prices declined from 96.8 per cent of the 1926 average in December to 96.3 per cent in January. Prices of farm and hide and leather products increased, while prices of meats and dairy products, textiles, fuels, non-ferrous metals, and rubber declined. During the first two weeks of February prices of grains, cotton, silk, and wool advanced, while those of cattle, sugar, and rubber declined.



MONEY RATES

Weekly rates in New York money market: commercial paper rate on 4- to 6-months paper, acceptance rate on 90-day paper, and rediscount rate of the Federal Reserve Bank of New York.

Bank Credit. For the four weeks ending February 15th total loans and investments of member banks in leading cities showed a decline of more than 200 million dollars, the decline being almost entirely in loans on securities. From the peak at the turn of the year this class of loans decreased by nearly 460 million dollars. Loans for commercial purposes, after a further decline in January showed a seasonal increase in the first two weeks of February. The decline in the volume of loans since the first of the year has been accompanied by a corresponding decline in net demand deposits, while time deposits have continued to increase. At the reserve banks the total volume of member bank borrowing declined seasonally during the opening weeks of the year and reached a low point on January 25th, but increased by about 70 million dollars between that date and February 21st. This increase in discounts accompanied smaller reductions in the reserve



RESERVE BANK CREDIT

Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first 22 days in February.

banks' holdings of United States securities and acceptances, and the total volume of reserve bank credit in use showed an increase for the four weeks.

During the four weeks ending February 21st a firmer tendency in the money market was indicated by increased rates on call and time loans and by a further increase from 3⅜ per cent to 3½ per cent in the rate on 90-day bankers' acceptances. During the period from January 25th to February 21st, discount rates at eleven Federal reserve banks were advanced from 3½ per cent to 4 per cent.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Industrial activity in the Twelfth Federal Reserve District continued during January, 1928, at the relatively low levels of the closing months of 1927. A slight recession in trade was reported during the month, apparently as earlier declines in industrial activity became effective in terms of community purchasing power.

Changes in the **credit** situation were largely seasonal in character. Funds continued in ample supply for business and agriculture, and interest rates at member banks were unchanged. Effective February 4, 1928, the Federal Reserve Bank of San Francisco raised its rediscount rate from 3½ per cent to 4 per cent on all classes and maturities of eligible paper. The 3½ per cent rate had been in effect since September 10, 1927.

Both **industry** and **trade** were less active in January, 1928, than in January, 1927. All lines of industry for which data are collected, except lumbering, flour milling, and silver mining, reported decreases in production this year, and available figures of volume of employment and of wages paid showed smaller totals than a year ago. Sales of retail stores were larger than in January, 1927, but railway freight carloadings, sales at wholesale, and sales of new automobiles were smaller than last year.

Growing crops of the district have generally been reported to be in satisfactory condition, although less than the usual seasonal amount of rain has fallen in many sections.

Agriculture

Rainfall during January and early February in the agricultural areas of the Twelfth Federal Reserve District was below normal and by February 16th seasonal totals at recording stations had quite generally fallen below the established averages of the July-February rainfall period.

RAINFALL (in inches)—Twelfth District

	July 1, 1927 to Feb. 16, 1928 (Actual)	July 1, 1926 to Feb. 16, 1927 (Actual)	July 1 to Feb. 16 (Normal)
Arizona:			
Flagstaff	16.3	11.0	16.2
Phoenix	4.4	9.3	6.6
California:			
Eureka	14.6	34.5	28.6
Fresno	5.0	8.0	6.0
Los Angeles	7.1	12.8	9.9
Red Bluff	15.7	21.2	16.0
Sacramento	7.2	13.3	12.7
San Diego	6.9	10.3	6.4
San Francisco	12.9	18.7	14.9
Idaho:			
Boise	8.8	8.2	7.6
Nevada:			
Reno	2.9	5.4	6.7
Oregon:			
Baker	7.1	7.7	7.3
Portland	26.3	36.5	30.8
Utah:			
Salt Lake City	9.7	10.9	8.5
Washington:			
Seattle	22.3	21.3	24.6
Spokane	15.8	10.9	12.2

The **winter wheat** crop in the Pacific Northwest is reported to be in good condition. An abundance of soil moisture during the fall growing period, followed by an ample snow cover, has favored the development of the 1928 crop. Export shipments of wheat from Puget Sound and Columbia River ports totaled approximately 41,837,000 bushels between July 1, 1927, and February 1, 1928, as compared with 29,728,000 bushels shipped during the same period a year ago. The bulk of the 1927 crop has now been marketed at generally satisfactory prices, and shipments will probably tend to diminish until the beginning of the 1928 harvest season.

Estimates of the 1927-1928 Navel **orange** crop previously placed at 11,650,000 boxes remain unchanged and compare with a reported 1926-1927 production of 12,154,000 boxes. Total shipments for the current season to February 1st amounted to 10,660 carloads as compared with 12,284 carloads shipped in the same period last year. Monthly average f. o. b. prices for oranges and **lemons** as reported by the California Fruit Growers Exchange follow:

	January 1928	January 1927	December 1927	December 1926	November 1927	November 1926
Oranges*	3.69	3.49	4.33	3.70	5.05	4.80
Lemons*	5.79	2.97	5.03	2.67	6.27	2.60

*In dollars per box.

The record of carlot shipments of **apples** from the Pacific Northwest, which has recently been running approximately 13 per cent below the seasonal totals of a year ago, is a current reflection of the short 1927 crop. Prices for fancy grade apples, f. o. b. shipping point, have been steady during recent weeks and returns to the grower have been approximately one dollar per box higher than a year ago. In the boxed apple region, which comprises the so-called "Western States," the apple industry has developed rapidly during the past 15 years, but more recently some stability of production has appeared. The number of non-bearing trees in this area was 13 per cent of the total number of trees in 1925 as compared with 55 per cent in 1910.

The United States Department of Agriculture's annual estimates of the number of cattle, sheep, and swine on farms and ranges of the Twelfth District are now available. They indicate that during the past year there has been a decrease of 4.4 per cent in the number of beef cattle ("other cattle") in the district, a slight increase in the number of dairy cattle ("milch cows") and increases of 3.1 per cent and 12.0 per cent, respectively, in the number of sheep and hogs ("swine").

Heavy liquidation of **cattle** holdings during the recent years of depression in this branch of the livestock industry is still reflected in the reported figures of "other cattle" (chiefly beef cattle) on farms and ranges. Similar evidence is furnished by the reduced market receipts of cattle during the past few years. The increase in number of **sheep** in the district has followed upon a series of profitable years in the sheep raising industry.

LIVESTOCK ON FARMS AND RANGES*

	Twelfth District January 1, 1928	1927†	1926	United States January 1, 1928	1927†	1926
Milch Cows	1,405	1,397	1,388	21,948	21,818	22,148
Other Cattle	3,738	3,908	4,158	33,748	35,054	37,000
Sheep and Lambs	13,621	13,217	12,545	44,545	41,846	39,864
Swine	1,641	1,465	1,235	58,969	54,408	52,005

*000 omitted. †Revised.
Source: United States Department of Agriculture.

Some seasonal deterioration in the condition of **livestock** and of **ranges** in the district is reported, excepting in parts of Utah and Nevada which have benefited by recent rains.

CONDITION OF LIVESTOCK AND RANGES*

	Cattle Feb. 1, 1928	Cattle Feb. 1, 1927	Cattle Jan. 1, 1928	Sheep Feb. 1, 1928	Sheep Feb. 1, 1927	Sheep Jan. 1, 1928	Ranges Feb. 1, 1928	Ranges Feb. 1, 1927	Ranges Jan. 1, 1928
Arizona	87	85	93	93	88	95	87	85	90
California	90	89	91	91	91	92	87	93	89
Idaho	97	88	98	97	90	98	100	77	100
Nevada	94	88	93	94	86	93	87	83	88
Oregon	97	91	99	98	92	99	96	88	99
Utah	98	89	97	98	89	97	95	85	95
Washington	94	92	95	96	92	97	92	87	95

*Normal=100.
Source: United States Department of Agriculture.

Livestock prices on the Pacific Coast remained relatively stable during January. Current cattle quotations at Pacific Coast markets are now approximately equal, on a grade for grade basis, to quotations in some mid-Western markets, and the westward movement of stock from Inter-mountain states has been accelerated. Early contracts for choice grade California spring lambs, f. o. b. shipping point, are reported to have been made at prices slightly higher than those prevailing a year ago.

The steady rise of **wool** prices during the past few months is reflected in the increased prices named in recent contracts for the 1928 wool clip. It is estimated that over half of the 1928 clip has already been contracted in the so-called "Western States."

Industry

During January, 1928, industrial activity in the district continued at the relatively low levels prevailing during the fourth quarter of 1927, and production generally was in smaller volume than in January, 1927. Increased activity in flour milling and lumbering, both as compared with one month ago and one year ago, was reported during January, 1928. Available data on production and **employment** in other fields revealed merely seasonal increases from December to January, or further curtailment, and indicated that activity was continuing at levels below those of a year ago.

Substantial declines, over the year period, in number of industrial workers employed in California and Oregon were reported for nearly all lines of manufacturing, the decreases being particularly marked in the metals and metal products industries (including machinery and conveyances), the chemical products industries (chiefly petroleum refining) and in the food products industries. Decreases were also reported for the textile and the stone, clay and glass products industries.

Published figures of **lumber** production, contrary to the usual seasonal movement, showed an increase in output during January. As a result, this bank's seasonally adjusted index of daily average production (preliminary estimate) rose to 112 (1923-1925 daily average =100), the highest figure recorded since the middle of 1926. These production figures are not supported by available data of employment and wage payments in the lumber industry which showed substantial decreases from both December and January of last year. The major part of the expansion in lumber output, however, is reported to have occurred toward the close of January, or subsequent to the period (January 1st-January 15th) upon which many employment and payroll reports were based. Reported expansion of production during January and early February may, therefore, be reflected in employment and payroll data for February. Orders received by reporting mills during January exceeded their production, which in turn exceeded shipments, and there was a substantial increase in volume of unfilled orders during the month. Lumber prices advanced slightly from late December to early February, but continued lower than a year ago.

Building in the district continued less active than in early 1927. Value of building permits issued in 20 principal cities during January, 1928, although greater than in December, 1927, was approximately 14 per cent smaller than in January, 1927. Only part of this decrease may be attributed to lower building costs, which have followed upon declines in building materials prices. According to the index of the United States Bureau of Labor statistics the average decline in building materials prices amounted to 7 per cent during the year period, the result of lower prices for lumber, brick, structural steel, paints, cement, and other building materials. Wages in the building trades have been well maintained.

Output of **non-ferrous metals** in the United States (of which this district contributes a considerable part) was slightly curtailed during January, 1928. Prices of the principal metals produced in the district were generally stable during January and early February.

Distribution and Trade

There was a general slowing down in **distribution and trade** during January, 1928, a continuation of the trend which became apparent toward the close of 1927. January trade

(*A*) *Industry*—

Indexes of daily average production, adjusted for seasonal variation.
(1923-1925 daily average = 100.)

	1928 Jan.	1927 Dec.	1927 Nov.	1927 Jan.
Manufactures:				
Flour	107	99	90	95
Slaughter of Livestock	87*	92	98	94
Lumber	112*	109	106	100
Refined Mineral Oils	...	145	150	145
Cement	95	115	110	101
Minerals:				
Petroleum (California)	93	93	94	99
Copper (United States)†	102	105	106	114
Lead (United States)†	104	109	110	113
Silver (United States)†	100	90	100	97

*Preliminary. †Prepared by Federal Reserve Board.

(*B*) *Employment*—

Industries	California No. of Firms	California No. of Employees Jan., 1928	California No. of Employees Jan., 1927	Oregon No. of Firms	Oregon No. of Employees Jan., 1928	Oregon No. of Employees Jan., 1927
All Industries	**792**	**131,928** (−7.8)	**143,121**	**162**	**22,874** (−8.8)	**25,087**
Stone, Clay and Glass Products	48	6,924 (—5.1)	7,296	3	140 (—9.7)	155
Lumber and wood Manufactures	130	23,708 (—2.1)	24,214	61	13,097 (—10.4)	14,624
Textiles	18	2,602 (—3.3)	2,692	11	2,142 (—1.4)	2,173
Clothing, Millinery and Laundering	63	8,046 (—0.3)	8,072	10*	506 (+1.0)	501
Foods, Beverages and Tobacco	175	22,174 (—9.8)	24,576	43	1,574 (—6.0)	1,675
Water, Light and Power	5	7,918 (+0.3)	7,891	..	...	...
Other Industries†	340	59,566 (—11.3)	67,174	..	...	...
Miscellaneous	13	990 (—17.9	1,206	34	5,415 (—9.1)	5,959

*Laundering only. †Includes the following industries: metals, machinery and conveyances; leather and rubber goods; chemicals, oils and paints; printing and paper goods.
Figures in parentheses indicate percentage changes from January, 1927.

volume was slightly smaller than a year ago.

Railway freight **carloadings** and value of sales, both at **wholesale** and at **retail,** declined by more than the usual seasonal amount during January, 1928. The decline in carloadings was the result chiefly of smaller loadings in agricultural products and in **merchandise and miscellaneous freight** throughout the district. Sales totals were smaller in most parts of the district. Actual deliveries of **new automobiles** on **sales** contracts, as revealed by registrations of new cars, increased only seasonally during the month, although orders placed were reported to be in large volume. As compared with last year, sales at retail showed an increase during January, 1928, but railway freight carloadings, sales at wholesale and new automobile registrations showed a decrease.

RETAIL TRADE—Twelfth District

	NET SALES* Jan., 1928, compared with Jan., 1927	NET SALES* Jan., 1928, compared with Dec., 1927	STOCKS* Jan., 1928, compared with Jan., 1927
Department Stores...	2.3 (48)	—48.1 (41)	— 0.2 (37)
Dry Goods	3.2 (4)	—36.9 (4)	12.1 (3)
Furniture	— 5.9 (39)	—50.2 (37)	— 1.1 (24)
Men's Apparel	—10.4 (4)	—50.6 (4)	3.8 (3)
Men's and Women's Apparel	— 0.9 (11)	—57.9 (11)	— 2.4 (3)
Women's Apparel ...	— 7.7 (11)	—37.2 (11)	5.5 (9)
All Stores	0.8 (117)	—47.8 (108)	0.1 (79)

*Percentage increase or decrease (—). Figures in parentheses indicate number of stores reporting.

Value of department store sales declined by more than the usual seasonal amount, during January, 1928, but the stores report that substantial price concessions for "special sales" resulted in the disposal of large stocks of goods. Merchants' purchases for stocks were smaller than usual during the month, and inventory accounts of department stores were reduced, a movement contrary to that experienced in January of recent years. Retail stock turnover was seasonally slower than in December, 1927, but was the same as in January, 1927. Collections on retail accounts were relatively larger during January, 1928, than during January a year ago. Smaller inventories among retailers and the more rapid collection of their outstanding accounts have been reflected in reports by wholesale dealers of smaller sales and improved collection conditions. Wholesalers' inventories were also reported to be smaller at the close of January, 1928, than at the close of January, 1927.

Prices

Comparatively little change occurred in the general level of prices during the past month, and but small fluctuations have been noted in the indexes of prices of individual groups of commodities. The composite wholesale price index of the United States Bureau of Labor Statistics stood at 96.3 (1926 monthly average =100) in January, 1928; 96.8 in December, 1927; and 96.6 in January, 1927.

Although the general level of wholesale prices is practically unchanged as compared with a year ago, prices of certain individual groups of commodities changed substantially during 1927. Farm products prices now average 10 per cent above the average prices of January, 1927; the index of prices of hides and leather products is 20 per cent higher than a year ago; and the index for textile products is up 2.5 per cent. Declines of 17 per cent and 7 per cent, respectively, have been recorded in the price indexes for fuels and building materials. In other commodity groups, average price changes have been slight.

These reported changes in price levels for groups of commodities relate to the whole United States, but they are not without application in the Twelfth Federal Reserve District. Inspection of available evidence indicates that changes in prices within the district have not differed materially from the changes revealed by the national price indexes. The 10 per cent increase, reported for the country as a whole, in prices paid for farm products in January, 1928, as compared with January, 1927, was

(C) *Bank Debits*—*

	January, 1928	January, 1927
Bakersfield	$ 14,831	$ 14,520
Bellingham	9,550	9,812
Berkeley	23,883	22,144
Boise	15,414	14,884
Eugene	6,534	6,491
Everett	11,895	12,234
Fresno	33,779	41,173
Long Beach	51,703	48,004
Los Angeles	996,559	968,340
Oakland	250,449	213,189
Ogden	18,570	24,209
Pasadena	41,516	45,361
Phoenix	35,364	30,604
Portland	152,810	162,397
Reno	8,883	9,286
Ritzville	1,014	891
Sacramento	49,046	27,362
Salt Lake City	81,060	77,544
San Bernardino	10,504	9,764
San Diego	62,511	78,135
San Francisco	1,371,227	1,100,398
San Jose	29,741	29,564
Santa Barbara	14,378	14,750
Seattle	223,067	189,151
Spokane	54,192	60,877
Stockton	33,408	31,096
Tacoma	41,690	44,852
Yakima	12,780	12,476
District	$3,656,358	$3,299,508

*000 omitted.

(D) *Distribution and Trade—*

	1928 Jan.	1927 Dec.	1927 Nov.	1927 Jan.
Carloadings, Total*	106‖	111	110	109
Carloadings, Merchandise and Miscellaneous*	109‖	114	112	114
Sales at Wholesale*†	93	98	104	96
Sales at Retail*	117	118	118	114
Stocks, Retail*¶	103	112	113	103
Stock Turnover, Retail§	0.22	0.42	0.24	0.22
Collections, Retail‡				
Regular	47.3	44.2	45.9	46.0
Installment	16.0	15.2	14.0	16.7

*Index numbers adjusted for seasonal variation. (1923-1925 average=100.) †Eleven lines. ¶At end of month. §Proportion of average stocks sold during month. ‡Percent of collections during month to total amount outstanding at first of month. ‖Preliminary.

quite largely the result of the advance in cotton prices over the year period, a relatively unimportant item in this district. A substantial part of the increase, however, arose from advances in prices of cattle, wool, apples, and oranges and lemons, commodities that are of leading importance in making up the district's agricultural income. Likewise, the 45 per cent increase in average prices of hides and skins is important in its effect on the livestock industry of the district. The decline since January, 1927, in the index of prices of building materials reflects, in part, lower prices of lumber, an important product of the district.

Average prices of petroleum products were 30 per cent below those of a year ago, a reflection of a national condition in the oil industry which has reacted adversely upon oil company operations in the Twelfth Federal Reserve District. Prices of **copper** and **silver**, products also of importance in the district, are higher than a year ago, while prices of **lead** and **zinc** are lower. These movements have not materially affected operations of the mining industry in this region.

Banking and Credit

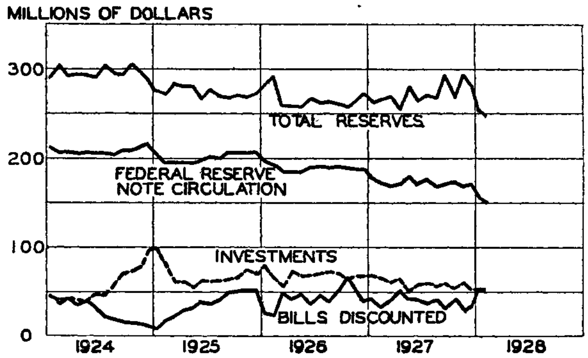
Retarded activity in industry and a slowing up in trade have been reflected in a lessened demand for credit in the Twelfth Federal Reserve District during recent months. Member banks have found themselves in possession of a supply of funds in excess of the current needs of commerce and industry and these funds have been employed in security loans and investment accounts. During January and early February, however, expansion in certain lines of industry, notably lumber, and seasonal increases in activity in certain lines of trade resulted in increased member bank loans for commercial purposes. Of an increase in total loans and investments at reporting member banks amounting to 18 million dollars during the four weeks ending February 15th, approximately one-half was in commercial loans. Demand deposits showed a slight seasonal expansion during this period while time deposits increased sharply, continuing their upward trend which was interrupted during the second and third quarters of 1927. In the table below, reporting member bank data for February 15, 1928, are compared with revised data for one month ago and one year ago. Revision of the earlier data has been necessary to eliminate the effect of recent changes in the composition of the list of reporting member banks.

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

	Condition Feb. 15, 1928	Changes from One Month Ago (+ = increase.	Changes from One Year Ago — = decrease.)
Total Loans	1,273	+14 (1.1)	+ 5 (0.4)
Commercial Loans	928	+ 8 (0.9)	— 13 (1.4)
Loans on Securities	345	+ 5 (1.6)	+ 18 (5.7)
Investments	617	+ 4 (0.7)	+141 (29.4)
Total Loans and Investments	1,890	+18 (1.0)	+146 (8.4)
Net Demand Deposits	833	+ 2 (0.2)	+ 50 (6.4)
Time Deposits	972	+15 (1.7)	+ 85 (9.6)
Borrowings from Federal Reserve Bank	47	— 1 (2.4)	+ 22 (90.2)

*Total resources of reporting banks are approximately 50 per cent of total resources of all banks and 70 per cent of total resources of all member banks in the Twelfth Federal Reserve District. Reporting banks embrace member banks and branches located only in Los Angeles, San Francisco, Oakland, Portland, Tacoma, Seattle, Spokane, Salt Lake City, and Ogden.

At the **Federal Reserve Bank of San Francisco** there was little change in the total volume of credit outstanding during the four weeks ending February 15, 1928. Changes in the



RESERVE BANK CREDIT—TWELFTH DISTRICT
Figures for Federal Reserve Bank of San Francisco, as of middle Wednesday of each month. Latest figures February 15th.

composition of the bank's earning assets, however, have reflected changes in the credit situation in this district and in the United States. Holdings of United States government securities by the Federal Reserve Bank of San Francisco were reduced 8 million dollars during the four weeks ending February 15th, the reduction representing this bank's participation in the Federal Reserve System's open market operations in New York City.

The seasonal return flow of currency, as indicated by a decline in the volume of Federal Reserve notes in circulation, and the purchase by the Reserve Bank of acceptances enabled member banks to increase their reserve deposits and at the same time to reduce their discounts at the Reserve Bank.

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

	Condition Feb. 15, 1928	Changes from One Month Ago (+ = increase.	Changes from One Year Ago — = decrease.)
Total Bills and Securities	110	— 1 (0.8)	+15 (15.4)
Bills Discounted	51	— 3 (6.2)	+18 (55.1)
United States Securities	33	— 8 (19.7)	— 6 (14.6)
Bills Bought	26	+11 (69.1)	+ 2 (6.8)
Total Reserves	253	— 1 (0.5)	—14 (5.2)
Total Deposits	195	+ 6 (3.4)	+18 (10.2)
Federal Reserve Notes in Circulation	153	— 7 (4.3)	—20 (11.4)

On February 4, 1928, the rediscount rate at the Federal Reserve Bank of San Francisco was raised from 3½ per cent to 4 per cent for all classes and maturities of eligible paper. The 3½ per cent rate had been in effect since September 10, 1927. Since January 25, 1928, eleven of the twelve Federal reserve banks in the United States similarly raised their rediscount rates.

A partial explanation of the reduction in so-called commercial loans of member banks in this district during the past year may be found in the increased use being made by farmers of those banking facilities created expressly for agriculturists. Total loans outstanding at Federal Land Banks, Joint Stock Land Banks, and Federal Intermediate Credit Banks of the district on December 31, 1927, amounted to 195 million dollars, an increase of nearly 14 million dollars, or 7 per cent, as compared with a year ago. All states, except Oregon and Washington, where slight decreases were reported, showed increased loans extended by these banks.

LOANS OUTSTANDING AT CLOSE OF YEAR

	Federal Land Banks*		Joint Stock Land Banks†		Federal Intermediate Credit Banks*	
	1927	1926	1927	1926	1927	1926
Arizona	$ 5,742,245	$ 5,519,592	$ 2,911,383	$ 2,465,289	$ 2,716,115	$ 1,929,237
California	27,959,106	25,065,750	29,904,997	25,043,842	14,189,032	11,164,671
Idaho	22,681,877	22,490,662	4,114,600	3,548,900	1,114,421	775,013
Nevada	2,333,008	1,278,453	622,436	523,629	135,920	60,850
Oregon	20,016,352	20,069,397	9,433,398	11,314,679	2,872,948	1,435,366
Utah	14,696,584	14,294,794	782,500	787,300	544,962	431,134
Washington	30,983,399	30,589,731	1,023,101	2,014,525	609,804	755,962
District	$124,412,571	$119,308,379	$48,792,415	$45,698,164	$21,688,128	$16,552,233

*Federal Land Banks and Federal Intermediate Credit Banks are located in Berkeley, California; and Spokane, Washington. †Joint Stock Land Banks are located in Los Angeles and San Francisco, California; Portland, Oregon; and Salt Lake City, Utah.

Indexes of Industry and Trade in the Twelfth Federal Reserve District

Beginning with this issue of the Monthly Review of Business Conditions there are presented in the section on Industry a series of index numbers of production in the Twelfth Federal Reserve District. Frequent revision of the actual numerical data, previously presented in this section, made it practically impossible to publish comparable series over a long period of time. By making proper adjustments it is usually possible to maintain comparability in index number series. The newly published index numbers will ordinarily be used in future issues of the Monthly Review.

In Table "A" of this Review (page 12) are presented index numbers covering most of the different lines of industry in the Twelfth Federal Reserve District for which it is possible to obtain reasonably reliable monthly data.

Coincident with this change in method of presenting industrial data, the make-up of that section of the Monthly Review devoted to Distribution and Trade has been slightly altered. Index numbers of department store sales, by cities, and of sales at wholesale, by lines, are now to be omitted and more general indexes of trade substituted for them. (See Table "D," page 13.) The more detailed indexes heretofore published will, in the future, be distributed only to those who make special request for these data.

All of the indexes of Industry and of Distribution and Trade used in the Review are presented as percentages of their 1923-1925 average. In other words, the 1923-1925 monthly (or daily) average of each index equals 100.[1] Where necessary or desirable, in order that changes in the state of industry or of trade may be more easily detected, adjustment has been made for variations in the number of days in different months and for normal seasonal variation.[2]

In the table on page 16 are summarized briefly the series included in the indexes presented in this Review together with the sources from which the data were obtained. Index number series for individual lines included in the general indexes, but not presented in the Review, will be made available to those requesting them.

1 Reasons for the choice of the years 1923-1925, inclusive, for the base period were given in an article entitled "Revised Indexes of Trade Activity" appearing in the June, 1927, Monthly Review of Business Conditions. See also the Federal Reserve Bulletin for March, 1927, pages 172 and 173.

2 The significance of seasonal variation was explained in an article entitled "Seasonal Variation in Business Activity" appearing in the December, 1926, Monthly Review of Business Conditions. Reprints of this article may be had upon request.

Indexes of Industry and Trade—Twelfth District

Index	Series	Source
Industry		
Manufactures		
Flour	Output of wheat flour at mills located in California, Oregon, Washington, Idaho, and Utah.	Compiled by Federal Reserve Bank of San Francisco from original sources.
Slaughter of Livestock	Receipts for slaughter at Los Angeles, San Francisco, California; Portland, Oregon; Seattle, Spokane, Tacoma, Washington; Ogden, Salt Lake City, Utah, of the following: Cattle, Hogs, Calves, Sheep	Compiled by Federal Reserve Bank of San Francisco from original sources.
Lumber	Production of mills reporting to West Coast Lumbermen's Association, Western Pine Manufacturers Association, California Redwood Association, California White and Sugar Pine Manufacturers Association.	National Lumber Trade Barometer and Survey of Current Business of the United States Department of Commerce.
Refined Mineral Oils	Refinery output in California of Gasoline, Gas and Fuel Oils, Kerosene, Lubricating Oils	United States Bureau of Mines.
Cement	Production of cement in California, Oregon, and Washington.	United States Bureau of Mines.
Minerals		
Petroleum	California pipe line runs of petroleum, minus decrease in field stocks, plus petroleum used in the field.	American Petroleum Institute.
Copper	Mine production, United States.	Indexes computed by Federal Reserve Board and published monthly in the Federal Reserve Bulletin. See Federal Reserve Bulletin for February, 1927, page 102, and March, 1927, page 177.
Lead	Mine production, United States.	
Silver	Mine production, United States.	
Distribution and Trade		
Carloadings, Total Carloadings, Merchandise and Miscellaneous	Adjusted monthly carloadings for California, Nevada, Arizona, part of New Mexico, Oregon, Washington, part of Idaho.	Car Service Division, American Railway Association, Pacific Coast and Pacific Northwest Regional Offices.
Wholesale Trade	Sales of approximately 150 wholesale dealers located throughout the district and dealing in— Agricultural Implements, Furniture, Automobile Supplies, Groceries, Automobile Tires, Hardware, Drugs, Shoes, Dry Goods, Stationery, Electrical Supplies	Federal Reserve Bank of San Francisco.
Retail Trade	Sales of 28 department stores located in Los Angeles, Oakland, San Francisco, Sacramento, Seattle, Spokane, Salt Lake City.	Federal Reserve Bank of San Francisco.
Retail Stocks	End-of-month inventories of 27 department stores located in Los Angeles, Oakland, San Francisco, Sacramento, Seattle, Spokane, Salt Lake City.	Federal Reserve Bank of San Francisco.

Those desiring this Review sent them regularly will receive it without charge upon application.