

# MONTHLY REVIEW

OF

## BUSINESS CONDITIONS

ISAAC B. NEWTON, Chairman of the Board and Federal Reserve Agent  
Federal Reserve Bank of San Francisco

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No. 9

### SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Volume of industrial and trade activity increased in August, and there was a further advance in wholesale commodity prices. Reserve bank credit outstanding increased in September, reflecting in part seasonal demands for currency and credit. Money rates remained firm.

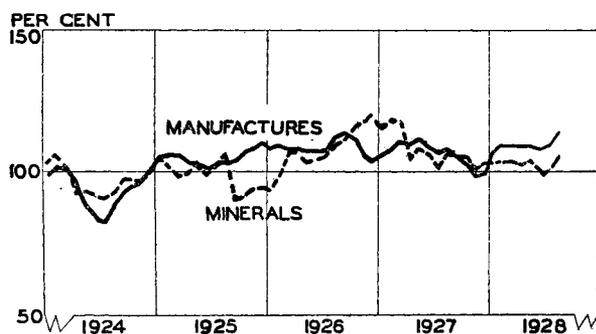
**Production.** Production of both manufactures and minerals increased considerably in August, the output of manufacturing plants being larger than at this season of any earlier year. Automobile production was in record volume in August, and available information indicates that output was maintained by many producers at a high level during September. Iron and steel production continued large in August and September, and output of non-ferrous metals increased during August. Textile mill activity, which had been somewhat reduced in recent months, also showed a substantial increase. Factory employment and payrolls have increased since midsummer and in August were close to the levels of a year ago. In the building industry, there was evidence of recession in a sharp decline of con-

tracts awarded, which were in smaller volume during August than in the corresponding month of any year since 1924. In the first three weeks of September, however, awards were somewhat larger than last year.

Estimates of the Department of Agriculture for September 1 indicate that yields of principal crops will be larger than last year and above the average for the preceding five years.

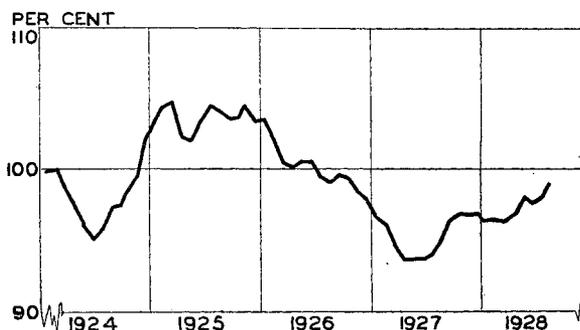
**Trade.** Distribution of commodities showed seasonal increases in August, although sales in most lines of wholesale and retail trade did not equal the unusually large sales of August, 1927. Department stores stocks increased as is usual in August, but continued smaller than a year ago, while inventories in several lines of wholesale trade were somewhat larger than last year. Freight carloadings were in about the same volume in August as a year earlier. Shipments of miscellaneous commodities and grains were larger and those of coal, livestock, and forest products smaller than last year.

**Prices.** The general level of commodity prices increased in August and the Bureau of Labor Statistics' index, at 98.9 per cent of the



PRODUCTION OF MANUFACTURES AND MINERALS

Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 average=100). Latest figures, August, manufactures, 114; minerals, 105.



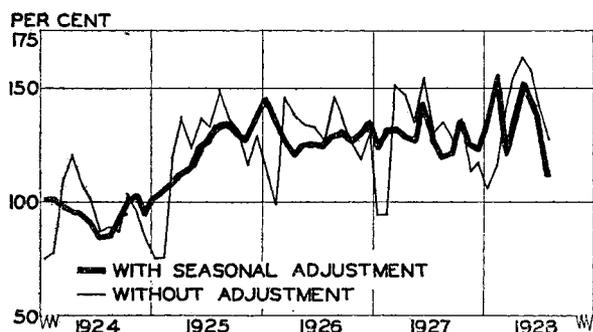
WHOLESALE PRICES

Index of United States Bureau of Labor Statistics (1926 prices=100, base adopted by Bureau). Latest figure, August, 98.9.

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1926 average, was the highest in nearly two years. Increases in August were chiefly in the prices of livestock and livestock products, which are now higher than at any time since 1920. There were also small increases in fuels, metals, and building materials. Grains and

increase was in loans on securities and part reflected a seasonal increase in other loans. Deposits of the member banks also increased during the period. Volume of Reserve Bank credit outstanding increased during the four weeks ending September 19, in response to sea-



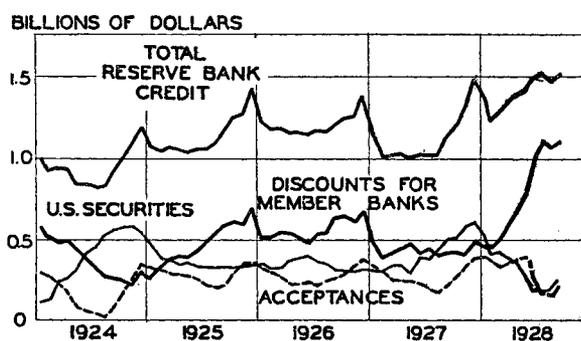
**BUILDING CONTRACTS AWARDED**

Federal Reserve Board's indexes of value of building contracts awarded as reported by the F. W. Dodge Corporation (1923-1925 average = 100). Latest figures, August, adjusted index 111; unadjusted index, 126.

cotton showed sharp declines, and there were decreases also in hides and skins and wool.

Since the first of September, there have been some declines in livestock and meats, and a sharp further decrease in cotton, while prices of pig iron, copper, and petroleum have advanced.

**Bank Credit.** Between the middle of August and the middle of September there was a considerable increase in the loans and investments of member banks in leading cities. Part of the



**RESERVE BANK CREDIT**

Monthly averages of weekly figures for 12 Federal Reserve Banks. Latest figures are averages for first three weekly report dates in September.

sonal demands for currency and growth in member bank reserve requirements. The increase in total bills and securities was largely in holdings of acceptances and in discounts for member banks.

During the same period there were further increases in open-market rates on collateral loans and on commercial paper, while the rate on 90-day bankers' acceptances was reduced from 4½ per cent to 4¼ per cent.

## TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Industry and trade in the Twelfth Federal Reserve District were seasonally more active during August than during July and were at levels above those of a year ago. In the industrial field, lumbering, copper mining, and flour milling showed the largest increases in activity during the month and year. Sales at retail and at wholesale, and merchandise carloadings of freight were larger in volume during August than during July, and both sales and carloadings were larger than during August, 1927. Employment conditions in the District are reported to have improved during August, as compared with July, 1928, and are better than in August, 1927.

The agricultural situation continues generally satisfactory except in certain restricted areas where specialty crops predominate. It is estimated that aggregate production of the principal crops grown in the District during 1928 will be slightly less than a year ago. Prices for many farm products important in this District, such as livestock, citrus fruits, and most dried fruits, excepting raisins, are higher than

a year ago. Higher prospective returns for these products are about offset, however, by the lower returns in prospect for wheat, potatoes, and certain other field crops.

The amount of credit extended by member banks of the District has risen by a substantial amount since August 1, as a result of both seasonal and non-seasonal increases in commercial loans and loans on securities. Borrowing at the Federal Reserve Bank of San Francisco also rose during this period, all of the increase being in discounts of city member banks. Reserve Bank discounts for country member banks (not including country branches of city member banks) were reduced during September to the lowest figure since last April, and to the lowest figure for this season of the year during the entire post-war period. Interest rates on loans to commercial borrowers and correspondent banks, charged by member banks in the principal cities of the District, have not increased during recent months and are practically the same as those which prevailed throughout most of 1927.

**Agriculture**

Estimates made by the United States Department of Agriculture as of September 1, 1928, show few changes from earlier forecasts of crop production in the Twelfth District. The absence of autumn rains has favored agricultural harvesting operations in the District, but has hindered growth of late maturing crops and of winter forage for livestock.

Yields of **spring and winter wheat** harvested in Idaho, Oregon, and Washington, have generally been larger than anticipated earlier in the season. The production of all wheat in these three states is now estimated at 98,754,000 bushels compared with 112,500,000 bushels harvested in 1927. Marketing of the Pacific Northwestern wheat crop, as indicated by carlot receipts at seaport grain terminals in the Pacific Northwest and by export shipments from Columbia River and Puget Sound ports, has been in smaller volume than a year ago. Western white wheat was quoted at \$1.13 per bushel on the Portland, Oregon market on September 8, compared with \$1.27 per bushel a year ago.

The 1928 production of **barley** in the District is estimated at 47,066,000 bushels. In 1927 the harvest was 41,147,000 bushels. Exports of barley from San Francisco totaled 3,850,000 bushels during July and August. During the same period in 1927 exports through that port amounted to 3,548,000 bushels.

**PRODUCTION\*—Field and Grain Crops**

	Preliminary Estimate Sept. 1, 1928	Actual 1927	Five-Year (1923-1927) Average
<b>Beans (bushels)</b>			
California, Idaho	5,715	6,531	5,811
United States	15,809	16,891	17,134
<b>Cotton (bales)</b>			
Arizona, California	282	187	199
United States	14,439	12,955	14,160
<b>Hops (pounds)</b>			
California, Oregon, Wash.	32,420	29,794	27,462
United States	†	†	†
<b>Potatoes (bushels)</b>			
Twelfth District	49,165	50,602	38,393
United States	466,815	406,964	383,526
<b>Rice (bushels)</b>			
California	6,854	8,960	6,356
United States	36,545	39,993	36,118
<b>Sugar Beets (tons)</b>			
California, Idaho, Utah	1,227	1,534	1,636
United States	6,384	7,753	7,458
<b>Barley (bushels)</b>			
Twelfth District	47,066	41,147	40,244
United States	346,027	264,392	208,722
<b>Wheat (bushels)</b>			
Twelfth District	124,023	133,754	110,250
United States	901,072	872,595	808,196

\*In thousands. †Total United States commercial production of hops originates in California, Oregon, and Washington. Source: United States Department of Agriculture.

Early harvest returns and September 1 forecasts of those crops not yet harvested indicate that aggregate production of **field crops** in the District will be somewhat less this year than in 1927. During August, estimates of production of cotton, hay, hops, potatoes, and sugar beets were reduced.

The 1928 commercial production of **apples** in California, Idaho, Oregon, Utah and Washington, as now estimated by the United States

Department of Agriculture (45,314,000 bushels) will be larger than in any year since 1923, when a crop of 45,930,000 bushels was harvested. In California the harvesting of the largest Gravenstein apple crop on record (2,100 carloads) is now complete.

**COMMERCIAL PRODUCTION OF APPLES**  
Twelfth District and United States  
(In thousands of bushels)

	Estimated Sept. 1, 1928	Actual 1927	Actual 1926	Actual 1925
California	7,101	4,656	6,144	3,291
Idaho	3,831	5,400	2,775	5,250
Oregon	4,177	2,925	5,250	3,888
Utah	607	402	480	900
Washington	29,598	22,302	25,590	26,010
Total	45,314	35,685	40,599	39,339
United States	99,366	77,700	117,357	99,738

Source: United States Department of Agriculture.

The 1928 production of California **deciduous fruits** other than apples, previously estimated as somewhat larger in the aggregate than a year ago, is now estimated as approximately equal to the 1927 production. Production estimates have been lowered chiefly because of a decline of 211,000 tons in the prospective yield of **grapes** in California.

**DECIDUOUS FRUITS AND NUTS—CALIFORNIA**

	Production*		
	Estimated Sept. 1, 1928	Actual 1927	Actual 1926
Apricots	169	208	176
Cherries	19	12	20
All Grapes	2,327	2,406†	2,114
Raisin Grapes	1,386	1,443	1,317
Table Grapes	465	490†	363‡
Wine Grapes	476	473	414‡
All Peaches	609	492	541
Clingstone Peaches	395	322	327
Freestone Peaches	214	170	214
Pears	220	181	207
Plums	75	57	71
Prunes	185	203	150
Almonds	13	12	16
Walnuts	35	42	15

\*In thousands of tons. †142,000 tons of table grapes not harvested. ‡It is estimated that these figures include 32,000 tons of table grapes and 20,000 tons of wine grapes which were dried.

Source: California Crop Report.

Interstate shipments of deciduous fruit (exclusive of apples) from California during the 1928 crop season to September 11, were approximately 9 per cent larger than shipments during the same period in 1927. The increased volume of shipments during 1928 is due largely to the fact that the fruit has ripened from ten days to two weeks earlier than a year ago. Prices received at Eastern auction markets for California fruits have been slightly lower this year than last.

Shipments of **oranges** from California during the 10 months period from November 1, 1927, to

**PRODUCTION—CALIFORNIA ORANGES**  
(In boxes)

	Valencia*	Navel†
1928-1929	9,250,000‡	16,000,000‡
1927-1928	11,640,000	10,800,000
1926-1927	12,000,000	12,150,000
1925-1926	11,200,000	10,000,000
1924-1925	6,300,000	9,300,000

\*Crop season June 1-November 1 of first year given in left-hand column. †Crop season November 1-June 1 of two years given in left-hand column. ‡Estimated September 1, 1928.

Source: California Fruit Growers Exchange.

August 31, 1928, totaled 41,761 carloads. During the 1926-1927 crop season 51,140 carloads had

been shipped by August 31. Current prices for Valencia oranges (f. o. b. shipping point California) have remained at levels approximately 50 per cent higher than one year ago.

Dry, warm weather during August caused a seasonal decline in condition of **livestock ranges** in the district and retarded the summer growth of forage supplies on autumn and winter grazing areas. Short feed supplies during summer months on ranges of the District resulted in some shrinkage in the weight of range **lambs**, and present indications are that the fall movement from Idaho, Nevada, and Utah will include a larger percentage of feeder lambs than a year ago. Ewes for winter lambing in California are reported to be in average condition.

Prices received for cattle and swine during August, 1928, at Pacific Coast markets were at levels higher than one month and one year ago. Lamb prices were lower in August than July, 1928, but remained higher than during August, 1927.

### Industry

August witnessed a moderate improvement in industrial activity in the Twelfth Federal Reserve District. Volume of employment was larger than for several months past, and output of lumber, copper, and flour was greater than in either July, 1928, or August, 1927. Awards of heavy construction contracts increased more than seasonally during the month. Other building and output of non-ferrous metals other than copper were at low levels during August, both as compared with the previous month and with the same month a year ago. This Bank's index of freight carloadings of other than merchandise and miscellaneous freight advanced more than seasonally during August to 118 (1923-1925 daily average=100) as compared with 117 in July, 1928, and 114 in August, 1927.

Employment conditions were better during August, 1928, than during July, 1928, or August, 1927, a reflection in considerable part of the earlier agricultural season this year and of increased activity in those industries particularly

#### (A) Industry—

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

	1928			1927
	Aug.	July	June	
<b>Manufactures:</b>				
Flour .....	98	88	85	88
Slaughter of Livestock .....	87*	89	93	97
Lumber .....	114*	102♢	101♢	110
Refined Mineral Oils† .....	158	156	146	
Cement .....	128	105	108	130
Wool Consumption .....	..	66	75	95
<b>Minerals:</b>				
Petroleum (California)† .....	95	97	97	94
Copper (United States)‡ .....	115	113	110	101
Lead (United States)‡ .....	108	97	99	112
Silver (United States)‡ .....	82	84	94	94
<b>General:</b>				
Carloadings§ .....	118	117	120	114

\*Preliminary. †Not adjusted for seasonal variation. ‡Prepared by Federal Reserve Board. §Other than Merchandise and Miscellaneous. ♢Revised.

dependent upon agriculture such as fruit and vegetable canning and packing. Some shortage of agricultural labor was reported. Copper mines employed an increased number of men, but the supply of workers in mining territory remained generally greater than the demand. The lumber industry increased its pay rolls, and the fishing industry in the Pacific Northwest employed a larger number of workers than usual because of the increased pack of salmon this year. Highway construction was active in many parts of the District and was the source of a considerable volume of employment.

Lumber production increased sharply during August, due chiefly to demands for Douglas Fir from the central part of the United States. This Bank's seasonally adjusted index of lumber production stood at 114 (1923-1925 daily average=100) in August, 1928, compared with 102 in July, 1928, and 110 in August, 1927. Shipments were larger than production. Orders received, however, while in about the same volume as during the past few months, fell below production during August. Stocks of well seasoned lumber, nevertheless, were reported to be low.

During the first eight months of 1928, the total value of **building** permits issued in 90 cities of the District averaged 11 per cent less than in the same period in 1927, according to the figures published by S. W. Straus and Company. The August figures were 19 per cent below those of July, 1928, and one per cent below those of August, 1927.

The value of **engineering** and **heavy construction** contracts awarded in the far western district during the period from January 1 to August 31, 1928, was 10 per cent below the value of such awards during the first eight months of 1927, according to the reports pub-

#### (B) Employment—

Industries	California		Oregon	
	No. of Firms	No. of Employees	No. of Firms	No. of Employees
All Industries .....	761	166,549	155	30,357
Stone, Clay and Glass Products.	49	6,819	6	285
Lumber and Wood Manufactures ..	118	26,479	56	17,770
Textiles .....	19	2,377	10	1,930
Clothing, Millinery and Laundering.	64	7,959	8*	462
Foods, Beverages and Tobacco ..	163	51,502	45	5,031
Water, Light and Power .....	5	7,913	..	..
Other Industries†.	328	61,216	..	..
Miscellaneous ....	15	2,284	30	4,879

\*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 August, 1927.

lished by the Engineering News Record. During August these figures increased by more than 70 per cent as compared with the unusually low figures for July, 1928, and were 2 per cent above the figures for August a year ago.

Production of petroleum in California declined during August, but was still greater than during the summer and fall of 1927. The crude petroleum production index of this Bank declined two points during August from the July figure of 97 (1923-1925 daily average=100) but was one point higher than in August, 1927, when it stood at 94. Output of refined oils was also larger than a year ago. Domestic shipments and exports to foreign countries of gasoline, kerosene, gas-oil and distillate exceeded production, and stocks are now lower than they have been for several years.

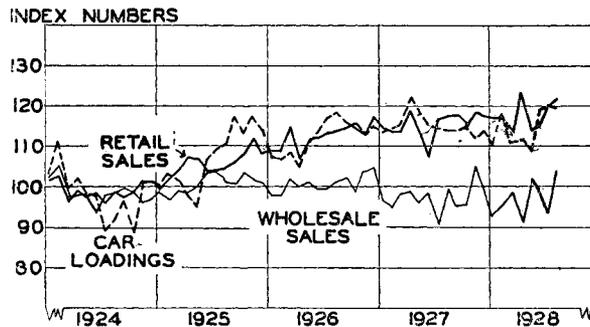
Among the non-ferrous metals, copper was in the strongest position during August, prices being steady and demand firm. Production increased during the month and was greater than at any time since output was curtailed in the spring of 1927. The first week of September witnessed a strong demand for copper and prices were steady or fractionally higher at levels substantially above those prevailing during August and September, 1927. The market for lead was slightly stronger during the last two weeks in August, but demand became less active during the first week of September and production of this metal was well under that of a year ago. Silver markets continued weak during August, and production was light.

Output of flour as reported by mills of the Twelfth Federal Reserve District increased

seasonally during August, 1928, and was greater than during the previous month and the same month a year ago. The Federal Reserve Bank's seasonally adjusted index stood at 98 (1923-1925 daily average=100) in August, 1928, and 88 in July, 1928, and August, 1927. Stocks of flour and wheat increased seasonally at District mills.

**Distribution and Trade**

The volume of trade in the Twelfth District increased seasonally during August, 1928, and was greater than during August, 1927. Trade, both at retail and at wholesale, was moderately more active during August than during the same month a year ago, while sales of new automobiles and railroad freight carloadings showed substantial gains over August, 1927. Considerable improvement in retail trade occurred in Northern and Central California and Oregon.



**DISTRIBUTION AND TRADE—TWELFTH DISTRICT**  
Indexes adjusted for seasonal variation. 1923-1925 average=100. Daily average figures of department store sales and railway carloadings of merchandise freight. Monthly figures of sales at wholesale.

Reflecting partially the earlier agricultural season, carloadings of merchandise and miscellaneous freight increased 14 per cent during August, 1928, as compared with July, 1928, and 9 per cent as compared with August, 1927. Total carloadings also increased during the

**(C) Bank Debits\***

	Aug., 1928	Aug., 1927	—First Eight Months— 1928 1927	
Bakersfield .....	\$ 12,257	\$ 11,592	\$ 112,202	\$ 103,195
Bellingham .....	10,181	9,107	80,626	78,027
Berkeley .....	22,245	20,802	175,051	169,435
Boise .....	15,871	13,704	116,861	104,593
Eugene .....	7,656	7,396	59,086	59,534
Everett .....	13,911	11,803	108,258	100,988
Fresno .....	34,017	37,836	262,372	293,302
Long Beach .....	54,310	45,002	437,045	396,378
Los Angeles .....	961,522	835,565	8,436,008	7,414,917
Oakland .....	223,510	209,721	1,970,876	1,759,304
Ogden .....	20,467	16,259	139,041	133,917
Pasadena .....	33,834	34,601	326,780	329,886
Phoenix .....	30,187	22,073	272,596	215,256
Portland .....	184,648†	171,361	1,396,762†	1,320,080
Reno .....	11,150	9,836	76,492	73,900
Ritzville .....	1,491	1,204	7,864	6,447
Sacramento .....	50,664	42,386	390,440	290,851
Salt Lake City .....	73,216	63,606	584,973	545,325
San Bernardino .....	9,902	9,730	83,576	81,202
San Diego .....	57,213	55,929	506,011	493,759
San Francisco .....	1,298,210	1,124,286	12,289,604	9,515,526
San Jose .....	29,655	26,677	222,874	204,838
Santa Barbara .....	14,229	13,159	111,178	107,720
Seattle .....	244,080	231,072	1,948,502	1,673,894
Spokane .....	56,248	55,040	448,390	434,088
Stockton .....	28,083	28,358	234,858	221,686
Tacoma .....	47,418	43,346	363,398	359,463
Yakima .....	13,653	10,768	101,813	94,597

District .....

\*In thousands. †Includes \$18,606,000 at four banks not reporting prior to week ended May 2, 1928. ‡Includes \$69,571,000 at four banks not reporting prior to week ended May 2, 1928.

**(D) Distribution and Trade—**

	1928 Index Numbers*			
	Aug.	July	June	Aug.
Carloadings, Total† .....	122	120	120	114
Carloadings, Merchandise and Miscellaneous‡ .....	125	122	119	114
Sales at Wholesale‡ .....	103	93	99	99
Sales at Retail‡ .....	120	120	115	117
Stocks, Retail§ .....	107	109	109	106
Sales of New Automobiles				
Passenger Cars .....	119p	103	100	90
Commercial Vehicles .....	121p	102	92	95

	Actual Figures			
Stock Turnover, Retail   .....	.27	.22	.23	.26
Collections, Retail#				
Regular .....	45.1	45.0	46.2	44.1
Installment .....	17.1	15.3	16.0	17.2

\*Adjusted for seasonal variation, 1923-1925 average=100. †Daily average. ‡Monthly totals of eleven lines combined. §At end of month. ¶For source of figures, see June, 1928, Review. ||Proportion of average stocks sold during month. #Per cent of collections during month to amount outstanding at first of month. p—Preliminary.

month and were 7 per cent higher than during August a year ago. The increases were general in all parts of the District.

Sales at **retail** of 144 department, apparel, and furniture stores were 1.3 per cent higher during August this year than during August, 1927. This Bank's seasonally adjusted index of sales of 28 department stores stood at 120 (1923-1925 daily average=100) in both August and July, 1928, and at 117 in August, 1927. Stocks of goods held by 27 department stores increased by less than the usual seasonal amount, the index adjusted for seasonal variation standing at 107 (1923-1925 monthly average = 100) at the close of August, compared with 109 during the preceding four months and 106 at the close of August, 1927. Collections during August were made at practically the same rate as in July of this year and were more rapid than in August a year ago.

#### RETAIL TRADE—Twelfth District

	NET SALES*		STOCKS* Aug., 1928, compared with Aug., 1927
	Aug., 1928, compared with Aug., 1927	Jan. 1 to Aug. 31, 1928, compared with Jan. 1 to Aug. 31, 1927	
Department Stores†...	1.1 ( 65)	2.3 ( 60)	0.7 (51)
Apparel Stores .....	6.5 ( 31)	-0.3 ( 25)	-1.1 (15)
Furniture Stores .....	-0.3 ( 48)	-1.9 ( 41)	-7.1 (32)
All Stores .....	1.3 (144)	1.6 (126)	-0.6 (98)

\*Percentage increase or decrease (—). Figures in parentheses indicate number of stores reporting. †Includes dry goods stores.

Sales at **wholesale** of 235 firms in eleven lines of trade increased 15.6 per cent or more than the usual seasonal amount during August, 1928, and were 5.5 per cent greater than in August, 1927. This Bank's seasonally adjusted index of sales at wholesale of 127 firms stood at 103 (1923-1925 monthly average = 100) in August, 1928; 93 in July, 1928; and 99 in August, 1927. Increases over last month and a year ago were reported for all lines except agricultural implements. Stocks of 85 wholesalers at the end of August, 1928, were 4.6 per cent and 1.7 per cent smaller than at the end of August, 1927, and July, 1928, respectively.

Sales of new **automobiles** were much larger than in August, 1927. This Bank's seasonally adjusted index for new passenger cars sold advanced to 119 (1923-1925 daily average sales = 100) as compared with 90 in August, 1927, and 103 in July, 1928. The seasonally adjusted index of new commercial car sales stood at 121 (1923-1925 daily average sales = 100) in August, 1928; 95 in August, 1927; and 102 in July, 1928.

#### Prices

Commodity prices have, on the whole, been steady during the past three months. Minor fluctuations have included a downward swing during late July and the first week of August, which was followed by advances throughout

the remainder of August and first half of September. The Bureau of Labor Statistics' index of wholesale prices during August, at 98.9 (1926 monthly average = 100), was but slightly higher than the index for July (98.3) but was substantially higher than in August, 1927 (95.2).

The downward trend in prices of agricultural products noted during late July was checked during the second week of August. Since that time prices of several commodities, notably livestock, have advanced, a few have declined, and others have showed neither increases nor decreases. At the middle of September prices of grains averaged about the same as a month earlier. Quotations for wheat, which dropped sharply during July, have fluctuated moderately since mid-August with but little net change. Wheat is now selling at levels approximately 15 per cent lower than a year ago. Cotton prices have continued to decline during the past month, a sharp drop being recorded immediately after release on September 8 of the United States Department of Agriculture's estimate of 1928 production. On September 15, cotton quotations were approximately 10 per cent lower than in August and were more than 20 per cent lower than average prices during September, 1927.

During the past month, cattle and hog prices have shown moderate advances, while lamb prices have declined at both Twelfth District and national markets. Quotations for livestock are currently higher than they were a year ago, improvement over the year period being particularly evident in hog prices.

Opening prices for almonds, as announced by the California Almond Growers Association, are practically identical with opening prices in both 1927 and 1926. Canned fruit quotations have changed little from the opening prices announced at the beginning of August. Dried fruits are selling at prices that average about the same as were paid a year ago, the higher prices for prunes this year being about offset by the decline in raisin prices.

Copper prices, which remained unchanged during June and July, continued steady during August and then moved upward at mid-September. Lead prices have advanced slightly during recent weeks, while silver prices have declined.

#### Banking and Credit

The banking and credit situation in the District during recent months has reflected the maintenance of business at seasonally active levels. Changes in demand for credit at the Federal Reserve Bank of San Francisco have been the result chiefly of increased borrowings by city member banks. Discounting by country banks declined during September and was

in smaller volume for this season of the year than in any other year of the entire post-war period. According to reports received from member banks in principal cities of the District, interest rates charged commercial customers, on the whole, have not been increased during recent months and are at about the same levels as prevailed throughout the major part of 1927.

City member banks reported an expansion in commercial loans during August and September to the highest levels of the current year, a reflection of seasonally expanding business. A part of the increase in loans, no doubt, also represents advances to country correspondents which reflect autumn activity in agriculture and trade in the country areas. These advances have been made at approximately the same rates of interest as have prevailed during recent months and during the autumn of 1927. Loans on securities at reporting banks also increased during this period, and in September averaged higher than in July or August, but were smaller than during the first half of June. Their demand deposits averaged higher during the first half of September than during July or August, the result in part of increases in deposits by correspondent banks. Time deposits averaged higher in September than in August but were smaller than in July.

**REPORTING MEMBER BANKS\*—Twelfth District**  
(In millions of dollars)

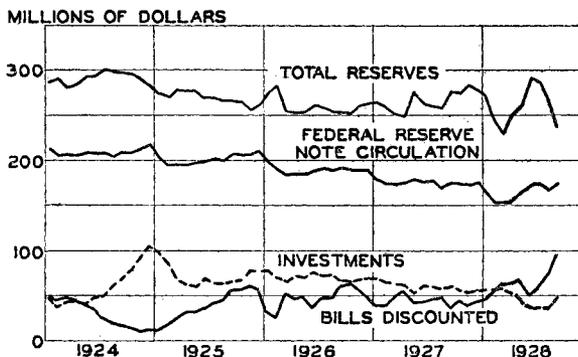
	Condition		
	Sept. 12, 1928	Aug. 1, 1928	Sept. 14, 1927
Total Loans and Investments.....	1,998	1,976	1,784
Total Loans .....	1,351	1,324	1,262
Commercial Loans .....	986	963	930
Loans on Securities .....	367	361	333
Investments .....	645	652	522
Net Demand Deposits.....	853	811	819
Time Deposits .....	1,016	1,011	919
Borrowings from Federal Reserve Bank .....	93	58	9†

\*Total resources of reporting banks are approximately 46 per cent of total resources of all banks and 62 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. †The figure of 9 million dollars for September 14, 1927, was unusually small and is not representative. The average for September, 1927, was 24 million dollars.

Discounts at the Federal Reserve Bank of San Francisco increased sharply during the third quarter of 1928, the result entirely of increased borrowing by city member banks. Discounts for country member banks, located chiefly in agricultural areas, declined to the smallest figure reported since last April.

During July, partly as the result of withdrawal of government deposits from member banks, accompanied by transfer of funds to other parts of the United States, city member banks increased their borrowings from the Reserve Bank, and discounts at that Bank rose rapidly from the temporarily low level of late June. During August and the first half of September the volume of credit extended by the Reserve Bank to city member banks was fur-

ther increased. Discounts rose from 64 to 99 million dollars between August 1 and September 12, and during the week of September 5 totaled more than 100 million dollars, a figure larger than any heretofore reported since November, 1921. The Reserve Bank's holdings of bankers' acceptances increased by 13 million dollars during this period. The major part of



**RESERVE BANK CREDIT—TWELFTH DISTRICT**  
Monthly average of daily figures. Latest figures are averages for first nineteen days in September.

the increase occurred subsequent to September 7, on which date the buying rate on prime 90-day acceptances created by member banks of the District was reduced from 4½ to 4¼ per cent. Purchase of these bills by the Reserve Bank represented, in part, an indirect extension of credit to member banks of the District. Reserve Bank holdings of United States securities increased by slightly more than one million dollars during the six weeks ending September 12.

Largely as a result of transfers of funds to other districts, the Federal Reserve Bank of San Francisco's reserves were reduced by 33 million dollars between August 1 and September 12. The Bank's Federal reserve note circulation increased by 9 million dollars during this period. It is estimated, however, that the volume of money in circulation in this District increased by considerably less than this amount, a large part of the increase in Federal reserve note circulation merely replacing other forms of coin and currency.

The reserve ratio of the Federal Reserve Bank of San Francisco stood at 64.4 on September 12 compared with 76.6 on August 1 and 82.8 on September 14, 1927.

**FEDERAL RESERVE BANK OF SAN FRANCISCO**  
(In millions of dollars)

	Condition		
	Sept. 12, 1928	Aug. 1, 1928	Sept. 14, 1927
Total Bills and Securities .....	151	101	78
Bills Discounted .....	99	64	17*
Bills Bought .....	33	20	14
United States Securities .....	19	17	46
Total Reserves .....	238	270	294
Total Deposits .....	195	189	183
Federal Reserve Notes in Circulation .....	174	164	172

\*The figure of 17 million dollars for September 14, 1927, was unusually small and is not representative. The average for September, 1927, was 36 million dollars.

**Earnings and Expenses of Member Banks in California**  
**Analysis of Costs and Earnings of Branch Operating and Non-Branch Operating Banks**  
**During 1927, 1926, and 1925**

(Statement of amounts per \$100 of earning assets in even dollars and cents results in some instances in slight discrepancies between component figures and related totals.)

	Branch Operating Banks			Non-Branch Operating Banks		
	1927	1926	1925	1927	1926	1925
Number of Banks.....	21	32	32	213	253	248
<b>Amount per \$100 of Earning Assets</b>						
Total Earnings .....	\$6.86	\$7.94	\$6.04	\$6.44	\$6.42	\$6.81
Interest Earned .....	5.01	5.28	5.09	5.74	5.76	6.06
Other Earnings .....	1.85	2.66	.95	.69	.66	.75
Total Expenses .....	5.48	6.14	4.70	4.75	4.78	5.06
Salaries and Wages .....	1.37	1.54	1.31	1.50	1.53	1.52
Interest and Discount on Borrowed Money.....	.07	.08	.07	.11	.12	.10
Interest on Deposits .....	2.56	2.74	2.50	2.03	1.84	2.30
All Other Expenses .....	1.49	1.78	.82	1.11	1.29	1.15
Net Earnings .....	1.37	1.80	1.34	1.68	1.63	1.75
Net Losses .....	.40	.57	.22	.65	.61	.49
Net Addition to Profits .....	.97	1.23	1.12	1.03	1.03	1.26
Dividends Declared .....	1.20	.81	.72	.73	.78	.91
<b>Amount per \$100 of Earnings</b>						
Interest Earned .....	73.06	66.50	84.25	89.23	89.71	89.07
Other Earnings .....	26.94	33.50	15.76	10.77	10.29	10.93
Total Expenses .....	79.98	77.32	77.88	73.84	74.52	74.37
Salaries and Wages .....	20.04	19.34	21.70	23.28	23.83	22.35
Interest and Discount on Borrowed Money.....	.88	1.04	1.11	1.78	1.93	1.41
Interest on Deposits .....	37.34	34.58	41.41	31.54	28.70	33.81
All Other Expenses .....	21.72	22.37	13.66	17.24	20.06	16.80
Net Earnings .....	20.01	22.68	22.12	26.57	25.48	25.65
Net Losses .....	5.78	7.20	3.51	10.61	9.43	7.21
Net Additions to Profits .....	14.23	15.48	18.61	15.96	16.04	18.44
Dividends Declared .....	17.58	9.89	11.96	11.34	12.15	13.44

**Other Operating Ratios**

(Amount per \$100)

Earning Assets to Invested Capital .....	\$855.24	\$956.60	\$1,003.58	\$665.07	\$718.96	\$639.34
Profits to Invested Capital .....	8.34	11.91	11.25	6.84	7.39	8.83
Interest on Deposits to Gross Deposits .....	2.59	2.74	2.46	2.29	1.97	2.58
Time Deposits to Gross Deposits .....	64.70	63.28	62.92	34.00	35.42	34.66
Losses on Loans to Total Losses .....	42.96	50.88	56.86	64.19	79.12	68.77
Losses on Securities to Total Losses .....	10.47	10.19	17.99	14.67	6.24	17.67
Other Losses to Total Losses .....	46.57	38.92	25.15	21.14	14.64	13.56

**Miscellaneous Comparative Items—California Banks**

	Per Cent of Member Branch Operating Banks to						Per Cent of Member Non-Branch Operating Banks to					
	All Banks			All Member Banks			All Banks			All Member Banks		
	Invested Capital	Earning Assets	Gross Deposits	Invested Capital	Earning Assets	Gross Deposits	Invested Capital	Earning Assets	Gross Deposits	Invested Capital	Earning Assets	Gross Deposits
1927...	51.0	51.4	51.3	70.0	75.0	77.0	21.8	17.1	15.3	30.0	25.0	23.0
1926...	42.7	46.8	47.0	62.4	68.8	70.2	25.8	21.3	19.9	37.6	31.2	29.8
1925...	36.2	43.5	43.6	53.1	64.0	66.9	32.0	24.5	21.6	46.9	36.0	33.1

These ratios are based upon data taken from the customary abstracts of reports of condition and of earnings, expenses, and dividends. It should be borne in mind in using them that the statistics employed represent aggregates for all member banks reporting on the various dates, and such ratios as are shown in this table are therefore ratios of aggregates in which figures for large banks have a statistical influence somewhat disproportionate to their number in comparison with the figures for small banks. Data are only for member banks for which complete condition reports for every call in a particular year were available. Where reports for any bank were not complete during any year all figures for that bank were omitted.