

# Monthly Review



TWELFTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF SAN FRANCISCO

**February 1956**

Annual Review Issue

**1955—Recovery and Boom**

# 1955 — RECOVERY AND BOOM

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**N**ONFARM employment in the Twelfth District passed the six million mark in 1955. Under the influence of a high level of general economic activity and a seasonal rise in the canning industry, the number of nonagricultural wage and salary workers climbed from 5.9 million in July to just over 6 million in August, and stayed over 6 million for the rest of the year. The District reached the 6 million total five years to the month after reaching 5 million—a rise of about 20 percent, in other words. By any standard of comparison, a 20 percent employment gain in five years represents rapid growth. By the most obvious standard, namely the growth of employment in the nation as a whole during the same period, 20 percent represents a full-scale regional boom; for national nonfarm employment grew only half as fast from 1950 to 1955.

The course of nonfarm employment during the five-year period, as shown in Chart 1, calls to mind some of the sources of District growth. Most of the growth took place during the Korean military buildup, military expenditures affecting directly or indirectly the entire District economy. With the downturn and leveling out of Federal military spending and the onset of the 1953-54 recession, the District lost some of its previous gains. Employment losses continued for about a year, from mid-1953 to mid-1954. After mid-1954, a rapid recovery got underway, with the growth this time stemming from civilian rather than military demand. The economy was still recovering early in 1955, and by the middle of the year the recovery was complete in the sense that the rate of unemployment was among the lowest recorded in the postwar period.

During the rest of 1955, economic growth no longer meant taking up the slack which had come into being during the recession; it meant instead working against capacity barriers in some lines and facing price rises for many industrial products. Under these pressures, some industries showed signs of a slower rate of growth at the end of the year than at the beginning. However,

the District rate of growth in total nonfarm employment had not been noticeably slowed by the end of the year.

### *Unemployment falls early in year*

Recovery was the economic keynote early in 1955, and unemployment statistics are one measure of the progress of recovery. As a percent of the total civilian labor force, Pacific Coast unemployment, after adjustment for seasonal variation, had reached a peak in August and September 1954. The rate of unemployment in those months was 5.2 percent, well above the 3 to 4 percent of the three years preceding (although well below the 9 to 10 percent of the bottom months of the 1949 recession). The rate had already dropped to 4.3 percent by January 1955. It continued to drop rapidly early in the year, falling to 3.9 percent by March. After March, it fell more gradually, but the fall was enough so that by mid-year the rate was down to the 1951-53 level, and it was no longer possible to find evidence of recession in unemployment figures. Furthermore, the Pacific Coast unemployment rate averaged less than the national rate during 1955, in contrast to the higher Coast rate during most of the years since World War II.

### *Bank lending booms*

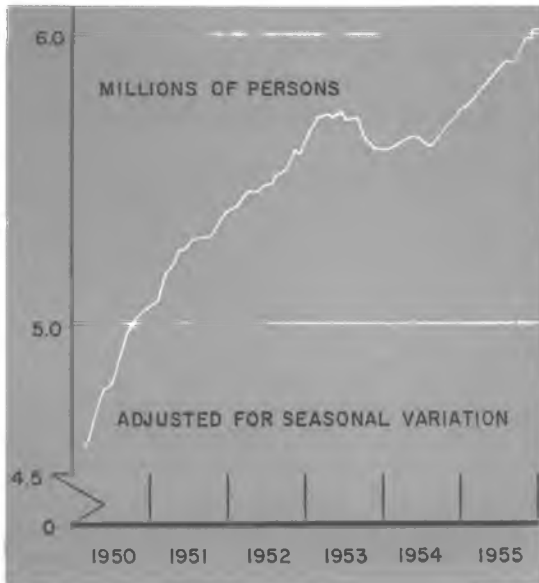
Just as unemployment figures illustrate the recovery early in 1955, monetary and price statistics illustrate the achievements and problems of the prosperity which characterized the remainder of the year. One of the achievements (and at the same time a symptom of some of the problems) was an enormous expansion in bank loans, shown for District member banks in Chart 3. Of the several factors in the District's loan expansion, perhaps the largest single one was the recovery from the 1953-54 recession. In the commercial and industrial loan category, for example, one especially large change between 1954 and 1955 was in loans to metals producers, reflecting the pickup of the metals industries

with the recovery. Another unusually large change in the commercial and industrial category was in loans to sales finance companies; along with the growth in loans to individuals, this change reflected the growth of consumer installment credit (especially automobile credit) during 1955. The consumer credit rise itself was due in part to the rise in personal income stemming from the recovery, as well as to the attendant willingness of consumers to go into debt and the evident appeal of new automobiles and other consumer durables. Finally, a third source of growth, the early-year boom in residential construction activity, was responsible for the increase in real estate loans.

That this loan expansion was a source of anxiety as well as satisfaction was shown by the widely expressed concern during the year over whether house-building, automobile output, and consumer credit were not expanding "too fast." By "too fast" what was often meant was a rate which could not be maintained in the long run and a rate whose slowdown might affect adversely many other lines of economic activity. Even when 1955 was averaged with the recession year of 1954, the average rate of bank loan growth over the two years in District member banks exceeded that of 1950-53, a period during part of which substantial price inflation had occurred. On the other hand, the loan expansion was not accompanied by a comparable expansion in the money supply. Largely because of a restrictive monetary policy, the rate of growth of demand and time deposits was moderate, and the loan expansion was met through bank sales of large amounts of U. S. Government securities. Chart 3 illustrates this process for District member banks. Although their loan expansion in 1955 was far greater than in 1954, holdings of Government securities were reduced, and both demand and time deposits actually increased by a smaller percentage in 1955 than in 1954.

CHART 1

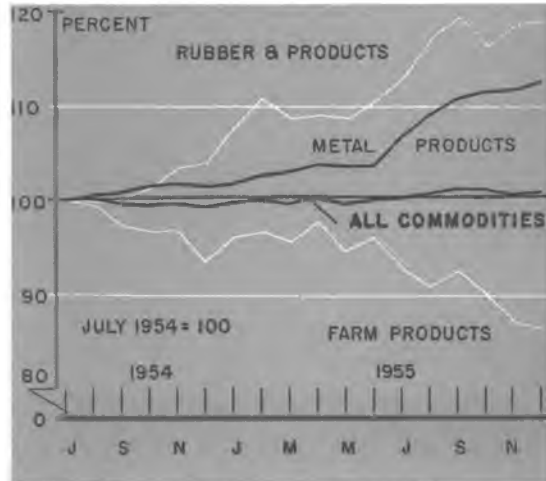
NONFARM EMPLOYMENT  
TWELFTH DISTRICT 1950-1955



Source: State employment agencies.

CHART 2

INDEXES OF WHOLESALE PRICES  
UNITED STATES JULY 1954 - DECEMBER 1955



Source: United States Department of Labor, Bureau of Labor Statistics.

Wholesale prices edge upward

The interaction of expanding and restraining forces produced a slight rise in the over-all wholesale price index during the year (Chart 2). Led by marked increases in the prices of such basic materials as rubber and metals, average prices of materials used in industrial production rose 4 percent during the second half of 1955. By the last few months of the year, increases in the prices of finished industrial products were

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also widespread. A rapid fall in the price of farm and food products offset to some extent the upward movement of industrial prices. If the drop in farm and food product prices were to slow down, however, continued pressure of demands might cause a sharper increase in the over-all price level than the 1955 increase. The threat of inflation seemed to be present by the second half of the year, even though no significant increase was as yet taking place in the over-all index.

### *Restrictive monetary policy*

The change from recession to recovery and then to a situation with potential inflationary danger called for a changing monetary policy. Through open market operations and increases

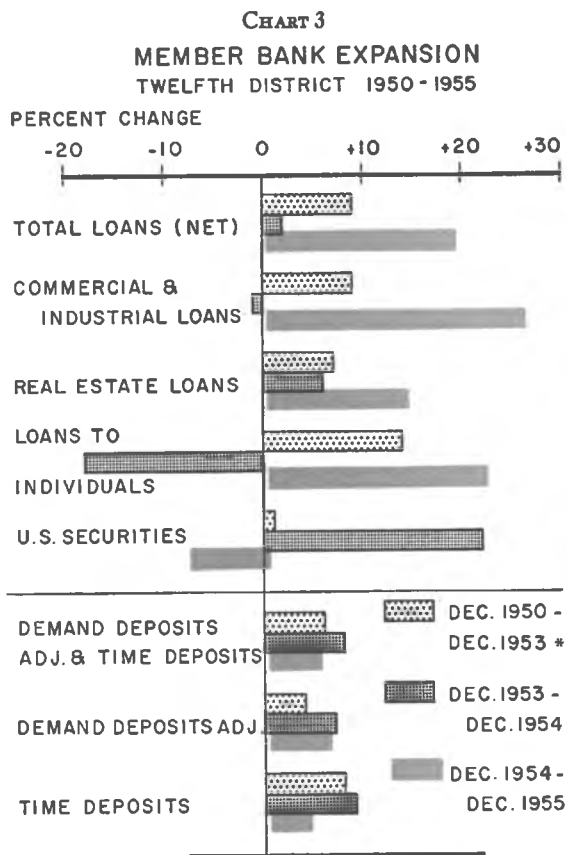
in the discount rate, the Federal Reserve System exerted increasing pressure in the direction of monetary restraint during the year. The seasonal sale of Government securities early in the year caused a sizable contraction in the "free reserves" of member banks (Chart 4). The System's holdings of Government securities remained approximately stable during the spring. In July there were some purchases of securities but these were largely offset by net sales in August and most of September. As the Christmas season approached, the System purchased securities in order to supply reserves for the seasonal expansion of loans and deposits. Purchases did not substantially relieve the pressure on member banks, however, as free reserves remained negative through the end of the year. Meanwhile, the price of member bank borrowing from the Reserve Banks was raised in several rounds between April and November, from a discount rate of  $1\frac{1}{2}$  percent to one of  $2\frac{1}{2}$  percent.

In addition to taking these general measures of restraint, the Federal Reserve System acted specifically to restrain stock market credit. Margin requirements on loans for stock purchases were raised in two steps early in the year, from 50 to 70 percent. The amount of stock market credit continued to rise during the rest of the year, but at a slower rate than in late 1954 and early 1955.

### *The situation in early 1956*

By the beginning of the current year, a number of important changes had taken place in the economy. There had been a general rise in interest rates from the year-ago levels. Yields on Government and corporate bonds were moderately higher, bank rates on short-term business loans were up, and rates on prime commercial paper and bankers' acceptances had risen sharply. Housing activity was well below its year-ago level, and a drop from the 1955 level of automobile output was widely predicted.

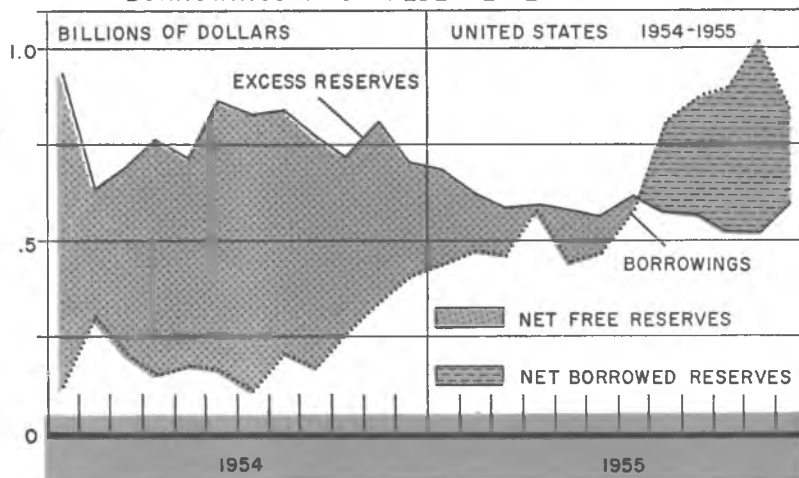
On the other hand, there remained many signs that the forces of expansion were still very strong. Manufacturers' new orders were at a high level. A large volume of plant and equipment expenditures was planned for 1956. And



\*Average yearly change.  
Note: Demand deposits adjusted are demand deposits, excluding interbank and U. S. Government deposits, less cash items in process of collection.  
1955 figures partly estimated.

the wholesale price index continued its slight upward movement. Although the downturn in housing and the prospective downturn in automobile output had slowed the rate of growth, the economy was still expanding at year-end. As early 1956 figures began to pour in, the major short-run economic problem seemed to be whether the forces of expansion were sufficiently under control, or whether the danger of inflation was still such that more severe measures of economic restraint might be required.

CHART 4  
MEMBER BANK EXCESS RESERVES AND  
BORROWINGS FROM FEDERAL RESERVE BANKS



Note: Monthly averages of daily figures.  
Source: Board of Governors of the Federal Reserve System.

## Diversity of Trends Among District Industries

INDIVIDUAL District industries present a great deal more diversity in trends and in problems than the aggregate figures reviewed above. The 22 percent gain in the average number of District nonfarm workers from 1950 to 1955 resulted in part from a more than doubling in aircraft employment, for example, and tends to conceal the fact that employment in food processing remained almost unchanged. In general, the aircraft, machinery, and metals industries have grown faster than the older industries, food processing and lumber (Chart 6). Since many of the fast-growing industries have been greatly affected by changes in military spending since 1950, this section will begin with a discussion of those industries which felt most directly the post-Korean military buildup and subsequent leveling-off.

### Aircraft output leveling out

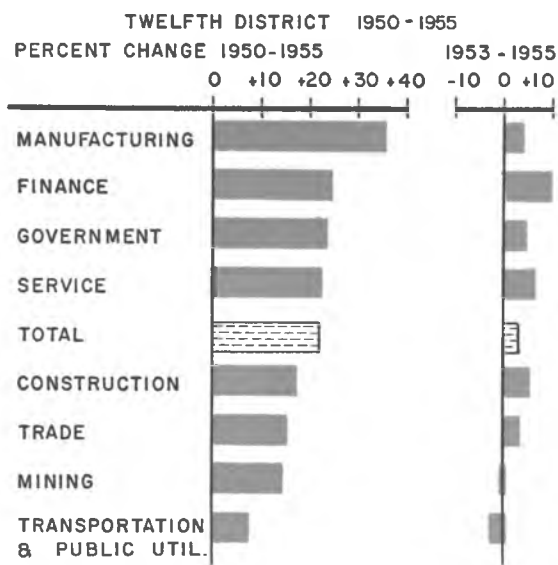
One industry which shows the direct impact of changing military expenditures is the aircraft industry, which accounts for most of the "transportation equipment" group in Chart 6. The

enormous growth in aircraft man-hours indicated by the chart was almost all in the years 1950-53; since 1953, aircraft has been characterized by steady but much slower growth. During 1955 the industry was engaged in the transition from an almost exclusively defense-oriented output to an output directed more and more toward the commercial airlines as well as the Federal Government. As of September 1954, 94 percent of the order backlog reported by the nation's aircraft manufacturers was for military purposes; but from September 1954 to September 1955 the military backlog declined by 13 percent while the backlog of other orders increased by nearly 70 percent. In spite of the increased commercial demand, however, there was a moderate decline in the total backlog.

Since military demand is still the most important source of orders for aircraft producers, there has been some concern on the West Coast over the Defense Department directive according priority, as far as new supply plants are concerned, to locations far from targets of enemy bombers. According to a commentary on that

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CHART 5  
CHANGES IN NONFARM EMPLOYMENT  
TWELFTH DISTRICT 1950 - 1955



Source: State employment agencies.

directive by one Defense Department official, the new policy does not threaten existing aircraft plants; however, if there is an expansion of military demand for aircraft in the future, industrial dispersion may then be one important consideration. The implication of this commentary is that the new policy poses no major threat to the Southern California aircraft industry in a period such as the present one, when over-all military demand is not expanding.

### *Auto assembly shifting westward*

Although aircraft dominates the "transportation equipment" group in Chart 6, the automobile industry also influences the total, and has been gaining in importance relative to aircraft since 1953. During the entire period since 1950, the automobile industry has grown much faster in the District than in the nation. The latest addition to District assembly capacity was a large plant in the San Jose area which opened early in 1955, replacing a smaller plant in the Oakland area.

### *Machinery resumes growth*

The machinery industry has been directly affected by the level of Federal military expendi-

tures, although not to the same extent as aircraft. It was sharply hit by the 1953-54 recession, and 1955 was largely a year of recovery for the industry. For nonelectrical machinery, this pattern of growth emerges clearly from Chart 6. Average man-hours worked in 1955 were nearly half again as large as in 1950, but from 1953 to 1955, there was an absolute decline in the number of man-hours. The decline was a symptom of the recession and the transition to peacetime sources of demand; given a continued high level of consumer and business spending, the industry will undoubtedly resume its growth. In fact, there has already been a slight increase since the recession year of 1954.

Electrical machinery, included with "other durables" in Chart 6, has grown phenomenally since 1950. For California (the only District state which has separate man-hour figures for the industry), man-hour growth has amounted to 113 percent, and even since 1953 there has been a slight increase. Defense needs, of course, have been a major impetus behind this growth; but there have been other important factors also. One has been the growth in demand for civilian electrical goods (television receivers are one example). Another has been the growing tendency in the industry to locate in the West; in 1955, 5.7 percent of the industry's man-hours was contributed by California plants, compared with only 3.2 percent in 1950.

### *Nonferrous metals prices rise*

Post-Korean military expansion, the 1953-54 recession, and the subsequent recovery and boom have also had obvious effects on the mining and metals industries. In the case of nonferrous metals mining, however (the most important single group of "mining" employees in Chart 5), there has nevertheless been a downward trend in production for a number of ores. The results have been only small changes in mining employment but, in some cases, large fluctuations in prices. Copper displays the most spectacular example of price movement; 1955 District mine output of copper was only 3.6 percent above 1950 in tons, but in the neighborhood of 80 percent above 1950 in value. As in the case of the other nonferrous metals, copper production was affected by the 1953-54 recession,

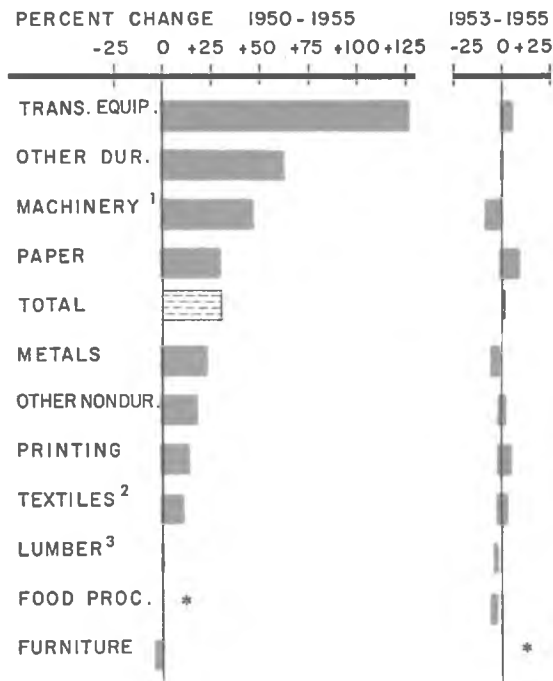
but in spite of a midyear strike it made a strong recovery in 1955. Copper was in seriously short supply during much of 1955, although District production was 4.5 percent higher in 1955 than in 1953. Lead production also staged a recovery in 1955, District output (in tons) running 7 percent above the 1954 level in spite of a prolonged strike in Idaho mines. National lead prices rose by 6.6 percent during the year. Nevertheless, District lead production remains well below its 1950 level, having trended downward from before the start of the Korean war until 1954. District zinc output, like lead production, recovered in 1955 in spite of the Idaho strike. National zinc prices rose by 12.5 percent during the year. Production was 11 percent higher than in 1954 but far smaller than in 1950, and even substantially smaller than in 1953. Gold output and silver output were smaller in 1955 than in 1950.

#### *Steel and aluminum end year strongly*

Unlike the mining group, the metals manufacturing industries (Chart 6) have grown rapidly since 1950. The steel industry, however, was affected heavily by the 1953-54 recession, and was in the process of recovery during 1955. Western steel output during the year was at 92.1 percent of January 1 capacity, and failed by about 3 percent to top the all-time high production figure reached in 1953. Nevertheless, by the end of the year steel operations were at more than 100 percent of capacity in the West, and the national wholesale price index of iron and steel products had increased 10 percent since the start of the year.

The primary aluminum industry of the Pacific Northwest set another production record in 1955. Partly because of the high levels of aircraft output and building activity during the 1953-54 recession, aluminum production did not fall below the 1953 level during 1954, but rose by 7 percent. The 1954-55 increase in District output was 5 percent, slightly less than the previous year's increase. Considerable expansion of District aluminum ingot capacity is presently planned, but future additions will be limited by available supplies of electric power. Even though Pacific Northwest electric generating capacity increased in 1955, sparse supplies of water threaten the availability of interruptible

CHART 6  
CHANGES IN MANUFACTURING MAN-HOURS  
PACIFIC COAST STATES 1950-1955



\*No change.

<sup>1</sup>Not including electrical machinery.

<sup>2</sup>Including apparel.

<sup>3</sup>Including lumber products.

Source: State employment agencies.

power to aluminum producers. A development which may lead to future aluminum expansion is the recent announcement by a new firm of intentions to produce bauxite by means of a process that involves leaching Washington clay with natural gas. If technological and cost problems can be surmounted, this development would provide for growth and further integration of the District aluminum industry.

#### *Petroleum and natural gas imports rise*

The petroleum industry was also directly affected by the military buildup of 1950-53, but less than the industries discussed above. During no part of this period did military demand account for much more than 10 percent of the total demand for petroleum in the District. Total District demand for refined petroleum and its products grew by 19 percent from 1950 to 1955—a rate roughly in the same neighborhood as the over-all District rate of economic growth during

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the period. District crude production, however, grew at a significantly slower rate than demand for refined products from 1950 to 1955—only 8 percent, as compared with 19 percent. By 1955, District demand actually exceeded total production by 4 percent. District petroleum demand, in other words, has overtaken District crude output, at least for the time being. These trends are especially evident in the Pacific Northwest. At one time dependent almost exclusively on California for oil and its products, Washington now has two refineries which import Canadian crude oil, and a third refinery is scheduled for completion during 1956.

In spite of the long-run growth of demand relative to crude supply, Pacific Coast petroleum producers were faced with a burdensome inventory problem in 1953 and 1954.<sup>1</sup> During 1955, the inventory problem was alleviated, at least for the time being. Demand in the West picked up as business boomed, with the large rise in new auto sales providing a special stimulus. Shipments from the Pacific Coast also increased, partly representing rising exports to Japan and Europe and partly representing a high volume of shipments to the East Coast early in the year, when the Far West inventory problem was still acute. At the same time, crude production in the District fell slightly. Under all these pressures, total petroleum stocks in the Far West fell by 24 percent during the first eleven months of 1955 (although gasoline stocks rose). At the same time, the Pacific Coast price of refined petroleum picked up from its recession low, surpassing the 1953 average by early fall.

Natural gas production, like petroleum production, has fallen behind the rapidly growing demand in the Twelfth District. Large amounts of natural gas are now imported from the Southwest, and District production has actually declined by 7 percent since 1950. Pipelines to the Pacific Northwest importing gas from both Canada and New Mexico are currently under construction.

### *Slow growth in the lumber industry*

The giant lumber industry of the District did not benefit directly from military spending after

<sup>1</sup> For a discussion of the background of this problem, see the February 1955 number of this *Review*, pp. 26-27, and a supplement to this *Review* dated March 1954, entitled "The Petroleum Industry on the Pacific Coast and Recent World Oil Developments."

1950. The lumber industry was also not very seriously affected by the 1953-54 recession, though it did suffer from the housing slowdown in 1953 and from a major strike in 1954. On the whole, the lumber industry has grown at a slow rate since 1950 (Chart 6), and is losing in importance compared with the aircraft, metals, and machinery industries. The sharpness of the 1954-55 production gain was due mostly to the strike in the earlier year.

What is true for the entire industry, however, is not true for different segments of the industry. The Douglas fir region has been losing ground compared with the industry as a whole (except in comparison with 1954, where the strike distorts the longer-run picture), with 1955 output 1.3 percent below 1953 and 5.3 percent below 1950. 1955 production in the California redwood region, in contrast, was 45 percent ahead of 1950, while western pine region production grew 14 percent from 1950 to 1955. Recently, there has been a slowdown in the redwood region's growth and a pickup in the growth of western pine output. Compared with 1953, 1955 production was up only 5 percent in the redwood region, but 10 percent in the western pine region. Price changes reflect the same shift; from 1954 to 1955 redwood prices rose by 6 percent while western pine prices rose by about 10 percent.

The District plywood industry has been a very rapidly-growing segment of the forest products group. The 1954 lumber strike affected the output increase in that year, but 1955 was back in line with the postwar trend. 1955 output was more than 90 percent ahead of the 1950 level, with capacity expanding by 21 percent during the year. The 1955 price of softwood plywood, however, was slightly below 1950 and only a shade above 1953. During the current year, 19 new plywood plants are expected to come into production in the District, representing another jump in capacity of approximately 20 percent. More than half of this projected capacity increase was already under construction at the end of 1955.

The long-run future of the District's paper, plywood, and lumber industries will be affected by relationships which the Forest Service analyzed recently in a comprehensive *Timber Re-*

source Review.<sup>1</sup> The implications of this study for the Western lumber and forest products industry cannot be discussed in detail, but there are some major tendencies which can be summarized here. A continuing upward trend in the demand for timber and its products over the next few decades appears likely, given economic prosperity and a rising population. Contrary to widespread opinion, timber consumption has held its own in comparison with that of other building materials since the 1930's. Even if forest products lose some ground to other building materials in the future, a significant rise in total timber demand is probable. This over-all outlook, however, is more optimistic than the long-run outlook for the lumber industry of the West. The West has 70 percent of the nation's live saw-timber volume and is responsible for about half of the nation's timber cut, but it contains only 25 percent of the nation's commercial forest area. The *Review* therefore finds that eventually (perhaps not for decades, however) a trend toward decreased dependence on Western timber is likely, as Western "mature" timber is harvested and the cut is more nearly related to forest area and growth capacity.

<sup>1</sup>United States Department of Agriculture, Forest Service, *Timber Resource Review*, September 1955.

TABLE 1  
INDEXES OF INDUSTRIAL PRODUCTION—TWELFTH  
DISTRICT  
(1947-49 = 100)

| Industrial Production     | 1939            | 1950             | 1951             | 1952             | 1953             | 1954             | 1955 <sup>p</sup> |
|---------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Copper .....              | 80              | 113              | 114 <sup>r</sup> | 113 <sup>r</sup> | 111              | 101              | 117               |
| Lead .....                | 93              | 109              | 93               | 87 <sup>r</sup>  | 77               | 71 <sup>r</sup>  | 73                |
| Zinc .....                | 47              | 101              | 95               | 90               | 78               | 64 <sup>r</sup>  | 70                |
| Silver .....              | 167             | 121 <sup>r</sup> | 114              | 112 <sup>r</sup> | 105              | 105              | 104               |
| Gold .....                | 234             | 117              | 98 <sup>r</sup>  | 88               | 89               | 80               | 86                |
| Iron ore .....            | 9               | 119              | 188 <sup>r</sup> | 194 <sup>r</sup> | 209 <sup>r</sup> | 140 <sup>r</sup> | 182               |
| Steel ingots .....        | 24              | 126              | 147              | 139              | 158              | 128 <sup>r</sup> | 154               |
| Aluminum .....            | ..              | 119              | 126              | 121              | 165 <sup>r</sup> | 177 <sup>r</sup> | 186               |
| Petroleum .....           | 67              | 98               | 106              | 107              | 109              | 106              | 106               |
| Refined oils .....        | 63              | 103              | 112              | 116              | 122              | 119              | 122               |
| Natural gas .....         | 62 <sup>r</sup> | 99 <sup>r</sup>  | 101 <sup>r</sup> | 92 <sup>r</sup>  | 95 <sup>r</sup>  | 92               | 94                |
| Cement .....              | 56              | 112              | 128              | 124              | 130              | 133 <sup>r</sup> | 145               |
| Lumber .....              | 71 <sup>r</sup> | 113 <sup>r</sup> | 113 <sup>r</sup> | 116 <sup>r</sup> | 118 <sup>r</sup> | 112 <sup>r</sup> | 122               |
| Wood pulp .....           | 67              | 120              | 140              | 148              | 157              | 164              | 180               |
| Douglas fir plywood ..... | 53              | 142              | 160              | 170              | 204              | 213              | 273               |
| Canned fruits .....       | 74              | 95 <sup>r</sup>  | 119 <sup>r</sup> | 103              | 110              | 107              | 129               |
| Canned vegetables .....   | 43              | 110              | 172              | 162              | 143              | 140              | 171               |
| Meat .....                | 63              | 103              | 108              | 116              | 119              | 123              | 139               |
| Sugar .....               | 97              | 105              | 98               | 95               | 107              | 116              | 122               |
| Flour .....               | 91              | 86               | 95               | 96               | 96               | 99               | 103               |
| Butter .....              | 178             | 99               | 76               | 66 <sup>r</sup>  | 82 <sup>r</sup>  | 115              | 104               |
| Cheese .....              | 71              | 104              | 105              | 108              | 118 <sup>r</sup> | 125              | 115 <sup>r</sup>  |
| Ice cream .....           | 46              | 94               | 99               | 109 <sup>r</sup> | 109 <sup>r</sup> | 105 <sup>r</sup> | 107               |

<sup>e</sup>estimated.

<sup>p</sup>preliminary.

<sup>r</sup>revised.

Note: Data given above supersede all previously published annual indexes.

### Building fluctuations prominent in 1955

Lumber's biggest single customer, the construction industry, has shown a marked upward trend during the postwar period. A comparison of 1955 with 1950 (shown for the District in Chart 5) probably tends to understate the rate of growth, since 1950 was an unusually active year for homebuilders. Even a 1950 comparison, however, points to construction as a fairly rapidly-growing sector in the Far Western (as well as the national) economy.

In addition to a high rate of growth, District and national construction activity have displayed a good deal of fluctuation in the postwar years, and such fluctuation was very apparent in 1955. Early in the year, the industry was still on the upswing which had begun in early 1954, with District building permits in the first quarter 35 percent above the first quarter of 1954 (measured by value). Increasingly tight credit conditions, including less liberal terms on FHA and VA home loans, contributed to initiating a downswing in late summer. Under the influence of this change, the District's margin over the year-ago level of permits fell from 35 to 14 percent by the third quarter. As the year drew to a close, building activity in the District was further depressed by a work stoppage affecting Los Angeles area construction.

Both the peak and the slowdown were evident principally in residential construction. The value of District nonresidential building permits maintained a fairly steady margin over a year ago in the first three quarters of 1955. The greatest percent gains over a year ago were in permits for stores, factories, and office buildings, while losses were recorded in permits for schools, institutional buildings, and churches.

Two surveys of vacancies in the West<sup>1</sup> conducted by the Census Bureau during 1955 make it possible to compare the over-all housing situation in 1955 with the situation in the census year of 1950. These surveys show an increase in the percent of all dwelling units vacant from 2.7 percent in April 1950 to 4.0 percent in the third quarter of 1955. In both years, the nation as a whole had a lower vacancy rate than the West.

<sup>1</sup>As used here, the "West" includes New Mexico, Colorado, Wyoming, and Montana as well as the seven Twelfth District states.

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Even the West's 1955 rate, however, falls short of what is generally considered an over-all housing surplus. More vacancy surveys will be conducted in 1956, and they should afford a useful indicator of regional housing trends.

### *A prosperous year for District canners*

The canning industry is the last of the "big three" in District manufacturing to be reviewed, the others being aircraft and lumber. Measured by man-hours (canning comprises most of the "food processing" group in Chart 6) it has lost ground to the other two, especially aircraft, since 1950. Nevertheless, 1955 appears to have been a prosperous year for District canners, with a record level of production and with higher prices offsetting higher costs.

District output of fruits and vegetables for processing in 1955 was 4 percent above the previous record set in 1951, despite cold weather and the lateness of the 1955 season. Increases in canning packs of the important fruits and vegetables were quite general, with especially large gains for apricots, cherries, asparagus, and spinach. There were small decreases in the corn, berry, and plum packs; but in the case of plums

the smaller pack was more than offset by a larger carryover stock so that total supply was higher in 1955 than in 1954. Stocks of most fruits and vegetables were lower at the beginning of the 1955 season than they had been the previous year, but generally not by enough to offset larger packs. Tomatoes, the largest single item in the vegetable pack, increased in supply by 13 percent from 1954 to 1955. The only large decrease in production among major fruits and vegetables was in the pea pack.

Wage rates and raw material prices rose during 1955 for District canners. Wage increases generally ranged from 3 to 5 percent. The two most important raw material prices, those of cling peaches and of tomatoes, rose by 43 and 13 percent respectively. However, canned peach and tomato prices also rose, by 8 and 4 percent respectively, and canned asparagus prices rose as well. Available indications are that the movement of canned goods from District canneries was higher in 1955 than in 1954, despite these price rises. The combination of greater movement and higher prices probably more than offset higher costs, and increased the income of District canners from 1954 to 1955.

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### *District Canners' Receipts 1954-1955*

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**A**GRICULTURE in the last few years presents a striking contrast with many of the manufacturing industries described above. Productivity and production on national and District farms have increased, but demand has not kept pace with the increase. United States agricultural exports, although higher in 1955 than in 1954, remain below the levels of the early post-war years. And domestic demand has grown at a slow rate, too slow to compensate fully for the fall in exports. As a result, the trend of farm prices and farm income has been downward.

District agricultural production in 1955 represented the outcome of a conflict of pressures—on the one hand, the pressure from Government-sponsored acreage controls and marketing quotas toward reduced output; on the other

hand, the pressure of increasing productivity and other market factors toward expanded output. The weather interfered little during the year. Cool weather during spring and early summer caused only localized damage to growing crops. Irrigation water and rainfall were generally adequate.

The pressure of acreage allotments and marketing quotas had a direct effect on wheat and cotton, as it had in 1954, and also on rice and sugar beets. District food grain output (mainly wheat and rice) in 1955 was 12 percent below 1954 and 16 percent below 1951. For cotton, the corresponding percent decreases were even higher, 19 and 24. Sugar beet production was well above the 1951 level, but it, too, underwent a substantial contraction from 1954 to 1955. On

the other hand, much acreage diverted from wheat and cotton apparently was used to grow substitute crops, notably feed grains. Feed grain output in 1955 was 40 percent above the 1951 level, and slightly higher than in 1954.

A major example of the effect of productivity and other market forces is the case of fruit and vegetable output. Fresh vegetable and deciduous fruit output in 1955 was moderately higher than in 1951. Deciduous fruit and processing vegetable output increased markedly from 1954 to 1955, partly under the influence of more favorable growing conditions.

Tree nut output fell from 1954 to 1955, and other changes in crop production were small. On balance, District production of all crops in 1955, measured by an index using 1947-49 prices as weights for component commodities, was a few percent lower than in 1954 and a few percent higher than in 1951.

Livestock and livestock products were not directly affected by production controls, and their output in the District was well above both the 1954 and the 1951 levels. Beef slaughter and sheep and lamb slaughter in 1955 (measured by weight) showed sizeable increases over both years. Hog slaughter increased by more than 20 percent above the 1954 figure, but fell short of the total for 1951. As for livestock products, milk, eggs, creamery butter, and American cheese were all produced in substantially larger quantity in 1955 than in 1951. The 1955 demand for fluid milk and for ice cream was so strong, however, that District output of creamery butter and American cheese, which use fluid milk as a raw material, decreased from 1954 to 1955.

Prices received by the nation's farmers continued to fall in 1955. Prices of both crops and livestock fell during the year, to about the same extent. The fall in the livestock and products group was the result of a very substantial drop in meat animal prices which more than offset a rise in poultry and egg prices. As of mid-January 1956, meat animal prices were 21 percent below a year ago.

Increased production and lower prices offset each other so that 1955 cash farm receipts in the District were nearly unchanged from the 1954 level. Compared to 1951, however, receipts were

down 9 percent. In the nation as a whole, net farm income (receipts minus costs) declined from 1954 to 1955. District net farm income will not turn out to have been higher than in 1954 unless there was a major shift in the direction of using more farm-produced materials and fewer nonfarm-produced items. In general, prices paid by farmers for nonfarm-produced items used in agricultural production have increased in recent years, while farm cost items that are mainly farm-produced have gone down in price. In the nation, and doubtless in the District, farm income in 1955 was well under its 1951 peak.

Dominating the farm outlook for 1956 are the presently authorized lower price supports and more restrictive acreage controls. If they are permitted to become effective, they will tend to reduce District farm income in 1956. There is also some concern about growing conditions; the alternation of unusually warm and unusually cold weather in November may have done some harm to the fruit trees in the Pacific Northwest, and the recent Northern California floods have damaged fruit orchards extensively in some areas. Farm costs may also be higher in 1956, mainly because of higher tractor and machinery prices and higher taxes. On the positive side, there is the possibility of a strengthening in livestock prices; but this factor is not expected to be sufficient to halt the farm income decline.

In spite of the pessimistic outlook for agricultural income, the financial position of the farming sector remains strong. In the nation as a whole, and probably in the District as well, farm income per capita has declined by a much smaller percent than total farm income since the peak year of 1951. The number of persons on the nation's farms, in other words, has fallen during the last four years. Furthermore, the liquid assets of the nation's farmers—deposits, currency, and Government bonds—remained substantially above total farm debt as of the beginning of 1955. In the District the dollar volume of farm mortgages outstanding rose in 1955; but the value of the most important single farm asset, farm real estate, has remained firm since mid-1954. Land values in all District states in mid-1955 were as high as or higher than their levels a year before.

FEDERAL RESERVE BANK OF SAN FRANCISCO

FOREIGN trade is maintaining its share of the rapid increase in economic activity in the Far West. Much has been written about the long-term decline of Pacific Coast as compared to United States foreign trade; not so often observed has been the rapid rise of Pacific Coast foreign trade since the early postwar years. It is true that the share of the Pacific Coast in the total foreign trade of the nation is below (although not far below) its immediate prewar level. Measured in dollars, for example, that share was 10.4 percent in 1938, and 9.7 percent in 1955.<sup>1</sup> It is also true, however, that the value of exports shipped from Pacific Coast customs districts in 1955 was more than 50 percent above the 1947-49 average, and that import value in the same period more than doubled. These gains are far more rapid than comparable national gains. There is no very satisfactory over-all District economic indicator against which to measure the growth in foreign trade; but the best available standard, total personal income in the District, shows a rate of growth just about the same as the rate of growth in the value of Pacific Coast foreign trade during the postwar period.

In the first eleven months of 1955, the value of the foreign trade of the Pacific Coast was 12

percent above the eleven-month total for 1954. Most of the rise was a reflection of import gains—imports were up 19 percent, while exports were up only 8 percent. Percentage rises were greatest for the Oregon and Washington customs districts, with both districts registering increases of 25 percent. The San Francisco district, in contrast, showed only a 5 percent increase from 1954 to 1955.

Turning first to the rise in exports, larger shipments by land to Mexico and Canada were an important factor. Increased wheat exports, in part a consequence of Government export programs for wheat, were another major stimulus. Petroleum shipments were higher than a year ago, with nearly all of the gain concentrated in the Los Angeles customs district. On the other hand, 1955 cotton exports from both Los Angeles and San Francisco were lower in volume and value than in 1954. Lumber exports also dropped, and price decreases for a number of other exports, principally agricultural commodities, further modified the over-all gain.

Trade with the bordering countries of Canada and Mexico was also responsible in large part for the 26 and 17 percent increases in imports, respectively, into the Washington and San Diego customs districts. The considerable increase in imports through Los Angeles reflected, among

<sup>1</sup> These comparisons exclude military aid shipments, for which figures are not available by customs district. 1955 figures are for January-November only.

TABLE 1  
VALUE OF PACIFIC COAST FOREIGN TRADE, 1949-55

| Customs district          | (in millions of dollars) |          |          |          |           |                   | Jan. to<br>Nov.<br>1955 |
|---------------------------|--------------------------|----------|----------|----------|-----------|-------------------|-------------------------|
|                           | 1949                     | 1950     | 1951     | 1952     | 1953      | 1954 <sup>r</sup> |                         |
| <b>Exports:</b>           |                          |          |          |          |           |                   |                         |
| San Diego .....           | 35.0                     | 40.7     | 60.4     | 64.7     | 68.2      | 80.8              | 79.2                    |
| Los Angeles .....         | 254.3                    | 249.1    | 348.7    | 307.3    | 269.7     | 370.1             | 327.5                   |
| San Francisco .....       | 307.4                    | 271.4    | 371.8    | 400.6    | 370.0     | 438.7             | 405.2                   |
| Oregon .....              | 69.6                     | 75.7     | 237.2    | 250.6    | 173.8     | 146.4             | 165.0                   |
| Washington .....          | 147.1                    | 116.3    | 246.4    | 290.4    | 249.7     | 260.4             | 296.2                   |
| Total Pacific Coast ..... | 813.4                    | 753.2    | 1,264.6  | 1,313.6  | 1,131.4   | 1,296.4           | 1,273.1                 |
| Total United States ..... | 12,051.1                 | 10,275.1 | 15,032.4 | 15,191.3 | 15,773.7* | 15,076.8          | 14,107.8                |
| <b>Imports:</b>           |                          |          |          |          |           |                   |                         |
| San Diego .....           | 11.3                     | 13.0     | 16.9     | 31.7     | 17.1      | 19.4              | 21.0                    |
| Los Angeles .....         | 151.4                    | 214.3    | 282.9    | 234.3    | 261.4     | 262.7             | 298.3                   |
| San Francisco .....       | 211.4                    | 269.5    | 345.4    | 320.2    | 361.3     | 340.9             | 342.5                   |
| Oregon .....              | 16.8                     | 25.9     | 33.9     | 29.4     | 32.7      | 40.0              | 48.9                    |
| Washington .....          | 141.0                    | 185.0    | 220.1    | 217.6    | 221.9     | 238.1             | 268.0                   |
| Total Pacific Coast ..... | 531.9                    | 707.7    | 899.2    | 833.2    | 894.4     | 901.1             | 978.7                   |
| Total United States ..... | 6,591.6                  | 8,743.1  | 10,967.3 | 10,747.5 | 10,777.4  | 10,232.2          | 10,368.2                |

<sup>r</sup> Revised.

Note: Data for the Pacific Coast districts include trade by all methods of transportation, excluding military shipments. United States figures include military shipments.

Source: United States Department of Commerce, Bureau of the Census, FT 970, *Trade by Customs District*.

other factors, higher prices for rubber and newsprint and a larger volume of petroleum imports. Petroleum imports were also up for San Francisco, but total San Francisco imports increased little. The reason was that coffee prices dropped by an average of 19 percent, so that even with a 12 percent gain in the volume of coffee imported, the rise in other imports through San Francisco was almost entirely offset.

In 1956, a number of special circumstances may be expected to exert important influences on Pacific Coast foreign trade. On the positive side, coffee imports from Brazil may well increase when that nation's coffee and foreign exchange policies are more clearly defined by the new administration. Coffee inventories here are still low, so that continued imports are assured. The Government agricultural export program will probably continue to stimulate wheat exports from the Pacific Northwest. Part of California's cotton exports have been financed by an Export-Import Bank cotton loan to Japan, and there is the possibility of another such loan in 1956. Japan, however, has been buying more

cotton in recent months from cheaper sources, for instance Mexican cotton which has moved through San Diego in transit to Japan. Japan is also faced with other trade problems, among them a decline in United States Government expenditures in Japan and the possibility of United States import quotas on textiles.

In addition to these special circumstances, Pacific Coast trade in 1956 will depend on the general state of demand here and in the rest of the world. World demand is currently at a very high level, with many countries taking steps to combat inflationary pressures. This high level of demand has stimulated foreign trade, and may be expected to continue to do so in the near future. On the other hand, inflationary pressures have caused balance-of-payments difficulties in some countries, and these difficulties may hamper the movement toward more liberal dollar import policies, with a consequent slowdown in the growth of exports passing through Pacific Coast ports. The outcome of world inflationary and balance-of-payments problems will exert a major influence on Pacific Coast trade.

FEDERAL RESERVE BANK OF SAN FRANCISCO

BUSINESS INDEXES—TWELFTH DISTRICT<sup>1</sup>  
(1947-49 average=100)

| Year and month | Industrial production (physical volume) <sup>2</sup> |                        |      |        |                   |                     |                | Total nonagricultural employment | Total mfg employment | Carloadings (number) <sup>2</sup> | Dep't store sales (value) <sup>2</sup> | Retail food prices <sup>3, 4</sup> | Waterborne foreign trade <sup>5</sup> |         |
|----------------|--|------------------------|------|--------|-------------------|---------------------|----------------|----------------------------------|----------------------|-----------------------------------|--|------------------------------------|---------------------------------------|---------|
|                | Lumber   | Petroleum <sup>2</sup> |      | Cement | Lead <sup>3</sup> | Copper <sup>3</sup> | Electric power |                                  |                      |                                   |  |                                    | Exports                               | Imports |
| 1929           | 95   | 87                     | 78   | 54     | 165               | 105                 | 29             | ....                             | ....                 | 102                               | 30                                     | 64                                 | 190                                   | 124     |
| 1933           | 40   | 52                     | 50   | 27     | 72                | 17                  | 26             | ....                             | ....                 | 52                                | 18                                     | 42                                 | 110                                   | 72      |
| 1939           | 71   | 67                     | 63   | 56     | 93                | 80                  | 40             | ....                             | 55                   | 77                                | 31                                     | 47                                 | 163                                   | 95      |
| 1947           | 97   | 100                    | 98   | 96     | 94                | 106                 | 90             | 99                               | 100                  | 106                               | 99                                     | 96                                 | 129                                   | 81      |
| 1948           | 104  | 101                    | 100  | 104    | 105               | 101                 | 101            | 102                              | 102                  | 100                               | 104                                    | 103                                | 86                                    | 98      |
| 1949           | 100  | 99                     | 103  | 100    | 101               | 93                  | 108            | 99                               | 97                   | 94                                | 98                                     | 100                                | 85                                    | 121     |
| 1950           | 113  | 98                     | 103  | 112    | 109               | 113r                | 119            | 103                              | 105                  | 97                                | 105                                    | 100                                | 91                                    | 137     |
| 1951           | 113  | 106                    | 112  | 128    | 89                | 115                 | 136            | 112                              | 120                  | 100                               | 109                                    | 113                                | 186                                   | 157     |
| 1952           | 116  | 107                    | 116  | 124    | 86                | 112                 | 144            | 118                              | 130                  | 101                               | 114                                    | 115                                | 171                                   | 200     |
| 1953           | 118  | 109                    | 122r | 130    | 74                | 111                 | 161            | 121                              | 137                  | 100                               | 115                                    | 113                                | 140                                   | 308     |
| 1954           | 112  | 106                    | 119  | 133r   | 70                | 101                 | 172r           | 120                              | 134                  | 96                                | 113                                    | 113                                | 131                                   | 260     |
| 1955           | 122  | 106                    | 122  | 145    | 73                | 117                 | 192            | 125                              | 141                  | 104                               | 122                                    | 112                                | ....                                  | ....    |
| 1954           |  |                        |      |        |                   |                     |                |                                  |                      |                                   |  |                                    |                                       |         |
| December       | 133  | 105                    | 119  | 132    | 69                | 114                 | 173            | 122                              | 137                  | 106                               | 119r                                   | 111                                | 113                                   | 313     |
| 1955           |  |                        |      |        |                   |                     |                |                                  |                      |                                   |  |                                    |                                       |         |
| January        | 137  | 105                    | 116  | 119    | 74                | 119r                | 173            | 123                              | 137                  | 106                               | 125                                    | 112                                | 163                                   | 287     |
| February       | 136  | 105                    | 122  | 131    | 79r               | 130                 | 179            | 123                              | 138                  | 99                                | 118                                    | 112                                | 184                                   | 263     |
| March          | 123  | 106                    | 120  | 137    | 83r               | 131r                | 188            | 124                              | 139                  | 103                               | 118                                    | 112                                | 163                                   | 240     |
| April          | 121  | 106                    | 118  | 149    | 77                | 127                 | 191            | 124                              | 140                  | 105                               | 120                                    | 113                                | 149                                   | 290     |
| May            | 120  | 106                    | 115  | 155    | 78                | 131                 | 189            | 125                              | 140                  | 110                               | 118                                    | 113                                | 162                                   | 280     |
| June           | 122  | 106                    | 120  | 153    | 75r               | 130r                | 200            | 125                              | 142                  | 111                               | 118                                    | 112                                | 152                                   | 299     |
| July           | 119  | 106                    | 128  | 157    | 71r               | 40                  | 191            | 125                              | 141                  | 99                                | 123                                    | 113                                | 171                                   | 368     |
| August         | 123  | 106                    | 127  | 160    | 67                | 91                  | 196            | 126                              | 142                  | 106                               | 122                                    | 111                                | 189                                   | 349     |
| September      | 118  | 106                    | 132  | 159    | 70r               | 128                 | 196            | 126                              | 141                  | 107                               | 126                                    | 112                                | 174                                   | 363     |
| October        | 116  | 105                    | 129  | 155    | 72r               | 131                 | 197            | 126                              | 142                  | 104                               | 126                                    | 112                                | 152                                   | 348     |
| November       | 110  | 106                    | 123  | 128    | 67                | 128                 | 206            | 128                              | 145r                 | 98                                | 125                                    | 112                                | 140                                   | ....    |
| December       | 123  | 106                    | 120  | 130    | 63                | 119                 | 198            | 128                              | 145                  | 98                                | 123p                                   | 112                                | ....                                  | ....    |

BANKING AND CREDIT STATISTICS—TWELFTH DISTRICT  
(amounts in millions of dollars)

| Year and month | Condition Items of all member banks <sup>4</sup> |                       |                                       |                     | Bank rates on short-term business loans <sup>8</sup> | Member bank reserves and related items |                          |                         |                                   |                        | Bank debits Index 31 cities <sup>9, 11</sup> (1947-49=100) <sup>2</sup> |
|----------------|--|-----------------------|---------------------------------------|---------------------|--|--|--------------------------|-------------------------|-----------------------------------|------------------------|---|
|                | Loans and discounts                              | U.S. Gov't securities | Demand deposits adjusted <sup>7</sup> | Total time deposits |  | Factors affecting reserves:            |                          |                         |                                   | Reserves <sup>11</sup> |   |
|                |  |                       |                                       |                     |  | Reserve bank credit <sup>9</sup>       | Commercial <sup>10</sup> | Treas-ury <sup>10</sup> | Money in circulation <sup>9</sup> |                        |   |
| 1929           | 2,239  | 495                   | 1,234                                 | 1,790               | .....  | - 34                                   | 0                        | + 23                    | - 6                               | 175                    | 42  |
| 1933           | 1,486  | 720                   | 951                                   | 1,609               | .....  | - 2                                    | - 110                    | + 150                   | - 18                              | 185                    | 18  |
| 1939           | 1,967  | 1,450                 | 1,983                                 | 2,267               | .....  | + 2                                    | - 192                    | + 245                   | + 31                              | 584                    | 30  |
| 1947           | 5,358  | 7,247                 | 8,922                                 | 6,006               | .....  | - 302                                  | - 510                    | + 698                   | - 206                             | 2,202                  | 95  |
| 1948           | 6,032  | 6,366                 | 8,655                                 | 6,087               | .....  | + 17                                   | + 472                    | - 482                   | - 209                             | 2,420                  | 103   |
| 1949           | 5,925  | 7,016                 | 8,536                                 | 6,255               | 3.20   | + 13                                   | - 930                    | + 378                   | - 65                              | 1,924                  | 102   |
| 1950           | 7,093  | 6,415                 | 9,254                                 | 6,302               | 3.35   | + 39                                   | -1,141                   | +1,198                  | - 14                              | 2,026                  | 115   |
| 1951           | 7,866  | 6,463                 | 9,937                                 | 6,777               | 3.66   | - 21                                   | -1,582                   | +1,983                  | + 189                             | 2,269                  | 132   |
| 1952           | 8,839  | 6,619                 | 10,520                                | 7,502               | 3.95   | + 7                                    | -1,912                   | +2,265                  | + 132                             | 2,514                  | 140   |
| 1953           | 9,220  | 6,639                 | 10,515                                | 7,997               | 4.14   | - 14                                   | -3,073                   | +3,158                  | + 39                              | 2,551                  | 150   |
| 1954           | 9,418  | 7,942                 | 11,196                                | 8,699               | 4.09   | + 2                                    | -2,448                   | +2,328                  | - 30                              | 2,505                  | 168r  |
| 1955           | 11,124   | 7,239                 | 11,864                                | 9,120               | 4.10   | + 38                                   | -2,685                   | +2,757                  | + 100                             | 2,530                  | 172   |
| 1955           |  |                       |                                       |                     |  |  |                          |                         |                                   |                        |   |
| January        | 9,510  | 7,998                 | 11,246                                | 8,725               | .....  | - 34                                   | - 150                    | + 77                    | - 79                              | 2,481                  | 161   |
| February       | 9,612  | 7,693                 | 10,945                                | 8,765               | .....  | + 15                                   | + 26                     | - 57                    | + 13                              | 2,447                  | 166   |
| March          | 9,696  | 7,390                 | 10,733                                | 8,837               | 3.98   | + 10                                   | - 401                    | + 362                   | - 1                               | 2,418                  | 177   |
| April          | 9,657  | 7,756                 | 11,060                                | 8,833               | .....  | + 60                                   | - 306                    | + 261                   | + 15                              | 2,432                  | 165   |
| May            | 9,810  | 7,690                 | 10,951                                | 8,885               | .....  | - 55                                   | - 51                     | + 195                   | + 50                              | 2,476                  | 170   |
| June           | 10,102   | 7,446                 | 11,023                                | 9,026               | 3.99   | + 27                                   | - 449                    | + 429                   | + 35                              | 2,439                  | 178   |
| July           | 10,191   | 7,557                 | 11,212                                | 8,995               | .....  | + 10                                   | - 193                    | + 217                   | - 9                               | 2,495                  | 166   |
| August         | 10,392   | 7,407                 | 11,163                                | 9,021               | .....  | - 23                                   | - 253                    | + 200                   | + 8                               | 2,415                  | 177   |
| September      | 10,559   | 7,375                 | 11,312                                | 9,054               | 4.17   | + 17                                   | - 148                    | + 276                   | + 18                              | 2,541                  | 173   |
| October        | 10,665   | 7,487                 | 11,465                                | 9,067               | .....  | - 43                                   | - 245                    | + 174                   | + 15                              | 2,417                  | 171   |
| November       | 10,931   | 7,238                 | 11,665                                | 9,005               | .....  | + 46                                   | - 81                     | + 205                   | + 18                              | 2,575                  | 181   |
| December       | 11,115   | 7,298                 | 11,876                                | 9,084               | 4.25   | + 8                                    | - 434                    | + 417                   | + 17                              | 2,530                  | 183   |
| 1956           |  |                       |                                       |                     |  |  |                          |                         |                                   |                        |   |
| January        | 11,193   | 7,143                 | 11,794                                | 9,070               | .....  | + 84                                   | - 322                    | + 136                   | - 99                              | 2,554                  | 188   |

<sup>1</sup> Adjusted for seasonal variation, except where indicated. Except for department store statistics, all indexes are based upon data from outside sources, as follows: lumber, National Lumber Manufacturers Association and U.S. Bureau of the Census; petroleum, cement, copper, and lead, U.S. Bureau of Mines; electric power, Federal Power Commission; nonagricultural and manufacturing employment, U.S. Bureau of Labor Statistics and cooperating state agencies; retail food prices, U.S. Bureau of Labor Statistics; carloadings, various railroads and railroad associations; and foreign trade, U.S. Bureau of the Census. <sup>2</sup> Daily average. <sup>3</sup> Not adjusted for seasonal variation. <sup>4</sup> Los Angeles, San Francisco, and Seattle indexes combined. <sup>5</sup> Commercial cargo only, in physical volume, for Los Angeles, San Francisco, San Diego, Oregon, and Washington customs districts; starting with July 1950, "special category" exports are excluded because of security reasons. <sup>6</sup> Annual figures are as of end of year, monthly figures as of last Wednesday in month. <sup>7</sup> Demand deposits, excluding interbank and U.S. Gov't deposits, less cash items in process of collection. Monthly data partly estimated. <sup>8</sup> Average rates on loans made in five major cities. <sup>9</sup> Changes from end of previous month or year. <sup>10</sup> Minus sign indicates flow of funds out of the District in the case of commercial operations, and excess of receipts over disbursements in the case of Treasury operations. <sup>11</sup> End of year and end of month figures. <sup>12</sup> Debits to total deposits except interbank prior to 1942. Debits to demand deposits except U.S. Government and interbank deposits from 1942. p—Preliminary. r—Revised.