Monthly Review

FEDERAL RESERVE BANK OF SAN FRANCISCO
TWELFTH FEDERAL RESERVE DISTRICT

July 1960

In This Issue

Review of Business Conditions

THE second quarter of 1960 closed with national economic activity at a high level but with less expansionary vigor than in the first quarter. A drop in the rate of inventory accumulation tended to limit the rise in total spending in the second quarter to an amount substantially smaller than that which occurred in the first three months of the year. In order to contribute to the maintenance and expansion of the present high level of economic activity, the Federal Reserve Banks reduced the discount rate to 3½ percent early in June, and the system continued to supply additional bank reserves through open market operations.

Inventory accumulation slows down

The rate of net inventory building slackened in April and May to a seasonally adjusted annual rate of roughly $5 billion after the sharp rise to $10.6 billion during the first quarter. In contrast with the first quarter when the refilling of normal distribution channels was an important stimulus to the overall economy, there were indications that some of the recent inventory buildup resulted from disappointing business sales. Although manufacturers' sales were steady between April and May at a seasonally adjusted annual rate of $31 billion, order backlogs declined slightly. Probably the most conspicuous change in inventory policy has occurred among steel users. With ample supplies available under present market demand, new steel ordering has remained below a faltering production level for several months, and steel industry spokesmen have indicated that they expect little improvement before August. The June survey of buying intentions of major industrial and commercial firms by the National Association of Purchasing Agents revealed that the number of companies reducing business inventories exceeded those adding to them for the third consecutive month, but the percentage of firms cutting back was only slightly higher than in May. Yet the net effect of revised buying policies, as indicated by Department of Commerce inventory figures through May, has been merely to lower the rate of accumulation of inventories, and liquidations are not widespread except in steel.

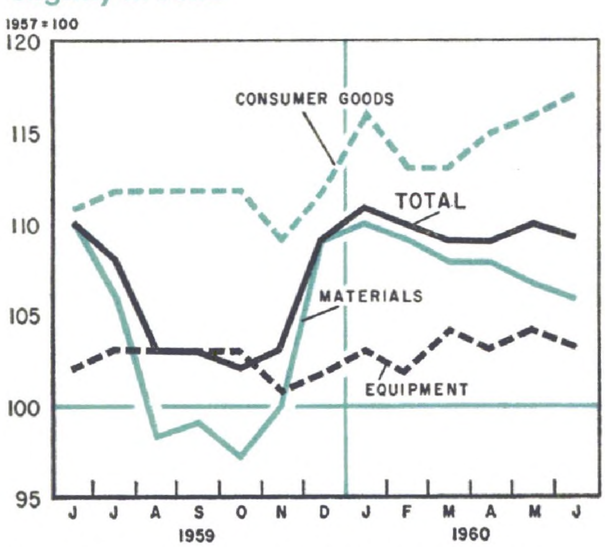
At the wholesale and retail levels, inventory holdings increased in May by a total of $400 million, seasonally adjusted; there had been no net change in April. Most of the rise was at retail firms, whose May sales dropped to a seasonally adjusted annual rate of $18.4 billion after a sharp improvement to $18.8 billion in April. Automotive and department store sales, which had risen sharply in April, showed the largest relative declines. There was apparently a less than seasonal increase in automobile sales in June, but department store trade rose on a seasonally adjusted basis. However, consumer goods buying in May was still 1.3 percent higher than the average for the first quarter. The latest tally of consumer intentions by the Survey Research Center indicated a rising degree of uneasiness about the possibility of an early recession. Attitudes toward big ticket purchases were more cautious than in the previous survey last February, as apparently "consumers constantly need new stimulation to remain optimistic."

The Commerce Department's survey of anticipated business plant and equipment expenditures for the second and third quarters revealed only a moderate upward trend. These anticipations did not support fears expressed earlier by some business observers that less than expected sales increases might result in downward revisions of capital outlays. The anticipated increases in outlays, though slight, apply to every major branch of industry and are most pronounced in manufacturing.

Minor decline in industrial production

Industrial production, which had been slowed significantly by inventory corrections among key industries in the February-April period, rose 1 point in May to 110 percent of the 1957 average. This gain, however, was nullified in June largely by further inventory reductions of steel and other metals by durable goods producers and by work stoppages in the aircraft industry. The two-month recovery in output of home goods, including television and radio sets, was also interrupted in June, but production of other consumer goods such as automobiles, apparel, and consumer staples continued to rise in both May and June. There were fairly general gains among business equipment producers, except for the aircraft industry.

Total industrial production declined slightly in June



Source: Board of Governors of the Federal Reserve System.

Operating rates of steel producers fell further in June, averaging about 61 percent of capacity and dropping to 53 percent in the final week of the month. Automobile output rose moderately during June to about 620,000 cars, whereas a small decline is customary at this time. Automobile output is expected to be maintained through mid-July, after which shutdowns for annual model changeovers will begin.

Modest gains in employment and personal income

Total employment in the nation expanded by over one million persons during May, which was somewhat more than would be expected on a seasonal basis. About two-fifths of the gain was in the agricultural sector, although the amount of increase there was below normal for May. Employment in durable goods manufacturing was reduced during May, due for the most part to layoffs at steel mills and aircraft and machinery plants. However, construction and other outdoor activities expanded more than seasonally. Total employment in the nonfarm sector rose by 600,000 workers; this was about 3 times the usual seasonal expectation.

Unemployment dropped below 3.5 million persons during May, bringing the seasonally adjusted rate of unemployment down to 4.9 percent of the labor force. This was 0.1 percent under the April rate and equalled the unemployment rate of May 1959. Perhaps the most heartening development during May was a drop of almost 300,000 persons in the number of long-term unemployed. This decline was about twice the usual seasonal amount and brought long-term joblessness to the lowest level since the end of 1957.

Personal income in May was $399.5 billion at a seasonally adjusted annual rate. About one-half of the $1.5 billion increase from April came as a result of higher wage and salary payments. Proprietor's income, both farm and nonfarm, contributed most of the remainder. Reflecting lower unemployment, transfer payments declined in May.

Dollar volume of construction increases less than seasonally in June

Preliminary estimates indicate that the value of new construction put-in-place rose less than is customary during June so that the seasonally adjusted annual rate of construction fell from the May level of $53.9 to $53.4 billion. Total construction expenditures for the first half of this year were 3 percent below last year's level.

Although the rate of total expenditures declined slightly, the United States Department of Commerce estimated a slight upturn in spending on residential construction. This does not necessarily mean the beginning of an upswing, despite some easing in the mortgage markets. May estimates of new housing starts were reported at a seasonally adjusted annual rate of 1,305,000, unchanged from April. Moreover, residential contracts for the first five months of this year were still running well below the level for the corresponding period in 1959. The Census Bureau's estimate of an increase in vacancy rates for both rental and sale housing in the first quarter of the year raises some question about the current strength of underlying demand forces.

Private nonresidential construction, at a seasonally adjusted annual rate, declined slightly from May largely as a result of a small reduction in the rate of spending on industrial and farm buildings and public utilities. Public construction expenditures also were down slightly during June. There are indications, however, that highway construction, its most important component, may pick up during the latter part of the year, since highway contracts are running above last year's level.

Growth of Twelfth District business activity also slackens

Economic activity in the Twelfth District expanded more rapidly than in the rest of the nation through April, but during May and June there were indications that the second quarter lull had spread to this area also. In addition to the continuing cutbacks in aircraft, the lumber industry was in the throes of adjustment to this year's reduced level of homebuilding; there were also temporary fluctuations in agriculture and food processing because of the weather and delayed harvests. Inventory corrections among steel users appeared to be affecting western steel producers about as much as those in the rest of the nation during May and June, though output here fell less rapidly in the latter month. Some other industries, such as electronics and ordnance, became less expansionary than they were in previous months.

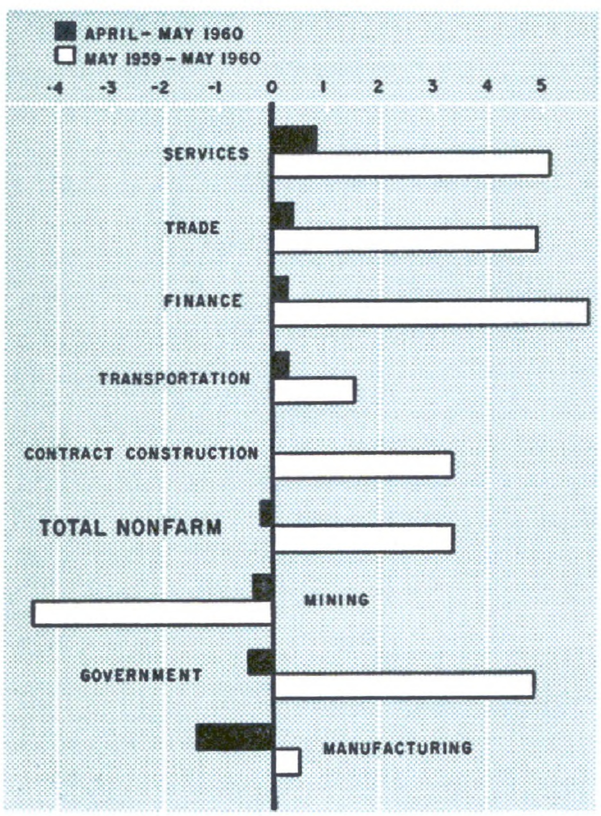
Nonfarm employment dips in District States

These changes in the business climate contributed to the less than seasonal gain in nonfarm employment during May. Nonfarm employment in the District fell by about 0.2 percent or 15,000 workers, seasonally adjusted, with almost all of the net decline taking place in the Pacific Northwest. Continued rains and cold weather in that area tended to limit the expansion of outdoor activity, delay the maturing of some crops, and result in a less than seasonal expansion in food processing employment. Although the weather was much less of a problem in California, food processing employment also dropped by about 9,000 workers. But these losses were largely temporary, and the weather was only part of the story behind the recent employment decline. During May, lumber firms also took their first real steps to cope with overproduction and a high rate of inventory accumulation. Forest industry payrolls fell by 2,200 workers in Washington and 3,000 workers in Oregon, seasonally adjusted. Lumbering operations in Idaho and California were also curtailed somewhat, resulting in employment declines. Employment in the aircraft industry was cut back further by 3,900 workers in California and 300 workers in Washington. Slight gains in employment at California ordnance plants offset a fraction of this loss, while other types of defense-related manufacturing firms in the

District had a generally stable employment picture.

The number of Government employees in District States declined by 6,500 workers between April and May, reflecting the completion of most of the household interviewing in connection with the 1960 Census. Mining employment was stable except in Idaho where a labor dispute caused a drop in employment. Construction employment was virtually unchanged for the second consecutive month, while other industries showed slight gains.

Nonfarm employment in District was lower during May but above year ago



Source: State Employment Agencies; seasonal adjustments by Federal Reserve Bank of San Francisco.

Total civilian employment in each of the three Pacific Coast States also increased less than seasonally during May, reflecting both the cutbacks in nonfarm activity and a less than seasonal expansion in agriculture caused by poor weather in the Northwest. Unemployment in the three states climbed from a revised figure of 4.9 percent of the labor force in April to 5.5 percent in May, after seasonal adjustment. The sharpest rise occurred in Oregon, stemming from persistent, heavy rains; unemployment there climbed from 3.9 percent of the labor force in April to 5.2 percent in May.

The disastrous tidal waves that struck Hilo, Hawaii on May 23rd more than doubled the rate of unemployment there to over 10 percent of the labor force. Retail trade firms were hardest hit and accounted for nearly half of the 1,500 persons temporarily idled. Employment gains in construction, finance, and agriculture on other islands were partially offsetting, but the statewide unemployment rate rose from 3 percent of the labor force in April to 3.5 percent in May. Employment in Alaska climbed seasonally during May and insured unemployment in the larger cities dropped below both the month-ago and year-ago levels.

Slight gain in District construction; mortgage market easier

Total construction activity in May, as measured by the value of construction contracts, rose 5 percent over April but was still 17 percent below that of May 1959. Total contracts for the year to date were 6 percent below 1959. Residential contracts in May remained at virtually the April level but were well below the total for the corresponding month a year ago. Nonresidential contracts were 15 percent above April but were 10 percent below the May 1959 total. However, for the year to date, they were 5 percent higher than last year's level. Public works and utilities contracts rose slightly during May but were down 17 percent from the same month a year ago. Cumulatively, these contracts were slightly below their year-ago level.

The District mortgage market continued to show some signs of ease during the month of May. The Federal Housing Administration's estimate of the secondary market price for FHA-insured home mortgages in the West was slightly higher for May, and early in July, the Federal National Mortgage Association raised its buying prices in the secondary market ½ point throughout the nation. The flow of savings into District savings and loan associations during the first five months of this year was even greater than the record levels set last year.

Seasonal changes in petroleum demand; steel output falls

Total demand for major petroleum products in District 5 (all Twelfth District States except Idaho and Utah) was slightly lower in April, as the seasonal reduction in distillate and residual fuel demand offset the seasonal increase in sales of gasoline. The latter rose about 5 percent from March and were about 3.2 percent above the volume in April last year. Shipments of residuals to points outside the District (mainly the East Coast), which were primarily responsible for alleviating a heavy stock overhang during the first quarter, have dropped off, although these stocks are considerably below the year-ago levels.

Steel producers in the Twelfth District, as in the entire nation, operated at 70 percent of capacity during May, but in June weekly operating rates in this area fell less than in the rest of the country. Western producers (including one mill in Colorado) operated at almost 66 percent of capacity in June, and in the final week of the month, western operating schedules were holding up fairly well at 62 percent.

Lumber production cutbacks ease downward price pressure

May and June were trying periods for the Twelfth District forest products industries, but some progress toward restoring a firmer price structure in plywood and sawn lumber appears to have been made. The slash in plywood prices to $64 per thousand square feet for the ¼ inch index grade in mid-May failed to create sufficient additional demand relative to output. The possibility of a further price decline in late May brought about a temporary shutdown of about one-third of the industry's capacity. Additional scattered closings and reopenings of plywood mills occurred in early June, and the mills kept production at a curtailed rate.

Sawn lumber production was trimmed below the April level during both May and June in the Douglas fir region, whereas seasonal expansion usually occurs. The seasonal increase in shipments in May and June was largely at the expense of order backlogs, as current ordering failed to show improvement. Nevertheless, the inventory buildup has apparently been stemmed. Output of Western pine producers rose seasonally during May, yet there was no appreciable increase in their inventories. Prices of both major lumber species fell further in recent weeks and averaged $78 per thousand board feet in the second week of June, down $10 from a year ago. Green fir items were $14 below last year, and pine species were down $9. There were indications that annual vacations in the lumber industry would be a week or so longer than usual this year. Major redwood producers cut the price of siding recently, while other redwood prices were largely unchanged.

District personal income climbs slightly, but retail sales fall

Personal income in the Twelfth District was 0.7 percent higher during April and 8.8 percent higher than in April 1959, according to Business Week magazine. The largest year-to-year increases in the nation occurred in Hawaii and Alaska, up 19.2 and 17.5 percent, respectively. Nevada was third in the national array with an increase of 12.1 percent over the year. Only Idaho and Washington among District States were below the 5.7 percent increase for the nation as a whole.

During the four-week period ended June 27, department store sales in the District were 5 percent below the comparable period last year. California automobile registrations in May were 48,391 compared with 56,391 in April. In the first two weeks of June, average sales per selling day dropped below the first two weeks of May; about 4,000 fewer cars were sold in the two-week period in June.

Labor disputes, weather, and peach surplus affect agriculture

Although current prospects indicate another large output of crops in the District, the potential harvest, particularly of deciduous fruits, has been reduced by a combination of wet and cold weather in Washington, Oregon, Idaho, and Utah, with damaging frosts occurring in some of these states as late as the latter part of June. In Nevada the shortage of irrigation water supplies continues, and reservoir supplies are already depleted in some areas of the state. Reflecting the extremely dry weather, pasture conditions in Nevada on June 1 were worse than last year's poor conditions.

An eleven-day labor dispute involving California cannery workers was settled on June 27 with only minor losses for the apricot pack. But the farm labor situation in California is still uncertain. Crop losses sustained from union efforts to organize farm labor during the cherry harvest were small, but attempts to organize the farm workers will reportedly be continued, and the big canning crops, cling peaches and tomatoes, may be affected. California cling peach producers were faced also with a potential surplus of peaches. In an attempt to avert some of the oversupply, the State Department of Agriculture in late June ordered the elimination of 15 percent of the state's cling peach crop by a "green drop" (all fruit is picked from 15 percent of each grower's trees prior to maturity). A "green drop" of this magnitude involves a quantity only slightly less than the prospective 1960 production in the nation's second largest peach-producing state, South Carolina.

More municipal issues in June

Offerings of Twelfth District municipal issues of $5 million or more totaled $195 million during June, an unusually large amount. The State of California awarded $50 million of Veterans Bonds and $25 million of School Aid Bonds at a net interest cost of 3.9534 percent and 3.9260 percent, respectively. On May 24, the state had rejected a bid that would have amounted to a net interest cost of 3.986 percent on the Veterans issue. California's last School Aid issue, $25 million in bonds sold on April 19, carried a lower net interest cost—3.8355 percent. Both of the recent California issues were attractively priced, and the entire amount was distributed in the first day. Bids were rejected for $18 million of Harbor Development Bonds that were to have been awarded along with the other securities. There were numerous other offerings by local authorities, of which the largest was a $62 million issue by the Oroville Wyandotte Irrigation District for a water and power project on the South Fork of California's Feather River.

Tax borrowings boost loan volume

Total loans increased $102 million at District reporting banks in the four-week period ended June 29, 1960. Commercial and industrial loans rose $73 million as business firms borrowed heavily in the week of June 15 to meet quarterly tax payments. Consumer loans continued to increase as reflected in the "other loan" category which rose $44 million during this four-week period. There was little net change in loans to financial institutions, and loans to brokers and dealers stood at the same level that had been reached at the beginning of the month. Real estate loans, which have declined in every month except February, fell off $26 million in June.

CHANGES IN SELECTED BALANCE SHEET ITEMS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

(dollar amounts in millions)

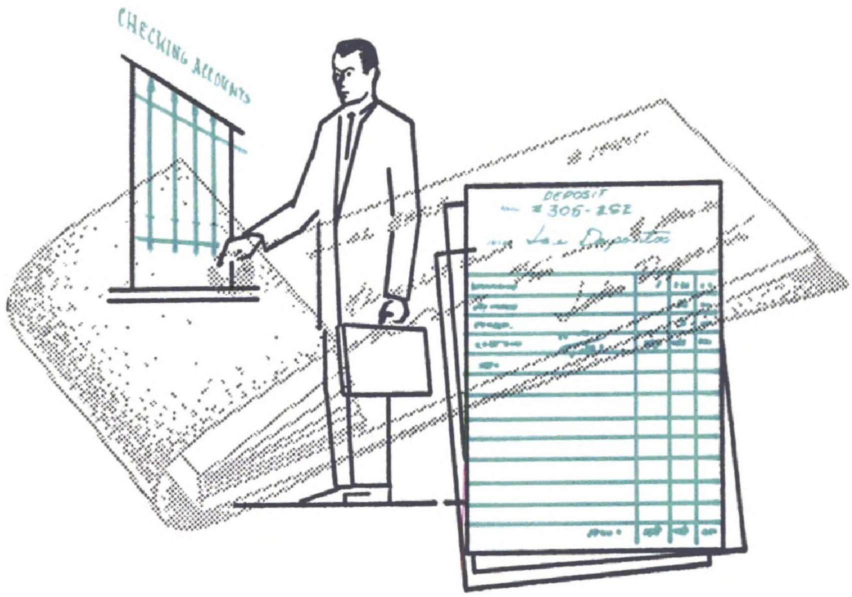
	Twelfth District				United States			
	From June 1, 1960 to June 29, 1960		From July 1, 1959 to June 29, 1960		From June 1, 1960 to June 29, 1960		From July 1, 1959 to June 29, 1960	
ASSETS:	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Total loans and investments	+ 59	+0.27	— 176	— 0.79	+317	+ 0.30	— 277	— 0.26
Loans and investments adjusted[1]	+ 63	+0.29	— 106	— 0.48	+449	+ 0.44	— 52	— 0.05
Loans adjusted[1]	+102	+0.68	+1,480	+10.84	+848	+ 1.25	+5,340	+ 8.43
Commercial and industrial loans	+ 73	+1.38	+ 757	+16.40	+475	+ 1.52	+3,163	+11.11
Real estate loans	— 26	—0.50	+ 80	+ 1.56	— 5	— 0.04	+ 345	+ 2.83
Agricultural loans	+ 18	+3.04	+ 60	+10.91	+ 23	+ 2.48	+ 69	+ 7.81
Loans for purchasing and carrying securities	— 1	—0.64	+ 18	+13.04	— 47	— 1.75	— 665	—18.49
Loans to nonbank financial institutions	+ 9	+1.11	+ 228	+38.91	+260	+ 4.38	+ 898	+16.96
Loans to domestic commercial banks	— 4	—2.88	— 70	—34.15	—182	—12.33	— 225	—14.81
Loans to foreign banks	— 18	—7.47	+ 31	+16.15	— 32	— 4.15	+ 144	+24.16
Other loans	+ 44	+1.49	+ 332	+12.49	+172	+ 1.15	+1,504	+11.03
U. S. Government securities	— 36	—0.74	—1,404	—22.46	—393	— 1.54	—4,621	—15.41
Other securities	— 3	—0.16	— 182	— 8.70	+ 44	+ 0.47	— 771	— 7.60
LIABILITIES:								
Demand deposits adjusted	+ 17	+0.15	— 365	— 3.32	+464	+ 0.80	—2,186	— 3.59
Time deposits	+133	+1.24	— 289	— 2.60	+506	+ 1.59	— 366	— 1.11
Savings accounts	+177	+1.95	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

n.a. Not available.
[1] Exclusive of loans to domestic commercial banks and after deduction of valuation reserves; individual loan items are shown gross.
Source: Board of Governors of the Federal Reserve System and Federal Reserve Bank of San Francisco.

Loans to public utilities and transportation firms accounted for $18 million of the increase in business loans. Borrowings by this group were concentrated in the week of June 15 and were largely confined to the San Francisco and Los Angeles areas. Loans to metal processors were up $13 million, while loans to the lumber group and to construction firms rose by $9 million and $6 million, respectively. Retail trading firms, commodity dealers, and food processors reduced their bank borrowings during June.

District reporting banks reduced their holdings of United States Government securities by $36 million in June with declines extending to all maturity categories except that of 5 years and over in which holdings were unchanged. Demand deposits adjusted showed a gain of only $17 million for the month as increased borrowings in the week of June 15 to meet the tax date were eliminated in the following week when tax payments were made. Time deposits rose $112 million during June with the bulk of the increase coming in the week of June 29. In this week, banks credited interest accrued on time deposits, which more than offset net declines in June in time balances of state and local governments and banks.

Ownership of Checking Accounts in the Twelfth District



DEMAND deposits of businesses and individuals at all commercial banks in the Twelfth District increased $636 million or about 5.3 percent from January 28, 1959 to January 27, 1960.[1] The two categories of holders which accounted for the bulk of the increase were personal accounts and financial businesses. Within the latter category, almost equal dollar gains were registered by the corporate and noncorporate sectors (Table 1). Declines in holdings of demand deposits were limited to noncorporate nonfinancial businesses, trust funds of banks, and deposits held by foreigners. Changes in the number of accounts were moderate with the exception of personal accounts which rose by nearly half a million.

Distribution of ownership of deposits

There are two principal considerations that determine both the level and the pattern of ownership of demand deposits. These are the level of current economic activity and the structure of interest rates, particularly yields on short-term money market investments. If business activity is expanding, businesses will need additional funds, and consequently their demand deposit balances will be relatively high. At the same time, personal income will be rising and checking deposits of individuals will rise. The decision of firms to hold funds in the form of demand deposits, while chiefly motivated by the need for cash to transact business, is also conditioned by the return which may be earned on idle balances by putting these funds into short-term investments such as Treasury bills. When short-term interest rates are high, business firms may economize on their use of cash and invest idle balances. These factors help to account for the rise in the relative share of demand deposits in Twelfth District banks belonging to nonfinancial business in January 1959 over 1958 and the decline in January 1960 from 1959 (Table 2). Nationally, the velocity or rate at which demand deposits turned over

[1]See "Ownership of Demand Deposits," *Federal Reserve Bulletin*, April 1960, for a description of the ownership pattern of demand deposits in the nation and a discussion of sampling errors.

TABLE 4

OWNERSHIP OF DEMAND DEPOSITS RELATED TO SIZE OF BANK, JANUARY 27, 1960
(Percentage Distribution Within Size Group)

Size of Bank (total deposits, in millions of dollars)

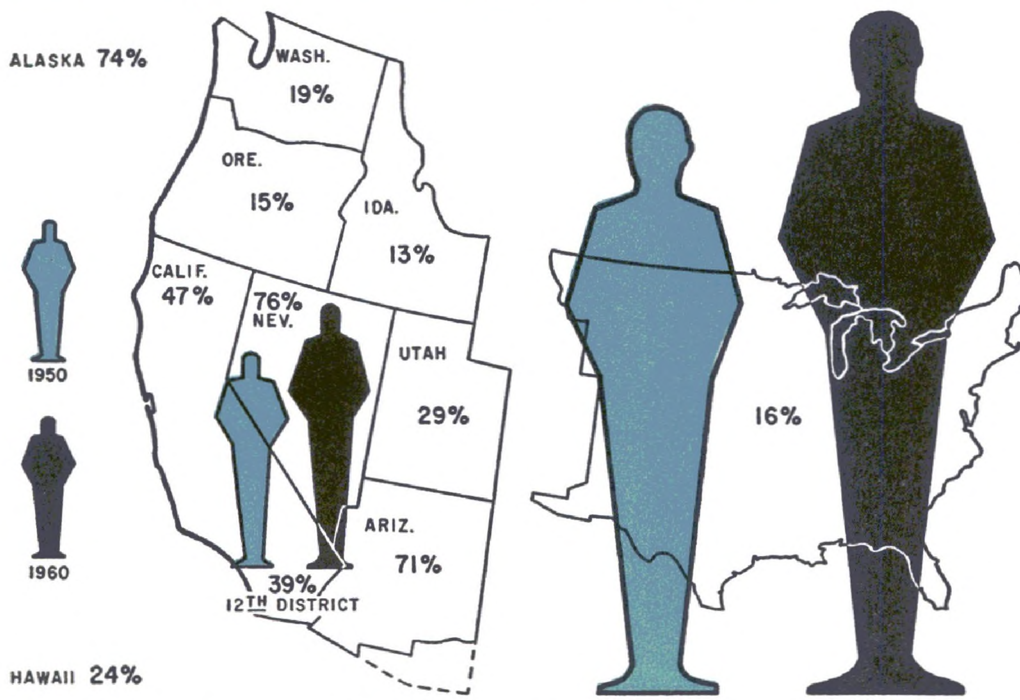
Type of Holder	Under 2	2-10	10-50	50-250	250-500	500 and over
			Number of Accounts			
Financial business	0.1	0.5	0.5	0.7	1.0	1.0
Corporate	0.1	0.1	0.2	0.4	0.5	0.5
Noncorporate	—	0.4	0.3	0.3	0.5	0.5
Nonfinancial business	6.7	11.5	10.4	11.8	11.1	9.3
Corporate	1.2	1.6	2.4	2.7	3.3	2.6
Noncorporate	5.5	9.9	8.0	9.1	7.8	6.7
Nonprofit organizations	6.4	6.3	4.6	4.6	4.4	3.4
Farmers	6.1	5.9	1.2	5.2	1.8	1.9
Personal accounts	80.5	75.7	83.3	77.7	81.6	84.2
Trust funds of banks	0.2	0.1	*	*	0.1	0.1
Foreigners	—	—	—	—	*	0.1
All holders	100.0	100.0	100.0	100.0	100.0	100.0
			Amount of Deposits			
Financial business	0.2	2.2	1.9	11.1	11.1	9.7
Corporate	0.2	0.1	0.6	9.5	9.7	7.4
Noncorporate	—	2.1	1.3	1.6	1.4	2.3
Nonfinancial business	29.1	40.6	42.0	42.0	48.5	50.2
Corporate	14.8	17.2	17.5	24.3	31.4	36.6
Noncorporate	14.3	23.4	24.5	17.7	17.1	13.6
Nonprofit organizations	4.2	4.8	7.5	4.0	3.9	4.2
Farmers	14.3	12.7	2.4	7.7	2.4	3.8
Personal accounts	49.5	39.6	45.5	34.8	31.9	31.6
Trust funds of banks	2.6	0.2	0.8	0.4	2.0	0.3
Foreigners	—	—	—	—	*	0.2
All holders	100.0	100.0	100.0	100.0	100.0	100.0

*Less than 0.05 percent.
NOTE: Details may not add to totals because of rounding.
Source: Board of Governors of the Federal Reserve System.

counts, constitute a greater proportion of total deposits of banks having $50 million or more in deposits. Moreover, such deposits rise in relative importance as the size of the bank increases, representing the largest single ownership group for banks of over $500 million in deposits. This reflects the importance of large individual corporate accounts which are held mainly in the large banks which are able to lend to such corporations. Measured by dollar volume, deposits of farmers play a much more significant role for banks having less than $10 million of total deposits than for larger banks. The deposits of unincorporated nonfinancial businesses represent about a quarter of total demand deposits of banks in the $2 million to $50 million class. Although it is to be expected that personal accounts would constitute the largest portion of the total demand deposits of the smallest class of banks, it is somewhat surprising to note that trust funds comprise a larger fraction of total deposits at these banks than for any other size group.

Twelfth District Leads Nation in Population Gains

District tops nation in relative population growth



POPULATION OF TWELFTH DISTRICT STATES, APRIL 1, 1960[1]
(in thousands)

Alaska	224
Arizona	1,282
California	15,531
Hawaii	620
Idaho	664
Nevada	281
Oregon	1,756
Utah	886
Washington	2,824
Twelfth District	24,070
Remainder of United States	155,100

Source: United States Department of Commerce, Bureau of the Census.

[1] Preliminary data.

The population of the nine states in the Twelfth District on April 1, 1960 totaled almost 24.1 million persons, according to preliminary tabulations by the Bureau of the Census. This was a gain of nearly 6.8 million persons or 39 percent from the previous Census in 1950 and accounted for about one-fourth of the national population increase. The population of the entire nation, including the armed forces overseas, rose by 28 million persons or 18 percent over the ten-year period and is tentatively placed at 179.5 million persons as of April 1.

Impressive though the figures for the District are, they are likely to be even higher when the final results become available in several months. For the nation as a whole, a million or more persons away from their homes in early April have not yet been included in the population estimates of the states in which they usually reside. Thus the initial reports of the District's population will probably be increased by roughly 100,000 persons.

The data presently available show that four of the five fastest growing states in the country during the past decade are in the Twelfth District. Florida topped the roster for the entire nation with an increase of nearly 77 percent; Alaska, Arizona, and Nevada each exceeded the 70 percent rate also, and California's population rose by nearly half. The Golden State had the largest absolute increase in population, almost 5 million persons, and no other state in the nation came within half that amount. Net in-migration was an important source of growth in these states, and in Arizona and Nevada it was the major factor. Hawaii and Utah grew at less spectacular rates of 24 percent and 29 percent, respectively, although both were still well in excess of the national average. Population growth in Washington, Oregon, and Idaho was 19, 15, and 13 percent, respectively, which was about the same as or moderately below the national average.

Much comment has already appeared in the press about the national trend toward suburbanization during the 1950's. Three-fourths of the population increase over the past decade occurred in the nation's 189 standard metropolitan areas, but roughly four persons were added to suburban areas for every additional person in the central cities. The same trend was apparent in Twelfth District States, although both the main cities and outlying areas grew more rapidly than in the rest of the nation, and the proportion was divided more evenly between large cities and suburbs. The 19 standard metropolitan areas in Twelfth District States (including Tucson, Arizona which is located outside this District's boundaries) contained five-sixths of the total District population growth and increased twice as fast as smaller cities and rural areas. Helped in part by the annexation of suburban land, the larger cities were able to account for about 30 percent of the metropolitan area expansion. One large city, San Francisco, showed a decline of about 60,000 persons from 1950 in the preliminary tabulation, and Oakland and Portland also registered moderate losses.

BANKING AND CREDIT STATISTICS AND BUSINESS INDEXES—TWELFTH DISTRICT[1]

(Indexes: 1947-1949 = 100. Dollar amounts in millions of dollars)

Year and Month	Condition items of all member banks[2]: Loans and discounts	U.S. Gov't securities	Demand deposits adjusted[3]	Total time deposits	Bank debits index 31 cities[4, 5]	Bank rates on short-term business loans[6]	Total nonagricultural employment	Total mf'g employment	Carloadings (number)[5]	Dep't store sales (value)[5]	Retail food prices[7, 8]
1929	2,239	495	1,234	1,790	42	....	...	...	102	30	64
1933	1,486	720	951	1,609	18	....	...	...	52	18	42
1939	1,967	1,450	1,983	2,267	30	....	60	57	77	31	47
1950	......	......	......	......	...	....	103	105	98	107	100
1951	7,866	6,463	9,937	6,777	132	3.66	112	121	100	112	113
1952	8,839	6,619	10,520	7,502	140	3.95	118	130	100	120	115
1953	9,220	6,639	10,515	7,997	150	4.14	121	137	100	122	113
1954	9,418	7,942	11,196	8,699	154	4.09	120	134	96	122	113
1955	11,124	7,239	11,864	9,120	172	4.10	127	143	104	132	112
1956	12,613	6,452	12,169	9,424	189	4.50	134	152	104	141	114
1957	13,178	6,619	11,870	10,679	203	4.97	138	156	96	140	118
1958	13,812	8,003	12,729	12,077	209	4.88	138	154	89	143	123
1959	16,537	6,673	13,375	12,452	237	5.36	143	163	93	156	123
1959											
June	15,328	7,329	12,589	12,517	235	5.21	143	164	95	157	123
July	15,617	7,096	12,945	12,390	242	....	144	166	88	160	123
August	15,924	6,932	12,797	12,378	241	....	144	164	105	157	123
September	15,978	6,717	12,850	12,365	238	5.54	144	163	87	157	123
October	16,010	6,702	12,963	12,316	232	....	144	161	71	158	123
November	16,252	6,651	13,133	12,138	251	....	145	164	91	155	123
December	16,537	6,673	13,375	12,452	236	5.71	145	165	98	158	123
1960											
January	16,354	6,304	12,971	12,111	239	....	146	167	99r	157r	124
February	16,388	5,976	12,493	12,017	244	....	147	167	92	157r	123
March	16,660	5,707	12,553	11,986	249	5.72	147	167	95	157	123
April	16,933	5,999	12,810	12,042	251	....	148	166	95	159	126
May	17,104	5,813	12,290	12,142	253	....	148	164	95	153	125
June	17,131	5,738	12,298	12,277	257	....	...	...	...	...	...

Year and month	Industrial production (physical volume)[5]: Lumber	Petroleum[7]: Crude	Petroleum[7]: Refined	Cement	Steel[7]	Copper[7]	Electric power	Waterborne Foreign Trade Index[9, 10]: Exports: Total	Exports: Dry Cargo	Exports: Tanker	Imports: Total	Imports: Dry Cargo	Imports: Tanker
1929	95	87	78	55	...	103	29	190	150	247	124	128	7
1933	40	52	50	27	...	17	26	110	...	...	72	...	...
1939	71	67	63	56	24	80	40	163	107	243	95	97	57
1950	114	98	103	112	125	115	120	91	80	108	142	145	103
1951	113	106	112	128	146	116	136	186	194	175	163	140	733
1952	115	107	116	124	139	115	145	172	200	129	206	142	1,836
1953	116	109	122	131	158	113	162	141	138	146	314	163	4,239
1954	115	106	119	133	128	103	172	133	141	123	268	166	2,912
1955	122	106	124	145	154	120	192	165	178	149	313	187	3,614
1956	120	105	129	156	163	131	209	201	261	117	459	219	7,180
1957	106	101	132	149	172	130	224	231	308	123	582	216	10,109
1958	107	94	124	158	142	116	229	176	212	123	552	218	9,096
1959	116	92	130	174	138	100	253	186	221	135	682	283	11,083
1959													
May	118	92	128	188	216	148	254	161	181	133	587	283	8,516
June	111	93	128	186	205	138	269	170	192	139	813	307	13,990
July	118	92	136	192	79	118	267	166	215	96	612	284	9,168
August	111	92	136	191	11	76	256	196	265	97	654	254	11,074
September	113	92	132	176	13	36	248	171	217	107	678	269	11,344
October	115	91	132	186	15	40	249	231	289	150	702	261	12,206
November	117	91	133	154	148	43	257	148	202	71	807	290	14,284
December	129	91	131	152	212	40	257	209	266	128	858	302	15,333
1960													
January	127	90	130	141	197	67	263	229	296	134	958	277	18,687
February	127	90	127	140	209p	116	258	230	271	172	720	259	12,719
March	120	91	131	153	185p	132	273	287	316	246	607	296	8,707
April	113	91	137	180	165p	...	...	...	...	...	...	...	...
May	112	91	136	180	165p	...	...	...	...	...	...	...	...

[1] Adjusted for seasonal variation, except where indicated. Except for department store statistics, all indexes are based upon data from outside sources, as follows: lumber, California Redwood Association and U.S. Bureau of the Census; petroleum, cement, and copper, U.S. Bureau of Mines; steel, U.S. Department of Commerce and American Iron and Steel Institute; 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. [2] Annual figures are as of end of year, monthly figures as of last Wednesday in month. [3] Demand deposits, excluding interbank and U.S. Government deposits, less cash items in process of collection. Monthly data partly estimated. [4] Debits to total deposits except interbank prior to 1942. Debits to demand deposits except U.S. Government and interbank deposits from 1942. [5] Daily average. [6] Average rates on loans made in five major cities, weighted by loan size category. [7] Not adjusted for seasonal variation. [8] Los Angeles, San Francisco, and Seattle indexes combined. [9] Commercial cargo only, in physical volume, for the Pacific Coast customs districts plus Alaska and Hawaii; starting with July 1950, "special category" exports are excluded because of security reasons. [10] Alaska and Hawaii are included in indexes beginning in 1950. p—Preliminary. r—Revised.