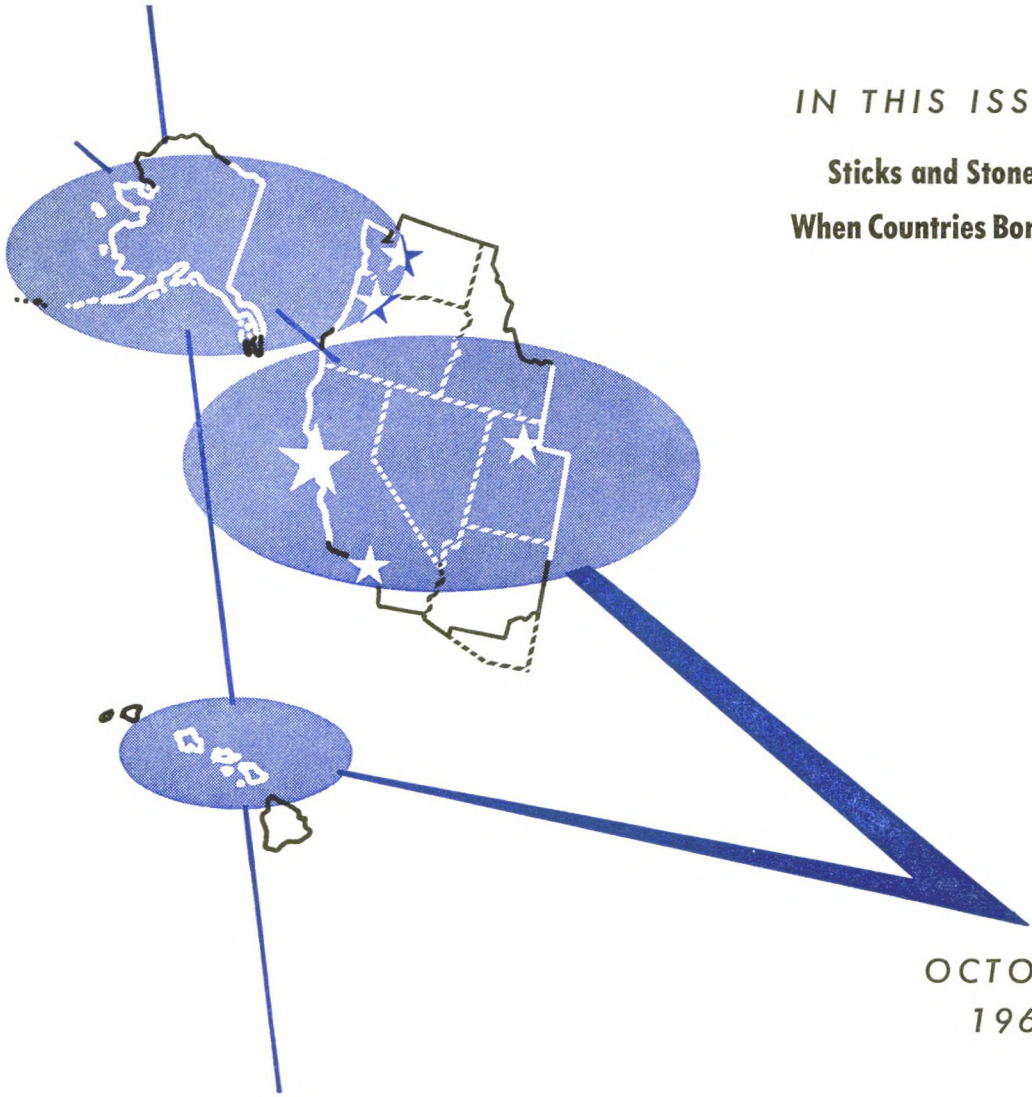
FEDERAL RESERVE BANK OF SAN FRANCISCO

MONTHLY REVIEW



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OCTOBER
1965

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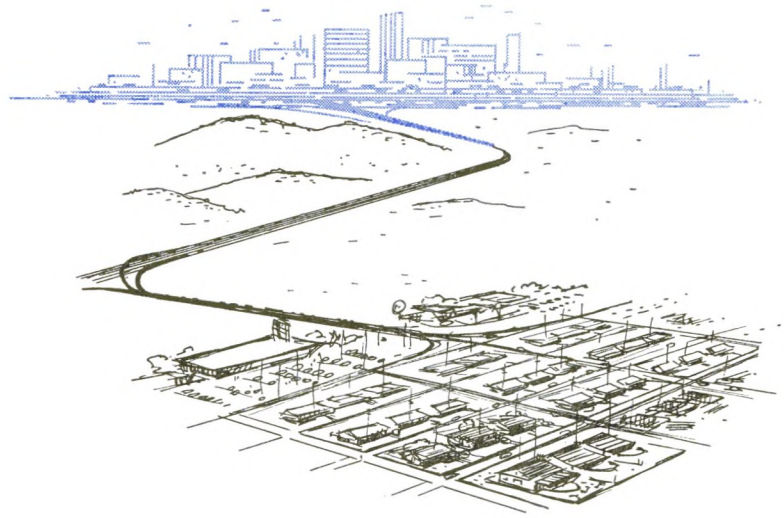
. . . Discussions of monetary reform must begin with an understanding of the present role of the IMF in the international community.

Editor: William Burke



Sticks and Stones

FOR THE LAST year-and-a-half the Western housing industry has been in a slump whose proportions have all but matched those of the preceding three-years' boom. Many industry spokesmen attribute the decline to a severe case of apartment over-building accentuated by a reduction of activity in the region's aerospace industry. While this abbreviated hypothesis does not fully account for all the factors affecting the present situation, no one suggests that this particular decline is attributable to tight residential mortgage money—a factor which contributed significantly to earlier downturns—since financing generally has remained available at low rates throughout the entire period.

High-rise housing

The ups and downs of the housing industry have been greater in the West than in the rest of the country since the turn of the decade. From a low point in late 1960, the dollar value of housing awards in Twelfth District states (excluding Alaska and Hawaii) grew 61 percent to a peak in the third quarter of 1963. By mid-1965 spending dropped 24 percent from that peak. In contrast, the value of housing awards in the rest of the nation grew by 43 percent between the 1960 low point and mid-1963, and then actually increased 6 percent more between then and mid-1965.

Recent fluctuations, moreover, have been concentrated almost entirely in apartment building. Permits for single-family construction nationwide fell about 20 percent in 1960 and have hovered about that depressed level ever since. Multi-family construction nationwide dropped less than single-family housing in 1960—and then it more than doubled its 1959 pace by 1963. As a consequence, the proportion of apartments in the residential-construction sector somewhat exceeded the share obtained in the last great apartment-building boom of 1927-28. And even in the recent slump, over one-third of total building was in apartment structures—a strong con-

trast to the low level of apartment building (rarely over one-fifth of the total) in the period intervening between the 1920's and the 1960's.

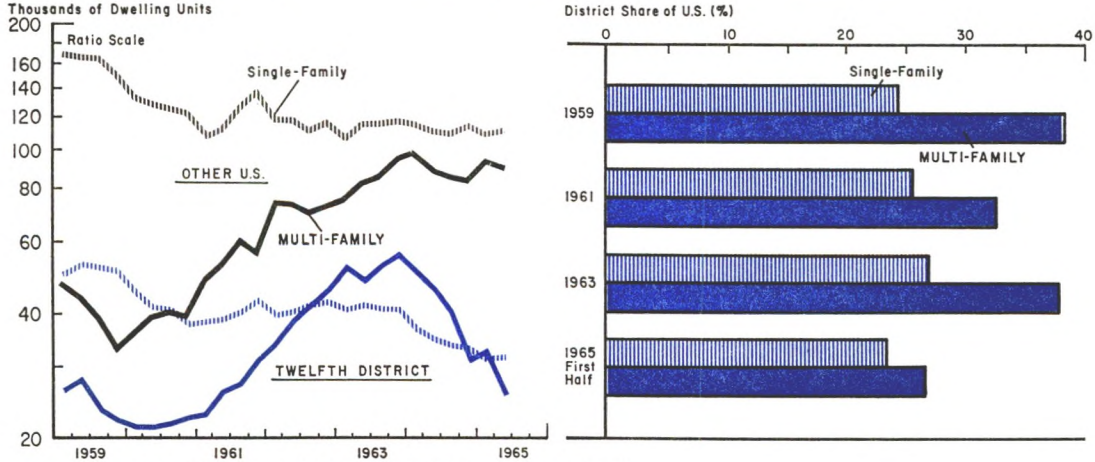
In the West, single-family and multi-family building outpaced their respective sectors elsewhere through most of the period 1959-63. But the story has been completely different in the last year-and-a-half. Single-family building permits have dropped 25 percent from their 1960-63 plateau in the West while remaining roughly stable in the rest of the country. Multi-family permits, which reached a peak in 1963 at two-and-one-half times their 1960 level, have since plummeted almost all the way back to that starting point. Yet multi-family building elsewhere has experienced only a relatively slight decline since 1963.

The mobile-home boom which has accompanied the apartment surge must be recognized as an added factor in the housing picture. Mobile homes increased their share of the nation's new housing from about 7½ percent in 1960 to over 10½ percent in 1964. In the West the mobile-home boom has been particularly strong; California alone contains about 4,000 of the nation's 24,000 mobile-home parks. The relative movements of single and multi-family construction suggest that these homes on wheels have been competitive with single-family homes as well as apartments. Being generally small, compact, and furnished, they have some of the characteristics of apartments; but their low cost (average $6,000 including furniture), their freedom from real property taxes, and their mobility (average 36 months on site), along with their home-owner-style freedom and privacy, have permitted them to fill a need that conventional housing has not been able to meet.

High-cost housing

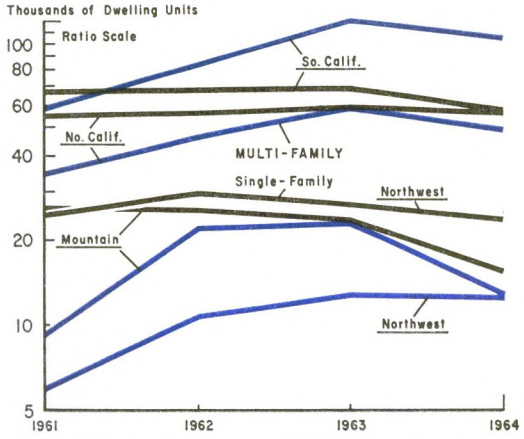
In view of the competition of apartments and mobile homes for the consumer's housing dollar, it seems somewhat paradoxical that single-family housing is getting bigger and more expensive. The growth in size and cost of single-family homes in the face of an apparent need for smaller, cheaper homes suggests that builders of this type of housing are concentrating on the luxury market and virtually abandoning the small-house market to the

Western housing industry suffers downtrend in single-family housing, boom and slump in apartment building—and falling share of U. S. market



Source: Department of Commerce (building-permit data, seasonally adjusted)

Apartment ups and downs
dominate regional housing markets



Source: Department of Commerce (building-permit data)

other sectors of the industry.

Over the period 1950-64, the average size of new single-family homes nationwide increased from 894 square feet to 1,206 square feet, and in 1960-64 alone, the number of rooms in the average new house rose from 4.6 to 5.7 rooms (FHA data). More bedrooms, but also more family rooms and bathrooms, accounted for the rise. Into these new houses went more and more equipment—built-in ranges, disposals, dishwashers, and lately, air conditioners. (More than 30 percent of new homes in the nation were air conditioned in 1964.) Fireplaces were also on the increase, being included in 38 percent of new homes nationally and 54 percent of those in the West.

At the same time, land costs have continued rising as before. Raw land prices since 1960 have increased 58 percent nationally, and 75 percent in the West. Developed land is up even more sharply. Construction costs have also risen (by 7.4 percent, according to one industry index), even in the face of continuing productivity gains.

These trends represent a certain degree of upgrading among single-family home buyers, but the movements of home prices and costs of ownership vis-a-vis rent indexes suggest that more than upgrading may have been involved in the rising costs of home ownership. Since 1960, the price of new homes under FHA mortgages has risen by nearly 9 percent nationally and by over 10 percent in the West. The price of existing homes purchased has risen almost as much. And, according to the consumer-price index, home-ownership costs have outpaced rental costs throughout most of the nation. In this region, Los Angeles, San Francisco, and Seattle have recorded substantial increases in rental costs, but each city except San Francisco has suffered even greater increases in home-owner costs.

Ups and downs

Throughout the West, the ups and downs of activity have shown a good deal of similarity from one region to another when measured on an annual basis. Annual regional data, however, disguise those divergent movements among the individual states which are discernible on a shorter-term basis. Housing activity in almost all areas moved upward from 1961 until early 1963, but divergent movements developed thereafter.

In California, the value of residential awards rose steadily from 1961 until late 1963, but then dropped sharply. In the Pacific Northwest, residential awards declined in Washington between early 1963 and mid-1965, but stayed high in Oregon until the beginning of 1964. In the Mountain states the trends were also divergent. Arizona experienced a constantly weakening market after early 1959, while Utah and Nevada experienced continued growth until suffering a slump in mid-1963, roughly six months before the slowdown in California.

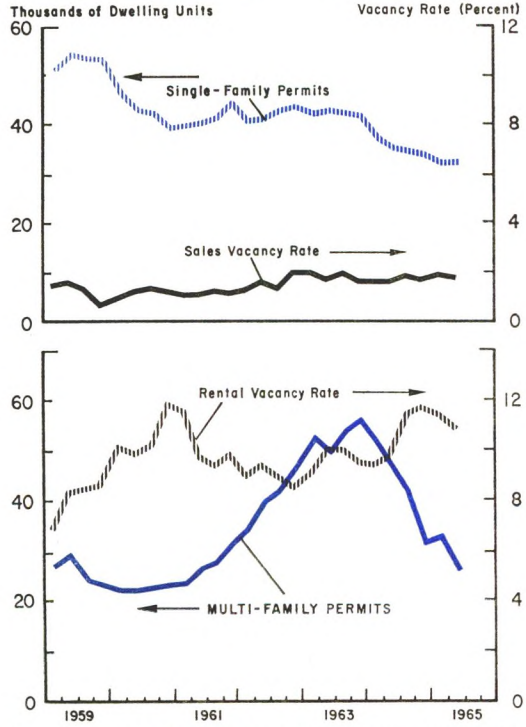
Defense-industry shifts were reflected in many of these local construction declines. In other words, cutbacks in housing activity sooner or later followed cutbacks in local defense-industry employment in Arizona, Ne-

vada, Utah, Washington, and most of California. In some areas the adjustments were disproportionately large, and in other areas the drop in construction could not be related to any defense-industry development. But in most cases a fairly close relationship prevailed.

The over-exuberant building activity of several years back was also involved, along with defense shifts, in the more recent slowdown. Western builders in the early years of the decade responded to relatively low vacancy rates with rapid increases in construction—increases so rapid that they led soon thereafter to soaring vacancy rates and to declines in future building plans.

In single-family construction, a recovery of sorts got underway in 1961-62 in response to vacancy rates amounting to about 1.2 percent of the housing stock, but this recovery later proved abortive as vacancy rates moved up to about 2 percent. More strikingly, the West's apartment- construction boom took place in a setting in which vacancy rates averaged about 9 percent, but the boom subsequently collapsed as vacancies jumped to about 11-12 percent of the rental-housing stock.

Rising vacancy rates reflected
in Western housing downturn



Source: Department of Commerce, Federal Reserve Bank of San Francisco (building-permits, seasonally-adjusted quarterly totals)

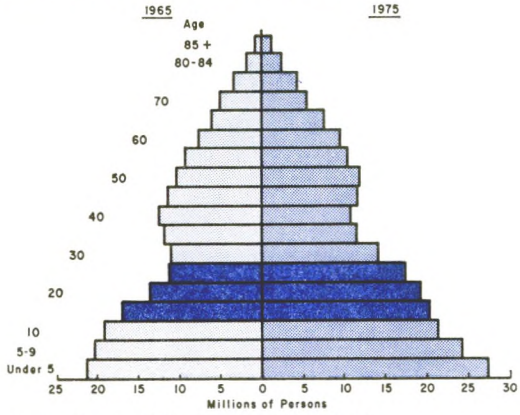
Houses are for people

Yet, whatever the short-run impact of shifting defense requirements and shifting vacancy rates, demographic changes remain the dominant long-run influence on the West's housing industry. Although the number of houses built in any particular month or year rarely matches the number of people looking for housing not already available, over the longer term the supply of new housing equates closely with the demand. Some better perspective on the current situation can thus be gained by a look at the relation between recent house building and the changes in housing needs being generated by demographic changes.

By 1960 there were 8.3 million dwelling units in the nine District states. About 77 percent of these were single-family homes and 21 percent were multi-family units, while mobile homes amounted to about 2 percent of the total. The single-family boom during the 1950's enabled practically all comers to find their own little cottages in Suburbia. As a consequence, the number of single-family homes grew by more than one-half, while multi-family units increased only about one-eighth, during the decade. The building of new apartments actually kept pace with single-family construction over these years, but this apartment growth was largely offset by the wholesale removal of duplex war housing.

These changes over the decade resulted in a 52-percent increase in owner-occupied dwellings versus a 29-percent increase in rented units. By 1960, 61 percent of District

Boom in young-adult population
presages future housing boom



Source: Bureau of the Census (national data)

households owned their own homes, where only 47 percent had done so in 1950. The high rate of building during the 1950's increased the District housing stock by more than 3½ percent a year. Over the ten-year period, replacements and additions to the housing inventory were enough to modernize the stock substantially—especially the stock of the single-family houses.

This modernization of the Western housing stock came mainly from the dilution of the old stock by the addition of new housing rather than by replacement of the old (except for the removal of war housing noted above). The new additions were made to house the large population growth which occurred over the decade. By 1960, only 63 percent of Western housing was over 10 years old and only 31 percent was over 30—while 50 percent of the housing in the rest of the country was over 30 years old.

But what of the potential market of the 1960's? The rate of population growth apparrently has subsided a little in the past five years. But, more important, changes in the composition and character of the population have substantially altered the nature of the housing market.

Between 1960 and 1965, District states gained over 3.8 million people. On an annual basis the percentage gain of roughly 3.0 percent was somewhat below the 3.5 percent average annual gain of the 1950's. The character of the gain, however, was vastly different from that of the 1950's and even from that of the last half of the decade. The changes in the age groups in household-forming ages were of obvious importance.

The gain in the 20-24 age group over the last five years—over 400,000—nearly doubled the increase in that age group during the previous five. This group, too young to buy houses, was looking for rental housing.

Among the age groups which account for the largest share of homebuyers, the changes were mixed. In the 25-29 age group, the gain was triple the relatively small gain of the late 1950's. The growth in the total 25-44 age group, however, was virtually the same in each of the five-year periods—about 580,000 in each period.

The older age groups, which historically are more inclined to apartment living, grew substantially, but still less than in the late 1950's. The 45-64 age group, with a gain of roughly 690,000 in each of the two periods, increased more rapidly than did the 25-44 category. But the 65-and-over population, with a five-year increase of about 290,000, increased at a slower pace. (Actually, the rate of expansion of the aged category has been declining since the early 1950's.) Yet, to the extent that the explosion in apartment construction can be attributed to population changes, the growth in the under-30 category undoubtedly was the major force.

Houses are for households

The age distribution of the population has an important influence on the formation of households, and households in turn are the buyers and renters of the housing supply. Nationally, the number of households increased

more rapidly than the number of people between 1960 and 1965. The increase in family households, however, was abnormally low, while there was a very large gain in households composed of unrelated individuals. Such households typically represent single persons, widows, and divorcees from the older age groups, but they may increasingly include younger individuals as well.

Assuming the same trends among District residents, roughly 1,200,000 new households were formed in or migrated to District states during the first half of this decade. Somewhere around 750,000 of these new households were families—a 12 percent increase over the period—but 450,000 were made up of unrelated individuals—an increase of nearly one-third in this category.

The significance of these changes in population age groups and household composition is fairly obvious for the housing industry. Many more apartments were built, and a few more houses. In the five-year period 1960-64, nearly 1,800,000 new dwelling units entered the District housing stock. About 120,000 of these were mobile homes. Of the 1,662,000 conventional housing units, 872,000 were single-family homes, and 790,000 were multi-family units. (About 200,000 of the latter were in 2-to-4 family housing.)

A sizeable part of the new construction merely replaced part of the housing inventory existing in 1960. Based on the pattern of the pre-1960 period, the net loss in existing District inventory probably amounted to about 90,000 units a year recently. Assuming a loss of 450,000 units over the five-years 1960-64, the net addition to inventory thus was about 1,350,000 units—or about 150,000 more than the gain in the number of households.

Of course, the calculations must be treated with a grain of salt. The formation of new households is an uncertain business, and very little is known about current losses (and offsetting gains) in the housing inventory apart from new construction. Nevertheless, the relatively small size of the gap between the estimates of net new housing and household formation suggests that any current housing surplus is not especially large and may soon be dissipated.

Prospects for the next five years also appear somewhat sanguine, even if total District population continues to grow at less than the 3.5-percent annual rate of the 1950's. In particular, although the growth in the younger brackets will slow down as the war babies move into older age brackets, massive gains are scheduled for the adult sectors.

The 20-24 year olds—with the highest propensity to form new households of any age group—are expected to increase by almost one-third in the short space of five years. In the next several years the young ladies of the war-baby crop should be finding sufficient young lions to overcome an earlier shortage in the proper age group. The growth in the 20-24 age group should exceed that in the entire 25-44 category, but the latter group—the home-buying age group—may still grow considerably faster than it did in the first half of the decade. Similar gains are also anticipated in the older population.

In total, perhaps 4.5 million more people will reside in District states by 1970. This many people translates roughly into 1.4 million new households. Judging by projected increases in both the home-buying and the rental-oriented age groups, demand should be rather strong for both single- and multi-family housing, not to mention mobile homes.

All in all, demographic factors created a strong basic market for Western homebuilders in the first half of this decade, and that market should be just as strong in the last half. Industry leaders can be pardoned for hoping that the basic market will be satisfied in future years without any of the violent ups-and-downs that have marred the industry's recent performance. *—John Booth*

When Countries Borrow

WORLD MONETARY reform headed the agenda at the annual meeting of the International Monetary Fund in Washington last month, and it was the leading topic of discussion in the earlier talks held between the peripatetic Mr. Fowler and his opposite numbers in the finance ministries of the leading industrial nations. The average reader cannot be expected to distinguish among all the numerous proposals for improving the international payments system that were put forward in those discussions. He should, however, have a clear understanding of the starting-point of those deliberations—the world trading community's present monetary arrangements.

The international payments system has evolved gradually to meet the needs of world trade and investment, so that several courses of action are now open to any country which needs to finance a balance-of-payments deficit. It may use the traditional international-reserve assets (gold and foreign exchange) which it has on hand; it may obtain credit directly from the countries to which it is indebted; or it may borrow from another country or from the International Monetary Fund.

By far the most important source of intergovernmental credit is the International Monetary Fund (I.M.F.), established through the Bretton Woods Agreements of 1945 in order to maintain stable exchange rates and to avoid competitive depreciation of currencies. The I.M.F. provides three major services to its over-one-hundred members: regulatory, consultative, and financial. It provides, for example, a code of good behavior for the world's multilateral payments system, and it also provides its members with advice and technical assistance on ways of achieving external balance. In its financial role—currently its most important function—it makes resources of over $16 billion available, on a short-to-medium term basis, to national monetary authorities to meet balance-of-payments deficits.

Using the I.M.F.

Basic to the financial structure of the I.M.F. is a system of quotas for member countries. The quotas reflect the members' financial participation in the Fund—that is, their subscriptions—as determined by such factors as national income, holdings of traditional reserve assets, and amount and variability of trade. A country's quota determines its drawing rights, in a broad sense, and its voting rights; it also specifies certain details regarding credit repayment. With some few exceptions, a country's initial quota payment to the Fund consists of gold (25 percent) and its own currency (75 percent).

As stated in Article I of the Fund Charter, I.M.F. resources are made available so as to provide members with an opportunity to correct temporary maladjustments in their balance of payments without resorting to measures which would seriously impair national or international prosperity. The Fund has a policy against providing facilities for long-term capital investment, and it generally limits the repayment period to three to five years. Its two major types of transactions are a member country's *purchase* of another member's currency in exchange for its own currency, and the subsequent *repurchase* of its own currency with gold or convertible currencies. Specific provisions may vary for each transaction, depending on Fund holdings of each currency relative to quotas.

But why should a country need to purchase another country's currency? This question goes to the heart of the difference between transactions carried out within the same coun-

try and transactions that cross national boundaries. Consider, for example, a merchant in San Francisco who buys goods from a firm in New York and who also buys goods from a firm in London. The merchant writes a check to pay each of these firms. The one in New York receives dollars and uses them in the regular course of business. But the exporter in London cannot ordinarily use dollars in his day-to-day transactions; generally, he will sell his dollars to his bank, which in turn will sell them to firms which are importing goods from the U. S.

Now, obviously, every seller prefers to be paid in his own coin. For the most part, the exports of a country bring in the largest part of the foreign exchange (that is, foreign currencies) needed to pay for imports from abroad. But this is not always the case. A country may find that it has bought more from a foreign country than it has sold to it; so, in order to settle accounts, the country which is a net importer must somehow obtain the necessary foreign currency, be it dollars, pounds, or lire. It may do this, as pointed out above, by borrowing from the other country or by selling gold to the other country. Or, more to the point, it may use its entree to the I.M.F.

The provisions limiting a member's right to purchase, or "draw," currencies from the Fund are expressed in terms of Fund holdings of the drawing member's own currency. Although exceptions have been granted, total drawings are supposed to be limited to amounts that will not cause the Fund's holdings of the member's currency to increase by more than 25 percent in any one year nor to exceed 200 percent of its quota.

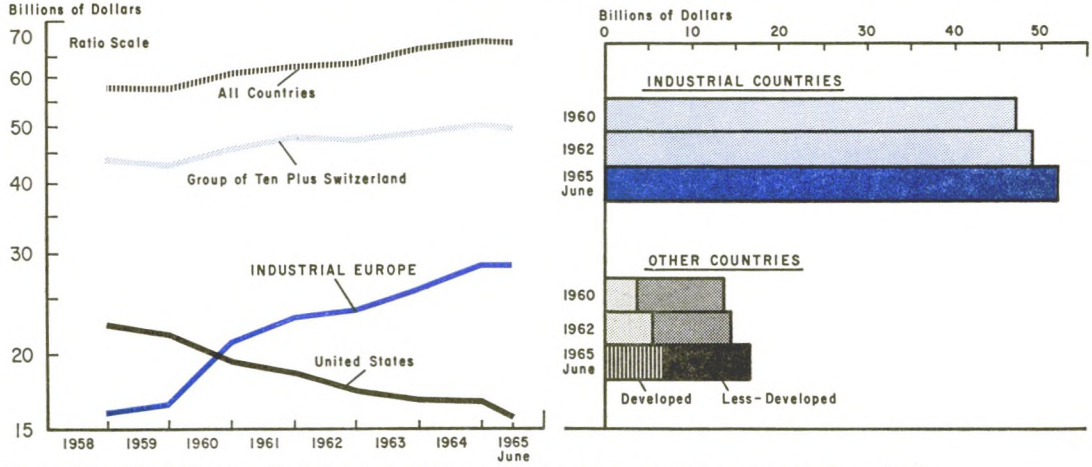
Moreover, essentially *automatic* drawings are permitted as long as Fund holdings of the member's currency would not thereby exceed the sum of its quota plus any special loans it may have made to the Fund. Initially, such automatic drawings would ordinarily have been permitted up to the amount of the gold subscription. However, if other members have drawn on the country's currency, so that the amount on hand in the Fund is less than 75 percent of quota—the amount originally paid in currency—automatic drawing rights are greater than the usual 25 percent. They are also larger, as has been mentioned, if the Fund has borrowed currency from the drawing country beyond the original subscription. In like manner, automatic drawing rights are less than 25 percent of quota if the member, through previous purchases from the Fund of other currencies, has increased Fund holdings of its own currency above 75 percent.

Tranche means drawing rights

The "gold tranche" and "credit tranche" concepts frequently used in discussions of international reserves are based on just these provisions. A member's gold tranche position, which is simply its quota minus Fund holdings of its currency, represents the basic amount it may draw from the Fund more or less automatically. This gold tranche generally is considered part of a country's international reserves. Credit tranches represent the additional amounts which may be drawn with proper justification, without exceeding the 200-percent limit for Fund holdings of the member's currency. Increased justification is needed, however, for successive drawings.

Consider, for example, Italy's position in the Fund. Italy's quota in the Fund is $500 million, of which $125 million (25 percent) was originally paid in gold and $375 million in lire. If there were no outstanding Fund transactions in lire, Italy's total drawings in the Fund could normally reach $625 million —twice the $500-million quota minus the $375 million of Fund lire holdings—of which $125 million (the gold tranche) would be available virtually automatically. Italy's credit tranches meanwhile would amount to $500 million.

Growth of international reserves slackens, as industrial Europe gains and U. S. loses . . . holdings heavily concentrated in industrial countries



Source: International Monetary Fund (international reserves include gold, foreign exchange, and I.M.F. position)

But as a matter of fact, there have been lire transactions through the Fund. At the end of June this year, net Fund sales of lire amounted to $218 million, while I.M.F. borrowings from Italy amounted to $70 million, reducing to $227 million the amount of lire on hand in the Fund. The gold tranche position was $273 million ($500 million minus $227 million), and the credit tranches, $500 million. Total automatic drawing rights, or "reserve position in the Fund," equaled $343 million (gold tranche plus the $70 million loan to the Fund); and Italy's "gross position in the Fund" came to $843 million (reserve position plus credit tranches).

In order to insure that drawings will be available in excess of the reserve position if needed, a member country may enter into a "stand-by arrangement" with the Fund. This is essentially a pre-arranged line of credit within available credit tranches. The Fund gives the member assurance that a specified volume of foreign exchange will be available for a fixed period of time, usually 12 months. The same policy is applied to requests for stand-bys as is applied to requests for immediate drawings—that is, the larger the amount, the greater the justification required.

Repayment of a Fund drawing usually takes the form of a repurchase of the originally exchanged currency. Payment is made in gold or foreign exchange if necessary in order to reduce the Fund's holdings of the drawing member's currency, but this provision is waived if Fund holdings of that currency have declined sufficiently as the result of another member's drawing. But there are limits to the amounts which may be repaid. For example, repurchases may only be carried to the point at which the Fund's holdings of the repurchasing member's currency equal 75 percent of its quota. Here the member is neither a debtor nor a creditor in the Fund—"automatic" drawing rights are again equal to the original 25 percent of quota.

Replenishing resources

To provide its members with the increased financial accommodation required by the world's economic growth, the I.M.F. occasionally is forced to replenish its financial resources. This has been done in the past by means of quota increases, gold sales, and borrowing arrangements. Quota increases, which

took place in 1959 and are expected to take place again this year, increase the potential drawing facilities of member countries, since they provide the Fund with additional resources to make the drawing facilities effective. Gold sales made to acquire currencies which the Fund expects to need for drawings are essentially just the exchange of one type of Fund resource for another; borrowing arrangements, in contrast, are a more complex way of increasing financial means.

Borrowing arrangements may be needed because member countries wish to draw an unusually large proportion of their quotas, or else because the quotas of members whose currencies are in demand are too small relative to potential borrowings. In 1962 the Fund entered into the General Arrangements to Borrow, under which ten industrial countries agreed to lend as much as $6 billion of their currencies to the Fund—if needed to forestall or cope with an impairment of the international monetary system. In particular, $2.8 billion of such arrangements were made with the industrial countries of continental Europe and Japan, since those countries' quotas were especially small relative to the potential need to draw on their currencies. The General Arrangements to Borrow were activated for the first time in 1964, to provide $405 million of a $1-billion drawing for the United Kindom. —*Heather Wright*

Federal Funds

A technical paper summarizing the findings of a three-year survey, *Trading in Federal Funds,* is now available from the Board of Governors of the Federal Reserve System. The report, prepared by Dorothy M. Nichols of the Federal Reserve Bank of Chicago, analyzes the variations in the size and distribution of flows of Federal funds, and thus points up the importance of these transactions in the money market.

The report also emphasizes the key role of certain groups of banks, both because of their activities in maintaining a wide and flexible market for Federal funds and because of the influence of their reserve positions on the supply and demand of funds.

The pamphlet will be furnished free upon request to libraries, teachers at educational institutions, and government agencies. For purchasers, the price is $1.00 a copy or 85 cents each for 10 or more copies in single shipment. Copies may be obtained from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D. C. 20551.

Western Digest

Banking Developments

District weekly reporting banks recorded a $272-million expansion in total bank credit between mid-August and mid-September—an 0.8 percent increase, as compared with a 1.8-percent gain posted by weekly reporting banks in the rest of the nation. . . . Business loan demand was relatively strong, increasing $55 million, and borrowing over the September 15 corporate tax-date was widely distributed among various categories of borrowers. Nonbank financial institutions also turned to banks for a substantial $94 million in net credit extensions, as their paper, largely held by corporations, matured prior to the tax date. . . . District banks increased their holdings of U. S. Government securities by $80 million, mainly in Treasury bills, but they made only nominal additions to their municipal and Federal Agency holdings, after acquiring tax-exempts at a rapid pace earlier in the third quarter. . . . District banks' $715-million gain in demand deposits adjusted was largely offset by a $540-million reduction in U. S. Government deposits. District banks meanwhile gained $25 million in time and savings deposits, in contrast to a $166-million net reduction at reporting banks elsewhere.

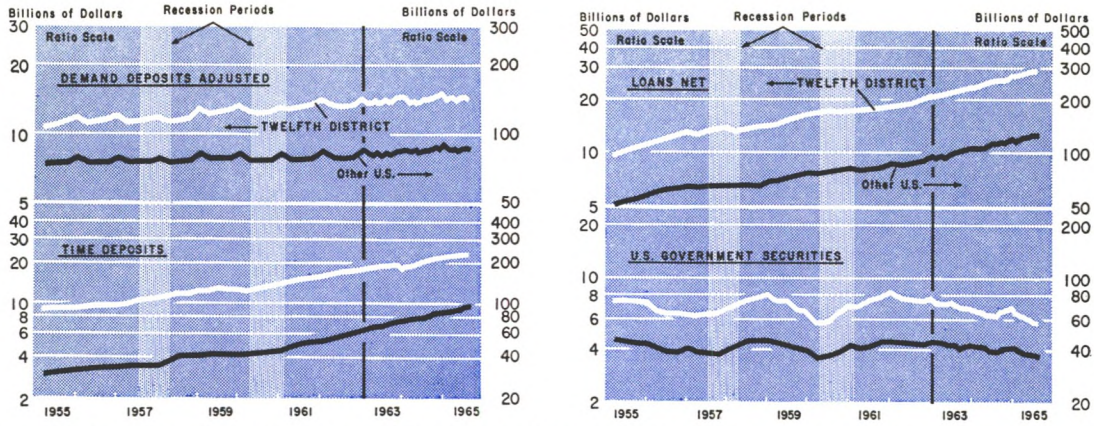
Employment and Unemployment

Nonfarm employment in Pacific Coast states increased strongly in August, after settlements were obtained in a number of construction-site disputes. Total nonfarm employment (exclusive of construction) increased 0.2 percent for the month, on the basis of stable employment in manufacturing and increases in trade, services, and government. Meanwhile, nonfarm employment nationwide dropped 0.4 percent. . . . Jobless rates remained unchanged between July and August, at 5.8 percent for the Pacific Coast and 4.5 percent for the nation. . . . District aerospace employment strengthened in August for the fifth consecutive month. The improvement in this sector reflected increased production of (and increased orders for) commercial jet aircraft. But District firms received only about 15 percent—far below the normal share—of the $500 million of military hardware contracts awarded by the Department of Defense in the period mid-August to mid-September.

Production Developments

Steel consumers began to reduce strike-hedge inventories after a new labor contract was signed September 3, and mills throughout the nation reduced production accordingly. Western output dropped sharply immediately after the settlement, but then recovered much of that loss and rose to a level higher than a year ago, while national output ran 18 percent below the year-ago figure. . . . Copper prices remained under pressure as labor difficulties in foreign and U. S. mines aggravated the worldwide shortage of the red metal. The spot quotation on the London Metal Exchange moved irregularly upward, and brass producers announced a 5-percent increase in prices of copper and brass tubing and pipe.

Condition Items of all Member Banks — Twelfth District and Other U. S.



Source: Federal Reserve Bank of San Francisco. (End-of-quarter data shown through 1962, and end-of-month data thereafter; data not adjusted for seasonal variation.)

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

(Indexes: 1957-1959 = 100. Dollar amounts in millions of dollars)

Year and Month	Condition items of all member banks[2] Seasonally Adjusted				Bank debits Index 31 cities[5,6]	Bank rates on short-term business loans[7,8]	Total nonagricultural employment	Dep't. store sales (value)[6]	Industrial production (physical volume)[6]		
	Loans and discounts[3]	U.S. Gov't. securities	Demand deposits adjusted[4]	Total time deposits					Lumber	Refined[8] Petroleum	Steel[8]
1952	8,712	6,477	10,052	7,513	59	3.95	84	73	101	90	92
1953	9,090	6,584	10,110	7,994	69	4.14	86	74	102	95	105
1954	9,264	7,827	10,174	8,689	71	4.09	85	74	101	92	85
1955	10,816	7,181	11,386	9,093	80	4.10	90	82	107	96	102
1956	12,307	6,269	11,580	9,356	88	4.50	95	91	104	100	109
1957	12,845	6,475	11,384	10,530	94	4.97	98	93	93	103	114
1958	13,441	7,872	12,472	12,087	96	4.88	98	98	98	96	94
1959	15,908	6,514	12,799	12,502	109	5.36	104	109	109	101	92
1960	16,612	6,755	12,498	13,113	117	5.62	106	110	98	104	102
1961	17,839	7,997	13,527	15,207	125	5.46	108	115	95	108	111
1962	20,344	7,299	13,783	17,248	141	5.50	113	123	98	111	100
1963	22,915	6,622	14,125	19,057	157	5.48	117	129	103	112	117
1964	25,561	6,492	14,450	21,300	169	5.48	120	139	109	115	130
1964											
August	24,965	6,212	14,377	20,235	172*r*	...	120	143	107	118	119
September	25,282	6,480	14,689	20,473	167*r*	5.51	120	137	108	121	124
October	25,165	6,519	14,587	20,602	170*r*	...	121	139	111	117	133
November	25,339	6,685	14,503	20,792	172*r*	...	121	150	106	113	142
December	25,561	6,492	14,450	21,300	168*r*	5.48	122	142	106	115	141
1965											
January	25,853	6,337	14,430	21,669	179	...	122	151	110	116	137*p*
February	26,120	6,659	14,453	21,878	176	...	123	146	109	117	142*p*
March	26,539	6,538	14,714	21,996	181	5.44	123	140	119	119	150*p*
April	26,525	6,212	14,405	22,184	180	...	123	134	101	120	149*p*
May	26,755	6,183	14,365	22,211	182	...	124	146	103	122	147*p*
June	27,059	6,010	14,832	22,492	168	5.47	124	140	104	120	147*p*
July	27,327	5,813	14,532	22,718	186	...	124	148	111	124	143*p*
August	27,283	5,881	14,521	22,805	179	...	125	....	...	...	139*p*

[1] Adjusted for seasonal variation, except where indicated. Except for banking and credit and department store statistics, all indexes are based upon data from outside sources, as follows: lumber, National Lumber Manufacturers' Association, West Coast Lumberman's Association, and Western Pine Association; petroleum, U.S. Bureau of Mines; steel, U.S. Department of Commerce and American Iron and Steel Institute; nonagricultural employment, U.S. Bureau of Labor Statistics and cooperating state agencies. [2] Figures as of last Wednesday in year or month. [3] Total loans, less valuation reserves, and adjusted to exclude interbank loans. [4] Total demand deposits less U.S. Government deposits and interbank deposits, and less cash items in process of collections. [5] Debits to demand deposits of individuals, partnerships, and corporations and states and political subdivisions. Debits to total deposits except interbank prior 1942. [6] Daily average. [7] Average rates on loans made in five major cities, weighted by loan size category. [8] Not adjusted for seasonal variation. *Banking data have been revised using updated seasonal factors. Monthly data from 1948 available on request from the Research Department of this Bank. *p*—Preliminary. *r*—Revised.