

AGRICULTURAL AND BUSINESS CONDITIONS

IN THE TWELFTH FEDERAL RESERVE DISTRICT

Monthly Report to the Federal Reserve Board

by

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No. 5

OUTSTANDING developments in the Twelfth Federal Reserve District during the past month were the marked increase in building activity, particularly in Southern California and the government forecast on May 1st of a winter wheat crop of 66,000,000 bushels, the largest in the history of the district, and 10 per cent in excess of

The Month last year's yield. The increase is due chiefly to the excellent condition of the crop in the state of Washington.

In the district generally the number of building permits was 48.9 per cent larger than in April, 1920, and their value was 27.4 per cent greater. The smaller increase in value of permits is doubtless due to decreased building costs, which are estimated to be from 8 to 50 per cent (according to the kind of material) less than they were a year ago.

Bank clearings and debits to individual accounts during April were approximately 15 per cent less than in April, 1920, indicating after making allowance for wholesale and retail price declines during the year, that the volume of business now being done is greater than it was a year ago. Business failures showed the seasonal diminution customary in April and, excepting one large investment house failure, were approximately the same in number and slightly greater in liabilities than those of April, 1920.

Agricultural and other seasonal spring activities have resulted in a slight expansion of loans to their customers by the 69 reporting member banks located in the nine reserve cities of this district, but these loans are now less than one per cent larger than they were a month ago and approximately the same as

on May 7, 1920. Their deposits during the past month declined slightly and are now 15 per cent greater than they were on May 7, 1920. At the Federal Reserve Bank rediscounts for members increased during the month, and at \$166,000,000 on May 10th were \$23,000,000 in excess of the \$143,000,000 outstanding on May 4, 1920. During the month Federal reserve notes of this bank in actual circulation increased \$7,407,000 and on May 11th stood at \$238,673,000 compared with \$228,602,000 on May 14, 1920, an increase of 4.4 per cent during the year. Federal reserve notes in actual circulation in the other eleven Federal reserve districts combined stood at \$2,566,260,000 on May 11, 1921, compared with \$2,794,632,000 on May 14, 1920, a decrease of 8.1 per cent.

Except in Los Angeles and Oakland where there were increases of 3.4 and 1.4 per cent, respectively, the net sales of department stores in the principal cities of the district during April were from 6 to 16 per cent less in value than those of April, 1920, averaging 4.8 per cent decline for the district as a whole. Retail prices in these same stores are reported to be from 15 to 25 per cent less than they were a year ago, and it is probable that the number of sales transactions is greater than it was last year at this time. Nine stores report that the number of their sales transactions during April, 1921, was 4.3 per cent greater than the number during April, 1920.

Net sales during April in the eight lines of wholesale trade reporting regularly to this bank were less than those of April, 1920, the decreases ranging from 7.8 per cent in the case of stationery to 36.2 per cent in the case of groceries. Net sales for the first four months

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of 1921 averaged 32 per cent less than those of the same period in 1920 for the eight lines, which, in view of wholesale price declines during the year of 40 per cent, indicate that an even greater volume of merchandise has moved in this district during the first four months of 1921 than during those months in 1920.

More than a seasonal improvement of activity is reported from the lumber industry of the district, and 75 per cent of the mills are now operating compared to 40 to 50 per cent earlier in the year. Demand for nearly all grades of lumber is reported to be increasing.

The new wool clip is rapidly being gathered and sales are reported at prices from 10 to 16 cents a pound in the grease, compared with 50 cents per pound last year at this time. It is reported that the district's clip will be somewhat less than the eighty-one million pounds taken last year.

It now appears that the frosts which occurred during the first two weeks of April did appreciable damage to the deciduous fruit crops everywhere throughout the district. However, the largest apple crop in its history is forecasted at this time for the Pacific Northwest. Deciduous fruits in California will probably yield from 45 per cent of last year's product in the case of apricots, to 79 per cent in the case of apples, with prunes, pears, peaches, plums, cherries and grapes falling between these limits.

Farm labor is everywhere reported to be abundant and generally in excess of the de-

mand for it, because farmers are doing more than the ordinary amount of their own work. Wages of farm labor are reported to be between \$35 to \$50 with board, compared with \$65 to \$90 last year. Except in San Francisco where a strike in the building industry is in progress, and where more workers are idle as a result of the strike among marine workers than in other ports of the Pacific Coast, unemployment decreased everywhere throughout the district during April. Part time operation of plants is extensively in effect.

The condition of winter wheat in the Twelfth Federal Reserve District on May 1st was slightly above the ten-year-average figure compiled by the United States Department of Agriculture. Assuming that at least average conditions will prevail until harvest time, a total production of 66,654,000 bushels of winter wheat is forecasted for the district this year, compared with 58,059,000 bushels, the estimated production of 1920. Despite an abandoned acreage of 28 per cent in California, due to drought, and of 10 per cent in Arizona due to forced pasturing, the condition in the district as a whole is estimated as 92 per cent of normal, compared with 89.1 per cent in 1920, and a ten year average of 91.4 per cent.

For the United States as a whole, the abandonment of wheat acreage sown in the fall of 1920 was less than usual, being estimated at 4.6 per cent, compared with 11.9 per cent last year and a ten year average of 11 per cent. Owing

(A) Condition of Winter Wheat—

	Condition Per Cent of Normal			Acreage Sown 1921	Percentage Abandoned 1921	Estimated Yield (bushels)	
	1921	1920	10-yr. Average			1921	1920
Arizona.....	80	94	92	47,000	10	1,000,000	864,000
California.....	80	80	81	702,000	28	8,383,000	9,100,000
Idaho.....	97	92	90	370,444	5	8,983,000	8,000,000
Nevada.....	92	95	96	3,000	8	70,000	75,000
Oregon.....	99	90	96	712,000	1	16,020,000	17,560,000
Utah.....	98	95	94	142,000	4	2,551,000	2,340,000
Washington.....	99	78	91	1,085,000	2	29,647,000	20,120,000
Twelfth District.....	92	89.1	91.4	3,061,444	8.3	66,654,000	58,059,000
United States.....	88.8	79.1	86.8	38,721,000	4.6	629,287,000	577,763,000

(B) Hay—

	Estimated 1921 (tons)	Production 1920 (tons)	Condition Per Cent of Normal	
			May 1, 1921	May 1, 1920
Arizona.....	350,000	392,000	80	90
California.....	3,658,000	5,182,000	84	85
Idaho.....	3,191,000	2,985,000	95	90
Nevada.....	758,000	631,000	100	90
Oregon.....	2,265,000	2,402,000	99	93
Utah.....	1,419,000	1,416,000	97	92
Washington.....	1,894,000	1,659,000	99	94
Twelfth District.....	13,535,000	14,667,000	93.4	90.5
United States.....	107,784,000	108,233,000	91.5	89.4

to the low abandonment figure the total winter wheat crop of the United States is now estimated at 629,287,000 bushels or eight million bushels more than the April 1st estimate.

The condition of the winter wheat on May 1st, in the states of the Twelfth Federal Reserve District, the acreage sown and abandoned and the estimated crop compared with the production for 1920 is shown in table "A" (see opposite page).

The total crop of hay, including alfalfa, grains cut green, cultivated grasses, and wild hay in the Twelfth Federal Reserve District is estimated by the United States Department of Agriculture at 16,535,000 tons. The estimated production in 1920 was 17,685,000 tons.

Unfavorable weather conditions in California and heavy pasturing of stock during the winter in Arizona have reduced the expected yield in those states, despite an increased acreage planted in Arizona. Acreage planted to hay was also increased in Idaho and Utah notwithstanding the low prices prevailing during the winter. A slight decrease in acreage is reported in Washington and Oregon. It is estimated that the carryover of 1920 crop hay will approximate 10 per cent of last year's yield.

The estimated hay production for 1921 and 1920 and the condition on May 1st in both years is shown in table "B" (see opposite page).

Millers in the Pacific Northwest, as a result of a lack of demand for flour, have been more active during the past few months in exporting wheat than in manufacturing

Milling flour. None of the mills in this section is heavily stocked with wheat, 13 representative millers reporting 610,502 bushels of wheat on hand on May 1st compared with 1,024,522 bushels on April 1st and 1,039,605 bushels on May 1, 1920. It is expected that export wheat buying will continue in sufficient volume to exhaust any surplus remaining in the states of Washington, Oregon and Idaho before the new crop year, five million bushels having already been contracted for shipment before July 1st.

The output of 75 reporting mills in five states of this district declined 66,251 barrels during April compared with March. Stocks of flour reported by 25 large millers amounted to 449,148 barrels on May 1st compared with 490,152 barrels on April 1st.

Table "C" shows the April production of the reporting mills by states, and the percentage of mill capacity in operation this year and last year.

Deciduous fruit crops in all states of the district have suffered to some extent from frost damage. A greater new acreage coming into bearing this year and an exceptionally heavy set of fruit, have offset the effect of frost damage, and the reduction in total yield this year as compared with 1920 will not be so marked as was expected from earlier reports.

In the Pacific Northwest present indications are for the largest apple crop in the history of that section, but it is too early to make quantitative forecasts. Last year's commercial crop was 15½ million boxes. The pear crop is also above last year's estimate of approximately 2,500,000 boxes, and the yield of berries is expected to exceed last year's. Stone fruits suffered approximately 30 per cent damage in this section.

In California, it is estimated that cherries will approximate 66 per cent of last year's heavy yield; pears, 70 per cent; apricots, 45 per cent; plums, 62 per cent, and peaches, 71 per cent. Apples in California are reported to have suffered less than the stone fruits, being 79 per cent of last year's crop.

An estimate by the United States Department of Agriculture of the 1920 crops and the anticipated 1921 crops in California follows:

	Production 1920	Estimated 1921 crop in percentage of 1920 crop
Apples.....	6,003,000 bushels	79
Peaches.....	345,000 tons	71
Pears.....	90,000 tons	70
Prunes.....	95,000 tons	65
Apricots.....	115,000 tons	45
Cherries.....	15,000 tons	66
Plums.....	35,000 tons	62

(C) Milling—

	No. Mills Reporting		Output		Per Cent Mill Capacity in Operation		
	April	March	April (barrels)	March (barrels)	April 1921	March 1921	April 1920
California.....	11	11	194,815	190,316	45	45	57.5
Oregon.....	25	27	111,562	117,896	35	37	74
Washington.....	33	33	248,943	304,222	33	41	76
Idaho.....	5	4	7,846	16,983	25	57	72
Utah.....	1	1	(Included in California figures)				
District.....	75	76	563,166	629,417	34.5	45	69.8

Green fruit shipments to Eastern points are expected to be heavier this year than normal, due to reported crop losses in the Rocky Mountain and Middle Western sections, and also to the fact that cannery operations in that state will not be so extensive as they were last year. If the reductions in yield now anticipated materialize, dried fruit movement will probably be smaller in volume. At present the dried fruit carryover from 1920 is of usual size.

The California Prune and Apricot Growers' Association recently completed a campaign for members under a new contract, which runs for seven years, and now controls 82 per cent of the prune acreage and 75 per cent of the apricot acreage in the state. Its field department estimates the 1921 crop of dried apricots at 50 per cent of last year's production (10,000 tons) and the prune crop at 75 per cent of last year's production (90,000 tons).

Frost damage to grape vines in California, while inflicting heavy losses to growers in certain sections, did not damage the total crop to the extent indicated in early reports.

Grapes The California Associated Raisin Company, which controls 93 per cent of the raisin grape crop raised in California, has estimated that the average loss over the state will be $33\frac{1}{3}$ per cent, and that the yield of raisins will be 135,000 tons, compared with 185,000 tons in 1920, and 197,500 tons in 1919. This same agency reports an increase of 20,000 acres in the land devoted to raisin grape culture, due to new plantings during the past year.

Approximately 50,000 tons of the 1920 crop of raisins remain unsold, but, due to depletion of dealers' stocks, growers believe that present holdings will be disposed of before the new crop comes on the market in October. For the past few years the raisin crop has been completely sold out each season before October 1st.

Based on the condition of the vineyards on May 1st, it was estimated that California's production of table grapes would be 150,000 tons and of wine grapes 225,000 tons. Last year the state produced 380,000 tons of wine grapes and 160,000 tons of table grapes.

Price quotations on grapes have not yet been stabilized although some growers are holding their grapes at \$100 a ton. Last year growers of table grapes averaged \$75 a ton for their crop, and wine grapes sold at an average of \$65 per ton.

According to figures compiled by the United States Department of Agriculture, the supply of hired farm labor during April was slightly above normal in all states in the district except California, Oregon and Nevada. Demand was everywhere enough below normal, however, to make the ratio of supply to demand greater than one to one. In other words, more than one hundred men are available for each one hundred jobs. In the United States there are now 109 men available for each 100 jobs, compared with 69 men for each 100 jobs last year. Decreased demand for farm laborers is due not so much to curtailed agricultural operations as to the tendency which farmers in all sections are displaying to do more of the necessary farm work themselves. In an effort to combat rapidly falling prices for their products with reduced costs of production, they are to a large extent working their own lands and trading their labor with neighboring farmers in cases where additional help is needed.

A comparative table of supply and demand for farm labor in the states of this district and in the United States is shown in table "D."

Wages paid farm laborers are approximately 45 per cent lower this year than in 1920. Figures are not available for all states, but it is estimated that wages with board will average from \$35 to \$50 per month compared with \$65 to \$90 per month last year.

Little change was reported in the livestock situation during April, compared with the previous months of 1921. Deficient rainfall in some sections, and cloudy and freezing weather in others retarded growth of feed crops, but favorable conditions during the winter and early spring caused such abundant growth that the general situation has not been materially altered.

(D) Farm Labor—	Supply per cent of normal		Demand per cent of normal		Per cent of Supply to Demand	
	1921	1920	1921	1920	1921	1920
Arizona.....	110	80	75	140	147	57
California.....	90	84	93	104	106	81
Idaho.....	104	84	88	99	118	85
Nevada.....	98	90	95	105	103	86
Oregon.....	99	78	92	101	108	77
Utah.....	107	95	95	102	113	93
Washington.....	103	78	91	100	113	78
United States.....	95.2	72.4	87.5	105.3	108.8	68.8

The condition in eastern and southeastern Arizona is still serious, there having been no relief from drought conditions. Feeding of cattle and sheep continues where possible, but many losses are reported.

Local demand for livestock has shown no improvement, but there has been an increase in shipments to eastern markets of grass-fed steers and spring lambs. Receipts of livestock and purchases for local slaughter at the five principal markets of the district during April closely approximate those of last year, as is shown in tables "E" and "F."

Prices during the month showed little variation from March figures, with the exception of hogs, which were lower owing to a decline in eastern markets. The range in prices at the five principal markets of this district during April is shown in table "G."

Estimates compiled by the United States Department of Agriculture show that on April 1, 1921, the number of brood sows in the states of the Twelfth Federal Reserve District was uniformly below 1920 figures. **Brood Sows** In the district as a whole a reduction in the number of breeding stock from 206,000 to 187,000 or 9.2 per cent, occurred during the year. This report shows the effect on

the swine industry of the high feed prices and declining hog prices which characterized the first nine months of the year 1920, when many breeding animals were slaughtered. Although the situation is now partially reversed, as feed has been abundant and lower in price for some time past, confidence in the hog business in this district appears to be lacking. On the other hand demand for pork products has been active and as a result the district has been a steady importer of hogs from the middle west for three months past. The reason for the district's declining production is shown in table "H," which gives the estimated number of brood sows by states for 1921 and 1920.

(H) Number of Brood Sows—

	April 1, 1921—		Estimated Number April 1, 1920
	Per Cent of Preceding Year	Number	
Arizona.....	90	5,400	6,000
California.....	92	86,000	93,000
Idaho.....	90	16,000	18,000
Nevada.....	90	4,000	5,000
Oregon.....	92	35,000	38,000
Utah.....	87	11,000	13,000
Washington.....	90.1	30,000	33,000
Twelfth District....	90	187,000	206,000
United States.....	97.8	8,786,000	8,985,000

(E) Receipts of Livestock—

	Cattle		Calves		Hogs		Sheep		Horses and Mules	
	April 1921	April 1920	April 1921	April 1920	April 1921	April 1920	April 1921	April 1920	April 1921	April 1920
Portland.....	7,451	9,268	670	868	11,301	14,353	22,172	12,200	72	93
Salt Lake City.....	3,063	2,501	48	237	5,515	2,795	21,004	30,048	35	211
Seattle.....	4,558	4,325	130	298	7,195	6,913	5,160	4,326	60	57
Spokane.....	2,509	5,018	226	292	2,327	5,391	1,586	543	42	225
Tacoma.....	1,826	1,131	36	3	4,085	2,460	3,399	637	..	..
Total.....	19,407	22,243	1,110	1,698	30,423	31,912	53,321	47,754	209	586

(F) Purchases for Local Slaughter—

	Cattle		Calves		Hogs		Sheep	
	April 1921	April 1920	April 1921	April 1920	April 1921	April 1920	April 1921	April 1920
Portland.....	3,161	4,219	359	645	8,865	5,830	6,853	3,816
Salt Lake City.....	2,077	1,256	151	23	3,038	2,453	5,674	1,621
Seattle.....	4,558	4,286	130	269	6,951	5,871	4,996	4,326
Spokane.....	1,134	2,581	50	178	1,513	3,516	1,007	41
Tacoma.....	1,826	1,131	36	3	4,085	2,460	3,399	637
Total.....	12,756	13,473	726	1,118	24,452	20,130	21,929	10,441

(G) Range in Livestock Prices—

Highest and Lowest Average Top Prices Per Hundredweight Received at Five Principal Markets During April.

Week ending	Fat Steers	Cows	Calves	Hogs	Lambs
April 4.....	\$6.75-7.75	\$5.25-6.75	\$6.00-13.00	\$9.40-12.00	\$6.15-8.00
April 11.....	6.00-8.00	5.25-6.75	5.25-13.00	9.00-11.50	5.00-8.00
April 18.....	7.25-8.00	6.00-6.75	10.00-11.50	8.60-11.00	5.00-9.00
April 25.....	7.25-8.25	6.25-6.75	10.00-11.50	8.00-10.75	7.50-8.00

During the past two months there has been a relatively heavy movement of 1920 clip wool from the Pacific Northwest to eastern points, by water. It is estimated that unsold **Wool** local and eastern holdings combined approximate from 65 to 75 per cent of last year's clip.

Spring shearing is well advanced and the new clip is now being placed on the market. A few sales have been made at prices of from 10 to 16 cents per pound in the grease, compared with prices of 50 cents a pound paid for new clip wool at this time last year.

Sheepmen are reported to be reducing their flocks, where it has been possible to do so without great financial sacrifice. Low prices for mutton lambs during the past few months have acted as an effective check on this tendency.

Although definite figures are not available at present, it is estimated that the total clip this year will be below that of 1920. The following percentage figures are averages of estimates by representative wool growers and warehouse companies throughout the district:

	Estimated Clip 1920 (pounds)	Estimated Percentage 1920 Clip Unsold	Estimated Clip 1921 in percentage of 1920 Clip
Arizona	5,000,000	65-70	75
California	12,000,000	80	90
Idaho	21,000,000	70-80	90
Nevada	9,000,000	80	80
Oregon	14,000,000	65-80	100
Utah	15,000,000	75	100
Washington	5,000,000	75-95	75

Wholesale prices of 92 score butter, on the San Francisco market rose from 34½ cents on April 1st to 37¼ on April 12th, due to a steady Eastern demand. Shipments ceased

Dairy Products toward the close of the month, the price declining to 31 cents per pound. Production has apparently passed the peak, and prices have reached a level that has induced dealers to increase their storage holdings. This is indicated by the comparative statement of the increases and withdrawals during April, 1921 and 1920, and holdings on May 1st, at the four principal markets of the district shown in table "I."

The condensed and evaporated milk industry has shown little change compared with the preceding month. That the demand has remained steady is shown by a slight increase in unfilled orders.

The average price paid to milk producers by fluid milk distributors, presented in table "J," shows a decline of 12 cents per hundredweight in the Intermountain district, while the Pacific district shows a rise of one cent per hundredweight. The former section is dependent

on outside producing areas for a part of its dairy supplies and the market for fresh milk is limited and liable to local fluctuations corresponding to increasing or decreasing local supply or demand.

Although consuming demand for salmon of the "pink" and "chum" varieties has shown a revival as a result of the low prices of the last few months, there is still approximately one-third of last year's pack of 6,500,000 cases remaining in Pacific Coast warehouses. Packers and brokers in close touch with the producing and marketing of canned salmon, report that conditions do not warrant the production this season of a pack of more than one-fourth the size of the 1920 pack.

Of chinook, sockeye and red salmon, which are not very plentiful, a fair pack is anticipated. According to reports, there should be a relatively large run of all varieties of salmon from the ocean to the spawning beds in the rivers of the Northwest from the Columbia to the Yukon. This estimate is based on the fact that the annual run of salmon varies according to definite cycles of two and four years for different varieties, this year bringing a conjunction of the four-year and two-year cycles.

Large numbers of the canneries are expected to remain closed during the season, and of those who operate, the majority expect to minimize their losses by using up held-over supplies, whose value would greatly depreciate in another year. This curtailment of output is

(I) Movement of Cold Storage Butter—

City	April 1921 Net Withdrawals (Pounds)	April 1920 Net Withdrawals (Pounds)	May 1 1921 Holdings (Pounds)	May 1 1920 Holdings (Pounds)
Los Angeles	*26,786	*118,857	150,851	121,233
Portland	32,288	*2,339	10,611	6,298
San Francisco	*63,487	*13,890	275,573	234,126
Seattle	*18,962	17,766	43,858	820
Totals	141,523	152,852	480,893	362,477

* Net increase.

(J) Prices Received by Milk Producers*—

Section†	April Range	April Aver- age	March Aver- age	April 1920 Aver- age
Mountain (132 Mkts.)	\$1.92-\$2.91	\$2.36	\$2.48	\$3.01
Pacific (176 Mkts.)	2.60- 3.40	3.02	3.01	3.34
U. S. (3,006 Mkts.)	1.54- 4.65	2.62	2.64	3.25

* All prices per hundredweight for milk testing 3.5 per cent butter fat.

† Mountain Section includes Idaho, Utah, Nevada and Arizona. Pacific Section includes Washington, Oregon and California.

expected to have a salutary effect on the industry in permitting present stocks of canned salmon to be consumed by 1922, at which time packers hope that the cost of packing can be re-adjusted to a basis of selling price which will move the product into consuming channels.

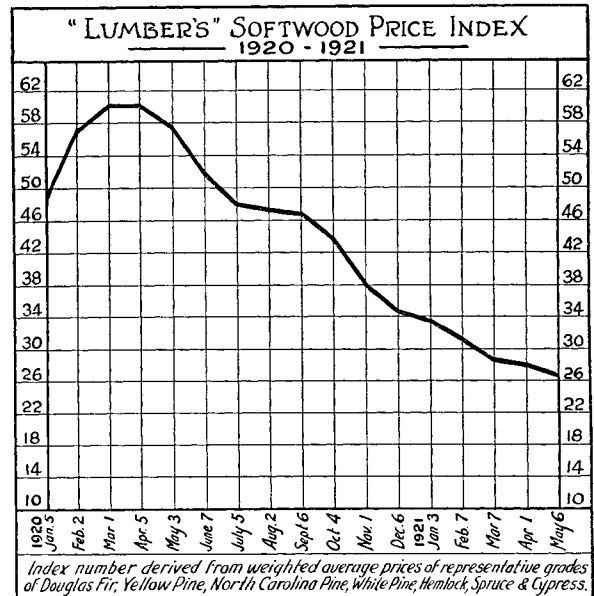
Signs of an improvement which is more than seasonal are now noticeable in the lumbering industry of this district. Lumber mills in Oregon and Washington which have

Lumber been closed for the past few months are resuming operations either on full or part time schedules, and it is now estimated that 75 per cent of the mills of the district are operating compared with 40 to 50 per cent during the first months of the year. April production of lumber, according to reports received from the four lumber associations of this district, totaled 299,235,000 feet, compared with 202,970,000 feet in the preceding four weeks, or an increase of 47.4 per cent during the month. The present cut is approximately 75 per cent of normal production for the reporting mills. Orders received during the month totaled 334,934,000 feet, compared with 217,398,000 feet in March, an increase of 54.0 per cent. April orders exceeded the April cut by 11.9 per cent. Shipments increased from 210,918,000 feet in March to 334,199,000 feet in April, or 58.4 per cent and were 11.7 per cent above actual production, thus continuing the steady reduction in stocks which has been in progress during the past two months.

The present market for lumber of all kinds with the possible exception of timbers is showing activity and stability. The demand is increasing from week to week and movement to local and eastern consuming centers is growing. A noticeable increase in intercoastal shipments to Atlantic seaboard points has taken place and western lumber is resuming competition with southern woods in the territory north of the Ohio and east of the Mississippi rivers.

Lower price levels have accompanied the return of the industry toward normal levels of production and consumption and the average wholesale price for all varieties and kinds of

softwood is now slightly more than 50 per cent below the prices of one year ago. This decline is in excess of the general decline of wholesale prices, which is now estimated to be approximately 40 per cent from the peak levels of 1920. The following chart traces the movement of the softwood lumber price index number compiled by "Lumber," since January, 1920:



A general cut in the wages of lumber workers of from 25 to 40 per cent is reported.

The logging industry has not improved in union with the mill industry, but as the latter enlarges its operations the former should correspondingly increase its activity. At present the condition of the log market is considered unsatisfactory by logging interests and, although the present visible supply of logs is limited, many logging companies show no tendency to resume operations.

Comparative figures of cut, orders and shipments for the reporting mills of the four associations in this district as furnished by the National Lumber Manufacturers' Association, are shown in table "K."

(K) Lumber—

	West Coast Lumbermen's Association		Western Pine Manufacturers' Association		California White and Sugar Pine Manufacturers' Association		California Redwood Association		TOTAL	
	April 30	Mar. 26	April 30	Mar. 26	April 30	Mar. 26	April 30	Mar. 26	April 30	Mar. 26
Average No. of Mills reporting.....	115	118	39	35	6	7	10	11	173	170
Cut*.....	220,262	187,917	54,366	22,312	4,831	9,163	19,776	18,842	299,235	202,970
Shipments*.....	253,427	209,970	54,832	41,750	7,942	8,710	17,998	15,743	334,199	210,918
Orders*.....	263,666	213,431	48,775	45,250	6,864	8,734	15,629	15,714	334,934	217,398

* In thousands of feet.

Increased production of silver and lead and a falling off in the production of gold and copper in March, 1921, as compared with March, 1920, are reported by eighteen mining

Mining companies in the Twelfth Federal Reserve District. The first quarter of the year 1921 brought no improvement in the deep gold mining industry which had languished during 1920 and operating mines are running at 50 per cent of capacity. In those mines which have a sufficient number of advance orders to justify operation under present market conditions—representing approximately 15 per cent of the capacity of the district—copper production continues on a reduced scale (47 per cent of capacity). As reported last month most of the principal copper mines of the district are shut down. Silver mining maintains a relatively stationary position from month to month, but no great activity is apparent, and the reporting mines are operating at 50 per cent of capacity. Favorable reports were received from four lead mines in the district and present output is greater than one year ago with all mines working at full capacity.

Comparative figures of the output of metal of eighteen reporting mines for March, 1921, February, 1921, and March, 1920, are shown in the following table:

	March 1921	March 1920	February 1921
*Copper (pounds)....	12,464,099	15,519,728	11,240,557
Lead (pounds).....	12,956,211	10,382,295	10,934,769
Silver (ounces).....	776,554	585,247	655,300
Gold (ounces).....	17,266	20,843	17,940

*Blister

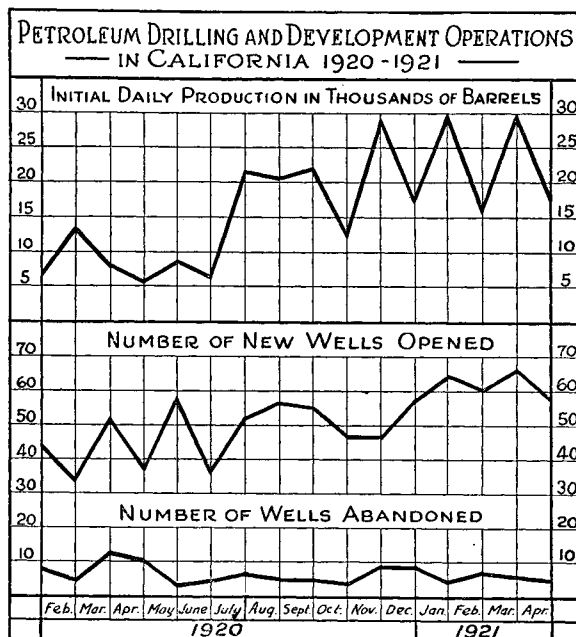
Average daily production of petroleum in California during April, 1921, totaled 338,981 barrels, exceeding the record production of March by 1298 barrels a day,

Petroleum and the average daily production of April, 1920, by 64,104 barrels.

Consumption also increased slightly during the month, April daily shipments of 300,877 barrels were 5451 barrels greater than daily shipments in March. Stored stocks at the end of April totaled 25,356,769 barrels, an increase of 1,143,142 barrels during the month.

Fifty-eight new wells were opened during April with an initial daily production of 18,470 barrels and five wells were abandoned, an increase of 53 producing wells in the oil fields of the state. There are now 595 active drilling wells in the state, the largest number since September, 1911, and development is more active than at any time in the past decade. The following chart shows the number

of new wells opened, with their initial daily production, and the number of wells abandoned by months since January, 1920.



The Standard Oil Company of California has announced a reduction of 25 cents a barrel in the buying prices on all grades of crude oil at the well in the San Joaquin Valley and Whittier-Fullerton fields. A comparative statement giving the present prices for crude oil compared with prices which have been in effect since July, 1920, is given below.

	Price Per Barrel Present Schedule	July 20, 1920 Schedule
14 to and including 17.9 degrees gravity....	\$1.35	\$1.60
18 to and including 18.9 degrees gravity... .	1.36	1.61
19 to and including 19.9 degrees gravity... .	1.38	1.63
20 to and including 20.9 degrees gravity... .	1.41	1.66
21 to and including 21.9 degrees gravity... .	1.45	1.70
22 to and including 22.9 degrees gravity... .	1.50	1.75
23 to and including 23.9 degrees gravity... .	1.56	1.81
24 to and including 24.9 degrees gravity... .	1.63	1.88
25 to and including 25.9 degrees gravity... .	1.71	1.96
26 to and including 26.9 degrees gravity... .	1.80	2.05
For each increase in gravity of 1 full degree above 26 degrees gravity, up to and inclusive of 34.9 degrees gravity, 10 cents per barrel additional.		
35 degrees gravity and above, per barrel..	\$2.70	\$2.95

Reduced prices for gasoline have also been announced and it is now retailing in California at 25 cents per gallon compared with 27 cents per gallon before the reduction.

Statistics on oil field operations as furnished by the Standard Oil Company of California are shown in table "L" (see opposite page).

Slight declines in the value of sales at retail in April compared with the previous month, and an increase in volume, although not in value, of sales in the first quarter of 1921 compared with the same period in 1920 were the significant features in reports received by this bank from twenty-nine representative department stores and mail order houses in all sections of this district. Measured by dollar value, net monthly sales during April were 9.3 per cent less than in April, 1920, and 6.4 per cent less than in March, 1921. Of the seven cities from which retail trade reports are received, Los Angeles and Oakland are the only ones showing an increase in the value of net sales in April, 1921, compared with April, 1920. Seattle, Spokane and Sacramento reported an increase in value of sales in April compared with March of this year. Sales for the four months period ending April 30, 1921, were 3.8 per cent less in value than in the same period in 1920. Inasmuch as comparisons of value of sales over a period of a year must take into account declines of from 10 to 30 per cent in retail prices, there has probably been a greater volume of sales this year than in 1920. The subjoined chart shows the movement of the value of the net sales of 22 representative department stores in this district for 1919, 1920 and the first four months of 1921.

The average net increase or decrease (—) during the past month in the value of net sales in the reporting cities of this district is as follows:

	April 1921 compared to		Four Months Ending April 30, 1921 Compared to Four Months ending April 30, 1920
	April 1920	March 1921	
Los Angeles....	3.4	—8.5	9.7
Oakland.....	1.4	— .9	2.0
San Francisco....	— 9.6	—8.0	— 5.2
Sacramento....	— 7.3	2.2	— 5.1
Seattle.....	—16.1	2.2	—15.7
Salt Lake City....	— 8.7	—5.3	.1
Spokane.....	— 6.4	.8	— .9

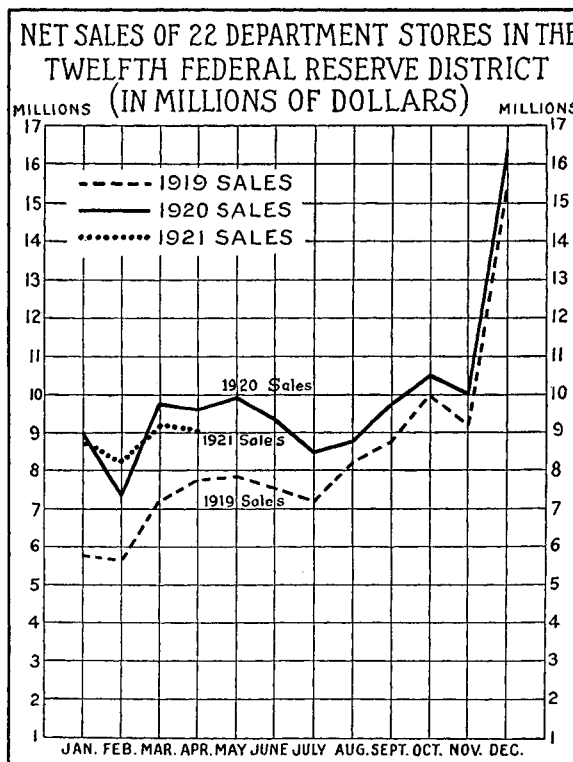
The amount of the average sale (cash, charge, and C. O. D.) reported by ten firms was \$2.98 in April, 1921, compared with \$3.28 in April, 1920, and \$3.01 in March, 1921. Following is a statement of the average sale (cash,

charge, C. O. D.) in Los Angeles, San Francisco and Seattle:

	April 1921	March 1921	April 1920
Los Angeles.....	\$3.52	\$3.75	\$4.45
San Francisco.....	3.20	3.07	—
Seattle.....	2.52	2.74	2.71
District.....	\$2.98	\$3.01	\$3.28

On April 30th value of stocks (selling price) in the twenty-nine reporting stores was 13.9 per cent below the reported value at the close of April, 1920, but 3.0 per cent above the figure for March 31, 1921. This decrease in the value of stocks on hand this year as compared with last year reflects, in addition to present lower price levels, the careful buying attitude of the retailer.

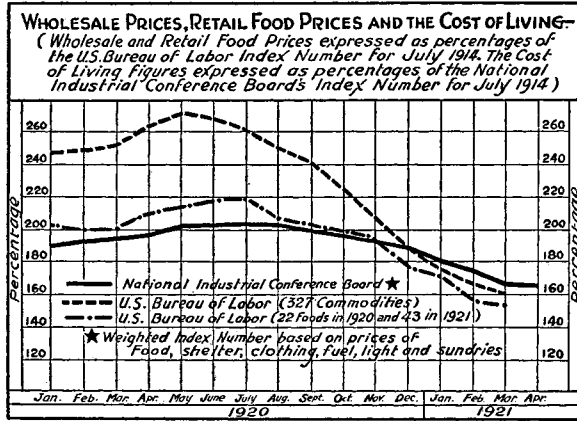
Present retail prices are from 10 to 30 per cent lower than at this time last year. The decline in retail prices which has been in progress since July, 1920, decreased in velocity during the past month and continues less



(L) Petroleum—

	April, 1921	March, 1921	February, 1921	April, 1920
Production (Daily Average).....	338,981 bbls.	337,683 bbls.	327,864 bbls.	274,877 bbls.
Shipments (Daily Average).....	300,877 "	295,426 "	316,812 "	290,423 "
Stored Stocks (End of Month).....	25,356,769 "	24,213,627 "	22,903,639 "	27,111,984 "
New Wells Opened.....	58	66	60	37
With Initial Daily Production.....	18,470 bbls.	29,835 bbls.	15,855 bbls.	5,510 bbls.
Wells Abandoned.....	5	6	7	5

abrupt than the decline in wholesale prices. The following chart presents graphically the movement of the United States Department of Labor's index numbers for wholesale prices and retail food prices and the National Industrial Conference Board's index number of the cost of living:



Increases in the prices of the various items which are included in the cost of living index number, furnished by the National Industrial Conference Board, are given in the following table (compared to July, 1914, prices):

	High	Date of High	Present	Decline from High
Food	119%	July, 1920	56%	63%
Shelter	71	March, 1921	71	-0-
Clothing	188	April, 1920	69	119
Fuel-Light	100	Nov., 1920	79	21
Sundries	92	Nov., 1920	85	7

Table "M" gives in detail statistics in regard to sales, stocks and outstanding orders as furnished by 29 representative department stores and mail order houses in this district.

Reports from 157 wholesale firms in eight lines of business in this district show decreases in the value of net sales in all lines in April, 1921, compared with the same month last year. With the exception of the dry goods trade, in which an increase of 1.4 per cent occurred, the value of net sales was also less

(M) Retail Trade Activity—

CONDITION OF RETAIL TRADE DURING APRIL, 1921
In Federal Reserve District No. 12
(29 Stores Reporting)

	Oakland	Los Angeles	San Francisco	Seattle	Spokane	Salt Lake City	Sacramento	District
Percentage increase or decrease of net sales during April, 1921, over net sales during same month last year	1.4	3.4	- 9.6	-16.1	- 6.4	- 8.7	- 7.3	- 9.3
Percentage increase or decrease of net sales during April, 1921, over net sales during March, 1921	- .9	- 8.5	- 8.0	2.2	.8	- 5.3	2.2	- 6.4
Percentage increase or decrease of net sales from January, 1921, to April 30, 1921, inclusive, over net sales during same period last year	2.0	9.7	- 5.2	-15.7	- .9	.1	- 5.1	- 3.8
Percentage increase or decrease of stocks close of April, 1921, over stocks at close of same month last year	-23.5	-12.8	-13.8	-28.7	-17.7	-11.9	-30.5	-13.9
Percentage increase or decrease of stocks close of April, 1921, over stocks at close of March, 1921	2.4	4.5	4.4	2.6	9.2	1.2	3.0	3.0
Percentage of average stocks close of each month this season to average monthly net sales during same period	454.3	367.9	402.6	399.1	617.8	—	—	477.9
Percentage outstanding orders close of April, 1921, to total purchases during year 1920	—	9.8	7.5	6.7	7.9	4.9	—	8.7

in April than in March, 1921. For the four months of 1921 as compared with the first four months of the year 1920, decreases in sales values ranging from 13.5 per cent in drugs to 50.3 per cent in automobile tires were reported. The average net increase or decrease in the value of net sales for the eight reporting lines of business was as follows:

	April 1921 compared to April, 1920	March, 1921	Four months ending April 30, 1921 compared to same period in 1920
Hardware.....	-27.5	1.7	-31.8
Dry Goods.....	-15.2	1.4	-32.3
Groceries.....	-36.2	-13.8	-31.6
Drugs.....	-10.3	1.1	-13.5
Shoes.....	8.3	-6.4	-31.8
Stationery.....	7.8	4.0	-18.2
Furniture.....	-28.6	-1.2	-40.0
Automobile Tires.....	8.0	.9	-50.3

The majority of reports received indicate that retail dealers have not yet completely cleaned their shelves of high priced stocks

purchased last year, and present buying is in small quantities and to meet day to day needs. Volume of orders for summer delivery is generally reported as much less than last year, there having been no improvement in April, although increased placing of future orders had been expected, as the normal period for summer buying has now passed. Present prices are less in all lines than they were one year ago.

Collections were reported excellent by 9 firms, good by 40, fair by 74 and poor by 5, which is substantially the same as the March report on this subject.

Statements of increases and decreases in sales of reporting wholesale firms during April compared with March, 1921, and April, 1920 and for the first four months of 1921 compared with the same period in 1920 are shown in table "N."

(N) Wholesale Trade—

(1a) Percentage of increase or decrease (—) in net sales for April, 1921, over March, 1921

	Hardware	Dry Goods	Groceries	Drugs	Shoes	Stationery	Furniture	Auto Tires
No. of reporting firms	24	12	30	11	18	27	21	14
Los Angeles.....	3.1	..	-2.7	..	-13.4	52.9	-4.4	15.0
San Francisco.....	3.5	1.4	-16.8	7.4	-8.3	.6	8.5	-7.5
Seattle.....	.6	..	..	..	11.5	-14.1	12.7	-2.3
Portland.....	-11.6	-7.7	-22.8	.9	10.2	-16.2	3.3	..
Tacoma.....	16.6	..	-15.7	..	..	-4.5	-18.7	..
Spokane.....	6.7	..	-14.4	..	..	-13.5	2.0	-37.8
Salt Lake City.....	-5.4	..	-19.3	..	..	-19.6	..	26.3
Sacramento.....	-10.7	..	-6.9	..	..	..	..	..
District.....	-1.7	1.4	-13.8	-1.1	-6.4	-4.0	-1.2	-.9

(1b) Percentage increase or decrease (—) in net sales for April, 1921, over April, 1920

	Hardware	Dry Goods	Groceries	Drugs	Shoes	Stationery	Furniture	Auto Tires
No. of reporting firms	24	12	30	11	18	27	21	14
Los Angeles.....	-24.9	..	-19.2	..	1.6	-5.8	-.7	30.4
San Francisco.....	-14.9	-9.3	..	-.1	-5.2	.09	-37.1	-19.9
Seattle.....	-43.8	..	..	..	-22.6	-35.9	-.04	-12.5
Portland.....	-30.8	-26.2	-52.7	-27.7	-13.9	-13.4	-48.1	..
Tacoma.....	-20.4	..	..	..	..	-23.4	-44.3	..
Spokane.....	-21.9	..	-36.5	..	..	-16.2	-44.2	-45.7
Salt Lake City.....	-31.3	..	-28.3	..	..	-26.2	..	-25.0
Sacramento.....	-15.6	..	-27.0	..	..	..	..	..
District.....	-27.5	-15.2	-36.2	-10.3	-8.3	-7.8	-28.6	-8.0

(1c) Percentage of increase or decrease (—) in net sales for January 1, to April 30, 1921, over same period last year

	Hardware	Dry Goods	Groceries	Drugs	Shoes	Stationery	Furniture	Auto Tires
No. of reporting firms	24	12	30	11	18	27	21	14
Los Angeles.....	-32.9	..	-4.1	..	-12.8	-5.0	-32.4	-33.1
San Francisco.....	-26.4	-30.5	..	-8.3	-30.2	-22.8	-49.0	-51.6
Seattle.....	-43.8	..	..	..	-44.3	-21.3	-14.4	-54.5
Portland.....	-28.8	-36.2	-33.6	-35.4	-44.4	-12.0	-57.0	..
Tacoma.....	-12.1	..	-25.3	..	..	-14.0	-44.4	..
Spokane.....	-6.2	..	-32.8	..	..	-10.9	-47.0	-59.4
Salt Lake City.....	-39.0	..	-30.1	..	..	-15.1	..	-68.1
Sacramento.....	-19.9	..	-15.0	..	..	..	..	..
District.....	-31.8	-32.3	-31.6	-13.5	-31.8	-18.2	-40.0	-50.3

During the month of April unemployment decreased in all sections of the Twelfth Federal Reserve District except in San Francisco, where an increase was reported.

Labor The following figures show the estimated number of unemployed on January 1st and on May 10, 1921:

	Estimated Unemployment	
	January, 1921	May, 1921
WASHINGTON		
Seattle	7,000	5,000
Tacoma	3,000	3,000
Spokane	3,000	2,000
Bellingham	2,500	1,000
OREGON		
Portland	10,000	4,800
CALIFORNIA		
San Francisco	13,000	15,000
Los Angeles	7,000	5,000

The increase in the number of unemployed in San Francisco is largely due to strike conditions in the building trades and among marine workers. On May 9th a strike was inaugurated by the seventeen building trades crafts in San Francisco following a wage award by a local arbitration board which recommended a reduction averaging 7½ per cent in the wages of the building trades. It is estimated that the majority of the men engaged in the building industry were thrown out of employment either because they were actively on strike or because construction on which they were employed was discontinued on account of the strike. Thus far there has been a cessation of work upon the construction of eleven office buildings, five theatres and several hundred residences, apartment houses and small business structures. Large numbers of idle marine workers are in all Pacific Coast ports, their ships having been in the harbors of this coast when the nation-wide strike of marine workers was called on May 1st. Considerable tonnage has been tied up by this strike, although a few ships are sailing with crews engaged at reduced wages.

In all cities of the district except Los Angeles, where no part time operation is reported, many of the industries are resorting to part time labor to keep their working staffs employed and intact. Unemployment in the cities has not been so perceptibly decreased by seasonal calls for agricultural labor as had been anticipated earlier in the year. The demand for farm labor in all sections of the district has decreased compared with last year, and farmers are endeavoring to do as much of their own work as possible without outside aid. Renewed activity in the lumber industry is reflected in decreasing unemployment in the cities of the Pacific Northwest.

The United States Bureau of Census figures of the results of the census of manufactures in Idaho for 1919 and 1914 are presented in table "O." These figures exclude the hand trades, building trades and neighborhood industries and take into account only establishments conducted under the factory system. Substantial gains in all reporting items are recorded as is to be expected in a period of increasing population and rising prices.

March returns of the foreign commerce of this district reveal the nation-wide tendency, namely that exports from this country are falling off and imports to it increasing. Exports from Pacific Coast ports during March totaled \$20,662,205, the smallest figure since July, 1917, 7.7 per cent less than in the short month of February, and 71.9 per cent below the peak month of export trade in this district, January, 1919. March imports rose to \$16,337,275, a gain of 23.1 per cent over February, but 56.3 per cent less than in March, 1920, and 75.8 per cent below the peak month in import trade, August, 1918. Explanations generally accepted for the decline in our exports are world-wide trade depression and de-

(O) Idaho Manufactures—

	Census		Per Cent of Increase 1914-1919
	1919	1914	
Number of establishments.....	921	698	31.9
Persons engaged in manufactures.....	16,277	10,529	54.6
Proprietors and firm members.....	851	664	28.2
Salaried employees.....	1,494	946	57.9
Wage earners (average number).....	13,932	8,919	56.2
Primary horsepower.....	72,254	50,326	43.6
Capital.....	\$94,993,000	\$44,960,000	111.3
Services.....	21,228,000	8,731,000	143.1
Salaries.....	2,694,000	1,240,000	117.3
Wages.....	18,534,000	7,491,000	147.4
Materials.....	39,201,000	14,892,000	163.2
Value of Products.....	80,414,000	28,454,000	182.6
Value added by manufacture (value of products less cost of materials).....	41,213,000	13,562,000	203.9

preciated exchanges of the countries which are among our largest customers. Large wholesale price declines during the past year in the United States and elsewhere in the world also account for part of the decline in export and import figures when quoted in dollar values.

The Los Angeles Customs District was the only district showing an increase in the value of both exports and imports during March compared with the same month a year ago. Portland statistics show an increase of 44.4 per cent in the value of exports for the first three months of this year compared with the first quarter of 1920, but imports have been less than last year.

Comparative figures of exports and imports of the principal ports of this district are shown in tables "P" and "Q."

Steel merchant vessels under construction in Pacific Coast yards on May 1st totaled thirty-five with an aggregate deadweight tonnage of 389,870 tons. This is a decline

Shipbuilding of five vessels of 59,800 tons from the April 1st figures, and shows a continuance of the steady decline in shipbuilding activity in the district which has been in progress for the past eight months. Deliveries during April included four tankers

of 45,800 tons and one freighter of 14,000 tons, all for private account. No new contracts were announced during the month.

Table "R" gives a comparative statement of the number and tonnage of vessels under construction in Pacific Coast yards on the first day of each month during the present year, as furnished by the Pacific Marine Review.

In response to obvious building needs and stimulated by declining prices of building materials coupled in some cases with wage adjustments in the building trades, building activity in this district has appreciably increased. Official reports to this bank from the building

departments of twenty cities in this district show 9412 permits issued during April, 1921, with a valuation of \$19,907,621 as compared to 6318 permits issued during April, 1920, with a valuation of \$15,622,985, or an increase of 48.9 per cent in number and 27.4 per cent in value during April of this year compared to April, 1920. In view of reductions during the past year ranging between 8 per cent and 50 per cent in cost of representative building materials, reported in last month's issue, the increase during the year in value of permits of roughly \$4,300,000 represents a more than proportional

(P) Exports—	Month Ending—		Per cent Increase or Decrease (—)	Three Months Ending—		Per cent Increase or Decrease (—)
	March 31 1921	March 31 1920		March 31 1921	March 31 1920	
San Francisco.....	\$ 7,382,268	\$17,010,031	—56.6	\$29,889,176	\$ 67,361,492	—55.6
Los Angeles.....	2,589,167	1,914,705	35.2	6,940,433	4,494,545	54.4
Portland.....	3,137,539	6,639,525	—52.7	11,779,307	8,156,289	44.4
Seattle.....	7,270,161	32,780,040	—77.8	25,147,560	64,552,995	—61.0
San Diego.....	283,070	907,584	—68.8	895,315	2,706,084	—67.9
Total.....	\$20,662,205	\$59,251,885	—65.1	\$74,651,791	\$147,271,405	—49.6

(Q) Imports—	Month Ending—		Per cent Increase or Decrease (—)	Three Months Ending—		Per cent Increase or Decrease (—)
	March 31 1921	March 31 1920		March 31 1921	March 31 1920	
San Francisco.....	\$10,016,769	\$17,192,530	—41.7	\$25,188,339	\$ 49,269,493	—48.8
Los Angeles.....	613,925	492,839	24.4	2,416,609	1,274,404	89.6
Portland.....	290,604	928,551	—68.7	858,845	3,138,931	—72.6
Seattle.....	4,733,973	17,959,654	—73.6	12,415,090	45,327,881	—72.6
San Diego.....	682,004	887,847	—23.1	3,632,890	5,724,090	—36.5
Total.....	\$16,337,275	\$37,461,421	—56.3	\$44,511,773	\$104,734,799	—96.4

(R) Ships Under Construction—

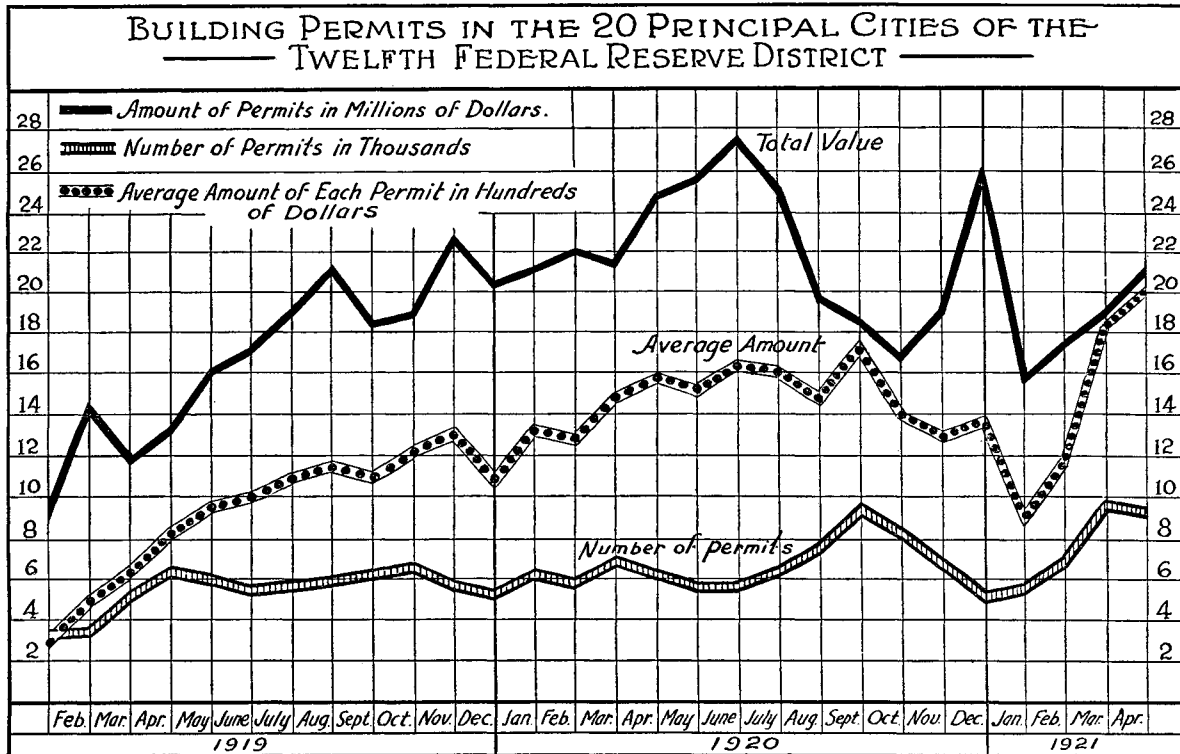
	May 1, 1921		April 1, 1921		March 1, 1921		Feb. 1, 1921		Jan. 1, 1921	
	Vessels	Total D. W. Tonnage	Vessels	Total D. W. Tonnage	Vessels	Total D. W. Tonnage	Vessels	Total D. W. Tonnage	Vessels	Total D. W. Tonnage
For U. S. S. B.....	13	133,500	13	133,500	14	142,900	16	155,750	18	173,950
For Private Account	13	173,690	18	233,490	21	262,090	24	278,130	30	342,270
Foreign.....	9	82,680	9	82,680	9	82,680	9	82,680	9	82,680
Total.....	35	389,870	40	449,670	44	487,670	49	516,560	57	598,900

increase in actual building construction. Of the twenty reporting cities nineteen show an increase in the number of permits issued during April, 1921, over April, 1920, and eleven cities an increase in value of permits for the same periods. These increases are confined to no particular section but are reported from cities in all parts of the district. However,

mention should be made of the uniform showing of all reporting cities in Southern California where activity approaching a building boom is in progress. The value of the permit issued in San Diego in April, 1921, compared with April, 1920, increased 979.5 per cent, in Long Beach 94 per cent, in Los Angeles 87 per cent and in Pasadena 37.5 per cent. Lower

(S) Building Permits—

	April, 1921		March, 1921		April, 1920		Per Cent Increase or Decrease (-) over April, 1920
	No.	Value	No.	Value	No.	Value	
Los Angeles.....	2,904	\$ 7,250,571	2,911	\$ 6,915,216	1,475	\$ 3,874,472	87.1
Portland.....	1,300	1,940,305	1,362	1,527,805	895	2,285,800	-15.1
San Francisco.....	597	1,913,592	591	2,941,401	571	2,000,672	- 4.3
San Diego.....	340	1,657,055	338	326,377	165	153,511	979.5
Long Beach.....	357	1,505,400	414	1,359,609	296	773,145	94.7
Seattle.....	1,091	1,439,855	1,196	923,180	1,021	1,155,320	24.6
Oakland.....	636	1,321,246	703	1,314,457	369	765,777	72.5
Pasadena.....	258	375,392	247	409,012	144	272,914	37.5
Fresno.....	207	356,990	283	393,445	185	598,288	-40.3
Sacramento.....	202	336,015	142	320,100	114	200,865	45.3
Berkeley.....	154	325,569	158	339,333	105	224,003	45.5
Salt Lake City.....	148	297,990	161	250,583	99	370,970	-10.9
Tacoma.....	461	293,378	444	361,935	277	1,187,376	-75.2
Spokane.....	330	203,855	284	267,690	160	305,955	-33.4
Phoenix.....	85	175,817	138	357,889	184	894,128	-80.3
San Jose.....	68	133,620	73	105,523	53	122,680	8.9
Ogden.....	64	133,000	46	79,190	26	51,700	157.2
Stockton.....	80	109,520	106	220,443	78	263,999	-58.5
Boise.....	104	107,327	136	98,517	84	71,410	50.2
Reno.....	26	31,124	24	31,130	17	50,000	-37.7
	9,412	\$19,907,621	9,757	\$18,542,835	6,318	\$15,622,985	27.4



material costs have had an especially marked effect on home building activity and much of the increase in building during the past month has been of this class of structure. It is reported that high labor costs remain as the chief obstacle to a more general resumption of construction activity throughout the district, but that there is now some prospect of wage adjustments. The building situation is substantially better than it was in the first three months of either 1920 or 1921. Comparative figures of the number and value of building permits issued in the twenty reporting cities of this district are shown in table "S" (see opposite page).

Business failures in this district were less both in number and liabilities in April than in March of this year and less in number but greater in liabilities than in April, 1920. The total liabilities of 102 failures in April amounted to \$2,670,853 compared with liabilities of \$3,046,691 for 165 failures in March, a de-

crease of 14.1 per cent. Compared with April, 1920, the number of failures was practically the same but liabilities increased 105.1 per cent due chiefly to the failure of one large investment house. Although a seasonal decrease in both the number and the liabilities of business failures is normally to be expected at this time, the present substantial decrease in the number of failures checks the gradual rise which has been in progress, with three slight variations, since May, 1920. R. G. Dun and Company's comparative figures for the states of this district are shown in table "T."

April bank clearings in twenty principal cities of this district as reported to this bank aggregate \$1,438,872,000, a decrease of 8 per cent compared with last month and a 15.6 per cent decrease compared with April of last year.

Bank clearings in Southern California continue to reflect increased activity in that section of the district

(T) Business Failures—

	April, 1921		March, 1921		April, 1920	
	No.	Amount	No.	Amount	No.	Amount
Arizona.....	6	\$ 15,700	10	\$ 29,600	2	\$ 1,100
California.....	45	790,257	72	513,643	53	613,714
Idaho.....	12	797,746	7	49,000	4	51,440
Nevada.....	1	700	1	2,600	3	102,200
Oregon.....	15	331,529	28	1,745,178	22	175,347
Utah.....	0	—	4	10,500	5	12,858
Washington.....	23	734,921	43	696,170	15	345,500
District.....	102	\$2,670,853	165	\$3,046,691	104	\$1,302,159

(U) Bank Clearings*—

	April 1921	March 1921	April 1920	Per Cent Increase or Decrease (—) April, 1921 over April, 1920
San Francisco.....	\$ 536,800	\$ 602,700	\$ 654,430	—17.9
Los Angeles.....	341,967	373,773	328,816	3.9
Portland.....	139,327	133,304	171,099	—18.5
Seattle.....	128,078	144,612	197,952	—35.2
Salt Lake City.....	51,964	55,331	73,396	—29.2
Oakland.....	44,761	48,629	47,264	— 5.2
Spokane.....	40,618	46,051	57,121	—28.8
Stockton.....	24,110	21,484	22,190	8.6
Sacramento.....	20,315	22,771	24,453	—16.9
Long Beach.....	15,311	15,493	12,980	17.9
Fresno.....	15,156	17,015	19,445	—22.0
Tacoma.....	15,154	16,404	22,747	—33.3
Pasadena.....	13,997	15,049	9,905	41.3
San Diego.....	11,895	11,580	14,434	—17.5
Berkeley.....	11,845	13,067	11,409	3.8
San Jose.....	6,741	6,998	8,475	—20.4
Ogden.....	6,688	6,913	13,676	—51.0
Boise.....	5,693	5,150	7,686	—25.9
Bakersfield.....	5,676	6,046	5,424	4.6
Reno.....	2,776	2,924	3,614	—23.1
	\$1,438,872	\$1,565,294	\$1,706,516	—15.6

* 000 omitted.

as compared with last year. Pasadena and Long Beach reported substantial gains and Los Angeles a decrease compared with last month but a fractional increase over 1920 clearings. Berkeley also remains in the list of cities reporting an increase compared with last year and a marked improvement in Bakersfield and Stockton bears witness to the fundamentally sound condition of the San Joaquin Valley. In other sections of the district decreases of from 5.2 to 51.0 per cent are reported. Comparative figures for the twenty reporting cities are given in table "U" (see page 15).

Reports from 113 banks in twenty cities of the district show that debits to individual account, representing all payments for account of individual bank depositors, were \$1,864,757,000 in April, 1921, or 14.4 per cent less than in April, 1920, when they totaled \$2,179,754,000. Compared with the previous month of this year, April figures show a decrease of 24.7 per cent, the same banks having reported a total of \$2,478,778,000 in March, 1921. Los Angeles was the only large city of the district reporting an increase for April of this year compared with the same month last year. Comparative figures for the six Federal Reserve Bank and Branch cities are given in table "V."

Comparison of bank clearings and debits to individual account over a period of a year should make allowance for declines of approximately 40 to 45 per cent in wholesale prices and 10 to 20 per cent in retail prices.

Reduction from $7\frac{3}{4}$ per cent to $7\frac{1}{2}$ per cent in the discount rate for prime commercial paper bought in the open market in the four largest cities of this district (Los Angeles, San Francisco, Seattle, Portland) occurred during the past month. Table "W" (see following page) shows also that slightly easier conditions pre-

vailed in the rate for interbank loans and for those secured by liberty loan bonds and United States certificates of indebtedness.

During the past month the following change occurred in the discount rates of six Federal Reserve Banks:

DISCOUNT RATE CHANGES

Name of Bank and Class of Paper	From	To	Date
NEW YORK Commercial Paper.....7		6½	May 5, 1921
CHICAGO Commercial Paper.....7		6½	May 6, 1921
BOSTON Commercial Paper.....7 Secured by Certificates of Indebtedness.....5½		6	April 15, 1921
ATLANTA Commercial Paper.....7		6	May 5, 1921
MINNEAPOLIS Commercial Paper.....7 Agricultural and Live- stock Paper.....7 Secured by Certificates of Indebtedness.....5½		6½	May 15, 1921
DALLAS Commercial Paper.....7 Trade Acceptances.....7 Agricultural and Live- stock Paper.....7		6½	May 16, 1921

During the past month a broad demand for bankers' acceptances has existed in Oregon, Washington and the southern part of California. In the central and northern parts of the latter state the demand has been scattered and of small volume.

The rate for prime nineties has varied between $5\frac{3}{4}$ per cent and $5\frac{5}{8}$ and is at the present writing $5\frac{3}{4}$ per cent.

The fluctuation in rates has been due in a measure to the easing of money rates in New York, but more particularly to the scarcity of prime bankers' acceptances. The demand for

(V) Debits to Individual Accounts*—

	April 1921	March 1921	April 1920	Per Cent Increase or Decrease (— April, 1921 over April, 1920)
San Francisco.....	\$ 713,976	\$1,018,836	\$ 853,711	—16.3
Los Angeles.....	399,970	539,644	395,330	1.1
Portland.....	157,931	182,457	197,679	—20.1
Seattle.....	126,495	158,592	204,253	—38.0
Salt Lake City.....	56,482	63,031	73,538	—23.1
Spokane.....	42,676	55,009	54,764	—22.0
Total.....	\$1,497,530	\$2,017,569	\$1,779,275	—15.8
Other Cities.....	367,227	461,209	400,479	—8.3
District†.....	\$1,864,757	\$2,478,778	\$2,179,754	—14.4

* 000 omitted.

† Twenty cities—113 banks, reporting.

paper of this character is constantly growing while the supply, due to general business conditions, has decreased somewhat.

Seasonal activities of the spring during the past four weeks have resulted in slightly greater demands upon member banks of this district for credit, and on May 4th total loans and discounts (including rediscounts) and investments of 69 reporting member banks located in the nine reserve cities (Los Angeles, San Francisco, Seattle, Portland, Oakland, Tacoma, Salt Lake City, Spokane and Ogden) of the district and whose total resources approximate 44 per cent of the total re-

sources of all banks in the district, had increased from \$1,260,000,000 to \$1,264,000,000. A year ago on May 7, 1920, they stood at \$1,274,000,000. Combined time and net demand deposits of the same banks declined from \$1,105,000,000 to \$1,096,000,000 during the same period. On May 7, 1920, this item stood at \$1,080,000,000. Rediscounts and bills payable of these banks with the Federal Reserve Bank increased very slightly during the four weeks and on May 4, 1921, stood at \$106,424,000, almost precisely the same figure as for May 7, 1920. A comparative statement of the principal resource and liability items of these reporting banks appears in table "X."

(W) *Interest and Discount Rates—*

	Prime Commercial Paper		Open Market		Interbank Loans		Collateral Demand Loans		Secured by L. L. Bonds or U. S. Certificates of Indebtedness	
	Customers	April	May	April	May	April	May	April	May	April
San Francisco.....	6½	6½	7½	7¾	6½	6½	6½	6½	7	6½
Los Angeles.....	7	7	7½	7¾	6	7	7	7	7	7
Seattle.....	7	7	7½	7¾	7	7	7	8	7	8
Portland.....	7	7	7½	7¾	7	7	7	7	7	7
Salt Lake City.....	8	8	—	7¾	7	8	8	8	8	8
Spokane.....	7	7	—	—	7	7	8	8	7	8

(X) *Principal Resource and Liability Items of Reporting Member Banks in Reserve Cities in Twelfth Federal Reserve District—*

	May 4, 1921	April 27, 1921	May 7, 1920
*Number of Reporting Banks.....	69	69	66
1. Loans and Discounts (exclusive of rediscount):			
(a) Secured by United States Government Obligations..\$	25,480,000	\$ 26,713,000	\$ 28,698,000
(b) Secured by Stocks and Bonds other than United States Bonds.....	149,921,000	150,865,000	148,456,000
(c) All Other.....	698,842,000	705,342,000	†879,469,000
(See explanatory foot note below concerning item 1 (c) in 1920).			
2. Investments:			
(a) United States Bonds.....	103,535,000	103,004,000	95,943,000
(b) United States Victory Notes.....	18,566,000	19,102,000	12,382,000
(c) United States Certificates of Indebtedness.....	16,759,000	18,466,000	36,005,000
(d) Other Bonds, Stocks and Securities.....	174,095,000	170,722,000	—
3. Total Loans and Discounts and Investments.....	1,187,198,000	1,194,214,000	1,200,953,000
4. Reserve Balance with Federal Reserve Bank.....	70,353,000	74,082,000	77,227,000
5. Cash in Vault.....	24,430,000	23,984,000	29,193,000
6. Net Demand Deposits on which reserve is computed.....	553,890,000	564,344,000	597,461,000
7. Time Deposits, including Savings Deposits.....	542,478,000	541,423,000	484,758,000
8. Government Deposits.....	8,316,000	9,904,000	7,965,000
9. Bills Payable with Federal Reserve Bank:			
(a) Secured by United States Government Obligations...	28,501,000	27,427,000	37,862,000
(b) All Other.....	620,000	620,000	285,000
10. Bills Rediscounted with Federal Reserve Bank:			
(a) Secured by United States Government Obligations...	4,533,000	4,406,000	3,196,000
(b) All Other.....	72,770,000	67,721,000	67,479,000

* Total resources of reporting banks are approximately 44% of total resources of all banks, and 67% of total resources of all member banks in Twelfth Federal Reserve District. Reporting banks embrace all member banks in San Francisco, Los Angeles, Oakland, Portland, Seattle, Tacoma, Spokane, Salt Lake City and Ogden.

† Prior to January 1, 1921, this figure included "All Other Investments" as well as "All Other Loans." After that date, "All Other Investments" were reported separately as "Other Bonds, Stocks and Securities," in item 2 (d). Consequently a figure in 1921 comparable to item 1 (c) in 1920 would be the total of items 1 (c) and 2 (d) for 1921.

Rediscunts for member banks increased during the past four weeks by approximately \$3,400,000 and on May 11th stood at \$166,027,000 compared with a peak of \$176,872,000 on December 10, 1920, and \$143,167,000 on May 14th a year ago. The secondary reserve of bills (bankers' acceptances) bought in the open market was allowed to run off during the month by \$6,300,000 and stood

Federal Reserve Bank of San Francisco

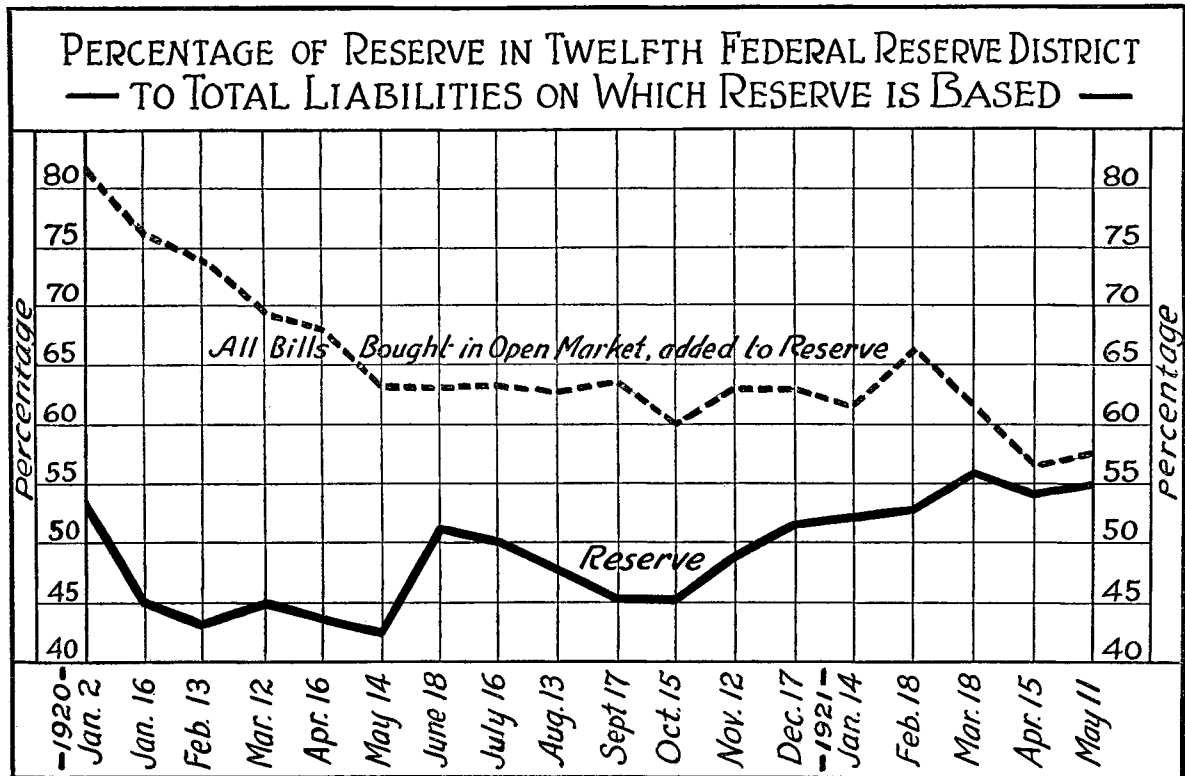
at \$7,738,000 on May 11th, compared with \$72,403,000 a year ago and a peak of \$119,000,000 on January 30, 1920. An increase in gold reserves of \$7,100,000 occurred during the past month, raising total reserves to \$198,813,000, compared with \$147,635,000 a year ago and a peak of \$203,000,000 on January 21st of this year. The reserve ratio on May 11th was 55.3 per cent, compared with 54.6 per cent on April 15, 1921, and 41.7 per cent on May 14, 1920.

BANKERS' ACCEPTANCES

Initial steps toward the establishment on this coast of a true market for bankers' acceptances—in which prime bills can be bought, sold, and delivered at published rates—were taken during the past month. One of the largest investment houses has arranged to carry an assortment of bankers' acceptances of varying maturities and denominations so that it will no longer be necessary for buyers in this district to have such bills shipped out to them from New York. On May 9th the first public offering of these bills was made and a ready response from banks is reported.

Efforts are being made to convince other corporations and individuals of the desirability of this form of investment. They are particularly suitable for banks for whose surplus funds an investment with the highest degree of safety and liquidity is desired.

Bank reserves are normally composed of two parts; the primary reserve of cash and currency, and the secondary reserve of readily marketable, interest bearing securities, which can be sold when the cash reserves fall off, and accumulated when through liquidation of customers' loans or from other causes, cash



begins to accumulate. The most liquid form of credit obligation arising from production and trade is the bankers' acceptance, and this instrument has long been considered in the European commercial centers, particularly London, where it was developed to its present high standing as a credit instrument, as the best form of investment in which to put idle funds which are at any moment subject to call.

In order to encourage a similar development in this country, the federal reserve system has always bought at its published rates all offerings of bills of the sort declared eligible by the Federal Reserve Act for purchase or rediscount. Recently the market has broadened considerably and a growing number of banks, other corporations, and individuals are coming to recognize the merits of this form of investment for temporarily surplus funds. Where possible to do so, this bank will buy and, if desired, hold for account of its members, bankers' acceptances of the sort specified by the purchasing bank.

This bank has from its organization pursued the policy of investing in bankers' acceptances funds which it held in excess of those required to provide a conservative cash reserve against its Federal reserve note and deposit liability. This secondary reserve of bankers' acceptances has fluctuated inversely with the demand for credit in this district, diminishing as accommodation to member banks increased and expanding as loans to member banks were paid off and surplus funds were in hand.

In the accompanying chart (see opposite page) is presented a graphic summary of the primary and secondary reserves of this bank by months since January 2, 1920. It reveals extensive liquidation of the secondary reserve of bankers' acceptances from a high of \$119,256,000 on January 30, 1920, to the low on May 11th last of \$7,738,000, in order to strengthen the primary cash reserve which is maintained against its deposit and reserve note liabilities incurred as a result of accommodation, through rediscounts, to member banks in this district.

**COMPARATIVE STATEMENT OF
CONDITION OF FEDERAL RESERVE BANK OF SAN FRANCISCO
AT CLOSE OF BUSINESS MAY 11, 1921**

RESOURCES—	May 11, 1921	April 8, 1921	May 14, 1920
Gold and Gold Certificates.....	\$ 17,485,000	\$ 17,892,000	\$ 11,249,000
Gold Settlement Fund—Federal Reserve Board..	44,721,000	39,994,000	42,774,000
Gold With Foreign Agencies.....	—0—	—0—	5,188,000
Total Gold Held by Bank.....	\$ 62,206,000	\$ 57,886,000	\$ 59,211,000
Gold With Federal Reserve Agent.....	125,527,000	121,218,000	77,246,000
Gold Redemption Fund.....	8,566,000	10,048,000	10,551,000
Total Gold Reserves.....	\$196,299,000	\$189,152,000	\$147,008,000
Legal Tender, Notes, Silver, etc.....	2,514,000	2,683,000	627,000
Total Reserves.....	\$198,813,000	\$191,835,000	\$147,635,000
Bills Discounted:			
Secured by U. S. Government Obligations.....	49,557,000	49,250,000	56,296,000
All Other.....	116,470,000	113,889,000	86,871,000
Bills Bought in Open Market.....	7,738,000	14,030,000	72,403,000
Total Bills on Hand.....	\$173,765,000	\$177,169,000	\$215,570,000
U. S. Government Bonds.....	1,408,000	1,523,000	2,632,000
U. S. Victory Notes.....	—0—	—0—	—0—
One-Year Certificates of Indebt. (Pittman Act)..	10,880,000	10,880,000	10,880,000
All Other Certificates of Indebtedness.....	73,000	165,000	1,000
Total Earning Assets.....	\$186,126,000	\$189,737,000	\$229,083,000
Bank Premises.....	548,000	529,000	231,000
5% Redemption Fund Against F. R. Bank Notes	544,000	665,000	665,000
Gold Abroad in Custody or in Transit.....	—0—	—0—	—0—
Uncollected Items.....	35,056,000	38,231,000	35,088,000
All Other Resources.....	537,000	508,000	378,000
TOTAL RESOURCES.....	\$421,624,000	\$421,505,000	\$413,072,000
 LIABILITIES—			
Capital Paid In.....	7,272,000	7,231,000	6,340,000
Surplus	14,194,000	14,194,000	7,539,000
Reserved for Government Franchise Tax.....	1,597,000	—0—	—0—
Deposits:			
Government.....	1,535,000	4,549,000	5,253,000
Member Bank Reserve Account.....	112,160,000	112,221,000	118,548,000
All Other.....	7,271,000	10,177,000	7,443,000
Total Deposits.....	\$120,966,000	\$126,947,000	\$131,244,000
F. R. Notes in Actual Circulation.....	238,673,000	231,266,000	228,602,000
F. R. Bank Notes in Circulation—Net Liability..	8,124,000	8,546,000	8,854,000
Deferred Availability Items.....	28,174,000	29,794,000	25,727,000
All Other Liabilities.....	2,624,000	3,527,000	4,766,000
TOTAL LIABILITIES.....	\$421,624,000	\$421,505,000	\$413,072,000
Memo: Contingent Liability on Bills Purchased for Foreign Correspondents.....	1,472,000	1,472,000	—0—