

# AGRICULTURAL AND BUSINESS CONDITIONS IN THE TWELFTH FEDERAL RESERVE DISTRICT

## Monthly Report to the Federal Reserve Board

by  
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No. 1

IN a territory so largely dependent for its prosperity upon the condition of agriculture and livestock as the Twelfth Federal Reserve District, substantial and permanent recovery from the severe readjustment of the past year must await the results of the crops of 1922. There is already apparent, however, pronounced improvement

**The Month** in the credit situation when compared with the beginning of 1921, as indicated both by the strong position of the banks generally throughout the District and by the availability and cost of bank credit for agriculture, industry and commerce. Total borrowings of member banks from this bank at the beginning of 1921 (\$171,211,000) were more than twice the \$71,271,000 borrowed at the beginning of 1922. Improvement in the condition of the 67 reporting member banks of the District is reflected in the reduction during the year in the ratio of their total loans and discounts to total deposits, which was 81.3 per cent at the beginning of 1921 and 75 per cent at the beginning of 1922. On January 23rd the discount rate of this bank will be reduced from 5 to 4½ per cent. Prevailing interest rates charged by the principal member banks of the District have been reported to be easing slowly during the closing months of 1921, and it would appear that conservative enterprise in general will not be hampered in its conduct during 1922 either by the lack of available bank credit or by its cost.

Customary yearly returns of the United States Department of Agriculture show that the December 1st farm value of the 15 principal crops of the District was \$513,000,000 compared with \$730,000,000 in 1920, a decline of 30 per cent. These figures reflect the substantial decreases which have occurred in

prices of farm products. As a measure of the purchasing power of the rural communities, however, they should be qualified by allowance for reductions which have occurred during the same period in the cost of living (20.4 per cent between July, 1920, and December, 1921) and particularly in the farmer's cost of production. In the latter item, wages of farm labor are one of the predominant elements and these are reported by the Department of Agriculture to have been \$45.50 per month with board in 1921 as compared with \$73.21 with board in 1920.

Those industries of the District directly allied with agriculture are in appreciably better condition than they were at the beginning of 1921. Sixty-one reporting flour mills of the District are now operating at 56 per cent capacity compared with 26.7 per cent a year ago. The canned fruit and vegetable industry, which in the early spring of last year was seriously embarrassed with an abnormally heavy carryover of goods produced at high costs, has been able thus far to dispose of this carryover and most of the 1921 pack, which is reported to have been 70 per cent of that of 1920. Market demand at the end of 1921 was reported good, and present estimates are that the fruit and vegetable pack in the District during the coming year will be a large one. From all parts of the District come reports of increase in and improvement of dairy herds, as a result of reawakened appreciation in the farming communities of the stability and profitableness of dairying as a collateral farm activity.

In industrial activity the most notable contrast with conditions prevailing a year ago appears in the lumber industry. December, 1921, was more active than is customary. Production of four associations of this District was

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36 per cent greater than it was in December, 1920; orders received were 179 per cent greater and shipments 55 per cent greater in amount; unfilled orders reported by two associations were 190 per cent greater at the end of 1921 than they were at the end of 1920. Exports of lumber to Japan during the first nine months of 1921 were 174 per cent greater than during the first nine months of 1920, and recently a slight revival in Australian demand has appeared.

Building activity throughout the District continues at record figures, December returns being second only to those of last October. The year 1921 shows an increase of 31.5 per cent in number and 17.9 per cent in value of permits compared with the year 1920. In view of the considerable reduction in cost of building during the year, the physical volume of construction for 1921 was even larger in comparison with 1920 than the foregoing figures of value would indicate.

In the field of business, failures continue to be heavy, those for December being the largest reported to this bank during the past three years. They were greater by 41.5 per cent in number and 13 per cent in total liability than failures in December, 1920. Bank clearings, of the 20 principal cities during December, of \$1,627,956,000 were only 4.1 per cent less than the clearings of December, 1920. This is the smallest percentage of decrease for any month of 1921, when compared with the corresponding month of 1920, and a considerably smaller percentage of decrease than occurred in wholesale and retail prices during the period. It would appear that the physical volume of business is now greater than it was a year ago.

Notwithstanding exceptions in Seattle and

Spokane, savings deposits generally throughout the District do not show the decline which might have been anticipated, but instead, an increase of 4.5 per cent in amount during the year ending December 15th. Savings deposits on that date were also 1.2 per cent greater than they were the month before.

December sales of 28 reporting retail stores in the District were 2.4 per cent less in dollar value than they were in December, 1920. Sales in San Francisco and Los Angeles were larger in dollar value than in December, 1920. In view of the substantial decrease in the average selling price of their merchandise (estimated by several stores to be 20 per cent or more), it is apparent that the holiday trade this year was appreciably larger in physical volume than it was last year.

Figures are now available covering sales during the years 1920 and 1921 of the reporting firms in ten lines of wholesale trade in this District. These figures are based upon a comparison of dollar value of net sales and show a decrease in all reporting lines, varying from 11.7 per cent for drugs to 52.6 for agricultural implements. Excluding the latter, the average decline for all lines would not be far from 20 per cent. If corrections of dollar values were made to compensate for the price declines which have occurred in all lines during the past two years, it is probable that the physical volume of merchandise moved at wholesale would show approximately the same as that moved in 1920. During the last two months of 1921 in particular, comparisons of sales in various lines with sales in the corresponding months of 1920 have shown diminution of the percentages of decline and certain instances of increase. In November three wholesale lines

(A) *Crop Estimates—Twelfth Federal Reserve District—*

Crop Unit	Production			Per Unit			Farm Value on December 1st		
	1921	1920	1919	1921	1920	1919	1921	1920	1919
Wheat (bushels).....	122,045	100,232	100,563	\$ .84	\$ 1.37	\$ 2.10	\$102,531	\$138,156	\$211,406
Oats (bushels).....	39,148	44,398	38,711	.39	.71	.94	13,682	31,724	36,602
Barley (bushels).....	34,343	41,134	40,205	.55	.98	1.40	21,652	40,540	56,609
Hay (tons).....	16,125	14,082	13,127	9.24	13.79	19.47	149,214	233,791	255,705
Cotton (pounds).....	54,453	130,000	58,000	.21	.30	.47	11,690	39,000	27,324
Beans (bushels).....	3,902	2,925	5,120	2.82	3.32	4.35	11,005	9,713	22,290
Rice (bushels).....	5,880	9,720	9,300	1.15	1.21	2.67	6,762	11,761	24,831
Potatoes (bushels).....	35,371	39,445	32,222	1.02	1.07	1.55	36,179	42,361	50,198
Sugar Beets (tons).....	2,496	2,867	2,711	6.52	12.67	11.01	16,287	36,340	29,871
Hops (pounds).....	28,560	36,360	27,759	.24	.35	.77	6,885	12,821	21,497
Apples (barrels).....	11,761	7,377	10,769	3.76	3.68	4.64	44,333	27,193	50,035
Peaches (bushels).....	14,781	15,188	22,273	1.11	1.96	1.52	16,467	29,912	34,074
Pears (bushels).....	5,821	6,568	6,897	1.58	2.16	1.75	9,209	14,229	14,965
Oranges (boxes).....	22,500	18,700	15,075	2.20	2.75	2.75	49,500	51,425	41,456
Lemons (boxes).....	4,664	3,750	4,663	3.86	3.06	3.64	18,003	11,475	17,941
							\$513,399	\$730,441	\$894,804

\*(000 Omitted.)

(dry goods, furniture and automobile tires) reported larger dollar values of sales than in November, 1920, and in December two more lines (drugs and shoes) were added to the list.

Figures compiled from the December crop production and price estimates of the United States Department of Agriculture show that the total farm value of 15 of the principal crops of the Twelfth Federal Reserve District was \$513,399,000 in 1921 compared with a total value of \$730,441,000 in 1920 and \$894,804,000 in 1919.

The decline in the purchasing power of the farming communities which these figures suggest has been partly offset by declining prices for the things the farmer has to buy, including items entering into the cost of production of his product and items entering into the cost of living of himself and his family. It is estimated by the National Industrial Conference Board that the cost of living in the United States declined 20.4 per cent from July, 1920, to December, 1921.

The reduced cost of farm labor in 1921 as compared with 1920 and 1919 was the most important factor in lowering costs of production of the crops of this District. Labor costs in the far western states are estimated by the United States Department of Agriculture as follows:

	1921	1920	1919
Farm Labor per month (with board) .....	\$45.05	\$73.21	\$62.96
Harvest Hands per day (with board) .....	2.43	4.48	3.80
Harvest Hands per day (without board) .....	3.34	5.39	4.67

Estimated production and value of 15 of the principal crops grown in the Twelfth Federal Reserve District are shown in table "A." (See opposite page.)

According to figures compiled from the December report of the Bureau of Markets and Crop Estimates (presented in table "B") the Twelfth Federal Reserve District shows a slightly reduced acreage sown to winter wheat during the fall of 1921 (3,573,000 acres) compared with the acreage sown in 1920 (3,586,000 acres). Weather conditions over a large part of the District were not favorable for fall seeding operations, due to the absence of rains until late in the season.

The condition of winter wheat in this District, as reported on December 1st, was considerably below the 10 year average, or normal. Since that time copious rains have fallen in California, Oregon, Arizona, Nevada and Utah, and some improvement in the condition of all fall sown grains has resulted. A light layer of snow covers many of the fields in Idaho and Washington and although the condition of the crop may have improved since the earlier estimate, no definite statement is possible.

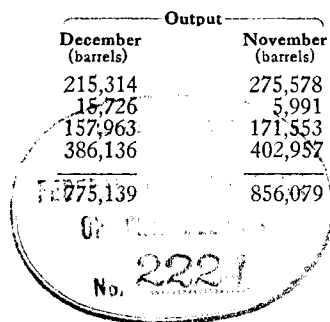
Dull markets and preinventory reduction of stocks, caused a further decline in the output of flour mills during December as compared with the previous month, according to leading millers of the District. Total production of 61 reporting mills was 55.9 per cent of capacity as compared with 58.9 per cent in November, and 26.7 per

### (B) Acreage and Condition of Winter Wheat—

	Area Sown (Acres)		Condition December 1st		
	Autumn, 1921 (Preliminary)	Autumn, 1920 (Revised)	1921	1920	10 Year Average
Arizona .....	42,000	44,000	95	93	95
California .....	759,000	774,000	90	95	90
Idaho .....	436,000	436,000	81	95	92
Nevada .....	2,000	3,000	85	90	91
Oregon .....	894,000	813,000	92	97	93
Utah .....	148,000	156,000	80	97	92
Washington .....	1,292,000	1,360,000	79	97	89
Twelfth District .....	3,573,000	3,586,000			
Total U. S. ....	44,293,000	44,847,000	76.0	87.9	89.0

### (C) Milling—

	No. Mills Reporting		Output		Per Cent Mill Capacity in Operation		
	December	November	December (barrels)	November (barrels)	December 1921	November 1921	December 1920
California .....	9	10	215,314	275,578	50.8	68.6	37.8
Idaho .....	5	5	18,726	5,991	44.4	23.1	26.1
Oregon .....	22	27	157,963	171,553	50.8	50.9	20.7
Washington .....	25	29	386,136	402,957	57.2	58.1	26.1
District .....	61	71	775,139	856,079	55.9	58.9	26.7



cent a year ago. Millers report that there is practically no export demand for flour, and that while inquiries in the domestic market have been frequent, few sales have been consummated.

Wheat prices are reported as steady with a few sales, in the Northwestern states, while in California a slight downward trend is noted. Millers did not increase their stocks of flour or wheat during December, reports of 15 large operators in the District showing that stocks of flour on hand January 1st, were 354,344 barrels compared with 374,587 barrels held on January 1, 1920. Stocks of wheat held by reporting millers on January 1st were 1,888,986 bushels as compared with 2,159,832 bushels held on the same date a year ago.

Production of 61 reporting flour mills in this District during December and November, and the percentages of mill capacity in operation during those months and in December, 1920, are shown in table "C." (See preceding page.)

Combined estimates for the five states which produce canned fruits and vegetables (shown in table "D") give a total pack of 14,626,139 cases for the Twelfth Federal Reserve District during the 1921 season compared with 20,243,724 cases packed in 1920. The 1921 pack of canned fruits and vegetables in California (which produces the majority of the total pack of the District) was 11,127,798 cases compared with a 1920 pack of 16,632,809 cases. This is the smallest Cali-

#### (D) Fruit and Vegetable Pack—By States—

	Fruits		Vegetables		Combined Totals	
	1921 (cases)	1920 (cases)	1921 (cases)	1920 (cases)	1921 (cases)	1920 (cases)
California*	8,511,851	11,382,863	2,615,947	5,249,946	11,127,798	16,632,809
Idaho†	66,328	88,351	8,500	40,094	74,828	128,445
Oregon‡	1,304,457	1,019,391	53,745	88,623	1,358,202	1,108,014
Utah§	68,515	1,129,581	585,593	117,502	654,108	1,247,083
Washington‡	1,307,548	1,003,936	103,655	123,437	1,411,203	1,127,373
Twelfth District.....	11,258,699	14,624,122	3,367,440	5,619,602	14,626,139	20,243,724

\*Estimated by Cannery League of California.

†By the American Can Company.

§By Utah Cannery Association.

#### (E) Fruit and Vegetable Pack—By Varieties—

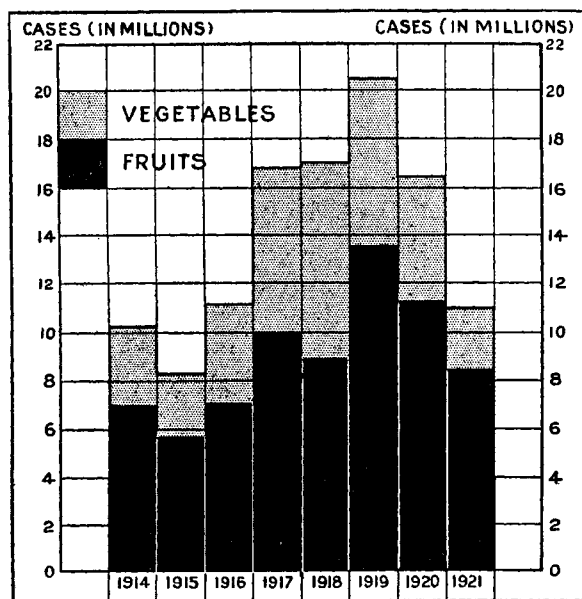
FRUIT	California*			Oregon, Washington and Idaho†		
	1921 (cases)	1920 (cases)	1919 (cases)	1921 (cases)	1920 (cases)	1919 (cases)
Apples .....	98,500	9,041	134,245	996,699	420,835	814,460
Apricots .....	1,150,514	2,312,020	4,395,204	63	1,591	7,140
Berries .....	93,377	181,151	148,412	965,742	697,090	878,516
Cherries .....	222,772	647,977	460,614	211,783	353,861	251,052
Grapes .....	91,886	114,886	104,446	.....	.....	360
Pears .....	872,396	1,184,288	1,071,687	375,303	392,784	339,204
Peaches .....	5,796,267	6,753,198	7,058,949	83	1,619	36,632
Plums .....	141,348	164,740	280,261	10,045	10,392	42,986
Prunes .....	.....	.....	.....	100,982	110,766	136,138
Other Fruits .....	44,791	15,562	42,584	17,633	122,740	5,902
Total Fruits .....	8,511,851	11,382,863	13,696,403	2,678,333	2,111,678	2,512,390
VEGETABLE						
Asparagus .....	887,030	1,024,813	1,031,269	.....	.....	577
Beans (string) .....	97,815	99,269	154,278	35,422	62,025	78,256
Peas .....	86,074	366,679	191,564	140	400	5,067
Spinach .....	434,068	685,228	476,866	8,496	6,736	1,040
Tomatoes .....	357,092	1,858,822	3,809,979	3,714	45,683	53,415
Tomato Products .....	495,101	833,019	885,906	.....	.....	.....
Other Vegetables .....	258,767	382,116	501,657	118,128	137,310	99,347
Total Vegetables .....	2,615,947	5,249,946	7,051,519	165,900	252,154	237,702
Combined Totals .....	11,127,798	16,632,809	20,749,922	2,844,233	2,363,832	2,750,092

\*Estimated by Cannery League of California.

†By the American Can Company.

for California pack since 1916, although the 1921 pack of fruit only, (8,511,851 cases compared with a 1920 pack of 11,382,863 cases) was approximately the same as the average pack during the five year period from 1914 to 1918 (see accompanying chart). The 1921 vegetable pack in California was 2,615,947 cases as compared with a 1920 pack of 5,249,946 cases.

A brief review of the canning year will explain the varying trends in the industry in the different states. Cannerys generally entered the year 1921 with the largest holdover stocks in the history of the business. In California, where the holdover is normally too small to be considered, there were approximately 3,066,871 cases of canned fruits and vegetables in the cannery warehouses of the state on February 1, 1921. In order to move their large holdings,



Pack of Canned Fruits and Vegetables in California, 1914-1921

cannerys reduced their prices from 30 to 45 per cent and it is reported that the financial strain on their resources resulting from this large reduction in inventory value of their stocks, coupled with the unfavorable preseason market outlook, caused them to plan for a greatly curtailed pack in 1921 compared with 1920. Reduced prices stimulated consumption and late in the 1921 packing season, both domestic and foreign demand had reached fairly large proportions. To meet the rapidly reviving demand, packs of the later varieties of fruits were greatly increased over early season estimates but despite this increase the pack in California, Idaho and Utah fell well below that of the previous year. Due to the late season in Oregon and Washington, packers in these states were

better able to increase their output in response to the fall demand and the pack in these states was larger than in the previous year.

According to reports from various canning factors, conditions are favorable for a large pack of canned fruits and vegetables during the forthcoming 1922 season. The increasing domestic demand for these products and an unexpected export demand, are reported to have reduced stocks in the hands of packers to a point where they are below normal for this time of the year. Forecasted requirements of California cannerys lead the American Canning Company to estimate an increase of 40 to 50 per cent in takings of cans during the 1922 season as compared with 1921.

Present prices of refined beet sugar, f. o. b. refinery, San Francisco (5 cents per pound on January 16th) are the lowest prices since December, 1914. A year ago the price was

**Beet** 7.80 cents per pound, and on June 1, 1920, at the highest point, it was 26.10 cents per pound. It has been estimated

that the price of refined sugar is only 8 per cent higher than the 1909-1913 average price whereas the level of all commodities at whole sale, according to the United States Bureau of Labor statistics, is 51.4 per cent higher than the prewar average level.

Growers of sugar beets in Utah and Idaho under contracts entered into with the beet sugar factories last spring, are guaranteed minimum payments of \$5.50 and \$6.00 per ton for their beets, but growers in California generally will be paid according to the price the refineries receive for sugar during the present crop year. A typical California contract states that if the company receives during the year begun July 1, 1921, an average price of five cents per pound and the percentage of sugar in beets delivered to it is 17.6 per cent (the 1920 average for this state) it will pay the grower \$6.84 per ton, while if the average price received is 4½ cents, \$6.16 per ton will be paid. The average price received by growers for the 1920 crop was \$13.13 per ton in California \$12.10 in Utah, and \$12.03 in Idaho.

The chief cause for the continuous fall in sugar prices is reported to be the decline in the price of raw Cuban cane sugar in New York, in turn caused by a large new Cuban crop coming on a market in which there exists an abnormally large holdover from the old crop.

In 1912-13 Cuba produced approximately 2,500,000 long tons of sugar and in the calendar year 1913 exported amounts equal to 87 per cent of this crop to the United States and 10

per cent to the United Kingdom. In 1920-21 the outturn was 3,900,000 long tons, of which, it has been estimated, 1,500,000 tons remained on the island on December 1st. The present crop is roughly estimated at 3,000,000 tons. The increase in the production up to 1921 had been largely consumed by European countries, whose beet sugar output had been curtailed by the effects of the war, but it is reported that Europe is regaining the position where her own crops and prewar sources of supply suffice for her demand.

The production of refined beet sugar in the principal sugar beet growing states of this District and in the United States during 1920, and the estimated production during 1921, is as follows:

	1920-1921 (long tons)	1921-1922 (long tons)
California .....	150,000	148,000
Utah .....	145,000	138,000
Idaho .....	51,000	47,000
United States.....	973,000	900,000

The production of refined beet sugar in the United States in 1913-14 was 655,000 long tons.

A large reduction (787,950 bags of 100 pounds each) from the October 1st estimate of the 1921 crop of rice in California is shown in the December report of the Department of Agriculture. According to the latest figures California rice growers produced 2,646,000 bags of rice of 100 pounds each (5,880,000 bushels) on 120,000 acres of land during the 1921 season. In 1920 a total of 4,374,000 bags (9,720,000 bushels) of rice were grown in California, approximately 20 per cent of which was damaged or destroyed

by rains during the harvesting season.

Commercial factors report that the local market for rice has been dull during the past month, with local millers and dealers buying only to fill orders already on hand. Three public auctions have been held by the Rice Growers Association of California, which controls about 50 per cent of the California crop. On January 5th no sales were made. On January 11th, 20,000 bags of paddy (rough uncleaned rice) were sold at prices which would yield \$2.80 per hundred pounds for rice milling 55 pounds of cleaned rice to 100 pounds of paddy. On January 18th, 8,700 bags of paddy were sold at prices which would yield \$2.75 per hundred pounds on the above basis.

Recent rains in California and southern Arizona have improved the condition of livestock ranges in those states, and green feed is now growing rapidly. In the Inter-mountain states winter ranges are covered with a layer of snow, and cattle and sheep are reported in fair condition, in spite of some shrinkage from inclement weather. The condition of livestock ranges in Oregon is reported to be below normal, there having been practically no growth of grass during the past six weeks. In all sections where heavy snow on the ranges makes feeding necessary, an abundance of low priced hay is reported available.

Receipts of livestock at six of the principal markets of the District during December (table "F") show large increases in shipments of hogs and sheep (102 and 78 per cent, respectively)

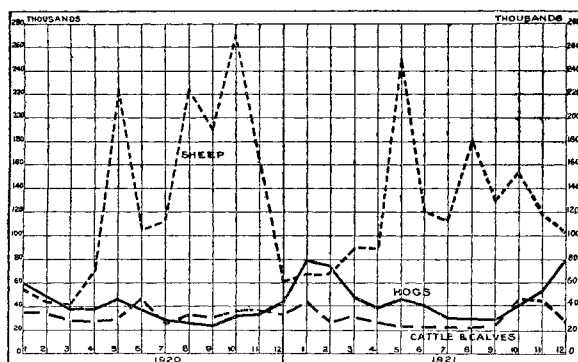
#### (F) Receipts of Livestock—

	Cattle		Calves		Hogs		Sheep		Horses and Mules	
	Dec., 1921	Dec., 1920	Dec., 1921	Dec., 1920	Dec., 1921	Dec., 1920	Dec., 1921	Dec., 1920	Dec., 1921	Dec., 1920
Ogden .....	7,310	12,664	107	202	27,660	8,831	30,480	21,783	...	...
Portland .....	6,897	7,594	415	850	15,349	10,947	20,458	7,054	298	93
Salt Lake City...	4,952	4,549	...	...	8,035	3,091	30,776	14,930	72	40
Seattle .....	2,704	3,981	75	189	17,541	12,450	12,400	7,957	17	75
Spokane .....	3,320	4,299	71	133	4,139	3,690	3,458	5,471	23	81
Tacoma .....	1,973	2,313	110	411	7,344	3,624	3,501	1,351	...	...
Total .....	27,246	35,400	778	1,785	80,068	39,542	101,073	56,537	510	289

#### (G) Range in Livestock Prices—

Highest and Lowest Average Top Prices Per Hundredweight Received at Above Markets During December.						
Week of	Fat Steers	Cows	Calves	Hogs	Lambs	
December 5.....	\$5.50—6.25	\$4.25—4.75	\$5.00—10.00	\$6.35—8.25	\$5.50—7.57	
December 12.....	5.50—6.75	4.00—5.12	4.10—10.00	6.35—8.25	5.50—8.25	
December 19.....	5.00—7.25	4.00—5.50	5.50—10.00	6.40—8.25	5.00—9.00	
December 26.....	5.25—7.50	4.00—6.00	6.50—9.50	6.50—8.50	5.00—9.00	

compared with the corresponding month a year ago. Receipts of cattle show a sharp decline as compared with December, 1920, and with November, 1921.



Receipts of Livestock at Six of the Principal Markets of the District 1920-1921. (Ogden, Portland, Salt Lake City, Seattle, Spokane and Tacoma included)

The range in livestock prices at six markets of this District during December (as shown in table "G," see opposite page) indicates a rise in the prices of steers and cows during the month; a decrease in the prices of hogs early in December, with an upward reaction later in the month; and a spread in the range of prices for lambs, indicating increases in some markets, and decreases in others.

Cold storage holdings of butter at four principal markets were reduced during December by net withdrawals of 112,991 pounds.

Net withdrawals during November amounted to 74,123 pounds and in December, 1920, to 448,918 pounds.

#### Dairy Products

Cold storage holdings of butter at the same markets were reported on January 1st as 752,918 pounds, compared with 1,668,778 pounds in storage a year ago, a reduction of 915,860 pounds, or 54 per cent. A statement of the movement and holdings of cold storage butter is shown in table "H."

Fairly heavy local production and large arrivals of Australian butter have depressed the San Francisco market during the past six weeks. The price of 93 score fresh creamery butter declined from 42½ cents on December 1st to 34¼ cents on January 14th. Further shipments of Australian butter are expected at San Francisco and Vancouver (British Columbia) during the latter part of January. Eastern markets are reported to be well stocked and at present do not offer the usual outlet for surplus butter arriving at Pacific Coast markets.

Prices received by milk producers in this District during December (presented in table

"I") show that the average price per 100 pounds decreased 6 cents in the Mountain section and increased 2 cents in the Pacific section as compared with November, and declined \$0.82 and \$1.19 in the Mountain and Pacific sections respectively, as compared with a year ago.

Dairy factors report a slight increase in the production of milk and dairy products in California, Utah and Idaho during 1921 as compared with 1920. Production in other states remained approximately the same as the previous season. Increasing dairy herds and a general revival of the dairy industry are reported from all states, the movement being attributed to attractive prices for dairy products compared with other farm products, and to greatly reduced costs of production. The extent of this reduction is illustrated by the following comparative estimates for California:

	1921	1920
Value of hay per ton...	\$10.86	\$20.00
Wages of milkers, per month (with board)...	\$75.00-\$90.00	\$100.00-\$125.00
Wages of dairy farm laborers, per month (with board) .....	\$50.00-\$65.00	\$ 75.00-\$ 90.00

Marked improvement in the condition of the lumber industry as compared with one year ago is shown by a comparison of figures on production, sales, and shipments for December, 1921, with similar figures for December, 1920. In the latter month the total of orders received by the four associations of the District stood at

#### (H) Movement of Stocks of Cold Storage Butter—

City	Dec., 1921 Net Withdrawals (pounds)	Dec., 1920 Net Withdrawals (pounds)	Jan. 1, 1921 Holdings (pounds)	Jan. 1, 1920 Holdings (pounds)
Los Angeles .	155,008	76,195	177,679	475,924
Portland .....	23,231	61,016	23,286	268,698
San Francisco	89,127*	204,717	503,286	466,989
Seattle .....	23,879	106,990	48,667	457,167
Totals .....	112,991	448,918	752,918	1,668,778

\*Net addition.

#### (I) Prices Received by Milk Producers\*—

Section†	Dec., 1921 Range	Dec., 1921 Aver- age	Nov., 1921 Aver- age	Dec., 1920 Aver- age
Mountain (5 Mkts.)...	\$1.73-\$2.80	\$2.32	\$2.38	\$3.14
Pacific (10 Mkts.)....	1.85- 3.03	2.57	2.55	3.76
U. S. (101 Mkts.).....	1.45- 6.78	2.56	2.56	3.41

\*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.

the lowest point in the past two years, while production and shipments, which had declined steadily since the previous August, were at approximately the low point for the readjustment period. Not only did production, sales, and shipments in December, 1921, greatly exceed those of the same month a year ago, but the month, which is usually a quiet one in the industry, was marked by a moderately heavy demand for lumber for water shipment (domestic and foreign), a slight increase in prices of upper grades of some woods, and reports of small and incomplete stocks in the hands of mills and distributors. Prospects for increased movement of lumber by rail also improved as a result of lowered freight rates to points in the northeastern quarter of the United States.

Production of lumber in December, as reported by four lumber associations, was 280,622,000 feet compared with 206,421,000 feet in December, 1920, an increase of 35.9 per cent, and with 355,898,000 feet in November, 1921. Orders received by reporting mills totaled 302,866,000 feet, an increase of 179.3 per cent over December, 1920. Shipments from the same mills were 54.9 per cent greater than one year ago, totaling 285,659,000 feet in December, 1921, and 184,373,000 feet in December, 1920. Orders and shipments both exceeded production in December, 1921, the former by 7.9 per cent and the latter by 1.7 per cent. In the two lumber associations for which figures are available, unfilled orders amounted to 1,140,370,000 feet at the close of the year compared with 1,077,032,000 feet on November 30, 1921, and 651,556,000 feet on December 31, 1920.

The December export market witnessed continued large purchases by Japan and a slight revival in the Australian demand for Pacific Coast lumber. Figures recently compiled by the Pacific Lumber Inspection Bureau show that the Japanese export business from west coast mills increased from 76,081,351 feet in

the first nine months of 1920 to 208,332,770 feet in the first nine months of 1921, an increase of 174 per cent. In the domestic market buying for Atlantic Coast and California shipment continued heavy for this season of the year.

Reports received from several logging operators indicate that the production of logs was less in December, 1921, than in November, 1921, but greater than in December, 1920. Logging was greatly curtailed in all sections, due in part to unusually severe storms and in part to the usual holiday shutdown for repairs.

Comparative figures of cut, orders, unfilled orders, and shipments as reported by four lumber associations during December, 1921, and November, 1921, are shown in table "J."

Preliminary figures issued by the United States Geological Survey show that the production of gold, silver, lead and copper in the states of this District during 1921

**Mining** was less than in 1920. The largest decreases were in the production of lead and copper, the production of gold having been practically the same and of silver only slightly less than in the previous year. Figures in detail for gold, silver and lead are given in table "K" (see opposite page), and for copper in the succeeding paragraph.

A notable increase in the production of silver (105.9 per cent) and a slight increase in the production of gold (10.0 per cent) was reported for the state of California.

Reports received by this bank from 13 large mining companies covering their operations during the month of November, 1921, show an increased production of silver, copper and lead and a decreased production of gold compared with November, 1920. Compared with October, 1921, increases in the production of silver and lead and decreases in the production of gold and copper were reported. The situation in most of the metal mining areas remains unchanged, with curtailed operations and resulting unemployment in the copper and silver-

### (J) Lumber—

Average No. of Mills reporting . . . .	West Coast Lumbermen's Association		Western Pine Manufacturers' Association		California White and Sugar Pine Manufacturers' Association		California Redwood Association <sup>†</sup>		TOTAL	
	Dec. 31	Nov. 26	Dec. 31	Nov. 26	Dec. 31	Nov. 26	Dec. 31	Nov. 26	Dec. 31	Nov. 26
Cut* . . . . .	101	105	42	44	5	20	12	12	160	181
Shipments* . . . .	228,652	261,176	32,283	47,243	3,609	32,046	16,078	15,433	280,622	355,898
Orders* . . . . .	198,076	222,856	59,298	72,354	13,350	33,339	14,935	13,029	285,659	341,578
Unfilled Orders*	225,160	230,114	58,025	73,225	8,445	14,238	11,236	19,688	302,866	337,265
	1,081,945	1,021,277	58,245	55,755	....	....	....	....	1,140,370	1,077,032

\*In thousands of feet.

†Figures reported are for two-week periods ending December 17th and November 12th.



lead producing sections. In Arizona (Miami district), one of the three reverberators of the International Smelter was put in operation during the early part of December and for the first time in seven months copper bullion was poured.

Comparative figures of the output of metal of 13 reporting mines in November, 1921, October, 1921, and November, 1920, are shown in the following table:

	Nov. 1921	Oct. 1921	Nov. 1920
Copper (lbs.)....	4,514,542	5,083,323	4,493,993
Lead (lbs.).....	10,502,167	9,950,041	10,148,683
Silver (oz.).....	731,186	651,403	599,002
Gold (oz.).....	31,644	32,339	32,520

The estimated production of the copper mines of this District in 1921 was **Copper** 226,930,105 pounds, compared with 745,250,381 pounds in 1920 and 679,560,104 pounds in 1913\*.

	1921 (pounds)	1920 (pounds)	1913* (pounds)
Arizona .....	163,087,000	558,256,302	404,278,809
California .....	11,681,705	12,626,272	32,492,265
Idaho .....	1,436,000	2,538,396	8,711,490
Nevada .....	15,515,000	50,559,763	85,209,536
Oregon .....	274,400	2,355,276	77,812
Utah .....	35,534,000	116,931,238	148,057,450
Washington .....	402,000	1,983,134	732,742

Total District..226,930,105 745,250,381 679,560,104

\*Smelter output, closely comparable with mine production.

Of the 15 principal mines (whose production in 1920 was 93 per cent of the production of this District and 51 per cent of the mine output of the United States) the two now operating report the following output figures:

	1921 (pounds)	1920 (pounds)
November .....	6,120,000	7,175,000
October .....	6,621,000	8,032,000
11 Months .....	66,840,000	86,316,000

The decrease in output of this District reflects the general situation of the copper industry. Smelter output in the United States, as estimated by the United States Geological Survey, was 461,000,000 pounds in 1921 compared with 1,209,061,040 pounds in 1920.

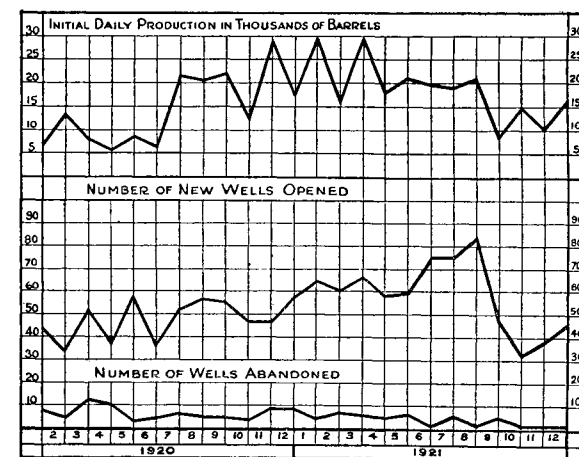
Copper stocks in the United States on the first day of this year (1922) were over twice average prewar (1909-1913) stocks of 360,000,000 pounds, but considerably less than they were a year ago.

	Refined (pounds)	Blister and material in process of refining (pounds)	Total (pounds)
January 1, 1921.	659,000,000	465,000,000	1,124,000,000
January 1, 1922.	496,000,000	297,000,000	793,000,000

Reduction .. 163,000,000 168,000,000 331,000,000

The average price of electrolytic copper in New York as reported by "Iron Age" was 13.82 cents per pound in December compared with average prices of 13.26 cents in November, 12 cents in August, 17.50 cents in 1920, 35.74 cents in March, 1917, and 14.11 cents during the five years 1909-1913.

The year 1921 established a new record for petroleum production in California, 114,849,924 barrels being produced compared with 105,721,186 barrels in 1920, an increase of 9,128,738 barrels or 8.6 per cent. Seven hundred and four new wells were completed during 1921, and 47 wells abandoned, an increase of 657 producing wells during the year.



Petroleum Development Operations in California, 1920-1921

### (K) Output of Metal in 1921 and 1920—

	Gold (\$)*		Silver (oz.)		Lead (lb.)	
	1921	1920	1921	1920	1921	1920
Arizona .....	3,046,000	4,786,122	2,179,000	5,355,303	5,182,000	14,599,765
California .....	15,744,910	14,311,043	3,514,276	1,706,327	779,298	4,813,510
Idaho .....	497,000	485,590	5,720,000	7,326,794	192,000,000	249,609,976
Nevada .....	3,340,000	3,566,728	6,681,000	7,745,093	7,803,000	21,263,700
Oregon .....	775,194	1,017,490	43,120	82,743	350	.....
Utah .....	1,794,000	2,014,556	12,366,000	13,106,976	89,782,000	140,838,113
Washington .....	148,000	120,860	132,000	199,678	132,000	5,787,247
Total .....	25,345,104	26,302,389	30,635,396	35,522,914	295,678,648	436,912,311

\*An ounce of fine gold is worth \$20.6718.

The average daily production of petroleum in California during December was 325,478 barrels, an increase of 32,115 barrels per day compared with November and 545 barrels per day compared with December, 1920. Consumption decreased during December, average daily shipments totaling 275,944 barrels compared with 280,993 barrels in November and 335,967 barrels in December, 1920. The decrease in shipments coupled with the increase in production resulted in an increase of 1,535,562 barrels in stored stocks which on December 31, 1921, stood at 35,021,912 barrels compared with 33,486,350 barrels on November 30, 1921, and 22,240,271 barrels on December 31, 1920.

Forty-five new wells with an initial daily production of 16,160 barrels were completed during December and one well abandoned, a net increase of 44 producing wells during the month.

Statistics on oilfield operations as furnished by the Standard Oil Company of California, are shown in table "L."

Seasonal declines in the sales of electric energy for industrial purposes are reflected in the reports for November of eight principal power producing companies in California. Total industrial sales were 10.8 per cent less during November than during October, but showed an increase of 5.9 per cent over November, 1920. Compared with the previous month the greatest declines in consumption of industrial power were reported from the San Joaquin Valley and southern California, where a large proportion of the total power consumed is sold to agricultural industries.

Segregated figures on industrial sales by seven companies, show that sales to agricultural consumers declined from 61,205,243 K. W. H. in September to 36,598,774 K. W. H. in October, and 22,304,567 K. W. H. in November, reflecting decreasing needs of farmers for power to pump irrigating water. Sales to the oil industry increased 33 per cent during November, due to the settlement of the oil workers' strike and the resumption of opera-

tions in the oilfields of the San Joaquin Valley. Sales to the mining industry, which have been increasing during preceding months, showed a slight decrease as compared with October, and in most cases where comparative figures are available, were reported as less than during November of the previous year.

Statistics on the electric power industry in California, as reported by eight companies, are presented in table "M" (see opposite page).

Seasonal increases in the number of unemployed were reported from all sections during December, due to the cessation of practically all agricultural and outdoor construction work. The influx of transient laborers from the rural districts to cities has swelled the number of unemployed in the principal centers of population. The majority of those out of employment are unskilled laborers. The demand for skilled laborers in the building trades continued during the month.

In California, Oregon and Washington the increase in unemployment has been most noticeable, reduced payrolls in the steel and metal, shipbuilding, lumbering, and fishing industries, adding to the number thrown out of employment in the agricultural areas. In the Intermountain states the problem is not so serious and in most sections there was no marked suffering from unemployment, although the supply of labor was plentiful.

Decreased industrial activity in December as compared with November is indicated by the monthly report of the United States Employment Service on manufacturing industries in four cities.

	Numerical increase or decrease (—) in employment during December compared with November	Percentage increase or decrease (—) in employment during December compared with November
Los Angeles..	1,060	4.8
Portland .....	— 557	— 6.9
San Francisco —	385	— 5.8
Seattle .....	— 278	—12.0

Wage reductions for both skilled and unskilled labor continue to be reported. Unskilled laborers in various industries are receiving from 10 per cent to 25 per cent less

### (L) Petroleum—

	December, 1921	November, 1921	December, 1920
Production (daily average).....	325,478 bbls.	293,323 bbls.	324,933 bbls.
Shipments (daily average).....	275,944 bbls.	280,993 bbls.	335,967 bbls.
Stored Stocks (end of month).....	35,021,912 bbls.	33,486,350 bbls.	22,240,271 bbls.
New Wells Opened.....	45	38	58
With Daily Production .....	16,160 bbls.	9,755 bbls.	16,625 bbls.
Wells Abandoned .....	1	1	9

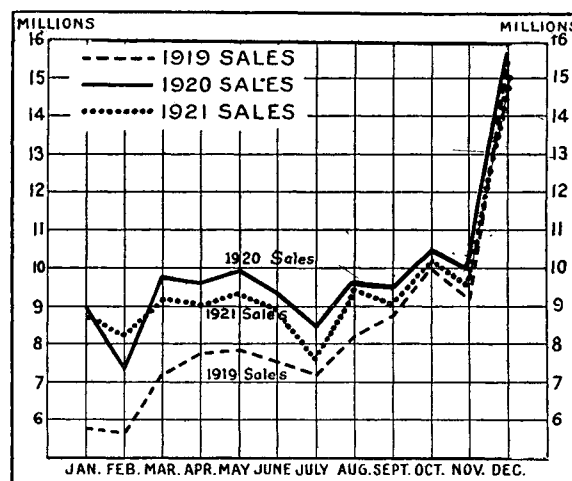
than one year ago. The majority of the mining companies in Utah announced a reduction in wages of 50 cents per shift, or approximately 10 per cent, effective January 16, 1922. In San Francisco important wage arbitration awards reduced the wages of practically all of the building trades crafts, skilled mechanics being reduced from the previous basis of \$8.35 per day to \$8.00 per day. Under the award the present wage scale will remain in effect until January 1, 1923. Wages of metal trades workers in the same city were also reduced 10 per cent during the month.

Trade at retail during December, 1921, was only 2.4 per cent less in value than during December, 1920, according to reports received from 28 representative department stores and mail order houses. Sales of reporting stores in San Francisco and Los Angeles were actually greater in value in December, 1921, than in December, 1920. The percentage of decrease in the district is the smallest percentage decline in the value of sales reported for any month in 1921 when compared with the corresponding month in 1920 and, when price declines during the year period are taken into consideration, indicates that holiday buying was greater in volume than in the previous year. Further evidence leading to this conclusion is provided by reports received from nine stores showing that their individual sales transactions were 8.6 per cent greater in December, 1921, than in December, 1920. The usual seasonal increase in value and volume of sales, as compared with November, was noted by all stores and averaged 53.1 per cent in the district. Sales for the six months' period ending December 31, 1921, were 7.5 per cent less in value than sales in the same period in 1920.

The amount of the average sale (cash, charge, C. O. D.) reported by eight stores was \$2.49 in December compared with \$2.58 in November and \$2.76 in December, 1920. Following is a statement of the average sale (cash, charge, C. O. D.) in Los Angeles, San Francisco and Seattle.

	Dec. 1921	Nov. 1921	Dec. 1920
Los Angeles .....	\$ 3.54	\$ 4.24	\$ 3.91
San Francisco ....	2.67	3.02	..
Seattle .....	1.83	1.94	1.91
District .....	\$ 2.49	\$ 2.58	\$ 2.76

The value (selling price) of stocks of reporting firms at the close of December was 16.2 per cent less than at close of November, 1921, and 13.8 per cent less than on December 31, 1920. Average stocks on hand at close of the six months' period ending December 31, 1921, amounted to 411.7 per cent of the average monthly net sales during the same period.



Net Sales of 22 Department Stores in Twelfth Federal Reserve District  
(In Millions of Dollars)

### (M) Electric Power†—

Type of Plant	Plant Capacity K. V. A.			Peakload K. W.†			Plant Output K. W. H.		
	Nov., 1921	Oct., 1921	Nov., 1920	Nov., 1921	Oct., 1921	Nov., 1920	Nov., 1921	Oct., 1921	Nov., 1920
(a) Hydro Power .....	657,575	657,575	500,425	401,995	405,993	359,490	202,117,811	229,650,086	199,864,451
(b) Steam .....	346,045	350,045	314,595	199,160	188,970	173,886	78,423,036	64,740,196	53,944,742
(c) Purchased .....	.....	.....	.....	56,411	50,307	43,975	33,937,213*	33,533,606*	21,753,140*
	1,003,620	1,007,620	815,020	703,076	689,860	617,301	280,540,847	294,390,282	253,809,193

### Number of Industrial Consumers and Sales:

Number of Industrial Consumers‡			Connected Industrial Load H. P.§			Industrial Sales K. W. H.		
Nov., 1921	Oct., 1921	Nov., 1920	Nov., 1921	Oct., 1921	Nov., 1920	Nov., 1921	Oct., 1921	Nov., 1920
42,869	41,939	37,956	1,290,824	1,301,467	1,210,816	167,671,665	188,042,276	157,633,233

‡8 Companies reporting.

†Unsegregated figures for 1 company included in totals.

\*Not included in total plant output.

§7 Companies reporting.

¶6 Companies reporting.

Collections were characterized by reporting firms as follows:

	Excellent	Good	Fair	Poor
Number of Firms	1	8	8	0

Statements of increases or decreases in the value of net sales of 28 representative department stores and mail order houses during December, 1921, compared with November, 1921, and December, 1920, and the six months' period ending December 31, 1921, compared with the same period in 1920 are shown in table "N."

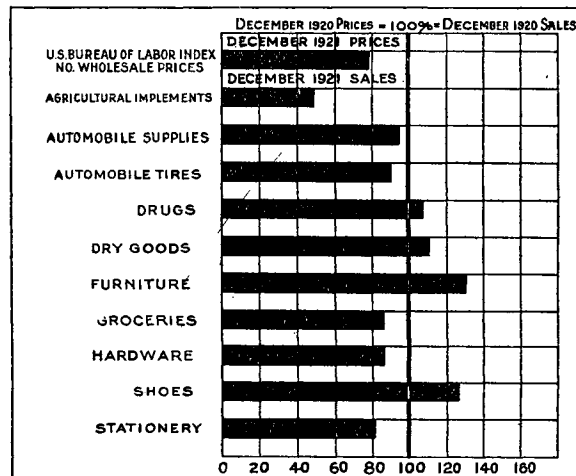
Detailed reports received from 181 wholesale firms in ten lines of business in this district indicate that the value of net sales during December was greater than the value of December, 1920, sales in drugs, dry goods, furniture and shoes, percentage increases ranging from 7.8 per cent in drugs to 30.6 per cent in furniture. Compared with November, 1921, decreases were reported in the value of sales in all lines except automobile tires, drugs and stationery.

The average net increases or decreases (—) in the value of sales of each reporting line were as follows:

	December, 1921 compared with		Year 1921 compared with
	Dec., 1920	Nov., 1921	Year 1920
Agricultural			
Implements . . . .	—51.2	—11.8	—52.6
Automotive Supplies—	4.8	— 8.5	—19.2
Automobile Tires. —	8.7	98.3	—19.7
Drugs . . . . .	7.8	1.0	—11.7
Dry Goods . . . . .	11.2	—26.3	—26.7
Furniture . . . . .	30.6	—17.4	—20.3
Groceries . . . . .	—13.2	—15.2	—24.3
Hardware . . . . .	—14.0	— 8.9	—28.9
Shoes . . . . .	26.7	—10.3	—19.9
Stationery . . . . .	—18.9	26.1	—24.2

If due allowance be made for price declines at wholesale during the year 1921 (the United States Department of Labor index number of wholesale prices declined 21.1 per cent from December, 1920, to December, 1921, and averaged 37.0 per cent lower in 1921 than in 1920) it appears that the volume of sales in December, 1921, and in the year 1921 was generally greater than in December, 1920, and in the year 1920, respectively. The one exception to this general statement is in the sales of agricultural implements which were less both in value and in volume in 1921 than in 1920.

Collections were reported excellent by nine firms, good by 43, fair by 73 and poor by 17. One hundred and eleven wholesale firms gave the percentage of their collections during December, 1921, to the total amount due from customers (outstanding) on December 1, 1921,



Dollar Value of Sales of Representative Wholesale Houses and General Wholesale Prices in December, 1921, Compared with December, 1920

### (N) Retail Trade Activity—

#### CONDITION OF RETAIL TRADE DURING DECEMBER, 1921 In Federal Reserve District No. 12

	(28 Stores Reporting)							
	Los Angeles	Oakland	Sacramento	Salt Lake City	San Francisco	Seattle	Spokane	District
Percentage increase or decrease (—) of net sales during December, 1921, compared with net sales during same month last year . . . . .	2.6	— 9.1	—15.3	—16.0	1.6	— 1.2	—14.5	— 2.4
Percentage increase or decrease (—) of net sales during December, 1921, compared with net sales during November, 1921. . . . .	54.0	71.9	37.0	46.9	60.4	73.2	39.9	53.1
Percentage increase or decrease (—) of net sales from July 1, 1921, to December 31, 1921, inclusive, compared with net sales during same period last year. . . . .	.9	— 9.4	—13.8	—16.5	— 6.3	— 7.4	—10.9	— 7.5

and 1920 as follows: (The November figures are inserted for comparative purposes).

	Number of Firms	Dec., 1921	Nov., 1921	Dec., 1920
Agricultural Implements.....	9	25.8	27.1	40.6
Automotive Supplies.....	15	53.7	55.0	59.0
Automobile Tires .....	11	49.8	62.7	57.8
Drugs .....	4	82.4	84.0	69.2
Dry Goods .....	7	40.6	41.2	45.3
Furniture .....	10	51.0	54.9	54.1
Groceries .....	17	59.6	64.1	61.7
Hardware .....	16	48.6	45.5	49.6
Shoes .....	10	44.2	42.0	46.8
Stationery .....	12	58.2	62.3	71.3

Statements of increases or decreases (—) in net sales of reporting wholesale firms during December, 1921, compared with December, 1920, and the 12 months of 1921, compared with the same period of 1920 are shown in table "O."

Building activity during December as shown by the number and value of building permits issued in 20 principal cities reached the second highest point ever touched in this District, being exceeded only by the building returns for October, 1921. Building permits issued in December numbered 7,672 with an estimated valuation of \$21,004,120 compared

with 5,364 permits with a valuation of \$13,877,021, issued during December, 1920, an increase of 2,308, or 43.1 per cent, in number and of \$7,127,099, or 51.3 per cent, in value. Compared with November, 1921, December permits were 24.5 per cent less in number and 7.2 per cent greater in value. Increases occurred in 15 reporting cities during December, 1921, compared with December, 1920.

During the year 1921 there were 106,177 permits with an estimated valuation of \$208,968,615 issued in the 20 reporting cities compared with 81,047 permits with a valuation of \$177,137,048 issued in 1920. These figures represent an increase of 25,130, or 31.5 per cent, in number, and of \$31,831,567, or 17.9 per cent, in value of building permits issued in 1921 compared with 1920. If allowance is made for declines in the cost of building materials and labor during the year, the increase in the physical volume of construction compared with 1920 is even greater than the above figures indicate.

The accompanying chart shows the number, total valuation and average value of building permits issued in this District since January,

### (O) Wholesale Trade—

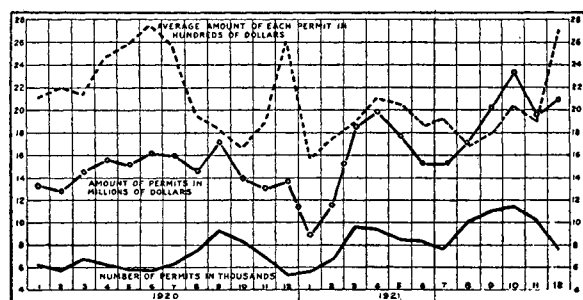
(1a) Percentage of increase or decrease (—) in net sales for December, 1921, over December, 1920

	Agricultural Implements	Auto Supplies	Auto Tires	Drugs	Dry Goods	Furniture	Groceries	Hardware	Shoes	Stationery
Number of re- porting firms..	21	20	12	7	12	15	31	22	14	27
Los Angeles ....	—37.5	6.2	— 4.9	..	..	30.0	—12.0	10.6	..	— 3.0
Portland .....	—49.4	— 1.8	..	..	..	22.0	—12.3	—32.2	53.8	— 2.3
Sacramento .....	..	—16.9	..	..	..	..	—14.2	17.1	..	..
Salt Lake City ..	—46.3	— 2.0	49.2	—12.0	..	..	—31.2	—22.9	..	—27.0
San Francisco ..	—58.6	—15.3	— 5.2	..	14.3	78.7	— 2.1	—20.7	21.5	—36.6
Seattle .....	..	—20.1	—30.7	..	27.8	..	..	—15.4	45.1	—25.8
Spokane .....	—47.6	..	4.6	..	..	..	—26.5	—12.5	..	— 7.4
Tacoma .....	..	..	..	..	..	41.6	—11.6	—14.2	..	..
District .....	—51.2	— 4.8	— 8.7	7.8	11.2	30.6	—13.2	—14.0	26.7	—18.9

(1b) Percentage of increase or decrease (—) in net sales for January 1 to December 31, 1921, over same period last year

	Agricultural Implements	Auto Supplies	Auto Tires	Drugs	Dry Goods	Furniture	Groceries	Hardware	Shoes	Stationery
Number of re- porting firms..	21	20	12	7	12	15	31	22	14	27
Los Angeles ....	—51.6	— 8.8	— 7.7	..	..	—14.5	—11.4	—19.9	..	—16.1
Portland .....	—55.1	—25.6	..	..	..	—16.7	—29.4	—32.1	—29.2	—24.8
Sacramento .....	..	—16.7	..	..	..	..	—20.4	—18.1	..	..
Salt Lake City ..	—49.1	—26.9	—32.5	—24.0	..	..	—32.0	—36.2	..	—29.6
San Francisco ....	—60.9	—23.3	—26.5	..	—26.1	—24.6	—24.9	—28.9	—15.9	—31.1
Seattle .....	..	—33.4	—15.5	..	—34.6	..	..	—35.4	—28.4	—20.4
Spokane .....	—42.0	..	—32.5	..	..	..	—30.3	—25.5	..	—18.7
Tacoma .....	..	..	..	..	..	—26.5	—25.9	—14.6	..	..
District .....	—52.6	—19.2	—19.7	—11.7	—26.7	—20.3	—24.3	—28.9	—19.9	—24.2

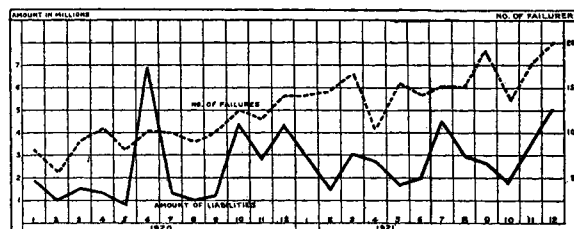
1920. Comparative figures of the number and value of building permits issued in 20 reporting cities during December, 1921, November, 1921, and December, 1920, are shown in table "P."



Building Permits Issued in 20 Principal Cities, Twelfth Federal Reserve District, 1920-1921

Business failures (exclusive of bank failures) during December were the largest reported to this bank in the past three years, both in number and in amount of liabilities. There were 201 failures reported in December with liabilities of \$5,093,420 compared with 142 failures with liabilities of \$4,330,343 in December, 1920, an increase of 59, or 41.5 per cent, in number and of \$763,077, or 13.0 per cent, in liabilities involved. Compared with November, 1921, when 178 failures with liabilities of \$3,623,247 were reported, there was an increase of 23, or 12.8 per cent, in number and of \$1,470,173, or 40.5 per cent, in liabilities. In the year ending December 31, 1921,

there were 1851 failures reported with liabilities amounting to \$34,280,351. These latter figures show an increase of 55.9 per cent in the number of failures and of 20.6 per cent in the amount of liabilities in the year 1921 compared with 1920. Liabilities of the average failure in the District during 1921 were \$18,411 compared with \$23,932 in 1920. R. G. Dun and Company's comparative figures of



Business Failures, Twelfth Federal Reserve District, 1920-1921

NOTE—The great increase in liabilities in June, 1920, was due to the failure of one concern in Seattle, Washington.

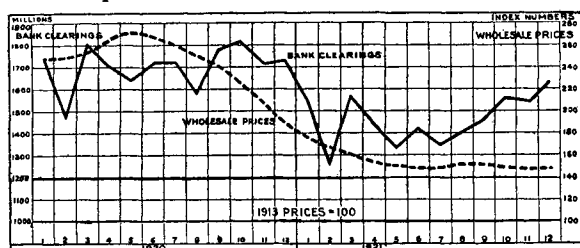
the number and liabilities of business failures in the states of this District during November and December, 1921, are shown in the following table:

	December, 1921		November, 1921	
	No.	Liabilities	No.	Liabilities
Arizona .....	6	\$ 112,000	6	\$ 109,700
California .....	79	1,459,555	69	1,202,954
Idaho .....	9	631,342	12	719,509
Nevada .....	3	24,787	1	600
Oregon .....	41	1,769,432	34	1,026,859
Utah .....	12	220,448	9	53,259
Washington .....	51	875,856	47	510,366
District .....	201	\$5,093,420	178	\$3,623,247

(P) Building Permits—

	December, 1921		November, 1921		December, 1920		Per Cent Increase or Decrease (—) in Value Dec., 1921 compared with Dec., 1920
	No.	Value	No.	Value	No.	Value	
Berkeley .....	130	\$ 294,955	208	\$ 438,942	76	\$ 102,099	189.2
Boise .....	43	20,389	56	57,676	40	22,075	9.0
Fresno .....	203	500,539	253	405,988	200	2,234,944	77.6
Long Beach .....	270	1,392,700	390	1,254,500	219	442,170	214.9
Los Angeles .....	3,364	9,168,851	4,242	8,685,775	1,913	3,803,838	141.0
Oakland .....	500	2,149,756	646	1,235,174	324	629,779	241.2
Ogden .....	20	93,800	36	65,222	21	46,950	102.1
Pasadena .....	209	396,278	362	701,998	175	238,889	65.6
Phoenix .....	52	77,930	50	86,903	108	127,352	38.5
Portland .....	731	854,055	1,082	1,374,615	594	632,605	34.9
Reno .....	15	36,730	7	3,600	5	12,400	208.3
Sacramento .....	224	420,266	288	496,235	106	231,200	81.8
Salt Lake City .....	117	404,595	157	385,876	29	316,250	27.8
San Diego .....	265	1,775,711	409	846,995	249	1,220,463	45.5
San Francisco .....	568	2,007,705	613	2,244,606	376	1,749,330	14.8
San Jose .....	59	121,370	89	238,100	48	57,884	108.6
Seattle .....	518	494,835	735	593,800	577	1,676,765	70.4
Spokane .....	115	88,225	183	118,205	69	116,550	24.1
Stockton .....	68	163,133	93	165,130	42	73,368	123.2
Tacoma .....	201	542,297	263	180,652	193	142,110	281.6
Total .....	7,672	\$21,004,120	10,162	\$19,579,992	5,364	\$13,877,021	51.3

Total bank clearings in 20 principal cities during December were \$1,627,956,000, a decrease of \$70,441,000, or 4.1 per cent, compared with December, 1920, when clearings of \$1,698,397,000 were reported. This is the smallest decrease reported for any month in 1921 when compared with the corresponding month in 1920, and, as in the 11 previous months, is less than the percentage of decline in commodity prices at wholesale and retail during the same period. This is an indication that the physical volume of business transacted in 1921 exceeded that transacted in 1920. In the 12 months' period ending December 31, 1921, bank clearings in reporting cities totaled \$17,500,787,000 compared with \$20,415,927,000 in the corresponding period of 1920, a decrease of 14.2 per cent.



Bank Clearings in 20 Principal Cities, Twelfth Federal Reserve District, 1920-1921. (In Millions of Dollars)

Comparative figures of clearings for the 20 reporting cities of the district during December, 1921, November, 1921, and December, 1920, are shown in table "Q."

Continued although irregular easing of interest rates is noticeable in this District. Open market rates on prime commercial paper declined  $\frac{1}{2}$  per cent in Portland and Seattle and were generally  $\frac{1}{4}$  per cent lower in San Francisco. No change was reported from Los Angeles or Salt Lake City on this class of paper. On other classes of paper, rates remained practically the same as one month ago, although customers' prime commercial paper tended toward lower rates in San Francisco. A statement of interest rates charged on prime commercial paper by banks in Federal Reserve Bank and Branch cities for the thirty-day periods ending January 5, 1922, and December 5, 1921, follows:

	Prime Commercial Paper of Customers		Commercial Paper Bought Through Brokers	
	Jan. 5	Dec. 5	Jan. 5	Dec. 5
Los Angeles ..	7	7	$5\frac{1}{2}$	$5\frac{1}{2}$
Portland .....	7	7	5	$5\frac{1}{2}$
Salt Lake City.	8	8	..	..
San Francisco.	6	$6\frac{1}{2}$	$5\frac{1}{4}$	$5\frac{1}{4}$ - $5\frac{1}{2}$
Seattle .....	7	7	$5\frac{1}{2}$	6
Spokane .....	7	7	$5\frac{1}{4}$	..

On January 23rd the rediscount rate of the Federal Reserve Bank of San Francisco was reduced from 5 to  $4\frac{1}{2}$  per cent on all classes and maturities of paper. The rediscount rate is now  $4\frac{1}{2}$  per cent at the Federal Reserve Banks of Boston, New York, Philadelphia and San Francisco.

The course of the acceptance market during the period December 15th to January 15th was uneven. During the latter part of December, when most of the banks

**Acceptance Market** were conserving their holdings of cash, the demand fell off materially, resulting in a slight easing of selling rates around the end of the month. After the first of the year, however, large amounts of idle money sought investment in the call money market and in bankers' acceptances. In consequence, call money rates fell as low as 3 per cent in New York, which made acceptances at the then prevailing rate of  $4\frac{1}{8}$  per cent an attractive investment as short time securities. The demand for bills of this character became so great that within the space of a few days after the first of January the rate for prime bills fell from  $4\frac{1}{8}$  per cent to  $3\frac{3}{4}$  per cent, at which point it stands today (January 15th). The bulk of this demand came from large city banks. Many country banks have found the rate too low to be attractive. Coincident with the large demand for prime bills was a shortage of supply which brought about the necessary condition of a rapidly weakening market.

#### (Q) Bank Clearings\*—

	Dec., 1921	Nov., 1921	Dec., 1920
Bakersfield .....	\$ 4,483	\$ 4,361	\$ 5,860
Berkeley .....	15,706	14,218	13,280
Boise .....	4,755	4,604	6,995
Fresno .....	21,587	28,828	23,000
Long Beach .....	17,382	16,249	16,346
Los Angeles .....	407,624	376,010	380,189
Oakland .....	54,877	50,671	48,030
Ogden .....	9,004	9,355	16,153
Pasadena .....	15,123	13,876	15,207
Portland .....	130,244	128,828	150,605
Reno .....	2,449	2,855	3,839
Sacramento .....	27,953	29,901	27,896
Salt Lake City ...	69,572	62,568	88,117
San Diego .....	14,110	11,195	14,859
San Francisco ...	613,500	573,700	664,100
San Jose .....	9,183	9,585	8,456
Seattle .....	142,149	128,739	145,711
Spokane .....	45,878	45,026	50,751
Stockton† .....	9,335	10,879	.....
Tacoma .....	13,042	13,106	19,003
Total .....	\$1,627,956	\$1,534,554	\$1,698,397

\* (000 Omitted.)

† December, 1920, clearings for Stockton omitted.

A rough classification of bills marketed as reported by the principal dealer on the Coast shows that short term bills and 120-day bills have gained greatly in favor. The approximate percentages of each class to the total sales of all classes follows:

	Dec. 15 to Jan. 15	Nov. 15 to Dec. 15
30 day .....	22.5%	6.5%
60 day .....	33.3%	33.0%
90 day .....	24.4%	56.3%
120 day .....	19.8%	3.6%
150 day .....	..	0.6%

Inactivity in the market during December is reflected in the reports to this bank of 36 of the principal accepting banks of the District. The total purchases during December of \$6,085,368 were \$5,266,917 less than purchases in November (\$11,352,285) the decrease being almost entirely in purchases of bills originating outside of the District. Wheat, sugar, rice and cotton were the principal commodities on which acceptances executed during the month were based. Purchases and holdings of acceptances of reporting banks appear in table "R."

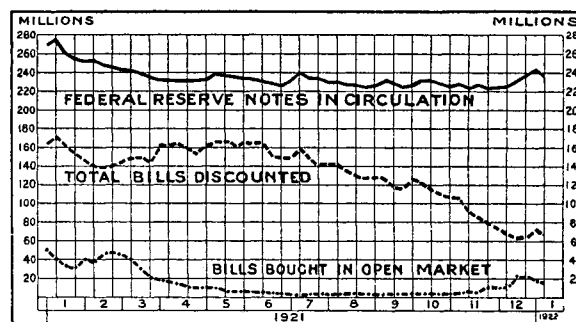
The total amount in all savings accounts against which pass books are issued, as reported by 78 banks in seven principal cities, increased 1.22 per cent during the month ending December 15th, being on that date \$749,005,000, compared with \$738,000,000 on November 15th. The most noteworthy increases were reported in Los Angeles and San Francisco.

#### Savings Deposits

During the year ending December 15th there was an increase of 4.5 per cent in savings deposits, although Seattle and Spokane were decided exceptions to the general trend.

The changes in the savings deposits in each city are shown in the accompanying table "S." The decrease of one in the number of reporting banks in Los Angeles and the revision of that city's November total are due to a consolidation.

Loans and discounts of reporting member banks on January 4, 1922, at \$880,604,000 were \$30,771,000, or 3.4 per cent, less than they were four weeks previously on December 7, 1921. Investments at \$316,580,000 were approximately \$5,000,000 higher. Total deposits of \$1,173,788,000 were \$7,605,000 less and cash holdings of \$33,670,000 were over \$2,660,000 larger. Borrowings from the reserve bank in-



Federal Reserve Note Circulation, Bills Discounted and Bills Bought in the Open Market, Federal Reserve Bank of San Francisco  
(In Millions of Dollars)

#### (R) Acceptances†—

	Amount Accepted		Created in Twelfth District		Amount Bought—All Other		Total		Amount held at close of month	
	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.
Pacific Northwest .....	\$ 320,421	\$1,451,433	\$ 438,109	\$ 225,982	\$ 353,934	\$1,957,511	\$ 792,043	\$ 2,183,493	\$ 5,625,686	\$ 6,679,742
Northern California ..	2,870,742	3,461,612	2,142,686	2,291,734	1,953,168	2,571,826	4,095,854	4,863,560	3,919,022	2,916,197
Southern California* ..	358,873	651,006	33,639	206,971	1,163,832	4,098,261	1,197,471	4,305,232	5,178,955	5,513,946
Other Districts .....	—0—	—0—	—0—	—0—	—0—	—0—	—0—	—0—	—0—	—0—
Total .....	\$3,550,036	\$5,564,051	\$2,614,434	\$2,724,687	\$3,470,934	\$8,627,598	\$6,085,368	\$11,352,285	\$14,723,663	\$15,109,885

†36 Banks reporting.

\*November totals changed due to revised figures received from one bank.

#### (S) Savings Deposits\*—

	Number of Banks	Dec. 15, 1921	Nov. 15, 1921	Dec. 15, 1920	Per Cent Increase or Decrease (—) Dec. 15, 1921 over Dec. 15, 1920
Los Angeles .....	13	\$244,460	\$238,514	\$217,260	12.5
Oakland .....	7	74,434	74,267	72,307	2.9
Portland .....	10	37,456	36,913	38,117	— 1.7
Salt Lake City .....	10	21,642	21,868	21,195	2.1
San Francisco .....	17	329,466	324,937	316,990	3.9
Seattle .....	15	29,689	29,668	37,897	—21.7
Spokane .....	6	11,858	11,833	13,303	—10.8
Total .....	78	\$749,005	\$738,000	\$717,069	4.5

\*In thousands of dollars.



creased \$5,158,000, or 18.1 per cent, to \$33,670,000, an expansion not unusual at the turn of the year.

The increase in borrowings of city banks during the past month was practically offset by the decline in country bank borrowings, so that the total of bills discounted held by the Federal Reserve Bank on January 10 (\$65,348,000), was only \$1,298,000 more than the sum held on December 14, 1921. Acceptance holdings declined from \$22,223,000 to \$12,447,000 but investments in United States Gov-

ernment securities increased 50 per cent to \$12,515,000. The net decline in earning assets for the period was \$4,052,000, leaving the total \$90,310,000 on January 11, 1922. Federal Reserve notes in circulation on that date amounted to \$230,970,000, practically unchanged from December 14, 1921. During this period, however, the amount in circulation had increased to a maximum of \$244,252,000 on December 28th, in response to demands of the public, through their banks, for currency to facilitate the holiday and year end payments.

**PRINCIPAL RESOURCE AND LIABILITY ITEMS OF REPORTING MEMBER BANKS IN RESERVE  
CITIES IN TWELFTH FEDERAL RESERVE DISTRICT**

	Jan. 4, 1922 <b>67</b>	Dec. 7, 1921 <b>64</b>	Jan. 7, 1921 <b>66</b>
<i>Number of Reporting Banks</i> .....	<b>67</b>	<b>64</b>	<b>66</b>
Assets and Discounts .....	\$ 880,604,000	\$ 914,375,000	\$ 925,760,000
Investments .....	316,580,000	311,626,000	289,757,000
in Vault and with Federal Reserve Bank .....	105,835,000	103,175,000	104,747,000
Total Deposits .....	1,173,788,000	1,181,393,000	1,137,629,000
Payable and Rediscounts with Federal Reserve Bank .....	33,670,000	28,512,000	115,503,000

**COMPARATIVE STATEMENT OF CONDITION OF FEDERAL RESERVE BANK OF SAN FRANCISCO  
AT CLOSE OF BUSINESS, JANUARY 11, 1922**

**RESOURCES**

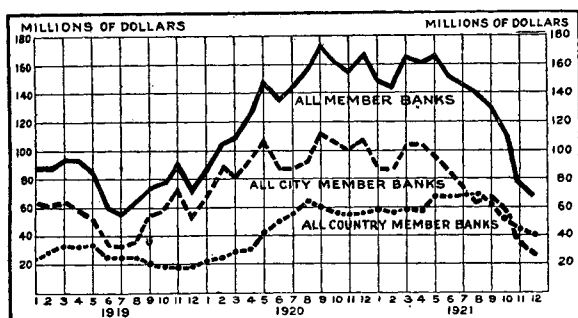
	Jan. 11, 1922	Dec. 14, 1921	Jan. 14, 1921
Total Reserves .....	\$285,422,000	\$284,116,000	\$194,777,000
Bills Discounted .....	65,348,000	64,050,000	159,065,000
Bills Bought in Open Market .....	12,447,000	22,223,000	33,509,000
United States Government Securities .....	12,515,000	8,089,000	14,074,000
Total Earning Assets .....	\$ 90,310,000	\$ 94,362,000	\$206,648,000
All Other Resources* .....	49,337,000	50,423,000	46,450,000
<b>Total Resources</b> .....	<b>\$425,069,000</b>	<b>\$428,901,000</b>	<b>\$447,875,000</b>

**LIABILITIES**

Capital and Surplus .....	\$ 22,579,000	\$ 22,578,000	\$ 21,143,000
Total Deposits .....	129,943,000	127,050,000	122,646,000
Federal Reserve Notes in Actual Circulation .....	230,970,000	231,268,000	260,068,000
Other Liabilities† .....	41,577,000	48,005,000	44,018,000
<b>Total Liabilities</b> .....	<b>\$425,069,000</b>	<b>\$428,901,000</b>	<b>\$447,875,000</b>
Includes "Uncollected Items" .....	41,949,000	42,831,000	44,903,000
†Includes "Deferred Availability Items" .....	35,585,000	38,785,000	33,980,000

## REDISCOUNT OPERATIONS IN THE TWELFTH FEDERAL RESERVE DISTRICT

The course of rediscounting by the member banks of this bank during the years 1919, 1920 and 1921 is graphically illustrated in the accompanying chart, in which city and country bank borrowings have been segregated. Such a segregation, however, is at best but a rough indication of the extent to which the country or agricultural interests have used the credit resources of the Federal Reserve Bank, as compared with the city or industrial and commercial interests. It tends considerably to un-



Comparative Rediscount Operations, 1919-1921

NOTE: City banks include all member banks in Los Angeles, Oakland and Berkeley, Portland, Salt Lake City, San Francisco, Seattle and Spokane. Country banks include all other member banks.

derstate the fact because much of the credit extended to "city banks" during the years 1920 and 1921 was for the purpose of enabling them to assist correspondent banks and customers in country districts. The exact or approximate amount of borrowings by city banks for this purpose is not definitely ascertainable, but it is known to have been large.

Without, however, attempting to make the adjustment which these considerations would justify, and having reference only to the figures reflected in the chart above, it is noteworthy that borrowings of country member banks increased rapidly from the spring of 1920. This date marked the beginning of the long price decline which ushered in the difficult business readjustment of the past year and a half. From a total of \$27,524,000 on April 20, 1920, their borrowings increased without interruption to a peak of \$63,231,000 on August 31, of that year. The liquidation of borrowings from proceeds of crop sales, which is customary after this date, resulted in a decline to November 30, 1920, of only 12.7 per cent in borrowings, after which date increases occurred until on December 14, 1920, they stood

at \$57,357,000 or 108.4 per cent above the April, 1920, figure. During the corresponding period borrowings of city banks followed more nearly their seasonal course, increasing from \$93,214,000 on April 20, 1920, to \$108,512,000 on June 8th, declining approximately 20 per cent from the latter amount during the summer, and rising to a peak on December 7th of \$115,756,000, an increase of 24 per cent from the April figure, compared with the increase of 108.4 per cent above mentioned for country banks.

Reduction of city bank borrowings following the peak reached on December 7, 1920, was interrupted by the spring demands of 1921, but since May 15th of that year has been steady and substantial, until on December 27th last such borrowings at \$32,867,000 were 65 per cent less than the \$93,214,000 borrowed on April 20, 1920. Borrowings of country banks following the December, 1920, peak fluctuated slightly up and down until the end of April, 1921, when they increased in five weeks from \$58,228,000 to \$67,321,000 at approximately which level they remained during the rest of the summer, reaching a peak of \$68,985,000 on August 23, or 150.6 per cent above the April 20, 1920, figure of \$27,524,000. Since August, 1921, when returns from the marketing of crops of that year began to come in, the country banks have rapidly reduced their borrowings to a total of \$39,193,000 on December 27, 1921, a figure 42.4 per cent above the \$27,524,000 borrowed in April, 1920, while, as was seen above, city bank borrowings in December 27, 1921, were 65 per cent below their April, 1920, figure.

These figures are summarized in the following table:

Borrowings from Federal Reserve Bank		
	City Banks	Country Banks
April, 1920 .....	\$ 93,214,000	\$27,524,000
Subsequent Peak ... {	(Dec. 7, 1920) 115,756,000	{ (Aug. 23, 1921) 68,985,000
Percentage Increase..	24%	150.6%
December 27, 1921....	\$ 32,867,000	\$39,193,000
Percentage Decrease from April, 1920....	65%	Increase 42.4%

These facts are interesting refutation of the charge sometimes advanced by the misinformed that, during the period of falling prices after the spring of 1920, credit to country member banks was curtailed by Federal Reserve Banks. The figures show that the opposite was the case.