

# MONTHLY REVIEW

OF

## BUSINESS CONDITIONS

JOHN PERRIN, Chairman of the Board and Federal Reserve Agent  
Federal Reserve Bank of San Francisco

Vol. VII

San Francisco, California, March 16, 1923

No. 3

### Summary of National Conditions

Continued active business is indicated by the maintenance of a high rate of industrial production, increases in freight traffic, increases in employment, and a large volume of trade at retail and wholesale.

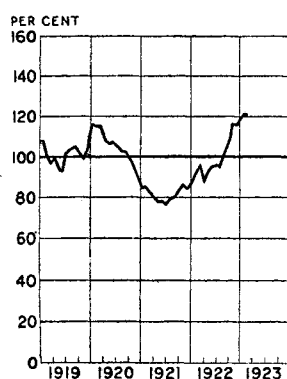
**Production.** The Federal Reserve Board's index of production in basic industries for February was at the same high level as in January. The index number for these industries is now approximately equal to the highest point reached in the past. Since the low point in July, 1921, there has been an increase of 61 per cent. The volume of new building projected in February was exceptionally large, for the season, particularly in the western districts. Railroad freight shipments have been increasing and the car shortage, which was somewhat relieved in December and January, has become more marked in recent weeks.

A continued increase in industrial employment has been accompanied by further ad-

vances in wage rates in a number of industries. Many New England woolen mills workers have received a wage increase of  $12\frac{1}{2}$  per cent, effective April 30th. A shortage of women workers has been reported in the textile, rubber, and garment industries, and there is a shortage of unskilled labor in many industrial centers.

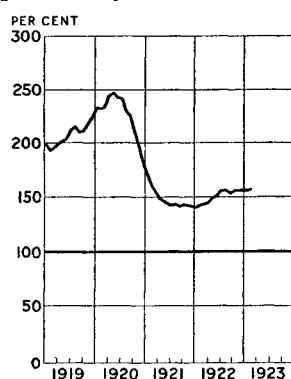
**Trade.** Wholesale and retail distribution of goods continued at a high level during February. Sales of both wholesale and retail concerns reporting to the Federal Reserve Banks were well above those of a year ago, but the increase was relatively more pronounced in wholesale trade. Mail order and chain store business was almost as large in February as in January despite the shorter month, and sales of 5 and 10-cent stores were actually larger than in January.

**Wholesale prices.** The Bureau of Labor Statistics' index of wholesale prices advanced slightly during February. Prices of metals,



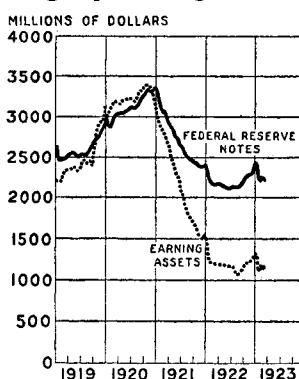
Index of Production in Basic Industries

Combination of 22 individual series corrected for seasonal variation (1919 average = 100 per cent)



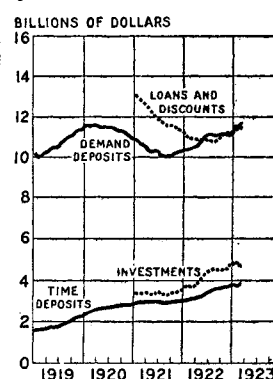
Prices

Index numbers of wholesale prices, United States Bureau of Labor statistics (1913 average = 100 per cent)



Bank Credit

All Federal Reserve Banks



Bank Credit

800 member banks in leading cities

A substantial, black, cloth-covered, three-ring binder, large enough to contain one year's (12) issues of this review, will be mailed prepaid to any address on our mailing list upon receipt of one dollar to cover actual costs.

building materials, and clothing increased, while prices of fuels and farm products declined. Building materials and metals, during the past year, have advanced more than any other groups of commodities, and are now about 25 per cent higher than in March, 1922.

**Bank credit.** Recent increases in industrial and commercial activity have been reflected in a larger volume of loans by member banks for commercial purposes, especially in the New York, Chicago, and San Francisco districts. Loans of this character by reporting member banks are now approximately \$500,000,000 larger than at the end of December, 1922. This increase has been accompanied by a reduction in investment holdings, so that there has been only a moderate net increase in total loans and investments.

The larger demand for funds has not led to any increase during the past month in the total volume of credit extended by the reserve banks. Total earning assets and loans to member banks on March 21st were approximately the same as four weeks earlier. Borrowings by member banks in the interior increased, particularly in the Chicago district, but borrowings by member banks in the New York district decreased. Since the end of February there has been a small decline in the volume of Federal Reserve note circulation, which is now at approximately the same level as six months ago. Other forms of currency in circulation, however, have recently increased.

The market rates on commercial paper advanced further to a range of 5 to 5¼ per cent, and the rate on bankers' acceptances remained steady at about 4 per cent. There has been a slight increase in the yield of short term treasury certificates as well as of government and other high grade bonds.

### Summary of District Conditions

Activity in production and trade which characterized the first month of the year continued during the short month of February, and in some instances rose to record proportions. Demand for the principal raw materials produced in the district (excepting agricultural products) continued equal to or in excess of the available supply, prices of these commodities

tending toward higher levels. Distribution of goods, measured by bank debits and sales at retail and wholesale, proceeded at a rate equal to that of any previous period of which this bank has record. Employment of bank credit increased moderately.

Although the lumber mills of the district operated at or near maximum capacity during February, 1923, both orders received and shipments were greater in volume than was production. Present mill stocks of lumber, particularly in Oregon and Washington, are reported to be small and prices tending to advance. A temporary shortage of logs, with a rapid increase in their price, occurred during the month. **Mineral** production in the district, particularly metals of industrial importance, is increasing rapidly. During January, the latest month for which authoritative figures are available, more copper was produced than during any month in the past two years. Large increases in the production of lead and zinc have also been reported. Another production record was established in the oil fields of California during February, when average daily production of petroleum totaled 586,670 barrels, raising storage stocks there on March 1, 1923, to a new high record, 65,000,000 barrels. **Building activity** has not declined during the winter months, permits issued during February, 1923, having exceeded the number issued during February, 1922, by 28.5 per cent, and their value by 52.4 per cent.

Increasing distributive activity has accompanied expanding production. **Trade at retail** during February, 1923, was greater in value than in any February since the year 1919, when this bank first began assembling sales figures. In the **wholesale trade** sales in all of the 10 reporting lines of business were greater than in February, 1922, the amount of the increase in each of eight lines being over 25 per cent. Seasonal declines in sales during February compared with January were smaller than usual. The volume of orders already placed with wholesale dealers for goods to be delivered during the spring and summer is reported to be considerably greater than one year ago. General trade activity, as reflected by charges to bank accounts in 20 cities, was 18.7 per cent greater in February, 1923, than in February, 1922. This is the largest increase reported since

April, 1922, since when each monthly figure has exceeded that of the corresponding month a year ago. The record of **business failures**, omitting figures for one large failure in the State of Utah, shows a normal seasonal decline in February compared with January.

**Credit** demands upon member banks and upon the Reserve Bank have, to a limited extent only, reflected the increasing volume of production and trade. Commercial loans of 66 reporting member banks in the larger cities of the district rose from \$743,000,000 on February 7th to \$763,000,000 on March 7th, an increase of \$20,000,000. During the same period their borrowings from the Federal Reserve Bank rose from \$19,500,000 to \$27,800,000, an increase of \$8,000,000. Country bank borrowings from the Reserve Bank continued unchanged at \$18,000,000. Federal Reserve Note circulation, at \$202,383,000 on March 14, 1923, was at the lowest point since the 1920 peak. **Interest rates** to customers of banks in this district have remained steady during the month. The discount rate of this bank was advanced from 4 to 4½ per cent on March 6, 1923.

**Prices** for lumber, the principal industrial metals, and for some agricultural products of the district, notably cotton, wool, and sugar, moved upward during the month. Numerous price declines were also reported, and the general level of prices of the products of the district was approximately the same at the close of the month as at its beginning.

**Stocks of wheat and barley** held on the farms of this district on March 1st were small, aggregating not more than 10 per cent of the 1922 crops of these grains. Reports received by this bank indicate that stocks of **canned fruits**, with the exception of the lower grade packs of some varieties, and of **dried fruits**, with the exception of raisins, are moderate in amount. Weather conditions thus far this year have been normal, growing crops are in good condition, and livestock have wintered well.

**Crop Conditions**

Fall sown **grain** crops of the Pacific Northwest continued to improve with the favorable weather of February, and will enter the spring growing season in good condition. In California during the past month the growth of grain crops has been retarded by cold weather, insufficient rainfall, and drying winds.

Sales of 1922 crop **wheat** were comparatively small in volume during February, both in foreign and domestic markets. Exports of wheat from Portland and Puget Sound ports were unusually light, amounting to only 516,491 bushels compared with 1,452,224 bushels exported during February, 1922, and 1,436,828

bushels exported during February, 1921. The movement for the season to date continues far below the record exports of the 1921-1922 season, and well below the small shipments of the 1920-1921 season.

**WHEAT EXPORTS**  
July 1st to February 28th inclusive

	1922-1923 (bushels)	1921-1922 (bushels)	1920-1921 (bushels)
Portland . . . . .	12,552,298	27,266,100	14,873,887
Puget Sound . . .	3,143,033	6,496,612	4,348,589
Total . . . . .	15,695,331	33,762,712	19,222,476

The light volume of export sales of wheat during the current season has been offset to some extent by increased activity in the domestic market, and the proportion of the total 1922 crop now remaining in the hands of farmers of this district is but little larger than it was a year ago. United States Department of Agriculture estimates of the stocks of wheat held on farms in the principal grain producing states of this district, on March 1st of the past three years, are given in the following table:

**STOCKS OF WHEAT ON FARMS, MARCH 1st**  
(thousands of bushels)

	Per Cent of 1922 Crop		Per Cent of 1921 Crop		Per Cent of 1920 Crop	
	1923	1922	1922	1921	1921	1920
California ..	918	6	668	5	1,799	18
Idaho . . . . .	3,641	15	4,312	16	6,150	25
Oregon . . . .	1,974	10	2,790	11	2,691	11.9
Washington.	3,569	11	4,660	8	5,416	13
District . . . .	10,102	10.2	12,430	9.8	16,056	15.2
United States	153,134	17.9	134,253	16.5	217,037	26.1

Growers of the district have marketed their 1922 crops of **barley** more rapidly than they did the crops grown during the previous two years, judging from United States Department of Agriculture estimates of the percentage of the total crop held on farms, in the four principal producing states of the district, on March 1st of the past three seasons:

**STOCKS OF BARLEY ON FARMS, MARCH 1st**  
(thousands of bushels)

	Per Cent of 1922 Crop		Per Cent of 1921 Crop		Per Cent of 1920 Crop	
	1923	1922	1922	1921	1921	1920
California ..	2,580	7	2,673	9	5,462	19
Idaho . . . . .	491	14	668	24	966	30
Oregon . . . .	346	16	493	22	749	31
Washington.	236	13	618	21	1,042	36
District . . . .	3,653	8	4,452	11	8,219	21
United States	43,592	23.4	42,294	27.3	65,229	34.5

Storage holdings of **apples** in this district on March 1st were 167 per cent greater than they were on that date last year, as shown by the following table:

	1922-1923 (cars)	1921-1922 (cars)
Total commercial crop of apples . . . . .	44,800	51,123
Shipments July 1st to February 28th . . .	36,922	48,180
Remaining in storage in the district . . .	7,878	2,943

Shipments of apples from the district during February were less than during January by 1,735 carloads, but were approximately 21 per cent greater than shipments during February, 1922. Prices paid growers for apples declined slightly during February, contrary to the usual trend of prices at this season of the year. Prices on March 1, 1923, were approximately 43 per cent below those of a year ago.

Further improvement in the condition of the **Navel orange** crop in California has been reported, and the February 1st estimate of the total yield (8,864,000 boxes) has been increased approximately 4½ per cent. If present expectations are realized the 1922-1923 crop will total 9,260,000 boxes. Early season estimates of the 1922-1923 **lemon** crop in California were reduced again during February. Total probable yield is now placed at 4,166,000 boxes. Advancing prices to growers for oranges stimulated marketing of that fruit during the month. A decline in prices paid growers for lemons, and comparatively light picking of the fruit due to cold weather, combined to reduce lemon shipments. Total shipments of oranges and lemons up to March 5th of the past two seasons have been as follows:

	Nov. 1st to March 5th 1922-1923 (cars)	1921-1922 (cars)
Oranges .....	14,405	11,506
Lemons .....	2,113	2,324

### Canned and Dried Fruits

Commercial estimates indicate that the amount of the record-breaking 1922 pack of **canned fruits** now remaining unsold in the hands of canners in this district is but little larger, in proportion to the total pack, than the stocks held last year at this time. The greater part of the present carryover is made up of the lower grade packs of the various fruits, particularly peaches. Unusually large amounts of the canning fruits grown during the 1922 season were small in size, and of poor quality.

Export movement of canned fruits during the 1922-1923 season has been comparatively light. It is estimated by important factors in the trade that foreign buyers have taken only about 4 per cent of the 1922 pack of California fruits, as compared with purchases approximating 8 per cent of the total pack during the previous season. Packers report that activity in the domestic market has been well maintained during the season, the better grades of fruit having been in greatest demand.

Prices for the higher grades of canned fruits have advanced slightly as the season progressed, but those for the lower grades have not been generally maintained, many canners finding it necessary to offer price concessions

in order to move comparatively large holdings of the latter class of fruit. The market for all grades and varieties of canned fruits is reported to have strengthened during February.

Dealers report that delays in transportation of **dried fruits** from California to Eastern markets, during the autumn of 1922, prevented a normal volume of sales of these fruits during the year-end holiday season, and resulted in a large carryover in hands of distributors there at the beginning of the present year. Buying by the latter for spring needs has, therefore, been lighter than usual. Notwithstanding this fact, Pacific Coast holdings of all dried fruits except raisins are not large. Present stocks of prunes in California, amounting to approximately 40,000,000 pounds, are reported to be 30 per cent less than they were last year at this time. Reported holdings of prunes in Oregon and Washington are also light. Unsold holdings of dried apricots in California amount to only one-fifth of the total 1922 yield of 20,000,000 pounds.

During 1922 California produced approximately 230,000 tons of raisins, a record crop. It entered a market well supplied with 1921 crop raisins sold at the end of that crop year in an endeavor to reduce an unwieldy carryover. Stocks available throughout the present season have, therefore, been unusually large, and demand for raisins light. Commercial factors estimate that approximately 95,000 tons of raisins remained unsold in California at the beginning of March, 1923, compared with unsold stocks of 65,000 tons held last year at this time. Present unsold stocks amount to approximately 40 per cent of the total 1922 crop. They are reported to consist largely of Thompson Seedless and Muscat raisins, holdings of the former amounting to 60 per cent and of the latter to 40 per cent of the total.

Foreign demand for dried apricots and prunes has been light during the past year, but exports of raisins during 1922 were more than double those of 1921. The following table shows the exports of dried apricots, prunes, and raisins from the United States (chiefly from the Pacific Coast) for the past two years:

#### EXPORTS OF DRIED FRUITS (UNITED STATES)

	1922 (pounds)	1921 (pounds)
Apricots .....	9,858,450	21,575,149
Prunes .....	94,216,105	117,933,740
Raisins .....	93,891,071	32,968,664

Prices of prunes and dried apricots have advanced slightly during the marketing season. The price of raisins, although maintained unchanged by the growers' association which controls the bulk of the crop, has been reduced from one to two cents per pound by independ-

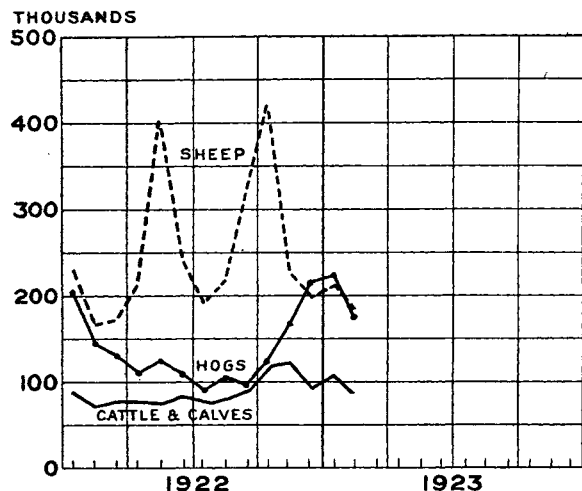
ent packers. Comparative price quotations for dried apricots, prunes, and raisins are given in the following table:

**DRIED FRUIT PRICES**  
(F. O. B. California)  
(Packers' quotations—Cents per pound)

	Opening Price 1921-1922	Opening Price 1922-1923	Mar. 10, 1923
Apricots (choice in 25-lb. boxes) .....	18¾	22½	24
Prunes (40-50s basis price) ..	5¼-5¾	8½-8¾	8¾-9
Raisins (Thompsons—bulk in 25s) .....	14½	10	10

**Livestock**

Severe storms in the Intermountain states and a protracted dry spell in California have been unfavorable factors affecting the livestock industry of the district during the past six weeks. Cold weather and deep snows in Utah, Nevada, and Southern Idaho have necessitated considerable feeding and caused light losses of sheep and cattle on some of the ranges of those states. Unless unfavorable weather continues, however, little permanent injury will be done to herds and flocks, as prior to this time the winter has been mild and feed plentiful.



Receipts of Livestock at Eight of the Principal Markets of the District 1922-1923. (Los Angeles, Ogden, Portland, Salt Lake City, San Francisco, Seattle, Spokane and Tacoma included)

Lambing is now in progress in the Southern sections of the district and in a few sheltered shed-lambing sections of other states. In California it is approximately three-fourths completed, with unusually small losses reported. Excellent weather for lambing and satisfactory feed conditions, in addition to keeping losses at a minimum, have facilitated quick growth and early maturity of spring lambs, some of which have already reached California markets. In Arizona conditions for lambing have also been favorable, the increase has been large, and losses have been light. Both in these sections,

and in the later lambing areas, the large number of ewes bred and the excellent condition of the flocks indicate numbers of spring lambs greatly in excess of those of 1922.

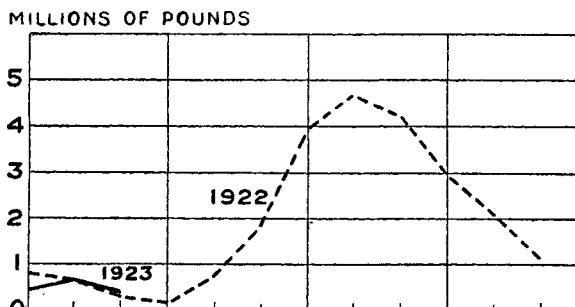
Receipts of all classes of livestock at the eight principal markets of the district during February were substantially larger than the receipts of February, 1922, as shown by the following table:

	Cattle	Calves	Hogs	Sheep
February, 1923...	69,919	15,683	176,203	185,242
January, 1923...	89,640	16,533	222,228	210,808
February, 1922...	60,611	9,635	143,924	166,030

Prices for cattle and sheep at the principal markets of this district tended toward lower levels during February, the largest decline being in the price of cattle. Prices of hogs at the same markets tended to advance during the month.

**Dairy and Poultry Products**

The increase in cold storage holdings of butter reported during January, 1923, proved to have been a temporary reversal of the downward trend customary at this season, which was resumed during February. The net withdrawal of 261,217 pounds of butter from cold storage during that month reduced total stocks to 378,764 pounds on March 1st. Present holdings are 61 per cent greater than those of a year ago, when, as a result of unusually heavy withdrawals during February, but 242,043 pounds remained in cold storage on March 1st.



Seasonal Movement of Holdings of Cold Storage Butter at Four Principal Markets of the District, 1922-1923

Butter prices in the San Francisco market moved irregularly during February. The wholesale price of 93 score creamery butter declined from 48½ cents per pound on February 2nd to 45 cents per pound on February 7th, advanced to 48 cents per pound on February 16th, and declined steadily thereafter, the quotation on March 15th being 43 cents per pound.

Holdings of cold storage eggs in the five principal markets of this district increased during February, the movement into storage having been accelerated by rising production and declining prices for the product. Storage holdings of 1,352 cases of eggs on March 1,

1923, were nearly double those of February 1, 1923, but were practically the same as holdings on March 1, 1922. In the San Francisco market, the wholesale price of extra grade eggs declined from 28½ cents per dozen on February 16th to 24¼ cents per dozen on March 1st. A price of 25 cents per dozen was quoted on March 15th.

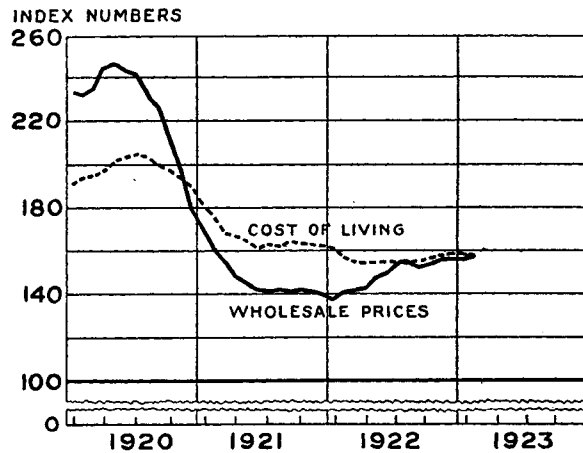
A summary of the cold storage holdings of butter and eggs in the chief markets of the Twelfth Federal Reserve District is presented in the following table:

	March 1, 1923	Feb. 1, 1923	Jan. 1, 1923	March 1, 1922
Butter (pounds) ..	378,764	639,981	437,061	242,043
Eggs (cases) .....	1,352	706	73,183	1,349

### Prices

Substantial advances in the prices of cotton, wool, and sugar during recent months have tended to obscure the movement of prices of other agricultural products. In general they have moved upward, but not rapidly, and at

the end of February, as a result of actual declines or of seasonal advances of less than usual extent, some commodities were quoted at lower levels than one year ago. Included in



Wholesale Prices and the Cost of Living, 1920-1923

United States Bureau of Labor Index of Wholesale Prices (1913=100).  
National Industrial Conference Board Index of the Cost of Living (July 1914=100).

### (A) Commodity Prices—

Commodity	Unit	March 2, 1923	One Month Ago	One Year Ago
Twenty Basic Commodities (F. R. B. of N. Y.) 1913=100.		159.6	151.7	132.0
Wholesale Prices (U. S. Bureau of Labor*) 1913=100....		157.0	156	141
Cost of Living (National Industrial Conference Board) July, 1914=100.....		157.5	158.1	157.7
Cattle (Native Beef) .. Weekly average price at Chicago..	100 lbs.	\$8.85	\$8.80	\$8.05
Sheep .....	100 lbs.	7.50	7.50	7.90
Lambs .....	100 lbs.	13.95	13.90	14.75
Hogs .....	100 lbs.	8.00	8.25	11.00
Wheat .....	Chicago contract prices for May Wheat. bu.	1.18½-1.19¼	1.17½-1.18¼	1.42¾-1.46¾
Barley .....	Shipping Barley f. o. b. San Francisco... cental	1.65-1.75	1.60-1.75	1.35-1.50
Rice .....	California Fancy Japan at San Francisco cental	4.40	4.60	4.90
Cotton .....	Middling Uplands—Weekly range of spot quotations at New Orleans..... lb.	29.75-30.13¢	27.62-28.00¢	17.00-17.25¢
Wool .....	Average of 98 quotations at Boston..... lb.	82.36¢	81.28¢	59.72¢
Flour .....	First Grade Family Patent f. o. b. Pacific Coast mills .....	7.79	7.81	8.13
Sugar .....	Beet granulated f. o. b. San Francisco... lb.	9.10	6.90	5.40
Apples .....	Extra Fancy Winesaps f. o. b. Pacific Northwest .....	1.40-1.50	1.40-1.55	2.50-2.65
Oranges .....	Navels, market pack, Los Angeles..... box	2.50-3.00	2.25-3.25	2.50-4.50
Lemons .....	Loose pack at Los Angeles..... box	3.00-3.25	3.00-3.50	3.00-3.50
Dried Apples.....	Choice in 50-lb. boxes f. o. b. California.. lb.	.08½-.08¾	.08½-.08¾	.17-.17¼
Dried Apricots ..	Choice in 25-lb. boxes f. o. b. California.. lb.	.22-.23	.23½	.26
Prunes .....	Size 40/50 in 25-lb. boxes f. o. b. Calif.. lb.	.11½-.11¾	.11¾-.12	.14½
Raisins .....	Loose Muscatel in 25-lb. boxes f. o. b. California .....	.11	.11	.15¾
Canned Apricots..	Choice 2½s f. o. b. California..... doz.	3.15	3.15	3.00
Canned Peaches..	Cling Choice, 2½s f. o. b. California..... doz.	2.60	2.60	2.60
Canned Pears ...	Bartlett, Standard 2½s f. o. b. California. doz.	2.85	2.85	3.00
Raw Milk .....	Pacific Coast—January average..... 100 lbs.	2.80	2.82	2.43
Butter .....	.93 score at San Francisco..... lb.	.45	.48½	.35
Eggs .....	Extras—San Francisco..... doz.	.27½	.34	.27½
Copper .....	Electrolytic—New York Spot..... lb.	.16⅞	.15	.12¾
Lead .....	New York Spot..... lb.	8.50¢	8.375¢	4.70¢
Silver .....	New York Foreign .....	.66	.64¾	.63
Zinc .....	East St. Louis Spot..... lb.	7.80-7.85¢	7.05-7.10¢	4.55-4.60¢
Petroleum .....	California 35° and above..... bbl.	1.45	1.45	2.45
Douglas Fir.....	2x4, 16-ft. No. S1S1E f. o. b. Seattle..... M ft.	22.50	21.50	13.50
Douglas Fir.....	12x12 Timbers f. o. b. Seattle..... M ft.	24.00	24.00	14.00

\*Revised figures.

# FINANCIAL CONDITIONS IN THE TWELFTH FEDERAL RESERVE DISTRICT

by

JOHN PERRIN, Chairman of the Board and Federal Reserve Agent  
Federal Reserve Bank of San Francisco

---

San Francisco, California, March 16, 1923

---

A SURVEY of financial conditions in the Twelfth Federal Reserve District based upon reports of condition of all banks (State and National) as of December 29, 1922, is presented herewith, in comparison with a similar survey made a year ago, on December 31, 1921. With few exceptions, credit conditions during the year have materially improved, particularly in the Intermountain states of Arizona, Idaho, and Utah, and in eastern Oregon.

As in previous surveys, the ratio of total loans and discounts to total deposits of all banks, State and National, in a given area was used in determining the financial condition of that area. Where the total of loans and discounts was less than 80 per cent of total deposits, financial conditions were characterized as "good" (colored blue on accompanying maps); where the ratio was between 80 per cent and 100 per cent, financial conditions were characterized as "fair" (colored yellow on maps); and where the ratio was over 100 per cent, and where in consequence many banks were borrowing from the Federal Reserve Bank or from their correspondents, financial conditions were characterized as "poor" (colored green on maps).

This study relates primarily to conditions in the agricultural regions of the district, as have previous studies. The following summary, which excludes figures for the cities of Berke-

ley, Los Angeles, Oakland, Portland, Salt Lake City, San Francisco, Seattle, and Spokane, shows the continued improvement in condition during the past two years:

PROPORTION OF TOTAL DEPOSITS OF BANKS IN  
COLORED AREAS TO TOTAL DEPOSITS OF  
ALL COUNTRY BANKS

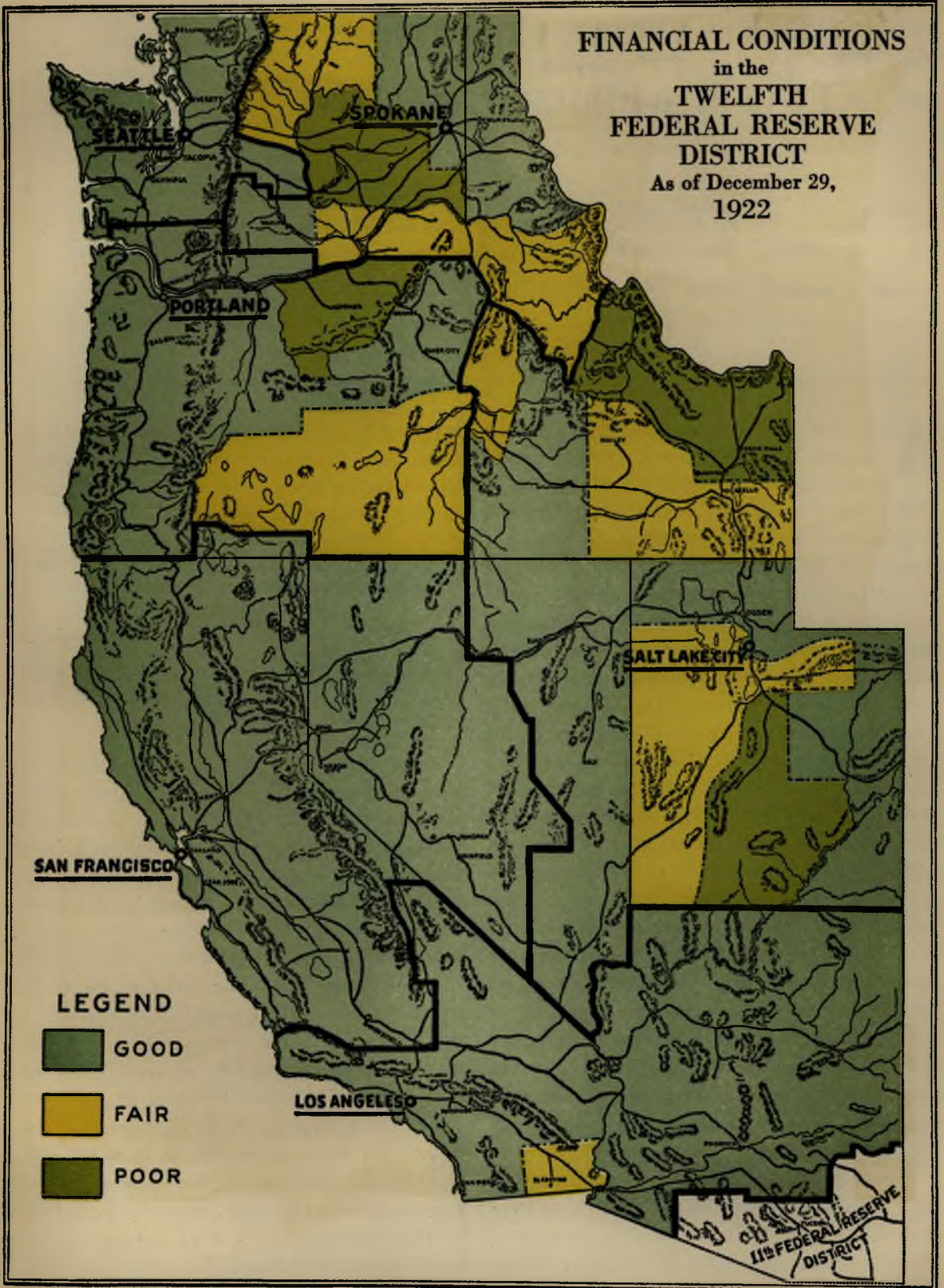
	April 28, 1921	Dec. 31, 1921	June 30, 1922	Dec. 29, 1922
"Good" areas...	54.9%	80.3%	66.1%	89.0%
"Fair" areas...	34.8%	12.7%	27.2%	7.4%
"Poor" areas...	10.3%	7.0%	6.7%	3.6%

Total deposits of all banks included in the above summary—the so-called country banks—were, on December 29, 1922, approximately 36 per cent of total bank deposits in the Twelfth Federal Reserve District, and the ratio of their total loans and discounts to their total deposits was, on December 29, 1922, 70.7 per cent, compared with 75.5 per cent on December 31, 1921.

Deposits in the cities above mentioned equaled 64 per cent of total bank deposits in the district, and the ratio of their combined loans to deposits was 64.9 per cent compared with 67.6 per cent on December 31, 1921.

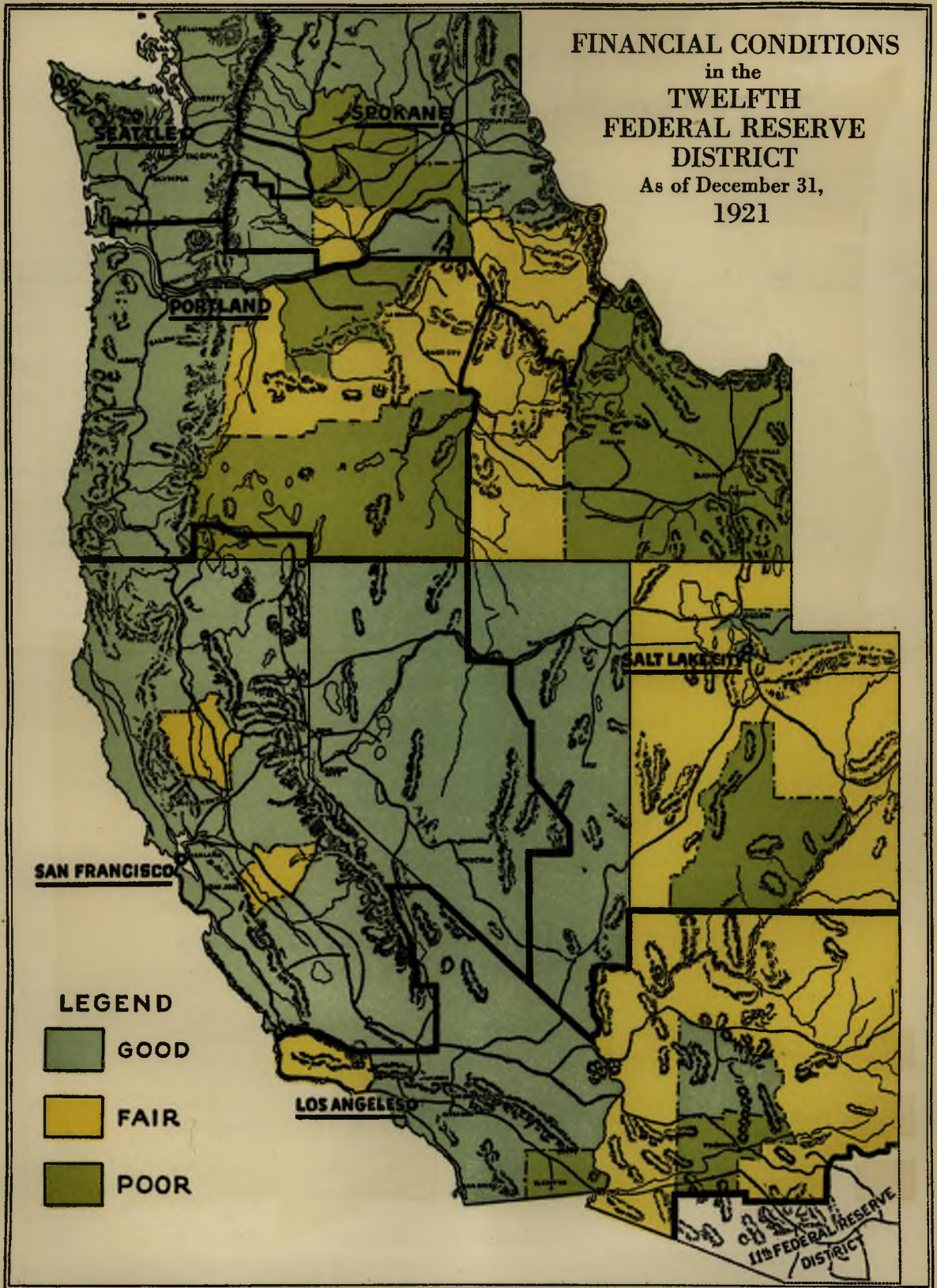
The above figures indicate that financial conditions generally are "good" in all of the principal cities of the district, and in those agricultural areas in which approximately 90 per cent of the banking resources of the agricultural sections are to be found.

**FINANCIAL CONDITIONS**  
in the  
**TWELFTH**  
**FEDERAL RESERVE**  
**DISTRICT**  
As of December 29,  
1922

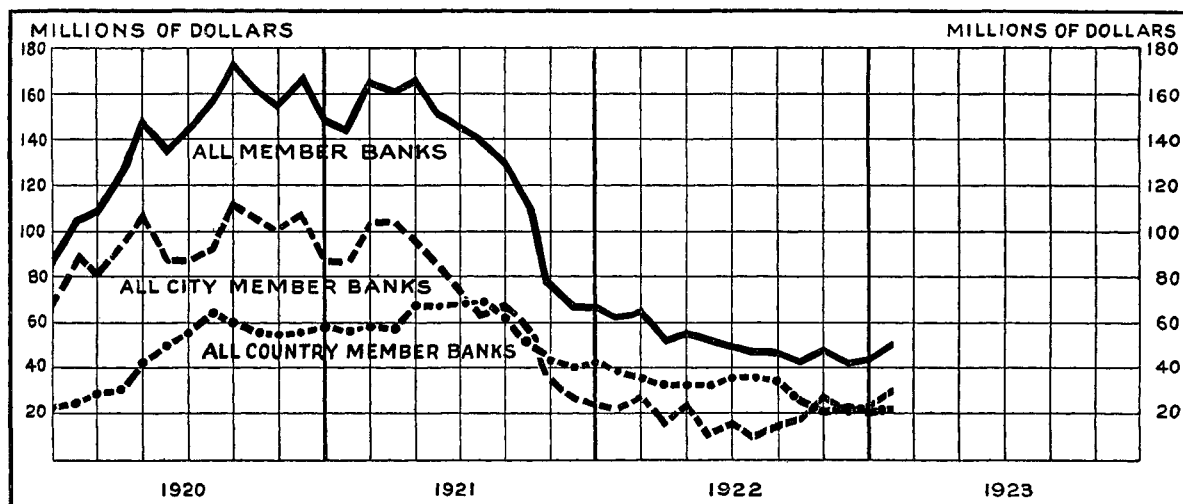




**FINANCIAL CONDITIONS**  
in the  
**TWELFTH**  
**FEDERAL RESERVE**  
**DISTRICT**  
As of December 31,  
1921



# REDISCOUNT OPERATIONS IN THE TWELFTH FEDERAL RESERVE DISTRICT



**COMPARATIVE REDISCOUNT OPERATIONS, 1920-1923**

**Borrowings of City and Country Member Banks**  
(As of the end of each month)

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

## BORROWINGS FROM THE FEDERAL RESERVE BANK AND WHOLESALE PRICES

Date	City Bank Borrowings	Country Bank Borrowings	All Member Bank Borrowings	United States Bureau of Labor Wholesale Price Index (1913=100)
January 27, 1920.....	\$ 62,088,000	\$21,978,000	\$ 84,066,000	233
Subsequent Peak.....	{ Oct. 5, 1920 \$116,286,000	{ Aug. 23, 1921 \$68,985,000	{ Oct. 5, 1920 \$174,699,000	{ May, 1920 247
Later Low Point.....	{ Aug. 8, 1922 \$ 8,264,000	{ Jan. 2, 1923 \$19,729,000	{ Jan. 16, 1923 \$ 35,576,000	{ Jan. 1922 138
February 27, 1923.....	\$ 29,174,000	\$21,358,000	\$ 50,532,000	156*

\*Index number for January, 1923.

this list were sheep, lambs, hogs, wheat, wheat flour, rice, and the majority of the fresh and dried fruits now being marketed.

The average of 98 wool quotations on the Boston market advanced from 81.28 cents per pound on February 2nd to 82.36 cents per pound on March 2nd, the latter average being 37.9 per cent higher than that of March 2, 1922. Prices of standard grades of cotton advanced more than two cents per pound during February, and at the close of the month were 74.5 per cent above prices a year ago. Sugar prices have continued their upward movement, and at the beginning of March were higher than at any time since November, 1920. The price of refined beet sugar on the San Francisco market, which was \$6.90 per hundred pounds at the end of January, advanced to \$9.10 per hundred pounds at the close of February. A further advance of 30 cents per hundred pounds was reported during the first two weeks of March. Substantial advances in prices of barley and beef cattle were noted during February.

Metal prices continued upward. Copper was quoted at 17 cents per pound on March 16th, the highest quotation since September, 1920, and 2 cents per pound above the quotation six weeks previous. Recent advances in the price of lead and zinc have carried the quotations on these metals to levels 80 per cent and 71 per cent, respectively, above those of February, 1922.

**Milling**

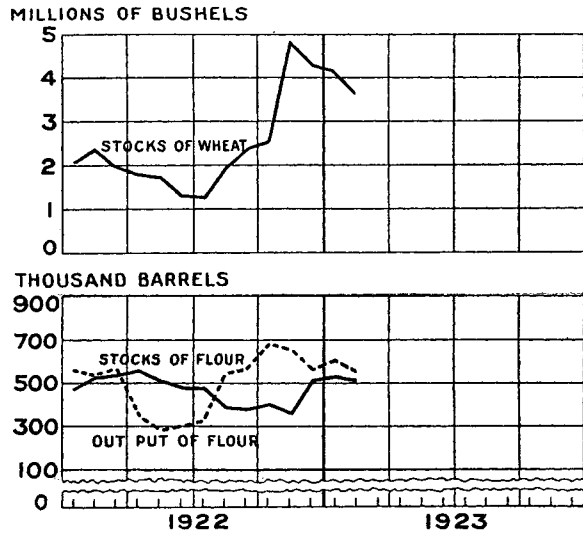
Relative inactivity of the flour market during the past month was reflected in the operations of millers of the district. Although production during February, 1923, increased as compared with February, 1922, the increase was a small one and according to reporting millers did not result from a similar increase in the demand for their product.

	No. of Mills Reporting		Output		
	Feb., 1923	Jan., 1923	Feb., 1923 (barrels)	Jan., 1923 (barrels)	Feb., 1922* (barrels)
California	10	10	264,144	281,068	233,570
Idaho	2	3	5,831	11,306	6,648
Oregon	15	17	144,675	169,964	150,497
Washington	16	18	378,624	380,024	354,935
District	43	48	793,274	842,362	745,650

\*64 Mills reporting.

Stocks of flour held at mills, as reported by 16 large companies, declined slightly from the peak of the previous month, and at 510,642 barrels on March 1, 1923, were approximately the same as on March 1st a year ago. The amount of wheat in millers' bins on March 1st, although reduced by 12.3 per cent during the preceding month, was still 87.9 per cent greater than one year ago.

Flour prices quoted by mills of the district declined during February. On March 1, 1923, they were approximately 4 per cent below the price of March 1, 1922.



Monthly Flour Output, and Stocks of Wheat and Flour at End of Month, of 16 Reporting Milling Companies

**Lumber**

Output of lumber mills of the district during February was at the maximum permitted by log supply and weather conditions. Mills in four lumber associations operated at 95 per cent capacity, and produced 13.2 per cent more lumber than in February, 1922. Their production for the 28 days of February, 1923, was slightly greater than production for the 31 days of January, 1923. Figures showing the activity of reporting mills follow (000 omitted):

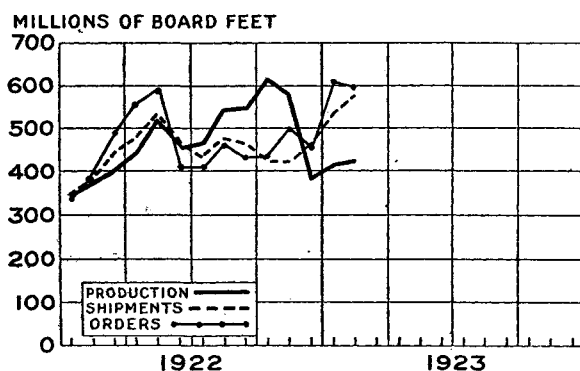
	Feb., 1923 (board feet)	Jan., 1923 (board feet)	Feb., 1922 (board feet)
Production	419,321	414,985	370,205
Shipments	574,138	475,510	379,134
Orders	598,805	610,976	382,558
Unfilled Orders	626,895	572,770	349,724

Notwithstanding the increase in output, shipments during February exceeded production by 36.9 per cent, and new orders received exceeded production by 42.8 per cent. Both foreign and domestic buyers are contributing to the present active demand for lumber, which was larger both in January and February of the present year than in any month since January, 1920.

For the past three months shipments of lumber from the mills of the district have exceeded production, and stocks of all grades of lumber are now reported to be at low levels. In the Pacific Northwest mill stocks on March 1, 1923, were reported to be less than 50 per cent of normal.

Logging activity in Oregon, Washington, and Northern Idaho was greatly curtailed dur-

ing February by severe storms in the mountains, and production was less than in January, 1923, or in February, 1922. During the latter part of the month a shortage of logs developed in some sections, several large saw mills in the Puget Sound and Columbia-Willamette River districts being forced to suspend or curtail their operations. Prices for logs now prevailing are reported to be as high or higher than at any time in the history of the industry.



Lumber Production, Orders Received, and Shipments in Twelfth Federal Reserve District as Reported by Four Lumber Associations, 1922-1923

Statistical evidence of the increase in waterborne shipments of lumber during the past year compared with 1921 and 1920, and of the growing demand for Pacific Coast woods in foreign countries, is contained in the following table (000 omitted):

**PACIFIC NORTHWEST LUMBER SHIPMENTS**  
(By water)

Destination	1922 (board feet)	1921 (board feet)	1920 (board feet)
California .....	1,580,257	978,583	1,066,125
Atlantic Coast of U. S. ....	665,844	211,404	49,706
Japan .....	590,921	378,382	78,557
Australia .....	159,263	66,155	106,110
China .....	154,317	131,915	136,503
Hawaiian Islands.....	66,320	56,618	59,690
South America—West Coast .....	62,407	53,229	98,189
United Kingdom and Europe .....	50,611	27,150	146,368
South Africa .....	16,808	5,142	17,782
India .....	10,456	10,928	9,316
Cuba .....	9,182	2,745	19,680
Mexico .....	8,171	6,361	4,154
South America—East Coast .....	7,338	1,414	12,001
All Other* .....	20,421	33,167	36,610
	3,402,316	1,963,193	1,840,791

\*Includes: Alaska, Central America, Egypt, New Zealand, Panama, Philippine Islands, South Sea Islands, Fiji, and Straits Settlements.

### Mining

The increase in the production of and the demand for copper during the early weeks of the present year has been the outstanding feature of the metal mining industry. Copper pro-

duction in the United States, which has exceeded 100,000,000 pounds in each month since October, 1922, reached 112,341,097 pounds in January, 1923, the latest month for which figures are available. This is the largest output of copper in any single month for the past two years. Expanding production has been accompanied by a large increase in sales, and it is estimated that stocks of copper (refined and blister) have been further reduced since the January 1st estimate of the United States Geological Survey, 629,000,000 pounds, was published. Estimated stocks of copper in the United States on January 1st for the past four years have been as follows:

	Refined (pounds)	Blister and Material in Process of Refining (pounds)	Total (pounds)
January 1, 1920.	631,000,000	273,000,000	904,000,000
January 1, 1921.	659,000,000	465,000,000	1,124,000,000
January 1, 1922.	459,000,000	283,000,000	742,000,000
January 1, 1923.	277,000,000	352,000,000	629,000,000

The price of electrolytic copper delivered in New York was 17.0 cents per pound on March 16, 1923, compared with 15.50 cents per pound on February 16, 1923, and 13.0 cents per pound on March 16, 1922.

Substantial increases, compared with December, 1922, and January, 1922, in the output of other important metals produced in the country and in this district were reported in January, 1923. The following table shows the national production of copper, silver, and zinc during these three months:

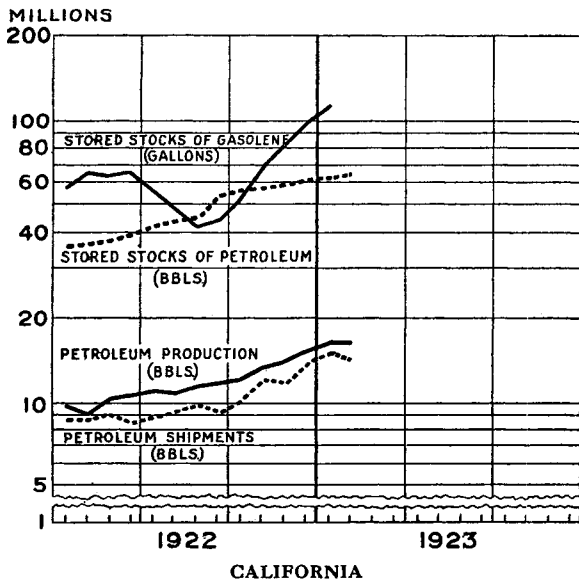
	Jan., 1923	Dec., 1922	Jan., 1922
Copper (lbs.) (mine production)	112,341,097	103,003,306	25,848,284
Silver (oz.) (commercial bars)	5,189,745	5,052,192	3,937,784
Zinc (tons) (slab) .....	46,317	42,841	23,706

Figures for lead are not available.

Copper production at eight of the thirteen principal mines in this district now producing metal was 27,430,000 pounds in January, 1923, compared with 25,949,000 pounds in December, 1922. In January, 1922, production of the three mines then producing copper was 8,077,000 pounds. Silver mines of the district are now operating at approximately 100 per cent of capacity. Government purchases of silver from domestic mines, at \$1.00 per ounce, under the Pittman Act, totaled approximately 150,750,000 ounces up to January 1, 1923, out of a total of 208,000,000 ounces to be purchased. Activity in the gold mines of the district, especially in California, is greater than at any time during the past year. Dredging properties are increasing their output and many small quartz mines are resuming or expanding operations.

**Petroleum**

Production of petroleum in California during February, 1923, averaged 586,670 barrels per day, a record figure, and 261,903 barrels per day, or 80.6 per cent larger than it was in February, 1922. Increased activity in industry and a seasonal increase in demand for petroleum products were responsible for an increase in the consumption of crude petroleum during February, 1923, which, at 508,926 barrels per day, exceeded the daily consumption during January, 1923, by 24,837 barrels, or 4.8 per cent, and consumption during February, 1922, by 202,634 barrels per day, or 66.1 per cent. Accumulation of stored stocks of petroleum continued during the month, storage holdings on



**CALIFORNIA**  
Production, Shipments, and Stored Stocks of Petroleum, and Refinery Stored Stocks of Gasolene, 1922-1923

Figures for months subsequent to August, 1922, furnished by American Petroleum Institute. Figures for previous months partly estimated.

March 1, 1923, amounting to 64,812,395 barrels, compared with 62,635,588 barrels held a month previous and 36,701,810 barrels on March 1, 1922. Forty-three new wells were completed during February and 14 wells abandoned, a net increase of 29 producing wells during the month.

**Electric Energy**

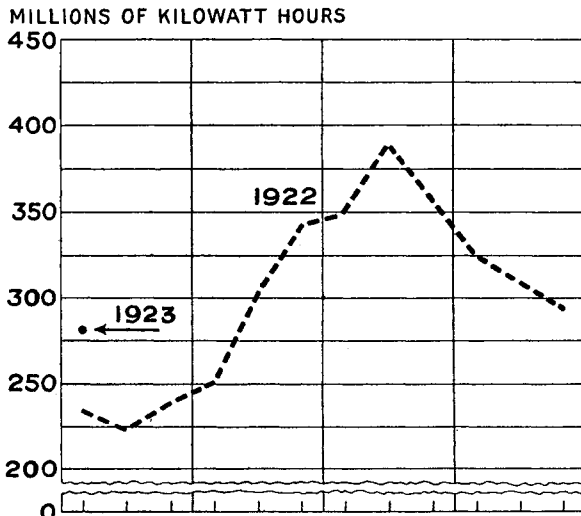
Total industrial sales of electric energy were 20.6 per cent greater during January, 1923, than during January, 1922, according to reports of 20 of the principal power companies in the district. This increase compares favorably with the annual increases which have been reported in each month since May, 1922, and which have approximated 20 per cent during the past three months. The largest increase, approximately

90 per cent, occurred in the Intermountain District, where industrial recovery, although but recently begun, has been proceeding at a rapid rate. Increased sales to the lumbering, mining, and manufacturing industries, recorded in the following table, reflect the marked increase in industrial activity which has taken place during the past year.

	Percentage Increase or Decrease, January, 1923, compared with January, 1922			Total Industrial Sales
	Agriculture	Mining	Manufacturing	
California . . . . .	-1.0	1.7	36.3	15.8
Pacific Northwest . . . . .	56.6	14.9	16.7	5.8
Intermountain . . . . .	244.9	103.7	11.0	90.9
Twelfth District . . . . .	7.3	18.8	30.3	20.6

Compared with December, 1922, sales of electric energy for industrial purposes during January, 1923, declined by approximately 4.4 per cent. This decline was caused primarily by a decrease in sales in one section of the district where adverse weather conditions and other purely local factors had reduced the industrial demand for electric power.

The accompanying chart shows, by months of 1922 and 1923, the total industrial sales (in kilowatt hours) of 20 of the largest power companies in this district.



Total Industrial Sales (K. W. H.) of 20 Power Companies in Twelfth Federal Reserve District, 1922-1923

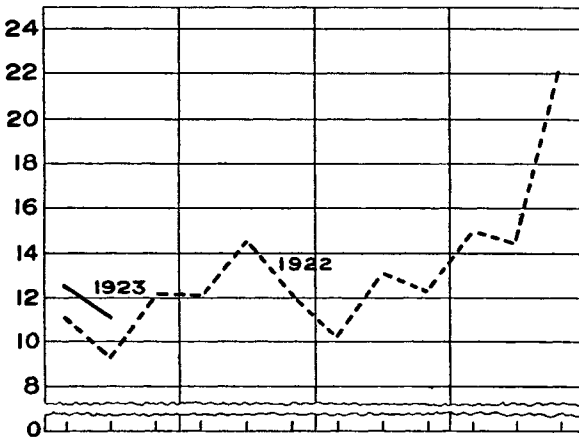
Figures showing the number of industrial consumers and industrial sales of reporting companies during January, 1923, and January, 1922, follow:

	Number of Industrial Consumers		Industrial Sales K. W. H.	
	Jan., 1923	Jan., 1922	Jan., 1923	Jan., 1922
California . . . . .	56,262	49,742	171,639,680	148,216,598
Pacific Northwest . . . . .	11,115	10,614	65,708,357	62,093,674
Intermountain States . . . . .	10,102	9,719	44,317,938	23,208,673
Twelfth District . . . . .	77,479	70,075	281,665,975	233,518,945

**Retail Trade**

Trade at retail in this district during February, 1923, appears to have been greater in value and volume than in any previous February of which this bank has record. The dollar value of sales of 33 department stores in six cities was 20.9 per cent greater than in February, 1922; 7.4 per cent greater than in February, 1921; 15.8 per cent greater than in February, 1920; and 49.9 per cent greater than in February, 1919. Combined sales of stores in each of the six cities showed increases compared with February, 1922. Only four of the thirty-three reporting stores did not participate in the increase.

MILLIONS OF DOLLARS



Net Sales of 31 Department Stores in Twelfth Federal Reserve District (In Millions of Dollars)

Reported increases in value of sales undoubtedly indicate similar increases in the physical volume of goods sold, as the average of retail prices has increased but little, if at all, during the past year. The number of individual sales transactions during February, 1923, as reported by 16 stores that keep such records, was 8.3 per cent greater than during February, 1922.

Statistics concerning sales, stocks, and outstanding orders as furnished by 33 department stores in this district follow:

Net sales (percentage increase or decrease*)	
February, 1923, compared with February, 1922	20.9
February, 1923, compared with January, 1923	-11.4
Period January 1 to February 28, 1923, compared with same period in 1922.....	17.6
Stocks (percentage increase or decrease*)	
February, 1923, compared with February, 1922	4.4
February, 1923, compared with January, 1923	9.6
Percentage of average stocks on hand at close of each month since January, 1923, to average monthly sales during same period.....	465.8
Percentage outstanding orders at close of February, 1923, to total purchases during year 1922 .....	10.9

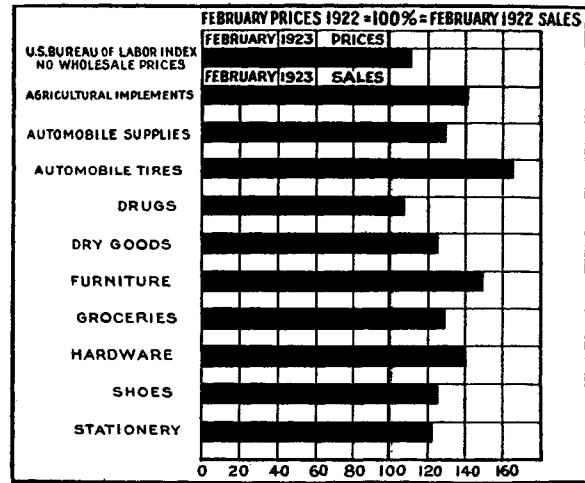
\* (—) Decrease.

**Wholesale Trade**

Sales at wholesale during February, 1923, as reflected in reports of 193 firms in 10 lines of business, averaged 25.6 per cent greater in dollar value than during February, 1922. Increases in individual lines of business ranged from 7.4 per cent in drugs to 65.6 per cent in automobile tires, every line of business and 166 of 193 reporting firms sharing in the gains. In four lines the increase was over 40 per cent, and in eight lines over 25 per cent. Compared with January, 1923, the value of sales during February, 1923, increased in five of the ten lines of business. The percentage increase or decrease (—) in the value of sales of all reporting firms in each line of business was as follows:

	Number of Firms	Feb. 1923 compared with Feb., 1922	Jan., 1923 compared with Jan., 1922	Two Months Ending Feb. 28, 1923 compared with same period in 1922
Agricultural Implements	21	40.8	5.6	51.0
Automobile Supplies....	21	29.0	— 5.4	18.3
Automobile Tires.....	21	65.6	—29.9	62.5
Drugs .....	10	7.4	.5	9.0
Dry Goods.....	15	25.7	—11.1	29.5
Furniture .....	16	49.3	6.8	45.0
Groceries .....	29	28.5	1.8	17.8
Hardware .....	20	40.1	— 2.2	37.6
Shoes .....	13	25.7	3.2	22.1
Stationery .....	27	22.2	—10.9	18.3

The majority of reports recently received indicate that the volume of orders placed for spring and summer deliveries has been considerably greater in all lines than it was last year. Prices during February were reported as



Dollar Value of Sales of Representative Wholesale Firms and General Wholesale Prices in February, 1923, compared with February, 1922

“advancing” by a majority of the firms in all lines. The general level of wholesale prices as indicated by the index number of the United States Department of Labor was six-tenths of 1 per cent higher in February, 1923, than in

January, 1923, and 11.3 per cent higher than in February, 1922.

Collections during the past three months have been reported as follows:

	Number of Firms Reporting Collections as			
	Excellent	Good	Fair	Poor
December, 1922.....	2	57	67	13
January, 1923.....	5	52	67	12
February, 1923.....	3	42	74	11

**Employment**

The winter peak of unemployment in this district appears to have been passed during February, the gradual increase in industrial activity and resumption of agricultural work in some states having resulted in a marked increase in the number of men employed. Increased employment of unskilled labor in the lumber camps was a noteworthy feature of the month. Continued abnormal building activity has resulted in a shortage of certain classes of skilled building trades artisans in a few sections of the district.

Compared with February, 1922, employment during February, 1923, was greater in all sections and industries of the district. Of the 17 principal copper mines in the Intermountain territory, which in 1920 produced over half the copper mined in the United States, 15 are now operating and employing large numbers of men, whereas on February 1, 1922, only 8 of these mines were operating, and these on a limited scale. Reports from the 10 principal lumbering sections of Idaho, Oregon, and Washington show that 85,000 loggers and lumbermen were on the payrolls March 1, 1923, compared with 55,000 men on March 1, 1922, an increase of 54 per cent. Part time employment, which was prevalent in the district a year ago, has now practically disappeared. Compared with February, 1922, employment in manufacturing industries during February, 1923, increased in Los Angeles, San Francisco, and Seattle, and was approximately the same in Portland, according to figures compiled by the United States Employment Service of the Department of Labor. Figures showing the total number of workers on the payrolls of 40 manufacturing firms usually employing 501 men or more are given in the following table:

	Number of Firms	Number of Men on Payroll*	
		Feb. 28, 1923	Feb. 28, 1922
Los Angeles.....	16	31,890	24,448
Portland.....	8	8,302	8,395
San Francisco.....	10	7,254	6,864
Seattle.....	6	2,349	2,094
	40	49,795	41,801

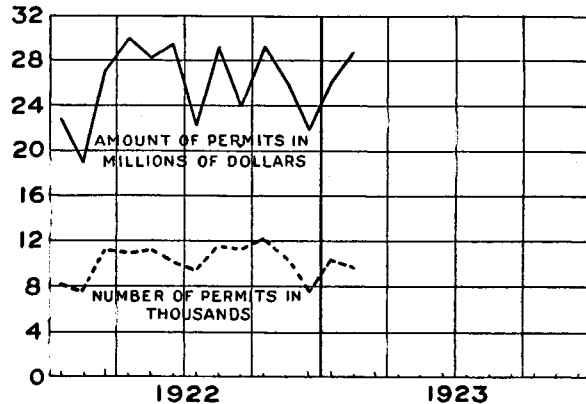
\*These figures do not represent the total number of men engaged in manufacturing activities in these cities, but only the payroll figures of a selected number of firms.

**Building Activity**

Building permits issued in 20 principal cities of this district during February, 1923, were substantially greater, both in number and value, than in February, 1922. Comparisons with the latter month and with the month of January, 1923, are made in the following table:

	Percentage Increase or Decrease (—) in Number and Value of Building Permits, February, 1923, compared with	
	Feb., 1922	Jan., 1923
Number.....	28.5	— 5.2
Value.....	52.4	10.1

The decline in the number of permits issued during February, 1923, compared with January, 1923, was largely seasonal.



Building Permits Issued in 20 Principal Cities, Twelfth Federal Reserve District, 1922-1923

Considered geographically the reports for February, 1923, show an increase in the number of permits granted in 14 of the 20 cities compared with February, 1922, while the value of construction involved was greater in 15 cities.

**(B) Building Permits—**

	February, 1923		February, 1922	
	No.	Value	No.	Value
Berkeley.....	156	\$ 503,642	151	\$ 432,766
Boise.....	68	28,671	47	20,757
Fresno.....	197	428,210	175	819,714
Long Beach...	408	3,045,285	301	1,164,084
Los Angeles..	4,104	12,080,310	2,842	7,579,798
Oakland.....	932	2,041,521	537	1,424,772
Ogden.....	15	42,080	6	6,325
Pasadena....	279	759,817	195	402,772
Phoenix.....	43	63,225	48	120,466
Portland.....	817	1,674,150	934	1,541,745
Reno.....	9	147,760	8	27,600
Sacramento..	251	595,178	203	678,307
Salt Lake City	30	204,980	37	47,630
San Diego....	403	673,350	308	490,357
San Francisco.	782	3,278,676	609	2,830,991
San Jose.....	100	204,980	74	121,570
Seattle.....	661	2,091,380	691	611,635
Spokane.....	64	139,165	84	132,190
Stockton.....	106	371,560	81	134,428
Tacoma.....	241	456,495	269	329,961
District.....	9,666	\$28,830,435	7,600	\$18,917,868

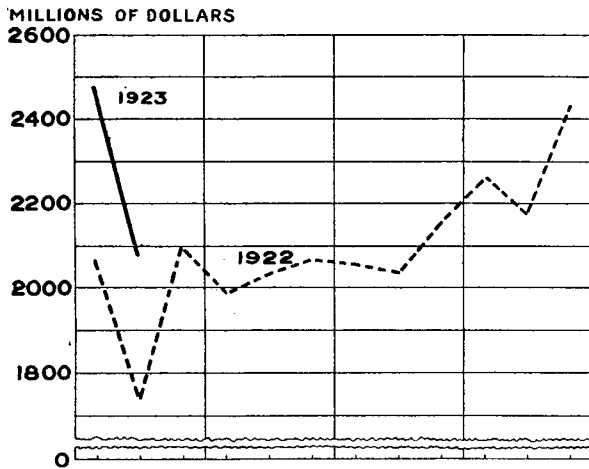
According to the United States Department of Labor, wholesale prices of building materials have advanced steadily for the past 11 months, and on March 1, 1923, were approximately 23.0 per cent higher than on March 1, 1922. Building materials prices are now only 33.6 per cent below the peak point reached in April, 1920 (300.0). In view of this fact, the increase in the number of permits issued, compared with a year ago, is a more representative index of the increase in the physical volume of construction than would be a comparison of the dollar values of the permits granted.

As an index of the relative amount of building in various sections of the district, the following table showing the per capita value of building permits granted during February, 1923, has been constructed:

Northern California.	\$ 7.00	Reno .....	\$12.29
Southern California.	22.01	Salt Lake City....	1.73
Boise .....	1.34	Seattle .....	6.63
Ogden .....	1.28	Spokane .....	1.33
Phoenix .....	2.17	Tacoma .....	4.70

**Bank Debts**

The volume of business transacted in the district during February, 1923, as reflected by reports of debits to individual accounts in 20 principal clearing house centers, was 18.7 per cent greater than in February, 1922, and as reported from 21 cities, was 5.4 per cent less



Debits to Individual Accounts in 20 Principal Cities, Twelfth Federal Reserve District, 1922-1923

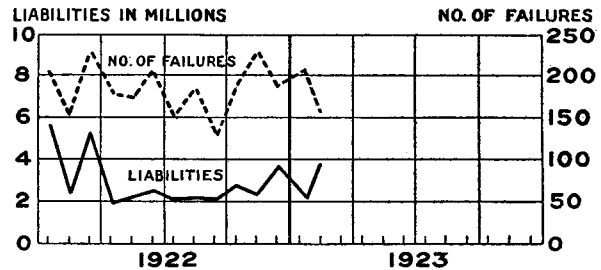
than in January, 1923, the latter being a seasonal movement. This is the tenth consecutive month during which debits to individual accounts have been greater than in the corresponding month a year ago. The percentage increase in February, 1923, was greater than in any of the previous nine months.

In the year period February, 1922, to February, 1923, the United States Bureau of Labor

index number of wholesale prices advanced 11.3 per cent. Retail prices have changed little during the year. An increase of 18.7 per cent in debits to individual accounts indicates, therefore, an increase in the physical volume of business transacted in February, 1923, compared with February, 1922.

**Business Failures**

The record of business failures for February, 1923, was distorted by the failure of one large concern in the State of Utah. Eliminating the figures for this failure, which had liabilities of approximately \$2,000,000, the reports show a normal seasonal decline in the number of fail-



Business Failures, Twelfth Federal Reserve District, 1922-1923

Note: The increase in liabilities in February, 1923, was due to the failure of one concern in Salt Lake City, Utah.

ures and the amount of liabilities involved in February, 1923, compared with January, 1923. The number of failures declined 24 per cent, and reported liabilities were less by 16 per cent.

In the country as a whole business failures during February were substantially below the

**(C) Bank Debts\*—**

	Four weeks ending Feb. 28, 1923	Four weeks ending Mar. 1, 1922
Berkeley .....	\$ 14,882	\$ 16,167
Boise .....	10,444	9,505
Fresno .....	41,982	36,352
Long Beach.....	49,853	25,555
Los Angeles.....	586,622	437,489
Oakland .....	110,542	72,346
Ogden .....	26,272	16,013
Pasadena .....	27,533	20,571
Phoenix .....	16,442	..
Portland .....	124,494	114,376
Reno .....	7,869	7,943
Sacramento .....	41,237	48,007
Salt Lake City.....	54,478	44,947
San Diego .....	42,227	32,864
San Francisco.....	680,420	629,252
San Jose.....	19,654	15,167
Seattle .....	140,288	128,555
Spokane .....	40,215	36,193
Stockton .....	18,856	18,018
Tacoma .....	31,456	30,002
Yakima .....	8,385	10,127
<b>Total .....</b>	<b>\$2,094,151</b>	<b>\$1,749,449</b>

\*000 Omitted.



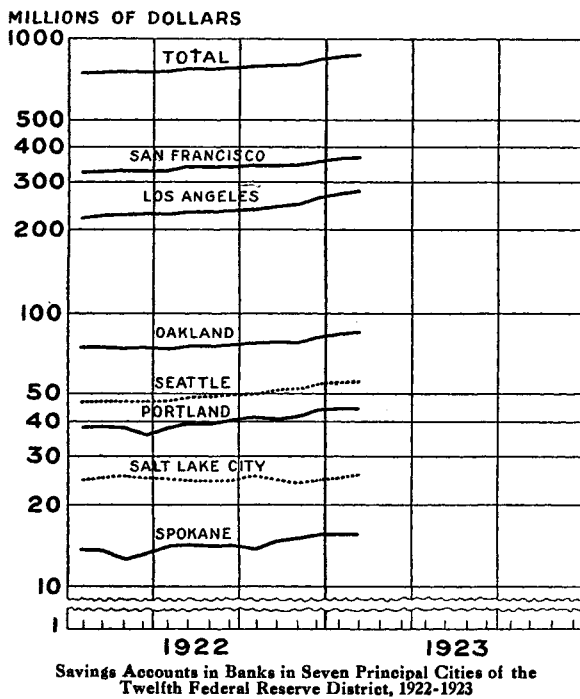
normal of past years, for the first time since early in 1921.

R. G. Dun and Company's comparative figures of the number and liabilities of business failures in the states of this district follow:

	February, 1923		January, 1923	
	No.	Liabilities	No.	Liabilities
Arizona .....	1	\$ 14,943	3	\$ 38,200
California .....	74	701,689	95	828,906
Idaho .....	10	127,426	12	172,227
Nevada .....	..	..	1	91,000
Oregon .....	23	195,573	34	324,015
Utah .....	11	2,243,783	15	138,273
Washington ...	37	536,592	46	581,678
District .....	156	\$3,820,006	206	\$2,174,299

**Savings Accounts**

The total amount in all savings accounts, as reported by 75 banks in 7 principal cities, increased 1.5 per cent during the month ended February 28th, being on that date \$877,113,000 compared with \$864,077,000 on January 31st. Savings deposits in the district as a whole, and in six of the seven reporting cities, are now at the highest point in the past four years, the most recent figures for Salt Lake City exceeding the previous record month of March, 1922.



Figures for all of the seven reporting cities, as of February 28, 1923, show increases compared with January, 1923, and February, 1922. In two cities the increase compared with a year ago has been over 20 per cent, and in six cities over 11 per cent. In the district as a whole the increase for the year period has been 15.6 per cent.

**Government Financing**

On March 8th the Treasury Department announced an offering of United States Treasury Certificates of Indebtedness in two series dated March 15, 1923, one series, TS2-1923, bearing interest at the rate of 4¼ per cent per annum, and maturing September 15, 1923, and the other series, TM-1924, bearing interest at the rate of 4½ per cent per annum and maturing March 15, 1924. The interest rate on the one-year certificates is ½ per cent above the rate on the last similar issue (offered in December, 1922), a reflection of the higher money rates now obtaining.

Subscription books were closed on March 14, 1923. In this district total subscriptions amounted to \$41,528,000, of which \$34,285,500 were allotted. In the United States as a whole total subscriptions amounted to \$538,859,000 of which \$475,414,000 were allotted. Subscriptions entered in this district for Treasury Certificates of Series TS2-1923 were larger in amount than in any other Federal Reserve district, except that served by the Federal Reserve Bank of New York. This district stood fifth among the twelve districts in the amount of total subscriptions to both issues.

The purpose of the offering, as stated by the Treasury Department, was to provide for payments on government obligations coming due in March, insofar as such payments might be in excess of tax receipts estimated at approximately \$400,000,000, and at the same time to cover the Treasury's further cash requirements between March 15th and May 15th when the uncalled Victory Notes mature. Approximately \$366,000,000 of Certificates of Indebtedness became payable on March 15, 1923, together with interest on the public debt in the amount of approximately \$135,000,000. Called Victory Notes to the amount of \$90,000,000 and matured War Savings Certificates to the amount of \$75,000,000 are also outstanding, and both are coming in steadily for redemption.

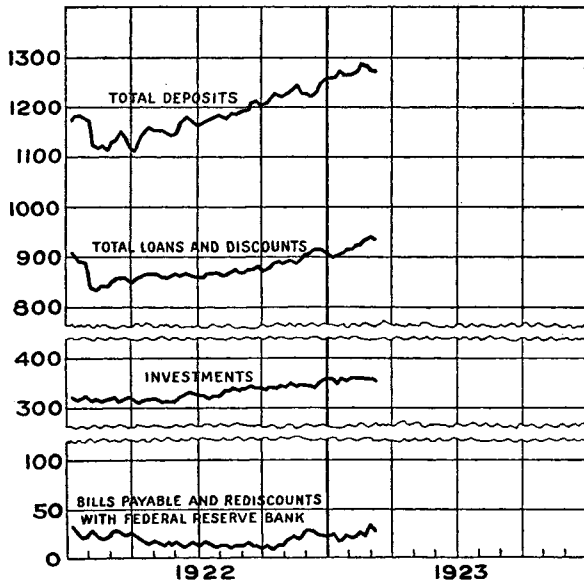
**Banking and Credit Situation**

Total loans and discounts of 66 reporting member banks in the larger cities of the district increased from \$919,162,000 on February 7th to \$938,773,000 on February 28th, declining to \$934,714,000 on March 7th, a net increase of \$15,552,000 for the four week period. "All other loans," which are made largely for commercial purposes, and which are included in "total loans and discounts," increased from \$743,112,000 on February 7th to \$763,477,000 on March 7th. The latter figure is an increase of \$37,207,000, or 5 per cent, since January 17, 1923, and of \$92,000,000, or approximately 14 per cent, since the low point of February 8, 1922.

Investments of reporting banks changed little during the past month. Total deposits on March 7th, \$1,271,271,000, were slightly less than the figure reported on February 7th, \$1,275,439,000, although they reached the record figure of \$1,285,631,000 during the intervening period.

As the amount of their loans to customers has risen, reporting city member banks have increased their borrowings from the Federal Reserve Bank, which on March 7th stood at \$27,849,000, compared with \$19,538,000 on February 7th, an increase of \$8,311,000, or 42 per cent. Borrowings of country member banks remained practically unchanged during the month at \$18,000,000.

MILLIONS OF DOLLARS



Total Deposits, Loans and Discounts, Investments, and Bills Payable and Rediscounts of Reporting Member Banks

Federal Reserve note circulation, at \$202,383,000 on March 14th, was at the lowest point reached since the peak of 1920, and about 9 per cent below the average circulation during the year 1922, approximately \$220,000,000.

Interest rates charged customers of banks in this district remained unchanged in general during February and the early part of March. In the New York market the rate on prime commercial paper, which was established at 4¾ per cent during the week ending February 17th, advanced to 5 per cent during the week ending February 24th, the rate prevailing on March 16th. Time money rates in the same

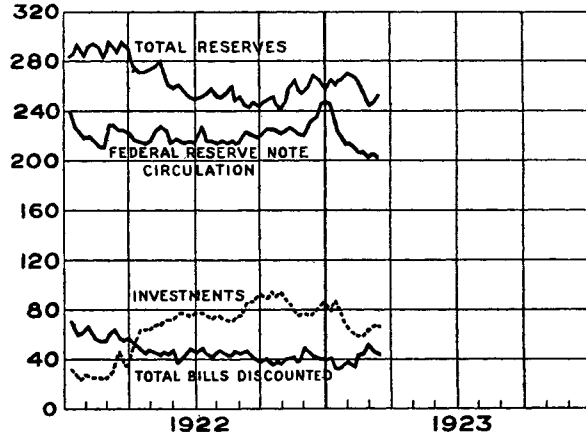
market were then 5½ per cent, compared with 5 per cent at the end of February.

The discount rate of this bank on all classes of paper and all maturities was advanced from 4 to 4½ per cent on March 6, 1923. Changes in the discount rate of the Federal Reserve Bank of San Francisco since December, 1919, are shown in the following table:

December 26, 1919..	4¾%	November 2, 1921	....5%
February 2, 1920....	6%	January 23, 1922....	4½%
July 25, 1921.....	5½%	July 8, 1922.....	4%
March 6, 1923.....	4½%		

Discount rates at all of the twelve Federal Reserve banks are now the same, at 4½ per cent, the banks at Boston and New York having raised their rates from 4 to 4½ per cent on February 23, 1923.

MILLIONS OF DOLLARS



Total Reserves, Federal Reserve Note Circulation, Bills Discounted, and Investments, Federal Reserve Bank of San Francisco

The activity which characterized the acceptance market during January and the early part of February was succeeded by a period of dullness during the four weeks ending March 15th. The rate on prime bills has remained at 4 per cent. Reports received by this bank from 35 of the principal accepting banks in the district show the following changes in the amount of bills purchased and accepted during February, 1923, compared with January, 1923, and February, 1922:

	February, 1923, compared with	
	Feb., 1922	Jan., 1923
Amount of bills accepted .....	+21.9	-39.5
Amount of bills bought .....	-53.2	-45.1
Amount of bills held at close of month .....	-18.2	+15.9

The principal commodities upon which these acceptances were based were cotton, sugar, dried and canned fruits, and wheat.

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

	March 7, 1923	February 7, 1923	March 8, 1922
<i>Number of Reporting Banks</i> .....	<b>66*</b>	<b>66*</b>	<b>68*</b>
Loans and Discounts (including rediscounts).....	\$ 934,714,000	\$ 919,162,000	\$ 842,008,000
Investments .....	354,213,000	361,143,000	307,733,000
Cash in Vault and with Federal Reserve Bank.....	117,415,000	119,289,000	98,552,000
Total Deposits.....	1,271,271,000	1,275,439,000	1,131,448,000
Bills Payable and Rediscounts with Federal Reserve Bank.....	27,849,000	19,538,000	27,614,000

\*Mergers have reduced the number of reporting banks, but comparisons of resource and liability items have not been affected.

**COMPARATIVE STATEMENT OF CONDITION OF FEDERAL RESERVE BANK OF SAN FRANCISCO  
AT CLOSE OF BUSINESS, MARCH 14, 1923**

RESOURCES			
	March 14, 1923	February 14, 1923	March 15, 1922
Total Reserves.....	\$252,534,000	\$263,599,000	\$285,332,000
Bills Discounted.....	42,926,000	42,951,000	56,860,000
Bills Bought in Open Market.....	31,663,000	24,684,000	8,318,000
United States Government Securities.....	34,742,000	34,742,000	39,386,000
Total Earning Assets.....	\$109,331,000	\$102,377,000	\$104,564,000
All Other Resources*.....	58,719,000	54,182,000	48,217,000
<b>Total Resources</b> .....	<b>\$420,584,000</b>	<b>\$420,158,000</b>	<b>\$438,113,000</b>
LIABILITIES			
Capital and Surplus.....	\$ 23,030,000	\$ 23,034,000	\$ 22,583,000
Total Deposits.....	153,817,000	150,561,000	144,876,000
Federal Reserve Notes in Actual Circulation.....	202,383,000	207,230,000	225,504,000
All Other Liabilities†.....	41,354,000	39,333,000	45,150,000
<b>Total Liabilities</b> .....	<b>\$420,584,000</b>	<b>\$420,158,000</b>	<b>\$438,113,000</b>
*Includes "Uncollected Items".....	42,577,000	42,572,000	41,445,000
†Includes "Deferred Availability Items".....	40,176,000	38,337,000	39,593,000

**Those desiring this review sent them regularly will receive it without charge upon application.**

## THE COPPER MINING INDUSTRY IN 1922

In March, 1922, this bank published a special report on the copper mining industry, with particular reference to conditions in the Twelfth Federal Reserve District, where in recent years approximately three-fifths of the blister copper of the United States and one-third of that of the world has been produced. The condition of the industry at that time was summed up briefly as follows: "The present condition of the copper industry is reflected in figures showing that mine production of the metal in the United States today is at the rate of 20 per cent of pre-war normal production, that stocks of refined copper and blister and material in process of refining on January 1, 1922, were 793,000,000 pounds compared with average pre-war stocks of 360,000,000 pounds and that the price of electrolytic copper dropped from 35.74 cents per pound in March, 1917, to 12 cents per pound in August, 1921, and is today (March 1st) at 12.75 cents, 9.6 per cent under the average pre-war price, whereas the level of prices of all commodities at wholesale, according to Bradstreet's index number, is 27 per cent above the pre-war level." The immediate outlook for the industry was commented upon favorably by reason of the increase in the demand for copper, the rise in prices, and the decline in stocks which occurred during the last quarter of 1921 and the first two months of 1922.

It now appears that the trough of the depression in this industry had actually been reached and passed at the time this report was published, and that the improvement of which mention was made therein was the beginning of a substantial recovery. The extent of this movement and its importance to this district warrant its brief discussion here.

Productive activity in the copper mining industry, which had been greatly restricted since April, 1921, was resumed on a large scale during April, 1922, and by May, 1922, nearly all of the principal mining companies in the United States had taken steps to reopen their properties and commence mining operations. Smelter production of copper in the United States increased steadily throughout the year, advancing from 25,800,000 pounds in January, 1922, to 94,000,000 pounds in June, 1922, and 103,000,000 pounds in December, 1922. Output during the latter month was at the rate of 1,240,000,000 pounds a year, a figure slightly in excess of normal production of pre-war years.

Refinery production of new copper from domestic ores during 1922 was estimated by the United States Geological Survey at 897,000,000 pounds, 288,000,000 pounds more than was produced during 1921. The figure for 1922 is still well below production in the pre-war year 1913 when total refinery output from

domestic ores was 1,237,000,000 pounds. Refinery production of new copper from foreign ores, including imports of refined copper, was about 501,000,000 pounds during 1922, making total production of new refined copper during the year 1,398,000,000 pounds. During 1921 there were 1,020,000,000 pounds of new refined copper produced in the United States, and during 1913, 1,615,000,000 pounds.

Increased production of copper was preceded by increased consumption of the metal, accompanied by a considerable reduction in stocks during the year 1922. The figures for refined copper are given in the following table based on reports of the United States Geological Survey:

	1921 (pounds)	1922 (pounds)
Stocks of new refined copper January 1.....	659,000,000	459,000,000
Refinery production from domestic sources .....	609,000,000	897,000,000
Refinery production from foreign sources, including estimated imports of refined copper* .....	411,000,000	501,000,000
Total Supply .....	1,679,000,000	1,857,000,000
Total withdrawn on domestic account .....	611,000,000	837,000,000
Exports including unrefined black blister and converter copper in bars, pigs, and other forms, and refined in ingots, bars, rods, etc.....	609,000,000	743,000,000
Total Consumption....	1,220,000,000	1,580,000,000
Stocks December 31st....	459,000,000	277,000,000

\*Figures on imports of copper during last quarter of 1922 partly estimated.

Stocks of blister copper and material in process of refining in the hands of smelters, in transit to refineries, and at refineries on December 31, 1922, were estimated to be 352,000,000 pounds compared with 283,000,000 pounds held on December 31, 1921.

The price of copper has risen sharply during the first months of 1923. The average monthly price of electrolytic copper on the New York market during 1922 and monthly since January, 1923, are shown in the following table:

	(Cents per pound)*
1922 Average.....	13.632
January, 1923.....	14.760
February, 1923.....	15.605
March 16, 1923.....	17.000

\*Delivered price.

The present quotation is approximately 9.5 per cent above the average price quoted in the year 1913, whereas general wholesale prices, according to the index of the United States Department of Labor, are now 57 per cent above the 1913 average.

The chief restriction on mine output at the present time is the shortage of labor in several mining districts.