

MONTHLY REVIEW

OF

BUSINESS CONDITIONS

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

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No. 7

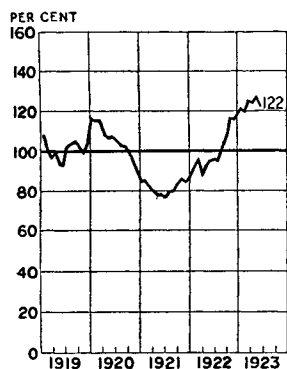
Summary of National Conditions

Production of basic commodities declined in June, but employment was maintained at last month's high level, freight shipments were exceptionally large, and the volume of wholesale and retail trade continued heavy. Wholesale prices showed a further decrease.

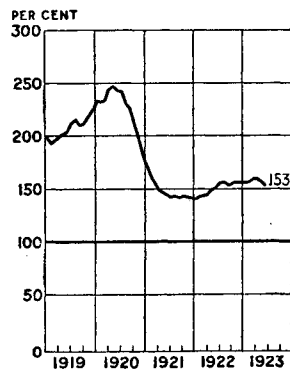
Production. The Federal Reserve Board's index of production in basic industries, which makes allowance for seasonal variations, was 4 per cent lower in June than in May and stood at about the level of the late winter. Mill consumption of cotton, steel ingot output, and sugar meltings showed particularly large reductions. The value of permits for new buildings and of contracts awarded declined more in June than is usual during that month.

The Department of Agriculture forecasts, on the basis of July 1st condition, a large increase in the cotton crop, a slight reduction in the corn crop, a winter wheat crop of about the same size as last year, and a spring wheat crop which will possibly be about forty million bushels below 1922.

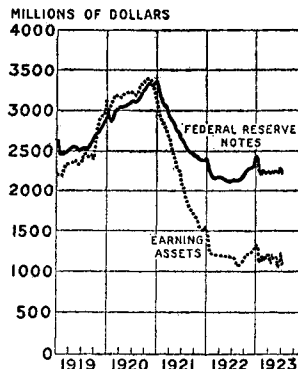
The number of factory employees at work in June in the country as a whole was about as large as in May, though a reduction was reported by New England establishments. The proportion of factories reporting full time operations decreased, and consequently average earnings per employee were smaller. Wage advances continued to be reported in June, but they were not nearly so numerous as in April or May.



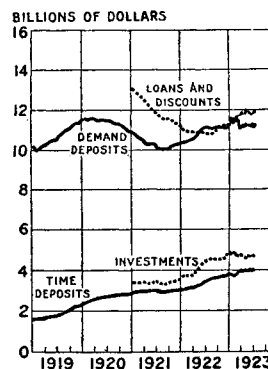
Index of Production in Basic Industries
Combination of 22 individual series corrected for seasonal variation (1919 average = 100 per cent)



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



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Trade. Distribution of commodities, as measured by railroad freight shipments, was active throughout June. The number of cars loaded exceeded a million in each of four successive weeks, and in the week ended June 30th was the largest on record. The volume of wholesale and retail trade in June was about the same as in May and continued to be substantially larger than in 1922. Sales of groceries and dry goods were much larger in June, and this increase was reflected in an advance of 4 per cent in the Federal Reserve Board's index of wholesale trade. This index, which makes no allowance for seasonal changes, was 9 per cent above the June, 1922, level. Department store and mail order sales were smaller, as is usual at this season, while sales of reporting chain stores were at about the same high level as in May. Stocks of merchandise at department stores were reduced about 6 per cent.

Wholesale prices. The decline in commodity prices which began late in April continued during June and the first two weeks of July, and the index of the Bureau of Labor statistics for June was 2 per cent less than for May. The largest decline, amounting to 4 per cent, occurred in the prices of building materials, and decreases were shown also for all the other commodity groups, except house furnishings which remained unchanged. During the first half of July, price declines were shown for wheat, sugar, petroleum, and lead, while the price of corn and hides advanced.

Bank credit. Bank developments between the middle of June and the middle of July largely reflected the payment of income taxes on June 15th, dividend and interest payments at the turn of the half year, the demand for additional currency for the July 4th holiday, and the return flow of currency after that date. At the end of the period the volume of member bank and Federal reserve bank credit in use was approximately at the same level as a month earlier. At the Federal reserve banks the amount of discounts for member banks on July 18th was about \$100,000,000 larger than on June 13th, but this increase was practically balanced by a decline in holdings of acceptances and government securities.

During the month of June gold and gold certificates in circulation increased by over \$40,000,000, and this increase is reflected in an equivalent decline of gold held by the Federal reserve banks.

Money rates were slightly firmer, as is usual at this season of the year.

Summary of District Conditions

Production and distribution in the Twelfth District during June, although proceeding at levels below those of the first quarter of the year, have continued in normal or greater than normal volume, with full employment of all classes of labor. Loans of member banks and discounts of the Reserve Bank have increased moderately.

Production and shipments of lumber declined during June, and new orders received were smaller in volume than in the previous month or in June, 1922. Lumber mills report a sufficient quantity of unfilled orders still on hand, however, to necessitate capacity operation. Production of the principal metals of the district declined slightly during the past month. The market for copper, lead, and zinc has been inactive with prices falling, and the silver market has been temporarily disorganized by the completion of government purchases of domestic silver at the fixed price of \$1.00 per ounce. The price of silver in the open market averaged 65 cents per ounce during June. Drilling of wells in the newer oil fields of California has continued, and despite efforts of the larger producers to curtail production, output and stored stocks have increased rapidly. There were 79 new wells completed during June with an initial daily production of 152,974 barrels. Total production during the month reached the record daily average of 755,570 barrels. No appreciable decline in the volume of projected building construction was indicated by figures of building permits issued in the principal cities of the district during the past month. Labor continued fully employed, a fact which is attested by the difficulty encountered by farmers of the district in securing adequate harvest help.

Debits to individual accounts at banks in principal clearing house centers, an approximate measure of the total volume of business transacted in the district, were 20.7 per cent greater during June, 1923, than during June, 1922, and were 19.6 per cent greater during the first six months of 1923 than during the same period in 1922. The value of sales at retail, as reported by 34 department stores in seven cities, was 13.4 per cent greater during June, 1923, than during June, 1922, a larger increase than was reported in the two previous months, but below the increases of 20 per cent reported in February and March. Trade at wholesale continued greater in value than a year ago, but the increases in most reporting lines dur-

SUMMARY OF PROVISIONS

OF THE

AGRICULTURAL CREDITS ACT OF 1923

PREPARED BY FEDERAL RESERVE BANK OF SAN FRANCISCO

San Francisco, California, July 16, 1923

THE Federal Reserve Board, in a statement for the press on July 7, 1923, suggested that Federal Reserve Banks should give to the public information regarding the added facilities for agricultural financing made possible through legislation enacted during the last Congress. In conformity with this suggestion there is submitted herewith a comparative digest of those provisions of the Agricultural Credits Act of 1923 which it is thought will be of most interest to member banks, co-operative marketing agencies, and purchasers and buyers of agricultural products. Information other than that herein contained may be had by addressing the Federal Intermediate Credit Banks at Berkeley, California, and Spokane, Washington, and, with respect to National Agricultural Credit Corporations, the Comptroller of the Currency, Washington, D. C.

In substance, the Agricultural Credits Act was designed to provide additional credit facilities to agriculturists and producers of livestock through the discount of their paper ranging in maturity from six months to three years.

Provisions of the Act relating to the Federal Reserve System are summarized on page 4 herein. The Act also provides two separate and distinct organizations for supplying credit to agriculturists and those engaged in the livestock industry, viz., the Federal Intermediate Credit Banks and the National Agricultural Credit Corporations.

Federal Intermediate Credit Banks may discount for the following agencies:

- National banks;
- State banks and trust companies;
- Incorporated livestock loan companies;
- Savings institutions;
- Co-operative banks;
- Co-operative credit or marketing associations of agricultural producers;
- Any other Federal Intermediate Credit Bank.

Federal Intermediate Credit Banks may also **lend direct** to co-operative associations engaged in producing or marketing staple agricultural products or livestock when the notes of such associations are secured by warehouse receipts, shipping documents, or mortgages on

livestock. **Federal Intermediate Credit Banks may not do business direct with individual borrowers.** The maturity of the notes rediscounted by Federal Intermediate Credit Banks must be not less than six months nor more than three years, and the proceeds of the notes must have been used in the first instance for agricultural or livestock purposes. Federal Intermediate Credit Banks may make such notes the basis of debenture issues. These banks are supervised by the Federal Farm Loan Board in Washington. One is located at each of the twelve Federal Land Banks, and has the same officers and directors, but is entirely independent in capital, assets and liabilities. The capital for each Federal Intermediate Credit Bank is to be \$5,000,000, supplied by the Treasury of the United States.

National Agricultural Credit Corporations, on the other hand, may **lend direct to individuals** engaged in agriculture and the fattening of livestock upon notes having a maturity not exceeding nine months, and to individuals engaged in the breeding of livestock or in the dairy industry upon notes having a maturity not exceeding three years. The United States Government supplies no capital to these associations, their number is not limited, and they may be organized anywhere by a minimum of five incorporators, provided they have a subscribed capital of not less than \$250,000, of which one-half is paid in in cash. National Agricultural Credit Corporations (Rediscount Corporations) having an authorized capital of \$1,000,000 or more may, instead of doing business with the public, rediscount paper of the kind above described for other national agricultural credit corporations, or for banking institutions which are members of the Federal Reserve System, and also purchase direct from co-operative agricultural associations, notes secured by warehouse receipts, shipping documents, etc., and having a maturity not exceeding nine months. All National Agricultural Credit Corporations will operate under a Federal charter and be under the supervision of the Comptroller of the Currency. A comparative summary of the foregoing and other important features of the Agricultural Credits Act is appended hereto.

Additional copies of this summary may be obtained upon application to the Federal Reserve Bank of San Francisco

AGRICULTURAL CREDITS ACT OF 1923

(APPROVED MARCH 4, 1923)

	National Agricultural Credit Corporations	National Agricultural Credit Corporations (Rediscount Corporations) (Sec. 207)	Federal Intermediate Credit Banks
Where Located	None yet authorized to do business.	None yet authorized to do business.	One at each of the twelve Federal Land Banks. In this district, one at Berkeley, California, and one at Spokane, Wash.
To Whom May Lend	Private individuals; partnerships; associations and corporations.	May rediscount for National Agricultural Credit Corporations and banks which are members of the Federal Reserve System; may lend direct to Agricultural Co-operative Societies.	National Banks; State Banks; Trust Companies; Agricultural Credit Corporations; Incorporated Livestock Loan Companies; Savings Institutions; Co-operative Banks; Co-operative Credit or marketing associations of agricultural producers; other Federal Intermediate Credit Banks.
Lending Powers	<p>(1) May make advances upon, discount, rediscount or purchase notes, drafts and bills of exchange, and accept drafts and bills of exchange which are issued or drawn for an agricultural purpose, or the proceeds of which have been or are to be used for an agricultural purpose, and which are secured by warehouse receipts on non-perishable, readily marketable staple agricultural products or chattel mortgages on livestock which is being fattened for market.</p> <p>(2) May make advances upon, discount, rediscount or purchase notes secured by chattel mortgages upon maturing or breeding livestock or dairy herds.</p>	<p>(1) May rediscount for any National Agricultural Credit Corporation or for any bank or trust company which is a member of the Federal Reserve System, on its endorsement, notes, drafts, bills of exchange or acceptances which conform to the requirements of paragraphs 1 and 2 in previous column.</p> <p>(2) May discount or purchase notes, drafts, or bills of exchange issued or drawn by agricultural co-operative associations and secured by warehouse receipts on non-perishable, readily marketable agricultural products.</p>	<p>(1) May discount or purchase any note, draft, bill of exchange, debenture, or other such obligation the proceeds of which have been advanced or used in the first instance for any agricultural purpose or for the raising, breeding, fattening or marketing of livestock.</p> <p>(2) May make loans or advances direct to any agricultural or livestock co-operative association if the notes are secured by warehouse receipts or shipping documents covering staple agricultural products, or mortgages on livestock, such loans not to exceed 75 per cent of market value of security.</p>
Maturities	<p>(1) Not exceeding nine months at time of discount or purchase if made under paragraph (1) above.</p> <p>(2) Not exceeding three years at time of discount or purchase if made under paragraph (2) above.</p>	<p>(1) In case of rediscounts for National Agricultural Credit Corporations or for member banks of Federal Reserve System, the same maturities as required for discount of the paper in the first instance by those institutions.</p> <p>(2) In case of discount for or purchase from co-operative associations of agriculturists, not exceeding nine months.</p>	Not less than six months nor more than three years at time of discount. Federal Farm Loan Board has ruled that, for the present, maturities shall not exceed nine months.
What Constitute "Staple Agricultural Products"	Not yet defined.	Not yet defined.	Grain, cotton, wool, tobacco, peanuts, broom corn, beans (including soy beans), rice, hay, nuts, canned fruits and vegetables.
Rate of Interest	<p>Not to exceed the maximum rate allowed by law of state in which corporation is located, e. g., in states of Twelfth District these limits are:</p> <p style="margin-left: 40px;">Arizona 10%</p> <p style="margin-left: 40px;">California No limit</p> <p style="margin-left: 40px;">Idaho 10%</p>	<p>Not to exceed the maximum rate allowed by law of state in which corporation is located, e. g., in states of Twelfth District these limits are:</p> <p style="margin-left: 40px;">Arizona 10%</p> <p style="margin-left: 40px;">California No limit</p> <p style="margin-left: 40px;">Idaho 10%</p>	To be established by each Federal Intermediate Credit Bank with approval of Farm Loan Board. After debentures issued, may not exceed by more than 1 per cent the rate of last preceding issue of debentures. No borrower allowed to discount paper with Federal Intermediate

(b) Surplus Earnings	No provision.
(c) Debentures	<p>May issue, subject to regulations by Comptroller of the Currency, collateral trust notes or debentures, maturity not to exceed three years, secured by the obligations it has discounted.</p> <p>No government liability therefor.</p> <p>Not to exceed, together with other liabilities, ten times its paid-in and unimpaired capital and surplus.</p>
(d) Rediscounting	<p>May not rediscount with Federal Reserve Banks or Federal Intermediate Credit Banks. May rediscount elsewhere, not to exceed, together with other liabilities, ten times its paid-in and unimpaired capital and surplus.</p>
Stockholders	<p>Private individuals.</p> <p>Any member bank in Federal Reserve System may apply to Comptroller of the Currency for permission to purchase stock of one or more of the National Agricultural Credit Corporations, not to exceed 10 per cent of its paid-in and unimpaired capital and surplus.</p>
Supervised by Directors	<p>Comptroller of the Currency.</p> <p>Five.</p>
Federal Reserve Banks	<p>Federal Reserve Banks may purchase and sell debentures of, when within six months of maturity.</p> <p>May purchase and sell acceptances of.</p> <p>May act as depositaries for and Fiscal Agents of.</p>

in within six months.

No provision.

May issue, subject to regulations by Comptroller of the Currency, collateral trust notes or debentures, maturity not to exceed three years, secured by the obligations it has rediscounted or purchased.

No government liability therefor.

No limit in law as to total amount which may be issued. Comptroller of the Currency to prescribe this limit.

May not rediscount with Federal Reserve Banks or Federal Intermediate Credit Banks. No limit in law as to total amount which may be rediscounted elsewhere. Comptroller of the Currency to prescribe this limit.

Private individuals.

Any National Agricultural Credit Corporation may purchase stock not to exceed 20 per cent of its paid-in and unimpaired capital and surplus. Any member bank in Federal Reserve System may apply to Comptroller of Currency for permission to purchase stock of one or more of the National Agricultural Credit Corporations, not to exceed 10 per cent of its paid-in and unimpaired capital and surplus.

Comptroller of the Currency.

Five.

Federal Reserve Banks may purchase and sell **debentures** of, when within six months of maturity.

May purchase and sell **acceptances** of.

May act as depositaries for and Fiscal Agents of.

One-half of net earnings annually to be paid to United States and other half to be credited to surplus until surplus equals 100 per cent of capital; thereafter 10 per cent of net earnings annually to be added to surplus; balance of net earnings being paid to United States.

May issue and sell tax exempt collateral trust debentures or similar obligations, maturity not to exceed five years; interest not to exceed 5 per cent per annum, secured by cash or by the notes it has discounted. No government liability therefor. Each bank primarily liable for its own debentures, but all twelve banks are liable for loss of interest or principal on the debentures of one or any of them, in proportion to the aggregate of capital, surplus and debentures of each outstanding.

May rediscount with Federal Reserve Banks. (See below.)

Government of the United States.

Federal Farm Loan Board.

Same officers and directors as Federal Land Bank at which located.

Federal Reserve Banks may purchase and sell **debentures** of, when within six months of maturity.

May purchase and sell **acceptances** of.

May rediscount notes and drafts if drawn for an agricultural purpose or based upon livestock and having maturity at time of discount not to exceed nine months, provided such notes do not bear the endorsement of a non-member bank or trust company which is eligible for membership in the Federal Reserve System. May act as depositaries for and Fiscal

AMENDMENTS OF FEDERAL RESERVE ACT

BY

AGRICULTURAL CREDITS ACT OF 1923

(Concerning matters other than relations with Federal Intermediate Credit
Banks or National Agricultural Corporations)

Federal Reserve Banks—

1. May discount notes of factors issued as such, making advances exclusively to purchasers of staple agricultural products in their raw state; the maturity of such notes not to exceed 90 days. (Sec. 13, par. 1.)
2. May discount or purchase demand and sight bills of exchange drawn to finance domestic shipments of non-perishable, readily marketable staple agricultural products, secured by shipping documents conveying title thereto, provided such bills be forwarded promptly for collection and on no account held by Federal Reserve Bank in excess of 90 days. (Sec. 13, par. 2.)
3. May discount bankers' acceptances with six months, instead of customary 90-day maturity, if drawn for agricultural purposes and secured by documents conveying title to readily marketable staples. (Sec. 13, par. 4.)
4. May discount notes and drafts drawn for agricultural purposes, or based on livestock, with a maturity of nine months instead of six months as heretofore. (Sec. 13a.)
5. May admit as members, State banks having a paid-up capital of not less than \$15,000 instead of \$25,000 heretofore required as minimum, upon condition that such capital be increased to \$25,000 out of earnings. (Sec. 9, par. 9.) The Federal Reserve Board has published a regulation announcing that this increase must be accomplished within five years from date of entrance into the system.

The Agricultural Credits Act also extends to February 29, 1924, the time during which the War Finance Corporation may make advances and purchase notes, drafts, bills of exchange, or other securities.

ing June, 1923, compared with June, 1922, were not as great as those reported in previous months of the present year. Five lines reported a decline in the value of sales during June, 1923, as compared with May, 1923, but these decreases were largely seasonal. There was a marked decline in both number and liabilities of **business failures** during the month.

Increase in loans of member banks and of the Reserve Bank continued during June. Total loans of 66 reporting city member banks reached a new peak in the upward movement which began in February, 1922, but later declined, and were but \$1,000,000 higher at the close of the month than at its beginning. Total deposits of these banks gained \$7,000,000 during the same period. Discounts of all member banks at the Federal Reserve Bank increased by \$23,000,000 during the four weeks ending July 11th, and at \$84,000,000 on that date were higher than at any time since October, 1921. The amount of Federal Reserve Notes in circulation increased, partly due to seasonal causes, from \$202,000,000 on June 13th to \$217,000,000 on July 11th, the latter figure being \$21,000,000 above the low point of recent years reached on April 25th. Succeeding weeks will reveal to what extent these increases in rediscounts and note issue were temporary and incident to the fiscal year requirements of June 30th. **Interest rates** charged by commercial banks have remained steady.

The downward movement of **prices** which began in May continued during June. The general level of prices as shown by the United States Bureau of Labor's index number of wholesale prices declined 2 per cent. Important individual declines which contributed to the general fall in prices were those reported for wheat and for building materials. The present price level at 153 (1913 prices=100) is 3.8 per cent below the peak of April, 1923, and 10.9 per cent above the post armistice low of January, 1922.

Another month of favorable growing weather greatly benefited the **crops** of the district and it now appears that the total volume of agricultural production will be greater than last year. The canning fruit crops of California are being harvested, and growers and canners have finally agreed upon the prices to be paid for the various fruits. They average approximately 50 per cent below the prices paid a year ago. Revised prices on unsold stocks of 1922 crop dried fruits held by California producers' associations have recently been named, entailing substantial reductions in every instance. **Livestock** of the district are reported to be in excellent condition.

Crop Conditions

Weather conditions during the past month have been generally favorable for the normal growth of late sown **grain** crops and the harvesting of earlier sown fields. Threshing is now in progress in the southern states of the district. In California it was estimated that approximately 50 per cent of the wheat crop and 70 per cent of the barley crop had been placed in sacks by July 16th. Partly in response to continued favorable weather conditions during June and partly in response to unexpectedly large threshing returns in states where harvesting has begun, the United States Department of Agriculture has increased its previous estimates of yields of grain in this district. Revised estimates, as of July 1st, place the 1923 yield of all wheat in the principal producing states of the district at 131,847,000 bushels compared with the June 1st estimate of 122,929,000 bushels. Pertinent figures relating to the condition of the district's wheat crop and forecasted yields of this grain are presented in the following table:

	Winter Wheat Condition (Per Cent of Normal)		Spring Wheat Condition (Per Cent of Normal)		Forecasted Yield* All Wheat July 1, 1923 (bushels)	Actual Yield* All Wheat 1922 (bushels)
	July 1, 1923	July 1, 1922	July 1, 1923	July 1, 1922		
California . . . . .	..	..	..	..	14,589	15,308
Idaho	98	78	97	88	27,106	24,275
Oregon	96	85	97	70	24,527	19,744
Utah	95	78	93	89	6,243	5,682
Washington ..	98	67	101	63	59,382	32,444
Totals	—	—	—	—	131,847	97,453
United States.	76.8	77	82.4	83.7	821,000	862,000

*000 Omitted.

The 1923 barley crop in California is now placed at 34,724,000 bushels by the Department of Agriculture, compared with a 1922 crop of 36,864,000 bushels.

Wheat markets of the district have been relatively inactive during the past cereal year. Export movement of wheat from Portland and the Puget Sound ports from July 1, 1922, to June 30, 1923, totaled only 18,985,766 bushels, compared with a movement of 44,776,459 bushels during the 1921-1922 cereal year and 29,837,894 bushels during the 1920-1921 cereal year. The trend of wheat prices continued downward during the past month, and on July 14th milling wheat in the San Francisco market was quoted at \$1.87 per cental (\$1.12 per bushel), compared with \$1.90 per cental (\$1.14 per bushel) on June 15, 1923, and \$1.88 per cental (\$1.13 per bushel) on July 14, 1922. There is reported a tendency among growers to hold their grain in expectation of an advance in prices later in the season. An exception is noted in the case of brewing barley in California which is being freely sold at present prices ranging from \$1.00 to \$1.45 per cental.

Planting of the major field crops has been completed in all sections of the district and figures on acreage and estimated production (United States Department of Agriculture estimates for cotton, sugar beets, beans, and potatoes, and commercial estimates for rice production) are now available. The profitable results of last year's operations have evidently induced a marked increase in the planting of **sugar beets**, the acreage for this year being 19 per cent in excess of the 1922 acreage and the forecasted yield greater by 22.5 per cent. Figures for the principal producing states follow:

	Estimated Acreage 1923 (acres)	Acreage 1922 (acres)	Condition (Per Cent of Normal) July 1, 1923	Forecasted Yield July 1, 1923 (tons)	Final Yield 1922 (tons)
California	70,000	62,200	87	543,000	441,000
Idaho ...	48,000	25,000	100	404,000	279,000
Utah ...	83,879	78,894	97	940,000	819,000
District .	201,879	166,094		1,887,000	1,539,000

Plantings of **potatoes** on the other hand, of which there was a bumper crop last year marketed with difficulty at relatively low prices, are 20 per cent less than they were in 1922. The estimated yield from 219,000 acres planted in California, Idaho, Oregon, and Washington is 32,738,000 bushels, compared with 40,740,000 bushels produced on 276,000 acres in these states during 1922.

Preliminary estimates place the 1923 plantings of **cotton** in Arizona at 133,000 acres and in California at 81,000 acres. Final estimates of plantings in 1922 were 100,000 acres for Arizona and 88,000 acres for California. The condition of the 1923 crop on June 25th was slightly over 90 per cent of normal in both states, indicating a yield of 119,000 bales. There were 76,000 bales produced in 1922. Plantings of Pima long staple cotton in Arizona have decreased from 77,000 acres in 1922 to 43,000 acres during the present season.

The 1923 plantings of **rice** in California are estimated at 105,500 acres, a decrease of 34,500 acres, or 24.5 per cent, from the 1922 figure of 140,000 acres. The crop is generally in good condition, but a smaller yield than last year's production of 3,717,000 bags (100 pounds each) is expected, due to the marked decrease in acreage. The rice growers association which controls the bulk of the crop in California estimates that unsold holdings of 1922 crop rice in all hands amounted to approximately 750,000 bags of 100 pounds each on July 1, 1923. This figure is equal to 20 per cent of the previous year's crop. The carryover on June 15, 1922, was estimated at 1,000,000 bags of 100 pounds each, or 37.7 per cent of the 1921 crop of 2,646,000 bags. Growers have received from \$2.35 to \$2.65 per 100 pounds of paddy rice for that part of the 1922 crop already sold. During

the 1921-1922 season they received from \$2.52 to \$2.70 per 100 pounds of paddy rice. The rice market has been inactive during recent weeks.

Estimates of the United States Department of Agriculture, as of July 1st, show that there are 299,000 acres planted to all varieties of **beans** in California, compared with 1922 plantings of 325,000 acres. Plantings of lima beans have been reduced from the 115,000 acres reported in 1922 to approximately 98,000 acres this year. The present condition of the bean crop indicates a yield of 3,070,000 bushels of dry beans and 1,400,000 bushels of lima beans, according to commercial estimates. In 1922 there were 2,653,300 bushels of dry beans and 2,125,000 bushels of lima beans produced in California.

The condition of **deciduous fruit** crops throughout the district improved during June, and in many cases estimates of forthcoming yields have been increased. Department of Agriculture figures for some of the principal fruits grown in California are given in the following table:

	Condition on July 1st (Per Cent of Normal)		Forecasted Yield July 1, 1923 (tons)	Final Estimate of Yield 1922 (tons)
	1923	1922		
Apples*	82	85	6,977,000*	7,656,000*
Apricots	102	59	210,000	120,000
Cherries	..	..	14,500	12,000
Grapes†	96	97	1,743,000	1,660,000
Peaches	92	98	393,000	420,000
Pears	80	80	112,000	125,000
Prunes	63	76	80,000	110,000

*Total crop (commercial and non-commercial, in boxes).
†Including all varieties (table, wine, and raisin).

Similarly large yields of most fruits are expected in the Pacific Northwest. The 1923 commercial apple crop in Washington, the principal apple producing state in the district, is now estimated at 26,031,000 boxes, compared with 21,312,000 boxes produced in 1922. The important berry crops in Oregon have been damaged by rain during the past month, but only ripe fruit already on the vines was affected, and later maturing fruits will probably be benefited by the additional moisture.

Railroad figures on shipments of fresh deciduous fruits from California thus far this season indicate that there will be an unusually heavy movement during the present year. The following table gives the total shipments up to July 8th of the past two seasons:

	1923 Season to July 8th (cars)	1922 Season to July 8th (cars)
Apricots	519	193
Cherries	612	502
Grapes	1	..
Peaches	243	141
Pears	885	7
Plums	3,346	1,188
Totals	5,606	2,031

The low prices offered for canning fruits and the uncertainties surrounding the future market for dried fruits have apparently led many growers to ship a larger proportion of their crops than usual to the fresh fruit markets.

Previous estimates of the 1923 Valencia orange crop in California remained unchanged at 10,278,000 boxes on July 1st. Approximately 40 per cent of the crop had been shipped by that date. Total shipments of oranges and lemons up to July 1st of the past two seasons have been as follows:

	Nov. 1st to July 1st 1922-1923 (cars)	1921-1922 (cars)
Oranges	38,021	24,011
Lemons	6,149	7,534

Canned and Dried Fruits

The canned fruit situation is at present (July 16th) complicated by the inability of canners and growers of fruit to agree upon the prices to be paid for green fruit and by the uncertainties surrounding the future market for canned fruit products. During the past month canners have announced prices which they will pay for apricots, and growers' organizations have named selling prices for canning pears and peaches. The figures are given in the following table, together with corresponding prices of a year ago:

Number One Grade	1923 (per ton)	1922 (per ton)
Apricots, canners' offering price..	\$20-\$35	\$75-\$100
Clingstone Peaches, growers' offering price	45*	60
Freestone Peaches, growers' offering price	35†	45
Bartlett Pears, growers' offering price	52.50‡	71.25

*Subsequently reduced to \$30 per ton, which price was accepted by canners.
 †Subsequently reduced to \$25 per ton, which price was accepted by canners.
 ‡Subsequently reduced to \$35 per ton, which price was accepted by canners.

Reports continue to indicate that a majority of canners are planning to pack a quantity of fruit only sufficient to fill orders actually received or undoubtedly in prospect, a decision probably influenced by the quantity of 1922 pack fruit still unsold and the small volume of future sales consummated thus far this year. The domestic canned fruit market is reported to have strengthened slightly during the past month. Foreign buyers are reported generally out of the market.

Recently announced opening prices for canned blackberries and loganberries are higher, and for canned cherries are lower, than the 1922

opening prices of these varieties, as shown by the following table:

Choice Grade, No. 2/4 Can	Opening Prices 1923 (per doz.)	1922 (per doz.)	Spot Prices July 14, 1923 (per doz.)
Blackberries	\$3.05	\$2.60	\$2.35
Cherries, black	3.15	3.75	3.50
Cherries, Royal Anne .	3.45	3.90	4.15
Loganberries	2.45*	2.15*	1.75*

*Standard Grade.

The dried fruit market has remained relatively inactive. Buyers have thus far this year (July 16th) shown little interest in spot stocks of 1922 crop fruit or future stocks of 1923 crop fruit at prevailing prices. Carryover stocks of all classes of dried fruits are larger than a year ago. The packers recently have reduced prices for old crop dried apricots, peaches, and raisins, and announced their 1923 opening prices for dried apricots and figs. The 1922 and 1923 opening prices, and present spot prices for 1922 crop dried fruits in California are given in the following table:

Dried Fruits (Choice Grade, in 25lb. Boxes)	Spot Price July 16, 1923 (cents per pound)	Opening Prices 1923 1922 (cents per pound)
Apples*	6½-6¾	.. 12
Apricots, Northern	10	10 24½
Figs, White Adriatic.....	6½	6½ 8¾
Figs, Black Mission.....	9½	.. 14¼
Peaches, Unpeeled Yellow	7	.. 11¾
Pears	7½	.. 15
Prunes, 40/50.....	9½-10	.. 11¾-12
Raisins, 4 cr. Loose Muscatel	8	.. 10
Raisins, Thompsons	8	.. 10

*Bulk in 50-lb. boxes.

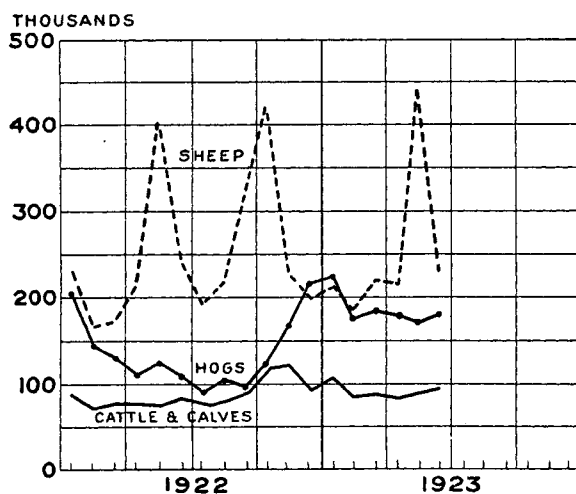
Livestock

With the exception of small areas in Arizona and southern Utah, the livestock ranges of the district are in excellent condition. In the excepted areas rainfall has been deficient, feed has deteriorated, and the condition of livestock has declined. Some stock has been reported shipped from Arizona to ranges outside of the district. The situation in the dry areas was greatly improved by showers during the first week of July, however, and if rainfall during the remainder of July be normal in amount little permanent harm will have been done.

Receipts of all classes of livestock, except sheep, at eight principal markets of the district were greater in June, 1923, than in June, 1922. The decline in receipts of sheep is a reflection of the generally improved condition of the sheep industry resulting from the excellent market which has prevailed for wool and lambs during the past few months. Sheep raisers are retaining a larger proportion of their flocks this year than has been the case for some time past. A greater than seasonal decline in receipts of sheep during June, 1923,

as compared with May, 1923, furnishes additional evidence of this tendency among sheep men to build up their flocks. Commercial reports of a growing demand for stocker and feeder animals, both cattle and sheep, have been received from several markets, particularly from those in the Pacific Northwest.

Receipts of Livestock at Eight Principal Markets				
	Cattle	Calves	Hogs	Sheep
June, 1923.....	74,750	19,915	179,457	229,663
May, 1923.....	67,895	20,511	170,364	440,028
June, 1922.....	67,866	14,201	109,622	246,044



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)

Prices for hogs and cattle at the principal markets of the district were relatively stable during the past month. Prices for sheep and lambs advanced slightly. In the national markets, prices for hogs fell to the lowest levels in recent years during June, and at times quoted prices were below the pre-war price level.

Dairy and Poultry Products

The usual seasonal increase in butter production was reported during June, and large quantities of butter were placed in cold storage. Holdings of cold storage butter in the four principal markets of this district, which were more than doubled during the month, were 18.8 per cent larger on July 1, 1923, than on July 1, 1922. Present holdings of 4,666,429 pounds were slightly above the 1922 peak of 4,664,416 pounds, reached in August of that year, and nearly equal to the 4,815,484 pounds stored on August 1, 1920, the highest figure reached since accurate records have been kept. Butter prices declined slightly on the San Francisco wholesale market during the last week in June, following heavy receipts of butter from local producers and from Middle

Western markets, where shippers were attracted by the relatively high prices prevailing on the Pacific Coast. Prices on July 16th were approximately 4.9 per cent higher than one year ago. For some time past they have averaged 25 per cent above prices in the spring of 1922.

The heavy movement of eggs into cold storage which has been a feature of recent months diminished during June, and total holdings of cold storage eggs increased only 16 per cent. Increases have ranged from 65 to more than 100 per cent during the earlier months of the spring season of heavy production. Holdings of cold storage eggs in the six principal markets of this district on July 1, 1923, were 15.3 per cent greater than on July 1, 1922.

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:

	July 1, 1923	June 1, 1923	May 1, 1923	July 1, 1922
Butter (pounds).....	4,666,429	2,041,196	532,956	3,926,977
Eggs (cases).....	633,519	514,751	314,697	549,031

Prices

Continuance of the steady decline in wheat prices which has been in progress for two months past was the feature of the price situation during June and the first weeks of July. By July 16th the price of July wheat on the Chicago market had fallen to 97 cents per bushel, the lowest quotation since 1914. During the six weeks period beginning June 1, 1923, the price of wheat declined approximately 13 per cent.

Prices for cotton, wool, and sugar declined during June, but continued well above prices a year ago. Spot middling upland cotton on the New Orleans market was quoted at 27 cents per pound on July 6th, one cent below the quotation at the beginning of June. Present prices for cotton are approximately 25 per cent higher than in July, 1922. The average of 98 wool quotations on the Boston market declined 2 cents during June, but at 81.93 cents per pound on July 6th was still 10 per cent above the level of one year ago. Sugar prices continued to move in an erratic manner, but the general tendency was downward during the past month. Granulated cane sugar in the San Francisco market was quoted at \$9.90 per 100 pounds on June 11th, \$9.45 per 100 pounds on June 28th, \$8.75 per 100 pounds on July 12th, and \$9.00 per 100 pounds on July 17th.

Revised prices for unsold stocks of 1922 crop dried fruits produced in California have recently been announced by the growers' associations which control the majority of the output. Marked reductions in prices of dried apricots, peaches, prunes, and raisins have been made in

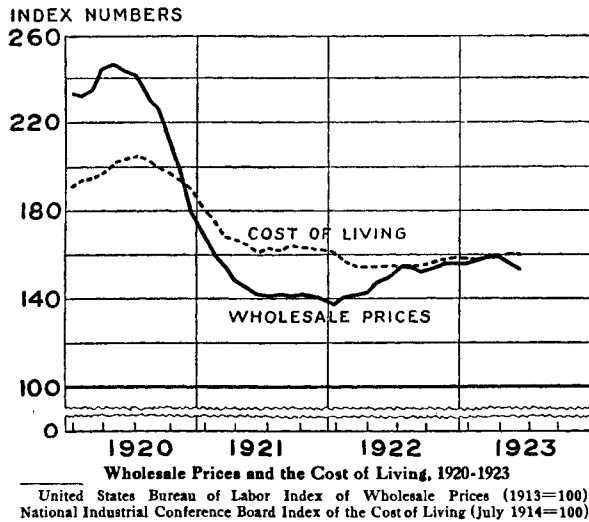
an effort to move present stocks before the 1923 crops come on the market. (The figures are given in table "A".)

The general price tendency among other than agricultural products of the district has also

been downward during recent weeks. A few declines in lumber prices have been reported, and prices for non-ferrous metals have registered further fractional losses.

Milling

Figures furnished by sixteen large milling companies which report regularly to this bank indicate that flour millers of the district increased their purchases of wheat as the price of that grain declined during recent weeks. Stocks of wheat held by these companies advanced from 2,288,340 bushels on June 1st to 2,899,607 bushels on July 1st, and on the latter date were more than twice as large as stocks held on July 1, 1922. Production of flour increased during June in response to a more active market demand. The output of sixteen reporting mills was 345,342 barrels, compared with 302,129 barrels produced during May. Production during June, 1923, was 14.4 per cent greater than during June, 1922. Stocks of flour held by the same mills declined from 517,704 barrels on June 1st to 492,571 barrels



(A) Commodity Prices—

Commodity	Unit	July 6, 1923	One Month Ago	One Year Ago
Twenty Basic Commodities (F. R. B. of N. Y.) 1913=100.		152.4	157.6	143.6
Wholesale Prices (U. S. Bureau of Labor) 1913=100.....		153.0	156.0	150.0
Cost of Living (National Industrial Conference Board) July, 1914=100		160.1	160.3	155.4
Cattle (Native Beef)... Weekly average price at Chicago..	100 lbs.	\$10.05	\$ 9.85	\$ 9.40
Sheep	100 lbs.	6.15	6.50	6.50
Lambs	100 lbs.	15.65	13.50	12.90
Hogs	100 lbs.	7.05	7.10	10.05
Wheat	Chicago contract prices for July	1.01½-1.03¼	1.09¾-1.13⅞	1.13¾-1.15½
Barley	Shipping Barley f. o. b. San Francisco...	1.35-1.50	1.35-1.40	1.25-1.35
Rice	California Fancy Japan at San Francisco	4.65	4.45	5.25
Cotton	Middling Uplands—Weekly range of spot quotations at New Orleans.....	27.00-28.75¢	28.00-28.50¢	21.50-22.50¢
Wool	Average of 98 quotations at Boston.....	81.93¢	83.93¢	74.01¢
Flour	First Grade Family Patent f. o. b. Pacific Coast mills	7.44	7.56	7.96
Sugar	Cane granulated f. o. b. San Francisco..	9.45	10.10	6.90
Oranges	Valencias, Special Brands, Los Angeles..	3.75-4.50	3.75-4.50	7.75-8.50
Lemons	Market pack at Los Angeles.....	4.50-5.50	3.00-3.50	2.50-2.75
Dried Apples.....	Choice in 50-lb. boxes f. o. b. California..	.06¾	.06½	.12-.12¼
Dried Apricots...	Choice in 25-lb. boxes f. o. b. California..	.10-.10½*	.12½-.12¾*	.23½-.24
Prunes	Size 40/50 in 25-lb. boxes f. o. b. Calif..	.09½-.10	.10½-.11	.12½-.12¾
Raisins	Loose Muscatel in 25-lb. boxes f. o. b. California .....	.09	.11	.15¾
Canned Apricots..	Choice, sliced 2½s f. o. b. California.....	3.30	3.30	3.15
Canned Peaches..	Cling, Choice, sliced 2½s f. o. b. Calif..	2.75	2.75	2.60
Canned Pears....	Bartlett, Standard 2½s f. o. b. California	2.75	2.75	2.85
Raw Milk.....	Pacific Coast—June average.....	2.67	2.69	2.12
Butter .....	.93 score at San Francisco.....	.42¾	.44½	.40
Eggs	Extras—San Francisco .....	.32½	.32	.31
Copper	Electrolytic; New York Spot.....	.14½	.14¾	.13¾-.14
Lead	New York Spot.....	6.50¢	7.35¢	5.75¢
Silver	New York Foreign.....	.63¾	.65½	.71¾
Zinc	East St. Louis Spot.....	5.85-5.90¢	6.40¢	5.50¢
Petroleum	California 35° and above.....	1.04	1.04	2.45
Douglas Fir.....	2x4, 16-ft. No. S1S1E f. o. b. Seattle....	22.50	23.50	17.50
Douglas Fir.....	12x12 Timbers f. o. b. Seattle.....	26.00	26.00	17.00

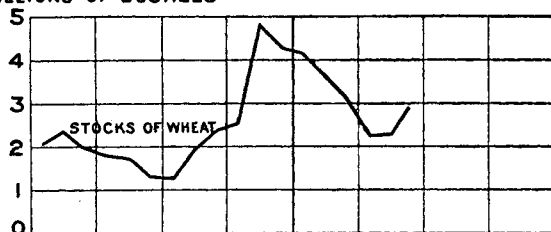
*1923 Crop prices.

on July 1st, and are now only slightly in excess of the 484,695 barrels held on July 1, 1922. Figures for sixteen milling companies for which a continuous record is kept are given in the following table:

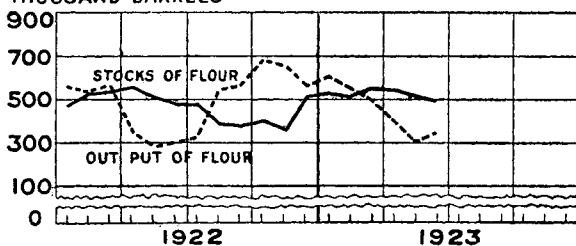
	June, 1923	May, 1923	June, 1922
Output of Flour.....	345,342	302,129	301,825
Stocks of Flour*.....	492,571	517,704	484,695
Stocks of Wheat*.....	2,899,607	2,288,340	1,317,926

*As of the first day of the following month.

MILLIONS OF BUSHELS



THOUSAND BARRELS



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

Production of forty-eight flour mills, as reported by sectional millers' associations, decreased 2.8 per cent during June as compared with May. A heavy decline of production in Washington was responsible for the reported decrease in the district. Figures follow:

	No. of Mills Reporting		Output		Per Cent Increase or Decrease (-) June, 1923 Compared with May, 1923
	June, 1923	May, 1923	June, 1923 (barrels)	May, 1923 (barrels)	
California	10	10	212,468	201,150	5.6
Idaho	3	3	7,021	6,362	10.3
Oregon	17	16	109,993	85,687	28.3
Washington .	18	18	167,637	218,635	-23.3
District	48	47	497,119	511,834	- 2.8

Lumber

A decline in building activity in some sections, and the usual summer lull in lumber buying have combined to restrict the market for lumber products of the district. Orders received by reporting mills during June were less in volume than during May, and, as in that month, were considerably smaller in amount than in the corresponding month a year ago. The principal declines in the volume of new business have occurred in the domestic market

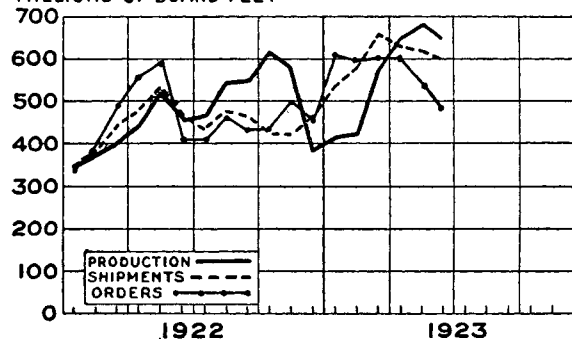
where wholesalers and retailers bought heavily during the first four months of the year, and, with current demands satisfied, are not now anticipating future requirements.

Production of lumber continues at record levels despite the continued decline in the volume of orders received. The volume of unfilled orders held by the mills is large, shipments on old orders have been heavy, and stocks generally have needed replenishing. Figures showing the activity of approximately 200 reporting mills follow (000 omitted):

	June, 1923 (board feet)	May, 1923 (board feet)	June, 1922 (board feet)
Production	647,408	680,193	578,293
Shipments	600,160	618,534	577,228
Orders	482,498	535,299	525,763
Unfilled Orders....	487,690	561,690	502,213

Logging camps continued active during June and increased their output both as compared with May, 1923, and with June, 1922. The almost total absence of forest fires this year contrasts with the situation a year ago, and has favored a record production of logs. Mill requirements have been heavy, however, and no surplus of logs has been reported.

MILLIONS OF BOARD FEET



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

Despite the nation-wide building activity, demand for shingles has been weak throughout the present year. It is estimated that not over 50 per cent of the shingle mill capacity of the district was in operation on July 1st.

As usual the majority of the logging camps and lumber mills closed down for varying periods of time during the first two weeks of July. Equipment was repaired, employment changes made, and stocks checked during the time when operations were suspended.

Mining

Despite a marked decrease in demand and consequent falling prices during the past two months, there has been little decline in production of the principal non-ferrous metals in

this district. Final national figures for June are not yet available, but preliminary reports indicate that in general there was a slight curtailment of production as compared with May. The figures of national production for May, 1923, April, 1923, and May, 1922, follow:

	May 1923	April, 1923	May, 1922
Copper (lbs.) (mine production)	124,784,916	118,423,571	92,048,036
Silver (oz.) (commercial bars)	6,835,221	6,615,535	4,257,973
Zinc (tons) (slab)	47,347	46,866	27,419

Figures for lead are not available.

The metal market, both in this country and abroad, has been dull, and prices have declined steadily during the past three months. Present quotations for copper are 11 per cent, for lead 13 per cent, for silver 4 per cent, and for zinc 21 per cent below the recent peak levels of March, 1923. The effect of this situation on production of metals has now been accentuated by the completion of government purchases of domestic silver under the Pittman Act of 1918, which fixed the price at which the government must buy such silver at \$1.00 per ounce. Final tenders of silver under this act were accepted by the Director of the Mint as of June 2, 1923, and domestic silver mined henceforth must be sold in the open market. The average open market price for silver during June was 64.86 cents per ounce, and it is doubtful whether all of the ores profitably mined when domestic silver was selling at the fixed price of \$1.00 per ounce can continue to return a profit at this price. The mines which produce silver only, and which have been operating at abnormally high levels during the past few months in an attempt to produce as much silver as possible for sale under the terms of the Pittman Act, have been most seriously affected by the completion of the government purchases. They have greatly curtailed their activities and are now planning to develop only the richer ore bodies on their properties. Lead mines of the district which also produce large quantities of silver have, with few exceptions, maintained production at previous levels.

Copper and zinc mines have been less affected by developments in the silver market than have the silver and lead mines, as the value of their silver output in most cases is not large. Their response to price declines in their own markets has thus far been limited. The large size of most of the copper operations makes it difficult to adjust output to fluctuations of the market which may prove to be temporary, and no decline in copper production has followed the fall in prices for that metal. A significant feature of the copper market during the past month was the report of

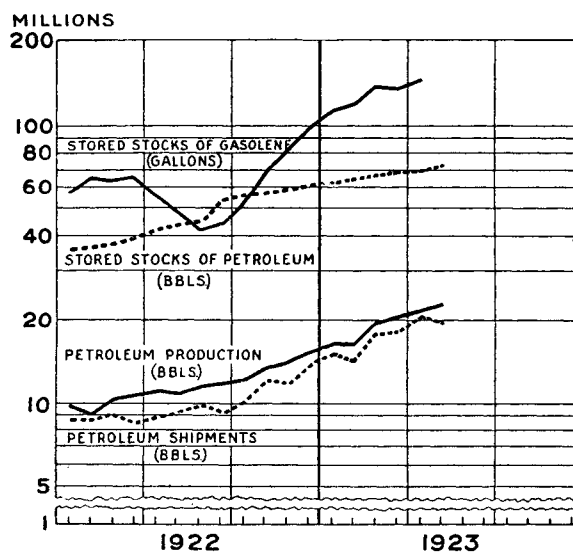
the Copper Export Association that the 400,000,000 pounds of copper earmarked for export in 1921 has now been completely sold. Production of zinc during June was slightly less than in the previous month in Utah, but fully equal to May production in Idaho. On July 1st zinc mines in the principal eastern producing districts, faced with increasing stocks and falling prices, announced a drastic curtailment of their output.

Average prices quoted for copper, lead, silver, and zinc during June, 1923, May, 1923, and June, 1922, are given in the following table:

	Average Prices		
	June, 1923 (cents)	May, 1923 (cents)	June, 1922 (cents)
Copper (lb.)			
New York Electrolytic..	14.91	15.69	13.82
Lead (lb.)			
New York	7.14	7.30	5.74
Silver (oz.)			
New York Foreign.....	64.86	67.04	71.15
Zinc (lb.)			
St. Louis	6.03	6.62	5.34

Petroleum

Efforts of producers to curtail production of petroleum in California have not been entirely successful, drilling having continued actively in the newer fields in southern California. Seventy-nine new wells were brought in during June, and production at 755,570 barrels per



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

day exceeded the record figures of the previous month by 8.7 per cent. Present production is 112 per cent greater than production a year ago.

Consumption of petroleum, as indicated by shipments from California fields, did not show

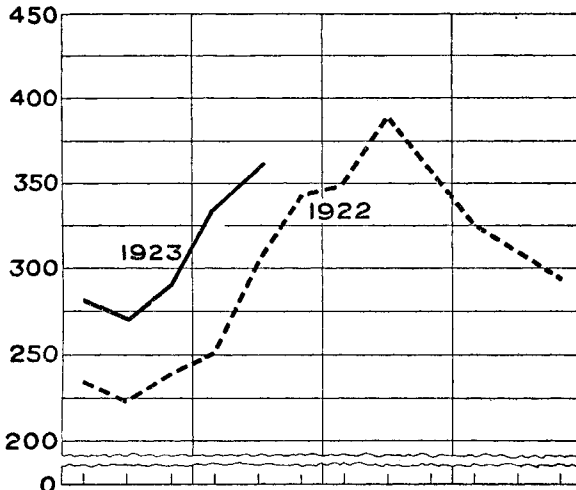
the usual seasonal increase during June, and at 650,345 barrels per day was 26,830 barrels per day less than in the record month of May. As a result of greatly increased production and a small decline in consumption there was a large increase in stored stocks during the month. On July 1st they stood at 72,637,147 barrels, compared with 69,480,405 barrels on June 1st, an increase of 4 per cent. On July 1, 1922, stored stocks of petroleum amounted to 43,477,237 barrels.

The upward movement of stocks of gasoline in California which had been in progress for 10 months prior to April, 1923, was resumed during May. Stocks of gasoline held at refineries on June 1, 1923, totaled 147,125,960 gallons, compared with 136,684,477 gallons held on May 1st, and 138,058,780 gallons held on April 1st. On June 1, 1922, stored stocks of gasoline at refineries in California amounted to 56,394,512 barrels.

Electric Energy

Industrial activity in this district, as indicated by sales of electric power to industrial consumers, continued through May at levels approximately 20 per cent above those of a year ago. Some decline in the volume of sales for agricultural purposes was noted, a reflex-

MILLIONS OF KILOWATT HOURS



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

tion of the smaller amount of irrigation due to more abundant rainfall this year as compared with last year, but this was more than offset by marked increases in the use of power in the mining, lumbering, oil producing, and manufacturing industries. Percentage comparisons of sales of 20 of the principal power companies

by certain industries and by sections of the district are presented in the following table:

	Percentage Increase or Decrease (—) May, 1923, compared with May, 1922			
	Agriculture	Mining	Manufacturing	Total Industrial Sales
California	— 1.6	— 6.2	33.2	17.6
Pacific Northwest	14.9	21.9	40.6	12.6
Intermountain States.	11.6	35.9	26.6	41.2
Twelfth District	— .4	10.4	34.7	20.1

Compared with April, 1923, sales of electric power during May, 1923, were greater by 8.5 per cent. All of the industries for which segregated figures are available purchased increased amounts of power except the mining and petroleum industries in California. Voluntary curtailment of production of petroleum in some of the older oil fields of that state was probably responsible for the latter decrease.

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

	Number of Industrial Consumers		Industrial Sales K. W. H.	
	May, 1923	May, 1922	May, 1923	May, 1922
California	57,719	50,687	227,674,794	193,479,259
Pacific Northwest ..	11,876	10,723	71,234,656	63,216,546
Intermountain States	2,851	3,146	63,058,471	44,650,681
Twelfth District ...	72,446	64,556	361,967,921	301,346,486

Retail Trade

The dollar value of sales of 34 reporting department stores in this district was 13.9 per cent greater during June, 1923, than during June, 1922. This increase as compared with a year ago is slightly greater than the increases reported during the two previous months, but is considerably less than the increases of 20 per cent reported in February and March, 1923, as compared with February and March, 1922. A decline of 12.9 per cent in the value of sales during June, 1923, as compared with May, 1923, was a seasonal movement. Total sales of reporting stores during the first six months of 1923 have amounted to \$83,000,000, an increase of \$11,000,000, or 15 per cent, over total sales during the first six months of 1922.

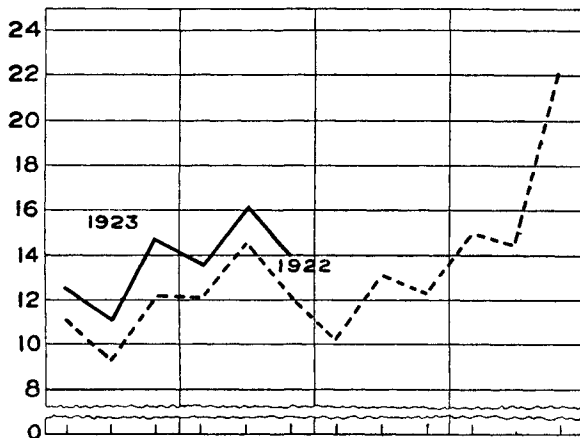
Stocks held by reporting stores declined during June, as goods bought in the spring were cleared from the shelves preparatory to purchasing new fall stocks of merchandise. At the close of June, 1923, the value of stocks (selling price) was reported as 4.4 per cent less than at the close of May, 1923, but 11.6 per cent greater than at the close of June, 1922. The average rate of turnover of stocks in all stores as indicated by the relation between sales and stocks during June was 2.8 times per year.

A detailed statement of the percentage changes in the value of sales and stocks of reporting department stores in this district follows:

	No. of Stores	Percentage increase or decrease (—) in value of sales June, 1923, compared with		Percentage increase or decrease (—) in value of stocks June, 1923, compared with	
		June, 1922	May, 1923	June, 1922	May, 1923
Los Angeles.....	6	22.6	— 3.4	17.9	0.3
Oakland	4	13.8	9.1	8.5	—5.6
Salt Lake City...	4	13.4	—11.0	—14.8	—6.7
San Francisco....	9	6.5	—33.4	12.1	—6.9
Seattle	5	10.5	1.8	13.7	—7.1
Spokane	5	4.9	2.8	4.2	—2.9
District*	34	13.9	—12.9	11.6	—4.4

*Figures for one store included in district figures, but not included in figures for cities shown above.

MILLIONS OF DOLLARS



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

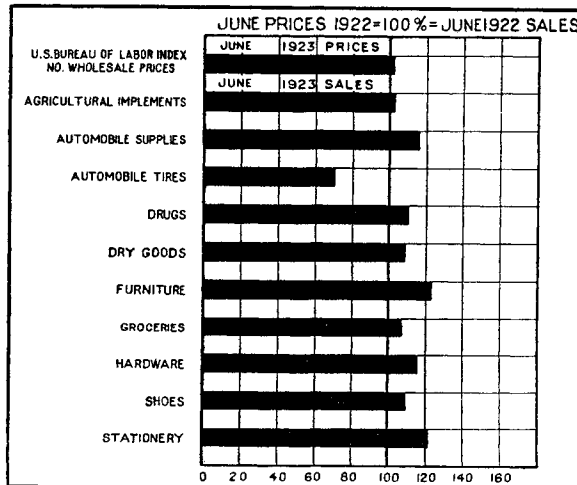
Wholesale Trade

Signs of decreasing activity in wholesale trade which first appeared in May were confirmed during June in reports received by this bank from 198 firms engaged in 11 lines of business in the district. Although trade in all but one of the eleven lines was greater in June, 1923, than in June, 1922, the increases compared with a year ago were less than they have been for some months past. This diminishing margin of increase can partly be accounted for by the fact that wholesale prices were increasing during the first six months of 1922 whereas they have decreased during the past two months of 1923. The general level of wholesale prices, according to the index number of the United States Department of Labor, was but 2 per cent higher in June, 1923, than in June, 1922. As compared with May, 1923, sales during June, 1923, were greater in six lines and less in five lines, but the declines in most cases may be assigned to seasonal

causes. In the automobile tire business one or two manufacturers announced reductions in prices during June and retailers immediately curtailed their purchases in expectation of similar reductions by other manufacturers. The extent of the movement is indicated by the decline in wholesale tire sales during June, 1923, as compared with June, 1922, which amounted to 29.5 per cent.

Percentage increases or decreases (—) in the value of June sales of all reporting firms in each line of business are presented in the following table:

	Number of Firms	Six Months Ending June 30, 1923, compared with same period in 1922		
		June, 1922	May, 1923	June, 1923
Agricultural Implements	23	2.4	8.6	13.8
Automobile Supplies	20	16.0	.2	26.2
Automobile Tires	18	—29.5	—4.0	19.8
Drugs	9	9.8	—1.4	11.2
Dry Goods	14	8.4	—8.8	33.9
Electrical Equipment	6	9.2	5.1	27.1
Furniture	17	23.2	8.7	33.4
Groceries	29	7.0	11.3	14.3
Hardware	20	15.7	— .4	31.4
Shoes	13	9.2	—6.9	17.8
Stationery	29	21.7	10.5	21.3



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

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

	Number of Firms Reporting Collections as			
	Excellent	Good	Fair	Poor
April, 1923.....	7	50	74	10
May, 1923.....	6	69	60	6
June, 1923.....	3	56	72	8

Automobile Registrations

Sales of new automobiles, as indicated by new car registrations, have continued greatly in excess of the figures for a year ago. In four states of the district for which comparative

data are available there were 68 per cent more new passenger cars and 26.5 per cent more new commercial vehicles registered during May, 1923, than during May, 1922. During the first five months of the present year the increase in sales as compared with the same period in 1922 has been 91 per cent and 52 per cent for passenger cars and trucks, respectively. The figures follow:

	Total New Passenger Cars Registered Jan. 1, to June 1, 1923		Total New Commercial Cars Registered Jan. 1, to June 1, 1922	
	1923	1922	1923	1922
Arizona	3,950	1,380	292	72
California	94,057	52,166	9,555	6,346
Idaho	3,671	1,654	235	170
Oregon	14,521	5,543	577	424
Utah	4,337	*	422	*
Washington	18,899	5,966	*	*
Total (4 states)	116,199	60,743	10,659	7,012

*Not available.

Total registrations of old and new automobiles in six states of the district (figures for Nevada are not available) during the first half of 1923 amounted to 1,409,345 cars as compared with 1,105,429 cars registered during the first half of 1922, a gain of 27.5 per cent.

National production of automobiles during June declined slightly from the record levels of the previous month, but continued far greater than in 1922. The following production figures collected from manufacturers representing over 90 per cent of the national output have been compiled by the Federal Reserve Bank of Chicago.

Production	June, 1923*	May, 1923	June, 1922
Passenger Cars.....	337,048	350,073	262,384
Trucks	39,945	42,373	25,373
Total	376,993	392,446	287,757

*Preliminary figures.

During the first six months of the present year more automobiles have been produced than during any like period in the brief history of the industry. The estimated production has been 2,024,023 passenger cars and trucks. During the first half of 1922 there were 1,146,102 automobiles produced.

Employment

A shortage of farm workers became apparent in many sections of the district as the demand for harvest hands increased toward the close of June. Men usually available for seasonal farm work have apparently found more remunerative employment in other industries this year, and farmers are experiencing difficulty in securing the help necessary to harvest their crops at the wages they are offering. The shortage appears to be par-

ticularly acute in Oregon, Washington, and Idaho, and farmers in those states have found it necessary to advance wages of farm laborers as much as 20 per cent over those paid one year ago in order to attract men to the harvest fields.

Capacity production continues in the lumber industry and the number of men employed in the principal lumbering districts is greater than one month ago or one year ago. Available figures for the camps of the Pacific Northwest show that there were approximately 95,000 men on the payrolls of the lumber companies on July 1, 1923, compared with 92,000 on June 1, 1923, and 89,000 on July 1, 1922. Full employment of all skilled miners is reported from the Intermountain district, the need for men being equal to or slightly greater than the number available. Some unemployment has been reported in the oil fields of Central California, but this is a purely local condition resulting from the temporary curtailment of production on some of the oil producing properties in that section. The demand for building trades craftsmen continues active in all states, and shortage of plasterers and bricklayers is reported.

Employment in manufacturing industries in the four principal cities of the district increased during June, 1923, as compared with June, 1922, as shown by the following figures based on the reports of 40 large firms usually employing 501 men or more.

	Number of Firms	Number of Men on Payroll*		Per Cent Increase June, 1923, over June, 1922
		June, 1923	June, 1922	
Los Angeles.....	16	32,846	26,250	25.12
Portland	8	9,082	7,811	16.29
San Francisco....	10	8,133	7,067	15.08
Seattle	6	2,377	2,282	4.16

*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.

Business Failures

Business failures in this district during the first six months of 1923 were less, both in number and liabilities, than during the first six months of 1922. The figures follow:

	First Half 1923	First Half 1922	Percentage Decrease 1923 Compared with 1922
Number	1,078	1,148	6.0
Liabilities	\$14,296,328	\$19,885,666	28.1

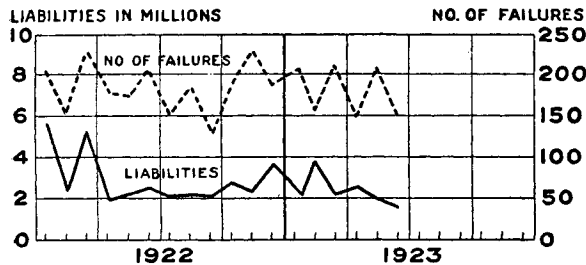
In the country as a whole, the record for the first six months of 1923 compared with the same period in 1922 shows a decline of 27.3 per cent in the number of failures and of 30.6 per cent in the liabilities of failures involved.

The record of business failures in the states of this district during June, 1923, shows a de-

cline of 27 per cent in the number of failures as compared with both May, 1923, and June, 1922. Liabilities of failures during June, 1923, were respectively 21 per cent and 37 per cent less than those of failures reported for May, 1923, or June, 1922, and were smaller than in any month since February, 1921. The average liabilities of business failures during June, 1923, were \$10,478, compared with \$9,657 in May, 1923, and \$12,248 in June, 1922.

R. G. Dun and Company's figures of the number and liabilities of business failures in the states of this district during June, 1923, and May, 1923, follow:

	June, 1923		May, 1923	
	No.	Liabilities	No.	Liabilities
Arizona	2	\$ 45,500	2	\$ 45,500
California	74	849,910	109	742,669
Idaho	5	93,489	7	40,137
Nevada .....	..	..	3	16,074
Oregon	22	203,751	32	272,003
Utah	8	16,701	10	56,089
Washington	41	407,120	44	826,584
District	150	\$1,570,971	207	\$1,999,056



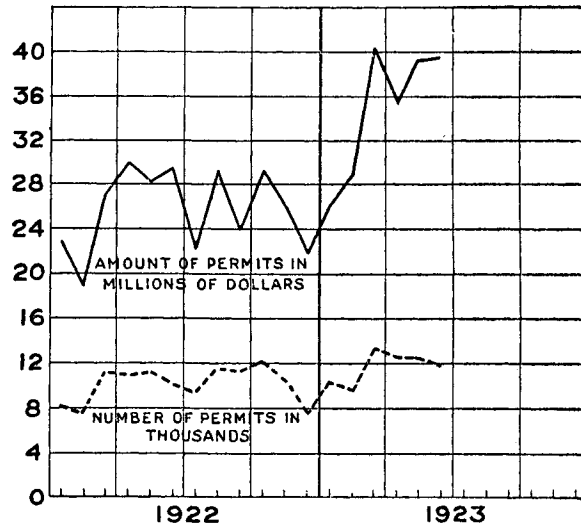
Business Failures, Twelfth Federal Reserve District, 1922-1923

Building Activity

All reports indicate that there has been no decline in the volume of building construction in this district during the past month. Plans of builders for coming months of the year, as reflected in the figures of building permits issued in 20 cities during June and the months immediately preceding, do, however, reveal a slight decrease in the volume of building proposed, as compared with that for which contracts have been let during the past spring. Building permits issued during June, 1923, were less in number than those issued during May, 1923, and were considerably less both in number and value than the record figures of March, 1923. They were substantially greater than the figures for June, 1922. The comparisons with May, 1923, and June, 1922, are presented in the following table:

	Percentage Increase or Decrease (-) in the Number and Value of Building Permits	
	June, 1923, compared with June, 1922	May, 1923
Number of Permits Issued.....	16.4	-5.7
Value of Permits Issued.....	33.4	.5

Building permits issued in the 20 reporting cities during the first half of 1923 were greater, both in number and value, than in any previous half year of which there is record. From January to June, 1923, inclusive, 70,364 permits valued at \$209,483,151 were issued, compared with 59,482 permits representing construction valued at \$157,287,598 issued during the first



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

six months of 1922. The increase in 1923 compared with 1922 was 18.2 per cent by number and 33.1 per cent by value. According to the United States Department of Labor the wholesale price level of building materials increased 16 per cent in the year period June, 1922, to June, 1923. The greater increase in the value of construction authorized than in the cost of building materials is significant in-

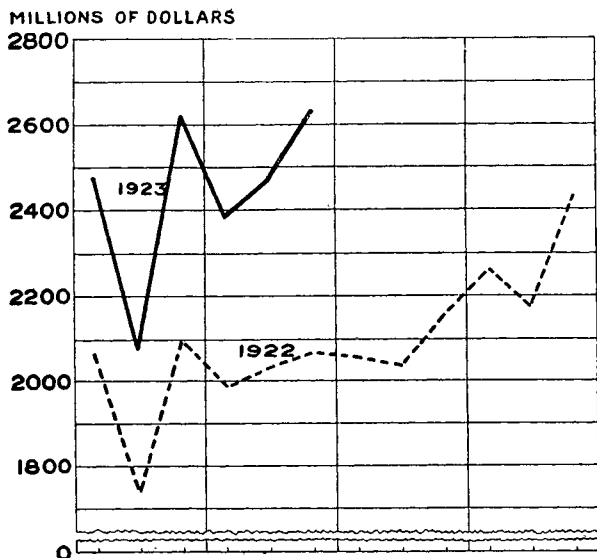
(B) Building Permits—

	June, 1923		June, 1922	
	No.	Value	No.	Value
Berkeley	188	\$ 527,175	216	\$ 671,800
Boise	91	86,913	70	51,639
Fresno	126	242,306	190	433,195
Long Beach..	396	3,422,324	239	1,123,049
Los Angeles..	5,094	15,074,446	3,751	10,652,265
Oakland	894	2,751,751	773	3,381,045
Ogden	39	126,650	60	137,375
Pasadena	278	1,265,854	306	900,092
Phoenix	88	111,122	45	140,380
Portland	1,155	2,166,470	1,317	2,230,855
Reno	10	19,625	22	44,200
Sacramento ..	282	990,485	240	753,914
Salt Lake City	179	521,075	178	738,737
San Diego....	429	1,390,720	379	608,326
San Francisco	868	4,213,346	648	3,336,701
San Jose.....	100	301,550	76	215,150
Seattle	892	5,230,445	892	2,892,030
Spokane	241	426,510	267	391,575
Stockton	97	269,560	101	221,060
Tacoma	378	353,463	386	674,990
District	11,825	\$39,491,790	10,156	\$29,598,378

asmuch as it indicates that there has been an increase in the physical volume of building as well as in its value expressed in dollars. Building materials prices have declined during the past two months and are now 4.9 per cent below the recent peak figures of April, 1923.

Bank Debits

The volume of business transacted in this district during June, 1923, was fully as great as or greater than in any previous month of the present year, according to the figures of debits to individual accounts reported by banks in 21 principal clearing house centers. An increase of 6.4 per cent as compared with May, 1923, was reported, and of 20.7 per cent compared with June, 1922. This is the fourteenth consecutive month during which bank debits have been greater than in the corresponding month a year ago, and the sixth consecutive month during which the increase has exceeded



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

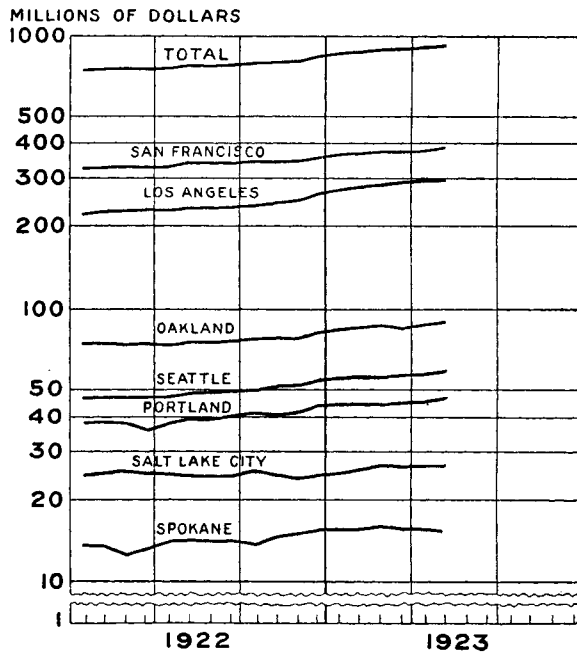
15 per cent. In the six months period January to June, 1923, bank debits in 20 reporting cities (figures for 21 cities not available) totaled \$14,483,194,000, compared with \$12,103,037,000 in the corresponding period of 1922, an increase of 19.6 per cent. As noted in previous reviews, the increase in debits to individual accounts during the year period has been considerably greater than the increase in commodity prices since the early months of 1922, an indication that there has been a gain in the physical volume of business transacted as well as in its money value.

Considered geographically, bank debits during June, 1923, compared with June, 1922, in-

creased in 17 of the 21 reporting cities. Compared with May, 1923, a slight increase was noted in all cities except Ogden and Pasadena.

Savings Accounts

The total amount in all savings accounts in 75 banks in seven cities increased 2.2 per cent between May 31st and June 30th, or from



Savings Accounts in Banks in Seven Principal Cities of the Twelfth Federal Reserve District, 1922-1923

\$898,827,000 to \$918,794,000. Increases were reported by all cities except Spokane where a

(C) Bank Debits*

	Four weeks ending June 27, 1923	Four weeks ending June 28, 1922
Berkeley	\$ 15,034	\$ 15,544
Boise	12,482	11,615
Fresno	42,753	37,086
Long Beach.....	56,165	29,132
Los Angeles.....	644,384	475,926
Oakland	127,060	79,698
Ogden	21,968	10,615
Pasadena	29,263	23,620
Phoenix	19,406	18,335
Portland	140,556	128,370
Reno	10,492	10,710
Sacramento	32,326	58,992
Salt Lake City.....	60,588	50,402
San Diego.....	42,619	36,374
San Francisco.....	759,692	667,003
San Jose.....	18,457	17,900
Seattle	164,973	139,669
Spokane	46,627	43,047
Stockton	23,260	19,966
Tacoma	42,062	36,103
Yakima	8,635	9,348
Total	\$2,318,802	\$1,919,455

*000 Omitted.

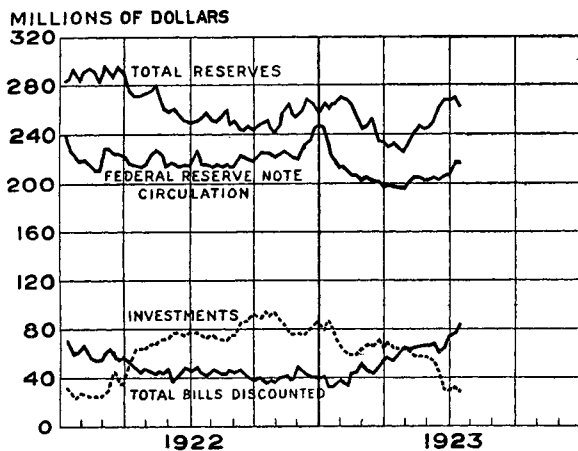
slight decrease occurred. Savings accounts in the seven cities are now 16.9 per cent greater than one year ago. Substantial gains are shown for all cities, those for Los Angeles and Seattle being especially large. Detailed changes in the amount of savings deposits since one month and one year ago as reported by 75 banks in seven cities follow:

	Number of Reporting Banks	Per Cent Increase or Decrease (-) June, 1923, compared with	
		June, 1922	May, 1923
Los Angeles.....	13	25.6	1.6
Oakland*	7	17.4	3.1
Portland	9	16.5	3.1
Salt Lake City.....	8	9.4	.9
San Francisco.....	16	11.2	2.5
Seattle	16	22.0	2.9
Spokane	6	7.9	-1.5
Total	75	16.9	2.2

*Includes one bank in Berkeley which was formerly a branch of an Oakland bank.

Banking and Credit Situation

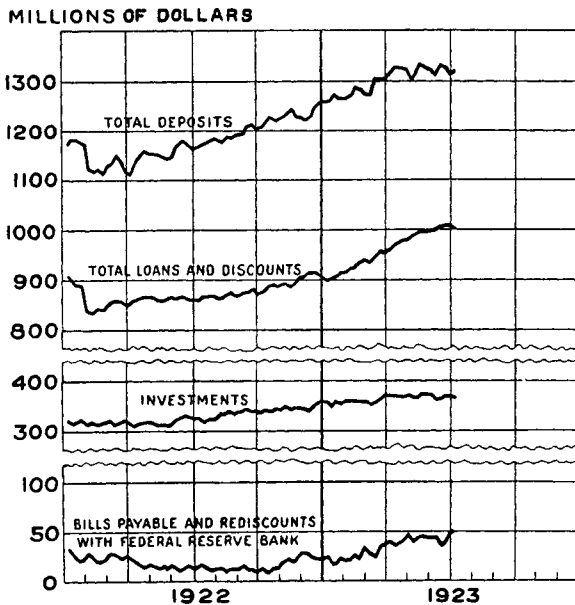
Although in June both total loans and total deposits of 66 reporting member banks in the principal cities of the district reached new high points on the upward movements begun in 1922 and 1921, respectively, they declined during the latter days of the month and on July 3rd loans were but \$1,000,000 and deposits



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

\$7,000,000 above the figures of June 6th. Investments during the four week period increased \$3,000,000, but on July 3rd were still slightly below the 1923 high point reached in May. These changes signify comparative stability in the volume of credit extended by these banks during recent weeks. The slowing down in the rate of loan expansion is in part of a seasonal character. During May and June, 1922, a similar decline was noted.

The increase of \$23,000,000 in total discounts of the Federal Reserve Bank of San Francisco during the four weeks ended July 11th was the largest monthly increase during the present year, and brought discounts on that date to \$84,000,000, the highest figure reported since October, 1921. Since January 10, 1923, when they reached the lowest point in recent years, total discounts of this bank have increased \$61,000,000, or 265 per cent. The increase of \$23,000,000 between June 13th and July 11th was apparently due to more than seasonal influences. During the same four weeks in 1922 total discounts increased \$2,000,000; in 1921 they decreased \$3,000,000; and in 1920 they increased \$5,000,000.



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

On January 10, 1923, the city banks of the district were borrowing from the Reserve bank \$14,000,000 and the country banks were borrowing \$19,000,000. On June 13th the city banks were borrowing \$43,000,000 and the country banks \$25,000,000. On July 3rd the city banks were borrowing \$50,000,000 and the country banks \$27,000,000. Most of the increase in city bank borrowings has occurred at San Francisco.

Accompanying the increase in total discounts of the Federal Reserve Bank there has been a steady decline in the bank's investments, amounting to \$16,000,000 during the four weeks ended July 11th. Total earning assets therefore increased only \$7,000,000 during the period. The first noteworthy increase for several months in the amount of Federal Reserve Notes in circulation has occurred recently. The increase during the four weeks

ended July 11th was \$15,000,000. How much of it was due to holiday requirements is not yet ascertainable. Since April 25th, when notes in circulation were the smallest in recent years, they have increased \$21,000,000.

The tendency of interest rates at New York to seek slightly lower levels, which became noticeable the latter part of April, did not continue during the second half of June and the first week of July. The rate on time money at that center rose one-quarter of 1 per cent to 5½ per cent during the three weeks ended July 7th. The prevailing rate on commercial paper continues at 5 per cent. The average rate charged by San Francisco banks on prime paper of customers continued at 5½ per cent during June.

Rates on acceptances remained at 4¼ per cent during June. Reports received by this bank from 35 of the principal accepting banks of the district show the following changes in the amount of bills purchased and accepted during June, 1923, compared with May, 1923, and June, 1922:

	June, 1923, compared with	
	May, 1923	June, 1922
Amount of bills accepted ..	+10.9%	+33.6%
Amount of bills bought	-39.6%	-24.3%
Amount of bills held at close of month	-18.7%	- 8.6%

The principal commodities upon which these acceptances were based were coffee, sugar, rice, grain, raisins, and canned fruits and vegetables.

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

	July 3, 1923	June 6, 1923	July 5, 1922
<i>Number of Reporting Banks</i>	66*	66*	68*
Loans and Discounts (including rediscounts)	\$1,000,985,000	\$ 999,912,000	\$ 857,278,000
Investments	366,017,000	362,709,000	325,910,000
Cash in Vault and with Federal Reserve Bank.....	119,307,000	122,060,000	105,516,000
Total Deposits	1,321,379,000	1,314,502,000	1,169,037,000
Bills Payable and Rediscounts with Federal Reserve Bank.....	50,247,000	43,056,000	16,275,000

*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, JULY 11, 1923

	July 11, 1923	June 13, 1923	July 12, 1922
RESOURCES			
Total Reserves	\$262,567,000	\$261,598,000	\$253,765,000
Bills Discounted	84,078,000	60,629,000	43,990,000
Bills Bought in Open Market.....	18,827,000	24,962,000	15,264,000
United States Government Securities.....	9,185,000	19,210,000	62,104,000
Total Earning Assets.....	\$112,090,000	\$104,801,000	\$121,358,000
All Other Resources*.....	62,293,000	56,579,000	49,840,000
Total Resources	\$436,950,000	\$422,978,000	\$424,963,000
LIABILITIES			
Capital and Surplus.....	\$ 23,038,000	\$ 23,077,000	\$ 22,617,000
Total Deposits	153,206,000	154,047,000	142,422,000
Federal Reserve Notes in Actual Circulation.....	217,423,000	202,441,000	218,939,000
All Other Liabilities†.....	43,283,000	43,413,000	40,985,000
Total Liabilities	\$436,950,000	\$422,978,000	\$424,963,000
*Includes "Uncollected Items".....	45,564,000	43,363,000	43,303,000
†Includes "Deferred Liability Items".....	41,503,000	41,582,000	35,991,000

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