

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. 1

SUMMARY OF NATIONAL CONDITIONS

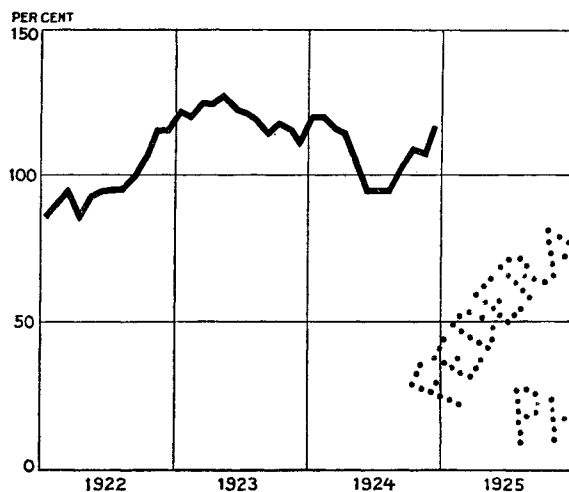
Production and employment in December continued the increase which began in the autumn, and wholesale prices advanced further to the highest level for the year. Railroad shipments of goods continued in large volume, and trade, both at wholesale and retail, was larger than a year ago.

Production. The index of production in basic industries advanced about 10 per cent in December to a point 25 per cent higher than last summer, but was still below the level of the opening months of 1924. Practically all of the 22 industries included in the index shared in the advance, and increases were particularly large in iron and steel, common manufacturing, coal mining, and meat packing. Among the industries not represented in the index, the output of automobiles declined in December, and was the smallest for any month in more than two years. Increased industrial activity was accompanied by an advance of about 2 per cent in factory employment, with larger increases in the metal and textile industries, and by a growth of nearly 5 per cent in total factory

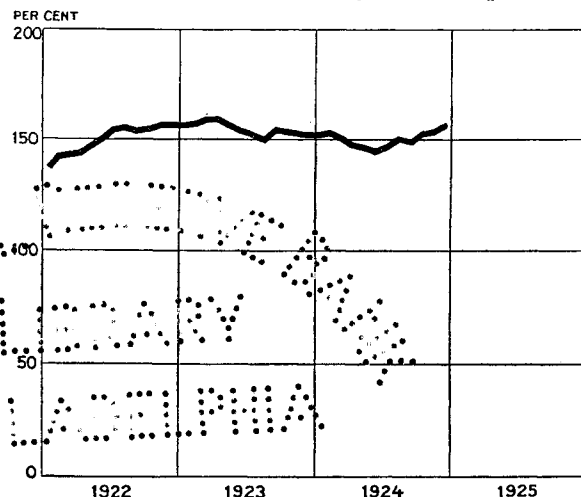
payrolls. Volume of building, as measured by contracts awarded, was less in December than in November, but continued unusually large for the season of the year.

Trade. Distribution of goods was greater in December, 1924, than in the same month of 1923, as indicated by larger railroad shipments and increases in the volume of wholesale and retail trade. Christmas trade at department stores was greater than in the previous year, and sales by mail order houses and chain stores were the largest on record. Wholesale trade was seasonally less than in November, but in practically all lines was larger than a year ago. Marketing of agricultural products was greater than for the corresponding month of any recent year.

Prices. Further advance of more than 2 per cent in the Bureau of Labor Statistics' index of wholesale prices carried the average in December 8 per cent above the low point of June, and to the highest level since April, 1923. Prices of all groups of commodities were high, the principal increase being in farm products



Production in Basic Industries—Index of 22 basic commodities corrected for seasonal variation (1919=100). Latest figure, December, 117.

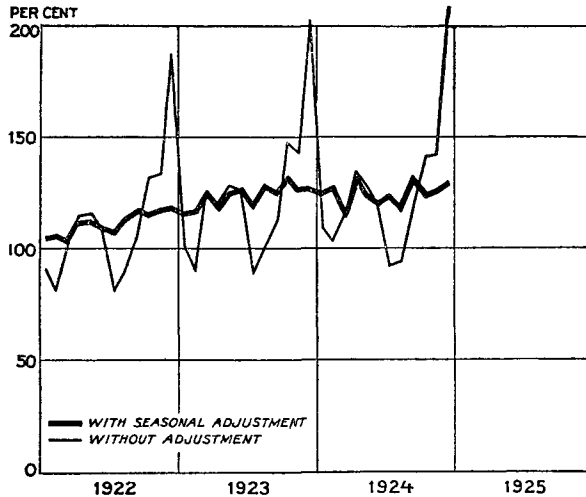


Wholesale Prices—Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by Bureau). Latest figure, December, 157.

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and feeds. In the first half of January, prices of grains, wool, coal, and metals increased further, while sugar, dairy products, silk, coke, and rubber declined.

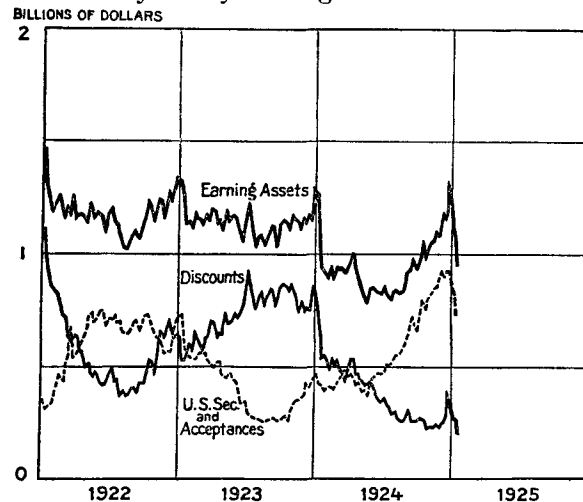
Bank Credit. At the Federal reserve banks the rapid return flow of currency after the holiday trade resulted, during the four weeks ending January 21st, in a reduction of earning



Department Store Sales — Index of 333 stores in 117 cities (1919=100). Latest figures, December, with correction, 127, without correction, 207.

assets about equal to that for the same season a year earlier. The net outflow of currency from the reserve banks during the month preceding Christmas amounted to more than \$200,000,000, and the return flow after the Christmas peak, reflected both in the increase in reserves and in the decline of Federal reserve note circulation, was in excess of \$300,000,000. Fluctuations in the earning assets of the reserve banks during the past two months have reflected chiefly these seasonal changes in the demand for currency. The decline in discounts brought their total on January 21st to a smaller volume than at any time in 1924, and acceptances also showed a seasonal decrease. Holdings of United States securities,

which have declined for more than two months, were about \$175,000,000 below the level of last autumn, and in about the same amount as at the middle of 1924. Net exports of gold, which gave rise to a demand for reserve bank credit, amounted to \$30,000,000 in December, and were in large volume during the first three weeks in January. The growth of demand de-



Reserve Bank Credit — Weekly figures for 12 Federal Reserve Banks. Latest figure, January 21.

posits at member banks in leading cities during the three weeks ending in the middle of January, which has been greater than the increase in their total loans and investments, has reflected the return of currency from circulation. In the same period there was some increase in commercial loans and a continued growth in loans secured by stocks and bonds. Holdings of investment securities have decreased somewhat since the middle of November, particularly at banks in New York City. Firmer conditions in the money market during December and the first few days in January were followed later in the month by declines in rates on commercial paper to 3½ per cent.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Agricultural Activities

Severe cold weather, accompanied by storms in many sections of the district, retarded normal seasonal agricultural operations during late December and early January. Citrus-fruit crops in Southern California were damaged by frost, and considerable suffering and some small losses of livestock on open ranges in the intermountain States and parts of the Pacific Northwest were reported. No accurate estimate of the damage sustained in either case can yet be made, but it is known that prompt orchard heating in the citrus groves and heavy feeding of livestock on open ranges kept losses

within moderate limits. The low temperatures of the year-end were followed by rainfall and milder weather, which improved soil conditions and stimulated growth of grasses on livestock pastures and ranges.

Preliminary estimates of the United States Department of Agriculture indicate that the acreage of winter wheat planted in this district during the autumn of 1924 was approximately 6 per cent smaller than in the previous year, a considerable reduction in Washington and Idaho more than offsetting a reported increase in Oregon. The acreage this year is 2.1 per cent larger than the average of the past five years. Moisture and soil conditions in the

district generally have favored the new crop, although growth has been retarded somewhat by recent cold weather.

During the first half of the 1924-1925 marketing season, relatively heavy sales of the district's crops were encouraged by advancing prices and an active demand for the majority of farm products. This was particularly true of the grain crops, of which this district's production in 1924 was approximately one-half that of 1923 and considerably below the average of the past five years. Present stocks of grain in the district are reported to be unusually small. Livestock, particularly beef cattle, calves, and hogs, also have been marketed in large volume, but in this case rising feed prices and the necessity for reducing holdings, rather than a favorable market, have influenced the volume of sales. Total receipts of cattle and calves at eight markets of the district during the calendar year 1924 were 14.4 per cent larger than during 1923 and 16.9 per cent above the average for the four-year period 1921-1924. Receipts of hogs at the same markets during 1924 exceeded receipts during 1923 and the four-year average of 1921-1924 by 19.2 per cent and 37.4 per cent, respectively. Shipments of all classes of livestock appear to have followed normal seasonal trends during December, 1924, a slight decline for the month being noted in all but hog receipts, which increased slightly.

Increases in butter production, which have come with rapid expansion during the past three years in the dairy industry, resulted in maintenance of cold storage stocks of butter during 1924 at levels well above those of the previous year or the average for the five years 1920-1924.

In Table "A" there are presented comparative figures indicating the movement to market of certain of the district's important crops, figures of market receipts of livestock, and of cold storage holdings of butter and eggs.

Wool buyers are reported to have been active in the principal wool growing sections of this district during the past two months. Field reports indicate that from 25 to 50 per cent of the expected 1925 clip has already been

sold by contract at prices ranging from 40 to 53 cents per pound to the grower. Not since late in 1919 and early in 1920 has contracting for sale of the district's wool clip been so active nor have prices paid producers been so high. The price paid growers for wool during the 1923-1924 season ranged from 33 to 40 cents per pound.

Industrial Activity

A tendency toward increasing industrial activity in December, 1924, marked the close of a year during which production, while not maintained at levels as high as in 1923, was nevertheless above the average of recent previous years.

Of primary importance in the maintenance of activity in industry was the continuance of an unusually large volume of building construction. In most sections of the district the number and value of building permits issued during 1924 were greater than in 1923, but a slight decrease in these figures was reported for the district as a whole, due to a sharp decline in building construction in Southern California, where a building movement of unusually large proportions had been in progress during the previous year. Figures for 20 principal cities totaled for the year 1924 show a decline of 4.9 per cent in number of building permits issued and 6.6 per cent in their value as compared with the record year 1923. During December, 1924, the value of permits issued in these cities was 10.0 per cent greater than during November, 1924, a larger than seasonal increase, but 14.1 per cent less than in December, 1923. In making comparisons of values both for the year and month, however, some allowance must be made for changes in costs of building material and labor during the periods covered. According to the United States Bureau of Labor Statistics' index, building materials prices averaged 7.9 per cent lower during 1924 than during 1923, and total costs of construction including building materials and labor are estimated to have been 2.5 per cent lower than in the previous year.

Recent trends of activity in the building industry in this District, as shown by monthly

(A) Agricultural Marketing Activity—

	Exports		— Carlott Shipments —			Livestock Receipts at Eight Markets in 12th District			Cold Storage Holdings**	
	Wheat* Portland and Puget Sound (1000 bu.)	Barley* San Francisco (1000 bu.)	Apples* 12th Dist. (cars)	Oranges‡ Calif. (cars)	Lemons‡ Calif. (cars)	Cattle and Calves	Hogs	Sheep	12th District Butter (1000 lbs.)	Eggs (1000 cases)
Monthly										
December, 1924.....	1,993	61	3,282	3,206	598	115,967	295,810	189,294	1,589	12
November, 1924.....	4,364	1,229	7,780	4,160	643	127,663	228,076	221,678	3,621	125
December, Five-Year Average	2,334	569	4,035†	4,004	432	99,706‡	228,775‡	203,708‡	1,384	27‡
Cumulative										
To December 31, 1924.....	15,607 (22.3)	6,694 (36.0)	31,694 (68.9)	7,366	1,241	1,301,527	2,675,805	3,198,301		
To December 31, 1923.....	18,726 (13.1)	7,339 (15.8)	44,547 (67.8)	7,200	990	1,137,240	2,245,497	3,103,283		
Five-Year Average to December 31... ..	15,828 (13.8)	8,354 (20.0)	35,175† (65.8)	6,086	829	1,113,641‡	1,947,517‡	3,070,958‡		

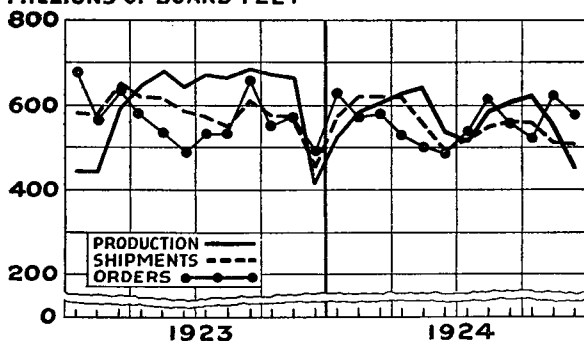
Figures in parentheses indicate percentage of new crop only.
*Season begins July 1st. ‡Season begins November 1st. †Three-year average. ‡Four-year average. **At end of month.

and year-to-date comparisons of building permit figures for 20 cities, are indicated in the following table:

	Month in 1924 compared with same Month in 1923				Month in 1924 compared with preceding Month	
	Monthly		Year-to-date		No.	Value
December	-11.0%	-14.1%	4.0%	6.6%	-7.9%	10.0%
November	-21.9%	-5.9%	4.3%	5.8%	-20.7%	-9.6%
October	-19.5%	-20.1%	2.5%	5.8%	-4.3%	-6.4%
September	1.4%	9.6%	0.1%	3.9%	10.1%	-1.5%
August	0.2%	-15.1%	0.3%	5.4%	12.1%	11.4%
July	5.5%	-3.4%	0.4%	3.8%	3.5%	9.3%
June	-15.6%	-28.5%	0.5%	3.8%	-8.9%	-11.6%
May	-12.6%	-18.7%	3.7%	1.9%	-11.5%	-7.6%
April	-2.2%	-2.4%	8.2%	8.1%	-8.7%	-12.2%
March	1.5%	-2.1%	12.1%	12.1%	11.0%	15.1%
February	26.3%	18.5%	19.3%	22.5%	5.1%	2.8%
January	12.6%	27.0%	12.6%	27.0%	14.9%	-9.3%

Production of lumber during 1924 was not far below the record levels of 1923, and, even though market conditions were unfavorable during a large part of the year, shipments continued in sufficient volume to prevent significant increases in mill stocks. The total cut for the year at approximately 200 reporting mills was 8,011,164,000 board feet, which compares with a 1923 cut of 8,672,183,000 board feet and a five-year (1920-1924) average cut of 6,670,427,000 board feet. Shipments of these mills totaled 7,737,852,000 board feet during 1924; compared with 8,067,795,000 board feet shipped in 1923 and five-year (1920-1924) average shipments of 6,179,924,000 board feet.

MILLIONS OF BOARD FEET



Lumber Production, Orders Received, and Shipments in Twelfth Federal Reserve District as Reported by Four Lumber Associations, 1923-1924

During December, 1924, greater than seasonal curtailment of production was reported due to unfavorable weather in the Pacific Northwest. Domestic lumber markets were seasonally active during the month, and shipments continued heavy in the face of declining production. Unfilled orders on the books of the mills at the close of the month were 17.3 per cent larger than one month ago and 5.1 per cent larger than one year ago. Figures follow (000 omitted):

	Dec., 1924 (board feet)	Nov., 1924 (board feet)	Dec., 1923 (board feet)	Nov., 1923 (board feet)
Production	447,072	554,406	491,780	666,753
Shipments	308,951	513,569	467,229	574,877
Orders	578,991	623,446	512,238	572,966
Unfilled Orders	522,314	445,126	497,183	462,251
No. of Mills Reporting	180	183	193	203

Production of copper and lead was respectively 12.0 per cent and 8.4 per cent larger during 1924 than during 1923, the active demand and rising prices for these metals during the latter half of 1924 being responsible for the increased output. District production of silver was smaller in volume during 1924 than during 1923, the figures for the earlier year reflecting, in part, an excessively high rate of production maintained during the first half of the year, while the government was still purchasing silver at a fixed price of \$1.00 per ounce under the terms of the Pittman Act. Production of gold was also less in volume during 1924 than during 1923, partly due to a shortage of water in California which prevented normal operation of gold dredges in that state. Figures of district and national production, as estimated by the United States Geological Survey, follow:

Unit	Twelfth District*		United States	
	1924	1923	1924	1923
Copper ..lb.	1,056,585,800	942,979,321	1,583,056,000	1,483,410,000
Lead ..lb.	533,935,000	492,735,093	1,176,000,000	1,091,182,000
Zinc ...lb.	46,904,000	56,474,747	1,272,000,000	1,220,788,000
Silver ..oz.	44,390,950	48,652,392	64,084,000	65,338,000
dollars	29,717,513	39,892,686	43,540,369	60,134,839
Gold dollars	26,940,600	28,407,228	51,912,000	51,734,000

*Including all of Arizona.

There were 230,063,117 barrels of petroleum produced in California during 1924, a decrease of 12.8 per cent, or 33,665,778 barrels, from the record output of 263,728,895 barrels in 1923. Production, although declining during the year, was still greater than consumption, and stored stocks, at 97,829,374 barrels on December 31, 1924, were 5,904,231 barrels (6.4 per cent) larger than on January 1, 1924.

During December, 1924, average daily production of petroleum increased for the first time (excepting April, 1924) since September, 1923, but at 606,294 barrels was 14.2 per cent less than in December, 1923. Stored stocks continued the increase which has been in progress during the last two and one-half years.

Current and comparative figures of the petroleum industry in California follow:

PETROLEUM					
	Average Daily Production (barrels)	Indicated Average Daily Consumption (Shipments) (barrels)	Stored Stocks at End of Month (barrels)	New Wells Opened	Daily Production (barrels)
Dec., 1924...	606,294	572,269	97,829,374	72	46,800
Nov., 1924...	592,234	534,107	96,774,598	62	33,130
Sept., 1923*...	858,750	†	†	93	139,960
Dec., 1923...	706,427	†	89,274,244	134	84,364

*Peak of production.

†Comparable figures not available.

Output of flour during 1924, as reported by 16 large milling companies representing approximately 65 per cent of the milling capacity of the district, was 22.9 per cent smaller than in 1923 and 1.9 per cent smaller than the average output for the four-year period 1921 to 1924, inclusive. During the first half of 1924, mills operated at or above the high levels of 1923, but a substantial decrease in activity took place during the last six months of the year, a

period of rapid advance in price of wheat, and of unsettled markets for flour. Curtailment of production by the mills appears to have maintained an approximate balance between supply of and demand for flour, and stored stocks have remained at normal seasonal levels during recent months. The industry has been slow to accumulate stocks of wheat on the recent rising wheat market, stocks of 16 reporting companies, at 2,927,762 bushels on January 1, 1925, being 25.0 per cent and 7.9 per cent smaller than one year ago and the five-year average for January 1st, respectively.

Twelfth District production of flour during December, 1924 (530,949 barrels) was 31.5 per cent greater than in November, but 27.9 per cent less than in December, 1923. Increased production during the past month was in response to a growth in demand in domestic flour markets. Foreign demand for flour continued sluggish during December. Figures for the 16 reporting milling companies follow:

	Dec., 1924	Nov., 1924	Dec., 1923	Five-Year Average† Dec.
Output (bbls.)	530,949	403,681	736,300	514,138
Stocks*				
Flour (bbls.)	548,550	503,371	569,430	515,636
Wheat (bu.)	2,927,762	2,734,512	2,927,762	3,177,942

*As of the first day of the following month. †1920-1924.

The volume of **canned fruit** packed in California during the 1924 canning season was smaller than in any of the previous five years, excepting 1921. The figures for both canned fruits and vegetables follow:

	1924 (cases)	1923 (cases)	1922 (cases)	1921 (cases)	Five-Year Average 1919-1923 (cases)
Fruits	10,362,998	11,351,536	15,477,865	8,511,851	12,084,104
Vegetables	7,138,959	7,800,835	6,931,371	2,615,947	5,926,324
Totals	17,501,957	19,152,371	22,391,236	11,127,798	18,010,428

Canned fruit markets, both domestic and foreign, have been active during the past six months, and unsold stocks held by packers are reported to be small in volume for this season of the year.

The volume of **employment** in the Twelfth

(B) Building Permits—

	December, 1924		December, 1923	
	No.	Value	No.	Value
Berkeley	276	\$ 705,651	189	\$ 601,600
Boise	23	10,581	30	37,215
Fresno	68	633,280	126	142,940
Long Beach	401	1,793,176	342	1,255,104
Los Angeles	3,486	11,923,961	4,721	20,758,194
Oakland	851	3,227,514	874	2,583,312
Ogden	10	314,000	18	263,500
Pasadena	288	1,245,976	332	551,314
Phoenix	75	101,764	59	149,515
Portland	819	1,890,190	886	1,452,860
Reno	7	5,200	6	15,050
Sacramento	159	452,351	205	607,633
Salt Lake City	40	219,666	59	293,300
San Diego	620	1,242,790	410	1,047,301
San Francisco	763	5,519,031	746	4,952,444
San Jose	81	402,735	83	114,030
Seattle	594	843,745	617	1,060,930
Spokane	105	304,925	81	76,622
Stockton	77	210,695	116	351,725
Tacoma	166	431,460	212	341,796
District	8,909	\$31,478,701	10,112	\$36,656,385

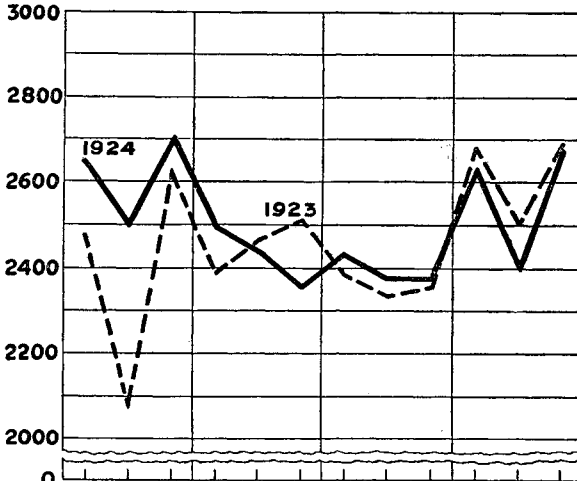
District during the greater part of the year 1924 was less than in 1923, but at no time did a serious unemployment situation develop.

General Business and Trade

General business activity increased by more than the usual seasonal amount during December, 1924, reaching the relatively high level of December, 1923. If allowance be made for normal annual growth in the volume of business transacted, however, the total for December, 1924, was slightly below an estimated normal.

Debits to individual accounts (**bank debits**) at banks in 20 principal clearing house centers, the best single available measure of total volume of trade, were 11.5 per cent larger during December, 1924, than during November, 1924, and 0.6 per cent smaller than during December, 1923. The total of bank debits at these cities during the year 1924 was 2.0 per cent larger than during the year 1923 (see Table "C").

MILLIONS OF DOLLARS



Debits to Individual Accounts in 20 Principal Cities, Twelfth Federal Reserve District, 1923-1924

Trade at wholesale during December, 1924, continued to show the irregularities reported in recent previous months. Seven of eleven lines of wholesale trade, for which sales figures are tabulated by this bank, showed declines in value of sales during December, 1924, as compared with December, 1923. Comparisons follow:

WHOLESALE TRADE

	No. of Firms	Percentage increase or decrease (—) in the value of sales during Dec., 1924, compared with	
		Dec., 1923	Nov., 1924
Agricultural Implements	22	—13.8	—18.8
Automobile Supplies	17	—12.2	—8.4
Automobile Tires	20	—0.6	—15.5
Drugs	6	20.5	—3.6
Dry Goods	14	—6.5	—17.0
Electrical Supplies	9	6.8	12.1
Furniture	17	—23.4	—4.8
Groceries	25	8.8	—12.4
Hardware	20	—6.4	3.1
Shoes	14	—18.8	—23.0
Stationery	28	0.6	8.9

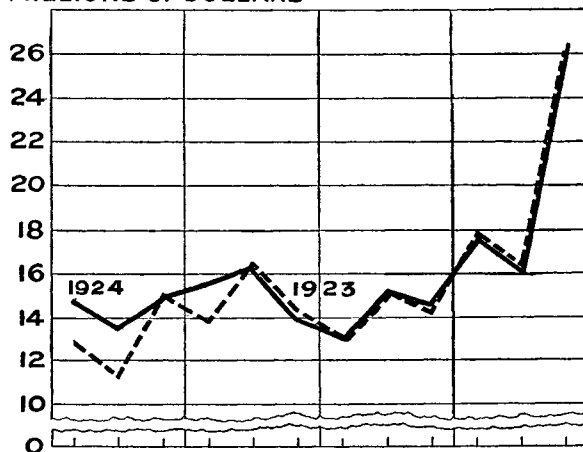
The volume of trade at retail, as indicated by the value of sales of 36 reporting department stores, was 1.5 per cent larger during December, 1924, than during December, 1923, heretofore the record month for retail sales. Stocks of reporting stores on December 31, 1924, were 0.02 per cent larger than on December 31, 1923, and the indicated annual rate of stock turnover at the close of 1924 was slightly more rapid than at the close of the previous year. Comparisons follow:

RETAIL TRADE

	No. of Stores	Percentage increase or decrease (—)			
		In value of sales		In value of stocks	
		Dec., 1924, compared with Dec., 1923	Nov., 1924, compared with Nov., 1923	Dec., 1924, compared with Dec., 1923	Nov., 1924, compared with Nov., 1923
Los Angeles	6	1.2	67.3	-0.04	-14.9
Oakland	5	3.9	75.9	1.0	-16.8
Salt Lake City	4	1.4	65.3	9.6	-11.2
San Francisco	10	1.6	58.3	1.0	-15.4
Seattle	5	3.6	67.0	-2.1	-22.0
Spokane	5	-5.9	53.8	-8.6	-13.9
Twelfth District*	36	1.5	64.6	0.02	-16.0

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

MILLIONS OF DOLLARS



Net Sales of 35 Department Stores in Twelfth Federal Reserve District

(C) Bank Debits*—

	December		Year	
	1924	1923	1924	1923
Berkeley	\$ 17,329	\$ 17,014	\$ 208,743	\$ 204,782
Boise	14,216	13,475	140,483	150,087
Fresno	34,521	52,291	399,659	613,338
Long Beach	48,520	62,344	606,796	710,404
Los Angeles	801,463	789,510	8,920,579	8,419,241
Oakland	127,422	139,125	1,480,935	1,470,862
Ogden	28,507	31,070	286,211	346,023
Pasadena	33,217	35,319	387,114	378,877
Phoenix	27,023	25,064	255,740	235,524
Portland	163,451	169,701	1,942,036	1,866,954
Reno	8,471	12,014	96,274	125,050
Sacramento	34,892	57,356	513,378	533,605
Salt Lake City	85,561	83,304	779,768	766,343
San Diego	52,957	49,881	579,628	553,378
San Francisco	885,396	835,643	9,767,845	9,481,864
San Jose	24,390	23,013	275,811	270,783
Seattle	186,810	187,984	2,166,876	2,050,664
Spokane	47,908	54,183	566,914	598,109
Stockton	27,029	27,740	286,302	295,569
Tacoma	41,540	40,584	480,283	464,889
Yakima	12,421	11,413	127,091	123,562
Total	\$2,703,044	\$2,718,028	\$30,268,466	\$29,659,908

*000 omitted.

Registrations (sales) of new automobiles in the states of this district were less by approximately 18 per cent during the first eleven months of 1924 than during the first eleven months of 1923, a further slight decline as compared with a year ago being reported during November, 1924, the latest month for which figures are available. Figures follow:

REGISTRATIONS OF NEW AUTOMOBILES

	Passenger		Commercial	
	Jan. 1 to Dec. 1, 1924	1923	Jan. 1 to Dec. 1, 1924	1923
Arizona	9,415	9,515	1,023	834
California	161,128	208,646	14,768	22,199
Idaho	10,139	8,587	1,056	647
Oregon	29,779	32,240	2,118	1,700
Utah	11,333	10,530	971	983
Washington	35,193	42,976	†	4,618
Total (6 states)	256,987	312,494	19,936*	26,363*

*Washington not included. †Not available.

On December 31, 1924, savings deposits in 71 banks in seven cities of the district were 2.7 per cent larger than on November 30, 1924, and 9.1 per cent larger than on December 31, 1923. Part of the increase as compared with the previous month was probably due to interest accruals at the close of December, but the increase as compared with a year ago represents a gain in new savings deposits. Figures follow:

SAVINGS ACCOUNTS

	Number of Banks	Number of Accounts			Per Cent increase or decrease (—) Dec., 1924, compared with	
		Dec., 1924*	Nov., 1924*	Dec., 1923*	Dec., 1923	Nov., 1924
Los Angeles	13	\$ 342,356	\$ 332,885	\$310,684	10.1	2.8
Oakland	7	92,849	91,271	87,405	6.2	1.7
Portland	9	53,809	52,254	49,829	7.9	2.9
Salt Lake City	8	29,285	29,059	26,781	9.3	0.7
San Francisco	14	434,762	422,793	400,442	8.5	2.8
Seattle	14	71,858	70,151	64,521	11.3	2.4
Spokane	6	20,563	18,722	17,575	17.0	9.8
Total	71	\$1,045,482	\$1,017,135	\$957,238	9.1	2.7

*000 omitted.

Percentage increases or decreases (—) in the number and liabilities of business failures in the Twelfth Federal Reserve District, as reported by R. G. Dun and Company, follow:

	Dec., 1924, compared with Dec., 1923	
	Dec., 1923	Nov., 1924
Number of Business Failures	11.3	— 0.5
Liabilities of Business Failures	— 2.0	—20.1

Prices

Continuing an advance which began in June, 1924, the general level of wholesale prices moved upward during December, and at the close of that month reached the highest point of the year. The rise of the general price level during the last six months of 1924 was due chiefly to advancing prices of agricultural commodities, particularly the grains. During November and December, 1924, however, price gains among other commodities important to the commerce and industry of the Twelfth District, including lumber and the non-ferrous metals, were partly responsible for the general upward movement, although prices of

many farm products continued to advance or remained at previously attained levels.

The average rate of increase of wheat prices during the last half of 1924, was greater than 10 per cent per month, and on January 2, 1925, that grain was quoted at prices approximately 70 per cent higher than the lowest figures of 1924, reached in March and April. Prices for barley and rice advanced approximately 47 per cent and 38 per cent, respectively, during the period from June to December, 1924. Increases in prices ranging from 25 to 45 per cent for lambs, sheep, hogs, and wool, and from 5 to 15 per cent for the majority of canned and dried fruits were reported during the same period. Wool prices advanced 31.9 per cent during this period, and at the close of December were 28.2 per cent higher than a year earlier. Beef cattle, cotton, and sugar prices showed net declines during the last half of the past year, and on January 2, 1925, were quoted at lower levels than one year ago. Excepting these commodities and dairy produce, all of the principal farm products of the district were selling for more at the beginning of 1925 than at the beginning of 1924.

Particularly noteworthy price changes among principal non-agricultural products of the district, during the past month and the past six months were those reported for lead, copper, zinc and lumber. The price of lead advanced approximately 15 per cent during December, the average price for that month being 9.11 cents per pound at St. Louis. This is higher than at any time since June, 1917, when the average price for the month was 11.12 cents per pound. The December, 1923, average price for lead was 7.37 cents per pound. Copper prices advanced to the highest levels of 1924, during December, the average price for the month standing at 14.26 cents per pound compared with 13.64 cents per pound for November, 1924, and 12.82 cents per pound for December, 1923. The December, 1924, average price of copper was the highest reported since July, 1923, when the average price for the month was 14.32 cents per pound. Zinc quotations advanced approximately 10

per cent during December, 1924, and were about 15 per cent higher than in December, 1923. Further advances in prices of finished lumber products were recorded during December, making a total gain during the last half of 1924 of from 5 to 15 per cent in the general level of all lumber prices. During the first weeks of January, 1925, lumber prices stood at levels only slightly below those of January, 1924. The price of crude oil at California oil fields was unchanged during the last eleven months of 1924.

Details of price movements for a selected group of products of the district, and representative index numbers of the general price level are presented in Table "D."

Banking and Credit Situation

Changes in the banking and credit situation during the closing weeks of 1924 and the first weeks of 1925 were largely seasonal. As the New Year begins, bank credit is available at low rates.

The outstanding banking development of the past year in this district was the increase in total loans and investments of member banks and concurrent reduction of borrowings from the Federal Reserve Bank. From January to January, loans of 66 reporting member banks increased \$35,000,000 or 3.5 per cent and investments \$91,000,000 or 26.5 per cent, to a combined total of \$1,476,000,000. Borrowings from the Federal Reserve Bank decreased \$23,000,000 to a total of \$10,000,000. Total loans rose slightly from the January 30th figure of \$1,002,000,000 during the first five months of the year, declined during June and July to the year's low point, \$994,000,000 on July 23rd, and increased thereafter to the highest point on record, \$1,050,000,000, on December 31st. Total investments increased steadily throughout the year, excepting a brief period during the early summer, and at \$435,000,000 on December 31st were \$90,000,000 or 26.1 per cent larger than on January 2nd. The total volume of credit extended by reporting member banks of the district (total loans and investments) increased from \$1,353,000,000 at the beginning

(D) Commodity Prices—

Commodity	Unit	Jan. 2, 1925	One Month Ago	One Year Ago
Wholesale Prices (U. S. Bureau of Labor) 1913=100.....		157.0	152.7	151.0
Purchasing Power of Farm Products (U. S. Department of Agriculture)†		85.0	86	85
Cattle (Native Beef). Weekly average price at Chicago.....	100 lbs.	\$9.25	\$9.75	\$9.50
Hogs Weekly average price at Chicago.....	100 lbs.	10.45	9.00	7.15
Lambs Weekly average price at Chicago.....	100 lbs.	17.25	14.85	13.20
Wheat Chicago contract price for May wheat.....	bu.	1.75½-1.80¾	1.59½-1.61%	1.07¼-1.08%
Prunes Size 40/50 in 25-lb. boxes f. o. b. California.....	lb.	.10-.10½†	.10-.10¼	.10¼-.11
Raisins Loose Muscatel in 25 lb. boxes, f.o.b. California.....	lb.	.09¾	.09¼	.09¾
Wool Average of 98 quotations at Boston.....	lb.	102.04¢	96.64¢	79.61¢
Copper Electrolytic, monthly average at New York.....	lb.	14.26¢	13.64¢	12.82¢
Lead Monthly average at New York.....	lb.	9.21¢	8.69¢	7.37¢
Silver Monthly average at New York.....	oz.	68.10¢	69.30¢	64.71¢
Lumber (Softwood).. Weekly Index, U. S.*		31.26	30.65	31.99

*As published by the "Lumber Manufacturer and Dealer."

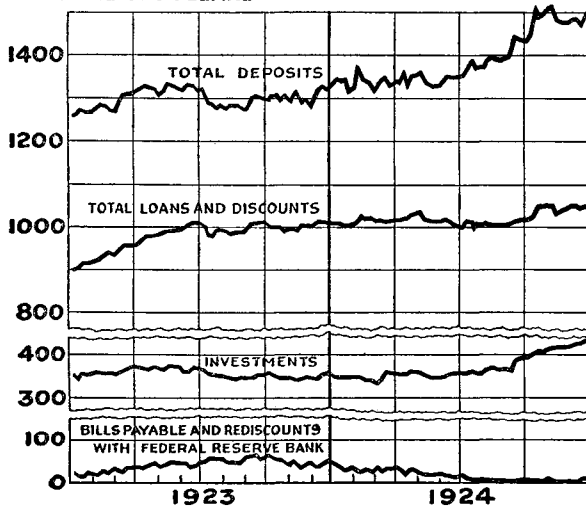
†January 19, 1925.

†Ratio of farm prices (August, 1909 - July, 1914=100) to wholesale prices of non-agricultural commodities (1910-1914=100).

of the year to \$1,485,000,000 at its close, the latter figure being the highest on record. It was 11.6 per cent above the highest point, \$1,331,000,000, reached in December, 1920.

Deposits held by these banks increased more rapidly than did their loans and the ratio of total deposits to total loans was 143.0 on December 31st compared with 132.3 on January 2nd. Demand deposits, after a slight decrease in the period from February to June, advanced from a mid-year low point of \$716,000,000 on June 4th to \$832,000,000 on November 12th and fluctuated about \$800,000,000 during the

MILLIONS OF DOLLARS



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

last six weeks of the year. Time deposits increased almost without check during the whole of 1924, advancing \$112,000,000 or 19.7 per cent to the record figure, \$681,000,000 on December 31st.

Changes occurring in the principal items of the combined statement of the 66 reporting member banks in this district during the month and during the year ending January 7, 1925, are presented in the following table (000,000 omitted):

	Change from One Month Ago*	Change from One Year Ago*	Con- dition Jan. 7, 1925
Total Loans	- 7 (0.7%)	+35 (3.5%)	\$1,041
Commercial Loans	+ 9 (1.1%)	+10 (1.2%)	822
Investments	+13 (3.1%)	+91 (26.5%)	435
Demand Deposits	-11 (1.4%)	+37 (4.9%)	795
Total Deposits	+ 4 (0.3%)	+143 (10.6%)	1,487
Borrowings from Federal Reserve Bank	+ 7 (233.3%)	-23 (69.7%)	10

*Figures in parentheses indicate percentage changes.

The steady downward trend of borrowing from the Federal Reserve Bank during 1924 was broken only by small seasonal increases in the volume of discounted bills during the spring planting season and the winter holiday period. During the first eight months of the year the decline in total discounts was the result chiefly of decreased borrowing by city

member banks, but as harvest returns became available during the autumn the country banks also liquidated the larger part of their debts with the Reserve Bank. Total discounts of the Federal Reserve Bank of San Francisco, at \$7,600,000 on January 14, 1925, were \$37,700,000 less than on January 16, 1924, but investments of the Bank had been increased by \$53,000,000 during the same period, so that total earning assets were approximately \$16,000,000 larger than a year ago. At the peak in 1920 total discounts of the Bank stood at \$176,872,000.

Federal reserve note circulation fluctuated within relatively narrow limits at figures slightly above \$200,000,000 during most of the year 1924. Beginning in August a normal seasonal increase was noted, first in response to crop moving needs and later in response to holiday and year-end currency requirements. Circulation required by needs of member banks increased from \$213,000,000 on December 3, 1924, to \$222,000,000 on December 24, 1924. By January 14, 1925, the major part of this currency issued in response to seasonal needs had been returned to the bank, Federal reserve note circulation on that date standing at \$204,000,000.

Changes in significant items in the statement of condition of the Federal Reserve Bank of San Francisco during the month and during the year are presented in the following table (000,000 omitted):

	Change from One Month Ago*	Change from One Year Ago*	Con- dition Jan. 14, 1925
Total Earning Assets	- 1 (0.9%)	+16 (17.4%)	\$108
Discounts	- 1 (11.1%)	-37 (82.2%)	8
United States Securities	- 5 (9.3%)	+36 (276.9%)	49
Purchased Acceptances	+ 6 (13.3%)	+17 (50.0%)	51
Total Reserves	-13 (4.5%)	-16 (5.5%)	275
Total Deposits	+ 2 (1.2%)	+ 7 (4.3%)	168
Federal Reserve Note Circulation	- 9 (4.2%)	- 9 (4.2%)	204

*Figures in parentheses indicate percentage changes.

The supply of bank credit in the United States was in excess of current commercial demand during a large part of the year 1924 and interest rates in the New York market declined to unusually low levels. The following table indicates the extent of the movement:

Week Ending	Weekly Average Rate on			
	Call Money	Time Money	Com- mercial Paper	Bankers' Accept- ances
January 5, 1924...	5.18%	5%	4¾%	4¾%
August 2, 1924...	2.00%	2½-2¾%	3¼%	2%
November 1, 1924...	2.39%	2¾-3%	3-3¼%	2¾%
December 27, 1924...	4.36%	3½-3¾%	3½-3¾%	3%
January 17, 1925...	3.28%	3¾%	3½%	3%

In this district rates charged customers on prime commercial paper of 30-90 day maturity, as reported by banks in principal cities, declined only slightly during the year. In January, 1925, rates ranged from 5 to 7 per cent, the prevailing rate being 6 per cent, while in January, 1924, the range was from 5½ to 7 per cent with a prevailing rate of 6½ per cent.