

MONTHLY REVIEW

OF BUSINESS CONDITIONS

ISAAC B. NEWTON, Chairman of the Board and Federal Reserve Agent
Federal Reserve Bank of San Francisco

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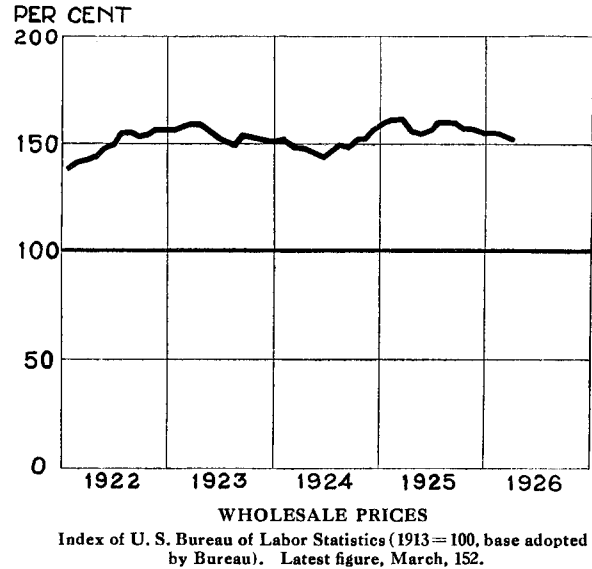
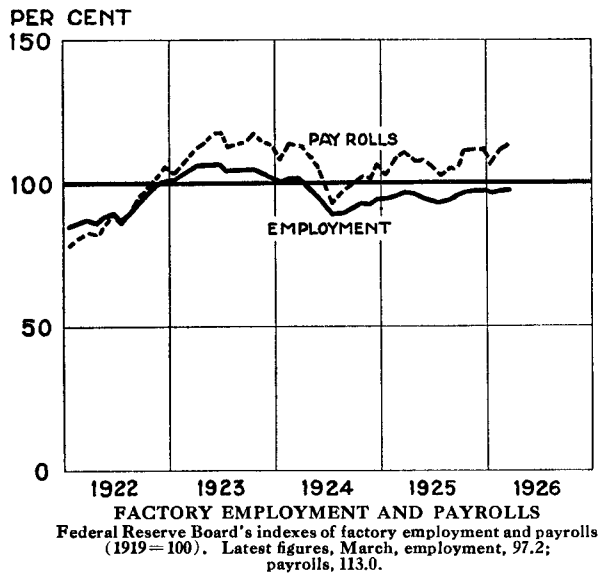
SUMMARY OF NATIONAL CONDITIONS

Industrial output increased in March and the distribution of commodities continued in large volume owing to seasonal influences. The level of wholesale prices declined for the fourth consecutive month.

Production. The Federal Reserve Board's index of production in basic industries increased in March to the highest level for more than a year. Larger output was shown for steel ingots, pig iron, anthracite coal, copper, lumber and newsprint, and there were also increases in the activity of textile mills. Output of automobiles increased further and was larger than in any previous month, with the exception of last October. Building contracts awarded also increased in March as is usual at this season and the total was near the high figure of last summer. Particularly large increases in building activity, as compared with a year ago, occurred in the New York, Atlanta and Dallas Federal Reserve Districts. Contracts awarded continued larger during the first half of April than in the same period of last year. Condition of the winter wheat crop has improved since the turn

of the year and on April 1st was estimated by the Department of Agriculture to be 84 per cent of normal, compared with 68.7 per cent last year and an average of 79.2 per cent for the same date in the past ten years.

Trade. Wholesale trade showed a seasonal increase in March, and the volume of sales was larger than a year ago in all leading lines except dry goods and hardware. Sales of department stores and mail order houses increased less than is usual in March. Compared with March a year ago sales of department stores were 7 per cent and sales of mail order houses 9 per cent larger. Stocks of principal lines of merchandise carried by wholesale dealers, except groceries and shoes, were larger at the end of March than a month earlier, but for most lines they were smaller than a year ago. Stocks at department stores showed slightly more than the usual increase in March and were about 3 per cent larger than last year. Freight car loadings during March continued at higher levels than in the corresponding periods of previous years. Shipments of miscellaneous commodi-



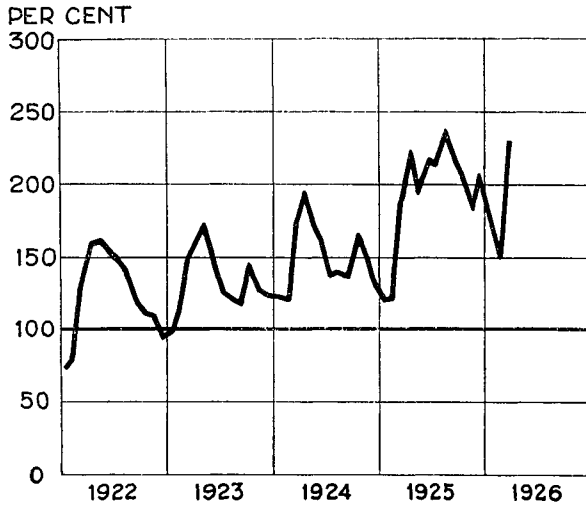
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ties and merchandise in less-than-carload-lots were especially large. Loadings of coal, due to heavy production of anthracite, were also large, while shipments of coke decreased considerably from the high levels of preceding months.

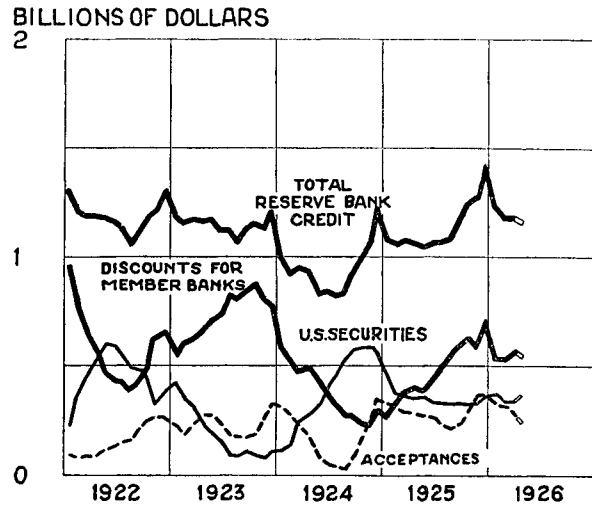
Prices. Wholesale prices, according to the Bureau of Labor Statistics' index, declined by more than 2 per cent in March to the lowest level since September, 1924. The decline was

continued liquidation of loans to brokers and dealers was reflected in a further decline in the total of loans on securities, which on April 14th were more than \$500,000,000 below the high point reached at the end of last year.

At the reserve banks an increase in the volume of member bank borrowing during the last two weeks of March was followed by a marked decline in the first three weeks of April,



BUILDING CONTRACTS AWARDED
Index of value of building contracts awarded as reported by the F. W. Dodge Corporation, (1919=100). Latest figure, March, 231.



RESERVE BANK CREDIT
Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 22 days in April.

general for nearly all groups of commodities and the largest decreases were noted in grains, cotton, wool, silk, coal, and rubber. In the first two weeks of April prices of basic commodities were steadier than in March. Prices of grains, flour, and potatoes increased, while prices of cotton goods, wool, silk, bituminous coal, pig iron, and rubber declined.

Bank Credit. Commercial loans of member banks in leading cities were relatively constant between the middle of March and the middle of April, at a level about \$200,000,000 higher than at the end of January and approximately equal to the high point reached last autumn. Con-

which brought the total near the lowest levels of the year. Holdings of United States securities increased continuously during the month while holdings of acceptances declined seasonally. Total bills and securities were in smaller volume at the end of the period than at any other time during the year and only slightly larger than a year ago. Open market rates on commercial paper declined in April from 4¼-4½ per cent to 4-4¼ per cent, and rates on acceptances and on security loans were also lower in April than in March. On April 23rd the discount rate at the Federal Reserve Bank of New York was reduced from 4 to 3½ per cent.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Statistical Summary—

	Mar., 1926	Feb., 1926	Mar., 1925	Feb., 1925	Mar., 1926# compared with	
					Mar., 1925	Feb., 1926
Bank Debits—21 cities*	\$3,341,153	\$2,996,080	\$2,826,955	\$2,554,320	18.2	11.5
Bank Debits—Index Numbers†—20 cities.....	150	158	134°	138°	11.9	— 5.1
Building Permits—20 cities	\$36,285,512	\$26,736,564	\$40,216,339	\$32,649,155	— 9.8	35.7
Retail Sales—32 stores—Index Numbers†.....	164	156	147	150	11.6	5.1
Savings Deposits—69 banks*§.....	\$1,186,917	\$1,194,572	\$1,102,080°	\$1,101,976°	7.7	— 0.6
Lumber Production—4 associations—board feet*	747,518	557,605	641,971	524,379	16.4	34.1
Petroleum Production‡—California—barrels ...	607,283	612,999	600,839	602,494	1.1	— 0.9
Flour Production—16 companies—barrels	355,450	325,161	353,703	414,985	0.5	9.3
Reporting Member Bank Loans and Discounts||*	\$1,194,461	\$1,188,573	\$1,100,904	\$1,093,957	8.5	0.5
Reporting Member Bank Deposits||*.....	\$1,610,625	\$1,604,612	\$1,553,789	\$1,525,973	3.7	0.4
Federal Reserve Bank Discounts||*.....	\$41,745	\$49,814	\$28,762	\$23,689	45.1	—16.2
Federal Reserve Bank Reserve Ratio|| .....	72.0	74.5	77.8	79.4	— 7.5	— 3.4

*In thousands. †Adjusted for seasonal variations—1919 monthly average=100. ‡Daily average production. §Not comparable with figures published in previous reviews. ||April 7 and March 10, 1926; April 8 and March 11, 1925. ¶April 14 and March 17, 1926; April 15 and March 18, 1925. #Percentage increase or decrease (—). °Revised.

Agricultural Situation

During the past month rainfall has been general over the district, excepting parts of Oregon and Washington, and crops and ranges have been materially benefited. Mild temperatures during the winter and early spring have likewise proved favorable to growth of winter sown crops. Lack of moisture during late February and in March resulted in some deterioration in condition of winter wheat, particularly in California, but improvement was reported following the early April rains.

WINTER WHEAT

	Condition April 1,		10-Year Average April 1	Dec. 1, 1925
	1926	1925		
Arizona	95	87	92	94
California	82	80	86	90
Nevada	97	92	94	97
Oregon	96	55	90	82
Utah	95	91	93	96
Washington	92	28	80	68
United States Total.....	84.1	68.7	79.2	82.7

The United States Department of Agriculture's report of farmers' intentions to plant states that, in the "Western" states and in the United States, a smaller acreage will be devoted to grains, other than barley, rice, and sorghum, in 1926 than in 1925, the decrease being greater in "Western" states than in the United States. The same report indicates that the acreage of potatoes will be considerably larger in "Western" states and slightly larger in the United States than last year.

Livestock generally have passed through the winter and early spring months in satisfactory condition. Herds and flocks are now moving from winter to summer ranges in most sections of the district. Weather conditions have favored spring lambing and calving, and a normal increase has been experienced, except in parts of the Intermountain States still suffering from the effects of the partial drought of 1925. Shipments of spring lambs from California have gone forward in approximately one-third the volume of a year ago, when 78,000 live and dressed lambs were shipped between the beginning of the season and April 18th. Prices for lambs during April, 1926, have been at levels below those of April, 1925. Wool shear-

ing is now in progress in most states of the district. The total clip is estimated to be somewhat larger than in 1925 (88,568,000 lbs.) and quality of fleeces is generally reported to be better than it was last year. Prices offered growers on wool contracts this season have been considerably lower than in 1925, and but little of this year's wool had been contracted for sale prior to April 15th.

Marketing of the remaining supplies of 1925 crops has continued in an orderly manner, as is indicated in Table "A". Comparison with figures for the past nine years shows that shipments of apples for the 1925-1926 season to April 15th have approximated the average proportion of the annual crop shipped during the same period in previous years. Stocks of apples held in cold storage in this district on March 1st (the latest date for which figures are available) are estimated to have been approximately normal in volume. Stocks throughout the United States were slightly above estimated normal.

Industrial Activity

Seasonal increases in general industrial activity in the Twelfth Federal Reserve District were reported during March and early April. Statistical and non-statistical evidence indicates that total volume of employment increased during the same period, continuing at approximately the levels of a year ago.

The value of building permits issued in 20 principal cities of the district was 35.7 per cent larger during March, 1926, than during February, 1926, a seasonal increase, but was 9.8 per cent less than in March, 1925. During the first quarter of 1926 a total of 30,404 building permits valued at \$92,187,817 was issued in these cities. Estimated expenditures on the building program involved were 11.6 per cent smaller than similar figures for the first quarter of 1925.

BUILDING PERMITS IN 20 CITIES

Per Cent Increase or Decrease (-)						
Months in 1926 compared with same Months in 1925						Month in 1926 compared with preceding Month
Monthly		Year-to-date				
No.	Value	No.	Value	No.	Value	
March ..	7.8%	9.8%	10.7%	11.6%	37.1%	35.7%
February ..	11.2%	18.1%	12.6%	12.8%	4.4%	8.3%
January ..	13.8%	7.3%	....	....	3.5%	21.3%

(A) Agricultural Marketing Activity—

Monthly	Exports		Apples* 12th Dist.		Oranges† Calif.		Lemons‡ Calif.		Livestock Receipts at Eight Markets in 12th District			Cold Storage Holdings‡ 12th District	
	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	Butter (1000 lbs.)	Eggs (1000 cases)			
March, 1926	1,319	247	2,729	5,059	1,158	107,497	183,795	185,429	699	140			
February, 1926	1,272	168	3,060	3,481	558	95,348	175,059	149,749	840	12			
March—5-year average (1919-1923)	1,085	571	2,012‡	5,021	846	91,122||	177,814||	184,358||	282||	139||			
Cumulative	Crop Year		Calendar Year										
To March 31, 1926.....	12,707 (12.7)	10,408 (22.7)	47,318 (86.9)	19,639 (38.5)	3,471 (23.1)	324,187	584,416	490,919					
To March 31, 1925.....	16,209 (24.2)	6,922 (30.4)	36,446 (84.7)	17,977 (37.5)	3,362 (29.2)	337,095	772,584	492,703					
Five-year average to March 31 (1919-1923)	20,122 (17.4)	9,951 (24.7)	45,134‡ (89.0)	17,811 (37.6)	3,048 (26.9)	279,040||	607,368||	545,736||					

Figures in parentheses indicate percentage of new crop only. *Season begins July 1st. †Season begins November 1st. ‡Four-year average (1923-1926). §At end of month. ||1922-1925. ¶1922-1926.

According to the index of the United States Bureau of Labor Statistics, wholesale prices of building materials stood at 176 in March, 1926, compared with 177 in February, 1926, and 180 in March, 1925 (1913 prices = 100). The Aberthaw index of total cost (labor and materials) of constructing a reinforced concrete factory building, which had stood at 195 since January 1, 1926, advanced to 199 during March (1914 = 100).

The lumber industry of the district cut, sold, and shipped more lumber during March, 1926, than during February, 1926, or March, 1925. Volume of shipments of reporting mills during the month was 1.8 per cent larger and volume of orders booked was 6.0 per cent larger than was their production.

LUMBER ACTIVITY*

	Mar., 1926	Feb., 1926	Mar., 1925	— First three Months —	
	(board feet)	(board feet)	(board feet)	1926	1925
Production ...	747,518	557,605	641,971	1,796,748	1,720,653
Shipments	761,183	598,385	639,498	1,964,492	1,819,492
Orders	792,462	614,234	674,211	2,042,387	1,783,590
Unfilled Orders	511,405	502,278	436,857	...	...
No. of Mills reporting ...	183	177	181	180†	181†

*As reported by four associations, 000 omitted except in case of number of mills reporting. †Average of first three months. Source: National Lumber Manufacturers Association.

Figures of national production of non-ferrous metals, a large proportion of which is produced in states of this district, are presented in the following table:

NON-FERROUS METALS—National Production

	Mar., 1926	Feb., 1926	Mar., 1925
Copper (short tons) (mine production)	75,450	67,793	75,383
Zinc (short tons) (slab)...	54,411	53,237	51,485
Silver (oz.) (commercial bars)	5,225,000	4,970,000	5,236,000

(B) Employment—

Industries	California— No. of Firms		Oregon— No. of Firms		No. of Employees	
	Mar., 1926	Feb., 1926	Mar., 1926	Feb., 1926	Mar., 1926	Feb., 1926
All Industries	710	137,485	136,528	102	18,168	16,912
		(0.7)			(7.4)	
Stone, Clay and Glass Products.	45	7,858	7,657	5	231	224
		(2.6)			(3.1)	
Lumber and Wood Manufactures ..	110	25,699	24,827	45	14,904	13,713
		(3.5)			(8.7)	
Textiles	17	2,503	2,580	4	1,006	921
		(-3.0)			(9.2)	
Clothing, Millinery and Laundering.	62	8,141	8,093	8	550	537
		(0.6)			(2.4)	
Food, Beverages and Tobacco...	150	22,651	22,862	31	1,007	1,074
		(-0.9)			(-6.2)	
Water, Light and Power	4	3,249	3,372	..	..	..
		(-3.6)				
Other Industries*.	310	65,299	65,251	..	..	..
		(0.1)				
Miscellaneous	12	2,085	1,886	9	470	443
		(10.6)			(6.1)	

*Includes the following industries: metals, machinery and conveyances; leather and rubber goods; chemicals, oils and paints; printing and paper goods. Figures in parentheses represent percentage changes from February.

During March, 1926, average daily production of petroleum in California continued the decline which has been in progress for the past seven months, but was one per cent greater than in March, 1925. Indicated consumption of petroleum also declined during the month, continuing to be smaller in volume than production, and stored stocks in California increased to a new high point on March 31, 1926 (132,001,846 barrels).

PETROLEUM—California

	Average Daily Production (barrels)	Indicated Average Daily Consumption (Shipments) (barrels)	Stored Stocks at End of Month (barrels)	— New Wells — Number Opened	Daily Production (barrels)
Mar., 1926...	607,283	580,740	132,001,846	105	23,663
Feb., 1926...	612,999	584,559†	131,179,009†	98	26,969
Mar., 1925...	600,839	542,776‡	103,715,954‡	52	19,951
Sept., 1923*...	858,750	†	†	93	139,960

*Peak of production. †Comparable figures not available. ‡Revised. Source: American Petroleum Institute.

The flour milling industry, as represented by 16 large milling companies in this district, increased its production by approximately 9 per cent during March, and millers held slightly smaller stocks of flour and wheat at the close of the month than at its beginning. Volume of production during March, 1926, was slightly larger than in March, 1925, but was 24 per cent below the five-year (1921-1925) average for March. Reported figures of stocks of flour were smaller by approximately 20 per cent than the figures of one year ago and the five-year average figures.

FLOUR MILLING*

	Mar., 1926	Feb., 1926	Mar., 1925	Five-Year Average Mar., 1921-1925
Output (bbls.)....	355,450	325,161	353,703	467,745
Stocks†				
Flour (bbls.)....	402,253	417,548	508,815	503,764
Wheat (bu.)....	2,285,652	2,295,563	2,218,532	2,556,612

*As reported by 16 companies. †As of the first day of the following month.

(C) Building Permits—

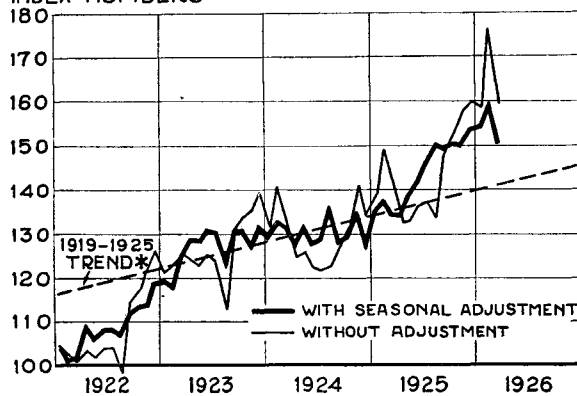
	March, 1926		March, 1925	
	No.	Value	No.	Value
Berkeley	350	\$ 915,517	392	\$ 1,029,452
Boise	81	67,211	96	70,955
Fresno	117	216,374	123	152,199
Long Beach	425	1,475,724	427	1,013,671
Los Angeles	3,849	13,879,558	4,264	14,714,002
Oakland	1,062	2,315,059	1,332	3,334,110
Ogden	47	178,300	33	133,800
Pasadena	227	847,408	251	820,933
Phoenix	89	187,996	103	233,789
Portland	1,488	3,710,850	1,626	4,645,140
Reno	15	33,850	31	96,925
Sacramento	348	883,083	334	853,266
Salt Lake City....	151	942,785	214	804,740
San Diego	870	2,050,333	690	1,448,899
San Francisco	1,010	3,944,343	1,125	5,130,965
San Jose	162	399,250	115	315,340
Seattle	1,137	2,880,390	1,152	3,477,820
Spokane	337	412,971	389	647,335
Stockton	112	268,620	133	536,107
Tacoma	322	675,890	397	756,891
District	12,199	\$36,285,512	13,227	\$40,216,339

General Business and Trade

Although general business activity continued at high levels during March, seasonal increases, as compared with the previous month, were probably smaller than have been usual in past years. Available evidence indicates that total volume of trade was larger during March, 1926, than during March, 1925.

Volume of payment by checks (bank debits) in 20 principal cities of the district increased 11.5 per cent during March as compared with February. The increase was smaller than the estimated normal seasonal increase between the two months, and this bank's revised index of bank debits, adjusted for seasonal variation, declined from 158 in February, 1926, to 150 in March, 1926 (1919 average = 100). In March, 1925, it stood at 134.

INDEX NUMBERS



BANK DEBITS—TWELFTH DISTRICT

Index for 20 principal cities, Phoenix, Arizona, not included, (daily averages, 1919 average=100). Latest figures, March, with adjustment, 150; without adjustment, 159.

*Based upon average month to month increase during the years 1919 to 1925 inclusive.

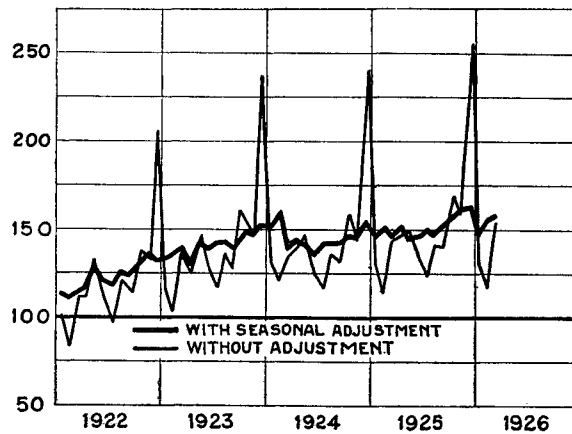
(D) Bank Debits*—

	March, 1926	March, 1925	Three Months	
			1926	1925
Berkeley	\$ 20,216	\$ 18,049	\$ 59,105	\$ 55,199
Boise	11,923	10,227	38,595	33,392
Fresno	36,394	28,074	107,147	85,764
Long Beach	56,833	51,274	163,623	147,739
Los Angeles	975,120	831,967	2,702,915	2,395,804
Oakland	185,902	134,953	515,779	397,105
Ogden	19,150	23,559	71,627	74,264
Pasadena	42,337	40,112	120,474	112,914
Phoenix	26,947	23,280	77,282	73,078
Portland	181,645	156,550	507,130	444,419
Reno	8,413	8,564	25,004	22,803
Sacramento	36,949	36,301	103,396	117,132
Salt Lake City	72,331	67,383	212,095	197,945
San Diego	71,379	56,698	196,046	156,174
San Francisco	1,199,017	980,290	3,414,140	2,837,913
San Jose	25,027	22,930	74,517	71,252
Seattle	227,651	202,716	615,659	570,310
Spokane	54,014	49,475	158,508	146,311
Stockton	27,188	28,011	81,328	77,755
Tacoma	50,126	44,756	136,454	128,141
Yakima	12,591	11,786	36,151	33,872
District	\$3,341,153	\$2,826,955	\$9,416,975	\$8,179,286

*000 omitted.

Trade at retail, as indicated by reports of 68 retail stores in 21 important cities of the district, increased 34.9 per cent during March, 1926, as compared with February, 1926, and was 12.1 per cent larger than in March, 1925.

INDEX NUMBERS



DEPARTMENT STORE SALES—TWELFTH DISTRICT
Index of 32 Stores in 7 cities (1919 monthly average=100). Latest figures, March, with adjustment, 164; without adjustment, 160.

This bank's index of department store sales, adjusted for seasonal variations, advanced from 156 in February, 1926, to 164 in March, 1926 (1919 monthly average = 100). The index stood at 147 in March, 1925. Stocks of goods held by reporting stores increased 7.9 per cent in value during March, 1926, and at the end of that month were 3.9 per cent larger in value than one year ago. The indicated rate of stock turnover of 3.3 times per year in March, 1926, compares with an indicated rate of stock turnover of 2.5 and 3.1 times per year in February, 1926, and March, 1925, respectively.

DEPARTMENT STORE SALES—Index Numbers
(1919 Monthly Average=100)

	Without Seasonal Adjustment		San Francisco	Salt Lake City	Seattle	Spokane	District
	Los Angeles	Oakland					
March, 1926..	247	148	146	105	95	93	160
Feb., 1926..	180	112	108	82	73	76	119
Jan., 1926..	210	124	113	86	75	70	130
March, 1925..	215	129	132	98	95	77	143
With Seasonal Adjustment							
March, 1926..	255	158	147	115	102	110	164
Feb., 1926..	223	149	142	114	113	110	156
Jan., 1926..	221	145	128	104	99	97	148
March, 1925..	223	138	133	107	102	91	147

Value of sales of 167 wholesale firms in eleven lines of business was 21.6 per cent greater during March, 1926, than during February, 1926, and 4.3 per cent greater than during March, 1925. Eight of the 11 reporting lines for which segregated data are available showed increases over the year period. The United States Bureau of Labor Statistics' index of wholesale prices (1913 = 100) was 152 during March, 1926, compared with 155 during February, 1926, and 161 during March, 1925,

and allowance should be made for these changes in the general price level when comparing figures of dollar value of sales.

WHOLESALE TRADE

	No. of Firms	Percentage increase or decrease (—) in Value of Sales		
		Mar., 1926	Mar., 1926	Feb., 1926
		compared with Mar., 1925	compared with Feb., 1926	compared with Feb., 1925
Agricultural Implements.	15	26.6	50.1	38.0
Automobile Supplies	13	7.0	26.2	— 3.9
Automobile Tires†	18	29.7	53.9	4.2
Drugs	7	5.7	20.6	5.0
Dry Goods	15	6.8	37.0	— 4.4
Electrical Supplies	9	— 3.1	11.9	— 4.1
Furniture	16	9.5	5.2	6.8
Groceries	21	— 6.6	14.0	— 1.3
Hardware	18	5.2	17.6	— 0.1
Shoes	11	— 2.5	32.1	5.2
Stationery	24	6.1	14.0	7.9

†These figures are probably influenced by the discontinuance by certain of the larger companies of "spring dating" sales, or the practice of advancing credit on sales made in autumn months until March, April, and May of the following year.

On March 31, 1926, savings deposits at 69 banks in seven cities of the district were 0.6 per cent smaller in amount than on February 28, 1926, but 7.7 per cent larger than on March 31, 1925. Figures for the past seven years have shown a slight increase in the volume of savings deposits during March.

SAVINGS DEPOSITS

	Number of Banks	Mar. 31, 1926†		Mar. 31, 1926† compared with	
		Mar. 31, 1926*	Feb. 28, 1926*	Mar. 31, 1925*	Mar. 31, 1925
Los Angeles	13	\$412,912	\$415,938	\$370,916*	11.3 —0.7
Oakland†	7	100,240	101,143	94,440	6.1 —0.9
Portland§	7	55,021	54,130	52,606*	4.6 1.6
Salt Lake City	8	33,541	32,231	30,381	10.4 4.1
San Francisco	14	487,851	493,000	462,582*	5.5 —1.0
Seattle	14	78,089	78,596	71,742	8.8 —0.6
Spokane	6	19,263	19,534	19,413	—0.8 —1.4
Total§	69	\$1,186,917	\$1,194,572	\$1,102,080*	7.7 —0.6

*000 omitted. †Percentage increase or decrease (—). †Includes one bank in Berkeley which was formerly a branch of an Oakland bank. §Not comparable with figures published in previous Reviews. *Revised.

Prices

The United States Bureau of Labor Statistics' index of wholesale prices stood at 151.5 (1913 prices = 100) in March, 1926, compared with 155.0 in February, 1926, and 161.0 in March, 1925. The decline of 2.2 per cent dur-

ing March continued a downward movement which has been in progress since August, 1925. An index of prices of non-agricultural commodities from the same source declined during March, as did the Department of Agriculture's farm price index. The ratio between these two indexes, an indication of the purchasing power of farm products, continued at 87,* where it has stood for the past six months. In March, 1925, this ratio was 91.

Wheat prices continued downward during March and weekly average prices for May contract wheat ranged from \$1.55¼ to \$1.58½ on April 1, 1926, compared with a range of \$1.57 to \$1.61½ on March 5, 1926. On April 3, 1925, the range was from \$1.36½ to \$1.45 per bushel. Since the beginning of April some improvement in price has been noted.

Livestock prices at the Chicago market declined slightly during March. The weekly average of beef cattle was 3.6 per cent lower, of hogs 6.0 per cent lower, of lambs 8.1 per cent lower, on April 3, 1926, than on March 6, 1926. As compared with one year ago, price declines of 9.1 per cent for beef cattle, 10.7 per cent for hogs, and 15.3 per cent for lambs were reported. Price data are shown in Table "E."

Prices for spot middling uplands cotton at New Orleans ranged from 17.96 to 18.55 cents per pound during the week ending April 1, 1926, a slight decline from the range of 18.14 to 18.83 cents for the week ending March 5, 1926, and a decrease of 26.4 per cent from the figures reported a year ago. The average of 98 wool quotations on the Boston market stood at 69.93 cents per pound on April 2, 1926, compared with 76.02 cents per pound on March 5, 1926. On April 3, 1925, the average stood at 90.19 cents per pound.

The price of refined beet sugar at San Francisco advanced during March, and the first

*A ratio of 100 would indicate that a given quantity of farm products could be exchanged for the same quantity of non-agricultural products as during the pre-war base period of the two indexes.

(E) Commodity Prices—

Commodity	Unit	April 2, 1926	One Month Ago	One Year Ago
Wholesale Prices (U. S. Bureau of Labor) 1913=100		151.5	155.0	161.0
Purchasing Power of Farm Products (U. S. Department of Agriculture)*		87	87	91
Cattle (Native Beef). Weekly average price at Chicago	100 lbs.	\$9.50	\$9.85	\$10.45
Hogs Weekly average price at Chicago	100 lbs.	11.70	12.45	13.10
Lambs Weekly average price at Chicago	100 lbs.	12.50	13.60	14.75
Wheat Chicago contract price for May wheat	bu.	1.55¼—1.58½	1.57—1.61½	1.36½—1.45
Barley Shipping barley f. o. b. San Francisco	cental	1.30—1.35	Not quoted	1.65—1.70
Cotton Middling Uplands—Weekly range of spot quotations at New Orleans	lb.	17.96—18.55¢	18.14—18.83¢	24.50—25.10¢
Wool Average of 98 quotations at Boston	lb.	69.93¢	76.02¢	90.19¢
Sugar Beet granulated f. o. b. San Francisco	lb.	5.35¢	5.25¢	6.05¢
Apples Winesaps—Medium to large extra fancy f. o. b. Pacific Northwest	box	1.55—1.60	1.80	2.75
Prunes Size 40/50 in 25-lb. boxes f. o. b. California	lb.	.08¼—.09	.08¾—.09¼	.09½—.09¾
Raisins Thompson seedless bulk in 25-lb. boxes f. o. b. California	lb.	.07¾	.07¾	Not quoted
Copper Electrolytic—monthly average at New York	lb.	13.859¢	13.999¢	14.004¢
Lead Monthly average at New York	lb.	8.386¢	9.154¢	8.914¢
Silver Monthly average at New York	oz.	65.880¢	66.773¢	67.808¢
Zinc Monthly average at St. Louis	lb.	7.332¢	7.759¢	7.319¢
Lumber (Softwood) Weekly Index United States†		31.40	31.44	31.60

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

†As published by "The Lumber Manufacturer and Dealer."

weeks of April, the published quotation on April 16, 1926, being \$5.50 per hundred pounds. One month ago it was \$5.25 per hundred pounds and one year ago \$5.90 per hundred pounds.

Monthly average prices of copper and lead were 1.0 per cent and 8.4 per cent lower, respectively, during March, 1926, than during February, 1926, and 1.0 per cent and 5.9 per cent lower than during March, 1925. The average price of zinc declined 5.5 per cent during March, 1926, but was 0.2 per cent higher than in March, 1925.

A national index of lumber prices, published by "The Lumber Manufacturer and Dealer," remained practically unchanged for March, 1926.

Banking and Credit Situation

Changes in the banking and credit situation in the Twelfth District during the past thirty days have been chiefly a reflection of seasonal influences. Total loans and investments of 66 reporting member banks in 9 cities of the district increased slightly during the four weeks ending April 7, 1926, the increase being largely a result of increases in collateral loans and in investment holdings. The amount of commercial loans changed little during the period.

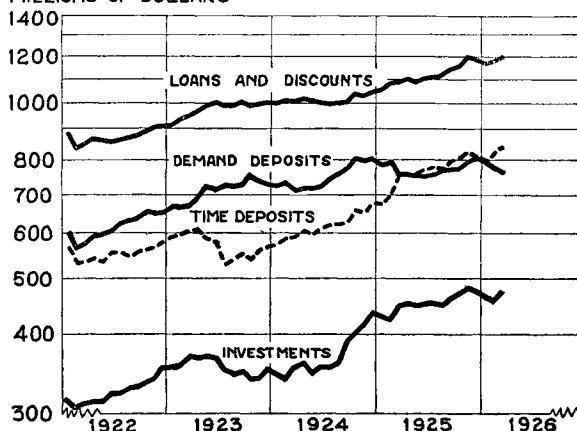
REPORTING MEMBER BANKS*—Twelfth District
(In millions of dollars, percentage changes in parentheses.)

	Condition April 7, 1926	Changes from	
		One Month Ago	One Year Ago
Total Loans	1,194	+ 6 (0.5)	+ 94 (8.5)
Commercial Loans	903	- 2 (0.2)	+ 38 (4.4)
Loans on Securities.....	291	+ 8 (2.8)	+ 55 (23.5)
Investments	468	+ 6 (1.3)	+ 20 (4.4)
Total Loans and Investments	1,662	+12 (0.7)	+113 (7.3)
Net Demand Deposits....	750	- 2 (0.3)	- 21 (2.7)
Borrowings from Federal Reserve Bank	36	+ 6 (18.6)	+ 19 (114.8)

*Total resources of reporting banks are approximately 50 per cent of total resources of all banks, and 71 per cent of total resources of all member banks in Twelfth Federal Reserve District. Reporting banks embrace member banks in San Francisco, Los Angeles, Oakland, Portland, Seattle, Tacoma, Spokane, Salt Lake City, and Ogden.

Discounts at the Federal Reserve Bank of San Francisco advanced from \$50,000,000 as of March 17th, to a 1926 high point of \$62,000,000 on March 24th, then declined to \$42,000,000 on April 14th. Total earning assets, at \$116,000,000 on April 14th, were \$11,000,000 (10.1 per cent) larger than on March 17th and \$25,000,000 (27.5 per cent) larger than a year ago. Increased borrowing by city member banks and purchases of United States securities have been chiefly responsible for the growth of earning assets. An increase of less than one per cent in Federal reserve note circulation was recorded during the month.

MILLIONS OF DOLLARS



MEMBER BANK CREDIT—TWELFTH DISTRICT

Figures for 66 member banks in leading cities, as of last Wednesday of each month. Latest figures, March 31.

FEDERAL RESERVE BANK OF SAN FRANCISCO
(In millions of dollars, percentage changes in parentheses.)

	Condition April 14, 1926	Changes from	
		One Month Ago	One Year Ago
Total Bills and Securities.....	116	+11 (10.1)	+25 (27.5)
Bills Discounted	42	- 8 (16.2)	+13 (45.1)
United States Securities.....	49	+17 (51.4)	+14 (40.4)
Bills Bought	25	+ 2 (9.0)	- 2 (7.0)
Total Reserves	259	- 1 (0.5)	-23 (8.1)
Total Deposits	173	+ 9 (5.5)	+ 7 (4.1)
Federal Reserve Note Circulation	186	+ 1 (0.6)	-10 (4.9)

THE MONTHLY REVIEW

Not infrequently readers of the Monthly Review raise questions as to the policy of the Review, the methods used in its preparation, and the date of its distribution. It seems appropriate that a general statement should be made on these and other matters pertaining to the Review.

Brevity

It is the purpose of the Review to provide a reliable summary of business conditions, particularly in the Twelfth Federal Reserve Dis-

trict, in as condensed form as is consistent with a reasonable degree of comprehensiveness. It is believed that most of those who read the Review can give it only a limited amount of attention, and that brevity of treatment is therefore essential. In pursuance of this policy the Review has been reduced in size by successive steps from a maximum of twenty-four pages to its present size, eight pages.

This space limitation involves careful selection of subjects, as well as succinct treatment of the matter which is covered. It means that commodity markets cannot be treated in detail,

THE MONTHLY REVIEW—Continued

except as they assume unusual importance. It means a type of presentation which, perhaps, requires closer attention on the part of the reader than a more discursive treatment. It means, in general, the exclusion of large tabulations.

Prophecy

Readers of the Review have frequently requested the publication of forecasts of future business conditions. It is contrary to the policy of the Review and of the Federal Reserve Bank of San Francisco to issue forecasts. Knowledge of the causes of economic and social events is as yet so limited, and the determining factors are so numerous and subject to change, that prophecies of the business future can be no more than estimates, and may be merely guesses. Estimates or guesses coming from a non-competitive institution, such as a Federal Reserve Bank, which carries the majority of the banking reserves of a District, would carry a weight out of proportion to the possible soundness of the judgments expressed. For this reason, opinions and prophecies have been carefully excluded from our published reports. The endeavor has always been to present accurate and significant facts, and to leave the reader to form his own judgments of the future on the basis of those facts.

Interpretation

While attempts to forecast business conditions have not been considered wise, it has seemed proper to interpret the meaning of current events as fully as can be done with assurance. To this end, statistical methods are used in an attempt to reduce to comprehensible form the mass of figures concerning business and finance which are currently available. The true meaning and implications of current data reflecting general business conditions become clear only after the data have been considered in conjunction with similar figures of previous years, and under conditions permitting proper allowances for usual seasonal changes and for usual growth that takes place from year to year in keeping with the growth of population. For these reasons, currently published figures of bank debits, for example, may mean but little to many readers who lack the detailed knowledge essential to proper evaluation of the figures as presented. It is possible, however, by recognized statistical processes to make the necessary allowances before figures are pre-

sented in the Review. The reader is then given a simple comparison between actual conditions and what might reasonably have been expected in view of all the contributing circumstances.

Because of limitations of space, it is not possible to give currently in the Review a full explanation of the statistical methods by which the results reported are reached. But for any who are interested, it is the policy of the Review to make available details concerning computations which are published.

National Summary

To aid the reader in securing a general view of the business situation, there is included in the Review a brief summary of business conditions in the United States. This summary is prepared jointly by the Federal Reserve Board and the Federal Reserve Banks. It aims to bring together in one article the outstanding events during the month in business and finance. The same summary is published in the Monthly Reviews of each of the twelve Federal Reserve Banks.

Special Articles

Some readers have urged the publication of special articles, dealing with various phases of the operations of the Federal Reserve System and with particular economic problems of the District. Such studies are published from time to time, as seems appropriate.

Time of Publication

The date of publication and speed of distribution of the Review are matters of general interest. The Review goes to the printer to be set up on or about the twenty-fifth of each month. Part of the data necessary for preparation of the Review in final form does not become available until after the twentieth of the month following that to which it refers, and further time is necessarily consumed in compiling the report. Data concerning production, transportation, employment, trade, prices, etc., are received from thousands of business houses, either directly or in summary form from Government bureaus and trade associations. This mass of data can only be assembled as the individual business houses are able to complete their own statistics for the month. Completeness of presentation, therefore, entails some sacrifice of timeliness. Speed has always been a major aim in the publication of the Review, but it is regarded as being less important than accuracy.

FINANCIAL CONDITIONS IN THE TWELFTH FEDERAL RESERVE DISTRICT

by

ISAAC B. NEWTON, Chairman of the Board and Federal Reserve Agent
Federal Reserve Bank of San Francisco

San Francisco, California, April 20, 1926

A SURVEY of financial conditions in the Twelfth Federal Reserve District based upon reports of condition of all banks (State and National) as of December 31, 1925, is presented herewith in comparison with a similar survey made a year ago on December 31, 1924. In view of the generally sound banking situation revealed by the figures of the 1924 survey, the moderate improvement recorded during 1925 is noteworthy. Some shifting of comparative banking strength within the district occurred during the year. The chief losses were experienced in southwestern Utah, where drought conditions interfered with agricultural development. The gains were wide spread, although generally small in amount.

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

This study relates primarily to conditions in the agricultural regions of the district, as have previous studies. The following summary,

which excludes figures for the cities of Berkeley, Los Angeles, Oakland, Portland, Salt Lake City, San Francisco, Seattle, and Spokane, shows the improvement in conditions since the end of 1921:

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

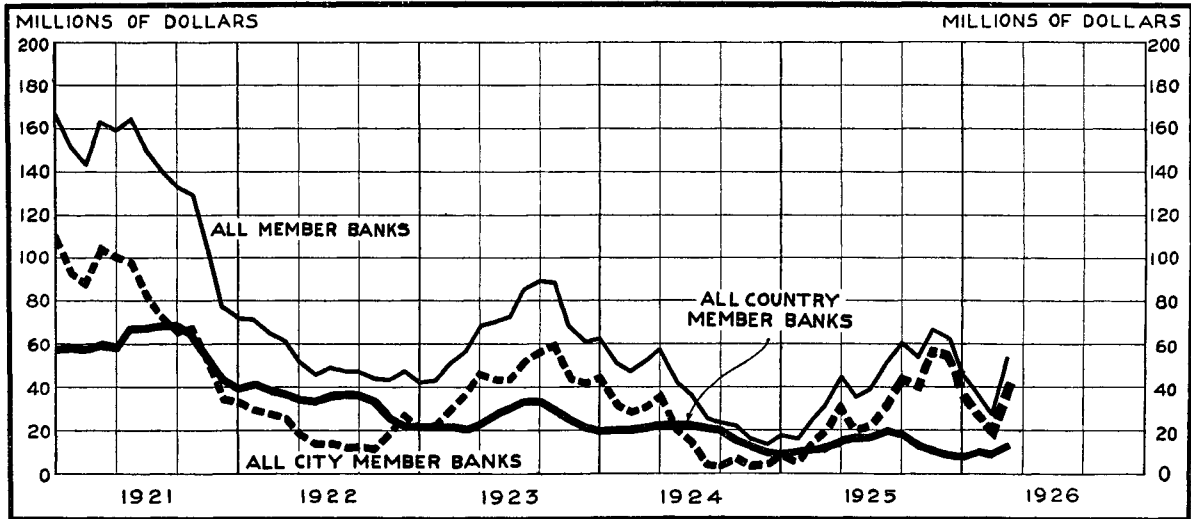
	Dec. 31, 1925	Dec. 31, 1924	Dec. 31, 1923	Dec. 29, 1922	Dec. 31, 1921
"Good" Areas	94.1%	88.6%	87.9%	89.0%	80.3%
"Fair" Areas	5.6%	8.7%	10.0%	7.4%	12.7%
"Poor" Areas	0.3%	2.7%	2.1%	3.6%	7.0%

Total deposits of all banks included in the above summary—the so-called country banks—were, on December 31, 1925, 40 per cent of all bank deposits in the Twelfth Federal Reserve District. The ratio of total loans and discounts to total deposits of these country banks was, on December 31, 1925, 74.1 per cent compared with 68.6 per cent on December 31, 1924.

Total deposits in banks in the eight cities mentioned above were 60 per cent of total bank deposits in the district. The ratio of combined loans to deposits of these city banks was 64.1 per cent on December 31, 1925, compared with 63.7 per cent on December 31, 1924.

The above figures indicate that financial conditions generally are "good" in the principal cities of the district and in those agricultural areas in which more than 94 per cent of the banking resources of the agricultural sections are to be found.

REDISCOUNT OPERATIONS IN THE TWELFTH FEDERAL RESERVE DISTRICT



COMPARATIVE REDISCOUNT OPERATIONS, 1921-1926

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

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

BORROWINGS FROM THE FEDERAL RESERVE BANK AND WHOLESALE PRICES

Date	City Bank Borrowings	Country Bank Borrowings	All Member Bank Borrowings	United States Bureau of Labor Wholesale Price Index (1913=100)
January 27, 1920.....	\$ 62,088,000	\$21,978,000	\$ 84,066,000	233
1920-1921 Peak	{ Oct. 5, 1920 \$116,286,000	{ Aug. 23, 1921 \$68,985,000	{ Oct. 5, 1920 \$174,699,000	{ May, 1920 247
1922-1923 Low Point.....	{ Aug. 8, 1922 \$ 8,264,000	{ Dec. 11, 1923 \$18,430,000	{ Jan. 16, 1923 \$ 35,576,000	{ Jan., 1922 138
1923 Peak	{ Oct. 2, 1923 \$ 64,269,000	{ Aug. 28, 1923 \$32,698,000	{ Oct. 2, 1923 \$ 92,092,000	{ Mar.-April 159
1924 Low Point.....	{ Sept. 9, 1924 \$ 2,076,000	{ Dec. 9, 1924 \$ 8,615,000	{ Nov. 18, 1924 \$ 11,256,000	{ June 145
1925 High Point.....	{ Nov. 3, 1925 \$ 65,113,000	{ Aug. 4, 1925 \$19,638,000	{ Nov. 3, 1925 \$ 75,010,000	{ March 161
March 30, 1926.....	\$ 42,286,000	\$11,606,000	\$ 53,892,000	{ March 152