

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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No. 8

SUMMARY OF NATIONAL CONDITIONS

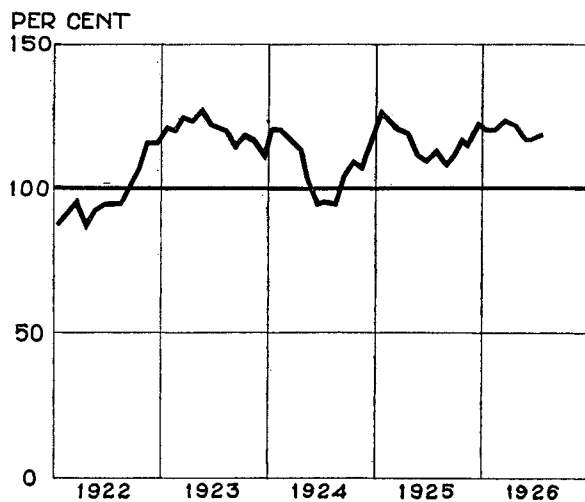
Production in basic industries and factory employment and payrolls declined slightly in July, but the decrease in production was smaller than is usual at this season. Wholesale prices, after a further decline in July, were at the lowest level in nearly two years.

Production. The Federal Reserve Board's index of production in basic industries, which is adjusted for seasonal variations, increased about one per cent in July. Declines in the output of iron and steel and anthracite, and in the activity of textile mills were larger than the usual seasonal reductions, while production of flour, copper, zinc, cement and petroleum increased. The manufacture of automobiles declined further and was smaller than a year ago. Factory employment and payrolls showed the usual seasonal decline in July, which is due largely to closing for stock-taking and repairs and to summer vacations. Declines were noted in nearly all the important industries for which reports are received, with the exception of leather and shoes and certain food products and building materials. Building

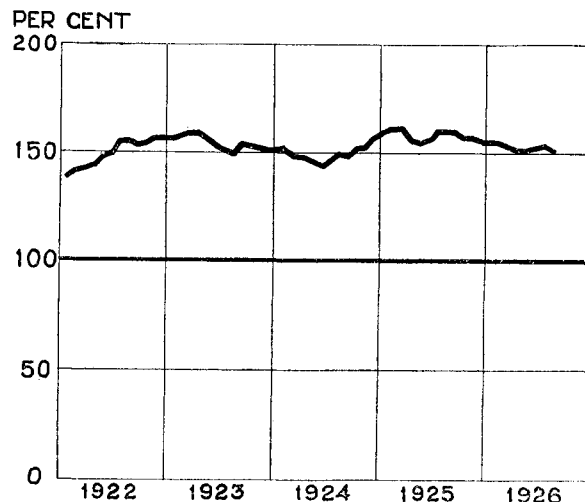
contracts awarded in 37 states east of the Rocky Mountains declined in July for the fourth consecutive month and, as in June, were smaller than a year ago. Figures for the first three weeks in August were also below those for the corresponding period of last year. The principal decreases were in the New York and Atlanta districts.

The composite condition of all crops, as reported by the Department of Agriculture, shows an improvement of two per cent in July owing largely to the increase in the expected production of wheat. Cotton production on the basis of August 16th conditions, is estimated at 15,248,000 bales, compared with an output of 16,104,000 in 1925.

Trade. Volume of trade at wholesale and retail showed a further seasonal decline in July, but continued to be large. Retail trade was larger than a year ago, while wholesale trade was slightly smaller. Sales of department stores and mail order houses declined less than is usual at this season and were 4 per cent and 13 per cent, respectively, larger than in July of last



PRODUCTION IN BASIC INDUSTRIES
Index of 22 basic commodities corrected for seasonal variation (1919=100). Latest figure, July, 119.



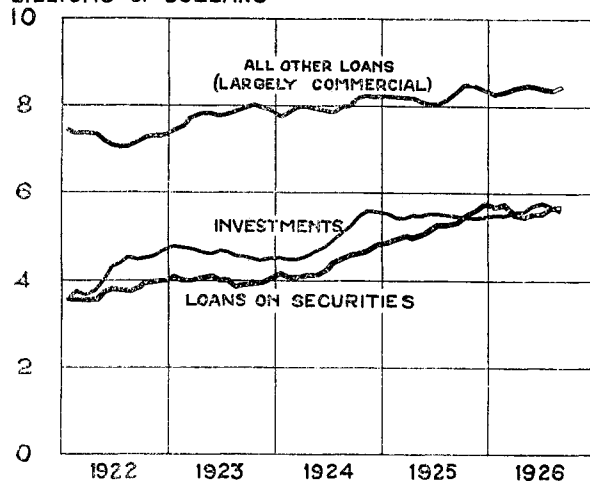
WHOLESALE PRICES
Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by Bureau). Latest figure, July, 150.7.

year. Merchandise inventories at department stores continued to decline in July and at the end of the month were in about the same volume as last year. Stocks of meat, dry goods and shoes, carried by wholesale firms were smaller than a year ago, but stocks of groceries, hardware and drugs were larger.

Shipments of goods by railroads were maintained at a high level during July for nearly all types of commodities. Loadings of grain were larger than for any month since October, 1924, and were in record volume for July.

Bank Credit. Between the middle of July and the middle of August, total loans and investments of member banks in leading cities increased slightly, reflecting a growth in the seasonal demand for credit for commercial purposes. Loans on securities on August 18th were in about the same volume as a month earlier, while the banks' investments declined. Between July 21st and August 18th discounts for member banks and the holdings of acceptances increased considerably, while United States security holdings were somewhat reduced, with

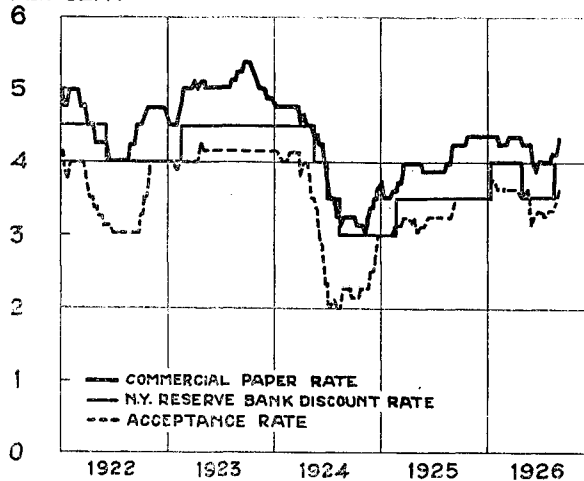
BILLIONS OF DOLLARS



MEMBER BANK CREDIT

Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first three weekly report dates in August.

PER CENT



MONEY RATES

Weekly rates in New York money market: commercial paper rate on 4- to 6-months paper and acceptance rate on 90-day paper.

Prices. The Bureau of Labor Statistics' index of wholesale commodity prices declined about 1.6 per cent in July to the lowest level since September, 1924. Price declines were shown for most commodity groups, particularly farm products and foods, while prices of steel and other metals advanced. In the first three weeks of August, the prices of grains, cotton and rubber declined further, while cattle, hogs, potatoes, coal and coke advanced in price.

the consequence that the total volume of reserve bank credit increased by about \$50,000,000. Money market conditions became firmer in August. The rate on commercial paper, which was four per cent in June and July, increased to $4\frac{1}{4}$ - $4\frac{1}{2}$ per cent, and the rate on 90 day bankers acceptances advanced to $3\frac{3}{4}$ per cent. The discount rate of the Federal Reserve Bank of New York was advanced on August 13th from $3\frac{1}{2}$ to 4 per cent.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Statistical Summary—

	July, 1926	June, 1926	July, 1925	June, 1925	July, 1926 [¶] compared with	
					July, 1925	June, 1926
Bank Debits—21 cities*	\$3,147,750	\$2,961,959	\$2,766,952	\$2,751,302	13.8	6.3
Bank Debits—Index Numbers [†] —20 cities.....	169	154	147	142	15.0	9.7
Building Permits—20 cities	\$31,671,181	\$36,220,399	\$33,155,732	\$39,072,852	— 4.5	—12.6
Retail Sales—32 stores—Index Numbers [†]	157	154	150	147	4.7	1.9
Savings Deposits—69 banks* [§]	\$1,204,508	\$1,207,344	\$1,118,549	\$1,128,792	7.7	— 0.2
Lumber Production—4 associations—board feet*	756,966	852,996	681,238	728,185	11.1	—11.3
Petroleum Production [‡] —California—barrels ...	604,619	608,981	658,421	642,938	— 8.2	— 0.7
Flour Production—16 companies—barrels	454,175 #	363,898	275,634	276,313	64.8	24.8
Reporting Member Bank Loans and Discounts*||	\$1,200,933	\$1,192,245	\$1,112,409	\$1,116,227	8.0	0.7
Reporting Member Bank Deposits*||.....	\$1,630,982	\$1,631,253	\$1,554,544	\$1,570,558	4.9	0.0
Federal Reserve Bank Discounts*||.....	\$44,292	\$46,977	\$41,802	\$37,939	6.0	— 5.7
Federal Reserve Bank Reserve Ratio||.....	71.8	72.0	74.7	75.9	— 3.9	— 0.3

*In thousands. [†]Adjusted for seasonal variations—1919 monthly average=100. [‡]Daily average production. [§]Not comparable with figures published in previous Reviews. ^{||}Aug. 11, 1926, and July 14, 1926; August 12, 1925, and July 15, 1925. [¶]Percentage increase or decrease (—). [◊]Revised. [#]Preliminary.

Agricultural Activities

In the Twelfth Federal Reserve District, the peak of an early harvest season has been reached. As harvesting has progressed, yields generally have proved to be greater than was anticipated. Condition of livestock in the district generally is satisfactory, although some cattle are reported to have been forced to market during recent weeks as a result of diminished water supplies on ranges in Utah, Nevada, and Northern Arizona. During early July and the first weeks of August, seasonal rainfall improved the situation in some sections of the Intermountain range country, particularly in Arizona.

Deciduous fruit production in California and the Pacific Northwest appears to have reached record proportions this year, a result of increased bearing acreage and a favorable growing season. Returns to growers for deciduous fruits, except pears, have averaged slightly higher than a year ago.

PRODUCTION OF CALIFORNIA HORTICULTURAL CROPS

	Condition (Except Apples)				Yield	
	August 1, 1926	1925	10-year average (1916-25)	July 1, 1926	Forecast August 1, 1926	Actual 1925
Almonds	90	56	67	91	14,000	7,500
Apricots†	..	..	..	66	160,000§	150,000
Cherries‡	..	..	..	72	17,000§	11,000
Figs	90	83	91	91	..	9,500
Grapes	79	..	..	84	2,166,000	1,955,000
Wine	85	..	..	89	426,000	395,000
Table	80	..	..	78	418,000	424,000*
Raisin	76	..	..	85	1,322,000	1,136,000*
Olives	53	69	65	58	..	14,000
Peaches	89	79	..	90	473,000	390,000
Pears	82	75	78	78	214,500	181,000
Plums	..	72	77	92	75,000	51,000
Prunes	62	65	74	60	143,000	145,000
Walnuts	55	94	84	55	21,000	30,500
Oranges	82	84	75	83	22,100,000†	20,800,000†
Lemons	92	80	77	94	5,800,000†	6,000,000†
Apples—Commercial Crop Twelfth District||	..	..	..	..	46,854,000†	29,745,000†
United States	73.2	57.2	60.8	73.1	118,677,000†	95,727,000†

*It is estimated that about 100,000 tons of table and 38,000 tons of raisin grapes were not harvested and are included in the above estimates. †Boxes. ‡Season over. §Preliminary figure of season's yield. ||California, Idaho, Oregon, and Washington.

Marketing of grapes from California commenced in August. Grape growing interests in that state, in co-operation with the railroads, have worked out a plan for expediting shipment of grapes which is expected to reduce the usual

car shortage and improve distribution of the crop to consumers. California citrus fruits are reported to be in good condition. Warm weather has stimulated consumption of both oranges and lemons in Eastern consuming centers, and shipments from California have increased greatly during recent weeks.

Harvesting of winter wheat has been practically completed in the Pacific Northwest. Wheat growers are reported to be marketing their product more freely than they did early in the 1925-1926 marketing season. Present estimates indicate a total production of wheat in this district

PRODUCTION—PRINCIPAL GRAIN AND FIELD CROPS*
Twelfth Federal Reserve District and United States

	Preliminary Estimate August 1, 1926	Forecast July 1, 1926	Actual 1925	Five-Year Average (1919-1923)
Wheat (bushels)				
†Twelfth District...	103,062	99,472	99,644	115,641
United States.....	839,201	767,357	666,485	852,176
Barley (bushels)				
‡Twelfth District...	39,433	40,315	44,364	39,395
United States.....	191,088	190,959	217,497	173,576
Rice (bushels)				
§Twelfth District...	8,370	8,463	4,738	7,363
United States.....	40,500	39,600	34,300	40,856
Beans (bushels)				
¶Twelfth District...	6,219	6,336	6,154	5,147
United States.....	19,100	18,600	19,500	12,068
Cotton (bales)				
Twelfth District...	..	..	220	123
United States.....	15,621	..	16,086	10,621
Potatoes (bushels)				
†Twelfth District...	39,530	36,352	31,840	35,760
United States.....	345,569	334,000	326,000	388,497
Sugar Beets (tons)				
¶Twelfth District...	945	1,152	2,010	2,144
United States.....	6,654	6,748	7,423	6,652
Hops (pounds)				
Twelfth District...	25,631	..	28,500	26,733

*000 omitted. †Does not include Arizona. ‡Does not include Arizona and Washington. §California. ¶California, Idaho, and Utah. ¶California and Idaho.

in excess of the 1925 crop and approximately equal to the five-year (1921-1925) average output. The 1926 barley crop in California is estimated to be approximately equal in amount to the 1925 crop (32,240,000 bushels). The market for California barley, much of which is shipped to the United Kingdom for brewing purposes, has been sluggish during recent weeks. According to trade reports, there was a carryover of 130,000 tons (5,408,000 bushels) of barley in California warehouses on June 1, 1926, compared with a carryover of 32,646 tons (1,358,000 bushels) reported one year previously, and a ten-year (1916-1925) average carryover of 53,018 tons (2,182,000 bushels) for June 1st.

(A) Agricultural Marketing Activity—

Monthly	Exports		Carlot Shipments			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.)	Deciduous Fruits† (cars)	Oranges‡ Calif. (cars)	Lemons‡ Calif. (cars)	Cattle and Calves	Hogs	Sheep	Butter (1000 lbs.)	Eggs (1000 cases)
July, 1926.....	1,675	13,150	9,151	4,627	1,914	89,486	139,858	310,820	7,754	542
June, 1926.....	4,302	967	3,852	4,495	1,859	94,275	144,493	334,086	6,024	501
July, 5-year average (1919-1923).....	1,566	12,717	5,382	3,124	1,069	82,721‡	137,558‡	245,969‡	6,458||	580||
Cumulative										
To July 31, 1926.....	1,675 (1.6)	13,150 (33.3)	14,344 (34.1)¶	40,617 (79.6)	10,849 (72.3)	693,592	1,176,680	1,799,906		
To July 31, 1925.....	341¶ (0.5)	16,301 (71.6)	9,992 (68.7)	32,999 (68.7)	9,622 (83.7)	703,042	1,417,382	1,765,653		
Five-year average to July 31st. (1919-1923)	1,566 (1.4)	12,717 (31.5)	7,662 (31.5)	35,822 (75.6)	8,517 (75.3)	610,976‡	1,190,180‡	1,665,516‡		

Figures in parentheses indicate percentage of new crop only. *Season begins July 1st. †Season begins November 1st. ‡1921-1925. §At end of month. ||1922-1926. ¶California, excluding apples. Season begins April 1st. ¶Revised.

Growth of cotton in Arizona, California, and Lower California (a part of Mexico in which the cotton growing industry is largely financed by American capital), has been satisfactory. The rice crop in California is in good condition, and the latest forecast indicates that production will be nearly double that of 1925. An increase of 46 per cent (47,000 acres) in area planted to this crop partially accounts for the increased production this year. Only a small quantity of good grade 1925 crop rice is reported as remaining in trade channels. Harvesting of sugar beets is commencing, and estimates of the district yield indicate that the 1926 output will be less than half that of 1925. Several factors, including poor market prospects for sugar at the time of spring planting and the presence of destructive plant diseases in the field have tended to reduce the production of sugar beets in the district this year.

A survey of the sheep raising industry recently published by the United States Department of Agriculture indicates an increase of 1,124,000 head or 14.5 per cent in the number of lambs in the Twelfth Federal Reserve District this season as compared with the 1925 season. The increase was estimated at 2,000,000 head, or 10 per cent for the so-called "western sheep states," which include Montana, Wyoming, Colorado, and New Mexico, in addition to the seven states included in this district. Demand for ewe lambs to augment flocks or to replace old ewes is reported to have been strong in recent months, while feeder lamb markets have been relatively inactive. Wool production in this district was 9.5 per cent greater this year than it was in 1925, according to government estimate. Figures for the district and for the United States follow:

ESTIMATED PRODUCTION OF WOOL* 1920-1926			
	United States	Twelfth District	
1926	269,054	96,924	
1925	254,260	88,568	
1924	242,405	85,103	
1923	224,330	78,195	
1922	222,560	77,331	
1921	223,062	78,842	
1920	235,005	81,036	

*In thousands of pounds.

(B) Building Permits—

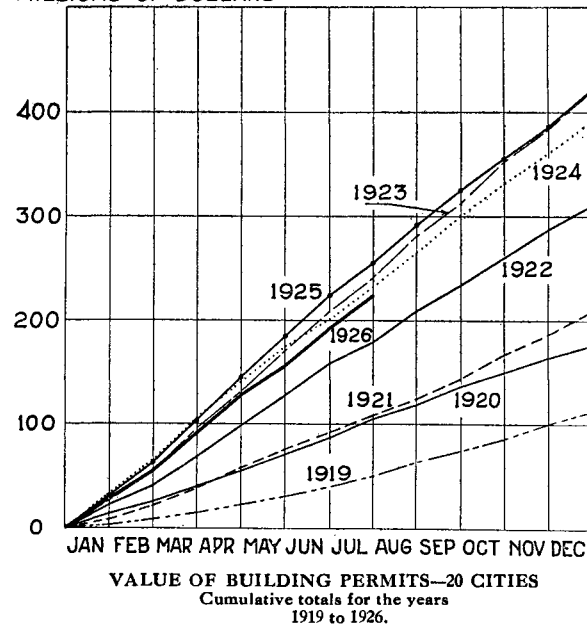
	July, 1926		July, 1925	
	No.	Value	No.	Value
Berkeley	272	\$ 418,943	396	\$ 848,193
Boise	45	65,205	60	38,236
Fresno	80	151,716	94	112,342
Long Beach	312	813,515	307	692,071
Los Angeles	2,906	14,126,776	3,480	11,298,896
Oakland	887	2,362,726	1,101	4,268,075
Ogden	20	55,200	38	103,150
Pasadena	217	630,343	210	734,918
Phoenix	68	125,161	97	204,357
Portland	1,039	3,257,405	1,137	2,295,390
Reno	19	48,550	25	176,497
Sacramento	185	476,951	219	680,928
Salt Lake City	95	312,005	118	503,430
San Diego	709	1,690,647	651	1,338,354
San Francisco	864	3,556,069	918	5,755,745
San Jose	101	251,275	87	177,400
Seattle	897	2,426,485	1,037	3,478,930
Spokane	166	349,629	198	414,715
Stockton	90	234,345	90	284,390
Tacoma	296	318,235	339	749,715
District	9,268	\$31,671,181	10,602	\$33,155,732

Industrial Activity

Available data relating to productive activity indicate that district industries, including agriculture, are operating at seasonally high levels. Volume of employment increased during July as compared with June, a result chiefly of seasonal increases in activity in the food products industries.

The amount of building under construction continues large, but figures of permits issued show a decrease as compared with the past three

MILLIONS OF DOLLARS



(C) Employment—

Industries	California		Oregon		1926
	No. of Firms	No. of Employees	No. of Firms	No. of Employees	
All Industries	741	176,974 (7.6)	164,544	98	18,512 (1.2)
Stone, Clay and Glass Products	47	8,275 (-3.8)	8,604	6	247 (-2.4)
Lumber and Wood Manufactures	115	28,974 (0.1)	28,956	42	13,981 (-0.8)
Textiles	20	2,661 (-1.8)	2,711	4	969 (-0.7)
Clothing, Millinery and Laundering	65	7,567 (0.1)	7,558	7	441 (-3.9)
Food, Beverages and Tobacco	152	46,837 (37.7)	34,017	29	2,223 (-5.8)
Water, Light and Power	5	9,174 (-2.0)	9,362	..	..
Other Industries*	323	71,269 (0.2)	71,122	..	..
Miscellaneous	14	2,217 (0.1)	2,214	10	651 (8.7)

*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 June.

record years. July figures of value of building permits issued in 20 principal cities of this district were seasonally smaller than in June, and were 4.5 per cent smaller than the figures reported for July, 1925. Evidence of a tendency toward reduced activity in the building industry of this district is contained in figures of the value of building permits issued during the first seven months of the year which showed a decrease of 12.9 per cent as compared with the corresponding period in 1925, a record building year. Monthly and cumulative year-to-date comparisons of building permit figures in this district appear below, and detailed figures by cities are shown in Table "B."

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		
July	-12.6%	-4.5%	-12.1%	-12.9%	-2.6%	-12.6%
June	-12.0%	-7.3%	-12.0%	-14.1%	1.7%	25.6%
May	-15.3%	-25.8%	-12.0%	-15.5%	-11.3%	-17.8%
April	-12.7%	-15.7%	-11.2%	-12.8%	-13.5%	-3.4%
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%

The United States Bureau of Labor Statistics' index number of wholesale building materials prices increased slightly from 171.2 in June to 171.5 in July (1913 prices = 100). It was 170 in July 1925, and 169 in July, 1924. The Aberthaw index of the cost of building stood at 198 (1914 = 100) on August 1st, a reduction of one point from the preceding month. A year ago it was 194.

Figures of national production of non-ferrous metals, a considerable proportion of which is produced in the Twelfth Federal Reserve District, follow:

	NON-FERROUS METALS—National Production		
	July, 1926	June, 1926	July, 1925
Copper (short tons) (mine production)	72,949	70,707	67,648
Lead (short tons) (crude)	49,749	48,558	46,552
Zinc (short tons) (slab)	48,403	48,226	47,583
Silver (oz.) (commercial bars)	4,660,000	5,446,000	5,831,000

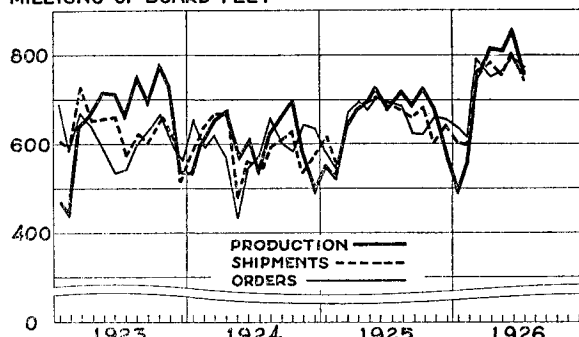
(D) Bank Debits*

	July, 1926	July, 1925	Seven Months 1926	
			1926	1925
Berkeley	\$ 19,524	\$ 18,537	\$ 135,342	\$ 127,345
Boise	14,831	13,949	90,405	80,456
Fresno	34,674	33,788	243,042	203,444
Long Beach	49,953	47,265	363,728	332,808
Los Angeles	917,682	778,672	6,142,706	5,498,142
Oakland	184,599	135,421	1,194,570	951,160
Ogden	16,842	21,133	135,440	158,356
Pasadena	37,677	35,927	268,495	253,468
Phoenix	25,877	21,322	179,988	161,920
Portland	190,805	173,271	1,237,957	1,104,450
Reno	10,281	9,320	62,863	58,188
Sacramento	32,111	34,178	223,263	259,543
Salt Lake City	72,688	64,375	493,670	458,609
San Diego	67,538	57,446	460,206	376,363
San Francisco	1,075,332	966,942	7,518,841	6,483,982
San Jose	32,869	27,336	179,114	166,209
Seattle	216,056	198,474	1,465,580	1,356,621
Spokane	28,443	52,479	391,106	350,254
Stockton	27,237	24,654	188,023	172,153
Tacoma	48,071	41,700	323,974	304,138
Yakima	14,660	10,763	89,064	80,088
District	\$3,147,750	\$2,766,952	\$21,387,377	\$18,947,697

*000 omitted.

Lumber production during July was 11.3 per cent less than during June, due largely to the customary curtailment of lumbering operations in the first two weeks of the later month. The

MILLIONS OF BOARD FEET



Lumber Production, Orders Received, and Shipments in Twelfth Federal Reserve District as Reported by Four Lumber Associations, 1923-1926.

July cut and the amount of new orders received by mills were both approximately 10 per cent above July, 1925, and were larger than reported for any July in the last four years.

LUMBER ACTIVITY*

	July, 1926	June, 1926	July, 1925	First Seven Months 1926	
	(board feet)	(board feet)	(board feet)	1926	1925
Production	756,966	852,996	681,238	5,026,017	4,509,582
Shipments	741,408	803,789	690,824	5,057,685	4,590,486
Orders	772,849	796,293	695,672	5,126,732	4,559,418
Unfilled Orders†	586,442	549,674	490,043	...	...
No. of Mills Reporting‡	177	181	177	182	180

*As reported by four associations, 000 omitted except in case of number of mills reporting. †Reported by three associations. The figures are not strictly comparable with other figures appearing in the table. ‡Average.

Source: National Lumber Manufacturers Association.

Reported average daily production of petroleum in California decreased slightly during July as compared with June and, as in the previous three months of this year, was below the output of the same month a year ago. Indicated average daily consumption (shipments) was larger in both June and July, 1926, than during any month since December, 1923, and exceeded production during both months, so that stocks of crude oil decreased. This is the first time in the past four and one-half years that stocks of crude oil have decreased for two consecutive months. Slight decreases in stocks were reported in December, 1923 (0.2 per cent), and in April, 1926, following the destruction of 8,214,864 barrels of stored crude oil by fire.

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)
July, 1926	604,619	685,393	121,910,744	68	27,582
June, 1926	608,981	645,812	124,414,745	67	30,346
July, 1925	658,421	550,862	116,497,058	102	88,941
Sept., 1923*	858,750	†	†	93	139,960

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

Flour production of 16 large milling companies regularly reporting to this bank was larger in July than in any previous month of 1926 and exceeded the five-year (1921-1925) average for July by 20.8 per cent. Millers' stocks of flour decreased seasonally during the month and continued below the five-year average figure. Stocks of wheat increased seasonally, and at 1,570,287 bushels on July 31st, they were 22.8 per cent greater than the five-year average figure for that date. Figures follow:

	FLOUR MILLING*			Five-Year Average July, 1921-1925
	July, 1926	June, 1926	July, 1925	
Output (bbls.)...	454,175‡	363,898	275,634	376,081
Stocks†				
Flour (bbls.)...	345,338‡	357,044	321,221	384,477
Wheat (bu.)...	1,570,287‡	1,128,032	756,254	1,278,948

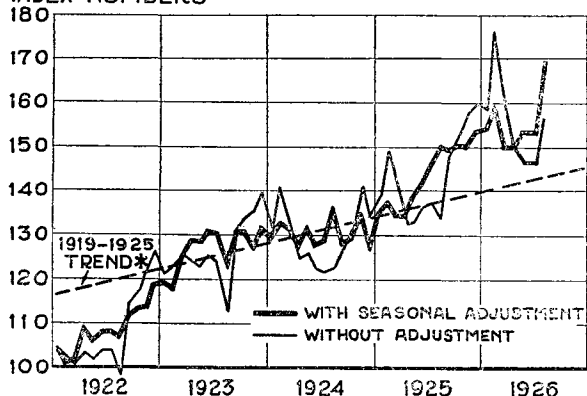
*As reported by 16 companies. †As of the first day of the following month. ‡Preliminary.

The canned fruit industry continued to operate at high seasonal levels during July and the first weeks of August. Trade factors report that domestic demand for canned fruit has been active during the present season and that many operators are enlarging their production schedules as the season progresses. Export markets have been relatively inactive during recent weeks.

General Business and Trade

During July, general business activity was slightly above the levels of recent months. Reported value of sales at retail and wholesale did not fully reflect the improvement in general

INDEX NUMBERS



BANK DEBITS—TWELFTH DISTRICT

Index for 20 principal cities, Phoenix, Arizona, not included, (daily averages, 1919 average=100). Latest figures, July, with adjustment, 169; without adjustment, 157.

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

business, but trade volume continued as large as in the preceding four months. Wholesale trade was smaller in value than a year ago.

This bank's index of daily average bank debits (debits to individual accounts), which is an

approximate measure of business activity in the district, advanced from 147 in June to 157 in July (1919 monthly average = 100). The index, adjusted for seasonal variation, stood at 169 in July (1919 = 100), the highest point it has reached. In July, 1925, it was 147, or 13 per cent lower than in July, 1926.

BANK DEBITS—Twelfth District Index for 20 Principal Cities*

	July, 1926	June, 1926	May, 1926	July, 1925
Without Seasonal Adjustment...	157	147	146	137
With Seasonal Adjustment.....	169	154	153	147

*Daily averages, 1919 average=100.

Detailed figures of check payments in 21 principal clearing house centers are given in Table "D."

The value of total sales at retail reported by 69 stores in this district declined seasonally in July, but was 4.9 per cent larger than in July, 1925. Aggregate stocks were reduced 1.9 per cent during July, 1926. At the end of that month, stocks were 0.2 per cent larger in value than one year ago. The indicated rate of stock turnover, based upon reports of 32 reporting department stores, was higher in July, 1926 (2.71 times per year) than in July, 1925 (2.65 times per year). Index numbers of department store sales, based upon value of sales of 32 representative department stores in this district, are given below:

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

	Los Angeles (6)*	Oakland (5)*	San Francisco (8)*	Salt Lake City (4)*	Seattle (5)*	Spokane (3)*	District (32)*
Without Seasonal Adjustment							
July, 1926..	200	128	109	84	89	79	129
June, 1926..	209	142	124	109	98	91	142
May, 1926..	214	152	147	121	98	90	152
April, 1926..	222	144	134	106	102	95	150
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
July, 1925..	188	117	104	85	91	77	124
With Seasonal Adjustment†							
July, 1926..	233	161	141	105	97	101	157
June, 1926..	226	141	149	106	98	90	154
May, 1926..	233	163	133	105	100	90	147
April, 1926..	237	149	139	113	108	98	155
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
July, 1925..	219	146	134	106	100	99	150

*Figures in parentheses indicate number of stores. One store included in district figures not included in cities shown above. †No adjustment has been made for business days lost due to Saturday closing of stores during the summer months.

Wholesale trade during July was less active than a year ago. Total value of sales reported to this bank by 163 firms in eleven lines of business was 2.0 per cent smaller in July, 1926, than in July, 1925. Seven of the eleven lines showed decreases over the year period. The United States Bureau of Labor Statistics' index number of wholesale prices indicates that the general wholesale price level has declined approximately 6 per cent since July, 1925, a factor

which should be taken into account when comparing dollar value figures of sales in an endeavor to estimate physical volume of trade.

WHOLESALE TRADE

	No. of Firms	Percentage increase or decrease (—) in Value of Sales		
		July, 1926	July, 1926	June, 1926
		compared with July, 1925	compared with June, 1926	compared with June, 1925
Agricultural Implements.	15	3.6	6.7	31.5
Automobile Supplies	14	8.5	0.6	0.1
Automobile Tires	17	15.6	9.8	8.2
Drugs	7	1.0	4.1	1.4
Dry Goods	15	8.8	6.6	1.1
Electrical Supplies	9	0.1	3.9	2.6
Furniture	15	9.1	11.4	3.1
Groceries	18	4.2	0.5	0.1
Hardware	17	0.9	8.0	2.3
Shoes	13	19.2	18.2	16.4
Stationery	23	3.4	1.0	4.9

On July 31, 1926, savings deposits in 69 banks in seven principal cities of the district were 7.7 per cent larger than on July 31, 1925, and 0.2 per cent smaller than on June 30, 1926, the latter being largely a seasonal movement.

SAVINGS DEPOSITS

	Number of Banks	July 31, 1926*	June 30, 1926*	July 31, 1925*	July 31, 1926† compared with	
					July 31, 1925	June 30, 1926
Los Angeles	13	\$420,493	\$422,213	\$375,534	12.0	-0.4
Oakland †	7	102,246	102,596	98,338	4.0	-0.3
Portland	7	55,316	55,735	53,077	4.2	-0.8
Salt Lake City	8	33,004	32,839	30,281	9.1	0.5
San Francisco	14	492,042	493,112	467,808	5.2	-0.2
Seattle	14	81,880	81,457	74,294	10.2	0.5
Spokane	6	19,527	19,392	19,217	1.6	0.7
Total	69	\$1,204,508	\$1,207,344	\$1,118,549	7.7	-0.2

*000 omitted. †Includes one bank in Berkeley which was formerly a branch of an Oakland bank. ‡Percentage increase or decrease (—). †Revised.

Prices

The United States Bureau of Labor Statistics' index of wholesale prices declined during July, standing at 150.7 (1913 prices = 100) in that month, compared with 152.3 in June, 1926, and 159.9 in July, 1925. The Department of Agriculture's farm price index declined from 139 in June to 135 in July, 1926, while the Bureau of Labor Statistics' index of non-agricultural commodities declined from 159.9 to 159.2, lowering the ratio between these two indexes (an indication of the purchasing power of farm products), to 84.8, the lowest point reached since September, 1924, when it stood at 83.4. A month ago this ratio was 86.9. In July, 1925, it was 90.0.

Livestock price levels, as reflected by prices in Chicago, declined during July. Weekly average prices for cattle, lambs, and hogs, were 4.1 per cent, 5.7 per cent, and 15.8 per cent, lower, respectively, than the average prices one month ago, and 25.2 per cent, 5.4 per cent, and 14.6 per cent lower than the price for the corresponding period in 1925. Chicago quotations follow:

Week Ending	Beef Cattle	Lambs	Hogs	Sheep
	(Weekly average per 100 pounds)			
August 6, 1926	\$9.35	\$14.10	\$11.45	\$6.60
July 2, 1926	9.75	14.95	13.60	5.80
August 7, 1925	12.50	14.90	13.40	7.25

Wheat prices advanced during July, but declined slightly during the early weeks of August. At Chicago, September contract wheat was quoted at \$1.38 to \$1.39¼ per bushel on August 6, 1926, compared with \$1.34½ to \$1.37½ on July 6, 1926. On August 12, 1926, the quotations ranged from \$1.35 to \$1.36¾ per bushel, which compared with a range of \$1.58¾ to \$1.64½ on August 12, 1925.

The downward trend of cotton prices was checked during July, but was resumed in August. Spot quotations for middling uplands cotton at New Orleans for the week ending August 12, 1926, ranged from 17.17 to 18.27 cents per pound, showing an increase of 1.1 per cent during the month, but a decrease of 26.0 per cent from the quotations for the corresponding period a year ago. The average of 98 wool quotations on the Boston market stood at 66.76 cents per pound on August 6, 1926, compared with 66.11 cents per pound on July 2, 1926, an advance of one per cent during July. The present average shows a decline of 16.2 per cent from the average of August 7, 1925, which was 79.65 cents per pound.

The price of refined beet sugar, f. o. b. San Francisco, advanced to \$5.80 per 100 pounds on July 29, 1926, a 20-cent increase from the price which had prevailed since May 12, 1926. One year ago the quotation was \$5.60 per 100 pounds. The general trend of sugar prices was downward from April, 1923, when beet sugar was quoted at \$10.25 per 100 pounds f. o. b. San Francisco, to October, 1925, when the price was \$5.05 per 100 pounds. The 1925 low was but five cents above the low point reached in December, 1921, during the 1920-1921 depression.

(E) Commodity Prices—

Commodity	Unit	August 6, 1926	One Month Ago	One Year Ago
Wholesale Prices (U. S. Bureau of Labor) 1913=100		150.7	152.3	159.9
Purchasing Power of Farm Products (U. S. Department of Agriculture)*		84.8	86.9	90
Wheat	bu.	1.38-1.39¾	1.33¾-1.34¾	1.59¾-1.66½
Wool	lb.	66.76¢	66.11¢	79.65¢
Apples	box	1.00-1.35	1.50-2.75	3.25-3.50
Oranges	box	4.50-5.25	4.00-5.25	7.25-7.50
Prunes	lb.	.08-.08½	.08¼-.08¾	.09-.09½
Raisins	lb.	.07¾	.07¾	Not Quoted
Canned Peaches	doz.	\$2.20	\$2.20	\$2.20
Butter	lb.	.42	.40½	.52
Copper	lb.	13.924¢	13.656¢	13.946¢
Lead	lb.	8.499¢	8.033¢	8.151¢
Silver	oz.	64.793¢	65.481¢	69.442¢
Lumber (Softwood) Weekly Index, United States†		29.96	30.22	29.95

*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."

Dried fruit prices have been relatively stable during recent months at levels slightly above those of one year ago.

DRIED FRUIT PRICES

(Cents per pound)

Choice Grade Bulk in 25 lb. boxes	Aug. 14, 1926	Aug. 15, 1925	Aug. 16, 1924
Apples*	9	11½	11¼-11½
Apricots, Northern	21½	19¾-20	15½-16
Figs, Black Mission	10½	12¾-13	†
Figs, White Adriatic	6¼-6½	5½-5¾	6¼-6¾
Pears, Northern	10¼-10½	17½-18	17
Peaches, Unpeeled Yellow	13¾-14	13½-14†	9¼-9½
Prunes, 40/50	8½§	11½-12	10¾-11
Raisins, Thompson	7¼	8	8
Raisins, 3 Crown Muscatel	7-7¼	7	7¾

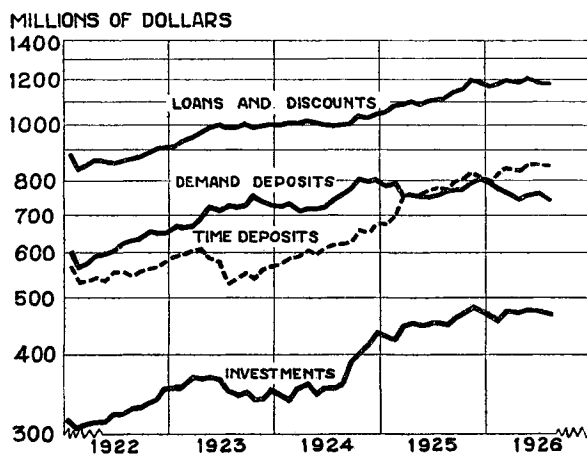
*Bulk in 50-lb. boxes. †Withdrawn. ‡September 12, 1925. §Opening price, August 16, 1926.

Average prices of copper, lead, and zinc, advanced 2.0 per cent, 5.8 per cent, and 4.2 per cent, respectively, during July as compared with June, 1926, while average silver prices declined 1.1 per cent. The averages for copper and silver were 0.2 per cent, and 6.7 per cent lower, respectively, in July, 1926, than in July, 1925, while those for lead and zinc were 4.3 per cent and 2.8 per cent higher than one year ago.

A national index of lumber prices, published by "The Lumber Manufacturer and Dealer," stood at 29.96 during July, 1926, compared with 30.22 one month ago and 29.95 one year ago.

Banking and Credit Situation

Commercial demand for credit in the Twelfth Federal Reserve District has changed little during the past few months. Seasonal demands for



MEMBER BANK CREDIT—TWELFTH DISTRICT

Figures for 66 member banks in leading cities, as of last Wednesday of each month. Latest figures, July 28.

funds for crop moving and other agricultural purposes have not been abnormal although harvesting operations have reached an early peak. Available funds have continued adequate for meeting all business requirements.

Total loans of 65 reporting member banks in the principal cities of the district increased slightly during the four weeks between July 14th

and August 11th, and on the later date were at practically the same level as at the end of March. The slight increase in volume of total loans during the four weeks period resulted from an increase in loans on securities. Decline in total investments, noted during June and July, did not continue during the first weeks of August, when a small increase was reported. Relative movements of commercial loans and of investments of banks during the agricultural harvesting and marketing season largely reflect the temporary demands of agriculturists for funds. The volume of net demand deposits at reporting member banks showed a small net gain during the month, while time deposits declined slightly. As indicated in the July Review, these movements of the two classes of deposits were contrary to those which have prevailed during the past year.

REPORTING MEMBER BANKS—Twelfth District

(In millions of dollars, percentage changes in parentheses.)

Condition	Aug. 11, 1926	Changes from	
		One Month Ago	One Year Ago
		(+ = increase - = decrease)	
Total Loans	1,201	+9 (0.7)	+ 89 (8.0)
Commercial Loans	903	-1 (0.1)	+ 44 (5.1)
Loans on Securities	298	+9 (3.2)	+ 45 (17.6)
Investments	465	0	+ 17 (3.7)
Total Loans and Investments	1,665	+9 (0.5)	+105 (6.7)
Net Demand Deposits	774	+5 (0.7)	+ 4 (0.5)
Time Deposits	844	-4 (0.4)	+ 64 (8.2)
Borrowings from Federal Reserve Bank	32	-1 (3.1)	+ 6 (23.5)

Total earning assets (total bills and securities held) of the Federal Reserve Bank of San Francisco were relatively stable during July, but declined early in August. On August 11, 1926, earning assets were 3 per cent below the figures for July 14th, \$119,000,000, and 10 per cent larger in amount than one year ago. Moderate fluctuations in demand for currency were reflected in corresponding fluctuations in the circulation of Federal reserve notes of the Federal Reserve Bank of San Francisco, a net decline in circulation of nearly 2 per cent being reported for the period July 14th to August 11th. On the latter date circulation was nearly 5 per cent smaller in volume than one year ago.

FEDERAL RESERVE BANK OF SAN FRANCISCO

(In millions of dollars, percentage changes in parentheses.)

Condition	Aug. 11, 1926	Changes from	
		One Month Ago	One Year Ago
		(+ = increase - = decrease)	
Total Bills and Securities	116	-3 (2.7)	+11 (10.0)
Bills Discounted	44	-3 (5.7)	+ 2 (6.0)
United States Securities	49	-1 (1.4)	+ 5 (12.4)
Bills Bought	22	0	+ 3 (17.7)
Total Reserves	258	-5 (1.8)	-13 (4.6)
Total Deposits	170	-2 (1.2)	+ 6 (3.9)
Federal Reserve Note Circulation	189	-4 (1.8)	- 9 (4.8)

Interest rates at commercial banks of the district were practically unchanged during the month.