

MONTHLY REVIEW

OF BUSINESS CONDITIONS

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

Vol. XI

San Francisco, California, January 20, 1927

No. 1

SUMMARY OF NATIONAL CONDITIONS

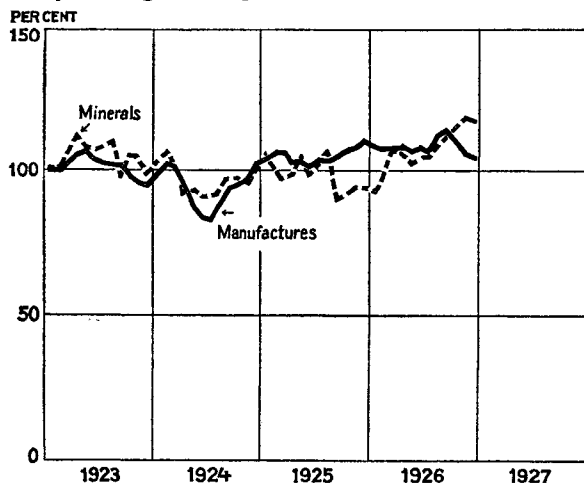
Volume of output of industry decreased further in December to the lowest level in more than one year, and wholesale prices continued to decline. Easier conditions in the money market in January reflected the usual seasonal liquidation after the turn of the year.

Production. In December, for the third consecutive month, there was a decrease in industrial production. The Federal Reserve Board's new index, on the basis of the average for 1923, 1924 and 1925 as 100, stood at 105, when adjusted for seasonal variations. This compares with 113 in September, the high point of the year 1926 and with 108 in December, 1925. The decline since the recent high point has been entirely in the manufacturing industries, as the output of minerals was at a record high level in November and showed only a slight decline in December. By far the greatest recession of recent months has been in the automobile industry, output of passenger cars and trucks in the United States decreasing from 425,000 in August to 165,000 in December. Reduction in the manufacture of automobiles is usual at the end of the year, when plants close for inventory taking and repairs, but in December, 1926,

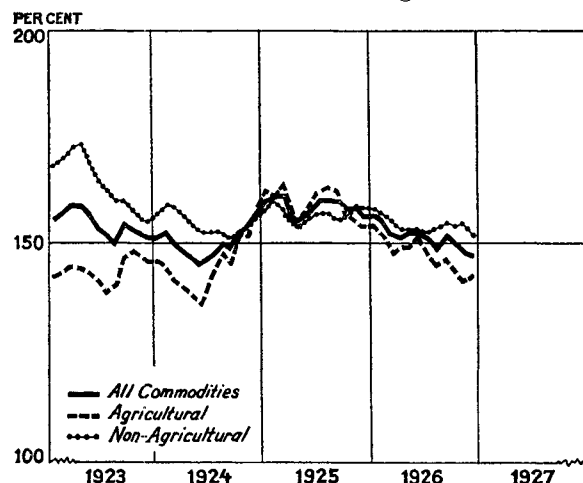
the decline was considerably larger than usual. Production of iron and steel has also been sharply reduced since the middle of August and activity in the woolen and worsted and silk industries has been somewhat curtailed. Production of lumber, cement and other building material has reflected the usual winter decrease in demand. Cotton consumption, on the other hand, was larger than in any previous December. Factory employment and payrolls declined further in December, reflecting decreases in nearly all industries except cotton goods, clothing, foundries, machine shops, and printing and publishing.

The value of building contracts awarded in December, as in November, was larger than in the corresponding period a year earlier, but for the first three weeks of January, 1927, contracts were in smaller volume than during the same weeks of 1926.

Trade. Retail sales during the holiday trade in December exceeded all previous records. Sales of department stores were approximately four per cent larger than in December, 1925, and sales of mail order houses, while slightly smaller than in 1925, were larger than in the



PRODUCTION OF MANUFACTURES AND MINERALS
Index numbers of physical volume of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 average = 100). Latest figures, December, manufactures, 104; minerals, 117.



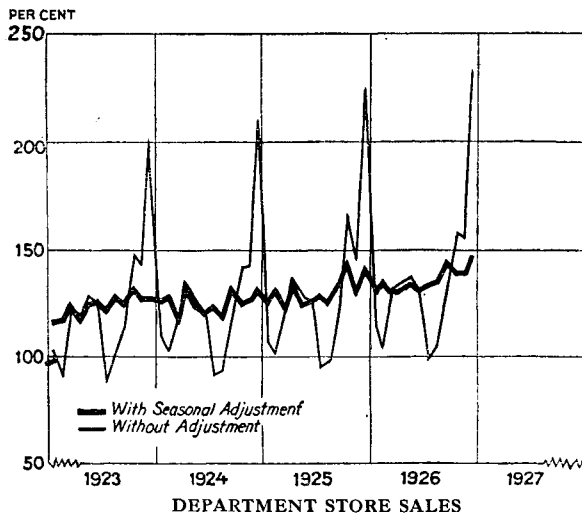
WHOLESALE PRICES
Indexes of United States Bureau of Labor Statistics, (1913 prices = 100). Latest figures, December, all commodities, 147.2; non-agricultural commodities, 151.5; agricultural commodities, 142.2.

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

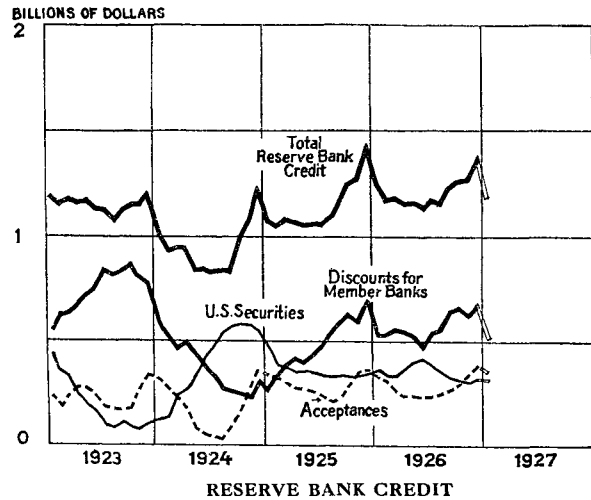
corresponding month of any other year. Sales at wholesale, on the other hand, declined in December and were smaller than a year ago in practically all leading lines, except shoes. Merchandise stocks carried by department stores were reduced slightly more than is usual in December and were somewhat smaller at the end of the month than at the close of December, 1925. Wholesale stocks were also slightly smaller than a year ago.

Prices. Wholesale prices declined further in December. The Bureau of Labor Statistics'

turn flow of Federal Reserve notes and other cash from circulation amounting in the aggregate to about \$400,000,000. This return flow of currency was in about the same volume as a year ago and, together with substantial gold imports, was reflected in January 19th statements by a reduction of the volume of reserve bank credit in use to a level lower than at any time since the summer of 1925. Loans and investments of member banks in leading cities, after increasing to a record level at the end of the year, declined sharply in January. Com-



DEPARTMENT STORE SALES
Index of sales of 359 stores, (1919 sales=100). Latest figures, December, with adjustment 146, without adjustment 233.



RESERVE BANK CREDIT
Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 23 days in January.

index, at 147 for that month, was at the lowest level since the middle of 1924. Prices of agricultural products, which declined considerably in October and November, increased slightly in December, owing to advances in prices of grain and cattle. In January, iron and steel prices were slightly reduced and there were further declines in bituminous coal and non-ferrous metals, while prices of cotton goods and coke advanced.

Bank Credit. At the reserve banks, during the four weeks following the Christmas peak of seasonal currency demand, there was a re-

mercial loans which had reached their seasonal peak in November were, at mid-January, about \$200,000,000 below the maximum figure but still more than \$300,000,000 above the level of a year ago. Loans on securities of the reporting banks also declined after the turn of the year, following a large increase in December, and were slightly smaller than in January of last year. Easier money conditions prevailed in the money market in January and rates on prime commercial paper declined from 4½ to 4¼ per cent and those on bankers acceptances from 3⅞ to a range of 3⅝ to 3¾ per cent.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Statistical Summary—

| | December, 1926 | November, 1926 | December, 1925 | November, 1925 | December, 1926† compared with | |
|--|----------------|----------------|----------------|----------------|-------------------------------|------------|
| | | | | | Dec., 1925 | Nov., 1926 |
| Bank Debits—21 cities* | \$3,300,384 | \$2,843,766 | \$3,230,574 | \$2,825,317 | 2.2 | 16.1 |
| Bank Debits—Index Numbers†—20 cities | 158 | 153 | 154 | 151 | 2.6 | 3.3 |
| Building Permits—20 cities | \$30,136,065 | \$24,289,678 | \$37,071,485 | \$27,884,388 | -18.7 | 24.1 |
| Retail Sales—32 stores—Index Numbers† | 180 | 171‡ | 164 | 161 | 9.8 | 5.3 |
| Savings Deposits—68 banks*§ | \$1,243,499 | \$1,215,481 | \$1,158,627‡ | \$1,133,700 | 7.3 | 2.3 |
| Lumber Production—4 associations—board feet* | 539,776 | 678,939 | 576,995 | 683,770 | - 6.4 | -20.4 |
| Petroleum Production†—California—barrels | 654,095 | 639,104 | 620,958 | 636,530 | 5.3 | 2.3 |
| Flour Production—14 companies—barrels | 455,003 | 495,531 | 483,092 | 519,946 | - 5.8 | - 8.2 |
| Reporting Member Bank Loans and Discounts** | \$1,290,460 | \$1,292,173 | \$1,180,733 | \$1,207,741 | 9.3 | - 0.1 |
| Reporting Member Bank Deposits** | \$1,740,723 | \$1,683,809 | \$1,639,094 | \$1,625,234 | 6.2 | 3.4 |
| Federal Reserve Bank Discounts** | \$40,735 | \$47,132 | \$25,227 | \$68,168 | 61.4 | -13.6 |
| Federal Reserve Bank Reserve Ratio** | 73.3 | 72.7 | 75.6 | 65.7 | - 3.0 | 0.8 |

*In thousands. †Adjusted for seasonal variations—1919 monthly average=100. ‡Daily average production. §Not comparable with figures published in previous Reviews. ||January 12, 1927, December 1, 1926, and January 13, 1926, and December 2, 1925. **Percentage increase or decrease (—). †Revised.

Agricultural Activities

Favorable weather, including a generous seasonal rainfall, has marked the beginning of the 1927 agricultural season over most of the Twelfth Federal Reserve District. A moderately heavy snowfall in mountain areas of the territory gives promise of an adequate supply of water for agricultural purposes later in the season.

RAINFALL—Twelfth District

| | July 1, 1926 to Jan. 12, 1927 (Actual) (inches)* | July 1, 1925 to Jan. 12, 1926 (Actual) (inches) | July 1 to Jan. 12 (Normal) (inches) |
|----------------------|--|---|---|
| Arizona: | | | |
| Flagstaff | 8.7 | 13.5 | 12.8 |
| Phoenix | 7.6 | 4.0 | 5.7 |
| California: | | | |
| Eureka | 26.7 | 14.0 | 19.4 |
| Fresno | 4.7 | 3.4 | 4.2 |
| Los Angeles | 5.0 | 3.9 | 6.1 |
| Red Bluff | 14.3 | 5.1 | 11.4 |
| Sacramento | 8.2 | 2.7 | 8.2 |
| San Diego | 4.8 | 6.3 | 3.9 |
| San Francisco | 12.0 | 4.2 | 9.6 |
| San Jose | 5.6 | 2.8 | 6.2 |
| San Luis Obispo..... | 11.8 | 3.5 | 7.7 |
| Idaho: | | | |
| Boise | 5.7 | 6.0 | 5.4 |
| Nevada: | | | |
| Reno | 3.7 | 3.6 | 4.5 |
| Oregon: | | | |
| Baker City | 6.6 | 4.4 | 5.8 |
| Portland | 27.9 | 13.4 | 23.5 |
| Roseburg | 20.0 | 10.9 | 17.1 |
| Utah: | | | |
| Salt Lake City..... | 8.3 | 7.8 | 6.7 |
| Washington: | | | |
| Seattle | 15.8 | 11.4 | 20.1 |
| Spokane | 8.2 | 5.4 | 9.7 |

*Preliminary computations.

Citrus fruit crops in California were slightly damaged by frost during late December and early January but losses, on the whole, were not serious. The 1926-1927 yield of navel oranges for California is at present estimated at approximately 12,300,000 boxes, compared with a crop of 10,100,000 boxes in 1925-1926.

Preliminary estimates by the United States Department of Agriculture indicate that the acreage of winter wheat planted in this district during the autumn of 1926 was approximately 13 per cent larger than the acreage planted in the autumn of 1925. Moisture and soil conditions during the fall growing period favored the new crop and, in those areas where low winter temperatures are experienced, an ample snow

cover now protects the grain. Acreage and condition figures of winter wheat for the states of this district and for the United States follow:

WINTER WHEAT—Twelfth District

| | Acreage* | | Condition | | |
|------------------------|-------------|-------------|--------------|--------------|-------------------|
| | Autumn 1926 | Autumn 1925 | Dec. 1, 1926 | Dec. 1, 1925 | Ten-Year Average† |
| Arizona | 41 | 39 | 98 | 94 | 93 |
| California | 772 | 702 | 96 | 90 | 90 |
| Idaho | 533 | 476 | 91 | 92 | 88 |
| Nevada | 7 | 5 | 93 | 97 | 91 |
| Oregon | 907 | 907 | 97 | 82 | 90 |
| Utah | 152 | 152 | 85 | 96 | 88 |
| Washington | 1,235 | 882 | 93 | 68 | 82 |
| Twelfth District | 3,647 | 3,163 | .. | .. | .. |
| United States | 41,807 | 39,799 | 82 | 83 | 84 |

*In thousands of acres. †December 1st average, 1916-1925.

The United States Department of Agriculture estimates that shipments of apples from Oregon, Idaho, and Washington will total 45,250 carloads during the 1926-1927 season, compared with 47,233 carloads shipped during the 1925-1926 season. Shipments to January 1, 1927, totaled 35,253 carloads, leaving approximately 10,000 carloads to be marketed subsequent to that date.

Agricultural marketing trends, as indicated by comparative figures of the carlot movement of fruit, receipts of livestock at principal markets of the district, wheat exports from Portland and Puget Sound, and cold storage holdings of butter and eggs are shown in Table "A." Increased production of the principal agricultural products of the district during 1926 is reflected in these figures.

Weather conditions, which have benefited agriculture generally during recent weeks, have also favored the district's livestock industry. In some sections of Utah, Idaho, and Nevada, however, lack of moisture during the past autumn has resulted in decreased supplies of winter forage on desert ranges. Comparative condition figures for ranges, cattle, and sheep are shown below:

| | Ranges | | | Cattle | | | Sheep | | |
|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Jan. 1, 1927 | Dec. 1, 1926 | Dec. 1, 1926 | Jan. 1, 1927 | Dec. 1, 1926 | Dec. 1, 1926 | Jan. 1, 1927 | Dec. 1, 1926 | Dec. 1, 1926 |
| Arizona | 84 | 85 | 78 | 88 | 89 | 88 | 87 | 95 | 87 |
| California | 93 | 84 | 88 | 90 | 91 | 90 | 90 | 93 | 92 |
| Idaho | 74 | 98 | 73 | 84 | 98 | 86 | 87 | 97 | 84 |
| Nevada | 80 | 100 | 76 | 83 | 105 | 84 | 83 | 105 | 84 |
| Oregon | 89 | 98 | 87 | 92 | 92 | 89 | 92 | 100 | 92 |
| Utah | 80 | 97 | 72 | 85 | 104 | 86 | 83 | 102 | 85 |
| Washington .. | 86 | 86 | 92 | 91 | 90 | 92 | 93 | 96 | 94 |

(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.) | Apples* 12th Dist. (cars) | Oranges† Calif. (cars) | Lemons† Calif. (cars) | Cattle and Calves | Hogs | Sheep | Butter (1000 lbs.) | Eggs (1000 cases) | |
| December, 1926..... | 2,770 | 1,018 | 4,428 | 4,842 | 765 | 114,870 | 218,712 | 202,327 | 1,956 | 43 | |
| November, 1926..... | 4,658§ | 884 | 7,561 | 3,085 | 617 | 132,941 | 203,707 | 238,581 | 3,895 | 179 | |
| December, 5-year average..... (1919-1923) | 2,334 | 569 | 4,044 | 3,946 | 645 | 103,773# | 230,004# | 195,641# | 1,411§ | 40§ | |
| Cumulative | | | | | | | | | | | |
| To December 31, 1926..... | 27,622 (26.7) | 6,543 (15.3) | 40,303 (70.2) | 7,927 | 1,382 | 1,309,175 | 2,091,075 | 3,408,002 | | | |
| To December 31, 1925..... | 8,106 (8.1) | 9,464§ (20.7) | 38,428 (72.0) | 7,571 | 1,071 | 1,328,256 | 2,286,434 | 3,294,603 | | | |
| Five-year average to December 31st (1919-1923) | 15,828 (13.7) | 8,354 (20.7) | 34,644 (97.7) | 9,425 | 831 | 1,153,774# | 2,014,708# | 3,090,776# | | | |

Figures in parentheses indicate percentage of new crop only. *Season begins July 1st. †Season begins November 1st. ‡At end of month. §1923-1927. ||Partly estimated. #1921-1925. §Revised.

Industrial Activity

The general level of industrial activity in this district during 1926 was above that of 1925 and total industrial output is estimated to have been in large volume. Some curtailment of production was noted during the closing months of the year, although available figures for December indicate smaller than seasonal declines in activity during that month. **Employment** figures for California and Oregon, given in Table "C," tend to corroborate more general non-statistical reports of industrial activity.

Building construction again contributed largely to prevailing industrial activity during 1926, although figures of number and value of building permits issued in 20 principal cities of the district, were smaller than in any year since 1922. Total value of permits issued in these cities during 1926 was approximately 60 million dollars (14 per cent) less than value of permits issued in 1925, a record year. The general downward trend of building permit figures, which persisted throughout most of 1926, was interrupted during December, when there was an increase of 25 per cent in value of permits issued as compared with the previous month. Usually the November to December increase is less than 9 per cent.

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 | | |
| December | -15.6 | -18.7 | -12.4 | -14.3 | -14.0 | 24.7 |
| November | -13.8 | -12.9 | -12.2 | -13.9 | -17.7 | -12.2 |
| October | -12.8 | -14.5 | -12.1 | -13.9 | -0.2 | 5.1 |
| September | -10.9 | -17.3 | -12.0 | -13.9 | 7.0 | 9.3 |
| August | -12.3 | -18.2 | -12.1 | -13.5 | 8.5 | 8.4 |
| 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 |

Production of petroleum in California during 1926 totaled 224,117,000 barrels. This is 6,030,000 barrels, or 2.6 per cent, below 1925 output

(B) Building Permits—

| | December, 1926 | | December, 1925 | |
|----------------|----------------|--------------|----------------|--------------|
| | No. | Value | No. | Value |
| Berkeley | 173 | \$ 314,239 | 254 | \$ 568,402 |
| Boise | 34 | 19,636 | 37 | 43,324 |
| Fresno | 87 | 316,339 | 106 | 229,394 |
| Long Beach | 362 | 1,157,265 | 419 | 1,143,550 |
| Los Angeles | 2,678 | 10,089,871 | 3,159 | 16,810,677 |
| Oakland | 660 | 1,846,999 | 919 | 3,881,109 |
| Ogden | 24 | 130,350 | 20 | 578,750 |
| Pasadena | 218 | 458,194 | 232 | 454,387 |
| Phoenix | 82 | 146,598 | 102 | 147,104 |
| Portland | 744 | 1,562,705 | 849 | 1,801,410 |
| Reno | 15 | 674,126 | 11 | 82,600 |
| Sacramento | 183 | 339,131 | 198 | 929,595 |
| Salt Lake City | 36 | 249,575 | 74 | 271,741 |
| San Diego | 626 | 2,339,828 | 678 | 3,176,108 |
| San Francisco | 756 | 5,066,659 | 761 | 3,243,915 |
| San Jose | 72 | 131,605 | 84 | 1,464,330 |
| Seattle | 50 | 4,065,095 | 690 | 1,164,590 |
| Spokane | 80 | 455,015 | 122 | 126,900 |
| Stockton | 45 | 240,185 | 93 | 215,489 |
| Tacoma | 148 | 532,650 | 184 | 738,110 |
| District | 7,593 | \$30,136,065 | 8,992 | \$37,071,485 |

and 39,612,000 barrels, or 15 per cent, below the record output (263,729,000 barrels) of the year 1923. Total stocks (including heavy and refinable crude oil, gasolene, naphtha distillates, and all other) stood at 145,612,176 barrels on December 31, 1926, compared with 157,316,309 barrels on December 31, 1925. This decline of 11,204,000 barrels included 8,215,000 barrels lost through tank farm fires during April, 1926. Average daily production of petroleum during December, 1926, was larger than during November, 1926, or December, 1925. A slight increase in stocks was reported during December, 1926.

PETROLEUM—California

| Year | Total (barrels) | Daily Average (barrels) | Stored Stock at End of Year (barrels) | Producing Oil Wells Completed | Average Active Producing Wells |
|------|-----------------|-------------------------|---------------------------------------|-------------------------------|--------------------------------|
| 1926 | 224,117,000 | 614,019 | 119,542,556 | 913 | 11,288 |
| 1925 | 230,147,000 | 630,541 | 127,194,894 | 948 | 11,393 |
| 1924 | 230,064,000 | 628,590 | 97,829,374 | 1,238 | 10,903 |
| 1923 | 263,729,000 | 722,545 | 89,274,244 | 980 | 8,928 |
| 1922 | 139,671,000 | 382,660 | † | 837 | 9,410 |
| 1921 | 114,709,000 | 314,271 | † | 704 | 9,425 |
| 1920 | 105,668,000 | 288,710 | † | 572 | 9,299 |
| 1919 | 101,564,000 | 278,258 | † | 559 | |
| 1918 | 97,532,000 | 267,211 | † | 586 | |

†Comparable figures not available.

Source: American Petroleum Institute.

National and Twelfth District production of non-ferrous metals, except for copper and lead, was smaller during 1926 than during 1925. Figures follow:

NON-FERROUS METALS—PRODUCTION*

| Unit | Twelfth District† | | United States | |
|------------------|-------------------|-----------|---------------|-----------|
| | 1926 | 1925 | 1926 | 1925 |
| Copper...lb. | 1,117,931 | 1,092,434 | 1,742,702 | 1,693,000 |
| Lead...lb. | 616,376 | 620,586 | | 1,302,000 |
| Zinc...lb. | 170,370‡ | 97,087‡ | 1,277,066 | 1,102,000 |
| Silver...oz. | 42,488 | 46,338 | 62,029§ | 65,723 |
| Silver...dollars | 26,511 | 31,974 | 38,706§ | 45,612 |
| Gold...dollars | 24,814 | 25,803 | 47,299§ | 49,127 |

*000 omitted. †Including all of Arizona. ‡Not including Arizona, Oregon and Washington. §Preliminary.

Source: Bureau of Mines, United States Department of Commerce.

(C) Employment—

| Industries | California | | Oregon | |
|------------------------------------|--------------|------------------|--------------|------------------|
| | No. of Firms | No. of Employees | No. of Firms | No. of Employees |
| All Industries | 682 | 136,851 | 137,983 | 96 |
| Stone, Clay and Glass Products | 50 | 7,077 | 7,464 | 4 |
| Lumber and Wood Manufactures | 107 | 22,050 | 23,663 | 45 |
| Textiles | 13 | 2,305 | 2,432 | 3 |
| Clothing, Millinery and Laundering | 53 | 7,156 | 6,936 | 8 |
| Foods, Beverages and Tobacco | 148 | 22,991 | 22,922 | 28 |
| Water, Light and Power | 5 | 8,119 | 9,247 | .. |
| Other Industries* | 293 | 64,686 | 63,330 | .. |
| Miscellaneous | 13 | 2,467 | 1,989 | 8 |

*Includes the following industries: metals, machinery and conveyances; leather and rubber goods; chemicals, oils and paints; printing and paper goods. †Decrease.

Figures in parentheses indicate percentage changes from December, 1925.

A record volume of **lumber** was produced in this district during 1926. The cut reported by mills of four associations exceeded that of 1925 (the previous record year) by 262 million board feet or three per cent, and was 1,832 million board feet or 26 per cent larger than the five-year (1921-1925) average output of these mills. The amount of lumber sold by the mills during 1926, as reflected by volume of shipments, was one per cent smaller than the amount produced, and stocks are estimated to have increased slightly during the year. A number of mills suspended or curtailed operations during the latter half of 1926 and the industry has reported greater than seasonal decreases in activity during recent months.

LUMBER ACTIVITY*

| | Production (board feet) | Shipments (board feet) | Orders† (board feet) |
|--------------------------------|----------------------------|---------------------------|-------------------------|
| 1926 | 9,014 | 8,928 | 7,572 |
| 1925 | 8,752 | 8,605 | 7,306 |
| 1924 | 8,016 | 7,738 | 6,865 |
| 1923 | 8,672 | 8,068 | 7,150 |
| Five-year average, 1921-1925.. | 7,182 | 6,926 | 6,516 |

*As reported by four associations, 000,000 omitted. †Figures of California White and Sugar Pine Association not included.
 ‡Revised.

Source: National Lumber Manufacturers Association.

Flour mills of the district were more active during 1926 than during 1925 but, excepting that year, production was smaller in volume than in any year since 1920. Reported 1926 output of 14 large milling factors was 4,961,319 barrels, exceeding by 287,000 barrels (6 per cent) reported output of these mills during 1925. Production in 1926 was 790,000 barrels (14 per cent) smaller than the five-year (1921-1925) average volume of production. During December, 1926, reporting mills produced 8.2 per cent less flour than during November, 1926. For the five-year period, 1921-1925, the average decline in production from November to December has been 5.6 per cent. Stocks of flour and of unmilled wheat in millers' hands on January 1, 1927, were smaller than on January 1, 1926, and were well below the average holdings on that date in recent years.

FLOUR PRODUCTION
(14 companies*)

| Year | Total (barrels) | Monthly Average (barrels) | Stocks at Close of Year | |
|-------------------|--------------------|---------------------------------|----------------------------|--------------------|
| | | | Flour (barrels) | Wheat (bushels) |
| 1926 | 4,961,319 | 413,443 | 396,431 | 2,955,219 |
| 1925 | 4,674,316 | 389,526 | 412,192 | 4,022,593 |
| 1924 | 5,907,329 | 492,277 | 548,550 | 2,927,762 |
| 1923 | 6,779,155 | 564,930 | 569,430 | 3,901,986 |
| 1922 | 5,944,977 | 495,415 | 521,501 | 4,337,362 |
| 1921 | 5,652,981 | 471,082 | 472,693 | 2,129,600 |
| 1921-1925 average | 5,751,752 | 479,313 | 504,873 | 3,463,861 |

*Consolidations have reduced the number of reporting companies but have not seriously affected the comparability of the figures.

The **canned fruit and vegetable** packs in California during 1926 exceeded the previous record packs of these commodities, reported in 1925, by 34 per cent and 12 per cent, respectively. The increased fruit pack was the result, chiefly, of a record pack of cling peaches, while in-

creased output of tomatoes, tomato products, and asparagus was largely responsible for the heavier vegetable pack.

CANNED FRUITS AND VEGETABLES
Pack in California

| | Fruits (cases) | Vegetables (cases) | Totals (cases) |
|------------------------|-------------------|-----------------------|-------------------|
| 1926 | 20,974,700 | 9,547,275 | 30,521,975 |
| 1925 | 15,631,852 | 8,527,891 | 24,159,743 |
| 1924 | 10,362,998 | 7,138,759 | 17,501,757 |
| 1923 | 11,351,536 | 7,800,835 | 19,152,371 |
| 1922 | 15,477,865 | 6,913,371 | 22,391,236 |
| 1922-1926 average..... | 14,759,790 | 7,985,626 | 22,745,416 |

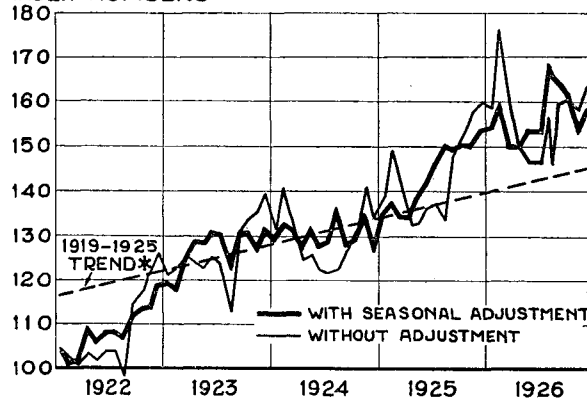
The large pack is reported to be moving to market in an orderly manner, although present prices are generally slightly below those named at the opening of the season.

General Business and Trade

In the Twelfth Federal Reserve District the year 1926 was characterized by a high level of general business activity, a record volume of trade at retail, and a substantial volume of trade at wholesale. A moderate decline in trade volume was reported during the final quarter of the year but this movement was checked, at least temporarily, by an active holiday season.

An increase in daily average debits to individual accounts (**bank debits**) was reported for December by clearing houses in 20 principal cities of the district, whereas usually, in the

INDEX NUMBERS



BANK DEBITS—TWELFTH DISTRICT

Index for 20 principal cities, Phoenix, Arizona, not included, (daily averages, 1919 average=100). Latest figures, December, with adjustment 158, without adjustment, 163.

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

past, the December figures have been slightly smaller than those for November. This bank's index, which makes allowance for usual seasonal fluctuations, advanced from 153 in November, 1926, to 158 in December, 1926, the first such advance recorded since last July. The December, 1926, figure was 2.6 per cent higher than the December, 1925, figure.

BANK DEBITS—Twelfth District
Index for 20 Principal Cities*

| | Dec., 1926 | Nov., 1926 | Oct., 1926 | Dec., 1925 |
|--------------------------------|---------------|---------------|---------------|---------------|
| Without Seasonal Adjustment... | 163 | 159 | 161 | 160 |
| With Seasonal Adjustment..... | 158 | 153 | 162 | 154 |

*Daily averages, 1919 average=100.

The record of business movements during 1926 contained in the charted figures of bank debits is supported by available data concerning **wholesale and retail trade**. General trade activity decreased during the early months of 1926, rose to relatively high levels in mid-summer, and then entered upon a decline which was only checked by an active holiday season in December.

Total dollar value of sales at **wholesale** reported to this bank by a district-wide group of firms operating in eleven lines of trade was 4.1 per cent larger during December, 1926, than during December, 1925. This increase, however, was due chiefly to an abnormal gain in sales of automobile tires which in turn was partly the result of a change in the sales policy of reporting firms. If sales of the ten reporting lines other than automobile tires are compared, dollar values were 0.6 per cent smaller during December, 1926, than during December, 1925. In making comparison of dollar sales over the year period, however, it should be remembered that the general wholesale price level was approximately 6 per cent lower during December, 1926, than during December, 1925. Total sales for the eleven lines in December, 1926, were 3.8 per cent less than in November, 1926, a seasonal movement of smaller than usual proportions.

WHOLESALE TRADE

| No. of Firms | Percentage increase or decrease (—) in Value of Sales | | | |
|------------------------------|--|--------------------------|--------------------------|--------------------------|
| | Dec., 1926 | | Nov., 1926 | |
| | compared with Dec., 1925 | compared with Nov., 1925 | compared with Dec., 1925 | compared with Nov., 1925 |
| Agricultural Implements..... | 14 | — 9.5 | — 1.7 | 8.5 |
| Automobile Supplies..... | 14 | 3.5 | — 6.2 | 2.2 |
| Automobile Tires..... | 18 | 129.1* | 50.8 | 16.9* |
| Drugs..... | 7 | 0.9 | — 11.4 | 4.7 |
| Dry Goods..... | 24 | — 1.8 | — 20.3 | — 9.7 |
| Electrical Supplies..... | 9 | 6.1 | 4.5 | 14.9 |
| Furniture..... | 16 | — 4.9 | — 8.6 | 9.8 |
| Groceries..... | 23 | 0.4 | — 7.9 | — 10.4 |
| Hardware..... | 19 | — 3.1 | — 3.2 | 1.5 |
| Shoes..... | 12 | 25.6 | — 18.4 | 5.8 |
| Stationery..... | 24 | — 2.4 | 8.2 | 8.7 |
| All Lines..... | 180 | 4.1 | — 3.8 | — 0.8 |

*Part of this increase due to the resumption in November, by certain of the larger companies, of "spring dating" sales, namely the practice of extending credit on sales made in autumn months until March, April, and May of the following year. This practice was not followed by these companies during the autumn of 1925.

Holiday trade at retail, according to reports received by this bank, was in larger volume during December, 1926, than during any previous December of record. Value of sales of 63 leading department and apparel stores was 7.9 per cent greater than in December, 1925, and 64.1 per cent greater than in November, 1926. The increase for the year was larger than the annual average growth of recent years in trade volume and the increase for the month was in excess of the usual seasonal increase at this period. Retailers' stocks on hand at the end of December, 1926, were 3.3 per cent larger than at the same time a year ago, current inventories, excepting those of Novem-

ber, being the largest held since the spring of 1924. The rate of stock turnover during 1926, computed upon the basis of reports from 31 department stores, was 3.23 times per year compared with 3.18 times per year in 1925. Turnover during December, 1926, was at the rate of 5.40 times per year, or slightly greater than the rate of 5.28 times per year, computed for December, 1925.

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 | | | | | | | |
| Dec., 1926... | 411 | 286 | 247 | 198 | 193 | 165 | 281 |
| Nov., 1926... | 253 | 151 | 155 | 118 | 112 | 102 | 169 |
| Oct., 1926... | 241 | 182 | 151 | 127 | 112 | 132 | 170 |
| Sept., 1926... | 231 | 140 | 139 | 110 | 114 | 115 | 157 |
| Dec., 1925... | 361 | 268 | 235 | 191 | 177 | 157 | 255 |
| With Seasonal Adjustment | | | | | | | |
| Dec., 1926... | 272 | 171 | 154 | 127 | 122 | 109 | 180 |
| Nov., 1926... | 253 | 149 | 150 | 111 | 114 | 97 | 171 |
| Oct., 1926... | 234 | 168 | 139 | 107 | 101 | 99 | 158 |
| Sept., 1926... | 265 | 147 | 150 | 112 | 105 | 112 | 171 |
| Dec., 1925... | 239 | 160 | 146 | 123 | 112 | 104 | 164 |

*Figures in parentheses indicate number of stores. One store included in district figures not included in cities shown above. †Revised.

Prices

The general price level declined during December, 1926, continuing a movement which has been in progress throughout the past year. The United States Bureau of Labor Statistics' monthly index number of prices of 404 commodities at wholesale stood at 147.2 for December, 1926, compared with 156.3 for December, 1925, a decline of 5.6 per cent over the year period.

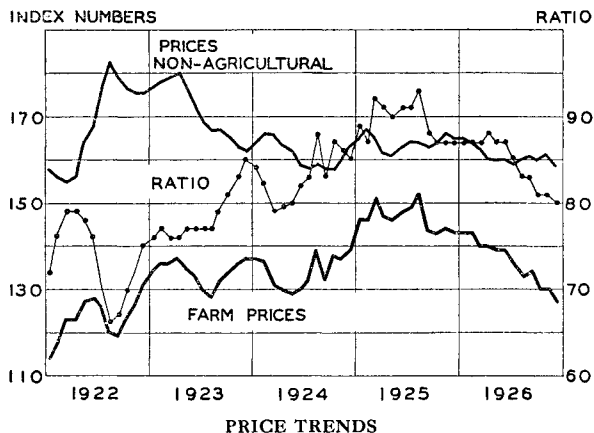
Prices of both agricultural and non-agricultural commodities tended downward during 1926. The decline in prices of agricultural commodities was greater than the decline in prices of non-agricultural commodities, however, and the ratio between these two indexes, an indication of the purchasing power of farm products, declined to 80.2 (pre-war purchasing power = 100) in December, 1926, the lowest figure since May, 1924, when it was 79.7. A year ago, the

(D) Bank Debits*

| | December, 1926 | December, 1925 | Twelve Months | |
|------------------|----------------|----------------|---------------|--------------|
| | | | 1926 | 1925 |
| Berkeley..... | \$ 22,025 | \$ 20,220 | \$ 233,398 | \$ 218,936 |
| Boise..... | 15,272 | 15,516 | 162,573 | 150,889 |
| Fresno..... | 51,790 | 57,493 | 484,921 | 467,680 |
| Long Beach... | 50,704 | 57,421 | 590,911 | 572,133 |
| Los Angeles... | 948,333 | 880,620 | 10,475,496 | 9,458,157 |
| Oakland..... | 234,163 | 176,211 | 2,065,256 | 1,719,991 |
| Ogden..... | 25,976 | 38,308 | 249,249 | 320,144 |
| Pasadena..... | 40,634 | 37,308 | 444,501 | 416,687 |
| Portland..... | 29,260 | 30,610 | 309,584 | 286,547 |
| Portland..... | 184,945 | 179,552 | 2,194,628 | 1,998,792 |
| Reno..... | 10,242 | 9,544 | 111,074 | 103,927 |
| Sacramento..... | 39,135 | 37,900 | 394,123 | 438,395 |
| Salt Lake City.. | 86,520 | 95,995 | 865,016 | 865,294 |
| San Diego..... | 69,521 | 68,704 | 770,819 | 698,987 |
| San Francisco.. | 1,102,825 | 1,121,610 | 12,598,486 | 11,496,447 |
| San Jose..... | 28,267 | 29,200 | 323,187 | 311,179 |
| Seattle..... | 211,649 | 221,937 | 2,550,986 | 2,424,902 |
| Spokane..... | 57,249 | 58,751 | 670,003 | 626,986 |
| Stockton..... | 30,807 | 30,982 | 324,933 | 317,432 |
| Tacoma..... | 47,583 | 47,703 | 547,658 | 524,436 |
| Yakima..... | 13,484 | 14,989 | 162,072 | 159,987 |
| District..... | \$3,300,384 | \$3,230,574 | \$36,528,876 | \$33,547,928 |

*000 omitted.

ratio was 87.0. Movements of the United States Department of Agriculture's index number of farm prices, of the United States Bureau of Labor Statistics' index number of wholesale prices of non-agricultural commodities, and of the ratio between these two are presented in the accompanying chart.



Prices, Non-agricultural Commodities—Index of United States Bureau of Labor Statistics (1913 prices=100). Farm Prices—Index of prices of 30 farm products prepared by United States Department of Agriculture (1909-1914 prices=100). Ratio—Ratio between the above two index numbers, indicating general trends in purchasing power of farm products.

Livestock prices on the Chicago market declined during December, and, with the exception of prices for cattle, averaged lower than in November. During a considerable part of the year 1926 prices of sheep and hogs in the Chicago market were higher than in 1925. This is also true of cattle prices if the figures of the Department of Agriculture for all classes of cattle slaughtered be used, although prices for those grades of cattle usually quoted showed a slight decline in 1926 as compared with the earlier year. Prices for lambs were generally lower than in 1925.

Quotations for May and December contract wheat at Chicago during 1926 were generally below 1925 levels, although in April and October, 1926, quoted prices equaled or exceeded those of corresponding days in 1925. Quotations for May wheat on January 7, 1927, ranged

from \$1.37⁵/₈ to \$1.39¹/₄ per bushel, compared with a range of \$1.39³/₄ to \$1.41¹/₄ per bushel a month ago, and of \$1.76 to \$1.79¹/₂ per bushel a year ago.

The cotton market was relatively stable at low levels in December. Prevailing quotations are far below prices in 1925, but slightly above the lowest point reached during the autumn of 1926. An average of spot quotations for middling uplands cotton at New Orleans during December, 1926, was approximately 37 per cent lower than in December, 1925, and 3 per cent lower than the average for November, 1926. The quoted price of this grade of cotton on January 7, 1927, was 12.77 cents per pound. The trend of wool prices during December, as indicated by an average of 98 quotations on the Boston market, was downward, continuing a decline which has been in progress since January, 1925. On January 7, 1927, at 67.34 cents per pound, the average price was approximately 3 per cent lower than a month ago, and 16 per cent lower than a year ago.

A revision of canned fruit prices was announced by an important factor in the trade on January 3, 1927. The new quotations, which are guaranteed against decline until June 1, 1927, and which contain other concessions to buyers, are generally lower than the opening prices named in July, 1926. Dried fruit prices have changed little during recent months. Prices for prunes have tended to decline, however, and trade factors report that prune markets are relatively inactive.

CANNED FRUIT PRICES*
(per dozen)

| Choice Grade No. 2½ Cans | Opening | | Spot | | |
|--------------------------|---------|--------|---------------|---------------|---------------|
| | 1926 | 1925 | Jan. 15, 1927 | Dec. 18, 1926 | Jan. 30, 1926 |
| Apricots | \$2.60 | \$2.40 | \$2.40-2.60 | \$2.40-2.45 | \$2.65-2.75 |
| Cherries, R. A. | 3.60 | 3.45 | 3.00-3.25 | 3.35-3.40 | 3.25-3.35 |
| Plums, Egg | 2.00 | 1.90 | 2.25-2.50 | 1.90 | 1.90 |
| Peaches, Y. C. | 2.30 | 2.20 | 1.95-2.15 | 2.00-2.15 | 2.20-2.35 |
| Peaches, Y. F. | 2.25 | 2.15 | 2.00-2.15 | 2.00 | 1.95-2.10 |
| Pears, Bartlett | 2.65 | 3.30 | 2.25-2.50 | 2.40-2.50 | 2.85 |

*f.o.b. cannery in California.

Quotations for oranges and lemons at San Francisco declined slightly during December. Throughout the year 1926 citrus fruit prices were at levels below those of 1925.

(E) Commodity Prices—

| Commodity | Unit | January 7, 1927 | One Month Ago | One Year Ago |
|--|----------|--|--|---------------------------------------|
| Wholesale Prices (U. S. Bureau of Labor—1913=100) | | 147.2 | 148.1 | 156.3 |
| Purchasing Power of Farm Products (U. S. Dept. of Agriculture)* | | 80.2 | 80.7 | 87.0 |
| Cattle (Native Beef) Weekly average price at Chicago | 100 lbs. | \$9.85 | \$10.60 | \$9.40 |
| Lambs Weekly average price at Chicago | 100 lbs. | 12.40 | 12.60 | 16.00 |
| Hogs Weekly average price at Chicago | 100 lbs. | 11.75 | 11.90 | 11.40 |
| Wheat Chicago contract price for May wheat | bu. | 1.37 ⁵ / ₈ -1.39 ¹ / ₄ | 1.39 ³ / ₄ -1.41 ¹ / ₄ | 1.76-1.79 ¹ / ₂ |
| Wool Average of 98 quotations at Boston | lb. | 65.34¢ | 67.15¢ | 77.57¢ |
| Apples Extra Fancy Winesaps, f. o. b. Pacific Northwest | box | \$1.45-1.75 | \$1.30-1.35 | \$1.75-2.00 |
| Oranges Navels, fancy, wholesale at San Francisco | box | 3.25-5.00 | 4.25-5.75 | 4.25-4.75 |
| Prunes Size 40/50 in 25-lb. boxes, f. o. b. California | lb. | .07-.07 ¹ / ₂ | .06 ³ / ₄ -.07 ¹ / ₄ | .09-.09 ¹ / ₂ |
| Raisins Thompson Seedless, Bulk, in 25-lb. boxes, f. o. b. California | lb. | .07 ¹ / ₂ | .07 ¹ / ₂ | .07 ³ / ₄ |
| Canned Peaches Cling, Choice, 2 ¹ / ₂ s, f. o. b. California | doz. | 2.20 | 2.20 | 2.20 |
| Butter 92 score at San Francisco | lb. | .46 | .46 | .44 |
| Copper Electrolytic, monthly average at New York | lb. | 13.302¢ | 13.576¢ | 13.866¢ |
| Lead Monthly average at New York | lb. | 7.855¢ | 8.005¢ | 9.310¢ |
| Silver Monthly average at New York | oz. | 53.466¢ | 54.141¢ | 68.889¢ |
| Lumber (Softwood) Weekly Index United States† | | 29.75 | 29.80 | 30.26 |

*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."

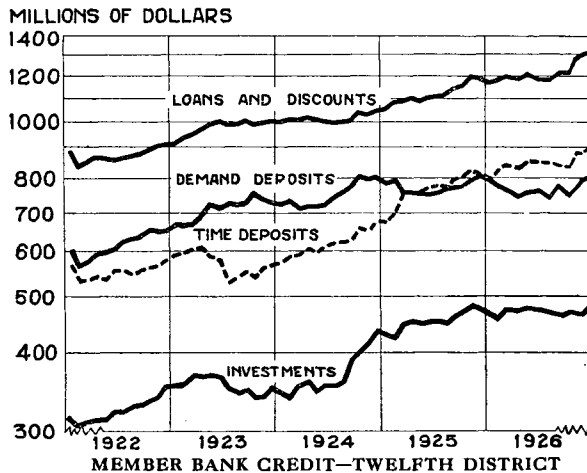
December monthly average prices of **non-ferrous metals** were below the average prices of November, continuing a decline which began in late 1925. The national **lumber price index**, published by "The Lumber Manufacturer and Dealer," declined from 29.80 for November, 1926, to 29.75 for December, 1926. In December, 1925, it stood at 30.26.

Banking and Credit Situation

During recent weeks condition statements of 65 reporting **member banks** in the principal cities of the Twelfth Federal Reserve District have reflected the usual holiday and year-end changes in demand for credit accommodation. Prior to the Christmas holidays, demand for credit and currency increased, and interest rates advanced slightly. With the passing of the year-end this seasonal demand ceased, and

1, 1926, and 102 million dollars (6 per cent) larger than a year ago.

Member bank demands for funds at the **Federal Reserve Bank of San Francisco** increased temporarily during December, but neither before Christmas nor at the year-end were demands so great as those experienced during the autumn harvest season. On January 12, 1927, total bills and securities held by the Reserve Bank were 5 million dollars larger in amount than one year ago. The usual increase in hand to hand currency requirements during the month preceding Christmas resulted in a temporary expansion of 4 million dollars in Federal reserve note circulation of this bank and a decline of approximately 25 million dollars in its cash reserves. Subsequent contraction in currency demands exceeded the previous expansion, and the volume of Federal reserve notes in circulation declined to the lowest level since September, 1918, while reserves again increased.



Figures for about 65 member banks in leading cities, as of last Wednesday of each month. Latest figures, December 29.

by mid-January the volume of total loans and discounts of these banks had declined to December 1st levels. The most recent figures of total loans were 110 million dollars or 9.3 per cent above those of a year ago, 57 per cent of the increase being in loans on securities and 43 per cent in commercial loans ("all other loans, largely commercial"). Total deposits, at member banks, chiefly as a result of increases in volume of time deposits, have risen to a new high point. At 1,741 million dollars on January 12, 1927, they were 57 million dollars (3 per cent) larger in volume than on December

REPORTING MEMBER BANKS—Twelfth District (In Millions of Dollars, percentage changes in parentheses)

| | Condition Jan. 12, 1927, | Changes from Dec. 1, 1926, | One Year Ago |
|---|--------------------------------|----------------------------------|-----------------|
| Total Loans | 1,290 | + 2 (0.1) | +110 (9.3) |
| Commercial Loans | 961 | + 5 (0.5) | + 47 (5.1) |
| Loans on Securities..... | 330 | + 3 (0.9) | + 63 (23.6) |
| Investments | 482 | +19 (4.1) | + 19 (4.0) |
| Total Loans and Investments | 1,773 | +17 (1.0) | +128 (7.8) |
| Net Demand Deposits..... | 807 | +12 (1.5) | + 3 (0.4) |
| Time Deposits | 921 | +40 (4.5) | +119 (14.8) |
| Borrowings from Federal Reserve Bank | 33 | + 8 (19.8) | + 15 (86.7) |

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

| | Condition Jan. 12, 1927 | Changes from Dec. 1, 1926 | One Year Ago |
|---|-------------------------------|---------------------------------|-----------------|
| Total Bills and Securities..... | 110 | -5 (4.1) | + 5 (4.6) |
| Bills Discounted | 41 | -6 (13.6) | +16 (61.5) |
| United States Securities..... | 39 | 0 | -11 (22.2) |
| Bills Bought | 30 | +2 (5.7) | + 1 (2.8) |
| Total Reserves | 264 | 0 | -18 (6.3) |
| Total Deposits | 182 | +3 (1.8) | + 4 (2.5) |
| Federal Reserve Note Circulation | 179 | -7 (3.6) | -17 (8.9) |

Available figures of intermediate and long term credits extended to agriculture (as differentiated from short term credits extended by the Reserve Bank) show that during the year 1926 there was a substantial increase in such borrowing in the district as a whole and a moderate increase in each of its constituent states. The accompanying table shows, by states, the total volume of loans outstanding at Federal land banks, joint stock land banks, and Federal intermediate credit banks in this district at the close of the years 1926 and 1925.

LOANS OUTSTANDING AT CLOSE OF YEAR

| | Federal Land Banks*— | | Stock Land Banks†— | |
|------------------|----------------------|---------------|--------------------|--------------|
| | 1926 | 1925 | 1926 | 1925 |
| Arizona | \$ 5,519,592 | \$ 5,035,099 | \$ 2,465,289 | \$ 1,766,406 |
| California | 25,065,750 | 22,196,892 | 25,043,842 | 20,723,890 |
| Idaho | 22,490,662 | 23,009,605 | 3,548,900 | 2,650,500 |
| Nevada | 1,278,453 | 839,199 | 523,629 | 406,406 |
| Oregon | 20,069,397 | 20,188,463 | 11,314,679 | 9,707,000 |
| Utah | 14,294,794 | 13,932,739 | 787,300 | 705,000 |
| Washington .. | 30,589,731 | 30,106,202 | 2,014,525 | 1,789,872 |
| District | \$119,308,379 | \$115,308,199 | \$45,698,164 | \$37,759,074 |

Federal Intermediate Credit Banks*

| | | |
|------------------|--------------|-------------|
| Arizona | \$ 1,929,237 | \$ 351,448 |
| California | 11,164,671 | 6,647,590 |
| Idaho | 775,013 | 492,298 |
| Nevada | 60,850 | 52,000 |
| Oregon | 1,435,366 | 1,059,355 |
| Utah | 431,134 | 169,063 |
| Washington .. | 755,962 | 425,298 |
| District | \$16,552,233 | \$9,197,052 |

*Federal Land Banks and Federal Intermediate Credit Banks are located in Berkeley, California, and Spokane, Washington. †Joint Stock Land Banks are located in Los Angeles and San Francisco, California, Portland, Oregon, and Salt Lake City, Utah.