

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. 2

SUMMARY OF NATIONAL CONDITIONS

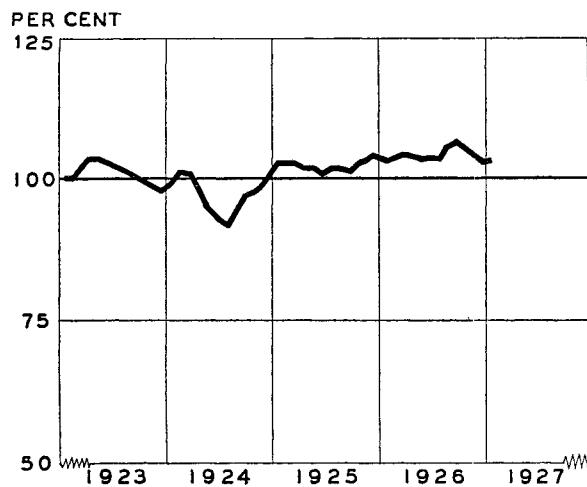
Prepared by the Federal Reserve Board.

Industrial activity has been slightly greater since the turn of the year than at the close of 1926. Seasonal liquidation of reserve bank credit has been in unusually large volume, owing chiefly to the inflow of gold from abroad, and conditions in the money market have been easy. Wholesale prices have continued to decline.

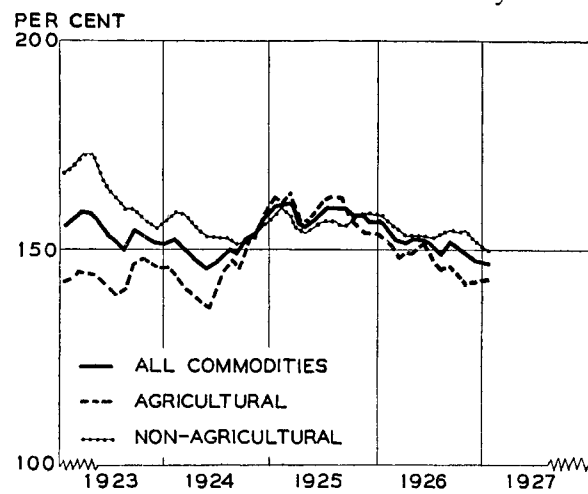
Production. Output of factories was larger in January than in December, but smaller than in January, 1926, or 1925. Mineral production, though somewhat below the December level, continued in unusually large volume, reflecting the maintenance of production of bituminous coal, crude petroleum, and copper. Manufacture of iron and steel, which was sharply curtailed in December, increased in January and February. Automobile output was increased considerably from the unusually low level of production reached in December, but the number of passenger cars produced since the beginning of the year has been smaller than for the corresponding period of the past four years. The textile industries have continued active since December without, however, showing the usual seasonal increase. Building contracts

awarded in 37 states during the first seven weeks of the year were smaller in value than those for the same period of 1926. Decreases have been largest in New York and the New England, Southwestern and Northwestern States, while increases occurred in the Middle Atlantic and Central Western States. By types of building, contracts awarded for residential and industrial building in January showed large reductions as compared with December and with January, 1926, while contracts for commercial buildings were larger than a month or a year ago.

Trade. Retail trade showed more than the usual seasonal decline between December and January. Sales of department stores were in about the same volume as a year ago, while those of mail order houses were 7 per cent smaller. Wholesale trade declined in nearly all leading lines in January and was considerably smaller in volume than one year ago. Inventories of department stores were reduced less than is customary, and at the end of the month were in about the same volume as in January, 1926. Stocks of merchandise carried by whole-



Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average = 100). Latest figures, January, 106.

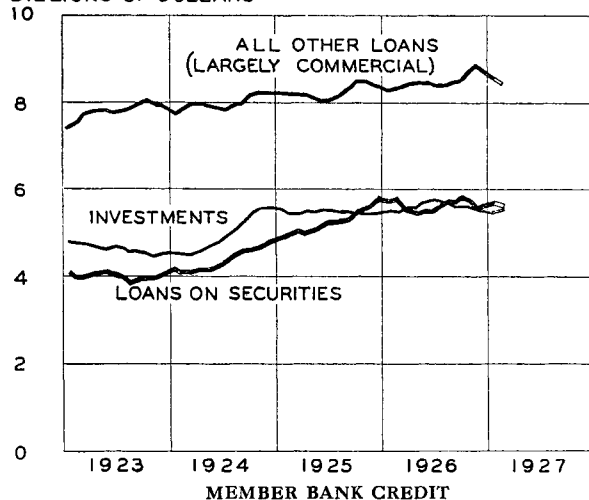


Indexes of United States Bureau of Labor Statistics, (1913 prices=100). Latest figures, January, all commodities, 146.9; non-agricultural commodities, 149.6; agricultural commodities, 143.4.

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sale firms increased slightly, but continued in smaller volume than in the corresponding month of the previous year. Freight car loadings declined by somewhat more than the usual seasonal amount from December to January, but, owing chiefly to heavier shipments of coal this year, weekly loadings since the beginning of the year were larger than for the same period of 1926. Shipments of merchandise in less than carload lots were also slightly larger than last year; but loadings of most basic commodities were smaller.

BILLIONS OF DOLLARS

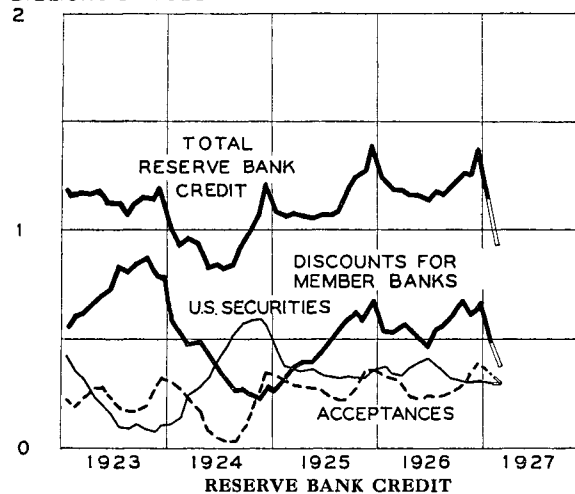


MEMBER BANK CREDIT
Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first 3 weekly report dates in February.

Prices. The general level of wholesale prices declined fractionally in January, according to the index of the Bureau of Labor Statistics, a considerable advance in prices of livestock being more than offset in the total by decreases in nearly all other commodity groups included in the index. Prices of non-agricultural products, as a group, declined to the lowest level since early in 1922. In February there were decreases in the price of iron and steel, non-ferrous metals, bituminous coal, grains and hides, while prices of cattle, sheep, cotton and gasoline increased.

Bank Credit. Commercial loans of member banks in leading cities, continued to decline during the four weeks ending February 16th, although at a less rapid rate than in earlier weeks. In mid-February the volume of these loans was about \$270,000,000 below the seasonal peak reached in the middle of November, though about \$200,000,000 above last year's level. Loans on securities also declined during the period, while the banks' investment holdings increased somewhat. During the four weeks ending February 23rd, the volume of

BILLIONS OF DOLLARS



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

reserve bank credit remained near the low level reached at the end of January. Liquidation of reserve bank credit since the high point of last December has been in excess of \$500,000,000, the unusual extent of this reduction being due chiefly to the large inflow of gold from abroad. Total bills and securities of the reserve banks on February 23rd were about \$200,000,000 smaller than on the corresponding date of last year.

Easier money conditions in February were reflected in a decline in the rate on prime commercial paper from $4\frac{1}{4}$ to 4 per cent after the first week of the month.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Available evidence, both statistical and non-statistical, indicates that **general business activity** in the Twelfth Federal Reserve District declined by more than the usual seasonal amount during January, 1927, but continued at levels approximating those of a year ago. This bank's index of **bank debits**, which is adjusted for seasonal variations, declined from 158 (daily average 1919=100) in December, 1926, to 155 in January, 1927. It stood at 154 in January, 1926. The index records movements in

total volume of check payments (bank debits) reported by banks in principal clearing house centers of the district, figures quite generally used as a measure of business activity.

Most **agricultural** areas of the district have been favored by a moderate winter season with ample rain and snowfall. Livestock are generally reported to be in good condition.

Industrial activity decreased during January. As compared with a year ago, declines were reported in lumbering, building construction,

and general manufacturing, while output of flour mills and other food manufacturing industries, metal mines, and petroleum producers increased. Total volume of **employment** was slightly above the levels of January, 1926.

Figures of **trade at wholesale** and at **retail** during January showed declines, not all of which could be ascribed to seasonal causes. Trade activity generally was maintained at slightly higher levels than in January, 1926.

Prices of many of the district's important products, including livestock, wool, wheat and other grains, advanced during the first weeks of 1927, while prices of copper, lead, silver, and lumber declined. The price level of most groups of commodities was lower than one year ago.

Seasonal and non-seasonal declines in business activity have been reflected in decreased loan accounts at member banks and in reduced discounts at the Federal Reserve Bank. Commercial loans of **reporting member banks** in principal cities of the district were smaller by 11 million dollars, or 1.2 per cent, on February 16th than on January 12th. Discounts of the **Reserve Bank** declined by 8 million dollars, or 19.4 per cent, during the same period. **Interest rates** have remained steady at moderate levels.

Agricultural Activities

The agricultural year has begun favorably in this district. Normal or greater than normal seasonal rainfall has been recorded in most farming areas; the snowfall on mountain watersheds, which are sources of water for irrigation later in the season, has been heavy and is generally well packed; and in those sections where cold weather prevails during the winter, fall sown grain and other crops have had the protection of an ample covering of snow. Abnormally cold weather and some snowfall

(A)	RAINFALL—Twelfth District		
	July 1, 1926 to Feb. 16, 1927 (Actual) (inches)*	July 1, 1925 to Feb. 16, 1926 (Actual) (inches)	July 1 to Feb. 16 (Normal) (inches)
Arizona:			
Flagstaff	11.0	14.7	16.2
Phoenix	9.3	4.1	6.6
California:			
Eureka	34.5	22.6	28.6
Fresno	8.0	5.3	6.0
Los Angeles	12.8	9.6	9.9
Red Bluff	21.2	16.2	16.0
Sacramento	13.3	10.6	12.7
San Diego	10.3	9.4	6.4
San Francisco	18.7	14.7	14.9
San Luis Obispo.....	19.0	13.9	12.6
Idaho:			
Boise	8.2	7.5	7.6
Nevada:			
Reno	5.4	5.0	6.7
Oregon:			
Baker City	7.7	5.4	7.3
Portland	36.5	21.4	30.8
Roseburg	25.0	25.7	23.5
Utah:			
Salt Lake City.....	10.9	10.1	8.5
Washington:			
Seattle	21.3	16.4	24.6
Spokane	10.9	8.1	12.2

*Preliminary computations.

in the Pacific Northwestern and Intermountain States during the last two weeks of January was followed by milder weather in February. California and Arizona experienced moderate temperatures and frequent rains.

Citrus fruit crops in California are in excellent condition. The present estimated 1926-1927 yield of Navel **oranges** is 13,178,000 boxes, compared with 10,100,000 boxes produced in 1925-1926. Increased production of oranges is reflected in shipments, which totaled 4,357 carloads during January, 1927, as compared with 3,473 carloads shipped during January, 1926. **Lemon** shipments during January, 1927, were 1,030 carloads, as compared with 682 carloads in January, 1926.

Sugar beet production in the Twelfth Federal Reserve District declined sharply during 1926, as a consequence of the reduced acreage planted to this crop and of the small yield per acre secured by growers. Acreage and production figures are shown in the following table:

	ACREAGE			PRODUCTION (TONS)		
	1926	1925	1924	1926	1925	1924
California	48	76	84	395	488	785
Idaho	16	36	40	109	456	275
Utah	54	69	80	409	1,064	560
Twelfth District	118	181	204	913	2,008	1,620
United States	685	647	815	7,537	7,366	7,489

*000 omitted.

Source: United States Department of Agriculture.

United States Department of Agriculture estimates of the number of cattle, sheep and swine on farms and ranges of the Twelfth District on January 1, 1927, show an increase since January 1, 1926, of 6.4 per cent in number of sheep and 14.8 per cent in number of swine, a decrease of 5.3 per cent in number of other (beef) cattle, and no change in number of milch cows (dairy cattle).

LIVESTOCK ON FARMS AND RANGES*

	Twelfth District January 1st,			United States January 1st,		
	1927	1926	1925	1927	1926	1925
Milch Cows ...	1,388	1,388	1,390	21,824	22,148	22,481
Other Cattle ..	3,947	4,158	4,551	35,697	37,000	39,515
Sheep	13,406	12,545	12,179	41,909	39,864	38,112
Swine	1,452	1,235	1,386	52,536	52,005	55,568

*000 omitted.

The decrease during recent years in number of "other cattle" (chiefly **beef cattle**) on farms and ranges has been accompanied by heavy receipts of cattle and calves at markets in this district, as shown in the table below. A slight decrease in volume of marketing during 1926 as compared with 1925 tends to confirm more general evidence that liquidation in the cattle industry was checked during the past year.

RECEIPTS OF CATTLE AND CALVES AT EIGHT MARKETS (Twelfth District)

1926.....	1,304,517*	1923.....	1,137,240
1925.....	1,328,256	1922.....	1,226,024
1924.....	1,301,527	1921.....	1,076,617

*Preliminary estimate.

Livestock ranges in this district, excepting those in certain sections of Utah, Nevada and Idaho where dry weather during the autumn retarded growth of winter feed, have provided sufficient forage for animals on winter feeding grounds, and only ordinary supplementary feeding has been necessary. Lambing and wool shearing are now in progress in the southern states of the district, and sheep are generally reported to be in good condition.

Industrial Activity

Industrial activity in the Twelfth Federal Reserve District declined by more than the usual seasonal amount during January, 1927, and is estimated to have been at, or slightly below, the level of January, 1926. Available employment data indicate that declines in production have been confined largely to the basic extractive industries of the district, some increases in manufacturing output having been reported. Data showing the number of workers on payrolls in principal industries of California and Oregon are presented in Table "C."

Value of building permits issued in 20 principal cities of this district during January, 1927, was approximately 19 per cent smaller than in December, 1926, and was less than in any January since 1922. The decrease as compared with December was in excess of the average December to January decline of recent years. It was the result chiefly of decreases reported for Fresno, Long Beach, Los Angeles, San Diego, and San Francisco, California, Portland, Oregon, Salt Lake City, Utah, and Seattle, Washington.

BUILDING PERMITS IN 20 CITIES Per Cent Increase or Decrease (—)

	January, 1927, compared with	
	Jan., 1926	Dec., 1926
Number of Building Permits Issued.....	—15.4	3.6
Value of Building Permits Issued.....	—16.5	—19.2

According to the United States Bureau of Labor Statistics' index, wholesale prices of building materials are now lower than at any

(B) Building Permits—

	January, 1927		January, 1926	
	No.	Value	No.	Value
Berkeley	195	\$ 419,719	299	\$ 943,339
Boise	22	16,000	28	22,458
Fresno	84	72,519	85	75,176
Long Beach	308	432,850	430	814,450
Los Angeles	2,844	8,129,749	3,236	6,973,252
Oakland	704	2,052,475	914	2,895,253
Ogden	8	33,000	9	15,800
Pasadena	168	483,671	241	1,295,207
Phoenix	102	241,278	111	397,980
Portland	690	3,502,610	944	1,985,660
Reno	16	47,400	21	43,700
Sacramento	182	546,958	195	457,312
Salt Lake City.....	29	185,910	48	137,346
San Diego	657	1,122,800	626	1,252,953
San Francisco	692	3,528,955	786	5,153,504
San Jose	97	301,290	134	391,445
Seattle	741	2,312,325	834	5,003,660
Spokane	91	148,904	92	163,381
Stockton	68	186,959	82	156,190
Tacoma	171	581,818	192	987,675
District	7,869	\$24,347,190	9,307	\$29,165,741

time since the summer of 1924. The index stood at 169.7 (1913 prices=100) for January, 1927, at 172.7 for December, 1926, and at 178.0 for January, 1926. The Aberthaw index of total building costs, including labor and materials (1914 costs=100), stood at 194 for February 1, 1927, a decline of two points from the January 1st figure, and a decline of three points from the average index figure, 197, for the final quarter of 1926.

The tendency toward greater than seasonal curtailment in lumber production, noted during the closing months of 1926, apparently persisted during the first month of 1927. Output of lumber, as reported by mills in four associations in the district, declined to the lowest levels since February, 1923, and was less than in any other January since January, 1922. Orders received during January, 1927, exceeded shipments, which in turn exceeded output, so that stocks of lumber held by mills decreased and unfilled orders increased.

LUMBER ACTIVITY*

	Jan., 1927	Dec., 1926	Jan., 1926	Dec., 1925
	(board feet)	(board feet)	(board feet)	(board feet)
Production	460,184	539,776	491,625	576,995
Shipments	528,296	558,442	604,924	643,419
Orders	585,005	565,488	635,691	654,124
Unfilled Orders†	375,877	318,040	476,856	404,969
No. of Mills Reporting‡	168	172	179	175

*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.

Average daily production of petroleum was slightly smaller during January, 1927, than during December, 1926, but was nearly 6 per cent larger than during January, 1926. Consumption of petroleum declined by approximately 2.5 per cent during the month and was about 5 per cent less than production. Stored stocks increased during January, 1927, for the second

(C) Employment—

Industries	California		Oregon			
	No. of Firms	No. of Employees	No. of Firms	No. of Employees		
All Industries	794	143,317	141,338	128	18,191	19,046
Stone, Clay and Glass Products.	52	7,383	7,395	3	170	180
Lumber and wood		(—0.2)†			(—5.6)†	
Manufactures ..	128	23,485	24,583	53	13,737	14,555
Textiles	18	2,549	2,629	3	527	379
Clothing, Millinery and Laundering.	62	7,779	7,638	8	537	535
Foods, Beverages and Tobacco...	168	24,088	22,849	38	1,534	1,635
Water, Light and Power	5	7,891	8,947
Other Industries*.	349	67,960	65,210
Miscellaneous	12	2,182	2,087	23	1,686	1,762

*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 January, 1926.

consecutive month, but at 120,566,572 barrels were still 6,808,412 barrels or 5.3 per cent smaller than a year ago.

PETROLEUM—California

	Average Daily Production (barrels)	Indicated Average Daily Consumption (Shipments) (barrels)	Stored Stocks at End of Month (barrels)	New Wells Opened	New Wells Daily Production (barrels)
Jan., 1927....	651,125	618,092	120,566,572	103	46,370
Dec., 1926....	654,095	631,132	119,542,556	72	51,034
Jan., 1926....	615,147	609,338	127,374,984	73	33,548

Source: American Petroleum Institute.

Figures of national production of **non-ferrous metals**, together with a guide to the proportionate importance of this district in such production, follow:

	National Production		Per Cent of Total Produced in 12th Dist.*	
	Jan., 1927	Dec., 1926	Jan., 1926	12th Dist.*
Copper (short tons) (mine production)	76,684	72,205	71,314	64.1
Lead (short tons) (crude)	52,697	54,981	50,796	51.6
Zinc (short tons) (slab)	56,898	56,884	56,389	13.3
Silver (oz.) (commercial bars)	5,841,000	5,091,000	5,401,000	69.7

*Including all of Arizona, the five southeastern counties of which are in the Eleventh Federal Reserve District.

Decreased activity in **flour milling** was reported during January. Output of principal milling factors submitting their figures to this bank, at 409,439 barrels, was more than 10 per cent below the output of December, 1926, and was nearly 32 per cent below the January five-year (1922-1926) average output. Figures of stocks of flour and wheat on hand at reporting mills were larger at the close of January, 1927, than at the close of December, 1926, but were smaller than the average of the January figures reported during the five years 1922-1926.

FLOUR MILLING*

	Jan., 1927	Dec., 1926	Jan., 1926	Five-Year Average Jan., 1922-1926
Output (bbls.)...	409,439	455,003	396,709	600,857
Stocks†				
Flour (bbls.)...	449,512	396,431	446,027	539,190
Wheat (bu.)...	2,964,471	2,955,219	3,169,868	3,966,287

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

(D) Bank Debits*

	January, 1927	January, 1926
Berkeley	\$ 22,144	\$ 21,714
Boise	14,884	15,534
Fresno	41,173	39,469
Long Beach	48,004	55,779
Los Angeles	968,340	884,893
Oakland	213,189	167,449
Ogden	24,209	32,921
Pasadena	45,361	41,205
Phoenix	30,604	27,590
Portland	162,397	167,646
Reno	9,286	9,379
Sacramento	27,362	35,320
Salt Lake City	77,544	79,848
San Diego	78,135	65,892
San Francisco	1,100,398	1,053,360
San Jose	29,564	28,115
Seattle	189,151	206,479
Spokane	60,877	56,466
Stockton	31,096	30,753
Tacoma	44,852	46,881
Yakima	12,476	13,049
District	\$3,231,046	\$3,079,742

*000 omitted.

Final estimates of the 1926 **canned salmon** pack are presented in the accompanying table. The world pack of 10,516,814 cases in 1926 has been exceeded only by the 1917 pack, which totaled 10,692,047 cases. Record packs were reported from Central Alaskan, Canadian and Siberian waters. Unusually large catches of red salmon entered into the pack during the 1926 canning season. Salmon markets have been active during recent months, although prices have generally tended to decline, the decrease being greatest for red salmon.

CANNED SALMON PACK*

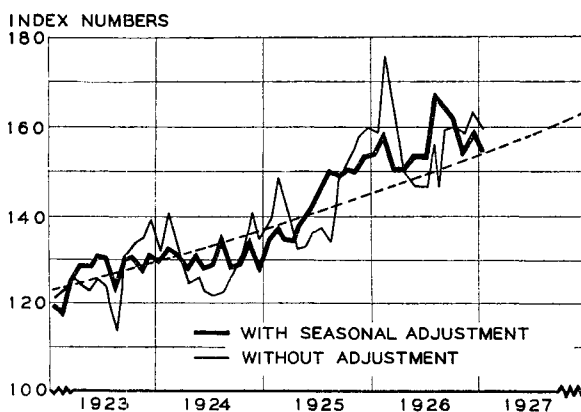
	1926 (cases)	1925 (cases)	Five-Year Average 1921-1925 (cases)
Alaska	6,633,278	4,450,898	4,385,312
United States (excluding Alaska)	858,406	1,583,423	1,123,825
Total United States.....	7,491,684	6,034,321	5,509,137
British Columbia	2,052,442	1,697,298	1,340,280
Siberia and Japan.....	972,688	676,663	722,626
Total World	10,516,814	8,408,282	7,572,043

A case contains 48 one-pound cans or their equivalent. *Final estimate. Source: Pacific Fisherman.

General Business and Trade

Activity in general business and trade was maintained at moderately high levels during January, 1927.

Daily average debits to individual accounts (**bank debits**) in a representative group of cities declined during January, 1927, as com-



BANK DEBITS—TWELFTH DISTRICT
Index for 20 principal cities, Phoenix, Arizona, not included, (daily averages, 1919 average=100). Latest figures, January, with adjustment, 155, without adjustment, 160.

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

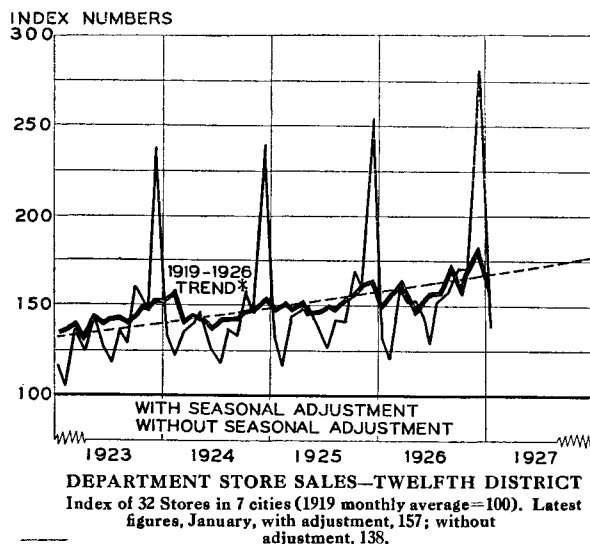
pared with December, 1926, but were slightly larger than a year ago. This bank's index of bank debits, which is adjusted for seasonal variations, declined from 158 (daily average 1919=100) in December, 1926, to 155 in January, 1927. A year ago the index stood at 154.

BANK DEBITS—Twelfth District
Index for 20 Principal Cities*

	Jan., 1927	Dec., 1926	Nov., 1926	Jan., 1926
Without Seasonal Adjustment...	160	163	159	158
With Seasonal Adjustment.....	155	158	153	154

*Daily average, 1919 average=100.

Retail stores, in general, reported larger sales during January, 1927, than during January, 1926. The average increase in value of sales for 90 reporting stores was 4.4 per cent. As compared with December, the most active month of the year for nearly all retail lines, sales declined 48.9 per cent, a greater than seasonal decrease. Retail stocks at the close of January, 1927, were 2.1 per cent larger than at the close



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

of January, 1926, the chief increases being reported by wearing apparel and furniture stores. Stock turnover during January, computed on the basis of figures of 62 firms, was 2.7 times per year compared with 2.8 times per year in January, 1926. For 34 department stores, stock turnover during January, 1927, was 2.65 times per year, compared with 2.76 times per year in January, 1926.

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							
Jan., 1927...	230	130	115	87	81	69	138
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
Jan., 1926...	210	124	113	86	75	70	130
With Seasonal Adjustment							
Jan., 1927...	243	152	130	105	107	96	157
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
Jan., 1926...	221	145	128	104	99	97	148

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

Sales of 191 wholesale firms operating in eleven lines of trade in this district were 1.3 per cent smaller in value during January, 1927, than during January, 1926. At least part of the decline in dollar value of sales, as compared with a year ago, may be ascribed to the lower level

of prices prevailing this year. The United States Bureau of Labor Statistics' index of wholesale prices averaged 5.8 per cent lower in January, 1927, than in January, 1926. Declines in wholesale trade over the year period were reported for six lines of business, the other five reporting increases. All of the increases were moderate in amount except that reported for automobile tires, sales of which were 65.5 per cent greater than a year ago. As has been pointed out before, increases in current sales of tires are partly the result of the resumption of "spring dating" sales, a practice which was re-established last autumn by the larger companies, and the effects of which are still apparent. Sales of the 191 firms were 8.6 per cent smaller in January, 1927, than in December, 1926. Ordinarily, sales are larger during January than during December.

WHOLESALE TRADE

	No. of Firms	Percentage increase or decrease (—) in Value of Sales		
		Jan., 1927 compared with Jan., 1926	Jan., 1927 compared with Dec., 1926	Dec., 1926 compared with Dec., 1925
Agricultural Implements...	15	9.5	34.6	— 9.5
Automobile Supplies	23	7.3	— 6.0	3.5
Automobile Tires	16	65.5*	—48.1	129.1*
Drugs	7	— 5.4	0.5	0.9
Dry Goods	27	— 6.1	—15.8	— 1.8
Electrical Supplies	8	5.2	—35.0	6.1
Furniture	17	— 7.0	—20.9	— 4.9
Groceries	21	— 2.7	— 3.8	0.4
Hardware	22	— 5.8	— 4.7	— 3.1
Shoes	13	11.2	— 9.8	25.6
Stationery	22	— 3.0	—15.2	— 2.4
All Lines	191	— 1.3	— 8.6	4.1

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

Prices

Price movements during January were noteworthy in that the general level of wholesale prices of agricultural commodities continued the advance of the preceding month, while the general level of wholesale prices of non-agricultural commodities again declined. This is a reversal of the tendency in evidence since June, 1926. The United States Bureau of Labor Statistics' index number of all commodities at wholesale declined from 147.2 for December, 1926, to 146.9 for January, 1927 (1913 prices=100). A year ago it stood at 156.0. Group index numbers of prices for foods, cloths and clothing, fuel and lighting, metals, chemicals and drugs, and house furnishings declined during the month.

The United States Department of Agriculture's index of prices paid at the farm declined during January as did the Bureau of Labor Statistics' index of non-agricultural commodities. The decline in the latter index was greater than that of the farm price index, however, so that the ratio between these two indexes, a general indication of the purchasing power of farm

products, increased. For January, the farm price ratio was 81.3 (pre-war purchasing power =100) compared with 80.2 for December, 1926, and 87 for January, 1926.

Livestock prices at Chicago advanced steadily during January, weekly average prices for **lambs, sheep, and hogs** increasing approximately 1½ per cent, 9 per cent, and 2 per cent, respectively, during the month. Although **cattle** prices strengthened during the later weeks of January, the average for the month was approximately 3 per cent below that of December. January prices for cattle and for hogs were slightly above those of a year ago, but prices for lambs and sheep ranged from 18 to 23 per cent below those of January, 1926. Comparisons of weekly average prices are shown in the following table:

LIVESTOCK PRICES AT CHICAGO
(Weekly average per 100 pounds)

Week Ending	Beef Cattle	Lambs	Hogs	Sheep
February 4, 1927.....	\$10.50	\$12.80	\$12.05	\$7.50
January 7, 1927.....	9.85	12.40	11.75	6.15
February 5, 1926.....	9.65	14.50	12.80	9.00

An upward movement of **wheat** prices, begun during January, was checked early in February, and subsequent sluggishness in the wheat market influenced price movements of other cereals and grains. Quotations for May contract wheat at Chicago during the week ending February 4, 1927, ranged from \$1.42¼ to \$1.43½ per bushel, compared with a range of \$1.37⅝ to \$1.39¼ for the corresponding period a month ago, and \$1.73⅝ to \$1.76 a year ago. On February 15, 1927, comparable quotations ranged from \$1.39¾ to \$1.40½ per bushel.

The **cotton** market tended slowly upward during January, but early February prices were still at levels approximately 33 per cent below those of a year ago. Quotations for spot middling uplands cotton at New Orleans, during the week ending February 4, 1927, ranged from 13.32 to 13.65 cents per pound, an advance of 6.6 per cent compared with quotations of a month ago, which ranged from 12.53 to 12.77 cents per pound. A year ago this grade of cotton was quoted at 20.02 to 20.34 cents per

pound. An average of 98 **wool** quotations on the Boston market changed little during the month, continuing about 16 per cent below the figure of January, 1926. On November 26, 1926, this average stood at 67.40 cents per pound. By December 10th it had declined to 65.16 cents per pound, the lowest point reached since May, 1922. On January 7th, the average was 65.34 cents, and on February 4, 1927, it reached 65.42 cents per pound. One year ago it stood at 77.87 cents and two years ago at 102.04 cents per pound.

The advance in **sugar** prices, which has been progressing steadily during the past five months, was halted, at least temporarily, by price reductions during the first weeks of 1927. Quotations on refined beet sugar, f.o.b. San Francisco, declined rapidly during January and early February. On February 14, 1927, at \$5.95 per 100 pounds, the price was 45 cents below the high point of the recent advance reached January 4, 1927, when refined beet sugar was quoted at \$6.40 per 100 pounds.

A price of 60 cents per ounce for **silver** at New York on February 3rd climaxed a January recovery in silver prices. The advance to the 60-cent level was not held, but a quotation of 59 cents per ounce was maintained for several days. The price of silver declined to 57 cents per ounce on February 9, 1927. Prices for **copper, lead, and zinc** continued in January, 1927, the decline which was in progress during most of 1926. A national index of **lumber** prices published by "The Lumber Manufacturer and Dealer" stood at 29.73 for January, 1927, compared with 29.75 for December, 1926, and 31.32 for January, 1926.

Banking and Credit Situation

Seasonal slackening in business activity in the Twelfth Federal Reserve District was reflected in reports of condition of 62 city member banks during the later weeks of January and the first weeks of February. Commercial loans of these banks declined by approximately one per cent between January 12th and February

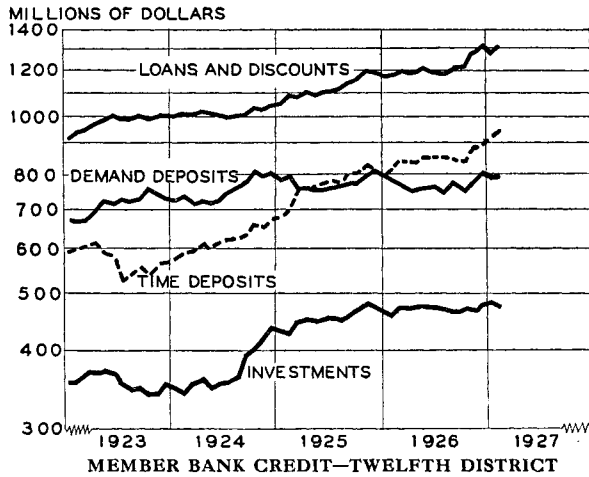
(E) Commodity Prices—

Commodity	Unit	February 4, 1927	One Month Ago	One Year Ago
Wholesale Prices (U. S. Bureau of Labor—1913=100).....		146.9	147.2	156.0
Purchasing Power of Farm Products (U. S. Dept. of Agriculture)*.....		81.3	80.2	87.0
Cattle (Native Beef).....	100 lbs.	\$10.50	\$9.85	\$9.65
Lambs.....	100 lbs.	12.80	12.40	14.50
Hogs.....	100 lbs.	12.05	11.75	12.80
Wheat.....	bu.	1.42¼-1.43½	1.37⅝-1.39¼	1.73⅝-1.76
Wool.....	lb.	65.42¢	65.34¢	77.87¢
Apples.....	box	\$1.65-1.80	\$1.45-1.75	\$1.75
Oranges.....	box	4.25-4.85	3.25-5.00	4.25-4.75
Prunes.....	lb.	.07-.07½	.07-.07½	.09-.09½
Raisins.....	lb.	.07½	.07½	.07¾
Canned Peaches.....	doz.	2.20	2.20	2.20
Butter.....	lb.	.47½	.46	.45½
Copper.....	lb.	12.990¢	13.302¢	13.822¢
Lead.....	lb.	7.577¢	7.855¢	9.255¢
Silver.....	oz.	55.795¢	53.466¢	67.795¢
Lumber (Softwood).....		29.73	29.75	31.32

*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."

16th and, largely as a result of this decrease, their total loans were approximately one per cent smaller at mid-February than a month earlier. The current volume of loans was 8 per cent larger than a year ago. Total loans and investments of reporting banks declined from the record level of 1,791 million dollars reached on January 5, 1927, to 1,748 million dollars on February 2nd. An upward movement of both

Changes in total earning assets of the Federal Reserve Bank of San Francisco during recent weeks have been due more to seasonal fluctuations in borrowings of member banks than to changes in its holdings of investments. The general trend of both borrowings of member banks and of holdings of investments, however, has been downward since January 5, 1927. Continued curtailment in hand to hand cur-



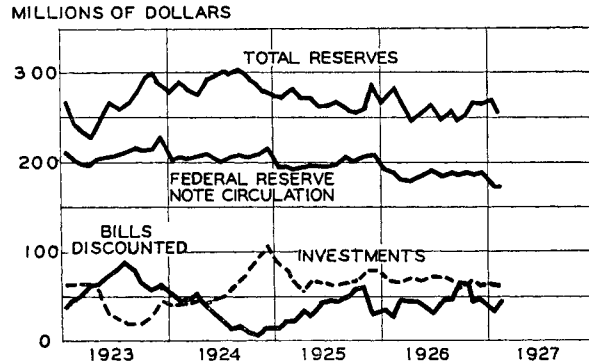
MEMBER BANK CREDIT—TWELFTH DISTRICT
Figures for about 65 member banks in leading cities, as of last Wednesday of each month. Latest figures, January 26.

loans and investments began on the latter date and by mid-February, total loans and investments had recovered 30 per cent of the decline reported during January and stood at over 1,760 million dollars. Demand deposits at reporting banks have tended to decline in volume during recent weeks, and on February 16th were approximately 2 per cent below one month ago and one year ago. The upward movement of time deposits, which has been a significant feature of the past year's banking statistics, was checked, at least temporarily, early in February and on February 16th they were 27 million dollars or 3 per cent smaller than one month ago. Borrowings of these banks from the Federal Reserve Bank of San Francisco fluctuated seasonally during January and February, declining more than 55 per cent during the period from January 5, 1927, to February 16, 1927.

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

	Condition Feb. 16, 1927,	Changes from	
		One Month Ago	One Year Ago
		(+ = increase)	(- = decrease)
Total Loans	1,279	-12 (0.9)	+100 (8.4)
Commercial Loans	950	-11 (1.2)	+ 42 (4.6)
Loans on Securities.....	329	0	+ 58 (21.3)
Investments	481	- 1 (0.2)	+ 12 (2.6)
Total Loans and Investments	1,760	-12 (0.7)	+112 (6.8)
Net Demand Deposits.....	790	-17 (2.1)	- 14 (1.7)
Time Deposits	894	-27 (2.9)	+ 87 (10.8)
Borrowings from Federal Reserve Bank	25	- 8 (25.3)	+ 9 (58.5)

*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 the Twelfth Federal Reserve District. Reporting banks embrace member banks in Los Angeles, San Francisco, Oakland, Portland, Tacoma, Seattle, Spokane, Ogden, and Salt Lake City.



Figures for Federal Reserve Bank of San Francisco, as of last Wednesday of each month. Latest figures, January 26.

rency requirements of the district, a reflection, in part, of seasonal slackening in trade activity, has reduced the volume of Federal reserve notes in circulation to the lowest levels since September, 1918. The figures for recent weeks, together with similar figures for past years are presented in the following table:

February 16, 1927.....	\$172,287,000
January 26, 1927.....	171,127,000
January 5, 1927.....	186,308,000
December 22, 1926.....	192,315,000
December 1, 1926.....	185,558,000
February 17, 1926.....	188,564,000
December 23, 1920 (high).....	272,548,000
September 13, 1918.....	170,738,000

A part of the decline in Federal reserve note circulation since the peak of December, 1920, may be accounted for by the decline in the general level of prices during the same period, a smaller amount of money now being needed to transact a given physical volume of business than was then necessary. In recent years, however, declining Federal reserve note circulation has accompanied relative stability in the general price level and increasing business activity. It seems probable that these later declines in Federal reserve note circulation have been offset, at least in part, by increased circulation of other forms of money, although no figures of such circulation within the district are available.

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

	Condition Feb. 16, 1927	Changes from	
		One Month Ago	One Year Ago
		(+ = increase)	(- = decrease)
Total Bills and Securities....	96	-14 (12.4)	+ 5 (6.0)
Bills Discounted	33	- 8 (19.4)	+10 (45.4)
United States Securities.....	39	0	- 6 (13.9)
Bills Bought	24	- 6 (19.0)	+ 2 (8.6)
Total Reserves	267	+ 2 (0.8)	-27 (9.2)
Total Deposits	177	- 5 (2.9)	- 4 (2.4)
Federal Reserve Note Circulation	172	- 7 (3.7)	-16 (8.6)