

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. 3

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

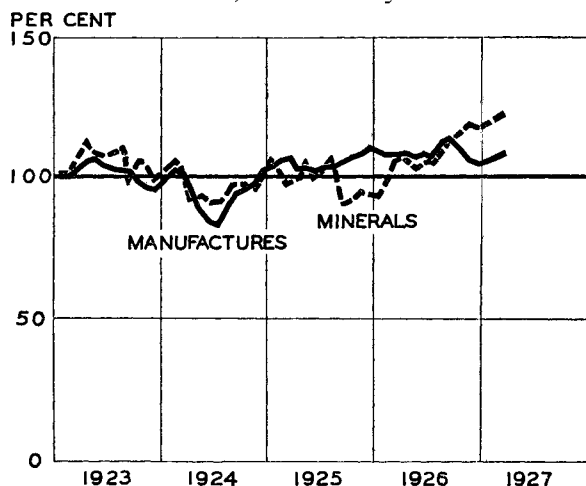
Industrial output increased further in February and was slightly larger than a year ago. Distribution of commodities by the railroads was larger than for the corresponding period of any previous year. The general level of wholesale prices continued to decline and was, in February, at the lowest level since the summer of 1924.

Production. Production of manufactures increased in February for the second consecutive month. Output of minerals, after declining in January, advanced in February to the record level reached last December. Factory production and employment, however, continued smaller than during the corresponding month of last year. Production of iron and steel has increased steadily since December, and reports indicate that operations of steel mills in March, 1927, were at almost the same high rate as in March, 1926. Automobile production increased from 234,000 cars in January to 298,000 cars in February, and weekly figures of employment in Detroit factories indicate some further additions to production in March. Output, however, has continued much smaller than a year ago. Daily average mill consumption of cotton was larger in February than in any previous month on record, but activity of woolen and

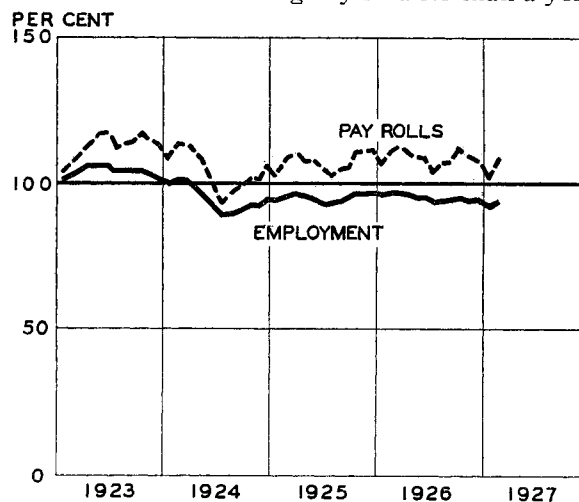
silk mills decreased as compared with January. Production of bituminous coal has been maintained in large volume, while that of anthracite has been considerably reduced.

The output of building materials was smaller during the first two months of this year than in the corresponding period of 1926. The value of building contracts awarded in February was 3 per cent smaller than in the same month of last year, but awards for the first three weeks in March were in approximately the same volume as in 1926. Volume of contracts awarded in southeastern and northwestern states has been considerably smaller than a year ago, while in the central western states it has been much larger.

Trade. Retail trade showed less than the usual seasonal decline between January and February. Sales of department stores and chain stores were larger than in February of last year, while sales of mail-order houses were smaller. Wholesale firms reported a smaller volume of business in February than a year ago, declines occurring in nearly all leading lines. Inventories of department stores increased in February in anticipation of the usual expansion in spring trade, but the growth was less than is customary at this season. At the end of the month stocks were slightly smaller than a year

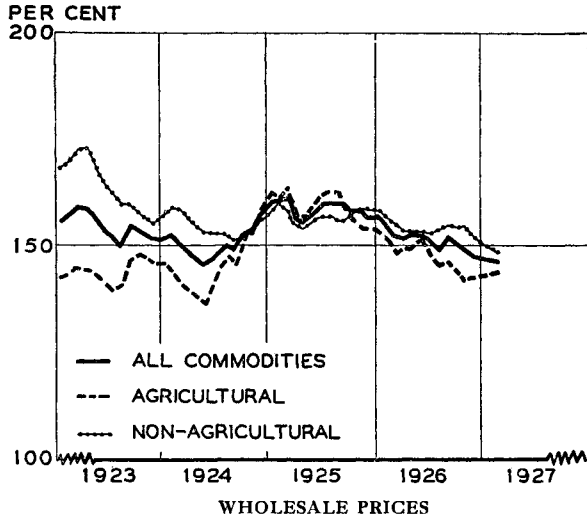


PRODUCTION OF MANUFACTURES AND MINERALS
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 average=100). Latest figures, February, manufactures, 106; minerals, 120.



FACTORY EMPLOYMENT AND PAYROLLS
Federal Reserve Board's indexes of factory employment and payrolls (1919 monthly average=100). Latest figures, February, employment, 93.7; payrolls, 108.5.

ago. Stocks of merchandise carried by wholesale firms also increased in February, but they were generally smaller than in the corresponding month of last year. Railroad shipments of commodities have increased steadily and by more than the usual seasonal amount since January. They have exceeded shipments for the same period last year, owing to larger movement of coal, of miscellaneous commodities, and of merchandise in less-than-carload lots.

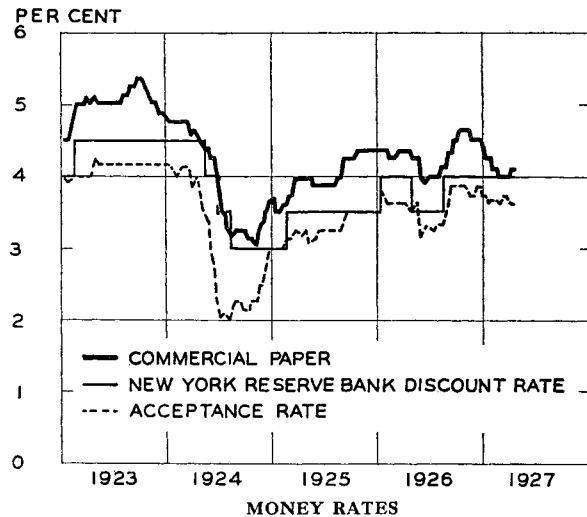


Indexes of United States Bureau of Labor Statistics, (1913 prices = 100). Latest figures, February, all commodities, 146.4; non-agricultural commodities, 148.3; agricultural commodities, 143.8.

Prices. Wholesale prices, according to the index of the Bureau of Labor Statistics, continued to decline in February. Among non-agricultural products decreases occurred in the prices of coal, petroleum, iron, and steel, non-ferrous metals, and lumber; and the index for non-agricultural prices as a group was at the lowest post-war level. Prices of livestock and livestock products and of clothing materials advanced in February. During the first three weeks of March there were decreases in prices of grains, livestock, sugar, silk, wool, coal, petroleum, and gasoline, while prices of potatoes, pig iron, hides, and rubber advanced.

Bank Credit. Demand for commercial credit at member banks in leading cities increased sea-

sonally between the middle of February and the middle of March. There was also growth in the volume of funds used in the security market as indicated by increases in loans to brokers and dealers in securities. Consequently total loans of reporting banks at the end of the period were close to the level of last autumn. Financial operations of the United States treasury around the middle of March, with disbursements temporarily in excess of receipts, re-



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

sulted in a temporary abundance of funds which was reflected at member banks in leading cities by a growth of deposits, a reduction of indebtedness at the Reserve Banks and increased holdings of securities.

At the Reserve Banks, following changes in holdings of bills and securities accompanying the financial operations of the treasury, the total volume of credit outstanding on March 23rd was somewhat larger than four weeks earlier. Conditions in the money market in March were slightly firmer than in February. Rates on prime commercial paper advanced from 4 per cent to 4¼ per cent. Call money was also higher, while rates on acceptances declined slightly.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

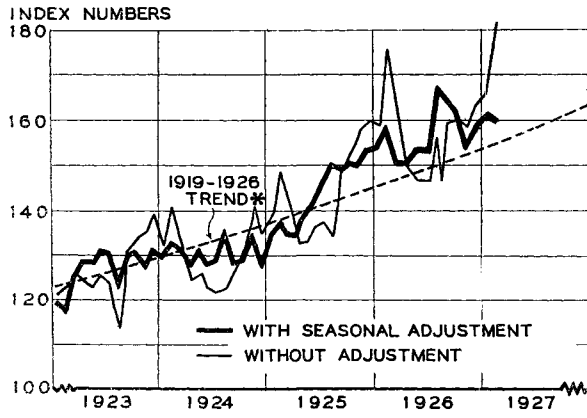
The total volume of business transacted in the Twelfth Federal Reserve District was smaller during February, 1927, than during January, 1927, but when adjustment is made for variations in the number of working days in the month, an increase in the rate of activity is indicated. The increase, however, was less than that which usually occurs at this season of the year. This bank's index of daily average volume of checks cashed (bank debits) by banks in 20 principal cities of the district declined from 161 (revised) per cent of the 1919 average

in January, 1927, to 160 per cent in February, 1927. A year ago the index stood at 158 per cent of the 1919 average. According to the index of bank debits, as presented in the accompanying chart, general business activity thus far in 1927 has been at levels above the trend of past years.

BANK DEBITS*—Twelfth District Index for 20 Principal Cities				
	Feb., 1927	Jan., 1927	Dec., 1926	Feb., 1926
Without Seasonal Adjustment.....	182	166	163	175
With Seasonal Adjustment.....	160	161	158	158

*Daily average, 1919 average=100. †Revised.

Heavy rains over the district during February and early March hindered spring agricultural operations, but assured an ample supply of soil moisture for the early growing season, added to prospective supplies of irrigation water, and gave promise of adequate feed supplies on spring and summer ranges.



BANK DEBITS—TWELFTH DISTRICT
 Index for 20 principal cities, Phoenix, Arizona, not included, (daily averages, 1919 average=100). Latest figures, February, with adjustment, 160; without adjustment, 182.
 *Based upon average month to month increase during the years 1919 to 1926 inclusive.

Industrial activity reached slightly higher seasonal levels during February than during January, 1927, but continued a little below the levels of a year ago. Lumbering and building construction were less active than in 1926, while output of general manufactures, petroleum, and flour and other foodstuffs was greater than in the earlier year. Total volume of employment continued slightly larger than a year ago.

Trade activity was maintained at moderate levels during February, 1927. Value of sales at retail declined by less than the usual seasonal amount as compared with January, 1927, and was greater than during February, 1926. Sales at wholesale were slightly smaller in value than in February, a year ago. The decline approximated that of the general level of wholesale prices over the year period, however, and it is probable that the physical volume of goods moved through wholesale channels was as large during February, 1927, as during February, 1926.

Prices generally fluctuated irregularly within relatively narrow limits during February, the trend being slightly downward. Representative indexes of prices at wholesale were approximately 5.5 per cent lower during February, 1927, than during February, 1926. Prices of some of the important products of this district moved counter to the general price level during the month and there were small advances in quotations on livestock, wool, cotton, oranges, silver, zinc, and lumber.

Reflecting seasonal expansion in business activity, commercial loans of reporting city mem-

ber banks rose to record levels during the latter days of February and the first week of March. Borrowings of member banks from the Federal Reserve Bank of San Francisco also increased seasonally during this period.

Agriculture

Heavy rains over the district during February and early March hindered spring agricultural operations, but assured an ample supply of soil moisture for the early growing season and added to prospective supplies of irrigation water.

Movement to market of those semi-perishable and non-perishable crops, the marketing season of which extends throughout the year, has continued. By February 28th, exports of wheat from Puget Sound ports and from Portland, for the crop year commencing July 1, 1926, had totaled 29,671,000 bushels, compared with total exports of 11,577,000 bushels during the first 8 months of the 1925-1926 crop year. Barley exports from San Francisco have been smaller in volume during the current season than they were last year, shipments during the 8 months ending February 28, 1926, and February 28, 1927, amounting to 10,162,000 bushels and 8,031,000 bushels, respectively. Partly as a consequence of these diverse market movements, stocks of wheat on farms of the Pacific Northwest are reported to be smaller and stocks of barley, particularly in California, are reported to be larger than a year ago. United States Department of Agriculture figures of stocks of wheat and barley remaining on farms on March 1st follow:

WHEAT AND BARLEY—STOCKS ON FARMS

	March 1, 1927			Per Cent of Crop Shipped Out or To Be Shipped Out of County Where Grown		
	Five-Year Average†			Five-Year Average†		
	1927 (bu.)*	1926 (bu.)*	(bu.)*	1927	1926	Average†
Wheat						
California	1,201 (10.0)	803 (7.0)	948 (8.3)	‡	69	62
Idaho	2,956 (12.0)	3,906 (15.0)	4,290 (17.4)	‡	68	63
Oregon	2,154 (11.0)	2,079 (11.0)	2,328 (11.1)	62	60	65
Washington	3,624 (9.0)	3,623 (9.0)	4,560 (10.6)	75	65	73
Four States	9,935	10,411	12,126			
United States..	130,444 (15.7)	100,137 (14.8)	151,428 (18.9)	68.3	68.6	64.9
Barley						
California	4,044 (13.0)	3,438 (11.0)	2,876 (10.0)	‡	64	68
Idaho	663 (15.9)	1,364 (25.0)	680 (18.1)	‡	33	31
Oregon	357 (15.0)	634 (20.0)	441 (18.3)	16	28	19
Washington	435 (20.0)	402 (13.0)	588 (22.1)	28	28	27
Four States	5,499	5,838	4,585			
United States..	40,829 (21.4)	52,915 (24.4)	46,997 (25.2)	29.2	35.5	36.1

Figures in parentheses indicate percentage of preceding year's crop remaining on farms March 1st. *000 omitted. †1921-1925. ‡Figures not available.
 Source: United States Department of Agriculture.

During February, 1927, 3,806 cars of oranges and 727 cars of lemons were shipped, compared

with shipments amounting to 3,483 cars of oranges and 558 cars of lemons reported for February, 1926. The 1926-1927 Navel orange crop is estimated at 13,000,000 boxes compared with 10,100,000 boxes grown in 1925-1926. **Apple** shipments from this district during the 1926-1927 season to February 28, 1927, totaled 43,758 carloads. Between July 1, 1925, and February 28, 1926, 44,482 carloads of apples were shipped from the district.

Livestock on winter ranges have been generally benefited by comparatively mild weather during the past month, while recent heavy rains give promise of adequate feed supplies on spring and summer ranges. Reports from those sections of the district where lambing is or has been in progress indicate that the lamb crop in Arizona, Utah, and California will be approximately the same as a year ago, while in Oregon, Idaho, and Washington a slight decrease has been reported. Market demand for choice lambs has been active, and shipments to Eastern markets have begun. Condition of livestock and ranges of the district is shown as a per cent of estimated normal in the following table:

	Ranges			Cattle			Sheep		
	Mar.	Feb.	Mar.	Mar.	Feb.	Mar.	Mar.	Feb.	Mar.
	1927	1927	1926	1927	1927	1926	1927	1927	1926
Washington ..	87	87	93	90	92	90	91	92	96
Oregon	92	88	98	91	91	98	92	92	99
Idaho	88	77	96	93	88	98	93	90	98
Utah	89	85	96	93	89	104	93	89	103
Nevada	85	83	100	90	88	105	89	86	103
Arizona	90	85	85	86	85	88	90	88	95
California ...	94	93	90	90	89	92	92	91	93

Source: United States Department of Agriculture.

The following table shows total receipts of cattle and calves, sheep, and hogs at eight principal markets of the district during the first two months of 1927 and 1926 and the five-year, 1921-1925, average for that period.

	January and February, 1927	January and February, 1926	5-Year* Average
Cattle and Calves.....	217,704	216,690	187,918
Sheep	412,740	305,490	361,360
Hogs	440,050	400,621	429,554

*1921-1925.

Wool buyers have been more active in the field during recent weeks than was the case a year ago. Contract prices of wool, however, are reported as ranging from 28 to 32 cents per pound which is slightly lower than last year when the range was from 32 to 35 cents per pound.

Industry

Industrial activity reached slightly higher seasonal levels during February than during January, 1927, but continued at or a little below the levels of a year ago. Available statistical and non-statistical data on **employment** show

a small increase in volume of employment in California and a slight decrease in the Pacific Northwest during February, 1927, as compared with one month ago and one year ago. A seasonal surplus of unskilled labor is now reported in all states of the district.

Further prospective curtailment of **building** activity, particularly in the larger metropolitan areas, is indicated by figures of building permits granted in 20 cities of the district during February, 1927. For the district as a whole and in most of the principal reporting cities, value of permits issued was less than during February, 1926. In some of the smaller urban centers an increase over the year period was reported. The present downward trend of building construction follows upon a four-year period of great activity, born of the necessity for making up war-time building losses and, in its later phases, stimulated by the presence of large supplies of capital seeking employment at moderate rates of interest. District percentage changes are presented below, and detailed figures by cities are presented in Table "B."

	Months in 1927 compared with same Months in 1926				Month in 1927 compared with preceding Month	
	Monthly		Year-to-date		No.	Value
	No.	Value	No.	Value		
February....	—13.2	—14.4	—14.4	—15.5	—1.9	6.0
January	—15.4	—16.5	—16.5	—16.5	3.6	—19.2

The United States Bureau of Labor Statistics' index number of wholesale building materials prices at 167.9 (1913 prices=100) for February, 1927, showed a decline of 1.8 points from the January, 1927, level. The February, 1927, figure is the lowest recorded since the summer of 1922, and is 10 points or 5.6 per cent below the February, 1926, figure. As a result of lower building materials prices, the Aberthaw index of total cost of building declined 1 point

(A) Employment—

Industries	California			Oregon		
	No. of Firms	No. of Employees Feb., 1927	No. of Employees Feb., 1926	No. of Firms	No. of Employees Feb., 1927	No. of Employees Feb., 1926
All Industries	809	145,832	141,815	150	21,375	23,352
Stone, Clay and Glass Products.	48	6,992 (2.8)	6,301	4	186 (—8.5)	204
Lumber and wood Manufactures ..	127	23,462 (—3.8)	24,387	57	12,415 (—13.2)	14,308
Textiles	17	2,554 (—2.4)	2,618	8	1,354 (—1.0)	1,367
Clothing, Millinery and Laundering.	66	8,353 (5.3)	7,934	7*	318 (3.6)	307
Foods, Beverages and Tobacco...	178	24,337 (3.7)	23,471	45	1,480 (2.9)	1,438
Water, Light and Power	5	7,775 (—12.2)	8,859
Other Industries†.	356	70,354 (6.0)	66,350
Miscellaneous	12	2,005 (5.8)	1,895	29	5,622 (—1.9)	5,728

*Laundry only. †Includes the following industries: Metals, machinery and conveyances; leather and rubber goods; chemicals, oils and paints; printing and paper goods. Figures in parentheses indicate percentage changes from February, 1926.

during February, and at 193 on March 1, 1927, was at the lowest point in the past four years. It stood at 195 on March 1, 1926.

Further curtailment of lumber production was reported in this district during February, 1927, and for the second consecutive month orders received exceeded shipments, which in turn exceeded output, so that stocks of lumber held by mills decreased and unfilled orders increased. The lumber association figures for February, 1927, include reports of only 146 mills, however, whereas 168 mills reported during January, 1927, and 177 mills during February, 1926. Production, shipments, and orders received, showed decreases during February, 1927, as compared with both the preceding month and the corresponding month of last year.

	LUMBER*				
	Feb., 1927 (board feet)	Jan., 1927 (board feet)	Feb., 1926 (board feet)	—First Two Months— 1927 (board feet) 1926 (board feet)	
Production	426,771	460,184	557,605	886,601	1,049,230
Shipments	489,800	528,296	598,385	1,016,759	1,203,309
Orders	525,744	585,005	614,234	1,109,311	1,249,925
Unfilled Orders†	400,204	375,877	502,278
No. of Mills Reporting‡	146	168	177	157	178

*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.

Figures of national non-ferrous metal production, 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.*			
	Feb., 1927	Jan., 1927	Feb., 1926	in 1926
Copper (short tons) (mine production)	69,031	76,684	67,793	64.1
Lead (short tons) (crude)	48,251	52,697	47,604	51.6
Zinc (short tons) (slab)	51,341	56,898	53,237	13.3
Silver (oz.) (commercial bars)	5,011,000	5,841,000	4,970,000	69.7

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

Reported daily average production of petroleum in California during February, 1927, was 1.4 per cent (8,885 barrels) less than during January, 1927, but 4.8 per cent (29,241 barrels) greater than during February, 1926. Reported

shipments showed substantial increases both as compared with last month and the corresponding month last year, and were 8.6 per cent (1,545,347 barrels) larger than production. Stored stocks declined, following a brief period of accumulation in December and January.

PETROLEUM—California					
	Average Daily Production (barrels)	Indicated Average Daily Consumption (Shipments) (barrels)	Stored Stocks at End of Month (barrels)	New Wells Opened	Daily Production (barrels)
Feb., 1927	642,240	697,431	119,021,225	68	29,011
Jan., 1927	651,125	618,092	120,566,572	103	46,370
Feb., 1926	612,999	586,888	128,106,096	98	26,969

Source: American Petroleum Institute.

Flour milling activity in this district, as represented by operations of 14 large milling companies regularly reporting to this bank, increased during February, 1927, both as compared with February, 1926, and January, 1927. Increased daily average output was not accompanied by an increase in sales, however, and while total production decreased nearly 22 thousand barrels as compared with the previous month, stocks of flour in millers' hands increased by over 19 thousand barrels.

	FLOUR MILLING*			Five-Year Average Feb., 1926
	Feb., 1927	Jan., 1927	Feb., 1926	1922-1926
Output (bbls.)	387,551	409,439	325,161	436,772
Stocks†				
Flour (bbls.)	468,617	449,512	417,548	499,446
Wheat (bu.)	2,857,031	2,964,471	2,295,563	2,949,412

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

Distribution and Trade

Trade activity in the Twelfth Federal Reserve District continued at moderate levels during February, 1927. Sales at retail were larger in value in February, 1927, than during February, 1926. Sales at wholesale were slightly smaller in value than a year ago, but the decline was less than that of the general level of wholesale prices over the year period. It is probable

(B) Building Permits—

	February, 1927		February, 1926	
	No.	Value	No.	Value
Berkeley	143	\$ 390,135	227	\$ 476,546
Boise	48	47,000	48	21,273
Fresno	75	98,322	91	88,327
Long Beach	308	546,240	404	815,675
Los Angeles	2,476	7,574,354	2,783	8,542,370
Oakland	584	1,720,644	909	3,062,466
Ogden	14	31,250	11	19,150
Pasadena	162	265,963	223	509,666
Phoenix	92	159,775	91	152,332
Portland	1,006	3,065,935	1,009	2,502,190
Reno	10	23,600	14	75,050
Sacramento	254	1,486,280	199	443,673
Salt Lake City	56	247,075	54	187,690
San Diego	548	963,763	574	1,293,205
San Francisco	623	3,210,978	753	4,711,886
San Jose	96	610,510	107	303,895
Seattle	833	1,535,810	901	2,346,300
Spokane	107	149,180	159	204,555
Stockton	74	111,715	93	219,175
Tacoma	212	639,135	248	761,140
District	7,721	\$22,877,664	8,898	\$26,736,564

(C) Bank Debits*—

	Feb., 1927		Feb., 1926		—First Two Months— 1927 1926	
	\$		\$		\$	\$
Berkeley	19,181		17,175		41,325	38,889
Boise	11,012		11,138		25,896	26,672
Fresno	35,545		31,284		76,718	70,753
Long Beach	43,949		51,011		91,953	106,790
Los Angeles	920,904		842,902		1,889,244	1,727,795
Oakland	211,006		162,428		424,195	329,877
Ogden	16,438		19,556		40,647	52,477
Pasadena	38,521		36,932		83,882	78,137
Phoenix	24,309		22,745		54,913	50,335
Portland	148,588		157,839		310,985	325,485
Reno	7,427		7,212		16,713	16,591
Sacramento	26,881		31,127		54,243	66,447
Salt Lake City	56,610		59,916		134,154	139,764
San Diego	58,180		58,775		136,315	124,667
San Francisco	1,174,933		1,161,763		2,275,331	2,215,123
San Jose	22,709		21,375		52,273	49,490
Seattle	181,687		181,529		370,838	388,008
Spokane	46,024		48,028		105,901	104,494
Stockton	24,656		23,387		55,752	54,140
Tacoma	39,519		39,447		84,371	86,328
Yakima	10,826		10,511		23,302	23,560
District	\$3,118,905		\$2,996,080		\$6,349,951	\$6,075,822

*000 omitted.

that a larger volume of goods was moved through wholesale channels in February, 1927, than in February, 1926.

Total sales of 92 reporting stores in 7 lines of trade at retail were 4.7 per cent larger in value during February, 1927, than during February, 1926, and were 9 per cent less than sales of the same firms during January, 1927. In the past 8 years, the January to February decline in value of sales has averaged approximately 13 per cent. Value of sales of 39 department stores increased by 3.2 per cent as compared with February, 1926, and was 8.3 per cent smaller than in January, 1927. Stocks on the shelves of 69 stores in 7 lines of trade at the end of the month were 4.3 per cent larger than at the close of January, 1927, and 3.0 per cent larger than at the close of February, 1926. Stocks of 35 department stores averaged 1.9 per cent larger on February 28, 1927, than on February 28, 1926, and were up 5.1 per cent from the January 31, 1927, figure. The rate of stock turnover of 58 stores in 7 lines of trade during February, 1927, was 2.5 times per year, the same as in February, 1926. Rate of stock turnover at 35 department stores (2.4 times per year) was also the same during February, 1927, as during February, 1926. Collections of 69 retail stores during February, 1927, averaged slightly better than during February, 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							
Feb., 1927...	196	117	108	79	79	74	124
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	165
Oct., 1926...	241	182	151	127	112	132	170
Feb., 1926...	180	112	108	82	73	76	119
With Seasonal Adjustment							
Feb., 1927...	242	155	141	110	122	107	163
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
Feb., 1926...	223	149	142	114	113	110	156

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

Total value of sales of 200 firms in eleven lines of trade at wholesale was approximately 5.3 per cent smaller during February than in January of this year and 1.4 per cent smaller than in February of last year. Sales of reporting dry goods houses averaged 2.3 per cent below a year ago, while sales of wholesale hardware dealers, another important group, declined more than 5 per cent. Sales of wholesale grocers showed a slight increase during February, 1927, as compared with February, 1926, but, if January and February sales be combined, the 1927 figure was smaller than that for 1926. Dealers in automobile equipment and electrical supplies continued to report larger sales than last year. The general level of wholesale prices,

according to the United States Bureau of Labor Statistics' index, has declined 5.5 per cent since February, 1926. Collections of reporting wholesale houses averaged slightly better during February of this year than in February, 1926.

WHOLESALE TRADE

	No. of Firms	Percentage increase or decrease (—) in Value of Sales		
		Feb., 1927 compared with Feb., 1926	Feb., 1927 compared with Jan., 1927	Jan., 1927 compared with Jan., 1926
Agricultural Implements...	15	-22.4	- 9.7	9.5
Automobile Supplies	24	6.0	- 6.6	7.3
Automobile Tires	19	15.2	- 7.0	65.5*
Drugs	7	- 0.4	- 4.9	- 5.4
Dry Goods	29	- 2.3	- 4.1	- 6.1
Electrical Supplies	9	6.9	- 7.4	5.2
Furniture	16	- 5.1	5.8	- 7.0
Groceries	27	0.9	- 6.9	- 2.8
Hardware	21	- 5.5	2.7	- 5.8
Shoes	12	- 9.5	- 5.1	11.2
Paper and Stationery....	21	0.2	-10.2	- 3.0
All Lines	200	- 1.4	- 5.3	- 1.3

*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

A further slight decline in the level of commodity prices occurred during February, 1927. The United States Bureau of Labor Statistics' index of wholesale prices was fractionally lower, standing at 146.4 (1913 prices=100) compared with 146.9 in January, 1927. A year ago this index stood at 155.0. Group indexes for farm products, foods, fuel and lighting, metals, building materials, and chemicals and drugs declined, while the cloths and clothing, house furnishings, and miscellaneous groups advanced slightly.

The United States Department of Agriculture's index of prices paid for farm products at the farm advanced from 126 (August, 1909-July, 1914 prices=100) in January to 127 in February, 1927, while the Bureau of Labor Statistics' index of non-agricultural commodities declined from 156 (1913 prices=100) to 155. As a result of these divergent movements, the ratio between the two indexes, an indication of the purchasing power of farm products (pre-war purchasing power=100), advanced from 81 in January, 1927, to 82 in February, 1927. A year ago the ratio was 87.

Livestock prices, as reflected by Chicago market quotations, were generally higher during February, 1927, than during the previous month. Weekly average prices for cattle, sheep, and lambs advanced approximately 4 per cent, 19 per cent, and 4 per cent, respectively, during the month. Prices paid for hogs declined slightly. Weekly average prices for cattle and hogs during February, 1927, were respectively 12 per cent and 6½ per cent higher and of sheep and lambs about 9 per cent and 26 per cent lower, respectively, than during February, 1926. Lamb prices advanced approximately 10

per cent during the first weeks of March. Comparative quotations are shown in the following table:

	Cattle	Hogs	Sheep	Lambs
February, 1927.....	\$10.50	\$11.81	\$7.66	\$13.01
January, 1927.....	10.08	11.92	6.43	12.52
February, 1926.....	9.35	11.09	8.45	17.49

Early in March, quotations for hogs declined from February levels and, at \$11.70 per 100 pounds for the week ending March 4th, were lower than the average price (\$12.45 per 100 pounds) quoted during the week ending March 5th a year ago. Prices paid for best grade livestock at six markets of the Twelfth District during February were slightly higher than during January and compared favorably with prices paid in February, 1926.

Inactivity in the wheat market, which characterized the early days of February, persisted throughout the month. Quotations for May contract wheat at Chicago on March 4, 1927, ranged from \$1.41 to \$1.42 1/8 per bushel, compared with a range of \$1.42 1/4 to \$1.43 1/2 on February 4, 1927. On March 15, 1927, quotations for this grade of wheat ranged from \$1.37 1/4 to \$1.37 7/8, and on March 15, 1926, from \$1.63 5/8 to \$1.65 1/2 per bushel.

Although prices for spot cotton during February, 1927, continued at levels approximately 30 per cent below those of a year ago, daily quotations for the month averaged about 5 per cent higher than for January, 1927, and 18 per cent above the low point of December 3, 1926. The market declined slightly toward the middle of March. For the week ending March 4, 1927, prices for spot middling uplands cotton at New Orleans ranged from 14.06 to 14.55 cents per pound compared with a range of 13.32 to 13.65 cents per pound for the week ending February 4, 1927. A year ago prices for this grade of cotton ranged from 18.14 to 18.83 cents per pound. On March 10th the quotation was 14.10 cents per pound. Wool prices, as indicated by an average of 98 quotations on the Boston market, changed but little during the month. The average advanced fractionally from 65.42 cents per pound on February 4, 1927, to

65.71 cents per pound on March 4, 1927. A year ago this average stood at 76.02 cents per pound.

During most of February the dried fruit market was quiet. Distributors report moderate unsold holdings of dried fruit. Canned fruit prices have changed little during recent weeks. Retroactive price reductions made early in the year are reported to have hastened the movement of spot stocks into consumption. Cannery stocks are reported to be slightly larger in volume than one year ago.

Heavy rains in Southern California hampered shipment of oranges during February and diminished receipts caused a temporary rise of prices in Eastern markets in mid-February. Price quotations for California oranges (No. 252's) rose from \$3.05 to \$4.32 per box on February 11, 1927, to \$4.15 to \$5.55 per box on February 25, 1927, and then declined to \$3.10 to \$5.20 per box on March 11, 1927.

Monthly average prices for copper and lead at New York declined during February. Prices for silver and zinc advanced slightly, interrupting, at least temporarily, a tendency toward lower price levels which persisted during the entire year 1926 and early weeks of 1927.

A national index of lumber prices published by "The Lumber Manufacturer and Dealer" stood at 29.82 for February, 1927, compared with 29.73 for January, 1927, and 31.44 for February, 1926.

Banking and Credit

Seasonal expansion in business activity during late February and early March was reflected in banking statistics of the period, both as reported by commercial banks and by the Federal Reserve Bank of San Francisco.

Following a decline during the first seven weeks of 1927, the volume of commercial loans of reporting city member banks expanded from the year's low of 950 million dollars, reached on February 16th, to a new all time high figure of 989 million dollars recorded on March 9th. During the following week, the volume of commercial loans declined slightly but on March 16th was still above the 1926 peak attained

(D) Commodity Prices—

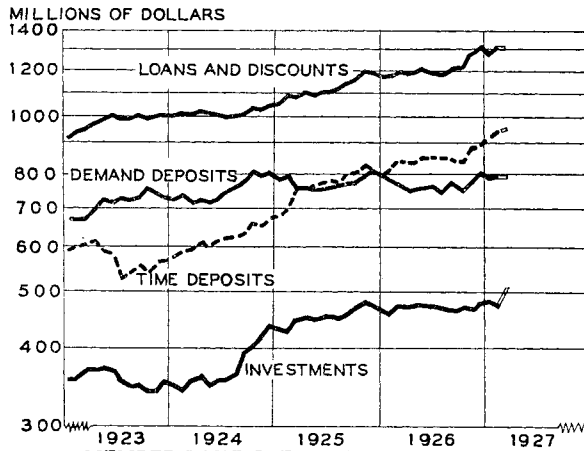
Commodity	Unit	March 4, 1927	One Month Ago	One Year Ago
Wholesale Prices (U. S. Bureau of Labor) 1913=100.....		146.4	146.9	155.0
Purchasing Power of Farm Products (U. S. Department of Agriculture)*		82.0	81.3	87.0
Cattle (Native Beef).....	100 lbs.	\$10.60	\$10.50	\$9.85
Lambs.....	100 lbs.	14.90	12.80	13.60
Hogs.....	100 lbs.	11.70	12.05	12.45
Wheat.....	bu.	1.41-1.42 1/8	1.42 1/4-1.43 1/2	1.57-1.61 3/4
Wool.....	lb.	65.71¢	65.42¢	76.02¢
Apples.....	box	1.85-2.00	1.65-1.80	1.80
Oranges.....	box	4.00-5.00	4.25-4.85	4.25-4.75
Prunes.....	lb.	.07-.07 1/2	.07-.07 1/2	.08 3/4-.09 1/4
Raisins.....	lb.	.07 1/2	.07 1/2	.07 3/4
Canned Peaches.....	doz.	2.20	2.20	2.20
Butter.....	lb.	.46	.47 1/2	.45 1/2
Copper.....	lb.	12.682¢	12.990¢	13.999¢
Lead.....	lb.	7.420¢	7.577¢	9.154¢
Silver.....	oz.	57.898¢	55.795¢	66.773¢
Lumber (Softwood).....		29.82	29.73	31.44

*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."

during the Christmas holiday season. Loans on securities also increased at these banks during February and early March and total loans had reached record levels on March 16, 1927.

Investments of reporting banks also reached record levels during the month, largely as a result of increased holdings of United States Government securities coincident with recent government financing. At 511 million dollars



Figures for about 65 member banks in leading cities, as of last Wednesday of each month. Latest figures, March 16.

on March 16, 1927, they were 29 million dollars, or six per cent larger than on February 16, 1927. Total deposits continued their upward trend. An increase of 50 million dollars, or 2.9 per cent, was due in part to the expansion in loans granted, and consequent increase in demand deposits, but was chiefly the result of an increase of 58 million dollars, or 6.5 per cent, in time deposits. At 1,745 million dollars on March 16th, total deposits were 32 million dollars above previous record figures reported during the last of December, 1926. To meet expansion in demand for primary credit accommodation during late February and early March, reporting member bank borrowings from the Federal Reserve Bank of San Francisco increased by 34 million dollars, or 37.7 per cent, but were still 8 million dollars, or 18.8 per cent, smaller than total borrowings from the Reserve Bank at this time last year.

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

	Condition Mar. 16, 1927	Changes from	
		One Month Ago	One Year Ago
		(+ = increase, — = decrease.)	
Total Loans	1,314	+35 (2.8)	+118 (9.9)
Commercial Loans	981	+31 (3.3)	+71 (7.7)
Loans on Securities	333	+4 (1.2)	+48 (16.8)
Investments	511	+29 (6.1)	+23 (4.8)
Total Loans and Investments	1,825	+65 (3.7)	+142 (8.4)
Net Demand Deposits	792	+2 (0.2)	+19 (2.5)
Time Deposits	953	+58 (6.5)	+132 (16.1)
Borrowings from Federal Reserve Bank	34	+9 (37.7)	—8 (18.8)

Increased demands upon all member banks were partially reflected in their borrowings from the Federal Reserve Bank of San Francisco, and discounts at the Reserve Bank were

seven million dollars larger on March 16th, than on February 16, 1927. The March figure was 10 million dollars or nearly 20 per cent smaller, however, than on March 17, 1926. Holdings of United States government securities and of bills purchased in the open market declined slightly during the four-week period, but the decrease in this item was less than the increase in discounts, and total earning assets (total bills and securities) of the Reserve Bank increased three million dollars or three per cent.

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

	Condition Mar. 16, 1927	Changes from	
		One Month Ago	One Year Ago
		(+ = increase, — = decrease.)	
Total Bills and Securities	99	+3 (3.0)	—6 (6.0)
Bills Discounted	40	+7 (22.7)	—10 (19.2)
United States Securities	35	—3 (9.8)	+3 (10.0)
Bills Bought	23	—1 (4.6)	+1 (2.7)
Total Reserves	270	+4 (1.4)	+11 (4.1)
Total Deposits	182	+6 (3.2)	+18 (10.9)
Federal Reserve Note Circulation	170	—2 (1.1)	—14 (7.7)

On March 7, 1927, the Treasury Department announced its usual March financing in the form of an offering of two series of Treasury Certificates of Indebtedness, TS2-1927 and TM-1928, both dated and bearing interest from March 15, 1927. Series TS2-1927 matures on September 15, 1927, and bears interest at the rate of $3\frac{1}{8}$ per cent per annum, payable on a semi-annual basis. Series TM-1928 matures on March 15, 1928, and bears interest at the rate of $3\frac{1}{4}$ per cent per annum payable on a semi-annual basis. Subscription books for both series were closed on March 12, 1927, the issues being heavily oversubscribed. A total of \$484,296,000 was allotted, of which \$47,078,000 was allotted in the Twelfth Federal Reserve District. Interest rates borne by the most recent issues of Treasury certificates were lower by one-eighth per cent and one-quarter per cent, respectively, than rates borne by the last two issues of Treasury certificates of comparable maturity period.

In addition to the regular March financing, the Treasury Department, on March 8th, announced an issue of United States Treasury Notes, Series A-1930-1932, dated and bearing interest at $3\frac{1}{2}$ per cent per annum from March 15, 1927, and maturing March 15, 1932, offered only in exchange for Second Liberty Loan Converted $4\frac{1}{4}$ per cent bonds of 1927-1942. Up to March 15th over one billion dollars of Second Liberty Loan $4\frac{1}{4}$ per cent bonds had been presented for conversion, and the Treasury Department announced that, in order to give other holders of Second Liberty Loan $4\frac{1}{4}$ per cent bonds an opportunity to avail themselves of the offer, subscription books would remain open until the close of business on Tuesday, March 22nd.*

*Preliminary estimates of exchanges as of the latter date totaled \$1,354,611,650, or approximately 44 per cent of the total of this issue outstanding on March 8, 1927.