

# 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. 6

### SUMMARY OF NATIONAL CONDITIONS

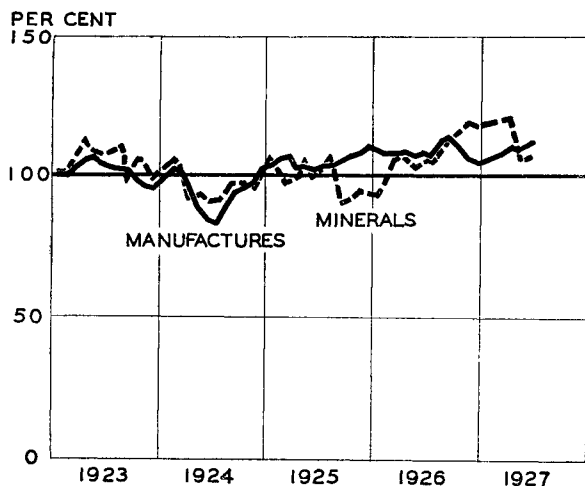
Prepared by the Federal Reserve Board

Industrial production increased in May and continued at a higher level than a year ago, while distribution of commodities was in smaller volume than last year. The general level of wholesale commodity prices has changed but little in the past two months.

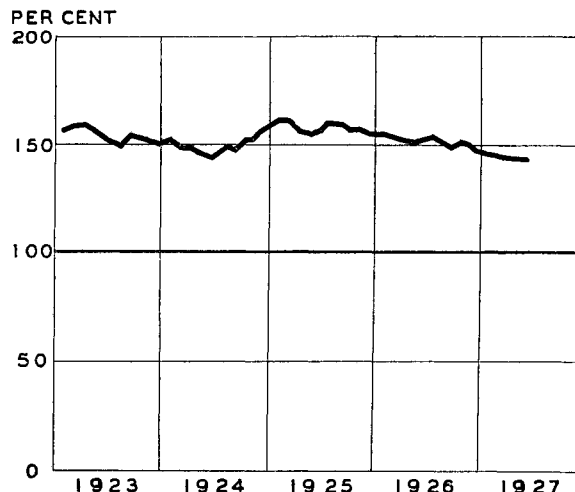
**Production.** Output of manufactures increased considerably in May, while production of minerals was maintained at the April level. Increased activity was shown in cotton and woolen mills, in meat packing, and in the production of lumber. Output of iron and steel, non-ferrous metals, automobiles, and building materials, after allowance for usual seasonal variations, was maintained at practically the same level as in April. Since the latter part of May, however, production of steel and automobiles has declined. The total value of building contracts awarded continued slightly larger in May and in the first two weeks of June than in the corresponding period of last year. Production of winter wheat was estimated by the Department of Agriculture on the basis of June 1st condition at 537,000,000 bushels, or 90,000,000 bushels less than last year. The

indicated production of rye was placed at 48,600,000 bushels, which is twenty per cent larger than the 1926 crop.

**Trade.** Sales of retail stores in May showed more than the usual seasonal decline from the high April level. Compared with May of last year, department store sales were about 4 per cent smaller, while those of mail order houses were slightly larger. Value of wholesale trade of all leading lines, except groceries and meats, was smaller in May than in April, 1927, or May, 1926. Inventories of merchandise carried by department stores showed slightly more than the usual seasonal decline in May, and at the end of the month were somewhat smaller than a year ago. Stocks of wholesale firms were also smaller than last year. Freight carloadings increased in May by less than the usual seasonal amount, and for the first time in over a year, daily average loadings were in smaller volume than in the corresponding month of the preceding year. Loadings of all classes of commodities except livestock, ore, and miscellaneous products were smaller than last year.



**PRODUCTION OF MANUFACTURES AND MINERALS**  
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 average=100). Latest figures, May, manufactures, 112; minerals, 107.



**WHOLESALE PRICES**  
Index of United States Bureau of Labor Statistics (1913 prices = 100, base adopted by Bureau). Latest figure, May, 144.1.

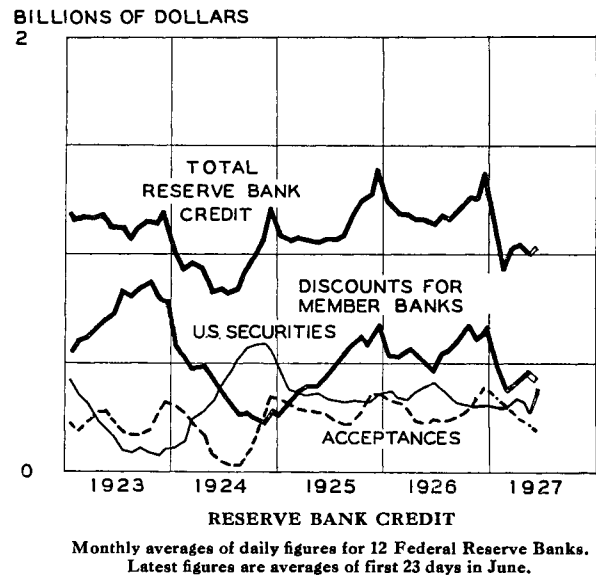
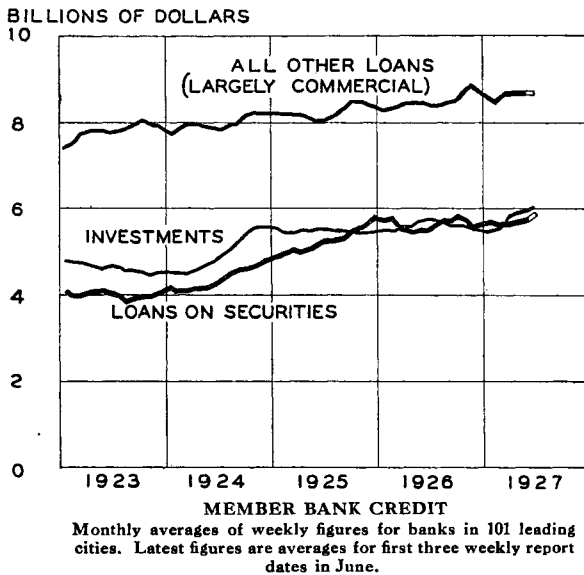
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**Prices.** The general level of wholesale commodity prices has remained practically unchanged since the middle of April. Prices of grains, cotton, and hides and skins have advanced, but these advances have been offset in the general index by declines in the prices of livestock, wool, silk, metals, and rubber.

**Bank Credit.** Demand for bank credit to finance trade and industry remained at a constant level between the middle of May and the Middle of June, and the growth in the volume of credit extended by member banks in leading cities during the period was in holdings of securities and in loans on stocks and bonds. Loans to brokers and dealers in securities by reporting member banks in New York City

increased rapidly and on June 15th were in larger volume than at any previous time covered by the reports. At the Federal reserve banks there was little net change in the volume of bills and securities between May 25th and June 22nd, the fluctuations during the period reflecting largely the effects of Treasury operations. Discounts for member banks, toward the end of June, were in about the same volume as a month earlier, while there was a decline in the reserve banks' holdings of acceptances and an increase in their portfolio of United States securities.

Conditions in the money market were fairly stable throughout the period, with slight advances in the rates on commercial paper and, more recently, on bankers' acceptances.



TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Some slackening in business activity in the Twelfth Federal Reserve District is indicated by available detailed reports of industry and trade during May, 1927, but the total volume of trade was maintained at relatively high levels. A late season in agriculture is indicated by present field conditions, but current crop estimates approximate the average yield of previous years.

Industrial output continued, during May, 1927, below that of a year ago, and reported volume of employment, as a result of smaller payrolls in lumbering and food products manufacturing, was less than in May, 1926. Daily average carloadings of railroads of the district are estimated to have declined slightly over the year period, value of sales at wholesale decreased, and value of sales at retail was but little larger in May, 1927, than in May, 1926.

This bank's seasonally adjusted index (revised) of daily average bank debits advanced slightly during May. Part of the advance is

reported to have been caused by the transfer of time deposits to demand deposits, and the checking out of the latter in payment of mid-year obligations, which would result in some duplication in debits figures. Savings deposits,

**BANK DEBITS\*—Twelfth District**

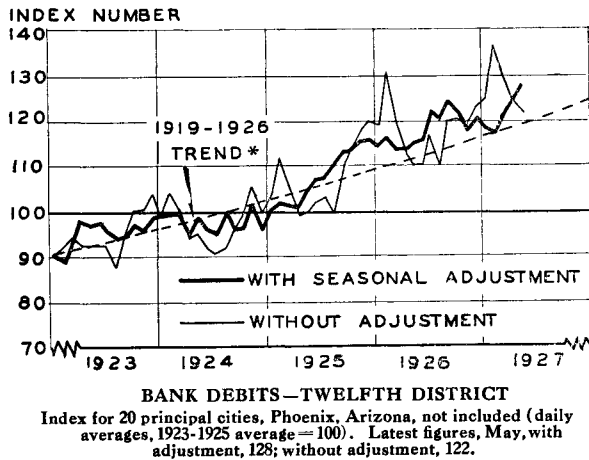
	May, 1927	Apr., 1927	Mar., 1927	May, 1926	Apr., 1926
With Seasonal Adjustment...	128	125	122	115	114
Without Seasonal Adjustment	122	125	130	110	113

\*Daily average, 1923-1925=100. For a brief description of the revised index see page 48.

as reported to this bank by 62 banks of the district, declined in amount between May 1, and June 1, 1927.

Condition statements of reporting member banks reveal a seasonal diminution in demand for credit during May and early June, and discounts at the Federal Reserve Bank of San Francisco declined during this period. The amount of funds advanced to borrowers by reporting banks continued well above a year ago, however, while borrowings at the Federal Reserve

Bank showed only a moderate increase over the year period. Interest rates at mid-June were slightly lower than in June, 1926, or June, 1925.



\*Based upon average month to month increase during the years 1919 to 1926 inclusive.

**Agriculture**

Cool weather throughout the district during May and early June, with intervening periods of high temperatures and strong winds, has caused some damage to grain and fruit crops and has further delayed the 1927 agricultural season.

Production of winter wheat in the district, as indicated by condition figures of June 1st, will be 79,541,000 bushels or approximately 16,915,000 bushels more than the crop harvested a year ago.

**WINTER WHEAT**

	Condition (Per Cent of Normal)			Production (000 bushels omitted)	
	June 1, 1927	1926	10-Year* Average	Indicated June 1, 1927	Actual 1926
California	88	88	80	15,819	12,015
Idaho	91	91	90	11,182	10,281
Oregon	88	89	90	18,691	17,600
Nevada	100	94	95	120	120
Utah	94	98	89	2,801	3,129
Washington	89	83	83	30,928	19,481
Twelfth District	..	..	..	79,541	62,626
United States	72.2	76.5	78.1	537,001	626,929

\*1917-1926. Source: United States Department of Agriculture.

Although prevailing weather conditions have retarded growth of spring sown grains—barley, oats, rye, and spring wheat—a good stand has been secured and an abundance of soil moisture holds promise of satisfactory crops.

**CONDITION OF SPRING SOWN GRAINS**  
(Per Cent of Normal)

	Spring Wheat		Oats		Barley		Rye	
	June 1, 1927	1926	June 1, 1927	1926	June 1, 1927	1926	June 1, 1927	1926
California	..	..	86	92	86	90	..	..
Idaho	94	91	93	92	94	81	93	94
Oregon	87	89	93	95	87	89	92	94
Nevada	95	95	95	93	95	93	..	..
Utah	93	95	91	94	92	94	90	91
Washington	82	81	86	92	87	84	92	88
United States	86.8	78.5	79.9	78.8	81.5	86.3	87.6	84.9

Source: United States Department of Agriculture.

A satisfactory setting of fruit is reported from the citrus growing areas of California, although the California Crop Reporting Service

places the condition of oranges as 79 per cent of normal, compared with 87 per cent a year ago, and of lemons as 76 per cent of normal compared with 94 per cent last year. It is estimated that production of the 1927 Valencia orange crop will approximate 13,900,000 boxes. Shipments of this fruit totaled 11,260,000 boxes during 1926. Shipments of oranges and lemons from California during May, 1927, totaled 6,657 and 1,971 carloads, respectively, compared with 5,520 and 2,361 carloads during the same month a year ago. Heavy supplies of oranges in Eastern markets have caused a slight decline in prices during recent weeks, while lemons, which are in seasonal demand, have advanced in price.

Condition figures of deciduous fruits in California, as of June 1st, are lower than a year ago, but approximate the average of the past five years. Cool weather and late frosts have affected the crop adversely in all fruit growing sections of the district.

**DECIDUOUS FRUITS AND NUTS**  
(California)

	Condition (Per Cent of Normal)		Production (tons)	
	June 1, 1927	1926	Indicated June 1, 1927	Actual 1926
Almonds	65	91	..	14,500
Apples	58	79	7,365,000*	10,350,000*
Apricots	61	..	181,000	176,000
Cherries	47	70	..	17,000
Raisin Grapes	87	84	..	1,286,000
Table Grapes	88	78	..	414,000
Wine Grapes	92	89	..	408,000
Peaches	..	90	300,000	327,000
Pears	68	75	193,000	207,000
Plums	67	92	..	72,000
Prunes	74	58	..	147,000
Walnuts	95	58	..	19,500

\*In bushels. Source: California Crop Report.

Cattle, generally, show the beneficial effects of a mild winter and favorable range conditions. Receipts of cattle and calves at the eight principal markets of the district totaled 518,510 head up to June 1, 1927, as compared with receipts of 509,831 head during the first five months of 1926. Average prices received for beef steers at Pacific Coast markets have held at a level approximately one dollar per hundred pounds higher than a year ago.

The lamb crop in the principal sheep-raising states of the district is reported to have been lighter than a year ago. Western feeder lambs have been contracted for fall delivery at 10 to 11½ cents per pound, compared with a prevailing price of 10 cents a pound last year at this season. Seasonal movement of California spring lambs to Eastern markets has exceeded that of recent years.

**EASTERN MOVEMENT OF CALIFORNIA SPRING LAMBS**

March 15th—June 15th	Live	Dressed	Total
1927	339,600	56,000	395,600
1926	227,000	59,019	286,019
1925	280,000	75,000	355,000
1924	..	195,352	195,352
1923	256,358	25,000	281,358
1922	230,000	35,000	265,000

\*Shipment of live lambs prohibited because of presence of foot and mouth disease in state.

Present condition of livestock ranges and livestock is generally as satisfactory as a year ago, and prospects for summer feed on ranges throughout the district are excellent. Figures issued by the United States Department of Agriculture follow:

**CONDITION OF RANGES AND LIVESTOCK**  
(Per Cent of Normal)

	Ranges			Cattle			Sheep		
	June 1, 1927	May 1, 1926	May 1, 1927	June 1, 1927	May 1, 1926	May 1, 1927	June 1, 1927	May 1, 1926	May 1, 1927
Arizona .....	86	105	89	89	98	89	95	99	95
California ...	94	92	98	95	95	95	95	94	95
Idaho .....	87	90	81	86	97	87	86	96	87
Oregon .....	92	96	84	91	99	87	93	98	91
Nevada .....	92	100	89	92	105	90	93	105	92
Utah .....	90	99	89	92	104	90	94	104	94
Washington ..	93	92	89	92	93	88	94	99	92

**Industry**

Available district data, both statistical and non-statistical, reveal that volume of employment and of industrial output was smaller during May, 1927, than during May, 1926. Reported declines in number of workers employed resulted, chiefly, from decreased activity in the lumbering and in the food products industries.

Building construction continued at high levels during May. Value of permits granted in 20 principal cities of the district showed increases of 22 per cent and 5 per cent when compared with figures for May, 1926, and April, 1927, respectively. For the 1927 period ended June 1st, total value of permits issued in these 20 cities approximated the total value of permits granted during the first five months of 1926. Increased value of building permits was reported during May by principal cities in all states of the district, except Washington. The unusual increase of 88 per cent in value of permits granted in San Francisco during May, 1927, as compared with May, 1926, is reported to have been due largely to the low level of last year's figures, which covered a period when

unsettled labor conditions in that city operated to curtail construction activity.

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

	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		
May .....	— 1.4	22.0	— 9.4	— 4.6	— 6.3	5.0
April .....	— 6.6	— 4.5	— 11.3	— 10.6	— 9.5	1.3
March .....	— 10.7	— 8.9	— 12.9	— 12.9	41.1	44.5
February ..	— 13.2	— 14.4	— 14.4	— 15.5	— 1.9	— 6.0
January ...	— 15.5	— 16.5	— 15.5	— 16.5	3.6	— 19.2

During recent weeks there has been a slight increase in building costs. The United States Bureau of Labor Statistics' index of wholesale prices of building materials rose fractionally during May to 165.6 (1913 prices = 100) from the April level of 165.0, the lowest figure recorded in nearly five years. The May rise in this index was the first since November, 1926, and interrupted the general decline noted since January, 1926, when it stood at 178.0. The Aberthaw index of total building costs, including labor and materials, continued at 193 (1914 costs = 100), the level maintained since February, 1927. It stood at 199 a year ago.

Although building activity has continued at high levels thus far in 1927, the predominance of large type structures in the present building program has resulted in a proportionately smaller consumption of lumber than during the peak years of post-war building activity. This has further intensified competition in an industry in which productive capacity already exceeded effective consumer demand. Mills least favorably situated for profitable operation have, in some cases, been abandoned and many operating mills have curtailed production. By June 1st, statistical evidence had accumulated to show that efforts to effect an adjustment between supply of and demand for lumber products of the district were meeting with a measure of success. A close alignment between the three factors—production, shipments, and orders received—was noted during May in the data reported by mills to four associations in

**(A) Employment—**

Industries	California			Oregon		
	No. of Firms	No. of Employees	May, 1926	No. of Firms	No. of Employees	May, 1926
All Industries .....	795	150,382	153,750	174	28,707	31,810
Stone, Clay and Glass Products.	50	7,566	6,900	6	377	294
Lumber and Wood Manufactures ..	129	27,240	29,309	62	17,769	19,911
Textiles .....	19	2,799	2,654	12	2,093	2,205
Clothing, Millinery and Laundering.	62	7,703	7,455	8*	423	416
Foods, Beverages and Tobacco...	173	26,656	28,415	50	1,882	2,569
Water, Light and Power .....	5	7,516	8,988	..	..	..
Other Industries†.	345	68,848	67,861	..	..	..
Miscellaneous ....	12	2,054	2,168	36	6,163	6,415

\*Laundrying 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 May, 1926.

**(B) Building Permits—**

	May, 1927		May, 1926	
	No.	Value	No.	Value
Berkeley .....	266	\$ 669,188	259	\$ 910,406
Boise .....	19	110,900	64	36,027
Fresno .....	81	178,508	82	108,553
Long Beach .....	424	1,541,200	399	417,945
Los Angeles .....	3,200	11,563,303	2,960	10,702,844
Oakland .....	643	1,768,183	849	2,408,002
Ogden .....	39	80,000	35	109,700
Pasadena .....	223	1,040,264	238	777,406
Phoenix .....	96	466,329	98	232,583
Portland .....	956	4,706,125	964	3,002,925
Reno .....	35	90,400	23	77,375
Sacramento .....	202	2,686,388	197	625,871
Salt Lake City .....	111	457,525	116	455,120
San Diego .....	533	1,262,055	700	1,847,964
San Francisco .....	905	4,979,792	827	2,634,875
San Jose .....	80	117,875	131	344,875
Seattle .....	935	2,659,555	898	2,895,610
Spokane .....	182	221,151	208	323,441
Stockton .....	77	143,835	75	168,770
Tacoma .....	223	420,610	238	750,245
District .....	9,230	\$35,163,186	9,361	\$28,830,537

this district. A national softwood lumber price index published by "The Lumber Manufacturer and Dealer" rose from the level of 30.52 registered in March and April, 1927, to 30.65 during May.

	LUMBER*				
	May, 1927 <sup>‡</sup>	Apr., 1927	May, 1926	—First Five Months—	
	(board feet)	(board feet)	(board feet)	1927	1926
Production . . . . .	610,667	515,321	806,991	2,501,651	3,416,055
Shipments . . . . .	614,170	621,641	759,109	2,837,428	3,512,488
Orders . . . . .	602,802	600,877	764,011	2,934,001	3,557,590
Unfilled Orders†	456,992	438,525	481,227	.....	.....
No. of Mills Reporting‡	144	145	183	150	183

\*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. §Figures not strictly comparable with those reported a year ago.  
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, are presented in the following table:

National Production	Per Cent of Total Produced in 12th Dist.*			
	May, 1927	Apr., 1927	May, 1926	12th Dist.*
Copper (short tons) (mine production) . . . . .	70,552	70,522	73,651	64.1
Lead (short tons) (crude) †	57,651	61,237	59,134	43.5
Zinc (short tons) (slab) .	51,296	51,626	53,703	13.3
Silver (oz.) (commercial bars) . . . . .	4,770,000	4,310,000	4,960,000	69.7

\*Including all of Arizona, the five southeastern counties of which are in the Eleventh Federal Reserve District. †Includes figures for Mexico.

Improvement in the statistical position of the California petroleum industry was noted during May, 1927. A close adjustment between production and indicated consumption was effected, and stored stocks decreased slightly. During the month, gasoline prices advanced to the levels prevailing prior to the March-April price reductions, which grew out of competitive conditions within the industry.

	PETROLEUM—California			— New Wells —	
	Average Daily Production (barrels)	Indicated Average Daily Consumption (Shipments) (barrels)	Stored Stocks at End of Month (barrels)	Number Opened	Daily Production (barrels)
May, 1927 . . . . .	629,228	629,997	119,061,211	80	52,575
April, 1927 . . . . .	649,794 <sup>‡</sup>	630,843 <sup>‡</sup>	119,085,070	105	81,432
May, 1926 . . . . .	602,166	576,243	125,519,693	58	15,738

Source: American Petroleum Institute.  
‡Revised.

**(C) Bank Debits\* —**

	— First Five Months —			
	May, 1927	May, 1926	1927	1926
Berkeley . . . . .	\$ 20,312	\$ 19,595	\$ 106,605	\$ 98,204
Boise . . . . .	11,299	11,844	62,982	62,389
Fresno . . . . .	32,198	32,516	193,775	176,081
Long Beach . . . . .	50,231	48,193	254,429	267,843
Los Angeles . . . . .	882,385	794,586	4,821,743	4,361,485
Oakland . . . . .	213,981	158,101	1,105,545	842,144
Ogden . . . . .	13,582	14,952	87,479	103,596
Pasadena . . . . .	40,828	37,642	216,073	196,279
Phoenix . . . . .	28,721	26,211	141,051	129,500
Portland . . . . .	179,868	182,313	822,080	862,886
Reno . . . . .	9,527	9,004	43,394	42,592
Sacramento . . . . .	38,637	28,724	155,183	161,488
Salt Lake City . . . . .	66,953	64,948	340,271	350,094
San Diego . . . . .	55,732	63,368	321,595	329,339
San Francisco . . . . .	1,152,899	978,494	5,999,478	5,434,011
San Jose . . . . .	24,432	23,691	127,548	122,876
Seattle . . . . .	202,958	200,714	1,018,295	1,037,492
Spokane . . . . .	50,327	57,921	270,313	274,387
Stockton . . . . .	25,463	26,863	132,605	134,627
Tacoma . . . . .	43,487	44,112	223,514	229,362
Yakima . . . . .	12,343	11,536	61,337	60,993
District . . . . .	\$3,156,163	\$2,835,348	\$16,505,295	\$15,277,668

\*000 omitted.

Contrary to the usual seasonal expectation, increased activity in flour milling was reported during May, 1927, by principal milling factors regularly submitting milling data to this bank. For the third consecutive month, flour production exceeded that of the corresponding month in 1926 and was in larger volume than the five-year (1922-1926) average output for the month. Consumption of flour continued in excess of production during May, and stocks of flour in millers' hands declined by more than the usual seasonal amount. Stocks of both flour and wheat were larger on May 31, 1927, than on May 31, 1926.

	FLOUR MILLING			Five-Year Average
	May, 1927	Apr., 1927	May, 1926	May, 1922-1926
Output (bbls.) . . . . .	452,641	394,912	325,887	300,879
Stocks†				
Flour (bbls.) . . . . .	378,330	415,284	362,434	446,438
Wheat (bu.) . . . . .	2,354,538	2,164,092	1,700,880	1,817,547

†At end of month.

**Distribution and Trade**

Movement of goods through primary and secondary channels, as indicated by figures of railway carloadings and wholesale and retail trade, was in slightly smaller volume during May, 1927, than during May, 1926.

Value of sales at wholesale declined during May, 1927, as compared with May, 1926, according to this bank's index of wholesale trade,† and was 3.7 per cent smaller than in April, 1927, a greater than seasonal movement. The index, when adjusted for the estimated usual seasonal variations, stood at 97 during May, 1927 (1923-1925 monthly average=100), 101 during May, 1926, and 99 during April, 1927. Declines over the year period were recorded by indexes of sales of agricultural implements, dry goods, electrical supplies, furniture, hardware, and paper products and stationery.

**WHOLESALE TRADE—Twelfth District**

Index Numbers of Sales (1923-1925 Monthly average=100)

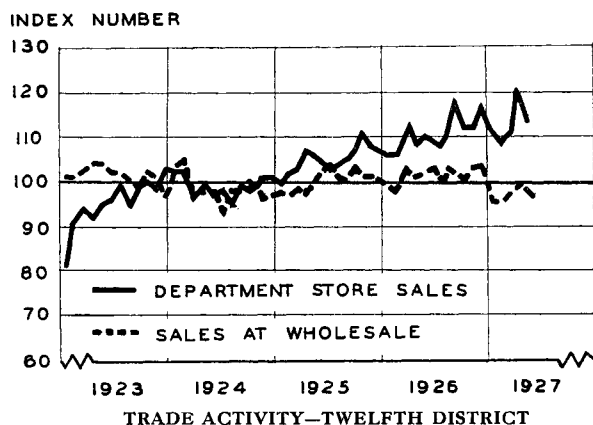
	No. of Firms	1927		1926	
		May	Apr.	Mar.	May
Agricultural Implements . . . . .	15	130	145	159	139
Automobile Supplies . . . . .	13	94	98	95	93
Automobile Tires . . . . .	16	139	110	119	139
Drugs . . . . .	6	103	116	118	101
Dry Goods . . . . .	26	77	84	89	83
Electrical Supplies . . . . .	10	101	106	102	102
Furniture . . . . .	16	89	82	101	103
Groceries . . . . .	20	90p	91	88	94
Hardware . . . . .	20	100	100	103	103
Shoes . . . . .	8	124	128	116	122
Paper and Stationery . . . . .	22	80	96	100	89
All Lines . . . . .	172	94	97	100	98
All Lines Adjusted* . . . . .	172	97	99	98	101

\*For seasonal variation. pPreliminary.

Aggregate sales for the district, as reported by 124 retail firms in seven lines of trade, were 1.6 per cent larger in value during May, 1927, than during the same month a year ago. Reported sales were 4 per cent smaller during May than during April, 1927. The latter de-

†See page 48 and chart on page 46.

crease was due chiefly to the fact that there was one less trading day in May than in April.



TRADE ACTIVITY—TWELFTH DISTRICT  
Index numbers of sales of 28 department stores and 172 wholesale firms, adjusted for seasonal variations (1923-1925 average = 100). Latest figures, May, department stores, 113; wholesale firms, 97.

Value of sales of 44 department stores increased by slightly less than 1 per cent during May, 1927, as compared with May, 1926. Dry goods and women's apparel stores reported increases in sales of 15 per cent and 6 per cent, respectively, over the year period. Reports of 64 retail furniture dealers (including figures of 20 furniture departments of department stores) showed an increase of 5.2 per cent in sales.

Stocks of 82 reporting stores at the close of May, 1927, were 2.4 per cent smaller in value than at the close of April, 1927, but were approximately 2 per cent larger in value than at the close of May, 1926. Stocks of 37 department stores on May 31, 1927, were 1 per cent larger in value than on the same date a year ago.

	NET SALES*		STOCKS* End of Month, May, 1927, compared with May, 1926
	May, 1927, compared with May, 1926	January 1 to May 31, 1927, compared with same period in 1926	
Department Stores ..	1.0 ( 44)	3.5 ( 38)	1.0 ( 37)
Dry Goods .....	14.7 ( 7)	10.0 ( 6)	- 0.4 ( 3)
Furniture .....	5.2 ( 64)	2.4 ( 34)	5.7 ( 24)
Men's and Women's Apparel .....	-3.4 ( 10)	- 4.1 ( 10)	..
Shoes .....	-1.1 ( 22)	2.0 ( 6)	- 7.1 ( 3)
Women's Apparel ...	6.0 ( 11)	7.7 ( 11)	14.1 ( 10)
All Reporting Stores† .....	1.6 (124)	3.6 (105)	2.0 (81)

\*Percentage increase or decrease (—). Figures in parentheses indicate number of stores reporting. Figures of identical departments of department stores reporting such figures separately included in sales comparisons of furniture and shoe stores, May, 1927, with May, 1926. †Includes figures of men's furnishings stores not shown separately.

## Prices

General prices fluctuated within relatively narrow limits during May. The United States Bureau of Labor Statistics' index of wholesale prices stood at 144.1 (1913 prices = 100) for May, 1927, compared with 144.2 for April, 1927, and 151.7 for May, 1926. Price quotations for the district's chief agricultural products fluctuated irregularly during May and early June but generally ranged higher than in 1926.

Livestock prices, as reflected by market quotations at Chicago during May, 1927, averaged lower than during April, 1927. Prices for hogs and sheep were also considerably lower than during May, 1926, while monthly average prices for cattle and lambs were higher than a year ago. Recent quotations are shown in Table "E." Monthly average prices of livestock, with percentage changes from one month ago and one year ago, are shown in the following table:

LIVESTOCK PRICES AT CHICAGO  
(Monthly averages per 100 pounds)

	May, 1927	April, 1927	May, 1926	Percentage changes from	
				One Month Ago	One Year Ago
Cattle .....	\$10.94	\$11.00	\$ 9.24	- 0.5	+18.4
Hogs .....	9.67	10.77	13.27	-10.2	-27.1
Sheep .....	7.50	8.87	9.88	-15.4	-24.1
Lambs .....	15.16	15.66	14.82	- 3.2	+ 2.3

At six markets of the Twelfth District, prices paid for best grade livestock, with the exception of hogs, were generally higher during May, 1927, than during May, 1926.

Chicago contract prices for September wheat advanced steadily during May, 1927, and were considerably above quotations in April, 1927. Toward the close of the month, prices were generally higher than a year ago. On June 3, 1927, quotations ranged from \$1.41½ to \$1.44½ per bushel, compared with a range of from \$1.31¾ to \$1.32¾ per bushel on May 6, 1927, and \$1.32¾ to \$1.34 per bushel on June 4, 1926. On June 14, 1927, quoted prices were from \$1.42¾ to \$1.45¾ per bushel.

The cotton market again advanced during May, 1927, continuing an upward tendency in evidence since late February. An average of daily quotations for spot middling uplands cotton at New Orleans during the month was approximately 8 per cent above the average price for April, 1927, but 14 per cent below that for May, 1926. For the week ending June 3, 1927, quotations for this grade of cotton ranged from 16.22 to 16.59 cents per pound, compared with a range of from 14.86 to 15.42 a month ago and 17.96 to 18.04 cents per pound a year ago. On June 16, 1927, spot middling uplands cotton was quoted at 16.65 cents per pound.

(D) DEPARTMENT STORE SALES\*—Index Numbers  
(1923-1925 Monthly Average=100)

	Los Angeles (5)†	Oak- land (4)†	San Fran- cisco (5)†	Salt Lake City (5)†	Seattle (5)†	Spo- kane (3)†	Dis- trict (28)†
<b>Without Seasonal Adjustment</b>							
May, 1927...	111	110	112	110	104	92	110
April, 1927...	121	118	111	97	102	100	113
Mar., 1927...	116	103	98	85	90	87	93
Feb., 1927...	105	96	91	80	84	80	95
May, 1926...	106	114	116	114	99	94	108
<b>With Seasonal Adjustment</b>							
May, 1927...	117	119	116	96	105	102	113
April, 1927...	128	127	120	101	105	103	120
Mar., 1927...	120	116	103	98	100	100	111
Feb., 1927...	116	118	102	95	108	95	109
May, 1926...	113	122	112	100	100	102	110

\*Description of these indexes is given on page 48. †Figures in parentheses indicate number of stores. One store included in District figures not included in cities shown above.

Wool prices, as indicated by an average of 98 quotations on the Boston market, declined from 64.44 cents per pound in April, 1927, to 63.54 in May, 1927. A year ago this average stood at 66.90 cents per pound.

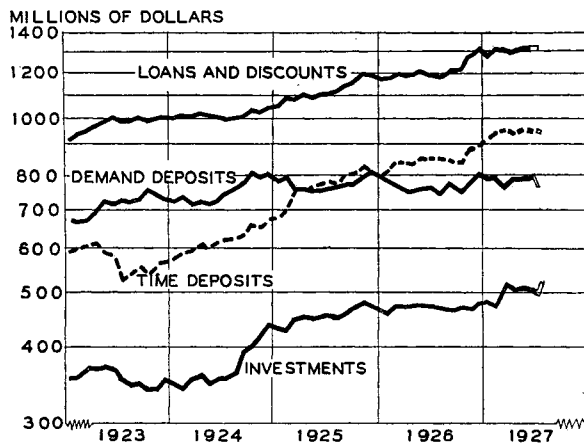
Monthly average prices of non-ferrous metals continued to decline in May, 1927. Average prices and percentage comparisons are shown in the following table:

	NON-FERROUS METALS PRICES (Cents per pound)			Percentage changes from	
	May, 1927	April, 1927	May, 1926	One Month Ago	One Year Ago
Silver* (New York)...	56.280	56.399	65.075	-0.2	-13.5
Copper (New York)...	12.621	12.808	13.599	-1.5	-7.2
Lead (New York)....	6.616	7.126	7.751	-7.2	-14.6
Zinc (St. Louis).....	6.075	6.338	6.821	-4.1	-10.9

\*Cents per ounce.

**Banking and Credit**

Condition statements of reporting member banks in the Twelfth Federal Reserve District revealed, during late May and early June, the usual seasonal diminution in demand for credit. For the four weeks ended June 15th, decreases in total loans, total investments and total deposits were reported, although there were slight increases in loans on securities and in demand deposits. Substantial increases, as com-



MEMBER BANK CREDIT—TWELFTH DISTRICT  
Figures for about 65 member banks in leading cities, as of last Wednesday of each month. Latest figures, June 15th.

pared with a year ago, were reported in all of the principal items of the condition statements of these banks.

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

	Condition June 15, 1927	Changes from	
		One Month Ago	One Year Ago
		(+ = increase. - = decrease.)	
Total Loans .....	1,310	- 2 (0.2)	+105 ( 8.7)
Commercial Loans .....	969	- 6 (0.6)	+ 55 ( 6.0)
Loans on Securities .....	341	+ 4 (1.1)	+ 50 (17.2)
Investments .....	501	- 7 (1.3)	+ 30 ( 6.4)
Total Loans and Investments .....	1,810	- 9 (0.5)	+135 ( 8.1)
Net Demand Deposits .....	793	+ 5 (0.7)	+ 32 ( 4.2)
Time Deposits .....	949	-14 (1.5)	+101 (11.8)
Borrowings from Federal Reserve Bank .....	30	- 2 (6.4)	+ 11 (54.6)

Demands upon the Federal Reserve Bank of San Francisco decreased during May, and total discounts, at 31 million dollars on May 25th, were at the lowest level reported since February, 1926. Volume of bills discounted expanded during the first half of June and was larger at mid-June than one year ago, although still below early May figures. Total earning assets of the Reserve Bank increased during the May-June period, however, as the decline in discounts was more than offset by increased holdings of United States government securities. The reserve ratio of the Federal Reserve Bank of San Francisco (ratio of reserves to deposits and Federal reserve notes in actual circulation) rose during late May and, at 81.5 on May 25th, was the highest reported since October, 1924.

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

	Condition June 15, 1927	Changes from	
		One Month Ago	One Year Ago
		(+ = increase. - = decrease.)	
Total Bills and Securities....	96	+ 5 ( 5.7)	-11 (10.4)
Bills Discounted .....	40	- 2 ( 4.0)	+ 3 ( 8.0)
United States Securities....	39	+ 8 (26.6)	+ 5 (12.3)
Bills Bought .....	17	+ 1 ( 7.4)	- 8 (32.3)
Total Reserves .....	264	-18 ( 6.4)	- 4 ( 1.6)
Total Deposits .....	175	- 5 ( 2.8)	+ 4 ( 2.4)
Federal Reserve Note Circulation .....	172	-10 ( 5.4)	-19 ( 9.8)

The prevailing rate of interest on the bulk of prime commercial paper in the principal financial centers of the district ranged from 4½ to 6 per cent at mid-June, compared with a range of 5 to 6 per cent in June, 1926, and 5 to 7 per cent in June, 1925. The discount rate at the Federal Reserve Bank has stood at 4 per cent since November 23, 1925.

**(E) Commodity Prices—**

Commodity	Unit	June 3, 1927	One Month Ago	One Year Ago
Wholesale Prices (U. S. Bureau of Labor—1913 prices=100).....		144.1	144.2	151.7
Purchasing Power of Farm Products (U. S. Dept. of Agriculture)*....		83.8	82.8	86.8
Cattle (Native Beef) .. Weekly average price at Chicago.....	100 lbs.	\$10.75	\$11.00	\$9.60
Lambs..... Weekly average price at Chicago.....	100 lbs.	14.20	16.25	16.00
Hogs..... Weekly average price at Chicago.....	100 lbs.	9.20	10.15	13.90
Wheat..... Chicago contract price for September wheat.....	bu.	1.41½-1.44½	1.31½-1.32½	1.32½-1.34
Wool..... Average of 98 quotations at Boston.....	lb.	63.54¢	64.44¢	66.90¢
Oranges..... Valencias, Fancy, wholesale at San Francisco.....	box	\$4.75-5.25	Not quoted	\$4.00-5.25
Prunes..... Size 40/50 in 25-lb. boxes, f. o. b. California.....	lb.	.07¼-.07¾	.07¼-.07¾	.08½-.09
Raisins..... Thompson Seedless, bulk, in 25-lb. boxes, f. o. b. California.....	lb.	.07½	.07½	.07¾
Canned Peaches..... Choice Cling, sliced, 2½s, f. o. b. California.....	doz.	1.85-2.10	1.85-2.10	2.20-2.35
Butter..... 92 score at San Francisco.....	lb.	.41	.41	.40½
Copper..... Electrolytic, monthly average at New York.....	lb.	12.621¢	12.808¢	13.599¢
Lead..... Monthly average at New York.....	lb.	6.616¢	7.126¢	7.751¢
Silver..... Monthly average at New York.....	oz.	56.280¢	56.399¢	65.075¢
Lumber (Softwood) .. Weekly Index, United States†.....		30.65	30.52	31.46

\*Ratio of farm prices (August, 1909-July, 1914 prices=100) to wholesale prices of non-agricultural commodities (1910-1914 prices=100). †As published by "The Lumber Manufacturer and Dealer."

## *Revised Indexes of Trade Activity*

The Division of Analysis and Research of the Federal Reserve Bank of San Francisco has revised its indexes of bank debits, retail trade (department store sales), and wholesale trade in the Twelfth Federal Reserve District, and revised data are published, for the first time, in this issue of the Monthly Review. It is desirable that the changes made in the indexes be given more extended notice than is possible in the text of the Review, and a brief statement concerning them is herewith presented.

### *Base Period*

Indexes previously used by this bank were, for convenience and because of the availability of data, related to the year 1919. The daily or monthly average of the series during the year 1919 was used as the base for the index—100—and data for other months or years were expressed as percentages of that base. In the new indexes, daily or monthly averages for the years 1923-1925 are used as bases. The new base period has several advantages over the one used heretofore:

- (1) It gives a broader base which is not so apt to be influenced by exceptional conditions prevailing in any one year.
- (2) It was relatively free from the wide price fluctuations and rapid changes in business activity which characterized the year 1919.
- (3) Its use permits inclusion of data which were not available in 1919, thus making the indexes more comprehensive and increasing their accuracy.
- (4) Its use facilitates direct comparison of current conditions with conditions during a period more recent and therefore more familiar than the year 1919.

The use of the years 1923-1925 as the base for the revised indexes does not mean that those years are assumed to be "normal" years. They have been selected, after a thorough study of available data, as the most desirable and most convenient years upon which to erect current indexes, a considerable amount of new and valuable business information having become available beginning in 1923.\*

### *Bank Debits*

The indexes of bank debits, presented in the table on page 42 and chart on page 43, are based upon daily average debits to individual accounts as reported by banks to clearing houses in 20 of the principal cities of the district. The indexes, both with and without adjustment for seasonal variation,† are expressed as percentages of the 1923-1925 daily average. The use of

daily averages eliminates those fluctuations in the index which are due to differences in the length of months, and the varying number of Sundays in different months, and makes some allowance for the irregular occurrence of holidays.

### *Retail Trade (department store sales)*

Previously published indexes of retail trade in this district included figures of sales of dry goods stores, departmentized specialty shops, and men's and women's apparel stores. They were based upon total monthly sales and were expressed as percentages of the 1919 monthly average. Figures of department stores, only, are used in the new indexes which are based upon daily average sales expressed as percentages of the 1923-1925 daily average. These series have been constructed both with and without adjustment for seasonal variation.† Indexes for recent months are presented in the table and the seasonally adjusted index is shown graphically in the chart on page 46.

### *Wholesale Trade*

In June, 1926, certain preliminary indexes of sales in ten lines of trade at wholesale were constructed. Experimental construction of a composite index, based upon data of all ten lines combined, was also undertaken and completed. These indexes were expressed as percentages of 1919 monthly averages and were not adjusted for seasonal variation. Their behavior during the past year indicates that considerable confidence may be placed in such figures as a record of wholesale trade within the district.

Revision and improvement of the preliminary indexes have just been completed. The revised indexes, based upon total monthly sales, are expressed as percentages of the 1923-1925 monthly average. Use of the latter base period instead of the year 1919, as heretofore, has permitted inclusion of figures of a number of firms and of one additional line, electrical supplies,‡ not included in the earlier indexes.

The indexes for individual lines are based upon actual sales and are not adjusted for seasonal variation. The composite indexes are based upon total sales of approximately 180 firms in eleven lines of trade. One composite index is based upon actual monthly sales and shows fluctuations in the actual value of such sales, and the other composite index has been adjusted for estimated usual seasonal variation.† The indexes are presented in the table and the seasonally adjusted index is shown in the chart on page 46.

\*In new indexes prepared or being prepared by the Federal Reserve Board and other Federal reserve banks, the years 1923-1925 have been used as the base period. †The significance of seasonal variation and methods of allowing for its influence were explained in an article entitled "Seasonal Variation in Business Activity," appearing in the December, 1926, Monthly Review of Business Conditions in the Twelfth Federal Reserve District. Reprints of this article may be obtained upon request. ‡The lines of trade included in the present indexes are: agricultural implements, automobile tires, drugs, dry goods, electrical supplies, furniture, groceries, hardware, shoes, and paper and stationery.