

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. 9

SUMMARY OF NATIONAL CONDITIONS

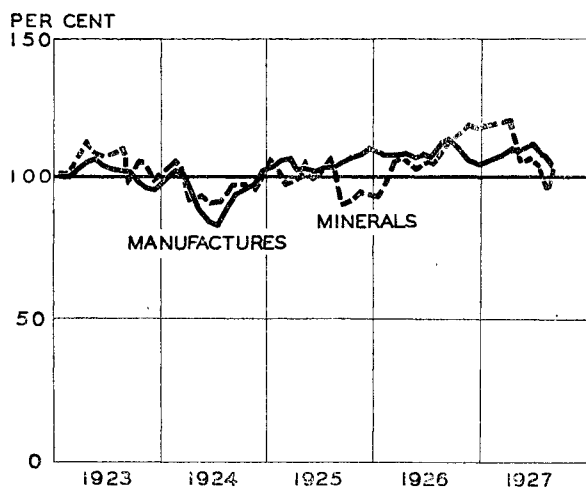
Prepared by the Federal Reserve Board

Industrial production increased in August, reflecting growth in output of mines. Distribution of commodities, both at wholesale and at retail, increased by more than the usual seasonal amount. The general level of wholesale commodity prices rose about one per cent, owing chiefly to advances in prices of farm products.

Production. Production of anthracite and bituminous coal, which showed a considerable decline earlier in the season, increased sharply in August and the early weeks of September, and this rise was reflected in an advance in the Federal Reserve Board's index of mineral output from 98 per cent of the 1923-1925 average in July to 106 per cent in August. The index of manufactures as a whole showed practically no change for the month. The iron and steel industry continued during August and September with little change in demand or in production. The output of newsprint, lumber, and cement showed only customary seasonal changes in August. Consumption of cotton remained unusually large for this season of the year, and there was an increase in the production of automobiles, which, however, remained below the output of August of last year. Output of shoes and rubber tires increased from

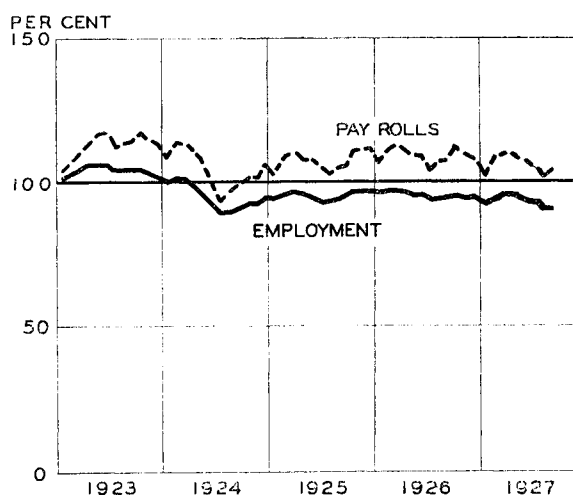
July to August by less than the customary seasonal amount. Factory employment was in practically the same volume in August as in July, and both employment and production were smaller than a year ago. The volume of building contracts awarded in August was smaller than in August, 1926, which was a month of unusually large awards. The largest decreases, as compared with last year, were in the Boston, New York, and Chicago Federal reserve districts. In the first half of September, awards were in practically the same volume as in the corresponding period of last year. The Department of Agriculture's estimate of corn production on the basis of September 1st condition was 2,457,000,000 bushels, compared with 2,647,000,000 bushels harvested in 1926. The total yield of wheat is expected to be somewhat larger than a year ago. The forecast of the yield of cotton was 12,692,000 bales, representing a reduction of 800,000 bales from the August estimate and of over 5,000,000 bales from last year's crop.

Trade. Distribution of merchandise at wholesale and retail increased more than is usual in August, and sales were generally larger than in August of last year. Sales of wholesale firms



PRODUCTION OF MANUFACTURES AND MINERALS

Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 average=100). Latest figures, August, manufactures, 106; minerals, 106.



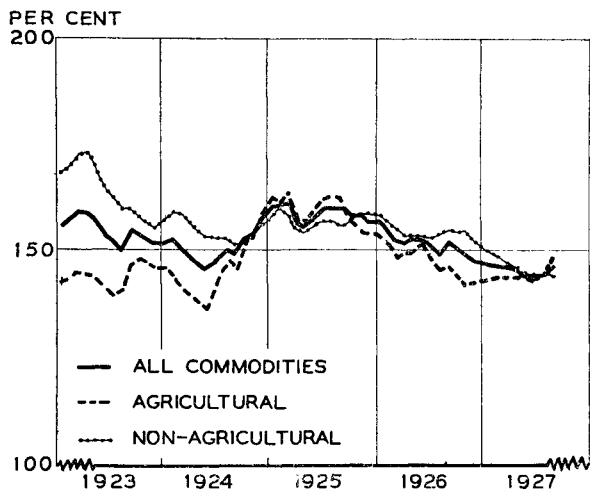
FACTORY EMPLOYMENT AND PAYROLLS

Federal Reserve Board's indexes of factory employment and payrolls (1919 monthly average=100). Latest figures, August, employment, 91.2; payrolls, 104.4.

in most leading lines were larger than a year ago. Inventories of department stores were smaller in dollar value than a year ago. Stocks carried by wholesale firms continued in August generally smaller than last year. Freight car-loadings of nearly all types of commodities increased considerably in August and the early part of September but, with the exception of grains and miscellaneous products, loadings for

in the prices of some iron and steel products.

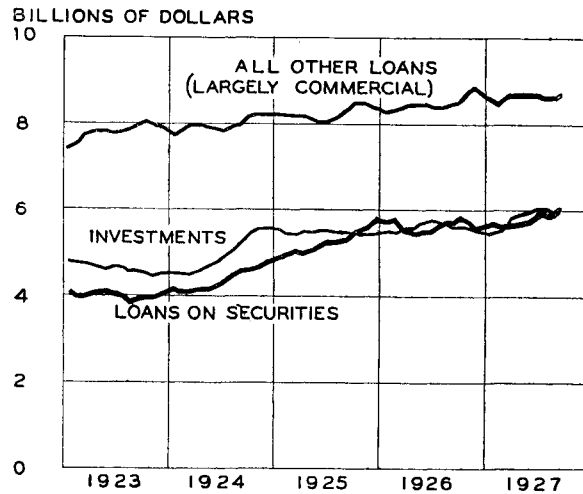
Bank Credit. Between August 17th and September 21st, total loans and investments of member banks in leading cities increased by 400 million dollars to the largest figure on record. There were increases in loans on securities and in investments as well as the usual seasonal growth in loans for agricultural and commercial purposes.



Index of United States Bureau of Labor Statistics (1913 prices=100). Latest figures, August, all commodities, 146.6; non-agricultural commodities, 144.5; agricultural commodities, 148.1.

all groups continued in smaller volume than in the same period of last year.

Prices. Wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, increased from 145 in July to 147 in August. There were large increases in the prices of farm products and of clothing materials, while most of the other groups showed only slight changes. The price of raw cotton advanced from 17½ cents a pound on August 1st to over 23 cents on September 8th, but since that date has declined by about three cents a pound. Prices of cotton goods, cattle, hogs and sugar also increased in August and the first three weeks of September, while those of grains declined. Recently there have been reductions



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

The volume of reserve bank credit increased during the month ending September 21st, reflecting seasonal growth in demand for currency and exports of gold. The increase was entirely in holdings of acceptances and United States securities, as there was little change in discounts for member banks. In the open money markets, rates on security loans increased slightly during September, while rates on commercial paper and 90-day bankers' acceptances remained unchanged at the lowest level of the year. Discount rates at the Federal Reserve Banks of Philadelphia, Chicago, San Francisco, and Minneapolis were reduced during September from 4 to 3½ per cent, the rate prevailing in the other eight districts.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

In the Twelfth Federal Reserve District, changes in volume of production and trade during August, 1927, were largely seasonal in character. Total volume of industrial output approximated that of a year ago, and volume of distribution was greater than in August, 1926. In view of the fact that there was one more business day during August, 1927, than during August, 1926, industrial output, when figured on a daily average basis, was probably smaller and average daily volume of trade only slightly larger in August of this year than in August a year ago. Demand for credit at mem-

ber banks did not reveal the usual seasonal increase during August and early September and discounts at the Federal Reserve Bank of San Francisco declined to the lowest point since February, 1925. On September 10, 1927, the rediscount rate of the Federal Reserve Bank of San Francisco was reduced from 4 to 3½ per cent for all classes and maturities of paper. The 4 per cent rate had been in effect since November 23, 1925.

A late agricultural season has contributed to business hesitancy during the past few months, but conditions during August were favorable

for agricultural operations, and harvesting of the district's crops has progressed rapidly. Yields are generally larger than a year ago. Although quality of some crops is reported to be below that of last year, price returns to growers are reported to be generally satisfactory.

Volume of **employment** and total **wages** paid in the district's chief industries were smaller during August, 1927, than during August, 1926. Value of **building** permits issued and daily average output of **lumber** were approximately the same as in August a year ago. Flour **milling** was less active than in August, 1926.

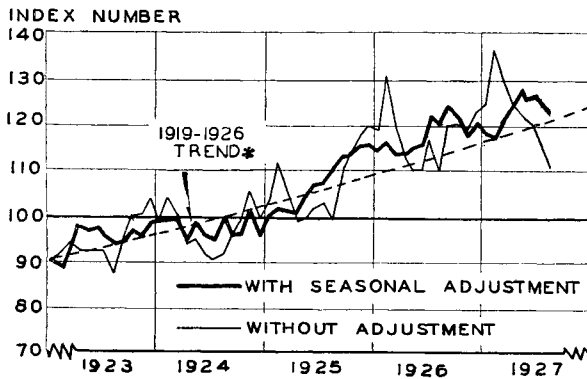
Daily average railway freight **carloadings** and **retail sales** were larger than last year, but **sales at wholesale**, although larger than in July, 1927, were smaller than in August, 1926.

This bank's seasonally adjusted index of daily average **bank debits** in 20 principal cities of the district declined from 127 in July, 1927 (1923-1925 average=100), to 123 in August, 1927. A year ago the index stood at 121.

BANK DEBITS*—Twelfth District

	August, 1927	July, 1927	June, 1927	August, 1926	July, 1926
With Seasonal Adjustment...	123	127	126	121	122
Without Seasonal Adjustment	111	121	120	110	117

*Daily average, 1923-1925=100.



BANK DEBITS—TWELFTH DISTRICT

Index for 20 principal cities, Phoenix, Arizona, not included (daily averages, 1923-1925 average=100). Latest figures, August, with adjustment, 123; without adjustment, 111.

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

Agriculture

Weather conditions in the district during August and early September have been favorable for agricultural operations. The cold weather and heavy rains of last spring delayed the maturity of many crops from one to three weeks, but harvesting of **grain** and **early deciduous fruit** crops has now passed its peak, and harvesting of **field crops, grapes, and apples** is under way. **Livestock and ranges** are generally in excellent condition.

Early harvest returns of the **grain crops** produced in the district indicate that total yields will be slightly larger than those forecast earlier in the season and will exceed those of a year ago. Estimates of production of **wheat**

and **barley**, particularly in Oregon, Washington, and Idaho, have been raised as harvest reports have come in. Milling quality of wheat is reported to be below that of last year. As a result of active demand and favorable prices, a heavy movement of wheat is under way in the Pacific Northwest. Exports of wheat from Pacific Northwest ports were considerably heavier during August, 1927, than during August, 1926.

Yields of **field crops**, with the exception of **cotton**, generally approximate or are greater than those of a year ago. A 25 per cent decrease in acreage planted to cotton in this district and a lower yield per acre are reflected in a 40 per cent decrease in estimated production.

PRODUCTION*—Grain and Field Crops

	Preliminary Estimate Sept. 1, 1927	Actual 1926	Five-Year Average (1922-1926)
Wheat (bushels)			
Twelfth District	133,107	103,368	102,989
United States	860,892	832,809	807,731
Barley (bushels)			
Twelfth District	40,459	43,053	40,609
United States	259,406	188,340	192,707
Rice (bushels)			
Twelfth District†	9,104	7,986	6,084
United States	39,200	41,006	36,387
Beans (bushels)			
Twelfth District‡	6,266	6,739	5,593
United States	17,300	17,138	16,140
Cotton (bales)			
Twelfth District§	180	253	174
United States	12,692	17,977	13,649
Potatoes (bushels)			
Twelfth District	51,405	41,506	36,661
United States	400,000	356,123	394,182
Sugar Beets (tons)			
Twelfth District|| .....	1,267	892	1,642
United States	6,810	7,223	6,942
Hops (pounds)			
Twelfth District	31,757	34,838	26,237

*000 omitted. †California. ‡California and Idaho. §Arizona and California. ||California, Idaho, and Utah.

Source: United States Department of Agriculture.

The 1927 production of **deciduous fruit** in California, as indicated by September 1st crop reports, will be slightly larger than total production in 1926.

PRODUCTION OF FRUITS AND NUTS IN CALIFORNIA

	Forecast Sept. 1, 1927 (tons)	Actual 1926 (tons)	Five-Year Average (1922-1926) (tons)
Almonds	12,700	15,750	10,150
Apricots	187,000	176,000	164,600
Figs .....	.....	11,350	9,990
Grapes	2,316,000	2,129,000	1,859,400
Wine	455,000	414,000†	407,400
Table	488,000	398,000†	314,400
Raisin	1,373,000	1,317,000	1,137,600
Olives .....	.....	9,800	11,460
Peaches	497,000	541,000	411,000
Pears	186,000	207,000	160,800
Plums	57,000	71,000	55,600
Prunes	211,000	150,000	135,000
Walnuts	42,000	15,000	25,100

†It is estimated that 32,000 tons of table grapes and 20,000 tons of wine grapes (fresh basis) were dried and included in above figures.

Source: California Cooperative Crop Reporting Service.

Shipments of **deciduous fruits** from California have reflected the late season but, if allowance be made for this factor, have gone forward in large volume. Unit returns for grapes shipped thus far this season have been slightly higher than in 1926 when this fruit reached Eastern markets before the usual autumn de-

mand had developed. Figures of fruit shipments from California during the 1927 and 1926 seasons to September 11th follow:

	Total this season to Sept. 11th	Total last season to Sept. 11th
Appricots	464	262
Cherries	579	741
Peaches	4,306	1,582
Plums	4,083	5,213
Pears	7,039	9,057
Grapes	12,827	19,052
Mixed	140	260
Total All Varieties	29,438	36,167

Source: California Fruit News.

Shipments of oranges and lemons from California during August, 1927, totaled 4,058 and 838 carloads, respectively, as compared with 3,313 and 1,367 cars shipped a year ago.

The commercial production of apples in the Pacific Northwest and California is approximately 20 per cent less than a year ago. Prices received for Eastern shipments of Pacific Northwestern apples are higher than those received last year and reflect to some degree a decreased national production.

	Forecast Sept. 1, 1927 (000 bushels)	Actual 1926 (000 bushels)	Five-Year Average (1922-1926) (000 bushels)
California	4,647	6,144	4,881
Idaho	4,206	2,775	3,615
Oregon	3,216	5,100	4,502
Washington	20,622	25,650	24,261
Twelfth District	32,691	39,669	37,259
United States	72,594	118,233	111,130

Physical conditions during the past summer have generally benefited livestock and ranges throughout the district and it is reported that stock will go to the fall markets and ranges in excellent flesh. Further evidence of improved financial conditions among stockmen is indicated by the continued demand for breeding animals.

(A) Employment—

Industries	California		Oregon	
	No. of Firms	No. of Employees	No. of Firms	No. of Employees
All Industries	776	165,557	160	30,162
Stone, Clay and Glass Products ..	52	7,891	5	258
Lumber and Wood Manufactures ..	123	28,568	58	17,513
Textiles	19	2,677	11	2,248
Clothing, Millinery and Laundering ..	61	7,542	8*	431
Foods, Beverages and Tobacco ..	170	50,608	44	3,617
Water, Light and Power	5	7,725	..	..
Other Industries† ..	333	58,424	..	..
Miscellaneous	13	2,122	34	6,095

*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 change from August, 1926.

Industry

Total volume of industrial output expanded seasonally during August, 1927, and approximated that of August, 1926. There was one more business day during August, this year, than during August a year ago, however, so that daily average output was probably smaller than last year. Volume of employment was less and payrolls were smaller during August, 1927, than during August, 1926. Seasonal expansion in industrial and agricultural activity has resulted in a diminution of unemployment, as compared with the early summer, although a surplus of laborers is still generally reported.

Value of building permits issued in principal cities of this district during August, 1927, showed a greater than seasonal increase over the low figure for July, 1927, and approximated the value of permits issued during August, 1926, according to figures published by S. W. Straus and Company. Value of permits granted in 88 cities in the Twelfth Federal Reserve District, at \$37,750,272, showed an increase of \$7,011,604, or 22.8 per cent, above the low level recorded in July and a decrease of \$380,118, or 1.0 per cent, from August, 1926. Data for 20 principal cities of the district, among which were those which showed the large decreases in June and July, showed a 27 per cent July to August, 1927, increase in value of permits granted compared with an average seasonal increase amounting to about 12 per cent. Comparison of average building costs per permit reveal a continued prevalence of large types of buildings. The relative proportion of permits issued for large commercial and semi-commercial structures has decreased since the beginning of 1927, however.

BUILDING PERMITS IN 20 CITIES

	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	No.	Value
August	— 1.9	— 0.2	— 8.3	— 9.7	19.5	26.8
July	—10.9	—27.9	— 9.2	—10.9	— 7.5	—17.6
June	— 6.2	—23.5	— 8.9	— 8.1	— 3.3	—21.2
May	— 1.4	22.0	— 9.4	— 4.6	— 6.3	5.0

(B) Building Permits—

	August, 1927		August, 1926	
	No.	Value	No.	Value
Berkeley	289	\$ 392,048	305	\$ 586,206
Boise	68	52,000	54	38,975
Fresno	78	233,736	60	89,305
Long Beach	412	938,950	282	459,166
Los Angeles	3,391	11,790,916	2,906	8,826,108
Oakland	714	2,157,881	985	2,665,900
Ogden	25	56,200	37	208,100
Pasadena	235	578,925	232	917,792
Phoenix	94	481,000	106	222,162
Portland	1,073	1,700,045	1,325	3,169,865
Reno	16	44,405	27	109,050
Sacramento	221	486,813	217	662,286
Salt Lake City	89	425,165	93	741,595
San Diego	723	1,293,083	749	1,384,439
San Francisco	848	3,609,611	862	4,163,510
San Jose	78	379,560	139	355,825
Seattle	908	3,400,340	1,026	2,784,660
Spokane	216	435,142	219	452,345
Stockton	100	297,028	76	594,150
Tacoma	288	204,485	355	594,102
District	9,866	\$28,957,333	10,055	\$29,025,541

Prices of building materials continued downward during August. The United States Bureau of Labor Statistics' index declined from 162.4 (1913 prices=100) for July, 1927, to 160.8 for August, 1927. One year ago this index stood at 171.8. In August, 1927, for the fourth consecutive month, the Aberthaw index of industrial building costs, including both labor and materials, stood at 192 (1914 costs=100). This index stood at 197 on September 1, 1926.

Lumbering operations showed a seasonal expansion during August, 1927, according to data reported by mills to four associations in this district. Continual shifting in both composition and number of lumber mills reporting to the associations makes the available statistics unreliable for comparative purposes. Such figures as are available reveal increased output, shipments, and orders received, during August, 1927, as compared with August a year ago. That part of the increase which cannot be accounted for by the larger number of mills (193) reporting this year as compared with last year (184) may be accounted for by the presence of one extra business day in August, 1927, as compared with August, 1926. Number of workers on payrolls of and total weekly wages paid by mills in California and Oregon were smaller during August, 1927, than during August a year ago.

LUMBER*
Twelfth District

	Aug., 1927 (board feet)	July, 1927 (board feet)	Aug., 1926 (board feet)
Production	895,355	740,674	826,845
Shipments	818,775	697,018	801,024
Orders	804,875	703,253	757,592
Unfilled Orders †	465,143	515,568	545,068
No. of Mills Reporting‡	193	182	184

*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 in California was further reduced during August, 1927, but continued larger than a year ago. Indicated average daily consumption of crude oil increased 6.1 per cent to 672,899 barrels during August, 1927, as compared with July, 1927, and, with the exception of February, 1927, was larger than in any other month since July, 1926. The downward trend in California surface holdings of crude oil continued during August, 1927, and by August 31st, stored stocks had registered a net decline of 2,409,707 barrels during 1927.

PETROLEUM—California

	Average Daily Production (barrels)	Indicated Average Daily Consumption (Shipments) (barrels)	Stored Stocks at End of Month (barrels)	— New Wells — Number Opened	Daily Production (barrels)
Aug., 1927....	621,907	672,899	117,132,849	75	42,286
July, 1927....	623,194	634,157	118,713,550	70	31,480
Aug., 1926....	605,325	647,417	120,605,895	55	18,067

Source: American Petroleum Institute.

Figures of national non-ferrous metals production, together with a guide to the propor-

tionate importance of this district in such production, are presented in the following table:

	NON-FERROUS METALS National Production			Per Cent of Total Produced in 12th Dist.* in 1926
	Aug., 1927	July, 1927	Aug., 1926	
Copper (short tons) (mine production)	67,138	60,545	72,221	64.1
Lead (short tons) (crude) †	56,423	58,308	58,071	43.5
Zinc (short tons) (slab)	49,012	47,627	51,761	13.3
Silver (oz.) (commercial bars)	5,036,000	5,067,000	5,073,000	69.7

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

Flour milling activity increased by less than the usual seasonal amount during August and output of flour approximated that of August, 1926, according to data supplied this bank by 14 large milling factors in this district. August, 1927, flour output, however, was 5 per cent below the five-year (1922-1926) average output for that month. Stocks of flour held by those factors increased slightly during the month and were larger than average August 31st holdings during the preceding five years. They were smaller than at the close of August, 1926. Unusually active export demand for wheat tended to prevent seasonal accumulation of wheat at mills, and millers' stocks of wheat declined during August, contrary to the usual seasonal movement. On August 31, 1927, they were nearly 25 per cent smaller than the amount of stocks on hand at the end of August, 1926, but were slightly larger than the five-year (1922-1926) average holdings for that date.

FLOUR MILLING
Twelfth District

	Aug., 1927	July, 1927	Aug., 1926	Five-Year Average Aug., 1922-1926
Output (bbls.)...	419,310	387,884	420,516	443,039
Stocks*				
Flour (bbls.)...	415,484	401,507	536,380	380,757
Wheat (bu.)...	1,843,096	1,867,480	2,440,349	1,813,249

*At end of month.

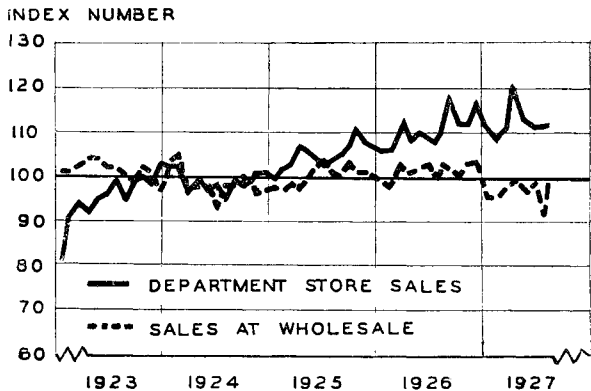
Distribution and Trade

The volume of distribution and trade increased during the month of August by more than the usual seasonal amount and was larger than during August, 1926. A large part of the increase over a year ago may be accounted for by the presence of one more business day during August, 1927, than during August, 1926, and trade when figured on a daily average basis was only slightly greater in volume than last year.

Daily average railway freight carloadings were 2 per cent larger during August, 1927, than during August, 1926. Heavier shipments of grain and grain products from the Pacific Northwest, and increased shipments of forest products, merchandise, and miscellaneous commodities other than fruit from both California and the Pacific Northwest were chiefly responsible for the larger carloadings as compared with last year. Reflecting the later agricultural season this year, shipments of fruit and perishables were considerably smaller in volume during August, 1927, than during August, 1926.

Sales at retail increased more than seasonally during August, 1927, and were larger in value than during August, 1926. Reports from 128 firms in seven lines of trade showed increases of 27.0 per cent over July, 1927, and 4.6 per cent over August, 1926. The increase for both the month and year was the result, chiefly, of increased department store sales in Los Angeles and Southern California. Department stores for the district as a whole showed increases of 27.9 per cent and 6.3 per cent, respectively, in value of sales over July, 1927, and August, 1926. Value of sales of 53 furniture stores was 1.5 per cent smaller than during the same month a year ago. When figured on a daily average basis, retail sales increased by less than one per cent during August, 1927, as compared with August, 1926. Stocks on retailers' shelves increased 2.0 per cent during August as compared with a usual seasonal increase of about 4 per cent, and were 2.2 per cent larger than at the close of August a year ago.

age = 100) to 99 in August, 1927. It stood at 101 in August, 1926. When considered on a daily average basis, sales at wholesale were 5.4 per cent smaller in value during August,



TRADE ACTIVITY—TWELFTH DISTRICT
Seasonally adjusted index numbers of sales of 28 department stores and about 170 wholesale firms, (1923-1925 average = 100). Latest figures, August, department stores, 112; wholesale firms, 99.

	NET SALES*		(STOCKS*)
	Aug., 1927, compared with Aug., 1926	January 1 to Aug. 31, 1927, compared with same period in 1926	
Department Stores	6.3 (43)	3.1 (37)	Aug., 1927, compared with Aug., 1926
Dry Goods	10.5 (6)	11.9 (5)	1.4 (37)
Furniture	-1.5 (53)	-0.8 (31)	6.8 (4)
Men's Apparel	-10.1 (24)	..	1.2 (25)
Men's and Women's Apparel	7.9 (10)	-1.3 (10)	..
Shoes	-2.9 (24)	-5.0 (5)	..
Women's Apparel	-2.5 (9)	3.0 (9)	19.8 (8)
All Reporting Stores	4.6 (128)	2.7 (97)	2.2 (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 men's apparel and shoe stores, August, 1927, with August, 1926.

1927, than during August, 1926. The decrease was greater than the decrease in the wholesale price level over the year period so that activity in trade at wholesale was probably at lower levels during August, 1927, than during August, 1926.

	WHOLESALE TRADE—Twelfth District				
	No. of Firms	August	July	June	1926 August
Agricultural Implements	15	173	215	181	117
Automobile Supplies	13	97	92	94	102
Automobile Tires	14	168	142	156	179
Drugs	6	101	100	103	94
Dry Goods	23	114	80	80	115
Electrical Supplies	9	100	84	101	108
Furniture	15	101	70	101	100
Groceries	21	92	89	93	97
Hardware	17	96	87	101	98
Shoes	6	144	85	94	136
Paper and Stationery	22	105	93	92	112
All Lines	161	105	93	104	107
All Lines, Adjusted*	161	99	91	98	101

*For seasonal variation.

Sales at wholesale, according to this bank's index of sales of 161 firms in eleven lines of trade, increased by more than the usual seasonal amount during August, 1927, but were 1.6 per cent smaller than in August, 1926. The index adjusted for seasonal variation advanced from 91 in July, 1927 (1923-1925 monthly average = 100) to 99 in August, 1927.

The slight rise in wholesale prices recorded during July was accelerated during August, and the United States Bureau of Labor Statistics

	(C) DEPARTMENT STORE SALES—Index Numbers (1923-1925 daily average = 100)						
	Los Angeles (5)†	Oakland (4)†	San Francisco (5)†	Salt Lake City (5)†	Seattle (5)†	Spokane (3)†	District (28)†
Without Seasonal Adjustment							
Aug., 1927	118	107	103	83	94	90	107
July, 1927	96	93	87	86	90	91	92
June, 1927	102	104	94	98	102	92	99
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
Jan., 1927	114	99	88	80	77	72	98
Aug., 1926	111	106	104	80	95	98	104
With Seasonal Adjustment							
Aug., 1927	119	108	111	108	103	91	112
July, 1927	109	113	117	107	104	114	111
June, 1927	114	117	111	107	107	107	112
May, 1927	117	119	116	97	105	102	113
April, 1927	128	127	120	102	105	103	120
Mar., 1927	120	116	103	98	100	100	111
Feb., 1927	116	118	102	96	108	95	109
Jan., 1927	118	119	105	101	104	105	111
Aug., 1926	112	112	112	104	104	102	110

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

	(D) Bank Debits*		First Eight Months	
	Aug., 1927	Aug., 1926	1927	1926
Berkeley	\$ 20,802	\$ 17,846	\$ 169,435	\$ 153,188
Boise	13,704	13,407	104,593	103,812
Fresno	37,836	33,695	293,302	276,737
Long Beach	45,002	43,786	396,378	407,514
Los Angeles	835,565	817,286	7,414,917	6,959,992
Oakland	209,721	153,313	1,759,304	1,347,883
Ogden	16,259	21,102	133,917	156,542
Pasadena	34,601	32,306	329,886	300,801
Phoenix	22,073	21,889	215,256	201,877
Portland	171,361	193,043	1,320,080	1,431,000
Reno	9,836	9,167	73,900	72,030
Sacramento	42,386	30,077	290,851	253,340
Salt Lake City	63,606	65,059	545,325	558,729
San Diego	55,929	58,761	493,759	518,967
San Francisco	1,124,286	983,851	9,515,526	8,502,692
San Jose	26,677	24,421	204,838	203,535
Seattle	231,072	214,752	1,673,894	1,680,332
Spokane	55,040	51,602	434,088	442,708
Stockton	28,358	24,349	221,686	212,372
Tacoma	43,346	43,818	359,463	367,792
Yakima	10,768	12,180	94,597	101,244
District	\$3,098,228	\$2,865,710	\$26,044,995	\$24,253,087

*000 omitted.

tics' index of 404 commodities advanced from 144.6 (1913 prices=100) in July, 1927, to 146.6 in August, 1927, the highest point reached by this index since January, 1927. The index was but 1.7 per cent below the figure for August, 1926 (149.2). Advances were recorded by group indexes for farm products, foods, clothing, metals, house furnishings, and miscellaneous commodities. Group indexes for fuel and light, building materials, and chemicals and drugs continued to decline.

Prices of farm products advanced more rapidly than did prices of non-agricultural products during the month. The United States Department of Agriculture's index of prices paid to producers for farm products advanced two points during August to 132 (August, 1909-July, 1914 prices=100), while the United States Bureau of Labor Statistics' index of non-agricultural products was but fractionally higher. As a result, the ratio between these two, an index of the purchasing power of farm crops, rose from 86.3 (pre-war purchasing power=100) in July, 1927, to 87.4 in August, 1927. A year ago the ratio stood at 83.0.

Prices for **cattle** at Chicago advanced during August for the third consecutive month and averaged 24.5 per cent higher than in August, 1926. Quotations on **hogs** averaged fractionally higher during August than during July, but were 21.3 per cent lower than during August, 1926. Chicago **sheep** prices advanced 2.9 per cent during August as compared with July, but averaged 2.9 per cent less than during August a year ago. **Lambs** sold for less during August, 1927, than in either July, 1927, or August, 1926.

Wheat prices declined during the second half of August and first two weeks of September, and prices for September contract wheat at Chicago, at \$1.25½ to \$1.28¼ per bushel on September 15th, were lower than in August, 1927, or September, 1926. On August 15, 1927, prices for this same grade of wheat at Chicago ranged from \$1.40½ to \$1.43¾ per bushel, and on September 15, 1926, from \$1.34¼ to \$1.35¼ per bushel.

Further advances in prices for **cotton** during August and early September culminated in

a high point of 23.50 cents per pound for spot middling uplands cotton at New Orleans on September 8th. On September 19th this grade of cotton was quoted at 20.16 cents per pound, compared with 15.72 cents one year ago. **Wool** prices at Boston averaged 65.18 cents per pound in August as compared with 64.77 cents in July and 66.17 cents in August, 1926.

Refined **beet sugar** in San Francisco was quoted at \$5.90 per 100 pounds on September 2, 1927. This was 10 cents higher than a month earlier and compared with \$5.70 per 100 pounds on September 2, 1926.

Prices for **non-ferrous metals** averaged lower during August, 1927, than during either July, 1927, or August, 1926, with the exception of **silver** which averaged 0.9 per cent higher than in July, 1927. **Softwood lumber** prices were somewhat higher in August than in July.

Banking and Credit

Condition statements of **reporting member banks** and of the **Federal Reserve Bank of San Francisco** during July, August, and early September have reflected the mid-year decline in business activity, the lateness of the agricultural season, and the hesitation in business during August. They reveal an ample available supply of funds for financing agriculture and business.

Except for a temporary increase during the last half of August, the trend of commercial loans of **reporting city member banks** has been downward since last May. There is usually a seasonal expansion in commercial loans during August and September for financing crop movements. The agricultural season has been delayed, however, and business has been declining for several months, so that the seasonal expansion in commercial loans has not yet materialized this year, and on September 14, 1927, these loans were 13 million dollars (1.4 per cent) smaller than during the first two weeks of August, 1927. The decline in commercial loans was only partially offset by increases in loans on securities, and total loans declined by

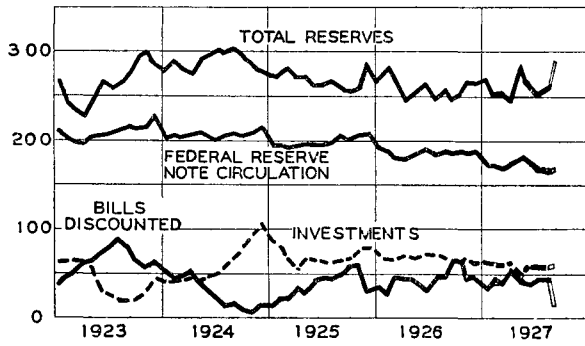
(E) Commodity Prices—

Commodity	Unit	Sept. 2, 1927	One Month Ago	One Year Ago
Wholesale Prices (U. S. Bureau of Labor—1913 prices=100).....		146.6	144.6	149.2
Purchasing Power of Farm Products (U. S. Dept. of Agriculture)*.....		87.4	86.3	82.4
Cattle (Native Beef).....Weekly average price at Chicago.....	100 lbs.	\$11.75‡	\$11.65	\$10.00
Lambs.....Weekly average price at Chicago.....	100 lbs.	13.40‡	13.65	14.25
Hogs.....Weekly average price at Chicago.....	100 lbs.	9.50‡	9.20	11.65
Wheat.....Chicago contract price for September wheat.....	bu.	1.33½-1.35½	1.37½-1.38¾	1.29½-1.30¾
Wool.....Average of 98 quotations at Boston.....	lb.	65.18¢	64.77¢	66.17¢
Apples.....California Gravenstein, wholesale at San Francisco.....	box	\$2.35-3.00	\$2.10-2.75	\$1.00-1.25
Oranges.....Valencias, Fancy, wholesale at San Francisco.....	box	6.25-7.50	6.00-7.25	4.75-5.25
Prunes.....Size 40/50 in 25-lb. boxes, f. o. b. California.....	lb.	.05¾-.06¾	.07¼-.07¾	.07½-.08
Raisins.....Seedless, bulk, in 25-lb. boxes, f. o. b. California.....	lb.	.06¾	.06¾	.07½
Canned Peaches.....Choice Cling, sliced, 2½s, f. o. b. California.....	doz.	1.75-1.85	Not quoted	2.10
Butter.....92 score at San Francisco.....	lb.	.46	.42	.44
Copper.....Electrolytic, monthly average at New York.....	lb.	12.971¢	12.532¢	14.174¢
Lead.....Monthly average at New York.....	lb.	6.681¢	6.344¢	8.908¢
Silver.....Monthly average at New York.....	oz.	54.718¢	56.360¢	62.380¢
Lumber (Softwood).....Weekly Index, United States†.....		29.68	29.40	29.90

*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." ‡September 3, 1927. §Revised.

5 million dollars or 0.4 per cent during the month. On September 14, 1927, total loans of reporting member banks were 15 million dollars or 1.2 per cent smaller than on July 6, 1927, whereas ordinarily they are larger on the later date. Total deposits remained at a relatively constant level during August and early September, but during the week ended September 14th increased sharply to 1,739 million dollars, an increase of 34 million dollars or 2.0 per cent over a month ago.

MILLIONS OF DOLLARS



RESERVE BANK CREDIT—TWELFTH DISTRICT

Figures for Federal Reserve Bank of San Francisco, as of last Wednesday of each month. Latest figures, September 14th.

The abundant supply of available funds enabled reporting member banks to increase their investment holdings and at the same time reduce their borrowings at the Federal Reserve Bank. Total investments of these member banks increased by 29 million dollars or 6 per cent during the four weeks ended September 14th and their borrowings from the Federal Reserve Bank of San Francisco, although increasing slightly during August and early September, declined to 9 million dollars during the week ended September 14th, a figure more than 70 per cent below that reported on August 17, 1927, and smaller than at any other time since February, 1925. The sharp decrease in borrowings from the Reserve Bank accompanied the sharp increase in deposits which was only partially offset by increased loans and investments of the reporting member banks.

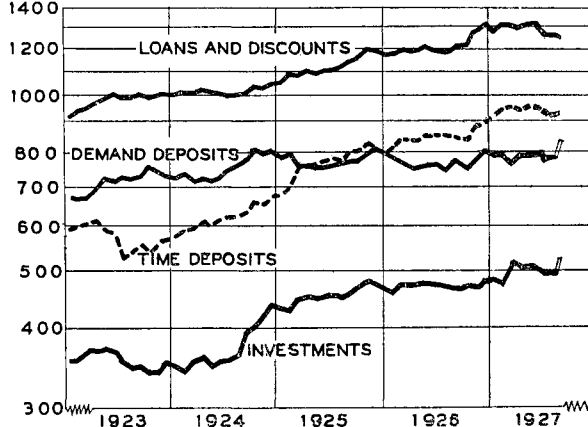
REPORTING MEMBER BANKS—Twelfth District
(In millions of dollars, percentage changes in parentheses)

	Condition Sept. 14, 1927	Changes from	
		One Month Ago	One Year Ago
		(+ = increase. - = decrease.)	
Total Loans	1,262	- 5 (0.4)	+ 44 (3.6)
Commercial Loans	930	-13 (1.4)	+ 6 (0.7)
Loans on Securities	332	+ 8 (2.4)	+37 (12.7)
Investments	522	+29 (6.0)	+49 (10.4)
Total Loans and Investments	1,784	+24 (1.4)	+92 (5.4)
Net Demand Deposits	819	+27 (3.4)	+25 (3.2)
Time Deposits	919	+13 (1.4)	+84 (10.0)
Borrowings from Federal Reserve Bank	9	-21 (70.1)	-33 (78.2)

Total earning assets (total bills and securities) of the Federal Reserve Bank of San Francisco fluctuated between 97 million dollars and 110 million dollars during August, but during the second week in September declined sharply

to 78 million dollars. This decline was due wholly to a marked decrease in volume of bills discounted, which declined during the second week of September from nearly 44 million dollars to 17 million dollars. The decline in discounts was the result, chiefly, of liquidation of borrowings on the part of city member banks. Volume of total earning assets and bills discounted on September 14th were at the lowest levels since July, 1918, and February, 1925, respectively. Investment holdings (acceptances

MILLIONS OF DOLLARS



MEMBER BANK CREDIT—TWELFTH DISTRICT

Figures for about 65 member banks in leading cities, as of last Wednesday of each month. Latest figures, September 14th.

and United States government securities) increased slightly during the four-week period ended September 14th, the result of purchases in the open market which took 5 million dollars of United States government securities and acceptances off the San Francisco and New York City markets.

A sharp increase in reserves amounting to 10 per cent during the four weeks ended September 14th more than offset increases of 2 per cent each in deposits and Federal reserve note circulation, and the primary reserve ratio* rose to 82.8, the highest figure reported since late August, 1924 (83.0). The ratio stood at 75.0 on August 31, 1927, and 76.9 on August 17, 1927.

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

	Condition Sept. 14, 1927	Changes from	
		One Month Ago	One Year Ago
		(+ = increase. - = decrease.)	
Total Bills and Securities...	78	-19 (19.4)	-44 (36.3)
Bills Discounted	17	-24 (58.4)	-34 (66.0)
United States Securities...	46	+ 2 (5.2)	+ 3 (6.8)
Bills Bought	14	+ 3 (27.7)	-14 (49.0)
Total Reserves	294	+26 (9.8)	+35 (13.4)
Total Deposits	183	+ 4 (2.0)	+ 6 (3.6)
Federal Reserve Note Circulation	172	+ 3 (2.0)	-21 (10.7)

On September 10, 1927, the rediscount rate of the Federal Reserve Bank of San Francisco was reduced from 4 to 3½ per cent for all classes and maturities of paper. The 4 per cent rate had been in effect since November 23, 1925.

*Ratio of total reserves to total deposits and Federal reserve notes in circulation.