

# MONTHLY REVIEW

OF

## BUSINESS CONDITIONS

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

Vol. XI

San Francisco, California, October 20, 1927

No. 10

### SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

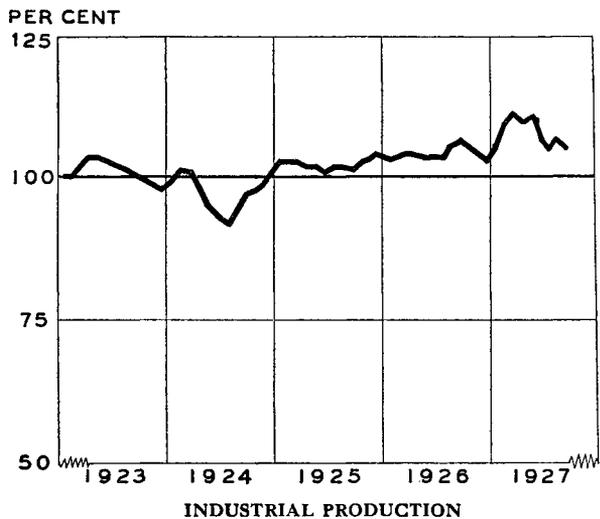
Industrial and trade activity increased less in September than is usual at this season of the year and continued in smaller volume than a year ago. The general level of wholesale commodity prices rose further, reflecting chiefly price advances for agricultural commodities.

**Production.** The Federal Reserve Board's index of both manufacturing and mineral production, in which allowance is made for usual seasonal variations, decreased from August to September. Production of iron and steel was in smaller volume in September than in any month since 1925. There were also decreases from August to September in output of non-ferrous metals, automobiles, and rubber tires, while the textile and shoe and leather industries continued active. Production of bituminous coal showed about the usual seasonal increase in September and October, but continued in smaller volume than during the same period of other recent years. Output of anthracite was considerably reduced during September and the first half of October, following an increase in August. Weekly output of crude petroleum has decreased slightly since the early part of August. The value of building contracts awarded continued somewhat smaller during September and the first three weeks of

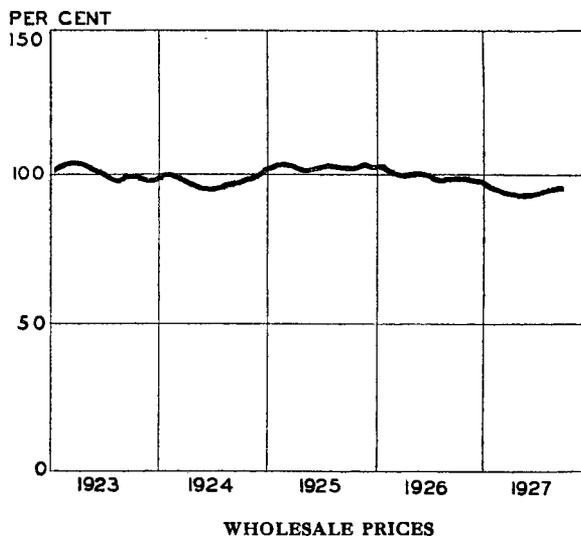
October than during the corresponding periods of 1925 and 1926. Declines occurred in contracts for residential, commercial, industrial, and educational buildings, while contracts for public works and public utilities were larger in September than in the corresponding month of any previous year.

Crop conditions improved in September, and the Department of Agriculture's estimates for October 1st indicate larger yields of most grain crops than were expected a month earlier. The estimate for the corn crop was increased by 146,000,000 bushels and was only 43,000,000 bushels smaller than the yield in 1926. Wheat production is expected to be 34,000,000 bushels larger than last year, while the estimated cotton crop of 12,678,000 bales is more than 5,000,000 bales below last year's yield.

**Distribution.** Trade of wholesale and retail firms increased in September by somewhat less than the usual seasonal amount. Compared with a year ago, sales of wholesale firms in nearly all lines, except shoes and drugs, were smaller; sales of department stores were in about the same volume, and sales of mail order houses and chain stores were somewhat larger. Inventories of merchandise carried by reporting wholesale firms in leading lines were re-



Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average = 100). Latest figure, September, 105.

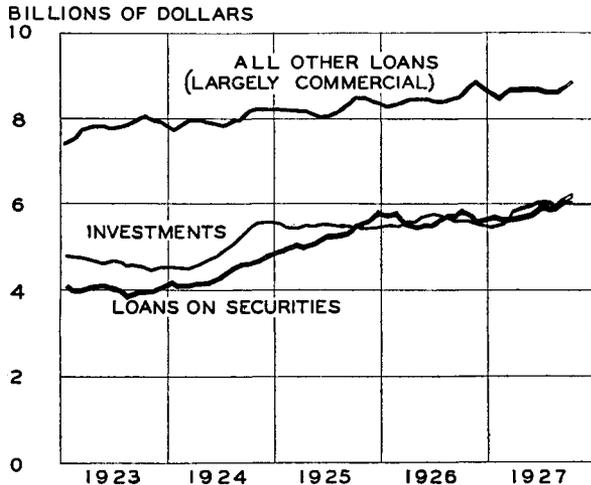


Index of United States Bureau of Labor Statistics (1926 prices = 100, base adopted by Bureau). Latest figure, September, 96.5.

duced in September and continued smaller than last year. Stocks of department stores, on the other hand, increased slightly more than is usual in September, and at the end of the month were somewhat larger than a year ago.

Freight carloadings were in smaller volume during September and the first week of October than in the corresponding period of last year for

**Bank Credit.** Total loans and investments of member banks in leading cities showed a further increase for the four weeks ending October 19th, and on that date were about 660 million dollars larger than in mid-summer. Of this growth in member bank credit, about 325 million dollars represented an increase in commercial loans, a considerably smaller increase



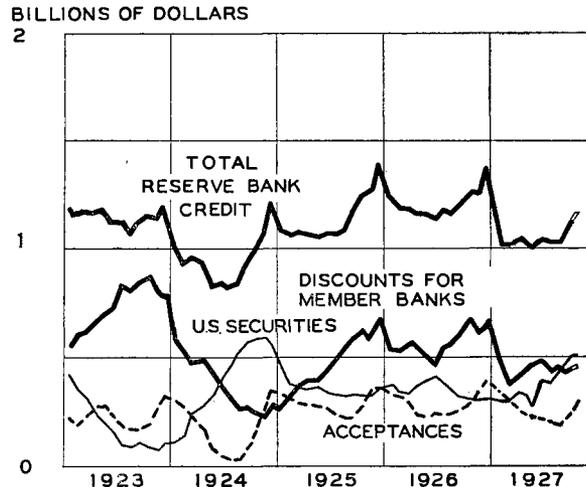
Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first three weekly report dates in October.

all groups of commodities except grain and grain products of which loadings were larger than in the same period of any previous year since 1924.

**Prices.** Wholesale commodity prices advanced in September for the fourth consecutive month, and the Bureau of Labor Statistics' all commodities price index rose to the highest level since last January. There were large increases from August to September in prices of livestock, meats, and cotton, and small advances in prices of leather, coal, and chemicals, while prices of grains, building materials, and rubber declined. During the first three weeks in October prices of spring wheat, corn, cotton, coal, and iron and steel declined while prices of livestock, raw wool, and rubber advanced.

#### TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Seasonal changes, with indications of improvement in several lines of industry and trade, were apparent in the available data of business conditions in the Twelfth Federal Reserve District for September. The late agricultural season, which heretofore has retarded marketing operations, served to intensify activity in movement of farm products as the end of the harvest approached. Industrial operations continued at approximately the levels of a year ago, as did **distribution and trade**, although trends in the latter field were not clearly defined during the month. Banking and credit statistics for late September and



Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 23 days in October.

than for the same period last year. About 335 million dollars represented an increase in investments and loans on securities. At the reserve banks, total bills and securities increased during the four weeks ending October 19th, as is usual at this season, but were on the average about 60 million dollars below the level of the corresponding period last year. The increase, which was largely in the form of additions to the banks' holdings of acceptances, reflected chiefly an increase in member bank reserve requirements and an export demand for gold.

Some seasonal firmness in the money market in October was reflected in an increase from  $3\frac{1}{8}$  to  $3\frac{1}{4}$  per cent in rates on 90-day bankers' acceptances. The rate on commercial paper remained unchanged at 4 per cent.

early October showed a pronounced recovery in district demands for credit. During September and early October, total loans reported by member banks of the district expanded to 1,291 million dollars, an increase of more than 40 million dollars (3.2 per cent) since the recent low point of September 7th. The increase was chiefly in "other loans—largely commercial." In the face of an increased demand, credit has continued in adequate supply, interest rates have remained relatively low for the season of the year, and borrowings from the Reserve Bank, although well above the levels of early September, are lower than one year ago.

Earlier forecasts indicating a total agricultural production approximately equal to that of 1926 generally have been substantiated by harvest returns. Prices are higher for most farm products than at this time last year, according to the United States Department of Agriculture's index.

Volume of industrial employment declined slightly during the month, while payrolls tended upward. Value of building permits was less in September, 1927, than in August, 1927, or September, 1926. Activity in the lumber and logging and flour milling industries increased during the month and was at higher levels than one year ago. Production of petroleum also increased, but was less than in September, 1926.

The daily average dollar value of sales at retail was greater in September, 1927, than one month ago or one year ago. Sales at wholesale and figures of carloadings were larger than one month ago but smaller than one year ago.

The volume of bank debits (check payments) in 20 principal cities of the district increased sharply during September. After the figures have been adjusted for usual seasonal fluctuations, however, the increase amounts to less than 3 per cent. This bank's index of bank debits for recent months and for September and August, 1926, follows:

BANK DEBITS*—Twelfth District					
	Sept., 1927	Aug., 1927	July, 1927	Sept., 1926	Aug., 1926
With Seasonal Adjustment...	129†	125‡	123‡	124	121
Without Seasonal Adjustment	140	111	121	120	110

\*Daily average volume of check payments, 1923-1925=100. †Preliminary. ‡Revised.

**Agriculture**

Harvesting operations of the district are now being brought to a close. Earlier production forecasts generally have been substantiated by harvest returns. Unfavorable weather conditions in the Pacific Northwest, during September, hampered grain harvesting operations. Livestock ranges were improved by early rains, however, and preparations for the planting of fall-sown grains were facilitated. The southern part of the district has experienced normal temperatures and scant rainfall during the past six weeks.

October 1st estimates of grain production in the principal grain growing regions of the district indicate that the 1927 crop of winter wheat will probably exceed the 1926 crop by about 38 per cent, and that production of spring wheat will be nearly 18 per cent greater this year than last.

Field crop production figures, indicated by current harvest returns, vary considerably when compared with figures for last year. Cotton and beans show decreases of 26.4 and 12.7 per cent, respectively, while potatoes, rice, and sugar beets show increases of 24.6, 8.4, and 38.7 per cent, respectively. Favorable weather during October will govern the final output of

cotton which has a late developing top crop. The harvest of other field crops is generally well advanced.

PRODUCTION*—Grain and Field Crops			
	Preliminary Estimate Oct. 1, 1927	Actual 1926	Five-Year Average (1922-1926)
Wheat (bushels)			
Twelfth District	134,765	103,368	102,989
United States	866,538	832,809	807,731
Barley (bushels)			
Twelfth District	41,314	43,053	40,609
United States	264,703	188,340	192,707
Rice (bushels)			
Twelfth District†	8,659	7,986	6,084
United States	37,895	41,006	36,387
Beans (bushels)			
Twelfth District‡	5,884	6,739	5,593
United States	18,434	17,138	16,140
Cotton (bales)			
Twelfth District§	186	253	174
United States	12,678	17,977	13,649
Potatoes (bushels)			
Twelfth District	51,732	41,506	36,661
United States	394,757	356,123	394,182
Sugar Beets (tons)			
Twelfth District	1,238	892	1,642
United States	6,757	7,223	6,942
Hops (pounds)			
Twelfth District	29,300	34,838	26,237

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

Export figures of wheat from the Pacific Northwest and barley from San Francisco during the current season follow:

EXPORTS OF WHEAT AND BARLEY			
	July 1st—September 30th		Five-Year Average (1923-1927)
Wheat (bushels)	1927	1926	
Puget Sound	2,459,466	3,247,332	1,552,159
Columbia River	15,040,061	11,031,097	7,970,404
Total	17,499,527	14,278,429	9,522,563
Barley (bushels)			
San Francisco	4,293,535	4,158,712	4,953,635

Harvesting of the district's important deciduous fruit crops, which matured somewhat later than usual this year, progressed rapidly during the past month. Commercial apple production in the five principal apple growing states of the district is reported to be approximately 16 per cent smaller in volume than in 1926 and 11 per cent less than the five-year (1922-1926) average.

APPLES—Twelfth District and United States			
Commercial Production	Forecast Oct. 1, 1927 (000 bushels)	Actual 1926 (000 bushels)	Five-Year Average (1922-1926) (000 bushels)
California	4,587	6,144	4,881
Idaho	4,230	2,775	3,615
Oregon	3,174	5,100	4,502
Utah	408	480	621
Washington	21,162	25,650	24,261
Total	33,561	40,149	37,880
United States	72,990	118,233	111,130

Shipments (carloads)			
	June 1st—September 30th		Five-Year Average (1923-1927)
California	1,670	3,139	2,359
Idaho	656	1,187	681
Oregon	190	889	526
Utah	4	124	50
Washington	3,124	6,303	4,261
Total	5,644	11,642	7,877

Although the condition of California citrus fruits is reported to have improved slightly during September, present prospects indicate that production will be lighter during the 1927-1928 season, which commences on November 1, 1927, than during the 1926-1927 season. The estimated production of the 1927-1928 Navel

orange crop is 11,150,000 boxes as compared with approximately 12,154,000 boxes produced during the year ending October 31, 1927. The 1927 Valencia orange crop is estimated at 12,750,000 boxes as compared with approximately 11,260,000 boxes produced in 1926. Shipments of oranges and lemons from California during September, 1927, totaled 3,377 and 492 carloads, respectively, as compared with 3,232 and 593 carloads during September, 1926. Recent price trends have been favorable to the grower.

In California, average yields of most deciduous fruits and a total production of apricots, grapes and prunes in excess of the five-year (1922-1926) average figures are reported. Ship-

#### PRODUCTION OF FRUITS AND NUTS IN CALIFORNIA

	Preliminary Estimate Oct. 1, 1927 (tons)	Actual 1926 (tons)	Five-Year (1922-1926) Average (tons)
Almonds .....	12,000	15,750	10,150
Apricots .....	187,000	176,000	164,600
Figs .....	.....	11,350	9,990
Grapes .....	2,344,000	2,129,000	1,859,400
Wine .....	455,000	414,000	407,400
Table .....	488,000	398,000	314,400
Raisin .....	1,401,000	1,317,000	1,317,600
Olives .....	.....	9,800	11,460
Peaches .....	505,000	541,000	411,000
Pears .....	179,000	207,000	160,800
Plums .....	57,000	71,000	55,600
Prunes .....	200,000	150,000	135,000
Walnuts .....	42,000	15,000	25,100

ments of grapes from California continue in large volume. The total movement up to October 8th amounted to 46,381 carloads, compared with 44,268 carloads shipped by October 9th of the 1926 season. The tonnage of grapes to be dried as raisins is estimated to be approximately the same as in 1926. (272,000 tons of raisins were produced in California in 1926.) Preliminary estimates place the 1927 prune crop in this district at 220,000 tons, compared with a total production of 187,500 tons last year. Approximately 20,000 tons of the 1927 prune crop were grown in Oregon and Washington, and the remainder in California.

#### (A) Employment—

Industries	California		Oregon		No. of Employees— Sept., 1926
	No. of Firms	No. of Employees— Sept., 1927	No. of Firms	No. of Employees— Sept., 1927	
All Industries .....	792	167,379 (-2.9)	164	30,095 (-7.3)	32,453
Stone, Clay					
Glass Products .....	51	7,355 (6.2)	5	131 (-34.8)	201
Lumber and wood					
Manufactures .....	126	28,768 (4.2)	63	17,791 (-7.2)	19,163
Textiles .....	18	2,690 (-2.1)	10	2,050 (5.6)	1,942
Clothing, Millinery and Laundering .....	62	7,947 (3.2)	8†	429	429
Foods, Beverages and Tobacco .....	170	48,305 (5.4)	44	3,702 (-17.4)	4,484
Water, Light and Power .....	5	7,667 (-14.0)	..	..	..
Other Industries‡ .....	347	62,536 (-11.1)	..	..	..
Miscellaneous .....	13	2,111 (-6.1)	34	5,992 (-3.9)	6,234

†Laundering 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 September, 1926.

Livestock and ranges throughout the Twelfth District are in excellent condition, and livestock will go to the fall ranges in good flesh. Recent favorable price trends are reflected in an active demand for breeding stock, particularly cattle. Reports issued by the United States Department of Agriculture indicate that in the states of the Pacific Coast there will be fewer sheep fed during the 1927-1928 season than last year. It is also reported that in the Western states there will be fewer cattle fed. High prices for grain and for feeding stock have caused this decrease in feeding operations.

#### Industry

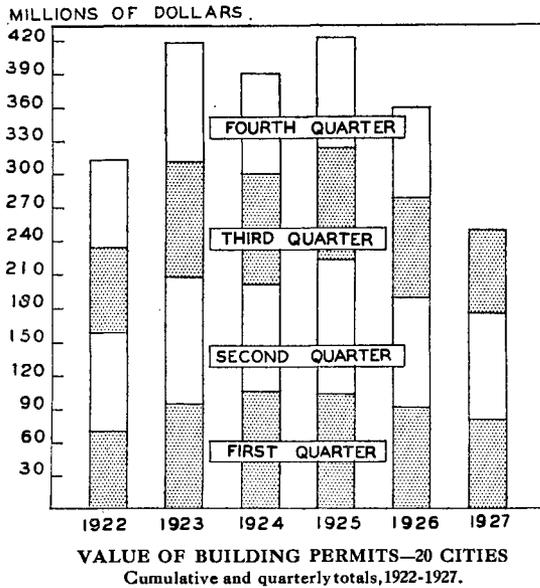
Industrial activity in the district continued, during September, at approximately the levels of a year ago. Volume of industrial employment declined slightly during the month, while payrolls tended upward. Both employment and payrolls were in about the same volume as in September, 1926. Continued seasonal demand for agricultural workers and the labor needs of the logging industry, which has resumed active operation following abatement of the summer fire hazard, have recently offset declining demands for labor in other industries.

Value of building permits granted in 92 cities of the district declined by 8 per cent during September, 1927, as compared with September, 1926, and by a similar amount during the first nine months of 1927 as compared with the like period in 1926, according to data compiled by S. W. Straus and Company. The figures for September, 1927, were 15.2 per cent below those for August, 1927. In 20 principal cities, a slightly greater decrease (17.7 per cent) in value of permits issued was reported during the month, whereas the eight-year (1919-1927) average August to September movement was a decrease of but 6 per cent. It must be borne in mind, however, that monthly data probably indicate the more significant trends with less accuracy than do the cumulative and quarterly total value figures of permits issued. These latter data are presented graphically for the

#### (B) Building Permits—

	September, 1927		September, 1926	
	No.	Value	No.	Value
Berkeley .....	293	\$ 352,005	327	\$ 670,584
Boise .....	122	100,500	99	154,550
Fresno .....	108	436,222	138	147,981
Long Beach .....	452	775,190	300	657,245
Los Angeles .....	3,421	9,274,218	3,335	8,163,581
Oakland .....	627	1,436,304	945	2,123,002
Ogden .....	34	119,400	19	79,300
Pasadena .....	310	889,450	313	675,835
Phoenix .....	111	455,985	123	254,671
Portland .....	1,150	1,496,305	1,301	2,617,580
Reno .....	18	24,400	28	238,690
Sacramento .....	264	393,993	250	414,973
Salt Lake City .....	92	341,630	126	380,565
San Diego .....	674	872,173	825	1,413,572
San Francisco .....	717	3,109,832	800	4,001,012
San Jose .....	95	569,430	129	351,845
Seattle .....	874	2,142,795	1,055	2,862,185
Spokane .....	190	538,967	278	592,699
Stockton .....	92	331,204	102	114,167
Tacoma .....	210	173,550	266	403,815
District .....	9,854	\$23,833,553	10,759	\$26,317,852

first three-quarters of 1927 and for each of the preceding 5 years in the accompanying chart. Inclusion of data for public buildings constructed and for engineering construction projects, were they available, might increase the 1927 figures both absolutely and in proportion to the figures of previous years.



Thirteen cities in the San Francisco Bay metropolitan area reported a 21 per cent reduction in value of permits granted during the period, January 1, to October 1, 1927, as compared with the corresponding period of 1926; 25 cities in the Pacific Northwest reported a corresponding decrease of 10 per cent; while 39 cities in Southern California (including Los Angeles, where the value of permits granted approximates one-quarter of the total value for 92 reporting cities) exhibited only a 6 per cent decrease over the comparable nine months period. Available evidence indicates the presence of a relatively high vacancy percentage for multi-family dwellings and office buildings in some of the larger cities of the district.

Further reduction in building costs were reported during September. The United States Bureau of Labor Statistics' index of building materials prices at wholesale (1926 prices=100) declined 0.8 per cent to 92.1 during the month. This index has declined 7 per cent since September, 1926. After remaining unchanged for four months, the Aberthaw index of industrial building costs, including both labor and materials, declined from 192 (1914 costs=100) to 191 during September. One year ago this index stood at 197.

Available data for the Pacific Coast lumber industry temporarily continue unsatisfactory for analysis and interpretation. Current information, both statistical and non-statistical, in-

dicates that lumber mills of the district cut more lumber during September than during August, and that production was substantially in excess of both shipments and orders received. Lumber shipped and orders received during September, 1927, closely approximated the volume of these items for September, 1926, while production was greater by 6.6 per cent, according to figures reported by mills to four associations in this district.

	LUMBER* Twelfth District		
	Sept., 1927 (board feet)	Aug., 1927 (board feet)	Sept., 1926 (board feet)
Production .....	828,707	895,727	777,106
Shipments .....	743,070	818,930	740,674
Orders .....	725,899	805,215	724,603
Unfilled Orders† .....	483,681	465,143	504,136
No. of Mills Reporting‡ .....	193	193	179

\*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. §Revised.  
Source: National Lumber Manufacturers Association.

Figures of national non-ferrous metals production, together with a guide to the proportionate 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
	Sept., 1927	Aug., 1927	Sept., 1926	
Copper (short tons) (mine production) .....	65,936	67,138	71,777	64.1
Lead (short tons) (crude) † .....	56,423	55,965	55,965	13.3
Zinc (short tons) (slab). .....	47,735	49,012	52,144	13.3
Silver (oz.) (commercial bars) .....	4,641,000	5,036,000	4,995,000	69.7

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

Average daily production of petroleum in California increased slightly during September, the third such increase this year. The general trend of production throughout the year to date has been downward. Indicated average daily consumption of petroleum declined 2 per cent during the past month, but was nearly 4 per cent larger than production. Crude oil stocks have decreased by over 3 million barrels (2.6 per cent) since December 30, 1926.

	PETROLEUM—California			
	Average Daily Production (barrels)	Indicated Average Daily Consumption (Shipments) (barrels)	Stored Stocks at End of Month (barrels)	New Wells Number Opened
Sept., 1927....	635,483	659,405	116,415,194	51
Aug., 1927....	621,907	672,899	117,132,849	75
Sept., 1926....	603,498	661,017	118,880,326	58

Source: American Petroleum Institute.

An active demand for flour during September was reflected in a greater than seasonal increase in output, but millers' grindings for the month were still slightly below the five-year (1922-1926) average. Reports of 14 large milling companies of the district showed September production as 511,000 barrels, which was 92,000 barrels or 22 per cent larger than production in August, 1927. The usual seasonal increase has been 17.2 per cent. Millers' stocks of flour were reduced 7 per cent during the month while their stocks of wheat were 72 per cent

greater at the end of the month than at its beginning.

	FLOUR MILLING Twelfth District			Five-Year Average Sept., 1922-1926
	Sept., 1927	Aug., 1927	Sept., 1926	
Output (bbbs.)...	511,000†	419,310	484,831	519,212
Flour (bbbs.)...	387,000†	415,484	437,455	447,061
Wheat (bu.)...	3,161,000†	1,843,096	2,689,582	2,538,777

\*At end of month. †Preliminary.

The smallest Alaskan salmon pack since 1921 is indicated by preliminary figures for 1927. Estimated at 3,396,000 cases, the 1927 pack in Alaskan waters amounts to but little more than one-half the record pack of 1926 (6,633,278 cases). Output of canned salmon in United States waters outside Alaska during the present season was 23 per cent larger than the 1926 pack but was nearly 4 per cent below the five-year (1922-1926) average pack in that area. Preliminary 1927 figures for the United States (including Alaska and continental United States), from whose waters about 75 per cent of the world's output is ordinarily taken, are 40.6 per cent smaller than the 1926 total of 7,491,684 cases. Preliminary estimates of the British Columbia pack, which usually constitutes more than two-thirds of the world production outside the United States, indicates that the output from Canadian waters will be less than one-half as large this year as it was in 1926.

**Distribution and Trade**

Trends in distribution and trade, as indicated by figures of carloadings and sales at retail and wholesale for this district, were not clearly defined during September. The daily average dollar value of sales at retail was greater in September, 1927, than one month ago or one year ago, while sales at wholesale and figures of carloadings were larger than one month ago but smaller than one year ago. If allowance be made for usual seasonal fluctuations in the available data, the increase in retail trade activity was greater, and the increase in wholesale trade activity and in carloadings was smaller than is expected during September.

Increases in the district's retail trade over the year period were small, and were the result, chiefly, of increases reported from Los Angeles and Seattle. An increase in value of stocks

**(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)†
<b>Without Seasonal Adjustment</b>							
Sept., 1927...	124	108	109	103	117	112	116
Aug., 1927...	118	107	103	82	94	90	107
July, 1927...	96	93	87	86	90	91	92
Sept., 1926...	115	110	112	106	116	120	114
<b>With Seasonal Adjustment</b>							
Sept., 1927...	139	115	105	102	110	103	121
Aug., 1927...	119	108	111	106	103	91	112
July, 1927...	109	113	117	107	104	114	111
Sept., 1926...	128	115	110	103	108	111	118

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

amounting to about 5 per cent during the month and 2 per cent during the year ending September 30, 1927, was reported by those stores for which such information is available.

	NET SALES*			STOCKS*	
	Sept., 1927, compared with		January 1 to Sept. 30, 1927, compared with		Sept., 1927, compared with
	Sept., 1926	Aug., 1927	in 1926 same period		Sept., 1926
Department Stores	1.7 ( 42)	3.6 ( 43)	2.9 (37)	0.8 (36)	
Dry Goods	7.5 ( 7)	7.4 ( 6)	11.4 ( 5)	3.4 ( 4)	
Furniture	-2.4 ( 53)	0.4 ( 45)	2.3 (31)	...	
Men's Apparel	-5.8 ( 27)	...	...	...	
Men's and Women's Apparel	5.7 ( 10)	1.2 ( 10)	-0.5 (10)	...	
Women's Apparel	-7.6 ( 11)	6.4 ( 8)	1.8 (11)	8.8 (10)	
All Reporting Stores	0.5 (132)	3.4 (117)	2.8 (99)	1.8 (80)	

\*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 stores, September, 1927, with September, 1926.

The smaller than seasonal increase shown by sales at wholesale during September, and their decrease of nearly 5 per cent, as compared with one year ago, were in contrast with the increases reported for retail trade during the month. Sharp declines in reported sales of automobile tires and, to a lesser extent, decreases in grocery and paper and stationery sales over the year period were chiefly responsible for the movement of our composite index of wholesale trade during September. Some allowance should be made in using wholesale trade data for the effect of the present lower level of wholesale prices (particularly for non-agricultural commodities) on current value of trade figures as compared with those of a year ago.

**WHOLESALE TRADE—Twelfth District**  
Index Numbers of Sales\*

	No. of Firms	1927			1926
		Sept.	August	July	
Agricultural Implements	13	127	173	215	119
Automobile Supplies	13	100	97	92	99
Automobile Tires	15	148	168	142	197
Drugs	6	118	101	100	111
Dry Goods	20	119	114	80	115
Electrical Supplies	8	122	100	84	126
Furniture	11	112	101	70	117
Groceries	19	95	92	89	106
Hardware	18	101	96	87	101
Shoes	7	150	144	85	150
Paper and Stationery	18	122	105	93	129
All Lines	148	110	105	93	115
All Lines, Adjusted†	148	95	99	91	102

\*1923-1925 monthly average=100. †For seasonal variation.

**(D) Bank Debts\* —**

	Sept., 1927	Sept., 1926	First Nine Months	
			1927	1926
Berkeley	\$ 22,137	\$ 19,403	\$ 191,572	\$ 172,591
Boise	15,332	14,879	119,925	118,691
Fresno	52,148	47,712	345,450	324,449
Long Beach	45,049	43,870	441,427	451,384
Los Angeles	895,316	851,764	8,310,233	7,811,756
Oakland	224,145	165,961	1,983,449	1,513,844
Ogden	22,820	22,676	156,737	179,218
Pasadena	35,353	31,631	365,239	332,432
Phoenix	24,944	23,502	240,200	225,379
Portland	188,708	190,529	1,508,788	1,621,529
Reno	11,012	9,714	84,912	81,744
Sacramento	47,898	38,037	338,749	291,377
Salt Lake City	71,976	71,965	617,301	630,694
San Diego	59,673	59,964	553,432	578,931
San Francisco	1,345,227	1,004,533	10,860,753	9,507,225
San Jose	28,650	28,246	233,488	231,781
Seattle	250,346	235,713	1,924,240	1,916,045
Spokane	61,930	57,885	496,018	500,593
Stockton	30,418	27,175	252,104	239,547
Tacoma	47,719	43,901	407,182	411,693
Yakima	15,052	15,369	109,649	116,613
District	\$3,495,853	\$3,004,429	\$29,540,848	\$27,257,516

\*000 omitted.

**Carloadings** figures reported for the Twelfth District were 3.7 per cent smaller in September, 1927, than in September, 1926. In addition to an actual decline in total carloadings, these figures may reflect the late agricultural season this year, and such changes in freight car capacities and loading practices as have occurred during the past twelve months.

**Prices**

Wholesale prices, as recorded by the United States Bureau of Labor Statistics' new index of 550 commodities, averaged 1.4 per cent higher during September than during August, the index advancing from 95.2 (1926 prices=100) to 96.5. The upward movement of the whole index during the past three months has brought it to within 3 per cent of the point at which it stood in September, 1926 (99.7), and the movement of its constituent group indexes, during most of 1927, has generally been in the direction of reducing existing price maladjustments.

Farm products prices were 6.1 per cent higher during September than during August, according to the United States Department of Agriculture's index of prices paid for produce at the farm, which advanced from 132 (August, 1909-July, 1914 prices=100) in August to 140 in September. The United States Bureau of Labor Statistics' index of non-agricultural products (1913 prices=100)\* increased but fractionally (151.0 to 151.6) during this period, and the ratio between the two indexes, an indication of the purchasing power of farm products, advanced to 92.4 (pre-war purchasing power=100), the highest figure it has reached since August, 1925, and, with that exception, the highest figure it has reached since June, 1920. The ratio stood at 93 both in August, 1925, and in June, 1920.

**Cattle** prices at Chicago worked steadily upward during September, the average for that month being 4.3 per cent above average prices paid during August. As compared with September, 1926, prices were 18.1 per cent higher. Prices for **hogs** were higher by 12.2 per cent in

September than in August, but were 14.5 per cent below the September, 1926, average prices. Early in September prices for **sheep** at Chicago declined sharply to figures below either August, 1927, or September, 1926, and remained at or near the lower levels during the rest of the month. **Lamb** prices declined similarly during early September, but some strengthening of the market occurred in the latter part of the month, so that the average price paid during September was only 2.5 per cent less than the average price paid during August, and 4.5 per cent less than the average for September, 1926.

**LIVESTOCK PRICES AT CHICAGO**

	Cents per pound			Percentage changes from	
	Sept., 1927	Aug., 1927	Sept., 1926	One Month Ago	One Year Ago
Cattle .....	12.29	11.78	10.41	4.3	18.1
Hogs .....	10.20	9.09	11.93	12.2	-14.5
Sheep .....	5.66	6.03	6.06	-6.1	-6.6
Lambs .....	13.50	13.84	14.13	-2.5	-4.5

Prices for **wheat** at Chicago declined during September but improved slightly during the first half of October. During the week ended October 15th, December contract wheat ranged from \$1.29¾ to \$1.31⅝ per bushel as compared with a range of \$1.28⅝ to \$1.35⅝ one month earlier and \$1.37⅝ to \$1.41½ during the corresponding week in 1926. A sharp downward movement commenced on October 17, 1927, and on October 20th quotations for this grade of wheat ranged from \$1.24⅞ to \$1.26⅞ per bushel. On September 20, 1927, the price of the December contract ranged from \$1.28¾ to \$1.31¼ per bushel.

Fluctuations in **cotton** prices during late September and the first half of October were within relatively narrow limits. On October 20th, quotations for spot middling uplands cotton at New Orleans were 19.75 cents per pound as compared with 20.09 cents per pound on September 20th. These prices are approximately 50 per cent higher than the quotations recorded in October, 1926.

The average of 98 **wool** quotations at Boston was 0.7 per cent lower for the week ending October 15, 1927, than for the same week of 1926, but was 2.1 per cent higher than during the week ending September 17, 1927. The trend of this average has been upward since May 20, 1927.

\*The old index on the 1913 base is used because it is more comparable than is the new index with the Department of Agriculture's farm price index, which has not yet been revised on the 1926 base.

**(E) Commodity Prices—**

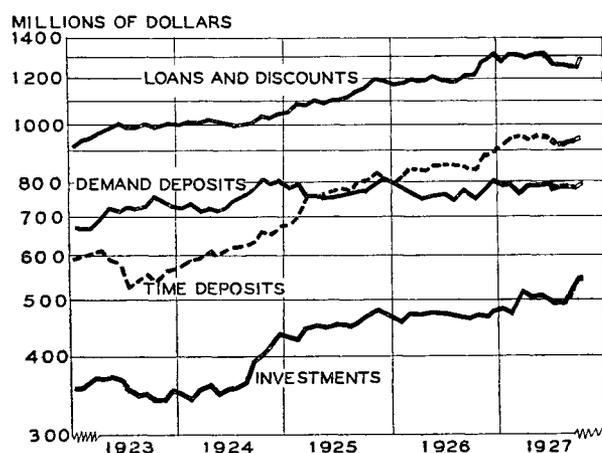
Commodity	Unit	Oct. 7, 1927	One Month Ago	One Year Ago
Wholesale Prices (U. S. Bureau of Labor Statistics—1926 prices=100)		96.5	95.2	99.7
Purchasing Power of Farm Products (U. S. Dept. of Agriculture)*		92.4	87.4	83.0
Wheat.....Chicago contract price for December wheat.....	bu.	\$1.30¾-1.31⅝	\$1.36⅝-1.38⅝	\$1.39⅞-1.42
Wool.....Average of 98 quotations at Boston.....	lb.	66.68¢	65.18¢	67.38¢
Apples.....Jonathans, Extra Fancy, f. o. b. Pacific Northwest	box	\$2.00-2.10	Not quoted	\$1.10-1.25
Oranges.....Valencias, Fancy, wholesale at San Francisco.....	box	7.50-8.25	\$6.25-7.50	5.25-5.75
Prunes.....Size 40/50 in 25-lb. boxes, f. o. b. California.....	lb.	.06¼-.06½	.05¾-.06¼	.07½-.08
Raisins.....Seedless, bulk, in 25-lb. boxes, f. o. b. California..	lb.	.06¼	.06¼	.07½
Canned Peaches.....Choice Cling, sliced, 2½s, f. o. b. California.....	doz.	1.75-1.85	1.75-1.85	2.00-2.10
Butter.....92 score at San Francisco.....	lb.	.48	.46	.44
Copper.....Electrolytic, monthly average at New York.....	lb.	12.940¢	12.971¢	14.062¢
Lead.....Monthly average at New York.....	lb.	6.297¢	6.681¢	8.786¢
Silver.....Monthly average at New York.....	oz.	55.445¢	54.718¢	60.580¢
Lumber (Softwood)..Weekly Index, United States†.....		29.91	29.68	29.91

\*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.

Non-ferrous metals were lower in price during September, 1927, than during September, 1926. Zinc and lead were lower than during August, 1927, while copper was unchanged, and silver was higher in September than in the preceding month.

### Banking and Credit

Banking and credit statistics for late September and early October, show a pronounced recovery in district demands for credit accommodation. Anticipated autumn expansion in primary demand for credit, which is now reflected in bank reports, was delayed this year, as noted in the September Review, due to a greater than seasonal mid-summer slackening in commercial activity, the retarded agricultural season, and consequent business hesitancy during August.



**MEMBER BANK CREDIT—TWELFTH DISTRICT**  
Figures for about 65 member banks in leading cities, as of last Wednesday of each month. Latest figures, October 12th.

Credit has continued in ample supply, and interest rates have remained relatively low for this season of the year. The credit demands of agriculture, commerce, and industry were unusually small during early September, and the commercial loans of reporting member banks showed little change while their deposits increased. Funds thus made available to the banks were used in liquidating their bills payable and rediscounts with the Reserve Bank and in adding to their investment holdings. During the two weeks ended September 14th, member banks' borrowings from the Reserve Bank declined from 36 to 9 million dollars, while their investment holdings increased during the same period from 496 to 522 million dollars. With the approach of the peak of the harvest season, at the close of September and in early October, total loans reported by member banks expanded to 1,291 million dollars, an increase of over 40 million dollars (3.2 per cent) from the low level of September 7th. This increase was chiefly in "other loans—largely com-

mercial" which rose during that period (September 7th to October 12th) by over 30 million dollars or 3.2 per cent, reaching a total of 955 million dollars. Concurrently with this growth in commercial demand for funds, investment holdings of reporting banks were increased substantially and recourse was again had to the Federal Reserve Bank. Reporting member banks' borrowings increased sharply from 9 to 52 million dollars during the four-week period ended October 12th. On October 12th these borrowings were larger than at any time since the autumn of 1926. Between mid-September and mid-October net demand deposits declined 26 million dollars, while time deposits increased by an equal amount.

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

	Condition Oct. 12, 1927	Changes from	
		One Month Ago	One Year Ago
		(+ = increase, - = decrease.)	(+ = increase, - = decrease.)
Total Loans .....	1,291	+29 ( 2.3)	+12 ( 1.0)
Commercial Loans .....	955	+26 ( 2.8)	+12 ( 1.3)
Loans on Securities .....	336	+ 3 ( 1.0)	0 ( 0.0)
Investments .....	545	+23 ( 4.4)	+70 (14.8)
Total Loans and Investments .....	1,836	+52 ( 2.9)	+82 ( 4.7)
Net Demand Deposits .....	793	-26 ( 3.1)	-15 ( 1.9)
Time Deposits .....	945	+26 ( 2.8)	+59 ( 6.6)
Borrowings from Federal Reserve Bank .....	52	+43 (470.2)	- 5 ( 9.1)

Weekly condition statements of the Federal Reserve Bank of San Francisco for the mid-September, mid-October period have reflected the expansion in demand for credit accommodations discussed above. Recent demands on the Reserve Bank have not been so heavy as in the corresponding period of 1926 and volume of discounts held by that bank on October 12th, although well above the temporary low level of September 14th, was 6 million dollars (8.4 per cent) smaller than on October 13, 1926. Acceptance holdings of the Reserve Bank at mid-October were substantially lower than at mid-September, 1927, and at mid-October, 1926 (33 and 61 per cent, respectively). Increased borrowing by member banks during recent weeks has resulted in an 8 per cent reduction in cash reserves of the Federal Reserve Bank, but total resources on October 12, 1927, were still 12 million dollars or 4.5 per cent larger than one year ago. The primary reserve ratio\* declined from 82.8 (the highest figure reported since August, 1924) on September 14, 1927, to 74.0 on October 12th, which compares with 72.4 on October 13, 1926.

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

	Condition Oct. 12, 1927	Changes from	
		One Month Ago	One Year Ago
		(+ = increase, - = decrease.)	(+ = increase, - = decrease.)
Total Bills and Securities .....	115	+37 ( 47.4)	-14 (10.6)
Bills Discounted .....	59	+42 (243.6)	- 6 ( 8.4)
United States Securities .....	46	- 1 ( 1.1)	+ 7 (17.8)
Bills Bought .....	10	- 5 ( 32.7)	-15 (61.1)
Total Reserves .....	269	-25 ( 8.4)	+12 ( 4.5)
Total Deposits .....	190	+ 7 ( 3.7)	+12 ( 6.5)
Federal Reserve Note Circulation .....	174	+ 2 ( 1.4)	-17 ( 8.9)

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