

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

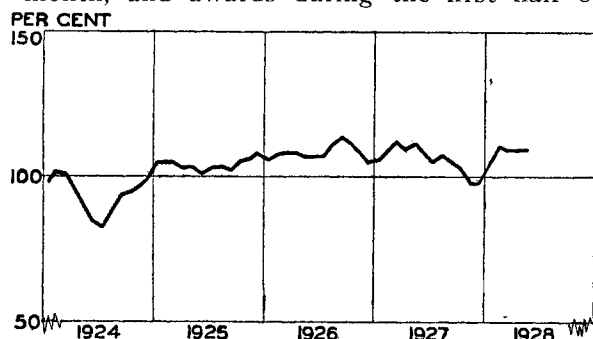
Industrial production continued during May in about the same volume as in the three preceding months. Wholesale and retail trade increased in May and the general level of commodity prices showed a further advance. Security loans of member banks, which were in record volume in May, declined considerably during the first three weeks in June. Conditions in the money market remained firm.

Production. Production of manufactures was slightly smaller in May than in April, when allowance is made for usual seasonal variations, while the output of minerals increased somewhat. Production of steel declined in May from the high level attained in April, but was in about the same volume as a year ago. Since the first of June buying of steel products has been light and there have been further decreases in production. Daily average production of automobiles was in about the same volume in May as in April, and preliminary reports for the first three weeks in June indicate that factory operations were maintained at about May levels. Activity of textile mills was somewhat larger in May than in April. There were also increases in the slaughter of livestock and in the production of building materials, non-ferrous metals, and coal, while the production of petroleum declined. The value of building contracts awarded during May, as reported by the F. W. Dodge Corporation for 37 states east of the Rocky Mountains, was larger than in any previous month, and awards during the first half of

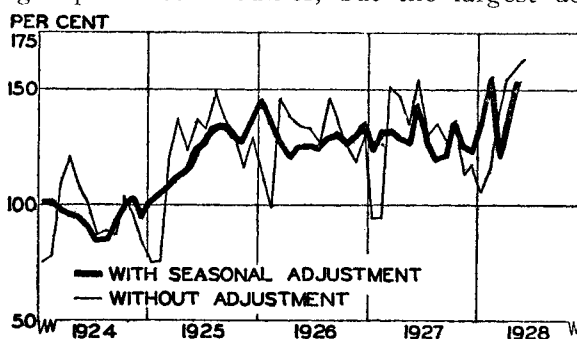
June exceeded those for the corresponding period of last year. Indicated production of winter wheat, as reported by the Department of Agriculture on the basis of June 1 condition, is 512 million bushels—40 million bushels less than the harvested production of 1927.

Trade. Distribution of merchandise, both at wholesale and at retail, was in larger volume in May than in April. Making allowances for customary seasonal influences, sales in all lines of wholesale trade showed increases, although in most lines they continued in smaller volume than a year ago. Department store sales were larger than in April, and at about the same level as a year ago, while sales of chain stores and mail order houses showed increases both over last month and over last year. Volume of freight carloadings increased further during May, but continued smaller than during the corresponding month of either of the two previous years. Loadings of miscellaneous commodities, however, which represent largely manufactured products, were larger in May of this year than in that month of any previous year.

Prices. The general level of wholesale commodity prices, as indicated by the Bureau of Labor Statistics index, increased by more than one per cent in May, standing at 98.6 per cent of the 1926 average—the highest figure recorded for any month since October, 1926. There were increases in most of the principal groups of commodities, but the largest ad-

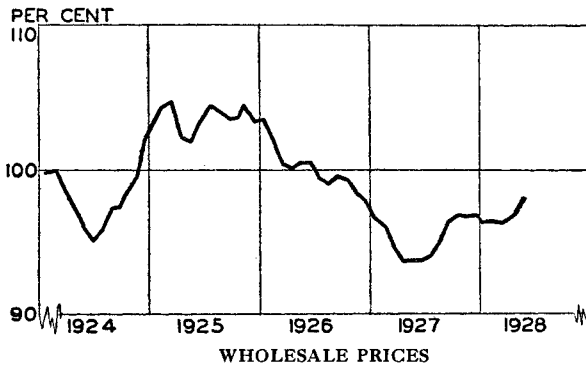


Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average = 100). Latest figure, May, 109.



Federal Reserve Board's indexes of value of building contracts awarded as reported by the F. W. Dodge Corporation (1923-1925 average = 100). Latest figures, May, adjusted index 152; unadjusted index, 163.

vances in May, as in April, occurred in farm products and foods. Contrary to the general trend, prices of pig iron, hides, raw silk, fertilizer materials, and rubber showed declines during the month. Since the middle of May, there have been decreases in prices of grains, hogs, sheep, pig iron, and hides, while prices of raw wool, non-ferrous metals, lumber, and rubber have advanced.



Index of United States Bureau of Labor Statistics (1926 prices=100, base adopted by Bureau). Latest figure, May, 98.6.

Bank Credit. Loans and investments of member banks in leading cities on June 20 showed a decline from the high point which was reached on May 16. Loans on securities, which had increased by more than one billion, 200 million dollars since May, 1927, declined 200 million dollars; while all other loans, including loans for commercial and agricultural purposes, increased somewhat. There was a

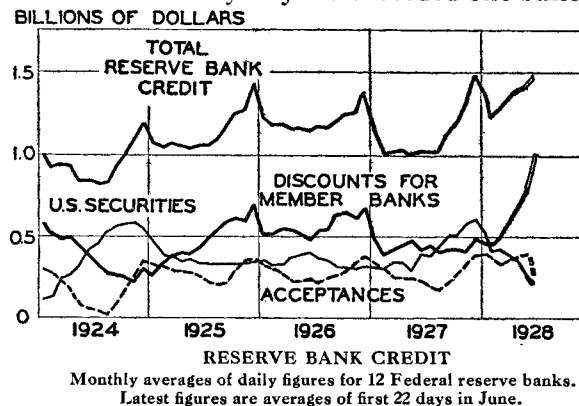
TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

General business in the Twelfth Federal Reserve District was seasonally more active during May and early June than in April and volume of production and trade approached the levels of one year ago.

The 1928 agricultural season has progressed satisfactorily thus far, due to favorable weather and market conditions in most regions of the district.

Seasonal increases in industrial activity were reported during May, and industry generally operated at levels about the same as or slightly below those of a year ago. Considerable unemployment of unskilled laborers and building crafts tradesmen was reported, but increased labor demands of agriculture and of the food packing and wood manufacturing industries helped to relieve the situation. Figures of value of building permits issued during the month indicated a continuance of the downward trend in building activity, which has been apparent in this district since 1925. Further improvement was noted in the condition of the lumber industry. Regulation of production continued satisfactorily and lumber output was exceeded both by mill shipments and by orders received, with a consequent reduction in mill stocks and increase in unfilled orders. The metal mining

small increase in total investments. During the four weeks ending June 20, there were withdrawals of nearly 75 million dollars from the country's stocks of gold, and the volume of reserve bank credit outstanding increased somewhat, notwithstanding a decline in member bank reserve requirements. Member bank borrowing at the reserve banks continued to increase and early in June exceeded one billion



Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first 22 days in June.

dollars for the first time in more than six years. Acceptance holdings of the reserve banks declined considerably, while there was little change in their holdings of United States government securities.

After the middle of May, firmer conditions in the money market were reflected in advances in open market rates to the highest levels since the early part of 1924.

industry was active during the month. Some stability of output was maintained and prices strengthened as demand increased.

Distribution and trade increased in total volume during May. Comparison with May a year ago is complicated by the fact that there was one more business day in May, 1928, than in May, 1927. If allowance be made for this difference, it appears that distribution and trade have recently proceeded at about the same rate as in May, 1927. Total monthly sales at wholesale, sales of new automobiles, and carloadings increased seasonally to a greater extent than did sales at retail.

Despite a decline during recent weeks, the general level of commodity prices was higher than in April, 1928, and May, 1927, largely because of price advances for farm products.

During May, credit demands arising from the needs of those engaged in agricultural and commercial pursuits, were smaller than one month and one year ago. Bank loans on securities and bank investments, however, continued to expand. Borrowing at the Reserve Bank likewise increased. Interest rates hardened during the month and the rediscount rate of the Federal Reserve Bank of San Francisco was advanced from 4 to 4½ per cent on June 2, 1928.

Agriculture

Weather conditions during May and early June were generally favorable for the development of growing crops in the agricultural areas of the Twelfth Federal Reserve District. In the "dry farming" regions of eastern Oregon and Washington and northern Idaho, however, some crops (principally grains) suffered from lack of rainfall during May.

The United States Department of Agriculture's forecast of winter wheat production in this district, made as of June 1, was 78,928,000 bushels, a decrease of 3.5 per cent from the May first forecast. There are 3,687,000 acres of winter wheat to be harvested this year. Last year 87,458,000 bushels of winter wheat were harvested from an area of 3,631,000 acres, the yield per acre being unusually high. Comparative figures of production and condition of winter wheat follow:

wheat follow:

	WINTER WHEAT			Production	
	Condition (Per cent of normal)			(In thousands of bushels)	
	June 1, 1928	1927	1918-1927 Average	Forecast June 1, 1928	Actual 1927
Arizona	90	93	90	1,206	1,450
California	84	88	80	15,114	13,642
Idaho	85	91	90	9,690	12,274
Nevada	98	100	95	122	120
Oregon	89	88	90	17,598	23,400
Utah	93	94	90	3,164	2,888
Washington	84	89	84	32,034	33,684
Twelfth District				78,928	87,458
United States	73.6	72.2	78.2	512,252	552,384

Source: United States Department of Agriculture.

Condition figures as of June 1 for the principal spring sown grains of the district are shown in the following table:

	Spring Wheat		Oats		Barley		Rye	
	June 1, 1928	1927	June 1, 1928	1927	June 1, 1928	1927	June 1, 1928	1927
Arizona .....	..	..	90	88	90	90	..	..
California .....	..	..	88	86	84	86	..	..
Idaho	87	94	86	93	86	94	85	93
Nevada	93	95	98	95	95	95	..	..
Oregon	83	87	87	93	88	87	88	92
Utah	94	93	95	91	93	92	94	90
Washington	84	82	85	86	83	87	91	92
United States ...	79.0	86.8	78.3	79.9	82.7	81.5	67.9	87.6

Source: United States Department of Agriculture.

The condition of the apple crop in the district is, on the whole, better than in 1927, as indicated by recent figures published by the United States Department of Agriculture.

	Condition (Per cent of normal)		Commercial Production (In thousands of bushels)	
	June 1, 1928	1927	1927	1926
Arizona	60	55	78	30
California	89	58	79	4,656
Idaho	80	81	80	5,400
Nevada	75	55	70	..
Oregon	80	67	90	2,925
Utah	86	83	88	402
Washington	85	64	82	22,302
Twelfth District				35,715
United States	72.2	57.2	78.3	77,700

Deciduous fruits in California are reported to have developed satisfactorily during May and early June. Current production estimates and condition figures indicate larger yields of all

of the principal fruits, except prunes and apricots, during 1928 as compared with 1927. As always, however, weather and market conditions during the next few months will be important factors in determining the volume of the deciduous fruit crop to be harvested this year.

DECIDUOUS FRUITS AND NUTS (California)

	Condition (Per cent of normal)		Production (In thousands of tons)		Bearing Acreage	
	June 1, 1928	1927	Forecast June 1, 1928	Actual 1927	1928	1927
Almonds	70	65	..	12	92,159	84,445
Apricots	55	61	173	208	85,314	80,710
Cherries	62	47	..	12	12,641	11,521
Raisin Grapes	100	87	..	1,443	341,725	346,985
Table Grapes	96	88	..	348	141,133	144,524
Wine Grapes	96	92	..	473	173,691	167,019
Peaches (Clingstone) ...	..	..	395	322	83,959	74,299
Peaches (Freestone) ....	..	..	207	170	69,581	67,637
Pears	79	68	226	181	62,521	56,515
Plums	83	67	71	57	34,875	33,458
Prunes	71	74	167	190	172,006	165,161
Walnuts	63	95	..	42	83,252	75,307

Source: California Crop Report.

The Navel and Valencia orange crops in California are reported to be in much better condition than a year ago at this time. The California Crop Reporting Service estimated the condition of the combined crop on June 1 as 95 per cent of normal, which may be compared with a condition of 79 per cent of normal reported a year ago. Similarly, the condition of the lemon crop in California is 87 per cent of normal as compared with 76 per cent a year ago. Shipments of oranges and lemons from California totaled 5,477 and 1,753 carloads, respectively, during May, 1928. There were 6,657 carloads of oranges and 1,971 carloads of lemons shipped during May, 1927. Prices for California oranges and lemons (f. o. b. shipping point) averaged approximately 21 per cent and 47 per cent higher, respectively, during the November, 1927-June, 1928, period than during the same period a year ago.

Generally satisfactory reports concerning the condition of ranges and livestock have been received from the livestock industry of the district. Prices have been at comparatively high levels during recent months. Receipts of cattle at eight principal markets during the first five months of 1928 totaled 347,756 head as compared with 396,998 head received during the same period a year ago. Prevailing high prices for breeding stock during the past two years have tended to discourage restocking of herds, and this tendency may now be affecting the volume of marketing. A normal calf crop, with light losses, has been reported from range areas of the district.

The early spring lamb crop in Idaho, Oregon, and Washington is estimated to be approximately 5 per cent larger in number than a year ago. The movement of California spring lambs to eastern markets, now almost completed, has been the largest in recent years. During the last weeks of the movement this year, the pro-

portion of market receipts sold for "feeders" rather than for slaughter increased, reflecting the poor range conditions which existed in California during April.

CALIFORNIA SPRING LAMB SHIPMENTS TO EASTERN MARKETS

March 15 - June 15	Live	Dressed	Total
1928	373,996	57,687	431,683
1927	339,600	56,000	395,600
1926	227,000	59,019	286,019
1925	280,000	75,000	355,000
1924	none*	195,352	195,352
1923	256,358	25,000	281,358
1922	230,000	35,000	265,000

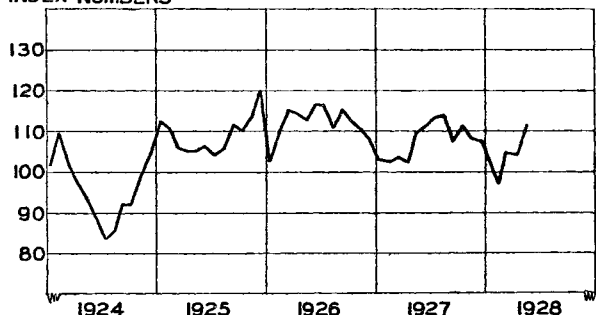
*Shipments of live lambs prohibited because of presence of foot and mouth disease in the state.

Most of the wool clip of the district has been sold on contract and is now moving to warehouses both in the district and in Eastern storage centers. Prices paid growers this year have generally averaged about six cents per pound above those of a year ago, and have ranged from 32 to 42 cents per pound according to grade of wool and time and place of sale.

Industry

Daily average volume of industrial production in the Twelfth Federal Reserve District, is estimated to have been greater during May, 1928, than during April, 1928, but smaller than during May, 1927. The April-to-May increase

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CARLOADINGS OF "OTHER THAN MERCHANDISE AND MISCELLANEOUS FREIGHT"—TWELFTH DISTRICT
Index adjusted for seasonal variation; 1923-1925 daily average=100.
Latest figure, May, 111.

was not so great as that which usually occurs at this season of the year. Shipments of industrial commodities increased by more than the usual seasonal amount during May and were larger than a year ago, a reflection chiefly of increased shipments of lumber and forest prod-

(A) Industry—

Indexes of daily average production, adjusted for seasonal variation.
(1923-1925 daily average = 100)

	1928			1927
	May	Apr.	Mar.	May
Manufactures:				
Flour	99	119	118	112
Slaughter of Livestock	98	105	105	104
Lumber	101*	102	106	107
Refined Mineral Oils†	143	148	147	148
Cement	110	112	110	116
Wool Consumption .....	...	77	65	101
Minerals:				
Petroleum (California)†	96	92	93	95
Copper (United States)‡	110	103	101	107
Lead (United States)‡	100	100	109	113
Silver (United States)‡	87	86	92	90
Miscellaneous:				
Carloadings§	111	104	105	110

*Preliminary. †Not adjusted for seasonal variation. ‡Prepared by Federal Reserve Board. §Other than Merchandise and Miscellaneous. ¶Revised.

ucts. This bank's index of daily average railway carloadings of other than merchandise and miscellaneous freight advanced from 104 (1923-1925 daily average=100) in April to 111 in May. A year ago, the index stood at 110.

Seasonal expansion in agricultural and industrial operations during May helped to reduce the number of unemployed in the district, although a surplus of unskilled and semi-skilled laborers and of building trades craftsmen was still reported. Increased activity in food canning and packing plants and other food products industries, in wood manufactures, in water, light and power plants, and in a group of small miscellaneous industries, brought employment in these fields to higher levels than a year ago. The increases were relatively slight, however, and were more than offset by decreases in other industrial groups. Available reported data indicate that the total number of workers on industrial payrolls of the district during May, 1928, was perhaps 5 per cent smaller than in May of last year.

The downward trend in value of building permits granted in 20 principal cities of the Twelfth District, which has persisted since 1925, continued during May, and cumulative figures for the first five months of 1928 were smaller than during the same period of any year since 1921. As compared with last year, the reduction amounted to 16 per cent. The reported 4.5 per cent reduction in value of permits granted in May as compared with April, 1928, was partly seasonal in character.

In the seven western states comprising the Twelfth Federal Reserve District the value of contracts awarded for heavy construction and engineering projects declined during May, 1928. The figures for this type of construction, as reported by The Engineering-News Record, were 26.4 million dollars during May, 1928,

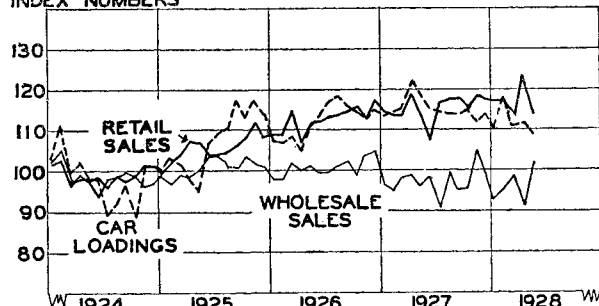
(B) Employment—

Industries	California			Oregon		
	No. of Firms	No. of Employees May, 1928	May, 1927	No. of Firms	No. of Employees May, 1928	May, 1927
All Industries	786	150,598	157,961	157	27,189	27,506
		(-4.7)			(-1.2)	
Stone, Clay and Glass Products ..	48	7,336	8,081	3	149	258
		(-9.2)			(-42.2)	
Lumber and Wood Manufactures ..	125	26,972	26,762	61	17,690	17,427
		(0.8)			(1.5)	
Textiles	19	2,481	2,799	12	2,046	2,066
		(-11.0)			(-1.0)	
Clothing, Millinery and Laundering ..	61	7,676	7,660	9*	469	445
		(0.2)			(5.4)	
Foods, Beverages and Tobacco ..	169	27,328	27,033	41	1,479	1,555
		(1.1)			(-4.9)	
Water, Light and Power	5	7,921	7,516	..	...	...
		(5.4)				
Other Industries† ..	344	68,643	75,915	..	...	...
		(-9.6)				
Miscellaneous	15	2,231	2,195	31	5,356	5,755
		(1.6)			(-6.9)	

*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 May, 1927.

1927. The decrease in **carloadings**, as compared with last year, was the result chiefly of smaller loadings of merchandise and miscellaneous freight in California.

INDEX NUMBERS



DISTRIBUTION AND TRADE—TWELFTH DISTRICT

Indexes adjusted for seasonal variation. 1923-1925 average=100. Daily average figures of department store sales and railway carloadings of merchandise freight. Monthly figures of sales at wholesale.

Sales of new automobiles have increased rapidly in all parts of the district during recent months, and the number of sales in May, 1928, was approximately the same as in May, 1927. Examination of the chart on page 48 indicates that the volume of sales during May approximated the average monthly sales of recent years.

RETAIL TRADE—Twelfth District

	NET SALES*		STOCKS*
	May, 1928, compared with May, 1927	Jan. 1 to May 31, 1928, compared with Jan. 1 to May 31, 1927	May, 1928, compared with May, 1927
Department Stores†...	4.1 (61)	2.2 (61)	0.6 (48)
Apparel Stores	7.0 (27)	-0.6 (27)	-4.3 (15)
Furniture Stores	-0.8 (41)	-3.1 (41)	-5.6 (25)
All Stores	3.7 (142)	1.4 (129)	-1.5 (88)

*Percentage increase or decrease (—). Figures in parentheses indicate number of stores reporting. †Includes dry goods stores.

Sales of 142 retail department, dry goods, specialty, apparel, and furniture stores, when reduced to a daily average basis, were slightly

(D) Bank Debits*—

	May, 1928	May, 1927	First Five Months	
			1928	1927
Bakersfield	\$ 13,888	\$ 12,517	\$ 73,405	\$ 66,312
Bellingham	10,566	9,619	49,749	49,454
Berkeley	21,958	20,312	109,152	106,605
Boise	14,675	11,299	68,646	62,982
Eugene	8,357	8,401	35,403	36,184
Everett	13,543	13,770	63,357	62,752
Fresno	35,380	32,198	168,052	193,775
Long Beach	58,409	50,231	272,505	254,429
Los Angeles	1,164,699	882,385	5,376,869	4,821,743
Oakland	252,824	213,981	1,258,523	1,105,545
Ogden	15,806	13,582	83,849	87,479
Pasadena	43,691	40,828	216,979	216,073
Phoenix	36,871	28,721	175,535	141,051
Portland	201,136†	179,868	828,093†	822,080
Reno	9,167	9,527	43,911	43,394
Ritzville	920	774	4,623	3,839
Sacramento	47,393	38,637	238,766	155,183
Salt Lake City	71,055	66,953	363,807	340,271
San Bernardino	11,690	10,813	52,790	50,871
San Diego	65,874	55,732	318,345	321,595
San Francisco	1,791,817	1,152,899	7,787,510	5,999,478
San Jose	26,854	24,432	135,023	127,548
Santa Barbara	14,000	13,219	69,407	67,083
Seattle	261,450	202,958	1,213,194	1,018,295
Spokane	56,126	50,327	278,361	270,313
Stockton	29,170	25,463	144,492	132,605
Tacoma	45,838	43,487	224,851	223,514
Yakima	12,239	12,343	62,662	61,337
District	\$4,335,396	\$3,225,276	\$19,717,859	\$16,841,790

*000 omitted. †Includes a pro rata of \$15,10,000 reported from four new reporting banks in Portland for month of May.

larger during May, 1928, than during May, 1927. All reporting lines, except furniture, showed increased sales as compared with a year ago. Stocks of these stores decreased more than seasonally during the month and were approximately 2 per cent smaller than one year ago. Stock turnover was more rapid during May of this year than during May, 1927, and collections generally were reported as more satisfactory this year than last.

Total monthly sales of 242 firms in eleven lines of **wholesale** trade increased 4.0 per cent during May, 1928, as compared with May, 1927. Principal increases were reported in agricultural implements, drugs, dry goods, electrical supplies, groceries, hardware, and paper and stationery. This bank's seasonally adjusted index of wholesale sales, based upon reports of 135 firms stood at 101 (1923-1925 monthly average=100) in May, 1928; 92 in April, 1928; and 96 in May, 1927. Stocks on hand were 1.8 per cent smaller at the end of May this year than at the end of May a year ago.

Prices

Advances in commodity prices during the first four months of 1928 brought the general price level at the close of April to the highest point reached since the autumn of 1926. There followed declines in prices of many commodities, but they were not large enough to offset the rather sharp advances that had occurred late in April, and the wholesale price index of the Bureau of Labor Statistics stood at 98.6 (1926 monthly average=100) for May, as compared with 97.4 in April.

Prices for farm products have advanced rather sharply since mid-March, and in May were again largely responsible for the rise of the all-commodity index. As was true of the general price level, however, farm prices reached a peak at the close of April, and declines have occurred in prices of most farm products since then. With the exception of this peak, however, the present level of prices of farm products is fully as high as at any time since late in 1925.

Some of the more important products included in this movement during the past few weeks are wheat, corn, barley, oats, rye, cotton, sheep and hogs. Of these commodities, wheat, barley, and sheep are especially important in the Twelfth District, and trends of prices of these commodities at district markets have been similar to trends for the United States as a whole.

Wool prices have advanced practically without interruption during the past year, and are now approximately 20 per cent higher than in June, 1927. Prices for cotton have been relatively steady since early in May at levels 25 per cent above those of a year ago.

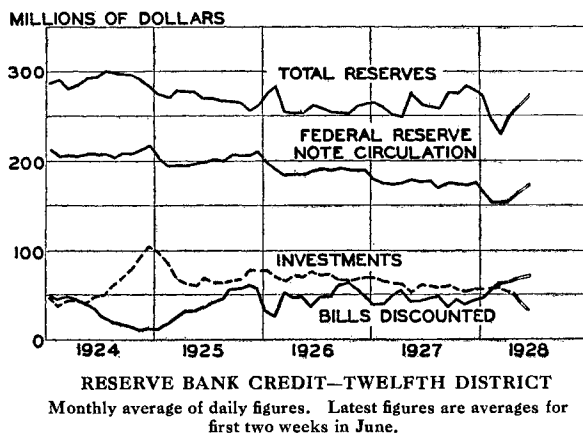
Quotations for cattle at Chicago recently

have been slightly higher than in April or May. Changes in prices paid for hogs, sheep, and lambs coincided with movements in the general price level, a spring peak being reached at the close of April, since when they have declined slightly. Such a movement in sheep and lamb prices usually occurs at this season of the year.

Non-ferrous metals prices continued to advance during May, and, with the exception of silver, during the first week of June. Softwood lumber prices advanced during May and early June.

Banking and Credit

Changes in the banking and credit situation in the Twelfth Federal Reserve District during May and the first half of June were reflected chiefly in the loan accounts of city banks and in the Federal Reserve Bank's holdings of bills and securities. Reporting city member bank loans on securities continued to expand, while their commercial loans showed little change during this period, although the volume of such loans rose moderately during the first half of June, partially offsetting a decline reported in May. An expansion of member banks' investment portfolios accompanied an increase in deposits, which was of larger proportions than the increase of loans reported during May and June. Increases in total loans and investments of city member banks were reflected in condition statements of the Federal Reserve Bank of San Francisco which showed increases in discounts for these banks. Total borrowings from the Federal Reserve Bank by banks in agricultural areas changed little during this period.



From October, 1927, to May, 1928, the volume of commercial loans at city member banks showed only moderate seasonal changes, recording a net gain for the period of less than one per cent. During the same period, the volume of loans on securities extended by these banks increased 12 per cent. The trend of their borrowings from the Federal Reserve Bank was generally upward, and since the first of this

year the cost of such borrowing has been increased by successive raises in the Federal Reserve Bank's rediscount rate. The rate was first advanced from 3½ to 4 per cent on February 4th and then from 4 to 4½ per cent on June 2nd. The Federal Reserve Bank's holdings of United States Government securities have been steadily reduced during this period (as have the holdings of the Federal Reserve System as a whole) and stood at 17 million, 238 thousand dollars on June 13th, compared with 46 million, 76 thousand dollars on January 4, 1928.

REPORTING MEMBER BANKS*—Twelfth District (In millions of dollars)

	Average Condition During Month		
	June, 1928†	May, 1928	June, 1927
Total Loans and Investments.....	1,983	1,972	1,817
Total Loans	1,337	1,330	1,306
Commercial Loans	958	954	968
Loans on Securities	379	375	337
Investments	646	642	511
Net Demand Deposits	841	830	781
Time Deposits	1,015	1,011	951
Borrowings from Federal Reserve Bank	62	58	30

*Total resources of reporting banks are approximately 46 per cent of total resources of all banks and 62 per cent of total resources of all member banks in the Twelfth Federal Reserve District. Reporting banks embrace member banks and branches located only in Los Angeles, San Francisco, Oakland, Portland, Tacoma, Seattle, Spokane, Salt Lake City, and Ogden. †Preliminary—includes first two reports of June only.

During the first quarter of 1928, sales of securities by the Federal Reserve Bank of San Francisco were more than offset by increases in its holdings of discounted bills and of acceptances; total earning assets increased during this quarter, averaging higher in March than in any other month since October, 1926. It should be pointed out in this connection that purchases of acceptances by reserve banks are made only at the request of acceptance dealers and at a rate established by the reserve banks. During April, May, and June, earning assets of the Reserve Bank tended downward. Total holdings of bills and securities declined from an average of 122 million dollars for the month of March to 109 million dollars for May. Reduction of the bank's earning assets continued during the first weeks of June. United States Government securities were sold. Holdings of bills bought in the open market commenced to decline, in response to seasonal influences as well as to increases in buying rates on acceptances. Borrowing of city member banks from the Federal Reserve Bank of San Francisco continued upward during the first two weeks of June, but a marked falling off in such borrowings was later reported.

FEDERAL RESERVE BANK OF SAN FRANCISCO (In millions of dollars)

	Average Condition During Month		
	June, 1928*	May, 1928	June, 1927
Total Bills and Securities.....	104	109	97
Bills Discounted	68	64	40
Bills Bought	19	25	17
United States Securities	17	20	41
Total Reserves	272	260	269
Total Deposits	188	189	177
Federal Reserve Notes in Circulation	168	158	175

*Preliminary—average of first 13 days of month.

Sales of New Automobiles in the Twelfth Federal Reserve District

The Division of Analysis and Research of the Federal Reserve Bank of San Francisco has recently constructed a six-year series of monthly index numbers of sales of new passenger automobiles and of new commercial motor vehicles in the Twelfth Federal Reserve District. These index numbers have been constructed from monthly figures of new automobile registrations in the states of the district,* reduced to daily averages and expressed as percentages of 1923-1925 daily average registrations, i. e., 1923-1925 daily average=100.

The figures of automobile registrations upon which the indexes are based show the number of new cars actually delivered to purchasers, delivery usually being made a few days before registration. The indexes may, therefore, be accepted as a reliable record of fluctuations in the number of automobiles sold and delivered from month to month in the Twelfth District. They should not, however, be interpreted as representing orders placed, which may at times vary considerably from deliveries.

Since automobile registrations are subject to considerable seasonal variation, indexes adjusted for seasonal movements have been computed. (Seasonally adjusted indexes are shown in the accompanying chart). These indexes appear to reflect with some fidelity changes in the income and purchasing power of the district. The charted figures reflect the upturn in busi-

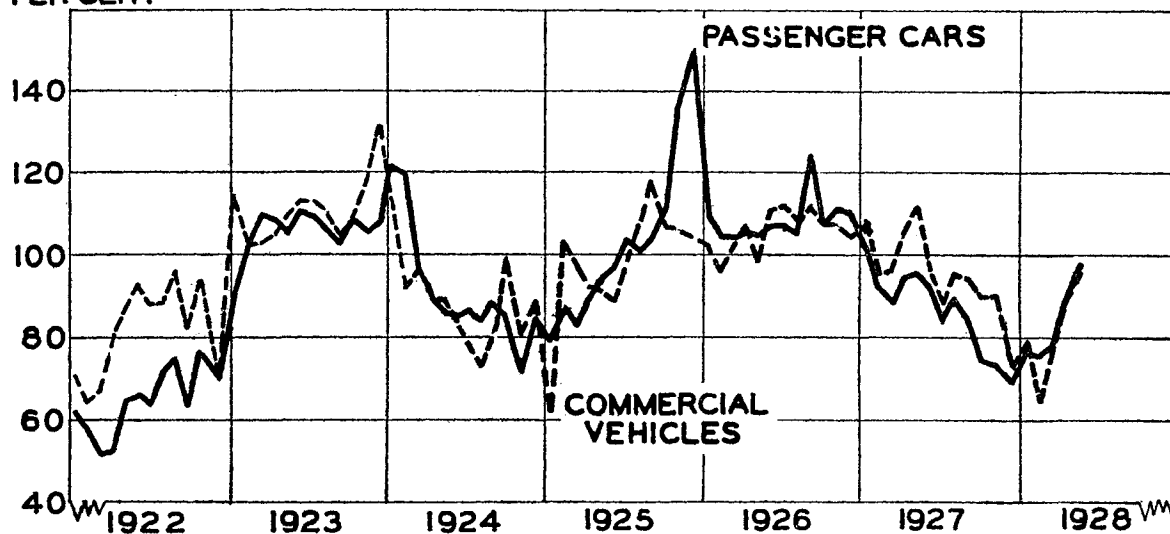
ness in 1922, the maintenance of industry and trade at relatively high levels in 1923, the slackening of general business activity in 1924, the recovery of 1925, and the sustained activity of 1926 and the early months of 1927. Throughout 1927, and particularly after May of that year, the number of cars registered, both passenger and commercial, declined. This decline, although reflecting a moderate recession in general business activity, was due chiefly to the sharp drop in national automobile production caused by the complete cessation of output at one large manufacturer's plants during that period. During the first five months of 1928, sales of both new passenger cars and new commercial vehicles have increased rapidly in the Twelfth District. Business recovery has been evident during this period, but probably the most important factor contributing to the increased volume of sales, at least, of new passenger cars, has been the delivery of cars on orders which had accumulated during preceding months of curtailed production.

Comparison of the indexes with other available indexes of industry and trade in the district shows that registrations of new commercial vehicles tend to fluctuate with industrial activity and registrations of new passenger cars with changes in the volume of trade. These tendencies are explained, in part at least, by the essential difference between the purpose or use of the two types of automobile. The commercial vehicle finds its use in the productive and distributive activities of the district. The passenger car (excluding busses and taxicabs which, with trucks and trailers, are included with commercial motor vehicles) is used largely for pleasure purposes, and consumer purchasing power is the force controlling fluctuations in its sales.

*Sources of data—

Registrations in	Reported by	Address
Arizona	Record Reporter Recap.	Phoenix, Ariz.
California	Motor Registration News	Oakland, Calif.
Idaho	Automotive Statistical Service	Boise, Idaho
Oregon	Motor Register	Oregon Motor Register Co., Portland, Ore.
Utah	Secretary of State	Mr. H. E. Crockett, Secretary of State, Salt Lake City, Utah
Washington ..	Motor Register	Motor List Company, Seattle, Wash.

PER CENT



Indexes of daily average registrations of new passenger cars and new commercial motor vehicles adjusted for seasonal variation (1923-1925 daily average=100). Latest figures are for May, 1928.