

MONTHLY REVIEW

OF BUSINESS CONDITIONS

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Federal Reserve Bank of San Francisco

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No. 7

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial production and the distribution of commodities were in smaller volume in June than in May, and the general level of wholesale prices, following a sharp advance in April and May, also declined. Member bank credit was in record volume early in July and indebtedness at the reserve banks was larger than at any time in the past six years.

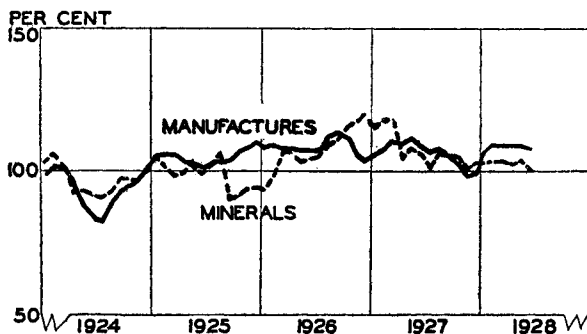
Production. Activity of manufacturing industries declined slightly in June, and there was a decrease of about six per cent in output of minerals, owing to declines in production of coal. The manufacture of iron and steel decreased in June by more than the usual seasonal amount, but there are indications that there were no further declines in July. The industry was somewhat more active than a year ago. Production of flour and activity of cotton and wool mills also declined in June. Automobile production showed considerably less than the usual seasonal decline in June, and weekly employment figures for Detroit indicate that operations of automobile plants were well maintained during the first three weeks of July. The manufacture of agricultural implements and machine tools continued in June at the high level reached last spring. Production of lumber, copper, and shoes, and activity of silk mills increased in June. Contracts awarded for new building continued large in June and total awards for the first half of the year exceeded those for any previous corresponding period. There were increases over last year in contracts for residential, industrial, public and educational building. Awards during the first three

weeks in July were in somewhat smaller volume than for the corresponding period of last year.

The July estimates of the Department of Agriculture indicate a yield of wheat of 800,000,000 bushels, a decrease of 8 per cent from the harvested yield of 1927, and a yield of corn of 2,736,000,000 bushels, a reduction of 2 per cent. The production of oats, barley, white potatoes, and tobacco is expected to be larger than last year. The acreage of cotton in cultivation on July 1 was estimated at 46,695,000 acres, an increase of 11 per cent as compared with that of a year ago.

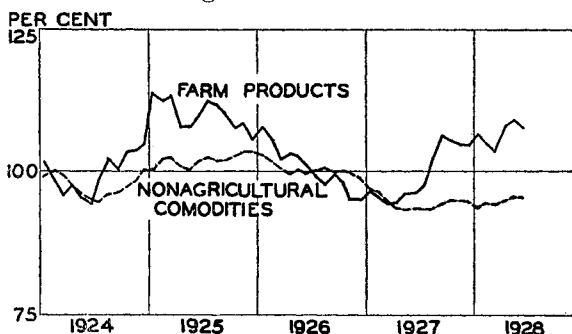
Trade. Merchandise distribution at retail and wholesale was seasonally smaller in June than in May. Sales of department stores declined by about the usual seasonal amount, and there were smaller declines in sales of chain stores. Sales of wholesale firms in most lines of trade showed more than the usual seasonal decline. Compared with a year ago, sales of department stores and chain stores increased and those of wholesale firms decreased. At the end of June, stocks of wholesale firms were in about the same volume as a year ago, and those of department stores were smaller. Freight carloadings for practically all classes of commodities declined in June and continued in smaller volume than a year ago. During the first two weeks of July, however, owing to increases in loadings of grains and miscellaneous commodities, total loadings were larger than in the corresponding period of 1927 but continued below the high level of 1926.

Prices. The general level of wholesale com-



PRODUCTION OF MANUFACTURES AND MINERALS

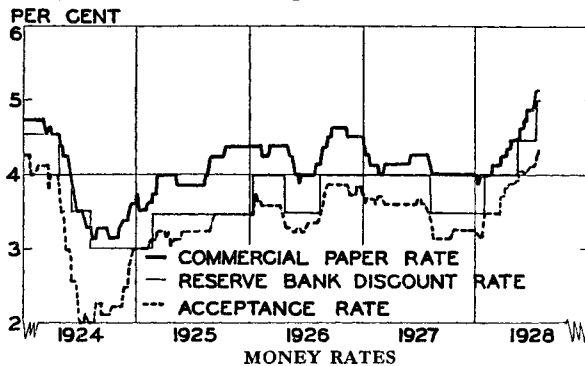
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 average=100). Latest figures, June, manufactures, 109; minerals, 100.



WHOLESALE PRICES

Indexes of United States Bureau of Labor Statistics (1926 prices=100). Latest figures, June, farm products, 106.7; non-agricultural commodities, 95.2.

modity prices declined in June, and the Bureau of Labor Statistics' index, which had advanced from 96 per cent of the 1926 average in March, the low point for the year, to 98.6 per cent in May, declined to 97.6 per cent. The decline in

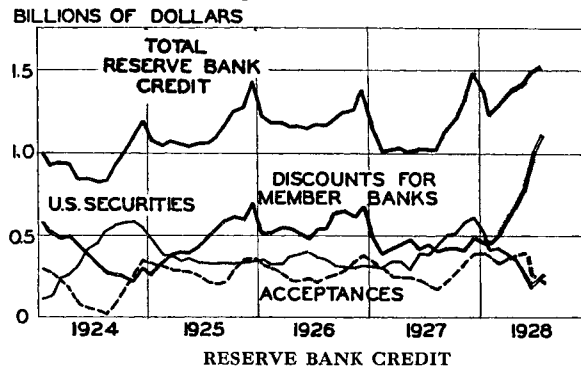


Weekly rates in New York money market: commercial paper rate on 4- to 6-months paper, acceptance rate on 90-day paper, and rediscount rate of the Federal Reserve Bank of New York.

the all-commodities index reflected decreases in those groups which had advanced most rapidly in previous months—farm products, foods, and hides and leather products. Prices of livestock and meats, which are included in these groups, showed further advances in June, however, and there was also an increase in the prices of building materials. Prices of silk and rayon, fertilizer materials, house furnishings, and automobile tires declined. During the first three weeks in July there were declines in the prices of wheat and cotton, and advances in prices of cattle and hogs.

Bank Credit. Member bank credit, after rising to a record volume early in July, declined somewhat during the two following weeks and on July 18 total loans and investments of re-

porting banks in leading cities were about 160 million dollars smaller than four weeks earlier. The decrease was largely the result of reduction by about 125 million dollars in the banks' investment holdings, but reflected also a decline



Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first 23 days in July.

in the volume of loans on securities following a temporary increase over the mid-year. Contrary to the usual seasonal trend, loans largely for commercial purposes were in record volume during the period.

Member bank borrowing at the reserve banks showed a decline following the mid-year settlement period, but the volume on July 25, at slightly more than one billion dollars, was somewhat larger than five weeks earlier. Holdings of acceptances and United States securities declined during the period.

In July there were further advances in open-market rates for commercial paper and bills, and discount rates at seven of the Federal Reserve Banks were raised from 4½ to 5 per cent.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

General business activity in the Twelfth Federal Reserve District was at lower levels during the first half of 1928 than during the first half of 1927. Activity during June, 1928, approximated that of June, a year ago.

Crop conditions, on the whole, have been as favorable this year as last, and a large volume of agricultural production is in prospect in the several states of the district.

Industry has been less active thus far in 1928 than in the first six months of 1927. Output of basic industries of the district, such as lumbering, mining, and petroleum production, has been more nearly adjusted to demand than in the recent past, and it is estimated that stocks of goods held by industrial producers have been reduced. Employment and payroll disbursements were in smaller volume from January to June, 1928, than during the same period of last year. During June, 1928, industrial activity, in the aggregate, revealed the usual seasonal changes and was at levels only slightly below those of June, 1927.

The volume of trade transacted in the district was also smaller during the first half of this year than during the same period of 1927, although value of sales at wholesale and at retail was slightly larger than a year ago. Railroad carloadings and sales of new automobiles were in smaller volume than last year. During June, 1928, carloadings, sales of automobiles, and general sales at wholesale increased by more than the usual seasonal amount. Sales at retail, although smaller than in May, 1928, did not reveal the full seasonal decline expected in trade comparisons of these two months. It is estimated that volume of distribution and trade was larger during June, 1928, than during June, 1927.

Commodity prices at wholesale were steady during the first quarter of 1928 at slightly higher levels than in the first quarter of 1927. In April and May, 1928, advances in prices of many commodities—especially agricultural products—brought average prices to the highest level since the autumn of 1926. Recessions

in prices during June were moderate and temporary in character, and indexes for the first two weeks of July were higher than were the indexes for any week of June, nearly equaling high points of late April and early May.

The banking and credit situation in the district during the first half of 1928 was influenced chiefly by two factors, (1) seasonal changes in commercial demand for accommodation which, reflecting the lower level of business activity, was in smaller volume than in the corresponding period of 1927, and (2) the relatively unbroken increase from late January to early June in member bank loans on stocks and bonds, which loans have been in larger volume than during 1927. Borrowings of member banks (chiefly city member banks) from the Federal Reserve Bank expanded throughout the six-month period and were heavier than during the first six months of 1927. On February 4, 1928, the discount rate of the Federal Reserve Bank of San Francisco was raised from 3½ per cent, the rate in effect at the beginning of the year, to 4 per cent. On June 2 the rate was raised to 4½ per cent.

Agriculture

Crops developed satisfactorily in the Twelfth District during June and early July, and early harvest returns generally tended to substantiate previous forecasts of production made by the United States Department of Agriculture.

Present estimates indicate that the district's 1928 wheat crop will be harvested from 5,421,000 acres, an area slightly less than the 5,495,000 acres from which the 1927 crop was harvested. The July 1 forecast places wheat production at 105,100,000 bushels this year, an amount approximately 21 per cent less than the 1927 crop. The smaller crop this year reflects a deficiency in rainfall during May and June in producing areas of the Pacific Northwest. Stocks of wheat remaining on farms in the United States totaled 23,450,000 bushels on July 1, 1928, as compared with 27,215,000 bushels on the same date in 1927. The 1928 barley crop in the district is approximately 9 per cent larger than a year ago. In California, the principal barley producing state, an increase of 18 per cent (4,960,000 bushels) is forecast.

PRODUCTION—GRAIN CROPS

(000 bushels omitted)

| | All Wheat | | Barley | |
|---------------------|-----------------------|-------------|-----------------------|-------------|
| | Forecast July 1, 1928 | Actual 1927 | Forecast July 1, 1928 | Actual 1927 |
| California | 15,950 | 13,642 | 32,295 | 27,335 |
| Idaho | 25,215 | 32,374 | 4,670 | 5,676 |
| Nevada | 459 | 484 | 483 | 405 |
| Oregon | 19,361 | 26,782 | 3,351 | 3,185 |
| Utah | 5,940 | 5,678 | 1,470 | 1,410 |
| Washington | 38,175 | 53,344 | 1,747 | 2,436 |
| Total | 105,100 | 132,304 | 44,016 | 40,447 |
| United States | 799,937 | 872,595 | 303,110 | 264,392 |

Source: United States Department of Agriculture.

The acreage devoted to the district's field crops this year is, in the aggregate, slightly larger than a year ago. An increase of 57 per

cent in cotton acreage and a decrease of 15 per cent in rice acreage are outstanding changes among the individual crops.

FIELD CROPS—Twelfth District
(000 omitted)

| | Acreage | | Unit | Production | |
|----------------------|---------|--------|-------|-----------------------|-------------|
| | 1928 | 1927 | | Forecast July 1, 1928 | Actual 1927 |
| Egans | | | | | |
| California, Idaho. | 332 | 368 | bu. | 5,234 | 6,531 |
| United States | 1,735 | 1,605 | bu. | 16,571 | 16,891 |
| Cotton | | | | | |
| Arizona, Calif. | 423 | 270 | bales | ...* | 187 |
| United States | 46,695 | 41,905 | bales | ...* | 12,789 |
| Hops | | | | | |
| Calif., Ore., Wash. | 25 | 24 | lbs. | 29,517 | 29,794 |
| United States | 25 | 24 | lbs. | 29,517 | 29,794 |
| Potatoes | | | | | |
| Twelfth District .. | 327 | 326 | bu. | 49,583 | 55,756 |
| United States | 3,842 | 3,505 | bu. | 443,640 | 406,964 |
| Rice | | | | | |
| California | 136 | 160 | bu. | 6,691 | 8,960 |
| United States | 923 | 989 | bu. | 35,445 | 40,231 |
| Sugar Beets | | | | | |
| Calif., Idaho, Utah | 145 | 152 | tons | 1,268 | 1,534 |
| United States | 699 | 754 | tons | 6,758 | 7,753 |

*Federal legislation does not permit the publishing of this estimate on July 1.

Source: United States Department of Agriculture.

The official forecast of the 1928 commercial apple crop in the United States indicates a production approximately 28 per cent larger than that of 1927. Forecasts of commercial production in California, Idaho, Oregon, Utah, and Washington total 44,865,000 bushels for 1928, indicating a 26 per cent increase over the 1927 crop of 35,685,000 bushels. During 1926, 40,599,000 bushels were harvested.

It is now estimated that aggregate production of the various deciduous fruits and nuts grown in California will be larger this year than last. The apricot, prune, and walnut crops, however, are expected to be smaller this year than in 1927. Seasonal shipments of apricots, cherries, peaches, pears, and plums from that state totaled 3,867 carloads to July 1, 1928, as compared with 2,398 carloads shipped during the same period in 1927. The increased volume of shipments this year has been due quite largely to the fact that the fruit has ripened from ten days to two weeks earlier than in 1927. High quality fruit sold in Eastern markets has, so far this season, brought satisfactory returns to growers.

DECIDUOUS FRUITS AND NUTS—CALIFORNIA

| | Condition | | Production | | |
|-------------------------|----------------------|------|------------------------|-------------|-------------|
| | (Per cent of normal) | | (in thousands of tons) | | |
| | July 1, 1928 | 1927 | Forecast July 1, 1928 | Actual 1927 | Actual 1926 |
| Almonds | .. | .. | 13 | 12 | 16 |
| Apricots | .. | .. | 174 | 208 | 176 |
| Cherries | .. | .. | 19 | 12 | 20 |
| All Grapes | .. | .. | 2,555 | 2,406 | 2,114 |
| Raisin Grapes | 101 | 89 | 1,540 | 1,443 | 1,317 |
| Table Grapes | 95 | 83 | 510 | 490* | 383† |
| Wine Grapes | 96 | 90 | 505 | 473 | 414† |
| Peaches (Clingstone) .. | .. | .. | 395 | 322 | 327 |
| Peaches (Freestone) .. | .. | .. | 207 | 170 | 214 |
| Pears | 80 | 67 | 226 | 181 | 207 |
| Plums | 84 | 67 | 79 | 57 | 71 |
| Prunes | 73 | 79 | 182 | 203 | 150 |
| Walnuts | 65 | 101 | .. | 42 | 15 |

*142,000 tons not harvested. †It is estimated that 32,000 tons of table grapes and 20,000 tons of wine grapes were dried and included in above figures.

Source: California Crop Report.

The movement of the Valencia orange crop from California to Eastern markets is progressing satisfactorily. Shipments of oranges and lemons from California during June totaled

3,365 and 1,917 carloads, respectively, as compared with 5,647 and 2,184 carloads shipped during June, 1927. California oranges shipped to Eastern markets during recent weeks have met with seasonal competition from deciduous fruits, and prices, f. o. b. California, were lower during June than in the previous month. Quoted prices were approximately 54 per cent higher than a year ago.

The condition of **livestock** on summer ranges in the district is generally satisfactory except in scattered sections of Arizona and Nevada, where ranges are in need of summer rains.

Receipts of **cattle** at eight of the principal markets in the district during 1928 to July 1 totaled 412,511 head, which may be compared with 484,282 head received during the same period a year ago. **Sheep** receipts at these markets for the half-year period totaled 1,731,245 head in 1928 as compared with 1,716,432 head in 1927. Prices for cattle and sheep marketed in the district have been maintained at higher levels than a year ago. **Hog** prices have risen steadily since March, 1928.

Industry

Industry generally operated at lower levels during the first half of 1928 than during the first half of 1927. Output of the district's more important industries for which data are available (such as the lumber, petroleum, non-ferrous metals mining, and flour milling industries) was, on the whole, fairly well adjusted to demand during the first six months of 1928. It is estimated that the volume of stocks held at producing centers was reduced during this period. Employment and payroll disbursements were also in smaller volume than last year. During June, 1928, industrial activity, in the aggregate, revealed the usual seasonal changes as compared with May, and was at levels only slightly below those of June, 1927.

Reported figures of industrial employment in this district are now more closely approaching the larger figures of 1927 than was the case

(A) Industry—

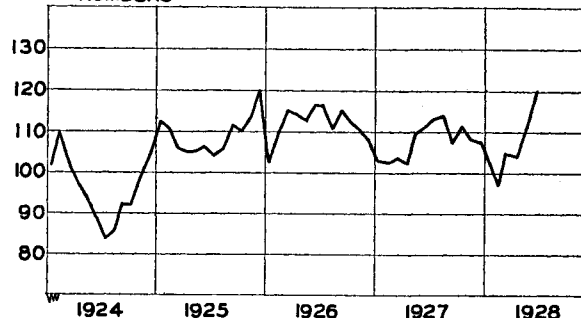
Indexes of daily average production, adjusted for seasonal variation.
(1923-1925 daily average = 100)

| | 1928 | | | 1927 | | |
|--------------------------|--------------------|------|------|------|------|--------------------|
| | Six Months Average | June | May | Apr. | June | Six Months Average |
| Manufactures: | | | | | | |
| Flour | 107 | 84 | 99 | 119 | 100 | 102 |
| Slaughter of Livestock. | 101 | 93 | 98 | 105 | 98 | 98 |
| Lumber | 106* | 103* | 103* | 111 | 106 | 102 |
| Refined Mineral Oils†. | ... | ... | 143 | 148 | 144 | 147 |
| Cement | 113 | 108 | 110 | 112 | 112 | 112 |
| Wool Consumption | ... | ... | 81 | 77 | 107 | 87 |
| Minerals: | | | | | | |
| Petroleum (California)† | 94 | 97 | 96 | 92 | 97 | 97 |
| Copper (United States)‡ | 106 | 110 | 110 | 103 | 105 | 107 |
| Lead (United States)‡. | 104 | 99 | 100 | 100 | 112 | 114 |
| Silver (United States)‡. | 91 | 94 | 87 | 86 | 93 | 92 |
| Miscellaneous: | | | | | | |
| Carloadings§ | 106 | 120 | 111 | 104 | 112 | 106 |

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

earlier in the present year. Employment in the food products group of industries (including fruit and vegetable packing, canning and preserving) is in larger volume than a year ago, a partial reflection, no doubt, of the earlier agricultural season this year. Industrial employment in June, 1928, was only 1.1 per cent smaller in volume than in June, 1927, whereas the May figures showed a decrease of about 5 per cent, and the decrease in the average number employed during the past six months as compared with the first six months of 1927 was 4 per cent.

INDEX NUMBERS



CARLOADINGS OF "OTHER THAN MERCHANDISE AND MISCELLANEOUS FREIGHT"—TWELFTH DISTRICT
Index adjusted for seasonal variation; 1923-1925 daily average=100.
Latest figure, June, 1928.

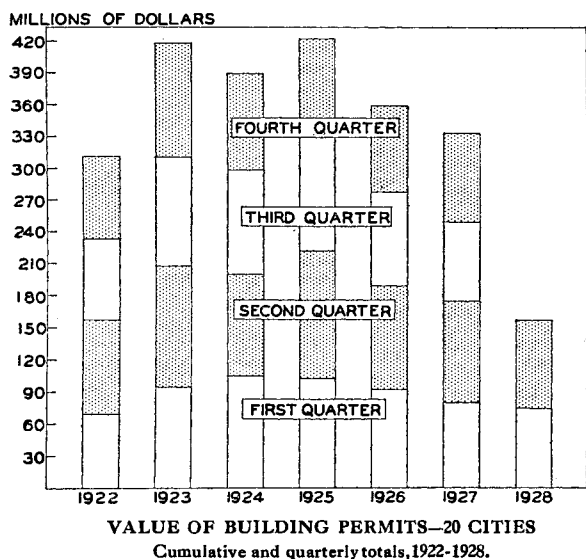
Value of **building** permits issued in 93 cities in the district during the first six months of the year was 11 per cent smaller than in the first half of 1927, according to figures compiled by S. W. Straus and Company. Figures for 20 important cities of the district for which comparable data are available since 1919 indicate that building activity during the past six months approximated that of the first half of 1922 (see accompanying chart), and was below that of the intervening years. The sharpest declines, as compared with last year, generally

(B) Employment—

| Industries | California | | Oregon | | | |
|-------------------------------------|--------------|-----------------------------|-----------------------------|--------------|-----------------------------|-----------------------------|
| | No. of Firms | No. of Employees June, 1928 | No. of Employees June, 1927 | No. of Firms | No. of Employees June, 1928 | No. of Employees June, 1927 |
| All Industries | 776 | 152,828 | 154,494 | 154 | 28,221 | 28,295 |
| Stone, Clay and Glass Products. | 47 | 7,141 | 7,894 | 5 | 247 | 358 |
| Lumber and Wood Manufactures .. | 120 | 26,652 | 27,840 | 58 | 16,534 | 17,091 |
| Textiles | 19 | 2,501 | 2,760 | 11 | 1,933 | 2,123 |
| Clothing, Millinery and Laundering. | 63 | 8,035 | 8,072 | 9* | 475 | 452 |
| Foods, Beverages and Tobacco .. | 170 | 31,153 | 27,388 | 41 | 4,128 | 3,087 |
| Water, Light and Power | 5 | 8,140 | 7,765 | .. | ... | ... |
| Other Industries†. | 337 | 67,047 | 70,582 | .. | ... | ... |
| Miscellaneous | 15 | 2,159 | 2,193 | 30 | 4,904 | 5,184 |

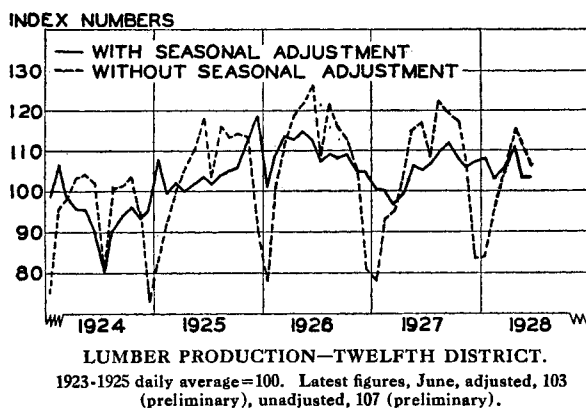
*Laundering only. †Includes the following industries: metals, machinery and conveyances; leather and rubber goods; chemicals, oils and paints; printing and paper goods.
Figures in parentheses indicate percentage changes from June, 1927.

were reported from the larger cities, building activity in the smaller cities being fairly well maintained. The value of permits issued during June, 1928, was approximately 20 per cent greater than during May, 1928, and 12 per cent greater than in June, 1927. The principal increases over last year were reported in Phoenix, Arizona; Berkeley, Oakland, and San Diego, California; and Tacoma, Seattle, and Spokane, Washington.



Value of contracts awarded for engineering projects and heavy construction in the states of this district as reported by the Engineering News Record was 7 per cent less during the first half of 1928 than in the corresponding period of 1927. During June, 1928, value of such awards was more than 20 per cent larger than in June, 1927.

The lumber industry was more active during the first six months of 1928 than in the corresponding period of 1927. Production expanded during the first five months of the year. The



increase was largely seasonal in extent, however, and output was kept well within the limits of demand during the first half of the year. Shipments exceeded production, with a

consequent reduction in mill stocks of lumber. During the first five months of 1928 orders exceeded shipments and unfilled orders increased in volume. During June, there was some falling off in volume of new orders received, and the volume of unfilled orders declined. This bank's seasonally adjusted index of lumber production for June remained unchanged from the May figure of 103 (1923-1925 daily average production=100). Production during May and June of this year was smaller than in the same two months of 1927, a decrease due to the sharp increases in production recorded in those two months of the earlier year.

During the first half of 1928, the petroleum industry witnessed the shutting-in of a large number of wells producing heavy oil and the bringing into production of new wells producing lighter, higher grade crude oil. Production was curtailed slightly during the first four months of the year, but increased during May and June. Total output during the full half-year period was slightly below that of the first six months of 1927, however. Shipments of petroleum to Atlantic Coast and Gulf ports and local consumption have been well maintained, and stored stocks were reduced.

Refinery output of petroleum products was in smaller volume during the first half of 1928 than in the corresponding period of 1927. During the first four months of the year production expanded, but curtailment was reported in May and June. The decline during the past six months was the result almost entirely of smaller output of gas and fuel oils, reflecting, in part, the use of higher grade oil at refining plants with a consequent decrease in residual products. Output of gasoline, kerosene, and lubricating oils was in larger volume than a year ago.

The first half of 1928 witnessed a noteworthy improvement in the non-ferrous metal mining industry. Output of copper—most important of the district's base metals—expanded in response to active foreign and domestic demand. Allocation of production among lower cost producers (as noted in the June Review) has resulted in reduction of stocks, and higher prices. Zinc markets are reported as being steady and lead markets more active than in several months. Silver price quotations rose during the past half-year to the highest levels since February, 1927, but are now slightly lower than in May.

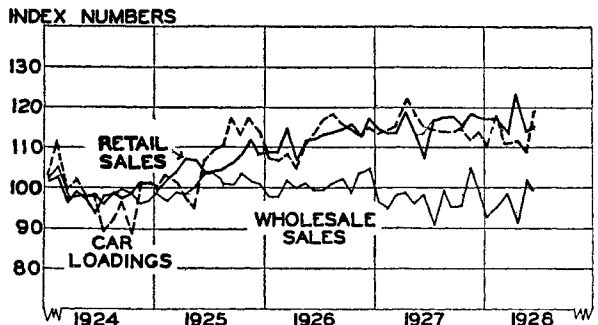
Adjusted indexes of production of copper, lead, and silver for the United States are shown in Table "A." Of these three metals the Twelfth District in 1927 produced the following percentages of the national output: silver, 69.7; copper, 66.1; lead, 49.0.

The flour milling industry in the Twelfth District was more active during the year ending June 30, 1928, than in the corresponding period

of 1926-1927. The movement of wheat and flour prices was favorable to the industry, and output for the milling year was slightly greater than in recent previous years. Domestic demand during the year just closed tended to keep prices of locally milled flour above an exporting basis, so that less flour was exported than in other recent years. In June, as in May, millers reported a sharp reduction in flour output and this bank's seasonally adjusted index of flour production declined to 84 (1923-1925 daily average production=100), compared with 99 in May, and an average of 115 for the first four months of 1928. This index averaged 102 during the past season (July 1, 1927, to June 30, 1928), compared with an average of 100 for the 1926-1927 season.

Distribution and Trade

During the first half of 1928 activity in trade in the Twelfth Federal Reserve District was at lower levels than in the first six months of 1927. Railroad carloadings, sales of new automobiles, and merchandise sales at wholesale were in



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.

smaller volume this year than last, while retail trade was generally maintained at higher levels than a year ago. Sales at wholesale during the first four months of 1928 were smaller in value

(C) Distribution and Trade—

| | 1928 | | | | 1927 | |
|--|--------------------|------|------|------|------|--------------------|
| | Six Months Average | June | May | Apr. | June | Six Months Average |
| Carloadings, Total† | 111 | 120 | 110 | 108 | 114 | 112 |
| Carloadings, Merchandise and Miscellaneous | | | | | | |
| laneoust | 113 | 119 | 109 | 112 | 115 | 116 |
| Sales at Wholesale† | 97 | 99 | 101 | 92 | 98 | 96 |
| Sales at Retail† | 117 | 115 | 114 | 123 | 107 | 114 |
| Stocks, Retail§ | 107 | 108 | 109 | 104 | 109 | 106 |
| Sales of New Automobiles# | | | | | | |
| Passenger Cars | 86 | 102 | 100 | 87 | 92 | 94 |
| Commercial Vehicles | 82 | 89 | 95 | 86 | 96 | 102 |
| Stock Turnover, Retail | 0.23 | 0.23 | 0.24 | 0.24 | 0.22 | 0.22 |
| Collections, Retail | | | | | | |
| Regular | 46.3 | 46.2 | 47.4 | 45.5 | 45.2 | 45.2 |
| Installment | 15.6 | 16.0 | 14.6 | 15.7 | 15.8 | 16.1 |

*Adjusted for seasonal variation, 1923-1925 average=100. †Daily average. ‡Monthly totals of eleven lines combined. §At end of month. ||Proportion of average stocks sold during month. ¶Per cent of collections during month to amount outstanding at first of month. #For source of figures, see June, 1928, Review.

than in the same months in 1927, but wholesale trade generally was more active during May and June, 1928, than in May and June of the previous year. Trade activity in Seattle, Salt Lake City and the State of Arizona has been consistently above the average for the district as a whole, throughout the first half of this year. The total volume of distribution and trade increased by more than the usual seasonal amount during June, 1928, and was larger than in June, 1927.

Railway freight carloadings of merchandise and miscellaneous commodities were smaller in number during the first half of 1928 than during the first half of 1927. During June, 1928, however, they increased by more than the usual seasonal amount and were larger in number than in June of last year. The increase was general throughout the entire district.

Sales of new automobiles in the district were in smaller volume at the beginning of 1928 than at any time in the past six years. Market recovery during the present year has been rapid, however, and although the number of sales during June, 1928, was still well below the high levels of 1925 and 1926, it was about 9 per cent larger than during June, 1927. The total of deliveries during the first six months of 1928 was considerably smaller than in the same period of last year.

Sales of 130 reporting retail stores were 1.3 per cent larger during the first six months of 1928 than during the first six months of 1927. This bank's seasonally adjusted index of sales of 28 department stores (1923-1925 daily average sales = 100) averaged 117 for the first six months of 1928, as compared with 114 for the first six months of 1927. There was some contraction in sales during June, 1928. The decline

(D) Bank Debts*—

| | June, 1928 | June, 1927 | First Six Months 1928 | 1927 |
|----------------|-------------|-------------|-----------------------|--------------|
| Bakersfield | \$ 13,943 | \$ 12,427 | \$ 87,348 | \$ 78,739 |
| Bellingham | 10,734 | 10,160 | 60,483 | 59,614 |
| Berkeley | 20,682 | 20,640 | 129,834 | 127,245 |
| Boise | 16,154 | 13,078 | 84,800 | 76,060 |
| Eugene | 8,503 | 8,244 | 43,906 | 44,428 |
| Everett | 15,214 | 13,829 | 78,571 | 76,581 |
| Fresno | 31,810 | 28,660 | 199,862 | 222,435 |
| Long Beach | 53,531 | 49,355 | 326,036 | 303,784 |
| Los Angeles | 1,153,229 | 881,759 | 6,530,098 | 5,703,502 |
| Oakland | 255,614 | 227,251 | 1,514,137 | 1,332,796 |
| Ogden | 16,534 | 14,455 | 100,383 | 101,934 |
| Pasadena | 40,270 | 40,831 | 257,249 | 256,904 |
| Phoenix | 33,613 | 27,471 | 209,148 | 168,522 |
| Portland | 198,766† | 162,863 | 1,026,859‡ | 984,943 |
| Reno | 11,118 | 10,624 | 55,029 | 54,018 |
| Ritzville | 763 | 721 | 5,386 | 4,560 |
| Sacramento | 50,186 | 44,707 | 288,952 | 199,890 |
| Salt Lake City | 76,086 | 71,889 | 439,893 | 412,160 |
| San Bernardino | 11,651 | 10,697 | 64,441 | 61,568 |
| San Diego | 68,050 | 55,999 | 386,395 | 377,594 |
| San Francisco | 1,899,374 | 1,200,298 | 9,686,884 | 7,199,776 |
| San Jose | 29,258 | 23,159 | 164,281 | 150,707 |
| Santa Barbara | 13,207 | 13,683 | 82,614 | 80,766 |
| Seattle | 258,614 | 219,041 | 1,471,808 | 1,237,336 |
| Spokane | 57,584 | 54,795 | 335,945 | 325,108 |
| Stockton | 31,432 | 29,562 | 175,924 | 162,167 |
| Tacoma | 47,130 | 47,864 | 271,981 | 271,378 |
| Yakima | 13,287 | 11,792 | 75,949 | 73,129 |
| District | \$4,436,337 | \$3,305,854 | \$24,154,196 | \$20,147,644 |

*000 omitted. †Includes \$16,628,000 at four banks not reporting prior to week ended May 2, 1928. ‡Includes \$34,530,000 at four banks not reporting prior to week ended May 2, 1928.

was less than that which usually occurs at this season of the year, however, and the seasonally adjusted index advanced from 114 in May, 1928, to 115 in June. A year ago, the index stood at 114. The seasonally adjusted index of stocks of 27 department stores (1923-1925 daily average stocks = 100) was 108 in June, 1928, 109 in May, 1928, and 109 in June, 1927. The rate of stock turnover for June this year was more rapid than in June a year ago.

RETAIL TRADE—Twelfth District

| | NET SALES* | | STOCKS* June, 1928, compared with June, 1927 |
|----------------------------|---|--|--|
| | June, 1928, compared with June, 1927 | Jan. 1 to June 30, 1928, compared with Jan. 1 to June 30, 1927 | |
| Department Stores† . . . | 1.7 (63) | 2.1 (61) | -1.9 (48) |
| Apparel Stores | -0.7 (32) | -0.8 (27) | -0.2 (17) |
| Furniture Stores | 1.0 (48) | -3.2 (42) | -5.1 (29) |
| All Stores | 1.3 (143) | 1.3 (130) | -2.2 (94) |

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

Total sales of 198 wholesale dealers in eleven lines of trade were 1.1 per cent larger in value during the first half of 1928 than during the first half of 1927. Sales of a similar number of firms during June were 2.2 per cent larger, however, than during June, 1927. Part of this increase may be accounted for by the fact that prices of non-agricultural commodities averaged 2 per cent higher in June of this year than in June of the previous year. A smaller than seasonal increase was reported in sales during June as compared with May, 1928, and this bank's seasonally adjusted index of wholesale sales of 140 firms (1923-1925 monthly average sales = 100) declined 2 points to 99. It stood at 98 in June, 1927. Stocks on hand as reported by 98 wholesalers were 1.1 per cent smaller at the close of June of this year than on June 30, 1927.

Prices

During the first five months of 1928 commodity prices advanced, reaching the highest levels since October, 1926. Declines occurred during the first half of June, but during the latter half of that month and the early part of July advances were again reported. Monthly averages of prices were lower in June than in May, as indicated by such inclusive indexes as that of wholesale prices compiled by the United States Bureau of Labor Statistics, which declined from 98.6 (1926 monthly average = 100) in May to 97.6 in June. Lower prices for farm products, hides and leather products, and miscellaneous commodities were largely responsible for the lower average in June as compared with May, but indexes for several other groups, namely food products, textiles, chemicals and drugs, and housefurnishing goods, also declined.

Quotations for wheat dropped sharply in early June, remained relatively stable during the latter part of that month, and then resumed their downward trend. Prices for cattle and hogs at Chicago advanced throughout June,

while sheep quotations declined. Lamb prices rose sharply during the first ten days of June, but almost immediately dropped back to late May levels, where they remained until the beginning of July. Pacific Coast market prices for livestock, excepting hogs, declined during June. Hog prices continued to advance.

Several of the commodities for which improvement in prices has been most evident this year are of leading importance in the Twelfth Federal Reserve District. Quotations for cattle, sheep, lambs, wool, hides, barley, and cotton—all valuable products of this district—have been consistently higher than during the first half of 1927. Prices for wheat, a crop of primary importance in the Twelfth District, have fluctuated rather widely since mid-March, and during April and May averaged considerably higher than during the same months of 1927. More recently, quotations have declined to levels approximately the same as, or below, those of a year ago. Citrus fruits have been selling at higher prices but deciduous fruits, on the whole, have been selling at slightly lower prices than last year. Prices received by producers for potatoes have been approximately 50 per cent below those paid a year ago.

Copper is by far the most important of the non-ferrous metals produced in the Twelfth District, and prices for that metal have been materially higher during the first half of 1928 than they were in the first half of 1927. Silver prices have also been higher than last year. Quotations for lead and zinc have been below those of a year ago, but have advanced steadily during the past four months.

Softwood lumber prices have been considerably lower than in the first half of 1927, but their trend has been upward since March.

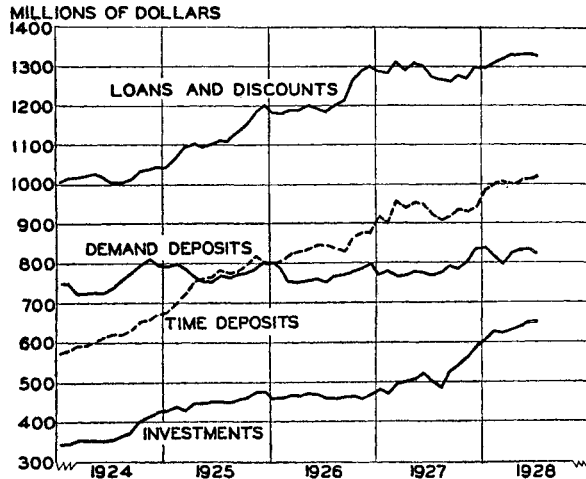
Banking and Credit

Improvement in the business situation and expansion in trade and industry were reflected in changes in condition of reporting city member banks of the Twelfth Federal Reserve District during late June. During the first three weeks of July, there was a small seasonal decline in demand for credit at these banks. Changes in the statement of the Federal Reserve Bank of San Francisco were largely seasonal during this period and were influenced, to a considerable extent, by special factors arising out of member banks' anticipation of the mid-year call of the Comptroller of Currency for reports of condition.

Commercial loans of reporting city member banks expanded during June, 1928. Concurrent increases in industrial and trade activity and in demands for funds for fiscal year-end disbursements influenced this expansion, which was largely seasonal in character. During the first three weeks of July the volume of commercial loans decreased slightly, but contrary to

the usual seasonal movement, such loans averaged higher during the first three weeks of July than in June. Commercial loans of these banks during June, 1928, were slightly lower than in June, 1927.

Loans on securities at reporting city member banks were reduced during June and early July, 1928. The reduction exceeded the increase in commercial loans during this period and total loans of the banks averaged lower during the first three weeks of July than in any other month since March. Demand deposits averaged



MEMBER BANK CREDIT—TWELFTH DISTRICT
Monthly averages of weekly figures. Latest figures are averages for first three weeks in July.

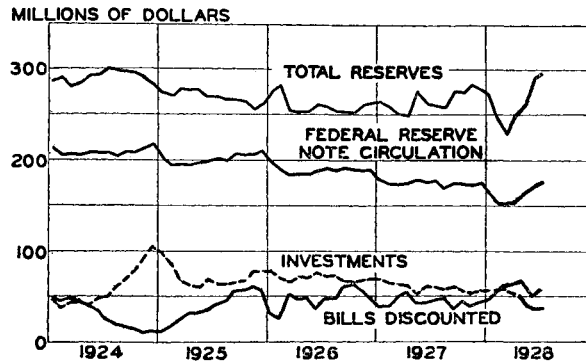
slightly higher during June than during May, but declined during the first three weeks of July and also averaged lower than in any month since March. The rate of turnover of these deposits, as indicated by a computation for San Francisco, was considerably slower during June than in May. The slower turnover of deposits, accompanying as it did a reduction in loans on securities, probably reflected the decreased activity in securities markets and the reduction in securities prices which took place during the month. During the first half of 1928 the average rate of turnover of deposits in San Francisco was more rapid than in any other six-month period of record.

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

| | Average Condition During Month | | |
|--|--------------------------------|------------|------------|
| | July, 1928† | June, 1928 | July, 1927 |
| Total Loans and Investments..... | 1,978 | 1,984 | 1,778 |
| Total Loans | 1,328 | 1,335 | 1,276 |
| Commercial Loans | 966 | 964 | 947 |
| Loans on Securities | 362 | 371 | 329 |
| Investments | 650 | 650 | 503 |
| Net Demand Deposits | 824 | 836 | 776 |
| Time Deposits | 1,021 | 1,013 | 932 |
| Borrowings from Federal Reserve Bank | 49 | 43 | 32 |

*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 three reports of July only.

Changes in condition of the Federal Reserve Bank of San Francisco during late June and the first three weeks of July were largely those changes which ordinarily accompany the June 30 call for statements of condition of member banks. The usual mid-year reduction in discounts amounted to 57 million dollars, or 78 per cent, and was the result almost wholly of reduced borrowing on the part of city member banks, discounts for country member banks ranging from 5 to 6½ million dollars during this period. The funds placed at the disposal of



RESERVE BANK CREDIT—TWELFTH DISTRICT

Monthly average of daily figures. Latest figures are averages for first three weeks in July.

member banks through decreased loans on securities during June and the release of reserves accompanying a decline in demand deposits, were used to effect this reduction in borrowings at the Reserve Bank. Total deposits at that bank declined slightly at the end of June. Liquidation of member bank borrowings from the Reserve Bank was also facilitated by the use of funds obtained by the withdrawal of bankers' balances deposited with correspondent banks. As a result of this liquidation, there was an inflow of cash into the Reserve Bank which increased its cash reserves to the record figure of 333 million dollars on June 30. During the first three weeks of July, Reserve Bank discounts again increased, expanding to approximately three times the volume held on June 30, but remaining smaller than in early June. At the same time, member banks increased their balances with correspondents in other financial centers and cash reserves at the Reserve Bank declined.

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

| | Average Condition During Month | | |
|--|--------------------------------|------------|------------|
| | July, 1928* | June, 1928 | July, 1927 |
| Total Bills and Securities..... | 90 | 87 | 101 |
| Bills Discounted | 55 | 50 | 41 |
| Bills Bought | 21 | 20 | 17 |
| United States Securities | 17 | 18 | 42 |
| Total Reserves | 299 | 294 | 262 |
| Total Deposits | 190 | 189 | 176 |
| Federal Reserve Notes in Circulation | 180 | 172 | 175 |

*Preliminary—average of first three reports of July.

Interest rates, although tending to harden, changed little during June and early July.