

# 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. 8

### SUMMARY OF NATIONAL CONDITIONS

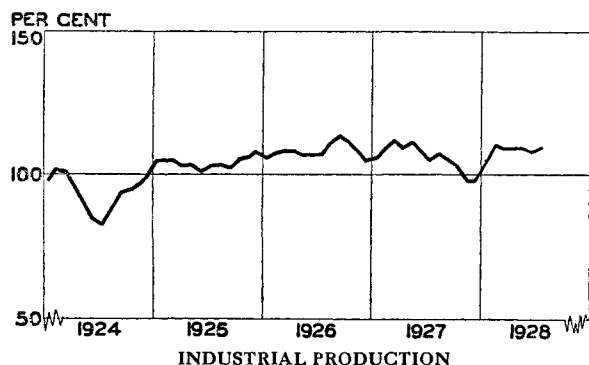
Prepared by the Federal Reserve Board.

Industrial and trade activity was in larger volume during July than is usual in mid-summer and the general level of commodity prices advanced slightly. Member bank holdings of securities, and loans on securities, declined in July and August, while all other loans increased to the highest level since 1921. Conditions in the money market remained firm.

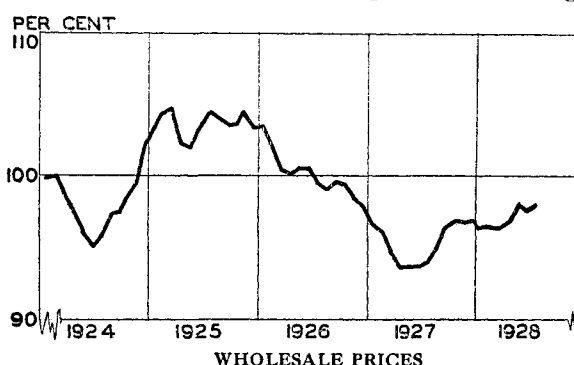
**Production.** Production of manufactures and minerals showed a smaller decrease than usual in July, and the index of industrial production, which makes allowance for seasonal variations, advanced. Production of steel, bituminous coal, petroleum, automobiles, and footwear was larger in July than in June, while activity in textile mills, meat packing, and anthracite mines declined. Lumber production showed less than the usual seasonal decrease. Steel mill activity, which during July was at an unusually high level for the summer season, was well maintained during August. Weekly reports from Detroit factories show a larger volume of employment in the middle of August than at any previous date, indicating that automobile production continued large in that month. Building contracts awarded declined by somewhat more than the usual seasonal amount in July, but were larger than in any previous July, the increase over last year being chiefly in residential building. Contracts awarded in the first two weeks in August were slightly

smaller than in the same period of last year. Estimates of the Department of Agriculture, as of August 1, indicate considerable improvement in crop conditions during July. Estimated wheat production was 891,000,000 bushels, larger by 91,000,000 bushels than on July 1, and slightly larger than the yield in 1927. The corn crop is expected to be more than 3,000,000,000 bushels, an increase of 250,000,000 bushels from last year. Forecasts for other grain crops were also larger than the July 1 estimates and in most cases exceeded last year's yields. The August 1 forecast of cotton production was 14,290,000 bales as compared with yields of 12,955,000 bales in 1927, and nearly 18,000,000 bales in 1926.

**Trade.** Distribution of commodities at wholesale and retail was in large volume in July. Sales of dry goods and shoes at wholesale were larger than in June, and those of other lines were only slightly smaller. Department store sales, after allowance for seasonal changes, increased in July. Compared with July a year ago, trade of both wholesale and retail firms was larger. Stocks of department stores and of wholesale firms continued smaller than a year ago. Freight carloadings increased by more than the usual seasonal amount in July, and for the first time this year were larger than in the corresponding month of 1927. Increases, compared with last year, were reported in loadings



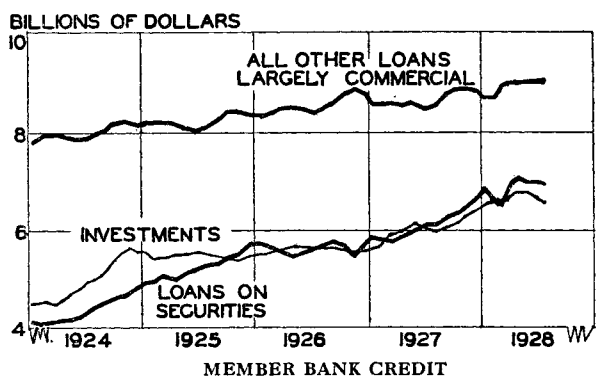
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average = 100). Latest figure, July, 109.



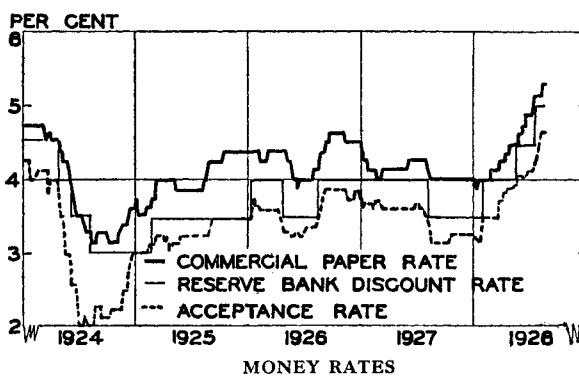
Index of United States Bureau of Labor Statistics (1926 prices = 100, base adopted by Bureau). Latest figure, July, 98.3.

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of miscellaneous commodities and of grain, reflecting the early harvesting of the crop this year. The largest decrease, as compared with a year ago, was in livestock shipments. During the first two weeks in August, total loadings were in about the same volume as in the corresponding weeks of last year.



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



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.

**Prices.** The general level of wholesale commodity prices increased slightly in July, reflecting chiefly advances in the prices of livestock and meats. Although there were also small price increases in hide and leather products, textiles, petroleum products, and building materials, there was a sharp decline in the price of grains, other than corn, and some decrease in chemicals and drugs, silk, rubber, and automobile tires prices. During the first half of August there were increases in the prices of sugar, hogs and pork products, coke, and lumber, and decreases in the prices of grains, cotton, wool, and hides.

**Bank Credit.** Between July 18 and August 15, total loans and investments of member banks in leading cities decreased by about \$130,000,000. This decline reflected a considerable re-

duction in investments, chiefly at banks in New York City, and some further decline in loans on securities. All other loans, which include loans for commercial purposes, showed a small seasonal increase and at the middle of August were in the largest volume since early in 1921 and nearly \$230,000,000 larger than at the autumn peak of last year. There was a further large decline in net demand deposits and practically no change in time deposits. Volume of reserve bank credit outstanding showed little change between July 25 and August 22. Discounts and acceptance holdings increased slightly, while United States security holdings were practically unchanged. Increased demand for currency, which is usual at this time of the year, has not resulted in an equivalent growth in reserve bank credit, because it was offset in part by a decline in reserves required by member banks, which reflected the decrease in their deposits.

There were further increases between the middle of July and the middle of August in open-market rates on collateral loans, commercial paper, and bankers' acceptances.

## TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Business activity in the Twelfth Federal Reserve District was well maintained during July, which is ordinarily a month of seasonal recession. Sustained industrial and trade activity and the advance of the agricultural harvesting and marketing season were reflected in an increased demand for credit at the member banks of the district. Security loans of these banks declined slightly during the month, but not enough to offset the expansion of loans for commercial, industrial, and agricultural purposes. Borrowings from the Federal Reserve Bank increased and a firmer tendency in money rates was apparent.

In the industrial field, declines and increases in activity were evenly divided during July. On the whole, it appears that output of the district's principal industries changed little from

the moderately high levels of May and June, and continued slightly below the levels of a year ago. Large numbers of workers found employment in agricultural harvesting operations and in the fruit and vegetable canning and packing industry during the month and, although a surplus of workers is still reported, the number of unemployed has been reduced.

Trade was seasonally less active during July, 1928, than during June, 1928, but showed improvement as compared with July, 1927. The decrease from June to July was less than that which usually occurs at this season of the year, a reflection of sustained purchasing power throughout the district. Improvement over last year was reported in nearly all general lines of trade and was particularly marked in the Pacific Northwest.

## Agriculture

August 1 estimates of the United States Department of Agriculture indicate that the District's aggregate production of principal grain and field crops will be smaller and that yields of orchard fruit crops will be larger in 1928 than in 1927. Weather conditions during July and early August have generally favored harvest operations, but winter range forage and dry land crops are reported to be in need of rainfall.

Preliminary harvesting returns indicate that the yield of **wheat** in Oregon and Washington will be larger than was anticipated earlier in the season, and production in the District as a whole is now estimated at 120,339,000 bushels as compared with a July 1 estimate of 106,369,000 bushels. In 1927, the harvest amounted to 133,754,000 bushels.

WHEAT PRODUCTION—Twelfth District  
(In thousands of bushels)

|                        | All Wheat                 |                | Winter Wheat              |                |
|------------------------|---------------------------|----------------|---------------------------|----------------|
|                        | Estimated<br>Aug. 1, 1928 | Actual<br>1927 | Estimated<br>Aug. 1, 1928 | Actual<br>1927 |
| Arizona .....          | 1,269                     | 1,450          | 1,269                     | 1,450          |
| California .....       | 16,716                    | 13,642         | 16,716                    | 13,642         |
| Idaho .....            | 27,806                    | 32,374         | 10,488                    | 12,274         |
| Nevada .....           | 466                       | 484            | 95                        | 120            |
| Oregon .....           | 22,952                    | 26,782         | 19,440                    | 23,400         |
| Utah .....             | 6,372                     | 5,678          | 3,564                     | 2,888          |
| Washington .....       | 44,758                    | 53,344         | 33,369                    | 33,684         |
| Twelfth District ..... | 120,339                   | 133,754        | 84,941                    | 87,458         |
| United States .....    | 891,292                   | 872,595        | 578,599                   | 552,384        |

Source: United States Department of Agriculture.

**Deciduous fruit** yields in California will probably be larger in 1928 than in either 1927 or 1926. The largest increases are reported in production of **grapes** and **peaches**. California fruit sold at Eastern auction markets during the current season has generally brought slightly lower prices than one year ago.

DECIDUOUS FRUITS AND NUTS—CALIFORNIA

|                          | Production*               |                | Actual<br>1927 | Actual<br>1926 |
|--------------------------|---------------------------|----------------|----------------|----------------|
|                          | Estimated<br>Aug. 1, 1928 | Actual<br>1927 |                |                |
| Apricots .....           | 169                       | 208            | 176            |                |
| Cherries .....           | 19                        | 12             | 20             |                |
| All Grapes .....         | 2,538                     | 2,406          | 2,114          |                |
| Raisin Grapes .....      | 1,530                     | 1,443          | 1,317          |                |
| Table Grapes .....       | 505                       | 490**          | 383†           |                |
| Wine Grapes .....        | 503                       | 473            | 414†           |                |
| All Peaches .....        | 609                       | 492            | 541            |                |
| Clingstone Peaches ..... | 395                       | 322            | 327            |                |
| Freestone Peaches .....  | 214                       | 170            | 214            |                |
| Pears .....              | 225                       | 181            | 207            |                |
| Plums .....              | 77                        | 57             | 71             |                |
| Prunes .....             | 185                       | 203            | 150            |                |
| Almonds .....            | 13                        | 12             | 16             |                |
| Walnuts .....            | 35                        | 42             | 15             |                |

\*In thousands of tons. \*\*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 the above figures.

Source: California Crop Report.

The 1928 crop of **Valencia oranges** in California is now estimated at approximately 9,500,000 boxes as compared with 11,640,000 boxes produced in 1927. Shipments of oranges (Valencia and Navel) from California during the current crop season—November 1, 1927, to July 31, 1928—have totaled 38,683 carloads, compared with 47,082 carloads shipped during the same period of the 1926-1927 crop season. Prices for California oranges and **lemons** (f.o.b. shipping point) averaged 50 per cent and 10 per cent

higher, respectively, during June and July of this year than during the same months a year ago.

Recent estimates place the 1928 commercial crop of **apples** in the important apple producing states of the District at 45,864,000 bushels, a figure 28.5 per cent and 13.0 per cent larger, respectively, than the crops of 1927 (35,685,000 bushels) and 1926 (40,599,000 bushels). Commercial apple production in the United States will probably be about 29 per cent greater this year than it was in 1927, when a crop of 77,700,000 bushels was marketed. District shipments of apples (chiefly California Gravensteins) from June 1 to July 31 totaled 1,455 carloads. During the same two months of 1927, a year in which the harvest season was somewhat later, 730 carloads were shipped.

COMMERCIAL PRODUCTION OF APPLES  
Twelfth District and United States  
(In thousands of bushels)

|                     | Estimated<br>Aug. 1, 1928 | Actual<br>1927 | Actual<br>1926 | Actual<br>1925 |
|---------------------|---------------------------|----------------|----------------|----------------|
| California .....    | 7,122                     | 4,656          | 6,144          | 3,291          |
| Idaho .....         | 3,930                     | 5,400          | 2,775          | 5,250          |
| Oregon .....        | 4,284                     | 2,925          | 5,250          | 3,888          |
| Utah .....          | 579                       | 402            | 480            | 900            |
| Washington .....    | 29,949                    | 22,302         | 25,950         | 26,010         |
| Total .....         | 45,864                    | 35,685         | 40,599         | 39,339         |
| United States ..... | 99,831                    | 77,700         | 117,357        | 99,738         |

Source: United States Department of Agriculture.

The Department of Agriculture's crop forecasts as of August 1 indicate that, among the District's important field crops, output of **beans**, **potatoes**, **rice**, and **sugar beets** will be smaller and output of **cotton** and **hops** will be larger than a year ago. Combined production of **alfalfa** and **tame hay** is estimated to be approximately 9 per cent smaller than in 1927.

FIELD CROPS—Twelfth District

|                     | Acreage* |        | Unit  | Production*              |                |
|---------------------|----------|--------|-------|--------------------------|----------------|
|                     | 1928     | 1927   |       | Forecast<br>Aug. 1, 1928 | Actual<br>1927 |
| <b>Beans</b>        |          |        |       |                          |                |
| California, Idaho.. | 332      | 368    | bu.   | 5,530                    | 6,531          |
| United States ....  | 1,735    | 1,605  | bu.   | 16,772                   | 16,891         |
| <b>Cotton</b>       |          |        |       |                          |                |
| Arizona, Calif. ... | 423      | 270    | bales | 290                      | 182            |
| United States ...   | 46,695   | 41,905 | bales | 14,291                   | 12,955         |
| <b>Hops</b>         |          |        |       |                          |                |
| Calif., Ore., Wash. | 25       | 24     | lbs.  | 33,339                   | 29,794         |
| United States ...   | 25       | 24     | lbs.  | 33,339                   | 29,794         |
| <b>Potatoes</b>     |          |        |       |                          |                |
| Twelfth District .. | 327      | 326    | bu.   | 51,092                   | 56,076         |
| United States ...   | 3,842    | 3,505  | bu.   | 459,737                  | 406,964        |
| <b>Rice</b>         |          |        |       |                          |                |
| California .....    | 136      | 160    | bu.   | 6,773                    | 8,960          |
| United States ...   | 923      | 989    | bu.   | 36,149                   | 40,231         |
| <b>Sugar Beets</b>  |          |        |       |                          |                |
| Calif., Idaho, Utah | 145      | 152    | tons  | 1,263                    | 1,534          |
| United States ...   | 699      | 754    | tons  | 6,690                    | 7,753          |

\*000 omitted.

Source: United States Department of Agriculture.

In Idaho, Oregon, and Washington, the condition of **cattle** and **sheep** showed general improvement during July, while in the other states of the District the condition of herds was slightly less favorable than in the spring and early summer. Recent estimates of range conditions reflect the occurrence of high temperatures during July which retarded growth of forage. The light movement of cattle to the principal markets in the District during June and July (131,102 head as compared with 144,-

130 head a year ago) may be contrasted with the heavier receipts of sheep and hogs which totaled 693,408 head and 314,818 head, respectively, for June and July, 1928, and 594,786 head and 309,279 head, respectively, during June and July, 1927.

The United States Department of Agriculture estimates that the 1928 clip of wool in the District was 102,099,000 pounds, an increase of 8.8 per cent as compared with the 1927 clip of 93,884,000 pounds. Practically all of the increase in production was reported from California, Idaho, and Utah. The lamb crop of the District for 1928 is estimated at 9,127,000 head, compared with 7,948,000 head in 1927, and 8,533,000 head in 1926.

Prices paid for livestock at District marketing centers have been well maintained during the past two months, with the exception of lamb prices which have declined.

### Industry

During July, 1928, seasonal declines in activity in lumbering, flour milling, cement production, and livestock slaughtering were offset in part by expanding operations of fruit and vegetable canneries, a slight increase in copper output, and increased activity in the petroleum refining industry. It is estimated that, on the whole, industrial activity during July, 1928, was little changed from the moderately active levels of May and June of this year, but continued at slightly lower levels than a year ago. Shipments of commodities to and from industrial plants were seasonally smaller than in June, 1928, but were in larger volume than during July, 1927. This Bank's seasonally adjusted index of railway freight carloadings of other than merchandise and miscellaneous commodities stood at 117 in July, 1928 (1923-1925 daily average = 100), 120 in June, 1928, and 114 in July, 1927.

The employment situation improved during July. The number of workers on industrial payrolls increased during the month, but continued smaller than a year ago. Large numbers of workers found employment in agricultural harvesting operations and in the fruit and vegetable

canning and packing industry. Although the number of unemployed has been reduced by these seasonal demands, a surplus of both skilled and unskilled workers is still reported.

The sharp increase in value of building permits issued in 95 cities of the District during June, 1928, was offset by an equally sharp decrease in July and the value of permits issued during the later month approximated the value issued during May, 1928, according to figures published by S. W. Straus and Company. Value of permits issued in these cities during July, 1928, was 2.4 per cent greater than in July, 1927. During the first seven months of 1928, the value of permits issued was 10 per cent lower than in the same period a year ago. Building construction continues to be relatively more active in the Pacific Northwest and in Arizona than in other sections of the District.

According to figures reported by Engineering News Record, total value of engineering and heavy construction contracts awarded in the states of the Twelfth District declined from 32 million dollars in June to 20 million dollars in July. In July, 1927, contracts awarded amounted to 33 million dollars. Cumulative value figures for the first seven months of 1928 total 188 million dollars, compared with 213 million dollars in the corresponding period of 1927.

Lumber operators on the Pacific Coast continue to report improvement in the condition of the industry. Restriction of output to a volume within the limits of effective demand continued during July, and shipments made and volume of new orders received again exceeded production. Mill stocks of lumber were reduced further during the month and prices were higher than in May and June. Prices, however, ranged lower than a year ago. The usual July curtailment of production was not so drastic as in most previous years, and this Bank's seasonally adjusted

### (B) Employment—

| Industries                                   | California—<br>No. of Firms    No. of Employees |            |            | Oregon—<br>No. of Firms    No. of Employees |            |            |
|--|---|------------|------------|---|------------|------------|
|  | No. of Firms                                    | July, 1928 | July, 1927 | No. of Firms                                | July, 1928 | July, 1927 |
| All Industries . . . . .                     | 764   | 156,739    | 162,023    | 155   | 29,775     | 29,498     |
|  |   | (-3.3)     |            |   | (0.9)      |            |
| Stone, Clay and Glass Products . . . . .     | 47  | 6,957      | 7,670      | 5   | 262        | 346        |
|  |   | (-9.3)     |            |   | (-24.3)    |            |
| Lumber and Wood Manufactures . . . . .       | 118   | 26,265     | 27,241     | 57  | 18,230     | 16,829     |
|  |   | (-3.6)     |            |   | (8.3)      |            |
| Textiles . . . . .                           | 20  | 2,485      | 2,774      | 10  | 1,976      | 2,207      |
|  |   | (-10.4)    |            |   | (-10.5)    |            |
| Clothing, Millinery and Laundering . . . . . | 60  | 6,983      | 7,056      | 8*  | 453        | 440        |
|  |   | (-1.0)     |            |   | (3.0)      |            |
| Foods, Beverages and Tobacco . . . . .       | 169   | 36,408     | 39,291     | 42  | 3,368      | 3,943      |
|  |   | (-7.3)     |            |   | (-14.6)    |            |
| Water, Light and Power . . . . .             | 5   | 7,794      | 7,697      | ..  | ..         | ..         |
|  |   | (1.2)      |            |   |            |            |
| Other Industries†. . . . .                   | 335   | 68,220     | 68,454     | ..  | ..         | ..         |
|  |   | (-0.3)     |            |   |            |            |
| Miscellaneous . . . . .                      | 10  | 1,627      | 1,840      | 33  | 5,486      | 5,733      |
|  |   | (-11.6)    |            |   | (-4.3)     |            |

\*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 July, 1927.

### (A) Industry—

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

|                                   | 1928— |      |     |      | 1927 |
|-----------------------------------|-------|------|-----|------|------|
|                                   | July  | June | May | July |      |
| Manufactures:                     |       |      |     |      |      |
| Flour . . . . .                   | 88    | 85   | 99  | 105  |      |
| Slaughter of Livestock . . . . .  | 89    | 93   | 98  | 95   |      |
| Lumber . . . . .                  | 105*  | 102  | 103 | 107  |      |
| Refined Mineral Oils† . . . . .   | ..    | 156  | 145 | 147  |      |
| Cement . . . . .                  | 105   | 108  | 110 | 112  |      |
| Wool Consumption . . . . .        | ..    | 75   | 81  | 97   |      |
| Minerals:                         |       |      |     |      |      |
| Petroleum (California)† . . . . . | 97    | 97   | 96  | 94   |      |
| Copper (United States)‡ . . . . . | 113   | 110  | 110 | 101  |      |
| Lead (United States)‡ . . . . .   | 97    | 99   | 100 | 116  |      |
| Silver (United States)‡ . . . . . | 84    | 94   | 87  | 94   |      |
| Miscellaneous:                    |       |      |     |      |      |
| Carloadings§ . . . . .            | 117   | 120  | 111 | 112  |      |

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

index of lumber output advanced to 105 (1923-1925 average production = 100) compared with 102 in June. In July, 1927, this index stood at 107.

The petroleum industry in California has recently embarked upon active drilling operations in already developed fields where deeper oil-bearing sands than those heretofore reached are being tapped. Drilling operations are also being pursued in other and newer areas in search of the higher gravity oils. Daily production of crude oil, however, was practically unchanged during July, and this Bank's index remained at 97 (1923-1925 average production = 100) in that month, compared with 93 in January, 1928, and 94 in July, 1927. Both local consumption and shipments of oil from California ports have been well maintained during recent weeks, and there has been little growth in combined stored stocks of heavy and light crude oil. At mid-August, price advances for refinable crude oil were announced by several refining companies.

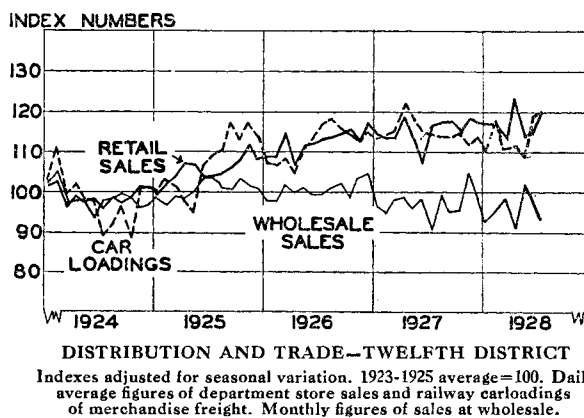
Copper production expanded during July, contrary to the usual seasonal movement. The increase in output followed some months of curtailed production and was the result of an active domestic and foreign demand for the metal with concurrent price improvement. The Federal Reserve Board's index of copper production in the United States (two-thirds of which production is reported from states of the Twelfth District) advanced from 110 (1923-1925 daily average output = 100) in June to 113 in July. This index stood at 101 in July, 1927. Price quotations for copper, reported by the Engineering and Mining Journal, averaged 14.523 cents per pound for the week ended August 11, 1928, compared with a July, 1928, average of 14.527 cents per pound, and 12.370 cents per

pound in June, 1927, when the recent upward movement in copper prices began. Lead markets have been moderately active and silver and zinc markets are reported to have been relatively inactive during recent weeks.

Output of flour at reporting Twelfth District mills was in smaller volume during July, 1928, than in any month since mid-summer, 1925. The June-to-July decline in output was relatively not so large this year as is usual, however, and the Reserve Bank's seasonally adjusted index of Twelfth District flour output advanced to 88 (1923-1925 daily average = 100) in July, compared with 85 in June. The adjusted index averaged 115 during the first four months of 1928, and stood at 105 in July, 1927.

### Distribution and Trade

In the Twelfth Federal Reserve District, trade was less active during July, 1928, than during June, 1928. The decrease was not so great as that which usually occurs at this season of the year, however, indicating that the District's purchasing power is being well maintained. As compared with a year ago, an increased movement of goods into consumers' hands was noted. Improvement, although general throughout the District, was particularly marked in the Pacific Northwest where railway freight carloadings and sales, both at wholesale



### (C) Bank Debits\*

|                      | July,<br>1928 | July,<br>1927 | First Seven Months—<br>1928 1927 |              |
|----------------------|---------------|---------------|----------------------------------|--------------|
| Bakersfield .....    | \$ 12,597     | \$ 12,864     | \$ 99,945                        | \$ 91,603    |
| Bellingham .....     | 9,962         | 9,306         | 70,445                           | 68,920       |
| Berkeley .....       | 22,972        | 21,388        | 152,806                          | 148,633      |
| Boise .....          | 16,190        | 14,829        | 100,990                          | 90,889       |
| Eugene .....         | 7,524         | 7,710         | 51,430                           | 52,138       |
| Everett .....        | 15,776        | 12,604        | 94,347                           | 89,185       |
| Fresno .....         | 28,493        | 33,031        | 228,355                          | 255,466      |
| Long Beach .....     | 56,699        | 47,592        | 382,735                          | 351,376      |
| Los Angeles .....    | 944,388       | 875,850       | 7,474,486                        | 6,579,352    |
| Oakland .....        | 233,226       | 216,787       | 1,747,363                        | 1,549,583    |
| Ogden .....          | 18,191        | 15,724        | 118,574                          | 117,658      |
| Pasadena .....       | 35,697        | 38,381        | 292,946                          | 295,285      |
| Phoenix .....        | 33,261        | 24,661        | 242,409                          | 193,183      |
| Portland .....       | 185,255†      | 163,776       | 1,212,114‡                       | 1,148,719    |
| Reno .....           | 10,313        | 10,046        | 65,342                           | 64,064       |
| Ritzville .....      | 987           | 683           | 6,373                            | 5,243        |
| Sacramento .....     | 50,824        | 48,575        | 339,776                          | 248,465      |
| Salt Lake City ..... | 71,861        | 69,559        | 511,754                          | 481,719      |
| San Bernardino ..... | 11,233        | 9,904         | 75,674                           | 71,472       |
| San Diego .....      | 62,403        | 60,236        | 448,798                          | 437,830      |
| San Francisco .....  | 1,304,510     | 1,191,464     | 10,991,394                       | 8,391,240    |
| San Jose .....       | 28,938        | 27,454        | 193,219                          | 178,161      |
| Santa Barbara .....  | 14,335        | 13,795        | 96,949                           | 94,561       |
| Seattle .....        | 232,613       | 205,486       | 1,704,421                        | 1,442,822    |
| Spokane .....        | 56,197        | 53,940        | 392,142                          | 379,048      |
| Stockton .....       | 30,851        | 31,161        | 206,775                          | 193,328      |
| Tacoma .....         | 43,999        | 44,739        | 315,980                          | 316,117      |
| Yakima .....         | 12,211        | 10,700        | 88,160                           | 83,829       |
| District .....       | \$3,551,506   | \$3,272,245   | \$27,705,702                     | \$23,419,889 |

\*000 omitted. †Includes \$16,435,000 at four banks not reporting prior to week ended May 2, 1928. ‡Includes \$50,965,000 at four banks not reporting prior to week ended May 2, 1928.

### (D) Distribution and Trade—

|   | July | 1928<br>June | May  | 1927<br>July |
|---|------|--------------|------|--------------|
| Index Numbers*                              |      |              |      |              |
| Carloadings, Total†                         | 120  | 120          | 110  | 114          |
| Carloadings, Merchandise and Miscellaneous† | 122  | 119          | 109  | 114          |
| Sales at Wholesale‡                         | 93   | 99           | 101  | 89           |
| Sales at Retail‡                            | 120  | 115          | 114  | 116          |
| Stocks, Retail§                             | 109  | 109          | 109  | 109          |
| Sales of New Automobiles                    |      |              |      |              |
| Passenger Cars                              | 103  | 100#         | 100  | 85           |
| Commercial Vehicles                         | 102  | 92#          | 95   | 89           |
| Actual Figures                              |      |              |      |              |
| Stock Turnover, Retail                      | .22  | .23          | .24  | .20          |
| Collections, Retail°                        |      |              |      |              |
| Regular                                     | 45.0 | 46.2         | 47.4 | 43.0         |
| Installment                                 | 15.3 | 16.0         | 14.6 | 15.3         |

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

and at retail, were in substantially greater volume than in July, 1927. Collections in wholesale and retail trade channels were seasonally slower during July than during June, but compared favorably with July a year ago.

**Carloadings** of merchandise and miscellaneous freight increased during July as compared with both June of this year and July of last year. Total carloadings were 5.6 per cent larger during July, 1928, than during July, 1927. The increase over a year ago was the result chiefly of increases of 1.3 and 5.8 per cent, respectively, in loadings of forest products and of merchandise and miscellaneous commodities in the Pacific Northwest.

Value of sales at **retail** of 147 department, specialty, apparel, and furniture stores was 10.5 per cent smaller during July, 1928, than during June, 1928, a seasonal decrease of less than the usual proportions. Sales of these stores were 4.4 per cent larger than in July, 1927. Value of department store sales in Oregon, Washington, Idaho, and Utah averaged 7.7 per cent above a year ago, while in California, Arizona, and Nevada they averaged but 3.7 per cent larger than last year. This Bank's seasonally adjusted index of department store sales stood at 120 (1923-1925 daily average = 100) in July, 1928; 115 in June, 1928; and 116 in July, 1927. The seasonally adjusted index of stocks of 27 department stores at 109 (1923-1925 monthly average = 100) in July was the same as in June, 1928, and July, 1927. The rate of stock turnover at retail stores was higher during July, 1928, than during the same month last year.

**RETAIL TRADE—Twelfth District**  
**—NET SALES\***

|                        | July, 1928,<br>compared<br>with<br>July, 1927 | Jan. 1 to<br>July 31, 1928,<br>compared with<br>Jan. 1 to<br>July 31, 1927 | STOCKS*<br>July, 1928,<br>compared<br>with<br>July, 1927 |
|------------------------|---|--|--|
| Department Stores†...  | 4.7 ( 64)                                     | 2.5 ( 61)  | -1.3 (50)  |
| Apparel Stores .....   | 2.2 ( 32)                                     | -1.0 ( 25)   | -0.1 (16)  |
| Furniture Stores ..... | 2.1 ( 49)                                     | -2.4 ( 42)   | -5.8 (27)  |
| All Stores .....       | 4.4 (147)                                     | 1.7 (128)  | -1.8 (94)  |

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

Total value of sales of 240 **wholesale** firms was 4.7 per cent larger during July of this year than during July, 1927. This Bank's seasonally adjusted index of sales in eleven lines of wholesale trade stood at 93 (1923-1925 monthly average = 100) in July, 1928; 99 in June, 1928; and 89 in July, 1927. Increased sales over the year period were reported by wholesalers of automobile supplies, automobile tires, drugs, dry goods, electrical supplies, furniture, groceries, and hardware. By territories, the most substantial increases occurred in the Pacific Northwest. The value of stocks reported by 93 wholesalers at the end of July, 1928, was 2.1 per cent smaller than at the end of July, 1927.

Registrations of new **automobiles** during July, 1928, showed a smaller than seasonal decrease throughout the District and were 20 per

cent larger than during July, 1927. In gauging the importance of this latter increase, it must be remembered that in July, 1927, sales of new automobiles had begun a rapid decline from the high levels of the previous two and a half years, as a result, in considerable part, of discontinuance of deliveries of Ford automobiles.

### Prices

The general level of commodity prices advanced during the first half of July, and declined during the latter half of that month and the first weeks of August. Downward movements in prices of certain leading groups of commodities, such as grains and other agricultural products, textiles, and to some extent, of livestock and hides, have persisted since mid-July with the rate of decline accelerated in the later weeks of the movement. Monthly average prices for July were, however, slightly higher than in June, the wholesale price index of the Bureau of Labor Statistics advancing from 97.6 in June to 98.3 in July.

These changes in the general price level were, to a considerable extent, reflected in Twelfth District commodity prices. The sharp drop in Chicago wheat quotations (both futures and cash prices declined) has been accompanied by substantially lower prices for wheat at Pacific Northwestern markets. Other grains have been affected similarly in District as well as national markets. Cotton prices have declined steadily since late in June and are now approximately 20 per cent lower than at that time. Such a decline is not without importance to cotton growers in this District, although it is difficult to measure the extent to which prices paid to cotton growers in Arizona and California are determined by month-to-month movements of national and world prices for that commodity because of the special grades of cotton grown in these states. Recent minor declines in wool quotations have not materially altered the excellent position of wool growers in the District, principally because a large portion of the wool clip has been sold or contracted for at high prices, but also because current quotations, though slightly below peak prices of a few weeks ago, remain at relatively high levels.

In the livestock group, quotations for hogs have been steady since the close of June, whereas a slight recession in cattle prices and larger declines in lamb and sheep prices have resulted in lower average prices for livestock than prevailed six weeks or two months ago. Price movements at District markets have been similar to those in national markets. The rather abrupt drop in lamb prices is of only moderate importance at this time, inasmuch as a large portion of this District's spring lamb crop had been marketed before the decline commenced.

Opening prices for canned fruits, announced early in August, are approximately the same as

a year ago. Current spot quotations for dried fruits are, on the whole, higher than in August, 1927, a notable exception being raisin prices, which have declined sharply during recent months.

Advances in prices of crude petroleum in Eastern, Mid-continent, Gulf, and California fields have been announced during recent weeks. Prices are now at the highest levels since March, 1927, during which month sharp price reductions were made as a result of over-production which, by that time, had become a serious problem among crude oil producers.

Practically no change has occurred in non-ferrous metals prices for several weeks, and current quotations are at or near the highest levels of the year.

Softwood lumber is selling at the highest prices of the year which, however, are approximately 6 per cent lower than were prices in August, 1927.

### Banking and Credit

Sustained industrial and trade activity and the advance of the agricultural harvesting and marketing season were reflected in condition statements of reporting member banks and of the Federal Reserve Bank of San Francisco during July and the first weeks of August. A firmer tendency in money rates was observed.

Commercial loans of reporting city member banks increased in volume throughout June, July, and August. Ordinarily, changes in the volume of commercial loans are small during the summer months, and the prevailing trend at that season during past years has been downward. The last previous exception to this general tendency occurred in the summer of 1922, when business activity was recovering rapidly from previous low levels. Reporting member bank loans on securities, although changing little during July and August, tended downward and, despite some expansion during the week ending August 15, were, on that date, below the average for May and June, months of pronounced activity in securities markets. Chiefly as a result of this decline in loans on securities, total loans of city member banks were smaller in August than in June. When compared with July, however, the August total showed an increase, a reflection of the expanding volume of commercial loans during the later month.

Both demand and time deposits at reporting member banks averaged lower during August than in the two preceding months. There was, thus, a divergence between the movements of loans and deposits at these banks and a consequent decline in the ratio of total deposits to total loans. On August 15, this ratio, at 137.3, stood at the lowest point since early in March, when commercial loans were at their spring peak, but remained higher than a year ago (134.6). Investment holdings of member banks

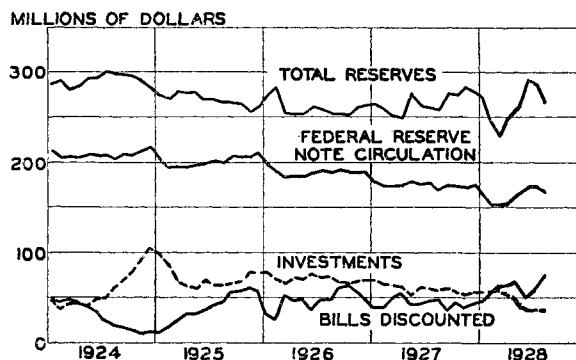
changed little during July and August, and the heavier demand for funds represented by increased commercial loans was met by increased borrowings at the Reserve Bank.

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

|  | Average Condition During Month |               |               |
|--|--------------------------------|---------------|---------------|
|  | Aug.,<br>1928†                 | July,<br>1928 | Aug.,<br>1927 |
| Total Loans and Investments.....           | 1,980                          | 1,979         | 1,762         |
| Total Loans .....                          | 1,330                          | 1,328         | 1,269         |
| Commercial Loans .....                     | 968                            | 966           | 945           |
| Loans on Securities .....                  | 362                            | 363           | 324           |
| Investments .....                          | 650                            | 650           | 493           |
| Net Demand Deposits .....                  | 814                            | 821           | 783           |
| Time Deposits .....                        | 1,010                          | 1,021         | 913           |
| Borrowings from Federal Reserve Bank ..... | 64                             | 52            | 33            |

\*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 August only.

The increase in borrowings of city member banks accounted entirely for the increase in earning assets of the Federal Reserve Bank of San Francisco during July and August. Borrowings by country member banks changed little, as did holdings of United States securities and of bills bought in the open market.



#### RESERVE BANK CREDIT—TWELFTH DISTRICT

Monthly average of daily figures. Latest figures are averages for first fifteen days in August.

Total discounts, on August 15, stood at 75 million dollars, of which amount 69 million dollars was for the account of city member banks. A large part of this increase in borrowings during the month took the form of transfers of funds to other districts by the banks involved. There is also some evidence that the currency needs of the District increased during late July and early August, although average figures of Federal reserve note circulation declined by 8 million dollars.

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

|  | Average Condition During Month |               |               |
|--|--------------------------------|---------------|---------------|
|  | Aug.,<br>1928*                 | July,<br>1928 | Aug.,<br>1927 |
| Total Bills and Securities.....            | 110                            | 94            | 103           |
| Bills Discounted .....                     | 73                             | 57            | 47            |
| Bills Bought .....                         | 21                             | 20            | 13            |
| United States Securities .....             | 17                             | 17            | 44            |
| Total Reserves .....                       | 265                            | 287           | 257           |
| Total Deposits .....                       | 189                            | 188           | 177           |
| Federal Reserve Notes in Circulation ..... | 166                            | 174           | 169           |

\*Preliminary—average for first fifteen days of the month.

## Analysis of Member Bank Costs and Earnings for Years Ending December 31, 1927 and 1926

(Statement of amounts per \$100 of earning assets in even dollars and cents results in some instances in slight discrepancies between component figures and the related totals.)

|                               | Twelfth Federal Reserve District |                                     |                      |                                     | United States        |                                     |                      |                                     |
|-------------------------------|----------------------------------|-------------------------------------|----------------------|-------------------------------------|----------------------|-------------------------------------|----------------------|-------------------------------------|
|                               | 1927                             | Amount per \$100 of earning assets* | 1926                 | Amount per \$100 of earning assets* | 1927                 | Amount per \$100 of earning assets* | 1926                 | Amount per \$100 of earning assets* |
|                               | Amount (000 omitted)             |                                     | Amount (000 omitted) |                                     | Amount (000 omitted) |                                     | Amount (000 omitted) |                                     |
| Interest Earned .....         | \$165,606                        | \$5.57                              | \$164,760            | \$6.04                              | \$1,749,008          | \$5.30                              | \$1,713,107          | \$5.46                              |
| Other Earnings .....          | 32,867                           | 1.11                                | 24,126               | .88                                 | 371,269              | 1.12                                | 316,756              | 1.01                                |
| Gross Earnings .....          | \$198,473                        | \$6.68                              | \$188,886            | \$6.92                              | \$2,120,277          | \$6.42                              | \$2,029,863          | \$6.47                              |
| Interest on Deposits .....    | \$67,965                         | \$2.29                              | \$65,256             | \$2.39                              | \$713,038            | \$2.16                              | \$675,038            | \$2.15                              |
| Interest on Borrowed Money .. | 1,995                            | .07                                 | 2,328                | .09                                 | 24,514               | .07                                 | 31,350               | .10                                 |
| Salaries and Wages .....      | 45,892                           | 1.54                                | 43,065               | 1.58                                | 420,128              | 1.27                                | 396,796              | 1.26                                |
| Taxes .....                   | 8,108                            | .27                                 | 8,121                | .30                                 | 109,778              | .33                                 | 105,885              | .34                                 |
| All Other Expenses .....      | 28,070                           | .94                                 | 23,070               | .85                                 | 248,246              | .75                                 | 234,787              | .75                                 |
| Total Expenses .....          | \$152,030                        | \$5.11                              | \$141,840            | \$5.20                              | \$1,515,704          | \$4.59                              | \$1,443,856          | \$4.60                              |
| Net Earnings .....            | \$46,443                         | \$1.56                              | \$47,046             | \$1.72                              | \$604,573            | \$1.83                              | \$586,007            | \$1.87                              |
| Losses on Loans .....         | \$12,718                         | \$0.43                              | \$14,275             | \$0.52                              | \$123,745            | \$0.38                              | \$124,885            | \$0.40                              |
| Losses on Investments .....   | 2,770                            | .09                                 | 2,166                | .08                                 | 37,284               | .11                                 | 35,909               | .11                                 |
| All Other Losses .....        | 8,844                            | .30                                 | 5,945                | .22                                 | 47,664               | .14                                 | 46,736               | .15                                 |
| Total Losses .....            | \$24,332                         | \$0.82                              | \$22,386             | \$0.82                              | \$208,693            | \$0.63                              | \$207,530            | \$0.66                              |
| Recoveries .....              | 5,434                            | .18                                 | 4,026                | .15                                 | 51,129               | .15                                 | 53,006               | .17                                 |
| Net Losses† .....             | \$18,898                         | \$0.64                              | \$18,360             | \$0.67                              | \$157,564            | \$0.48                              | \$154,524            | \$0.49                              |
| Net Addition to Profits ..... | \$27,545                         | \$0.93                              | \$28,686             | \$1.05                              | \$447,009            | \$1.35                              | \$431,483            | \$1.37                              |
| Dividends Declared .....      | 30,038                           | 1.02                                | 21,119               | .77                                 | 312,680              | .95                                 | 284,809              | .91                                 |
| Loans‡ .....                  | \$2,127,749                      | \$71.58                             | \$1,981,187          | \$72.63                             | \$23,279,515         | \$70.46                             | \$22,363,906         | \$71.25                             |
| Investments‡ .....            | 845,838                          | 28.42                               | 746,582              | 27.37                               | 9,749,932            | 29.54                               | 9,025,251            | 28.75                               |
| Total Earning Assets‡ .....   | \$2,973,587                      | \$100.00                            | \$2,727,769          | \$100.00                            | \$33,029,447         | \$100.00                            | \$31,389,157         | \$100.00                            |
| Total Deposits‡ .....         | \$3,261,000                      | ..                                  | \$3,024,000          | ..                                  | \$35,133,000         | ..                                  | \$33,832,000         | ..                                  |
| Capital Funds§ .....          | 355,311                          | ..                                  | 325,677              | ..                                  | 5,162,702            | ..                                  | 4,820,129            | ..                                  |

### Other Operating Ratios

|  | Twelfth Federal Reserve District |        | United States |        |
|--|----------------------------------|--------|---------------|--------|
|  | 1927                             | 1926   | 1927          | 1926   |
| Earning Assets per \$1 of Capital Funds .....        | \$8.37                           | \$8.38 | \$6.40        | \$6.51 |
| Net Profits per \$100 of Capital Funds .....         | 7.75                             | 8.81   | 8.66          | 8.95   |
| Losses on Loans per \$100 of Loans .....             | .60                              | .72    | .53           | .56    |
| Losses on Investments per \$100 of Investments ..... | .33                              | .29    | .38           | .40    |

### Miscellaneous Comparative Items

|            | Per Cent of Twelfth Federal Reserve District to United States |                |                |              |            |                         |                |
|------------|---|----------------|----------------|--------------|------------|-------------------------|----------------|
|            | Total deposits  | Gross earnings | Total expenses | Net earnings | Net losses | Net addition to profits | Earning assets |
| 1927 ..... | 9.3   | 9.4            | 10.0           | 7.7          | 12.0       | 6.2                     | 9.0            |
| 1926 ..... | 8.9   | 9.3            | 9.8            | 8.0          | 11.9       | 6.7                     | 8.8            |

\*These ratios are based upon data taken from the customary abstracts of reports of condition and of earnings, expenses, and dividends. It should be borne in mind in using them that the statistics employed represent aggregates for all member banks reporting on the various dates, and such ratios as are shown in this table are therefore ratios of aggregates in which figures for large banks have a statistical influence somewhat disproportionate to their number in comparison with the figures for small banks. No adjustments have been made in the underlying data for changes during a given year in the number of banks whose reports underlie the statistics, since the figures presented are for sufficiently large groups that the results appear not to be appreciably affected by these changes.

†Total losses charged off less recoveries on assets previously charged off.

‡Averages of amounts from reports of condition for four call dates (Dec. 31, 1925, to Dec. 31, 1926), and for five call dates (Dec. 31, 1926, to Dec. 31, 1927).

§Capital surplus and undivided profits less reserves for taxes, interest, etc., accrued.