

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. 10

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

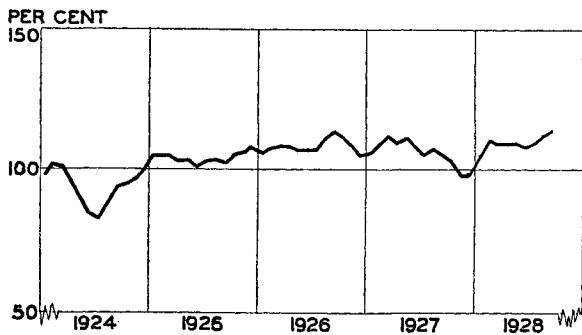
Volume of production and distribution of commodities increased seasonally in September and was larger than a year ago. There was a further advance in the general price level. Loans of member banks in leading cities increased in September and October in response to the seasonal demand for commercial credit.

Production. Industrial production increased further in September and the output of manufactures was in larger volume than in any previous month. Factory employment and payrolls also increased. Production of iron and steel and of automobiles was unusually large during September and October, although there has recently been some curtailment of operations in these industries. There were also increases in September in the activity of the textile, meat packing, and tire industries and in the output of coal, petroleum, and copper, while lumber production showed a decline. Building contracts awarded, after declining in volume for three months increased considerably in Sep-

tember and exceeded all previous records for that month. The increase was due chiefly to certain large contracts for industrial plants and subway construction. During the first three weeks of October awards exceeded those for the same period last year, the excess being especially large in the eastern district.

United States Department of Agriculture estimates of this year's crop yields indicate that the production of all crops in the aggregate will exceed last year's output by about 5 per cent. The corn crop is estimated at 2,903,000,000 bushels, or 5 per cent above last year's production. The October 8 estimate indicated a cotton crop of 13,993,000 bales, or 446,000 bales less than was forecast on September 8, compared with a yield of 12,955,000 in 1927.

Trade. Department store sales increased considerably in September and were larger than a year ago, reflecting, in part, the influence of cooler weather. Inventories of department stores at the end of the month were smaller



INDUSTRIAL PRODUCTION
Index number of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average = 100).
Latest figure, September, 114.



WHOLESALE PRICES
Index of United States Bureau of Labor Statistics (1926 prices = 100, base adopted by Bureau). Latest figure, September, 100.1.

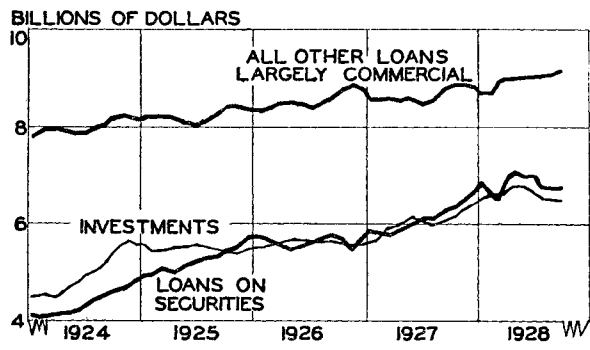
Requests for early numbers of this Review have been received from universities and libraries whose files of the publication are incomplete. It would be appreciated if those readers who have available copies of the Review for months prior to January, 1923, would forward them to the Federal Reserve Agent, Federal Reserve Bank, San Francisco.

than on the same date of last year. Wholesale distribution in all leading lines, except meats, was somewhat smaller than in September, 1927. Freight carloadings showed more than a seasonal increase in September and continued large in October. Shipments of miscellaneous commodities in recent weeks have continued in larger volume than in previous years.

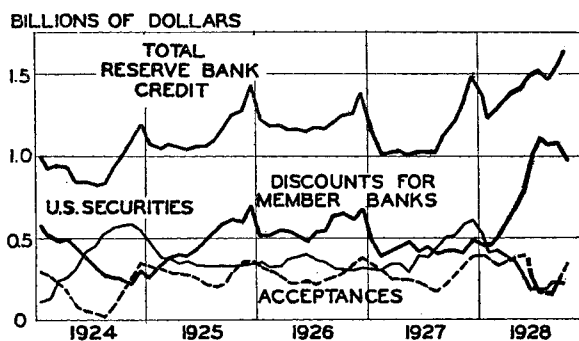
Prices. Wholesale commodity prices increased further in September and the Bureau

middle of September and the middle of October, reflecting seasonal activity in trade and marketing of crops. There was also a growth in loans to brokers and dealers in securities, though total loans on securities of reporting member banks showed little change.

During the four weeks ending on October 24, a growth of about 40 million dollars in the total volume of reserve bank credit in use was due chiefly to continued increase in the demand for



MEMBER BANK CREDIT
Monthly averages of weekly figures for banks in 101 leading cities.
Latest figures are averages for the first three weeks in October.



RESERVE BANK CREDIT
Monthly averages of daily figures for 12 Federal Reserve Banks.
Latest figures are averages for first 17 days in October.

of Labor Statistics' index advanced to 100.1 per cent of the 1926 average. Increases, which were largest in farm products and foods, occurred in nearly all groups except hides and leather and textiles, which showed slight declines. Since the latter part of September, there have been decreases in the prices of livestock and meats, grains, wool, and hides, and increases in cotton, silk, rubber, and iron and steel.

Bank Credit. Demand for bank credit for commercial purposes increased between the

currency, offset in part by a small inflow of gold from abroad. Reserve bank holdings of acceptances increased by about 140 million dollars during the period, while the volume of discounts for member banks declined by about 100 million dollars. United States security holdings remained practically unchanged.

Open market rates on commercial paper and on bank acceptances remained unchanged between the middle of September and latter part of October, while rates on security loans declined during the later month.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

A generally satisfactory agricultural outlook, a large volume of trade, well sustained industrial activity, and an ample supply of credit are the chief features of the present business situation in the Twelfth Federal Reserve District.

Aggregate production of the District's farms and ranges during 1928 has approximated that of a year ago, and, with the exception of a few specialized crops, market conditions have been satisfactory. The livestock industry has achieved a particularly favorable position.

The volume of trade transacted during September, 1928, was at seasonally high levels and exceeded that of a year ago. Current trade conditions reflect a generally satisfactory employment situation and seasonal expansion in buying power of agricultural communities.

Industrial operations, excepting building,

have been somewhat more active during recent weeks than either one month or one year ago. Improvement in those industries such as copper mining, lumbering, and petroleum production and refining, which have co-operatively achieved a partial regulation of output, has been noteworthy.

An increased demand for the ample supply of credit available to commerce and industry was evident during early October, although the total volume of commercial loans extended by member banks of the District was lower than during early September. Total loans on securities at these banks increased throughout September and the first half of October, reflecting, in part, increased activity in security markets. Discounts at the Reserve Bank have decreased since reaching a high point on September 5.

Agriculture

The continued absence of autumn rains in the Twelfth District has favored late harvesting operations but has hindered both the fall sowing of wheat and the growth of forage on livestock ranges. Crop production estimates for 1928, made by the United States Department of Agriculture as of October 1, tend to confirm previous forecasts of an aggregate yield of the District's principal crops equal to that of 1927.

The yield per acre of wheat and barley harvested in the District has been slightly larger than was anticipated earlier in the crop season and October 1 production estimates were 3.5 per cent higher for wheat and 4.1 per cent higher for barley than the August 1 forecast. A decrease in exports of Pacific Northwestern wheat during the present season has been offset to some extent by increased domestic shipments to midwestern states, but the proportion of the crop marketed thus far is estimated to be lower than the average for like periods of recent years.

EXPORTS OF WHEAT AND BARLEY

	July 1 — September 30		Three-Year Average (1925-1927)
	1928	1927	
Wheat (bushels)			
Puget Sound	1,683,200	2,348,567	2,130,739
Columbia River	7,580,971	15,042,101	9,899,532
Total	9,264,171	17,390,668	12,030,271
Barley (bushels)			
San Francisco	4,529,945*	4,408,765	5,037,336

*Subject to revision.

Aggregate production of the principal field crops grown in the District is reported to be somewhat smaller this year than in 1927. On the basis of the present estimates beans, potatoes, rice, tame hay, and sugar beets show decreases of 10.7, 2.0, 23.0, 6.0, and 18.4 per cent, respectively, from one year ago, while hops and cotton show increases of 6.7 and 48.1 per cent,

PRODUCTION*—Field and Grain Crops

	Preliminary Estimate Oct. 1, 1928	Actual 1927	Five-Year Average (1923-1927)
Beans (bushels)			
California, Idaho	5,835	6,531	5,811
United States	15,896	16,891	17,134
Cotton (bales)			
Arizona, California	277	187	199
United States	13,993	12,955	14,160
Hay, Tame (tons)			
Twelfth District	14,770	15,712	15,144
United States	92,688	106,219	93,153
Hops (pounds)			
California, Oregon, Wash. ...	31,810	29,794	27,462
United States	†	†	†
Potatoes (bushels)			
Twelfth District	49,594	50,602	38,393
United States	463,722	406,964	383,526
Rice (bushels)			
California	6,901	8,960	6,356
United States	38,833	44,339‡	36,118
Sugar Beets (tons)			
California, Idaho, Utah.....	1,252	1,534	1,636
United States	6,758	7,753	7,458
Barley (bushels)			
Twelfth District	48,088	41,147	40,244
United States	350,593	264,392	208,722
Wheat (bushels)			
Twelfth District	124,595	133,754	110,250
United States	903,865	872,595	808,196

*In thousands, †United States commercial production of hops originates in California, Oregon, and Washington. ‡Revised. Source: United States Department of Agriculture.

respectively. The final outturn of these crops will depend largely upon weather conditions during the next few weeks.

Harvesting of the District's deciduous fruit crops, excepting apples in the Pacific Northwest and grapes in California, is now finished. Shipments of grapes from California have totaled 57,003 carloads for the season to October 22, 1928, compared with a cumulative seasonal movement of 63,647 carloads up to October 22, 1927. On October 1, the Department of Agriculture's estimate of the 1928 grape crop in California was reduced 27,000 tons from the September 1 forecast and now stands at 2,300,000 tons. The 1927 crop was 2,406,000 tons. Sales of California grapes at Eastern auction markets during the current season have brought smaller unit returns than one year ago. Similarly, Pacific Northwestern apples have sold at prices approximately 75 cents per box lower than last year.

APPLES—Twelfth District and United States

Commercial Production (In thousands of bushels)	Forecast	Actual	Five-Year
	Oct. 1, 1928	1927	Average (1923-1927)
California	7,083	4,656	4,972
Idaho	3,771	5,400	4,005
Oregon	4,284	2,925	4,363
Utah	585	402	584
Washington	30,483	22,302	24,377
Total	46,206	35,685	38,301
United States	100,449	77,700	97,328

Shipments (In carloads)	June 1 — September 30		Five-Year Average (1923-1927)
	1928	1927	
California	3,366	1,670	2,313
Idaho	1,099	656	846
Oregon	519	190	530
Utah	57	4	54
Washington	4,566	3,124	4,622
Total	9,607	5,644	8,365

Source: United States Department of Agriculture.

The citrus fruit crop now on the trees in California is reported to be in excellent condition and a large yield is anticipated. Shipments of oranges from California totaled 44,793 carloads between November 1, 1927, and October 1, 1928. During the same period of the 1926-1927 crop season 54,517 carloads were shipped.

Protracted dry weather in the Intermountain livestock range territory has retarded the growth of fall and winter forage, and caused a shortage of water in some stock raising sections. Livestock are reported to be in poorer condition than either one month or one year ago. Desert ranges in Idaho, Nevada, and Utah which are used for winter grazing purposes have produced a short crop of feed this year. The supply of supplementary feed crops (chiefly hay) grown in these areas, however, approximates that of a year ago, except in Idaho, where the hay crop is reported to be 12 per cent smaller in volume than in 1927.

The fall movement of cattle to the principal livestock markets in the District has not been so heavy as a year ago but probably represents a larger proportion of the stock on ranges than

was marketed in the fall of 1927. Cattlemen are selling most of their marketable stock at present profitable prices, and restocking of herds is proceeding at a slower rate than usual.

The movement of range lambs to market has continued heavier than in 1927. Unsatisfactory summer feed conditions are reflected in the large proportion of thin (feeder) lambs which have thus far arrived at livestock markets. Sheepraisers are reported to be retaining large numbers of ewe lambs for breeding purposes.

Figures showing the receipts of livestock at the principal markets in the Twelfth District follow:

	LIVESTOCK RECEIPTS—PRINCIPAL MARKETS Twelfth District			
	1928		1927	
	September	Jan. - Sept. Inclusive	September	Jan. - Sept. Inclusive
Cattle	76,504	624,281	88,863	721,450
Calves	15,686	141,638	20,205	178,132
Hogs	144,575	1,889,515	142,762	1,575,799
Sheep	520,910	3,022,978	365,302	2,722,140

Cattle sold on Pacific Coast markets during September and early October have brought higher prices than were paid either one month or one year ago. Sheep prices at the same markets, although higher during September than a year ago, declined slightly during October. Hog prices declined slightly during September but remained at higher levels than in September, 1927.

Industry

Industrial activity in the Twelfth Federal Reserve District was well maintained during September. The mining industry was particularly active, being stimulated by a strong demand for copper which brought about a substantial increase in production of this metal. Petroleum production was also well maintained during the month, while lumber and flour production increased more than seasonally. This Bank's seasonally adjusted index of freight carloadings of industrial commodities stood at 109 (1923-1925 daily average = 100) in September, 1928, as compared with 118 in August, 1928, and 108 in September, 1927. A salient feature of the industrial situation during the first three quar-

(A) Industry—

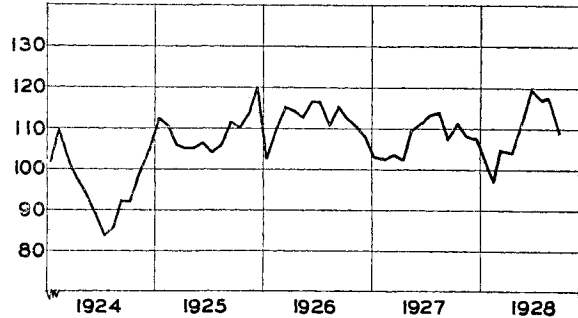
Indexes of daily average production, adjusted for seasonal variation.
(1923-1925 daily average = 100)

	1928			
	Sept.	Aug.	July	Sept.
Manufactures:				
Flour	108	98	88	98
Slaughter of Livestock	84*	89	89	97
Lumber	116*	108	102	112
Refined Mineral Oils†	159	161	158	153
Cement	117	128	105	111
Wool Consumption .....	..	75	66	97
Minerals:				
Petroleum (California)†	96	95	97	96
Copper (United States)‡	121	115	113	104
Lead (United States)‡ .....	..	108	97	111
Silver (United States)‡	79	82	84	90
General:				
Carloadings§	109	118	117	108

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

ters of 1928 has been the stability of both output and prices in those industries which are sufficiently well organized to achieve at least partial regulation of production.

INDEX NUMBERS



CARLOADINGS OF "OTHER THAN MERCHANDISE AND MISCELLANEOUS FREIGHT"—TWELFTH DISTRICT
Index adjusted for seasonal variation; 1923-1925 daily average = 100.
Latest figure, September, 109.

Employment increased somewhat more than seasonally during September, although in most instances the demand was well balanced by the available supply. A shortage of women canner workers was reported from some sections of Oregon, and an acute shortage of cotton pickers in the Salt River Valley in Arizona has recently developed. Highway work and heavy construction begun during August, and agricultural operations which were being rushed to take advantage of good weather, furnished employment to large numbers of men. During September there was a general advance in wages in the copper mining industry, averaging approximately 10 per cent for all classes of labor.

Lumber production increased during September, particularly in Washington and Arizona. A firm demand from the Middle West and some orders for local needs, together with the seasonal elimination of fire hazard, were the

(B) Employment—

Industries	California			Oregon		
	No. of Firms	No. of Employees Sept., 1928	Sept., 1927	No. of Firms	No. of Employees Sept., 1928	Sept., 1927
All Industries	762	167,927	164,943	155	31,875	29,627
Stone, Clay and Glass Products ..	45	6,796 (1.8)	7,178	5	269 (7.6)	250
Lumber and Wood Manufactures ..	117	27,518 (-5.3)	27,910	56	17,850 (7.6)	16,826
Textiles	18	2,353 (-12.5)	2,690	10	1,875 (-12.7)	2,148
Clothing, Millinery and Laundering ..	63	8,131 (-1.6)	8,263	9*	484 (7.1)	452
Foods, Beverages and Tobacco ..	166	43,722 (-3.9)	45,474	43	5,874 (38.7)	4,236
Water, Light, and Power	4	3,995 (17.8)	3,390	..	..	..
Other Industries† ..	334	73,165 (8.0)	67,738	..	..	..
Miscellaneous	15	2,247 (-2.3)	2,300	32	5,523 (-3.4)	5,715

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

chief factors accounting for increased activity. This Bank's seasonally adjusted index of lumber production rose to 116 (1923-1925 daily average = 100) during September, 1928, according to preliminary estimates. It stood at 108 in August, 1928 (revised estimate) and 112 in September, 1927. Shipments and orders are again running slightly ahead of production. Many of the orders received are highly detailed and call for well-seasoned lumber for immediate delivery, making it difficult for some mills to meet buyer's specifications.

Building activity during the first nine months of 1928 has been at substantially lower levels than during the same period in 1927. The total value of building permits issued in 92 cities of the Twelfth Federal Reserve District, as reported by S. W. Straus and Company, was 11 per cent smaller than a year ago. The value of engineering and heavy construction contracts awarded during the first three quarters of 1928 also declined markedly as compared with the same period in 1927. Figures reported by the Engineering News Record for the far-western district show a decrease of 14 per cent. Awards of building permits and construction contracts declined sharply during September.

Petroleum output in California during September, 1928, was larger than during August, 1928, and at approximately the same rate as in September, 1927. This Bank's index of daily average production of petroleum stood at 96 (1923-1925 daily average = 100) in September, 1928, and September, 1927, and 95 in August, 1928. Although daily average production for September was high, the end of the month witnessed a substantial recession in production.

Producers have continued their program of restrained production so that surface stocks may be kept at present relatively low levels during the winter, when demand is seasonally light.

Copper production at the end of September had reached the highest level since December, 1918, and approximated sales for the first time in recent months. As a result, stocks of copper on hand are estimated to have changed little since the end of August. Orders for both foreign and domestic delivery were in large volume. Preliminary estimates indicate that there was some increase in lead production during September, and quicksilver mining in California and Arizona was active. Output of silver and zinc was well below the levels of the previous month and of a year ago.

The volume of wheat ground at District flour mills increased more than seasonally during September. This Bank's seasonally adjusted index of flour production advanced to 108 (1923-1925 daily average = 100) as compared with 98 in August, 1928, and September, 1927. Stocks of flour on hand at the middle of the month were 3 per cent smaller than at the middle of September, 1927. Both domestic and foreign shipments were reported to be somewhat larger during the past month than in August.

Trade

Trade continued in large volume during September, 1928, and was larger than during September, 1927, despite the fact that there was one less trading day in September of this year than in September a year ago. The greatest increases in trade activity were reported from Oakland, California; Seattle, Washington; and Salt Lake City, Utah.

Total carloadings in the District declined during the month, contrary to the usual seasonal movement, due chiefly to lighter loadings of lumber, and merchandise and miscellaneous freight in California, but were larger than in September, 1927. This Bank's seasonally adjusted index of merchandise and miscellaneous

(C) Bank Debits*

	Sept., 1928	Sept., 1927	First Nine Months	
			1928	1927
Bakersfield	\$ 12,484	\$ 12,946	\$ 124,686	\$ 116,141
Bellingham	10,061	9,880	90,687	87,907
Berkeley	20,862	21,242	195,913	190,677
Boise	17,181	14,751	134,042	119,344
Eugene	7,629	7,481	66,715	67,015
Everett	13,533	13,243	121,791	114,231
Fresno	43,662	49,876	306,034	343,178
Long Beach	52,392	43,383	489,437	439,761
Los Angeles	1,023,494	859,094	9,459,502	8,274,011
Oakland	232,593	214,163	2,203,469	1,973,467
Ogden	23,117	21,840	162,158	155,757
Pasadena	36,888	33,813	363,668	363,699
Phoenix	31,724	23,837	304,320	239,093
Portland	185,900†	181,023	1,582,662‡	1,501,103
Reno	11,690	10,567	88,182	84,467
Ritzville	1,230	1,499	9,094	7,946
Sacramento	55,107	46,247	445,547	337,098
Salt Lake City	76,215	68,707	661,188	614,032
San Bernardino	8,499	10,033	94,075	91,235
San Diego	56,487	57,415	562,498	551,174
San Francisco	1,474,532	1,283,350	13,764,136	10,798,876
San Jose	28,432	27,264	251,306	232,102
Santa Barbara	14,131	13,148	125,309	120,868
Seattle	239,756	240,852	2,188,258	1,914,746
Spokane	56,547	59,425	504,937	493,513
Stockton	28,115	29,233	262,973	250,919
Tacoma	46,731	45,835	410,129	405,298
Yakima	17,108	14,460	118,921	109,057
District	\$3,826,100†	\$3,414,607	\$35,091,637‡	\$29,996,715

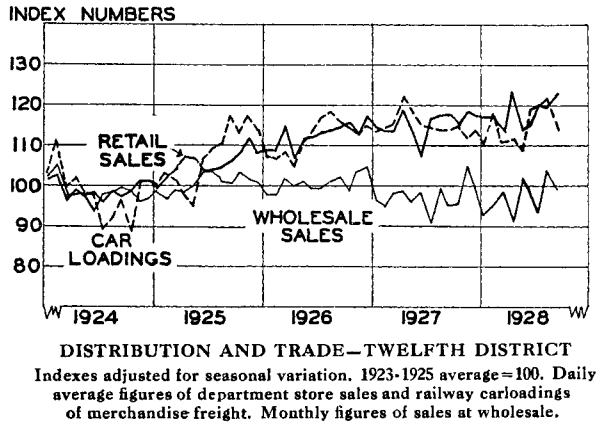
*In thousands. †Includes \$16,629,000 at four banks not reporting prior to week ended May 2, 1928. ‡Includes \$86,200,000 at four banks not reporting prior to week ended May 2, 1928. §Revised.

(D) Distribution and Trade—

	1928			1927
	Sept.	Aug.	July	
Carloadings, Total†	114	122	120	111
Carloadings, Merchandise and Miscellaneous†	118	124	122	114
Sales at Wholesale‡	99	103	93	98
Sales at Retail†	123	120	120	117
Stocks, Retail§	109	107	109	110
Sales of New Automobiles||				
Passenger Cars	110	115	103	84
Commercial Vehicles	119	121	102	95
Stock Turnover, Retail¶	.25	.27	.22	.25
Collections, Retail#				
Regular	45.3	45.1	45.0	44.4
Installment	15.8	17.1	15.3	16.0

*Adjusted for seasonal variations, 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.

freight carloadings stood at 118 (1923-1925 daily average = 100) in September, 1928; 124 in August, 1928; and 114 in September, 1927. The decrease from last month in merchandise and miscellaneous carloadings in California was the result of decreased shipments of building materials and agricultural products other than grains.



Sales at retail of 150 department, apparel, and furniture stores were one per cent larger in September, 1928, than in September, 1927. During the first three quarters of 1928, such sales were 2 per cent larger than during the first three quarters of 1927. The seasonally adjusted index of daily average sales of 28 department stores compiled by this Bank advanced to 123 (1923-1925 average = 100) in September, 1928, as compared with 120 in August, 1928, and 117 in September, 1927. Stock on hand at 27 department stores increased more than seasonally during September, but at the end of the month was one per cent smaller than a year ago.

RETAIL TRADE—Twelfth District

	NET SALES*		STOCKS* Sept., 1928, compared with Sept., 1927
	Sept., 1928, compared with Sept., 1927	Jan. 1 to Sept. 30, 1928, compared with Jan. 1 to Sept. 30, 1927	
	Department Stores†... 1.4 (67)	2.2 (61)		-2.0 ( 52)
Apparel Stores..... 6.4 (28)	1.3 (23)	-1.8 (14)	
Furniture Stores..... -2.0 (53)	-2.0 (43)	-6.9 (33)	
All Stores..... 1.3 (150)	1.7 (128)	-2.7 (101)	

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

Total monthly sales of 238 firms in eleven lines of wholesale trade decreased during September, contrary to the usual seasonal movement, but were about 2 per cent larger than during September a year ago. While the influence of the number of trading days in a month upon total sales for that month is not so great in the case of wholesale trade as in the case of retail trade, the absence of one trading day undoubtedly does affect volume of sales and, if allowance were made for this factor, sales at wholesale during September, 1928, would probably show a more substantial increase over sales of a year ago than is shown by the unadjusted fig-

ures. This factor probably also accounts for part of the decrease in sales from last month. This Bank's seasonally adjusted index of sales of 146 wholesale firms stood at 99 (1923-1925 monthly average = 100) in September, 1928; 103 in August, 1928; and 98 in September, 1927. No allowance is made in this index for the varying number of trading days during different months. Stocks held by wholesalers averaged practically the same at the end of September this year as a year ago. Wholesale grocers report that accounts are being paid more rapidly than a year ago, but most other lines of wholesale trade show collections barely equal to or below September, 1927.

Sales of new automobiles, both passenger cars and commercial vehicles, declined throughout the District by more than the usual seasonal amount. The seasonally adjusted index of passenger car sales in the District stood at 110 (1923-1925 daily average = 100) in September, 1928; 115 in August, 1928; and 84 in September, 1927, and for commercial car sales at 119 in September, 1928; 121 in August, 1928; and 95 in September, 1927.

Prices

The United States Bureau of Labor Statistics' index of wholesale prices of 550 commodities advanced from 98.9 (1926 monthly average = 100) in August to 100.1 during September, the first time this index has reached 100 since June, 1926. Higher prices for farm products and for foods were chiefly responsible for the advance in the general index.

Wheat quotations advanced moderately in late September and have held fairly steady since then, although some weakening in prices was recorded at mid-October. Prices for raw cotton likewise advanced after the sharp drop on September 10 and have fluctuated within comparatively narrow limits since the latter part of that month.

Livestock prices were at relatively high levels throughout September, although their trend was downward. Toward the close of the month quotations for hogs declined sharply, and early in October cattle and lamb prices moved downward, but recovered most of their loss before the middle of the month.

No change of importance has occurred in prices of dried or canned fruits during recent weeks. Marketing of fresh grapes was in large volume during September and the first half of October, but at prices considerably lower than a year ago.

Copper and lead prices were steady during early October following the September advance. Zinc prices have remained unchanged, and silver has fluctuated within narrow limits without showing any definite trend.

Banking and Credit

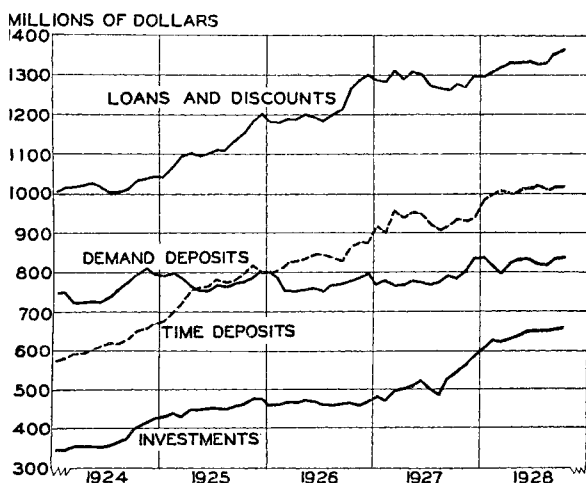
The banking and credit situation in the Twelfth Federal Reserve District during September and the first half of October has reflected a maintenance of activity in the general business field. There was some reduction in the volume of commercial loans at reporting member banks during September, but this reduction was partially offset by increases during the first weeks of October. On October 17, these loans amounted to 973 million dollars compared with 986 million dollars on September 12 and 946 million dollars on October 19, 1927. Loans on securities at reporting banks expanded throughout the period under review and on October 17 totaled 389 million dollars compared with 367 million dollars on September 12 and 335 million dollars on October 19, 1927. Investment holdings showed a net increase of 20 million dollars during the five weeks from September 12 to October 17, of which 18 million dollars was in United States securities, representing subscriptions by the banks for United States Treasury certificates issued during September and October. Deposits of reporting member banks

district, and in part of Reserve Bank purchases of acceptances in local markets.

Changes in demand for credit at the **Federal Reserve Bank of San Francisco** during this period were the result almost wholly of changes in amounts borrowed by city member banks, and grew out of Treasury financing operations and the interdistrict flow of funds. These city member banks purchased from the Treasury approximately 45 million dollars of United States securities issued in mid-September and 18 million dollars issued in mid-October, giving the United States government deposit credits for these amounts. The United States Treasury withdrew 45 million dollars of these deposits during the month. In order to meet these withdrawals the member banks disposed of approximately an equal amount of United States securities. As a partial result of the disposal of these securities there was a net inflow of funds into the District for member bank account (including the account of non-member clearing banks) of 36 million dollars. Member banks were thus able to meet the Treasury's demands and, aided by purchase of 7 million dollars of acceptances by the Reserve Bank and a slight reduction in demand for currency they were also able to reduce their borrowings at the Reserve Bank by 23 million dollars, and to increase their reserve balances by 2 million dollars.

The effects of these movements upon the condition of the Federal Reserve Bank of San Francisco were as follows:

1. Total deposits (chiefly member bank balances) were increased 2 million dollars.
2. Earning assets (chiefly member bank borrowings) were reduced 19 million dollars.
3. Cash and currency other than Federal reserve notes, amounting to 4 million dollars was paid into circulation, and circulation of Federal reserve notes was reduced by 5 million dollars, the net result being a decrease of about one million dollars in the amount of currency in circulation in the District.
4. Cash reserves of the Federal Reserve Bank of San Francisco increased 14 million dollars, transfers of funds into the District from other parts of the United States amounting to 36 million dollars being partially offset by Treasury transfers out of the District amounting to 19 million dollars and the payment into circulation of 4 million dollars in cash and currency other than Federal reserve notes.



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

showed little net change between mid-September and mid-October. Their borrowings from the Reserve Bank, over the period as a whole, declined 22 million dollars, a reflection, in part, of their subscriptions to United States securities, in part of an inflow of funds into the Dis-

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

	Condition			
	Oct. 17, 1928	Sept. 26, 1928	Sept. 12, 1928	Oct. 19, 1927
Total Loans and Investments..	2,027	2,009	1,998	1,828
Total Loans	1,362	1,349	1,353	1,281
Commercial Loans	973	966	986	946
Loans on Securities.....	389	383	367	335
Investments	665	660	645	547
Net Demand Deposits	851	824	853	794
Time Deposits	1,013	1,018	1,016	933
Borrowings from Federal Reserve Bank	71	58	93	35

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

	Condition			
	Oct. 17, 1928	Sept. 26, 1928	Sept. 12, 1928	Oct. 19, 1927
Total Bills and Securities	132	120	151	95
Bills Discounted	76	64	99	42
Bills Bought	40	39	33	7
United States Securities.....	16	17	19	46
Total Reserves	251	262	238	280
Total Deposits	197	190	195	187
Federal Reserve Notes in Circulation	169	170	174	171

Earnings and Expenses of Member Banks in Twelfth District

Analysis of Costs and Earnings of Non-Branch Operating Banks During 1927.

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

	Twelfth District*	California	Idaho	Oregon	Utah	Washington
Number of Banks	620	213	73	148	128	45
Amount per \$100 of Earning Assets						
Total Earnings	\$6.77	\$6.72	\$6.44	\$7.52	\$6.65	\$6.88
Interest Earned	5.91	5.89	5.74	6.67	5.91	5.98
Other Earnings .....	.86	.82	.69	.85	.73	.89
Total Expenses	5.00	4.97	4.75	5.61	4.78	5.08
Salaries and Wages	1.65	1.64	1.50	1.90	1.70	1.54
Interest and Discount on Borrowed Money .....	.08	.08	.11	.15	.04	.08
Interest on Deposits	2.03	2.08	2.03	2.11	1.96	2.23
All Other Expenses	1.23	1.21	1.11	1.44	1.07	1.22
Net Earnings	1.77	1.75	1.68	1.91	1.86	1.80
Net Losses .....	.82	.70	.65	1.56	.83	.99
Net Addition to Profits .....	.95	1.05	1.03	.35	1.03	.81
Dividends Declared .....	.73	.74	.73	.34	.65	.71
Amount per \$100 of Earnings						
Interest Earned	87.36	87.73	89.23	88.72	83.95	86.99
Other Earnings	12.64	12.27	10.77	11.28	11.05	13.01
Total Expenses	73.79	73.04	73.84	74.58	71.94	73.83
Salaries and Wages	24.41	24.40	23.28	25.29	25.64	22.46
Interest and Discount on Borrowed Money	1.24	1.25	1.78	2.03	.66	1.18
Interest on Deposits	29.93	30.22	31.54	28.07	29.56	32.48
All Other Expenses	18.21	18.07	17.24	19.19	16.09	17.72
Net Earnings	26.21	26.06	26.15	25.42	28.06	26.17
Net Losses	12.19	10.46	10.19	20.80	12.49	14.37
Net Addition to Profits	14.02	15.50	15.96	4.62	15.57	11.80
Dividends Declared	10.79	10.95	11.34	4.46	9.77	10.27

Other Operating Ratios

(Amount per \$100)

	Twelfth District*	California	Idaho	Oregon	Utah	Washington
Earning Assets to Invested Capital	\$724.82	\$721.86	\$665.07	\$752.76	\$804.90	\$701.16
Profits to Invested Capital	6.89	7.40	6.84	2.62	7.21	5.69
Interest on Deposits to Gross Deposits	2.11	2.13	2.29	1.93	1.90	2.34
Time Deposits to Gross Deposits	38.54	38.59	34.00	36.32	46.16	40.05
Losses on Loans to Total Losses	58.68	62.47	64.19	68.74	61.33	38.64
Losses on Securities to Total Losses	12.10	13.72	14.67	4.69	15.78	31.70
Other Losses to Total Losses	29.22	23.81	21.14	26.57	22.89	29.65

Miscellaneous Comparative Items

EARNING ASSETS—JUNE 30, 1927

	Twelfth District	Arizona	California	Idaho	Nevada	Oregon	Utah	Washington
Per Cent of Member Banks to All Banks	72.67	80.77	73.85	69.88	42.80	77.51	53.69	69.53
Per Cent of Member Banks in Each State to All Member Banks in the District	100.00	1.05	78.02	1.73	.52	6.61	2.54	5.53

*Includes figures for Arizona and Nevada which are not shown separately because of small numbers of banks included.

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. Data are only for member banks for which complete condition reports for every call in a particular year were available. Where reports for any bank were not complete during any year all figures for that bank were omitted.