

# Monthly Review



FEDERAL RESERVE BANK OF SAN FRANCISCO

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## RETAIL CREDIT SURVEY, 1946—TWELFTH DISTRICT

**R**ETAIL credit during 1946 increased substantially in dollar volume for nine lines of retail trade in the Twelfth Federal Reserve District. This rise resulted from an increased flow of goods, from relaxation of credit restrictions under Regulation W, and from a higher level of prices. As a ratio to total sales, however, increases in credit sales were smaller than might have been expected. At the same time inventories and accounts receivable of retail establishments increased substantially over 1945. Despite the need for increased funds to finance the expansion of inventories and to carry a larger amount of accounts receivable, the liquidity position of retailers in most lines in the Twelfth Federal Reserve District did not decline significantly.

### Increase in total sales

In 1946, especially during the latter part of the year, deliveries of consumer goods reached a high level, with durable goods becoming available in substantial quantities. This greater availability of merchandise, combined with a high level of income and a large backlog of spendable funds in consumers' hands, resulted in a considerable expansion of retail sales. The increase was smallest—roughly ten percent—for men's clothing stores and women's apparel stores, but sales doubled in household appliance stores and auto tire and accessory stores.

### Sales by type of payment

The ratio of cash sales to total sales declined a little during 1946 for seven of the nine groups of stores surveyed. This drop, although slight, reverses the trend of the war and postwar period. As war production expanded, higher consumer incomes, plus controlled prices

and fewer consumer goods made possible a larger proportion of cash sales. During 1946, on the other hand, consumer goods became more widely available, and prices rose faster than consumer incomes. Nevertheless, credit sales did not rise as much as might have been expected in view of higher prices and the greater supply of consumer goods and services; and the cash sales ratio remained well above prewar levels. For two of the lines surveyed, in fact—automobile dealers and automobile tire and accessory stores—the cash sales ratio rose during 1946. In household appliances, hardware, and jewelry stores, however—three of the four lines where less than half of the 1946 sales were for cash—the relative decline in cash sales was fairly pronounced.

For all lines except men's clothing stores, where instalment sales declined, the dollar volume of instalment sales was considerably greater in 1946 than in 1945. In four lines the ratio of instalment sales to total sales also increased. In five lines, however, regular charge sales increased more than instalment sales.

### Receivables

In all types of stores accounts receivable increased substantially during 1946. For the most part this reflected a growing volume of business rather than markedly reduced collections. A slight drop in collection ratios was evident in department stores, furniture stores, men's clothing stores, jewelry stores, and women's apparel stores.

Instalment receivables showed a larger dollar increase for all lines (except men's clothing stores) than did regular charge receivables. This was true despite the fact that in some lines the rate of increase for regular charge sales was greater than the rate for instalment sales.

TABLE 1—RETAIL SALES BY TYPE OF PAYMENT—TWELFTH DISTRICT  
1946 compared with 1945

Kind of Store	Number of Stores Reporting	Cash Sales		Regular Charge Sales			Instalment Sales			
		Percent Change	Ratio to Total Sales 1946	Ratio to Total Sales 1945	Percent Change	Ratio to Total Sales 1946	Ratio to Total Sales 1945	Percent Change	Ratio to Total Sales 1946	Ratio to Total Sales 1945
Automobile dealers	76	+163	57	44	+ 69	21	25	+ 51	22	31
Auto tire & accessory	242	+ 58	73	71	+ 28	21	25	+133	6	4
Department	103	+ 7	58	65	+ 44	39	33	+ 59	3	2
Furniture	87	+ 34	28	30	+ 66	40	36	+ 40	32	34
Hardware	27	+ 15	45	52	+ 57	52	45	+ 32	3	3
Household appliance	19	+ 58	46	59	+160	33	25	+161	21	16
Jewelry	39	+ 13	44	53	+ 33	4	4	+ 63	52	43
Men's clothing	28	+ 3	65	71	+ 38	34	28	- 4	1	1
Women's apparel	24	- 8	52	60	+ 29	47	39	+ 13	1	1

TABLE 2—ACCOUNTS RECEIVABLE OF RETAIL ESTABLISHMENTS—TWELFTH DISTRICT  
1946 compared with 1945

Kind of Store	Number of Stores Reporting	Percent Change in Total Receivables	Regular Charge Receivables— Ratio to Total Receivables		Instalment Receivables— Ratio to Total Receivables			
			Percent Change	1946	1945	Percent Change	1946	1945
Automobile dealers .....	76	+ 54	+48	44	46	+ 59	56	54
Auto tire & accessory .....	242	+ 45	+13	64	83	+196	36	17
Department .....	103	+ 80	+79	90	90	+ 82	10	10
Furniture .....	53	+ 49	+43	25	25	+ 50	75	75
Hardware .....	27	+ 55	+53	91	92	+ 72	9	8
Household appliance .....	17	+147	+77	48	67	+288	52	33
Jewelry .....	38	+ 87	+18	6	10	+ 94	94	90
Men's clothing .....	28	+ 65	+66	98	98	+ 40	2	2
Women's apparel .....	23	+ 43	+42	97	98	+ 52	3	2

### Inventories

For the first time since this survey began in 1942, all inventories increased substantially. Their dollar volume reached an all-time high in department and furniture stores. Because most inventories increased more rapidly than sales, most types of stores showed a reduced turnover ratio, though turnover for all lines still remained well above prewar levels. During 1945 most retail lines had very small supplies of goods on hand. Even if a merchant had substantial over-all supplies, some or many of his departments would be understocked. Durable

TABLE 3—RETAIL SALES AND INVENTORIES—TWELFTH DISTRICT  
1946 compared with 1945

Kind of Store	Number of Stores Reporting	Percent Change in Total Sales	Percent Change in Inventories at Retail	Inventory Turnover <sup>1</sup>	
				1946	1945
Automobile dealers .....	107	+110	+ 64	8.8	6.8
Auto tire & accessory .....	247	+ 62	+121	2.7	3.6
Department .....	107	+ 21	+ 83	4.7	7.1
Furniture .....	122	+ 48	+ 88	2.9	3.7
Hardware .....	30	+ 35	+ 40	3.6	3.7
Household appliance .....	35	+101	+ 85	4.0	3.7
Jewelry .....	54	+ 26	+ 27	2.1	2.1
Men's clothing .....	62	+ 14	+ 89	4.4	7.3
Women's apparel .....	39	+ 9	+ 69	5.3	8.2

<sup>1</sup> Sales during year divided by inventories at retail at the end of the year.

goods were almost completely absent, and supplies of the better soft goods were scanty. Such items, when delivered, sold out almost immediately and caused little or no rise in inventories. Accordingly, turnover was unusually high. During 1946, however, goods flowed to retail outlets in sufficient quantity to create a rising volume of sales and also permit significant inventory accumulation, so that turnover rates were reduced.

Most types of stores reported decreased turnover ratios. For automobile dealers and household appliance stores they increased, however; such merchandise, though becoming available in greater quantity, was sold almost at

once. Despite the inventory increases experienced, in terms of sales the supply was lower than at the end of 1945. Jewelry stores reported no change in turnover.

### Financial condition

Larger inventories and accounts receivable required increased funds to finance retail operations during 1946. Three lines—department stores, household appliance stores, and women's apparel stores—were not only able to meet the working capital expansion required but also improved their liquidity position over 1945. This is evident from the increased ratios of current assets to current liabilities reported by these store groups. In order to meet the expansion in inventories and receivables, five lines increased their borrowing from banks and their trade payables; the current assets-current liabilities ratio was therefore reduced. Automobile dealers maintained the same liquidity ratio in 1946 as in 1945.

Even where the ratio of current assets to current liabilities was reduced, changes were small except for automobile tire and accessory stores. From this it would appear that most retailers in the lines included in this survey had a strong financial position at the end of 1946.

TABLE 4—CURRENT ASSETS AND LIABILITIES OF RETAIL ESTABLISHMENTS—TWELFTH DISTRICT  
1946 compared with 1945

Kind of Store	Number of Stores Reporting	Percent Change in Current Assets	Percent Change in Current Liabilities	Ratio of Current Assets to Current Liabilities <sup>1</sup>	
				1946	1945
Automobile dealers ..	107	+61	+ 59	2.5	2.5
Auto tire & accessory ..	202	+55	+182	2.2	4.1
Department .....	40	+14	+ 7	3.0	2.8
Furniture .....	76	+25	+ 64	4.0	5.2
Hardware .....	28	+14	+ 24	4.4	4.8
Household appliance ..	28	+47	+ 42	5.0	4.8
Jewelry .....	52	+21	+ 32	2.3	2.5
Men's clothing .....	26	+15	+ 19	4.5	4.7
Women's apparel ...	28	-12	- 25	2.1	1.8

<sup>1</sup> Year-end.

## THE FRUIT AND VEGETABLE CANNING INDUSTRY, 1946-47 — TWELFTH DISTRICT

ONE OF the few major industries of the District that has continued its war-time expansion is the processing of fruits and vegetables. Dehydration, which was given considerable impetus by the war, has declined to small proportions except in the case of dried fruits. Canning, however, appears to have retained a considerable part of the stimulus given it during the war years by the demands of the armed services for large quantities of

food in compact and concentrated form. In spite of shortages of labor and of tin plate, the canning industry of the District has enlarged its operations in practically every year since 1940, and has put up packs limited only by the availability of raw materials and supplies.

Since the war, the necessity of building up depleted inventories and restocking the normal channels of distribution has provided a new impetus to activity. Estab-

lished concerns have expended considerable sums in enlarging, mechanizing, and modernizing their plants, and new firms have entered the industry. This additional capital investment and the resulting increased competition have broadened both the commercial and the physical basis of the industry.

**The 1946 season highly successful**

The fruit and vegetable canning industry of the District experienced in 1946 one of the busiest and most profitable seasons in its history. Favorable weather resulted in unusually large harvests of most fruits and vegetables. Greater warehouse capacity for storage and control of raw materials, expanded manufacturing facilities, increased plant mechanization, and improved labor supply, all contributed to the large packs. New high records were established for a number of staple products as well as for the fruit and vegetable packs as a whole. Good prices were paid to the growers and a very large payroll was disbursed to cannery workers. Threatened labor difficulties did not materialize, at least not on a scale sufficient to hamper the operations of canneries seriously.

The total 1946 production of canned fruits and vegetables reported by trade sources in California, Oregon, Washington and Utah, exclusive of citrus products, olives, and some minor specialties, was almost 113 million cases. In 1944, the previous record year, close to 83 million cases were reported. The record of the past five seasons for this group of states was as follows (in million cases) :

	1942	1943	1944	1945	1946
Canned fruit and berries.....	35.9	28.7	37.2	34.0	52.8
Canned vegetables .....	37.9	42.2	45.6	45.4	60.2
Total (rounded) .....	73.7	70.9	82.7	79.3	113.0

Total production during the war years, 1942-1945, averaged about 76 million cases per year, compared with an average of around 45 or 46 million cases during the decade 1931-1940. The output of canned fruits increased by roughly 25 percent, rising from an average of about 27 million cases per year during the thirties to about 34 million cases in the war years. The production of canned vegetables more than doubled, from an average of about 19 million cases per year during the 1931-1940 period to about 43 million cases in 1942-1945.

**New records set last year for many products**

New high records were established in 1946 for peaches, apricots, mixed fruits, prunes, and cherries, among the canned fruits, and for asparagus and tomato products among the vegetables. The pear and canned pea packs in Oregon and Washington, and the California spinach pack, were also very large by recent standards. The outstanding gain, however, was in tomatoes and tomato products; the total pack aggregated nearly 35 million cases in 1946, as compared with packs of 19 to 24 million cases during the years from 1942 to 1945. Over three-fourths of the entire California vegetable pack of some 41.5 million cases in 1946 consisted of tomatoes and tomato products in one form or another.

The total estimated output of each of the principal canned fruit and vegetable items in the four important producing states of the District for the years 1943 to 1946 is shown in the accompanying table :

PRODUCTION OF CANNED FRUITS AND VEGETABLES IN CALIFORNIA, OREGON, UTAH, AND WASHINGTON, 1943-46

	1946	1945	1944	1943
<b>Fruit packs<sup>1</sup></b>				
Peaches .....	19,243	13,198	13,173	11,081
Apricots .....	10,595	4,105	7,763	1,179
Fruit cocktail .....	7,752	6,035	6,167	5,621
Pears .....	5,256	4,465	4,461	4,572
Prunes .....	3,450	1,606	1,117	1,760
Cherries .....	1,852	1,477	1,008	1,037
Other fruits and berries.	3,288	2,094	2,380	2,400
<b>Vegetable packs<sup>2</sup></b>				
Tomatoes and tomato products .....	34,544	23,453	24,032	20,500
Peas .....	9,701	8,052	8,758	9,968
Asparagus .....	2,990	2,729	2,782	2,301
Spinach .....	3,151	2,651	2,726	2,225
String beans .....	2,757	2,626	2,863	3,298
Other vegetables .....	7,045	5,938	4,413	3,905

<sup>1</sup> California data for all years, and Oregon and Washington data for 1945 and 1946, converted to basis 24 No. 2½ cans. Other data represent actual cases, all grades and sizes.

<sup>2</sup> Actual cases, all grades and sizes.

Source: Canners League of California and Western Canner and Packer.

**National production has also risen sharply**

Producing areas other than the Twelfth District have also greatly increased their output of canned food products in recent years. For the country as a whole, the production of canned fruit and vegetable juices has expanded phenomenally, rising steadily from a level of about 15 million cases in 1934 to almost 115 million in 1946. The output of canned fruits, including pineapple and grapefruit, rose from about 40 million cases in 1934 to 60 million in 1941 and reached 84 million in 1946. The seasonal vegetable pack has experienced greater fluctuation: the national output for 1934 was about 75 million cases, and the peak was attained in 1942 with nearly 170 million cases; the 1946 pack was 150 million cases, second only to that of 1942. The pack of nonseasonal vegetable products, such as dry beans, soups, catsups, and sauces, has grown steadily, from about 62 million cases in 1934 to 146 million in 1946.

The estimated grand total for all canned fruit and vegetable products, including baby foods and other specialties, increased from below 200 million cases in 1934 to nearly 400 million in 1944. The output reached 440 million cases in 1945 and in 1946 soared to 513 million cases.

**1946 packs quickly marketed**

Canners' stocks of fruits and vegetables at the beginning of the 1946 season, carried over from previous packs, were generally low and in some cases virtually nonexistent. Distributors' inventories, both wholesale and retail, were also at a relatively low level, and it is probable that household packs of canned fruit, in particular, were scanty because of the limited supplies of sugar available for home canning. In these circumstances a brisk demand by distributors quickly absorbed a large proportion of the new 1946 packs. Distributors bought heavily of practically all District canned products, in spite of rela-

tively high prices. Although some shipping delays were occasioned by the maritime strikes during the fall of 1946 and by persistent shortages of freight cars, packing cases, and labels, the great bulk of the new packs, particularly of the better grades, rapidly moved into the channels of distribution. Only in the case of a few products, involving chiefly packs of distinctly inferior quality, have the canners experienced any major problem of sales resistance. According to trade reports, the California apricot pack is an instance where an exceptionally large pack was put up last year with perhaps too little attention by some canners to quality of product. The result was to slow down somewhat the rate of market absorption.

#### **Prices to date have held up**

Probably more serious as an element in sales resistance has been the price factor. Ceiling prices of many canned goods were increased by OPA during the 1946 canning season to take account of higher labor and material costs. With the final lapse of price controls in October and November, prices of many fruit and vegetable products were advanced sharply, though with considerable irregularity as between different canners. In a number of instances individual canners set their prices on particular products so high as to provoke resistance and protest by both distributors and consumers. Leading concerns, however, acted with greater restraint.

In spite of the apprehensions of the industry as to the ability of the market to absorb the very large packs of last year, prices of most canned goods have held up reasonably well. Only in the citrus juice and competitive tomato juice lines, where exceptionally large quantities were packed, has there been any serious market weakness. The situation has created uneasiness, however, and there is frequent reference to the disproportionate quantity of unknown labels and off-grade brands that tend to clog the market. Generally speaking, trade margins remain at a high level, and distributors who had overbought seem unwilling to adjust themselves to changing conditions. These two factors, according to cannery

spokesmen, have also tended to slow down sales and to create a market of a hand-to-mouth character.

#### **The 1947 season**

The industry is facing the new season in a much more cautious frame of mind than a year ago, and the volume of the new packs promises to be smaller than last season. In spite of a very heavy movement of canned goods into consumption, considerable stocks in jobbers' and retailers' hands apparently still remain to be sold. The campaign against high retail prices and high living costs is apparently having some effect in unsettling the price structure of the industry, or at least in inducing an attitude of caution on the part of both the canners and the distributors. Contracted acreage is apparently lower for 1947 than it was last year, and instances have been reported of canners, particularly of tomatoes, buying up their contracts with growers.

Canners generally agree that all elements in the industry must cooperate to bring prices down. This would be sought through lower prices to growers, efforts to secure greater efficiency in cannery operations, perhaps some reductions in canners' profit margins, and finally a reduction in distributors' mark-ups. There has already been some reduction, compared with last year, in canners' opening prices on asparagus and spinach. Smaller packs of both have been put up in California this year. The new apricot pack will certainly be smaller, and the pear pack probably smaller, than in 1946. It is too early in the season to forecast the output of peaches, cherries, and mixed fruit, or of tomatoes and tomato products.

Contributing to reduced packs this season are higher costs of labor and supplies, as well as a potential shortage of cans. A new cannery wage agreement awaits final ratification, but sharply increased rates for most labor classifications are clearly indicated. Sugar for canning syrup will be more abundant but will cost more, and so will containers, labels, and cases. Further mechanization and improved cannery efficiency, which have already made notable progress in recent years, are being counted on to offset these rising cost trends.

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## **THE FROZEN FOOD INDUSTRY—TWELFTH DISTRICT**

**A**T LEAST one other branch of the food processing industry has in recent years experienced an even larger expansion, relatively, than the canned goods industry. This is the quick freezing of fresh fruits and vegetables for distribution to the consumer in frozen form. While the freezing of berries in bulk has long been practiced in the Pacific Northwest, it is only in comparatively recent years that the packing of frozen foods for retail distribution has made much headway. As recently as 1941 there were less than a dozen processors of quick frozen foods in California, while last season nearly 100 were said to be in operation in that state.

About one-third of the entire national pack of frozen vegetables is normally represented by peas, which to-

gether with lima and string beans, spinach, and corn, account for nearly three-fourths of the total output of frozen vegetables in most years. Roughly the same proportion of the total frozen fruit pack is represented by strawberries, apples and apple sauce, cherries, raspberries, blackberries, peaches, and apricots, although considerable fluctuation occurs from year to year among these individual products. First place was long held by strawberries; peaches took first place in 1945, cherries in 1946.

#### **Industry growth has been extremely rapid**

Stimulated by high prices and the absence of rationing during the war, the processing of most frozen foods grew rapidly. The estimated annual output of all frozen fruits

and vegetables in the United States since 1931 has been as follows (in million pounds) :

Year	Fruits	Vegetables
1931-35 average .....	60	41 <sup>1</sup>
1936-40 average .....	138	80 <sup>2</sup>
1941 .....	210	107
1942 .....	226	163
1943 .....	266	237
1944 .....	337	233
1945 .....	438	308
1946 .....	523	450

<sup>1</sup> 1933-36 average.  
<sup>2</sup> 1937-40 average.  
 Source: **Western Canner and Packer** and National Association of Frozen Food Packers.

The expansion of output during the past year or two appears to have been almost too rapid. There is considerable evidence that the large packs of 1946 in particular exceeded the capacity of the market to absorb them, with resulting distress to many of the processors. Apparently the industry has suffered from the excessive zeal of many newcomers who lacked adequate technical and commercial experience. Trade reports indicate that some of these newcomers have not paid enough attention to safeguarding the quality of their products or to developing sound methods of merchandising. Partly in consequence of these factors, and partly because of temporary shortages of sugar, shortening, and other materials, a glut of frozen fruits intended for industrial and institutional outlets occurred in 1946. A period of more or less forced liquidation followed, both for the processors of these products and for those of certain frozen vegetables who had also overshot the market.

**Regional output important in national total**

The growth of the frozen food industry has been much more rapid in the West than in other parts of the country. Six western states—California, Oregon, Washington, Utah, Idaho and Colorado—accounted for about one-half of the total pack of frozen fruits in 1942 and for nearly three-fourths of the total in 1945. There was some retrenchment in the West in 1946 as the important California packs of peaches, apricots, and apples, were sharply reduced below those of 1945. Nevertheless, the three Pacific Coast states and Utah processed nearly one-half the entire national frozen fruit pack in 1946. In frozen vegetables, the proportion of the total pack put up in the six western states increased from about 40 percent in 1942 to around 53 percent in 1944 and 1945. California processed very large packs of green vegetables in 1945 and even larger packs in 1946. In the latter year the Pacific Coast states and Utah accounted for close to three-fifths of the total national output of frozen vegetables.

**The market uses frozen foods packed in various sizes**

The figures cited above on gross frozen food packs are misleading in one important respect, in that they give no indication of the relative quantities packed in various sizes, or of the character of the market for various frozen

food products. A very considerable proportion, particularly of frozen fruits, is normally packed in large containers designed for industrial or institutional users. Trade reports indicate that roughly 75 percent of all frozen food packers sell their entire output to such users. In recent years especially, large quantities of apples, apricots, and peaches, as well as berries, have been put up in barrel units to preserve them temporarily until sugar was available for further processing.

According to the figures of the National Association of Frozen Food Packers, the proportion of the entire frozen fruit packs of the years 1942 to 1945 packed in sizes above 10 pounds ran from 68 to 84 percent ; in three of these years the pack in barrel units ran from 30 to 40 percent of the total. In the case of frozen vegetables, the proportion packed in containers of larger than 10 pounds capacity varied from about one-quarter to one-sixth of the total pack. The trend, however, especially in the case of vegetables, is definitely towards a greater proportion of the pack put up in smaller sizes designed for retail distribution to the ultimate consumer.

**Growing competition between frozen foods and canned goods**

Indications have recently appeared that the fruit and vegetable canning industry of the Pacific Coast region is beginning to be concerned about potential competition from the frozen food industry. The price differential was often sufficiently wide in the past to justify the assertion that the canning and the freezing industries catered to two distinct types of demand. That for frozen foods was a semi-luxury market, relatively indifferent to price ; the other was chiefly interested in the convenience and variety of canned foods compared with fresh, and was somewhat more alert to price considerations. However accurate this description may have been in the past, the rapidly changing conditions of recent years are tending to wipe out the distinction and to bring the two industries into sharper competition. As improved methods of freezing and packaging are developed, with resulting economies of operation, as distributing costs are reduced, and as more retail outlets are equipped for handling frozen foods, the scope of competition will tend to grow.

The recent threat of higher transcontinental and inter-coastal freight rates on canned goods, together with other advancing costs, has led spokesmen for the canning industry of the Pacific Coast region to indicate that some of its products may soon begin to find the competition offered by frozen foods more serious in certain areas than they were previously inclined to concede. Of course, the total output of canned fruits and vegetables is still far greater than that of frozen foods. Increasingly, however, these two branches of the food industry are likely to find their markets overlapping, and it is not unlikely that one consequence will be a considerable degree of structural integration between them.

## BUSINESS INDEXES—TWELFTH DISTRICT

1935-39 Average = 100<sup>1</sup>

Year and month	Industrial production (physical volume) <sup>2</sup>										Factory employment <sup>4</sup>		Factory payrolls <sup>4</sup>	
	Lumber		Petroleum <sup>3</sup>		Cement <sup>5</sup>		Wheat flour <sup>1</sup>		Electric power		California		California	
	Ad-justed	Unad-justed	Unad-justed	Unad-justed	Ad-justed	Unad-justed	Ad-justed	Unad-justed	Ad-justed	Unad-justed	Ad-justed	Unad-justed	Ad-justed	Unad-justed
1929		148	121	193	107	115	83	83	100	111				
1930		112	95	168	93	107	84	86	86	93				
1931		77	78	140	71	110	82	73	73	73				
1932		46	74	134	46	98	73	61	61	54				
1933		62	72	127	53	97	73	66	66	53				
1934		67	73	123	67	106	79	79	79	64				
1935		83	86	140	64	113	85	87	87	78				
1936		106	89	154	114	109	96	99	99	96				
1937		113	99	163	109	114	105	112	112	115				
1938		88	104	159	88	111	102	98	98	101				
1939		110	93	160	110	123	112	104	104	110				
1940		120	93	158	121	118	122	122	122	134				
1941		140	96	172	159	120	136	173	173	224				
1942		140	103	175	189	127	167	270	270	460				
1943		133	118	194	154	132	214	363	363	705				
1944		138	129	226	124	136	231	335	335	694				
1945		108	135	243	127	152	219	246	246	497				
1946		118	131	219	160	147	219	177	177	339				
1946														
April	111	114	131	210	160	168	153	135	211	209	170	170	321	321
May	111	129	131	222	158	165	150	132	210	212	176	176	333	333r
June	132	152	132	219	149	169	167	147	212	216	179	179	341	342
July	107	120	132	228	155	169	124	109	213	222	180	180	345	345
August	113	139	131	234	158	176	136	136	222	231	184	185	362	364
September	120	139	131	222	167	177	129	154	227	227	184	185	360	361
October	122	133	131	229	146	169	130	154	236	229	187	188	372	375
November	128	122	132	227	171	171	133	146	237	232	192	193	372	373
December	133	100	133	221	223	165	166	243	240	192	193	387	388	388
1947														
January	155	106	134	219	229	161	174	174	250	246	194	191	386	379
February	172	121	136	227	183	163	162	162	249	244	192	191	387	384
March	143	124	137	255	185	186	165	162	252	248	193	192	390	389
April	132	135	137	259			173	153	254	252	192	192	392	392
May	130	151					158	179						

Year and month	Carloadings (number) <sup>3</sup>						Department store sales (value) <sup>2</sup>					Dept. store stocks (value) <sup>5</sup>		Consumers' prices <sup>6</sup>						
	Total		Merchandise and miscellaneous		Other		District		California	Pacific North-west	Utah & So. Idaho	District		All items	Food					
	Ad-justed	Unad-justed	Ad-justed	Unad-justed	Ad-justed	Unad-justed	Ad-justed	Unad-justed	Ad-justed	Ad-justed	Ad-justed	Ad-justed	Unad-justed	Unad-justed	Unad-justed	Unad-justed				
																	Ad-justed	Unad-justed		
1929		112		114		109		112		109		115		124		132		121.8		132.0
1930		96		105		84		104		103		106		111		125		118.1		124.8
1931		75		89		57		94		94		91		97		110		108.2		104.0
1932		57		74		37		71		72		68		69		89		98.8		89.8
1933		58		70		43		68		68		66		72		80		93.6		86.8
1934		66		81		48		77		75		78		82		85		95.3		93.2
1935		72		85		56		86		86		85		89		89		97.0		96.6
1936		85		97		70		100		99		100		99		97		97.9		100.3
1937		90		102		75		105		106		105		104		108		102.2		104.5
1938		79		90		65		100		100		100		98		101		102.0		99.0
1939		85		96		72		109		109		110		110		106		101.0		96.9
1940		90		99		79		116		117		117		116		113		101.1		97.6
1941		105		116		91		139		136		146		138		137		106.3		107.9
1942		113		121		103		169		160		189		174		187		119.4		130.9
1943		109		119		97		201		192		219		212		172		126.1		143.4
1944		115		130		97		221		217		232		217		177		128.3		142.1
1945		110		131		83		244		242		252		237		182		131.7		146.3
1946		111		132		86		306		304		310		304		238		142.1		167.4
1946																				
April	106	103	129	121	79	80	292	287	294	283	286	202	212	212	133.8	148.7				
May	108	108	128	120	83	93	305	284	300	317	277r	217	225	225	134.6	150.0				
June	113	122	137	145	84	93	315	288	315	310	300	217	221	221	136.8	154.5				
July	121	124	138	147	101	96	322	266	316	327	331	250	265	265	143.1	170.8				
August	102	118	125	140	74	90	324	291	311	333	364	240	263	263	145.7	176.1				
September	109	126	125	148	90	100	313	326	308	312	319	249	281	281	147.7	179.7				
October	109	128	125	151	89	99	319	330	320	313	301	270	299	299	150.6	186.2				
November	111	112	134	134	83	84	319	376	325	307	289	296	313	313	156.2	199.9				
December	121	107	145	129	91	79	317	503	310	329	305	334	273	273	156.9	198.4				
1947																				
January	136	108	146	122	124	89	313	249	307	318	326	315	277	277	156.7	195.7				
February	134	111	150	125	113	93	330	278	317	352	335	330	290	290	156.7	193.5				
March	117	109	129	120	103	96	325	295	318	336	314	331r	308r	308r	158.2	196.6				
April	120	117	130	122	108	111	315	297	314	312	313	308r	304r	304r	159.0	197.8				
May	112	112	131	123	88	98	323	301	321	332	279	287	298	298	158.7	197.3				

<sup>1</sup> The terms "adjusted" and "unadjusted" refer to adjustment of monthly figures for seasonal variation. Excepting department store statistics, all indexes are based upon data from outside sources, as follows: Lumber, various lumber trade associations; Petroleum and Cement, U.S. Bureau of Mines; Wheat flour, U.S. Bureau of the Census; Electric power, Federal Power Commission; Factory employment, Factory payrolls, and Consumers' prices, U.S. Bureau of Labor Statistics and cooperating state agencies; and Carloadings, various railroads and railroad associations.

<sup>2</sup> Daily average.

<sup>3</sup> 1923-25 daily average=100.

<sup>4</sup> Wage earners only. Excludes fish, fruit and vegetable canning.

<sup>5</sup> At retail, end of month or end of year.

<sup>6</sup> Los Angeles, San Francisco, and Seattle indexes combined.

p-preliminary.

r-revised.

## BANKING AND CREDIT STATISTICS—TWELFTH DISTRICT

(amounts in millions of dollars)

Year and month	Condition items of all member banks <sup>1</sup>									
	Loans and discounts					Investments <sup>2</sup>		Demand deposits adjusted <sup>3,4</sup>	Time deposits <sup>4</sup>	U.S. Gov't deposits <sup>4</sup>
	Total <sup>5</sup>	Coml., ind. & agric.	For purch., carry'g secs.	Real estate	All other	U.S. Gov't securities	All other securities			
1929	2,239			647		495	458	1,234	1,776	36
1930	2,218			721		467	561	1,158	1,915	49
1931	1,898			711		547	560	984	1,667	99
1932	1,570			635		601	528	840	1,515	148
1933	1,486			608		720	510	951	1,453	233
1934	1,469			670		1,064	575	1,201	1,759	228
1935	1,537			662		1,275	587	1,389	2,006	167
1936	1,682			686		1,334	614	1,791	2,078	96
1937	1,871			730		1,270	498	1,740	2,164	90
1938	1,869	663	82	798	327	1,323	486	1,781	2,212	127
1939	1,967	664	76	864	362	1,450	524	1,983	2,293	118
1940	2,130	735	65	931	399	1,482	590	2,390	2,351	68
1941	2,451	933	59	1,000	460	1,738	541	2,893	2,417	144
1942	2,170	870	51	974	275	3,630	538	4,356	2,603	307
1943	2,106	934	62	899	211	6,235	557	5,998	3,197	842
1944	2,254	956	184	885	228	8,263	698	6,950	4,127	1,442
1945	2,663	1,103	343	908	309	10,450	795	8,203	5,194	2,050
1946	4,068	1,882	195	1,431	560	8,426	908	8,821	5,781	303
1946										
April	2,794					10,377	850	8,236	5,354	1,865
May	2,909					10,090	867	8,339	5,404	1,635
June	3,030	1,283	246	1,090	411	9,673	861	8,328	5,494	1,213
July	3,184					9,651	882	8,488	5,521	1,125
August	3,334					9,624	888	8,566	5,570	1,122
September	3,601					9,171	900	8,630	5,609	853
October	3,794					9,157	891	8,757	5,669	808
November	3,954					8,815	889	8,801	5,696	610
December	4,068	1,882	195	1,431	560	8,426	908	8,821	5,781	303
1947										
January	4,140					8,303	911	8,704	5,761	308
February	4,254					8,058	893	8,367	5,804	370
March	4,364					7,909	894	8,327	5,820	396
April	4,479					7,677	876	8,334	5,837	286
May	4,558					7,662	862	8,248	5,851	235

Year and month	Member bank reserves and related items <sup>5</sup>								Bank debits index 31 cities <sup>6</sup>
	Reserve bank credits <sup>6</sup>	Commercial operations <sup>6</sup>	Treasury operations <sup>6</sup>	Coin and currency in circulation		Reserves <sup>7</sup>			
				Total <sup>8</sup>	F.R. notes of F.R.B. of S.F.	Total	Required	Excess	
1929	- 34	0	+ 23	- 6	189	175	171	4	146
1930	- 16	- 53	+ 89	+ 16	186	183	180	5	126
1931	+ 21	- 154	+ 154	+ 48	231	147	154	- 4	97
1932	- 42	- 175	+ 234	+ 30	227	142	135	8	68
1933	- 2	- 110	+ 150	- 18	213	185	142	37	63
1934	- 7	- 198	+ 257	+ 4	211	242	172	84	72
1935	+ 2	- 163	+ 219	+ 14	280	287	201	100	87
1936	+ 6	- 227	+ 454	+ 38	335	479	351	119	102
1937	+ 1	- 90	+ 157	- 3	343	549	470	70	111
1938	+ 3	- 240	+ 276	+ 20	361	565	418	142	98
1939	+ 2	- 192	+ 245	+ 31	388	584	459	138	102
1940	+ 2	- 148	+ 420	+ 96	493	754	515	257	110
1941	+ 4	- 596	+1,000	+ 227	700	930	720	245	134
1942	+107	-1,980	+2,826	+ 643	1,279	1,232	1,025	262	165
1943	+214	-3,751	+4,486	+ 708	1,937	1,462	1,343	103	211
1944	+ 98	-3,534	+4,483	+ 789	2,619	1,706	1,598	104	237
1945	- 76	-3,743	+4,682	+ 545	3,299	2,033	1,878	136	260
1946	+ 9	-1,607	+1,329	- 326	2,871	2,094	2,051	59	298
1946									
April	+ 2	- 231	+ 192	- 39	2,996	1,938	1,877	64	286
May	- 34	- 177	+ 220	- 11	2,984	1,955	1,900	77	281
June	+ 35	- 2	+ 55	- 52	2,931	2,038	1,929	84	307
July	+ 11	- 272	+ 128	- 42	2,894	2,000	1,936	66	291
August	+ 28	- 73	+ 95	0	2,890	2,045	1,958	54	292
September	- 26	- 15	- 20	- 9	2,878	2,005	1,987	55	306
October	-162	- 29	+ 223	- 2	2,875	2,040	2,002	56	310
November	+ 74	- 136	+ 111	- 2	2,866	2,092	2,030	54	313
December	+ 37	+ 37	- 62	+ 7	2,871	2,094	2,051	59	339
1947									
January	+109	- 35	- 168	- 81	2,800	2,051	2,043	60	322
February	+ 14	- 25	- 133	- 32	2,765	1,981	1,982	51	325
March	- 62	- 3	+ 50	- 30	2,735	2,003	1,940	61	332
April	- 2	- 69	+ 47	- 18	2,716	1,997	1,934	63	309
May	+ 34	+ 96	- 61	+ 10	2,714	1,993	1,934	59	297

<sup>1</sup> Annual figures are as of end of year; monthly figures are as of last Wednesday in month or, where applicable, as of call report date.  
<sup>2</sup> Monthly data for 1946 partly estimated.  
<sup>3</sup> Demand deposits, excluding interbank and U.S. Gov't deposits, less cash items in process of collection.  
<sup>4</sup> Monthly data partly estimated. <sup>5</sup> End of year and end of month figures. <sup>6</sup> Changes only.  
<sup>7</sup> Total reserves are as of end of year or month. Required and excess: monthly figures are daily averages, annual figures are December daily averages.  
<sup>8</sup> Debits to demand deposit accounts, excluding interbank and U.S. Gov't deposits. 1935-39 daily average=100.  
 p-preliminary. r-revised.

### National Summary of Business Conditions

Released May 28, 1947—Board of Governors of the Federal Reserve System

**I**NDUSTRIAL output and employment declined slightly in April. Value of department store sales continued to show usual seasonal changes in April, but increased somewhat in May. The general level of wholesale commodity prices declined somewhat in April and showed little change in the first three weeks of May.

#### INDUSTRIAL PRODUCTION

Industrial production declined slightly in April according to the Board's seasonally adjusted index, which was at a level of 187 percent of the 1935-39 average for April as compared with 190 in March. Output of both durable and nondurable manufactures and of minerals was below the March rate.

A slight decrease in activity in the durable goods industries in April reflected mainly work stoppages at plants producing communication equipment and small declines in output of building materials after allowance for usual seasonal changes. Output of non-ferrous metals and products declined slightly in April as decreases in some fabricating industries offset further gains in activity at smelters and refineries. Steel production was at 94 percent of capacity in April, as in March, and scheduled operations at steel mills during May have been maintained at this rate. Automobile output in April continued at an annual rate of about five million cars and trucks; and activity in other transportation equipment industries increased somewhat. A decline in automobile production is indicated for May, largely as a result of shortages of steel sheets.

Production of nondurable manufactures was in somewhat smaller volume in April owing mainly to a decrease in output of textiles. Activity in the rubber products industry was slightly below the exceptionally high first quarter levels when tires for passenger cars, trucks, and busses were being produced at an annual rate of 100 million as compared with about 60 million in 1940. Production of most other nondurable goods in April showed little change from the March rate.

Output of coal declined 20 percent from March to April, reflecting work stoppages at bituminous coal mines in the early part of the month. Production of crude petroleum and of metals continued to advance. Crude petroleum output rose further in the early part of May to a new record rate.

#### EMPLOYMENT

Nonagricultural employment decreased by about 450,000 workers in April, according to Bureau of Labor statistics figures as adjusted for seasonal variation by Federal Reserve. This decline was due chiefly to work stoppages in the telephone, bituminous coal, and electrical machinery industries. Employment in industries manufacturing nondurable goods, chiefly textiles and apparel, also declined. The number of persons unemployed increased slightly in April.

#### CONSTRUCTION

Total value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed little change from March to April and was about one-fifth smaller than in April 1946. Private residential and nonresidential awards declined, although awards usually show a seasonal increase in April. Awards for publicly-financed construction expanded further, reflecting chiefly a large increase in the volume of contracts for streets and highways.

#### DISTRIBUTION

Department store sales continued to show little change in April, after allowance for usual seasonal changes. The Board's adjusted index was 275 percent of the 1935-39 average in April, compared with 277 in March and an average of 271 in the first four months of this year. In May dollar volume of sales showed less than the usual seasonal decline and in the first half of the month was 12 percent larger than in the corresponding period of 1946.

Freight carloadings declined in April largely because of a sharp drop in coal shipments early in the month. Loadings of coal increased and shipments of most other classes of freight were maintained in large volume in the early part of May.

#### COMMODITY PRICES

Prices of most basic commodities showed little change in the early part of May, following declines in April. Prices of feed grains and copper advanced, while prices of rubber, wool tops, paint materials, and lumber declined. The general level of wholesale prices, according to the Bureau of Labor statistics weekly index, has been at 147 percent of the 1926 average since the middle of April as compared to an average level of 149 percent in March.

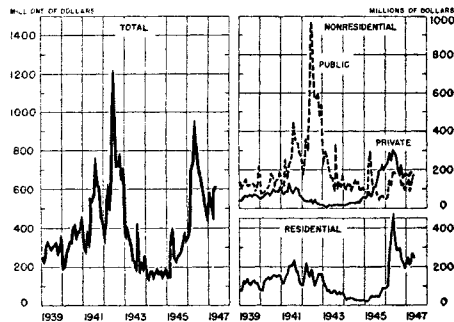
#### TREASURY FINANCE AND BANK CREDIT

Treasury redemption for cash of part of the weekly maturing bill issues continued into May. Between April 17, when the program began, and May 22 one billion dollars of Treasury bills were retired. Largely as a result of these retirements Treasury war loan deposits at commercial banks were reduced by about 800 million dollars in the five weeks ending May 21.

Although Federal Reserve Banks held most of the retired securities, their holdings of Treasury bills declined by considerably less than the amount retired, as some commercial banks sold bills to maintain their reserve positions. A further increase in monetary gold stock of 300 million dollars during the five weeks and small inflow of currency from circulation supplied member banks with reserve funds and thereby reduced the need for additional sales of securities to the reserve system.

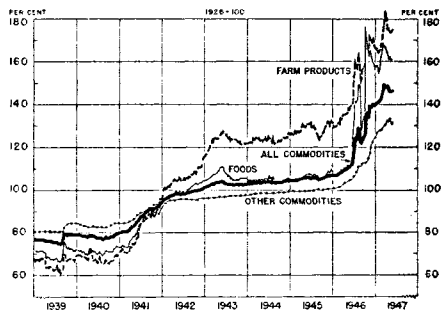
Commercial and industrial loans, which had expanded rapidly from the middle of 1946 until March 1947, declined somewhat during April and the first half of May at banks in leading cities. Real estate and consumer loans continued to increase. Government security holdings declined between the middle of April and the middle of May.

#### CONSTRUCTION CONTRACTS AWARDED



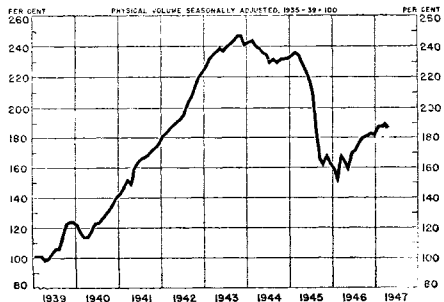
F. W. Dodge Corporation data for 37 Eastern States. Nonresidential includes awards for buildings and public works and utilities. Monthly figures, latest shown are for April 1947.

#### WHOLESALE PRICES



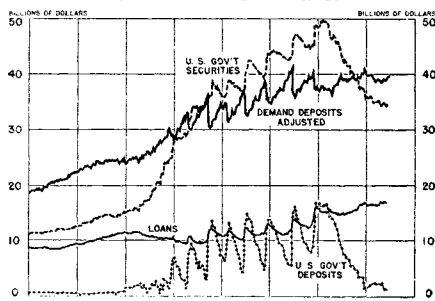
Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending May 17, 1947.

#### INDUSTRIAL PRODUCTION



Federal Reserve index. Monthly figures, latest shown is for April 1947.

#### MEMBER BANKS IN LEADING CITIES



Demand deposits (adjusted) exclude U. S. Government and interbank deposits and collection items. Government securities include direct and guaranteed issues. Wednesday figures, latest shown are for May 21, 1947.