Monthly Review

FEDERAL RESERVE BANK OF SAN FRANCISCO

NOVEMBER 1947

CONSUMER BEHAVIOR AND TRADE REACTION—TWELFTH DISTRICT

MORE consumer durable goods, increased prices, and a continued high level of consumer income characterized the first nine months of this year. Changes in consumer behavior have been apparent in response to these conditions. Consumer credit, particularly instalment credit, continued the expansion shown since the war. Sales by type of payment reflect a greater use of credit than in 1946. Consumers' durable goods were the principal element in the growth of sales during the year, while sales of many soft goods items either failed to increase appreciably or actually declined.

Confronted by these circumstances, trade practice has also changed. In recent months inventories and orders outstanding have increased, but these increases have followed periods of considerable decline. In contrast to last year, orders outstanding and inventories are smaller, and appear to be in better balance relative to sales.

Use of credit

Adding to the inflationary pressures which have made themselves felt so far in 1947 has been the continued increase in use of consumer credit by individuals. In the twelve months ending September 1947, total consumer credit in the United States has grown by approximately $2.9 billion. At the end of September it was $5.8 billion greater than the amount outstanding at the end of the war, and $1.3 billion above the prewar peak. With the expiration of Regulation W on November 1, it appears likely that there may be some additional impetus to the growth of consumer credit in the near future.

In the past year over 60 percent of the additional consumer credit outstanding has been used for the purchase of consumer durable goods, including automobiles. Despite the lag in automobile credit relative to prewar years, all lending agencies, including retailers, have reported sizable increases during 1947. At the end of September 1947 automobile instalment credit was more than twice as great as at the end of September 1946. Instalment credit to finance other retail purchases increased by 75 percent during the same period. Loans for repair and modernization of houses increased 87 percent, while personal instalment cash loans increased only 33 percent.

The greater portion of the total increase has been recorded by instalment credit. It has accounted for $3.2 billion of the $5.8 billion increase since the end of the war, and for the largest part of the expansion during the past twelve months. Despite the dominant position of instalment credit in the postwar expansion, it is still below prewar levels; single-payment loans, charge accounts, and service credit all exceed their prewar levels.

Complete data on consumer credit are not available by Federal Reserve districts. In the Twelfth District the expansion of consumer instalment loans of commercial banks during the last twelve months has roughly paralleled that of commercial banks in the rest of the nation. The distribution by purpose of the increase in loans outstanding for the United States and the Twelfth District also shows marked similarity. In both areas, approximately 60 percent of the increase was used to purchase consumer durable goods. During the twelve months since September 1946, loans for repair and modernization of dwellings accounted for 21 percent of the increase in the country as a whole, and for 25 percent in the Twelfth District.

Credit at retail stores

The tendency of individuals to employ credit to an increasing extent for personal expenditures is also shown by changes in the type of sales made by Twelfth District department and furniture stores. Reports from 67 major department stores show a reduction in cash sales from 58 to 52 percent of total sales for the first nine months of this year, compared with the same period in 1946. During this time charge account sales have increased from 39 to 43 percent and instalment sales from 3 to 5 percent. Figures from 73 furniture stores in the District show a decrease in cash sales from 27 to 22 percent of total sales for the first nine months of 1947 compared with the first nine months last year.

Though these figures indicate a definite movement toward a greater use of credit, cash sales continue to be more important than they were before the war. In 1941, department stores in the Twelfth Federal Reserve District reported cash sales of only 45 percent, and furniture stores cash sales of 12 percent. The tendency toward an increasing proportion of credit sales may be accentuated somewhat, however, as supplies of durable goods continue to increase. More lenient instalment terms may also add to the expansion of credit sales relative to total sales.

Also apparent so far in 1947 has been a decline in the rate of payment against accounts receivable of department stores and furniture stores. The collection ratio for open

Department Store Sales and Stocks, by Major Departmental Groups—Twelfth District[1]
(Percent change from a year ago)

Departmental group	Sales Jan. 1-Sept. 30	Stocks Sept. 30
Main Store	+3	—2
Housefurnishings	+26	+30
Miscellaneous merchandise depts.	+6	+7
Piece goods	+5	+13
Men's and boys' wear	+4	+28
Women's and misses' ready-to-wear accessories	0	—6
Small wares	—2	—19
Women's and misses' ready-to-wear apparel	—7	—31
Basement Store	+1	—10

[1] Based on an identical series of 42 stores.

charge accounts receivable in Twelfth District department stores had declined, between September 1946 and September 1947, from 63 percent to 57 percent of the amount outstanding at the beginning of the month. In the same year-period the collection ratio for department store instalment receivables fell from 40 percent to 35 percent. At furniture stores the collection ratio for total receivables declined from 46 percent in September 1946 to 38 percent in September 1947.

Increasing importance of consumers' durable goods

More pronounced than the change in credit use by consumers has been the change in the type of merchandise purchased. From January through September, Twelfth District department store sales had increased 6 percent over the same period in 1946. Furniture stores, by contrast, report an increase of 22 percent for the first nine months of 1947 compared with 1946. The increase for apparel stores was only 3 percent. These figures indicate the increasing importance of durable goods sales.

Further evidence of a shift toward "hard" goods buying is found in comparing sales by merchandise departments of Twelfth District department stores for the first nine months of this year with the corresponding period of 1946. According to reports submitted by 42 independent stores, sales of housefurnishings led the expansion, with an increase of 26 percent compared to 3 percent for total store sales. Within this group of departments major household appliances showed the largest increase, 116 percent, and its share of store sales increased from 1.9 percent in 1946 to 4.0 percent in 1947. Radios, phonographs and records, domestic floor coverings, and pots, pans, cutlery and small appliances also registered gains well above the store average.

Increases were also reported for two groups of soft goods departments—men's and boys' wear and piece goods, but these increases were due to special circumstances. Most of the rise in men's and boys' wear took place in the clothing departments, which handle coats and suits. After serious shortages of men's clothing in 1946, the supply was considerably greater this year. The expansion in piece goods sales appears to indicate an increase in home sewing, especially of women's clothing.

For the period January-September 1947 compared with 1946, percent changes smaller than the total store increase of 3 percent were reported for the basement store (+1 percent), for small wares (—2 percent), for accessories (no increase), and for women's and misses' ready-to-wear (—7 percent). Within the women's and misses' groups, the largest decreases occurred in furs, coats and suits, juniors' clothing, handkerchiefs, and handbags and small leather goods. Toilet articles and drugs, sundries, and silverware predominated in the decline recorded by small wares.

Higher-priced food and increased supplies of consumers' durable goods thus appear to be successfully competing with luxury and soft goods for the consumer's dollar. Expenditures for nondurable goods are still high, however; although the ratios of nondurable expenditures to disposable income and to total consumer expenditures have declined since 1946, they are still above prewar levels.

Basement sales rise less in Twelfth District than in the United States

Reports of 358 stores show that in the first eight months of this year basement sales in the United States were 11 percent above the corresponding period last year, while total store sales showed an increase of only 4 percent. This would indicate a nation-wide shift in consumer spending habits in favor of the less expensive merchandise carried in the basement.

This change in behavior has been evident only in part in the Twelfth District. Figures from 42 District stores reporting sales by departments showed an increase of only 1 percent in basement sales (January-September 1947 over 1946) compared to an increase of 3 percent for the entire store. However, these figures also reveal that of six groups of basement departments, only two—men's and boys' wear, and housefurnishings—grew less rapidly in the basement store than in the main store. And in the case of housefurnishings, the main store usually carries the major items most likely to increase sales volume.

Hence a trend also exists in the Twelfth District for consumers to buy more soft goods in the basement than they formerly did, although the tendency is less marked than in the country as a whole.

Comparison of figures from 42 stores reporting departmental sales with figures from the full group of 247 reporting stores in the Twelfth District contributes further evidence of changes in consumer habits. These 42 establishments are independent stores in the larger cities of the Twelfth District. As a group they reported a 3 percent increase in total store sales for the first nine months this year compared with the corresponding period a year ago. Total store sales for the entire group of 247 department stores increased 6 percent during the same period. The contrast in experience indicates that chain stores, and stores outside the large metropolitan areas, experienced greater increases in sales. In the case of chain stores the importance of durable goods sales probably accounts for much of the difference in experience. For stores outside of metropolitan areas, the difference may reflect the more rapid expansion of buying in areas that depend to a considerable extent on farm income.

Trade adjustment of commitments and inventories

Increasing supplies led not only to changes in consumers' buying preferences, but also to changes in inventory and buying policies of retail establishments as well. Earlier this year, most retail merchants spoke of either reducing inventories or bringing them into balance. Data available for 37 large department stores in this District trace the changes in these attitudes. By the end of September orders outstanding were almost double their low point reached last May, but were still 30 percent below the level of September 1946. Inventories had also registered an increase from the low point reached in August this year; though the inventory increase was only 5 percent, its decline before August had been smaller than the decline in orders outstanding, and its duration shorter.

Despite the recent increases in orders and inventories, they appear to be at more conservative levels now than during the latter half of 1946 and the early part of 1947. As early as August 1946 a reduction in orders outstanding appeared, and by May of this year they had dropped more than 60 percent from the level of July 1946. Inventories expanded throughout 1946, with a seasonal decline in December. The upward movement was resumed in the early part of this year, but between April and August inventories declined 11 percent. The most recent increases in orders and inventories have not raised either item to the levels existing last year.

As ratios of sales, orders outstanding and inventories give further evidence of more normal conditions than during the war or in 1946. Orders outstanding at the end of September 1946 were more than 3½ times September sales. This year, the lower level of orders outstanding at the end of September, combined with slightly greater dollar volume of sales, has reduced this ratio to 2½ times. The stocks-sales ratio was only slightly smaller, at the end of September 1947, than at the end of the same month last year; but it was smaller than at any other time this year (except in August) and was well below the level of the second half of 1946.

Not only do inventories in total appear to reflect a more conservative relationship to sales, but inventory changes by department also indicate an improved balance. The accompanying table demonstrates clearly that the composition of department store stocks is different from that of a year ago. Where sales have lagged behind the store as a whole, inventories have been reduced sharply. In contrast, departmental groups that show sales increases above the store average also show considerable increases in inventories.

To a large extent, merchants have carried out their plans to reduce stocks and bring them into better balance. This is evident from the smaller dollar amount of both stocks and orders outstanding at the end of September this year compared with September 1946, from the reduction of inventories in those departments where sales have lagged, and from the increase in stocks where demand is strong. The recent large increases in orders outstanding and the ensuing increase in inventories may presage a policy of larger inventories in anticipation of increased sales in the first part of 1948. On the other hand these increases, which are somewhat greater than seasonal, may reflect a belated attempt to bolster stocks which were under-ordered last spring because of uncertainty concerning the level of Christmas trade.

AGRICULTURAL NON-REAL ESTATE LOANS OF COMMERCIAL BANKS—TWELFTH DISTRICT

On June 20, 1947, insured commercial banks of the Twelfth District had on their books about 133 thousand individual agricultural loans totaling somewhat over $320 million.[1] Of this amount, 17 thousand loans aggregating $85 million were secured by real estate, while the remaining 116 thousand loans, totaling nearly $236 million, had other types of security or were unsecured. Total agricultural loans in the District increased about 20 percent in the year ending June 30, 1947. Farm real estate loans rose 30 percent, compared with an increase of 16 percent in non-real estate loans.

Detailed information about the characteristics of agricultural loans has been secured by a survey of these loans made jointly by the Federal Reserve System and the Federal Deposit Insurance Corporation. All figures in this article, which will be devoted to a discussion of the characteristics of non-real estate farm loans, are estimates based on loan data from a sample of Twelfth District banks. Farm real estate loans will be treated in a subsequent article.

The average farm production loan outstanding in the Twelfth District in mid-1947 amounted to $2,030, or three times the average loan of $680 for the country as a whole. This striking difference reflects the large size of District agricultural enterprises compared with the average for the United States. When measured in terms of dollar amount of loans, the typical loan in the District was to a borrower with a net worth of $25,000 or over who operates a specialized rather than a general farm. The two most common uses for the loan proceeds were to pay production and living costs and to buy machinery and livestock. Nearly 40 percent of the dollar amount of loans was unsecured and an additional 30 percent had livestock pledged as security. The most common maturity was from 3 to 6 months, and the rate of interest on the majority of the loans ranged from 5 to 6 percent.

[1] The figures in this special survey (made as of June 20, 1947) did not include loans to farmers directly guaranteed by the Commodity Credit Corporation. As of June 30, 1947, such loans totaled about $1 million for the District.

TABLE 1—FARM PRODUCTION LOANS OF INSURED COMMERCIAL BANKS OUTSTANDING IN MID-1947, BY SIZE OF BANK—TWELFTH DISTRICT AND UNITED STATES

(Estimates of outstanding loans)

Size of bank (total deposits)	Twelfth District: No. of loans	Twelfth District: Amount of loans (in thousands)	Twelfth District: Percentage distribution No.	Twelfth District: Percentage distribution Amt.	United States: Percentage distrib'tion No.	United States: Percentage distrib'tion Amt.
Under $2 million...	16,520	$ 17,980	14.2	7.6	43.3	32.9
$2-10 million......	69,980	131,340	60.4	55.7	49.0	49.5
$10 million and over	29,390	86,310	25.4	36.6	7.7	17.6
All insured banks	115,890	235,630	100.0	100.0	100.0	100.0

Note: Detailed figures may not add to totals because of rounding.

Loans by size of bank

For many years commercial banks have supplied a major share of short-term farm production credit. Most of this credit is provided by smaller banks situated in agricultural areas. Twelfth District commercial banks had outstanding on June 20, 1947 approximately 116 thousand non-real estate farm loans aggregating in amount $236 million. The smaller banks, those with deposits of less than $10 million, made three-fourths of the number and almost two-thirds of the amount of these loans (Table 1). The larger banks in the District, those with deposits over $10 million, accounted for one-fourth of the number and somewhat over one-third of the dollar amount of all loans outstanding.

Banking offices with total deposits under $2 million were much less important as a source of farm production loans in the Twelfth District than in the United States. Only 8 percent of the dollar amount of loans in the District, compared with 33 percent in the country as a whole, was furnished by these banking offices. Probably the principal factor contributing to this difference is the larger scale of agricultural enterprise in the Twelfth District, and the correspondingly larger average size of loan. In general, the operators of District agricultural enterprises have ready access to larger banking offices, and, for a variety of reasons, tend to gravitate toward them in their credit dealings. Some of the difference is also due to the fact that banking offices with deposits of under $2 million constitute a smaller proportion of total banking offices in the District than in the United States.

Loans by type of farm

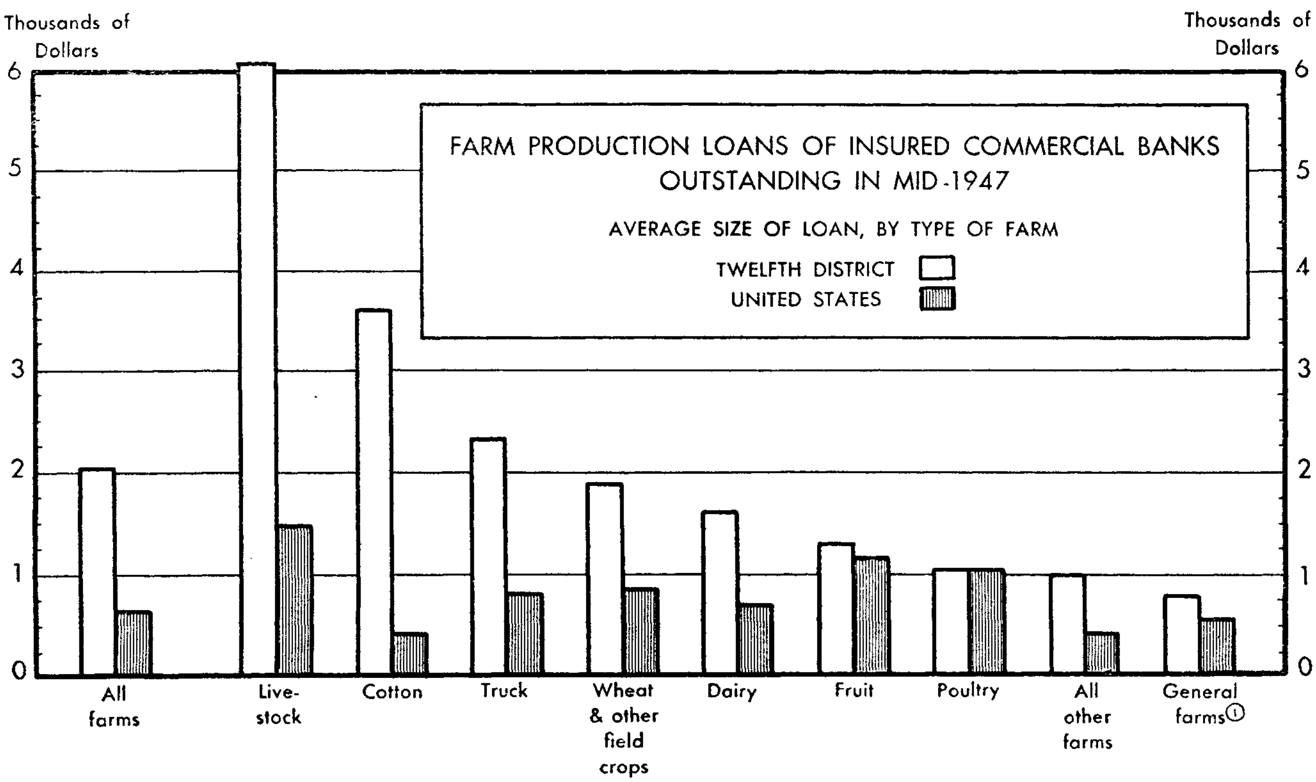
The fact that agriculture in the Twelfth District, particularly in California, is more specialized than in most

TABLE 2—FARM PRODUCTION LOANS OF INSURED COMMERCIAL BANKS OUTSTANDING IN MID-1947, BY TYPE OF FARM—TWELFTH DISTRICT AND UNITED STATES

(Estimates of outstanding loans)

Type of farm	Twelfth District: No. of loans	Twelfth District: Amount of loans (in thousands)	Twelfth District: Percentage distribution No.	Twelfth District: Percentage distribution Amt.	Twelfth District: Av. size of loan	United States: Percentage distribution No.	United States: Percentage distribution Amt.	United States: Av. size of loan
General[1]	32,000	$25,800	27.6	10.9	$ 810	44.7	35.7	$ 540
Dairy	21,520	35,680	18.6	15.1	1,660	14.0	14.7	710
Livestock	14,900	89,840	12.8	38.1	6,030	9.2	12.9	1,610
Fruit	11,240	14,260	9.7	6.0	1,270	1.1	2.0	1,190
Wheat	9,320	14,980	8.0	6.4	1,610	9.5	11.9	850
All other field crops	16,670	34,190	14.4	14.5	2,050			
Truck	4,090	9,440	3.5	4.0	2,310	2.1	2.6	840
Cotton	1,930	6,980	1.7	3.0	3,620	11.6	6.6	390
Poultry	1,920	2,180	1.6	0.9	1,140	0.8	1.3	1,140
Tobacco	0	0	..	..	....	4.4	1.7	260
All others[2] ...	2,300	2,290	2.0	1.0	1,000	2.6	1.6	420
All farms ..	115,890	235,630	100.0	100.0	2,030	100.0	100.0	680

[1] General farms are farms not more than 50 percent of whose income is derived from any one source.
[2] Includes part-time and unclassified farms.
Note: Detailed figures may not add to totals because of rounding.



[1] General farms are farms not more than 50 percent of whose income is derived from any one source.

other sections of the United States is illustrated by the results of the agricultural loan survey. In the Twelfth District only 28 percent of the number of non-real estate farm loans were made to operators of general farms as compared with 45 percent for the country as a whole. When measured in dollar amount, the difference is even more marked, 11 percent in the Twelfth District as compared with 36 percent in the United States. The average size of loan to general farms was about $800, the smallest for any category of farms (see Table 2).

The next largest number of loans were outstanding to dairy farmers, who had nearly 19 percent of the total number, followed by livestock producers with 13 percent of the total. Livestock producers, however, accounted for 38 percent of the dollar amount of loans, far more than any other type of farm. The average size of loan to livestock producers, $6,000, was three times greater than the average for loans to all types of borrowers. Dairy farmers were second in importance to livestock producers in terms of dollar amount of loans, accounting for 15 percent of the total. The average dairy loan was for $1,600, or twice that for the general farm.

Loans by net worth of borrower

The specialized agriculture of the Twelfth District is also characterized by large-scale operations, particularly in California. Almost three-fourths of the dollar amount of non-real estate agricultural loans was outstanding to farm operators with net worth of $25,000 or over (see Table 3), as compared with somewhat more than a third

TABLE 3—FARM PRODUCTION LOANS OF INSURED COMMERCIAL BANKS OUTSTANDING IN MID-1947, BY NET WORTH OF BORROWER—TWELFTH DISTRICT AND UNITED STATES

(Estimates of outstanding loans)

Net worth of borrower	Twelfth District: No. of loans	Twelfth District: Amount of loans (in thousands)	Twelfth District: Percentage distribution No.	Twelfth District: Percentage distribution Amt.	United States: Percentage distrib'tion No.	United States: Percentage distrib'tion Amt.
Under $2,000	5,770	$ 2,420	5.0	1.0	23.9	7.8
$2,000-9,999	38,300	23,250	33.0	9.9	46.1	31.2
$10,000-24,999	34,680	41,110	29.9	17.4	18.8	22.9
$25,000-99,999	29,000	68,140	25.0	28.9	8.1	22.6
$100,000 and over	7,550	100,490	6.5	42.6	1.2	14.0
Unclassified	590	220	0.5	0.1	1.9	1.5
All borrowers	115,890	235,630	100.0	100.0	100.0	100.0

Note: Detailed figures may not add to totals because of rounding.

for the country as a whole. Of the dollar amount of District loans, 43 percent was to operators with net worth of $100,000 or over, while the corresponding figure for the United States was 14 percent. About 62 percent of all loans to District farmers with a net worth of $100,000 or over was outstanding to livestock producers. This, coupled with the fact that the average loan to these operators was three times the average for all District farmers, reflects the large-scale character of livestock operations in this area.

The relative importance of operators of large net worth is greater for livestock producers than for any other type of farm in the District. Large net worth is generally characteristic, however, of each type of farm. Only for general farms was less than half the dollar amount of loans made to operators with net worth of $25,000 and over. For fruit, truck, cotton, and wheat farms, between 70 and 80 percent of all loans were to operators with net worth of $25,000 and over, compared with 91 percent for livestock producers.

When measured in number of loans, the situation was very different. Farmers with a net worth of from $2,000 to $10,000 had the greatest number of loans, one-third, but these loans accounted for only one-tenth of the dollar amount. In contrast, operators with a net worth of $100,000 or over had only 6.5 percent of the number of loans but 43 percent of the dollar amount.

Loans by security

Unsecured loans are relatively more important in the Twelfth District than in the United States. In the District, 45 percent of the number of loans and 37 percent of the dollar amount were unsecured, compared with 34 and 29 percent respectively for the country as a whole (Table 4). Some 15 percent of all loans were secured

TABLE 4—FARM PRODUCTION LOANS OF INSURED COMMERCIAL BANKS OUTSTANDING IN MID-1947, BY TYPE OF SECURITY PLEDGED—TWELFTH DISTRICT AND UNITED STATES

(Estimates of outstanding loans)

Type of farm	Twelfth District: No. of loans	Twelfth District: Amount of loans (in thousands)	Twelfth District: Percentage distribution No.	Twelfth District: Percentage distribution Amt.	Twelfth District: Av. size of loan	United States: Percentage distribution No.	United States: Percentage distribution Amt.	United States: Av. size of loan
Unsecured	52,390	$88,260	45.2	37.4	$1,680	34.0	29.3	$ 580
Endorsed	4,200	3,750	3.6	1.6	890	12.5	7.6	410
Livestock	17,650	73,930	15.2	31.4	4,190	16.5	23.8	980
Combination of crops, livestock, or machinery	17,640	36,820	15.2	15.6	2,090	23.1	24.3	710
Machinery	12,550	12,210	10.8	5.2	970	7.6	8.0	710
Growing crops	4,120	6,650	3.6	2.8	1,610	1.6	1.1	500
Crops in storage	480	3,300	0.4	1.4	6,880	0.2	0.5	1,410
G. I. guarantee or insurance	660	930	0.6	0.4	1,410	0.5	1.2	1,570
Other } Unclassified }	6,190[1]	9,770[1]	5.3	4.1	1,580	3.1	3.7	790
						0.7	0.6	540
All loans	115,890	235,630	100.0	100.0	2,030	100.0	100.0	680

[1] The Twelfth District had only five unclassified loans, amounting to $7,000.
Note: Detailed figures may not add to totals because of rounding.

by livestock, another 15 percent were secured by a combination of crops, livestock, or machinery; but the dollar amount of livestock loans was twice as great as the amount of combination loans. Crops in storage, or growing, were not important as a type of security. However, loans secured by crops in storage were very much larger, on the average, than those secured by other assets. Less than $1 million of loans had as major security a Government guarantee or insurance under the provisions of the Servicemen's Readjustment Act.

Loans by purpose

The two most important uses reported for bank credit to finance farm operations were to pay production or living costs and to purchase machinery or livestock (Table 5). Of the total number of loans, 59 percent were made for the purpose of paying production or living costs, and represented 44 percent of the total dollar amount loaned. Loans to purchase machinery or livestock accounted for 42 percent of the dollar amount and 29 percent of the number of loans extended.

About one-half of the dollar amount of loans to pay production or living costs, and three-fifths of those to buy or improve land or buildings, were character loans in that

TABLE 5—FARM PRODUCTION LOANS OF INSURED COMMERCIAL BANKS OUTSTANDING IN MID-1947, BY PURPOSE OF LOAN—TWELFTH DISTRICT AND UNITED STATES

(Estimates of outstanding loans)

Purpose	Twelfth District: No. of loans	Amount of loans (in thousands)	Percentage distribution: No.	Amt.	Av. size of loan	United States: Percentage distribution: No.	Amt.	Av. size of loan
Pay production and living expenses ..	68,660	$103,540	59.2	43.9	$1,510	51.1	34.8	$ 460
Buy machinery or livestock	34,160	99,840	29.5	42.4	2,920	33.4	48.5	980
Buy or improve land or buildings ..	8,670	17,670	7.5	7.5	2,040	5.6	9.2	1,120
Repay debts..	2,400	6,100	2.1	2.6	2,540	3.5	3.3	630
Unclassified .	2,000	8,470	1.7	3.6	4,240	6.4	4.3	450
All loans ..	115,890	235,630	100.0	100.0	2,030	100.0	100.0	680

Note: Detailed figures may not add to totals because of rounding.

they were neither secured nor endorsed. In contrast, only one-fourth of the dollar amount of loans to buy machinery or livestock and to repay debts was unsecured and unendorsed.

Both in the Twelfth District and in the United States fewer loans were made to buy machinery or livestock than to pay production and living expenses. In the District, however, the latter type of loan was of greater relative importance than in the country as a whole. The largest average loan in the District was made for the purchase of machinery or livestock; the largest loans in the United States generally were those made to buy or improve land or buildings.

Loans by maturity

The bulk of the non-real estate loans to farmers had an original maturity of less than one year. Loans with maturities over one year accounted for only 12 percent of the number and 8 percent of the dollar amount loaned (Table 6). The most common maturity was from 3 to 6 months, with 30 percent of the number and 27 percent of the dollar amount of loans falling into this category. The category of 9 months to 1 year was next in importance in dollar amount, having 21 percent of the total. Demand loans comprised 7 percent of the number and 11 percent of the dollar amount.

There was little correlation between the size of loan and the maturity. The average size of demand loans and of those with a maturity of from 9 months to 1 year was close to $3,000, while the average loan in all other maturities combined was somewhat over $1,700.

A greater proportion of loans in the District were of longer maturity than in the United States. Fifty percent of the dollar amount of all loans in the District had a maturity of six months or over, compared with 38 percent for the country as a whole.

Loans by interest rate

Forty-six percent of the number and 60 percent of the dollar amount of non-real estate agricultural loans were made at interest rates ranging from 5 to 6 percent (Table 7). Only 3 percent of the number but 24 percent of the dollar amount bore interest rates of less than 5 percent. Two percent of the dollar amount of loans had interest rates in excess of 8 percent.

As would be expected, there was a fairly close relationship between the average size of loan and the interest rate—the smaller the loan, the higher the rate. Loans bearing rates of less than 4 percent averaged $35,000, while those at 6 percent had an average size of $1,900. Generally speaking, the average size of loan became progressively smaller as one ascended the scale of interest rates. Geographic differentials in interest rates also appear to be significant within the Twelfth District. A detailed discussion of the interest rate structure will be presented in a subsequent article.

The survey indicated that there has been a marked decline since 1930 in the rate of interest usually charged by banks on agricultural loans. Two-fifths of the member banking offices which submitted information on this point

TABLE 6—FARM PRODUCTION LOANS OF INSURED COMMERCIAL BANKS OUTSTANDING IN MID-1947, BY ORIGINAL MATURITY—TWELFTH DISTRICT AND UNITED STATES

(Estimates of outstanding loans)

Maturity[1]	Twelfth District: No. of loans	Amount of loans (in thousands)	Percentage distribution: No.	Amt.	Av. size of loan	United States: Percentage distribution: No.	Amt.	Av. size of loan
Demand	8,380	$26,260	7.2	11.1	$3,130	5.9	9.6	$1,090
Under 3 months	16,120	29,260	13.9	12.4	1,820	22.3	16.0	490
3 to 6 months.	34,290	62,580	29.6	26.6	1,820	38.8	36.4	630
6 to 9 months.	22,590	40,570	19.5	17.2	1,800	15.6	14.9	650
9 months to 1 year	17,160	49,020	14.8	20.8	2,860	11.5	15.6	920
1 to 2 years...	10,790	14,330	9.3	6.1	1,330	2.7	3.6	880
2 to 3 years...	2,930	3,320	2.5	1.4	1,130	0.8	1.2	1,120
3 to 5 years...	600	1,080	0.5	0.4	1,800	0.4	0.9	1,440
Over 5 years..	0	0	..	..	....	0.1	0.2	1,980
Past due	3,040	9,200	2.6	3.9	3,030	1.5	1.5	670
Unclassified ..	0	0	..	..	....	0.3	0.1	320
All loans ...	115,890	235,630	100.0	100.0	2,030	100.0	100.0	680

[1] Each level includes the lower limit.
Note: Detailed figures may not add to totals because of rounding.

TABLE 7—FARM PRODUCTION LOANS OF INSURED COMMERCIAL BANKS OUTSTANDING IN MID-1947, BY INTEREST RATE—TWELFTH DISTRICT

(Estimates of outstanding loans)

Interest rate[1] (percent)	Number of loans	Amount of loans (in thousands)	Percentage distribution: Number	Amount	Average size of loan
3.9 and under........	910	$31,840	0.8	13.5	$34,990
4.0	1,390	6,250	1.2	2.7	4,500
4.1-4.9	1,240	17,420	1.1	7.4	14,050
5.0	9,390	57,400	8.1	24.4	6,110
5.1-5.9	1,610	4,470	1.4	1.9	2,780
6.0	41,840	78,680	36.1	33.4	1,880
6.1-6.9	630	430	0.5	0.2	680
7.0	17,990	14,480	15.5	6.1	800
7.1-7.9	980	830	0.8	0.3	850
8.0	31,850	18,910	27.5	8.0	590
8.1 and over........	8,060	4,920	7.0	2.1	610
Total	115,890	235,630	100.0	100.0	2,030

[1] The interest rates for discounted instalment loans used in this tabulation were effective rates, which are roughly double the quoted rates. Virtually all of the loans with rates of 8.1 percent and over were of this type.
Note: Detailed figures may not add to totals because of rounding.

TABLE 8—USUAL INTEREST RATE CHARGED ON FARM PRODUCTION LOANS BY TWELFTH DISTRICT MEMBER BANKS, 1947, 1940 AND 1930

Usual interest rate (percent per annum)	Percentage of banks reporting rate: 1947	1940	1930
Under 6	31.5	9.4	....
6	49.4	40.0	22.4
6.1 to 7.9	14.6	36.5	37.3
8.0 and over	4.5	14.1	40.3
All reporting banks	100.0	100.0	100.0

stated that in 1930 they usually charged at least 8 percent for farm production loans, and none reported a rate below 6 percent. In 1947, however, only 5 percent of the banking offices reported a rate of 8 percent or more, while one-third indicated that their usual rate was under 6 percent.

Methods used in the survey

The Agricultural Loan Surveys were conducted jointly by the Federal Reserve System and the Federal Deposit Insurance Corporation. The participating banks in each District were selected so that they would be as representative as possible of all banks making agricultural loans. All banking offices were divided into size groups based on their total deposits on June 29, 1946. In the Twelfth District, member banking offices were further classified into groups of unit and branch banking offices and into geographic areas. Sample member banks were picked at random from each of these subgroups. Altogether 94 member banking offices, including branch banking offices, and 17 nonmember insured banks participated in the survey of real estate farm loans. Each of these banking offices furnished data on each farm real estate loan outstanding on June 20, 1947. Another group of 93 member banking offices, including branch banking offices, and the same group of nonmember insured banks supplied information on one out of every five of its "other loans to farmers" outstanding on that date.

Based on these loan data from a sample of Twelfth District banks, estimates were made of the total number and total amount of farm production and of farm real estate loans outstanding in Twelfth District insured commercial banks. The tabulations presented in this article were prepared from these estimates.

SOME ASPECTS OF WESTERN POPULATION GROWTH, 1940-1947

A GREAT WESTWARD MOVEMENT of population in the United States has taken place during the past seven years. According to recent estimates by the Bureau of the Census, more than one-third of the entire civilian population growth of the country between 1940 and 1947 occurred in the seven states of the Twelfth Federal Reserve District. Total civilian population of the United States increased from April 1, 1940 to July 1, 1947 by 11,226,000 persons, while in the Twelfth District the increase was 4,012,000. For the country as a whole the civilian population growth during these seven years was 8.5 percent of the 1940 population. For the Twelfth District the increase was over 35 percent, while in the three Pacific Coast states the gain was 40 percent.[1]

Accelerated rate of growth since 1940

These large gains within the past seven years compare with ten-year increases between 1920 and 1940 as follows:

Years	Increase (in thousands) Twelfth District	United States	Percent of gain Twelfth District	United States	Percent Twelfth Dist. increase of total U. S. increase
1920-1930	2,814	17,064	41	16	16.5
1930-1940	1,687	8,627	17	7	19.6
1940-1947	4,012	11,226	35	8.5	35.6

The 4 million population gain of the Twelfth District between 1940 and 1947 was not much less than the 4.5 million increase over the whole period from 1920 to 1940. Even in the latter period the Twelfth District increase was a significant fraction of the total national population growth. The impact on the economy of the depression years of the thirties is clearly apparent in the slowing down of population growth during the decade 1930-40. The startling reversal of this tendency during the succeeding seven years is equally apparent.

Population gains and losses

In no other major area of the country, and in few individual states outside the Twelfth District, did population grow as rapidly between 1940 and 1947 as in this region. Only 11 states in other parts of the country experienced rates of increase exceeding the national average of 8.5 percent. In every instance these 11 states bordered the Atlantic or Gulf coasts or the Great Lakes. Their relatively rapid rate of growth, like that of the Twelfth District, reflects primarily the shifts in population caused by the expansion of defense industries and war activities between 1940 and 1945.

Eleven states, including one in the Twelfth District —Idaho—lost population during this seven-year period. These states fall into two fairly well-defined geographic groups, of six southern and five northwestern states. The southern group comprising West Virginia, Kentucky, Alabama, Mississippi, Arkansas, and Oklahoma, lost about 320,000 persons, or slightly over two percent of their aggregate 1940 population. The northwestern group, comprising Nebraska, the two Dakotas, Montana, and Idaho, lost about 290,000, or nearly 8 percent of their 1940 population. The heaviest relative losses occurred in the Dakotas and Montana, approximately 13 percent, the lowest in Nebraska, 1 percent. Idaho lost about 37,000, or 7 percent of its 1940 population. Both Idaho and Utah were displaced by Arizona in rank among the Twelfth District states between 1940 and 1947.

Individual states compared

The estimated total and civilian population of each of the Twelfth District states in 1940 and 1947 was as follows (in thousands):

State	Total resident population 1947 July 1	1940 April 1	Percent increase	Civilian population 1947 July 1	1940 April 1	Percent increase
California	9,876	6,907	43	9,751	6,857	42
Washington ...	2,233	1,736	29	2,195	1,732	27
Oregon	1,517	1,090	39	1,516	1,088	39
Arizona	657	499	32	649	498	30
Utah	637	550	16	635	550	15.5
Idaho	488	525	— 7	488	525	— 7
Nevada	140	110	27	139	110	26
TWELFTH DISTRICT.	15,547	11,418	36	15,373	11,361	35
United States..	143,382	131,669	9	142,628	131,402	8.5

[1] The five southeastern counties of Arizona, which are not part of the Twelfth Federal Reserve District, are included in the Census figures used in this article.

Importance of migration

Inmigration from other areas has been by far the most important source of the Twelfth District's accelerated population growth since 1940. The total gain from this source for the seven states of the District between April 1, 1940 and July 1, 1946 was about 2,950,000 persons.[1] The Census Bureau's analysis of the components of civilian population gain between 1940 and 1946 indicates that migration into the District accounted for nearly 86 percent of the net increase during this six-year period. In Oregon and California the proportion was even higher. Twenty states made net population gains between 1940 and 1946 through inmigration from other states. The total net gain from this source for all twenty states was approximately 5,300,000 persons. Well over half of this total was represented by the net migration into the seven states of the Twelfth District.

The contribution of migration to the net increase in the civilian populations of the Twelfth District states between April 1, 1940 and July 1, 1946 was as follows:

State	Net increase (thousands)	Net migration (thousands)	Percent migration of net increase
California	2,485	2,219	89.3
Washington	435	367	84.3
Oregon	361	334	92.5
Arizona	119	79	66.0
Utah	73	21	28.6
Idaho	—55	—91	...
Nevada	23	21	87.8
TWELFTH DISTRICT	3,442	2,949	85.7

Natural increase, i.e., the excess of births over deaths, amounted to some 820,000 in the Twelfth District, or about 9 percent of the national total, during this six-year period. Together with the net migration of 2,949,000 persons, this represents a gross population increase for the District of about 3,769,000. To arrive at the net increase of 3,442,000 persons, allowance must be made for the drain of civilians into the armed forces. This amounted to a net figure for the District of about 327,000, representing the excess of military inductions over the number released from the services during the same period, and was about 11 percent of the total national inductions.

Irregular growth in resident civilian population

The annual increment to the civilian population of the District during the seven years 1940 to 1947 varied from about 140,000 in 1942-43 to ten times that number—1,400,000—in 1945-46. The basic factors causing this wide variation were the fluctuating requirements of the military draft during the earlier years of the period, and the rapid demobilization in the more recent years. The effect of the first influence was most apparent in 1942-43, when the armed services were being rapidly built up, and of the latter in 1945-46, when large numbers of men were being released from military service. The estimated civilian population of the Twelfth District and of California at July 1 in each year from 1940 to 1947, and the increase from year to year, are shown in the accompanying table (in thousands).

For the country as a whole the civilian population shrank steadily from 1940 to 1944, the net loss in four years amounting to 5,123,000 persons. During the three years 1944 to 1947 the situation was reversed and a net increase of 16,092,000 occurred in the civilian population.

Year	Civilian population at July 1 — Twelfth District	Civilian population at July 1 — California	Annual increase — Twelfth District	Annual increase — California
1940	11,472	6,931	...	...
1941	11,823	7,191	351	260
1942	12,196	7,444	373	253
1943	12,335	7,526	139	82
1944	12,835	7,908	500	382
1945	13,403	8,391	568	483
1946	14,803	9,342	1,400	951
1947	15,373	9,751	570	409

Outlook for future growth

While prediction is hazardous, it may be suggested that the extraordinary expansion of population experienced in the Twelfth District between 1940 and 1947 has perhaps come to an end and that a much more moderate rate of growth is to be expected in the immediate future. Two considerations are pertinent in this connection:

(1) The basic need to transfer large numbers of workpeople from other areas to man the war industries of the Pacific Coast and Intermountain regions is now over.

(2) Military demobilization is virtually completed. In fact, total military personnel is currently reported below the strength authorized by Congress, and further releases will be substantially offset by new inductions.

In other words, the large shifts in regional populations incident to the war have already occurred. Further migration to the Twelfth District may be expected to respond to more normal urges and to reflect relative employment opportunities here and elsewhere. This involves the capacity of the region to absorb continued population inflow in addition to providing a living for the large increase in the labor force that has already taken place. Greater absorptive capacity depends fundamentally upon further industrialization rather than upon increased pressure on the extractive industries, which in most cases are already operating at close to their economic limits, at least for the near term.

Natural increase, on the other hand, may be expected to continue at a relatively high level for some time to come. Marriage rates and birth rates in practically all parts of the country have increased very rapidly since the war. Unofficial estimates indicate that in the case of California, for example, natural increase accounted for more than 150,000 of the state's total population gain of about 410,000 during the year 1946-47. With a large proportion of new married couples and widespread economic prosperity the birth rate may remain at a high level for a considerable time.

[1] Data are not available showing the net migrational increase, 1946-47, in District civilian population.

Note: The *Monthly Review* for December will contain an analysis of Census material dealing with the labor force in major cities of the Twelfth District.

RECENT DEVELOPMENTS IN INDUSTRY, AGRICULTURE AND BUSINESS

In recent weeks yields on both long-term governments and corporate bonds have gone up. The current movement in corporate bonds, which began in early September, has carried Moody's index of Aaa issues from 2.53 in the week ending September 6 to 2.80 in the week ending November 21. Yields on governments began to rise appreciably in mid-October; on taxable issues of 15 years and over yields rose from 2.24 in the week ending October 11 to 2.36 in the week ending November 21.

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At the third annual session of the Conference of the Food and Agriculture Organization of the United Nations, held in Geneva August 25-September 11, a World Food Council, with 18 member nations, was established. The Conference recommended action by the Organization to assist governments in improving their statistical sources, to increase the volume of statistical information currently received for FAO, and to carry forward work on the 1950 World Census of Agriculture. Plans were discussed and recommendations were made for programs in Asia, Central Europe, and Latin America to train personnel in assembling the needed statistical data.

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The United States Department of Agriculture report on crops issued November 12 indicates an even shorter corn crop than was predicted the month before. The latest estimate is 2,447 million bushels—1 percent below last month's estimate, 26 percent below last year's crop, 7 percent below the 1945-46 average, and an estimated 17 percent below requirements for the coming year. The winter wheat crop is also expected to be short because of drought in the wheat belt in 1947. Planting was curtailed 25 percent in an area normally producing 40 percent of the United States crop. However, rains over most of the United States during the week ending November 18—especially in the critically dry southtwestern Winter Wheat Belt—have improved the wheat crop outlook. The condition of winter wheat is good in most of the Rocky Mountain area, and very good in the Pacific Northwest.

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Twelfth District insured commercial banks reported total assets of almost $18 billion as of June 30, 1947 (including $5 billion of loans and $9.3 billion of investments). Agricultural loans represented 6.7 percent of the total. Farm real estate loans accounted for 30.4 percent of all farm loans; non-real estate loans for 69.6 percent.

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The United States Department of Agriculture reports that the September hurricane severely damaged important acreages of fall vegetables in Florida. However, the full force of the hurricane passed south of the main citrus area, though considerable damage was done on the lower coasts. Florida grapefruit shipments began toward the end of September but only a few oranges had been picked by October 1. Conditions for Texas citrus have been favorable since early August. In California, prospects for all citrus continue good despite a very dry season, although citrus crops for 1947-48 are expected to total slightly less than last season.

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According to the Bureau of Agricultural Economics, more new farm machinery is likely to become available in 1948 than in any other previous year; many new types of tractors for the small farm are expected to be placed on the market. Fertilizer supplies for the year ending June 30, 1948 may be greater by 5 to 10 percent than they were last year; prices are expected to be higher for the first half of 1948, but they are unlikely to cause any reduction in the amount demanded. Farm costs are now the highest in history; they have risen 9 to 25 percent every year since 1939, and are expected to increase still further in 1948. On October 1 farm wage rates were 7 percent higher than a year ago and more than four times the 1910-14 average. Farmers' cash receipts from livestock for the first ten months of 1947 were up 30 percent, and receipts from crops were up 21 percent, over the first ten months of 1946.

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Housing manufacturers have estimated that the national agreement for large-scale production of prefabricated housing recently signed by the AFL Building Trades and a Chicago corporation may mean 300,000 new prefabricated homes in 1948. Union members affected by the contract include carpenters, joiners, plumbers, pipefitters, and electrical workers. The agreement provides for factory fabrication by union members, and construction on the sites by members of the same unions.

In some cities, however, building codes will need revision in order to permit widespread use of prefabricated houses in residential areas.

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According to the *World Report* for November 1947, United States lumber production for 1948 is estimated at 35,500 million board feet, and estimated imports will be 1,200 million board feet. United States consumption is estimated at 35,700 board feet, leaving a surplus of 1,000 million board feet for export.

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Americans are spending 28 percent of their disposable income for foods as compared to 22 or 23 percent before the war. They are eating 8 percent more food per person than in 1941, according to the Bureau of Agricultural Economics, and 17 percent more than the average for 1935-39. Exports of food in 1946-47 constituted 8 percent of the total United States food supplies, measured in tons.

BUSINESS INDEXES—TWELFTH DISTRICT

1935-39 Average = 100[1]

Year and month	Industrial production (physical volume)[2]										Factory employment[4]		Factory payrolls[4]	
	Lumber		Petroleum[3] Crude	Petroleum[3] Refined	Cement		Wheat flour[3]		Electric power		California		California	
	Adjusted	Unadjusted	Unadjusted	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted
1929	....	148	121	193	....	110	....	115	....	83	....	100	....	111
1930	....	112	95	168	....	96	....	107	....	84	....	86	....	93
1931	....	77	78	140	....	74	....	110	....	82	....	73	....	73
1932	....	46	74	134	....	48	....	98	....	73	....	61	....	54
1933	....	62	72	127	....	54	....	97	....	73	....	66	....	53
1934	....	67	73	123	....	70	....	106	....	79	....	79	....	64
1935	....	83	86	140	....	68	....	113	....	85	....	87	....	78
1936	....	106	89	154	....	117	....	109	....	96	....	99	....	96
1937	....	113	99	163	....	112	....	114	....	105	....	112	....	115
1938	....	88	104	159	....	92	....	111	....	102	....	98	....	101
1939	....	110	93	160	....	114	....	123	....	112	....	104	....	110
1940	....	120	93	158	....	124	....	118	....	122	....	122	....	134
1941	....	140	96	172	....	164	....	120	....	136	....	173	....	224
1942	....	140	103	175	....	194	....	120	....	167	....	270	....	460
1943	....	133	118	194	....	160	....	132	....	214	....	363	....	705
1944	....	138	129	226	....	128	....	136	....	231	....	335	....	694
1945	....	108	135	243	....	131	....	152	....	219	....	246	....	497
1946	....	118	131	219	....	165	....	147	....	219	....	177	....	339
1946														
August	113	139	131	234	167	182	136	136	222	231	187	188	369	371
September	120	139	131	222	170	182	129	154	227	227	184	185	360	361
October	122	133	131	229	161	175	130	154	236	229	187	188	372	375
November	128	122	132	227	182	176	133	146	237	232	192	193	372	373
December	133	100	133	221	182	170	166	166	243	240	192	193	387	388
1947														
January	155	106	134	219	191	164	174	174	250	246	194	191	386	379
February	172	121	136	227	182	166	162	162	249	244	192	191	387	384
March	143	124	137	255	207	190	165	162	252	248	193	192	390	389
April	132	135	137	259	193	196	173	153	254	252	192	192	392	392
May	130	151	138	267	193	195	179	158	251	253	190	190	392	394
June	131	151	139	264	186	202	179	157	251	257	187	187	394	396
July	126	140	139	261	184	195	164	144	252	262	184	184	392	392
August	130	158	139	279	185	201	143	143	252	263	189	189	407	409
September	131	154	139	278	....	....	118	140	259	259	191	191	411	412

Year and month	Carloadings (number)[2]						Department store sales (value)[2]					Dept. store stocks (value)[5]		Consumers' prices[6]	
	Total		Merchandise and miscellaneous		Other		District		California	Pacific Northwest	Utah & So. Idaho	District		All items	Food
	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted	Adjusted	Adjusted	Adjusted	Unadjusted	Unadjusted	Unadjusted
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	99.6
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															
August	102	118	125	140	74	90	324	291	311	333	364	240	263	145.7	176.1
September	109	126	125	148	90	100	313	326	308	312	319	249	281	147.7	179.7
October	109	128	125	151	89	99	319	330	320	313	301	270	299	150.6	186.2
November	111	112	134	134	83	84	319	376	325	307	289	296	313	156.2	199.9
December	121	107	145	129	91	79	317	503	310	329	305	334	273	156.9	198.4
1947															
January	136	108	146	122	124	89	313	249	307	318	326	315	277	156.7	195.7
February	134	111	150	125	113	93	330	278	317	352	335	330	290	156.7	193.5
March	117	109	129	120	103	96	325	295	318	336	314	331	308	158.2	196.6
April	120	117	130	122	108	111	315	297	314	311	313	308	304	159.0	197.8
May	112	112	131	123	88	98	323	300	321	331	279	287	298	158.7	197.3
June	115	124	134	142	91	101	319	293	317	324	294	280	285	157.6	194.8
July	122	124	133	142	107	102	329	271	322	333	349	267	283	....	196.5
August	109	125	129	145	82	100	340	306	329	349	363	248	272	....	197.9
September	108	124	121	142	91	101	321	335	317	323	312	253	285	....	....

[1] 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.
[2] Daily average. [3] 1923-25 daily average=100. [4] Wage earners only. Excludes fish, fruit and vegetable canning.
[5] At retail, end of month or end of year. [6] Los Angeles, San Francisco, and Seattle indexes combined.

BANKING AND CREDIT STATISTICS—TWELFTH DISTRICT

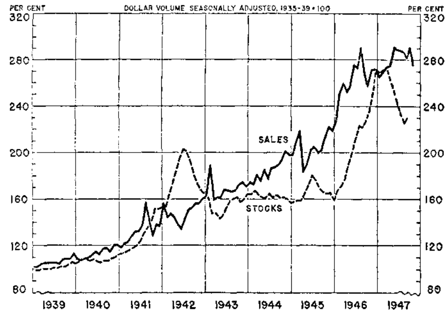
(amounts in millions of dollars)

Year and month	Condition items of all member banks[1]									
	Loans and discounts					Investments[2]		Demand deposits adjusted[3,4]	Time deposits (except U.S. Gov't)[4]	U.S. Gov't deposits[4]
	Total[2]	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	....	....	668	....	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	2,263	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										
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	8,260	5,851	235
June	4,658	2,047	134	1,828	649	7,370	871	8,297	5,908	103
July	4,755	....	....	....	....	7,375	874	8,366	5,888	148
August	4,879	....	....	....	....	7,353	871	8,462	5,887	208
September	4,997	....	....	....	....	7,364	889	8,600	5,909	216
October	5,158	....	....	....	....	7,361	896	8,722	5,949	192

Year and month	Member bank reserves and related items[5]								Bank debits 31 cities[8] index
	Reserve bank credit[6]	Commercial operations[6]	Treasury operations[6]	Coin and currency in circulation		Reserves[7]			
				Total[6]	F.R. notes of F.R.B. of S.F.	Total	Required	Excess	Unadjusted
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	2,699	1,706	1,598	104	237
1945	— 76	—3,743	+4,682	+ 545	3,219	2,033	1,878	136	260
1946	+ 9	—1,607	+1,329	— 326	2,871	2,094	2,051	59	298
1946									
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	2,081	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	— 14	+ 49	+ 10	2,714	1,993	1,934	59	297
June	— 21	— 41	— 7	— 13	2,695	1,992	1,944	51	322
July	—234	— 213	+ 381	— 23	2,669	1,963	1,956	60	305
August	— 48	+ 78	+ 124	— 23	2,685	2,078	1,985	62	322
September	— 87	— 85	+ 172	— 10	2,675	2,095	2,028	80	325
October	+ 23	— 39	+ 35	— 16	2,656	2,137	2,046	77	347

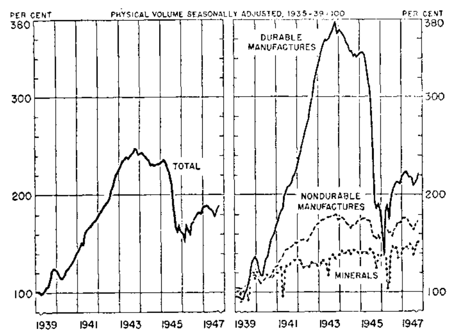
[1] Annual figures are as of end of year; monthly figures are as of last Wednesday in month or, where applicable, as of call report date.
[2] Monthly data for 1946 partly estimated.
[3] Demand deposits, excluding interbank and U.S. Gov't deposits, less cash items in process of collection.
[4] Monthly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

DEPARTMENT STORE SALES AND STOCKS



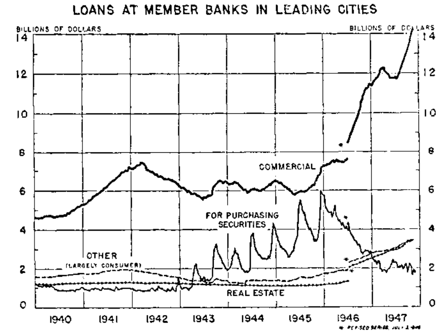
Federal Reserve indexes, monthly figures, latest shown for sales, October; for stocks, September.

INDUSTRIAL PRODUCTION



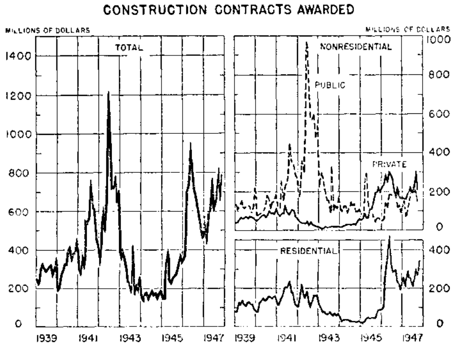
Federal Reserve indexes, monthly figures, latest shown are for October.

LOANS AT MEMBER BANKS IN LEADING CITIES



Excludes loans to banks. Wednesday figures, latest shown are for November 12.

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 for total and residential, October; for private nonresidential and public nonresidential, September.

National Summary of Business Conditions

Released November 27, 1947—Board of Governors of the Federal Reserve System

INDUSTRIAL output increased further in October. Department store sales continued in large volume in October and the first half of November. The general level of wholesale commodity prices advanced slightly further.

Industrial Production

Production of manufactures and minerals continued to rise in October, and the Board's seasonally adjusted index of industrial production reached a level of 189 percent of the 1935-39 average. This was the same as the rate prevailing during the first quarter of the year and 4 percent above the third quarter average.

Output of durable goods increased further in October to about the level that prevailed in the early months of this year, owing mainly to larger output of iron and steel. Operations at steel mills were at 97.6 percent of capacity, the highest rate since the end of the war, and this rate has been sustained in November. Activity in most branches of the machinery and transportation equipment industries increased somewhat further in October.

Production of nondurable goods showed a slight advance in October to a level of 173 percent of the 1935-39 average, as compared with a rate of 176 at the beginning of the year. The rise in October reflected mainly increases in activity at cotton mills and in gains in fuel production and was about 5 percent above the level at the beginning of the year. Most of the rise this year has been due to a 10 percent increase in crude petroleum output.

Employment

Nonagricultural employment continued to increase in October, owing mainly to the usual large pre-Christmas rise in wholesale and retail trade. In manufacturing, a seasonal reduction of nearly 150,000 workers in the canning industry largely offset further gains in most other lines.

Construction

Value of construction contract awards, according to the F. W. Dodge Corporation, rose sharply in October following a decline in September and was only slightly below the August peak. Awards for residential building and utility construction showed the largest increase. The Department of Labor estimated that work was begun on 92,000 dwelling units in October, the same number as in September, and 82,000 units were completed as compared with 77,000 in September.

Distribution

Department store sales, according to the Board's seasonally adjusted index, were 278 percent of the 1935-39 average in October as compared with 290 in September and an average of 280 during the first three quarters of the year. In the first half of November sales showed more than the usual seasonal increase and were 11 percent larger than in the corresponding period of 1946.

Commodity Prices

The general level of wholesale commodity prices increased slightly further in October and the early part of November, reflecting advances in industrial commodities. Average price levels for farm products and foods were unchanged, as increases in cotton, cereal products, and fats and oils were offset by declines in prices of livestock products from the advanced levels reached in September.

Retail prices, according to the consumers' price index, advanced 2 percent in September, reflecting a rise of 4 percent in foods, 2 percent in rents, and an average increase of 1 percent in prices of other items. In October retail prices of foods apparently declined somewhat while prices of various other items continued to advance.

Bank Credit

Rapid expansion in commercial and industrial loans continued at banks in leading cities during October and the first half of November. Real estate and consumer loans also increased further.

Transfer of funds by the Treasury from war loan balances at commercial banks to Treasury accounts at Reserve Banks, together with Treasury retirement for cash of Government Securities held by Reserve Banks, resulted in a drain on member bank reserves in late October and again in mid-November. Banks obtained reserves to meet this drain largely through further gold inflows and by selling Government Securities to the Reserve Banks.

Interest Rates and Bond Yields

Prices of Treasury Bonds declined considerably in October and November, following an earlier decline in corporate bond prices. The yield on the longest 2½ percent issue rose to 2.44 percent, compared with a low point for this year of 2.28. Average rates on Treasury bills have risen gradually since last summer to .94 percent in November. A new 13-month 1⅛ percent Treasury note has been offered in exchange for the ⅞ percent certificates maturing December 1.