

Monthly Review



FEDERAL RESERVE BANK OF SAN FRANCISCO

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RETAIL CREDIT SURVEY—1947

CREDIT sales rose markedly and total sales varied considerably among nine retail lines in the Twelfth District during 1947. Total sales increased especially in major durable goods. The behavior of credit sales, accounts receivable, and bad debt losses of the retailers included in this survey reveals that consumers used more credit during 1947 but experienced little difficulty in meeting the obligations incurred. Except for three lines, inventories were greater at the end of 1947 than a year earlier. Because of a continued strong demand from consumers, however, most retailers were able to maintain or improve their turnover.

The foregoing conclusions are based on reports submitted for more than 1,000 retail stores in the Twelfth District. This is the sixth annual retail credit survey conducted by the Federal Reserve System covering the operations of credit-granting retailers. A report covering each line of business, giving details by size and cities and areas for which sufficient reports were received to permit publication of data, is available upon request.

Changes in total sales varied markedly

The dollar volume of sales for all retail lines in this survey, except jewelry and women's apparel stores, increased during 1947, but experience varied widely. As might well have been expected, the most outstanding gains occurred in stores selling major consumer durable goods, especially automobiles and household appliances. Furniture stores and hardware stores also improved their sales substantially during 1947.

Lines other than major durable goods reported less favorable sales results. The dollar volume of sales declined for jewelry and women's apparel stores. Though dollar sales increased for department stores, automobile

tire and accessory stores, and men's clothing stores, the percentage increases over 1946 were smaller than the increase in prices for most goods sold by such stores. This suggests a decline in the physical volume of such sales.

More credit used in 1947

Led by the expansion of instalment sales, credit sales became more important in total sales during 1947. This continued the 1946 experience except for two lines—automobile dealers and automobile tire and accessory stores—which reported the first increase in the ratio of credit sales since 1942. The shift toward a larger proportion of credit sales, particularly instalment, was considerably more pronounced in 1947 than in 1946. Several factors were responsible for this shift. During 1947 prices increased somewhat faster than salaries and wages, the principal sources of consumer incomes. Since people were buying more consumer durable goods which require considerable outlays, they needed more credit. Toward the end of the year, the abandonment of restrictions on instalment sales permitted easier credit terms. Instalment sales rose in importance for all lines.

The ratio of cash sales to total sales declined for all lines between 1946 and 1947. Despite this decline the proportion of sales made for cash was larger than in 1941, the last prewar year. Automobile tire and accessory stores, household appliance stores, hardware stores, and jewelry stores reported cash sales ratios far above those in 1941.

Accounts receivable increased substantially

During 1947 collections on accounts receivable were slower than in 1946. This is evident from the greater increase in accounts receivable than in credit sales for each line. Four of the nine lines—automobile dealers,

RETAIL SALES BY TYPE OF PAYMENT—TWELFTH DISTRICT

1947 compared with 1946

Kind of store	Number of stores reporting	Cash sales			Regular charge sales			Instalment sales		
		Percent change	Percent of total sales 1947	Percent of total sales 1946	Percent change	Percent of total sales 1947	Percent of total sales 1946	Percent change	Percent of total sales 1947	Percent of total sales 1946
Automobile dealers	125	+45	46	48	+36	26	29	+78	28	23
Auto tire and accessory	246	—2	72	75	—9	18	21	+146	10	4
Department ¹	102	—7	52	57	+13	43	39	+56	5	4
Furniture	99	+1	24	30	+25	37	36	+39	39	34
Hardware	52	+2	41	44	+16	46	44	+18	13	12
Household appliance	35	+35	42	45	+28	34	39	+126	24	16
Jewelry	48	—30	34	48	+18	25	20	+23	41	32
Men's clothing	55	—6	60	66	+21	40	34	+67	2	2
Women's apparel	38	—17	36	42	+3	61	55	+14	3	3

¹ Not including national chains.

² Less than ½ of 1 percent.

ACCOUNTS RECEIVABLE OF RETAIL ESTABLISHMENTS—TWELFTH DISTRICT

1947 compared with 1946

Kind of store	Number of stores reporting	Percent change in total receivables	Regular charge receivables			Instalment receivables		
			Percent change	Percent of total receivables 1947	Percent of total receivables 1946	Percent change	Percent of total receivables 1947	Percent of total receivables 1946
Automobile dealers	123	+78	+14	34	53	+149	66	47
Auto tire and accessory	246	+55	+13	56	77	+191	44	23
Department ¹	97	+18	+9	81	88	+92	19	12
Furniture	62	+46	+60	41	37	+38	59	63
Hardware	51	+27	+29	81	80	+21	19	20
Household appliance	35	+74	+28	47	64	+154	53	36
Jewelry	48	+69	+40	30	36	+85	70	64
Men's clothing	54	+27	+27	99	99	+135	1	1
Women's apparel	37	+11	+10	93	94	+26	7	6

¹ Not including national chains.

automobile tire and accessory stores, furniture stores, and household appliance stores—reported gains in accounts receivable of over 50 percent from 1946. Instalment receivables increased more rapidly than instalment sales, and predominated in the rise of receivables in all lines but furniture and hardware stores. Regular charge receivables grew faster than regular charge sales for automobile dealers, department stores, and household appliance stores.

The behavior of accounts receivable is a further indication of the cash position of consumers in 1947 relative to 1946. In 1946 when prices rose rapidly and durable goods reappeared on the market in considerable quantity, consumers still made large down payments on instalment sales and paid the balance (both instalment and regular) in relatively short periods. During 1947, however, down payments on instalment sales appeared to be nearer the legal minimum and repayment periods closer to the legal maximum required by Regulation W. And after Regulation W terminated, on November 1, there was some easing of instalment credit terms. Repayment on regular charge accounts, which were removed from controls on December 1, 1946, also slowed up for most lines.

Bad debt losses remained small

Though the behavior of credit sales and accounts receivable indicates a tighter cash position of consumers, bad debt losses of retail firms, examined by the Federal Reserve System for the first time in the 1947 survey, were very small relative to credit sales. The dollar amounts of the losses were greater for all lines (except household appliance stores) in 1947 than in 1946; but the ratio of total bad debt losses to total credit sales increased in only four of the nine lines—automobile tire and accessory stores, hardware stores, and the two apparel lines. Even for these

retailers the loss ratios were less than 1 percent of sales and the increase in the ratio was small. Jewelry firms had the highest loss ratio, 1.3 percent, in both 1946 and 1947.

Examination of the data reveals that, except for furniture stores, bad debt losses on charge accounts increased faster than regular charge sales. The reverse was true for instalment bad debt losses, except for furniture stores and jewelry stores.

Most inventories increased

Despite the high level of stocks existing at the end of 1946, most lines increased the value of their inventories during 1947. Supply conditions were considerably improved in a number of lines, making it possible to add to stocks. The large increases in inventories reported by household appliance dealers, hardware stores, and men's clothing stores indicates a substantial increase in goods on hand as well as an increase in their dollar value. The size of the increases in dollar inventories of automobile dealers, furniture stores, and women's apparel stores, however, indicates that higher prices may have been the most important factor in increasing their level over a year earlier. Inventories appeared to stand in reasonable relation to sales because of the favorable behavior of turnover ratios for most lines.

Turnover ratios increased in five lines and declined substantially in only two lines. The rate of turnover improved for automobile dealers, furniture stores, and household appliance stores, even though they reported substantial inventory increases. Automobile tire and accessory stores improved their turnover position chiefly by reducing stocks. Men's clothing stores and women's apparel stores reported marked declines in turnover. Inventories for both lines increased substantially, but men's clothing store sales increased only 1 percent while women's apparel store sales declined 5 percent.

BAD DEBT LOSSES AND TOTAL CREDIT SALES—TWELFTH DISTRICT

1947 compared with 1946

Kind of store	Number of stores reporting	Percent change in		Ratio of total bad debt losses to total credit sales (in percent)	
		Total credit sales	Total bad debt losses	1947	1946
Automobile dealers ...	121	+55	+50	.2	.3
Auto tire and accessory	245	+15	+77	.7	.4
Department ¹	66	+19	+35	.4	.4
Furniture	69	+30	+70	.2	.2
Hardware	49	+17	+29	.5	.4
Household appliance ..	34	+55	0	.2	.4
Jewelry	48	+21	+24	1.3	1.3
Men's clothing	55	+22	+88	.5	.3
Women's apparel	38	+4	+57	.4	.3

¹ Not including national chains.

RETAIL SALES AND INVENTORIES—TWELFTH DISTRICT

1947 compared with 1946

Kind of store	Number of stores reporting	Percent change in total sales	Percent change in inventories at retail	Inventory turnover ¹	
				1947	1946
Automobile dealers	165	+49	+17	9.9	7.7
Auto tire and accessory	252	+2	-14	4.4	4.1
Department ²	120	+3	0	4.9	4.7
Furniture	160	+20	+16	3.0	2.9
Hardware	75	+12	+29	3.7	4.2
Household appliance	66	+49	+40	4.4	4.1
Jewelry	58	-7	0	1.9	2.0
Men's clothing	71	+1	+21	3.6	4.3
Women's apparel	53	-5	+10	4.5	5.2

¹ Sales during year divided by inventories at end of year.² Not including national chains.

FRUIT AND VEGETABLE CANNING—TWELFTH DISTRICT

THE FRUIT and vegetable canners of the Twelfth District are entering the new packing season in a cautious, though moderately optimistic, state of mind. Financial results for most District canners in the 1947 season have been satisfactory, although many of them packed less and sold at lower prices than in the especially good year 1946. While wholesalers and retailers are buying cautiously, consumer demand for canned goods remains at a reasonably high level. Inventories, though larger than in the war years, are not considered excessive except for tomato products and peas, although some canned fruit items, notably mixed fruits, are in relatively large supply. Exports and Government purchases of some District canned food products were curtailed in 1947, but procurement for European aid and expanded military personnel may reverse this trend. With the return to a buyer's market well under way, trade opinion tends to forecast District packs in 1948 substantially below those of the past two seasons, though probably up to the average of other recent years.

Very large packs in 1946 and 1947

The almost phenomenal increase in production of canned fruits and vegetables in the United States in recent years apparently reached its climax in 1946. In that year the aggregate pack of eight leading fruits and eight leading vegetables totaled about 200 million cases—nearly one-quarter more than the average of the two large packs of 1944 and 1945. In 1947 the total output of the same products dropped by about 11 percent to around 178 million cases, which was still well above the production of any year prior to 1946.

The canning of fruit and vegetable juices has increased in recent years even more rapidly than other canned food production. Total juice packs in the season ending October 1946 reached a peak of more than 110 million cases, compared with an annual average of 76 million cases during the period 1941-45, and 38 million cases in 1936-40. The citrus juice pack alone was almost 63 million cases in 1946, but was cut back sharply to 48 million last year. The existing price situation in citrus juices seems likely to discourage a pack approaching that figure during the current season. The tomato juice pack reached a peak of 35 million cases in the 1946-47 season; last season's pack was cut to less than 20 million cases.

As in the nation at large, the volume of canned fruits and vegetables packed in the Twelfth District during the past two seasons greatly exceeded the output even of the war years when the industry was operating under forced draft. The Twelfth District fruit pack, which represents the major part of the national output, excluding pineapple, averaged close to 33 million cases during the four years 1942-45; it topped 51 million cases in 1946, and was almost 42 million cases in 1947. The latter figure was well above the output of any other year except 1946. The District vegetable pack during the four years 1942-45

averaged close to 43 million cases; in 1946 it exceeded 60 million cases, and in 1947 was about 53.5 million cases, a figure also substantially higher than any attained before 1946.

Packs of individual products

The estimated volume of the principal fruit and vegetable packs in the four states, California, Oregon, Washington, and Utah in the three years 1945-47 is shown in the accompanying table.

Reductions in District output in 1947 occurred in all major products except pears and fruit cocktail among the fruit packs and in most of the vegetable packs except tomatoes and string beans. The output of fruit cocktail in 1947 established a new high record for this product; the slightly larger pear pack was still somewhat short of the output of 1941 and 1942. The string bean and tomato packs of 1947 were also below the production in some recent years prior to 1945. The 1947 output of all tomato products, however, was almost equal to the record production of 1946.

A relatively overexpanded industry

The exceptionally heavy packs of the past two years and resulting topheavy supplies of certain products, together with a combination of other unfavorable factors, have created difficulties in certain parts of the District canning industry. In spite of reasonably active demand, canners' stocks have tended to increase relative to total market supply, and a condition more nearly resembling the prewar situation is gradually being reestablished, with the canners assuming a greater part of the risk of market distribution.

Prices of important canned fruits and vegetables developed weaknesses in the latter part of 1947 as contrasted

PRINCIPAL FRUIT AND VEGETABLE PACKS IN CALIFORNIA,
OREGON, WASHINGTON AND UTAH, 1945-47
(thousands of cases)

Fruit packs ¹	1945	1946	1947
Peaches	13,198	19,243	18,142
Apricots	4,105	10,595	3,259
Fruit cocktail	6,035	7,752	9,386
Pears	4,465	5,256	5,622
Prunes	1,606	3,450	1,816
Cherries	1,477	1,885	620
Other fruits and berries	2,094	3,539	2,820
Total fruits	32,979	51,437	41,665
Vegetable packs ²			
Tomatoes	2,813	4,805	6,772
Other tomato products ³	20,640	29,739	26,507
Peas	8,052	9,701	9,087
Asparagus	2,729	2,990	2,502
Spinach	2,651	3,151	1,380
String beans	2,626	2,757	2,976
Other	5,938	6,926	4,317
Total vegetables	45,449	60,069	53,540

¹ Basis 24 No. 2½ cans (except Utah production, actual cases).

² Actual cases, all grades and sizes.

³ Including tomato juice.

Sources: Canners League of California, National Canners Association, Western Canner and Packer.

with their marked strength in the corresponding period of 1946. Retail prices of representative canned fruit and vegetable items are reported by the Bureau of Labor Statistics to have fallen nearly 10 percent in 1947. They had advanced about 25 percent in 1946—even more rapidly than the index of retail food prices in general; but while the general index of food prices has continued to rise to a level considerably above that prevailing at the end of 1946, the index for canned food is substantially below it. Among individual items, the competition of low-priced citrus fruit juices has for the past two seasons been especially disturbing to District packers of canned tomato juice, but other staple products have also failed to respond to the general strengthening in the price structure.

Certain other sources of competition have also tended to restrict the market for District canned food products. The liquidation during the past year of the heavy packs of frozen vegetables put up in 1945 and 1946 probably took the edge off the market for some of them. The easier sugar supply has stimulated the revival of home canning, preserving, and pastry making, which to some extent has reduced the demand for commercially canned fruits. The large apple crop and the abundant supplies of dried fruits available during the current season have probably also had some influence on the situation.

The increasing dollar stringency has also cramped the industry's sales. Export markets were formerly quite important for District fruit canners and in the prewar years absorbed from four to five million cases a year of canned peaches, pears, apricots, and mixed fruits. Exports dropped sharply during the war but gradually increased to over two million cases in 1946-47. This upward trend was reversed last year; in the first eight months of the current season exports of three major District products (peaches, pears, and apricots) were less than a million cases compared with over 1.2 million during the corresponding months of 1946-47.

Internal readjustments in the industry

The tendency toward overexpansion of plant facilities during a period of excessively high construction costs has also contributed to the difficulties of some concerns in the industry, particularly those having insufficient working capital. A number of insolvencies have occurred and some forced sales of District canneries have taken place during the past few months. Financing institutions are currently reported to be enforcing stricter credit conditions than for a number of years past, especially as compared with the war period, when price controls, rationing, and military requirements reduced credit risks to a minimum. A process of shaking down and gradual reorganization within the industry appears to be under way. This may be expected to hit hardest some of the newer and smaller firms which were induced to expand by the easy profit prospects of recent years.

The outlook for 1948 operations

Present indications are that District fruit and vegetable packs in 1948 will be somewhat smaller than in 1947 and well below the 1946 level, though probably up to the average of other recent years. California spinach and asparagus packs so far this season are reported lagging behind last year's output at this date, due in part to reduced acreage and a backward growing season. Labor difficulties are playing some part in preventing the delivery of asparagus to canneries; canned spinach has apparently been vulnerable to the competition of the frozen product.

Unfavorable weather has recently been reported in the fruit and vegetable growing districts of the Pacific Northwest. Opinions differ as to the probable effects of the California drought on this season's fruit packs. Some canners anticipate little or no reduction in orchard crops; others expect that fruit sizes will be smaller and hence costlier to handle and possibly of lower quality. A definite curtailment is indicated in the acreage of tomatoes for processing, with some reduction in prices to growers. The large carryover of canners' and distributors' stocks of peas will probably act as a damper on contracting of acreage for that product also. In other cases the supply of raw materials for processing may be limited by the tendency of growers to shift to other crops promising to yield larger financial returns.

Unit costs of canning operations in 1948 are likely to exceed the levels of last year. An increase in cannery wage rates averaging about 6 percent is the principal contributing factor, though prices of cans and supplies other than sugar have also risen. Raw material costs still remain largely undetermined. Recent advances in freight rates, superimposed on previous increases, are expected to worsen the competitive position of some of the western vegetable packs in certain market areas. The dominant position of the western fruit packs in the national total makes them less susceptible to higher shipping costs, although any increase in total delivered cost adds to consumer price resistance. To some extent the rapidly growing population and consuming power of their local markets tends to offset the widening freight differential which District packers must overcome in distributing their products nationally.

Probably the most important factor pointing to reduced canned food packs in 1948 is the existence of a large carryover of certain staple products and the general unwillingness of the distributing trade to make firm commitments for purchase of futures at existing market prices. In contrast to their almost reckless optimism of two seasons ago, the distributors have become ultra-conservative and for many months past have followed a policy of strictly replacement buying. This cautious attitude, which results from the changed demand-supply situation, forces the canners to bear more of the financial risk of carrying unsold stocks, and tempers their enthusiasm for duplicating the large packs of the past two years.

CROP PROSPECTS FOR 1948—TWELFTH DISTRICT

UNUSUAL and varied weather conditions during the first part of 1948 have caused considerable uncertainty as to what to expect from crops this year. Revisions of estimates of production may possibly be of some magnitude as the season progresses and more accurate reports can be made of the results of the abnormal situation.

Harvest prospects

Estimates of production for the 1948 season are still quite incomplete. Prospects were considerably improved during April in California where the above-normal rainfall and continued cool weather brought relief to crops suffering from the winter drought. Winter wheat prospects are excellent, especially in Washington and Oregon. Because of very favorable moisture and weather conditions and a 14 percent increase in acreage for harvest, production in the Northwest is expected to exceed that of 1947 by 39 percent. Twelfth District production of winter wheat is indicated at 24 percent greater than last year or at 136 million bushels as against 109 million bushels.

Citrus fruit production for the 1947-48 season is estimated at considerably below that for 1946-47. Arizona and California oranges show a decrease of over 12 percent, from 55 million boxes last year to 48 million during the current season, with Valencias accounting for the greatest reduction. Grapefruit production is down about 19 percent from 7.2 million to 5.9 million boxes with Arizona prospects, especially, much smaller than last year. The California lemon crop is expected to be about 11 percent below last year. Freezing temperatures early this spring in Arizona and the southern coastal regions of California reduced considerably the prospects for grapefruit and oranges. Furthermore, the serious drought conditions in Southern California resulted in decreased sizes of oranges and lemons.

Prospects for other fruits and nuts are varied and it is not yet possible to judge the full effect of the abnormal weather conditions of last fall and winter. California fruit prospects vary from fair to good with a wide range of development in different sections. Light sets are reported for peaches, Bartlett pears, and cherries in some areas; the prune crop shows a heavy set. In Washington and Oregon there has been some serious frost damage and the wet weather has not been conducive to optimum pollination. Cherries, apricots, peaches, pears, prunes, and strawberries have all been adversely affected. The season is two to three weeks later than a year ago, and weak sets are expected for crops maturing in late May and June.

Production of most truck crops for spring harvest in the Twelfth District is expected to be lower than in 1947. Acreage planted is about 7 percent larger, but expected yields are somewhat below those of last year. Large in-

creases in output are indicated for honeyball melons, onions, potatoes and strawberries. Spring production is expected to be 20 percent or more below that of last year in carrots, canteloupes, lettuce, green peas, tomatoes, and honeydew melons. California prospects have been more favorable since the late spring rains although wet fields have been some detriment to cultivation and harvest, and the quality and size may not be uniformly good. The northern states of the District have had wet and unusually cool weather this year causing the season for many of these crops to be several weeks later than usual, and resulting in some inferior plant development.

Prospective acreage for 1948 harvest

Prospective plantings for the 1948 season, according to the United States Department of Agriculture, are not appreciably different from the 1947 total planned acreage of field and seed crops in the Twelfth District. Major increases in acreage were planned for flaxseed, especially in California where yields and prices were high last year, in barley, oats, potatoes, and winter wheat. Prospective hay plantings are considerably below the 1947 planted acreage, due in part to competition from cotton in the San Joaquin Valley and from flax and sugar beets in the Imperial Valley. A decrease, however, is expected in total Twelfth District acreage in sugar beets. Available data on prospective acreage of District field crops are listed in the accompanying table.

There have been some shifts from high to low water requirement crops, especially in Arizona and California. Acreage planned and usually used for hay, particularly alfalfa hay, and for cantaloupes, vegetables, and other crops which need considerable moisture is being reduced and planted instead in cotton, barley, and sugar beets, or allowed to lie fallow. Although no data are yet available on the estimated acreage being planted in cotton this year, all indications point to a considerable increase over 1947.

In Washington and Oregon the extremely cool, wet, backward spring has caused changes in acreage plans which are not reflected in the table. Some shifts will be made from dry peas, spring wheat, oats, and flaxseed to earlier maturing crops such as barley and possibly corn.

PROSPECTIVE ACREAGE OF TWELFTH DISTRICT FIELD CROPS—1948

	Acreage (000)	Percentage change 1947 - 48
Wheat	6,561	+ 6.9
Spring	1,447	— 1.2
Winter (for harvest)	5,114	+ 9.5
Hay	6,016	— 4.9
Barley	3,160	+ 4.2
Oats	1,517	+ 3.9
Beans, dry edible	475	— 6.5
Peas, dry field	413	—10.4
Potatoes	361	+11.7
Sugar Beets	321	— 1.5
Flaxseed	245	+53.1
Rice	213	—10.1
Corn	201	+ 4.7
Sorghums	108	—21.2

OWNERSHIP OF DEMAND DEPOSITS—TWELFTH DISTRICT

THE RECENT annual survey of demand deposit ownership has shown that total demand deposits of individuals, partnerships, and corporations increased 3 percent during the 11 months from February 26, 1947 to January 30, 1948 in the Twelfth District, compared with an increase of 6 percent for the country as a whole. Twelfth District personal deposits declined for the first time since the inception of these surveys in July 1943. Deposits in all other ownership categories increased. In general, the smallest depositors experienced declines in their balances, while balances of depositors in the intermediate and largest size groups increased.

Postwar trends in business and personal deposits

Demand deposits of manufacturing and mining enterprises reached their peak in the Twelfth District in July 1945. Reconversion costs, expenditures on new plant and equipment, and the rebuilding of inventories of civilian goods gradually reduced these deposits in the following year and a half. Although expenditures for plant and equipment occurred on an even larger scale in 1947, increased receipts from the sale of goods and additional borrowing enabled manufacturing and mining enterprises to increase their demand deposits during the eleven-month period from February 1947 to January 1948.

Deposits of wholesale and retail trade establishments were influenced by similar factors, but with some time lag. The growth in sales in the last half of 1945 reduced trade inventories to a low level and raised the demand deposits of such establishments to a postwar peak in January 1946. Increased production of goods enabled trading concerns to increase their inventories substantially during 1946, and consequently their deposit holdings declined.

With inventories at a more normal level with respect to sales, the demand deposits of wholesale and retail trade establishments increased slightly during the eleven-month period ending with January 1948.

A further time lag is apparent in the behavior of personal deposits which continued to grow in the first year and a half of the postwar period while manufacturing and trading concerns were rapidly expanding facilities and inventories. Such deposits reached their peak in the Twelfth District in February 1947, but declined 2 percent in the next eleven months as prices continued to rise and goods became available in increasing quantities.

There was a substantial increase during the last survey period in demand deposits held by financial organizations, both in the Twelfth District and the country as a whole. Virtually all of this increase occurred in the holdings of insurance companies, and appeared to be primarily the result of the sale of Government securities by those organizations following the price declines for longer-term Governments in December 1947.

Balances of smallest depositors declined

Not only did personal accounts (the bulk of which are held by small depositors) decline in the Twelfth District, but all types of deposit holders having balances less than \$10,000 reported decreases. In direct contrast, balances in excess of \$25,000 increased considerably more than total deposits in the District. Deposits in the intermediate group (balances of \$10,000 to \$25,000) increased slightly less than total deposits.

In each category of deposits except trust funds, the larger the size of depositor the more favorable were the results experienced. This difference in behavior between

ESTIMATED DISTRIBUTION OF OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS,
TWELFTH DISTRICT AND UNITED STATES, ON SELECTED DATES 1945-48

(millions of dollars)

Type of holder	Twelfth District					% change Feb. 26, 1947 to Jan. 31, 1948	United States		
	July 31, 1945	Jan. 31, 1946	July 31, 1946	Feb. 26, 1947 ¹	Jan. 31, 1948		Feb. 26, 1947	Jan. 31, 1948	% change Feb. 26, 1947 to Jan. 31, 1948
Manufacturing and mining	1,380	1,200	1,130	1,060	1,160	+ 9	16,000	17,300	+ 8
Retail and wholesale trade	1,430	1,740	1,660	1,610	1,650	+ 2	12,500	13,400	+ 7
Other non-financial	940	1,050	1,070	1,010	1,100	+ 9	8,700	9,000	+ 3
Total non-financial	3,750	3,990	3,860	3,690	3,910	+ 6	37,200	39,800	+ 7
Financial	580	700	750	730	790	+ 8	6,600	7,400	+12
Total domestic business	4,330	4,690	4,610	4,420	4,700	+ 6	43,800	47,100	+ 8
Farmers	610	710	680	740	720	— 3	6,900	7,200	+ 4
Other personal	2,260	2,810	2,950	2,950	2,900	— 2	22,000	22,900	+ 4
Total personal	2,870	3,520	3,630	3,690	3,620	— 2	28,900	30,100	+ 4
Other ²	350	470	410	440	460	+ 5	5,200	5,100	— 2
Total ³	7,550	8,620	8,640	8,550	8,770	+ 3	77,800	82,400	+ 6

¹ Revised.

² Non-profit associations, foreign deposits, and trust funds of banks.

³ Figures will not necessarily add to totals because of rounding.

PERCENT CHANGES, FEBRUARY 1947—JANUARY 1948, IN DEMAND
DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS—
TWELFTH DISTRICT

Type of holder	Size of Account—			Total
	Balances under \$10,000	Balances \$10,000- \$25,000	Balances over \$25,000	
Manufacturing and mining	-6	- 2	+13	+9
Retail and wholesale trade.....	-6	0	+10	+2
Other non-financial	-6	+ 3	+17	+9
Total non-financial	-6	+ 2	+13	+6
Financial	-7	- 2	+13	+8
Total domestic business	-6	+ 1	+13	+6
Personal	-6	+ 2	+13	-2
Other ¹	-6	+22	+ 5	+3
Total	-6	+ 2	+12	+3

¹ Non-profit associations, foreign deposits, and trust funds of banks.

small and large depositors probably reflects in part the effect on income distribution of a rapidly rising price level. To the extent that increases in incomes were greater, or access to bank credit easier, for the larger deposit holders, they were better able to maintain or increase their cash balances. Redemption of non-bank held marketable Government securities, though probably not a large factor in this District, would probably tend to favor the larger depositors who are usually the most important holders of such securities. In the absence of exact data on these factors by size of deposit holder, no precise statements can be made concerning their effect on the difference between small and large deposits.

District and national comparisons

Although Twelfth District banks created relatively more deposits through loans than did banks in the country as a whole, deposits showed a greater increase nationally both from January 1946 to February 1947 and from February 1947 to January 1948. During the former period it was primarily deposits of District manufacturing and mining concerns that did not keep pace with their counterpart for the nation. Last year, however, trade and personal (including farmers') deposits in the District were the ones that fell behind.

It is possible that the creation of the Treasury surplus and its disposal had a relatively more unfavorable effect upon private deposits in the District than in the United States over the past two years. It seems more probable, however, that on balance some deposits have left the District in payment for goods and services from Eastern suppliers to accomplish the plant expansion and rebuilding of business and consumer inventories that have occurred. Last year, one of the important factors affecting the distribution of funds between the District and the rest of the country was the less favorable showing of Western farm income. Cash receipts from farm marketings increased 9 percent in 1947 over 1946 in the District and 23 percent nationally. According to the deposit ownership survey, farmers' deposits in the District declined 3 percent from February 1947 to January 1948, but rose 4 percent in the nation.

CHANGES IN BANKS AND BRANCHES, 1946-1947—TWELFTH DISTRICT

THE WESTERN expansion in population and business activity has brought about a postwar expansion in banking offices, which reached a new high in 1947. Last year there was a net increase in the total number of banks in the Twelfth District for the first time in many years, and branch banking systems gained the largest number of branches in any year since before the war.

Twelve new banks, four members and eight nonmembers, were established, and seven banks discontinued operations during the year. All seven of the banks which dis-

continued operations during the year were absorbed into branch banking systems. Five independent banks, including one of the 15 largest banks in the District, entered the field of branch banking with the acquisition of one branch. One branch banking system went out of existence during the year by the separation of its one branch from the head office. Branch banking systems acquired 44 new branches during the year and discontinued two branches. Member banks added 37 of the new branches and nonmember banks added seven. Of the branches dis-

NUMBER AND TOTAL ASSETS OF ALL BANKS—TWELFTH DISTRICT

DECEMBER 31, 1947 AND 1946

(assets in thousands of dollars)

State	All banks				Member banks				Nonmember banks				Member bank as percent of all banks assets	
	Number	Assets	Number	Assets	Number	Assets	Number	Assets	Number	Assets	Number	Assets		
	1947	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947	1946
Arizona	7	7	347,560	330,112	4	4	312,787	299,084	3	3	34,773	31,028	90.0	90.6
California ¹	208	207	14,025,197	13,853,410	116	113	12,794,730	12,630,059	92	94	1,230,467	1,223,351	91.2	91.2
Idaho	48	47	465,388	453,718	26	25	397,218	394,657	22	22	68,170	59,061	85.4	87.0
Nevada	8	8	175,512	172,319	6	6	161,650	158,706	2	2	13,862	13,613	92.1	92.1
Oregon	72	71	1,476,002	1,425,862	32	33	1,350,382	1,311,590	40	38	125,620	114,271	91.5	91.9
Utah	60	59	592,975	583,980	34	34	497,048	489,489	26	25	95,927	94,491	83.8	83.8
Washington	125	124	2,294,984	2,268,037	54	54	1,929,530	1,908,392	71	70	365,454	359,644	84.1	84.1
Twelfth District ...	528	523	19,377,618	19,087,438	272	269	17,443,345	17,191,977	256	254	1,934,273	1,895,459	90.0	90.1

¹ Includes three out-of-state branches.

continued, one was a member, one a nonmember. The largest increase in the number of banks was in California where three new banking systems came into existence and where a net total of 21 branches was added to banking systems.

As a result of these changes branch banks continued to gain in total assets relative to independent banks. Total

NUMBER OF BRANCH BANKS—TWELFTH DISTRICT
DECEMBER 31, 1947 AND 1946

State	Banks operating branches				Number of branches operated by			
	Member		Non-member		Member		Non-member	
	1947	1946	1947	1946	1947	1946	1947	1946
Arizona	2	2	1	1	30 ¹	28 ¹	5 ²	3 ²
California	18	17	17	15	842 ³	824 ³	42	39
Idaho	5	5	1	1	43	40	2	2
Nevada	3	3	1	1	16	15	1	1
Oregon	2	2	5	5	75	70	5	5
Utah	3	2	2	2	12	9	2	2
Washington	8	8	4	4	109	105	9	8
Twelfth District	41	39	31	29	1127	1091	66	60

¹Includes 8 branches of Twelfth District banks operating in Eleventh District.

²Excludes 2 branches of Eleventh District banks operating in Twelfth District.

³Includes 3 out of state branches.

assets of branch banks were \$16.1 billion on December 31, 1947 as compared to \$15.5 billion on December 31, 1946, an increase in the percentage of branch bank assets to total assets from 81.3 percent to 83.4 percent. Member banks, totaling slightly more than half the banks in the District, held assets at the end of the year totaling \$19.3 billion or about 90 percent of all bank assets. The importance of member relative to nonmember banks in terms of both number of banks and combined assets remained virtually unchanged during the year.

TOTAL ASSETS OF MEMBER AND NONMEMBER BRANCH BANKS BY
STATES—TWELFTH DISTRICT
DECEMBER 31, 1947 AND 1946

State	Member branch banks		Nonmember branch banks		Branch bank as percent of all bank assets	
	1947	1946	1947	1946	1947	1946
Arizona	306,888	293,964	18,456	16,546	93.6	94.1
California	11,452,050	10,957,000	788,184	757,208	87.3	84.6
Idaho	318,029	315,746	19,295	19,132	72.5	73.8
Nevada	144,768	142,230	9,639	9,874	88.0	88.3
Oregon	1,155,776	1,117,534	23,895	28,123	79.9	80.4
Utah	173,948	137,256	7,257	7,299	30.6	24.8
Washington ..	1,548,019	1,524,027	204,347	196,635	76.4	75.9
Twelfth District	15,099,478	14,487,757	1,071,073	1,034,817	83.4	81.3

BUSINESS INDEXES—TWELFTH DISTRICT (1935-39 average=100¹)

Year and month	Industrial production (physical volume) ¹									Total manufacturing employment ¹		Factory payrolls ¹	
	Lumber		Petroleum ¹		Cement		Wheat flour	Electric power		Ad-justed	Unad-justed	California	
	Ad-justed	Unad-justed	Unad-justed	Unad-justed	Ad-justed	Unad-justed	Unad-justed	Ad-justed	Unad-justed			Ad-justed ²	Unad-justed
1929		148	121	193		110	106		83				111
1930		112	95	168		96	100		84				93
1931		77	78	140		74	101		82				73
1932		46	74	134		48	89		73				54
1933		62	72	127		54	88		73				53
1934		67	73	123		70	95		79				64
1935		83	86	140		68	94		85				78
1936		106	89	154		117	96		96		88		96
1937		113	99	163		112	99		105		100		115
1938		88	104	159		92	96		102		96		101
1939		110	93	160		114	107		112		104		110
1940		120	93	158		124	103		122		118		134
1941		140	96	172		164	103		136		155		224
1942		140	103	175		194	104		167		230		460
1943		133	118	194		160	115		214		306		705
1944		138	129	226		128	119		231		295		694
1945		108	135	243		131	132		219		229		497
1946		118	131	219		165	128		219		175		344r
1947		139	138	239		193	133		256		184		401
1947													
March	142	123	137	231	207	190	141	252	248	185r	184r	387	389
April	132	134	137	234	193	196	133	254	252	184	184	390	392
May	129	150	138	243	193	195	129	251	253	183	183	392	394
June	131	150	139	240	186	202	138	251	257	182	182	394	396
July	125	139	139	236	184	195	126	252	262	181	181	397	392
August	130	157	139	254	185	201	125	252	263	183	183	407	410
September	130	153	139	254	193	207	123	259	259	184	185	413	412
October	139	151	140	247	187	203	133	260	253	187	187	419	423
November	153	146	141	246	205	199	133	263	258	188r	188	421	420
December	178	133	140	241	215	200	116	275	271	188	188	423	423
1948													
January	174	116	141	248	218	188	114	278	275	186	186	418	413
February	189	133	141	251	207	188	104	283	278	186	185	417	415
March	157	137	142	243	216	199	101	274	271	186	185	406	408

Year and month	Carloadings (number) ⁶						Department store sales (value) ²					Dept. store stocks (value) ⁵		Retail food prices ³
	Total		Merchandise and miscellaneous		Farm, forest, and mineral products ⁷		District		California	Pacific North-west	Utah & So. Idaho	District		
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	
1929		135		120		162		112	10 4	140	97		134	132.0
1930		116		112		124		104	99	123	89		127	124.8
1931		91		95		85		92	91	101	83		110	104.0
1932		70		78		55		69	70	72	61		86	89.8
1933		70		75		63		66	67	68	64		78	86.8
1934		81		86		71		74	73	77	77		83	93.2
1935		88		91		84		86	86	86	89		88	99.6
1936		103		103		105		99	98	100	100		96	100.3
1937		109		108		111		106	105	105	106		108	104.5
1938		96		96		96		101	101	100	99		101	99.0
1939		104		102		107		109	110	109	106		107	96.9
1940		110		105		118		119	120	118	115		114	97.6
1941		127		123		136		139	138	147	135		137	107.9
1942		137		128		153		171	164	189	177		190	130.9
1943		133		126		145		203	196	219	232		174	143.4
1944		140		138		146		223	221	232	250		178	142.1
1945		134		140		124		247	225	252	280		182	146.3
1946		135		140		129		305	307	312	348		235	167.4
1947		142		140		147		330	329	336	351		295	200.3
1947														
March	144	133	141	127	151	144	319	300	316	325	366	331	308	196.6
April	147	142	138	130	163	166	320	302	320	321	355	307	304	197.8
May	138	136	139	130	137	147	325	302	325	332	340	285	296	197.3
June	141	150	142	150	141	151	330	299	332	333	343	282	287	194.8
July	141	151	139	150	145	153	327	278	328	332	350	270	286	196.5
August	141	151	142	153	140	150	348	308	355	345	361	248	273	197.9
September	139	151	138	151	142	152	336	336	338	340	341	257	290	206.6
October	141	155	138	156	148	155	333	343	331	348	343	287	318	204.8
November	143	139	137	137	153	143	339	410	339	344	360	319	338	209.4
December	144	129	137	126	156	134	352	554	357	353	358	342	280	213.0
1948														
January	141	130	142	132	141	126	339	274	336	349	380	352	310	215.4
February	130	124	137	128	127	119	319	288	329	303r	321	366	321	213.0
March	131	121	130	117	134	128	331	319	334	332	331	380	353	211.6

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; Manufacturing employment, U.S. Bureau of Labor Statistics and cooperating state agencies; Factory payrolls, California State Division of Labor Statistics and Research; Retail food prices, U.S. Bureau of Labor Statistics; and Carloadings, various railroads and railroad associations.

² Daily average. ³ 1923-25 daily average = 100.

⁴ Excludes fish, fruit and vegetable canning. Factory payrolls index covers wage earners only.

⁵ Revised series. Seasonal factors for recent years revised, and base shifted from 1923-25 to 1935-39.

⁶ Grain and grain products, livestock, forest products, coal and coke, and ore.

⁷ At retail, end of month or end of year. ⁸ 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 ¹									
	Loans and discounts					Investments		Demand deposits adjusted ^{2,3}	Time deposits (except U.S. Gov't) ⁴	U.S. Gov't deposits ⁵
	Total	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
1947	5,363	2,338	121	2,153	750	7,243	872	8,928	5,988	148
1947										
April	4,479	.....	.....	.....	.....	7,677	876	8,334	5,837	236
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
November	5,240	.....	.....	.....	.....	7,361	884	8,797	5,907	205
December	5,363	2,338	121	2,153	750	7,243	872	8,928	5,988	127
1948										
January	5,413	.....	.....	.....	.....	7,264	848	8,854	6,006	139
February	5,467	.....	.....	.....	.....	7,021	833	8,495	6,048	190
March	5,510	.....	.....	.....	.....	6,945	846	8,452	6,029	246
April	5,509	.....	.....	.....	.....	6,943	854	8,461	6,004	250

Year and month	Member bank reserves and related items ¹								Bank debits index 31 cities ⁷
	Reserve bank credit ²	Commercial operations ³	Treasury operations ⁵	Coin and currency in circulation		Reserves ⁴			
				Total ⁶	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	215	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	1,875	136	260
1946	+ 9	- 1,607	+ 1,329	- 326	2,871	2,094	2,051	59	298
1947	- 302	- 443	+ 630	- 206	2,639	2,202	2,085	70	326
1947									
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	2,016	77	346
November	- 4	0	+ 33	+ 3	2,653	2,130	2,059	65	344
December	- 25	- 5	+ 49	- 18	2,639	2,202	2,085	70	365
1948									
January	+ 14	+ 48	- 253	- 113	2,541	2,113	2,086	83	352
February	+ 20	+ 153	- 244	- 2	2,532	2,045	2,037	57	354
March	- 49	+ 29	- 19	- 37	2,497	2,066	2,001	64	347
April	+ 9	- 75	+ 29	- 17	2,477	2,048	1,998	61	353

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 Demand deposits, excluding interbank and U.S. Gov't deposits, less cash items in process of collection.³ Monthly data partly estimated.⁴ End of year and end of month figures.⁵ Changes only.⁶ Total reserves are as of end of year or month. Required and excess: monthly figures are daily averages, annual figures are December daily averages.⁷ Debits to total deposit accounts, excluding interbank deposits. 1935-39 daily average = 100.

p—preliminary.

r—revised.