MONTHLY REVIEW

TWELFTH FEDERAL RESERVE DISTRICT

MARCH 1949 FEDERAL RESERVE BANK OF SAN FRANCISCO

REVIEW OF BUSINESS CONDITIONS

SINCE the end of the war there have been periodic warnings of an impending recession in both the District and the country as a whole. Data for the first two months of 1949 indicate that the decline in activity which first became evident here last October has continued and that its scope has widened. This is the first time since the immediate postwar period that a large number of lines of activity have tended to slacken simultaneously. However, it required a combination of normal seasonal factors, severe winter weather in this District, and some decline in demand to keep various indicators of District economic activity moving downward. Despite a more than 4 percent drop in employment since the year end, and almost peak postwar unemployment in the District as well as in the country as a whole, a near-record number of people are still employed and industrial output is still at a high level. Prices, continuing the weakening evident late in 1948, have crept downward since the beginning of the year. Despite spectacular reductions in some retail prices to speed clearances, wholesale prices have declined only 2 percent. Food items, declining 5 percent, have been the leader. Price indexes for metals and metal products and building materials reached an all-time high in February and have declined only slightly in recent weeks.

There is evidence to indicate that the current decline in business activity is not gaining momentum. Lay-offs were considerably smaller in February than in January, and early data tend to confirm a general expectation of increased employment in the next few months. Consumer income remains at a high level. Price reductions, induced by continued consumer resistance and the virtual disappearance of shortages of goods, are tending to pave the way for continued sales and production rather than serious curtailment of output. It is true that increasing competition is eliminating many marginal concerns. Increasing competition is also forcing the development of greater efficiency of labor and management to meet the problems which accompany price declines. As a result, profit prospects, although less exhilerating than in recent years, are still a positive part of the business picture. Bank loans to business are down from their late 1948 peak, but their decline levelled off, at least temporarily, in March. There is no prospect of a stringency of bank reserves that would force the banks actively to restrict their credit outstanding. Taken as a whole most factors in the current business situation do not point toward further expansion, but neither do they indicate a necessity for serious declines. However, should widespread attempts be made to maintain prices by reducing output and should business investment be curtailed more than now seems probable, a new appraisal of business prospects would be necessary.

District employment declines sharply.

Employment in the Twelfth District declined sharply during January and February, but lay-offs were on the wane early in March, and the possibilities for re-employment of substantial numbers of workers appeared good. Most of the decline in employment came during January. Total nonagricultural employment in six of the District states (data for Idaho are not available) fell 4 percent during January, from a little over 5.2 million to 5 million persons. Manufacturing employment in the six states was off more than 50 thousand from December but over a million people were still engaged in the production of goods. Reductions in lumber, food processing, furniture, ferrous and fabricated metals, and machinery accounted for the major portion of this decline. In non-manufacturing activities, sharp declines occurred in contract construction and trade, and minor declines in railroad, public utility, service, and government employment.

The number of persons out of work increased sharply during the first two months of this year. The number of insured unemployed totaled well over 550,000 in the District by the end of February. This represented a 60 percent increase over the number of insured unemployed at the end of 1948 and at the same time last year. Most of this increase (about 150 thousand out of more than 200 thousand) came during January. The much higher level of unemployment this year than last reflects not only a somewhat lower level of activity in a number of lines but also the larger labor force this year.

During the first week in March, new claims received at various unemployment offices throughout the District were reported to be slackening. Even though additional layoffs are in prospect in a few lines, greater employment during March appeared quite likely. Construction, lumber production, railroad maintenance, and retail trade all appeared to be headed for higher levels of activity as weather improves. In addition, apparel employment which increased in February might be expected to gain again in March. Mining operations should be at a higher level than for some months, since the extended strike at a large copper mine in Utah was settled early in February, and full scale operations were resumed early in March.

Twelfth District industries experiencing readjustment

A large number of manufacturing lines, particularly those producing durable goods, have reported declining activity. The lumber industry felt the effect of declining demand for lower grades of lumber which forced the closing of many marginal mills, as well as the brunt of heavy storms which forced many continuing operations to curtail production more sharply than usual. Even in the steel industry, more normal demand-supply relationships have become evident. Ingot production was cut slightly by District producers since the demand for steel ingots for conversion has virtually disappeared. Several District producers had been selling ingots, which they could not process into finished steel, in the export market or to domestic users who then had them converted at mills having the necessary finishing facilities. Not only have gray market premiums declined, but one large District producer charging premium prices cut prices substantially on a number of items late in March. Shipyard activity has continued to decline and there was a slight decrease in employment during the first two months of the year. Declining activity was also reported by metal fabricators and machinery manufacturers. The furniture industry, after several years of peak production, continued to cut back its output, and employment continued the decline which started late in 1948. Production of rubber was also down, employment early this year being about 10 percent below a year ago.

Although activity held up fairly well in non-ferrous metals, lead prices were reduced three times during March for a total decline of 4½ cents a pound[1]. The price reductions were attributed to a reduced output of automobile batteries. Zinc prices also fell in March, dropping 1½ cents. The decline in food processing during January and February appeared to be mainly seasonal. Apparel production, despite sharper competition and greater consumer selectivity, was equal to last year's levels.

Many construction projects were postponed or interrupted because of severe weather conditions early this year. The decline in residential construction, however, was considerably more than could be attributed to the weather. The immediate outlook for the construction industry looks good because of the large number of projects to be completed as the weather improves. Total dollar volume of all urban building permits during January and February, however, was about 25 percent behind last year. The number of dwellings authorized in urban areas in January was 40 percent below last year, and February figures undoubtedly were also well below a year ago.

The weather took its toll in the railroad industry, too. Severe losses in traffic resulted from interrupted train schedules which on several occasions delayed train movements for days. As a consequence employment was cut back in January, and it was early March before many of these employees were recalled.

Department store sales drop sharply

More conservative consumer spending, which became evident late last year, continued into 1949. In the first two weeks of this year dollar sales in Twelfth District department stores ran ahead of 1948, but then fell behind. February sales (after allowing for seasonal differences) were about 12 percent below January and 10 percent below February 1948. Sales in early March rose slightly over the February volume but were still about 9 percent below 1948. Again the weather played a significant role. In those areas particularly affected by bad weather—the Pacific Northwest and Utah—sales declines were from two to three times the District average during January. They continued to trail the District during most of February, but reported better results than other areas late in that month and early March.

Despite the decline in dollar sales during February and March, retailers reported that most marked-down items moved very rapidly. The widespread clearance sales during early January probably account for the gain in sales during the first two weeks of the year over the same period in 1948.

Credit restrictions on instalment sales relaxed

Effective March 7 the down payment and maturity terms on instalment sales covered by Regulation W were relaxed. Minimum down payments on items other than automobiles, including the major household appliances, radios and television sets, and furniture, were reduced from 20 to 15 percent. Minimum down payments on automobiles were continued at 33⅓ percent. Maximum maturities on all balances subject to the regulation were extended to 21 months from the former maturities of 15 and 18 months.

Listed articles under Regulation W move slowly

Sales so far this year of many articles subject to Regulation W were behind last year. January furniture store sales in the District were 17 percent below the same month of 1948, and February sales were down 14 percent. During January, department stores reported a slight year-period increase in the dollar sales of furniture and bedding, a fair increase in the sales of radios and television sets, but a 50 percent decline for major household appliances. In February and also in March, according to preliminary indications, sales of all these consumer durable goods were below last year, with major

[1] They fell another two cents early in April to reach 15 cents a pound.

household appliances showing the greatest decline. Reports indicated that inventories of most items subject to the regulation were growing, though furniture stores reported a slight year-period reduction in stocks during February. It was also noted that an increasing number of price concessions were being made either through direct price reductions or better trade-in allowances. The increased sales of furniture and radios at department stores during January were no doubt a result of the sharp markdowns during that month.

Used car prices have been dropping steadily and their price relationship to new cars is more reasonable than last year. Inventories of used cars have grown considerably in the past several months.

Use of instalment credit slackens

During the first nine months of last year consumer instalment credit outstanding at commercial banks in the Twelfth District increased at a rate of almost 3 percent a month. With the reimposition of Regulation W the rate of increase slackened. In October, consumer instalment credit outstanding declined slightly, and then increased about 1 percent in November and December. In January, however, commercial banks reported the first December-to-January declines since 1944. Loans outstanding on paper purchased from automobile dealers, which increased at the rate of more than $5 million a month during the first nine months of 1948, have been increasing at the rate of only $2.5 million a month since September. Direct automobile loans have remained almost constant since September, and loans outstanding to finance other retail purchases, repair and modernization loans, and personal instalment loans outstanding have declined slightly.

Bank debits down

A smaller volume of bank debits in the first two months of this year than in the corresponding period a year ago is another indication of the falling-off in business activity. This is the first such decline in many years. In only three of the major cities in the District—Sacramento, Reno, and Salt Lake City—did debits move contrary to the general trend. In each of these three cities, total bank debits for January and February combined ranged from 5 to 25 percent above the volume for the corresponding period a year ago, compared with a 3 percent decline for the combined debits of the 33 District cities included in the bank debit series.

Bank loans decline until mid-March

The general slowing down in business activity during the first quarter of this year has been reflected in a decline in total bank loans in both the District and the country as a whole. Loans of District weekly-reporting member banks declined steadily for 11 consecutive weeks following Christmas. This was by far the longest and most pronounced decline in many years. All major categories of loans except real estate shared in the general decline, with commercial, industrial, and agricultural loans accounting for the greater part of the decrease in terms of dollar amount. Real estate loans continued to grow at a rate slightly above that for November and December, but only about one-third as fast as in the first quarter of 1948.

The decline in District loans was at least temporarily reversed, however, in mid-March, when business as well as real estate loans registered small gains in the two weeks ending March 23.

Reserves and deposits decline

District member bank reserves experienced their usual seasonal decline in the first quarter of this year. The extent of the decline by late March was not so large as that of a year ago, however, and the factors contributing to it were quite different. In the corresponding period a year ago, substantial net Treasury receipts in the District were the principal factor which reduced reserves. This year, by contrast, Treasury disbursements in the District about equalled receipts through the third week of March. This resulted, at least in part, from the fact that most taxpayers this year are entitled to a refund on their 1948 income tax payments. Tax payments over and above previously withheld taxes are lower this year. Also, some refunds have already been made, which served to increase Treasury disbursements in the District.

District banks met part of the drain upon their reserves created by the substantial net Treasury receipts in the first quarter of last year by selling Government securities outside the District. This contributed to a substantial decline in bank investments during that period and to a net transfer of funds into the District, other than on Treasury account. Since the reverse flow of Treasury funds this year added to District member bank reserves, fewer securities were sold outside the District to acquire reserves, and this helped to reestablish the outflow of funds other than on Treasury account which tends to be typical for the District.

Demand deposits experienced their usual seasonal decline in the first quarter of this year. By mid-March the decline was not so large, however, as in the corresponding period a year ago, after allowance had been made for the effect upon deposits of the difference in the behavior of loans in the two periods. Demand deposits of District weekly-reporting member banks declined by $264 million between the end of 1947 and mid-March 1948. Since loans increased by $106 million in the same period, thereby operating to increase deposits, the decline in deposits would have been about $370 million had there been no increase in loans. In the corresponding period this year, deposits declined $440 million. A decline of $153 million in loans contributed, however, to this reduction in deposits. If loans had remained unchanged, the deposit decline would have been approximately $287 million, or nearly $100 million less than the adjusted decline in the corresponding period of 1948. Time deposits increased at about the same rate as they did in the first quarter of last year, but not in sufficient amount to offset the decline in demand deposits.

INTEREST RATES ON BANK LOANS TO BUSINESS

Interest rates charged by commercial banks in principal cities on short-term business loans moved upward during 1948 in both the United States and the Twelfth District. Interest rates by size of loan for the District are not available prior to June 1948, but in the last half of the year, the most pronounced rise occurred in rates charged on large loans amounting to $100,000 or more. The change in rates for loans of less than that amount was negligible, as the accompanying table indicates.

This information is based upon a revised series showing average interest rates charged by member banks in leading cities throughout the country.[1] The series covers rates charged by these banks on short-term business loans made during the first two weeks of March, June, September, and December of each year. The revised series was started in June 1948, and District figures are not comparable with those compiled previously.

The figures in the revised series indicate that the increase that occurred in the last half of 1948 in the average rates charged by banks on short-term business loans came primarily in the third quarter of the year. In the fourth quarter, the upward trend in rates levelled off in the country as a whole, while in the Twelfth District average rates declined slightly, except on loans ranging from $100,000 to $199,000 in size. Although comparable figures are not available for the first two quarters of 1948, the available evidence indicates that commercial loan rates rose significantly during that period.

In December 1948, interest rates on bank loans of similar size were roughly one-fourth of 1 percent higher in major cities in the Twelfth District than in the country as a whole. Former comparisons based upon average rates for all loans, without regard to size, indicated a larger spread than this. It is true that the average rate on loans actually made was considerably more than 0.25 percent higher in major District cities than at large-city banks over the country as a whole, but this is primarily because larger loans, bearing lower rates, are relatively more important in some of the major cities outside the District than within it.

Rise not confined to rates on bank loans

The increase in rates charged by large-city banks on business loans is one phase of the general rise in interest rates that occurred during the year. This increase was the result of a continuing large demand for funds on the part of businesses, consumers, and State and local governments on the one hand, and of national monetary and fiscal policies on the other.

As in the previous two years, short-term rates were raised considerably more than long-term rates. Beginning in October 1947, the coupon rate on new issues of certificates of indebtedness was raised from ⅞ of 1 percent to 1 percent, and in January 1948, the coupon rate was increased to 1⅛ percent. Yields on certificates of indebtedness remained virtually unchanged after that until August 1948, when it was announced that their coupon rate would be raised to 1¼ percent in October. These various changes were accompanied by an increase in the rediscount rate of Federal Reserve banks from 1 to 1¼ percent in January 1948, and from 1¼ to 1½ percent in August. Yields on Treasury bills rose significantly in August, after remaining virtually unchanged during the first 7 months of the year. Yields on long-term Government bonds were not allowed to rise above 2.5 percent, however, following the upward adjustment in yields that resulted from the lowering of the support prices for these bonds late in 1947.

[1]This series is discussed in the article, "New Statistics of Interest Rates on Business Loans," which appears in the March 1949 issue of the *Federal Reserve Bulletin.*

Average Interest Rates of Business Loans Maturing in One Year or Less Made by Reporting Banks During Selected Periods in 1948
(percent per annum)

	5 leading cities[1] —Twelfth District—			19 leading cities —United States—		
Loans	June 1-15	Sept. 1-15	Dec. 1-15	June 1-15	Sept. 1-15	Dec. 1-15
All sizes	3.00	3.20	3.16	2.47	2.60	2.64
Under $10,000	4.79	4.76	4.75	4.49	4.53	4.50
$10,000-$99,000	3.88	4.01	3.87	3.47	3.58	3.58
$100,000-$199,000	3.02	3.07	3.21	2.70	2.89	2.97
$200,000 and over	2.46	2.74	2.70	2.16	2.29	2.34

[1] San Francisco, Los Angeles, Portland, Seattle, Salt Lake City.
Note: The difference between the average rates for all loans in the District and in the United States is due in part to the difference between the two sets of weights used in computing the average rates for all loans. Since large loans, bearing lower interest rates, are relatively less important in the District, the average rate for loans made in major cities in the District is higher than that for major cities in the United States. More detailed information regarding the weights used in the District series will be supplied upon request. The construction of the United States series is described in the interest rate article in the March 1949 *Federal Reserve Bulletin.*

As in the case of rates on bank loans, most of the increase in other rates occurred in the first nine months of the year. Some rates declined in the last quarter, and for certain rates, notably the yields on municipal and on high-grade corporate bonds, this year-end decline resulted in lower average rates for December 1948 than for December 1947. The yearly averages for all classes of interest rates were higher in 1948 than in 1947, however.

The rise in short-term interest rates for Government securities increased the cost of acquisition of bank reserves through sale to the Federal Reserve System of Treasury bills and certificates of indebtedness. It also made these securities relatively more attractive as investments for banks. As a consequence, banks increased their rates for loans.

Reasons for the revision

The revised interest rate series, started in June 1948, provides a more accurate index to changes in rates charged by large-city banks on short-term business loans than had previously been available. The former interest rate series indicated quarter-to-quarter changes in the average interest rate on loans actually made. Those changes, however, do not necessarily correspond to quarter-to-quarter changes in the interest rates that would be charged on loans with identical characteristics. Interest rates vary considerably by size of loan, as well as by such other factors as business and size of borrower, type of security, and maturity of loan. The average size of loans made may shift considerably from one two-week survey period to the next, three months later, and influence the average interest rate. For example, if the size of the loans made by reporting banks happened to be significantly larger in September, say, than in June, the average interest rate on loans made in September would tend to be lower than in loans made in June, even though the interest rates charged by banks on various kinds and sizes of loans had not changed at all.

In the revised series, differences in average interest rates caused by differences in the size distribution of loans made during the two-week periods included in the quarterly survey are eliminated. This has been achieved by weighting the loans in terms of size groups. The weights used are the same from one period to the next. They were derived from the data obtained in the Reserve System survey of commercial and industrial loans outstanding at member banks as of November 20, 1946. This weighting process leaves intact, however, the influence upon interest rate comparisons of differences in the other loan characteristics mentioned above, such as business and size of borrower, and type of security.

It is much easier to obtain satisfactory data for some interest rates than for others. Rates that are determined in highly organized markets, such as securities markets, are readily available. But average rates on business loans from banks are more difficult to obtain because such loans lack the standardization characteristic of securities and are more dependent upon individual bargaining between the lender and the buyer. Average rates on bank loans can be obtained only from some form of special report such as that employed in the revised series. While this series does not provide all the information that might be desired about average interest rates charged by banks on business loans, it furnishes the best data that are currently available.

TWELFTH DISTRICT MEMBER BANK EARNINGS AND EXPENSES—1948

Net current earnings of Twelfth District member banks combined reached a new high in 1948, 17 percent above the 1947 level. Substantially higher loan earnings more than offset a decline in investment income and increased expenses. Larger net losses and charge-offs—reflecting primarily transfers to build up loan reserves, as authorized by the Commissioner of Internal Revenue in December 1947—absorbed much of the increase in net current earnings and resulted in an understatement of 1948 profits as compared with 1947. Even so, net profits after taxes increased 4 percent over 1947. Net current earnings approached 20 percent of capital accounts, as against a return of 18.2 percent in 1947. Net profits after taxes were 11 percent of capital accounts, compared with almost 12 percent a year earlier, but this comparison is affected by the new provision for loan reserves.

Member banks in the country as a whole reported net current earnings 11 percent above, and net profits 4 percent below, 1947 figures. Returns on capital were also considerably smaller than for District banks. Nationally, net current earnings and net profits were 12 and 7 percent, respectively, of capital accounts.

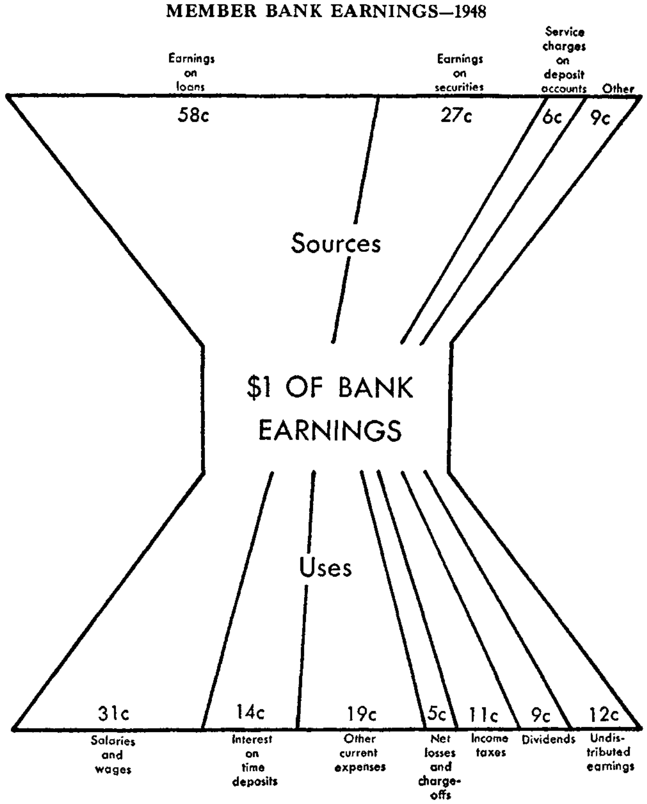
Largest banks had more favorable experience

The increase in earnings of District banks reflects the experience of the largest banks only, however. Totals for all member banks except the 15 largest reveal quite a different picture: an increase of only 5 percent in net current earnings, and an 18 percent decline in net profits, with a correspondingly smaller rate of return on capital. The largest banks realized a greater percentage increase in loan earnings than did other District banks, and also made considerably smaller charge-offs, relatively, against net current earnings.

Loan and investment income

Earnings on loans, which exceeded investment income in 1947 for the first time in several years, provided a still larger share of all earnings in 1948. Both the amount of loans outstanding and the rate of return increased over

SOURCES AND USES OF TWELFTH DISTRICT MEMBER BANK EARNINGS—1948



Note: Because of rounding, "uses" add to $1.01.

Percent Changes, 1947-48, in Selected Earnings and Expense Items of Twelfth District Member Banks, by Size Group and by Area

	All banks	15 largest banks	Other banks	Banks in— Calif.	Oreg. & Wash.	Ariz. Ida. Nev. & Utah
Earnings on loans	+25	+27	+18	+26	+21	+29
Interest and dividends on securities	—5	—5	—5	—4	—7	—5
Total earnings	+14	+15	+9	+15	+10	+15
Salaries and wages	+11	+10	+14	+10	+14	+16
Total expenses	+12	+12	+12	+12	+10	+14
Net current earnings	+17	+21	+5	+20	+10	+17
Net profits before income taxes	+7	+13	—14	+10	—2	—2
Net profits after taxes	+4	+10	—18	+7	—4	—9

1947, but the percentage increase in loan earnings from 1947 to 1948, 25 percent, was only half as large as from 1946 to 1947.

Security holdings continued to decline, but the effect upon total investment income was partially offset by a slightly higher rate of return. The drop in investment income of member banks from 1947 to 1948 was substantially smaller than from 1946 to 1947.

Expenses increased less than earnings

Expenses were higher but did not keep pace with earnings. Higher salaries and somewhat larger staffs resulted in a 10 percent increase in salary and wage payments. Member banks in the District employed not quite 4 percent more persons at the end of 1948 than a year earlier. Interest paid on time deposits increased, as a result of both a larger volume of deposits and higher rates paid by some banks.

Ratios to Capital Accounts and Rates of Return on Earning Assets—Twelfth District Member Banks
(in percent)

	1947	1948
Ratios to capital accounts		
Net current earnings		
All banks	18.2	19.7
15 largest	18.0	20.4
Other	19.1	17.5
Net profits after taxes		
All banks	11.8	11.3
15 largest	11.7	12.1
Other	12.1	8.7
Rates of return on		
Loans		
All banks	4.5	4.7
15 largest	4.4	4.6
Other	4.9	5.0
Securities		
All banks	1.5	1.6
15 largest	1.5	1.6
Other	1.5	1.5

Note: Ratios computed from dollar totals, not by averaging individual bank ratios. Balance sheet items used are averages of amounts reported as of beginning, middle, and end of year.

Net losses and charge-offs higher because of establishment of loan reserves

Net losses and charge-offs were almost three times as large as in 1947. Net recoveries and profits on securities declined, but the principal cause of the larger total net losses and charge-offs was the substantial increase in charge-offs on loans, resulting from the establishment or increase of bad debt reserves by many banks.

Net losses and charge-offs absorbed little more than 10 percent of the net current earnings of the 15 largest District banks, but took one dollar out of every four earned on current account by the rest of the banks. Presumably the larger banks had made considerably more use of loan reserves in earlier years and needed to make relatively smaller transfers to build them up to allowed levels.

Because of the substantial increase in charge-offs on loans and higher taxes on net income, total net profits of District member banks were little higher than in 1947. Banks continued their conservative dividend policies. Dividends were increased, in the aggregate, by about the amount of increase in net profits, but well over half of all profits were not distributed.

Earnings and Expenses of Member Banks—Twelfth District
(millions of dollars)

	1946	1947	1948p	Percent change 1947-48
Earnings on loans	138.6	210.5	263.8	+25
Interest and dividends on securities	153.9	129.5	123.1	—5
Service charges on deposit accounts	17.5	22.4	27.5	+23
Trust department earnings	12.3	12.9	13.6	+5
Other earnings	25.7	26.2	29.0	+11
Total earnings	348.0	401.5	457.0	+14
Salaries and wages	109.3	127.1	140.9	+11
Interest on time deposits	44.9	54.1	62.1	+15
Other expenses	65.2	77.4	86.3	+12
Total expenses	219.4	258.6	289.3	+12
Net current earnings	128.6	142.9	167.7	+17
Net recoveries and profits (losses —)				
On securities	5.1	6.6	0.5	—
On loans	3.3	—13.9	—22.4	—
Other	—13.5	—0.9	—0.3	—
Total net recoveries and profits	—5.0	—8.2	—23.2	—
Net profits before income taxes	123.7	134.7	144.5	+7
Taxes on net income	32.2	42.2	48.4	+15
Net profits after taxes	91.5	92.5	96.1	+4
Cash dividends	35.1	37.5	41.3	+10
Undistributed profits	56.4	55.0	54.8	—

p—Preliminary.

BUSINESS INDEXES—TWELFTH DISTRICT[1]

(1935-39 average = 100)

Year and Month	Industrial production (physical volume)[2]								Total mf'g employment[4]	California factory payrolls[4]	Carloadings (number)[2]	Dep't store sales (value)[2]	Dep't store stocks[5] (value)	Retail food prices[3,6]
	Lumber	Petroleum[3] Crude	Petroleum[3] Refined	Cement	Lead[3]	Copper[3]	Wheat flour[3]	Electric power						
1929	148	129	127	110	171	160	106	83	....	111	135	112	134	132.0
1930	112	101	107	96	146	106	100	84	....	93	116	104	127	124.8
1931	77	83	90	74	104	75	101	82	....	73	91	92	110	104.0
1932	46	78	84	48	75	33	89	73	....	54	70	69	86	89.8
1933	62	76	81	54	75	26	88	73	....	53	70	66	78	86.8
1934	67	77	81	70	79	36	95	79	....	64	81	74	83	93.2
1935	83	92	91	68	89	57	94	85	88	78	88	86	88	99.6
1936	106	94	98	117	100	98	96	96	100	96	103	99	96	100.3
1937	113	105	105	112	118	135	99	105	112	115	109	106	108	104.5
1938	88	110	103	92	96	88	96	102	96	101	96	101	101	99.0
1939	110	99	103	114	97	122	107	112	104	110	104	109	107	96.9
1940	120	98	103	124	112	144	103	122	118	134	110	119	114	97.6
1941	142	102	110	164	113	163	103	136	155	224	127	139	137	107.9
1942	141	110	116	194	118	188	104	167	230	460	137	171	190	130.9
1943	137	125	135	160	104	192	115	214	306	705	133	203	174	143.4
1944	136	137	151	128	93	171	119	231	295	694	140	223	179	142.1
1945	109	144	160	131	81	137	132	219	229	497	134	247	183	146.3
1946	130	139	148	165	73	109	128	219	175	344	135	305	238	167.4
1947	141	147	159	193	98	163	133	256	184	401	142	330	300	200.3
1948	144	149	162	211	107	153	116	284	189	430	136	354	348	216.1
1947														
December	162	149	160	215	98	161	116	275	188	423	144	363	353	213.0
1948														
January	144	150	166	218	105	163	114	278	187	418	141	347r	360	215.4
February	152	150	166	207	112	166	104	283	187	417	130	327	377	213.0
March	148	151	164	216	110	158	101	274	187	406	131	339	388	211.6
April	133	152	166	216	108	165	116	275	184	396	130	362	386	216.0
May	122	152	172	202	102	165	108	263	180	406	123	364	347	217.6
June	128	153	168	196	105	165	115	266	185	424	134	372	335	216.6
July	153	152	167	202	99	159	123	284	190	440	137	365	328	218.1
August	159	153	171	202	108	166	124	289	194	455	141	383	302	218.0
September	155	123	110	215	106	161	123	295	197	454	146	355	311	217.6
October	149	151	155	217	107	152	114	291	196	452	132	336	333	217.1
November	145	153	173	232	115	109	126	295	194	449	134	323	356	215.6
December	141	153	171	205	111	104	122	309	191	444	131r	368	356	216.5
1949														
January	104	151	174	184	117	108	128	308	183p	430	106	334	332	217.9

BANKING AND CREDIT STATISTICS—TWELFTH DISTRICT

(amounts in millions of dollars)

Year and month	Condition items of all member banks[7]: Loans and discounts	U.S. Gov't securities	Demand deposits adjusted[9]	Total time deposits	Member bank reserves and related items[8]: Reserve bank credit[10]	Commercial operations[11]	Treasury operations[11]	Coin and currency in circulation[10]	Reserves	Bank debits index 31 cities[4,12] (1935-39 = 100)[2]
1929	2,239	495	1,234	1,790	-34	0	+23	-6	175	146
1930	2,218	467	1,158	1,933	-16	-53	+89	+16	183	126
1931	1,898	547	984	1,727	+21	-154	+154	+48	147	97
1932	1,570	601	840	1,618	-42	-175	+234	+30	142	68
1933	1,486	720	951	1,609	-2	-110	+150	-18	185	63
1934	1,469	1,064	1,201	1,875	-7	-198	+257	+4	242	72
1935	1,537	1,275	1,389	2,064	+2	-163	+219	+14	287	87
1936	1,682	1,334	1,791	2,101	+6	-227	+454	+38	479	102
1937	1,871	1,270	1,740	2,187	-1	-90	+157	-3	549	111
1938	1,869	1,323	1,781	2,221	-3	-240	+276	+20	565	98
1939	1,967	1,450	1,983	2,267	+2	-192	+245	+31	584	102
1940	2,130	1,482	2,390	2,360	+2	-148	+420	+96	754	110
1941	2,451	1,738	2,893	2,425	+4	-596	+1,000	+227	930	134
1942	2,170	3,630	4,356	2,609	+107	-1,980	+2,826	+643	1,232	165
1943	2,106	6,235	5,998	3,226	+214	-3,751	+4,486	+708	1,462	211
1944	2,254	8,263	6,950	4,144	+98	-3,534	+4,483	+789	1,706	237
1945	2,663	10,450	8,203	5,211	-76	-3,743	+4,682	+545	2,033	260
1946	4,068	8,426	8,821	5,797	+9	-1,607	+1,329	-326	2,094	298
1947	5,363	7,243	8,928	6,006	-302	-443	+630	-206	2,202	326
1948	6,056r	6,368	8,736	6,062	+17	+472	-482	-209	2,420r	355
1948										
January	5,413	7,264	8,854	6,021	+14	+48	-253	-113	2,113	353r
February	5,467	7,021	8,495	6,063	+20	+153	-244	-2	2,045	354
March	5,510	6,945	8,452	6,044	-49	+29	-19	-37	2,066	347
April	5,509	6,943	8,461	6,019	+9	-75	+29	-17	2,048	353
May	5,569	6,883	8,445	6,008	+30	-14	+45	+26	2,068	342
June	5,598	6,859	8,464	6,057	-14	-10	-12	-13	2,061	348
July	5,640	6,816	8,556	6,010	+15	-38	+43	-11	2,075	354
August	5,743	6,712	8,555	6,005	-23	+1	+12	+17	2,065	356
September	5,848	6,394	8,661	6,003	+17	+427	-98	+2	2,409	359
October	5,910	6,440	8,647	6,018	+12	-8	-35	+8	2,351	363
November	5,984	6,358	8,658	5,998	-25	-40	+7	-8	2,323	355
December	6,056	6,368	8,736	6,062	+11	-2	+45	-61	2,420	376
1949										
January	6,009	6,382	8,664	6,082	+2	-101	-58	-54	2,329	356r
February	5,910	6,306	8,330	6,097	-4	-7	-19	-4	2,308	344

[1] All monthly indexes but wheat flour, petroleum, copper, lead, and retail food prices are adjusted for seasonal variation. Excepting for department store statistics, all indexes are based upon data from outside sources, as follows: Lumber, various lumber trade associations; Petroleum, Cement, Copper, and Lead, 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] Not adjusted for seasonal variation. [4] Excludes fish, fruit, and vegetable canning. Factory payrolls index covers wage earners only. [5] At retail, end of month or year. [6] Los Angeles, San Francisco, and Seattle indexes combined. [7] Annual figures are as of end of year; monthly figures as of last Wednesday in month or, where applicable, as of call report date. [8] End of year and end of month figures. [9] Demand deposits, excluding interbank and U.S. Gov't deposits, less cash items in process of collection. Monthly data partly estimated. [10] Changes from end of previous month or year. [11] Minus sign indicates flow of funds out of the District in the case of commercial operations, and excess of receipts over disbursements in the case of Treasury operations. [12] Debits to total deposit accounts, excluding inter-bank deposits. p—preliminary. r—revised.