

# MONTHLY REVIEW

NOVEMBER 1950

FEDERAL RESERVE BANK OF SAN FRANCISCO

## REVIEW OF BUSINESS CONDITIONS

**I**N mid-November wholesale prices reached an all-time peak, pointing up again the problem of inflation which faces the economy. The symptoms of inflation are not confined to price movements alone; nearly all measures of economic activity point to a demand for goods which is increasing more rapidly than the supply. Not only have production and employment increased, but the money supply has also grown in the past several months. The expansion of credit continues to be a major factor in the rising volume of spendable funds available to the public. Business and agricultural loans of weekly reporting member banks in the nation were more than 20 percent higher in mid-November than at the same time last year.

Expansion of the money supply, through the growth of bank loans to private borrowers, and the marked increase in business and consumer buying since the end of June have been responsible for the upswing of prices during the past 5 months. During more recent months, the first moves aimed at diverting a substantial share of goods and services from the civilian to the military sector of the economy have created the basis for additional upward pressures on prices generally. Orders governing the use of materials, issued by the National Production Authority, emphasized the extent to which military needs were impinging on the economy. By mid-November, nine material orders had been issued. These orders covered steel, steel distribution, rubber, construction, aluminum, tin, and zinc. Additional orders on copper and other critical defense materials were reported to be in preparation. While these orders do not reduce purchasing power in the civilian sector of the economy, they will gradually reduce goods available for civilian use. This situation—a reduced flow of goods to the civilian economy, combined with maintained or increased civilian purchasing power—is likely to be the crux of the problem associated with maintaining economic stability for some time to come. To the extent that fiscal and monetary action can be taken to compensate for the shift of goods to military production, inflationary pressures may be reduced.

### *District activity at high level*

Business activity in this District continued to gain as production, particularly of durable goods, expanded further. New construction authorized in October was above

the 1949 level, but below the very high peak reached late this summer. Department store sales reflected the effect of tighter credit requirements and a reaction to the unusual level of summer buying. The District gained only slightly over last year in October. Not all areas recorded the same results. In Southern California and Arizona most areas reported about a 5 percent decline in department store sales from October of last year. A gain of about 4 percent was reported for Northern California, and in the Pacific Northwest the increase averaged 7 percent over last October. In Utah and Southern Idaho, sales dropped behind October 1949 by about 6 percent. Department store sales throughout the District in November were ahead of last year, however.

### *Employment in California reaches new high level*

More persons were employed in California industries this October than in any other October since the close of World War II. Manufacturing employment in the Los Angeles area increased even further over the record high level of September. A seasonal peak in fish canning and substantial increases in durable goods manufacturing combined to account for the new high level in employment. The major increases in durable goods employment took place in aircraft, primary and fabricated metals, and machinery manufacturing. In the San Francisco area, employment in manufacturing declined from September as fruit and vegetable canning tapered off. Employment in other nondurables and in the durable goods industries, however, remained unchanged over September. Activity in outdoor work and some seasonal manufacturing industries will probably decline during the remainder of the

### Also in This Issue

**What the Federal Reserve System is Trying  
to Do: Limits to the Effectiveness of  
General Credit Controls**

**Revision of Twelfth District Lumber Indexes**

### Supplement

**Western Power and Fuel Outlook**

year, and the severe mid-November rains are likely to reinforce this tendency. Nevertheless, seasonal increases in trade and government employment may offset such declines to a large extent.

#### ***Employment declines less than seasonally in the Pacific Northwest***

Employment in both Oregon and Washington declined slightly in October from the record levels attained in September. In spite of the declines, employment in October was higher than in any other October since World War II, an indication of the current economic strength of the Pacific Northwest. Seasonal declines in food processing, along with some slackening in logging and lumber operations due to unfavorable weather conditions and the slump in lumber prices, account entirely for the employment drop. Those losses were partially offset by increases in the nonseasonal durable goods industries and made the net loss in October smaller than is normal for that month. Appreciable employment gains were reported for the aircraft industry, metal fabricating, and in the Federal defense establishments located in the area. Construction activity has declined in both states as the number of new housing starts has been reduced.

#### ***Utah's labor market tightens in October***

The position of Utah's labor market has altered radically in the past few months from one of considerable slack to a situation in which severe labor shortages have appeared in several areas of the state. Strongly affected by labor shortages have been the Salt Lake City, Ogden, and Tooele areas, where most of the Federal defense establishments are located. The tight labor situation in these areas has arisen as a result of sharply increased activity incident to the Korean war.

Mining activity in Utah has returned pretty much to normal after having been plagued by prolonged labor disputes earlier this year. Unemployment in the Park City area, which had reached critical levels during the summer months, has been completely eliminated, and out-of-area recruitment is necessary to fill job openings as they appear. A large smelter in the Salt Lake area which had been closed for lack of materials has been reopened as the mines resumed ore shipments.

#### ***Unemployment in the District falls below the September 1948 low***

Unemployment in the District during September fell to a lower level than that of September 1948, the previous post-war record low. In the nation as a whole unemployment was still somewhat higher than it was in September 1948, despite the rapid decline that has taken place since early last summer.

Many District labor market areas are now reporting ratios of unemployment to total labor force very close to what may be considered an irreducible minimum in the absence of manpower controls. In Oregon, for example,

it is reported that less than 2 percent of the total labor force are unemployed. Ratios of less than 3 percent are also reported in such labor market areas as San Francisco and San Jose in California and Ogden in Utah. Some rise in unemployment, at least temporarily, is to be expected as the season progresses and additional workers are laid off in seasonal lines; but through October such workers have been readily absorbed in other industries. It would nevertheless appear that further increases in employment will depend to a large extent upon an expansion in the labor force.

#### ***Douglas fir lumber prices break***

Prices for Douglas fir lumber have undergone a severe slump which started with an initial break in early September. The major break occurred in the market for green dimension lumber, used principally for framing houses, although markets for other types of lumber have suffered to a lesser extent. Ponderosa pine, used in finishing operations, remained reasonably firm throughout the break. Green dimension Douglas fir, however, which brought up to \$90 per thousand feet on the market at the peak of prices during the summer sold down to \$50 at the low point in mid-October. During the last week in October, however, prices for green dimension had stabilized somewhat at around \$65 per thousand feet.

Many factors combined to bring about the break in lumber prices. As early as the first weeks in August, Douglas fir producers had been building up an unfavorable relationship between unfilled orders on the one hand and gross mill stocks on the other. In the week ending August 5, mills reporting to the West Coast Lumbermen's Association held unfilled orders totalling 723 million board feet and gross stocks equal to 635 million board feet. By the third week in October this relationship had completely reversed itself as unfilled orders dropped to 572 million board feet and gross stocks rose to 735 million board feet. Smaller mills without sufficient financial backing thus found it necessary to reduce prices in order to press their stocks on a sluggish market. Many of these smaller mills stopped production as a result of this situation. The number thus closed is estimated at from 100 to 200, and they produced only 2 or 3 percent of the total District lumber output; hence the probable effect on the industry is limited. The restrictions imposed on real estate credit have also contributed to the decline of lumber prices. Although it is too early to assess precisely their effect on residential construction, it appears that Regulation X and other restrictions on real estate credit have caused a slowdown in the plans for new housing starts where much of the demand for green dimension lumber originates.

#### ***Marked expansion in bank loans continues***

Bank loans to business have risen continuously and sharply since the outbreak of war in Korea, both in the District and the country as a whole. September was the month of most rapid increase. While there has been a

minor slackening in pace since then, the rate of growth is still more rapid than at any time since the last half of 1946. It is claimed that the continued growth of bank loans to private business is stimulated in part by the fact that rising prices require more credit to finance the same physical volume of business. Under existing conditions in which the economy is running virtually at full tilt, however, the supply of goods cannot expand as rapidly as the supply of purchasing power when fed by substantial increases of bank credit whether to private business or to Government. Consequently any continued expansion of credit accentuates the rise in prices.

Real estate loans of weekly reporting member banks registered their largest increase since June during the month of August, both in the District and the nation. They continued to grow at a substantial rate, however, during September and October. November brought a sharp reduction in the rate of increase in the District but only a moderate slowing up in the country as a whole. This reflects, in part at least, the restrictions upon real estate credit that became effective October 12, 1950.

August was also the month of largest increase in consumer loans at weekly reporting member banks. This was the direct result of the big buying spree that followed the outbreak of war in Korea. Since August, the rate of growth of consumer loans at banks has tapered off, owing in part to the subsidence of the initial scare-buying and in part to the revival of consumer credit controls in mid-September.

#### **Holdings of Government securities decline**

The expansion in loans since the middle of the year has been accompanied by a decline in the amount of Government securities held in bank portfolios. Banks have sold Governments to obtain the reserves required against the additional deposits arising from the loan expansion.

During the same period, their holdings of securities other than Governments increased, however. This increase, plus the loan expansion, more than offset the decline in Government security holdings, with the result that total loans and investments outstanding rose.

#### **Bank deposits rise**

In both the District and the nation, total bank deposits have risen since June despite a decline in time deposits to help finance the buying spree. The increase in demand

deposits arising largely from the loan expansion was somewhat more than sufficient to offset the decline in time deposits.

#### **Flood damage to California agriculture severe only in localized areas**

Apparently mid-November floods, which caused an estimated \$20 million damage in California, did not seriously affect the state's agriculture. Damage to some late crops—rice, beans, sugar beets and grain sorghums—was spotty and occurred after most of the harvest had been completed. So far, less than 2,000 bales of the San Joaquin cotton crop have been reported lost, though some damage to the quality of that part of the crop yet to be harvested was caused by heavy precipitation. Many turkeys and chickens in Fresno County, in some cases entire flocks, were washed away. In the aggregate, however, poultry losses will amount to a negligible portion of the state's total output. In some areas, December grain plantings will be delayed because of wet fields. Many farmers, particularly along the American River, will be forced to relevel and recondition their fields.

Most reports from the farm areas affected indicate that in over-all terms the damage to the state's agriculture will be more than offset by irrigation and range feed benefits. Rains and run-off have filled reservoirs and replenished underground water tables. Range feed in the foothill area will make vigorous growth, promising favorable spring feed.

#### **CHANGES IN REGULATION X—REAL ESTATE CONSTRUCTION CREDIT**

On November 14, 1950 the Board of Governors of the Federal Reserve System, with the concurrence of the Housing and Home Finance Agency, adopted Amendment No. 1 to Regulation X. The Board's statement relative to the amendment issued to the press on November 14 is reprinted below:

The Board of Governors of the Federal Reserve System announced today an amendment to Regulation X, covering residential real estate credit, which exempts from the prohibitions of the regulation real estate construction credit extended prior to May 1, 1951, on new construction begun prior to October 12, 1950, the effective date of the regulation. The amendment also extends until December 31, 1950, the time permitted for filing with the Federal Reserve banks statements of facts with respect to unwritten agreements to extend credit which were entered into prior to October 12.

### **WHAT THE FEDERAL RESERVE SYSTEM IS TRYING TO DO: LIMITS TO THE EFFECTIVENESS OF GENERAL CREDIT CONTROLS**

UP to the present we have relied primarily upon credit and fiscal measures to stem the inflationary tide that began to flow with much greater strength following the outbreak of war in Korea. These indirect controls are much easier to implement than are direct ones such as price and wage controls or the allocation and rationing of materials and finished products. They involve, on the

one hand, much less in the way of administrative personnel and machinery than do direct controls, and, on the other, they leave a much greater degree of flexibility in the economy.

Brief articles in the last two issues of the *Monthly Review* described both the need for credit controls and the manner in which they serve to restrain inflationary pres-

tures. The first article was devoted primarily to general credit controls and the second to selective credit controls, with special reference to the restraints placed upon mortgage credit under Regulation X. The purpose of this article is to appraise in broad terms the effectiveness of general credit controls in checking inflationary trends. General credit controls, as the name implies, are used to affect the cost, availability and supply of all bank credit, irrespective of the use to which it is put. Selective credit controls, on the other hand, restrict the use of credit for particular purposes such as the purchase of certain securities, radios, automobiles, and houses.

Traditionally, central banks have attempted to influence economic conditions through changes in the amount of money and credit in use. In this country the Federal Reserve influence over the availability of bank reserves is the principal tool for affecting the amount of bank credit and thus the money supply. Restriction on the availability of bank reserves curbs the ability of banks to lend and also tends to result in higher interest rates which, in turn, presumably discourages some bank customers from borrowing. Ready availability of bank reserves stimulates bank lending and results in lower rates and easier credit conditions. It has long been recognized, however, that the effectiveness of general credit controls is considerably greater when directed toward restraining inflation than when used to relieve a depression. In the latter case, the effect is often likened to that obtained by trying to move an object by pushing on a string attached to it. Today, however, we are concerned with the problem of checking the inflationary pressures at hand.

The reserves against deposits that member banks are required to keep with the Federal Reserve banks furnish the link through which the Reserve System may influence bank lending policies. For banks to make additional loans and to expand bank deposits, additional reserves must be obtained. If these reserves are difficult and expensive to obtain, banks will be deterred in expanding their lending operations. They will tend to charge higher rates to ultimate borrowers, and to limit the amount of credit extended to these customers.

The Federal Reserve System may attempt to restrict the availability of reserves through several devices. Individual Federal Reserve banks may raise their rediscount rates, thus increasing the price at which they will lend to banks. The impact of such action is largely psychological, however, since commercial banks no longer obtain a significant proportion of their reserves through rediscounting or direct borrowing from Federal Reserve banks.

Since banks now have large holdings of Government securities which are readily marketable, they usually sell some of these securities if they wish to obtain additional reserves. The System may, therefore, affect the amount of bank reserves through its open market operations. It does this by altering its buying and selling prices for Government securities. If there are more sellers of securities than buyers, yields on these securities will tend to

rise. The yield on the securities commercial banks sell represents, in effect, the cost to them of the additional funds for lending. On the other hand, as yields increase, the securities become more attractive to banks and other investors. Consequently, at the higher yields there is less need for Federal Reserve purchases, which increase bank reserves.

According to traditional central banking theory, higher interest rates serve to dampen monetary expansion because they discourage some businessmen from borrowing additional funds. In periods of strong inflation, however, profit margins are generally so large that small changes in interest rates are not likely in themselves to discourage new borrowing on a major scale. An increase of  $\frac{1}{4}$  percent or  $\frac{1}{2}$  percent, for example, does not create a major deterrent to borrowing additional funds if profit margins are substantial. This fact has received increasing recognition during the last 10 or 15 years and has been the subject of several special studies. These studies point to the general conclusion that many businessmen do not consider interest payments to be a sufficiently large element in their costs to make slight differences in rates a crucial factor in their decisions as to whether or not to borrow additional funds at any given time. The more important consideration is what profits they expect to make from the use of the funds.

In recent years, the view has developed that the restrictive effect of a tight money policy makes itself felt not so much on the borrowing as on the lending side. A restrictive monetary and credit policy means in effect that additional reserves to support deposits arising out of further borrowing are harder to obtain. Moreover, the increased yields on Government securities associated with such a policy encourage banks to retain those securities instead of selling them to obtain additional reserves to expand loans, especially if the sale must be made at a loss. Banks, therefore, become somewhat more selective in their lending policies. Consequently, they may refuse to lend at all to some potential borrowers and may restrict their lending to others to smaller amounts than would have been the case had reserves been available on easier terms. According to this view, while higher interest rates are the result of a restrictive credit policy, they actually tend to be somewhat incidental to such a policy. The significant factor that limits expansion of credit is not so much the higher interest rates but rather the more selective credit policy that lenders are impelled to follow.

It is difficult to measure the extent to which a small increase in the cost of bank reserves will lead to a more selective lending policy on the part of commercial banks. Since banks can still obtain reserves readily (even though at higher cost) by selling Government securities, the resulting tightening in credit terms may not be so pronounced as the strength of the inflationary pressures warrants. That would appear to be the case today.

In a period of strong inflationary pressures, such as we have at present, general credit controls alone are likely to be insufficient to hold credit expansion in check. Under

such circumstances it becomes desirable to supplement general credit controls. Selective controls over particular types of credit have been put into effect. In addition, appeals have been made to commercial banks to limit their lending in the interests of national welfare. Appeals of this type were recently made to banks by the Federal Reserve System, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and the American Bankers Association. Such appeals will be of value if they succeed in making bankers realize that collectively their lending operations have an impact that extends far

beyond the financial affairs of their individual customers, and that consequently they must keep these broader aspects in mind in conducting their day-to-day lending operations.

General credit controls are not capable by themselves of keeping strong inflationary pressures in check, however. Credit controls restrain only one segment of spending—that out of borrowed funds. Current conditions require that spending out of current income also be reduced. Increased taxes are a most effective method for doing that.

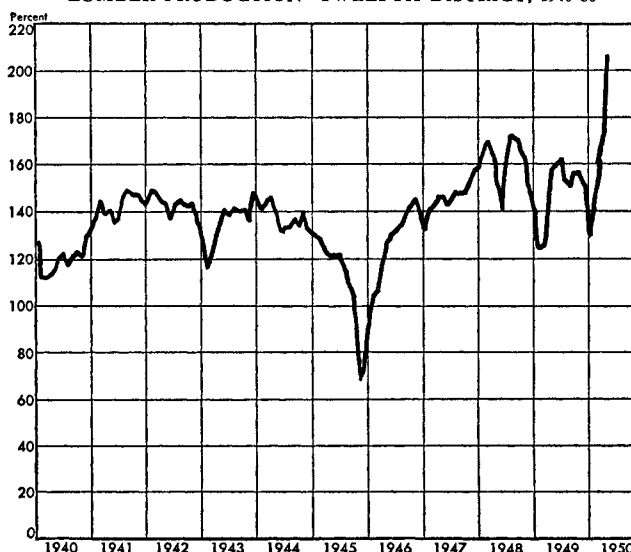
### REVISION OF TWELFTH DISTRICT LUMBER INDEXES

**T**HE unadjusted indexes of lumber production for the Twelfth District have been revised for the period 1945 to date. Revisions have been made on the basis of recent changes in production data published by the Forest Service and the Bureau of the Census. Adjustments also have been made in the indexes of the Western Pine and West Coast Regions to reflect a re-allocation of the production for the two Oregon counties of Josephine and Jackson. The production for these two counties will now be included in the West Coast rather than in the Western Pine Region.

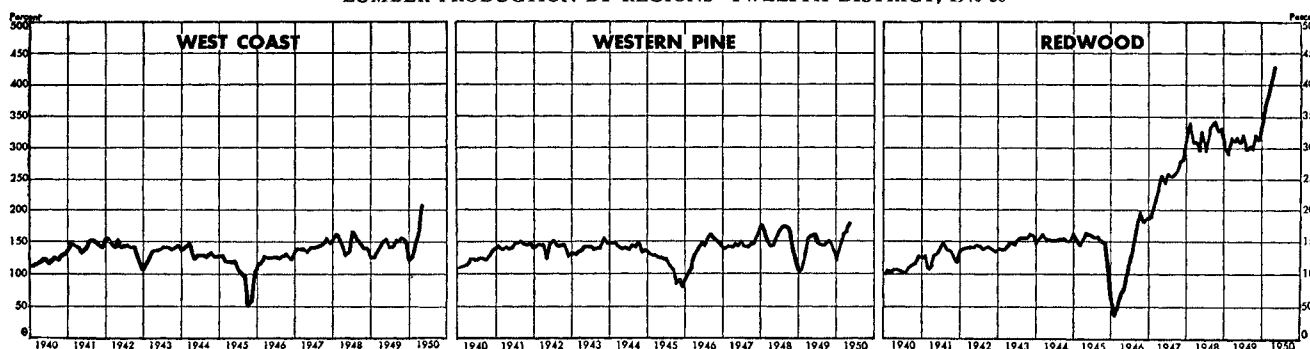
As a result of the adjustment to new bench marks, the Twelfth District indexes show a substantial increase from the old index for the years 1947, 1948, and 1949. Of the three regions which comprise the reporting areas in the Twelfth District, moderately large increases for 1948 and 1949 resulted for the West Coast Region. The Western Pine area showed only a slight increase. The revised Redwood Region data, however, reflects substantial increases in production and contributed considerably to the over-all increases in the index for lumber production in the Twelfth Federal Reserve District.

In addition to the changes in the unadjusted indexes, new seasonal factors have been used in computing the seasonally adjusted indexes for recent years.

LUMBER PRODUCTION—TWELFTH DISTRICT, 1940-50



LUMBER PRODUCTION BY REGIONS—TWELFTH DISTRICT, 1940-50



# **BUSINESS INDEXES—TWELFTH DISTRICT<sup>1</sup>** (1935-39 average = 100)

Year and month	Industrial production (physical volume) <sup>1</sup>							Total mfg employment <sup>2</sup>	California factory payrolls <sup>3</sup>	Car-loadings (number) <sup>4</sup>	Dep't store sales (value) <sup>5</sup>	Dep't store stocks (value) <sup>5</sup>	Retail food prices <sup>6</sup>
	Lumber <sup>*</sup>	Petroleum <sup>*</sup>		Cement	Lead <sup>1</sup>	Copper <sup>1</sup>	Wheat flour <sup>1</sup>	Electric power					
	Crude	Refined											
1929.....	148	129	127	110	171	160	106	83	111	135	112	134	132.0
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	78	88	86	88	99.6
1936.....	108	94	98	117	100	98	96	96	100	103	99	96	100.3
1937.....	113	105	105	112	118	135	99	105	115	109	106	108	104.5
1938.....	88	110	103	92	96	88	96	102	96	101	101	101	99.0
1939.....	110	99	103	114	96	122	107	112	104	110	109	107	96.9
1940.....	120	98	103	124	112	144	103	123	118	134	119	114	97.6
1941.....	142	102	110	164	113	163	103	126	155	224	139	137	107.9
1942.....	141	110	116	194	118	188	104	167	230	460	171	190	130.9
1943.....	137	125	135	160	104	192	115	214	306	705	203	174	143.4
1944.....	136	137	151	128	93	171	119	231	295	694	223	179	142.1
1945.....	109	144	160	131	81	137	132	219	229	497	247	183	146.3
1946.....	130	139	148	165	73	109	128	219	181	344	305	238	167.4
1947.....	147	147	159	193	98	163	133	256	187	401	330	300	200.3
1948.....	159	149	162	211	107	153	116	284	191	430	353	346	210.1
1949.....	151	147	167	202	103	140	104	303	183	423	331	323	209.6
1949 August.....	150	144	165	209	93	121	109	310	184	429	333	309	205.7
1949 September.....	156	144	166	208	84	136	108	308	182	437	326	333	207.3
1949 October.....	156	141	153	200	77	136	104	306	182	435	337	330	205.5
1949 November.....	151	140	161	200	89	145	101	299	180	421	319	331	205.7
1949 December.....	156	140	156	196	105	140	189	306	178	424	339	315	202.5
1950 January.....	129	140	161	178	123	168	104	322	175	417	316	323	206.4
1950 February.....	141	139	157	179	118	164	91	313	179	421	322	337	204.1
1950 March.....	160	138	151	201	122	169	91	299	184	427	321	349	203.4
1950 April.....	174	138	159	217	125	172	87	325	186	432	333	342	205.4
1950 May.....	207	140	162	240	131	181	95	341	192	445	336	335	205.4
1950 June.....	181	142	170	244	118	172	105	331	193	468	342	326	208.3
1950 July.....	184	142	170	245	86	167	113	341	196	...	454	318	209.6
1950 August.....	186	145	178	251	95r	177r	112	340	203	...	374r	333	210.6
1950 September.....	176	148	177	248	98	175	105	339	205	...	368	387	209.0

## **BANKING AND CREDIT STATISTICS—TWELFTH DISTRICT** (amounts in millions of dollars)

Year and month	Condition items of all member banks <sup>1</sup>				Bank rates on short-term business loans <sup>2</sup>	Member bank reserves and related items <sup>10</sup>					Bank debits index 31 cities <sup>11,12</sup> (1935-39 = 100) <sup>13</sup>
	Loans and discounts	U.S. Gov't securities	Demand deposits adjusted <sup>4</sup>	Total time deposits		Reserve bank credit <sup>11</sup>	Commercial operations <sup>12</sup>	Treasury operations <sup>12</sup>	Coin and currency in circulation <sup>11</sup>	Reserves	
1929.....	2,239	495	1,234	1,790	.....	- 34	0	+ 23	- 6	175	146
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	- 194	+ 257	+ 4	242	72
1935.....	1,537	1,275	1,389	2,064	.....	+ 2	- 163	+ 219	+ 11	287	87
1936.....	1,652	1,354	1,791	2,101	.....	+ 6	- 227	+ 451	+ 3	479	102
1937.....	1,871	1,270	1,740	2,187	.....	- 1	- 90	+ 157	- 1	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
1941.....	2,130	1,432	2,390	2,360	.....	+ 2	- 143	+ 420	+ 96	754	110
1942.....	2,451	1,738	2,893	2,425	.....	+ 4	- 596	+ 1,000	+ 227	930	134
1943.....	2,170	3,640	4,356	2,609	.....	+ 107	- 1,960	+ 2,828	+ 643	1,232	165
1944.....	2,106	6,235	5,998	3,226	.....	+ 214	- 3,751	+ 4,486	+ 708	1,462	211
1945.....	2,234	8,263	6,950	4,144	.....	+ 98	- 3,534	+ 4,483	+ 789	1,706	237
1946.....	2,663	10,450	8,203	5,211	.....	- 76	- 3,743	+ 4,682	+ 545	2,033	260
1947.....	4,068	8,426	8,821	5,797	.....	+ 9	- 1,607	+ 1,329	+ 326	2,094	298
1948.....	5,358	7,247	8,922	6,088	.....	+ 302	+ 443	- 630	- 206	2,202	326
1949.....	6,032	6,356	8,655	6,087	.....	+ 17	+ 472	- 482	- 209	2,420	355
1949.....	5,925	7,016	8,536	6,255	3.20	+ 13	- 931	+ 378	- 65	1,924	350
1949 September.....	5,853	6,863	8,273	6,186	3.14	+ 13	+ 41	- 37	+ 9	1,837	336
1949 October.....	5,873	6,909	8,317	6,196	.....	+ 2	- 93	+ 92	+ 7	1,831	351
1949 November.....	5,919	6,944	8,511	6,157	.....	- 12	+ 21	- 2	- 16	1,854	349
1949 December.....	5,925	7,016	8,536	6,255	3.16	+ 40	+ 32	+ 30	- 8	1,924	376
1950 January.....	5,901	7,123	8,620	6,244	.....	- 48	- 92	+ 5	- 62	1,892	354
1950 February.....	5,893	6,999	8,311	6,262	.....	+ 5	- 31	- 7	+ 10	1,848	360
1950 March.....	5,946	6,923	8,167	6,303	3.36	- 2	- 223	+ 204	+ 76	1,842	373
1950 April.....	5,914	6,896	8,307	6,282	.....	+ 28	- 126	+ 104	+ 4	1,821	360
1950 May.....	6,005	6,932	8,354	6,275	.....	- 14	- 193	+ 170	+ 8	1,802	371
1950 June.....	6,034	6,905	8,289	6,315	3.37	- 10	+ 23	+ 32	+ 5	1,836	389
1950 July.....	6,162	6,810	8,458	6,250	.....	+ 3	- 149	+ 169	+ 0	1,858	382
1950 August.....	6,418	6,699	8,627	6,210	.....	- 2	- 102	+ 125	+ 18	1,863	384
1950 September.....	6,664	6,495	8,754	6,213	3.29	+ 62	- 45	+ 72	+ 9	1,893	417
1950 October.....	6,810	6,452	8,871	6,239	.....	- 56	- 93	+ 150	+ 10	1,930	428

<sup>1</sup> 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.

<sup>2</sup> Daily average. <sup>3</sup> Not adjusted for seasonal variation.

<sup>4</sup> Excludes fish, fruit, and vegetable canning. Factory payrolls index covers wage earners only. <sup>5</sup> At retail, end of month or year. <sup>6</sup> Los Angeles, San Francisco, and Seattle indexes combined. <sup>7</sup> Annual figures are as of end of year; monthly figures as of last Wednesday in month or, where applicable, as of call report date. <sup>8</sup> Demand deposits, excluding interbank and U.S. Gov't deposits, less cash items in process of collection. Monthly data partly estimated. <sup>9</sup> New quarterly series beginning June 1948. Average rates on loans made in five major cities during the first 15 days of the month. <sup>10</sup> End of year and end of month figures. <sup>11</sup> Changes from end of previous month or year. <sup>12</sup> 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. <sup>13</sup> Debits to total deposit accounts, excluding interbank deposits. <sup>14</sup> Explanation of revised series appears in this issue. <sup>15</sup> Revised series from 1946 to date. Explanation of revision will appear in the December issue.

p—preliminary. r—revised.