



TWELFTH FEDERAL RESERVE DISTRICT

MONTHLY REVIEW

FEBRUARY 1951

FEDERAL RESERVE BANK OF SAN FRANCISCO

1950 IN REVIEW

AN economic review of 1950 cannot be a single chronological summary of economic events. On the contrary, 1950 should be considered as two separate periods in which the economic climate was vastly different. These two periods in effect divide the year almost exactly in half, the first period ending and the second period beginning with the outbreak of conflict in Korea in the last part of June.

In addition, the year itself marks a significant turning point—the end of the postwar period and the beginning of a period of rearmament. It therefore becomes exceedingly difficult to interpret economic events in 1950 strictly in terms of 1950 data. The first half of the year, in effect, reflected the culmination of developments which had their beginning in 1945 with the end of the last war. The last half marked the beginning of another period of rearmament, the duration of which is unknown.

Another factor which should be considered is the change that has taken place in causal relationships. During the first half of the year, economic conditions in the nation were dependent largely on internal conditions, the dominant factors being increases in business inventories and record levels of construction activity and consumer demand, particularly for consumer durable goods. During the latter half of the year, internal influences were accentuated by international developments. In other words, the American economic scene became subservient to the demands of national defense or, more realistically, to anticipations arising from the defense program. The most important single economic problem facing the nation became inflation.

The outbreak of war in Korea in June changed the economic picture radically and added new expansionary forces. The difference between the two half-year periods, however, was not in the rate of production. Industrial production expanded 21 percent during the year at a relatively steady rate of increase with durable goods in the lead. The difference was primarily in the demand and price situation. The expansion of production during the first half of the year was accompanied by only a 4 percent increase in wholesale prices; during the second half, wholesale prices advanced 11 percent, a rate surpassed only by the 25 percent increase in prices in the second half of 1946 which followed the removal of wartime price

controls. Production continued to expand in the latter half of 1950, but was outstripped by the tremendous upsurge of buying as both consumers and businessmen acted in anticipation of impending shortages and price increases. Industrial prices, which already had started to rise in the second quarter, were pushed sharply upward, and consumer prices followed a similar but milder pattern.

During the third quarter of 1950, the increase in production was almost entirely for civilian purposes; Government expenditures actually decreased from the second quarter. It was not until the last quarter of the year that any increase in Government expenditures began to be felt, and for the year as a whole, total Government expenditures were less than in 1949.

While it is true that most of the expansion during the latter half of 1950 took place in civilian production, nevertheless this expansion was motivated by developments in the international scene—specifically, the necessity of diverting resources away from the civilian to the military sector. This expansion was in anticipation of defense expenditures which by the end of 1951 may be taking as much as 15 percent of our gross national product. While this percentage is dwarfed by the 42 percent of national product which went to the military at the peak of World War II, its importance is much greater than might be indicated by the comparison. The economy was already producing at close to peacetime capacity at the end of 1950 before the force of defense production had had any marked effect. Unemployment had dropped from an average of 4 million during the first six months to less than 2 million at the end of the year, and the labor market was becoming tight.

The high volume of personal consumption expenditures since Korea was based on rapidly rising personal income payments. Personal income increased more than \$23 billion (seasonally adjusted annual rate) from June

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to December and reached a record \$241 billion. Added to this increase in personal income were record holdings of liquid assets by individuals and greatly increased borrowings by consumers to supplement their purchasing power.

By the end of 1950, efforts to limit the pressure of rapidly increasing purchasing power on the available supply of goods had been relatively limited in scope. Controls on consumer and real estate credit imposed in September and October undoubtedly had some effect in limiting purchases of consumer durable goods and private houses, although the full effect of the control of mortgage credit will not make itself felt until the late spring of 1951.

Fiscal measures also were taken in the form of increases in income taxes which were made effective on withholdings October 1, but this increase only partially offset the large expansion in incomes before taxes, which had taken place in earlier months.

The seven western states that make up the Twelfth Federal Reserve District were not denied their full share of the prosperity of the nation in 1950, nor did inflation treat them any more kindly than it did the nation as a whole. This annual review issue attempts to show in some detail how the District economy fared in relation to previous years and its position at the beginning of an indefinite period of rearmament.

BANKING AND CREDIT IN 1950

THE outstanding banking development in 1950 was the tremendous upsurge in bank loans during the second half of the year. The largest loan expansion in banking history, amounting to \$7 billion at all member banks in the country, occurred during that period. That increase was more than \$3 billion larger than the previous record increases in the last six months of 1946 and 1947. Two-thirds of the rise was in commercial and industrial loans, with the gain in real estate loans being second in importance, and that for consumer loans, third. The rate of growth of consumer loans was substantially reduced in the fourth quarter of the year, however.

For the second consecutive year, the loan expansion in the Twelfth District was relatively less than in the country as a whole. Moreover, the dollar increase in total loans of District member banks in the second half of 1950 merely equalled the previous record set in the last half of 1946, while the increase for the year as a whole was less than in either 1946 or 1947. As in the nation, the largest dollar increase occurred in commercial and industrial loans, with real estate loans ranking second and consumer loans third.

Credit expansion contributes to inflation

This record expansion in bank credit contributed in considerable degree to the marked advance in prices that occurred after the outbreak of war in Korea, but it also reflected those advances. Our economy was already operating close to capacity prior to June 25, 1950. The big upsurge in demand that developed in the succeeding months brought with it a sharp advance in prices because production was not able to keep pace with demand. The demand was fed by a rising level of current income, some dipping into accumulated savings, and increased use of bank credit. If there had been less bank credit available, individuals and businesses would not have been able to bid up prices to such high levels. At the same time, however, rising prices require larger amounts of borrowed funds to finance a given physical volume of business. An expansion of bank credit in times of full employment is,

therefore, both one of the causes and one of the effects of inflation.

Measures to restrain inflation

In order to be fully effective, measures to restrain inflationary forces must have an impact upon all three sources of spendable funds—current income, liquid assets, and borrowed money. The Federal Reserve System has primary responsibility for influencing the cost and availability of bank credit. Since the outbreak of the Korean war, it has employed several credit restraints in an effort to hold inflationary forces in check. These restraints consisted of both general and selective credit controls, and the use of moral suasion. General credit controls operate through the medium of bank reserves and affect the cost and availability of all types of bank credit. Selective credit controls, on the other hand, relate to credit used for specific purposes. They operate directly by specifying certain limits for the terms of such credit rather than indirectly through the medium of bank reserves.

Starting in the latter part of August, the System, through its open market operations, made bank reserves more difficult and more costly to obtain, thereby affecting the availability of all types of bank credit. At the same time, the rediscount rates of the Federal Reserve banks were raised to $1\frac{3}{4}$ percent from $1\frac{1}{2}$ percent. Although the action did not affect developments in 1950, the Board of Governors of the Federal Reserve System announced on December 29, 1950 that reserve requirements of all member banks would be increased in January 1951 by 2 percentage points on demand deposits and 1 percentage point on time deposits.

In addition to these general controls, the System also applied controls over the use of credit in particular fields. The first of these was Regulation W, which became effective in mid-September. It controls the terms of consumer instalment credit for the purchase of automobiles, household appliances, and other consumer durables. Following the tightening of the terms of Regulation W in mid-October, the rate of growth of consumer instalment credit slowed down substantially. The average monthly increase

during the last quarter of 1950 was \$45 million compared with \$413 million in the preceding quarter and \$330 million in the last quarter of 1949.

Early in October, similar controls over credit for the purchase of homes were placed in effect. Regulation X, administered by the Federal Reserve System, applies to so-called conventional home loans. At the same time, similar restrictions were imposed by the Veterans' Administration and the Federal Housing Administration upon Government-guaranteed and insured loans. These restrictions upon mortgage credit had relatively little effect upon residential construction activity in the closing months of 1950, however, because of the large number of houses exempt from the terms of the regulations. The full effect of these controls is not expected to make itself felt until the late spring of 1951.

In addition to these specific credit restraints, appeals were made to commercial banks to limit their lending in the interests of national welfare. Appeals of this type were made to banks during the latter part of 1950 by the Federal Reserve System, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and the American Bankers Association.

Loans and investments of member banks

Total loans outstanding at Twelfth District member banks increased by nearly \$1.2 billion during 1950. This is about \$200 million less than the record increases in 1946 and 1947. It stands in marked contrast to the experience of 1949, however, when total loans of District member banks declined slightly. In relative terms, during 1950 total loans of member banks increased 20 percent in the District compared with 23 percent in the country as a whole.

Nearly 90 percent of the increase in the Twelfth District occurred in the second half of the year. Largely because of seasonal influences, the amount of commercial and industrial loans outstanding dropped 9 percent in the first six months of 1950, but this decline was more than offset by increases in real estate and consumer loans, so that total loans rose slightly during that period.

All major categories of loans increased in the second half of the year. Commercial and industrial loans accounted for more than half the increase in total loans in both the District and the nation, with real estate and consumer loans ranking second and third in terms of dollar increases. The restraining influence of Regulation W was apparent in the last quarter of the year, however, with the result that the percentage increase in consumer loans was greater in the first than in the second half of the year both in the District and in the nation.

For the year as a whole, consumer loans registered the largest relative growth—30 percent—at District member banks, compared with 27 percent at all member banks in the nation. Commercial and industrial loans increased 21 percent in the District and 29 percent in the country as a whole. The growth in real estate loans was also less in

MEMBER BANK DEPOSITS AND EARNING ASSETS— TWELFTH DISTRICT (in millions, as of December 31)

	1941	1948	1949	1950 ¹
Demand deposits of individuals, partnerships, and corporations	\$2,778	\$8,320	\$8,043	\$9,420
Time deposits ²	2,390	6,060	6,203	6,171
U. S. Government deposits	144	217	332	266
Loans	2,451	6,032	5,925	7,093
U. S. Government securities	1,738	6,366	7,016	6,381
Other securities	542	867	1,066	1,390

¹ Partly estimated.

² Excluding interbank and U. S. Government deposits.

the District than in the nation—13 percent compared with 19 percent. Loans to farmers for current production increased substantially in both the District and the nation. Reduced price support operations for agricultural commodities during 1950 caused a marked decline in loans to farmers guaranteed by the Commodity Credit Corporation, with the decline more pronounced in the country as a whole than in the Twelfth District.

Banks sold Government securities to obtain the funds necessary to finance the large expansion in bank loans during the second half of the year. Government security holdings of member banks declined about 9 percent during 1950 in both the Twelfth District and the nation in contrast with a 10 percent increase in 1949. Member bank holdings of corporate and municipal securities increased substantially, however.

Refunding operations of the Treasury during the latter half of the year caused substantial changes in the character of bank holdings of Government securities. In August the Treasury announced an exchange of \$13.5 billion of bonds and certificates of indebtedness maturing September 15 and October 1 for 1¼ percent notes of 13 months maturity. This was a rate lower than was available in the market on comparable outstanding issues, so many banks and other investors sold the called securities and bought other Treasury obligations with more attractive terms. To keep the market orderly and to assure the success of the refunding operations the Federal Reserve System bought the maturing issues. At the same time, to prevent too great a growth of bank reserves because of this large increase of Government security holdings, the System sold other outstanding issues having higher yields. A larger proportion than usual of the called securities was not exchanged, and the net cash redemption of the public debt arising out of refunding operations was substantially higher for the year 1950 than in 1949. Treasury offerings later in the year carried higher coupon rates, and short-term securities were attractive enough to non-bank investors to enable the Federal Reserve System to increase its sales of them. Treasury notes were a much larger component of the public debt at the end of 1950 than in 1949, and this was reflected in the much larger holdings of them by both District and United States member banks. The increase during the year in Treasury bills outstanding was more than taken up by nonbank investors, and certificates of indebtedness had been very greatly decreased by the end of the year as a result of the various refunding operations.

Yields on securities rise during 1950

Yields on United States Government and other securities were considerably higher at the end of 1950 than they had been a year before, although the 1949 averages on securities other than Governments were generally higher than the 1950 averages.

Yields changed relatively little during the first seven months of the year but the drift was upward. In August the change in System support policy for Government securities was immediately reflected in higher short-term rates. Bond yields rose also, but not to the same extent, and at the year-end they were still below their 1948 post-war peak. Yields on corporate securities changed very little during the year, although the trend was slightly upward.

Average rates charged by banks on short-term business loans also increased during 1950. The quarterly reports of banks in selected cities throughout the United States show that, although there was a slight decline during the third quarter of the year, a rather substantial increase in average rates occurred in the fourth quarter.

Bank deposits and currency

During the year demand deposits held by individuals, partnerships, and corporations increased 17 percent in the Twelfth District and 9 percent in the United States. Time deposits, on the other hand, showed a very slight decrease in the District and no appreciable change in the nation. In the Twelfth District, the net issue of currency, which does not allow for some currency movements across District lines, declined slightly during 1950 in contrast to a minor increase in currency in circulation in the country as a whole.

Demand deposits normally decline during the first quarter of the year because of the drain from income tax payments. The decrease in the first quarter of 1950 was considerably less than last year, however, as the large veterans' insurance refund distributed in the early months of the year tended to increase deposits. There was also less drain upon deposits because the net decline in bank loans during the first quarter was substantially smaller in 1950 than in 1949. During the last half of 1950, demand deposits showed a considerable increase in the Twelfth District and in the nation, owing primarily to the large increase in loans and to some extent, perhaps, to the cashing in of liquid assets.

Time deposits increased during the first half of the year, as they had in 1948 and 1949. From June to December they declined, with at least part of the funds being used to help finance the shopping spree which took place during those months. Government deposits both in the Twelfth District and in the United States as a whole decreased in 1950 in contrast with increases during the two previous years.

Liquid assets in the form of shares in savings and loan associations throughout the nation increased again in

1950 as in 1949, but the rate of withdrawal rose to such an extent that the net investment of additional funds was down from last year. Sales of Series E bonds declined both in the District and the nation, and redemptions were considerably larger than in 1949.

Member bank reserves

On December 30, 1950 member bank reserves in the Twelfth District amounted to \$2025 million—an increase of \$102 million over the same date in 1949. This is in contrast with 1949 when reserves declined during the year, reflecting a decrease in deposits and a succession of reserve requirement reductions, neither of which occurred in 1950.

The chief factor that contributes to District member bank reserves is the excess of Federal Government expenditure over collections within the Twelfth District. This excess of payments in 1950 was more than three times larger than in 1949, and larger than in any postwar year since 1946. The growth was due primarily to increased military and defense expenditures in this area, although the distribution of the veterans' insurance refund was also a contributing factor.

The major factor which operated to reduce reserves was the excess of interdistrict payments over receipts on commercial accounts. Net payments and transfers to other areas for goods, services, and securities during 1950 rose above the 1949 level as a result of the much larger volume of business activity in 1950. As in the case of net Treasury transactions, the net volume of commercial payments was also the largest since 1946.

SOURCES AND USES OF TWELFTH DISTRICT MEMBER BANK RESERVES

(in millions of dollars)

Sources of member bank reserves (factors which when positive increase reserves)	1936-40 (average)	1947	1948	1949	1950
Reserve bank credit	+ 1	-302	+ 17	+ 13	+ 39
Change in credit extended to member banks in the District by the Federal Reserve Bank of San Francisco.					
Commercial operations	-180	-510	+472	-930	-1141
Net payments from other Districts to banks and the public in the Twelfth District (net Twelfth District pay- ments to other Districts—).					
United States Treasury operations	+311	+698	-482	+378	+1198
Net payments from the Treasurer's account at the Federal Reserve Bank of San Francisco to banks and the public (net payments to the Treasurer's account—).					
Total	+132	-114	+ 7	-539	+ 96
Uses of member bank reserves (factors which when positive reduce reserves)					
Demand for currency	+ 36	-206	-209	- 65	- 14
Change in holdings of coin and currency by banks and the public.					
Change in non-member de- posits and other Federal Re- serve Accounts	+ 3	- 16	- 2	+ 22	+ 8
Total	+ 39	-222	-211	- 43	- 6
Change in member bank reserves	+ 93	+108	+218	-496	+ 102

INDUSTRY AND TRADE IN 1950

A NEW RECORD for industry and trade was established in this District in 1950. Employment, paced by a marked expansion in durable goods activity, reached an all-time high. Much of the evidence of a higher average rate of unemployment in this District than in the country as a whole was wiped out, at least temporarily. During most of 1950 District unemployment was lower than in 1948, the year in which the previous postwar low for unemployment occurred. Relative to the national picture this was a considerable improvement. Unemployment in the country as a whole was higher in every month of 1950 than in 1948, despite record employment after June. Somewhat slower growth in the labor force in this District and a greater relative expansion in employment in this District than in the nation were responsible for the difference over the two-year period.

The first half of 1950 was characterized by very rapid gains in output of most types of goods after the unusually severe winter weather abated. Construction and durable goods production set the pace and retail sales were also strong. The impact of the Korean situation resulted in a rapid acceleration of the pace. Even before military orders had any impact, production and trade jumped to record levels. In part, the momentum of the first half of the year was responsible, but the 'scare buying' by business and consumers added a very considerable impetus. These developments split the year into two parts: one of very satisfactory continued recovery from the mild recession of 1949, and the second a period of extremely high activity at all levels.

Employment reaches all-time peak

Twelfth District nonagricultural employment surpassed the 1948 peak in every month after April, 1950. Yet 1950 recorded the postwar low in employment as well as the postwar peak. The low level came early in the year partially as a result of severe weather which forced sharp cuts in logging, lumbering, construction, and transportation. Declines were also recorded in trade and service industries, particularly in the Northwest. As soon as mild weather appeared, along with the firming in consumer demand, employment started to rise at an unusually

**INDEXES OF INDUSTRIAL PRODUCTION—TWELFTH DISTRICT
(1939=100)**

	1942	1943	1944	1945	1946	1947	1948	1949	1950 ¹
Copper	154	157	140	112	89	133	127	117	144
Lead	121	107	96	84	73	101	113	109	117
Zinc	168	171	191	185	170	207	210	215	214
Silver	88	68	56	46	39	60	63	58	73
Gold	74	35	28	25	30	43	43	42	50
Iron ore	148	599	839	765	569	1158	1173	1120	1369
Steel ingots	156	205	301	295	247	391	442	402	524
Aluminum ²	100	197	216	130	94	165	187	197	220
Petroleum	111	127	139	146	140	148	151	148	146
Refined oils	113	132	147	156	144	155	159	163	164
Cement	170	140	112	115	144	169	185	177	199
Lumber	128	124	124	99	118	133	144	137	157
Wood pulp	141	112	118	116	124	144	154	151	181
Paper	127	118	123	122	135	147	157	156	167
Douglas fir plywood..	188	151	152	126	147	172	197	196	253
Wooden boxes ²	100	120	145	132	132	122	104	93	100
Canned fruits	113	91	117	107	169	136	134	135	127
Canned vegetables..	178	200	214	211	284	253	213	228	246
Canned fish	96	89	94	98	95	106	112	125	137
Meat	132	126	149	163	161	163	150	165	163
Sugar	94	84	84	84	92	122	91	95	108
Flour	97	107	111	123	119	124	108	97	95
Butter	88	78	70	51	39	59	52	58	56
Cheese	123	119	131	141	140	145	139	139	142
Ice cream	163	161	176	195	282	244	208	197	203

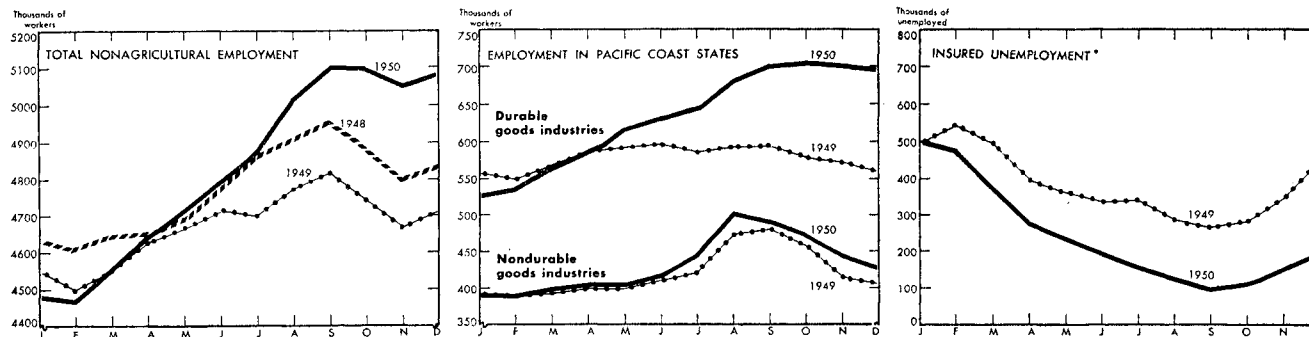
¹ Preliminary. ² 1942 = 100.

Note: Data given above supersede previously published annual indexes.

rapid rate. The major gains were made between July and September when the postwar peak was reached, and employment held steady into October with no significant change. A very moderate seasonal drop occurred in November, but seasonal gains in trade and Government employment in December raised the level of employment almost to the September peak. Though military production accounted for some of the gain after June, civilian demand contributed to a very significant extent to the increase in jobs.

Average nonagricultural employment during the year gained more than 3 percent over 1949. Most of the gain came in manufacturing employment, which rose almost 7 percent over 1949. Employment in durable goods industries, which had declined markedly in 1949, rose almost 10 percent under the impact of strong civilian demand supplemented by Government purchases. The character of the boom in durable goods is apparent from the widespread nature of the increases. Employment gains of 12 percent or more were reported in the following industries: electrical machinery, instruments, furniture and

EMPLOYMENT AND UNEMPLOYMENT—TWELFTH DISTRICT, 1948-50



*Last Saturday of each month.

fixtures, fabricated metals, primary metals, aircraft, motor vehicles, and lumber. Even though post-Korean activity in coast shipyards increased, both California and Washington reported smaller average shipbuilding employment than in 1949. In Washington, aircraft employment during 1950 averaged less than in 1949, but large gains in California aircraft employment for the year as a whole more than offset the weakness in Washington during the early part of the year.

The 1950 building boom resulted in a 10 percent increase in construction employment over 1949. Gains were reported for all other non-manufacturing industries except mining. Rather weak markets in the first quarter of the year resulted in reduced mining operations. Though a considerable upswing in production and employment occurred during the later part of the year, mining employment averaged slightly less in 1950 than in 1949.

Unemployment in the District declined to a postwar low in 1950. As employment expanded, all categories of workers were in demand. Except for January, insured unemployment was below the 1949 level in every month. For the year as a whole, insured unemployment averaged more than 35 percent less than in 1949, and during the latter part of 1950 was more than 50 percent below the year-ago level.

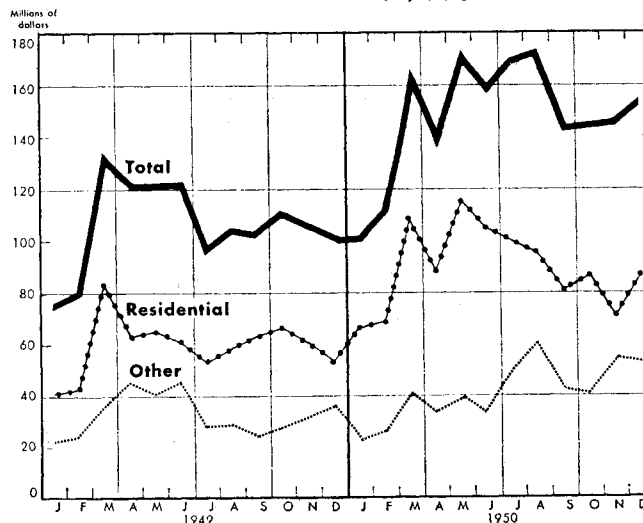
District construction makes large gain

Construction was a principal factor in the District business upswing during 1950. For the most part the gain in construction was concentrated in residential building. Nearly 40 percent more new building was authorized in urban areas of the District than in 1949; the gain in residential construction was over 50 percent, and in non-residential building over 25 percent. Most of the gain in nonresidential building came after June.

The first half of 1950 was marked by a strong expansion in residential building. The dollar volume of residential permits reached a high for the year in May and then declined steadily through September. Nevertheless, the dollar volume in June, July, August, and September was over 60 percent ahead of the same period in 1949. This was largely a result of the Korean situation which induced many operative builders and individuals to speed up plans for housing construction. Residential permits increased moderately in October, as many builders attempted to obtain permits and start construction before credit regulations became effective.

The introduction of Regulation X by the Board of Governors of the Federal Reserve System and related regulations by the Federal Housing Administration and the Veterans' Administration reduced the volume of building permits sharply in November and December. The greatest effect was on housing financed by insured or guaranteed mortgages, for which the down payments were increased significantly. In the conventional lending field, covered by Regulation X, some buyers may have

VALUE OF BUILDING PERMITS ISSUED IN URBAN AREAS--
TWELFTH DISTRICT, 1949-50



been forced out of the market, but they appear to have been offset, at least in part, by the number of persons with plans for building homes and the cash to meet the new requirements who chose to act because of the fear of material shortages in the future.

A further result of the necessity to increase the military effort was a sharp increase in nonresidential building activity in the District after June. Though the construction of various types of amusement places was restricted by the National Production Authority in September, non-residential construction in September and October declined only moderately from the peak in August, turned up again in November, and continued to increase in December. The high dollar volume of nonresidential permits during the last two months of the year more than offset the declines in residential permits; thus total permits in November and December increased over the October volume.

The sharpest gains in private building were recorded in the factory and commercial building categories, reflecting the efforts of business men to expand their facilities before restrictions and material shortage had any severe impact. The dollar volume of public buildings authorized increased more than any other nonresidential category. For the year as a whole, this line of building increased 90 percent above the 1949 volume.

District lumber industry sets new record

The increased construction of housing and the high rate of industrial activity provided a record demand for District lumber output. The 1950 production of more than 18 billion board feet of lumber in this District exceeded the 1949 output by 13 percent and topped the previous high recorded in 1948 by more than 7 percent. The redwood region recorded the largest relative increase in production over 1949—25 percent. Production of Douglas fir as well as redwood in that region gained sub-

stantially. Shipments of redwood to other parts of the United States were the most widespread on record. Declining stands of red cypress along the Southeastern seaboard, limiting the output of that species, added to an already strong demand for redwood.

In January and February 1950, operations in much of the District industry were impeded by severe weather conditions which slowed logging, froze mill ponds, and disturbed transportation. The heavy backlog of orders led to a very rapid expansion of production when weather conditions improved. Production, after allowing for seasonal variation, reached a peak for the year in May.

Lumber prices had been rising steadily in the early part of the year, but after the outbreak of hostilities in Korea, an increasingly strong demand, combined with a shortage of freight cars, resulted in rapidly rising prices for most grades of lumber. Prominent in the increase were Douglas fir 2 x 4's, which are widely used in framing houses. This increase reflected the unusually high level of housing activity and the attempts of builders and dealers to protect their position by building up stocks. The rise continued until early September when 2 x 4's reached a peak at \$110-\$120 per thousand board feet. In September more freight cars became available and demand eased somewhat. Prices of Douglas fir green dimension pieces, particularly 2 x 4's, declined rapidly until mid-November, when they firmed at a higher level than before Korea. Douglas fir 2 x 4's dropped to \$75-\$85 per thousand board feet. Ponderosa pine prices rose less rapidly than Douglas fir prices in midsummer, but continued to increase through October, after which they eased moderately.

In the latter part of the year, some concern was expressed because production was running ahead of new orders in the Douglas fir region in Oregon and Washington. Toward the end of November, however, the usual seasonal decline in production, plus some increase in Government purchases and a strengthening of demand generally brought production and orders into balance. Even though production was running ahead of orders in the

Douglas fir area during September and October, stocks did not increase sufficiently to create any problem except at some marginal mills. Inventories on hand in late October were not equal to the shipments in that month. This is a low level even for the Douglas fir area. Mill stocks declined somewhat in November and December and at the end of the year were rather small even if demand were to decline. In the pine areas of this District, mills were hard pressed to keep up with the volume of orders during most of the year and in only four months of the year did production exceed orders, and then by a very narrow margin. As a result, inventories did not increase during the year and remained moderate relative to demand. Because of the large demand for redwood and Douglas fir cut in the redwood region, the record production was just large enough to keep the level of inventories from falling. At the end of 1950, therefore, the inventory position of the several segments of the District industry was moderate, despite the high level of production. National Production Authority regulations covering inventories did not pose any problems for most Twelfth District mills.

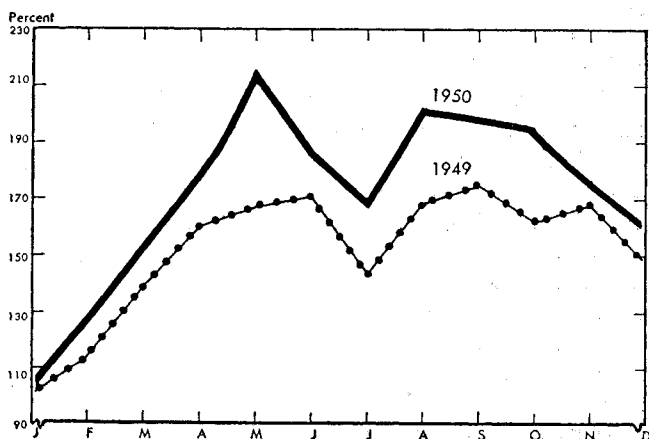
Paper industry exceeds capacity operation

The Twelfth District paper industry entered 1950 on an upward trend which started in mid-1949. Demand in the early part of the year increased for most products and the industry operated at near capacity levels. The continued gain in business activity raised the demand for all District paper products sharply as mid-year was approached. Added to this peak demand for consumption requirements was a sharp increase in demand for inventories, starting in July, as a result of the Korean situation. Though the industry produced well above beginning-of-the-year capacity, demand exceeded supplies by substantial margins and prices rose sharply. Production for the year averaged almost 10 percent higher than the rated capacity of the industry and production of all types of paper totalled more than 1.8 million tons. Despite this record production, some producers found it necessary to allocate supplies among customers late in the year. Though no set-aside orders on woodpulp had been issued by the National Production Authority by the end of the year, it was listed as a scarce material and inventory accumulation had been restricted.

District plywood in greater variety of uses

A record production of 2.4 billion square feet of plywood in this District during 1950 was indicative of the widespread demand for this product. Increased utilization of plywood for residential construction reflected the upsurge in home building during the year. Expanded use of plywood in nonresidential building and for industrial applications also contributed to the unusually heavy demand. As a result of the increasing demand for plywood, eight new plants were added during the year and plans

INDEX OF LUMBER PRODUCTION—TWELFTH DISTRICT, 1949-50
(1935-39=100)



for additional units were in an advanced stage. A large proportion of the production, both for interior and exterior use, was concentrated in panels with one finished side. High grade uses such as cabinet doors and single wall partitions require "two sided" panels, but the ability of the market to utilize single face panels provides the basis for more economical and efficient use of the resource base. Plywood, along with other forest products, was declared a critical material by the National Production Authority and inventory accumulation was restricted.

Oil industry recovers from the doldrums of 1949

After some hesitation in the early part of the year, the District petroleum industry experienced a marked improvement in 1950 and ended the year with its facilities practically fully employed. For the year as a whole, demand for petroleum products in the District reached the highest levels since 1945, and in addition large shipments were made to trans-Pacific markets and to the Atlantic Coast. Output of refined oil products in 1950 was the largest in the history of the industry, and crude oil production also reached record levels in the final quarter of the year, but because of curtailed output in the earlier months it failed to equal the output of the years from 1947 through 1949.

An outstanding development in 1950 was the marked improvement in the industry's inventory position, particularly with respect to heavy fuel oil which had proved difficult to move in 1949. Total stocks of crude and refined products held by Pacific Coast oil companies reached a postwar peak of around 134 million barrels in September 1949, but were drawn down to about 100 million barrels by the end of 1950. Some 24 million barrels of the reduction was accounted for by smaller stocks of heavy fuel oil and another 5 million barrels by crude oil. Shipments of residual fuel oil to the Atlantic Coast market during this period exceeded 21 million barrels, the largest volume since the early 1930's. About 6 million barrels of gasoline were also shipped to the East Coast in 1950, another postwar high.

Expanding demand for refined products in the second half of the year, especially the increased requirements for gasoline and fuel oil occasioned by the war in Korea, called for larger crude output and led to price advances for fuel oil and the heavier grades of crude, erasing part of the cuts made in 1949. Practically all the 3,000 wells which had been shut in during that year in California were put back into production and some 1,260 new wells were successfully brought in. The number of active producing wells in California at the year-end rose to over 28,000, exceeding by about 1,600 the previous high record made in March 1949.

Drilling activity in California turned up in the second half of 1950 after a two-year decline, but the 1,800 wells started during the year fell about one-third below the

record of 1948 and some 500 below starts made in 1949. The proportion of dry holes in exploratory drilling remained high—nearly 90 percent—and the average initial output per day of the successful wells fell below the levels of all postwar years except 1948. The new Cuyama Valley field continued to justify its early promise and increased its average daily production from around 34,000 barrels in January 1950 to about 55,000 barrels in December.

Because of its geographical location, the Pacific Coast petroleum industry was called upon to supply a major part of the requirements for oil products necessitated by military operations in Korea. Military demand for aviation gasoline increased sharply after July 1950 and larger quantities of heavy fuel oil have also been required for rail and ocean transportation incident to heavier trans-Pacific shipments of military supplies and troop movements. Up to the present the industry has been able to meet these increased drafts without too great difficulty and with little impairment of civilian supplies.

A busy steel year

The District steel industry was extremely busy in 1950 and turned out by far the largest volume of finished products in its history. Steel requirements of the construction, machinery, container, automobile, oil, and gas industries, and a host of others fabricating a wide variety of consumer durable goods reached very high levels, especially during the latter half of the year. Scare buying after the Korean outbreak rapidly cleared existing stocks of many plumbing and hardware items and put increased pressure on fabricators and steel producers. Steel mills were pushed to keep up with the demand and at the year-end most mills were reported to be booked for many months ahead.

A notable feature of the District steel business in 1950 was the production of a great volume of large diameter pipe for gas transmission lines. Fabricated from heavy steel plate and designed to resist high pressures, large diameter pipe was supplied to natural gas transmission concerns both within the District and in more distant parts of the country. A relatively new development, the pipe business assumed very large proportions in 1950 and accounted for nearly half the entire output of one leading District steel producer.

Expansion and diversification of the District's steel plant facilities made marked headway during the year. An additional blast furnace was blown in late in 1949 and new open hearth and electric furnace capacity became available in 1950, while some unused foundry furnaces were reactivated to help meet the rising demand for steel ingots. A new strip mill and an electric weld pipe mill were placed in operation in Southern California and a new hot rolled coil mill was completed in Utah. Additional open hearth capacity is currently under construction in both California and Utah, and extensive tin plate capacity is being installed at two California plants.

Aluminum shortage returns

Stimulated by buoyant demand and rising prices, aluminum production in the United States rose in 1950 to the highest levels since 1944. Output averaged nearly 60,000 tons a month, or about 40 percent higher than the average monthly rate for the five years 1945-49. Shipments outran production most of the year and beginning about July producers found it necessary to allocate customers' supplies. Primary producers' stocks, which had increased in the latter half of 1949, were drawn down by October to the lowest point since the end of 1948. Primary aluminum prices, stabilized at 17 cents a pound from October 1948 to May 1950, were advanced by $\frac{1}{2}$ cent in May and $1\frac{1}{2}$ cents in September, to a level of 19 cents, the highest point in ten years. The price of secondary aluminum ingot, which is much more indicative of actual market conditions, recovered from a low of about 15 cents in mid-1949 to over 30 cents a pound by the end of 1950.

District aluminum plants were favored in 1950 by plentiful hydro-electric power and operated at virtually full capacity. Output was approximately 12 percent above that of 1949 and exceeded even the maximum wartime production of 1944. District production of aluminum has for the past three years accounted for close to half the national output. Additional ingot capacity is currently being installed at the leading Northwestern reduction plant. Further diversification of output was attained in 1950 by the enlargement of sheet fabrication facilities at Spokane and the opening of a rod, bar, wire, and cable mill at Vancouver, Washington.

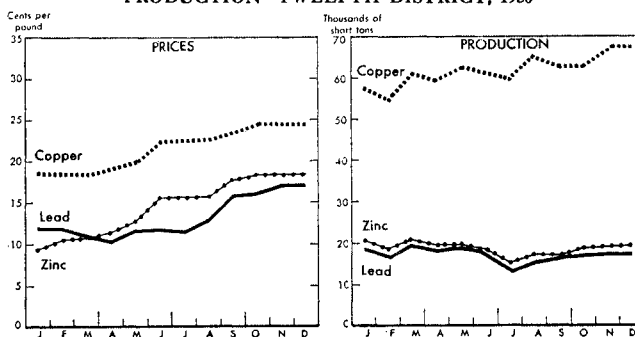
Government limitations on the use of aluminum for production of civilian goods are expected by the industry to cause some backing up of stocks in producers' hands during the transition period until defense orders for aircraft and other items requiring aluminum products become large enough to take up the slack. How long a time this will take or how serious a problem will be created, remains to be seen.

In order to provide for estimated national defense requirements, the industry will find it necessary to deal with the problem of enlarging its capacity in line with Government suggestions indicating the need for additions reported to range from 70 to 140 percent of existing ingot capacity. An expansion of this magnitude will obviously require large additional supplies of electric power. If this power is to be provided with reasonable promptness, it will necessitate the location of plants in areas where cheap fuel—coal or natural gas—is available for steam power generation. Additional hydro-electric energy, while more economical in the long run, would require a much longer time to develop.

Demand for base metals outruns supply

Sharply rising demand and advancing prices for base metals in 1950 carried the output of copper and lead in the United States and the Twelfth District to the highest

SPOT PRICES* OF BASE METALS—UNITED STATES, AND MINE PRODUCTION—TWELFTH DISTRICT, 1950



*Copper prices, Connecticut Valley basis; lead and zinc prices, New York basis. Source: for production United States Bureau of Mines; for prices, *Iron Age*, Annual Review, January 4, 1951.

levels since the war. Demand for zinc was somewhat curtailed in the first quarter by the reduced rate of steel operations caused by the coal strike, and zinc output during the year both in the nation and in the District was not greatly different from that of 1949. For the District this was as high a rate as ever attained, but for the nation it was substantially below that of the war years. Increased zinc production in the District since the war has not offset declining output in other parts of the country.

The copper industry was marked in 1950 by sharply accelerated demand arising from the rapid upswing in general business activity and the housing boom. Demand was further stimulated after the Korean outbreak by anticipation that large defense needs would reduce supplies of copper available for civilian use. Mine and smelter production exceeded the output of any year since 1944, while imports also established a new postwar record. Actual copper consumption outran new supplies and both fabricators' and producers' stocks of refined copper were drastically reduced, the latter to the lowest level since 1906.

Responding to these influences, the delivered price of refined copper rose from 18.5 cents a pound in May to 24.5 cents in October, a new postwar high. Gray market prices frequently topped official quotations by a wide margin. The statute suspending the import duty of 2 cents a pound on refined copper expired at the end of June, efforts to extend it having proved unsuccessful.

District copper production in 1950 increased about 23 percent over that of 1949 and reached practically capacity levels during the second half of the year. An outstanding event was the opening in September of a large electrolytic copper refinery at Garfield, Utah, having a capacity of 12,000 tons of refined copper per month. Another important development was the establishment by the leading producer of a uniform delivered price at all points in the country. This is expected to pave the way for a copper fabricating industry in the western states.

The lead market in 1950 recovered much of the ground lost in 1949, as industrial consumption soared to new peacetime levels. Stockpiling also absorbed appreciable

quantities. Nationally, mine production of lead in 1950 was larger than in any year since the war and imports reached a record level. The unwieldy smelter and refinery stocks of 1949 continued to increase through the first quarter of 1950, however, and the price of lead fell in March to 10.5 cents a pound, the lowest point reached since 1946. With improving demand, prices gradually rose to 12 cents by July. Scarce buying in August stimulated a more rapid advance, which lifted the price to 17 cents in the last two months of the year—still considerably below the figure of 21.5 cents prevailing two years earlier. Refinery stocks at the year-end were down to the levels of early 1949.

Though hampered by a fire and strike, which closed the largest Utah producer for several months, and by exhaustion of zinc-lead ores at the large Copper Queen Mine in Arizona, District lead production exceeded 200,000 tons in 1950, the highest output since 1942, though far below the rates attained 20 years ago. Nearly half the total District output was produced in Idaho, which is second only to Missouri in national lead production.

Demand for zinc, after the first quarter of 1950, was well in excess of supply, as the steel and automobile industries, the principal users, were in full swing following the coal strike. Shipments of slab zinc exceeded production in nearly every month of the year and producers' stocks, which had climbed to 94,000 tons at the end of 1949, or more than four times larger than a year earlier, were reduced by November to less than 10,000 tons. Prices began to strengthen in March, advancing from 10.5 cents a pound in that month to 15.7 cents by mid-June. In September occurred a sharp jump to 18.2 cents, equalling the previous postwar peak in the winter of 1948-49.

Large increases in gold and silver production

District and national gold outputs in 1950 were the largest since 1942 and scored gains of about 20 percent over 1949. The District increase was chiefly due to recovery of gold as a by-product of base metal mining, reflecting the larger output of copper ores in Utah, Nevada, and Arizona. Utah's gold production increased 46 percent over 1949 and was the largest in the history of the state. California output, chiefly from placer operations, was slightly below the level of recent years, and the state dropped to third place, trailing South Dakota and Utah.

Silver production in the United States was also the largest in the past eight years, with an increase of about 22 percent over 1949. Gains were made in all the important producing states except Nevada. Twelfth District output rose 27 percent over that of 1949, Idaho accounting for nine-tenths of the increase and maintaining its position as the leading silver state by a wide margin; more than half the District's silver output in 1950 was produced in that state.

Aircraft gains, shipbuilding declines

Early in 1950, the District aircraft industry was operating at a lower level than in 1949. Completion of Air

Force contracts in Seattle late in 1949 resulted in a declining level of activity in that area that extended through the first half of 1950. At the same time, the southern California industry was running ahead of 1949 and was gaining steadily each month during the first half of the year. In June, however, the volume of production was almost 5 percent less for the District industry as a whole because of the lower rate of production in Washington. The impact of the Korean situation resulted in a marked increase in the demand for military aircraft and activity in the California industry expanded quite rapidly; but in Washington the gains were more moderate and the increase in work was concentrated in the engineering department to a greater extent than in production. At year-end, activity in the Seattle area was still below the 1949 average. Employment in California plants for the year as a whole was more than 13 percent above the 1949 average; for the two areas combined the gain was only 5 percent. Nevertheless, at year-end the industry was expanding and a high rate of activity was in prospect.

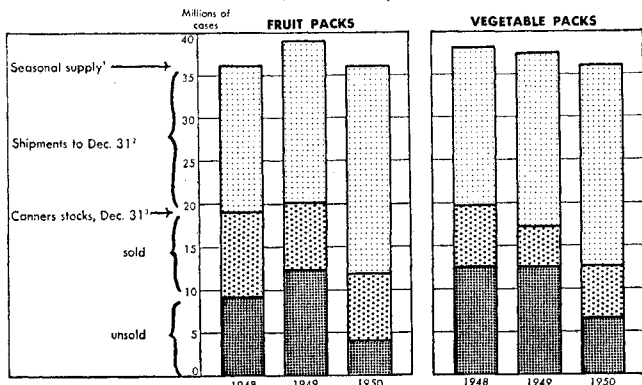
In contrast to the gains reported in the aircraft industry, District shipbuilding made very little progress. In Washington, shipbuilding employment was off more than 30 percent and in California more than 10 percent from the 1949 level. Except for a brief flurry in July and August when contracts for reactivation of some vessels were granted, the industry did not receive much business from the increase in the defense program. In late 1950, discussions were under way that might lead to a reactivation of some Government yards in the future if any major shipbuilding is undertaken by the Maritime Commission. No immediate increase in activity was in prospect, however.

Canning industry turns the corner

The year 1950 marked a turning point in the fortunes of the District canning industry. It was in some respects the most successful year since 1946 and considerable headway was made in dealing with certain of the industry's problems, which had reached an acute stage. Demand for the leading packs was brisk, prices advanced, inventory position improved, and profit margins increased—a situation in marked contrast with the two preceding seasons. The industry is consequently in much sounder financial condition than a year ago and is approaching the new season in a spirit of relative confidence.

National supplies of both canned fruits and vegetables in 1950, including stocks carried over from the previous season, were approximately equal in quantity to those of 1949—around 270 million cases for the principal packs—but there the resemblance between the two seasons ends. In 1949, buyers were cautious and stocks proved hard to move without liberal price concessions; while through much of 1950 demand for most products was strong, and at times impetuous, in spite of rising prices, and in some lines a sold-out condition was approaching at the year-end. Cannery total shipments of fruits and vegetables on

MARKET MOVEMENT OF CALIFORNIA CANNED FRUITS
AND VEGETABLES, 1948-50



¹ Cannery stocks at beginning of season (sold and unsold) plus pack.
² Basis 24 No. 2½ cans; includes cling and free peaches, apricots, pears, fruit cocktail, fruits for salad, mixed fruits, and sweet cherries. ³ Actual cases; includes asparagus, spinach, tomatoes, tomato juice, and all other tomato products. Source: Cannery League of California.

a national basis during the last half of 1950 were nearly one-seventh larger than during the corresponding months of 1949 and year-end stocks about one-sixth less. Wholesale distributors stocks, on the other hand, were about 25 percent larger at the end of 1950 than a year earlier.

The District output of canned fruits and vegetables in 1950 was apparently somewhat larger than in immediately prior years, although complete data are not yet available for some of the Northwestern packs. California fruit packs in 1950 about equalled the 1949 totals but were quite differently distributed: packs of apricots, pears, and fruit cocktail were larger, while the cling peach pack was sharply cut, reflecting the concerted efforts of growers and canners to limit the supply to what it was considered the market would absorb. All fruit and berry packs in the Northwest except pears were drastically reduced as a consequence of the severe winter weather of 1949-1950. Prices paid to growers for fruit were considerably higher than in 1949 and helped establish higher selling prices.

Total vegetable packs in California in 1950 exceeded those of any year since 1947, chiefly due to large packs of tomato catsup and tomato sauces. The pea pack in the Pacific Northwest, which is the leading vegetable pack in that area, was the largest in several years, while the corn and green bean packs were about average.

The outstanding feature of the year, from a marketing standpoint, was the rising tempo of demand, which was initiated early in the year by price reductions, quickened in the pre-canning season by the scheme to limit output of the major cling peach pack, and accentuated in the latter half of the year by the buying scare that followed the Korean outbreak. Many distributors apparently threw caution to the wind and placed orders with little regard to price or other considerations. As buyers' stocks grew, canners' inventories melted to the lowest year-end levels since 1947.

An interesting technical development in fruit canning which made rapid headway in 1950 was the increasing

displacement of cannery-made syrup by sugar supplied by the refineries in liquid form. A large number of California canneries are now using liquid sugar shipped in tank cars or trucks, which makes possible important economies in both handling and storage and in processing equipment.

New investment in cannery construction and equipment is turning up again after a two-year downtrend. Some additional plants have been built and considerable sums are being spent for new equipment and general re-vamping designed to streamline processes and reduce operating costs. Bank credit is reported to be available on somewhat easier terms than during the past two seasons.

Retail Trade

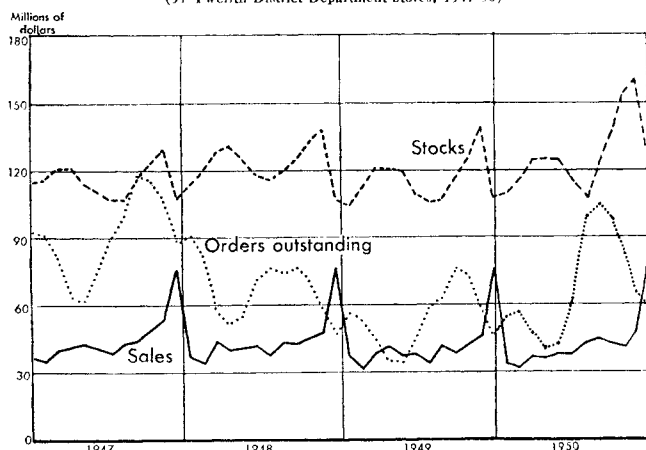
Total retail sales hit a new peak in 1950. For the United States, the dollar volume of sales surpassed that of 1949 by 10 percent. While sales of most types of businesses were up, stores selling durable goods made the best showing with a 20 percent increase over the 1949 level. Of the durable goods stores, automobile dealers and stores selling building materials and hardware had the largest increases. At nondurable goods stores, the total dollar volume of sales was up only slightly. This disparity between the sales of durable and nondurable goods was evident through all months of the year, though during the second half of 1950 the scare buying resulting from the outbreak of hostilities in Korea caused the gap to widen. Compared with the same periods of 1949, total dollar sales of durable goods stores in the United States in the first half of 1950 increased 17 percent and in the second half, 26 percent. Sales of nondurable goods stores during the first half of 1950 were slightly below those of the same period of 1949 but increased 8 percent in the second half of the year.

The high level of retail sales, particularly during the second half of the year, was part of the expanded level of activity experienced throughout the economy. The large volume of purchases was financed by a rising level of spendable income, increased consumer borrowing, and some liquidation of savings. Some attempts were made to slow down the heavy spending that developed after June 25. Regulation W, outlining terms for installment credit buying, became effective September 18, and was strengthened on October 16. Regulation X, restricting residential real estate credit, became effective October 12. Personal income taxes were increased slightly in October. Despite these restrictions, sales were maintained at high levels during the balance of the year.

Sales pattern in District parallels national pattern

The 1950 retail sales data available for the Twelfth District indicate a pattern similar to that for the country as a whole. Total taxable sales in California are estimated to be 10 percent above the 1949 level. District stores selling durable goods had an unusually high level of sales

SALES, STOCKS, AND ORDERS OUTSTANDING--
(37 Twelfth District Department Stores, 1947-50)



during the year. At Twelfth District furniture stores, for instance, sales were nearly 20 percent higher than in 1949, and the dollar volume of automobile sales in California is estimated to have increased 25 percent. Twelfth District stores selling nondurable goods did not share in the large year-period sales increases made by the durable goods stores, as is indicated by the slight drop from the 1949 level in sales of District apparel stores during 1950.

Twelfth District department store sales up 6 percent

The total dollar volume of sales at Twelfth District department stores was 6 percent higher in 1950 than in 1949. Department store sales during the first six months fell slightly below those of the comparable period of 1949, but during the second half department store sales jumped considerably above the 1949 level. Dollar sales at a few of the durable goods departments—notably the furniture and radio-phonograph-television departments—rose considerably during the first six months of the year. A good share of the increase in the total year's sales, however, was caused by the unusually high volume of sales of the durable goods departments during the last half of 1950. In July, sales of major household appliances were 239 percent higher than in July 1949, and year-period increases of over 70 percent occurred during each month from July to October in the radio-phonograph-television department. Both the buying tempo and the customers' buying attitudes changed during the second half of the year. While department store customers shopped cautiously for well-priced, good-quality merchandise during the first six months of the year, they bought indiscriminately during the last half. An indication of the type of buying prevalent during the last half of the year is evident from the increases in the sales of luxury items. Sales of furs and fine jewelry increased considerably during the last half of the year, even though it is not likely that availability of these items would suffer severely from a cut-back of civilian production.

For the year as a whole, department store sales of the major soft goods departments were only slightly above

the 1949 level, and sales fell in the women's apparel department. During the first half of the year, sales of the women's apparel, piece goods, and small wares departments at District department stores were down considerably from the 1949 level, and sales of women's accessories and men's and boys' wear showed only small increases. During the second half of the year, sales of all of the major soft goods departments were up, but the increases were not so high as in the durable goods departments. The women's hosiery department and the department handling sheets were besieged during the July-September buying panic by customers seeking to stock up on items which might become scarce in the event of a general war. The sales of these items, however, levelled off rapidly when no shortages were forthcoming.

Increased use of credit in 1950

During the year 1950 the use of credit increased considerably. The amount of total consumer credit outstanding in the United States at the end of 1950 was 7 percent higher than at the end of 1949. Instalment credit outstanding increased 24 percent. Similar increases are indicated for the Twelfth District. At District department stores, instalment sales as a percent of total sales were slightly higher during the months from January through June than during the comparable months of 1949. In July, August, and September this percentage increased considerably above the level of the first six months of the year and also above the comparable months of 1949. During the last three months of the year, however, instalment sales as a percent of total sales declined to about the same level as during 1949. Collections of receivables at both department and furniture stores in the Twelfth District were below the 1949 level during each month of 1950.

Inventories increased despite buying boom

Inventories at Twelfth District department stores in the first half of the year were at about the same level as in the first half of 1949. During the second half of the year, however, department stores increased their inventories at a fast rate to meet the increased buying rate and to protect themselves against possible shortages. In July and August, department store orders outstanding were 70 percent higher than during the comparable months of 1949. During the months from September to December, orders leveled off but remained substantially above the year-ago level. Although the heavy sales during July, August, and September reduced the inventories on hand of some of the more heavily-hit departments, by October stocks of most departments were well above their 1949 levels. Even with the high sales level during the Christmas season, total department store stocks at the end of the year remained 20 percent above the 1949 level. Stocks of major household appliances and radios, television sets, and phonographs were nearly 100 percent higher than at the end of December 1949.

AGRICULTURE IN 1950

THE most significant development in the nation's agricultural economy during 1950 was the reversal of the downward trend in farm commodity prices which had occurred over the previous 18 months. By the end of 1949, the all-farm commodity price index had fallen to a point 23 percent below the mid-1948 peak. Hence at the outset of 1950 it was generally anticipated that agricultural prices would continue downward to perhaps 10 percent below the previous year, as they had done from 1948 to 1949. As farm receipts were declining at a faster rate than farm costs, a 15 percent smaller net income was indicated.

Early in 1950, however, prices of farm commodities took an unexpected upward turn which, allowing for seasonal variations, continued unabated throughout the year. This occurred in spite of the third largest output on record. The rising tempo of business activity, bolstered by the reaction to the Korean crisis, was the major factor in this movement. Paced by livestock and livestock products as a group, the all-farm commodities index rose 22 percent from January to December. The rise was gradual through the first six months of the year. During the month ending July 15, however, there occurred the sharpest monthly increase since March 1947 and gains during the following six months were rapid.

Post-Korea price movement

Livestock farmers enjoyed greater price increases in 1950 than producers of most other farm items. The index of livestock and livestock products rose 8 percent during the first six months and 16 percent during the latter half of the year, while the index for all crops increased 3 percent and 10 percent, respectively. Nevertheless, while prices farmers received for their products were going up, so were their production costs and the cost of goods they buy. The index of prices paid, which began the year at 248, had risen to an all-time high of 265 by December 15, 1950. The relation of prices received by farmers to prices farmers pay, or the parity ratio (1910-1914=100), averaged 96 during the first six months of the year. By December 15, at 108, the ratio had increased 12.5 percent—

PRICES RECEIVED BY FARMERS FOR SELECTED AGRICULTURAL COMMODITIES AS A PERCENTAGE OF PARITY PRICE, DECEMBER 15, 1950

Field and tree crops		Livestock, livestock products, and feeds	
Cotton	125	Wool	150
Cottonseed	146	Beef cattle	141
Wheat	88	Lambs	138
Rice	101	Veal calves	143
Potatoes	49	Hogs	89
Beans (dry edible)	86	Turkeys	90
Rye	77	Eggs	95
Soybeans	102	Corn	86
Grapefruit	47	Butterfat	81
Lemons	52	Milk, wholesale	89
Oranges	46	Chickens	74
Apples	77	Barley	77
		Oats	86

Source: United States Department of Agriculture, Bureau of Agricultural Economics, *Agricultural Prices*, December 29, 1950.

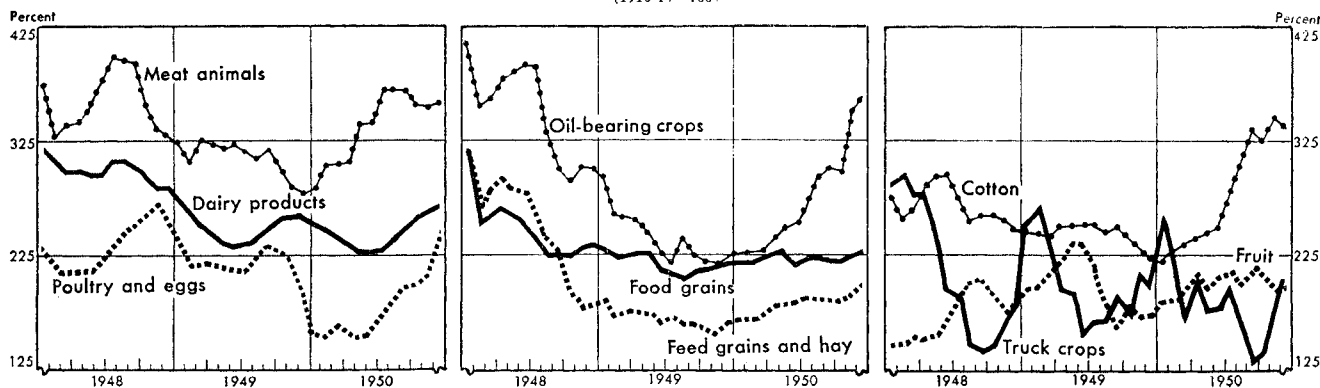
an indication of the relatively more favorable position in which farmers found themselves after the outbreak of the Korean war.

Though the composite index of prices of livestock and livestock products rose more rapidly in the latter half of the year, the price of red meat animals made the sharpest gains in the period January to July. Owing to seasonal forces, however, prices of meat animals dropped slightly in the last quarter of the year. Prices of cotton, wool, and oil-bearing crops, on the other hand, rose moderately up to mid-year but in the second half cotton prices jumped 35 percent and wool and oil-bearing crops rose 44 percent. Prices for poultry and eggs and dairy products increased sharply in the latter half of the year but not enough to bring these commodities up to parity. Beef cattle and calves, lambs, wool, cotton, rice, and oil-bearing crops, therefore, were most influenced by the inflationary trend aggravated by international political developments in the latter half of 1950.

Crop production in the nation

Again in 1950 American farmers produced a bumper crop. Although acreage planted to several major crops was substantially lower than the previous season, record production in others and the very favorable yields

INDEXES OF PRICES RECEIVED BY FARMERS—UNITED STATES, 1948-50* (1910-14=100)



*Mid-monthly data. Source: United States Department of Agriculture, Bureau of Agricultural Economics, *Agricultural Prices*.

established 1950 as the third most bountiful crop year on record.

A new peak was set in the production of grain sorghum, soybeans, and sugar beets. The sharp increase in acres planted to these crops reflected the shift growers made from crops under the allotment program. Production of all sorghums was up 56 percent from 1949; soybeans and sugar beets increased 25 percent and 31 percent, respectively. These increases were due entirely to expanded plantings since yields approximated 1949 levels.

While total crop production was high, the output of some important crops was considerably below the previous harvest. Average per acre yields of wheat, corn, and rice were greater in 1950 than in 1949. Nevertheless, planting restrictions resulted in 10 percent less wheat and a 7 percent smaller corn and rice harvest than in 1949. Lower cotton yields in 1950, combined with acreage allotments, resulted in a 39 percent drop in cotton production.

District crop production

As contrasted to 1949, when production of Twelfth District crops was generally higher than in the previous year, unfavorable weather conditions and acreage restrictions in certain crops contributed to generally smaller output in 1950. Extreme low temperatures early in the season were destructive to tree fruits—and in some cases to trees—in the Pacific Northwest. The peach crop in Washington was virtually wiped out and in Oregon it was 67 percent below the previous season. Both states harvested only half the tonnage of cherries in 1950 as in 1949, as well as a smaller crop of pears. In California, where half the District pears are grown, orchards did not suffer from damaging frosts, but production in 1950 was 12 percent below 1949. However, this was a quarter again as large as the 1939-48 average. The Oregon, Idaho, and Washington prune harvest, which is principally gathered as fresh fruit, was also drastically reduced. The decrease in District production of almonds, filberts, and walnuts was essentially the result of a light crop following the record output in 1949.

Though spring frosts did some slight damage to a number of California vineyards, excessive mid-summer temperatures were more influential in reducing the 1950 pick. Summer heat also affected gravenstein apple production in California, though the smaller output was primarily a reaction to the abundant crop in 1949. In the Pacific Northwest, however, winter damage to apples was not serious. A 21 percent crop increase in apricot orchards in California, the nation's major producing area, more than offset the total failure of the Utah and Washington orchards.

During January 1950, cold weather again required heavy use of heaters in California citrus groves. Damage to trees was kept at a minimum and growers did not suffer excessive crop losses as they did in the winter of 1949. As a result, District production of all classes of

citrus fruit was higher in 1950 than in 1949. In California, however, citrus output was less than the 1939-48 average. With more favorable weather than in 1949, Arizona grapefruit production was 80 percent higher in 1950, and the crop was slightly larger than the ten-year average.

While production of the principal District fruit and nuts was substantially lower in 1950 than in 1949, the major field and feed crops—with the exception of cotton and rice—were considerably higher than a year earlier.

PRODUCTION AND VALUE OF PRINCIPAL CROPS— TWELFTH DISTRICT, 1950

	Production			Gross farm value	
	1950 (in thousands)	1949- Percent 1949	1939-48 avg.-1950	1950 (in millions)	Percent change 1949- 1950
Field and seed crops					
Barley (bu.)	105,546	+28	+ 43	\$115.6	+29
Dry beans (100# bags) ..	6,672	- 9	+ 7	52.1	- 3
Corn (bu.)	7,936	+ 8	+ 4	14.3	+24
Cotton, lint (bales)	1,370	-24	+ 99	298.0	+18
Cottonseed (tons)	550	-21	+ 96	54.5	+71
Flaxseed (bu.)	1,693	-65	- 52	5.6	-64
Grain sorghum (bu.) ..	9,088	+47	+ 45	12.6	+49
Hay, all (tons)	14,884	+ 6	+ 6	318.9	+ 3
Hops (lbs.)	58,336	+15	+ 27	38.6	+33
Oats (bu.)	35,833	+ 9	+ 12	29.6	+13
Peas, dry (100# bags) ..	2,726	- 3	- 47	8.1	-10
Potatoes (bu.)	125,172	+16	+ 37	117.6	-16
Rice (bu.)	7,772	-24	+ 29	34.2	- 2
Sugar beets (tons)	5,823	+44	+ 56	1	1
Wheat, all (bu.)	151,447	+ 7	+ 16	224.4	+11
Fruit and nut crops					
Apples (bu.)	45,310	- 2	+ 11	93.3	+42
Apricots (tons)	202	+ 2	- 14	19.3	+45
Cherries (tons)	74	-44	- 15	17.7	- 7
Grapes (tons)	2,435	- 3	- 6	159.3	+94
Lemons ² (boxes)	11,360	+14	- 14	40.8	- 3
Grapefruit ² (boxes) ..	5,900	+46	- 4	5.7	+32
Oranges ² (boxes)	42,915	+14	- 14	75.7	+ 5
Peaches (bu.)	30,065	- 9	- 9	50.3	+28
Pears (bu.)	25,849	+11	+ 11	59.4	+85
Plums (tons)	78	-13	+ 5	14.1	+68
Prunes, dried (tons) ..	147	- 3	- 9	36.1	+38
Prunes, fresh (tons) ..	45	-72	- 64	4.5	+40
Figs, dried (tons)	24	-14	- 27	6.7	+39
Figs, fresh (tons)	11	+38	- 31	1.5	+79
Olives (tons)	43	+23	- 10	9.8	+47
Avocados (tons)	20	+43	+ 33	7.5	+17
Almonds (tons)	37	-14	+ 61	22.0	+54
Filberts (tons)	6	-45	0	1.8	-23
Walnuts (tons)	63	-30	- 5	25.5	-17
Dates (tons)	15	+ 7	+ 50	3.1	+42
Vegetables for market					
Artichokes (40# box) ..	700	+ 4	- 13	2.7	0
Asparagus (30# cr.) ..	2,507	+29	+ 4	9.3	+35
Beans, snap (30# bu.) ..	1,913	+13	+ 31	4.2	+ 3
Cabbage (tons)	119	- 4	- 19	3.8	+10
Cantaloups (70# cr.) ..	9,789	+11	+ 33	33.1	+23
Carrots (50# bu.)	15,729	+10	+ 14	25.7	- 2
Cauliflower (37# cr.) ..	7,125	- 5	+ 13	7.8	-13
Celery (65# cr.)	11,529	- 4	+ 45	26.3	+ 4
Honeydew melons					
(35# cr.)	2,662	+ 2	- 10	5.2	+10
Lettuce (70# cr.)	24,510	+ 8	- 2	61.7	-27
Onions (50# sacks)	14,889	+15	+ 35	10.7	-33
Peas, green (30# bu.) ..	2,018	- 1	- 48	4.3	- 8
Peppermint (lbs.)	963	+14	+115	5.1	+12
Strawberries (36# cr.) ..	3,898	+21	+ 79	32.3	+61
Tomatoes (53# bu.)	7,600	+ 4	+ 18	27.4	+24
Watermelons (no.)	17,338	+11	+ 46	6.1	+29
Vegetables for processing					
Asparagus (tons)	71	- 1	+ 22	14.6	+15
Beans, green lima (tons)	27	- 4	+238	3.8	-12
Beans, snap (tons)	76	- 4	+ 95	8.1	-14
Peas, green (tons)	152	+31	+ 32	11.9	+15
Tomatoes (tons)	1,039	- 4	+ 10	23.7	- 5

¹ Not available. ² Figures are for crop year beginning in October of the previous year.

Source: United States Department of Agriculture, Bureau of Agricultural Economics, 1950 annual summaries of production and value of production.

Especially large increases were made by sugar beets, barley, and grain sorghums, as farmers diverted acreage from crops affected by Government allotments.

District cash receipts increased

In terms of cash receipts from marketings, Twelfth District farmers enjoyed a better year in 1950 than in 1949. While the total receipts for all United States farmers dropped 1 percent, returns to farmers in the seven western states were up 5 percent. This increase was due entirely to the upsurge in farm prices which occurred during 1950, since the volume of both crop and livestock marketings in the District was lower than in 1949. In addition, the increase in total District receipts came solely from an increase in receipts from crops; District returns from livestock were the same as in 1949.

For individual states, the pattern was somewhat different. In all District states except California, farmers raising livestock and livestock products received increased returns. Though cattle, calf, sheep, and lamb slaughter for the year dropped off in most states, the decrease in California more than counterbalanced the price increases and that state's livestock receipts dropped over 3 percent.

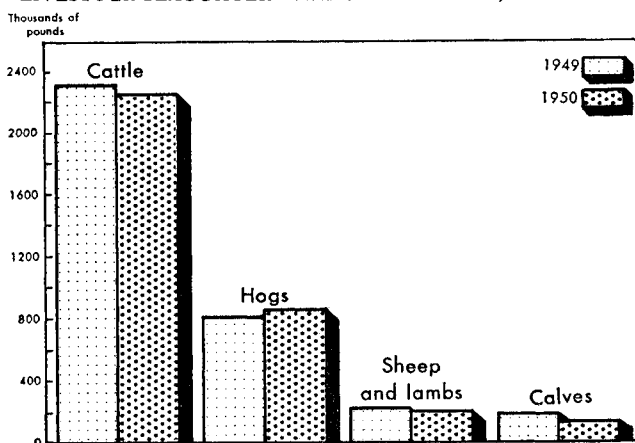
The decline in crop receipts which occurred in Idaho and Utah was due almost entirely to the severe freeze which occurred early in the year. Fruit crops in these two states were drastically reduced.

While total District receipts increased in 1950 over 1949, production expenses increased also. As a result, net income from District farming was only slightly higher than in 1949. Some farmers, of course, fared better than others. Those raising field crops, particularly wheat and cotton, probably received the biggest increase in net income. The net income of producers of livestock and livestock products, particularly cattle feeders and dairy and poultry farmers, did not increase so much since feed and animal replacement costs were up from 1949 levels. Fruit growers in the Pacific Northwest and Intermountain states undoubtedly had less net income in 1950 because of the sharp reduction in production.

District meat production declines slightly

Though national production of meat increased slightly in 1950, District production of all types of meat except

LIVESTOCK SLAUGHTER—TWELFTH DISTRICT, 1949 AND 1950



Source: U. S. Department of Agriculture, Bureau of Agricultural Economics, *Livestock Slaughter by States*, December 1950.

pork was down from 1949 levels. The sharpest drop came in calf slaughter which was 25 percent below the previous year. After several years of selling young stock at the very favorable prices prevailing, Twelfth District cattlemen began rebuilding their depleted herds last year by retaining more of their calf crop. This pattern was followed in all District states. Beef production dropped in each District state with the exception of Utah and Idaho, relatively small producers of beef. Cow replacement costs have been so high that livestock men kept older cows they would normally sell. In addition, fewer young cows and heifers were sent to market. The reduction in cattle slaughter was clearly shown by the January 1 livestock inventory report. The postwar upward trend in numbers of all cattle continued during 1950. In the District as a whole, the number of cattle on farms averaged 4 percent higher than the year before.

For the first time in 8 years, stock sheep numbers in the United States increased, having risen approximately 4 percent above the all-time low reached during 1949. Reduced slaughter of sheep and lambs, smaller losses, and a favorable lamb crop contributed to the national increase. Numbers of sheep and lambs in the Twelfth District remained unchanged, however. Gains made by California, Utah, Nevada, and Washington flocks were offset by a further drop of 7 percent in Arizona, 5 percent in Oregon, and 4 percent in Idaho.

CASH RECEIPTS FROM FARM MARKETINGS—TWELFTH DISTRICT, 1949 AND 1950

(in millions)

	Livestock and livestock products		Percent change 1949-1950	Crops		Percent change 1949-1950	Total		Percent change 1949-1950
	1949	1950		1949	1950		1949	1950	
Arizona	\$ 69.0	\$ 73.0	+5.8	\$ 177.3	\$ 183.0	+ 3.4	\$ 246.3	\$ 256.0	+ 4.1
California	771.2	744.6	-3.4	1,286.0	1,415.8	+10.1	2,057.2	2,160.4	+ 5.0
Idaho	134.1	141.5	+5.6	203.9	193.9	- 4.9	338.0	335.4	- 0.8
Nevada	38.0	39.1	+2.9	8.2	5.5	-31.2	46.3	44.6	- 3.0
Oregon	164.3	171.0	+4.1	199.3	230.0	+15.6	363.6	401.0	+10.2
Utah	103.1	104.0	+0.9	47.5	43.0	- 8.5	150.6	147.0	- 2.6
Washington	186.0	192.0	+3.2	313.3	358.0	+14.4	499.2	550.0	+10.2
Twelfth District	\$ 1,465.7	\$ 1,465.2	0	\$ 2,235.5	\$ 2,429.2	+ 8.7	\$ 3,701.2	\$ 3,894.0	+ 5.2
United States	\$15,390.3	\$15,598.0	+1.4	\$12,736.7	\$12,323.0	- 3.2	\$28,127.0	\$27,921.0	- 0.7

Source: United States Department of Agriculture, Bureau of Agricultural Economics, *Farm Income Situation*.

More milk and eggs

Even though egg and dairy product prices remained at low levels until the last few months of the year, both milk and egg production exceeded the 1949 output. Good pasture conditions throughout most of the District brought about increases in per cow output in all seven western states. Milk cow numbers remained at about the 1949 level, so the 1.5 percent increase in District production was due entirely to the increased rate of production per cow. Demand for dairy products during the year increased more than milk production, however, resulting in a substantial shift in the pattern of utilization. As consumer incomes rose, consumption of milk in fluid form increased and less milk was available for manufacturing.

The productivity of District laying flocks also increased during 1950. The number of hens and pullets of laying age decreased slightly, but the rate of lay per hen increased in all District states but Arizona. As a result, District poultrymen marketed 8 percent more eggs than in 1949.

Farm land values

During 1950, the prices of farms and ranches increased and good land became harder to buy. This was a reversal of the general downward movement in farm land values which occurred in 1949 throughout the nation and particularly in the West. The upturn in farm land values during the first six months of the year was largely the result of strengthening farm commodity prices and the active business conditions which were prevailing before the advent of the Korean crisis. In the four months preceding this event, the dollar value of the nation's farm land increased 2 percent. During this period, California, Idaho, and Oregon followed the national pattern but values in other District states continued to decline.

The outbreak of hostilities in Korea, however, was quickly reflected in the trend of farm land values in the entire District, as well as over the country as a whole. The prospect for further rises in farm commodity prices

PERCENT CHANGES IN DOLLAR VALUE OF FARM LAND¹

	March 1949 to March 1950	March 1950 to July 1950	July 1950 to November 1950
Arizona	-4	-1	+3
California	-9	+2	+5
Idaho	-4	+1	+3
Nevada	-4	-1	+3
Oregon	-7	+2	+2
Utah	-3	-2	+4
Washington	-7	-3	+3
United States	-3	+2	+4

¹Based on index numbers of value per acre, including improvements.
Source: United States Department of Agriculture, Bureau of Agricultural Economics.

implied future increases in farm incomes. As price advances materialized, the demand for farm land strengthened. To this demand was added that of investors seeking a hedge against inflation and of persons who had delayed purchase of farms in expectation that land prices would continue downward. The desire for refuge in case of atomic attack could possibly have been a further contributing factor in certain strategic areas.

Farm employment

The average number of persons employed per month in agriculture has been gradually decreasing over the country as a whole, and in 1950 was 4 percent less than in 1949, and 5 percent below the 1945-1949 average. This decrease in farm employment was also evident in the Intermountain and Pacific states of the District. The expanding use of machines on American farms is reflected in the long-time downward trend in farm employment.

Farm wage rates during 1950 moved upward, with the general rise in prices. The increase in wage rates was slightly more for full time employment on a monthly wage (room and board included) than for straight hourly wages. At the end of 1950, monthly wages averaged 9 percent higher than at the beginning of the year. Average hourly rates over the country as a whole had increased approximately 7 percent. In the Pacific states, the average monthly and hourly rates were up 8 percent and 5 percent, respectively.

BUSINESS INDEXES—TWELFTH DISTRICT¹
(1935-39 average = 100)

Year and month	Industrial production (physical volume) ²								Total mf'g employment ⁴	Car-loadings (number) ²	Dep't store sales (value) ³	Retail food prices ^{3,5}	Waterborne foreign trade ^{3,5}	
	Lumber	Petroleum ³		Cement	Lead ³	Copper ³	Wheat flour ³	Electric power					Exports	Imports
1929	148	129	127	110	171	160	106	83	...	135	112	132.0	124	118
1931	77	83	90	74	104	75	101	82	...	91	92	104.0	90	76
1933	62	76	81	54	75	26	88	73	...	70	66	86.8	72	69
1934	67	77	81	70	79	36	95	79	...	81	74	93.2	86	74
1935	83	92	91	68	89	57	94	85	...	88	86	99.6	88	103
1936	106	94	98	117	100	98	96	96	...	100	103	100.3	86	110
1937	113	105	105	112	118	135	99	105	...	112	109	101.5	112	114
1938	88	110	103	92	96	88	96	102	...	96	101	99.0	108	82
1939	110	99	103	114	97	122	107	112	...	104	109	96.9	107	90
1940	120	98	103	124	112	144	103	122	...	118	110	97.6	86	96
1941	142	102	110	164	113	163	103	136	...	155	128	139	...	...
1942	141	110	116	194	118	188	104	167	...	230	137	171	...	...
1943	137	125	135	160	104	192	115	214	...	306	133	203	...	...
1944	136	137	151	128	93	171	119	231	...	295	141	223	...	...
1945	109	144	160	131	81	137	132	219	...	229	134	217	...	...
1946	130	139	148	165	73	109	128	219	...	181	136	305	...	...
1947	147	147	159	193	98	163	133	256	...	187	142	330	...	...
1948	159	149	162	211	109r	154r	116	284	...	191	134	353	...	...
1949	151	147	167	202	105r	142r	104	303	...	183	126	331	...	...
1950	171	144	168	227	113	176	94	333	...	196	131	353	...	...
1949														
November	151	140	161	200	102r	154r	101	299	...	179	129	320r	...	...
December	156	140	156	196	116r	154r	189	306	...	178	128	339	...	...
1950														
January	129	140	161	178	121r	166r	104	322	...	175	96	316	...	...
February	141	139	157	179	119r	162r	91	313	...	179	108	322	...	...
March	160	138	151	201	125r	168r	91	299	...	184	125	321	...	...
April	174	138	159	217	124r	172	87	325	...	186	135	333	...	...
May	207	140	162	240	132r	180r	95	341	...	193	141	336	...	...
June	181	142	170	244	118	172	105	331	...	194	148	342	...	...
July	184	142	170	245	87r	167	113	341	...	198	125	454	...	...
August	186	145	178	251	96r	177	112	340	...	205r	135	374	...	...
September	176	148	177	248	104r	175	105	339	...	207	140	368	...	...
October	187	153	177	252	106r	176r	99	352	...	209	131	343r	...	...
November	167	151	179	229	111	195	97	353	...	208	131	345	...	...
December	168	154	173	229	118	195	120	345	...	208	151	378	...	...

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

Year and month	Condition items of all member banks ⁷				Bank rates on short-term business loans ⁹	Member bank reserves and related items ¹⁰					Bank debits index 31 cities ^{11,13} (1935-39=100) ²
	Loans and discounts	U.S. Gov't securities	Demand deposits adjusted ⁸	Total time deposits		Reserve bank credit ¹¹	Commercial operations ¹²	Treasury operations ¹²	Coin and currency in circulation ¹¹	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
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	212	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	+ 613	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	5,358	7,247	8,922	6,006	.....	- 302	+ 510r	+ 698r	- 206	2,202	326
1948	6,032	6,366	8,655	6,087	.....	+ 17	+ 472	- 482	- 209	2,420	355
1949	5,925	7,016	8,536	6,255	3.20	+ 13	+ 930r	+ 378	- 65	1,924	350
1950	7,093r	6,381	9,254	6,251	3.35	+ 39r	- 1,141	+ 1,198	- 14r	2,026r	395
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	1,802	354
February	5,893	6,999	8,311	6,262	.....	+ 5	- 34	- 7	+ 10	1,848	360
March	5,946	6,923	8,167	6,303	3.36	- 2	- 223	+ 204	- 16	1,842	374
April	5,914	6,896	8,307	6,282	.....	+ 28	- 126	+ 106	+ 4	1,821	361
May	6,005	6,932	8,354	6,275	.....	- 14	- 199	+ 170	+ 8	1,802	371
June	6,034	6,905	8,289	6,315	3.37	- 10	+ 23	+ 32	+ 5	1,836	389
July	6,162	6,810	8,458	6,250	.....	+ 3	- 149	+ 169	0	1,853	382
August	6,418	6,699	8,627	6,210	.....	- 2	- 102	+ 125	+ 18	1,863	421
September	6,664	6,495	8,754	6,213	3.29	+ 62	- 45	+ 72	+ 9	1,893	417
October	6,810	6,452	8,871	6,239	.....	- 56	- 93	+ 150	+ 10	1,930	428
November	6,963	6,319	9,018	6,194	.....	+ 24	- 21	+ 42	- 3	1,983	425
December	7,093r	6,381	9,254	6,251	3.37r	+ 48	- 80	+ 131	+ 4	2,026r	464
1951											
January	7,152	6,071	9,190	6,337	.....	+ 30	- 59	+ 168	- 68	2,284	455

¹ Adjusted for seasonal variation, except where indicated. Except 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; retail food prices, U.S. Bureau of Labor Statistics; and carloadings, various railroads and railroad associations; foreign trade, U.S. Bureau of the Census. ² Daily average. ³ Not adjusted for seasonal variation. ⁴ Excludes fish, fruit, and vegetable canning. ⁵ Los Angeles, San Francisco, and Seattle indexes combined. ⁶ Commercial cargo only, in physical volume, for Los Angeles, San Francisco, San Diego, Oregon, and Washington customs districts; starting with July 1950, "special category" exports are excluded because of security reasons. 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 Demand deposits, excluding interbank and U.S. Gov't deposits, less cash items in process of collection. Monthly data partly estimated. ⁹ Average rates on loans made in five major cities during the first 15 days of the month. ¹⁰ End of year and end of month figures. ¹¹ Changes from end of previous month or year. ¹² 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. ¹³ Debits to total deposit accounts, excluding interbank deposits. p—preliminary. r—revised.