MONTHLY REVIEW

TWELFTH FEDERAL RESERVE DISTRICT

NOVEMBER 1953 FEDERAL RESERVE BANK OF SAN FRANCISCO

THE OUTLOOK FOR LIVESTOCK AND LIVESTOCK PRODUCTS

AGRICULTURAL prices, values, and incomes have receded from the high levels of 1951 and are likely to remain lower in 1954 and after unless markets for farm products can be expanded. This, essentially, is the conclusion developed at the Agricultural Outlook Conference held in Washington, D. C. during the last few days of October. The prospect of a "small" reduction in consumer income together with anticipations of little or no increase in farm exports from the low level of 1953 led to this mildly pessimistic outlook for American agriculture.

Total agricultural output in 1953 will come very close to equaling the 1952 record, but this high production together with reduced exports, despite a strong domestic demand, has brought a rapid accumulation of stocks of most important farm products. Stocks of cotton and wheat have more than doubled in the last year and little or no reduction of these stocks in 1954 appears in prospect. Large increases also have occurred in stocks of corn and of fats and oils. Acreage restrictions for wheat, for cotton, and possibly on corn probably will result in significant reductions in production but may not reduce total supplies of these products.

A smaller total agricultural output is in prospect for 1954 than in the current year according to the United States Department of Agriculture and no general strengthening in farm prices is anticipated. Therefore, gross cash farm receipts in 1954 are not likely to equal the $31.2 billion being received by United States farmers this year. Production costs, on the other hand, are down slightly from last year and may show some further decline in the year ahead. A moderately lower level of production and attempts by farmers to ease the burden of high cost are contributing factors in the expected decline of farm production costs. The result is that the realized net income of farm operators may be fairly close to the $12.5 billion received this year.

TABLE 1
INDEXES OF PRICES RECEIVED AND PAID BY FARMERS AND THE PARITY RATIO, SELECTED DATES, UNITED STATES

	Index of prices received	Index of prices paid[a]	Parity ratio
November 15, 1953	249	277	249÷277= 90
October 15, 1953	250	276	250÷276= 91
November 15, 1952	277	282	277÷282= 98
May 15, 1952	293	290[b]	293÷290=101
February 15, 1951	313[b]	277	313÷277=113
October 15, 1946	268	220	268÷220=122[b]

[a] Prices paid, interest, taxes, and wage rates, sometimes called the "Parity Index."
[b] Record high levels.
Source: United States Department of Agriculture.

The Twelfth District is an important supplier of both cotton and wheat from which District farmers can expect reduced cash receipts in 1954. Increased acreages of hay and forage which are expected in 1954 may be marketed at relatively low prices. Production of fruit and vegetables is expected to increase next year, but this increase is expected to be offset by lower prices for these products. Little if any improvement is expected in incomes to District farmers from sale of livestock and livestock products. These factors mean that gross farm receipts in the District may decline by a percentage as large as, or perhaps larger than, that in prospect for the United States as a whole.

The District as well as national outlook for livestock and livestock products reveals some grounds for optimism. The national supply-demand picture for these products has begun to show signs of stabilizing and this is significant since the national supply-demand picture has a more important bearing on the general health of Twelfth District agriculture than any single internal District factor. Consumption of meat has been at high levels this year and there appears to be little reason to expect any reduction in physical consumption of meat during the coming year. In terms of dollar expenditures for meat, on the other hand, consumers spent a smaller proportion of their total incomes on meat in 1953 than previously and little increase in this proportion is expected in 1954 since meat prices are likely to remain relatively unchanged. Consumer demand for most other livestock products is expected to be stable and relatively strong. Little change in production of livestock and livestock products is anticipated in 1954 except for some increase in supplies of pork, eggs, and broilers. While it is generally agreed that there is little prospect for prices and incomes from sale of livestock and livestock products to be improved in 1954, greater stability in production and marketable supplies of these commodities may mean that there is also little likelihood of any further significant deterioration in the farmers' position. Beef prices as well as prices of most other

TABLE 2
CASH FARM RECEIPTS FROM SALE OF LIVESTOCK AND LIVESTOCK PRODUCTS BY STATES—JANUARY-AUGUST 1953 WITH COMPARISONS, TWELFTH DISTRICT

	Cash farm receipts[a] January-August 1953 (in millions of dollars)	Percent change in January-August 1953 cash farm receipts from January-August	
		1952	1951
Arizona	75.3	— 4.8	+ 4.3
California	645.0	— 5.4	— 7.1
Idaho	94.1	— 8.8	—13.8
Nevada	18.6	—18.8	—31.8
Oregon	102.5	— 4.3	—12.4
Utah	66.2	—12.0	—15.2
Washington	121.1	— 5.4	— 6.9
Twelfth District	1,122.7	— 6.2	— 8.6
United States	11,132.1	— 5.9	—10.1

[a] From sale of livestock and livestock products.
Source: United States Department of Agriculture.

agricultural products have been reasonably stable since early this year. Still, as indicated in Table 2, cash farm receipts from sales of District livestock and livestock products in the first eight months of this year were markedly smaller in most District states than in comparable periods of the last two years.

Continued large slaughter but more price stability characterizes cattle outlook

Prices of slaughter cattle, while down substantially from a year ago and from the high levels of 1951, have been relatively stable in 1953. This was particularly true during the first six months of the year. With increases last July in prices of top grades of cattle and subsequent decreases in prices of grass fed and lower quality beef, the price range between high and low quality beef became very wide. Prices of the better grades have held relatively close to current levels since mid-July. At present, prices of choice slaughter steers are about 30 percent below those received by farmers in the fall of 1951, whereas prices of most other qualities of beef are more than 50 percent lower. The lower price levels of this year have been accompanied by very large increases in slaughter and consumption of beef (Table 3). Total production of red meat in 1953 is expected to exceed production last year by about 7 percent.

The wide range between prices of various qualities of cattle appears likely to continue. Indications as of November 1 were that fewer cattle will be placed on feed this season than a year earlier. Shipments of stockers and feeders into nine Corn Belt states during the period July through October of this year were about 24 percent smaller than last year. Western cattle feeding operations also are expected to be below a year ago, although California is expected to continue these operations at or near the record high levels of the 1952-53 feeding season. With a smaller number of cattle going on feed this fall than last, fed cattle prices are expected to hold up well. At the same time, shortages of hay and feed in some areas, together with the reduced demand for feeder and stocker cattle, may result in continued relatively large marketings of unfinished cattle. Prospects for cattle feeding profits, which depend largely on the spread between feeder and expected fat cattle prices, appear better this fall than they have at any time in three years. These prospects may encourage the movement of cattle to feed lots late this fall. If so, seasonal price declines of fed cattle could occur but probably would begin later and extend later into the season than usual. As may be seen in Chart 1 beef cattle prices are below parity. On the other hand, as shown in Chart 2 the index of beef cattle prices is still above the index of prices received by farmers for all farm products.

TABLE 3
COMMERCIAL SLAUGHTER OF LIVESTOCK

	Percent change January-October 1953 from corresponding months			
	1948-52		1952	
	Twelfth District	United States	Twelfth District	United States
Cattle and calves	+33	+27	+24	+30
Hogs	—10	— 3	—30	—12
Sheep and lambs	+14	+17	+12	+13

Source: United States Department of Agriculture.

Government purchases of beef under the special program inaugurated in August this year are continuing. Through December 14 purchases of 249.5 million pounds, the equivalent of 864,000 head of cattle, had been made. Actual deliveries to the Government are expected to total 145 million pounds by December 26, 1953. The remainder is scheduled for delivery by the end of March 1954. However, the contracts provide that all purchases must have been slaughtered by December 24. Most of the Government purchases are of lower quality beef for canning.

The trend of total cattle numbers constitutes a fundamental problem

Six times since 1880 cattlemen have gone through periods of expanding and then contracting cattle numbers. Cattle cycles seem to arise because producers tend to

CHART 1
Average prices received by farmers for beef cattle and parity prices for beef cattle—United States 1935-1953

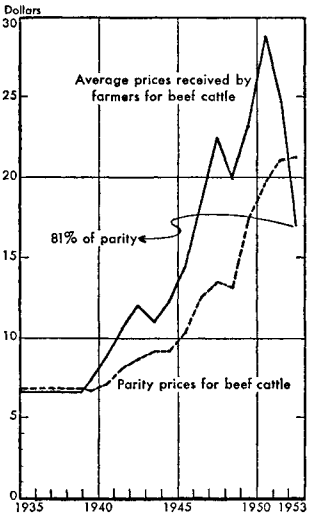
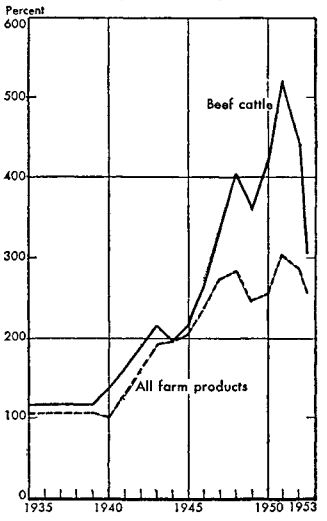


CHART 2
Indexes of prices received by farmers for beef cattle and for all farm products United States, 1935-1953 (1910-14=100)



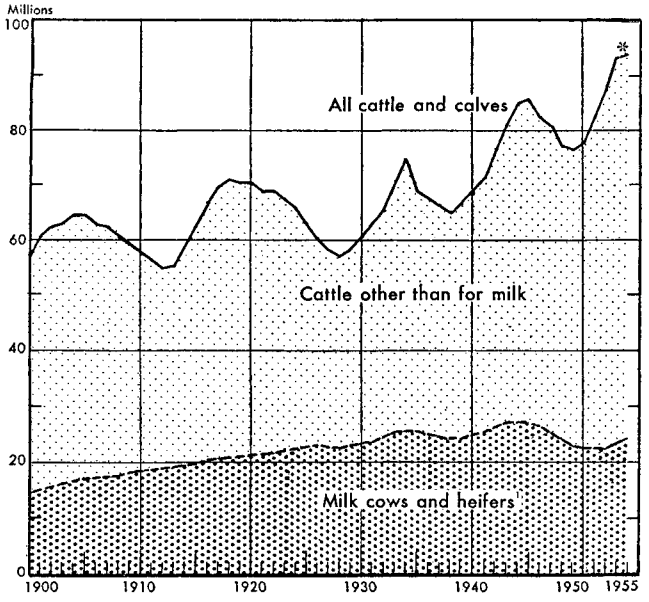
Source: United States Department of Agriculture.

project current or recent past price and market conditions into the future and because under similar circumstances they respond alike. The present cycle started in 1949 at 76.8 million head and increased to 93.7 million head January 1, 1953. In the Twelfth District, numbers increased from 7.6 million to 9.3 million head. Last year production exceeded slaughter by 6 million head, but for 1953 cattle and calf slaughter will roughly equal the number of calves raised less death losses. This means that the inventory next January will be approximately the same as in January 1953. Breeding herds and the productive capacity of the beef industry apparently have not been reduced this year. However, in previous cattle cycles a leveling off or a halting in the expansion in numbers has been followed in the succeeding year by a reduction in numbers (Charts 3 and 4). But in order for such a reduction to occur in 1954, cattle and calf slaughter would have to rise considerably above the 1953 level and such a large rise is not expected. It is clear, however, that any significant increase in total slaughter would be accompanied by even lower prices and perhaps demoralized market conditions.

One reason why it is expected that cattle slaughter and inventories of live cattle will remain relatively unchanged next year is that, in the absence of severe drought, most cattle producers will not be forced to liquidate herds. In previous cattle production cycles rapid liquidation has been accompanied by (1) severe drought as in 1934 and 1936; (2) very unfavorable prices accompanied by tight credit and a general business recession as in 1921; or (3) general and serious distrust of the outlook for prices as in 1945-49. The last decline in 1945-49 was principally a marketing of inventories of slaughter stock built up during price control in addition to a contraction in the dairy industry (Charts 3 and 4). Cattle prices are sufficiently low at present that some marginal high cost producers will be forced to retrench. However, they are not low enough that any general cutback in cattle production is expected.

CHART 3

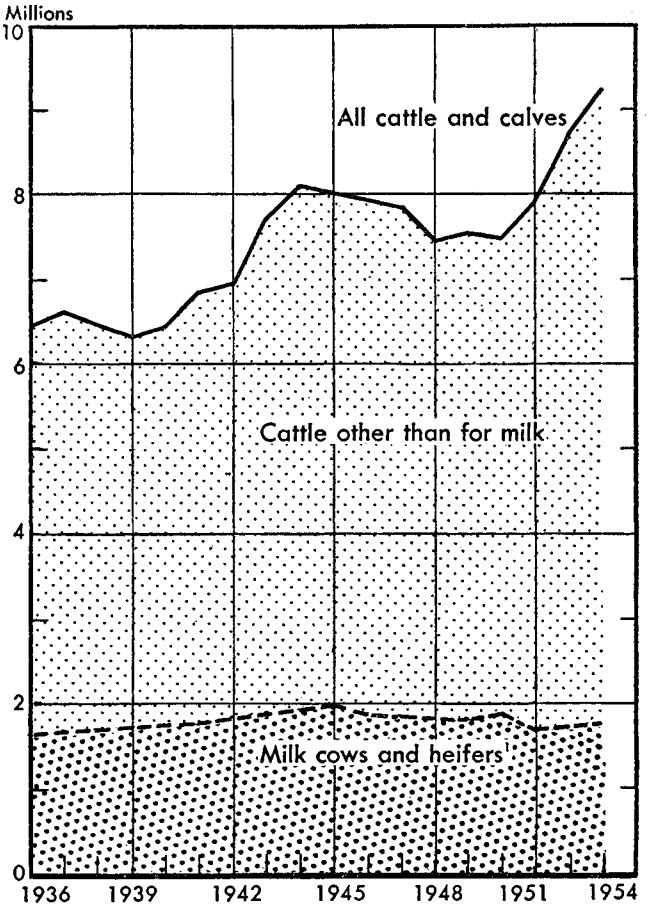
NUMBER OF CATTLE AND CALVES ON FARMS ON JANUARY 1—UNITED STATES, 1900-1954



*1954 estimated.
[1] Two years old and older.
Source: United States Department of Agriculture.

CHART 4

NUMBER OF CATTLE AND CALVES ON FARMS ON JANUARY 1—TWELFTH DISTRICT, 1936-1953



[1] Two years old and older.
Source: United States Department of Agriculture.

Although, according to the United States Department of Agriculture, general liquidation, increased slaughter, and lower prices next year are not expected, a number of reasons also exist for expecting no general or marked increase in cattle numbers. Most important of these, perhaps, is that with beef cattle numbers already high, resources of the nation are not great enough to permit significant expansion without some changes in long-time land uses. Another is that current and prospective prices and incomes from beef production, while not low enough to cause liquidation on a large scale, are not high enough to attract additional capital and resources. Still, acreage controls on wheat and other important crops and the prospect of increased acreages of feed crops may tend to retard reduction of beef cattle numbers. They may even cause expansion of some small sideline beef operations.

The total effect of all these factors cannot be assessed accurately. Also, much depends upon weather and the condition next year of pastures and ranges. A continuation or a spreading of drought conditions would have serious effects. Furthermore, any additional and important price decreases not related to seasonal factors would have marked consequences. The most likely prospect, however, is for no sizable change in cattle numbers in 1954.

More pork at lower prices appears probable for late 1954

While the cattle cycle appears to have reached its peak, the hog cycle appears to have reached its lowest point. A new expansion in hog numbers appears to be in prospect. If farmers carry out their intentions for fall farrowings, 1953 will have seen the smallest annual pig crop in many years including the short crop year of 1948. It is believed, however, that the pig crop this fall will be larger than indicated by farmers in their intentions as reported last spring.

District production has been very markedly reduced. In western areas of the United States only 60 percent as many sows will be farrowed in 1953 as in 1948, whereas farrowings in the North Central region of the nation are expected to be 5 to 7 percent greater in 1953 than in 1948. This contrast reflects a continued tendency of hog production to center in the Corn Belt, which now produces about 80 percent of the nation's pork.

All this year, farm prices of hogs have been far above last year and the highest ever except for 1947 and 1948. Hog prices are expected to remain high during the first half of 1954, according to the United States Department of Agriculture. Current small price declines for pork reflect seasonal increases in production. As pointed out below, hog prices are expected to be lower in late 1954 than currently, but they are not likely to be greatly depressed.

Since only about 2½ to 3 percent of all farrowing sows are located in the western region of the United States, Twelfth District hog producers' prices and incomes will be largely determined by decisions of Corn Belt hog raisers. Under normal conditions the relationship of corn prices to hog prices is a very important factor which Corn Belt hog producers consider in making their decisions concerning future hog production. In the past, changes from one year to another in the September-December hog-corn price ratio[1] have been closely accompanied by changes in the number of sows farrowing the following spring.

The hog-corn price ratio has been highly favorable to increased hog production since early spring. Without considering other factors, one would have expected a substantial increase in farrowings this fall. But it is clear that farmers consider prospective future prices as well as actual current or recent past prices, and hog producers in the last year have shown a lack of confidence in the future of hog prices. Consequently, they reduced rather than increased hog production. Ordinarily such a reaction would have caused prices of corn to fall as there is little use for corn except as feed. Large corn supplies and low corn prices, together with short supplies of pork and high farm prices for hogs would then quickly have increased the hog-corn price ratio to high levels with consequent large increases in hog production. Actually, however, the price of corn has been supported at a relatively high level through Government corn storage loans. This prevented rapid adjustment of the hog-corn price ratio. Also, and more important, hog producers decided not to take a chance on marketing their corn via an uncertain hog market when guaranteed prices and returns from corn were available through corn storage loans.

At present, with high hog prices in evidence all year, hog producers have become reassured concerning the future of hog prices. Under such conditions an expansion, once started, often occurs fast. Although a large increase could occur in 1954, it does not appear likely. One reason is that corn prices will continue to be supported through 1954. Department of Agriculture officials consider an increase of 5 to 10 percent the most reasonable forecast.

Continued increases in hog numbers after 1954 are expected but it is not known how great or how rapid this increase may be. The reaction of hog producers under conditions of continued price support on corn is not known, and there could be changes in the form or level of price supports on corn. It is possible that hog numbers will remain relatively low with hog prices relatively high as long as price supports on corn remain at 90 percent of parity.

Sheep and lamb outlook similar to prospects for beef but more optimistic

Moving sympathetically with prices of beef, as usual, lamb prices in 1953 were about one-third lower than they were at their peak in 1951. Since cattle prices in 1954 are expected to remain at the low level of 1953 but to exhibit more stability, similar expectations are attached to prices of lamb. However, lower prices have stimulated sheep and lamb slaughterings (Tables 1 and 4). Consequently, sup-

TABLE 4

AVERAGE FARM PRICES RECEIVED FOR LIVESTOCK AND POULTRY—MOUNTAIN[a] AND PACIFIC COAST STATES
November 15, 1953

	Nov. 15, 1953		Percent change since Nov. 15, 1952		United States prices as percent of parity
	Mountain	Pac.	Mountain	Pac.	Nov. 15, 1953
	(in dollars)				
Hogs (cwt.)	20.40	22.60	+19	+22	100
Beef cattle (cwt.)	14.60	16.00	—30	—25	70
Calves (cwt.)	15.90	16.40	—32	—31	65
Sheep (cwt.)	5.78	5.85	—29	— 2	60
Lambs (cwt.)	16.90	16.80	—17	—20	76
Milk cows (head)	181.00	197.00	—25	—23	—
Chickens, all (lb.)	.236	.263	+ 1	— 6	77
Farm (lb.)	.215	.209	+ 4	— 6	—
Com'l. broilers (lb.)	.307	.295	— 4	— 8	—
Turkeys (lb.)	.326	.311	+ 3	+ 1	89

[a] In addition to the District states of Arizona, Utah, Nevada, and Idaho, the Mountain states include Montana, Wyoming, Colorado, and New Mexico.
Source: *Agricultural Prices*, United States Department of Agriculture.

[1] The hog-corn price ratio represents the number of bushels of corn that a hundredweight of hogs will buy, i.e., the price of hogs per hundredweight divided by the price per bushel of corn.

plies of slaughter lambs and sheep have been reduced to the point that some increase in marketable sheep and lamb prices may occur. Government policy and price supports will be the principal determinants of wool prices in 1954. If supports are continued as contemplated, 1954 wool prices will be approximately equal to 1953 prices.[1]

In 1953, the slaughter of sheep and lambs increased about 11 percent over 1952, but production of lambs in 1953 was only 7 percent greater. In other words, some liquidation of breeding herds occurred this year. As a result, lamb production and slaughter next year are expected to fall back almost to the levels of 1952. A mild winter, a good spring lamb crop, and normal range and pasture conditions, however, could result in 1954 supplies of lamb and mutton which would equal or exceed output in 1953.

A relatively larger proportion of the 1953 lamb crop was slaughtered during August through October than last. Consequently, smaller numbers of lambs are available for feeding this season compared with a year earlier. Shipments of lambs into nine Corn Belt states have been considerably smaller than last year but in several western states, including California, lamb feeding operations may be increased this fall and winter over the comparable period last year. Partly as a result of the seasonal price declines which have occurred and the prospective smaller volume of lamb feeding this winter, slaughter lamb prices have strengthened from the low point of near $15 per 100 pounds realized during the week ending September 5, 1953 to more than $18 per 100 pounds. Some additional increase may occur.

It is interesting to note that numbers of stock sheep on farms in the United States decreased steadily over the period 1942 to 1950 from 49 million head to slightly more than 26 million. Numbers have risen moderately in the West since 1950 and in eastern states the rise has been relatively sharp. Still, sheep numbers next January are not likely to exceed 28 million head. Looking beyond 1954, it does not appear probable that sheep and lamb production will expand greatly in the next few years. According to the Department of Agriculture, "It will be an acceptable sideline enterprise on many farms, and will outcompete cattle on some pastures and ranges of the South and West, but areas of intensive sheep production will remain limited. The industry will hardly regain its one-time prominence in a country with as fast a growth in population and industrialization as the United States."[2]

Favorable prices and increased production in prospect for poultry and eggs

Farmers of the United States receive a greater proportion of their gross income from poultry and eggs than from any other farm product except meat animals and dairy products. Although the egg and poultry industry is relatively less important in western areas, farmers of Pacific Coast states and Utah receive a substantial proportion of their income from poultry (Table 5). Oregon and California have become important producers of broilers.

TABLE 5

PERCENTAGE OF GROSS FARM INCOME FROM EGGS AND POULTRY TWELFTH DISTRICT STATES AND UNITED STATES

Arizona	2
California	10
Idaho	4
Nevada	2
Oregon	11
Utah	18
Washington	9
United States	11

Source: United States Department of Agriculture.

Egg prices have declined seasonally as egg production increased seasonally from the low point reached early in September. For the past 5 months, monthly output of eggs has exceeded that of 1952. Still, gross and net returns to poultry producers have been relatively high in 1953. Egg and broiler prices have been sustained at high levels despite record high production of both products, partly because demand for frozen eggs and poultry has been higher than expected. Storage stocks of eggs on November 1, 1953 were down to the lowest levels reported for the date and November 1 stocks of frozen eggs were 9 percent below November 1952 holdings. In contrast to the outlook for many other products, a continuation in 1954 of relatively profitable conditions in the poultry industry appears probable.

With prospects for continuation of a favorable egg price situation and relatively stable feed prices, poultry and egg production probably will increase in 1954, according to the United States Department of Agriculture. Chick hatchings in District states this fall have been running ahead of last year. In September the hatcheries of the United States produced the largest output of record for the month. Again in the spring of 1954, demand by the frozen egg industry may prevent large springtime egg price reductions. If so, numbers of layers on farms and egg production per hen may be increased greatly during the summer and fall of 1954. In this event egg prices may be considerably lower a year from now than at present. Much will depend upon the reaction of producers to an expected favorable price situation during the first half of 1954.

Turkey prices this fall have averaged about the same as a year earlier despite a slower rate of marketing this year than last. The decline of about 12 percent from last year's market volume is about half offset by Government purchases of turkeys last year. The result of holiday marketings of turkeys will largely determine plans of turkey producers for 1954. According to early reports of breeding intentions the turkey industry will experience considerable expansion next year.

[1] The United States Department of Agriculture announced on December 9, 1953 that producer prices of 1954 crop wool will be supported at an average of 52.1 cents a pound or 1 cent below this year's support average. Secretary Benson currently is considering recommendations for price support of wool after 1954.

[2] United States Department of Agriculture, Bureau of Agricultural Economics, *The Livestock and Meat Situation*, October-November, 1953, p. 26.

Government price supports are the principal factor in the dairy outlook

Net returns from dairying in 1953 have been considerably lower than in 1952. Prices received by farmers for milk and butterfat have declined 13 percent in the last year. Meanwhile, costs of production have remained relatively high. In the light of these price declines, the outlook for milk and other dairy products in 1954 is dependent mainly upon the level at which dairy prices will be supported after April 1, 1954. The Agricultural Act of 1949 provides for support of dairy prices at between 75 and 90 percent of parity. In the current year, beginning April 1, 1953, the Federal Government has extended support to dairy prices at 90 percent of parity.

With milk production expanding rapidly between early winter of 1952 and mid-1953, the support program for dairy products has resulted in very large Government holdings of butter and cheese. These stocks are equivalent to about 8.5 billion pounds of milk or 7 percent of the prospective supply for 1954. Carry-over supplies of dairy products from one year to the next normally do not exceed 2 percent.

District milk production this fall has been 5 to 7 percent greater than during the fall of last year. Dairy pastures in Pacific Coast states have held up well and on November 1 were furnishing good feed. In line with tendencies in evidence across the country, District production of butter and manufactured dairy products in 1953 has greatly exceeded the relatively low 1952 production of these commodities.

Over the nation, milk production in 1954 is expected to be approximately equal to the output in 1953. However, total supply of dairy products in 1954 will exceed any level of supply previously experienced in the dairy industry. This means that in the absence of a price support program on dairy products, substantial price and production adjustments probably would occur in the dairy industry. If price supports are continued at 90 percent of parity, a strong probability exists that Government-held stocks of butter and cheese will increase.

The dairy industry, both in the District and over the United States, is faced with a number of important problems. These problems may become increasingly important as no completely satisfactory solutions appear readily available.

TABLE 6

AVERAGE PRICES RECEIVED BY FARMERS FOR MILK USED IN MAKING AMERICAN CHEESE, BUTTER, AND CREAMERY BY-PRODUCTS

October 1953 Compared with October 1952
Selected Twelfth District States and United States

	Average prices received in October 1953 for milk used in making		Percent change in October 1953 prices since October 1952	
	American cheese	Butter and creamery products	American cheese	Butter and creamery products
	(in dollars per 100 lbs. of milk)			
Idaho	3.11	3.74	—20.5	—14.6
California	4.38	3.89	—12.2	—14.5
Oregon	4.98	3.95	—10.4	—12.6
Washington	...	4.14	...	— 7.2
Pacific Coast	4.83	3.94	—10.6	—12.8
United States	3.64	3.78	—18.2	—10.6

Source: United States Department of Agriculture.

One basic problem relates to the marked reductions since about 1942 in consumer demand for butter and milk fat. Per capita consumption of butter in 1952-53 was less than 9 pounds compared with an average of about 16.8 pounds in the pre-World War II years. On the other hand, consumption of whole milk and solids-not-fat have increased greatly. The upward trend in the consumption of whole milk and solids-not-fat is expected to continue. Eventually, with little or no increase in production, expected increases in consumption of liquid whole milk, cheese, nonfat dry milk, ice cream, and miscellaneous manufactured products would balance the reduced demand for butter.

Production, however, is not expected to remain constant. The combined force of a number of factors has led to an increased production of milk and an increased production per cow and these upward trends may continue. The relatively sharp drop in cash receipts from a number of alternative enterprises is inducing many people to milk cows who were not so inclined when cash income was higher. In a general atmosphere of uncertainty, many farmers prefer the regularity and relative certainty of modest returns from milk production even to higher but more speculative returns from other enterprises. Hay and feed supplies are abundant. With marketing restrictions in effect on some other important crops, supplies of hay and forage probably will remain abundant and conducive to increases in dairy herd sizes. After a gradual but consistent decline over the United States and in the District, numbers of milk cows on farms have begun to increase. In 1952 milk cow numbers increased 2 percent over the United States.

Concurrently with the decline in cow numbers over the period 1944-52 the quality of dairy herds increased. Principal factors responsible for recent increases in milk production per cow have been (1) a very high culling rate of cows from milking herds partly as a result of high beef prices, and (2) the rapidly growing use of artificial insemination for dairy cows.

Another problem of the dairy industry relates to costs of production. Technological innovations in the dairy industry have lagged behind those in most other farm enterprise operations. Milk production on many farms still is heavily dependent upon manual labor. In addition, output per man-hour and returns imputed to labor in dairying both are lower than in many other types of farming. Increases in scale of operation and application of new techniques, in time, may go far toward the realization of greater efficiency in dairying. Such increases in scale of operation and efficiency will mean increased production. Still, in areas where population and demand for fluid milk is increasing rapidly, as in some Twelfth District states, small dairy farmers may find it profitable to achieve lower per unit costs through increasing production per cow and total output.

BUSINESS INDEXES—TWELFTH DISTRICT[1]

(1947-49 average = 100)

Year and month	Industrial production (physical volume)[2]								Total nonagricultural employment	Total mf'g employment[4]	Carloadings (number)[2]	Dep't store sales (value)[2]	Retail food prices[3, 5]	Waterborne foreign trade[5, 6]	
	Lumber	Petroleum[3] Crude	Petroleum[3] Refined	Cement	Lead[3]	Copper[3]	Wheat flour[3]	Electric power						Exports	Imports
1929	97	87	78	54	165	105	90	29	....	....	102	30	64	190	124
1931	51	57	55	36	100	49	86	29	....	....	68	25	50	138	80
1933	41	52	50	27	72	17	75	26	....	....	52	18	42	110	72
1935	54	62	56	33	86	37	87	30	....	47	66	24	48	135	109
1936	70	64	61	58	96	64	81	34	....	54	77	28	48	131	116
1937	74	71	65	56	114	88	84	38	....	60	81	30	50	170	119
1938	58	75	64	45	92	58	81	36	....	51	72	28	48	164	87
1939	72	67	63	56	93	80	91	40	....	55	77	31	47	163	95
1940	79	67	63	61	108	94	87	43	....	63	82	33	47	132	101
1941	93	69	68	81	109	107	87	49	....	83	95	40	52	....	....
1942	93	74	71	96	114	123	88	60	....	121	102	49	63	....	....
1943	90	85	83	79	100	125	98	76	100	164	99	59	69	....	....
1944	90	93	93	63	90	112	101	82	101	158	105	65	68	....	....
1945	72	97	98	65	78	90	112	78	96	122	100	72	70	....	....
1946	85	94	91	81	70	71	108	78	95	97	101	91	80	89	57
1947	97	100	98	96	94	106	113	90	99	100	106	99	96	129	81
1948	104	101	100	104	105	101	98	101	102	102	100	104	103	86	98
1949	99	99	103	100	101	93	88	108	99	97	94	98	100	85	121
1950	112	98	103	112	109	115	86	119	103	105	97	105	100	91	137
1951	114	106	112	128	89	115	95	136	112	122	100	109	113	186	157
1952	107	107	116	124	86	112	96	144	116	130	101	114	115	171	200
1952															
September	109	107	122	131	78	112	99	145	119	131	103*a*	114	114	142	253
October	116	107	117	142	80	115	96	146	119	134	98*a*	118	113	145	319
November	105	107	118	133	85	116	97	141	118	134	100*a*	117	114	135	194
December	99	108	114	126	78	111	96	138	118	135	102*a*	117	115	148	232
1953															
January	116	107	115	105	77	109	99	141	118	136	100*a*	116	114	151	195
February	117	108	117	131	85	113	92	154	119	135	103*a*	116	112	158	187
March	120	109	123	126	85	116	96	142	119	136	103*a*	119	113	179	336
April	120	108	122	132	83	114	96	165	119	136	102*a*	116	113	164	336
May	112	109	127	142	75	115	91	167	119	137	102*a*	124	113	118	384
June	120	110	121	134	78	105	99	179	120	137	103*a*	120	113	114	372
July	111	110	125	140	64*r*	106	96	172	119	138	98*a*	117	113	....	356
August	107	109	124	134	69*r*	110*r*	92	168	120*r*	134*r*	99*a*	113	113	....	....
September	100	109	126	133	71*p*	111*p*	101	166	122*p*	137*p*	98*a*	110	114	....	....

BANKING AND CREDIT STATISTICS—TWELFTH DISTRICT

(amounts in millions of dollars)

Year and month	Condition items of all member banks[7] Loans and discounts	U.S. Gov't securities	Demand deposits adjusted[8]	Total time deposits	Bank rates on short-term business loans[9]	Member bank reserves and related items[10] Reserve bank credit[11]	Commercial operations[12]	Treasury operations[12]	Coin and currency in circulation[11]	Reserves	Bank debits Index 31 cities[3, 11] (1947-49 = 100)[2]
1929	2,239	495	1,234	1,790	.....	− 34	0	+ 23	− 6	175	42
1931	1,898	547	984	1,727	.....	+ 21	− 154	+ 154	+ 48	147	28
1933	1,486	720	951	1,609	.....	− 2	− 110	+ 150	− 18	185	18
1935	1,537	1,275	1,389	2,064	.....	+ 2	− 163	+ 219	+ 14	287	25
1936	1,682	1,334	1,791	2,101	.....	+ 6	− 227	+ 454	+ 38	479	30
1937	1,871	1,270	1,740	2,187	.....	− 1	− 90	+ 157	− 3	549	32
1938	1,869	1,323	1,781	2,221	.....	− 3	− 240	+ 276	+ 20	565	29
1939	1,967	1,450	1,983	2,267	.....	+ 2	− 192	+ 245	+ 31	584	30
1940	2,130	1,482	2,390	2,360	.....	+ 2	− 148	+ 420	+ 96	754	32
1941	2,451	1,738	2,893	2,425	.....	+ 4	− 596	+1,000	+ 227	930	39
1942	2,170	3,630	4,356	2,609	.....	+ 107	−1,980	+2,826	+ 643	1,232	48
1943	2,106	6,235	5,998	3,226	.....	+ 214	−3,751	+4,486	+ 708	1,462	60
1944	2,254	8,263	6,950	4,144	.....	+ 98	−3,534	+4,483	+ 789	1,706	66
1945	2,663	10,450	8,203	5,211	.....	− 76	−3,743	+4,682	+ 545	2,033	72
1946	4,068	8,426	8,821	5,797	.....	+ 9	−1,607	+1,329	− 326	2,094	86
1947	5,358	7,247	8,922	6,006	.....	− 302	− 510	+ 698	− 206	2,202	95
1948	6,032	6,366	8,655	6,087	.....	+ 17	+ 472	− 482	− 209	2,420	103
1949	5,925	7,016	8,536	6,255	3.20	+ 13	− 930	+ 378	− 65	1,924	102
1950	7,093	6,415	9,254	6,302	3.35	+ 39	−1,141	+1,198	− 14	2,026	115
1951	7,866	6,463	9,937	6,777	3.66	− 21	−1,582	+1,983	+ 189	2,269	132
1952	8,839	6,619	10,520	7,502	3.95	+ 7	−1,912	+2,265	+ 132	2,514	140
1952											
October	8,605	6,765	10,125	7,336	.....	+ 236	− 295	+ 268	+ 32	2,527	146
November	8,805	6,808	10,281	7,331	.....	+ 72	− 29	+ 79	+ 34	2,616	141
December	8,844	6,627	10,504	7,498	3.95	− 299	− 240	+ 422	− 12	2,514	157
1953											
January	8,816	6,633	10,390	7,490	.....	+ 138	− 263	+ 136	− 77	2,565	146
February	8,838	6,474	9,911	7,551	.....	+ 83	− 119	− 13	+ 22	2,491	150
March	8,983	6,299	9,937	7,560	4.01	− 220	− 147	+ 240	− 18	2,394	164
April	9,054	6,173	10,011	7,597	.....	+ 16	− 277	+ 239	+ 11	2,378	153
May	9,092	6,020	9,843	7,627	.....	− 12	− 174	+ 293	+ 22	2,463	150
June	9,156	5,997	9,899	7,703	4.18	− 39	− 531	+ 435	+ 39	2,274	155
July	9,167	6,675	10,005	7,729	.....	+ 75	− 184	+ 275	+ 3	2,452	148
August	9,229	6,589	9,950	7,749	.....	− 100	− 98	+ 176	+ 36	2,397	142
September	9,241	6,481	10,018	7,794	4.17	+ 113	− 308	+ 217	− 4	2,425	149
October	9,255	6,556	10,248	7,854	.....	+ 19	− 391	+ 394	+ 7	2,449	142

[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; nonagricultural and manufacturing employment, U.S. Bureau of Labor Statistics and cooperating state agencies; retail food prices, U.S. Bureau of Labor Statistics; carloadings, various railroads and railroad associations; and 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 prior to 1942, debits to demand deposit accounts from 1942 on, excluding interbank deposits. *a*—New revised series. *p*—Preliminary. *r*—Revised.