



MONTHLY REVIEW

TWELFTH FEDERAL RESERVE DISTRICT

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FEDERAL RESERVE BANK OF SAN FRANCISCO

REVIEW OF BUSINESS CONDITIONS

IN both the Twelfth District and the nation, business conditions appeared more stable in March than in other recent months. Nonagricultural employment slipped somewhat further in both the District and the nation, but the drop was not severe. Nationally, the decline continued to be most apparent in manufacturing, though several other sectors had slight reductions on a seasonally adjusted basis. Industrial production continued to drop but at a much slower pace than in late 1953 and with most of the weakness still concentrated in durable goods production. In March, construction expenditures advanced to a new high for that month but private housing starts on a seasonally adjusted basis declined slightly from the high February level. Some evidence of improvement appeared in manufacturers' new orders, which increased in both February and March. Manufacturers' sales also rose slightly in March.

While there were few indications of a significant upturn in business in the nation, factors inducing further decline also did not appear very strong. In this District the level of activity remained almost stable after allowing for seasonal forces. Mild evidences of decline revealed by several seasonally adjusted indicators were significantly smaller than the average month-to-month decline since last September. A number of industries that had been particularly weak showed signs of stability, but the aircraft industry failed to expand. As in the nation, the District did not seem to be headed for any immediate significant upturn.

Signs of greater stability in employment and production

Nonagricultural employment, after adjustment for seasonal variation, dropped by less than two-tenths of 1 percent in the District from February to March. The average monthly drop from the peak month of September 1953, to February, by contrast, was about one half of 1 percent. The February-March stability was caused by offsetting movements in the major employment sectors. Trade and transportation employment fell slightly in place of their normal seasonal gains. The loss in trade employment was in large part due to the late Easter season this year. Be-

hind the transportation layoffs was a substantial decline in District carloading and trucking activity. Government employment, on the other hand, rose by the expected seasonal amount, hiring by state and local governments offsetting the decline in the number of Federal Government jobs. Construction employment also increased in line with seasonal expectations; but the rise in manufacturing employment was slightly less than seasonal.

The small downward movement of seasonally adjusted manufacturing employment was a reflection principally of trends in the metals and machinery industries. District employment in these industries had been declining since late 1953 and was running some 6 percent below year-ago levels by March. However, the rate of decline from February to March was, in general, smaller than in previous months. Often during the past 12 months increases in aircraft employment have offset employment declines in other durable goods lines, but from February to March increases were negligible as District aircraft production appeared to be at peak levels under the present defense program.

Both the lumber and food processing industries had a March recovery from the unusually low levels of employment in February. In food processing, the February weakness had been only temporary, but in lumber, employment had been low since the spring of 1953 because of slackening in residential building. From February to March, lumber production increased between 1 and 2 percent

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more than the normal seasonal rise; lumber prices, however, showed no tendency to climb above their low January levels.

The modest decline in adjusted manufacturing employment was accompanied by a slight reduction in manufacturing hours worked. Final March figures on hours are not yet available, but the data on hand indicate that the District average was about 39.4 hours per week in March, compared to 39.5 in February and 40 or more during March of 1953 and other recent years. Average hourly earnings were stable or up slightly from the previous month this March, so the change in average weekly earnings was probably very small.

District unemployment turned down from February to March for the first time since last September. According to preliminary estimates, unemployment was 6.5 percent of the civilian labor force in March, a drop of three-tenths of 1 percent from the February figure. The drop was no more than seasonal, however, and the March unemployment figure was still 1.7 percent more than the 4.8 percent of March 1953.

Among the states of the District, Oregon showed the most marked improvement. Oregon had experienced a larger drop in nonagricultural employment than any other District state, but from February to March, its adjusted nonagricultural employment total was practically unchanged for the first time since last September. Its unemployment rate dropped from 10.9 percent in February—the highest rate since the recession months of early 1950—to 9.1 percent in March. Behind the halt in Oregon's downturn was the recovery in lumber production and employment; lumber and logging account for over half of the state's manufacturing workers, and a change in in-

come arising from lumber affects transportation, trade, and many other sectors of the state's economy.

Construction picks up

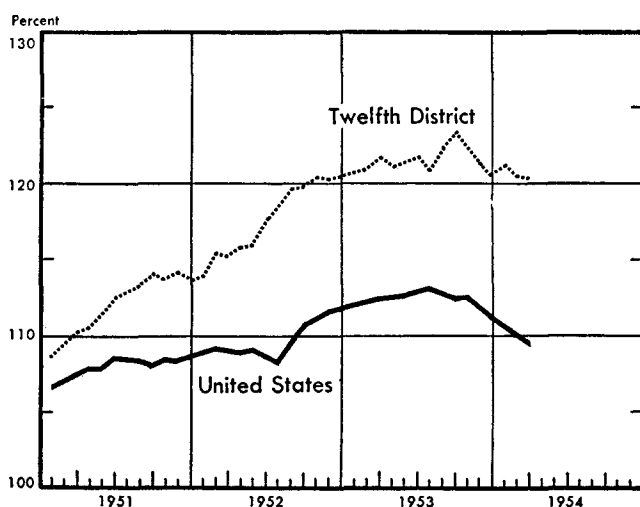
Construction activity in the District increased seasonally from February to March after a sharp contraseasonal drop from January to February. Residential building activity showed special strength in the San Diego, San Bernardino, and Seattle areas, and less than average strength in the Los Angeles area. For major Pacific Coast metropolitan areas as a group, the number of dwelling units authorized was up more than 25 percent. The seasonally adjusted index of construction employment in the District was almost unchanged from February to March; it would have increased slightly had it not been for bad weather in much of southern California. The index remains some 8 to 9 percent below the record spring months of 1953.

Durable goods output, defense needs affect District-nation comparison

During the economic adjustment of the last six months, the Twelfth District has fared slightly better than the nation in the sense that the drop in employment has been relatively less severe in the District. Before the adjustment, however, employment and production were growing much more rapidly in the District than in the nation, and consequently the change in direction of business activity has been sharper in the District.

These two comparisons, illustrated in the Chart, reflect two basic characteristics of the District economy. The first is that the metals, machinery, and motor vehicle industries are still relatively much less important in the District than in the national economy. Production declines in these industries have played a large part in the present downturn, as well as in other downturns, and have affected the Twelfth District less than the rest of the nation. The second characteristic is that military needs, especially for aircraft, have been more important as a source of demand and as a stimulus to growth in the District than in the nation, both during World War II and in the years since the Korean outbreak. The attainment of peak production levels of aircraft and other defense-related goods has therefore had a greater direct effect on the year-to-year rate of economic growth in the District than in the nation. Present defense plans call for a gradual slow down in military procurement levels. Such a slowdown would probably limit the rate of activity in the District aircraft industry. Consequently civilian demand is likely to play a proportionately greater role in the near future in determining the course of business activity in the District as well as in the nation. Under these conditions the behavior of business activity in the District may not continue to compare so favorably with that in the nation as it has during recent years.

INDEX OF NONAGRICULTURAL EMPLOYMENT—
TWELFTH DISTRICT AND UNITED STATES, 1951-54
(Adjusted for seasonal variation, 1947-49=100)



Source: United States Department of Labor, Bureau of Labor Statistics and state agencies.

PROSPECTIVE CROP PLANTINGS INDICATE CONTINUED HIGH LEVEL FARM PRODUCTION IN 1954

A RELATIVELY large total spring planted acreage is in prospect for the nation as well as the Twelfth District if farmers' March 1 plans materialize.¹ The necessity of adjusting to changed conditions represented by existence of acreage allotments and marketing quotas on cotton and wheat, however, has resulted in major shifts from the 1953 acreage pattern. If farmers' expectations are realized, the total District acreage planted to 15 large volume field crops, including wheat and cotton, will be reduced from the 22.3 million acres in 1953 to 21.9 million acres in 1954, about 2 percent.² On the other hand, large increases are indicated for feed grains, rye, dry edible beans, rice, sugar beets, and other important field crops. The early indications point to an increase of nearly 50 percent in Twelfth District barley acreage alone.

Nationally, an increase of 11 million acres or nearly 4 percent was indicated for the 16 field crops covered in Department of Agriculture planting reports. With the exceptions of wheat and cotton, smaller acreages were expected only for corn and potatoes. Anticipated increases were relatively sharp for most other commodities.³

Tree fruit and nut acreages do not change materially from one year to the next, but production varies considerably. Early indications of District production point to general increases for deciduous fruits and nuts. Relatively favorable weather and growing conditions and reports on crop conditions have led to expectations of significant increases for peaches, pears, grapes, and walnuts. A large increase in production of strawberries also is in prospect. However, reductions of major proportions are anticipated for oranges, particularly for the California Valencia crop.

Vegetable acreage changes suggest moderate increases in District supplies of most commercially grown vegetables and melons for the second quarter of 1954. Since current stocks of commercially canned and frozen vegetables also are generally larger than a year earlier, prices for the spring and early summer months may average lower.

Allotments and Quotas Account For Major Changes in Field Crop Acreages

The imposition of acreage allotments and marketing quotas in cotton and wheat has materially reduced prospective acreages of these crops. If plantings do not ex-

¹These plans were reported in *Prospective Plantings for 1954*, which was compiled and published by the United States Department of Agriculture. The purpose of this publication, according to the Department, is to assist growers generally in making such further changes in their acreage plans as may appear desirable. The acreages actually planted in 1954 may turn out to be larger or smaller than indicated, by reason of weather conditions, price changes, labor supply, financial conditions, the agricultural support program, or the effects of the planting intentions report itself. Despite conditions in 1954 of unusual uncertainty among farmers concerning their planting intentions, the report is considered to be a generally reliable guide to prospective acreage changes.

²These are cotton and the 14 commodities listed in Table 1.
³Only small upward changes were indicated for sweet potatoes, peanuts, and tobacco.

TABLE 1

EXPECTED 1954 FIELD CROP ACREAGE AS INDICATED BY FARMERS
ON MARCH 1—TWELFTH DISTRICT AND UNITED STATES

	Twelfth District 1954 (in thousands of acres)	Percent change 1953-54	
		Twelfth District	United States
Barley	4,569	+49.4	+46.9
Beans, dry edible	525	+10.5	+14.1
Corn	288	+15.7	- 0.4
Flaxseed	42	+75.0	+18.0
Hay, all ¹	6,074	+ 0.8	+ 2.5
Oats	1,606	+15.3	+ 7.4
Peas, dry field	285	+16.3	+14.6
Potatoes, all	342	- 6.9	-11.0
Potatoes, early ²	64	-29.1	-23.1
Potatoes, late	278	+ 0.3	- 7.5
Rice	463	+ 7.9	+ 8.2
Rye	267	+39.1	+22.3
Sorghums	269	+64.0	+27.8
Sweet potatoes	13	+18.2	+ 0.4
Sugar beets	401	+19.5	+19.1
Wheat, all ³	5,452	-25.2	-19.4
Wheat, spring ³	1,154	-46.5	-23.4
Wheat, winter ⁴	4,298	-16.3	-18.1

¹Harvested acreage.

²Arizona and California.

³Does not include durum.

⁴Based on December 1 estimates.

Source: United States Department of Agriculture, Agricultural Marketing Service, *Crop Production*, March 19, 1954.

ceed acreage limits, District acreage reductions from a year ago for wheat and cotton will approximate at least 25 and 34 percent, respectively. Official reports point to general compliance with the acreage restrictions.

The District acreage of spring wheat, as indicated in Table 1, is expected to be affected by the curtailment program much more than the winter crop. The 1953 spring wheat acreage, however, was unusually large. Despite acreage limits the production estimate as of May 1 indicates that District production of winter wheat in 1954 will be only slightly under the 1943-52 average of about 110 million bushels. On a national scale, however, severe drought in the southwestern area of the nation, in addition to acreage controls, has reduced winter wheat production prospects to 707 million bushels, 15 percent below the 1943-52 average and 19 percent below 1953 production.¹ Acreage intention reports for cotton are not available but plantings will probably conform closely to the acreage allotments.

Feed grain acreage changes

Total District feed grain² acreage in 1954 is slated for a jump of 38 percent from the 1953 acreage compared with an increase of 10 percent for the United States as a whole.³ Acreage restrictions reduced District wheat and cotton acreage relatively more than for the United States. Furthermore, District farmers expect to utilize most of the acres diverted from wheat production for production of rye and feed grains, particularly barley (Table 2).

¹United States Department of Agriculture, *The Wheat Situation*, April 26, 1954, p. 11.

²Feed grains are barley, oats, corn, and grain sorghums.

³Spring seeding of grain sorghums in the winter wheat areas where drought has prevailed could mean additional upward revisions at a later date in total United States feed grain acreage.

TABLE 2
APPROXIMATE INTENDED UTILIZATION OF DIVERTED WHEAT
ACREAGE IN WASHINGTON, OREGON, IDAHO, AND UTAH

	Intended acreage change from 1953 (in thousands of acres)	Acreage change of alternative crop as percent of wheat acreage change
Wheat	-1,749	...
Barley	+ 990	56.6
Oats	+ 203	11.6
Rye	+ 75	4.3
Peas, dry edible	+ 40	2.3
Fallow and other	+ 441	25.2
Total	1,749	100.0

Source: United States Department of Agriculture, Agricultural Marketing Service, *Crop Production*, March 19, 1954.

The bulk of the diverted cotton acreage also is expected to be used for production of feed grains, particularly barley and grain sorghums. Corn, a relatively new crop to some areas of the District, is increasing in importance. In California an intended increase in corn production of 20 thousand acres may cause this crop to exceed both rye and potatoes in importance so far as total land area is concerned.

Feed grain acreage increase poses problems

With the switch of acreage from the production of wheat and cotton to feed grains, supply and storage problems associated with cotton and wheat also may be transferred to the feed grains. Although price supports have been extended to such crops as oats, barley, and rye, adequate storage space is a qualifying condition for a price support loan. Huge grain stocks already are taxing commercial storage facilities. Stocks of storable grains as of April 1, 1954 were considerably larger, both within the District and nationally, than on the same date a year earlier (Table 3). The bulk of the increase in these stocks was accounted for by the off-farm storage supplies of wheat. However, District barley stocks also are considerably larger, having increased about 40 percent from April 1, 1953.

Lack of storage for grain was a problem during and after the 1953 harvest season. But since that time wheat acreage controls for 1954 have been imposed and farmers have been encouraged through various means to increase their storage facilities. The Government also has provided additional grain storage capacity by authorizing the use in the Pacific Northwest of deactivated Navy ships. How adequate these and other attempts will be is

TABLE 3
STOCKS OF STORABLE GRAINS ON APRIL 1, 1954 WITH
COMPARISONS—TWELFTH DISTRICT AND UNITED STATES

	Twelfth District Percent change		United States Percent change	
	April 1, 1954 (in thousands of bushels)	from April 1, 1953	April 1, 1954 (in millions of bushels)	from April 1, 1953
On farms	43,176 ¹	+25.8	2,297 ¹	+ 2.7
Off farms	128,198	+79.2	1,491	+44.9
Total	171,574	+61.0	3,788	+16.0

¹ Does not include grain sorghums.

Source: United States Department of Agriculture, Agricultural Marketing Service, *Stocks of Grains in All Positions*, April 23, 1954.

not known. It appears, however, that, if District yields of storable grains are average or better this year, there may be localized or temporary shortages of storage space in the District this coming fall.

Disposal and utilization of prospective large District and national feed grain supplies constitute another problem posed by the indicated acreage changes. In order to maintain prices of barley and other feed grains at price support levels, large volume purchases and price support loans by Government may be necessary. This would add to the burdensome surplus problems with which farmers and the Department of Agriculture are faced since no significant reduction of Government-held wheat supplies is anticipated for this year.

Rice acreage larger

California acreage devoted to rice production has increased rapidly in the last few years. Intention reports indicate that it will continue to increase in 1954, and an increase of national rice acreage is in prospect. Along with relatively favorable prices, a good export market, and the availability of land formerly devoted to cotton, the anticipation of possible acreage controls for rice may have been partly responsible for the latest acreage expansion. Increased acreage in 1954 would provide some producers with a slightly larger acreage base in the event that acreage controls are declared on the 1955 crop. California rice producers have been favored during the past year with an unusually good export movement. Since national as well as California acreage is slated for an increase, strength of the export market for the 1954 crop, assuming average yields, will be an important factor in maintaining prices above the 90 percent of parity level and deterring an accumulation of carry-over stocks. At the same time, however, the Foreign Agriculture Service reports that world rice production in 1953-54 (August to July) may be the largest on record.¹ Consequently, farm prices of rice have been slipping downward.

Potato acreage down

The extremely low prices for the 1953 potato crop have prompted an intended reduction in total District as well as national potato acreage for the current year. Indications are that nationally and in the District the acreage of early potatoes will be cut substantially (Table 1). In District states a slight increase is indicated for late potatoes. The Department of Agriculture has announced that it will buy a portion of the carry-over supplies from the 1953 crop in an attempt to bolster potato prices in 1954. Potatoes purchased by the Department of Agriculture are to be donated to eligible public institutions and welfare agencies. Subsidy payments have also been authorized to encourage the diversion of old crop potatoes into the manufacture of starch and potato flour. In initiating the limited program for support of potato prices, the Department made it clear that extension of such activity to the 1954 crop would require substantial com-

¹ Does not include U. S. S. R., China, or North Korea.

pliance with the potato acreage guides announced by the Department.¹ The March 1 survey indicates that potato farmers in two District states—Idaho and Oregon—intend to plant potato acreage in excess of the recommended acreages for late potatoes.

Changes in acreages of other field crops

District as well as national sugar beet acreage is due for a sizable increase (Table 1). Some increase was anticipated but it was felt that the limited capacity of sugar beet processing facilities would tend to discourage a general expansion of sugar beet acreage. California may be an exception to this general statement, as both fall and spring harvest of sugar beets is feasible in this state. This practice permits a more complete utilization of existing refining facilities. According to the intentions report, California accounts for about one-third of the national acreage increase, with other District producing states showing relatively small acreage gains. The national acreage increase of 151 thousand acres appears to be more than sufficient to fulfill the domestic processing quota of 1.8 million tons of raw beet sugar. Last year 1,787 thousand tons of raw beet sugar were produced from a smaller acreage.

Increases from last year are anticipated for District acreages of dry edible beans and flaxseed (Table 1). Both of these crops are covered by price supports, although at a lower level of parity than in 1953, but are not under acreage restrictions. A sizable increase in dry edible bean acreage in both Idaho and California is anticipated. Although flaxseed is a relatively minor District crop, intention reports of March 1 point to a reversal in California and Arizona of the downward trend in flaxseed acreage which had been underway since 1948.

Varied Production Outlook Indicated For Deciduous Fruits, Vegetables, and Nuts

Weather conditions over most of the major District deciduous fruit and nut producing areas have varied considerably from one locale to another. Thus far this year better than average weather prevailed over most major California producing areas. As a result, most fruits and tree nuts in the state are setting larger and heavier crops this year than last. In contrast, reports from the states of Washington and Oregon direct attention to adverse weather conditions during the last week of April which have delayed or damaged fruit or vegetable crops in many areas.

Spring vegetable and melon production is expected to be well above last spring, with total national acreage 9 percent larger than last year and 19 percent above average. In the District, acreage devoted to spring truck crop production will be only slightly larger than a year ago but 5 percent above average. Poor growing conditions

in the weeks ahead, however, could change the outlook considerably.

Deciduous fruits, strawberries, and tree nuts

Preliminary reports indicate that apple trees in the District are expected to yield a larger crop than last year but producers will have to contend with greater production and marketings from competing eastern states. A record crop of both free and clingstone peaches is expected for California, while frosts caused some damage in Oregon and Washington. Farm prices of peaches, however, may not be affected seriously since the condition of peach crops in ten southern states on April 1 was reported as poor and much below average. Also, the Cling Peach Advisory Board, the administrative agency established by the California Marketing Order for Canning and Freezing Cling Peaches, has recommended to the California Director of Agriculture the use in 1954 of certain surplus control provisions. These provisions are authorized in the marketing order for use under certain conditions and include the dropping prior to harvest of green, immature fruit. The Board also is studying the advisability of requesting approval for establishment of quality regulations on cling peaches.

The 1954 apricot crop in the important Sacramento and Santa Clara Valley areas may have been reduced as much as 25 percent by rain damage, jacket rot, and brown rot. Pacific Coast Bartlett pears, on the other hand, are expected to come forth in larger quantities than last year. In the Columbia River Basin, strong and dry winds seriously damaged new plantings of melons and peas. The Milton-Freewater cherry crop in eastern Oregon has been wiped out by recent freezing weather. In addition, the prospective crop of early and late prunes has been reduced by cold weather. In the western part of the state, extensive damage was reported to strawberries and cherries. Also, Washington's sweet corn, strawberry, and cherry crops suffered.

It is anticipated that strawberry acreage in California will reach twice the 1949-52 average. Washington also may increase the amount of acreage in strawberry cultivation while Oregon producers are expected to make reductions. Strawberry acreage reductions elsewhere in the nation due to voluntary diversion of acreage to other uses and poor weather conditions prevailing in most traditional growing areas have led estimators to expect a total strawberry acreage 2 percent smaller than last year.

With the exception of apricots and grapes, cold storage holdings of frozen fruits on April 1 were all above the 1949-53 average and above levels of a year ago. Stocks of frozen strawberries, while 13 percent larger as of April 1 this year, are expected to be diminished by an increase in the rate of marketings compared with last year.

Favorable weather so far this year has contributed to expectations of an increase in the District walnut crop from the low level of 57,600 tons produced in 1953, the

¹ Compliance with acreage guides, however, does not commit the Department to carry on a potato surplus disposal program for the new (1954) crop.

smallest crop in 11 years. The larger crop may be accompanied by some reduction from last year in prices received by growers. The almond crop has held close to 36,000 tons during the past two years. This year frost damage to blooms has been reported in the lower Sacramento Valley and in some of the southern coastal valleys of California which may affect total output.

The citrus crop situation

Heavy rains during the third and fourth weeks of March interfered with the picking of navel oranges and were conducive to the spread of water rot and brown rot. These adverse weather and disease conditions have contributed to an important reduction from last year in the current crop of District navel oranges (Table 4). An even greater drop in production appears to be in prospect for Valencia oranges which are harvested during the spring and summer (Table 4). All of the District reduction in prospective production of oranges is centered in California; small increases in output of both navels and Valencias are anticipated for Arizona. An increase of nearly 10 percent is forecast, however, for the 1954 California lemon crop. With a continuing strong demand for frozen lemon juice and concentrate for lemonade, grower prices of lemons are expected to continue relatively high.

Although the winter desert crop of grapefruit was large in both Arizona and California, reduced supplies compared to last year are expected from the forthcoming California crop of summer harvested grapefruit (Table 4). District shippers of grapefruit encountered keen competition in domestic markets during the first quarter of 1954 as a result of increases in shipments from Florida. This, together with increased supplies of desert grown grapefruit from western areas, has been responsible for the relatively low level of prices received by District grapefruit growers during the past season.

Florida producers of oranges have increased their output by roughly 14 million boxes since last year, thus continuing a trend begun immediately after World War II.

TABLE 4
INDICATED PRODUCTION OF CITRUS FRUITS WITH COMPARISONS—
TWELFTH DISTRICT

	Indicated production 1953-54 (thousands of boxes)	Percent change 1953-54 from	
		1952-53	Four-year average 1949-50 to 1952-53
Oranges ¹			
Navel	14,950	-12.2	- 2.7
Valencia	21,250	-27.7	-25.2
Lemons ²	13,700	+ 9.0	+ 9.0
Grapefruit: ³			
Desert	3,910	+ 2.1	+ 1.8
Other	1,310	-20.0	+15.0

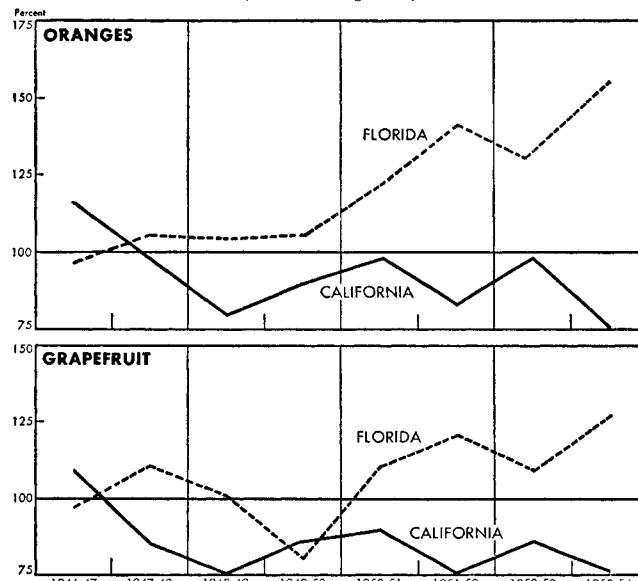
¹ Marketing season for navels is November 1 to May 31. In this table, indicated 1953-54 production of navels includes total prospective marketings only for the current marketing season. Marketing season for Valencias is March 1 to December 31.

² Marketing season for lemons is November 1 to October 31.

³ The marketing season for desert grapefruit is October 1 to June 30. In this table, indicated 1953-54 production of desert grapefruit includes total prospective marketings only for the current season. Marketing season for "other" is June 1 to September 30.

Source: California Department of Agriculture, Crop and Livestock Reporting Service, *California Fruit Report*, April 1, 1954.

RELATIVE CHANGES IN CITRUS PRODUCTION—
CALIFORNIA AND FLORIDA, 1946-47 to 1953-54
(1942-51 average=100)



Source: United States Department of Agriculture, Bureau of Agricultural Economics, *Annual Report on Production, Farm Disposition, Value and Utilization of Sales of Citrus Fruits, 1946-1954*.

While the production of California oranges has gradually decreased, grapefruit and lemon production has remained fairly steady. In contrast, in Florida the trend of orange and grapefruit production has been steadily upward. However, its fresh marketings in 1954 may be about the same as last year because most of the increase is expected to move into frozen pulp channels. Fresh market prices for Florida oranges are expected to be much lower than those for California.

Indicated changes in vegetable acreage and production

Decreased acreage and output from record levels reached during the previous winter season characterized 1953-54 winter vegetable production of the District. The drop in production stemmed mainly from general reductions in acreage which were prompted by the lower prices and incomes received by vegetable growers during the summer and fall of 1953. For the nation the decisions to reduce output of winter vegetables were in line with changes suggested earlier by the United States Department of Agriculture (Table 5).

Total District production of vegetables during the spring and summer, the most important seasons in terms of volume for District producers, is expected to be about the same as last year. Nationally, however, relatively large increases are expected for spring and summer vegetables despite a suggested reduction by the Department of Agriculture (Table 5).

Acreage reports for spring-produced vegetables show that smaller acreages of carrots, lettuce, onions, and spinach will be more than offset by increased acreages of asparagus, cabbage, cantaloupes, cauliflower, celery,

TABLE 5
PERCENT CHANGE IN FRESH MARKET VEGETABLE ACREAGE FOR 1954 SUGGESTED BY THE UNITED STATES DEPARTMENT OF AGRICULTURE AND ACTUAL PERCENT CHANGES INDICATED BY FARMERS

	Percent change in vegetable acreage suggested 1953-54 ¹	Actual percent change indicated by farmers 1953-1954	
		United States response ²	Twelfth District response ²
Winter (1953-54)	-5	-4	-13
Spring (1954)	-7	+9	+2
Summer (1954)	0	+9	0
Total	-5	+7	-1

¹ United States Department of Agriculture, *1954 Acreage and Marketing Guide—for Vegetables*.
² Includes only vegetable products for which farmer acreage intentions were available on April 1, 1954.
 Source: United States Department of Agriculture, Agricultural Marketing Service, *Commercial Vegetables for Fresh and Processing Markets*, March and April 1954 and *1954 Acreage and Marketing Guide—for Vegetables*.

green peas, fresh tomatoes, and watermelons. Central market prices for spring lettuce and carrots moved up in April to levels exceeding those of a year ago, but prices of most other spring vegetables have remained below prices of a comparable period last year.

Supplies of 1953 crop sweet potatoes remain large. Consequently, retail prices of sweet potatoes during the first six months of 1954 may average below prices of the same period a year earlier. There is some possibility, however, that acreage and production of sweet potatoes will expand as many southern farmers are searching for crops to plant on acreage diverted from cotton.

Prospective District plantings in 1954 of five important vegetables for commercial processing are down 6 percent from last year (Table 6). These five crops usually account for at least three-fourths of the District acreage devoted to production of vegetables for processing. In the District, a 24 percent increase in snap bean acreage is anticipated but substantial reductions appear in prospect for sweet corn, spinach, and tomatoes.

Stocks of major canned vegetables are generally larger than a year earlier, although canned supplies of aspara-

TABLE 6
PROSPECTIVE PLANTINGS OF SELECTED TRUCK CROPS FOR FRESH AND FOR PROCESSING MARKETS WITH COMPARISONS—TWELFTH DISTRICT

	Indicated acreage 1954	Percent change 1954 from	
		1953	Four-year average 1949-1952
Fresh			
Winter (1953-54)			
Cabbage	5,300	-7	+14
Carrots	8,200	-34	-42
Cauliflower	550	-27	-55
Celery	3,990	-3	+5
Lettuce	45,000	-10	-6
Spinach	2,300	-8	-17
Total (6 winter)...	65,340	-13	-12
Spring			
Asparagus	83,740	+4	+3
Broccoli	11,500	-6	+35
Cabbage	3,000	+3	+6
Cantaloupes	31,000	+2	+12
Carrots	2,000	-5	-39
Cauliflower	6,500	+3	-13
Celery	2,900	+26	+32
Lettuce	40,700	-6	-10
Onions	5,600	-27	-5
Peas	7,100	+82	-10
Spinach	300	-25	-35
Strawberries	39,050	+3	+26
Tomatoes	4,300	+23	+13
Watermelons	8,800	+5	+8
Total (14 spring)...	246,490	+2	+5
Processing			
Snap beans	15,800	+24	+14
Sweet corn	47,400	-18	+33
Green peas	151,700	1	+7
Spinach	6,300	-10	-21
Tomatoes	79,300	-12	-35
Total (5 processing)...	300,500	-6	-6

¹ Less than 1 percent.
 Source: United States Department of Agriculture, Agricultural Marketing Service, *Commercial Vegetables*, April 1, 1954.

agus, tomatoes, and tomato products are smaller. Total stocks of frozen vegetables in commercial cold storage on April 1, 1954 were record large for the date, but the rate of movement out of storage has increased in recent weeks.

THE INVENTORY ADJUSTMENT—PAR FOR THE COURSE?

SINCE the middle of 1953 when the exceedingly fast pace of economic activity in this country began to slacken moderately, a great deal has been made of the role being played by the revision in levels and types of stocks of goods in inventory. How much inventory adjustment has there been? A peak of \$82 billion worth of goods in stock was reached last September. By April 1 of this year a total of \$1.96 billion had been liquidated—about 2.4 percent. In the meantime total sales had fallen by almost as much (\$1.79 billion) and by a larger percentage (3.7 percent).¹ This comparison points to a significant rise in the ratio of inventories to sales during this period.² Thus, despite businessmen's desires to liquidate

inventories to a level consistent with a more modest level of business than that experienced through most of last year, their efforts appear to have been frustrated by a more rapid percentage decline in sales. From one point of view it is possible to conclude that we are in danger of being caught in a vicious downward cycle in which the effort of one businessman to reduce stocks leads to his reducing purchases from another businessman and perhaps both are led to reduce production. Thus aggregate sales and output must fall; and as unemployment rises with output reduction, consumer purchasing power must be reduced because of smaller pay checks. The further decline in sales would call for an even lower level of inventories and thus would contribute toward a recess-

¹ Figures quoted for total inventories and sales are monthly figures seasonally adjusted. Data for gross national product and its components are seasonally adjusted quarterly totals at annual rates.
² The ratio of total business inventories to total business sales rose rather steadily from September 1953 through January 1954. Some decline occurred in February with no further change in March. The ratio in March, however, was still above the level of last September. The concern in this article is primarily

with the behavior of the ratio after inventories began to decline. The fact that it rose before September may reflect in part the success of business in raising the inventory level to conform with the very high sales level. By August, sales had turned down, however, causing a fairly sharp rise in the ratio in that month which was probably not intended or desired.

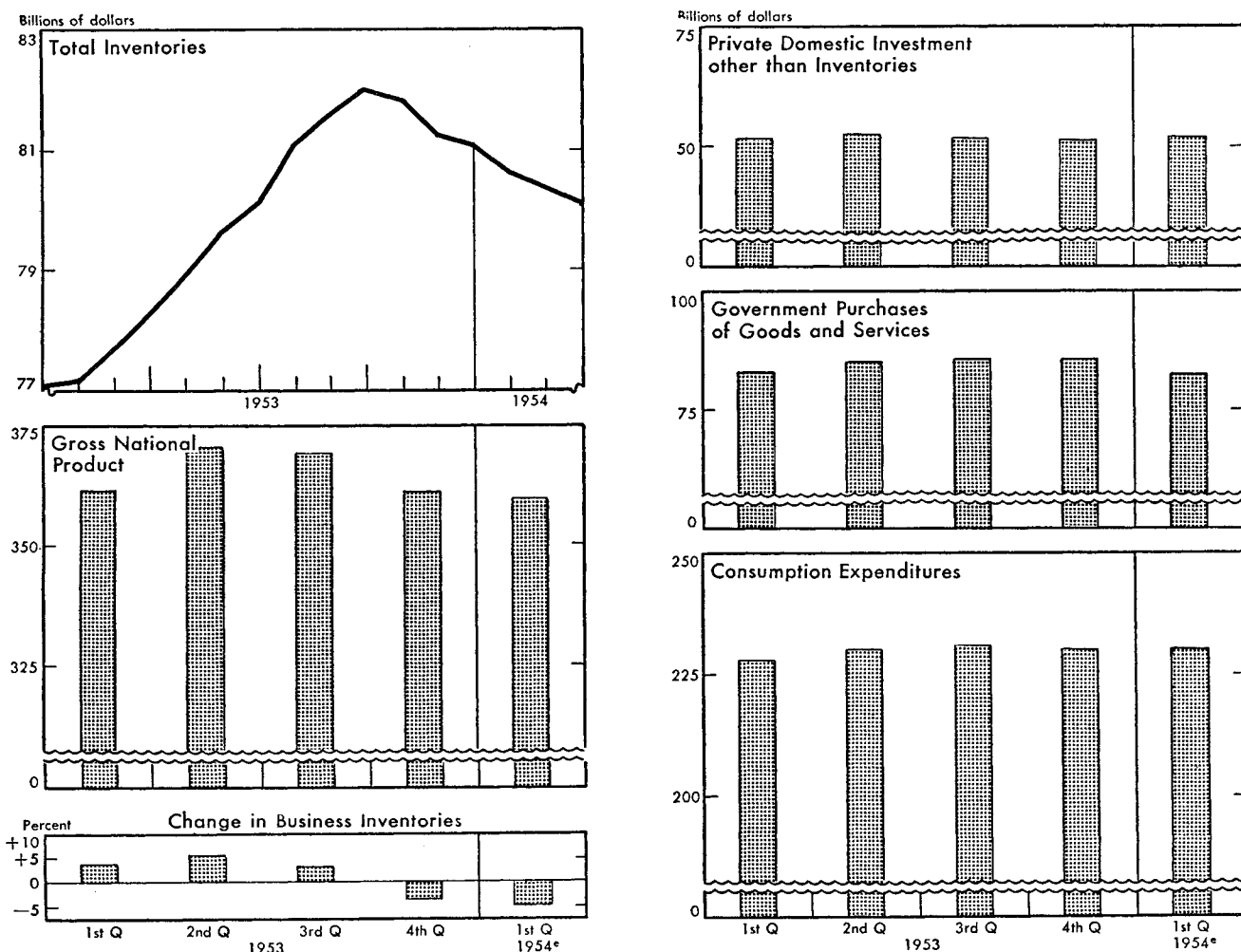
sion that would feed on itself, a process which has been described as a "chain reaction."

The behavior of inventories alone does not provide any complete explanation of the cause of the business downturn. Other factors, such as the declines since mid-1953 in Federal spending and in consumer spending on durable goods, have also contributed to the business downturn and may be responsible in part for the behavior of inventories. Nevertheless, a goodly amount of faith seems to have been placed in the notion that the current recession in business activity is a *self-correcting* downswing in the "inventory cycle" rather than a chain reaction. For example, the *Economic Report of the President* transmitted to the Congress in January stated that "thus far at least, the readjustment process has been largely a matter of reducing excessive inventories, especially of consumer durable goods. . . . Such a corrective

process seems clearly to have gone some distance. . . . Should this development continue, the moderate contraction now under way should come to a halt soon." Some optimists point out that such adjustments *have* occurred in United States economic history. The 1949-50 downswing and recovery might be cited as an example of the species to which this cycle may belong, and milder economic ripples of this general nature were twice superimposed on the general prosperity of the 1922-29 period.

Since there is such a wide divergence of opinion as to the degree of seriousness involved in the current decline, it would seem that further examination of the subject is warranted. Without attempting to come to any definite conclusion as to whether or not one is justified in calling this downswing "just an inventory adjustment," this article attempts (1) to clarify the present situation somewhat by examining briefly the past experience with in-

CHART 1
TOTAL INVENTORIES, GROSS NATIONAL PRODUCT AND COMPONENTS¹ OF GROSS NATIONAL PRODUCT, 1953-54
(Total Inventories data are monthly, adjusted for seasonal variation; Gross National Product and components data are seasonally adjusted quarterly totals at annual rates)



¹ Net foreign investment excluded.

* Estimated.

Sources: United States Department of Commerce; 1954 first quarter estimates of Gross National Product and its components are by the President's Council of Economic Advisors.

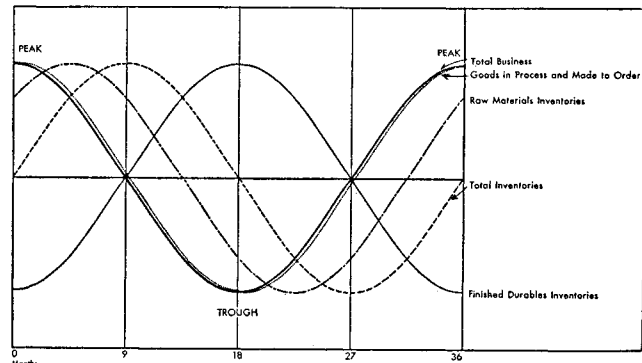
ventories in business cycles and (2) to make a comparison of that experience with the present contraction. It would be nice to be able to say that exhaustive studies of all aspects of these phenomena have been made and that concrete conclusions about the anatomy of the inventory cycle have been reached. This is not the case for two reasons: (1) few economists have chosen to devote much of their energies to the subject and (2) those who have done so have met with the economic statistician's main obstacle—insufficient data of a quality amenable to rigorous analytical treatment.¹

The relationship between inventories and business cycles, 1919-1938

Looking back over the economic fluctuations between World War I and World War II, it has been observed that *total* inventories consistently “lag” considerably behind total business in their fluctuations. That is to say, after business turns down, inventories continue to rise for several months before the liquidation process actually gets under way. As Chart 1 shows, this relationship has held in the current downswing with gross national product starting its decline some time in the second quarter of the year and total inventories starting down at the end of the third quarter. This lag is explainable in terms of the generally recognized difficulties in planning various categories of stocks. For example, a very long lag is to be found in finished durable goods inventories because, unless such goods are made to contractual order, producers must forecast demand and plan inventory accordingly. A producer of durables might well find it necessary to fix a production schedule now from an estimate of what the market will absorb two or three months hence. If, despite his best efforts to anticipate forces making for business fluctuations, market demand turns out to be less than his estimate, he will become the holder of more inventory than he had intended. If he underestimates, his inventory will decline unintentionally. In addition to this factor of error in market forecasting, there are reasons why a producer might intentionally refrain from abrupt action to correct an undesirable tendency for inventories to mount or decline. For example, abrupt changes in output and employment involve contraction or expansion of the work force with the consequent undesirable effects of turnover; and also major changes in the rate of use of heavy equipment often involve important costs. The producer might, therefore, allow production to continue at or near the established level until economic conditions force a change. Hence, accumulation might well continue long past the downturn in business; in fact, the historical data indicate that often inven-

¹ Fortunately one very able economist and statistician, Professor Moses Abramovitz, has devoted a great deal of his time and energy to analysis of the rather sketchy record (*Inventories and Business Cycles*, National Bureau of Economic Research, New York, 1950.) Mr. Abramovitz's conclusions are tentative, but he has painstakingly searched for evidence that would corroborate or refute the conjectures of his predecessors in this area. The result is a new set of hypotheses with a good deal more foundation in fact than anything that had gone before. Several of these hypotheses are used in this article.

CHART 2
FLUCTUATIONS IN INVENTORIES RELATIVE TO GENERAL BUSINESS ACTIVITY IN A 36 MONTH INVENTORY CYCLE (Schematic)



Note: The apparent identity of the magnitude of the vertical fluctuations in these different series is merely schematic and is without significance. Only the horizontal, or time, relationships are of importance in this diagram.

tories of finished durable goods have fluctuated almost perfectly counter-cyclically: rising, turning down, and falling as general business is falling, turning up, and falling (see Chart 2). To a lesser extent the same combination of error and inertia is responsible for the lags in finished nondurables inventories, raw materials and goods in process. As Chart 2 indicates, nondurables lag less than durables, raw materials still less, and goods in process are virtually synchronous with the cycle in total business activity.

The significance of inventory investment

This relationship we have described gives rise to an important question: How can a *lagging* action such as inventory correction *set off* the movement in the level of total expenditure which precedes it? The answer to this question is that one must look not at the level of the inventory stockpile but at the level and fluctuations of current *expenditure* on (or liquidation of) inventories—which is referred to as inventory investment (or disinvestment, if negative).¹ Examination of the cyclical relationship between inventory investment and total business activity between 1919 and 1938 has disclosed that their fluctuations were closely synchronous, particularly in short business cycles. Also, change in inventory investment has consistently been of great quantitative importance in business fluctuations. Between World Wars I and II, the decline in inventory spending was consistently a very large proportion of the decline in total demand. In the shortest cycles, such as the two that occurred between 1922 and 1929, fluctuation in inventory investment accounted for virtually all of the fluctuations in demand. In longer, more severe cycles, such as

¹ This is not to say that the level of inventories and the inventory-sales ratio are unimportant to the businessman in his decision-making. Dissatisfaction with the level of stockpiles compared to sales unquestionably lies behind fluctuations in inventory investment. But it is obvious that inventory investment must decline to zero before stockpiles can cease to grow. Hence, the first indication that an inventory adjustment is in process would be evidence that businessmen are attempting to halt inventory investment, and this would occur while stockpiles are still rising.

the one which lasted from 1929 until 1937, other demand factors such as expenditure on construction and machinery turned down with inventory investment and continued to have a depressing effect after inventory investment turned up. Cycles of the shorter type are often referred to as "waves of adaptation" or "minor cycles" in contrast with "major cycles" which are longer and more severe and in which virtually all categories of expenditure follow the cyclical pattern.

Behavior of inventory investment in 1953-54

Referring again to Chart 1, we see that through the fourth quarter of last year inventory investment declined by more than the decline in gross national product. In a purely statistical sense, therefore, the decline in total spending could be attributed to inventory adjustment. This particular statistical relationship fits neatly into the pattern of the inventory cycle which we have described. However, there were other factors which no doubt contributed to the over-all decline in business activity in 1953 and may be, in part, responsible for the behavior of inventories. The declines in the rates of Federal spending and of consumer spending on durable goods are the principal additional factors that should be cited in this regard.

In the first quarter of 1954, the declines in these two factors have taken on greater relative importance in the

drop in total demand, while inventory investment has fallen by substantially less than the decline in gross national product. It is also significant to note certain first-quarter indications that the process of inventory adjustment may be proceeding toward completion in orthodox fashion: (1) manufacturers' new orders rose more than seasonally in March—for the second consecutive month; (2) manufacturers' sales also rose slightly more than the seasonal amount in March. These signs afford some ground for hoping that inventory demand may cease to decline within a few months. Whether or not such a cessation would lead to a revival in total business and employment depends upon the behavior of the other elements of investment and consumption. In short, one cannot be sure that an economic contraction is "just an inventory adjustment" until at least the inventory part of the adjustment has run its course. Any tendency for inventory demand to revive could be counteracted or reversed by further declines in Federal Government expenditures, in plant and equipment expenditures, or in consumer spending on durable goods. However, forecasts of the behavior of these variables are not within the scope of this article. Let it suffice to say that so far as we have gone since the downturn in business last year, the inventory adjustment has behaved as the orthodox inventory cycle pattern indicates that it should, and that this furnishes further ground for at least hoping that inventory demand may soon cease to be a depressing factor.

CHANGES IN BANKS AND BRANCHES—TWELFTH DISTRICT, 1952-53

At the end of 1953 there were 1,999 Twelfth District banking offices serving the public, the largest number since 1931. Continuing the expansionary movement that started in 1944, 55 new offices were established during 1953 which represent an increase in total banking offices of more than 2 percent over 1952 and of 24 percent over 1943. The creation of new branches accounted for the entire growth in 1953 inasmuch as there was no net addition to total banks during the year.

In 1953, 41 new branch offices were opened, 14 existing banks were absorbed by or consolidated with other banks and designated as branches, and six existing branches were discontinued. As a result, there were 49 more branches at the end of 1953 than at the end of the preceding year. Existing branch banks opened 29 new branches and absorbed 14 unit banks. Thirteen new

NUMBER OF BANKING OFFICES—TWELFTH DISTRICT AND UNITED STATES
As of December 31, selected years

	Twelfth District			United States		
	Total banking offices	Banks	Branches	Total banking offices	Banks	Branches
1929	2,224	1,333	891	28,177	24,630	3,547
1933	1,681	796	885	17,940	15,029	2,911
1937	1,669	603	1,066	18,927	15,387	3,540
1941	1,655	565	1,090	18,524	14,825	3,699
1945	1,645	524	1,121	18,419	14,553	3,866
1949	1,818	522	1,296	19,371	14,687	4,684
1950	1,859	516	1,343	19,584	14,650	4,934
1951	1,909	518	1,391	19,842	14,618	5,224
1952	1,950	514	1,436	20,094	14,575	5,519
1953	1,999	514	1,485	20,325	14,509	5,816

branch systems were established during the year. Of these, twelve systems were operating at the end of the year and had thirteen branches, eleven of which came into existence for the first time in 1953. California had six new branch systems, Washington five, and Utah one. All but three are members of the Federal Reserve System. One Idaho branch bank with four branches was consolidated with an existing branch system.

While the total number of banks remained unchanged from the preceding year, there was considerable change insofar as the specific banks included in the total are concerned. Fourteen new banks were opened, seven of which became members of the Federal Reserve System. Offsetting this was the absorption by existing banks of 14 banks. Since the total number of banks did not decline,

NUMBER OF BANKING OFFICES—TWELFTH DISTRICT STATES
December 31, 1940-1953

	1940	1948	1949	1950	1951	1952	1953
Arizona	33	50	52	55	65	69*	73
California ¹	1,076	1,115	1,145	1,167	1,187	1,209	1,240
Idaho	87	95	96	98	100	101	102
Nevada	21	25	26	26	28	28	28
Oregon	140	159	167	173	175	180	184
Utah	72	76	77	78	81	84	86
Washington	224	247	255	262	273	279*	286
Twelfth District	1,653	1,767	1,818	1,859	1,909	1,950	1,999

* Revised.

¹ Includes 3 out-of-state branches.

NUMBER AND TOTAL ASSETS OF ALL BANKS—TWELFTH DISTRICT
December 31, 1952 and 1953
(assets in thousands)

	All banks				Member banks				Nonmember banks				Member bank as percent of all bank assets	
	Number		Assets		Number		Assets		Number		Assets		1953	1952
	1953	1952	1953	1952	1953	1952	1953	1952	1953	1952	1953	1952		
Arizona	11	11	\$ 596,809	\$ 565,145	4	4	\$ 490,690	\$ 467,302	7	7	\$ 106,119	\$ 97,843	82.2	82.7
California ¹	218	209	18,521,158	17,918,642	125	119	16,937,898	16,464,721	93	90	1,583,260	1,453,921	91.5	91.9
Idaho	38	40	542,973	544,327	20	21	463,746	457,297	18	19	79,227	87,030	85.4	84.0
Nevada	8	8	263,288	240,037	6	6	233,565	214,406	2	2	29,723	25,631	88.7	89.3
Oregon	69	70	1,793,359	1,768,512	27	29	1,604,445	1,589,382	42	41	188,914	179,130	89.5	89.9
Utah	54	55	776,509	745,379	29	31	660,281	635,425	25	24	116,228	109,954	85.0	85.2
Washington	116	121	2,662,387	2,620,199	48	51	2,193,627	2,175,265	68	70	468,760	444,934	82.3	83.0
Twelfth District	514	514	\$25,156,483	\$24,402,241	259	261	\$22,584,252	\$22,003,798	255	253	\$2,572,231	\$2,298,443	89.8	90.2

¹ Asset items include 3 out-of-state branches.

the number of unit banks changed with the establishment of new branch systems.

Total assets of all banks continued to grow in every District state except Idaho during 1953, with an aggregate District increase of 3 percent above the previous year. Assets of District member banks, however, dropped from 90.2 percent of total bank assets in 1952 to 89.8 percent in 1953. Idaho was the only state that did not show a decline in member bank assets as a percent of total assets. Total assets of branch banks as a portion of all bank assets remained unchanged from the prior year at 87.8 percent.

Growing importance of branches

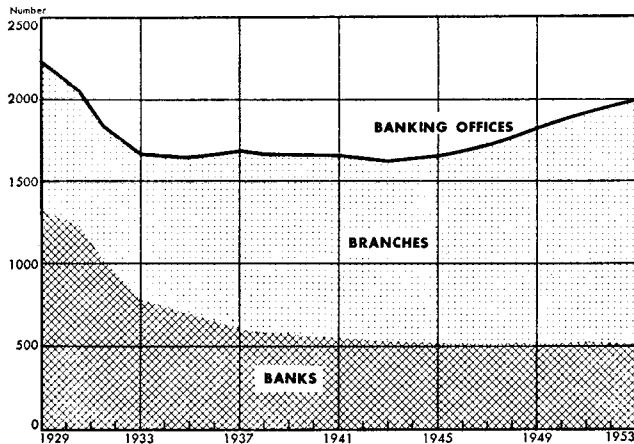
An examination of the number of banking offices from 1929 to date shows the continually growing importance of branch banking in the United States and especially in the Twelfth District. The number of branches in this District is now at a record peak, accounting for 74.3 percent of total banking offices in the District and 25.5 percent of all branches in the United States. Following 1933, the first year in which the number of branches was greater than the number of banks, Twelfth District

branches have continued to expand while the number of banks has declined. Because the number of banks generally declined at a faster rate than new branches were created, a decline in total banking offices occurred from 1929 through 1943. Since then, branches have been added at a much faster rate with the result that total banking offices are now almost at the 1931 level. In the United States as a whole, the movement has been quite similar to that in the Twelfth District. However, the United States experience does differ in that branches accounted for only 28.6 percent of total banking offices by the end of 1953.

TOTAL ASSETS OF MEMBER AND NONMEMBER BRANCH BANKING SYSTEMS

	Member branch banks		Nonmember branch banks		Branch bank as percent of all bank assets	
	1953	1952	1953	1952	1953	1952
Arizona	\$ 481,258	\$ 459,059	\$ 91,607	\$ 85,074	96.0	96.3
California	15,610,984	15,198,173	944,735	958,417	89.4	90.2
Idaho	412,693	405,246	37,457	35,778	82.9	81.0
Nevada	210,806	192,555	24,724	20,541	89.5	88.8
Oregon	1,487,573	1,458,611	67,936	64,789	86.7	86.1
Utah	403,800	396,412	17,526	16,474	55.5	55.4
Washington	1,995,901	1,861,526	296,792	261,709	86.1	81.0
Twelfth District	\$20,603,015	\$19,971,582	\$1,480,777	\$1,442,782	87.8	87.8

NUMBER OF BANKING OFFICES, BANKS, AND BRANCHES—TWELFTH DISTRICT, 1929-1953



BRANCH BANKING SYSTEMS—TWELFTH DISTRICT
December 31, 1952 and 1953

	Banks operating branches				Number of branches operated by			
	Member		Nonmember		Member		Nonmember	
	1953	1952	1953	1952	1953	1952	1953	1952
Arizona	2	2	3	3	50 ¹	46 ²	12 ³	12 ³
California	36	31	22	21	965 ⁴	946 ⁴	57	54
Idaho	6	7	2	2	59	56	5	5
Nevada	3	3	1	1	18	18	2	2
Oregon	5	5	8	8	105	100	10	10
Utah	6	5	3	3	29	26	3	3
Washington	15	12	8	6	154	144	16	14
Twelfth District	73	65	47	44	1,380	1,336	105	100

¹ Includes 11 Eleventh District branches of Twelfth District banks.
² Includes 10 Eleventh District branches of Twelfth District banks.
³ Includes 4 Eleventh District branches of Twelfth District banks.
⁴ Includes 3 out-of-state branches.
⁵ Revised.

Correction: In the listing of sources for the tables and charts on pages 51-53 of the March 1954 MONTHLY REVIEW, the word "co-operating" before "state agencies" should be deleted.

BUSINESS INDEXES—TWELFTH DISTRICT¹
 (1947-49 average=100)

Year and month	Industrial production (physical volume) ²								Total nonagricultural employment	Total mfg employment ³	Car-loadings (number) ²	Dep't store sales (value) ²	Retail food prices ⁴	Waterborne foreign trade ⁵	
	Lumber	Petroleum ⁶		Cement	Lead ⁴	Copper ⁴	Wheat flour ⁴	Electric power						Exports	Imports
		Crude	Refined												
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	24	48	135	109
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	101	101	100	101	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	111	122	100	109	113	186	157
1952	107	107	116	124	86	112	96	144	118	132	101	114	115	171	200
1953	111	109	123	130	74	111	96	161	122	139	100	116	113	140 ^p	311 ^p
1953															
February	117	108	117	131	85	113	92	154	121	138	103	117	112	158	187
March	121	109	123	126	85	116	96	142	122	139	103	120	113	179	336
April	119	108	122	132	82	114	96	165	121	139	102	116	113	164	336
May	112	109	127	142	75	115	91	167	122	140	102	124	113	118	384
June	110	110	121	134	77	105	99	179	122	141	103	121	113	114	372
July	112	110	125	140	64	106	96	172	121	142	98	117	113	123	356
August	108	109	124	134	69	110	92	168	122	139	99	114	113	127	337
September	100	109	126	133	73	111	101	166	124	140	98	110	114	129	368
October	106	109	125	137	69	112	99	163	123	141	95	111	114	133	316
November	105	110	121	128	69	112	98	157	121	137	97	112	113	139	287
December	108	109	125	120	67	104	96	158	121	138	102	109	113	141	256
1954															
January	116	109	121	114	60	107	99	163	121	138	93	108	114	.....	.....
February	116	109	120	117	79 ^p	102 ^p	97	160	121	137	90	107	114	.....	.....

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 ⁸	Member bank reserves and related items ¹⁰					Bank debits Index 31 cities ¹¹ (1947-49=100) ¹²
	Loans and discounts	U.S. Gov't securities	Demand deposits adjusted ¹	Total time deposits		Reserve bank credit ¹¹	Commercial operations ¹²	Treasury operations ¹³	Coin and currency in circulation ¹¹	Reserves	
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
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	2,300	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	- 610	+ 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
1953	9,220 ^r	6,639 ^r	10,515 ^r	7,997 ^r	4.14	- 14	-3,073	+3,158	+ 39	2,551	150
1953											
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	9,151 ^r	6,013 ^r	9,830 ^r	7,753 ^r	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	6,461	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
November	9,248	6,693	10,255	7,815	.....	+ 137	- 149	+ 330	+ 23	2,476	149
December	9,220 ^r	6,639 ^r	10,515 ^r	7,997 ^r	4.19	+ 50	- 432	+ 438	- 26	2,551	158
1954											
January	9,198	6,844	10,540	7,995	.....	+ 1	- 308	+ 125	- 86	2,468	146
February	9,176	6,667	10,138	8,071	.....	+ 98	- 245	+ 80	- 2	2,398	153
March	9,106	6,500	9,922	8,175	4.12	- 125	- 213	+ 315	- 29	2,413	158

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 deposits except interbank prior to 1942. Debits to demand deposits except Federal Government and interbank deposits from 1942. ^p—Preliminary. ^r—Revised.