

Monthly Review



TWELFTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF SAN FRANCISCO

February 1957

1956 . . . Another Boom Year in the
Twelfth District

1956 . . . ANOTHER BOOM YEAR IN THE TWELFTH DISTRICT

NINETEEN hundred fifty-six was another year of prosperous growth for the Twelfth District. The gradual rise in general business activity that occurred during the year was reflected in the sustained increase in nonagricultural employment. With the exception of July, when a nation-wide work stoppage in the steel industry reduced operations in District metal and mining industries, the total number of workers in non-farm employment rose in every month after seasonal adjustment. Total nonagricultural employment consequently averaged about 5.6 percent higher than in 1955. The gain for the United States was smaller, about 3 percent. The larger growth in Twelfth District industries accounted for about one out of every five workers added to the nation's nonfarm payrolls from 1955 to 1956.

The growth in employment in the Twelfth District from 1955 to 1956 was about the same as the 1954-55 gain, but the expansion of productive capacity was greater in the later period than it had been in the preceding year. During the first three quarters of the year the value of permits issued for commercial, public utility, and industrial buildings increased substantially from the comparable period in 1955. In California alone, the value of new plants and factory expansion projects announced during 1956 showed an increase of more than 100 percent over the value of such announcements in 1955. Moreover, in the Pacific Coast states, which account for about 88 percent of nonfarm employment in the District, the civilian labor force grew about 4 percent in 1956 compared with a gain of 3.3 percent in 1955.

The rush to build new factories and commercial buildings reflects the favorable business outlook enjoyed by a broad range of District industries since early in 1955. Not only have many District business firms planned capacity expansions to meet anticipated increases in demand; but, in addition, the growing western market continued to attract branch manufacturing, research, and distribution facilities of eastern firms. The resultant rise in industrial and commercial construction activity, when added to the

increased volume of school, highway, and community building, provided considerable stimulus to the economy of the Twelfth District in 1956.

Another factor exerting an upward influence on the level of general business activity in the District was the increased demand for aircraft and missiles. Plants manufacturing these products added to their work force in every month and accounted for one out of every six new employees in District industries during 1956.

Despite the strong expansion of business generally, some District industries fared less well than others. Automobile assembly, lumber and wood products manufacturing, and residential construction—usually credited with having sparked the 1955 recovery and boom in the District—declined in accordance with the reduction in consumer expenditures for automobiles and housing. In brief, the boom in 1956 was fueled by a mixture different from the one that powered the rise in business activity in 1955. The decline in some forms of consumer investment was more than offset in the Twelfth District by significant increases in business and government outlays. In addition, consumers moderately increased spending for services, non-durables, and household durables in 1956.

Credit Demands Rise with Business Activity

Just as employment records indicate that 1956 was a boom year, so do credit and monetary developments, for the continued high level of business activity was responsible for a high and rising demand for bank credit. However, the Federal Reserve System, concerned about inflation and possible boom period excesses, sought to prevent the supply of credit from expanding too rapidly. As a result, some would-be borrowers were not accommodated, and interest rates rose sharply.

Actually, the volume of bank loans outstanding expanded rapidly last year, even if not quite so rapidly as the year before, as indicated in Chart 1. For all commercial banks in the nation,

the increase amounted to about \$7.8 billion or 9.5 percent, as compared with \$11.6 billion or 16.5 percent in 1955. For the Twelfth District alone, total loans by the Federal Reserve member banks rose in 1956 by 13.4 percent, as compared with 18.1 percent in 1955. Last year's increase in total bank loans ranks with those of 1955 and the inflation-ridden years of 1946 and 1950 as among the sharpest on record.

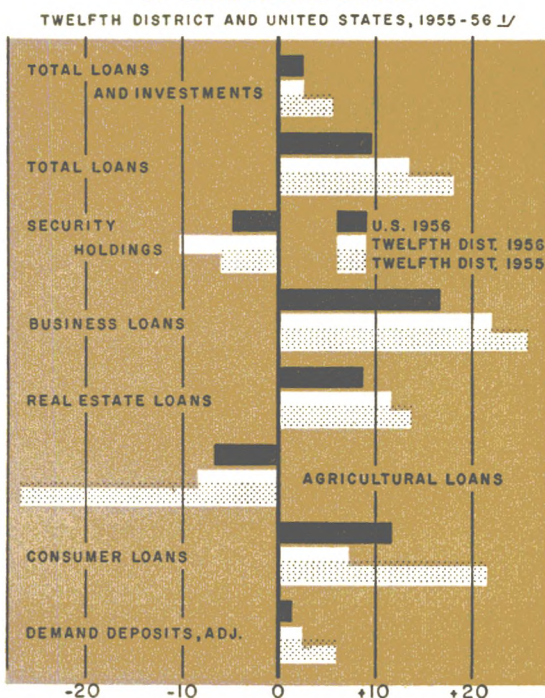
Business loans accounted for more than half of the total increase in loans in the Twelfth District and over two-thirds of that in the entire nation. Indeed, last year's rate of increase was nearly as great in this District as that of 1955, although in other sections of the nation the rise slackened appreciably. This large volume of commercial and industrial loans reflected not only the use of bank credit for normal working capital and inventory accumulation purposes but also a considerable amount of interim borrowing for investment in plant and equipment.

Despite the decline in residential construction last year, real estate loans outstanding continued to increase; and at Twelfth District banks the rate of increase was nearly as great as during 1955. Although new mortgage credit became more difficult to obtain, many loans continued to be made during the year on 1955 commitments. The volume of consumer loans also continued to rise, although much less rapidly than the year before. This slackening of the rate of increase was due partly to the drop in automobile sales and partly to a higher ratio of repayments to new loan extensions. Security loans fell off considerably last year in the country as a whole, probably reflecting a lessened interest in stock market speculation. The remaining major type of bank loans, those to farmers, dropped off slightly in the country as a whole and more appreciably in the Twelfth District; this decline was largely in loans guaranteed by the Commodity Credit Corporation and was the result of reduced participation in the price support program in 1956.

Bank security holdings decline during year

During the first seven months of 1956 the banks sold off investments, as they had done during 1955, to obtain the funds needed for expanding loans. Security holdings of all commer-

CHART 1
PERCENTAGE CHANGES
IN SELECTED BALANCE SHEET ITEMS
OF COMMERCIAL BANKS



¹ United States data are for all commercial banks; Twelfth District data for Federal Reserve member banks only. Source: Board of Governors of the Federal Reserve System.

cial banks in the United States were reduced by about \$5.8 billion during this period. During the last five months of the year, however, the banks not only increased their loans but also added about \$2.3 billion worth of securities to their portfolios, mainly in the form of Treasury bills. This considerable increase during the latter part of the year in the banks' holdings of liquid assets may have reflected some desire to improve liquidity positions, as well as the attractiveness of higher yields on securities.

The combined total of loans and investments by all commercial banks declined about \$2 billion from the beginning of 1956 to July 25 but increased about \$6.3 billion during the next five months. These changes were accompanied by variations in the amount of reserve bank credit made available to the banks. During the first seven months of the year, such credit declined by \$1.6 billion, mainly through open market sales

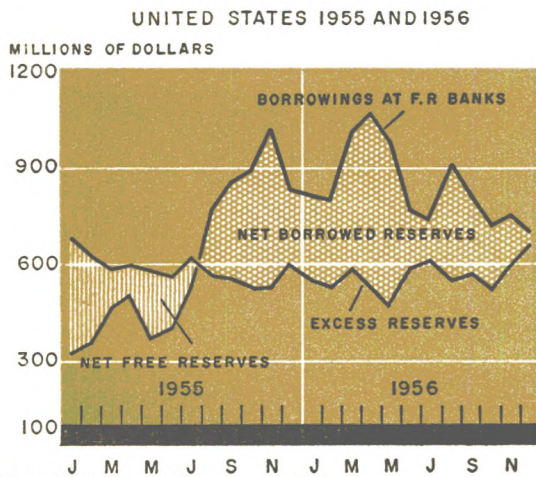
of securities by the Federal Reserve Banks. During the last five months of 1956, it increased by \$1.8 billion, again mainly through open market operations.

Member bank borrowings decline in latter part of 1956 but interest rates rise

The changes during the year in member bank excess reserves and borrowings are shown in Chart 2. Borrowing from the Reserve Banks, which was already relatively high at the beginning of the year, increased further during March and April when member banks increased their own lending sharply. During the second half of 1956, however, borrowing was somewhat less and excess reserves slightly higher on the average than during the first half, mainly because of the easing of reserve positions by the System's open market purchases. The decline in such borrowing may also have resulted partly from the rise of the rediscount rate to three percent. This increase of one-half point in the interest rate which member banks pay for borrowings from Federal Reserve Banks occurred in two steps in ten Districts and in one step at the San Francisco and Minneapolis Banks.

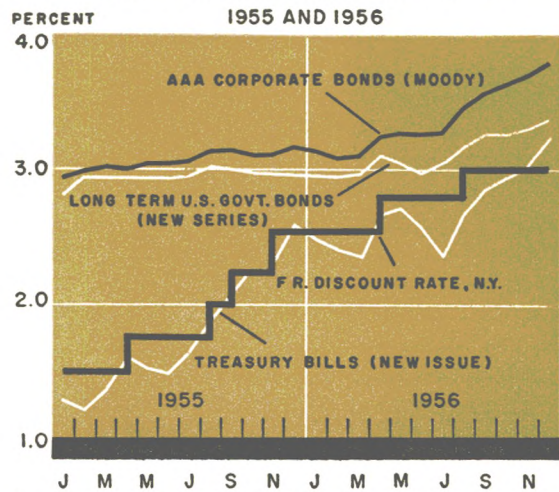
Over the past year interest rates continued the general rise which had begun about the middle of 1954. (See Chart 3.) The fact that the rates on long-term securities, both corporate and gov-

CHART 2
RESERVE POSITION OF MEMBER BANKS



Note: Data are monthly averages of daily figures.
Source: Board of Governors of the Federal Reserve System.

CHART 3
SELECTED INTEREST RATES



Source: Board of Governors of the Federal Reserve System.

ernment, rose somewhat more than they had the previous year was especially noteworthy. This reflected a growth in the demand for funds to finance a record volume of long-term investment which was greater than the increase in the supply of savings. Short-term interest rates, already at a high level at the beginning of 1956, rose a little less sharply and regularly than they had done during 1955; nevertheless, by year's end they were at the highest level since 1932. The new issue rate on 91-day Treasury bills reached a peak of 3.33 percent in December and since the middle of November has been consistently higher than the rediscount rate.

Money circulates more swiftly

The money supply increased during 1956 by only about \$1.3 billion or one percent. However, its velocity of circulation or rate of use also increased, as holders of cash were inclined to reduce their idle balances. For instance, the rate of turnover of demand deposits increased about 8 percent during the year. These two factors—larger money supply and higher velocity of circulation—provided the monetary basis for a rise of more than 4 percent in prices (at the general wholesale level), as well as for an increase of from 2 to 3 percent in real output.

Throughout 1956 the Federal Reserve System pursued a policy of permitting banks to meet

credit needs arising from normal growth and seasonal changes, but it did not allow them to lend as much as was demanded. As a result primarily of the investment boom, the total demand for credit last year greatly exceeded the available supply of savings, despite a considerable increase in the latter as compared with the previous year. The banking system was called upon, therefore, to provide the additional credit desired. Had it been permitted to do so without restraint, the result would have been increased upward pres-

sure on prices since this would have added greatly to the demand for goods and services at a time when output of the latter was virtually at capacity. A larger volume of credit would have enabled borrowers to bid up the prices of scarce goods and labor without adding to total output. The Federal Reserve System attempted to prevent such undue extension of credit by holding down the volume of reserves which it provided the banks and by making it more expensive for the banks to borrow.

The Private Sector of District Economy Remained Strong

The rise in general business activity, which is evident in the discussion of credit and monetary developments above, reflected strength in the three private sectors jointly responsible for the production of goods and services in the economy of the Twelfth District: the nonfarm industries, agriculture, and international trade.

In the nonfarm sector, District employers in all major industries added to their payrolls in 1956. Employment in manufacturing; mining; finance, insurance, and real estate; and in service industries averaged 6 or more percent higher than in 1955. Increases registered in other industries ranged from 3.7 percent in the transportation, communications, and public utilities category to 5.6 percent in construction. In nearly all categories District increases exceeded gains for the whole United States. Furthermore, in five of the eight major industry categories, employment expanded more than from 1954 to 1955. As a result of the expansion of employment opportunities, insured unemployment last year averaged 10.5 percent less than in 1955 in the District. This decline was smaller than the drop from 1954 to 1955, for the recovery and boom in 1955 had fairly well absorbed the pool of available unemployed workers. During most of 1956 job opportunities exceeded the number of applicants in the largest District labor markets.

Construction in District outpaces nation

Developments in the construction industry similarly reflect strength in the nonfarm sector.

TABLE 1

PERCENTAGE GROWTH IN NONFARM EMPLOYMENT
TWELFTH DISTRICT AND UNITED STATES
1954-55 AND 1955-56

	Percent change			
	Twelfth District		United States	
	1954-55	1955-56	1954-55	1955-56
TOTAL	+5.5	+5.6	+3.1	+2.9
Manufacturing	+6.9	+6.3	+3.5	+2.0
Trade	+5.1	+5.5	+2.7	+3.1
Government	+3.6	+4.9	+2.4	+3.7
Service	+6.6	+6.3	+3.4	+2.2
Transportation, communications, and public utilities	+2.6	+3.7	+1.2	+2.1
Contract construction	+8.7	+5.6	+7.2	+8.1
Finance	+6.3	+6.4	+4.4	+3.7
Mining	+2.9	+6.3	-0.9	+2.9

Sources: United States Department of Labor and State employment agencies.

Table 2 shows that for the first nine months of 1956, the most recent period for which figures are available, an increase of 45 percent in the value of permits issued for nonresidential building occurred. This increase more than offset the valuation decline in residential permits in the Twelfth District. For the United States, the gain in nonresidential valuations was not sufficient to offset the decline in the value of residential authorizations.

As noted earlier, large increases in the value of permits issued for industrial and public utility buildings—115 and 113 percent respectively—offer striking evidence of capacity expansions currently under way in District states. These increases are much larger than those for the United States. In contrast, the margin of differ-

FEDERAL RESERVE BANK OF SAN FRANCISCO

ence between gains in the District and in the nation for commercial buildings is smaller. Within the commercial building category, however, sizable increases occurred in the District in the value of permits granted for office buildings and commercial garages. Authorizations for the construction of stores and other mercantile buildings show a value rise of 9 percent for the District in contrast to a slight decline for the United States.

Employment and construction data are useful in measuring advances in business activity in large sectors of the economy. The sources of this over-all expansion can only be appreciated, however, if we turn to a more detailed examination of those industries that account for significant shares of the District's income and output or are vital in trade with other areas. These include transportation, canning, lumber, metals, petroleum, and ordnance within the manufacturing sector; the agricultural and international trade sectors; and selected mining industries.

Aircraft and missile production soars

A scarcity of experienced workers and engineers was a major problem confronting District firms producing aircraft and missiles during 1956. Labor markets in San Diego, Seattle, and

Los Angeles could not supply desired quantities of needed skills. By soliciting in labor markets outside of the District as well, however, 57,000 new employees were recruited during 1956. Transportation equipment, which is dominated by aircraft production, added more workers in 1956 than any other manufacturing industry; and ordnance manufacturing shows the largest percentage growth in employment. (Guided missiles, and research and development programs related thereto, fall within transportation equipment manufacturing in some cases and in ordnance manufacturing in others.)

The growth in aircraft production resulted from an increase in placements of both military and civilian orders. In the year ending September 1956, the backlog of orders for complete aircraft in the United States rose \$2.6 billion. Slightly less than two-thirds of this increase represented placements by non-military customers, although civilian orders amounted to only 22 percent of total orders outstanding in September. While District plants account for about 35 percent of total employment in the aircraft industry in the United States, West Coast producers hold the major share of current orders for commercial transports.

TABLE 2
DOLLAR VALUE OF BUILDING PERMITS
TWELFTH DISTRICT AND UNITED STATES
JANUARY-SEPTEMBER, 1955 AND 1956

	Twelfth District			United States		
	Jan. -Sept. 1955	Jan. -Sept. 1956	1955-56 Percent- age change	Jan. -Sept. 1955	Jan. -Sept. 1956	1955-56 Percent- age change
	(in millions of dollars)			(in millions of dollars)		
All building construction	3,151.6	3,250.1	+ 3	14,953.7	14,672.4	- 2
New dwelling units	2,100.7	1,766.6	- 16	9,296.7	8,062.3	-13
New nonresidential building	785.4	1,141.1	+ 45	4,248.1	5,078.3	+20
Commercial buildings	280.4	332.7	+ 19	1,417.9	1,607.4	+13
Amusement buildings	12.5	20.8	+ 66	81.6	88.6	+ 9
Commercial garages	4.2	7.4	+ 76	51.3	45.5	-11
Gasoline and service stations	17.3	18.2	+ 5	108.3	123.5	+14
Office buildings	78.8	103.2	+ 31	399.6	573.8	+44
Stores and other mercantile buildings	167.6	183.2	+ 9	777.1	776.0	*
Community buildings	224.3	314.2	+ 40	1,493.2	1,692.1	+13
Educational buildings	170.9	212.5	+ 24	945.9	1,061.4	+12
Institutional buildings	21.9	49.7	+127	238.9	282.5	+18
Religious buildings	31.5	52.0	+ 65	308.3	348.2	+13
Garages, private residential	20.4	21.9	+ 7	148.8	158.1	+ 6
Industrial buildings	127.6	274.7	+115	599.8	961.9	+60
Public buildings	63.0	73.7	+ 17	240.8	244.8	+ 2
Public utilities buildings	23.0	49.1	+114	205.2	241.0	+17
All other nonresidential buildings	31.8	54.4	+ 71	142.6	173.0	+21

*Decline of less than 1 percent.

Sources: United States Department of Labor, Bureau of Labor Statistics, *Building Permit Activity by States*; United States Department of Labor, United States Department of Commerce, *Construction Review*.

The importance of increased activity in aircraft and missile plants to the District economy in 1956 deserves special emphasis. Together these plants accounted for 65 percent of the total number added to manufacturing payrolls during the year. Total wage and salary payments exceeded \$1.5 billion. Moreover, the increased production of aircraft and missiles added to the demand for primary and fabricated metals, non-electrical machinery, and instruments. And firms producing electronic equipment, largely because of the boom in missiles and aircraft, reported an employment gain of 21 percent from December 1955 to December 1956. Research facilities and new manufacturing plants seemed to mushroom in the Los Angeles and San Francisco Bay areas during the year.

Automobile production slackens

District auto assembly plants employed fewer workers on the average during 1956 than in 1955, reflecting the sharp drop in new automobile sales. However, by December employment had nearly regained the peak reached in January 1956. Approximately 700,000 cars were assembled in West Coast plants in 1956, about 9 percent of the industry total. This share is expected to rise in 1957, for one of the industry's major firms plans to begin assembly in a new \$50 million plant near Los Angeles. Another firm, however, postponed for an indefinite time plans for construction of new facilities in Sunnyvale, California.

Lumber markets weaken

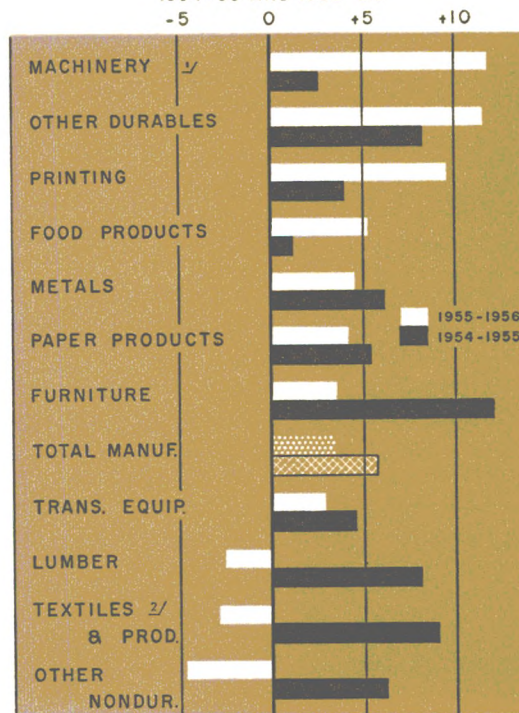
Developments in the Twelfth District's lumber industry reflect primarily the nation-wide drop in residential construction, since District lumber products are used extensively in the construction of new homes; and for some types and grades this use accounts for nearly all of total demand. Housing starts in the United States were 16 percent lower in 1956 than in 1955.

Hardest hit by the decline in the demand for lumber were the Douglas fir and western pine producers. Output of Douglas fir dropped about 4 percent from 1955, and stocks at the end of the year were 9 percent above those on hand in the previous December. Similarly, western pine pro-

duction declined 2 percent from 1955. Even though December's output of pine products was considerably less than usual, stocks on hand reached an all-time peak, 17 percent above those of December 1955. Prices of both Douglas fir products and western pine boards reached record highs in April. By December, however, market softness had led to an 11 percent drop in the price index for Douglas fir products. The price of No. 3 common western pine boards fell 21 percent in the same period.

Markets for redwood lumber were somewhat stronger because it is also used for industrial purposes. In addition, the demand for redwood was buoyed by the trend toward construction of more expensive homes. Redwood, and to a lesser extent western pine also, finds use in doors and

CHART 4
CHANGE IN MANUFACTURING MAN-HOURS
PERCENTAGE CHANGES IN PACIFIC COAST STATES
1954-55 AND 1955-56



¹ Not including electrical machinery.
² Including apparel.
Source: State employment agencies.

cabinets and is used for decorative purposes in higher priced homes and commercial buildings. Production of redwood lumber in 1956 equalled the 1955 total, and the index of prices remained unchanged during the year. However, inventories in December were 10 percent above those of a year ago as a result of lower shipments.

Plywood capacity expands

District plywood producers were confronted with market conditions not unlike those facing lumber producers. Industry capacity in 1956 was about 20 percent greater than in 1955. Output, however, only increased 6 percent over the 1955 total. A fall of 22 percent in prices from January to December led to the closing of a number of mills. Price volatility in plywood stems, to a considerable extent, from the fact that producers typically do not carry inventories of sufficient size to act as a buffer against changes in demand. In addition, industry expansion appears to have increased supply beyond the market's absorption capacity at prices that prevailed at the beginning of the year.

Canning stocks reach new peak

Canning activity dominates the District's decentralized food products manufacturing industry. The main problems of District canners are somewhat similar to those mentioned above in the review of the lumber industry, that is, stocks are large in relation to current demand because an unprecedented volume of fruits and vegetables was canned in 1956. The District fruit pack rose 10 percent above the high established in 1955 and vegetables registered an even larger gain, approximately 18 percent, according to preliminary estimates.

The record fruit and vegetable packs, when added to the moderate quantity of stocks carried over from 1955, resulted in increases in available supplies that range as high as 50 percent for some vegetables and 30 percent for some fruits. Canners' per unit costs rose too; higher transportation, labor, material, and storage costs appear to have offset cost savings derived from large volume operations. Despite the cost increase, prices at the beginning of the 1956-57 marketing season were lower than in July 1955 for cling peaches,

fruit cocktail, cherries, asparagus, and tomatoes. Higher quotations prevailed for apricots and tomato juice. By January 1957, further price declines had been reported for fruit cocktail, asparagus, tomatoes, and tomato juice.

Movement of canners' stocks appears to have increased about 4 percent during the first half of the 1956-57 marketing season compared with the same period in the previous season. A factor of some importance has been increased government purchases for the school lunch program. Exports of United States canned goods, up 36 percent in the 1955-56 season, are expected to show another gain in the current season. Even so, anticipated increases in total demand for canned goods are not expected to match the increase in supply that resulted from the record-breaking packs in 1956.

District production of ingot steel hits new peak

The boom in heavy construction noted above and large increases in business outlays for new equipment stimulated a considerable increase in output in nearly all District metal and mine industries. Steel ingot production in Pacific Coast states for 1956 ran 9 percent ahead of the 1955 total for an all-time record. In the western steel area, for the most part composed of District states, production averaged 93 percent of capacity compared with a 90 percent level of operations for the entire United States steel industry. Exclusion of the strike period raises figures for both the United States and the District very close to 100 percent of capacity.

Increasing costs and strong demand jointly contributed to a rise in price for most steel products during 1956. Factors on the supply side included a 7.5 cent an hour wage increase and improved non-wage benefits, a jump in the price of scrap steel sufficient to raise the yearly average price about 34 percent above the 1955 level, and a rise in coke and iron ore prices of about 9 percent. On the demand side, increased requirements for steel—particularly for structural, tubular, and heavy plate—contributed to a rise of almost 10 percent in the wholesale iron and steel subgroup price index. In addition, industry spokesmen have stated that part of the increase in steel prices might be attributed to the fact that the Office of Defense Mobilization has stopped

TABLE 3
INDEXES OF INDUSTRIAL PRODUCTION—TWELFTH
DISTRICT
(1947-49=100)

Industrial production	1939	1951	1952	1953	1954	1955	1956 ^p
Copper	80	114	113	111	101	118 ^r	128
Lead	93	93	87	77	71	75 ^r	77
Zinc	47	95	90	78	64	72 ^r	69
Silver	167	114	112	105	105	104	104
Gold	234	98	88	89	80	85 ^r	78
Iron ore	9	188	194	209	140	178 ^r	213
Steel ingots	24	147	139	158	128	154	163
Aluminum .....	..	126	121	165	177	186	196
Petroleum	67	106	107	109	106	106	105
Refined oils	63	112	116	122	119	122	129
Natural gas	62	101	92	95	92	98 ^r	99
Cement	56	128	124	130	133	145	156
Lumber	71	113	116	118	111	121 ^r	116
Douglas fir plywood	53	160	170	204	213	273	288
Canned fruits	74	119	103	110	107	130 ^r	143
Canned vegetables..	43	172	162	143	140	179 ^r	226
Meat	63	108	116	119	123	139	150
Sugar	97	98	95	107	116	109 ^r	113
Flour	91	95	96	96	99	103	105
Butter	178	76	66	82	115	103 ^r	89
Cheese*	78 ^r	87 ^r	88 ^r	103	108	101 ^r	96
Ice cream	46	99	109	109	105	107	113

*Does not include cottage cheese.

^ppreliminary.

^rrevised.

Note: Data given above supersede all previously published annual indexes.

granting accelerated amortization certificates on future additions to capacity, thereby placing greater emphasis upon having current revenue cover a larger fraction of the costs of new plant.

During 1956 ingot capacity in the Twelfth District expanded by about 4 percent, a rate about equal to that for the country as a whole. Scheduled for completion in late 1957 are new production facilities which, it is estimated, will increase District output by approximately 650,000 ingot tons. For most of the year, however, it appears that steel users in the District will continue to depend upon producers in other states for 40 or more percent of total finished steel requirements.

Aluminum and copper output rises

Production of non-ferrous metal and mining industries continued at high—and in some cases record-breaking—levels in 1956 as demand remained generally strong throughout the year. Output of primary aluminum in the Pacific Northwest rose to another peak, 5 percent above the 1955 level. New capacity added during the year might have led to an even larger gain were it not for a work stoppage that reduced opera-

tions during August. In contrast to other years, little production was lost because of power shortages.

The output gain in 1956 enabled the industry to catch up at least temporarily with demand. Partly because of reduced stockpiling by the General Services Administration, supplies of aluminum for nonintegrated fabricators became more abundant toward the end of the year. Supply promises to be even more adequate in 1957 as a result of substantial additions to capacity currently being constructed, for the most part outside of the District. As in the case of steel, future additions to capacity of both primary and fabricating facilities will no longer benefit from accelerated amortization programs.

During the year the price of 99 percent aluminum ingot increased from 24.4 to 27.1 cents per pound. A portion of the increase in price, 1.2 cents, followed the settlement of new collective bargaining contracts in October.

In 1956 mine production of copper in Twelfth District states jumped 8 percent above the 1955 figure. An absence of work stoppages after January, gains in output by established producers, and the opening of a major new mine in Arizona account for the rise. Available supplies of refined copper, including domestic and imported, rose above current demand toward the end of the year. This development was accompanied by a reduction in the wholesale price of refined electrolytic copper from 46 cents per pound in July to 36 cents in December.

Production of zinc in District mines during 1956 declined 4 percent below the 1955 total. In spite of a softening in the demand for zinc, its price remained level during the year. Mine output of lead gained 3 percent in 1956. Prices quoted in New York were unchanged over the year. Price stability in lead and zinc is threatened, however, by the fact that the Office of Defense Mobilization has recently filled stockpiling quotas established in 1954.

Petroleum supplies increase in 1956

During 1956 the petroleum industry in District Five experienced a problem facing producers in some other Twelfth Federal Reserve District industries — for the year supplies ex-

ceeded demand by almost 2 percent and some inventory accumulation took place.¹ Demand in 1956 declined about 1 percent and supply increased about 7 percent from 1955 levels. District Five production of crude and refined products actually decreased slightly, but receipts from outside District Five, largely of light crudes, increased substantially. The slight decrease in total demand reflects a sharp drop (29 percent) in foreign and intercoastal shipments, a 2 percent reduction in military buying, and a significant increase of 5 percent in civilian purchases.

In April, 1956 petroleum inventories in District Five reversed the downtrend that had continued for all but one of the previous 17 months, and stocks accumulated until November. But the inventory picture brightened in November and December as stocks of crude, stove oil and diesel oil, and fuel oil declined. Total petroleum stocks on hand as of December 31, 1956 were sufficient to meet current demand for approximately 80 days, compared with 76 a year ago, and were considerably less than the 110-day supply on December 31, 1954.

The shortage of petroleum supplies in Europe resulting from the crisis in the Middle East has been a major factor in reducing petroleum stocks in this region as well as in the country as a whole. During the first 10 months of the year supply exceeded demand in District Five by 3 percent, whereas in the final 2 months supply fell 4 percent short of current demand, which had risen sharply. Consequently, from November 2 to December 28, stocks of crude petroleum in District Five were reduced 2.4 million barrels. Inventories of fuel oil, the major source of this region's inventory problem in past years and a contributor to the accumulation of inventories in 1956 before Suez, also declined as the market changed from dormancy to active bidding. In spite of the reduction in stove oil and diesel oil stocks since October, the industry's inventory of refined products at the end of the year was about 9 percent larger than in December 1955.

The Bureau of Labor Statistics' wholesale price index (1947-49=100) of refined petroleum on the Pacific Coast began to rise in June

¹ District Five includes California, Oregon, Washington, Arizona, and Nevada.

1955, reaching a high of 117.8 in November. After some moderate fluctuations, a peak of 119.5 was reached in April 1956, followed by a predominantly downward movement until November. After the blockage of the Suez Canal the index rose to a high of 127.0 in December. Prices of residual fuel oils on the Pacific Coast moved up from an index of 111.8 in January 1956 to 120.4 in October and reached 143.4 in December. The index for California crude stood at 124.3 in January, 124.3 in October, and 131.5 in December.

Farm Fortunes Improve in 1956

District farm income in 1956 was at its highest level since 1952, judging from data for the first 11 months of the year. This increase in total receipts primarily stemmed from the record level of income from crops. Production and marketings of both crops and livestock and livestock products were higher than in 1955, but crop prices showed more strength than other prices. Lower prices for meat animals reduced receipts from livestock and livestock products. Because of the limited participation of District farmers in the Soil Bank Program, income from this source was of minor importance in 1956, totaling about \$2.5 million—a small fraction of the more than \$4 billion of District cash farm income.

The increase in District cash income was not shared by all District states; most of the rise in District income occurred in California. In fact, total receipts were below year-ago levels in Nevada, Utah, and Washington. Lower livestock income accounted for the decline in the first two District states, while the decline in Washington farm income was largely the result of freeze damage to important crops—primarily deciduous fruit and strawberries.

District farm production rises

Field crop¹ production in the District increased about 2 percent over 1955 but was 6 percent below the 1953 record. Cotton production increased 15 percent and wheat production 7 percent. Despite a decline in rice acreage, the output of this crop also exceeded that of 1955. Produc-

¹ Field crops include food grains (wheat, rice, and rye), feed grains (barley, oats, corn, etc.), cotton, and other field crops such as dry edible peas and beans.

tion increases, however, were not confined to these crops but were quite general for all types of crops except deciduous fruit. Although new production records were established for peaches and pears, these increases were more than offset by a smaller output of apples, grapes, apricots, and cherries.

The marketing and production of livestock and livestock products also rose in 1956. Red meat production during the first 11 months of the year was up nearly 8 percent from the comparable period in 1955. Cattle and calves, comprising over three-fourths of the weight slaughtered, accounted for the bulk of the increase although hog slaughter also increased. Output of poultry, eggs, and milk increased, too.

Farm costs reach record levels

The national index of prices paid by farmers rose from 281 in 1955 to a record level of 286 in 1956. Interest costs, taxes, the price of family living items, and wage rates went up again last year, continuing a general upward trend in farmers' costs. In addition, the total volume of non-real estate debt held by institutional lenders reached a new high in 1956.

Also continuing to climb is the value of farm assets. The major part of this rise results from the steady upward trend of farm real estate values. Long-term forces are partially responsible for the upward trend—farm real estate is regarded as a favorable investment, in view of long-range needs for greater production to feed a growing population. However, short-term forces, such as prospects for farm income, influence yearly rates of growth in real estate values. In addition, urban development exerts upward pressure on farm land values. In the Twelfth District these forces have combined to raise farm land values, particularly in California. As a result, farm land values in California rose 8 percent between mid-1955 and mid-1956—considerably more than real estate values nationally or in other District states. Farm real estate values also rose in all other sections of the District except Utah.

Increased real estate values and higher tax rates have increased the outlay of farmers for

taxes. Moreover, the outlays for credit to finance purchases of farm real estate have risen substantially in recent years. From December 1955 to December 1956 the index of interest payable per acre on farm real estate debt rose nearly 12 percent for the United States. This reflects both increases in interest rates and in size of debt, with the size of debt rising sharply, particularly in Pacific Coast states.

Other costs have gone up also. Farm wage rates nationally reached a record high level in 1956, and the prices of items for farm family living rose about 2 percent. A higher volume of farmer indebtedness reflects, in part, this rising level of farm costs. The outstanding volume of non-real estate loans, excluding those guaranteed by the Commodity Credit Corporation, held by commercial banks in the Twelfth District increased more than 14 percent between mid-1955 and mid-1956, a time of year when these loans are at or near their seasonal peak.

Foreign Trade Expands

Pacific Coast foreign trade kept pace with the general economic growth of the District in 1956, expanding by 21 percent in value during the first 11 months of 1956 over the same period in 1955. The Pacific Coast's share of total United States commercial foreign trade rose to an all-time high of 10.1 percent as the value of Pacific Coast trade increased faster than that of the nation. Both export and import value for the first 11 months of the year were about one-fifth greater than the same period a year ago. United States commercial exports, on the other hand, increased by only 9 percent, while imports were 11 percent higher.

The improvement in Pacific Coast trade was evident in the trade of all the customs districts, although the percentage gains failed to equal those of 1955 in some cases. The value of Oregon's foreign trade (exports and imports combined) was somewhat more than one-third greater than in 1955 and Washington's was up more than one-fourth. On the import side, however, the rate of increase in these two districts was smaller than in 1955. Gains for the San Diego customs district were smaller than those in 1955 for both import and export values.

FEDERAL RESERVE BANK OF SAN FRANCISCO

Cotton and wheat exports jump sharply

United States Government disposal programs for surplus agricultural products were an important element in stimulating both Pacific Coast and United States exports in 1956. The cotton and wheat export programs, for example, were instrumental in promoting a larger volume of cotton and wheat exports from the Pacific Coast. The initiation of a broader export program¹ to include all types of raw cotton in the latter half of last year and the existence of an Export-Import Bank loan to Japan for the purchase of cotton were two favorable factors. Cotton exports from the Pacific Coast customs districts from August 1, 1956, when the Government program began, to the end of the year were 137 percent above the same year-ago period. On the other hand, rice exports from California, the principal Pacific Coast exporter and sole producer in the District, fell sharply to almost negligible quantities. The District's best customer, Japan, reduced her purchases of rice because of large rice harvests in 1955 and 1956. Rice production in other countries was also higher last year. Exports of rice, however, can be expected to rise in 1957 when shipments under the Government's agricultural surplus disposal program

¹ Beginning August 1, 1956, exports of all types of cotton from CCC stocks were permitted on a "competitive bid basis" so that United States cotton exports were priced competitively in relation to foreign cotton.

take place. The disposal program should also be helpful in moving cotton and wheat in the current year.

Continued high levels of industrial activity abroad also contributed to the expansion of Pacific Coast exports although some exports, including lumber, were down because of curtailed demand from world markets. Exports to Europe and Asia were probably well maintained in 1956 despite the Suez Canal crisis in October. The immediate upsurge in demand for United States products and raw materials that was expected to result from the closing of the Canal did not develop, and there has been some delay in shipments which had to be rerouted.

Imports rise with business activity

The higher level of Pacific Coast imports last year accompanied the rise in income and business activity in the District. Coffee imports increased in volume, with larger imports from Brazil and smaller imports from Colombia. The value of coffee imports, moreover, was generally higher; the price of Santos No. 4 rose about 15 percent from the end of 1955 to 1956, while the price of the mild Colombians rose somewhat more steeply because of a relatively short supply of mild coffees. Tanker imports (mainly petroleum products) almost doubled in volume and may remain substantial in 1957. If supplies from the Middle

TABLE 4
VALUE OF PACIFIC COAST FOREIGN TRADE, 1950-56
(in millions of dollars)

Customs district	1950	1951	1952	1953	1954	1955	Jan. to Nov. 1956
Exports:							
San Diego	40.7	60.4	64.7	68.2	80.8	86.8	82.9
Los Angeles	249.1	348.7	307.3	269.7	370.1	358.5	368.3
San Francisco	271.4	371.8	400.6	370.0	438.7	449.1	476.1
Oregon	75.7	237.2	250.6	173.8	146.4	180.9	234.1
Washington	116.3	246.4	290.4	249.7	260.4	324.0	405.7
Total Pacific Coast	753.2	1,264.6	1,313.6	1,131.4	1,296.4	1,399.3	1,567.1
Total United States	10,275.1	15,032.4	15,191.3	15,773.7	15,106.4 ^r	15,541.0	16,904.2
Imports:							
San Diego	13.0	16.9	31.7	17.1	19.4	22.4	22.3
Los Angeles	214.3	282.9	234.3	261.4	262.7	324.3	376.1
San Francisco	269.5	345.4	320.2	361.3	340.9	371.8	396.7
Oregon	25.9	33.9	29.4	32.7	40.0	52.5	60.7
Washington	185.0	220.1	217.6	221.9	238.1	291.7	305.7
Total Pacific Coast	707.7	899.2	833.2	894.4	901.1	1,062.7	1,161.5
Total United States	8,743.1	10,967.3	10,747.5	10,777.4	10,215.4 ^r	11,383.4	11,538.4

^rRevised.

Note: Data for the Pacific Coast districts include trade by all methods of transportation, excluding military shipments. United States figures include military shipments.

Source: United States Department of Commerce, Bureau of the Census, FT 970, *Trade by Customs District*.

East are reduced, particularly crude petroleum, imports from other foreign producing areas may increase to offset losses from this source. Plywood imports, on the other hand, may have been slightly smaller because of a slump in residential

construction in the District. Other crude material imports which are important in Pacific Coast trade, such as newsprint, rubber, and copper and lead ores, probably shared in the increase in imports.

District Consumers Increased Spending Moderately

District consumers, enjoying high and rising incomes and increased employment opportunities, contributed to the gain in business activity in 1956 by spending more dollars for nearly all kinds of retail goods. The one major exception was expenditures for new and used automobiles, which declined by about 8 percent. This drop is confirmed by a 17 percent reduction in registrations of new automobiles in California in 1956 compared with 1955.

When sales of automotive establishments are excluded, total sales of retail firms operating from 1 to 10 stores in the western region¹ of the United States increased about 8 percent for the first 11 months of 1956 compared to the same period a year ago. On the same basis the gain for the entire nation amounted to a little more than 5 percent.

Although some types of retail establishments recorded large gains, particularly drug and proprietary stores, increases for stores selling such durable goods as furniture, lumber, building materials, and hardware were relatively small. When these sales are added to automobile sales it is found that consumers in the West reduced total spending on durables in 1956. However, expenditures for goods and services sold by most other retail establishments increased by about 10 percent. Expenditures for some consumer services, for example, medical care, rent, and services of public utilities, are not covered by retail trade statistics available for western states. However, for the entire United States, spending for such services rose significantly in 1956.

Paralleling the reduction in expenditures for automobiles, and together with the relatively

small growth of furniture and appliance sales, consumer investment in new homes was sharply reduced in 1956. An estimation of the drop can be obtained from the value of building permits issued in the first nine months of 1956. (See Table 2.) During this period permit valuations in the Twelfth District were 16 percent below the figure for the comparable period in 1955. For the United States as a whole the drop was somewhat smaller. In both the District and the nation declines in the number of residential permits issued were more sizable than the drop in valuations. The difference can be attributed to a rise in building costs and to the continuation of a trend toward the construction of larger and more elaborate homes.

Although consumers increased over-all spending, the physical quantity of goods and services purchased did not increase by an equivalent amount, because of increases in prices. The consumer price index rose nearly 3 percent from December 1955 to the end of 1956. Most major components of the index showed gradual increases during the year, although particularly sharp jumps occurred in the food index between April and July and in the transportation index from September to October.

Income payments rise in 1956

Although complete data on personal income payments in 1956 for individual states will not be available until later in 1957, several factors suggest that Twelfth District gains will be substantial. As discussed above, District farm income in 1956 will show a gain from 1955. Wage income received by workers in the District, which usually accounts for about 70 percent of total income payments, certainly rose during 1956.

¹The western region includes all Twelfth District states and Montana, Wyoming, Colorado, and New Mexico.

Not only were employment gains sizable but, in addition, nearly all new collective bargaining contracts during the year provided for wage increases. Of some importance, also, is the fact that work weeks in the majority of industries averaged longer during 1956 than in 1955. Together these factors raised average weekly wages earned during 1956 in manufacturing, trade, construction, and other nonmanufacturing industries above 1955 levels in all District states. The effect of some of these gains on income was offset by strikes; but, in general, fewer man-days were lost from this cause in District industries in 1956 than in 1955.

In California, which accounted for 70 percent of income received in the Twelfth District in 1955, personal income payments in the first two quarters of 1956 were at a rate 10 percent above the first half of 1955, according to the State Department of Finance. In the third quarter the margin was slightly lower, 8.5 percent. For the year the gain is expected to be a little less than 10 percent. This is larger than the 8 percent gain from 1954 to 1955. It is not certain, however, that other District states, particularly those where lumber manufacturing or livestock farming are important sources of income, will also show gains greater than those recorded from 1954-55.

Increased Government Outlays Contributed to the Rise in Business Activity in 1956

The exact amount of total spending in the Twelfth District by Federal, state, and local governments for goods and services in 1956 is not available. However, there is no question that District business activity benefited from an increase in defense expenditures here by the Federal government and also from increased spending by state and local governments.

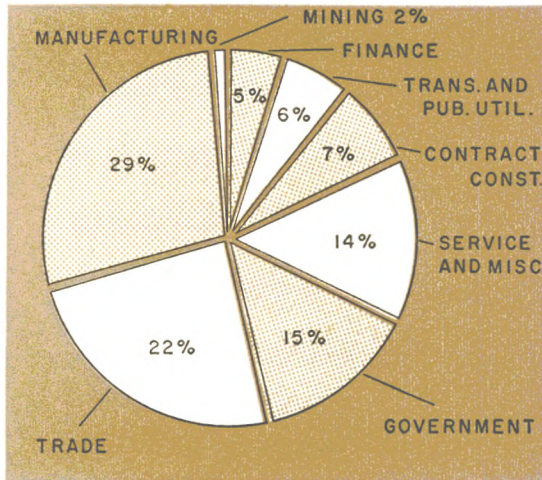
Of particular significance to the Twelfth District is the fact that there has been an increase in Federal outlays for aircraft and missiles in recent years. Contracts awarded for military procurement and construction in District states in the year ending September 1955 amounted to about \$3 billion. In the succeeding 12-month period the value of such contracts awarded jumped to \$4.8 billion, an increase of 56 percent. California consistently received a larger share of military contract awards than any other state, approximately 18 percent of the national total. The District's share of the total increased from 21 to 23 percent from the year ending September 1955 to the year ending September 1956. Although military construction in the United States increased from 1955 to 1956, the large employment increases in aircraft and ordnance noted above indicate that aircraft and missiles probably account for a major portion of the gain in total military contract awards from 1955 to 1956.

Increased employment in Federal, state, and local governments also contributed to the rise in business activity during 1956. The number of government employees in the District in 1956 rose 5 percent above the 1955 level. This gain was larger than the increase of slightly more than 3 percent from 1954 to 1955. State and local units accounted for about 85 percent of the 1955-56 gain, reflecting the rapid expansion of the District's teaching force. Of all major nonfarm industries in the Twelfth District, only manufacturing and trade added more workers than did the government sector in 1956.

In addition to contributing to the rise in employment, state and local governments increased capital outlays for highways, educational facilities, sewer and water projects, and other types of public construction in 1956. Nationally, the value of state and local construction put in place through November 1956 was 11 percent greater than in the same period in 1955. In particular, highway and sewer and water projects showed large percentage increases of 13 and 18 percent, respectively.

Public construction requiring permits, which generally includes only buildings in metropolitan areas, showed gains in dollar value for educational buildings and public buildings of 24 and 17 percent respectively in District states (see

CHART 5
RELATIVE SHARE OF INCREASE
IN TWELFTH DISTRICT
NONFARM EMPLOYMENT
BY MAJOR INDUSTRY GROUPS, 1955-56



Source: State employment agencies.

Table 2) in the first nine months of 1956 compared with the corresponding period of 1955. Additional evidence suggests that publicly financed construction will continue to expand in the Twelfth District in 1957. New security offerings of \$1 million or more by state and municipal governments in the District in 1956 were about 17 percent greater than in 1955. In California alone, spending by the state government for highways, buildings, water development projects, and schools is expected to rise in the 1956-57 fiscal year by more than 40 percent above capital outlays in the 1955-56 fiscal year. While the value of school construction is expected to continue rising, the largest increases are anticipated in connection with the national highway construction program. State and Federal spending under the program in the Twelfth District is expected to total about \$1.2 billion from July 1956 through June 1959.

Together, Federal, state, and local governments account for a significant share of total personal income payments in the District economy. In 1955 about 20 percent of such payments stemmed from governmental sources. This included wages and salaries paid (less social security taxes), benefits received by individuals under various welfare programs, and interest payments on government securities. When government purchases of goods and services from business firms are also taken into account, it is clear that a sizable fraction of total District income stems ultimately from government spending.

Information on the total amount of Federal, state, and local taxes withdrawn from income in the Twelfth District is not available on a current basis. However, state and local governments in the District, by increasing bonded indebtedness, have been able to increase expenditures by an amount greater than the increase in tax revenues. Moreover, the District's share of Federal expenditures, particularly large in the case of national defense, exceeds Federal taxes collected in the Twelfth District.

It is expected that state, local, and Federal government expenditures will continue to provide stimulation to the economy of the Twelfth District in 1957. Further increases in public outlays are anticipated in connection with the ever-mounting need for schools, highways, and other types of publicly financed construction. Moreover, the proposed Federal budget for fiscal 1958 calls for an increase in national defense expenditures of \$2 billion, including a \$50 million reduction in expenditures for aircraft but a \$500 million increase in outlays for missiles. When the expected increases in outlays by various levels of government are added to the moderate increases that seem in prospect for business spending on new commercial and industrial facilities and for consumer spending, it appears that the Twelfth District will continue to grow in 1957.

FEDERAL RESERVE BANK OF SAN FRANCISCO

BUSINESS INDEXES — TWELFTH DISTRICT¹

(1947-49 average=100)

Year and month	Industrial production (physical volume) ²							Total nonagricultural employment	Total mfg employment	Car-loadings (number) ³	Dep't store sales (value) ²	Retail food prices ^{3, 4}	Waterborne foreign trade ^{5, 6}	
	Lumber	Petroleum ²		Cement	Lead ²	Copper ²	Electric power						Exports	Imports
		Crude	Refined											
1929	95	87	78	54	165	105	29	.....	.....	102	30	64	190	124
1933	40	52	50	27	72	17	26	.....	.....	52	18	42	110	72
1939	71	67	63	56	93	80	40	.....	.....	77	31	47	163	95
1948	104	101	100	104	105	101	101	102	102	100	104	103	86	98
1949	100	99	103	100	101	93	108	99	97	94	98	100	85	121
1950	113	98	103	112	109	113	119	103	105	97	105	100	91	137
1951	113	106	112	128	89	115	136	112	120	100	109	113	186	157
1952	116	107	116	124	87r	112	144	118	130	101	114	115	171	200
1953	118	109	122	130	77r	111	161	121	137	100	115	113	140	308
1954	111	106	119	133	71r	101	172	120	134	96	114r	113	131	260
1955	121	106	122	145	75r	118r	192	127	143	104	122	112	164	307
1956	116	105	129	156	77	128	210	134	152	104	129	114	.....	.....
1955 December	116	106	120	130	63	119	198	130	149	98	123	112	164	328
1956 January	118	106	130	135	71r	134	199	131	149	107	130	112	136	354
February	113	106	128	145	79r	129	204	132	150	99	124	111	126	323
March	112	105	128	149	76r	131	219	132	150	103	128	112	150	395
April	112	105	122	160	82	140	203	133	150	105	131	113	175	397
May	122	105	129	173	74	135	211	133r	152	107	122	113	183	519
June	129	105	125	161	82r	135	215	134	153	105	126	114	204	427
July	121	105	132	160	75	110	212	134	152	102	132	115	215	559
August	118	105	128	171	81r	123	212	135	153	101	131	114	207	500
September	113	104	136	168	78	122	209	135	153	107	131	114	212	459
October	109	104	128	163	81	127	217	136	154	102	130	115	253	563
November	113	104	135	146	79	123	216	137	156	100	132	116	.....	.....
December	112	103	132	139	72	123	210	138	159	106	131	116	.....	.....

BANKING AND CREDIT STATISTICS — TWELFTH DISTRICT

(amounts in millions of dollars)

Year and month	Condition items of all member banks ¹				Bank rates on short-term business loans ²	Member bank reserves and related items					Bank debits index 31 cities ^{3, 12} (1947-49=100) ²
	Loans and discounts	U.S. Gov't securities	Demand deposits adjusted ⁷	Total time deposits		Factors affecting reserves:				Reserves ¹¹	
						Reserve bank credit ⁸	Commer- cial ¹⁰	Treas- ury ¹⁰	Money in circula- tion ⁹		
1929	2,239	495	1,234	1,790	.....	- 34	0	+ 23	- 6	175	42
1933	1,486	720	951	1,609	.....	- 2	- 110	+ 150	- 18	185	18
1939	1,967	1,450	1,983	2,267	.....	+ 2	- 192	+ 245	+ 31	584	30
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	6,639	10,515	7,997	4.14	- 14	-3,073	+3,158	+ 39	2,551	150
1954	9,418	7,942	11,196	8,699	4.09	+ 2	-2,448	+2,328	- 30	2,505	168
1955	11,124	7,239	11,864	9,120	4.10	+ 38	-2,685	+2,757	+ 100	2,530	172
1956	12,613	6,452	12,169	9,424	4.50	- 52	-3,259	+3,274	- 96	2,654	191
1956 January	11,193	7,143	11,794	9,070	.....	+ 84	- 322	+ 136	- 99	2,554	188
February	11,323	6,819	11,233	9,095	.....	- 87	- 76	+ 95	- 7	2,488	179
March	11,476	6,731	11,112	9,103	4.34	+ 71	- 178	+ 188	+ 35	2,516	183
April	11,669	6,730	11,530	9,099	.....	+ 82	- 270	+ 371	- 7	2,578	190
May	11,837	6,566	11,144	9,139	.....	- 22	- 233	+ 217	+ 47	2,498	182
June	12,030	6,482	11,262	9,294	4.44	+ 5	- 405	+ 341	+ 32	2,404	186
July	12,157	6,396	11,392	9,233	.....	- 6	- 143	+ 240	- 8	2,519	197
August	12,173	6,439	11,356	9,286	.....	+ 4	- 315	+ 247	- 103	2,565	201
September	12,423	6,491	11,581	9,305	4.57	+ 3	- 454	+ 466	- 59	2,640	184
October	12,384	6,468	11,747	9,326	.....	- 5	- 417	+ 312	- 2	2,542	197
November	12,504	6,431	11,867	9,235	.....	0	- 143	+ 209	+ 38	2,579	197
December	12,804	6,383	12,078	9,356	4.65	- 17	- 303	+ 451	+ 38	2,654	202
1957 January	12,488	6,505	11,812	9,587	.....	+ 33	- 558	+ 249	- 144	2,548	208

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, California Redwood Association and U.S. Bureau of the Census; petroleum, cement, copper, and lead, U.S. Bureau of Mines; 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 Los Angeles, San Francisco, and Seattle indexes combined. ⁵ 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. ⁶ Annual figures are as of end of year, monthly figures as of last Wednesday in month.
⁷ Demand deposits, excluding interbank and U.S. Gov't deposits, less cash items in process of collection. Monthly data partly estimated.
⁸ Average rates on loans made in five major cities. ⁹ Changes from end of previous month or year. ¹⁰ 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.
¹¹ End of year and end of month figures. ¹² Debits to total deposits except interbank prior to 1942. Debits to demand deposits except U.S. Government and interbank deposits from 1942.
 p—Preliminary. r—Revised.