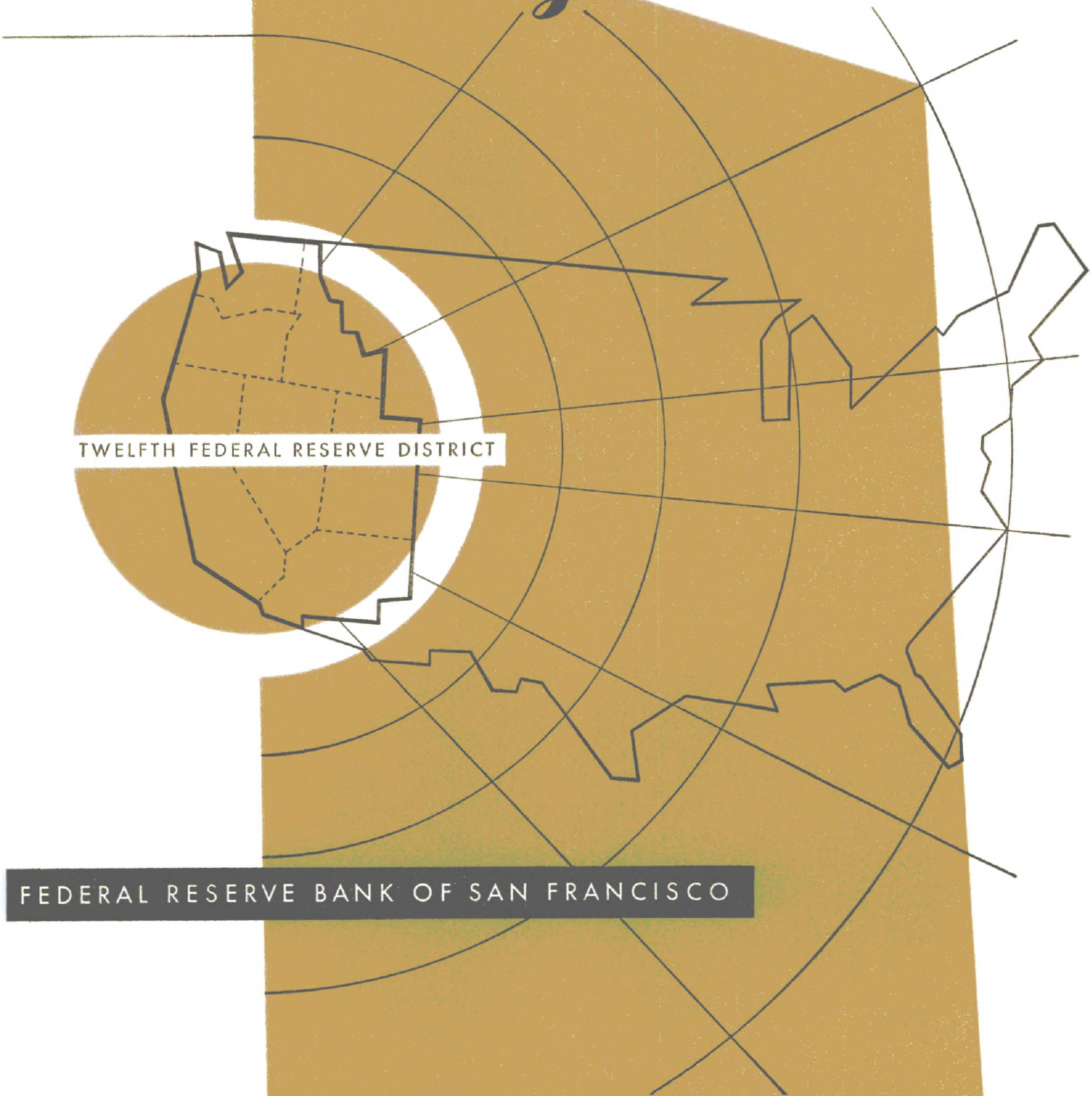
Monthly Review



FEDERAL RESERVE BANK OF SAN FRANCISCO

May 1957

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REVIEW OF BUSINESS CONDITIONS

Economic activity in the nation continued at high levels in the first quarter of the year. Gross national product, however, increased less than 1 percent between the closing quarter of last year and the first quarter of 1957, compared with a rise of nearly 2.5 percent between the third and fourth quarters of 1956. Most of the gain was attributed to higher average prices in the first quarter of this year as compared to the preceding three months. The data on gross national product, shown in Table 1, reflect the wide variety of crosscurrents which affected business in the early months of the year. Private domestic investment, an important expansionary force last year, fell during the first quarter. The principal factor in this decline was the sharp reduction in new investment in inventories. Investment in residential structures also fell, but by a minor amount. Serving as a partial offset to these declines were increases in spending on commercial and industrial building and on producers' durable equipment. The gain in equipment outlays, however, was much smaller than in the average quarter last year.

The decline in private domestic investment was largely responsible for the failure of business activity to register a greater increase. Spending by consumers rose by a fair amount and was accompanied by rising state and local government outlays, further growth in national security spending, and a substantial gain in private investment abroad. Three-fourths of the increase in consumer spending appeared in the nondurable and service segments of consumer outlays. To the disappointment of durable goods producers, the rise in durable spending was rather small. Sales of automobiles, an important component in consumer durable outlays, increased only slightly from the fourth quarter; and home appliance sales also fell below expectations.

Conditions in the consumer durable goods markets affected production schedules and induced more conservative inventory policies in a number of lines. These more cautious inventory practices also reflected, in many instances, increased availability of primary and semi-processed raw materials. Failure of consumer spending on durables to live up to expectations, more abundant supplies of some goods, and weakness in residential construction retarded economic activity nationally. In view of these various crosscurrents, the fact that business activity increased slightly in the first quarter indicates basic strength in the economy.

Table 1

Gross National Product

Seasonally Adjusted Annual Rates

(in billions of dollars)

	1956 Third quarter	1956 Fourth quarter	1957 First quarter
Total Gross National Product	$413.8	$423.8	$427.1
Personal Consumption Expenditures	266.8	270.9	275.0
Durables	33.0	34.8	35.9
Nondurables	134.0	134.7	136.4
Services	99.7	101.4	102.7
Gross Private Domestic Investment	65.1	68.5	63.3
Residential construction	15.5	14.9	14.2
Commercial and industrial construction	11.7	11.4	11.6
All other construction	6.4	6.6	6.7
Producers' durable equipment	29.5	31.5	32.0
Change in inventories	2.0	4.1	—1.2
Government Purchases	80.2	82.0	84.9
Federal	47.2	48.3	49.8
State and local	33.0	33.7	35.0
Net Foreign Investment	1.7	2.4	4.0

Source: United States Department of Commerce.

In the Twelfth District there was also a marked change in the pace of business activity. For the first time in several years, business activity in the District appeared to be no stronger than in the nation. Changes in total nonagricultural employment in the District almost paralleled those in the nation after allowing for seasonal forces. In contrast, total nonagricultural employment during 1955 and 1956 clearly grew more rapidly in this District than in the nation. Furthermore, District employment during the first quarter of 1957 barely exceeded that of the fourth quarter of last year, while in 1956 there was a significant rise in every quarter.

District employment dipped slightly

The loss of the buoyancy that kept business rising in the Twelfth District for more than two years is evident in employment figures. For two months in succession nonfarm employment has shown small decreases after seasonal adjustment. The change from February to March amounted to less than one-half of one percent, as slight increases in service, finance, and transportation employment were offset by declines in manufacturing, mining, and contract construction. Trade and government employment remained at about the February level after seasonal adjustment.

As a result of a 2.5 percent drop, after seasonal adjustment, from February to March, construction employment in the District now stands at a level 2 percent below the March 1956 level. Most of the loss is centered in California and Oregon, although employment gains reported by other District states were smaller than those usually expected at this time of the year.

Manufacturing employment in the District, while down slightly after seasonal adjustment, was at a record March level, about 6 percent above the year-ago total. Gains from February to March were reported in food processing, lumber, aircraft, machinery, automobiles, fabricated metals, and electrical equipment. However, gains in lumbering and food processing were less than seasonal. In addition, monthly increases in aircraft employment have recently been smaller than those which characterized last year's rise. Another development in District manufacturing industries should be noted: Total man-hours worked in Pacific Coast manufacturing industries declined slightly after seasonal adjustment from January through March because of a reduction in the average length of the work week in Oregon and smaller-than-seasonal employment gains in a number of Pacific Coast industries.

Building permit activity rises

The decline in construction employment mentioned above reflects, for the most part, the slackened pace of residential construction. Although preliminary estimates of building permit activity show February-March increases of 21 percent for residential valuations and 31 percent for total permits, these are nevertheless down 15 and 12 percent, respectively, from March 1956 figures. The more moderate drop in employment than in permits issued stems from several factors. After a period of increases in building permits, construction underway is at a high level and it takes some time before a decline in permits has a marked effect on employment.

Aside from the time lag between changes in permit activity and changes in construction employment, activity in heavy construction has served to reduce the adverse effects upon employment of the year-to-year decline in building permit activity. Heavy construction projects, especially those connected with the expansion of public utilities—dams, power generation facilities, and pipelines—remain well above year-ago levels. There are expectations in some quarters that publicly financed building may show increases in coming months and could sustain the rate of construction activity.

District production shows diverse movements

Weekly estimates of steel production in western states indicate that operations have been close to 100 percent of capacity. Operations at blast furnaces rose to 104 percent of capacity in March, but activity in steel finishing plants dropped slightly to 98 percent of capacity. In both cases figures for the western area remain significantly above those for the nation. The prospects for continued strong demand for steel in this District have induced one firm to increase its expansion program from $113 million to $193 million.

Lumber production in the Twelfth District continues to reflect the relatively low level of new residential construction. The total of new housing starts in the nation for the first four months of 1957 was the lowest since 1949, although April starts rose 11 percent from the low March level to an annual rate of 940,000 units. Few significant adjustments in either price or production of lumber have occurred recently. Prices of redwood, western pine, and Douglas fir plywood have remained firm; but there has been some additional decline in quotations for certain types of Douglas fir in the past month. From the end of February to the middle of April, Douglas fir output in some weeks has been running above that in 1956, but for the year so far it is down 7 percent. Since orders and shipments have declined by a larger percentage, inventories have been increasing and in mid-April were about 13 percent larger than a year ago. Production of western pine is down about 9 percent for the year. Declines in shipments and orders have been smaller, so inventories have receded from the high level reached last December. Redwood production in the first quarter was down 5 percent from the opening months of 1956. Stocks at the end of March were up 11 percent since shipments had decreased 14 percent. Production of plywood has also declined and so far this year is 7 percent below the same period in 1956. In April there were reports that some mills were resuming five-day-a-week operations after two months on a four-day schedule.

Twelfth District retail trade moderately strong

Consumer spending at retail establishments in the Western Census Region (based on data for stores operating from one to ten outlets) in the first two months of the year rose approximately 4 percent above the same period a year earlier. March sales at District department stores, after allowance for the fact that the Easter shopping period occurred in March in 1956, rose about 4 percent above last March and gained 6 percent from the February 1957 level. In the four-week period ending April 20, sales were 6 percent above the 1956 pre-Easter period. All major areas in the District except Sacramento, San Francisco, and downtown Los Angeles shared in the gain.

New passenger car registrations in the Twelfth District in the first quarter of 1957 were 5 percent above the year-ago period. Gains of 40 percent in Arizona and 12 percent in California more than offset declines in other District states. In the Pacific Northwest registrations were off 20 percent from the same period in 1956.

Loans and Government security holdings of District banks expand

Loans outstanding at weekly reporting member banks in the District expanded moderately during the four weeks ending April 24. The gain of $63 million in total loans was much smaller than in the comparable period a year earlier when they rose by $203 million. Loans to commercial and industrial firms increased $28 million this year, but the gain was only one-fourth as large as that of a year ago. Security loans, agricultural loans, and "other" loans also expanded, while real estate loans declined. In making these year-ago comparisons, however, it should be noted that the increases in both total loans and in commercial and industrial loans in the corresponding period of 1956 were unusually large.

Among business borrowers, public utilities and transportation companies and wholesale and retail establishments accounted for the major portion of the growth in loans. These firms, in fact, had borrowings greater than in the same period in 1956. The increase in credit extended to wholesalers and retailers is associated with the financing of Easter inventories, while the rise in net borrowings of utilities and transportation firms may represent interim credit needs arising from expansion plans currently underway. There was also an increase in "unclassified" loans and in net borrowings of "other mining and manufacturing firms." Most other business categories reduced their use of credit. The largest reduction was a seasonal decline in loans to food processors.

Also during the four weeks ending April 24, District reporting member banks added to their Government securities by an amount almost four times greater than the expansion in loans. Most of the increase was centered in holdings of Treasury certificates and notes and reflected the cash sale by the Treasury of $3.4 billion in new issues late in March. The purchase of these new issues was attractive to banks since the Treasury permitted payment by credit to the Treasury's tax and loan account on the books of the banks. Thus, banks were able to purchase the securities by making the equivalent of a partial payment equal to the reserves necessary to cover increases in Treasury deposits. Holdings of both Treasury bills and certificates on April 24 stood above those of a year ago, although the total amount of United States Government securities held was still considerably below that on the comparable date a year ago.

The Twelfth District Municipal Securities Market

There has been much discussion and debate in the last year or more concerning the impact of tight money upon various types of expenditures, particularly those forms that rely heavily upon the use of borrowed funds. In a period of booming business, the objective of a restrictive monetary policy is to keep the growth in the total volume of spending in line with our ability to increase production, so that spending will not outrun productive capacity and cause prices to rise, thereby creating an inflationary situation. Free market forces are relied on to transmit the effects of monetary policy, and the impact of the policy upon particular types of expenditures will vary depending upon the particular conditions that exist in each of the more specialized markets. The purpose of this article is to examine the effect of monetary policy upon the municipal securities market, with primary reference to conditions in the Twelfth District during 1956.

As a result of large over-all credit demands and a limited supply of funds, interest rates of all types have risen in the last year or two. This rise in rates is one of the factors that serve to allocate the available supply of funds among competing uses. In the sale of their securities, state and local governments compete with other demands for long-term funds such as mortgage credit and the sale of corporate securities to finance capital expansion. These demands for long-term credit also impinge upon the supply of funds available to meet demands for short-term credit of various types, since there is no hard and fast rule at any particular time as to how the total supply of lendable funds is to be divided between short- and long-term credit needs.

Yields on municipal securities are now higher than they have been for almost two decades. Moreover, because of present high income tax rates, the tax exemption advantages which municipal securities offer to investors in the higher income tax brackets make their current yields compare more favorably with other debt security yields than they did during the 1930's. Their attractive yields have tended to create a more favorable supply of funds in the municipal than in the mortgage market, for example.

Market for municipal securities has been favorable

The evidence available for both the Twelfth District and the country as a whole suggests that state and local governments have had relatively little difficulty in selling their securities during the last year or more. The Investment Bankers Association of America has estimated that about 93 percent of the $4,370 million of municipal bonds offered for sale throughout the country in the nine months ending March 31, 1957 were sold upon initial offer. Of the remaining 7 percent, about two-fifths were subsequently reoffered and sold during the period. Four large issues—all highway issues—accounted for about two-thirds of the $321 million of issues that had been offered and were still unsold by March 31, 1957.[1] In fact, about one-third of all the highway and bridge bonds that were offered for sale remained unsold during the period. In contrast, less than 3 percent of the school bonds were unsuccessful upon initial offer. Since schools, in general, probably have higher social priority than highways, the working of free market forces in this case tended to allocate funds in accordance with this scale of priority. These data for the United States relate only to those issues that were actually offered for sale. No adequate data

[1] Early in April $75 million of these four postponed issues were sold, consisting of one entire $25 million issue and $50 million of a proposed $75 million issue.

Table 1

Sales of Twelfth District Municipal Securities by States, 1954-56

(in thousands of dollars)

	1954	1955	1956	Percentage distribution 1956
Arizona	$ 31,060	$ 20,355	$ 41,024	4.3
California	530,083	777,362	527,979	55.6
Idaho	5,942	11,176	10,485	1.1
Nevada	16,465	7,455	5,577	0.6
Oregon	46,592	47,350	41,262	4.3
Utah	19,785	8,587	18,676	2.0
Washington	102,401	143,813	304,605	32.1
Twelfth District	752,328	1,016,097	949,608	100.0

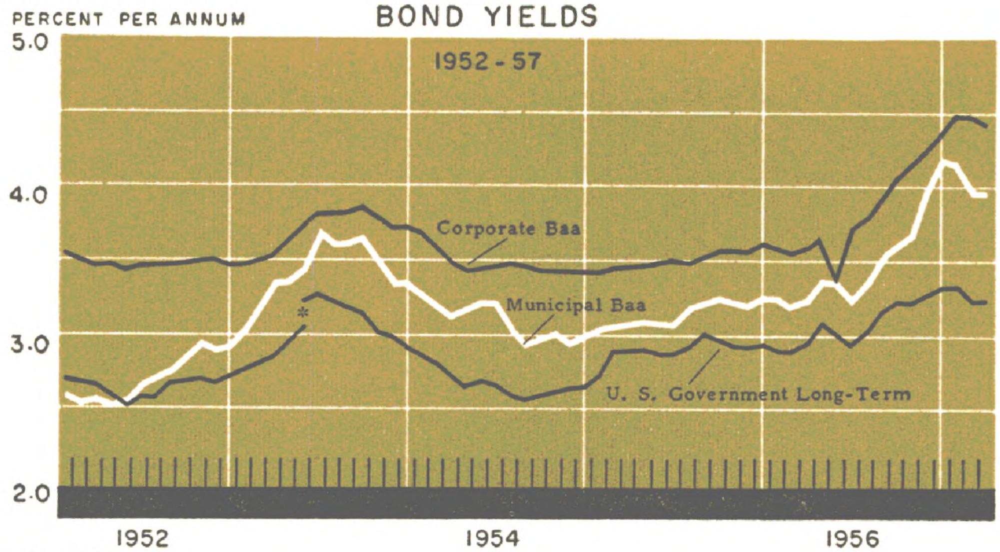
Note: Figures may not add to totals because of rounding.

Source: The data on volume of sales were obtained from the monthly supplement of *The Daily Bond Buyer.*

exist for those issues that might have been contemplated but were not offered because the potential borrowers considered the market conditions to be adverse.

CHART 1

BOND YIELDS



*New series.
Source: Board of Governors of the Federal Reserve System, *Federal Reserve Bulletin*.

While data exactly comparable to those cited above for the United States were not available for the Twelfth District for 1956, the facts obtained from statistical sources and the opinions of dealers in municipal securities indicated that there were relatively few cases in which Twelfth District issues were not sold upon initial offer during 1956. Data are available for California which indicate that approximately 26 issues out of a total of nearly 600 issues marketed during 1956 were not sold upon original offer. In about one-third of the cases the failure to sell was due to technical difficulties such as improper advertising of the bid. About one-third of the unsold issues were subsequently reoffered and sold during the year.

In some cases throughout the District the issuing authority rejected the original bids because it felt that the rate was too high. The issuing authorities in many of these instances were located in small, remote communities and the responsible persons were not particularly familiar with current conditions in the money markets. Upon becoming better informed about the situation, they frequently reoffered the securities for sale. In the meantime, however, there had been some deferment in carrying out their plans which could be attributed to the effects of monetary policy.

Approximately $950 million of Twelfth District state and local government securities were sold during 1956, as indicated in Table 1. This total was 6.5 percent less than the $1,016 million sold in 1955, but over one-fourth more than the $752 million sold in 1954. Total municipal sales in the United States have been declining from a record level set in 1954, so District sales have become an increasing proportion of the total—10.8 percent in 1954, 17.0 percent in 1955, and 17.4 percent in 1956. These percentages in 1955 and 1956 are substantially larger than the Twelfth District's share of the nation's population (12 percent) and somewhat larger than its share (15 percent) of state and local expenditures in 1955 (latest data available).

California and Washington sell largest share of District municipals

As indicated in Table 1, California accounted for 56 percent of Twelfth District sales of municipal securities in 1956, and Washington was second with 32 percent. This reflects the fact that they are the two most populous states of the District. Relative to California, Washington's share is substantially greater than would be expected on the basis of population alone. The principal explanation for this lies in the fact that much of Washington's electricity is provided through Public Utility Districts which are organized under state law and whose obligations are classified as municipal securities. More than two-thirds of the $305 million of municipal securities sold by Washington borrowers during 1956 consisted of large issues of Public Utility Districts. In the second quarter, one issue alone, that of the Columbia River-Priest Rapids Hydro-

Electric System, was for $166 million, or more than half of the over-all total for the state for the full year.

Generally, one of the distinctive features of the municipal bond market, in contrast to the corporate bond market, is the small size of the average issue. In the Twelfth District the median size of issue in 1956 was about $250,000. Over 17 percent of the issues were under $50,000, and only 3 percent were over $5 million, as indicated in Table 2. In dollar volume, however, issues under $250,000 accounted for only 5.7 percent of the total, while the dollar share of the total of those issues over $5 million in size was 57 percent.

In every District state except Nevada and Utah at least one-half of the total number of issues in 1956 was for school district financing. In California, for example, school district issues were 71 percent of the total number of issues. Except for a few large-city school districts, most of these issues were for relatively small amounts, so that the average size of issue was considerably below that for all types of issues; and total school district issues accounted for only 27 percent of the total dollar amount, as shown in Table 3. Another important type of municipal issue in the District is that used to finance water and sewer systems. These bonds accounted for 14 percent of the number of issues and 13 percent of the total amount. Large issues of State governments accounted for 11 percent of the dollar amount but only 1 percent of the number; and Public Utility Districts in 1956, 26 percent of the dollar amount and 0.8 percent of the number.

Security purchases by types of buyer

Data as to the purchasers on original bid of municipal issues in 1956 revealed some interesting differences among Twelfth District states. Primary attention was paid to purchases by commercial banks and by brokers and dealers who might be regarded as primarily local or regional rather than national in character. Secondly, only those purchasers of these types were singled out who accounted for a significant volume of purchases. Data were compiled only on the actual purchasers or successful bidders; statistics on all bidders, successful as well as unsuccessful, were not developed.

In all of the District states except Washington a small number of purchasers of the types described above accounted for one-third or more of the dollar volume of securities sold in 1956. The exception in the case of Washington was partly the result of the predominant influence upon the dollar total of the one large Public Utility District issue for $166 million, which was purchased by a syndicate headed by a national security dealer.

Commercial banks were important purchasers on original bid in several Twelfth District states in 1956, particularly in California, Oregon, and Utah. The data as compiled show banks as purchasers either when they bought by themselves or when they were heads of a syndicate. Infor-

TABLE 2
TWELFTH DISTRICT MUNICIPAL ISSUES
BY SIZE OF ISSUE, 1956

Size of issue	Number of issues	Percentage distribution (by number)	Dollar amount of issues (in thousands)	Percentage distribution (by amount)
Under $50,000	169	17.3	$ 4,830	0.5
$50,001 to $100,000	154	15.8	11,629	1.2
$100,001 to $250,000	229	23.5	37,935	4.0
$250,001 to $500,000	179	18.3	66,437	7.0
$500,001 to $1,000,000	126	12.9	95,041	10.0
$1,000,001 to $5,000,000	89	9.1	189,631	20.0
Over $5,000,000	30	3.1	544,104	57.3
Total	976	100.0	949,608	100.0

Source: The monthly supplement of *The Daily Bond Buyer*.

mation was not developed as to purchases by banks when they were participating in, but were not heading, a syndicate. One large bank in California has a policy of bidding on all California municipal issues that are eligible for bank investment. General obligation bonds are eligible. Special assessment bonds are not generally eligible, nor are a good many revenue bonds. The policy of that bank assures issuers of eligible bonds of at least one bid, except in cases where the issue may be unacceptable to the bank for technical or legal reasons. Banks are similar to most other brokers or dealers in that they act as merchandisers of the municipal securities they buy on original offer, though, of course, they may keep some of their purchases for their own portfolios.

TABLE 3

TWELFTH DISTRICT MUNICIPAL ISSUES BY TYPE OF ISSUE, 1956

Type of issue	Number of issues	Dollar amount of issues (in thousands)
School districts (inc. temporary notes)	618	$259,431
Water, sewer, and sanitation	137	122,885
Housing authority (temporary notes)	51	31,040
Miscellaneous	47	21,102
Municipal improvement	41	32,975
Public buildings	20	25,514
Fire protection	17	2,891
Flood control and conservation	12	29,770
State	10	104,405
Public utility districts	8	243,700
Electric plant	6	43,600
Port and harbor development	5	11,620
Bridge authorities	4	20,675
Total	976	949,608

Source: The monthly supplement of *The Daily Bond Buyer*.

One interesting and significant feature of the Twelfth District municipal bond market is that the State government stands ready to bid on original sales of securities of local issuing authorities in all District states except Oregon and California, with Washington and Nevada being especially active in this regard. Securities so acquired are held as investments for State funds. The States in their bidding are guided less by strictly money market considerations than are private investors and consequently tend to bid at lower rates. In fact, part of the purpose of State bidding is to assure the issuers a more favorable market situation than might otherwise exist.

In Nevada, which had the smallest volume of issues in 1956 of any state in the District, the State bought 85 percent of the total amount sold. The State was also the largest single buyer of municipal issues in Washington. Partly because of the large $166 million PUD issue, the State's share of the dollar total in 1956 was not large, 7.8 percent. Its share in terms of the number of issues, however, was substantial, 43 percent. All school districts in Washington are required by law to submit a copy of their calls for bids to the State Finance Committee at least 30 days in advance. Other state and local government agencies are also privileged to submit to the Committee copies of their calls for bids. The Committee may enter bids only for general obligation bonds, although revenue bonds may be purchased on the secondary market. In Utah also, bond issues must be offered to the State Finance Commission, but during 1956 it did not purchase any of the issues sold.

Interest rates on municipal issues rise

The principal reason that an issuing authority would reject the bids received on its offering would be that the rate of interest was higher than it was able or willing to pay. So far as could be determined, such legal limitations as exist on maximum rates that particular borrowers in the Twelfth District may pay were above market rates and constituted no barrier to the sale of securities during 1956. As mentioned earlier, there were some instances in which original bids were rejected because the borrower thought the rate was too high. In many of these cases, however, the issue was subsequently reoffered and sold, often at a rate higher than the one quoted on the first bid.

The interest costs to state and local governments on their bond issues are dependent on many factors in addition to conditions in the money market. The size of the issue, just as in short-term borrowing from banks, is one of the important factors; that is, within groups of issues of comparable quality, the net interest cost to the borrower tends to decline as the size of the issue increases. This type of differential is due almost entirely to the fact that handling and processing costs per $1,000 of issue decline as the size of the issue increases.

To develop satisfactory information on trends in effective interest rates on new issues of municipal securities, it is necessary to be able to rate the individual issues with reference to quality. Among the factors determining the quality of a particular issue are whether it is a general obligation or a revenue bond, the other indebtedness of the issuing authority, past payment records on its other bond issues, and future possible growth of the area which the facility is to serve. Official ratings, such as Moody's, are available for only a limited number of the bond issues of Twelfth District state and local governments, so that comparisons of interest costs on this basis are impracticable. Some informal ratings obtained for California and Washington indicate that interest costs tend to increase as the quality rating decreases and that, within groups of comparable quality, interest costs tended to increase in each quarter of 1956. The increase from the first to the fourth quarter of 1956 in median rates for particular quality groupings was approximately 1 percent in California and about 0.75 percent in Washington. Ranges of interest costs in District states without reference to ratings or size, shown in Table 4, also indicate this upward trend.

Volume of municipal bond offerings to continue large

More than $2.5 billion of municipal securities were approved throughout the nation at the general election in November, a record volume at a time of a general election. In California alone, $1.2 billion of new issues were approved last November. While not all of these issues will come to market in 1957, borrowing on issues authorized in earlier elections and non-referendum borrowing will add to the total amounts scheduled for sale. Considering the continuing need for additional school, highway, and public service facilities—particularly in an area of rapid population growth such as the Twelfth District, the prospect for sales of municipal securities remaining at relatively high levels seems certain.

Conclusion

In summary, the available evidence seems to indicate that the restrictive effect of the tight money situation upon the sale of municipal securities has been less noticeable in the Twelfth District than in the country as a whole. As indicated earlier, on a national basis large highway issues, including those for toll roads, accounted for roughly two-thirds of the issues that were offered for sale but were unsold in the nine months ending March 31, 1957. Since these issues met more market resistance than other types and since they were relatively unimportant in the Twelfth District during 1956, this may account, in part, for the District's better over-all sales record.

TABLE 4

RANGE OF INTEREST COSTS ON
TWELFTH DISTRICT MUNICIPAL ISSUES, BY QUARTERS, 1956

(percent per annum)

State	First quarter	Second quarter	Third quarter	Fourth quarter
California (461)	1.40-4.88	2.29-4.96	2.25-4.99	2.79-5.23
Oregon (97)	2.29-3.59	2.31-4.32	2.70-4.13	2.76-4.61
Washington (106)	2.50-4.43	2.76-4.36	3.00-4.45	3.35-4.74
Other District states (62)	2.25-4.19	2.49-4.46	2.27-4.70	3.28-4.24

Note: The numbers in parentheses refer to the number of issues included in the ranges shown. Interest costs were not available for all issues sold since some sales were arranged privately.
Source: The monthly supplement of *The Daily Bond Buyer.*

BUSINESS INDEXES — TWELFTH DISTRICT[1]

(1947-49 average = 100)

Year and month	Industrial production (physical volume)[2]							Total nonagricultural employment	Total mf'g employment	Car-loadings (number)[2]	Dep't store sales (value)[2]	Retail food prices[3, 4]	Waterborne foreign trade[3, 5]	
	Lumber	Petroleum[3] Crude	Petroleum[3] Refined	Cement	Lead[3]	Copper[3]	Electric power						Exports	Imports
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	....	55	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	87	112	144	118	130	101	114	115	171	200
1953	118	109	122	130	77	111	161	121	137	100	115	113	140	308
1954	111	106	119	133	71	101	172	120	134	96	114	113	131	260
1955	121	106	122	145	75	117	192	127	143	104	122	112	164	308
1956	116	105	129	156	77	118	210	134	152	104	129	114	195	444
1956														
March	116	105	128	149	76	131	219	132	150	103	128	112	150	395
April	117	105	122	160	82	140	203	133	150	105	131	113	175	397
May	119	105	129	173	74	135	211	133	152	107	122	113	183	519
June	121	105	125	161	82	135	215	134	153	105	126	114	204	427
July	120	105	132	160	75	110	212	134	152	102	132	115	215	559
August	117	105	128	171	84	123	212	135	153	101	131	114	207	500
September	112	104	136	168	78	122	209	135	153	107	131	114	212	459
October	110	104	128	163	81	127	217	136	154	102	130	115	256	563
November	111	104	135	146	79	123	216	137	156	100	132	116	242	401
December	112	103	132	139	72	123	210	138	159	106	131	116	234	436r
1957														
January	108	102	131	....	79r	125	220	139	160	105	131	116	....	421
February	115	102	130	....	88	136	211	138r	159r	96	127	117	....	....
March	115	101	132	....	86	....	....	138	159	100	133	116	....	....

BANKING AND CREDIT STATISTICS — TWELFTH DISTRICT

(amounts in millions of dollars)

Year and month	Condition items of all member banks[6]				Bank rates on short-term business loans[8]	Member bank reserves and related items					Bank debits index 31 cities[3, 12] (1947-49=100)[2]
						Factors affecting reserves:					
	Loans and discounts	U.S. Gov't securities	Demand deposits adjusted[7]	Total time deposits		Reserve bank credit[9]	Commercial[10]	Treasury[10]	Money in circulation[9]	Reserves[11]	
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	154r
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	189r
1956											
April	11,669	6,730	11,530	9,099	......	+ 82	− 270	+ 371	− 7	2,578	189r
May	11,837	6,566	11,144	9,139	......	− 22	− 233	+ 217	+ 47	2,498	181r
June	12,030	6,482	11,262	9,294	4.44	+ 5	− 405	+ 341	+ 32	2,404	185r
July	12,157	6,396	11,392	9,233	......	− 6	− 143	+ 240	− 8	2,519	195r
August	12,173	6,439	11,356	9,286	......	+ 4	− 315	+ 247	− 103	2,565	198r
September	12,423	6,491	11,581	9,305	4.57	+ 3	− 454	+ 466	− 59	2,640	182r
October	12,384	6,468	11,747	9,326	......	− 5	− 417	+ 312	− 2	2,542	195r
November	12,504	6,431	11,867	9,235	......	0	− 143	+ 209	+ 38	2,579	195r
December	12,804	6,383	12,078	9,356	4.65	− 17	− 303	+ 451	+ 38	2,654	200r
1957											
January	12,488	6,505	11,812	9,587	......	+ 33	− 558	+ 249	− 144	2,548	206r
February	12,556	6,356	11,279	9,690	......	+ 41	− 816	+ 494	− 139	2,517	200r
March	12,576	6,177	11,129	9,794	4.74	− 37	− 170	+ 170	− 9	2,495	199r
April	12,649	6,520	11,622	9,839	......	− 35	− 445	+ 430	− 31	2,560	202

[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.