Monthly Review

FEDERAL RESERVE BANK OF SAN FRANCISCO

December 1958

The Year of the Dog in Brief Review[1]

In sharp contrast to the brightly optimistic picture currently being drawn, the nation's economic outlook a year ago was dark and gloomy. In the opening months of 1958 employment, personal income, and production continued the downward course that had been under way since the previous July. Economic activity sank under the weight of a record run-off in inventories and there was also a large decline in business capital outlays. Consumer demand for durables such as automobiles weakened further, and private construction activity slackened. The main impact of these adverse changes in demand was felt in durable goods industries, where activity was cut sharply, but nearly all sectors of the economy—except agriculture—suffered.

Because of the recession 1958 will not be remembered for having fattened the record books. Nevertheless, the year is distinguished for having brought a dramatic reversal in business activity. Even as the recession had carried far enough to establish itself as the worst since World War II, spring brought greater-than-seasonal increases in nearly all major indicators. This turnaround appears to have been the result of a number of forces. While order placements for defense goods began to climb after Sputnik, actual outlays for military weapons continued to decline through the first quarter. Nearly all other Government payments increased, however, including unemployment and social security benefits, construction outlays, and interest payments to the public. The net impact of Federal fiscal operations was more expansionary than the increase in payments indicates, for tax revenues had declined more than proportionately to the fall in profits and income in the private sector of the economy. Also in the first quarter, consumers stepped up purchases of nondurables and services, and there was a significant easing of monetary and credit policy, which will be reviewed briefly below. Somewhat later, construction activity joined the list of expansionary forces as residential building received special stimulus from a liberalization of credit for Government-insured housing.

Economic activity approaches pre-recession levels

In the fourth quarter of 1958, a number of indicators were close to or above pre-recession levels. Indeed, personal income and consumer spending surpassed previous highs in the third quarter. Further gains for these indicators are certain in the closing months of the year and it is also likely that Gross National Product rose to a new record above the $446 billion mark attained in the third quarter of 1957.

One major indicator—total nonfarm employment—has responded sluggishly to the recovery. Nonfarm payrolls were reduced 2,790,000 in the downswing (after seasonal adjustment) and only 30 percent of this loss had been recovered by November. Thus, employment in November was still 2 percent short of the year-earlier total. Consequently, unemployment has remained relatively high. As is typical during a recovery, output gains in commodity-producing industries have been achieved without a corresponding increase in the number of workers. Average workweeks have lengthened, but there has also been a substantial increase in output per man-hour. While it portends an upturn in corporate profits, and perhaps increased price stability, the gain in productivity has also helped to account for the failure of unemployment to fall significantly.

In addition to the stimulus that may be gained from increases in production and sales of consumer durables, the recovery is currently benefiting from a reduced rate of de-

[1] Our Chinese friends inform us that 1959 will be the year of the pig, but it is doubtful that these symbols can be used for predictive purposes.

cline in business investment. Manufacturing inventories leveled in October for the first time in over a year. This suggests that the inventory run-off was drawing to an end. Inventory accumulation may now be imminent, giving a further boost to the total demand for goods. The fourth quarter may show a slight increase in plant and equipment spending, following the improvement in corporate profits in the last half of 1958.

Credit demand slack in 1958

Credit demands in the private sector of the enonomy for the first eleven months of 1958 lacked the vigor demonstrated in 1957. On December 3 total loans at reporting banks in the nation had risen only $147 million over the same week in 1957. At the same time, commercial and industrial loans stood $1,067 million below the corresponding week a year ago. Weakness in business loans was evident throughout the year in line with reduced spending for both inventories and fixed investment. Real estate loans and agricultural loans demonstrated consistent strength during the year, however, reflecting activity gains registered in both of these sectors. Loans to consumers increased moderately after March, but only a little more than enough to offset the decline of the first quarter.

Corporate demands for long-term credit also declined, with a 10 percent drop from the record level of $9.4 billion in the first three quarters of 1957. Preliminary estimates for the entire year are for $10.8 billion of securities offerings, down about 13 percent from 1957 but still the third highest level ever attained. This year the proportion of issues in bonds, notes, and preferred stock—rather than common shares—increased. While most issues were designed to finance acquisition of new plant and equipment, considerably more of the proceeds from new issues was slated to retire outstanding securities than was the case last year.

Because of increased spending and reduced revenues, the largest demand for funds came from the United States Treasury. About $19 billion of new money issues were floated in calendar 1958, half of which were acquired by commercial banks. In line with expanded programs for the construction of highways and public buildings, state and local bond issues are expected to top the $7.1 billion offered in 1957 by 10 percent.

Monetary policy aids recovery

Monetary policy during the past year has reflected the changing economic picture. The policy of credit ease that led to stepped-up open market operations and cuts in the discount rate in late 1957 was accelerated in the first quarter. Four successive cuts in the discount rate brought it down from 3½ to 1¾ percent by April. The proportionate amount of reserves that member banks are required to hold against their demand deposits was reduced three times between February and April of this year, thereby freeing about $1.5 billion of reserves.

In spite of the fact that some reserves were lost through the outflow of gold, monetary policy made possible a substantial expansion in the money supply. In the face of a reduction in overall spending, the money supply continued to expand through November at an annual rate of 4 percent on a seasonally adjusted basis. Demand deposits and currency held outside the banking system rose about $5.4 billion from the beginning of the year, compared to a contraction of $1.2 billion in the same period in 1957. The very rapid growth in time deposits at commercial banks through 1957 and the first half of 1958 slowed in the third quarter of the year.

During the latter part of 1958 there was a shift toward less ease in the nation's credit markets. This began with a speculative upset in the Government bond market in June when

it was realized that a recovery was under way and that higher interest rates almost certainly would result. As investors and speculators sold securities, bond prices dropped and interest rates rose. Following a swift rise in short-term open market rates, the discount rate was raised in August and again in October and now stands at 2½ percent. In August, the Federal Reserve System cautiously began to permit a tightening of the reserve position of member banks. Total free reserves (excess reserves minus borrowing from the System), which had averaged around $500 million during the March-July period, dropped close to the zero mark by December. In addition, margin requirements were raised over the year in order to restrain the use of credit in a booming stock market.

Twelfth District Recovers More Rapidly Than Nation

Although it had not fallen so far, business activity turned up at approximately the same time in the Twelfth District as in the nation and has since risen more rapidly. At the start of the fourth quarter, total nonfarm employment in District states had advanced 3 percent from the April low—a gain approximately twice as large as that of the nation. In the Twelfth District, two-thirds of the employment loss over the recession has been recovered, compared with one-third nationally. The West has not enjoyed a significantly more favorable unemployment record, however. In Pacific Coast states, for which such data are available, the civilian labor force grew 2 percent in the first ten months of 1958. This rate of growth exceeds that in the same period in 1957 and has permitted only a nominal drop in unemployment. The jobless numbered 6.5 percent of the Coast civilian labor force in October (after seasonal adjustment) compared with 7.1 percent in the nation. According to preliminary estimates, unemployment in the nation as a whole, as well as in Pacific Coast states, dropped in November to about 6 percent—still above January 1958 levels.

For individual industries, employment changes engendered by the recovery in the District from April to October are similar in direction but relatively greater in magnitude than those in the nation. Commodity-producing industries show the largest gains as manufacturing payrolls rose 47,000 (3 percent) followed by construction with 45,000 (11 percent). Government employment rose by 35,000 (3 percent), service industries increased payrolls by 24,000 (3 percent), and net hirings at retail and wholesale establishments amounted to 21,000 (2 percent). Changes in other industries have been negligible.

Durables pace recovery in manufacturing

According to employment figures for Pacific Coast states, and in contrast to national developments, activity in durable goods manufacturing rose 5 percent from April to October, while nondurables slipped about 2 percent. All durables shared in the gain. Lumber output, following the nationwide boom in construction (particularly in residential building) jumped 7 percent. Other durables, the category which contains industries receiving contracts for the new weapons, such as ordnance and instruments, shows an employment expansion of 10 percent. Similarly, rising defense outlays have helped account for a 5 percent growth in aircraft employment and a 3 percent gain in machinery payrolls. The latter includes electrical machinery (and electronics), which has grown very rapidly in recent months.

The lack of employment expansion in nondurable manufacturing reflects primarily the early curtailment of canning activity. Other nondurables such as apparel, paper, and printing show moderate recovery.

Construction contract awards increase

A boom in construction activity since June has more than made up for weakness that was evident in the opening months of 1958. Cumulatively, contracts awarded in the eleven western states during the first ten months of 1958 were up 6 percent from those of the same period in 1957. Although street and highway awards ran 28 percent higher this year, total heavy engineering contracts were down 17 percent. For the most part, this reflects a sharply reduced level of utilities construction. While the West shows less strength than the nation as a whole in heavy engineering projects, the boom in residential construction has been more pronounced. Awards for apartment buildings and for one- and two-unit dwellings are up 33 and 21 percent, respectively, compared with 33 and 7 percent for the nation as a whole. The West also chalked up a 4 percent gain in nonresidential construction awards, including a 6 percent gain in commercial awards and a 40 percent loss in manufacturing buildings. Nationally, nonresidential awards ran 3 percent below 1957 during the first ten months of 1958.

Production declines from 1957 levels

Although an aggregate measure of industrial production is not available for the Twelfth District, it is clear that losses from 1957 have been quite substantial. Most of the declines that appear when cumulative totals for 1958 are matched with those of 1957 overstate the impact of the recession since comparisons between the worst months of 1957 and the final or best months of 1958 are not yet possible.

Production of refined petroleum in the first three quarters of 1958 fell 8 percent below that of a comparable period in 1957. While demand has shown less-than-expected growth, the accumulation of residual fuel inventories reflects primarily the loss of markets to competing products.

In the District's lumber industry, a strong showing by housing starts has brought a demand and price situation more favorable than that which existed at the close of 1957. Production has not completely made up for losses that occurred early in 1958, however, so that at the ten-month mark output of Douglas fir, western pine, and redwood lagged 3, 2, and 9 percent from their respective totals in the comparable period in 1957.

Through November, steel production of the three largest District producers was down about 20 percent from the 1957 figure. This difference is certain to shrink as operating rates are expected to have risen in December, whereas they were falling at the end of 1957.

Man-hours worked in Pacific Coast manufacturing firms—a measure that tends to understate manufacturing production when productivity changes are substantial—cumulate to a total for the first three quarters of 1958 that is 10 percent less than the sum for the same period in 1957. Durables were hardest hit by the recession (particularly aircraft, machinery, and metals) showing a drop in man-hours worked of 12 percent. Nondurables, reflecting the relatively strong retail movement of soft goods, fared better with a loss of 5 percent from 1957. As is the case with other indicators, gains registered in the closing months of 1958 are certain to reduce these margins of loss.

Sales of hard goods drop

Sales of retail establishments in the District (based upon data for stores operating from one to ten retail outlets) in the first nine months of the year recorded a loss of 3 percent from the same number of months in 1957. This compares with a drop of about 1 percent for the nation as a whole.

The largest declines are found for stores selling hard goods. Automobile establishments suffered a sales decline of 15 percent

and furniture and appliance sales were off 6 percent. By contrast, sales of lumber, building materials, and hardware recorded a gain of 2 percent.

The expansion in total sales of soft goods in the District amounted to about 1.4 percent, compared with a 4 percent national rise. At general merchandise stores, sales registered the biggest gain—6 percent. Food stores and service stations followed with increases of 3 percent, while drugs recorded a 2 percent advance. Faring less well were eating and drinking establishments, apparel stores, and "other" retail firms—all experienced sales declines. However, preliminary indications in early December point to record-breaking Christmas sales in department stores, a pick-up in automobile sales, and a general improvement in retail trade in the Twelfth District. These year-end gains will eliminate a substantial part of the loss between 1957 and 1958 totals.

Agriculture fares well

Cash receipts of District farmers for the first three quarters of 1958 were up 5 percent above those for the first nine months of 1957. This gain, about half as large as that nationally, narrowed steadily as the year advanced. Receipts from livestock sales have held up relatively well and have been running about 8 percent above year-ago levels because of higher prices. Crop revenue, while still 2 percent ahead of 1957, has been under pressure from lower prices for wheat, apples, and potatoes. Consequently, District producers have delayed marketings of those crops. The cotton harvest is about 7 percent larger than last year's and may cause some improvement in crop receipts in the final months of 1958 in spite of lower prices.

Although no overall gain in crop production was reported, this year's canning pack was up slightly from that of 1957. Because of smaller crops the fruit pack was reduced, but a near-record volume of tomato products brought an increase in the vegetable pack.

Outstanding loans expand at District banks

The demand for loans held up better in the Twelfth District than in the nation. By the last week of November total loans at weekly reporting banks had recorded an increase of $215 million or slightly less than the expansion in a comparable eleven-month period in 1957. There are sharp contrasts in the composition of total loans, however. Business loans, which accounted for most of the 1957 gain, were the chief source of weakness in 1958 with a decline of $113 million. From the end of June to the end of November, business loans actually advanced by $145 million but this has not been sufficiently large to offset losses in the first half of 1958. Net repayments by sales finance companies and retail firms were mainly responsible for first half losses while food and liquor processors and commodity dealers account for the rise that has occurred since June.

Real estate loans, which fell $58 million in the first 11 months of 1957, rose $301 million in the same period in 1958, providing the main basis for an expansion of total bank credit in this district and supplying funds for the increase in construction activity. Agricultural loans gained $78 million this year compared with a slight fall in 1957.

Time deposits at District member banks rose $880 million in the first 11 months of the year compared with a $727 million gain in 1957. Most of the growth occurred before midyear. In contrast, demand deposits increased $391 million, with most of the gain occurring after mid-year. Consequently, total demand deposits recently moved ahead of time deposits. Holdings of United States securities at District reporting banks grew by $1,256 million, with the major part of this increase accounted for by bonds and notes.

New Energy for the Northwest

THE Pacific Northwest received a long-awaited supplement to its fuel resources in the fall of 1956, when the first natural gas supplies arrived. With the connection of Oregon, Washington, and Idaho to the wells of the San Juan Basin,[1] the last major geographic frontier in the United States was opened to the rapidly growing natural gas industry. After Pacific Northwest Pipeline Corporation received authorization to serve the Northwest from the San Juan area, it was also permitted to purchase Canadian gas. Although this gas did not begin to flow into the system until October 1957, it is now a major supply source for the Pacific Northwest.

In the postwar years gas has become increasingly important in the energy-use pattern of the nation. It provided 13.4 percent of the energy consumed in the United States in 1946;[2] by the end of 1957 it accounted for 25.0 percent. The natural gas industry is particularly important in the Twelfth Federal Reserve District, which lacks adequate supplies of high-grade coal. Because of the high cost of mining Northwestern coals or of hauling coal from Utah, Wyoming, and Montana, the District must depend more on oil and gas than does the rest of the nation. While the seven District states account for only about 5 percent of United States gas production[3] and contain only 4 percent of recoverable reserves, 1957 utility sales of natural gas in this area were 15 percent of total United States sales.

[1] The San Juan Basin area includes fields in northwestern New Mexico and southwestern Colorado. The pipeline also picks up gas from the Rocky Mountain fields through which it passes.
[2] From coal, petroleum and petroleum products, natural gas, and water power.
[3] On a marketed production basis, which is gross production minus waste, losses, and gas used in repressuring.

Peak load and sales problems

Interstate pipelines have been transporting gas from the producing fields of the Southwest to distant consuming areas since the 1930's, and gas has established itself all over the nation as an efficient, clean, and economical fuel. The ability of gas to compete with local fuels after having been transported over a thousand miles is based on the low cost of gas at the wellhead, the low unit cost of transportation achieved by moving large volumes of gas, and a differential pricing system[1] at the point of ultimate consumption, which facilitates large volume sales. The raw material, gas, accounts for only about 10 to 15 percent of the average domestic consumer's bill (for the nation as a whole). The miles of large diameter, high-pressure transmission lines, the complex distribution equipment and its operation represent the major cost elements. The overhead must be spread over a large volume of sales if gas is to be sold at competitive prices to householders and industrial users.

Residential demand for gas is seasonal, with the heavy load in the winter. A pipeline

[1] This refers to the policy of charging different prices to various classes of users. Consumers who take large quantities of gas, particularly at off-peak periods, are charged lower rates than others.

built to serve this peak load would be underutilized during the rest of the year. However, by contracting to sell gas to industry at rates low enough to compete with alternative fuels, with the provision that such service can be curtailed during severe weather or other peak load periods, the utilities are partially able to fill the summer "valleys" in demand. The firms benefit from the low fuel costs, even taking into consideration the necessity for maintaining standby equipment.

Gas sales in the Pacific Northwest

Special conditions in the Pacific Northwest have contributed to the formation of a distinctive sales pattern there. The Northwestern states have available two rich sources of supply, the San Juan Basin and the Canadian fields. The abundance of gas and the ample size of the transmission lines, which were built with an eye to future expansion, have made it possible for the utilities to offer industrial users almost year-round service at interruptible rates which make gas cheaper to use than fuel oil. Also, many gas-using Northwestern industries are primarily seasonal in nature, with their slack period in the winter. This combination of circumstances and an appreciation of the unique physical characteristics of gas have induced numerous industries to convert to natural gas, and industrial use (including interruptible and firm use) accounts for 82 percent of the physical volume of gas sold by utilities in the Pacific Northwest. In the United States as a whole, total industrial sales account for 53 percent of the physical volume of gas sold. (Table 1)

While industrial sales have exceeded expectations, residential sales are lower than anticipated. In addition to the conversions from manufactured gas, utilities have added 50,000 space-heating customers since the advent of natural gas. But most of these new customers are owners of new homes. Gas units are considered to be cheaper to install and operate in most areas, especially if gas is used for water heating and cooking as well as space heating. Conversion of older homes is moving slowly, however. Residents of the Pacific Northwest are unfamiliar with natural gas. Furthermore, unlike areas in the East and Midwest where the choice was usually between natural gas and coal, most of the older homes in the Northwest use oil heaters. Since oil heat is also clean and convenient, the householder may feel that the relatively small advantage of gas in yearly operating expense does not outweigh the capital cost of conversion.

Pacific Northwest utilities, therefore, have faced some problems not common to distributors in other parts of the Twelfth District and the nation. Construction difficulties delayed the arrival of gas until late in the 1956-57 heating season, too late for conversion from other fuels in most cases. The late arrival, an unusually warm winter, the business recession, the unfamiliarity of residential consumers with natural gas, and the higher-than-predicted prices resulting from overruns in construction cost affected the demand for gas. Sales were well below the initial volume on which distributors had counted. Low revenues and the high cost of conversion from manufactured gas resulted

TABLE 1

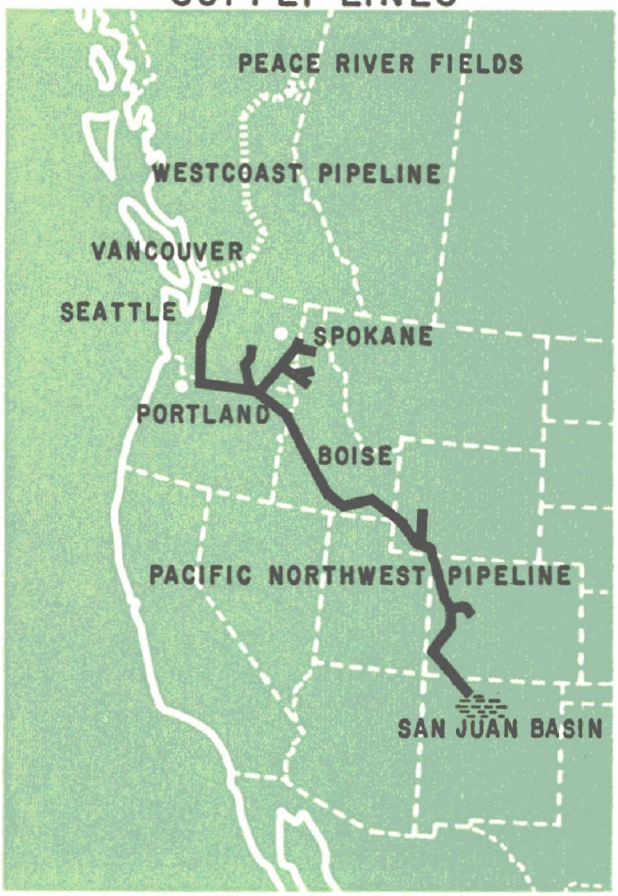
PERCENT DISTRIBUTION OF SALES AND REVENUES OF NATURAL GAS UTILITIES, 1957

Sales[1]	Residential	Commercial	Industrial	Other
Total United States	32	9	53	5
Total Twelfth District	33	10	47	10
Pacific Northwest	11	7	82	—
Other Twelfth District	35	10	45	10
Revenues				
Total United States	56	12	29	3
Total Twelfth District	52	12	30	6
Pacific Northwest	31	16	52	—
Other Twelfth District	53	12	29	6

[1] Physical volume of gas sold by utilities.
Source: Based on data from *1958 Gas Facts*, a publication of the American Gas Association.

CHART 1

NORTHWEST GAS SUPPLY LINES



in a bad year profit-wise for the utilities. The financial problems of some distributors were serious enough to result in the merger of one Washington gas company with an electric utility and the disposal of some properties by another in order to ease its cash position.

Sales outlook for gas

The shakedown period appears to be over now, however, and distributors are concentrating on the problem of enlarging residential and commercial sales. Expansion in this market depends mainly on public education and aggressive salesmanship. There is evidence that the latter is forthcoming. Advertising budgets are being enlarged, and the transmission company is cooperating in the sales campaign.

Announcement by the Pacific Northwest Pipeline Corporation of increases in wholesale gas rates presents a more serious problem. At 35 cents per Mcf,[1] the average price to interruptible users when gas was introduced into the Northwest, gas is competitive with fuel oil selling at $2.23 per barrel.[2] With the pipeline increase in rates, the price to interruptible consumers has gone up to about 40 to 43 cents per Mcf., equivalent to a $2.55 rate on Bunker C grade oil. Meanwhile, there has been a significant change in the price of residual fuel oil as recession, warm weather, and the competition of gas have taken their toll of the residual fuel oil market. The estimated delivered price[3] of Bunker C fuel oil in Seattle, for example, has dropped from $3.57 at the beginning of 1958 to $2.79[4] per barrel, and large volume users may obtain discounts. At present, therefore, the difference in fuel prices is relatively small. Some distributors tried to hold the line on gas prices, hoping that, in the final decision, the Federal Power Commission would refuse to grant the transmission company's increase.[5] Most raised their rates under protest.

In the long run, the outlook is for greater gas use. Available supplies are ample, and the cost of Canadian gas will remain stable over the life of the twenty-year contract with Westcoast Transmission Company, Limited. Future reductions in the price of wholesale gas are therefore possible, as the load is finally built up to the point where the pipeline is operating at maximum efficiency. Meanwhile,

[1] Mcf—thousand cubic feet; Mcf-d—thousand cubic feet per day. Utility sales are often quoted in therms, with one therm equal to 95-100 cubic feet.

[2] Federal Power Commission, *Natural Gas Investigation* (Docket No. G-580), Report of Commissioners N. L. Smith and H. Wimberley (United States Government Printing Office, 1948), p. 347. The price comparison is based on the caloric content of the fuels, with gas estimated at 1,050 BTU per cubic foot, and oil at 6.4 million BTU per barrel.

[3] For the purposes of this article, the term delivered price refers to the terminal price, plus sales tax, plus an average delivery charge. The gas price is also a delivered price, including tax.

[4] Effective September 30, 1958 and still in effect as of December 1958.

[5] As of December 1958, the FPC had not rendered a final decision on the rate increase.

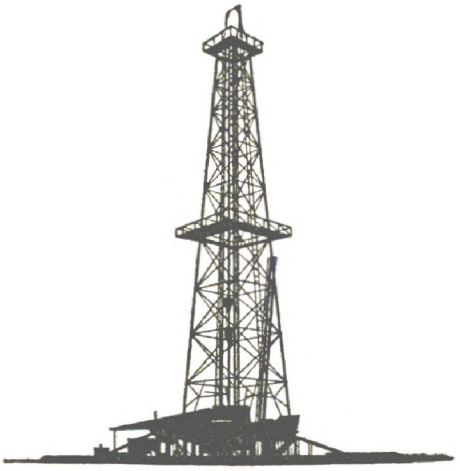
the long-run price trend of competitive fuels is upward.

As the cost of meeting the demand for oil rises in future years, the prices of crude and of even the heavier fractions which supply the boiler fuel and heating markets are expected to rise. Additional hydroelectric capacity is also becoming increasingly expensive, even in the Northwest. Only about one-fifth of the region's potential water power has been harnessed, and it is estimated that it would be economically feasible to develop about 50 or 60 percent of the potential. But the most desirable sites are already developed, and conflicts over conservation, mineral, and Indian rights at present block several of the more likely dam sites. With prospects for rising cost curves for the major competitors of natural gas and the possibility of lower gas rates as consumption increases, the future of the distributing utilities should be easier.

Several specialized industries have been attracted to the Pacific Northwest by the availability of natural gas. Heat-processing industries, such as glass making and metal fabrication, need the ease of temperature control which gas heat provides. Natural gas can also be used as a raw material for the petrochemical industry. The first company to take advantage of this fact was an anhydrous ammonia plant, which uses gas to produce fertilizer and other ammonia products for pulp and paper, mining, and smelter industries.

While fuel costs are relatively unimportant to most industries, the presence of low-cost natural gas in ample quantities lowers two possible barriers to industry location and growth in the Pacific Northwest—high fuel costs and relative scarcity of energy sources. Northwestern factories can now obtain unlimited supplies of natural gas at about the same cost as California firms, and the increasing use of gas for space heating will free electricity for industrial uses, too.

In spite of some unpleasant surprises for the utilities, natural gas has done well in the Northwest. When the introduction of gas was being considered by the Federal Power Commission in 1953, it was estimated that by the fifth year of operation, the Northwest would be using 70 to 100 billion cubic feet per year. Actual sales by utilities during 1957, the first full year of operation, were 71 billion cubic feet. As industry and population grow, so will the demand for gas. The market is far from saturated, and there are still communities in the Northwest to which gas transmission and distribution systems can be extended.



BUSINESS INDEXES — TWELFTH DISTRICT[1]

(1947-49 average = 100)

Year and month	Industrial production (physical volume)[2]							Total nonagricultural employment	Total mf'g employment	Carloadings (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	Steel[3]	Copper[3]	Electric power						Exports	Imports
1929	95	87	78	54	...	105	29	....	....	102	30	64	190	124
1933	40	52	50	27	...	17	26	....	....	52	18	42	110	72
1939	71	67	63	56	24	80	40	....	55	77	31	47	163	95
1949	100	99	103	100	97	93	108	99	97	94	98	100	85	121
1950	113	98	103	112	125	115	119	103	105	98	107	100	91	137
1951	113	106	112	128	146	116	136	112	120	100	112	113	186	157
1952	116	107	116	124	139	115	144	118	130	100	120	115	171	200
1953	118	109	122	130	158	113	161	121	137	100	122	113	140	308
1954	116	106	119	132	128	103	172	120	134	96	122	113	131	260
1955	121	106	122	145	154	120	192	127	143	104	132	112	164	308
1956	120	105	129	156	163	131	210	134	152	104	141	114	195	443
1957	107	101	132	149	172	130	224	138	157	96	141	118	230	575
1957														
October	102	101	132	161	152	129	223	138	155	84	135*r*	119	199	684
November	103	101	131	146	149	128	222	137	152	95	139	118	210	582
December	100	101	124	139	143	128	216	137	151	93	139	119	178	610
1958														
January	107	100	122	135	132	126	223	137	150	94	132	121	163	393
February	105	97	114	112	134	128	221	136	149	86	135	121	149	358
March	104	95	119	112	139	125	226	136	148	87	137	123	160	422
April	97	94	119	129	132	120	218	135	147	87	142	125	171	445
May	103	93	124	176	139	106	227	135	147	90	142	124	193	468
June	100	93	123	178	140	101	234*r*	136	148	90	143	124	190	617
July	102	92	127	179	112	79*r*	232*r*	137	149	84	140	124	180	602
August	109	93	128	179	132	91	232	137	150	92	148	123	181	...
September	110	93	129	179	148	119	228	138*r*	150	94	140	123	...	...
October	113	93	130	186	152	...	...	138	151	81	141	123	...	...

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
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	154
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	189
1957	13,178	6,619	11,870	10,679	4.97	+ 31	−4,164	+3,903	− 83	2,686	203
1957											
November	13,185	6,357	11,770	10,304	....	+ 14	− 298	+ 447	+ 37	2,652	202
December	13,178	6,619	11,870	10,679	5.13	− 18	− 454	+ 480	− 23	2,686	217
1958											
January	13,106	6,573	11,601	10,761	....	− 16	− 258	+ 180	− 137	2,662	211
February	13,002	6,884	11,305	10,992	....	+ 12	− 437	+ 298	+ 17	2,520	203
March	12,860	7,075	11,225	11,183	4.95	− 62	− 180	+ 253	+ 11	2,530	198
April	12,979	7,605	11,570	11,406	....	+ 43	− 391	+ 371	− 2	2,574	206
May	12,977	7,546	11,292	11,530	....	+ 11	− 203	+ 154	+ 90	2,456	193
June	13,197	7,632	11,278	11,724	4.81	− 59	− 409	+ 531	+ 22	2,494	212
July	13,142	7,670	11,744	11,779	....	+ 52	− 384	+ 302	+ 4	2,474	211
August	13,356	7,984	11,774	11,817	....	+ 2	+ 15	+ 193	+ 46	2,621	204
September	13,350	7,827	11,860	11,776	4.80	+ 4	− 378	+ 157	− 31	2,451	210
October	13,419	7,846	12,176	11,836	....	0	− 517	+ 726	+ 57	2,612	215
November	13,591	8,026	12,395	11,725	....	+ 48	− 305	+ 398	+ 31	2,727	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, and copper, U.S. Bureau of Mines; steel, U.S. Department of Commerce and American Iron and Steel Institute; 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.