Monthly Review

TWELFTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF SAN FRANCISCO

July 1959

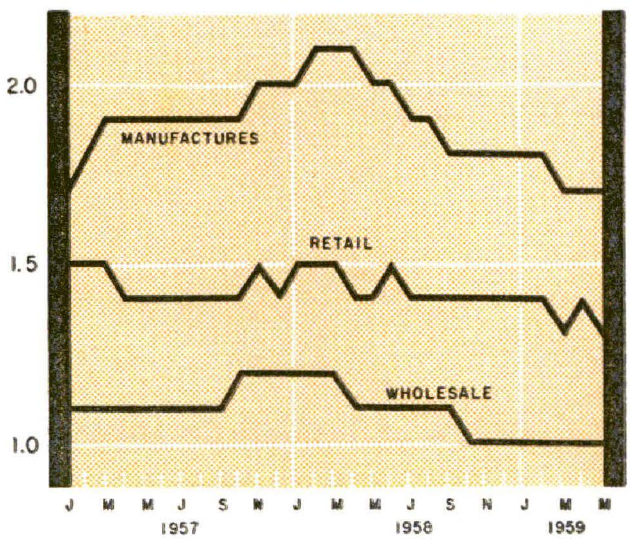
Review of Business Conditions

PACED by record levels of demand, national output continued to expand through June. Industrial production broke through to new high ground, and the Federal Reserve Board's seasonally adjusted index of industrial production rose to 155 percent of the 1947-49 average. This gain in industrial production apparently depended relatively less than did previous rises on primary metals activity, since raw steel output drifted down slightly from the May level. Nevertheless, further industrial gains will depend to a large degree on the extent of the anticipated slowdown in the metals industries; and, whatever the outcome of contract negotiations, most observers foresee a reduced rate of national economic advance during the summer months.

Although stockpiling activities have received considerable publicity, the pace of manufacturers' and traders' sales has generally kept stock-sales ratios at moderate levels (Chart 1). With few exceptions, these ratios are presently well below the levels reached last year. Total business inventories are only 1 percent greater than a year ago, while total manufacturing and trade sales have outdistanced the year-ago level by about 15 percent. Automobile inventories, at close to one million units, have given rise to some concern; but unexpectedly high sales in the first half of this year have led the automobile industry to discount fears that end-of-the-year "mopping-up" operations will cause unusual strain.

CHART 1

INVENTORY-SALES RATIOS



Source: United States Department of Commerce, Office of Business Economics, *Industry Survey*.

Residential construction activity rose less than seasonally in June, but total new construction put in place was valued at $5 billion, a record for the month. This recent gain was concentrated in industrial and other types of nonresidential structures, with residential building accounting for about one-fourth of the total rise. The June increase pushed total new construction expenditures during the first half of 1959 to a seasonally adjusted annual rate of $55 billion, roughly $6 billion more than was spent during 1958.

Swept along by the expanding level of economic activity, nonfarm employment rose in May and June to record levels. Unemployment, however, did not fall proportionately due to the entrance of students into the labor market. With labor income up over $1.4 billion from May, personal income in June reached a seasonally adjusted annual rate of $383 billion. Reflecting these gains, and also the increasingly favorable overall outlook, consumer spending hit record levels in May which were maintained through June.

Reported plans for expenditure on plant and equipment show increased optimism. The latest Securities and Exchange Commission-Department of Commerce survey of investment anticipations indicates that businesses are planning to invest $32.6 billion in 1959, compared with actual outlays of $30.5 billion in 1958.

January-March capital appropriations were up 37 percent from the first quarter of 1958 according to the most recent Newsweek-National Industrial Conference Board *Quarterly Survey of Capital Appropriations*. Of the industries surveyed, only chemicals failed to register over-the-year gains. Spending approvals in durable goods industries climbed

125 percent above the year-ago figures; in nondurables more moderate gains were partially offset by the reduction in chemicals, and the overall figure was about 3 percent higher than for the first quarter of 1958.

Wholesale farm and farm product prices (including meat) moved down fairly steadily through June. With industrials holding firm at slightly below April and May levels, the index of all commodities continued to fall to 119.6, down about 0.3 percent from the previous month.

District advance continues

Overall economic activity in the Twelfth District continued to improve in May and June, although the general advance was marked by considerable diversity among individual industries and geographical areas. Nonfarm employment continued to rise through May as gains were recorded in most major industry divisions. The advance was very nearly checked, however, by a decline in manufacturing employment. The drop was largely the result of a sharp movement in the typically erratic food canning and preserving industry and of a labor dispute in the rubber industry. After adjusting for seasonal factors, employment in these industries declined 10,000 and 3,000, respectively, and contributed to the first decline in a series of manufacturing employment gains which extended back to April 1958.

Also contributing to the moderate setback in manufacturing was the small drop in defense-related employment stemming from layoffs among major aircraft firms. Although other defense-related manufacturing employment expanded due to increased hirings in electrical machinery, ordnance, and instruments firms, these monthly gains were generally moderate compared with those made during the past year. The overall loss was quite moderate, but it interrupted a year-long trend which added 55,000 workers to District defense-related plants since May 1958.

The overall decline in defense-related employment may be more significant, though smaller by far, than that recorded by the food canning and preserving and rubber manufacturing industries. The rubber dispute has since been settled, while the beginning of what promises to be an extremely favorable canning season suggests an early reversal of the May development in this industry. On the other hand, no such reversal is in prospect for aircraft, judging by reports from employers on needs for new employees in the months ahead. In Washington, layoffs of unskilled and semiskilled workers continued to offset hiring of technicians and specialized nonproduction workers. In California, the outlook for the next few months is brighter, but contract uncertainties make even a moderately optimistic forecast tentative.

Employment increases in non-manufacturing industry

Labor disputes in Washington and Oregon idled approximately 1,200 workers engaged in heavy construction and several thousand additional workers indirectly during May. Construction employment gains in other District states were not quite offsetting. The moderate recovery in District mining employment which began in April continued into May. Some improvement in employment at Utah copper mines was noted, but most of the mining gains occurred in nonmetallic mining and quarrying in Utah and California. Government employment rose slightly, and small gains occurred in trade, finance, transportation, and services.

All District states except Oregon and Washington reported higher seasonally adjusted employment totals in May than in April. In the Northwest, expansion was limited by strikes in construction and related industries. Generally favorable weather there last winter, however, permitted higher than usual employment so that the customary degree of seasonal expansion did not occur this spring. Correspondingly, unemployment has dropped less than usual in the Northwest, bringing a rise in the rate to 5.4 percent of the labor force in Oregon and to 6.8 percent in Washington. In contrast, unemployment continued to decline in California, dropping to 4.2 percent of the labor force for an overall average of 4.7 percent for the Pacific Coast.

Lumber markets grow weaker

With further seasonal expansion in sawmill output and continued slowness in reordering from eastern building areas, market quotations of Twelfth District lumber declined during most of June. Additionally, at least one-third of the District's plywood mills announced production curtailments in an attempt to hold their prices to current quotations. Following weeks of reported price shading of as much as $5 from the list price of $85 per thousand board feet, producers lowered the list price of ¼ inch sanded "index" grade of plywood to $78 to $80 per thousand in July.

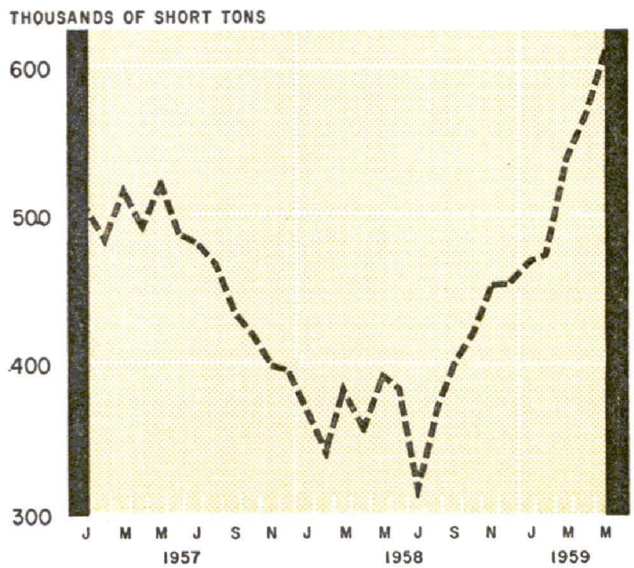
New order receipts slowed down in June, just as production was getting into full swing. This has not been unusual in District lumbering regions in recent years. Moreover, the present price structure has been much improved over the past two years; for example, the average realization on Douglas fir lumber shipments reached $80.24 per thousand board feet in May, up almost $5 from March and the highest level since September 1956. But end-of-June order backlogs held by fir producers fell to just 1 percent above last year, compared with a margin of over 16 percent at the end of both April and May. Industry sources expect prices to firm in July when annual vacation shutdowns begin, but orders withheld while the housing bill was pending are now a question mark. The slowing of residential construction should exercise a damping effect on lumber markets in the months ahead.

Developments in metals are mixed

The rush to produce steel stockpiles added 800 and 2,300 workers to primary metals and fabricated metals payrolls, respectively, in California during May. Twelfth District steel producers eased operations so that output of raw steel declined from the May level (Chart 2). The two-week postponement of the strike

CHART 2

TWELFTH DISTRICT STEEL PRODUCTION



Source: United States Department of Commerce, *Facts for Industry,* Iron and Steel Foundries and Steel Ingot Production.

deadline allowed additional orders to be completed, but some individual specialty plants were shut down for lack of orders even before the final deadline.

With domestic and foreign copper production at record levels, consumers' stocks standing at about three and a half months' current sales, and the fear of a strike shortage at least temporarily arrested by the miners' agreement to continue working past the original strike deadline, copper prices began to tumble in mid-June. By the end of the month custom smelters had made four successive half-cent reductions, to a level 1.5 cents below the major producer price of 31.5 cents per pound. Although annual vacation shutdowns brought some stability to the uneasy domestic market in July, this was offset in part by the resumption of operations at a strike-closed major refinery in Tacoma, Washington, which added 10,000 tons per month to industry capacity. On the heels of further reductions by custom smelters, two major producers dropped their price to 30 cents, and one announced an output cut of 7 percent. Despite the most recent price and output reductions, producers' quotations may be further tested by foreign imports.

Aluminum, like copper and steel, has been setting production records, but, unlike steel, the gains reflect only a moderate amount of hedge buying. Inventory buying in the second quarter has been estimated by the trade at only 2 to 3 percent of total volume, and apparently this was more in anticipation of price boosts than strike shortages. Kaiser Aluminum reactivated another potline at its Mead, Washington plant in late June, raising this company's operating rate to about 90 percent of capacity.

Lead buying increased sharply in May, leading to the highest monthly rise in shipments in several years. A reported reduced level of sales during June may indicate that some consumers have attained desired stock hedges against possible summer strikes. Demand for zinc remained strong through June as galvanizers prepared for the anticipated steel strike.

With crude oil production still running below year-ago levels, increasingly favorable gasoline and fuel oil demand has alleviated some of the oil industry's more persistent oversupply problems. Offshore shipments of heavy fuel oil have picked up sufficiently to enable total demand to absorb current new supply and even to run off some excess stocks. This represents a marked change from last year, when the heavy oil glut led to a 90 cent reduction in posted prices for heavy crude. Gasoline sales in the District continue to exhibit surprising strength, in marked contrast to the rather disappointing gains being registered nationally. Expanding refined product demand is giving District producing activity a welcome fillip. The volume of shut-in production has been reduced, and drilling activity has been advanced to a rate nearly one-third above that of last year.

Although oil imports have been consistently below the mandatory District limit, some changes may be in the offing. Pacific Northwest states doubled their Canadian imports in June (due to a reported price cut by some Canadian producers), and higher quotas became effective July 1. If District refiners take full advantage of the higher quota allocations, some oversupply could result, especially if increased domestic production met with even a temporary lull in demand.

Prospects for agriculture improve

District farming continues to show mixed trends. In April, cash receipts from livestock marketings were up 4 percent from a year ago, but these gains were offset by the decline since April 1958 of 4.7 percent in receipts from crop marketings. This development, experienced first in March, contrasts with the first quarter, when returns from crop marketings bolstered the year-to-year losses in receipts from marketings of livestock.

An increase in District crop output is expected this year. Although official estimates of the cotton crop have not yet been released, the stand is reported to be in excellent condition, and a 20 percent increase in acreage has been authorized. In addition, an unusually large increase in production from last year's short crop is in prospect for deciduous fruit. All major deciduous fruits except apples and cherries are expected to be in more plentiful supply, with a prospective apricot crop twice as large as a year ago.

Farm labor problems may be intensified by the record forecast for the District's major deciduous fruit, cling peaches, and near record production of other important fruit crops. A great deal of hand labor is involved in fruit production and harvesting. In California, the costs alone of thinning the crops are reported to have exceeded similar outlays last year by several million dollars, and the labor requirements for harvest are even greater.

The 1959-60 canning season started in June, and a large apricot pack is currently under way. Although early season canning activity in California was threatened by an incipient labor dispute, the continuation of operations has been assured by the last minute cancellation of the threatened strike. A new high in the volume of fruit canned may be reached this year, as a consequence of the very large harvests indicated by crop reports and quite moderate end-of-season inventories. Stocks held at the close of the season in June of this year were about 3 percent smaller than a year ago.

Retail sales continue to gain

Personal income in the Twelfth District rose to a seasonally adjusted level of $4.5 billion in April, according to McGraw-Hill data. This represents an over-the-year gain of 10.6 percent, compared with a 9.1 percent increase for the nation as a whole. The advanced levels of personal income have been reflected in the increase in District department store sales, which during May were 154 percent of the 1947-49 average and for the four weeks ending June 27 were 13 percent above the volume for the corresponding period in 1958. Department store sales of consumer durables showed somewhat mixed trends. During the four weeks ending June 27, sales of furniture and bedding and domestic floor coverings registered consistent advances, on the basis of year-ago comparisons for individual weeks. Movement of major household appliances showed little change.

Although California new automobile registrations in May were off about 1 percent from April, they were about 30 percent above the year-ago volume. Total registrations for the first five months of 1959 were nearly 40 percent higher than in the same period last year. The District's general prosperity and a well accepted crop of new automobiles have made consumers increasingly willing to incur debt. Consumer instalment credit held by District commercial banks totaled $2.2 billion at the end of May, exceeding the year-ago figure by $177 million. Automobile credit accounted for 60 percent of the change, compared with 43 percent for the nation. About 59 percent of the new car instalment credit is for 31 months or over, compared with about 49 percent a year ago.

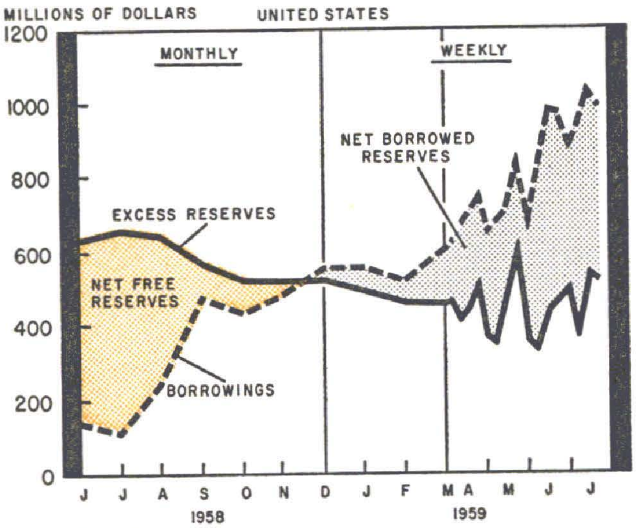
Credit restraint becomes more noticeable

Although credit restriction is ultimately a restraint on nonfinancial sectors of the economy, including industrial, commercial, and consumer users of credit, it is useful to analyze the process from the point of view of the lender as well as the borrower. This permits us to trace the process of credit restriction via the mechanism of its application and thereby to see the various steps in the gradual spread of credit restraint.

With the economy moving to higher ground, the basic reserve position of the banking system has fallen short of the amount required to support the increases in bank credit granted; and, with the exceptions of a single week in January and a single week in February, member banks have been net debtors of the Federal Reserve Banks. The level of net borrowed reserves, which varied within a range of $100 million to just over $300 million from March through May, moved up to a level of around $500 million in the month of June (Chart 3). This reflected mainly an increase in borrowings from a level of $600 million in March to about $1 billion in July, while excess reserves remained almost unchanged, moving from $460 million to $470 million. An added testimonial to the demand for bank reserves is the manner in which the rate of interest on Federal funds (bank loans of excess reserves to each other)

CHART 3

RESERVE POSITIONS OF MEMBER BANKS



Source: Board of Governors of the Federal Reserve System.

has stuck at the new discount rate of 3½ percent. Banks active in the Federal funds market report that even at this rate funds are often scarce or virtually unobtainable; hence the increase in borrowing from the Reserve banks.

Banks sell securities in large volume

In addition to increased borrowings from the Reserve banks, the securities portfolios of banks have had to be reduced to accommodate loan expansion. In the four weeks ended July 1, weekly reporting banks in the nation divested themselves of $1.23 billion of United States securities (Table 1). Almost one-half of the Governments sold were Treasury bills, as the reporting banks disposed of $592 million of bills during June to reduce their holdings of these issues by 35 percent since April 1. The bulk of the remainder of United States securities was in certificates and notes—about $250 million of each—while about $141 million of United States bonds were sold by reporting banks. Generally, the shorter the maturity of the security, the smaller the possible capital loss as interest rates rise. This relationship has acted to restrict heavy out-of-portfolio sales to the short- and intermediate-term securities. In addition to their sales of Government issues, reporting banks in the nation reduced their holdings of other securities, mainly municipal bonds, by $105 million during June.

Recent developments in the Twelfth District show how credit policy is introducing more sobriety in business and consumer spending plans. For the average bank customer tight money has taken a relatively inconspicuous form: money was more expensive, but it was nearly always available for all classes of borrowers. While most banks are continuing to meet the needs of established customers, credit applications are being reviewed more selectively, and many banks are no longer aggressively soliciting new borrow-

TABLE 1

HOLDINGS OF UNITED STATES SECURITIES AND OTHER SECURITIES AT WEEKLY REPORTING BANKS IN THE UNITED STATES AND THE TWELFTH DISTRICT

(millions of dollars)

	United States				Twelfth District			
	Holdings as of July 1, 1959p	Changes in holdings from previous month: April	May	June	Holdings as of July 1, 1959p	Changes in holdings from previous month: April	May	June
Total United States securities	27,312	—1,267	—738	—1,226	5,650	—172	—267	—185
Bills	1,651	— 520	+211	— 592	59	— 61	—142	— 50
Certificates of indebtedness	1,982	— 174	—292	— 242	389	— 49	— 80	—115
Notes	6,368	— 249	—438	— 251	1,055	— 38	— 35	— 27
Bonds	17,311	— 324	—219	— 141	4,185	— 24	— 10	+ 7
Other securities	9,266	+ 80	—205	— 105	1,906	— 59	— 21	— 51

p Preliminary.

Source: Federal Reserve Board of Governors, Federal Reserve Bank of San Francisco.

ers. In some instances total loan limits on branches and upper limits for specific kinds of loans are being instituted by banks and rates on business loans are moving upward. The average bank rate on short-term business loans made in the first 15 days of June stood at 5.21 percent, up sharply from an average rate of 4.97 percent in March of this year. This advance reflects the rise in the prime rate (the rate charged to first quality bank borrowers on short-term business loans) to 4½ percent in May. In June over half of the dollar volume of business loans transacted in the District carried a rate of 4½ percent, where the majority of such loans were made at 4 percent in March.

Bank loans rise at record rates

Turning to the actual expansion of bank credit, total loans at reporting banks in the nation rose slightly over $1.5 billion, eclipsing the record expansion of total loans at all commercial banks in the month of May by about 25 percent. The major part of this increase took place in business loans, which rose $993 million in the four weeks ended July 1. Estimates indicate that about one-third of business borrowings were incurred by sales finance companies. It is customary around tax-payment dates for business holders of sales finance company paper to allow it to run off, at which time the finance companies turn to the banks for credit. The advance in bank loans in June was shared in by all categories of loans. The secondary source of strength was in "all other loans" which are predominantly loans for consumer expenditure. A June increase of $383 million in this group indicated the willingness of consumers to go into debt to buy automobiles and other big ticket durable goods. Real estate loans, which had given an early impetus to the current expansion of bank credit, grew $142 million in June, down slightly from the gain registered in May.

In the District, the pattern of expansion of loans at the reporting banks during June followed the national pattern, though with some significant variations (Table 2). Commercial and industrial loans played a lesser role in the expansion, falling off to less than one-half of the May increase and to substantially less than the April growth. The largest loan increase in the District was in consumer loans (classified with "all other loans"), which rose $96 million in June. Real estate loans at Dis-

TABLE 2

LOANS AND DEPOSITS AT WEEKLY REPORTING BANKS IN THE UNITED STATES AND THE TWELFTH DISTRICT

(millions of dollars)

	United States				Twelfth District			
		Changes from previous month in loans outstanding				Changes from previous month in loans outstanding		
	July 1, 1959p	April	May	June	July 1, 1959p	April	May	June
Total loans	58,094	+ 331	+ 729	+1,551	12,378	+316	+344	+223
Commercial and industrial loans	31,998	+ 35	+ 381	+ 993	5,054	+138	+197	+ 79
Agricultural loans	630	+ 23	+ 3	+ 21	326	+ 21	+ 11	+ 15
Brokers and dealers loans	2,155	— 77	— 87	+ 44	77	— 5	— 2	+ 4
Other loans for carrying securities	1,358	— 13	+ 7	— 24	53	— 2	0	— 15
Real estate loans	10,241	+ 113	+ 152	+ 142	4,666	+ 76	+ 54	+ 51
All other loans	12,963	+ 250	+ 279	+ 383	2,418	+ 68	+ 83	+ 96
Demand deposits adjusted	56,391	+1,915	—1,750	+ 337	9,754	+ 62	—183	+ 43
Time Deposits	28,548	+ 68	+ 112	— 52	10,245	+152	+112	+ 55

p Preliminary.
Source: Federal Reserve Board of Governors, Federal Reserve Bank of San Francisco.

trict reporting banks increased by another $50 million during June. It is characteristic of District banks that they carry a higher proportion of real estate loans than do banks in other parts of the country because they hold a higher proportion of time deposits. Table 2 shows that the rate of increase of real estate loans declined in June over May and April, as the demand for funds by other types of borrowers made itself felt.

The inflow of savings to financial institutions has not kept pace with the demand for mortgage money. The growth in other credit demands has competed successfully with the demand for mortgage funds, and the general increase in interest rates has made further commitments for mortgages less attractive.

As a reflection of these various market forces, the discount on Federal Housing Administration and Veterans' Administration loans in the secondary market has increased. In the national market, the average price for FHA 5¼ percent new home mortgages (10 percent down payment and 25 year maturity) was $97 per $100 on June 1, down nearly half a point from the May 1 average. While no national data are yet available, judging from District reports the discount widened further in June. Substantially larger discounts were taken on VA mortgages. The recently authorized increase in the ceiling interest rates on VA loans to 5¼ percent may be expected to bring the market price on new VA loans to a level much closer to that for FHA mortgages of similar nature.

In an effort to obtain a greater supply of mortgage funds, savings and loan associations in some localities in the Twelfth District have increased their dividend rates. In San Diego County, the rate paid on such shares was put up to 4½ percent in July, with Salt Lake City rates going to 4 percent. Commercial banks in Washington and Oregon have also raised the rate paid on savings accounts to 3 percent. Time deposits at reporting banks in the District have risen at a much faster rate than in the nation. Table 2 shows that the rate of increase in the District has exceeded that for reporting banks in the nation in April, May, and June, although the rate of growth slackened markedly in June. The 258-day Treasury bills issued July 8, auctioned at an average rate of 4.728 percent, were selling in the market a week later for about 4.55 percent, indicating heightened public interest. Such a yield on a relatively short-term Government security represents potent competition to savings institutions in the demand for funds.

As demands for funds from other sectors increase, money rates and bankers' preferences for shorter-term loans may be expected to intensify the pressure on the mortgage market. Although a large backlog of financing commitments temporarily insulates residential construction activity, Western builders are increasingly apprehensive concerning their prospects for the rest of the year. Western building depends to a considerable extent on Eastern capital flowing from investors who are not restricted to mortgages in their search for high yields. It must thus compete against a relatively wide variety of government and corporate issues for its mortgage money. Therefore, credit restraint tends to squeeze this sector rather promptly, and perhaps more rapidly in the West than elsewhere in the nation. Whether this will restrain speculative building and moderate the rise in building costs remains to be seen.

The United States Treasury Department and the Federal Reserve System early last spring initiated a joint inquiry into the functioning of the Government securities market. The first of three parts of the study is now available for distribution in printed form.

Part I of the Study consists of two papers. The first summarizes the informal consultations conducted by the Treasury-Federal Reserve study group with individuals associated with or informed about the functioning of the market. The second paper is a special technical study concerned with the question whether an organized exchange might better serve the public in effectuating the purchase and sale of Government securities.

Part II of the Study will be a factual and analytical report on the performance of the Government securities market in 1958. Part III will deal with specialized and technical subjects suggested by the informal consultations and the factual records of 1958.

The price of each part is $1.00. There is a special price of $2.50 for the set of three pamptlets, when all are ordered at one time. The individual parts will be forwarded as they become available.

BUSINESS INDEXES — TWELFTH DISTRICT[1]

(1947-49 average = 100)

Year and month	Industrial production (physical volume)[2] Lumber	Petroleum[3] Crude	Petroleum[3] Refined	Cement	Steel[3]	Copper[3]	Electric power	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] 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	60	57	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	121	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
1958	106	94	124	158	141	116	228	137	154	89	142	123	174	537
1958														
May	103	93	124	176	139	106	227	136	151	90	142	124	193	468
June	100	93	123	178	140	101	234	137	153	90	143	124	190	617
July	102	92	127	179	112	79	232	138	153	84	140	124	180	602
August	109	93	128	179	132	91	232	138	155	92	148	123	181	513
September	109	93	129	179	148	119	228	138	155	94	140	123	178	607
October	113	93	130	186	152	132	238	139	156	81	141	123	174	712
November	114	93	127	159	168	139	231	140	158	91	149	124	178	545
December	119	93	124	165	165	129	236	140	159	97	147	123	170	762
1959														
January	120	92	125	161	168	136	238	141	161	98	150	124	237	504
February	118	92	126	142	187	138	242	141	162	93	155	123	153	696
March	116r	95	128	171	194	141	249	142	163	97	155	123	209	652
April	114	92	130	178	212	144	...	142	164	94	153	123	168	600
May	118	92	128	188	221e	148	...	142	163	101	154	123	...	...

BANKING AND CREDIT STATISTICS — TWELFTH DISTRICT

(amounts in millions of dollars)

Year and month	Condition items of all member banks[6] Loans and discounts	U.S. Gov't securities	Demand deposits adjusted[7]	Total time deposits	Bank rates on short-term business loans[8]	Member bank reserves and related items — Factors affecting reserves: Reserve bank credit[9]	Commercial[10]	Treasury[10]	Money in circulation[9]	Reserves[11]	Bank debits Index 31 cities[3, 12] (1947-49=100)[2]
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
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
1958	13,812	8,003	12,729	12,077	4.88	− 89	−3,558	+3,645	+ 63	2,658	209
1958											
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
December	13,812	8,003	12,729	12,077	4.95	− 54	− 542	+ 518	− 11	2,658	239
1959											
January	13,897	8,099	12,508	12,037	....	+ 11	− 517	+ 389	− 109	2,656	226
February	14,022	7,735	12,210	12,018	....	+ 9	− 431	+ 386	+ 17	2,602	234
March	14,176	7,436	12,228	12,003	4.97	− 13	− 541	+ 539	+ 4	2,588	240
April	14,768	7,739	12,874	12,301	....	− 9	− 608	+ 635	+ 18	2,606	242
May	15,000	7,511	12,520	12,399	....	+ 78	− 323	+ 392	+ 48	2,699	232
June	15,328	7,329	12,589	12,517	5.21	− 84	− 783	+ 778	+ 23	2,597	237

[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. *e*—Estimated. *r*—Revised.