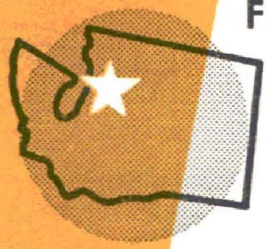
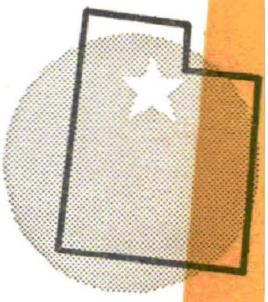
Monthly Review

FEDERAL RESERVE BANK OF SAN FRANCISCO
TWELFTH FEDERAL RESERVE DISTRICT

November 1959





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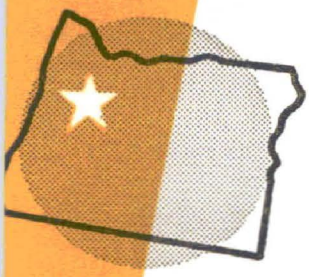
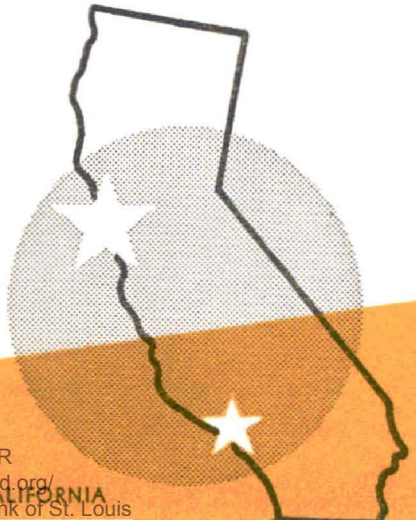
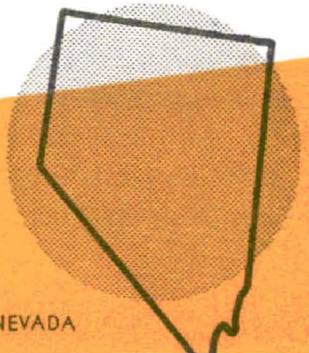
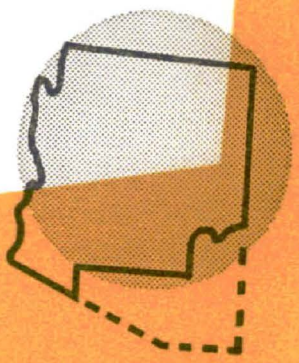








Interest Rates on New Business Loans December 1958 – September 1959

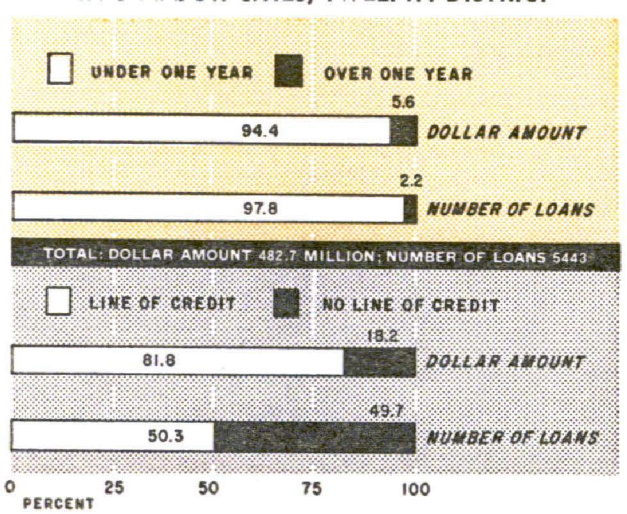
BANK lending to business during the last four quarters has been carried on under rapidly changing monetary and economic conditions, which have been reflected in changing interest rates charged on new business loans. The monetary and economic setting has ranged from the relative credit ease of the last quarter of 1958, when the economy was still recovering from the 1957-58 recession, to the much-remarked "tight money" conditions, which emerged as the economy moved into a phase of vigorous expansion as 1959 progressed. Although the steel strike which began July 15 slowed industrial production in the third quarter of 1959, business loans of weekly reporting member banks both in the District and in the nation continued to rise; money market rates and interest rates on business loans also continued their upward trend.

The movement of interest rates charged by banks on new loans to business concerns is shown by data obtained from the Quarterly Interest Rate Survey conducted by the Federal Reserve System. Selected banks report separately each business loan of $1,000 or more which was made during the first 15 days of March, June, September, and December. In the Twelfth District, interest rate data are reported by 24 bank offices in five major cities: San Francisco, Los Angeles, Portland, Seattle, and Salt Lake City. These reporting bank offices account for more than one-third of total business loans outstanding at Twelfth District banks. This article discusses interest rate data from the last four quarterly reporting periods, December 1-15, 1958, through September 1-15, 1959. Beginning with the December reporting period, the inclusion of data on maturity of loans and the finer classification of line of credit and non-line of credit loans have permitted a more broadly based and more detailed analysis of interest rates charged on new business loans than was previously possible. Variation in seasonal factors during the four quarters is not considered to have significantly altered the trends shown by the data.

During each of the last four quarterly reporting periods, loans maturing within one year or less (short-term loans) accounted for more than 97 percent of the total number of loans reported and accounted for from 91 percent to 97 percent of the total dollar volume of reported loans. (See Chart 1). These figures may seem in sharp contrast to the findings of the Commercial and Industrial Loan Survey of October 1957, which showed that of the total business loans outstanding at Twelfth District member banks only 54.5 percent of the total number of loans and 61.1 percent of the total dollar volume were short-term loans. One explanation of the apparent conflict is that although long-term loans (those maturing in over one year) are only a small percentage of new business loans made, their cumulative weight resulting from their longer maturity periods forms a much larger propor-

CHART 1

BUSINESS LOANS MADE
SEPTEMBER 1-15, 1959, BY 24 BANK OFFICES
IN 5 MAJOR CITIES, TWELFTH DISTRICT



Source: "Quarterly Interest Rate Survey," Twelfth District.

tion of outstanding loans. This cumulative weight of long-term loans can also result in a sizeable difference between the average interest rate on outstanding loans and that on new loans.

Chart 1 also illustrates another major characteristic by which new business loans made by Twelfth District reporting banks may be distinguished, i.e., loans that are made under a line of credit extended by the lending bank to the business borrower, and loans that are not made under a line of credit. During each of the last four quarterly reporting periods, business loans extended under a line of credit accounted for about five-sixths (from 82 percent to 86 percent) of the total dollar volume of reported loans, but only accounted for about one-half of the total number of reported loans, specifically, from 45 percent to 50 percent. Most big loans reported on the Quarterly Interest Rate Survey by Twelfth District banks are extended under lines of credit; about 91 percent of the total dollar volume of loans of $200,000 or more and 87 percent of the total number of such loans were line of credit loans.

The interest rate charged on a bank loan to a business borrower varies according to whether the loan is short-term or long-term, and is a composite reflection of such additional factors as size of loan, asset size of borrower, business of borrower, and type of collateral offered. Loans reported on the Interest Rate Survey by Twelfth District banks also show that, in general, lower interest rates are charged on business loans extended under a line of credit than on business loans which are not made under a line of credit. Since we have only limited data on the characteristics of the borrowers, and since these characteristics are probably associated with their having lines of credit, examination of size composition of loans is a more meaningful classification. Data from reporting banks indicate that large loans account for a higher percentage of the total loans extended under a line of credit.

Table 1 below shows the size composition and average interest rates of line of credit loans and non-line of credit loans made by reporting bank offices during September 1-15, 1959.

TABLE 1

SHORT-TERM LOANS REPORTED BY TWELFTH DISTRICT BANKS
September 1-15, 1959

Loan Size (in thousands of dollars)	% of Dollar Volume	% of Number of Loans	Average Interest Rate
Under $10			
Line of Credit	0.88	25.78	6.09
Non-Line of Credit	6.72	57.12	6.25
$10-99.9			
Line of Credit	11.75	49.54	5.83
Non-Line of Credit	28.89	36.87	5.85
$100-199.9			
Line of Credit	8.91	10.05	5.51
Non-Line of Credit	11.86	2.91	5.69
$200 and over			
Line of Credit	78.46	14.63	5.31
Non-Line of Credit	52.53	3.10	5.26
$500 and over			
Line of Credit	60.92	6.23	5.29
Non-Line of Credit	33.38	0.91	5.23
Total Dollar Volume (in thousands of dollars)			
Line of Credit	$371,841	—	5.40
Non-Line of Credit	83,699	—	5.54
Total Number of Loans			
Line of Credit	2,618	—	—
Non-Line of Credit	2,647	—	—

Interest rate survey data show that the difference between the average interest rate charged on all short-term loans made under a line of credit and that charged on those not made under a line of credit narrowed progressively from 0.55 percentage point in the December 1958 period to 0.14 percentage point in the September 1959 period, so that the difference between the two average rates diminished by 0.41 point over the four reporting periods; four-fifths of this diminution occurred during the last two reporting periods, i.e., June and September. In the June 1959 and September 1959 reporting periods, the average interest rates charged on line of

credit loans in the "$200 thousand and over" and the "$500 thousand and over" size categories were higher than those on non-line of credit loans; whereas in the December 1958 and March 1959 reporting periods, the average interest rates on line of credit loans were lower than those of non-line of credit loans in all loan size categories shown in Table 1. In this connection, it may be mentioned that it is common practice of leading Twelfth District bank offices to tie the rate of interest charged on line of credit loans to the prime rate, which is the rate charged large business concerns with the best credit ratings; hence the interest rate on line of credit loans is significantly influenced by changes in the prime rate. The prime rate increased in mid-May from 4 percent to 4½ percent, and increased in early September to 5 percent. It is therefore not surprising that interest rates on line of credit loans were sharply higher in June and September reporting periods, and that average interest rates charged on the largest loans were higher for line of credit loans than for non-line of credit loans in these two periods.

The ratio of line of credit loans to total loans reported, from the standpoint of dollar volume and number of loans, remained relatively steady during the first three quarters considered, but showed some change during the September 1959 reporting period, when the proportion of line of credit loans fell by dollar volume, but rose by number.

The rise in interest rates

The upward trend in interest rates during the four quarters is also shown by the following table of average interest rates by major maturity categories.

It is interesting to note that in the September 1-15 reporting period the average interest rate on short-term loans (one year or under) was higher than that on long-term loans, thus reversing the usual pattern. The pressure of demand on the short-term money market is reflected in the relatively sharp rise in short-term interest rates from the December 1958 reporting period to the September 1959 reporting period; during this time, the average interest rate on short-term loans rose 0.74 percentage point, while the average interest rate on long-term loans rose 0.20 percentage point.

TABLE 2

AVERAGE INTEREST RATES, ALL LOAN SIZES

Maturity Period[a]	Reporting Period			
	Dec. 1-15, 1958	Mar. 1-15, 1959	June 1-15, 1959	Sept. 1-15, 1959
Demand	4.92	5.06	5.17	5.47
1 month	4.71	4.78	5.03	5.57
3 months	4.64	4.61	4.93	5.36
6 months	4.94	4.92	5.29	5.33
Over 6 months to 1 year	4.76	5.44	5.31	5.52
All loans, 1 year or less	4.78	4.82	5.00	5.52
All loans over 1 year	5.08	5.22	5.10	5.28

[a] Estimate based on a cut-off date of the 25th of the month.

The rising cost of business borrowing during the four quarters considered is reflected in rising interest rates by size of loan as well as by maturity category. The following table shows the change in interest rates from December 1958 to September 1959.

If business concerns borrowing $200 thousand or more per loan are considered to be

TABLE 3

INTEREST RATES, SHORT-TERM LOANS

Loan Size (in thousands of dollars)	Average Interest Rates			
	Dec. 1-15, 1958	Mar. 1-15, 1959	June 1-15, 1959	Sept. 1-15, 1959
Under $10	5.77	5.88	5.96	6.19
$10-99.9	5.34	5.39	5.57	5.84
$100-199.9	4.92	5.06	5.25	5.55
$200 and over	4.68	4.64	4.91	5.31
$500 and over	4.64	4.60	4.87	5.27
All sizes	4.80	4.83	5.05	5.42

"large" borrowers, the above data show that interest rates charged on business loans to large borrowers during the March reporting period fell below December levels while interest rates on loans to small and medium-sized borrowers rose slightly. However, most of the interest rate increase during the four quarters was concentrated in the interval between the March 1-15 and September 1-15 reporting periods; during the March-September interval, the rise in average interest rates was greater for business loans to large borrowers than to small and medium-sized borrowers, in terms of absolute increase in percentage points as well as relative increase.

How well small and medium-sized borrowers fared relative to big borrowers depends not only upon the interest rates charged, but also upon whether they were granted needed bank credit. The table below shows the percentages of total dollar volume and of total number of loans extended to given loan size categories.

From the table below, it is clear that as demand became greater relative to available funds, there occurred some shift of lending into large loans (those of $200 thousand or more) from the standpoint of both percentage of total dollar volume and of total number of loans. However, since both the dollar volume and number of loans extended increased, small and medium-sized borrowers were not receiving a smaller *dollar* amount of credit. For example, while the percentage of total dollar volume extended in loans of under $10 thousand fell from 2.33 percent in March to 1.87 percent in September, the actual dollar amount of these loans rose from $8,671 thousand in March to $9,007 thousand in September; similarly, the total dollar percentage of loans of $10-99.9 thousand fell from 16.71 percent to 14.40 percent, while the actual dollar amount loaned rose from $62,322 thousand in March to $69,534 thousand in September. The actual number of loans extended in the under $10 thousand category fell very slightly from March to September, while the number of loans extended in the $10-99.9 thousand loan size category was higher in the September period than in the March period.

The mounting demand for available bank funds, as reflected in higher interest rates on business loans, can be clearly seen in Table 5.

Table 5 shows that one-half of the dollar volume of all short-term business loans reported in March carried interest rates of less than 5 percent, compared with a negligible proportion in September; in September the great bulk of loans was made at rates of 5 percent or over, but less than 6 percent, while a full quarter of the dollar amount was loaned at rates of 6 percent and over.

The rise in interest rates on bank loans to business borrowers was not a singular mone-

TABLE 4

DISTRIBUTION OF DOLLAR VOLUME AND NUMBER OF LOANS, BY LOAN SIZE

Loan Size (in thousands of dollars)	% of total dollar volume		% of total number of loans	
	Mar. 1-15, 1959	Sept. 1-15, 1959	Mar. 1-15, 1959	Sept. 1-15, 1959
Under $10	2.33	1.87	45.31	41.36
$10-99.9	16.71	14.40	42.43	43.04
$100-199.9	8.65	9.15	5.16	6.43
$200 and over	72.32	74.58	7.10	9.17
$500 and over	57.61	56.92	3.21	3.80

Total dollar volume (in thousands of dollars)	
March 1-15, 1959	$309,953
September 1-15, 1959	394,942
Total number of loans	
March 1-15, 1959	2,285
September 1-15, 1959	2,737

TABLE 5

DISTRIBUTION OF SHORT-TERM BUSINESS LOANS BY INTEREST RATE CATEGORY (In Percent of Dollar Volume)

Interest Rate Category	Reporting Period	
	March 1-15, 1959	Sept. 1-15, 1959
Less than 4½ %	34.1	0.5
4½ % or over, but less than 5 %	16.1	3.9
5 % or over, but less than 6 %	40.4	70.2
6 % or over	9.4	25.4
Total	100.0	100.0

tary phenomenon, but occurred in conjunction with a general rise in money market rates, accompanied by an increase in the discount rate, as shown in the table below.

It is interesting to note that during this period, other money rates increased appreciably more than did the average interest rate charged on short-term business loans made by Twelfth District banks. The average interest rate on bank loans to business increased by 0.59 percentage point, while, at the same time, the discount rate and the prime rate each rose by a full percentage point, the rate on new Treasury bills rose 1.19 percentage points,

TABLE 6

CHANGES IN SELECTED INTEREST RATES, MARCH 1959-SEPTEMBER 1959

	March 1959	September 1959
Average interest rate on short-term business loans by Twelfth District banks, all loan sizes[a]	4.83	5.42
Discount rate	3.00[b]	4.00[c]
Prime rate	4.00	5.00[d]
Rate on new 91-day Treasury bills	2.85	4.04
Rate on prime 4-6 month commercial paper	3.35	4.63

[a] New loans reported during first 15 days of the month.
[b] Effective March 12, Twelfth District; raised from 2½ percent.
[c] Effective September 11, Twelfth District.
[d] Effective September 1, New York City banks.

and the rate which large corporations had to pay to place their commercial paper rose 1.28 percentage points.

The national picture, in keeping with the District pattern, was one of rising demand for funds, as the economy hit its stride in a vigorous expansion. The gross national product, which stood at a seasonally adjusted annual rate of $457 billion in the fourth quarter of 1958, rose to a rate of $485 billion in the second quarter of 1959, but dropped to $479 billion in the third quarter under the adverse effects of the steel strike. The index of industrial production climbed from 144 in December 1958 to a high of 155 in June 1959, although it fell in the third quarter due to the steel strike, and was at 149 in September. Consumer credit outstanding increased $4.9 billion during the period December 1958 through September 1959. Loans at weekly reporting member banks rose $11.7 billion during the December 1958-September 1959 period. Swelling the ranks of borrowers in the money and capital markets were large security issues by state and local governments to cover the cost of new schools and other facilities needed for expanding communities and major Treasury issues to replace maturing issues outstanding and to cover the $12.4 billion deficit of fiscal 1959. Another factor which appears to have reinforced the upward trend in interest rates was the apparent difficulty in further increasing the transactions velocity of the active money supply, as measured by turnover of demand deposits. The transactions velocity, after rising almost steadily since World War II, thus enabling the available money supply to do more work, leveled off from April through September, a period of rapidly rising interest rates. In view of the rising credit demands of consumers and corporations, state and local governments, and the Federal Government, the rising trend in interest rates during the December 1958-September 1959 period seems the natural outcome.

Review of Business Conditions

THE effects of the steel strike had become increasingly more widespread over the economy before the moratorium established by the Supreme Court decision in early November. This was reflected in the losses recorded in the September and October data on production, employment, and personal income. The substantial cutback in automobile output in the latter part of October, along with additional production shutdowns in other areas, suggests that the situation became more serious during the early part of November. Even with the return of labor to the mills after November 7, there is still a time lag between the start of operation and the time at which the final steel products can be shipped in volume to customers. During this time, the critical status of steel stocks may bring further shutdowns among steel users. Recovery to prestrike levels of output and job holding might take until after the first of next year. Of course, the direction of activity beyond that depends upon the outcome of the current negotiations during the 80-day "cooling off" period and the underlying strength of demand.

There is some evidence that the steel strike, while it may have affected the current levels of economic activity, has not altered significantly the basic confidence that businessmen and consumers have in the current economic situation. For example, new orders in manufacturing, particularly for new machinery, increased during September, as did unfilled orders. Consumer demand also reveals elements of strength in spite of income losses due to the steel strike. Both retail and department store sales are well above last year's levels.

The response to new automobile model introductions has been encouraging. October sales of 527,000 United States produced cars, the highest in history for this month, helped push total retail sales in October up to the peak reached in July. It is possible that some of this buying might have been in response to the expectation of an extended steel strike during which new cars would no longer be available, but this level of purchases is consistent with the spending pattern exhibited throughout most of the year.

The capital and money markets appear to have been fairly well insulated from the effects of the steel strike as the overall demand for credit has remained strong. This was reflected in interest rates, which, although fluctuating, remained near levels attained earlier.

District employment dips in September

Nonfarm employment (seasonally adjusted) in the Twelfth District declined by 0.2 percent during the month of September. In contrast with the two previous months, the employment losses which occurred were not fully offset by gains elsewhere. To a large degree, the losses resulted from the District labor disputes in copper mining, ship building, and meat packing; to a lesser degree from a reduction in employment in canning and other food processing industries; and to the

TABLE 1

TWELFTH DISTRICT NONFARM EMPLOYMENT, BY TYPE OF INDUSTRY, August and September, 1959

(Seasonally Adjusted)

	Thousands of Workers			Percentage Change
	August	September	Change	
Manufacturing	1,776.4	1,764.5	—11.9	— 0.7
Mining	68.9	58.1	—10.8	—15.7
Construction	434.9	432.6	— 2.3	— 0.5
Transportation	525.5	530.0	+ 4.5	+ 0.9
Trade	1,494.4	1,496.3	+ 1.9	+ 0.1
Finance	308.6	307.8	— 0.8	— 0.3
Service	891.2	891.8	+ 0.6	+ 0.1
Government	1,281.1	1,284.1	+ 3.0	+ 0.2
Total	6,781.0	6,765.2	—15.8	— 0.2

Source: State Employment Agency, seasonally adjusted by Federal Reserve Bank of San Francisco.

indirect effects of a continuation of the national steel strike. This is reflected, in part, in the figures on the net change in employment by industry. The data indicate the largest net declines were in manufacturing and mining, with 12,000 and 11,000 respectively. Geographically, most of it occurred in Arizona and Utah, with California and Idaho registering slight declines.

Employment gains, on the other hand, were relatively modest during the month. Distributive and service industries, including government, recorded slight employment gains during the month, but on the average the increases were less than in July or August. Defense-related manufacturing industries increased employment only by a net of 1,500 workers in September, compared with the estimated additions of 10,000 and 5,000 respectively in July and August. Employment at auto assembly plants rose by 4,500 after seasonal adjustment as the model changeover occurred somewhat earlier than in previous years. There were also scattered gains in other manufacturing industries, but, all in all, the sum total of these increases was not sufficient to offset the losses incurred.

TABLE 2

TWELFTH DISTRICT NONFARM EMPLOYMENT, BY STATE, August and September, 1959

(Seasonally Adjusted)

	Thousands of Workers			Percentage Change
	August	September	Change	
Arizona	300.8	296.0	—4.8	—1.6
California	4,697.0	4,693.9	—3.1	0.0
Idaho	156.5	154.6	—1.9	—1.3
Nevada	93.5	93.9	+0.4	+0.4
Oregon	491.2	495.1	+3.9	+0.8
Utah	250.4	242.5	—7.9	—3.3
Washington	788.4	789.2	+0.8	+0.1

Source: State Employment Agencies, seasonally adjusted by Federal Reserve Bank of San Francisco.

Shortages of materials appear to have had only a minor influence on September's employment level, although it is reported that the beginning of some new construction projects may have been delayed. Even during October, material shortages were probably less serious in the District than nationally. For example, the widespread shutdowns of General Motors plants in the rest of the nation occurred a week or two in advance of those in the District. However, as in the nation, the shortage in stocks of steel was becoming a more serious problem towards the first part of November.

Consumer spending continues as a positive factor

While running ahead of last year, the District department store sales index declined 5 percent during September and indications are that it will also decline slightly in October. However, this may be more a reflection of consumer restraint stemming from the economic effects of the labor disputes of recent months rather than any fundamental change in consumer outlook. For example, District department store sales for the four-week period ending October 31 were still 4 percent higher than in the corresponding 1958 period. The cumulative weekly sales for the year to this date also continued to run 10 percent ahead of the corresponding period of last year. This compares with an increase of 7 percent for the nation.

National data indicate a strong buyer response to new model cars, and although the available District data are less complete, they suggest a similar response. Reports of very low levels of automobile dealer inventories for both 1959 and 1960 models in many of the large metropolitan areas in the District during October attest to a high level of sales but may at the same time have played some part in stimulating sales.

Construction activity declines as lumber prices weaken

Construction activity in the District has been at record high levels during the year

primarily as a result of the housing boom. However, the boom may be over, as indicated by the recent declines in District residential construction contracts and building permits. Reduced availability of mortgage funds is reported as an increasingly important reason for the expectation of a future decline. This scarcity has been reflected both in the interest rate on conventional mortgages and in the price of Government-insured mortgages. The Federal Housing Administration recently reported that the average interest rate on conventional first mortgages in the West has risen from 6.20 percent on April 1 to 6.50 percent on October 1. In spite of the recent increase in the interest rate on FHA-insured mortgages, they are still selling substantially below par in the District. In early November, local financial sources reported that the FHA 5¾ percent, 30-year maturity, minimum down payment mortgages were quoted at 94 and 95 for future and immediate delivery respectively. The price on similar 5¼ percent mortgages was 91 and 92. The impact of this "tightness" is beginning to be reflected in the decline in District FHA applications for proposed new dwelling units. In September, these applications were 7 percent below the total for August, which in turn was less than that for July.

TABLE 3

TWELFTH DISTRICT CONSTRUCTION CONTRACTS FOR FIRST NINE MONTHS OF 1958 AND 1959

(Millions of dollars)

	First Nine Months 1958	First Nine months 1959	Percentage Change
Total Construction	4,911	5,485	+12.2
Residential Construction	2,267	2,976	+31.3
Nonresidential Construction	1,527	1,462	—4.4
Public Works and Utilities Construction	1,115	1,048	—6.0

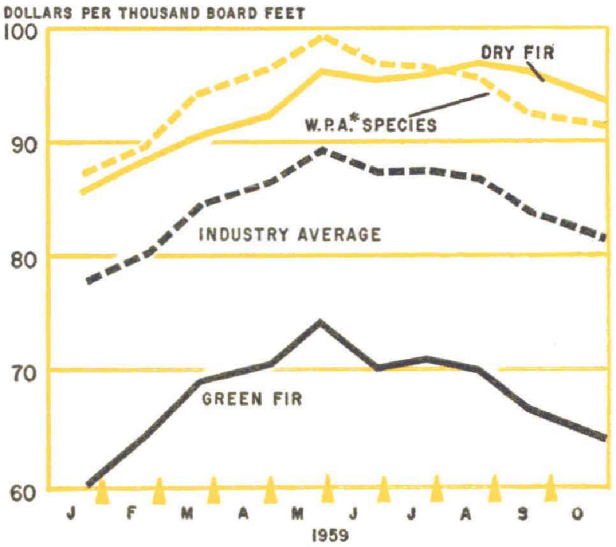
Source: F. W. Dodge Corporation, Construction Contracts, Dodge Region VIII.

Not all of these difficulties can be attributed to mortgage market conditions, however. There is some evidence that housing demand in the District may have weakened. Department of Commerce estimates of vacancies in the western region show increases in the second and third quarters of this year for both rental and owner-occupied units.

The lumber industry continues to reflect uncertainties. Sawmill production has been at relatively high rates recently, with September output 5 percent above that of August and 4 percent higher than the same period a year ago. Moreover, seasonally adjusted employment has been expanding since midsummer. This has occurred in spite of moderately falling prices. However, mill inventories are beginning to increase while jobber replacement

CHART 1

MILL PRICES OF WESTERN PRODUCED LUMBER FOR FIRST 10 MONTHS OF 1959



*Western Pine Association.
Source: Crow's Lumber Digest.

ordering is reported as slow. A part of the problem is said to be the uncertainty with respect to the demand for new housing.

Heavy crop marketings and relatively low prices

Cash receipts of District farmers increased seasonally between July and August as re-

turns from marketings rose 6.6 percent, largely as a result of heavier crop marketings. Returns from the sale of District farm products in August were 5 percent higher than a year ago but were practically unchanged for the January-August period as a whole. Prices of important District farm commodities during the three-week period ending October 23 did not change significantly but were generally somewhat below year-ago levels. Cotton prices ranged between 8-9 percent under prices received last year.

Bank loans up, investments down

District banking activity for the four-week period ending October 28 reveals few of the consequences of the recent wave of labor disputes. Total loans (adjusted) were up $70 million from the previous month. This advance was dominated by an increase in commercial and industrial loans. In general, the District followed the national pattern of a seasonal rise in loans to food, liquor, and tobacco processors, to commodity dealers, and to wholesale and retail trade. Loans to metals and metal product producers did fall, the only real indication of a strike-induced movement.

Of particular interest is the reduction in loans to domestic commercial banks, the largest decline in any category of loans. This movement shows, as do other related data, the end of a period of about 10 weeks in which District banks were net sellers of Federal funds. From about early July until mid-October, District banks sold heavily in the Federal funds market relative to their purchases and thereby served as a source of reserves to the rest of the nation. The fact that they have ceased being net sellers of these funds may indicate a further tightening in the reserve positions of the banks.

Holdings of United States Government securities by weekly reporting member banks fell by $23 million during October, although the banks added $60 million of Treasury bills to their portfolios. The lower total holdings resulted from a liquidation of certificates and "over 5 year" bonds. The overall net decline was, however, only one-tenth of the decrease in September and one-seventh of that in July and August.

The prices of outstanding California municipal bonds increased during October. In part, this may be a reflection of the relatively light offerings during the month. The volume of municipal bonds

TABLE 4

CHANGES IN SELECTED BALANCE SHEET ITEMS OF WEEKLY REPORTING MEMBER BANKS, TWELFTH DISTRICT AND UNITED STATES
(in millions of dollars)

	Twelfth District		United States	
	Outstanding 10/28/59	Change From 9/30/59	Outstanding 10/28/59	Change From 9/30/59
Loans Adjusted	14,204	+ 70	65,244	— 102
Loans Gross	14,531	+ 26	67,547	+ 113
Commercial and Industrial Loans	4,827	+ 89	29,516	+ 37
Agricultural Loans	585	— 17	936	— 8
Loans to other Non-bank Financial Institutions	677	+ 30	5,271	— 279
Loans to Domestic Commercial Banks	107	— 44	945	+ 117
Real Estate Loans	5,261	+ 16	12,527	+ 74
Other Loans	2,757	— 24	14,215	+ 28
U. S. Government Securities	5,675	— 23	28,194	+ 76
Other Securities	2,063	— 33	9,950	— 157
Demand Deposits Adjusted	11,213	+108	61,239	+1,069
Time Deposits	10,654	— 33	32,030	— 272
Savings Accounts	9,338	+ 47	N.A.	N.A.

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

of over $5 million issued in the Twelfth District during October was only $34 million, the smallest for any month this year, and well below the $63 million issued during the same month a year ago. So far, only $33 million appears to be scheduled for November, and no large issues have as yet been announced for any month in the fourth quarter. This represents a sharp decline from the activity of the first three quarters of the year, which, however, was substantially above the corresponding period of a year ago.

BUSINESS INDEXES AND BANKING AND CREDIT STATISTICS—TWELFTH DISTRICT[1]

(Indexes: 1947-1949 = 100. Dollar amounts in millions of dollars)

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]	Bank rates on short-term business loans[5]
	Lumber	Petroleum[3] Crude	Petroleum[3] Refined	Cement	Steel[3]	Copper[3]	Electric power						
1929	95	87	78	55	...	103	29	...	...	102	30	64	....
1933	40	52	50	27	...	17	26	...	...	52	18	42	....
1939	71	67	63	56	24	80	40	60	57	77	31	47	....
1949	100	99	103	100	97	93	108	99	97	94	98	100	....
1950	114	98	103	112	125	115	119	103	105	98	107	100	....
1951	113	106	112	128	146	116	136	112	121	100	112	113	3.66
1952	115	107	116	124	139	115	144	118	130	100	120	115	3.95
1953	116	109	122	131	158	113	161	121	137	100	122	113	4.14
1954	115	106	119	133	128	103	172	120	134	96	122	113	4.09
1955	122	106	122	145	154	120	192	127	143	104	132	112	4.10
1956	120	105	129	156	163	131	210	134	152	104	141	114	4.50
1957	106	101	132	149	172	130	224	138	157	96	140	118	4.97
1958	108*r*	94	124	158	142	116	229	137	154	89	142	123	4.88
1958													
September	110*r*	93	130	179	149	119	228	139	155	94	140	123	4.80
October	113*r*	93	130	186	152	132	238	139	156	81	141	123	....
November	114*r*	93	127	159	169	139	238	140	158	91	149	124	....
December	119*r*	93	125	165	164	129	236	140	160*r*	97	147	123	4.95
1959													
January	121*r*	92	125	161	168	136	240	141	161	98	150	124	....
February	118*r*	92	126	142	187	138	242	141	162	93	155	123	....
March	114*r*	92	128	171	192	140	250	142	163	97	155	123	4.97
April	114*r*	92	130	178	213	144	250	142	164	94	153	123	....
May	119*r*	92	128	188	216	148	254	143*r*	163	101	154	123	....
June	111*r*	93	128	186	205	138	269	143	164	95	161	123	5.21
July	119*r*	92	136	192	75*e*	118	267	144	165	88	161	123	....
August	111*r*	92	136	191	...	76*r*	...	144	163	105	162	123	....
September	113	92	132	176	...	35	...	144	162	87	154	123	5.54

Year and Month	Waterborne Foreign Trade Index						Condition items of all member banks[6]				Bank debits index 31 cities[12] (1947-49 = 100)[2]
	Exports			Imports			Loans and discounts	U.S. Gov't securities	Demand deposits adjusted[7]	Total time deposits	
	Total	Dry Cargo	Tanker	Total	Dry Cargo	Tanker					
1929	190	150	247	124	128	7	2,239	495	1,234	1,790	42
1933	110	...	...	72	...	...	1,486	720	951	1,609	18
1939	163	107	243	95	97	57	1,967	1,450	1,983	2,267	30
1949	85	87	81	121	118	199	.....	.....	.....	.....	...
1950	91	80	108	137	141	88	.....	.....	.....	.....	...
1951	186	194	175	157	136	660	7,866	6,463	9,937	6,777	132
1952	171	200	129	199	137	1,836	8,839	6,619	10,520	7,502	140
1953	140	137	145	308	157	4,224	9,220	6,639	10,515	7,997	150
1954	132	139	123	260	163	2,803	9,418	7,942	11,196	8,699	154
1955	164	176	149	308	183	3,594	11,124	7,239	11,864	9,120	172
1956	199	258	117	449	197	7,029	12,613	6,452	12,169	9,424	189
1957	229	306	123	575	213	10,008	13,178	6,619	11,870	10,679	203
1958	174	210	123	537	213	8,986	13,812	8,003	12,729	12,077	209
1958											
October	174	207	127	712	221	13,516	13,419	7,846	12,176	11,836	217
November	178	201	145	545	235	8,633	13,591	8,026	12,395	11,725	213
December	170	218	101	762	231	14,589	13,812	8,003	12,729	12,077	224
1959											
January	237	243	228	504	263	6,799	13,897	8,099	12,508	12,037	218
February	153	181	144	694	210	13,375	14,022	7,735	12,210	12,018	235
March	209	204	217	652	378	7,810	14,176	7,436	12,228	12,003	244
April	168	190	139*r*	600	273	9,101	14,768	7,739	12,874	12,301	241
May	161*r*	180*r*	133*r*	581*r*	277*r*	8,516*r*	15,000	7,511	12,520	12,399	231
June	167*r*	188*r*	139*r*	808*r*	302	13,990*r*	15,328	7,329	12,589	12,517	235
July	160	205	96	596	270	9,101	15,617	7,096	12,945	12,390	242
August	...	...	...	...	...	...	15,924	6,932	12,797	12,378	241
September	...	...	...	...	...	...	15,978	6,717	12,850	12,365	238
October	...	...	...	...	...	...	16,010	6,702	12,963	12,316	232

[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.