

Monthly Review

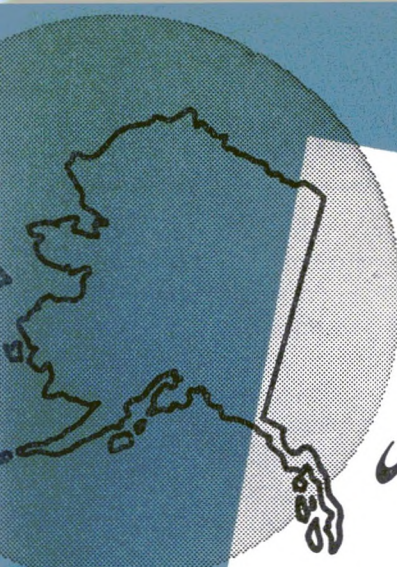
FEDERAL RESERVE BANK OF SAN FRANCISCO
TWELFTH FEDERAL RESERVE DISTRICT

June 1960

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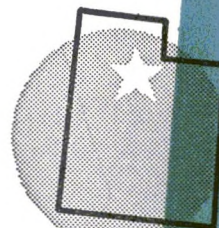
ALASKA



IDAHO



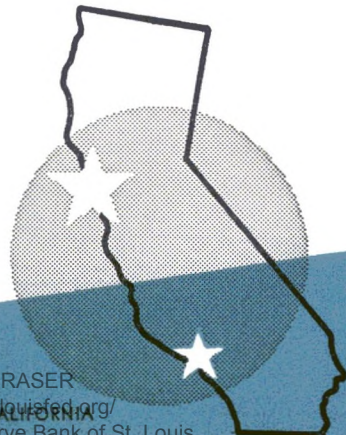
WASHINGTON



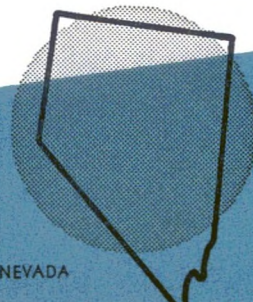
UTAH



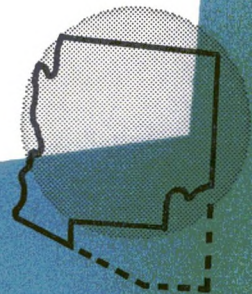
OREGON



CALIFORNIA



NEVADA



ARIZONA

Review of Business Conditions

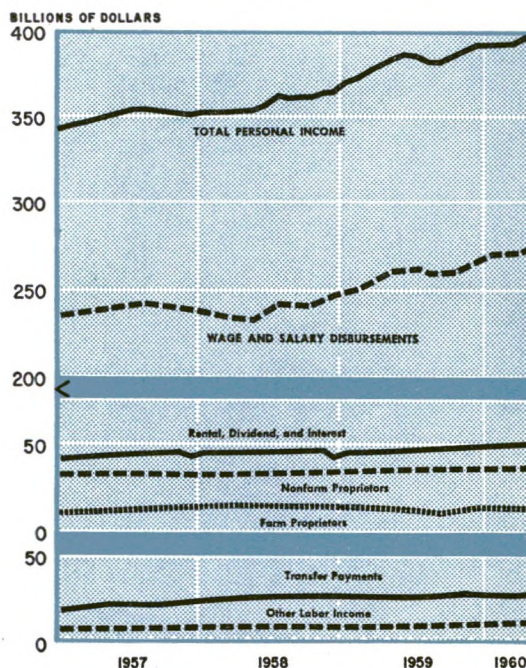
THE uneven economic terrain of the first quarter of 1960 presented some stumbling blocks in the way of the expansion forecast earlier for the first half of 1960. Although there were many encouraging signs in April and early May, numerous obstacles still reduced the overall rate of advance. Revised figures for the Gross National Product in the first quarter of 1960 were over the \$500 billion mark, and the 2-month decline in industrial production levelled off in April, with the index remaining at the March rate of 109 percent of the 1957 average. Consumer goods production returned to approximately the record rate of January 1960, and consumer expenditures, stimulated by Easter buying and spring weather, increased sharply. Since new orders received by manufacturers in April showed no change from March, it appears that increased consumer buying has not yet substantially affected the volume of new orders. A sharp rise in food prices in April resulted in the largest monthly advance in the Consumer Price Index since June 1959.

Personal income in April registered the largest gain in 4 months and at a seasonally adjusted annual rate of \$397.4 billion was running at record levels, \$18.4 billion above the same month last year. After months of adverse weather, clear skies can be credited for a large part of the increase in construction activity, which accounted for nearly half the gain in wage and salary payments. Manufacturing payrolls were down slightly as declines in automotive and metals industries were not fully offset by larger wage payments made by building materials and soft goods manufacturers. Benefiting from higher prices for agricultural commodities, farm income increased by \$600 million in April, adding materially to the overall increase in personal income (Chart 1).

In spite of these favorable developments, increasing concern has developed over declin-

ing steel demand. Steel mill operations dropped from 80 percent of capacity in April to 71 percent in mid-May, with a further sharp drop to 66 percent at the end of May. As a result of the decline in the rate of operations, layoffs are taking place not only in some of the steel mills but also in some "captive" coal mines. Current new orders for many individual mills are running even below the reduced rate of production, so that even with an upturn in orders it is expected that production will continue to decline for some time. While some additional June orders were recently received from automobile manufacturers, they could be handled without lengthening delivery time. There appears to be still further inventory cutting by some steel users, and, in addition, the industry faces the usual seasonal decline in orders for the summer

Chart 1
COMPONENTS OF PERSONAL INCOME
MONTHLY, JANUARY 1957-APRIL 1960
(seasonally adjusted annual rate)



Source: United States Department of Commerce estimates.

months. Selective price cuts have taken place in some specialty alloy products and in reinforcing bars, but no weakening has occurred in major steel products in spite of declining steel scrap prices and reduced current demand.

Automobile sales were substantially above the 1959 rate in April and May, and automobile production rose in both months, reversing the declines which had taken place in February and March. The proportion of compact cars to total production continued to increase and added an increasing handicap to the steel industry since compacts require approximately 800 pounds less steel per car than the standard-size automobile. The oil industry may also soon feel the effects of this change-over to smaller cars both in average consumption of gasoline per car and in a switch to gasolines of lower octane content.

Nonresidential building contracts increased in both March and April, although April was below the record April 1959 figure. Residential construction remained below levels of a year ago, but in April housing starts rose slightly more than seasonally. While there is some evidence that mortgage funds are becoming more plentiful, it is still too early to tell to what extent this may influence housing demand during the remainder of the year.

With better weather and high income payments in April, consumers stepped up their buying. Retail sales volume reached a record high, augmented by increased sales of automobiles, household goods, and apparel. Stocks of appliances, however, still remained at high levels, and production cutbacks and some layoffs were scheduled for the appliance industry in May.

More workers, fewer unemployed in April

Employment in the nation in April reversed the contraseasonal decline in March and was at a new high level. Construction employment was responsible for much of the gain. Finance and state and local government

employment also rose, but manufacturing remained unchanged. The number of unemployed, seasonally adjusted, which had risen to 5.4 percent of the labor force in March, dropped to 5 percent, the same rate as a year earlier. One unfavorable aspect of the employment picture was a continued decline in the workweek in both durable and nondurable goods industries and lower average hourly and weekly earnings for factory workers.

In the Twelfth District, nonfarm employment, after seasonal adjustment, increased 0.3 percent (about 25,000 workers) during April. This was 5,000 workers more than the increase in March, but at least half the April gain reflected temporary hirings of census workers by the Federal Government. Finance and trade employment rose moderately in April while construction employment dipped slightly, and employment in other major industry divisions remained unchanged. In Oregon, construction and lumbering employment, after seasonal adjustment, dropped by 1,100 and 5,600 workers, respectively, between March and April, largely because of adverse weather conditions. Since some lumber, pulp, and plywood mills closed temporarily in late April and early May in the Pacific Northwest because of continued weak demand for forest products, the April employment loss in Oregon may not be recovered in May. On the other hand, lumbering employment in California expanded more than seasonally in April, and food processing employment rose sharply. The only other major employment change in April was in the aircraft industry where the work force was reduced by 6,700 in California and 300 in Washington. Other defense-related employment in the District remained at the March level.

Unemployment for the 3 Pacific Coast States in April dropped to 4.2 percent, after seasonal adjustment, from 4.5 percent in March. This is a reversal of the trend in March when, in spite of increased employment, the

unemployment rate rose. The newest addition to the Twelfth District, Hawaii, could boast of an unemployment rate of only 3.0 percent as booming construction and tourist activity kept unemployment unchanged from the year-ago level.

Lumber output exceeds orders, and prices drop

April and early May did not bring good news to District lumber producers. New orders received by District sawmills declined contraseasonally in April, and inventories moved upward. As a result, Douglas fir producers cut their output in April, on a seasonally adjusted basis, by more than 6 percent, and a similar decline appears to have occurred in the Western pine area. In both regions, however, production was at about the year-ago level. Inventories of fir mills in the Pacific Northwest in mid-May were estimated to be up 31 percent over the corresponding period in 1959, with output since the first of the year exceeding orders by nearly 10 percent. Prices weakened moderately during the last half of April and averaged nearly \$6 per thousand board feet below the level at the end of April 1959. By mid-May a further price reduction was made on key grades of green fir used extensively in residential construction.

The price of Douglas fir plywood edged upward to \$68 per thousand square feet (for ¼ inch sanded) in early May, but by mid-month it fell to \$64, the price prevailing in early April. Last year in May the price was \$85. Although the spring pickup in plywood demand has been less than usual this year, the price decline is largely due to expanded production, which, in the first quarter of 1960, was 14 percent above a year ago and 6 percent above new order receipts.

Steel and copper demand weak

Steel producers in the District fared no better than in the nation as a whole. The rate of District steel output dropped to 71 percent

of capacity in April, a reduction from the March rate of 79 percent and the February rate of 89 percent. During May, the April rate of output was maintained, but additional declines in production cannot be ruled out over the next month or two.

Refined copper production at both United States and foreign refineries reached a record high in April. Shipments also touched a new high, in large part, because of continued strong foreign demand. Domestic copper demand for June delivery remained slow. There has also been some slowing down of foreign buying from custom smelters and United States mine producers. Brass mills continued to operate well below last year's rate, and output ran around 50 to 60 percent of capacity.

Unlike copper, lead demand has increased steadily from early April through mid-May. Part of this increase in lead buying, and also the modest gain in zinc demand, may be due to inventory build-up reflecting customers' fears that the strike in Idaho mines may be prolonged.

Sharp rise in District demand for petroleum products

Preliminary data show that petroleum demand within District 5 (California, Oregon, Washington, Arizona, and Nevada) rose almost 7 percent during the first quarter of 1960 from the comparable period last year. Sales of motor gasoline were 5 percent higher, while the combination of rising industrial and space-heating demand pushed distillate and residual fuel sales up 9 percent and 18 percent, respectively. These figures are in marked contrast to the petroleum situation nationally. On a nationwide basis, total petroleum demand was only 0.3 percent above that experienced a year ago, with gasoline demand showing almost the only significant gain, 4 percent above a year earlier, and residual fuel sales down over 5 percent from the first quarter of 1959.

The surge in far western petroleum demand has been reflected in recent District increases

in crude runs to stills, which nationally have remained somewhat below the 1959 levels. Runs to stills, which measure refining activity, were generally maintained slightly above year-ago levels in the District during the first quarter. In April they rose sharply to about 1.2 million barrels per day, 10 percent above the March rate.

Planned capital expenditures in District up over year ago

Data are not yet available on residential construction activity in the District during April, but heavy construction contracts were above the corresponding month a year ago. Most of the gain was in private contracts, with a large part of the increase accounted for by contracts for mass-housing (projects of \$400,000 or more).

If businessmen carry out their planned capital expenditures as reported in the recent McGraw-Hill survey, the District should benefit from increased plant and equipment investment by manufacturers in 1960. According to the McGraw-Hill survey taken in the first quarter of this year, manufacturers plan to devote an increasing proportion of their capital expenditures to the West (all Twelfth District states except Alaska and Hawaii, plus four non-District states). This year, with an anticipated rise in capital expenditures in all manufacturing categories for the United States as a whole, the planned proportion going to the West is 15 percent, compared with 13 percent in 1959 and 10 percent in 1958. Of the \$15 billion planned capital spending for manufacturing in 1960, the West should account for about \$2.3 billion.

Fifty-five percent of the total funds to be invested in the transportation equipment industry, which includes aircraft, ships, and railroad equipment, is scheduled to take place in the West, compared with an anticipated 36 percent a year ago. From a planned 15 percent in 1959, the West's share of petroleum refining investment will rise to 31 percent in

1960; in metalworking (excluding automobiles and electrical machinery) it will rise from 3 percent in 1959 to 15 percent in 1960. Other industry categories in which the West's proportion is due for moderate increases are electrical machinery; paper and pulp; stone, clay, and glass; food and beverages; and miscellaneous manufacturing. Industries in which the share of the West will decline somewhat are iron and steel; nonferrous metals; machinery; automobiles; chemicals and rubber; and textiles.

Consumer expenditures continue at high level

April new passenger car sales in California dropped below the monthly record set in March but were still 6 percent above April 1959. This year through April, California registrations were 10 percent over the corresponding period last year, and for all District States the first quarter was up 5.6 percent from the year-ago rate.

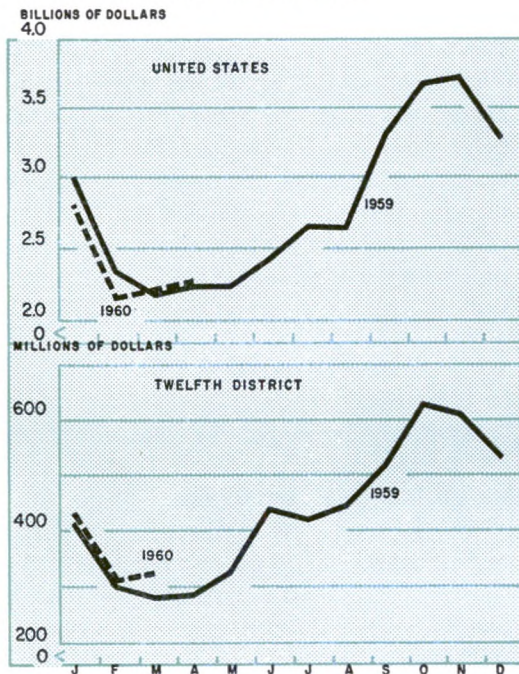
In the Twelfth District, retail sales in March, as measured by Group I Retail stores,¹ rose 10 percent over February, the same percentage increase as in the nation. All of the sales categories showed increases from February except furniture and appliances. Sales of durable goods were up to 2¼ percent over year-ago March, and nondurable goods rose 3¾ percent. District department store sales in the calendar year through mid-May registered only a 1 percent increase over the same period last year, and from mid-April to mid-May there was no change from the corresponding period a year ago.

District farm cash receipts set record in first quarter of 1960

Although farm income nationally continued to lag behind year-ago levels during the first quarter of 1960, Twelfth District farm cash receipts were 5 percent ahead of the rec-

¹Stores of firms operating 1-10 stores at the time of the 1954 Census of Business.

Chart 2
FARM CASH RECEIPTS



Source: United States Department of Agriculture: *Farm Income Situation and Statistical Summary*.

ord pace of 1959, with receipts in March, 13 percent higher than last year (Chart 2). This increased flow of funds to District farmers, if continued, will push annual returns from marketings above the \$5 billion level in 1960. Although the expansion in District cash receipts might seem to temper the credit requirements of District farmers, the volume of nonreal estate farm loans outstanding at member banks on March 15, 1960 was 13 percent higher than a year earlier.

Production and marketing prospects for the remainder of 1960 appear generally favorable. Increased marketings of beef cattle and cotton have helped to offset lower prices for these products. The number of cattle in District feed lots continues at record levels, suggesting a high level of receipts from this source in the near future. As a result of unfavorable growing conditions in a number of vegetable

producing areas outside the District, prices for most fresh vegetables have been much higher than a year ago. Production prospects are so favorable for cling peaches that a program of production and/or marketing controls are almost certain to be initiated.

District farmers' most valuable asset, farm real estate, appreciated in value by \$1,150 million (6 percent) during the year ending March 1, 1960, according to estimates by the United States Department of Agriculture. In the last decade, District farm operators received about \$18 billion in net income while farmland values increased \$10 billion. Part of the rise in land values represents an increase in acreage, but the bulk of the increase stems from higher prices for farmland. Although the increase in District farm real estate values during the year ending in March was relatively large when compared with the rise nationally of 3 percent, it is not as large as in recent years. This suggests a slowdown in the rate of increase in District farmland values.

District securities markets quiet

The District municipal bond market for May was characterized by a dearth of large offerings, lack of interest in numerous small issues, and relative stability in bond prices. The State of California rejected the one bid that was received for the \$50 million issue of Veterans bonds on May 24 because the net interest cost of 3.986 percent was considered to be too high. This bid compared with a rate of 3.836 accepted by the State for school bonds sold last month. Staat's index of California bond yields continued to average between 3.70 and 3.72 percent through the first half of May, as it has done since mid-March. The corporate securities market was also quiet through mid-May, but eight large corporate placements which include both bond and common stock offerings are scheduled in the District during the latter half of May and the first part of June.

CHANGES IN SELECTED BALANCE SHEET ITEMS OF WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

(dollar amounts in millions)

| ASSETS: | Twelfth District | | | | United States | | | |
|---|--|---------|--------------------------------------|---------|--|---------|--------------------------------------|---------|
| | From April 20, 1960 to May 18, 1960 | | From May 20, 1959 to May 18, 1960 | | From April 20, 1960 to May 18, 1960 | | From May 20, 1959 to May 18, 1960 | |
| | Dollars | Percent | Dollars | Percent | Dollars | Percent | Dollars | Percent |
| Total loans and investments | —180 | — 0.81 | — 169 | — 0.76 | — 724 | — 0.69 | — 229 | — 0.22 |
| Loans and investments adjusted ¹ | —130 | — 0.59 | n.a. | n.a. | — 691 | — 0.67 | n.a. | n.a. |
| Loans adjusted ¹ | + 66 | + 0.44 | n.a. | n.a. | + 50 | + 0.07 | n.a. | n.a. |
| Commercial and industrial loans | + 83 | + 1.60 | n.a. | n.a. | + 236 | + 0.76 | n.a. | n.a. |
| Real estate loans | — 20 | — 0.38 | + 185 | + 3.66 | — 12 | — 0.10 | + 615 | + 5.15 |
| Agricultural loans | + 25 | + 4.47 | + 45 | + 8.35 | + 27 | + 3.03 | + 49 | + 5.63 |
| Loans for purchasing and carrying securities | — 76 | —32.20 | + 77 | +19.28 | — 418 | —12.46 | — 688 | —18.98 |
| Loans to nonbank financial institutions | + 4 | + 0.51 | n.a. | n.a. | + 33 | + 0.56 | n.a. | n.a. |
| Loans to domestic commercial banks | — 50 | —18.59 | + 75 | +20.49 | — 33 | — 2.31 | + 329 | +17.86 |
| Loans to foreign banks | — 9 | — 3.90 | | | + 22 | + 2.92 | | |
| Other loans | + 59 | + 2.05 | n.a. | n.a. | + 165 | + 1.12 | +1,090 | + 7.90 |
| U. S. Government securities | —177 | — 3.48 | —1,616 | —24.76 | — 397 | — 1.52 | —5,759 | —18.25 |
| Other securities | — 19 | — 0.98 | — 227 | —10.56 | — 344 | — 3.55 | — 911 | —88.82 |
| LIABILITIES: | | | | | | | | |
| Demand deposits adjusted | —751 | — 6.59 | — 244 | — 2.24 | —3,245 | — 5.30 | —2,414 | — 3.99 |
| Time deposits | + 98 | + 0.92 | — 312 | — 2.83 | + 239 | + 0.76 | — 630 | — 1.94 |
| Savings accounts | + 49 | + 0.54 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |

n.a. Not available.

¹ Exclusive of loans to domestic commercial banks and after deduction of valuation reserves; individual loan items are shown gross.

Sources: Board of Governors of the Federal Reserve System and Federal Reserve Bank of San Francisco.

Loans up; investments down

Total bank credit at District reporting banks declined by \$130 million from mid-April to mid-May as a drop in bank holdings of United States Government securities more than offset gains registered in total loans. Commercial loans continued to impart most of the impetus to the expansion in total loans, rising \$83 million in this 4-week period. Loans to retail and wholesale trading firms rose by \$20 million and \$10 million, respectively. Metals and metal products producers increased their debt to the reporting banks in this period by about \$16 million, with most of the gain occurring in the Los Angeles area. Public utilities and transportation firms and unclassified mining and manufacturing firms also demonstrated modest advances. Food

processors and commodity dealers continued to repay bank debts, which is customary for this season.

Among other categories of loans, consumer loans, which constitute the bulk of "all other" loans, moved ahead by \$59 million from the middle of April to the middle of May. The increase of \$25 million in agricultural loans was seasonal, as producers borrowed to meet the expenses of harvesting winter grain crops and planting summer vegetables. Loans for carrying securities, particularly United States Government issues, declined \$76 million as dealers repaid borrowings incurred in connection with the Treasury financing operations of April. The decrease of \$50 million in loans to domestic commercial banks reflects a decline in sales of Federal Funds by District banks relative to their pur-

chases of funds. Real estate loans, down \$20 million, continued the slow downward trend evident in recent months.

The net decline of \$177 million in bank holdings of United States securities came about as banks sold off Governments, some of which had been acquired in the mid-April and early May Treasury debt operations. Most of the decreases were in the under-1-year maturity range, suggesting that a portion of their sales consisted of rights in maturing is-

suces involved in the exchange. Part of the \$751 million decline in demand deposits was also a result of the Treasury financing operations. Deposits were drawn down by the non-bank public to purchase Governments in the refunding or in the secondary market as banks sold off the issues that they had acquired. Time deposits rose \$98 million, with gains of \$49 million in savings of individuals and \$27 million in time balances of state and local governments.

Consumer Credit Hits Record Level at District Banks

TWELFTH District commercial banks extended an unprecedented \$2,834 million to finance consumer instalment purchases during 1959. After taking into account refinancing, renewals, and repayments on existing loans, their total consumer instalment credit outstanding showed an increase of \$436 million and ended the year at the then record level of \$2,532 million. This situation is not confined to the Twelfth District; it is rather a part of the general increase in the extension of consumer instalment credit that has occurred at commercial banks and at all other types of consumer lending institutions throughout the entire United States. Last year, all commercial banks in the nation extended \$17,522 million in instalment loans and increased outstandings by \$2,142 million. This expansion in consumer credit has continued into 1960.

1959 experience similar to 1952

In the post World War II period there have been only 2 other years, 1952 and 1955, during which consumers increased their indebtedness at Twelfth District commercial banks to an extent comparable to that of 1959. In the first of these years, automobile paper rose \$229 million, and loans for other consumer goods (mainly durables) were up \$103 mil-

lion. Repair and modernization loans rose \$38 million, and personal loans rose \$41 million. Although both these categories lagged slightly behind the other types of consumer instalment credit in their rate of growth, their dollar increases were still above those of prior years. This overall increase in consumer instalment paper outstanding was largely attributable to the removal of Regulation W controls in May of that year. The growth in consumer borrowing during 1955 was primarily spurred on by automobile financing, which accounted for \$307 million of the \$368 million increase in total instalment loans at District commercial banks. Automobile sales were at a record high during that year, in part reflecting a willingness on the part of banks and other financial institutions to extend increasingly favorable terms for automobile purchases on credit. Other consumer goods paper rose only \$13 million from the preceding year, and repair and modernization loans grew \$3 million during the year. Personal instalment loans increased by \$42 million, which was almost equal to the 1952 rise. During 1959 the pattern of growth for instalment credit at District banks was similar to the 1952 experience. Automobile financing was important in both years, accounting for more

than one-half of the increase in total instalment credit outstanding, but was clearly not as important as it was in 1955 when it constituted 80 percent of the total increase. Repair and modernization loans also increased by about the same dollar amount in the 2 years.

The main difference between 1952 and 1959 was in the emphasis on other consumer goods paper in the former year and on personal loans in the latter. The growth in personal loans which occurred last year undoubtedly reflects, in part, the introduction of bank credit card and other consumer loan revolving credit plans which have brought a number of retail and service establishments in to the extension of credit, an area where previously they could not function. These plans did not induce a rise in the extensions of other consumer goods paper in 1959 because the purchases of durables other than automobiles, which are financed by this type of paper, did not experience the sharp upsurge that occurred in 1952 (Chart 1).

Automobile loans' share of total loans drops

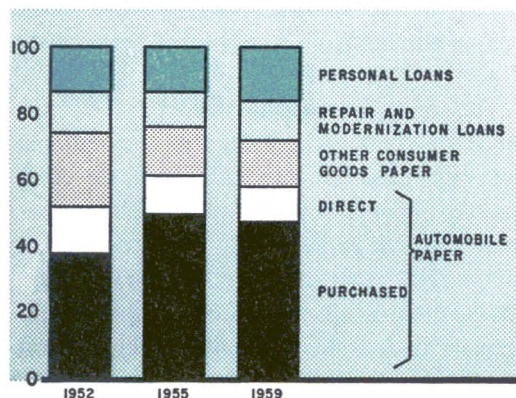
Automobile instalment paper currently constitutes 59 percent of all short- and inter-

mediate-term consumer instalment credit outstanding at District commercial banks. While this position is relatively unchanged from the end of 1958, it is 3 percent below the 1957 position and 2 percent below 1955. All of the decline in relative importance has occurred in purchased paper, inasmuch as direct automobile loans have maintained their share at 12 percent of total loans since 1955. Prior to that time, direct automobile loans had accounted for as low as 10 percent in 1954 and as high as 14 percent in 1952, while purchased paper rose from 37 percent in 1952 to 49 percent of total loans outstanding at the end of 1955. The 1955 increase stems from the relaxation of terms on the part of banks which had sufficient funds available for lending. Dealers were able to finance much of their own paper and to discount it at banks. In many cases banks were more willing to accept purchased paper because it is often a better credit risk; purchased paper can be taken on a recourse basis so that in event of default the seller or original lender reassumes title of the paper and attempts to make collection.

District and national experience similar

Nationally, commercial banks' movements in consumer instalment loans outstanding were similar to those in the Twelfth District, although the rates of growth in the District were greater for total outstandings and for each type of consumer paper. At the end of 1959, total outstandings in the nation stood at \$14,922 million, an amount \$2,142 million, or 17 percent, above the end of 1958. Automobile loans accounted for over one-half of the total increase, rising \$1,125 million, an 18 percent gain. This differs slightly from the District pattern, where automobile loans rose at a moderately slower rate than did the total. Personal loans nationally had less of an

Chart 1
PERCENTAGE DISTRIBUTION,
CONSUMER INSTALMENT CREDIT OUTSTANDING,
DISTRICT COMMERCIAL BANKS



Source: Board of Governors of the Federal Reserve System.

impact on total outstandings than in the District. Although in both cases these outstanding loans grew at a faster rate, 19 percent and 27 percent, respectively, than the total outstandings, the District increase was much sharper in relation to the increases for other types of consumer instalment credit than was the case nationally. Other consumer paper and repair and modernization loans showed a gain of 13 percent each nationally as compared with a 19 percent gain in the District.

Bank consumer credit maintains its relative position

Because of the inflationary potential inherent in the heavy demand for commercial banks' loanable funds, the Federal Reserve System during 1959 followed a policy designed to restrain an overexpansion of credit. Banks, eager to obtain the best return for their asset holdings, made shifts in the composition of these holdings as interest rates rose. These shifts were directed from United States Government securities toward loans and brought gross loans at insured commercial banks throughout the nation to \$137 billion by the end of December 1959.

While there may have been a shift within the composition of the loan portfolios of commercial banks also, it is not possible to determine to what extent this took place, owing to a reclassification of loan categories in July 1959. However, in the case of consumer loans (total short- and intermediate-term consumer instalment and single-payment loans) there has not been a marked change in their share of gross loans at insured commercial banks; in fact, their share has risen by less than 2 percentage points during the period 1952-1959. On June 10, 1959, total consumer loans accounted for 21 percent of gross loans at all insured commercial banks in the United States. Short- and intermediate-term instalment loans constituted 15 percent of the gross loans, and single-payment loans

accounted for 6 percent. At that time member banks had 20 percent of their gross loans in consumer paper, and by the end of 1959 the ratio had risen only slightly, indicating that the bulk of the 1 percentage point increase in the relative importance of consumer loans between the end of 1958 and 1959 occurred in the first half of the year. In the Twelfth District, consumer loans accounted for 18 percent of gross loans at member banks at the end of 1959, remaining unchanged from 1958. While this was below the national rate, instalment credit was on a par with the nation, making up 15 percent of gross loans. Single-payment loans accounted for all of the difference, constituting only 3 percent of gross loans in the District.

As a result of the willingness on the part of commercial banks to maintain a high level of consumer loan paper in their portfolios, these institutions have continued to be a dominant force in consumer financing. At the end of March 1960, commercial banks held 38 percent of all outstanding consumer instalment credit in the nation. This is somewhat lower than the 39 percent portion held in 1952 but is above the 1955 rate of 37 percent. The slight growth in the importance of commercial banks since 1955 has been at the expense of sales finance companies and retail outlets. Credit unions, consumer finance companies, and other financial institutions all increased their share of the total, with credit unions moving from 6 percent of the total to just over 8 percent.

Part of the change in the relative importance of commercial banks in the national consumer credit picture arises from the automobile paper position. Sales finance companies, which in 1955 held 51 percent of all automobile paper, now hold only 44 percent. On the other hand, commercial banks have increased their share from 40 percent to just over 44 percent. Part of this increase occurred during 1959 when banks had an 18

percent increase in outstanding automobile paper while sales finance companies had only a 14 percent gain.

Banks continue to hold the major portion of all repair and modernization loans outstanding (about 69 percent). This is considerably lower than at the end of 1955 and 1952 when they held 79 and 82 percent, respectively, of total outstanding repair and modernization loans. This is a reflection of the continuing shift from commercial banks toward other financial institutions, such as

savings and loan associations, which have been increasingly active in lending for this purpose. In the case of loans classified as other consumer goods paper, the rate of increase by commercial banks in their holdings has been slower than the increase in total loans since 1955, with the result that their share of outstandings has declined. The growth in personal loans, on the other hand, has matched the growth in total loans, and commercial banks' share has remained virtually constant.

CONSUMER INSTALMENT CREDIT HELD BY TWELFTH DISTRICT COMMERCIAL BANKS SELECTED DATES: 1951-1959

(estimated in millions of dollars as of the end of the month)

| Year | Month | Total | Automobile paper | | Other consumer goods paper | Repair and modernization loans | Personal loans |
|------|----------------------------|---------|------------------|--------|----------------------------------|--------------------------------------|-------------------|
| | | | Purchased | Direct | | | |
| 1951 | | 1,053.6 | 364.5 | 161.5 | 223.4 | 152.1 | 152.1 |
| 1952 | | 1,464.3 | 544.3 | 210.6 | 326.4 | 189.9 | 193.1 |
| 1954 | | 1,455.7 | 669.7 | 142.1 | 261.9 | 182.6 | 199.4 |
| 1955 | | 1,823.2 | 901.8 | 217.1 | 274.5 | 188.8 | 241.0 |
| 1958 | January | 2,090.7 | 1,036.1 | 250.6 | 300.0 | 214.7 | 289.3 |
| | February | 2,084.0 | 1,026.5 | 252.2 | 297.5 | 213.9 | 293.3 |
| | March | 2,058.1 | 1,005.7 | 250.2 | 294.6 | 210.7 | 296.9 |
| | April | 2,059.0 | 993.4 | 251.0 | 293.2 | 212.0 | 309.4 |
| | May | 2,061.5 | 992.2 | 250.3 | 293.6 | 215.4 | 310.0 |
| | June | 2,071.5 | 991.9 | 250.8 | 294.7 | 219.1 | 315.0 |
| | July | 2,080.5 | 990.7 | 250.6 | 297.3 | 223.1 | 318.8 |
| | August | 2,085.0 | 989.4 | 249.7 | 298.2 | 226.0 | 321.7 |
| | September | 2,068.9 | 986.2 | 248.2 | 281.8 | 229.3 | 323.4 |
| | October | 2,065.6 | 982.0 | 246.3 | 282.6 | 233.9 | 320.8 |
| | November | 2,066.8 | 979.8 | 245.8 | 284.9 | 235.8 | 320.5 |
| | December | 2,096.4 | 986.5 | 251.3 | 291.2 | 237.2 | 330.2 |
| 1959 | January ¹ | 2,123.6 | 1,000.1 | 258.0 | 294.9 | 235.3 | 335.3 |
| | February | 2,144.8 | 1,009.1 | 263.7 | 295.8 | 234.6 | 341.6 |
| | March | 2,165.8 | 1,019.2 | 267.1 | 297.6 | 237.2 | 344.7 |
| | April | 2,218.7 | 1,041.6 | 271.9 | 302.9 | 242.4 | 359.9 |
| | May | 2,255.9 | 1,058.3 | 277.1 | 309.3 | 248.5 | 362.7 |
| | June | 2,313.9 | 1,107.9 | 281.3 | 316.7 | 254.7 | 373.3 |
| | July | 2,360.9 | 1,112.9 | 284.9 | 319.9 | 261.0 | 382.2 |
| | August ¹ | 2,444.3 | 1,147.6 | 290.0 | 337.7 | 268.0 | 401.0 |
| | September | 2,477.7 | 1,168.3 | 288.9 | 342.4 | 271.5 | 406.6 |
| | October | 2,494.9 | 1,180.0 | 288.6 | 344.8 | 275.1 | 406.4 |
| | November | 2,505.2 | 1,189.4 | 291.2 | 341.3 | 277.3 | 406.0 |
| | December | 2,532.4 | 1,191.8 | 293.5 | 347.8 | 281.1 | 418.2 |
| 1960 | January | 2,582.4 | 1,190.6 | 295.9 | 391.5 | 282.8 | 421.6 |
| | February | 2,606.9 | 1,203.7 | 302.1 | 390.3 | 284.2 | 426.6 |
| | March | 2,586.6 | 1,212.1 | 307.2 | 354.0 | 287.1 | 426.2 |
| | April | 2,620.6 | 1,226.7 | 311.2 | 355.8 | 292.2 | 434.7 |

¹Data for Alaska and Hawaii are included beginning with January and August 1959, respectively.
Source: Board of Governors of the Federal Reserve System.

FEDERAL RESERVE BANK OF SAN FRANCISCO

BANKING AND CREDIT STATISTICS AND BUSINESS INDEXES—TWELFTH DISTRICT¹

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

| Year and Month | Condition items of all member banks ² | | | | Bank debits index 31 cities ³ | Bank rates on short-term business loans ⁴ | Total nonagricultural employment | Total mfg employment | Car-loadings (number) ⁵ | Dep't store sales (value) ⁶ | Retail food prices % ⁷ |
|----------------|--|-----------------------|---------------------------------------|---------------------|--|--|----------------------------------|----------------------|------------------------------------|--|-----------------------------------|
| | Loans and discounts | U.S. Gov't securities | Demand deposits adjusted ⁸ | Total time deposits | | | | | | | |
| 1929 | 2,239 | 495 | 1,234 | 1,790 | 42 | .... | ... | ... | 102 | 30 | 64 |
| 1933 | 1,486 | 720 | 951 | 1,609 | 18 | .... | ... | ... | 52 | 18 | 42 |
| 1939 | 1,967 | 1,450 | 1,983 | 2,267 | 30 | .... | ... | ... | 77 | 31 | 47 |
| 1950 | ... | ... | ... | ... | ... | ... | 103 | 105 | 98 | 107 | 100 |
| 1951 | 7,866 | 6,463 | 9,937 | 6,777 | 132 | 3.66 | 112 | 121 | 100 | 112 | 113 |
| 1952 | 8,839 | 6,619 | 10,520 | 7,502 | 140 | 3.95 | 118 | 130 | 100 | 120 | 115 |
| 1953 | 9,220 | 6,639 | 10,515 | 7,997 | 150 | 4.14 | 121 | 137 | 100 | 122 | 113 |
| 1954 | 9,418 | 7,942 | 11,196 | 8,699 | 154 | 4.09 | 120 | 134 | 96 | 122 | 113 |
| 1955 | 11,124 | 7,239 | 11,864 | 9,120 | 172 | 4.10 | 127 | 143 | 104 | 132 | 112 |
| 1956 | 12,613 | 6,452 | 12,169 | 9,424 | 189 | 4.50 | 134 | 152 | 104 | 141 | 114 |
| 1957 | 13,178 | 6,619 | 11,870 | 10,679 | 203 | 4.97 | 138 | 156 | 96 | 140 | 118 |
| 1958 | 13,812 | 8,003 | 12,729 | 12,077 | 209 | 4.88 | 138 | 154 | 89 | 143 | 123 |
| 1959 | 16,537 | 6,673 | 13,375 | 12,452 | 237 | 5.36 | 143 | 163 | 93 | 156 | 123 |
| 1959 | | | | | | | | | | | |
| May | 15,000 | 7,511 | 12,520 | 12,399 | 231 | ... | 143 | 163 | 101 | 154 | 123 |
| June | 15,328 | 7,339 | 12,589 | 12,517 | 235 | 5.21 | 143 | 164 | 95 | 157r | 123 |
| July | 15,617 | 7,096 | 12,945 | 12,390 | 242 | .... | 144 | 166 | 88 | 160r | 123 |
| August | 15,924 | 6,932 | 12,797 | 12,378 | 241 | .... | 144 | 164 | 105 | 157r | 123 |
| September | 15,978 | 6,717 | 12,850 | 12,365 | 238 | 5.54 | 144 | 163 | 87 | 157r | 123 |
| October | 16,010 | 6,702 | 12,963 | 12,316 | 232 | .... | 144 | 161 | 71 | 158r | 123 |
| November | 16,252 | 6,651 | 13,133 | 12,138 | 251 | .... | 145 | 164 | 91 | 155r | 123 |
| December | 16,537 | 6,673 | 13,375 | 12,452 | 236 | 5.71 | 145 | 165 | 98 | 158 | 123 |
| 1960 | | | | | | | | | | | |
| January | 16,354 | 6,304 | 12,971 | 12,111 | 239 | .... | 146 | 167 | 92 | 156r | 124 |
| February | 16,388 | 5,976 | 12,493 | 12,017 | 244 | .... | 147 | 167 | 92r | 158 | 123 |
| March | 16,660 | 5,707 | 12,553 | 11,986 | 249 | 5.72 | 147 | 167 | 95 | 157r | 123 |
| April | 16,933 | 5,999 | 12,810 | 12,042 | 251 | .... | 148 | 166 | 95 | 159 | 126 |
| May | 17,104 | 5,813 | 12,290 | 12,142 | 253 | .... | ... | ... | ... | ... | ... |

| Year and month | Industrial production (physical volume) ⁹ | | | | | | | Waterborne Foreign Trade Index ¹⁰ | | | | | |
|----------------|--|------------------------|---------|--------|--------------------|---------------------|----------------|--|-----------|--------|---------|-----------|--------|
| | Lumber | Petroleum ⁷ | | Cement | Steel ⁷ | Copper ⁷ | Electric power | Exports | | | Imports | | |
| | | Crude | Refined | | | | | Total | Dry Cargo | Tanker | Total | Dry Cargo | Tanker |
| 1929 | 95 | 87 | 78 | 55 | ... | 103 | 29 | 190 | 150 | 247 | 124 | 128 | 7 |
| 1933 | 40 | 52 | 50 | 27 | ... | 17 | 26 | 110 | ... | ... | 72 | ... | ... |
| 1939 | 71 | 67 | 63 | 56 | 24 | 80 | 40 | 163 | 107 | 243 | 95 | 97 | 57 |
| 1950 | 114 | 98 | 103 | 112 | 125 | 115 | 120 | 91 | 80 | 108 | 142 | 145 | 103 |
| 1951 | 113 | 106 | 112 | 128 | 146 | 116 | 136 | 186 | 194 | 175 | 163 | 140 | 733 |
| 1952 | 115 | 107 | 116 | 124 | 139 | 115 | 145 | 172 | 200 | 129 | 206 | 142 | 1,836 |
| 1953 | 116 | 109 | 122 | 131 | 158 | 113 | 162 | 141 | 138 | 146 | 314 | 163 | 4,239 |
| 1954 | 115 | 106 | 119 | 133 | 128 | 103 | 172 | 133 | 141 | 123 | 268 | 166 | 2,912 |
| 1955 | 122 | 106 | 124 | 145 | 154 | 120 | 192 | 165 | 178 | 149 | 313 | 187 | 3,614 |
| 1956 | 120 | 105 | 129 | 156 | 163 | 131 | 209 | 201 | 261 | 117 | 459 | 219 | 7,180 |
| 1957 | 106 | 101 | 132 | 149 | 172 | 130 | 224 | 231 | 308 | 123 | 582 | 216 | 10,109 |
| 1958 | 107 | 94 | 124 | 158 | 142 | 116 | 229 | 176 | 212 | 123 | 552 | 218 | 9,096 |
| 1959 | 116 | 92 | 130 | 174 | 138 | 100 | 253 | 186 | 221 | 135 | 682 | 283 | 11,083 |
| 1959 | | | | | | | | | | | | | |
| April | 114 | 92 | 130 | 178 | 213 | 144 | 250 | 170 | 191 | 139 | 605 | 279 | 9,101 |
| May | 118 | 92 | 128 | 188 | 216 | 148 | 254 | 161 | 181 | 133 | 587 | 283 | 8,516 |
| June | 111 | 93 | 128 | 186 | 205 | 138 | 269 | 170 | 192 | 139 | 813 | 307 | 13,990 |
| July | 118 | 92 | 136 | 192 | 79 | 118 | 267 | 166 | 215 | 96 | 612 | 284 | 9,168 |
| August | 111 | 92 | 136 | 191 | 11 | 76 | 256 | 196 | 265 | 97 | 654 | 254 | 11,074 |
| September | 113 | 92 | 132 | 176 | 13 | 36 | 248 | 171 | 217 | 107 | 678 | 269 | 11,344 |
| October | 115 | 91 | 132 | 186 | 15 | 40 | 249 | 231 | 289 | 150 | 702 | 261 | 12,206 |
| November | 117 | 91 | 133 | 154 | 148 | 43 | 257 | 148 | 202 | 71 | 807 | 290 | 14,284 |
| December | 129 | 91 | 131 | 152 | 212 | 40 | 257 | 209 | 266 | 128 | 858 | 302 | 15,333 |
| 1960 | | | | | | | | | | | | | |
| January | 127 | 90 | 130 | 141 | 197r | 67r | 263 | 229 | 296 | 134 | 958 | 277 | 18,687 |
| February | 127 | 90 | 127 | 140 | 209p | 116 | ... | 230 | 271 | 172 | 720 | 259 | 12,719 |
| March | 120 | 91 | 131 | 153 | 185p | 132 | ... | ... | ... | ... | ... | ... | ... |
| April | 113 | ... | ... | 180 | 165p | ... | ... | ... | ... | ... | ... | ... | ... |

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 Annual figures are as of end of year, monthly figures as of last Wednesday in month. ³ Demand deposits, excluding interbank and U.S. Government deposits, less cash items in process of collection. Monthly data partly estimated. ⁴ Debits to total deposits except interbank prior to 1912. Debits to demand deposits except U.S. Government and interbank deposits from 1942. ⁵ Daily average. ⁶ Average rates on loans made in five major cities, weighted by loan size category. ⁷ Not adjusted for seasonal variation. ⁸ Los Angeles, San Francisco, and Seattle indexes combined. ⁹ Commercial cargo only, in physical volume, for the Pacific Coast customs districts plus Alaska and Hawaii; starting with July 1950, "special category" exports are excluded because of security reasons. ¹⁰ Alaska and Hawaii are included in indexes beginning in 1950. ^p—Preliminary. ^r—Revised.