

# *Monthly Review*

FEDERAL RESERVE BANK OF SAN FRANCISCO  
TWELFTH FEDERAL RESERVE DISTRICT

*December 1960*

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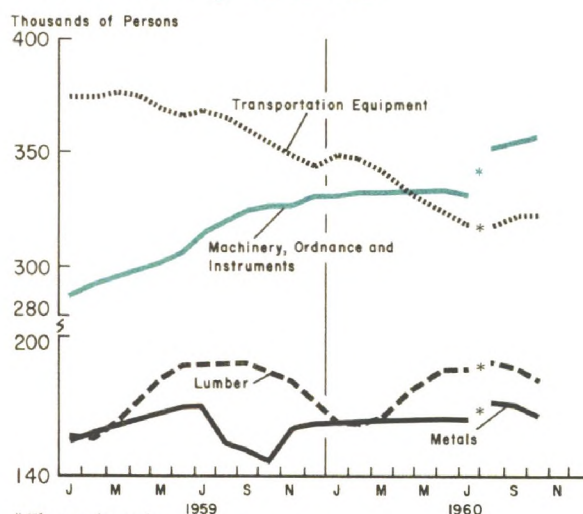
# Review of Business Conditions

THE nation's industrial output, seasonally adjusted, held steady in October as compared with September and was 4 percent above October last year, when activity was reduced as a result of the steel strike. Most of the major components of the industrial production index were also comparatively stable. Nonfarm employment decreased slightly in October, the layoffs being concentrated in manufacturing and, particularly, in machinery manufacturing. Unemployment rose from 5.7 to 6.4 percent of the labor force. Personal income in October rose to a seasonally adjusted annual rate of \$409.6 billion, a gain of \$800 million from September. Increased incomes from construction, retail, and government activity were partially offset by a \$200 million decline in factory wages and salaries which was concentrated in durables manufacturing other than automobiles. Unemployment compensation and other transfer payments were up \$300 million. Expenditures on new construction rose more than seasonally in November, and retail trade increased by 2 percent from September to October, seasonally adjusted.

## District nonfarm employment held steady in October

Total nonfarm employment in the Twelfth District fell a little short of its usual seasonal increase in September, paralleling the national pattern. The seasonally adjusted level of 7,100,900 wage and salary workers was 0.2 percent lower than in August but 3.3 percent greater than a year ago when employment was curtailed by the steel strike. All industries except transportation, which remained unchanged, shared in the August to September dropoff in employment, the declines ranging from 0.1 percent in manufacturing to 0.6 percent in construction. Not all states, however, recorded decreases as Arizona, Nevada, and Washington had a slight improvement in employment.

## Gains in Pacific Coast States machinery—ordnance employment partly offset declines in other leading manufacturing industries



The average length of the factory work-week rose to 39.5 hours in September, partly as a result of the early changeover to assembly of 1961 model automobiles, compared with a seasonally adjusted 39.3 hours in August and 39.8 hours in July. Average weekly hours have been shorter every month this year than in the corresponding month of 1959.

Preliminary seasonally adjusted figures for October indicated no significant change in nonfarm employment in the three Pacific Coast States. A decline of 0.7 percent in Washington was offset by an increase of 0.2 percent in California, while Oregon employment remained virtually unchanged. Manufacturing, construction, transportation, trade, and finance accounted for the cutbacks, while services, state and local governments, and mining furnished the employment increases. The largest part of the decline in manufacturing was in the nondurables sector and resulted from a more than seasonal cutback in employment in food processing, which behaves somewhat erratically. Among durable goods

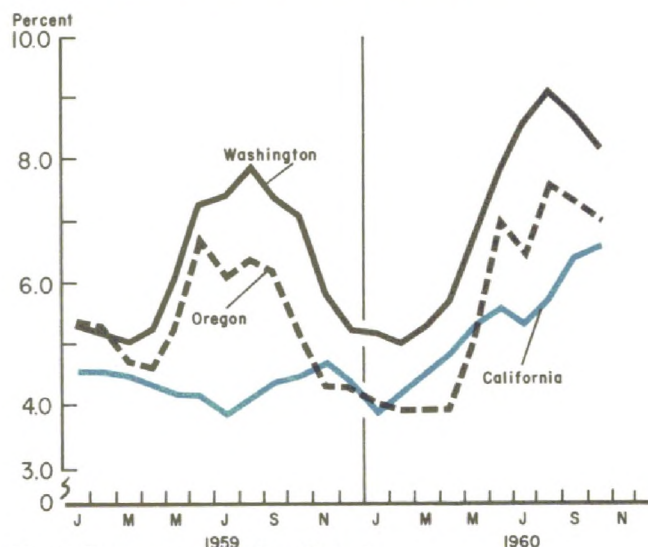


industries, moderate reductions in employment in some lines roughly offset moderate additions in others. Lumber and wood products employment was up 0.5 percent in October but down 3.6 percent from October 1959. Aircraft employment remained stable in October but was still approximately 13 percent below the level of the corresponding month a year ago, and officials of aircraft firms felt that the halt of their employment downturn was only temporary. Moderate layoffs continued to predominate in the furniture and fixtures, metals, nonelectrical machinery, and automobile assembling industries. On the other hand, the defense-related ordnance, electrical machinery, and instruments industries all registered increases.

Total civilian employment in the three Pacific Coast States inched up by 0.1 percent to 7.7 million workers in October, but growth in the labor force raised unemployment by 0.9 percent to 570,000 workers. This brought the seasonally adjusted rate of unemployment up slightly to 6.9 percent of the labor force, compared with 6.8 percent in September and roughly 5 percent in October of last year. The national rate of unemployment also increased in October to 6.4 percent. Actually, only in California did the rate jump up between September and October, while in Washington and Oregon the rate of joblessness fell for the second month in a row. The current rates, seasonally adjusted, are 6.6 percent in California, 7.0 percent in Oregon, and 8.2 percent in Washington. A large part of California's unemployment has been concentrated in the southern part of the state where the aircraft industry is important. The number of unemployed in California in October was 429,000 on a seasonally adjusted basis, an amount exceeding that for any October since 1949.

The number of insured unemployed rose more than seasonally in all of the Twelfth District states during October. At a weekly

## Washington leads Pacific Coast States in rates of unemployment



NOTE: Data are seasonally adjusted.

Source: State Employment Agencies; seasonal adjustments by Federal Reserve Bank of San Francisco.

average of 269,000 (not adjusted for seasonal variation), the number of workers drawing unemployment insurance compensation was 60 percent above the September 1959 level, a rate of increase approximately twice that of the nation as a whole.

The San Bernardino-Riverside-Ontario labor market area, which has had continued curtailments in employment in primary metals manufacturing and aircraft, was reclassified in November by the United States Bureau of Employment Security from a category of moderate labor surplus to one of substantial labor surplus (6 to 9 percent unemployed). It is the second major District labor market to be so classified, the San Diego market having been placed in that category in September. Ukiah and Eureka, California, although not large enough to be included in the Bureau's regular classification program, were also designated as areas of substantial labor surplus. Declining activity in the redwood lumber industry contributed to the joblessness in these two areas.

The Bureau of Employment Security reports on the various labor market areas of the Twelfth District indicate little likelihood of a substantial improvement in the current



employment situation for the next two to three months.

### **District steel output resumes decline**

Western States<sup>1</sup> steel production in October increased 3 percent over September; however, the high point was reached early in October, and rates of output have declined since then. Weekly operating rates from late October through November were in the low ranges that prevailed in August, running at or below 50 percent of capacity. The decline in weekly operating rates since early October has been greater for steel mills in the Western States than for all mills in the nation. The western rate scheduled for the Thanksgiving week was the lowest for the year, and the national rate scheduled was higher only than the Fourth of July week. Industry opinion, based upon the current flow of new orders, anticipates no significant pickup in steel production during December.

The principal reason for this year's low steel output in the District is reduced rates of output by steel-consuming industries, especially industrial building and durables manufacturing. The high level of inventories of steel early in the year has also been reduced, thus contributing to the decline in current output. In addition, there also has been some substitution of other materials for steel as well as imports of steel from abroad. The reduced volume of steel produced has been reflected in an even lower rate of capacity utilization which, in turn, reflects the expansions in recent years that were made in anticipation of long-run increases in demand.

### **Copper demand sluggish**

Twelfth District mines, which produce more than three-fourths of the nation's output of copper, have been adversely affected by the comparatively sluggish demand for the metal during much of 1960. Recent price cuts

have stimulated no discernible increase in total sales of refined copper, although the October cuts by United States producers may have helped them relative to foreign producers. Deliveries to domestic fabricators of domestic and foreign copper during October were only 77 percent of September deliveries, while those to foreign users were 90 percent of the September volume. Reduced deliveries to domestic brass and wire mills and foundries apparently reflected the September to October fall in their shipments and an even more pronounced decline in new orders. Also contributing to lower October deliveries was a small reduction in inventories held by fabricators. Domestic producers of finished products continue to complain of competition from lower-priced foreign copper goods, and in October, one major United States company cut its price on some items.

A 2 percent increase in United States production of refined copper from September to October, coupled with a decline in deliveries to fabricators, raised domestic refined stocks to the highest level in two years. Foreign stocks, although high, increased only slightly between September and October because of a significant cutback in refined production abroad. A 6 percent increase in domestic primary crude production in October was more than offset by the reduction in foreign mine output, with the result that world production fell about 6 percent. However, the contraction in foreign output was due, in part, to the strike at Anaconda's Chuquicamata mine in Chile. This strike was settled on November 13, and the mine resumed production shortly thereafter. With no indications of an increase in fabricator demand at prevailing prices, some part of world copper production, if current rates of output are maintained, must necessarily go into already large producer stocks. Nevertheless, there are as yet no definite indications of either conscious production curtailment or of further price reductions.



### **District construction up slightly during October**

Twelfth District construction, as measured by the value of construction contracts, rose by 2 percent during October and was at approximately the same level as the corresponding month of a year ago. Nonresidential contracts increased 17 percent in October and were 23 percent above 1959. The rise above last year's total was due to increased contracts for manufacturing, hospital, and public buildings. Public works and utilities contracts fell off 16 percent during October and dropped 1 percent below the same month last year. The latter decline was largely the result of a reduction in contracts for utilities construction as contracts for public works in the District continue to run above last year's level, owing to the continued high level of street and highway awards.

Although residential contracts rose by 2 percent during October, homebuilding in the District still continues to lag behind last year. The October total was 11 percent below last year, and the cumulative total for the first ten months of 1960 was 14 percent below the same period in 1959.

September FHA applications in the District gave no indication of improvement in residential construction in the near future; applications for mortgage insurance on new housing fell 15 percent from August to September, and for the first nine months, they were 39 percent below last year.

The data for District savings and loan associations reflect the failure of homebuilding to respond to easier overall credit conditions. The flow of savings into these associations has continued at record levels throughout the year. In September, the net increase in their savings capital was 34 percent above September of last year, while the cumulative nine-month increase was 24 percent above 1959. However, the growth in their mortgage holdings during the first nine months of this year

was 6 percent less than in the corresponding period of last year. Moreover, their loan commitments at the end of September were 12 percent below a year ago.

### **Lumber markets remain weak; sheathing slips lower**

Douglas fir production and prices of green and dry fir items continued to decline during October. Both developments were, in part, seasonal; however, green fir prices at the end of October were \$12 (or 19 percent) below last year, and dry fir prices were down by \$6 (or 6 percent). Western pine prices also declined during October to about \$14 under the October 1959 price of \$92 per thousand board feet. Prices are so low that a number of small mills, especially in Idaho, Montana, and eastern Oregon, are reported to have closed. Plywood sheathing prices also continue to slide. Since early October, prices for  $\frac{5}{8}$  inch sheathing have fallen from \$92 to \$85-89 per thousand square feet in mid-November. Shut-downs by some mills cut industry output to 60 percent of capacity in late November. On the other hand, the price of  $\frac{1}{4}$  inch sanded plywood remained steady at \$68, despite the fact that trading was light in the market.

### **District farm cash receipts up in September**

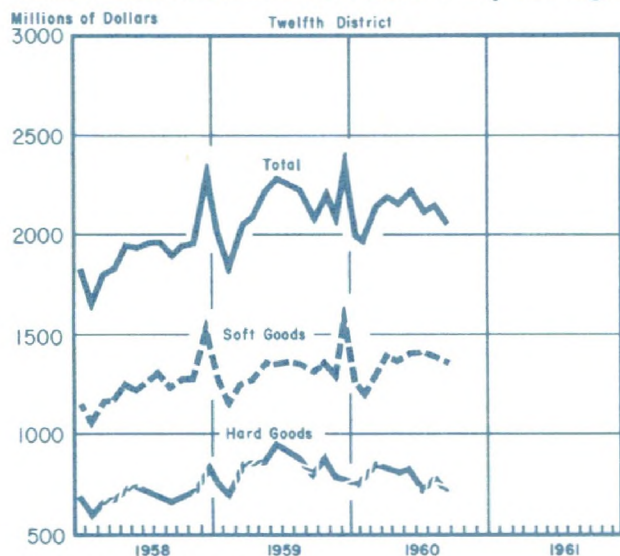
Total cash receipts of District farmers rose 11 percent in September but were 6 percent below the corresponding month of a year ago. Receipts for the first nine months were 1 percent above last year, largely as a result of increased crop receipts; total income from livestock sales fell 2 percent below the 1959 level. Beef cattle prices continue to decline, offsetting increased prices for wholesale milk, hogs, and eggs.

California's cash farm income in 1960 is expected to reach or exceed the record \$3 billion obtained in 1959. The total through September exceeds the same period last year by 2 percent. Receipts from the record cotton



crop should further bolster the cash income from the sale of crops, and livestock receipts are likely to benefit from increased egg production and a record number of cattle and calves on feed being finished for market.

### Drop in hard goods sales caused total retail sales to fall below a year ago



NOTE: Sales of Group I Stores<sup>1</sup>.  
Source: Board of Governors of the Federal Reserve System.

### Less than seasonal gain in retail trade

Preliminary figures for the first three weeks in November indicate that District department store sales were 4 percent below a year ago. Moreover, although sales for that period in November were 4 percent above the corresponding weeks in October, the gain was less than seasonal.

Declines in sales of hard goods stores of Group I retail outlets<sup>1</sup> in the Twelfth District reduced September sales for the group as a whole to 2 percent below those of a year ago. The automotive category showed the greatest weakness, reflecting reduced prices on used cars and 1960 models and a larger proportion of compact units in the new car total. From August to September of this year, sales of hard goods stores fell by 8 percent and those of soft

goods stores were down 3 percent. However, sales for all Group I stores in the first nine months of this year were less than 1 percent below the year-ago level.

New passenger car registrations for the Twelfth District for September showed a gain of 5 percent over year-ago figures and a 4 percent increase from August. October registrations of new automobiles in California were 3 percent above the year-ago volume and were 13 percent above September totals.

### District credit developments vary from last year's pattern

The performance of all member banks in the Twelfth District in September and October of this year offers some contrasts with the same months in 1959. Loans declined 1 percent from the end of August to the end of October in 1960, while there was a small increase last year despite the steel strike. The drop in loans this year was accounted for entirely by reserve city banks; loans at country banks showed no change over this period. Last year country banks expanded their loans by 2.5 percent, and loan volume at reserve city banks also rose slightly. This year member banks increased their holdings of United States Government securities during this two-month period by 5 percent, with both country and reserve city banks expanding their portfolios. This contrasts with a decline of more than 3 percent last year as both country and reserve city banks made net reductions in their portfolios. Demand deposits adjusted increased during this two-month period in both years, but the increase in 1960 was about 1 percent greater than in 1959. Both reserve city and country banks had gains in time deposits in September and October of this year. The growth of 1.5 percent in such deposits contrasts with a minor decline in 1959, when a loss at reserve city banks more than offset a small gain at country banks.

Data for more recent District credit developments are provided by the weekly reporting

<sup>1</sup> Stores of firms operating 1-10 stores at the time of the 1954 Census.



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

(dollar amounts in millions)

	Twelfth District				United States			
	From Oct. 26, 1960 to Nov. 23, 1960		From Nov. 25, 1959 to Nov. 23, 1960		From Oct. 26, 1960 to Nov. 23, 1960		From Nov. 25, 1959 to Nov. 23, 1960	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
<b>ASSETS:</b>								
Total loans and investments	+ 71	+ 0.31	+ 491	+ 2.21	— 196	— 0.18	+ 3,950	+ 3.79
Loans and investments adjusted <sup>1</sup>	+ 173	+ 0.77	+ 468	+ 2.12	— 511	— 0.48	+ 4,084	+ 3.97
Loans adjusted <sup>1</sup>	+ 106	+ 0.72	+ 527	+ 3.66	+ 277	+ 0.41	+ 2,504	+ 3.80
Commercial and industrial loans	+ 92	+ 1.79	+ 276	+ 5.55	+ 267	+ 0.85	+ 1,801	+ 6.02
Real estate loans	— 16	— 0.31	— 131	— 2.48	+ 1	+ 0.01	— 48	— 0.38
Agricultural loans	— 9	— 1.34	+ 102	+ 18.21	+ 8	+ 0.75	+ 157	+ 17.09
Loans for purchasing and carrying securities	+ 19	+ 12.34	+ 20	+ 13.07	— 64	— 1.97	— 242	— 7.05
Loans to nonbank financial institutions	— 33	— 4.22	+ 74	+ 10.96	— 54	— 0.99	— 97	— 1.80
Loans to domestic commercial banks	— 102	— 36.69	+ 23	+ 15.03	+ 315	+ 34.54	— 134	— 9.85
Loans to foreign banks	+ 7	+ 3.91	— 52	— 21.85	— 2	— 0.29	— 62	— 8.27
Other loans	+ 36	+ 1.21	+ 260	+ 9.46	+ 113	+ 0.74	+ 1,077	+ 7.54
U. S. Government securities	+ 84	+ 1.50	+ 52	+ 0.92	— 555	— 1.88	+ 1,779	+ 6.53
Other securities	— 17	— 0.86	— 111	— 5.38	— 233	— 2.39	— 199	— 2.05
<b>LIABILITIES:</b>								
Demand deposits adjusted	+ 49	+ 0.44	— 261	— 2.30	— 1,118	— 1.83	— 2,046	— 3.34
Time deposits	— 52	— 0.47	+ 351	+ 3.27	+ 16	+ 0.05	+ 2,410	+ 7.64
Savings accounts	— 69	— 0.73	+ 78 <sup>r</sup>	+ 0.84 <sup>r</sup>	n.a.	n.a.	n.a.	n.a.

<sup>r</sup> Changes based on revised data.

n.a. Not available.

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

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

member banks. In the first four weeks of November, their loans (excluding loans to domestic commercial banks) rose \$106 million, reversing the decline in the preceding two-month period. This gain of nearly 1 percent is somewhat less than the 1.5 percent increase in the comparable period of 1959. Business loans moved up as a result of seasonal factors, but the expansion was only two-thirds of the amount registered in 1959. The usual pre-holiday borrowing by retail trade firms and the increased seasonal credit needs of commodity dealers were largely responsible for the upturn in business loans. In addition to the increase in business borrowing, bank loans to consumers showed a gain of \$36 million. There was an increase of \$28 million in loans for purchasing and carrying Government se-

curities in connection with the Treasury refunding operations in November. Mortgage holdings and loans outstanding to sales finance companies and to farmers, all moved downward in the first part of November.

Weekly reporting member banks continued to add to their holdings of United States Government securities during the first four weeks of November in contrast to a reduction for all member banks in the United States. There was considerable shifting among maturities as a result of the new 15-month Treasury note and the 5½ year-bond offered in the November refunding, plus the movement of the 2½ percent 1961 bond into the within-1-year maturity group. District weekly reporting banks reduced their holdings of other securities in the first four weeks of November in contrast



to the growth in such holdings in recent months.

Demand deposits adjusted rose \$49 million in the four-week period ended November 23, about one-third of the rise at the same time last year. Time deposits, on the other hand, dropped sharply as Christmas Club savings accounts were paid out, resulting in a \$69 million decline in savings deposits, somewhat less than the decrease in November last year.

### **Voters approve large volume of municipal bonds; new bond sales continue seasonally light**

An estimated \$3.7 billion in municipal bonds were proposed to the national electorate on November 8, at least 60 percent in Twelfth District States. The \$1.75 billion California water bond issue, which was approved

and which the State presently plans to start selling in 1963, accounted for the unusually large District share. Other large issues approved in California included \$128 million for Los Angeles schools, \$42.5 million in sewer revenue bonds for San Diego, and \$12.5 million in San Francisco sewer bonds. The approval rate was high, with over 88 percent of the California bonds passing, excluding the water bond. Oregon's electorate voted favorably on issues totaling \$183 million, including a \$135 million general obligation veterans bond.

Small issues comprised most of the new municipal bonds sold by District units from late October through mid-November, and a light calendar of new issues was anticipated through mid-December, which is not unusual for this season.

## **The 1961 District Farm Outlook**

At its recent Agricultural Outlook Conference in Washington, D. C., the United States Department of Agriculture predicted that domestic demand for food and other farm products will remain at a high level in 1961. The USDA forecasts a continued high level of foreign demand for our agricultural products, at least through the first half of 1961, and an increase in consumer income next year which will keep domestic demand up. Since a strong demand situation is anticipated, little change in farm prices is forecast for 1961. More strength in prices, however, is expected in the first half than in the second half of the year. Some easing in pork and egg prices appears likely during the latter part of the year, and continued weakness in beef prices is forecast for all of 1961.

The volume of farm marketings from the record farm output in 1960 may be surpassed in 1961. In view of the continued high level

of marketings and little change in prices, cash receipts are expected by the USDA to be about the same as in 1960. The comparative stability in cash receipts will probably not be accompanied by a decline in realized net income, as in most recent years, because the rising trend in farm production expenses leveled off in 1960, and it is anticipated that these costs will continue at approximately the \$26 billion level in 1961.

Despite the relatively favorable income outlook by the USDA for agriculture in 1961, the nation's farmers are expected to begin the year in a less favorable financial condition than a year earlier. Farm debts have continued to rise while, for the first time in several years, the value of farm assets declined with the easing in farm land values during 1960.

Agricultural price and cost trends in the Twelfth District may be expected to follow those in the nation in 1961. The sale of crops,



**NATIONAL OUTLOOK FOR SELECTED FARM PRODUCTS, 1961**

Item	Importance in Twelfth District (Percent of total cash receipts, 1958-59 average)	National prospects — Change from 1960	
		Supply	Price
<b>Beef</b>	<b>18.1</b>	<b>Larger</b>	<b>Lower</b>
<b>Hogs</b>	<b>1.0</b>	<b>About the same</b> <b>Down 1st half;</b> <b>up 2nd half</b>	<b>About the same</b> <b>Up 1st half;</b> <b>down 2nd half</b>
<b>Lamb and Mutton</b>	<b>1.6</b>	<b>Smaller</b>	<b>Same to lower</b>
<b>Cotton</b>	<b>9.0</b>	<b>Acreage allotment increased</b>	<b>No estimate</b>
<b>Wheat</b>	<b>5.3</b>	<b>Smaller</b>	<b>About the same</b>
<b>Grapes</b>	<b>3.4</b>	<b>1961 crop about the same</b>	<b>No estimate</b>
<b>Potatoes</b>	<b>2.9</b>	<b>1960 fall crop larger</b>	<b>Lower in first few months of 1961</b>
<b>Peaches</b>	<b>1.2</b>	<b>1961 crop about the same</b>	<b>No estimate</b>
<b>Prunes</b>	}	<b>1961 prune crop larger</b>	<b>No estimate</b>
<b>Plums</b>		<b>1961 plum crop about the same</b>	<b>No estimate</b>
<b>Apples</b>		<b>Smaller in 1st half; larger in 2nd half</b>	<b>Higher 1st half</b>
<b>Pears</b>	<b>0.9</b>	<b>1961 crop larger</b>	<b>No estimate</b>
<b>Dry peas</b>	<b>0.3</b>	<b>1960 crop smaller</b>	<b>1960 crop higher</b>

Source: United States Department of Agriculture.

however, provides about three-fifths of District farmers' cash receipts, and livestock and livestock products furnish the remainder, while on a national basis these proportions are reversed. The District income situation, therefore, may vary from that anticipated for the nation.

### **District farm cash receipts may decline in 1961**

On the basis of USDA anticipations for the 1961 national farm outlook, it appears that District cash receipts from crops may be lower in the first half of next year than during the comparable period of 1960. District prices for fresh vegetables were unusually high during the spring of this year as a consequence of

poor growing conditions in some important producing areas outside the District which reduced production and delayed maturity. Prices received for 1959 fall potatoes moving from storage were also up sharply in the first half of 1960 from a year earlier because supplies were less bountiful and were stretched over a longer marketing period due to delay in supplies of spring potatoes. Although national supplies of 1960 fall potatoes are larger, the USDA indicates that a smaller crop in Western States may hold prices in this region near 1960 levels during the first part of 1961. Grapefruit prices will be under the pressure of increasing supplies from Texas and may be as low or lower than the unfavorable

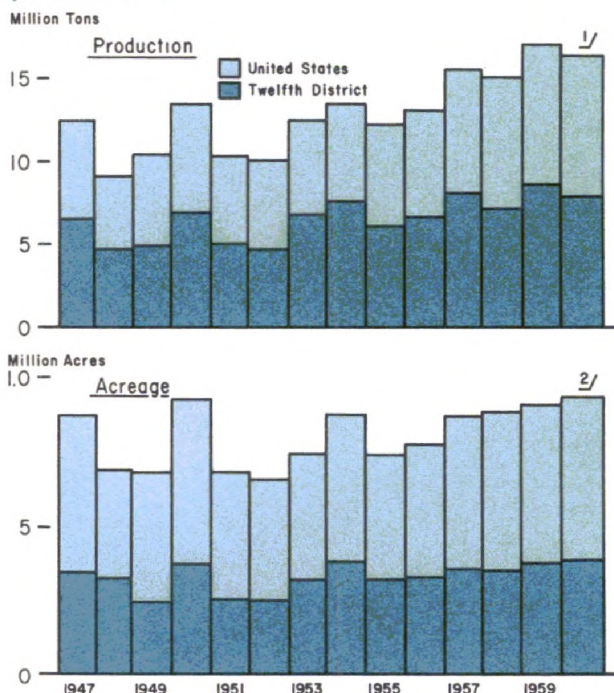


prices received a year earlier. The USDA expects apple prices, on the other hand, to be higher in the early part of next year. Some improvement in production may also be realized for early deciduous fruits, such as apricots and plums. Since the District cotton crop is slower in moving to the gins this year, more of the crop may be marketed after the start of the new calendar year than occurred with the 1959 crop. Nevertheless, it would appear that District crop receipts during the first six months of next year are more likely to be lower than the record flow of returns during the first half of 1960.

Some easing in cash receipts from marketings of livestock and livestock products also appears in prospect for District farmers during the first six months of 1961. One anticipated, important source of strength in receipts nationally is higher hog prices. If realized, this would bolster cash receipts in the District much less than nationally because only about 1 percent of District farm returns is obtained from the sale of hogs. The expected decline in beef prices probably would have a much greater impact on District cash receipts than any strengthening in hog prices. Between one-fifth and one-sixth of District cash receipts arises from marketings of beef animals. Relatively heavy sales of beef in the District may partially offset the effects of lower prices. Cattle in District feed lots were 10 percent higher on October 1, 1960 than a year earlier, compared with a 1 percent increase nationally. Although prices of some dairy products and eggs may be higher during the first part of next year, cash receipts from marketings of livestock and livestock products may do well to approach the level achieved in 1960.

On balance, therefore, District cash receipts during the first half of 1961 may be expected to show less strength than nationally when compared with returns during the corresponding 1960 period.

## Rising acreage helps boost sugar beet production



<sup>1/</sup> Preliminary.

<sup>2/</sup> Acreage for harvest.

Source: United States Department of Agriculture.

## Outlook clouded by special factors

Income prospects in the second half of the year are even more difficult to assess than usual. In addition to the uncertainties that are generally present, it is reported that concern about the cost and availability of farm labor may prompt some California farmers to shift to the production of products which rely less heavily on farm labor, for example, a switch from tomatoes to feed grains or hay. It will be some time before information is available which will give some indication of the magnitude and types of any future production adjustments resulting from the farm labor situation.

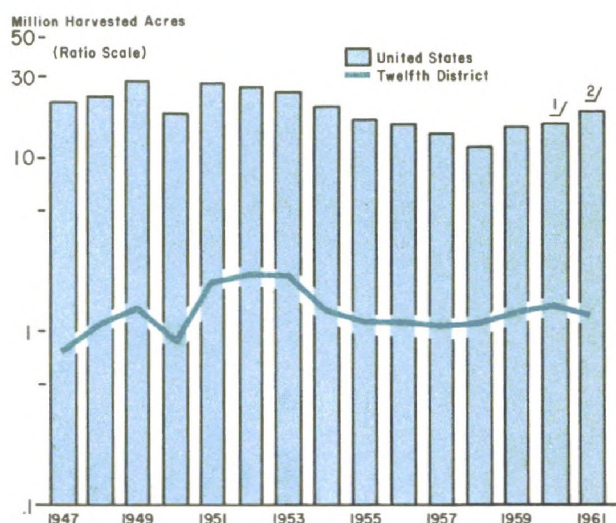
Uncertainties also confront sugar beet growers. These uncertainties are of particular importance to District agriculture as about half the nation's output of sugar beets comes from District farms. Although acreage allotments have been removed for 1961, this will not mean a sharp expansion in sugar beet



production next year since processors of domestic sugar beets are still limited in the quantity of sugar that they can market domestically. The sugar marketing quota from the 1960 beet crop is reported to be nearly equal to the processing capacity of existing facilities. Substantial increases in processing capacity, therefore, are not likely unless the beet sugar companies receive assurance that increases in their marketing quotas will be maintained for a sufficient period of time to justify investment in additional refining facilities. At the present time, it is not known what modifications may be made in the Sugar Act which is due to expire March 31, 1961. Although the domestic marketing quota for domestic beet sugar producers may be increased, if and when the Sugar Act is ratified, there will not be much time in which to expand processing facilities to handle the 1961 sugar beet crop. It would appear, therefore, that acreage devoted to sugar beet production in the District in 1961 will not expand very much from that harvested in 1960.

Some further easing in the District farm income situation may well occur during the last half of 1961. The reduction in District cotton allotments is expected to be an important contributing factor. In 1959 and 1960, cotton producers could overplant their basic acreage allotments if they accepted a reduced level of price support, and they did as overplanting was relatively heavy in the District. This provision expired in 1960, and as a result the allowable plantings for the 1961 crop have been reduced in the District by 12 percent, or 162,358 acres, from those permitted in 1960. In contrast, the national acreage allotment was increased by 6 percent. The District will be little affected, however, by the anticipated weakening in hog prices

### Government allotment program since 1954 has held down cotton acreage



<sup>1</sup> Preliminary.

<sup>2</sup> Acreage allotment.

NOTE: This chart is plotted on a ratio or semi-logarithmic scale on which equal vertical distances represent equal percent changes rather than equal absolute amounts.

Source: United States Department of Agriculture.

in the latter part of 1961. Nor is the District dependent upon another large wheat crop in 1961 to maintain the level of cash receipts since the 1960 crop was about average. National receipts, however, received a boost from a bumper crop in 1960, and unless this output is duplicated in 1961, some decline in national receipts can be expected from marketings of this important farm commodity.

In summary, therefore, the USDA information on the agricultural outlook suggests a level of cash receipts in the District for 1961 somewhat below that attained in 1960. If realized, it would be less favorable than the USDA forecasts for the nation's farmers. Any appraisal at this early date, however, must be considered as quite tentative as unexpected weather conditions, for example, could considerably modify the agricultural outlook.



# FEDERAL RESERVE BANK OF SAN FRANCISCO

## BANKING AND CREDIT STATISTICS AND BUSINESS INDEXES—TWELFTH DISTRICT<sup>1</sup>

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

Year and Month	Condition items of all member banks <sup>2</sup>				Bank debits index 31 cities <sup>4, 5</sup>	Bank rates on short-term business loans <sup>6</sup>	Total nonagricultural employment	Total mfg employment	Car-loadings (number) <sup>5</sup>	Dep't store sales (value) <sup>5</sup>	Retail food prices <sup>7, 8</sup>
	Loans and discounts	U.S. Gov't securities	Demand deposits adjusted <sup>3</sup>	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	....	60	57	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	153 <sub>r</sub>	4.09	120	134	96	122	113
1955	11,124	7,239	11,864	9,120	173 <sub>r</sub>	4.10	127	143	104	132	112
1956	12,613	6,452	12,169	9,424	190 <sub>r</sub>	4.50	134	152	104	141	114
1957	13,178	6,619	11,870	10,679	204 <sub>r</sub>	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	157	123
1959											
November	16,252	6,651	13,133	12,138	243 <sub>r</sub>	....	145	164	91	155	123
December	16,537	6,673	13,375	12,452	240 <sub>r</sub>	5.71	145	165	98	158	123
1960											
January	16,354	6,304	12,971	12,111	248 <sub>r</sub>	....	146	167	99	157	124
February	16,388	5,976	12,493	12,017	243 <sub>r</sub>	....	147	167	92	159	123
March	16,660	5,707	12,553	11,986	242 <sub>r</sub>	5.72	147	167	95	157	123
April	16,933	5,999	12,810	12,042	254 <sub>r</sub>	....	148	166	95	159	126
May	17,104	5,813	12,290	12,142	255 <sub>r</sub>	....	148	164	95	153	125
June	17,131	5,738	12,298	12,277	255 <sub>r</sub>	5.73	148	163	85	153	125
July	16,895	5,967	12,608	12,253	260 <sub>r</sub>	....	148	163	81	159	126
August	17,142	6,303	12,579	12,454	249	....	151 <sub>r</sub>	166 <sub>r</sub>	85	155	125
September	16,923	6,339	12,575	12,547	253	5.53	151 <sub>r</sub>	165 <sub>r</sub>	83	155	126
October	16,958	6,626	12,848	12,628	263	....	151 <sub>r</sub>	165 <sub>r</sub>	78	160	126
November	16,895 <sub>p</sub>	6,691 <sub>p</sub>	12,901 <sub>p</sub>	12,616 <sub>p</sub>	249	....	...	...	...	...	...

Year and month	Industrial production (physical volume) <sup>5</sup>							Waterborne Foreign Trade Index <sup>7, 9, 10</sup>					
	Lumber	Petroleum <sup>7</sup>		Cement	Steel <sup>7</sup>	Copper <sup>7</sup>	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	92 <sub>r</sub>	80	108	144 <sub>r</sub>	145	103
1951	113	106	112	128	146	116	136	186	194	175	162 <sub>r</sub>	140	733
1952	115	107	116	124	139	115	145	171 <sub>r</sub>	201 <sub>r</sub>	130 <sub>r</sub>	204 <sub>r</sub>	141 <sub>r</sub>	1,836
1953	116	109	122	131	158	113	162	141	138	145 <sub>r</sub>	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	166 <sub>r</sub>	178	149	314 <sub>r</sub>	187	3,614
1956	120	105	129	156	163	131	209	201	261	117	459	201 <sub>r</sub>	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	564 <sub>r</sub>	221 <sub>r</sub>	9,504 <sub>r</sub>
1959	116	92	130	174	138	99	253	188 <sub>r</sub>	223 <sub>r</sub>	138 <sub>r</sub>	686 <sub>r</sub>	263 <sub>r</sub>	11,699 <sub>r</sub>
1959													
October	115	91	132	170 <sub>r</sub>	15	40	250 <sub>r</sub>	231	289	150	702	261	12,206
November	117	91	133	165 <sub>r</sub>	148	43	257	148	202	71	807	290	14,284
December	129	91	131	163 <sub>r</sub>	212	40	260 <sub>r</sub>	209	266	128	858	302	15,333
1960													
January	127	90	130	156	197	67	265	229	296	134	958	277	18,687
February	127	90	127	173	206	116	263	230	271	172	720	259	12,719
March	120	91	131	165	183	134	271	287	316	246	678 <sub>r</sub>	296	8,707
April	113	91	137	182	162	141	265	240	287	172	813 <sub>r</sub>	286	14,484
May	112	91	136	167	164	144	271	251	331 <sub>r</sub>	139	774 <sub>r</sub>	290 <sub>r</sub>	13,341
June	101	91	132	170	158	142	270	243	288	180	872	294	15,944
July	104	91	138	149	134	123 <sub>r</sub>	270	193	257	102	681	263	11,565
August	104	90	138	164	125	121	...	...	...	...	...	...	...
September	101	90	136	143	127 <sub>p</sub>	141	...	...	...	...	...	...	...
October	...	...	...	159	124 <sub>p</sub>	...	...	...	...	...	...	...	...

<sup>1</sup> 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.

<sup>2</sup> Annual figures are as of end of year, monthly figures as of last Wednesday in month. <sup>3</sup> Demand deposits, excluding interbank and U.S. Government deposits, less cash items in process of collection. Monthly data partly estimated. <sup>4</sup> Debits to total deposits except interbank prior to 1942. Debits to demand deposits except U.S. Government and interbank deposits from 1942. <sup>5</sup> Daily average. <sup>6</sup> Average rates on loans made in five major cities, weighted by loan size category.

<sup>7</sup> Not adjusted for seasonal variation. <sup>8</sup> Los Angeles, San Francisco, and Seattle indexes combined. <sup>9</sup> 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. <sup>10</sup> Alaska and Hawaii are included in indexes beginning in 1950. <sup>p</sup>—Preliminary. <sup>r</sup>—Revised.