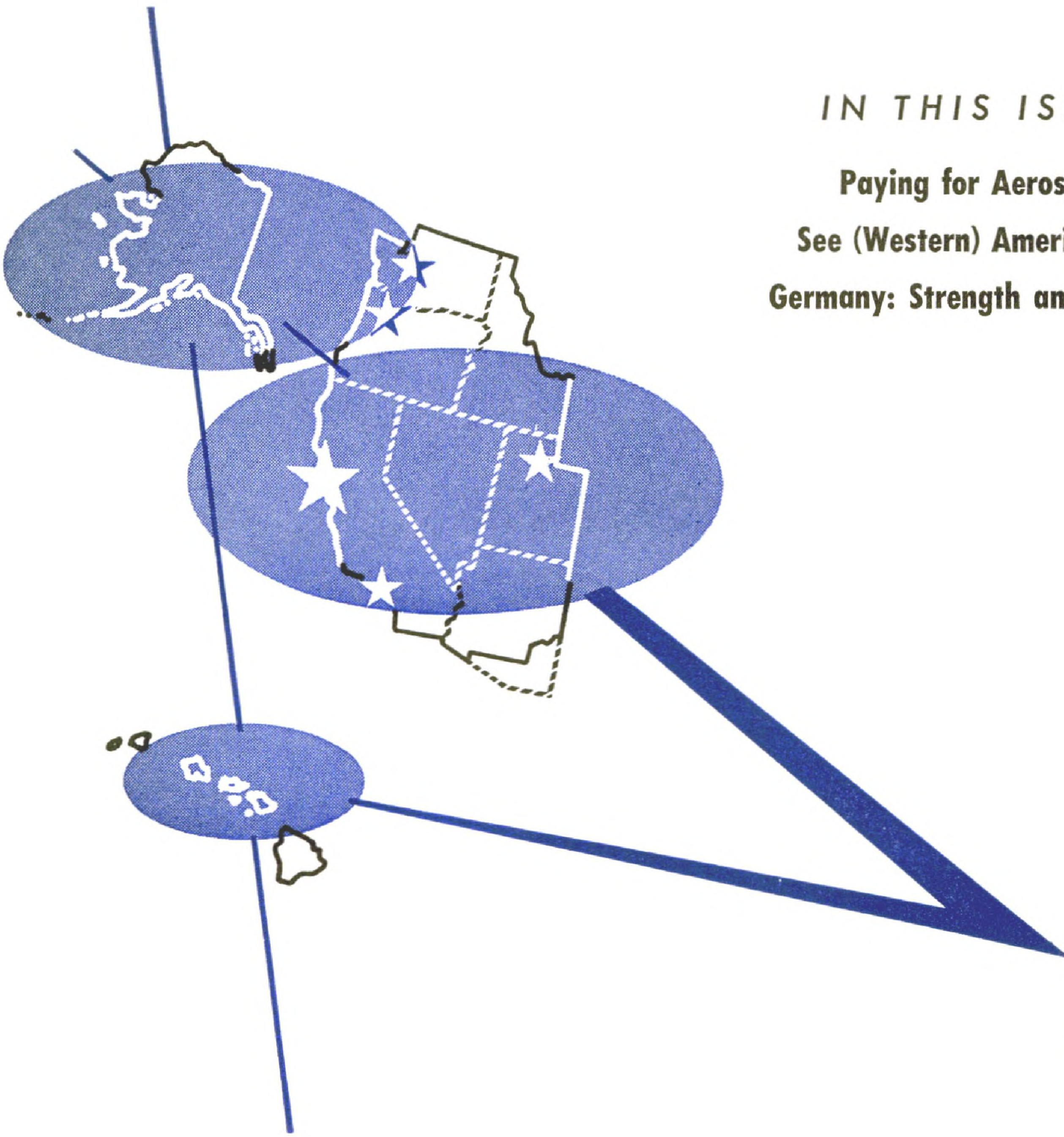
FEDERAL RESERVE BANK OF SAN FRANCISCO

MONTHLY REVIEW



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JULY
1965

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Editor: William Burke

Paying for Aerospace

The West's crucial "export" industry — aerospace manufacturing — has generated as much work for corporate treasurers as it has for personnel managers, sales managers, and government relations officers. The rapid growth and abrupt fluctuations in this industry, in other words, have brought changes to corporate balance sheets as well as to plant layouts, scientific developments, and relationships with the Pentagon.

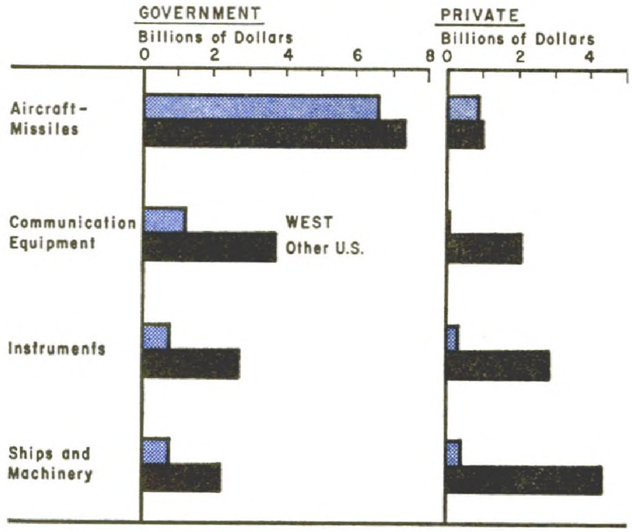
The industry, of course, is dominated by a single important customer—the Federal government. Although aerospace producers manufacture a number of important products for the commercial market, their major work is reserved for defense and space contracts. Moreover, the unique character of this customer-producer relationship has significantly affected the sources and uses of funds in the rapidly changing postwar period.

Single-customer industry

The industry is principally affected by the size and shape of its dominant customer's budget—a budget which has exhibited massive structural shifts and significant ups and downs since 1945, and which has also exhibited a constant demand for high-quality products incorporating the latest technological breakthroughs. Many of these products of course result from advanced research-and-development programs, which in turn are generated by that customer's demand for technological progress.

The R&D-oriented Western industry has benefited from a postwar shift of emphasis from conventional hardware to sophisticated aerospace systems. Consequently, sales of the regional industry are now more closely tied to government business than are the sales of defense-oriented firms elsewhere in the nation. In 1963, according to Census of Manufactures data, the Federal government purchased

Aircraft-missile contracts dominate Western defense manufacturing



Note: Chart shows shipments in 1963, by category, of firms engaged in defense-related manufacturing
Source: Department of Commerce

85 percent of the products of the Western defense-manufacturing industry and only 60 percent of the products of defense firms elsewhere.

In addition, Census data show some other significant differences in the structure of sales. About 60 percent of billings by Western defense-oriented firms in 1963 were made for government-financed aircraft and missiles, about 20 percent for government-financed communications equipment and instruments, and about 10 percent for privately financed commercial aircraft. By way of contrast, defense-oriented firms elsewhere had roughly the same proportion of sales in communications equipment and instruments, but only 30 percent of their billings were made for government-financed aircraft and missiles. (These firms were also much less important than Western firms in the commercial-aircraft field.)

The postwar boom in the Western aerospace industry is shown most vividly by defense contract-award data. Between 1947 and

1964, Twelfth District firms increased their share of defense contracts from one-eighth to one-third of the national total. In dollar terms, their contracts increased from less than $1 billion to $9 billion. These firms thus have been under constant pressure to add to their plant, equipment, and working capital in order to meet the steep increase in demand for their unique product line.

Four-firm data

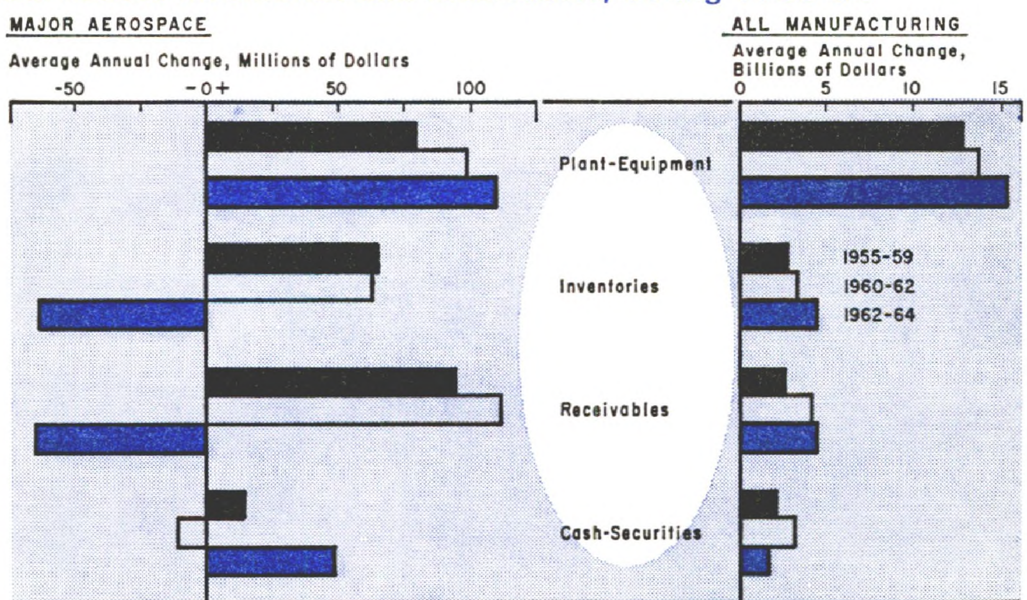
All of this has meant a massive change in the finances of the Western aerospace industry. The magnitude of that development can be judged from an examination of the balance sheets of four major aerospace firms headquartered in this region. These firms in fiscal 1964 received 17 percent of defense contract awards and 40 percent of space agency awards. Although headquartered in the West, they now operate installations in other regions too, so their books do not necessarily present an exact picture of the financial requirements of the Western industry. Nonetheless, for all practical purposes, their balance sheets reveal most of the major influences at work in the region during this crucial period.

Sales of these four major aerospace firms rose from $0.3 billion in fiscal 1947 to a Korean-war high of $3.3 billion in fiscal 1954. In the post-Korean period, sales rose almost constantly, with minor pauses in 1955 and 1958, and eventually reached $6.4 billion in 1964. The major impetus to sales during the recent past was the post-Korean shift in defense requirements from battlefield equipment, such as tanks and ammunition, to missile production and research-and-development programs.

To meet these increased requirements, these four major aerospace firms have utilized the usual financial resources—internal financing (retained earnings and depreciation), along with external financing (security issues, bank loans, and the like). For the postwar period as a whole, they have relied about equally on internal and external financing. By way of contrast, the nation's total manufacturing sector has placed more reliance on internal financing, especially increased depreciation allowances.

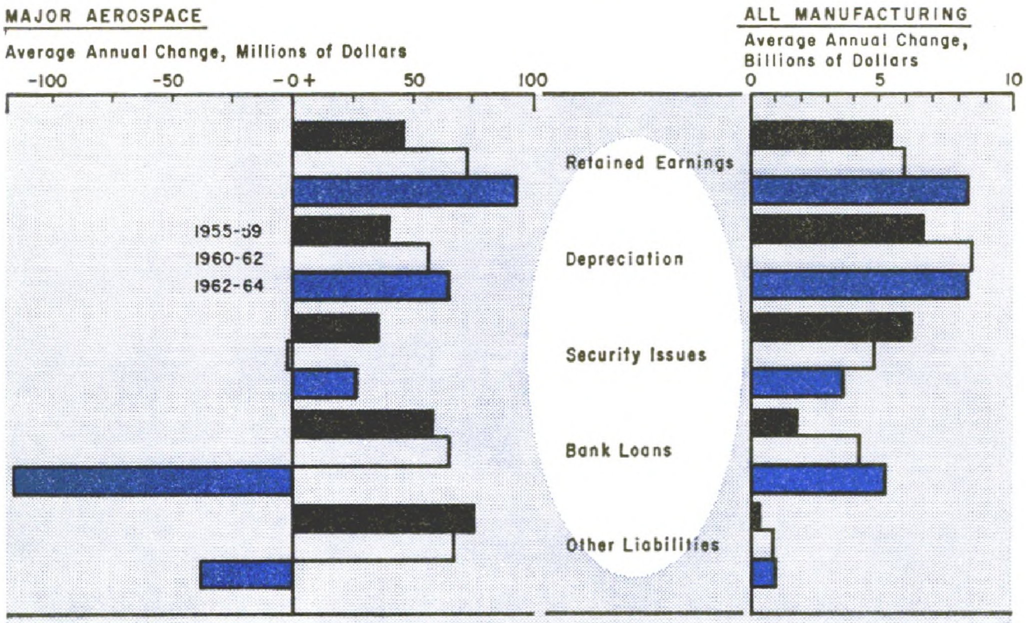
On the basis of these financial inflows, assets of the major aerospace firms rose from $0.4 billion in 1947 to $1.0 billion in 1954, and then to $2.2 billion in 1964. Roughly one-half of the postwar increase went into new plant and equipment, and the rest went into inventories and receivables. But the sources and uses of funds shifted somewhat between the Korean period of rapid growth and the subsequent period of missile-production

Major aerospace firms continue to add plant-equipment, but reduce inventories and receivables, during 1963-64



Sources: Balance-sheet data of four major Western aerospace firms; Department of Commerce

Cutback in aerospace spending reflected in decreased reliance on external financing



Sources: Balance-sheet data of four major Western aerospace firms; Department of Commerce

buildup, and then shifted again between those years of expansion and the more recent era of relative stability.

Korea and post-Korea

During the Korean-war period, the four firms added significantly to their receivables and inventories but somewhat less to their plant and equipment. Of course, plant-equipment spending was somewhat unnecessary at that time, since military requirements were concentrated in the World-War-II type of equipment. For financing, these firms depended almost entirely on external sources, mostly short-term credit. They relied especially on trade-credit sources, such as contract deposits and advances, but they also utilized bank loans. (Government-guaranteed bank loans were especially important at that time; such loans totaled $979 million in 1952, but since 1954 authorizations have consistently remained below $400 million.)

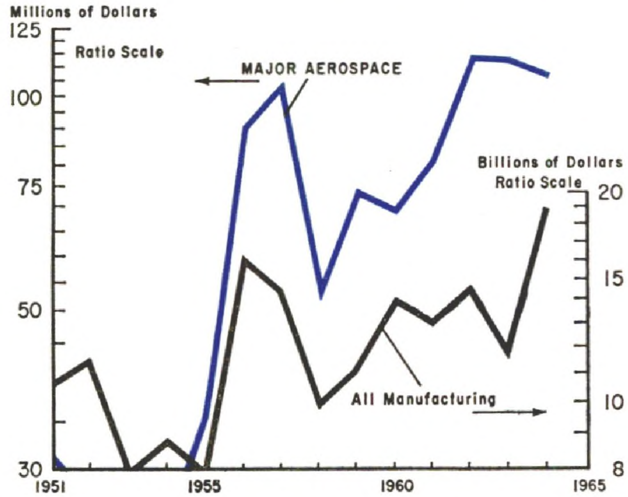
During the post-Korean period, the major aerospace firms again added significantly to their inventories and receivables. Their major requirements, however, were for production and test facilities related to the development of aerospace technology. Not surprisingly, then, plant-equipment expenditures quadrupled for these four firms between 1954 and 1964, while all manufacturing firms doubled their plant-equipment spending during this period. These producers also placed greater reliance than before on internal financing—both depreciation and retained earnings. But short-term credit resources also remained important, with bank credit especially rising sharply to a peak in 1962.

. . . And post-1962

Since 1962, the major aerospace firms have experienced a sharp reversal in their requirements for inventories and receivables, as a result of the cancellation of several large contracts as well as the development of other contracts past the stage of heavy funding. On the other hand, these firms have continued to add to their plant and equipment, although to a proportionately smaller degree than other types of manufacturing firms. In the last several years, moreover, the major aerospace producers have recorded a sharp rise in their liquid assets. This increase may reflect the desire to have ready cash on hand in order to shift emphasis to commercial-aircraft production—or in order to diversify into completely new lines.

In the recent past, the major aerospace firms have sharply reduced their reliance on external financing, especially trade credit and

Strong uptrend in plant-equipment spending recorded by aerospace firms



Sources: Balance-sheet data of four major Western aerospace firms; Department of Commerce

bank loans. This development reflects a reduction in requirements for inventories and accounts receivable, and it possibly also reflects their sharp increase in retained earnings. Manufacturing firms elsewhere have experienced a similar increase in retained earnings but, on the other hand, have continued to rely heavily on external sources.

Balance-sheet data for the four major Western aerospace firms thus reflect the substantial gains in activity during the Korean period and the early missile-age period, along with the 1963-64 moderation in aerospace sales. Unlike all manufacturing firms—which have continued to expand their sources and uses of funds on the basis of a strong business demand—the Western aerospace firms in the last two years have experienced a smaller need for inventories and receivables, and thus have reduced their reliance on external sources of funds. But the strength of their retained earnings and cash position indicates that they possess the flexibility to meet the shifting demands of their dominant customer —or of any new customer for their unique product line.—*Donald Snodgrass.*

New Series on Federal Funds

Beginning with data for the reserve period ended June 23, 1965, a new weekly series on reserve positions and Federal funds and related transactions of selected Twelfth District banks was instituted. Basically, the new series is a component part of the national series which the Board of Governors of the Federal Reserve System began publishing in August 1964.

Current reports, which are to be released each Friday, and back data are available on request from the Research Department, Federal Reserve Bank of San Francisco, 400 Sansome Street, San Francisco, California 94120.

See (Western) America First

POLYNESIAN beaches, Scandinavian fiords and mountains, Spanish Old World charm, Oriental food, Parisian night life . . . The tourist who desires adventure, but who also desires to ease the nation's balance-of-payments difficulties, should be reminded that he can find all these experiences (and Disneyland too) within the confines of these Western American states. So says the travel advertising—and so too says the presidential task force on travel, which has recently been organized to coordinate the travel industry's efforts to help American tourists "discover America."

Spending abroad

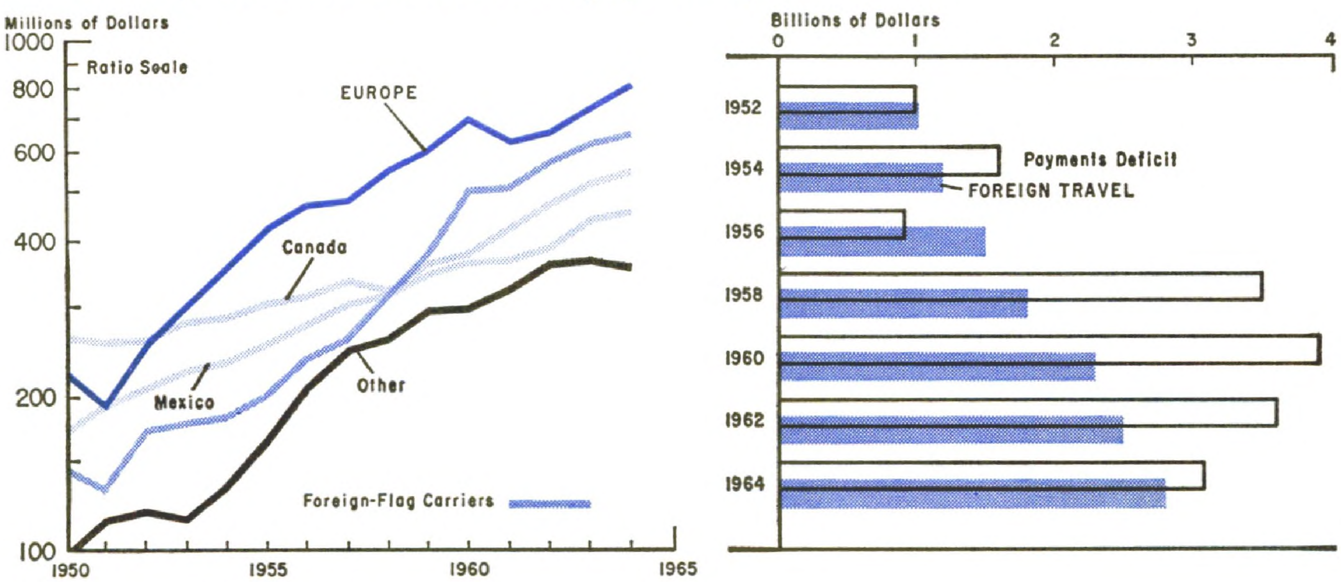
The growing emphasis on domestic tourism is related to the fact that American tourist spending abroad has tripled since 1950. In 1964, $2.8 billion was spent by tourists abroad or was paid in fares to foreign-flag airlines and shipping lines. This outward flow of dollars thus has significantly affected the nation's balance of payments. The 1954 deficit of $1.6 billion reflected a travel-dollar outflow of $1.2 billion, and 1964's $3.1-billion deficit was linked to a $2.8-billion outflow on the travel account.

Dollar spending by American tourists has increased everywhere, especially in Western Europe and the Mediterranean (over $800 million in 1964), and in other overseas areas (about $350 million in 1964). Spending in Canada and Mexico has also increased sharply; these two countries together obtained about $1 billion from tourists last year. And, in addition, fares paid to foreign-flag carriers totaled about $650 million. These dollar outflows, amounting to $2.8 billion, were partly offset by a $1.1-billion inflow caused by foreign travelers' spending in this country. Yet, although this type of dollar inflow has increased sharply, it lags far behind the level of spending by Americans overseas.

Spending at home

Where then should the balance-of-payments conscious tourist go in order to enjoy

Rapid gains in overseas travel and in payments to foreign-flag carriers help accentuate balance-of-payments problem



Source: Department of Commerce

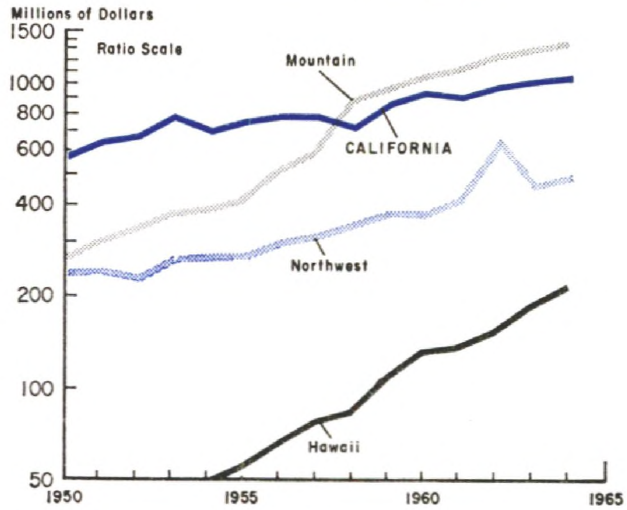
the exotic pleasures of far-away places? The answer, according to the travel posters, is to head West of the Continental Divide. This type of appeal has been increasingly successful in recent years; in 1964, for example, tourists and business travelers together spent roughly $3 billion in Twelfth District states.

Tourist spending, moreover, has consistently been an important source of income for many Western states and communities. Payrolls of hotels and places of amusement account for about 2.3 percent of total payrolls in the District, against only 1.1 percent in the rest of the nation. (In Nevada, payrolls of this type account for a whopping 20 percent of total payrolls.)

Statistics on tourist spending are difficult to estimate, especially because the dollar totals include a mixture of pleasure and business spending as well as a mixture of intrastate and interstate travel spending. In rough terms, however, over $1 billion was spent by all travelers in California in 1964, while about $600 million was spent in Nevada, another $700 million in the other Mountain states, about $500 million in the Northwest states, and over $200 million in Hawaii. And even more dollars are attracted by special events, such as the $200 million or more attributable to the Seattle World's Fair in 1962. All in all, total travel spending in District states has jumped from about $1.1 billion in 1950 to roughly $3.1 billion in 1964.

The average amount of spending varies from place to place. In rough terms, the average traveler spends about $8 to $9 a day in California, Arizona, and the Northwest states. Spending in Nevada, meanwhile, runs about $15 daily—about the same as the average American tourist spends in Western Europe. Tourists in Hawaii, moreover, tend to spend over $30 a day. (But average spending figures, like the dollar totals, are affected by the different amounts spent by intrastate—as opposed to interstate—travelers.)

Mountain states and Hawaii boast largest gains in travel spending



Source: State tourist agencies

While spending figures are somewhat inexact, data on the number of visitors to park and camping facilities are easily measurable—and quite impressive. In 1963, 20 million visitors were logged in at the national parks located in District states, and more than 50 million visitors were recorded at state parks and in recreational areas of national forests. More important, tourism of this type has grown rapidly in recent years. Between 1950 and 1963, national park visitors in California increased from 3 to 6 million, and national park visitors in other District states rose from 6 to 14 million. State park visits, meanwhile, more than quadrupled in number in the same period.

Reasons for more spending

Will tourism in Western states continue to grow at such a rapid pace in future years? Recent trends in population, income, leisure, and education indicate that continued growth of this type is quite likely.

In the recent past, all of these factors have been strongly favorable. Population in the West alone has grown from 17 million in 1950 to 27 million in 1964. Income in the West alone has grown from $30 billion in

1950 to $80 billion in 1964. And the increased leisure (especially the longer vacations) available to the average American has stimulated travel everywhere.

The shifting of more and more people into the upper-income brackets has favored more tourist spending. Whereas only about 50 percent of the nation's families earning less than $4,000 take one trip or more annually, 83 percent of those earning over $10,000 take at least one trip. And, again, rising educational levels have favored tourism, since relatively twice as many college graduates as grade-school graduates take at least one trip annually.

Also favorable are developments in the field of transportation—for example, the availability of speedy jet travel at increasingly attractive rates, the availability of the 41,000-mile interstate highway system, and the availability of at least one car per family. And also favorable are developments in the field of communication; even TV, with its enticing commercials, has persuaded people to leave their armchairs and to go adventuring.

Consequently, since more people hold more dollars and have more leisure and more incentive to spend—and especially since they now have the balance-of-payments incentive to spend their dollars at home—"the travel industry has hardly touched the surface of its potential." (The speaker was Vice President Humphrey, chairman of the presidential task force on travel.)

The industry's surveys have shown that 60 percent of the American public have never spent a night in a hotel or motel, that 80 percent have never been aboard an airplane, that 50 percent have never been more than 200 miles away from home—and that 80 million Americans went nowhere at all last year. This year the industry is determined that those 80 million will join more than 100 million other Americans on the nation's roads, sealanes, and airlanes. Whatever the success of that campaign, the tourist business undoubtedly will continue to boom on the Western side of the Continental Divide. *—Paul Ma.*

California Bank Mergers

Copies are now available of "Bank Mergers and Bank Concentration in California" — a study prepared for the Federal Reserve Bank of San Francisco by Professor Eugene Rotwein of Queens College, City University of New York.

The study, which provides a general view of bank merger activity in California during the 1947-60 period, seeks to measure the effect of these mergers on banking concentration in the State. The study also analyzes the performance of acquiring and acquired banks, relative to each other and to other banks in the State, in the immediate pre-merger period.

Copies of the article are available on request from the Research Department, Federal Reserve Bank of San Francisco, 400 Sansome Street, San Francisco, California 94120.

Germany: Strength and Stresses

DAS *Wirtschaftswunder* has encompassed a tripling of industrial production in the German Federal Republic since 1950. The "miracle" has also brought about a succession of balance-of-payments surpluses and an increase in German gold and dollar holdings from practically zero in 1950 to $6.2 billion at the end of 1964. But the Republic's remarkable economic performance has also brought in its wake the type of wage and price pressures with which its trading partners have long been familiar.

This situation has developed against a backdrop of continued industrial expansion in the Federal Republic. By late 1964, German industrial production was roughly 50 percent above the 1957-59 level—as compared, for example, with a 35-percent increase in U. S. production.

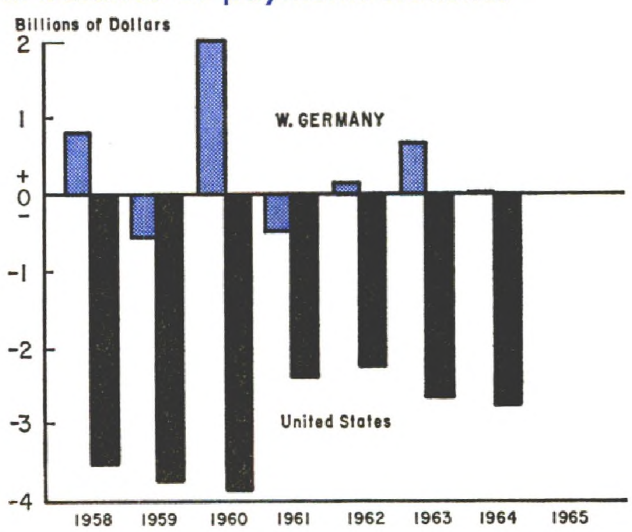
But this continued expansion has also created some major problems. Between 1963 and 1964, the German balance-of-payments surplus dropped from $640 million to almost zero. (On a comparable basis, the U. S. balance-of-payments deficit was roughly $2.7 billion in each year.) Moreover, in 1964 alone, German official gold and dollar holdings dropped from $6.8 to $6.2 billion. And consumer prices, after rising slowly during the decade of the 1950's, have lately begun to accelerate; the German index has risen 13 percent since 1960, as against a 6-percent gain in the U. S. index. The question thus arises: has Germany begun to "import" inflation, as several of her trading partners have recommended?

Maintaining a balance

The recent discussion has centered about the responsibilities of surplus and deficit countries for maintaining an international payments balance. Chancellor Erhard has taken a strong stand on this matter, arguing that the restoration of economic balance "was certainly not to be brought about by means of price increases." And the German central bank has spelled out the argument more specifically: "The countries which become unbalanced must endeavor to find their own way back to stability. If the countries with relatively stable prices conformed to the inflationary tendencies, the countries suffering from inflation would be relieved of the need to initiate the measures required for regaining internal stability." (Deutsche Bundesbank 1963 annual report.)

Critics of this German viewpoint, however, claim that the adjustment process should be shared. In such a situation, the surplus country should pursue expansionary monetary and fiscal policies, and in addition should increase its capital exports. According to this view, the recent imbalance in (say) the Common Market might not have arisen if German prices and costs had risen as rapidly as those of its trading partners.

West German strength reflected in balance-of-payments statistics



Note: German series defined as net movement of gold and exchange; U. S. series defined as overall balance on regular and special transactions

Sources: Deutsche Bundesbank; U. S. Department of Commerce

Germany's earlier cost and price stability was based to a great extent on special circumstances. These factors included the early postwar fears of a 1922-style hyperinflation, the expansion of the labor market from both domestic and foreign sources, and a consistent policy of union wage restraint. With some, or all, of these factors now weakening, perhaps more steam could develop behind an expansionary wage policy now than heretofore.

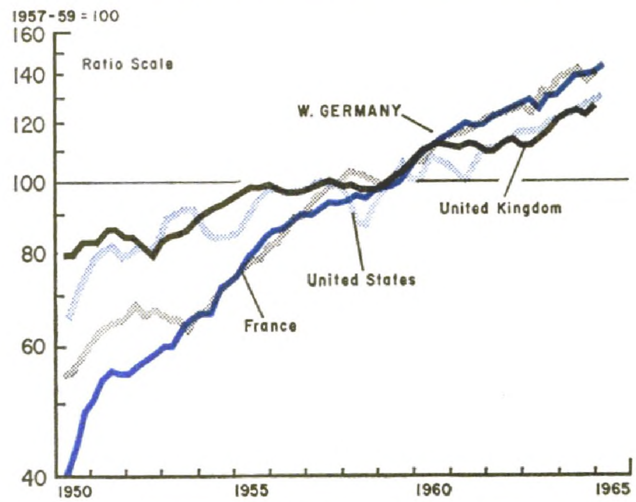
Some observers would justify an expansionary policy of this type in terms of easing the adjustment problem of Germany's trading partners or in terms of compensating German workers for the relative lag in wages. Others would contend, however, that the continued success in confining wage increases within the trend of productivity has been an essential element in the nation's strong payments position. In order to weigh the merits of these conflicting positions, therefore, some examination is necessary of the relationships of wages, productivity, and prices in the postwar period.

Wage claims justified?

Are the trade unions' claims for wage increases justified in the light of postwar productivity developments? On the basis only of the labor-market statistics, an argument could be made for some increases. After correction for changes in consumer prices, hourly earnings in West Germany increased roughly 125 percent between 1950 and 1964, while output per manhour increased roughly 135 percent. Moreover, the index of real hourly earnings tended to fall behind the productivity index in 1953-55, in 1956-59, and again in 1962-63. Nonetheless, relationships of this type are almost meaningless unless the factors underlying productivity gains and economic growth are examined.

West Germany's growth until about 1955 was based largely on the increased utilization of resources—labor, capital, and materials.

German industrial production
triples during past decade and a half



Source: Organisation for Economic Co-operation and Development

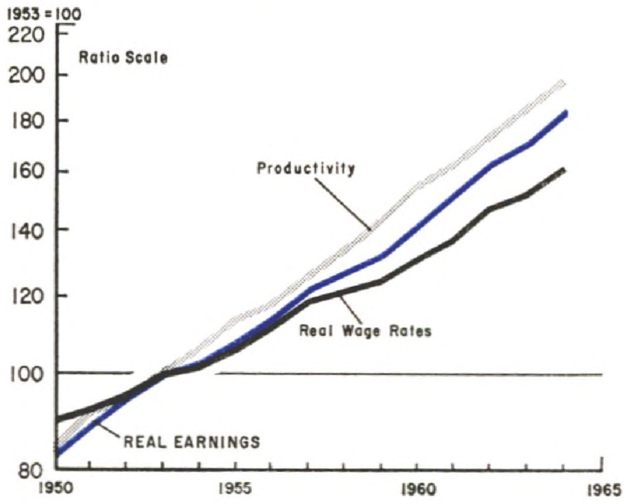
But thereafter, as labor shortages and industrial bottlenecks developed, the growth process depended increasingly on technological and organizational progress. In the earlier period, labor's income share tended to lag behind its contribution to growth. After about 1955, however, the lag in labor earnings could be more strongly defended, in terms of the high level of investment essential for steady economic growth. The larger share of income paid to capital undoubtedly was a major factor in Germany's post-1955 expansion.

Yet, at some point, the rising returns to capital could cause labor—through the "demonstration effect" of rising profit margins—to demand an adjustment of income distribution in its favor. But labor's ability to achieve such a redistribution would depend on the state of the labor market and the economic outlook.

Pressures in '65

The economy boomed in early 1965, in an atmosphere perhaps even more ebullient than the business situation in this country. Costs and prices continued upwards, as a consequence of a high level of domestic demand, continued pressures on productive resources, and the acceleration of wage increases. The labor market meanwhile remained very tight;

German labor earnings soar,
but productivity rises even faster



Source: Organisation for Economic Co-operation and Development

in late March the unemployment rate was less than 1 percent.

The strain was relieved somewhat during 1964 and early 1965 by the elimination of earlier payments surpluses. German exports were slowed by the decreasing flexibility of export-supply conditions and by policy measures on the part of its trading partners—and import demand meanwhile continued to boom. Heavy capital inflows were slowed by the proposal (and eventual enactment) of a 25-percent withholding tax on nonresident interest earnings on German securities. So the Federal Republic in early 1965 exemplified the mature stage of a strong business expansion; investment demand, which had earlier replaced export demand as the basis of the boom, was now being bolstered by heavy consumption spending.

The high level of demand, with consequent cost and price pressures, was supported by rising wage rates and by a January 1 tax reduction. With pressures developing in most sectors of the economy, therefore, the monetary authorities took action in the early part of the year. The discount rate was increased from 3 to 3½ percent in January, and credit-tightening measures were taken in response to price increases.

Other signs of spending pressure became apparent in early 1965. There was a continued increase in imports, especially of finished-manufactured goods; there was a continued deficit in trade in invisibles, typified by swelling outflows for tourism and for payments on past investment—and there was also the possibility that U. S.-U. K. cutbacks in investment flows would discourage capital imports into Germany and would encourage German capital exports into third countries as a replacement for American or British investment.

Substantial wage pressures thus appeared likely to continue, because of the continued expansion of the German economy and the concomitant tightening of the labor market. But with no balance-of-payments surplus available to provide elbowroom, there may be less justification than heretofore for large wage increases. As a matter of fact, the European Economic Commission has recently recommended strong measures to restrain cost and price pressures in Germany. Demands for imported inflation therefore may now be somewhat academic, although they would quickly be revived if large payments surpluses again developed out of the undoubted strength of the German economy.—*Heather Wright.*

Western Digest

Banking Developments

Total bank credit at Twelfth District weekly reporting banks rose $712 million between mid-May and mid-June. This was more than double the increase recorded during the comparable period in 1964. . . . A loan increase of $531 million, which accounted for about three-fourths of the credit expansion, reflected heavy loan demand from the business sector over the corporate-tax date. The gain in business borrowing was about four times greater than the year-ago increase, but the increase in real-estate loans during this period was only about one-half of the year-ago gain. . . . District bank holdings of U. S. Government securities declined $32 million from mid-May to mid-June, but this was more than offset by a $213-million increase in other securities. . . . District banks recorded a large ($373 million) increase in demand deposits adjusted. The net inflow of savings deposits in this 5-week period, which was nearly triple the year-ago pace, accounted for over half the $144-million increase in total time and savings deposits.

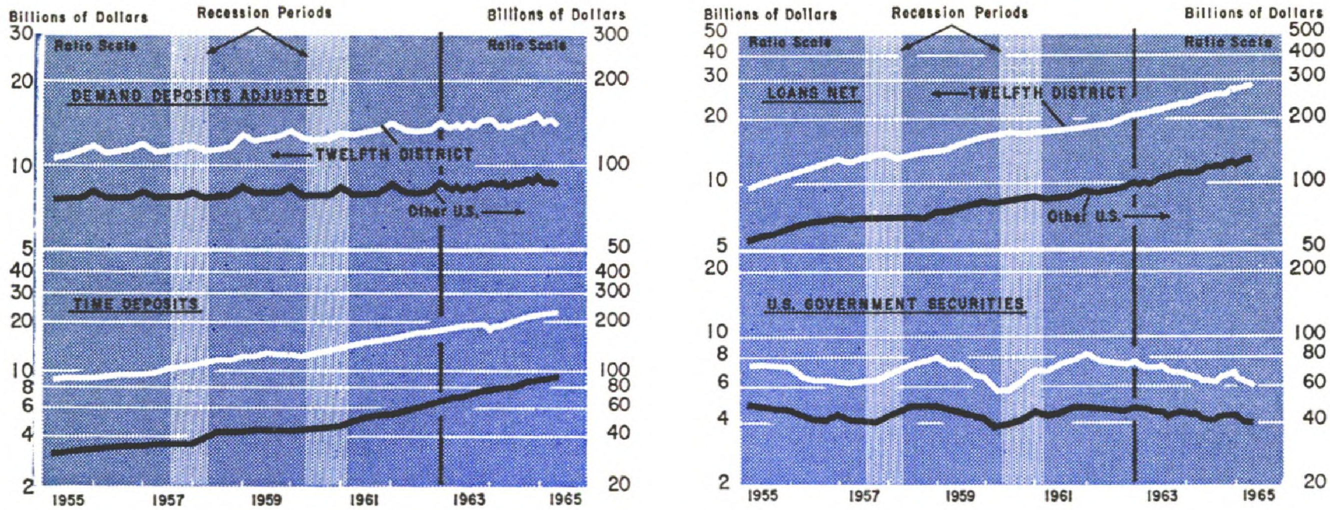
Employment and Unemployment

The employment situation brightened in May, both for the Pacific Coast states and for the nation as a whole, as the number of men at work rose and the number unemployed declined. In the Pacific Coast states total employment increased 0.5 percent above the April level (on a seasonally adjusted basis), with agricultural and nonagricultural employment sharing about equally in the gain. The national increase amounted to 0.3 percent, and was more heavily weighted in favor of agricultural employment. . . . The unemployment rate in the Pacific Coast states fell from 5.9 percent of the labor force in April to 5.5 percent in May. Nationally, the rate declined from 4.9 percent to 4.6 percent — the lowest figure attained since 1957.

Production and Trade

While lumber orders have been improving gradually since April, mill sales managers continue to quote prices below the levels of a year ago. Demand for sanded plywood also has been moderately active, yet excess production has held the price at $58 per thousand board feet, a full $10 below the year-ago quotation. . . . Western steel production, supported by the strong pace of heavy construction activity, has shown very little letup from its early-1965 record pace in the aftermath of a four-month postponement of a nationwide strike deadline. Production through mid-June was running a full 14 percent above the year-ago pace. . . . Modernization and expansion in the Pacific Northwest forest industry is giving a special boost to structural steel demand. Several new sawmills and plywood plants are being built in Washington and Oregon, while almost every pulp and paper producer in the region is now expanding facilities. . . . District department-store sales, in June as in the preceding month, continued to trail substantially behind the national pace. In the four weeks ending June 12, District department-store sales were up only one percent over a year ago, compared with an 11-percent increase across the nation.

Condition Items of All Member Banks — Twelfth District and Other U. S.



Source: Federal Reserve Bank of San Francisco. (End-of-quarter data shown through 1962, and end-of-month data thereafter; data not adjusted for seasonal variation.)

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

(Indexes: 1957-1959 = 100. Dollar amounts in millions of dollars)

Year and Month	Condition items of all member banks[2] Seasonally Adjusted: Loans and discounts[3]	U.S. Gov't. securities	Demand deposits adjusted[4]	Total time deposits	Bank debits Index 31 cities[5, 6]	Bank rates on short-term business loans[7, 8]	Total nonagricultural employment	Dep't. store sales (value)[6]	Industrial production (physical volume)[6]: Lumber	Refined[8] Petroleum	Steel[8]
1952	8,712	6,477	10,052	7,513	59	3.95	84	73	101	90	92
1953	9,090	6,584	10,110	7,994	69	4.14	86	74	102	95	105
1954	9,264	7,827	10,174	8,689	71	4.09	85	74	101	92	85
1955	10,816	7,181	11,386	9,093	80	4.10	90	82	107	96	102
1956	12,307	6,269	11,580	9,356	88	4.50	95	91	104	100	109
1957	12,845	6,475	11,384	10,530	94	4.97	98	93	93	103	114
1958	13,441	7,872	12,472	12,087	96	4.88	98	98	98	96	94
1959	15,908	6,514	12,799	12,502	109	5.36	104	109	109	101	92
1960	16,612	6,755	12,498	13,113	117	5.62	106	110	98	104	102
1961	17,839	7,997	13,527	15,207	125	5.46	108	115	95	108	111
1962	20,344	7,299	13,783	17,248	141	5.50	113	123	98	111	100
1963	22,915	6,622	14,125	19,057	157	5.48	117	129	103	112	117
1964	25,561	6,492	14,450	21,300	169	5.48	120	139	109	115	132p
1964											
May	24,126	6,493	14,199	19,813	168r	...	119	139	106	112	139
June	24,443	6,380	14,376	19,896	169r	5.46	119	137	105	114	131
July	24,912	6,161	14,369	20,152	168r	...	119	141	113	115	121p
August	24,965	6,212	14,377	20,235	172r	...	120	143	107	118	121p
September	25,282	6,480	14,689	20,473	167r	5.51	120	137	108	121	129p
October	25,165	6,519	14,587	20,602	170r	...	121	139	111	117	132p
November	25,339	6,685	14,503	20,792	172r	...	121	150	106	113	149p
December	25,561	6,492	14,450	21,300	168r	5.48	122	142	106	115	140p
1965											
January	25,853	6,337	14,430	21,669	179	...	122	151	110	116	137p
February	26,120	6,659	14,453	21,878	176	...	123	146	109	117	142p
March	26,539	6,538	14,714	21,996	181	5.44	123	140	119	119	150p
April	26,525	6,212	14,405	22,184	180	...	123	134	...	...	149p
May	26,755	6,183	14,365	22,211	182	...	...	...	...	...	147p

[1] Adjusted for seasonal variation, except where indicated. Except for banking and credit and department store statistics, all indexes are based upon data from outside sources, as follows: lumber, National Lumber Manufacturers' Association, West Coast Lumberman's Association, and Western Pine Association; petroleum, U.S. Bureau of Mines; steel, U.S. Department of Commerce and American Iron and Steel Institute; nonagricultural employment, U.S. Bureau of Labor Statistics and cooperating state agencies. [2] Figures as of last Wednesday in year or month. [3] Total loans, less valuation reserves, and adjusted to exclude interbank loans. [4] Total demand deposits less U.S. Government deposits and interbank deposits, and less cash itemsi n process of collections. [5] Debits to demand deposits of individuals, partnerships, and corporations and states and political subdivisions. Debits to total deposits except interbank prior 1942. [6] Daily average. [7] Average rates on loans made in five major cities, weighted by loan size category. [8] Not adjusted for seasonal variation. *Banking data have been revised using updated seasonal factors. Monthly data from 1948 available on request from the Research Department of this Bank. p—Preliminary. r—Revised.