

MONTHLY REVIEW

OF

BUSINESS CONDITIONS

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TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Industrial activity in the Twelfth District was the same in November as in October, while seasonally adjusted indexes of retail trade and the physical distribution of goods advanced. Business measures generally were substantially higher than last year at this time. Building and construction continued to improve, marked by a sharp increase in contract awards for public works and less than the usual recession in privately financed building.

Industrial employment declined during the month somewhat more than seasonally, but remained at approximately the level maintained since April 1934. As is usual at this season, employment in the canning, iron and steel, and motion picture industries was reduced considerably. Production of lumber decreased during the month, although new orders received turned upward and shipments also increased. Output of crude oil expanded moderately, but refining activity tended downward further. Consumption of electric power decreased less than usual.

Sales of department stores were larger than in any previous November since 1931. Sharp gains over the preceding month were reported by San Francisco and Seattle stores, and trade volumes were up to seasonal expectations in most other parts of the district. Railroads reported less than the usual October-November decrease in loadings, and contraction in automobile sales and in intercoastal water-borne commerce was no greater than is usual for this time of year.

Rain and snowfall in November and the first half of December materially exceeded normal expectations in most parts of the district, resulting in substantially better conditions for planted crops and livestock ranges than appeared probable a few months ago in view of the extremely dry 1934 season. Because of the early harvests this year, crop marketings were smaller in volume late in the season than a year earlier. Prices received for farm products changed little between mid-November and mid-December.

Stimulus to trade volumes was not accom-

panied by increased demand for currency during late November or early December. Other phases of the credit situation in the period from November 21 to December 19 corresponded to tendencies in immediately preceding weeks. A net inflow of funds from Treasury expenditures was reflected in increased deposits of individuals at district banks. Reporting member banks transferred large balances to eastern correspondents, however, and their reserves at the Federal Reserve Bank of San Francisco were reduced somewhat. Holdings of United States Government securities and Government deposits were increased by substantial allotments to district banks at the time of the mid-December Treasury financing. Commercial and real estate loans were unchanged.

Agriculture

The Twelfth District, except small areas in Arizona, Nevada, and Utah, received more than a normal amount of rainfall during November. Heavy rainfall was also reported in most parts of the district during the third week of December. Snowfall was heavier than usual on the higher mountain ranges during the period under review. It now appears that forage on winter livestock ranges will be more nearly adequate than was expected earlier in the season, and that winter and fall sown crops will make good growth.

The December 1 crop reports forecast a 1934-1935 California Navel orange crop of more than 13,500,000 boxes, an increase of about 1,250,000 boxes over the November estimate and 1,690,000 boxes more than last year's crop. During November, the last of the 1934 Valencia oranges and early new crop Navels were sold at prices averaging about 63 percent higher than those of November 1933. The current estimate of 7,400,000 boxes for the 1934-1935 California lemon crop indicates a yield approximately equal to that of last year. Eastern shipments of lemons during November, which exceeded those for the same month last year

by 60 carloads, brought prices averaging 8 percent higher than those of a year ago. The 1934-1935 production of grapefruit in Arizona has been estimated at 1,020,000 boxes. Arizona grapefruit production has expanded rapidly during recent years from an average of 320,000 boxes for the four-year period of 1927-1931, and that State now produces about 5 percent of the United States crop, compared with 8 percent for California, 10 percent for Texas, and 77 percent for Florida. About half of the total acreage of grapefruit in Arizona has not yet reached bearing age.

Pacific Coast hop prices continued their downward trend through November and the first half of December, although most growers have held their stocks pending consideration by the Agricultural Adjustment Administration of the proposed hop agreement. After declining steadily during November, the weighted average of bean prices paid to growers in California tended upward and prices in Idaho steadied during the first two weeks of December. Production estimates of this district's cotton crop were increased by 11,000 bales during November to 365,000 bales on December 1. This figure is 17 percent larger than that for last year's harvest and exceeds the average annual production from 1927 through 1931 by 12 percent. The per acre yield of cotton in California is expected to be 548 pounds this year, the highest on record. Prior to December 1, 83 percent of the estimated cotton crop in Arizona and California had been ginned, compared with 67 percent of the 1933 crop ginned prior to the same date last year. Farm prices paid growers for cotton averaged 30 percent higher during November than a year ago. Shipments of rice to Hawaii and Puerto Rico thus far this season have been considerably smaller than in a comparable period last year. The price of extra fancy California Japan rice remained unchanged at \$3.85 per hundred pounds.

Butter produced in the Twelfth District was shipped to the Portland, San Francisco, and Los Angeles markets in considerably smaller quantities during November than a year earlier. The local production was supplemented by shipments from outside the district, and the total supply in these markets exceeded that of November 1933 by about 30 percent. Prices were steady during November, however, but declined in the second week of December, 92 score butter in San Francisco selling for 29½ cents per pound on December 13, a decrease of 3 cents during the week. The number of eggs received at leading Pacific Coast markets during November was slightly smaller than in October, but prices of eggs in San Francisco declined considerably more than is usual at this season.

The condition of both livestock and livestock ranges improved considerably during November, but the condition of ranges was not uniform in all areas, according to December 1 condition reports. If the winter is not unduly severe, however, it is expected that losses of cattle will be no heavier than usual. Widespread rains and mild temperatures have resulted in the growth of sufficient forage on winter ranges to reduce substantially the use of supplemental feed except in central and eastern Oregon and parts of Utah and Idaho where range feed is still inadequate. Cattle raisers in these regions may be able to dispose of part of their herds to the Federal Government, if that seems desirable, for a purchasing program covering an additional 1,200,000 head of cattle in severe drought-stricken areas of the United States has been announced.

The narrow range between prices of feeder and fat cattle and high feed costs have discouraged cattle feeding in most parts of the district, and the number of cattle in feedlots is smaller this year than last. In California, however, feeding operations have tended upward slightly in anticipation of a scarcity of desirable slaughter cattle in that State in the late winter and early spring months. Current cattle prices at leading Pacific Coast markets are slightly higher than in mid-November or in December 1933.

Department of Agriculture reports as of December 1 indicate that sheep in this district are in fair to good condition. Improvement was reported from all states except Idaho during the month. The unusually mild weather, in addition to increasing forage, has tended to reduce losses in early lambing areas in California and Arizona. It is estimated that only 540,000 lambs were on feed in the Twelfth District on December 1, compared with approximately 725,000 head on feed a year earlier. The largest percentage reductions were reported

Agricultural Marketing Activity—

	November		Season to Date	
	1934	1933	1934	1933
Carlot Shipments				
Apples and Pears	5,538	6,249	37,474	29,584
Citrus Fruits....	4,680	4,871	4,680	4,871
Vegetables	7,977	8,380	57,847	58,121
Exports				
Wheat (bu.)	146,347	789,706	2,767,244	803,613
Barley (bu.)	531,791	843,749	2,662,287	2,861,768
Receipts*				
Cattle	115,843	86,993	1,211,711	791,582
Hogs	223,351	213,342	2,210,585	2,460,582
Sheep	255,340	301,894	4,330,730	4,221,530
Eggs (cases) ...	123,406	129,600	1,673,369	1,525,206
Butter (lbs.) ...	4,999,751	5,606,203	70,320,906	69,498,249
Wheat (carlots) ..	3,044	3,759	28,342	24,733
Barley (carlots) ..	690	759	5,000	3,016
Storage Holdings*				
(end of month)				
Wheat (bu.) ...	4,905,000	5,386,000	7,420,000	7,937,000
Beans (bags) ...	2,548,000	2,636,000	2,550,000	2,226,000
Butter (lbs.) ...	2,530,000	3,079,000	9,567,000	10,368,000
Eggs (cases) ...	119,000	292,000	138,000	360,000

*At principal district markets.

from Idaho, Utah, and Nevada, where the summer drought was particularly damaging to ranges. Prices for lambs increased slightly during November and the first half of December.

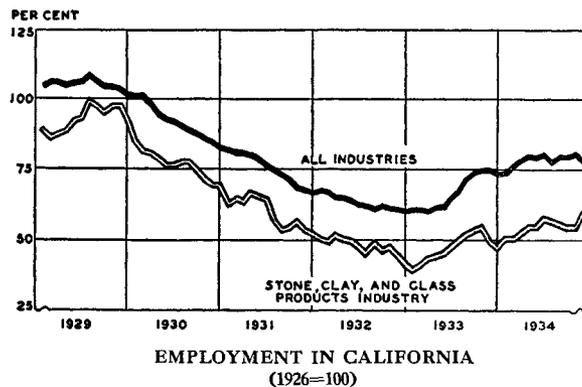
Industry

Industrial production in the Twelfth District has been decreasing slowly but steadily during recent months and is currently below the average for the year to date. Measures of industrial employment, although declining moderately in November, remained at approximately the position they reached in April 1934, after a rapid advance during the previous thirteen months.

The total number of industrial employees in California decreased 8 percent from the middle of October to the middle of November, somewhat more than the customary amount, but remained moderately above that of a year earlier. The usual reduction in forces at canneries took place during November, and the number of workers engaged in other important industries such as iron and steel, motion pictures, and printing decreased considerably. Activity at stone, clay, and glass establishments advanced again during the month. In Oregon, the early maturity of crops caused employment to reach a seasonal peak in August this year rather than in September as is usual. After allowance for this situation, it is probable that fluctuations in the volume of employment in that State have been approximately normal during recent months.

As indicated in the accompanying chart, employment in the stone, clay, and glass industries of California has tended upward steadily

from the low point reached in January 1933 and currently is higher than at any time in over three years. Despite this improvement, employment in these industries remains low in relation to the average for years prior to 1929, when the construction industry was comparatively active. Included within this industrial



EMPLOYMENT IN CALIFORNIA (1926=100)

"All Industries" adjusted for seasonal variation.

classification is the production of tile, brick, and pottery. Manufacturers of these products, the use of which is dependent largely upon building other than engineering construction, have employed a smaller number of workers on the average during 1934 than at any time in recent years. Production of lime, cement, and plaster (another sub-class of the stone, clay, and glass products industries) declined relatively less during the depression and has subsequently recovered more than the industry as a whole. Since 1929, activity has declined less in glass making than in other branches of this group of industries, and, since 1933, output of the glass industry has increased markedly due to the expanding demand for beverage containers incident to the repeal of prohibition.

Employment—

Industries	California			Oregon		
	No. of Firms	No. of Employees Nov. 1934	No. of Employees Nov. 1933	No. of Firms	No. of Employees Nov. 1934	No. of Employees Nov. 1933
All Industries*	900	111,301 (+3.5)	107,546 (-16.3)	116	16,810 (-16.3)	20,087
Stone, Clay, and Glass Products.	45	4,660 (+22.3)	3,810 (+11.7)	3	115 (+8.5)	103
Lumber and Wood Manufactures ..	83	9,275 (+6.0)	8,750 (-22.2)	42	8,555 (-22.2)	10,996
Textiles	12	1,221 (+1.4)	1,204 (+8.5)	7	1,464 (+8.5)	1,349
Clothing, Millinery, and Laundering.	99	6,356 (+1.9)	6,237 (-3.9)	5‡	122 (-3.9)	127
Food, Beverages, and Tobacco ...	247	31,594 (-3.3)	32,658 (-33.1)	31	1,777 (-33.1)	2,655
Public Utilities ..	40	35,749 (+5)	35,581 ..	..	..	..
Other Industries†.	375	49,157 (+5.3)	46,691 ..	..	..	..
Miscellaneous	39	9,038 (+10.3)	8,196 (-1.6)	28	4,777 (-1.6)	4,857
Wholesale and Retail	217	32,308 (+7.4)	30,080 ..	..	..	..

*Public utilities, wholesale and retail figures not included in this total. †Includes the following industries: Metals, machinery, and conveyances; leather and rubber goods; oils and paints; printing and paper goods. ‡Laundering only. Figures in parentheses indicate percentage change from November 1933.

Industry —

Indexes of daily average production, adjusted for seasonal variation (1923-1925 daily average=100)

	1934			1933		
	Nov.	Oct.	Sept. Aug.	Nov.	Oct.	Sept.
General						
Carloadings—Industrial.	49‡	52	52 49	53	49	49
Electric Pwr. Production	150‡	148‡	150 152	143	140	141
Manufactures						
Lumber	48‡	49	52 52	48	47	54
Refined Mineral Oils†..	117‡	121	116 128	129	124	134
Flour	102‡	93	98 111	84	70	72
Cement	54	58	65 53	67	57	57
Wool Consumption†....	..	75	33 60	93	105	93
Minerals						
Petroleum (California)†	72‡	71	71 75	70	72	74
Lead (United States)‡.	55	56	55 44	71	64	57
Silver (United States)‡.	..	..	36 39	33	33	39
Building and Construction#						
Total	39	30	51 64	38	34	26
Building Permits—Value						
Larger Cities	13	13	10 10	12	13	14
Smaller Cities	19	18	17 15	12	13	13
Engineering Contracts						
Awarded—Value						
Total	76	55	111 140	75	62	46
Excluding Buildings	125	88	209 286	131	106	78

†Not adjusted for seasonal variation. ‡Prepared by Federal Reserve Board. #Indexes are for three months ending with the month indicated. ¶Preliminary.

Contracts awarded for public works construction in the Twelfth District increased from 10 million dollars in October to 27 million dollars in November. This increase of 17 million dollars resulted entirely from the letting of several additional jobs on the Metropolitan Water District project in southern California.

Since practically all Federal Government projects under the present appropriations for public work were started several months ago, contracts awarded during the last few months have been chiefly for non-Federal projects. The bulk of these non-Federal projects has been financed by loans or grants of the Federal Emergency Relief Administration of Public Works. As indicated in the table below, but little more than half of this type of work allotted to be done in the Twelfth District had been put under contract and hardly any of it had been completed by November 1. About the same situation prevailed in the United States as a whole.

VALUE OF NON-FEDERAL PROJECTS FINANCED BY THE FEDERAL EMERGENCY RELIEF ADMINISTRATION OF PUBLIC WORKS* FOR WHICH LOANS AND GRANTS HAD BEEN APPROVED UP TO NOVEMBER 1, 1934

	Twelfth District	United States
Work completed	\$ 576,000	\$ 7,037,000
Work under way	34,542,000	442,499,000
Work under contract but not begun	1,868,000	14,199,000
Work approved but not awarded....	30,130,000	335,251,000
	<u>\$67,116,000</u>	<u>\$798,986,000</u>

Source: Federal Emergency Relief Administration of Public Works.

*Note: Such important Twelfth District projects as Boulder Dam, the aqueduct of the Metropolitan Water District of Southern California, the Golden Gate Bridge, the San Francisco-Oakland Bay Bridge, Bonneville Dam, and Grand Coulee Dam were begun before this agency began operating or did not belong in non-Federal classifications.

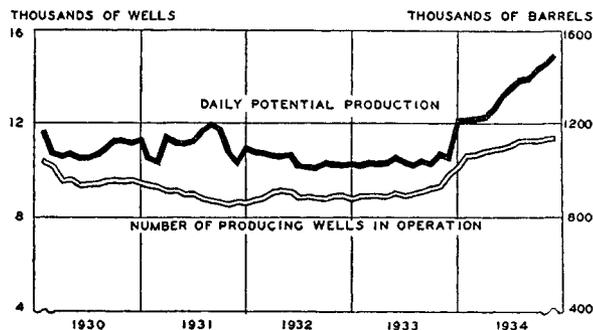
In addition to work under this program, there was a considerable amount of construction undertaken by railroads through loans by the Public Works Administration. This work, while not segregated by states, was reported to be largely completed by November 1.

Private building activity in this district receded less than is customary during November, with the result that seasonally adjusted measures continued the upward movement begun two months ago. Improvement was general throughout the district but was especially evident in smaller cities. Permits issued for residential building were nearly as large as in the preceding month, although there is usually a considerable decline at this season. Modernization and repair work continued at a relatively high level.

Daily average crude oil output in California averaged 478,000 barrels in November as compared with 466,000 barrels in October and 464,000 barrels in November of last year. Due to a corresponding increase in code allotments, excess production under the petroleum code

was practically unchanged from the preceding month. Crude oil run to refinery stills decreased from October to November.

During recent months the number of oil wells in operation has increased sharply. More wells are now in operation than in 1929, when output was much larger than at present. This rise has reflected principally the completion of new wells in the Kettleman North Dome field and in the Los Angeles Basin. More than 400 new



NUMBER AND CAPACITY OF CALIFORNIA OIL WELLS

(November capacity preliminary)

wells were completed in the first eleven months of this year as compared with an average of little more than half this number in 1931, 1932, and 1933. It is estimated that these new wells have increased the potential output of California oil fields by an amount practically as large as the actual current output for the State. As an offset, the capacity of wells already producing at the beginning of the year has declined somewhat, so that only part of the added capacity of the new wells is reflected in the eleven-month increase in potential output for all wells to the highest level on record. This marked the first significant expansion in potential output since 1931, when large additional supplies of oil in the Elwood and Ventura fields were discovered.

Distribution and Trade—

	1934				1933		
	Nov.	Oct.	Sept.	Aug.	Nov.	Oct.	Sept.
	Indexes adjusted for seasonal variation (1923-1925 average=100)						
Carloadings†							
Total	65¶	62	67	69	68	60	63
Merchandise ..	80¶	70	78	82	82	69	74
Intercoastal Trade							
Total	79	78	80	74	85	86	81
Westbound	87	94	81	66	77	91	93
Eastbound	76	71	78	78	85	81	76
Retail Trade							
Automobile Sales‡							
Total	69	65	69	71	60	53	59
Passenger	63	57	63	65	56	49	56
Commercial ..	130	144	117	129	99	85	87
Department Store Sales‡							
Sales†	81¶	78	78	76	69	68	72
Stocks§	63¶	61	63	62	69	69	66
Collections#							
Regular	48.3	49.3	45.6	45.6	43.7	44.7	42.0
Installment..	18.0	18.4	17.6	19.3	15.9	16.6	16.2

†Daily average. §At end of month. #Percent of collections during month to amount outstanding at first of month. ¶Preliminary.

Lumber production on the Pacific Coast decreased slightly more than is customary during November, and was at the same level as in November 1933. After seasonal allowance, there was practically no change in output of Douglas fir areas, but activity in western pine regions declined considerably, offsetting an increase in the preceding month. Both orders and shipments recovered somewhat from the low levels of October, exceeding production by a small margin.

Trade

Daily average department store sales, which are usually the same in November as in October, increased moderately between those months this year, and seasonally adjusted indexes of sales in both California and the Pacific Northwest advanced. Pronounced gains

RETAIL TRADE—Twelfth District
Percentage changes in value of sales and stocks

	1934 compared with 1933			
	NET SALES		STOCKS	
	November	Jan. 1 to end of November	End of November	
Department Stores	19.2 (72)	10.1	- 7.6 (52)	
Los Angeles	20.8 (6)	6.4	-13.0 (6)	
Other So. California	32.8 (8)	11.0	-15.4 (4)	
Oakland	22.3 (5)	7.0	- 2.3 (5)	
San Francisco	12.4 (8)	8.5	- 9.6 (7)	
Bay Region	15.4 (18)	8.5	- 7.6 (16)	
Central California	19.7 (6)	15.2	- 3.9 (6)	
Portland†	19.5 (8)	12.5	- 4.1 (8)	
Seattle	25.8 (4)	13.0	4.9 (4)	
Spokane	23.7 (5)	28.6	10.2 (5)	
Salt Lake City	14.6 (4)	14.6	- 4.2 (3)	
Apparel Stores	21.4 (34)	14.0	- 7.5 (23)	
Furniture Stores	31.6 (34)	13.2	-11.0 (24)	
All Stores	20.6 (140)	10.8	- 8.1 (99)	

†Includes five apparel stores which are not included in district department store total. Figures in parentheses indicate number of stores reporting.

were reported by stores in San Francisco, Seattle, and Salt Lake City, and the good showing of other recent months continued to be experienced in agricultural centers. Total sales of department stores were 19 percent larger in value than a year earlier, while apparel and furniture stores reported increases of 21 and 32 percent, respectively. According to the Fairchild index, retail prices of department store goods were slightly lower on December 1 of this year than on December 1, 1933, the first year-period decrease since July 1933. The index remained at about the average for other months of this year, however, and 26 percent above the lowest point of the depression reached in March 1933. Inventories of department stores increased slightly more than is usual during November, offsetting a decline in the preceding month. Collections on both regular and installment accounts continued at a more rapid rate than last year in all parts of the district.

Seasonally adjusted sales of new automobiles remained unchanged during November. Passenger car registrations decreased by less

than the usual amount, but sales of commercial vehicles declined much more than customarily, offsetting a substantial rise last month. Total sales during November this year were substantially larger than in any November since 1930.

A decrease of 10 percent in wholesale sales was no more than customarily expected for this time of year. Sales of drug, furniture, and electrical supply dealers were especially well maintained. Declines in sales of agricultural implements, hardware, and paper and stationery firms were of about seasonal proportions.

WHOLESALE TRADE—Twelfth District
Percentage changes in value of sales

	November 1934 compared with		Cumulative 1934 compared with 1933
	Oct. 1934	Nov. 1933	
Agricultural Implements	-17.9	46.5	67.4
Automobile Supplies	- 8.7	4.4	10.6
Drugs	- 4.4	16.8	23.7
Dry Goods	-15.7	15.7	14.9
Electrical Supplies	- 0.6	27.1	36.2
Furniture	- 1.3	19.0	1.1
Groceries	-10.2	14.1	16.2
Hardware	-13.5	10.9	25.6
Shoes	-20.3	10.5	13.8
Paper and Stationery	-12.5	22.3	21.6
All Lines	- 9.7	16.1	20.9

Automobile equipment, dry goods, grocery, and shoe wholesalers reported larger than seasonal reductions in trade volumes. Aggregate sales exceeded those of a year earlier by 16 percent. The United States Bureau of Labor's index of wholesale prices of finished products stood at 79 percent of the 1926 average, the same as last

Bank Debits*—

	November 1934	November 1933	First 11 months 1934	First 11 months 1933†
Arizona				
Phoenix	\$ 26,894	\$ 22,743	\$ 276,784	\$ 194,871
California				
Bakersfield	15,223	11,809	107,464	79,583
Berkeley	15,067	13,410	197,983	130,884
Fresno	25,037	21,886	202,826	150,172
Long Beach	24,116	19,840	250,674	240,511
Los Angeles	508,250	462,766	5,842,911	5,452,526
Oakland	152,367	150,167	1,792,522	1,723,873
Pasadena	17,324	17,431	196,841	195,612
Sacramento	68,453	22,925	667,725	289,967
San Bernardino	6,158	4,553	62,277	49,729
San Diego	31,598	25,792	324,231	309,440
San Francisco	636,932	604,944	7,432,403	6,748,279
San Jose	18,236	16,561	185,978	154,427
Santa Barbara	8,370	7,084	89,012	77,478
Stockton	14,485	11,978	153,960	119,989
Idaho				
Boise	13,042	11,092	131,120	99,414
Nevada				
Reno	8,431	4,668	83,160	52,577
Oregon				
Eugene	3,694	3,463	43,744	33,357
Portland	116,880	115,391	1,345,941	1,105,668
Utah				
Ogden	15,782	13,845	138,887	105,444
Salt Lake City	51,985	44,349	524,866	435,427
Washington				
Bellingham	4,551	3,986	50,630	44,226
Everett	5,314	4,423	56,692	50,861
Seattle	132,859	120,049	1,499,328	1,305,645
Spokane	30,862	21,739	330,156	229,749
Tacoma	18,413	19,357	240,508	201,945
Walla Walla	3,882	4,143	45,329	34,574
Yakima	11,468	8,890	115,223	76,079
Total	\$1,985,673	\$1,789,284	\$22,389,175	\$19,692,307

* In thousands of dollars. †March 1933 figures were incomplete for some cities during the banking holiday period.

month, and 5 percent higher than in November 1933.

Intercoastal traffic moving through the Panama Canal decreased by about the seasonal amount during November. A sharp rise in eastbound petroleum shipments more than made up for reduced cargoes of lumber and other commodities from the Pacific to the Atlantic Coast, resulting in a continuation of the upward movement begun two months ago. There was a decline in westbound tonnage because iron and steel shipments were only half as large as in the preceding month.

Less than the usual recession took place in freight carloadings during November. After seasonal allowance, loadings in California advanced, offsetting to a considerable extent the decline in the preceding month, while those originating in the Pacific Northwest remained unchanged. Industrial loadings decreased by more than the usual seasonal amount, while the decline in merchandise shipments was much less than ordinarily takes place at this time of year. Total loadings were below those of November 1933, when shipments of merchandise and miscellaneous commodities were comparatively large.

Prices

Wholesale prices have been as nearly stable since early November as in any period of comparable length since the beginning of the depression. None of the commodity groups for which the Bureau of Labor Statistics prepares weekly indexes has shown other than minor changes during recent weeks.

This stability extended to prices paid for Twelfth District agricultural products. Quotations on grains, field crops, fruit, and livestock remained virtually unchanged. Decreases in prices of eggs and butter were largely seasonal. Except for prices of dried prunes, which decreased slightly, quotations on all dried and canned fruits produced in this district were practically unchanged.

The price of copper for export advanced slightly, but prices of other non-ferrous metals were the same in mid-December as in mid-November.

Retail food prices advanced moderately in Twelfth District cities during late October and early November, in contrast with a slight decline in the United States as a whole, but were relatively stable in late November.

The Credit Situation

Although changes in the banking and credit situation in this district between November 21 and December 19 were substantial in amount, they conformed with the tendencies of other recent months. Up to mid-December, additional funds entered the district as a result of large Federal Government disbursements in excess of collections. These funds appeared in the district banking structure in the form of increased deposits of individuals as well as increased reserve balances of member banks. During the week ending December 19, the Federal Government withdrew funds from this district by collecting substantially more than it disbursed locally, reflecting December 15

SOURCES AND USES OF BANKING RESERVES Twelfth District

Changes in millions of dollars during the weeks indicated

Week Ending 1934	SOURCES OF FUNDS				Total Supply
	Reserve Bank Credit	Commercial Operations	Treasury Operations		
October 17.....	+ 4.0	+11.7	- 2.3		+13.4
October 24.....	- 2.9	-19.8	+16.1		- 6.6
October 31.....	- .5	-12.9	+ 6.9		- 6.5
November 7.....	+ .6	+ .6	+12.5		+13.7
November 14.....	+ 1.6	- 6.4	+ 7.2		+ 2.4
November 21.....	+ .1	-17.1	+ 7.0		-10.0
November 28.....	+ .1	- 8.5	+ 1.6		- 6.8
December 5.....	- 2.0	+ 6.4	+12.3		+16.7
December 12.....	- .2	-10.9	+14.7		+ 3.6
December 19.....	+ 5.3	-11.7	- 7.4		-13.8

USES OF FUNDS

Week Ending 1934	USES OF FUNDS				Total Demand
	Demand for Currency	Member Bank Reserve Deposits	Other F.R.B. Accounts		
October 17.....	- .4	+14.5	- .7		+13.4
October 24.....	- 3.8	- 3.7	+ .9		- 6.6
October 31.....	+ 2.4	- 7.6	- 1.3		- 6.5
November 7.....	+ 6.7	+ 8.0	- 1.0		+13.7
November 14.....	- 3.1	+ 5.7	- .2		+ 2.4
November 21.....	- 2.7	- 8.4	+ 1.1		-10.0
November 28.....	- 1.6	- 5.8	+ .6		- 6.8
December 5.....	+ 3.9	+11.4	+ 1.4		+16.7
December 12.....	- 3.7	+ 5.8	+ 1.5		+ 3.6
December 19.....	+ 1.9	-15.4	- .3		-13.8

FEDERAL RESERVE BANK OF SAN FRANCISCO (In millions of dollars)

	Condition			
	Dec. 19 1934	Dec. 12 1934	Nov. 21 1934	Dec. 20 1933
Total Bills and Securities.....	167	167	168	182
Bills Discounted.....	...	...	...	2
Bills Bought.....	...	...	...	13
United States Securities.....	166	166	166	166
Total Reserves.....	331	345	327	269
Total Deposits.....	275	283	268	200
Federal Reserve Notes in Circulation.....	212	212	213	215
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined..	68.0	69.7	68.0	64.8

REPORTING MEMBER BANKS—Twelfth District (In millions of dollars)

	Condition			
	Dec. 19 1934	Dec. 12 1934	Nov. 21 1934	Dec. 20 1933
Loans and Investments—Total.....	1,946	1,897	1,895	1,716
Loans—Total.....	899	896	893	901
On Securities.....	220	220	215	224
All Other.....	679	676	678	677
Investments—Total.....	1,047	1,001	1,002	815
United States Securities..	668	622	620	500
Other Securities.....	379	379	382	315
Reserve with Reserve Bank....	155	164	159	103
Net Demand Deposits.....	734	731	732	597
Time Deposits.....	946	942	934	869
Due from Banks.....	212	221	192	149
Due to Banks.....	209	217	211	148
Borrowings at Reserve Bank...	...	...	...	...

income tax payments. Some reduction from record levels took place in excess reserves of member banks.

District banks continue to have an ample supply of funds available for lending. As a result of their attempts to find an outlet for those funds, rates charged customers on commercial loans have tended gradually downward during most of this year. Although there was a moderate expansion in commercial loans during July, August, and September, such loans have declined slightly since the beginning of October. Investments in securities other than United States Government obligations, which had increased sharply from the beginning of the year to the end of October, showed little change during November or the first half of December.

Despite reports of a large Christmas trade in early December, the anticipated seasonal increase in demand for currency had not materialized by December 19, indicating that the velocity of currency already in circulation probably increased.

Mid-December Treasury financing resulted in the allotment of 67 million dollars of new United States securities to district banks and investors. The Treasury allotted 3 million dollars of 1½ percent notes payable in 1936 and 12 million dollars of 2½ percent notes maturing in 1939 in exchange for maturing certificates. In addition, 32 million dollars of 1½ percent notes payable in 1936 and 35 million

dollars of 3¾ percent bonds of 1949-52 were allotted to cash subscribers. Of the cash payment, 56 million dollars consisted of deposit credit. Altogether 15 million dollars of securities were exchanged and 67 million dollars of new issues purchased. City banks reported an increase of 46 million dollars in United States securities holdings during the week ended December 19, while Government deposits in those banks increased 50 million dollars.

Federal Reserve Board Regulation Q concerning the payment of interest on deposits has been amended, effective February 1, 1935. Under the amended regulation the maximum rate which may be paid by member banks on time and savings deposits has been reduced from 3 to 2½ percent. Most of the more important city commercial banks in the Twelfth Federal Reserve District have for some time been paying no more than 2½ percent on time deposits.

Prices of securities traded on district exchanges increased during November and early December. Trading was in the higher priced securities and value of turnover was greater in November than during October, although the number of shares changing hands declined. The California Stock Exchange of Los Angeles suspended operations late in November under agreement with the Securities and Exchange Commission. Temporary exemption of the mining exchanges from certain provisions of the Securities Exchange Act of 1934 was continued to the end of the year.

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

In November the rate of industrial activity showed little change and the general level of commodity prices remained unchanged. Distribution of commodities to consumers was well maintained.

Production and Employment. Volume of industrial production declined in November by an amount somewhat smaller than usual at this season and consequently the Board's seasonally adjusted index advanced from 73 per cent of the 1923-1925 average in October to 74 percent in November. In the steel industry, output continued to increase during November and the first three weeks of December, contrary to the usual seasonal tendency. Automobile production also showed an increase in the early part of December, following a decline in connection with preparations for new models. In November lumber output decreased by more than the estimated seasonal amount. At woolen mills there was a considerable increase in output, while consumption of cotton by domestic mills showed a slight decline. Activity at meat

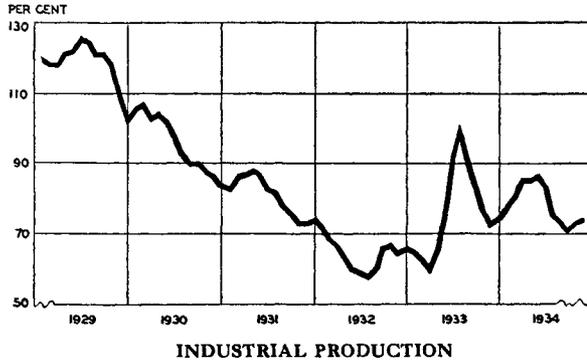
packing establishments showed less than the seasonal increase. Production of the leading minerals was at about the same level as in October.

Factory employment declined between the middle of October and the middle of November by the usual seasonal amount and was at the same level as a year ago. Declines reported for the automobile, shoe, and canning industries were smaller than seasonal, while decreases at railroad repair shops and sawmills were larger than are usual at this season. At meat packing establishments, where employment has been at a high level in recent months, there was a considerable decline, but the number on the payrolls in November was larger than in the corresponding month of other recent years. Employment at woolen mills showed a substantial increase. The number employed on construction projects of the Public Works Administration declined further in November, according to the Bureau of Labor Statistics.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation,

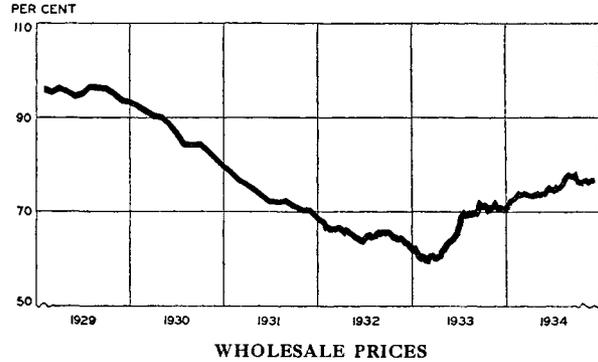
showed a considerable decline in November and the first half of December, following an increase in October. The indicated decline in awards from the third to the fourth quarter was somewhat smaller than usual.

Department of Agriculture estimates for December 1 indicate that production of principal crops this season was about 22 percent smaller than in 1933 and 32 percent below the average



INDUSTRIAL PRODUCTION
Index numbers of industrial production, adjusted for seasonal variation (1923-1925 average=100).

Commodity Prices. Wholesale commodity prices generally showed little change during November and the first half of December. Prices of scrap steel continued to increase during this period, while corn prices, which advanced rapidly in November, declined somewhat after the first week of December. Retail food prices declined in November, reflecting lower prices for meat.

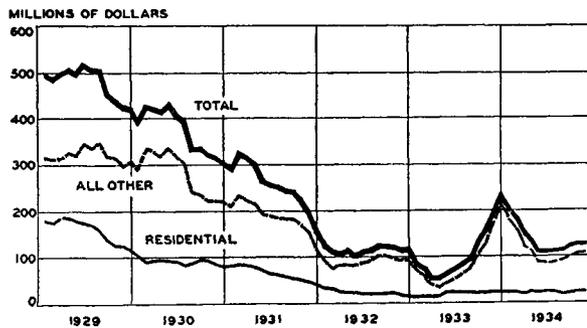


WHOLESALE PRICES
Index of the United States Bureau of Labor Statistics. By months 1929 to 1931; by weeks 1932 to date. (1926=100). Latest figure is for week ending December 15.

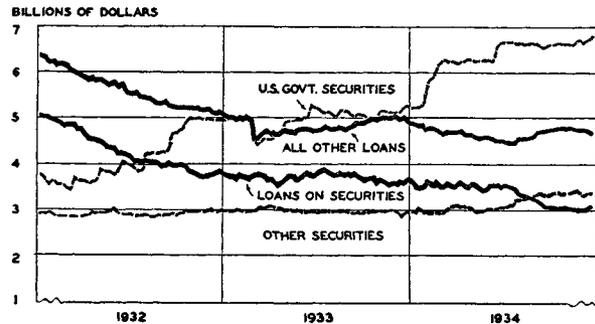
for the previous ten years, reflecting reductions in acreage and in yield per acre. There has been a shortage in feed crops accompanied by a sharp increase for the year in the slaughter of livestock. Although output of agricultural commodities has been smaller than in any other recent year, farm income has been larger than in either 1932 or 1933, reflecting chiefly higher prices, and, to a smaller degree, benefit payments.

Bank Credit. Developments at Federal Reserve banks in December reflected largely the seasonal increase in the demand for currency and the continued inflow of gold from abroad.

Loans and investments of reporting member banks in leading cities showed an increase of \$150,000,000 in the four weeks ended December 12, after declining somewhat in the preceding four weeks. The growth reflected increases in holdings of United States Government obli-



VALUE OF CONSTRUCTION CONTRACTS AWARDED
Three-month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation. Latest figure based on data for October and November and estimate for December.



MEMBER BANK CREDIT
Wednesday figures for reporting member banks in 90 leading cities. Latest figures are for December 12.

Distribution. Total freight carloadings declined in November by less than the estimated seasonal amount, reflecting chiefly a smaller decline than is usual in shipments of miscellaneous freight. Retail sales generally have been well maintained. Department store sales increased by slightly less than the seasonal amount in November: preliminary reports for the first half of December, however, indicate a more than seasonal increase in Christmas trade.

gations and in brokers' loans. Deposits at banks showed a further considerable growth. Yields on short-term Government securities declined slightly in December, while other short-term open market money rates showed little change.

On December 15 the discount rate of the Federal Reserve Bank of Atlanta was reduced from 3 percent to 2½ percent and on December 21 a similar reduction was made at the Federal Reserve Bank of Kansas City.