

MONTHLY REVIEW

OF BUSINESS CONDITIONS

ISAAC B. NEWTON, Chairman of the Board and Federal Reserve Agent
Federal Reserve Bank of San Francisco

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No. 3

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

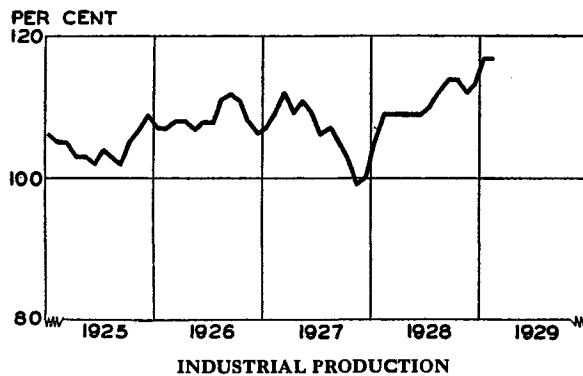
Industry and trade continued active during February and the first part of March and there was a growth in the volume of bank loans. Borrowing at Reserve banks increased during the period and money rates again advanced.

Production. Production continued at a high rate throughout February and the first half of March and was substantially above a year ago. Automobile output was at a record rate in February, and there was also an unusually high daily average production of copper and iron and steel. Large output in the iron and steel industry reflected demands from manufacturers of automobiles, machine tools, and agricultural implements, and from railroad companies. Preliminary reports for the first half of March indicate further expansion in automobile and iron and steel production. During February the daily average output of coal and crude petroleum also increased, and production of cotton and wool textiles continued large. Silk output declined somewhat from the unusually high level of January, and there was also some decline from January in the production of lumber and cement, and in the output of meat-packing companies. The high rate of activity in manufacturing during February was reflected in a larger than seasonal increase in factory employment and payrolls, both of which were considerably above the level of February, 1928. Building activity declined further in February, and the value of contracts

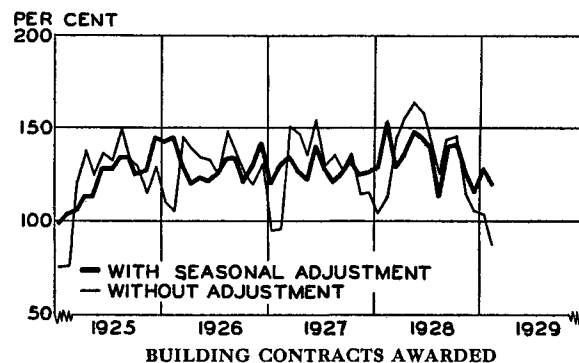
awarded was over 20 per cent smaller than a year ago. Residential building contracts showed the largest decline in comparison with February, 1928, while those for public works and utilities were only slightly smaller in value, and commercial and industrial building awards increased. During the first half of March there was some seasonal increase in total building awards, but they continued substantially below a year ago.

Distribution. In February shipments of commodities by rail increased more than is usual for the season, reflecting larger loadings of coal and coke and miscellaneous freight, which includes automobiles. During the first two weeks of March, freight carloadings continued to increase. Sales of wholesale firms were generally smaller in February than a year ago. In comparison with January, sales of dry goods, shoes, and furniture increased seasonally, while sales of groceries and hardware decreased. Department stores reported about the same daily volume of sales in February as in the preceding month, and larger sales than a year ago.

Prices. The general level of wholesale prices declined slightly in February and was approximately the same as in February, 1928. The decline from January reflected primarily decreases in the prices of hides and leather, livestock and meats, and small declines in the prices of wool, cotton, and woolen goods. The

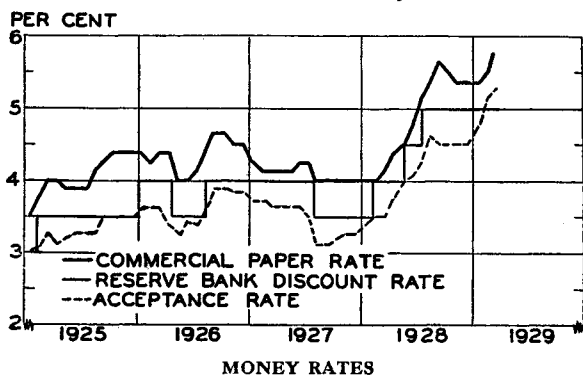


Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average=100). Latest figure, February, 117.



Federal Reserve Board's indexes of value of building contracts awarded as reported by the F. W. Dodge Corporation (1923-1925 average =100). Latest figures, February, adjusted index 119; unadjusted index, 88.

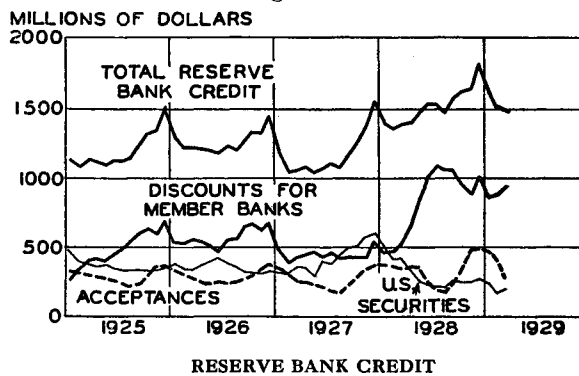
influence of these declines on the general average was partly offset by increases in the prices of copper, lead, iron and steel, rubber and grain. During the first two weeks of March, prices of wool and petroleum continued to decline, and rubber prices receded somewhat after a marked rise in February, while leather



prices declined sharply. Prices of copper rose further and there were small increases in prices of hides, raw cotton, and certain grades of lumber.

Bank Credit. Between the middle of February and the middle of March there was a rapid growth of loans at member banks in leading cities. The increase was in loans chiefly for commercial purposes, which on March 13 were more than 200 million dollars larger than four weeks earlier. Investments of the reporting

banks declined further during the period. The total volume of Reserve bank credit in use declined somewhat between February 20 and March 20, reflecting, for the most part, further gold imports from abroad. Member bank borrowing at Federal reserve banks was nearly 80 million dollars larger on March 20 than four



weeks earlier, while acceptances showed a further decline of about 120 million dollars during the period. Security holdings showed relatively little change. Money rates continued to advance. Rates on 4 to 6 months commercial paper rose from $5\frac{1}{2}$ - $5\frac{3}{4}$ to $5\frac{3}{4}$ -6 per cent and rates on 90-day bankers' acceptances increased from 5 to $5\frac{1}{4}$ per cent on February 13 and to $5\frac{1}{2}$ per cent on March 21. Open market rates for collateral loans also increased.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

In the Twelfth Federal Reserve District seasonal activity in industry and trade was well maintained during February, 1929, and the volume of business transacted continued at levels above those of a year ago. Preliminary reports for March indicate that the customary spring expansion in activity has been experienced during that month.

Demand for credit was relatively heavy during February and early March, and interest rates ranged higher than at any time in recent years. The banking record of the period is distorted by the financial adjustments which accompany the March tax assessment and tax payment dates, but over the period as a whole it gives some indication of underlying credit trends. Total loans at reporting member banks of the District increased from 1,293 million dollars to 1,306 million dollars between February 6 and March 20, the result entirely of increased security loans. Commercial loans of these banks on March 20 were 2 million dollars or 0.2 per cent below a year ago and their security loans were 73 million dollars or 21 per cent above a year ago. Total discounts at the Federal Reserve Bank of San Francisco de-

clined from 82 million dollars on February 6 to 72 million dollars on March 20, but were still 9 million dollars or 14 per cent higher than in March, 1928. Interest rates on all classes of paper have tended upward during recent weeks.

Expansion of industrial production during February was largely the result of increased activity in the mining and the petroleum refining industries. The copper mines of the District are now quite generally operating on overtime schedules. Unfavorable weather during February caused some reduction of lumber output, but early March reports gave evidence of the resumption of an active production program. The downward trend in the volume of urban building continued.

Trade was well maintained during February and was more active than a year ago. After allowance for the usual seasonal movements, reported value of sales at wholesale and at retail was smaller than in January. The volume of merchandise carloadings in the District was unchanged as compared with the previous month. Sales of new automobiles increased by more than usual seasonal amount during February.

Agriculture

From an agricultural viewpoint weather conditions during the first months of the year have not been particularly favorable. In many farming areas the rainfall has been unusually light and some unseasonal irrigation has been necessary. In the range country the winter has been severe, and condition of livestock in the District is well below that of a year ago.

RAINFALL (in inches)—Twelfth District

	July 1, 1928	July 1, 1927	July 1
	to Mar. 12, 1929 Actual	to Mar. 13, 1928 Actual	to Mar. 12 Normal
Arizona:			
Flagstaff	13.9	17.7	18.0
Phoenix	5.9	5.1	7.7
California:			
Eureka	22.9	18.7	32.9
Fresno	6.0	5.5	7.5
Los Angeles	10.5	7.8	13.5
Red Bluff	13.3	16.8	19.4
Sacramento	8.6	8.2	14.2
San Diego	5.8	5.3	8.1
San Francisco	12.7	13.9	18.4
Idaho:			
Boise	6.8	10.4	9.0
Nevada:			
Reno	2.7	3.0	6.7
Oregon:			
Baker City	5.4	7.4	8.2
Portland	20.4	29.9	33.6
Roseburg	15.4	18.4	25.7
Utah:			
Salt Lake City	8.2	10.7	10.1
Washington:			
Seattle	14.8	22.0	25.9
Spokane	6.0	16.6	11.3

Source: United States Department of Agriculture, Weather Bureau.

The 1928 potato crop of the District was considerably smaller than the 1927 crop, but total production in the United States was substantially larger than in 1927. Prices have ranged lower than a year ago and by January 1, 1929, a smaller proportion of the District's crop had been sold than was the case a year earlier. Stocks held by farmers on that date were, of course, much smaller than on January 1, 1928.

POTATOES—Twelfth District

	Production*		Sold for Consumption*†		Merchantable Stocks*‡	
	1928	1927	1928	1927	Jan. 1, 1929	Jan. 1, 1928
California	7,728	7,956	4,919	5,274	1,154	1,158
Idaho	19,720	24,380	4,688	7,845	9,519	12,271
Nevada	840	780	364	304	336	342
Oregon	6,240	6,240	1,336	1,277	2,974	3,127
Utah	3,312	2,970	1,565	1,500	1,088	919
Washington ..	9,045	13,430	2,853	4,716	2,853	5,318
Total	46,885	55,756	15,725	20,916	17,924	23,135

*In thousands of bushels. †Difference between potatoes "sold or available for sale and merchantable stocks." ‡In dealers or farmers warehouses. §1928 crop. ¶1927 crop.
Source: United States Department of Agriculture.

Other important crops, the marketing season of which extends through the winter, are **apples, oranges, and lemons**. Shipments of apples have been larger during the past three months than during the corresponding months a year ago, both in volume and in proportion to their total production. During the three months ending March 1, 1929, shipments of apples totaled 13,555 carloads compared with 8,037 carloads shipped during the three months ending March 1, 1928. Shipments of oranges

and lemons during the same three months' period were 18,749 carloads in 1928-1929, compared with 15,606 carloads in 1927-1928. The estimated production of Navel oranges in California for the 1928-1929 season is now 17,531,000 boxes, which may be compared with an estimate of 17,478,000 boxes reported one month ago and a yield of 11,650,000 boxes during the 1927-1928 season. The 1929 lemon crop is now estimated at 4,350,000 boxes. One month ago the estimate was 5,346,000 boxes, and production last year was 4,520,000 boxes.

Recent estimates of stocks of **wheat** on farms of the District and of shipments from the wheat growing areas have tended to confirm earlier reports of delay in marketing the 1928 crop.

WHEAT AND BARLEY—Stocks and Shipments

	Stocks on Farms			Per Cent of Previous Year's Crop Shipped Out of County		
	March 1,			Where Grown		
	1929 (bu.)*	1928 (bu.)*	1927 (bu.)*	1929	1928	1927
Wheat:						
Arizona	76 (6)†	145 (10)†	95 (10)†	10	13	20
California	655 (4)	819 (6)	1,202 (10)	70	66	65
Idaho	5,183 (18)	5,180 (16)	2,956 (12)	65	72	79
Nevada	53 (11)	92 (20)	41 (10)	16	16	15
Oregon	2,099 (9)	3,214 (12)	2,058 (11)	70	75	62
Utah	1,509 (22)	1,022 (18)	1,431 (26)	48	45	45
Washington	4,864 (10)	5,259 (9)	3,681 (9)	80	85	75
Twelfth District..	14,439 (11.4)	15,731 (11.3)	11,464 (11.1)	..	..	..
United States ..	148,813 (16.5)	130,944 (14.9)	130,230 (15.7)	73.4	73.4	69.8
Barley:						
Arizona	26 (4)	63 (9)	70 (8)	10	15	20
California	2,547 (8)	1,367 (5)	4,212 (13)	64	65	63
Idaho	1,176 (19)	965 (17)	663 (16)	20	25	25
Nevada	53 (12)	61 (15)	42 (15)	15	12	15
Oregon	441 (12)	637 (20)	344 (15)	20	15	16
Utah	300 (18)	240 (17)	128 (16)	35	15	18
Washington	371 (19)	487 (20)	435 (20)	26	28	28
Twelfth District..	4,914 (10.6)	3,820 (9.2)	5,894 (13.6)	..	..	..
United States ...	97,050 (27.2)	61,972 (23.3)	39,183 (21.2)	33.1	33.1	30.3

*In thousands. †Figures in parentheses indicate percentage of preceding year's crop remaining on farms March 1.
Source: United States Department of Agriculture.

Contrary to the usual seasonal tendency, the condition of **cattle and sheep** on the District's winter ranges declined during February. As in the previous two months heavy supplemental feeding of livestock was necessary. Lack of

CONDITION OF LIVESTOCK AND RANGES

(Normal = 100)

	Ranges			Cattle			Sheep		
	Mar. 1, 1929	Feb. 1, 1929	Mar. 1, 1928	Mar. 1, 1929	Feb. 1, 1929	Mar. 1, 1928	Mar. 1, 1929	Feb. 1, 1929	Mar. 1, 1928
Arizona	75	75	90	80	80	88	89	89	93
California	74	78	85	83	85	90	85	87	91
Idaho	77	85	93	87	86	94	88	87	95
Nevada	78	77	84	89	88	93	82	84	92
Oregon	80	85	92	90	93	96	90	90	98
Utah	70	70	93	82	83	97	85	82	96
Washington ..	78	75	91	87	87	93	87	88	96

Source: United States Department of Agriculture.

rainfall and dry winds delayed the growth of feed on spring ranges in Arizona and California, and also in some range areas which have a later spring grazing period.

Receipts of cattle, calves, sheep, and hogs at eight markets of the District during January and February, 1929, ranged from 11 to 17 per cent smaller than during January and February, 1928. With the exception of quotations on cattle, prices were higher than a year ago. The comparative size of the early lamb crop of the District varies from state to state. In California it is estimated that the early lamb crop this spring will be 5 to 10 per cent larger than a year ago while a smaller number of lambs is expected in Arizona, Idaho, Oregon, and Washington.

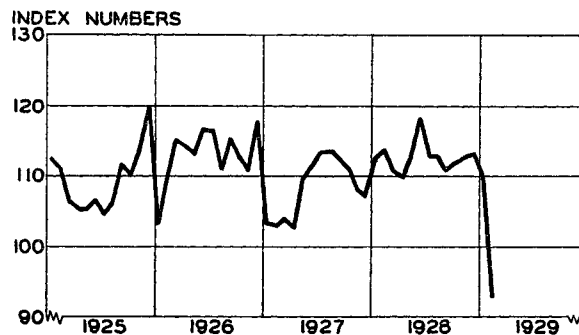
Wool buyers have been slow to purchase wool this year and only a relatively small proportion of the District clip was reported sold by March 15. Such forward sales as have taken place have been at prices which were slightly lower than or the same as prices quoted a year ago.

Industry

Activity in the mining and petroleum industries, in general manufacturing, and in building and engineering construction, contributed largely to the maintenance of industrial production at high levels during February, 1929. In important contrast with the generally increased industrial output was a reported decline in production of lumber during the month. Accompanying these changes in activity, employment increased in the mining and industrial centers of the District during February and declined in the lumbering areas of the Pacific Northwest.

The District's mines produced a record volume of copper during February, 1929, daily output surpassing the previous high record of December, 1928, by three per cent. In an effort to keep production abreast of demand for the

metal, overtime schedules became the rule at the mines. This situation in the past has usually been accompanied by a rise in production costs and a decrease in the percentage of recovery of metal from the ore handled. Leading copper companies have advanced



INDUSTRIAL CARLOADINGS—TWELFTH DISTRICT
Revised index adjusted for seasonal variation; 1923-1925 daily average=100. Latest figure, February, 93.

the wages of mine workers approximately 15 per cent since last September. The price of copper is now higher than at any time since the war period, having reached 24 cents per pound on March 22, compared with 16¾ cents per pound at the beginning of the year and 14½ cents per pound in March, 1928. Production of lead was considerably smaller than a year ago. Early in March an active demand for domestic lead developed and prices advanced to 7¼ cents per pound, the highest quotation in two years.

Expansion in output of petroleum in California was checked, at least temporarily, during the last week of February and the first weeks of March, a small decline in output being reported during these weeks. For the whole month of February, however, daily production averaged higher than in any recent

(A) Industry—

Indexes of daily average production, adjusted for seasonal variation (1923-1925 daily average = 100)	1929		1928	
	Feb.	Jan.	Dec.	Feb.
Manufactures:				
Flour	124	119	107	104
Slaughter of Livestock	88	89	83	108
Lumber	94*	120	116	102
Refined Mineral Oils†	172	178	176	146
Cement	133	116	120	146
Wool Consumption‡ .....	..	76	67	76
Minerals:				
Petroleum (California)†	121	114	105	94
Copper (United States)‡	136	129	133	104
Lead (United States)‡	99	112	112	109
Silver (United States)‡	88	91	103	83
General:				
Carloadings—Industrial	93	110	113	114
Value of Building Permits§	69	64	66	69
Value of Engineering Contracts Awarded§				
Total	175	171	128	143
Excluding Buildings	228	213	120	94

*Preliminary. †Not adjusted for seasonal variation. ‡Prepared by Federal Reserve Board. §Indexes are for three months ending on the month indicated. ¶Revised.

(B) Employment—

Industries	No. of Firms	California— No. of Employees		No. of Firms	Oregon— No. of Employees	
		Feb., 1929	Feb., 1928		Feb., 1929	Feb., 1928
All Industries	750	157,001	143,557	147	23,798	22,369
Stone, Clay and Glass Products.	44	6,552 (9.4)	6,856	4	210 (6.4)	193
Lumber and Wood Manufactures ..	117	21,682 (-4.4)	22,736	51	13,993 (8.3)	12,922
Textiles	17	2,543 (2.2)	2,489	10	2,142 (5.6)	2,029
Clothing, Millinery and Laundering.	60	8,271 (-1.5)	8,397	9*	457 (1.3)	451
Foods, Beverages and Tobacco...	169	24,146 (2.4)	23,588	43	1,608 (6.5)	1,510
Water, Light and Power	4	6,789 (-8.6)	7,430	..	..	..
Other Industries†.	326	85,006 (21.3)	70,071	..	..	..
Miscellaneous ...	13	2,021 (1.1)	1,990	30	5,388 (2.4)	5,264

*Laundering only. †Includes the following industries: metals, machinery and conveyances; leather and rubber goods; chemicals, oils and paints, printing and paper goods. Figures in parentheses indicate percentage changes from February, 1928.

month, and the percentage of shut-in capacity for both light and heavy oils continued to decline. The run of crude oil to refineries was also heavy during the month, and additions to stored stocks of all grades of oil, and particularly of gasoline, are estimated to have been large.

Unfavorable weather during February retarded activity in the lumber industry. The weather interfered with logging operations, the supply of logs was sharply reduced, and mill production declined to below the levels of a year ago. Shipments of lumber during the month were larger than the cut, and volume of orders received by the mills was larger than their shipments. At the month end mill stocks of lumber were seasonally small. During early March, with the advent of more favorable weather, lumber mills again expanded their operations.

Following the usual seasonal tendency, output of flour at District mills increased during February, 1929. Total production was substantially above that in February, 1928. Mill prices for flour advanced slightly during February as compared with January, 1929.

The value of building permits issued in the larger cities of the District, except Los Angeles, declined in February, 1929, as compared with January, 1929, and February, 1928. In the smaller cities of the District, however, an increase in value of permits granted was quite generally reported during the month. Engineering contracts were awarded for an unusually large volume of work during February, and the quarterly index for this type of construction (exclusive of large commercial and industrial buildings) was more than twice as high as a year ago.

(C) Bank Debits*

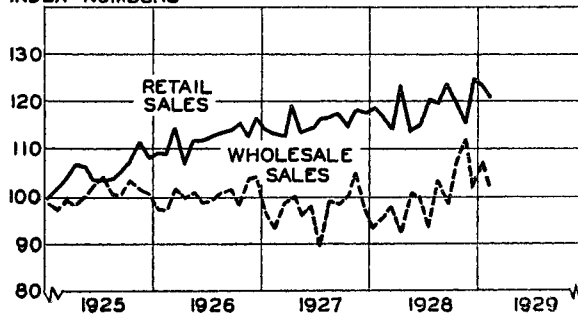
	February, 1929	February, 1928	First Two Months, 1929	First Two Months, 1928
Bakersfield	\$ 13,276	\$ 13,333	\$ 29,827	\$ 28,164
Bellingham	8,838	8,702	18,814	18,252
Berkeley	20,159	19,652	44,539	43,535
Boise	12,604	12,075	29,413	27,489
Eugene	6,162	6,095	13,659	12,629
Everett	11,976	10,946	25,879	22,841
Fresno	28,852	31,274	63,920	65,053
Long Beach	60,295	51,152	133,622	102,855
Los Angeles	1,166,451	971,029	2,435,503	1,967,588
Oakland	219,580	212,069	476,541	462,518
Ogden	16,216	17,087	36,729	35,657
Pasadena	45,480	41,223	95,436	82,739
Phoenix	46,387	31,750	92,787	67,114
Portland	175,570†	146,509	358,269‡	299,319
Reno	9,451	8,129	20,407	17,012
Ritzville	796	842	1,870	1,856
Sacramento	44,406	45,751	98,562	94,797
Salt Lake City	67,219	65,739	153,580	146,799
San Bernardino	10,192	9,307	22,743	19,811
San Diego	62,213	58,604	136,971	121,115
San Francisco	1,309,068	1,432,372	2,745,793	2,803,599
San Jose	24,829	24,298	56,347	54,039
Santa Barbara	15,066	13,046	33,101	27,424
Seattle	230,836	200,214	505,314	423,281
Spokane	52,318	48,095	112,819	102,287
Stockton	23,474	27,616	52,950	61,024
Tacoma	42,558	39,399	95,025	81,089
Yakima	11,624	10,897	25,464	23,677
District	\$3,735,898†	\$3,557,205	\$7,915,884‡	\$7,213,563

*In thousands. †Includes \$14,753,000 at four banks not reporting prior to week ended May 2, 1928. ‡Includes \$32,716,000 at four banks not reporting prior to week ended May 2, 1928.

Trade

Conflicting reports of trade activity in the Twelfth Federal Reserve District were received during February but assembling all of the evidence, it appears that trade was well maintained for this season of the year and gen-

INDEX NUMBERS



RETAIL AND WHOLESALE TRADE—TWELFTH DISTRICT
Indexes adjusted for seasonal variation. 1923-1925 average=100. Daily average figures of department store sales. Monthly figures of sales at wholesale.

erally was more active than a year ago. Allowing for the usual seasonal changes, sales at wholesale and at retail showed a decline during February, merchandise carloadings were unchanged, and automobile sales increased.

Value of sales of reporting wholesale dealers showed a greater than seasonal decline during February, 1929, but was larger than in February, 1928. The increases over the year period were the result primarily of substantially larger sales in the Los Angeles area. Sales in Central California and in the Intermountain region were moderately smaller, and in the Pacific Northwest were substantially smaller, than a year ago.

Retail sales at department, furniture, and apparel stores declined by more than the usual seasonal amount during February, 1929, and were smaller in value than a year ago. The decline over the year period (about 2 per cent) was more than accounted for by the

(D) Distribution and Trade

	1929		1928	
	Feb.	Jan.	Dec.	Feb.
Carloadings—Revised	Index Numbers*			
Total†	109	112	115	116
Merchandise and Miscellaneous‡	118	118	120	113
Wholesale Trade—Sales‡	103	107	101§	102¶
Retail Trade	Actual Figures			
Automobile Sales†				
Passenger Cars	132	125	111	75
Commercial Vehicles	132	157	78	64
Department Store				
Sales†	121	123	125	117
Stocks‡	101	98	106	108
Stock Turnover¶	.23	.24	.43	.21
Collections#				
Regular	45.2	47.7	45.6	43.7
Installment	14.6	15.9	13.6	15.6

*Adjusted for seasonal variations, 1923-1925 average=100. †Daily average. ‡Monthly totals of ten lines combined. §Monthly totals of eleven lines combined. ¶At end of month. ¶Proportion of average stocks sold during month. #Per cent of collections during month to amount outstanding at first of month. ¶Revised.

presence of one less trading day in February, 1929, than in February, 1928, and daily average sales were larger this year than last.

	RETAIL TRADE—Twelfth District		STOCK*
	NET SALES*		
	Feb., 1929 compared with Feb., 1928	Jan. 1 to Feb. 29, 1928 compared with Jan. 1 to Feb. 28, 1929	
Department Stores†..	-1.7 (68)	3.2 (67)	-5.2 (50)
Apparel Stores	-2.3 (30)	6.6 (30)	8.9 (15)
Furniture Stores	-4.2 (48)	-0.9 (48)	-3.8 (28)
All Stores	-2.1 (146)	2.9 (145)	-4.1 (93)

*Percentage increase or decrease (—). Figures in parentheses indicate number of stores reporting. †Includes dry goods stores.

During February this Bank's seasonally adjusted index of daily average new passenger automobile sales reached the highest point since 1925. The index in both February and January was well above the levels of previous years. February sales were 75 per cent above the low figures of February, 1928, and 13 per cent above the 1928 average. Sales of trucks showed an even greater increase over the average of last year than did passenger car sales, but were somewhat below January daily sales which were the largest on record.

Total freight **carloadings** on railroads of the District declined during February, 1929, and were considerably smaller than in February, 1928. The decline was the result, almost entirely, of a sharp drop in loadings of forest products, chiefly logs, severe winter weather in the Pacific Northwest having greatly hampered logging operations. Loadings of merchandise and miscellaneous commodities, which give a more accurate picture of trade activity than do total carloadings, showed only the usual seasonal changes during February, 1929.

January intercoastal cargo movements at Pacific Coast ports were large in volume. Shipments of petroleum and petroleum products were heavier than at any time since 1927, while the movement of lumber declined. Preliminary reports show a decline in total shipments between Pacific and Atlantic Coast ports of the United States during February.

Prices

A month ago this Review called attention to a slight advance in the general level of commodity prices since the beginning of 1929. That upward movement was reversed during February and the wholesale price index of the Bureau of Labor Statistics declined from 97.2 in January to 96.7 in February, the same level at which it stood in December and November, 1928. The index for the past four months gives a picture of price stability which is not true of quotations for individual commodities of major importance in either this District or in the United States as a whole.

From early January to mid-February prices for wheat advanced approximately 12 per cent,

but by March 20 had lost approximately a third of this advance. Cotton quotations advanced approximately 8 per cent between mid-February and mid-March. Prices for California oranges and lemons have declined 20 per cent since January. In the livestock group, advances of 25 per cent and 4 per cent have been recorded in quotations for hogs and lambs, respectively, while cattle prices have declined 12 per cent during the past two months. Since late autumn, prices for hides have dropped sharply and currently are 30 per cent lower than in the later part of December.

Divergent movements in prices of non-agricultural commodities also have occurred during the recent period of relative stability in the general price level. Since the middle of January copper quotations have risen 30 per cent, lead prices have increased 9 per cent, and crude rubber prices have advanced 45 per cent. On March 18 quotations for higher gravity crude oils from one California field, representing less than 4 per cent of the state's total output, were reduced from 13 to 17 per cent.

Gasoline prices have fluctuated erratically since the beginning of the year. Irregular price cutting has resulted in declining retail quotations with wide variations from day to day, and within small areas. The price to consumers at retail establishments has apparently depended upon the posted quotation of the nearest competitor. On March 19 most of the larger distributors reported an advance in the wholesale price of gasoline and this advance was immediately reflected in increased retail quotations. Price instability has continued since that date.

Credit Situation

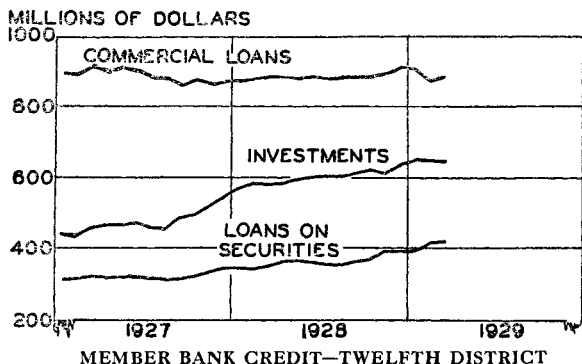
The credit situation in the Twelfth Federal Reserve District changed little, in its fundamental aspects, during February and early March although the banking and credit data for the period were distorted by the movements of funds which regularly accompany the assessment of property taxes and the payment of income taxes.

The volume of commercial loans at member banks continued moderate, loans on securities remained at relatively high levels, and interest rates ranged higher than at any time in recent years. Member bank borrowing at the Reserve Bank fluctuated violently, but was larger than a year ago, throughout the period.

During the fore part of February there was a slackening of financial activity in the District. The volume of check payments decreased, the rate of turnover of bank deposits declined, securities prices tended downward, the usual seasonal outflow of funds from the District was checked, and borrowings from the Federal Reserve Bank of San Francisco were reduced. During late February and early March, how-

ever, activity again increased and all of these movements were reversed.

Over the whole of the period from mid-February to mid-March, there was a seasonal expansion in commercial demand for funds, commercial loans of reporting member banks



MEMBER BANK CREDIT—TWELFTH DISTRICT
Monthly average of weekly figures. Latest figures are averages for the first three weekly report dates in March.

increased, and interest rates charged commercial borrowers advanced. Reporting member bank loans on securities were reduced from 428 million dollars on February 13, the highest figure ever recorded, to 412 million dollars on March 6 as a result chiefly of a reduction in loans extended by these banks to brokers and dealers in securities in New York City. On March 13, total loans on securities at these banks had advanced to 425 million dollars, at which figure they stood on March 20. Member bank holdings of investments were reduced during late February and early March, but increased slightly thereafter. They averaged smaller during March than in either January or February.

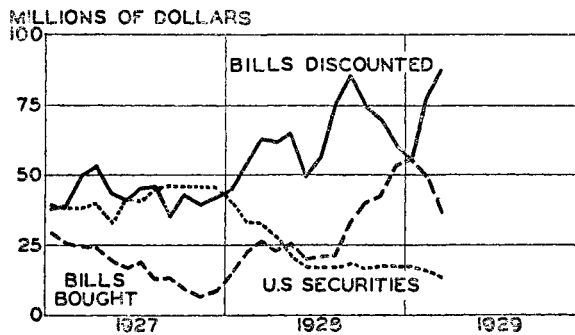
REPORTING MEMBER BANKS*—Twelfth District
(In millions of dollars)

	Condition				
	Mar. 20, 1929	Mar. 13, 1929	Feb. 27, 1929	Feb. 13, 1929	Mar. 21, 1928
Total Loans and Investments	1,949	1,956	1,937	1,953	1,833
Total Loans	1,306	1,309	1,292	1,301	1,235
Commercial Loans	881	884	876	873	883
Loans on Securities	425	425	416	428	352
Investments	643	647	645	652	598
Net Demand Deposits	789	793	772	832	769
Time Deposits	965	978	971	970	928
Borrowings from Federal Reserve Bank	61	86	79	71	60

*The figures for reporting member banks have been revised. A description of this revision together with a tabulation of the revised figures for 1928 and 1927 appear in the Federal Reserve Bulletin for January, 1929, and March, 1929.

Discounts at the Federal Reserve Bank of San Francisco, declined during the two weeks from February 7 to 20, increased sharply during the following three weeks, and were rapidly reduced from March 11 to March 16 and then increased to about the figures of a month ago. Increased borrowing at the Reserve Bank during late February was the result, chiefly, of transfers of funds by member banks to other parts of the United States. A variety of causes contributed to the increase in early March, including a reduction in the Reserve Bank's holdings of locally purchased acceptances and

heavy Treasury withdrawals of tax receipts which more than offset the flow of funds into the District for tax payment. The decline in borrowing from March 11 to March 16 resulted from a heavy flow of funds into the District and from Treasury financing operations. The



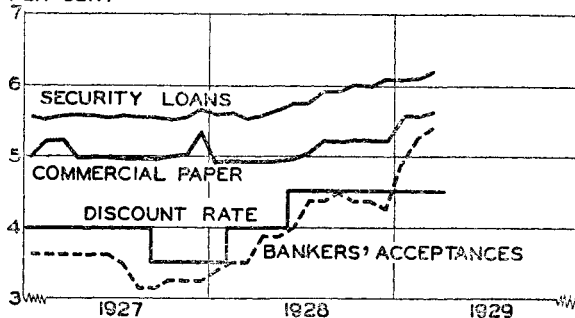
RESERVE BANK CREDIT—TWELFTH DISTRICT
Monthly average of daily figures. Latest figures are averages of the first 20 days in March.

increase from March 16 to March 20 was the result in part of a reduction in this Bank's holdings of purchased acceptances and in part of withdrawals of funds by the United States Treasurer.

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

	Condition				
	Mar. 20, 1929	Mar. 13, 1929	Feb. 27, 1929	Feb. 13, 1929	Mar. 21, 1928
Total Bills and Securities	117	148	151	149	125
Bills Discounted	72	97	90	81	63
Bills Bought	30	37	47	52	30
United States Securities	13	14	14	15	32
Total Reserves	244	215	210	225	223
Total Deposits	183	184	183	194	179
Federal Reserve Notes in Circulation	157	158	159	160	148

PER CENT



INTEREST RATES—SAN FRANCISCO

Security Loans—Average rate charged on demand loans on prime stock exchange collateral.
Commercial Paper—Average rate charged on prime commercial loans.
Discount Rate—Federal Reserve Bank of San Francisco.
Bankers' Acceptances—Dealers' offering rates on prime 90-day bills.

On March 21, 1929, the Federal Reserve Bank of San Francisco raised its buying rates on endorsed bills one-fourth of one per cent. The previous rates had been in effect since February 15, 1929.

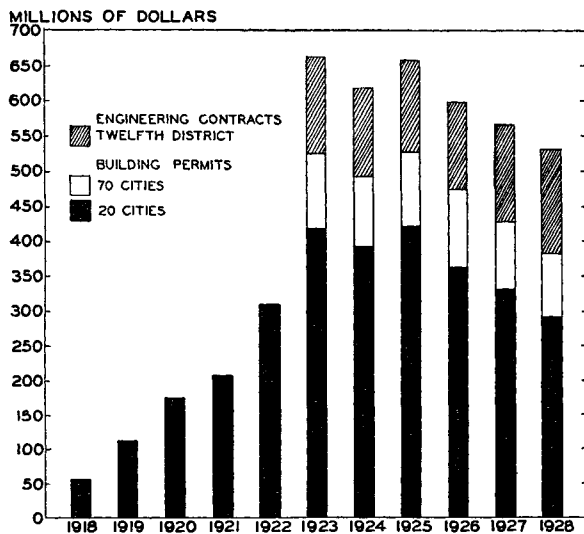
BUYING RATES ON ENDORSED BILLS
Federal Reserve Bank of San Francisco

Maturity	Rate
45 days or less	5¼%
46 days—90 days	5%
91 days—120 days	5½%
121 days—180 days	5%

Building and Construction — Twelfth Federal Reserve District

The building and construction industry is one of the most important industries in the Twelfth Federal Reserve District. In 1920 this industry gave employment to six per cent of all of those gainfully employed within the District. All agricultural activities combined employed 28 per cent of those gainfully employed during that year, mining two and one-half per cent, lumbering four per cent, and general manufacturing 21 per cent.

Construction activity in the District reached the highest levels ever recorded in the years 1923 and 1925. With the removal in 1918 of war restrictions upon building, there was an immediate and rapid expansion in construction activity. The value of building permits issued in 20 principal cities of the District increased from 57 million dollars in 1918 to 420 million dollars in 1923. In the latter year data also be-



VALUE OF BUILDING AND ENGINEERING PROJECTS
TWELFTH FEDERAL RESERVE DISTRICT

came available on the value of building permits in 70 smaller cities of the District and on engineering contracts awarded for other than building construction within the states of the District. The total value of all of these series in 1923 was 662 million dollars. There was a slight decline in the reported value of building and construction projects during 1924, but in 1925 the total (657 million dollars) again approximated that of 1923. Since 1925 there has been a steady decline in the volume of building operations and in 1928 the total was but 529 million dollars.

The trend of building construction in the larger cities of the District has been rapidly downward since 1925, while a much more moderate decline in building operations has taken place in the smaller cities. The value of engineering projects launched within the District

has increased since 1925. The decline in building since 1925 has been much less rapid than was the increase from 1918 to 1923.

This bank's index of the value of building permits issued in 20 principal cities* of the District declined from 102 in 1925 (1923-1925 average = 100) to 71 in 1928. The previous rise had been from 14 in 1918 to 102 in 1923.

INDEX OF VALUE OF BUILDING AND ENGINEERING PROJECTS

(1923-1925 average = 100)

	1928	1927	1926	1925	1924	1923
Building Permits:						
20 cities	70.8	80.7	87.9	102.5	95.4	102.1
70 cities	86.6	92.6	107.5	102.4	95.9	101.7
90 cities	74.0	83.1	91.9	102.5	95.5	102.0
Engineering contracts excluding large buildings.	113.1	105.0	95.4	98.8	96.3	104.9
Total building and engineering projects	81.9	87.5	92.6	101.7	95.6	102.6
Average value per permit—						
20 cities	\$3,040	\$3,090	\$3,090	\$3,150	\$2,880	\$2,900

The index of permits in 70 smaller cities reached a peak of 107 in 1926 and declined to 87 in 1928. The index of engineering contracts, excluding contracts for large city buildings, was 105 in 1923, and declined slightly during the next three years. In 1927 the index again reached the 1923 level and in 1928 rose to 113 per cent of the 1923-1925 average.

As a result of these divergent trends during recent years, building in the larger cities has tended to become a relatively less important part of total building operations, while engineering projects and building in the smaller cities have tended to become more important. In 1923 building in 20 large cities constituted about two-thirds of the total reported building and engineering construction in the District. In 1928 these 20 cities reported slightly more than one-half the total value of the recorded building and construction. The value of building permits issued in the 70 smaller cities increased from 16 per cent of total reported construction in 1923 to 17 per cent in 1928. Engineering projects increased from 21 per cent to 28 per cent during the same period.

RELATIVE IMPORTANCE OF BUILDING AND ENGINEERING PROJECTS

	1928	1927	1926	1925	1924	1923
Building—20 cities ...	55.0	58.7	60.4	64.1	63.5	63.3
Building—70 cities ...	17.1	17.1	18.8	16.3	16.2	16.1
Engineering Contracts excluding large buildings	27.9	24.2	20.8	19.6	20.3	20.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

Construction costs reached a peak in 1920. The decline in 1921 and 1922 was sudden and severe. Since 1923 fluctuations have been slight, with a general downward trend at the rate of approximately one per cent a year.

*Sixteen of the 20 cities had a population of over 50,000 each in 1928. Of the remaining four cities, two are the largest in their respective states and two improve the geographical distribution of cities on the reporting list.