

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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SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Output of manufactures continued in large volume during June, while mineral production declined. There was a rise in the general level of commodity prices, reflecting chiefly an advance in agricultural commodities.

Production. Activity of manufacturing establishments continued at a high rate in June. Output of automobiles and of iron and steel showed a seasonal decline smaller than is usual from May to June. Silk mill activity increased and there was a growth in the daily average production of cement, leather, and shoes. Production of copper at smelters and refineries decreased sharply, and output of cotton and wool textiles was also reduced, although production in all of these industries continued larger than in other recent years. The volume of factory employment and payrolls in June showed a small seasonal decline from May, but, as in earlier months, was substantially larger than in 1928. Output of mines was generally smaller in June than in May, reflecting declines in the production of coal, copper, and other non-ferrous metals. Output of petroleum, however, increased to new high levels.

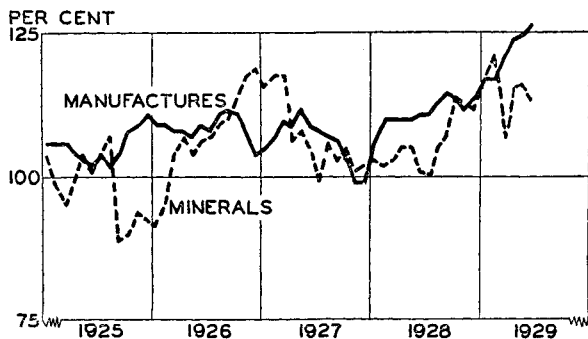
Reports for the first half of July indicate some further reduction in output of cotton textiles, iron and steel, lumber, and coal. Volume of construction contracts awarded decreased further in June, and for the first half of the year awards were 12 per cent less than in the same period in 1928, reflecting chiefly a substantial decline in residential building. During the first three weeks of July contracts awarded

were larger than in the same period a year ago.

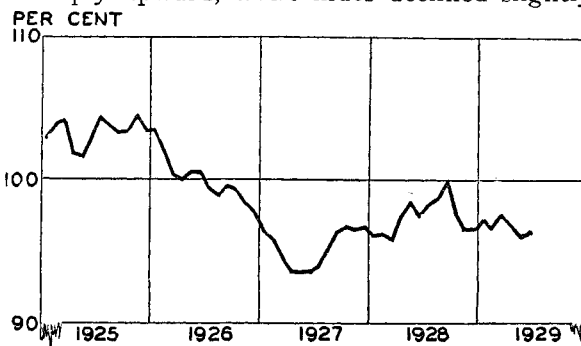
Agriculture. Department of Agriculture estimates, based on July first crop condition reports indicate a wheat crop of 834,000,000 bushels, about 8 per cent smaller than production last year, but larger than average production in the preceding five years. The acreage of cotton in cultivation on July first was estimated at 48,457,000 acres, 3 per cent more than a year ago.

Distribution. During the month of June freight carloadings were slightly smaller than in May, as a result of decreases in loadings of most classes of freight, except grain products and ores. In comparison with other recent years, however, loadings continued to show an increase. Sales of department stores in June, as in earlier months were larger than in the same month in 1928.

Prices. Wholesale prices, according to the Bureau of Labor Statistics index, advanced from May to June on the average by somewhat less than they had declined during the preceding month. Farm products, particularly grains, cattle, beef, and hides showed marked advances in price. Prices of mineral products and their manufactures also averaged higher in June than in May, the rise reflecting largely increases in the price of petroleum and gasoline. Prices of leading imports—rubber, sugar, silk and coffee—showed a decline for the month as a whole. During the first two weeks of July wheat and corn continued to move sharply upward, while hides declined slightly



PRODUCTION OF MANUFACTURES AND MINERALS
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 average=100). Latest figures, June, manufactures 126; minerals 113.

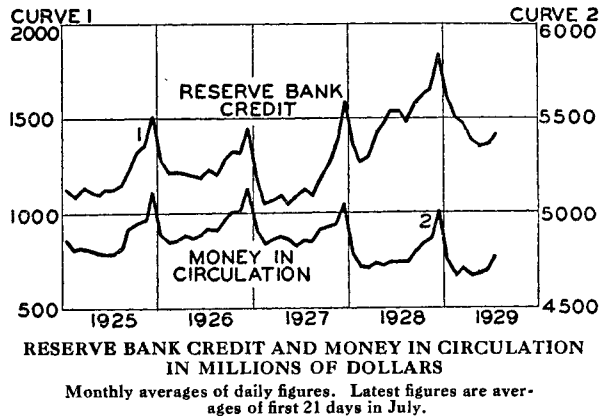


WHOLESALE PRICES
Index of United States Bureau of Labor Statistics (1926=100, base adopted by Bureau). Latest figure, June, 96.4.

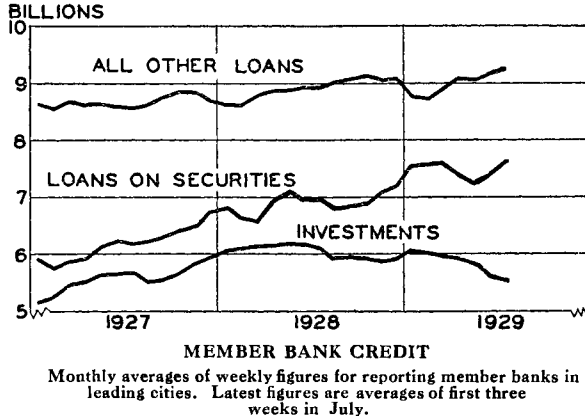
in price. Hog prices increased and prices of rubber and tin, which began to advance in the middle of June, continued to rise.

Bank Credit. During the first half of July the volume of credit extended by member banks in leading cities declined somewhat, following a rapid increase in June. On July 17 loans and investments of these banks were

volume of reserve bank credit outstanding showed an increase of about 120 million dollars during the four weeks ending July 17, the increase being in discounts for member banks. Demand for additional reserve bank credit arose chiefly out of a considerable increase in the volume of money in circulation which accompanied the issuance of the new small-size



about 4 million dollars above the level at the end of May. The increase reflected chiefly rapid growth in loans to brokers and dealers in securities and also some further increase in commercial loans. The banks' holdings of investments continued to decline and on July 17 were about 7 million dollars below investment holdings at the middle of last year. The total



currency. There was also some increase in reserve balances of member banks accompanying the growth in their loans and consequently in their deposits. Open market rates on 90-day bankers' acceptances declined from $5\frac{1}{2}$ to $5\frac{1}{8}$ per cent between the latter part of June and the middle of July, while rates on prime commercial paper remained unchanged.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Business in the Twelfth Federal Reserve District was more active during the first six months of 1929, than during the same period of 1928. Prices of many commodities, particularly farm products, important in the District's commerce, have advanced during the past month indicating that despite reduced yields of some crops agricultural purchasing power, in the aggregate, may not be seriously reduced as compared with recent years. A decline in the loans and investments of reporting member banks in the District between the middle of June and the middle of July reflected a decrease in the banks' loans on securities which had increased earlier in the year, and in their investment holdings. There was no further advance in interest rates, bank reserves increased, and Reserve Bank credit in use approached the lowest level of several years, notwithstanding the increased accommodation extended to agricultural sections.

Industry operated at record levels during the early months of 1929, but slackened its pace considerably during June, despite a record breaking production of petroleum and an increased cut of lumber. There were sharp recessions in building permits issued and in construction contracts let during June, as com-

pared with large totals of earlier months of the year.

Retail and wholesale trade have been active during the past six months. Sales of new automobiles exceeded previous records throughout the half-year. Both the volume of intercoastal traffic and foreign trade, although greater than during the first half of 1928, have declined steadily since early this year.

In June, the downward trend of prices which had been evident since the first of the year was reversed largely as a result of advances in quotations on agricultural products. Lumber prices remained firm.

Discounts at the Federal Reserve Bank of San Francisco fluctuated irregularly during June and early July without showing much net change until the week ended July 17, when they dropped sharply. Recent increases in borrowings by country member banks, probably in response to the seasonally expanding credit needs of agriculture, were offset by reduced borrowings of city banks. The decrease in Reserve Bank credit extended to city member banks was coincident with a sharply increased demand for currency, and the member banks met the situation by sales of investments, reductions in loans on securities, and transfers

of funds into this District from other sections of the country. The Reserve Bank further reduced its holdings of acceptances and government securities.

Agriculture

The subnormal temperatures which have characterized the 1929 agricultural season in this District continued until late June, when high temperatures were reported in most agricultural areas. Temperature abnormalities and a continued shortage of water are reflected in the United States Department of Agriculture's July 1 estimates of crop production, which indicate that, in general, yields will be smaller this year than last. Livestock and livestock ranges are in a less satisfactory condition than a year ago.

July 1 estimates of this year's **deciduous fruit** and **nut** production in California, Oregon, and Washington show a decrease as compared with production figures for 1928. No official estimates of **grape** production in California have yet been made. The condition figures for wine, raisin, and table grapes, however, stood at 76, 68, and 70, respectively, on July 1, as compared with 96, 101, and 95, respectively, on July 1, 1928.

DECIDUOUS FRUITS AND NUTS—PRODUCTION
(In thousands)

	Unit	Forecast		
		July 1, 1929	1928	1927
California				
Apples	bushels	7,280	13,105	7,458
Apricots	tons	180	175	208
Cherries	tons	15	19	12
Peaches	tons	299	618	492
Clingstone	tons	158	414	322
Freestone	tons	141	204	170
Pears	tons	172	225	181
Plums	tons	41	66	57
Prunes	tons	128	220	203
Almonds	tons	5	14	12
Walnuts	tons	41	25	51
Oregon				
Apples	bushels	6,034	6,950	4,320
Pears	bushels	2,387	2,700	1,900
Prunes*	tons	23	3	20
Washington				
Apples	bushels	28,530	33,500	25,343
Pears	bushels	2,842	3,500	1,670
United States				
Apples	bushels	154,000	184,920	123,693
Pears	bushels	19,800	23,783	18,373
Peaches	bushels	47,075	68,374	45,463

*Oregon and Clarke County, Washington.
Source: United States Department of Agriculture.

California deciduous fruits offered at Eastern auction markets during the 1929 marketing season (to mid July) have sold for prices averaging approximately 20 per cent higher than last year. Prices paid for most canning fruits have been double those of a year ago. Shipments of California's small 1929 fruit crop to Eastern markets and to canneries have been delayed due to the late maturity of the fruit, and up to July 1 totaled 1,860 carloads as compared with 3,264 carloads shipped during the 1928 season up to July 1.

The record 1929 Valencia **orange** crop in California, which is estimated at 19,310,000 boxes, has been moving to market in large volume during the past two months. During May and June of this year, 16,211 carloads of or-

anges were shipped from California, compared with 8,842 carloads shipped during the same period in 1928. The increased supply of small oranges has been a difficult factor in the marketing of the 1929 crop and average prices f. o. b. California have been at levels approximately 50 per cent below those of a year ago. The 1929 **lemon** crop—4,698,000 boxes—moved to market in large volume during June, 1929, when 2,667 carloads (approximately 928,120 boxes) were shipped. In June last year, 1,917 carloads (approximately 667,120 boxes) were marketed. Average prices for lemons f. o. b. California were slightly higher during June, 1929, than a year ago.

The acreage planted to **wheat, oats, and barley** in the District is about 2 per cent less this year than the acreage from which these crops were harvested in the autumn of 1928. With a smaller acreage and decreased yields per acre, production is expected to be smaller than in 1928. Physical and other conditions during the remaining weeks before the harvest will, of course, aid in determining the ultimate 1929 yield of these grains.

GRAIN CROPS—PRODUCTION
(In thousands of bushels)

	All Wheat		Barley	
	Forecast July 1, 1929	1928	Forecast July 1, 1929	1928
Arizona	1,053	1,269	599	646
California	10,871	16,380	25,004	31,842
Idaho	27,216	28,792	5,757	6,192
Nevada	405	482	421	440
Oregon	21,430	23,318	3,949	3,675
Utah	4,984	6,861	1,527	1,666
Washington	43,966	48,644	1,784	1,952
Twelfth District	109,925	125,746	39,041	46,413
United States	833,869	902,191	317,764	356,667

Source: United States Department of Agriculture.

Although the acreage planted to the principal **field crops** in the District is 3 per cent larger than was harvested in 1928, this year's production forecast (July 1) of each of these crops, with the exception of beans, shows a smaller yield than the final estimates for 1928. Federal legislation does not permit a forecast of cotton production prior to August 1.

FIELD CROPS—PRODUCTION
(In thousands)

	Forecast		
	July 1, 1929	1928	1927
Beans (bu.)			
California, Idaho	6,057	5,901	6,531
United States	18,223	16,630	16,891
Tame Hay (tons)			
Twelfth District	13,614	14,568	15,312
United States	98,991	92,983	106,001
Hops (lbs.)			
California, Oregon, Wash.	29,550	32,742	29,794
United States	29,550	32,742	29,794
Potatoes (bu.)			
Twelfth District	38,620	47,107	55,756
United States	379,290	464,483	406,964
Rice (bu.)			
California	4,845	8,073	8,960
United States	32,686	41,881	40,231
Sugar Beets (tons)			
California, Idaho, Utah	1,328	1,578	1,534
United States	7,633	7,101	7,753

Source: United States Department of Agriculture.

Livestock and livestock **range** conditions showed no improvement during June and early July. Market receipts of range stock at the District's stockyards during the current season have been of poorer quality than those re-

ceived a year ago, reflecting the scarcity of good feed in most range areas. Some stock in Arizona and California have been moved from the poorer range areas either to high mountain pastures or to grain stubble fields in the lower valleys.

Receipts of livestock at the eight principal markets of this District have shown the same trends as receipts at the principal national markets in the Middle West. Market prices for cattle were steady during June at levels approximately 3 per cent higher than in June, 1928. Sheep prices generally have been about 10 per cent lower during 1929 than during the 1928 marketing period. Hog prices rose steadily during June, and were approximately 10 per cent higher than in June, 1928.

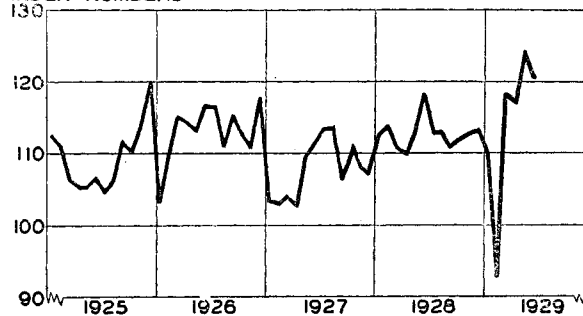
Some sales of wool were reported during June at levels approximately 20 per cent lower than prices paid in 1928. Wool markets have been relatively inactive during recent months, and it is reported that approximately 30 per cent of the 1929 wool clip in the United States remained unsold at mid-July.

Industry

Industrial activity in the Twelfth District was maintained at record levels during the first half of 1929, although in nearly all industries, except petroleum, there was evidence of some tapering off of activity during May and June. This retardation was contrary to the seasonal movement in most industries for which data are available. Considering the first six months as a whole, however, output of the District's chief industrial products—lumber, petroleum, copper, refined mineral oils, flour, and miscellaneous manufactures—was of record or near-record volume. From January to June, 1929, building and construction contracts awarded were substantially greater in value than in the first half of 1928. Employment con-

ditions were generally improved as compared with last year, except for workers in the agricultural and lumbering industries in California. Available data indicate a movement of workers out of California and into the Pacific Northwest during May and June.

INDEX NUMBERS



INDUSTRIAL CARLOADINGS—TWELFTH DISTRICT

Index adjusted for seasonal variations; 1923-1925 daily average = 100.
Latest figure, June, 120.

Production of petroleum in California was at an exceptionally high level during the first half of this year, and the daily rate of output averaged approximately 27 per cent higher than in the corresponding period of 1928. In an effort to avoid the serious effects of continued over-production a voluntary curtailment program was attempted by producers during the spring months. This plan was not successful, and on June 22 all cooperative production restraints were removed. Further increases in production followed, and during the week ending July 13 average daily output reached 882,600 barrels, the highest rate of production for any entire week of record. A new California law providing for conservation of natural gas, with the attendant effect of conserving petroleum, is now scheduled to go into effect on August 31. The run of crude oil to stills and refineries in California was about 20 per cent

(A) Industry—

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

Industries	1929				1928	
	Six Months Average	June	May	Apr.	June	Six Months Average
Manufactures:						
Flour	111	105	94	105	88	102
Slaughter of Livestock.....	84	83	82	85	92	100
Lumber	112	109	105	113	103	105
Refined Mineral Oils†.....	182	190	180	187	156	148
Cement	111	96	103	106	111	114
Wool Consumption	75	||	..	76	75	75
Minerals:						
Petroleum (California)†.....	119	126	117	118	97	94
Copper (United States)‡.....	134	125	139	141	102	105
Lead (United States)‡.....	113	112	122	122	104	104
Silver (United States)‡.....	97	96	100	106	101	90
General:						
Carloadings—Industrial	114	120	124	117	118	113
Value of Building Permits#						
Twenty Cities	70	64	73	76	70	73
Seventy Cities	94	96	96	94	95	88
Value of Engineering Contracts Awarded#						
Total	162	121	134	168	130	131
Excluding Buildings	193	101	146	203	106	112

†Not adjusted for seasonal variation. ‡Prepared by Federal Reserve Board. #Indexes are for three months ending on the month indicated. ||Four months' average. ◊Revised.

(B) Employment—

Industries	No. of Firms	California		Oregon		
		No. of June, 1929	No. of June, 1928	No. of June, 1929	No. of June, 1928	
All Industries	717	155,637	146,831	145	27,614	29,430
Stone, Clay and Glass Products.	41	6,167	6,238	5	147	230
Lumber and Wood Manufactures ..	110	25,041	25,718	53	16,613	17,291
Textiles	17	2,305	2,367	9	2,125	1,796
Clothing, Millinery and Laundering.	60	7,864	7,818	8*	455	452
Food, Beverages and Tobacco...	157	27,270	29,837	40	2,547	4,236
Water, Light and Power	5	7,968	8,140	..	..	..
Other Industries†.	314	76,447	64,692	..	..	..
Miscellaneous ...	13	2,575	2,021	30	5,727	5,425

*Laundry 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 June, 1928.

greater during the first half of 1929 than during the same period of 1928. Total shipments of petroleum from California through the Panama Canal to Atlantic and Gulf Coast ports for the six months ending June 30, 1929, exceeded those for the six months ending June 30, 1928, by 18 per cent, the result almost entirely of a more than 50 per cent increase in shipments of gasoline. Crude oil shipments declined by more than 50 per cent over the year period, the decline being attributed to increased competition from the new oil fields in Venezuela. Stored stocks of all oils in California on June 30 were 18 per cent larger than those held on June 30, 1928, chiefly because of increases in stocks of light refinable crude oils. Despite sharply increased production, gasoline stocks at California refineries decreased one per cent from June, 1928, to June, 1929, a reflection of increased consumption which, for the United States as a whole, was 13 per cent larger during the five months ending May 31 than during the same five months of 1928.

The total lumber cut of this District during the first half of 1929 was about 7 per cent larger than in the corresponding period of 1928, according to estimates prepared by this Bank. The Pacific Northwest accounted for all of this increase, the lumber output in California having been smaller than in 1928. Severe weather conditions forced substantial curtailment of lumbering activities in Washington and Oregon during February, but expansion

during March, April, May, and the first part of June brought total production for the half-year well above comparable output figures for 1928. During the latter part of June a number of mills reported that they were working short shifts and contemplated more extensive shut-downs than usual over July 4 and the period of summer fire hazard. According to data published by the National Lumber Manufacturers' Association, shipments of lumber have been somewhat heavier thus far in 1929 than in 1928, but carloadings of forest products as reported by railroads of the District declined slightly and shipments of lumber through the Panama Canal declined by 17 per cent as compared with the 1928 figures. New orders received were well maintained in relation to shipments and production until May and June when they declined sharply. During the first six months of 1928 total shipments were 5 per cent and orders 8 per cent greater in volume than total production, while during the same period in 1929 shipments and orders exceeded production by 4 and 6 per cent, respectively.

The dollar value of building permits issued and of engineering construction contracts awarded during the first half of 1929 was approximately 12 per cent larger than the figures reported for the first half of 1928, but the trend of month to month changes was reversed. The first six months of 1928 witnessed more than seasonal increases in building and construction activity. The same period this year began at a higher level but has been marked by greater than seasonal declines, especially in May and June. Following the tendencies in evidence

(C) Bank Debits*—

	June, 1929	June, 1928	First Six Months	
			1929	1928
Arizona				
Phoenix	\$ 44,939	\$ 33,613	\$ 269,250	\$ 209,148
California				
Bakersfield ...	12,777	13,943	85,265	87,348
Berkeley	19,361	20,682	126,516	129,834
Fresno	28,636	31,810	183,814	199,862
Long Beach...	60,534	53,531	387,248	326,036
Los Angeles...	1,146,370	1,153,229	7,392,478	6,530,098
Oakland	243,112	255,614	1,449,163	1,514,137
Pasadena	38,408	40,270	263,174	257,249
Sacramento ..	57,792	50,186	299,762	288,952
San Bernardino	10,722	11,651	68,079	64,441
San Diego	59,717	68,050	393,288	386,395
San Francisco.	1,271,611	1,899,374	8,184,428	9,686,884
San Jose	28,201	29,258	168,993	164,281
Santa Barbara	18,266	13,207	102,863	82,614
Stockton	29,515	31,432	165,878	175,924
Idaho				
Boise	15,712	16,154	87,655	84,800
Nevada				
Reno	13,399	11,118	73,077	55,029
Oregon				
Eugene	8,248	8,503	45,343	43,906
Portland	189,973	198,766	1,129,119†	1,026,859
Utah				
Ogden	16,616	16,534	106,208	100,383
Salt Lake City	77,512	76,086	473,144	439,893
Washington				
Bellingham ..	10,662	10,734	62,691	60,483
Everett	15,707	15,214	85,590	78,571
Ritzville	886	763	5,268	5,386
Seattle	259,157	258,614	1,577,838	1,471,808
Spokane	60,579	57,584	357,739	335,945
Tacoma	50,940	47,130	298,772	271,981
Yakima	14,540	13,287	82,048	75,949
Total	\$3,803,892	\$4,436,337	\$23,924,691†	\$24,154,196

*In thousands of dollars. †Includes \$7,584,000 at four banks not reporting prior to week ended May 2, 1928.

(D) Distribution and Trade—

	1929			1928	
	Six Months Average	June	May	June	Six Months Average
Foreign Trade¶					
Total†	145°	..	..	135	123
Imports†	132°	..	..	117	115
Exports	152°	..	..	144	128
Intercoastal Trade¶					
Total¶	92	89	86	90	87
Westbound	129	131	125	127	111
Eastbound	83	77	76	80	80
Carloadings					
Total†	115	118	119	116	118
Merchandise and Miscellaneous‡	118	116	118	118	114
Wholesale Trade					
Sales§	104	101	109	105	102
Retail Trade					
Automobile Sales‡					
Total	131	132	136	131	99
Passenger Cars...	130	130	136	129	100
Commercial					
Vehicles	146	147	141	146	92
Department Store					
Sales‡	121	122	121	115	117
Stocks¶	102	105	103	101	107
Stock Turnover||	.25	.24	.26	.24	.23
Collections#					
Regular	46.4	45.5	47.4	45.9	45.3
Installment	15.2	14.4	14.8	15.9	15.7

*Adjusted for seasonal variations, 1923-1925 average=100. †Excluding raw silk. ‡Daily average. §Monthly totals of ten 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. ¶Indexes are for three months ending on month indicated. ¶Revised. °Four months' average.

during the past four years, building was more active in the smaller than in the larger cities of the District. During June the value of both building and engineering contracts awarded was below that for the previous month or the same month a year ago.

Total output of the District's non-ferrous metals mines was much larger during the first six months of 1929 than in the first six months of 1928. During May and June production schedules were reduced moderately from the record levels established in the first four months of the year, but at the close of June were still well above those of a year ago. Sales and shipments of copper declined during May and June and were reported as being confined largely to custom smelters. Stocks of both mine copper and of the refined metal have increased substantially during June, but on July 1, were smaller than on July 1, 1928.

Activity in the flour milling industry declined more than seasonally during the second quarter of the year, coincident with sharp fluctuations in wheat prices. The total output for the first half of 1929 exceeded that for the first half of 1928 by a substantial margin. Millers' stocks of flour and of milling wheat at the end of June were larger than those of a year ago.

Trade

Trade was active in the Twelfth District during the first six months of 1929, and the volume of goods distributed was substantially larger than in the same period of 1928. Sales at retail and wholesale, sales of new automobiles, railroad carloadings of merchandise and miscellaneous freight, and the District's foreign trade increased more than seasonally from month to month. Total railroad carloadings changed little in volume and waterborne intercoastal commerce, while well above the comparable period of 1928, declined during the first half of 1929. During June this Bank's seasonally adjusted indexes of department store sales and of movements of commodities in the intercoastal trade advanced and were higher than in June a year ago. Adjusted indexes of sales of new automobiles and of merchandise carloadings declined from May to June but remained well above the 1928 figures.

Trade at retail was greater in value during the first half of 1929 than during the first six months of 1928, total sales of reporting department, apparel and furniture stores during the later period being 2 per cent above those of last year. Total sales during June, 1929, were about the same as in June, 1928, but as there was one less trading day in June of this year daily average sales were actually 4 per cent larger than in 1928. Stocks carried by reporting department stores of the District during

the past six months have ranged from 3 to 5 per cent smaller in value than in the first half of 1928.

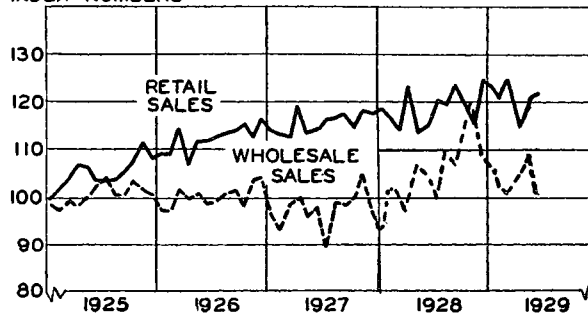
RETAIL TRADE—Twelfth District

	NET SALES*		STOCK*
	June, 1929 compared with June, 1928	Jan. 1 to June 30, 1929 compared with Jan. 1 to June 30, 1928	June, 1929 compared with June, 1928
Department Stores†...	-0.4 (68)	2.2 (68)	-3.7 (52)
Apparel Stores	-1.5 (30)	2.6 (30)	3.1 (19)
Furniture Stores	-0.7 (48)	2.2 (47)	-1.9 (33)
All Stores	-0.5 (146)	2.2 (145)	-3.0 (104)

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

During the first half of 1929, trade at wholesale was at levels above those of a year earlier. The wholesale groups showing the most substantial increases in sales over the year period were the furniture and the electrical supply dealers. Hardware, grocery, drug and paper and stationery houses also reported moderately larger sales, while sales of dry goods and agricultural implements changed little from last year. Shoe jobbers reported sales about 9 per cent smaller during 1929 than during the first half of 1928. Stocks carried by wholesalers on June 30 were 5 per cent larger in value than those carried on June 30, 1928.

INDEX NUMBERS



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

Total freight carloadings reported by railroads of the District for the first six months of this year were slightly larger than the first half of 1928. This was the result almost entirely of heavier loadings of merchandise and miscellaneous freight, industrial carloadings having shown practically no change over the year period. During June daily average carloadings of all classes of commodities combined declined as compared with May, but were in practically the same number as in June, 1928.

Sales of new automobiles, both passenger and commercial vehicles, were at exceptionally high levels during the entire first half of 1929, the total being more than 50 per cent larger than in corresponding months of last year. Sales during June were smaller in number than in May, 1929, but were well above those of June, 1928.

When adjusted for seasonal variations, the volume of waterborne intercoastal trade de-

clined during the first six months of 1929, but was markedly greater than during the first six months of 1928. In the year to year comparison, traffic from Atlantic to Pacific Coast ports increased by a larger percentage than did the tonnage passing from the Pacific to Atlantic Coast, a result chiefly of the reduced volume of lumber and crude oil shipments from Pacific Coast ports. During June the seasonally adjusted indexes of intercoastal trade advanced as compared with May, and were above those of June, 1928. As compared with June a year ago, shipments of petroleum and general cargo from the Pacific to the Atlantic Coast were larger and lumber shipments smaller in volume.

Foreign trade of the District, up to the end of April, 1929, was substantially in excess of the record for the first four months of 1928. Total exports during the period January 1 to April 30, 1929, were 16 per cent and total imports 11 per cent greater than during the period January 1 to the end of April, 1928. The volume of both imports and exports dropped sharply in April as compared with March, but remained well above that of April, 1928.

Prices

The general level of wholesale commodity prices declined during the first five months of this year, but early in June the movement was reversed and since then practically all of the well-known commodity price indexes have advanced. Both the decline during the spring months and the recovery during recent weeks were due largely to changes in prices of farm products. The downward tendency noted during most of the first half of this year was not confined to the United States, but was also reflected in indexes for countries throughout the world.

Changes in farm products' prices during the first half of 1929 accounted largely for the general decline in commodity prices in the United States. During June, however, farm products' prices reversed their previous downward trend and the general commodity price level improved. This rise in agricultural prices has been a favorable factor in sustaining the agricultural purchasing power in the District during the past six weeks. The sharp recovery in wheat quotations since June 1 has been of special interest to growers in this District. Live-stock prices have generally been at satisfactory levels this year, although lamb quotations have declined sharply during the past three months, and are somewhat under the prices paid a year ago. This lower level of lamb quotations during the late spring is a seasonal movement, but it was accentuated this year by unusually heavy marketings of animals during April and May, the result of the poor condition of District ranges during those months. Since early June, hide quotations have advanced from the

low levels reported during the first five months of the year. Prices for wool have declined steadily this year and are now from 15 to 20 per cent lower than a year ago.

Among the more favorable price developments of the period under review has been the sharp increase in deciduous fruit prices. Higher prices for these crops are tending to offset the effect of severe crop losses—due to frost damage during April—upon agricultural income in California and to a lesser extent in Oregon and Washington. Prices to growers for canning peaches, pears, and apricots are especially favorable. Growers of citrus fruits are receiving large aggregate returns for their crops, the effect of the relatively low prices of the current season having been more or less counterbalanced by record yields of fruit.

FRESH FRUIT PRICES — California

Canning Deciduous (Number one fruit)	Unit	1929	1928	1927
Apricots	ton	\$ 75.00	\$ 55.00	\$ 60.00
Cherries (Royal Anne)...	ton	200.00	150.00	160.00
Peaches (Clingstone)	ton	80.00	20.00	22.50
Pears	ton	85.00	42.00	44.00
Citrus*				
Oranges	box	2.47	5.40	3.16
Lemons	box	3.99	5.26	3.43

* Averages of May and June f. o. b. California prices.

Softwood lumber prices increased steadily throughout 1928, and firm market conditions for woods produced in this District prevailed during the first half of 1929. Reports indicate some advances in Douglas Fir quotations during recent weeks as compared with slight declines in May and early June.

Credit Situation

During the past month there was a pause in the rising trend of interest rates which has been in progress since June, 1928, and rates remained unchanged at the highest levels of the past three years. During July the rapid growth of total loans and investments of reporting member banks which began in October, 1927, was also checked, at least temporarily. This easing of the credit situation resulted from transfers of funds into this District from other sections of the country and from sales of securities by member banks.

Twelfth District reporting member banks (all of which are city banks) have reduced their loans and investments approximately 52 million dollars during the past four weeks. Investments of these banks were reduced 31 million dollars, the greater part of the reduction being in government securities holdings. There was also a slight drop (one million dollars) in their commercial loans. The remainder of the decline in total loans and investments arose out of reductions in security loans, principally in loans to brokers and dealers in New York City which resulted in transfers of funds into the District. These movements in the loan and investment account were accompanied by but a

relatively slight decline (8 million dollars) in the deposits of reporting banks, and consequently there was a net gain of available banking funds in the District. The banks used these funds to increase their holdings of cash by 4 million dollars; to reduce borrowings at the Reserve Bank by 24 million dollars; to increase reserve deposits by 2 million dollars; and to supply an increased customer demand for cur-

excess—amounting to more than 2 million dollars—of United States Treasury disbursements over collections within the District. Each of these factors assisted member banks in reducing their borrowings at the Reserve Bank. An increase of 13 million dollars in money in circulation was met almost entirely by an increase of Federal Reserve notes issued, which was made possible without increased borrowing from the Reserve Bank by the incoming transfers of funds referred to above.

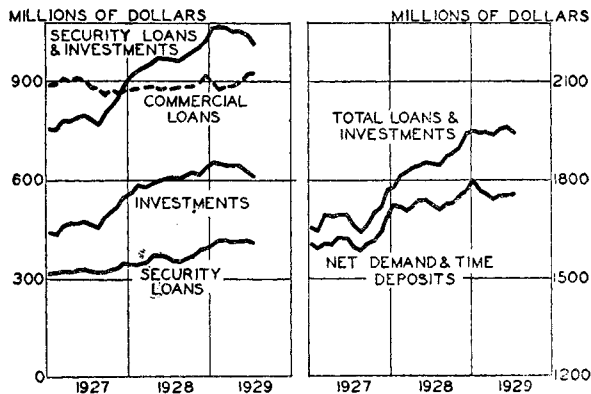


CHART I
MEMBER BANK CREDIT

Monthly averages of weekly figures of Twelfth District reporting member banks. Latest figures are averages for the first three report dates in July.

rency. Reporting (city) member banks were thus placed in a favorable position to meet the needs for commercial credit which usually develop at the time of crop harvesting and marketing. Country member banks increased their borrowings from the Reserve Bank approximately 5 million dollars during the four weeks ending July 17, largely to build up their reserve accounts against deposits, a seasonal movement.

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

	Condition			
	July 17, 1929	June 19, 1929	May 15, 1929	July 18, 1928
Total Loans and Investments...	1,932	1,984	1,961	1,849
Total Loans	1,332	1,353	1,319	1,241
Commercial Loans	921	922	897	880
Loans on Securities	411	431	422	361
Investments	600	631	642	608
Net Demand Deposits	778	781	785	786
Time Deposits	979	984	997	937
Borrowings from Federal Reserve Bank	33	57	40	54

Total Federal Reserve credit extended to this District has declined continuously since the peak months of February and March, 1929, and during the week of July 17 approached the lowest level of recent years. The Federal Reserve Bank of San Francisco's holdings of acceptances and securities have also been currently lower than at any time since 1923, having declined sharply since the opening of 1929.

The decline in Reserve Bank credit outstanding at the Federal Reserve Bank of San Francisco during July was made possible by (a) a net gain to this District of approximately 37 million dollars through transfers of funds from other districts; (b) mint purchases of new gold amounting to 2 million dollars; and (c) an

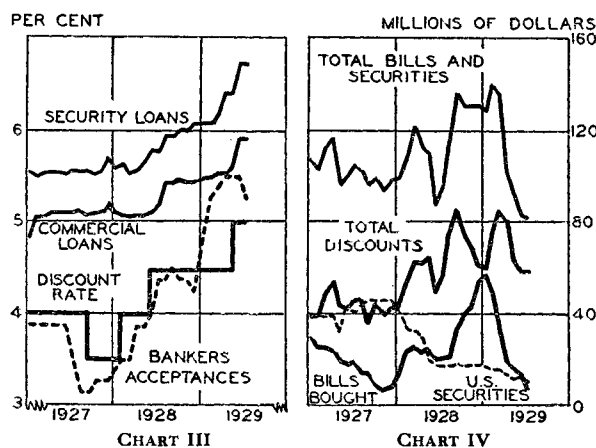


CHART III
INTEREST RATES

CHART III—Reserve Bank discount rate and averages of prevailing interest rates charged by banks in San Francisco. Figures are as of middle of each month, latest figures being for July.

CHART IV—Monthly averages of daily figures, Federal Reserve Bank of San Francisco. Latest figures are averages for first 17 days in July.

During the four-week period, June 19 to July 17, total earning assets of the Federal Reserve Bank of San Francisco were reduced 24 million dollars. Discounts declined 19 million dollars, and bills bought in the open market were reduced 5 million dollars. The Reserve Bank credit thus taken out of the market had been extended mainly in other districts, however, through Federal Reserve System purchase and allotment and indirectly by member bank transfers of funds out of this District. Consequently, its withdrawal represented relatively little reduction in accommodations to banks or industries of the Twelfth District.

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

	Condition			
	July 17, 1929	June 19, 1929	May 15, 1929	July 18, 1928
Total Bills and Securities.....	68	92	79	97
Bills Discounted	47	66	52	60
Bills Bought	9	13	15	19
United States Securities	11	12	12	17
Total Reserves	309	266	284	277
Total Deposits	183	178	187	187
Federal Reserve Notes in Circulation	175	161	155	167

Effective July 16 this Bank's buying rates for bankers' acceptances were reduced as follows:

Maturities	Rates Effective	
	July 16, 1929	March 21, 1929
1-45 days	5¼	5%
46-120 days	5¼	5½
121-180 days	5½	5¾