MONTHLY REVIEW

OF

BUSINESS CONDITIONS

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Federal Reserve Bank of San Francisco

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TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Little change in Twelfth District business activity was recorded during June. Aggregate industrial production was slightly lower than in May, increases in lumbering and output of food processing industries not quite offsetting declines in other fields. Retail department store trade increased noticeably, after seasonal allowance, for the first time since last October, and registrations of new automobiles rose sharply. Other trade measures changed little or declined. Prices of a number of commodities important in the District advanced, thus following the recent upward movement of wholesale prices in the United States. Banking and credit changes were chiefly of a seasonal nature, and the relatively easy condition of recent months continued.

At the beginning of July the outlook for crop production was satisfactory. The condition of livestock as well as ranges improved during June and at the end of that month was better than at the same time a year ago, when the lack of rainfall in the spring of 1931 had begun to have a pronounced effect. Prices for farm products continued extremely low, notwithstanding advances in several quotations, particularly those for livestock.

Construction and mining activity receded further during June and production of petroleum declined, presumably as a result of that industry's curtailment program. Lumber output was at the high point of the year in June, contrary to the seasonal movement which usually reaches a peak in May. Consumption of lumber, as indicated by shipments, also increased. Activity at flour mills was about the same as in May.

The July holiday demand for currency dominated commercial bank operations during the five weeks ended July 20. A substantial inflow of funds to this District during the last week of June resulted from District banks recalling balances which had been deposited in other parts of the United States. This inflow was much more than offset in the following two weeks, however, by increased currency circulation and subsequent losses of gold to other districts through both commercial banking and Treasury operations. A slower than usual return of holiday currency from circulation necessitated increased borrowing from the Reserve Bank to build up reserve deposits during the second week of July. Total loans of reporting member banks continued to decline, while investments increased slightly. Time and net demand deposits were practically unchanged during the period under review.

Agriculture

Thus far the 1932 agricultural situation in the Twelfth District has been one of conflicting developments from the viewpoint of the farmer. Factors influencing the production of crops and livestock have been favorable, while selling prices for the major farm crops, which were low at the beginning of the year, have continued to decline, reaching by mid-year a level approximately 40 per cent below the average of immediate pre-War years. Livestock prices declined until early June, since when they have increased substantially, although they are still at low levels. The production of crops as estimated by the United States Department of Agriculture on July 1 will be greater in volume this year than in 1931, when growing conditions were less satisfactory than usual.

Total production of deciduous fruits in California, Idaho, Oregon, and Washington during 1932 was estimated on July 1 to be somewhat larger than in 1931, but smaller than in 1930 when considerable quantities of fruit were left unharvested. In California, combined output of the important deciduous fruit crops—apples, apricots, cherries, grapes, peaches, pears, plums, and prunes—is currently estimated to be 22 per cent larger than the harvest of 1931. The total crop of apples in the Pacific Northwest was anticipated on July 1 to be 39,024,000 bushels, a 4 per cent decrease from the crop of 1931. The volume of the 1932 deciduous fruit crops shipped from the Pacific Coast states during the current shipping season totaled 3,822 carloads to July 1 as compared with 7,965 carloads shipped up to July 1, 1931. California Valencia oranges, melons, and cantaloupes, as well as peaches from Georgia, all of which compete with Twelfth District deciduous fruits in eastern markets, also have moved to market in smaller volume this year than last. During this season to July 1 shipments of these fruits and vegetables amounted to 24,466 carloads, compared with 35,444 carloads shipped in the corresponding period last year.

DECIDUOUS FRUITS AND NUTS—PRODUCTION
(In thousands)

	Forecast July 1, 1932	1931	1930
California			
Apples* ....bu.	9,855	9,112	11,644
Apricots ....tons	256	277	200
Cherries ....tons	17	23	18
Grapes ....tons	1,867	1,320	2,181
Raisin ....tons	1,177	775	1,307
Table ....tons	308	229	388
Wine ....tons	382	316	486
Peaches ....tons	648	579	796
Clingstone ....tons	430	397	542
Freestone ....tons	218	182	254
Pears ....tons	231	218	272
Plums ....tons	68	65	82
Prunes ....tons	219	208	274
Almonds ....tons	14	15	14
Walnuts ....tons	43	29	30
Oregon			
Apples* ....bu.	4,950	4,150	6,200
Cherries ....tons	11	8	13
Pears ....bu.	2,880	1,995	3,200
Prunes (dried) ....tons	18	27	26
Prunes (fresh) ....tons	32	22	25
Washington			
Apples* ....bu.	29,382	31,400	37,850
Cherries ....tons	15	10	17
Pears ....bu.	3,468	3,650	4,500
Peaches ....bu.	1,410	1,050	556
Prunes (fresh) ....tons	25	11	19
Idaho			
Apples* ....bu.	4,692	5,000	5,200
Prunes (fresh) ....tons	24	20	22
United States			
Apples* ....bu.	133,824	202,415	155,982
Pears ....bu.	21,503	23,009	27,577
Peaches ....bu.	47,216	77,743	53,286

*Total crop.
Source: United States Department of Agriculture.

California citrus fruit crops developed satisfactorily during June. At the end of the month the current Valencia orange crop was estimated to be 17,097,700 boxes, slightly less than the 17,317,150 boxes shipped in 1931. The 1932 lemon crop, which is now expected to yield 5,138,600 boxes, is 10 per cent smaller than the 1931 crop. Shipments of oranges from California during May and June totaled 11,705 carloads, compared with 12,296 carloads shipped during those months last year. Lemon shipments in June amounted to 2,168 carloads. This total was slightly larger than shipments in May, 1932, but 737 carloads smaller than in June, 1931.

Production of spring and winter wheat in the District during 1932 was estimated to be 113,439,000 bushels on July 1 as compared with 90,291,000 bushels harvested in 1931. Production estimates were 66 per cent larger for spring wheat and 12 per cent larger for winter wheat than last year. In contrast with these increases, forecasts indicate that the 1932 harvest of wheat in the United States will be 18 per cent smaller than the large 1931 crop. Harvesting of the California barley crop, which is considerably larger than a year ago, has been practically completed.

GRAIN CROPS—PRODUCTION
(In thousands of bushels)

	All Wheat		Barley	
	Forecast July 1, 1932	1931	Forecast July 1, 1932	1931
Arizona	506	672	416	320
California	11,780	6,475	34,265	13,776
Idaho	29,460	19,641	5,530	4,108
Nevada	445	319	266	155
Oregon	21,592	17,662	2,340	2,072
Utah	4,962	4,679	1,680	1,216
Washington	44,694	40,843	2,015	1,888
Twelfth District	113,439	90,291	46,512	23,535
United States	736,971	894,204	312,422	198,185

Source: United States Department of Agriculture.

Aggregate production of field crops during 1932, as indicated by July 1 estimates, will probably be moderately smaller than that of a year ago. Beans, rice, potatoes, and hops are in smaller volume than in 1931, while the tame hay crop will probably be somewhat larger than last year. Reduced production of some field crops during 1932 as compared with 1931 may be attributed to a decrease in acreage rather than to decreased yields.

FIELD CROPS—PRODUCTION
(In thousands)

	Forecast July 1, 1932	1931	1930
Beans (bu.)			
California, Idaho	5,140	9,249	9,464
United States	15,733	21,188	22,137
Tame Hay (tons)			
Twelfth District	13,038	10,524	15,011
United States	68,259	64,213	77,850
Hops (lb.)*			
California, Oregon, Wash. ..	23,645	25,852	23,447
Potatoes (bu.)			
Twelfth District	41,753	45,771	50,210
United States	377,769	375,518	343,236
Rice (bu.)			
California	6,270	8,000	7,271
United States	37,956	45,226	41,322
Sugar Beets (tons)			
California, Idaho, Utah	.....	1,870	1,767
United States	.....	7,903	9,201

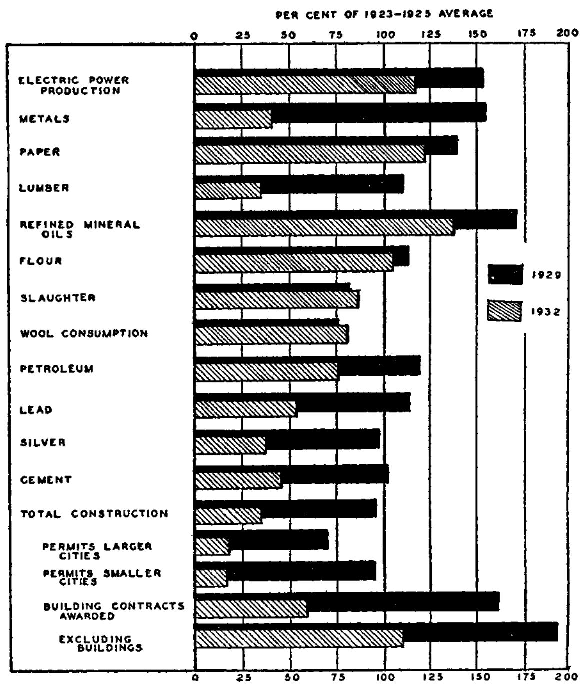
*California, Oregon and Washington produce all the hops grown commercially in the United States.
Source: United States Department of Agriculture.

The market for butter and eggs improved slightly during June. Receipts of butter at Pacific Coast markets were 3 per cent smaller than in May. Storage holdings increased seasonally during June and at the end of that month were 24 per cent larger than holdings on July 1, 1931. Egg receipts in June were 17 per cent smaller than in May, indicating that production decreased in the late spring weeks. As in earlier months of 1932, storage holdings on July 1 remained below those of a year ago. In the United States, stocks of butter and eggs on July 1 were 28 per cent and 6 per cent smaller, respectively, than on July 1, 1931.

Plentiful supplies of feed were available on District ranges during June, but, while the condition of cattle and sheep improved considerably, some animals still show the effects of scant feed during the past winter. Receipts of cattle and sheep at Pacific Coast and Intermountain markets during June followed the usual seasonal trends. The number of lambs and cattle received was smaller than in May, in which month the spring peak customarily occurs. Contrary to the usual movement, however, receipts of hogs increased, a reflection in part of the advance in prices which encouraged producers to market their stock. Receipts of all three classes of livestock in June this year were greater than in June, 1931. During the shipping season, which ended about the middle of June, 467,300 head of live and dressed California spring lambs were shipped to eastern markets, compared with the shipment of 514,000 head during the 1931 season. The average movement during the five-year period 1927-1931 was 492,810 head. Shipments of lambs from the Pacific Northwest are now being received at mid-West and Pacific Coast markets.

Industry

The accompanying chart compares District industrial activity in the first half of 1932 with the first half of 1929, in relation to the average of the first six months of 1923-24-25. The choice of 1929 for comparison with the present was based upon that year's position at the chronological beginning of the current depression, although it is realized that the selection of two such extremes is likely to give a distorted impression of both. As would be expected, the comparisons of 1932 with 1929 show much larger declines than do comparisons with more nearly normal years, such as the average of 1923-24-25, shown on the chart as 100 per cent. Although the level of activity in most industries for which data are available was much lower during the first half of this year than from January through June, 1929, output of a few industries was actually larger in volume than in the first half of 1929.



INDUSTRIAL ACTIVITY—Twelfth District

Volume or value during the first six months of 1932 and 1929 expressed as percentages of average volume or value during the first six months of 1923-24-25.

With the exception of figures of building and construction, the industrial activity statistics upon which the chart is based are volume data and are, therefore, comparable on a percentage basis. The average decline in production from 1929 to 1932 approximates 50 per cent, if the series for which data are available are weighted according to their importance in total value of Twelfth District output. This figure probably overstates somewhat the decrease in total industrial output of this area, however, because, as was pointed out in an earlier issue of the Review, several major basic industries which have shown unusually large declines in activity during the past three years are more fully represented in current series than are industries producing goods for immediate consumption, many of which industries appear to have declined by relatively small amounts.

The decline in aggregate industrial activity has progressed at the same rate during most of the last two and one-half years, although there has been a marked lack of uniformity in

Industry—

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

	1932 Six Mos. Av.	1932 June	1932 May	1932 Apr.	1931 June	1931 May	1931 Six Mos. Av.
General:							
Carloadings—Industrial..	37	32	34	41	56	59	63
Electric Pwr. Production.	118*	..	137	145	154	153	157
Manufactures:							
Lumber	35	35	32	35	64	62	62
Refined Mineral Oils†...	138	144	137	145	137	145	140
Flour	105	103	100	94	124	98	103
Slaughter of Livestock..	86*	..	83	90	91	88	85
Cement	46	43	54	60	74	72	80
Wool Consumption†....	81*	..	55	67	87	59	68
Minerals:							
Petroleum (California)†.	76	71	76	78	79	81	80
Lead (United States)‡..	54	49	59	45	60	78	76
Silver (United States)‡..	38	41	49	42	52	47	58
Building and Construction§							
Total	34	30	33	34	57	75	68
Building Permits—Value							
Larger Cities	18	13	17	19	29	31	35
Smaller Cities	17	14	15	16	40	43	44
Engineering Contracts Awarded—Value							
Total	58	49	53	58	89	144	121
Excluding Buildings.	110	92	111	114	159	273	208

†Not adjusted for seasonal variations. ‡Prepared by Federal Reserve Board. §Indexes are for three months ending with the month indicated. *Five months' average.

component industries. Decreases in building, lumbering, and output of cement have been greater since early 1931 than they were during the early stages of the depression. On the other hand, a few industries, notably petroleum production, experienced their most severe contraction during 1930.

A slight decline in the industrial situation was apparent during June. Output of lumber increased slightly more than seasonally, while construction and mining activity receded to lower levels, after seasonal adjustment. Gains in employment in agriculture, in canning and packing of fruits and vegetables, and in construction were largely offset by additional curtailment in other lines of activity, including petroleum producing, general manufacturing, wholesaling and retailing, and the operation of public utilities. Reductions in wages and hours worked continued on a moderate scale.

Continued vigorous efforts of producers to curtail output of crude oil in California met with considerable success during June, daily average production having been reduced to 471,000 barrels as compared with 502,000 barrels during May. In the week ended July 2, output averaged 451,000 barrels daily. As an added incentive to the curtailment program, one of the largest individual purchasers raised its purchasing price for crude oil with the provision that, if production during any 10-day period exceeded the limit established under the proration agreement of producers, the price increase would be withdrawn. Notwithstanding this fact, output increased during the first half of July, averaging 472,000 barrels daily during the week ending July 16. This increase followed an increase in refining activity and substantial seasonal declines in stocks of gasoline in June.

Output of lumber increased slightly during June, whereas a decline is usual during that month. The increase in total cut was accounted for by accelerated activity in the western pine territory, operators in the Douglas fir and redwood areas reporting further reduced output. Despite this slight increase in production, inventories were reduced somewhat during the month, indicating that total shipments of lumber increased.

The total value of building and construction for which permits were issued or contracts awarded was slightly larger in June than the extremely low value of May, but the rise was not sufficient to prevent a decline in this Bank's adjusted quarterly index which reached a new low level at 30 per cent of the 1923-1925 average. During 1923 and 1925, the first and last years of the base period upon which these comparisons are made, building permits issued reached their highest recorded levels. The increase in the total value of construction during June was almost entirely accounted for by increases in contract awards for Federal Government and unclassified projects. Value of building permits issued in 90 cities of the District was considerably smaller than in May and equaled about 13 per cent of the 1923-1925 average.

Although complete statistical data are not available, such information as can be obtained indicates that mining generally continued relatively inactive during June, with production of the non-ferrous metals except gold approximating the low levels of 1921. In that year,

Employment—

	California			Oregon		
		No. of Employees			No. of Employees	
Industries	No. of Firms	June, 1932	June, 1931	No. of Firms	June, 1932	June, 1931
All Industries*	**1,216**	**130,732 (—18.2)**	**159,729**	**125**	**15,697 (—24.7)**	**20,849**
Stone, Clay and Glass Products	60	4,951 (—30.5)	7,128	..	...	...
Lumber and Wood Manufactures	135	11,586 (—32.5)	17,174	45	7,757 (—28.4)	10,839
Textiles	15	1,528 (—13.5)	1,766	8	1,015 (12.7)	901
Clothing, Millinery and Laundering	168	11,023 (—15.0)	12,967	7‡	288 (—15.8)	342
Food, Beverages and Tobacco	291	32,992 (—10.0)	36,638	34	2,317 (—38.8)	3,783
Public Utilities	42	49,697 (—12.0)	56,505	..	...	...
Other Industries†	495	62,888 (—17.1)	75,865	..	...	...
Miscellaneous	52	5,764 (—29.6)	8,191	31	4,320 (—13.3)	4,984
Wholesale and Retail	167	30,289 (—10.5)	33,845	..	...	...

*Public utilities and 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 June, 1931.

Distribution and Trade—

	1932				1931		
	Six Mos. Av.	June	May	Apr.	June	May	Six Mos. Av.
	Indexes adjusted for seasonal variations (1923-1925 average=100)						
Carloadings‡							
Total	58	55	55	60	78	78	80
Merchandise	76	75	74	77	97	94	91
Foreign Trade°							
Total†	53*	..	47	50	72	78	86*
Imports†	49*	..	46	46	54	67	82*
Exports	55*	..	48	52	76	82	88*
Intercoastal Trade							
Total	53	51	54	47	73	76	76
Westbound	71	57	66	54	83	86	88
Eastbound	48	50	50	45	69	74	71
Retail Trade							
Automobile Sales‡							
Total	38	47	32	31	75	76	78
Passenger	35	45	30	29	69	71	72
Commercial	64	71	59	54	124	117	130
Department Store							
Sales‡	78	74	70	74	102	102	104
Stocks§	74	70	72	73	89	89	89
Collections#	Actual Figures						
Regular	41.3	40.1	40.4	41.3	42.7	44.1	43.3
Installment	14.3	13.8	13.7	14.1	15.3	15.5	15.3

‡Daily average. °Indexes are for three months ending with month indicated. †Excluding raw silk. §At end of month. #Per cent of collections during month to amount outstanding at first of month. *Five months' average.

mine operations in the District were almost entirely closed down. Some of the mines are now doing a small amount of development work as part of long-run operating plans, but current production has been reduced to a minimum. As in other months of the past year, a high level of activity has been reported in the gold producing areas of the District.

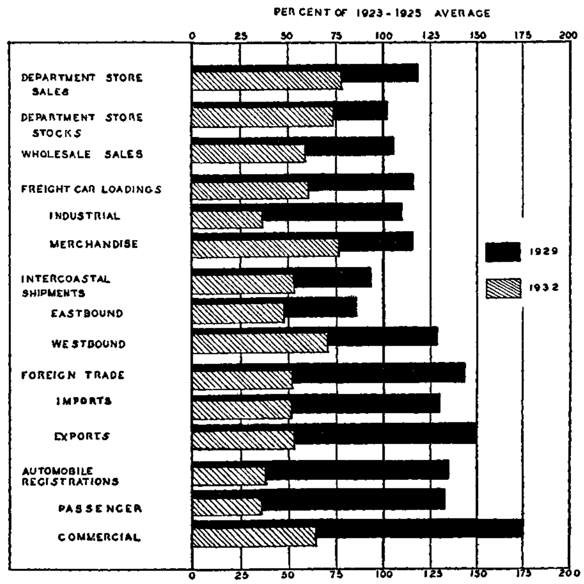
It is estimated that 810,000 cases of spinach and 1,283,000 cases of asparagus were packed in California during the spring canning season this year. These figures are 40 per cent smaller for spinach and 27 per cent smaller for asparagus than the relatively small 1931 packs of these vegetables. Reports indicate that the salmon pack in Alaska will be smaller this year than last, as several canneries are not operating this season and others are working on a somewhat restricted schedule. The tuna pack in southern California has been light thus far this year, although all available fishing boats have been placed in service. Restrictions on size limits permissible to commercial fishermen have reduced the size of the pack considerably, but it is claimed that an actual scarcity of fish is the primary reason for the decrease. Stocks of canned tuna are reported to be of moderate proportions.

Trade

Most measures of Twelfth District trade activity averaged lower during the first half of 1932 than in any corresponding period of the past ten years. The accompanying chart shows the first half of 1932 in relation to the first half of 1929, a year in which activity was at abnormally high levels, and the average of 1923-24-25, the years taken as a base period for this Bank's indexes. The actual reduction in activity during the past three years has not been as great as is indicated by these comparisons, however, because certain of the data included—those on department store sales, wholesale sales, and foreign trade—reflect lower prices for the commodities involved in the transfers as well as a smaller volume. The remaining series—freight carloadings, intercoastal traffic, and new automobile registrations—are on a volume basis and have not, therefore, been affected by price changes. Decreases have, however, been fully as great in the volume series as in the value group.

Sales of department stores have held up more satisfactorily than have any of the other available measures of trade. During 1932 they approximated two-thirds of their 1929 value, despite the fact that prices of commodities sold in department stores have decreased considerably. Sales in the San Francisco-Oakland area declined less than in other parts of the District.

Wholesale sales, freight carloadings, and intercoastal shipments during the first six months of the current year were all slightly more than half as large as in 1929. After allowing for wholesale price changes it seems probable that activity in the wholesale field has been maintained at a somewhat higher level than that in-



TRADE—Twelfth District
Volume or value during the first six months of 1932 and 1929, expressed as percentages of average volume or value during the first six months of 1923-24-25.

dicated. Loadings of merchandise and miscellaneous freight were much better maintained than were industrial loadings. Reduced lumber and petroleum shipments were important factors in bringing about a smaller movement in the intercoastal traffic. Decreases in foreign trade and in registrations of new automobiles have been greater during recent years than have decreases in other available trade indicators. The sharp declines in exports and imports resulted not only from curtailed shipments but also from drastic price decreases. The reduction in the number of new passenger cars registered was somewhat greater than in the number of new commercial vehicles.

Allowing for the customary seasonal movements, trade activity during June, 1932, was at about the same level as in the preceding month.

Value of sales of department stores declined less than is usual from May to June. Improvement, after allowance for seasonal factors, was evident in most cities of the District. The decrease from the same month in the preceding year (27 per cent) was less than in May, but greater than in earlier months of the year. The number of sales transactions was 1 per cent smaller than in May, 1932, and 12 per cent smaller than in June, 1931. The Fairchild index of retail prices at department stores (for the

United States as a whole) was 18 per cent lower on July 1, than on the corresponding date last year.

RETAIL TRADE—Twelfth District
Percentage changes in value of sales and stocks with no adjustment for price changes

	1932 compared with 1931 — NET SALES June	January 1 to end of June	STOCKS June
Department Stores	—27.0 (66)	—24.0 (64)	—18.6 (50)
Los Angeles	—28.1 (9)	—24.6 (9)	—15.9 (9)
Other Southern Calif.	—27.3 (7)	—25.0 (7)	—17.1 (4)
Oakland	—24.3 (4)	—20.8 (4)	—31.1 (4)
San Francisco	—23.5 (7)	—18.9 (7)	—16.2 (7)
Other Northern Calif.	—21.0 (8)	—20.6 (8)	—18.6 (8)
Portland†	—29.6 (7)	—31.9 (6)	—28.3 (7)
Seattle	—31.2 (5)	—30.4 (5)	—21.9 (5)
Spokane	—16.8 (4)	—20.4 (4)	—10.5 (4)
Salt Lake City	—27.0 (4)	—22.6 (4)	— 7.6 (3)
Apparel Stores	—26.7 (26)	—23.6 (24)	—18.4 (15)
Furniture Stores	—26.7 (36)	—28.1 (35)	—20.3 (27)
All Stores	—26.9 (128)	—24.5 (123)	—18.9 (92)

†Includes five apparel stores which are not included in District department store total.
Figures in parentheses indicate number of stores reporting.
Note: These figures take no account of operating costs.

Sales at wholesale were 6 per cent larger in June than in May, an increase of approximately seasonal proportions. The decline as compared with June, 1931, was 22 per cent, a somewhat smaller year-to-year decrease than was recorded in May (28 per cent).

WHOLESALE TRADE—Twelfth District
Percentage changes in value of sales with no adjustment for price changes

	June, 1932 compared with— May, 1932	June, 1931	Cumulative 1932 compared with 1931
Agricultural Implements	2.4	—39.4	—41.3
Automobile Supplies	15.6	—12.8	—18.5
Drugs	12.9	—17.8	—19.4
Dry Goods	— 4.3	—40.0	—36.5
Electrical Supplies	6.2	—41.7	—44.5
Furniture	— 0.1	—40.8	—37.0
Groceries	10.4	— 7.3	—16.8
Hardware	— 6.6	—30.3	—30.8
Shoes	—18.6	—40.5	—31.7
Paper and Stationery	13.0	—22.7	—20.3
All Lines	6.0	—22.1	—26.5

Note: These figures take no account of operating costs.

Registrations of new automobiles, both passenger and commercial, increased by a substantial amount from May to June. The increase was contrary to the usual movement during the month and was the result entirely of larger sales of cars in the lowest price group, since combined sales of all other cars declined. Total sales were approximately half as numerous as in June a year ago.

Freight carloadings on District railroads increased by the seasonal amount during June. Shipments of industrial products declined more than is usual from May to June, but the increase in loadings of merchandise and miscellaneous commodities, which account for the major part of total shipments, was moderately larger than is customary. The seasonally adjusted index of merchandise and miscellaneous shipments has, in fact, remained practically unchanged since February.

Intercoastal shipments through the Panama Canal decreased considerably from May to June. Eastbound shipments of petroleum increased during the later month, comparing favorably with the average of 1931. Lumber shipments declined to new low levels, however, more than offsetting the increase in the volume of petroleum products shipped. Westbound traffic also declined by considerably more than the usual amount, resulting in a moderate decrease in this Bank's seasonally adjusted index.

Prices

The first indications of strength in commodity markets for several months became noticeable during June. As a result of advances in quotations for several farm products, foods, fuels, and miscellaneous items, and comparative stability in prices of most other commodities, weekly indexes of prices have advanced successively since the middle of June or earlier. Increases in representative indexes ranged from 2 to 5 per cent between the middle of June and the middle of July. Those advances were substantially larger than were the increases during any of several other periods of recovery that have occurred since July, 1929. The current advance in prices has no doubt reflected to some extent the influence of the manufacturers' sales tax recently enacted by the Federal Government although some of the most important individual price advances have been recorded for such commodities as farm products and foods which are not directly affected by the tax.

Bank Debits—*

	June 1932	June 1931	First six months 1932	1931
Arizona				
Phoenix	$ 19,878	$ 30,398	$ 136,275	$ 195,126
California				
Bakersfield	6,970	8,930	46,159	66,705
Berkeley	13,954	17,676	91,764	100,249
Fresno	14,255	20,677	95,695	130,912
Long Beach	26,181	39,950	169,906	259,172
Los Angeles	530,931	765,450	3,526,971	5,054,541
Oakland	152,369	182,013	1,023,550	1,142,836
Pasadena	18,707	29,430	142,599	193,844
Sacramento	37,209	45,431	239,414	276,430
San Bernardino	5,475	8,802	40,180	53,329
San Diego	32,773	44,750	217,104	297,229
San Francisco	628,545	956,351	4,033,713	6,110,834
San Jose	14,622	22,396	98,867	141,258
Santa Barbara	8,827	12,015	59,114	79,683
Stockton	12,960	17,982	80,238	105,615
Idaho				
Boise	11,246	14,799	61,696	76,033
Nevada				
Reno	8,078	11,246	45,705	58,921
Oregon				
Eugene	4,045	6,285	24,716	33,681
Portland	97,349	146,905	617,756	875,851
Utah				
Ogden	9,287	14,238	52,175	84,812
Salt Lake City	40,062	58,600	266,221	365,944
Washington				
Bellingham	4,643	6,739	28,712	41,190
Everett	5,165	9,656	34,471	56,217
Seattle	137,503	220,825	813,843	1,207,418
Spokane	27,269	43,951	174,533	251,826
Tacoma	22,395	35,307	135,516	206,959
Yakima	7,799	11,804	47,342	74,051
Total	$1,898,497	$2,782,606	$12,304,235	$17,540,666

*In thousands of dollars.

In the Twelfth District, significant increases were recorded in quotations for petroleum, petroleum products, and livestock. On June 26 one of the major California oil companies posted an increase of 25 cents per barrel in the price of crude oil, using 27 degree gravity oil at Signal Hill field as a base price. The increase was made with the provision that production should be kept within the limits of a voluntary proration plan. Prices for other refinable crude oils were changed correspondingly in accordance with their gasoline content. An increase of 2½ cents per gallon in the retail price of gasoline was made effective the same date. After remaining relatively stable during May and June, prices for non-ferrous metals declined slightly during early July. At that time copper, lead, and silver prices reached new low levels for the year at 5¼ cents per pound, 2.70 cents per pound, and 26⅛ cents per ounce, respectively. Zinc quotations moved upward during June from the low prices of mid-May, but declined again during early July. Western lumber prices declined slightly at the end of June, following several weeks of comparative stability.

WHOLESALE PRICES—REPRESENTATIVE QUOTATIONS OF COMMODITIES IMPORTANT IN THE TWELFTH DISTRICT

Commodity	Unit	July, 1932*	June, 1932	July, 1929
Cattle	cwt.	$ 5.50	$ 5.60	$11.50
Lambs	cwt.	4.60	4.40	12.70
Hogs	cwt.	5.40	4.30	12.40
Wheat	bu.	.53	.56	1.26
Hay, alfalfa	ton	9.75	10.00	21.50
Wool, scoured	lb.	.30	.32	.89
Cotton	lb.	.057	.051	.185
Oranges	box	4.50	4.00	5.25
Lemons	box	5.00	5.125	6.00
Peaches, canned	dozen	1.15	1.4725	2.10
Prunes	lb.	.04	.0375	.10
Raisins	lb.	.05125	.0525	.0475
Butter	lb.	.18	.18	.45
Eggs	dozen	.175	.165	.33
Coffee	lb.	.10	.101	.223
Sugar	lb.	.04	.038	.0525
Petroleum, crude	bbl.	1.00	.75	1.13
Copper	lb.	.053	.053	.18
Lead	lb.	.027	.03	.068
Silver	ounce	.266	.275	.52
Zinc	lb.	.026	.028	.0675
Lumber	1,000 ft. B.M.	15.60	16.10	25.65
Newsprint	cwt.	2.65	2.65	3.10
Rubber	lb.	.03625	.0375	.22375

*Average of quotations during first two weeks of July.

On June 25 the July contract for wheat at Chicago reached a new low for the year of 46¾ cents per bushel, following a decline through June from about 55 cents per bushel at the beginning of the month. Continued declines brought this contract to 44¼ cents per bushel on July 16 and 18, a new all-time record low price. Barley prices in California declined to the levels of the late nineties. Quotations for California plums in eastern auction markets were higher in June, 1932, than a year previous but declined in July to lower levels than in June, 1932, or July, 1931. California canned apricot and peach prices were drastically reduced from June to July in an attempt to dispose of the 1931 pack of these fruits before the current year's production comes on the market. Early in July, choice apricots were offered for sale at $1.25-$1.35 per dozen No. 2½ cans, compared with $1.35-$1.50 per dozen in late June. Choice cling peaches were reduced from $1.47¼-$1.57½ per dozen No. 2½ cans to $1.15-$1.30 per dozen cans in this same period. Prices being paid growers for canning fruits generally are appreciably lower this year than they were last season. Despite curtailed shipments of Valencia oranges from California during June, the average price for this fruit, f. o. b. shipping point, declined from $2.05 per box in May to $1.84 per box in June. Market quotations advanced, however, during the first half of July. New crop alfalfa hay and potatoes sold lower in June than in late May. During the later part of June there was an increase of 2 cents per dozen in wholesale egg prices followed by an advance of 1 cent per dozen on July 18. Prices for butter were at lower levels during June than in May and were below quotations of pre-War years. An advance of 2 cents per pound, the first sizeable increase since the autumn of 1931, was announced for 92-score butter at San Francisco on July 18.

There was considerable diversity in the movements of livestock prices during late June and early July, but the general tendency was upward in all cases. Hog prices at Pacific Coast markets rose about 20 per cent during June, while by mid-July quotations for lambs and cattle had more than recovered early June losses.

Credit Situation

During late June and early July commercial banking operations in the Twelfth District were dominated by a larger than seasonal increase in demand for currency. The usual seasonal need for additional currency during the week of the July 4 holiday was accompanied this year by a growth in the volume of currency circulation incident to the suspension of a few banks. It is probable also that the Federal tax on checks which became effective on June 21 has influenced individuals to use currency rather than checks in many of their transactions, thus tending, at least temporarily, to in-

SUPPLY OF AND DEMAND FOR BANKING FUNDS
Twelfth District
Changes between June 15 and July 20, 1932
(In millions of dollars)

Supply			Demand	
Monetary gold stock		1.5	Demand for currency	23.0
Treasury operations		3.8	Member bank reserve deposits	—11.6
Reserve bank credit		5.9	Unexpended capital funds, non-member deposits, etc.	— .2
Discounts	7.1			
Acceptances	.5			
Other	—1.7			
Total		11.2	Total	11.2

crease the amount of currency in circulation. These heavy demands were met without undue strain. Net demand and time deposits of reporting member banks changed little during the five weeks ended July 20. Total loans continued to decline and investments decreased also, reflecting principally changes in holdings of Government securities brought about by Treasury financing. The Federal Reserve Bank of San Francisco has continued its participation in the System's open market purchases. Government securities held by this Bank increased from 107 million dollars on June 15 to 122 million dollars on July 20. Interest rates charged customers of commercial banks changed little.

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

	Condition			
	July 20, 1932	July 13, 1932	June 15, 1932	July 22, 1931
Total Bills and Securities	225	222	203	100
Bills Discounted	97	96	90	40
Bills Bought	6	5	7	8
United States Securities	122	121	107	52
Total Reserves	185	192	195	290
Total Deposits	140	144	154	193
Federal Reserve Notes in Circulation	251	252	228	178
Ratio of Total Reserves to Deposit and Note Liabilities Combined	47.2	48.4	51.1	78.2

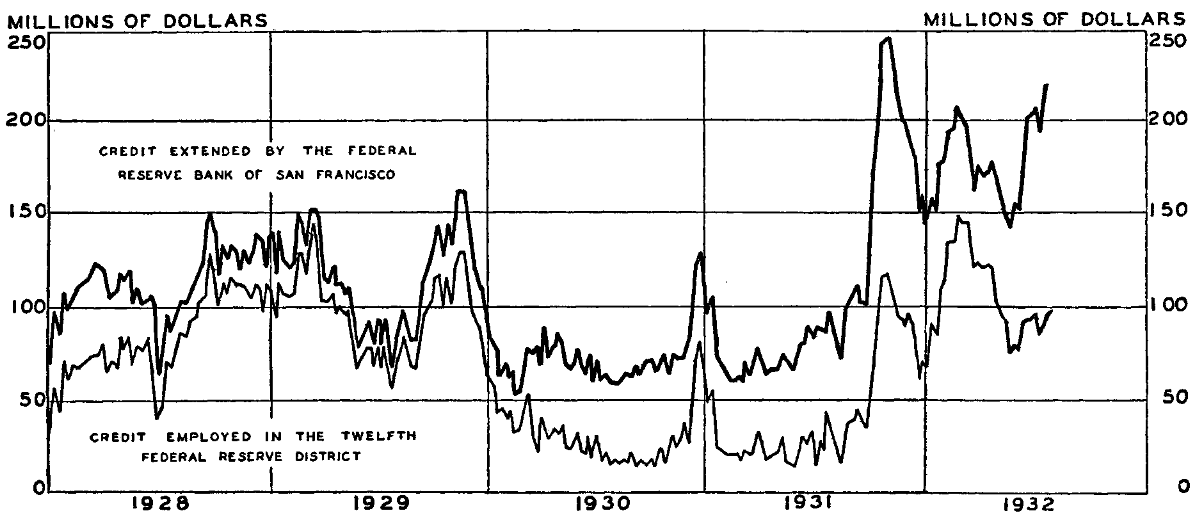
During the last week of June member banks recalled part of their balances carried outside the Twelfth District. This inflow provided those banks with funds which were used to meet at least part of the larger than seasonal demand for currency (20 million dollars) during the following week. Ordinarily the July 4 holiday demand for currency subsides quickly, most of the increase in circulation returning to the Reserve Bank in the succeeding two weeks. This return of currency has been considerably slower than usual this year and, in addition, during early July net payments incident to commercial and financial transactions with other districts and United States Treasury operations withdrew banking funds from this District through the gold settlement fund. In order to meet these demands the banks drew heavily upon their deposits with the Federal Reserve Bank of San Francisco, substantially reducing their reserves and making necessary a considerable increase in their borrowing at that institution.

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

	Condition			
	July 20, 1932	July 13, 1932	June 15, 1932	July 22, 1931
Loans and Investments—Total	1,722	1,723	1,743	1,946
Loans—Total	1,014	1,015	1,027	1,200
On Securities	252	252	272	315
All Other	762	763	755	885
Investments—Total	708	708	716	746
United States Securities	378	377	388	390
Other Securities	330	331	328	356
Reserve with Reserve Bank	82	84	89	105
Net Demand Deposits	550	551	559	726
Time Deposits	882	886	879	1,044
Due from Banks	120	112	137	190
Due to Banks	155	153	168	234
Borrowings at Reserve Bank	76	76	72	33

Savings deposits at the larger Twelfth District banks increased slightly during June. This increase followed upon a continuous decline from the middle of 1931 to April of the current year, at which time the total was less than at any time since early 1926. Savings deposits were practically unchanged during May.

Effective June 28, the acceptance buying rate of this Bank was reduced to 1 per cent on 90-day bills and 1⅛ per cent on 120-day bills, bringing local rates into line with the New York markets. The actual amount of bills purchased in either national or local markets has been small.



RESERVE SYSTEM CREDIT—Twelfth District

The total amount of Reserve System Credit employed in the Twelfth District and the amount of credit extended by the Federal Reserve Bank of San Francisco to this and other districts. (Weekly figures.)

MONTHLY REVIEW

OF

BUSINESS CONDITIONS

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

Supplement | San Francisco, California, July 20, 1932 | Vol. XVI No. 7

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial activity decreased further from May to June by somewhat more than the usual seasonal amount and there was a considerable reduction in factory employment and payrolls. The general level of commodity prices advanced between the middle of June and the middle of July, reflecting chiefly a rise in the prices of livestock and meats.

Production and Employment. Volume of industrial production, measured by the Board's seasonally adjusted index, declined from 60 per cent of the 1923-1925 average in May to 59 per cent in June. There were large decreases in output in the steel, coal, and meat-packing industries, while at automobile factories daily average production showed a smaller decline than is usual at this season and at woolen mills activity increased, contrary to seasonal tendency. Consumption of cotton by domestic mills showed the usual seasonal decline.

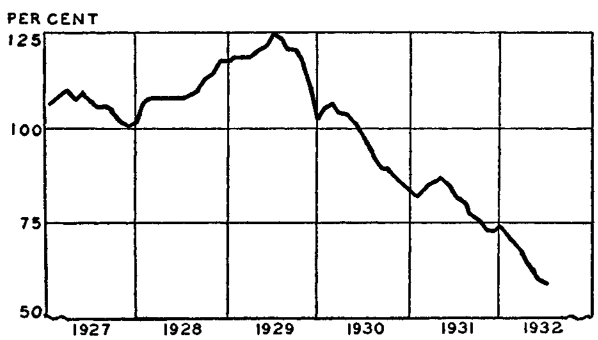
At manufacturing establishments there was a further reduction of 3.6 per cent in number of employees and of 7.8 per cent in earnings between the middle of May and the middle of June. Decreases in employment were general, with the exception of the automobile and tobacco industries, and of seasonally active industries, such as vegetable and fruit canning and the manufacture of ice cream. The largest decreases were in the steel, textile, chemical, and machinery industries and at railway repair shops.

Daily average value of building contracts awarded, as reported by the F. W. Dodge Corporation, declined in June, but increased in the first half of July.

Department of agriculture estimates as of July 1 indicate a corn crop of 3,000,000,000 bushels, the largest since 1923; a winter wheat crop of 432,000,000 bushels, 45 per cent smaller than last year and 21 per cent less than the five-year average; a spring wheat crop of 305,000,000 bushels, three times as large as last year and slightly larger than the average; and a tobacco crop one-fifth smaller than usual.

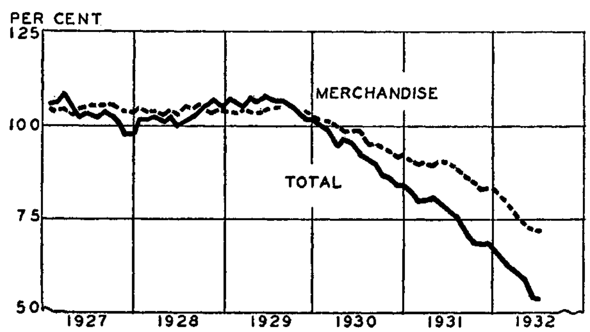
Distribution. Volume of railroad freight traffic declined somewhat further in June and value of merchandise sold by department stores decreased by more than the usual seasonal amount.

Wholesale Prices. The level of prices in wholesale markets, after declining steadily during May, was relatively stable early in June, and after the middle of the month there was an advance which continued through the second week of July. Prices of several leading com-



INDUSTRIAL PRODUCTION

Index numbers of industrial production adjusted for seasonal variations (1923-1925 average=100).

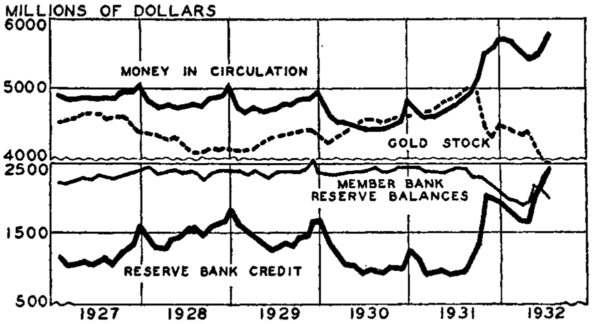


RAILROAD FREIGHT-CAR LOADINGS

Indexes of daily average number of cars loaded; adjusted for seasonal variations (1923-1925 average=100).

modities, including livestock and meats, cotton, and sugar, increased considerably during June and the first half of July but later showed some recession. Prices of wheat declined to unusually low levels and markets for copper and lead continued weak.

Bank Credit. Volume of reserve bank credit continued to increase between the middle of

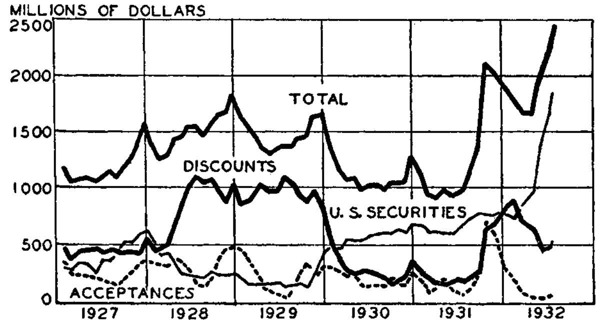


FEDERAL RESERVE BANK CREDIT AND PRINCIPAL FACTORS IN CHANGES

Monthly averages of daily figures. Latest figures are averages of first 20 days in July.

June and the middle of July, reflecting principally further purchases of United States Government securities by the reserve banks. In addition, member banks obtained reserve bank funds through an increase in the monetary stock of gold and a decline in deposits held with the reserve banks by foreign central banks. Funds released from these sources were absorbed by an increase in the demand for currency which also caused the member banks to draw on their balances with the reserve banks and to increase their discounts somewhat. The demand for currency, which for the period amounted to $270,000,000, was caused by banking disturbances largely in the Chicago District, by seasonal requirements at the turn of the month, and the Fourth of July holiday, and by increased use of cash to avoid the tax on checks.

Loans and investments of reporting member banks, after fluctuating widely during June declined in the first two weeks of July, and on July 13 totaled $18,475,000,000, about $540,000,000 less than on June 1. There was a further



RESERVE BANK CREDIT

Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first 20 days in July.

decline in loans, while the banks investments in United States Government securities, after increasing substantially during the period of Treasury financing in mid-June, declined gradually, but on July 13 were still $90,000,000 larger than six weeks earlier.

Money rates in the open market declined further during June and the first half of July. At the Federal Reserve Bank of New York buying rates for bankers' acceptances maturing within 90 days were reduced from 2½ to 1 per cent on June 24. On the same day the bank lowered its discount rate from 3 per cent to 2½ per cent, and on the following day the rate of the Chicago bank was reduced from 3½ to 2½ per cent.