

# MONTHLY REVIEW

OF

## BUSINESS CONDITIONS

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Federal Reserve Bank of San Francisco

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### TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Seasonally adjusted measures of Twelfth District industry and trade increased further during June, and in a number of cases widened their margin over corresponding levels in 1932. The number of industrial workers employed increased more than seasonally. Payrolls also increased, and by a proportionately larger amount, indicating a reduction in part-time work as well as in unemployment. Wholesale quotations for commodities important in this district shared in the continued advance in prices during June and the first half of July.

Condition of crops and livestock did not change appreciably during June, remaining somewhat less favorable than a year earlier. Production estimates as of July 1 indicate that output of many of the district's crops will be larger this year than last, but since a number of the more important crops showed decreases it is probable that in the aggregate harvests will be somewhat smaller this year. Market prospects continued to improve as prices for many local products advanced further.

Preliminary figures show a greater than seasonal increase in consumption of electric power in the district during June. California petroleum output was about the same in June as in May, but increased somewhat in the first three weeks of July. Another marked rise in lumber production was recorded during June, accompanied by the largest volume of new orders in more than two years and a reduction in inventories at mills. Value of building and engineering contracts awarded in June approximated the average for earlier months in 1933. Activity at meat packing establishments was well sustained during June. Output of flour fell off somewhat from relatively high levels.

Movement of freight on district railroads increased by substantially more than is usual during June. Department store sales declined by about the seasonal amount, but wholesale trade continued to expand. Inventories of both department stores and wholesalers increased considerably during the month. Automobile registrations rose sharply, as in May and April.

Intercoastal traffic continued to increase, approaching the levels of two years ago.

Reserve bank credit extended to the Twelfth District declined in the last few days of June, when most discounts for member banks were liquidated, and changed little during the first three weeks of July. The funds which made possible this reduction in borrowings came from local disbursements by the United States Treasury in excess of collections. Demands for currency over the July 4 holiday were met by withdrawals from member bank reserve balances. There was little change in net demand deposits during this period, although time deposits decreased somewhat and large amounts of Government deposits were withdrawn.

#### Agriculture

Physical and economic factors influencing the 1933 agricultural season in the Twelfth District are decidedly in contrast with factors affecting the agricultural situation at this time a year ago. In 1932, weather conditions were favorable for the growth of crops and forage on livestock ranges, while during the current season sub-normal temperatures and scant rainfall have generally retarded the growth of crops and forage. A year ago, prices for agricultural products were declining rapidly and distress sales of farm products were numerous, while farm products prices have risen sharply during the current season. The advance in prices is indicated by an increase of 33 per cent in the United States Department of Agriculture's index of agricultural prices between February and June.

According to July 1 estimates of the United States Department of Agriculture, total volume of crop production during 1933 will be smaller than in 1932, declines in the production of deciduous fruits, grain crops, and some field crops offsetting probable production increases in other field crops and in citrus fruits. California acreage planted to vegetables is smaller this year than last and growing conditions have been less satisfactory than in 1932, thus indi-

cating a decrease in this year's production of vegetables.

In the Pacific Northwest, a large part of the wheat crop sown in the autumn of 1932 was killed during the winter and, although a considerable acreage of this crop was resown in the spring, the production of winter and spring wheat combined will be smaller than in 1932. Barley production in the district during 1933 is also estimated to be less than a year ago, chiefly because of a 43 per cent decline in production in California.

#### GRAIN CROPS—PRODUCTION

	All Wheat		Barley	
	(In thousands of bushels)			
	Forecast July 1, 1933	1932	Forecast July 1, 1933	1932
Arizona	1,120	609	510	525
California	11,288	10,674	22,416	39,249
Idaho	21,331	30,656	4,480	5,868
Nevada	378	461	228	266
Oregon	15,474	20,060	3,108	2,688
Utah	4,560	5,332	1,440	1,716
Washington	37,608	44,903	2,368	1,920
Twelfth District	91,759	112,695	34,550	52,232
United States	495,681	726,831	169,951	299,950

Source: United States Department of Agriculture.

Current production estimates of the several field crops vary considerably in comparison with harvests during 1932. It is estimated that this year's harvests of hops and beans will be larger, and the potato, tame hay, sugar beet, and rice crops smaller than a year ago.

#### FIELD CROPS—PRODUCTION

	(In thousands)		
	Forecast July 1, 1933	1932	1931
Beans (bags)			
California, Idaho	4,131	3,544	5,550
United States	10,154	10,164	12,662
Tame Hay (tons)			
Twelfth District	11,356	12,481	10,524
United States	66,047	69,794	65,058
Hops (lb.)			
California, Oregon, Wash....	32,596	24,120	26,410
Potatoes (bu.)			
Twelfth District	36,781	40,429	45,771
United States	306,423	357,679	375,310
Rice (bu.)			
California	6,042	7,040	8,500
United States	33,927	39,356	46,012
Sugar Beets (tons)			
California, Idaho, Utah.....	2,791	2,811	1,866
United States	9,682	8,991	7,903

Source: United States Department of Agriculture.

Aggregate production of deciduous fruits in California and the Pacific Northwest during 1933 will be slightly less than in 1932. In the earlier year, however, a large volume of fruit was not harvested because of unfavorable marketing conditions. In California the grape crop is estimated to be 15 per cent smaller than a year ago. Inasmuch as this is the principal fruit crop from the standpoint of tonnage, a decline in its production has an especially important influence upon the deciduous fruit total for the state.

The Valencia orange crop in California is estimated to be 19,090,000 boxes, compared with a 1932 crop of approximately 17,434,000 boxes. The current lemon crop in this state is esti-

mated to be 6,736,000 boxes, compared with a harvest last year of 6,123,000 boxes. Under a program supported jointly by organizations which market approximately 90 per cent of the Valencia orange crop of southern California it is proposed to stabilize market conditions during coming months by regulating shipments to provide orderly marketing.

#### DECIDUOUS FRUITS AND NUTS—PRODUCTION

	Unit	(In thousands)		
		Forecast July 1, 1933	1932	1931
California				
Apples*	bu.	9,275	9,045	9,112
Apricots	tons	251	270	257
Cherries	tons	23	19	16
Grapes	tons	1,650	1,926	1,320
Raisin	tons	1,013	1,221	775
Table	tons	270	317	229
Wine	tons	367	388	316
Peaches	tons	563	547	579
Clingstone	tons	365	340	397
Freestone	tons	198	207	182
Pears	tons	241	238	218
Plums	tons	59	68	65
Prunes	tons	186	172	214
Almonds	tons	12	14	15
Walnuts	tons	33	46	29
Oregon				
Apples*	bu.	4,030	4,950	4,150
Cherries	tons	12	12	8
Pears	bu.	2,812	2,808	1,995
Prunes (dried)	tons	20	20	27
Prunes (fresh)	tons	20	36	22
Washington				
Apples*	bu.	30,530	30,960	31,400
Cherries	tons	13	16	10
Pears	bu.	4,316	3,723	3,650
Peaches	bu.	352	1,320	1,050
Prunes (fresh)	tons	21	22	11
Idaho				
Apples*	bu.	5,658	4,200	5,000
Prunes (fresh)	tons	4	26	20
United States				
Apples*	bu.	149,598	140,775	202,415
Pears	bu.	21,805	22,050	23,346
Peaches	bu.	45,113	42,443	76,586

\*Total crop.

Source: United States Department of Agriculture.

Although a decrease is customary between May and June, receipts of butter at district markets increased during the later month and were larger than in June, 1932. Because of this increase, inventories increased sharply and were in excess of those a year earlier. Egg receipts decreased seasonally in June and were somewhat smaller than in June, 1932. Cold storage stocks of eggs increased by more than the usual amount, however, and were larger than those of a year earlier.

Although there was some improvement in feed conditions on livestock ranges of the district during June, forage remained generally poor, except on ranges in the higher altitudes where moisture has been adequate. Growth of this year's lambs, calves, and other livestock has been slow and a larger than usual proportion of animals has not attained desirable slaughter weights. Late summer rains should greatly improve feed conditions on the fall ranges.

By July 1 most of the district's sheep had been sheared. Preliminary indications are that the 1933 wool clip was smaller than that of 1932.

## Industry

Activity of Twelfth District industries continued to increase during June. As in April and May, the rate of increase was less rapid than in the United States as a whole, although fluctuations in production in this territory ordinarily correspond rather closely with national movements in extent and in direction. For example, local activity receded by about the same amount as in the entire United States throughout 1930, 1931, and 1932, reaching low levels in the summer of 1932 and again in March of this year. Since that time, however, recovery has been less rapid in this area than in the United States as a whole.

Industrial employment in California increased 4 per cent from May to June, and was larger than in June, 1932. The number of employees in the motion picture, textile, leather and rubber goods, and wood manufacturing industries increased by large amounts during June and canneries reported seasonal increases in schedules. In Oregon the number employed by reporting industrial firms increased 12 per cent from May to June and was 16 per cent higher than a year ago. Increases over the year period were reported in the number of workers in practically all industries in both California and Oregon. Aggregate wage payments rose further than did the number of employed, reflecting increased working hours per employee and probably some advances in wage scales, as well as increased employment. Available reports indicate improvement also in other states of the district.

California crude oil production remained about the same in June as in May and April, averaging about 478,000 barrels daily. For the

first time since December, 1929, output exceeded that of the corresponding month in the preceding year. In June, 1932, however, output was lower than in any other month of that year and below the proration allowable prevailing at that time. On June 1, 1933, the production allowable was increased from the schedule of 440,000 barrels daily, established on October 1, 1932, to 450,000 barrels daily. Another small increase of 2,500 barrels was allowed commencing July 1. Actual production also increased in the following three weeks, averaging 488,000 barrels daily. The Los Angeles Basin region continued to produce most of the excess of production over allotments. Crude oil run to refinery stills averaged higher in June and the first half of July than in May. Neither crude nor refined oil inventories changed appreciably from May 31 to June 30. Total stocks were somewhat smaller than on June 30, 1932.

Lumber mill operations continued to expand sharply during June, although some recession ordinarily is expected in that month. This bank's seasonally adjusted index rose from 38 to 51 per cent of the 1923-1925 average, the highest level since September, 1931. Despite the extremely low level of activity during the first quarter of this year, lumber output was approximately the same during the first half of 1933 as in the corresponding period of 1932. New orders received increased rapidly during April, May, and June. Shipments also increased, but by a smaller amount than did new business, with the result that there was a substantial rise in unfilled orders on hand. Shipments were in excess of production, however, and mill inventories were reduced somewhat further. Adequate statistics on the disposition of the lum-

## Employment—

Industries	California			Oregon		
	No. of Firms	No. of Employees June, 1933	No. of Employees June, 1932	No. of Firms	No. of Employees June, 1933	No. of Employees June, 1932
All Industries*	1,182	128,862	124,403	116	16,972	14,596
Stone, Clay, and Glass Products..	57	4,273	3,937	..	..	..
Lumber and Wood Manufactures ..	120	11,272	11,692	40	9,883	7,246
Textiles .....	14	1,307	1,152	8	1,369	935
Clothing, Millinery, and Laundering.	152	10,090	9,622	6‡	144	137
Food, Beverages, and Tobacco...	297	34,613	33,702	32	1,136	1,978
Public Utilities...	49	42,650	47,264	..	..	..
Other Industries†	492	60,310	58,638	..	..	..
Miscellaneous ...	50	6,997	5,660	30	4,440	4,300
Wholesale and Retail .....	234	29,573	29,674	..	..	..

\*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, 1932.

## Industry —

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

General	1933				1932		
	Six Mos. Av.	June	May	Apr.	June	May	Six Mos. Av.
Carloadings—Industrial..	36	45	37	35	32	34	37
Electric Pwr. Production.‡	135	136‡	133	135	137	139	142
<b>Manufactures</b>							
Lumber .....	35	51	38	29	34	32	35
Refined Mineral Oils†...‡	122*	..	127	133	144	137	138
Flour .....	100	115	127	105	103	100	105
Slaughter of Livestock...	85	91	91	85	90	83	87
Cement .....	45	47	52	42	45	56	47
Wool Consumption†	92	81	93	79	108	55	91
<b>Minerals</b>							
Petroleum (California)†	71	72	72	72	71	76	76
Lead (United States)†..	42	41	37	45	49	59	54
Silver (United States)‡	..	..	..	36	41	49	38
<b>Building and Construction§</b>							
Total .....	49	52	43	47	29	33	34
Building Permits—Value							
Larger Cities .....	10	11	10	10	13	17	18
Smaller Cities .....	12	12	13	13	14	15	17
<b>Engineering Contracts</b>							
Awarded—Value							
Total .....	101	108	90	97	49	53	58
Excluding Buildings.‡	221	214	198	223	92	111	110

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

ber shipped are not available, but from such information as has been obtained it appears that a considerable part of the lumber is moving through to consumption, although a large part is serving to build up inventories of lumber yards, which were extremely low several months ago.

The value of engineering contracts awarded in the Twelfth District during June amounted to 22 million dollars, bringing the aggregate for this type of construction during the first half of 1933 to 131 million dollars—more than 80 per cent higher than in the first half of 1932. The June total included about 10 million dollars of additional contracts for the Metropolitan Water District of Southern California, while the bulk of the remainder constituted unclassified public and private projects. Federal Government undertakings, which had been practically negligible in April and May, increased somewhat during June, but remained below the average for the first quarter of the year. As in the preceding five months, commercial, industrial, and residential building during June continued relatively stable at low levels. The total for the first half of the year about equalled that of the corresponding six months in 1932.

Activity at flour mills decreased during June, but remained higher than in the same month last year. Inventories of flour were reduced considerably in June, in part reflecting a desire to dispose of existing stocks prior to the levy of Federal processing taxes on July 9. Millers' stocks of wheat continued to increase and were more than double those of June, 1932. After allowance for seasonal factors, slaughter of livestock was unchanged during June, following substantial increases in the two preceding months.

### Distribution and Trade—

	1933				1932		
	Six Mos.		Six Mos.		Six Mos.		Six Mos.
	Av.	June	May	Apr.	June	May	Av.
Indexes adjusted for seasonal variations (1923-1925 average=100)							
<b>Carloadings†</b>							
Total	52	58	53	52	55	55	58
Merchandise	67	70	67	67	75	74	76
<b>Foreign Trade*</b>							
Total†	39*	..	38	37	45	46	50
Imports†	36*	..	34	36	42	41	46
Exports	41*	..	39	38	47	49	52
<b>Intercoastal Trade</b>							
Total	61	72	68	60	51	54	53
Westbound	62	79	61	60	57	66	71
Eastbound	61	69	70	60	50	50	48
<b>Retail Trade</b>							
<b>Automobile Sales‡</b>							
Total	41	64	48	37	47	32	37
Passenger	40	59	46	36	45	30	35
Commercial	60	110	70	48	71	59	64
<b>Department Store</b>							
Sales‡	66	72	72	69	74	70	78
Stocks§	57	58	54	54	70	72	74
<b>Collections#</b>	Actual Figures						
Regular	42.1	43.5	44.7	41.4	39.8	41.3	41.2
Installment	14.2	14.9	15.3	13.9	13.4	13.7	14.1

‡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.

### Trade

Approximately the customary decline in value of department store sales was recorded during June, following expansion in April and May. Increases in adjusted indexes of sales of reporting stores in Los Angeles, Oakland, and Salt Lake City were nearly offset by reductions in the indexes for Seattle and Spokane, while San Francisco sales remained unchanged.

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

	1933 compared with 1932		
	NET SALES		STOCKS
	June	January 1 to end of June	June
Department Stores....	— 0.9 ( 65)	—15.3 ( 65)	—16.2 (48)
Los Angeles .....	2.3 ( 7)	—14.9 ( 7)	—16.7 ( 7)
Other Southern Calif. ....	6.7 ( 7)	—15.4 ( 7)	—14.0 ( 5)
Oakland .....	— 5.3 ( 4)	—18.5 ( 4)	—16.3 ( 4)
San Francisco .....	1.0 ( 6)	—12.5 ( 6)	—13.7 ( 6)
Bay Region .....	— 1.3 ( 15)	—14.2 ( 15)	—14.1 ( 15)
Central California.....	— 2.9 ( 6)	—15.1 ( 6)	— 3.9 ( 6)
Portland† .....	— 4.8 ( 7)	—18.2 ( 7)	—21.3 ( 7)
Seattle .....	— 8.6 ( 4)	—18.6 ( 4)	—25.7 ( 4)
Spokane .....	—18.6 ( 3)	—24.0 ( 3)	—16.1 ( 3)
Salt Lake City.....	3.8 ( 4)	—11.3 ( 4)	0.7 ( 3)
Apparel Stores .....	10.5 ( 24)	—12.6 ( 24)	—15.4 ( 14)
Furniture Stores .....	— 2.9 ( 32)	—23.7 ( 31)	—23.7 ( 24)
All Stores .....	— 0.4 (121)	—16.1 (120)	—17.2 (86)

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

The number of sales transactions was 3 per cent larger than in June, 1932, compared with an increase of 9 per cent in the previous month. Inventories, which had reached an exceptionally low point in May, increased slightly during June, although some decline ordinarily takes place during that month.

Wholesale trade increased 5 per cent further during June, continuing the expansion begun in March when activity was more than 20 per cent under corresponding levels of the preceding year. Practically all lines participated in the May to June rise, a contrary to seasonal de-

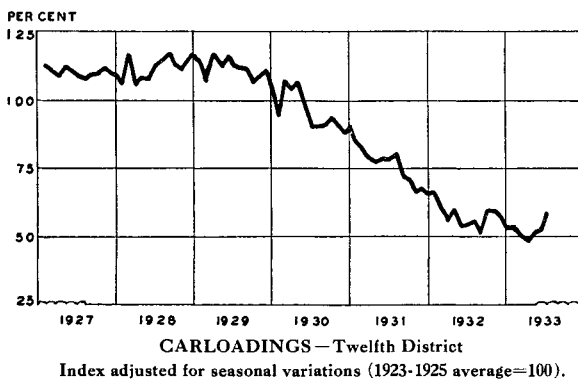
WHOLESALE TRADE—Twelfth District  
Percentage changes in value of sales with  
no adjustment for price changes

	June, 1933 compared with		Cumulative 1933 compared with 1932
	May, 1933	June, 1932	
Agricultural Implements .....	28.3	5.1	—27.6
Automobile Supplies .....	11.2	— 7.5	—13.6
Drugs .....	5.3	— 9.1	—17.4
Dry Goods .....	15.3	61.5	0.6
Electrical Supplies .....	6.4	10.1	—10.4
Furniture .....	1.0	71.1	— 5.4
Groceries .....	— 7.0	— 3.8	— 9.2
Hardware .....	18.7	23.2	—10.0
Shoes .....	— 0.2	24.1	—10.5
Paper and Stationery.....	23.1	4.9	—16.5
All Lines .....	4.7	6.8	—11.1

cline in sales of wholesale groceries being the important exception. Sales in most of the individual lines were considerably higher in June, 1933, than in June, 1932, and the combined average showed a year-period increase of 7 per cent. Wholesalers' stocks increased substantially during June, but remained lower in value than a year ago.

The movement of freight over district rail-

roads continued to increase by more than the seasonal amount during June. This bank's adjusted index advanced from 53 per cent of the 1923-1925 average in May to 58 per cent in June, at which point it exceeded the index of a year earlier for the first time since February, 1930. The rise was general in all classes of freight, although merchandise loadings increased less sharply than did industrial shipments, which have been at a relatively low level during the past year or so. Carloadings in the Pacific Northwest increased 20 per cent from May to June, whereas there is usually little change between those months. In the southern part of the district, principally California, there was an increase of 13 per cent as compared with a seasonally expected upturn of only 5 per cent.



Sales of new passenger and commercial automobiles continued to increase during June, although the seasonal movement in past years has been downward during both May and June. As a result, there was an increase in this bank's adjusted index from 48 (1923-1925=100) in May to 64 in June. A low point of 27 was reached in March of this year. The total number of registrations during the second quarter of 1933 was approximately 44,700, compared with registrations of 33,400 cars during the corresponding period of 1932.

The volume of intercoastal traffic increased further in June to levels about the same as in June, 1931. The rise was due entirely to increased cargo transported from Atlantic to Pacific Coast ports. Eastbound traffic through the Panama Canal declined somewhat more than seasonally from May to June, despite larger lumber and petroleum shipments.

**Prices**

Price increases during recent weeks have brought quotations for many products of importance in the Twelfth District to a level higher than a year ago.

During late June and early July most agricultural products continued to advance more sharply in price than did other commodities.

The September contract for wheat at the Chicago market rose from 77½ cents per bushel on June 20 to \$1.16½ per bushel on July 18, following which the price decreased sharply to 90 cents on July 20. On July 20, 1932, this same contract was quoted at 47 cents per bushel. The increase in wheat prices at Pacific Northwest markets during the month ending with mid-July approximated 40 per cent. Rice prices at San Francisco were unchanged during June and the first three weeks in July. Hay prices remained at May levels, although a decline is usual at this time of year. The price of cotton continued to advance and on July 20 was about double the price on that date last year. Bean prices, after rising rapidly during April and May, remained relatively stationary during June and early July. A further increase in the refinery price of sugar to \$4.60 per hundred-weight in early July carries with it a probable increase in returns to beet growers, since their returns depend partly upon the price of sugar.

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

Commodity	Unit	July 20		
		1933	1932	1926
Wheat	bu.	\$ .89	\$ .50	\$1.42
Barley	cwt.	1.05	.63	1.30
Rice	cwt.	3.25	2.25	6.95
Cotton	lb.	.1055	.058	.187
Beans, Lima	cwt.	5.50	3.80	7.80
Cattle	cwt.	6.00	5.60	7.85
Lambs	cwt.	6.50	4.75	13.40
Wool	lb.	.69	.308	.94
Eggs	doz.	.195	.185	.30
Butter	lb.	.25	.20	.41
Oranges	box	2.70	4.65	5.00
Apples	bu.	1.10	1.10	1.65
Prunes	lb.	.0575	.035	.085
Flour	bbl.	8.40	3.90	9.00
Canned Peaches	doz.	1.20	1.10	2.10
Canned Salmon	doz.	1.65	1.80	3.60
Sugar, Beet	cwt.	4.60	4.05	5.70
Copper	lb.	.09	.0525	.1425
Silver	oz.	.3875	.2675	.6425
Lead	lb.	.045	.0265	.085
Coffee	lb.	.0925		.228
Rubber	lb.	.07	.029	.413
Gasoline	gal.	.125	.11	.16

Prices for California deciduous fruits sold in eastern auction markets during June were generally higher than a year ago. Fruit growers will also receive higher prices for canning fruits than they did a year ago. In contrast with the upward tendency in prices of deciduous fruits, however, California orange prices remained low during June, principally because of a large supply of Florida oranges in eastern auction markets. Lemon prices advanced with the advent of mid-summer heat in most parts of the United States.

Butter and egg prices have advanced less rapidly in recent weeks than have prices of most other agricultural products, this season of the year being the period of heaviest production of these products. Prices in July, however, were well above those at this time last year.

Hog prices declined at San Francisco during

June and early July, while cattle prices were relatively stable, and lamb prices increased about 12 per cent.

Canned fruit prices in California were unchanged during June and the first half of July, and were approximately the same as a year earlier. On July 20, opening prices on this year's pack of canned pineapple were announced, with No. 2½ cans of fancy sliced pineapple quoted at \$1.80 per dozen, as compared with an opening price of \$1.50 per dozen for that grade a year ago. Prices for dried fruits other than raisins, continued to advance during June and in mid-July were well above prices paid a year ago.

Prices for non-ferrous metals and lumber increased considerably further in June and the first half of July, as did quotations on rubber, hides and wool. California crude oil prices were increased in June, and service station prices for gasoline in the Pacific Coast states were advanced by amounts aggregating two cents per gallon, of which one-half cent was an increase in the Federal tax on that fuel.

Pacific Coast flour quotations, which had risen slightly during June, were advanced \$1.40 per barrel on July 10 when the processing tax of 30 cents per bushel became effective upon wheat used in flour milled for domestic consumption. This brought the price of patent flour at San Francisco to \$8.40 per barrel, compared with \$3.90 per barrel a year ago. In 1928 the price averaged \$8.40 per barrel.

### Bank Debits\*—

	June, 1933	June, 1932	First 6 Months	
			1933†	1932
<b>Arizona</b>				
Phoenix .....	\$ 20,164	\$ 19,878	\$ 104,635	\$ 136,275
<b>California</b>				
Bakersfield .....	7,578	6,970	39,843	46,159
Berkeley .....	12,489	13,954	67,980	91,764
Fresno .....	12,464	14,255	68,731	95,695
Long Beach .....	25,860	26,181	130,931	169,906
Los Angeles .....	529,767	530,931	2,886,816	3,526,971
Oakland .....	155,775	152,369	962,002	1,023,550
Pasadena .....	20,475	18,707	107,439	142,599
Sacramento .....	24,949	37,209	165,667	239,414
San Bernardino .....	4,966	5,475	27,329	40,180
San Diego .....	30,074	32,773	168,753	217,104
San Francisco .....	654,134	628,545	3,470,798	4,033,713
San Jose .....	13,670	14,622	75,053	98,867
Santa Barbara .....	7,555	8,827	40,906	59,114
Stockton .....	11,610	12,960	59,615	80,238
<b>Idaho</b>				
Boise .....	9,626	11,246	47,631	61,696
<b>Nevada</b>				
Reno .....	5,037	8,078	24,863	45,705
<b>Oregon</b>				
Eugene .....	3,256	4,045	16,266	24,716
Portland .....	110,682	97,349	551,636	617,756
<b>Utah</b>				
Ogden .....	10,482	9,287	47,176	52,175
Salt Lake City .....	42,480	40,062	224,444	266,221
<b>Washington</b>				
Bellingham .....	4,364	4,643	22,026	28,712
Everett .....	6,154	5,165	25,336	34,471
Seattle .....	133,106	130,863	650,607	807,203
Spokane .....	22,360	27,269	112,999	174,533
Tacoma .....	21,326	22,395	101,209	135,516
Yakima .....	7,226	7,799	35,597	47,342
<b>Total</b> .....	\$1,907,629	\$1,891,857	\$10,236,288	\$12,297,595

\*In thousands of dollars. †Includes banking holiday period.

### The Credit Situation

Twelfth District banking records for the four weeks ending July 19 disclosed substantial changes in the condition of both the Federal Reserve Bank of San Francisco and weekly reporting member banks. Most striking was the sharp reduction in member bank borrowings at the Federal Reserve Bank which was made possible by the extension of additional United States Treasury credit.

#### SOURCES AND USES OF BANKING RESERVES Twelfth District Changes in millions of dollars during the weeks indicated

Week Ending 1933	SOURCES OF FUNDS				Total Supply
	Reserve Bank Credit	Commercial Operations	Treasury Operations		
June 7.....	-4.6	+ 6.4	+ .3		+ 2.1
June 14.....	-1.4	- 1.2	+ .8		- 3.4
June 21.....	- 2.7	+ 1.9	+ 5.8r		+ 5.0r
June 28.....	-20.7	- 2.9	+26.9		+ 3.3
July 5.....	+10.6	- 9.0	- 4.2		- 2.6
July 12.....	-10.7	+ 9.0	- .2		- 1.9
July 19.....	+ .9	-18.4	+ 9.1		- 8.4

Week Ending 1933	USES OF FUNDS				Total Dem'd
	Demand for Currency	Member Bank Reserve Deposits	Non- member Deposits	Unexp'd Capital Funds	
June 7.....	- 1.0	+ 4.6	-1.5	*	+2.1
June 14.....	- 2.8	- .5		*	-3.3
June 21.....	-.1r	+ 5.8	-.8	+ .1	+5.0r
June 28.....	- .9	+ 4.4		- .1	+3.3
July 5.....	+ 9.7	-12.1	*	-.3	-2.7
July 12.....	-10.8	+ 8.7	+ .1	*	-2.0
July 19.....	- 3.8	- 5.8	+1.2	*	-8.4

rRevised.

\*Change smaller than \$50,000.

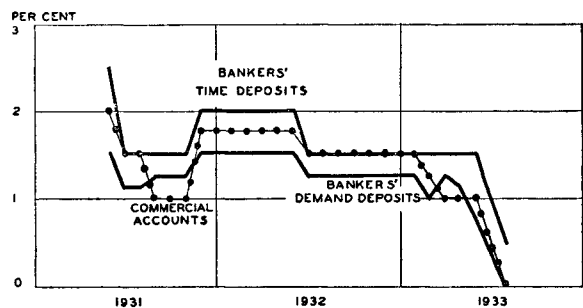
Total deposits of weekly reporting member banks decreased considerably between June 21 and July 19. Most of the decline took place in United States Government deposits, although time deposits were reduced somewhat during this period. Bankers' deposits carried by district banks in eastern centers changed little, after having decreased considerably when the new banking legislation became effective in

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

	Condition			
	July 19, 1933	July 12, 1933	June 21, 1933	July 20, 1932
<b>Loans and Investments—Total..</b>	1,670	1,665	1,704	1,682
<b>Loans—Total .....</b>	875	880	898	987
On Securities .....	219	221	214	243
All Other .....	656	659	684	744
<b>Investments—Total .....</b>	795	785	806	695
United States Securities .....	476	471	479	372
Other Securities .....	319	314	327	323
<b>Reserve with Reserve Bank .....</b>	87	91	92	80
<b>Net Demand Deposits .....</b>	554	552	555	531
<b>Time Deposits .....</b>	871	865	873	868
<b>Due from Banks .....</b>	133	134	137	117
<b>Due to Banks .....</b>	143	149	153	149
<b>Borrowings at Reserve Bank .....</b>	4	2	22	72

mid-June. Apparently for the present at least the existence of excess reserves and the need for commercial balances are fully as important as interest rates in determining the amount which local banks hold on deposit in eastern institutions. The provisions in the Banking Act of 1933 prohibiting payment of interest on demand deposits of bankers or individuals, ex-

cepting only contracts existing and in force prior to June 16, 1933, have so far influenced the existing banking situation in the Twelfth District less markedly than might have been the case during most periods in the past. As shown on the accompanying chart, these rates have tended downward during most of the past two years and the movement has been accelerated since the banking holiday. When the recent legislation became effective they were so low as to be little more than nominal.



RATES OF INTEREST PAID BY SAN FRANCISCO BANKS  
Weighted averages of mid-month figures.

Despite the elimination of interest on demand deposits there has not yet been a noticeable shift from demand deposits to time deposits in Twelfth District banks. This development is unlike that in several eastern districts in which time deposits gained considerably at the expense of demand deposits during the latter part of June.

The usual rise in currency circulation took place prior to the July 4 holiday. This increase was more than offset, however, by the return of currency during the following two weeks.

There was a sharp decrease in the volume of acceptances outstanding in the Twelfth District during June, and at the end of that month the amount held by district banks was about half as large as the amount held at the end of May, 1933, or June, 1932. A decline in acceptance holdings of district banks is customary during June, but the decrease this year was larger than usual.

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

	Condition			
	July 19, 1933	July 12, 1933	June 21, 1933	July 20, 1932
Total Bills and Securities . . . . .	148	146	163	225
Bills Discounted . . . . .	10	8	29	97
Bills Bought . . . . .	1	2	2	6
United States Securities . . . . .	137	136	132	122
Total Gold Reserves and Other				
Cash . . . . .	270	287	267	191
Total Deposits . . . . .	167	177	171	140
Federal Reserve Notes in				
Circulation . . . . .	222	226	229	251
Federal Reserve Bank Notes in				
Circulation . . . . .	4	4	4	..
Ratio of Total Gold Reserves and Other Cash to Deposit and Federal Reserve Note Liabilities Combined . . . . .	69.5	71.3	66.8	48.7

There was only one bank failure during June, but several banks were closed during early July. During the month ending June 30 the number of licensed banks in operation in the district increased from 740 to 753, while the number of unlicensed banks decreased from 137 to 122.

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

In June, as in the two preceding months, industrial activity increased rapidly and in the first half of July there was some further advance. Factory employment and payrolls showed a considerable increase. Wholesale commodity prices rose rapidly until the third week of July, when prices of leading raw materials showed a sharp decline.

**Production and Employment.** Volume of industrial production, as measured by the Board's seasonally adjusted index, advanced from 77 per cent of the 1923-1925 average in May to 89 per cent in June, as compared with 60 per cent in March. Activity in the steel industry continued to increase during June and, according to trade reports, during the first two weeks of July; in the third week of the month it showed little change. Demand for steel from the railroads and the construction industry continued at a low level. Output of automobiles, which usually declines at this season, increased in June and showed little change in July. Consumption of cotton by domestic mills was larger in June than in any previous month, and continued at a high rate during the first half

of July. At woolen mills and shoe factories, activity increased further in June to unusually high levels.

Working forces at factories increased substantially between May and June and the Board's seasonally adjusted index of factory employment advanced from 61 per cent of the 1923-1925 average to 65 per cent. Factory payrolls also increased by a reasonable amount to 46 per cent of the 1923-1925 average.

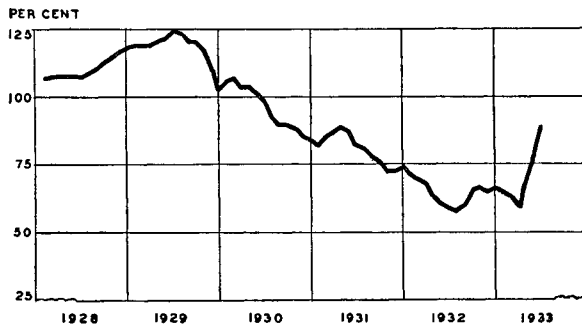
Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed an increase in May and June, contrary to the usual seasonal movement.

Department of Agriculture estimates as of July 1 indicate a wheat crop of about 500,000,000 bushels, 350,000,000 bushels below the average of 1926-1930, reflecting chiefly adverse weather conditions. Feed crops have also been seriously damaged. Cotton acreage on July 1 was estimated at about 41,000,000 acres, an increase of 4,000,000 acres over last year, but it is proposed as a part of the program of the Agricultural Adjustment Administration to reduce the area by about 10,000,000 acres.

**Distribution.** Freight traffic continued to increase during June, reflecting in large part heavier shipments of coal, miscellaneous freight, and lumber products. Distribution of commodities through department stores showed about the usual seasonal decline in June.

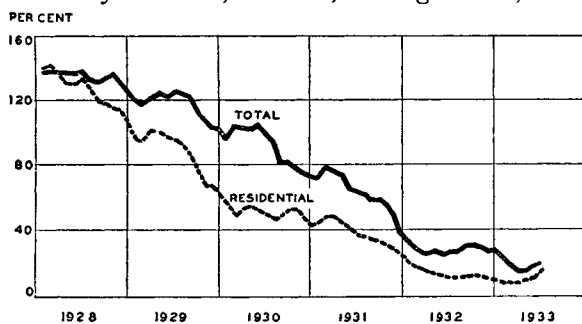
**Wholesale Prices.** Wholesale prices of commodities advanced from 64 per cent of the 1926

Act of 1933, which prohibits the payment of interest on demand deposits, net demand deposits of weekly reporting member banks in 90 cities declined by \$500,000,000, reflecting the withdrawal of \$300,000,000 in bankers' balances from banks in New York City and elsewhere, and the transfer of funds from demand to time accounts. Time deposits increased by



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

average in the first week of June to 69 per cent in the middle of July, according to the index of the Bureau of Labor Statistics. This marked upward movement reflected large increases in the prices of most basic raw materials, including grains, cotton, hides, non-ferrous metals, steel scrap, petroleum, and rubber. Most of these commodities are traded in on organized exchanges and enter into world trade. The prices of many manufactured products, particularly textiles, leather, and gasoline, also

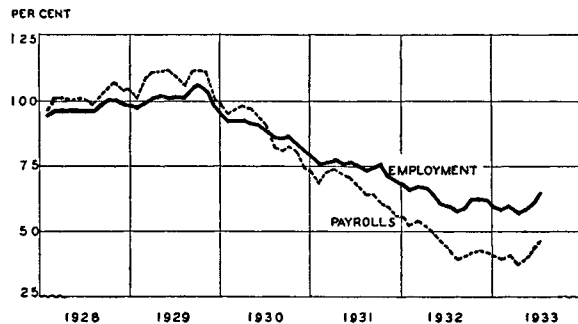


Indexes based on three-month moving averages of F. W. Dodge data for 37 Eastern states, adjusted for seasonal variations (1923-1925 average=100).

advanced substantially. On July 19, 20, and 21, following rapid advances in the preceding period, prices of leading raw materials declined sharply.

**Foreign Exchanges.** In the exchange market, the value of the dollar in terms of the French franc declined to 69 per cent of its gold parity on July 18 and then advanced to 72 per cent on July 21.

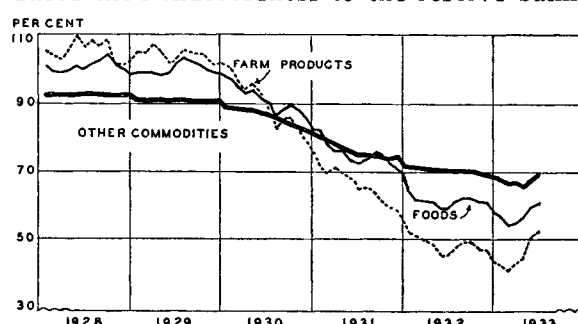
**Bank Credit.** During the four weeks following the enactment on June 16 of the Banking



Indexes of factory employment and payrolls, without adjustment for seasonal variations (1923-1925 average=100).

\$260,000,000. The banks' holdings of United States Government securities increased during the four weeks ending July 12, and there was a further rapid growth in open market brokers' loans, while loans to customers declined.

Return flow of currency amounted to \$90,000,000 during the five weeks ending July 19. During the same period the Federal reserve banks purchased \$85,000,000 of United States Government obligations and member banks reduced their indebtedness to the reserve banks



Indexes of the United States Bureau of Labor Statistics (1926=100).

by \$90,000,000. The withdrawal of bankers' balances from New York City reduced excess reserves of member banks in that city, while surplus reserves of member banks outside New York increased substantially.

Money rates in the open market generally continued at low levels, although recently slight increases have occurred in acceptance rates, time money against stock exchange collateral, and yields on short-term United States Government securities.