

MONTHLY REVIEW

OF

BUSINESS CONDITIONS

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TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Industrial activity of the Twelfth District slackened somewhat further during September. Sales of merchandise also receded, after allowance for seasonal factors, but preliminary figures of freight carloadings advanced moderately. As in the previous month, there were substantial increases in both industrial employment and payrolls, although decreases are customary during September.

Maturing of crops was attended by favorable weather conditions during September, and as harvesting progressed production estimates for most grains and field crops were increased. It is still expected that deciduous fruit crops will be smaller and citrus fruit crops larger this year than in 1932. Lack of rainfall in most parts of the district caused further declines in the condition of livestock ranges. Marketing of farm products expanded by somewhat less than the seasonal amount during September, reflecting in part a late maturing season and in part regulations under marketing agreements of the Agricultural Adjustment Administration. Prices of farm products fluctuated considerably during September and the first half of October and were somewhat lower at the end than at the beginning of that period.

Electric power production declined in September, but continued at a higher rate than a year earlier. Lumber mill operations decreased somewhat more than is customary during the month. Awards of engineering contracts during September remained at the low value of August, as did the value of building permits issued. California crude oil production approximated the Federal allotment of 480,000 barrels daily during the last three weeks of September. Output declined but little, however, during the first half of October, for which month a daily average quota of 455,000 barrels was announced. Activity at canneries expanded substantially during September, this year, in contrast with declines from August to September in all other years since comprehensive statistics became available in 1924. Flour milling showed some decrease, after seasonal adjustment. Non-fer-

rous metals production changed little, but inventories in most cases continued to decline.

Somewhat less than the usual August-September increase in value of sales was reported by department stores. Sales were not quite equal in value to those of September, 1932, whereas in July and August, increases over the year-period had been reported. Wholesale trade did not expand by the full seasonal amount, but remained considerably larger in value than in the corresponding month of the preceding year. Seasonally adjusted indexes of intercoastal traffic and automobile sales advanced moderately from August to September.

Net demand deposits of reporting member banks continued to increase during the four weeks ending October 18. These increases more than offset slight declines in time deposits, and total deposits reached a level equal to that of last February. No net change was shown in either commercial or security loans during this period. After a small decline toward the end of September, member bank balances at the Federal Reserve Bank of San Francisco increased, principally because of an inflow of funds resulting from United States Treasury disbursements in excess of local collections. Borrowings from the Reserve Bank decreased slightly, and on October 18 were at the lowest point recorded since June, 1917. Reserve Bank holdings of United States Government securities increased \$10,000,000 between mid-September and mid-October. Interest rates charged by reporting city banks in mid-October were the same as a month earlier. During the first three weeks of October, 15 district banks were licensed to reopen.

Agriculture

Although weather conditions were favorable in September for the maturing and harvesting of late crops and the drying of fruit, continued lack of rainfall in most parts of the district caused further deterioration in the condition of ranges and delayed the seeding of winter wheat.

The volume of agricultural products normally marketed at this season is smaller this year than

it was a year ago. The decrease is attributable not only to slightly smaller production, but also to the fact that crops are maturing later than is usual and to agreements prorating marketings of some crops. As measured by the index of the United States Department of Agriculture, prices paid for farm products during September were 3 per cent lower than in August, but 19 per cent higher than in September, 1932.

As the harvesting of potatoes, hay, rice, cotton, and wheat progressed, it became evident that earlier forecasts of production had been low, and as a result the October 1 figures of production were considerably larger than the September 1 estimates. According to latest estimates, the volume of cotton, beans, potatoes, and oats produced in this district will be larger than in 1932, but, with the exception of oats, smaller than in 1931. Production of hops and sugar beets will be the largest in several years. The volume of tame hay, rice, barley, and wheat produced this year is smaller than last. While the 1933 wheat crop of the entire United States is the smallest in 37 years, production in the Pacific Northwest exceeds the average harvest from 1928 through 1932, and is only nine million bushels less than in 1932. Arrangements have been completed for the marketing of about 35 million bushels of surplus wheat in the Pacific Northwest through channels provided by the export-subsidy plan of growers and exporters and the Agricultural Adjustment Administration.

With the exception of the California apple crop, the estimate for which was revised upwards considerably as harvesting advanced, forecasts of deciduous fruit production remained unchanged during September. Condition of the United States commercial crop of apples declined during September because of damage done by insects and disease. Production is now expected to be about 4 per cent smaller than in 1932. Marketing of California grapes is progressing slowly. This year's crop is estimated to be 23 per cent smaller than production in 1932, while carlot shipments for the season to

October 1 were 48 per cent smaller than for the corresponding period a year ago. Late maturity of the current crop and uncertain marketing conditions, particularly in eastern auction markets, have been the chief factors in this decline of shipments. A large volume of truck shipments of juice grapes to local markets is reported.

DECIDUOUS FRUITS AND NUTS—PRODUCTION

		(In thousands)			
		Forecast †			
	Unit	1933	1932	1931	1930
California					
Apples*	bu.	9,672	9,045	9,112	11,644
Apricots	tons	251	270	277	200
Cherries	tons	23	19	23	18
Grapes	tons	1,484	1,926	1,320	2,181
Raisin	tons	860	1,221	775	1,307
Table	tons	257	317	229	388
Wine	tons	367	388	316	486
Peaches	tons	545	547	579	796
Clingstone	tons	356	340	397	542
Freestone	tons	189	207	182	254
Pears	tons	221	238	218	272
Piuns	tons	59	68	65	82
Prunes	tons	186	172	208	274
Almonds	tons	13	14	15	14
Walnuts	tons	34	46	29	30
Oregon					
Apples*	bu.	3,965	4,950	4,150	6,200
Cherries	tons	12	12	8	13
Pears	bu.	2,886	2,808	1,995	3,165
Prunes (dried)	tons	20	20	27	26
Prunes (fresh)	tons	28	36	22	25
Washington					
Apples*	bu.	30,100	30,960	31,400	37,850
Cherries	tons	16	16	10	17
Pears	bu.	4,264	3,723	3,650	4,463
Peaches	bu.	240	1,320	1,050	600
Prunes (fresh)	tons	23	22	11	19
Idaho					
Apples*	bu.	5,520	4,200	5,000	5,200
Prunes (fresh)	tons	4	26	20	22
United States					
Apples*	bu.	147,447	140,775	202,415	155,982
Pears	bu.	21,256	22,050	23,346	27,577
Peaches	bu.	45,284	42,443	76,586	53,286

*Total crop. †Latest forecast available for each fruit.
Source: United States Department of Agriculture.

Production estimates of the 1933 citrus fruit crops in California remained unchanged during September, but some deterioration in the quality of Valencia oranges has developed recently. Both the Valencia orange crop, harvesting of which will be completed about November 1, and the lemon crop are larger than a year ago. Orange shipments from California were larger in September this year than in any previous September, and were 4 per cent greater than shipments during August, 1933. Prices received by shippers also increased during September, averaging 13 per cent higher than in the preceding month and 17 per cent higher than in September, 1932. A decrease in shipments of lemons during the month was accompanied by an increase in lemon prices. Preliminary estimates of the 1933-1934 Navel orange crop, which, according to present indications, will ripen later than last season, are 17 per cent smaller than marketings of the 1932-1933 crop. The United States supply of Navel oranges will be considerably smaller than in other recent years because of the smaller California crop and the damage done by storms to Florida and Texas crops.

Ranges in Oregon, Washington, and Arizona were benefited by rainfall during September, but

Agricultural Marketing Activity—

	September		Season to Date	
	1933	1932	1933	1932
Carlot Shipments				
Deciduous Fruits	19,583	24,211	41,739	55,503
Citrus Fruits	5,888	5,605	65,927	71,497
Vegetables	5,647	5,537	47,252	52,360
Exports				
Wheat (bu.)	5,399	398,159	7,165	1,609,072
Barley (bu.)	317,291	424,520	760,791	939,992
Receipts				
Cattle	90,472	75,984	654,541	652,488
Hogs	235,540	198,855	2,108,916	2,263,250
Sheep	584,500	645,459	3,624,920	3,936,016
Eggs (cases)	104,066	105,456	1,319,801	1,323,260
Butter (lb.)	6,536,174	6,648,576	63,511,513	66,742,673
Wheat (carlots)	5,081	7,494	17,674	16,175
Barley (carlots)	401	824	1,622	2,092
Storage Holdings (end of month)				
Wheat (bu.)	7,950,000	2,917,000	.....	.....
Beans (bags)	754,155	1,155,517	.....	.....
Butter (lb.)	10,460,866	5,246,091	.....	.....
Eggs (cases)	442,987	468,902	.....	.....

continued dry weather in other states resulted in a further decline in the condition of district ranges generally. Condition of cattle and sheep also declined slightly. Poor ranges and shortages of supplemental feeds were reflected in larger marketings of cattle in September, 1933, than in either August, 1933, or September, 1932. Pacific Coast prices of all but the best grades of young fed steers and yearlings were lower at the end of September than a month earlier. Lamb prices did not change appreciably in Pacific Coast markets during September but were higher than a year ago.

Shipments of stocker and feeder cattle and lambs to feedlots were smaller during July, August, and September of this year, than in the same months of 1932 and 1931. Higher feed prices and uncertain market and financial conditions have tended to curtail feeding activities.

Although butter receipts at Pacific Coast markets during September declined 14 per cent, storage holdings on October 1 were twice as large as a year ago and only 4 per cent less than on September 1, when they were the highest on record. During September, the price for 92 score butter at San Francisco declined from 22 cents per pound to 20 cents per pound. Egg receipts in September declined to the lowest level of the year, and were smaller than in September, 1932. Cold storage holdings on October 1 were 21 per cent smaller than on September 1 and 6 per cent smaller than a year ago. After increasing seasonally during September, egg prices remained unchanged during the first half of October.

Industry

Industrial activity receded somewhat further in September, after allowance for seasonal factors. Consumption of electrical energy decreased by more than the customary amount, offsetting an increase in August, and was but slightly higher than in September, 1932. Employment conditions, however, continued to show substantial improvement.

A further increase of 12 per cent during September brought the number employed in California industries to a level 36 per cent above that of September, 1932, and 15 per cent higher than in September, 1931. These figures are based upon data of 1,168 industrial firms employing 184,912 workers, as reported to the California State Division of Labor Statistics. Working forces of reporting firms have expanded 55 per cent since last March and are now the highest since late in 1930.

In September, the increase in employment was contrary to the usual seasonal experience. This probably reflects to some extent a reduction in the length of the working week for individual workers resulting from adoption of industrial codes. Some increase in employment was reported in practically all industries. There was

a further sharp increase in number of workers employed at canneries, although a decline is usual during September, and motion picture producers added substantially to their forces. Aggregate wage payments in California were 15 per cent larger in September than in August, an increase somewhat larger than the rise in the number of workers employed. Total payrolls were 30 per cent larger and average weekly earnings per worker were only slightly smaller than in September, 1932. When reports of public utility and wholesale and retail firms are included with those of industrial firms, the increases over the year period are reduced to 23 per cent in the number of employed and 16 per cent in payrolls.

The number of industrial workers in Oregon continued to expand during September. This bank's seasonally adjusted index of employment in that State advanced further to 83 per cent of the 1926 average, compared with 72 in August, 1933, and 49 in July and August, 1932. The current level is the highest since February, 1931.

California crude oil production averaged moderately lower in September and the first half of October than in August. Output was about the same as Federal allotments during the last three weeks of September, schedules being observed in practically all of the important fields. In some of these fields previous efforts to curtail production within proration allowables had met with but partial success. A quota averaging 455,000 barrels daily was set for October, but output in the first three weeks of the month averaged 461,000 barrels. This excess may reflect in part the practice in some fields of producing the entire allotment at capacity, shutting down during the remainder of the month. Refinery

Employment—

Industries	No. of Firms	California No. of Employees		Oregon No. of Employees		
		Sept., 1933	Sept., 1932	Sept., 1933	Sept., 1932	
All Industries*	1,168	184,912	136,165	116	23,413	16,512
		(+35.8)			(+41.8)	
Stone, Clay, and Glass Products.	58	5,175	4,192	3	120	47
		(+23.4)			(+155.3)	
Lumber and Wood Manufactures ..	127	15,489	12,379	41	11,814	7,563
		(+25.1)			(+56.2)	
Textiles	12	1,453	1,072	7	1,334	982
		(+36.0)			(+35.8)	
Clothing, Millinery, and Laundering	146	11,649	11,266	5†	127	132
		(+3.4)			(-3.8)	
Food, Beverages, and Tobacco...	295	78,529	47,249	32	5,155	3,518
		(+66.2)			(+46.5)	
Public Utilities ..	43	41,922	45,664	..	....	....
		(-8.2)				
Other Industries†	481	62,787	53,835	..	....	....
		(+16.6)				
Miscellaneous ...	49	9,825	6,172	28	4,863	4,270
		(+59.2)			(+13.9)	
Wholesale and Retail	226	33,465	30,418	..	....	....
		(+10.0)				

*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 September, 1932.

operations decreased during the last half of September and first half of October, but gasoline inventories remained practically unchanged.

Another decrease in this bank's seasonally adjusted index of lumber production during September was entirely the result of reduced operations in the Douglas fir area, there having been further increases in adjusted figures of output in the western pine and redwood regions. Total output remained about the same as two years earlier. New orders, which fell off substantially in July and August, increased during the last half of September. Total shipments were about equal to production. Gross inventories were 20 per cent smaller on September 30, 1933, than at the end of September a year ago.

Building and construction, as indicated by engineering contracts awarded and building permits issued, continued at relatively low levels during September, although work on streets and roads and on new industrial buildings expanded somewhat further. Work is increasing upon several large construction projects for which contracts previously had been awarded. Prospects for additional construction in the immediate future are improved by the allotment of nearly 200 million dollars by the Public Works Administration for early expenditure in states of this district. As in other recent months, there was no appreciable change in residential and commercial building during September.

Flour milling increased by a smaller amount than is usual for September and, as in the previous month, was less active than a year earlier. Mills reported larger inventories of flour in September than in August and their wheat stocks were enlarged further to the highest levels since November, 1929.

A moderate increase in slaughter of livestock was in accordance with seasonal expectations.

Industry —

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

	1933				1932		
	Sept.	Aug.	July	June	Sept.	Aug.	July
General							
Carloadings—Industrial	50¶	48	55	45	40	31	34
Electric Pwr. Production 140¶	144	140	138	137	136	134	
Manufactures							
Lumber	57	60r	61	53	36	32	34
Refined Mineral Oils† . . . . .	..	137	136	144	127	131	131
Flour	75	84	123	115	93	109	85
Slaughter of Livestock	100	96	92	91	91	94	87
Cement	57	46	54	47	46	46	53
Wool Consumption† . . . . .	..	103	95	96	144	128	82
Minerals							
Petroleum (California)†	74	76	74	72	72	73	72
Lead (United States)‡	57	36	36	41	41	33	31
Silver (United States)‡ . . . . .	..	28	34	24r	36	41	40
Building and Construction§							
Total	26	33	28	52	33	32	29
Building Permits—Value							
Larger Cities	14	14	14	11	10	10	12
Smaller Cities	13	13	13	12	13	13	14
Engineering Contracts							
Awarded—Value							
Total	46	61	50	108	63	63	53
Excluding Buildings	78	113	83	214	122	123	96

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

Trade

Daily average sales of department stores did not increase by the full seasonal amount during September. Adjusted indexes of sales decreased in all reporting cities, except Seattle and Spokane. Sales in Phoenix, Portland, Seattle, Spokane, and Salt Lake City remained above corresponding levels of 1932, while decreases over the year-period were reported in San Francisco, Oakland, and Los Angeles. Total sales in the Twelfth District failed to exceed those of September, 1932, although year-period increases had been shown in July and August. Number of sales transactions, which affords some measure

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

	1933 compared with 1932		
	NET SALES		STOCKS
	September	January 1 to end of September	September
Department Stores	— 0.1 (66)	— 8.9 (66)	6.5 (51)
Los Angeles	— 4.1 (7)	— 8.3 (7)	10.8 (7)
Other Southern Calif.	7.7 (7)	— 9.1 (7)	18.4 (5)
Oakland	— 6.3 (4)	—12.9 (4)	0.9 (4)
San Francisco	— 1.8 (7)	— 7.2 (7)	4.6 (7)
Bay Region	— 2.2 (15)	— 8.7 (15)	3.9 (15)
Central California	5.9 (6)	— 9.4 (6)	19.2 (6)
Portland†	6.7 (8)	—11.7 (8)	5.3 (7)
Seattle	7.3 (4)	—10.3 (4)	0.8 (4)
Spokane	7.2 (4)	—15.3 (4)	—10.4 (4)
Salt Lake City	6.2 (4)	— 4.6 (4)	19.3 (3)
Apparel Stores	9.4 (27)	— 5.2 (25)	11.1 (15)
Furniture Stores	— 0.4 (32)	—11.4 (30)	—11.5 (23)
All Stores	0.6 (123)	— 9.0 (121)	4.0 (89)

†Includes six apparel stores which are not included in District department store total.

Figures in parentheses indicate number of stores reporting.

of volume contrasted with value (into which the price element enters), decreased 5 per cent from September, 1932, to September, 1933. The Fairchild index of retail prices of department store goods rose moderately further during the month and was 15 per cent higher than a year ago.

Distribution and Trade —

	1933				1932		
	Sept.	Aug.	July	June	Sept.	Aug.	July
	Indexes adjusted for seasonal variations (1923-1925 average=100)						
Carloadings‡							
Total	64¶	61	62	58	59	52	57
Merchandise	72¶	69	68	70	73	68	74
Foreign Trade*							
Total† . . . . .	..	..	..	39	47	46	45
Imports† . . . . .	..	..	..	35	38	40	39
Exports . . . . .	..	..	..	42	51	49	48
Intercoastal Trade							
Total	81	76	63	72	55	49	45
Westbound	93	92	100	79	53	61	72
Eastbound	76	73	55	69	54	47	39
Retail Trade							
Automobile Sales‡							
Total	59	55	57	64	33	29	30
Passenger	56	52	53	59	31	28	28
Commercial	87	86	98	110	47	48	50
Department Store							
Sales‡	70	74	82	72	73	73	72
Stocks§	66	61	57	57	63	63	67
Collections#							
Regular	43.2	42.5	42.9	43.5	39.6	38.2	39.2
Installment	16.4	17.0	16.1	14.9	13.8	14.0	13.2

‡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.

Value of merchandise inventories continued to increase at more than the seasonal rate.

Value of wholesale trade increased 4 per cent from August to September. Sales increases of considerably more than seasonal proportions were reported by agricultural implement, dry goods, shoe, and paper and stationery firms. Business of grocery and drug wholesalers expanded by about the usual amount. Sales in other reporting lines declined after seasonal adjustment.

WHOLESALE TRADE—Twelfth District
Percentage changes in value of sales

	September, 1933 compared with—		Cumulative 1933 compared with 1932
	Aug., 1933	Sept., 1932	
Agricultural Implements	14.3	51.2	-11.4
Automobile Supplies	6.6	3.1	- 5.9
Drugs	5.7	2.7	-11.0
Dry Goods	8.7	30.3	16.1
Electrical Supplies	4.6	24.5	2.6
Furniture	6.9	67.3	27.7
Groceries	1.7	5.6	- 4.6
Hardware	1.0	24.7	3.5
Shoes	21.2	34.9	10.1
Paper and Stationery.....	14.6	20.2	- 4.7
All Lines	4.1	15.6	- 1.7

Although a decline is seasonally expected, the volume of intercoastal traffic was practically the same in September as in August and remained at the highest level in two years. Atlantic to Pacific tonnage approximated that of August, while eastbound traffic expanded slightly further.

Less than the usual August-September decrease was recorded in new automobile registrations this year, this bank's adjusted index rising from 55 (1923-1925 average=100) to 59. Sales were 70 per cent larger in number than in September, 1932, and about the same as in September, 1931.

Prices

Commodity prices advanced in the last half of September, but declined during the first three

weeks of October when the dollar strengthened in terms of gold and foreign exchange. Changes in prices of speculative agricultural commodities, which averaged somewhat lower at the middle of October than a month earlier, were of considerable importance in the movement of the general average. Since the mid-July peak in prices of farm products, the Bureau of Labor Statistics weekly index for that group of commodities has declined 10 per cent, while the Bureau's index for all commodities combined has increased 2 per cent due to advances in prices of non-agricultural commodities. In consequence of this divergence in movement between non-agricultural and agricultural prices the relative position of agricultural commodities has become less favorable than it was during July.

Wheat prices at Pacific Coast markets declined more or less steadily during the last week of September and the first half of October, but advanced sharply in the third week of the later month. Quotations for most other grains moved similarly to those for wheat. Rice prices at San Francisco were stable. Cotton prices increased slightly after the middle of October, following declines during the preceding three weeks. Beans and potatoes sold somewhat lower in mid-October than a month earlier, while hay prices remained unchanged.

Prices for the several types of California fresh grapes now being marketed varied considerably during late September and early October, but the general movement was downward. Quotations for most dried fruits advanced moderately in late September, but declined slightly in the first half of October. Canned fruit prices remained at the levels set at the opening of the current season. These prices are considerably higher than at this time in 1932.

Copper quotations decreased from 9 cents per pound at the beginning of October to 7½ cents

Commodity Prices—

	Unit	Oct. 20,* 1933	July 20, 1933	Feb., 1933	Oct., 1926	
Wheat.....	No. 1 Western White, Portland.....	bushel	\$.70	\$.69	\$.43	\$1.37
Barley.....	Cash shipping, San Francisco.....	cwt.	1.20	1.05	.53	1.23
Rice.....	Japan, fancy extra, San Francisco.....	cwt.	3.60	3.25	3.30	6.67
Cotton.....	Midling Uplands, spot, New York.....	pound	.094	.106	.060	.131
Beans, Lima.....	F.o.b. California.....	cwt.	5.00	6.00	3.67	6.87
Cattle.....	Good grade steers, San Francisco.....	cwt.	5.13	6.00	4.90	8.25
Lambs.....	Light weight, San Francisco.....	cwt.	6.43	4.75	5.60	12.75
Wool.....	Fairchild average, domestic wool, scoured.....	pound	.774	.69	.394	.96
Eggs.....	Cash, Extras No. 1, San Francisco.....	dozen	.285	.195	.15	.502
Butter.....	.92 Score, San Francisco.....	pound	.210	.25	.18	.445
Oranges.....	Weighted average, f.o.b. California.....	box	2.11†	1.85	1.48	4.88
Apples.....	California Newtons, San Francisco.....	box	1.30	**	1.27	1.26
Prunes.....	40/50's in 25 lb. box, f.o.b. California.....	pound	.065	.058	.045	.074
Flour.....	Patents, Portland.....	barrel	7.388†	7.463	4.279	7.746
Canned Peaches.....	Choice, No. 2½s, f.o.b. California.....	dozen	1.35	1.20	1.17	2.05
Canned Salmon.....	Alaska Red, No. 1 tall, f.o.b. Pacific Northwest.....	dozen	1.70	1.65	1.40	2.79
Sugar.....	Beet, f.o.b. San Francisco.....	cwt.	4.75	4.60	3.80	5.70
Copper.....	Electrolytic, spot, New York.....	pound	.076	.090	.050	.139
Silver.....	Spot foreign, New York.....	ounce	.366	.388	.261	.545
Lead.....	Spot, New York.....	pound	.040	.045	.030	.084
Coffee.....	Spot, Santos No. 4, New York.....	pound	.081	.093	.095	.207
Rubber.....	Plantation, smoked ribbed sheets, New York.....	pound	.071	.070	.030	.427
Lumber.....	Douglas fir, No. 1, common sheathing, mills.....	1000 ft.	16.91†	16.20	9.50	17.16
Cement.....	Portland, f.o.b. Pacific Coast plants.....	barrel	1.60†	1.55	1.43	1.90
Gasoline.....	Refinery, California.....	gallon	.071†	.065	.044	.113

*October 20 or nearest date available. †September average. **No quotation.

per pound in the third week of that month. Prior to this decrease the quotation had been at 9 cents for three months. Silver prices also decreased between mid-September and mid-October, but prices for other non-ferrous metals except gold were unchanged. Lumber prices advanced further. Retail gasoline prices fluctuated in California during the first three weeks of October, with a net decline of 1/2 cent per gallon for the standard grades. Crude oil prices were not changed.

The Credit Situation

Further improvement in banking conditions took place during September and the first half of October. Reporting member bank loans for commercial purposes held at the highest levels since June, and deposits continued to increase. During the first three weeks of October, 15 banks formerly under restrictions were reopened for unrestricted operation.

Withdrawals of currency between September 20 and October 18 were larger than is customary at this time of year. This demand, which was met almost entirely by increases in circulation of the smaller denominations, placed no hardship upon banks. It was more than offset by United States Treasury disbursements in excess of local collections which had the effect of building up deposits and making funds available to the banks. Funds thus received not only enabled banks to meet the increased demands for currency circulation, but also permitted member banks to build up their reserve deposits to the

highest point since 1931. Excess reserves of member banks were the largest on record in mid-October, the bulk of that excess being held by banks in the larger cities of the district.

SOURCES AND USES OF BANKING RESERVES Twelfth District

Changes in millions of dollars during the weeks indicated

Week Ending 1933	SOURCES OF FUNDS			
	Reserve Bank Credit	Commercial Operations	Treasury Operations	Total Supply
September 6.....	- 2.6	+ 1.4	+ 3.8	+ 2.6
September 13.....	- 6.0	+ 3.1	+ 3.7	+ .8
September 20.....	+ .1	- 2.4	+ 1.6	- 3.9
September 27.....	+ 2.8	- 1.7	- .9	+ .2
October 4.....	- 1.3	+ 1.0	+ .4	+ .1
October 11.....	- 1.6	+ 4.0	+ 11.0	+ 13.4
October 18.....	- 1.6	- 5.4	+ 7.1	+ .1

USES OF FUNDS

Week Ending 1933	Demand for Currency	Member Bank Reserve Deposits			Total Dem'd
		Member Bank Reserve Deposits	Non-member Deposits	Unexp'd Capital Funds	
September 6.....	+ 7.4	+ .7	- 5.6	+ .1	+ 2.6
September 13.....	- 4.1	+ 7.4	- 2.6	+ .1	+ .8
September 20.....	*	- 3.3	- .6	*	- 3.9
September 27.....	- 3.3	+ 3.3	+ 1	+ .1	+ .2
October 4.....	+ 5.7	- 6.7	+ 1.1	*	+ .1
October 11.....	+ 3.2	+ 11.6	- 1.5	+ .1	+ 13.4
October 18.....	+ .4	+ .6	- .9	*	+ .1

*Change smaller than \$50,000.

Loans of reporting member banks remained unchanged during the four weeks ending October 18, after having reached the highest point since June at the beginning of that period. Investments decreased slightly. Total deposits rose further to a level approximately the same as that prevailing prior to the banking crisis in March.

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

Bank Debits*—	Condition			
	September, 1933	September, 1932	Cumulative 9 Months, 1933†	September, 1932
Arizona				
Phoenix.....	\$ 15,505	\$ 16,657	\$ 154,365	\$ 185,279
California				
Bakersfield.....	6,315	6,651	59,669	66,312
Berkeley.....	11,567	12,080	103,596	128,263
Fresno.....	15,021	14,746	109,732	135,688
Long Beach.....	20,835	22,157	200,070	238,794
Los Angeles.....	495,552	505,201	4,483,074	5,065,246
Oakland.....	149,827	142,019	1,419,923	1,464,508
Pasadena.....	17,312	18,866	161,177	196,378
Sacramento.....	24,256	35,060	240,802	347,474
San Bernardino..	4,233	4,723	40,684	54,156
San Diego.....	27,775	29,251	256,534	308,751
San Francisco..	620,828	605,403	5,466,076	5,932,469
San Jose.....	16,362	15,510	120,176	144,071
Santa Barbara..	7,116	8,483	62,774	83,383
Stockton.....	12,040	11,777	95,793	117,016
Idaho				
Boise.....	10,109	7,452	77,306	89,630
Nevada				
Reno.....	5,621	7,131	42,834	68,726
Oregon				
Eugene.....	3,455	3,257	26,290	34,500
Portland.....	108,363	93,974	882,772	892,635
Utah				
Ogden.....	11,710	12,049	80,826	81,646
Salt Lake City..	41,535	37,041	347,621	378,136
Washington				
Bellingham.....	4,923	4,201	35,999	41,846
Everett.....	5,693	4,608	41,611	48,934
Seattle.....	135,187	121,043	1,059,394	1,172,859
Spokane.....	24,236	26,255	183,839	250,864
Tacoma.....	21,020	18,066	162,224	190,496
Yakima.....	8,474	8,129	56,962	69,010
Total.....	\$1,824,870	\$1,791,790	\$15,972,123	\$17,787,069

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

Loans and Investments—Total..	Condition			
	Oct. 18, 1933	Oct. 11, 1933	Sept. 20, 1933	Oct. 19, 1932
Loans—Total.....	1,673	1,676	1,676	1,700
On Securities.....	893	897	895	956
All Other.....	220	221	221	236
Investments—Total.....	673	676	674	720
United States Securities...	780	779	781	744
Other Securities.....	459	459	464	416
Reserve with Reserve Bank....	321	320	317	328
Net Demand Deposits.....	96	97	94	84
Time Deposits.....	579	577	564	546
Due from Banks.....	862	860	864	882
Due to Banks.....	134	131	132	163
Borrowings at Reserve Bank...	135	129	127	171
	1	4	1	41

Considerable progress was made during the first half of October in releasing deposits tied up in restricted or otherwise unlicensed banks. Of 97 unlicensed banks in the district at the end of September, 15 had been opened for unrestricted operations by October 20. Nearly all of these banks were located in eastern Washington. In most instances the licensing involved the reorganization of the particular institutions. In some cases additional capital was furnished through the purchase of preferred stock by the Reconstruction Finance Corporation. An average of from 50 to 60 per cent of the unsecured deposits which had been impounded in the banks was released for unrestricted withdrawal. Part of the assets and liabilities of a few unlicensed banks was taken over by newly created

or old unit banks in the same community, or by branch banking systems, thus liberating additional restricted deposits and reducing the total number of unlicensed institutions. Release of deposits not yet made available will depend upon liquidation of frozen assets held by the banks involved or upon borrowing with those assets as security.

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

	Condition			
	Oct. 18, 1933	Oct. 11, 1933	Sept. 20, 1933	Oct. 19, 1932
Total Bills and Securities.....	166	167	159	183
Bills Discounted	3	7	6	57
Bills Bought	1	1	1	2
United States Securities.....	162	159	152	124
Total Gold Reserves and Other				
Cash	265	266	262	219
Total Deposits	181	181	175	148
Federal Reserve Notes in				
Circulation	217	218	217	232
Federal Reserve Bank Notes in				
Circulation	8	8	4	..
Ratio of Total Gold Reserves and Other Cash to Deposit and Federal Reserve Note Liabili- ties Combined	66.7	66.8	66.8	57.6

On October 16, subscription books were opened for the issue of United States Treasury bonds of 1943-45. Twelfth District banks received allotments of 45 million dollars of cash subscriptions, most of which were paid for by

deposit credit to the United States Treasury. Up to and including October 23, 20 million dollars additional securities had been allotted in exchange for Fourth Liberty Loan bonds. Since redemptions of called bonds are not to be made before April 15, 1934, and since cash subscriptions are not payable until November 1 of this year, the operations have not yet affected the money markets and have influenced the investment markets of the district only slightly.

Gold

Gold continues to be marketed actively. During the month ending October 20, approximately 153,200 ounces of gold were deposited with the San Francisco Mint and the Seattle Assay Office for sales on consignment at the world price, which fluctuated between \$29.00 and \$32.28 an ounce. During the same interval, unrefined bullion and amalgam valued at \$212,000 was exported through San Francisco under license. These items do not reflect the entire marketings of gold, since inventories of concentrates in the hands of commercial refiners have increased considerably. Mines have apparently been reducing their own inventories of concentrates and unrefined metal.

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

During September and the first half of October, industrial activity declined, as it had in August, following the rapid expansion of the spring and early summer. Factory employment and payrolls increased further between the middle of August and the middle of September.

Production. Industrial production, as measured by the Board's seasonally adjusted index, declined from 91 per cent of the 1923-1925 average in August to 84 per cent in September. Activity decreased in most lines of industry, and particularly in those in which output had increased rapidly in earlier months. Production of steel, lumber, cement, bituminous coal, and petroleum declined considerably and automobile output was reduced. Deliveries of silk to mills were small in September, while consumption of cotton and wool, although reduced during the month, was nevertheless larger than in other recent years at this season. Meat packing plants were more active, partly because of processing of pigs under the Government's emergency marketing program, and output of flour was larger than the exceptionally small volume produced in August.

In the first half of October, further declines in output of automobiles, bituminous coal, and petroleum were reported. Steel mill activity, after increasing in the first half of October, re-

ceded in the third week.

Employment. Employment of factory workers increased between the middle of August and the middle of September, and total earnings were larger, partly as a result of further advances in wage rates and the expansion of operations in seasonally active industries such as canning. Employment in public utilities, railroads, stores, and mines also increased, and it is estimated that about 600,000 industrial wage-earners found work during the period.

Preliminary reports for the first half of October indicate some decrease in employment and a continuation of about the same volume of earnings in basic manufacturing industries.

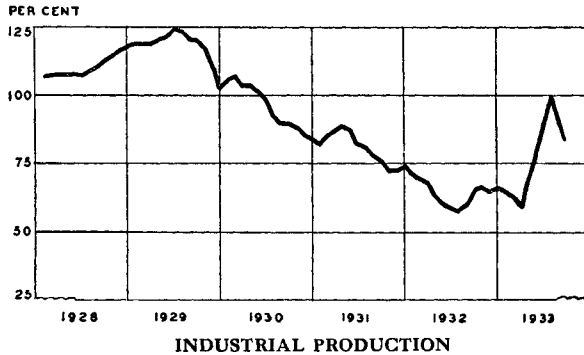
Construction. Construction contracts awarded increased in September to the highest level for the year, according to reports by the F. W. Dodge Corporation, the largest volume of new awards being for public works and for other non-residential projects. In the third quarter of the year, value of construction contracts was 25 per cent of the 1923-1925 average.

Distribution. Sales at department stores in leading cities increased less than seasonally in September, following an unusually large increase in sales in August. Trade reports indicate that sales volume was affected by unseasonably warm weather and by price advances.

Sales of chain variety stores continued in somewhat larger volume than in 1932.

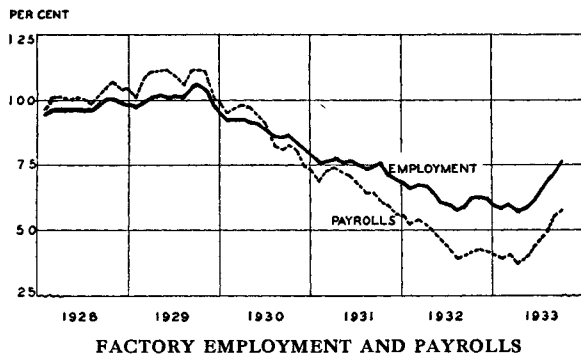
On the railroads, average daily freight shipments during September increased by somewhat less than is usual in the early autumn, but were in larger volume than at any time since the latter part of 1931. In the first two weeks of October, carloadings were at a higher level than in late September.

Prices. During September and the first two



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

weeks of October, the general average of wholesale prices in the United States was relatively stable at about 71 per cent of the 1926 average, reflecting, however, widely divergent movements in prices of individual commodities. Prices of raw materials traded on organized exchanges declined sharply during the first two weeks of October and then recovered somewhat. There have been further advances during recent weeks in prices of fuels, iron and steel, building materials, and house furnishings, while prices of cotton textiles and leather have declined.

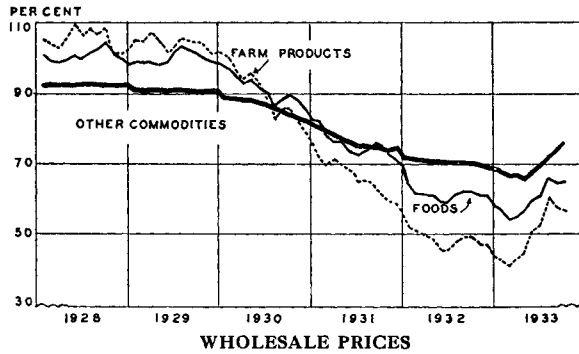


Indexes of factory employment and payrolls, without adjustment for seasonal variations (1923-1925 average=100).

Retail prices of food showed little change in September, while prices of clothing continued to advance.

Foreign Exchange. The value of the dollar in the foreign exchange market fluctuated around 65 per cent of its gold parity during the latter part of September and the first half of October, advanced to 71 per cent in the third week, and declined to 70 per cent on October 23.

Bank Credit. Excess reserves of member banks increased by \$100,000,000 between September 13 and October 20, in consequence of the purchase by the Federal reserve banks of \$170,000,000 of United States Government securities during the period, offset in part by a further decline in discounts and a seasonal increase in the demand for currency. While these purchases of United States Government securities were made chiefly in New York City, mem-

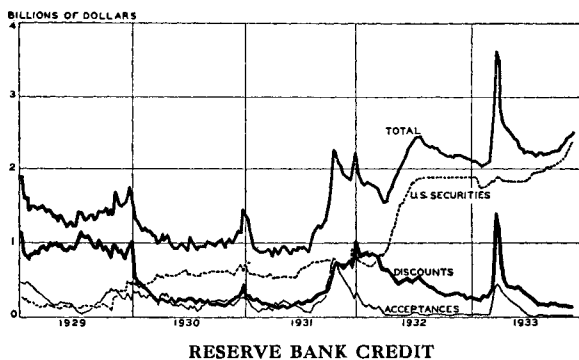


Indexes of the United States Bureau of Labor Statistics (1926=100).

ber bank funds arising from these purchases were transferred to other parts of the country through expenditures in outlying areas by Federal agencies, and through payment for crops marketed.

At reporting member banks in leading cities there was little change in loans and investments during this period; a decline in the volume of loans on securities was offset by growth in all other loans.

Money rates in the open market continued at low levels. On October 20 the Federal Reserve



Wednesday figures. Latest figures are for October 18.

Bank of New York reduced its buying rate on bills from a range from 1 to 1 1/4 per cent for different maturities to a range from 1/2 to 1 per cent. The rediscount rate at New York was reduced from 2 1/2 per cent to 2 per cent effective October 20, and rediscount rates of the Federal Reserve Banks of Cleveland and Chicago were reduced from 3 per cent to 2 1/2 per cent, effective October 21.