

# MONTHLY REVIEW

OF

## BUSINESS CONDITIONS

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### TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Twelfth District industry was less active in June than in May. Trade was well maintained, however, except for the movement of traffic through Pacific Coast ports where labor difficulties interfered with normal operations. Employment conditions did not change materially between mid-May and mid-June.

Lumber production receded sharply during June, operations in the coastal Douglas fir region being the lowest on record for this time of year. Production of flour by mills dependent upon water transportation was restricted further. In contrast, daily average crude oil output was the largest for any month since April 1932, and refineries were more active than at any other time this year. Further substantial expansion was recorded in contract awards for public works, but privately financed building was inactive and continued to be but a small proportion of total construction. Consumption of electric power did not increase, although some expansion is usual at this season.

Reflecting the diversion of water shipments as well as an earlier than usual movement of agricultural products, freight carloadings continued to expand by more than the seasonal amount. After seasonal adjustment, department store sales increased slightly, and automobile registrations were the highest in three years. Because of the longshoremen's and marine workers' strikes, however, water-borne intercoastal traffic fell off sharply further from 719,000 tons in May to 560,000 tons in June, the smallest amount of cargo moved since April 1933.

Weather conditions were fairly normal during most of June, and at the end of the month the outlook for crops and livestock ranges was about the same as at its beginning. Livestock ranges are exceptionally dry in most parts of the district except the Pacific Northwest, necessitating movement of animals and considerable supplemental feeding. Following a sharp rise, prices of farm products declined in late June, but at the middle of July were somewhat higher than a month earlier. Marketing conditions for this season's large citrus fruit crops continued

satisfactory, with prices advancing notwithstanding heavy shipments.

Comparatively minor changes took place in the condition of city banks during the four weeks ending July 18. The Federal Government continued to spend more than it collected in this area and banks used the funds thus received chiefly to increase their balances with eastern correspondents. Net demand and time deposits tended upward again, and investments in both United States Government obligations and other securities expanded further. Total loans declined slightly, reflecting a small reduction in commercial and real estate loans. While demand for currency expanded as is usual over the July 4 holiday, the customary return from circulation did not materialize in the following two weeks because of cash requirements of the banks and the public incident largely to the general strike in the San Francisco region. Interest rates charged customers and paid depositors by banks in the larger cities of the Twelfth District declined slightly further from mid-June to mid-July.

#### Agriculture

Weather conditions during June and the first half of July did not materially change the outlook for production of crops and livestock in the Twelfth District. Effects of the winter and spring drought and inadequate irrigation water continue to be apparent throughout most of the district except in the Pacific Northwest where rainfall has been about normal. Several additional counties in states of this district were placed in the drought relief area by the Federal Government during June and early July. Of the 232 counties in the Twelfth District 72 were included in the emergency relief and 17 in the secondary drought relief areas by the Agricultural Adjustment Administration on July 18. In many of these counties, livestock raising is of much greater importance than crop production.

Harvesting of wheat is well under way in the Twelfth District, and is bearing out earlier production estimates. It is expected that har-

vest of all wheat in this district will total 81,774,000 bushels this year, compared with production of 100,969,000 bushels last year and an average annual outturn of 113,196,000 bushels from 1927 through 1931. Although this year's production estimates are approximately 20 per cent below last year's, only a 10 per cent reduction in acreage is reported. Production of wheat in this district will, as usual, be in excess of local consumption, leaving a considerable amount either for export or for shipment to other parts of the United States. Prices of wheat in the Pacific Northwest advanced sharply during the first three weeks of July to the highest levels of the year. Production estimates place the barley and oat crops considerably below both last year's output and average production for the years 1927 through 1931. Barley shipments to eastern brewers were comparatively

**GRAIN AND FIELD CROPS—ACREAGE  
AND PRODUCTION**  
(In thousands)

	Acreage		Production		
	Harv't'd 1933	July 1 1934	Average 1927-31	1933	Indicated 1934
Beans (bags)					
California, Idaho...	396	408	4,977	5,190	4,334
United States.....	1,671	1,742	11,594	12,280	10,429
Tame Hay (tons)					
Twelfth District...	5,584	5,488	11,617	11,303	10,284
United States.....	53,947	53,152	72,250	65,983	52,020
Hops (pounds)					
Calif., Ore., Wash.	28	32	29,331	39,500	31,559
Potatoes (bushels)					
Twelfth District...	227	251	45,128	46,175	42,188
United States.....	3,197	3,383	365,556	320,353	348,092
Rice (bushels)					
California.....	106	105	7,823	6,042	7,035
United States.....	769	737	43,651	35,619	34,969
Sugar Beets (tons)					
Calif., Idaho, Utah	266*	233*	1,667	3,367	1,962
United States.....	1,036*	960*	7,854	11,030	7,920
Oats (bushels)					
Twelfth District...	735	674	24,018	27,982	20,896
United States.....	36,704	33,348	1,186,956	731,524	567,839
Barley (bushels)					
Twelfth District...	1,326	1,392	35,648	36,539	32,185
United States.....	10,108	8,712	270,444	156,988	125,155
All Wheat (bushels)					
Twelfth District...	5,080	4,554	113,196	100,969	81,774
United States.....	47,518	43,996	886,359	527,977	483,662

\*Planted acreage.

heavy during the marketing year ending June 30, but exports were greatly curtailed during May and June by the longshoremen's strike. The California rice crop is in good condition and production is expected to be about 7 million bushels, an output 17 per cent above that of last year, but about 10 per cent below average production from 1927 through 1931. Notwithstanding increased acreages planted to potatoes, beans, and hops, production of those crops is expected to be smaller than last year. The hay crop is expected to be smaller than in 1933 and output of sugar beets this year is now forecast at only 1,962,000 tons, compared with 3,367,000 tons in 1933.

Early July estimates of the California grape crop indicate a total production of 1,714,000 tons, or 54,000 tons more than were produced in 1933 but considerably smaller than average annual production from 1927 through 1931.

Most of the increase over last year's production is expected to be in the wine grape variety. The California apple crop was forecast at 7,020,000 bushels on July 1, compared with last year's crop of 9,333,000 bushels. Harvest of the Gravenstein variety is expected to be comparatively light, with late varieties making up the larger portion of the crop. Apple production in Oregon and Washington will probably be larger than a year ago, placing the entire district's 1934 output slightly above the 1933 crop.

Estimates of the current California Valencia orange crop were reduced moderately to 18,234,000 boxes during June while estimates of the lemon crop were increased to 7,571,000 boxes. This year's production of both is considerably larger than last year's output. Prices of oranges and lemons continued satisfactory during June, and the volume of fruit marketed was larger than in any month since March 1932, and larger than in any June excepting 1929.

Pacific Coast butter markets showed little change during June and the first half of July. Indicated production of butter increased and storage holdings rose moderately as is usual at this time of year. At the beginning of July, however, stored stocks were smaller than a year before, the first time in 1934 that reports have shown inventories of butter to be lower than on the corresponding date in 1933.

A seasonal decrease in receipts of eggs during June was accompanied by a moderate advance in prices. Movement of eggs into storage was not so large as is customary during June, and stored inventories on July 1 were smaller than at the beginning of July in any other year since 1929.

Range feed continues good in Washington, western Oregon, northern Idaho, and northern California, but it is extremely short in other areas. Because of the short supply of range forage extensive use of supplemental feed has been necessary to finish cattle for market. Stock water continues short as June rains gave only

**Agricultural Marketing Activity—**

	June		Season to Date	
	1934	1933	1934	1933
<b>Carlot Shipments</b>				
Deciduous Fruit..	4,232	2,379	6,353	2,549
Citrus Fruit ....	9,195	8,880	47,476	47,113
Vegetables .....	13,326	11,722	86,194	73,308
<b>Exports</b>				
Wheat (bu.) ....	.....	4,077	18,944,307	2,111,081
Barley (bu.) ....	59,667	969,790	5,390,598	7,732,450
<b>Receipts</b>				
Cattle .....	83,733	68,275	528,497	413,876
Hogs .....	204,938	216,329	1,372,272	1,466,047
Sheep .....	420,139	358,866	1,917,427	1,774,956
Eggs (cases) .....	159,624	138,203	1,054,338	953,079
Butter (lbs.) ....	8,543,656	7,661,608	42,082,243	38,432,207
Wheat (carlots)..	2,920	3,662	56,538	45,791
Barley (carlots)..	710	643	6,819	7,112
<b>Storage Holdings</b>				
(end of month)				
June		May	June	May
Wheat (bu.) ....	3,610,000	3,455,000	2,024,000	2,314,000
Beans (bags) ...	937,000	1,107,000	840,000	620,000
Butter (lbs.) ....	7,062,000	4,820,000	7,542,000	3,024,000
Eggs (cases) ....	735,000	656,000	779,000	656,000

slight relief. Government buying of steers and reduced transportation rates on livestock and feed are expected to aid livestock growers in drought-stricken areas. The United States Department of Agriculture pig survey indicates that the district's 1934 spring pig crop was about 19 per cent smaller than that of 1933. Reflecting this smaller spring pig crop and light marketings in the past few months, hog prices in principal Pacific Coast markets rose considerably during June and early July. Except in the higher ranges, sheep and lambs are in poor condition. Losses have not been heavy, but lambs have not been gaining weight satisfactorily during the past month. In California, most flocks in short feed localities have been moved. Late lambs in the high Sierra ranges are developing well. Marketing of these lambs commenced in July, with early shipments reported to be of good quality. Sales of wool have been few and cooperatives and borrowers from Government agencies still hold most of this year's clip.

### Industry

Industrial activity in the Twelfth District receded further during June, reflecting in part the effects of strikes along the Pacific Coast in connection with the longshoremen's dispute with their employers. The most important decline in production was in the lumber industry.

Employment in California industries increased slightly, as is usual between mid-May and mid-June, and was as high as at any time in the past three years. Number of employed in Los Angeles and San Francisco counties, areas affected by marine strikes, decreased slightly, but employment throughout the remainder of the state increased and total number of wage earners was 1 per cent higher than a month earlier. This bank's adjusted index advanced from 82 per cent of the 1923-1925 average in May to 83 per cent in June. That index excludes the canning and preserving industry, however, in which employment did not show the customary June expansion. Increased employment in the petroleum industry and in other industries more than offset declines in working forces in the important motion picture, furniture, and iron and steel industries. Total wages paid California industrial workers, excluding those at canneries, were the same in June as in May, although there is usually a slight increase between those two months. Average weekly earnings decreased 2 per cent.

In Oregon, employment increased 1 per cent from May to June. This increase was considerably less than seasonal, reflecting a smaller expansion than is usual during June in the food canning industry. The number of workers engaged in the lumber industry decreased less

than seasonally. Since employment is reported as of the middle of the month, however, the effect of the sharp curtailment of lumber production during the last two weeks of June was not shown by these figures.

Daily average crude oil production in California was 516,000 barrels during June, the highest rate in more than two years and 29,000 barrels above the daily average during May. Proration allowables were increased 34,000 barrels to 500,000 barrels daily, however, and despite the gain in actual output the margin of excess production was smaller than in the preceding month. In anticipation of further increases in demand for crude oil, the allotment for July production was set at 509,000 barrels daily. This allotment compared with actual production of 524,000 barrels during the first three weeks of July.

The amount of crude oil run to refinery stills tended upward slightly during the six weeks ending in mid-July, notwithstanding which gasoline inventories continued to decline gradually. Approval in late June of the Pacific Coast Petroleum Agency agreement, by which it is hoped to stabilize the marketings of refinery products, was followed by announcement of increases of 2 cents to 2½ cents per gallon in gasoline prices in most parts of the district.

While the cut of lumber in the western pine region did not change appreciably during June, continuance of the longshoremen's strike was the apparent cause of a further sharp contraction in output of Douglas fir, and total lumber production declined to a level lower than that of any month since May 1933. The adjusted

### Employment—

Industries	California			Oregon		
	No. of Firms	No. of Employees June 1934	June 1933	No. of Firms	No. of Employees June 1934	June 1933
All Industries* . . .	1,118	154,118	123,521	115	19,406	17,548
		(+24.8)			(+10.6)	
Stone, Clay, and Glass Products. . .	57	5,917	4,663	3	134	45
		(+26.9)			(+197.8)	
Lumber and Wood Manufactures . .	121	15,375	11,748	42	10,363	10,421
		(+30.9)			(-0.6)	
Textiles . . . . .	9	1,018	889	7	1,528	1,369
		(+14.5)			(+11.6)	
Clothing, Millinery, and Laundering. . .	136	9,607	9,721	7‡	206	208
		(-1.2)			(-1.0)	
Food, Beverages, and Tobacco . . .	270	40,891	32,722	29	2,254	1,127
		(+25.0)			(+100.0)	
Public Utilities . . .	46	45,414	44,315	..	..	..
		(+2.5)				
Other Industries†. . .	477	67,673	56,008	..	..	..
		(+20.8)				
Miscellaneous . . .	48	13,637	7,770	27	4,921	4,378
		(+75.5)			(+12.4)	
Wholesale and Retail . . . . .	211	31,148	29,035	..	..	..
		(+7.3)				

\*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 1933.

index of lumber cut was 40 per cent of the 1923-1925 average during June, compared with 49 per cent in May and a depression low of 29 per cent in March 1933. Total lumber shipments were much smaller than in any June since 1930, there being scarcely any water-borne cargoes. The amount of new business was also much lower in June than in May but remained in excess of production. During the first half of July there was substantially more than the usual contraction of lumbering activity, both production and shipments of tidewater mills being at a virtual standstill.

Reflecting substantial increases in contracts awarded for waterworks and excavation projects, public works construction expanded by more than 10 million dollars during June, bringing the total for the first half of the year to 90 million dollars. This compared with a total of 125 million dollars in the first half of 1933, when contract awards on the San Francisco Bay Bridge and the Metropolitan Water District of Southern California totaled more than 60 million dollars. Work is now more active than a year earlier upon these projects and upon the Golden Gate Bridge. Contracts for the latter undertaking were awarded late in 1932. Contract awards for large projects have been fewer in number this year than last, but it seems probable that actual construction activity on public works has increased considerably.

Privately financed construction has improved but little during the past year. It still constitutes only a minor part of total construction. Residential building averaged about the same during the first half of 1934 as in the first half of 1933, while commercial and industrial building increased moderately from the extremely low levels of the preceding year. On June 27

### Industry —

General	Indexes of daily average production, adjusted for seasonal variation (1923-1925 daily average=100)						
	1934			1933			
	Six Mos. Av.	June	May	Apr.	June	May	Six Mos. Av.
Carloadings—Industrial.	46	42	44	49	45	37	36
Elec. Pwr. Production..	150	151¶	154	154	139	135	137
<b>Manufactures</b>							
Lumber .....	50	40	49	51	51	37	35
Refined Mineral Oils†..	121*	..	130	131	144	127	126
Flour .....	96	84¶	95¶	98	112	117	96
Slaughter of Livestock..	109	110	111	105	115	120	108
Cement .....	74	61	74	73	47	52	45
Wool Consumption† ..	91	84¶	101	89	96	93	94
<b>Minerals</b>							
Petroleum (California)†	72	78	74	73	72	72	71
Lead (United States)‡..	..	..	..	56	41	37	42
Silver (United States)‡.	..	..	..	45	24	30	33
<b>Building and Construction#</b>							
Total .....	33	39	29	29	52	43	49
Building Permits—Value							
Larger Cities .....	10	9	10	10	11	10	10
Smaller Cities .....	16	15	19	19	12	13	12
Engineering Contracts							
Awarded—Value							
Total .....	67	77	56	61	108	90	101
Excluding Buildings	131	151	114	114	214	198	221

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

the President signed the National Housing Act, designed to facilitate lending for the making of repairs, alterations, or renovating of homes and to stimulate the construction of new homes. Enactment of this legislation was followed shortly by announcements that reductions in retail prices of lumber and other building materials used in this type of construction would be made.

### Trade

Movement of railway freight continued to expand by more than the seasonal amount during June, a rise in merchandise and miscellaneous freight shipments more than offsetting a decline in industrial loadings. California loadings were the highest since late 1931, but freight originating in the Pacific Northwest decreased somewhat. Two factors combined to stimulate railroad traffic. The tie-up of water transportation by labor troubles at Pacific Coast ports transferred a certain amount of business to the railroads. In addition, the seasonal movement of agricultural products in substantial volume started somewhat earlier than usual this year. Total district loadings were 15 per cent higher than in June 1933, which was a comparatively high month during that year. In the entire first half of 1934 volume of freight moved on district railroads was 25 per cent larger than in the corresponding six months last year.

	RETAIL TRADE—Twelfth District		
	Percentage changes in value of sales and stocks		
	1934 compared with 1933		End of June
NET SALES		STOCKS	
	June	Jan. 1 to end of June	
Department Stores .....	1.8 ( 66)	11.7	12.1 (48)
Los Angeles .....	— 4.6 ( 7)	7.8	16.6 ( 7)
Other So. California...	— 3.0 ( 7)	11.9	— 6.2 ( 5)
Oakland .....	0.5 ( 4)	6.9	9.2 ( 4)
San Francisco .....	2.8 ( 8)	10.8	11.4 ( 7)
Bay Region .....	3.0 (16)	10.2	10.5 (15)
Central California .....	5.7 ( 6)	14.1	2.9 ( 6)
Portland† .....	6.7 ( 6)	12.9	8.4 ( 6)
Seattle .....	7.7 ( 4)	15.7	15.5 ( 4)
Spokane .....	26.1 ( 4)	34.0	6.8 ( 4)
Salt Lake City .....	3.5 ( 4)	17.0	24.2 ( 3)
Apparel Stores .....	4.8 (32)	17.4	24.8 (19)
Furniture Stores ..	0.8 (34)	21.2	7.9 (25)
All Stores .....	1.9 (132)	13.2	12.4 (92)

†Includes four apparel stores which are not included in district department store total.

Figures in parentheses indicate number of stores reporting.

Department store sales declined less than is usual during June. Seasonally adjusted sales of California stores were higher than in May, and little change was recorded in Seattle, while decreases took place in Spokane and Salt Lake City. As compared with last year, value of district department store sales during June was practically unchanged, although for the year to date an increase of 12 per cent was shown. Probably most of this increase in sales value during the first half of the year resulted from higher retail prices since the number of sales transactions was about the same this year as

last. Inventories of department stores decreased seasonally during June, and collections on open book accounts were maintained at a level above that of last year.

Daily average sales of new automobiles expanded further during June, contrary to the usual seasonal tendency during that month, and were larger than in any month since late 1931. The increase came entirely in passenger car sales, since sales of commercial vehicles remained unchanged at the relatively high level reached in May. Automobile sales have expanded steadily since the beginning of 1934 and during the first six months of this year were 40 per cent larger in number than in the first six months of 1933.

**WHOLESALE TRADE—Twelfth District**  
Percentage changes in value of sales

	June 1934 — compared with —		Cumulative 1934 compared with 1933
	May 1934	June 1933	
Agricultural Implements.....	10.8	41.9	99.6
Automobile Supplies.....	1.7	1.1	15.8
Drugs .....	— 2.2	13.5	30.9
Dry Goods .....	—14.4	—12.1	24.7
Electrical Supplies.....	—12.8	26.9	52.5
Furniture .....	—19.8	—23.8	31.0
Groceries .....	11.2	13.2	15.6
Hardware .....	— 3.4	9.3	41.8
Shoes .....	—11.0	7.4	36.4
Paper and Stationery.....	16.4	17.4	32.8
All Lines .....	— 0.2	10.2	29.9

Wholesale trade during June remained near the highest level of the last three years. Sales of agricultural implements recovered losses of the preceding month, and trade of grocery and paper and stationery houses expanded further. Hardware, automobile supplies, and drug sales remained fairly steady in June. Substantial decreases occurred in other lines of activity for which data are received, namely, dry goods, electrical supplies, furniture, and shoes. Large year-period increases in value of sales were reported in all lines during the first half of 1934, notwithstanding the fact that rapid expansion of wholesale trade had taken place during the

**Distribution and Trade—**

	Six Mos. Av.	1934			1933		Six Mos. Av.
		June	May	Apr.	June	May	
Indexes adjusted for seasonal variation (1923-1925 average=100)							
<b>Carloadings‡</b>							
Total .....	66	67‡	66	65	58	53	52
Merchandise .....	82	90‡	85	79	70	67	67
<b>Intercoastal Trade</b>							
Total .....	81	64	79	86	72	68	61
Westbound .....	75	67	73	88	79	61	62
Eastbound .....	84	62	82	86	69	70	61
<b>Retail Trade</b>							
<b>Automobile Sales‡</b>							
Total .....	57	74	62	60	64	48	41
Passenger .....	52	69	57	55	59	46	40
Commercial .....	109	120	121	112	110	70	60
<b>Department Store</b>							
Sales‡ .....	72	72	71	71	72	72	66
Stocks§ .....	64	65	66	64	57	54	57
<b>Collections#</b>		Actual Figures					
Regular .....	46.2	47.1	47.8	45.1	42.8	43.3	41.2
Installment .....	17.5	17.3	17.5	17.5	14.8	15.0	14.1

‡Daily average. §At end of month. #Per cent of collections during month to amount outstanding at first of month. †Preliminary.

first half of 1933. Although part of these increases reflected higher prices, there was a substantial expansion in volume of goods moved from wholesalers to retailers.

Intercoastal shipments both to and from the Pacific Coast were restricted considerably by the longshoremen's strike during June. The decline in the volume of goods moving through the Panama Canal between the Pacific and Atlantic Coasts amounted to more than 200,000 tons during May and June combined, cargoes in the later month totaling but 560,000 tons, a smaller movement than in any month since April 1933. Iron and steel shipments from the Atlantic Coast were fairly large. Eastbound petroleum shipments moved in about the same volume as in other recent months, but lumber shipments were the smallest on record. The volume of other cargo declined substantially.

**Prices**

Prices of important agricultural commodities produced in the Twelfth District tended upward during June and the first half of July, quotations on most products showing slight gains or remaining steady. Contract wheat prices in Chicago fluctuated moderately in late June, but large gains made in the second week of July advanced the quotation on December futures to more than a dollar per bushel. Barley and oat prices advanced moderately in

**Bank Debits\*—**

	June 1934	June 1933	First six months 1934	1933†
<b>Arizona</b>				
Phoenix .....	\$ 27,693	\$ 20,164	\$ 150,755	\$ 104,635
<b>California</b>				
Bakersfield .....	8,360	7,578	50,345	39,843
Berkeley .....	15,995	12,489	119,387	67,980
Fresno .....	16,238	12,464	98,102	68,731
Long Beach .....	22,115	25,860	133,813	130,931
Los Angeles.....	550,920	529,767	3,249,876	2,886,816
Oakland .....	171,695	155,775	958,863	962,002
Pasadena .....	18,030	20,475	113,277	107,439
Sacramento .....	67,918	24,949	305,763	165,667
San Bernardino .....	5,923	4,966	34,296	27,329
San Diego .....	29,145	30,074	179,477	168,753
San Francisco .....	700,734	654,134	4,102,628	3,470,798
San Jose .....	15,209	13,670	90,577	75,053
Santa Barbara .....	7,828	7,555	47,209	40,906
Stockton .....	14,120	11,610	79,093	59,615
<b>Idaho</b>				
Boise .....	11,367	9,626	64,660	47,631
<b>Nevada</b>				
Reno .....	8,137	5,354	42,039	25,180
<b>Oregon</b>				
Eugene .....	4,435	3,256	22,858	16,266
Portland .....	119,146	110,682	710,927	551,636
<b>Utah</b>				
Ogden .....	10,809	10,482	68,124	47,176
Salt Lake City..	50,105	42,480	276,001	224,444
<b>Washington</b>				
Bellingham .....	4,881	4,364	26,935	22,026
Everett .....	5,706	6,154	30,957	25,336
Seattle .....	144,630	133,106	801,211	650,607
Spokane .....	37,411	22,360	169,869	112,999
Tacoma .....	22,862	21,326	132,424	101,209
Walla Walla .....	4,164	3,283	23,068	15,929
Yakima .....	9,993	7,226	54,664	35,597
<b>Total .....</b>	<b>\$2,105,569</b>	<b>\$1,911,229</b>	<b>\$12,137,198</b>	<b>\$10,252,534</b>

\*In thousands of dollars.

†March 1933 figures were incomplete for some cities during the banking holiday period.

late June and the first three weeks of July. Quotations on sugar, beans, rice, and hops remained unchanged, while hay prices increased slightly during the period under review. On July 17 the spot price of middling-upland cotton in New York reached the highest point since June 1930.

Quotations on canned apricots, applying in some instances to fruit packed in 1934, advanced sharply late in June and are now about 80 per cent higher than prices a year ago. This sharp increase reflects principally the unusually small crop of apricots this year. Prices of canned pears and peaches strengthened slightly during the first part of July. Dried apricots continued to advance in price during June and early July. Raisins also were quoted slightly higher during this period, while prunes sold lower than in preceding months of this year.

The New York spot price of foreign silver advanced to 46 $\frac{3}{4}$  cents per ounce on July 5, the highest quotation since last April, and fluctuated with little net change during the next two weeks. Lead prices declined slightly and copper and zinc prices showed little change.

### Cost of Living

Regional indexes of the Bureau of Labor Statistics show that the cost of living in principal population centers of this district changed little from December 1933 to June 1934. A decline of 0.5 per cent in Los Angeles and increases of 0.8 per cent in Portland, 0.9 per cent in San Francisco, and 0.5 per cent in Seattle were recorded. The average cost of living in

these cities in June was approximately 80 per cent of the December 1927-June 1928 average cost. Changes in the cost of living since the high level of 1920 and since June 1929 and June 1933 are shown in the following table.

	June 1920 to June 1934	June 1929 to June 1934	June 1933 to June 1934	Dec. 1933 to June 1934
Los Angeles .....	-35.0	-22.3	+4.4	-0.5
Portland .....	-39.8	-19.9	+4.5	+0.8
San Francisco .....	-32.3	-17.1	+5.8	+0.9
Seattle .....	-35.5	-19.0	+2.6	+0.5
Twelfth District* .....	-34.7	-19.9	+4.6	+0.2
United States .....	-37.0	-19.9	+6.3	+1.0

\*Weighted average of Pacific Coast cities.  
Based upon data of United States Bureau of Labor Statistics.

### The Credit Situation

Banking reserves continued to be abundant in the Twelfth District during the four weeks ending July 18. Further disbursements in excess of local collections were made by the United States Treasury. Country banks deposited additional funds with city banks, which in turn increased their balances with eastern correspondents. Interest rates continued the slow decline of recent months.

The condition of reporting city banks was about the same on July 18 as a month earlier. No net change was shown in loans on securities, while commercial and real estate loans declined slightly. Investments continued to expand, holdings of United States Government obligations and of other securities both showing further increases during this period. Time and net demand deposits increased moderately, re-

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

	Condition			
	July 18 1934	July 11 1934	June 20 1934	July 19 1933
Total Bills and Securities.....	168	167	167	148
Bills Discounted .....	2	1	1	10
Bills Bought .....	..	..	..	1
United States Securities .....	166	166	166	137
Total Reserves .....	326	315	307	270
Total Deposits .....	266	258	253	167
Federal Reserve Notes in				
Circulation .....	212	209	204	222
Federal Reserve Bank Notes in				
Circulation .....	..	..	..	4
Ratio of Total Reserves to De-				
posit and Federal Reserve				
Note Liabilities Combined...	68.3	67.5	67.1	69.5

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

	Condition			
	July 18 1934	July 11 1934	June 20 1934	July 19 1933
Loans and Investments—Total..	1,836	1,836	1,827	1,670
Loans—Total .....	869	872	876	875
On Securities .....	222	222	221	219
All Other .....	647	650	655	656
Investments—Total .....	967	964	951	795
United States Securities .....	608	614	600	476
Other Securities .....	359	350	351	319
Reserve with Reserve Bank....	132	134	139	87
Net Demand Deposits .....	640	639	627	554
Time Deposits .....	946	942	939	871
Due from Banks .....	180	176	158	133
Due to Banks .....	188	188	173	143
Borrowings at Reserve Bank...	..	..	..	4

### SOURCES AND USES OF BANKING RESERVES Twelfth District

Changes in millions of dollars during the weeks indicated

Week Ending 1934	Reserve Bank Credit	Commercial Operations	Treasury Operations	Total Supply
May 9 .....	-.2	-2.7	+3.1	+.2
May 16 .....	-.4	-4.1	+6.3	+1.8
May 23 .....	-.9	-.2	+7.8	+6.7
May 30 .....	+.4	-11.6	+2.7	-8.5
June 6 .....	+.3	+10.1	+5.5	+15.9
June 13 .....	+.3	+.5	+3.1	+3.3
June 20 .....	+.9	-7.0	-2.8	-8.9
June 27 .....	+.7	-20.0	+12.6	-6.7
July 4 .....	+4.9	+.1	+9.5	+14.5
July 11 .....	-5.1	-12.5	+22.1	+4.5
July 18 .....	-.8	+5.4	+8.5	+13.1

### USES OF FUNDS

Week Ending 1934	Demand for Currency	Member Bank Reserve Deposits	Other F.R.B. Accounts	Total Demand
May 9 .....	+2.5	+3.2	-5.5	+.2
May 16 .....	-.7	+2.0	+.5	+1.8
May 23 .....	-1.9	+6.2	+2.4	+6.7
May 30 .....	+.3	-7.7	-1.1	-8.5
June 6 .....	+4.9	+9.8	+1.2	+15.9
June 13 .....	-1.0	+7.6	-3.3	+3.3
June 20 .....	+4.4	-11.7	-1.6	-8.9
June 27 .....	-1.4	-12.7	+7.4	-6.7
July 4 .....	+11.2	+10.5	-7.2	+14.5
July 11 .....	-5.2	+8.5	+1.2	+4.5
July 18 .....	+4.1	+3.1	+5.9	+13.1

flecting the continued net outlay of funds in this area by the Federal Government. This excess of Federal Government expenditures over local collections necessitated the transfer of funds into this district by the Treasurer. Although these additions to banking funds were partly absorbed by (a) an increase in money in circulation and (b) an outflow of funds to other districts due to transfers of bankers' balances and to other commercial and financial transactions, reserve deposits increased considerably. Member bank reserve deposits continued at levels more than 50 per cent above legal requirements. Government funds in Twelfth District depository banks were not reduced during the four weeks ended July 18.

Total disbursements by the Federal Government in the Twelfth District during the four weeks ended July 18, excluding redemptions of currency and public debt, amounted to 136 million dollars, with net payments of 53 million dollars. Of the total outlay, 63 million dollars were disbursed through the Reconstruction Finance Corporation and other emergency lending agencies, while the Farm Credit Administration, the San Francisco Mint and the Seattle Assay Office combined, and the Public Works Administration accounted for 17 million dollars, 9 million dollars, and 5 million dollars, respectively. The remainder (42 million dollars) entered into routine and miscellaneous expenditures. The initial entrance of total disbursements (136 million dollars) into individual deposits was apportioned in geographical areas and in amounts approximately as follows: San Francisco, 90 million dollars; Los Angeles, 18 million dollars; Seattle, 8 million dollars; Portland, 7 million dollars; Spokane, 7 million dollars; and Salt Lake City, 6 million dollars.

Twelfth District demand for currency increased by at least the full seasonal amount prior to the July 4 holiday. Between then and July 20, the post-holiday return of currency was much less than usual, however, indicating that the demand for pocket and vault cash was increased by the labor difficulties on the Pacific Coast, particularly by the general strike in San Francisco.

Interest rates charged by banks on commercial loans continued to decrease slightly between mid-June and mid-July. Rates paid by banks also declined during this period. Effective July 1, rates paid on savings deposits were reduced from 3 per cent to  $2\frac{1}{2}$  per cent by all reporting banks in Spokane and by several banks in San Francisco. Rates paid on time certificates of deposit were lowered in several of the larger cities of the district at the same time. These decreases in rates paid reflected further efforts to reduce the cost of funds to a level commensurate with earnings upon open market loans and other short-term investments. Existing rates paid on savings deposits, which constitute a larger part of total bank deposits in the Twelfth Federal Reserve District than in the United States, are  $2\frac{1}{2}$  per cent at many of the larger banks, although the legal maximum for member banks is 3 per cent. These rates compare with a range from 3 to  $4\frac{1}{4}$  per cent in the spring of 1931, when many of the large banks were paying the higher rates.

Local holdings of acceptances continued to decrease during June. The volume of acceptances outstanding has been relatively low for some time and the amount of bills created during the past two months continued small.

Trading upon the leading stock exchanges of the district decreased during June, and there has been no improvement thus far in July.

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## SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial production, which had increased during each of the six months from December to May, declined in June by somewhat more than the usual seasonal amount. Factory employment and payrolls also showed decreases which were partly of a seasonal nature. The general level of wholesale commodity prices advanced during June and showed little change during the first three weeks of July.

**Production and Employment.** Volume of industrial output, as measured by the Board's seasonally adjusted index, decreased from 86 per cent of the 1923-1925 average in May to 84 per cent in June, reflecting chiefly a sharp reduction in activity at cotton textile mills. Production at lumber mills, and at coal mines also

showed a decline. In the steel and automobile industries activity decreased in June by an amount somewhat smaller than is usual at this season. Maintenance of activity at steel mills in June reflected in part the accumulation of stocks by consumers, according to trade reports, and at the beginning of July output of steel showed a sharp decline.

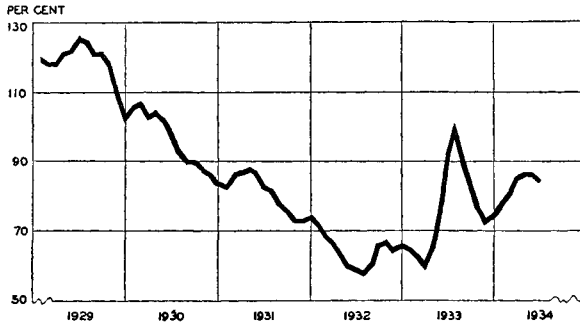
Employment at factories decreased somewhat between the middle of May and the middle of June, reflecting reductions in working forces in industries producing textile fabrics, wearing apparel, leather products, automobiles, and lumber, offset in part by increases in employment at steel mills and at meat packing establishments. Value of construction contracts

awarded, which had shown little change during May and June, showed an increase in the first half of July, according to the F. W. Dodge Corporation.

Department of Agriculture estimates, based on July 1 conditions, indicated a wheat crop of 484,000,000 bushels, compared with an average of 886,000,000 bushels for the five years 1927-1931, and a corn crop of 2,113,000,000 bushels,

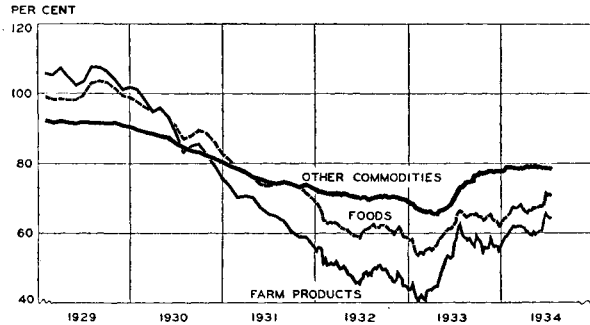
In the middle of July wheat prices advanced rapidly to levels above those reached at the end of May, and there was a considerable advance in cotton, while lumber prices declined and finished steel prices were reduced somewhat from the advanced quotations previously announced.

**Bank Credit.** Between June 13 and July 18 member bank reserves increased to a new high



**INDUSTRIAL PRODUCTION**

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

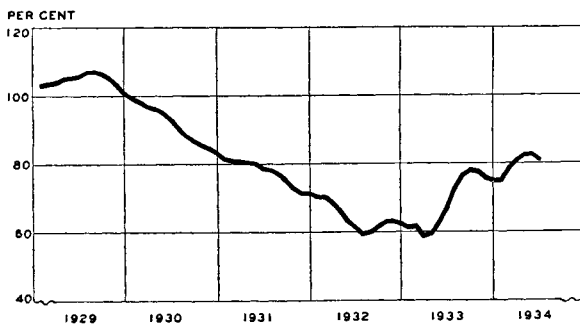


**WHOLESALE PRICES**

Indexes of the United States Bureau of Labor Statistics. By months 1929 to 1931; by weeks 1932 to date. (1926=100).

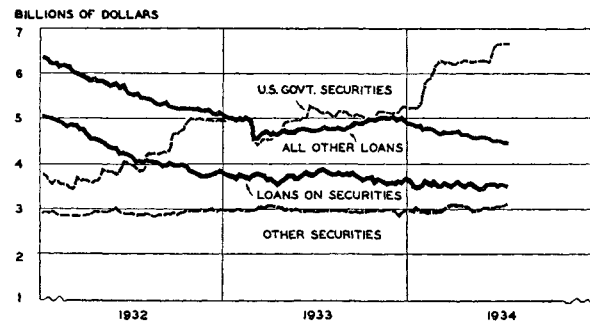
compared with the five year average of 2,516,000,000 bushels. Crops of other grains, hay, and tobacco were also estimated to be considerably smaller than usual. The average of cotton under cultivation was estimated at 28,000,000 acres, about 2,000,000 less than the acreage harvested last season. In the first three weeks of July drought conditions prevailed over wide areas, particularly in the southwest.

level of nearly \$4,000,000,000, about \$1,850,000,000 in excess of legal requirements. The growth reflected chiefly a further increase in the monetary gold stock. A seasonal increase in demand for currency over the July 4 holiday period was followed by an approximately equal seasonal return flow during the succeeding two weeks. The volume of reserve bank credit outstanding showed little change.



**FACTORY EMPLOYMENT**

Federal Reserve Board's index of factory employment with adjustment for seasonal variation (1923-1925 average=100).



**MEMBER BANK CREDIT**

Wednesday figures for reporting member banks in 90 leading cities. Latest figures are for July 18.

**Distribution.** The number of freight cars loaded per working day showed a further slight increase in June followed by a decline in the first half of July. Sales by department stores decreased in June by more than the estimated seasonal amount.

At reporting member banks there was a growth of United States Government deposits during the five-week period, reflecting chiefly the purchase in June of new issues of Government securities by the banks. Bankers' balances also increased but deposits of individuals, firms, and corporations have shown little change. Loans declined somewhat, reflecting a decrease in loans to customers, while loans to brokers showed an increase.

**Wholesale Commodity Prices.** Wholesale prices of farm products and foods generally advanced during June while other commodities as a group showed a slight decline. Hog prices increased considerably in the middle of the month while wheat declined throughout the month.

Money rates remained practically unchanged at the low levels prevailing in June.