

MONTHLY REVIEW

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BUSINESS CONDITIONS

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TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Volume of industrial production in the Twelfth District was slightly lower in February than in January whereas little change is usual. Retail trade increased, while railway freight traffic declined, after allowance for seasonal factors. Number of workers employed by industry was the same in mid-February as in mid-January, although a small rise ordinarily takes place.

In contrast with the United States as a whole, value of building permits in cities of this district rose in February to the highest figure since July 1931. The increase resulted from larger permits for nonresidential buildings and alteration and repair work; residential building permits were the same as in January. Although new contract awards for public works were much smaller in February than the near record total in January, construction work on projects of that class continued at a high level.

The seasonally adjusted index of lumber production decreased somewhat from January to February but remained close to the highest point recorded since the summer of 1930. Output of cement declined from the unusually large January volume. Petroleum output decreased sharply, a result of voluntary curtailment. Slaughter increased slightly, while flour production declined.

Value of daily average sales of department, apparel, and furniture stores in this district was about the same in February as in January. Freight carloadings did not increase by the usual seasonal amount, largely because the movement of lumber by rail did not show the customary expansion. Intercoastal traffic through the Panama Canal rose sharply as a result of increased lumber cargo.

In the four weeks ending March 18, district banking reserves were affected to a considerably greater extent than in other recent weeks by operations of the United States Treasury. Treasury disbursements substantially exceeded collections in this district in the first three weeks of that period. Those additions of funds were more than offset by a large net excess of Treasury collections in the week ending March 18. Withdrawal of funds

from the district by the Treasury during that week resulted from unusually large cash payments for Government securities issued in mid-March and from income tax collections. To meet these demands, member banks reduced their balances at the Reserve Bank substantially and also drew considerable sums from their deposits with eastern correspondents.

Largely because of increased holdings of Government securities, a result of mid-March Treasury financing, total loans and investments of reporting member banks rose to the highest level this year in the week of March 18, following steady decreases since early in January. Adjusted demand deposits were moderately lower on March 18 than a month earlier, while time deposits were somewhat larger. Turnover of bank deposits was unusually high during this period.

Twelfth District income tax payments to the Federal Government totaled almost 24 million dollars during the first twenty days of March this year, an increase of 43 percent over payments in the corresponding period of 1935.

Agriculture

Heavy rain and snowfall continued over a large part of the Twelfth District during February. Soil cultivation, seeding of early crops, and growth of range forage were retarded by this long period of stormy weather, but progressed rapidly, particularly in California, with the aid of warm dry weather in the first three weeks of March. Existing snowpacks and soil moisture assure adequate irrigation water during the spring and summer in most agricultural sections of the district. As of March 1, the United States Department of Agriculture reported that district farmers intended to plant a slightly larger acreage to grain and field crops than was harvested in 1935 or 1934.

The volume and value of agricultural marketings declined from January to February as has been the case in most other recent years. February usually marks the low point of the year in marketing activity. Farm prices averaged about the same as in February 1935, while

volume of agricultural products marketed was larger.

Fall-sown wheat is in good condition in the Pacific Northwest and soil moisture conditions at this time favor good yields. Some increase in marketing of last year's milling wheat occurred early in March as a result of subsidized exports of flour to the Philippines.

Citrus fruits marketed during February continued to sell at prices well above those received a year ago. Production of both Navel oranges (harvested from November through May) and lemons is estimated to be about 25 percent smaller this year than last. From November 1 to March 1 this season lemon prices averaged 50 percent and orange prices 8 percent higher than those of a year ago. Shipments of lemons during the four months under review were only 5 percent smaller than last year, while returns to growers were 43 percent larger. Orange shipments were 20 percent smaller and income was 7 percent lower than in the first four months of the 1934-1935 season. The commercial production of lemons in the United States is restricted to California but Navel oranges grown in that State compete with the Florida orange crop. Quarantine restrictions and import duties practically exclude foreign grown lemons and oranges from domestic markets.

Demand for California beans continued heavy during February, and stocks were reduced from 2,036,000 bags to 1,562,000 bags during the month. At that figure, storage stocks were about the same as a year earlier, but somewhat smaller than average stocks on March 1 of the past five years. Bean prices continued to advance and on March 18 the weighted average price of the eleven principal varieties grown in California was \$5.24 per hundred pounds. At this point the average price was 8 percent higher than a year ago and higher than at any time during the past five years.

Agricultural Marketing Activity—

	February		Season to Date	
	1936	1935	1936	1935
Carlot Shipments				
Apples and Pears	3,971	4,505	29,840	35,958
Citrus Fruits	4,582	6,316	19,134	23,037
Vegetables	8,970	8,740	41,342	43,237
Exports				
Wheat (bu.)		833	50,161	2,789,158
Barley (bu.)	339,000	165,291	7,240,447	3,549,661
Receipts*				
Cattle	82,145	72,140	180,039	170,376
Hogs	147,860	149,371	308,246	310,722
Sheep	206,782	181,111	423,854	423,765
Eggs (cases)	173,886	156,219	343,529	315,157
Butter (lbs.)	5,086,110	4,641,399	10,485,080	9,366,359
Wheat (carlots)	2,656	2,739	49,391	37,227
Barley (carlots)	701	475	6,895	6,888
Storage Holdings*				
(end of the month)				
Wheat (bu.)	5,497,000	5,827,000	2,913,000	3,953,000
Beans (bags)	1,562,000	2,036,000	1,562,000	1,927,000
Eggs (cases)		2,000		
Butter (lbs.)	230,000	1,339,000	75,000	355,000

*At principal district markets.

Volume of butter received at Pacific Coast markets declined during February, as is customary in that month. Movement of butter out of storage was also smaller than in January. The reduction in market supply of butter was accompanied by an advance of about 5 percent in prices during the month. Quotations changed little during the first half of March.

District markets received slightly more eggs in February than in January and 11 percent more than in February 1935. These moved directly into consumption channels, rather than into storage, and prices declined seasonally. In mid-March U. S. extra No. 1 eggs in San Francisco sold for 19½ cents per dozen, 9 percent lower than on that date a year earlier.

Considerable supplemental feeding of livestock was necessary on ranges in northern parts of the district during February because of snow covering. Feed supplies, however, were adequate and moderate in price. Cattle survived the severe winter weather with only normal losses and on March 1 were in good to excellent condition. In the grass-beef areas of California and Arizona, range stock are now improving in condition, but it is expected that they will not be ready for market as early as usual. The Federal livestock survey made as of January 1 indicates that the number of grass-fat animals to be marketed from these states will be larger than in recent years.

Weather conditions during the early lambing season were favorable in Arizona and California, and the early lamb crop is expected to be moderately larger than last year. In the Pacific Northwest, severe weather necessitated considerable supplemental feeding. Losses of early lambs in that region are reported to have been somewhat larger than in other recent years. In contrast with last season, when lamb buying was very active, contracting for early lambs has been slow throughout the district this year and reports indicate that practically no contracts had been closed in California up to March 1. Prices paid growers for lambs for immediate delivery have been slightly under those paid a year ago.

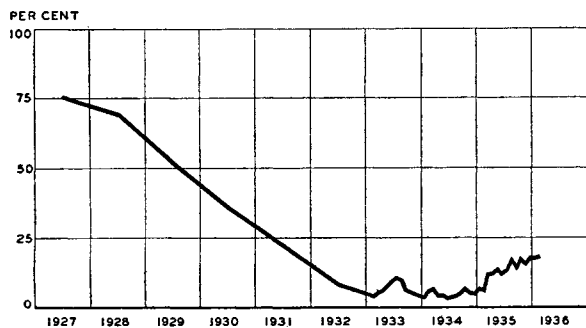
The wool market continued active during February, and in Arizona, California, Idaho, and Utah large portions of the 1936 clip have been sold or contracted at prices ranging markedly above those received last year. Growers last year held or sold on consignment a large part of their spring clip which was disposed of later in the year when domestic wool quotations were considerably higher than at the beginning of the season.

Industry

Volume of industrial production in the Twelfth District was slightly smaller in Febru-

ary than in January. Industrial employment was unchanged, whereas a small increase has usually occurred in February of past years.

Building permits issued in 20 principal cities of the district during February were valued at 9½ million dollars, an amount 22 percent larger than in January and higher than in any month since July 1931. In 70 of the smaller cities of the district, permits totaled 4.3 million dollars, the highest figure since October 1930. The increase in this region was in contrast with a decrease in the United States as a whole, reflecting unusually severe weather. The local increase came principally in nonresidential permits, which included awards for several relatively large commercial and industrial buildings located in different parts of the district. Residential building was maintained at the January level while alteration and repair work continued to increase.



VALUE OF RESIDENTIAL BUILDING PERMITS
Twelfth District
Based upon figures for 11 cities. Annual indexes 1927 to 1932; monthly indexes 1933 to date. (1923-1925 average=100.)

Residential building has increased steadily for nearly a year. Although that class of building is now more active than at any time in four years, value of such construction is still low in comparison with the period from 1922 through 1929. In most parts of the district vacancies in single-family houses are now reported to be low and reductions in apartment house vacancies have occurred in the past two years. According to indexes compiled by the United States Department of Labor, rents of wage earners' dwellings have turned upward in major Pacific Coast cities during recent months. Although these figures do not represent all dwellings, they give some confirmation to nonstatistical reports that demand for houses has increased in relation to supply sufficiently to enable owners to advance rentals.

Public works contracts awarded in February averaged 4 million dollars weekly, compared with a near record weekly average of over 9 million dollars in January. Changes in actual construction do not correspond with changes in contracts, particularly on large projects such as are now under way in parts

of the Twelfth District. According to the Federal Emergency Administration of Public Works, less than half of the work to be undertaken under Federal emergency appropriations of 1935 has been started and practically none of it has been completed. In addition, a considerable part of the work on projects for which allotments were made under 1933 Federal appropriations is still unfinished.

Output of lumber during February remained near the highest levels since 1930. Unfilled orders continued relatively large and at the end of the month were 40 percent higher than a year earlier. New orders received during the month decreased moderately, however, partly as a result of unusually severe weather which curtailed building activity, especially in the mid-West. Mill inventories of finished lumber are still comparatively low, with shortages reported in some sizes. A sharp expansion in production during the first half of March was accompanied by increases in both new orders for lumber and in shipments from mills.

Output of district cement plants decreased sharply during February. The adjusted index had reached 120 percent of the 1923-1925 average in January, a five-year high, but the decline to 87 percent in February offset only part of the sharp rise which had occurred since last June. Output was about 50 percent larger than in February 1935. Expansion in output during the latter part of 1935 was accompanied by a rise of almost equal proportions in shipments, although some tendency to accumulate inventories was evident in the Pacific Northwest, where work upon the Grand Coulee Dam project is expected to require additional large

Employment—

Industries	No. of Firms	California No. of Employees		No. of Firms	Oregon No. of Employees	
		Feb. 1936	Feb. 1935		Feb. 1936	Feb. 1935
All Industries* . . .	1,300	137,864	134,584	108	18,027	15,821
		(+2.4)			(+13.9)	
Stone, Clay, and Glass Products.	63	6,238	5,282	3	188	109
		(+18.1)			(+72.5)	
Lumber and Wood Manufactures ..	109	12,820	11,925	37	9,781	8,136
		(+7.5)			(+20.2)	
Textiles	15	1,559	1,803	8	1,796	1,734
		(-13.5)			(+3.6)	
Clothing, Millinery, and Laundering.	142	10,382	10,038	7‡	226	216
		(+3.4)			(+4.6)	
Food, Beverages, and Tobacco . . .	275	28,802	29,290	31	1,361	1,366
		(-1.7)			(-0.4)	
Public Utilities ..	51	44,525	42,388	..	..	..
		(+5.0)				
Other Industries†.	646	65,635	63,748	..	..	..
		(+3.0)				
Miscellaneous	50	12,428	12,498	22	4,675	4,260
		(-0.6)			(+9.7)	
Wholesale and Retail	348	37,036	34,883	..	..	..
		(+6.2)				

*Public utilities, wholesale and retail figures not included in this total. ‡Laundering only. †Includes the following industries: Metals, machinery, and conveyances; leather and rubber goods; oils and paints; printing and paper goods. Figures in parentheses indicate percentage change from February 1935.

supplies of cement during the next few months.

Reflecting the operation of a voluntary curtailment plan which became effective on February 1, daily average output of crude oil was reduced from 675,000 barrels during the week ending February 1 to 567,000 barrels in the week ending March 14. While output was still in excess of combined proration allowables of 537,000 barrels daily, reductions in most of the major fields conformed with the figures set, and prices paid by major companies for refinable crude oils coming from those fields were advanced an average of 20 cents per barrel from the base quotation of 90 cents per barrel.

Gasoline inventories increased more than is usual in February. Reflecting this condition in part at least there was, on March 3, a general reduction in gasoline prices up to 3 cents per gallon, except in the Los Angeles area, where a reduction of 2 cents per gallon had taken place on January 9.

The sardine canning season in northern California had been completed by mid-February. According to the State Fish and Game Commission, output totaled 1,883,101 cases, the largest since the record pack of the 1929-1930 season. In southern California waters, where sardine operations usually continue until April, fishing was restricted by poor weather conditions, and a small catch was reported. Landings of tuna were also small in February. An active demand for both canned sardines and tuna is reported to have reduced carryover stocks substantially since the first of this year, and quotations have tended upward.

Canning of spinach commenced early in March. The crop this year is estimated to be about the same as last year. Carryover inventories on March 1, 1936 were reported to be somewhat lower than a year earlier.

Industry —

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

	1936-1935				1935-1934		
	Feb.	Jan.	Dec.	Nov.	Feb.	Jan.	Dec.
General							
Carloadings—Industrial.	63	77	68	67	54	50	50
Electric Pwr. Production	179	180	172	171	154	154	149
Manufactures							
Lumber	71	75	72	65	60	52	46
Refined Mineral Oils†	149	152	157	156	127	120	120
Flour	91	101	93	109	93	102	92
Cement	87	120	112	83	53	56	81
Wool Consumption†	..	112	110	138	132	132	87
Slaughter of Livestock.	100	98	99	109	97	101	118
Minerals							
Petroleum (California)†	89	103	103	102	75	76	73
Lead (United States)†	..	63	70	67	50	48	60
Silver (United States)†	..	82	68	68	65	50	53
Building and Construction#							
Total	88	90	69	58	44	54	46
Building Permits—Value							
Larger Cities	28	25	24	22	17	13	14
Smaller Cities	50	44	38	37	21	20	20
Engineering Contracts							
Awarded—Value							
Total	167	182	118	99	80	118	84
Excluding Buildings	374	337	217	173	176	211	154

†Not adjusted for seasonal variation. ‡Prepared by Board of Governors of the Federal Reserve System. #Indexes are for three months ending with the month indicated. †Preliminary.

Trade

Daily average sales of department, apparel, and furniture stores were about the same in value during February as in January and were 11 percent above the daily average in February 1935. In the Pacific Northwest, sales decreased somewhat from January and were no

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

	1936 compared with 1935		
	NET SALES		STOCKS
	February	Jan. 1 to end of February	February
Department Stores..	12.1 (81)	9.3	4.6 (58)
Los Angeles	12.3 (6)	10.7	8.3 (6)
Other So. California	14.9 (9)	8.6	8.1 (7)
Oakland	14.5 (5)	9.9	4.0 (5)
San Francisco....	15.2 (8)	9.4	0.7 (7)
Bay Region	15.0 (18)	9.3	1.4 (16)
Central California.	8.8 (6)	5.1	6.9 (6)
Portland†	9.1 (9)	11.3	3.7 (8)
Seattle	5.1 (4)	5.9	2.2 (4)
Spokane	— 0.8 (5)	1.1	17.3 (5)
Tacoma‡	7.6 (7)	9.4	15.7 (5)
Salt Lake City....	10.7 (4)	11.1	— 9.2 (4)
Apparel Stores	18.6 (41)	16.7	16.0 (25)
Furniture Stores	40.2 (30)	36.8	13.8 (23)
All Stores	15.9 (152)	13.2	6.6 (106)

†Includes five apparel stores each in Portland and Tacoma which are not included in district department store total. Figures in parentheses indicate number of stores reporting.
February 1936 had one more trading day than February 1935.

larger than a year earlier. In California, sales increased both over the month and year periods. Collections on accounts receivable continued to show improvement in most parts of the district.

District freight carloadings were the same in February as in January, on a daily average basis. A considerable rise is customary during February, and consequently this bank's seasonally adjusted index declined from 85 to 79 percent of the 1923-1925 average, offsetting increases in the two preceding months. Rail shipments of lumber did not increase during February of this year, partly because of settlement of a strike of marine workers which had diverted water traffic to railroads in January. Other bulk loadings and merchandise and miscellaneous

Distribution and Trade—

	1936-1935				1935-1934		
	Feb.	Jan.	Dec.	Nov.	Feb.	Jan.	Dec.
Carloadings‡							
Total	79	85	85	80	74	70	69
Merchandise	89	92	97	95	89	85	84
Intercoastal Trade							
Total	75	65	69	66	65	68	77
Westbound	96	99	89	95	81	79	81
Eastbound	69	54	65	57	61	63	77
Retail Trade							
Automobile Sales‡							
Total	..	106	208	156	104	69	73
Passenger .....	..	103	200	153	97	65	66
Commercial .....	..	155	236	188	229	128	142
Department Store							
Sales‡	85	84	88	91	80	79	83
Stocks§	65	65	64	64	62	61	60
Collections#							
Regular	48.1	49.0	48.8	49.9	45.3	48.0	47.
Installment	18.0	18.4	17.6	18.1	16.8	18.7	17.

‡Daily average. §At end of month. #Percent of collections during month to amount outstanding at first of month.

shipments advanced by about the seasonal amount. Total loadings were 6 percent larger in February 1936 than in February 1935.

WHOLESALE TRADE—Twelfth District
Percentage changes in value of sales

	February 1936 compared with		Cumulative 1936 compared with 1935
	Jan. 1936	Feb. 1935	
Agricultural Implements	25.1	30.5	41.3
Automobile Supplies	11.2	10.0	7.5
Drugs	- 1.9	15.4	10.5
Dry Goods	- 2.9	2.0	0.9
Electrical Supplies	10.5	28.9	33.0
Furniture	- 3.9	- 7.5	- 1.9
Groceries	-11.5	4.7	6.7
Hardware	- 0.6	21.7	25.9
Shoes	28.6	2.7	3.1
Paper and Stationery	-11.2	16.9	18.5
All Lines	- 2.7	13.6	16.0

Intercoastal water-borne tonnage aggregated 625,000 tons in February, 32,000 tons larger than in January 1936 and 82,000 tons above that of February 1935. The advance over January resulted from a sharp increase in shipments of lumber from the Pacific Coast, which totaled more than in any month since September 1934. Other eastbound cargo, excepting petroleum, also increased. Cargo moving to the Pacific Coast from the East decreased moderately during February. A reduction in iron, steel, and tin plate shipments was only partly compensated by an increase in the aggregate of other classes of freight.

Prices

A downward movement in wholesale commodity prices was recorded during February and early March. Lower prices for farm products and foods caused most of the decline.

Wholesale prices of important Twelfth District commodities moved irregularly during February and the first half of March. Canned peach quotations advanced, while canned pear prices declined. Prices of most dried fruits tended downward, but raisin prices advanced slightly. Quotations for both export and domestic copper were steady during this period, and the spot price of foreign silver remained at 44¾ cents per ounce, New York. Lead and zinc quotations advanced slightly. The price of refined sugar for future delivery was reduced to the figure that prevailed on sales for immediate delivery. Following that reduction, prices advanced 20 cents per hundred pounds and on March 20 refinery quotations were \$4.75 and \$4.85 per hundred pounds, respectively, for beet and cane sugar. Quotations for coffee and rubber, raw materials for two important Twelfth District industries, continued the moderate advance recorded since the first of the year.

The Credit Situation

Total loans and investments of Twelfth District city member banks on March 18 reached a

high level for 1936, reflecting largely purchases by those banks of new 1½ percent notes and 2¾ percent bonds issued by the United States Government on March 16. Between February 19 and March 18 holdings of Government direct obligations by reporting banks increased 16 million dollars, a decline during the first three weeks of the period being more than offset by the increase in the week ending March 18. Changes in holdings of other securities were negligible during the four weeks but total loans increased moderately. Loans to brokers and dealers in securities outside of New York City showed a net increase of 6 million dollars between February 19 and March 18. Loans on real estate showed little net change during this period, but "other" loans (largely commercial) increased moderately, reaching a total almost as high as the post-depression peak recorded in the first week of this year. Adjusted demand deposits in reporting member banks were reduced 17 million dollars, while time deposits increased 19 million dollars.

The period also was marked by substantial fluctuations in the rate of turnover of demand deposits in the principal cities of the Twelfth District as will be seen in the table on following page. The average rate of turnover of demand deposits was 5 percent higher during the first eleven weeks of 1936 than in the corresponding period of 1935. The volume of debits to demand deposit accounts increased 23 percent

Bank Debits*—

	February		(First two months)	
	1936	1935	1936	1935
Arizona				
Phoenix	\$ 32,568	\$ 25,623	\$ 69,806	\$ 56,588
California				
Bakersfield	12,255	9,788	26,252	21,907
Berkeley	16,342	13,645	36,764	29,061
Fresno	22,085	17,688	48,718	38,755
Long Beach	30,672	24,400	66,122	51,234
Los Angeles	722,165	567,535	1,557,032	1,186,892
Oakland	75,095	55,935	163,009	123,736
Pasadena	24,405	19,365	52,080	40,353
Sacramento	106,257	76,241	213,261	148,771
San Bernardino	7,669	6,078	16,126	13,435
San Diego	42,831	33,219	91,314	67,492
San Francisco	858,901	671,077	1,698,440	1,370,133
San Jose	19,449	14,852	43,371	33,057
Santa Barbara	9,840	8,300	22,381	17,656
Santa Rosa	3,350	2,967	7,510	6,437
Stockton	14,366	12,416	31,679	27,410
Idaho				
Boise	13,114	11,384	29,671	26,520
Nevada				
Reno	8,248	6,643	17,352	14,675
Oregon				
Eugene	4,776	3,445	9,902	7,173
Portland	141,154	109,810	281,559	229,156
Salem	10,624	8,633	22,808	19,291
Utah				
Ogden	13,174	11,403	26,719	25,808
Salt Lake City	53,985	45,297	114,987	101,275
Washington				
Bellingham	4,602	3,859	10,066	8,332
Everett	5,653	4,603	12,400	9,744
Seattle	155,753	123,095	326,373	258,903
Spokane	32,635	27,885	73,467	60,488
Tacoma	27,458	20,143	55,030	43,079
Walla Walla	3,560	3,844	7,656	7,565
Yakima	8,347	9,059	20,120	18,731
Total	\$2,481,333	\$1,948,232	\$5,151,975	\$4,063,657

*In thousands of dollars.

between the two periods, but the rate of turnover did not rise proportionately because the volume of demand deposits increased by almost as large a percentage as the volume of debits. A substantial rise in turnover of demand de-

against demand deposits prior to the assessment of the personal property tax as of the first Monday in March. At that time, business concerns and individuals customarily draw down demand deposits for a temporary period in order to reduce assessment for taxes. An unusually large rise in total debits occurred in 1936 because a considerable amount of funds was checked out several times in rapid succession in connection with financing operations. After a reduction in the rate of turnover during the week ending March 11, there was another rise resulting from ordinary mid-month payments and the collection of Federal taxes.

District member bank reserve balances rose 11 million dollars between February 19 and March 11. During this three-week period United States Treasury disbursements exceeded local collections by 35 million dollars, thus adding to the funds of local banks. This addition was only partly offset by a net outflow of 17 million dollars to other districts and by a net increase of 5 million dollars in local demand for currency.

The increase in reserve balances during these three weeks was slightly exceeded by a reduction of 15 million dollars during the week ending March 18. This decrease reflected largely the mid-March financial operations of the United States Government. On March 16 the Treasury sold in the Twelfth District \$56,154,450 of 2¾ percent Treasury bonds due in 1948-51 and \$49,216,000 of 1½ percent notes due in 1941. Of the new securities, \$13,438,500 were exchanged for 2⅞ percent notes maturing April 15. District banks paid for \$38,372,000 of

ANNUAL RATE OF TURNOVER OF BANK DEPOSITS DURING WEEKS INDICATED

Week Ending 1935	Demand Deposits			Time Deposits		
	Principal Cities in Twelfth District	San Francisco	Los Angeles	Principal Cities in Twelfth District	San Francisco	Los Angeles
Jan. 9	24.8	25.1	26.4	1.2	1.1	1.2
16	26.4	27.9	27.2	1.0	.6	1.8
23	25.1	27.5	26.1	.8	.5	1.1
30	22.1	25.2	21.1	.7	.5	.8
Feb. 6	26.4	29.7	25.3	.9	.7	1.1
13	20.1	21.8	20.3	.7	.6	1.0
20	29.1	31.8	30.1	.7	.5	1.0
27	24.3	27.7	25.4	.5	.5	.6
Mar. 6	33.6	42.9	30.5	.9	1.0	.9
13	24.5	26.2	24.9	.8	.5	1.5
20	28.5	30.3	28.1	.7	.6	1.0
1936						
Jan. 8	30.0	32.0	30.2	2.4	1.8	3.5
15	26.4	28.0	27.3	1.2	.8	1.9
22	27.1	28.6	29.0	.9	.7	1.5
29	23.8	24.1	25.4	1.0	.6	1.7
Feb. 5	26.1	29.2	25.7	1.0	.8	1.4
12	19.4	19.1	21.3	.9	.6	1.5
19	29.5	31.7	29.7	.9	.6	1.6
26	26.2	30.2	26.9	.7	.7	1.0
Mar. 4	36.5	52.1	31.1	1.3	1.7	1.1
11	26.7	32.4	24.9	.9	.7	1.2
18	28.7	31.3	27.6	.9	.6	1.5

posits occurred during the first week of March in both years. This was associated with regular month end settlements and a small rise in demand for currency throughout the district. In California, the increase was larger than in the district as a whole, because of the charges

SOURCES AND USES OF BANKING RESERVES Twelfth District

Changes in millions of dollars during the weeks indicated

Week Ending	SOURCES OF FUNDS				Total Supply
	Reserve Bank Credit	Commercial Operations	Treasury Operations		
1936—Jan. 15	— .1	—15.2	+13.3		— 2.0
Jan. 22	— 2.3	—22.6	+ 5.0		—19.9
Jan. 29	— .3	—18.2	+ 6.6		—11.9
Feb. 5	+ 1.4	— 5.6	+12.2		+ 8.0
Feb. 12	+ 2.4	— .8	+ 2.7		+ 4.3
Feb. 19	— 1.0	— 5.0	+ 8.9		+ 2.9
Feb. 26	— 3.0	— 5.4	+10.9		+ 2.5
Mar. 4	+ 2.0	— 7.4	+ 5.3		— .1
Mar. 11	— 1.1	— 4.3	+18.9		+13.5
Mar. 18	+ 4.2	+26.6	—48.1		—17.3
USES OF FUNDS					
Week Ending	Demand for Currency	Member Bank Reserve Deposits	Other F.R.B. Accounts		Total Demand
1936—Jan. 15	— 8.3	+ 6.3	*		— 2.0
Jan. 22	— 2.7	—16.1	— 1.1		—19.9
Jan. 29	— 4.6	— 7.1	— .2		—11.9
Feb. 5	+ 7.5	+ .7	— .2		+ 8.0
Feb. 12	+ 2.9	+ .9	+ .5		+ 4.3
Feb. 19	— 1.7	+ 5.9	— 1.3		+ 2.9
Feb. 26	— .5	+ 3.0	*		+ 2.5
Mar. 4	+ 6.7	— 6.6	— .2		— .1
Mar. 11	— 1.3	+14.5	+ .3		+13.5
Mar. 18	— 2.3	—15.2	+ .2		—17.3

*Change less than \$50,000.

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

	Condition			
	Mar. 18 1936	Mar. 11 1936	Feb. 19 1936	Mar. 20 1935
Total Bills and Securities...	201	201	201	168
Bills Discounted .....	...	...	...	1
Bills Bought .....	...	...	...	...
United States Securities	199	199	199	166
Total Reserves	458	430	408	343
Total Deposits	363	329	315	294
Reserve Note Circulation	282	284	278	202
Ratio—Reserves to Deposit and Note Liabilities.....	71.0%	70.1%	68.9%	69.2%

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

	Condition			
	Mar. 18 1936	Mar. 11 1936	Feb. 19 1936	Mar. 20 1935
Loans and Investments—Total..	2,155	2,104	2,121	1,998
Loans to Brokers and Dealers..	19	18	14	27
Loans on Securities to Others (except banks)	168	169	170	177
Acceptances and Com'l Paper..	26	25	27	22
Loans on Real Estate	367	367	368	359
Loans to Banks	2	2	1	1
Other Loans	358	356	347	310
U. S. Gov. Direct Obligations..	711	665	695	684
Obligations Guaranteed by U. S.	137	138	140	67
Other Securities	367	364	359	351
Reserve with F. R. Bank	181	193	187	154
Due from Domestic Banks	218	240	230	201
Demand Deposits—Adjusted ...	761	747	778	674
Time Deposits	1,031	1,036	1,013	991
U. S. Gov. Deposits	117	83	84	83
Deposits of Other Banks	267	278	263	237
Borrowings .....	...	...	...	1

the bonds and notes by giving the Treasury a deposit credit and paid \$53,560,000 in cash on March 16. The unusually large cash payments reduced the supply of local banking funds during the week, as did income tax collections of 14 million dollars and other receipts and collections amounting to 14 million dollars. The effect of these operations on bank reserves was offset only in part by Treasury bill redemptions amounting to 8 million dollars, the payment of 4 million dollars in interest on the public debt, and other disbursements of 22 million dollars (exclusive of gold purchases). Consequently, 48 million dollars was transferred from member bank reserve balances to Treasurer's balances at the Federal Reserve Bank of San Francisco between March 11 and March 18.

In order to meet the charges against reserve balances attributable to Treasury operations district banks drew on their balances held with eastern banks, thus contributing to a reduction of 19 million dollars in deposits carried by district reporting member banks with other banks. The proceeds of the withdrawals were transferred to this district and were deposited in the reserve accounts of the member banks at the Federal Reserve Bank of San Francisco. As a result of these and other commercial and financial transactions, there was a net transfer of 27 million dollars into the Twelfth District from other regions during the week ending March 18.

Securities Markets

Share turnover on Pacific Coast stock exchanges during the month ending March 14 was considerably lower than in the previous four weeks. Activity in low priced issues decreased proportionately more than in the higher priced shares. The number of shares traded increased only slightly during the week ending March 14, when political disturbances were reported from Europe and prices of securities declined somewhat.

Averages of share prices, after rising four to six percent between February 15 and March 7, declined during the week ending March 14 to levels somewhat below those of a month earlier. The largest decreases in prices were recorded in shares of utility companies. Prices of oil stocks were higher on March 14 than a month earlier.

Pacific Coast corporation bond prices remained practically unchanged throughout the last half of February and the first half of March. Yields on a few long-term high grade issues continued to decline. Prices of municipal bonds advanced to new high levels, after which they declined fractionally. New security flotations in the corporate field were confined to approximately \$8,000,000 of preferred stock. Offerings of municipal bonds were relatively large, totaling \$25,000,000 between February 15 and March 14.

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Board of Governors of the Federal Reserve System

Volume of industrial production and employment showed little change in February, and the index of production, which makes allowance for seasonal changes, declined from 98 to 95 percent of the 1923-1925 average. Distribution of commodities continued at about the January level.

Production and Employment. Daily average output in basic industries was in about the same volume in February as in January. Since usually there is an increase in manufacturing activity at this season, the Board's seasonally adjusted index of factory output showed a decline. Output at mines increased. There was a substantial further decrease in automobile production in February, and the rate of operations at steel mills increased by less than the usual seasonal amount. In the first half of March production of steel expanded seasonally and output of automobiles showed a more than seasonal increase. There was little change in the volume of lumber cut in February, although an increase usually occurs in that month. At woolen mills production increased by about the seasonal amount, while activity at cotton tex-

tile mills, which is usually larger in February than in January, decreased, and at silk mills there was a larger than seasonal decline. Output at meat packing establishments also declined. There was a substantial increase in the mining of both anthracite and bituminous coal, while output of crude petroleum declined somewhat.

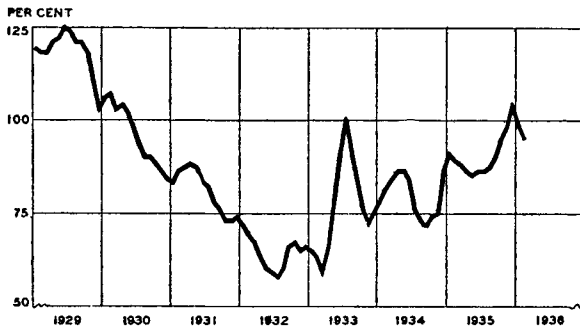
Factory employment increased by less than the usual seasonal amount between the middle of January and the middle of February. There was little change in the number of workers at steel mills and a decrease in the number employed at automobile factories, although increases are usual in these industries in February. Employment declined at silk and rayon textile mills and showed a smaller than seasonal increase at shoe factories. Increases in employment were reported for railroad repair shops, for printing and publishing establishments, and for factories producing wearing apparel. Factory payrolls, which are usually larger in the middle of February than a month earlier, showed no change.

The value of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined further in February. Awards for residential construction showed little change, and there was a decrease in the value of awards for all other contracts, a large part of which are for public projects.

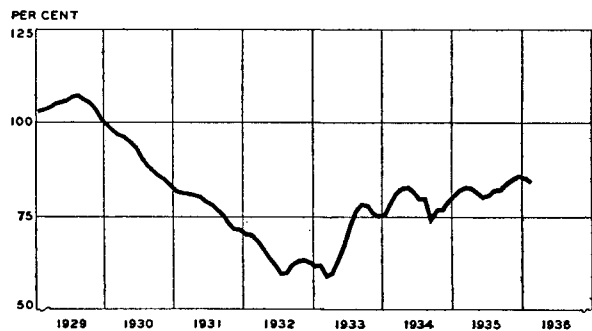
Distribution. Department store sales showed little change from January to February and, after allowance for seasonal variation, were at about the same level as that prevailing last summer

four weeks ending March 18 and on that date amounted to \$2,400,000,000. This decrease reflected chiefly a transfer of funds to Treasury deposits at the Reserve banks in connection with receipt of income taxes and of cash payments for newly issued Government securities.

Loans and investments of reporting member banks in leading cities increased rapidly in March and on the eighteenth of the month were \$525,000,000 higher than four weeks earlier. Of this increase, \$190,000,000 represented a growth



INDUSTRIAL PRODUCTION
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1929 to February 1936.

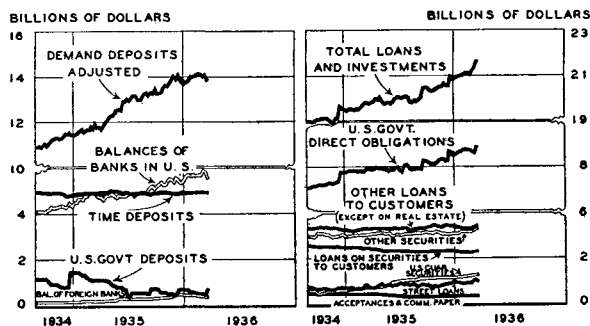


FACTORY EMPLOYMENT
Index of number employed, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1929 to February 1936.

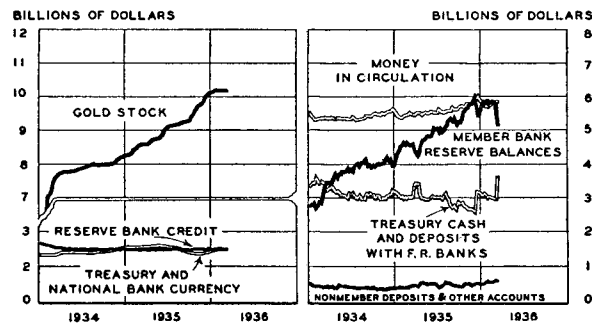
and autumn. Freight carloadings increased by a small seasonal amount in February. Loadings of coal were considerably larger than in January, while shipments of miscellaneous freight declined, and the Board's seasonally adjusted index of total loadings remained at the January figure of 70 percent of the 1923-1925 average as compared with 71 percent in December and an average of 63 percent for 1935.

in holdings of direct and guaranteed obligations of the United States Government and \$80,000,000 an increase in other investments. Security loans, both to brokers and dealers and to others, increased, and there was a substantial growth in so-called "other loans", which include loans for commercial purposes.

Adjusted demand deposits of reporting member banks declined by \$340,000,000 during the



MEMBER BANK CREDIT
Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934 to March 18, 1936.



MEMBER BANK RESERVES AND RELATED ITEMS
Wednesday figures. January 31, 1934 to March 18, 1936.

Commodity Prices. The general level of wholesale commodity prices declined somewhat during the latter part of February and the first half of March, following a six-month period of little change. The recent downward movement reflected declines in prices of farm products and foods.

Bank Credit. Excess reserves of member banks decreased by \$650,000,000 during the

four weeks ending March 18. Balances held for domestic banks increased at the turn of the month as banks in the interior sold Government securities in New York in anticipation of maturities. During the week ending March 18 balances declined, partly as the result of banks throughout the country purchasing in the New York market Government securities issued on March 16.