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FIFTEENTH ANNUAL REPORT

TO THE

FEDERAL RESERVE BOARD

BY THE

FEDERAL RESERVE AGENT

FEDERAL RESERVE BANK
SAN FRANCISCO



FOR THE

YEAR ENDED DECEMBER 31, 1929

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FOR THE
YEAR ENDED DECEMBER 31, 1929

**DIRECTORS AND OFFICERS
OF THE
FEDERAL RESERVE BANK OF SAN FRANCISCO**

January 1, 1930

		DIRECTORS	Term Expires Dec. 31
Class	Group		
A	1	C. K. MCINTOSH, San Francisco, California President, Bank of California, N. A., San Francisco, California.	1931
A	2	THOMAS H. RAMSAY, Red Bluff, California President and General Manager, Pacific National Agri- cultural Credit Corporation, San Francisco, California.	1932
A	3	VERNON H. VAWTER*, Medford, Oregon President, Jackson County Bank, Medford, Oregon.	1930
B	1	A. B. C. DOHRMANN, San Francisco, California Chairman of the Board, Dohrmann Commercial Company, San Francisco, California.	1932
B	2	MALCOLM MCNAGHTEN, Los Angeles, California President, Broadway Department Store, Inc., Los Angeles, California.	1930
B	3	ELMER H. COX, San Francisco and Madera, California President, Madera Sugar Pine Company, Madera, Cali- fornia.	1931
C		ISAAC B. NEWTON, Los Angeles, California Chairman of the Board.	1932
C		WALTON N. MOORE, San Francisco, California Deputy Chairman, President, Walton N. Moore Company, San Francisco, California.	1930
C		WM. SPROULE, San Francisco, California President-Retired, Southern Pacific Company; President, Central Pacific Railway Co. and Southern Pacific Rail- road Co., San Francisco, California.	1931

MEMBER FEDERAL ADVISORY COUNCIL

F. L. LIPMAN, representing District No. 12
President, Wells Fargo Bank and Union Trust Company,
San Francisco, California

OFFICERS

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

S. G. SARGENT,
Assistant Federal Reserve Agent
and Chief Examiner

ALLAN SPROUL†,
Assistant Federal Reserve Agent
and Secretary

F. H. HOLMAN, General Auditor
R. T. HARDY, Auditor

JNO. U. CALKINS,
Governor

WM. A. DAY,
Deputy Governor

IRA CLERK,
Deputy Governor

W. M. HALE, Cashier
CHESTER D. PHILLIPS, Assistant Cashier
C. E. EARHART, Assistant Cashier
H. N. MANGELS, Assistant Cashier
E. C. MAILLIARD, Assistant Cashier
FRED C. BOLD, Assistant Cashier
J. M. OSMER, Assistant Cashier

*Resigned, effective March 20, 1930.

†Effective March 1, 1930, Allan Sproul resigned as Assistant Federal Reserve Agent and Secretary. Oliver P. Wheeler, formerly head of the Division of Analysis and Research, was appointed Acting Assistant Federal Reserve Agent and S. G. Sargent was appointed Secretary, succeeding Mr. Sproul.

DIRECTORS AND OFFICERS OF BRANCHES

January 1, 1930

SPOKANE BRANCH

Directors	Term Expires Dec. 31	Officers
PETER MCGREGOR*, Chairman	1931	D. L. DAVIS, Managing Director
G. I. TOEVS*	1930	J. M. LEISNER, Assistant Manager
D. W. TWOHY†	1931	EVAN BERG, Assistant Cashier
R. L. RUTTER†	1930	
D. L. DAVIS†	1930	

SEATTLE BRANCH

HENRY A. RHODES*, Chairman	1930	C. R. SHAW, Managing Director
CHAS. H. CLARKE*	1931	B. A. RUSSELL, Assistant Manager
M. A. ARNOLD†	1931	G. W. RELF, Assistant Cashier
M. F. BACKUS†	1930	
C. R. SHAW†	1930	

PORTLAND BRANCH

EDWARD C. PEASE*, Chairman	1930	R. B. WEST, Managing Director
NATHAN STRAUSS*	1931	S. A. MACEachron, Assistant Manager
J. C. AINSWORTH†	1931	J. P. BLANCHARD, Assistant Cashier
JOHN F. DALY†	1930	
R. B. WEST†	1930	

SALT LAKE CITY BRANCH

G. G. WRIGHT*, Chairman	1930	W. L. PARTNER, Managing Director
LAFAYETTE HANCHETT*	1931	H. M. CRAFT, Assistant Manager
CHAS. H. BARTON†	1931	W. M. Smoot, Assistant Cashier
L. H. FARNSWORTH†	1930	
W. L. PARTNER†	1930	

LOS ANGELES BRANCH

J. B. ALEXANDER*, Chairman	1930	W. N. AMBROSE, Managing Director
CHARLES B. VOORHIS*	1931	M. McRITCHIE, Assistant Manager
F. J. BELCHER, Jr.†	1931	A. J. DUMM, Assistant Cashier
HENRY M. ROBINSON†	1930	L. C. MEYER, Assistant Cashier
W. N. AMBROSE†	1930	

*Appointed by Federal Reserve Board. †Appointed by Federal Reserve Bank.

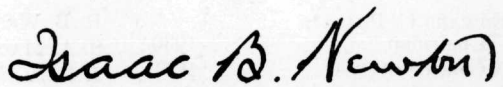
LETTER OF TRANSMITTAL

Federal Reserve Bank,
San Francisco, California,
March 1, 1930.

Sirs:

I have the honor to submit the following report concerning conditions in the Twelfth Federal Reserve District and the operations of the Federal Reserve Bank of San Francisco, for the year ended December 31, 1929.

Yours respectfully,



Chairman of the Board
and Federal Reserve Agent.

Federal Reserve Board,
Washington, D. C.

ECONOMIC REVIEW OF THE YEAR 1929 IN THE TWELFTH FEDERAL RESERVE DISTRICT

The Twelfth Federal Reserve District participated fully in the upward swing of business activity experienced in the United States generally during the first half of 1929. Recession in economic activities in the District, as in the United States, became evident during the third quarter of the year, but not until several weeks after many of the more important indicators of business activity in the country as a whole had turned downward.

Smaller aggregate yields of agricultural products were more than offset by increased prices of some products and, although not distributed evenly to all branches of agriculture, total returns to growers were somewhat greater than in 1928. Record schedules of industrial operations were maintained until September, but sharp reductions in output of extractive and fabricating industries were reported during the closing months of the year. This curtailment of industrial production was influenced to some extent by special control measures adopted by the petroleum, copper mining, and lumber industries in attempts to reduce output of their products more nearly to current demand. A larger volume of trade than in any preceding year reflected the continued economic growth of the District, the satisfactory aggregate financial returns to agriculture, and the relatively full employment of industrial workers during most of 1929. Commodity prices moved irregularly during the first half of 1929, and turned definitely downward in the second half of the year. Prices of both raw materials and finished products generally participated in the decline. Credit demands at member banks and at the Federal Reserve Bank of San Francisco were heavier than at any time since 1921. A large amount of the credit extended found its way directly or indirectly into local and eastern security markets. These markets, which exerted a strong influence on credit conditions throughout the year, were more active during 1929 than in any previous period, and record peaks in both stock prices and in the number of shares traded were established. Following upon a period of drastic declines in security prices during October and November there were important changes in the credit situation. These changes were reflected chiefly in (1) sharply reduced borrowings at the Federal Reserve Bank of San Francisco, (2) a shrinkage of demand deposits which was more than offset by an increase in time deposits and (3) a steady reduction in loans made for and placed by Twelfth District banks in both local and eastern security markets.

A more detailed discussion of some of the principal economic developments in the Twelfth Federal Reserve District during 1929 is presented in the following pages.

Agriculture

The volume of agricultural output in the Twelfth Federal Reserve District during the year 1929 was slightly smaller, and the value somewhat larger than in the preceding year. A substantially smaller harvest of grain, a considerable reduction in the yield of deciduous fruits, and a slight decline in total production of field crops were responsible for the reduction of aggregate crop yields in 1929 as compared with 1928. Citrus fruits, particularly oranges, yielded a

larger volume return than in 1928, and production of vegetables continued the rapid increase which has been characteristic of recent years. Higher prices for most farm products during 1929 as compared with 1928 were responsible for an increase in the aggregate value of the District's crops and animal products. Growers of certain crops, notably wheat, experienced difficulty in disposing of their 1929 yields at satisfactory prices, however, and a considerable portion of such crops remained unsold at the year-end. The year 1929 may be labelled a successful year for the cattle industry, but operations of sheep raisers were definitely less profitable than in any of the four preceding years. Both the dairy and poultry industries reported generally satisfactory marketing conditions for their products during 1929.

INDEXES OF CROP PRODUCTION

Twelfth Federal Reserve District
(1925-1927 Average = 100)

	1929*		1928		1927		1926	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Grains	99.1	92.7	115.2	96.0	113.7	110.4	92.8	88.1
Field Crops	104.4	123.1	105.3	107.0	104.8	95.4	96.2	91.7
Fruits	111.3	108.1	111.5	102.0	109.5	106.1	102.2	92.7
Vegetables	127.0	116.8	117.2	126.9	105.7	105.1	104.9	102.7
All Crops	107.2	110.2	109.0	104.4	108.6	103.4	98.1	92.1

*Subject to revision.

Computed by the Federal Reserve Bank of San Francisco.

Largely as a consequence of the reduced volume of agricultural output, there was a noticeable decline in the amount of agricultural products marketed during 1929. Shipments of **wheat, barley,** and

AGRICULTURAL MARKETING ACTIVITY

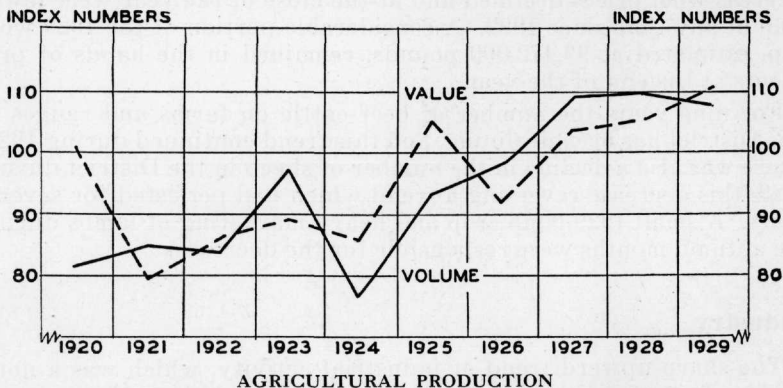
Twelfth Federal Reserve District

Exports*	1929	1928	1927
Wheat (bu.)	15,683,767	18,298,702	38,779,911
(Columbia River—Puget Sound Ports)			
Barley (bu.)	6,256,532	6,918,788	6,247,568
(San Francisco)			
Carlot Shipments*			
Apples (Twelfth District)	32,902	44,786	32,572
Oranges (California)	73,361	46,922	57,163
Lemons (California)	14,679	12,474	13,437
Lambs—Eastern Shipments (California) ..	3,702	2,791	2,686
Deciduous Fruits†			
California	83,209	109,692	107,275
Oregon	5,152	5,750	4,095
Washington	8,660	11,189	4,650
Wheat‡	26,837	30,484	41,562
Receipts§			
Livestock (Eight Markets—Twelfth Dist.)			
Cattle and Calves	984,112	1,067,831	1,257,485
Hogs	2,258,140	2,536,945	2,146,659
Sheep	3,877,519	3,832,643	3,510,826
Butter (lbs.)	69,945,369	66,852,411	67,759,063
(San Francisco, Los Angeles and Portland)			
Eggs (cases)	1,855,986	1,792,138	1,586,236
(San Francisco, Los Angeles and Portland)			

*For crop season to December 31, except oranges and lemons which are shipped during the twelve months period beginning November 1 of the preceding year.

†Except apples. ‡Received at Portland and Astoria, Oregon; Seattle and Tacoma, Washington. §For calendar year.

deciduous fruits, and of cattle and calves declined sharply, while the few increases which were reported in shipments of other products were relatively small. Shipments of oranges and lemons did increase substantially, however. The 1928-1929 Navel and Valencia orange crops were of record aggregate size, but contained a greater than usual proportion of small-sized fruits. The marketing problem thus presented was a difficult one but its successful solution was advertised by the fact that there was little market congestion during the season.



Annual Indexes of Volume and Value of Crop Production in the Twelfth District (1925-1927 Average = 100)

The year 1929 was, on the whole, a profitable year for the dairy industry. During the latter months of the year, however, it became apparent that storage stocks of butter were unusually large, and butter prices declined sharply during December. Prices for milk at country delivery points were somewhat lower during the first half, and somewhat higher during the second half of 1929 than in the corresponding periods of 1928.

Poultry producers received generally satisfactory returns for their products during 1929. The income of the poultry industry is derived chiefly from sales of eggs, and the price of eggs averaged higher than in 1928.

LIVESTOCK ON FARMS AND RANGES*

Twelfth Federal Reserve District

Jan. 1	Dairy Cows†	Other Cattle	Sheep	Hogs
1930	1,834,000	3,515,000	14,125,000	1,362,000
1929	1,804,000	3,609,000	14,335,000	1,539,000
1928	1,753,000	3,791,000	13,673,000	1,677,000
1927	1,719,000	3,675,000	13,217,000	1,465,000
1926	1,699,000	3,847,000	12,545,000	1,235,000
1925	1,698,000	4,243,000	12,179,000	1,386,000

*Revised Figures. †Cows and heifers one year old or over kept for milk.

Source: United States Department of Agriculture.

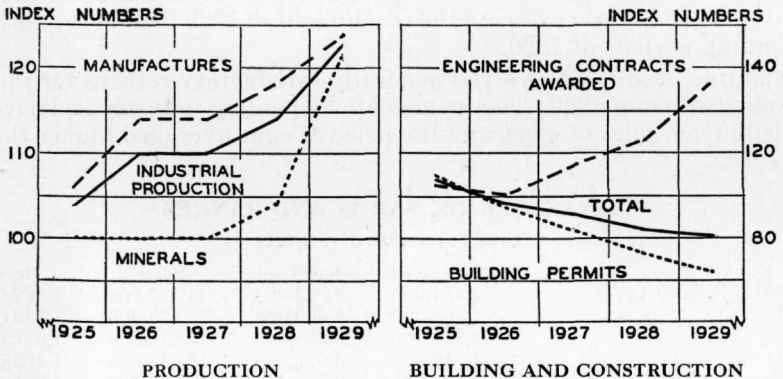
The two chief branches of the livestock industry in this District—cattle raising and sheep raising—followed diverging paths during 1929. The breeders and feeders of cattle experienced a generally successful year, while the trend of profits in sheep raising turned downward. Range conditions in many areas were unsatisfactory

throughout the year, resulting in increased costs of herd maintenance for both groups of producers. Prices of cattle were approximately the same during 1929 as during 1928. Sheep and lamb quotations were unusually high during the first quarter of the year—a period of heavy marketing—but later moved steadily downward and in December were lower than at any time during the past three years. Both **hides** and **wool** sold at prices considerably below those of the preceding year. Hide prices moved upward moderately during 1929, however, whereas wool prices declined and at the close of the year were lower than at any time since 1922. A considerable portion of the 1929 wool clip, estimated at 99,472,000 pounds, remained in the hands of producers at the end of the year.

For nine years the number of beef cattle on farms and ranges in this District has been declining, and this trend continued during 1929. There was also a decline in the number of sheep in the District during 1929, this decrease reversing a trend which had persisted for several years. A small 1929 lamb crop and heavy marketing of lambs during the autumn months were responsible for the decrease.

Industry

The sharp upward trend of industrial activity, which was a noteworthy feature of the last half of 1928, carried through to record levels in the second and third quarters of 1929, when there commenced a decline which had reached substantial proportions by the end of the year. Evidence of this general trend is found in the figures of railway carloadings of industrial products, and in individual reports of production of lumber, petroleum, flour, lead, cement, steel, and electric power.



Annual Indexes of Manufactures, Minerals and Total Industrial Production. Annual Indexes of Building Permits Issued, Engineering Contracts Awarded and Total Building and Construction (1923-1925 Average=100).

In the **petroleum** industry, 1929 was a year of exceptional activity. Production of crude oil reached peak levels during the autumn months, and total output for the year was 290 million barrels as compared with 232 million barrels produced in 1928 and a former record annual production of 264 million barrels reported in 1923. Output of both crude and refined oils was continuously in excess of

current demand and there was a substantial accumulation of stocks during the year. By agreement among the major oil companies production of crude petroleum was curtailed during November and December, but there was little immediate decline in stocks. Refinery output of gasoline continued large and, despite record shipments of that commodity, gasoline stocks increased steadily throughout the year, reaching 16 million barrels at the end of 1929, as compared with 10 million barrels at the end of 1928, and a previous high point of 14 million barrels reached in April, 1927. An interesting feature of the year in the oil industry was the completion of pipe lines which are now being used to bring natural gas from mid-California oil fields to the cities of the San Francisco Bay region.

Production of non-ferrous metals was substantially larger during 1929 than during 1928. Output of **copper**, starting the year at a high level, later declined as producers endeavored to adjust their production schedules to current demand. Despite reduction during the latter part of the year, however, total output of copper in the District was 664,000 short tons, compared with 606,000 short tons in 1928. In both of those years the Twelfth Federal Reserve District produced about 60 per cent of the total copper output of the United States. Stocks of blister copper were moderately large during 1929, but did not increase so rapidly during the closing months of the year as did stocks of the refined metal. At the end of December, 1929, stocks of refined copper in North and South America were estimated to be 171 thousand short tons—the highest figure reached since June 30, 1922—as compared with 65 thousand short tons held at the end of December, 1928. Production of **lead** was also larger in 1929 than in 1928, although the price of lead tended downward during the later year. Despite sharp declines in **silver** prices, production of that metal during 1929 (40,258,000 ounces) was greater by nearly a million ounces than the 1928 output. Increased production was due chiefly to the fact that a considerable part of the District's silver output is a by-product of copper and lead mining. The price of silver was at the lowest point in over a century during the last weeks of 1929.

According to estimates made by this Bank, the amount of **lumber** cut in the District was approximately 14.9 billion board feet in 1929 as compared with 14.6 billion board feet in 1928, and a record cut of 15.3 billion board feet (as reported by the United States Bureau of the Census) in 1926. During the last six months of the year, new orders received by the mills and shipments made by them were substantially smaller in volume than was production, and the inventory position of the industry was unfavorably affected. On January 4, 1930, gross stocks of 150 identical mills were eight per cent larger than on January 5, 1929.

The **building and construction** industry was backward during 1929. The value of building permits issued in ninety cities of the District tended downward throughout the year and was comparatively small for the year as a whole. During the last quarter of 1929 the total of such permits was less than in any quarter since 1921. In seventy of the smaller cities included in the reporting list, building, during the first eight months of 1929 was maintained at levels above those of 1928, but even in these cities, building activity declined rapidly in the closing months of the later year. In the larger cities of the District building activity declined gradually throughout most of the year.

INDEXES OF INDUSTRIAL PRODUCTION

Twelfth Federal Reserve District
(1923-1925 annual average=100)

	1929	1928	1927	1926	1925	1924	1923
Industrial Production	123	114	110	110	104	96	100
Manufactures	124	118	114	114	106	95	99
Foods	120	124	113	116	105	96	99
Butter	105	111	110	104	98	103	99
Canned Fruits	138	167	129	164	121	87	91
Canned Vegetables	160	132	109	112	118	87	95
Canned Fish	144	135	148	106	123	84	93
Flour	113	103	99	92	80	105	116
Slaughter of Livestock.....	84	94	97	94	97	104	99
Cattle	81	90	106	105	102	100	98
Calves	63	68	90	102	106	102	91
Sheep	81	87	93	96	95	107	98
Hogs	93	106	87	79	91	107	102
Wool Consumption	82	75	89	80	94	97	109
Lumber	108	107	105	109	106	95	99
Paper and Pulp	142	145	132	133	104	96	100
Refined Mineral Oils	193	155	148	132	118	94	88
Gasoline	263	192	173	143	122	91	87
Kerosene	155	148	91	110	103	114	83
Lubricating Oil	97	98	92	109	103	103	94
Gas and Fuel Oil.....	130	121	132	125	118	94	88
Cement	106	115	114	110	107	99	94
Metals and Metal Products....	143	128	121	121	102	94	104
Refining and Smelting	123	111	106	107	107	100	93
Other Metals (Including Iron Steel)	152	139	131	128	99	91	111
Minerals	122	104	100	100	100	98	102
Petroleum	121	96	96	93	96	95	109
Non-Ferrous Metals	122	113	106	108	107	101	93
Copper	129	118	106	109	106	102	92
Lead	114	111	118	114	113	97	90
Silver	86	85	89	92	99	96	104
General							
Carloadings—Industrial	111	113	108	112	110	97	93
Building Permits							
Ninety Cities	68	75	84	92	104	94	102
Seventy Cities	87	94	97	109	107	90	103
Twenty Cities	64	71	81	88	103	95	102
Engineering Projects and Heavy Construction							
Total	134	124	132	115	106	95	100
Excluding Large Buildings....	134	113	105	95	99	96	105
Electric Power Production	157	144	131	121	109	99	92

*Includes gas and fuel oils.

Note: These indexes are based on figures of actual production, consumption or sales as reported by government bureaus, trade associations, or producers themselves with the exception of indexes of paper and pulp and other metals which are based upon data of electric power consumption as published by the Electrical World and Electrical West.

The value of **engineering construction** contracts awarded in the District was exceptionally high during the first five months of 1929, due chiefly to the letting of private bridge contracts in the San Francisco Bay region and to the award of contracts for various public buildings. During the last half of the year the value of such contracts approximated the totals for the last half of 1928.

Flour production in the District increased at more than the usual annual rate during 1929, although there were wide variations in the volume of output from month to month. Largely because of price uncertainty, both export and domestic demand declined during the last quarter of the year and mill stocks increased to exceptionally high levels.

The canned **fruit** and **vegetable pack** in the Twelfth District was four per cent smaller in 1929 than in 1928, a decrease of 17 per cent in the amount of fruit canned more than offsetting an increase of 21 per cent in output of canned vegetables. A substantial decrease in the canned apple pack of the Pacific Northwest and a decrease of 23 per cent in the canned peach pack in California, were the chief factors contributing to the decline in output of canned fruits. In Oregon and Washington the fruit pack was slightly smaller, and the vegetable pack considerably larger, than in 1928. In California the output of canned fruits declined substantially during 1929, while the vegetable pack showed a marked increase, largely as a result of a 44 per cent gain in output of canned spinach.

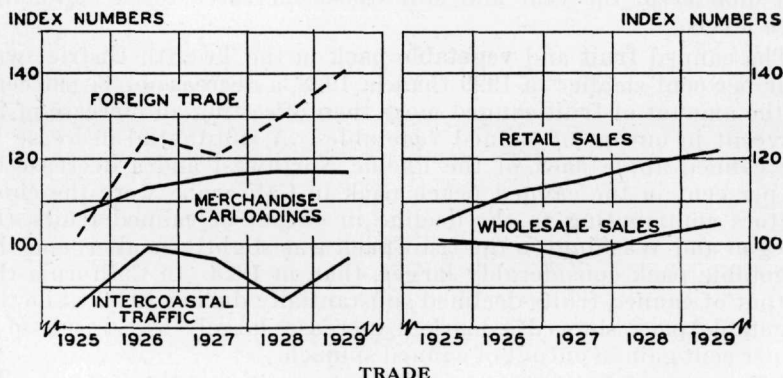
The canned **fish** pack on the Pacific Coast of the United States was larger in 1929 than in 1928. The pack of salmon in Alaska decreased somewhat as compared with the previous year but, due to an exceptionally heavy catch in the Puget Sound area, the total pack for the United States including Alaska (6,984,000 cases) was but slightly smaller than in 1928 (6,990,063 cases) and was larger than in any other year of record except 1926. Largely because of price competition from Siberian fisheries, and because of high tariff barriers, the exportation of American salmon to foreign countries has declined markedly during recent years. Total exports were smaller in value during 1929 than in any of the past ten years, except 1927 when a light pack left but little exportable surplus. The packs of sardines and of tuna in California during 1929 were the largest of record, being 39 and 17 per cent larger, respectively, than in 1928. Increased canning facilities and a favorable run of fish contributed to the increase in the sardine pack, while the use of large refrigerated boats with an extended cruising radius was the principal factor in the increased tuna pack.

Trade

Record activity in trade during the first nine months of 1929 was followed by a relatively sharp curtailment of distribution and sale of goods during the final quarter of the year. The decline in trade during October, November, and December accompanied a general recession in business, the first signs of which became evident in August and September.

Available data show that sales at **retail** maintained approximately their usual rate of growth during most of 1929. As has been noted in other recent years, credit sales of reporting stores increased more

rapidly than did cash sales. The largest increases in total sales over the year period were reported by department stores in the state of Arizona, and in Los Angeles, Oakland, and Seattle. In most other sections and cities of the District there was little change in value of sales as compared with the previous year. Department store stocks, except during the last quarter of the year, were generally smaller in 1929 than in 1928, and stock turnover was more rapid. Collections on regular accounts improved slightly during 1929, but collections on installment accounts were not so easily made as in immediately preceding years.



TRADE
Annual Indexes (1923-1925 Average=100)

Total value of sales at **wholesale**, as reported to this Bank, was moderately larger in 1929 than in 1928. Of the ten lines of wholesale trade for which data are collected, only two lines—dry goods and shoes—showed declines as compared with last year's record. Other lines—agricultural implements, automobile equipment, drugs, electrical supplies, furniture, groceries, hardware, and paper and stationery—showed gains of from two to seven per cent over the year period. The largest increases were reported from the Los Angeles trading area.

Sales of new **automobiles**, including both passenger and commercial vehicles, were unusually large at the beginning of 1929, increased to record levels during July and August, and tended downward during the remainder of the year. Total registrations of new automobiles in the District were 33 per cent larger in 1929 than in 1928.

Freight **carloadings** on the District's railroads were somewhat smaller in number in 1929 than in 1928. Shipments of livestock declined sharply and moderate declines in grain and forest product loadings were reported. The amount of merchandise and miscellaneous freight carried changed little as compared with the previous year.

Total cargo tonnage shipped through the Panama Canal in the **intercoastal** trade of the District was larger than in 1928 and approximately the same as in 1927 and 1926. The increase in 1929 as compared with 1928 was due almost entirely to increased shipments of petroleum products from California to the Atlantic Coast. The volume of lumber (the second most important commodity in this trade) shipped to the east coast during 1929 declined eight per cent

as compared with 1928. Westbound shipments in the intercoastal trade largely represent the movement of fabricated steel, pipe, and similar materials from eastern states to this District. These commodities are used chiefly by the District's petroleum, building and construction, and manufacturing industries. The amount of this trade on a tonnage basis was 14 per cent larger in 1929 than in 1928.

The total value of the **foreign** trade of the District's ports was larger during 1929 than in most previous years. Exports were maintained in heavy volume during the greater part of the year, at first because of large shipments of dried fruits and later as a result of a heavy movement of petroleum. The import trade of the District (exclusive of silk) was unusually large early in the year, chiefly because of heavy receipts of crude rubber at Los Angeles. The volume of both exports and imports declined during the last four months of the year.

INDEXES OF TRADE

Twelfth Federal Reserve District
(1923-1925 annual average=100)

	1929	1928	1927	1926	1925	1924	1923
Carloadings							
Total	112	114	112	112	108	96	96
Merchandise and Miscellaneous..	117	117	116	113	107	99	94
Foreign Trade							
Total*	141	130	121	125	102	106	92
Imports*	128	116	114	120	104	101	95
Exports	147	138	124	127	102	108	90
Intercoastal Trade							
Total	97	87	97	99	85	100	115
Eastbound	87	80	94	96	82	102	116
Westbound	132	114	110	107	96	91	113
Wholesale Trade							
Sales	105	102	97	100	101	98	101
Agricultural Implements	149	139	132	134	120	87	94
Automobile Supplies	92	93	94	96	98	99	104
Drugs	123	116	108	110	108	101	91
Dry Goods	87	89	88	90	95	99	106
Electrical Supplies	123	121	112	112	106	99	95
Furniture	115	110	97	102	101	98	101
Groceries	107	102	89	94	97	99	104
Hardware	99	96	94	99	98	96	106
Shoes	100	106	110	104	99	90	109
Paper and Stationery	101	96	98	102	101	97	102
Retail Trade—Department Stores							
Sales	122	119	115	112	105	99	96
Los Angeles	127	123	122	117	107	99	94
Oakland	133	123	119	119	106	98	96
Salt Lake City	110	110	103	103	103	98	99
San Francisco	117	116	113	111	105	100	95
Seattle	121	117	106	103	102	100	98
Spokane	103	102	103	105	96	97	107
Stocks	106	108	108	101	102	103	95
Automobile Sales—New Cars							
Total	132	99	89	109	102	91	107
Passenger	129	99	86	109	103	92	105
Commercial	163	96	95	105	98	89	113

*Excluding raw silk.

Prices

Although the wholesale commodity price index of the Bureau of Labor Statistics does not accurately measure short-time price fluctuations in the Twelfth Federal Reserve District, it offers some evidence concerning general price movements in this District over periods of several months or years. Excepting the period from the middle of 1927 to September, 1928, this index has followed a downward course since 1925. No definite trend was shown by prices during the first half of 1929, but a sharp decline began in August and continued throughout the remainder of the year, bringing average wholesale prices to levels approximately as low as any reached since 1922.

For the United States as a whole, prices of farm products in 1929 averaged slightly below the relatively high level of 1928, but such a comparison would probably not be valid for the Twelfth Federal Reserve District. Prices received for fruits and for certain field crops of the District were higher than in 1928, and prices of most other agricultural products of importance showed little change as compared with the previous year.

Wheat prices, although lower during the first half of 1929 than in the first half of 1928, rose during June and July and, despite a considerable decline during the following months, remained higher than in the corresponding period of 1928. Barley prices were lower than in 1928 and were well below average quotations for the past several years. A hay crop of moderate size brought higher prices than in 1928. Potato prices during a large part of the year were more than double those of 1928.

Despite much smaller crops in 1929, aggregate financial returns to growers of deciduous fruits compared favorably with returns in 1928. Produce market prices of peaches, apricots, grapes, and pears were all higher than in 1928 and packers and canners paid substantially more for fruit than they did in the previous year. The exceptionally large orange crop of the District was sold at prices which, in view of the large proportion of small-sized fruit, were satisfactory. Returns to lemon growers were moderately larger than in 1928.

The value of metals produced in this District during 1929 was greater than it has been for several years, largely because of substantial increases in the price and output of copper. (The annual value of the District's copper output exceeds the combined value of all other metals produced.) Between the first of January and the latter part of March the price of copper rose rapidly from 16 $\frac{1}{4}$ to 24 cents per pound, delivered Connecticut Valley points. The higher level was maintained for only a few weeks, during which time relatively little copper was sold. By mid-April, quotations had receded to 18 cents per pound and that price did not change during the remainder of the year. Except for the temporary spurt in prices early in 1929, copper has not sold for as much as 18 cents per pound since 1920. The prices of lead and zinc averaged higher in 1929 than in 1928 but declined sharply during the last few months of the year. The price of silver continued the decline which has characterized its movement during all of the post-war years, and during December, 1929, reached the lowest point on record. The effects of this price movement cannot be measured in terms of the commodity alone, but must take account of

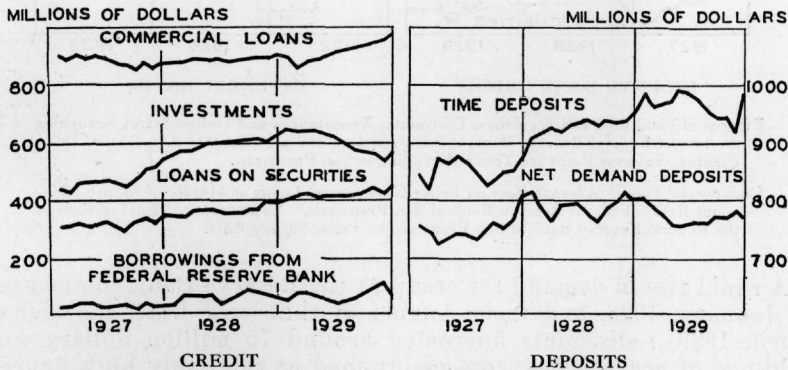
the use of the metal as a standard of value in certain Oriental countries.

Petroleum prices in 1929 approximated those of 1928 but, partly because of record production, prices of refined products declined slightly. Quotations for fuel oil were moderately lower than in 1928 and gasoline prices did not completely recover from a sharp drop in February, 1929.

Prices for lumber produced in this District advanced during the first quarter of 1929, as they had in 1928, and then began a downward movement which continued to the end of the year. Average prices for the whole of 1929 were higher, however, than for 1928. A smaller volume of lumber was sold in 1929 than in 1928, chiefly because of reduced demand from the building and construction industry during the second half of the later year, a fact which also accounts in large part for the price decline during that period.

Credit Situation

During 1929, new records were made in many branches of finance, but the outstanding feature of the year, from a banking standpoint, was the sudden large demand for bank credit which accompanied and followed upon the collapse of security prices in October and November. An interesting feature of the year's banking operations was the change which was effected in the size of the country's paper money, commencing early in July. This operation tended to increase temporarily the amount of currency in circulation.

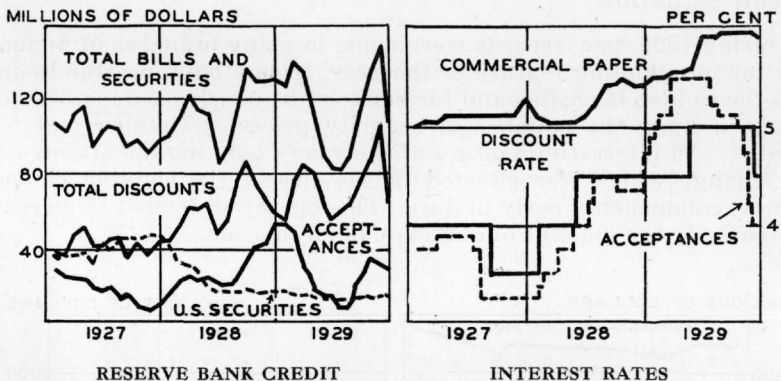


Monthly Averages of Weekly Figures of Reporting Member Banks in Nine Cities

Total loans and investments of reporting member banks of the District fluctuated around 1,950 million dollars during 1929, whereas two years earlier the amount of such credit in use had been less than 1,700 million dollars. A large part of the increase was in investment holdings, and these holdings turned downward in 1929, particularly during the latter half of the year. This decline in investments was accompanied by an approximately equal increase in the commercial and security loans of the banks. Following the recession of stock prices during October and November, the volume of loans at reporting member banks increased sharply.

Loans of member banks increased throughout the year, while total deposits were smaller at the end of the year than at its beginning and the ratio of total deposits to total loans declined from 142 in January to 122 in December. The ratio of total deposits to total loans and investments also declined, continuing the trend of recent years.

The amount of demand deposits held by reporting member banks, which had risen in 1927 and 1928, declined during the first half of 1929. Time deposits of these banks increased during most of this period, but began to decline during June and July and reached the lowest levels of the year in late November, at which time credit demands at member banks and at the Reserve Bank were greater than at any time since 1921. During December, time deposits rose rapidly and at the end of the year were at the highest level of record. The decline in net demand deposits and the substitution therefor of time deposits during 1929 lowered the reserve requirements of member banks and thus released funds for other purposes.



Figures of Total Bills and Securities, Discounts, Acceptances and United States Securities are for the Federal Reserve Bank of San Francisco and are Monthly Averages of Daily Figures. Interest Rates are Those Prevailing in San Francisco.

Commercial Paper—Average Rate on Prime Commercial Loans at Middle of Month. Discount Rate—Federal Reserve Bank of San Francisco. Acceptances—Buying Rate of the Federal Reserve Bank of San Francisco on Prime 90-day Bills.

A rapid rise in demand for credit at the Reserve Bank commenced in January, 1928, and from August of that year until the end of April, 1929, rediscounts fluctuated around 75 million dollars, and holdings of acceptances were maintained at relatively high figures. In May, 1929, rediscounts declined, and during the next three months averaged about 60 million dollars. A sharp upward movement began in September and, by November 20, rediscounts had been carried to the year's high point of 116 million dollars. At the end of the year, member bank borrowings from the Reserve Bank had been reduced to 39 million dollars. These rather violent movements during the latter part of the year are worthy of closer inspection, and there follows a brief review of the circumstances which made them possible.

During the period (January, 1928, to November, 1929) of relatively heavy use of Reserve Bank credit, the District lost a substantial quantity of gold to the New York Federal Reserve District through the gold settlement fund, and the amount of brokers' loans placed by

member banks of the District increased materially. Early in 1929, the Federal Reserve Board made a public statement concerning the absorption of Reserve Bank credit in security markets and a period of closer scrutiny of security loans by member banks began. There followed a reduction in member bank loans to brokers and dealers in securities but this did not, of course, directly affect loans made for the account of non-banking lenders.

The next noteworthy development followed upon the drastic decline in stock prices during October and November, 1929, after which there was a steady reduction in loans made for and placed by Twelfth District banks in both local and eastern securities markets. Total security loans of member banks increased during this period, however, indicating that some of the loans formerly extended to brokers and dealers in securities were transferred to other customers of the banks.

Accompanying these changes there were, in late November and throughout December, 1929, heavy transfers of funds into this District from New York so that, in effect, the funds loaned in the New York market by Twelfth District lenders during 1928 and 1929 were brought back into the District. This movement made a substantial amount of funds available for repaying indebtedness at the Reserve Bank. Most of the remainder of the funds used by member banks in reducing Reserve Bank indebtedness from 116 million dollars on November 20, 1929, to 39 million dollars on December 31, 1929, may be accounted for by the non-seasonal decline which occurred in the amount of money in circulation, and by an excess of Treasury expenditures over collections within the District.

It thus appears that the liquidation of security loans in New York and in this District during the last months of the year and the decline in money rates during that period made it possible and also profitable for member banks to liquidate their borrowings from this Bank.

During the year, acceptances became of increasing importance in the financing of Twelfth District industry and trade, due in part to rate differentials at the Reserve Bank which favored that type of paper. On December 6, the discount rate of the Federal Reserve Bank of San Francisco was reduced from 5 per cent to $4\frac{1}{2}$ per cent, the figure at which it stood prior to the advance of May 20, 1929. The Bank's buying rate for bankers' acceptances rose during the first six months of 1929 from $4\frac{3}{4}$ -5 per cent to $5\frac{3}{8}$ - $5\frac{1}{2}$ per cent. Early in November, these rates were reduced, and at the end of the year they ranged from 4 to $4\frac{1}{2}$ per cent. Interest rates on member banks' loans to customers tended upward during most of 1929, although there was a slight declining tendency in the closing weeks of the year.

PRINCIPAL OPERATIONS

FEDERAL RESERVE BANK OF SAN FRANCISCO

The following table presents in comparative form for the past three years the volume of the principal operations of the bank, which are of such character that they can be expressed in quantitative terms.

	1929	1928	1927
Supplying Currency and Coin			
Currency Received and Counted:			
Individual notes counted.....	125,680,000	123,437,000	116,612,000
Dollar amount received and counted.....	\$899,442,000	\$880,097,000	\$854,270,000
Coin Received and Counted, a service previously performed largely by the Subtreasury, but now entirely in the hands of the Federal Reserve Bank:			
Number of coins handled in receiving and counting.....	124,060,000	115,675,000	109,252,000
Dollar amount received and counted.....	\$29,887,000	\$26,484,000	\$46,482,000
Making Loans and Investments			
Bills Discounted for Member Banks, either discounted customers' paper or advances against notes of member banks secured by collateral in the form of United States government securities or commercial or agricultural paper:			
Number of bills discounted.....	21,000	16,117	21,044
Dollar amount*.....	\$4,089,446,000	\$5,488,828,000	\$2,949,165,000
Bills Purchased for the Account of this Bank:			
Number.....	19,000	22,403	29,601
Dollar amount.....	\$301,741,000	\$337,467,000	\$343,586,000
Collecting Checks, Drafts, Notes, and Coupons			
Checks handled for collection for banks in all parts of the country:			
Number of items.....	76,800,000	79,903,000	77,395,000
Dollar amount.....	\$15,399,865,000	\$15,136,437,000	\$14,310,906,000
Collection Items handled, including drafts, notes, and coupons:			
Number of items.....	1,572,000	2,161,000	2,850,000
Dollar amount.....	\$353,899,000	\$364,992,000	\$369,624,000
Supplementary Services			
United States Government Securities issued, redeemed, or exchanged, including government bonds, notes, and certificates of indebtedness:			
Number of items.....	94,000	367,000	362,000
Dollar amount.....	\$453,845,000	\$477,401,000	\$560,781,000
Funds Transferred to and from all parts of the country for the Treasury Department and for member banks:			
Number of transfers.....	158,000	153,000	145,000
Dollar amount.....	\$16,561,947,000	\$16,399,407,000	\$14,998,311,000

*Includes paper discounted for Federal Intermediate Credit Banks at Berkeley, California, and Spokane, Washington, amounting to \$16,374,000 in 1929; \$5,882,000 in 1928; and \$9,197,000 in 1927.

OPERATIONS OF THE FEDERAL RESERVE BANK OF SAN FRANCISCO DURING 1929

The year 1929 was a year of relative stability in the functional operation of the Federal Reserve Bank of San Francisco. A slightly increased volume of work was carried on with a slightly smaller personnel than in 1928, an evidence of the further standardization of the principal routine functions of the Bank. The earnings of the Bank again exceeded its expenses by a substantial amount, despite some unusual and non-recurring deductions from earnings during the year, and on December 31, 1929, the Bank was able to increase its surplus by \$1,535,836. At \$19,513,630, the surplus account of the Federal Reserve Bank of San Francisco is still substantially below the tentative total permitted by the Federal Reserve Act, however, Section 7 of that act reading in part, as follows:

“After all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of six per centum of the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, the net earnings shall be paid to the United States as a franchise tax except, that the whole of such net earnings, including those for the year ending December thirty-first, nineteen hundred and eighteen, shall be paid into a surplus fund until it shall amount to one hundred per centum of the subscribed capital stock of such bank, and that thereafter ten per centum of such net earnings shall be paid into the surplus.”

Statement of Condition

Continuing the practice of previous years, a comparative statement of condition of the Federal Reserve Bank of San Francisco, as of December 31, 1928, and December 31, 1929, is here made a part of this report. Reference should be had to the first section of the report for a discussion of the factors underlying the significant changes which appear in year-end statements. Of particular interest are the following:

(1) An increase of 37 million dollars in cash reserves, made possible largely by a reduction of 25 million dollars in holdings of acceptances and a reduction of five million dollars in holdings of government securities;

(2) An increase of 20 million dollars in Federal reserve notes in actual circulation. (This represented a displacement of more than an equivalent amount of other currency in circulation within the Twelfth District, since the circulation of all types of money in the District was less at the end of 1929 than at the end of 1928.)

(3) An increase of four million dollars in non-reserve cash in the Bank's vaults;

(4) An increase of more than two million dollars in total capital and surplus of the Bank.

STATEMENT OF CONDITION

Federal Reserve Bank of San Francisco

RESOURCES

	Dec. 31, 1929	Dec. 31, 1928
Cash Reserves held by this bank against its deposits and note circulation:		
Gold and Gold Certificates in vault.....	\$ 27,106,664.24	\$ 27,809,670.08
Gold in the Gold Settlement Fund lodged with the Treasurer of the United States for the purpose of settling current transactions between Federal Reserve Districts.....	48,783,508.67	55,642,511.14
Gold Held by the Federal Reserve Agent as part of the collateral deposited by the bank when it obtains Federal Reserve notes. This gold is lodged in his name partly in the vaults of the bank and partly with the Treasurer of the United States.....	211,762,550.00	172,301,350.00
Gold Redemption Fund in the hands of the Treasurer of the United States to be used to redeem such Federal Reserve notes as are presented to the Treasurer for redemption	6,459,166.90	3,926,954.66
Legal Tender Notes, Silver, and Silver Certificates in vaults of the bank (available as reserve against deposits only).....	11,398,038.00	8,581,374.00
<i>Total Cash Reserves</i>	<u>\$305,509,927.81</u>	<u>\$268,261,859.88</u>
 Loans and Investments		
Loans to Member Banks:		
On the security of obligations of the United States	\$ 11,628,200.00	\$ 15,042,900.00
By the discount of commercial or agricultural paper or acceptances	27,884,410.84	22,744,710.56
Acceptances bought in the open market....	34,613,243.86	59,306,392.86
United States Government Bonds, Notes, etc.	11,815,850.00	17,101,800.00
Federal Intermediate Credit Bank Debentures	—0—	250,000.00
<i>Total Loans and Investments (or Earning Assets)</i>	<u>\$ 85,941,704.70</u>	<u>\$114,445,803.42</u>
 Uncollected Items		
Checks and Other Items not yet collected...	\$ 36,113,847.28	\$ 41,910,791.86
 Miscellaneous Resources		
Bank Premises	\$ 4,261,326.41	\$ 3,686,741.28
Non-Reserve Cash , consisting largely of National Bank notes and minor coin.....	7,834,503.86	3,868,312.39
All Other Miscellaneous Resources	397,748.26	436,973.26
<i>Total Miscellaneous Resources</i>	<u>\$ 12,493,578.53</u>	<u>\$ 7,992,026.93</u>
TOTAL RESOURCES	<u><u>\$440,059,058.32</u></u>	<u><u>\$432,610,482.09</u></u>

LIABILITIES

Currency in Circulation	Dec. 31, 1929	Dec. 31, 1928
Federal Reserve Notes in actual circulation, payable on demand. These notes are secured in full by gold and discounted and purchased paper	\$189,377,825.00	\$169,000,093.00
Deposits		
Reserve Deposits maintained by member banks as legal reserves against the deposits of their customers.....	\$175,314,983.46	\$183,779,426.90
United States Government Deposits	2,910,845.10	2,000,453.78
Other Deposits , including foreign deposits, deposits of non-member clearing banks, etc.	8,934,645.99	8,985,433.01
<i>Total Deposits</i>	<u>\$187,160,474.55</u>	<u>\$194,765,313.69</u>
Deferred Availability Items		
Deferred Items , composed mostly of uncollected checks on banks in all parts of the country	\$ 31,924,115.63	\$ 39,638,356.55
Miscellaneous Liabilities		
Reserves and All Other Miscellaneous Liabilities	\$ 668,912.78	\$ 360,975.29
Capital and Surplus		
Capital Paid In , equal to 3 per cent of the capital and surplus of member banks.....	\$ 11,414,100.00	\$ 10,867,950.00
Surplus as permitted by law.....	19,513,630.36	17,977,793.56
<i>Total Capital and Surplus</i>	<u>\$ 30,927,730.36</u>	<u>\$ 28,845,743.56</u>
TOTAL LIABILITIES	<u>\$440,059,058.32</u>	<u>\$432,610,482.09</u>

Earnings and Expenses

The continued active use of Federal reserve credit during most of 1929 and the higher rates charged for that credit during a large part of the year, resulted in increased earnings for the Federal Reserve Bank of San Francisco, which, at \$5,466,075, were nearly three quarters of a million dollars larger than in 1928 and considerably in excess of earnings in any previous year since 1921. As in 1928, the only important schedule of earnings to show a decline was that derived from holdings of government securities. The diminishing importance of this income item represents a tendency on the part of the Bank to extend a larger proportion of its credit through loans to member banks and through purchases of bankers' acceptances.

Current expenses of the Bank increased by \$477,119 during 1929 as compared with 1928, although the actual operating expenses of the Bank were approximately the same as in the previous year. This apparent contradiction is explained by the fact that a self insurance fund of \$500,000 was set up at the close of 1929, and appears in the statement as a deduction from earnings during that year. In addition, the cost of Federal reserve currency increased approximately 114 thousand dollars during 1929, as a result of the heavy turnover of Federal reserve notes attendant upon the introduction of the new smaller-sized paper money during the latter half of the year.

The principal sources of earnings of the Federal Reserve Bank of San Francisco during 1929 and 1928, with an enumeration of the major classifications of operating expenses, and a statement of distribution of net income, are presented in the following table:

INCOME AND DISBURSEMENTS

Earnings	1929	1928
On Loans to Banks and Paper Discounted for Them	\$3,487,428.82	\$2,696,668.69
On Acceptances Purchased	1,375,555.55	1,175,042.47
On United States Government Obligations Owned	485,727.65	807,952.93
Other Earnings	117,363.44	77,628.03
<i>Total Earnings</i>	\$5,466,075.46	\$4,757,292.12
 Deductions from Earnings		
For Current Bank Operation	\$2,282,670.73	\$2,258,911.03
For Assessments for Federal Reserve Board Expenses	55,804.96	50,339.54
For Federal Reserve Currency , mainly the cost of printing new notes to replace worn notes in circulation and to replenish the stock unissued and on hand	215,204.99	101,303.49
For Furniture and Equipment	25,258.02	16,119.48
For Reserves and Depreciation, Self Insurance, Losses, etc.	641,064.13	245,154.25
All Other	40,150.44	111,206.22
<i>Total Deductions from Earnings</i>	\$3,260,153.27	\$2,783,034.01
NET INCOME available for dividends, additions to surplus, and payment to the United States Government	\$2,205,922.19	\$1,974,258.11
 Distribution of Net Income		
In Dividends Paid to Member Banks , at the rate of 6 per cent on paid-in capital	\$ 670,085.39	\$ 625,750.82
In Addition to Surplus —The bank is permitted by law to accumulate out of net earnings, after payment of dividends, a surplus amounting to 100 per cent of the subscribed capital; and after such surplus has been accumulated to pay into surplus each year 10 per cent of the net income remaining after paying dividends	1,535,836.80	1,348,507.29
In Payment to the United States Government , as a franchise tax representing the entire net income of the bank after paying dividends and making additions to surplus (as above). No balance remained for such payments in 1928 and 1929	—0—	—0—
TOTAL NET INCOME DISTRIBUTED	\$2,205,922.19	\$1,974,258.11

Changes in Membership

The number of active member banks in the Twelfth Federal Reserve District declined from 627 on December 31, 1928, to 607 on December 31, 1929, continuing a movement which has been in progress since the numerical peak of membership was reached in 1921. (There were 837 active member banks on December 31, 1921.) It should again be stated, however, that this movement does not in any sense represent a concerted withdrawal of banking resources from the Federal Reserve System. It is a natural accompaniment of the increase, through merger and absorption, of the size of unit banks, and of the spread of branch banking in the District during recent years. It has occurred,

CHANGES IN BANK MEMBERSHIP DURING THE YEAR 1929

(By Class of Bank)

	Member Banks			Resources (In thousands)
	National	State	Total	
Active member banks—December 31, 1928	498	129	627	\$4,057,375
Additions to Membership:				
Organizations of National Banks.....	9	..	9	2,751
Conversion of non-member banks to National banks	4	..	4	9,536
Admission of State banks .....	..	1	1	4,810
Resumption following suspension.....	..	..	..	.....
Conversion within the System.....	3*	..	3	(7,891)†
Succession between member banks of same class	1*	..	1	(704)†
TOTAL ADDITIONS	17	1	18	\$ 17,097
Losses to Membership:				
Merger between member banks:				
Intraclass	10	..	10	(\$ 86,415)†
Interclass	2	2	4	(287,222)†
Voluntary liquidation .....	..	..	..	.....
Suspension or insolvency	3	1	4	13,834
Absorption of member by non-member banks	11	1	12	25,004
Conversion of member to non-member banks	1	1	2	5,029
Withdrawal of State banks.....	..	2	2	7,313
Conversion within the System.....	..	3*	3	(7,891)†
Succession between member banks of same class	1*	..	1	(704)†
TOTAL LOSSES	28	10	38	\$ 51,180
Net Change	-11	-9	-20	-\$34,083
Active member banks—December 31, 1929	487	120	607	\$4,182,149‡

*Changes not affecting total number of member banks.

†Changes not affecting total resources of member banks.

‡Shows a gain of \$124,774,000 during 1929, gain of \$158,857,000 due to increases in resources of member banks throughout year, partially offset by loss of \$34,083,000 shown in table, due to changes in bank membership.

in fact, during a period when the total resources of member banks were showing a substantial growth. Between December 31, 1928, and December 31, 1929, the total resources of active member banks of the District increased from \$4,057,375,000 to \$4,182,149,000, each of those figures representing nearly 75 per cent of the total resources of all banks in the District as of the same dates.

Branch Banking and Chain Banking

That phase in the development of branch banking characterized by rapid increase in the size and extent of branch banking systems was less in evidence during 1929 than in other recent years. In the branch banking area of the Twelfth Federal Reserve District*—that is, in the states of Arizona and California—the total number of banks operating branches and the total number of branches in operation were approximately the same at the end of 1929 as at the end of 1928. This apparent flattening of the curve of growth of branch banking may be ascribed chiefly to the fact that the rapid exploitation of immediately preceding years had crowded the field, and attention had now to be directed to the consolidation of positions already established. A significant feature of this change in attitude was the tendency of the larger branch banking systems to reduce the number of their branches (usually by consolidating offices), whenever this could be done without weakening a competitive position or depriving a community or a neighborhood of essential banking facilities.

Although the total number of banks operating branches in California and the total number of their branches were practically unchanged during the year, substantial changes in type of ownership did occur. Largely as a consequence of the merger of a state member bank operating over 50 branches with a national bank operating nearly 100 branches, there was an increase of 37 in the number of branches of national banks and a decrease of 58 in the number of branches of state member banks. The number of branches of non-member state banks increased by 22 during the year.

*Among the states of the Twelfth Federal Reserve District, Arizona and California permit the establishment of branches of banks both in and outside of the city of head office; Oregon and Washington now prohibit the establishment of branches, but permit existing branches to operate; and Idaho, Nevada, and Utah prohibit the establishment of branches and have none in operation. The distribution of branches in the District (including a part of the State of Arizona which is in the Eleventh Federal Reserve District) on December 31, 1929, was as follows:

State	Number of Banks	Banks Operating Branches			Total	Branches Operated by			Located		
		Na-tional Banks	State Mem-ber	Non-Mem-ber		Na-tional Banks	Mem-ber Banks	Non-Mem-ber Banks	Home City	Out-side Home City	
Statewide branch banking permitted:											
Arizona	46	8	..	2	6	25	..	12	13	..	25
California	437	54	12	5	37	866	483	105	278	306	560
Establishment of branches prohibited—Operation of existing branches permitted:											
Oregon	234	1	1	..	..	1	1	..	..	..	1
Washington	340	3	1	1	1	5	2	2	1	3	2

Approximately two-thirds of the banking offices in California are now branches of other banks, and branch banking systems (including head offices and branches) control 70 per cent of the banking offices in the State. In Arizona, over one-third of the banking offices in the State are branch offices, and the number of head offices and branches combined is 46 per cent of the total number of banking offices in the State. The proportion of branches in the total of banking offices is, of course, much smaller in the District as a whole than in these two states where statewide branch banking is permitted.

The progress of chain banking still, in large degree, defies accurate statistical measurement. Classification of the chain banking relationship is, in itself, difficult, and securing the material for classification also presents a problem. It is known, however, that there has been a not inconsiderable development of chain banking during the past year, this form of banking attaining its greatest relative importance in the states of Utah and Washington. Legislative restrictions upon branch banking appear to have been an important influence, although not the sole influence, leading to the growth of chain banking. Some banking groups, seeking the same ends as the branch banking systems, prefer the chain banking relationship, and have demonstrated this preference even in states such as California, where the banking laws are most friendly to branch banking.

BRANCH BANKS IN CALIFORNIA

Date	Number of Banks	Number of Branches	Total Resources
December 31, 1928:			
State Banks—Member*	7	163	\$ 865,358,000
Non-Member	35	256	903,835,000
Total number of State banks having branches	42	419	\$1,769,193,000
Total number of National banks having branches†	13	446	1,559,755,000
Total	55	865	\$3,328,948,000
December 31, 1929:			
State Banks—Member*	5	105	\$ 537,733,000
Non-Member	37	278	854,301,000
Total number of State banks having branches	42	383	\$1,392,034,000
Total number of National banks having branches†	12	483	2,001,575,000
Total	54	866	\$3,393,609,000

*Does not include one foreign branch of the American Trust Company, San Francisco.

†Includes Bank of California, N. A., San Francisco, California, with branches at Portland, Oregon, and Seattle, and Tacoma, Washington.

Member Bank and Public Relations

Public interest in the policies and work of the Federal Reserve Bank was maintained at a relatively high level throughout 1929, public attention being focussed on the credit situation during much of the year. Contact with the public was established, wherever possible, through attendance at and participation in public meetings and through the dissemination of printed information concerning the Federal Reserve System.

There has been a gradual contraction of the bank examination program of the Federal Reserve Bank of San Francisco during recent years. This contraction has been made possible because of the increasing usefulness and availability of reports of examinations made by national bank examiners and by the banking departments of the several states of the District, and has tended to relieve member banks of the expense of too frequent examination. During the past year the Federal Reserve Bank of San Francisco has conducted only such examinations or credit investigations as have been necessary to secure a swift understanding of particular banking situations.

The work of the Division of Analysis and Research of the Bank has contributed substantially to a clearer understanding of the business and credit situation in the District during the past year. Of particular importance have been the studies pertaining to the demand for and the supply of credit, which have now reached a stage where they are useful in helping to interpret current credit phenomena. Progress reports of the work have been published from time to time in the *Monthly Review of Business Conditions* which has a free mailing list of over 8,000 names.

Bank Organization and Personnel

It is with deep regret that the Federal Reserve Bank of San Francisco records the death—on June 30, 1929—of William T. Sesnon, a director of the Bank since January 1, 1922. Mr. Sesnon served the Bank as a Class B director representing the banks of Group Two.

In the annual election of directors held during the autumn of 1929, three places on the Board of Directors were filled. The banks of Group One (those having a combined capital and surplus of \$600,000 or more) re-elected A. B. C. Dohrmann, Chairman of the Board of the Dohrmann Commercial Company of San Francisco, California, as a Class B director for a three-year term ending December 31, 1932. The banks of Group Two (those having a combined capital and surplus of not less than \$125,000 and not more than \$599,999) re-elected Thomas H. Ramsay, President and General Manager of the Pacific National Agricultural Credit Corporation of San Francisco, California, as a Class A director for a similar three-year term. In addition, the banks of Group Two elected Malcolm McNaghten, President of the Broadway Department Store, Los Angeles, as a Class B director for the unexpired term (ending December 31, 1930) of William T. Sesnon, deceased.

Isaac B. Newton of Los Angeles, California, a Class C director whose term of office expired December 31, 1929, was re-appointed by the Federal Reserve Board for a three-year term ending December 31, 1932 and redesignated Chairman of the Board of Directors and Fed-

eral Reserve Agent for the year 1930. Walton N. Moore, President of the Walton N. Moore Company of San Francisco, California, was re-designated Deputy Chairman of the Board to serve during the year 1930.

To represent the Twelfth Federal Reserve District in the Federal Advisory Council during the year 1929, the Board of Directors selected F. L. Lipman, President of the Wells Fargo Bank and Union Trust Company of San Francisco, California.*

The directorates of the five branches of the Federal Reserve Bank of San Francisco, with one exception, were not changed at the year-end. At the Los Angeles Branch, Charles B. Voorhis succeeded W. L. Valentine, who had served since March, 1925. A new chairman of the board was appointed at each branch in conformity with a policy of alternation in that office of the two branch directors appointed by the Federal Reserve Board.

There was but one change in the official staff of the Bank during the year. On July 31, 1929, Lisle W. Dalby, Assistant Cashier at the Salt Lake City Branch, resigned. No successor to Mr. Dalby has been appointed.

Following is a comparative summary of the number of officers and employees in the principal departments of the Bank, with corresponding aggregate annual salaries paid on January 1, 1929, and January 1, 1930 (figures are for Head Office and Branches combined):

PERSONNEL AND SALARIES

Federal Reserve Bank of San Francisco
(Including Branches)

	Number		Annual Salaries	
	Jan. 1, 1930	Jan. 1, 1929	Jan. 1, 1930	Jan. 1, 1929
OFFICERS	31	32	\$ 259,400	\$ 252,500
EMPLOYEES BY DEPARTMENTS:				
Banking Department	699	753	1,124,495	1,181,612
Federal Reserve Agent's Department	29	28	73,320	71,760
Auditing Department	8	7	19,230	15,600
Fiscal Agency Department	16	20	30,930	35,100
TOTAL	783	840	\$1,507,375	\$1,556,572
FISCAL AGENCY DEPARTMENT EMPLOYEES (whose salaries are reimbursed by the United States Treasury De- partment)	2	2	4,320	4,320
OTHER EMPLOYEES (whose salaries are reimbursed to the bank, including employees in the bank cafeteria and employees in building space rented to tenants)	27	23	31,885	27,388
GRAND TOTAL	812	865	\$1,543,580	\$1,588,280
TEMPORARY EMPLOYEES (not included above)	5	4	7,080	5,100

*On January 9, 1930, Mr. Lipman was appointed to serve as the representative of the Twelfth Federal Reserve District in the Federal Advisory Council for the year 1930.

Los Angeles Branch Building

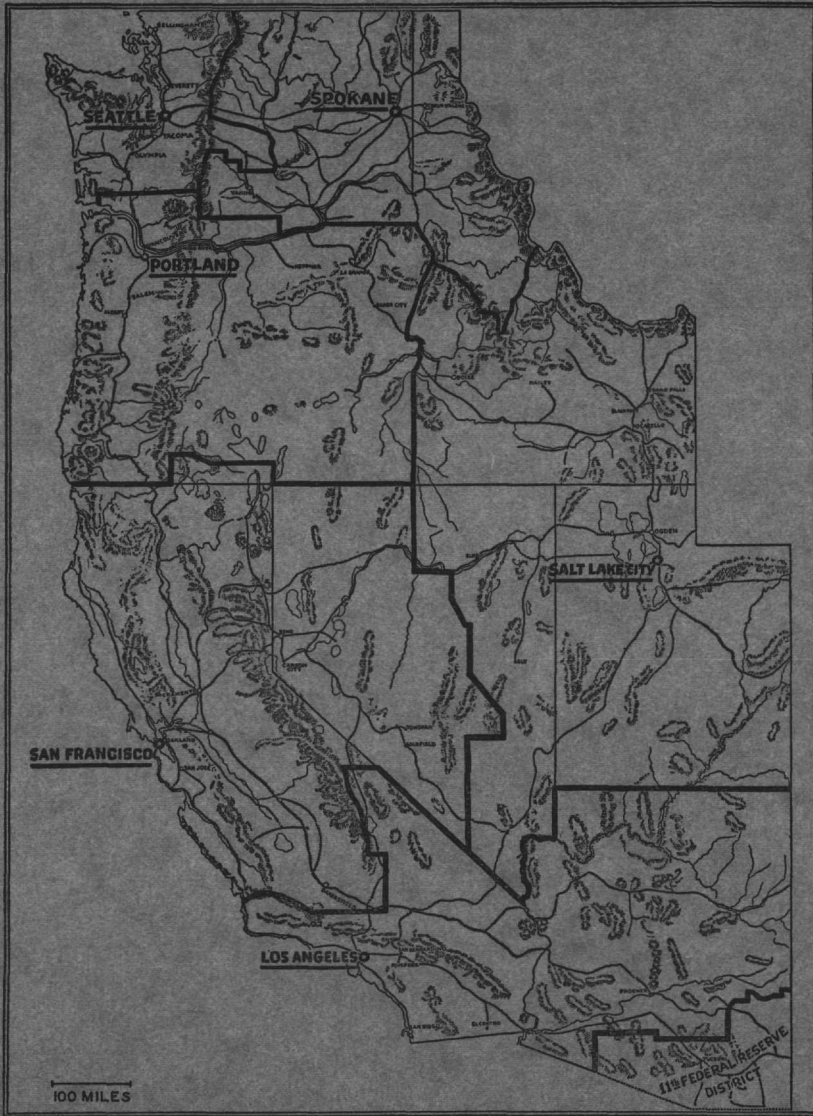
Construction work on the new Los Angeles Branch Building, a five-story monumental type structure, was begun during April, 1929, on the site (Tenth and Olive Streets) acquired during the previous year. At the end of 1929 the major structural portion of the building had been completed and the interior finish work was in progress. The building is expected to be ready for occupancy during the Spring of 1930.

NOTE

Detailed statistical tables pertaining to the Twelfth Federal Reserve District and the Federal Reserve Bank of San Francisco will appear in the Annual Report of the Federal Reserve Board. Copies of the Board's report may be obtained, when published, from the Federal Reserve Board at Washington, D. C.

TWELFTH FEDERAL RESERVE DISTRICT

Includes the States of Arizona, except the Five Southeastern Counties, California, Idaho, Nevada, Oregon, Utah and Washington



Map showing territory of Head Office and Branches of the Federal Reserve Bank of San Francisco