

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

R-93

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



October 22, 1937.

SUBJECT: Monthly Report of Bank and
Public Relations Activities.

Dear Sir:

There is inclosed for your information a summary of the bank relations reports submitted by the Federal Reserve banks for the month of September in response to the Board's letter of August 25, 1936 (X-9680).

Very truly yours,

A handwritten signature in cursive script that reads "Chester Morrill".

Chester Morrill,
Secretary.

Inclosure.

TO PRESIDENTS OF ALL FEDERAL RESERVE BANKS

October 15, 1937.

TO The Board
SUBJECT: Summary of Bank Relations
Reports.

FROM Mr. Hammond,
Division of Bank Operations

Reports of bank relations as requested in the Board's letter of August 25, 1936 (X-9680) have been received for the month of September and excerpts therefrom will be found on the following pages. A table showing for all twelve banks the number of visits made, meetings attended, and addresses delivered has also been prepared and follows the quotations.

The attitude toward the Federal Reserve System

Among western bankers there continue to be frequent complaints about the higher reserve requirements now in effect, on the ground that they make it necessary - or may make it necessary - for member banks either to borrow or to sell investment securities. Also in the west and in the south the necessity of charging exchange is a barrier to membership. At the same time bankers appear conscious of a strong and possibly increasing resistance from the public to exchange charges. The opposition of bankers to the McAdoo and Patman bills is frequently expressed, both personally and in resolutions.

Banking conditions

New York, Philadelphia, and Richmond comment upon the fact that numerous banks are making no progress toward retirement of their preferred stock or other contingent liabilities resulting from reorganization.

Cleveland reports that the Ohio banking authorities are about to issue regulations, analogous to the Board's Regulation U, governing the margin to be required on collateral loans.

General economic conditions

In the east, summer travel and industrial activity have made business good in many places, and in others - particularly in the coal regions of Pennsylvania - conditions have continued to be discouraging. In the west, the early promise of an exceptionally good farming year was in many places frustrated by drouth, heat, and grasshoppers, though in general crops were abundant, and live stock is in good condition but scarce. In the south, conditions appear generally favorable, except for the fall in the price of cotton.

Excerpts from the reports follow: (The reports themselves are attached to the original hereof.)

Boston

Throughout the several sections of the district visited during the period of this report bankers and others interviewed referred to general business conditions in their respective communities as being good. In those sections catering principally to the summer tourist and resident trade this season's business has been the best experienced in several years. This is notably true in northwestern Connecticut where there has been a constantly increasing demand for residential country and village property, the demand coming largely from New York. It is reported that this demand is gradually extending into the state, having been particularly noticeable this past spring and summer.

In the various manufacturing towns, mills and factories are operating most departments full time with employment and payrolls at or above the levels of a year ago. No indications of probable labor disturbances are apparent at the present time, according to those interviewed. In some of these towns there is a marked shortage of housing facilities, with little or no residential building underway or in contemplation.

Lending rates at the banks range from six per cent downward - well collateralized loans are readily made at from four to five per cent, with lower rates obtainable according to the size of the loan and character of collateral. Mortgages are made at five and five and one-half percent.

Only a few banks in the larger cities reported any marked increase in the demand for loans at this season over the demand of a year ago, though on the whole the portfolios of the banks visited are somewhat larger. A good many of the banks in the manufacturing towns, particularly in Connecticut, are operating small loan departments and individual banks report this business to have grown substantially over the past year. The interest of banks located in non-payroll towns is being attracted to this operation, and the nature of the inquiries made at some of these banks would seem to indicate that they are giving consideration to the advisability of setting up personal loan departments.

The present reserve requirement was the only matter complained of at any of the banks visited, and at only two or three of the smaller banks was the subject referred to. Routine operations between the Federal Reserve Bank of Boston and the member banks visited are being conducted in a manner satisfactory to the latter and no suggestions were offered as to how our various services might be improved.

New YorkMonmouth County, New Jersey

Banks located in summer resort sections along the coast had a considerable increase in deposits as a result of the good summer season but

New York continued

many were unable to use these temporary funds to any great advantage and consequently held them as idle cash. A few banks, however, employed some of their funds in such short term investments as commercial paper purchased in the open market, bonds called for payment during the fall months, and United States Treasury bills and notes. The officer of one member bank remarked that he had purchased \$200,000 commercial paper having six months' maturity and yielding 1 per cent, and commented that if his summer money is withdrawn faster than he anticipates, he will probably obtain funds through rediscounting as much of this paper as necessary at the Federal Reserve bank, taking advantage of the recent reduction in the discount rate to 1 per cent.

Several bankers mentioned that income obtained from service charges is a material help to earnings, some giving varying amounts ranging from 10 to 20 per cent of net earnings as being derived from this source.

Delaware and Sullivan Counties, New York

Ten of the twenty-four banks in these counties report a small appreciation remaining in their bond portfolios. Officers of a few other institutions were non-committal, while nine definitely stated that the market value of their securities was now less than book. Practically all bankers introduced the subject of the recent decline in the stock and bond markets and expressed considerable apprehension and discouragement as to the future trend. United States government obligations, direct or fully guaranteed, compose approximately 42 per cent of the securities held by the banks in this territory.

Only three banks reported any material increase in their loan portfolios, and a number of executives remarked upon the difficulty in adding to their loan lists in view of the constant pressure being exerted by examiners for substantial reduction in some of the existing loans.

A number of bank officers discussed the activities of the Production Credit Association. For the most part, they feel that this agency is not competitive because of the high rate charged, the stock ownership feature, and the greater risk involved. One, however, voiced a very emphatic protest and stated that in his territory the Production Credit Association has been making many loans which should be made by the banks.

The subject of reserve requirements was nowhere mentioned and it would appear that none of these institutions are suffering any real hardship as a result of the increases. Several banks, however, have found it necessary to borrow during recent months, this borrowing being due in most cases to seasonal requirements or to the withdrawal of public funds.

New York continuedNassau County, New York

Forty-three of the commercial banks in this county have issued preferred stock, capital notes, or debentures, the total amount being \$6,887,000. One bank has retired its entire issue of \$75,000 and twenty-five have paid off an aggregate of \$648,780 of the original amount. One state member bank has completed plans to retire its capital notes by sale of preferred stock and two nonmember state banks are working on recapitalization plans whereby their debentures are to be converted into preferred stock. Of the seventeen institutions which have not retired any of their capital issues, twelve have an impairment in their common capital as a result of previous chargeoffs. One national bank which has its deposits insured 100 per cent by the Federal Deposit Insurance Corporation has been unable to sell preferred stock to the Reconstruction Finance Corporation and expects to work out of its difficulties by merging with a nearby institution.

Ten of the eleven banks which have established pay-as-you-go checking accounts in their communities report that the venture into this field is proving profitable from an income-producing standpoint, and has resulted in the opening of an aggregate of over 3,000 new accounts.

Onondaga County, New York

At the present time there appears to be little likelihood of any immediate extension of branch banking within the county although the management of one small independent bank is seeking a purchaser who will continue its operation as a branch.

Philadelphia

The banks visited generally show an improvement in condition during the past year. There was a rather general complaint as to low earnings but most of the institutions have been able to add to their undivided profits accounts during the year. This was due in many instances to profit taking in the investment account, but there were very few institutions whose operating incomes were not sufficient to pay their expenses and dividends. The cashier of one bank, however, advised our representative that the president, who is the dominant factor in its management, had discussed with the board on several occasions the desirability of liquidating the institution if it could not make a better profit. This particular institution is one of the strongest small banks in our district and could pay its depositors in full and retire its capital stock from the funds which could be realized from the sale of its investment securities and from cash on deposit with other banks.

The two outstanding factors from an industrial standpoint are the recent slackening of activities at the Bethlehem Steel Company and the

Philadelphia continued

inactivity of many of the coal mines. While most of the banks visited continue to pay the maximum allowable rate of interest on deposits, it was found that many of them are giving consideration to reducing the rate to at least 2 per cent. On the other hand, instances were found where banks had reduced the rate to 1-1/2 per cent without regard to whether or not competing banks in the same town would adopt a similar rate. In one city a graduated scale is paid with \$10,000 being fixed as the maximum amount on which interest will be paid.

In another city the bankers report that they are discouraging savings accounts other than those of small amounts and suggesting the depositing of larger amounts in the postal savings system.

At two institutions it was reported that increased reserve requirements were interfering with earnings of the banks. At one of these our representative was advised that due to the good demand for credit which this institution had been experiencing the increase in reserve requirements resulted in the inability of this bank to meet all of the demands made upon it without resorting to the use of borrowed money.

Cleveland

Member bank interest is centered at the present time largely in the status of investment accounts. Many bankers feel that their present holdings of Governments are ample, and in some instances there is a tendency to shift from long-term to short-term Federal issues. In some sections, notably in the rural districts of Kentucky, banks are indicating a desire to increase holdings of Governments "for purposes of safety". There is a great deal of uneasiness evidenced concerning bond prices, and while the thought is expressed that the action of the Reserve banks in lowering discount rates may prove effective in checking the decline in the price of Governments there appears to be a lack of confidence that the action taken will produce the desired result. A prominent Ohio banker attributes fluctuations in the bond market to nervousness among bankers as a result of recent changes in banking laws and regulations and the possible effects thereof.

In the industrial sections covered by representatives of this bank during the month there was noted a lack of the usual demand for seasonal extensions of credit. Several banks expressed the thought that the practice of mercantile and manufacturing seasonal borrowing was becoming a thing of the past. The reverse of this situation is true in the State of Kentucky, where a strong seasonal demand has developed.

Criticism was heard of regulations recently issued by the Superintendent of Banks of the State of Ohio, with the approval of the banking advisory board, prescribing marginal requirements on collateral loans.

Cleveland continued

These regulations were much more restrictive than Regulation U. They provide maximum loan values of 50 per centum on "listed" obligations, "unless well diversified", in which event a loan value of 70 per centum was authorized. In respect of "unlisted" obligations, the maximum loan value was fixed at 30 per centum, except that when "well diversified" loan values should not exceed 50 per centum of market value. All other collateral, including stocks, and commodities, etc., had a maximum loan value of 30 per centum of market or estimated value. These loan values applied without reference to the purpose for which the proceeds of the loan were to be used. The effective date of the regulation was later suspended and the regulation is now in process of revision. An examination of a rough draft of the proposed new regulation indicates that if it be acceptable to the State Superintendent and the banking advisory board, it will be reissued in a form rather closely conforming to the provisions of Regulation U.

Richmond

Our representative in the State of Maryland again calls attention to the small nonmember banks in his territory, many of which were reorganized after the banking holiday on more-or-less drastic terms. Many of these banks have found the possibility remote of improving or overcoming the condition leading to their reorganization. Lack of earnings and a feeling that they have been discredited in the eyes of the community aggravates the situation.

Certain member banks show an inclination to criticize their membership in the System. One national bank in North Carolina complained of the cost of membership occasioned by the loss of exchange revenue. This bank is surrounded by a group of nonpar nonmember banks in nearby towns. Another national bank in North Carolina was critical of the increase in reserve requirements and wondered why it was thought necessary to increase the requirements the full amount permitted by the Act. Its attitude seemed to be that this action reduced the ability of member banks to invest profitably and at the same time increased the purchasing power in the hands of the Reserve banks. This bank also complained of the policy which, as they expressed it, "makes it practically impossible for small country banks to participate in the short-term financial operations of the Government, thus forcing them to invest in longer-term obligations at a greater risk." Still another national bank in North Carolina told our representative that the Federal Reserve Bank has lost its function of being a bankers' bank and is now merely a Governmental bureau to facilitate Government financing. Further, in its opinion, there are too many overlapping agencies and supervision of all banks should be centered in one authority. This last bank quoted is a substantial institution which has an excellent local reputation.

One large nonmember bank, in discussing the question of membership, was quite critical of recent trends in the financial world as related to

Richmond continued

our country and expressed his belief that efforts are being made to bring about a centralization of all essential activities - steps which he believes will destroy private initiative and enterprise.

Generally speaking, the banks in the larger cities in our district feel that the reduction in discount rates was a mistake. They tell us that banks already possessed sufficient excess funds to meet any reasonable and legitimate need this fall, and that once a rate is reduced for a borrower the rate for the other borrowers in the same class must almost inevitably be reduced likewise. There is some keen competition between large banks in larger cities in our district for the loan accounts of well established potential borrowers and this competition is manifested in a competition of low rates. In the medium-size cities and larger towns this rate competition is not so clearly manifested. In the banks in smaller towns and small communities the reduction in rates apparently gives them no concern whatever as far as they are affected, for they charge their local customers the maximum rate allowed anyhow, which is usually 6 per cent.

AtlantaGeorgia

It is the consensus of opinion of the bankers interviewed in northern Georgia that the farmers will elect to sell their cotton rather than obtain funds through the Governmental loan provision inasmuch as they are reluctant to participate in an agreement to curtail production which has not as yet been definitely formulated. It is our information that the farmers in this section are enjoying better living conditions than for a number of years.

In Savannah the banks reported increased demands for legitimate commercial loans.

Louisiana

The saw mills in the section near Alexandria are operating on full time and it is estimated they have a supply of virgin timber that will furnish approximately 15 years' cut. The management of the two banks in Alexandria advised that local conditions are considered good even in the face of some concern on the part of the farmers because of the recent decline in the price of cotton. It was stated that had the price of cotton remained at 12 cents or better this particular section would have enjoyed a revival of business conditions greater than for several years past.

The bankers in Lake Charles advised that the rice growers are exceptionally well pleased with the yield per acre but that some concern is felt, due to the price being approximately 25 per cent less than that expected. In this immediate section there is quite a bit of optimism over the number of oil wells that are being brought in.

Atlanta continued

The New Orleans bankers reported a revival of trade with South American Countries, and also considerable interest in oil developments in southern Louisiana. It is predicted by some that New Orleans may within the next few years become one of the larger oil centers of the United States.

General

The majority of the bankers are of the opinion that Governmental loan agencies have been a distinct benefit to their local communities. One banker expressed the opinion that the Production Credit Association had done more in his immediate section to teach farmers to respect their obligations and better methods of cultivating their crops than he had been able to do in all of his banking experience.

Some of the bankers visited appeared disturbed about reserve requirements having been increased to the maximum provided under the Federal Reserve Act. They state that it is no burden to them now to maintain their reserves but they are wondering whether, when the time comes when they can employ the maximum amount of loanable funds profitably, the reserve requirements will be lowered in order that they can use their own funds in making loans rather than be forced to borrow while maintaining maximum reserve requirements.

Chicago

A number of calls were made on nonmember banks by our representatives when they happened to be in adjacent territory and some nonmember banks were interviewed at group meetings. A majority of them expressed some interest in membership and in our services. A few we consider good immediate prospects. One bank would make application for membership except for its low capital deposit ratio; another wishes to join but prefers to convert into a National bank; one has already applied, and another stated that its directors had agreed to file application and asked us to forward blanks. One bank stated that it would like membership, but that it is preparing to open a branch in a small nearby village, which of course would preclude its joining the System.

One of our representatives reported that at a group meeting in Michigan, the Banking Commissioner of that State stressed the idea of eliminating many small State banks located in the smaller towns, and the establishment of branches. Several bankers also informed our representative that an attempt was being made to convert many of the small banks into branches and that the Federal Deposit Insurance Corporation was sanctioning such a plan. A similar policy has already been reported in connection with one of the other States in this district.

Chicago continued

Very little change is reported by our member banks with respect to local loans. One of the larger banks in the district advised that it has covered a rather large territory seeking receivers' loans and has obtained a considerable number of these.

St. Louis

Cutting of corn is proceeding rapidly and both Illinois and Missouri will enjoy a very satisfactory harvest. All forage crops are exceedingly plentiful, and because of a shortage of feeding cattle, a good many bankers are advising customers to store corn and await results of the 1938 harvest before disposing of any surplus grain. Energetic efforts to secure live stock continue to be made.

The Delta is raising one of the biggest cotton crops on record, and Mexican labor is being imported from Southern Texas to help in the picking. However, the price, even with the premium for length of staple, is disappointing. The low price for cotton seed (from \$18 to \$22 per ton) does not pay picking and ginning charges. On the other hand, the large crop will put a lot of money into circulation, which will help retail trade and increase revenue of the gins and railroads.

The opinion was expressed that not more than 1/3 of the cotton crop will be placed in this year's 9 cent Commodity Credit Corporation loan, one reason for lack of interest being that the cotton is being sold as it is ginned. Also, the present price is from 1 to 1-1/2 cents above the 9 cent limit. If the price breaks, a good many planters will take advantage of the CCC loan, but they do not like to sign the blanket contract to agree to any acreage reduction scheme the Government may put in next year, which they must do in order to get the subsidy.

Throughout Illinois and Missouri production and employment in manufacturing plants continue at a good level. Some improvement is noted in coal mining in view of the agreement reached by operators and the miners' union, which has caused a resumption of work in a number of cases and paved the way for a full production schedule about October 1.

The discovery of oil in various parts of Illinois is of considerable financial benefit to a number of communities. Considerably more than a hundred wells have been drilled at an average cost of over \$10,000 per unit, with no indication of lessening of activity.

With the assurance of adequate harvests of forage crops, country banks in Illinois and Missouri are experiencing an increased demand for loans, particularly by persons who contemplate an increase in their live stock feeding operations. Most banks are eager to find an outlet for surplus funds, but are carefully analyzing the applications. As

St. Louis continued

the general uptrend in local loans will result in added earnings, the prospect is gratifying to all concerned.

The bankers visited in the South criticise the Administration more freely than a year ago. They are uneasy about the possibility of inflation, the effect of the Patman Bill on the System, and the huge deficit in the national budget. One nonmember bank is getting rid of its long-term Governments and now holds only maturities between now and 1941. The opinion was expressed that deposits will not go as high as they did a year ago, that planters will be able to pay their loans, but that there will not be enough left over to pay interest on mortgages or taxes or to leave a reserve for next year's operations.

Minneapolis

Northwestern Wisconsin

It is encouraging to learn from many of the bankers visited that there is a marked increase for local loans and it appears there is considerable liquidation of their securities portfolio. Many of the live stock loans formerly held by the Regional Agricultural Credit Corporation and also the Production Credit Associations have been taken over by the local institutions. They stated that the Regional Agricultural Credit Corporation had taught the borrowing public the necessity for not only the borrower but the lender as well placing his loan on an amortized basis. In the case of the dairy farmer, assignments of his dairy income are received by the bank so that there are weekly or monthly reductions of his indebtedness to the bank.

East central Dakotas

It is generally commented that up to June 25, and later in some sections, prospects for good crops were never better. There had been intermittent rains through the early summer and the temperature not too hot. With cessation of rain the subsoil moisture was insufficient to withstand the hot winds. Cut worms were bad and, in addition to damaging the small grain, also went after the corn. The rust came very suddenly and what was left furnished food for the grasshoppers.

The farmers are much slower in being convinced of the desirability of sticking to cattle, horses, hogs and sheep, than the bankers. Many bank officers state that during the war period farmers were told they would be unpatriotic if they did not grow wheat. The light soil turned at that time has not been of much use since. Through urging of bankers, many farms now have small flocks of sheep. One banker said his bank could not have carried on but for the profits made from sheep raising in his vicinity. The hog population is about 30 per cent of normal, but can be brought back more rapidly than other kinds of live stock.

Minneapolis continued

Banks are not lending readily for the purchase of better grade feeders, because of the shortage of grain feed. They are encouraging the purchase of cheaper cattle at 5 and 6 cents, feeling that the chance of loss is smaller than in the better grades.

Service Float and Exchange Charges are in effect and in the state banks visited it was quite apparent most of them could not exist without substantial profits from exchange. Several of the national banks said that if conditions did not improve, they would have to seriously consider giving up the national charter. As a matter of fact, they have considered taking out state charters but are afraid of the state administration. They are giving up \$2,500 to \$6,000 in exchange by remaining members.

The following petition (quoted in part) was addressed to Governor Langer by citizens of McIntosh County, North Dakota. Another petition was being prepared for presentation to the Farm Credit Administration and the Federal Land Bank requesting that nothing be done for another year to deprive the farmers of their land. Several bankers said that the Federal Land Bank would own plenty of North Dakota before long and that they might better put some live stock on the farms and help the farmer than take the land and suffer big losses in disposing of it.

"Whereas an economic crisis is now confronting the people of our State in that a large number of farmers and their families from our area are now moving out of our State, turning their chattels over to their creditors and leaving nothing but their unpaid real estate taxes for the remaining ones to make good, and

"Whereas, It is impossible for the remaining ones to assume this extra burden and pay taxes when those now levied are confiscatory, and consequently, others must soon follow those already departed and leave their homes in this State, and that when this occurs, the mechanic, carpenter, mason, blacksmith, doctor, lawyer, teacher, preacher, banker, and politician must also move on leaving an unoccupied domain to be again inhabited by the gophers and coyotes. A million acres already forfeited to the State prove that this is no exaggeration.

"That a moratorium on state interest payments would allow the use for running expense of half of our now three million dollar income from sales tax, and that the other half could then be used to take care of old age pensions and other incidentals. That sufficient additional revenue could be derived from all our different license taxes such as snuff, cigarette, soft drink, beer and booze taxes, most of them recently added to the tax burden.

Minneapolis continued

"That as an inducement to all farmers now so sorely pressed and through no fault of their own, all delinquent and due taxes now of record against their property should be stricken off and cancelled in total and that an assurance that these cancelled taxes will not be added to the burden of those who can pay or to those to be paid in the future, and a fair and just tax measure based on the one proposed at our last legislature whereby the total tax to be levied on real estate would be limited to 10% of its fair rental value.

"Be It Further Resolved that the undersigned respectfully petition your excellency, Hon. William Langer of the State of North Dakota, and demand that you immediately call a special session of the legislative Assembly for the purpose and the purpose alone of CANCELLING ALL TAXES now of record in our State and that all taxes against real property in the future be limited to 10% of its fair rental value.

"That such call be made immediately before more families leave and the State become depopulated."

Kansas City

Bankers are taking considerable interest in legislation that affects their business. In particular there is opposition to any tampering with the present law prohibiting the payment of interest on demand deposits. There is also outspoken opposition to any legislation looking to Government ownership of the Federal Reserve Banks. A third kind of legislation that is opposed is pending bills that would permit branch banking on certain conditions to cross state lines in the Federal Reserve District where the parent bank is located.

Bank visits during September brought to light the fact that there is still considerable opposition to the increased reserve requirements. In a number of cases country bankers very frankly stated that they are unable to see any justification for the raising of the reserve requirement of country banks. To them the problem with which the increased reserve requirement has to do is one confined to large cities of the East and they fail to see why country banks should be penalized. Calls on a number of non-member banks that are eligible for membership reveal that the increased reserve requirement is the thing that is keeping them from becoming members; they seemed quite enthusiastic about membership but reserve requirements are a stumbling block.

For instance, a banker seemed greatly interested in membership but stated that virtually all of his deposits were demand obligations and a

Kansas City continued

14 per cent reserve requirement would require a deposit with the Federal Reserve Bank of \$75,000 or \$80,000, and that this would leave an amount remaining insufficient to justify reasonable balances with correspondent banks. Some banks that borrow also make the observation that the cost to them of the funds impounded by higher reserve requirements is measured by the cost of the borrowed funds.

One state banker, who has borrowed rather irregularly the past few months from the Federal Reserve Bank on Government bonds, stated that the $1\frac{1}{2}$ per cent rediscount rate was very satisfactory and that he could see no reason for selling bonds that were yielding $2\frac{1}{2}$ per cent when he could borrow at this low rate.

Reports received from over the District indicate that there has been a noticeable let-down both in sentiment and business volume in the last thirty days. But the District is decidedly spotted. Bankers in Cheyenne, Wyoming, report no recession there, the high price of cattle being a boon to that state. Crops in Oklahoma were good and the oil industry is active at prices higher than a year ago. Lines of activity that have slumped badly in recent weeks in other parts of the District are reported still active in that state.

The northeastern part of the District is in relatively the poorest condition. The average temperature in August in Nebraska was the highest on record and rainfall was only about 60 per cent of normal. Great damage was done to a corn prospect that looked very promising in early July. Great damage was also done to oats. In addition to this the wheat crop was somewhat below normal. The number of hogs on farms is only a third of what it formerly was and the short corn crop this year will further delay the building up of a normal live stock population. These fundamental adjustments profoundly affect the bankers' problem in these communities and bank visits show they are the chief topic of interest and discussion.

Dallas .

(Dallas submitted only statistical information as to visits to banks. The few visits made were routine in character and developed no information of general interest, according to Dallas' report.)

San Francisco

Salt Lake City Branch

Yields from farm crops harvested so far this year were above normal. Yield estimates of late potatoes and sugar beets yet to be harvested indicate an above average condition. However, prices of farm products

San Francisco continued

generally, with some few exceptions, are below those of last year, but because of the above average yields the total farm income in this zone this year will be equal to or slightly exceed that of 1936. In Southern Idaho there is a tendency on the part of farmers to hold the bean, potato, and wheat crops for better prices, thus retarding to a certain extent normal bank liquidation. Ordinarily, at this time of the year live stock feeder operators are seeking bank credit, but so far to date there appears to be little interest by such operators because of the high price of feeder live stock. Most of the banks which would be affected by this probable retarded liquidation of bank loans to farmers have maintained throughout the year a favorable cash position, and as a result they will be able to accommodate normal business without resorting to borrowing from the Reserve bank.

Breeding ewes have been coming from the higher ranges in excellent condition and are now moving from the lower ranges to the winter range where conditions are claimed to be quite satisfactory. In Southern and Western Idaho, where considerable supplemental winter feeding is done because of early lambing, there is ample hay and other feed available at reasonable prices. The same conditions prevail with respect to range cattle, and, on the whole, conditions are promising to the livestock industry going into the winter.

It is reported that a greater number of beef cattle than usual are now moving to market, and that many old ewes have been sold at good prices and moved to the Eastern section of the United States, which places the general livestock and range situation, particularly in Southern Idaho, in a very satisfactory condition.

PUBLIC RELATIONS ACTIVITIES OF FEDERAL RESERVE BANKSSEPTEMBER, 1937

Federal Reserve Bank	Visits to banks			Meetings attended		Addresses made	
	Member	Non-member	Total	Number	Attendance	Number	Attendance
Boston	64	—	64	None	—	None	—
New York	122	38	160	9	1,750	None	—
Philadelphia	63	34	97	3	510	2	110
Cleveland	9	10	19	11	3,340	1	25
Richmond	86	87	173	1	250	None	—
Atlanta	20	11	31	None	—	None	—
Chicago	12	17	29	24	3,285*	3	680
St. Louis	31	28	59	14	2,700	1	40
Minneapolis	59	67	126	10	1,885	4	152
Kansas City	20	15	35	5	946	None	—
Dallas	3	1	4	None	—	None	—
San Francisco	67	21	88	13	733	None	—

*Attendance at 2 not reported.