



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 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 November 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

December 15, 1937.

TO The Board of Governors                      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 November 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

The reports contain interesting comment upon the preference of many banks for the correspondent relationship. Philadelphia mentions the case of a nonmember bank which maintains large balances with its metropolitan correspondents because through connections with those correspondents it has been enabled to secure valuable new business. It is unwilling to enter the System because reserve requirements would prevent the maintenance of the correspondent balances it feels essential to its own interest. Cleveland mentions the definite preference of a certain member bank for its correspondent relationships, though no reason for the preference is given. St. Louis reports that banks are attracted to the correspondent relationship because they receive immediate credit for check collection items and find the procedure of check collection simpler when handled through correspondents. Kansas City reports that banks, particularly in Kansas, esteem the correspondent relationship because it enables them to arrange loans for customers and bank officers which the bank itself could not make.

#### Banking Conditions

Low returns and high operating costs continue to be a subject of complaint. In the East the desirability of housing loans is frequently mentioned, the evidence being that a considerable number of enterprising banks find the placing and servicing of insured mortgages profitable.

#### General economic conditions

Comment upon the slowing down of industrial activity is general. Agricultural crops of various kinds and in widely separate regions appear to have been abundant, but at the same time prices have been low. The result has been a large and active circulation of funds inadequate in volume however to cover expenses and debt retirement.

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

Boston

During November visits were made to 41 country banks located in Massachusetts, Connecticut and Rhode Island.

A number of manufacturing plants of various sizes making textiles, shoes, hardware, small tools, and electrical equipment are located in the several sections visited. The extent to which these manufacturing concerns have been affected by the current business recession was the principal topic of conversation at the banks visited. In several communities devoted entirely to cotton spinning, mill operations had been entirely suspended and in others curtailed to the point of one or two days of operation a week. Somewhat the same condition prevailed in communities where the principal industry is the manufacture of shoes. At other points there had been a curtailment in the various industries of the number of operating hours per week, and reductions were general in the number of employees. Labor unrest was noted in several communities which heretofore had been practically free of labor trouble. The general tone of those who discussed the business situation was pessimistic. Retail trade in the several communities visited was reported to be only fair, and the information obtained was to the effect that the local merchants have not stocked heavily for the Christmas trade.

Practically all the banks visited reported a very light or no demand at all for credit, and officials of some of the smaller banks seemed somewhat discouraged over the prospects for profitable operation.

No unfavorable comments were made at any of the banks relative to the policies and administration of the Federal Reserve System or the operations of the Federal Reserve Bank of Boston.

New YorkSteuben County, New York

General business conditions throughout the county are said to be less satisfactory than they were a year ago, due in part to a decline in farmers' income, and partly because of a reduction in employment in the industrial centers. Potato and bean crops have brought poor prices this year, but dairy farmers have been helped somewhat by large feed crops. Grape growers in the section around Keuka Lake obtained slightly higher prices for their wine grapes this year, but the crop was not as large as had been expected due to an early frost. All of the wineries are giving steady employment as this is their peak season. In the section around the village of Addison which is devoted largely to dairying, nine large gas companies have been drilling for gas, and since last spring have brought in twelve wells which have a daily flow of twelve to thirty million cubic feet. Experienced natural gas producers say this area is a proven gas territory and are now laying pipe lines, one of which has already been extended to the county seat, Bath, which is

New York continued

about twenty-five miles north. Employment in the industrial centers of the county shows a decrease since last spring. The large glass works in Corning which employed about 3,500 people up until a month ago has been reducing its force and it is expected that about 600 will have been laid off by the end of the year, reducing its total number of employees to about 2,700. In the village of Painted Post, three miles west of Corning, the Ingersoll-Rand Company's branch plant is now employing 1,125 people as compared with 1,386 last June. This plant is said to have received three good sized orders recently which will enable it to give comparatively steady employment to the men now on its payrolls. The Erie Railroad, which maintains the largest of its repair shops and freight yards in the city of Hornell, has decreased its employment slightly during the last month. Construction of new homes is practically at a standstill throughout the county.

Ulster County, New York

The topic of conversation usually first introduced by bank executives was the condition of the security market over which all appear to be deeply concerned. In the majority of cases market value of securities is said to be currently less than, or approximately equal to, book value; but officers of six banks state that their lists still show some appreciation. United States government obligations compose, on the average, approximately 54 per cent of total bond portfolios of all commercial banks in this county.

Demand for loans in general continues light, only six of the fifteen banks reporting a fair to good demand for credit. The customary rate charged throughout the county is 6 per cent, but banks in the city of Kingston apparently reduce this rate in many cases to 5 per cent, and even to 4 per cent, in negotiating amortized mortgages and other loans secured by prime collateral. Several bankers made a point of expressing their satisfaction with the manner in which modernization loans under Title I of the National Housing Act are being liquidated, there having been no losses and few, if any, delinquencies. Comment on the Production Credit Association was also entirely favorable, one banker adding that both this agency and the Federal Farm Mortgage Corporation have been a great help to the community.

Hudson County, New Jersey

The principal industrial cities in Hudson County are Jersey City, Hoboken, Harrison, Kearny, and Bayonne, where plants and branch factories of many nationally known companies are located. Bankers in these various communities report that there is quite a definite slowing down in business activity, and payrolls are said to have decreased as much as 20 per cent as compared with three months ago, the heavy lines of industry being affected particularly. Bank officers in Harrison, where there are a number of large manufacturing concerns, say that this slowing up of business is

New York continued

due not only to the falling off of new orders but also to the fact that officials and plant managers (with whom they have talked) are curtailing operations as a matter of caution, deeming it advisable to wait until some definite word or assurance is given as to the future policy of the Administration.

Philadelphia

In nearly every industrial community it was reported that there had been an appreciable decline in activity during the past few months. Business leaders were said to be fearful of the imposition of additional restrictions and taxes, and contend that industry cannot stand much more of either and that improvement cannot be expected until this situation is clarified.

There has been an absence of labor trouble in the sections covered by this report so that that factor has had little to do with this decline.

Agricultural conditions generally are considered fair. The prices received for crops this year were disappointing and a goodly portion of both the fruit and potato crops has been stored in anticipation of better prices during the winter.

Credit demand is not strong, in fact in many communities the total of loans is still declining. Deposits, other than those of a special nature, show an increase in most banks, although some bankers stated that the recent decline was beginning to be reflected in withdrawals by individuals and business men. Loan liquidation is reported to be satisfactory. Investment accounts were reported, in all but a few instances, to show depreciation. It was noted that the trend appears to be towards a further increase in holdings of government obligations.

Rentals are increasing and in some communities it was reported that there is a shortage of desirable homes. However, there is little being done to correct this condition, except that in one county there has been a considerable amount of residential building, due principally to the fact that the banks in that county have been strong advocates of the Federal Housing program. However, a considerable portion of this construction is in dwellings suitable only for summer occupancy. An increasing number of banks are granting personal loans or other types of amortized loans.

Several bankers complained of the tax burden. One banker presented an analysis of his bank's income and expenses for the years 1933 - 1936, which showed that, whereas in 1934 taxes paid amounted to slightly less than 3 per cent of gross income, in 1936 the amount paid was equivalent to  $13\frac{1}{4}$  per cent of the gross income, and for the first six months of 1937 exceeded 12 per cent of the gross income, an amount greater than that

Philadelphia continued

carried into the undivided profits account. This bank has total resources of approximately \$1,700,000. The cashier of another bank with resources of about \$500,000 stated that taxes had increased to a point where they had become exorbitant. He said that they would approximate \$2,000 for his bank this year.

The president of a non-member institution having deposits of about \$26,500,000 stated that his directors did not expect to apply for membership until they had to, as they could not see where it would be of any benefit to them. This institution maintains large balances with several correspondent banks in New York and Philadelphia and would be unable to continue to do so, if it were to become a member of the System, as its reserve would have to be at the reserve bank and it could not afford to keep these other funds uninvested. These correspondent connections were said to have been very beneficial to this institution in obtaining new business from firms moving into the city from cities where this bank has correspondent relations and this institution has no intention of losing these contacts unless it is absolutely necessary.

Cleveland

In the northwestern part of Ohio deposits are stationary or in some cases show increases. The volume of loans is increasing by reason of loans to farmers for the purposes of purchasing feeder stock, for new construction, and for the purchase of farms. Bankers generally are not making new purchases of bonds. The tendency is to hold Governments and municipals.

Crop yields in this section were well below average by reason of unusually rainy weather in the late spring.

In the portions of Pennsylvania visited by our field representatives deposits appear to be increasing. Loans are up, largely by reason of increases in personal loans, automobile loans and the purchase of insured F. H. A. loans. The tendency to dispose of long-term bonds appears to be continued. Some banks are holding cash received from the sale of long-term issues for better investment opportunities while others are investing in short-term Governments and high-grade short-term domestics.

In the main the attitude of member banks was friendly, and they appear reasonably satisfied with membership. One State bank, which has been a member of the System for a relatively short time, stated that if they were forced to give up membership in the System or sever their relations with their correspondent bank they would prefer to do without System membership. The officers are not yet completely "sold" on membership and it is understood that an important factor inducing them to join the System was the escape from Federal social security taxation.

Cleveland continued

Another State member bank with a capital structure of \$150,000 and deposits of \$450,000, has expressed a desire to withdraw from membership because of the increase in reserve requirements.

The attitude of non-member banks visited last week was friendly but they are generally uninterested in membership. Some of those with deposits over \$1,000,000 expressed the thought that with the probability of further revision of banking laws before 1941, the entire situation will be changed by that time. They prefer to "mark time" for the present.

In many instances it was apparent that in the minds of the bankers, the Federal Reserve System is considered an agency of the administration, and a part of it. This is seemingly one feature which contributed to the indifference towards membership.

Many bankers are concerned as to what the attitude of supervisory authorities will be in the matter of requiring write-downs in cases where bond depreciation is substantial.

There is vigorous opposition to Government owning of Federal reserve banks as provided in the Patman Bill, on the ground that further centralization of banking control in Washington would have an adverse effect on banking and business generally.

Richmond

A certain nonmember institution in Virginia, with two city branches, has grown rapidly in the last year or so, due in a measure to the fact that it is not a member of the local Clearing House Association and not subject to rules of the association concerning the payment of interest on time deposits and in other respects. This bank has talked of membership in the System on several occasions, and recently, at the request of the institution, one of our representatives made a special visit to the head office to discuss the questions involved. Briefly, the bank appears to wish to obtain the advantages of membership without relinquishing any of its present freedom of action. It is unlikely that favorable action will be taken by the subject bank at this time.

Tobacco growers in our district appear to be in a favorable position, with comparatively large yields of tobacco, selling at prices which are rather consistently higher than a year ago. The markets in the so-called "old belt" in Virginia and North Carolina will close on December 15th for the holiday season, reopening on January 11, 1938. Tobacco manufacturing in our district, as indicated by official reports, show slight declines in all departments, compared with last year, except in the manufacture of cigarettes. In this instance, current figures, when compared with last year, show an increase in production of 5.2 per cent.

Richmond continued

The situation in cotton textiles has shown no improvement, and it is now reported from authoritative sources that cotton textile mills generally in North Carolina average about 50 per cent of normal operations. Until a short time ago, the textile situation in South Carolina appeared to be in better position than in North Carolina, but as the present period continues this apparent preferential position of the South Carolina textile mills has about disappeared. The inventory situation is a question of concern to the industry and to others interested. One textile manufacturer, at the head of a substantial chain of mills, who is also a member banker, writes us that even though there should be an upturn in business he does not see how the cotton mills generally can make much headway for the next three to six months. He writes of the heavy inventories, which nearly always have an unfavorable effect on prices so that the prospective profit is absorbed.

Current reports from furniture manufacturing business show little change, with new orders for October, 1937, approximately 30 per cent less than in October, 1936. It is reported that retail furniture houses have been forced to repossess a large amount of furniture which they naturally hope to sell again before they are actively in the market for new goods.

The lumber industry, which is a considerable item in parts of our district, has suffered from reduced operations in furniture manufacturing and building activity.

The peanut crop is an important item in our district, and from best information obtainable the current crop will yield from 10 to 15 per cent in quantity better than the 1936 crop. Prices are off, however, and it is said that the total income from the crop will be less this year than in 1936. The peanut industry in our district reports increasing competition with other Southern states.

The apple crop for the current year will yield twice the number of bushels as compared with 1936. A large percentage of the crop is moving into storage on account of the unfavorable market prices. Virginia grown apples have been exported to British markets in former years in amounts approximating 40 to 50 per cent of the commercial apple crop, but such shipments have decreased materially since the Ottawa pact of 1932 became effective.

The unemployment situation has been greatly aggravated, notwithstanding the increase in employees necessary to conduct the Christmas trade. Harvesting is at an end for all practical employment purposes; textile manufacturing concerns are averaging perhaps three days per week; other manufacturing concerns are curtailing production and consequently payrolls.



Richmond continued

Reports throughout the district indicate that local merchants report further decline in retail trade and there is apparently a noticeable switch to buying in lower-price stores.

AtlantaState of Georgia

Practically all of the banks visited during the month of November are located in cities where group meetings of the Georgia Bankers Association were held.

The principal topics discussed at these Group meetings were tax revision programs for the State of Georgia, increased hog and cattle production, cotton control and soil conservation, and service charge schedules.

The decline in the price of cotton was usually the topic of conversation at informal gatherings of the bankers attending the meetings. It was the consensus of opinion that the cotton planter, as a general rule, will realize a sufficient sum from a sale or from a loan obtained on his crop to liquidate his indebtedness to the banks, but that after the payment of bank loans the farmer will have little or nothing left to apply on indebtedness he might have contracted at mercantile establishments or for household necessities or farm machinery. This situation, of course, raises the question as to whether these farmers who are not able to liquidate current indebtedness are going to be able to obtain funds for the planting of winter crops and finance preparations for next year's operations. There is some speculation as to whether there will not be a large number of farms left abandoned by removal of the occupants to cities, where they will seek employment rather than run the risk of attempting to farm another year without assurance of obtaining funds for farm operations.

It was also learned that some of the smaller banks, located in rural sections, are being compelled to liquidate their loan portfolios through partial payments to a greater extent than has been the case for several years. It is understood that the low price now being received for cotton seed is responsible for the tenant farmers being forced to request the banker to let them retain a small portion of the proceeds of the sale of cotton for use toward current expenses, whereas it is customarily true that this type of farmer is able to supply his needs from funds obtained through the sale of cotton seed.

Chicago

Calls on member and nonmember banks were made mainly in Indiana and Wisconsin, although a few were made in Iowa and Illinois. Ten of the banks

Chicago continued

visited were recently admitted to the System - most of them expressed themselves as being satisfied with their membership, and stated they were making use of the services offered by the Federal Reserve bank. One banker, however, whose bank joined the System about a year ago, said that he felt membership was rather expensive, as it had been necessary for them to dispose of earning assets in order to meet reserve requirements.

In discussing Regulation A with one of our member bankers, the comment was made with respect to loans under Section 10b that while there might be unusual situations or instances where the Federal Reserve bank would be warranted in accepting non-liquid assets as collateral, it was felt that extreme care should be exercised.

The majority of banks report deposits increasing with very little change in loans. Some referred to their bond depreciation and expressed concern over the future of the bond market.

A number of calls were made on banks which are not on our par list with the idea in mind of having them placed thereon. As a result, several promised to consider the matter and three have definitely been added. Most of them, however, feel they cannot afford to give up the revenue from exchange charges.

Membership has been discussed with a number of the banks and several appear to be excellent prospects.

Generally, there is a report of a slowing up of business. This is particularly true in manufacturing towns with payrolls down from the October figure, although in two instances it was reported that new industries coming into the town had offset any unemployment caused by reductions in force in existing plants. No abnormal inventories are reported; some a little higher than might be desired, but simply a question of working them off, and merchants are not buying except on a "hand to mouth" basis. In one town visited the statement was made that during the first half of 1937 at least 100 residences had been erected, but about June this work ceased very abruptly due to high cost of materials and labor and that there is practically no building going on at this time. The feeling among local business men and industrialists seems to be one of caution rather than of fear.

St. Louis

Except in the fruit growing and oil producing sections, general business conditions in Arkansas show a sharp recession, because of the decline in the price of cotton. At the opening of the season  $10\frac{1}{2}$  cents per pound was the prevailing price, but as ginning proceeded it became evident that a large overproduction existed, and prices began to steadily decline, finally falling to  $6\frac{1}{2}$  cents. However, as loans could be secured from Government

St. Louis continued

agencies at from 7 to 9 cents a pound, sales ceased, and that condition continues to prevail.

When cotton prices fell below 8 cents, the recession in mercantile business developed. Wholesale concerns and some manufacturing plants, notably lumber mills, are now involved in the adverse effects.

Harvests of corn and hay were uniformly excellent throughout Arkansas and Southern Missouri. Farmers generally have an abundant forage crop with which to meet their needs for the next few months. In the fruit belt of Northwest Arkansas splendid crops of apples and grapes netted the growers a large amount of cash in spite of the low prices which prevailed. In the same area tomatoes and beans were processed in large quantities by canning factories, though a large portion of these products are still held in warehouses.

In the oil producing section of Arkansas there has been a consistent campaign of development work and results are proving satisfactory. A number of producing wells have been brought in, and the volume of oil has more than offset the inevitable decline in production in older districts. Drilling continues on various new prospects despite the tremendous cost of operations in a field where a depth of seven or eight thousand feet is sometimes necessary. No recession in business is in evidence in this oil area.

Banks in Missouri and Arkansas have not yet been adversely affected by the decline in mercantile business; in most instances actual increases in deposits are reported. There is very little local demand for loans. In the meantime, many Arkansas bankers are using idle funds for Government cotton loans, which appeal to them as a desirable short-term investment.

Sharply divergent opinions prevail regarding future business conditions, but almost without exception bankers in the cotton section feel that some form of compulsory control of cotton production must be enacted if that important Southern industry is to be extricated from its present chaotic condition.

Curtailment or discontinuance of FRB check collections by a few members was said to be because of immediate credit and simplification of the work when handled through correspondents, and not because of any dissatisfaction with the Reserve bank. The increasing number of nonpar points was also given as a reason for curtailment of check collections.

Officers of a member in Southwestern Missouri deplored the inroads being made on the par collection system, and regret that no course of action has been devised to check them. Reserve Bank officers visited four nonmember banks in an effort to keep them on the par list. One wished to

St. Louis continued

withdraw because neighboring banks are charging its customers for cashing their checks, but it promised to defer action until it had had an opportunity to discuss the matter with the F.D.I.C. examiner. In another case the importance of revenue was the deciding factor.

MinneapolisGroup Meetings--North and South Dakota

It is apparent that the Banking Department of South Dakota is having its problems, for eight or nine of some of the smaller banks in that State are slated for suspension. These aforementioned institutions are all members of the Federal Deposit Insurance Corporation.

The Superintendent of Banks of North Dakota commented on the fact that five paying and receiving stations are now in operation in the State. He assumed the attitude that these stations could not be operated on a profitable basis, and in line with that assumption, he definitely discouraged bankers from becoming interested in paying and receiving stations. He stated further that the decision of the Commission in granting permission to banks to operate such stations, was based wholly in the interest of the public, - whether or not the necessity existed for such a station. He stated also that the Federal Deposit Insurance Corporation was reluctant to give its permission to this modified type of branch banking, unless the bank had a sound capital structure of not less than \$35,000.

Although the Federal Reserve Bank of Minneapolis has now developed a friendlier feeling among the North Dakota bankers as a direct result of personal contacts with them in their own banks, at group meetings, and state conventions, nevertheless there does not seem to be the close friendship that exists among the bankers of South Dakota and Minnesota. However, it seems probable that continued personal contacts with the North Dakota bankers will sooner or later break down any barriers which may now exist.

Kansas City

During the month of November there was considerable activity in various states of this District in regard to certain national legislation affecting banks. Group and regional meetings were numerous and many resolutions were proposed and adopted. Probably the most voluble sentiment was in relation to the Patman Bill. The belief is expressed that the ultimate result of such legislation would be a unified banking system that would mean the end of the present dual system. The belief is also expressed that it would take the control of our banking system out of the hands of the present diversified personnel of business men, bankers, stockmen, and farmers. There is particular objection expressed to the provision

Kansas City continued

in the bill that would permit the Board of Governors to increase or decrease reserve requirements without limitation. The uneasiness on this point undoubtedly grows out of present experience, for there is still considerable resentment against recent increases in reserve requirements. Bankers feel that their earning power has been restricted as they assume the additional reserves would have been invested in Government securities. But they seem especially dissatisfied with their balances with city correspondents as they feel a proper relation with these correspondents is essential in taking care of certain types of borrowers in their communities. Practically all of the Kansas banks desire to carry, in addition to the reserve with the Federal Reserve Bank, a reasonably satisfactory account with their city correspondents, so that customers who cannot be accommodated by the local bank may be referred to the city correspondent, and in a number of instances the banker may desire accommodation from the city correspondent.

Meetings of bankers during the month of November also brought to the surface much of the old opposition to branch banking. Here again the belief is expressed that it would destroy the dual banking system and opposition is especially strong to any legislation that would permit branch banking across state lines.

Many bankers are at a loss to understand why deposits are declining. A considerable number report an increase in loans. In Oklahoma government cotton loans are a matter of great current interest. Wyoming bankers continue to report that conditions in that area are good. Bankers from that state report that the policy adopted a few years ago of requiring sheepmen to operate on a budget has proved its worth, not only to banks but to the sheepmen as well. In Kansas bankers are showing considerable interest in studies of operating expenses of banks. Great effort is being made in that state to get bankers to lay their own operating results alongside that of group experience in order that they may see the weak places in their own management. Immediate results of such a campaign of education of necessity cannot be spectacular, but the people in Kansas who have this work in hand believe that steady pressure of this kind over considerable periods of time will produce far-reaching results.

DallasEast Texas

East Texas was found to be in a fairly satisfactory economic condition, despite the setbacks caused by recent price recessions in the markets for some of its basic products, particularly cotton. Money placed in circulation by the large yield of this crop, consisting both of proceeds of sales and proceeds of government loans, has materially

Dallas continued

augmented this section's income from other leading products, including oil and lumber, and on the whole the banks and producers are taking a cheerful view of the situation.

North Texas

Banks in the "black land" belt of North Texas report conditions in that area as being generally satisfactory. However, some are still complaining bitterly of the unconscionable competitive tactics which they say are being pursued by certain local Production Credit Associations in a persistent effort to divert and capture valuable credit business that legitimately belongs to the banks. The situation has created widespread indignation among country banks and there is a growing sentiment that legislative action is acutely needed to restrict the loans of these government agricultural credit agencies to borrowers who can show inability to obtain credit accommodations at reasonable rates from commercial banking institutions, thus conforming to the government's avowed desire to transfer normal credit extension to private lending agencies as rapidly as possible.

General approval was voiced by the visited bankers of the actions taken by the Board of Governors this year for the furtherance of recovery and the mobilization of money and credit for that purpose. The president of a prominent North Texas bank commended the tendency of the Board of Governors to publicize the purposes and objectives of the various measures and policies adopted by it in the interest of the economic situation. He commented particularly upon Mr. Szymczak's recent public addresses, and those made by other members of the Board in recent months, and stated that as a result of these utterances he has obtained a much better understanding of the objectives of Federal Reserve policy and approves them. Other North Texas bankers commented most favorably upon Governor Davis' address to the Dallas Clearing House Association on November 18.

San FranciscoSan Joaquin Valley, California.

From observations and conversations November 4th to 6th, we found that conditions throughout the San Joaquin Valley were generally good.

The raisin crop was of high quality. Prices should return fair profits to the growers.

Cotton yield has been exceptionally good. Prices have been unsatisfactory. Considerable uneasiness was expressed over the fact that buyers were inactive.

San Francisco continued

Deposits generally in the banks have been increasing, and officers complained of their inability to obtain good loans, stating that there was a lack of demand.

Palo Verde Valley, California

Alfalfa growers in good shape.

Poor cotton crop.

Good tourist crop.

Owing to past vicissitudes, this district is just about keeping its head above water.

Northern Arizona

Cattle and sheep men have had a successful year.

Tourist crop not quite up to expectations.

Reduction in copper mining activities will have an effect on areas tributary to the mines.

Business activities have slackened the last few months, but are estimated to be running at about last year's level.

Considerable diminution in building activities this year as compared with last year.

Rains needed.

Salt River Valley, Arizona

Bumper agricultural crops.

Excellent cotton crop but pickers are badly needed. Bulk of the cotton in this area is largely grown by big operators, and opinion is advanced that probably two-thirds of the crop was contracted at a price around 13 cents.

Reduction in copper mining activities will affect this area.

Considerable reduction in building activities.

Business has receded from the high point reached earlier in the year.

Good tourist crop. Rain is needed.

## PUBLIC RELATIONS ACTIVITIES OF FEDERAL RESERVE BANKS

NOVEMBER, 1937

Federal Reserve Bank	Visits to banks			Meetings attended		Addresses made	
	Member	Non-member	Total	Number	Attendance	Number	Attendance
Boston	41	--	41	2	*	None	--
New York	101	41	142	7	2,197	3	660
Philadelphia	69	22	91	4	1,130	4	690
Cleveland	106	122	228	3	1,532	2	115
Richmond	60	44	104	7	895	None	--
Atlanta	24	11	35	6	650	None	--
Chicago	41	56	97	3	3,400	3	425
St. Louis	39	26	65	2	750	3	1,590
Minneapolis	36	18	54	11	620	3	340
Kansas City	2	2	4	9	2,505	3	300
Dallas	42	--	42	5	460	None	--
San Francisco	42	12	54	15	1,434	None	--

\*Attendance not reported.