

MONTHLY REVIEW

OF BUSINESS CONDITIONS

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

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No. 5

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial activity continued at a high level in April, and the volume of factory employment and payrolls increased further between the middle of April and the middle of May. Loans and investments of member banks in leading cities continued to decline and at the end of the period were at approximately the same level as a year ago.

Production. Industrial activity increased in April to the highest level on record. The iron and steel and automobile industries continued exceptionally active during April. Activity in copper refining, lumber, cement, silk and wool textiles, and the meat packing industry increased, and production of cotton textiles showed a less than seasonal reduction. Factory employment and payrolls increased, contrary to the seasonal trend.

Output of mines was also larger in April. Copper and anthracite coal production increased and the seasonal decline in output of bituminous coal was smaller than usual. Petroleum production declined slightly.

Preliminary reports for the first half of May indicate a continued high rate of operation in the iron and steel industry. Output of lumber and bituminous coal was somewhat larger during the first part of May than at the end of April.

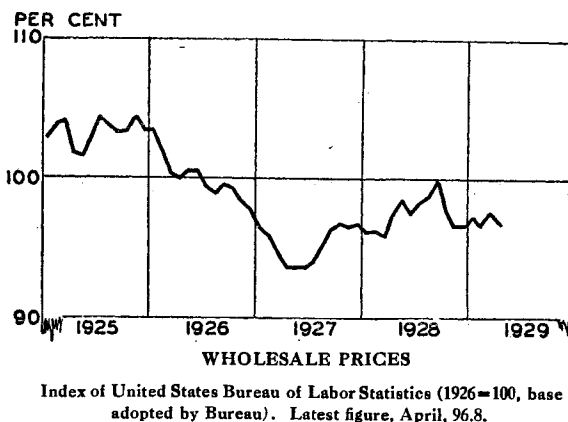
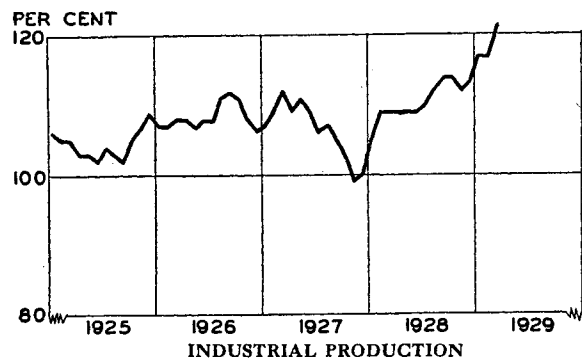
Building contracts awarded during the month of April increased sharply and for the first time in five months approximated the total for the corresponding month in the preceding year. The increase was not continued in the first part

of May, however, when awards averaged 20 per cent below the same period in May, 1928. During April most classes of building showed seasonal increases over March, the largest being in contracts for residential building and public works and utilities.

Distribution. Shipments of commodities by rail increased during April and were the largest for that month in any recent year. The increase from March reflected larger loadings of miscellaneous freight, lumber, livestock, and ore. During the first half of May shipments of freight continued to increase.

Sales at wholesale declined seasonally in April, except in the case of grocery and hardware firms. Department store sales were also smaller in April than in March, but continued above the level of a year ago. In comparison with April, 1928, all lines of trade reporting to the Federal Reserve System showed increases.

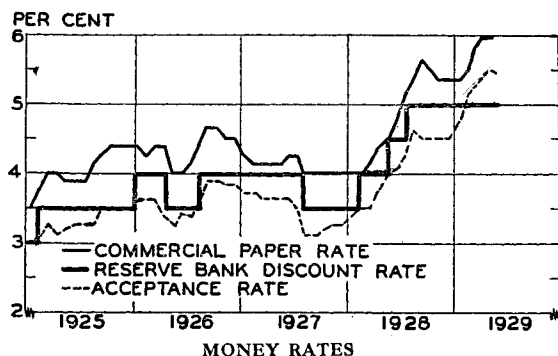
Prices. Wholesale commodity prices averaged slightly lower in April than in March, according to the index of the United States Bureau of Labor Statistics, reflecting primarily declines in prices of farm products and their manufactures. Prices of mineral and forest products and their manufactures, on the average, showed little change. There were increases in iron and steel prices, and sharp declines in copper, lead and tin. Seasonal declines occurred in prices of coal and coke, while gasoline prices advanced. Prices of grain, especially wheat, moved downward most sharply and prices of



wool and cotton continued to decline. Livestock and meat prices continued the upward movement of the previous month but at a slower rate. Hides averaged slightly higher in price, and leather somewhat lower than in the preceding month. Among imported raw materials, rubber, sugar, and coffee showed marked price

and agricultural purposes, remained unchanged at a relatively high level.

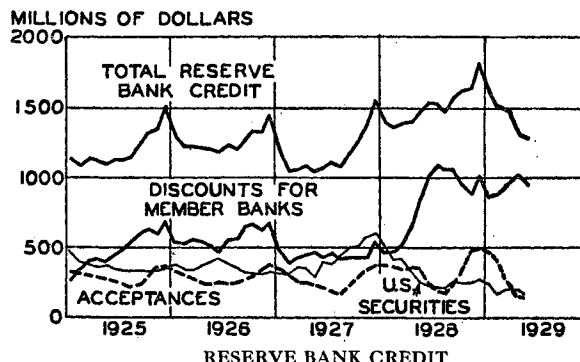
There was a further reduction in the average volume of reserve bank credit outstanding between the weeks ending April 24 and May 22, owing largely to additions to the country's monetary stock of gold. The decline was in



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper and acceptance rate on 90-day bankers' acceptances. Latest figures are averages of first 24 days in May.

recessions. Early in May cattle, hides, and wheat prices declined sharply and the price of rubber increased.

Bank Credit. During the four weeks ending May 15 loans and investments of member banks in leading cities showed a decrease of nearly 200 million dollars, largely in loans on securities. There was also some further decline in investments. All other loans, chiefly for commercial



Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first 22 days in May.

discounts for member banks, holdings of acceptances and United States securities showing practically no change. Open market rates for commercial paper remained unchanged as did rates on prime bankers' acceptances, except for a temporary decline at the end of April and the first week in May. In the first three weeks of May rates on collateral loans averaged considerably higher than in April.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Continued aggressive expansion of industry and moderate activity in trade marked the month of April and the early weeks of May in the Twelfth Federal Reserve District. Demand for credit increased and, by mid-May, member bank loans were higher than ever before. The expansion in volume of credit in use was largely in loans for commercial purposes, although loans on securities advanced to near the peak levels of last March. The District's supply of funds increased substantially during the weeks preceding May 15, however, and despite the growth of member bank loans demand for credit at the Reserve Bank was reduced to the lowest levels of the current year.

Industry, in the aggregate, continued the rapid growth which has characterized the productive activities of the District since the middle of 1928. The present high level of activity chiefly reflects heavy production schedules in the lumber, iron and steel, copper, and petroleum industries. Output of cement and of food products was smaller last month than a year ago.

Trade expanded by less than the usual seasonal amount during April, 1929, (partly as a result of the early date of Easter Sunday this year) but was more active than in April, 1928. The increase, as compared with a year ago, was the result of heavier shipments of commodities

both by rail and by water, increased automobile sales, and more active trade at wholesale. Sales at retail approximated those of last year.

Agriculture

The outlook for the agricultural year in the Twelfth Federal Reserve District reflects the unfavorable developments of the past few months, the chief of which have been the damaging frosts of March and April, the lack of seasonal rainfall during much of the winter and spring, and recent adverse price developments affecting agricultural commodities.

WINTER WHEAT

	Forecast May 1, 1929 (bushels)	Harvest 1928 (bushels)	Acreage Abandoned 1929*
Arizona	1,044,000	1,269,000	2.0
California	10,472,000	16,380,000	20.0
Idaho	11,069,000	10,488,000	3.0
Nevada	94,000	104,000	1.5
Oregon	16,638,000	20,088,000	4.0
Utah	2,760,000	3,726,000	2.5
Washington	22,982,000	35,600,000	15.0
Total	65,059,000	87,655,000	11.4
United States	595,335,000	578,964,000	6.4

*As a per cent of acreage sown in the fall of 1928.
Source: United States Department of Agriculture.

The forthcoming winter wheat crop in the District was estimated by the United States Department of Agriculture on May 1 to be 26 per cent smaller than the crop harvested in 1928.

The winter wheat crop in the United States as a whole is estimated to be three per cent larger than that harvested last year. Visible supplies of wheat in this country and throughout the world are large and prices of wheat futures at Chicago have recently been lower than at any time since May, 1924.

Production forecasts of **spring wheat, oats, and barley** are not yet available. On May 1 the condition of oats in California was reported by the State Agricultural Statistician to be 72 per cent of normal and the condition of barley was estimated to be 68 per cent of normal. One year ago the condition of oats in that state was 93 per cent, and of barley 90 per cent, of normal.

The **hay** crop raised on farms of the District is reported to be in poorer condition than one year ago, and below the ten-year (1919-1928) average condition for the month of April. The unusually heavy demand for feed for livestock during the past winter is reflected in present reduced stocks of hay on the District's farms. On May 1, 1929, these stocks amounted to 587,000 tons or 4 per cent of the 1928 harvest, whereas on May 1, 1928, the hay remaining on the District's farms amounted to 1,256,000 tons or 8 per cent of the 1927 harvest.

Early reports of frost damage to **deciduous fruits and nuts** in California are at least partially confirmed by the May first estimates of crop condition. Condition figures of various fruit and nut crops in California are shown in the following table:

DECIDUOUS FRUITS AND NUTS—California

	Condition (Per cent of normal)	
	May 1, 1929	May 1, 1928
Almonds	30	74
Apricots	57	60
Cherries	52	60
Peaches	42	87
Clingstone	36	87
Freestone	55	86
Pears	64	86
Plums	50	70
Prunes	50	70

Source: California Crop Reporting Service.

In the Pacific Northwest the deciduous fruit crops are in relatively better condition than in California.

The 1929 Valencia **orange** crop in California, which is now estimated to be 19,646,000 boxes, is larger than any previously harvested crop of this variety. In 1928 a small crop of 9,300,000 boxes was harvested. The estimate of the 1929 **lemon** crop (4,350,000 boxes) which appeared in the March Review has been revised upward and the yield is now estimated at 4,524,000 boxes. During the 1928 crop year, 4,520,000 boxes of lemons were harvested.

Livestock of the District are in relatively good condition despite some shortage of range forage. **Range** conditions declined during April, which is contrary to the usual seasonal tendency, and on May 1 the ranges of the District were reported to be in poorer condition than on that date in any of the past five years.

Stockraisers have been favored by generally satisfactory markets for their products during recent weeks, although hide and wool prices have been below the levels of one year ago. The number of **cattle** shipped to eight principal markets in the District during April, 1929, was 6.8 per cent smaller than in April, 1928, continuing a tendency toward a reduction in shipments which has persisted since January, 1929. Estimates of the early spring **lamb** crop in the District were further reduced during April, when range flocks suffered losses as a result of severe weather conditions. It is now estimated that the number of lambs raised in the District this spring will approximate that of a year ago. Shipments of California spring lambs to eastern markets have been heavier than was expected during April due to earlier deterioration of ranges, and the number of live and dressed lambs shipped during the present season to May 11 was larger than in any corresponding period on record.

CALIFORNIA SPRING LAMBS—Eastern Shipments

	1929		1928	
	Live	Dressed	Live	Dressed
March	4,412	12,780	10,700	13,681
April	136,340	22,708	46,730	18,215
May*	193,025	13,900	178,282	13,083
Total	333,777	49,388	235,712	44,979

*Through May 11.

Source: Market News Service—United States Department of Agriculture, San Francisco, California.

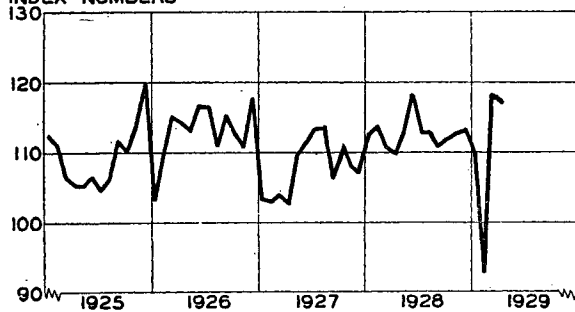
Sales of the 1929 **wool** clip were small in volume during April, except in California where it is estimated that one-half of the clip has now been sold outright or shipped to market for consignment sale. Sales have all been at lower prices than a year ago.

Industry

Expansion in industrial activity which has been a characteristic feature of the business situation since the middle of 1928 continued during April, 1929, although at a reduced rate as compared with immediately preceding months. Output of the District's mines and factories was substantially larger than in April of last year. The high rate of industrial activity during recent weeks has reflected maintenance of heavy production schedules at lumber mills, iron and steel plants, copper mines, and petroleum wells and refineries. Output of cement plants, flour mills and meat packing establishments was smaller than a year ago. Moderate increases in producers' stocks of copper, petroleum, refined oils and cement were reported during April, while mill stocks of lumber and of flour were reduced. Shipments of industrial commodities increased during the month, but by less than the usual seasonal amount. Industrial car loadings of all classes of commodities, other than grain and grain products, were substantially larger than in April, 1928. The number of unemployed declined seasonally during April and in the aggregate was reported to be

smaller than last year. Building and construction operations continued active.

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Production of **petroleum** increased early in April and reached a daily average of slightly more than 800,000 barrels during the third week of the month. During the succeeding week a voluntary reduction of output was effected by the major oil companies in the state and daily average output for the month was slightly below that for March, 1929, though still well above production during April, 1928. The shutting-in of proven wells has been accompanied by a decline in drilling operations in unproven territory, but some new wells were completed during the month and the proven area of the deep zone field at Santa Fe Springs has been extended.

Production of **copper** increased slightly during April, 1929, and continued at levels well above those of April, 1928. Shipments of the metal are reported to have decreased during the month and stocks increased from the relatively low levels of March. After a period of rapid fluctuation, copper prices have been steady during the past month. On May 16 the metal sold for 18 cents per pound delivered at Connecticut Valley points, the price quoted a month ago. In accordance with existing wage agreements, which adjust miners' wages to the selling price of copper, wages at copper mines of the District were reduced five per cent on May 1.

(A) Industry—

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

	1929			1928
	Apr.	Mar.	Feb.	Apr.
Manufactures:				
Flour	105	118	124	110
Slaughter of Livestock [¶]	85	80	83	103
Lumber	116*	113	94	107
Refined Mineral Oils [†]	189	180	172	148
Cement [‡]	106	118	116	115
Wool Consumption	73	74	77
Minerals:				
Petroleum (California) [†]	118	119	121	92
Copper (United States) [†]	141	135	136	103
Lead (United States) [†]	96	99	100
Silver (United States) [†]	106	97	88	89
General:				
Carloadings—Industrial	117	119	93	110
Value of Building Permits [§]	79	69	74	75
Value of Engineering Contracts Awarded [§]				
Total	168	187	175	145
Excluding Buildings	203	268	228	117

*Preliminary. †Not adjusted for seasonal variation. ‡Prepared by Federal Reserve Board. §Indexes are for three months ending on the month indicated. ¶Twenty cities. ¶Revised.

A larger than seasonal increase in **lumber** production was reported during April and output of the District's mills was at substantially higher levels than a year ago. Shipments and new orders received also were large in volume, and exceeded production, with a consequent reduction in unsold mill stocks. Lumber prices at the mills held firm during the month.

Building was active during April and although the total value of permits issued in the District was somewhat less than in March, 1929, it was greater than in April, 1928. Increased activity as compared with a year ago was evident in all parts of the District.

Trade

During April, the volume of trade transacted in the Twelfth Federal Reserve District was relatively large. When allowance is made for usual seasonal changes, slight declines from March were general except in sales of new automobiles and in merchandise sales at wholesale, which increased. Compared with last year, all lines of activity except trade at retail showed substantial gains and, when the data are adjusted for the occurrence of Easter Sunday in April of 1928 and in March of 1929, retail sales also show a slight increase.

Total sales at **retail** of reporting department, apparel and furniture stores were slightly smaller during April, 1929, than during April, 1928. When reduced to a daily average basis, sales of these stores were about five per cent smaller than last year. It is necessary, however, to consider March and April together in estimating the comparative volume of department store sales in 1929 and 1928, since the early date of Easter this year shifted a large volume of sales from the April to the March record. For the two months together, the reported value of sales at retail during 1929 was one per cent larger than the value of sales

(B) Employment—

Industries	California		Oregon	
	No. of Firms	No. of Employees	No. of Firms	No. of Employees
		Apr., 1929	Apr., 1928	Apr., 1929
All Industries	736	164,025 (10.1)	143	25,777 (7.2)
Stone, Clay and Glass Products ..	42	6,023 (—7.3)	5	182 (—24.5)
Lumber and Wood Manufactures ..	115	21,720 (—6.7)	52	15,982 (8.2)
Textiles	18	2,454 (2.5)	11	2,250 (17.7)
Clothing, Millinery and Laundering ..	61	8,482 (3.5)	7*	403 (—3.1)
Foods, Beverages and Tobacco ..	159	36,240 (8.2)	38	1,407 (4.8)
Water, Light and Power	4	3,612 (—5.0)
Other Industries [†] ..	324	83,303 (20.1)
Miscellaneous ...	13	2,191 (8.9)	30	5,553 (3.5)

*Laundry only. †Includes the following industries: metals; machinery and conveyances; leather and rubber goods; chemicals, oils and paints; printing and paper goods.

Figures in parentheses indicate percentage changes from April, 1928.

during the same period in 1928. Sales of retail grocery chains in the Twelfth District continued their characteristically rapid expansion during April, 1929, and were 16 per cent larger in value during that month than in April, 1928.

RETAIL TRADE—Twelfth District

	NET SALES*		STOCK*
	Apr., 1929 compared with Apr., 1928	Jan. 1 to Apr. 30, 1929 compared with Jan. 1 to Apr. 30, 1928	Apr., 1929 compared with Apr., 1928
Department Stores†	-1.7 (68)	2.2 (68)	-3.3 (52)
Apparel Stores	-1.6 (31)	4.2 (31)	3.5 (18)
Furniture Stores	8.2 (47)	0.5 (47)	2.9 (33)
All Stores	-0.6 (146)	2.1 (146)	-2.0 (103)

*Percentage increase or decrease (—). Figures in parentheses indicate number of stores reporting. †Includes dry goods stores.

The downward trend of sales at wholesale noted during recent months was checked during April. From March to April there is usually a seasonal decline of about 3 per cent in wholesale sales, but this year April sales increased approximately one per cent. Total sales in ten lines of trade were nearly ten per cent larger than a year ago, substantial increases being shown by seven of these lines. Increases were reported in all regions of the District. Smaller aggregate sales in April, 1929, than in April, 1928, were reported only by shoe and paper and stationery dealers.

Railway freight carloadings expanded by slightly less than the usual seasonal amount during April, 1929, but were substantially larger than in April a year ago, the increase being general in all freight classifications except loadings of grain.

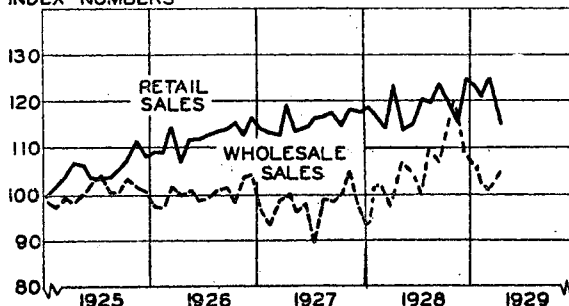
(C) Bank Debits*

	April, 1929	April, 1928	First Four Months 1929 1928	
Arizona				
Phoenix	\$ 41,133	\$ 36,669	\$ 178,157	\$ 138,664
California				
Bakersfield	13,031	13,616	59,307	59,517
Berkeley	20,148	20,244	85,864	87,194
Fresno	29,843	33,876	125,649	132,672
Long Beach	63,764	53,760	266,181	214,096
Los Angeles	1,205,373	1,093,193	5,006,406	4,212,170
Oakland	231,081	282,006	970,944	1,005,699
Pasadena	40,572	45,288	182,283	173,288
Sacramento	47,037	47,941	193,635	191,373
San Bernardino	11,422	10,333	46,308	41,100
San Diego	64,776	64,333	270,174	252,471
San Francisco	1,245,802	1,507,956	5,591,156	5,995,693
San Jose	27,224	26,595	111,964	108,169
Santa Barbara	16,792	13,524	68,049	55,407
Stockton	26,239	26,090	107,445	115,322
Idaho				
Boise	15,346	12,740	58,452	53,971
Nevada				
Reno	14,651	8,400	46,651	34,744
Oregon				
Eugene	7,690	7,831	28,784	27,046
Portland	178,394†	162,473	737,130‡	626,957
Utah				
Ogden	16,968	15,091	71,853	68,043
Salt Lake City	87,494	71,442	318,997	292,752
Washington				
Bellingham	11,134	10,123	41,281	39,183
Everett	15,334	13,092	54,801	49,814
Ritzville	754	957	3,410	3,703
Seattle	265,140	254,782	1,059,861	951,744
Spokane	60,138	57,927	237,483	222,235
Tacoma	49,177	45,767	197,264	179,013
Yakima	14,422	12,326	54,027	50,423
Total	\$3,820,879†	\$3,948,375	\$16,173,516‡	\$15,382,463

*In thousands of dollars. †Includes \$16,150,000 at four banks not reporting prior to week ended May 2, 1928. ‡Includes \$65,828,000 at four banks not reporting prior to week ended May 2, 1928.

Sales of new automobiles increased during the month to the largest totals on record, sales of both passenger and commercial vehicles contributing to the increase. The gain in sales of

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RETAIL AND WHOLESALE TRADE—TWELFTH DISTRICT

Indexes adjusted for seasonal variation. 1923-1925 average=100. Daily average figures of department store sales. Monthly figures of sales at wholesale.

new passenger automobiles, although slight, acquires significance when compared with a normal March to April decline in sales of about 3 per cent. The gain in sales of new commercial cars was slightly less than the usual seasonal movement.

Waterborne intercoastal trade declined during April as compared with March but was larger than in April, 1928. There was a slight increase as compared with last month in the movement of cargo through the Panama Canal from Atlantic Coast to Pacific Coast ports, and this Bank's seasonally adjusted index moved upward for the first time since last December. Cargo movement from the Pacific to the Atlantic Coast continued the decline noted since January, as petroleum shipments reached the lowest figure of the current year. Lumber

(D) Distribution and Trade—

	1929			1928
	Apr.	Mar.	Feb.	Apr.
Foreign Trade*	Index Numbers*			
Total†	149	147	122	122
Imports‡	137	134	115	115
Exports	156	154	126	126
Intercoastal Trade*				
Total	92	98	98	85
Westbound	127	125	133	106
Eastbound	80	87	87	78
Carloadings				
Total‡	116	117	108	110
Merchandise and Miscellaneous‡	118	122	116	114
Wholesale Trade				
Sales§	105	101	103	97
Retail Trade				
Automobile Sales‡				
Total	131	127	132	87
Passenger Cars	129	125	132	87
Commercial Vehicles	145	149	131	86
Chain Stores				
Grocery Sales	258	254	249	223
Department Store				
Sales‡	115	125	121	123
Stocks	101	105	101	104
Actual Figures				
Stock Turnover	.24	.26	.23	.24
Collections#				
Regular	45.9	46.4	44.1	44.2
Installment	15.9	15.3	15.2	15.6

*Adjusted for seasonal variations, 1923-1925 average=100. †Excluding raw silk. ‡Daily average. §Monthly totals of ten lines combined. ¶At end of month. ||Proportion of average stocks sold during month. #Per cent of collections during month to amount outstanding at first of month. *Indexes are for three months ending on month indicated. †Revised.

shipments to the Atlantic Coast increased by 25 per cent during April as compared with March. The April shipments were the largest reported since August, 1928, and were 40 per cent above the low point of February, 1929.

The District's **foreign commerce**, according to figures of value of imports and exports, increased sharply during March. Imports into the District reached the largest total for any March of record and exports were the largest for the month since 1920.

Prices

During recent months the trend of wholesale commodity prices, both in the United States and in the Twelfth District, has been downward. The declines have been the result, primarily, of declines in prices of certain agricultural products and of basic industrial commodities such as cotton, wool, rubber, copper, lead, zinc, and petroleum.

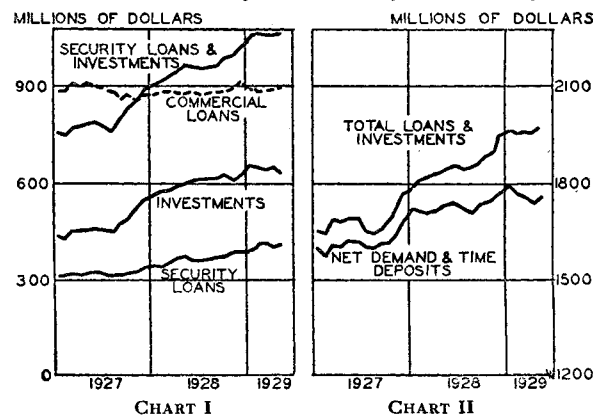
During recent weeks industrial commodities of greatest importance in the Twelfth District have, with few exceptions, been firm in price. Lumber prices have been steady, petroleum price declines have been checked with the promise of at least temporarily effective curtailment of output, and non-ferrous metals prices have been unchanged since mid-April. As indicated in this Review last month, the sharp drop in copper prices from 24 cents to 18 cents per pound early in April represented a reduction in quotations which were largely nominal, only a relatively small volume of metal having been sold at the 24-cent level.

Recent commodity price declines of importance to this District, therefore, have been largely confined to agricultural products. The most important movement since mid-April has been the decline in quotations for wheat which has brought the price of that grain to the lowest level since May, 1924. Other grain prices have been steady or have moved similarly to wheat during recent weeks. Current low prices for oranges, as compared with prices during 1928, reflect the market pressure of a large crop of small-sized fruit. In the livestock group, sharp reductions in quotations for lambs, were partly seasonal and partly the result of the poorer quality of the animals marketed. Quotations for hogs have declined slightly while cattle prices have held relatively firm. Livestock prices, however, are currently ranging higher than a year ago. Wool prices, which have moved steadily downward for several months past, continued weak during April and early May, and cotton prices have declined during recent weeks.

Credit Situation

Recent credit trends in the Twelfth Federal Reserve District which were discussed in some detail in last month's Review, persisted during late April and early May, although a slight ten-

dency toward improvement in the credit situation was noted in the later month. Demand for Reserve Bank credit averaged smaller during the first half of May than at any time this year.



Monthly averages of weekly figures of Twelfth District reporting member banks. Latest figures are averages for the first three report dates in May.

The appearance of greater ease in the money markets of the District during recent weeks may be attributed chiefly to an increase in the supply of funds. This increase was the result chiefly of an inward movement of funds from outside the District and of Treasury operations in the District, and was accompanied by increased deposits at member banks and reduced borrowing at the Reserve Bank. Loans of reporting member banks continued to expand and on May 15, 1929, totaled 1,319 million dollars, the largest volume of loans ever extended by the group of city banks reporting these data. Their security loans, at 422 million dollars, stood near the high point for the current year (425 million dollars reached in March) while their commercial loans at 897 million dollars were higher than at any time since early January, 1929.

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

	Average Condition During Month			
	May, 1929*	April, 1929	March, 1929	May, 1928*
Total Loans and Investments...	1,956	1,944	1,948	1,846
Total Loans	1,314	1,299	1,305	1,246
Commercial Loans	896	886	883	877
Loans on Securities	418	413	422	369
Investments	642	645	643	600
Net Demand Deposits	769	765	783	797
Time Deposits	989	977	973	937
Borrowings from Federal Reserve Bank	54	69	74	56

*Average of first three weekly reports in the month.

The increased supply of funds in the Twelfth District resulted chiefly from (a) a flow of funds into the District from other districts amounting to 23 million dollars, (b) net treasury disbursements totaling 12 million dollars, (c) Mint purchases of new and imported gold amounting to two million dollars (partly offset by the export of \$605,000 in gold coin to China)—all between the middle of April and the middle of May. Total bill and security holdings of the Federal Reserve Bank of San Francisco were reduced by 34 million dollars between April 17 and

May 15, and stood at 79 million dollars on the latter date as compared with 157 million dollars early in March when the present downward

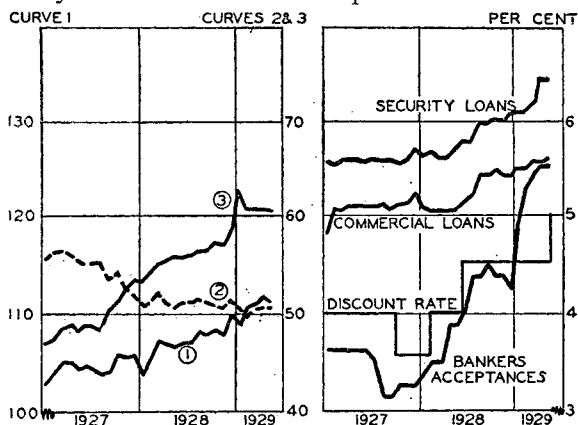


CHART III
LOAN-DEPOSIT RATIOS

CHART III—Loan-Deposit ratios, Twelfth District reporting member banks. Monthly averages of weekly figures. Latest figures are averages for first three report dates in May.

Curve 1. Ratio total loans and investments to net demand and time deposits.

Curve 2. Ratio commercial loans to net demand and time deposits.

Curve 3. Ratio security loans and investments to net demand and time deposits.

CHART IV
INTEREST RATES

CHART IV—Reserve Bank discount rate and averages of prevailing interest rates charged by banks in San Francisco. Figures are as of middle of each month, latest figures being for May.

movement commenced. Reduced member bank borrowing has been almost wholly on account of city banks, as was the increase in such bor-

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

	May, 1929*	April, 1929	March, 1929	May, 1928
Total Bills and Securities.....	94	113	136	110
Bills Discounted	68	80	86	65
Bills Bought	15	19	35	25
United States Securities.....	11	14	15	20
Total Reserves	264	246	226	257
Total Deposits	184	183	184	188
Federal Reserve Notes in Circulation	156	156	159	159

*Average of first 15 days.

Intercoastal Trade of Pacific Coast Ports*

The volume of waterborne commerce passing through the ports of the Twelfth Federal Reserve District (which includes all of the Pacific Coast of the United States) has grown almost continuously during recent years. In 1927 and in 1928, according to this Bank's preliminary estimates, it reached a record figure of approximately 71 million tons, an increase of 16 million tons or 30 per cent as compared with figures of five years ago.

Nearly two-thirds of the total volume of waterborne commerce of the Pacific Coast during the past five years has been in the coastwise and local carrying trade; that is, between ports of the District. Foreign trade has accounted for slightly over one-fifth of the total waterborne commerce and intercoastal trade for the remain-

*Intercoastal trade is the waterborne trade between Pacific and Atlantic and Gulf Coast ports of the United States. Only vessels of American registry or enrollment are permitted to engage in the coastwise and intercoastal trade of the United States.

rowing during 1928. Country bank borrowing has tended upward throughout 1929.

On May 20, 1929, the Federal Reserve Bank of San Francisco raised its discount rate on all classes and maturities of paper from 4½ to 5 per cent. The 4½ per cent rate, which had been in effect since June 2, 1928, had latterly been below the Bank's buying rates on acceptances and well below commercial borrowing rates. The present advance brings the discount rate more nearly into line with these open market rates. (See Chart IV.)

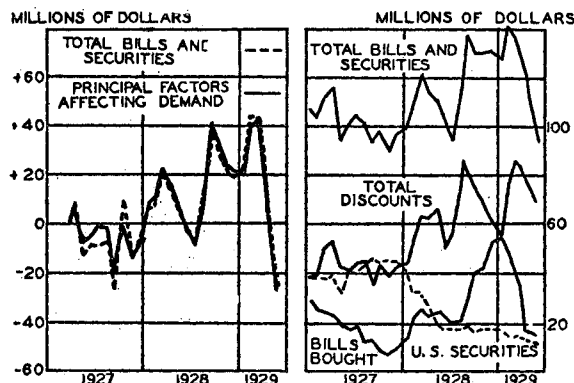


CHART V

RESERVE BANK CREDIT*

CHART V—Principal factors affecting demand for credit at Federal Reserve Bank of San Francisco. Monthly changes cumulated from April 1, 1927. Figures are for report dates nearest the middle of each month, latest figures being for May 15.

Solid line shows total of: (a) demand for currency, (b) Treasury receipts and disbursements, (c) imports and exports of gold, (d) mint purchases of new gold, (e) transfers of funds between Twelfth District and other parts of United States. Broken line shows total bill and security holdings, Federal Reserve Bank of San Francisco.

CHART VI—Monthly averages of daily figures, Federal Reserve Bank of San Francisco. Latest figures are averages for first 15 days in May.

*The amount of bills and securities held by the Federal Reserve Bank of San Francisco is not an entirely accurate measure of Twelfth District demand for Reserve Bank credit. It includes securities (and bills) purchased outside of the Twelfth District and does not include bills purchased in this District and allotted to other Federal reserve banks.

derorabout one-sixth. Monthly data showing the volume of local and coastwise trade of the more important ports of the Pacific Coast are not yet available, and indexes of the volume of the foreign trade of this area have not yet been computed. Indexes of the value of foreign trade on the Pacific Coast are presented in the distribu-

WATERBORNE COMMERCE OF THE TWELFTH FEDERAL RESERVE DISTRICT†

	Total Tonnage	Foreign Commerce Ton-nage	Per Cent of Total	Intercoastal Commerce Ton-nage	Per Cent of Total	Local and Coastwise Ton-nage	Per Cent of Total
1928.....	70,521	16,258	23	9,763	14	44,500	63
1927.....	70,563	16,076	23	10,908	15	43,579	62
1926.....	68,089	14,163	21	10,993	16	42,933	63
1925.....	59,908	10,913	18	9,388	16	39,607	66
1924.....	54,235	11,404	21	11,119	21	31,712	58

†Commerce of Pacific Coast ports and waterways in thousands of tons; 1928 figures are preliminary estimates.

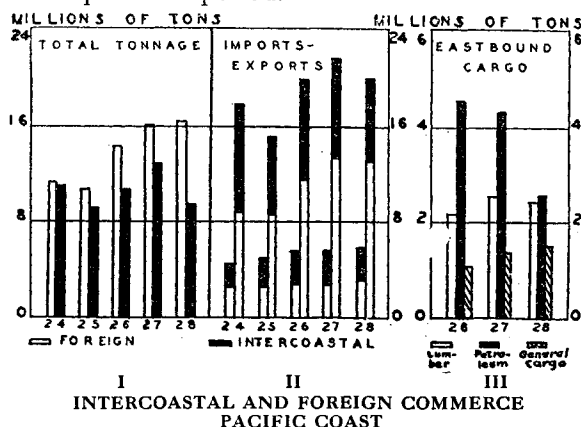
Sources: Foreign commerce, United States Shipping Board; 1928 figures estimated from 9 months data. Intercoastal commerce, Panama Canal Record. Total commerce, annual reports of United States Army Engineers, adjusted to eliminate duplications in local and coastwise tonnage; 1928 estimated from Port Wardens' reports.

tion and trade table on page 37 of this Review.

This article presents a newly computed series of monthly indexes of intercoastal traffic to and from Pacific Coast ports, the index numbers being adjusted for seasonal variation and expressed as percentages of the 1923-1925 monthly average. Because of the erratic movements in the series it has been desirable to smooth the indexes by use of a three months' moving average centered on the last month. The original data in tons of 2240 pounds are from the Panama Canal Record and include cargo tonnage passing through the Panama Canal during the calendar month rather than that loaded and unloaded at Pacific Coast ports during the month. The difference between these two sets of figures is not significant.

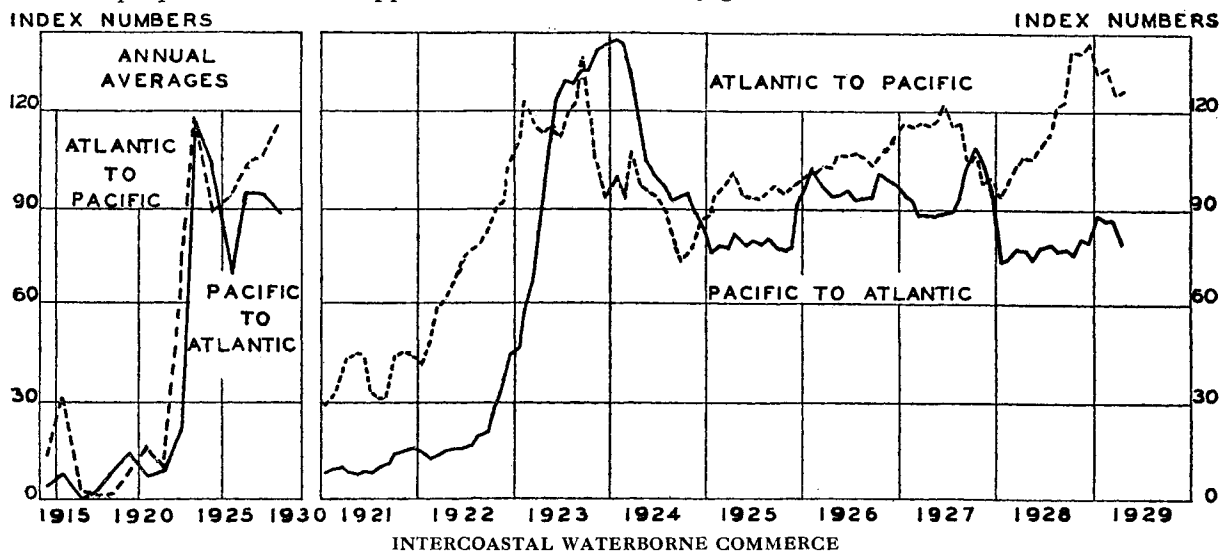
The intercoastal trade of the Twelfth Federal Reserve District has had a remarkable growth since the close of the World War. Soon after the Panama Canal was opened in 1914, shipping tonnage was diverted to Atlantic trade routes and, during the war years, there was little waterborne traffic between the Pacific and Atlantic coasts of the United States. With the release of shipping from war service, a world surplus of ship tonnage made itself felt in extraordinarily keen competition for freight carrying business. A large number of American ships sought the protected intercoastal carrying trade, and shipping rates on this route were reduced to low levels. Under the stimulus of low rates, which coincided with record shipments of California petroleum (on a tonnage basis, the most important single commodity passing through the Panama Canal), cargo tonnage increased to record levels in 1923 and early 1924, this Bank's monthly index averaging 126 for the twelve months ending April, 1924. A period of greater stability in freight carrying charges began during the latter half of 1924, petroleum shipments declined, and tonnage offerings assumed proportions which appear to be more

nearly normal than the offerings of the immediate post-war period.



- I. INTERCOASTAL AND FOREIGN COMMERCE**
II. PACIFIC COAST
III. EASTBOUND CARGO
- I. Annual tonnages of cargo—intercoastal and foreign.
 - II. Annual tonnages of imports (inbound cargo first column) and exports (outbound cargo second column) — intercoastal and foreign.
 - III. Annual tonnages of eastbound intercoastal shipments — petroleum and lumber compared with all other cargo.

The total volume of intercoastal traffic has declined slightly since 1924. The trend of shipments from the Atlantic to the Pacific Coast, which consist principally of general cargo, has been constantly upward since that year and such shipments reached new high levels at the close of 1928. The tonnage of goods moving from the Pacific to the Atlantic Coast, which is about four times that moving from Atlantic to Pacific Coast, has registered a net decline since 1924. An increase in the amount of petroleum carried accounts for an increase in Pacific to Atlantic tonnage during 1926 and 1927 and a decrease in shipments of this commodity was responsible for a decline in total shipments during 1928 and 1929. The tonnage of lumber (the second most important commodity in this trade) shipped in the intercoastal trade of the United States has increased during recent years, and shipments of general cargo have shown a steady growth.



Annual and monthly indexes of cargo movements from Atlantic to Pacific ports and from Pacific to Atlantic ports (1923-1925 average=100).