

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. 6

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

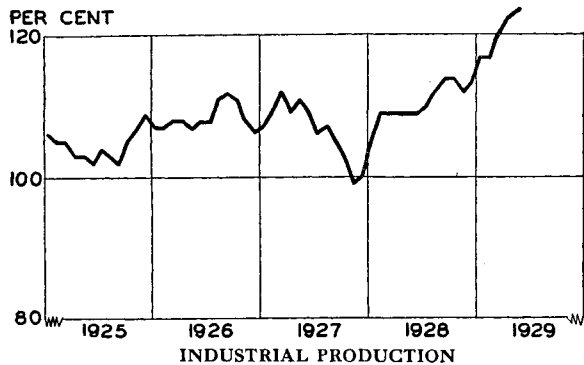
Production and distribution of commodities continued at a high rate in May. Wholesale commodity prices declined further during the month, but more recently showed some advance. Total loans and investments of member banks in leading cities have increased since the latter part of May.

Production. Industrial production continued large in May and was accompanied by a further increase in the volume of factory employment and payrolls. Output of the iron and steel industry increased further, and shipments of iron ore during May were the largest for that month of any recent year. Production of pig iron, steel ingots, and coke was at record levels and semi-finished and finished steel was produced in large volume. During the first half of June steel operations remained close to capacity, although some decline from the high rate of May was reported. Output of automobiles, which has been in unusually large volume since the beginning of the year, showed a slight reduction in May. Copper production at mines, smelters, and refineries decreased during May but continued large. Combined stocks of refined and blister copper at the end of the month were the largest since 1927. Zinc, lead, petroleum, and bituminous coal were produced in larger volume than in April, while the output of anthracite coal declined. Output in the textile industries continued large in May, although there was a decline in activity in silk mills. Meat production, while larger than in April,

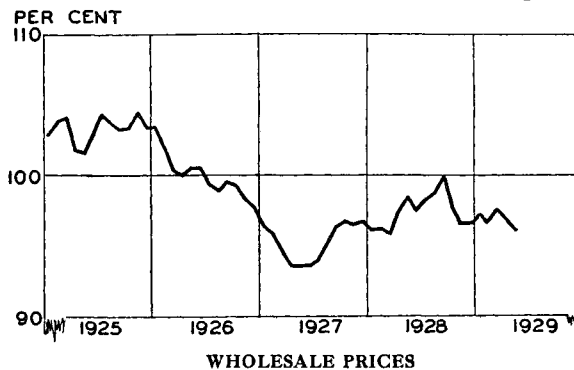
increased less than is usual at this season. Value of building contracts awarded declined in May, and was below last year's level, the decrease in comparison with 1928 being chiefly in residential building. During the first two weeks of June, contracts averaged 15 per cent less than in the same period in 1928. The June 1 crop summary of the Department of Agriculture indicated an increase of 43,000,000 bushels, or more than 7 per cent in the winter wheat crop. The condition of spring wheat, barley, and hay was reported to be better than a year ago.

Distribution. The volume of freight shipments increased seasonally in May and continued substantially above the total of a year ago. Department store sales increased in May and were two per cent larger than in the same month of the preceding year.

Prices. Wholesale prices during May continued the downward movement of the previous month, according to the index of the United States Bureau of Labor Statistics. The decline of the general level was chiefly the result of price declines in agricultural products and their manufactures, although prices of other products also declined slightly. Prices of cotton and grains continued sharply downward in May and there were marked declines in the prices of hogs, wool, and lambs. Prices of mineral and forest products and their manufactures averaged lower in May than in April, particularly those of copper, lead, and tin. Petroleum and gasoline, and iron and steel advanced in price,



Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average = 100). Latest figure, May, 123.

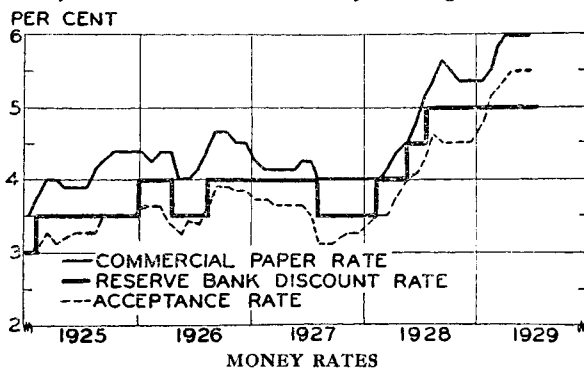


Index of United States Bureau of Labor Statistics (1926 = 100, base adopted by Bureau). Latest figure, May, 95.8.

while in lumber there was a slight decline. Since the latter part of May prices of cattle and hides have advanced sharply and there have been increases in the prices of grains, hogs, and cotton.

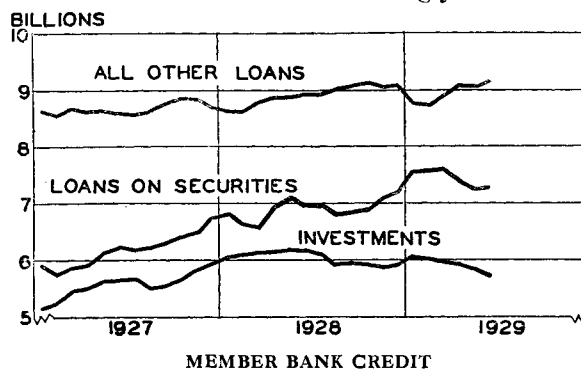
Bank Credit. Total loans and investments of member banks in leading cities, which were at a low point for the year in the latter part of May, increased considerably during the subse-

quently during most of the period and on June 19 were at a level about 450 million dollars below that of the middle of last year. Volume of reserve bank credit outstanding, after increasing in the latter part of May, declined in June and, following the Treasury financial operations around the middle of the month, showed a small increase for the four weeks ending June 19. Dis-



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 22 days in June.

quent three weeks and on June 19 were about 250 million dollars larger than a year ago. The recent increase reflected a large growth in the volume of loans on securities, which had declined during the preceding two months, and a further growth in loans chiefly for commercial and agricultural purposes. Investments de-



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures are averages of first three weeks in month.

counts for member banks increased, while holdings of acceptances and United States securities showed a decline. Monetary gold stocks were further increased. Open market rates on collateral loans declined in June, while rates on prime commercial paper and 90-day bankers' acceptances remained unchanged.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

In the Twelfth Federal Reserve District, industry and trade were active at high levels during May, 1929, and there was some increase in commercial demand for bank credit. The agricultural outlook continued to reflect unfavorable weather conditions and persistent declines in prices of agricultural products and their manufactures.

During early May, there was some improvement in the credit situation and member banks reduced their borrowing at the Reserve Bank. During late May and early June, however, there was evidence of considerable tightening. Commercial loans of reporting member banks increased further, customers' deposits were reduced, the ratio of loans to deposits rose, interest rates hardened and borrowing at the Reserve Bank rose from the low levels established in mid-May. The expansion in commercial loans during recent months has been partly seasonal in character and has reflected more active trade and employment. Retail and wholesale trade, sales of new commercial automobiles and merchandise carloadings increased during May. Intercoastal traffic and sales of new passenger automobiles, while slightly smaller than in April, did not show the full seasonal declines. Nearly all lines of trade were more active than a year ago.

Industry was well maintained at high levels, but scattered evidence of slowing up appeared during May. Manufacturing and other activities arising from the processing and handling of agricultural products, particularly fruits, are now getting under way. Crop production forecasts prepared by the Department of Agriculture indicate that supplies of raw materials for these activities are less plentiful this year than last. Non-seasonal or greater than seasonal declines in activity appeared in other basic industries — lumber, non-ferrous metals and building—which have, with the exception of building, been operating at or near record or capacity levels during recent months. The volume of employment increased during May as compared with April, reflecting chiefly expansion in seasonal activities connected with the production, harvesting, and processing of agricultural products.

Agriculture

Growth of grain, fruit, and field crops and of feed on livestock ranges has been slower than usual during the past three months, principally because of subnormal temperatures. Unusually heavy rainfall in the three coast states during recent weeks has also been injurious, particularly to many fruit crops.

As a result of unfavorable weather conditions the June 1 production estimate of the forthcoming winter wheat crop in the District was less than the previous month's estimate. For the United States as a whole, prospects are for a larger crop than last year.

WINTER WHEAT—Twelfth District and United States

	Condition (Per cent of normal)			Production*		
	June 1, 1929	May 1, 1929	June 1, 1928	June 1, 1929	May 1, 1929	Actual 1928
Arizona	85	90	90	966	1,044	1,269
California	66	71	84	10,187	10,472	16,380
Idaho	84	90	85	10,542	11,069	10,488
Nevada	89	95	98	88	94	104
Oregon	79	83	89	16,173	16,638	20,088
Utah	87	92	93	2,740	2,760	3,726
Washington	71	76	84	22,663	22,982	35,600
Total .....	..	..	..	63,359	65,059	87,655
United States..	79.6	83.6	73.6	622,148	595,335	578,964

*In thousands of bushels.
Source: United States Department of Agriculture.

Production estimates of the 1929 barley, oats, rye, and spring wheat crops and the important field crops are not yet available, but a relatively poor condition of these crops reflects the influence of the same factors as have affected winter wheat.

CONDITION OF SPRING SOWN GRAINS AND HAY
(Per cent of normal)

	Spring Wheat		Oats		Barley		Tame Hay	
	June 1, 1929	June 1, 1928	June 1, 1929	June 1, 1928	June 1, 1929	June 1, 1928	June 1, 1929	June 1, 1928
Arizona .....	..	..	82	90	90	90	82	93
California .....	..	..	70	88	69	84	81	88
Idaho	88	87	88	86	89	86	85	89
Nevada	90	93	87	98	91	95	85	97
Oregon	84	83	88	87	88	88	86	91
Utah	88	94	90	95	92	93	87	93
Washington	77	84	84	85	82	83	81	87
United States..	84.8	79.0	82.0	78.3	83.7	82.7	86.6	76.6

Source: United States Department of Agriculture.

California citrus fruits have developed slowly in the past few weeks but they are reported to be in good condition. The production estimate of the 1929 Valencia orange crop dropped slightly during May to 19,520,000 boxes, at which figure it is more than twice as large as the small 1928 crop of 9,300,000 boxes. The 1929 lemon crop estimate is now 4,698,000 boxes, a figure approximating estimates of crops harvested in each of the past five years. Shipments of the large Navel orange crop from California during the period from November 1, 1928, to June 1, 1929, amounted to 42,240 carloads. During the corresponding period in 1927 and 1928, shipments totaled 31,970 carloads from the smaller crop of that season. Lemon shipments from California were 7,970 carloads and 5,890 carloads, respectively, for the same two periods. The heavy supplies of small sized citrus fruit have been an important factor in marketing the fruit in the past few months and average monthly prices, f.o.b. California, have ranged from 7 to 60 per cent lower this season than last.

The outlook for deciduous fruits generally is not so favorable this year as last. Since the May crop report, the condition of apples, pears, and prunes in California has declined and the

condition of other fruits has improved but slightly. All deciduous fruit and nut crops in the state, with the exception of walnuts, are in poorer condition than at this time in any year since 1924. In Oregon and Washington, production prospects for the 1929 crops of apples, pears, peaches, and prunes are generally similar to those in California. In Idaho, where deciduous fruit production is relatively small, the apple, cherry, prune, and peach crops are reported to be in better condition than one year ago.

DECIDUOUS FRUITS AND NUTS—California

	Condition (Per cent of normal)			Production†	
	June 1, 1929	May 1, 1929	June 1, 1928	Forecast June 1, 1929	Actual 1928
Apricots .....	..	57	55	180	175
Cherries .....	..	52	62	15	19
Grapes .....	..	..	..	..	..
Raisin	68	..	100	..	1,066*
Table	71	..	96	..	385
Wine	78	..	96	..	472
Peaches .....	..	42	..	296	618†
Clingstone .....	..	36	..	156	414†
Freestone	57	55	..	140	204
Pears	55	64	79	166	225
Plums	48	50	83	40	66
Prunes .....	..	50	71	128	220
Almonds	30	30	70	..	14
Walnuts	83	..	63	..	25

*Includes raisin grapes sold fresh and dried. †70,000 tons not harvested. ‡In thousands of tons.
Source: California Crop Report.

Although there was some improvement in range feed conditions during May the lack of ground moisture during recent months is becoming evident. Feed supplies, while short, have been highly nutritious, and livestock are reported to be in relatively better condition than ranges.

CONDITION OF LIVESTOCK AND RANGES
(Per cent of normal)

	Ranges			Cattle			Sheep		
	June 1, 1929	May 1, 1929	June 1, 1928	June 1, 1929	May 1, 1929	June 1, 1928	June 1, 1929	May 1, 1929	June 1, 1928
Arizona	70	71	78	75	78	82	85	85	91
California	69	71	83	86	86	91	86	86	93
Idaho	86	79	86	90	86	93	90	88	92
Nevada	81	73	86	85	79	92	80	71	92
Oregon	89	80	91	93	88	96	92	85	95
Utah	86	70	95	85	80	95	80	76	96
Washington ..	82	76	96	89	85	95	86	85	97

Source: Western Live Stock and Range Report, United States Department of Agriculture.

The movement of cattle and calves to the eight principal markets in the District totaled 77,900 head during the first five months of 1929 as compared with 80,800 head received during the corresponding period in 1928. Prices for cattle have been steady during recent weeks at levels approximating those of a year ago.

Early reports from those areas of the District which produce spring lambs indicate a reduction of from 10 to 20 per cent in the 1929 lamb crop as compared with a year ago, the result of heavier lamb and breeding ewe losses, and a decrease in the number of twin lambs born this year. Record shipments of lambs from California despite the decrease in the 1929 lamb crop may be explained by the fact that a shortage of

range forage during April and May forced earlier and heavier shipments of lambs to market. There has also been a tendency this year to ship more ewe lambs than formerly, retaining for breeding purposes a smaller proportion of them than during recent years. Lamb prices at Pacific Coast markets declined during May. In early June they were steady at levels about 5 per cent lower than in June, 1928.

SPRING LAMBS—SHIPMENTS FROM CALIFORNIA EAST

Mar. 15 - June 15	Live	Dressed	Total
1929	520,000	58,000	578,000
1928	374,000	57,000	431,000
1927	369,550	57,550	427,100
1926	228,560	59,020	287,580
1925	254,100	75,890	329,990
1924	80,000	182,530	262,530

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

Few sales of wool have been made during recent weeks in the District and it is now estimated that from 30 to 50 per cent of the 1929 clip has passed from growers' hands. A year ago practically all the 1928 clip had been sold. This year's wool sales have been at prices 15 to 25 per cent below those paid in 1928.

Industry

Expansion of industrial activity in the Twelfth District appears to have been checked during May, 1929, but output was considerably above that of a year ago. There is usually a slight increase in activity from April to May, a seasonal tendency not evident this year, due in considerable part to the sustained record volume of mineral and factory output during the first four months of 1929. Output of refined oils, lumber, copper, cement, flour, and of meat packing establishments was reduced. Indexes of engineering contracts awarded and building permits issued in the District declined slightly. General manufacturing operations in

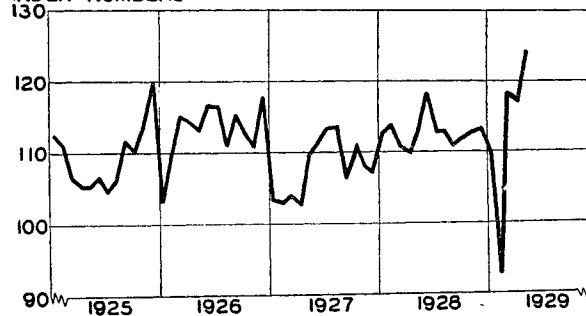
(A) Employment—

Industries	California		Oregon	
	No. of Firms	No. of Employees	No. of Firms	No. of Employees
All Industries	732	155,281	149	26,425
Stone, Clay and Glass Products.	43	6,654 (8.6)	5	171 (2.7)
Lumber and Wood Manufactures ..	112	24,596 (-3.9)	51	16,221 (1.3)
Textiles	18	2,359 (-3.1)	11	2,160 (9.9)
Clothing, Millinery and Laundering.	60	8,519 (2.9)	8*	458 (1.1)
Food, Beverages and Tobacco...	159	25,791 (-0.6)	43	1,667 (6.7)
Water, Light and Power	4	3,700 (-5.9)	..	..
Other Industries†.	323	81,407 (19.8)	..	..
Miscellaneous ...	13	2,255 (7.6)	31	5,748 (4.6)

*Laundering 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 May, 1928.

the industrial centers of the Pacific Coast were reported to be active and employment increased seasonally. Employment has been adversely affected by curtailment in the lumber industry and by the late spring, which has retarded agricultural activities. Industrial carloadings increased from April to May and were heavier than in May a year ago.

INDEX NUMBERS



INDUSTRIAL CARLOADINGS—TWELFTH DISTRICT

Index adjusted for seasonal variation; 1923-1925 daily average=100. Latest figure, May, 124.

The lumber cut in the Pacific Northwest decreased from April to May contrary to the usual seasonal expectations, but was heavier than a year ago. Both rail and waterborne shipments of lumber were large. During the latter part of the month, however, orders declined and were smaller than either the cut or shipments. Gross stocks at mills were smaller at the end of May, 1929, than at the end of May, 1928.

Total production of petroleum in California, was larger in May than in April, although daily average production declined slightly. During the week ended June 15 daily average production reached 815,000 barrels, compared with a peak production of 872,000 barrels in 1923. The Santa Fe Springs field has contributed most to the recent increases. Consumption of gasoline has been heavy this year, both in California

(B) Industry—

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

Manufactures:	1929		1928	
	May	Apr.	Mar.	May
Flour	94	105	118	102
Slaughter of Livestock	82	85	80	96
Lumber	105*	113†	113	103
Refined Mineral Oils†	180	189	180	145
Cement	103	106	118	111
Wool consumption ..	..	76	73	81
Minerals:				
Petroleum (California)†	117	118	119	96
Copper (United States)‡	139	141	135	110
Lead (United States)‡ .....	..	122	112‡	101
Silver (United States)‡	100	106	93‡	85
General:				
Carloadings—Industrial	124	117	119	113
Value of Building Permits§¶	73	79	74‡	71
Value of Engineering Contracts Awarded§				
Total	134	168	187	143
Excluding Buildings	146	203	268	128

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

and in the United States, and shipments of gasoline from California to the Atlantic Coast were substantially larger during May, 1929, than in May, 1928. On the other hand, shipments of crude oil were substantially smaller than a year ago. At the end of May, 1929, stored stocks of heavy crude oils in California were considerably greater in volume than at the end of May last year.

Output of the District's copper mines decreased slightly during May, 1929, but was considerably larger than a year ago. Sales of copper were light during the month and smelter stocks increased sharply. Stocks are still at relatively low levels, however. A second recent reduction of 5 per cent in the wages of mine employees became effective June 1. These two reductions followed a series of advances which amounted to 25 per cent and which culminated in April, 1929. The present mine wage scale is at a level 15 per cent above that prevailing a year ago.

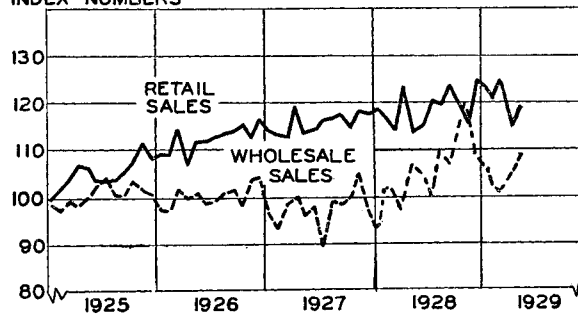
Flour milling activity in the Twelfth District declined seasonally during May and less flour was produced than in May, 1928. The recent sharp fluctuations of wheat prices have had an unfavorable influence upon the milling industry, causing both buyers and sellers to hesitate in making commitments. Mill stocks of flour were smaller at the end of May, 1929, than at the end of May, 1928.

The total value of building permits issued in the District declined slightly during May, and engineering and construction contracts awarded have tended downward during recent months. It is estimated, however, that building and construction are more active than a year ago with virtually all sections of the District showing increases over the year period.

Trade

Trade was generally active in the Twelfth Federal Reserve District during May, 1929. Retail and wholesale trade, sales of new commercial automobiles and merchandise and miscellaneous carloadings increased during the

INDEX NUMBERS



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.

month and were larger than in May, 1928. Sales of new passenger automobiles and movements of commodities in the intercoastal trade declined from April to May but were heavier than in May a year ago. Preliminary reports indicate further increases for the month in the District's import and export trade.

(C) Bank Debits*—

	May, 1929	May, 1928	First Five Months	
			1929	1928
Arizona				
Phoenix	\$ 46,154	\$ 36,871	\$ 224,311	\$ 175,535
California				
Bakersfield ...	13,181	13,888	72,488	73,405
Berkeley	21,291	21,958	107,155	109,152
Fresno	29,529	35,380	155,178	168,052
Long Beach...	60,533	58,409	326,714	272,505
Los Angeles...	1,239,702	1,164,699	6,246,108	5,375,869
Oakland	235,107	252,824	1,206,051	1,258,523
Pasadena	42,483	43,691	224,766	216,979
Sacramento ..	48,335	47,393	241,970	238,766
San Bernardino	11,049	11,690	57,357	52,790
San Diego	63,397	65,874	333,571	318,345
San Francisco.	1,321,661	1,791,817	6,912,817	7,787,510
San Jose	28,828	26,854	140,792	135,023
Santa Barbara	16,548	14,000	84,597	69,407
Stockton	28,918	29,170	136,363	144,492
Idaho				
Boise	13,491	14,675	71,943	68,646
Nevada				
Reno	13,027	9,167	59,678	43,911
Oregon				
Eugene	8,311	8,357	37,095	35,403
Portland	202,016†	201,136	939,146‡	828,093
Utah				
Ogden	17,739	15,806	89,592	83,849
Salt Lake City	76,635	71,055	395,632	363,807
Washington				
Bellingham ..	10,748	10,566	52,029	49,749
Everett	15,082	13,543	69,883	63,357
Ritzville	972	920	4,382	4,623
Seattle	258,820	261,450	1,318,681	1,213,194
Spokane	59,677	56,126	297,160	278,361
Tacoma	50,568	45,838	247,832	224,851
Yakima	13,481	12,239	67,508	62,662
Total.....	\$3,947,283†	\$4,335,396	\$20,120,799‡	\$19,717,859

*In thousands of dollars. †Includes \$9,256,000 at four banks not reporting prior to week ended May 2, 1928. ‡Includes \$75,084,000 at four banks not reporting prior to week ended May 2, 1928.

(D) Distribution and Trade—

	1929			1928
	May	Apr.	Mar.	May
Foreign Trade*	Index Numbers*			
Total†	..	..	149	125
Imports‡	..	..	137	130
Exports	..	..	156	129
Intercoastal Trade*				
Total	92	92	98	82
Westbound	125	127	125	106
Eastbound	76	80	87	75
Carloadings				
Total‡	120	116	117	111
Merchandise and Miscellaneous‡	118	118	122	113
Wholesale Trade				
Sales§	109	105	101	103
Retail Trade				
Automobile Sales‡				
Total	138	131	127	100
Passenger Cars	134	129	125	100
Commercial Vehicles	175	146	149	95
Department Store				
Sales‡	121	115	125	114
Stocks¶	108	101	105	109
Stock Turnover||	Actual Figures			
Regular	.26	.24	.26	.24
Installment	47.4	45.9	46.4	46.4
	14.8	15.9	15.3	16.1

*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.

Sales at **retail** increased substantially during May, 1929, as compared with both April, 1929, and May, 1928. Department and furniture store sales increased generally, except in the Pacific Northwest. According to preliminary figures, chain grocery sales nearly equaled the record volume reported for August, 1928. Department store stocks were considerably larger at the end of May than at the end of April, but were smaller than stocks carried at the end of May, 1928.

RETAIL TRADE—Twelfth District

	NET SALES*		STOCK*
	May, 1929 compared with May, 1928	Jan. 1 to May 31, 1929 compared with Jan. 1 to May 31, 1928	
Department Stores†	4.6 (68)	2.7 (68)	-4.2 (51)
Apparel Stores	-0.04 (29)	3.4 (29)	4.6 (17)
Furniture Stores	9.8 (48)	3.3 (48)	0.8 (31)
All Stores	4.9 (145)	2.8 (145)	-2.9 (99)

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

Sales at **wholesale** continued at levels well above those of a year ago and, contrary to the seasonal expectation, increased during the month. As compared with May, 1928, sales increased substantially in all lines for which this Bank compiles data, except agricultural implements, drugs, and shoes.

Total **carloadings** increased during May, 1929, as compared with both April, 1929, and May, 1928, due chiefly to increased loadings of forest products and of livestock. Carloadings of merchandise and miscellaneous freight increased from April to May and this Bank's seasonally adjusted index showed no change during the two months.

Total sales of new **automobiles**, adjusted for seasonal variation, increased by 3 per cent during May as compared with April, and were 38 per cent above those in May, 1928. Sales of new passenger automobiles remained at high levels during May, 1929, and the small decline from April was of less than usual seasonal proportions. Sales of new trucks expanded more than seasonally from April to May and were the largest on record since 1922.

Intercoastal trade of the District declined during May, 1929, but was heavier than during May, 1928. Movements of cargo from the Atlantic to the Pacific Coast declined only slightly during the month, but shipments from Pacific to Atlantic Coast ports dropped sharply. East-bound shipments of petroleum and of general cargo were substantially lighter during May, 1929, than during April, 1929, or May, 1928, but shipments of lumber increased and were relatively large.

Prices

The downward trend in wholesale prices of commodities since the beginning of 1929 has been the result almost entirely of declines in quotations for agricultural products and their

manufactures. Index numbers of prices in general groups of commodities, such as hides and leather products, textiles, and foods have moved almost steadily toward lower levels during the past six months. The fuels and chemicals and drugs groups have also contributed to the decline. Metals prices show some net increase since the beginning of the year, and building materials prices have advanced slightly. Quotations in both of these groups of commodities have declined during the past six weeks, however. Farm products prices now average approximately 8 per cent below their level of one year ago, while average prices of non-agricultural commodities are approximately the same.

Prices of farm products declined sharply during April and May. Quotations for wheat continued to decline during late May, and at the end of that month the July contract at Chicago sold at the lowest levels since July 1, 1923. A rapid recovery of nearly half of the April-May decline took place during the first few days of June, but since then quotations have fluctuated erratically.

California dried fruit prices have advanced moderately this spring, the increase in raisin quotations being perhaps of chief importance in this group. Preliminary negotiations for canning peaches and pears indicate that growers' prices per ton will be substantially (probably more than 100 per cent) higher than last year, when the best grade fruit sold for \$20 per ton for peaches and from \$42 to \$48 per ton for pears. Canners are reported to have offered prices ranging from \$37.50 to \$75 per ton for apricots this year, compared with prices ranging from \$27.50 to \$55 per ton last year. This increase of prices will tend to offset the greatly reduced volume of production due to late frosts.

Softwood lumber markets have been relatively firm this year, although slight declines in Douglas fir and in California redwood prices have been reported during recent weeks.

Credit Situation

The apparent improvement in the credit situation of the Twelfth Federal Reserve District early in May proved to be temporary, and during late May and early June, there was evidence of considerable tightening. Commercial loans of member banks increased, customers' deposits were reduced, the ratio of loans to deposits

INTEREST RATES*—San Francisco

	1929			1928 June	1927 June
	June	May	April		
Commercial paper eligible for rediscount	5.92	5.61	5.54	5.11	5.10
Demand loans secured by Stock Exchange Collateral	6.76	6.41	6.42	5.76	5.65
Time loans secured by Stock Exchange Collateral	6.39	6.12	6.10	5.88	5.72
Commodity loans secured by warehouse receipts	6.12	5.96	5.96	5.82	5.79

*A weighted average of rates charged to customers by member banks.

rose, interest rates hardened and borrowing at the Reserve Bank increased from the low level established in mid-May.

During 1927 and 1928 the expansion in member bank credit reflected growth in the banks' security loans and investments, loans for commercial purposes showing almost no net change over the two-year period. During the first quarter of 1929, the expansion was the result almost entirely of increased security loans, investment

creased 8 million dollars to 372 million dollars, but during the first three weeks of the month averaged lower than at any time this year. The ratios of loans and of loans and investments to deposits rose, however, and the trend of interest rates, which has been upward since 1927, was sharply accelerated.

The increase in demand for reserve bank credit from the middle of May to June 19 was a result chiefly of transfers out of the District amounting to 10 million dollars and an excess of Treasury receipts over disbursements amounting to 9 millions. These transactions were partially offset by a reduction of 7 million dollars in money in circulation, a decrease of 7 millions in member bank reserve balances and extensive purchases of gold by the mint.

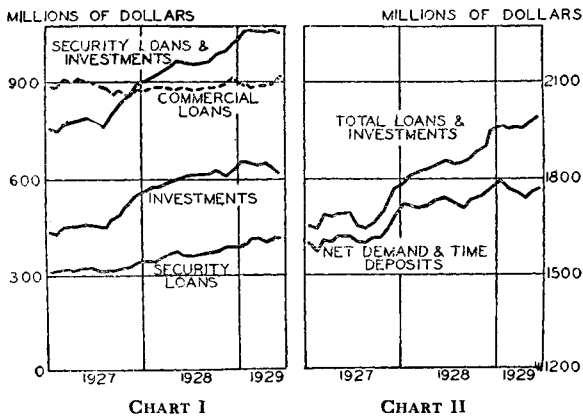


CHART I
CHART II
MEMBER BANK CREDIT

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

holdings and commercial loans being reduced during this period. The expansion during the first two months of the second quarter of the year was the result entirely of the growth of commercial loans, as security loans and investments showed a net reduction. During June, however, investments continued to decline while security loans reached the highest figure for the year.

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

	Average Condition During Month			
	June*, 1929	May, 1929	April, 1929	June, 1928
Total Loans and Investments...	1,962	1,957	1,944	1,857
Total Loans	1,334	1,316	1,299	1,251
Commercial Loans	917	898	886	886
Loans on Securities	418	418	413	365
Investments	627	641	645	606
Net Demand Deposits.....	765	760	765	798
Time Deposits	991	994	977	940
Borrowings from Federal Reserve Bank	50	52	69	43

*Average of first three reports.

The rise in commercial loans was partly seasonal in character and reflected chiefly seasonal expansion in trade and employment. On June 19, loans and investments reached the highest point recorded this year. This movement followed the Treasury's financing operations of June 15. At that time member banks in this District were allotted 46 million dollars of 5½ per cent certificates of indebtedness. Member bank government deposits increased 32 million dollars during the week of June 19 and investments in United States securities in-

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

	Average Condition During Month			
	June*, 1929	May, 1929	April, 1929	June, 1928
Total Bills and Securities.....	87	92	113	87
Bills Discounted	62	65	80	50
Bills Bought	12	15	19	20
United States Securities.....	13	12	14	18
Total Reserves	277	268	246	294
Total Deposits	182	183	183	189
Federal Reserve Notes in Circulation	161	156	156	172

*Average of first 19 days.

The volume of security trading upon the principal stock exchanges of the District continued at about 50 per cent of the volume for corresponding months of 1928.

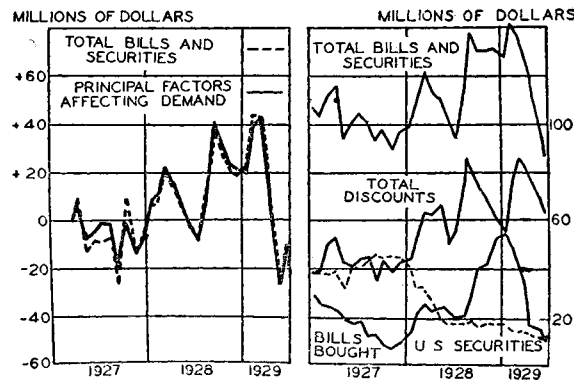


CHART V
CHART VI
RESERVE BANK CREDIT*

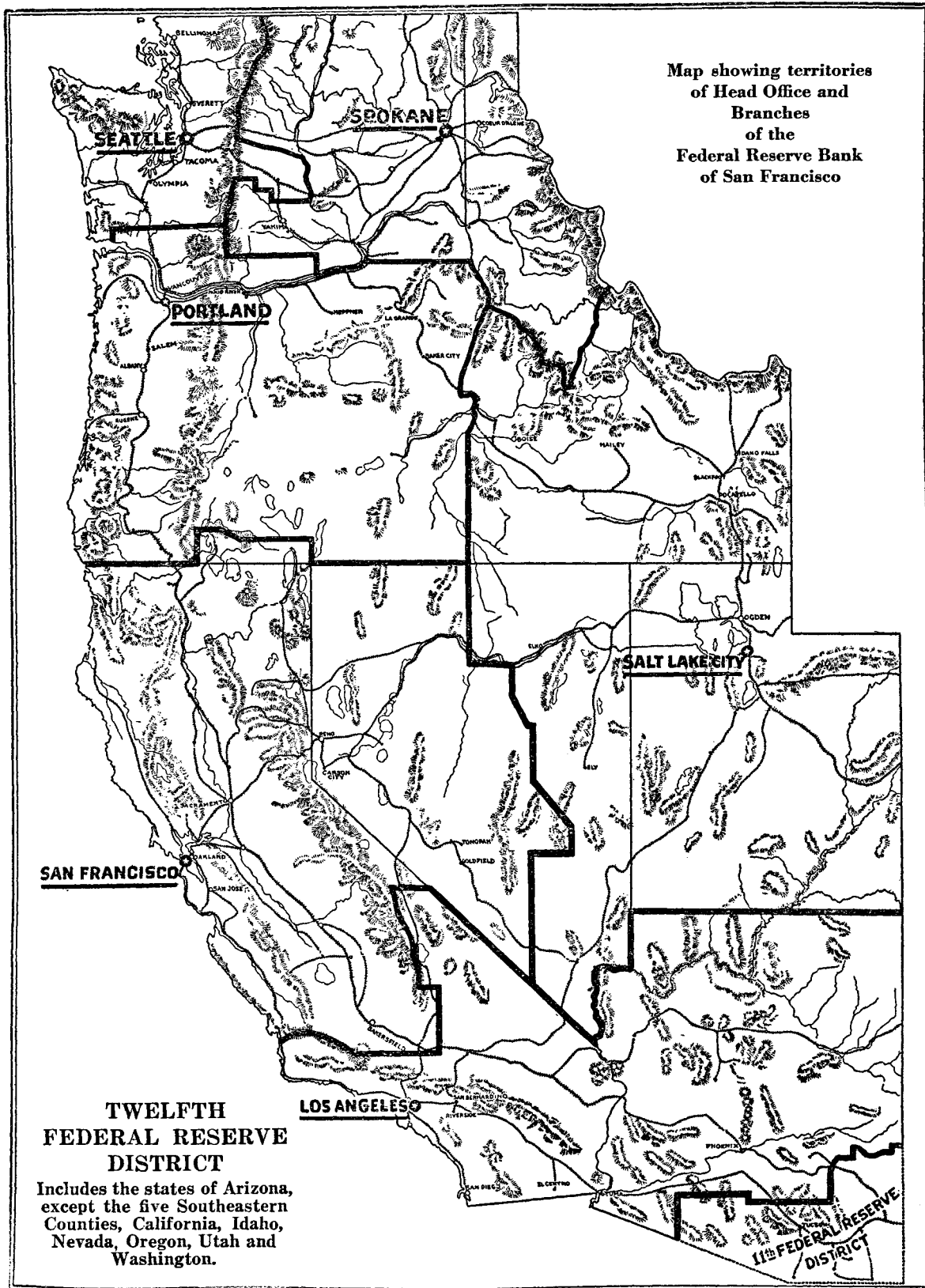
CHART V—Principal factors affecting demand for credit at Federal Reserve Bank of San Francisco. Monthly changes cumulated from April 1, 1927. Figures are for report dates nearest the middle of each month, latest figures being for June 19.

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 19 days in June.

*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.

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



**TWELFTH
FEDERAL RESERVE
DISTRICT**

Includes the states of Arizona,
except the five Southeastern
Counties, California, Idaho,
Nevada, Oregon, Utah and
Washington.