

# MONTHLY REVIEW

OF

## BUSINESS CONDITIONS

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

Vol. XIII

San Francisco, California, October 21, 1929

No. 10

### SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial activity increased less in September than is usual at this season. Production during the month continued above the level of a year ago, and for the third quarter of the year it was at a rate approximately ten per cent above 1928. There was a further decline in building contracts awarded. Bank loans increased between the middle of September and the middle of October, reflecting chiefly growth in loans on securities.

**Production.** Output of iron and steel declined further in September, contrary to the seasonal tendency. There was a sharp decrease in output of automobiles and automobile tires, and a smaller than seasonal increase in activity in the textile and shoe industries, which continued to produce at a high rate in comparison with the preceding year. Meat packing plants were more active than in August. Factories increased the number of their employees during September and payrolls were also slightly larger.

Output of coal showed a substantial increase from August and the average daily production of copper mines was somewhat larger. Iron ore shipments declined seasonally, and petroleum output was reduced for the first time in several months.

For the first half of October reports indicate

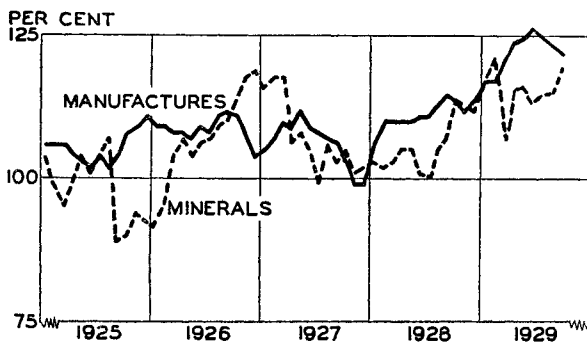
a further reduction in steel plant operations, a continued increase in production of bituminous coal, and some increase in petroleum output following a moderate decrease during September.

Building contracts awarded in September declined seasonally from August and were substantially below the corresponding months in any year since 1924. For the third quarter the volume of contracts was six per cent less than a year ago. During the first three weeks of October, contracts continued substantially below the level of last year.

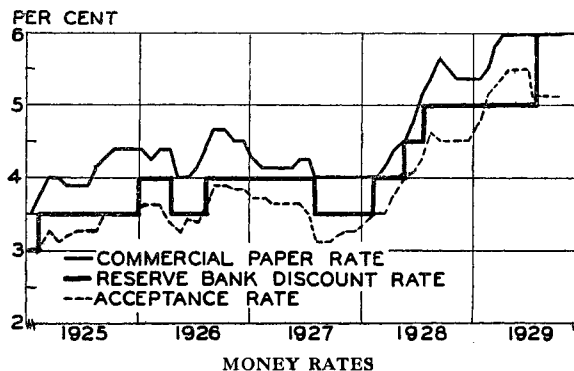
October estimates by the Department of Agriculture indicate a cotton crop of 14,915,000 bales, three per cent larger than last year; a corn crop of 2,528,000,000 bushels, 11 per cent smaller than the crop of a year ago, and eight per cent below the five-year average; and a total wheat crop of 792,000,000 bushels, 12 per cent below last year but only slightly under the five-year average.

**Distribution.** Freight carloadings increased by slightly less than the usual seasonal amount in September, and continued to be larger than a year ago. In the first two weeks of October carloadings were smaller than in the corresponding weeks of 1928.

Department store sales in leading cities in-



PRODUCTION OF MANUFACTURES AND MINERALS  
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 average = 100). Latest figures, September, manufactures 122; minerals, 119.



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 23 days in October.

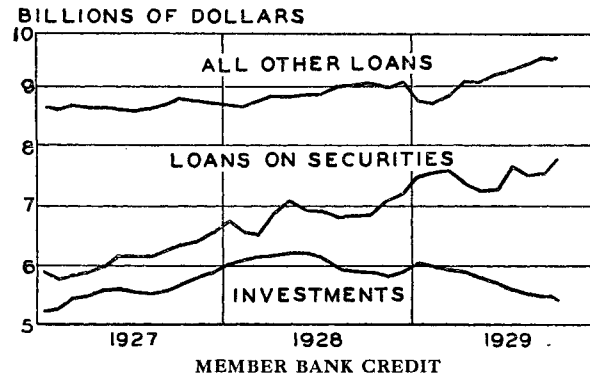
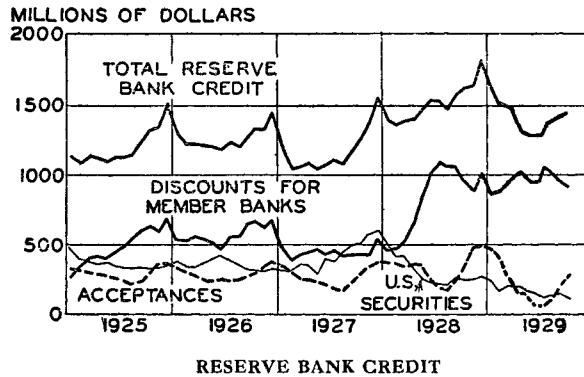
creased seasonally during the month of September and were two per cent larger than a year ago. For the third quarter as a whole sales of the reporting stores exceeded those of the third quarter of last year by three per cent.

**Prices.** Wholesale prices showed little change from August to September, according to the index of the Bureau of Labor Statistics. Prices of meats and livestock declined considerably, while prices of grains advanced. The prices of

idly, while all other loans, including loans for commercial and agricultural purposes, declined somewhat after reaching a seasonal peak on October 2.

Security holdings of the reporting banks continued the decline which has been almost uninterrupted for more than a year.

At the Reserve Banks there was little change in the volume of credit outstanding during the four-week period ending October 19. Further



raw silk, cotton, and cotton goods were higher in September, and the price of coal increased, while prices of iron and steel products, tin, gasoline, and cement were lower. During the first three weeks of October there was a decline in prices of a considerable number of commodities, including wheat, flour, hides, steel, tin, cotton, silk, and wool.

**Bank Credit.** Between the middle of September and the middle of October there was a slight increase in the volume of loans and investments of member banks in leading cities. The banks' loans on securities increased rap-

increase in the holdings of acceptances by the Federal Reserve Banks was accompanied by a decline in discounts for member banks, largely at the Federal Reserve Bank of New York.

Open market rates on bankers' acceptances and on prime commercial paper were unchanged during the last half of September and the first three weeks of October. On October 23 rates on bankers' acceptances declined by one-eighth per cent to a five per cent level for the principal maturities. Rates on demand and time loans on securities declined during the first half of October.

#### TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

During September, business in this District continued generally active, and the amount of bank credit in use expanded substantially. Records of industry and trade were not fundamentally different from those of the two preceding months, although there was some evidence during September of a decline in production and in primary distribution. Dry weather in many of the agricultural areas of the District, persistence of the existing disparity between production and consumption in the petroleum and lumber industries and continuance of the decline in building activity may be listed as unfavorable factors in the business situation. There was a general downward movement in commodity prices.

As marketing of the District's crops has progressed, evidence has accumulated that total

agricultural income this year will approximate that of 1928. Continued lack of rainfall over much of the District has retarded late maturing crops and the growth of feed on livestock ranges, and has interfered with the planting of fall-sown grains.

Industrial output declined slightly during September but, with the exception of building, was in larger volume than in September, 1928. Sales at retail and at wholesale, sales of new automobiles, and waterborne intercoastal trade of the District were moderately larger than a year ago. Sales at retail increased more than they usually do from August to September. Freight carloadings on railroads of the District were fewer in number during September, 1929, than in either August, 1929, or September, 1928. Commodity prices moved to lower levels

during September, following the trend noted during the preceding month. The declines were not large, but were widely distributed.

The total amount of credit extended by member banks of the District increased substantially during September and the first week of October. Available figures indicate that the volume of commercial loans of member banks declined during the month, but that customers' demands for additional loans on securities increased. The funds needed to meet the increased demand for loans were obtained largely by reductions in the investment accounts of the banks, although there was also an increase in their borrowings from the Reserve Bank. Holdings of bills discounted and of securities at the Federal Reserve Bank of San Francisco increased during September and early October, reaching a seasonal peak in the second week of the later month. A large proportion of the acceptances purchased during this period originated within the Twelfth District, the remainder, particularly during recent weeks, being purchased in the New York market.

### Agriculture

During October physical conditions in most of the agricultural areas of the Twelfth District retarded the growth of late maturing crops and of forage on winter livestock ranges. In Arizona, Utah, and southern Nevada, however, seasonal rains improved range and crop conditions. Production estimates of the United States Department of Agriculture have changed little since September, at which time yields of most crops were expected to be smaller than in 1928.

Agricultural products marketed during recent weeks have generally brought prices equal to or better than those received a year ago. The United States Department of Agriculture's composite index of farm prices stood at 143 (August, 1909-July, 1914, prices = 100) in August, 1929, as compared with 139 in August, 1928. Indexes for five individual groups of products—grains, fruits and vegetables, meat animals, dairy products, and poultry products—increased slightly as compared with a year ago, while the index of cotton and cottonseed prices declined. During this period in which products sold by the farmer have increased in price, there has been little or no change in average prices paid by farmers for commodities purchased by them. The indicated purchasing power of a given unit of farm produce this year is, therefore, slightly higher than in 1928, but inasmuch as crop yields appear to be somewhat smaller than a year ago, no noteworthy increase in aggregate farm purchasing power is anticipated.

Harvesting of the 1929 wheat crop in the Pacific Northwest has now been completed and a large part of the crop has been moved to seaboard terminals. For the current crop season to October 5, receipts of wheat at Puget Sound and Columbia River ports totaled 18,677 carloads as compared with 18,004 cars received during the same period in 1928. During September domestic shipments of wheat from these ports were smaller than in any other September of record, and up to the end of that month the season's shipments were 18 per cent less than in the corresponding months of 1928. Consequently, the visible supply of wheat at terminal elevators on September 30 was larger than a year earlier. Export shipments of barley from San Francisco during July, August, and September, 1929, were 11 per cent smaller in volume than during the same three months of 1928.

As indicated in the following table, production of all grains during 1929 has fallen short of production in 1928. No such general statement can be made concerning the more numerous field crops. In this division of agriculture increases of 12 per cent, 21 per cent, and 2 per cent in production of beans, cotton, and sugar beets, respectively, may be contrasted with decreases of 4 per cent, 22 per cent, and 40 per cent, respectively, in the production of hops, potatoes, and rice.

FIELD AND GRAIN CROPS—PRODUCTION  
(In thousands)

	Forecast October 1, 1929	1928	1927
<b>Beans—Dry (bu.)</b>			
California, Idaho .....	6,597	5,901	6,531
United States .....	18,208	16,630	16,891
<b>Cotton (bales)</b>			
Arizona, California .....	389	321	182
United States .....	14,915	14,478	12,955
<b>Hops (lbs.)</b>			
California, Oregon, Washington .....	31,620	32,742	29,794
United States .....	31,620	32,742	29,794
<b>Potatoes—Irish (bu.)</b>			
Twelfth District .....	36,643	47,107	55,756
United States .....	345,177	464,483	406,964
<b>Rice (bu.)</b>			
California .....	4,845	8,073	8,960
United States .....	36,139	41,881	40,231
<b>Sugar Beets (tons)</b>			
California, Idaho, Utah .....	1,609	1,578	1,534
United States .....	8,228	7,101	7,753
<b>Tame Hay (tons)</b>			
Twelfth District .....	14,616	14,568	15,312
United States .....	100,582	92,983	106,001
<b>Barley (bu.)</b>			
Twelfth District .....	42,397	46,413	33,435
United States .....	313,368	356,667	265,882
<b>Oats (bu.)</b>			
Twelfth District .....	26,955	35,480	41,147
United States .....	1,226,573	1,448,677	1,182,594
<b>Winter Wheat (bu.)</b>			
Twelfth District .....	73,819	87,655	89,976
United States .....	568,233	578,000	552,747
<b>Spring Wheat* (bu.)</b>			
Twelfth District .....	37,705	38,091	48,846
United States .....	171,857	231,015	246,527

\*Other than Durum wheat.

Source: United States Department of Agriculture.

Harvesting of the relatively small 1929 fruit crops of the District has been practically completed, only the later apples and grapes remaining to be picked. In general, fruit sold during

the 1929 crop season for canning, drying, and for fresh shipment has brought satisfactory returns to growers.

The market movement of the 1929 grape crop from California was at its height in early October. Up to October 6 rail shipments of grapes from that state had totaled 31,141 carloads as compared with 42,968 carloads shipped up to October 6, 1928. Average prices for grapes at eastern auction markets have recently been slightly higher than one year ago, but lower than those received in 1927.

Commercial production of apples in the Twelfth District this year is expected to be about 20 per cent smaller than in 1928. The crop has been slow to mature, and shipments during the current season, to October, totaled but 10,714 carloads as compared with 19,363 carloads shipped during the corresponding period last year.

#### APPLES—TWELFTH DISTRICT AND UNITED STATES

Commercial Production (In thousands of bushels)	Forecast		1928	1927
	Oct. 1, 1929	Sept. 1, 1929		
California .....	4,368	4,524	6,981	4,656
Idaho .....	3,771	3,930	4,500	5,400
Oregon .....	3,708	4,203	4,800	2,925
Utah .....	417	423	570	402
Washington .....	24,324	24,675	30,000	22,302
Total .....	36,588	37,755	46,851	35,685
United States .....	85,503	88,419	105,924	77,700

Shipments in Carloads	June 1—October 13		
	1929	1928	1927
California .....	2,096	4,415	2,242
Idaho .....	2,151	2,617	2,887
Oregon .....	330	1,630	772
Utah .....	28	250	116
Washington .....	6,109	10,451	6,903
Total .....	10,714	19,363	12,920

Source: United States Department of Agriculture.

The forthcoming crop of Navel oranges in California is estimated to be 40 or 45 per cent smaller than the 1928-1929 crop which totaled 17,500,000 boxes. Distributing agencies on October 1 estimated that approximately 8,000 carloads of the current Valencia orange crop (17,600,000 boxes) remained to be marketed. Shipments of oranges during August and September totaled 11,762 carloads, nearly twice the

#### (A) Industry—

Indexes of daily average production, adjusted for seasonal variations (1923-1925 daily average = 100)	1929			1928
	Sept.	Aug.	July	
<b>Manufactures:</b>				
Flour .....	120	132	120	112
Slaughter of Livestock .....	85	84	88	88
Lumber .....	102	110	106	110
Refined Mineral Oils* .....	204	215	213	159
Cement .....	93	100	90	115
Wool consumption .....	..	90	80	73
<b>Minerals:</b>				
Petroleum (California)* .....	132	133	131	96
Copper (United States)† .....	124	119	122	121
Lead (United States)† .....	..	..	120	116
Silver (United States)† .....	80	91	88	79
<b>General:</b>				
Carloadings—Industrial .....	102	116	119	111
Value of Building Permits‡ .....				
Twenty Larger Cities .....	64	63	68	71
Seventy Smaller Cities .....	88	97	95	87
Value of Engineering Contracts Awarded‡ .....				
Total .....	115	131	149	119
Excluding Buildings .....	147	150	127	113

\*Not adjusted for seasonal variations. †Prepared by Federal Reserve Board. ‡Indexes are for three months ending on the month indicated.

6,110 carloads shipped during the same two months in 1928.

Livestock and livestock ranges in California, Idaho, Oregon, Washington, and Nevada are now (mid-October) in poorer condition than in any October since 1924. In Utah and Arizona recent seasonal rains have stimulated growth of forage, which in turn has resulted in an improvement in the condition of livestock.

#### LIVESTOCK RECEIPTS—Twelfth District\*

	1929		1928	
	September	Jan. - Sept. Inclusive	September	Jan. - Sept. Inclusive
Cattle .....	73,939	570,972	76,504	624,281
Calves .....	15,841	135,026	15,686	141,638
Hogs .....	149,191	1,601,674	144,575	1,889,515
Sheep .....	472,290	3,053,265	520,010	3,022,978

\*At the following markets: Los Angeles and San Francisco, California; Portland, Oregon; Ogden and Salt Lake City, Utah; and Seattle, Spokane and Tacoma, Washington.

Poor range conditions and the high cost of supplementary feeds have caused many cattle raisers to market a greater proportion of their herds this year than they would have marketed had conditions been more favorable. For similar reasons more sheep have moved to market this fall than during the autumn of 1928. Market receipts of ewe lambs have been relatively large this autumn, indicating that the District's sheepraisers do not now contemplate a further increase in their flocks, which have grown in size during each of the past three years.

#### Industry

Some evidence of diminution in Twelfth District productive activity appeared during late September, but volume of industrial output for the entire third quarter of 1929 compared favorably with the record of any previous three-month period. Crude and refined oils, lumber, steel, furniture, flour, and wearing apparel, were produced in large volume throughout the quarter. Mining of non-ferrous metals was

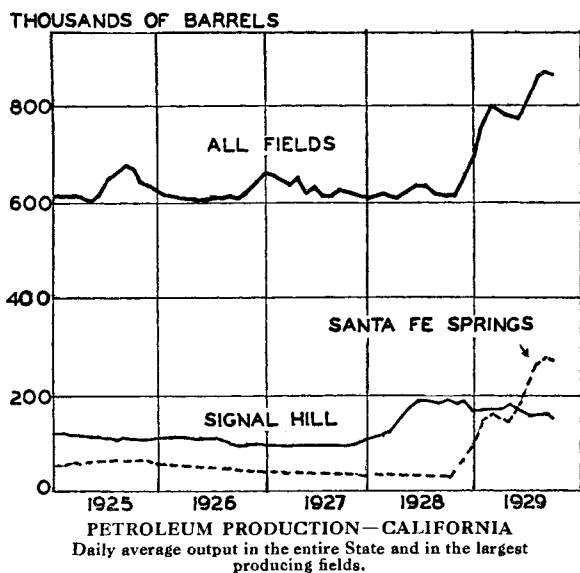
#### (B) Employment—

Industries	California		Oregon	
	No. of Firms	No. of Employees	No. of Firms	No. of Employees
<b>All Industries</b> .....	687	168,232	146	31,291
Stone, Clay and Glass Products .....	43	6,243	5	126
Lumber and Wood Manufactures ..	104	24,529	51	17,240
Textiles .....	17	2,324	11	2,368
Clothing, Millinery and Laundering ..	54	7,783	9*	494
Food, Beverages and Tobacco ..	144	36,848	43	5,658
Water, Light and Power .....	5	9,111	..	..
Other Industries† ..	308	78,625	..	..
Miscellaneous ...	12	2,769	27	5,405

\*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 September, 1928.

moderately less active than during the first six months of the year, but output was of record-breaking proportions during the earlier period. Paper and wood pulp production continued at approximately the same rate as in the first half of the year, but at a level about six per cent below that of 1928. Companies engaged in the canning, preserving, and packing of fruits and vegetables were seasonally active during July, August, and September but, because of relatively smaller fruit crops this year, packs were not so large as in recent years. The value of building permits issued and of engineering contracts awarded declined during the three months under discussion and totaled less than in the corresponding quarter of 1928. This reduction in building and construction was accompanied by a decline in cement output.

The petroleum industry in California is still struggling with the problem of production control. Notwithstanding repeated efforts of various agencies to bring about a better adjustment between the supply of crude oil and current demand for that product, production increased steadily during the spring and summer months of 1929 and reached a record level for total monthly production in August. The August rate of production was generally maintained during September and the first three weeks of



October, despite the promulgation of California's natural gas conservation law on August 31. This law was designed as an oil conservation measure and is now in litigation to determine its constitutionality. During the past several months of heavy crude oil output, refineries have also operated at record levels, and most of the available storage space for both crude oil and refined products (including relatively large additional facilities built during the year) has been filled. The latest move in the

attempt to reduce production was the mid-October announcement of some of the larger refining companies that prices paid for crude oil at certain of the state's oil fields have been reduced 50 to 65 per cent.

Production of **lumber** in the District decreased during September. The decrease was accompanied by proportionate declines in shipments and in new orders received, however, and output continued above current demand. Reported figures of lumber production have quite generally been larger than reported shipments during recent months, a situation which suggests accumulation of mill stocks of lumber.

The value of **building permits** issued in ninety Twelfth District cities during September was smaller than in either August of this year or in September a year ago, and the total of permits issued in these cities from January 1 to September 30 was five per cent below the total for the corresponding period of 1928. Reports from the smaller cities of the group were chiefly responsible for the September declines in building permit totals, whereas, earlier in the year reports from these cities showed more activity in building than in the larger centers. **Engineering** construction contracts awarded during September were of smaller value than in the previous month and the total of such contracts for the quarter ending with September was less than for the comparable quarter of 1928. Contracts announced during September for projects such as streets and roads, sewers, bridges, and waterworks were, as in earlier months of this year, larger in value than in 1928.

Mine production of **copper** increased during September as compared with August and was greater than output during September, 1928. Smelter stocks of copper increased and refined stocks of copper declined during the month. There was some growth in **lead** production during the third quarter of the year under the stimulus of increased sales activity at firm though relatively low prices. **Silver** production continued to decline during September, but remained slightly above the low levels of a year ago.

Flour mills failed to expand their output as much as usual during September, but even so the quantity of flour milled was larger than in September, 1928. Millers' stocks of flour and of wheat were larger on September 30, 1929, than on August 31, 1929, or September 30, 1928. Several mills reported a fair domestic but poor foreign demand for flour.

### Trade

Trade was more active during the third quarter of 1929 than during the third quarter of 1928. Increases in the year-to-year compari-

sons were shown in reported data on retail and wholesale trade, sales of new automobiles, shipments through the Panama Canal, and shipments in the District's foreign commerce. Some slackening in trade, chiefly in primary distribution, was evident during September, in which month declines were recorded in the seasonally adjusted indexes of wholesale trade, sales of new automobiles, freight carloadings, and waterborne intercoastal trade.

Sales at retail increased somewhat more than seasonally during September, 1929, and were larger in value than in September, 1928. Total monthly sales of department, apparel, and furniture stores were practically the same in value as in September of last year. (The number of trading days was the same in September of both years.) Sales of department stores in Oakland and in the State of Arizona showed substantial gains over the year period with more moderate increases reported by Seattle and San Francisco stores. Smaller sales this year were reported from Spokane and Salt Lake City, while sales in Portland and in California cities, other than those in the San Fran-

third quarter of 1928. At the end of September stocks carried by retailers in this region were, for the first time this year, larger in value than on the corresponding date a year ago.

Total value of sales of 250 wholesale firms increased three per cent during September, 1929, as compared with September, 1928, but was two per cent smaller than in August, 1929. Among the ten lines for which this Bank collects data, sales of agricultural implements and paper and stationery increased substantially as compared with September of last year. Smaller increases were shown in sales of drugs, dry goods, electrical supplies, groceries, and hardware, while a decrease in total sales was reported by furniture firms. Sales of automobile supply and shoe jobbers were practically the same in value during September, 1928 and 1929. Third quarter sales of the ten lines combined were three per cent larger this year than last.

Total freight carloadings failed to increase by the usual seasonal amount during September and were smaller than a year ago. The latter decrease was due to reduced loadings of fruit, grain, lumber products and merchandise and miscellaneous freight.

Both eastbound and westbound intercoastal traffic through the Panama Canal declined during September. The decrease in eastbound cargo was due chiefly to declines in lumber shipments and, to a lesser extent, in petroleum

#### RETAIL TRADE—Twelfth District

	NET SALES*		STOCK*
	Jan. 1 to		
	Sept. 1929 compared with Sept., 1928	Sept. 30, 1929 compared with Jan. 1 to Sept. 30, 1928	
Department Stores†	1.0 ( 71)	1.9 ( 67)	1.8 ( 54)
Apparel Stores	0.4 ( 32)	1.9 ( 30)	3.6 ( 20)
Furniture Stores	-2.6 ( 48)	3.1 ( 45)	0.7 ( 27)
All Stores	0.4 (151)	2.1 (142)	1.8 (101)

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

cisco Bay region, showed little or no change as compared with a year ago. Value of sales at retail for the third quarter as a whole was approximately four per cent larger than in the

#### (C) Distribution and Trade—

	1929			1928
	Sept.	Aug.	July	Sept.
<b>Foreign Trade*</b>	Index Numbers*			
Total†	..	..	..	138
Imports†	..	..	..	106
Exports	..	..	155	155
<b>Intercoastal Trade*</b>				
Total	100	100	93	90
Westbound	150	150	140	123
Eastbound	87	86	81	81
<b>Carloadings‡</b>				
Total	107	117	116	113
Merchandise and Miscellaneous	114	115	115	117
<b>Wholesale Trade§</b>				
Sales	100	109	100	97
<b>Retail Trade</b>				
<b>Automobile Sales‡</b>				
Total	145	149	155	111
Passenger Cars	139	145	153	110
Commercial Vehicles	204	191	176	119
<b>Department Store</b>				
Sales‡	127	123	125	124
Stocks¶	110	106	104	109
<b>Stock Turnover  </b>	Actual Figures			
	.25	.27	.23	.25
<b>Collections#</b>				
Regular	44.5	44.2	45.5	44.6
Installment	15.9	15.8	15.1	15.4

\*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 months to amount outstanding at first of month. \*Indexes are for three months ending on month indicated. †Revised.

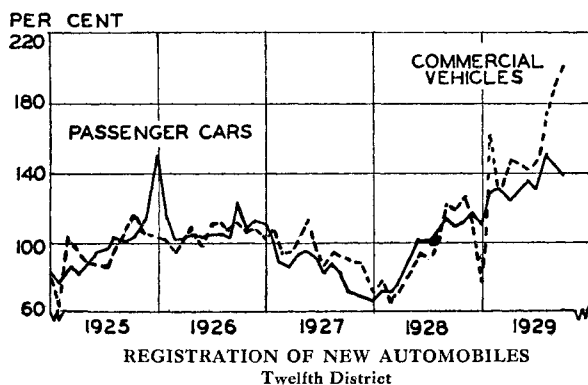
#### (D) Bank Debts\*—

	Sept., 1929	Sept., 1928	First nine months	
			1929	1928
<b>Arizona</b>				
Phoenix	\$ 36,683	\$ 31,724	\$ 384,415	\$ 304,320
<b>California</b>				
Bakersfield	12,701	12,484	125,003	124,686
Berkeley	19,887	20,862	189,877	195,913
Fresno	34,103	43,662	288,995	306,034
Long Beach	56,546	52,392	569,950	489,437
Los Angeles	1,149,972	1,023,494	10,923,450	9,459,502
Oakland	204,596	232,593	2,137,395	2,203,469
Pasadena	32,716	36,888	367,545	363,668
Sacramento	53,959	55,107	462,031	445,547
San Bernardino	9,929	10,092	101,409	95,668
San Diego	59,002	56,487	580,501	562,498
San Francisco	1,399,908	1,474,532	12,372,708	13,764,136
San Jose	33,886	28,432	268,863	251,306
Santa Barbara	16,915	14,131	152,229	125,309
Stockton	28,333	28,115	256,217	262,973
<b>Idaho</b>				
Boise	16,013	17,181	135,310	134,042
<b>Nevada</b>				
Reno	12,868	11,690	114,648	88,182
<b>Oregon</b>				
Eugene	7,965	7,629	70,569	66,715
Portland	207,956	185,900	1,743,532†	1,582,662
<b>Utah</b>				
Ogden	22,240	23,117	168,075	162,158
Salt Lake City	81,781	76,215	727,237	661,188
<b>Washington</b>				
Bellingham	10,824	10,061	96,135	90,687
Everett	13,893	13,533	128,382	121,791
Ritzville	1,117	1,230	8,157	9,094
Seattle	273,621	239,756	2,428,408	2,188,258
Spokane	65,422	56,547	546,784	504,937
Tacoma	49,052	46,731	453,574	410,129
Yakima	17,820	17,108	126,964	118,921
<b>Total</b>	\$3,929,708	\$3,827,693	\$35,928,363†	\$35,093,230

\*In thousands of dollars. †To obtain a figure comparable with that for 1928, subtract \$66,400,000 for four banks not reporting prior to week ended May 2, 1928. ‡Revised.

shipments. The tonnage of general cargo shipped from the Pacific to the Atlantic increased as compared with August but was much smaller than in September, 1928. Inter-coastal commerce was considerably more active during the third quarter of this year than during the same period a year ago.

The seasonally adjusted index of the District's foreign trade advanced substantially during July, 1929, due entirely to an unusually large volume of exports during that month. Imports declined by about the usual amount as compared with June, but both imports and exports were larger than in July a year ago. The District's exports are usually at low levels during the summer months and increase to a high point for the year in October and November when shipments of dried and canned fruits are made in large volume.



Indexes of daily average registrations of new passenger and commercial motor vehicles, adjusted for seasonal variations (1923-1925 daily average=100). Latest figures are for September, 1929.

Sales of new passenger automobiles, during September, 1929, declined substantially as compared with August, 1929, but were notably larger than sales during September, 1928. During the two preceding months of 1929 an exceptionally large number of new automobiles was sold in this District.

### Prices

The decline in wholesale prices, which began during the last week of July, continued throughout August and September, except for a short period early in September when most indexes indicated a slight rise in the price level. The movement toward lower prices has included a large number of commodities, while the slight rise which occurred during the first two weeks in September was chiefly the result of higher grain prices and a seasonal increase in the price of foods. According to the index of the United States Bureau of Labor Statistics, the general level of wholesale prices in September of this year was 2.5 per cent lower than in September, 1928. As has frequently been the case during the past year, the most impor-

tant recent price changes have occurred among the agricultural products, including livestock. Relatively smaller price declines are shown by the price indexes of fuels, textiles, metals, and other groups.

Wheat prices at Pacific Coast markets declined during September as did the volume of sales. Demand for wheat for export has been less active than last year. Hay prices have also experienced some recessions during the past month. Unfavorable range conditions in this District have resulted in the marketing of larger quantities of sheep and cattle than usual, and increased marketings have been accompanied by declines in livestock quotations. Prices for other agricultural products have held relatively firm. Orange prices advanced during September, indicating that this year's record-size Valencia crop has been well taken in local and eastern markets. Active demand for the average-sized lemon crop raised prices for that fruit to exceptionally high levels during the late summer months. The upward movement in hide quotations during August was followed by declines in September. Prices for wool have declined almost continuously this year.

Prices for crude and refined oils were reduced in the eastern part of the United States several weeks ago. Effective October 21, prices for the principal grades of crude oil produced in California were reduced by more than 50 per cent from the quotations that have prevailed since early this year. No change in prices of refined oils was announced.

The present tendency to purchase copper for current consumption only has lessened the immediate demand for that metal but prices have remained steady at 18 cents per pound, delivered Connecticut Valley. The lead market is firm, one large company having recently raised its quoted price from 6.70 cents to 6.90 cents per pound. The price of silver has worked gradually toward lower levels for several months and is now at the lowest point in 14 years (between  $49\frac{5}{8}$  and  $50\frac{1}{8}$  cents per ounce).

There have been no important changes in lumber prices during recent weeks, although it is reported that sales are, in many cases, being made below the published quotations.

### Credit Situation

The volume of credit extended by member banks in the Twelfth District increased substantially during the four-week period September 18—October 16. At the same time the District suffered relatively large losses of funds to other Federal reserve districts through check clearing transactions. Funds to meet this dual demand were secured through increased borrowings from the Federal Reserve Bank of San Francisco, and through the purchase of an un-

usually large volume of acceptances by that bank.

During the four weeks ending October 16 there was a net increase of six million dollars in total loans and investments of reporting city member banks of the District, an increase of 18 million dollars in loans being partially offset by a decrease of 12 millions in investments. The reported increase in loans represented largely a shifting of funds from investments in securities to loans on securities, as security loans increased 20 million dollars, while commercial loans declined two million dollars during the period. Increased loans were accompanied by substantial increases in net demand and time deposits at the reporting member banks. Balances due to banks also increased, most of these bankers' balances flowing to San Francisco to find employment. Borrowings from the Federal Reserve Bank of San Francisco increased sharply between September 18 and October 9, but by October 16 they had been reduced to a figure slightly lower than four weeks earlier. Both city and country member banks contributed to the net decline during the period under review. Borrowings of member banks in San Francisco decreased by ten million dollars, as shown upon the accompanying chart.

Demand for credit at the Federal Reserve Bank of San Francisco reached a seasonal peak during the second week in October and since that time has declined. On October 16 total bills and securities held by the Reserve Bank were the same in volume as were average holdings during the month of September. Total discounts on October 16 amounted to 78 million dollars, a reduction of three million dollars as compared with the figures for September 18. This reduction of discounts was approximately offset, however, by an increase in the volume of locally purchased acceptances held by the Reserve Bank. During recent weeks this Bank has also increased its purchases of bills in the New York market.

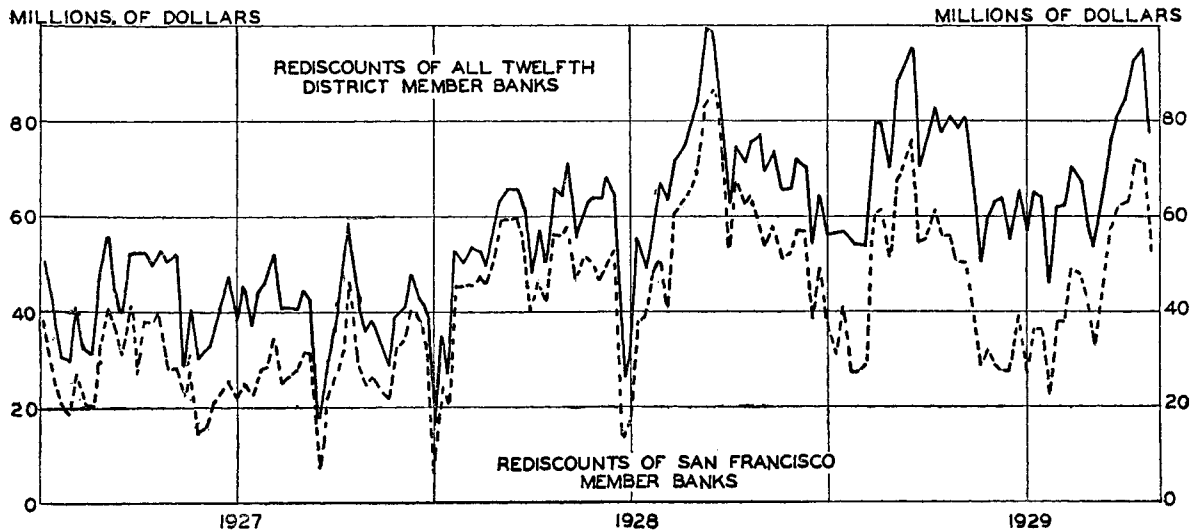
**FEDERAL RESERVE BANK OF SAN FRANCISCO**  
(In millions of dollars)

	Condition			
	Oct. 16, 1929	Oct. 9, 1929	Sept. 18, 1929	Oct. 17, 1928
Total Bills and Securities.....	127	144	119	132
Bills Discounted .....	78	96	81	76
Bills Bought .....	37	36	25	40
United States Securities.....	12	12	13	16
Total Reserves .....	260	242	265	251
Total Deposits .....	191	186	184	197
Federal Reserve Notes in Circulation .....	177	177	181	169
Ratio of Total Reserves to Deposit and Note Liabilities Combined .....	70.8	66.6	72.6	68.7

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

	Condition			
	Oct. 16, 1929	Oct. 9, 1929	Sept. 18, 1929	Oct. 17, 1928
Total Loans and Investments...	1,968	1,962	1,962	1,889
Total Loans .....	1,391	1,387	1,373	1,263
Commercial Loans .....	944	945	946	888
Loans on Securities .....	447	442	427	375
Investments .....	577	575	589	626
Net Demand Deposits .....	790	750	774	812
Time Deposits .....	965	955	955	939
Government Deposits .....	16	22	23	18
Borrowings from Federal Reserve Bank .....	73	90	74	71
Due from Banks .....	164	150	160	149
Due to Banks .....	198	185	188	207

Between September 18 and October 9 there was a heavy movement of funds out of the District on account of check clearing operations. These losses were sustained chiefly by San Francisco banks, banks in other principal cities generally gaining funds from eastern centers during the period. The inter-district movement of funds out of San Francisco was but partially offset by a substantial movement of funds to San Francisco from cities in other parts of this District.



**DISCOUNTS AT THE FEDERAL RESERVE BANK OF SAN FRANCISCO**

The upper line shows the total value of bills discounted at this Bank and the lower line indicates the amount of such discounts for San Francisco member banks. (Weekly figures).