

# 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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### SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial production declined in November for the fifth consecutive month and was below the level of last year. Retail sales at department stores continued in larger volume than a year ago, according to preliminary figures. Wholesale commodity prices moved downward during November and the first half of December.

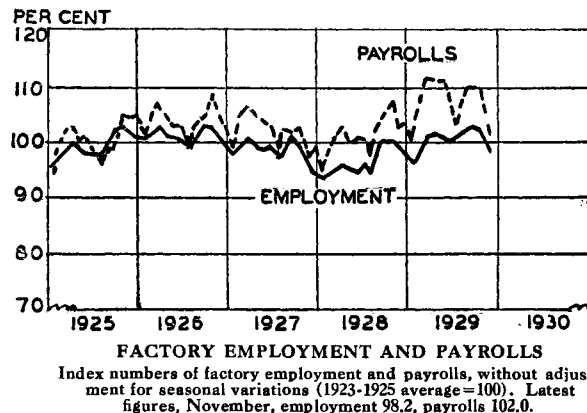
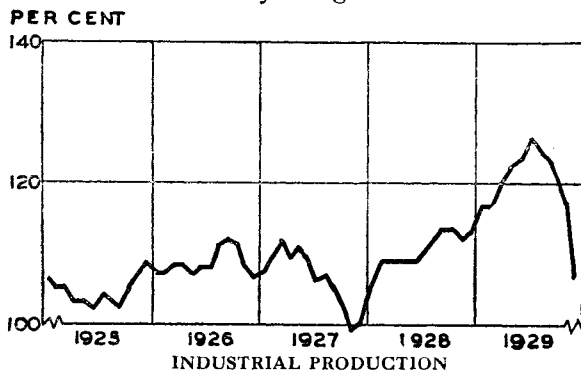
**Production and Employment.** Production in basic industries decreased by nine per cent in November according to the Board's index, and was five per cent lower than a year ago. The decline in production, which began in midsummer, was restricted prior to November largely to industries in which the expansion during the earlier part of the year had been exceptionally rapid, particularly iron and steel, automobiles, and related industries. The same industries showed the largest reductions in November, but there were declines also in the copper, cotton and wool textiles and shoe industries, and in smaller degree in silk textiles and coal. Production of crude petroleum was also curtailed. Volume of building contracts awarded during the month continued to be considerably smaller than in the corresponding period of 1928. Employment in factories was also reduced during November to a level slightly below a year ago, and there was a somewhat larger decrease in factory payrolls. The decline in employment since midsummer, however, has been relatively smaller than that in the physical volume of production. Employment was in smaller volume than in November a year ago in the automobile,

iron and steel, lumber and rubber products industries, and larger in the machinery, textiles, paper and printing, leather, and chemicals industries.

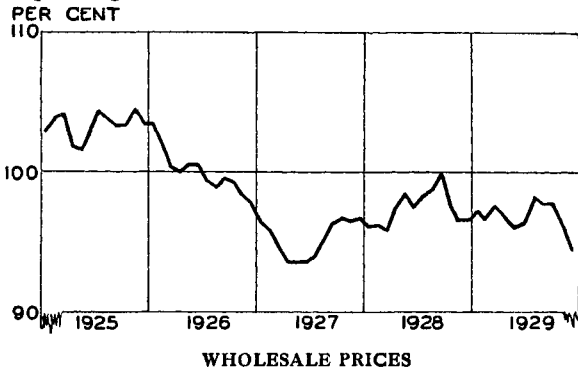
**Distribution.** Distribution of commodities, as measured by freight carloadings, was in smaller volume in November than in October, reflecting larger than seasonal decreases in most classes of freight. Miscellaneous freight in less than carload lots, which includes chiefly commodities for retail trade, showed the usual seasonal change, however. Department store sales in leading cities during the month were about one per cent larger than last year, according to preliminary figures. Increased sales were reported in four agricultural districts—Richmond, Kansas City, Dallas, and San Francisco. In certain of the large industrial districts—Boston, New York, and Cleveland, sales were approximately the same as in November, 1928.

**Wholesale Prices.** Wholesale prices were at a lower level in November than in October and continued to decline during the first half of December. The downward movement, which had previously involved principally commodities sold on organized exchanges, became general during the latter part of the period.

**Bank Credits.** Liquidation of bank credit, which had begun early in November, continued throughout that month and the first two weeks of December, and on December 11 total loans and investments of reporting member banks were at about the same level as on October 23,



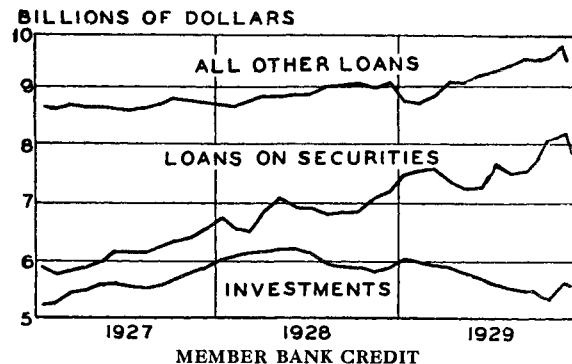
prior to the increase caused by the withdrawal of funds by non-banking lenders. At member banks in New York City loans were somewhat larger and investments considerably larger on December 11 than on October 23, while at reporting banks outside New York loans on



Index of United States Bureau of Labor Statistics (1926=100, base adopted by Bureau). Latest figure, November, 1929.

securities, all other loans, and investments were smaller than on that date. Reserve Bank credit outstanding was also reduced during November and the first two weeks of December, largely in consequence of reduction in balances of member banks at the reserve banks, which accompanied the liquidation of member bank credit. The decrease in reserve balances re-

leased reserve funds in more than sufficient volume to meet the export demand for gold amounting to 65 million dollars during the period, as well as the seasonal currency requirements. Between November 6 and December 18 United States security holdings of the Re-



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

serve Banks increased considerably, while their holdings of acceptances declined somewhat, and there was a reduction of 250 million dollars in the indebtedness of member banks. Money rates in the open market continued to decline and the discount rate, which had previously been reduced at five Reserve Banks, was lowered at the Kansas City bank from 5 to 4½ per cent.

#### TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Industrial and trade conditions in the Twelfth Federal Reserve District were somewhat less favorable during November than in October, 1929, or November, 1928. The credit situation is still showing the effects of the financial readjustments of late October and early November.

The agricultural outlook was definitely improved by the rains and snows of early December, which followed upon a long period of sub-normal rainfall in most agricultural areas. Considering the 1929 agricultural season as a whole, crop production in the District was smaller in volume than in 1928. Prices received for many important crops, however, have been higher during the last half of the year than a year ago and on the basis of present market prices and financial returns already received the total value of the 1929 crops is likely to be slightly greater than, or approximately the same as the value of the 1928 crops. Prices of commodities which the farmer buys have averaged about the same this year as in 1928.

Seasonal declines from October to November in the building, lumber, mining, and flour milling industries were greater than usual. Notwithstanding declines in production, stocks of lumber, metals, and flour were substantially larger at the end of November, 1929, than at the end of November, 1928. Production of petroleum in California declined sharply early in

November, reflecting partial success of continued attempts to exercise some degree of control over output. Employment in most industries declined seasonally during the month.

During early November the wholesale commodity price level continued the decline which has been in progress since July. The rather rapid decline of early November was temporarily checked by increases in prices of some agricultural products during the latter part of that month and decreases have been less marked since that time.

Trade was less active during November than in the past few months, and was at lower levels than in November, 1928. The decline was shown in sales of wholesalers and in smaller shipments on the District's railroads. Department store sales increased as compared with November, 1928, and, after allowance for the usual seasonal increase, showed no change from October, 1929. Stocks of those stores were slightly larger at the end of November this year than at the end of November, 1928.

There was a non-seasonal decline in the volume of money in circulation during November and the first three weeks of December which was in contrast with the usual increase of several million dollars during these months. Member banks reduced their borrowings at the Reserve Bank by 69 million dollars between

November 20 and December 18. This reduction was made possible by large transfers of funds into the District, by an offering of Treasury certificates of indebtedness which furnished a temporary supply of credit for member banks, and by the decline in volume of currency in circulation. On December 6 the Federal Reserve Bank of San Francisco lowered its discount rate from 5 to 4½ per cent. Its acceptance buying rate for short maturities was reduced from 4¼ to 4 per cent on November 25.

**Agriculture**

During December, the agricultural situation in the Twelfth District improved greatly. Rain and snowfall relieved an acute water shortage on livestock ranges and irrigation watersheds, added to the supply of soil moisture for future crop production, and reduced fire hazard to a minimum. During the first half of December the rainfall in most areas nearly equaled the normal precipitation for the entire month. The heavy rains of this period brought rainfall figures for this season up toward the average of past years.

**RAINFALL—Twelfth District**  
(in inches)

	December 1—December 16		July 1—December 16	
	1929	Normal	1929	Normal
<b>Arizona</b>				
Flagstaff .....	0.0	1.2	6.2	11.5
Phoenix .....	0.0	0.5	3.1	5.0
<b>California</b>				
Eureka .....	6.1	5.0	6.3	13.4
Fresno .....	0.5	1.2	0.5	2.9
Los Angeles .....	0.0	1.5	0.3	3.6
Red Bluff .....	4.0	3.0	4.1	7.6
Sacramento .....	4.0	1.9	4.2	4.9
San Diego .....	0.0	0.9	0.2	1.3
San Francisco .....	3.0	2.5	3.0	6.3
<b>Idaho</b>				
Boise .....	0.5	1.1	1.2	4.4
<b>Nevada</b>				
Reno .....	1.7	0.7	2.3	2.9
<b>Oregon</b>				
Baker City .....	0.7	1.1	1.5	4.6
Portland .....	6.7	4.5	9.2	16.8
Roseburg .....	6.0	3.5	8.4	12.1
<b>Utah</b>				
Salt Lake City .....	0.0	1.0	4.1	5.9
<b>Washington</b>				
Seattle .....	3.7	3.6	7.1	14.0
Spokane .....	1.4	1.5	2.2	6.5

Source: Weather Bureau—United States Department of Agriculture.

Unfavorable weather during the growing season reduced both quality and yields of crops produced in this District during 1929, but a generally favorable harvesting and marketing period has done much to make the year a successful one for agriculture. The price level of agricultural products and the volume of marketing in proportion to total production have been well maintained during most of the marketing season. Latest available estimates prepared by the United States Department of Agriculture have confirmed earlier reports which indicated that, despite the smaller volume of crops produced this year, total crop value would probably be about the same as a year ago.

Exports of wheat from Puget Sound and Columbia River ports during November were 44

per cent smaller than in October, 1929, and 34 per cent smaller than in November, 1928. During the season from July to December, 1929, exports were 33 per cent smaller than during the same period in 1928. Similarly exports of **barley** from San Francisco during the period July 1 to December 1 were eight per cent smaller than exports during the same period in 1928.

Market shipments of the District's commercial **apple** crop (35,286,000 bushels) had totaled 29,671 carloads (22,431,000 bushel boxes) by December 1. On December 1, 1928, it was estimated that 41,504 carloads (31,377,000 bushel boxes) of the 1928 commercial apple crop (47,731,000 bushels) had been shipped. December 1 storage holdings of the smaller 1929 crop in Washington and California were seven per cent and 22 per cent less, respectively, than on December 1, 1928. Shipments of the Navel **orange** crop from California during November, 1929, were three per cent or 805 carloads less than shipments during November, 1928. Early in December the 1929-1930 Navel orange crop in California was estimated to be 10,300,000 boxes. The 1928-1929 crop was 17,500,000 boxes. **Lemon** shipments from California during November were 372 carloads as compared with 663 carloads shipped during November, 1928. Lemon and orange prices at California shipping points were higher in November, 1929, than in November, 1928.

A sharp decline in butter prices during the second week of December reflected partly seasonal conditions and partly the presence of large storage stocks of butter at Pacific Coast markets. Nearly 3,500,000 pounds of butter were in storage at these markets on December 1, compared with about 2,500,000 pounds held a year ago. Egg prices also dropped seasonally during the first half of December but were higher than last year. Cold storage stocks of eggs declined and on December 1, were 10 per cent smaller than on December 1, 1928.

**RANGE CONDITIONS—Twelfth District**  
(Normal=100)

	Ariz.	Calif.	Idaho	Nev.	Ore.	Utah	Wash.
December 1, 1929....	90	46	76	85	65	91	67
November 1, 1929....	100	64	78	79	72	98	68
December 1, 1928....	70	78	78	66	80	76	78

Source: United States Department of Agriculture.

The rain and snowfall of early December relieved what had threatened to become a serious situation for the livestock industry. Thus far this season stockmen in most range areas of the District have had to use more supplementary feeds than is customary and much forced marketing of livestock has been in evidence. As a result of this feeding the condition of livestock has not entirely reflected the poor condition of ranges.

The number of cattle on feed in the principal far-Western feeding states which supply Pacific Coast markets was substantially less on De-

ember 1, 1929, than on December 1, 1928. In the mid-West, however, the movement of cattle to feedlots prior to the same date was slightly greater than a year ago. The number of lambs on District feedlots has increased but little during the past year, while the number on mid-West feedlots has increased by six per cent.

#### LIVESTOCK—Market Receipts

	Twelfth District*		Mid-West†	
	1929	1928	1929	1928
<b>Cattle</b>				
November .....	81,113	87,035	793,883	742,583
August through				
November .....	301,184	329,540	3,704,948	3,565,329
<b>Sheep</b>				
November .....	218,064	210,431	1,155,158	1,153,138
August through				
November .....	1,613,451	1,578,747	6,588,879	6,443,716
<b>Hogs</b>				
November .....	224,549	210,098	2,144,155	1,970,335
August through				
November .....	696,708	681,885	6,740,258	7,176,444

\*Seattle, Spokane, Tacoma, Salt Lake City, Ogden, Portland, Los Angeles, and San Francisco.  
†Chicago, Kansas City, Omaha, East St. Louis, St. Joseph, Sioux City, and St. Paul.

Receipts of sheep and swine at Pacific Coast and inter-mountain markets during November and during the current marketing season (August 1 to December 1) were larger than during the same two periods in 1928. A similar comparison of cattle receipts shows a decline as compared with a year ago. Changes in livestock receipts at Twelfth District markets have been in partial contrast with changes in receipts at mid-Western markets over the year period.

### Industry

Greater than seasonal declines in Twelfth District industrial activity were reported during November. Non-ferrous metals mining, lumbering, building and construction, and flour milling were all less active than a year ago. Early in the month the petroleum industry effected a considerable voluntary reduction in output of crude and refined oils. Despite reduced production there was evidence of continued accumulation of stocks of copper, lumber, petroleum products and flour—four of the

District's most important products. The number of workers employed in industry decreased during November, but on the whole unemployment at the end of that month was probably less prevalent than a year earlier.

During November the petroleum industry in California partially attained its objective of voluntary control of crude oil production. Output during that month was approximately 25 per cent less than in October, although it was greater than in November, 1928, and was larger than the amount estimated as necessary to supply current demand. Refineries continued comparatively active during the month, but their output was substantially smaller than in October. Shipments of petroleum products continued relatively large, although there was some decrease as compared with October, due chiefly to a reduced demand for gasoline on the Atlantic coast. There is a seasonal decline in demand for gasoline throughout the United States during the autumn and winter months, although the decline is much less marked in this District than in the United States as a whole. The decline during the past autumn was smaller than usual in the Twelfth District, due probably to the mild, dry weather which prevailed over much of the territory until mid-December. Nevertheless, consumption of refined oils fell considerably short of output during the period and additions to stored stocks were large.

Lumber production declined seasonally during November and was about six per cent smaller than in November, 1928. For the District as a whole, both shipments and orders declined at a more rapid rate than output, and were but 82 and 80 per cent of production, respectively. This tendency for shipments and orders to decrease more rapidly than output has persisted for five months and has resulted in

### (A) Industry—

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

	1929			1928
	Nov.	Oct.	Sept.	Nov.
<b>Manufactures:</b>				
Flour .....	107	109	120	109
Slaughter of Livestock .....	86	89	85	87
Lumber .....	103	103	102	111
Refined Mineral Oils† .....	196	215	204	163
Cement .....	107	102	93	113
Wool Consumption† .....	..	105	91	81
<b>Minerals:</b>				
Petroleum (California)† .....	107	132	132	101
Copper (United States)‡ .....	117	123	124	133
Lead (United States)‡ .....	..	115	119	111
Silver (United States)‡ .....	110	92	80	93
<b>General:</b>				
Carloadings—Industrial .....	106	106	102	113
Value of Building Permits§				
Twenty Larger Cities .....	59	60	64	69
Seventy Smaller Cities .....	71	82	88	87
Value of Engineering Contracts				
Awarded§				
Total .....	120	111	115	123
Excluding Buildings .....	98	116	147	134

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

### (B) Employment—

Industries	No. of Firms	California		No. of Firms	Oregon	
		No. of Employees Nov., 1929	No. of Employees Nov., 1928		No. of Employees Nov., 1929	No. of Employees Nov., 1928
<b>All Industries</b> .....	713	162,160	154,172	143	27,146	25,779
Stone, Clay and Glass Products ..	42	6,447	6,215	4	121	136
Lumber and Wood Manufactures ..	107	21,387	23,219	54	15,878	14,972
Textiles .....	18	2,419	2,511	10	1,745	1,436
Clothing, Millinery and Laundering ..	56	7,554	7,450	8*	468	455
Food, Beverages and Tobacco ...	150	25,846	24,686	39	3,386	3,409
Water, Light and Power .....	10	13,595	10,873	..	..	..
Other Industries† ..	318	82,856	77,904	..	..	..
Miscellaneous ...	12	2,056	1,414	28	5,548	5,371

\*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 November, 1928.

an accumulation of mill stocks of lumber. District carloadings of forest products and east-bound shipments of lumber through the Panama Canal were substantially smaller during November, 1929, than in October, 1929, or in November, 1928.

The value of building permits and of engineering and construction contracts awarded during November was well below the figures of either the preceding month or the corresponding month of 1928. In the smaller reporting cities of the District the declines in value of building permits issued were relatively greater than the declines in the larger cities. Engineering and construction contracts for commercial and industrial buildings declined by a smaller percentage than did contracts for waterworks, sewers, streets, roads, and government projects. This Bank's indexes of building permits issued and of engineering and construction contracts awarded for the three months ending November 30, were well below the indexes for the corresponding period of last year.

Mining of copper declined during November, but output of silver was greater than in October, 1929, or November, 1928. For several months demand for copper has been decreasing and mine stocks of that metal have been accumulating since last spring. A number of long time construction projects are under way at the mines, and they have tended to stabilize employment in the industry.

Flour mills of the District reduced their output during November and were less active than in November, 1928. Stocks of flour held by the mills of the District increased more than seasonally and at the end of the month were nearly 30 per cent greater than at the end of November last year.

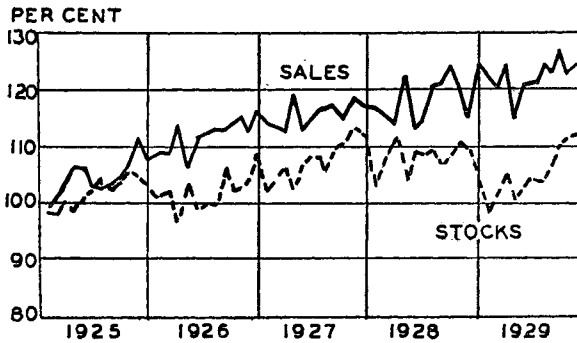
**(C) Distribution and Trade—**

	1929			1928
	Nov.	Oct.	Sept.	Nov.
<b>Foreign Trade*</b>	Index Numbers*			
Total†	144	144	144	133
Imports†	120	120	120	127
Exports	156	156	156	138
<b>Intercoastal Trade*</b>				
Total	107	105	100	94
Westbound	146	147	150	138
Eastbound	97	93	87	82
<b>Carloadings‡</b>				
Total	109	109	107	113
Merchandise and Miscellaneous...	118	116	114	119
<b>Wholesale Trade§</b>				
Sales	112	113	100	113
<b>Retail Trade</b>				
<b>Automobile Sales‡</b>				
Total	120	134	145	117
Passenger Cars	113	128	139	117
Commercial Vehicles	188	190	204	113
<b>Department Store</b>				
Sales‡	124	124	127	116
Stocks‡	114	113	110	110
	Actual Figures			
Stock Turnover	.25	.27	.25	.23
<b>Collections#</b>				
Regular	45.5	48.4	44.5	46.6
Installment	14.5	16.3	15.9	15.1

\*Adjusted for seasonal variation, 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.

**Trade**

As compared with the levels established in recent months, Twelfth District trade declined during November but, in general, compared favorably with that of November, 1928. Retail sales were in moderately large volume, and after making allowance for seasonal movements showed no change from the previous month. Department store sales were substantially larger than in November of last year, an increase which may be partly discounted, however, because sales of these stores were relatively small during November, 1928, and because November, 1929, had five Saturdays, whereas November, 1928, had but four. Sales of new automobiles declined more than sea-



**DEPARTMENT STORE SALES AND STOCKS**  
Index numbers of daily average sales and of stocks at end of month of department stores in the Twelfth District, adjusted for seasonal variations (1923-1925 average=100).

sonally during November, but were somewhat larger than in November, 1928. Intercoastal traffic through the Panama Canal was in smaller volume than in the previous month, but was greater in volume than a year ago. Sales at wholesale and freight carloadings declined as compared with either last month or the corresponding month of last year. The foreign trade of the District, during September, 1929, was smaller than that of August, 1929, or September, 1928, but the total for the third quarter was relatively large, due chiefly to heavy exports of petroleum and large imports of crude rubber.

**RETAIL TRADE—Twelfth District**

	NET SALES*		STOCK*
	Nov., 1929 compared with Nov., 1928	Jan. 1 to Nov. 30, 1929 compared with Jan. 1 to Nov. 30, 1928	Nov., 1929 compared with Nov., 1928
Department Stores†	6.1 ( 71)	2.7 ( 66)	2.5 ( 52)
Apparel Stores	-6.4 ( 31)	0.6 ( 28)	-0.1 ( 20)
Furniture Stores	0.5 ( 49)	2.1 ( 44)	1.3 ( 29)
All Stores	4.2 (151)	2.4 (138)	2.2 (101)

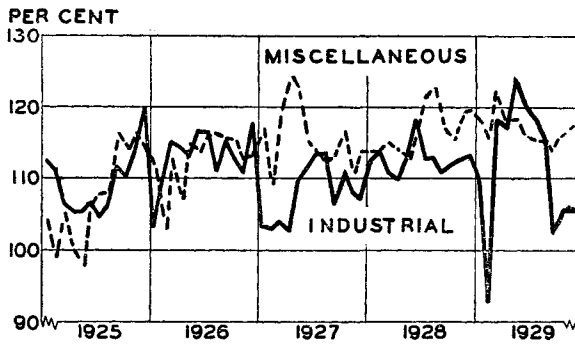
\*Percentage increase or decrease (—). Figures in parentheses indicate number of stores reporting. †Includes dry goods stores.

For the District as a whole, retail sales showed about the usual increase during November as compared with October, although there were rather wide fluctuations in individual cities. Sales of department stores were larger than in November, 1928, in nearly all

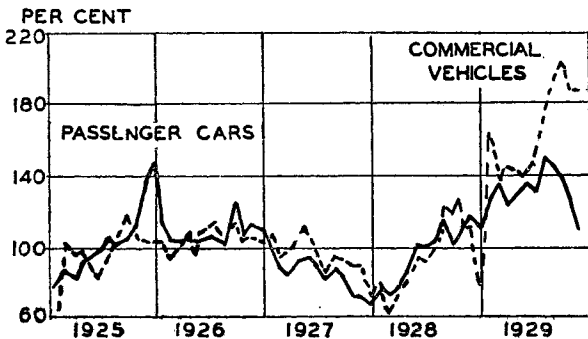
sections of the District, but the ratio of cash and C.O.D. sales to total sales declined sharply. Department store stocks increased during November by more than the usual amount, and their value at the end of the month was about three per cent greater than a year earlier.

During November sales at wholesale of 245 firms in ten lines of trade declined more than seasonally but were only slightly smaller in value than in November, 1928. Sales of agricultural implements showed a large percentage increase over the year period, but their dollar value is relatively small at this season. Lines of trade which showed either small increases, or little change as compared with a year ago, were automobile supplies, drugs, dry goods, groceries, hardware and paper and stationery. Substantial decreases were reported for the other three lines—electrical supplies, furniture and shoes—upon which this Bank collects data. The value of stocks carried by wholesalers was five per cent larger at the end of November this year than at the end of November last year.

As compared with October and shipments out of the District declined by more than the usual amount. Eastbound traffic for the three months ending November 30 was large, however, and the quarterly index advanced. As compared with the same period last year all shipments, except those of lumber, were in larger volume.



RAILROAD FREIGHT - CARLOADINGS  
Cars of revenue freight loaded in the Twelfth District as reported by the American Railway Association. Index numbers adjusted for seasonal variations, (1923-1925 daily average = 100).



REGISTRATION OF NEW AUTOMOBILES  
Indexes of daily average registrations of new passenger and commercial motor vehicles in the Twelfth District, adjusted for seasonal variations (1923-1925 daily average = 100).

The number of registrations of new automobiles (passenger and commercial) in the principal states of the District declined from October to November by more than the usual amount, but was still three per cent larger than in November of last year. The greatest percentage decline was in registrations (sales) of new passenger cars. Registrations (sales) of new commercial vehicles decreased by little more than the usual October-November decline.

Freight carloadings on the District's railroads during November, 1929, were smaller in number than in either October, 1929, or November, 1928. All classes of commodities, with the exception of ore, grain and grain products, and coal and coke, participated in the decline.

This Bank's seasonally adjusted index of the District's intercoastal trade, which combines figures of both east and westbound shipments through the Panama Canal, declined during November. Shipments into the District increased less than is usual during that month

The value of the District's foreign trade was substantially less in September, 1929, than in August, 1929, or September, 1928. Nearly all sections of the Twelfth District showed some declines in September as compared with August, but by far the largest percentage decrease was registered at Los Angeles, chiefly as a result of sharply reduced imports of crude rubber. The total value of the District's export and import

(D) Bank Debts\*—

	Nov., 1929	Nov., 1928	— First Eleven Months —	
			1929	1928
<b>Arizona</b>				
Phoenix . . . . .	\$ 45,225	\$ 43,006	\$ 475,059	\$ 386,226
<b>California</b>				
Bakersfield . . . . .	17,425	16,437	159,046	157,032
Berkeley . . . . .	23,018	22,049	235,257	240,295
Fresno . . . . .	48,826	40,680	375,666	391,988
Long Beach . . . . .	59,195	58,324	692,214	608,936
Los Angeles . . . . .	1,236,628	1,122,458	13,520,375	11,742,149
Oakland . . . . .	226,337	219,940	2,608,736	2,681,191
Pasadena . . . . .	41,055	38,657	451,221	441,393
Sacramento . . . . .	53,632	51,023	571,854	551,574
San Bernardino . . . . .	11,492	10,987	125,525	117,860
San Diego . . . . .	64,618	59,574	709,914	683,345
San Francisco . . . . .	1,453,956	1,476,300	15,685,332	16,704,667
San Jose . . . . .	42,308	44,191	353,754	329,746
Santa Barbara . . . . .	17,941	15,083	189,864	155,993
Stockton . . . . .	28,683	28,209	316,370	320,710
<b>Idaho</b>				
Boise . . . . .	18,288	16,109	173,242	169,752
<b>Nevada</b>				
Reno . . . . .	14,022	11,265	143,166	110,758
<b>Oregon</b>				
Eugene . . . . .	8,390	8,512	87,841	84,333
Portland . . . . .	220,493	210,361	2,182,996†	2,000,534
<b>Utah</b>				
Ogden . . . . .	28,447	23,220	222,233	209,990
Salt Lake City . . . . .	91,343	78,740	913,168	827,333
<b>Washington</b>				
Bellingham . . . . .	9,903	9,765	116,709	110,435
Everett . . . . .	13,078	13,576	155,197	149,867
Ritzville . . . . .	877	1,167	10,079	11,570
Seattle . . . . .	289,412	224,486	3,047,268	2,690,528
Spokane . . . . .	59,976	55,959	678,614	623,286
Tacoma . . . . .	50,588	46,371	560,153	506,832
Yakima . . . . .	20,937	17,957	169,994	156,842
<b>Total . . . . .</b>	<b>\$4,195,193</b>	<b>\$3,964,406</b>	<b>\$44,930,847†</b>	<b>\$43,165,165</b>

\*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 during the third quarter of the year was relatively high, however, because of the exceptional activity during July and August.

### Prices

According to most indexes, the general level of commodity prices at wholesale was lower in November than during any month in more than two years. A decided downward movement of prices has been revealed by the indexes in every month, except June and July, since last March. The relatively sharp decline of the preceding three months continued until the middle of November, since when the trend has shown less pronounced tendencies to move lower.

Most notable of the price increases during November was that of wheat. Reports of unfavorable crop conditions in Argentina stimulated demand both from Europe and from the Orient, and helped to strengthen the listless market which had prevailed up to the middle of November. Price reductions, however, have accompanied weakening market developments during December. Poor range conditions, causing an increased demand for supplementary feeds, have helped to strengthen the barley market. Livestock prices in the Twelfth District moved erratically during November. Lamb prices advanced, except in one or two markets which received unusually large shipments. Hog quotations moved downward, and there were no important changes in prices of cattle. An almost continuous decline since January, 1929, brought wool prices in early December to the lowest point recorded in more than seven years. During the last two weeks in November hide quotations recovered much of the decline reported in the early part of that month. Potatoes, beans, oranges, lemons, and some other crops continue to bring a higher return to the producer than they did last year.

Prices of lead, silver, and zinc continued to decline throughout November and the first half of December. The price of silver has not been so low as it was on December 19, since the pre-war period, and quotations for lead and zinc are at their lows for 1929. In contrast with this situation, the price of copper has remained at 18 cents per pound, delivered Connecticut Valley points, despite a declining demand for and relatively large stocks of that metal.

During the past month there have been no changes in quoted prices for lumber produced in this District.

### Credit Situation

The effects upon the banking and credit situation of the readjustments which occurred at the close of October and the beginning of November are still plainly visible in this District.

The amount of loans extended by reporting member banks was at record levels on December 18. On the same date the deposits of these banks were still below the figures reached in early October, prior to the heavy transfers of funds to New York which characterized the last days of that month and the early days of November. Borrowing from the Federal Reserve Bank has been rapidly reduced since the middle of November but the reduction was made possible by a combination of special circumstances (which are set forth below) rather than by a change in the condition of member banks.

Although the peak of demand for reserve bank credit in the District was reached on November 20, there has been a continued expansion of loans of member banks, especially of loans on securities. Most of the increase occurred during the week of December 11-18 and was due to the flotation of a large issue of municipal bonds by the city of San Francisco. On December 18 the amount of these loans as well as of total loans was larger than at any time since the figures have been compiled. Deposits of these banks have also increased (a gain of 23 million dollars of time deposits more than offsetting a loss of 10 million dollars of net demand deposits) but not so rapidly as their loans, and the ratio of total deposits to total loans has declined.

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

	Condition			
	Dec. 18, 1929	Dec. 11, 1929	Nov. 20, 1929	Dec. 19, 1928
Total Loans and Investments...	1,978	1,957	1,954	1,971
Total Loans .....	1,430	1,403	1,402	1,314
Commercial Loans .....	973	980	976	919
Loans on Securities .....	457	423	426	395
Investments .....	548	554	552	657
Net Demand Deposits .....	775	784	785	805
Time Deposits .....	947	950	924	960
Borrowings from Federal Reserve Bank .....	58	66	108	59

The amount of credit extended by the Federal Reserve Bank of San Francisco increased 25 million dollars between October 30 and November 6. During the following two weeks there was a slight increase in reserve bank credit outstanding, the peak being reached on November 20, when rediscounts were 116 million dollars and total earning assets 160 million dollars. During the succeeding four weeks member bank borrowings were rapidly repaid and, on December 18, rediscounts were but 64 millions and total earning assets 109 million dollars.

Reduction of member bank indebtedness at the same time that member bank loans were increasing, was made possible chiefly by transfers of funds into the District amounting to 33 million dollars. There is ordinarily a movement of funds into this District during December which seems to be related to the desire of many banks to liquidate indebtedness at the Reserve Bank in anticipation of a call by the Comp-

troller of the Currency for a statement of condition on December 31. The greater part of the funds thus far received have been for the account of banks in Seattle and Spokane with smaller gains to Salt Lake City and Portland. There was a substantial outflow of funds from San Francisco and Los Angeles.

Part of the flow of funds into the District arose indirectly out of member bank purchases of the December 15 offering of government securities. Banks of this District were allotted 25 million dollars of these 3½ per cent certificates of indebtedness, which were paid for by a deposit credit to the Treasury. But government deposits of reporting banks increased only 13 million dollars during the four-week period, and their investments in United States government securities increased only six million dollars, indicating that a substantial part of their allotment of certificates of indebtedness was for the account of others or was immediately sold. Ordinarily the greater part of such sales are made in markets outside the Twelfth District and contribute to a gain in funds through the gold settlement fund.

Other factors which contributed to the easier position of member banks during recent weeks include (1) Mint purchases of gold amounting to four million dollars; (2) a decrease of eight million dollars in money in circulation; (3) a net excess of Treasury expenditures over receipts in this District amounting to seven million dollars.

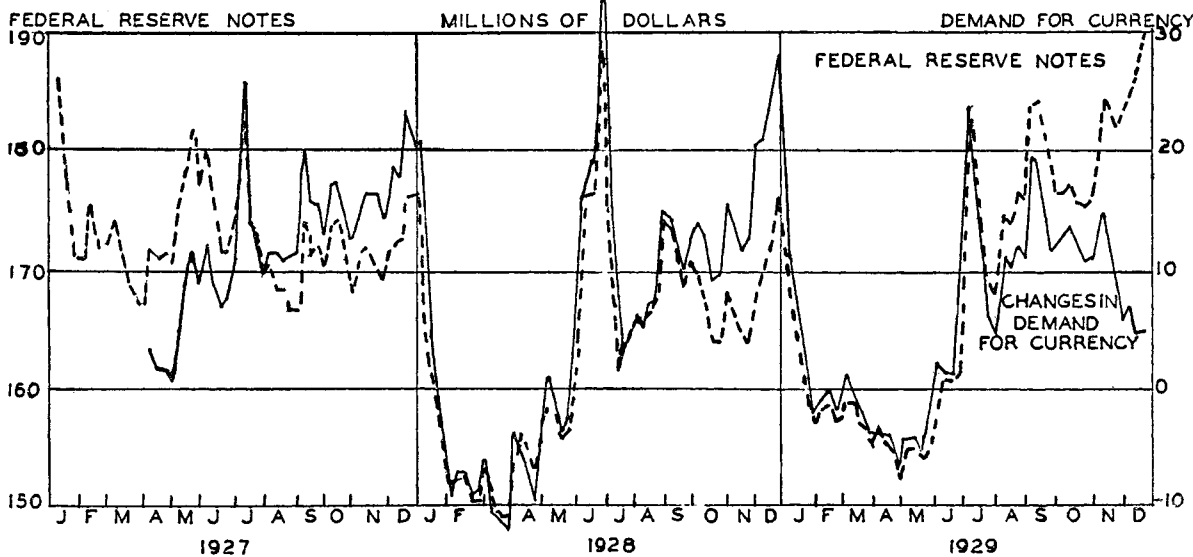
On December 6 the Federal Reserve Bank of San Francisco reduced its discount rate from 5 to 4½ per cent. On November 26 its buying rate on bankers' acceptances was reduced from 4½ to 4 per cent. (Maturities up to 120 days.) The change in the discount rate placed the San

Francisco District upon a parity with the New York, Chicago, and Boston Districts, where the Reserve banks had already reduced their rates. Following the change in rates, member banks increased their sales of local acceptances to this Bank and reduced their rediscounts. No change in interest rates charged to customers by commercial banks has been reported during recent weeks.

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

	Condition			
	Dec. 18, 1929	Dec. 11, 1929	Nov. 20, 1929	Dec. 19, 1928
Total Bills and Securities.....	109	112	160	136
Bills Discounted .....	64	72	116	65
Bills Bought .....	31	28	32	54
United States Securities.....	14	12	12	17
Total Reserves .....	283	277	227	245
Total Deposits .....	183	183	187	190
Federal Reserve Notes in Circulation .....	190	186	183	172
Ratio of total reserves to deposit and Federal reserve note liabilities combined .....	75.9	74.8	61.5	67.6

An interesting development of the past month has been the unusual and non-seasonal decline in the volume of money in circulation in the District amounting to 12 million dollars. This decline took place notwithstanding an increase of six millions in Federal reserve note circulation during the same period, as shown on the chart at the bottom of this page. The divergent movements of these two series, which usually fluctuate together, was due to heavy redemptions of United States currency, unfit for further circulation, and the substitution of Federal reserve notes of the old series (large size) for this currency which was redeemed. A reduction in the amount of money in circulation may indicate that the volume of cash sales of goods and services is declining and/or that currency is passing from person to person at a faster rate and thus doing more work.



**FEDERAL RESERVE NOTE CIRCULATION AND DEMAND FOR CURRENCY**  
The figures of notes of the Federal Reserve Bank of San Francisco in actual circulation as shown above are the chief factor in the total demand for currency in the District. Changes in the total demand for currency and not the actual amount of all currency in circulation are shown by the other line in the chart. (Weekly figures).