

MONTHLY REVIEW

OF BUSINESS CONDITIONS

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Federal Reserve Bank of San Francisco

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No. 1

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial activity declined further in December. There was little change in commodity prices and conditions in the money market continued easy.

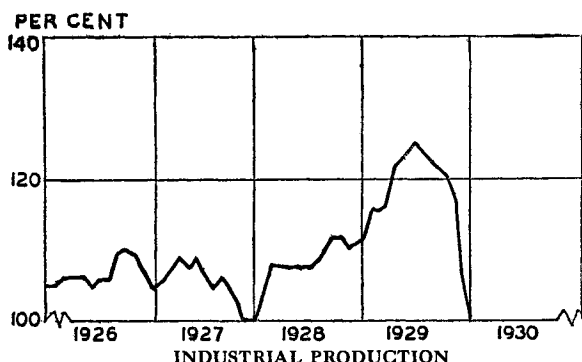
Production and Employment. Industrial production, as measured by the Federal Reserve Board's index, which is adjusted for seasonal variations, declined by six per cent in December, following upon a decline of nine per cent for the preceding month. Nearly all industries reported larger than seasonal reductions in December, excepting food industries, which showed little change, and coal, in which output increased. The largest declines in December, as in earlier months, were in automobiles and iron and steel. Production in the textile, shoe, lumber, and non-ferrous metals industries decreased considerably. Stocks of cotton textiles, copper, zinc and lumber increased in December. In the first three weeks of January, steel plants increased their operations somewhat from the low rate prevailing at the holiday season, but were considerably less active than in January, 1928 or 1929. There were further decreases in the output of copper and lumber, while production of crude petroleum increased. Employment in factories in December declined more than the usual amount in the automobile, steel, textile, clothing, and lumber industries. Little change was reported for the food industries and car-repair shops, while at meat-packing plants and in the paper and printing industries there was some increase in employment.

Building contract awards also declined further in December. Residential contracts continued to be in small volume and there were large decreases in awards for commercial buildings and public works and utilities. During the first half of January awards were larger on a daily average basis than in December.

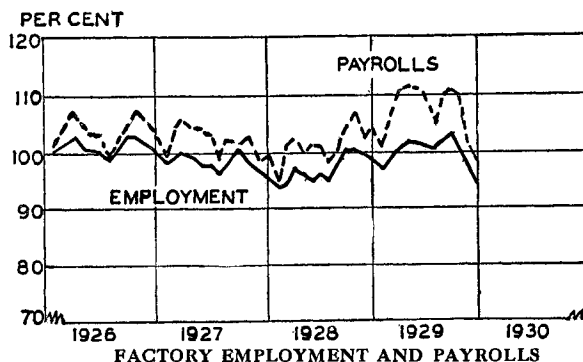
Distribution. Freight carloadings in December, as in the preceding month, showed more than the usual seasonal decline. The decline occurred principally in shipments of merchandise and lumber products, while loadings of coal and grain were larger than in November. Sales at department stores in leading cities were about three per cent smaller than in December, 1928, according to reports to the Federal Reserve System. Decreases in sales were reported for ten Federal reserve districts, an increase of two per cent for the Richmond District, and somewhat less than one per cent for the San Francisco District.

Wholesale Prices. During December wholesale prices of commodities fluctuated rather narrowly. Grain, livestock, meat and bituminous coal prices increased somewhat, while prices of hides, leather products, textiles, petroleum, and pig iron declined. In the first half of January there was little further change in prices.

Bank Credit. Member bank credit increased less than usual over the year-end, and in January continued to reflect the liquidation which began early in November. On January 15, total loans and investments of member banks in



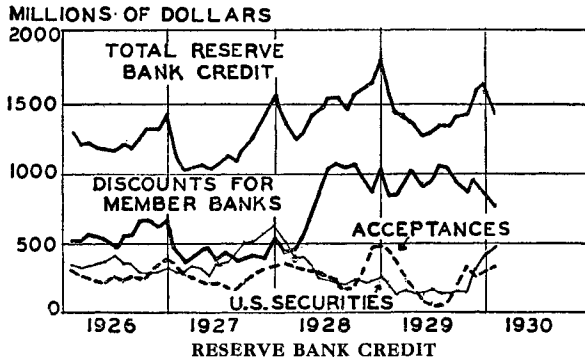
Index number of production of manufactures and minerals, combined, adjusted for seasonal variations (1923-1925 average = 100). Latest figure, 100.



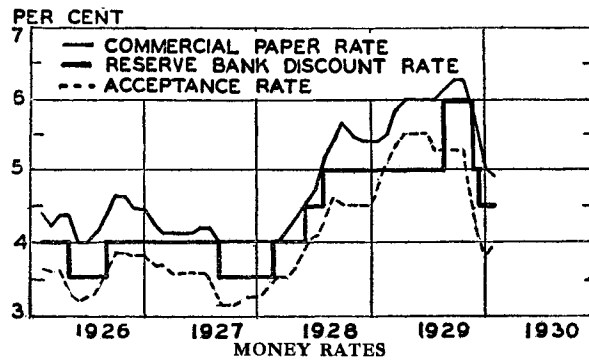
Index numbers of factory employment and payrolls, without adjustment for seasonal variations (1923-1925 average = 100). Latest figures, December, employment 94.8, payrolls 98.7.

leading cities were \$478,000,000 below the level of December 11, 1929. This decline occurred both at banks in New York City and outside and was in "all other loans," apparently reflecting a seasonal decrease in inter-bank loans together with a decreased demand for credit by commercial borrowers. Investments and loans on securities increased slightly during the

balances. Of the funds thus released \$64,000,000 served to offset a loss in the monetary gold stock of the country and \$244,000,000 was used to retire Reserve Bank credit. Reserve Bank holdings of government securities showed an increase of \$90,000,000 for the period, acceptances showed little change, while discounts for member banks declined by \$347,000,000.



Monthly averages of daily figures for twelve Federal Reserve Banks. Latest figures are averages of first 19 days in January.



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 20 days in January.

period. Reserve bank credit outstanding increased during the latter half of December in response to seasonal demands for currency and gold exports, but declined in January as currency returned from circulation. Between the week ending December 14 and the week ending January 18, there was a net decline of \$277,000,000 in currency in circulation, and also a decline of \$37,000,000 in member bank reserve

Money rates in the short-term open markets firmed somewhat over the year-end but eased early in January, and throughout the first half of the month remained generally at the lowest levels since the spring of 1928. The discount rate at the Federal Reserve Bank of Philadelphia was lowered on January 16 from five to four and one-half per cent, the rate prevailing at six other Federal reserve banks.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Evidences of recession in business activity in the Twelfth Federal Reserve District accumulated during December. Greater than seasonal declines in production were reported for the month and most lines of trade were less active than in November. Changes in the banking and credit situation were noteworthy in that reporting member bank loans continued at high levels during the first two weeks of January, while borrowings from the Federal Reserve Bank of San Francisco declined to the lowest level in recent years.

An encouraging factor in the present business situation is the improved position of agriculture. A preliminary review of the season of 1929-1930 indicates that because of the higher prices received for many agricultural products small yields did not, in the aggregate, result in reduced returns to the farmers of the District. Recent rains have benefited livestock ranges, and have given promise of an adequate supply of soil moisture during the coming season.

During December industrial activity continued the downward trend which began in the late summer of last year. The effect of seasonal decreases in flour milling and lumber production was accentuated by marked declines in

output of many other important industries. Activity in the building and construction industries was at the lowest levels since 1921. Employment has not fallen off so rapidly as has production during recent months.

There was a slight increase in retail trade during December, 1929, as indicated by the District's department store sales. A substantially decreased volume of trade was reported at wholesale, sales of automobiles and intercoastal and foreign waterborne trade declined, and figures of carloadings on the District's railroads fell off sharply.

The general level of prices of commodities at wholesale was slightly lower in December than in November, was well under December, 1928, and was close to the lowest levels reached since 1922. Among the chief products, the prices of which did not decline during the month, were many of the agricultural products important in this District. Silver prices have recently been at the lowest point of record, and wool prices at the lowest point in seven years.

Total loans of reporting member banks of the District have been at record high levels during the past two months, as a result of the large volume of security loans being carried by the

banks. Notwithstanding this record extension of credit by member banks, borrowing from the Federal Reserve Bank has recently been at one of the low points of recent years. Interest rates changed little during the past month.

Agriculture

Continued heavy rain and snowfall over most of the Twelfth Federal Reserve District during December and early January has given some guarantee of an adequate supply of soil moisture and irrigation water during the 1930 crop year, and has effected an immediate improvement in condition of livestock ranges. The agricultural outlook is definitely better than it was one month ago.

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

	December 16—January 14		July 1—January 14	
	1929-1930	Normal	1929-1930	Normal
Arizona				
Flagstaff	2.4	1.6	8.6	12.7
Phoenix	0.0	1.0	3.1	6.0
California				
Eureka	5.1	6.6	11.4	20.0
Fresno	1.6	1.7	2.1	4.6
Los Angeles	2.3	2.8	2.6	7.4
Red Bluff	4.7	3.9	8.8	11.5
Sacramento	2.3	2.9	6.5	7.8
San Diego	3.3	1.9	3.5	4.2
San Francisco	3.4	3.6	6.4	9.9
Idaho				
Boise	1.4	1.5	2.6	5.9
Nevada				
Reno	1.1	1.4	3.4	4.3
Oregon				
Baker City	1.1	1.4	2.6	6.0
Portland	3.2	6.3	12.4	23.1
Roseburg	3.8	5.0	12.2	17.1
Utah				
Salt Lake City	1.1	1.3	5.2	7.2
Washington				
Seattle	3.3	4.7	10.4	18.7
Spokane	0.4	2.0	2.6	8.5

Source: Weather Bureau, United States Department of Agriculture.

Indexes of the volume and value of crop production, prepared by this Bank (see table A), indicate that conclusions previously mentioned in this Review as to crop yields and returns during 1929 were correct, the volume of production having been smaller and the gross value of the product larger in 1929 than in 1928.

Exports of wheat from Puget Sound and Columbia River ports were six per cent larger in volume during December, 1929, than in December, 1928. During the last half of 1929, however, exports were 17 per cent less than in 1928. There was a smaller acreage of winter wheat sown in the District during the autumn of 1929 than was planted in 1928, and on December 1 the crop was in poorer condition than a year ago.

FALL-SOWN WHEAT—CONDITION AND ACREAGE

	Twelfth District		Acreage Sown	
	Condition (Per cent of normal)		(In thousands)	
	Dec. 1, 1929	Dec. 1, 1928	Dec. 1, 1929	Dec. 1, 1928
California	71	91	790	850
Idaho	77	86	477	536
Oregon	54	85	896	924
Washington	40	70	1,304	1,344
Total .....	..	..	3,467	3,654
United States	86.0	84.4	43,690	42,820

Source: United States Department of Agriculture.

Barley exports from San Francisco were greater in volume during December, 1929, than in either November, 1929, or December, 1928. Shipments for the crop season, July 1, 1929, to January 1, 1930, were 7,003,000 bushels as compared with 6,919,000 bushels shipped in the corresponding period of the 1928-1929 crop year.

Other important crops which are marketed during the winter months are vegetables, apples, oranges, and lemons. Shipments of apples and vegetables from July 1 to December 31 were 29 per cent and 11 per cent, respectively, less during 1929 than in 1928. Similarly shipments of oranges and lemons for the season from November 1 to December 31 were 18 per cent and 49 per cent, respectively, smaller in 1929 than in 1928.

The dairy industry has recently felt the effects of a sharp decline in butter prices. From December 26, 1929, to January 13, 1930, the price for 92 score butter at San Francisco ranged from 39 cents per pound to 31½ cents per pound. During the early part of January, 1929, the price of this representative grade of butter ranged from 45 to 48 cents per pound.

**(A) INDEXES OF CROP* PRODUCTION AND VALUE—Twelfth District
(1925-1927 average = 100)**

	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919
VOLUME											
Arizona	126.7	119.0	104.3	104.1	91.6	83.6	79.9	67.9	59.8	79.7	77.8
California	112.7	110.6	108.0	100.2	91.8	81.8	88.8	82.3	75.0	76.1	75.6
Idaho	102.4	103.6	117.0	87.5	95.5	68.4	96.4	82.5	87.3	80.9	68.5
Nevada	91.2	102.2	90.0	93.1	116.9	66.5	97.6	107.6	89.4	78.4	84.6
Oregon	105.2	112.1	110.8	99.3	89.9	74.1	109.5	93.0	99.2	98.2	86.3
Utah	99.4	101.1	95.1	92.9	112.0	65.4	107.5	105.0	100.3	99.9	76.4
Washington	93.4	105.8	109.0	98.1	92.9	69.2	116.5	80.9	106.9	84.8	93.7
District	107.2	109.0	108.6	98.1	93.3	76.6	97.0	83.8	84.9	81.8	79.2
VALUE											
Arizona	132.6	148.8	110.3	92.6	97.1	95.9	97.3	76.0	58.5	125.9	134.5
California	111.7	108.3	103.2	94.8	102.0	90.5	87.9	92.9	79.2	111.4	139.2
Idaho	104.7	92.2	102.2	86.7	111.1	78.8	80.0	70.1	65.6	97.4	136.6
Nevada	130.1	113.0	86.7	97.3	115.4	89.5	103.2	115.7	89.3	116.0	143.1
Oregon	112.4	101.5	107.9	92.2	99.9	80.1	93.0	87.2	85.6	116.5	146.4
Utah	107.6	89.0	93.4	87.5	119.1	82.0	101.6	88.2	77.7	146.7	148.8
Washington	102.3	90.7	104.4	88.0	107.6	78.8	91.0	76.4	92.8	102.7	156.1
District	110.2	104.4	103.4	92.1	104.5	86.0	89.1	86.3	79.8	110.7	143.0

* Includes grains, field crops, fruits, and vegetables. In 1919 and 1920 vegetables were omitted.

Storage stocks of butter in the United States and in the Twelfth District were 48 per cent and 87 per cent, respectively, larger on January 1, 1930, than on January 1, 1929. Production of creamery butter during the past year is estimated to have approximated the 1928 production. The average price of fluid milk at Pacific Coast country delivery points was \$2.58 per hundred pounds during December, 1929. In December, 1928, the average price was \$2.50 per hundred pounds.

Receipts of eggs at Portland, Los Angeles, and San Francisco increased seasonally from November to December and were 11 per cent greater in December, 1929, than in December, 1928. Storage stocks of eggs at Pacific Coast centers declined seasonally from 124,704 cases to 12,301 cases during December, and at the close of that month were the same as a year ago. In these same markets egg prices during early January were maintained at levels about ten per cent higher than a year ago.

Winter livestock ranges were improved by the rains of December and early January, which followed upon several months of dry weather. Heavy feeding of livestock continues, however, as ranges cannot yet supply the usual amounts of forage.

Sheepraisers of the District are in a less favorable position at the beginning of 1930 than at the beginning of 1929. Lower prices for both wool and lambs and higher feed costs have affected the industry adversely during recent months. The cattle industry, aside from the feeding difficulties of the autumn months, has experienced another satisfactory year, the market for beef products having been well maintained during most of 1929. Cattle, sheep and hog receipts at the eight principal markets of the District declined seasonally from November to December, 1929, and were about six per cent, two per cent, and one per cent, respectively, less, than in December, 1928.

(B) Industry—

Manufactures:	Indexes of daily average production, adjusted for seasonal variations (1923-1925 daily average = 100)							
	1929				1928			
	Year's Average	Dec.	Nov.	Oct.	Dec.	Nov.	Oct.	Year's Aver.
Flour	113	105	107	109	107	107	103	
Slaughter of Livestock	84	81	86	89	85	85	95	
Lumber	108	110	103	103	116	116	107	
Refined Mineral Oils†	193	186	196	215	176	176	155	
Cement	106	108	107	102	115	115	113	
Wool Consumption†	83*	..	83	105	67	67	75	
Minerals:								
Petroleum (California)†	121	106	107	132	105	105	96	
Copper (United States)†	127	115	117	123	133	133	115	
Lead (United States)†	113	105	113	115	114	114	107	
Silver (United States)†	94	91	110	92	100	100	106	
General:								
Carloadings—Industrial	111	97	106	106	113	113	113	
Value of Building Permits§								
Twenty Larger Cities	65	50	59	60	66	66	73	
Seventy Smaller Cities	89	66	71	82	95	95	91	
Value of Engineering Contracts Awarded§								
Total	142	109	120	111	128	128	128	
Excluding Buildings	156	76	98	116	120	120	115	

*Eleven months average, December figures not available. †Not adjusted for seasonal variation. ‡Prepared by Federal Reserve Board. §Indexes are for three months ending on the month indicated.

Industry

Starting the year 1929 at a relatively high level, industrial activity in the Twelfth Federal Reserve District increased during the second and third quarters of the year and then declined substantially. Evidence of this general trend is found in the figures of railway carloadings of industrial products and in the individual reports of production of lumber, petroleum, flour, copper, lead, cement, steel, and electric power. There was a consistent decline throughout most of the year in the volume of building construction. Production of canned fruits was smaller and of canned fish larger than in 1928. Industrial employment followed the trend of industrial activity and, at the year end, there was reported to be slightly less unemployment than at the close of 1928.

For the petroleum industry, 1929 was a year of exceptional activity. Production of crude oil in California reached record levels during the autumn months and refinery output of petroleum products increased at a rapid rate. Production of both crude and refined oils exceeded consumption and there was a substantial accumulation of stocks during the year. By agreement among the oil companies, production of crude petroleum was curtailed during November and December. During the latter month, stocks of lighter grade crude oils decreased rather sharply, but that decline was offset by a small increase in stocks of the heavier grades so that total crude oil stocks did not change during the month. Refinery output continued in excess of current demand, however, and despite unusually heavy shipments, stocks of gasoline advanced slightly. An interesting feature of the year in this industry was the completion of pipe lines which are now being used to bring natural gas from mid-California oil fields to the cities of the San Francisco Bay area.

(C) Employment—

Industries	No. of Firms	California		No. of Firms	Oregon	
		No. of Employees Dec., 1929	No. of Employees Dec., 1928		No. of Employees Dec., 1929	No. of Employees Dec., 1928
All Industries	690	148,796	148,018	142	24,476	23,903
Stone, Clay and Glass Products	41	6,060 (0.5)	6,260	4	121 (2.4)	188
Lumber and Wood Manufactures	108	20,359 (-3.2)	22,879	51	14,066 (-35.6)	13,944
Textiles	16	2,221 (-11.0)	2,389	10	1,928 (0.9)	1,809
Clothing, Millinery and Laundering	55	7,378 (-7.0)	7,421	9*	483 (6.6)	479
Food, Beverages and Tobacco	141	20,115 (-0.6)	21,190	40	2,178 (0.8)	2,043
Water, Light and Power	10	14,180 (-5.1)	10,857	..	.. (6.6)	..
Other Industries†	306	75,846 (1.2)	74,966	..	.. (1.2)	..
Miscellaneous	13	2,637 (28.3)	2,056	28	5,700 (4.8)	5,440

*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 December, 1928.

Production of **lumber** was relatively large during January, 1929, but tended downward throughout the remainder of the year. From July to December demand decreased more rapidly than production, however, and the inventory position of the industry was unfavorably affected. Both shipments and new orders were substantially smaller in volume during December, 1929, than in December, 1928, and on January 4, 1930, gross stocks of 150 identical mills were eight per cent greater than on January 5, 1929.

The value of **building** permits issued in ninety cities of the District tended downward throughout the year and was comparatively small for the year as a whole. During the last quarter of 1929 the total of such permits was less than in any quarter since 1921. In seventy of the smaller cities included in the reporting list, building was maintained at levels above those of 1928 during the first eight months of 1929, but declined rapidly in the closing months of the later year. Building activity in the larger cities of the District declined gradually throughout most of the year. The value of **engineering construction** contracts awarded in the Far-west was exceptionally high during the first five months of 1929, due chiefly to the letting of private bridge contracts in the San Francisco Bay region and to the award of contracts for various public buildings. During the last half of the year the value of engineering construction contracts awarded approximated the totals for the last half of 1928.

Production of non-ferrous metals was substantially larger during 1929 than during 1928.

Output of **copper** was high at the beginning of the year, but later declined as producers endeavored to adjust output to current demand. Despite this reduction in output, stocks of copper at the end of the year were considerably larger than at the close of 1928. Production of **lead** increased steadily throughout 1929 although the price of lead tended downward. **Silver** output, a large part of which is a by-product of copper and lead mining, was at relatively low levels during most of 1929. Due to various causes, the price of silver declined during the latter part of the year to the lowest point in over a century.

Flour production in the District increased at about the usual annual rate during the year 1929, although there were wide variations in the volume of output from month to month. Largely because of price uncertainty both export and domestic demand declined during the last quarter of the year and stocks increased to exceptionally high levels.

The canned **fruit** and **vegetable pack** in the Twelfth District was four per cent smaller in 1929 than in 1928, a decrease of 17 per cent in the amount of fruit canned more than offsetting an increase of 29 per cent in output of canned vegetables. A substantial decrease in the canned apple pack of the Pacific Northwest and a decrease of 23 per cent in the canned peach pack in California, were the chief factors contributing to the decline in output of canned fruits. In Oregon and Washington the fruit pack was slightly smaller, and the vegetable pack considerably larger, than in 1928. In California the output of canned fruits declined materially during 1929 while the vegetable pack showed a marked increase, largely as a result of a 44 per cent gain in output of canned spinach.

(D) Distribution and Trade—

	1929			1928	
	Year's Average	Dec.	Nov.	Dec.	Year's Average
Index Numbers*					
Foreign Trade †					
Total	142°	..	..	134	128
Imports‡	126°	..	..	131	115
Exports	150°	..	..	141	136
Intercoastal Trade §					
Total	97	107	107	105	95
Westbound	137	142	146	147	142
Eastbound	86	98	97	93	81
Carloadings ¶					
Total	112	101	109	109	115
Merchandise and Miscellaneous	117	115	118	116	120
Wholesale Trade §					
Sales	105	95	112	113	101
Retail Trade					
Automobile Sales ‡					
Total	132	98	120	134	108
Passenger Cars	129	95	113	128	111
Commercial Vehicles	163	130	188	190	78
Department Store					
Sales‡	123	127	124	124	125
Stocks¶	106	112	114	113	106
Actual Figures					
Stock Turnover||	.26	.42	.25	.27	.43
Collections ‡					
Regular	45.8	43.8	45.5	48.4	45.3
Installment	15.2	14.1	14.5	16.3	13.7

*Adjusted for seasonal variation, 1923-1925 average=100. †Indexes are for three months ending on month indicated. ‡Ten months average, November and December figures not available. †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.

Trade

Trade in the Twelfth District was active at high levels during most of 1929, although a recession did take place during the final quarter of the year. Value of merchandise sales at retail and at wholesale and sales (registrations) of new automobiles were larger in 1929 than in 1928. There was little change over the year period in merchandise carloadings, but a smaller volume of industrial freight was loaded on the District's railroads. The tonnage of goods handled in the intercoastal trade through the Panama Canal was moderately large during 1929, but declined in the last two months of the year. The District's foreign trade for the first ten months of 1929 was larger in value than for the first ten months of 1928, with exports increasing and imports, excluding silk, decreasing throughout the year.

Available data show that sales at **retail** maintained approximately their usual rate of growth

during most of 1929, although December sales were only slightly above those of December, 1928. The largest growth in sales was reported by department stores in Arizona, Los Angeles, Oakland and Seattle. Substantial declines were reported by stores in the state of Washington, outside of Seattle. In all other sections of the District there was little change in value of sales as compared with the previous year. With the exception of the last quarter of the year, department store stocks were generally lower during 1929 than during 1928 and stock turnover was more rapid. Collections on regular accounts were slightly better during 1929 than in the earlier year, but collections on installment accounts were not so easily made.

RETAIL TRADE—Twelfth District

	NET SALES*		STOCK*
	Dec., 1929	Jan. 1 to Dec. 31, 1929	
	compared with Dec., 1928	compared with Jan. 1 to Dec. 31, 1928	
Department Stores†	0.4 (68)	2.7 (64)	5.5 (51)
Apparel Stores	-3.6 (30)	0.6 (26)	4.5 (18)
Furniture Stores	-7.5 (41)	2.1 (39)	0.2 (26)
All Stores	-1.2 (139)	2.5 (129)	4.6 (95)

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

Total annual sales at wholesale as reported to this Bank were moderately larger in 1929 than in 1928. Of the ten lines of wholesale trade for which data are collected, two lines—dry goods and shoes—showed declines as compared with last year's record. All other lines—agricultural implements, automobile equipment, drugs, electrical supplies, furniture, groceries, hardware, and paper and stationery—showed gains of from two to seven per cent over the year period. The largest increases were reported from the Los Angeles trading area. Sales declined more than seasonally during December, 1929, and were considerably smaller than in December, 1928, for all lines except agricultural implements, groceries and shoes. Stocks of wholesalers at the year-end were about three per cent larger this year than last, this tendency toward larger inventories having persisted throughout the last half of the latter year. Better results were had from collections on accounts receivable during 1929 than during 1928 in all lines except drugs, furniture, and shoes.

Sales of new automobiles, including both passenger and commercial vehicles, were unusually large at the beginning of 1929 and increased to record levels during July and August, since when they have tended downward. Sales were 10 per cent smaller in number in December, 1929, than in December, 1928. Total registrations of new automobiles were 33 per cent larger in 1929 than in 1928.

Freight carloadings on the District's railroads were somewhat smaller in number in 1929 than in 1928. Shipments of livestock declined sharply and moderate declines were reported for grain and forest product loadings.

There was a substantial increase in loadings of coal and coke and ore, but such loadings are relatively unimportant in this area. The amount of merchandise and miscellaneous freight carried changed little as compared with the previous year. December loadings of most commodities were in relatively small volume, and were below those of either the preceding month or of the same month a year ago.

The total cargo tonnage shipped through the Panama Canal in the intercoastal trade of the District was larger than in 1928 and approximately the same as in 1927 and 1926. The increase in 1929 as compared with 1928 was due almost entirely to increased shipments of petroleum products from California to the Atlantic Coast. The volume of lumber (the second most important commodity in this trade) shipped to the east coast during 1929 declined eight per cent as compared with 1928. Westbound shipments in the intercoastal trade largely represent the movement of fabricated steel, pipe, and similar materials from the East to this District, commodities which are used chiefly by the District's petroleum and building and construction industries. The amount of this trade on a tonnage basis was 14 per cent larger in 1929 than in 1928. During December there was a moderate decline in eastbound and a sharp decline in westbound cargo.

The total value of the foreign trade of the District's ports was larger during the first ten months of 1929 than in most similar periods of record. Exports were maintained in heavy vol-

(E) Bank Debts*—

	Dec., 1929	Dec., 1928	Twelve Months	
			1929	1928
Arizona				
Phoenix	\$ 49,793	\$ 51,542	\$ 524,852	\$ 437,768
California				
Bakersfield	16,694	16,946	175,740	173,978
Berkeley	20,492	22,641	255,749	262,936
Fresno	48,256	43,950	423,922	435,938
Long Beach	60,222	65,475	752,436	674,411
Los Angeles	1,101,567	1,170,195	14,621,942	12,912,344
Oakland	237,658	336,155	2,846,394	3,017,346
Pasadena	38,619	45,382	489,840	486,775
Sacramento	53,366	53,124	625,220	604,698
San Bernardino	12,065	11,244	137,590	129,104
San Diego	65,716	69,501	775,630	752,846
San Francisco	1,302,146	1,679,536	16,987,478	18,384,203
San Jose	30,568	29,865	384,322	359,611
Santa Barbara	16,615	17,059	206,479	173,052
Stockton	28,322	31,609	344,692	352,319
Idaho				
Boise	17,618	16,976	190,860	186,728
Nevada				
Reno	13,077	12,016	156,243	122,744
Oregon				
Eugene	8,916	9,092	96,757	93,425
Portland	187,913	201,221	2,370,909†	2,201,755
Utah				
Ogden	22,976	23,941	245,209	233,931
Salt Lake City	98,960	100,071	1,012,128	927,404
Washington				
Bellingham	9,777	10,336	126,486	120,771
Everett	12,992	15,014	168,189	164,881
Ritzville	789	1,271	10,868	12,841
Seattle	249,853	267,778	3,297,121	2,958,306
Spokane	58,521	62,954	737,135	686,240
Tacoma	48,097	51,935	608,250	558,767
Yakima	17,139	16,211	187,133	173,053
Total	\$3,828,727	\$4,433,040	\$48,759,574†	\$47,598,205

*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.

ume during the greater part of the period, first because of large shipments of dried fruits and later as a result of a heavy movement of petroleum. The import trade of the District (exclusive of silk) was unusually large early in the year, chiefly because of heavy receipts of crude rubber at Los Angeles. Since then imports have declined steadily but, at the end of October, 1929, were still larger than at the end of October, 1928.

Prices

It is a matter of common observation that the rapid rise of industrial activity and the inflation of security prices during recent years have not been accompanied by commodity price inflation; at wholesale, the prices of farm products alone have risen and this increase has been offset by decreases in the prices of most other groups of commodities. During the past year a general downward trend of wholesale prices was interrupted only in the months of June and July. The upward impetus during these months came from the farm products group, a group which has been responsible for most of the short period fluctuations in prices during recent years.

Wholesale commodity prices in December averaged slightly lower than during the preceding month and were substantially lower than in December, 1928. At 94.2, the price index of the Bureau of Labor Statistics was lower than it has been at any time since 1922, excepting the late spring of 1927, when it reached 93.7 and 93.8.

Wheat prices at Pacific Coast centers moved downward during the greater part of December, but tended upward during the last week of the year when large purchases by European buyers strengthened the market. Demand was less active during the first two weeks of January and prices declined moderately. Barley markets continued weak during December, the price of that grain almost reaching the mid-November low for the season. A dry December in southern California helped to maintain the price of hay at a higher level than that which prevailed a year ago although quotations are slightly under those of the past few months.

Livestock prices remained at late November levels during the first three weeks of December, since when they have been steadily but slowly rising. Lamb prices are substantially lower, and cattle prices moderately lower than a year ago, while hog prices are approximately the same as in January, 1929. In December and early January wool sold for the lowest prices in seven years. The market for hides was unchanged as compared with the previous month.

Among the lesser agricultural products now being marketed, beans and potatoes are of particular importance as cash crops. In December, for the first time this season, potato prices did

not decline as compared with the preceding month. Despite the season's downward trend of prices, however, potatoes are still selling for more than twice as much as they did a year ago. Bean prices during December were slightly higher than in December, 1928.

Increased receipts of foreign lemons together with seasonally larger shipments from California brought about a sharp decline in lemon prices during December. Orange prices were practically unchanged during the month. Both oranges and lemons sold at higher prices in December, 1929, than in December, 1928.

Producers of copper have managed to maintain the price of that metal at 18 cents per pound delivered Connecticut Valley points despite the relatively large stocks which they hold. An increase in orders during December, many of which were for January delivery, lent strength to the copper market. Moderately large orders for lead and tin gave an appearance of firmness to the market for lead, and terminated, at least temporarily, the recession in tin prices which had already reached the lowest levels in six years. Increased stocks of zinc and lower quotations for that metal were recorded in December. Silver was quoted early in January at the lowest price on record, a situation which affects not only the silver producers of the District, but all of those having trade with countries where silver is a metal of exchange.

There have been few changes in prices of petroleum and its products during recent weeks. Prices of kerosene and gasoline have advanced slightly and quotations for fuel oil have declined.

During December slightly improved demand for lumber moderated the depressing influence of the large stocks held by the mills, but prices of that commodity continued to move downward.

Credit Situation

Total loans of reporting member banks in the Twelfth Federal Reserve District were maintained at record levels during the first half of January, but borrowings at the Reserve Bank declined to figures not often reached during recent years. This combination of increased loans and reduced borrowings was made possible, chiefly by (1) an inflow of investment funds from other districts; (2) a decrease in the amount of currency in circulation; (3) mint purchases of new gold; and (4) large net United States Treasury expenditures within the District. Interest rates have changed little since the beginning of the year.

The January 15 consolidated condition report of selected member banks in the Twelfth District differed little, in its main outlines, from the reports of one month ago or one year ago. An outstanding feature of the report was the sharp reduction of indebtedness at the Re-

serve Bank, with borrowings of country banks exceeding those of city banks for the first time since January, 1925. Decreased borrowing by member banks in San Francisco was chiefly responsible for the decline of rediscounts, the extent and distribution of which is shown in the accompanying table:

REDISCOUNTS BY HEAD OFFICE AND BRANCH TERRITORIES

	Jan. 15, 1930	Dec. 18, 1929	Jan. 16, 1929
San Francisco	\$ 8,785,000	\$51,492,000	\$43,664,000
Spokane	1,917,000	2,804,000	4,182,000
Seattle	531,000	448,000	4,345,000
Portland	2,514,000	2,199,000	1,638,000
Salt Lake City	1,038,000	1,194,000	1,461,000
Los Angeles	1,380,000	5,827,000	963,000
Total	\$15,935,000	\$63,964,000	\$56,253,000

The volume of commercial loans at reporting member banks, after remaining relatively stationary during 1927, 1928, and the first half of 1929, began an advance in June of last year which continued until December, since when the amount of these loans has tended downward. The volume of security loans of reporting banks increased subsequent to the October-November decline of stock prices and so far there has been but little reduction of these loans. To support this loan structure without additional borrowing at the Reserve Bank, it has been necessary among other things, for the banks to sell some of their investments. As total loans of the banks have increased there has been an increase in their total deposits, not directly and entirely due, however, to the increased volume of bank loans. While demand deposits have changed little ("net" demand deposits have declined slightly) time deposits have increased sharply, and a considerable part of the increase in time deposits appears to have been due to special transactions involving the deposit and temporary retention of funds realized from the sale of investment securities by local underwriters.

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

	Condition			
	Jan. 15, 1930	Jan. 8, 1930	Dec. 18, 1929	Jan. 16, 1929
Total Loans and Investments...	2,019	2,015	2,030	1,966
Total Loans	1,434	1,432	1,469	1,308
Commercial Loans	977	977	1,012	910
Loans on Securities	457	455	457	398
Investments	585	583	561	658
Net Demand Deposits	786	780	783	822
Time Deposits	1,062	1,054	987	992
Borrowings from Federal Reserve Bank	7	27	58	44

*Figures in this table subject to revision.

On January 15 the volume of credit extended by the Federal Reserve Bank of San Francisco stood at one of the low points of recent years, due almost entirely to the notable decrease in rediscounts previously referred to. A rapid rise in demand for credit at the Reserve Bank commenced in January, 1928, and from August until the end of April, 1929, rediscounts fluctuated about the 75 million dollar level, and holdings of acceptances were maintained at

relatively high figures. In May, 1929, rediscounts declined and during the next three months they averaged about 60 million dollars. A sharp upward movement began in September and carried rediscounts to a peak for the year of 116 million dollars on November 20, 1929. Since that date there has been a continuous decline in member bank borrowings at the Reserve Bank. Reserve Bank holdings of locally purchased acceptances declined from February until July, 1929, since when they have tended upward, largely in response to favorable rate differentials between acceptances and rediscounts which have been in effect during much of the past six months.

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

	Condition			
	Jan. 15, 1930	Jan. 8, 1930	Dec. 18, 1929	Jan. 16, 1929
Total Bills and Securities.....	60	81	109	128
Bills Discounted	16	36	64	56
Bills Bought	32	33	31	54
United States Securities.....	12	12	14	17
Total Reserves	315	309	283	247
Total Deposits	186	191	183	194
Federal Reserve Notes in Circulation	175	182	190	163
Ratio of total reserves to deposit and note liabilities combined.	87.2	82.8	75.9	69.4

The unseasonably low level of rediscounts at the Reserve Bank during the first half of January appears to have been, in large part, the result of an inflow of investment funds into San Francisco from other sections of the United States in payment for an issue of municipal bonds, the proceeds of which have been temporarily left on deposit with banks of the District. In effect, these funds have been substituted for the funds transferred out of the District at the time of the October-November break in the stock market. Other contributing factors have been: (1) an increase in Reserve Bank holdings of locally purchased acceptances, (2) a steady decline—amounting to 16 million dollars since October 1, 1929—in the apparent amount of currency* in circulation in the District (present circulation figures are approximately 20 million dollars below the figures for the close of both 1927 and 1928), and (3) an excess—21 million dollars—of United States Treasury expenditures over receipts in the Twelfth District.

The operations discussed in the two preceding paragraphs centered largely in the city member banks of the District. Borrowings by country member banks from the Reserve Bank reached a peak of approximately 15 million dollars during July and August, 1929, and then declined to six million dollars during December, 1929. During the past month borrowings of these banks have increased to nine million dollars.

Interest rates in this District generally remained unchanged during December and early January, although there was a tendency toward fractionally lower charges at some banks.

*Including Federal reserve notes and other forms of currency.