

MONTHLY REVIEW

OF

BUSINESS CONDITIONS

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

Vol. XIV

San Francisco, California, March 20, 1930

No. 3

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial production increased in February while the number of workers employed in factories was about the same as in January.

Wholesale commodity prices continued to decline. Credit extended by member banks was further reduced in February but increased in the first two weeks of March. Money rates continued to decline.

Production. In February industrial production increased about two per cent according to the Federal Reserve Board's index, which is adjusted to allow for seasonal variations. This increase reflected chiefly a substantial gain in the output of iron and steel. Automobile production was in larger volume than during January, but was 30 per cent smaller than the large output of a year ago. Cotton and wool consumption by mills was substantially lower in February, and production of bituminous coal and copper also decreased.

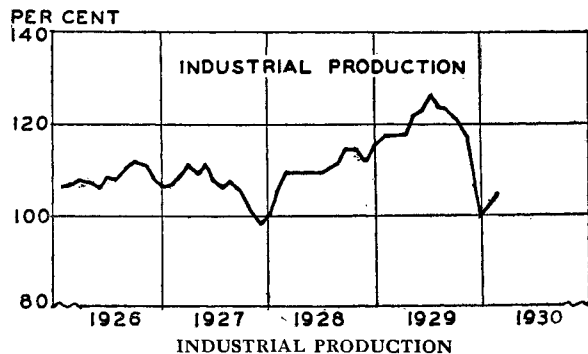
In the first two weeks of March the output of steel mills declined in comparison with February, contrary to the usual seasonal movement. Bituminous coal output also was smaller. The volume of building contracts awarded in February was about the same as in the preceding month. Residential building continued at an

exceptionally low level while contracts for public works and utilities were large in comparison with the corresponding month in other recent years. Awards in the first two weeks of March were larger than in the first half of February.

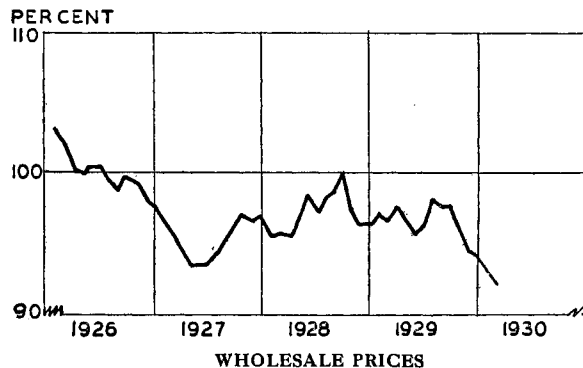
Employment. The volume of factory employment, which had reached a low point in January showed little change in February, when an increase usually occurs. Factory pay rolls increased during the month, but by a smaller amount than is usual at this season. In the steel, automobile, agricultural implement, and tobacco industries, employment increased during the four-week period, while further decreases occurred in the cotton and wool textile, lumber, automobile tire, electrical machinery, and machine tool industries.

Distribution. Freight carloadings on an average daily basis were slightly larger than in January, but smaller than in the corresponding month of any other recent year, and a slight seasonal increase was reported during early March. Department store sales in February continued to be below the level of a year ago.

Prices. Wholesale prices of commodities declined further during February, and at 92.1 per cent of the 1926 average the Bureau of



Index number of production of manufactures and minerals, combined, adjusted for seasonal variations (1923-1925 average = 100). Latest figure, February, 105.

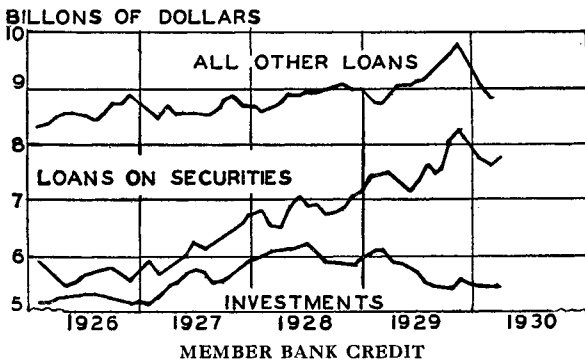


Index of United States Bureau of Labor Statistics (1926=100, base adopted by Bureau). Latest figure, February, 92.1.

Requests for early numbers of this Review have been received from universities and libraries whose files of the publication are incomplete. It would be appreciated if those readers who have available copies of the Review for months prior to January, 1923, would forward them to the Federal Reserve Agent, Federal Reserve Bank, San Francisco.

Labor Statistics' index was at the lowest point since January, 1922. Marked declines occurred during the month in the prices of many agricultural products, particularly grains, hay, raw wool and cotton; in certain imported raw materials, notably sugar and silk; and also in textiles, petroleum, and pig iron. During the first part of March, a number of these commodities

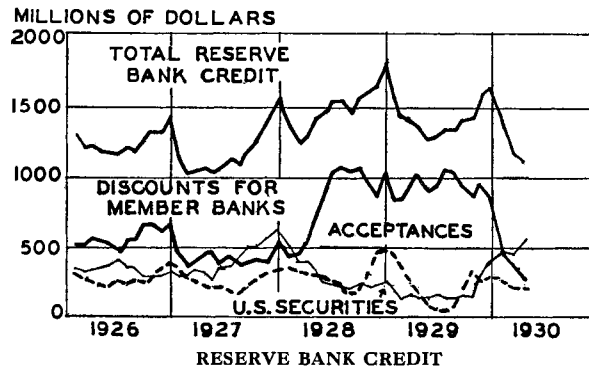
declined still further in price. Wheat and cotton prices were considerably lower, and silver reached the lowest point on record. By the middle of the month, however, prices of cotton, hides, and silver had recovered somewhat.



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

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Bank Credit. Liquidation of credit at member banks continued throughout February and on February 26 total loans and investments of member banks in leading cities were in about the same volume as in the early summer of last year. During the following two weeks, however, there was an increase of \$230,000,000 in loans and investments, chiefly in loans on se-



Monthly averages of daily figures for twelve Federal Reserve Banks. Latest figures are averages of first 18 days in March.

curities. All other loans, largely for commercial purposes, increased slightly. From the middle of February to the middle of March the volume of reserve bank credit outstanding decreased further by \$90,000,000. This decline reflected chiefly an increase in gold stock of \$75,000,000 and a further decline of money in circulation, offset in part by some increase in member bank

reserve balances. Member bank indebtedness at the reserve banks declined to \$267,000,000, the lowest level since early in 1925; reserve bank holdings of bills declined, while those of United States securities increased.

Money rates in the open market eased further and bond yields declined rapidly to the lowest level since 1928. At the middle of March the discount rate at the Federal Reserve Bank of New York was reduced from four to three and one-half per cent, and the rate at the Cleveland, Philadelphia, and San Francisco banks from four and one-half to four per cent.

TWELFTH FEDERAL RESERVE DISTRICT BUSINESS CONDITIONS

The apparent improvement in business conditions in the Twelfth Federal Reserve District late in January and early in February did not continue throughout the later month. Total industrial production averaged approximately the same as in January, while trade was less active than in that month. Wholesale commodity prices continued the decline that has been evident since the summer of 1929. Total carloadings increased sharply during February and were in about the same number as a year ago. Credit ease has become more evident during the past six weeks and interest rates have declined somewhat. Borrowings from the Reserve Bank have continued at relatively low levels.

Growing conditions, improved by beneficial rainfall, are perhaps the most favorable factor in the present agricultural outlook. The continued declines in prices of farm products have had a depressing influence on the markets for many crops and for livestock, and have intro-

duced some uncertainty in planning agricultural operations for the current season. Wheat has not been marketed as satisfactorily as it was last year. Constant additions to the District's herds of sheep during the past three years have combined with the current recession in prices of both lambs and wool to handicap that industry in maintaining the favorable market position it has occupied during recent years. This year's Navel orange crop, of moderate size and good quality, has been bringing satisfactory returns to citrus fruit growers.

Engineering contracts awarded showed an increase in value during February, but residential and other building operations declined further during the month. Increased output in two industries—lumber and petroleum—offset declines in some other lines of industrial activity during February, and total industrial production was maintained at about the levels recorded for January. It should be noted, how-

ever, that the lumber cut was unusually small in January and that increased crude oil production in February was the result of permitting unrestricted output for a few days in order to establish the proper basis of proration in the current curtailment program of that industry.

The value of trade, partly because of price declines, was less in February than in other recent months or in February of last year. Retail sales decreased over the year period in most cities of the District, increases in aggregate sales being reported only for Portland and Oakland. Wholesale trade was less active than in February, 1929, but showed about the usual change when compared with January. Inter-coastal trade receded further during February.

Continued commodity price declines have become an increasingly important, though not entirely unfavorable influence in the business situation. Prices of many basic commodities (for example, wool, silk, silver, lead, zinc, tin, rubber, coffee) are at the lowest levels recorded for several years. Declining prices and rather large stocks in the hands of producers and users of many important raw materials have accompanied decreasing industrial output.

Changes in the credit situation since mid-February have added to the supply of funds available to District money markets. Loans and discounts of member banks have not shown any significant movements since that time, although their investment holdings have increased somewhat as a result of the March 15 issue of United States Treasury certificates. Discounts at the Reserve Bank have remained at the unusually low volume which has prevailed since mid-January. The discount rate of the Federal Reserve Bank of San Francisco was reduced from four and one-half to four per cent, effective March 21.

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

	July 1—March 19		
	1929-1930	1928-1929	Normal
Arizona			
Flagstaff	12.2	13.9	18.8
Phoenix	5.4	5.9	7.8
California			
Eureka	19.5	23.3	34.0
Fresno	5.6	6.2	7.8
Los Angeles	8.5	10.5	14.1
Red Bluff	18.0	13.5	20.0
Sacramento	12.0	8.8	14.8
San Diego	7.6	6.0	8.5
San Francisco	14.4	13.1	19.1
Idaho			
Boise	8.1	6.8	9.2
Nevada			
Reno	4.8	2.8	6.8
Oregon			
Baker City	4.1	5.4	8.5
Portland	22.0	20.6	34.4
Roseburg	19.0	16.1	26.5
Utah			
Salt Lake City	8.7	8.3	10.5
Washington			
Seattle	15.1	15.1	26.6
Spokane	5.2	6.0	11.6

Source: Weather Bureau, United States Department of Agriculture.

Agriculture

Conditions affecting soil cultivation and plant growth have been improved by rainfall in the Twelfth District during the past six weeks. During the same period fall-sown crops have been protected by snow-cover in the District's colder regions, and additional snowfall in the higher altitudes has given greater assurance of a supply of irrigation water during the coming summer months. Less favorable conditions have, however, confronted agricultural marketing activities, with the possible exception of the marketing of citrus fruits and a few minor crops. The continued decline of prices for most agricultural products has engendered considerable uncertainty among producers and in some cases the planning of agricultural operations for the current season has been made more difficult.

Marketing of wheat has been proceeding at a slow pace and up to March 1 of the 1929-1930 crop year total exports of wheat from Puget Sound and Columbia River ports were 11 per cent smaller in volume than during the corresponding period of the 1928-1929 marketing season. During the same period there was also a reduction in exports of barley from San Francisco which amounted to seven per cent as compared with a year ago. Figures of stocks of wheat and barley remaining on farms in this District and in the United States on March 1 are shown in the following table.

WHEAT AND BARLEY—STOCKS ON FARMS

	March 1		
	1930	1929	1928
Wheat*			
Twelfth District	14,199 (12.5)	14,439 (11.4)	15,731 (11.3)
United States	129,153 (17.1)	148,813 (16.5)	130,944 (14.9)
Barley*			
Twelfth District	3,032 (6.9)	4,914 (10.6)	3,820 (9.2)
United States	73,280 (23.9)	97,050 (27.2)	61,972 (23.3)

*In thousands of bushels. Figures in parentheses indicate percentage of preceding year's crop remaining on farms March 1. Source: United States Department of Agriculture.

Shipments of apples from California, Idaho, Oregon, and Washington totaled 40,633 carloads from July 1, 1929, to March 1, 1930, a 26 per cent decrease from shipments during a comparable period of the 1928-1929 season. The District's commercial apple crop was 22 per cent smaller in 1929 than in 1928.

On March 1 the Navel orange crop in California was estimated to be 9,840,000 boxes or little more than half as large as the 1928-1929 crop. The smaller volume of production has been reflected in substantially reduced shipments of oranges this season.

The market for dairy products, particularly butter, has not improved in recent weeks. Cold storage holdings of butter in the United States increased during February and on March 1,

1930, were nearly four times as large as on March 1, 1929. Production of creamery butter in California, Idaho, Oregon, and Washington during January, 1930, was approximately the same as in January, 1929, and only slight declines in production were indicated by weekly reports received during February.

Egg prices continued to decline seasonally during February. In early March, however, they were about nine per cent higher than in March, 1929.

Rains and warm weather during February and early March were conducive to seasonal improvement in livestock ranges of the District, which in turn resulted in a decreased use of supplemental feed supplies except in the higher altitudes where there is still some snow-cover. Principally because of heavy feeding this past winter, the condition of livestock is now as good or better than it was in the spring of 1929.

Receipts of livestock during January and February followed similar trends at Pacific Coast and mid-western stockyards.

LIVESTOCK—MARKET RECEIPTS

	—January 1—February 28—	
	1930	1929
Cattle		
Twelfth District*	133,491	129,090
Mid-West†	1,241,383	1,232,468
Sheep		
Twelfth District	338,765	329,372
Mid-West	2,324,119	2,237,682
Hogs		
Twelfth District	411,296	476,394
Mid-West	5,154,986	5,218,957

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

Pacific Coast quotations for lambs have declined since January 18 and on March 1 were about 30 per cent lower than a year earlier. Early reports of spring lambing operations in the District present a contrast to conditions existing a year ago. In the Pacific Northwest, the early spring lamb crop is turning out to be larger than in 1929 when adverse weather conditions caused heavy losses of new-born lambs.

(A) Industry—

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

	—1930—		—1929—	
	Feb.	Jan.	Dec.	Feb.
Manufactures:				
Flour	121	120	105	124
Slaughter of Livestock	78	77	81	83
Lumber	98	82	110	94
Refined Mineral Oils†	169	180	186	172
Cement	93	78	108	116
Wool Consumption‡	..	61	67	74
Minerals:				
Petroleum (California)†	113	107	106	121
Copper (United States)‡	95	101	115	136
Lead (United States)‡	..	..	105	99
Silver (United States)‡	90	91	91	91
General:				
Carloadings—Industrial	97	82	97	92
Value of Building Permits§				
Twenty Larger Cities	50	51	50	69
Seventy Smaller Cities	58	57	66	88
Value of Engineering Contracts Awarded§				
Total	120	149	109	190
Excluding Buildings	115	117	76	98

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

In California, the number of early lambs approximates that of a year ago. Largely because of mild weather and improved feed conditions during February, this year's lambs are stronger than usual and losses have been comparatively light. Few, if any, sales contracts for future delivery of lambs have been reported thus far. There has been some selling of the forthcoming 1930 wool clip in this District on a consignment basis during recent weeks, but outright sales of the new crop are reported to have been scarce.

Industry

After making allowance for seasonal movements, there was little change in the aggregate industrial output of the Twelfth District during February. Increases in lumber and crude oil production were approximately offset by decreases in output of the petroleum refining and non-ferrous metals industries. There was also a sharp decline in the value of building permits issued. Unemployment was reported to be more extensive than at any time in several years. A slight increase in the number of workers employed in the lumber industry of the Pacific Northwest was not sufficient to offset increased unemployment in most other parts of the District. Employment data for California as reported by a diversified list of 710 representative firms show that the number of workers employed in February, 1930, was five per cent less than in February, 1929.

During February, daily average output of petroleum in California was moderately larger than during January, but was less than in February, 1929. Practically all of the increase may be attributed to the unrestricted output permitted in certain fields for several days in order to establish a basis for proration of pro-

(B) Employment—

Industries	California			Oregon		
	No. of Firms	No. of Employees Feb., 1930	No. of Employees Feb., 1929	No. of Firms	No. of Employees Feb., 1930	No. of Employees Feb., 1929
All Industries	710	147,900	155,336	146	22,615	23,557
Stone, Clay and Glass Products.	38	5,778	6,251	4	182	210
Lumber and Wood Manufactures ..	112	18,486	20,848	51	12,728	13,737
Textiles	17	2,161	2,326	10	1,875	2,142
Clothing, Millinery and Laundering.	55	7,614	7,807	9*	470	457
Food, Beverages and Tobacco...	152	22,307	24,031	42	1,757	1,615
Water, Light and Power	11	8,601	8,350	..	..	..
Other Industries†.	311	80,371	83,481	..	..	..
Miscellaneous	14	2,582	2,242	30	5,603	5,396

*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 February, 1929.

duction during the period of curtailment which began March 1. The objective of this curtailment program, as announced by leaders of the industry, is to reduce production of petroleum in California to levels somewhat below consumption so that present excessive stored stocks of crude oil may be reduced in supplying current demand. It is estimated that a daily average output of California crude oil ranging from 650,000 to 660,000 barrels is sufficient to meet current requirements of the industry. For the week ended March 15 the daily average output, as reported by the American Petroleum Institute, was about 652,000 barrels. Refining activity decreased substantially during February and refined oils were produced in smaller volume than in February, 1929. Shipments to the Atlantic Coast declined during the month, however, and stocks, particularly of gasoline, continued to increase.

Output of the non-ferrous metals continued to decrease in this District during February, whereas daily average production during that month usually expands to the highest levels of the year. A number of copper mines continued to operate on a curtailed basis and mine stocks of copper declined. Demand for the metal was slight, however, and refined stocks, which, for several months, have been at levels substantially above those of a year ago, increased sharply. Production of silver and lead also declined during February.

Both production and shipments of lumber increased more than seasonally during February, and production was larger in volume than in

February, 1929. Comparisons of the actual figures for February, 1930, with those reported for January, 1930, and February, 1929, are likely to be somewhat misleading, however, unless the fact that operations in the lumber industry were at exceptionally low levels during the two earlier months be borne in mind. As compared with the general level of output during recent years, the cut during February, 1930, was relatively small. The ratio of shipments to production changed little during the month, but there was a slight increase in producers' stocks, which continued larger than a year ago.

The total value of building permits issued in ninety cities in the Twelfth District was substantially less in February, 1930, than in January, 1930, or February, 1929. The decline was chiefly attributable to sharp decreases in the value of building in Los Angeles and San Francisco. Exclusive of large industrial and commercial buildings, the figures for which are included in building permits, the value of engineering contracts awarded in the District was about the same as the average of the preceding three months.

Production of flour increased by approximately the usual amount during February. There were, however, larger than seasonal reductions in milling stocks of flour although they remained substantially larger in volume than a year ago. Stocks of milling wheat also decreased during February and were slightly smaller than those carried at the end of Febru-

(C) Distribution and Trade—

	1930		1929	
	Feb.	Jan.	Dec.	Feb.
Foreign Trade*				
Total†	1321	134	148	
Imports†	1201	129	134	
Exports	143	140	155	
Intercoastal Trade*				
Total	100	107	107	99
Westbound	128	124	142	134
Eastbound	89	97	98	87
Carloadings‡				
Total	108	94	101	108
Merchandise and Miscellaneous...	112	105	115	116
Wholesale Trade§				
Sales	99	100	95	104
Retail Trade				
Automobile Sales‡				
Total	115	108	1170	132
Passenger Cars	114	104	1120	1300
Commercial Vehicles	124	155	1590	1590
Department Store				
Sales‡	120	119	127	121
Stocks¶	108	104	111	101
Stock Turnover||	.20	.22	.42	.22
Collections#				
Regular	42.9	45.8	43.8	44.3
Installment	14.7	15.7	14.1	15.3

*Adjusted for seasonal variation, 1923-1925 average=100. †Indexes are for three months ending on month indicated. ‡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. ◊Revised. †Preliminary.

(D) Bank Debts*—

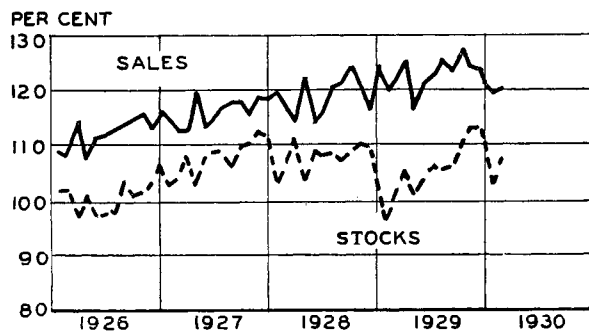
	Feb. 1930	Feb. 1929	First Two Months—	
			1930	1929
Arizona				
Phoenix	\$ 37,278	\$ 46,387	\$ 84,267	\$ 92,787
California				
Bakersfield	12,786	13,276	28,936	29,827
Berkeley	18,753	20,159	41,824	44,539
Fresno	43,181	28,852	89,066	63,920
Long Beach	43,980	60,295	98,818	133,622
Los Angeles	969,142	1,166,451	2,077,618	2,435,503
Oakland	169,807	219,580	370,838	476,541
Pasadena	34,417	45,480	73,336	95,436
Sacramento	42,201	44,408	97,245	98,562
San Bernardino	10,436	10,192	21,651	22,743
San Diego	55,306	62,213	118,755	136,971
San Francisco	1,142,644	1,309,068	2,436,234	2,745,793
San Jose	24,726	24,829	58,059	56,347
Santa Barbara	13,701	15,066	31,231	33,101
Stockton	21,249	23,474	50,615	52,950
Idaho				
Boise	12,383	12,604	28,641	29,413
Nevada				
Reno	10,033	9,451	22,126	20,407
Oregon				
Eugene	5,976	6,162	12,680	13,659
Portland	150,371	175,570	325,775	358,269
Utah				
Ogden	14,332	16,216	33,589	36,729
Salt Lake City	66,110	67,219	154,845	153,580
Washington				
Bellingham	7,823	8,838	16,998	18,814
Everett	11,743	11,976	25,625	25,879
Ritzville	593	796	1,189	1,870
Seattle	217,775	230,836	469,298	505,314
Spokane	45,701	52,318	99,516	112,819
Tacoma	39,474	42,558	86,721	95,025
Yakima	11,778	11,624	26,224	25,464
Total	\$3,233,699	\$3,735,898	\$6,981,720	\$7,915,884

*In thousands of dollars.

ary last year. The continued rapid movements of wheat prices during the past few months have been a disturbing factor in the flour milling industry in this District, particularly in view of the fact that the District's millers generally have not practiced hedging their purchases of wheat. Demand for flour has been but moderately active during recent weeks.

Trade

The course of trade during the second month of 1930 was less definitely downward than in other recent months. Both retail and wholesale sales declined by about the usual amount as compared with January and were smaller in value than in February a year ago. Although not conclusive, there is some evidence to indicate that current price declines have extended



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).

to retail prices and thus have accentuated the reported declines in value of trade. Sales of new automobiles increased as compared with January but were fewer in number than in February, 1929. Intercoastal trade continued in reduced volume, but loadings of freight on railroads in the District increased sharply from the low levels of January.

RETAIL TRADE—Twelfth District

	NET SALES*		STOCK*
	Feb., 1930 compared with Feb., 1929	Jan. 1 to Feb. 28, 1930 compared with Jan. 1 to Feb. 28, 1929	
Department Stores†..	-1.3 (68)	-1.5 (66)	5.1 (50)
Apparel Stores	-8.8 (32)	-7.9 (32)	-0.5 (20)
Furniture Stores	-5.9 (47)	-9.6 (46)	-3.5 (30)
All Stores	-2.5 (147)	-3.2 (144)	3.4 (100)

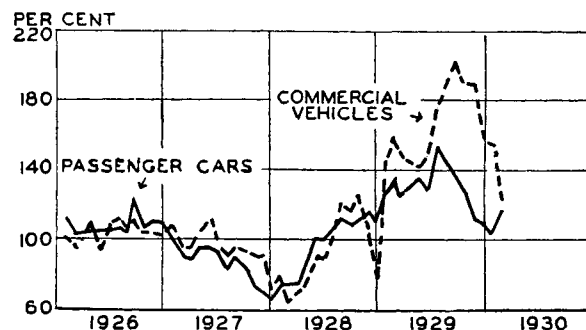
*Percentage increase or decrease (—). Figures in parentheses indicate number of stores reporting. †Includes dry goods stores.

The value of retail trade, as evidenced by sales of department, apparel, and furniture stores, decreased by two per cent when compared with sales during February, 1929. Department store sales declined by a smaller amount than did sales of either apparel or furniture stores. In Oakland and in Portland, department stores again reported substantially larger ag-

gregate sales than in 1929, but in practically all other parts of the District sales were smaller than last year.

Wholesale sales during February were smaller in value than in the corresponding month of last year. Decreases in sales were general in nearly all lines for which this Bank receives data. The level of wholesale commodity prices has declined sharply during recent months, and is now about four per cent lower than a year ago. This movement has undoubtedly contributed to the declines in dollar value of wholesale trade. Most wholesalers have reported collections since the beginning of 1930 as being slower than in the corresponding period of last year.

During February the number of new automobiles sold in this District increased as compared with January but was substantially below the high level of February, 1929. Sales of commercial vehicles declined and sales of passenger cars increased as compared with the previous month.



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).

As a result of a larger movement of merchandise and miscellaneous freight and of forest products, freight carloadings on the District's railroads increased sharply during February.

A growth of almost seven per cent in the value of the District's foreign trade (excluding silk imports) during the year 1929 as compared with 1928 was revealed by figures that have become available during the past month. There was an excess of exports over imports in 1929, but it was not so large as that reported for 1928. Silk imports during 1929 were almost four per cent smaller in value than in 1928, reflecting to a considerable extent the lower prices paid for that commodity during the later year. During December, 1929, both imports (exclusive of silk) and exports were greater in value than in the same month of 1928. Some curtailment in foreign trade was evident in January, 1930. Silk imports were at low levels, and total imports exclusive of raw silk were below the figures for either December, 1929,

or January, 1929. Figures of exports of goods were also markedly smaller during January, 1930, than in the preceding month or the corresponding month of last year.

Reduced tonnage figures were noted in inter-coastal trade through the Panama Canal during the month of February, 1930. Shipments from the east coast recovered partially from the low levels of January but the eastbound movement of goods decreased substantially due to smaller lumber and petroleum shipments.

Prices

According to the index of the United States Bureau of Labor Statistics, average wholesale commodity prices during February were at the lowest levels recorded since 1922. Although declines were not confined entirely to the agricultural products group, price movements within that group were largely responsible for the downward movements of the index during February. Declining prices have, during recent months, encouraged producers using raw materials to draw heavily upon their reserve or surplus stocks rather than to make purchases for immediate or future use. The sharp downward trend of price levels has thus affected, in varying degree, the market situation of nearly every major commodity group and has added to the difficulties confronting recovery in business activity.

The current wheat marketing season has been characterized by violent movements of wheat prices. During late February there were further sharp declines, and on February 25 the price of the March contract for wheat dropped to a low point of 98 $\frac{3}{4}$ cents per bushel on the Chicago market. The price at Chicago ranged from \$1.05 $\frac{1}{8}$ to \$1.06 $\frac{3}{4}$ per bushel on March 20, 1930, compared with \$1.22 $\frac{1}{4}$ to \$1.23 $\frac{1}{2}$ per bushel a year ago. Substantial reductions in corn and cotton prices during February were of considerable national significance.

More plentiful forage on the District's livestock ranges was a factor in the decline of hay prices on local markets during February. Hog prices moved upward steadily during the month, but quotations for other kinds of livestock tended downward in most District and national markets. Cattle prices are still at fairly high levels but lamb prices are currently lower than at any time since 1924. The market for wool again showed the weakness which, during the past year has brought quotations to the lowest levels recorded in eight years.

In the important non-ferrous metals markets only the price of copper remained unchanged during February and early March. After evidencing signs of firmness in January and early February, quotations for both lead and zinc declined at the close of the later month, showing

in part a response to continued large stocks and small orders for those metals. Silver is currently quoted at the lowest prices ever recorded. On March 4 it sold as low as 39 $\frac{7}{8}$ cents an ounce.

Petroleum prices did not change during February but substantially increased quotations for crude oil in California were announced during the second week in March. Although lumber price advances have been usual at this season in the past, the lumber market changed little during February and early March.

Credit Situation

During February and the first week of March the credit situation changed little in the Twelfth District. During the second and third weeks of March, however, several factors combined to increase the supply of funds and thus to ease local money markets, but, as is usual, this ease was not immediately reflected in lower interest rates to customers of commercial banks. The chief factors tending to ease the money market may be listed as follows: (1) a slight decline of money in circulation, (2) an excess of United States Treasury expenditures over collections within the District, (3) the purchase and subsequent sale of Treasury certificates by banks in this District.

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

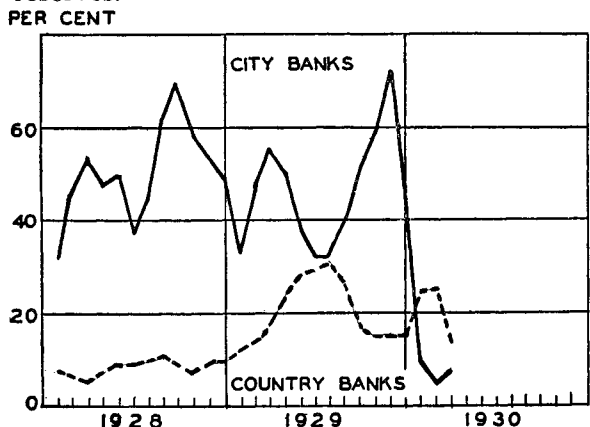
	Condition			
	Mar. 19, 1930	Mar. 12, 1930	Feb. 19, 1930	Mar. 20, 1929
Total Loans and Investments...	1,960	1,954	1,944	1,949
Total Loans	1,355	1,372	1,371	1,306
Commercial Loans	910	926	922	881
Loans on Securities	445	446	449	425
Investments	605	582	573	643
Net Demand Deposits	719	753	757	789
Time Deposits	1,014	1,015	1,006	965
Borrowings from Federal Reserve Bank	0	8	5	61

The continued slight decline of money in circulation, combined with the United States Treasurer's excess of expenditures over collections within the District released about 8 million dollars of funds to member banks during the month ended March 19. A further addition of funds accrued to the banks from the Federal Government's sale of Treasury certificates on March 15. Of the 40 million dollars of this issue allotted to banks in the Twelfth District, 37 million dollars were paid for by deposit credit, against which no cash reserve is required and which, therefore, involved no immediate outlay of funds. Part of these certificates were sold for cash to purchasers in other districts, some were sold within the Twelfth District, and the remainder was kept in the portfolio of subscribing banks. As a result of the sales to other districts there was a flow of funds into the Twelfth District and commercial banks were able to reduce their indebtedness to other banks includ-

ing the Reserve Bank. The net result of the transaction was an increase in government deposits and in investments.

Loans of reporting member banks were somewhat reduced during the month ended March 19, but, as stated above, there was a rather substantial increase in their investments. Holdings of bonds other than government bonds increased as funds became available through increased time deposits and larger bankers' balances, while government securities also increased, with equivalent liabilities showing in the form of increased government deposits.

Although city bank borrowings at the Reserve Bank were down to a very small amount, borrowings of country member banks were still relatively high on March 19. The accompanying chart shows the ratio of borrowings of city and country member banks to their reserve deposits with this Bank. The movements of the two curves have been inverse since January, 1928, large borrowings of city banks being accompanied by small borrowings of country banks and vice versa. During February, borrowings of city member banks amounted to approximately five per cent of their required reserves and borrowings of country member banks amounted to about 25 per cent of their required reserves.



RATIO OF MEMBER BANK BORROWINGS TO THEIR RESERVE DEPOSITS
Monthly averages of daily figures, excepting latest figures which are averages of first three report dates in March.

Shortly before the middle of March this Bank increased its holdings of government securities by 25 million dollars. This increase came largely through participation in transactions of the entire Reserve System, and was consummated in the New York market, hence it had but slight direct influence on money markets in the Twelfth District. This transaction, together with a rather large unfavorable balance of commercial check payments caused an outflow of funds, chiefly to the New York market. Commercial transfers of funds are, as a rule, accompanied by increased borrowings of member banks, but during the past month bankers' bal-

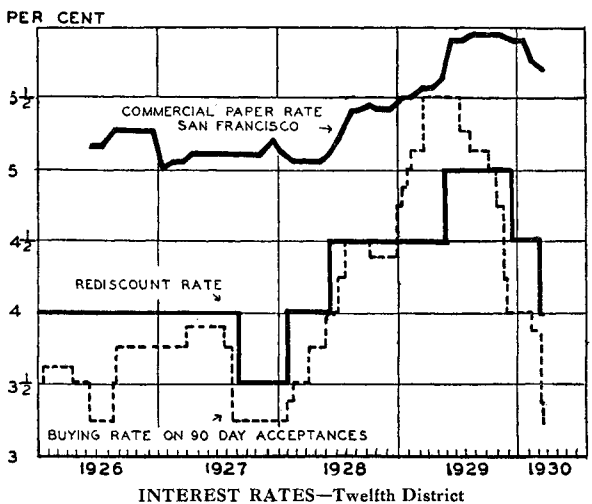
ances on deposit with the larger city banks increased, and these funds together with other funds made available through factors previously discussed, made such borrowing unnecessary.

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

	Condition			
	Mar. 19, 1930	Mar. 12, 1930	Feb. 19, 1930	Mar. 20, 1929
Total Bills and Securities.....	79	78	59	117
Bills Discounted	8	17	13	72
Bills Bought	34	36	34	30
United States Securities.....	37	24	12	13
Total Reserves	265	283	308	244
Total Deposits	169	180	182	183
Federal Reserve Notes in Circulation	156	158	162	157
Ratio of total reserves to deposit and note liabilities combined..	81.4	83.6	89.3	71.7

Gold from Japan has continued to flow into the United States through Pacific Coast ports during the past month, when imports amounted to more than 40 million dollars. Most of these shipments, which have totaled 65 million dollars during 1930, were for the account of eastern institutions and the funds were transferred to New York immediately upon purchase by the San Francisco mint.

Credit extended by the Federal Reserve Bank of San Francisco during the first half of March virtually remained unchanged from the low levels of February. A slight increase in rediscounts was offset by a decrease in holdings of locally purchased acceptances. On March 11 the Bank reduced its buying rates on acceptances by approximately one-half of one per cent, the reductions ranging from $\frac{3}{8}$ per cent to $\frac{5}{8}$ per cent according to maturity. Further reductions ranging from $\frac{1}{8}$ to $\frac{1}{4}$ per cent were made in these rates on March 14 and 18. Effective March 21, the discount rate of the Federal Reserve Bank of San Francisco was reduced from $4\frac{1}{2}$ to 4 per cent. The $4\frac{1}{2}$ per cent rate had been in effect since December 6, 1929.



Interest rates charged customers by commercial banks have tended slightly downward during recent weeks.