

MONTHLY REVIEW

OF BUSINESS CONDITIONS

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Federal Reserve Bank of San Francisco

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SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial production decreased in June by more than the usual seasonal amount and factory employment and payrolls declined to new low levels. The volume of building contracts awarded was large. Prices declined sharply and money rates continued downward.

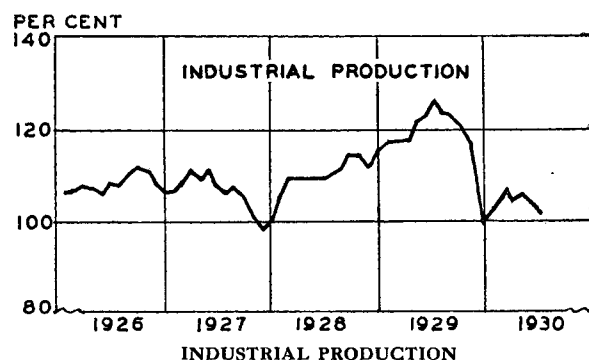
Industrial Production and Employment. In June industrial production showed a further substantial decrease and the Board's index, which is adjusted for ordinary seasonal variations, declined to the lowest level since last December. Output of steel ingots declined in June and early July more than is usual at this season, while automobile production was sharply curtailed to a level considerably below that of the same period of the past two years. Cotton consumption, already at a low level, declined further in June. Output of bituminous coal and copper continued in small volume. Wool consumption and shoe production increased slightly and cement output, as in the preceding month, was at a high level. Factory employment and payrolls decreased further in June. The number employed at steel plants and in the automobile, agricultural implement, and cotton goods industries declined more than is usual at this season, and employment in the woolen goods and lumber industries continued at unusually low levels.

The volume of building contracts awarded in June, \$600,000,000 according to the F. W.

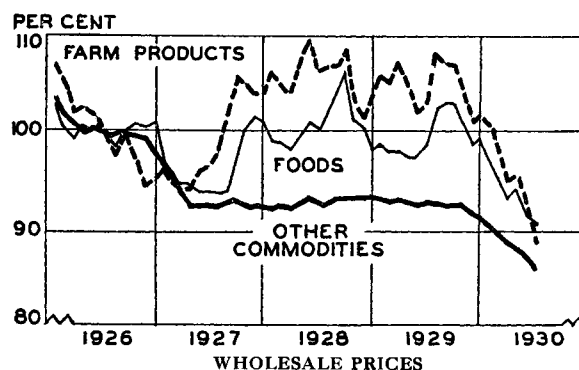
Dodge Corporation, was about 30 per cent more than in May and the largest since last July. The increase reflected chiefly unusually large awards for natural gas pipe lines and power plants; the volume of contracts for residential building was somewhat smaller than in May. In early July the total volume of contracts was small. Department of Agriculture estimates, based on July 1 conditions, indicate a decrease from last year of about 20,000,000 bushels in the winter wheat crop and a corresponding increase in spring wheat. The corn crop is expected to be about 2,800,000,000 bushels or seven per cent larger than last year and six per cent above the five-year average. The area planted to cotton, estimated at 45,815,000 acres, is 2.7 per cent less than last year.

Distribution. The volume of freight carloadings in June and early July continued to be substantially below the corresponding periods of 1928 and 1929. Preliminary reports indicate that the decline in department store sales from a year ago was of larger proportions in June than in any previous month this year.

Wholesale Prices. Commodity prices declined more rapidly in June than in any other recent month and the index of the Bureau of Labor Statistics at 86.8 per cent of the 1926 average was about 10 per cent below the level of a year ago. Prices of many important agricultural commodities and their manufactures

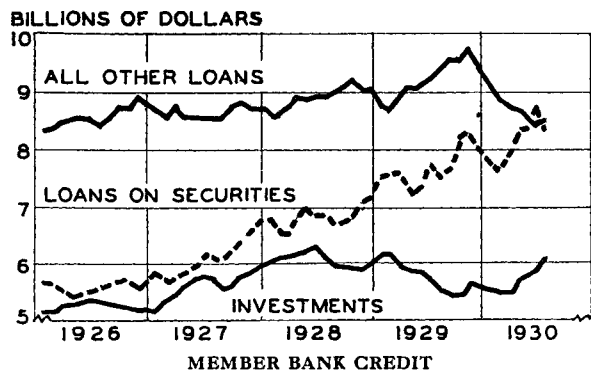


Index number of production of manufactures and minerals, combined, adjusted for seasonal variations (1923-1925 average = 100). Latest figure, June, 102.



Indexes of United States Bureau of Labor Statistics (1926=100, base adopted by Bureau). Latest figures, June, farm products 88.9, foods 90.5, other commodities 85.7.

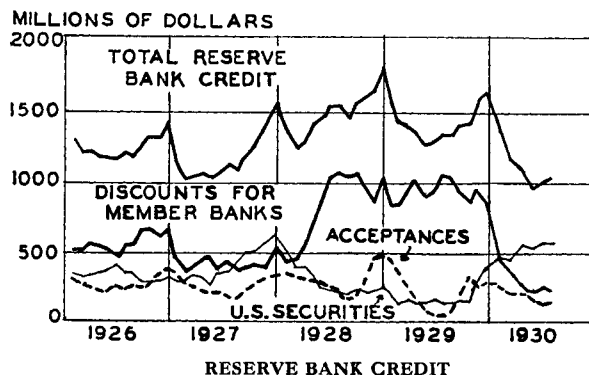
declined further and those of certain leading imported raw products—silk, rubber, and coffee—reached new low levels. There were also further declines in iron, steel, and copper. Prices of raw wool, hides, and raw sugar increased slightly during June. Early in July prices of meats were stronger, but there were further declines in many other commodities.



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

Bank Credit. Loans of reporting member banks in leading cities declined somewhat between the middle of June and the middle of July and on July 16 were 60 million dollars smaller than five weeks earlier. Loans on securities decreased by 140 million dollars while "all other" loans increased by 80 million dollars. The banks' investments increased further by about 280 million dollars during this period and were in larger volume than at any other time in the past two years.

Member bank balances at the reserve banks increased, and in the week ending July 19 averaged 60 million dollars more than five weeks earlier and at the same time their borrowings from the reserve banks declined by nearly 20 million dollars, reflecting an increase in the reserve banks' holdings of acceptances and government securities, a further slight growth



Monthly averages of daily figures for twelve Federal reserve banks. Latest figures are averages of first 19 days in July.

in gold stock and a continued decline in the volume of money in circulation.

Money rates in the open market continued to ease and in the middle of July rates on 90-day bankers' acceptances, at $1\frac{7}{8}$ per cent, were at a new low level, while rates on commercial paper at $3\frac{3}{4}$ per cent were at the low point of 1924. During July reserve bank discount rates were reduced from $3\frac{1}{2}$ to 3 per cent at Boston and from 4 to $3\frac{1}{2}$ per cent at Philadelphia, Atlanta, and Richmond.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Comparisons of trade and industrial activity during the first half year periods of 1930 and 1929 are influenced by the declining price levels which have been in evidence since the middle of 1929 and the fact that business activity generally reached unusually high levels during 1929. A composite evaluation of current business records indicates, however, that Twelfth District business declined somewhat more than seasonally during June and was less active than at any time this year. The most drastic commodity price declines since 1921 were recorded during the month and resulted in less satisfactory markets for many of the District's products. The low prices were accompanied by curtailment of industrial production and the absence of any appreciable recovery in trade. Most important among the favorable factors in the situation were the generally satisfactory outlook for the District's crops and the reduction of inventories of some basic commodities.

Agricultural developments during June furnished evidence that the total volume of farm

production in 1930 will at least equal that of last year. Estimates for most crops are higher than last year's production figures, but smaller yields of two major crops—wheat and oranges—will prevent any substantial increase in aggregate production as compared with 1929. Livestock are in good condition, but the relative inactivity of demand has necessitated marketing at reduced prices.

Industrial production was at the lowest level of the year during June. The output of copper, lumber, and cement declined and building and construction lost the gains noted in May. A smaller output of crude oil offset an increase in petroleum refining and served to reduce stocks of crude oil.

Trade activity declined somewhat during June and, as in earlier months of the year, was below the levels of 1929. Department store sales in the District were six per cent smaller than in June, 1929, a greater year to year decline than in any month in recent years. The June figures of wholesale sales, automobile

sales, carloadings, and intercoastal shipments revealed little or no recovery in these fields from the relatively low levels of May.

June was a month of unusually severe decline in wholesale commodity prices and quotations for many of the products important in this District were substantially reduced. Wheat and cattle prices declined considerably and, chiefly because of larger crops, canners' quotations for deciduous canning fruits were well below last year's prices.

Perhaps the most significant change in the condition of reporting member banks during the past month was a moderate reduction in loans on securities. The lack of change in borrowings of country banks—that is, banks outside leading cities—from the Reserve Bank was important, however, inasmuch as those banks ordinarily increase their borrowings during June and early July to the highest levels of the year. Instead of borrowing at this Bank as is usual at this season, country banks have built up record balances with their correspondent banks in reserve cities, chiefly San Francisco. The total volume of credit extended by the Federal Reserve Bank of San Francisco has remained unusually small.

Agriculture

Factors affecting the agricultural situation in this District have changed little during recent months. Weather conditions generally have been conducive to the rapid growth of crops and forage, and livestock on ranges have remained in good condition. In contrast with and partly as a direct result of the favorable development of crops and livestock, has been the adverse marketing situation as measured by the relatively low prices prevailing for nearly all farm products now available for sale or shortly to be harvested.

GRAIN CROPS—PRODUCTION

(In thousands of bushels)

	All Wheat		Barley	
	Forecast July 1, 1930	1929	Forecast July 1, 1930	1929
Arizona	1,196	1,134	720	630
California	13,566	12,240	29,854	29,363
Idaho	26,541	25,515	6,930	5,733
Nevada	378	404	456	363
Oregon	20,618	23,114	3,328	4,292
Utah	6,674	6,403	1,935	1,560
Washington	39,676	44,910	2,484	2,142
Twelfth District	108,649	113,720	45,707	44,083
United States	807,265	805,790	331,925	303,552

Source: United States Department of Agriculture.

July 1 estimates indicate that **grain** and **field crop** production in the District this year will be smaller in the aggregate than in 1929, but that the total outturn will approximate average yearly production from 1924 to 1928. The total production of **wheat** was estimated to be 108,649,000 bushels, a four per cent decrease from the harvest of 1929 (113,720,000 bushels). A decrease of 12 per cent in the production of

winter wheat was indicated, in contrast with an estimated increase of 11 per cent in the production of spring wheat. In the dry farming areas of the Pacific Northwest the high temperatures of early June resulted in some deterioration of the forthcoming wheat crop. Production of **barley** is expected to be four per cent larger in 1930 than it was in 1929, a slight decline in acreage having been more than offset by increased yields per acre.

FIELD CROPS—PRODUCTION

(In thousands)

	Forecast		
	July 1, 1930	1929	1928
Beans (bu.)			
California, Idaho	7,975	7,191	6,959
United States	22,972	19,693	17,656
Tame Hay (tons)			
Twelfth District	14,379	14,414	14,568
United States	85,431	101,786	93,351
Hops (lbs.)			
Calif., Ore., Wash.	16,387	33,220	32,944
United States	16,387	33,220	32,944
Potatoes (bu.)			
Twelfth District	44,010	39,268	47,512
United States	398,419	359,796	465,350
Rice (bu.)			
California	5,940	6,222	8,171
United States	38,332	40,217	43,240
Sugar Beets (tons)			
California, Idaho, Utah....	1,518	1,607	1,572
United States	7,898	7,318	7,101

Source: United States Department of Agriculture.

The aggregate acreage of field crops available for harvest during 1930 is only one per cent greater than the acreage harvested in 1929. Estimates indicate that production of **beans** and **potatoes** will be greater than a year ago, while other field crops show decreases in production as compared with the 1929 harvest.

DECIDUOUS FRUITS AND NUTS—PRODUCTION

(In thousands)

	Unit	Forecast		
		July 1, 1930	1929	1928
California				
Apples*	bu.	6,282	4,299	6,861
Apricots	tons	209	195	175
Cherries	tons	19	16	19
Grapes	tons	2,018	1,827	2,366
Raisin	tons	1,235	1,098	1,406
Table	tons	349	312	478
Wine	tons	434	417	482
Peaches	tons	681	320	618
Clingstone	tons	477	179	414
Freestone	tons	204	141	204
Pears	tons	227	190	225
Plums	tons	71	40	66
Prunes	tons	234	103	220
Almonds	tons	12	5	14
Walnuts	tons	31	39	25
Oregon				
Apples*	bu.	4,809	2,250	5,100
Pears	bu.	3,165	2,356	2,700
Washington				
Apples*	bu.	23,457	24,900	30,000
Pears	bu.	3,756	2,800	3,700
Idaho				
Apples*	bu.	3,708	4,950	4,800
United States				
Apples*	bu.	86,892	86,919	106,383
Pears	bu.	23,979	20,903	24,212
Peaches	bu.	47,808	45,998	68,369

*Commercial crop.

Source: United States Department of Agriculture.

Estimates of **deciduous fruit** production in California and the Pacific Northwest were practically the same on July 1 as on June 1. In California, aggregate production is expected to be substantially larger than a year ago, when late spring frosts damaged fruit crops and resulted in unusually small yields in that state, but this year's crop will probably be

slightly smaller than the record crop of 1928. The estimated production of fruit in the Pacific Northwest shows only a slight increase over a year ago.

A small decline in the estimated yield of Valencia **oranges** in California in 1930 was reported during June and the crop is now expected to be 10,840,000 boxes. The estimated production of the 1930 **lemon** crop is 5,150,000 boxes, which approximates the average crop of the past five years. Shipments of oranges from California during May and June totaled 8,347 carloads, compared with 16,211 carloads shipped from the much larger 1929 crop during May and June, 1929. The 1930-1931 crops of Navel oranges and lemons were reported to be in better condition on July 1 this year than were the 1929-1930 crops a year ago.

Receipts of **butter** at Pacific Coast markets during June were 16 per cent smaller than in May, 1930, and four per cent smaller than in June, 1929. Storage stocks of butter at these markets were 21 per cent larger on July 1, 1930, than on July 1, 1929, compared with year to year increases ranging from 200 to 300 per cent in earlier months of this year. The price of butter as represented by the quotation for 92-score butter at San Francisco showed no change during June and continued more than 20 per cent below the prices of a year ago.

Receipts of **eggs** at Portland, San Francisco, and Los Angeles were 23 per cent smaller in volume in June than in May and six per cent larger than in June, 1929. Changes in egg quotations were negligible during June, with prices well below those of last year.

Receipts of livestock at Twelfth District and mid-western markets are shown in the following table:

LIVESTOCK—MARKET RECEIPTS

	Twelfth District*		Mid-West†	
	1930	1929	1930	1929
Cattle				
June	59,218	61,148	587,855	563,689
January through June ...	379,074	374,588	3,680,445	3,639,618
Sheep				
June	381,480	316,494	738,354	679,484
January through June ...	1,668,588	1,685,103	6,227,572	5,601,171
Hogs				
June	147,826	155,476	1,803,960	1,846,722
January through June ...	1,031,630	1,173,434	10,723,507	10,872,064

*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.

The movement of California spring **lambs** to eastern markets was completed during June and shipments were being made from Idaho, Oregon, and Washington. During the 1930 shipping season 495,950 head of live and dressed spring lambs moved to eastern markets from California as compared with 578,000 head shipped in 1929. The 1930 **wool** clip has moved to market slowly and prices paid growers have averaged about 40 per cent below those of a year ago.

The seasonal movement of range cattle to Pacific Coast markets was well under way by mid-June, but market receipts were not so large as in June last year, and prices for all grades of cattle were at lower levels than a year ago. There has been little trading in cattle for restocking purposes.

Industry

Industrial production did not fluctuate greatly, aside from ordinary seasonal changes, during the first six months of 1930. Industry generally was less active than in the record first half of 1929, however, and total production during the half year is estimated to have been about 12 per cent smaller in volume this year than last. After allowance for the seasonal movement, output declined moderately in June, principally because of declines in production of crude oil, copper, lumber, and cement. The employment situation did not change greatly during June as compared with May, and the unemployed are relatively more numerous in nearly all lines of industry than at any time during recent years.

The continued voluntary curtailment of production of **petroleum** in California resulted in a slight decline in output during June. This decline was a favorable factor for the industry and, together with a large increase in the activity of refineries, further reduced stored stocks of light crude oil during the month. Furthermore, the seasonal increase in demand for California gasoline, both in this District and in eastern states was greater than the increase in refinery output and stocks of gasoline were again reduced substantially. Shipments

Industry—

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

	1930				1929
	Six Months Average	June	May	April	June
General:					
Carloadings—industrial ..	97	84	99	107	120
Electric Power Production ..	157*	..	159	161	154
Manufactures:					
Lumber	101	90	108	114	118
Refined Mineral Oils†...	171	180	165	169	190
Flour	108*	..	120	96	109
Slaughter of Livestock..	76*	..	78	77	81
Cement	89	92	93	88	96
Wool Consumption†	65*	..	66	55	86
Minerals:					
Petroleum (California)†.	98	91	93	95	126
Copper (United States)‡	91	85	90	90	125
Lead (United States)‡..	..	..	..	105	112
Silver (United States)‡..	88	81	81	90	96
Building and Construction:					
Total	62	61	62	59	77
Value of Building Permits§					
Twenty Larger Cities..	50	46	51	50	64
Seventy Smaller Cities..	62	69	67	61	96
Value of Engineering Contracts Awarded§					
Total	120	126	108	92	121
Excluding Buildings..	111	104	107	98	101

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

of petroleum products, largely gasoline, to the Atlantic seaboard through the Panama Canal were in moderate volume as compared with previous years. Operations in the petroleum industry throughout the first half of this year were conducted at a much lower rate than during any part of last year, and by the end of June production schedules approximated those of early 1928.

Data of the **lumber** industry indicate that producers modified their operating programs in response to changing market conditions, particularly an unusual slackening of demand for lumber products, during the past six months. The volume of production during the first half of 1930 was 11 per cent smaller than in the first six months of 1929 and six per cent less than in the average first half-year period of the past five years. Some logging camps discontinued operations entirely during this period and in many others both wage rates and the number of workers employed were reduced. The decrease in volume of output has not been so great as the declines in shipments and orders, however, and stocks of lumber at the mills have tended to increase. East-bound shipments of lumber through the Panama Canal were smaller than in the first half of any year since 1925, when monthly records of lumber shipments first became available.

Building and construction were less active during the first half of 1930 than in any similar period since 1921. As compared with the first six months of 1929, the value of building permits issued declined 27 per cent. Declines were recorded throughout the District. In southern California there was a drop of 31 per cent, while in northern California, the Pacific Northwest, and the Intermountain region

there were declines of 23, 24, and 40 per cent, respectively. The total dollar value of contracts awarded in the District during the first six months of 1930 was 24 per cent less than a year earlier. This decrease was accounted for largely by substantial declines in awards for bridges, commercial buildings, and miscellaneous projects such as tunnels, wharves, pipe and transmission lines, and power developments. Moderate increases were recorded in contracts for water works, streets, roads, and industrial and Federal government buildings. There was little change in the value of contracts for sewers and excavation and drainage projects.

The **non-ferrous metals** mining industries in this District have been substantially less active thus far during 1930 than in 1929. Notwithstanding a sharp decline in mine production of copper, which during the past three months has been lower than at any time since 1922, output of that metal has continued in excess of consumption and at the end of June refined stocks were larger than at any time since 1921. The price of copper, changes in which furnish the basis of wage adjustments in the copper mining industry, has declined sharply this year. Subsequent downward adjustments of wage scales have cancelled the increases in copper miners' wage rates which became effective in 1928 and 1929 and present wage scales are approximately equal to those which were in effect during the period from 1923 to 1928. On the basis of reports received by this Bank it is estimated that the number of employees on the payrolls of copper mines in this District was approximately 25 per cent smaller in June than it was at the peak of production in the spring of 1929.

Flour mills of the District have been somewhat less active this year than in 1929. Export sales of flour have been a negligible factor in demand during recent months, but the domestic market has been moderately active. The declining rate of output and maintenance of demand in the domestic market have combined to reduce substantially the large stocks of flour which were held by millers early this year.

Trade

During June, trade activity declined moderately and practically all lines of trade continued less active than in 1929. During the first half of 1930, the value of wholesale and retail sales and the number of new automobiles sold decreased sharply, as compared with a year ago. The number of freight carloadings in this District declined to lower levels than in any similar period since 1924. The volume of intercoastal trade was substantially less than in the first half of 1929, but it was slightly

Employment—

Industries	California			Oregon		
	No. of Firms	No. of Employees of June, 1930	No. of Employees of June, 1929	No. of Firms	No. of Employees of June, 1930	No. of Employees of June, 1929
All Industries* . . .	730	142,691 (-12.8)	163,566	142	23,278 (-11.1)	26,199
Stone, Clay and Glass Products.	51	6,213 (-17.0)	7,485	5	125 (-15.0)	147
Lumber and Wood Manufactures ..	116	20,205 (-20.8)	25,499	47	12,717 (-16.3)	15,197
Textiles	17	2,054 (-4.5)	2,150	8	1,234 (-33.8)	1,863
Clothing, Millinery and Laundering.	55	6,899 (-10.1)	7,678	9§	460 (-0.4)	480
Food, Beverages and Tobacco....	154	30,983 (2.7)	30,178	43	2,878 (-0.1)	2,897
Public Utilities†..	29	23,296 (-5.2)	24,573	..	...	...
Other Industries‡.	287	47,203 (-18.0)	57,592	..	...	...
Miscellaneous§ ...	21	5,838 (-30.6)	8,411	30	5,864 (4.4)	5,615

*Public utilities not included in this total. †Electric railway and bus operations added. ‡Motion picture producing and developing added to this group. §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 June, 1929.

greater than in the first six months of 1928, which was a rather inactive year for inter-coastal trade.

In retail trade, the largest year to year decline thus far recorded in 1930 was shown by data received for June. Sales of department stores were six per cent less than in June, 1929, and apparel and furniture stores reported declines of 10 and 11 per cent, respectively. During the first half of the year department store sales were 3 per cent smaller in value than in the first half of last year. Sales decreases as compared with a year ago have been general throughout the District, and have been especially marked in the state of Arizona, in Spokane, and in Salt Lake City. So far this year, department, apparel, and furniture stores have reported a declining ratio of cash and C.O.D. sales to total sales, continuing the trend of recent years. At the same time the rate of collections on regular charge accounts at these stores has been definitely lower than in 1929, while collections on installment accounts have been maintained at nearly the same rate as a year ago. Stock turnover since the beginning of the year has been slightly lower than last year.

RETAIL TRADE—Twelfth District

	NET SALES*		STOCK*
	June, 1930 compared with June, 1929	Jan. 1 to June 30, 1930 compared with Jan. 1 to June 30, 1929	June, 1930 compared with June, 1929
Department Stores† ..	— 5.7 (66)	— 2.7 (66)	—1.0 (49)
Apparel Stores	—10.1 (29)	— 6.9 (29)	0.8 (18)
Furniture Stores	—11.1 (46)	—11.5 (42)	—7.0 (28)
All Stores	— 6.8 (141)	— 4.2 (137)	—1.7 (95)

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

Sales at wholesale failed to expand by the seasonal amount during June and were smaller in value than in June, 1929. Influenced somewhat by price declines, reductions in the value of sales as compared with a year ago have been general since the first of the year in all lines for which this Bank collects data, with the exception of groceries, which have moved in slightly larger volume than in 1929. The greatest declines since the first of the year were reported by dealers in furniture, automobile supplies, dry goods, hardware, and shoes. Declines of less than 10 per cent were shown by dealers in electrical supplies, paper and stationery, agricultural implements, and drugs. The rate of collections for nearly all lines has been slower this year than last.

Tonnage of goods shipped in the intercoastal trade through the Panama Canal increased seasonally during June, but continued well below the levels of 1929. Shipments from Atlantic ports rose sharply as compared with May, when westbound transits were at the lowest point of the year to date. Eastbound tonnage during June was made up principally of ship-

ments of petroleum products (mostly gasoline). The movement of lumber from west coast ports was the smallest for any month in the past five years and shipments of miscellaneous goods, although slightly larger than in June, 1929, were less than in any month since the first of this year. Domestic shipments through the Panama Canal in the first half of 1930 were considerably smaller than in the same half of 1929. Reduced shipments of manufactured articles and iron and steel machinery were chiefly responsible for the decline in westbound shipments. In the eastbound traffic there were smaller movements of lumber, petroleum and petroleum products, canned goods and dried fruits.

Foreign trade of Pacific Coast ports reached an unusually low level in April and available data for May indicate a further decline during that month. The current downward movement in foreign trade commenced about the middle of last year and since that time the decline in exports has been relatively much greater than the decline in imports.

Prices

The decline in wholesale commodity prices which has been evident since mid-1929, continued at an accelerated rate during June and the first half of July. At 86.8 (1926=100) for June, 1930, the wholesale commodity price index of the Bureau of Labor Statistics was 2.6

Distribution and Trade—

	1930				1929	
	Six Months Average	June	May	April	June	Six Months Average
Foreign Trade*						
Total†	128 ¹	..	..	119	135	142
Imports†	114 ¹	..	..	109	118	129
Exports	132 ²	..	113	123	142	149
Intercoastal Trade*						
Total	89	81	81	84	89	93
Westbound	117	113	109	115	131	129
Eastbound	82	72	73	75	77	83
Carloadings‡						
Total	103	96	104	109	118	115
Merchandise and Miscellaneous	110	105	111	114	116	118
Wholesale Trade§						
Sales	93	90	98	101	103	102
Retail Trade						
Automobile Sales‡						
Total	105	96	102	108	130	132
Passenger Cars...	101	91	98	103	128	128
Commercial Vehicles	149	147	140	167	177	168
Department Store						
Sales‡	118	115	115	118	122	120
Stocks¶	106	106	103	104	105	102
Actual Figures						
Stock Turnover||..	.23	.22	.25	.24	.23	.24
Collections#						
Regular	44.4	43.1	45.8	43.6	45.5	46.4
Installment	15.0	14.7	15.0	15.1	14.5	15.2

*Adjusted for seasonal variations, 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. ¹ Four months average. ² Five months average.

per cent lower than in May and but 24 per cent above the 1913 average. The decrease from May to June was the sharpest month to month decline recorded since June, 1921. All commodity group indexes moved downward in varying degree during the month but, as has frequently been the case during the past year, declines were most marked in prices of agricultural products. The ratio between average prices received by farmers for farm products and the prices paid for those commodities purchased by farmers has declined steadily during the past year. Although indexes of retail prices and the cost of living generally have been declining for several months their drop has not been so great as the decline in wholesale prices.

The downward movement of price levels generally, a large carryover of wheat from the 1929 crop, and the early market movement of a large 1930 crop of winter wheat have been important factors in the depressing of wheat prices during the past five weeks to levels approximating those of 1914. Cattle and hogs, which until recently were marketed at prices only slightly below the satisfactory levels of last year, sold at sharply reduced prices during June and the first half of July. Quotations for lambs advanced slightly during June, but are still well below those of a year ago.

Largely because of heavy yields of deciduous fruits in this District, prices being paid producers for the 1930 deciduous fruit crops

are reported to be well below the prices received for 1929 crops.

Prices to wool producers in this District have ranged from 30 to 40 per cent lower this year than in 1929. Wool quotations at eastern markets, after declining almost continuously from the close of 1928 to April, 1930, have advanced slightly in recent weeks, partially in response to the new tariff which gives that commodity additional protection.

Some further declines in prices for non-ferrous metals were reported during June and the first half of July. On July 18 electrolytic copper sold at 11 cents per pound (Connecticut Valley).

Price cutting by Pacific Coast retailers of gasoline was reported during early June and continued until July 12, when most of the large distributors re-established wholesale quotations at early spring levels and announced that wholesale quantities of gasoline would not be sold to retailers not maintaining established prices.

Lumber prices changed little during June, after having declined for several months.

Credit Situation

Loans and discounts of reporting member banks were reduced 14 million dollars during the four weeks ending July 16, a decline of eight million dollars in loans on securities accounting for most of the reduction. At the same time there was an increase of 33 million dollars (4 per cent) in net demand deposits and a slight decline in time deposits at these banks. Accompanying these changes was a small increase in investment holdings, the increase consisting chiefly of bonds other than those of the United States government, holdings of which have been declining during the past two years. Withdrawal of loans placed in the New York call money market by District banks outside of San Francisco was an important factor contributing to a substantial flow of funds into this District through the gold settlement fund during the past month.

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

	Condition—			
	July 16, 1930	July 9, 1930	June 18, 1930	July 17, 1929
Total Loans and Investments...	1,964	1,949	1,972	1,932
Total Loans	1,337	1,333	1,351	1,332
Commercial Loans	892	901	898	921
Loans on Securities	445	432	453	411
Investments	627	616	621	600
Net Demand Deposits	771	739	738	778
Time Deposits	1,005	1,011	1,011	979
Borrowings from Federal Reserve Bank	0	0	5	33

The flow of funds into the District and the purchase of approximately eight million dollars of new and imported gold by the San Francisco mint, largely for the account of local institutions, combined with other factors to increase gold reserves of the Federal Reserve

Bank Debits*—

	June, 1930	June, 1929	— First Six Months — 1930 1929
Arizona			
Phoenix	\$ 37,116	\$ 44,939	\$ 241,874 \$ 269,250
California			
Bakersfield	12,981	12,777	81,095 85,265
Berkeley	19,053	19,361	121,011 126,516
Fresno	25,696	28,636	223,082 183,814
Long Beach	49,159	60,534	298,511 387,248
Los Angeles	1,066,403	1,146,370	6,404,864 7,392,478
Oakland	205,248	243,112	1,183,914 1,449,163
Pasadena	36,932	38,408	223,120 263,174
Sacramento	49,786	57,792	291,510 299,762
San Bernardino	10,456	10,722	65,809 68,079
San Diego	57,128	59,717	350,778 393,288
San Francisco	1,353,698	1,271,611	7,889,395 8,184,428
San Jose	26,646	28,201	163,423 168,993
Santa Barbara	16,345	18,266	94,319 102,863
Stockton	27,381	29,515	152,934 165,878
Idaho			
Boise	16,089	15,712	84,059 87,655
Nevada			
Reno	13,124	13,399	67,767 73,077
Oregon			
Eugene	8,101	8,248	42,327 45,343
Portland	186,065	189,973	1,073,174 1,129,119
Utah			
Ogden	17,630	16,616	102,034 106,208
Salt Lake City	76,701	77,512	456,466 473,144
Washington			
Bellingham	9,740	10,662	56,718 62,691
Everett	13,420	15,707	80,203 85,590
Ritzville	622	886	3,674 5,268
Seattle	258,986	259,157	1,477,970 1,577,838
Spokane	60,827	60,579	325,284 357,739
Tacoma	50,378	50,940	279,104 298,772
Yakima	13,842	14,540	84,843 82,048
Total	\$3,719,553	\$3,803,892	\$21,919,262 \$23,924,691

*In thousands of dollars.

Bank of San Francisco by 19 million dollars during the four weeks ended July 16. At the end of that period the ratio of primary reserves to deposit and note liabilities stood at one of the highest points reached this year. Reserve deposits of member banks were also higher on July 16 than on other recent report dates, and the total amount of reserve system credit in use in the Twelfth District continued at low levels. The Reserve Bank's holdings of locally purchased acceptances declined from 15 million dollars on June 18 to 12 million dollars on July 16, a drop of 20 per cent during the four-week period. At the same time that Bank's holdings of acceptances purchased in New York were reduced almost to nothing. On July 1 the Federal Reserve Bank of San Francisco reduced its buying rates on bills with maturities of 45 days or less to $1\frac{7}{8}$ per cent, while those acquired under re-purchase agreements were discounted at the reduced rate of two per cent.

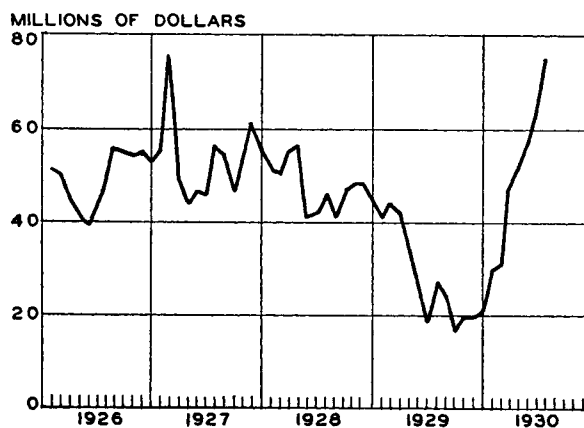
The seasonal increase of money in circulation which occurs early in July of each year in order to provide for spending on the July 4 holiday amounted to 14 million dollars for the week ended July 2. More than half of the increase had been returned from circulation by July 16.

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

	July 16, 1930	Condition July 9, 1930	June 18, 1930	July 17, 1929
Total Bills and Securities.....	61	58	71	67
Bills Discounted	8	8	12	47
Bills Bought	16	13	22	9
United States Securities.....	37	37	37	11
Total Reserves	298	314	279	309
Total Deposits	182	189	178	183
Federal Reserve Notes in Circulation	160	165	155	175

Total borrowings at the Federal Reserve Bank of San Francisco have continued small in

volume and the expected seasonal increase in borrowings of country member banks during June and early July has been completely lacking this year. Not only have country banks failed to increase their borrowings, but during recent months they have built up all-time record balances with San Francisco and other reserve city correspondent banks. This increase of bankers' balances in reserve cities is contrary to the usual experience for net bankers' balances ordinarily decline to the lowest levels of the year at this season, showing a tendency to move inversely to borrowings at



BANKERS' BALANCES—San Francisco

Net amount due to banks from reporting member banks of San Francisco. Averages of weekly figures.

the Reserve Bank. The increase has been particularly noteworthy in San Francisco, and has been an important factor in aiding banks in that city to accommodate demand for credit with but a minimum of borrowing from the Reserve Bank.

Interest rates charged customers of commercial banks declined slightly during the past month.

