

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, October 20, 1930

No. 10

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Volume of factory production increased by about the usual seasonal amount in September, while factory employment increased somewhat less than in other recent years. The general level of prices, which had advanced during August, declined during September and the first half of October. At member banks in leading cities there was a liquidation of security loans, and a considerable growth in commercial loans and in investments.

Industrial Production and Employment. Output of factories increased seasonally in September, while that of mines declined. The Board's seasonally adjusted index of production in factories and mines, which had shown a substantial decrease for each of the preceding four months, declined by about one-half per cent in September. Production of iron and steel, lumber, and cement decreased and the output of automobiles continued to be in small volume. Activity in the textile industries, including cotton, wool, and silk, increased substantially, and stocks of cotton cloth were further reduced. At bituminous coal mines there was an increase in output of more than seasonal amount. Output of copper was larger than in August, and there was a further increase in stocks of copper. Anthracite coal and

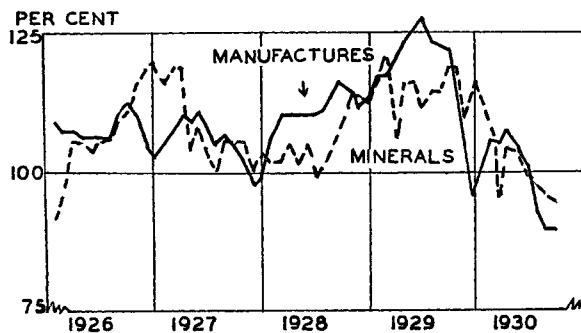
petroleum production and shipments of iron ore declined.

Employment in manufacturing establishments increased less than is usual at this season, the increase being chiefly in fruit and vegetable canning and in the clothing industries, while reductions in number of employees were reported for the iron and steel, automobile, and lumber industries. Outside of factories, increased employment was reported in retail establishments and coal mines.

Residential building increased materially in September, contrary to the usual seasonal trend, while the volume of contracts for commercial buildings and public works and utilities decreased. Total value of building contracts awarded, as reported by the F. W. Dodge Corporation, showed little change during the month. In the first ten days of October there was an increase in the daily average volume of contracts awarded.

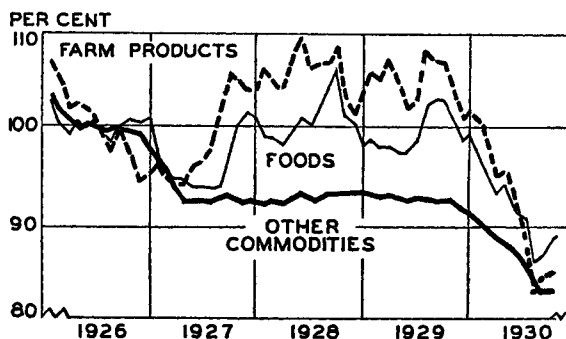
Department of Agriculture estimates based on October 1 conditions indicate somewhat larger crops than the estimates made a month earlier for cotton, corn, oats, hay, potatoes, and tobacco.

Distribution. Freight carloadings continued at low levels during September, the increases



PRODUCTION OF MANUFACTURES AND MINERALS

Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 average=100). Latest figures, September, manufactures 90; minerals 94.

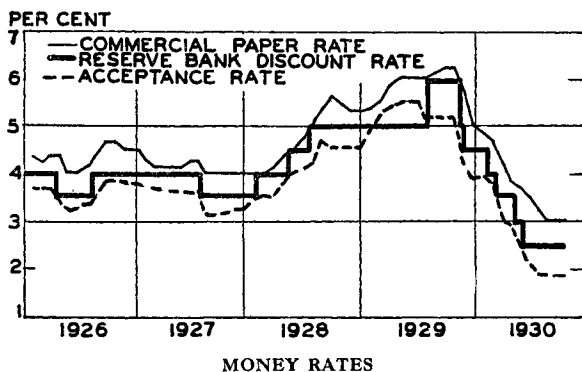


WHOLESALE PRICES

Indexes of United States Bureau of Labor Statistics (1926=100, base adopted by Bureau). Latest figures, September, farm products 85.3, foods 89.2, other commodities 82.8.

reported for most classes of freight being less than ordinarily occur in this month. Dollar volume of department store sales increased by nearly 30 per cent, an increase about equal to the estimated seasonal growth.

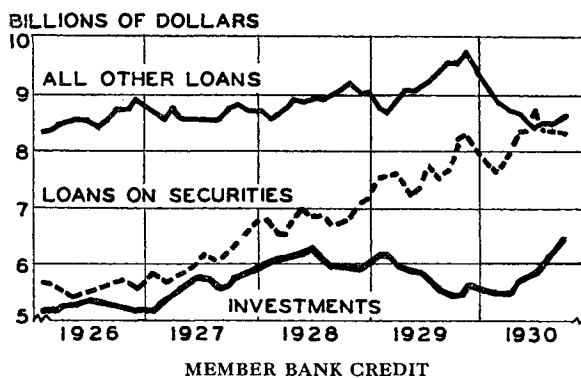
Wholesale Prices. According to the Bureau of Labor Statistics' index, average wholesale prices for the month of September as a whole were at about the same level as in July and August. The movement of prices, however,



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 21 days in October.

was upward in August, reflecting chiefly advances in the prices of livestock and meats, while in September the movement was downward, reflecting declines in a large number of commodities including grains, livestock, meats, cotton, and copper. In the first half of October there were wide fluctuations in many agricultural prices, decreases in prices of non-ferrous metals, and considerable increases in the prices of sugar and coffee.

Bank Credit. Security loans of reporting member banks in leading cities increased in the latter part of September, but declined rapidly early in October, the decline reflecting a large volume of liquidation in loans to brokers and dealers in securities. Commercial loans, which up to the last week in September had not shown the usual seasonal growth, increased by \$150,000,000 in the following three weeks. The banks' holdings of investments



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

continued to increase. In response to the seasonal demand for currency, outstanding volume of reserve bank credit showed an increase of \$30,000,000 on the average between the weeks ending September 20 and October 18. Money rates in the open market continued at low levels. The yield on high grade bonds declined further until early in October, when bond prices declined and there was a corresponding rise in yields.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

In the Twelfth District, the general business depression continued during September, with little conclusive evidence of change either for better or for worse.

Most of the District's crops were harvested by the end of September. Harvesting has been favored by good weather throughout the 1930 season and substantial yields of nearly all crops have been reported. Relatively low prices have been received for many crops, however, and, as indicated in recent months, there seems to be somewhat more than the usual tendency of producers to delay marketing of their crops in the hope of higher prices later in the autumn or winter.

Activity in the building and construction industry was relatively well maintained during September. Industrial activity other than building, however, declined after allowance for the usual seasonal movement. In several of the important industries whose seasonally adjusted

indexes of production declined, such as lumbering and petroleum, the curtailed output was at least partially a result of coöperative efforts within the industry to adjust production to market demand. The volume of unemployment did not change greatly during September.

There was little improvement in trade activity as a whole during September. Increases of more than seasonal proportions in wholesale trade and registrations of new automobiles were in contrast with the records of retail sales and freight carloadings, both of which failed to attain full seasonal volume. Retail sales were less unfavorable in comparison with those of the same month in 1929 than in preceding months, but this improvement was largely a result of there having been one more trading day in September, 1930, than in September, 1929.

Following a period of firmness or at least of stability in prices of commodities at wholesale

during August and early September, there was a resumption of the decline evident during most of the past year. The recent downward movement was most marked in prices of agricultural products and raw materials. Average prices for the entire month increased as compared with August, however, this being the first month to month increase in more than a year.

The currently prevailing easy money conditions were emphasized during the month ending October 15 by a smaller volume of borrowings from the Federal Reserve Bank of San Francisco than at any time since pre-war days. Both commercial and security loans of reporting member banks declined during the month, while their investment holdings increased by a small amount. Notwithstanding the ample supplies of funds available, interest rates in the larger cities of the District advanced slightly.

Agriculture

Rainfall during late September and early October was, on the whole, beneficial to the Twelfth District. It facilitated soil cultivation and the planting of winter wheat and stimulated the growth of forage on winter grazing ranges. Some slightly adverse effects of the rains were reported, however, from those regions of California where grapes and other late crops were still being harvested and fruit drying was still in process. The almost continuous decline in the price level of agricultural products, particularly during the recent months in which harvesting and marketing operations have been seasonally active, has tended to restrict agricultural purchasing power.

According to the October 1 estimate, the 1930 wheat crop, harvesting of which has now been completed, was approximately the same as the 1929 crop. The movement of wheat into consumption has been slower this year than usual, partly because of a lack of export demand and partly because of the farmers' disinclination to sell at existing low price levels. Exports of wheat from Puget Sound and Columbia River ports during July, August, and September were 20 per cent less than exports during the same three months of 1929 and 36 per cent less than the 1925-1929 average exports. The recent rains enabled farmers in the Pacific Northwest to complete fall wheat sowing operations except in the Big Bend region of Washington where more moisture is needed. The earlier planted stands of this crop have made excellent growth in recent weeks.

Barley exports from San Francisco continue to be less than a year ago. Lack of foreign de-

mand for malting barley from California has resulted in a 43 per cent decrease in shipments during the past three months (July, August, and September) as compared with shipments during the corresponding months of 1929.

There has been little change in the estimates of field crop production which were published in last month's Review. Production of cotton, hops, rice, and sugar beets will be less than a year ago and production of tame hay and potatoes will be greater than in 1929.

The harvest of practically all deciduous fruits raised in the District, excepting apples and grapes, is now complete. During the current season to October first, 23,471 carloads of grapes have been shipped from California, compared with 25,558 carloads shipped during 1929 up to October 1. Grape prices in eastern auction markets declined during September to levels lower in most instances than a year ago, when prices were somewhat higher than in 1928. Marketing of the 1930 apple crop, which is estimated to be 21 per cent larger than the crop last year, increased in volume during September and the season's shipments on October 1 totaled 7,908 carloads, or nearly twice as large as a year ago. Prices for apples have ranged from 25 to 45 per cent less than in 1929.

It is now estimated that the 1930-1931 Navel orange crop in California will be from 40 to 45 per cent greater than the 1929-1930 crop which was approximately 10,500,000 boxes. Shipments of Valencia oranges from California declined during September and prices for that fruit continued relatively high.

Some reaction from the improvement in the poultry and dairy markets which occurred during August was evident during September. Prices for butter and eggs declined slightly, due principally to the large supplies of storage butter and eggs which were available for marketing.

LIVESTOCK—MARKET RECEIPTS

	Twelfth District*		Mid-West†	
	1930	1929	1930	1929
Cattle				
September	69,086	73,939	979,359	1,039,447
August and Sept....	124,813	135,702	1,620,565	1,759,259
Sheep				
September	481,788	472,290	2,157,306	1,819,435
August and Sept....	1,018,196	977,328	3,364,493	3,023,743
Hogs				
September	155,450	141,191	1,489,672	1,629,346
August and Sept....	310,185	287,669	2,901,042	3,268,804

*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.

Winter grazing ranges were benefited by rainfall late in September and early in October, and are in better condition than a year ago. The cattle and sheep now being moved to these ranges from the summer ranges in the higher altitudes are reported to be in good flesh. Cattle breeding herds have been depleted in

recent years and current low prices have tended to discourage sales. Consequently, the autumn movement of cattle to market has been smaller in volume than a year ago, despite the relatively good condition of stock. Sheep, however, have been marketed in greater volume than a year ago, although the movement of lambs to mid-Western feedlots has been subnormal because of the relative scarcity of feed supplies in those markets. More than the usual numbers of lambs are being held in Twelfth District feedlots where feed supplies are readily available this year.

Sheep, lamb, and hog prices declined at Pacific Coast markets during late September and early October while cattle prices changed little. Prices for all kinds of livestock are well below the levels of a year ago.

Industry

Industrial activity in the Twelfth District was practically unchanged during September as compared with August. Production of lumber, petroleum, and copper continued relatively small, while there was further improvement in the building and construction industry. Although employment in the canning and preserving industry was at a seasonally high point, there was no apparent increase in the total number of workers employed in the District and unemployment continued more noticeable than it was a year ago. In contrast with the large surplus of labor in most parts of the District, some local shortage of farm help was reported in Arizona, due chiefly to the restriction of temporary immigration of Mexican labor which has heretofore furnished a

Industry—

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

General:	1930			1929
	Sept.	Aug.	July	Sept.
Carloadings—Industrial	74	72	78	102
Electric Power Production .....	..	164	166	162
Manufactures:				
Lumber	70	75	81	110
Refined Mineral Oils†	169p	175	180	204
Flour	112	127	114	110
Slaughter of Livestock	87	82	82	85
Cement	83	93	94	93
Wool Consumption† .....	..	85	70	91
Minerals:				
Petroleum (California)†	91	92	92	132
Copper (United States)†	89	85	83	124
Lead (United States)† .....	..	99p	96p	119
Silver (United States)†	72	69	71	80
Building and Construction:§				
Total	78	73	71	79
Value of Building Permits				
Twenty Larger Cities	51	46	50	64
Seventy smaller cities	61	63	70	88
Value of Engineering Contracts				
Awarded				
Total	144	144	142	115
Excluding Buildings	183	173	138	147

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

considerable portion of the agricultural labor in that state during the crop harvesting season.

Output of petroleum in California continued to decline slightly during September and the first half of October, but was greater than the daily average production of 550,000 barrels established for the industry in that state by the most recent coöperative curtailment program of the operators. Completions of new oil wells continued at a fairly rapid rate and served to increase the state's potential capacity to produce crude oil, more than offsetting the natural decline in output of older wells and adding to the difficulty of restricting output. Production apparently was not excessive in relation to current consumption, however, for stocks of crude and fuel oil declined further. The amount of crude oil run to stills also declined somewhat as compared with August, and despite a seasonal decrease in the consumption of gasoline (the major refinery product) stocks of that commodity were moderately reduced during September. All factors considered, the industry was probably less active in September than at any time since early in 1928.

Lumber production was somewhat smaller in volume during September than in August, but both orders and shipments increased a little, indicating some degree of success in the industry's efforts to bring about a balance between output and consumption. Stocks of lumber as reported by the West Coast Lumbermen's Association remained practically unchanged throughout the month, while figures of stocks reported by members of the Western Pine Manufacturers' Association declined somewhat as compared with those at the end of August—the first significant decline in stocks fig-

Employment—

Industries	California		Oregon	
	No. of Firms	No. of Employees	No. of Firms	No. of Employees
All Industries*	822	173,176	141	26,525
Stone, Clay and Glass Products	49	6,101	6	237
Lumber and Wood Manufactures ..	113	18,928	47	12,714
Textiles	17	2,070	9	1,282
Clothing, Millinery and Laundering ..	78	8,409	9‡	463
Food, Beverages, and Tobacco... ..	185	55,934	43	6,498
Public Utilities... ..	29	55,503	..	..
Other Industries†	352	75,499	..	..
Miscellaneous	28	6,235	27	5,331

* Public utilities not included in this total. ‡Laundry only. †Includes the following industries: metals, machinery and conveyances; leather and rubber goods; chemicals, oils and paints; printing and paper goods. Figures in parentheses indicate percentage changes from September, 1929.

ures of that Association since early this year. Operating schedules of sawmills and logging camps generally were further curtailed during the month and as a result the number of workers employed in the lumber industry was smaller than at any time in several years. This decrease in employment was accompanied by reductions in wage scales at some mills.

The value of building permits issued and construction contracts awarded in the Twelfth District did not decrease by the usual amount during September and the total for the three months ending September 30 was larger than for the three months ending August 31. The September level of construction, which compared favorably with that of September, 1929, was maintained chiefly through contracts awarded for bridges and pipe lines and a large increase in the value of building permits issued in Portland, Oregon. The aggregate value of permits issued in 80 cities of the District increased about ten per cent from August to September and was only seven per cent less than in September, 1929, the smallest year to year decline recorded for any month in 1930. Increases in the value of permits issued in a few of the principal cities of the District resulted in the relatively favorable year to year comparison for the entire District, inasmuch as marked declines were reported for most cities. In view of the fact that the sharp decline in building witnessed toward the end of 1929 had not attained great proportions in September of that year, this relatively small decline over the year period has greater significance than could be attached to similar year to year comparisons during the remaining months of this year.

There was a small increase in the tonnage of copper mined during September and stocks of both blister and refined copper continued to accumulate. Purchases of refined copper were fairly large at the current low price of ten cents per pound (Connecticut Valley), but nearly all sales were for early delivery. Output of silver also increased somewhat during the month while the declining level of commodity prices (indicating a rising purchasing power of gold) continued to stimulate activity among gold producers.

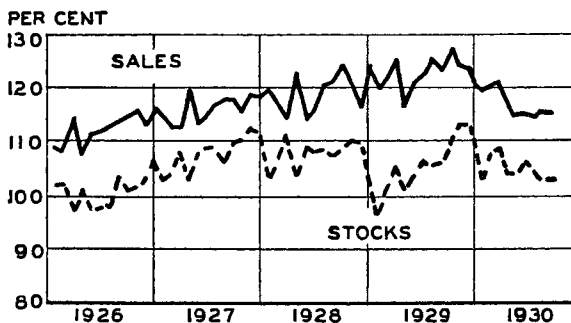
Flour production in the District was large during September, with mills operating at about 90 per cent of capacity. The moderately large volume of business conducted during the month was the result of orders received from the Orient, chiefly from China. Millers' stocks of flour remained at low levels for this season of the year.

According to estimates reported by the Pacific Fisherman, the 1930 pack of canned salmon in North America amounts to about 7,750,000 cases as compared with 8,382,908 cases actually

packed in 1929. The decline from last year was especially pronounced in the Puget Sound region of the United States, although there were also declines in the Alaskan and Columbia River packs. The unusually short supply of Alaska Reds was partially compensated for by a substantial increase in the pack of Sockeyes. These two grades of canned salmon are currently selling at approximately equal prices. This price relationship has seldom existed in the past, for Sockeye prices have ordinarily been substantially higher than Alaska Red prices. Canned salmon was marketed in considerable volume during July and August and the large carryover of Pinks and Chums was greatly reduced. In contrast with the declines of earlier months, prices for these lower grades of salmon were firm during September.

Trade

Data for September suggest that there was little improvement in trade conditions as compared with August. A slight increase in the seasonally adjusted index of wholesale trade, a decrease in registrations of new automobiles, which was smaller than the average August-September decrease of the past nine years and the maintenance of a steady, though not greatly expanding, movement of goods in the inter-coastal trade through the Panama Canal, were the most favorable features of the trade situation during the month. Less encouraging were the records of department store sales and freight carloadings, however, both of which increased less than has been customary in recent years.



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).

Department store sales increased less than seasonally during September. There was one more trading day in September of this year than last and daily average sales volume was nine per cent smaller than in September, 1929, a year to year decline of approximately the same amount as that recorded in July and August. Apparel and furniture stores continued

to report larger declines in sales as compared with 1929 than did department stores. In the first three quarters of this year sales of reporting department, apparel, and furniture stores were four, nine, and fourteen per cent smaller in value, respectively, than in the first nine months of 1929.

	NET SALES*		STOCK*
	Sept., 1930 compared with Sept., 1929	Jan. 1 to Sept. 30, 1930 compared with Jan. 1 to Sept. 30, 1929	
	Department Stores†	5.2 (66)		4.3 ( 65)	8.7 (50)
Apparel Stores	9.8 (28)	8.8 (28)	11.9 (18)
Furniture Stores	19.0 (42)	13.7 (37)	8.1 (28)
All Stores	7.7 (136)	6.0 (130)	8.9 (96)

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

Sales at **wholesale** during September increased by slightly more than the seasonal expectation. (Wholesale sales are usually greater during September than in any other month of the year.) Aggregate sales were, however, 15 per cent smaller in value than in September, 1929. Particularly large declines in comparison with last year were recorded in sales of agricultural implements and automobile supplies. Grocery sales decreased by only one per cent as compared with a year ago, indicating, as in the preceding months, that aggregate sales of food have been less disturbed by this year's business reaction and the lower level of wholesale prices than have sales of other commodities.

A fair volume of commodities was shipped in the **intercoastal** trade during the third quarter of this year, although it was well below ship-

ments during the corresponding quarter of any year since 1925. In September total tonnage of intercoastal shipments was larger than in August, both eastbound and westbound transits increasing. The September eastbound movement of "general cargo" (that is, cargo other than petroleum and lumber) was the largest recorded in any month since the beginning of 1926. Eastbound shipments of lumber increased, while those of petroleum and petroleum products declined, both movements being contrary to past seasonal tendencies.

Daily average freight **carloadings** on the District's railroads were 15 per cent fewer in number during September, 1930, than in September, 1929, and were 20 per cent less than in September, 1928. The decline from 1929 was about the same as in August. Carlot shipments of fruit, chiefly apples, from the Pacific Northwest approached record proportions and the movement of grain was approximately the same as last year. Loadings of industrial freight increased somewhat as compared with August, but shipments of merchandise and miscellaneous goods failed to expand seasonally.

Registrations of new **automobiles** did not decrease as much as is customary from August to September. Sales of trucks in California were close to the high level of September, 1929, and sales of commercial cars throughout the entire District increased greatly as compared with August.

The value of commodities entering into the **foreign** trade of the District in July showed a

Distribution and Trade—

	1930			1929
	Sept.	Aug.	July	Sept.
Foreign Trade*	Index Numbers*			
Total†	105	105	105	145
Imports†	104	104	104	127
Exports	105	105	105	156
Intercoastal Trade*				
Total	85	85	85	101
Westbound	109	110	107	150
Eastbound	78	77	78	87
Carloadings‡				
Total	91	95	94	107
Merchandise and Miscellaneous...	105	109	105	114
Wholesale Trade§				
Sales	89	88	88	104
Retail Trade				
Automobile Sales‡				
Total	97	86	101	145
Passenger Cars	89	82	96	139
Commercial Vehicles	182	136	159	204
Department Stores				
Sales‡	115	116	114	126
Stocks¶	103	103	104	111
	Actual Figures			
Stock Turnover||	.26	.26	.22	.25
Collections#				
Regular	42.8	41.5	41.9	44.9
Installment	15.7	15.4	14.9	16.0

*Adjusted for seasonal variations, 1923-1925 average=100. *Indexes are for three months ending with 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.

Bank Debits*—

	Sept., 1930	Sept., 1929	First Nine Months— 1930 1929	
Arizona				
Phoenix	\$ 29,274	\$ 36,683	\$ 330,801	\$ 384,415
California				
Bakersfield	11,153	12,701	115,169	125,003
Berkeley	18,170	19,887	177,746	189,877
Fresno	27,313	34,103	298,546	288,995
Long Beach	46,302	56,546	439,537	569,950
Los Angeles	904,564	1,149,972	9,214,721	10,923,450
Oakland	174,461	204,596	1,711,907	2,137,395
Pasadena	27,964	32,716	310,372	367,545
Sacramento	46,947	53,959	439,014	462,031
San Bernardino	9,013	9,929	93,925	101,409
San Diego	47,374	59,002	503,618	580,501
San Francisco	1,149,730	1,399,908	11,468,918	12,372,708
San Jose	28,181	33,886	246,948	268,863
Santa Barbara	14,688	16,915	140,142	152,229
Stockton	20,055	28,333	223,789	256,217
Idaho				
Boise	14,055	16,013	127,162	135,310
Nevada				
Reno	11,898	12,868	101,766	114,648
Oregon				
Eugene	6,510	7,965	62,159	70,569
Portland	181,182	207,956	1,583,175	1,743,532
Utah				
Ogden	21,394	22,240	158,523	168,075
Salt Lake City	66,219	81,781	653,817	727,237
Washington				
Bellingham	9,005	10,824	84,131	96,135
Everett	11,568	13,893	115,009	128,382
Seattle	227,313	273,621	2,134,544	2,428,408
Spokane	51,026	65,422	470,977	546,784
Tacoma	42,351	49,052	406,143	453,574
Yakima	15,447	17,820	126,129	126,964
Total	\$3,213,162	\$3,928,591	\$31,738,688	\$35,920,206

*In thousands of dollars.

greater percentage decline from a year ago than in June. Exports of \$29,500,000 in the later month were 35 per cent below those of a year ago, while the total value of imports during July was the lowest of any month since November, 1921. The depressed activity of foreign trade of Pacific Coast ports has been quite in accord with the recent experience of United States ports generally, which in July showed a 33 per cent decline for exports and a 38 per cent decline for imports in comparison with July, 1929.

Prices

Several weeks of steadiness in commodity price averages prior to mid-September were followed by a renewal of the decline characteristic of the past year. Current price levels indicate that the advances made during the period of relative stability (from early August to mid-September) have been largely offset by the down-trend of the past month. Declines taking place up to the end of September, however, had not been sufficient to compensate entirely for the increases during August and early September in prices of a number of agricultural commodities which were noticeably affected by the drouth in the mid-West. Consequently, the wholesale commodity price index of the Bureau of Labor Statistics increased fractionally for the month of September as a whole, but at 84.2 (1926 = 100) was still approximately 14 per cent lower than a year earlier.

Quotations for wheat have continued to move irregularly downward during the past six weeks, following the trend noted during most of the past year. At Chicago grain exchanges the December contract for wheat sold as low as 75½ cents per bushel on October 14 and is quoted at only moderately higher levels at the present time. Wheat prices in other markets have moved similarly, although lately a fairly active demand from Oriental countries and increased requirements of domestic millers have resulted in some improvement in market conditions at Pacific Coast grain centers.

Cotton, rice, and hops are among the District's crops which have been moving to market at prices considerably lower than a year ago.

There have been further declines in prices of hogs and lambs at District markets, but quotations for cattle have changed little during the past two months. (At Chicago markets cattle prices have advanced substantially since late August.) The relatively low prices for livestock appear to have had a tendency to restrict the volume of receipts at local markets.

Average wool prices, as indicated by the Fairchild indexes, declined slightly in late September for the first time since last May. Silk,

rubber, and sugar are currently being sold at extremely low prices in comparison with prices recorded during other periods in the history of the exchanges dealing in those products.

The price of refined copper was reduced during September from 10¾ to 10 cents per pound (Connecticut Valley), the lowest price for that metal in 34 years and one of the lowest ever recorded. Lead quotations, after having advanced moderately early in August also declined.

Credit Situation

Daily average borrowings at the Federal Reserve Bank of San Francisco, which, during September, were lower than at any previous time since the formative period of the Federal Reserve System, were reduced further during the first half of October to less than seven million dollars. The number of banks accommodated (92) was also the lowest since pre-war times and nearly all of these were country banks. Borrowing was heaviest from the Salt Lake City area.

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

	Condition			
	Oct. 15, 1930	Oct. 8, 1930	Sept. 17, 1930	Oct. 16, 1929
Total Bills and Securities.....	69	64	65	127
Bills Discounted	6	5	6	78
Bills Bought	24	20	20	37
United States Securities.....	39	39	39	12
Total Reserves	290	301	300	260
Total Deposits	183	189	191	191
Federal Reserve Notes in Circulation	157	158	158	177
Ratio of Total Reserves to Deposit and Note Liabilities Combined	85.2	86.9	86.1	70.8

Interest rates charged customers of commercial banks tended upward slightly during September and October, for the first time this year. This movement was not accompanied by increased credit demand. In fact, reporting member banks increased their investment portfolios by 14 million dollars during the four weeks ended October 15, a period in which their loans declined 23 million dollars and their total deposits increased 7 million dollars. The relative easing in the credit position of member banks, particularly of country member banks, this year may in part be attributed to the rather large supplies of funds furnished indirectly by United States Treasury operations. Expenditures and advances made in the Twelfth District by the Federal Government have exceeded tax collections during most of the first nine months of 1930. For the District as a whole, the flow of government funds was reversed during the week of September 15, however, due entirely to the excess of income tax collections over expenditures in the Los Angeles and San Francisco areas.

Excess government funds in country areas,

like funds from other sources coming into the hands of country banks, tend to gravitate to the city banks in the course of trade and investment. During the first six months of 1930 country banks kept their city balances at high levels because they possessed relatively large supplies of surplus funds. During the past three months, however, net demand and time deposits of country banks have been declining while those of city banks have been increasing, contributing to a further accumulation of surplus funds in city banks. In view of the inactive demand for commercial credit, much of these additional funds has been placed in the New York call market, particularly during the past six weeks. Resulting shortages in the reserve positions of the larger city member banks have been met by utilizing the excess reserves of Philadelphia and, to a lesser extent, New York correspondents which were available on a day-to-day basis. This procedure enabled these member banks to remain out of debt at the Federal Reserve Bank.

During the past four weeks there have been small decreases of currency in circulation and small Mint purchases of gold, most of which was produced in the Twelfth District, each amounting to about five million dollars. These transactions provided member banks with additional credit which was for the most part used in the securities markets. These additions to the banking funds of the Twelfth District also increased the gold reserves and reduced the outstanding liabilities of this Bank, thus raising its reserve ratio.

Total loans of reporting member banks, especially security loans, have decreased since September, and much of the funds thus released has been placed in investments. As in other recent months these investments have been principally in securities other than government obligations. This tendency to invest a larger proportion of funds in other securities has probably been stimulated by an improved bond mar-

ket and the fact that the banks' holdings of government securities, widely used as collateral for borrowing from the Federal Reserve Bank, are well in excess of any of their likely needs for credit accommodation in the near future. It should also be noted that, during recent months in which local demand for commercial credit has been slack, the "all other" (commercial) loans figures of reporting member banks have included an increasing proportion of acceptances purchased in the open market. Most of the paper thus purchased has originated through transactions in other districts or in trade between foreign countries and has not, therefore, involved the direct extension of credit to Twelfth District trade and industry. So far as the banks themselves are concerned this use of funds partakes of the nature of an increase in their investment holdings.

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

	Condition			
	Oct. 15, 1930	Oct. 8, 1930	Sept. 17, 1930	Oct. 16, 1929
Loans and Investments—Total.	1,978	1,979	1,987	1,968
Loans—Total	1,342	1,341	1,365	1,391
(a) On securities	452	451	467	447
(b) All other	890	890	898	944
Investments—Total	636	638	622	577
(a) U. S. Government securities	339	342	334	333
(b) Other securities	297	296	288	244
Reserve with Federal Reserve Bank	110	111	111	112
Net Demand Deposits	757	738	757	790
Time Deposits	1,016	1,026	1,007	965
Due from Banks	228	219	245	164
Due to Banks	300	298	320	198
Borrowings at Federal Reserve Bank	0	0	1	73

There was a substantial increase in the number and value of shares traded upon the stock exchanges of the District in September as compared with August, but the figures were substantially below those reported for a year ago. The increased turnover during September represented the normal seasonal increase at this time of year. Prices of locally listed shares remained steady during the first three weeks of September but declined sharply during the last week, with further declines during October.

