

MONTHLY REVIEW

OF BUSINESS CONDITIONS

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

Vol. XV

San Francisco, California, February 20, 1931

No. 2

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial activity increased in January by slightly less than the usual seasonal amount and factory employment and payrolls declined. Money rates in the open market declined further from the middle of January to the middle of February.

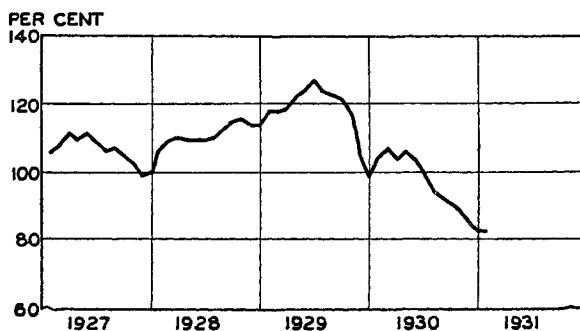
Production and Employment. The Federal Reserve Board's index of industrial production, which is adjusted for seasonal variations, showed a decrease of less than one per cent in January, compared with declines of 3 per cent in November and December. Activity in the steel industry, which was at a low level in December, increased during the following month by considerably more than the usual seasonal amount. Output of automobiles, which had shown an unusual increase in December, increased less in January than in the corresponding month of other recent years. The cotton and wool textile industries were more active in January, while the output of copper, petroleum, and coal declined. The number of wage earners employed at factories was smaller during the payroll period ending nearest the fifteenth of January than in the preceding month, reflecting in part extended year-end shut-downs. There were large declines in employment at foundries and at establishments producing hosiery, women's clothing, lumber, brick, cement, and tobacco products. Employment in the men's clothing, leather, and agricultural implement industries increased some-

what more than usual for the season. Factory payrolls were considerably reduced in January. Value of contracts awarded for residential building continued to decline in January, according to the F. W. Dodge Corporation, while contracts for public works and utilities increased. In the first half of February the daily average of contracts awarded for residential building increased.

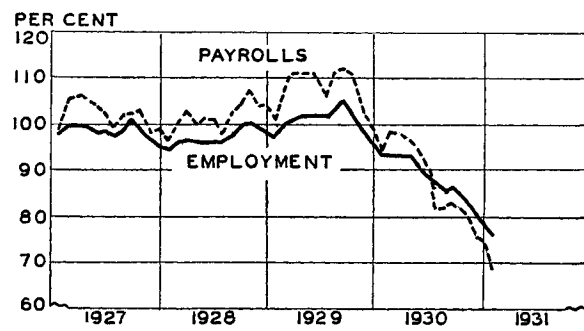
Distribution. Contrary to the usual seasonal tendency, the volume of freight carloadings was reduced further in January, reflecting decreases in shipments of coal, merchandise, and miscellaneous freight. Department store sales, which always show a sharp reduction from December to January, declined by less than the estimated seasonal amount.

Wholesale Prices. The general level of wholesale commodity prices declined further by 2 per cent in January, according to the Bureau of Labor Statistics. Prices of many leading agricultural products, and of copper and silver decreased substantially, while prices of cotton and silk advanced. In the first half of February the price of cotton continued to rise and in the middle of the month copper also advanced, while the price of silver declined to new low levels and prices of livestock continued to decrease.

Bank Credit. Volume of credit at member banks in leading cities showed little change from January 14 to February 11, further de-



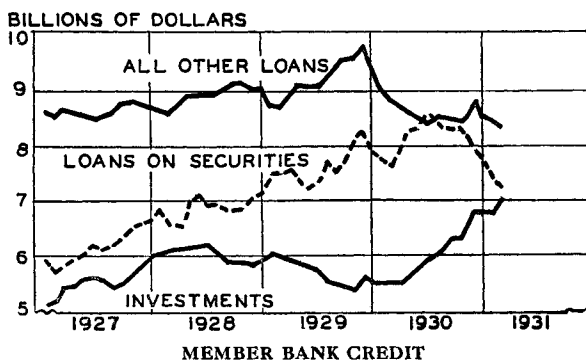
Index numbers of industrial production adjusted for seasonal variations (1923-1925 average=100).



Indexes of factory employment and payrolls without adjustment for seasonal variations (1923-1925 average=100).

clines of \$200,000,000 in loans on securities and of \$115,000,000 in all other loans being largely offset by an increase of \$310,000,000 in holdings of investments.

In the first three weeks of February bank suspensions declined sharply, and a number

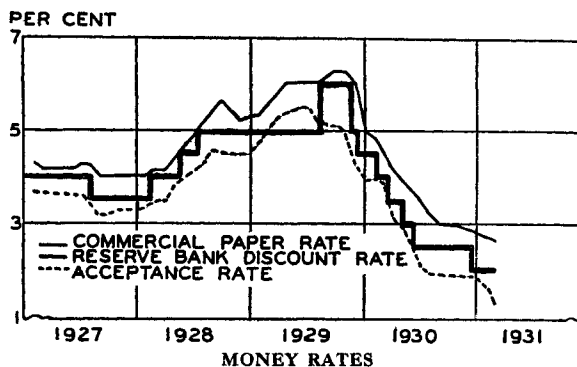


Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures are averages of first two weeks in February.

of banks, previously suspended, resumed operations. Volume of reserve bank credit outstanding decreased by \$175,000,000 between the weeks ending January 17 and February 14, reflecting a reduction of \$70,000,000 in member bank balances and \$80,000,000 in money in

circulation, together with an increase of \$25,000,000 in the stock of monetary gold. The principal reduction has been in acceptance holdings of the reserve banks.

Money Rates. Money rates in the open market continued to decline after the middle of



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 19 days in February.

January and by the middle of February were at new low levels. The prevailing rate on prime commercial paper declined to a range of $2\frac{1}{2}$ - $2\frac{3}{4}$ per cent and the rate on bankers' acceptances was reduced to $1\frac{1}{4}$ per cent, but subsequently advanced to $1\frac{1}{2}$ per cent.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Most records of business in the Twelfth Federal Reserve District indicate a further recession in activity during January. Industrial output continued to decline sharply, distribution of commodities was slower than in December, due allowance being made for seasonal influences, and commodity prices moved downward, although less rapidly than in preceding months. The agricultural situation on the whole, did not change during the month. Credit conditions remained easy with further declines in interest rates reported.

Since the beginning of 1931, the agricultural outlook has been benefited by moderate rainfall and fairly even temperatures. Stored stocks have been large for nearly all farm products, however, and market conditions generally have been slightly more unsatisfactory for producers than in December. Prices for dairy and poultry products have declined to especially low levels, although decreases in prices of agricultural products as a whole have been smaller during recent weeks than during most of the past year.

Output was further curtailed in the lumber, copper, petroleum, and flour industries during January. In most cases these decreases were not accompanied by corresponding declines in demand and inventory reductions predom-

ated. The value of building permits fell off sharply, while the value of engineering contracts awarded increased substantially. Employment continued extremely low for this season of the year and there have been reports of further wage cuts.

Department store sales declined more than is usual in January and sales at wholesale were smaller than in December. Inventories of department stores were further reduced during January, contrary to the usual increase which follows the depletion of stocks during the Christmas season. The number of cars of freight loaded on the District's railroads declined slightly more than seasonally during January, and intercoastal traffic in almost all commodities, except lumber shipments which were relatively high, was smaller than in December.

No material change has been evident in the credit situation during the past month. Commercial banks are in an unusually liquid position with surplus funds seeking investment, and Reserve Bank credit in use has declined nearly to the low levels prevailing during most of 1930. Borrowings of member banks have declined to less than half their average in December, while Reserve Bank holdings of acceptances are lower than at any time since

November, 1927. There was a sharp drop in security loans of reporting member banks during the four weeks ended February 18, while commercial loans changed little and investments continued to expand. Currency in circulation has contracted seasonally since the beginning of 1931 in all parts of the District except the Portland and Spokane areas.

Agriculture

The outlook for crop production during 1931 was improved during January and the first weeks of February by intermittent rainfall in most parts of the District and by both rain and snowfall on important watersheds which furnish irrigation water supplies. Precipitation, however, is generally below the long time average at the present time. Somewhat higher temperatures during January were also beneficial to livestock ranges and growing crops in regions free from snowfall during the winter months. This year, as in 1930, favorable growing conditions such as these afford a contrast with marketing conditions for nearly all agricultural products. Farm products prices did not improve during January and continue at the low levels reached during their decline in the past 18 months. As is usual during January and early February, agricultural activity was at relatively low levels, for the larger part of the past season's crops has been marketed and it is yet too early for most spring planting operations.

The latest estimates of the 1930-1931 Navel orange and lemon crops in California, 15,819,-

000 boxes and 6,300,000 boxes, respectively, approximate the estimates of previous months and show a large increase over the 1929-1930 season when 9,500,000 boxes of Navel oranges and 4,908,000 boxes of lemons were produced. Market prices for both lemons and oranges averaged somewhat lower during November, December, and January than in the corresponding months in 1929 and 1930.

Market conditions for dairy and poultry products continued extremely unsatisfactory during the past month, and storage holdings of butter and eggs remained far above those of a year ago. This factor and the anticipation of the approaching season of heavy production have resulted in drastic recessions in prices of these commodities during the past six weeks. In early February the quotations at the San Francisco market were 18½ cents per dozen for United States No. 1 Extra eggs and 27 cents per pound for 92-score butter. In February, 1930, these products were quoted at 28½ cents per dozen and 36 cents per pound, respectively.

The annual inventory of the value and number of **livestock** on farms and ranges in the District, compiled as of January 1, 1931, by the United States Department of Agriculture, shows a 24 per cent decline in the combined value of cattle, sheep, and hogs, the largest individual decline being a reduction of 32 per cent in the value of sheep and lambs. The numbers of livestock on farms and ranges are shown in the table below. The trends of the past few years continued in all classifications except "Other Cattle" (chiefly beef) which increased in number for the first time since 1927.

Agricultural Marketing Activity—

	January		Season to Date	
	1931	1930	1930-1931	1929-1930
Carlot Shipments				
Apples	5,279	3,876	50,493	37,018
Oranges*	4,913	2,518	13,674	10,598
Lemons*	1,065	395	2,394	1,295
Vegetables (Cal.)	7,738	7,394	26,204	26,259
Eggs (Cal., Ore., Wash.)	507	359		
Exports				
Wheat (bu.) †...	711,068	2,193,931	13,756,181	18,167,417
Barley (bu.) †...	463,792	496,276	6,063,458	7,415,064
Dairy Products (lbs.—San Francisco) ...	1,696,971	2,927,028		
Eggs (cases—San Francisco)	160,950	244,193		
Receipts				
Cattle ‡	66,608	75,035		
Sheep ‡	267,276	186,910		
Hogs ‡	239,533	232,677		
Eggs (cases) §...	145,338	143,373		
Butter (lbs.) §...	5,606,606	5,325,420		
Storage Holdings (end of the month)				
Apples (cars—Wash.)	10,870	8,744		
Wheat (bu.) ...	6,921,000	4,376,000		
Beans (bags—Cal.)	1,853,009	1,398,556		
Butter (lbs.) †...	1,906,267	1,150,139		
Eggs (cases) †...	12,006	153		
Potatoes (bu.) ...	21,847,000	13,884,000		

*Season begins November 1. †Season begins July 1. ‡Eight markets. §Three markets.

LIVESTOCK ON FARMS AND RANGES—Twelfth District

January 1	Dairy Cows*	Other Cattle	Sheep	Hogs
1931	1,875,000	3,681,000	15,268,000	1,279,000
1930	1,851,000	3,530,000	14,621,000	1,314,000
1929	1,804,000	3,609,000	14,335,000	1,539,000
1928	1,753,000	3,791,000	13,673,000	1,677,000
1927	1,719,000	3,675,000	13,217,000	1,465,000
1926	1,699,000	3,847,000	12,545,000	1,235,000
1925	1,698,000	4,243,000	12,179,000	1,386,000

*Cows and heifers one year old or over kept for milk.

The absence of storms in the winter livestock grazing areas and the mild weather in the year-round grazing areas of the District have resulted in an improvement in the condition of livestock as compared with a year ago. Prices for meat animals continue to be unfavorable for producers.

Industry

Industrial production in the Twelfth District continued to decline during January, although there is usually a slight increase during that month. Output of lumber, petroleum, copper, and flour decreased as compared with the previous month and, with the exception of flour milling, all were at levels far below those

of the last several years. The number of industrial employees continued to be much smaller than in other recent years and further wage reductions ranging up to 10 per cent were reported.

The value of building permits issued in the District during January declined considerably from December levels and was approximately 37 per cent less than in January, 1930. Large decreases in Seattle and Los Angeles accounted for the greater part of these declines. The magnitude of the decrease over the year period is partly explained by the fact that the value of permits issued during January, 1930, was relatively large. Engineering contracts awarded, on the contrary, expanded sharply from their value in December and were slightly higher than in January, 1930. The sharp decline in prices of building materials has contributed substantially to the reduced value of building during recent months.

There was a further reduction in output of lumber during January. Operations of a few firms ceased completely and output of most firms which continued to produce was further curtailed. Orders for lumber increased during January and shipments increased also, but by less than the usual amount. Both orders and shipments were approximately 20 per cent greater than production, however, resulting in a continuation of the decline in inventories of lumber. This decrease in inventories should not be attributed to significant improvement in the demand for lumber, but rather to the extremely low rate of production, which, after adjustment for seasonal factors, was approximately 40 per cent below the average rate of production from 1925 through 1929.

The petroleum industry of California has failed to attain the announced objective of an approximate daily average output of 500,000 barrels, but the quantity of crude oil produced during January was reduced considerably as compared with December, the daily average being 535,000 barrels. This figure is the lowest for any month since January, 1923. Activity of refineries declined throughout the month. The average rate of production was about equal to that of early 1928 which was followed by a sharp increase, chiefly in gasoline output, in the latter half of that year. Despite the decline in activity of refineries, stocks of gasoline increased seasonally during the month, although they were considerably smaller than at the end of January, 1930. Stocks of heavy crude and fuel oil declined substantially during January, however, reflecting probably the increased application to heavy crudes of the cracking process of producing gasoline.

Most copper mines of the District operated with skeleton crews throughout January and production continued to decline. Stocks of both refined and blister copper decreased by a comparatively small amount during the month. The decline in inventories of refined copper continued the movement begun in the preceding month when the upward trend was checked for the first time in more than a year.

Flour milling was also less active during January than in immediately preceding months or a year ago. Demand for export flour is reported to be practically negligible while domestic demand has been moderate, although somewhat irregular.

Industry—

	Indexes of daily average production, adjusted for seasonal variations (1923-1925 daily average=100)			
	1931 Jan.	1930 Dec.	1930 Nov.	1930 Jan.
General:				
Carloadings—Industrial	75	74	70	82
Electric Power Production	153	156	156	156
Manufactures:				
Lumber	63	67	63	82
Refined Mineral Oils†	133	157	155	180
Flour	95	95	111	122
Slaughter of Livestock.....	70	83	78	77
Cement	75	79	99	78
Wool Consumption†	57	71	71	61
Minerals:				
Petroleum (California)†	81	89	92	107
Copper (United States)‡	71	75	82	101
Lead (United States)‡	83	92	83	92
Silver (United States)‡	68	66	76	91
Building and Construction:§				
Total	57	55	63	61
Value of Building Permits				
Twenty Larger Cities.....	44	46	48	51
Seventy Smaller Cities.....	47	47	51	57
Value of Engineering Contracts Awarded				
Total	96	94	117	149
Excluding Buildings	117	96	142	117

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

Employment—

Industries	California		Oregon	
	No. of Firms	No. of Employees Jan., 1931 Jan., 1930	No. of Firms	No. of Employees Jan., 1931 Jan., 1930
All Industries*	870	126,246 (-20.3)	158,489	135 17,547 (-16.1)
Stone, Clay and Glass Products..	46	5,166 (-28.7)	7,244	3 147 (-2.6)
Lumber and Wood Manufactures ..	112	13,634 (-17.5)	16,530	46 9,145 (-19.9)
Textiles	17	2,137 (-7.6)	2,314	10 1,316 (-30.1)
Clothing, Millinery and Laundering.	87	6,647 (-11.5)	7,511	8‡ 365 (-9.2)
Food, Beverages, and Tobacco...	194	21,706 (-8.4)	23,684	39 1,619 (1.1)
Public Utilities ..	32	52,590 (-8.4)	57,444	..
Other Industries†.	386	70,041 (-25.3)	93,729	..
Miscellaneous ...	28	6,915 (-7.5)	7,477	29 4,955 (-9.1)
Wholesale and Retail	103	26,044 (-6.4)	27,837	..

*Public utilities and wholesale and retail figures 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 change from January, 1930.

Trade

A further falling off in the District's trade, after allowing for seasonal factors, was recorded in January. The downward drift was not pronounced in any phase of distribution. It was, however, evident in practically all trade measures, there being declines in department store sales, wholesale sales, freight carloadings, and intercoastal traffic.

Daily average department store sales declined more than seasonally from December. In comparison with the same month in the preceding year, sales were more favorable in January than in December, however, largely because of the unusually sharp decline between December, 1929, and January, 1930. Decreases were general throughout the District but were particularly large in Los Angeles and Arizona. Contrary to the usual tendency, inventories of department stores were further reduced during January, accentuating the reduction in December which customarily accompanies the heavy sales of the Christmas season. The value of stocks carried has been declining irregularly since June, 1930, influenced in part at least by a declining price level. The ratio of collections to outstanding charge accounts of department stores was practically the same as in January, 1930, when the collection ratio for that month was lower than in any January since the figures have been collected (1926).

RETAIL TRADE—Twelfth District

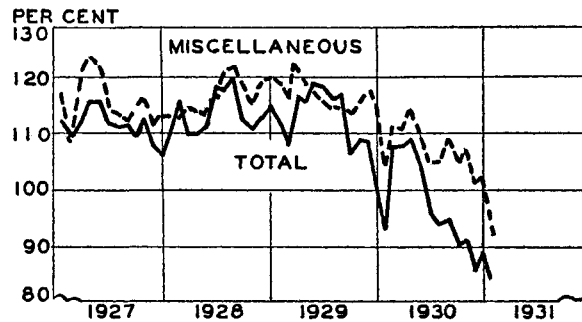
	NET SALES*	STOCKS*
	Jan., 1931 compared with Jan., 1930	Jan., 1931 compared with Jan., 1930
Department Stores†	— 9.2 (66)	—11.7 (48)
Apparel Stores	—12.1 (27)	—11.5 (18)
Furniture Stores	— 7.9 (36)	—14.1 (24)
All Stores	— 9.2 (129)	—12.0 (90)

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

Wholesale trade during January was seasonally slack. Compared with a year ago declines of more than 20 per cent were reported by dealers in agricultural implements, automobile supplies, dry goods, electrical supplies, furniture, hardware, and shoes. Sales of drug, grocery, and paper and stationery houses were relatively better than were sales in other lines of wholesale trade. Aggregate sales of all reporting wholesale houses have been declining steadily in value since October, 1929.

Intercoastal shipping through the Panama Canal declined more than seasonally during January as a result of reduced tonnage of practically all commodities except lumber. Eastbound shipments of lumber increased for the second successive month and were larger than in January, 1930. The increase in lumber shipments has been an important factor in sustaining the volume of eastbound intercoastal traffic

during recent months. Petroleum shipments from southern California ports were small in relation to the level of shipments of that commodity during the past five years.



RAILROAD FREIGHT—CARLOADINGS

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

Carloadings on District railroads declined substantially in January and were fewer both in actual number and after adjustment for seasonal influences than in any month during the seven years for which records are available. Declines were most pronounced in the miscellaneous and merchandise group.

Prices

In contrast with a moderate rise in security prices, commodity prices have declined since the beginning of 1931, continuing the trend in evidence since the middle of 1929. During the past four months, average wholesale prices (United States Bureau of Labor Statistics' index) have fallen nearly 9 per cent, while

Distribution and Trade—

	1931		1930	
	Jan.	Dec.	Nov.	Jan.
Foreign Trade*	Index Numbers*			
Total†	..	..	90	134
Imports†	..	..	94	117
Exports	..	..	87	143
Intercoastal Trade*	86	88	88	103
Total	97	103	109	124
Westbound	82	84	82	97
Carloadings‡	84	89	85	94
Total	92	102	101	105
Merchandise and Miscellaneous..				
Retail Trade				
Automobile Sales‡				
Total	..	89	67	108
Passenger Cars	..	83	60	104
Commercial Vehicles	..	148	148	155
Department Store				
Sales‡	108	110	111	118
Stocks§	93	99	103	104
Stock Turnover||	.25	.44	.25	.24
Collections#				
Regular	44.8	42.8	43.1	44.9
Installment	15.9	15.2	15.4	16.0

*Adjusted for seasonal variations, 1923-1925 average=100. *Indexes are for three months ending with month indicated. †Excluding raw silk. ‡Daily average. ¶At end of month. ||Proportion of average stocks sold during month. #Per cent of collections during month to amount outstanding at first of month.

the decline in the fourteen months preceding was 14 per cent. The index for January, at 77.0 (1926=100) was nearly 2 per cent under the figure for December and only 11 per cent above the 1913 average. From December 15 to January 15 there was another sharp drop in retail prices of food in the principal cities of the District. According to generally observed tendencies, retail prices of commodities other than food, (there is no composite index of retail commodity prices) have also been reduced during recent months, thereby lowering the cost of living.

During the past two months, wheat prices for nearby contracts in the Chicago market have maintained recent advances, reflecting in part substantial purchases by the Federal Farm Board. The present supply of wheat is large and reports indicate little reduction of new crop acreage. On the Pacific Coast, prices have been steady since the first of this year, although at the lowest level reached on the current movement. Visible supplies of wheat on the Pacific Coast (Bradstreet's figures) have increased sharply since January 1, whereas they usually decline at this time of year. Despite smaller market receipts, Twelfth District cattle prices have declined sharply since the beginning of 1931, thus reversing the upward movement noted last autumn. In the case of lambs, however, smaller receipts have been accompanied by a slight rise in prices. Butter, eggs, coffee, sugar, and milk have recently declined

sharply in price, while bean, potato, and hay prices have been fairly steady. Quotations on raisins were advanced slightly during January and early February.

Renewed weakness in wool prices developed in late January after three weeks of unchanged quotations and northern and southern California wool (scoured) is now quoted on Boston markets at the lowest prices since 1921. Silk and cotton prices have advanced moderately during recent weeks.

Despite a small decline in stocks, copper was on February 9 again quoted at the extremely low price of 9½ cents per pound, delivered Connecticut Valley, but has since recovered to 10¼ cents per pound. Silver production has been substantially curtailed during the past few months, but prices have continued to decline irregularly, reaching 25¾ cents per fine ounce on February 16, the lowest quotation ever recorded. Quotations for lead were reduced sharply during early January and again during the first week in February to the lowest prices since 1921.

Credit Situation

While larger than during 1930, daily average discount holdings of the Federal Reserve Bank of San Francisco, at 17 million dollars for the four weeks ending February 18, were considerably lower (10 million dollars) than in December and January. The Bank's holdings of locally purchased acceptances declined from 26 million dollars at the year-end to nine million dollars in mid-January and to five million dollars on February 18, the decrease more than offsetting a small additional amount of credit extended through participation in the purchase of bills in the New York market. A number of other factors, including the following, have been responsible for the rapid decline in the volume of credit extended by this Bank since the beginning of 1931.

(1) Money in circulation in the Twelfth District has contracted 45 million dollars, a reduction evident in all but the Portland and Spokane areas where circulation remains at the year-end levels. When this money came out of circulation, it was deposited in commercial banks which in turn sent it to the Federal Reserve Bank to reduce their borrowings or to increase their deposits at that Bank.

(2) There has been a continued net inflow of surplus banking funds from eastern money markets on a day to day or other short-term basis which funds were available at rates lower than those charged for Reserve Bank funds. This money has helped member banks to maintain necessary reserve deposits with the Reserve Bank while borrowing but little from that institution.

Bank Debits*—

	January, 1931	January, 1930
Arizona		
Phoenix	\$ 36,522	\$ 46,989
California		
Bakersfield	14,526	16,150
Berkeley	19,122	23,071
Fresno	26,629	45,885
Long Beach	55,457	54,838
Los Angeles	1,003,465	1,108,476
Oakland	225,700	201,031
Pasadena	37,310	38,919
Sacramento	51,424	55,044
San Bernardino	10,205	11,215
San Diego	62,831	63,449
San Francisco	1,148,630	1,293,590
San Jose	30,131	33,333
Santa Barbara	16,204	17,530
Stockton	21,085	29,366
Idaho		
Boise	14,394	16,258
Nevada		
Reno	10,216	12,093
Oregon		
Eugene	6,013	6,704
Portland	143,487	175,404
Utah		
Ogden	15,861	19,257
Salt Lake City	72,245	88,735
Washington		
Bellingham	7,525	9,175
Everett	10,591	13,882
Seattle	211,668	251,523
Spokane	52,287	53,815
Tacoma	37,357	47,247
Yakima	14,675	14,446
Total	\$3,355,560	\$3,747,425

*In thousands of dollars.

(3) A small amount of locally produced gold (about 2 million dollars) has been purchased by the San Francisco Mint. The Mint paid for the gold by checks drawn upon the Treasurer of the United States. These checks were deposited in commercial banks and used by them or their correspondents to increase deposits at the Federal Reserve Bank. These increased deposits were used to repay borrowings.

(4) Total loans of reporting member banks have declined, a movement accompanied by a slight reduction in deposit liabilities which thus decreased reserve requirements of member banks. This decrease in the legally required reserves of member banks released funds which tended to displace actual or potential member bank borrowings from the Reserve Bank.

Total loans of reporting member banks were reduced between the middle of January and February 18. Commercial loans increased by a small amount, while loans on securities dropped sharply from 404 million dollars on January 21 to 375 million dollars on February 18, the reduction being the result of decreased loans to customers other than brokers. This is the first time since January, 1929, that these loans have been below 400 million dollars. Loans made by Twelfth District banks to brokers and dealers in securities in both the Twelfth District and in the New York market have been declining since the middle of 1930, although there has recently been some tendency for such loans to increase in the New York market. The reduced volume of total loans was accompanied by little change in deposits. Investments of reporting member banks have expanded during the past month and on February 18 were at approximately the same level as on December 24, just prior to the sale of a large volume of securities by these banks.

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

	Condition			
	Feb. 18, 1931	Jan. 21, 1931	Dec. 31, 1930	Feb. 19, 1930
Total Bills and Securities.....	62	72	98	59
Bills Discounted	17	19	16	13
Bills Bought	6	14	31	34
United States Securities	39	39	51	12
Total Reserves	309	300	299	308
Total Deposits	186	189	191	182
Federal Reserve Notes in Circulation	167	165	186	162
Ratio of Total Reserves to Deposit and Note Liabilities Combined	87.3	84.8	79.2	89.3

Interest rates in the District's leading cities have tended downward slightly during the past month, and are now more nearly in line with the rates in other money markets. On February 19 the acceptance buying rate of the Federal Reserve Bank of San Francisco was reduced from $1\frac{3}{4}$ per cent to $1\frac{1}{2}$ per cent on 90-day bills with corresponding reductions for other maturities. After a period of four weeks

during which the New York rates have been one-fourth of one per cent lower than the San Francisco rates, this reduction reestablished the local rates at the same level as that of the buying rates of the Federal Reserve Bank of New York. Rates paid on active checking accounts of correspondent banks were reduced in Los Angeles on January 2 and in Portland on February 1. These reductions eliminate part of the differential between rates paid on bankers' deposits by banks in this District and those paid in New York, where reductions became effective on December 27 of last year and place the return on these accounts upon an approximate equality with current yields on other short-term funds in the open market. Rates paid upon savings accounts and time certificates of deposit have not been changed in Twelfth District cities during the past two years, notwithstanding successive reductions in other parts of the United States, particularly in New York where the rate on time certificates of deposit has declined from $3\frac{1}{2}$ per cent a year ago to $1\frac{1}{2}$ per cent this month. Rates charged customers of commercial banks have participated in the general decline of interest rates during the past six weeks. In San Francisco, average rates on commercial loans eligible for rediscount have been reduced one-fourth of one per cent during the past 60 days. Other rates have been reduced to a lesser extent. Charges by brokers on debit balances of customers have followed the general downward trend of bank rates.

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

	Condition			
	Feb. 18, 1931	Jan. 21, 1931	Dec. 31, 1930	Feb. 19, 1930
Loans and Investments—Total..	1,943	1,930	1,954	1,944
Loans—Total	1,277	1,299	1,320	1,371
On Securities	375	404	412	449
All Other	902	895	908	922
Investments—Total	666	631	634	573
United States Securities.....	330	319	313	325
Other Securities	336	312	321	248
Reserve with Reserve Bank.....	107	106	107	110
Net Demand Deposits	738	738	751	757
Time Deposits	1,019	1,013	1,037	1,006
Due from Banks	215	224	219	163
Due to Banks	281	275	263	208
Borrowings at Reserve Bank....	11	14	11	5

Trading on the stock exchanges of the District during January was greatly reduced in volume as compared with December. Although price averages changed little, their general tendency was upward during the first month of the year and further moderate advances together with increased share turnover, have been recorded thus far in February. The volume of trading on some of the more recently established security markets in the District has been extremely small for several months, a condition which caused the Portland Stock and Bond Exchange to suspend operations at the close of January.

