

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

Output of most of the important industries increased more than seasonally in February and although factory employment advanced at a less rapid rate, the volume of wage payments at factories also rose by more than the usual seasonal amount. The general level of commodity prices continued to decline.

Production. Industrial production, as measured by the Board's index which is adjusted to allow for seasonal variations, increased by 4 per cent in February, from the low level prevailing in December and January. On the basis of the average for 1923-1925 as 100, the volume of production in February was 85, compared with 82 for the two preceding months, and 107 for February of last year. At steel mills activity increased considerably, and the output of automobiles advanced by somewhat more than the usual seasonal amount. Output of shoe factories and textile mills increased substantially, while the output of coal continued to decline.

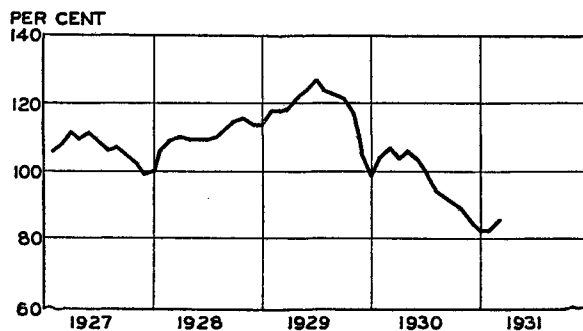
During the first half of March, activity at steel mills continued to increase. Value of building contracts awarded in February was slightly larger than in January according to the F. W. Dodge Corporation. An increase in residential building was accompanied by a decrease in contracts for public works and utilities, while awards for factories and commercial

buildings continued in small volume. In the first half of March there was an increase in the daily average of contracts awarded, as is usual at this season.

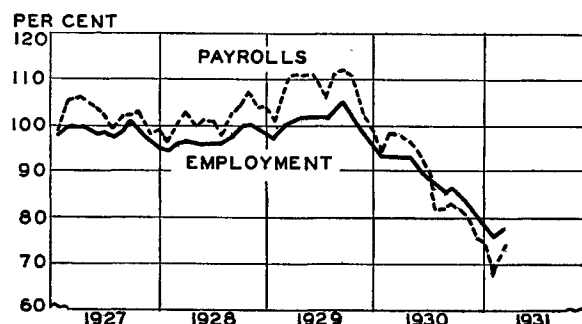
Factory Employment and Payrolls. Factory employment increased slightly less than usual in February while factory payrolls increased by more than the seasonal amount from the low level of January. In many industries the rate of increase in payrolls was about the same as in February of other recent years, but in the automobile, shoe, woolen goods, and clothing industries, the rate of increase was larger than usual.

Distribution. Daily average freight carloadings showed little change from January to February, while ordinarily there is an increase at this season. Sales by department stores increased slightly.

Wholesale Prices. Wholesale commodity prices declined further in February and the Bureau of Labor Statistics' index at 75.5 per cent of the 1926 average, was about 18 per cent below the level of a year ago. Prices of many agricultural products decreased considerably, while the price of cotton advanced further. In the first half of March there were considerable increases in prices of silver, livestock, meats, and hides, and declines in the prices of petroleum and cotton.



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

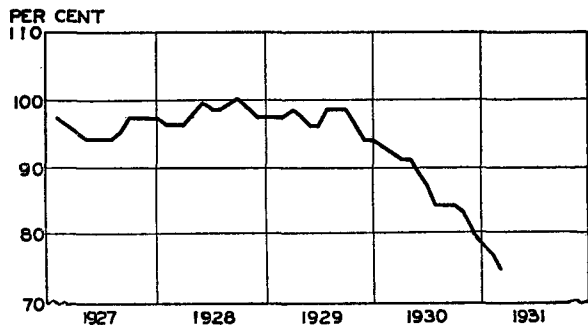


Indexes of factory employment and payrolls without adjustment for seasonal variations (1923-1925 average=100).

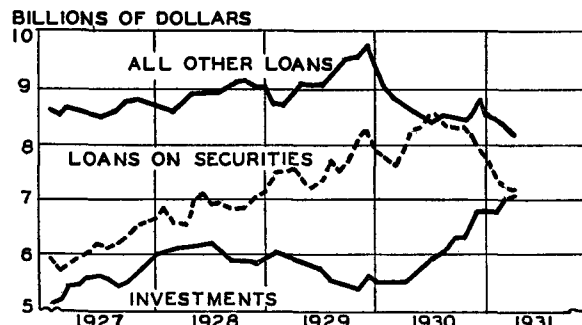
Bank Credit. Loans and investments of member banks in leading cities changed relatively little between the end of January and the middle of March. Total loans on securities declined, notwithstanding the growth in brokers' loans in New York City, and all other

from gold imports in February were largely absorbed in meeting a seasonal demand for currency while in the early part of March there was an increase in member bank reserve balances.

Money rates in the open market continued at low levels from the middle of February to



WHOLESALE PRICES
Index of United States Bureau of Labor Statistics (1926=100).
Latest figure, February, 75.5.



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

loans showed considerable further liquidation, while the banks' investments continued to increase.

Volume of reserve bank credit tended downward in February and showed little change between March 4 and March 18. Funds arising

the middle of March. Rates on commercial paper were reduced from a range of $2\frac{1}{2}$ - $2\frac{3}{4}$ per cent to a prevailing level of $2\frac{1}{2}$ per cent while rates on 90-day bankers' acceptances remained at $1\frac{1}{2}$ per cent. Yields on high-grade bonds continued to decline.

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Whatever intangible influences may have affected the current position of Twelfth District business it is fairly certain from February records that there has not yet been concrete evidence of improvement in the most important phases of activity. Declines, although moderate in most cases, predominated during that month in measures of industrial production, trade, and wholesale commodity prices.

On the whole the condition of agriculture has been benefited by moderate rainfall and mild temperatures during the past six weeks, but soil moisture supplies are still reported to be inadequate in much of the District. The favorable conditions for crop production, together with large and in many cases excessive storage stocks, have tended to reduce the already unsatisfactory prices to farmers. The need for supplemental feeding of livestock has been considerably diminished by the favorable growth of forage on District ranges.

Despite seasonal tendencies to expand slightly, the mining and construction industries were less active during February than in January. Lumber production increased but little, whereas there is usually a sharp rise in February, and activity in the petroleum industry was practically unchanged. Both shipments and

orders of lumber continued to exceed production and there were further substantial reductions of inventories held by mills. Output of flour declined more than is customary between January and February.

Most measures of trade indicate a further decline in distribution of commodities during February. Department store sales declined more than seasonally and wholesale trade was lower than in January. Registrations of new automobiles declined during the month, whereas there is usually little or no change in such registrations between January and February. There was also a decrease in the movement of goods in the intercoastal trade.

Although the February average of wholesale commodity prices declined sharply from the January level, most composite weekly indexes were steady during the last week in February and the first half of March.

Other than some developments incident to United States Treasury financing on March 16, no new elements were introduced into the credit situation during the four weeks ending March 18 to change the trends of the past two months. Holdings of discounted bills by the Reserve Bank remained low and purchases of acceptances by that Bank were unusually small until early March when acceptance holdings

increased substantially. As in other recent months, security loans of reporting member banks, which are currently at the lowest levels in three years, moved downward while investments of those banks expanded. Commercial loans and total deposits averaged higher than in the preceding four-week period and, together with increased investments, reflected additions to the supply of funds in the District. Banks in the Twelfth District were allotted 82 million dollars of the 1,400 million dollars of United States Treasury financing of March 16. Following the absorption of this issue (composed of 23 million dollars of long-term bonds and 59 million dollars of short-term certificates) by reporting member banks, government deposits and holdings of United States securities of these banks increased.

Agriculture

During February and early March weather conditions in the Twelfth District continued to be more favorable to agricultural activity than was the economic situation. Although greater than a year ago, the season's rainfall up to March 1 was less in most agricultural areas than the long-time average. Snow storage on mountain watersheds from which irrigation water supplies are derived is less than normal. Cattle and sheep have been benefited by the improved condition of ranges, which are now providing most of the feed for these animals. A considerable volume of agricultural products is being marketed, but the low level of farm prices has reduced the farmers' income greatly in comparison with returns during previous marketing seasons.

Agricultural Marketing Activity—

	February		Season to Date	
	1931	1930	1931	1930
Carlot Shipments				
Apples	4,441	3,884	52,933†	39,543‡
Oranges	4,591	3,663	18,265*	14,261*
Lemons	780	635	3,174*	1,930*
Vegetables (Cal.)	7,450	9,072	33,711	35,331
Eggs (Cal., Ore., Wash.)	443	396	950	755
Beans (Cal., Idaho)	392	495	3,675†	4,757†
Exports				
Wheat (bu.)	40,980	2,327,165	13,797,161†	20,144,395†
Barley (bu.)	645,530	809,430	6,815,878†	8,308,841†
Receipts				
Cattle‡	56,520	58,456	123,128	133,491
Calves‡	9,631	10,484	21,706	24,170
Hogs‡	214,526	178,619	454,079	411,296
Sheep‡	218,132	151,855	485,408	338,765
Eggs (cases)§	160,790	161,933	306,128	305,306
Butter (lbs.)§	5,211,845	4,877,256	10,818,451	10,202,676
Storage Holdings (end of the month)				
Apples (cars— Wash.)	7,043	5,585	.....	.....
Wheat (bu.)	6,907,000	4,388,000	.....	.....
Beans (bags— Cal.)	1,531,988	763,612	.....	.....
Butter (lbs.)‡	875,465	890,224	.....	.....
Eggs (cases)‡	24,809	13,850	.....	.....

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

Domestic marketings of the District's crops and animal products have been greater in volume during the 1930-1931 season than for a corresponding period of the 1929-1930 season. Despite this increased movement of produce to market, which may be attributed partially to a larger volume of crop production, storage stocks for most agricultural commodities on March 1 were greater than a year ago, indicating that the increase in the quantity of products marketed has not been as great as the increase in the volume of production.

Marketing of the 1930-1931 Navel orange crop, which is now estimated to be 15,708,000 boxes, continues in large volume. During the past four months, shipments of oranges from California and Florida have been 28 per cent and 42 per cent greater, respectively, than for the same four months in 1929 and 1930. F.o.b. prices for Navel oranges in California during recent months have averaged about 30 per cent less than in the previous season. Growing conditions in California have favored the development of the forthcoming Valencia orange crop.

Trade factors report that the winter wheat crop in the Pacific Northwest is in excellent condition. The 1931 grain crops in California had practically all been sown by March 1. Stocks of wheat and barley on farms were greater on March 1 this year than last, a situation similar to that which exists for grain stocks in terminal market elevators of the District.

WHEAT AND BARLEY—STOCKS ON FARMS
(In thousands of bushels)

	1931	March 1 1930	1929
	Wheat		
Twelfth District	19,816	14,199	14,439
	(17.5)	(12.5)	(11.4)
United States	160,282	129,754	148,813
	(18.8)	(16.0)	(16.5)
Barley			
Twelfth District	7,097	4,032	4,919
	(13.9)	(9.1)	(10.6)
United States	84,815	72,160	97,050
	(26.0)	(23.8)	(27.2)

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

The market for dairy and poultry produce improved slightly during early March, although quotations for these commodities continue generally unsatisfactory for the producer. Storage holdings of butter at Pacific Coast centers on March 1 were 2 per cent less than on March 1, 1930. Receipts of butter at Portland, Los Angeles, and San Francisco during February were 7 per cent greater than during February, 1930. Storage holdings of eggs increased during February, as is usual, reflecting the beginning of the period of heaviest production. On March 1 holdings were 24,809 cases as compared with 13,850 cases a year ago. Receipts of eggs at Portland, Los Angeles and San Francisco were 160,790 cases during

February, approximating the 161,933 cases received in February, 1930.

Mild weather during February has resulted in an improvement in range conditions, making it necessary to supply only a small amount of supplementary feed. More rainfall will be required, however, to assure a satisfactory growth of forage on summer ranges. Early estimates indicate that the California spring lamb crop is about 10 per cent greater than a year ago, while it has been estimated that the number of lambs dropped in Arizona this spring is less than it was in 1930. The condition of lambs in the latter state is reported to be better than in the preceding season. Cattle are in better flesh generally than they were a year ago and prospects for the forthcoming calf crop are excellent.

Industry

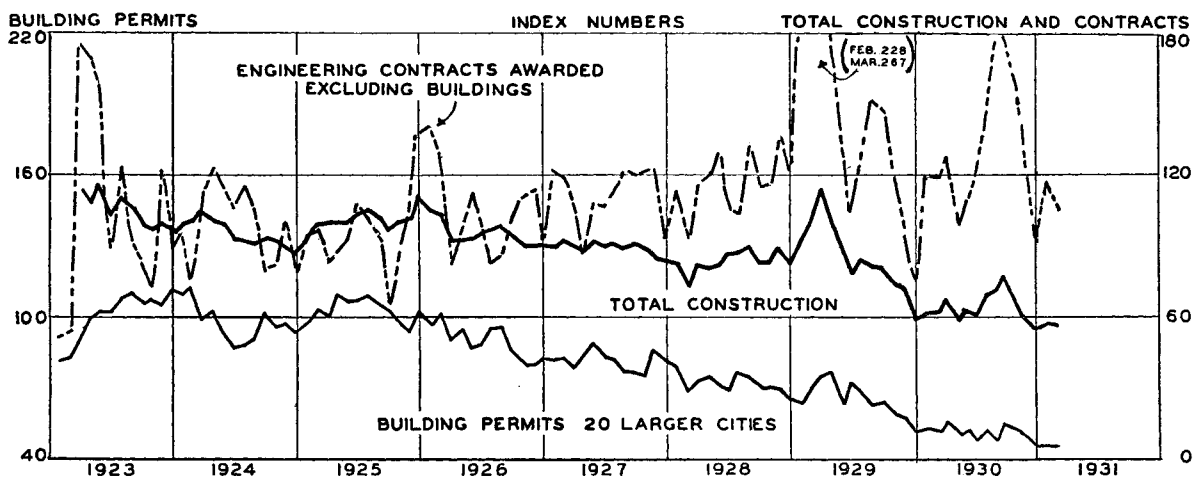
Industrial activity in the Twelfth District failed to expand by the usual amount (about 5 per cent) during February. The petroleum industry operated at about the same rate as in January, while production of lumber increased less than seasonally and activity in the building and flour milling industries declined slightly. Except for a continuation of the relatively high rate of activity in gold mines, mineral output was also reduced during the month. Reports from various sections of the District indicate that the number of employees remained practically unchanged throughout the month. The wage level for those already employed changed little, but such new employees as were taken on were frequently put to work at reduced wage levels.

Crude oil production in California remained unchanged during February. Refinery activity

increased and stocks of gasoline at the end of February were larger than at the end of January. As in January, inventories of fuel oil declined considerably, but because of the large volume of such stocks the percentage decrease was comparatively small. Shipments of oil from Los Angeles harbor decreased as compared with January and were of about the same volume as in February, 1930, when the movement was much smaller than the monthly average in 1929 and 1930.

Output of copper mines of the District was further curtailed during February with a resulting decline in stocks of blister copper, a continuation of the trend of the past nine months. Refined copper stocks, however, which had declined somewhat during December and January, were practically the same in volume on March 1 as on February 1 and were more than 50 per cent larger than on March 1, 1930. Production of the principal other non-ferrous metals, with the exception of gold, also declined during February. Activity has been resumed on a number of abandoned gold bearing properties, principally in California, Nevada, and Arizona, and considerable prospecting for new deposits has been reported.

Although there is usually a substantial increase in output of lumber during February, the rate of production during that month this year barely exceeded the January rate. Shipments increased somewhat less than the usual amount. Current production has been running considerably below both shipments and orders for several months, however, with the result that, during this period, there has been a fairly steady decline in stocks of lumber held by mills. The movement of lumber through the Panama Canal to the east coast was smaller than in December or January, but exceeded



BUILDING AND CONSTRUCTION—Twelfth District

Indexes of building permits issued, engineering contracts awarded, and total building and construction, adjusted for seasonal variations (1923-1925=100). Original data were smoothed by a three-month moving average.

that of any other month since last May and was larger than average monthly shipments during 1930. The demand from the building and construction industry in the District was approximately the same as in earlier months.

There was a slight decline in the total volume of construction in the Twelfth District during February as compared with January. For the last few months the total value of construction has been fairly constant at exceptionally low levels, although there have been some fluctuations in certain regions and in some lines of activity. February building permits for the District were about 26 per cent smaller in value than in February, 1930. The decline from the preceding year was general throughout the District, although a large part of the total decline was accounted for by decreases in Seattle and Tacoma. The decline in value of building permits as compared with January was not marked in most cities of the District. Engineering contracts awarded declined during February contrary to the usual seasonal expectation. Contracts let for public and government buildings and streets and roads were greater in value than were other classes of contracts during the month, most of which decreased by large amounts.

While output of flour mills in the District declined somewhat more than seasonally during February, the decrease from the preceding year, as in other recent months, was smaller than in most industries. Demand for export flour has fallen off until it is almost negligible at the present time. Some mills report a moderate amount of domestic business, particularly with southeastern states, while others report domestic trade as being very quiet.

Employment—

Industries	California			Oregon		
	No. of Firms	No. of Employees Feb., 1931	No. of Employees Feb., 1930	No. of Firms	No. of Employees Feb., 1931	No. of Employees Feb., 1930
All Industries*	878	129,798	163,316	141	18,499	21,851
Stone, Clay and Glass Products. 48		5,204	7,067	3	113	180
Lumber and Wood Manufactures	115	14,383	17,111	50	9,894	12,353
Textiles	18	2,230	2,415	9	1,508	1,616
Clothing, Millinery and Laundering. 87		7,258	8,188	8‡	353	393
Food, Beverages, and Tobacco.	193	23,361	25,487	40	1,583	1,679
Public Utilities. . . .	36	54,708	60,299	..	..	..
Other Industries†. 380		69,682	93,903	..	..	..
Miscellaneous	37	7,680	9,145	31	5,048	5,630
Wholesale and Retail	119	33,601	36,661	..	..	..

*Public utilities and wholesale and retail figures not included in this total. †Laundering only. ‡Includes the following industries: metals, machinery and conveyances; leather and rubber goods; chemicals, oils and paints; printing and paper goods. Figures in parentheses indicate percentage change from February, 1930.

Trade

Further decline in Twelfth District distributive activity during February was indicated by records available for that month. Sales of retailers and wholesalers reporting to this Bank decreased and the number of new automobiles registered in the District dropped sharply. Intercoastal shipments through the Panama Canal also declined.

	NET SALES*		STOCKS*
	Twelfth District		
	Feb., 1931 compared with Feb., 1930	Jan. 1 to Feb. 28, 1931 compared with Jan. 1 to Feb. 28, 1930	
Department Stores†.	-10.2 (67)	- 9.5 (67)	-13.9 (50)
Apparel Stores	-10.4 (27)	-11.3 (27)	-13.0 (17)
Furniture Stores	-19.1 (37)	-14.9 (37)	-13.4 (26)
All Stores	-11.5 (131)	-10.3 (131)	-13.7 (93)

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

The persistent downtrend in department store sales during the past 14 months has lowered this Bank's seasonally adjusted index from 126 in December, 1929, to 106 in February, 1931. This decreased value is indicative both of a shrinkage in the volume of transactions and of lower retail prices. While the relative importance of these factors cannot be definitely determined, it seems probable that they have been approximately equally responsible for the past year's decline in value of sales. Inventories of department stores have declined more than 26 per cent in value since November, 1929 (in that month stocks were the largest on record). During February, inventories of department stores increased slightly but by less than the usual amount during that month.

Sales of wholesalers during February were 21 per cent smaller in value than in February, 1930, and were lower than at any time since February, 1922. Declines were general in all

Industry—

	Indexes of daily average production, adjusted for seasonal variations (1923-1925 daily average = 100)			
	Feb. 1931	Jan. 1931	Dec. 1930	Feb. 1930
General:				
Carloadings—Industrial	66	75	74	97
Electric Power Production . . . . .	..	151	153	157
Manufactures:				
Lumber	59	63	67	98
Refined Mineral Oils†	140	133	157	169
Flour	101	105	101	111
Slaughter of Livestock.	86	70	83	78
Cement	96	75	79	93
Wool Consumption‡ . . . . .	..	54	57	80
Minerals:				
Petroleum (California)†	81	81	89	113
Copper (United States)‡	67	71	75	95
Lead (United States)‡	82	83	92	106
Silver (United States)‡ . . . . .	..	68	66	90
Building and Construction:§				
Total	56	57	55	61
Value of Building Permits				
Twenty Larger Cities	44	44	46	50
Seventy Smaller Cities	45	47	48	58
Value of Engineering Contracts				
Awarded				
Total	83	96	94	120
Excluding Buildings	107	117	96	115

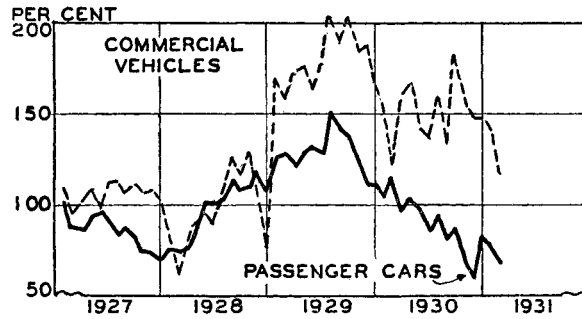
†Not adjusted for seasonal variations. ‡Prepared by Federal Reserve Board. §Indexes are for three months ending with the month indicated.

lines, although sales of drugs and groceries continued to be relatively better maintained than were sales in other lines of trade. The decline for all lines over the year period was greater than in December or January but slightly less than the year-to-year decline last November. In the past, wholesale trade has generally reached the lowest level of the year in February, there usually having been an appreciable seasonal improvement in March.

Registrations of new automobiles, after recovering at the year end from the low level of November, declined substantially during January and February, and in the later month were 38 per cent lower than in February, 1930.

After allowance for seasonal variations, the total number of freight cars loaded in the District declined during February from the level of January when hauling on the District's railroads had already fallen to the lowest point in the seven years that such statistics have been compiled. Loadings of merchandise and miscellaneous freight increased seasonally, but industrial loadings failed to register any part of the usual increase.

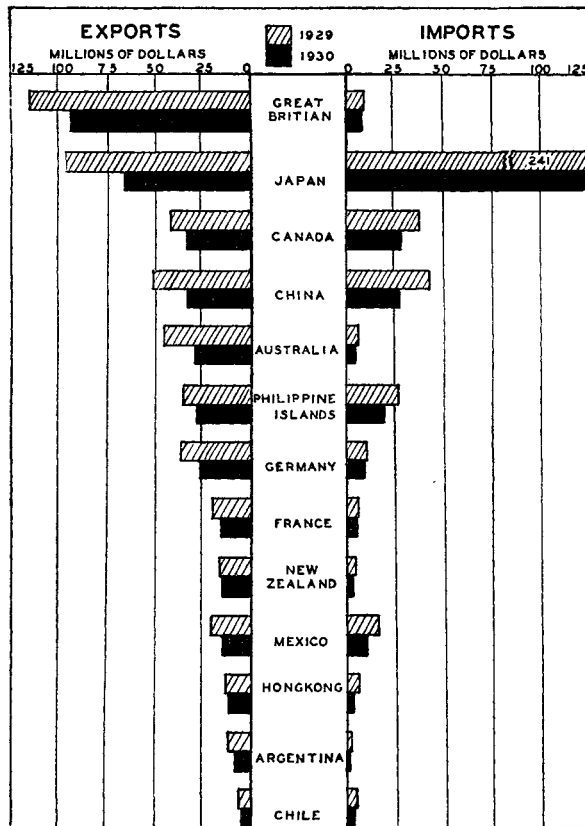
Atlantic to Pacific ports have declined sharply, though irregularly, since the autumn of 1929. Shipments through the Panama Canal to the east coast decreased rapidly in early 1930, but have increased in most months since that time, and currently approximate the monthly average of the past three years.



REGISTRATION OF NEW AUTOMOBILES

Indexes of daily average registrations of new passenger and commercial motor vehicles in the Twelfth District, adjusted for seasonal variations (1923-1925 average=100).

The combined value of imports and exports of Pacific Coast ports during 1930, data for which have become available during the past month, was 30 per cent smaller than in 1929, in which year the District's foreign trade was of record proportions. The decline in the dollar amount of foreign trade was due both to a smaller tonnage of cargoes and to lower prices for the leading articles imported and exported. Raw materials prices declined more sharply than did prices for other commodities; consequently the value of imports, which are comprised to a greater extent of raw materials, decreased by a larger amount than the value of exports. The excess of exports over imports was \$111,000,000 in 1930 as compared with \$80,000,000 in 1929.



FOREIGN TRADE OF PACIFIC COAST PORTS WITH PRINCIPAL COUNTRIES

Waterborne commerce in the intercoastal trade declined in volume during February and both eastbound and westbound cargoes were smaller than in February, 1930. Shipments from At-

Prices

Since late February, most weekly indicators have recorded steady or slightly rising average wholesale prices. Composite prices during February were substantially lower than in January, however, as a result of the sharp declines which persisted until the middle of the later month. The wholesale commodity price index of the Bureau of Labor Statistics declined from 77 (1926 = 100) in January to 75.5 in February, a figure but 8 per cent above the 1913 annual average. Between January 15 and February 15 there was another sharp drop in retail prices of food at the principal cities of the District, which have declined 17 per cent since February, 1930, and which are now but 17 per cent above their level in 1913. Although other components of the cost of living have not declined so rapidly as have retail food prices,

reductions in the costs of clothing and fuel and lighting have become somewhat larger in recent months.

Quotations for wheat at Twelfth District markets have declined irregularly since mid-February, accompanying a further increase in the visible supply now being held on the Pacific Coast and continued improvement in the condition of the winter crop. At Chicago markets nearby wheat contracts were fairly steady, but July futures have moved downward from a high quotation of 72¾ cents on February 10 to a low of 61¾ cents per bushel on March 20. Because of lower foreign quotations, exports of wheat through Pacific Coast ports continued to be almost negligible during the first half of March.

Despite reduced cattle receipts, prices of these animals at District markets have continued to decrease and now closely approximate the low levels reached early last autumn. Lamb prices, on the contrary, have increased slightly in response to smaller market receipts. Current quotations for hogs are the lowest in several years. Notwithstanding increases in the production of butter and in the receipts of eggs, prices of these commodities have risen slightly from their low levels of early February. Since mid-February, sugar, coffee, tea, canned and dried fruits, and potatoes have declined slightly in price, while quotations for oranges, shipments of which were smaller in February, have been moderately higher. The upward movement in prices of silk and cotton during February has been followed by declines during early March. Quotations for wool have continued to move downward slowly.

Silver prices have advanced rapidly from the record low of 25¾ cents per fine ounce on February 16, to 31¾ cents per fine ounce on March 16. Rising from their unusually low levels of early February, copper prices have fluctuated between 10 and 10½ cents per pound, delivered Connecticut Valley, since the middle of the month.

Substantial reductions in prices of crude oil at principal District markets have been accompanied by sharp declines in both retail and wholesale prices of gasoline. Quotations on coastwise and rail shipments of lumber were fairly steady during February, but there were substantial reductions in prices for Atlantic seaboard delivery, reflecting sharp declines in intercoastal shipping rates.

Credit Situation

Except for certain changes in connection with the issuance of United States Treasury certificates and bonds on March 16, the credit situation has continued about the same during March as in the first two months of the year. Security loans of reporting member banks have declined while their other loans and investments have increased. Borrowings from the Federal Reserve Bank have continued small and interest rates charged customers have remained low. The amount of money in circulation in the District has changed little since mid-February, as is customary at this time of the year.

Distribution and Trade—

	1931		1930	
	Feb.	Jan.	Dec.	Feb.
Foreign Trade*				
Total†	..	..	93	137
Imports‡	..	..	97	120
Exports	..	92	91	147
Intercoastal Trade*				
Total	83	86	88	95
Westbound	92	97	103	128
Eastbound	81	82	84	89
Carloadings‡				
Total	82	84	89	108
Merchandise and Miscellaneous..	92	92	102	112
Retail Trade				
Automobile Sales‡				
Total	71	84	89	115
Passenger Cars	67	78	83	114
Commercial Vehicles	115	144	148	124
Department Store				
Sales‡	106	108	110	117½
Stocks§	92	93	99	105½
Actual Figures				
Stock Turnover||	.22	.25	.44	.21
Collections#				
Regular	40.9	44.8	42.8	42.5
Installment	14.8	15.9	15.2	14.8

*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. ¶Revised.

Bank Debits*—

	February, 1931	February, 1930	—First Two Months—	
	\$	\$	1931	1930
Arizona	28,424	37,278	64,946	84,267
Phoenix	..	..	..	..
California	10,378	12,786	24,904	28,936
Bakersfield	14,490	18,753	33,612	41,824
Berkeley	21,145	43,181	47,774	89,066
Fresno	39,141	43,980	94,598	98,818
Long Beach	750,163	969,142	1,753,628	2,077,618
Los Angeles	167,934	169,807	393,634	370,838
Oakland	31,369	34,417	68,679	73,336
Pasadena	39,806	42,201	91,230	97,245
Sacramento	8,025	10,436	18,230	21,651
San Bernardino	43,843	55,306	106,674	118,755
San Diego	956,304	1,142,644	2,104,934	2,436,234
San Francisco	20,101	24,726	50,232	58,059
San Jose	11,302	13,701	27,506	31,231
Santa Barbara	15,115	21,249	36,200	50,615
Stockton	11,584	12,383	25,978	28,641
Idaho	8,707	10,033	18,923	22,126
Boise	5,007	5,976	11,020	12,680
Nevada	129,453	150,371	272,940	325,775
Reno	12,874	14,332	28,735	33,589
Oregon	53,094	66,110	125,339	154,845
Eugene	..	..	..	..
Portland	..	..	..	..
Utah	..	..	..	..
Ogden	..	..	..	..
Salt Lake City	..	..	..	..
Washington	5,847	7,823	13,372	16,998
Bellingham	7,693	11,743	18,284	25,625
Everett	165,553	217,775	377,221	469,298
Seattle	36,355	45,701	88,642	99,516
Spokane	30,849	39,474	68,206	86,721
Tacoma	10,402	11,778	25,077	26,224
Yakima	..	..	..	..
Total	\$2,634,958	\$3,233,106	\$5,990,518	\$6,980,531

*In thousands of dollars.

The number of banks borrowing from the Federal Reserve Bank during February was practically the same as in January and December, and, as in those months, the bulk of borrowing was by city banks in the Head Office area. Discounts for country member banks have changed little during the past month. The important seasonal rise in discounts for those banks usually comes later in the spring, reaching a peak for the year in the summer months. Reserve Bank holdings of locally purchased acceptances were unusually small in volume during February but increased sharply during the first half of March. Similarly, this Bank participated but little in the New York market during February, where purchases of acceptances by the Reserve System during that month were relatively small because open market rates on acceptances were lower than System buying rates. Following a rise in open market rates late in February such purchases increased considerably.

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

	Condition			
	Mar. 18, 1931	Mar. 11, 1931	Feb. 18, 1931	Mar. 19, 1930
Total Bills and Securities.....	70	63	62	79
Bills Discounted	12	6	17	8
Bills Bought	19	18	6	34
United States Securities.....	39	39	39	37
Total Reserves	296	303	309	265
Total Deposits	188	187	186	169
Federal Reserve Notes in Circulation	160	162	167	156
Ratio of Total Reserves to Deposit and Note Liabilities Combined	85.0	86.8	87.3	81.4

Total loans of reporting member banks decreased slightly during the four weeks ended March 18 while deposits increased, both time deposits and demand deposits taking part in the advance. The tendency to employ an increased volume of funds in investment channels continued and on March 18 these holdings stood at the highest point on record. Security loans, which have been declining steadily since reaching a record volume last September, continued to move downward during the period under review, and now, at 351 million dollars, are approximately at the levels of late 1927 and early 1928. This decline has been partially offset during the past four weeks by an increase in commercial loans.

City banks have been recalling surplus funds from eastern markets during recent weeks in anticipation of a seasonal withdrawal of balances by District country banks which usually commences about this time of year. Country banks normally begin to finance increased spring agricultural and commercial activity in their communities in March or April and to assist in such financing call home some of the funds on deposit with their city correspondents. As stated above, their increased demands

upon the Reserve Bank usually come later in the spring.

During the past month there has been a substantial loss of funds to this District through the gold settlement fund, in payment for investments and in the normal course of check clearings. Mint purchases of gold averaging approximately one million dollars a week, and United States Treasury expenditures in excess of collections, averaging approximately three million dollars a week, contributed moderately to the supply of funds available to banks in the District. Part of the gold purchased by the Mint was produced locally and the remainder resulted from imports. There were several small deposits of United States gold coin imported principally from China.

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

	Condition			
	Mar. 18, 1931	Mar. 11, 1931	Feb. 18, 1931	Mar. 19, 1930
Loans and Investments—Total.....	2,001	1,964	1,943	1,960
Loans—Total	1,257	1,266	1,277	1,355
On Securities	347	352	375	445
All Other	910	914	902	910
Investments—Total	744	698	666	605
United States Securities	387	341	330	348
Other Securities	357	357	336	257
Reserve with Reserve Bank.....	111	108	107	97
Net Demand Deposits.....	760	755	738	719
Time Deposits	1,028	1,031	1,019	1,014
Due from Banks	208	203	215	168
Due to Banks	287	282	281	214
Borrowings at Reserve Bank..	7	1	11	0

On March 16 the United States Treasury floated a 500 million dollar issue of bonds maturing in 1941-1943 and 900 million dollars in certificates of indebtedness, of which 300 million dollars were for six-months maturity and 600 million dollars for one-year maturity. Of these issues 23 million dollars of bonds and 59 million dollars of certificates were allotted to banks in this District. The entire allotment of bonds was exchanged for maturing issues of Treasury notes, but the greater part (52,207 thousand dollars) of the certificate allotment was paid for by book entries giving deposit credit to the Treasurer of the United States. This financing became apparent in the condition of reporting member banks almost immediately, both their government deposits and their investments in government securities increasing 46 million dollars during the week ending March 18.

A substantial improvement in prices of industrial securities listed on Twelfth District stock exchanges was accompanied by a much larger volume of trading during February. Nearly all of the 1930 annual reports of corporations have now been issued, showing, as had been expected, much lower earnings by most companies during 1930 than for several years. The rate of interest charged by brokers upon debit balances of customers during February was the same as in January.