

# MONTHLY REVIEW

## OF BUSINESS CONDITIONS

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Federal Reserve Bank of San Francisco

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### SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial production showed little change between April and May, following upon increases for four consecutive months, while factory employment declined by the usual seasonal amount. The general level of wholesale prices continued to decline.

**Production and Employment.** Volume of industrial production, as measured by the Board's seasonally adjusted index, was about the same in May as in April, 9 per cent larger than in December, and 14 per cent smaller than in May, 1930. Steel output continued to decline more rapidly than is usual at this season, and consumption of cotton by domestic mills was also curtailed, while wool consumption continued to increase, contrary to the usual seasonal tendency, and shoe production, which ordinarily declines in May, showed little change. Daily average output of automobiles, according to preliminary reports, was about the same as in April. During the first three weeks of June activity at steel mills declined further. In the first five months of the year taken as a whole, output of textile mills and shoe factories has been in about the same volume as in the corresponding period last year, while output of steel, automobiles, and lumber has been about one-third smaller.

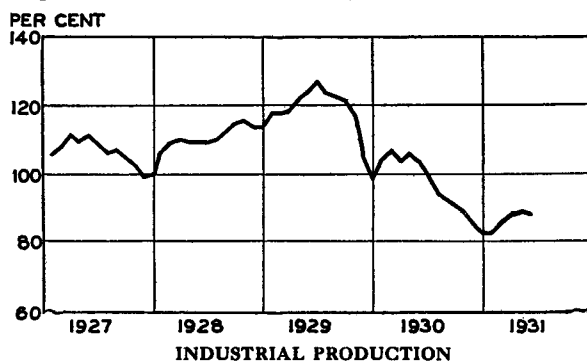
Changes in employment from the middle of April to the middle of May were of the usual

seasonal character in many manufacturing industries. In the iron and steel industry at car-building shops, and at establishments producing machinery, however, employment declined considerably, while it increased in the automobile and tire industries. At textile mills employment increased somewhat, contrary to the seasonal tendency, while in the clothing industry the number employed decreased.

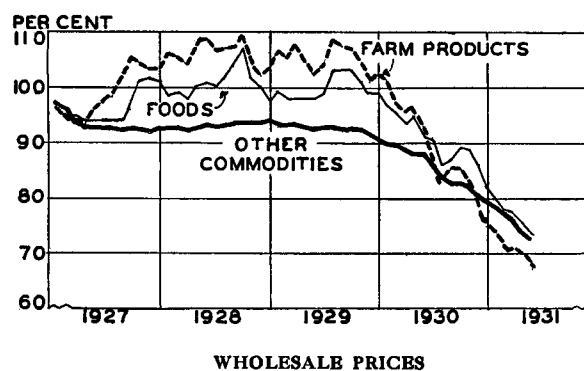
The value of building contracts awarded in May was slightly less than in April, reflecting chiefly a decline in awards for public works and utilities. In the first half of June, daily average value of contract awards increased slightly, due to larger awards for public works and utilities, which were offset in part by decreases in awards for other types of construction.

**Distribution.** Sales by department stores decreased in May, contrary to the usual seasonal tendency, and the Board's index declined to the level prevailing before the sharp increase in April. Total freight carloadings increased somewhat less than usual.

**Wholesale Prices.** The general level of wholesale prices declined 2.7 per cent further in May, according to the Bureau of Labor Statistics, reflecting large decreases in prices of agricultural products, textiles, non-ferrous metals, and building materials. In the first half of June prices of livestock, which had declined rapidly



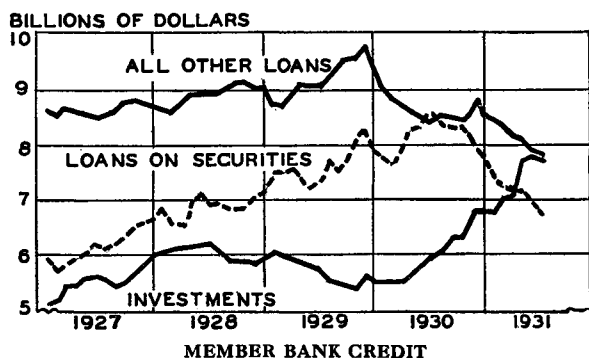
Index numbers of industrial production adjusted for seasonal variations (1923-1925 average=100).



Indexes of United States Bureau of Labor Statistics (1926=100).

in April and May, advanced, while prices of petroleum continued to decline.

**Bank Credit.** Loans and investments of reporting member banks in leading cities declined further by about \$285,000,000 in the four weeks ending June 17, due chiefly to reductions of

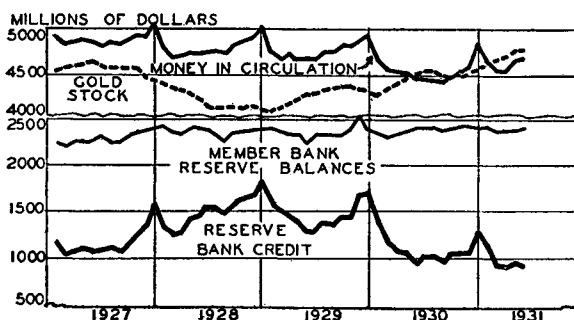


Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures are averages of first three weeks in June.

loans on securities. All other loans (largely commercial) have shown little change since the early part of May.

The banks' investments, which reached a new high level late in April, were reduced somewhat during May and have fluctuated between \$7,800,000,000 and \$7,850,000,000 since that time. During the four weeks ending June 17 there were imports of gold from Argentina and Canada, and in addition a large amount of gold previously earmarked for foreign account was released in the United States. The total increase for the period in the stock of monetary gold

was \$120,000,000, of which \$90,000,000 was added during the last week. Payments of currency into circulation, accompanying bank suspensions in the Chicago District, absorbed a large part of the funds arising out of the additions to the gold stock, with the consequence



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

that there was little change in the volume of reserve bank credit.

**Money Rates.** Money rates in the open market continued at a low level during May and the first three weeks of June. There was a further decline in prevailing rates on commercial paper from a range of 2-2¼ per cent to a level of 2 per cent, while rates on bankers' acceptances were unchanged at 7⁄8 of one per cent. Rates paid on deposits by banks were further reduced and clearing house banks in a number of financial centers established a rate of ½ of one per cent on bankers' balances.

## TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Expansion of business activity in the Twelfth Federal Reserve District from April to May was not quite as great as is usual between those months. Industrial operations increased by slightly less than the seasonal amount, and trade activity changed little. There were few drastic reductions in prices of individual commodities, but declines were widespread and average wholesale commodity prices continued to move downward sharply. There was an increase in the amount of Reserve Bank credit in use in the District during the last week of May and discounts at the Federal Reserve Bank of San Francisco averaged higher during the first 20 days of June than at any time since last December. Further reductions in interest rates paid on deposits were announced during the first half of June while rates charged customers advanced slightly.

Less favorable growing conditions—principally insufficient soil moisture and irrigation water—resulted in a decline in the condition of most of the District's crops during May. The June 1 estimate of winter wheat production,

while considerably larger than last year's harvest, was well below the May 1 estimate. Most deciduous fruit crops in California were reported to be in good condition on June 1 and the present outlook is for crops only moderately smaller than in 1930, in which year deciduous fruit production in the Twelfth District was unusually large. Livestock have been maintained in fairly good condition throughout the District by shifting from one range area to another. Ranges generally show the effects of lack of sufficient rainfall. There have been few outstanding changes in the level of agricultural prices during the past month, and relatively low prices prevail for most farm products.

Lumber production increased seasonally during May and output of flour mills declined less than is customary during that month. There was a small increase in the output of crude oil. Reduced activity at petroleum refineries and increased consumer demand resulted in a further substantial reduction of gasoline stocks. A slight decline in copper production was accompanied by a decrease in

stocks of blister copper, but refined inventories increased considerably during the month. Increases in building activity in San Francisco and in several of the medium-sized cities of the District were more than offset by declines in most large cities and the total value of building permits issued in the District declined during the month, contrary to the usual tendency. Engineering contracts awarded were smaller in value than in April. A relatively small part of the year's fruit and vegetable canning has been done, but operations of canneries thus far have been at a lower rate than in 1930. Employment increased seasonally in a few industries during May, while further wage reductions were reported.

Sales at wholesale and the volume of inter-coastal trade showed some contraction between April and May, after allowance for seasonal tendencies. The adjusted index of carloadings advanced moderately and registrations of new automobiles and retail trade showed little change.

Reserve Bank credit employed in the Twelfth District expanded considerably during late May and has been substantially larger in volume since the beginning of June, than during any similar period since the first of this year. The increase in credit extended by this Bank followed an outflow of funds from the District in settlement of trade balances. Partly as a result of these inter-district payments, both demand and time deposits of reporting member banks were reduced substantially during the four weeks ending June 17. Banks and individuals in the Twelfth District were allotted approximately 35 million dollars of the United States Government bonds issued June 15. As a result member bank holdings of Government securities increased sharply as did Government deposits, since the bonds were purchased to a considerable extent with deposits credited to the account of the Treasurer of the United States.

### Agriculture

The outlook for production of crops and livestock in the Twelfth District during 1931 has become less favorable during the past six weeks. In the Pacific Northwest the condition of all crops for which data are available is below the average of recent years, while in the other states of the District the condition of crops grown on unirrigated lands is poorer and yields are expected to be less this year than last. Irrigation water is inadequate in many parts of the District. Except in Arizona, livestock ranges are supplying less feed than usual.

Unfavorable growing conditions during May were reflected in a reduction in the estimate of the District's 1931 winter wheat crop from 78,934,000 bushels on May 1 to 75,803,000 bushels on June 1. In 1930 the harvest of winter

wheat was 70,389,000 bushels. This year's production estimates for other field and grain crops are not yet available. Scant rainfall and drying winds in late April, May, and early June, however, have retarded the development of spring wheat, and field and grain crops generally are in poorer condition than at this time last year.

### CONDITION OF GRAINS AND HAY (Per cent of normal)

|                   | Spring Wheat |      | Oats         |      | Barley       |      | Tame Hay     |      |
|-------------------|--------------|------|--------------|------|--------------|------|--------------|------|
|                   | June 1, 1931 | 1930 | June 1, 1931 | 1930 | June 1, 1931 | 1930 | June 1, 1931 | 1930 |
| Arizona .....     | ..           | ..   | 90           | 93   | 88           | 93   | 90           | 93   |
| California .....  | ..           | ..   | 56           | 84   | 52           | 84   | 79           | 89   |
| Idaho .....       | 84           | 94   | 86           | 94   | 87           | 94   | 80           | 88   |
| Nevada .....      | 84           | 91   | 74           | 93   | 85           | 92   | 74           | 87   |
| Oregon .....      | 78           | 90   | 84           | 94   | 82           | 92   | 85           | 92   |
| Utah .....        | 83           | 93   | 84           | 94   | 86           | 93   | 70           | 86   |
| Washington .....  | 68           | 75   | 83           | 86   | 80           | 80   | 84           | 75   |
| United States ... | 67.9         | 85.7 | 84.7         | 83.2 | 77.2         | 86.4 | 77.4         | 77.7 |

Source: United States Department of Agriculture.

Deciduous fruit crops in California are in good condition and production estimates as of June 1 indicate that the size of crops this year will not differ greatly from the harvests of 1930. In the Pacific Northwest, fruit crops are in poorer condition than in 1930 and early estimates of production during the current season are smaller than last year. A decline in the expected production of apples, due chiefly to the bearing habits of some varieties which have a so-called "off year" following each year of heavy production such as 1930, contributes heavily to this decrease.

### DECIDUOUS FRUITS AND NUTS—California

|                  | Condition<br>(Per cent of normal) |              | Production*              |                |
|------------------|-----------------------------------|--------------|--------------------------|----------------|
|                  | June 1, 1931                      | June 1, 1930 | Forecast<br>June 1, 1931 | Actual<br>1930 |
| Apples .....     | 77                                | 76           | ..                       | 11,644†        |
| Apricots .....   | 80                                | 57           | 251                      | 200            |
| Cherries .....   | 77                                | 59           | 24                       | 18             |
| Grapes .....     | ..                                | ..           | ..                       | 2,182          |
| Raisins .....    | 77                                | 87           | ..                       | 1,308          |
| Table .....      | 78                                | 89           | ..                       | 388            |
| Wine .....       | 83                                | 88           | ..                       | 486            |
| Peaches .....    | ..                                | ..           | 729                      | 796            |
| Clingstone ..... | 86                                | ..           | 516                      | 542            |
| Freestone .....  | 83                                | ..           | 213                      | 254            |
| Pears .....      | 63                                | 77           | 220                      | 272            |
| Plums .....      | 80                                | 82           | 73                       | 82             |
| Prunes .....     | 62                                | 77           | 198                      | 254            |
| Almonds .....    | 82                                | 63           | ..                       | 14             |
| Walnuts .....    | 71                                | 65           | ..                       | 31             |

\*In thousands of tons. †In thousands of bushels.  
Note: In 1930 large amounts of peaches and grapes remained unharvested because of price stabilization schemes applied to these crops.

Source: California Crop Report.

It is now estimated that the 1931 Valencia orange crop in California will be 17,890,000 boxes compared with 10,930,000 boxes in 1930 and 17,500,000 boxes in 1929. Shipments of this crop during May, 1931, were 6,810 carloads as compared with 4,775 carloads of the smaller 1930 crop shipped in May a year ago. Lemon production for 1931 is estimated to be 6,340,000 boxes. In 1930 and 1929, 5,150,000 boxes and 5,200,000 boxes, respectively, were produced. During May, orange and lemon prices f.o.b. California were lower than a year earlier but approximately the same as the prices received in May, 1929.

Consumption of dairy products has been stimulated during recent months by the low prices which have been prevalent. Receipts of butter at Pacific Coast markets from January 1 to June 1, 1931, were 6 per cent greater than for the same period in 1930, and at the end of this period in 1931 storage holdings were 26 per cent less than on June 1, 1930. A somewhat different situation prevails in the marketing of eggs. Since March, 1931, receipts of eggs at Pacific Coast markets have been declining, a contrary to seasonal movement, and storage holdings on June 1 were 10 per cent less than on June 1, 1930. This non-seasonal decline in egg receipts and storage holdings may be attributed to decreased egg production, a result of the culling of poultry flocks which has accompanied the unfavorable market conditions during most of the past year.

The condition of the District's ranges is relatively less satisfactory than is the condition of livestock, except in Arizona. In that state, ranges as well as livestock are in good condition, reflecting weather conditions which have been favorable to growth of range forage during recent months. The maintenance of cattle and sheep in relatively better condition than ranges has necessitated the use of supplementary feeds in some instances and the frequent shifting of stock from one range area to another. The 1931 calf crop equals the average of recent years. A large number of cattle which are usually marketed off the District ranges during the spring months as "grass fat" cattle are now being fed in feedlots to obtain the desired market quality. Quotations for cattle at the Chicago market during late May and early June were lower than at any time since 1911.

The usual movement of spring lambs from

California to eastern markets has been completed. During the 1931 shipping season it is estimated that 508,640 head of live and dressed lambs were shipped out of that state, while the movement during the spring of 1930 amounted to 499,340 head. Early spring lambs from Idaho, Oregon, and Washington are now being marketed. Nearly all the 1931 wool clip has been sheared and is being moved to Pacific Coast and eastern markets. Returns to the grower for this season's wool have been substantially below those of 1930.

## Industry

There was some recession of industrial activity in the Twelfth District during May. Changes in production of lumber conformed with the customary seasonal movements and the output of petroleum remained unchanged, while flour production did not decline as much as usual. Except in some of the medium-sized cities of the District and in San Francisco, however, the value of building and construction declined substantially. Mining operations underwent still further curtailment during the month.

Employment in some industries, notably lumbering and food canning and preserving, increased seasonally during May. At the same time the tendency to reduce wage rates, which has been noted during recent months, continued. Records for both Oregon and California showed a reduction in the average weekly wage received, reports from Oregon indicating that about 12 per cent of the reporting firms reduced wages by amounts ranging from 6 to 13 per cent. Less precise information from other states indicates a similar situation throughout the District. It is reported that the number of laborers on farms is smaller than usual this spring, partially because prevailing low returns to produc-

## Employment—

| Industries                          | California   |                                            | Oregon       |                                            |
|-------------------------------------|--------------|--------------------------------------------|--------------|--------------------------------------------|
|                                     | No. of Firms | No. of Employees<br>May, 1931<br>May, 1930 | No. of Firms | No. of Employees<br>May, 1931<br>May, 1930 |
| All Industries*                     | 1,115        | 149,393<br>176,964<br>(-15.6)              | 137          | 20,175<br>24,035<br>(-16.1)                |
| Stone, Clay and Glass Products.     | 55           | 5,928<br>7,119<br>(-16.7)                  | 4            | 137<br>211<br>(-35.1)                      |
| Lumber and Wood Manufactures        | 148          | 19,396<br>24,614<br>(-21.2)                | 50           | 11,978<br>14,896<br>(-19.6)                |
| Textiles                            | 19           | 2,181<br>2,270<br>(-3.9)                   | 8            | 1,088<br>1,230<br>(-11.5)                  |
| Clothing, Millinery and Laundering. | 140          | 12,367<br>13,004<br>(-4.9)                 | 8‡           | 375<br>388<br>(-3.4)                       |
| Food, Beverages, and Tobacco        | 258          | 31,071<br>34,579<br>(-10.1)                | 37           | 1,521<br>1,695<br>(-10.3)                  |
| Public Utilities                    | 39           | 55,221<br>60,635<br>(-8.9)                 | ..           | ..                                         |
| Other Industries†                   | 447          | 70,254<br>85,295<br>(-17.6)                | ..           | ..                                         |
| Miscellaneous                       | 48           | 8,196<br>10,083<br>(-18.7)                 | 30           | 5,076<br>5,615<br>(-9.6)                   |
| Wholesale and Retail                | 143          | 35,915<br>39,594<br>(-9.3)                 | ..           | ..                                         |

\*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; oils and paints; printing and paper goods.

Figures in parentheses indicate percentage change from May, 1930.

## Industry—

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

| General:                          | 1931 |       |      |      |
|-----------------------------------|------|-------|------|------|
|                                   | May  | April | Mar. | 1930 |
| Carloadings—Industrial            | 68   | 63    | 64   | 99   |
| Electric Power Production         | ..   | 168   | 157  | 159  |
| <b>Manufactures:</b>              |      |       |      |      |
| Lumber                            | 65   | 65    | 60   | 108  |
| Refined Mineral Oils†             | ..   | 150   | 139  | 165  |
| Flour                             | 98   | 94    | 94   | 120  |
| Slaughter of Livestock            | ..   | 92    | 84   | 78   |
| Cement                            | 72   | 83    | 81   | 93   |
| Wool Consumption†                 | ..   | 56    | 74   | 66   |
| <b>Minerals:</b>                  |      |       |      |      |
| Petroleum (California)†           | 81   | 80    | 80   | 93   |
| Copper (United States)‡           | 68   | 70    | 70   | 90   |
| Lead (United States)‡             | 78   | 71    | 79   | 104  |
| Silver (United States)‡           | ..   | 54    | 63   | 81   |
| <b>Building and Construction§</b> |      |       |      |      |
| Total                             | 75   | 77    | 85   | 62   |
| Value of Building Permits         |      |       |      |      |
| Twenty Larger Cities              | 31   | 33    | 36   | 51   |
| Seventy Smaller Cities            | 43   | 43    | 45   | 67   |
| Value of Engineering Contracts    |      |       |      |      |
| Awarded                           |      |       |      |      |
| Total                             | 145  | 157   | 158  | 108  |
| Excluding Buildings               | 273  | 286   | 308  | 107  |

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

ers of agricultural products have discouraged anything more than minimum expenditures by farm operators.

The total value of building and construction declined, contrary to seasonal expectation during May, chiefly because of a reduced level of activity in most of the larger cities of the District. As compared with May, 1930, important declines were recorded in Long Beach, Los Angeles, Oakland, Portland, and Seattle, while in San Francisco, Sacramento, Santa Barbara, and Stockton, California, and Yakima, Washington, the value of building permits showed substantial increases. The value of engineering contracts awarded declined considerably, due principally to a falling off in the value of contracts for commercial buildings and streets and roads. Contracts for waterworks, bridges, and Government buildings increased in value, but these groups comprise only a small part of the total.

Output of lumber increased seasonally during May. Shipments also increased during that month and both production and shipments exceeded new orders, which decreased substantially. There has been little change in inventories of lumber during recent weeks.

New wells in the Kettleman Hills field accounted for a slight increase in the total production of crude oil in California during May. Production in the remainder of the state declined. A smaller volume of crude oil was run to stills in May than in April and the output of refined oils decreased. Stocks of gasoline were substantially smaller at the end of May than at the end of April, 1931, or May, 1930. Stocks of crude and fuel oils remained practically unchanged during the month, and were slightly lower than at the end of May last year.

Mining activity declined in May. A few important producers of copper and lead ceased

operations entirely, but since these shut-downs came in the later part of the month, total output for May was not reduced appreciably. Stocks of refined copper in North and South America increased sharply during May, establishing a new all-time high point considerably above any previously recorded.

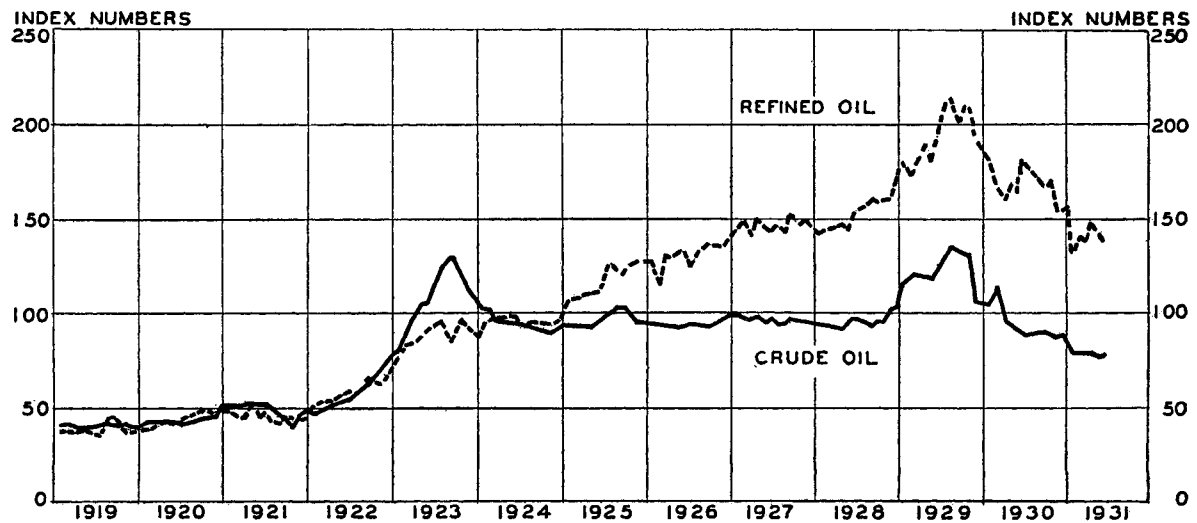
The District's flour mills operated at a slightly lower rate than in April, whereas there is usually a substantial decrease between that month and May.

The spring pack of canned spinach in California amounted to 1,339,700 cases this year, compared with the small pack of 1,565,496 cases last year and the record pack of 4,193,742 cases in 1929. The canning of asparagus is still in progress. Trade factors anticipate a smaller total pack of asparagus this year than last, chiefly because of the curtailment program in force this year. The annual exodus of the salmon fishing fleet to Alaskan waters occurred during May. As a result of the unusually low prices being quoted for salmon, however, early preparations for canning are less active than in other recent years.

**Trade**

Trade activity has not changed appreciably during the past three months. In May, seasonally adjusted indexes of department store sales and new automobile registrations remained practically stationary. There were moderate decreases, after allowance for the usual April-May movements, in intercoastal traffic and wholesale trade. Freight carloadings increased somewhat.

After allowance for the fact that May, 1931, had one less trading day than did May, 1930, department store sales (with no allowance for price changes) showed about the same relation



CRUDE AND REFINED OILS — California  
 Indexes of daily average production (1923-1925 average = 100). Figure for refined oils for May 1931 is preliminary.

to last year during May as in the first four months of this year. As compared with April, seasonally adjusted indexes of sales in all of the larger cities of the District except Los Angeles and Seattle declined. Apparel and furniture stores continued to report larger year-to-year declines in sales than did department stores.

#### RETAIL TRADE—Twelfth District

|                    | NET SALES*                                 |                                                                         | STOCKS*     |
|--------------------|--------------------------------------------|-------------------------------------------------------------------------|-------------|
|                    | May, 1931<br>compared<br>with<br>May, 1930 | Jan. 1 to<br>May 31, 1931<br>compared with<br>Jan. 1 to<br>May 31, 1930 |             |
| Department Stores† | -12.0 ( 65)                                | - 9.5 ( 65)                                                             | -12.2 ( 50) |
| Apparel Stores     | -21.8 ( 28)                                | -12.8 ( 27)                                                             | -18.8 ( 18) |
| Furniture Stores   | -16.0 ( 42)                                | -13.5 ( 41)                                                             | -14.1 ( 32) |
| All Stores         | -13.3 (135)                                | -10.3 (133)                                                             | -13.0 (100) |

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

Wholesale sales declined in value during May. It is possible that part of this decline represents a postponement of the decrease which usually comes in April but which did not occur this year. Sales (unadjusted for price changes) in all lines for which data are received continued well below sales in 1930, although comparisons over the year period were less unfavorable in the automobile equipment, dry goods, shoe, and hardware lines than in the other recent months. On the other hand, sales of wholesale grocers showed the largest year-to-year decline since November, 1930.

An increase during May in the amount of freight carried on District railroads interrupted the steady decline in carloadings which, after allowance for seasonal tendencies, has persisted since December of last year. Loadings of both industrial and merchandise freight were larger

than in April. The entire advance was occasioned by increased rail traffic in the Pacific Northwest where there was a heavy movement of grain and a greater than seasonal increase in shipments of forest products. After allowance for the customary May expansion, railroads in California showed little change from April in the volume of freight carried.

This Bank's adjusted index of waterborne intercoastal traffic for the three months ending with May was lower than in April. Shipments from the eastern coast increased by about the usual amount between the February-April and the March-May periods, while Pacific to Atlantic trade decreased after seasonal adjustment.

Registrations of new passenger automobiles declined slightly less than seasonally during May, in contrast with a sharp reduction in the number of trucks sold.

#### Prices

The marked recession of commodity prices continued during May and early June. The Bureau of Labor Statistics' index of wholesale commodity prices dropped sharply from 73.3 (1926=100) in April to 71.3 in May, a figure within 1.5 points of the 1913 annual average. Retail food prices in principal District cities declined further between April 15 and May 15 and on the later date were but 13 per cent above their 1913 average.

Prices for many commodities of considerable

#### Distribution and Trade—

|                               | 1931           |      |      | 1930<br>May |
|-------------------------------|----------------|------|------|-------------|
|                               | May            | Apr. | Mar. |             |
| Carloadings‡                  |                |      |      |             |
| Total                         | 80             | 77   | 80   | 104         |
| Merchandise and Miscellaneous | 93             | 91   | 95   | 111         |
| Foreign Trade°                |                |      |      |             |
| Total†                        |                | 82¶  | 86¶  | 112         |
| Imports†                      |                | 77¶  | 86¶  | 109         |
| Exports                       |                | 80   | 88   | 113         |
| Intercoastal Trade°           |                |      |      |             |
| Total                         | 68             | 71   | 76   | 81          |
| Westbound                     | 86             | 86   | 86   | 109         |
| Eastbound                     | 63             | 67   | 73   | 73          |
| Retail Trade                  |                |      |      |             |
| Automobile Sales‡             |                |      |      |             |
| Total                         | 76             | 76   | 72   | 102         |
| Passenger Cars                | 72             | 71   | 67   | 98          |
| Commercial Vehicles           | 113            | 127  | 123  | 140         |
| Department Store              |                |      |      |             |
| Sales‡                        | 106            | 107  | 111  | 115         |
| Stocks§                       | 93             | 89¶  | 92   | 104         |
|                               | Actual Figures |      |      |             |
| Stock Turnover¶               | .25            | .26  | .27  | .25         |
| Collections#                  |                |      |      |             |
| Regular                       | 44.0           | 43.7 | 43.5 | 44.7        |
| Installment                   | 15.7           | 16.0 | 15.9 | 15.0        |

\* 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. ¶Preliminary. ¶Revised.

#### Bank Debits\*—

|                | May,<br>1931 | May,<br>1930 | First Five Months |              |
|----------------|--------------|--------------|-------------------|--------------|
|                |              |              | 1931              | 1930         |
| Arizona        |              |              |                   |              |
| Phoenix        | \$ 33,681    | \$ 40,341    | \$ 164,728        | \$ 204,758   |
| California     |              |              |                   |              |
| Bakersfield    | 9,402        | 12,892       | 57,775            | 68,114       |
| Berkeley       | 18,160       | 20,812       | 82,573            | 101,958      |
| Fresno         | 18,560       | 27,957       | 110,235           | 197,386      |
| Long Beach     | 38,602       | 50,472       | 219,222           | 249,352      |
| Los Angeles    | 806,687      | 1,092,843    | 4,289,091         | 5,338,461    |
| Oakland        | 196,796      | 194,630      | 960,823           | 978,666      |
| Pasadena       | 30,112       | 35,915       | 164,414           | 186,188      |
| Sacramento     | 46,445       | 50,180       | 230,999           | 241,724      |
| San Bernardino | 8,315        | 11,172       | 44,527            | 55,353       |
| San Diego      | 45,342       | 55,926       | 252,479           | 293,650      |
| San Francisco  | 980,477      | 1,267,849    | 5,154,483         | 6,535,697    |
| San Jose       | 21,433       | 25,480       | 118,862           | 136,777      |
| Santa Barbara  | 12,322       | 15,818       | 67,668            | 77,974       |
| Stockton       | 16,598       | 24,425       | 87,633            | 125,553      |
| Idaho          |              |              |                   |              |
| Boise          | 11,568       | 13,581       | 61,234            | 67,970       |
| Nevada         |              |              |                   |              |
| Reno           | 10,017       | 10,472       | 47,675            | 54,643       |
| Oregon         |              |              |                   |              |
| Eugene         | 5,603        | 7,661        | 27,396            | 34,226       |
| Portland       | 167,382      | 202,821      | 728,946           | 887,109      |
| Utah           |              |              |                   |              |
| Ogden          | 13,541       | 16,269       | 70,574            | 84,404       |
| Salt Lake City | 55,699       | 74,098       | 307,344           | 379,765      |
| Washington     |              |              |                   |              |
| Bellingham     | 6,358        | 9,762        | 34,451            | 46,978       |
| Everett        | 8,589        | 12,979       | 46,561            | 66,783       |
| Seattle        | 194,480      | 235,206      | 986,593           | 1,218,984    |
| Spokane        | 36,815       | 52,856       | 207,875           | 264,457      |
| Tacoma         | 32,961       | 47,414       | 171,652           | 228,726      |
| Yakima         | 11,524       | 14,753       | 62,247            | 71,001       |
| Total          | \$2,837,469  | \$3,624,585  | \$14,758,060      | \$18,196,657 |

\* In thousands of dollars.

commercial importance in the Twelfth District, a large number of which are produced in this area in substantial quantities, have declined markedly during the past year. Some, such as silk, copper, silver, and rubber, for example, have reached exceptionally low levels, even when compared with quotations prevailing in the years prior to the World War.

Wheat prices declined sharply in early June, the September contract at Chicago reaching 56¼ cents per bushel on June 4. This quotation, which was approximately 5 cents under quotations prevailing during most of May and the lowest since 1896, followed reports that Federal Farm Board purchases of wheat had definitely ceased and that estimated heavy yields from winter wheat plantings are materializing. Although most of the disparity between foreign and domestic prices for wheat has recently disappeared, the volume of wheat exports from Pacific Coast ports has not increased appreciably. A further advance in California barley prices has been recorded during the past six weeks.

#### WHOLESALE PRICES—Representative Grades and Markets

|                               | Current Quotation<br>or Average† | One<br>Year Ago | 1913<br>Averages |
|-------------------------------|----------------------------------|-----------------|------------------|
| Wheat Futures, bushel         | \$ 0.584                         | \$ 0.966        | \$ 0.816         |
| Cattle, cwt.                  | 8.500                            | 11.870          | 8.580            |
| Hogs, cwt.                    | 7.725                            | 9.550           | 8.450            |
| Lambs, cwt.                   | 8.085                            | 12.000          | 7.790            |
| Wool, domestic, lb.           | 0.490                            | 0.640           | 0.540            |
| Silk, Japanese, lb.           | 2.300                            | 3.850           | 4.130            |
| Cotton, lb.                   | 0.089                            | 0.139           | 0.122            |
| Oranges, California, box      | 5.031                            | 8.160           | 4.420            |
| Lemons, California, box       | 4.844                            | 7.590           | 5.770            |
| Peaches, Canned Calif., dozen | 1.525                            | 2.200           | 1.700            |
| Coffee, lb.                   | 0.068                            | 0.091           | 0.113            |
| Butter, lb.                   | 0.244                            | 0.366           | 0.317            |
| Eggs, dozen                   | 0.165                            | 0.223           | 0.268            |
| Sugar, beet, cwt.             | 4.450                            | 4.600           | 4.400            |
| Copper, lb.                   | 0.080                            | 0.120           | 0.155            |
| Lead, lb.                     | 0.038                            | 0.054           | 0.044            |
| Silver, ounce                 | 0.268                            | 0.338           | 0.598            |
| Zinc, lb.                     | 0.033                            | 0.044           | 0.056            |
| Lumber, 1,000 ft. B.M.        | 11.000                           | 15.250          | 7.920            |
| Cement, bbl.                  | 2.130                            | 2.280           | 1.350            |
| Paper, newsprint, rolls       | 57.000                           | 62.000          | 40.000           |
| Petroleum, crude, bbl.        | 0.650                            | 0.880           | 0.350            |
| Gasoline, refinery, gal.      | 0.032                            | 0.076           | *                |
| Rubber, plantation, lb.       | 0.064                            | 0.134           | 0.820            |

† All quotations for June 20 or average of latest week or month.  
\* Not available.

A slight advance in lamb prices during late May accompanied a reduction in market receipts of lambs, which have been unusually large in number this year. Prices for cattle have continued the decline in evidence since last January. Prices paid for wool produced in this District have declined slightly since the last week in May, following several weeks of steadiness. Quotations for cotton and silk have also moved downward, the former reaching the lowest levels since 1914 and the latter selling below any previously recorded figure.

Notwithstanding larger shipments of oranges and lemons during May than in April, prices of these fruits increased slightly during the later month. Quotations for canned California peaches were reduced substantially during late

May. This decline reflected in part the expectation of a canning peach crop nearly as large as the record-sized crop of 1930, as well as a heavy carryover of canned peaches. Prices for coffee, sugar, hides, and rubber have increased slightly during the past six weeks, while further declines in quotations for butter, potatoes, and flour have been recorded.

Prices for all of the more important non-ferrous metals declined between May 15 and June 15. The quotation for refined copper, Connecticut Valley delivery, set a new record low at 8 cents per pound on June 3, although few sales were made at that level.

Further small declines in average quotations for lumber and cement have been recorded during recent weeks.

Crude oil and gasoline prices remained at the unusually low levels of April and May until June 19, when a sharp rise in prices was announced.

#### Credit Situation

As a result of an adverse balance of commercial payments between the Twelfth District and other regions, deposits of reporting member banks decreased in late May and early June. This withdrawal of deposits was accompanied by increased discounting at the Federal Reserve Bank of San Francisco.

#### FEDERAL RESERVE BANK OF SAN FRANCISCO

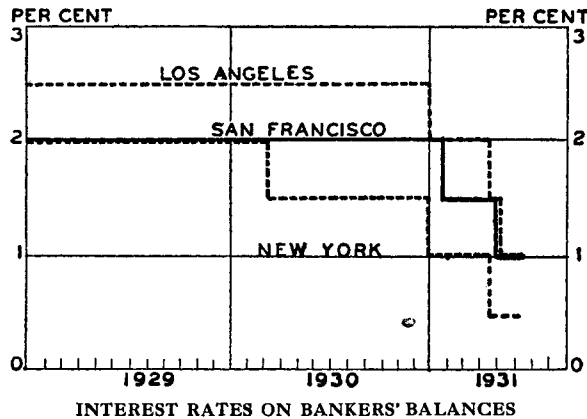
(In millions of dollars)

|                                                                  | Condition        |                  |                 |                  |
|------------------------------------------------------------------|------------------|------------------|-----------------|------------------|
|                                                                  | June 17,<br>1931 | June 10,<br>1931 | May 20,<br>1931 | June 18,<br>1930 |
| Total Bills and Securities                                       | 79               | 87               | 68              | 71               |
| Bills Discounted                                                 | 22               | 29               | 6               | 12               |
| Bills Bought                                                     | 8                | 9                | 13              | 22               |
| United States Securities                                         | 49               | 49               | 49              | 37               |
| Total Deposits                                                   | 184              | 187              | 191             | 178              |
| Total Reserves                                                   | 289              | 286              | 308             | 279              |
| Federal Reserve Note Circulation                                 | 169              | 167              | 167             | 155              |
| Ratio Total Reserves to Deposit<br>and Note Liabilities Combined | 82.1             | 80.9             | 85.9            | 83.8             |

The four weeks beginning May 21 may be divided into three periods in discussing the volume of borrowing at the Federal Reserve Bank. From May 21 to May 25 discounts averaged \$6,300,000 daily, and nearly all of these were for country banks. From May 26 to the end of that month discounts averaged \$13,400,000, the increased borrowing coming from city banks. There was a further increase in discounts, principally for city banks, early in June and the daily average has been \$24,500,000 since the beginning of the month. The increased borrowing did not result from the purchase of investments by the banks in eastern markets, since their holdings of non-government securities declined slightly and to only a small extent did it reflect a shift in bankers' balances which decreased but slightly.

The principal reason for the expansion in discounts was a continued loss of funds to other

districts because of commercial and financial transactions initiated by customers of the banks. These losses were reflected in a reduction of 44 million dollars in deposits of reporting member banks (time deposits declined 27 and demand deposits 17 million dollars) between May 21 and June 17. Among other factors contributing to the reduction in deposits of reporting member banks were a 5-million dollar de-



INTEREST RATES ON BANKERS' BALANCES  
Prevailing rates paid on active checking accounts of correspondent banks.

cline in Reserve Bank holdings of locally purchased acceptances, a reduction of 15 million dollars in loans made within the District, an increase of 5 million dollars in pocket currency, and payments of 19 million dollars to other districts by checks drawn against individual accounts. As a rule there is little change in either deposits or loans during late May and early June, and it is not customary that there should be a pronounced net gain or loss of funds by this District through transactions with other sections of the country at this time. Investments other than government securities declined slightly between May 21 and June 17. These transactions were consummated outside the Twelfth District and had no effect upon local bank deposits.

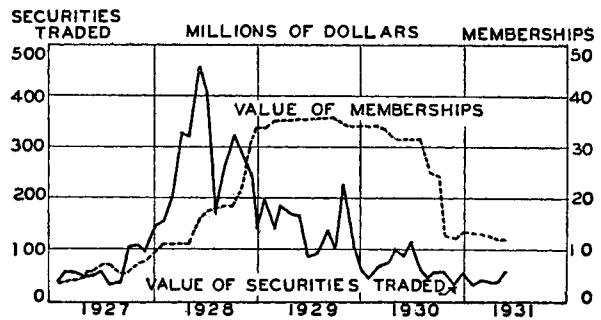
REPORTING MEMBER BANKS—Twelfth District  
(In millions of dollars)

|                                  | Condition     |               |              |               |
|----------------------------------|---------------|---------------|--------------|---------------|
|                                  | June 17, 1931 | June 10, 1931 | May 20, 1931 | June 18, 1930 |
| Loans and Investments—Total..    | 1,986         | 1,979         | 1,992        | 1,972         |
| Loans—Total .....                | 1,223         | 1,227         | 1,237        | 1,351         |
| On Securities .....              | 333           | 334           | 340          | 453           |
| All Other .....                  | 890           | 893           | 897          | 898           |
| Investments—Total .....          | 763           | 752           | 755          | 621           |
| United States Securities .....   | 401           | 391           | 391          | 341           |
| Other Securities .....           | 362           | 361           | 364          | 280           |
| Reserve with Reserve Bank .....  | 105           | 109           | 113          | 104           |
| Net Demand Deposits .....        | 733           | 734           | 751          | 738           |
| Time Deposits .....              | 1,057         | 1,071         | 1,084        | 1,011         |
| Due from Banks .....             | 186           | 210           | 196          | 189           |
| Due to Banks .....               | 244           | 263           | 257          | 246           |
| Borrowings at Reserve Bank ..... | 15            | 23            | 0            | 5             |

On June 15 banks and individuals of the District were allotted \$34,621,000 of the \$821,000,000 3½ per cent Government bond issue. This caused a substantial rise in the Government security investment account, but involved only a moderate outlay of cash, since the bonds

were paid for largely by crediting the deposit account of the Treasurer of the United States.

Rates of interest charged customers did not change appreciably during the second half of May and the first half of June but open market rates in New York City and rates paid on deposits in both eastern and Twelfth District cities continued to decline. On June 13, ninety-day bankers' acceptances were quoted at ⅞ per cent compared with 1-1⅛ per cent four weeks earlier. Following reductions in rates paid to depositors by New York City banks, Los Angeles banks further reduced rates paid on demand deposits and on bankers' balances to one per cent, effective June 8. Rates paid on savings deposits by most of the leading San Francisco banks, as well as by banks in some other cities of the District, have been lowered from 4 per cent to 3½ per cent effective July 1. Rates paid on demand deposits were also reduced by San Francisco banks.



VALUE OF SECURITIES TRADED AND VALUE OF STOCK EXCHANGE MEMBERSHIPS—Twelfth District\*

Value of memberships is obtained by multiplying price of last sale or average of latest bid and asked prices prior to date of computation by the number of seats on each exchange and adding the results.

Prices of securities traded on the principal stock exchanges in the Twelfth Federal Reserve District declined during May, but, as in New York, have advanced during June. The total value of shares sold on District exchanges increased somewhat during May, however, this being the first substantial increase since December, 1930. The peak in the value of shares traded on Pacific Coast exchanges was reached in May, 1928, since when there has been an irregular but sharp decline. In contrast, the total value of memberships on stock exchanges operating in the District increased until September, 1929, as is shown upon the accompanying chart. There was only a slight decline in the value of memberships during late 1929 and the first half of 1930, but between August and October in the later year, the aggregate value of memberships dropped precipitately. Changes in both the total value of shares traded and the total value of memberships have been slight for the past half year.

\* Includes San Francisco Stock Exchange, San Francisco Curb Exchange, Los Angeles Stock Exchange, Los Angeles Curb Exchange, California Stock Exchange (Los Angeles), Seattle Stock Exchange, and Portland Stock Exchange.