

# MONTHLY REVIEW

## OF BUSINESS CONDITIONS

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

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### SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Volume of industrial production and factory employment, which usually increases at this season, showed little change from July to August, and the Board's seasonally adjusted indexes consequently declined. The level of wholesale prices remained about the same in August as in the two preceding months, but declined somewhat in the first three weeks of September.

**Production and Employment.** Industrial production, as measured by the Board's seasonally adjusted index, declined from 83 per cent of the 1923-1925 average in July to 80 per cent in August, which compares with the previous low level of 82 per cent for December, 1930. Output of steel, which ordinarily increases in August declined further to 31 per cent of capacity, reflecting in part curtailment in automobile production. Lumber output also decreased, contrary to seasonal tendency. Activity at textile mills and shoe factories showed about the usual seasonal changes, and production in these industries continued to be in substantially larger volume than a year ago. In the latter part of August, output of crude petroleum decreased 30 per cent, the reduction being in east Texas, following earlier curtailment in the Oklahoma fields. In the middle of September production increased somewhat. Volume of factory employment, which usually increases at this season, showed little change from the middle of July to the middle of August. The number employed in the clothing and shoe industries and in canning factories

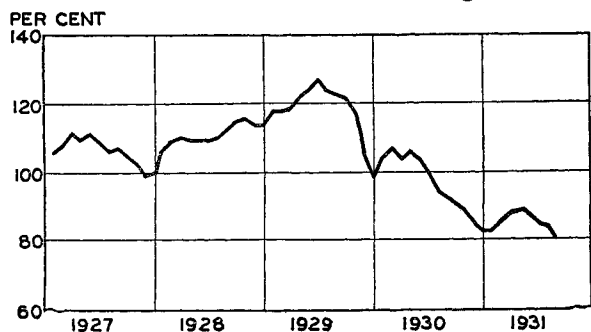
increased, while employment at steel mills, automobile plants, foundries, and carbuilding shops declined.

Value of building contracts awarded, as reported by the F. W. Dodge Corporation, continued to decline in August, and for the first eight months of 1931 was 31 per cent less than in the corresponding period of 1930, reflecting decreases of 18 per cent in contracts for residential building, 30 per cent for public works and utilities, 54 per cent for factories, and 56 per cent for commercial building.

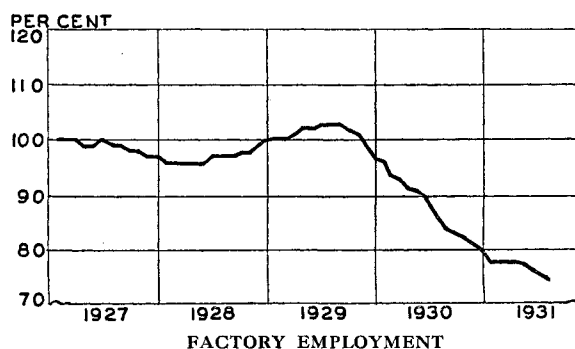
Department of Agriculture crop estimates based on September 1 conditions were about the same as estimates made a month earlier. High yields per acre and large crops were indicated for cotton, winter wheat, and tobacco, while crops of spring wheat and hay were expected to be unusually small, chiefly on account of dry weather. The corn crop was estimated at 2,715,000,000 bushels, 600,000,000 bushels larger than last year, but 50,000,000 bushels smaller than the five-year average.

**Distribution.** Daily average freight carloadings declined somewhat in August, contrary to the seasonal movement, while department store sales increased, but by an amount slightly smaller than is usual in August.

**Prices.** The general level of wholesale prices increased from 70.0 per cent of the 1926 average in June and July to 70.2 per cent in August according to the Bureau of Labor Statistics, reflecting increases in the prices of livestock, meats, dairy products, and petroleum, offset in



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



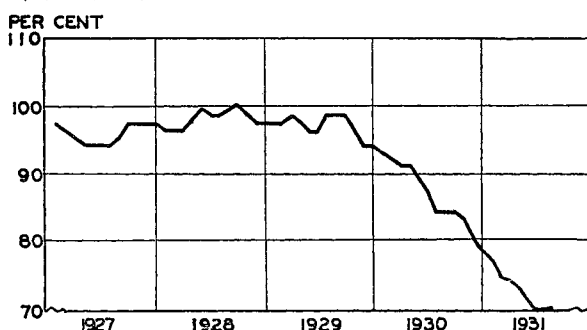
Federal Reserve Board's index of factory employment, with adjustment for seasonal variations (1923-1925 average=100).

large part by decreases in the prices of grains, cotton, and cotton textiles. During the first three weeks of September, prices of livestock, meats, hides, and cotton declined, while prices of dairy products continued to increase.

**Bank Credit.** Volume of reserve bank credit, which had increased by \$240,000,000 during the month of August, increased further by \$70,000,000 in the first part of September and in the week ending September 19 averaged \$1,265,000,000. The demand for the additional

a corresponding decrease in the country's stock of monetary gold.

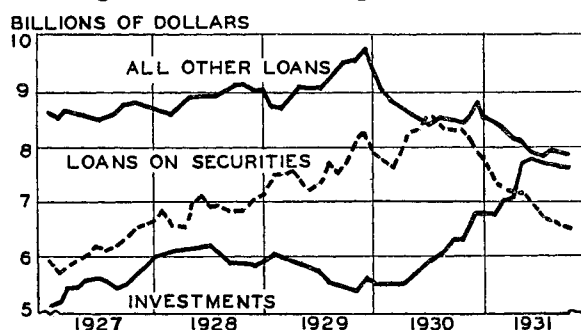
Loans and investments of reporting member banks in leading cities, after declining in July and the first half of August, showed little change in the three-week period ending September 9. There was a further decline in loans on securities, while the banks' holdings of investments increased somewhat. In the following week, the banks added \$227,000,000 to their holdings of United States government securi-



WHOLESALE PRICES

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

reserve bank credit arose chiefly from an increase of \$295,000,000 in the volume of currency outstanding. There were also further transfers to the reserve banks by foreign correspondents of funds previously employed in the acceptance market, offset in large part by a growth of \$60,000,000 in the country's stock of monetary gold. Following the suspension of the gold standard act by Great Britain, more than \$100,000,000 in gold was added to the amount held by the Federal reserve banks under earmark for foreign account and there was



MEMBER BANK CREDIT

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

ties when an issue of \$800,000,000 of United States government bonds was brought out, while holdings of other securities were reduced by \$40,000,000. Loans on securities continued to decline and all other loans were also reduced, contrary to the usual seasonal tendency.

Money rates in the open market continued at a low level. On September 22 the rate on bankers' acceptances advanced from  $\frac{7}{8}$  of one per cent to one per cent. Yields on high-grade bonds increased during the last half of August and the first part of September.

## TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Twelfth Federal Reserve District business activity did not increase by the usual amount during August. Industrial production, which ordinarily expands moderately, remained unchanged and the distribution of commodities also declined after seasonal adjustment. Average commodity prices remained stationary for the third consecutive month. Member banks' demand for credit at the Federal Reserve Bank of San Francisco and the circulation of currency in the District averaged higher during the four weeks ending September 16 than in any similar period thus far this year.

Production estimates for most District crops were about the same on September 1 as on August 1. Physical conditions were somewhat more favorable during August than in July, a month of unusually hot weather, and harvesting of agricultural products progressed at a normal rate. As has been the case throughout this season, grazing conditions in Arizona con-

tinued satisfactory, but considerable supplemental feeding of livestock was required in most other parts of the District during the month. Shortages of irrigation water became more noticeable in August, reflecting the sub-normal rain and snowfall of the present season.

Crude oil produced in California declined slightly during August, reaching the lowest daily average for any month since December, 1922. Activity at refineries has changed little since mid-July, although a small increase in gasoline supplies has been recorded. Only part of the usual July to August increase in the output of lumber took place and production was less than either orders or shipments. Flour milling declined sharply in August, while copper, lead, and silver were produced in quantities approximating those of July. The value of nearly all types of construction contracts awarded declined in August, the principal exception being the value of projects of the Federal Govern-

ment which was more than double that of July. Employment continued at low levels and further wage declines were reported.

After allowing for seasonal factors a decline was recorded in the District's trade activity during August. Sales of department stores increased by the seasonal amount, but wholesale dealers reported none of the usual July-August advance, and registrations of new automobiles declined. Freight carloadings remained unchanged although there is usually a sharp increase. An increase in the volume of waterborne traffic moving from Pacific to Atlantic Coast ports considerably more than offset a decline in Panama Canal shipments in the opposite direction.

Reserve Bank credit in use in the Twelfth District increased further during the four weeks ending September 16. Discounts at the Federal Reserve Bank of San Francisco increased and holdings of locally purchased acceptances were larger than in other recent months. Currency circulation continued to expand more than seasonally. A considerable withdrawal of bankers' balances placed with San Francisco member banks was recorded between August 19 and September 16. The allotment to Twelfth District banks of \$49,774,000 of the 3 per cent bonds issued by the Treasury on September 15 enlarged the investment holdings of reporting member banks by only 7 million dollars, while government deposits in those banks increased 29 million dollars, indicating that a large part of the allotment was resold immediately. Both time and net demand deposits declined further during the four-week period. Interest rates reported during September by leading banks in principal Twelfth District cities continued the slight firming begun last May.

### Agriculture

Warm weather and the absence of rains during August favored harvest operations which are now in full swing throughout the Twelfth District. Livestock ranges deteriorated further during the month and the shortage of irrigation water became more noticeable in many far western areas. September 1 estimates of crop production were not changed appreciably from those of a month earlier. Prices for agricultural products now being marketed or soon to be marketed are approximately 20 per cent lower than in January, 1931, and 30 per cent lower than in August, 1930.

Harvesting of the District's spring wheat crop has been nearly completed except in some parts of Idaho, Oregon, and Washington. Winter wheat had been almost entirely harvested a month ago. Exports of wheat from the Washington and Oregon customs districts totaled 3,294,304 bushels during the crop season to

September 1, compared with 4,437,549 bushels exported during July and August, 1930. The sale of approximately 15,000,000 bushels of Pacific Northwest wheat by the Federal Farm Board to the Chinese Nationalist Government, delivery to be made by shipments extending over a period of several months, was announced on September 4. On August 1 farmers in California, Idaho, Oregon, Utah, and Washington intended to plant 4,185,000 acres of winter wheat during the coming autumn, according to the United States Department of Agriculture. On August 1, 1930, the intended plantings of wheat were reported at 4,315,000 acres, but only 3,950,000 acres were actually sown in succeeding months, shortage of rainfall being an important factor contributing to the failure of intentions to materialize.

Forecasts of field crop production as published in this Review a month ago were changed little by estimates as of September 1. With the exception of the prospective harvests of rice and hops, the production of these crops is expected to be smaller than a year ago.

#### FIELD CROPS—PRODUCTION (In thousands)

	Forecast Sept. 1, 1931	Forecast Aug. 1, 1931	1930	1929
<b>Beans (bus.)</b>				
California, Idaho ...	7,662	7,751	9,464	7,191
United States .....	18,725	20,659	21,907	19,693
<b>Cotton (bales)</b>				
Arizona, California..	303	325	419	413
United States .....	15,685	15,584	13,932	14,828
<b>Hops (lbs.)</b>				
Calif., Ore., Wash.*.	23,476	22,170	23,447	33,220
<b>Potatoes (bus.)</b>				
Twelfth District ....	43,510	44,697	50,210	39,268
United States .....	361,036	370,580	343,236	359,796
<b>Rice (bus.)</b>				
California .....	7,500	7,500	7,271	6,222
United States .....	40,450	40,199	41,367	40,217
<b>Tame Hay (tons)</b>				
Twelfth District ....	11,020	12,435	15,011	14,414
United States .....	77,859	77,587	77,850	101,786
<b>Sugar Beets (tons)</b>				
Calif., Idaho, Utah..	1,579	1,622	1,767	1,704
United States .....	7,130	7,202	9,201	7,318
<b>Barley (bus.)</b>				
Twelfth District ....	25,638	25,335	52,434	44,083
United States .....	212,391	221,259	334,971	303,552
<b>Oats (bus.)</b>				
Twelfth District ....	22,779	22,443	28,764	34,904
United States .....	1,160,877	1,169,657	1,358,052	1,238,654
<b>Wheat (bus.)</b>				
Twelfth District ....	95,022	95,304	117,272	113,720
United States .....	885,643	893,582	850,965	805,790

\*These states produce the commercial hop crop of the United States.

Source: United States Department of Agriculture.

Continued dry weather and lack of irrigation water in some sections of California have resulted in a further, though slight reduction in the estimates of deciduous fruit production. In the Pacific Northwest production estimates remain unchanged from a month ago. Shipments of the leading deciduous fruits from California, Idaho, Oregon, and Washington during the current shipping season to September 5 amounted to 37,186 carloads. For the same period in 1930, shipments totaled 55,282 carloads.

The commercial apple crop in the five principal apple growing states of the District was

estimated on September 1 to be 22 per cent smaller than the record 1930 crop, but 6 per cent greater than the 1929 crop.

#### APPLES—PRODUCTION (In thousands of bushels)

Commercial Crop	Forecast		
	September 1, 1931	1930	1929
California .....	5,334	6,522	4,413
Idaho .....	4,784	4,500	4,950
Oregon .....	3,684	4,800	2,250
Utah .....	297	855	720
Washington .....	25,326	34,065	24,900
Total .....	39,425	50,742	37,237
United States .....	116,799	101,169	87,033

Source: United States Department of Agriculture.

The September 1 estimate placed packed box shipments of Valencia oranges from California during the 1930-1931 season at 16,581,000 boxes (about 37,483 carloads), a reduction of 735,550 boxes from the August 1 estimate and a 52 per cent increase over last season's shipments. During June, July, and August 17,472 carloads were shipped, compared with the shipment of 10,751 carloads during the corresponding period in 1930. Shipments of lemons totaled 6,468 carloads during June, July, and August of this year, compared with 5,580 carloads in 1930, the increase over a year ago reflecting principally, as has the movement of oranges, a larger crop.

Seasonal increases in prices for dairy and poultry products, accompanied by reductions in burdensome storage stocks of those commodities during August improved the outlook for producers of such products. On September 1 storage stocks of butter and eggs at Pacific Coast centers were 36 per cent and 24 per cent smaller, respectively, than a year earlier. This reduction in stocks appears to be attributable to increased consumption of both eggs and butter, although in the case of eggs decreased production has also been a factor. Receipts of butter at Portland, San Francisco, and Los Angeles have been greater this year than last, while egg receipts have been smaller.

Less than normal rainfall during August in all the livestock range areas, except Arizona, resulted in a further reduction in water for stock and for the growth of forage. In some parts of Nevada it has been necessary to move stock to more favored regions in order to secure sufficient feed. The autumn marketing of both lambs and cattle has been accelerated because of inadequate feed and water. In many areas extensive use of grains and hay has been essential to the satisfactory preparation of livestock for market.

Up to August 1 of this year, 494,651 head of cattle and 2,708,025 head of lambs had been received at the eight principal livestock markets of the District. In the corresponding period of 1930 receipts at these markets were 480,154 head of cattle and 2,100,225 head of lambs. The level of livestock prices remains approximately 25 per cent lower than a year ago.

## Industry

Industrial activity declined further during August, most of this Bank's indexes of industrial production reaching lower levels than any previously recorded during the period for which they have been compiled. (Few of these indexes extend back of January, 1923.) Largely because of high seasonal activity in agricultural and fruit canning and packing activities, August is ordinarily the month of fullest employment in the Twelfth District. All of the available evidence indicates but little if any improvement in the employment situation during the month, however, and further wage reductions were reported. Large numbers of all classes of workers are to be found among the unemployed.

The output of crude oil in California, where voluntary restriction continues to be in effect, declined slightly during August, averaging about 511,000 barrels per day as compared with 518,000 and 605,000 barrels per day, respectively, in July, 1931, and in August, 1930. Refined oil production, the volume of which has been at almost constant levels throughout the current year, was unchanged during August. Stocks of gasoline held by California refineries increased slightly during the month. Exports of refined oils from Los Angeles during August were about 8 per cent smaller than in July, largely because of smaller shipments of gasoline and kerosene to foreign countries in the Pacific Basin, to which the bulk of such exports has been destined during recent years. Partially offsetting this decrease, however, was a small increase in the shipments of gasoline to Atlantic foreign ports.

## Employment—

Industries	California			Oregon		
	No. of Firms	No. of Employees Aug., 1931	No. of Employees Aug., 1930	No. of Firms	No. of Employees Aug., 1931	No. of Employees Aug., 1930
All Industries* . . . .	1,164	179,589 (-17.6)	218,065	130	19,157 (-23.7)	25,097
Stone, Clay and Glass Products . .	61	5,622 (-24.7)	7,471	3	124 (-32.6)	184
Lumber and Wood Manufactures . .	143	17,248 (-24.5)	22,860	45	10,440 (-22.1)	13,409
Textiles . . . . .	18	1,967 (-12.1)	2,239	9	1,252 (-5.8)	1,329
Clothing, Millinery and Laundering . . .	155	12,869 (-4.8)	13,517	8†	352 (-10.7)	394
Food, Beverages, and Tobacco . . .	272	64,057 (-14.6)	74,980	36	2,321 (-46.1)	4,303
Public Utilities . . .	40	50,883 (-13.9)	59,065	..	..	..
Other Industries† . .	464	70,900 (-20.0)	88,626	..	..	..
Miscellaneous . . .	51	6,926 (-17.3)	8,372	29	4,668 (-14.8)	5,478
Wholesale and Retail . . . . .	142	34,897 (-6.5)	37,341	..	..	..

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

Production of copper, lead, and silver remained approximately the same during August as in July. Present operations at several important mines in the District consist of only a small amount of repair and development work, but plans for resumption of production during the autumn at some of these mines have been announced. Notwithstanding the low level of production, stocks of refined copper in North and South America increased sharply during the month to the largest aggregate on record, and during the first three weeks of September copper prices declined further to a new low record of 7 cents per pound, delivered Connecticut Valley. A moderate decline in stocks of blister copper failed by a considerable margin to offset the increase in refined stocks, with the result that total stocks of copper increased substantially.

Output of lumber increased but little during August, whereas it usually increases substantially in that month. Both shipments and new orders increased slightly and some reduction of inventories was reported. Shipments of lumber through the Panama Canal were larger during August than in July.

Plans for construction in the District, as indicated by value of building permits issued and of engineering contracts awarded, declined by slightly less than is usual during August, due chiefly to the influence of large government contracts which amounted to approximately 17 per cent of all reported construction (an unusually high proportion). Value of building permits issued, however, declined substantially during the month. With the exception of last March, when the contract for Hoover Dam was included, government contract awards during August were the largest recorded for any month during the period beginning with Janu-

ary, 1922, when data first became available. Contracts awarded for excavations and unclassified projects were somewhat larger during August, but declines were evident in contracts for sewers, bridges, streets and roads, and public, industrial, and commercial buildings.

Flour mills were considerably less active in August than in July. The agreement reached early in September by the Federal Farm Board to sell approximately 15,000,000 bushels of wheat to China for use in the famine stricken areas of that country stipulates that at least half of the wheat is to be shipped in the form of flour. Both the wheat and the flour involved in this large contract are to originate in the Pacific Northwest. Sharp reductions in the volume of private sales of flour to China were reported during August and shipments from Columbia River and Puget Sound ports to the Orient were much smaller than the unusually large totals recorded for July. There was some increase, however, in shipments of flour to California and to Atlantic foreign ports.

The 1931 canned peach pack in California, although not entirely completed, is estimated to be 8,350,000 cases. This year's pack will be considerably smaller than that of any other recent year except 1929 when the crop was severely damaged by spring frosts.

## Trade

Trade in this District was at a lower level during August than in July. Sales of commodities, as indicated by reports from department stores and wholesalers and by registrations of new automobiles, declined after adjustment for seasonal variations, as did carloadings. Activity in all lines of distribution was at substantially lower levels than a year ago. Price declines continue to be an important factor in comparisons of the value of sales this year with those of a year ago.

### RETAIL TRADE—Twelfth District

	1931 compared with 1930*		
	NET SALES		STOCKS
	August	Jan. 1—Aug. 31	August
Department Stores ..	9.4 ( 68)	— 9.0 ( 65)	—11.0 (51)
Apparel Stores .....	—10.2 ( 30)	—11.8 ( 28)	—23.4 (19)
Furniture Stores .....	—22.5 ( 40)	—14.0 ( 39)	—12.9 (29)
All Stores .....	—11.3 (138)	— 9.8 (132)	—12.3 (99)

\*Percentage change.

Figures in parentheses indicate number of stores reporting.

Sales of department stores in the District as a whole increased in value by the seasonal amount. Stores in Oakland reported greater than seasonal increases and the total value of sales in that city was about the same as in August, 1930. In San Francisco and other central California cities sales were fairly well maintained and were only moderately smaller

## Industry—

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

	1931			1930
	Aug.	July	June	Aug.
<b>General:</b>				
Carloadings—Industrial .....	55	59	61	72
Electric Power Production .....	..	165	158	164
<b>Manufactures:</b>				
Lumber .....	55	58	61	75
Refined Mineral Oil† .....	..	137	137	172
Flour .....	88	101	124	127
Cement .....	56	71	74	93
Wool Consumption† .....	..	111	87	85
<b>Minerals:</b>				
Petroleum (California)† .....	77	78	79	92
Copper (United States)† .....	59	59	67	85
Lead (United States)† .....	61	64	60	106
Silver (United States)† .....	45	43	52	69
<b>Building and Construction‡</b>				
Total .....	72	71	57	73
Value of Building Permits				
Twenty Larger Cities .....	32	33	29	46
Seventy Smaller Cities .....	36	41	40	63
Value of Engineering Contracts				
Awarded				
Total .....	128	123	89	144
Excluding Buildings .....	238	210	159	173

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

in value than those of a year ago. Sales of department stores in the Pacific Northwest, however, were low as compared with those in preceding months and as compared with those for the rest of the District. The value of department store stocks increased by somewhat less than the usual amount during the month.

Wholesale sales remained unchanged in value, although the usual movement is upward during August, and were approximately 20 per cent smaller than in August, 1930. Of the several lines of wholesale trade for which reports are received by this Bank, agricultural implements and electrical supplies continued to make the poorest showing as compared with last year, while sales of groceries made the most favorable comparison. Most lines showed larger decreases in the value of sales as compared with a year ago than the average decline for the first eight months of this year.

The movement of goods through the Panama Canal in the intercoastal trade increased considerably during August. This Bank's adjusted index, which covers the three months ending with August, remained practically unchanged, however. August shipments of lumber from this District totaled 183,000 tons, an amount which is much larger than the average for 1930 and the first eight months of 1931 and is approximately equal to the monthly average during 1929. Shipments of petroleum increased somewhat, but at 136,000 cargo tons were smaller than in any month during the past six years, with the exception of July, 1931. (These figures are available only since November, 1925.) General cargo shipments from Pacific to Atlantic ports also increased during August, but westbound shipments declined moderately.

### Distribution and Trade—

	1931			1930
	Aug.	July	June	Aug.
Index Numbers*				
Carloadings†				
Total	74	83	80	95
Merchandise and Miscellaneous...	89	103	98	109
Foreign Trade*				
Total†	..	78	72	111
Imports†	..	64	54	93
Exports	..	83	76	119
Intercoastal Trade*				
Total	67	68	70	85
Westbound	90	87	89	110
Eastbound	61	62	64	77
Retail Trade				
Automobile Sales‡				
Total	59	73	72	86
Passenger Cars	55	68	68	82
Commercial Vehicles	102	118	117	136
Department Store				
Sales‡	105	105	107	116
Stocks§	91	92	92	103
Actual Figures—				
Collections#				
Regular	41.0	42.7	42.9	41.5
Installment	16.1	15.5	15.8	15.5

\*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. #Per cent of collections during month to amount outstanding at first of month.

Foreign trade of the District increased substantially during July. Imports increased, principally because of large receipts of silk and rubber during the month. Exports also were greater in value during July than in June. This increase was accounted for to a considerable extent by comparatively heavy shipments of apples, oranges, flour, and gasoline. The increases in both imports and exports were contrary to the seasonal movements, the volume of foreign trade ordinarily being smaller in July than in any other month of the year.

### Prices

The comparative stability noted in average wholesale commodity prices during recent months continued during August and the first half of September. Most weekly indexes have fluctuated hardly at all since mid-June. This is the longest period without a net decline since July, 1929. The Bureau of Labor Statistics' index of wholesale prices, which was 70.0 (1926 = 100) in June and July, advanced to 70.2 in August. Farm products showed varied price changes during August. Prices of fuels and textiles, with the exception of cotton goods, increased, while metal prices remained relatively stationary and building material prices declined.

As the peak of agricultural marketing in the Twelfth District is reached in October, the level of agricultural prices assumes greater importance during the autumn than at other sea-

### Bank Debits\*—

	August, 1931	August, 1930	First Eight Months 1931		1930
Arizona					
Phoenix .....	\$ 24,802	\$ 27,583	\$ 249,164	\$	301,527
California					
Bakersfield .....	8,966	10,996	85,304		104,016
Berkeley .....	15,802	19,036	133,650		159,576
Fresno .....	20,676	24,012	171,932		271,233
Long Beach .....	34,804	45,287	333,704		393,235
Los Angeles .....	716,606	936,255	6,527,413		8,310,157
Oakland .....	169,576	172,726	1,509,114		1,537,446
Pasadena .....	25,484	27,327	246,770		282,408
Sacramento .....	49,848	48,893	377,591		392,067
San Bernardino .....	7,728	8,850	70,520		84,912
San Diego .....	43,703	50,722	388,520		456,244
San Francisco .....	902,183	1,256,057	7,912,830		10,319,188
San Jose .....	23,780	27,345	196,194		218,767
Santa Barbara .....	12,182	14,559	104,838		125,454
Stockton .....	15,424	23,000	140,156		203,734
Idaho					
Boise .....	13,178	13,553	104,126		113,107
Nevada					
Reno† .....	10,699	10,196	81,261		89,868
Oregon					
Eugene .....	4,833	6,378	43,961		55,649
Portland .....	130,929	166,842	1,153,770		1,401,993
Utah					
Ogden .....	14,268	17,651	112,891		137,129
Salt Lake City .....	53,594	64,455	477,998		587,598
Washington					
Bellingham .....	6,244	8,951	54,381		75,126
Everett .....	8,196	11,184	74,533		103,441
Seattle .....	172,354	218,913	1,582,330		1,907,226
Spokane .....	37,216	46,943	332,670		419,951
Tacoma .....	29,595	42,357	269,846		363,792
Yakima .....	10,063	13,499	94,870		110,682
Total .....	\$2,562,733	\$3,313,570	\$22,830,337		\$28,525,526

\*In thousands of dollars.

†Figure for July, 1931, revised from \$11,453,000, as reported last month, to \$11,641,000.

sons. In the following table is a list of representative agricultural products prices not all of which were taken from District markets, but which nevertheless present a reasonably faithful picture of movements during the past twelve months in prices of commodities important in Twelfth District agriculture.

#### AGRICULTURAL PRODUCTS—Wholesale Prices

	Sept. 4, 1931	June 5, 1931	Sept. 5, 1930
Wheat (bu.)*	\$.54	\$.71	\$.81
Barley (bu.)	1.00	1.13	1.15
Steers (cwt.)	6.87	6.88	9.50
Lambs (cwt.)	7.85	10.35	9.10
Butter (lb.)	.31	.24	.40
Eggs (doz.)	.21	.17	.33
Sugar (cwt.)	3.38	3.23	3.16
Cotton (lb.)	.060	.080	.107
Wool (lb.)*	.60	.59	.73
Hides (lb.)*	.090	.096	.125
Prunes (lb.)	.054	.056	.064
Raisins (lb.)	.056	.053	.043

\*Daily average for week ending on date specified.

On September 3 the price of wheat contracted for delivery during the current month declined to a new low level (44 $\frac{7}{8}$  cents per bushel) at Chicago. Other grains important in this District showed little or no price changes during August or early September. Deciduous fruit quotations at eastern auction markets are approximately the same as in the fall of 1930. Between July and August average orange prices, f.o.b. California, declined from \$2.67 to \$2.31 per box, while lemon prices were unchanged. Further seasonal advances in butter and egg prices increased returns to dairymen and poultrymen. Cattle, lamb, and hog prices at Pacific Coast markets during August were slightly lower than in July and considerably lower than in August, 1930.

Although copper, silver, lead, and zinc prices changed little during August and early September, a new low price for copper—7 cents per pound delivered Connecticut Valley—was reached during the third week of September.

California crude oil and gasoline prices were unchanged during August, but quotations for these products were again increased in the mid-continent fields, a reflection of the curtailment of oil production by state government decree. Lumber prices declined further from the low levels reached in recent months. Cement prices, which had been relatively stable for three months, declined to lower levels during August than at any time during the current depression.

#### Credit Situation

Interest rates reported by leading banks in each of the cities having an office of the Federal Reserve Bank of San Francisco have been rising during recent months. From the end of 1929 to the middle of May, 1931, rates declined almost continuously in these cities; but during each month since the later date there have been continuous, although slight advances. This transition to a moderately firmer credit

situation has terminated, temporarily at least, the tendency toward easier money conditions which had prevailed in District money markets for nearly a year and a half. During this easy money period rates paid on bankers' balances and on customers' demand deposits were reduced (April, 1931) following reductions in similar rates by New York City banks (December, 1930). Interest rates charged by security brokers on debit balances of their customers remained unchanged during 1931 until September 1, when there was a reduction of one-fourth of one per cent on margin accounts involving stocks listed on the New York or local exchanges with the exception of local listings on three of the smaller District exchanges. The reduction was made effective upon August statements.

#### INTEREST RATES CHARGED CUSTOMERS BY LEADING BANKS—San Francisco (Per Cent)

	Commercial Loans Eligible for Rediscout	Security Demand Loans	Com- modity Paper
1928			
March	5.1	5.6	5.8
June	5.1	5.8	5.8
September	5.4	5.9	6.0
December	5.4	6.0	6.0
1929			
March	5.6	6.2	6.0
June	5.9	6.8	6.1
September	5.9	6.7	6.1
December	5.9	6.5	6.3
1930			
March	5.7	6.3	6.0
June	5.5	5.8	6.0
September	5.2	5.1	5.7
December	5.1	5.1	5.9
1931			
March	4.9	4.9	5.8
June	4.7	5.0	5.6
September	4.6	5.1	5.7

Following moderate increases in late July and the first two weeks in August, the demand for currency by commercial banks and their customers has risen sharply during the past month. The total increase in money in circulation in the District during the five weeks ending September 16 was approximately 35 million dollars. Seasonal influences and the fact that the Labor Day and Admission Day holidays in California occurred unusually close together caused part of the expanded need for a medium of exchange. In addition, however, withdrawals of currency by depositors in some areas have taken place. Runs on banks have occurred in some instances, and closings of banks in the District have been more numerous during recent months than at any time in several years. Nevertheless, the District as a whole has been relatively free from banking difficulties of this character. Up to and including September 19 of this year, 30 banks with deposits of \$22,146,000 had been closed, compared with the failure of 11 banks with deposits of \$8,480,000 during the corresponding period of 1930.

Time and net demand deposits of reporting member banks have decreased steadily since last May. Between August 19 and Septem-

ber 16, the decline amounted to 48 million dollars. These reductions reflect three principal changes in the Twelfth District banking structure: (1) the unusual withdrawals of currency by the public, mentioned above; (2) the continued liquidation of loans, especially loans on securities; and (3) withdrawals by country banks of bankers' deposits placed in San Francisco. Reporting member banks' investments other than government securities did not

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

	Condition			
	Sept. 16, 1931	Sept. 9, 1931	Aug. 19, 1931	Sept. 17, 1930
Loans and Investments—Total..	1,911	1,909	1,923	1,987
Loans—Total .....	1,179	1,183	1,196	1,365
On Securities .....	306	305	312	467
All Other .....	873	878	884	898
Investments—Total .....	732	726	727	622
United States Securities ..	376	369	371	334
Other Securities .....	356	357	356	288
Reserve with Reserve Bank...	102	99	108	111
Net Demand Deposits .....	710	701	729	757
Time Deposits .....	988	1,007	1,017	1,007
Due from Banks .....	173	175	192	245
Due to Banks .....	212	220	233	320
Borrowings at Reserve Bank...	22	35	27	1

change appreciably during the four weeks ended September 16. A 7 million dollar increase in holdings of government securities during the week ending September 16 was due to the participation by those banks in the allotment on September 15 of \$49,774,150 of United States Treasury bonds, a large part of which (\$33,794,000) was paid for by crediting the account of the Treasurer of the United States, and involved no immediate cash outlay. At the same time banks in this District were also allotted \$8,422,000 of certificates of indebtedness, all of which were exchanged for maturing certificates with the result that this transaction caused no net change in investment holdings of the banks.

Borrowings of city member banks at the Federal Reserve Bank of San Francisco increased

substantially during August and remained at a relatively high level until September 16, when some reduction took place. Discounting for banks in the areas outside of San Francisco has been limited chiefly to the country bank accommodations usual at this time of the year, banks in cities other than San Francisco having borrowed but little. Since the beginning of June, borrowings by San Francisco banks have averaged considerably higher than in previous months, due in part to a reduction of net bankers' balances in that city from an average of 70 million dollars for the last quarter of 1930 and the first quarter of 1931 to a 50 million dollar average during July and August, and 45 million dollars for the first three report dates of September.

The increase in acceptance holdings of the Reserve Bank during the week ending September 16 was entirely due to purchases of bills from local acceptance dealers under agreement to repurchase in not less than fifteen days. Holdings of other bills did not change materially during the month.

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

	Condition			
	Sept. 16, 1931	Sept. 9, 1931	Aug. 19, 1931	Sept. 17, 1930
Total Bills and Securities .....	103	111	98	65
Bills Discounted .....	28	42	34	6
Bills Bought .....	21	16	12	20
United States Securities ....	53	53	52	39
Total Reserves .....	320	314	318	300
Total Deposits .....	191	189	199	191
Federal Reserve Note Circulation	214	216	198	158
Ratio Total Reserves to Deposit and Note Liabilities Combined.	78.9	77.4	80.1	86.1

Approximately 25 million dollars of United States gold coin was received from Japan during the last three weeks of August, the proceeds being transferred to eastern money markets.

