

# MONTHLY REVIEW

## OF BUSINESS CONDITIONS

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

Vol. XV

San Francisco, California, December 21, 1931

No. 12

### SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial activity and factory employment declined further from October to November, reflecting in part the usual seasonal tendencies. Continued gold imports and further reduction in member bank reserve requirements during November and the first half of December were reflected in a considerable decline in the outstanding volume of reserve bank credit.

**Production and Employment.** In November industrial production showed a somewhat larger decrease than is usual at this season, and the Board's seasonally adjusted index declined from 73 to 72 per cent of the 1923-1925 average. Activity declined at woolen mills, lumber mills, and coal mines, while daily average output at steel mills increased and volume of automobile production showed less than the usual seasonal decline from the low level of October. The November increase in steel production was followed by a considerable decline in the first three weeks of December. Output of petroleum increased further in November to a level slightly lower than that prevailing last summer before output was sharply curtailed.

Volume of employment in most manufacturing industries declined by more than the seasonal amount between the middle of October and the middle of November. Reductions were particularly large in the wearing apparel, leather, and building materials industries, while

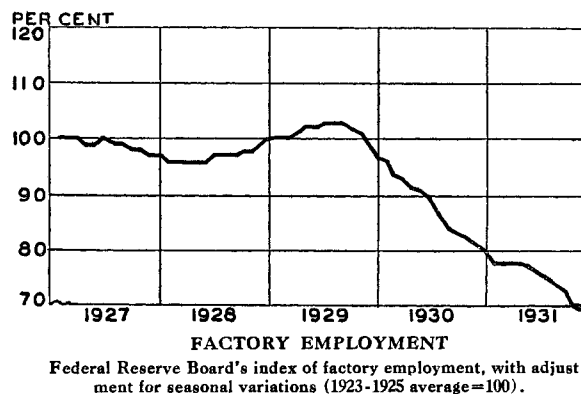
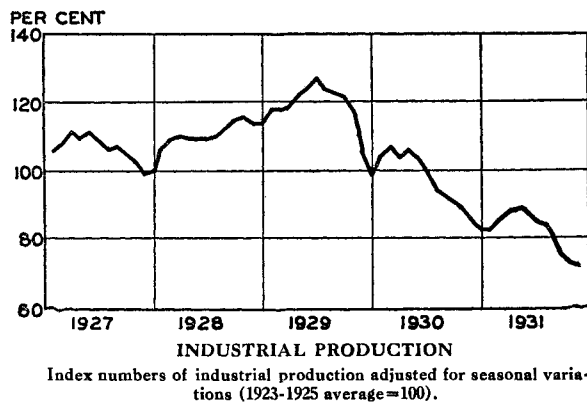
in the automobile and tire industries declines were smaller than is usual at this season.

The value of building contracts awarded, as reported by the F. W. Dodge Corporation, has declined further in recent months and a preliminary estimate of the Board's seasonally adjusted index for the last quarter of 1931 is 49 per cent of the 1923-1925 average, compared with 59 for the third quarter, 65 for the second quarter, and 79 for the first quarter of the year. Part of this decline in dollar volume reflects lower building costs.

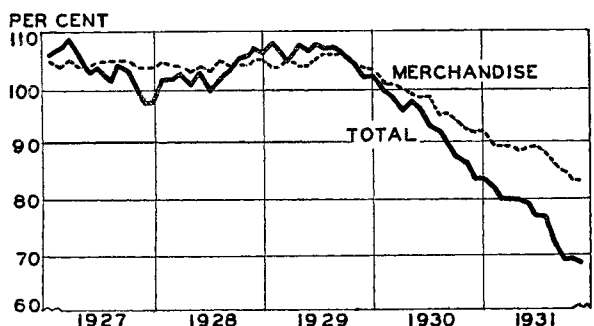
Production of principal crops in 1931 was about 10 per cent larger than in 1930, according to the December crop report of the Department of Agriculture, while acreage harvested was slightly smaller than a year ago. There were large increases in the crops of cotton, corn, winter wheat, apples and peaches, while the harvests of oats, barley, and rye were smaller than last year. As in 1930, the hay crop was unusually small.

**Distribution.** Commodity distribution continued at about the same rate in November as in October, the volume of freight carloadings showing a seasonal decline, while sales at department stores increased by about the usual amount for that month.

**Wholesale Prices.** The general level of wholesale prices remained practically un-



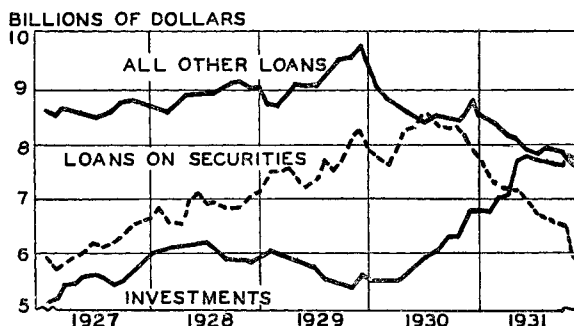
changed from October to November, according to the Bureau of Labor Statistics' index. Prices of grains, petroleum, and silver advanced while those of livestock and dairy products showed declines, partly of a seasonal character. Between the middle of November and the middle of December there were decreases in the prices of many leading commodities including livestock, meats, grains, sugar, silk, and silver. During this period prices of copper and rubber showed a decline, followed by a recovery.



Indexes of daily average number of cars loaded, adjusted for seasonal variations (1923-1925 average=100).

**Bank Credit.** Volume of reserve bank credit outstanding declined during November and the first half of December and averaged \$360,000,000 less in the week ending December 12 than at its October peak, seven weeks earlier. The decrease was in large part in the banks' portfolio of acceptances, as discounts for member banks and holdings of United States government securities showed little change for the period. The decline in total volume of reserve bank credit outstanding during the period reflected a growth of \$100,000,000 in the stock of monetary gold, largely through imports from

Japan, and a continued reduction in the reserve balances of member banks reflecting a further liquidation of member credit. Demand for currency declined during the last three weeks of November, and showed considerably less than the usual seasonal increase in the first half of December. After the middle of December, however, bank suspensions in New England were followed by some increased withdrawals of currency, part of which has begun to return. Loans and investments of member banks in



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

leading cities continued to decline and on December 9 were \$370,000,000 smaller than four weeks earlier. The decrease was equally divided between the banks' loans and their investments. Deposits of these banks, both demand and time, also showed a decrease, with a consequent reduction in required reserves.

Money rates in the open market showed little change from the middle of November to the middle of December. Rates on prime commercial paper continued at  $3\frac{3}{4}$  to 4 per cent, while rates on 90-day bankers' acceptances advanced from  $2\frac{7}{8}$  to 3 per cent on November 25.

## TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

The volume of business transacted in the Twelfth District was smaller in November than in October, after allowance for the seasonal changes customary during that month. Industrial operations continued to slacken and distribution of commodities was slower than in the preceding month. Prices of non-ferrous metals and agricultural products important in the District declined during late November and the first half of December. Reserve Bank credit in use continued to recede from the high levels of October.

Crop and livestock marketing declined seasonally during November. Soil moisture and irrigation water were further replenished during the month by rain and snowfall. On December 1, precipitation for the crop year approximated the long-time average, and was considerably in excess of the past two years.

Late November frosts damaged the Navel orange crop slightly. It seems probable that the heavy snowpacks on higher ranges will necessitate larger than usual quantities of supplemental feed for livestock during the current winter.

Production of crude oil in California remained unchanged during November, but the amount run to refinery stills declined somewhat as compared with October. Gasoline inventories increased considerably from the preceding month, as is usual in November. Output of lumber declined sharply, the total for the month being the lowest since February, 1921. Proportionate decreases were not recorded in shipments and orders of that commodity, however, and stocks declined. Building permits issued and construction contracts awarded were unusually small in value during

November and cement production declined more than seasonally. Activity at flour mills remained at a high level. Approximately the seasonal decreases were reported in employment.

There was no appreciable change in retail sales during November, although a moderate increase is customary during that month. Registrations of new automobiles declined more than seasonally, while the usual October-November changes were recorded in wholesale trade. A pronounced reduction in eastbound shipments of lumber and petroleum through the Panama Canal and a contrary to seasonal decline in the westbound shipments resulted in a decrease in intercoastal traffic during November. Adjusted carloadings declined slightly.

Total discounts and locally purchased acceptances held by the Federal Reserve Bank of San Francisco declined considerably during the four weeks ended December 16. A moderate loss of funds to other parts of the United States through settlement of commercial and financial transactions was more than offset by an excess of Treasury expenditures over receipts in this District. Demand for banking funds was reduced as a result of a non-seasonal decline in the amount of money in circulation and a reduction in reserve deposits maintained by member banks. Lower time and demand deposits and a declining volume of loans were reported by member banks between November 18 and December 16. Participation by those banks in the large December 15 Treasury financing resulted in a considerable increase in both their investments and their Government deposits.

### Agriculture

During the current marketing season most crops and animal products sold in local and national markets have brought progressively smaller unit returns with the advance of the season and prices generally have been lower than a year ago. This decline in the prices of agricultural products, together with a decline in the volume of production, has resulted in markedly lower agricultural returns during 1931 than in other recent years. The volume of agricultural products marketed during November this year was smaller than in November, 1930.

In contrast with the current unfavorable economic situation in agriculture, the outlook for the growth of crops during 1932 has been improved considerably by recent rain and snowfall. After two successive years of scant precipitation, snow storages in the mountain areas and subterranean water supplies had been seriously reduced. By December 1 of this season, however, rainfall had approached

the long-time average for most parts of the District and snow storages which furnish water during summer months had reached the greatest depths of recent years. In the Pacific Northwest, snowfall has already been sufficient to insure protection during winter months for fall-sown wheat. The acreage sown to wheat in Idaho, Oregon, and Washington this past autumn was estimated on December 1 to be 2,818,000 acres, which is 6 per cent less than was sown in the autumn of 1930. The condition of this crop is somewhat poorer than a year ago.

As a result of frosts during late November the 1931-1932 Navel orange crop in California was estimated to have been reduced 517,000 boxes from a previously forecasted crop of 13,568,000 boxes. The estimate of the lemon crop, on the other hand, was increased to 6,174,000 boxes from an estimate of 6,015,880 boxes in late October. Lemon production during 1930-1931 amounted to 6,342,000 boxes. Orange and lemon prices declined during November to levels lower than those prevailing in the preceding month or the same month a year ago.

Butter and egg prices declined seasonally at Pacific Coast markets during late November and early December and in the middle of the later month were selling at prices approximately equal to those of a year ago. Storage holdings of eggs and butter at Pacific Coast centers on December 1 were 46 per cent and 63 per cent smaller, respectively, than on December 1, 1930. Receipts of eggs at Los Angeles, San Francisco, and Portland for the season to December 1 were 9 per cent less than a year ago, while butter receipts for the same period were 9 per cent greater than a year ago.

The frequent rains of late November and early December improved forage prospects on livestock ranges in the lower altitudes of the

### Agricultural Marketing —

|   | November  |           | Season to Date |            |
|---|-----------|-----------|----------------|------------|
|   | 1931      | 1930      | 1931           | 1930       |
| <b>Carlot Shipments</b>                   |           |           |                |            |
| Apples .....                              | 4,958     | 9,543     | 22,930         | 38,464     |
| Lemons .....                              | 593       | 661       | 593            | 661        |
| Oranges .....                             | 4,757     | 3,831     | 4,757          | 3,831      |
| Vegetables (Cal.)                         | 6,393     | 6,989     | 16,912         | 20,948     |
| Eggs (Cal., Ore., and Wash.)....          | 312       | 544       | 4,300          | 4,104      |
| <b>Exports</b>                            |           |           |                |            |
| Wheat (bu.) ....                          | 1,912,927 | 2,150,228 | 12,482,451     | 13,080,366 |
| Barley (bu.) ....                         | 145,856   | 852,834   | 2,557,476      | 4,835,855  |
| <b>Receipts</b>                           |           |           |                |            |
| Cattle† .....                             | 45,447    | 37,795    | 436,939        | 430,577    |
| Hogs† .....                               | 161,941   | 123,855   | 1,367,813      | 1,251,770  |
| Sheep† .....                              | 156,870   | 187,147   | 1,912,613      | 1,558,413  |
| Eggs (cases)‡....                         | 134,113   | 106,149   | 1,724,226      | 1,898,714  |
| Butter (lb.)‡....                         | 5,660,826 | 4,754,789 | 72,751,367     | 67,014,822 |
| <b>Storage Holdings</b><br>(end of month) |           |           |                |            |
| Wheat (bu.) ....                          | 4,322,000 | 4,100,000 | .....          | .....      |
| Beans (bags) ....                         | 2,532,916 | 2,605,813 | .....          | .....      |
| Butter (lb.) ....                         | 1,487,199 | 4,030,850 | .....          | .....      |
| Eggs (cases) ....                         | 141,510   | 259,221   | .....          | .....      |
| Apples (carloads)                         | 18,875    | 19,193    | .....          | .....      |

†Six markets. ‡Three markets.

District, but on the higher winter ranges snowfall has necessitated the use of increased quantities of hay and grain for supplemental feeding. Extensive use of feed may be necessary to maintain cattle and sheep this winter, for large numbers of animals have entered the winter months in rather poor flesh due to the widespread shortage of range forage last summer. While feed supplies are considered adequate for a normal year, their sufficiency would be doubtful were the current winter unusually severe or prolonged. It is expected that fewer lambs will be fed in the District this winter than last, principally because of reduced numbers in Utah and Idaho, where there is a shortage of feed. The number of cattle fed will probably be a little larger than a year ago, increased feeding of cattle in California and Arizona offsetting the decreased feeding in Idaho and Utah.

Receipts of cattle and hogs were larger during November, 1931, than in November, 1930, while receipts of sheep declined over the year period. In accordance with seasonal movements marketing of cattle and sheep declined from the preceding month, while receipts of hogs increased.

### Industry

Industrial activity in the Twelfth District, after having remained comparatively stable at low levels during September and October, resumed its earlier downtrend during November. Production of crude oil continued at the same rate as in October but available data indicate that output of refined oils declined slightly during the month. Output of cement and lumber decreased considerably more than is usual

at this season and building activity also declined sharply. Little change was evident in the non-ferrous metals mining industry. Among Twelfth District industries for which information is received the only appreciable increase in activity was in flour milling, which responded to orders from the Federal Farm Board for export to China. Employment was at approximately the same low level as in October.

Output of crude oil in California averaged approximately 500,000 barrels daily during November or practically the same as in October. Announcement was made on December 18 to the effect that allowable production under the curtailment plan now in operation in California was to be further reduced from 487,500 to 456,700 barrels daily. Refining activity, as indicated by the amount of crude oil run to stills, was somewhat lower during November than in the previous month. As is usual at this season, when consumption is at a low level, gasoline stocks increased by a substantial amount.

Since the opening of an international conference of copper producers during October figures on the production of copper have not been released. Reports indicate, however, that no appreciable change has taken place in mine output of that metal during the past two months. Development work continued in the gold producing sections of the District, the only mining areas reported as being active.

Output of lumber was about 30 per cent smaller during November than in October, although the decline during the later month is usually only 9 per cent. This drastic curtailment of production reduced this Bank's sea-

### Industry—

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

|                                   | 1931 |      |       | 1930 |
|-----------------------------------|------|------|-------|------|
|                                   | Nov. | Oct. | Sept. | Nov. |
| <b>General:</b>                   |      |      |       |      |
| Carloadings—Industrial .....      | 48   | 48   | 51    | 70   |
| Electric Power Production.....    | ..   | 149  | 158   | 156  |
| <b>Manufactures:</b>              |      |      |       |      |
| Lumber .....                      | 34   | 45   | 52    | 63   |
| Refined Mineral Oils†.....        | ..   | 139  | 146   | 196  |
| Flour .....                       | 115  | 117  | 102   | 96   |
| Slaughter of Livestock.....       | ..   | 98   | 102   | 78   |
| Cement .....                      | 56   | 65   | 56    | 99   |
| Wool Consumption† .....           | ..   | 115  | 91    | 71   |
| <b>Minerals:</b>                  |      |      |       |      |
| Petroleum (California)†.....      | 76   | 76   | 77    | 92   |
| Copper (United States)†.....      | ..   | ..   | 60    | 82   |
| Lead (United States)†.....        | 58   | 68   | 67    | 83   |
| Silver (United States)†.....      | 40   | 40   | 39    | 76   |
| <b>Building and Construction§</b> |      |      |       |      |
| Total .....                       | 42   | 47   | 62    | 63   |
| Value of Building Permits         |      |      |       |      |
| Twenty Larger Cities .....        | 24   | 26   | 30    | 48   |
| Seventy Smaller Cities .....      | 28   | 29   | 33    | 51   |
| Value of Engineering Contracts    |      |      |       |      |
| Awarded                           |      |      |       |      |
| Total .....                       | 69   | 78   | 107   | 117  |
| Excluding Buildings .....         | 104  | 121  | 189   | 142  |

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

### Employment—

| Industries                              | California        |   | Oregon       |   |
|---|-------------------|---|--------------|---|
|   | No. of Firms      | No. of Employees Nov., 1931<br>Nov., 1930 | No. of Firms | No. of Employees Nov., 1931<br>Nov., 1930 |
| <b>All Industries*</b> .....            | 1,196             | 136,982<br>(-19.5)                        | 127          | 16,908<br>(-17.0)                         |
| Stone, Clay and Glass Products. 61      | 5,819             | 7,288<br>(-20.2)                          | 2            | 156<br>(-11.9)                            |
| Lumber and Wood Manufactures .. 145     | 15,843<br>(-25.6) | 21,287                                    | 44           | 8,606<br>(-17.4)                          |
| Textiles .....                          | 17                | 1,802<br>(-19.2)                          | 8            | 1,268<br>(4.3)                            |
| Clothing, Millinery and Laundering. 159 | 11,822<br>(-9.6)  | 13,081                                    | 8‡           | 341<br>(-10.5)                            |
| Food, Beverages, and Tobacco... 281     | 29,685<br>(-18.5) | 36,421                                    | 37           | 1,874<br>(-41.4)                          |
| Public Utilities .. 39                  | 48,890<br>(-15.1) | 57,565                                    | ..           | ...                                       |
| Other Industries†. 480                  | 64,581<br>(-21.7) | 82,525                                    | ..           | ...                                       |
| Miscellaneous ... 53                    | 7,430<br>(2.3)    | 7,264                                     | 28           | 4,663<br>(-6.5)                           |
| Wholesale and Retail .....              | 146               | 33,585<br>(-5.5)                          | ..           | ...                                       |

\*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. ‡Laundering only. Figures in parentheses indicate percentage change from November, 1930.

sonally adjusted index 11 points to 34 per cent of the 1923-1925 average, the lowest point during the thirteen-year period covered by the index. As a result of this low rate of output, orders and shipments, although below October levels, were in excess of production and there was a decline in inventories held by the mills.

Building and construction activity in the District as indicated by value of building permits issued and contracts awarded declined substantially more during November than is usual at this season of the year. This Bank's index of the total value of construction reached a level of approximately one-third the five-year average (1926-1930) for November. Building permits issued declined in value somewhat less than seasonally in 70 of the smaller cities of the District, but there was a sharp decline, after seasonal adjustment, in the figures of the 20 larger cities. The value of engineering contract awards was less than half as large in November as in October. While all classifications, with the exception of waterworks, declined as compared with the previous month, the largest decreases were in awards for industrial and commercial buildings. At \$1,260,000 the combined value of contracts in these two groups was considerably lower than any comparable figures of record since January, 1922, when these data were first collected.

District flour mills increased their output during November by approximately the seasonal amount and were much more active than during the same month a year ago. Among the factors contributing to this high rate of output was the demand of the Federal Farm Board for making deliveries of wheat and flour to China under the recent agreement. There was also a fair domestic demand during the month and some mills reported that they were build-

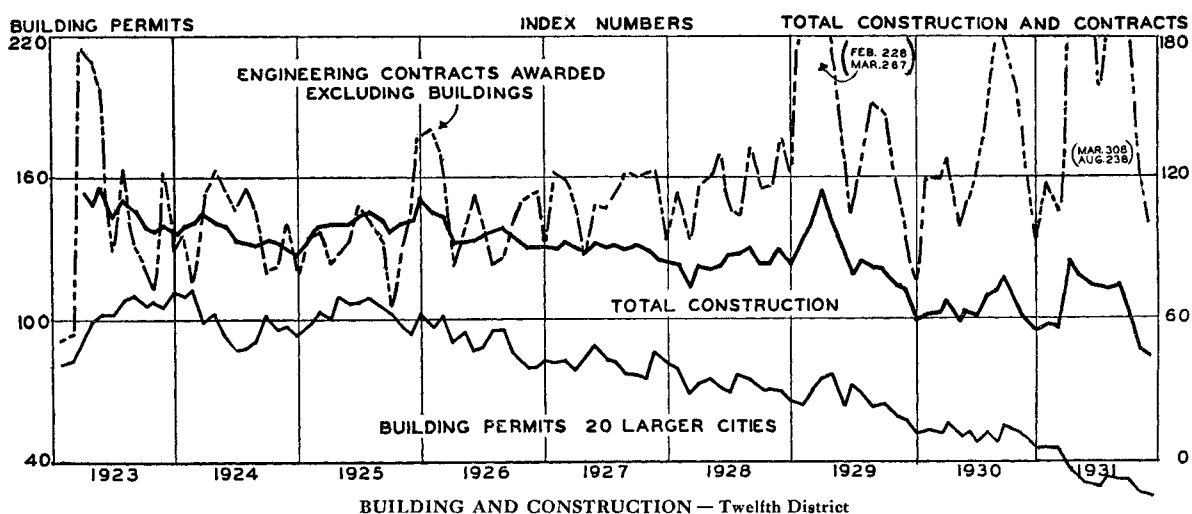
ing up depleted stocks. Export business other than that arising from Farm Board shipments was reported to be inactive.

The pack of canned tomatoes in California during 1931 amounted to only 1,005,507 cases, a decrease of 76 per cent as compared with 1930 and 68 per cent as compared with the average annual pack from 1926 through 1930. In 1921 the pack of tomatoes dropped to about 357,000 cases, but with this exception the current season's output was smaller than in any year since 1909.

### Trade

Although it is difficult to measure, some allowance must be made for the effect of wholesale and retail price declines during the past year in all comparisons of value figures of trade activity. Despite this necessary qualification, available data indicate that Twelfth District trade in November was markedly less active than it was a year ago and declined sharply as compared with October. After allowance for seasonal changes, wholesale sales remained at the October level, but department store sales did not show the usual November gain, while registrations of new automobiles and intercoastal traffic through the Panama Canal declined. The adjusted index of carloadings continued to move downward. During October the District's foreign trade, seasonally adjusted, remained unchanged as compared with September.

Daily average value of department store sales in principal cities of the District were the same in November as in October. This Bank's seasonally adjusted index, however, declined approximately 4 per cent, since an increase usually takes place from October to November. Seasonally adjusted sales in Los



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.

Angeles remained about the same as in October, while those for Oakland increased. Stores in San Francisco and Seattle showed substantial declines in the value of sales, after allowance for seasonal factors, as compared with the previous month. Inventories carried by department stores increased less than is usual during November.

#### RETAIL TRADE—Twelfth District

|                          | 1931 compared with 1930* |                | STOCKS<br>November |
|--------------------------|--------------------------|----------------|--------------------|
|                          | NET SALES<br>November    | Jan. 1—Nov. 30 |                    |
| Department Stores ..     | -14.4 ( 69)              | -10.5 ( 64)    | -13.2 (51)         |
| Phoenix .....            | -5.0 ( 3)                | -6.5 ( 3)      | ... (..)           |
| Los Angeles .....        | -12.0 (10)               | -11.2 (10)     | -14.2 ( 9)         |
| Other Southern Cal. .... | -12.7 ( 8)               | -10.3 ( 8)     | -11.8 ( 6)         |
| Oakland .....            | -15.1 ( 4)               | -5.5 ( 4)      | -15.3 ( 4)         |
| San Francisco .....      | -11.6 ( 7)               | -8.8 ( 6)      | -11.9 ( 7)         |
| Other Northern Cal. .... | -11.6 ( 8)               | -2.1 ( 8)      | -9.7 ( 8)          |
| Portland† .....          | -17.7 ( 7)               | -13.6 ( 7)     | -8.7 ( 7)          |
| Seattle .....            | -28.4 ( 5)               | -16.4 ( 5)     | -17.7 ( 5)         |
| Spokane .....            | -10.5 ( 5)               | -6.3 ( 3)      | -7.0 ( 3)          |
| Salt Lake City .....     | -10.9 ( 4)               | -10.4 ( 4)     | -17.6 ( 3)         |
| Apparel Stores .....     | -17.5 (27)               | -12.9 (25)     | -19.1 (18)         |
| Furniture Stores .....   | -19.2 (39)               | -14.5 (35)     | -13.3 (29)         |
| All Stores .....         | -15.2 (135)              | -11.2 (124)    | -13.7 (98)         |

\*Percentage change. †Includes five apparel stores which are not included in District department store total.

Figures in parentheses indicate number of stores reporting.

Sales at wholesale declined in value by about the usual amount during November, and were 23 per cent lower than a year ago. A relatively favorable comparison was shown in sales of wholesale groceries, which were but 9 per cent smaller in value than in November, 1930. Sales in other lines for which reports are received showed about the same relation to 1930 sales as in other recent months.

Registrations of new automobiles declined by somewhat more than the average October-November decline of recent years. The actual number of new passenger cars sold was smaller than in any other month since these data were first collected (January, 1922). Sales of new trucks also decreased during November.

#### Distribution and Trade—

|                                  | 1931           |      |       | 1930 |
|----------------------------------|----------------|------|-------|------|
|                                  | Nov.           | Oct. | Sept. | Nov. |
| Carloadings†                     | Index Numbers* |      |       |      |
| Total .....                      | 64             | 66   | 68    | 85   |
| Merchandise and Miscellaneous... | 81             | 83   | 84    | 101  |
| Foreign Trade*                   |                |      |       |      |
| Total †.....                     |                | 64   | 75    | 90   |
| Imports† .....                   |                | 58   | 63    | 94   |
| Exports .....                    |                | 67   | 81    | 88   |
| Intercoastal Trade*              |                |      |       |      |
| Total .....                      | 74             | 76   | 70    | 88   |
| Westbound .....                  | 88             | 94   | 92    | 109  |
| Eastbound .....                  | 70             | 71   | 64    | 82   |
| Retail Trade                     |                |      |       |      |
| Automobile Sales‡                |                |      |       |      |
| Total .....                      | 40             | 45   | 61    | 67   |
| Passenger Cars .....             | 36             | 41   | 56    | 60   |
| Commercial Vehicles .....        | 85             | 91   | 114   | 148  |
| Department Store                 |                |      |       |      |
| Sales‡ .....                     | 94             | 98   | 99    | 111  |
| Stocks§ .....                    | 88             | 91   | 94    | 103  |
| Collections#                     | Actual Figures |      |       |      |
| Regular .....                    | 41.8           | 45.3 | 39.6  | 43.1 |
| Installment .....                | 14.4           | 15.7 | 16.8  | 15.4 |

\*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.

Both eastbound and westbound shipments through the Panama Canal declined substantially from October to November. As a result of sharp declines in the movement of lumber and petroleum, total eastbound traffic decreased by an amount somewhat in excess of the usual decrease at this season of the year. Westbound cargo, which ordinarily increases during November, declined as compared with the preceding month.

#### Prices

During late November and early December wholesale commodity prices as measured by weekly index numbers declined to new low levels for 1931 after some five months of relative stability. Wholesale prices as measured by the monthly index of the United States Bureau of Labor Statistics, however, declined but little during November, although that index was 3 per cent lower in November than in June and 15 per cent lower than in November, 1930. The serious maladjustment of international trade, adverse conditions arising from the departure of many countries from the gold standard, and the apparent failure of important production restriction measures and marketing schemes to afford relief during the past year have all been important factors making for lower prices in terms of gold.

Wheat prices, after declining about 10 cents a bushel during November, fluctuated within a relatively narrow range during the first half

#### Bank Debits\*—

|                      | November,<br>1931 | November,<br>1930 | —First 11 Months—<br>1931 | 1930         |
|----------------------|-------------------|-------------------|---------------------------|--------------|
| Arizona              |                   |                   |                           |              |
| Phoenix .....        | \$ 25,865         | \$ 31,984         | \$ 328,322                | \$ 398,745   |
| California           |                   |                   |                           |              |
| Bakersfield .....    | 9,880             | 14,499            | 115,768                   | 143,092      |
| Berkeley .....       | 15,469            | 15,201            | 183,007                   | 212,945      |
| Fresno .....         | 22,361            | 34,120            | 248,328                   | 364,975      |
| Long Beach .....     | 29,911            | 40,928            | 436,090                   | 528,339      |
| Los Angeles .....    | 618,745           | 800,662           | 8,576,540                 | 11,039,276   |
| Oakland .....        | 159,714           | 178,709           | 2,035,525                 | 2,094,683    |
| Pasadena .....       | 23,963            | 28,632            | 324,958                   | 371,168      |
| Sacramento .....     | 42,276            | 43,373            | 511,587                   | 535,026      |
| San Bernardino ..... | 7,337             | 8,549             | 94,345                    | 112,043      |
| San Diego .....      | 37,160            | 45,300            | 511,885                   | 599,509      |
| San Francisco .....  | 665,931           | 1,098,177         | 10,347,045                | 13,842,364   |
| San Jose .....       | 20,673            | 26,225            | 267,820                   | 304,947      |
| Santa Barbara .....  | 12,526            | 13,792            | 142,114                   | 170,283      |
| Stockton .....       | 14,879            | 18,971            | 187,993                   | 264,140      |
| Idaho                |                   |                   |                           |              |
| Boise .....          | 12,104            | 14,268            | 145,832                   | 158,689      |
| Nevada               |                   |                   |                           |              |
| Reno .....           | 8,393             | 9,976             | 109,900                   | 122,866      |
| Oregon               |                   |                   |                           |              |
| Eugene .....         | 4,806             | 6,202             | 59,794                    | 75,432       |
| Portland .....       | 136,032           | 172,936           | 1,570,341                 | 1,939,736    |
| Utah                 |                   |                   |                           |              |
| Ogden .....          | 13,638            | 23,047            | 153,156                   | 203,337      |
| Salt Lake City ..... | 54,144            | 70,659            | 645,802                   | 799,455      |
| Washington           |                   |                   |                           |              |
| Bellingham .....     | 5,387             | 7,285             | 72,820                    | 100,571      |
| Everett .....        | 7,841             | 9,486             | 99,629                    | 135,896      |
| Seattle .....        | 144,094           | 204,221           | 2,074,290                 | 2,582,319    |
| Spokane .....        | 35,788            | 41,244            | 448,247                   | 562,684      |
| Tacoma .....         | 25,491            | 39,175            | 356,208                   | 486,867      |
| Yakima .....         | 11,132            | 17,258            | 131,663                   | 162,530      |
| Total .....          | \$2,165,540       | \$3,014,879       | \$30,179,009              | \$38,311,917 |

\*In thousands of dollars.

of December. On December 12 the December contract for wheat at Chicago sold as low as  $52\frac{1}{4}$  cents per bushel, about 9 cents lower than on November 12. Other grain prices were comparatively stable during late November and early December. Several other agricultural products of importance in the District showed price declines during this period. Butter and egg prices declined as is usual during early December and were at levels approximating those of a year ago. Oranges and lemons were quoted below prices of October, 1931, or November, 1930, as were hogs, lambs, and wool. Prices for cattle, beans, hay, cotton, hides, and dried and canned fruits changed little during late November and the first two weeks in December. Potato and apple prices increased slightly. The Department of Agriculture's index of farm prices was 32 per cent lower in November, 1931, than in November, 1930.

Lead, zinc, copper, and silver prices declined in late November and fluctuated irregularly during early December. Copper reached a new low price of  $6\frac{1}{4}$  cents per pound, delivered Connecticut Valley, on November 27, but had advanced to  $7\frac{1}{4}$  cents per pound on December 21.

No appreciable change in lumber or petroleum prices was recorded during the latter part of November. Relatively stable prices for these products have prevailed during recent months, following upon and during a period in which production has been approximately equal to apparent consumption.

### **Credit Situation**

Further contraction in the volume of credit in use in the Twelfth District occurred during November and the first half of December. Currency circulation continued the non-seasonal decreases noted last month and the volume of Reserve Bank credit employed in the District declined to approximately the levels of mid-September, although some expansion is usual at this time of the year. This Bank also reduced the amount of its credit extended outside the Twelfth District by about 20 million dollars during the four-week period. At reporting member banks, deposits continued to decrease, as did total loans, but investments showed an increase which reflected chiefly the purchase of Government securities offered by the United States Treasury on December 15.

Those factors which may be said to represent the supply of banking funds available for use decreased by about 19 million dollars during the four weeks ended December 16. The element of Reserve Bank credit, which readily expands or contracts in response to contraction or expansion in the other factors of credit

supply or to changes in demand for credit, declined 29 million dollars during the period under review. Most of this decline occurred in discounts, a decrease of about 2 million dollars in holdings of locally purchased acceptances being nearly offset by an increase in credit extended to the District in other forms, principally credit given for checks and other items not actually collected and representing, in effect, a temporary loan extended by the Reserve Bank to the depositing bank. Additional factors reducing the supply of credit available to the District were represented in a net loss of about four million dollars in the gold settlement fund due to an excess of transfers out of the District over transfers into the District which reflected net payments involved in commercial and financial transactions with other parts of the United States. These reductions in the Twelfth District supply of banking funds amounting to 33 million dollars were partially offset by an increase of 14 million dollars in the available credit supply due to operations of the United States Treasury, which spent that much in excess of its collections in the District during the four weeks ended December 16.

The corresponding net decline in the demand for funds resulted principally from a  $17\frac{1}{2}$  million dollar decline in member bank reserve balances. Demand for currency decreased more than  $2\frac{1}{2}$  million dollars, while as a slight offsetting factor deposits of non-member banks at the Reserve Bank and other miscellaneous items representing a demand upon the District's credit resources increased about one million dollars, making a net decrease of about 19 million dollars in demand for credit during the four weeks ended December 16. A tabulation of changes in the factors affecting supply of and demand for credit in the Twelfth District between November 18 and December 16 follows:

| SUPPLY OF AND DEMAND FOR FUNDS                     |       |                       |       |
|--|-------|-----------------------|-------|
| Changes between November 18 and December 16, 1931. |       |                       |       |
| (In millions of dollars)                           |       |                       |       |
| Supply   |       | Demand                |       |
| Monetary Gold Stock..                              | — 3.8 | Demand for Currency.. | — 2.6 |
| Treasury Operations ..                             | 13.8  | Member Bank Reserve   |       |
| Reserve Bank Credit...                             | —29.2 | Balances .....        | —17.5 |
| Discounts .....                                    | —28.8 | Non-member Deposits,  |       |
| Acceptances .....                                  | 2.0   | etc. ....             | 0.9   |
| Other Credit ..                                    | 1.6   |                       |       |
| Total .....  | —19.2 | Total .....           | —19.2 |

Approximately 67 million dollars of imported gold coin and bullion was received at the San Francisco Mint during the period under review. Since the proceeds of these sales of gold to the Mint were transferred east almost immediately they had no effect upon the District's supply of banking funds. Between January, 1930, when the embargo on gold shipments from Japan was lifted, and mid-December of this year, when that country abandoned the gold standard, 344 million dollars of gold

coin and bullion was imported through Pacific Coast ports from Japan (including shipments received in San Francisco up to December 23).

Borrowing by member banks has been declining since mid-October. The number of borrowing banks, while smaller than in October, was substantially larger during November than a year ago, however, and greater than during the earlier months of this year, notwithstanding the fact that the peak in the number of rediscounting banks usually comes in late summer.

As in other recent months, savings deposits in the Twelfth District (as reported by 44 banks in the larger cities) decreased during the month ending November 30. This decline, totaling 14 million dollars, accounted for a large part of the decrease in time deposits of

holdings of District banks may be explained in part by a shifting of funds in New York from call loans on securities to the purchase of Government bonds. A sharp increase in Gov-

#### FEDERAL RESERVE BANK OF SAN FRANCISCO

(In millions of dollars)

|  | Condition     |              |               |               |
|--|---------------|--------------|---------------|---------------|
|  | Dec. 16, 1931 | Dec. 9, 1931 | Nov. 18, 1931 | Dec. 17, 1930 |
| Total Bills and Securities .....                               | 149           | 183          | 200           | 121           |
| Bills Discounted .....   | 56            | 83           | 85            | 48            |
| Bills Bought .....   | 36            | 43           | 58            | 33            |
| United States Securities .....                                 | 54            | 54           | 55            | 40            |
| Total Reserves .....   | 249           | 231          | 223           | 266           |
| Total Deposits .....   | 160           | 177          | 181           | 194           |
| Federal Reserve Note Circulation .....                         | 222           | 221          | 225           | 175           |
| Ratio Total Reserves to Deposit and Note Liabilities Combined. | 65.1          | 58.0         | 55.1          | 72.2          |

ernment security holdings and in Government deposits was recorded during the week ended December 16. This movement was due to the allotment to Twelfth District banks on December 15 of 85½ million dollars from the three issues of Government securities, aggregating one billion three hundred million dollars, distributed by the United States Treasury on that date. As usual these securities were paid for chiefly by crediting the Government's deposit account, which had been drawn down to almost nothing prior to December 15. Some cash payments were made and a considerable amount of maturing obligations was exchanged for the new issues.

The tendency toward slightly firmer interest rates charged customers by commercial banks did not continue during December. The discount rate of the Federal Reserve Bank of San Francisco remained unchanged as did that institution's acceptance buying rate.

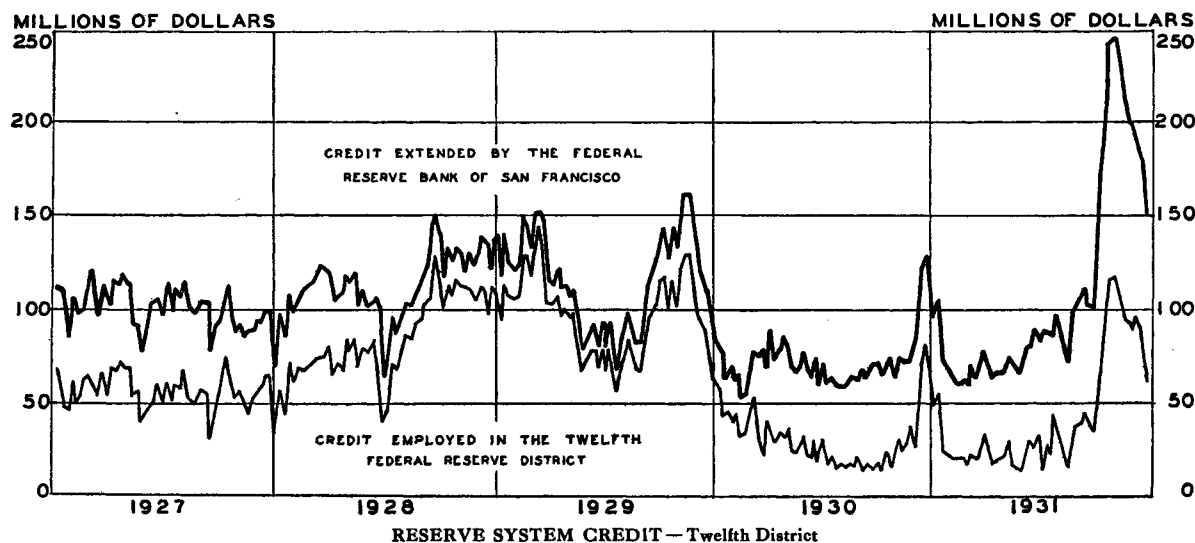
Activity on District stock exchanges was sharply curtailed during November. Securities prices declined, moving with quotations on eastern stock exchanges, and the number of shares traded was substantially smaller than in the preceding month.

#### REPORTING MEMBER BANKS—Twelfth District

(In millions of dollars)

|                                | Condition     |              |               |               |
|--------------------------------|---------------|--------------|---------------|---------------|
|                                | Dec. 16, 1931 | Dec. 9, 1931 | Nov. 18, 1931 | Dec. 17, 1930 |
| Loans and Investments—Total..  | 1,877         | 1,859        | 1,863         | 2,011         |
| Loans—Total .....              | 1,116         | 1,118        | 1,128         | 1,340         |
| On Securities .....            | 290           | 290          | 299           | 436           |
| All Other .....                | 826           | 828          | 829           | 904           |
| Investments—Total .....        | 761           | 741          | 735           | 671           |
| United States Securities ..... | 414           | 392          | 385           | 347           |
| Other Securities .....         | 347           | 349          | 350           | 324           |
| Reserve with Reserve Bank....  | 88            | 96           | 96            | 110           |
| Net Demand Deposits .....      | 654           | 660          | 666           | 752           |
| Time Deposits .....            | 930           | 938          | 945           | 1,032         |
| Due from Banks .....           | 121           | 114          | 127           | 206           |
| Due to Banks .....             | 174           | 175          | 186           | 264           |
| Borrowings at Reserve Bank...  | 47            | 73           | 74            | 44            |

weekly reporting member banks. Moderate reductions were also shown in net demand deposits in late November and early December. Loans of reporting member banks have continued to decline, as has been the case in the United States as a whole, but investments of those banks have increased since October, contrary to the movement in the aggregate figures for the country. The increase in investment



The total amount of Reserve System Credit employed in the Twelfth District and the amount of credit extended by the Federal Reserve Bank of San Francisco to this and other districts. (Weekly figures.)