

# 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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### TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Twelfth District business activity receded slightly further in February, but declines were not so general as in other recent months. Industrial production was lower than in January, after seasonal adjustment, while the distribution of commodities changed little. An easier credit situation was reflected in a reduction in the demand for currency, less rapid declines in loans and deposits of member banks, and a substantial decrease in Federal Reserve credit extended in the Twelfth District.

Rainfall for the season to date has been greater than in 1931 in most areas of the District and soil conditions continued to favor the growth of crops. March 1 estimates of both wheat and barley stocks on farms indicate a reduction of more than 40 per cent from the amounts held on the corresponding date in 1931. Livestock continued in poor condition, although range forage in the lower altitudes improved. Late in February and early in March, livestock prices increased somewhat, but prices for agricultural products as a whole continued to move downward.

Daily average output of crude oil decreased slightly in February, while the amount run to refinery stills averaged about the same as in the preceding three months. Gasoline inventories increased somewhat further. Activity at lumber mills expanded less than seasonally and the volume of new orders, although decreasing, remained above production. Flour milling declined seasonally. A little more than the usual reduction was recorded in the value of building permits issued and engineering contracts awarded in February, their combined value approximating only half that of February, 1931. The employment situation remained practically unchanged.

Trade activity was about the same in February as in January. Department store sales, adjusted for seasonal variations, did not change. Wholesale trade and intercoastal shipments increased somewhat, while automobile registrations and freight carloadings declined sharply.

The credit situation became progressively easier during the four weeks ended March 16. There was some contraction in the demand for credit at the Federal Reserve Bank of San Francisco, holdings of both discounted bills and locally purchased acceptances declining. Currency returned from circulation in small amounts during each week between February 17 and March 16, while for several preceding weeks it had expanded consistently and contrary to the usual tendency at that time. Loans and deposits of reporting member banks declined less rapidly between the middle of February and the middle of March than they had in January and the first part of February. A decline in investments of these banks in late February and early March was partially offset by increased holdings of Government securities resulting from the United States Treasury financing of March 15.

#### Agriculture

Although rainfall was not heavy during February, the season's total to March 1 was greater than last year in practically all areas of the District, and in many sections was considerably above the long time normal. Weather and soil conditions have been favorable for early spring farm operations and for the growth of fall-sown crops in most parts of the District. Agricultural products prices did not improve during the month, and returns for crops marketed continued to be unusually small.

Prices for California oranges advanced slightly in eastern markets during February, coincident with the arrival of better quality fruit, although shipments from both California and Florida were heavier than in January. Lemon shipments during February approximated those of the preceding month and the f. o. b. California price of this fruit declined slightly. The current Navel orange crop is estimated to be 13,247,850 boxes as compared with 14,800,000 boxes for the 1930-1931 crop,

while the current lemon crop is estimated to be 5,625,000 boxes as compared with 6,342,000 boxes produced last season.

**RAINFALL—Twelfth District**  
(In inches)

	July 1 to March 1			
	1931-1932	1930-1931	1929-1930	Normal
<b>Arizona</b>				
Flagstaff .....	21.2	15.1	9.7	17.5
Phoenix .....	8.3	6.4	3.8	7.3
<b>California</b>				
Eureka .....	24.4	14.1	18.1	30.4
Fresno .....	10.6	4.7	3.4	6.8
Los Angeles .....	16.4	9.0	6.3	12.0
Red Bluff .....	10.2	11.2	12.5	17.9
Sacramento .....	11.2	6.2	9.1	13.1
San Diego .....	12.1	9.1	4.6	7.3
San Francisco .....	19.6	9.8	10.7	16.9
<b>Idaho</b>				
Boise .....	5.9	5.6	5.4	8.3
<b>Nevada</b>				
Reno .....	6.8	3.9	4.1	6.2
<b>Oregon</b>				
Baker City .....	6.6	4.4	3.7	7.7
Portland .....	26.4	16.6	18.8	31.7
Roseburg .....	19.0	12.5	17.0	24.1
<b>Utah</b>				
Salt Lake City .....	8.3	9.1	7.5	9.3
<b>Washington</b>				
Seattle .....	19.7	16.6	15.0	24.6
Spokane .....	11.4	6.9	5.1	10.7

Source: Weather Bureau—United States Department of Agriculture.

The United States Department of Agriculture estimates that the amount of wheat on farms in the District on March 1 was 40 per cent less than a year earlier. Commercial stocks of grain were 48 per cent smaller than a year ago on the same date. Barley stocks reflect the small 1931 crop and, despite greatly reduced exports of this grain since July 1, 1931, the volume left on farms was 43 per cent less on March 1, 1932, than on March 1, 1931.

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

	March 1		
	1932	1931	1930
<b>Wheat</b>			
Twelfth District .....	12,803 (14.2)	20,026 (17.8)	14,199 (12.5)
United States .....	207,323 (23.2)	161,442 (18.8)	129,402 (15.9)
<b>Barley</b>			
Twelfth District .....	3,398 (14.4)	5,983 (13.4)	4,032 (9.1)
United States .....	41,457 (20.8)	80,162 (26.3)	67,280 (24.0)

Figures in parentheses indicate percentage of preceding year's crop remaining on farms March 1.

Source: United States Department of Agriculture.

Production of eggs was smaller in February, 1932, than in February, 1931. Storage holdings, while slightly larger on March 1 than on February 1, were much lower than a year earlier. A slight increase in egg prices in late February was offset by a subsequent decline during the first half of March. Butter and milk prices decreased during February, as is customary.

Livestock ranges in the higher altitudes of the District remained snow-covered during February and further losses of livestock were reported in areas where hay and grain feeds were inadequate. Livestock are generally in poor condition. The condition of ranges in the

lower valleys in California has improved during the past few weeks.

The early spring lamb crop is expected to be smaller this year than it was in 1931. Unusually heavy losses of ewes and new-born lambs already reported are attributed to the relatively scanty supplies of feed and range forage and the exceptionally severe weather of the past autumn and winter months. The poor condition of stock cows in most herds of the District does not augur well for the forthcoming calf crop, which is also expected to be smaller than a year ago.

A general increase in prices of cattle, hogs, and sheep during late February and early March has been the most favorable factor attending the livestock industry in recent months. In mid-March, lamb prices approached the levels of last July, cattle prices reached the levels of November, and hog prices were the highest since late January. Receipts of livestock at the principal markets west of the Continental Divide during February were about the same as in January, 1932, and February, 1931.

### Industry

Industry in the Twelfth Federal Reserve District was slightly less active during February than in January. Small declines were recorded in the value of building permits and in the output of flour, while the production of lumber increased by less than the seasonal amount. Mining remained inactive with plans for further curtailment in copper production.

Little change in the employment situation was reported during February. Employment in California declined fractionally from January to February and was about 19 per cent

### Agricultural Marketing Activity—

	February		Season to Date	
	1932	1931	1932	1931
<b>Carlot Shipments</b>				
Apples .....	4,138	4,483	35,265	52,963
Oranges .....	4,861	4,591	17,701	18,265
Lemons .....	843	780	3,072	3,174
Vegetables (Cal.) .....	6,730	7,459	28,496	34,541
Eggs (Cal., Ore., Wash.) .....	254	443	577	950
Beans (Cal., Idaho) .....	364	392	3,265	4,122
<b>Exports</b>				
Wheat (bu.) ....	1,073,153	40,980	17,463,253	15,421,747
Barley (bu.) ....	91,614	1,109,391	2,911,774	7,279,739
<b>Receipts</b>				
Cattle* .....	68,070	63,473	153,328	138,378
Hogs* .....	234,614	214,526	531,385	454,079
Sheep* .....	241,440	218,132	561,205	485,408
Eggs (cases) † ..	133,972	160,790	282,203	306,128
Butter (lb.) † ..	5,558,757	5,211,845	11,967,962	10,818,451
<b>Storage Holdings</b> (end of month)				
Apples (bu.— Cal. and Wash.)	6,954,715	7,266,083	.....	.....
Wheat (bu.) ....	3,195,000	6,907,000	.....	.....
Beans (bags— Cal.) .....	1,755,127	1,531,988	.....	.....
Butter (lb.) ....	645,468	875,465	.....	.....
Eggs (cases) ....	6,495	24,809	.....	.....

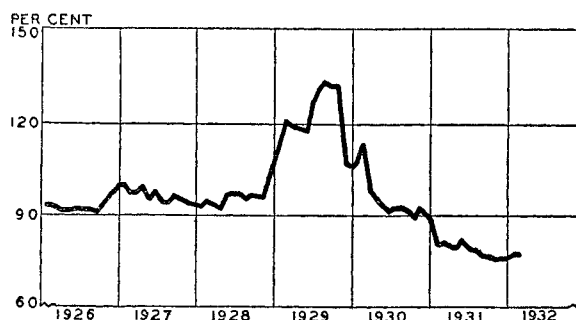
\*Eight markets. †Three markets.

lower than in February a year ago, about the same decline over the year period as in the past several months. Data for Los Angeles County showed somewhat more than the average decline for the state, whereas in San Francisco County the decrease over the year period was smaller than for the entire state. The State labor camps in California, which have furnished food and lodging for a considerable number of workers in return for work on roads and other public projects during the past winter, are scheduled to be closed about the first of April because of seasonal increases in employment opportunities at this time of the year. The number of industrial workers employed in Oregon was approximately the same in February as in January. In other states of the District, for which only general reports are available, no change in the employment situation was indicated during the month.

Mining activity in the District remained extremely slack. The outcome of recent meetings of representatives of the world's principal copper producers is expected to give some relief from the existing oppressive inventories of that metal or, at least, to reduce the rate of accumulation. To effect such an improvement it was agreed that output should be reduced after the beginning of April to 20 per cent of capacity in place of the present 26½ per cent.

Activity in the petroleum industry in California remained at about the same levels as during the past three months. Output of crude oil declined slightly, but the run of crude to stills, which is some measure of refining activity, was at the same rate as during November,

December, and January. According to weekly figures, stocks of gasoline held by refiners increased slightly. During the winter months, the season of low consumption, there is usually some increase in such stocks.



CRUDE OIL PRODUCTION—Twelfth District

(Not adjusted for seasonal variations, 1923-1925 daily average=100)

Building and construction activity in the District decreased between January and February. The value of major building and construction work in the District approximated 12 million dollars for February of this year as compared with 14 million dollars in January and 24 million dollars in February a year ago. Total value of building permits issued in the group of seventy smaller cities of the District increased a little as compared with the previous month. Slight increases over January in the value of building permits in Los Angeles and Oakland and a substantial increase in San Francisco were more than offset by large decreases in Portland and Seattle and in secondary centers. Engineering contracts awarded in the Far West decreased in value during February, chiefly because of substantial declines in the value of commercial and public buildings and

**Employment—**

Industries	California		Oregon	
	No. of Firms	No. of Employees	No. of Firms	No. of Employees
All Industries*	1,200	124,416	127	13,377
		(-18.6)		(-25.4)
Stone, Clay and Glass Products	62	5,314	2	102
		(-23.8)		(3.0)
Lumber and Wood Manufactures	135	11,000	46	6,409
		(-23.1)		(-32.8)
Textiles	18	2,086	9	1,020
		(-7.7)		(-32.4)
Clothing, Millinery and Laundering	156	11,551	6‡	230
		(-12.0)		(-8.4)
Food, Beverages, and Tobacco	285	24,734	35	1,304
		(-13.5)		(-15.5)
Public Utilities	39	48,184	..	..
		(-12.5)		..
Other Industries†	492	63,937	..	..
		(-20.1)		..
Miscellaneous	52	5,794	29	4,312
		(-24.4)		(-13.7)
Wholesale and Retail	147	29,017	..	..
		(-8.1)		..

\*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 February, 1931.

**Industry—**

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

General:	1932-1931				1931-1930		
	Feb.	Jan.	Dec.	Nov.	Feb.	Jan.	Dec.
Carloadings—Industrial	37	44	44	48	66	75	74
Electric Power Output	134	148	148	146	151	151	153
<b>Manufactures:</b>							
Lumber	35	40	38	36	59	66	65
Refined Mineral Oils†	138	136	136	140	133	157	157
Flour	110	107	116	115	101	105	101
Slaughter of Livestock	83	87	92	86	70	83	83
Cement	40	37	56	56	96	75	79
Wool Consumption‡	96	113	132	77	54	57	57
<b>Minerals:</b>							
Petroleum (California)†	76	77	76	76	81	81	89
Lead (United States)‡	59	64	58	82	83	92	92
Silver (United States)‡	38	48	40	62	68	66	66
<b>Building and Construction§</b>							
Total	38	40	45	42	56	57	55
Building Permits—Value							
Larger Cities	19	19	21	24	44	44	46
Smaller Cities	20	23	26	28	45	47	48
Engineering Contracts							
Awarded—Value							
Total	69	73	76	69	83	96	94
Excluding Buildings	137	120	123	104	107	117	96

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

Federal Government projects. Increases were recorded in contract awards for sewers, bridges, streets and roads, and unclassified projects.

Output of lumber increased less than seasonally in February. Although new orders declined somewhat throughout that month, production was only about 70 per cent of orders at the end of the month, indicating a continued reduction in lumber inventories. Many lumber concerns in the District have ceased operating during the past winter and the general level of production has been especially low, approximating that of the winter of 1921-1922. Twelfth District lumber production has declined more rapidly during the past two years than has the average output of all industries in this area. The quantity of lumber produced changed little between February, 1929, and February, 1930, but in the succeeding twelve months there was a decrease of 39 per cent, followed by a further curtailment between February, 1931, and February, 1932, of 41 per cent.

Flour milling in the District declined by about the usual amount between January and February. Most of the mills reporting to this Bank indicated a slack commercial demand from both the foreign and domestic trade. There was, however, a substantial reduction in the inventories of flour held by those mills.

### Trade

Trade activity continued sluggish during February. Comparisons with a year ago in most lines for which data are available show somewhat smaller declines than in January, chiefly as a result of shifts in the number of trading days during those months.

#### RETAIL TRADE—Twelfth District

	1932 compared with 1931*		
	NET SALES		STOCKS
	February	January 1 to end of February	February
Department Stores ...	-14.1 (66)	-18.6 (66)	-15.3 (50)
Los Angeles .....	-13.3 (10)	-19.3 (10)	-18.0 (9)
Other Southern Calif. ....	-18.0 (7)	-23.1 (7)	-18.4 (5)
Oakland .....	-8.9 (4)	-12.1 (4)	-22.3 (4)
San Francisco .....	-8.4 (7)	-11.5 (7)	-10.5 (7)
Other Northern Calif. ....	-12.2 (8)	-15.0 (8)	-6.0 (8)
Portland† .....	-29.0 (6)	-31.6 (6)	-22.3 (6)
Seattle .....	-22.0 (5)	-27.2 (5)	-11.8 (5)
Spokane .....	-12.0 (4)	-15.9 (4)	-12.8 (4)
Salt Lake City.....	-16.9 (4)	-21.7 (4)	-13.5 (3)
Apparel Stores .....	-16.2 (26)	-19.9 (25)	-21.7 (15)
Furniture Stores .....	-21.8 (37)	-24.4 (36)	-16.4 (29)
All Stores .....	-15.3 (129)	-21.3 (127)	-16.0 (94)

\*Percentage change. †Includes four apparel stores which are not included in District department store total. Figures in parentheses indicate number of stores reporting.

Sales of department stores were about the same in February as in January, after allowance for seasonal variations. Increases in Los Angeles and Oakland were offset by declines in sales of stores in other Twelfth District cities, principally San Francisco and Seattle. As compared with last year, sales for the month of

February declined by 14 per cent, or somewhat less than in other recent months, reflecting the influence of an additional trading day in February of this year. Inventories increased during February by approximately the seasonal amount. Collections were reported as slower than in the previous month, but were practically the same as in February, 1931.

Sales of wholesalers in the District increased during February although a decline is usually recorded during that month. As compared with last year, declines in sales of drugs, groceries, and paper were considerably smaller than were declines in other lines of trade.

#### WHOLESALE TRADE—Twelfth District Percentage change in value of sales

	February, 1932 compared with		1932 compared with 1931
	January, 1932	February, 1931	
Agricultural Implements .....	28.3	-34.8	-41.4
Automobile Supplies .....	7.5	-21.9	-21.2
Drugs .....	24.8	-12.8	-16.7
Dry Goods .....	-28.4	-42.5	-37.9
Electrical Supplies .....	20.4	-35.5	-40.6
Furniture .....	0.2	-38.8	-37.2
Groceries .....	-3.9	-13.4	-18.1
Hardware .....	-1.1	-30.6	-31.8
Shoes .....	2.4	-38.3	-32.7
Paper and Stationery .....	-8.3	-15.2	-19.4
All Lines .....	2.9	-22.8	-25.6

Shipments of commodities through the Panama Canal in the intercoastal traffic declined during February, but by less than the average January-February decrease of recent years. Westbound shipments were unchanged, while eastbound shipments, which usually decrease by the greatest amount of the year between January and February, declined only moderately this year. Extremely small cargoes of petroleum products from the Twelfth District were offset in part by increased lumber

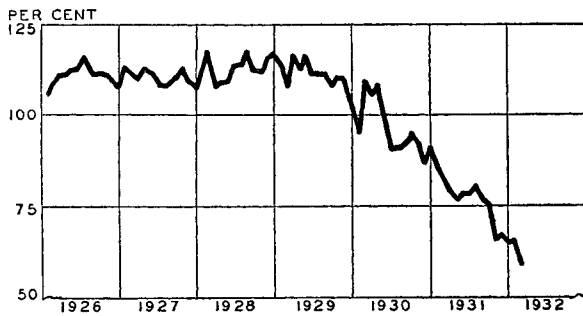
#### Distribution and Trade—

	1932-1931				1931-1930		
	Feb.	Jan.	Dec.	Nov.	Feb.	Jan.	Dec.
Carloadings‡							
Total .....	59	66	65	67	83	86	91
Merchandise .....	76	81	80	82	94	94	103
Foreign Trade*							
Total† .....		56	55	58	99	91	93
Imports‡ .....		50	51	53	90	88	97
Exports .....		59	57	61	94	92	91
Intercoastal Trade*							
Total .....	55	51	67	55	79	78	91
Westbound .....	80	80	77	74	89	94	101
Eastbound .....	48	42	63	51	78	71	87
Retail Trade							
Automobile Sales‡							
Total .....	34	48	62	45	76	84	94
Passenger .....	31	45	57	41	70	78	85
Commercial .....	58	84	115	86	134	145	175
Department Store							
Sales‡ .....	85	84	85	92	103	105	104
Stocks§ .....	78	79	88	91	92	93	99
Collections#							
Regular .....	40.4	43.4	41.8	41.8	40.9	44.9	42.3
Installment .....	14.7	14.8	13.5	14.4	14.7	15.8	14.4

\*All indexes revised except those for foreign trade and department store stocks. Adjusted for seasonal variations, 1923-1925 average = 100. †Tabulations of the revised series for back years may be obtained upon request. ‡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.

shipments. The importance of a moderate improvement in monthly intercoastal traffic figures should not be overestimated, since these data normally fluctuate widely over short periods of time.

Daily average freight carloadings were the same in January as in February. There is usually a sharp seasonal increase at this time of year, however, and this Bank's adjusted index declined. Neither industrial loadings nor shipments of merchandise and miscellaneous freight increased from the low January levels.



FREIGHT CARLOADINGS—Twelfth District  
(Adjusted for seasonal variations, 1923-1925=100)

Daily average registrations of new automobiles were 34 per cent smaller during February than in January and were less than half as great in number as in February, 1931. A decline of about 5 per cent is customary from January to February. The exceptionally large decline this year brought automobile sales in

this District to the lowest level recorded since data were first collected in January, 1922. Registrations of new passenger and commercial vehicles declined by about equal amounts.

**Prices**

Although commodity prices declined during February, the decrease was not as great as in other recent months. Small increases during March brought weekly indexes to the levels of early February.

Retail food prices in Twelfth District cities for which data are reported by the United States Bureau of Labor Statistics, declined less rapidly during the year ended February 15, 1932, than in the preceding year. Decreases in Portland and Seattle were smaller than in other cities in this area, although those two cities had shown the greatest declines during the year ended February 15, 1931. The average decline in Twelfth District cities between February 15, 1930, and February 15, 1931, was approximately equal to that for the nation as a whole, but during the year ended February 15, 1932, it was less than the national average.

RETAIL FOOD PRICES—Twelfth District  
Percentage change from same month of preceding year

	Feb. 1932	Feb. 1931	Feb. 1930
Los Angeles .....	-14	-17	-2
Portland .....	-12	-20	-1
Salt Lake City .....	-15	-17	-1
San Francisco .....	-14	-15	+1
Seattle .....	-12	-18	-1
United States .....	-17	-17	-1

Source: United States Bureau of Labor Statistics.

**Bank Debits\***

	February 1932	February 1931	First two months 1931	
<b>Arizona</b>				
Phoenix .....	\$ 22,302	\$ 28,424	\$ 49,599	\$ 64,946
<b>California</b>				
Bakersfield .....	7,081	10,378	15,859	24,904
Berkeley .....	15,383	14,490	34,857	33,612
Fresno .....	15,216	21,145	34,702	47,774
Long Beach .....	28,369	39,141	62,946	94,598
Los Angeles .....	580,371	750,163	1,273,148	1,753,628
Oakland .....	181,522	167,934	384,868	393,634
Pasadena .....	24,748	31,369	54,739	68,679
Sacramento .....	37,685	39,806	85,891	91,230
San Bernardino .....	6,125	8,025	14,607	18,230
San Diego .....	33,936	43,843	79,148	106,674
San Francisco .....	646,700	956,304	1,411,207	2,104,934
San Jose .....	15,686	20,101	36,734	50,232
Santa Barbara .....	9,151	11,302	21,492	27,506
Stockton .....	12,381	15,115	28,491	36,200
<b>Idaho</b>				
Boise .....	9,160	11,584	22,177	25,978
<b>Nevada</b>				
Reno .....	6,733	8,707	14,945	18,923
<b>Oregon</b>				
Eugene .....	3,817	5,007	8,284	11,020
Portland .....	99,822	129,453	207,037	272,940
<b>Utah</b>				
Ogden .....	8,017	12,874	18,923	28,735
Salt Lake City .....	44,202	53,094	104,586	125,339
<b>Washington</b>				
Bellingham .....	4,339	5,847	9,450	13,372
Everett .....	5,421	7,693	12,285	18,284
Seattle .....	120,539	165,553	267,009	377,221
Spokane .....	27,085	36,355	59,095	88,642
Tacoma .....	21,026	30,849	46,967	68,206
Yakima .....	6,776	10,402	15,531	25,077
<b>Total .....</b>	<b>\$1,993,593</b>	<b>\$2,634,958</b>	<b>\$4,374,577</b>	<b>\$5,990,518</b>

\*In thousands of dollars.

Prices of most agricultural products of importance in the Twelfth District continued to move downward. An exception to this movement was the price of wheat, which was maintained during February and the first two weeks of March at the levels of the preceding month. During the third week of March, however, quotations declined sharply, the May contract at Chicago selling for 55 cents per bushel or less on March 19, compared with 60 $\frac{7}{8}$  cents on March 14, and 82 $\frac{7}{8}$  cents per bushel on March 19, 1931. Products which advanced in price in local or national markets during February were alfalfa hay, oranges, and cotton. Quotations for beans, rice, and potatoes declined further during February.

On March 9 increases in canned pineapple prices were announced. Fancy grade No. 2 $\frac{1}{2}$  cans were advanced from \$1.45 to \$1.50 per dozen, making a total increase of 15 cents per dozen since the all-time low of last October. Canned apricots and peaches sold at slightly higher prices while canned pears were slightly lower. With the exception of raisin prices which advanced slightly dried fruit prices were weaker during January and February than in the late autumn months.

Non-ferrous metal prices tended moderately downward during February and early March. Zinc and lead prices declined to new low levels for the year. The price of silver reached 31 cents per ounce on February 21 and again on March 1, but decreased during the following two weeks to the level of mid-February. The Connecticut Valley quotation on copper declined to 5¼ cents per pound on March 1, but subsequently advanced and on March 19 was 6 cents per pound.

Declines in lumber prices have been less pronounced during recent months than during much of 1931. This has probably been due in no small part to the continued excess of orders over production and the resultant reduction in inventories.

**Credit Situation**

There was a definite improvement in Twelfth District credit conditions during late February and the first half of March. Demand for currency on the part of the public and banks decreased appreciably, demand deposits declined less rapidly than in other recent months, and time deposits increased slightly as did bankers' balances in the reserve cities. Pressure for liquidation of loans became less evident, and demand for credit at the Federal Reserve Bank of San Francisco receded. Interest rates in Twelfth District cities showed little change during this period.

Currency in circulation in the Twelfth District (i.e. money outside the United States Treasury and the Federal Reserve Bank) decreased 14 million dollars during the four weeks ended March 16. Federal reserve notes in circulation were reduced somewhat more than that amount, indicating an increase in other forms of money, chiefly national bank notes, circulation of which rose four million dollars. The return of currency from the public contributed

to the supply of banking funds, as did a moderate rise in bankers' balances in the reserve cities. Those balances had been steadily withdrawn by out-of-town banks during January

**SUPPLY OF AND DEMAND FOR BANKING FUNDS**  
Twelfth District

Changes between February 17 and March 16, 1932  
(In millions of dollars)

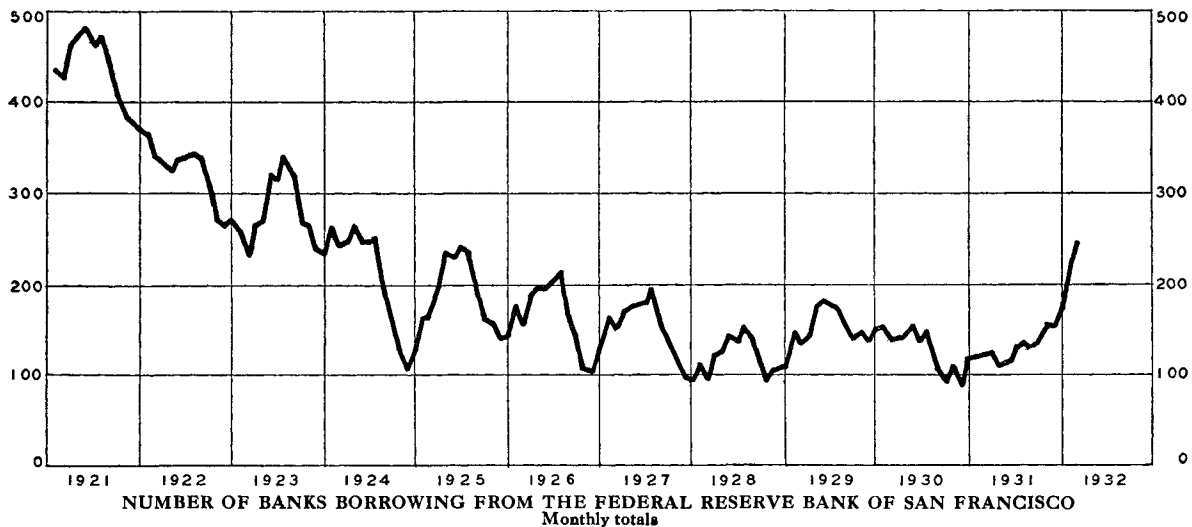
<b>Supply</b>		<b>Demand</b>	
Monetary gold stock...	-32.1	Demand for currency...	-13.3
Treasury operations ...	+37.4	Member bank reserve deposits .....	- 7.4
Reserve Bank Credit...	-26.9	Unexpended capital, funds, non-member deposits, etc. ....	. 9
Discounts .....	-19.5		
Acceptances ..	3.3		
Other .....	4.1		
<b>Total .....</b>	<b>-21.6</b>	<b>Total .....</b>	<b>-21.6</b>

and most of February. A decrease in net payments of funds to other parts of the United States tended to maintain bank deposits in the Twelfth District. Time deposits increased slightly, while demand deposits, although decreasing, declined less rapidly during the past four weeks than during the past several months. These indications of greater stability of deposits eased considerably the strain upon city member banks induced by a sharp and continuous withdrawal of deposits which reached its climax early in February, and enabled them to give more attention to the ordinary credit needs of their customers.

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

	Condition			
	Mar. 16 1932	Mar. 9 1932	Feb. 17 1932	Mar. 18 1931
Total Bills and Securities .....	166	181	204	71
Bills Discounted .....	115	130	135	13
Bills Bought .....	13	13	19	19
United States Securities .....	38	38	48	39
Total Reserves .....	231	217	217	296
Total Deposits .....	150	148	162	188
Federal Reserve Note Circulation .....	229	234	246	160
Ratio Total Reserves to Deposit and Note Liabilities Combined	61.0	56.8	53.4	85.0

The number of banks borrowing from the Federal Reserve Bank of San Francisco increased from 224 in January to 243 in February. This increase was contrary to the usual



slight decline between those months. The daily average volume of borrowings from the Reserve Bank during February was 132 million dollars compared with 88 million dollars during January. Although discounts have declined during recent weeks, the average for the first 16 days of March remained at 132 million dollars. Holdings of locally purchased bankers' bills have also declined since the first of March. The decline in Reserve credit extended locally during the past few weeks reflects a definite easing of the District banking situation. At the same time credit of the Federal Reserve Bank of San Francisco extended outside the Twelfth District has decreased. It is probable that operations of the Reconstruction Finance Corporation have contributed to the recent easing of credit conditions.

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

	Condition			
	Mar. 16 1932	Mar. 9 1932	Feb. 17 1932	Mar. 18 1931
Loans and Investments—Total..	1,800	1,783	1,813	2,001
Loans—Total .....	1,074	1,071	1,079	1,257
On Securities .....	298	296	297	347
All Other .....	776	775	782	910
Investments—Total .....	726	712	734	744
United States Securities .....	393	379	401	387
Other Securities .....	333	333	333	357
Reserve with Reserve Bank .....	87	84	89	111
Net Demand Deposits .....	585	562	597	760
Time Deposits .....	883	894	880	1,028
Due from Banks .....	106	94	95	208
Due to Banks .....	149	145	143	287
Borrowings at Reserve Bank...	98	111	115	7

During the past few months the decline in deposits, other than that which has been offset by declines in loans, has been met in most cities of the District by the sale of investments of the banks concerned, a factor which has brought in funds from or reduced the outflow of funds to other districts. In San Francisco, however, deposit declines have been largely offset by increased borrowing at the Federal Reserve Bank rather than by the reduction of investment portfolios.

Interest rates were about the same in mid-March as a month earlier, although banks in

some Twelfth District cities made fractional reductions in rates charged customers. Effective March 1, the Federal Reserve Bank of San Francisco reduced its buying rate on bankers' acceptances one-fourth of one per cent upon most maturities.

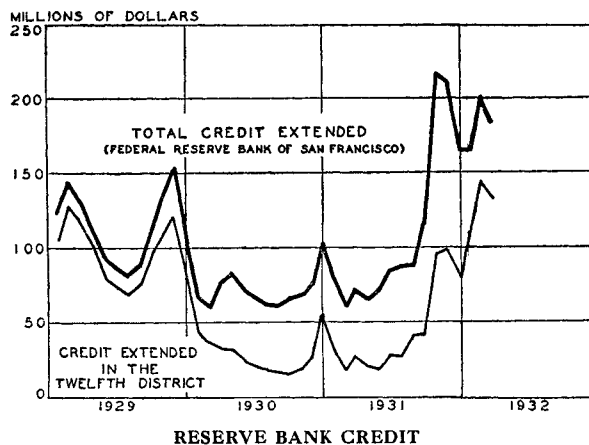
**INTEREST RATES—Twelfth District**  
(Per cent)

In Effect	Federal Reserve Bank			San Francisco Banks		
	Acceptance	Buying Rates	Rates	Bankers' Balances†	Commer- cial Loans	Security Loans
1931						
March 15.....	1½†	1½	2	1½	4.9	4.9
June 15.....	1	1½	1½	1	4.7	5.0
Sept. 25.....	1½	1½	1½	1	...	...
Oct. 16.....	3½	3¼	3½	1	4.7	5.0
Oct. 21.....	3½	3¼	3½	1½	...	...
1932						
Jan. 19.....	2¾†	3	3¼	1½	4.6	5.1
Feb. 15.....	2¾†	3	3¼	1½	5.0	5.1
March 15.....	2¾†	2¾	3	1½	5.0	5.2

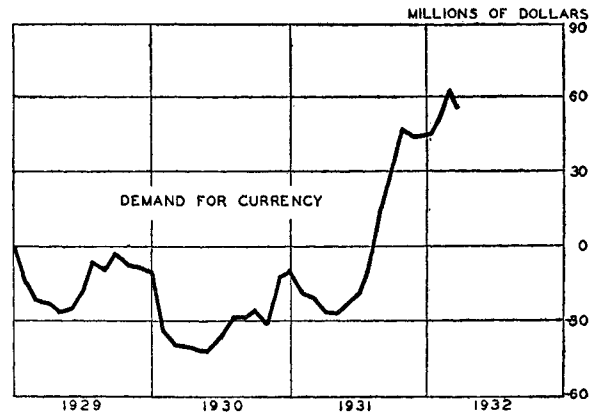
†Rate established by San Francisco Clearing House Association. ‡45 days maturity.

The allotment to banks of this District on March 15 of 40 million dollars of United States Government securities, representing the regular quarterly financing of the Treasury Department, was reflected in an increase in investment holdings of reporting member banks. Of this allotment 10 million dollars were paid for by exchange of maturing Government obligations and 29 million dollars by crediting the deposit account of the Treasurer, while cash payments totaled less than 1 million dollars.

Activity in Twelfth District securities markets increased during February, the number of shares traded being 30 per cent larger than in January. The increased activity was confined chiefly to lower priced securities, and the value of shares traded rose only 9 per cent. Trading on the San Francisco exchanges accounted for the greater part of the increase during the month. Security loans by banks in that city, which have been increasing since December, 1931, continued to advance and in mid-March were nearly twenty million dollars higher than in December. Prices of securities have changed little during recent weeks.



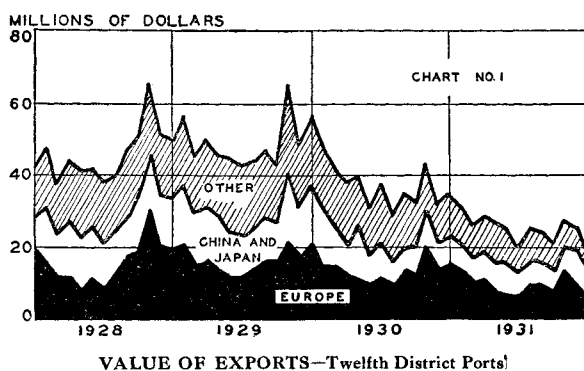
RESERVE BANK CREDIT



CURRENCY CIRCULATION—Twelfth District  
Changes cumulated from January 2, 1929

## Exports from Twelfth District Ports

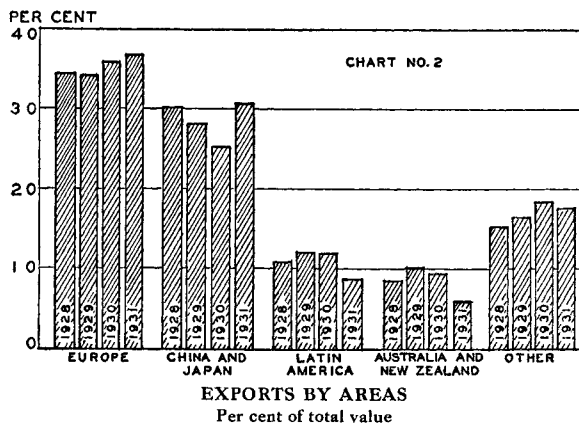
The total value of exports from the five Pacific Coast customs districts, the principal ports of which are San Diego, Los Angeles, San Francisco, Portland, and Seattle, was higher during 1929 than in any year since 1919. Although value figures for 1929 were about the same as in 1919, the volume of exports was much larger, reflecting a lower price level in the later year. During 1930 and 1931 both the value and volume of exports declined markedly. The rate of decrease in value of Twelfth District exports during those years was not quite so great, however, as in the United States as a whole, shipments from this District rising from 11.4 per cent of the country's total in 1929 to 12.6 per cent in 1931. Although it is difficult to assign specific causes to the movements of the figures, the influence of tariff changes and exchange rate fluctuations no doubt affected exports during these years, particularly in the case of Australia.



Exports by principal destination groups are shown for recent years in chart No. 1. Shipments to European countries were greater in value during this period than were shipments to any other geographical area, accounting for 35 per cent of the District total. China and Japan ranked second to Europe, those countries together receiving 28 per cent of the exports from Pacific Coast ports.

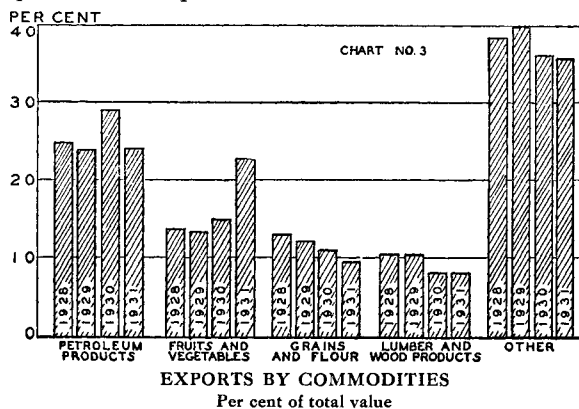
Changes in relative importance of the several areas of destination during the period of depression are shown in chart No. 2. Since exports to the first two major areas—Europe, and China and Japan—have declined somewhat less than have total exports, the “others” have been further segregated into Latin America, Australia and New Zealand, and miscellaneous countries, in order to show the particular regions where decreases were greatest. Exports to Australia and New Zealand and the Latin American countries have declined most sharply. The relative importance of China and Japan as importers of commodities from

Twelfth District ports decreased during 1929 and 1930, but it increased considerably in 1931, showing principally the influence of large shipments of wheat and flour to China.



The proportion of total exports to Europe and miscellaneous countries has increased, while that to Latin America and Australia and New Zealand has decreased.

The principal commodities entering into the export trade of the Twelfth District during the period from 1928 to 1931 are shown in chart No. 3. Ranked according to value, the four most important commodities and the proportion of total exports accounted for by each were: petroleum and petroleum products, 25 per cent; fruits and vegetables, 15 per cent; grains and flour, 12 per cent; lumber and wood products, 10 per cent. The value of all other



Exports of fruits and vegetables have become relatively more important, but the reverse has been true of grains and lumber and their products.

commodities exported amounted to 38 per cent out of the total. Exports of fruits and vegetables became relatively more important during these years, while the proportion of total shipments accounted for by exports of lumber and grains and flour decreased. Exports of petroleum and its products and of other commodities did not show a definite tendency either to increase or decrease in relation to the total.