MONTHLY REVIEW

OF

BUSINESS CONDITIONS

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TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

A moderate increase in Twelfth District industrial activity was recorded during April, after allowance for seasonal factors, while distribution of commodities decreased somewhat. Prices of many commodities important in the District declined slightly in late April. A surplus of banking funds brought further ease to the credit situation during the several weeks preceding May 18 and member banks rapidly reduced their discounts at the Federal Reserve Bank of San Francisco.

Physical conditions have been fairly satisfactory for the growth of crops thus far during 1932. Plentiful soil moisture and irrigation water have more than offset the small damage to fruits arising from frosts and the slower growth of crops in general because of somewhat lower temperatures than usual. In April, production estimates of the winter wheat crop were revised upward slightly and California barley crop forecasts now indicate a crop twice as large as the extremely small 1931 harvest. Prospects for the larger than average Valencia orange crop improved during the month, while estimates of this year's lemon production were reduced. District livestock ranges improved seasonally, except in Arizona and California, where forage growth was slow.

Controlled production of crude oil in California averaged higher in April than at any time since last July. Refinery runs to stills were also larger and gasoline inventories increased from levels of other recent months. Output of lumber showed about the usual seasonal increase. The value of engineering contracts awarded increased from March to April, but building permits decreased in value. Non-ferrous metals mining continued inactive. Activity at flour mills receded considerably.

Available data indicate that trade activity declined somewhat during April. Both retail and wholesale trade were considerably less active in April than in March, after allowance for seasonal factors. Registrations of new automobiles were practically unchanged. Tonnage of intercoastal traffic moving in both directions through the Panama Canal was smaller than in March, but freight carloadings increased by a greater amount than is usual at this time of year.

Twelfth District use of Federal reserve credit declined considerably during late April and the first half of May, mainly because of reduced borrowings of member banks. Expenditures of the United States Treasury in excess of collections in the District added to banking funds during that period and, as in the preceding four weeks, these funds were employed principally to reduce discounts. During early May, funds were obtained by selling securities received by District banks for Government deposit credit at the time of the April 30 Treasury financing. Practically no change occurred in demand for currency or in member banks' deposits at the Reserve Bank, but gold reserves of that institution expanded somewhat, thereby raising the ratio of reserves to deposit and note liability. Loans and investments of reporting member banks declined slightly between April 20 and May 18, while total deposits increased. Both Government deposits and time deposits increased, more than offsetting a decline in net demand deposits.

Agriculture

Sub-normal temperatures accompanying April rains resulted in a slower development of crops than is ordinarily expected in that month. Frosts caused an undetermined amount of damage to deciduous fruit in parts of California and the Pacific Northwest. The condition of livestock ranges improved during April throughout the District, except in Arizona and California. Prices for agricultural products did not change greatly during the month. An abundance of irrigation water, which is an important factor in crop production in this region, is in prospect for 1932.

Grain production in the District during 1932 will probably be greater than a year ago, when crops were reduced by drought. As of May 1 the probable production of the forthcoming winter wheat crop in the principal producing states was estimated at 70,968,000 bushels. This forecast exceeds the harvest of last year by about 5 per cent, the increase being due almost entirely to an expected higher yield per acre. In California, the 1932 barley crop is estimated to be 682,000 tons, more than double the unusually light harvest of last year.

The condition of hay in California and the Pacific Northwest was slightly better on May 1 than a year earlier. Estimates of the condition of other field crops are not yet available from the United States Department of Agriculture. Trade factors report, however, that the growth of rice, sugar beets, and potatoes has been satisfactory thus far during the current season.

Deciduous fruits in the Pacific Northwest and in California have developed slowly this year, with the result that the market movement is likely to commence somewhat later than in 1931. Some damage was done by frosts during April. While the extent of this damage is not known, it is probable that the volume of deciduous fruit production will be somewhat greater than in 1931, but smaller than 1930, when crops were unusually large. Markets for Twelfth District fresh deciduous fruit shipments are influenced by the competition of peach production in southern states. On May 1, the 1932 peach crop in the ten southern states was estimated at 8,587,000 bushels as compared with 22,661,000 bushels produced a year ago, and an average production of approximately 18,000,000 bushels in recent years.

The 1932 Valencia orange crop in California was estimated to be 18,046,000 boxes in April, approximately 9 per cent greater than the market shipments of last year's crop. It is estimated that the lemon crop, on the other hand, will be 5,400,000 boxes or about 10 per cent smaller than the market shipments from November, 1930, to October, 1931.

Receipts of butter and eggs at the principal markets of the District increased seasonally during April, as did the movement of these products into storage. On May 1, storage stocks of butter at Pacific Coast centers were 43 per cent greater than a year ago, while stocks of eggs were about the same as on May 1, 1931. Market prices for these two products remained unchanged during April at the low levels established in late March.

The condition of livestock improved somewhat less than usual during April and on May 1 was generally poorer than the average of the past five years, a reflection in part of the poor feed conditions of last winter.

The early spring lamb crop is turning out to be smaller this year than it was in 1931, and it is anticipated that the calf crop also will be less than in 1931. Continued losses of ewes and late-born lambs in Idaho, Oregon, and Washington indicate that the late spring lamb crop will likewise be smaller this year than last.

The volume of California spring lambs moving to eastern markets during the current season to May 11 (263,000 head) was approximately 20 per cent less than the movement to that date in 1931. Receipts of lambs and cattle at District markets were less than in April, 1931, while as in other recent months hog receipts continued to be more numerous than a year ago.

Wool shearing is now completed in Arizona, California, Nevada, and Utah and is well under way in the Pacific Northwest. Fleece weights are generally lighter than in 1931. Low prices have accompanied the current small demand by manufacturers, with the result that an unusually large proportion of the 1932 clip is being stored for future sale. Present field prices for unscoured wool, ranging from 8 to 16 cents per pound, are approximately 25 per cent below those of May, 1931, and more than 60 per cent lower than in 1928, since when they have declined continuously.

Agricultural Marketing Activity—

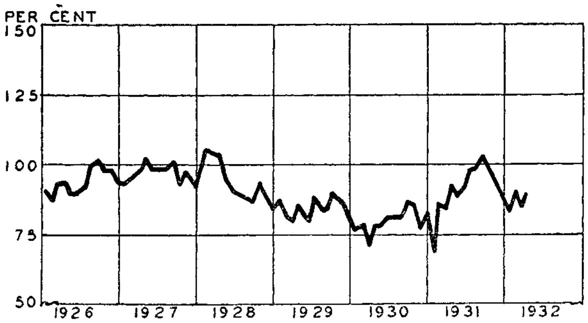
	April		Season to Date	
Carlot Shipments	1932	1931	1932	1931
Apples	2,192	2,198	41,441	59,508
Oranges	6,402	6,096	21,821	22,991
Lemons	1,108	1,301	4,189	4,305
Cherries	10	63	10	63
Eggs	269	440	1,063	1,837
Beans	206	251	3,744	4,679
Vegetables	4,166	6,379	25,784	29,251
Exports				
Wheat (bu.)	277,311	133,055	18,125,604	15,720,634
Barley (bu.)	98,796	730,262	3,116,686	8,552,850
Receipts				
Cattle*	70,128	71,763	308,692	278,355
Hogs*	270,945	172,927	1,147,060	746,259
Sheep*	396,836	452,312	1,208,060	1,143,431
Eggs (cases)†	200,189	199,185	660,502	718,340
Butter (lb.)†	7,712,325	7,172,075	25,873,558	24,132,798
Wheat (carlots)	1,833	3,124	45,571	53,441
Storage Holdings (end of month)				
Apples (bu.)	374,145	775,550	....	....
Wheat (bu.)	1,733,000	7,135,000	....	....
Beans (bags)	1,397,376	1,216,914	....	....
Butter (lb.)	965,205	672,227	....	....
Eggs (cases)	358,236	355,173	....	....

*Eight markets. †Three markets.

Industry

Industrial activity in the Twelfth District has followed the general movements of production in the United States quite closely during most of the past three years. In both 1930 and 1931 there was some improvement in the spring, followed in both years by sharp declines in subsequent months. During the first four months of 1932, however, output of District industries showed approximately the seasonal increase, while national production declined, after allowance for seasonal factors.

Current estimates of Twelfth District industry reflect to a considerable extent changes in such industries as lumbering, non-ferrous metals mining, petroleum producing and refining, and building and construction — industries which are basic to the economic life of this area. Fairly comprehensive data are available for those industries of predominant importance, while, both relatively and actually, information is much less complete for a large group of other industries which, on the basis of annual value of production, are at least as important in the aggregate as those listed. Operations in the industries upon which current District production estimates are principally based have been reduced by exceptionally large amounts during the past two years. On the other hand, many of the industries for which little statistical information is available might reasonably be expected to have maintained operations at relatively higher levels because their products are nearer to final consumption. Because the preponderance of the data consists of information on industries showing sharp declines, it seems probable that aggregate production in the District has not declined quite so much as available statistics indicate.



SLAUGHTERING—Twelfth District
Index adjusted for seasonal variations (1923-1925 average=100).

Industry—

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

	1932 Apr.	1932 Mar.	1932 Feb.	1932 Jan.	1931 Apr.	1931 Mar.	1931 Feb.
General:							
Carloadings—Industrial..	41	36	37	44	61	61	66
Electric Power Output..	..	146	141	141	168	160	152
Manufactures:							
Lumber	35	34	35	41	62	58	59
Refined Mineral Oils†...	..	133	131	138	150	138	140
Flour	94	116	110	107	94	94	101
Slaughter of Livestock..	90	85	90	83	92	84	86
Cement	60	43	40	37	83	81	96
Wool Consumption†....	..	76	108	96	56	74	77
Minerals:							
Petroleum (California)†.	78	76	76	77	80	80	81
Lead (United States)‡..	45	55	54	59	71	79	82
Silver (United States)‡..	42	28	31	38	54	63	62
Building and Construction§							
Total	34	31	38	40	77	85	56
Building Permits—Value							
Larger Cities	19	21	19	19	33	36	44
Smaller Cities	16	17	20	23	43	45	45
Engineering Contracts Awarded—Value							
Total	58	48	69	73	157	158	83
Excluding Buildings.	114	84	137	120	286	308	107

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

Some support to this view is furnished by data on consumption industries for which a limited amount of production information is available. Examples of such industries would be flour milling, slaughtering and meat packing, and wool consumption, all of which have held up fairly well during the past two years. Further light is thrown upon the subject by an examination of the monthly report on employment conditions in California. According to that report, employment in a great many of the industries for which current production data are not available has held up considerably better than in the more basic industries for which reasonably adequate production measures can be obtained regularly, and upon which estimates of month-to-month changes in output are based almost of necessity.

Records for April indicate that industrial activity in the District increased slightly from the levels of other recent months. Mining of non-ferrous metals continued inactive. Petroleum production increased considerably as a result of the opening of new wells in the Dominguez Field of southern California, although voluntary curtailment of output remained in effect in the state generally. It is reported that production at the Dominguez Field will be curtailed to approximately the same "allowable" that existed before the recent expansion of output. Crude oil run to refineries also increased and was accompanied by somewhat larger inventories of gasoline.

The lumber industry, which is operating at about one-third the 1923-1925 average rate, showed slightly more than the seasonal increase

Employment—

Industries	California No. of Firms	California No. of Employees April, 1932	California No. of Employees April, 1931	Oregon No. of Firms	Oregon No. of Employees April, 1932	Oregon No. of Employees April, 1931
All Industries*	**1,214**	**133,159 (—17.7)**	**161,708**	**129**	**14,962 (—23.2)**	**19,490**
Stone, Clay and Glass Products.	65	5,281 (—25.7)	7,106	..	...	...
Lumber and Wood Manufactures ..	146	13,178 (—28.0)	18,314	46	8,203 (—27.4)	11,294
Textiles	14	1,783 (—7.0)	1,918	9	784 (—37.1)	1,247
Clothing, Millinery and Laundering.	164	12,465 (—14.3)	14,550	7‡	290 (—15.7)	344
Food, Beverages and Tobacco...	291	34,413 (—4.8)	36,150	36	1,233 (—11.1)	1,387
Public Utilities ..	40	49,478 (—12.6)	56,609	..	...	...
Other Industries†.	477	59,613 (—21.6)	76,002	..	...	...
Miscellaneous	57	6,426 (—16.2)	7,668	31	4,452 (—14.7)	5,218
Wholesale and Retail	153	25,722 (—8.6)	28,149	..	...	...

*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 April, 1931.

in output during April. Vigorous efforts to keep production within the limits of new orders have been reasonably successful during recent months, although the current margin of excess orders is very small.

Building and construction decreased in value by about the seasonal amount during April. Large declines in the value of building permits in Los Angeles and Portland much more than offset a substantial increase in Sacramento, reducing the total value for the District to the record low levels of January and February. The value of engineering contracts awarded advanced after seasonal allowances.

Flour milling decreased sharply during April. This industry has been operating at a fairly high level for several months, however, and undue significance should not be attached to the lower level of its operations during a single month, especially in view of the erratic month-to-month movements of flour production.

Most of the information available on Twelfth District labor conditions indicates little change during April in the number of workers employed. Continued reductions in wage rates were reported. Seasonal requirements of agriculture benefited certain sections.

Trade

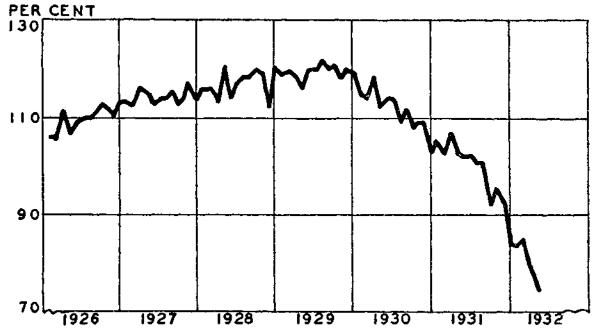
Trade activity continued to decline moderately during April. Of the several measures commonly used as indicators of Twelfth District distribution, department store sales, wholesale sales, and intercoastal traffic declined; automobile registrations were unchanged; and carloadings increased.

Distribution and Trade—

	1932 Apr.	1932 Mar.	1932 Feb.	1932 Jan.	1931 Apr.	1931 Mar.	1931 Feb.
Carloadings‡	Index Numbers*						
Total	60	56	59	66	77	79	83
Merchandise	77	74	76	81	91	96	94
Foreign Trade°							
Total†	..	54	55	56	82	86	99
Imports†	..	50	53	51	77	86	90
Exports	..	57	57	59	83	88	94
Intercoastal Trade							
Total	47	61	55	51	71	76	79
Westbound	54	89	80	80	88	89	89
Eastbound	45	55	48	42	65	71	78
Retail Trade							
Automobile Sales‡							
Total	32	33	34	48	76	78	76
Passenger	30	30	31	45	71	73	70
Commercial	55	61	58	84	125	135	134
Department Store							
Sales‡	74	79	85	84	103	107	103
Stocks§	75	78	78	79	89	92	92
Collections#	Actual Figures						
Regular	41.3	42.1	40.4	43.4	43.6	43.4	40.9
Installment	14.1	14.6	14.7	14.8	15.3	14.9	14.7

*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.

Value of department store sales was sharply lower in April than in March, whereas there is usually little or no change between those



DEPARTMENT STORE SALES—Twelfth District
Index adjusted for seasonal variations (1923-1925 average=100).

months. As compared with April, 1931, a decrease of 28 per cent in the value of sales was recorded. The number of sales transactions declined 16 per cent over the same period.

RETAIL TRADE—Twelfth District

	1932 compared with 1931* NET SALES April	NET SALES January 1 to end of April	STOCKS April
Department Stores	—28.0 (66)	—21.6 (65)	—16.7 (50)
Los Angeles	—28.5 (9)	—22.8 (9)	—16.5 (9)
Other Southern Calif.	—24.3 (7)	—23.1 (7)	—18.0 (4)
Oakland	—30.7 (4)	—18.0 (4)	—26.9 (4)
San Francisco	—21.8 (7)	—15.6 (7)	—13.0 (7)
Other Northern Calif.	—28.8 (8)	—18.7 (8)	—18.2 (8)
Portland†	—37.1 (6)	—32.0 (5)	—23.9 (6)
Seattle	—32.8 (5)	—27.5 (5)	—12.9 (5)
Spokane	—23.8 (4)	—18.2 (4)	—13.8 (4)
Salt Lake City	—20.0 (4)	—19.3 (4)	— 7.9 (3)
Apparel Stores	—28.5 (27)	—21.7 (24)	—20.2 (16)
Furniture Stores	—28.5 (37)	—26.2 (36)	—17.2 (23)
All Stores	—28.1 (130)	—22.2 (125)	—17.0 (89)

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

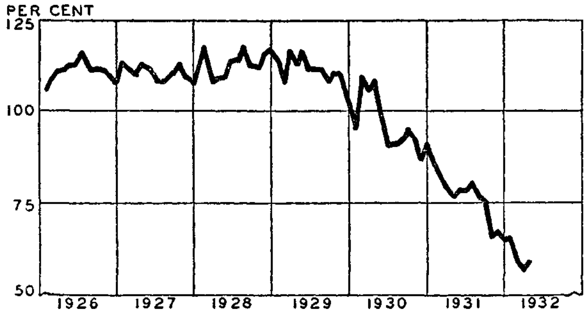
The value of wholesale trade, as measured by reports from 220 firms, was 26 per cent smaller in April, 1932, than in April, 1931. That decline approximates the year-to-year declines of October and January, excepting which it was greater than any year-to-year decrease recorded since the period of rapidly declining prices in 1920 and 1921. Sales of groceries, drugs, and paper and stationery declined less than sales of other commodities by wholesalers.

WHOLESALE TRADE—Twelfth District
Percentage change in value of sales

	April, 1932 compared with March, 1932	April, 1932 compared with April, 1931	1932 compared with 1931
Agricultural Implements	—10.9	—44.6	—42.1
Automobile Supplies	— 0.1	—26.1	—20.0
Drugs	— 6.2	—21.9	—18.1
Dry Goods	— 7.6	—40.4	—34.1
Electrical Supplies	— 2.6	—44.5	—42.5
Furniture	—12.2	—46.4	—44.9
Groceries	— 1.6	—17.0	—16.9
Hardware	— 3.1	—32.2	—30.7
Shoes	—19.8	—32.5	—27.7
Paper and Stationery	10.5	—12.9	—18.4
All Lines	— 2.7	—26.4	—25.5

This Bank's adjusted index of new automobile registrations was practically the same in April as in March. Actual registrations were less than half as numerous as in April, 1931.

Total shipments in the intercoastal traffic through the Panama Canal were markedly lower in April than in the preceding month, both before and after allowance for the customary seasonal changes. The greatest proportionate decline took place in westbound cargoes, although smaller shipments to the Atlantic Coast contributed to the total decrease.



FREIGHT CARLOADINGS—Twelfth District
Index adjusted for seasonal variations (1923-1925 average=100).

Contrary to the tendency in the United States as a whole and the movements of most other measures of distribution, freight carloadings in the Twelfth District were greater in April than in March. Loadings of both merchandise and industrial freight increased more than usual at this season, although the principal expansion was reported in the latter. Actual carloadings were higher than in any month since last November.

During the first quarter of 1932 the District's foreign trade continued the sharp decline of the preceding two years. Total value of imports and exports during January, February, and March was about 40 per cent less than in the similar period in 1931 and nearly 60 per cent below the first quarter of 1930. In recent months the relative declines in exports have been somewhat greater than in imports, whereas during 1930 percentage decreases in imports were larger. The usual substantial increase in foreign trade during March failed to materialize.

Prices

During April, indexes of commodity prices fluctuated only slightly from week to week, but in early May reductions in prices for farm products, textiles, non-ferrous metals, and hides and leather products resulted in some further decline in most of these indexes. From January to April of this year the Bureau of Labor Statistics' monthly index of wholesale prices declined 2.7 per cent, compared with declines of 4.3 and 2.8 per cent during the corresponding periods of 1931 and 1930.

Silver, zinc, and copper prices, after remaining relatively stable during April, declined to the lowest levels of the year early in May. Sales of copper were made at 5¼ cents per pound on May 20, an all-time low price for that metal. The quotation for lead (3 cents per pound) at New York did not change through April and early May. Lumber quotations, while low, have declined less in the past four months than during any similar period in more than a year.

Prices for agricultural products were somewhat more stable during April than in preceding months. At the end of April, however, there were some reductions in quotations for grains and livestock. The May contract price for wheat at Chicago declined throughout March. An advance to 62 cents per bushel in mid-April was followed by a decline during the later part of that month to approximately 54 cents per bushel, at which level it remained during the first half of May. Similar movements were recorded in California barley prices.

Most fruits important in the District did not change greatly in price during April. Orange and lemon prices were approximately the same as in March, but were well below a year ago. Dried and canned fruit prices did not change during April. The New Orleans spot quotation for Middling Upland cotton reached 5.59 cents per pound on April 30, the lowest recorded this year, but somewhat above the low of 5.15 cents per pound reached last October. Rice and bean prices were reduced during April and quotations on the new crop of alfalfa hay declined.

Bank Debits—*

	April 1932	April 1931	First four months 1932	First four months 1931
Arizona				
Phoenix ....$	22,840	$ 33,071	$ 94,907	$ 131,047
California				
Bakersfield	9,411	12,565	32,758	48,373
Berkeley	14,801	15,750	65,091	64,413
Fresno	16,011	21,541	67,807	91,675
Long Beach ...	28,456	43,480	119,516	180,620
Los Angeles ...	612,249	868,364	2,484,609	3,482,404
Oakland	168,341	189,822	720,858	764,027
Pasadena	23,587	33,614	104,717	134,302
Sacramento	39,765	48,057	165,574	184,554
San Bernardino..	7,249	9,119	28,611	36,212
San Diego	38,258	52,573	153,487	207,137
San Francisco...	680,924	1,009,214	2,838,631	4,174,006
San Jose	17,490	24,020	70,111	97,429
Santa Barbara...	10,491	14,602	42,114	55,346
Stockton	14,029	18,210	55,566	71,035
Idaho				
Boise	9,094	11,856	41,382	49,666
Nevada				
Reno	7,623	10,130	29,957	37,658
Oregon				
Eugene	4,389	5,506	16,576	21,793
Portland	101,618	144,277	410,542	561,564
Utah				
Ogden	7,914	13,813	34,695	57,033
Salt Lake City..	43,432	63,780	188,855	251,645
Washington				
Bellingham	4,932	7,462	19,478	28,093
Everett	6,119	10,240	24,196	37,972
Seattle	135,199	202,853	546,667	792,113
Spokane	29,941	40,513	119,203	171,060
Tacoma	21,991	34,191	91,981	138,691
Yakima	8,395	12,438	31,875	50,723
Total	$2,084,549	$2,951,061	$8,599,764	$11,920,591

* In thousands.

Credit Situation

Further easing of the banking situation became apparent between mid-April and mid-May. A decrease in reserve bank credit extended to the Twelfth District much more than offset increased participation by the Federal Reserve Bank of San Francisco in the Reserve System's open market operations and total earning assets of that Bank declined. The reduction in the use of reserve bank credit in the District was the result of sharply reduced borrowings, made possible directly or indirectly by United States Treasury operations. As shown in the table below, Government expenditures in excess of collections provided most of the supply of funds used by banks to reduce discounts during the last half of April. In the two weeks following, however, funds were derived mainly from an inflow of gold through the Gold Settlement Fund from outside the District. This later inflow was an indirect result of the Treasury financing of April 30, at which time District banks were allotted 31 million dollars in securities. As usual, a large part of this allotment, most of which was paid for by crediting the deposit accounts of the Government in the purchasing banks, was sold outside the District, thus causing the inflow of funds mentioned above. The addition to District banking funds from this source represented the amount (approximately 10 million dollars) by which the sale of these securities exceeded the withdrawal of Government deposits. Although banks continued to sell Government securities, the interdistrict flow of funds was reversed during the week ended May 18, when a net outflow of 12 million dollars was recorded in the Gold Settle-

SUPPLY OF AND DEMAND FOR BANKING FUNDS
Twelfth District
Changes during the weeks indicated

SUPPLY

Week Ending 1932	Monetary Gold Stock	Treasury Operations	Reserve Bank Credit	Total Supply
April 13	+ 1.6	+ 2.0	— 1.7	+1.9
April 20	+ 5.9	+12.1	—17.4	+ .6
April 27	— 1.2	+ 5.6	— 9.2	—4.8
May 4	+ 5.9	+ .4	— 2.2	+4.1
May 11	+11.9	+ 2.2	—14.5	— .4
May 18	—11.5	+ 9.8	+ 4.9	+3.2

DEMAND

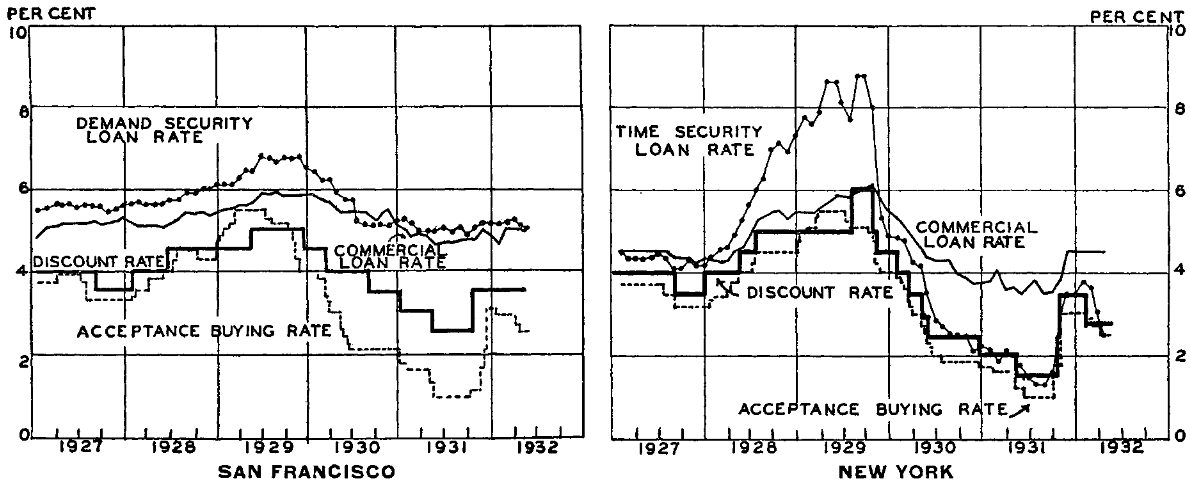
Week Ending 1932	Demand for Currency	Member Bank Reserve Deposits	Unexpended Capital Funds, etc.	Total Demand
April 13	— 3.4	+ 5.3	.0	+1.9
April 20	+ 2.1	— 2.1	+ .6	+ .6
April 27	— 3.5	— 1.2	— .1	—4.8
May 4	+ .4	+ 3.7	.0	+4.1
May 11	+ .2	— .8	+ .2	— .4
May 18	— .6	+ 3.8	.0	+3.2

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

	Condition May 18 1932	May 11 1932	Apr. 20 1932	May 20 1931
Total Bills and Securities	155	142	167	69
Bills discounted	80	73	97	6
Bills bought	5	6	8	13
United States Securities......	70	63	62	49
Total Reserves	242	251	222	308
Total Deposits	156	153	151	191
Federal Reserve Note Circulation	223	223	223	167
Ratio Total Reserves to Deposit and Note Liabilities combined	63.9	66.7	59.4	85.9

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

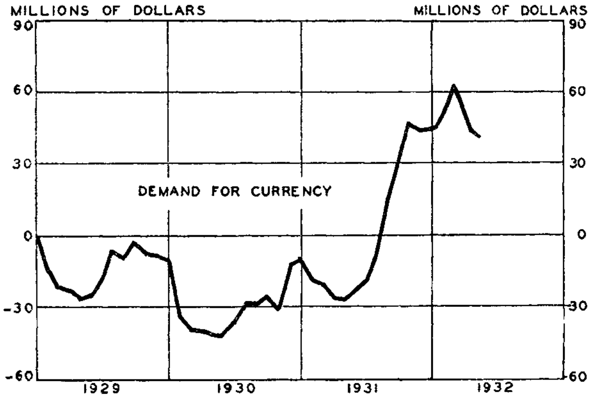
	Condition May 18 1932	May 11 1932	Apr. 20 1932	May 20 1931
Loans and Investments—Total..	1,748	1,753	1,757	1,992
Loans—Total	1,036	1,038	1,047	1,237
On Securities	276	274	282	340
All Other	760	764	765	897
Investments—Total	712	715	710	755
United States Securities ...	383	386	380	391
Other Securities	329	329	330	364
Reserve with Reserve Bank.....	90	86	84	113
Net Demand Deposits	559	557	572	751
Time Deposits	897	898	872	1,084
Due from Banks	125	119	105	196
Due to Banks	167	158	151	257
Borrowings at Reserve Bank...	63	56	78	—0—



DISCOUNT RATES AND ACCEPTANCE BUYING RATES—Federal Reserve Banks
COMMERCIAL LOAN RATES—Prevailing rates charged customers
SECURITY LOAN RATES—San Francisco, rates charged customers on demand loans.
New York, open market rates on time loans, mixed collateral.

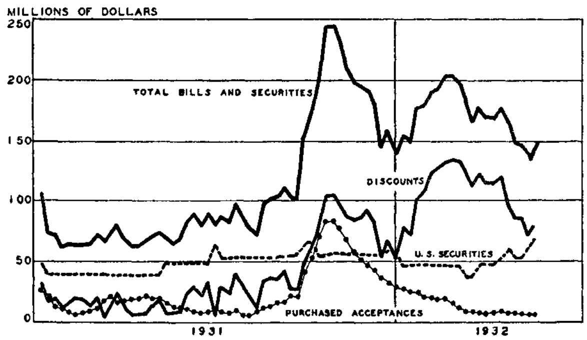
ment Fund. This loss was largely offset by an excess of Treasury expenditures over collections.

The net movement of funds into the Twelfth District entailed by these transactions was reflected in an increase in the gold reserves of the Federal Reserve Bank of San Francisco. This increase in gold reserves was the chief factor contributing to an increase in the ratio of the Reserve Bank's total reserves to its combined deposit and note liabilities. On May 18 that ratio stood at 63.9 per cent, compared with 57.1 per cent on April 13.



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

Total deposits of reporting member banks increased during the four weeks under review. The increase resulted not only from the building up of Government deposits, but also from additions to time deposits which more than offset a small decline in demand deposits. To a large extent this stability of deposits resulted from the maintenance of loans and investments and from the net favorable balance of payments with other parts of the United States, which was in turn due in no small degree to Federal Treasury transactions as previously pointed out. Demand for currency showed no appreciable change during the four weeks ended May 18, and, therefore, had little effect on District deposits. The usual small purchases of gold by the San Francisco Mint contributed slightly toward increasing deposits.



CREDIT EXTENDED—Federal Reserve Bank of San Francisco

Low money rates in New York had not, up to mid-May, been accompanied by the easing of rates in the Twelfth District. When in the past the differential between rates charged in New York and San Francisco has been widened (San Francisco rates are usually the higher) by an easy money situation in New York, there has been a tendency for balances carried in San Francisco banks by District correspondents to increase, since excess funds can then be employed more profitably in the latter city.

Although the credit situation was generally easier in the Twelfth District during late April and early May, conditions were not entirely uniform. There were a few bank failures, but these were of little relative importance in the District as a whole. Demand for currency showed no net change in most areas.

SUMMARY OF NATIONAL CONDITIONS

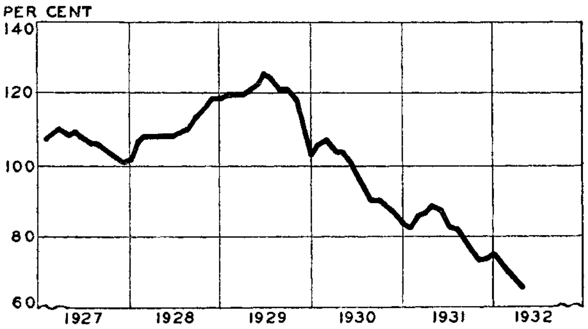
Prepared by the Federal Reserve Board

Industrial activity and factory employment declined substantially from March to April, although usually little change occurs at this season. Purchases of Government securities by the Federal reserve banks have continued during April and the first three weeks of May and there has been a considerable growth in the reserves of member banks.

Production and Employment. Volume of industrial production, as measured by the Board's seasonally adjusted index, decreased from 67 per cent of the 1923-1925 average in March to 64 per cent in April. Reductions in activity were reported for many leading industries, with sharp declines at cotton and woolen mills and at bituminous coal mines. In the automobile industry output increased from the low level of March by more than the seasonal percentage and in the steel industry, where activity had declined from early February to the middle of April, production increased somewhat between the middle of April and the third week of May. The number of wage earners employed at manufacturing establishments declined further between the middle of March and the middle of April and there was a substantial reduction in factory payrolls. Large decreases in employment were reported for the iron and steel, machinery, and textile industries, while the volume of employment in the food and leather industries showed the usual seasonal changes.

Daily average value of building contracts awarded during April and the first half of May, as reported by the F. W. Dodge Corporation, showed a seasonal increase over the first quarter. A substantial increase was reported for public works and public utilities, while residential building continued at the low level of the first quarter, showing none of the usual seasonal expansion.

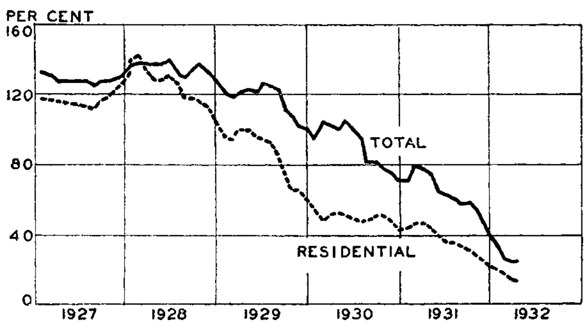
Distribution. Freight carloadings of merchandise showed little change in volume from March to April, continuing at the level prevailing since January, although increases are usual during this period. Sales by department stores increased considerably in April.



INDUSTRIAL PRODUCTION

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

Wholesale Prices. Wholesale prices of commodities declined from 66 per cent of the 1926 average in March to 65.5 per cent in April, according to the Bureau of Labor Statistics, and in the first three weeks of May further decreases in the prices of many leading commodities were reported. Downward movements in prices of textiles, non-ferrous metals, and imported raw materials, as well as most domestic agricultural



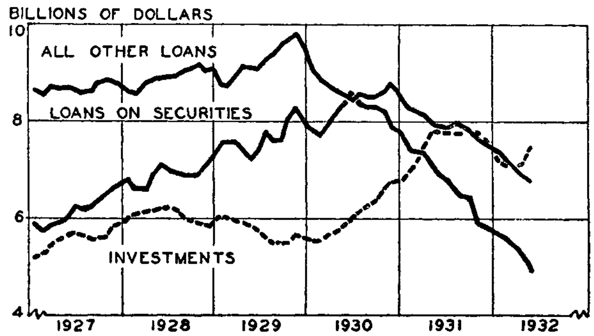
VALUE OF BUILDING CONTRACTS AWARDED

Indexes based on three-month moving averages of F. W. Dodge data for 37 Eastern states, adjusted for seasonal variations. (1923-1925 average=100).

products except wheat, were offset in part by increases in the prices of coffee, petroleum, and petroleum products.

Bank Credit. Further purchases of United States Government securities by the Federal reserve banks were made during April and the first three weeks in May, and on May 18 total holdings were $1,466,000,000. The funds placed in the market through these purchases between April 6 and May 18 were used to the extent of $170,000,000 in a further reduction of member bank indebtedness to the reserve banks and to the extent of $122,000,000 in meeting a demand for gold from abroad. At the same time member banks accumulated reserve balances considerably in excess of legal requirements. During early May the demand for currency, which had declined in April, increased somewhat, contrary to the usual seasonal movement.

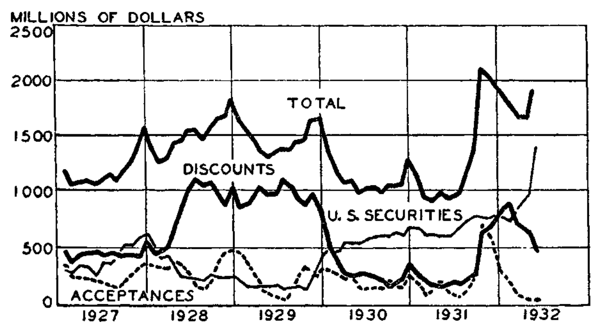
Loans and investments of reporting member



MEMBER BANK CREDIT

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

banks in leading cities, which had declined continuously until the middle of April, showed little net change between April 13 and May 18. Investments of these banks increased by nearly $300,000,000, chiefly in New York City, while loans declined by about an equal amount. There was also a growth in net demand deposits which reflected in part an increase in bankers' balances deposited in New York City banks.



RESERVE BANK CREDIT

Monthly averages of daily figures for 12 Federal reserve banks. Latest figures are averages of first 23 days in May.

Money rates in the open market continued easy. Rates on commercial paper were reduced about ½ per cent to a range of 2¾-3 per cent for prime names, and the offering rate on 90-day bankers' acceptances, which had advanced to 1⅛ per cent in the first week of May, declined on May 11 to the previously prevailing rate of ⅞ per cent.