

MONTHLY REVIEW

OF

BUSINESS CONDITIONS

ISAAC B. NEWTON, Chairman of the Board and Federal Reserve Agent
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No. 10

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Following the comparative stability recorded for June, July, and August, both manufacturing and trade activity in the Twelfth District increased moderately during September in contrast with a downward movement in the corresponding months of 1930 and 1931. Commodity prices turned downward in mid-September, and have continued to decline since that time, although the average level is still higher than in June. The position of District banks showed further improvement during September and the first half of October.

Crop harvesting was practically completed in September under exceptionally favorable weather conditions. Estimates of larger crop production than in 1931 remained unchanged during the month, but marketing volume continued low. It now appears probable that crop income will be lower this year than in 1931, notwithstanding increased production and recent advances in prices of some products.

Records of industrial output indicate a slight upturn during September. Electric power production decreased less than seasonally and construction was unchanged. California petroleum production continued to average slightly in excess of the proration schedules during September, and that excess increased considerably in the first half of October, when allowances were reduced sharply. Output of lumber remained unchanged during the month, although a substantial decrease is usual. Maintenance of production in September this year was accompanied by a continued excess of orders over output. Decreases in cement and flour production approximately offset increases in the preceding month. There was little change in the employment situation. Improvement was reported in most states of the District, while both the number of employees in California and the amount of payrolls decreased somewhat more between August and September than has been usual in most other recent years.

Department store sales and wholesale trade increased by the seasonal amounts during September. As in August, an increase in east-

bound intercoastal traffic was contrary to the movement recorded at this season in most other recent years. Automobile registrations advanced from August to September, after seasonal adjustment.

The volume of Federal reserve credit in use remained practically unchanged between September 21 and October 19 following substantial decreases in the two immediately preceding four-week periods. Additional issues of national bank notes continued to replace other forms of currency in circulation. Reporting member bank credit showed no net change during this period, since increases in investments in Government securities were offset by continued declines in loans. Government, time, and net demand deposits increased from September 21 to October 19.

Agriculture

The agricultural situation in the Twelfth District changed little during September and early October. Weather conditions were particularly favorable for the completion of the harvest of crops, but lack of rainfall in the Pacific Northwest hampered the sowing of winter wheat. Ranges continued to furnish sufficient feed in most areas and livestock marketed in recent weeks have been of somewhat better quality than a year ago.

In contrast with the satisfactory growth and harvest of crops and development of livestock, prices received for farm products have continued to be extremely low. Some stability in prices was evident during September, but the level of quotations was far below that existing a year ago. The volume of agricultural products being marketed this fall is generally smaller than in the autumn of 1931.

Most recent estimates of grain and field crop production show little change from those which appeared in the September Review. The volume of wheat, oats, and barley produced in the District will be greater than in either 1931 or 1930. The volume of beans, cotton, potatoes,

and rice raised this year is smaller than last, while the hay and sugar beet crops are somewhat larger. Harvesting of these crops is now practically complete.

As with grain and field crops, estimates of deciduous fruit production changed little during September. Estimates of apple production in the Pacific Northwest were revised upwards

responding period of last year. Similarly, the 1932 commercial crop of apples in the five principal producing states of the District is estimated to be 5 per cent larger than in 1931; yet shipments for the season to October 1 were 32 per cent smaller in amount this year than last. In relation to the average of the preceding five years, this year's crops of grapes and apples show decreases of 8 and 7 per cent, respectively, whereas the season's shipments have been 41 and 17 per cent smaller, respectively.

During September, there were no changes in production estimates of the 1932 orange and lemon crops in California, the Valencia orange crop being larger, and the lemon crop somewhat smaller than a year ago. Trade factors estimate that the 1932-1933 Navel orange crop, picking of which will commence about November 1, will be approximately 7 per cent larger in volume than the marketings of last season's crop.

Butter receipts at Pacific Coast markets usually decline during the autumn months. The decline during September of this year was smaller than in September, 1931, however, and on October 1, storage stocks of butter were 34 per cent heavier than on the same date a year ago. Reflecting larger inventories, butter prices showed less than the usual seasonal increase during September. Egg receipts in September were smaller than in any other month since November, 1929. Storage stocks declined 19 per cent from September 1 to October 1 and on the later date were only 14 per cent larger than on October 1, 1931. Egg prices have advanced seasonally in recent weeks.

Factors affecting the livestock industry in the District did not change during September. Receipts of cattle and lambs at Pacific Coast markets were less numerous than a year ago, when poor range conditions resulted in large marketings of stock. Returns to producers for stock marketed in recent weeks have been the lowest in many years. Fall ranges are furnishing satisfactory forage and large quantities of hay and grains are available for supplemental feeding, if needed during the forthcoming winter months.

The number of lambs and cattle moving to feedlots thus far this fall has been smaller than in 1931. Favorable range and uncertain market and financial conditions have tended to restrict feeding operations.

Industry

A moderate increase in industrial activity was indicated by Twelfth District figures for September. Adjusted indexes of lumber production and of electric power output advanced, while activity in the construction industry changed little. Petroleum output was about the

DECIDUOUS FRUITS AND NUTS—PRODUCTION

(In thousands)

	Forecast†		
	1932	1931	1930
California			
Apples*	6,063	4,647	6,522
Apricots	256	277	200
Cherries	17	23	18
Grapes	1,861	1,320	2,181
Raisin	1,177	775	1,307
Table	308	229	388
Wine	376	316	486
Peaches	584	579	796
Clingstone	368	397	542
Freestone	216	182	254
Pears	238	218	272
Plums	68	65	82
Prunes	181	208	274
Almonds	14	15	14
Walnuts	41	29	30
Oregon			
Apples*	3,150	2,079	4,470
Cherries	11	8	13
Pears	2,880	1,995	3,200
Prunes (dried)	20	27	26
Prunes (fresh)	36	22	25
Washington			
Apples*	24,516	25,893	33,597
Cherries	15	10	17
Pears	3,723	3,650	4,500
Peaches	1,320	1,050	556
Prunes (fresh)	23	11	19
Idaho			
Apples*	4,290	3,969	4,650
Prunes (fresh)	26	20	22
United States			
Apples*	83,724	103,776	101,004
Pears	22,154	23,009	27,577
Peaches	46,267	77,743	53,286

*Commercial crop. †Latest forecast available for each fruit.
Source: United States Department of Agriculture.

as satisfactory growing weather prevailed. The marketing of this year's grape crop in California is progressing slowly. While the crop is estimated to be 40 per cent larger than in 1931, the volume of this season's shipments to October 1 was only 16,900 carloads, an amount 18 per cent smaller than shipments during the cor-

Agricultural Marketing Activity—

	September		Season to Date	
	1932	1931	1932	1931
Carlot Shipments				
Deciduous Fruit..	21,748	23,045	48,736	60,182
Citrus Fruit	5,605	5,448	71,497	75,669
Vegetables	4,064	4,056	42,326	50,377
Exports				
Wheat (bu.)	435,492	2,856,157	1,647,015	6,093,928
Barley (bu.)	884,275	578,492	1,957,857	1,871,648
Receipts				
Cattle*	45,005	58,336	380,073	411,074
Hogs*	121,024	123,364	1,545,818	1,234,897
Sheep*	495,868	677,049	3,089,782	3,734,732
Eggs (cases)	103,896	116,317	1,306,953	1,454,939
Butter (lb.)	6,133,556	5,756,392	62,211,742	61,351,869
Wheat (carlots) ..	7,494	6,226	15,252	17,661
Barley (carlots) ..	824	499	2,092	674
Storage Holdings (end of month)				
Wheat (bu.)	2,917,000	12,042,000	.....	.....
Beans (bags)	1,155,517	1,775,114	.....	.....
Butter (lb.)	5,246,091	3,450,273	.....	.....
Eggs (cases)	468,902	410,694	.....	.....

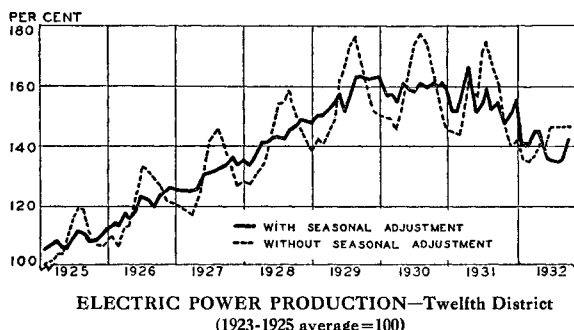
*Los Angeles receipts not included.

same in September as in August. Output of cement and flour declined.

Reports from most states in the District, except California, indicate an improvement in employment during September after allowance for seasonal factors. In California, however, where there had been a substantial increase in the preceding month, total employment decreased somewhat more than seasonally, largely as a result of sharper than usual decreases in the food industries. The number of employees in the textile, clothing, and furniture industries in that state was larger than in August, however, according to the State Department of Labor, and most of the large increase in motion picture forces reported during August was retained in September. The reduction in employment from the corresponding month in the preceding year was much smaller in September than in August and was the smallest for any month since March, 1930. Continued efforts of the Twelfth District Industrial and Banking Committee have helped to create new jobs and spread available work over the greatest possible number of employees, principally by reducing the hours of labor. Total wage payments in September showed a slightly smaller decline in relation to last year than had been the case in immediately preceding months. On the other hand, the decrease in average weekly earnings of individuals was somewhat greater in September than it had been in August or July and both total wages paid and average earnings declined more than did the number of employees.

Production of electric power declined less than seasonally during September and averaged only about 8 per cent lower than in September, 1931, the smallest year-period decline since February. It is customary for output to

reach a peak during the summer months, when requirements for pumping irrigation water are usually largest, and to show considerable recession during remaining months of the year. During the spring and early summer of this year, however, the use of power for irrigation



did not expand by the customary amount, with the result that this Bank's seasonally adjusted index declined during May and June. Conversely, since the usual quantity of power had not been used during the summer for pumping, the decline in this usage was less in September than in past years. This factor was at least partly responsible for a sharp upward movement in the adjusted index of electric power production during September.

As in the previous month, California petroleum production slightly exceeded the proration allowable of 475,800 barrels daily. New schedules reducing daily output to 440,000 barrels were supposed to become effective October 1, but production averaged about 472,000 barrels daily during the first two weeks of October.

Industry—

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

	1932				1931		
	Sept.	Aug.	July	June	Sept.	Aug.	July
General							
Carloadings—Industrial...	31	34	32		54	53	56
Electric Pwr. Production.143‡	135	134	135		155	153	159
Manufactures							
Lumber.....	37	33	35	35	54	53	61
Refined Mineral Oils†	127	131	131	144	146	140	137
Flour.....	93	109	85	103	102	88	101
Slaughter of Livestock...	94	87	90		102	99	98
Cement.....	42	45	51	43	56	57	71
Wool Consumption†	128		82	108	91	101	111
Minerals							
Petroleum (California)†	73‡	73	72	71	77	77	79
Lead (United States)‡	41	33	31	49	67	61	64
Silver (United States)‡	37	41	40	41	39	45	43
Building and Construction§							
Total.....	33	32	29	29	62	72	71
Building Permits—Value							
Larger Cities.....	10	10	12	13	30	32	33
Smaller Cities.....	13	13	14	14	33	36	41
Engineering Contracts							
Awarded—Value							
Total.....	63	63	53	49	107	128	123
Excluding Buildings.122	123		96	92	189	238	210

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

Employment—

Industries	California		Oregon	
	No. of Firms	No. of Employees	No. of Firms	No. of Employees
All Industries*	1,234	147,789	163,579	123
Stone, Clay and Glass Products..	59	4,720	6,110	...
Lumber and Wood Manufactures ..	134	12,716	16,324	43
Textiles.....	16	1,481	1,609	7
Clothing, Millinery and Laundering.	163	12,188	13,709	6‡
Food, Beverages and Tobacco ...	303	50,297	50,260	37
Public Utilities...	41	48,105	52,671	..
Other Industries†	511	60,219	69,607	..
Miscellaneous	48	6,168	5,897	30
Wholesale and Retail.....	195	32,618	35,449	..

*Public utilities and wholesale and retail figures not included in this total. †Includes the following industries: Metals, machinery and conveyances; leather and rubber goods; oils and paints; printing and paper goods. ‡Laundry only. Figures in parentheses indicate percentage change from September, 1931.

Although the quantity of crude oil run to refineries decreased during September, inventories of gasoline did not change materially and were larger than at the close of September, 1931. Since September, 1929, production of both crude and refined oils has been reduced more than fifty per cent, drilling of new wells has been sharply restricted, and there has been a substantial decrease in the number of wells operating.

Although the cut of lumber usually declines sharply between August and September, output increased in the later month this year, an expansion of activity in the Douglas fir area having slightly more than offset reduced operations in the western pine regions. This Bank's adjusted index rose from 33 (1923-1925 average=100) in August to 37 in September. In September, 1931, the index stood at 54. The ratio of orders for lumber to production continued to increase, however, orders increasing to an amount nearly as large as in September, 1931.

The value of building and construction receded seasonally in September. A decrease was shown in total engineering contracts awarded, although street and road undertakings increased considerably. September value of building permits in 90 cities of the District remained practically unchanged, after allowance for seasonal factors. The relatively higher level of engineering contracts awarded, in comparison with building permits, during the past year or two has resulted almost entirely from intermittent activity in certain fields stimulated by Federal and State Governments.

Output of flour, which had been at a fairly high level during earlier months of the year,

decreased in September, although there is usually an increase during that month. Despite this decrease, inventories of flour were larger at the end of the month than at its beginning. Mills also reported large additions to their stocks of wheat as is customary at this season. During recent months millers' stocks of both wheat and flour have been larger than in the corresponding period of 1931, but considerably smaller than in either 1930 or 1929.

As in the United States as a whole, the quantity of wool consumed by Pacific Coast manufacturers has been at relatively high levels during the past few months, the daily average amount being larger in August than in any month, except November, 1931, since comparable figures were first compiled in 1922. During each of the past two years, wool consumption has declined to unusually low levels in the spring, but has increased sharply during the summer and autumn.

Trade

The value of department store trade was seasonally higher in September than in August. Approximately the usual changes were reported by stores in most cities of the District, except

RETAIL TRADE—Twelfth District
Percentage changes in value of sales and stocks
with no adjustment for price changes

	1932 compared with 1931		
	NET SALES		STOCKS
	September	January 1 to end of September	September
Department Stores . . .	-22.1 (68)	-24.4 (66)	-26.8 (53)
Los Angeles	-15.9 (10)	-23.3 (10)	-29.4 (9)
Other Southern Calif.	-25.4 (8)	-26.2 (8)	-24.8 (6)
Oakland	-26.8 (4)	-22.8 (4)	-30.8 (4)
San Francisco	-19.7 (7)	-20.4 (7)	-23.4 (7)
Other Northern Calif.	-26.3 (8)	-22.4 (8)	-20.8 (8)
Portland†	-32.5 (7)	-32.3 (6)	-35.0 (7)
Seattle	-28.4 (5)	-30.8 (5)	-24.5 (5)
Spokane	-29.3 (4)	-23.6 (4)	-20.6 (4)
Salt Lake City	-30.5 (4)	-26.0 (4)	-11.0 (3)
Apparel Stores	-25.7 (24)	-25.4 (22)	-28.4 (15)
Furniture Stores	-29.4 (37)	-30.7 (35)	-27.4 (29)
All Stores	-23.3 (129)	-25.2 (123)	-27.0 (97)

†Includes five apparel stores which are not included in District department store total.
Figures in parentheses indicate number of stores reporting.
Note: These figures take no account of operating costs.

in Oakland where there was a decline. The reduction in sales value from the corresponding month in 1931 amounted to 22 per cent, whereas the number of sales transactions was only 5 per cent less, the difference reflecting principally the decrease in retail prices at department stores. Merchandise inventories did not increase quite as much as is customary during the month.

Wholesale trade also expanded seasonally during September. Sales of dry goods, electrical supplies, furniture, shoes, and paper and stationery increased by more than the average amount, while the value of agricultural implements sold was considerably smaller. Total sales were 19 per cent lower than in Septem-

Distribution and Trade—

	1932				1931		
	Sept.	Aug.	July	June	Sept.	Aug.	July
	Indexes adjusted for seasonal variations (1923-1925 average=100)						
Carloadings‡							
Total	52	57	55	71	72	81	
Merchandise	68	74	75	84	85	101	
Foreign Trade*							
Total†	45	45	45	75	77	78	
Imports †	40	39	42	63	61	64	
Exports	48	48	47	81	83	83	
Intercoastal Trade							
Total	55	49	45	51	80	65	59
Westbound	53	61	72	57	86	82	85
Eastbound	54	47	39	50	76	62	53
Retail Trade							
Automobile Sales‡							
Total	33	29	30	47	58	56	67
Passenger	31	28	28	45	54	49	62
Commercial	47	48	50	71	97	97	110
Department Store							
Sales‡	73	73	72	74	92	100	100
Stocks§	63	63	67	70	86	87	87
Collections#							
Regular	39.6	38.6	39.2	40.1	41.5	41.2	42.3
Installment	14.0	14.4	13.4	13.8	15.1	15.9	15.3

‡Daily average. *Indexes are for three months ending with month indicated. †Excluding raw silk. ‡At end of month. #Per cent of collections during month to amount outstanding at first of month.

ber, 1931, as compared with a year-to-year decrease of 23 per cent in August.

During September, as in the previous month, intercoastal trade expanded because of a contrary to seasonal increase in eastbound traffic through the Panama Canal. The increase was due entirely to larger cargoes of commodities other than lumber and petroleum, an increase in tonnage of the former offsetting a decline

WHOLESALE TRADE—Twelfth District
Percentage changes in value of sales with
no adjustment for price changes

	September, 1932 compared with		Cumulative 1932 compared with 1931
	Aug., 1932	Sept., 1931	
Agricultural Implements	- 7.8	-43.4	-39.0
Automobile Supplies	1.0	-18.9	-20.1
Drugs	3.4	-20.3	-20.3
Dry Goods	12.4	-24.8	-33.8
Electrical Supplies	27.8	-26.4	-43.4
Furniture	22.2	-35.3	-37.0
Groceries	9.1	-10.7	-18.3
Hardware	5.7	-25.6	-30.2
Shoes	18.8	-16.0	-29.8
Paper and Stationery	11.1	-19.8	-21.3
All Lines	9.2	-19.4	-25.9

Note: These figures take no account of operating costs.

in the volume of petroleum shipments. Atlantic to Pacific traffic receded more than is customary during the month.

This Bank's seasonally adjusted index of automobile registrations advanced from August to September. Daily average sales of trucks were seasonally larger than in the preceding month, and the number of passenger cars registered declined less than is customary.

Prices

Declines in prices of farm products, non-ferrous metals, and some other commodities during the last half of September checked the upward movement in weekly price indexes that had lasted from mid-June to the second week of September. By mid-October these indexes had declined to the levels of early August. The Bureau of Labor Statistics' monthly index of wholesale prices was 65.3 (1926 = 100) in September, 65.2 in August, and 69.1 in September, 1931.

Retail food prices in the principal cities of the Twelfth District as compiled by the United States Bureau of Labor Statistics have decreased substantially since September, 1929. During the three years ended September, 1932, retail food prices declined about 33 per cent in San Francisco, 35 per cent in Portland and Seattle, and 39 per cent in Los Angeles and Salt Lake City. The decline in the United States over this same period amounted to 36 per cent.

Wheat, barley, and rice prices declined during September at important District markets and in early October approached the low levels of mid-July. Continued stability in prices of

hay, beans, and potatoes was in contrast with the decline in grain prices. Cotton prices declined during September and early October, but in the middle of the later month remained approximately 40 per cent above the year's low price which was established in June. California pears, lemons, and oranges sold in Eastern auction markets during September at somewhat higher prices than in August. Quotations on apples changed little during the month, while grape prices declined and in late September were lower than in September of either 1931 or 1930. Dried fruit prices were relatively stable during September with the exception of quotations on raisins which continued to decline. Opening prices for 1932 packs of canned fruits in California ranged from 7 to 22 per cent lower than a year ago. Hog prices declined seasonally. Cattle sold at west coast markets during September brought lower prices than in any other month of this year, but prices for good quality lambs increased.

As in other recent months, the price of California crude oil and its products remained comparatively stable through September, although the retail price of third structure gasoline was advanced 1 cent per gallon in Southern California. Quotations for lumber did not change during the month. With the exception of copper prices, which remained unchanged, quotations for the principal non-ferrous metals—copper, lead, zinc, and silver—declined in September, offsetting increases during late August.

Bank Debits*—

	Sept. 1932	Sept. 1931	Cumulative Nine Months— 1931	
Arizona				
Phoenix	\$ 16,657	\$ 25,207	\$ 185,279	\$ 274,371
California				
Bakersfield	6,651	9,585	66,312	94,889
Berkeley	12,080	15,456	128,263	149,106
Fresno	14,746	23,616	135,688	195,548
Long Beach	22,157	35,455	238,794	369,159
Los Angeles	505,201	701,530	5,065,246	7,228,943
Oakland	142,019	173,986	1,464,508	1,683,100
Pasadena	18,866	26,177	196,378	272,947
Sacramento	35,060	42,302	347,474	419,893
San Bernardino	4,723	7,846	54,156	78,366
San Diego	29,251	42,856	308,751	431,376
San Francisco	605,403	909,040	5,932,469	8,821,870
San Jose	15,510	24,207	144,071	220,401
Santa Barbara	8,483	12,190	83,383	117,028
Stockton	11,777	15,388	117,916	155,544
Idaho				
Boise	7,452	14,153	89,630	118,279
Nevada				
Reno	7,131	10,219	68,726	91,480
Oregon				
Eugene	3,257	5,053	34,500	49,014
Portland	93,974	133,348	892,635	1,287,118
Utah				
Ogden	12,049	12,595	81,646	125,486
Salt Lake City	37,041	53,373	378,136	531,371
Washington				
Bellingham	4,201	6,322	41,845	60,703
Everett	4,608	8,633	48,934	83,166
Seattle	121,043	171,283	1,172,859	1,753,613
Spokane	26,255	38,342	250,864	371,012
Tacoma	18,066	31,043	190,496	300,889
Yakima	8,129	11,957	69,010	106,827
Total	\$1,791,790	\$2,561,162	\$17,787,069	\$25,391,499

*In thousands of dollars.

Credit Situation

Banking conditions in the Twelfth District improved further during September and the first half of October. This improvement, following virtual completion of harvesting and substantial progress in the marketing of most agricultural products, was of a seasonal nature in country areas. Currency circulation did not change appreciably during the four weeks ended October 19. There was little change in reserve bank credit extended to the Twelfth District, but credit extended by reporting member banks increased by a small amount.

SUPPLY OF AND DEMAND FOR BANKING FUNDS Twelfth District

Changes between September 22 and October 19, 1932
(In millions of dollars)

Supply		Demand	
Monetary gold stock...	— 7.2	Demand for currency....	1.2
Treasury operations....	12.8	Member bank reserve	
Reserve bank credit....	— 1.6	deposits	2.7
Discounts	— 1.7	Unexpended capital funds,	
Acceptances .....	.0	non-member deposits,	
Other .....	.1	etc. ....	.1
Total	4.0	Total	4.0

A slight increase in total loans and investments of reporting city member banks between September 21 and October 19 resulted from the allotment of 27 million dollars of 3 per cent Treasury Notes to District purchasers on October 15. Of the District's allotment of these securities, one million dollars were paid for in cash, 15 million dollars were paid for by deposit credit to the Government, and the balance was accounted for by the exchange of maturing securities for the new. Loans on securities showed almost no variation during this four-week period, while all other loans, which are largely for commercial purposes, declined. Total deposits increased during this period, a

result of considerable expansion in both time and net demand deposits, as well as in Government deposits.

There was almost no change between September 21 and October 19 in the amount of

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

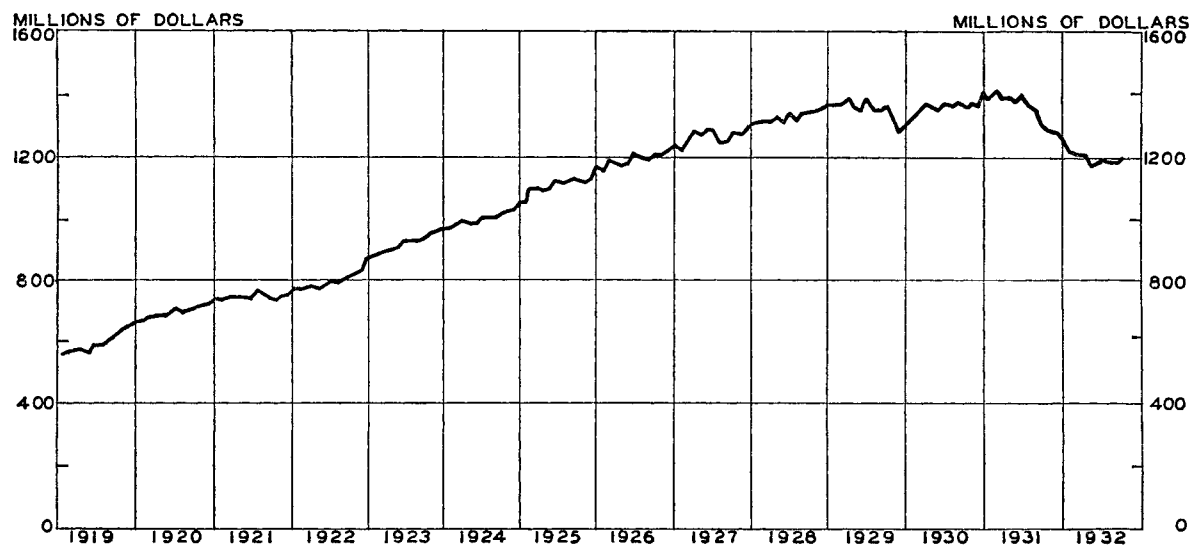
	Condition			
	Oct. 19, 1932	Oct. 12, 1932	Sept. 21, 1932	Oct. 21, 1931
Loans and Investments—Total..	1,738	1,732	1,735	1,871
Loans—Total	981	986	993	1,142
On Securities	243	243	244	302
All Other	738	743	749	840
Investments—Total	757	746	742	729
United States Securities ..	422	410	411	373
Other Securities	335	336	331	356
Reserve with Reserve Bank ..	86	85	85	92
Net Demand Deposits	566	556	557	662
Time Deposits	894	893	880	950
Due from Banks	167	151	147	130
Due to Banks	178	176	171	183
Borrowings at Reserve Bank ..	43	48	43	94

Federal reserve bank credit employed in the Twelfth District. New issues of national bank notes, which are based upon Treasury credit, continued to displace other types of currency,

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

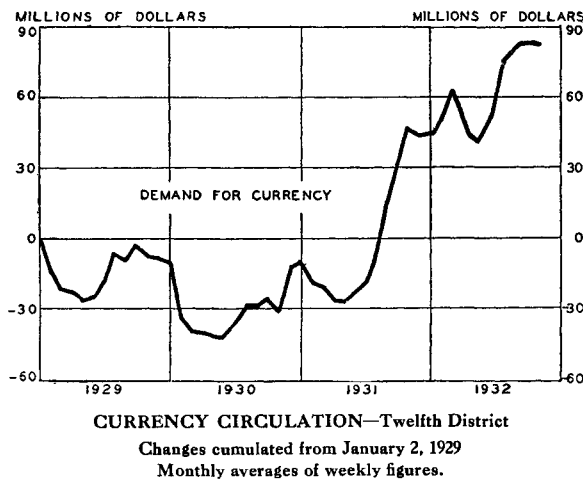
	Condition			
	Oct. 19, 1932	Oct. 12, 1932	Sept. 21, 1932	Oct. 21, 1931
Total Bills and Securities	183	189	185	245
Bills Discounted	57	63	59	104
Bills Bought	2	2	3	84
United States Securities	123	123	123	55
Total Reserves	211	210	210	175
Total Deposits	148	147	146	173
Federal Reserve Notes in				
Circulation	232	235	235	228
Ratio of Total Reserves to Deposit and Note Liabilities Combined	55.5	55.1	55.1	43.7

the total remaining practically unchanged. On the basis of experience in previous years, currency circulation may be expected to increase during the remainder of 1932. Receipts of funds



SAVINGS DEPOSITS—Twelfth District
Principal banks in seven larger cities (end of month figures).

from and payments to other districts were about equal, as were collections and disbursements by the United States Treasury, with the result that there was little change in available banking funds in this area from these sources.



Deposits of country banks with Twelfth District city banks have increased seasonally during the past two months with improvement in the position of country institutions. The banks receiving these deposits, however, have been unable to find suitable employment for them locally. They have, therefore, sent them to eastern financial centers, notwithstanding the

extremely low yields available upon such funds in those cities. Reflecting the rather substantial transfers of banking funds out of the District, the net indebtedness of city banks to other banks has averaged lower during the past two months than at any time during the last 5 years, although the level is not much below that of late 1929. At that time, however, the underlying reason for the low level of net indebtedness of city banks to other banks was found in the attraction of the unusually high interest rates obtainable in New York money markets which drew banking funds from both country and city banks in this area to that city.

Savings deposits of leading banks in the principal cities of the District were somewhat higher in September than in August. These deposits were much lower than in September, 1931, however, except in San Francisco where the decrease in comparison with last year was small.

Successive reductions in open-market rates in New York during 1932 have not been reflected in an easing of rates charged customers by banks in this region. There was no change in such rates by city banks during October, the average remaining somewhat higher than in July and August.

Stock exchange volume and value of trading on the principal Pacific Coast markets was considerably less in September than in August or in September, 1931.

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial activity and shipments of commodities by rail increased from August to September by considerably more than the usual seasonal amount. There was also a more than seasonal increase in the volume of factory employment and payrolls. The general level of prices, after advancing for three months, showed a decline beginning in the early part of September.

Production and Employment. Volume of industrial production, as measured by the Board's seasonally adjusted index, based on the 1923-1925 average, increased from a low point of 58 in July to 60 in August and 66 in September. The advance in September reflected chiefly large increases in activity at textile mills, shoe factories, meat packing establishments, and coal mines. In the steel industry, where activity had shown none of the usual seasonal increase in August, operations expanded considerably during September and the first three weeks of October to about 20 per cent of capacity. Daily

average output of automobiles and lumber in September showed little change from recent low levels.

Factory employment increased from 58.8 per cent of the 1923-1925 average in August to 60.3 per cent in September, according to the Board's seasonally adjusted index. Considerable increases were reported in the cotton, woolen, silk, hosiery, and clothing industries, and smaller increases at car building shops, foundries, cement mills, and furniture factories. In the automobile tire and electrical machinery industries, employment declined.

During the three months ending with September, value of building contracts awarded, as reported by the F. W. Dodge Corporation, was about the same as in the preceding three months, although awards are usually smaller in the third quarter. In the first half of October the daily average of contracts declined somewhat.

Distribution. Volume of freight car loadings increased by considerably more than the usual

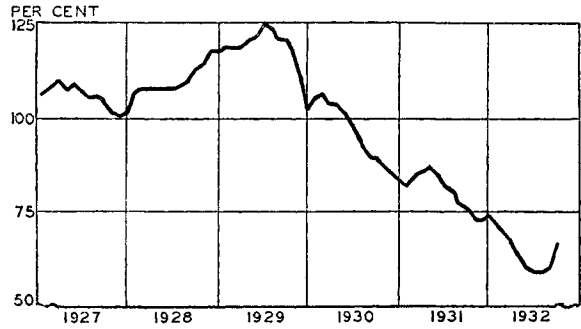
seasonal amount in September, reflecting chiefly larger shipments of coal and miscellaneous freight. Department store sales increased from the low level of August by somewhat more than the usual seasonal percentage.

Wholesale Prices. Wholesale commodity prices, as measured by the monthly index of the Bureau of Labor Statistics, showed little change

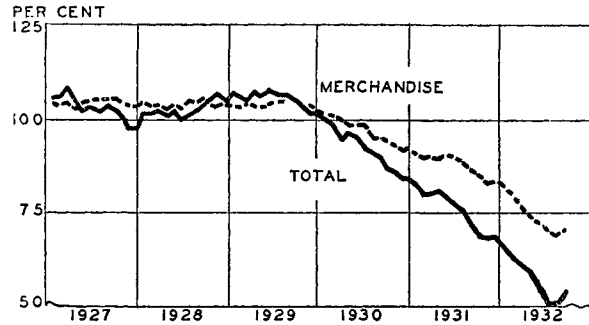
monetary gold, from an unseasonal return flow of currency, and from issues of additional national bank notes.

Member bank indebtedness to the reserve banks declined by more than \$100,000,000 from September 7 to October 19, and their reserve balances increased by \$180,000,000.

During September and the first two weeks of



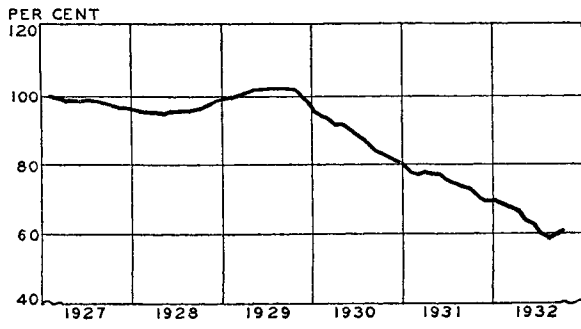
INDUSTRIAL PRODUCTION
Index numbers of industrial production adjusted for seasonal variations (1923-1925 average=100).



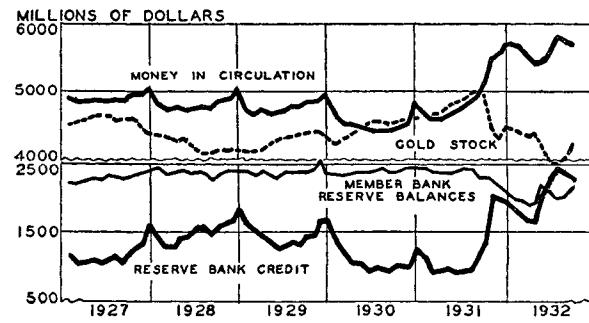
RAILROAD FREIGHT-CAR LOADINGS
Indexes of daily average number of cars loaded; adjusted for seasonal variations (1923-1925 average=100).

from August to September. During August and early September there was a general advance in prices followed by a decline which continued through the first half of October, when the average was 2 per cent below the high point in early September and 1 per cent above the low point of early summer. Substantial decreases occurred after the beginning of September in

October reporting member banks in leading cities showed a further growth in investment holdings, largely of United States Government securities, but to some extent of other investments. Loans of reporting banks declined further in September. In the early part of October, loans at banks in New York City showed an increase. There was considerable growth in Gov-



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



FEDERAL RESERVE BANK CREDIT AND PRINCIPAL FACTORS IN CHANGES
Monthly averages of daily figures. Latest figures are averages of first 22 days in October.

the prices of many domestic agricultural commodities, including cotton, grains, and livestock, and also in prices of gasoline, non-ferrous metals, and imported raw materials; while prices of wool, worsted yarns, coal, and lumber increased somewhat during this period.

Bank Credit. During September and the first three weeks of October there were further additions to the reserve funds of member banks, arising from increases in the country's stock of

ernment deposits and in bankers' balances during the period; time deposits also increased.

Money rates in the open market declined to lower levels during the first half of October, the rate on prime commercial paper being reduced from a range of 2-2¼ per cent to a range of 1¾-2 per cent and the rate on 90 day bankers' acceptances from ¾ per cent to ½ per cent. Rates for call loans on stock exchange collateral declined from 2 per cent to 1 per cent.