

MONTHLY REVIEW

OF

BUSINESS CONDITIONS

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TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Most of the September gain in Twelfth District industrial activity was lost in October, after allowance for seasonal changes, but the sale and distribution of commodities was relatively well maintained during the month. The easy money conditions of the past few months continued in general, although renewed strain became evident among country banks in some areas. There was an adequate supply of funds in the principal banking centers of the District.

Harvesting was nearly completed in October, facilitated by the absence of the usual amount of rainfall at this season. Ranges were not appreciably affected by the lack of moisture, however, and the quality of livestock marketed continued to be good. Marketing activity increased seasonally from September to October, but remained less than in the corresponding month of the preceding year. Prices for farm products receded in October, approaching their mid-summer lows.

Crude oil was produced at a slightly lower rate in California during the six weeks ending with mid-November, than in September. The small decline failed by a considerable amount, however, to bring output within the limits of the current proration schedules. Activity at refineries increased during the month, notwithstanding which gasoline inventories were reduced. Lumber production increased less than is usual from September to October, and orders received by mills declined sharply. Activity at flour mills receded, contrary to the seasonal tendency. A decrease in the adjusted index of electric power production offset an advance in the preceding month. The ill effects of seasonal decreases in employment were mitigated to a considerable degree by coöperative efforts to spread available work and create new jobs. Wage rates were reported to have changed little.

Department store sales continued to rise from September to October, although a slight decline is usual between those months. Inter-coastal traffic expanded further, after allowance for seasonal factors, while automobile registra-

tions declined. Freight carloadings increased seasonally during October.

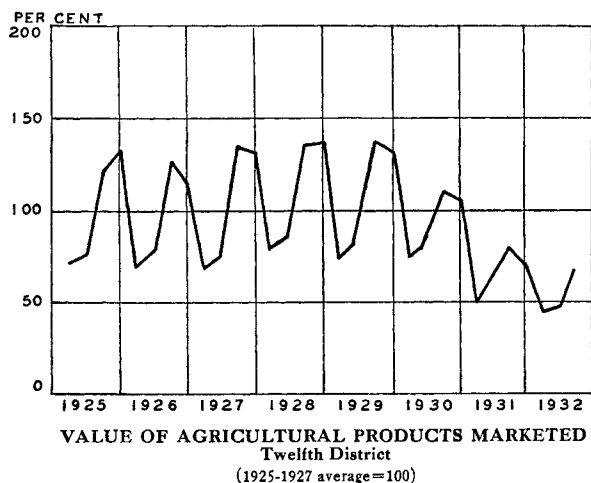
Demand for currency increased substantially during the four weeks ended November 16, but, since the additional currency issued consisted entirely of national bank notes, no added strain was placed upon the District banking structure. Treasury expenditures in excess of collections within the District not only offset an outflow of funds to other parts of the United States on commercial account, but also made possible a reduction in borrowings from the Reserve Bank. Except for further declines in commercial loans, there were no significant changes in the condition of reporting member banks. In certain country areas, notably Nevada, the banking situation became more strained during October and early November.

Agriculture

Harvesting of the District's late maturing crops was completed during October and early November. Estimates of the volume of crops produced in the District during 1932 have not changed materially during the past three months and it is now certain that production of grains, field crops, fruits, and vegetables has been greater this year than in 1931. Considerable quantities of fruits have not been harvested, however, because of persistently unfavorable market conditions during the greater part of 1932. The quality of livestock marketed during the autumn shipping season this year reflects the improved range conditions evident in the late spring and summer months. Although fall ranges are dry, feeding conditions have been relatively good. Forage on desert ranges, which are used in some portions of the District for the winter feeding of livestock, is better than a year ago. In California, rain is needed to start the growth of forage on winter grazing ranges in the lower altitudes.

The volume of most crops and animal products marketed during October of this year was smaller than in October, 1931. The same year-

to-year relationship was shown during July, August, and September. Reflecting the reduced volume of agricultural marketings and a lower level of prices, this Bank's quarterly index of the value of agricultural products marketed was substantially lower, at 67 per cent of the 1925-1927 average, in the third quarter of 1932 than in the third quarter of 1931, when the index stood at 79.



During late October, rainfall throughout the Pacific Northwest was helpful to the development of winter wheat, although cool weather retarded the autumn growth of that crop. Lack of rainfall in California has delayed the usual fall tillage operations.

Movement of the 1932 California grape crop to market had been practically completed at the end of October. During the 1932 marketing season to November 1, shipments of grapes totaled 36,931 carloads, compared with 35,119 carloads shipped during a similar period in 1931. Prices paid growers were lower than in any season since 1928, reports indicating that considerable quantities of grapes sold at eastern auction markets for prices scarcely high enough

or too low to cover shipping costs. Total production of grapes in California this year was estimated on November 1 to be 1,882,000 tons compared with a crop of 1,320,000 tons in 1931 and an average annual production of 2,097,000 tons from 1924 through 1928. Estimates of the commercial apple crop (that part of total apple production which is marketed) in the District have been reduced 12 per cent since September, due chiefly to decreases in the State of Washington where heavy culling has been necessary to meet present grade requirements and where the local market outlet for low grade fruit has been restricted. It is still expected that the commercial crop will be equal to or slightly larger than in 1931, however, the November 1 estimate for California, Idaho, Oregon, and Washington combined being 36,966,000 bushels, compared with 36,588,000 bushels marketed in 1931. From 1926 through 1930, commercial apple production in these states averaged 41,502,000 bushels. Shipments during the season to November 1, totaled 17,241 carloads this year, compared with 19,659 carloads during the same part of last season.

The forthcoming Navel orange crop in California is maturing slowly and is now estimated to be about 14,715,000 boxes, or approximately the size of the crop a year ago. The crop is described as being made up largely of medium-sized good quality fruit. The 1932-1933 lemon crop is estimated to be 6,436,000 boxes, an amount somewhat larger than was marketed during the year ending November 1, 1932. Shipments of oranges and lemons during the twelve months ending November 1, 1932, were 63,175 carloads and 13,602 carloads, respec-

Agricultural Marketing Activity—

	October		Season to Date	
	1932	1931	1932	1931
Carlot Shipments				
Deciduous Fruit..	30,228	22,207	77,940	83,434
Citrus Fruit	5,280	5,647	76,777	81,316
Vegetables	5,602	5,772	24,219	33,243
Exports				
Wheat (bu.)	38,833	5,459,825	1,685,848	11,553,753
Barley (bu.)	942,700	539,972	2,900,557	2,411,620
Receipts				
Cattle*	55,770	64,719	435,843	475,793
Hogs*	142,130	168,307	1,687,948	1,403,204
Sheep*	323,065	358,489	3,412,847	4,093,221
Eggs (cases)	89,452	135,174	1,396,405	1,590,113
Butter (lb.)	5,423,397	5,738,672	67,635,139	67,090,541
Wheat (carlots)...	3,994	6,076	20,169	23,737
Barley (carlots) ..	672	643	2,746	2,646
Storage Holdings (end of month)				
Wheat (bu.)	3,211,000	8,339,000		
Beans (bags)	2,225,862	2,595,248		
Butter (lb.)	3,373,018	2,258,170		
Eggs (cases)	300,252	267,142		

*Receipts at Los Angeles not included.

Employment—

Industries	California		Oregon	
	No. of Firms	No. of Employees	No. of Firms	No. of Employees
All Industries*	1,241	141,679	119	16,665
		(-6.5)		(-8.9)
Stone, Clay and Glass Products..	63	5,072	..	..
		(-21.7)		
Lumber and Wood Manufactures ..	140	14,085	43	7,989
		(-22.5)		(-13.8)
Textiles	17	1,756	7	595
		(-3.6)		(-29.5)
Clothing, Millinery, and Laundering	167	12,650	6‡	210
		(-7.8)		(-15.0)
Food, Beverages, and Tobacco	297	41,521	33	3,528
		(8.8)		(14.6)
Public Utilities...	42	47,613	..	..
		(-8.8)		
Other Industries†.	508	59,099	..	..
		(-10.5)		
Miscellaneous ...	49	7,496	30	4,343
		(5.5)		(-10.6)
Wholesale and Retail	189	32,564	..	..
		(-10.3)		

*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 October, 1931.

tively, compared with 65,394 carloads and 15,922 carloads shipped during the crop season ending November 1, 1931. Auction market returns for oranges continued low during October as in other recent months, while lemon prices advanced.

Production of butter and eggs in the Pacific Coast states declined during October. Although the decline was accompanied by some reductions in storage stocks, inventories of these products remained larger on November 1, 1932, than a year earlier.

Industry

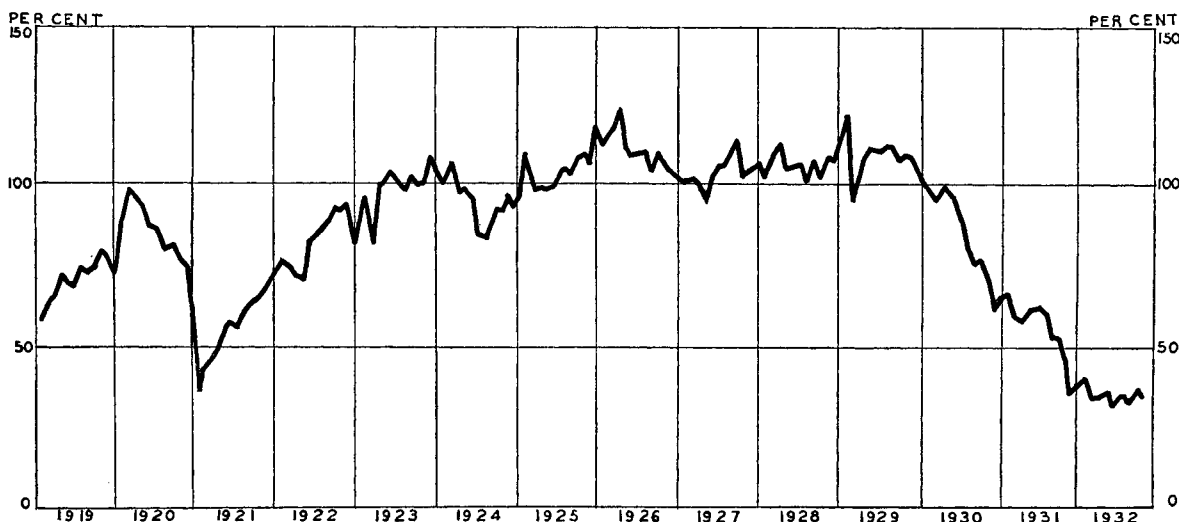
A slight decline in Twelfth District industrial activity was recorded in October, following some advance in the two preceding months. Lumbering and flour milling receded, after allowance for seasonal factors. Activity in the petroleum and construction industries changed little. Electric power production declined by a greater amount than is usual from September to October.

Employment conditions were reported to have improved in most parts of the District, partly as a result of the continued efforts of the spread-the-work program of the Twelfth District Industrial and Banking Committee. Data compiled by the California State Division of Labor Statistics indicate that the reduction in employment in that State from September to October was smaller than has been recorded between these months in most other recent years. Furthermore, wage payments showed little change and there was, therefore, a small increase in average weekly earnings. The year-period decrease in employment has been reduced considerably during the past five months, and in October it was only 6.5 per cent. For

the most part, this apparent improvement may be attributed to extremely sharp declines a year ago rather than to an appreciable increase in employment during recent months. In comparison with last year the petroleum, textile, and printing industries reported small reductions in number of employed, while increases over October, 1931, appeared in the motion picture, canning, and miscellaneous food products industries. Seasonal decreases in agricultural employment were reported in most District states.

A smaller than seasonal increase in the volume of lumber cut during October may be attributed entirely to reduced output in the Western Pine region where operations during preceding months had been maintained at a relatively higher rate than in the District as a whole. Activity in the Douglas Fir and California Redwood areas continued to increase moderately during October, after allowance for seasonal factors. Lumber orders receded considerably, approaching production levels, but shipments were relatively well sustained. As indicated by the accompanying chart lumber production, seasonal movements allowed for, declined almost continuously from late 1929 to the end of 1931. Since the beginning of the current year output, although at an extremely low level, has been practically unchanged.

While both the value of engineering contracts awarded and building permits issued were perceptibly higher in October than in September, there was a considerable drop in this Bank's seasonally adjusted index of their combined total computed from an average of the last three months. That index stood at 28 (1923-1925 average = 100) in October, as compared with 33 in September and 47 in October, 1931. The decline was due to the dropping from the index for the



LUMBER PRODUCTION—Twelfth District
Indexes adjusted for seasonal variation (1923-1925 monthly average=100)

latest month of rather large Federal Government contracts in July, the month immediately preceding the latest period for which the index was computed. That class of engineering awards has comprised an increasingly large proportion of total construction in the District since 1927. Awarding of the Hoover Dam contracts in March, 1931, greatly enlarged the total for that year, and in the first ten months of 1932, Federal Government projects continued to be initiated on a relatively large scale. The value of other public works construction has also been comparatively well maintained during the past two years, in part reflecting the speeding up by state and municipal governments of contemplated construction and the creation of additional programs to provide employment. Loans granted by the Reconstruction Finance Corporation to states have afforded some stimulation during the past two months. Contracts for the Golden Gate Bridge amounting to \$23,289,000 were awarded in early November (tentative contracts let in July, 1931, had expired). On the other hand, residential, commercial, and industrial building has declined almost uninterruptedly for the past seven years to the present extraordinarily low level of approximately 10 per cent of the 1923-1925 average.

California crude oil production averaged slightly lower in October than in September. This decrease would doubtless have been larger but for a series of ten-day capacity flow tests in the Los Angeles basin area to determine new potentials for certain producing fields. Although a considerable reduction was recorded in late October and early November, output averaged approximately 30,000 barrels above the proration allowable of 440,000 barrels daily during the first three weeks of November. Not-

withstanding the fact that the quantity of crude oil run to refinery stills was greater during these weeks than in September, there was some decrease in gasoline inventories, reflecting in part increased shipments to the Atlantic seaboard.

Although production of flour usually expands considerably at this season of the year, a decrease was reported for October. Despite the reduced output, inventories were larger at the close of the month than at its beginning. Millers' stocks of wheat, however, were reported to have been reduced during October.

Trade

Sales of department stores increased moderately during October, following a net advance of approximately seasonal proportions in the three preceding months. Increases in sales of San Francisco and Seattle stores were contrary to the usual experience recorded from September to October, and sales of Oakland and Salt Lake City stores advanced more than seasonally. Los Angeles stores reported a somewhat larger than customary decrease. The year-period reduction in total value of sales remained about the same in October as in September. If allowance is made for the fact that there was one more business day in October, 1931, than in October, 1932, however, the decline from the preceding year was smaller than in September. The number of sales transactions was 11 per cent smaller than in October of last year. Merchandise inventories continued to increase, but at less than the seasonal rate.

Total freight carloadings increased by the usual substantial amount from September to October. Shipments of merchandise and mis-

Industry—

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

	1932				1931		
	Oct.	Sept.	Aug.	July	Oct.	Sept.	Aug.
General							
Carloadings—Industrial..	41¶	40	31	34	51	54	53
Electric Pwr. Production.135¶	139	135	134	148	155	153	
Manufactures							
Lumber	36	37	33	35	47	54	53
Refined Mineral Oils†...	..	127	131	131	142	146	140
Flour	75	93	109	87	117	102	88
Slaughter of Livestock...	..	91	94	87	98	102	99
Cement	42	42	45	51	65	56	57
Wool Consumption† .....	..	144	128	82	115	91	101
Minerals							
Petroleum (California)†.	72¶	72	73	72	76	77	77
Lead (United States)‡.	38	41	33	31	68	67	61
Silver (United States)‡.	36	36	41	40	40	39	45
Building and Construction§							
Total	28	33	32	29	47	62	72
Building Permits—Value							
Larger Cities	10	10	10	12	26	30	32
Smaller Cities	13	13	13	14	29	33	36
Engineering Contracts							
Awarded—Value							
Total	52	63	63	53	78	107	128
Excluding Buildings.	91	122	123	96	121	189	238

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

Distribution and Trade—

	1932				1931		
	Oct.	Sept.	Aug.	July	Oct.	Sept.	Aug.
	Indexes adjusted for seasonal variations (1923-1925 average=100)						
Carloadings†							
Total	59¶	59	52	57	66	71	72
Merchandise	71¶	73	68	74	78	84	85
Foreign Trade°							
Total‡ .....	..	47	46	45	64	75	77
Imports † .....	..	38	40	39	63	61	64
Exports .....	..	51	49	48	67	81	83
Intercoastal Trade							
Total	62	55	49	45	71	80	65
Westbound	70	53	61	72	78	86	82
Eastbound	58	54	47	39	67	76	62
Retail Trade							
Automobile Sales‡							
Total	28	33	29	30	46	58	56
Passenger	26	31	28	28	41	54	49
Commercial	50	47	48	50	89	97	97
Department Store							
Sales‡	75	73	73	72	95	92	100
Stocks§	61	63	63	67	84	86	87
Collections#	Actual Figures						
Regular	43.3	39.6	38.6	39.2	45.5	41.5	41.2
Installment ...	14.7	14.0	14.4	13.4	15.7	15.1	15.9

†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. ¶Preliminary.

cellaneous freight, which customarily account for nearly the entire advance, increased somewhat less than seasonally, while loadings of industrial freight increased slightly after seasonal adjustment.

Intercoastal traffic expanded considerably further during October, and this Bank's index, adjusted for seasonal variations, advanced to 62 per cent of the 1923-1925 average, the highest point yet reached in 1932. At 45 in July the index stood at the lowest point recorded thus far this year. The greater part of the increase from July to October resulted from increases in eastbound traffic, principally larger petroleum shipments. Atlantic to Pacific traffic was also larger in October than in September.

in the ten years for which figures have been compiled. The entire decline in the index resulted from decreased registrations of new passenger cars, commercial vehicles having increased after seasonal adjustment.

The value of the District's foreign trade was lower during the three months ending with September than in the second quarter of this year. Imports, excluding raw silk, decreased sharply in value and more than offset a considerable increase in exports. The increased value of exports resulted partly from a marked rise in canned fruit shipments in anticipation of new tariff schedules announced by some foreign countries to become effective in November.

Prices

The September decline in commodity prices, which followed advances during June, July, and August, continued during October and early November. At the end of the first week in November weekly price indexes approximated their June lows. The Bureau of Labor Statistics' monthly index of prices declined from 65.3 to 64.4 (1926 = 100) between September and October, but remained above the June figure of 63.9. Weekly indexes have shown some stability since the first week in November.

As is usually the case, recent changes in prices of agricultural commodities have been of greater magnitude than have price changes of most other commodity groups. The December contract for wheat at Chicago declined

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
	October	January 1 to end of October	October
Department Stores ...	-22.7 (68)	-24.2 (66)	-25.9 (52)
Los Angeles	-22.0 (10)	-23.2 (10)	-26.6 (9)
Other Southern Calif.	-18.5 (8)	-25.5 (7)	-18.4 (5)
Oakland	-22.7 (4)	-22.8 (4)	-27.7 (4)
San Francisco	-23.6 (7)	-20.7 (7)	-24.1 (7)
Other Northern Calif.	-21.2 (8)	-22.3 (8)	-16.7 (8)
Portland†	-26.2 (7)	-31.6 (6)	-37.5 (7)
Seattle	-20.6 (5)	-29.7 (5)	-27.2 (5)
Spokane	-25.5 (4)	-23.9 (4)	-19.1 (4)
Salt Lake City	-27.5 (4)	-26.1 (4)	-16.1 (3)
Apparel Stores	-19.4 (27)	-24.6 (22)	-28.3 (15)
Furniture Stores	-33.3 (38)	-30.1 (35)	-27.5 (31)
All Stores	-23.7 (133)	-24.9 (123)	-26.3 (98)

†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.

Value of wholesale trade decreased 7 per cent from September to October. Sales of reporting automobile supplies, dry goods, and hardware wholesalers were only slightly smaller in value than in the preceding month, while sales of reporting drug houses increased, as is cus-

WHOLESALE TRADE—Twelfth District			
Percentage changes in value of sales with no adjustment for price changes			
	October, 1932 compared with		Cumulative compared with 1931
	Sept., 1932	Oct., 1931	
Agricultural Implements	8.0	-45.4	-39.7
Automobile Supplies	1.9	-17.3	-20.4
Drugs	5.8	-22.5	-20.5
Dry Goods	3.4	-21.0	-32.1
Electrical Supplies	10.0	-39.1	-43.0
Furniture	13.7	-36.4	-36.3
Groceries	12.1	-20.6	-18.6
Hardware	0.7	-21.9	-29.3
Shoes	11.6	5.1	-27.8
Paper and Stationery	12.9	-17.4	-20.9
All Lines	6.8	-22.9	-25.6

Note: These figures take no account of operating costs.

tomary during October. The reduction from the corresponding month in the preceding year was slightly larger in October than in September.

Daily average sales of automobiles receded more than is customary from September to October and this Bank's adjusted index declined to the lowest level recorded in any month

Bank Debits*—	Oct., 1932	Oct., 1931	Cumulative Ten Months	
			1932	1931
Arizona				
Phoenix	\$ 16,552	\$ 28,086	\$ 201,831	\$ 302,457
California				
Bakersfield	8,034	10,999	74,346	105,888
Berkeley	11,445	18,432	139,708	167,538
Fresno	18,283	30,419	153,971	225,967
Long Beach	21,950	37,020	260,744	406,179
Los Angeles	493,711	728,852	5,558,957	7,957,795
Oakland	158,725	192,711	1,623,233	1,875,811
Pasadena	15,949	28,048	212,327	300,995
Sacramento	34,047	49,418	381,521	469,311
San Bernardino	4,742	8,642	58,898	87,008
San Diego	27,956	43,349	336,707	474,725
San Francisco	631,627	859,244	6,564,096	9,681,114
San Jose	15,397	26,746	159,468	247,147
Santa Barbara	7,993	12,560	91,376	129,588
Stockton	11,490	17,570	128,506	173,114
Idaho				
Boise	7,630	15,449	97,260	133,728
Nevada				
Reno	6,090	10,027	74,816	101,507
Oregon				
Eugene	3,622	5,974	38,122	54,988
Portland	94,954	147,191	987,589	1,434,309
Utah				
Ogden	9,609	14,032	91,255	139,518
Salt Lake City	41,490	60,287	419,626	591,658
Washington				
Bellingham	3,804	6,730	45,649	67,433
Everett	4,659	8,622	53,593	91,788
Seattle	117,466	176,583	1,290,325	1,930,196
Spokane	26,012	41,447	276,876	412,459
Tacoma	17,625	29,828	208,121	330,717
Yakima	8,921	13,704	77,931	120,531
Total	\$1,819,783	\$2,621,970	\$19,606,852	\$28,013,469

*In thousands of dollars.

almost continuously until November 3, when an all-time low price of 41 $\frac{3}{8}$ cents per bushel was quoted. After that date wheat prices recovered slightly, the quotation on the same contract ranging from 45 $\frac{3}{8}$ -47 $\frac{1}{4}$ cents per bushel on November 14, but declining to a range of 42 $\frac{1}{2}$ -43 $\frac{1}{4}$ cents per bushel on November 21. Quotations on barley, oats, and rice decreased during October, but advanced slightly during the first half of November. Prices for hay, beans, and potatoes changed little. Cotton prices declined during October, but remained fairly stable in November, about 25 per cent above the low levels reached in June. Apple prices advanced some in October and November, although they were lower than at that time in 1931. Prices for grapes were lower during the 1932 marketing season than at any time in recent years. The upward tendency which has been usual at the close of the shipping season in past years did not materialize this year. California orange prices averaged the same in October as in September, but were lower than in the autumn of 1931. Lemon prices were higher during September and October than at any time in 1932 and were above the prices of a year ago. Quotations on canned and dried fruits did not change during October.

During October and early November cattle sold at the lowest levels of the year. Hog prices remained unchanged during October, but declined slightly in November. Quotations on lambs were higher in mid-November than at the beginning of October.

Copper, lead, zinc, and silver prices were lower in late October than in September, declining to levels approximating those of mid-July, when quotations for those metals were the lowest recorded this year. Quotations on all of these metals advanced, however, around mid-November. Pine and fir lumber prices in the Pacific Northwest were the same in October as in the preceding two months.

Credit Situation

Although currency in circulation increased considerably during the four weeks ended November 16, and there was some banking tension in certain areas, the credit situation remained relatively easy throughout most of the District. The number of banks requiring Federal reserve credit declined, deposits of surplus funds with city banks averaged higher than in any other period of similar length this year, and individual deposits of city banks were maintained above the levels of preceding months. In conformity with developments in eastern money centers, rates charged by securities brokers to customers carrying debit balances were reduced.

An increase of 12 million dollars in District

currency circulation during the four weeks ended November 16 was somewhat greater than is customary at that time of year. The presence of banking disturbances in some parts of the District offers some explanation of this expansion in demand for currency. The increase was more than met by the issuance of new national bank notes secured by Government obligations and the volume of Federal reserve notes in circulation declined slightly. The District experienced a slightly unfavorable balance of commercial payments with other parts of the

SUPPLY OF AND DEMAND FOR BANKING FUNDS Twelfth District

Changes between October 20 and November 16, 1932
(In millions of dollars)

Supply		Demand	
Monetary gold stock...	—10.8	Demand for currency...	12.3
Treasury operations...	25.8	Member bank reserve	
Reserve bank credit...	.5	deposits	2.7
Discounts	1.2	Unexpended capital funds,	
Acceptances .....	.1	non-member deposits,	
Other .....	.8	etc. ....	.5
Total	15.5	Total	15.5

United States (chiefly New York City) which was more than compensated for by United States Treasury expenditures in excess of collections. This excess of Government disbursements was sufficient in amount to permit member banks to reduce borrowings from the Federal Reserve Bank and to build up their reserve deposits.

Reserve balances have increased since mid-year, when net demand and time deposits of city banks began to rise. Fluctuations in re-

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

	Condition			
	Nov. 16, 1932	Nov. 9, 1932	Oct. 19, 1932	Nov. 18, 1931
Loans and Investments—Total..	1,721	1,725	1,738	1,863
Loans—Total	965	970	981	1,128
On Securities	242	245	243	299
All Other	723	725	738	829
Investments—Total	756	755	757	735
United States Securities	422	420	422	385
Other Securities	334	335	335	350
Reserve with Reserve Bank	88	88	86	96
Net Demand Deposits	571	569	566	666
Time Deposits	892	890	894	945
Due from Banks	181	171	167	127
Due to Banks	185	179	178	186
Borrowings at Reserve Bank....	46	50	43	74

serve deposits of Twelfth District member banks have reflected changes in deposits of customers rather accurately in the past, since it has not been the custom of these banks to maintain large excess reserves, even during times of easy money. Present reserves of member banks in this District are but little above the requirements placed upon them by law. There was little change in investments or security loans of reporting member banks during the four weeks ended November 16, but commercial loans continued to decrease. Time and net demand deposits were practically unchanged, while Government deposits declined slightly.

In an area such as the Twelfth Federal Re-

serve District, which includes numerous regions with widely dissimilar economic activities, it is difficult to generalize as to credit conditions during any particular month. Notwithstanding the large increase in currency circulation, there were only four bank failures during October—three in Oregon and one in California. There was, furthermore, a decrease of 30 (14 per cent) in the number of banks borrowing from the Federal Reserve Bank of San Francisco, although the usual decrease from September to October has approximated only one-third of that num-

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

	Condition			
	Nov. 16, 1932	Nov. 9, 1932	Oct. 19, 1932	Nov. 18, 1931
Total Bills and Securities	185	189	183	200
Bills Discounted	59	63	57	85
Bills Bought	2	2	2	58
United States Securities	123	123	123	55
Total Reserves	213	212	211	223
Total Deposits	151	149	148	181
Federal Reserve Notes in Circulation	232	234	232	225
Ratio of Total Reserves to De- posit and Note Liabilities Combined	55.7	55.4	55.5	55.1

ber. The usual seasonal decline in borrowings of country banks had not taken place during August and September, but the decrease during October corrected this situation, the needs for reserve bank credit being less, with minor exceptions, than at any previous time during

1932. Bankers' balances at city banks were increased further during the month. These banks continued to transfer a considerable volume of these and other funds to New York and eastern markets. Open-market rates in those centers now yield a net return of little more than one-half of one per cent, the rate paid by New York City banks upon balances of out-of-town correspondents.

The amount of bills accepted by District banks has been increasing steadily since July, principally at San Francisco banks. This increase is partly the result of the seasonal marketing of agricultural commodities. Despite the larger amount of acceptances created, banks have reduced their own holdings of bankers' acceptances, the amount held at the close of October (6½ million dollars) being only one-third of their loans on this class of paper at the end of July. The remainder has been disposed of through regular dealers, only a small volume of acceptances having been purchased locally by the Federal Reserve Bank of San Francisco during recent months.

On November 1 a 12-day banking moratorium for the State of Nevada was declared by the Lieutenant Governor of that State in the absence of the Governor. At the expiration of that period the moratorium was extended for two weeks.

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Volume of industrial output, after increasing considerably during August and September, remained unchanged in October. Factory employment and payrolls reported for the middle of the month, showed a further increase. During October, as in the last three weeks of September, wholesale commodity prices declined, and in the first three weeks of November the general average was at the level of early summer.

Production and Employment. Industrial production, as measured by the Board's seasonally adjusted index, continued in October at 66 per cent of the 1923-1925 average, as compared with a low level of 58 per cent in July. In the textile industries, which had shown a rapid expansion in August and September, there was a slight decrease in consumption of raw materials, while output of finished products increased somewhat.

Shoe production, which also had increased substantially in recent months, showed a sea-

sonal decline. Operations at steel mills expanded from an average of 17 per cent of capacity in September to 19 per cent in October contrary to seasonal tendency, and, according to trade reports, continued at about this rate through the first three weeks of November. Production of automobiles in October declined further to a new low level. At coal mines activity continued to increase rapidly until the middle of October, but since that time a reduction, largely seasonal in character, has been reported.

Employment in most manufacturing industries increased between the middle of September and the middle of October, and the Board's seasonally adjusted index of factory employment showed an advance from 60 per cent of the 1923-1925 average to 61 per cent. At textile mills working forces increased by considerably more than the usual seasonal amount, and substantial increases were also reported at steel mills, lumber mills, and carbuilding shops. In

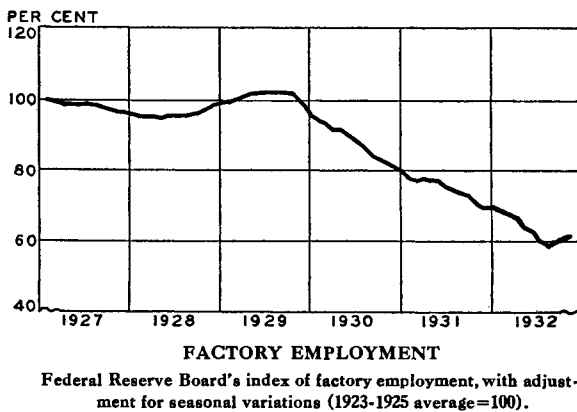
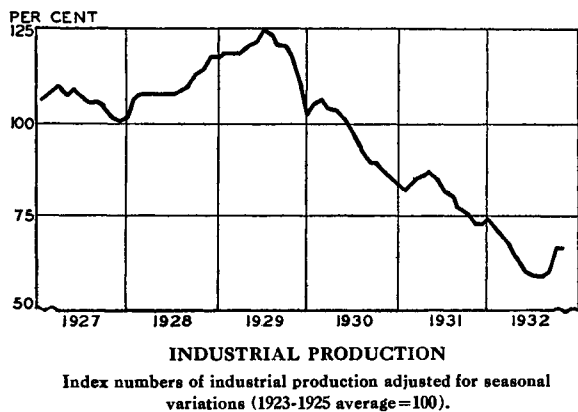
the canning and automobile industries there were decreases in employment.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, continued at low levels during October and the first half of November.

The Department of Agriculture estimate of the cotton crop, based on November 1 condi-

zinc, lead, and tin advanced considerably, but later the prices of these commodities declined.

Bank Credit. Volume of Reserve bank credit showed little change for the four-week period ending November 16. Member bank balances at the reserve banks increased further by \$75,000,000, and in the middle of November were about \$475,000,000 in excess of legal reserve



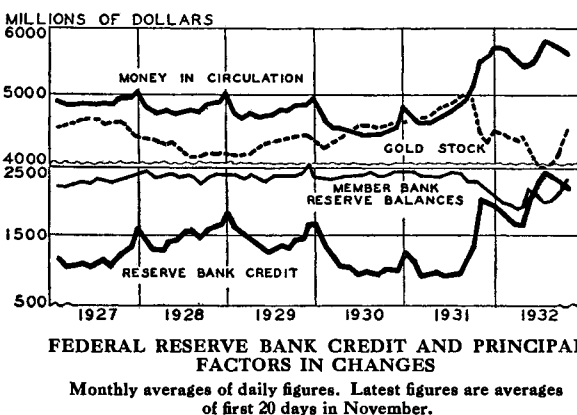
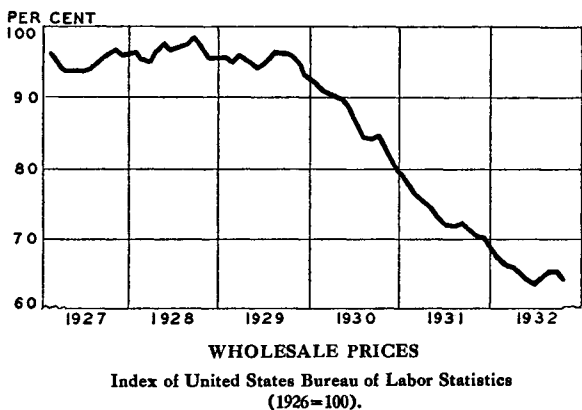
tions, was 11,950,000 bales, about 525,000 bales larger than the estimate a month earlier.

Distribution. From September to October volume of freight traffic increased by more than the usual seasonal amount; after the middle of October carloadings declined, reflecting chiefly seasonal developments. Dollar value of department store sales increased by the usual amount in October.

Wholesale Prices. Wholesale commodity prices, as measured by the monthly index of the

requirements. This growth in reserve balances reflected an increase of \$60,000,000 in the stock of gold and the issue of additional national bank notes. Demand for currency showed little change during the four-week period.

Loans and investments of reporting member banks in leading cities, outside New York City and Chicago, declined further between the middle of October and the middle of November, reflecting a further reduction of loans at these banks. In New York City the investments of



Bureau of Labor Statistics, declined from 65 per cent of the 1926 average in September to 64 per cent in October. Weekly figures show declines in the general average from early September through the first week in November, reflecting reductions in the prices of many domestic agricultural products and their manufactures as well as in the prices of steel rails, copper, coffee, rubber, and silk. In the second week of November prices of many leading commodities including grains, hogs, cotton, silk,

member banks increased by an amount larger than the decrease in loans so that total loans and investments of these banks showed a further increase.

Money rates in the open market continued at low levels during October and the first half of November. Rates on 90-day bankers' acceptances were unchanged at 1/2 of 1 per cent and rates on prime commercial paper declined from a range of 1 3/4-2 per cent to a range of 1 1/2-1 3/4 per cent.