

MONTHLY REVIEW

OF

BUSINESS CONDITIONS

ISAAC B. NEWTON, Chairman of the Board and Federal Reserve Agent
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TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Declines in Twelfth District industrial and trade activity during November were greater this year than has been customary during November of other recent years. The condition of reporting city member banks improved somewhat during the month, although pressure continued evident in country areas. Demand for currency decreased, contrary to the seasonal tendency, during the second half of November and the first two weeks of December.

Rainfall had approached the normal seasonal total in the Pacific Northwest in mid-December, but was less than normal in California and the Intermountain States at that time. Snowfall and unusually cold weather in California during early December damaged winter vegetables and citrus fruits, particularly in northern and central California, and retarded the growth of forage on ranges. Winter wheat was damaged considerably by the cold weather in the Pacific Northwest. Volume of crops marketed was seasonally smaller in November than in October, but approximated the movement in November, 1931. Agricultural prices receded further in November and the first half of December.

Petroleum production in California changed little in the six-week period ending December 17, remaining considerably in excess of proration schedules. Refinery runs to stills decreased slightly, and crude oil stocks continued to rise. Output of lumber decreased more than seasonally from October to November. Some decline was recorded in cement production, after allowance for seasonal factors. The value of both engineering contracts awarded and building permits issued was considerably enlarged as a result of the letting of Golden Gate Bridge contracts. About the seasonal decreases in employment were reported. Few wage reductions were reported in November.

Department store sales were markedly smaller in November than in October, although some increase is usually recorded between these months. Freight carloadings declined more, and automobile registrations less than seasonally.

There was a decline in intercoastal traffic following an advance in the three preceding months.

Reserve bank credit employed in the Twelfth District decreased considerably in the five weeks ending December 21, reflecting principally an inflow of funds from other parts of the United States and Treasury expenditures in excess of collections in the District. Reserve balances at the Federal Reserve Bank of San Francisco were further increased during this period as time deposits of member banks increased moderately. Both loans and investments of reporting member banks increased slightly from mid-November to December 21.

Agriculture

Unusually low temperatures were recorded throughout the Twelfth District during the first half of December. Crop damage was reported in northern and central California where winter vegetable crops and citrus fruits were struck by frost. In the Pacific Northwest the low temperatures resulted in considerable damage to the winter wheat crop, which did not have the usual protective covering of snow. Approximately the normal seasonal amount of rain and snow had fallen in Idaho, Oregon, and Washington by December 15, but seasonal precipitation was below normal and considerably less than a year ago in California on that date. Ordinarily, December, January, February and March are the months of heaviest rainfall in California, while the season of heavy rainfall in the Pacific Northwest begins in November and ends in April or May.

Although estimates of cash income from 1932 crop production are not yet available, it is clear that the figures will be well below those of a year ago, both the volume of marketings and prices received thus far having been considerably lower this year than last. Unsatisfactory marketing conditions have been the major factor contributing to this condition, since the volume of production was larger than in 1931.

The 1932 commercial apple crop in the principal apple producing states of the District was estimated to be 36,036,000 bushels on December 1. Last year, 36,588,000 bushels of apples were harvested commercially in these states. The total crop of apples this year is five per cent smaller than in 1931. Carlot shipments for the season to December 1 were also about five per cent smaller than last year.

The estimate of the California Navel orange crop as of December 1 was about the same as a month earlier, 14,992,000 boxes. During the 1931-1932 shipping season ended June first, 13,247,850 boxes of Navel oranges were marketed. The supply of lemons available for marketing this year is estimated to be 6,507,600 boxes, compared with 5,073,840 boxes actually marketed during the 1931-1932 season. An undetermined amount of damage to the citrus fruit crop in central California resulted from the freezing temperatures of early December.

Receipts of butter and eggs at Pacific Coast markets during November continued at the low volumes of October. Heavy seasonal withdrawals from storage have been necessary, and storage stocks of butter and eggs on December 1 were smaller than on the same date in either of the past two years. During the second half of November, advances in butter and egg prices at Pacific Coast markets stimulated shipments of these products from outside the District, a factor no doubt partly responsible for declines in local quotations during the first ten days of December.

With the exception of California, where rains and warmer weather are needed to accelerate the growth of range feed, the condition of livestock ranges in the Twelfth District is generally satisfactory and much improved as compared with a year ago. Light snowfall on desert ranges during early December furnished water for sheep and opened these areas for winter grazing. The condition of cattle and sheep is generally satisfactory throughout the District

Agricultural Marketing Activity—

	November		Season to Date	
	1932	1931	1932	1931
Carlot Shipments				
Apples and Pears.	6,090	5,460	36,138	40,792
Citrus Fruit	5,864	5,750	5,864	5,750
Vegetables	6,523	6,165	15,093	16,406
Exports				
Wheat (bu.)	348,599	2,302,615	2,034,447	13,856,368
Barley (bu.)	636,314	235,526	3,047,934	2,647,147
Receipts				
Cattle*	48,529	64,735	484,372	540,528
Hogs*	166,554	193,060	1,854,502	1,596,264
Sheep*	207,488	256,840	3,620,335	4,350,061
Eggs (cases)	92,636	134,311	1,489,041	1,724,424
Butter (lb.)	4,868,141	5,660,826	72,503,280	72,751,367
Wheat (carlots) ..	3,511	5,211	23,680	28,948
Storage Holdings (end of month)				
Wheat (bu.)	3,054,000	8,339,000		
Beans (bags)	2,183,234	2,532,916		
Butter (lb.)	1,389,309	1,487,199		
Eggs (cases)	133,129	141,510		

*Receipts at Los Angeles not included.

and hay and grain for supplemental feeding are more plentiful this winter than a year ago.

Receipts of cattle and sheep at Pacific Coast markets have been somewhat smaller in number than a year ago, while the number of hogs received has been considerably larger. Feed conditions were much better throughout the grazing season in 1932 than in 1931, resulting in heavier average weights per head of livestock shipped to market. It is probable, therefore, that there will be little difference in total weight between the cattle and lambs marketed this year and those marketed a year ago.

Sheep and cattle in feedlots west of the Continental Divide are less numerous than a year ago and receipts of sheep at Pacific Coast markets during November and early December were drawn from a more widespread area than in 1931.

Industry

Industrial activity in the Twelfth District receded further from October to November, approaching the mid-year low levels. Declines in production of lumber and cement were larger, while the decrease in output of flour was smaller than is customary during November. The value of building permits and construction contract awards was higher in November than in October. Electric power production decreased seasonally. There was little change in the petroleum situation.

Employment was reported to have been reduced considerably during November in most parts of the District, principally because of seasonal decreases in both agricultural and in-

Employment—

Industries	California		Oregon	
	No. of Firms	No. of Employees Nov. 1932 Nov. 1931	No. of Firms	No. of Employees Nov. 1932 Nov. 1931
All Industries*	1,257	130,639 141,704 (-7.8)	125	14,833 16,508 (-10.1)
Stone, Clay, and Glass Products..	61	4,588 5,905 (-22.3)	..	...
Lumber and Wood Manufactures ..	138	12,738 16,544 (-23.0)	48	7,540 8,693 (-13.3)
Textiles	17	1,763 1,764 (-.1)	8	1,114 1,268 (-12.1)
Clothing, Millinery, and Laundering.	167	11,485 12,600 (-8.8)	7†	272 310 (-12.3)
Food, Beverages, and Tobacco ...	306	33,174 32,323 (2.6)	32	1,517 1,418 (7.0)
Public Utilities...	45	47,200 51,854 (-9.0)	..	...
Other Industries†.	515	59,405 65,083 (-8.7)	..	...
Miscellaneous ...	53	7,486 (a)	30	4,390 4,819 (-8.9)
Wholesale and Retail	207	33,934 37,684 (-10.0)	..	...

*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. (a) Less than one-tenth of one per cent.

Figures in parentheses indicate percentage change from November, 1931.

dustrial activities. The percentage decrease in the number of industrial workers employed in California was about as large as that usually recorded from October to November. Large seasonal reductions in the number employed in canning activities were reported for that state and some workers were released from the textile, clothing, printing, and motion picture industries. Employment in the retail trades increased by a smaller amount than in November of most recent years. Average weekly earnings declined slightly during the month. As compared with November, 1931, the number of industrial employees declined 8 per cent, a somewhat larger year-period decrease than was reported for October but smaller than in any previous month of this year.

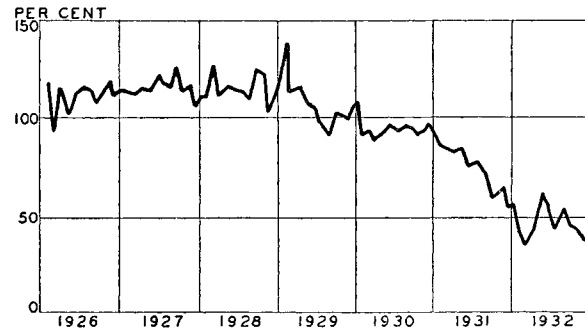
Output of crude oil averaged lower in the six weeks ending December 17 than in immediately preceding weeks when capacity flow tests conducted in two of the principal Los Angeles basin fields contributed materially to a fairly large excess over proration schedules. Additional tests had been expected to take place in November, but were postponed. Storage stocks of crude oil increased further and continued to be larger than in the corresponding month of the preceding year. Crude oil runs to refinery stills decreased slightly from October to November, but gasoline inventories did not change appreciably.

Lumber mill operations declined more than seasonally from October to November in the western pine and Douglas fir producing areas, while about the customary increase was recorded in the less important California redwood region. Despite the decrease for the District as a whole, this Bank's index of total District production remained somewhat above the lowest levels of the current depression, reached late last spring. Shipments and orders of lumber receded less than did production, thereby continuing earlier reductions in inventories.

A sharp increase in the value of engineering contracts awarded in November was brought about almost entirely by the letting of contracts amounting to 23 million dollars for the Golden Gate Bridge project. These contracts to the amount of about 4 million dollars covered construction to be undertaken in connection with the approach span located in San Francisco, and that amount was also included in building permits figures reported for San Francisco, raising the value of permits in that city to the highest point reached since October, 1928. Aggregate value of building permits issued in 90 cities of the District nearly doubled between October and November, the advance being much more than accounted for by the large increase of San Francisco figures. Con-

tracts awarded for most other forms of public construction and for commercial and industrial building were smaller in value in November than in October. Federal Government projects continued to be initiated on a larger scale than in most earlier months of the year.

Cement production in the Twelfth District receded more than seasonally from October to November and this Bank's adjusted index declined to 40 (1923-1925 average = 100), as com-



CEMENT PRODUCTION—Twelfth District
Index adjusted for seasonal variations (1923-1925 average=100).
Latest figure, November.

pared with 56 in November, 1931. That index reached a peak in January, 1929, subsequent to which it moved downward almost continuously to 35 in February, 1932, the lowest point recorded. A sharp advance took place in the following two months, since when there has been a resumption of the decline. Shipments of cement decreased about as rapidly as production but from a lower level, and inventories increased considerably in 1930 and 1931, reductions having occurred only in recent months. Present stocks are approximately 15 per cent smaller than in November, 1931.

Industry—

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

General	1932				1931		
	Nov.	Oct.	Sept.	Aug.	Nov.	Oct.	Sept.
Carloadings—Industrial..	40	42	40	31	51	51	54
Electric Pwr. Production.137¶	137	137	139	135	152	148	155
Manufactures							
Lumber	33	36	37	33	36	47	54
Refined Mineral Oils†...		131	127	131	136	142	146
Flour	78	75	93	109	115	117	102
Slaughter of Livestock..		88	91	94	92	98	102
Cement	40	41	46	46	56	63	61
Wool Consumption†		139	144	128	132	115	91
Minerals							
Petroleum (California)†.	71¶	72	72	73	76	76	77
Lead (United States)‡.	45	38	41	33	58	68	67
Silver (United States)‡.	37	36	36	41	40	40	39
Building and Construction§							
Total	44	28	33	32	42	47	62
Building Permits—Value							
Larger Cities.....	14	10	10	10	24	26	30
Smaller Cities.....	13	13	13	13	28	29	33
Engineering Contracts							
Awarded—Value							
Total	83	52	63	63	69	78	107
Excluding Buildings.150	91	122	123	104	121	189	

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

Operations at flour mills decreased less than seasonally from October to November. Inventories were reported to have changed little, although a reduction customarily takes place in November. Reporting millers' stocks of wheat continued to increase and were larger than in any month since November, 1930.

Trade

A decrease in the value of department store sales during November was contrary to the movement usual during that month. Seasonally adjusted indexes of sales in Los Angeles,

May. In November, 1931, the index stood at 92. An increase in department store inventories was larger than is usual from October to November and was the first, after allowance for seasonal factors, since August, 1931. The value of inventories currently is about 30 per cent below average inventories carried in 1929. The number of retail sales transactions was 9 per cent smaller in November, 1932, than in October, 1932, and 13 per cent smaller than in November, 1931.

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

	1932 compared with 1931		STOCKS
	NET SALES		
	November	January 1 to end of November	November
Department Stores	-26.7 (64)	-24.4 (63)	-21.5 (48)
Los Angeles	-30.8 (9)	-23.9 (9)	-20.2 (7)
Other Southern Calif.	-31.1 (7)	-26.0 (7)	-18.0 (4)
Oakland	-21.4 (4)	-22.7 (4)	-22.4 (4)
San Francisco	-23.1 (7)	-20.9 (7)	-19.8 (7)
Other Northern Calif.	-20.8 (8)	-22.2 (8)	-10.7 (8)
Portland†	-23.3 (7)	-30.9 (6)	-33.4 (7)
Seattle	-21.1 (5)	-29.0 (5)	-26.2 (5)
Spokane	-31.4 (4)	-24.5 (4)	-18.3 (4)
Salt Lake City	-31.6 (4)	-26.7 (4)	-16.9 (3)
Apparel Stores	-23.7 (25)	-24.6 (21)	-22.9 (14)
Furniture Stores	-34.6 (33)	-29.6 (31)	-27.2 (22)
All Stores	-27.4 (122)	-25.0 (115)	-22.2 (84)

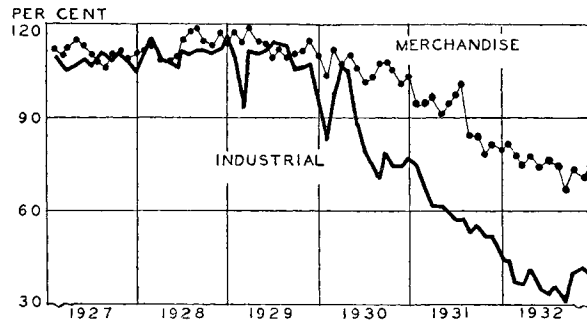
†Includes five apparel stores which are not included in District department store total.
Figures in parentheses indicate number of stores reporting.
Note: These figures take no account of operating costs.

San Francisco, and Oakland were considerably lower than at any time during their decline of the past three years, while the indexes for Seattle and Salt Lake City stores approximated their late summer lows. The index for the entire District declined sharply to 63 per cent of the 1923-1925 average, compared with the year's previous low point of 70 recorded in

Distribution and Trade—

	1932				1931		
	Nov.	Oct.	Sept.	Aug.	Nov.	Oct.	Sept.
Indexes adjusted for seasonal variations (1923-1925 average=100)							
Carloadings‡							
Total	58	59	59	52	67	66	71
Merchandise	74	72	73	68	82	78	84
Foreign Trade*							
Total† . . . . .	..	46	47	46	58	64	75
Imports‡ . . . . .	..	39	38	40	53	58	63
Exports . . . . .	..	50	51	49	61	67	81
Intercoastal Trade							
Total	58	62	55	49	55	71	80
Westbound	66	70	53	61	74	78	86
Eastbound	57	58	54	47	51	67	76
Retail Trade							
Automobile Sales‡							
Total	32	28	33	29	45	46	58
Passenger	30	26	31	28	41	41	54
Commercial	52	50	47	48	86	89	97
Department Store							
Sales‡	63	75	73	73	92	95	92
Stocks§	63	61	63	63	82	84	86
Actual Figures							
Collections#							
Regular	41.8	43.3	39.6	38.6	41.9	45.5	41.5
Installment	13.4	14.7	14.0	14.4	13.9	15.7	15.1

‡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.



CARLOADINGS—Twelfth District
Indexes adjusted for seasonal variation (1923-1925 average=100).
Latest figures, November.

Freight carloadings receded slightly more than seasonally during November. The decline in industrial carloadings was greater than in November of most other recent years, while the decrease in shipments of merchandise and miscellaneous freight was somewhat less. As shown on the accompanying chart, merchandise loadings have been sustained at a much higher level, relatively, than have total loadings during the past three years.

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

	November, 1932 compared with—		Cumulative 1932 compared with 1931
	Oct., 1932	Nov., 1931	
Agricultural Implements	-20.3	-41.8	-39.8
Automobile Supplies	-5.1	-21.5	-20.5
Drugs	-1.5	-9.0	-19.7
Dry Goods	-11.4	-21.5	-31.0
Electrical Supplies	-3.4	-34.0	-42.3
Furniture	-23.4	-38.7	-36.0
Groceries	-3.2	-14.7	-18.6
Hardware	-12.6	-19.2	-28.7
Shoes	-25.3	-8.9	-26.1
Paper and Stationery	-23.6	-9.1	-20.1
All Lines	-8.2	-17.7	-25.3

Note: These figures take no account of operating costs.

Value of wholesale trade was 8 per cent smaller in November than in October. This decline was slightly less than seasonal, reflecting comparatively small decreases in sales of reporting drug and grocery houses. A reduction of 18 per cent from the corresponding month in the preceding year was the smallest recorded since June, 1931.

Decreases in registrations of both new passenger and commercial automobiles were smaller than is usual from October to November and this Bank's adjusted index of the total

number rose from 28 (1923-1925 average = 100) in the earlier month to 32 in November. Registrations were 30 per cent lower than in November, 1931.

Intercoastal traffic through the Panama Canal decreased more than seasonally in November. Most of the advance of the past few months was retained, however, and total shipments were larger than in the corresponding month of the preceding year for the first time since December, 1929. The November decline in eastbound traffic, which comprised approximately three-fourths of total tonnage, was relatively small, in part reflecting increased lumber and petroleum shipments.

Prices

Commodity prices as a whole did not change much during November, and for the month averaged the same as in June, when the wholesale price index of the Bureau of Labor Statistics was the lowest since 1911. During the first half of December most of the leading weekly indexes reached new low levels for their periods of compilation.

In the following table are presented price relatives for several important commodities produced in this region. A representative price in November, 1929, is considered to be 100, and the figures for other dates are expressed as percentages of the November, 1929, price. Most of these commodities are currently selling for con-

prices have recovered somewhat and on December 20 this contract was quoted at 43½ cents per bushel. Prices for oats and rice were relatively stable during the month under review, while barley prices improved in late November in anticipation of a demand for this grain for brewing purposes. Cotton and bean prices declined in November. District quotations for hay, potatoes, and hops increased. Quotations for apples produced in this District did not change during November, but were below their level in the autumn of 1931.

Among the dried fruits, apples and prunes declined slightly in price during November, while apricot and raisin quotations were comparatively stable. Since the establishment of opening prices in early October, quotations for California canned fruits have changed little.

Butter and egg prices, after increasing seasonally during November, declined as is usual in December. Cattle prices declined during November and early December, reaching new low levels for the post-war period. Hog prices declined, while lamb prices increased slightly.

Copper and silver prices reached record low quotations in early December. On December 14 sales of copper were made at 4⅞ cents per pound and on December 3 silver was quoted at 24⅞ cents per ounce. Zinc and lead prices changed little, remaining at levels somewhat higher than the low prices reached in July.

Crude oil prices in California have been maintained at the levels established last June

COMMODITY PRICES
Expressed as percentages of November, 1929, quotations.

	Nov., 1929 Base	High 1920	Low 1921	Nov., 1925	Nov., 1930	Nov., 1931	Nov., 1932
Wheat	100	248	80	124	54	56	30
Barley	100	237	80	107	66	73	37
Oranges	100	134	94	191	131	70	74
Apples	100	177	95	104	73	58	48
Cattle	100	119	61	73	73	58	46
Lambs	100	128	61	116	63	47	43
Butter	100	133	65	113	79	67	56
Eggs	100	170	49	113	83	72	70
Prunes	100	154	62	60	50	40	36
Raisins	100	400	257	111	86	105	62
Flour	100	190	99	118	77	68	61
Canned Peaches	100	166	94	88	72	66	52
Sugar	100	526	104	109	95	89	82
Petroleum, Crude	100	198	136	125	104	76	81
Gasoline	100	371	356	161	112	89	88
Copper	100	100	67	81	58	38	30
Lumber	100	215	60	95	76	64	51
News Print	100	206	111	114	85	77	69
Cement	100	189	171	136	100	93	99

siderably less than half the 1929 quotations. Prices in 1929 were generally somewhat lower than in 1925, but slightly above the lowest quotations of 1921. Present prices for nearly all commodities listed represent but a small fraction of the high levels reached in 1920.

During late November and early December the course of agricultural prices, with few exceptions, was generally downward. Wheat prices as measured by the December contract at Chicago reached an all-time low of 41½ cents per bushel on November 25. Since that date

Bank Debits*—

	Nov., 1932	Nov., 1931	Cumulative —Eleven Months—	
			1932	1931
Arizona				
Phoenix	\$ 18,135	\$ 25,865	\$ 219,966	\$ 328,322
California				
Bakersfield	8,755	9,880	83,101	115,768
Berkeley	11,141	15,469	150,849	183,007
Fresno	17,836	22,361	171,807	248,328
Long Beach	20,609	29,911	281,353	436,090
Los Angeles	469,033	618,745	6,027,990	8,576,540
Oakland	168,701	159,714	1,791,934	2,035,525
Pasadena	16,242	23,963	228,569	324,958
Sacramento	31,496	42,276	413,017	511,587
San Bernardino	4,742	7,337	63,640	94,345
San Diego	27,122	37,160	363,829	511,885
San Francisco	526,156	665,931	7,090,252	10,347,045
San Jose	14,082	20,673	173,550	267,820
Santa Barbara	7,489	12,526	98,865	142,114
Stockton	10,536	14,879	139,042	187,993
Idaho				
Boise	9,271	12,104	106,531	145,832
Nevada				
Reno	3,053	8,393	77,869	109,900
Oregon				
Eugene	3,392	4,806	41,514	59,794
Portland	99,078	136,032	1,086,667	1,570,341
Utah				
Ogden	11,640	13,638	102,895	153,156
Salt Lake City	41,375	54,144	461,001	645,802
Washington				
Bellingham	3,654	5,387	49,303	72,820
Everett	3,874	7,841	57,467	99,629
Seattle	103,762	144,094	1,394,087	2,074,290
Spokane	23,914	35,788	300,790	448,247
Tacoma	15,804	25,491	223,925	356,208
Yakima	7,153	11,132	85,084	131,663
Total	\$1,678,045	\$2,165,540	\$21,284,897	\$30,179,009

*In thousands of dollars.

and are higher than a year ago. Their relative stability has not been reflected in gasoline prices during recent weeks. During early December small producers in the Los Angeles area advanced the price of third grade gasoline from 12½ cents to 13½ cents per gallon, 4/10 of a cent per gallon less than the price charged for the same grade of motor fuel by the major companies. In Portland and Seattle the tank wagon price of first grade gasoline was reduced ½ cent per gallon recently to meet the competition of gasoline from the mid-Continent fields.

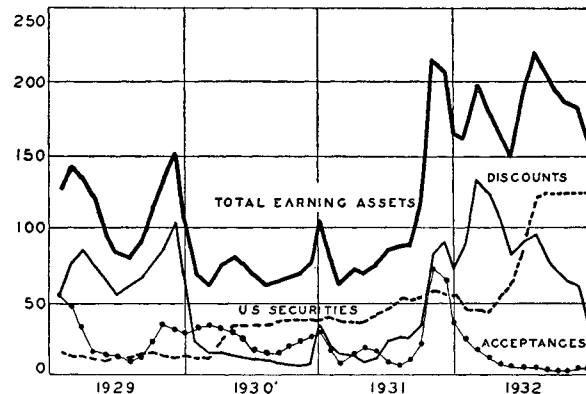
The few available representative quotations for lumber show little change in November. For some time quoted prices have not been entirely satisfactory as indicators of current prices because of the large volume of transactions completed at less than quoted levels.

Credit Situation

Demand for Reserve Bank credit for use in the Twelfth District decreased during November and the first three weeks of December. At the same time there was a slight increase in commercial loans and a considerable increase in security holdings of reporting member banks. The funds used to repay borrowings at the Reserve bank and to increase investment holdings

country banks suspended operations in November, and 14 were closed during the first 21 days of December. Of those closed in December, 13 were located in Nevada and had been inoperative under a statewide banking moratorium since November 1.

MILLIONS OF DOLLARS



EARNING ASSETS—Federal Reserve Bank of San Francisco
Monthly averages of daily figures. Latest figures are averages of first 21 days in December.

The movement of funds into and out of the Twelfth Federal Reserve District incident to non-Governmental commercial and financial transactions has been in approximate balance since April this year. The flow was outward

SUPPLY OF AND DEMAND FOR BANKING FUNDS Twelfth District

Changes in millions of dollars during the weeks indicated

Week Ending 1932	SUPPLY				
	Monetary Gold Stock	Treasury Operations	Reserve Bank Credit	Total Supply	
November 16	-5.0	+7.4	-3.2	- .8	
November 23	-2.7	+5.1	-4.7	-2.3	
November 30	-6.0	+1.0	-2.9	-7.9	
December 7	+19.0	+2.7	-10.8	+10.9	
December 14	+ .9	+3.6	-10.4	-5.9	
December 21	- .1	+9.3	-4.9	+4.3	

Week Ending 1932	DEMAND				
	Demand for Currency	Member Bank Reserve Deposits	Unexpended Capital Funds, etc.	Total Demand	
November 16	-2.6	+1.5	+ .3	- .8	
November 23	-1.7	-1.3	+ .7	-2.3	
November 30	-4.0	-3.8	- .1	-7.9	
December 7	+4.2	+7.2	- .5	+10.9	
December 14	-3.9	-1.2	- .8	-5.9	
December 21	+2.7	+ .8	+ .8	+4.3	

became available as a result of (a) a movement of funds into this District from other parts of the United States on account of non-Governmental commercial and financial operations, and (b) a continued excess of Federal Government expenditures over collections in the Twelfth District. Currency circulation declined contrary to seasonal expectations, during the four weeks ended December 14, but increased in the week of December 21, showing little net change during the five weeks ended on that date. During the corresponding five-week period in past years, the amount of currency in circulation has usually increased considerably. Seven small

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

	Condition			
	Dec. 21, 1932	Dec. 14, 1932	Nov. 16, 1932	Dec. 23, 1931
Total Bills and Securities	149	156	185	159
Bills Discounted	24	30	59	67
Bills Bought	2	2	2	32
United States Securities	123	123	123	59
Total Reserves	247	239	213	250
Total Deposits	153	153	151	163
Federal Reserve Notes in Circulation	228	226	232	233
Ratio of Total Reserves to Deposit and Note Liabilities Combined	64.9	63.0	55.7	63.0

during November, but reversed itself in December and a net movement into the District of considerable proportions was recorded during the first three weeks of the month. The unfavorable balance of payments for November was accounted for largely by net losses to the New York District, which has been continuously gaining on balance from this District during the past few months. Part of the funds thus sent to New York were used to purchase Government and other securities in that market, and part were placed on deposit with other banks. The withdrawal of these latter funds by local banks was responsible for a large part of the net movement into the District during the three weeks ended December 21.

The funds involved in these movements have been made available chiefly from two sources. First, and much the larger of the two, come Federal Government expenditures in excess of

collections within the Twelfth District. These figures have represented a large and almost constant accretion of funds to this District during the past three years. Such additional funds

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

	Condition			
	Dec. 21, 1932	Dec. 14, 1932	Nov. 16, 1932	Dec. 23, 1931
Loans and Investments—Total..	1,740	1,731	1,721	1,854
Loans—Total	970	970	965	1,111
On Securities	241	240	242	290
All Other	729	730	723	821
Investments—Total	770	761	756	743
United States Securities....	436	427	422	401
Other Securities	334	334	334	342
Reserve with Reserve Bank.....	89	88	88	87
Net Demand Deposits	571	568	571	635
Time Deposits	921	911	892	930
Due from Banks	189	185	181	113
Due to Banks	201	196	185	170
Borrowings at Reserve Bank...	15	22	46	56

reach the banks largely through the deposit of Government checks by individuals or business concerns receiving them in payment for services or commodities, or as loans. The deposits thus made require only a relatively small legal reserve and the remainder, if not drawn down by the depositor, is available to the bank receiving the deposit for use in extending loans, purchasing securities, or making deposits with other banks. If the depositor does check out his funds, as is usually the case, they soon find their way back to some bank and thus become a part of banking funds again.

Second, comes the receipt by city banks of

surplus funds from country banks within the District. Since the middle of 1932, deposits of country banks with District city banks have been increasing, although their volume has been well below that of other recent years. At the same time the amount loaned by city banks to customers within the District has been declining and a surplus of funds has tended to accumulate in reserve cities of the District despite the appearance of banking tension at specific points. Since funds placed in the New York market have been as readily available as those deposited with the Federal reserve bank, there has been some urge to place these temporarily surplus dollars in New York at whatever return could be obtained rather than in the Federal Reserve Bank of San Francisco at no interest return. In this manner a certain amount of the excess reserves currently reported by New York city banks has been contributed by Twelfth District banks.

On December 15, banks of this District were allotted 14 million dollars of the $\frac{3}{4}$ per cent one-year certificates of indebtedness and 29 million dollars of the $2\frac{3}{4}$ per cent four-year Treasury notes issued by the Federal Government at that time. The allotment was paid for by an exchange of maturing securities to the amount of 19 million dollars, plus credits of 23 million dollars to War Loan Deposit accounts, plus one million dollars in cash.

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial activity declined in November by somewhat more than the usual seasonal amount. Changes in factory employment and payrolls, reported for the middle of the month, were largely seasonal in character. Prices in wholesale commodity markets were somewhat lower, on the average, in November than in October, and declined further during the first three weeks of December. Volume of industrial production, as measured by the Board's seasonally adjusted index, declined from 66 per cent of the 1923-1925 average in October to 65 per cent in November, compared with a low level of 58 per cent in July. Output at woolen mills, silk mills, and shoe factories declined in November from the relatively high levels of the autumn, while cotton mills continued active. Lumber production declined by considerably more than the usual seasonal amount. Steel production decreased during November and the first three weeks of December, while automobile output increased considerably in connection with the introduction of new models.

The number employed at factories declined somewhat from October to November, reflecting in large part developments of a seasonal

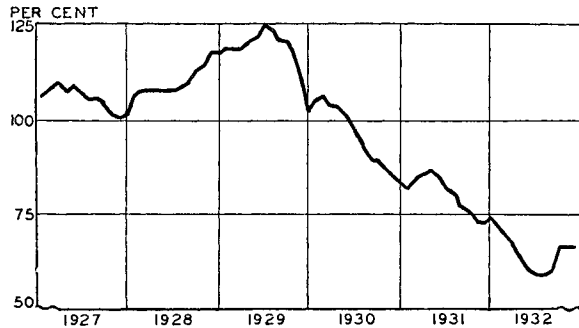
character. Working forces in the woolen, silk, shoe and canning industries were reduced, while at car building shops, and at factories producing automobiles and agricultural implements, there were increases in employment. Construction contracts awarded up to December 15, as reported by the F. W. Dodge Corporation, indicate for the last three months of the year a decline from the third quarter of somewhat more than the usual seasonal amount, following a non-seasonal increase from the second to the third quarter.

Estimates of the Department of Agriculture, based on December 1 reports indicate a cotton crop of 12,727,000 bales, about 800,000 bales larger than the estimate a month earlier, but 4,400,000 bales smaller than last year's unusually large crop. Wheat, tobacco, flaxseed, and other leading cash crops are also considerably smaller than a year ago, while feed crops are substantially larger. Acreage of winter wheat planted this fall was slightly smaller than a year ago, and condition of the crop on December 1 was unusually poor, according to the Department of Agriculture.

Distribution. Distribution of commodities

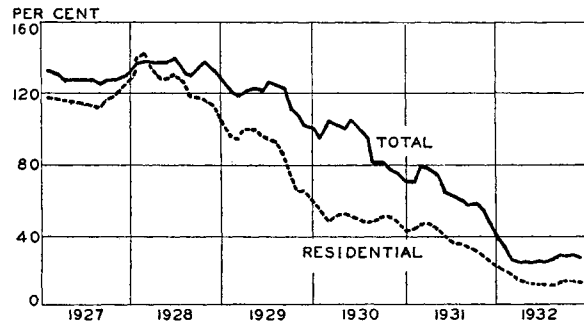
by rail decreased seasonally from October to November, while the dollar volume of department store sales, which ordinarily expands at this season, showed a decline.

Wholesale Prices. During early November the general level of wholesale commodity prices advanced somewhat, reflecting chiefly increases in prices of domestic agricultural products; in



INDUSTRIAL PRODUCTION

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

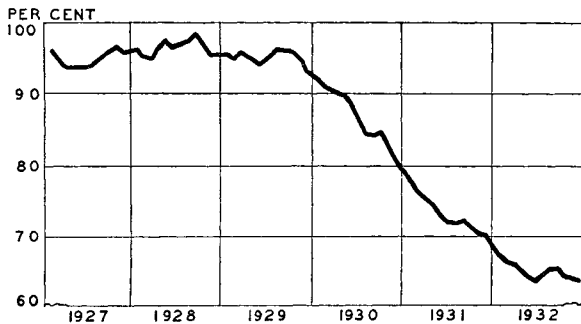


VALUE OF BUILDING CONTRACTS AWARDED

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

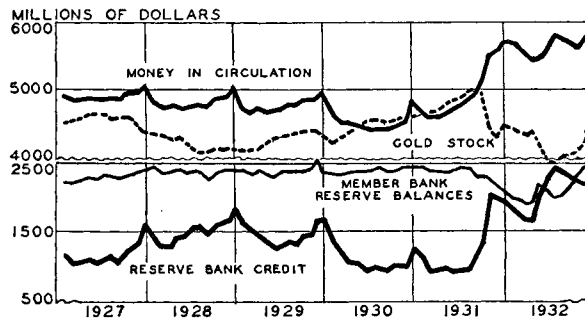
the latter part of the month, however, prices of livestock, cotton, and grains declined considerably; and, during the first three weeks of December, further declines in livestock prices were reported. By the third week of December prices of textiles, copper, and silver, as well as of livestock, were substantially lower than in the middle of November and the general average of wholesale prices was at a level slightly

United States Treasury. This transaction, together with other fiscal operations on December 15, resulted in a temporary addition of \$100,000,000 to the reserves of member banks which were subsequently reduced by Christmas currency demands and an increase in Treasury deposits with the reserve banks. Loans and investments of reporting member banks declined by more than \$100,000,000 between Novem-



WHOLESALE PRICES

Index of United States Bureau of Labor Statistics (1926=100).



FEDERAL RESERVE BANK CREDIT AND PRINCIPAL FACTORS IN CHANGES

Monthly averages of daily figures. Latest figures are averages of first 20 days in December.

below that prevailing before the advance that occurred last summer.

Bank Credit. During the four weeks ended December 14, there was an addition of \$85,000,000 to the country's stock of monetary gold. The funds derived from this source were utilized in meeting an increase in the demand for currency, which was smaller than usual at this season, in further reducing by \$23,000,000 the indebtedness of member banks to the reserve banks, and in increasing by \$25,000,000 the vol-

ber 16 and December 14, reflecting reductions in the banks' holdings of United States Government securities and in loans other than security loans. Loans on securities increased, both at New York City and at other reporting member banks. Money rates in the open market declined further, rates on 90 day bankers' acceptances declining from $\frac{1}{2}$ per cent to $\frac{3}{8}$ per cent, and rates on prime commercial paper from a range of $1\frac{1}{2}$ - $1\frac{3}{4}$ per cent to a range of $1\frac{1}{4}$ - $1\frac{1}{2}$ per cent.