

MONTHLY REVIEW

OF

BUSINESS CONDITIONS

ISAAC B. NEWTON, Chairman of the Board and Federal Reserve Agent
Federal Reserve Bank of San Francisco

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No. 4

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Twelfth District business fluctuated considerably during March and averaged somewhat lower than in February, being influenced by banking holidays during the first half of the month and by the earthquake in the Los Angeles region on March 10. Practically the entire decline in both industry and trade came in the early part of the month, most fields of activity having recovered approximately to February levels by the end of March. Marketing of agricultural products proceeded about as usual, since necessary facilities to finance transactions involving food and feed products were provided throughout the banking holiday. Prices of commodities important in the Twelfth District averaged slightly higher in March than in February, and after a brief decline at the beginning of April, continued their advance.

Weather conditions in most parts of the District were more satisfactory for the growth of range feed and planted crops in March than in February. Reports of farmers' intentions to plant indicated that acreage sown to spring wheat would be about 33 per cent larger this year than in 1932. This increase in spring wheat acreage is the result of the relatively small winter wheat crop which was damaged by cold weather last autumn. Larger acreages than in 1932 are expected to be planted to beans and oats, while planting of barley and potatoes will probably be smaller.

Crude oil production averaged 433,000 barrels daily during March, or somewhat lower than the proration schedule of 440,000 barrels daily, but the daily average increased to 466,000 barrels during the first half of April. Although lumber production did not increase by the full seasonal amount during March, operations were stimulated late in the month by a rising volume of orders. The value of engineering construction changed little, but building permits were considerably higher in March than in February. Output of cement increased sharply. About the usual change in industrial employment was reported to have taken place during March.

The seasonally adjusted index of department store sales receded from 65 per cent of the 1923-1925 average in February to 58 per cent in March, a new low level since 1919. New automobile registrations were the fewest in number since 1922. The value of wholesale sales and the volume of intercoastal traffic increased somewhat more than is usual from February to March.

Between March 22 and April 19, currency and coin returned to the Federal Reserve Bank of San Francisco totaled 38 million dollars. This made a net return of 127 million dollars since March 13, the day on which currency and coin in the hands of commercial banks and the public reached its record high point, compared with withdrawals amounting to 133 million dollars between mid-January and March 13. In addition to the 38 million dollars received during the four weeks ending April 19 as a result of redeposits of currency, banks were supplied with 26 million dollars of funds through local disbursements by the United States Treasury in excess of collections. These funds were used by banks to rebuild their deposits with eastern correspondents and to meet payments resulting from net transfers of funds out of the District, part of which was caused by purchases of securities in eastern markets. Only a small part of the redeposited currency was used to reduce borrowings or to increase reserve balances at the Federal Reserve Bank of San Francisco. Considerable progress was made during the first three weeks of April in restoring operations in banks which had not been licensed to reopen in March.

Agriculture

Although weather conditions in the Twelfth District during March were extremely variable, their influence on the agricultural situation was more favorable than in February. In Washington, western Oregon, and north-coastal California, rainfall during March approximated normal, while the volume of rainfall

ranged from near normal in the remainder of northern California, in eastern Oregon, and in Idaho to far below normal in southern California and Arizona. Higher temperatures in March improved growing conditions for most crops. Ranges in the lower altitudes also benefited from warmer weather, although the effects of scant rainfall during February are still evident. Feed has been developing satisfactorily on summer ranges in the higher altitudes where soil moisture has been plentiful.

According to a report of the United States Department of Agriculture as of March 1, farmers in the District intended to plant an acreage of spring wheat 33 per cent greater than that harvested in 1932. This increase in spring wheat acreage would compensate in part for the sharp decrease in the estimated production of winter wheat which was damaged by freezing weather in December and February. The acreage planted to beans and oats this year is expected to be greater than the 1932 harvested

INTENTIONS TO PLANT—1933 (In per cent of 1932 harvested acreage)

	Ariz.	Calif.	Ida.	Nev.	Ore.	Utah	Wash.	U.S.
Spring Wheat...	...	...	92	75	256	90	130	97.5
Oats	110	90	115	100	105	105	110	97.0
Barley	120	75	95	90	105	102	90	98.2
Rice .....	...	100	...	...	...	...	...	86.7
Potatoes	110	85	90	100	105	80	95	94.6
Beans .....	...	...	108	...	100	...	...	99.6
Tame Hay	95	100	105	102	98	100	103	101.1

Source: United States Department of Agriculture.

acreage of those crops, while barley and potato acreages are expected to be reduced. Little change is anticipated in the area planted to rice and tame hay. The actual volume of crops harvested in the District frequently varies from these intended acreages considerably, depending upon the influence of subsequent climatic and economic factors.

Reliable estimates of the condition of deciduous fruits in California are not yet available. Weather conditions have generally favored the

Agricultural Marketing Activity—

	March		Season to Date	
	1933	1932	1933	1932
Carlot Shipments				
Apples	4,142	4,119	44,615	45,167
Citrus Fruit	5,552	7,943	10,020	13,647
Vegetables	6,680	6,416	30,107	36,580
Exports				
Wheat (bu.)	833	410,707	2,542,721	19,014,050
Barley (bu.)	782,500	105,941	6,644,514	3,017,890
Receipts				
Cattle*	59,859	66,833	183,704	205,166
Hogs*	216,327	238,990	686,099	761,080
Sheep*	182,347	223,970	554,614	710,604
Eggs (cases)	194,798	178,110	443,251	460,313
Butter (lb.)	6,817,759	6,193,271	18,358,705	18,161,233
Wheat (carlots)	2,689	2,141	34,127	42,473
Storage Holdings (end of month)				
Wheat (bu.)	2,360,000	2,464,000	.....	.....
Beans (bags)	1,107,110	1,568,711	.....	.....
Butter (lb.)	147,486	433,916	.....	.....
Eggs (cases)	194,042	222,355	.....	.....

*Receipts at Ogden not included.

development of those crops, however, during recent weeks.

It is estimated that the District's 1933 winter wheat crop will be 42,742,000 bushels, a reduction of 43 per cent from the 74,621,000 bushels harvested in 1932.

FALL SOWN WHEAT

	Condition (Per cent of Normal)		Dec. 1, 1932	Indicated Production April 1, 1933 (In thousands of bushels)	Har- vested 1932
	April 1, 1933	1932			
Arizona	91	96	80	880	609
California	74	84	76	7,665	10,674
Idaho	69	87	73	9,056	14,996
Nevada	97	87	95	50	19
Oregon	54	87	90	5,670	15,020
Utah	83	88	70	3,104	3,128
Washington	37	83	86	16,317	30,175
Twelfth District .....	...	...	...	42,742	74,621
United States	59.4	75.8	68.9	334,087	462,151

Source: United States Department of Agriculture.

During the last three months there have been only slight changes in the estimates of citrus fruit production in California. At the end of March the 1932-1933 Navel orange crop was estimated to be 14,219,000 boxes, while the current lemon crop was estimated to be 6,266,800 boxes. The forthcoming Valencia orange crop developed more satisfactorily during March than in February.

Receipts of butter and eggs at Pacific Coast markets increased from February to March as is usual during this season of the year. The volume of those products in storage on April 1, while greater than on March 1, was considerably smaller than a year ago. Data on receipts and inventories of butter and eggs indicate that consumption has been well maintained.

The early lamb crop in the District is con-

Employment—

Industries	California		Oregon	
	No. of Firms	No. of Employees Mar., 1933 Mar., 1932	No. of Firms	No. of Employees Mar., 1933 Mar., 1932
All Industries*	1,219	114,511 (-6.9)	120	12,518 (-7.2)
Stone, Clay, and Glass Products.	56	3,806 (-12.3)	..	...
Lumber and Wood Manufactures ..	125	9,267 (-20.3)	46	6,271 (-9.4)
Textiles	16	1,305 (-21.7)	8	968 (16.5)
Clothing, Millinery, and Laundering.	158	9,771 (-19.3)	5†	128 (-7.2)
Food, Beverages, and Tobacco...	307	26,166 (-4)	31	1,038 (-8.1)
Public Utilities...	49	45,723 (-8.3)	..	...
Other Industries†.	499	57,693 (-4.0)	..	...
Miscellaneous	58	6,503 (-5.3)	30	4,113 (-8.0)
Wholesale and Retail	216	27,219 (-12.7)	..	...

*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 March, 1932.

siderably smaller than a year ago, both because there were fewer ewes in breeding flocks and because there were greater than usual losses of ewes and new born lambs. In California, shortages of feed have been reflected in marketing of lambs of relatively poor quality.

Cattle are in better condition this spring than in 1932, sufficient grain and hay having been available during the past winter to meet the requirements for cattle feed where range conditions were unsatisfactory. The supply of grass-fed cattle in California will be smaller than a year ago and the movement to market will be delayed considerably.

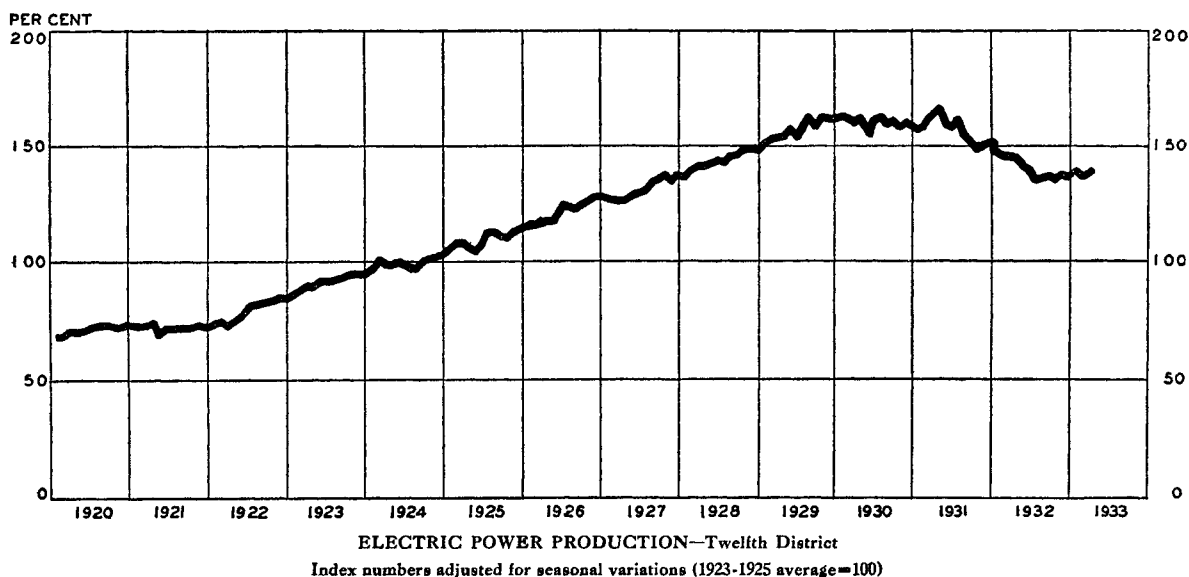
Industry

The banking holiday in early March was accompanied by some decline in industrial activity, although production of many industries was not apparently affected. In addition to the influence of the banking difficulties, production in southern California was affected by the earthquake in that area on March 10. Lumber production declined in the first half of March, but recovered later in the month when the volume of orders increased. Output of electric power, affording a measure of activity in a wide variety of industries, increased slightly during March, after allowance for seasonal factors. Building activity was stimulated to some extent by reconstruction in areas affected by the earthquake, while operations in the oil industry were curtailed substantially following that disturbance. Cement production increased considerably. Employment conditions remained about the same in March as in February, the year-period decrease in the number of industrial employees in California being slightly less than 7 per cent in both months.

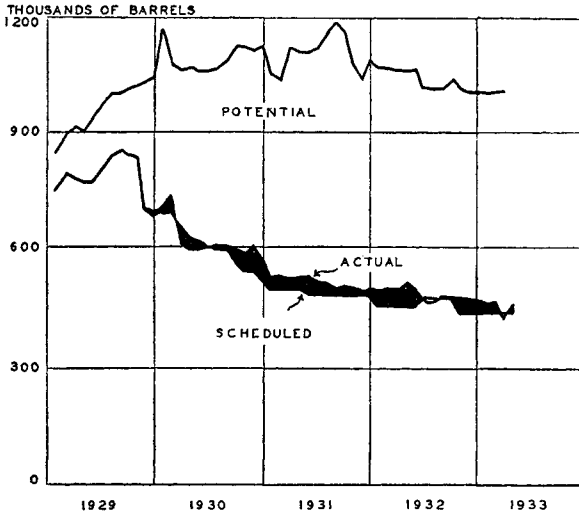
Lumber mill operations expanded by slightly less than the seasonal amount from February to March. The increase was larger than usual in the Douglas Fir region but adjusted indexes of production in the Western Pine and California Redwood areas declined. Incoming orders were greater in the last half of March and in early April than in the corresponding period of 1932. Shipments of lumber also increased.

At the time of the earthquake in southern California, it was feared that damage to pipeline and storage facilities had increased the fire hazard. As a result, production of both crude and refined oil in that area was restricted. The full force of this curtailment was evident during the week ended March 25, when output averaged only 373,000 barrels. During late March and the first half of April, crude output advanced to about 470,000 barrels daily, again exceeding by a considerable margin the proration allowable of 440,000 barrels announced last October 1. The volume of crude runs to refinery stills recovered more rapidly than did production following the earthquake, and crude oil stocks were reduced somewhat. Small decreases in gasoline inventories continued to be reported.

Since late 1929, when voluntary agreements to restrict production of crude oil were first adopted, considerable difficulty has been experienced in securing adherence to proration schedules. Early in 1930, the discovery of large oil reserves in the Elwood and Ventura fields increased temporarily the potential production and accentuated the difficulties involved in the curtailment program and in equitably prorating output. Within a period of about four months, however, output was reduced by almost 150,000 barrels daily, this reduction being accompanied by a decline of nearly the same amount in estimated potential production. After the middle of



1930, potential output again increased, reaching a peak in September, 1931. Since then it has declined considerably. Actual output has been greatly reduced since late 1929, but with a few exceptions has remained in excess of proration schedules. As indicated by the accompanying chart, output was less than the proration schedule only in July, 1930; in June and July, 1932; and in March of this year.



CRUDE OIL PRODUCTION—California

Dark area indicates excess of actual over "scheduled" production. In July, 1930, in June and July, 1932, and in March, 1933, output was less than the schedules. Actual production in April is an average for the first half of the month.

Sources: Actual production—American Petroleum Institute. Potential and scheduled production—California Oil Umpire.

The value of construction was somewhat higher in March than in February. Engineering contracts amounted to slightly more than 7 million dollars, compared with 6 million dollars in February and 36 million dollars in Janu-

ary. The monthly average for the first quarter of 1933 was about the same as for the entire year 1932. Undertakings of the Federal Government comprised nearly one-third of all engineering construction, other forms of public works being exceptionally small. Building permits issued in both "20 larger" and "70 smaller" cities increased in value during March. The total value of permits was larger than in any month since June, 1932. Marked increases occurred in Long Beach, in Los Angeles, and in several other cities in the surrounding area, reflecting to a considerable extent the replacing and repairing of buildings damaged by the earthquakes.

Flour milling increased by considerably more than the seasonal amount during March, but operations remained about 15 per cent below the relatively high level prevailing in March, 1932. Millers reported smaller stocks of flour, on the average, during the first quarter this year than in the corresponding period a year earlier, but somewhat larger wheat holdings, despite reductions during the past few months. Slaughter of livestock, another industry in which the rate of activity is above the general average, declined somewhat during March, after allowance for seasonal factors.

Trade

Department store sales declined during March, a movement contrary to seasonal expectations and reflecting the influence of banking holidays during the first half of the month. Adjusted indexes of sales of reporting stores in all cities except Salt Lake City were lower than in any previous month in this depression. As compared with March, 1932, which month included Easter of that year, the value of sales

Industry —

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

	1933-1932				1932		
	Mar.	Feb.	Jan.	Dec.	Mar.	Feb.	Jan.
General							
Carloadings—Industrial...			36	36	36	37	44
Electric Pwr. Production. 138§	135	138	137	144	145	146	
Manufactures							
Lumber	28	29	35	32	34	35	40
Refined Mineral Oils†...	115	122	129	133	131	138	
Flour	94	81	75	83	116	110	107
Slaughter of Livestock...	80	82	80	79	85	90	83
Cement	52	40	37	42	44	35	42
Wool Consumption†...				87	76	108	96
Minerals							
Petroleum (California)†.	66§	71	71	71	76	76	76
Lead (United States)†.	45	40	45	40	55	54	59
Silver (United States)†.	44	30	36	30	28	31	38
Building and Construction§							
Total	40	47	64	44	31	38	40
Building Permits—Value							
Larger Cities	10	10	10	9	21	19	19
Smaller Cities	11	12	12	15	17	20	23
Engineering Contracts							
Awarded—Value							
Total	73	93	145	87	48	69	73
Excluding Buildings. 178	230	281	162	84	137	120	

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

Distribution and Trade —

	1933-1932				1932		
	Mar.	Feb.	Jan.	Dec.	Mar.	Feb.	Jan.
Carloadings‡	Indexes adjusted for seasonal variations (1923-1925 average=100)						
Total			54	54	56	59	66
Merchandise			67	68	74	76	81
Foreign Trade*							
Total†		43	43	43	54	55	56
Imports†		42	42	43	50	53	51
Exports	41	44	44	44	57	57	59
Intercoastal Trade							
Total	59	58	51	56	61	55	51
Westbound	57	58	56	58	89	80	80
Eastbound	63	59	48	56	55	48	42
Retail Trade							
Automobile Sales‡							
Total	27	35	40	35	33	34	48
Passenger	27	34	38	32	30	31	45
Commercial	33	42	62	62	61	58	84
Department Store							
Sales‡	58	65	60	68	80	85	84
Stocks§	56	58	61	61	74	76	78
Collections#	Actual Figures						
Regular	39.4	41.1	42.6	40.7	41.9	40.4	42.5
Installment ...	13.4	13.7	14.1	12.8	14.6	14.6	14.6

‡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.

declined 30 per cent, while the number of net sales transactions decreased 17 per cent. The year-period decrease in the Fairchild index of retail prices of department store goods amounted to 12 per cent, although there was little change from February to March.

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

	1933 compared with 1932		
	NET SALES		STOCKS
	March	January 1 to end of March	March
Department Stores . . .	-30.2 (67)	-27.7 (67)	-22.4 (50)
Los Angeles	-30.1 (8)	-28.0 (8)	-20.6 (7)
Other Southern Calif. . .	-39.7 (7)	-28.5 (7)	-17.8 (5)
Oakland	-36.6 (4)	-33.0 (4)	-27.2 (4)
San Francisco	-26.6 (7)	-24.9 (7)	-20.1 (7)
Bay Region	-29.4 (15)	-27.1 (15)	-22.0 (15)
Central California . . .	-28.9 (6)	-28.3 (6)	-17.7 (6)
Portland†	-30.0 (7)	-28.3 (7)	-26.5 (7)
Seattle	-31.9 (4)	-28.1 (4)	-31.1 (4)
Spokane	-38.6 (4)	-32.8 (4)	-16.4 (4)
Salt Lake City	-18.5 (4)	-22.6 (4)	-17.2 (3)
Apparel Stores	-31.1 (27)	-26.9 (27)	-22.2 (17)
Furniture Stores	-36.1 (35)	-36.8 (34)	-25.9 (23)
All Stores	-30.8 (129)	-28.7 (128)	-22.8 (90)

†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.

Somewhat more than the usual expansion in wholesale trade was reported during March, activity in all lines, except automobile supplies, increasing from levels of the preceding month. Value of sales was 20 per cent smaller than in March, 1932, compared with a year-to-year decline of 23 per cent in February. There was a slight increase in the level of wholesale commodity prices during March, but it remained about 10 per cent lower than a year earlier.

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

	March, 1933 compared with		Cumulative 1933 compared with 1932
	Feb., 1933	Mar., 1932	
Agricultural Implements . . .	47.7	-48.4	-47.8
Automobile Supplies	- 2.6	-28.5	-21.0
Drugs	3.2	-26.1	-21.0
Dry Goods	20.0	-25.8	-22.1
Electrical Supplies	18.7	-17.3	-24.5
Furniture	17.0	-32.1	-33.2
Groceries	15.3	-12.1	-16.7
Hardware	23.2	-24.7	-23.8
Shoes	37.3	-30.3	-24.5
Paper and Stationery	19.3	-18.4	-23.5
All Lines	15.0	-20.2	-21.0

Note: These figures take no account of operating costs.

Automobile registrations were only slightly higher in March than in February, whereas sales usually expand considerably between these months. Consequently, this Bank's adjusted index declined from 35 to 27 per cent of the 1923-1925 average, a new low point since figures were compiled in 1922. The decline in the adjusted index of commercial vehicle sales was 23 per cent, while the decrease in the index of passenger car registrations was 21 per cent.

About the seasonal increase in intercoastal traffic was recorded during March. Tonnage was only slightly smaller than in March, 1932,

one of the highest months of that year. Cargo transported from the Pacific to the Atlantic Coast was considerably greater than in the corresponding month of last year, while west-bound traffic was substantially smaller.

The value of foreign trade at Pacific Coast ports totaled somewhat less during the first quarter of this year than in the preceding three months and averaged 33 per cent lower than in the first quarter in 1932. Both exports and imports increased seasonally during March, however, following declines in the two preceding months.

Prices

Commodity prices averaged higher in March than in February, reflecting widespread increases during and immediately following the banking holiday. Fluctuations during the latter part of March and the first two weeks of April were irregular, but during the third week of April there was a sharp advance in wholesale prices.

The most pronounced recent price increases have been among agricultural products. Wheat prices advanced approximately 20 per cent from late March to mid-April, while smaller increases were recorded in quotations for barley and rice. Potato and bean prices also increased, although hay prices declined. Cotton sold at the highest prices of the year in mid-April. Quotations for Pacific Northwest apples and California lemons advanced between February and March, while returns for California oranges declined. Dried prunes, apricots, and apples were quoted at higher levels in April than at any time since the beginning of 1932. Canned fruit prices remained unchanged. Cattle and lamb prices advanced gradually throughout March, while hog prices, after increasing during most of March, declined in the later part of that month. Pacific Coast quotations for all three classes of livestock declined during the first half of April. Prices of butter increased during the first half of April, while egg prices were unchanged. There has been considerable stability in prices for wool during recent weeks and the current season's clip is bringing District producers returns equal to those of a year ago.

Prices for copper, lead, zinc, and silver were higher during the third week of April than at any time since last November. Reductions of from 1 to 1½ cents per gallon in gasoline prices in northern California were announced on March 27. Among miscellaneous commodities produced or used in large quantities in this region, sugar and hide prices advanced during March and April while prices for rubber, coffee, cement, and newsprint changed little.

Credit Situation

Currency and coin continued to be returned to the Federal Reserve Bank of San Francisco on practically every day during the four weeks ending April 19. By that date, the net amount of currency returned from circulation since

SUPPLY OF AND DEMAND FOR FUNDS USED AS BANKING RESERVES—Twelfth District
Changes in millions of dollars during the weeks indicated

Week Ending 1933	SOURCES OF FUNDS				Total Supply
	Reserve Bank Credit	Commercial and Financial Transactions	Treasury Operations		
February 22	8.4	— .3	— .9		7.2
March 1	21.3	.5	2.7		24.5
March 8	17.5	22.8	1.0		41.3
March 15	.9	7.2	— 1.5		6.6
March 22	— 1.2	— 59.2	— 8.7		— 69.1
March 29	— 1.0	— 25.9	.7		— 26.2
April 5	1.0	— 14.2	10.2		— 3.0
April 12	— 5.4	— 10.5	10.8		— 5.1
April 19	2.9	— 13.2	4.6		— 5.7

USES OF FUNDS

Week Ending 1933	USES OF FUNDS				Total Dem'd
	Demand for Currency	Member Bank Reserve Deposits	Unexp'd Capital Funds, etc.		
February 22	6.2	.0	1.0		7.2
March 1	41.9	— 20.8	3.4		24.5
March 8	40.9	— .7	1.1		41.3
March 15	— .8	8.5	— 1.1		6.6
March 22	— 74.0	1.0	3.9		— 69.1
March 29	— 21.6	— 4.9	.3		— 26.2
April 5	— 2.2	1.4	— 2.2		— 3.0
April 12	— 9.6	4.3	.2		— 5.1
April 19	— 4.8	— 2.2	1.3		— 5.7

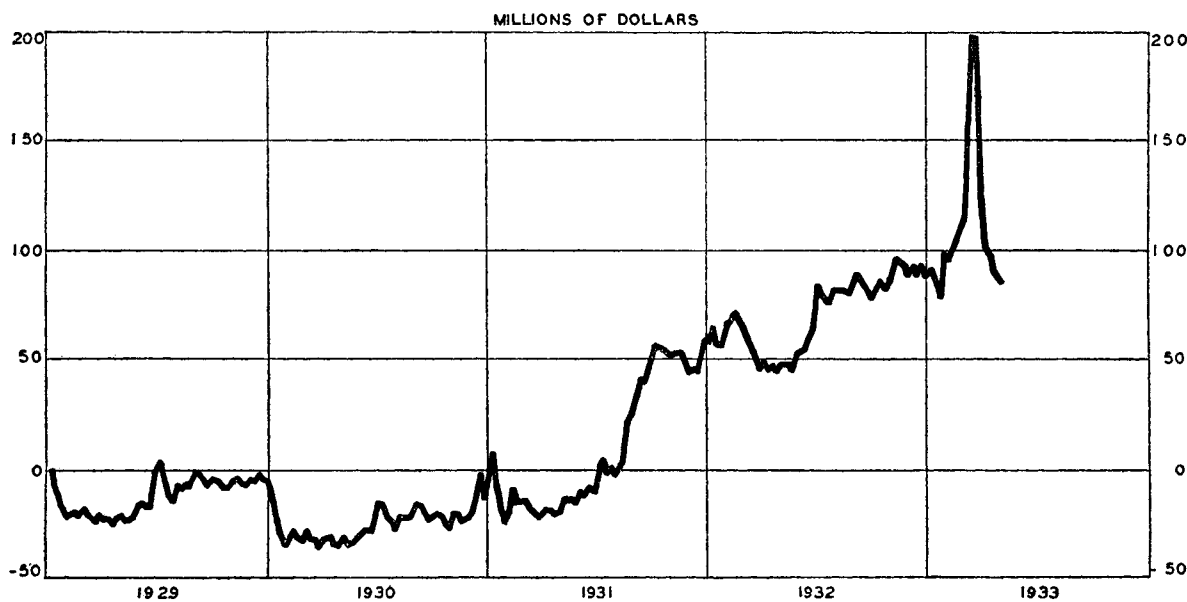
the banking holiday totaled 127 million dollars, leaving the amount in the hands of the public about the same as the average of January and the first half of February. This return flow of coin and currency, together with accretions incident to United States Treasury operations, added appreciably to the working funds of

banks. Repayments of borrowings at the Reserve Bank were relatively small during the five weeks ended April 19. Transfers of funds out of the District, however, were unusually large. On March 2 and 3, when California banks were closed but eastern banks were still open, business houses in this area drew down eastern accounts or borrowed in eastern money markets. After the reopening of banks on March 13, local concerns restored these deposits in eastern banks or repaid loans in those markets and thus caused heavy commercial transfers of funds out of this district with a consequent use of local banking funds. In addition, some banks purchased a considerable amount of securities for their own account in eastern markets and Twelfth District bankers' balances placed with eastern correspondents increased sharply. There was practically no increase in reserve deposits at this Bank during this period.

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

	Condition				
	Apr. 19, 1933	Apr. 12, 1933	Mar. 22, 1933	Mar. 15, 1933	Apr. 20, 1932
Total Bills and Securities	219	220	253	266	167
Bills Discounted	73	72	78	87	97
Bills Bought	21	23	50	54	8
United States Securities	125	125	125	125	62
Total Reserves	214	219	213	259	222
Total Deposits	160	160	164	156	151
Federal Reserve Notes in Circulation	261	266	293	344	223
Ratio of Total Reserves to Deposit and Note Liabilities Combined	50.8	51.4	46.5	51.9	59.4

Federal reserve notes comprised the bulk of the currency returned from circulation during the last half of March and the first half of April, with the result that the note liabilities



DEMAND FOR CURRENCY—Twelfth District
Changes cumulated from January 2, 1929. Latest figure is for April 19.

of the Federal Reserve Bank of San Francisco were reduced considerably. In view of the heavy transfers of funds out of the District, however, the reserves of that Bank were also reduced and the reserve ratio continued to fluctuate around 50.

By April 19, a large part of the banks that had been in operation prior to the banking holiday had reopened for business without restriction. The following table summarizes changes in the status of banks during the period March 1-April 19.

CHANGES IN TWELFTH DISTRICT BANKS

March 1—April 19, 1933

Status of Banks	Ariz.*	Calif.	Ida.	Nev.	Ore.	Utah	Wash.	Total
In Operation March 1.	15	317	96	13	152	74	248	915
Open without restriction April 19.....	11	276	77	11	112†	69	175	731†
Not licensed to open without restriction:								
Closed for liquidation March 1—April 19	2	4	5	0	1	4	0	16
Consolidated March 1—April 19	0	0	0	0	11	0	4	15
Other—April 19....	2	37	14	3‡	30	1	69	156‡

*Excludes five southeastern counties in Eleventh Federal Reserve District. †Includes 2 newly chartered banks. ‡Includes one bank in Nevada which was closed prior to March 1.

Legislation permitting branch banking has been extended rapidly in the Twelfth District during 1933. Since the beginning of the year laws have been passed in all District states,

except Arizona and California where branch banking was already legal, permitting banks operating under state charters to establish branches. These laws are now effective in all states except Utah, where the new statute will not apply until the new 1933 Revised Code becomes effective a few months later. The restrictions upon the establishing of branch banks vary in the several states, but in all cases state laws are now more liberal than national laws on this subject. In some states a larger minimum capital is required for state-wide branch banking than for city or country branch systems.

Total dealings in securities on the District stock exchanges reached a new low level for the depression in March due to the restricted number of trading days. On a daily average the number of transactions was comparable with the number in other recent months. Trading activity and prices increased sharply on April 19 and 20, the increases being largely attributable to the official admission of the country's departure from the gold standard.

Bank Debits

The usual bank debits table is omitted from this Review because figures for March, 1933, are not complete.

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Production and distribution of commodities, which declined during the latter part of February and the early part of March, increased after the middle of the month. The return flow of currency to the reserve banks, which began with the reopening of banks on March 13, continued in April. Following the announcement by the President on April 19 that the issuance of licenses for the export of gold would be suspended, the value of foreign currencies in terms of the dollar advanced considerably and there was increased activity in the commodity and security markets.

Production and Employment. Production at factories and mines decreased from February to March, contrary to seasonal tendency, and the Board's seasonally adjusted index declined from 64 per cent of the 1923-1925 average to 60 per cent, compared with a low level of 58 per cent in July, 1932. At steel mills there was a decline in activity from an average of 20 per cent of capacity in February to 15 per cent in March, followed by an increase to more than 20 per cent for the month of April, according to trade reports. In the automobile industry where there was also a sharp contraction in output when the banks were closed, there was

a rapid increase after the reopening of banks. From February to March, production in the food and cotton textile industries showed little change in volume, activity in the woolen industry declined sharply, and there was a reduction in daily average output at shoe factories. At lumber mills, activity increased from the low rate of February, while output of bituminous coal declined by a substantial amount.

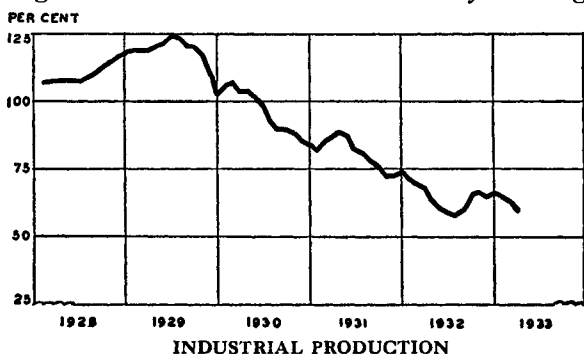
The volume of factory employment and payrolls showed a considerable decline from the middle of February to the middle of March. Comprehensive figures on developments since the reopening of banks are not yet available.

Value of construction contracts awarded in the first quarter, as reported by the F. W. Dodge Corporation, was smaller than in the last quarter of 1932 by about one-third.

Distribution. Volume of freight carloadings, on a daily average basis, declined from February to March by about 7 per cent, reflecting in large part a substantial reduction in shipments of coal. Shipments of miscellaneous freight and merchandise, which usually increase at this season, declined in the early part of March and increased after the middle of the month. Department store sales, which had declined

sharply in the latter part of February and in the first half of March, increased rapidly after the reopening of banks.

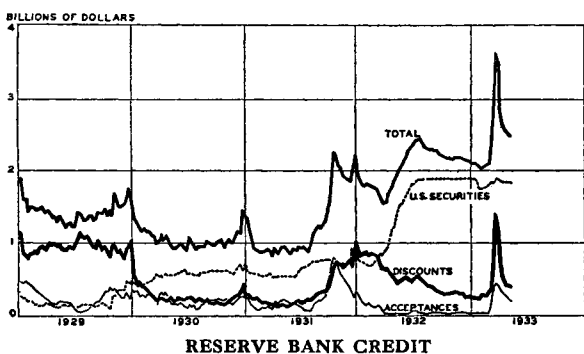
Wholesale Prices. Wholesale prices of leading commodities fluctuated widely during



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

March and the first three weeks of April. In this period grain prices increased sharply and prices of cotton, hides, non-ferrous metals, pig iron, scrap steel, and several imported raw materials advanced considerably. During the same period there were reductions in the prices of rayon, petroleum, and certain finished steel products.

Bank Credit. Currency returned rapidly to the reserve banks and the Treasury following

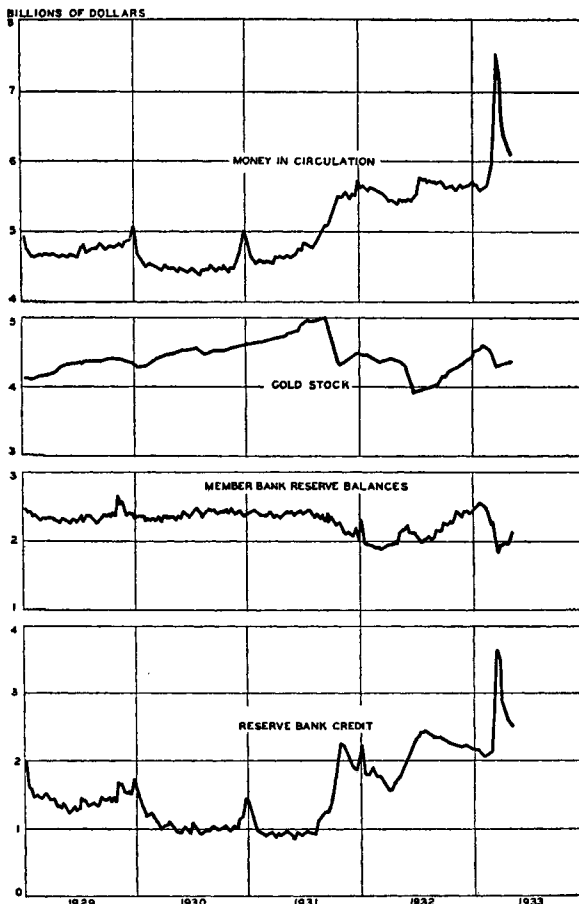


RESERVE BANK CREDIT
Wednesday figures. Latest figures are for April 19.

the reopening of the banks, and on April 19, the volume of money in circulation was \$1,500,000,000 less than on March 13, when the peak of demand was reached. Funds arising from the return flow of currency were used to reduce the reserve banks' holdings of discounted bills by \$1,035,000,000 and their holdings of acceptances by \$200,000,000. At the same time member bank reserve balances increased by \$390,000,000. As a result of the decline in Federal reserve note circulation and an increase in Federal reserve bank reserves, chiefly through the redeposit of gold certificates, the reserve ratio of the twelve Federal reserve banks combined advanced from 46.5 per cent on March 13 to 61.5 per cent on April

19. Deposits of reporting member banks in New York increased rapidly after the reopening of the banks, and on April 19 net demand deposits were \$620,000,000 larger than on March 15, reflecting in part an increase of \$380,000,000 in bankers' balances, as funds were re-deposited by interior banks.

Money rates in the open-market, after a temporary advance in the early part of March, declined rapidly, but were still somewhat higher than early in February. By April 21 rates on prime commercial paper had declined from 4½



RESERVE BANK CREDIT AND PRINCIPAL FACTORS IN CHANGES

Wednesday figures. Latest figures are for April 19.

per cent to a range of 2-2½ per cent; rates on 90 day bankers' acceptances from 3⅝ per cent to ⅝ per cent; and rates on renewals of call loans on the stock exchange from 5 per cent to 1 per cent.

On April 7 the discount rate of the Federal Reserve Bank of New York was reduced from 3½ to 3 per cent. That bank's buying rate on 90 day bankers' acceptances was reduced from 3½ per cent on March 13 to 2 per cent on March 22.