

MONTHLY REVIEW

OF

BUSINESS CONDITIONS

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TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Twelfth District business moved upward vigorously during April, accompanying the nation-wide recovery in activity. Increased activity not only made up for the decline of March but carried many seasonally adjusted production and trade indexes to points higher than in February of this year. Many commodities important in this district benefited from the general rise in prices. There was considerable improvement in employment conditions and aggregate wage payments also increased substantially.

Low temperatures and less than the normal amount of rainfall retarded the progress of the 1933 agricultural season somewhat during April. Forage on lower livestock ranges was inadequate, necessitating more than the usual amount of supplemental feeding. Cattle remained in fair condition, however, but early lambs matured slowly. Some difficulty in securing credit for fattening these animals in feedlots was reported. Although this bank's index of the value of agricultural products sold decreased further to a new low level during the first quarter of 1933, there was more than the usual increase in marketing activity in April, accompanied by rising prices for farm products.

Daily average output of both crude and refined oils increased during April, but changed little during the first half of May. Production remained considerably lower than in the corresponding period of 1932. Lumbering expanded more than seasonally during April, partly as a result of increased demand for building materials in southern California. Awards of contracts totaling 44 million dollars for work on the San Francisco-Oakland Bay Bridge and Metropolitan Water District of Southern California projects greatly increased the total value of engineering construction. Mining activity was stimulated by higher prices for non-ferrous metals.

A sharp increase in the value of department store sales during April more than made up for the decline during March, after allowance

for the stimulus given to April sales by the occurrence of Easter in that month and for other seasonal factors. Sales were not far below those of April, 1932. Wholesale trade, which had increased during March, when most other measures of business were declining, expanded considerably further during April. Seasonally adjusted freight carloadings and automobile sales moved upward from low levels, while intercoastal traffic remained unchanged.

Credit conditions in the Twelfth District improved further during the four weeks ending May 17. Banking reserves were increased by a 10 million dollar favorable balance of payments with other parts of the country, and by 13 million dollars of United States Treasury expenditures in this area in excess of collections. Not only was the supply of funds thus increased, but the demand was reduced by a further return of currency amounting to 22 million dollars. These changes enabled member banks to pay off 36 million dollars of their borrowings at the reserve bank and, in addition, to build up their reserve deposits by 9 million dollars. A large part of the inflow of funds from commercial and financial transactions with other districts originated when local banks sold for cash in national markets, substantial amounts of United States securities which they had received by allotment from the Treasury's May 2 financing. Since the 86 million dollars of securities received from the Treasury were paid for with 67 million dollars of deposit credit and 6 million dollars in maturing obligations, only 13 million dollars of cash was required for their purchase. There was little change in time or net demand deposits of reporting member banks during the four weeks reviewed, although loans continued to decline.

Agriculture

Shortage of rainfall and subnormal temperatures delayed the growth of crops and range forage during April. At the close of that month livestock were in relatively better condition

than ranges, although spring lambs and cattle which are usually marketed at this time of year have been slow in attaining satisfactory market weights.

During April and the first half of May farm products prices generally advanced. During the first quarter of 1933, however, both volume and prices of Twelfth District agricultural products marketed decreased with the result that this bank's index of the value of agricultural marketing declined to a new low figure. This index is shown in the following table.

INDEX OF THE VALUE OF AGRICULTURAL
MARKETINGS—Twelfth District
(Average 1925-1927=100)

Quarter Ending	1933	1932	1931	1930	1929	1928	1927	1926	1925
March	31	45	52	74	74	79	68	70	71
June	48	64	83	81	86	76	81	77
September	66	79	109	136	135	134	126	119
December	54	71	105	131	138	131	114	133
Average	53	66	93	105	109	102	98	100

Satisfactory estimates of production are not yet available for 1933 crops other than winter wheat and citrus fruits. The 1933 crop of winter wheat in the district was estimated at 36,688,000 bushels on May 1, a 51 per cent decrease from the 74,621,000 bushels harvested in 1932, when the crop was approximately equal to the 1926-1930 average harvest. The 1933 Valencia orange crop in California was estimated in late April to be 19,822,000 boxes as compared with production in 1932 of 17,434,500 boxes. The 1932-1933 lemon crop was estimated to be 6,375,010 boxes, a slight increase from the forecast issued a month earlier. Although official estimates are not yet available, trade factors expect that the volume of deciduous fruit production in California during 1933 will approximate that of 1932. Throughout the district warmer weather is needed to stimulate the growth of crops.

Receipts of eggs at Pacific Coast markets increased as usual from March to April, but butter receipts, after increasing during February and March, declined in April, contrary to

Agricultural Marketing Activity—

	April		Season to Date	
	1933	1932	1933	1932
Carlot Shipments				
Apples	1,765	2,190	38,637	41,388
Citrus Fruit	6,310	7,510	16,330	22,157
Vegetables	2,733	4,158	32,840	40,738
Exports				
Wheat (bu.)	2,499	410,707	2,809,709	19,014,050
Barley (bu.)	782,375	105,940	6,250,630	3,017,890
Receipts				
Cattle*	61,506	62,697	245,210	267,863
Hogs*	191,575	239,497	852,448	1,000,577
Sheep*	191,565	218,014	746,179	928,618
Eggs (cases)	196,978	200,189	640,229	660,502
Butter (lb.)	6,269,043	7,712,325	24,627,748	25,873,558
Wheat (carlots) ..	3,817	2,141	37,797	43,738
Storage Holdings (end of month)				
Wheat (bu.)	2,387,000	1,733,000	.....	.....
Beans (bags)	839,697	1,397,376	.....	.....
Butter (lb.)	559,268	965,205	.....	.....
Eggs (cases)	348,546	358,236	.....	.....

*Receipts at Ogden not included.

the seasonal movement. Storage stocks of these two products were smaller on May 1, 1933, than a year earlier. The demand for poultry and dairy products has improved in recent weeks, and butter prices have increased substantially.

Cold weather throughout the district delayed the growth of feed on livestock ranges during April. In Arizona and Utah and in parts of California and Nevada, development of range feed was further retarded by inadequate rainfall. On May 1, ranges were in poorer condition than in any other May in the eleven years that these reports have been issued. Scantiness of range feed was reflected to some extent in the condition of livestock.

CONDITION OF LIVESTOCK AND RANGES

(Normal=100)

	RANGES			CATTLE			SHEEP		
	May 1933	May 1932	10 yr. Av.	May 1933	May 1932	10 yr. Av.	May 1933	May 1932	10 yr. Av.
Arizona	80	87	85	80	87	85	81	85	91
California	62	76	82	75	83	91	79	87	91
Idaho	73	85	88	84	78	92	84	79	93
Nevada	73	84	87	93	80	88	76	76	91
Oregon	66	82	90	79	79	91	77	80	93
Utah	77	76	84	90	72	88	86	70	90
Washington ..	77	89	88	81	83	88	84	84	92

The early lamb crop in the district was slow in maturing during April and the cold, wet weather was unfavorable for breeding flocks which are now lambing. Up to May 12, this season's shipments of live and dressed lambs from California totaled 270,000 head, compared with 346,000 head shipped during the same period last year. Because of their slow development, a large number of lambs doubtless will be sent to feedlots in order that they may be properly fattened for the slaughter market.

Wool shearing has been completed in the southern parts of the district and is now under way in the Pacific Northwest. An increase of more than 20 per cent in wool prices at Boston during the past six weeks has been reflected in prices paid to growers in this area. Current field prices are about double those of a year ago.

The number of grass-fat beef cattle in California will be less this spring than a year ago. Considerable supplementary feeding will be necessary to bring about the desired market condition for these animals.

Industry

Industrial activity advanced during April, reflecting in addition to seasonal influences, recovery from the effects of the bank holidays which occurred in March. There was some evidence also that production was stimulated by rising commodity prices. Mining of non-ferrous metals became more active in April than in March. Manufacture of food products increased considerably. As measured by consumption of electrical energy, production in a wide variety of industries showed more than

the customary expansion for this time of year. Employment conditions improved in most industrial regions of the district during April, the number of employed in California being considerably greater than in March and, for the first time since December, 1929, about the same as in the corresponding month of the preceding year.

Crude oil production in California averaged higher in April than in March, and was at about the same level as in February, January, and December, when it averaged considerably above the proration schedule of 440,000 barrels daily. In the first three weeks of May production remained about the same as in April, the daily average being 478,000 barrels. Crude runs to refinery stills continued to expand during this period. Crude oil stocks increased somewhat during April, following reductions in the five preceding months, but gasoline inventories continued to be reduced and were considerably smaller on April 30, 1933, than on April 30, 1932.

The value of engineering construction increased markedly during April, principally because of 37 million dollars of contract awards for the San Francisco-Oakland bridge and 7 million dollars of contracts representing additional undertakings of the Metropolitan Water District of Southern California. While these two contracts were not included in published tabulations for April because they were awarded after the end of the four-week period March 27-April 24, this bank's index has been adjusted to include them. Lettings of other public works were slightly higher in value in April than in March, although Federal Gov-

ernment construction dropped to a negligible amount. Building activity changed little, permits continuing relatively large in Long Beach and Los Angeles and in smaller cities of southern California affected by the earthquakes on March 10. During the first four months of 1933, aggregate value of new building and construction was about 65 per cent larger than in the corresponding months of 1932.

Lumber mill operations expanded by more than the customary amount during April, offsetting the decline recorded in March. Both shipments of and orders for lumber were larger in April than in March. In the first half of May, the volume of new business increased considerably further without a corresponding expansion in shipments, thereby increasing unfilled orders.

Flour milling was more active in April than in March, although there usually is a decline in the later month. Inventories of flour held by reporting millers decreased during the month, while inventories of wheat increased. Slaughter of livestock increased more than seasonally. Canneries also became more active, principally as a result of the packing of spinach and asparagus. As of April 1, carry-over stocks of canned fruits were reported to be substantially smaller than a year earlier, a factor doubtless contributing to the advance in price schedules recently announced.

The pack of canned spinach was almost double that of last year and slightly larger than in 1931. The carryover of last year's crop is unusually small, however, and the total supply available for distribution during the coming year will be considerably smaller than actual shipments during most recent years.

Employment—

Industries	California— No. of Employees—		Oregon— No. of Employees—	
	No. of Firms	Apr., 1933	Apr., 1932	Apr., 1932
All Industries*	1,206	132,412	132,120	123
Stone, Clay, and Glass Products.	55	3,812	4,197	..
Lumber and Wood Manufactures ..	126	10,716	12,671	46
Textiles	14	1,193	1,395	8
Clothing, Millinery, and Laundering.	157	10,754	11,516	6‡
Food, Beverages, and Tobacco...	300	39,709	34,143	34
Public Utilities...	50	45,818	50,349	..
Other Industries†.	501	59,470	61,372	..
Miscellaneous	53	6,758	6,826	29
Wholesale and Retail	224	30,537	31,707	..

*Public utilities and wholesale and retail figures not included in this total. †Includes the following industries: Metals, machinery, and conveyances; leather and rubber goods; oils and paints; printing and paper goods. ‡Laundry only. Figures in parentheses indicate percentage change from April, 1932.

Industry—

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

General	1933				1932		
	Apr.	Mar.	Feb.	Jan.	Apr.	Mar.	Feb.
Carloadings—Industrial..	35	30	30	36	41	36	37
Electric Pwr. Production.139‡	135	135	135	138	144	144	145
Manufactures							
Lumber	29	28	29	35	32	34	35
Refined Mineral Oils†...	..	113	115	122	145	133	131
Flour	105	94	81	75	94	116	110
Slaughter of Livestock..	85	80	82	80	90	85	90
Cement	42	52	40	37	61	44	35
Minerals							
Petroleum (California)†.	72	66	71	71	78	76	76
Lead (United States)‡...	..	45	40	45	45	55	54
Silver (United States)‡.	36	44	30	36	42	28	31
Building and Construction§							
Total	47	40	47	64	34	31	38
Building Permits—Value							
Larger Cities	10	10	10	10	19	21	19
Smaller Cities	13	11	12	12	16	17	20
Engineering Contracts Awarded—Value							
Total	97	73	93	145	58	48	69
Excluding Buildings.223	178	230	281	114	84	137	

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

Trade

Pronounced upturns in department store sales were reported in all parts of the district during April. The large increases resulted in part from restricted trading in March and also reflected Easter buying in April. After adjustment for seasonal factors, including the shift in the date of Easter, this bank's index of the value of sales advanced to 69 per cent of the 1923-1925 average, as compared with 57 in March, 65 in February, and 60 in January of this year. In April, 1932, the index stood at 74.

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
	April	January 1 to end of April	April
Department Stores....	— 8.0 (68)	—22.8 (68)	—24.3 (52)
Los Angeles	— 7.2 (9)	—23.0 (9)	—26.6 (9)
Other Southern Calif.	—10.7 (7)	—24.5 (7)	—13.5 (5)
Oakland	— 2.4 (4)	—25.8 (4)	—27.7 (4)
San Francisco	— 6.6 (7)	—20.3 (7)	—19.0 (7)
Bay Region	— 5.6 (15)	—21.8 (15)	—21.2 (15)
Central California	— 2.4 (6)	—21.3 (6)	—14.7 (6)
Portland†	— 7.6 (7)	—22.9 (7)	—23.3 (7)
Seattle	—16.6 (4)	—24.9 (4)	—31.6 (4)
Spokane	—21.0 (4)	—29.4 (4)	—19.8 (4)
Salt Lake City.....	— 9.7 (4)	—19.0 (4)	—14.7 (3)
Apparel Stores	— 4.1 (25)	—20.0 (24)	—23.8 (15)
Furniture Stores	—23.9 (34)	—33.3 (32)	—26.6 (22)
All Stores	— 9.2 (127)	—23.8 (124)	—24.5 (89)

†Includes five apparel stores which are not included in district department store total.
Figures in parentheses indicate number of stores reporting.

The year-to-year decrease of 8 per cent in the value of total monthly sales was smaller than the decline in any similar comparison since July, 1931. The number of net sales transactions showed an increase of about 3 per cent over the year period. The Fairchild index of retail prices of department store goods decreased further from April 1 to May 1, but by a smaller amount than in most months during

Distribution and Trade—

	1933				1932		
	Apr.	Mar.	Feb.	Jan.	Apr.	Mar.	Feb.
	Indexes adjusted for seasonal variations (1923-1925 average=100)						
Carloadings‡							
Total	52	48	50	54	60	56	59
Merchandise	67	65	64	67	77	74	76
Foreign Trade*							
Total† .....	..	40	43	43	50	54	55
Imports† .....	..	38	42	42	46	50	53
Exports	38	41	44	44	52	57	57
Intercoastal Trade							
Total	60	59	58	51	47	61	55
Westbound	60	57	58	56	54	89	80
Eastbound	60	63	59	48	45	55	48
Retail Trade							
Automobile Sales‡							
Total	37	27	33	39	31	33	34
Passenger	36	27	32	37	29	30	31
Commercial	48	33	40	61	54	61	58
Department Store							
Sales‡	69	57	65	60	74	80	85
Stocks§	54	56	58	61	73	74	76
Collections#							
Regular	41.4	39.4	41.1	42.6	41.0	41.9	40.4
Installment ...	13.9	13.4	13.7	14.1	13.7	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.

the past three years. The index remained about 11 per cent under last year's level.

Sales at wholesale increased considerably further during April and were but 13 per cent lower in value than in April, 1932, the smallest year-period reduction since September, 1930. Increases from March to April were recorded in each of the ten lines of trade for which data are received. The only line which failed to expand after allowance for ordinary seasonal movements was groceries, which increased 1 per cent as compared with a customary seasonal increase of 3 per cent. For all reporting lines combined, the March-April increase was nearly 7 per cent.

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

	April, 1933		Cumulative 1933 compared with 1932
	compared with		
	Mar., 1933	Apr., 1932	
Agricultural Implements	21.5	—26.4	—41.1
Automobile Supplies	23.8	—11.2	—18.2
Drugs	1.0	—22.4	—21.3
Dry Goods	12.2	— 6.2	—18.0
Electrical Supplies	10.6	— 6.6	—20.1
Furniture	36.2	— 5.0	—28.0
Groceries	1.1	—10.0	—15.1
Hardware	15.7	—11.3	—20.3
Shoes	21.6	— 5.2	—17.2
Paper and Stationery	0.9	—24.7	—24.0
All Lines	6.8	—12.6	—18.8

Carloadings on district railroads increased by considerably more than the seasonal amount between March and April. The adjusted index was also higher than in February, but it remained below the January level. March-April advances were recorded in industrial shipments, as well as in merchandise and miscellaneous loadings. The increase was confined to the southern part of the district, however, Pacific Northwest railroads having reported only seasonal changes.

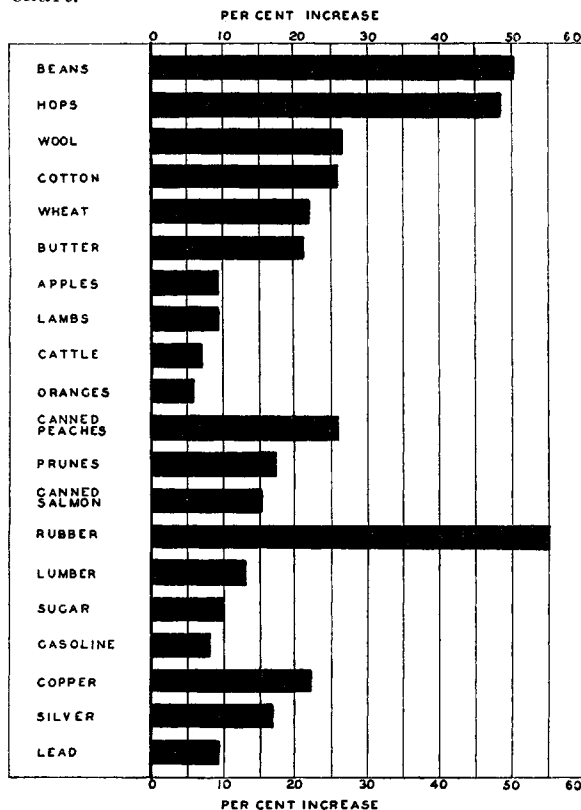
Intercoastal traffic changed little during April, following increases in the three preceding months. Cargo transported from the Atlantic to the Pacific Coast expanded more than seasonally, but eastbound tonnage, which had held up relatively well during recent months, receded somewhat, reflecting smaller shipments of lumber and petroleum.

April registrations of new automobiles advanced over March by more than the seasonal expectation. Sales of passenger cars increased from 7,683 in March to 10,465 in April. In April, 1932, there were 8,941 such registrations. The number of new trucks registered was also greater than in the preceding month, but continued smaller than a year ago.

Prices

Commodity prices changed little during the first half of April. Following the President's decree restricting the export of gold as of April 20, prices rose sharply and have since con-

tinued to advance. As is usual in periods of rapid price changes, raw materials prices have shown greater movements than have prices for manufactured products. Advances have been especially rapid in prices of agricultural products, of non-ferrous metals, and of several other commodities produced or processed in large quantities in the Twelfth Federal Reserve District. Recent changes in prices of several such commodities are shown in the following chart.



WHOLESALE PRICES
Increases between March 17 and May 19, 1933, in prices of commodities important in the Twelfth District.

Among agricultural products, prices of field and grain crops advanced relatively more than did prices of fruits, vegetables, or animal products. Wheat prices increased 28 per cent between the beginning of April and May 20. Quotations for barley and oats also moved higher, although these increases were less than the increase in prices for wheat. Rice sold in San Francisco for \$3.00 per hundred pounds during the second week of May as compared with \$2.35 per hundred pounds in early April. Following the recent Federal legislation permitting the manufacture of beer, prices for Oregon and California hops rose approximately 50 per cent and in May sales were being made at from 40 to 45 cents per pound. Quotations for the most important va-

rieties of California beans, large limas and small whites, increased 53 per cent and 58 per cent, respectively. Potato prices increased slightly and hay prices, which usually show a seasonal decline at this time of year, were unchanged. Cotton, at 8¼ cents per pound for middling uplands sold about 20 per cent higher on May 20 than on April 18.

California citrus fruits were the only major agricultural product to show net declines during April. Substantial advances were recorded during the first three weeks of May, however, restoring quotations to the early April level. Few deciduous fruits are now being marketed. Such quotations as are available for those fruits have increased relatively less than have quotations for grains and field crops. Dried and canned fruit prices have advanced during the past six weeks.

Butter and eggs sold at Pacific Coast markets at higher levels in May than in April, the increase in butter prices approximating 25 per cent. Cattle, lamb, and hog prices, which had declined in the first half of April, advanced over the April-May month-end and by May 20 quotations for cattle and hogs were the highest for the year while lamb prices approximated those of last February.

Non-ferrous metals quotations at Eastern markets attained new high levels since the beginning of 1932 during the first half of May. On May 20, New York quotations for copper,

Bank Debits*—

	April 1933	April 1932	First Four Months 1933†	
			1933†	1932
Arizona				
Phoenix	\$ 17,818	\$ 22,840	\$ 63,705	\$ 94,907
California				
Bakersfield	7,002	9,411	25,031	32,758
Berkeley	11,393	14,801	44,754	65,091
Fresno	10,940	16,011	44,613	67,807
Long Beach ...	21,171	28,456	82,610	119,516
Los Angeles ...	463,775	612,249	1,874,808	2,484,609
Oakland	174,781	168,341	642,974	720,858
Pasadena	16,912	23,587	71,037	104,717
Sacramento	21,498	39,765	118,565	165,574
San Bernardino..	3,748	7,249	18,501	28,611
San Diego	29,121	38,258	112,021	153,487
San Francisco..	537,300	680,924	2,234,470	2,838,631
San Jose	12,881	17,490	49,086	70,111
Santa Barbara..	6,494	10,491	26,984	42,114
Stockton	10,131	14,029	37,503	55,566
Idaho				
Boise	7,205	9,094	30,774	41,382
Nevada				
Reno	3,988	7,623	15,531	29,957
Oregon				
Eugene	2,717	4,389	9,850	16,576
Portland	91,169	101,618	326,983	410,542
Utah				
Ogden	8,361	7,914	27,841	34,695
Salt Lake City..	35,937	43,432	145,326	188,855
Washington				
Bellingham	3,423	4,932	13,700	19,478
Everett	3,831	6,119	14,939	24,196
Seattle	102,542	135,199	397,371	546,667
Spokane	16,980	29,941	70,251	119,203
Tacoma	16,044	21,991	61,947	91,981
Yakima	5,586	8,395	22,183	31,875
Total.....	\$1,642,748	\$2,084,549	\$6,583,358	\$8,599,764

*In thousands of dollars. †Includes banking holiday period.

lead, and silver were, respectively, 7 and 3.65 cents per pound and 33 $\frac{1}{8}$ cents per ounce, compared with depression lows of 5, 3, and 24 $\frac{1}{4}$ cents.

During April, lumber prices continued the improvement which has been evident since the first of the year. Crude oil prices in California remained unchanged from the price established on March 5. Accompanying increased wool prices at Boston, prices paid growers in the Western states improved from week to week during April and the first half of May and are now about 37 per cent higher than a year ago. Hide prices have nearly doubled since the beginning of April. Rubber and sugar prices have also risen in recent weeks.

The Credit Situation

Improvement in the Twelfth District credit structure, which had been evident immediately following the reopening of banks in mid-March, continued during the four weeks ending May 17 and by that date the major disturbances that occurred immediately prior to the banking holiday had for the most part disappeared.

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		
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
April 26	-10.3	-2.7	7.8		-5.2
May 3	7.3	.2	-14.6		-7.1
May 10	-35.1	24.5	12.0		1.4
May 17	1.7	-12.2	7.8		-2.7

Week Ending 1933	USES OF FUNDS				Total Dem'd
	Demand for Currency	Member Bank Reserve Deposits	Unexp'd Capital Funds, etc.		
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
April 26	-10.2	6.3	-1.3		-5.2
May 3	3.2	-4.9	1.0		-7.1
May 10	-5.2	6.5	.1		1.4
May 17	3.2	1.2	-.7		-2.7

About 150 million dollars of hoarded currency was returned to banks between March 13 and May 17, an amount considerably in excess of that withdrawn during January, February, and the first few days of March. Borrowings from the reserve bank had been reduced to the low levels of early February, and member bank reserve deposits had been built up to the highest level since the latter part of 1931. Banks had also restored a considerable part of their deposits with eastern correspondents, which had been drawn upon heavily during February.

On the other hand, several banks which had failed to reopen following the banking holiday were in the process of liquidation on May 17, and quite a number, mostly in country areas,

were still in the hands of conservators or were carrying on limited operations only. Also of importance was the fact that in reporting member banks which had been licensed to reopen without restrictions, deposits had not returned to the levels of January, notwithstanding the fact that more currency had been deposited in banks by the public since March 13 than had been withdrawn previously this year. This failure of deposits to increase to January levels reflected chiefly two influences, one of which—gradual shrinkage of commercial and

FEDERAL RESERVE BANK OF SAN FRANCISCO

(In millions of dollars)

	Condition			
	May 17, 1933	May 10, 1933	Apr. 19, 1933	May 18, 1933
Total Bills and Securities	176	179	219	155
Bills Discounted	39	37	73	80
Bills Bought	12	17	21	5
United States Securities	125	125	125	70
Total Gold Reserves and Other Cash	257	261	225	248
Total Deposits	166	169	160	156
Federal Reserve Notes in Circulation	241	245	261	223
Ratio of total Gold Reserves and Other Cash to Deposit and Federal Reserve Note Liabilities Combined	63.2	62.9	53.4	65.6

security loans—has been almost continuously in evidence since the end of 1929. For the banking structure as a whole, the repayment of a loan entails a corresponding reduction in deposits. The other important factor which has retarded the increase in bank deposits since the banking holiday has been the drain on local accounts for payments outside the district. This factor is represented by commercial and financial transfers of funds from the district for individuals and business houses in settlement of purchases of goods and securities or in payment for other services. When deposit accounts are checked against for payment of local obligations, the check is deposited in some local

REPORTING MEMBER BANKS—Twelfth District

(In millions of dollars)

	Condition			
	May 17, 1933	May 10, 1933	Apr. 19, 1933	May 18, 1933
Loans and Investments—Total	1,690	1,693	1,663	1,708
Loans—Total	901	904	906	1,009
On Securities	213	213	216	267
All Other	688	691	690	742
Investments—Total	789	789	757	699
United States Securities	462	460	427	378
Other Securities	327	329	330	321
Reserve with Reserve Bank	90	88	83	88
Net Demand Deposits	536	523	523	539
Time Deposits	890	893	875	883
Due from Banks	149	129	133	122
Due to Banks	154	145	143	160
Borrowings at Reserve Bank	32	30	64	60

bank, thereby having no net effect on aggregate district deposits. When a check is drawn to meet some obligation in other parts of the country, however, it results, when presented for payment, in the actual transfer out of the district of funds represented by the check, thus reducing local bank deposits. It is evident from this discussion that the failure of bank deposits in this district to recover to

January levels by May 17 was not due to the retention by the public of currency withdrawn at the time of the banking disturbances of February and March, but resulted instead from the continued liquidation of loans and the movements of funds for ordinary commercial and financial transactions.

On May 2, Twelfth District banks were allotted 86 million dollars of the Treasury's 572 million dollar issue of 27/8 per cent notes maturing in 1936. This purchase required only a small outlay of cash, since 6 million dollars of maturing securities and 67 million dollars of deposit credit were tendered the Government in payment. During the week ending May 3, city banks reported an increase of 50 million dollars in Government deposits and an increase of 33 million dollars in investments in Government securities. The fact that the increases in these two items were not greater indicated that the Government had drawn heavily upon the newly created deposits and that member banks had sold considerably more than half of the securities allotted to them. Most of these sales were made in New York.

Since the amount of Government securities sold outside the district exceeded the reduction in Government deposits, banks were provided with funds which were used for reducing borrowings from the reserve bank. In addition to the gain from other districts through private banking and commercial transactions, which amounted to 10 million dollars between April 19 and May 17, United States Treasury expenditures in excess of collections totaled 13 million dollars. Funds from these two sources together with a 22 million dollar reduction in the demand for currency, permitted banks not only to reduce their use of reserve bank credit by 36 million dollars, but also to build up their reserve deposits by 9 million dollars. Reserve bank credit is currently only slightly higher than in the early weeks of 1933 and considerably lower than during most of the past two years.

The number and value of shares traded upon the stock exchanges of the Pacific Coast were double those of any other month thus far in 1933 and were exceeded in 1932 only in the month of August. Prices continued to advance.

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial activity increased considerably during April and the first three weeks of May and wholesale prices of many leading commodities advanced, particularly in the latter part of April and the early part of May. Following the imposition of an embargo on gold on April 20 the exchange value of the dollar declined and on May 20 was 87 per cent of its gold parity.

Production and Employment. Volume of industrial production, as measured by the Board's seasonally adjusted index, increased from 60 per cent of the 1923-1925 average in March to 67 per cent in April, as compared with 63 per cent a year ago and a low of 58 per cent last July. Activity at steel mills increased from 15 per cent of capacity in March to 25 per cent in April and there was a further increase in the first three weeks of May. Increased activity in the steel industry reflected chiefly increased demand from automobile producers and from miscellaneous sources, while demand from the railroad and construction industries continued at low levels. At textile mills and shoe factories, production increased considerably during this period. Output of petroleum fluctuated widely, declining

in the middle of April and subsequently increasing to a high level.

Volume of factory employment and payrolls increased between the middle of March and the middle of April by an amount somewhat smaller than the decrease in the preceding month.

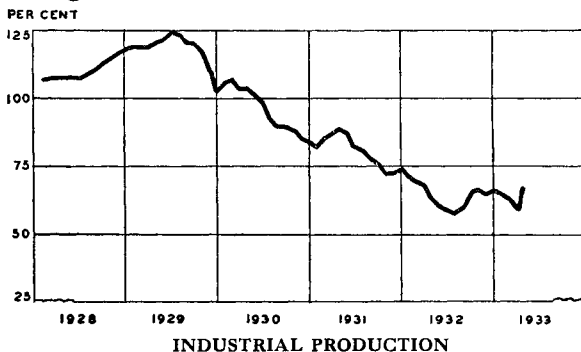
Value of construction contracts, as reported by the F. W. Dodge Corporation continued at previous low levels in April, but showed a considerable increase in the first half of May. Total value of awards in these six weeks was considerably smaller than in the corresponding period a year ago.

Distribution. Freight traffic, which was at a low level in March, increased during April and the first two weeks of May by more than the usual seasonal amount, reflecting chiefly large increases in shipments of miscellaneous products, grains, and livestock.

Department store sales increased sharply from March to April and the total for these two months showed slightly more than the usual seasonal increase over the volume of sales in January and February.

Wholesale Prices. During April, particularly in the latter part of the month, there were

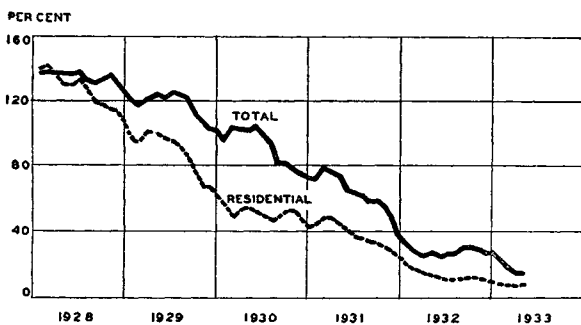
substantial increases in the wholesale prices of grains, flour, sugar, textile raw materials and finished products, hides, pig iron, non-ferrous metals, and rubber. Prices of most of these commodities continued to advance rapidly in the first two weeks of May and showed little change in the third week of the month. Prices



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

of livestock, which did not advance in April, increased considerably in the first three weeks of May. Silver prices, after advancing by a substantial amount in the latter part of April, subsequently showed a decline, and petroleum prices also were reduced.

Foreign Exchange. During the four weeks following the imposition of the embargo on



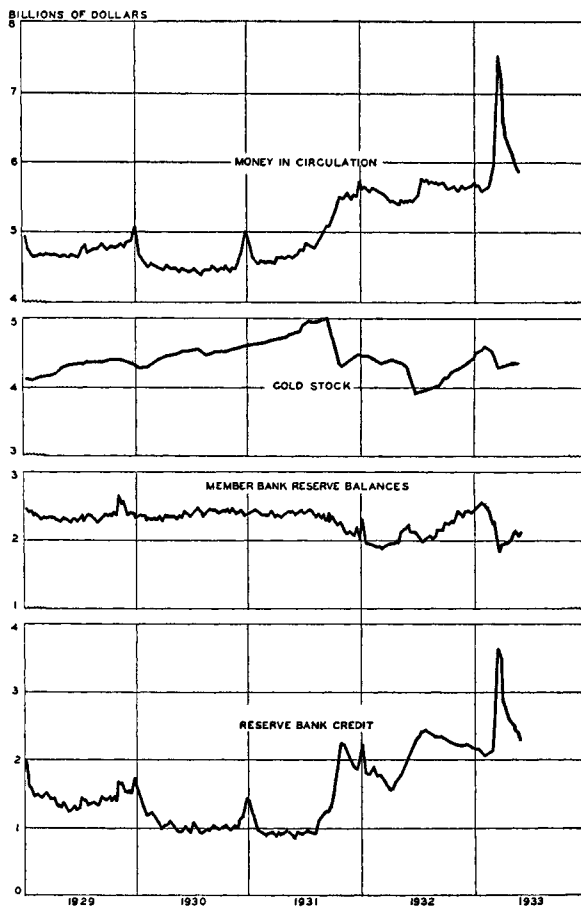
Indexes based on three-month moving averages of F. W. Dodge data for 37 Eastern states, adjusted for seasonal variations (1923-1925 average=100).

gold the exchange value of the dollar declined to 83 per cent of its gold parity on May 5, but subsequently rose to 87 per cent on May 20. The noon buying rate of cable transfers on the French franc rose from 3.98 cents on April 18 to 4.50 cents on May 20, and the rate on the English pound rose from \$3.49 to \$3.87.

Bank Credit. During the four weeks ending May 17, about \$215,000,000 of additional currency was returned to the reserve banks, and on that date all but \$200,000,000 of the \$1,930,000,000 withdrawn by banks and individuals between February 1 and March 13 had been returned. Funds arising from the return of currency during the four week period were

used to reduce reserve bank holdings of acceptances by an additional \$130,000,000 and to liquidate \$85,000,000 of member bank indebtedness at the reserve banks. As the result of an addition of about \$100,000,000 to the reserve banks' holdings of gold, and a further reduction of Federal reserve notes in circulation, the reserve ratio of the reserve banks rose considerably between April 19 and May 17. The decline in Federal reserve notes reflected in part an increase of \$50,000,000 in Federal reserve bank notes in circulation.

Loans and investments of reporting mem-



RESERVE BANK CREDIT AND PRINCIPAL FACTORS IN CHANGES

Wednesday figures. Latest figures are for May 17.

ber banks in New York City increased by about \$400,000,000 between the middle of April and the middle of May, reflecting chiefly a growth of \$200,000,000 in loans on securities, and of \$140,000,000 in investments in United States Government securities. Net demand deposits also increased by about \$400,000,000, of which about one-third represented a further growth of bankers' balances.

Money rates in the open market continued at low levels.