

MONTHLY REVIEW

OF

BUSINESS CONDITIONS

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TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Further expansion of Twelfth District business was recorded during May, although the increase was not so pronounced as in April. Most adjusted measures of production advanced to levels approximately as high as those prevailing a year earlier, and additional expansion was evident in the distribution and sale of commodities. Wholesale prices of commodities important in the district continued to move upward during May and the first half of June. Improvement in employment conditions continued during May, although there were seasonal reductions in the number employed in food processing industries. Aggregate wage payments increased somewhat further.

Cold weather throughout the district and subnormal rainfall in Arizona, California, and Nevada retarded the growth of crops and of live-stock forage during May. Winter wheat, oats, barley, and tame hay were in less satisfactory condition than a year earlier. Although production estimates for winter wheat were slightly higher on June 1 than on May 1, it was expected that the crop would be only half as large as in 1932. Forecasts of the barley crop, while indicating a smaller crop than the large 1932 harvest, approximate average production during the past five years. It is estimated that deciduous fruit production will be about the same in 1933 as in 1932. Lemon and Valencia orange crop estimates show increases from the preceding year.

Production of crude oil averaged approximately the same in May as in April. There was some reduction during the first half of June, although an advance in the proration schedule was announced on June 1. Output of lumber increased at more than the seasonal rate and new orders were larger than in any month since the spring of 1931. Flour milling and meat packing again advanced. New awards for engineering construction were exceptionally low during May, and other classes of building did not change appreciably from levels of immediately preceding months. Neither was there much evidence of increased operations in non-ferrous metals

mining, although prices of those metals advanced considerably.

Seasonally adjusted sales of department stores, registrations of new automobiles, sales at wholesale, and intercoastal shipments continued to expand during May and exceeded those of May, 1932. Freight carloadings increased more than seasonally, but remained slightly lower than in the corresponding month of 1932.

Credit conditions in the Twelfth District were eased somewhat during the five weeks ending June 21 by further increases in available banking reserves other than Federal reserve credit, the use of which declined. Local disbursements of the United States Treasurer exceeded Treasury collections during most of the period. There was some outflow of commercial funds during late May but this movement was reversed in June. Demand for currency declined less rapidly than in March and April, partly because of the approaching summer season when additional currency is needed for ordinary business transactions.

Loans of reporting member banks continued to decline during May and June, while investments increased. Deposits fluctuated considerably, but showed little net change. The rediscount rate of the Federal Reserve Bank of San Francisco was reduced from $3\frac{1}{2}$ to 3 per cent, effective June 2.

Agriculture

The growth of crops and forage in the Twelfth District was further retarded by weather conditions during May. Rainfall was greater than normal in the Pacific Northwest and in Utah, but low temperatures continued. In Arizona, California, and Nevada, both rainfall and temperatures were below normal during May. These factors will probably result in a delay of from three weeks to a month in harvesting district crops. The effect of weather factors is apparent in current estimates of the condition of some crops and in production estimates of others.

On June 1, 1933, the winter wheat crop in the

district was estimated to be 37,305,000 bushels, only half as large as the 1932 harvest and slightly larger than the estimate of the previous month. No estimates of spring wheat production are available, but the condition of the crop at the beginning of June was somewhat poorer than a year ago. This grain ordinarily passes through the critical period of its growth during June, and reliable estimates of production are not available until July. The condition of oats and barley on June 1, 1933, was also poorer than a year ago. In California the current crop of barley is estimated at 550,000 tons, compared with the large 1932 crop of 942,000 tons and a five-year (1927-1931) average crop of 608,000 tons.

CONDITION OF GRAINS AND HAY

(Per cent of normal)

	Spring Wheat		Oats		Barley		Tame Hay	
	June 1 1933	June 1 1932	June 1 1933	June 1 1932	June 1 1933	June 1 1932	June 1 1933	June 1 1932
Arizona .....	..	..	84	93	83	91	81	88
California .....	..	..	74	80	68	79	76	86
Idaho	86	92	86	93	85	92	75	89
Nevada	91	92	85	94	91	94	78	89
Oregon	84	90	85	90	85	91	69	90
Utah	88	92	89	93	88	94	81	86
Washington	83	86	86	89	87	86	73	87
United States	84.9	85.8	78.7	78.9	80.4	82.3	80.0	76.9

Source: United States Department of Agriculture.

Tame hay is in poorer condition at present than it was a year ago. Neither condition nor production estimates of other field crops have been issued thus far this season.

Estimates for most of the deciduous fruits in California indicate that the volume of fruit produced this year will approximate last year's output. Cool weather and scant rainfall have delayed the growth of fruit this season. In Idaho, Oregon, and Washington the condition of tree fruits on June 1 was about the same as

DECIDUOUS FRUITS AND NUTS—California

	Condition (Per cent of normal)		Production* (Forecast)	
	June 1, 1933	June 1, 1932	June 1, 1933	Actual 1932
Apples	72	72	...	9,045†
Apricots	71	70	251	270
Cherries	67	56	22	19
Grapes	72	78	...	1,882
Raisin	72	80	...	1,177
Table	72	77	...	317
Wine	72	72	...	388
Peaches .....	..	..	559	547
Clingstone	84	88	361	340
Freestone	81	84	198	207
Pears	69	64	241	238
Plums	74	81	59	68
Prunes	59	61	186	172
Almonds	60	67	...	14
Walnuts	61	86	...	44

*In thousands of tons. †In thousands of bushels.

Note: In 1932 varying amounts of apricots, cherries, peaches, plums, pears and grapes were unharvested because of market conditions.

Source: California Crop Report.

a year earlier, but considerable damage resulted to berry vines from the unusually cold temperatures of last winter, and there probably will be a reduction in the crop produced this year.

Estimates of the 1933 Valencia orange crop in California indicate a production of 19,800,000 boxes or a crop larger than last year's by 2,366,000 boxes. The current lemon crop is estimated to be 6,375,000 boxes, slightly larger than in 1932.

The usual spring increase in butter production was indicated by receipts at the principal district markets of 8,204,903 pounds during May as compared with receipts of 6,269,043 pounds during April. Storage holdings of butter increased from 529,268 pounds on May 1 to 3,163,691 pounds on June 1. On June 1, 1932, storage holdings amounted to 2,452,838 pounds. Although egg production usually declines at this season, receipts in May of this year approximated those of April. Storage stocks increased during May and on June 1 were 502,745 cases, about the same as a year ago.

Poor weather conditions were particularly unfavorable to the livestock industry during May and early June. In Arizona and California spring ranges were dry and forage inadequate. While feed is satisfactory on ranges in the higher altitudes used for summer grazing, it has been slow in starting to grow. In the Pacific Northwest, in Nevada, and in Utah, growth of range feed has been unusually slow this year, but summer feed prospects are generally good.

Cattle have been reaching satisfactory weights slowly this spring. In nearly all areas of the district the 1933 calf crop is expected to be smaller than in 1932. Losses of both ewes and new-born lambs, particularly the latter, were reported from Idaho, Oregon, Nevada, Utah, and Washington as a result of storms during May. The district's early lamb crop was smaller in 1933 than in 1932. Shipments of spring lambs from California continue below the volume of a year ago. For the season to June 9, 1933, a total of 420,345 head had been shipped, compared with 448,928 head shipped during the corresponding period in 1932. The bulk of the district's wool clip has been shipped by producers to be sold by cooperative marketing organizations. The amounts already sold to dealers have brought prices well above those of last year.

Industry

Industrial activity in the Twelfth District continued to increase during May, but at a less rapid rate than in April. Reflecting partly a smaller than seasonal increase in the use of electrical energy for pumping irrigation water in California, total consumption of electric power increased less than usual from April to May, but industrial production as shown by other broad indicators and a majority of available measures of individual industries advanced after allowance for seasonal influences. To some extent, production during the past two months has reflected forward commitments of dealers,

stimulated both by rising consumer demand and advancing prices of commodities.

Employment conditions showed more general improvement in May than in April. The number employed in California industries decreased by about the seasonal amount, but remained the same as a year earlier. Approximately the seasonal reduction in manufacture of foods took place, while forces in the furniture and automobile tire industries were increased further. A reduction in the number employed in producing motion pictures slightly more than offset an increase in the previous month. Miscellaneous employment expanded sharply. Notwithstanding some decrease in number of employed, aggregate payrolls increased, and average weekly earnings were larger.

Daily average crude oil production in California increased from 475,000 barrels in April to 478,000 barrels in May. Some reduction in output took place in the first half of June. On June 1, a new proration allowable of 450,000 barrels was announced to supersede the previous schedule of 440,000 barrels set last October 1. Most of this increase in allowable was prorated to Kettleman Hills producers, who had taken the initiative in curtailing production earlier in the year, and to the Huntington Beach field, where recent development has resulted in enlarged potential output. Crude runs to refinery stills averaged about the same during May and the first half of June as in April. There was little net change in inventories of either crude or refined oils.

Operations at lumber mills expanded sharply further during May, and for the first time in more than three years were higher than in the corresponding month a year earlier. This bank's

adjusted index of production advanced from 29 per cent of the 1923-1925 average in April to 37 per cent in May. In May, 1932, the index stood at 32. Increases in the volume of lumber orders more than kept pace with the rise in output during May. Orders received during the month were nearly double those of May, 1932. Shipments of lumber exceeded production, further reducing inventories.

The value of construction in May declined sharply from the total for April, which included the large contracts for the San Francisco-Oakland bridge. During the first five months of this year, the value of construction in the Twelfth District aggregated 128 million dollars as compared with 85 million dollars in the corresponding period of 1932. Nearly 105 million dollars of the 1933 total was accounted for by engineering projects, leaving around 23 million dollars or less for residential, commercial, industrial, and miscellaneous building undertakings. Federal Government projects initiated during this period were somewhat larger than in the corresponding months of 1932, despite the fact that such awards were negligible during April and May, 1933.

Non-ferrous metals mining in the Twelfth District has become more active since March of this year. Copper production and employment schedules, however, have not changed appreciably from the extremely low levels that have prevailed in that industry for some time. Activity at present is confined largely to maintenance and exploration of properties at several of the more important copper mines of the district. In a few cases mines are completely shut down. No material reduction in inventories of either blister or refined copper is estimated to have taken place during the past few months. Output of lead advanced during March, April,

Employment—

Industries	California			Oregon		
	No. of Firms	No. of Employees May, 1933 (— .4)	May, 1932	No. of Firms	No. of Employees May, 1933 (+5.7)	May, 1932
All Industries*	1,150	123,803	124,307	120	15,333	14,505
Stone, Clay, and Glass Products.	56	4,079	4,100	..	...	...
Lumber and Wood Manufactures ..	119	10,097 (—12.2)	11,499	44	8,475 (+5.5)	8,036
Textiles	13	1,062 (—3.8)	1,104	8	1,277 (+68.5)	758
Clothing, Millinery, and Laundering	149	10,343 (— .3)	10,370	5†	121 (—13.6)	140
Food, Beverages, and Tobacco...	276	31,788 (+12.6)	28,223	33	1,131 (—2.7)	1,162
Public Utilities...	47	43,922 (—9.6)	48,589	..	...	...
Other Industries†.	488	59,838 (—2.8)	61,588	..	...	...
Miscellaneous	49	6,596 (—11.1)	7,423	30	4,329 (—1.8)	4,409
Wholesale and Retail	212	28,214 (—1.8)	28,738	..	...	...

*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 May, 1932.

Industry—

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

General	1933				1932		
	May	Apr.	Mar.	Feb.	May	Apr.	Mar.
Carloadings—Industrial .	37	35	30	30	34	41	36
Electric Pwr. Production	131†	133	135	135	139	144	144
Manufactures							
Lumber	37	29	28	29	32	34	34
Refined Mineral Oils†....	127	133	113	115	137	145	133
Flour	127	105	94	81	100	94	116
Slaughter of Livestock...	91	85	80	82	83	90	85
Cement	52	42	52	40	56	61	44
Wool Consumption†.....	...	79	80	122	55	67	76
Minerals							
Petroleum (California)†.	72	72	66	71	76	78	76
Lead (United States)†..	...	45	45	40	59	45	55
Silver (United States)†..	...	36	44	30	49	42	28
Building and Construction§							
Total	43	47	40	47	33	34	31
Building Permits—Value							
Larger Cities	10	10	10	10	17	19	21
Smaller Cities	13	13	11	12	15	16	17
Engineering Contracts							
Awarded—Value							
Total	90	97	73	93	53	58	48
Excluding Buildings	198	223	178	230	111	114	84

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

and May, after seasonal adjustment, while silver production, after rising sharply during March, subsequently declined. Gold mining has been at comparatively high levels during the past year or more. Activity in this industry is reported to have been stimulated considerably during recent weeks by the prospects of a premium on gold which many producers anticipate as a result of the recent legislation suspending gold payments.

Output of flour increased further during May, contrary to seasonal expectations. Millers reported larger inventories of both flour and wheat in May, 1933, than in either April, 1933, or May, 1932. Slaughter of livestock continued to increase during May, exceeding levels of a year earlier for the first time since the spring of 1931. Activity at canneries declined considerably from April, but remained higher than at this season in 1932. In California, inventories of

ners' unsold stocks are fairly well depleted for most fruits at the present time.

Trade

Value of department store sales continued to increase during May, although some seasonal decrease is ordinarily expected. For the first time since April, 1930, daily average sales in the district were larger than those of the corre-

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
	May	January 1 to end of May	May
Department Stores.....	3.3 (66)	-17.9 (66)	-21.5 (49)
Los Angeles.....	4.9 (8)	-17.9 (8)	-25.3 (7)
Other Southern Calif..	5.9 (6)	-19.2 (6)	- 6.4 (4)
Oakland.....	-1.0 (4)	-20.9 (4)	-24.5 (4)
San Francisco.....	11.4 (7)	-14.5 (7)	-15.2 (7)
Bay Region.....	7.5 (15)	-16.3 (15)	-17.5 (15)
Central California.....	-1.8 (6)	-17.5 (6)	- 8.3 (6)
Portland†.....	-12.1 (8)	-20.5 (7)	-19.0 (7)
Seattle.....	-4.4 (4)	-20.7 (4)	-29.2 (4)
Spokane.....	-7.8 (4)	-25.1 (4)	-21.6 (4)
Salt Lake City.....	4.8 (4)	-14.1 (4)	- 8.4 (3)
Apparel Stores.....	-1.6 (26)	-16.6 (24)	-19.2 (16)
Furniture Stores.....	0.8 (34)	-27.7 (31)	-25.4 (22)
All Stores.....	2.7 (126)	-18.8 (121)	-21.8 (87)

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

CANNED FRUIT STOCKS—California
Total in hands of canners, including sold and unsold

	June 1, 1932 (cases*)	June 1, 1933 (cases*)	Percentage Decrease
Apricots.....	514,547	323,257	37
Cherries.....	44,034	26,915	39
Pears.....	473,446	177,057	62
Freestone Peaches.....	18,776	1,920	90
Clingstone Peaches.....	4,826,631	1,359,322	72
Total.....	5,877,434	1,888,471	68

*A case is computed as the equivalent of 2 dozen No. 2½ cans.
Source: Canners League of California.

the principal canned fruits were 68 per cent smaller in the aggregate on June 1, 1933, than on June 1, 1932. Sales were much larger during the year just passed than in the preceding year. On June 1 this year, approximately one-third of the total stocks held had been sold but not delivered, compared with a corresponding figure of about 10 per cent for June 1, 1932. Can-

sponding month of the preceding year. On a seasonally adjusted basis, May department store sales were 72 per cent of average sales during 1923, 1924, and 1925, compared with 69 per cent in the preceding month and 70 per cent in May, 1932. The number of sales transactions increased 9 per cent over the year-period.

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

	May, 1933 compared with		Cumulative 1933 compared with 1932
	Apr., 1933	May, 1932	
Agricultural Implements.....	3.4	8.0	-34.5
Automobile Supplies.....	7.1	3.4	-15.1
Drugs.....	7.9	2.3	-18.8
Dry Goods.....	22.7	29.6	- 9.4
Electrical Supplies.....	11.1	9.3	-14.5
Furniture.....	1.3	50.2	-15.6
Groceries.....	17.4	7.5	-10.6
Hardware.....	13.4	2.6	-16.3
Shoes.....	-19.6	6.2	-15.2
Paper and Stationery.....	1.7	3.3	-20.6
All Lines.....	12.7	5.4	-14.6

Sales at wholesale expanded by about 13 per cent from April to May, and were 5 per cent larger than in May, 1932, the first year-period increase since the autumn of 1929. Wholesale shoe sales decreased from the preceding month, but other lines showed unexpected increases, either in extent or in direction of the movement. Wholesalers of dry goods, electrical supplies, groceries, and hardware reported the sharpest increases in demand for merchandise.

Sales of new passenger and commercial automobiles increased markedly during May, whereas substantial decreases are customary during that month. As a result, this bank's ad-

Distribution and Trade—

	1933				1932		
	May	Apr.	Mar.	Feb.	May	Apr.	Mar.
Indexes adjusted for seasonal variations (1923-1925 average=100)							
Carloadings‡							
Total.....	53	52	48	50	55	60	56
Merchandise.....	67	67	65	64	74	77	74
Foreign Trade*							
Total†.....	..	37	40	43	46	50	54
Imports†.....	..	36	38	42	41	46	50
Exports.....	39	38	41	44	49	52	57
Intercoastal Trade							
Total.....	68	60	59	58	54	47	61
Westbound.....	61	60	57	58	66	54	89
Eastbound.....	70	60	63	59	50	45	55
Retail Trade							
Automobile Sales‡							
Total.....	48	37	27	33	32	31	33
Passenger.....	46	36	27	32	30	29	30
Commercial.....	70	48	33	40	59	54	61
Department Store							
Sales‡.....	72	69	57	65	70	74	80
Stocks§.....	54	54	56	58	72	73	74
Collections#							
Regular.....	44.7	41.4	39.4	41.1	41.3	41.0	41.9
Installment.....	15.3	13.9	13.4	13.7	13.7	13.7	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.

justed index advanced from 37 per cent of the 1923-1925 average in April to 48 per cent in May. The May figure was nearly 50 per cent higher than the average level of the index in 1932.

The volume of intercoastal trade increased further in May to 614,000 tons, nearly 125,000 tons greater than in May, 1932. This bank's seasonally adjusted index advanced to 68 (1923-1925=100), compared with 60 in April. Shipments from Pacific to Atlantic ports increased sharply, after having lagged somewhat in April and were the highest since October, 1931. Shipments of lumber and petroleum were larger than in most recent months, and general cargo also increased substantially. Westbound traffic through the Panama Canal advanced somewhat after allowance for seasonal factors.

Freight carloadings advanced slightly more than seasonally during May. The increase took place entirely in the Pacific Northwest, the number of cars loaded in California having risen by only the seasonal amount. A heavier movement of industrial commodities, especially lumber, was accompanied by a rise in the adjusted index of industrial loadings, while the index of merchandise loadings remained unchanged.

Prices

Commodity prices continued to advance rapidly during May and the first half of June. The Bureau of Labor Statistics index of wholesale prices (1926=100) advanced 5 per cent from its low point in February (59.8) to 62.7 in May. As

Chicago advanced approximately 50 per cent from March 1 to June 20. Cash sales of No. 1 Western White wheat at Portland, Oregon, were made at 57 cents per bushel on June 16, compared with 49 cents per bushel in March. The quotation for No. 1 feed barley at San Francisco ranged from 70 to 72½ cents per hundredweight in mid-June, compared with 50-52½ cents in February, 1933, and 57½-67½ cents per hundredweight in June, 1932. Extra fancy Japan rice at San Francisco sold for \$3.25 per hundred pound bag in June, the highest price since October, 1931. From the year's low price, established in mid-February, cotton prices had advanced 55 per cent by mid-June and on that date were at the highest level since July, 1931. California bean prices doubled from March to mid-May, although prices declined slightly in early June. Alfalfa hay prices in California remained relatively stable during the spring months this year. A seasonal decline in prices ordinarily takes place at this time. Hop prices in California, Oregon, and Washington rose sharply further during May and June. In June, 1933, prices ranged from 70 to 75 cents per pound, compared with a range of 9 to 14 cents per pound in June, 1932.

Prices of both oranges and lemons advanced from April to May and were higher than in May, 1932. Butter and egg prices did not change much during May and the first half of June, but were somewhat above prices in June of last year. Cattle prices at Pacific Coast markets in-

WHOLESALE PRICES—REPRESENTATIVE QUOTATIONS OF COMMODITIES IMPORTANT IN THE TWELFTH DISTRICT

Commodity	Unit	June 20, 1933	May 23, 1933	Mar. 14, 1933	June 20, 1932
Wheat	bu.	\$.57	\$.60	\$.49	\$.52
Barley	cwt.	.70	.70	.65	.68
Rice	cwt.	3.25	3.25	2.30	2.30
Hops	lb.	.72	.70	.30	.13
Cotton	lb.	.0925	.086	.064	.052
Beans, Lima	cwt.	5.85	6.10	3.40	3.50
Cattle	cwt.	5.87	5.87	4.87	5.25
Lambs	cwt.	6.25	6.37	5.25	4.25
Wool	lb.	.64	.54	.40	.32
Butter	lb.	.23	.23	.20	.18
Eggs	doz.	.175	.175	.155	.185
Oranges	box	3.25	3.15	2.55	3.10
Apples	bu.	1.25	1.25	1.15	1.65
Prunes	lb.	.055	.0525	.045	.04
Canned Peaches	doz.	1.20	1.20	1.05	1.48
Canned Salmon	doz.	1.60	1.50	1.35	1.80
Sugar, Beet	cwt.	4.50	4.40	4.00	3.80
Copper	lb.	.08	.07	.0575	.05375
Silver	oz.	.36	.33375	.275	.27375
Lead	lb.	.042	.0365	.0335	.03
Coffee	lb.	.09	.094	.095	.101
Rubber	lb.	.0575	.048	.031	.027
Gasoline	gal.	.185	.175	.18	.145

in April, raw materials prices showed greater increases from May 1 to mid-June than prices of finished or semi-finished products. Prices of agricultural products continued to advance sharply from the low levels to which they had been reduced in recent years.

The price of future contracts for wheat at

Bank Debits*

	May, 1933	May, 1932	First 5 Months 1933†	1932
Arizona				
Phoenix	\$ 20,766	\$ 21,490	\$ 84,471	\$ 116,397
California				
Bakersfield	7,234	6,431	32,265	39,189
Berkeley	10,737	12,719	55,491	77,810
Fresno	11,654	13,633	56,267	81,440
Long Beach	22,461	24,209	105,071	143,725
Los Angeles	482,241	511,431	2,357,049	2,996,040
Oakland	163,253	150,323	806,227	871,181
Pasadena	15,927	19,175	86,964	123,892
Sacramento	22,153	36,631	140,718	202,205
San Bernardino	3,862	6,094	22,363	34,705
San Diego	26,658	30,844	138,679	184,331
San Francisco	582,194	566,537	2,816,664	3,405,168
San Jose	12,297	14,134	61,383	84,245
Santa Barbara	6,367	8,173	33,351	50,287
Stockton	10,502	11,712	48,005	67,278
Idaho				
Boise	7,231	9,068	38,005	50,450
Nevada				
Reno	4,295	7,670	19,826	37,627
Oregon				
Eugene	3,160	4,095	13,010	20,671
Portland	113,971	109,865	440,954	520,407
Utah				
Ogden	8,853	8,193	36,694	42,888
Salt Lake City	36,638	37,304	181,964	226,159
Washington				
Bellingham	3,962	4,591	17,662	24,069
Everett	4,243	5,110	19,182	29,306
Seattle	120,130	129,673	517,501	676,340
Spokane	20,388	28,061	90,639	147,264
Tacoma	17,936	21,140	79,883	113,121
Yakima	6,188	7,668	28,371	39,543
Total	\$1,745,301	\$1,805,974	\$8,328,659	\$10,405,738

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

creased approximately \$1.00 per hundredweight during May and early June and hog prices also advanced considerably. In the Pacific Northwest, there was practically no net change in quotations on lambs during the period under review, while prices of good quality lambs rose about \$.60 per hundredweight in San Francisco and \$1.25 per hundredweight in Los Angeles. Wool prices at Boston in June, 1933, were 83 per cent higher than a year ago. This increase is reflected in prices paid growers for their 1933 clips which have ranged from 9 to 25 cents per pound in recent weeks, compared with a range of from 5 to 14 cents per pound a year ago.

Dried apricot, prune, and raisin prices increased during May and, with the exception of raisin prices, were above those received a year ago. Canned fruit prices remained unchanged. Canned salmon prices advanced further during May, and were higher in June than in any other month since last July. Flour prices increased 10 cents per barrel in mid-June, the new quotations approximating those of December, 1931.

Non-ferrous metals markets exhibited strength during May and June. On June 20, at New York, copper sold at 8 cents per pound, lead at 4 1/5 cents per pound, and silver at 36 cents per ounce. These prices were higher than any previously recorded since 1931. During May, lumber prices continued the advance begun last December. Prices of rubber and hides were higher in June than in May. Coffee prices remained approximately the same as a month earlier, while Pacific Coast newsprint prices were reduced from \$45.00 per ton to \$40.00 per ton early in June.

The Credit Situation

Use of reserve bank credit in the Twelfth District decreased moderately during the five weeks ending June 21. Banks obtained about 6 million dollars through a further decline in money in circulation. During this period the rate of decline in currency outstanding was considerably slower than it had been in the second half of March and in April, indicating that a large part of the currency previously hoarded in this district had been redeposited in banks, and also reflecting the approach of the summer season which usually brings some increase in demands for cash. The decline during May and the first three weeks of June was 14 million dollars and that, added to the 138 million dollars returned from circulation between March 13 and the end of April, made a total decrease of 152 million dollars since the banking holiday.

Transactions with other parts of the country had little net effect upon banking reserves during the latter part of May, but there was some gain during the first three weeks of June. Commercial transfers resulted in a net loss of funds by the Twelfth District during the last two

weeks of May. That outflow was about offset, however, by local United States Treasury disbursements in excess of collections during the same period and there was a moderate inward movement of both Treasury and commercial funds during the first three weeks of June.

SOURCES AND USES OF BANKING RESERVES Twelfth District

Changes in millions of dollars during the weeks indicated

SOURCES OF FUNDS					
Week Ending 1933	Reserve Bank Credit	Commercial Operations	Treasury Operations	Total Supply	
May 3.....	+ 7.3	+ .2	-14.6	- 7.1	
May 10.....	-35.1	+24.7	+12.0	+ 1.6	
May 17.....	+ 1.7	-12.1	+ 7.9	- 2.5	
May 24.....	- .5	-11.6	+ 4.3	- 7.8	
May 31.....	- 1.8	- 2.0	+ 6.0	+ 2.2	
June 7.....	- 4.6	+ 6.4	+ .3	+ 2.1	
June 14.....	- 1.4	- 1.2	- .8	- 3.4	
June 21.....	- 2.7	+ 1.9	+ 6.7	+ 5.9	

USES OF FUNDS					
Week Ending 1933	Demand for Currency	Member Bank Reserve Deposits	Non-member Deposits	Unexp'd Capital Funds	Total Dem'd
May 3.....	-3.1	-4.9	+ .9	*	-7.1
May 10.....	-5.2	+6.5	+ .2	+ .1	+1.6
May 17.....	-3.2	+1.2	- .6	*	-2.6
May 24.....	-5.3	-3.0	+ .5	*	-7.8
May 31.....	+2.9	-2.7	+2.1	- .1	+2.2
June 7.....	-1.0	+4.6	-1.5	*	+2.1
June 14.....	-2.8	- .5	*	*	-3.3
June 21.....	+ .7	+5.8	- .8	+ .1	+5.8

*Change smaller than \$50,000.

Note: Minor revisions from tables previously published have been made in some of the figures for weeks prior to May 24. An explanation of this table appears in the article, "Factors Affecting the Uses of Banking Reserves," a copy of which accompanies this issue of the Review.

Total loans of reporting member banks continued to decline during May and June, although the decrease in securities loans was negligible. In contrast, investments increased further, entirely because of increases in holdings of United States Government securities. The following table shows changes in credit extended by and deposits of reporting member banks between March 15 and June 21.

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

	Mar. 15, 1933	June 21, 1933	Change
Loans			
"All other" (commercial and real estate)	704	684	-20
On securities	225	214	-11
Investments			
U. S. Securities.....	406	479	+73
All other	327	327	0
Total Loans and Investments.....	1,662	1,704	+42
Deposits			
Net Demand	519	555	+36
Time.....	876	873	-3
Government	19	56	+37
Total Deposits	1,414	1,484	+70

Treasury financing of June 15 resulted in the allotment to banks and individuals in this district of 27 1/2 million dollars of the 2 7/8 per cent Treasury Notes of 1938 and 5 1/2 million dollars of 3/4 per cent Certificates of Indebtedness maturing in March, 1934.

Interest rates charged customers by commer-

cial banks were slightly lower in mid-June than a month earlier. The discount rate of the Federal Reserve Bank of San Francisco was reduced from $3\frac{1}{2}$ per cent to 3 per cent, effective June 2. Reserve System buying rates on acceptances remained unchanged at 2 per cent

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

	Condition			
	June 21, 1933	June 14, 1933	May 17, 1933	June 22, 1932
Loans and Investments—Total..	1,704	1,688	1,690	1,695
Loans—Total	898	893	901	998
On Securities	214	211	213	261
All Other	684	682	688	737
Investments—Total	806	795	789	697
United States Securities....	479	469	462	377
Other Securities	327	326	327	320
Reserve with Reserve Bank....	92	90	90	80
Net Demand Deposits.....	555	554	536	527
Time Deposits	873	876	890	859
Due from Banks	137	160	149	121
Due to Banks.....	153	162	154	152
Borrowings at Reserve Bank....	22	25	32	70

for 90 day bills and $2\frac{1}{2}$ per cent for 180 day bills. Since System buying rates were above open-market rates, holdings of bills by this bank continued unusually small. Member banks in the Twelfth District increased their acceptance holdings slightly, notwithstanding the low returns received and the small volume of new paper created. A decreasing demand for this type of credit is customary in the early summer months, the greatest use of acceptances coming in the autumn.

There was only one bank failure in the dis-

trict during May and the first three weeks of June. Further progress was made in reopening and licensing banks whose status had not already been determined following the banking crisis. At the end of May there were 740 licensed banks and 137 unlicensed banks in the district, compared with 737 licensed banks and 145 unlicensed banks at the end of April. The number of banks remaining unlicensed was almost equally divided between member and non-member institutions.

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

	Condition			
	June 21, 1933	June 14, 1933	May 17, 1933	June 22, 1932
Total Bills and Securities.....	163	164	176	207
Bills Discounted	29	31	39	93
Bills Bought	2	2	12	7
United States Securities.....	132	131	125	107
Total Gold Reserves and Other				
Cash	267	260	257	194
Total Deposits	171	165	166	144
Federal Reserve Notes in				
Circulation	229	230	241	232
Federal Reserve Bank Notes in				
Circulation	4	2	...	...
Ratio of Total Gold Reserves and				
and Other Cash to Deposit and				
Federal Reserve Note Liabili-				
ties Combined	66.8	65.6	63.2	51.6

Trading at security markets of the Twelfth District was greater in volume during May than in any other month since early 1931. This activity carried over into June, with generally rising prices and a more general public participation.

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial activity increased rapidly in May and the early part of June, and there was an advance in the general level of commodity prices. Prices of raw materials traded in on organized exchanges showed wide fluctuations, and a general rapid upward movement, while prices of other commodities as a group showed relatively little increase.

Production and Employment. Volume of industrial production, as measured by the Board's seasonally adjusted index, increased from 67 per cent of the 1923-1925 average in April to 76 per cent in May, as compared with 60 per cent in March, 1933. Operations at steel mills continued to increase in May and the early part of June, contrary to seasonal tendency, and in the week ending June 24 activity is reported at about 50 per cent of capacity. Output of the automobile industry was larger in May than in April and, according to trade reports, has increased further in June, although a decline is usual at this season. Lumber output in May

showed a considerable increase from previous low levels. Activity at textile mills increased sharply to a higher level for the season than in any other month since November, 1929; and output of shoe factories in May was larger than in May of any previous year.

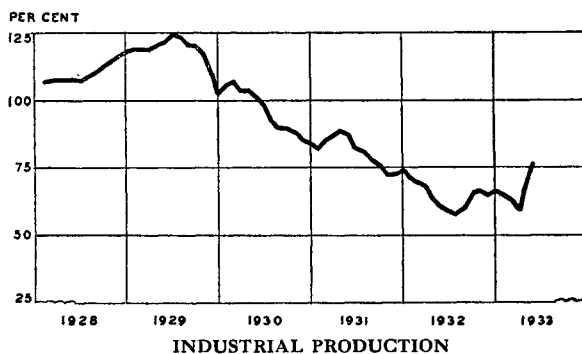
Employment in manufacturing industries increased considerably between the middle of April and the middle of May, and the Board's index which is adjusted to allow for seasonal variations, advanced from 58 per cent of the 1923-1925 average to 61 per cent. Factory pay-rolls increased by a larger percentage to about 42 per cent of the 1923-1925 average.

Value of construction contracts awarded during May and the first half of June, as reported by the F. W. Dodge Corporation, showed a non-seasonal increase from the extreme low levels prevailing earlier in the year.

Distribution. Freight traffic increased from April to May by more than the seasonal amount, reflecting chiefly larger shipments of miscel-

laneous freight and merchandise. Department store sales, which had increased substantially from March to April, showed little change in May.

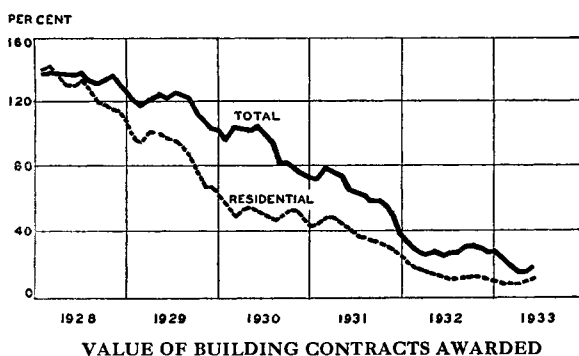
Wholesale Prices. Wholesale commodity prices, as measured by the weekly index of the Bureau of Labor Statistics, advanced from 60.3 per cent of the 1926 average in the week ending



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

April 15 to 64.5 per cent in the week ending June 17. This increase reflected a rapid rise in the prices of commodities traded in on organized exchanges, including wheat, cotton, wool, hides, lard, sugar, silk, rubber, and non-ferrous metals, and also in the prices of flour, textiles, and leather; while prices of petroleum were reduced and most other prices showed relatively little change.

Foreign Exchange. The value of the dollar in the exchange market declined by 18 per cent



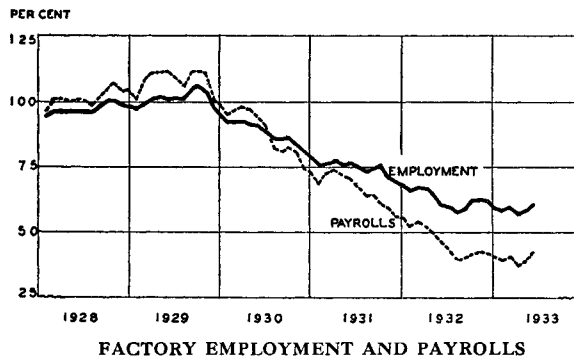
Indexes based on three-month moving averages of F. W. Dodge data for 37 Eastern states, adjusted for seasonal variations (1923-1925 average=100).

between the middle of April and June 21. On the latter date the noon buying rate on cable transfers for the French franc was 4.81 cents, as compared with a gold par of 3.92 cents, and the English pound was quoted at \$4.16, as compared with a rate of \$3.41 on April 12.

Bank Credit. A return flow of \$156,000,000 of currency from circulation and purchase of \$118,000,000 of United States Government securities by the reserve banks placed a considerable volume of reserve funds at the disposal

of member banks during the five weeks ending June 21. These funds were used in part to reduce further the member banks' indebtedness to the reserve banks and the reserve banks' holdings of acceptances, and in part were added to the member banks' reserve accounts.

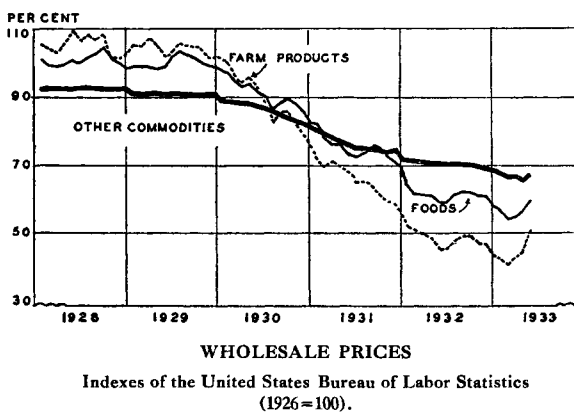
Loans and investments of member banks in 90 leading cities increased by \$175,000,000 in



Indexes of factory employment and payrolls, without adjustment for seasonal variations (1923-1925 average=100).

the four weeks ending June 14, representing chiefly a growth of security loans and other loans at New York City banks. Loans to brokers and dealers in securities made by New York City banks increased by \$160,000,000 during the period, while security loans to other customers declined. Net demand deposits at the reporting banks increased by over \$500,000,000, reflecting in part a further growth of bankers' balances, principally in New York City.

Money rates in the open-market continued to



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

decline during the period and in the middle of June were only slightly above the lowest levels of recent years.

On May 26 the discount rate of the Federal Reserve Bank of New York was reduced from 3 to 2½ per cent and in the following three weeks rates were lowered from 3½ to 3 per cent at the Federal Reserve Banks of Chicago, Boston, San Francisco, Philadelphia, St. Louis, and Cleveland. At the other Federal reserve banks a rate of 3½ per cent prevails.