

# 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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### TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Twelfth District business activity declined further during October but remained somewhat above the level of a year earlier and was considerably higher than last spring. Industrial production continued to decrease as did the volume of trade. After having increased steadily since March, the number of industrial employees as well as the amount of industrial payrolls declined during October, in large part reflecting seasonal reductions in canning activities. Commodity prices advanced in late October and early November.

Absence of excessive rainfall was beneficial to the harvesting of late crops during most of October. Early November rains helped to condition the soil for fall planting, and growth of new grass was started upon livestock ranges. Crop production estimates were enlarged considerably from October 1 to November 1, but it is apparent that aggregate volume of harvest this year will be smaller than in 1932. Marketings continued in smaller volume than a year earlier. After a further decline early in October, prices of farm products moved upward and by the middle of November were about 25 per cent higher than a year earlier.

Electric power production decreased somewhat more than is usual for October. Activity at lumber mills declined slightly, whereas some increase is customary in that month. California crude oil production averaged less in October than in September but continued to exceed Federal allotments by a considerable margin. Value of contract awards for engineering construction showed more than the usual gain, while permits issued for residential, commercial, and industrial building, remained small. Slaughter of livestock was smaller in October than in September. Flour milling expanded somewhat, following declines in the two preceding months.

Value of department store sales declined further during October, after seasonal adjustment, and activity of wholesalers also decreased. Automobile registrations decreased by more

than the seasonal amount during the month. Freight carloadings did not expand as much as is usual during October and adjusted figures declined, offsetting an increase in the preceding month.

Loans extended by reporting member banks showed practically no change between October 18 and the middle of November. Interest rates charged by those banks upon commercial loans declined slightly during this period. A continued inflow of funds resulting from United States Treasury expenditures in excess of collections in the district and a small favorable balance of commercial payments with other districts furnished Twelfth District banks with additional reserves. Member banks continued to add to their reserve deposits, which reached the highest level since August, 1931. Use of Reserve Bank credit continued to be negligible.

#### Agriculture

Continued warm weather and absence of excessive rainfall during October facilitated the harvesting of late maturing crops throughout the Twelfth District and the drying of raisin grapes in California. As most crops had been harvested by November, rains early in that month did little harm and were beneficial for fall plowing and for the seeding of winter wheat. Although livestock ranges were improved by recent rainfall, feeding conditions are still poor in most parts of the district. Late crops have not been damaged appreciably by frost thus far this autumn.

As in the three preceding months, the volume of most crops marketed during October was smaller than in the same month a year ago. The United States Department of Agriculture's price index for farm products did not change during October. This index, which stood at 70 per cent of the August 1909-July 1914 average on October 15, was 25 per cent higher than on October 15, 1932, but was 8 per cent lower than on July 15 of this year, the highest level since July, 1931.

Rains in late October and early November benefited newly sown winter wheat in the Pacific Northwest, but growth is still below normal because of lack of moisture at the time of plowing and sowing. Rainfall in California caused only a minor suspension of harvesting of beans and rice, picking of cotton, and drying of fruit. Usual fall tillage operations for winter crops were retarded by insufficient moisture.

Favorable maturing weather during September and October increased the estimate of cotton production in Arizona and California to 281,000 bales on November 1. This compares with an average annual production in those states of 329,000 bales in the preceding five years. Cotton picking has been delayed because of labor strikes this year, but no damage to the crop has ensued. The sugar beet crop in this district, although adversely affected by continued dry weather with high temperatures during October, was estimated on November 1 to be 3,266,000 tons, the largest on record. The sugar content is also unusually high.

**PRODUCTION AND SHIPMENTS OF GRAPES—California**

Production (tons)	1933	1932	1931	1930
Grapes .....	1,559,000	1,926,000	1,320,000	2,181,000
Raisin .....	916,000	1,221,000*	775,000	1,307,000*
Table .....	270,000	317,000*	229,000	388,000*
Wine .....	373,000	388,000*	316,000*	486,000*
<b>Carlot Shipments</b>				
October .....	12,102	20,664	17,428	36,318
September .....	7,088	12,861	13,447	17,929
August .....	1,560	2,710	3,267	4,586
Season through				
October 31.....	21,182	36,954	35,732	59,864
Season Total .....	.....	42,237	39,557	64,888

\*Includes some quantities not harvested because of market conditions.

Marketing of the 1933 California grape crop extended into November, chiefly because of retarded maturity of the grapes. Carlot shipments for this season are currently far below those for the same period last year. This reflects in part the efforts of shippers to avoid sending excessive quantities of grapes to eastern markets, rather than a shortage of grapes for marketing. Agricultural authorities in California also report that truck shipments to local

**Agricultural Marketing Activity—**

	October		Season to Date	
	1933	1932	1933	1932
<b>Carlot Shipments</b>				
Deciduous Fruits.	21,058	33,682	62,797	89,185
Citrus Fruits....	5,831	5,280	71,758	76,777
Vegetables .....	7,385	7,159	54,637	59,519
<b>Exports</b>				
Wheat (bu.) ....	6,733	40,984	13,901	1,650,056
Barley (bu.) ....	433,041	942,700	2,018,020	2,900,557
<b>Receipts</b>				
Cattle .....	97,068	86,633	751,296	739,121
Hogs .....	228,049	230,324	2,336,965	2,493,574
Sheep .....	410,831	427,498	4,035,751	4,363,514
Eggs (cases) ...	110,241	89,466	1,430,042	1,412,726
Butter (lb.) ....	5,627,132	5,763,653	69,138,645	72,505,831
Wheat (carlots)..	3,269	3,994	20,432	20,101
Barley (carlots)..	636	672	2,257	2,746
<b>Storage Holdings (end of month)</b>				
Wheat (bu.) ....	7,920,000	3,211,000	.....	.....
Beans (bags) ....	2,002,641	2,225,862	.....	.....
Butter (lb.) ....	9,570,607	3,373,018	.....	.....
Eggs (cases) ...	314,188	300,252	.....	.....

wineries have been unusually heavy and that there is an excellent prospect that all juice grapes not otherwise used this year will be crushed for wine. Reflecting a decrease in shipments to the East, grape prices at auction markets increased during the second half of October whereas they had been declining for several weeks prior to that time. Throughout this season prices have been considerably higher than a year ago when returns were so meager that in many cases costs of shipping were not covered.

**APPLE PRODUCTION—Commercial Crop**  
(In thousands of bushels)

	Forecast		Harvest		1926-1930 Average
	Nov. 1, 1933	Oct. 1, 1933	1932	1931	
California ...	4,380	5,913	5,211	4,647	5,719
Idaho .....	4,515	4,752	4,026	3,969	4,477
Oregon .....	2,118	2,379	3,150	2,079	3,999
Utah .....	219	246	591	210	558
Washington ..	21,624	22,260	23,760	25,893	27,307
<b>Total....</b>	<b>32,856</b>	<b>35,550</b>	<b>36,738</b>	<b>36,798</b>	<b>42,060</b>
<b>United States.</b>	<b>78,837</b>	<b>82,713</b>	<b>85,935</b>	<b>103,776</b>	<b>97,870</b>

The United States commercial apple crop is estimated to be 8 per cent smaller this year than last. In this district, forecasts of the commercial apple crop declined 9 per cent during September and October. On November 1 it was expected that this year's production would be 32,856,000 bushels, which is 11 per cent smaller than last year and 22 per cent below average production from 1926 through 1930.

This winter's California Navel orange crop, which is maturing later than usual, was estimated on November 1 to be about 12,096,000 boxes, approximately 15 per cent smaller than the crop in 1932-1933. Present indications are that the crop will be made up chiefly of medium-

**ORANGE SHIPMENTS—California**

	Boxes Shipped*	Value of Shipments*	Average F.O.B. Price Received Per Box*	F.O.B. Cost Including Selling†
1928 .....	21,677,964	\$106,761,429	\$4.925	\$2.516
1929 .....	33,892,782	95,628,871	2.822	1.911
1930 .....	20,552,994	101,401,355	4.934	2.675
1931 .....	30,212,028	69,200,951	2.291	1.831
1932 .....	29,186,850	53,386,873	1.829	1.548
1933 .....	26,853,288	46,705,728‡	1.739‡	.....
1928-1932 Average.	27,104,524	85,275,896	3.146	2.096
October Average,				
1928-1932 .....	1,700,345	5,570,671	3.276	.....
October, 1932 .....	2,170,938	3,972,817	1.83	.....
October, 1933 .....	2,320,626	4,757,283	2.05	.....

\*Based upon data compiled by California Fruit Growers' Exchange. †Compiled by California Citrus League. ‡Preliminary.

sized good quality fruit. Latest available information placed the 1934 lemon crop at 6,367,000 boxes, about the same as a year ago. Orange shipments during October, 1933, were greater than during October of any earlier year except 1929. (Shipments during the previous month had been the largest on record for September.) Prices declined moderately, especially in the lower grades, but were somewhat higher than in October, 1932.

Butter receipts at Pacific Coast markets in October were 14 per cent smaller than during September and about the same as in October, 1932. Withdrawals from cold storage have not been large during recent months. On November 1, cold storage holdings were the highest on record for that date, and almost three times as large as on November 1, 1932. Nevertheless, the price of 92 score butter in the San Francisco market increased  $2\frac{1}{2}$  cents per pound during October and early November, subsequently declining  $\frac{1}{4}$  cent per pound to  $22\frac{1}{4}$  cents per pound on November 20. The Federal Government, through the Dairy Marketing Corporation, made substantial purchases of butter in the San Francisco, Portland, and Seattle markets during November. It is planned to distribute the butter thus purchased through Federal relief agencies. Egg prices in San Francisco for No. 1 Extras advanced in the last week of October from  $28\frac{1}{2}$  to  $29\frac{1}{2}$  cents per dozen, which price was retained during the first half of November.

Livestock ranges in all parts of the district, except Arizona and Washington, deteriorated further during October. Estimates of the condition of cattle and sheep in the Twelfth District generally remained below those of last year and the ten-year average.

### Industry

Continuation of the decline which commenced in September in this district's industrial activity was recorded during October. Output in most important industries, however, remained considerably above levels of a year earlier. After seasonal adjustment, electric power production decreased moderately and was only slightly larger than in October, 1932. Industrial em-

ployment declined somewhat from the relatively high point reached in September when canning operations were at peak levels.

Number of employed in California industries was reduced 13 per cent during October, or by a somewhat larger amount than in that month of other recent years. Substantial expansion had been reported between March and September, however, and employment in October was 25 per cent higher than a year earlier. Most of the decrease in employment during the month was the result of delayed seasonal reductions at canneries. A decrease in working forces in the motion picture industry was small compared with the recent substantial additions to the number employed in that industry. There was little net change in employment in other industrial groups. Aggregate wage payments decreased by the same amount as did employment during October, and there was, therefore, no change in average weekly earnings. Total payrolls were 15 per cent larger than in October, 1932.

In Oregon, there was a decline of slightly more than the seasonal amount in industrial employment and payrolls as a result of curtailed activity in the lumber and wood products industries. Both the number of employees and total weekly wages, however, were approximately 40 per cent higher than in October, 1932. There was practically no change over the year-period in average weekly earnings per employee.

Daily average crude oil production in California decreased from 489,000 barrels in September to 473,000 barrels in October and to 470,000 barrels during the two weeks ending November 18. In no week during this period, however, did output come within the Federal quota of 455,000 barrels daily for the State. Some excess was reported in practically all major producing

### Employment—

Industries	California		Oregon	
	No. of Firms	No. of Employees	No. of Firms	No. of Employees
All Industries*	1,198	169,657	117	23,267
		(+24.6)		(+39.4)
Stone, Clay, and Glass Products.	58	5,347	3	180
		(+24.8)		(+76.5)
Lumber and Wood Manufactures ..	130	16,718	41	11,452
		(+23.8)		(+46.8)
Textiles .....	14	1,765	6	1,086
		(+33.7)		(+12.0)
Clothing, Millinery, and Laundering	151	10,978	7†	218
		(+2)		(-3.1)
Food, Beverages, and Tobacco ..	296	51,968	32	5,431
		(+28.8)		(+61.9)
Public Utilities ..	44	42,039	..	..
		(-6.9)		..
Other Industries†.	495	70,086	..	..
		(+21.3)		..
Miscellaneous ...	54	12,795	28	4,900
		(+61.3)		(+15.5)
Wholesale and Retail .....	231	32,707	..	..
		(+8.8)		..

\*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 October, 1932.

### Industry —

General	1933				1932		
	Oct.	Sept.	Aug.	July	Oct.	Sept.	Aug.
Indexes of daily average production, adjusted for seasonal variations (1923-1925 daily average=100)							
Carloadings—Industrial.	49	49	48	55	42	40	31
Elect. Pwr. Production	136†	141	146	141	136	137	136
Manufactures							
Lumber .....	47‡	54	60	61	37	36	32
Refined Mineral Oils†.	124	134	137	136	131	127	131
Flour .....	80	75	84	123	75	93	109
Slaughter of Livestock.	108	116	115	113	103	105	108
Cement .....	57	57	46	54	41	46	46
Wool Consumption†.	101‡	93	103	95	139	144	128
Minerals							
Petroleum (California)†	72‡	74	76	74	72	72	73
Lead (United States)†.	64	57	36	36	38	41	33
Silver (United States)‡	..	39	28	34	36	36	41
Building and Construction§							
Total .....	34	26	33	28	28	33	32
Building Permits—Value							
Larger Cities .....	13	14	14	14	10	10	10
Smaller Cities .....	14	13	13	13	13	13	13
Engineering Contracts Awarded—Value							
Total .....	62	46	61	50	52	63	63
Excluding Buildings	106	78	113	83	91	122	123

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

fields, but the disparity was especially large in the Huntington Beach field where the number of producing wells increased, and in the San Joaquin Valley area where wells were being reconditioned. Crude runs to refinery stills decreased sharply in October and the first half of November, but there was no appreciable change in gasoline inventories. Crude and fuel oil stocks were lowered, however, reflecting unusually large withdrawals for shipment to the Atlantic seaboard.

Lumber mill operations declined during October, contrary to seasonal expectations for that month. Although this bank's adjusted index decreased to the lowest level since May, the volume of lumber cut was more than 25 per cent higher than a year earlier. New orders for lumber, after declining in October, increased to a level in excess of production during the first half of November. Shipments remained below output, however, and there was a slight increase in gross inventories.

Contracts awarded for engineering construction expanded by more than the customary amount during October, reflecting continued increases in work on streets and roads and on excavations, a large part of which comprised Federal Government lettings under the recently initiated public works program. Residential and private non-residential construction remained at the low levels of other recent months.

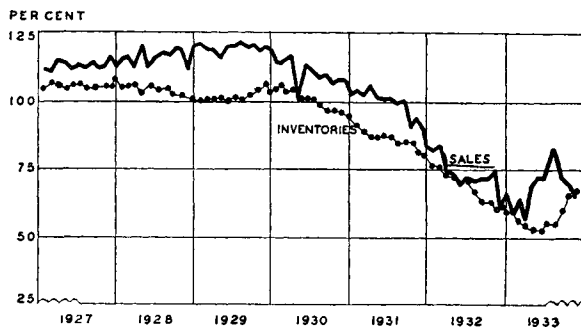
Federal Government construction has become a factor of increasing importance in this area during recent years. Government awards have shown an upward tendency since 1926, when construction activity generally commenced to recede. While the proportion of total construction represented by Federal projects was not so large in 1932 and the first ten months of 1933 as in 1931, in which year contracts for Boulder Dam were awarded, such awards since the beginning of 1932 have been relatively larger than in any other year since 1918.

Actual expenditures of the Federal Government for construction have been larger than the data of contract awards indicate, since some work is performed directly by agencies of the Government without contract. The Federal Government has also participated in projects awarded by other agencies through grants and loans, especially during the past year or more, in which period activity in this respect has been markedly extended. Appropriations totaling \$3,300,000,000 were made under the Emergency Relief and Construction Act of 1932 and National Industrial Recovery Act of 1933 to be allocated throughout the United States by the newly created Public Works Administration. Estimates of the total amount to be allotted in the Twelfth District are not available, but some expenditures under that program have already been made. In addition to the San Francisco-

Oakland Bay Bridge and the Colorado River Aqueduct, awards for which were made prior to the formation of the Public Works Administration, Federal Government construction expenditures allocated to this territory during recent months have amounted to over 200 million dollars. These have been made up chiefly of 40 million dollars for Federal Aid Highway Systems, 72 million dollars for other Federal construction, and 76 million dollars for state and municipal construction including the 63 million dollar Grand Coulee Dam project in Washington.

### Trade

The value of Twelfth District department store sales declined by more than is usual between September and October. This bank's adjusted index, which has decreased steadily



DEPARTMENT STORE SALES AND STOCKS  
Twelfth District

Indexes adjusted for seasonal variations (1923-1925 average=100).

since July, declined further from 70 to 67 per cent of the 1923-1925 average, which was not far above the low figures for January, February, and March of this year. Sales were 9 per

### Distribution and Trade—

	1933				1932		
	Oct.	Sept.	Aug.	July	Oct.	Sept.	Aug.
	Indexes adjusted for seasonal variations (1923-1925 average=100)						
<b>Carloadings#</b>							
Total .....	60	63	61	62	59	59	52
Merchandise ...	69	74	69	68	72	73	68
<b>Foreign Trade*</b>							
Total† .....	..	..	..	..	46	47	46
Imports‡ .....	..	..	..	..	39	38	40
Exports .....	..	..	..	..	50	51	49
<b>Intercoastal Trade</b>							
Total .....	86	81	76	63	62	55	49
Westbound .....	91	93	92	100	70	53	61
Eastbound .....	81	76	73	55	58	54	47
<b>Retail Trade</b>							
<b>Automobile Sales‡</b>							
Total .....	53	59	55	57	28	33	29
Passenger ...	49	56	52	53	26	31	28
Commercial ..	85	87	86	98	50	47	48
<b>Department Store</b>							
Sales‡ .....	67	70	74	82	75	73	73
Stocks§ .....	68	66	61	57	61	63	63
<b>Collections#</b>							
Regular ...	46.1	43.2	42.5	42.9	43.3	39.6	38.2
Installment.	17.0	16.4	17.0	16.1	14.5	13.8	14.0

‡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.

cent lower in value than in October, 1932, in which month they had been comparatively high. The number of sales transactions was 12 per cent smaller in October than a year earlier. While the Fairchild index of retail prices of department store goods did not change appreciably during the month, it was 19 per cent higher on November 1, 1933, than a year earlier. Value of merchandise inventories continued to increase by more than the seasonal amount.

**RETAIL TRADE—Twelfth District**  
Percentage changes in value of sales and stocks

	1933 compared with 1932		STOCKS
	NET SALES	STOCKS	
	October	January 1 to end of October	October
Department Stores . . .	9.4 (62)	9.0 (62)	11.5 (49)
Los Angeles . . . . .	9.2 (7)	8.4 (7)	15.1 (7)
Other Southern Calif. . .	9.1 (6)	9.1 (6)	18.4 (4)
Oakland . . . . .	12.7 (4)	12.9 (4)	4.9 (4)
San Francisco . . . . .	13.2 (7)	7.9 (7)	11.3 (7)
Bay Region . . . . .	12.0 (15)	9.1 (15)	9.7 (15)
Central California . . .	8.8 (5)	9.4 (5)	18.8 (5)
Portland† . . . . .	4.7 (3)	10.9 (8)	12.9 (7)
Seattle . . . . .	11.1 (4)	10.4 (4)	7.4 (4)
Spokane . . . . .	0.2 (4)	13.2 (4)	8.0 (4)
Salt Lake City . . . . .	0.1 (4)	4.1 (4)	27.0 (3)
Apparel Stores . . . . .	0.6 (31)	4.6 (27)	29.0 (20)
Furniture Stores . . . . .	7.2 (30)	10.8 (28)	3.5 (21)
All Stores . . . . .	8.4 (123)	8.9 (117)	10.6 (90)

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

Registrations of new automobiles decreased more than seasonally during October. Sales of both passenger and commercial vehicles remained nearly twice as large as at this time last year.

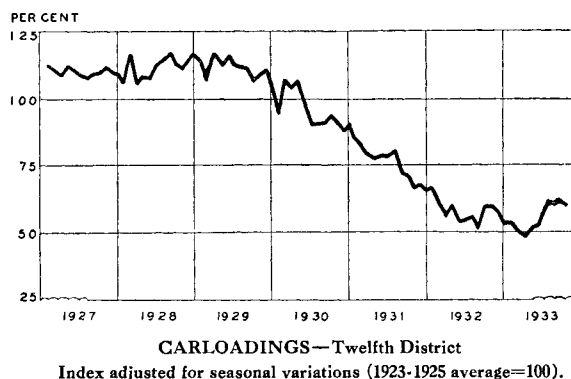
Value of trade of reporting wholesalers was 6 per cent smaller in October than in September, but was 13 per cent larger than in October last year. Allowing for seasonal tendencies, contraction of business as compared with September was particularly important among grocery, dry goods, paper and stationery, and shoe houses. Collections on outstanding accounts were at a higher rate in all reporting lines than a year ago, a tendency which has been apparent since last April.

**WHOLESALE TRADE—Twelfth District**  
Percentage changes in value of sales

	October, 1933 compared with		Cumulative 1933 compared with 1932
	Sept., 1933	Oct., 1932	
Agricultural Implements . . . . .	13.9	43.8	8.1
Automobile Supplies . . . . .	2.8	2.1	5.2
Drugs . . . . .	0.5	1.3	9.5
Dry Goods . . . . .	15.7	14.0	16.1
Electrical Supplies . . . . .	6.5	32.9	5.6
Furniture . . . . .	1.4	82.7	33.2
Groceries . . . . .	5.7	6.6	3.6
Hardware . . . . .	0.8	27.8	5.8
Shoes . . . . .	29.7	3.7	10.6
Paper and Stationery . . . . .	28.0	3.1	4.7
All Lines . . . . .	5.9	12.7	0.2

District freight carloadings did not expand as much as is usual during October. This bank's adjusted index of total loadings declined from 63 per cent of the 1923-1925 average in September to 60 in October. In October, 1932, the index was 59. Industrial carloadings were about the same as in the preceding month, while

shipments of merchandise and miscellaneous freight, which customarily account for the greater part of the September-October advance, increased by only part of the seasonal amount this year. Loadings in the Pacific Northwest increased by slightly more than the expected amount, while adjusted figures of carloadings in California declined substantially.



Reflecting the largest petroleum shipments from this district to the Atlantic Coast since July, 1930, intercoastal traffic expanded by more than the seasonal amount during October. Eastbound shipments of lumber through the Panama Canal were only half as large as in September, while general cargo moving to the Atlantic Coast increased somewhat. Westbound tonnage remained steady during October at approximately the level of the two previous months.

#### Bank Debits\*—

	October, 1933	October, 1932	Cumulative 10 Months, 1933†	
Arizona				
Phoenix . . . . .	\$ 17,763	\$ 16,552	\$ 172,128	\$ 201,831
California				
Bakersfield . . . . .	8,105	8,034	67,774	74,346
Berkeley . . . . .	13,878	11,445	117,474	139,708
Fresno . . . . .	18,554	18,283	128,286	153,971
Long Beach . . . . .	20,601	21,950	220,671	260,744
Los Angeles . . . . .	506,686	493,711	4,989,760	5,558,957
Oakland . . . . .	153,783	158,725	1,573,706	1,623,233
Pasadena . . . . .	17,004	15,949	178,181	212,327
Sacramento . . . . .	26,240	34,047	267,042	381,521
San Bernardino . . . . .	4,492	4,742	45,176	58,898
San Diego . . . . .	27,114	27,956	283,648	336,707
San Francisco . . . . .	677,259	631,627	6,143,335	6,564,096
San Jose . . . . .	17,690	15,397	137,866	159,468
Santa Barbara . . . . .	7,620	7,993	70,394	91,376
Stockton . . . . .	12,218	11,490	108,011	128,506
Idaho				
Boise . . . . .	11,016	7,630	88,322	97,260
Nevada				
Reno . . . . .	5,075	6,090	47,909	74,816
Oregon				
Eugene . . . . .	3,604	3,622	29,894	38,122
Portland . . . . .	107,505	94,954	990,277	987,589
Utah				
Ogden . . . . .	10,773	9,609	91,599	91,255
Salt Lake City . . . . .	43,457	41,490	391,078	419,626
Washington				
Bellingham . . . . .	4,241	3,804	40,240	45,649
Everett . . . . .	4,827	4,659	46,438	53,593
Seattle . . . . .	126,202	117,466	1,185,596	1,290,325
Spokane . . . . .	24,171	26,012	208,010	276,876
Tacoma . . . . .	20,364	17,625	182,588	208,121
Yakima . . . . .	10,227	8,921	67,189	77,931
Total . . . . .	\$1,900,469	\$1,819,783	\$17,872,592	\$19,606,852

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

## Prices

Prices of speculative commodities advanced somewhat following the low point reached in mid-October and at the middle of November were about the same as at the beginning of the preceding month. Other commodities of importance in the Twelfth District changed little during the period under review.

Among agricultural commodities, prices of grains and of cotton showed some increase between mid-October and mid-November. The largest advance was in the price of wheat which was quoted at 71 cents per bushel (Western white at Portland) on November 20, compared with 56½ cents per bushel on October 16. Prices for oats and rice rose slightly, while quotations on barley changed little. Prices paid for beet sugar and beans declined. Potatoes sold at a slightly higher level in mid-November than a month earlier. Quotations on canned fruits remained stable during October and early November, while quotations on most dried fruits decreased slightly.

Non-ferrous metals prices generally tended upward during the period under review. Silver prices at 45 cents per ounce on November 16 were the highest since January, 1930. Copper and lead quotations advanced from their mid-October lows. The price of zinc, which had not changed for several weeks, declined in the second week of November.

Posted prices for crude petroleum were stationary during October and early November. Gasoline prices were reduced by amounts ranging from two to six cents per gallon in California during this period.

Lumber prices advanced during October but at a less rapid rate than in the preceding four months.

## The Credit Situation

The Twelfth District credit situation continued about the same during the five weeks ending November 22 as in the preceding month. Changes in the condition of reporting member banks were unimportant except for increases in holdings of United States securities and in Government deposits. Neither loans on securities nor those for other purposes showed an appreciable net change during the period under review.

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

	Condition			
	Nov. 22, 1933	Nov 15, 1933	Oct. 18, 1933	Nov. 23, 1932
Loans and Investments—Total.	1,695	1,688	1,673	1,688
Loans—Total .....	891	889	893	935
On Securities .....	218	219	220	229
All Other .....	673	670	673	706
Investments—Total .....	804	799	780	752
United States Securities ..	485	479	459	422
Other Securities .....	319	320	321	330
Reserve with Reserve Bank....	101	104	96	86
Net Demand Deposits .....	585	585	579	548
Time Deposits .....	858	861	862	885
Due from Banks .....	139	136	134	175
Due to Banks .....	133	132	135	176
Borrowings at Reserve Bank...	1	...	1	42

Interest rates charged by city banks averaged slightly lower at the middle of November than a month earlier. Although month-to-month changes in interest rates have been irregular, the general tendency has been toward slight reductions in charges on commercial loans by city banks since last March.

Borrowings from the Reserve Bank fluctuated between 3 and 10 million dollars during late October and early November. Discounts for country banks approximated 3 million dollars during this period, the remainder of borrowings resulting from the adjustment of the reserve position of city banks (principally in San Francisco). Only 63 banks borrowed dur-

## Commodity Prices—

	Unit	Nov. 20,* 1933	July 20, 1933	Feb., 1933	Nov., 1926
Wheat.....	No. 1 Western White, Portland..... bushel	\$.71	\$.69	\$.43	\$1.35
Barley.....	Cash shipping, San Francisco..... cwt.	1.16	1.05	.53	1.28
Rice.....	Fancy Japan, San Francisco..... cwt.	3.85	3.25	3.30	6.04
Cotton.....	Middling Uplands, spot, New York..... pound	.104	.106	.060	.128
Beans, Lima.....	F.o.b. California..... cwt.	5.00	6.00	3.67	6.42
Cattle.....	Good grade steers, San Francisco..... cwt.	5.13	6.00	4.90	8.45
Lambs.....	Light weight, San Francisco..... cwt.	6.43	4.75	5.60	12.42
Wool.....	Fairchild average, domestic wool, scoured..... pound	.773	.69	.394	.955
Eggs.....	Cash, Extras No. 1, San Francisco..... dozen	.295	.195	.15	.49
Butter.....	92 Score, San Francisco..... pound	.2225	.25	.18	.452
Oranges.....	Weighed average, f.o.b. California..... box	2.05†	1.85	1.48	4.80
Apples.....	California Newtons, San Francisco..... box	1.30	**	1.27	1.26
Prunes.....	40/50's in 25-lb. box, f.o.b. California..... pound	.065	.058	.045	.071
Flour.....	Patents, Portland..... barrel	7.025†	7.463	4.279	7.685
Canned Peaches.....	Choice, No. 2½s, f.o.b. California..... dozen	1.35	1.20	1.17	2.05
Canned Salmon.....	Alaska Red, No. 1 tall, f.o.b. Pacific Northwest..... dozen	1.70	1.65	1.40	2.675
Sugar.....	Beet, f.o.b. San Francisco..... cwt.	4.40	4.60	3.80	5.91
Copper.....	Electrolytic, spot, New York..... pound	.0825	.090	.050	.136
Silver.....	Spot foreign, New York..... ounce	.4425	.388	.261	.541
Lead.....	Spot, New York..... pound	.043	.045	.030	.080
Coffee.....	Spot, Santos No. 4, New York..... pound	.091	.093	.095	.208
Rubber.....	Smoked ribbed sheets, New York..... pound	.089	.070	.030	.399
Lumber.....	Douglas fir, No. 1, common sheathing, mills..... 1000 ft.	18.39†	16.20	9.50	16.23
Cement.....	Portland, f.o.b. Pacific Coast plants..... barrel	1.603†	1.55	1.43	1.90
Gasoline.....	Refinery, California..... gallon	.067	.065	.044	.113

\*November 20 or nearest date available. †October average. \*\*No quotation.

ing October, compared with 78 in September, 1933, and 194 in October, 1932. This decrease, which was considerably more than seasonal, brought the number to a new low level for the post-war period.

Effective November 3, the discount rate of the Federal Reserve Bank of San Francisco was reduced from 3 per cent to 2½ per cent to bring it in line with the already low open market rates and the small amount of discounting. On October 24 this bank also lowered its buying rates on bankers' acceptances.

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

	Condition			
	Nov. 22, 1933	Nov. 15, 1933	Oct. 18, 1933	Nov. 23, 1932
Total Bills and Securities.....	172	171	166	182
Bills Discounted .....	3	3	3	57
Bills Bought .....	3	2	1	2
United States Securities.....	166	166	162	123
Total Gold Reserves and Other				
Cash .....	275	280	265	225
Total Deposits .....	197	201	181	151
Federal Reserve Notes in				
Circulation .....	212	213	217	230
Federal Reserve Bank Notes				
in Circulation .....	12	10	8	..
Ratio of Total Gold Reserves				
and Other Cash to Deposit				
and Federal Reserve Note				
Liabilities Combined .....	67.2	67.7	66.7	59.1

Reserve Bank holdings of locally purchased bills, which had been less than a million dollars for two months, increased to \$1,344,000 during the second week of November. That amount of purchased bills in the portfolio of this institution is still comparatively small. Member bank holdings of acceptances (included in "all other loans") also declined during August, September, and October. The amount of bills accepted by those banks increased sharply in October, however, showing a greater use of this form of credit, notwithstanding large and increasing excess reserves at the disposal of these same banks. An increase in the use of acceptances is a seasonal occurrence during the autumn marketing season.

ACCEPTANCE OPERATIONS OF LEADING BANKS  
Twelfth District

	Amount Accepted	Amount Bought	Held at close of month
July, 1932.....	\$ 6,857,000	\$17,272,000	\$20,230,000
August, 1932.....	7,725,000	8,170,000	15,931,000
September, 1932.....	7,231,000	4,095,000	8,701,000
October, 1932.....	8,553,000	8,267,000	6,533,000
July, 1933.....	9,018,000	10,586,000	18,466,000
August, 1933.....	8,097,000	12,163,000	16,750,000
September, 1933.....	6,339,000	6,764,000	15,673,000
October, 1933.....	10,649,000	5,687,000	14,818,000

The flow of commercial payments between the Twelfth District and other areas had little net effect upon reserves of local banks between October 18 and November 22, the net inflow of funds from this source aggregating only one million dollars. During this same period the United States Treasury disbursed 14 million dollars more than it collected in the Twelfth District, thus furnishing a net addition to Twelfth District banking reserves. The bulk

of the Federal Government disbursements was made for Army and Navy functions and for such agencies as the Reconstruction Finance Corporation, the Farm Credit Administration, and for other recovery agencies. Most of the disbursements were made in California, especially those of a general nature, although agricultural loans and other payments were substantial in amount in the Spokane area. Government expenditures in this district, which have been greater than local collections almost continually since 1930, may be affected considerably by the recent order transferring most naval vessels to the Atlantic Coast.

SOURCES AND USES OF 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 Operations	Treasury Operations		
September 13.....	+ 6.0	+ 3.1	+ 3.7		+ 3.8
September 20.....	+ .1	+ 2.4	+ 1.6		+ 3.9
September 27.....	+ 2.8	+ 1.7	+ .9		+ .2
October 4.....	+ 1.3	+ 1.0	+ .4		+ .1
October 11.....	+ 1.6	+ 4.0	+ 11.0		+ 13.4
October 18.....	+ 1.6	+ 5.4	+ 7.1		+ 1.1
October 25.....	+ .5	+ 3.4	+ 6.0		+ 2.1
November 1.....	+ 6.3	+ .8	+ 8.1		+ 1.0
November 8.....	+ 5.2	+ 9.3	+ 6.1		+ 10.2
November 15.....	+ 2.5	+ 2.9	+ 3.8		+ 4.2
November 22.....	+ .7	+ 8.1	+ 5.5		+ 1.9

USES OF FUNDS

Week Ending 1933	Demand for Currency	Member Bank Reserve Deposits	Non-member Deposits	Unexp'd Capital Funds	Total Dem'd
September 13.....	-4.1	+ 7.4	-2.6	+ .1	+ .8
September 20.....	*	+ 3.3	- .6		+ 3.9
September 27.....	-3.3	+ 3.3	+ .1	+ .1	+ .2
October 4.....	+5.7	+ 6.7	+ 1.1	*	+ .1
October 11.....	+3.2	+11.6	-1.5	+ .1	+ 13.4
October 18.....	+ .4	+ .6	- .9	*	+ .1
October 25.....	-3.6	+ 4.8	+ .8	+ .1	+ 2.1
November 1.....	+1.5	- 2.3	- .1	- .1	- 1.0
November 8.....	+4.5	+ 4.2	+ .4	+ 1.1	+ 10.2
November 15.....	-1.9	+ 6.2	+ 1.1	-1.2	+ 4.2
November 22.....	+ .6	- 2.8	+ .3	....	- 1.9

\*Change smaller than \$50,000.

A small increase in demand for currency occurred between October 18 and November 22. Notwithstanding these increased payments of currency to the public, banks were enabled (through the funds supplied by inter-district commercial transactions and by United States Treasury operations) not only to reduce borrowings but also to build up reserve deposits to a point higher than their average in 1929. Total member bank time and net demand deposits, against which the reserve deposits must be maintained, approximated 3 billion dollars during 1929, whereas similar deposits of those banks now approximate only 2½ billion dollars.

Receivers for four Twelfth District banks were appointed during the first 20 days of November. Three of those banks were located in Washington and one in California. In Idaho, the conversion of a chain into a branch banking institution under national charter with 7 branches early in November brought further expansion of branch banking in this district.

### Deposits of Twelfth District Member Banks

The temporary Federal Deposit Insurance Fund of the Federal Deposit Insurance Corporation provided for in the Banking Act of 1933 becomes operative on January 1, 1934. This Fund will function for a period of six months and insures deposits in banks which are members of the Fund to the amount of \$2,500 for each depositor. On July 1, 1934, the permanent provisions for insurance of deposits by the Federal Deposit Insurance Corporation will become effective. Under that plan, all deposits of \$10,000 or less will be insured 100 per cent; deposits of \$10,001 to \$50,000 will be insured for \$10,000 plus 75 per cent of the amount in excess of \$10,000; deposits of more than \$50,000 will be insured for \$40,000 plus 50 per cent of the amount in excess of \$50,000. Some indication of the number of depositors and the amount of deposits in Twelfth District banks to be covered by the insurance is presented in the accompanying table and chart. The proportion of depositors in this area having accounts of \$2,500 or less is approximately the same as in the United States as a whole, but the aggregate amount of deposits included in that size-group constitutes a much larger proportion of total deposits in the Twelfth District than in the entire country.

At Twelfth District member banks, 96.6 per cent of all deposit accounts did not exceed \$2,500 on May 13, 1933. Nearly 99.4 per cent of the depositors carried balances smaller than \$10,000, leaving only six accounts in every thousand (0.6 per cent) with deposits of \$10,001 or over. On the other hand, the 0—\$2,500 group of

accounts included only 33.3 per cent of the amount of deposits, while but 55.4 per cent of deposits came within the \$10,000 or smaller class of accounts.

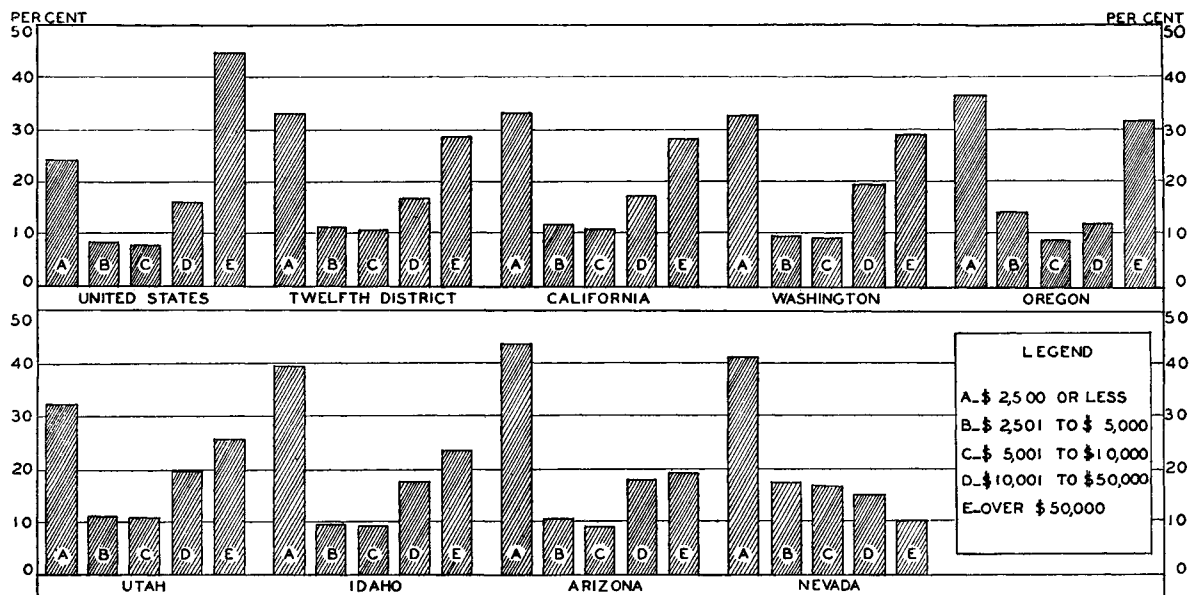
#### NUMBER AND AMOUNT OF DEPOSIT ACCOUNTS BY SIZE OF ACCOUNT

(Licensed member banks, May 13, 1933)

Amount of Deposits (thousands)	United States		Twelfth District	
	Per cent of total	Per cent of total	Per cent of total	Per cent of total
\$ 2,500 or less....	23.7	23.7	33.3	33.3
\$ 2,501—\$ 5,000 ..	8.1	8.1	11.4	11.4
\$ 5,001—\$10,000 ..	7.8	7.8	10.7	10.7
\$10,001—\$50,000 ..	15.8	15.8	16.5	16.5
Over \$50,000 .....	44.6	44.6	28.1	28.1
<b>Total.....</b>	<b>23,542,307</b>	<b>100.0</b>	<b>2,304,218</b>	<b>100.0</b>
<b>Number of Accounts</b>				
Total .....	30,556,105	100.0	4,019,267	100.0
\$ 2,500 or less ....	29,482,384	96.5	3,882,396	96.6
\$10,000 or less ....	30,322,120	99.3	3,995,355	99.4
\$10,001 or more ...	233,985	0.7	23,912	0.6

On December 31, 1932, member banks held 75 per cent of the total bank deposits in the Twelfth District. In individual states the ratios of member bank to total deposits were: Arizona, 56 per cent; California, 76 per cent; Oregon, 82 per cent; Washington, 68 per cent; Idaho, 57 per cent; Utah, 69 per cent; Nevada, 76 per cent. Preliminary figures indicate that licensed member banks held 80 per cent of total district bank deposits on June 30, 1933. Since most of the larger city banks, which carry the bulk of large size deposits, are members of the Federal Reserve System, the proportion of fully insured deposits will be higher in non-member than in member banks.

(This article is based largely upon statistics as of May 13, 1933, given in the Federal Reserve Bulletin for July, 1933, pages 454-456.)



PERCENTAGE DISTRIBUTION OF AMOUNT OF DEPOSITS CLASSIFIED BY SIZE OF ACCOUNTS (Licensed member banks, May 13, 1933).



# MONTHLY REVIEW

OF  
BUSINESS CONDITIONS

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

Supplement

San Francisco, California, November 20, 1933

Vol. XVII No. 11

## SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Volume of industrial output continued to decline in October. Factory employment and payrolls, after increasing continuously for six months up to the middle of September, showed little change from then to the middle of October. There was an increase in the volume of construction undertaken, reflecting the expansion of public works.

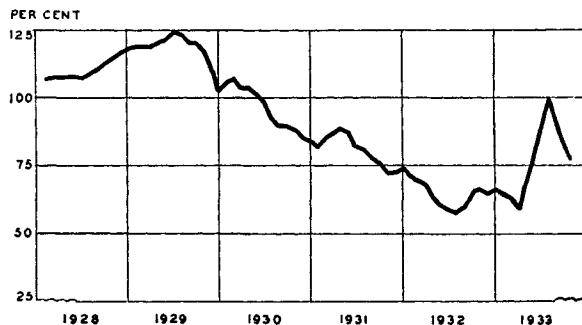
**Production and Employment.** Volume of output in basic industries decreased in October as compared with September, contrary to seasonal tendency, and the Board's seasonally adjusted index declined from 84 per cent of the 1923-1925 average to 77 per cent. This compared with an index of 67 in October of last year and of 60 at the low point in March of this year. At steel mills, activity declined sharply between the middle of October and the first week in November, but in the following three weeks showed little change. In the automobile industry, output has been curtailed in recent weeks in preparation for new models. For the first ten months of the year the number of cars produced was 50 per cent larger than in the corresponding months of 1932. Output at shoe factories showed a seasonal decline in October as compared with September, and there was some decrease in

activity at cotton and wool textile mills, contrary to seasonal tendency. At meat packing establishments, activity declined sharply from the unusually high rate prevailing in September, which was due to the fact that in that month a large number of pigs purchased by the Federal Government were handled.

Total number of employees at factories, excluding canning establishments, showed little change from the middle of September to the middle of October. At canning establishments there was a decline of a seasonal character and the Board's index, which includes this industry, showed a slight decrease.

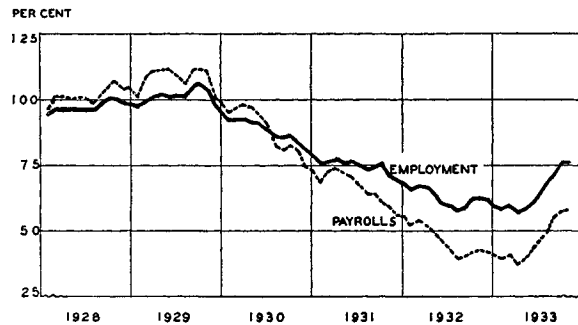
Value of construction contracts awarded during October and the first half of November, as reported by the F. W. Dodge Corporation, showed a considerable advance over the preceding six-week period, reflecting a growing volume of public works.

**Distribution.** Shipments of commodities by rail showed a somewhat larger decline between the middle of October and the middle of November than is usual at this season. Department store sales increased in October as compared with September by slightly less than the usual seasonal amount.



**INDUSTRIAL PRODUCTION**

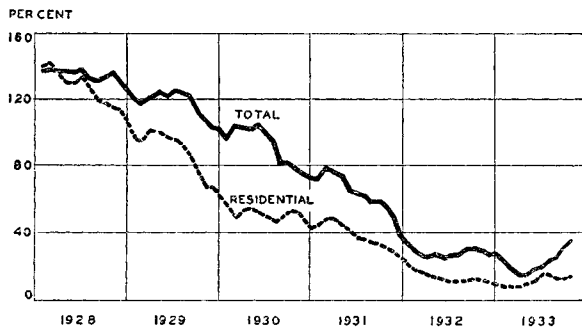
Index numbers of industrial production, adjusted for seasonal variations (1923-1925 average = 100).



**FACTORY EMPLOYMENT AND PAYROLLS**

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

**Prices.** Wholesale prices, as measured by the weekly index of the Bureau of Labor Statistics, declined from 71.3 per cent of the 1926 average in the first week of October to 70.4 per cent in the third week, and then advanced to 71.7 per cent in the third week of November, a level 20 per cent above the low point of last March. Following declines early in October, prices of cotton, grains, lard, rubber, tin, and silver increased considerably, while cattle prices continued to decline and prices of hogs showed little change.



**VALUE OF BUILDING CONTRACTS AWARDED**

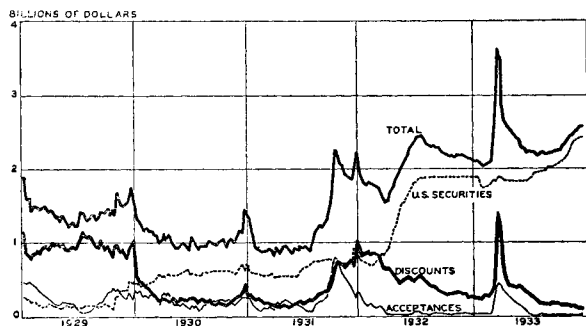
Indexes based upon three-month moving averages of F. W. Dodge data for 37 Eastern states, adjusted for seasonal variations (1923-1925 average=100).

**Foreign Exchange.** The value of the dollar in the foreign exchange market fluctuated around 67 per cent of its gold parity during the latter part of October, declined during the first part of November to 59 per cent on November 16, and on November 22 was 61 per cent.

**Bank Credit.** Between October 18 and November 15 there was little change in the reserves of member banks, which continued to be more than \$800,000,000 in excess of legal requirements. Purchases of United States Government securities by the reserve banks declined gradually from \$25,000,000 during the week ending October 25 to \$2,000,000 during

the week ending November 15. For the four-week period as a whole the banks' holdings of United States Government securities showed an increase of \$57,000,000 while holdings of acceptances and discounts for member banks showed little change.

Total loans and investments of member banks increased by \$90,000,000 during the period, reflecting a growth of \$150,000,000 in holdings of United States Government securities, of \$25,000,000 in holdings of other se-



**RESERVE BANK CREDIT**

Wednesday figures. Latest figures are for November 15.

curities, and of \$30,000,000 in "all other" loans, while loans on securities declined. Net demand deposits declined by \$70,000,000 during the period, while Government deposits increased by \$180,000,000.

Rates on acceptances and yields on short term United States Treasury bills and certificates rose slightly from mid-October to November 20, and yields on Government and high grade corporate bonds advanced somewhat. Discount rates of the Federal Reserve Banks of Boston, San Francisco, and Philadelphia were reduced from 3 per cent to 2½ per cent on November 2, 3, and 16, respectively.