

MONTHLY REVIEW

OF

BUSINESS CONDITIONS

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

Vol. XVIII

San Francisco, California, April 20, 1934

No. 4

TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Twelfth District business was considerably more active in March than in February, both industry and trade showing larger than seasonal gains. Lack of rain in some parts of the district did not seriously affect the condition of planted crops or livestock ranges during March, but a shortage of irrigation water in California is anticipated this season. Crops continued to be marketed in larger volume and for much higher prices than in the corresponding month last year, although there was some decrease in prices of farm products from mid-March to mid-April.

Industrial employment increased by more than the seasonal amount during March. Lumber mill operations also expanded sharply, the adjusted index advancing to 55 per cent of the 1923-1925 average, compared with 52 per cent in February. Crude oil production increased considerably in March and the first half of April, although activity at refineries declined. There was little change in output of copper during March. Increased consumption of copper resulted in further reductions in inventories. Output of cement was 15 per cent larger in March than in February, an increase of more than the usual seasonal amount. Construction contracts awarded for public works were not as large as in February, but residential and non-residential private building showed the largest increases in several months.

Daily average sales of department stores were 20 per cent higher in March than in February. This increase, which was reported from all parts of the district, was much greater than the seasonal expectation, even after allowing for the early Easter this year. Automobile sales also expanded more than is customary in March. Railway freight movement of merchandise increased more than seasonally during the month, but industrial freight carloadings increased by less than the usual amount, resulting in a decline in the adjusted index of total freight carloadings. Volume of intercoastal traffic was the largest since July, 1930.

Federal Government expenditures in excess

of collections in the district remained the predominant influence in the credit situation during the four weeks ending April 18. Funds derived from this source, together with a net inflow from commercial and financial transactions with other districts, resulted in a further accumulation of excess reserves of member banks. Money rates were reduced slightly. City member banks reported little change in either commercial or security loans, although there was a moderate reduction in their large holdings of Government securities. Total deposits remained unchanged.

Agriculture

Rainfall in California was much less than normal during March and the first half of April. Although most crops have not yet been adversely affected by lack of moisture, the outlook for irrigation water later in the season and for forage on summer ranges is poor. Precipitation approached normal in most parts of Oregon and Washington and in northern Idaho during this period. In Arizona, Utah, Nevada, and southern Idaho, rainfall continued deficient, and a shortage of water for livestock is currently reported from some sections. Warm weather throughout the district favored the seeding and growth of wheat, range feed, truck crops, and fruits. Frost damage was confined to minor losses in Oregon and Washington orchards.

Winter wheat was in much better condition on April 1 than on the same date last year in all parts of the Twelfth District except Arizona and Nevada, two relatively unimportant wheat-producing states. Spring wheat was sown under favorable conditions and the early growth has been good. The California wheat crop has deteriorated since April 1, and unless rains are received shortly the final outturn will be considerably less than the April 1 forecast. If the dry weather continues during the next few weeks, an unusually large proportion of the California barley and oat crops will be cut for hay rather than grain.

Until all danger of frost damage has passed no reliable estimate can be made of production of deciduous fruits in the district. With the exception of apricots, the set of fruits was excellent and damage by frost was not serious through the first three weeks of April. Marketing of berries, cantaloupes, and cherries commenced in March and early April.

Most California truck crops are two to three weeks ahead of the normal season and in good condition, although yields have been somewhat reduced by lack of rainfall in the central portion of the state.

Shipments of Navel oranges from November 1, 1933, to April 1, 1934, were approximately the same as for that period of the previous season. Prices remained steady during the month and were well above those of March, 1933. It is now expected that this year's Valencia orange crop will be moderately larger than last year's crop of 17,554,000 boxes.

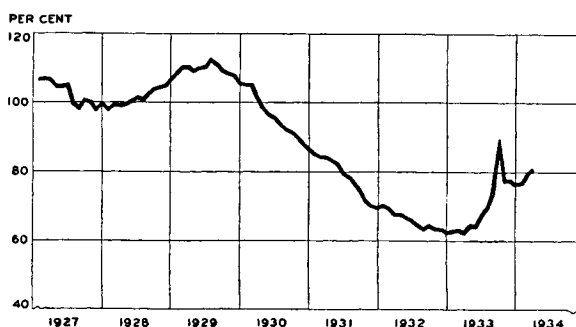
Receipts of butter and eggs at Pacific Coast markets increased from February to March and were larger than in March, 1933. Reflecting increased production and little demand for butter for storage, butter prices declined in the San Francisco market, going from 24 cents a pound in mid-March to 19 cents a pound in mid-April. An increase in demand for butter for storage was reported subsequently and the price advanced to 22 cents per pound on April 20. Egg prices remained unchanged throughout March and the first three weeks of April at a level the same as a year ago.

Ranges in Arizona, Utah, Nevada, southern Idaho, and parts of California were beginning to show the effects of lack of rainfall by early April. In northern California, Oregon, and Washington, forage conditions continued good to excellent. Costs for supplemental feeding of livestock were relatively low during the past winter and, with stock in much better condition and prices higher than in 1933, returns to growers for stock marketed during the spring should

be considerably higher this year than last. Shipments of California spring lambs to eastern and midwestern markets amounted to 86,000 head by April 23, compared with 73,000 head shipped up to April 22, 1933. Lamb shipments were lighter than a year ago until after the middle of April, when rapid deterioration of ranges accelerated the movement appreciably. Marketing of cattle increased during March, reflecting in part sales of beef held over from last autumn because of the low prices then prevailing. Cattle prices at district markets are currently about 5 per cent higher than last fall and 10 per cent above those of March, 1933.

Industry

Twelfth District industrial activity continued to increase more than seasonally during March and was higher in that month than at any time in the past two years. Employment conditions improved further.



INDUSTRIAL EMPLOYMENT—California

Index adjusted for seasonal variation. Excludes canning and preserving industry. (1923-1925 average=100).

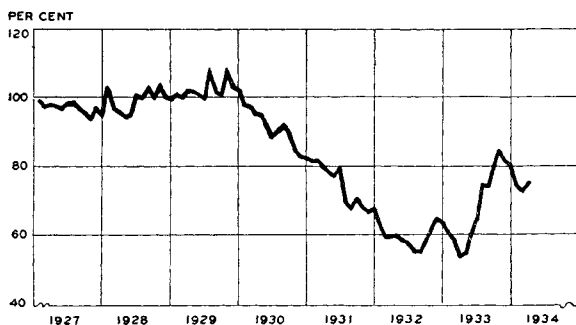
Industrial employment in California and Oregon increased considerably more than the customary amount during March. Larger numbers of employees were reported throughout California, except in Los Angeles County, where releases of workers engaged in motion picture production approximately offset increases in employment in other important industries. Partly because of earlier crop maturity, more than the usual large seasonal increase took place in the number of workers at canneries in Oregon and California. Gains in employment in the textile and lumber industries also were reported.

The accompanying charts show the marked improvement in industrial employment in California and Oregon since the low point reached in March, 1933. There was a sharp gain in employment from April through September of last year, accompanied by a rapid recovery in industrial production. Part of this increase in employment was a result of reductions in the average length of the working week under the program of the National Industrial Recovery

Agricultural Marketing Activity—

	March		Season to Date	
	1934	1933	1934	1933
Carlot Shipments				
Apples and Pears.	2,573	3,037	32,141	37,709
Citrus Fruits . . .	6,810	5,552	23,853	24,298
Vegetables	9,666	7,052	55,493	46,609
Exports				
Wheat (bu.) . . .	3,241,943	6,534	13,714,147	2,101,907
Barley (bu.) . . .	660,124	782,499	4,716,224	6,251,619
Receipts				
Cattle	92,299	66,611	273,768	203,196
Hogs	198,673	249,750	781,151	800,013
Sheep	189,272	190,652	613,266	617,237
Eggs (cases) . . .	207,064	190,631	515,815	436,530
Butter (lbs.) . . .	6,481,429	6,441,491	17,477,574	17,303,327
Wheat (carlots) .	5,859	2,631	46,516	33,987
Barley (carlots) .	524	753	4,995	5,544
Storage Holdings				
(end of month)				
Wheat (bu.) . . .	5,964,000	5,962,000	2,360,000	2,563,000
Beans (bags) . . .	1,441,000	1,596,000	1,107,000	1,432,000
Butter (lbs.) . . .	1,298,000	3,034,000	171,000	205,000
Eggs (cases) . . .	234,000	30,000	238,000	29,000

Administration. While the number of workers was reduced to some extent throughout the remainder of 1933, part of this loss was regained during the first quarter of 1934.



INDUSTRIAL EMPLOYMENT—Oregon
Index adjusted for seasonal variation. (1923-1925 average=100).

California crude oil production increased substantially between February and March to a daily average of 474,500 barrels, a rate 20,600 barrels in excess of allotments. Partly in anticipation of a seasonal increase in consumption of gasoline, the allotment was increased from 453,900 barrels daily in March to 462,500 barrels a day in April.

Petroleum refining tended downward slightly during March and the first half of April, and there was some decrease in gasoline inventories. Following sharp reductions in gasoline prices during March, some weakness was evident in the crude oil price structure, major companies having withdrawn purchase contracts at posted prices in several important fields.

Lumbering expanded by more than the customary large amount during March, the

seasonally adjusted index advancing from 52 to 55 per cent of the 1923-1925 average. Operations were especially active in the Douglas fir area, while the cut of western pine increased somewhat less than usual for the month, thereby offsetting in part the sharp increase which occurred in February. Lumber shipments and orders continued to be substantially larger than in the corresponding month a year earlier.

Unofficial data indicate that the position of the copper industry in the United States continued to improve during March. With apparent domestic consumption estimated at 42,500 short tons (5,500 tons more than in February) and estimated mine output unchanged at 20,000 tons, stocks of refined copper held at refineries in North and South America, which virtually means inventories in the United States, were reduced 17,500 tons. The difference between apparent consumption and mine output plus the reduction in stocks was made up by production of metal from secondary sources. The price of electrolytic copper at New York held steady at 8 cents a pound throughout March but strengthened in the first week of April and by the middle of that month was quoted at 8½ cents a pound.

Germany, consistent with her recent policy of reducing imports and hence debits in the international balance of payments, imposed an embargo in late March on imports of copper. The embargo is of considerable interest to producers of copper in the United States, since in many years Germany has been the largest single importer of copper produced in this country.

Construction being undertaken was somewhat smaller in value in March than in February, a decline in public works more than offsetting increases in most types of building.

Employment—

Industries	California		Oregon	
	No. of Firms	No. of Employees	No. of Firms	No. of Employees
All Industries*	1,161	155,642	118	17,394
		(+38.6)		(+37.3)
Stone, Clay, and Glass Products.	59	5,648	3	58
		(+34.5)		(+152.2)
Lumber and Wood Manufactures ..	121	13,573	41	9,216
		(+47.4)		(+44.5)
Textiles	11	1,530	7	1,702
		(+49.1)		(+76.9)
Clothing, Millinery, and Laundering.	142	10,440	7‡	204
		(+13.2)		(-4.2)
Food, Beverages, and Tobacco...	286	39,407	31	1,269
		(+56.1)		(+30.0)
Public Utilities ...	46	42,893	..	..
		(-1.7)		..
Other Industries†	492	73,504	..	..
		(+27.8)		..
Miscellaneous ...	50	11,540	29	4,945
		(+96.2)		(+20.1)
Wholesale and Retail	233	31,555	..	..
		(+20.3)		..

*Public utilities and wholesale and retail figures not included in this total. †Includes the following industries: Metals, machinery, and conveyances; leather and rubber goods; oils and paints; printing and paper goods. ‡Laundering only. Figures in parentheses indicate percentage change from March, 1933.

Industry—

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

	1934-1933				1933		
	Mar.	Feb.	Jan.	Dec.	Mar.	Feb.	Jan.
General							
Carloadings—Industrial.	47	49	48	42	30	30	36
Elec. Power Production	151¶	145	144	141	135	135	138
Manufactures							
Lumber	55	52	53	46	28	29	35
Refined Mineral Oils†..	..	107	107	116	113	115	122
Flour	102¶	95	99	89	92	80	74
Slaughter of Livestock.	104	111	113	106	103	103	102
Cement	76	75	85	85	52	40	37
Wool Consumption†...	64¶	107	94	95	80	122	96
Minerals							
Petroleum (California)†	71	68	69	72	66	71	71
Lead (United States)‡.	..	64	64	67	45	40	45
Silver (United States)‡.	..	..	37	29	44	30	36
Building and Construction§							
Total	34	33	33	37	40	47	64
Building Permits—Value							
Larger Cities	11	10	9	11	10	10	10
Smaller Cities	18	14	11	11	11	12	12
Engineering Contracts							
Awarded—Value							
Total	66	69	73	71	73	93	145
Excluding Buildings	136	145	127	125	178	230	281

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

Value of permits issued for residential building continued to increase gradually. Awards for commercial and industrial building were the largest for any month since February, 1932.

Trade

March department store sales were stimulated to some extent by the early occurrence of Easter this year, but after allowance for this and other seasonal factors they were 8 per cent higher than in February. Reports of increasing sales were received from all parts of the district, and seasonally adjusted indexes for most cities approached the highest level in two years.

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

	1934 compared with 1933		
	NET SALES		STOCKS
	March	Jan. 1 to end of March	March
Department Stores ..	40.5 (66)	24.6 (66)	11.6 (49)
Los Angeles	35.7 (7)	22.2 (7)	13.8 (7)
Other So. California	62.1 (7)	24.2 (7)	7.6 (5)
Oakland	37.5 (4)	17.9 (4)	3.3 (4)
San Francisco	39.8 (7)	23.5 (7)	12.6 (7)
Bay Region	39.5 (15)	22.3 (15)	10.2 (15)
Central California ..	45.2 (6)	29.1 (6)	13.2 (6)
Portland†	37.8 (7)	25.5 (7)	6.3 (6)
Seattle	44.8 (4)	26.2 (4)	11.4 (4)
Spokane	72.4 (4)	49.9 (4)	1.1 (4)
Salt Lake City	34.8 (4)	29.4 (4)	35.6 (3)
Apparel Stores	51.5 (31)	34.6 (31)	30.3 (19)
Furniture Stores	44.0 (32)	33.1 (32)	14.6 (23)
All Stores	41.8 (129)	26.3 (129)	13.5 (91)

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

Value of sales was 41 per cent larger in March, 1934, than in March, 1933, reflecting in part earlier Easter buying this year than last and in part increases in retail selling prices. Furthermore, retail sales were exceptionally low in March, 1933, partly as a result of the banking holiday and the earthquakes in southern California during that month. Even after allowance for all of these factors, department store business showed a decided expansion both as compared with the preceding month and with March, 1933.

Distribution and Trade—

	1934-1933				1933		
	Mar.	Feb.	Jan.	Dec.	Mar.	Feb.	Jan.
Indexes adjusted for seasonal variation (1923-1925 average=100)							
Carloadings‡							
Total	64	66	67	64	48	50	54
Merchandise ...	79	78	80	81	65	64	67
Intercoastal Trade							
Total	95	91	72	83	59	58	51
Westbound	81	71	73	69	57	58	56
Eastbound	105	99	69	89	63	59	48
Retail Trade							
Automobile Sales‡							
Total	59	52	36	47	27	33	39
Passenger ...	55	48	31	44	27	32	37
Commercial ...	110	99	87	80	33	40	61
Department Store							
Sales‡	78	72	68	77	57	64	60
Stocks§	62	64	65	65	56	58	61
Collections#							
Regular ...	46.7	43.6	46.9	44.5	38.6	39.0	42.7
Installment	17.6	16.9	18.1	15.6	13.1	13.4	15.9

‡Daily average. §At end of month. #Per cent of collections during month to amount outstanding at first of month.

Pronounced increases were reported in all of the important lines of wholesale trade during March, with activity generally reaching the highest level in nearly three years. In most cases the increases were in excess of seasonal expectations for the month, following several

WHOLESALE TRADE—Twelfth District Percentage changes in value of sales

	March, 1934 compared with		Cumulative 1934 compared with 1933
	Feb., 1934	Mar., 1933	
Agricultural Implements	42.5	199.5	188.9
Automobile Supplies	8.1	36.0	23.9
Drugs	13.2	48.9	41.1
Dry Goods	32.6	65.5	44.6
Electrical Supplies	20.3	60.5	54.5
Furniture	9.4	92.9	81.4
Groceries	17.8	22.0	26.1
Hardware	30.2	67.5	61.4
Shoes	59.0	81.8	72.1
Paper and Stationery	33.9	61.5	48.3
All Lines	22.3	50.4	43.7

months in which activity changed little. In only two lines—automobile supplies and furniture—did sales fail to come up to seasonal expectations. As compared with March, 1933, value of sales was 50 per cent larger. The Bureau of Labor Statistics index of wholesale prices of finished products was 18 per cent higher in March, 1934, than in March, 1933.

A further sharp increase in new automobile sales was reported for March and registrations were more than twice as numerous as in March, 1933. District sales of both passenger cars and commercial vehicles in March of last year, however, were the lowest since records were first

Bank Debits*—

	March 1934	March 1933†	First three months 1934	1933†
Arizona				
Phoenix	\$ 25,722	\$ 14,112	\$ 70,195	\$ 45,887
California				
Bakersfield	8,424	5,770	25,210	18,029
Berkeley	25,760	10,088	69,933	33,361
Fresno	17,160	9,921	50,241	33,673
Long Beach	23,952	18,487	66,395	61,439
Los Angeles	580,597	414,739	1,632,756	1,411,033
Oakland	162,302	128,406	455,216	468,193
Pasadena	20,310	16,410	57,225	54,125
Sacramento	68,323	29,375	131,616	97,067
San Bernardino	6,666	3,496	17,137	14,753
San Diego	31,326	25,182	90,018	82,900
San Francisco	749,124	531,931	2,060,535	1,697,170
San Jose	16,130	11,220	44,866	36,205
Santa Barbara	7,938	6,263	23,429	20,490
Stockton	13,876	7,918	38,754	27,372
Idaho				
Boise	10,635	6,959	31,267	23,569
Nevada				
Reno	7,289	3,743	18,404	11,543
Oregon				
Eugene	4,055	2,220	10,263	7,133
Portland	146,323	78,004	353,861	235,814
Utah				
Ogden	9,197	5,817	28,506	19,480
Salt Lake City ..	45,580	34,288	129,727	109,389
Washington				
Bellingham	4,652	3,554	12,678	10,277
Everett	5,675	3,645	14,516	11,108
Seattle	144,167	102,843	383,444	294,829
Spokane	29,765	13,474	75,656	53,271
Tacoma	24,132	16,270	62,953	45,903
Walla Walla	4,284	2,072	11,675	7,323
Yakima	10,372	5,194	27,723	16,597
Total	\$2,203,736	\$1,511,401	\$5,994,199	\$4,947,933

*In thousands of dollars. †March, 1933, figures were incomplete for some cities during the banking holiday period.

compiled in January, 1923. Throughout the second quarter of 1933, rapid improvement was evident, especially in sales of commercial vehicles. Seasonally adjusted figures did not change greatly from July to November. Because of some difficulty in securing deliveries on new models, number of registrations fell off markedly in December, 1933, and January, 1934. Decidedly more than seasonal expansion in February and March of this year approximately offset these declines and brought sales to mid-1933 levels.

Somewhat less than the usual increase took place in freight carloadings during March. After seasonal allowance, industrial loadings decreased to the December level, while merchandise and miscellaneous showed a slight advance. Total loadings were about one-third higher than in March, 1933. The decrease from February to March in the adjusted index reflected principally the failure of lumber shipments in the Pacific Northwest to increase as much as is customary during March.

Domestic shipments to and from the Pacific Coast through the Panama Canal totaled 876,000 cargo tons during March, an increase of 116,000 tons over February and the largest amount recorded in any month since July, 1930. Intercoastal traffic during the first quarter of this year was more than 50 per cent larger in volume than in the first quarter of 1933. This increase over the year-period resulted from greatly enlarged petroleum shipments and a small increase in general cargo, lumber shipments having been about the same during the two quarters.

Prices

Wholesale commodity price averages for the United States declined slightly between mid-March and mid-April and at the end of that period were approximately the same as two

months earlier. Principal decreases were in prices of farm products and foods. Quotations for most Twelfth District agricultural products changed little during March, but declined during the first half of April.

Wheat prices fluctuated within a comparatively narrow range during late March and the first ten days of April, and then declined about ten per cent within a period of a few days. Potato, cotton, bean, and hay prices declined somewhat, while prices for sugar and rice remained unchanged. Quotations on canned pears and apricots increased moderately during the period under review. There was a slight recession in quotations for all dried fruits except apricots, prices for which continued to advance.

Prices of copper, lead, and zinc increased slightly during late March. After considerable fluctuation in the first three weeks of April, the spot price of foreign silver declined and on April 20 was about the same as a month earlier.

The Credit Situation

During the four weeks between March 21 and April 18 Twelfth District banking reserves were increased substantially and member bank reserve deposits reached 223 million dollars, more than 30 million dollars above the high point for any time prior to the current year. Loans of member banks showed little net change during this period, although interest rates were reduced slightly. Investments declined moderately.

United States Treasury disbursements continued to exceed local collections by a considerable amount and, in addition, Twelfth District banks gained substantially from commercial and financial transactions with other districts, principally New York. Since there was little change in reserve bank credit, in demand for currency, or in other factors affecting the supply of or demand for funds, practically all the reserves gained from Treasury disbursements and from inter-district transfers accumulated as member bank excess reserves, inasmuch as required reserves were unchanged.

As in December, January, and February, the Civil Works Administration was the most important single agency contributing to the large Treasury disbursements, although substantial amounts were disbursed by the Federal Emergency Relief Administration, Farm Credit Administration, Agricultural Adjustment Administration, and Home Owners' Loan Corporation, in addition to the usual expenditures of the War and Navy Departments and other regular administrative and executive agencies.

The larger part of Federal funds now being disbursed in the Twelfth District finds its immediate use as wage payments (which are spent mainly for consumption goods) or as payments

Wholesale Commodity Prices*—

	April, 1929	April, 1933	July, 1933	March 20, 1934	April 20, 1934
Wheat	77	37	46	48	43
Barley	135	58	102	69	69
Rice	52	34	45	54	54
Cotton	106	37	56	65	62
Lima Beans	139	51	72	63	63
Cattle	141	62	70	68	68
Lambs	119	42	38	71	66
Wool	101	42	72	84	82
Eggs	95	58	71	56	56
Butter	107	52	62	59	54
Apples	118	60	79	101	82
Prunes	107	55	66	82	80
Flour	81	55	81	77	77
Canned Peaches	80	52	55	64	64
Canned Salmon	75	39	45	45	47
Sugar	89	77	85	81	77
Copper	142	41	64	58	62
Silver	86	48	58	71	71
Lead	91	41	56	51	54
Coffee	111	41	42	53	51
Rubber	42	8	16	22	24
Lumber	114	67	98	115	115
Cement	87	76	82	87	87

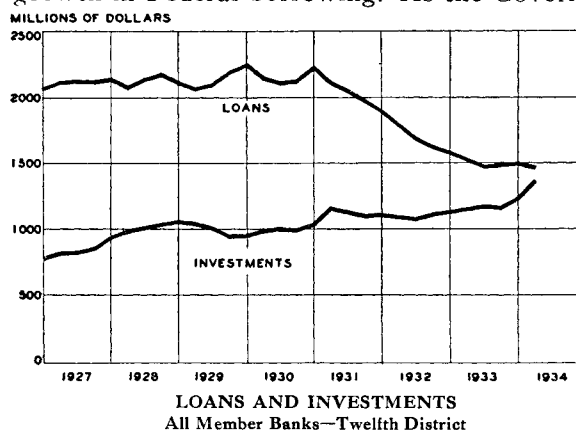
*Expressed as percentages of prices in April, 1926.

for durable goods which in their turn involve large wage payments. This type of spending contributes to the immediate demand for goods and services and hence stimulates trade and industry more than it builds up the current volume of savings. To the extent that Government expenditures are provided for by taxation and other ordinary revenues from within the district or through sales of securities which absorb local savings, there is no change in the wealth, income, or bank reserves of the district. To the extent that disbursements are met by Government borrowings from local banks, the increased individual deposits thus created are balanced by larger bank investments in Government securities. Bank reserves are not changed by this expansion but local bank credit is indirectly converted into purchasing power. To the extent that expenditures are met by use of funds collected or borrowed in other districts, bank reserves as well as individual deposits are immediately increased.

During the past two months total investments of city member banks have averaged about the same as the total loans reported by those banks. This relationship represents a marked change from the apportionment of commercial bank credit in previous years. During 1927, 1928, 1929, and 1930, loans of all member banks in the Twelfth District were more than twice as large as investments of those banks. Beginning in 1931, however, the extension of credit by banks to commercial enterprises and to borrowers on securities and real estate was

curtailed, while investments were moderately increased, as shown in the chart below.

This expansion in investments of banks was almost entirely in holdings of United States Government securities and accompanied a growth in Federal borrowing. As the Govern-



Data from call reports. March 1934 figures estimated.

ment disbursements continued to increase and thus to supply an increasing part of the credit demands of the community, commercial bank holdings of Government obligations increased further. This was particularly true during 1933 and the first few months of 1934 when the broadening of Federal activities was more rapid than during any other peace-time era. The decline in loans of banks more than offset the increase in their investments during the three years prior to the middle of 1933 and the total

SOURCES AND USES OF BANKING RESERVES Twelfth District

Changes in millions of dollars during the weeks indicated

SOURCES OF FUNDS				
Week Ending 1934	Reserve Bank Credit	Commercial Operations	Treas. and Nat'l Bank Currency	Total Supply
February 14.....	— 3.2	— 3.2	— .5	— 2.7
February 21.....	— 1.2	— 13.3	— .4	— 14.9
February 28.....	+ .1	— 16.2	+ .6	— 15.5
March 7.....	— 1.2	— 2.3	+ .2	— 3.3
March 14.....	— .8	— 6.8	— .5	— 8.1
March 21.....	— 1.2	— 15.8	+ 1.3	— 15.7
March 28.....	— .1	+ 12.7	— 1.2	+ 11.4
April 4.....	— .2	+ 3.2	— .1	+ 2.9
April 11.....	— .7	+ 9.5	— .4	+ 8.4
April 18.....	+ 4.1	— 13.1	+ 1.0	— 8.0

USES OF FUNDS

Week Ending 1934	Demand for Currency	Member Bank Reserve Deposits	Treasury Cash and Deposits at F.R.B.	Other F.R.B. Accounts	Total Demand
February 14....	— .4	+ 8.1	— 9.0	— 1.4	— 2.7
February 21....	— 1.2	— 6.7	— 8.2	+ 1.2	— 14.9
February 28....	+ 1.6	— 12.2	— 5.4	+ .5	— 15.5
March 7.....	+ 2.5	+ 8.2	— 15.0	+ 1.0	— 3.3
March 14.....	— 4.3	+ 10.4	— 14.2	*	— 8.1
March 21.....	— 2.2	— 9.5	— 1.1	— 2.9	— 15.7
March 28.....	— .1	+ 14.5	— 4.4	+ 1.4	+ 11.4
April 4.....	+ 5.4	— 6.0	+ 4.3	— .8	+ 2.9
April 11.....	— 1.1	+ 24.7	— 15.0	— .2	+ 8.4
April 18.....	— .7	— 1.2	— .2	— 5.9	— 8.0

*Change less than \$50,000.

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

	Condition			
	Apr. 18, 1934	Apr. 11, 1934	Mar. 21, 1934	Apr. 19, 1933
Total Bills and Securities.....	168	168	170	219
Bills Discounted.....	1	1	1	73
Bills Bought.....	1	1	3	21
United States Securities.....	166	166	166	125
Total Reserves.....	296	302	267	225
Total Deposits.....	248	242	209	160
Federal Reserve Notes in Circulation.....	200	201	196	261
Federal Reserve Bank Notes in Circulation.....	4	5	9	...
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined...	66.2	68.2	65.8	53.4

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

	Condition			
	Apr. 18, 1934	Apr. 11, 1934	Mar. 21, 1934	Apr. 19, 1933
Loans and Investments—Total.....	1,762	1,753	1,780	1,663
Loans—Total.....	876	881	881	906
On Securities.....	219	220	218	215
All Other.....	657	661	663	691
Investments—Total.....	886	872	899	757
United States Securities.....	557	546	570	427
Other Securities.....	329	326	329	330
Reserve with Reserve Bank.....	132	134	109	83
Net Demand Deposits.....	621	612	605	523
Time Deposits.....	904	898	901	875
Due from Banks.....	182	177	173	133
Due to Banks.....	184	175	171	143
Borrowings at Reserve Bank.....	...	...	...	64

amount of credit extended by district banks decreased. Since that time, however, loans have changed little and investments have increased because of additional Government securities held.

While the decrease in loans as a proportion of total commercial bank credit has been general throughout the Twelfth District, it has been much greater in some regions than in others. The relative amount of Government disbursements within a given banking area, the extent to which uncollectible loans have been written down, and the extent to which large city banks have supplied credit to borrowers in smaller financial centers are among the many factors which help to explain these differences. Changes in the ratio of loans to total loans and investments between June 30, 1927, a date typical of the period from 1927 through 1930, and December 30, 1933, are shown by cities in the table below.

**TOTAL LOANS AS PERCENTAGES OF TOTAL LOANS
AND INVESTMENTS**

All Member Banks—Twelfth District

	June 30, 1927	Dec. 30, 1933
San Francisco.....	73	57
Los Angeles.....	78	60
Portland.....	58	30
Seattle.....	62	37
Spokane.....	76	46
Salt Lake City.....	74	38
All Other.....	76	50
Twelfth District.....	72	55

NOTE: Figures for individual cities include all branches of banks with head offices in such cities. Figures for the "All Other" area exclude branches of banks with head offices located in any city shown separately.

Acceptance liability of district banks remained at about 25 million dollars in April. About the same amount of bills was held by the accepting banks. (Such holdings are reported as commercial loans.) The small total amount of bills outstanding reflects principally the relatively quiet state of foreign trade. The fact that so large a portion of outstanding bills is

held by the accepting banks reflects the easy money conditions and the record level of excess reserves which have caused banks to hold an unusually large proportion of available safe short-term paper.

Significant changes have occurred in the foreign exchange situation since the end of January, when the revaluation of the gold dollar became effective. While the dollar was fluctuating and gradually depreciating in 1933, there was little desire on the part of foreign bankers to maintain large balances here. Immediately following revaluation, deposits of foreign banks with the 15 leading exchange dealers of the Twelfth District doubled, increasing from 3 million dollars to 6 million dollars. Amounts due to local dealers from foreigners also increased slightly. These latter balances had gradually been reduced to a negligible amount by the beginning of February, as dealers had taken profits through conversion of foreign currencies to dollars at the new rates.

When most currencies were redeemable in gold, local exporters and importers customarily carried the bulk of their own foreign exchange risks, since the degree of fluctuation of rates was limited. With the disappearance of this stability, however, foreign traders came to the banks to hedge against forward dealings. Reflecting in part the depreciation of the dollar and a slight increase in foreign trade beginning in May, 1933, forward purchases of dealers rose from 2 million dollars early in March, 1933, to 12 million dollars in February, 1934, and forward sales by dealers increased from 6 million dollars to 20 million dollars during the same period. Forward purchases and sales of exchange reached a peak early in February and have since declined 30 per cent in dollar amount.

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Volume of industrial production increased further in March and there was considerable growth in factory employment and payrolls. The general level of commodity prices showed little change between the middle of March and the middle of April, but in the third week of April there was a sharp decline in grain prices.

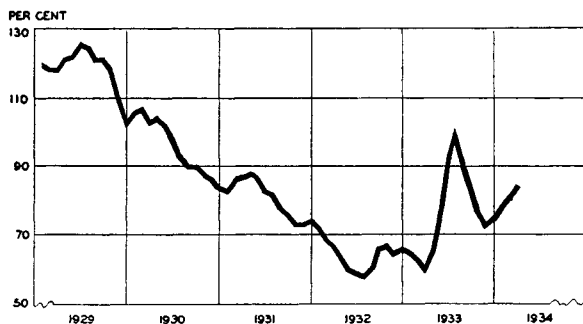
Production and Employment. Output of manufactures and minerals, as measured by the Federal Reserve Board's seasonally adjusted index of industrial production, advanced from 81 per cent of the 1923-1925 average in February to 84 per cent in March. This advance reflected chiefly increases of more than the usual seasonal amount in the output of steel, automobiles, and lumber and an increase contrary to seasonal tendency in the output of coal. Production of textiles showed little change in vol-

ume on a daily average basis. In the early part of April, activity at steel mills and automobile factories increased further, according to trade reports, while coal production declined by a more than seasonal amount. Volume of employment at factories increased further between the middle of February and the middle of March by about 4 per cent, an amount larger than is usual at this season. Employment on the railroads and at mines also showed an increase. The number on the payrolls of the Civil Works Administration was reduced from about 3,700,000 in the middle of February to about 2,400,000 in the middle of March and 1,900,000 at the end of the month.

The value of construction contracts awarded in March, as reported by the F. W. Dodge Corporation, showed a considerable increase from

the low level of February, followed, in the first half of April, by a decline. For the first quarter as a whole, the value of contracts was somewhat smaller than in the last quarter of 1933; publicly-financed projects continued to make up about three-fourths of the total.

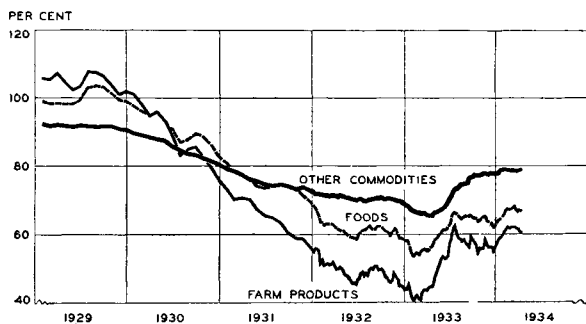
Distribution. Volume of freight carloadings showed a further increase in March, reflecting chiefly seasonal increases in shipments of mer-



INDUSTRIAL PRODUCTION

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

chandise and miscellaneous freight and a continued large volume of coal shipments, which usually decline in March. In the early part of April, total carloadings showed a decline, reflecting a sharp reduction in coal shipments. Dollar volume of trade at department stores increased in March by considerably more than the estimated seasonal amount, after allowance for the early date of Easter this year.

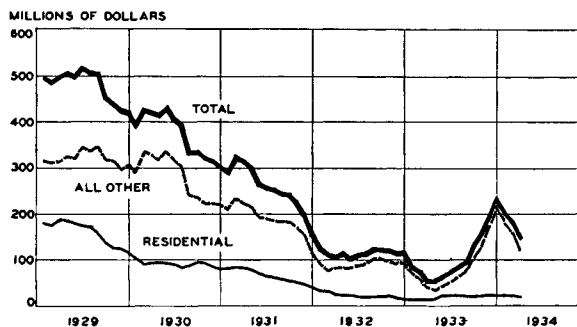


WHOLESALE PRICES

Indexes of the United States Bureau of Labor Statistics. By months 1929 to 1931; by weeks 1932 to date. (1926=100). Latest figure is for week ending April 14.

Prices. The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, was 73.3 per cent of the 1926 average in the week ending April 14 as compared with 73.8 per cent in the week ending March 10. During this period prices of steel, copper, and automobiles advanced, while prices of farm products decreased somewhat. In the third week of April, wheat prices declined sharply and there were also declines in the prices of other grains, cotton, and silver.

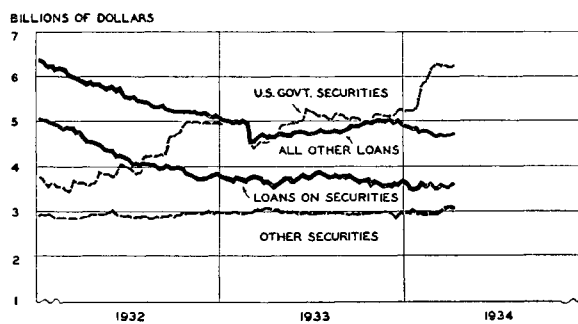
Bank Credit. During the four weeks ending April 18 member bank reserve balances increased by \$220,000,000, raising the volume of reserves in excess of legal requirements to \$1,600,000,000. This increase reflected a growth of \$105,000,000 in the monetary gold stock and further disbursements by the Treasury of funds from its cash holdings and its deposits with the reserve banks.



VALUE OF CONSTRUCTION CONTRACTS AWARDED

Three-month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation. Latest figure based on data for February and March and estimate for April.

At reporting member banks in leading cities, an increase of \$400,000,000 in net demand and time deposits for the four-week period ending April 11 reflected chiefly the deposit by the public of funds disbursed by the Treasury, as well as a growth in bankers' balances. Government deposits were reduced by about \$200,000,000. Holdings by these banks of securities, other than United States Government obligations,



MEMBER BANK CREDIT

Wednesday figures for reporting member banks in 90 leading cities. Latest figures are for April 11.

increased by \$64,000,000 and their loans, both on securities and all other, also increased slightly, with the consequence that total loans and investments showed a growth of \$100,000,000 for the period. Money rates in the open market declined further in April. Rates on prime 4-6 month commercial paper were reduced from a range of 1-1¼ per cent to 1 per cent, and rates on 90-day acceptances were reduced from ¼ per cent to a range of ⅛-¼ per cent. Yields on Government securities also declined.