

MONTHLY REVIEW

OF

BUSINESS CONDITIONS

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TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Although retail trade declined moderately in some parts of the Twelfth District during October, increases in other cities were sufficient to maintain this bank's adjusted index of department store sales at a level close to the highest of the year. Manufacturing activity was reduced by more than the seasonal amount, however, and the movement of freight on district railroads also receded. Contracts awarded and permits issued for both publicly and privately financed construction turned upward sharply during the month.

Production in major industries for which current records are available—lumbering, flour milling, electric power, and petroleum producing and refining—declined during October, after allowance for seasonal factors. Although activity during September and October was moderately lower than in August, the average for those three months was considerably higher than the average for the preceding three months when strike conditions prevailed. Industrial employment outside the canning industry has fluctuated within a narrow range during recent months.

Department store sales were about the same in October as in September on a daily average basis. Sales had expanded sharply during August and September. New automobile sales, which usually reach a peak in June and decline sharply during the remainder of the year, continued to expand through August of this year, and were relatively well maintained during both September and October. Railway freight traffic declined substantially during October, continuing the tendency evident since July.

Part of the improvement in retail trade volumes during recent months has reflected increased agricultural purchasing power. While aggregate crop production has apparently been moderately smaller this year than last, prices of farm products have been running around 25 percent higher throughout most of the marketing season. Benefit payments because of the crop reduction program and emergency purchases of livestock have augmented farm income. Marketing of agricultural commodities

reached a peak this year earlier than is usual, reflecting the early maturity of crops. Effects of drought on crops and livestock ranges in this district was relatively less important than in other important agricultural sections of the United States. Recent rainfall, moreover, has materially improved the condition of soil for crop planting and for the growth of range forage in most parts of the district.

After advancing substantially from mid-July to mid-September, commercial and real estate loans of reporting member banks remained unchanged from then until early November. A small decline in such loans was reported during the two weeks ending November 21. Investment holdings tended upward during most of October and the first three weeks of November. Principally because of large Government disbursements in excess of local collections, total deposits have risen to the highest levels since mid-1931.

Agriculture

October weather conditions were favorable to agriculturalists and livestock growers throughout most of the Twelfth District. Although widespread rains in October and November delayed harvesting of late field crops, they conditioned the soil for seeding, aided the germination of fall-sown wheat, started the growth of range feed, and replenished stock water. The shortage of winter feed for livestock, while less critical than a month earlier, is still serious in many parts of the district.

Marketing, which usually reaches a peak in this region in September or October, was not as active in the later month this year as in October 1933. Prices received for farm products were higher than a year ago, however, and in terms of farm income the price advance more than offset the decline in marketing. Prices paid farmers for their products, as measured by the index of the United States Department of Agriculture, were only slightly lower in October than in September, and were about 28 percent higher than in October 1933.

In the Pacific Northwest the growth of early fall-sown wheat progressed satisfactorily during October. Marketing of the 1934 crop has been slow because farmers have held large stocks in the hope that a plan similar to the Federal export-subsidy plan in use last year would be adopted this season. Prices have been too high for export or Atlantic Coast shipment and there has been little demand by local millers.

The cotton crop in California and Arizona matured unusually early this year and picking progressed rapidly during October, delayed only slightly by rains. The table below gives the acreage, yield, production, and amount of cotton ginned in California and Arizona and in the United States this season, compared with other recent years. Prices for cotton fluctuated with little net change during October and the

	Yield per Acre			Production			Ginned prior to Nov. 1 1934
	Acreage 1934* (Thousand acres)	Av. 1923-32 (Pounds)	Indicated 1933 (Pounds)	1932 (Thousand bales)	1933 (Thousand bales)	1934* (Thousand bales)	
Arizona..	132	322	391	377	69	96	104
Calif. ...	222	386	500	539	129	217	250
Twelfth District..	354	378	480	500	198	313	354
United States ...	27,241	170	209	169	13,001	13,047	9,634

Source: United States Department of Agriculture. *Preliminary.

first half of November. Although prices are now somewhat lower than they were in August and September, they are approximately 25 percent higher than a year ago.

Threshing of California rice had been practically completed by mid-November. This year's crop was estimated on November 1 at 3,449,000 bags, a gain of about 283,000 bags from the October 1 forecast, and 27 percent larger than production in 1933. Demand continued dull and exports were unusually small, but prices established under the rice marketing agreement remained unchanged. Estimates of the district's bean crop, of which California produces nearly 70 percent, changed little during October. The crop is expected to be slightly smaller this year than it was in 1933, and below average annual production for the period 1927-1931. Notwithstanding this fact, stocks in California warehouses on November 1 were considerably larger than on the same date last year. The early maturity and movement to storage of this year's bean crop and a slackening of market demand for beans during the past two months following unusually large purchases earlier in the season help to explain the accumulation of warehouse stocks. A weighted average price at shipping points of the eleven principal varieties of beans grown in California declined steadily from

\$5.11 per hundred pounds on October 3 to \$4.81 on November 14. The average price was \$4.17 per hundred on November 15, 1933.

Because of the nearly complete failure of the 1934 sugar beet crop in Idaho and Utah, production in the Twelfth District amounted to only 60 percent of last year's crop. As harvesting of sugar beets progressed in California, yields were higher than anticipated earlier in the season, and estimates on November 1 indicated an output in that state only 6 percent smaller than in 1933.

Notwithstanding some increase in activity in Pacific Coast hop markets, prices for hops tended downward during October and are currently only about half those of a year ago. Supplies of hops in the United States for the 1934-1935 season are considerably greater than for last season, although the crop this year is only slightly larger than in 1933. Stocks are still being held by growers, pending settlement of the proposed marketing agreement with the Agricultural Adjustment Administration.

Marketing of the district's apple and pear crops continued active through October. Shipments for the season through November 3 were markedly larger than last season to the same date, the year-period increase in apple shipments amounting to 50 percent, chiefly because of large increases in the Pacific Northwest. Pear shipments exceeded those of a year ago by about 20 percent. Prices received by growers averaged higher during October of this year than in October 1933. Shipments of grapes started to decline from their seasonal peak during the last week of October this year. Weighted average prices, which had declined during the first part of October, recovered later in the month, and in early November were higher than in the corresponding period last year.

Returns to growers of citrus fruits in Ari-

Agricultural Marketing Activity—

	October		Season to Date	
	1934	1933	1934	1933
Carlot Shipments				
Apples and Pears	11,264	11,596	31,936	23,335
Citrus Fruits...	4,054	5,831	71,451	71,544
Vegetables	8,727	8,461	57,871	55,012
Exports				
Wheat (bu.) ...	12,500	6,733	2,620,897	13,900
Barley (bu.) ...	461,374	433,041	2,130,497	2,018,020
Receipts				
Cattle	131,320*	61,827*	983,694†	614,896†
Hogs	122,592*	156,256*	1,845,530†	2,043,739†
Sheep	412,217*	329,748*	3,891,942†	3,706,216†
Eggs (cases) ...	125,168	109,641	1,549,963	1,395,606
Butter (lbs.) ..	4,913,300	5,279,108	65,321,155	63,892,046
Wheat (carlots)	3,838	3,269	25,298	20,974
Barley (carlots)	298	636	1,820	2,257
Storage Holdings				
(end of month)				
Wheat (bu.) ...	5,386,000	6,046,000	7,937,000	7,950,000
Beans (bags) ..	2,636,000	1,869,000	2,226,000	754,000
Butter (lbs.) ..	3,079,000	5,120,000	10,368,000	11,032,000
Eggs (cases) ...	292,000	483,000	360,000	562,000

*Excludes receipts at Los Angeles. †Excludes receipts at Los Angeles since June 30.

zona and California during the 1933-1934 season were about 33 percent more than returns from the 1932-1933 crop, according to the California Fruit Growers Exchange. Carlot shipments of citrus fruit from the two states during the season ended November 1 were 77,416, nearly all of which originated in California. In the preceding season shipments totaled 75,383 carloads. Prices for oranges averaged about 43 percent higher in the later year, while prices for lemons averaged 8 percent higher. The 1934-1935 California Navel orange crop which is now being marketed was estimated on November 1 to be 12,282,000 boxes, slightly larger than last year's crop.

Influenced by declining butter receipts and steady or increasing demand at leading district markets, the price of 92 score butter in San Francisco advanced moderately in late October, and in mid-November was 33 cents per pound, compared with 28½ cents per pound a month earlier and 22½ cents per pound on November 15, 1933. Although the number of eggs received at San Francisco, Los Angeles, and Portland increased seasonally from September to October, storage stocks on November 1 were smaller than on the corresponding date of any of the past ten years. Despite these small stocks, egg prices declined steadily during the first three weeks of November, losing all of the October gain, but continuing above the level of last year at this season.

Although rainfall in early November started the growth of range feed and alleviated the shortage of stock water, feed supplies remain below normal requirements in a large part of the district. On the whole, cattle and sheep are

in poor to fair condition in the Twelfth District, although in some limited areas their condition is good. Cattle and lamb prices in leading Pacific Coast markets did not change materially and hog prices declined slightly during October and the first half of November.

The Federal Government's purchases of livestock in emergency drought areas and its advances of feed loans and funds to finance the movement of livestock have been an important factor in helping stock raisers to hold their remaining herds. From August 10, when cattle buying commenced, to November 7, the Government had purchased 272,000 head of cattle in the Twelfth District. From September 15, when the sheep buying program commenced, to November 7, the number of Twelfth District sheep purchased amounted to 600,000 head.

Industry

Available measures of Twelfth District industrial activity decreased during October, but the downward movement was less pronounced than in September. Production was at about the same level as a year ago.

Industrial employment in California, excluding workers employed in canning of fruits and vegetables, increased by slightly more than the seasonal amount during October. This improvement was due largely to increases in the petroleum, clothing, printing, and motion picture industries. Payrolls expanded more sharply than the number of workers and average weekly earnings advanced.

This bank's indexes of both industrial employment and payrolls in Oregon increased, almost entirely because the number of workers and the wages paid in the lumber industry changed little instead of showing the usual seasonal decline in October.

Activity at Pacific Coast lumber mills expanded slightly less than the customary amount for October. Operations increased in the Western Pine region, whereas there is usually no change, but a rise in output in the more important Douglas fir producing areas did not come up to seasonal expectations. The volume of new orders was well maintained during October, but shipments of lumber decreased sharply to the lowest level since last July, when strike conditions prevailed. There was some increase in shipments, however, during the first half of November.

California production of crude oil averaged 467,000 barrels daily during October. Output was about the same as in September and exceeded that authorized under proration schedules by about 15,000 barrels daily. Reflecting curtailed refinery output, gasoline inventories were reduced considerably during October. Although the petroleum code was

Employment—

Industries	California			Oregon		
	No. of Firms	No. of Employees		No. of Firms	No. of Employees	
		Oct. 1934	Oct. 1933		Oct. 1934	Oct. 1933
All Industries*	895	121,803	117,142	117	18,830	22,253
Stone, Clay, and Glass Products	43	4,240	4,239	3	135	180
Lumber and Wood Manufactures	89	9,273	8,785	42	9,897	11,617
Textiles	12	1,226	1,314	8	1,265	1,195
Clothing, Millinery, and Laundering	111	8,151	8,151	7‡	210	218
Food, Beverages, and Tobacco	223	36,422	37,675	29	2,548	4,168
Public Utilities	37	35,385	34,576	..	....	....
Other Industries†	378	49,847	47,048	..	....	....
Miscellaneous	39	12,644	9,930	28	4,775	4,875
Wholesale and Retail	228	32,047	31,316	..	....	....

*Public utilities, 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 October 1933.

designed to prevent the marketing and shipping of crude oil produced in excess of code allotments, part of the "excess" oil has nevertheless found market outlets. The Pacific Coast agency agreement, which prohibits its members from marketing gasoline refined from oil produced in excess of allotments, was formed by the larger oil companies in June to prevent the evasion of code provisions and it was partly successful in curbing the disposal of the excess output. This agreement was strengthened further during October by the participation of several additional concerns.

There was a sharp upturn during October in the amount of construction scheduled to be undertaken in the Twelfth District. Contract awards for both Federal and non-Federal public works increased moderately from the relatively low levels of the preceding month, and permits issued for privately financed construction more than doubled in value. The value of awards for commercial and industrial structures was the largest for any month since March. New residential construction continued to increase. Particularly sharp expansion took place in both the number and amount of permits issued for alterations and repairs to existing structures, a result in part at least of the impetus given this type of construction by efforts of the Federal Housing Administration.

On the basis of employment reports, the motion picture industry of California has been more active during 1934 than at any time since 1929. During the first four months of this year the principal firms employed an average of approximately twice as many workers as in the corresponding period in 1933. There was some decline in employment during May and June, reported to have resulted partly from

curtailment of operations incident to the wave of adverse criticism directed at that time to the moral standard of the pictures being produced. Following the inauguration of more rigid censorship of pictures under the Production Code Administration, however, activity was increased in July and has since been maintained around the former high level. During the first ten months of this year, employment in the motion picture industry averaged 61 percent higher than in the corresponding period of 1933. A year-to-year increase was reported in every month except September, a comparatively high month in 1933.

The California canned pear pack for 1934 has been estimated at 2,738,839 cases, the largest on record. This compares with 1,977,539 cases in 1933 and the previous record pack of 2,366,593 cases in 1928. Data on the canned pear pack in the Pacific Northwest have not been released, but it is anticipated that production in that area will be about the same as in 1933, indicating that the combined output of Pacific Coast states will be at least as large as at any time on record and perhaps larger. In recent years approximately 90 percent of the United States pear pack has been canned in these states. Unsold stocks on hand in California on June 1, 1934 totaled 108,411 cases, compared with 121,647 cases on the same date in 1933 and 415,498 cases in 1932. Opening prices on canned pears were quoted at 25 to 30 cents per dozen higher this year than in 1933.

As a result of marketing agreement restrictions on the 1934 pack of yellow cling peaches, freestone peaches were canned in larger volume than in any year since 1929 when a severe frost damaged the California cling peach crop. The 1934 freestone pack of 340,011 cases compares with 65,144 cases in 1933 and 23,542 cases in 1931.

Industry —

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

General	1934				1933		
	Oct.	Sept.	Aug.	July	Oct.	Sept.	Aug.
Carloadings—Industrial.	54¶	52	49r	47	49	49	48
Elec. Power Production	145¶	150	152	149	140	141	146
Manufactures							
Lumber	49¶	52	52	37	47	54	57
Refined Mineral Oils†..	114¶	116	128	131	124	134	137
Flour	85¶	98	111r	95	70	72	74
Slaughter of Livestock.	147¶	168	151	118	108	116	115
Cement	58	65	53	58	57	57	46
Wool Consumption†....	..	..	60	80	105	93	103
Minerals							
Petroleum (California)†	71¶	71	75	78	72	74	76
Lead (United States)†..	56	55	44	53	64	57	36
Silver (United States)‡.	..	36	39	40	33	39	28
Building and Construction#							
Total	30	51	64	64	34	26	33
Building Permits—Value							
Larger Cities	13	10	10	10	13	14	14
Smaller Cities	18	17	15	16	13	13	13
Engineering Contracts							
Awarded—Value							
Total	55	111	140	69	62	46	61
Excluding Buildings	88	209	286	234	106	78	113

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

Distribution and Trade —

	1934				1933		
	Oct.	Sept.	Aug.	July	Oct.	Sept.	Aug.
	Indexes adjusted for seasonal variation (1923-1925 average=100)						
Carloadings‡							
Total	62¶	67	69	72	60	63	61
Merchandise ...	69¶	78	82r	92	69	74	69
Intercoastal Trade							
Total	78	80	74	48	86	81	76
Westbound	94	81	66	75	91	93	92
Eastbound	71	78	78	41	81	76	73
Retail Trade							
Automobile Sales‡							
Total	65	69	71	68	53	59	55
Passenger ...	57	63	65	62	49	56	52
Commercial ...	144	117r	129	127	85	87	86
Department Store							
Sales‡	78¶	78	76	73	68	72	73
Stocks§	61¶	63	62	63	69	66	61
Collections#	Actual Figures						
Regular ...	49.3	45.6	45.6	44.6	44.7	42.0	41.6
Installment ..	18.4	17.6	19.3	17.2	16.6	16.2	17.0

‡Daily average. §At end of month. #Percent of collections during month to amount outstanding at first of month. ¶Preliminary. r Revised.

Trade

Daily average department store sales remained unchanged at the highest level of the year during October. Moderate expansion of sales in California at a time when there is usually no change was offset by a decline in seasonally adjusted sales of reporting stores in the Pacific Northwest and in Salt Lake City. Stores in agricultural centers continued to make an exceptionally good showing as com-

since retail prices at which goods were sold were about the same as those prevailing a year ago, according to the Fairchild index of prices at department stores. The number of sales transactions of reporting stores was 13 percent greater than in October 1933.

Freight loaded on district railroads increased during October, but by considerably less than the large expansion customary in that month. Seasonally adjusted indexes for both California and the Pacific Northwest decreased, the decline being particularly sharp in the former region.

Wholesale trade increased moderately between September and October. Sales of agricultural implements, automobile supplies, drugs, electrical supplies, groceries, and hardware showed increases, while furniture sales were practically unchanged and sales of shoes and paper declined. All lines, excepting furniture, for which figures are received reported substantially larger sales than in October 1933. The composite year-period increase was 21 percent.

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

	1934 compared with 1933		
	NET SALES		STOCKS
	October	Jan. 1 to end of October	End of October
Department Stores	20.1 (69)	9.1	-10.3 (50)
Los Angeles	21.9 (6)	5.0	-17.0 (6)
Other So. California	20.0 (9)	8.8	-13.9 (5)
Oakland	18.5 (5)	5.4	- 0.4 (5)
San Francisco	19.9 (8)	8.0	- 9.1 (7)
Bay Region	19.2 (18)	7.7	- 6.8 (16)
Central California	27.1 (5)	14.4	- 8.3 (5)
Portland†	20.1 (8)	11.7	-10.3 (7)
Seattle	10.0 (4)	11.6	- 5.7 (4)
Spokane	32.2 (5)	29.1	12.4 (5)
Salt Lake City	15.7 (4)	14.6	- 4.8 (3)
Apparel Stores	19.6 (32)	12.3	- 8.5 (21)
Furniture Stores	24.9 (34)	11.3	-11.1 (26)
All Stores	20.6 (135)	9.7	-10.3 (97)

†Includes five apparel stores which are not included in district department store total.

Figures in parentheses indicate number of stores reporting.

pared with last year. Total value of sales exceeded that of a year earlier by 20 percent, the largest year-period increase since last March. This increase apparently represented almost entirely a larger volume of goods sold,

WHOLESALE TRADE—Twelfth District
Percentage changes in value of sales

	October 1934 compared with		Cumulative 1934 compared with 1933
	Sept. 1934	Oct. 1933	
Agricultural Implements	16.5	77.6	69.8
Automobile Supplies	2.7	13.1	11.3
Drugs	12.9	25.1	24.5
Dry Goods	- 0.1	22.5	15.0
Electrical Supplies	11.8	20.8	37.2
Furniture	0.4	-27.4	- 0.8
Groceries	4.8	28.1	16.2
Hardware	7.1	17.2	27.2
Shoes	- 7.2	18.3	14.3
Paper and Stationery	- 4.6	31.5	21.5
All Lines	5.4	21.5	21.4

Water-borne intercoastal traffic continued to increase during October, although by a somewhat smaller amount than is customary for that month. Eastbound shipments of lumber and petroleum declined substantially during the month, while movement of other cargo to the Atlantic Coast increased. Shipments from the Atlantic to the Pacific Coast expanded.

New automobile sales decreased somewhat less than seasonally during October. Registrations of new passenger cars receded by the usual amount, but sales of commercial vehicles remained unchanged, whereas a considerable reduction is expected in October. Aggregate sales were larger than in any other October since 1930.

Prices

After declining slightly during October, most weekly indexes of wholesale commodity prices in the United States advanced in the first half of November and at the middle of the month were about the same as a month earlier. This upturn in national prices during the first half of November was not accompanied by

Bank Debits*—

	October 1934	October 1933	First ten months 1934	1933†
Arizona				
Phoenix	\$ 27,791	\$ 17,763	\$ 249,890	\$ 172,128
California				
Bakersfield	16,281	8,105	92,241	67,774
Berkeley	13,858	13,878	182,916	117,474
Fresno	27,367	18,554	177,789	128,286
Long Beach	23,384	20,601	226,558	220,671
Los Angeles	543,645	506,686	5,334,661	4,989,760
Oakland	189,223	153,783	1,640,155	1,573,706
Pasadena	17,834	17,004	179,517	178,181
Sacramento	70,322	26,240	599,272	267,042
San Bernardino	5,838	4,492	56,119	45,176
San Diego	29,316	27,114	292,633	283,648
San Francisco	704,064	677,259	6,795,471	6,143,335
San Jose	21,263	17,690	167,742	137,866
Santa Barbara	8,659	7,620	80,642	70,394
Stockton	15,802	12,218	139,475	108,011
Idaho				
Boise	15,027	11,016	118,078	88,322
Nevada				
Reno	8,541	5,075	74,729	47,909
Oregon				
Eugene	4,550	3,604	40,050	29,894
Portland	131,023	107,505	1,229,061	990,277
Utah				
Ogden	11,986	10,773	123,105	91,599
Salt Lake City	55,682	43,457	472,881	391,078
Washington				
Bellingham	4,613	4,241	46,079	40,240
Everett	5,266	4,827	51,378	46,438
Seattle	147,243	126,202	1,366,469	1,183,596
Spokane	33,922	24,171	299,294	208,010
Tacoma	23,499	20,364	222,095	182,588
Walla Walla	4,554	3,429	41,447	30,431
Yakima	14,212	10,227	103,755	67,189
Total	\$2,174,765	\$1,903,898	\$20,403,502	\$17,903,023

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

higher prices in the Twelfth District, although there was a tendency toward price stability in this area.

Wheat prices in leading district markets changed little during the period under review, and barley and oat quotations also remained steady. Alfalfa hay prices increased in San Francisco but declined in the Los Angeles area. Potato prices tended slightly upward.

Except for canned pear prices, which showed a minor decline, quotations on canned fruits were stable between mid-October and mid-November. Prices of dried apples and dried apricots decreased slightly, while prune prices firmed and quotations on raisins remained unchanged.

The spot price for foreign silver at New York stood at 55¾ cents per ounce on November 13, the highest point since April 1929. The code rice for domestic copper remained at 9 cents per pound and quotations on copper for export fluctuated around 6.85 cents per pound c.i.f. European ports. Zinc prices declined slightly and lead prices changed little.

The Credit Situation

Twelfth District credit conditions continued the tendencies of other recent months during the period from October 17 to November 21.

Federal Government disbursements in this area continued to exceed local collections by a substantial amount, thus contributing further to the supply of district banking reserves. Total Government disbursements exclusive of currency and securities redemptions amounted to 96 million dollars during the five weeks. The principal departments or agencies spending

money or making loans and the amount disbursed by each were as follows: Reconstruction Finance Corporation, Home Owners' Loan Corporation, and Federal Emergency Administration of Public Works, 20 million dollars; Army, Navy, and Veterans, 19 million dollars; Post Office, 18 million dollars; San Francisco Mint and Seattle Assay Office, 9 million dollars; Farm Credit Administration and other agricultural agencies, 7 million dollars. Twelfth District collections by the Treasury between October 17 and November 21 totaled only 46 million dollars, leaving 50 million dollars as the net amount of Federal Government disbursements in this area during the five weeks. All of this amount constituted an addition to the Twelfth District supply of banking reserves. This increase was offset almost entirely, however, by a movement of funds out of the Twelfth District because of commercial and financial transactions and by an increased demand for currency within the district, with the result that member bank reserve deposits changed little.

Between October 17 and November 21 total loans and investments of reporting member banks increased moderately as a result of additional holdings of United States Government securities. Commercial and real estate loans declined during this period. Net demand deposits increased, while United States deposits decreased, and total deposits remained unchanged.

During 1934 to date, the United States Treasury has made net disbursements in this region averaging \$5,070,000 a week. Since the end of June, these disbursements have aver-

SOURCES AND USES OF BANKING RESERVES

Twelfth District

Changes in millions of dollars during the weeks indicated

Week Ending 1934	SOURCES OF FUNDS				Total Supply
	Reserve Bank Credit	Commercial Operations	Treasury Operations		
September 19.....	+ .6	- 7.6	+ 1.7		- 5.3
September 26.....	- .3	- 9.9	+ 10.4		+ .2
October 3.....	+ 1.8	+ 9.8	+ 3.3		+ 11.3
October 10.....	+ .5	- 8.1	+ 8.9		+ 1.3
October 17.....	+ 4.0	+ 11.7	- 2.3		+ 13.4
October 24.....	- 2.9	- 19.8	+ 16.1		- 6.6
October 31.....	- .5	- 12.9	+ 6.9		- 6.5
November 7.....	+ .6	+ .6	+ 12.5		+ 13.7
November 14.....	+ 1.6	- 6.4	+ 7.2		+ 2.4
November 21.....	+ .1	- 17.1	+ 7.0		- 10.0

USES OF FUNDS

Week Ending 1934	Demand for Currency	Member Bank Reserve Deposits	Other F.R.B. Accounts	Total Demand
September 26.....	- 2.3	+ 3.2	- .7	+ .2
October 3.....	+ 5.7	+ 5.8	- .2	+ 11.3
October 10.....	+ .7	*	+ .6	+ 1.3
October 17.....	- .4	+ 14.5	- .7	+ 13.4
October 24.....	- 3.8	- 3.7	+ .9	- 6.6
October 31.....	+ 2.4	- 7.6	+ 1.3	- 6.5
November 7.....	+ 6.7	+ 8.0	- 1.0	+ 13.7
November 14.....	- 3.1	+ 5.7	- .2	+ 2.4
November 21.....	- 2.7	- 8.4	+ 1.1	- 10.0

*Change less than \$50,000.

FEDERAL RESERVE BANK OF SAN FRANCISCO

(In millions of dollars)

	Condition			
	Nov. 21 1934	Nov. 14 1934	Oct. 17 1934	Nov. 22 1933
Total Bills and Securities.....	168	168	167	172
Bills Discounted.....	..	..	..	3
Bills Bought.....	..	..	1	3
United States Securities.....	166	166	166	166
Total Reserves.....	327	338	338	275
Total Deposits.....	268	276	277	197
Federal Reserve Notes in Circulation.....	213	215	214	212
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined...	68.0	68.7	68.9	67.2

REPORTING MEMBER BANKS—Twelfth District

(In millions of dollars)

	Condition			
	Nov. 21 1934	Nov. 14 1934	Oct. 17 1934	Nov. 22 1933
Loans and Investments—Total.....	1,895	1,894	1,880	1,695
Loans—Total.....	893	899	900	891
On Securities.....	215	216	214	218
All Other.....	678	683	686	673
Investments—Total.....	1,002	995	980	804
United States Securities.....	620	619	598	485
Other Securities.....	382	376	382	319
Reserve with Reserve Bank.....	159	161	161	101
Net Demand Deposits.....	732	739	721	585
Time Deposits.....	934	937	935	858
Due from Banks.....	192	191	186	139
Due to Banks.....	211	218	206	133
Borrowings at Reserve Bank.....	..	..	..	1

aged \$6,750,000 a week, compared with an average of \$3,770,000 weekly during the first half of the year. The explanation of the larger net payments during recent months is to be found largely in a decrease in Treasury collections in this area. This steady and substantial addition to funds available to district banks has accounted for most of the significant changes in the local credit situation this year. There has been a concentration of these funds in city banks through the growth of individual deposits and of correspondent balances of country banks. Treasury disbursements have been directly responsible for an increase of 65 million dollars in member bank reserve balances since the beginning of the year and have contributed a large part of the funds transferred to eastern markets by city banks for the purchase of substantial amounts of securities during that period. Directly or indirectly Government expenditures have also been the principal reason for increases of 57 million dollars in time deposits and of 148 million dollars in net demand deposits at reporting member banks this year.

Twelfth District city banks have reported large increases in balances due to other banks, principally country banks located in this district, during recent weeks. These balances have averaged higher than at any time since late 1931 and have been about the same in amount as in the years immediately preceding that

date. As during the past two years, Twelfth District city banks' balances in eastern banks constitute an amount larger in proportion to the balances deposited with them by other banks than was ordinarily the case prior to the depression.

Although trading on the district stock exchanges was slightly greater in October than in September, turnover remained extremely small. Prices advanced somewhat during October and early November. The Los Angeles Curb Exchange consolidated with the Los Angeles Stock Exchange at the end of October, after a declining volume of trading throughout most of its six years of business life.

Gold and Silver

During the five weeks ending November 16 the San Francisco Mint and Seattle Assay Office purchased gold amounting to 9 million dollars and silver amounting to 1½ million dollars. Most of the gold came from new domestic production, although some was received from secondary sources and a little from imports. The 1½ million dollars disbursed for silver reflected purchases of 2,283,057 ounces of that metal, 2,053,055 ounces of which was new domestic production at 64.5 cents per ounce, and 230,002 ounces other silver purchased at 50.01 cents per ounce under the executive order of August 9 nationalizing all silver other than the newly-mined metal.

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Volume of industrial production and factory employment, which usually shows little change at this season, increased in October, reflecting chiefly the resumption of activity at textile mills. Wholesale commodity prices, after declining in September and October, advanced in the first half of November.

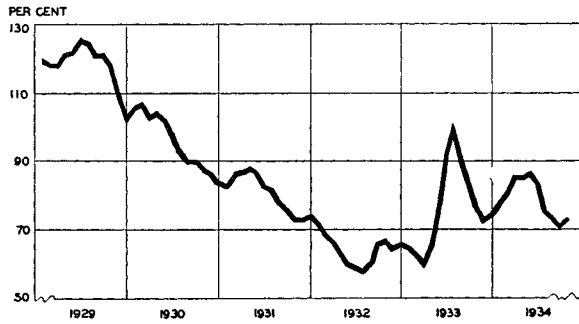
Industrial Production and Employment. Activity at industrial establishments, as measured by the Board's seasonally adjusted index, showed an increase from 71 percent of the 1923-1925 average in September to 73 percent in October. Among the industries producing durable manufactures, output at steel mills increased from 23 percent of capacity for the month of September to 25 percent for October, while output of automobiles and lumber declined. In November activity at steel mills continued to increase and in the week ending November 24 was at about 28 percent of capacity. Automobile production has declined further in connection with the preparation of new models. The production of non-durable

manufactures in the aggregate showed a considerable growth in October, reflecting sharp increases at cotton, woolen, and silk mills, offset in part by a decline in activity at meat packing establishments. The increase in output at textile mills after the strike in September brought output to a higher level than in August. Among the minerals, daily output of crude petroleum declined in October and that of anthracite increased by an amount smaller than is usual at this season.

Factory employment and payrolls in the country as a whole increased considerably between the middle of September and the middle of October. Sharp increases were reported at mills producing textile fabrics, while in the automobile, shoe, and canning industries there were declines of a seasonal nature.

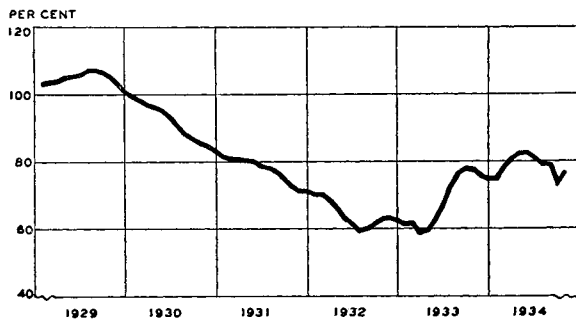
The value of construction contracts awarded was somewhat larger in October than in any other recent month. There was an increase in residential work as well as in publicly-financed projects.

Agriculture. Department of Agriculture estimates, based on November 1 conditions, indicate a cotton crop of 9,634,000 bales, 26 percent smaller than the 1933 crop, and a corn crop of 1,372,000,000 bushels, 41 percent smaller than last season and 45 percent smaller than the 1927-1931 average. The tobacco crop is also considerably smaller than usual, while the potato crop is slightly above the five-year average.



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

Distribution. The number of freight cars loaded per working day decreased from September to October. Department store sales showed a seasonal increase and were at about the same level, on a seasonally adjusted basis, as in most other months since March. Rural sales of general merchandise, as reported by the Department of Commerce, increased by less than the usual seasonal amount following an unusually large increase in September.

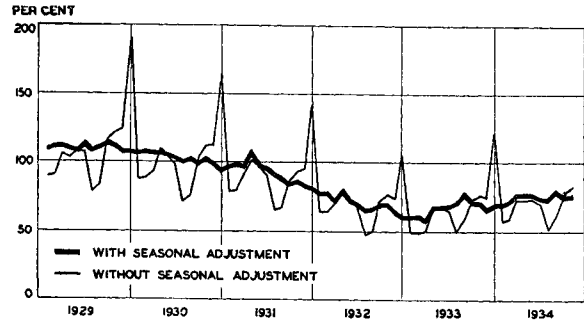


FACTORY EMPLOYMENT
Federal Reserve Board's index of factory employment with adjustment for seasonal variation (1923-1925 average=100).

Commodity Prices. Wholesale commodity prices, as measured by the Bureau of Labor Statistics' weekly index, declined from 77.8 percent of the 1926 average in the week ending September 8 to 76.0 percent in the week ending November 3 and then rose in the following two weeks to 76.7 percent. The decline was largely in prices of farm products and foods but there were also some decreases in the prices of textiles and building materials. Increases in the first half of November were largely in the prices of

farm products. The price of scrap steel also advanced, while lead and zinc declined.

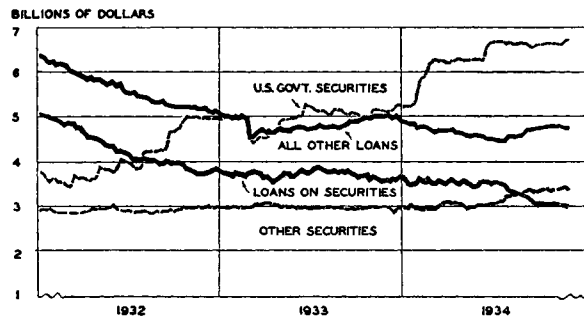
Bank Credit. Excess reserves of member banks were about \$1,910,000,000 on November 21, showing an increase of \$150,000,000 in the preceding five weeks. The increase in reserves held was \$200,000,000, of which \$50,000,000 covered a growth in required reserves. Additions to reserves resulted mainly from gold



DEPARTMENT STORE SALES
Indexes of daily average value of sales. (1923-1925=100).

imports and further issues of silver certificates.

Loans and investments of reporting member banks in leading cities declined somewhat in the four weeks ending November 14, following an increase in the previous month. Substantial declines were shown in loans on securities and in holdings of securities other than those of the United States Government. Other loans, which had increased considerably in previous months, also showed some decline,



MEMBER BANK CREDIT
Wednesday figures for reporting member banks in 90 leading cities. Latest figures are for November 14.

while holdings of direct obligations of the United States Government and of securities fully guaranteed by the Government increased considerably. Customers' deposits continued to increase, while Government deposits declined.

There was a further decline in open-market rates on bankers' acceptances at the end of October to an offering rate of $\frac{1}{8}$ percent. Yields on short-term Government securities and other short-term open-market money rates showed little change.