

MONTHLY REVIEW

OF

BUSINESS CONDITIONS

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TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

After allowance for seasonal changes, Twelfth District business activity expanded slightly further during January and was approximately as high as at any time since the spring of 1933. Employment by private enterprise was reduced by slightly less than the seasonal amount during January.

Industrial production increased during January, and in most important industries exceeded that of a year earlier. Output at lumber mills, adjusted for seasonal influences, advanced for the third successive month. Cement production decreased from the relatively high level prevailing at the end of last year. There was some increased activity in the manufacture of iron and steel and other metals. Crude oil production during January exceeded output in any month since the 1934 peak reached in July. Activity at motion picture studios also expanded during the month. Contracts and permits for new construction to be undertaken were larger in January than in December in most parts of the district.

Following the good Christmas showing, department store sales receded by somewhat more than the customary amount, and intercoastal water-borne commerce failed to show the usual seasonal expansion. Freight loaded on district railroads held up better than is customarily expected at this season.

In most parts of the district, rain and snowfall continued to exceed normal expectations during January and the first half of February, and while it is still too early to determine definitely, the outlook for adequate irrigation water during the coming crop season is good. Condition of planted crops and livestock ranges improved further. There was a sharp advance during January in prices of livestock, the supply of which was greatly reduced during the drought last year. Other farm products showed only small price changes during the month. Volume of marketing generally was smaller than last year, due partly to the tendency of farmers to withhold products for higher prices.

Loans of reporting member banks remained

unchanged during the five weeks ending February 20, while investment holdings and deposits continued to increase. Disbursements of the Federal Government for relief and other purposes continued to exceed collections in this area by a considerable amount. Interdistrict commercial and financial transactions resulted in a large outflow of funds, however, and member bank reserve balances decreased moderately from the record high of the preceding month. After declining by more than the seasonal amount during January, demand for currency increased in the first half of February.

Agriculture

Weather conditions during January and the first half of February were favorable for farmers and livestock growers in all sections of the Twelfth District, except eastern Oregon and parts of Nevada and Utah where moisture was below normal. Snowfall was heavier than usual in mountain areas throughout the district, an early indication of adequate irrigation water later in the year.

Income of farmers and livestock growers was well maintained during January and early February. Although the volume of products marketed during January was smaller than a year ago, prices averaged considerably higher. The United States Department of Agriculture's index of prices received by farmers throughout the United States was almost 40 percent above that of January 1934, and it was 6 percent higher than in December 1934. The increase from December to January resulted principally from a sharp rise in prices for meat animals. Farm income continued to be augmented by Federal Government benefit payments for acreage reduction, approximately three million dollars being disbursed in the Twelfth District during January.

In the Pacific Northwest, the fall-sown wheat crop is in good condition. Weather has been favorable and winter killing has been slight up to the present time. The 1934 wheat crop is moving to market slowly, there being

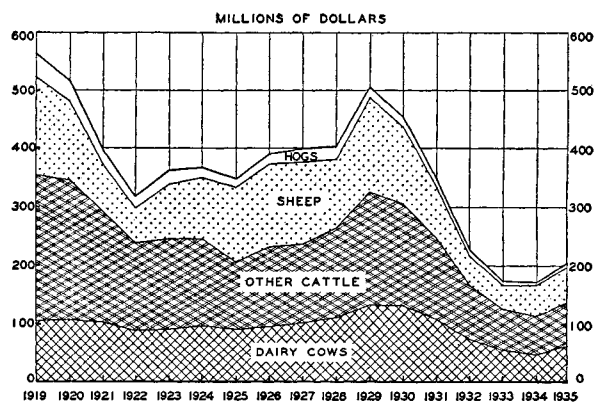
a widespread tendency for farmers to hold their wheat for higher prices, according to market reports. Export shipments of last year's crop have been negligible thus far.

Growing conditions were favorable for winter fruit and vegetable crops in California during January, damage from freezing temperatures having been slight. Estimates of the California Navel orange crop were revised upward again and production is now expected to be about 40 percent larger than a year ago. Shipments of oranges to market during January were the heaviest on record for that month, except in January 1929. Average prices received by growers during the month were higher than in December, but they were slightly below those received a year earlier. Estimates of the 1934-1935 California lemon crop were also increased during the month, and production is now expected to be moderately larger than in the 1933-1934 season. January shipments of lemons were the largest on record for that month. Prices received by growers averaged lower than a year earlier.

Receipts of butter at principal Pacific Coast markets were markedly smaller than in January 1934 or than the January average of recent years. Influenced by shortage of fresh supplies, butter prices increased steadily during January and early February to 38 cents a pound for 92 score butter in San Francisco, the highest price quoted since October 1930. Prices then remained steady for a period of about ten days before declining sharply to 33 cents a pound. Egg receipts in leading district markets during January were about the same as a year ago. Egg prices declined seasonally during the month, but quotations for United States No. 1 Extras in San Francisco averaged 37 percent higher than in January 1934.

Although growth of forage was helped by widespread rains during January, livestock ranges were still in poor condition at the be-

ginning of February in all states of the district except Arizona and California. Mild weather during January permitted full use of winter ranges and pastures, however, and cattle are in fair to good condition in most parts of the district, and in California they are generally in excellent condition. In that State, it is expected that the supply of grass-fat cattle will be unusually large this spring. Cattle marketings in leading district cities during January were moderately larger than a year ago and prices, having risen about 25 percent from the December level, averaged 38 percent higher than those in effect last January. The condition of sheep was excellent in Arizona and California, but fair to poor in most other parts of the district. Early lambs have developed satisfactorily in those two states and should move to market sooner than usual. Marketing of lambs was relatively inactive during January and prices were higher than a year earlier. Like cattle prices, quotations on lambs increased about 25 percent between December and January.



VALUE OF LIVESTOCK ON FARMS AND RANGES
Twelfth District

Inventory as of January 1 of each year.

According to computations based upon data recently released by the United States Department of Agriculture, the aggregate value of livestock on Twelfth District farms and ranges increased considerably during 1934, the first year since 1928 in which an increase has been recorded. At the beginning of 1929, the estimated value of livestock in this district was \$505,000,000, the highest figure since the immediate post-War period. From that peak it declined drastically to \$172,000,000 on January 1, 1934, the lowest figure since 1909. The decline between 1929 and 1934 was fairly evenly distributed among the several important classes of livestock, amounting to about 65 percent for dairy cows and other cattle and to slightly less than 70 percent for sheep and hogs. The number of dairy cows and other cattle actually increased during these years, while the number of sheep and hogs declined.

Agricultural Marketing Activity—

	January		Season to Date	
	1935	1934	1935	1934
Carlott Shipments				
Apples and Pears.	4,605	5,517	45,963	40,078
Citrus Fruits	6,572	4,377	16,721	13,361
Vegetables	10,660	9,964	76,543	76,373
Exports				
Wheat (bu.)	10,248	2,734,255	2,788,325	7,733,590
Barley (bu.)	251,500	402,791	3,384,370	3,605,642
Receipts*				
Cattle	97,333	85,420	97,333	85,420
Hogs	176,224	298,369	176,224	298,369
Sheep	232,327	221,279	232,327	221,279
Eggs (cases)	158,938	160,548	158,938	160,548
Butter (lbs.) ...	4,724,960	5,577,867	4,724,960	5,577,867
Wheat (carlots) ..	2,817	5,606	34,685	35,078
Barley (carlots) ..	565	490	6,074	3,996
Storage Holdings*	January	December	January	December
(end of month)	1935	1934	1934	1933
Wheat (bu.)	3,953,000	4,628,000	5,927,000	6,645,000
Beans (bags) ...	1,927,000	2,287,000	1,933,000	2,255,000
Butter (lbs.) ...	355,000	1,519,000	5,990,000	8,508,000
Eggs (cases) ....	.....	6,000	3,000	26,000

*At principal district markets.

The increase in value of livestock in this district during 1934 resulted entirely from advances in prices, since the number of animals remained practically unchanged during the year. In the United States as a whole there was a sharp decline in the number of animals with the result that the value of all livestock in the country increased only 8 percent, compared with an increase of 20 percent in this district. A large part of the rise in prices of livestock during 1934 took place late in the year. Since prices have continued to increase sharply since January 1, 1935, it is probable that an inventory of livestock value, if one were taken currently, would show a further advance.

Industry

Industrial production in the Twelfth District, after having declined in September and October and having been stable at relatively low levels in the last two months of 1934, increased moderately in January. In contrast with these movements, industrial output, after allowance for seasonal influences, increased sharply in the United States as a whole during the last three months of 1934 and in January. The later and more moderate recovery in the Twelfth District than in the United States can be attributed to the fact that those industries in which the national advances had been most rapid—textile, steel, automobile, and coal—are of much less importance in this area than in the United States.

The number of persons employed by industrial concerns in California and Oregon was

Employment—

Industries	California			Oregon		
	No. of Firms	No. of Employees		No. of Firms	No. of Employees	
		Jan. 1935	Jan. 1934		Jan. 1935	Jan. 1934
All Industries*	998	118,454	109,898	116	15,663	15,421
		(+7.8)			(+1.6)	
Stone, Clay, and Glass Products.	52	5,324	5,041	3	121	98
		(+5.6)			(+23.5)	
Lumber and Wood Manufactures ..	91	8,505	7,682	40	7,812	7,621
		(+10.7)			(+2.5)	
Textiles	13	1,425	1,253	7	1,458	1,535
		(+13.7)			(-5.0)	
Clothing, Millinery, and Laundering.	129	9,061	8,655	7‡	214	206
		(+4.7)			(+3.9)	
Food, Beverages, and Tobacco...	259	27,210	28,449	30	1,296	1,244
		(-4.4)			(+4.2)	
Public Utilities ..	46	42,946	42,907	..	....	....
		(+1)				
Other Industries†.	409	55,223	50,659	..	....	....
		(+9.0)				
Miscellaneous	45	11,706	8,159	29	4,762	4,717
		(+43.5)			(+1.0)	
Wholesale and Retail	219	33,060	31,028	..	....	....
		(+6.5)				

*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 January 1934.

smaller in January than in December. The decline in employment was smaller than usually takes place in January, however, and this bank's seasonally adjusted indexes advanced moderately. In both states employment exceeded that of a year earlier, the increase amounting to 9.3 percent in California (excluding canning) and 2.0 percent in Oregon. Industrial payrolls were larger in January than in December although some decline usually occurs at this season. This increase, which was substantial in California, would appear to indicate a greater degree of full-time employment among industrial workers, since no extensive increases in wage rates have been reported.

Contract awards for public works totaled 17 million dollars in January, compared with 16 million dollars in December and 11 million dollars in January 1934. Most of the awards during January this year represented non-Federal works. Few new projects were undertaken by the Federal Government, but work on previously awarded contracts for Federal Government construction remained active.

Permits issued for all types of private building increased considerably during January, although some decline is customary. Residential construction was larger than in any month since last March and non-residential permits exceeded those for any month last year. A sharp further improvement took place in permits for alterations and repairs. Increases in all types of building were fairly general throughout principal cities of the district.

Following the usual year-end shutdown, lumber output expanded sharply during January and for the month as a whole was greater than production in December, a movement contrary to the usual seasonal expectation. New orders

Industry —

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

General	1935		1934			1933	
	Jan.	Dec.	Nov.	Oct.	Jan.	Dec.	Nov.
Carloadings—Industrial.	50¶	50	50	52	48	42	53
Electric Pwr. Production	151¶	149¶	149	149	144	141	143
Manufactures							
Lumber	51¶	47	46	53	56	53	48
Refined Mineral Oils†..	123¶	120	121	121	107	116	129
Flour	104¶	92	94	93	99	89	84
Cement	56	81	87	58	85	85	67
Wool Consumption†....	149¶	87	113	94	94	95	93
Slaughter of Livestock.	106	118	118	146	113	106	107
Minerals							
Petroleum (California)†	76	73	72	71	69	72	70
Lead (United States)‡.	..	60	55	56	64	67	71
Silver (United States)‡.	..	53	35	39	37	29	33
Building and Construction#							
Total	53	45	39	30	33	37	38
Building Permits—Value							
Larger Cities	13	14	13	13	9	11	12
Smaller Cities	21	20	20	18	11	11	12
Engineering Contracts							
Award—Value							
Total	118	84	76	55	73	71	75
Excluding Buildings	207	150	125	88	127	125	131

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

and shipments of lumber were considerably larger than production. Cement production decreased sharply in January, although the decline in that month is ordinarily rather small. During November and December, output had remained unseasonably high, despite the fact that completion of the concrete work on several large Western construction projects caused a considerable decline in shipments. These conditions, which resulted in an accumulation of inventories at cement plants to the highest point since monthly records first became available in 1928, have had a restrictive influence upon the current rate of production. Activity at iron, steel, and other metal plants showed a moderate improvement during January and was at a considerably higher rate than a year earlier.

Daily average crude petroleum output in California increased from 479,000 barrels in December to 500,000 barrels in January, whereas proration schedules based upon refinery demand remained unchanged at 474,000 barrels daily. Shipments of crude and fuel oil to the Atlantic Coast were much smaller than in other recent months. Refinery production tended upward, and gasoline inventories continued to rise.

Following seasonal contractions in the latter part of 1934, motion picture producers in California expanded operations substantially during January, as is usual at this season, when the new program of production for the coming season is adopted. The number currently employed in that industry is larger than in any January during the six years for which such records are available. Since this period includes 1929, it seems probable that output of motion pictures is at record levels for this time of year.

Trade

This bank's seasonally adjusted index of freight carloadings in the Twelfth District increased from 69 percent of the 1923-1925 average in December to 70 in January. In each month since October, when the index reached 61, the lowest point of the year, the actual decline in carloadings has been less than ordinarily takes place. In July 1934, railroad traffic was temporarily increased by diversion of water cargo due to the Pacific Coast longshoremen's strike, but excepting that month, the index is currently higher than at any time since the fall of 1931. Although the entire increase in loadings in January, after seasonal allowance, was in the Pacific Northwest, increases from November through January were of about the same proportions in that area and in California. Shipments of merchandise and miscellaneous freight have been especially well maintained during recent months.

Department store sales showed a somewhat larger post-Christmas decline in January than has been customary in that month. Seasonally adjusted indexes of sales declined in all reporting cities except Spokane, where there was a small increase from the relatively low levels of other recent months. Sales exceeded those of the corresponding month last year by 11 percent. Since the Fairchild index of prices of commodities sold by department stores is now lower than it was a year ago, it seems probable

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

	—1935 compared with 1934—	
	NET SALES January	STOCKS January
Department Stores	10.5 (73)	— 4.9 (53)
Los Angeles	8.6 (6)	—18.3 (6)
Other Southern California	12.3 (9)	2.2 (7)
Oakland	15.9 (5)	10.8 (5)
San Francisco	6.6 (8)	— 1.6 (7)
Bay Region	9.3 (18)	1.3 (16)
Central California	20.6 (6)	0.0 (6)
Portland†	14.3 (8)	7.1 (7)
Seattle	16.7 (4)	15.1 (4)
Spokane	18.1 (5)	9.3 (5)
Salt Lake City	7.2 (4)	— 2.9 (3)
Apparel Stores	12.9 (34)	— 5.9 (23)
Furniture Stores	13.7 (31)	—12.9 (23)
All Stores	11.1 (138)	— 6.0 (99)

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

Figures in parentheses indicate number of stores reporting.

that the increase in sales over January 1934 represents a considerable expansion in the volume of goods moved. Total inventories of all reporting stores were smaller at the end of January than a year earlier.

Sales of reporting wholesale firms increased slightly in January, although declines ranging from 1 percent to 13 percent, were reported between December and January during each of the preceding ten years. Dry goods and grocery wholesalers reported larger increases than are customary at this season, while sales of automobile supplies and shoes changed little, despite the usual tendency to decline during

Distribution and Trade—

	1935	—1934—			—1933—	
	Jan.	Dec.	Nov.	Oct.	Jan.	Dec. Nov.
Indexes adjusted for seasonal variation (1923-1925 average=100)						
Carloadings‡						
Total	70¶	69	65	62	67	64 68
Merchandise	85¶	84	80	70	80	81 82
Intercoastal Trade						
Total	69	77	79	78	72	83 85
Westbound	79	81	87	94	73	69 77
Eastbound	63	77	76	71	69	89 85
Retail Trade						
Automobile Sales‡						
Total .....	..	73	71	71	35	45 62
Passenger	64¶	66	66	63	31	43 59
Commercial .....	..	142	124	148	82	69 94
Department Store						
Sales‡	79	83	81	78	72	76 69
Stocks§	61	60	62	61	65	65 69
Collections#		Actual Figures				
Regular	48.2	47.0	48.3	49.3	46.4	43.2 43.7
Installment	18.7	17.3	18.0	18.4	17.9	15.4 15.9

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

January. Sales in other wholesale lines conformed approximately to the usual seasonal changes. All lines of wholesale trade for which data are received reported increases over the year period, varying from a fraction of 1 percent in wholesale drug sales to 76 percent in sales of agricultural implements.

WHOLESALE TRADE—Twelfth District
Percentage changes in value of sales

	January 1935 compared with	
	Dec. 1934	Jan. 1934
Agricultural Implements	11.0	75.9
Automobile Supplies	0.7	12.8
Drugs	- 0.4	0.3
Dry Goods	24.8	11.2
Electrical Supplies	-24.8	23.6
Furniture	- 8.8	35.7
Groceries	12.9	11.8
Hardware	- 6.7	13.8
Shoes	- 2.2	4.4
Paper and Stationery	- 6.7	4.9
All Lines	0.5	11.1

Intercoastal shipments through the Panama Canal amounted to 625,000 tons during January, a decrease of 55,000 tons from December. This total was somewhat smaller than the January 1934 total of 654,000 tons. Most of the decline during the month came in eastbound traffic as a result of sharply reduced petroleum shipments. Atlantic to Pacific Coast traffic was fairly well maintained during the month, with a large increase in iron, steel, and tinplate shipments offsetting most of the decline in the aggregate of other classes of cargo.

United States exports of canned and dried fruits, most of which are produced in Pacific Coast states, were substantially smaller from July 1 to December 31, 1934 than in the corresponding period of 1933. This decrease followed several years of well maintained foreign shipments of these commodities, despite the general

EXPORTS OF CANNED AND DRIED FRUITS

	1934	1933	1930-1933	1926-1929
	July-Dec.	July-Dec.	Annual Average*	Annual Average*
Canned Fruits (In thousands of cases)				
Apricots	171	430	478	691
Peaches	800	1,289	1,659	1,914
Pears	916	1,235	1,584	1,423
Dried Fruits (In thousands of lbs.)				
Apples	12,401	25,007	35,685	32,042
Apricots	9,964	27,551	33,039	21,335
Peaches	4,174	4,911	8,048	7,448
Pears	2,870	4,809	7,195	†
Prunes	91,723	123,304	231,329	213,052
Raisins	63,692	65,398	113,449	173,972

*Averages are based on exports for crop years rather than for calendar years. †Not available.

reduction in international trade after 1929. Drastic exchange restrictions in Germany on all save essential commodities accounted for a large part of the current decline in dried fruit exports. Most of the decrease in the foreign movement of canned fruits, which advanced considerably in price during 1934, was due to smaller imports into Great Britain.

Prices

Wholesale commodity prices increased considerably during January and the first three weeks of February. According to the weekly index of the United States Bureau of Labor Statistics, prices of farm products and foods rose most sharply, largely because of substantial advances in quotations on meat animals.

RETAIL FOOD PRICES*—Twelfth District
Expressed as percentages of average prices in 1926

Year and Month	Los Angeles	Portland	Salt Lake City	San Francisco	Seattle
	1927	98	99	99	98
1928	98	100	98	98	98
1929	100	102	100	100	102
1930	92	95	94	96	96
1931	74	78	78	80	80
1932	64	68	65	70	69
1933	64	65	64	68	67
1934	67	71	71	73	72
1934—January	64	67	66	68	69
February	64	69	69	72	71
March	65	68	69	72	71
April	64	68	68	71	70
May	64	68	69	71	70
June	65	69	70	72	70
July	67	71	70	73	71
August	68	72	71	74	72
September	71	75	74	76	75
October	73	76	75	77	75
November	73	77	76	79	77
December	72	74	75	77	76
1935—January	74	76	76	79	78
February	75	77	82	81	80

*Monthly figures are for date nearest the fifteenth of each month.

Retail food prices in the five larger Twelfth District population centers increased moderately during January and early February.

Bank Debits*—

	January 1935	January 1934
Arizona		
Phoenix	\$ 30,965	\$ 22,909
California		
Bakersfield	12,119	9,145
Berkeley	15,416	23,847
Fresno	21,067	17,503
Long Beach	26,834	22,632
Los Angeles	619,357	545,559
Oakland	151,120	151,133
Pasadena	20,988	19,031
Sacramento	72,530	28,046
San Bernardino	7,357	5,639
San Diego	34,273	31,665
San Francisco	699,056	721,591
San Jose	18,205	15,513
Santa Barbara	9,356	8,586
Santa Rosa	3,470	3,165
Stockton	14,994	13,450
Idaho		
Boise	15,136	11,503
Nevada		
Reno	8,032	6,121
Oregon		
Eugene	3,728	3,242
Portland	119,346	106,995
Salem	11,292	9,222
Utah		
Ogden	14,405	11,829
Salt Lake City	55,978	46,552
Washington		
Bellingham	4,473	4,368
Everett	5,141	4,789
Seattle	135,808	129,468
Spokane	32,603	24,889
Tacoma	22,936	20,643
Walla Walla	3,721	3,393
Yakima	9,672	9,409
Total	\$2,199,378	\$2,031,837

*In thousands of dollars.

Wholesale prices of most Twelfth District agricultural commodities of importance changed little during January. The principal exception to this stability was the marked increase in livestock prices. Feed barley, alfalfa, and potato prices declined somewhat, while quotations on hops advanced slightly.

The Credit Situation

United States Treasury disbursements in the Twelfth District exceeded local collections by only a small amount during the last half of January. During that period there was a substantial net movement of funds from this area to other districts because of commercial payments. Such interdistrict losses of funds are customary at this time of year, when the Twelfth District buys more from than it sells to other parts of the country. This drain of funds from the district without comparable increases from other sources caused a substantial reduction in member bank reserve balances. During the first three weeks of February, however, the net outflow of funds from interdistrict commercial transactions was smaller than in late January, and was moderately more than offset by funds received from the Federal Government, which disbursed more for relief and other purposes than it collected in this district. The net increase in banking reserves during this period was insufficient to offset the decrease during the last two weeks of January and member bank reserve balances declined during the five weeks ending February 20 from the record high point reached on January 16. Demand for currency increased moderately in

February following a seasonal decline throughout January.

Credit extended by reporting member banks increased during the five weeks ending February 20. Loans were unchanged, but investments by banks in both United States Government and other securities increased. Deposits at those banks changed little, increases in the accounts of individuals having resulted from the disbursement of Government deposits.

The larger banks accepted and bought more bills during January than in preceding months. A large part of the bills resulted from transactions for the account of foreigners, particularly Germans, and represented goods moving between foreign countries. Liability of customers in the Far East on acceptances made for their account by local banks was also of some importance. Deposits of foreign banks with Pacific Coast institutions have been increasing during the past three months. Following the bank holiday of 1933 foreign bankers kept only nominal deposits here until the revaluation of the dollar at the end of January 1934. Soon after that date they more than doubled. These deposits, nearly all of which are payable in dollars, have aggregated around 13 million dollars during recent weeks. About one-third represent accounts of banks located in the Far East, with the remainder almost equally divided among Europe, Canada, and Latin-America. Foreign deposits maintained by Twelfth District banks are principally with banks in Europe. Most of these sums are returnable in dollars except in England where most of the deposits are payable in sterling.

SOURCES AND USES OF BANKING RESERVES Twelfth District

Changes in millions of dollars during the weeks indicated

Week Ending	SOURCES OF FUNDS				Total Supply
	Reserve Bank Credit	Commercial Operations	Treasury Operations		
1934—December 19	+ 5.3	-11.7	- 7.4		-13.8
December 26	- 2.2	- 5.5	+ 6.5		- 1.2
1935—January 2..	- 1.8	-12.1	+11.9		- 2.0
January 9..	+ 3.3	- 8.4	+12.8		+ 7.7
January 16..	- .4	- 1.2	+11.9		+10.3
January 23..	- 2.7	-14.2	+ 6.9		-10.0
January 30..	- 7.7	-16.2	+ .1		-16.8
February 6..	+ 2.7	+11.4	+ 4.3		+18.4
February 13..	+ 3.0	+ .1	+ 9.0		+ 6.1
February 20..	- 1.9	-17.1	+ 8.5		-10.5

USES OF FUNDS

Week Ending	Demand for Currency	Member Bank Reserve Deposits	Other F.R.B. Accounts	Total Demand
1934—December 19	+ 1.9	-15.4	- .3	-13.8
December 26	+ 2.8	- 4.6	+ .6	- 1.2
1935—January 2..	- 5.3	+ 8.9	- 5.6	- 2.0
January 9..	-10.0	+17.6	+ .1	+ 7.7
January 16..	- 7.0	+ 8.6	+ 8.7	+10.3
January 23..	- 4.9	- 7.2	+ 2.1	-10.0
January 30..	- 2.0	-10.6	- 4.2	-16.8
February 6..	+ 6.0	+12.5	- .1	+18.4
February 13..	+ 2.3	+ 3.7	+ .1	+ 6.1
February 20..	- .9	-11.9	+ 2.3	-10.5

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

	Condition			
	Feb. 20 1935	Feb. 13 1935	Jan. 16 1935	Feb. 21 1934
Total Bills and Securities.....	167	167	167	177
Bills Discounted .....	...	...	...	2
Bills Bought .....	...	...	...	9
United States Securities	166	166	166	166
Total Reserves	341	347	345	271
Total Deposits	290	296	301	218
Federal Reserve Notes in Circulation	199	200	200	197
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined...	69.6	69.8	69.0	65.4

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

	Condition			
	Feb. 20 1935	Feb. 13 1935	Jan. 16 1935	Feb. 21 1934
Loans and Investments—Total.	1,952	1,943	1,928	1,760
Loans—Total	876	877	880	883
On Securities	204	206	206	219
All Other	672	671	674	664
Investments—Total	1,076	1,066	1,048	877
United States Securities	689	683	672	560
Other Securities	387	383	376	317
Reserve with Reserve Bank....	161	171	180	107
Net Demand Deposits	737	746	744	600
Time Deposits	966	962	950	886
Due from Banks	211	193	220	162
Due to Banks	206	207	216	156
Borrowings at Reserve Bank..	...	...	...	1

Deposit Turnover

Data which have been available during recent months furnish information for the first time upon the activity of different types of deposits at banks in the principal financial centers of the Twelfth District. Although savings deposits and other time deposits make up considerably more than half of total deposits at banks in leading cities of this area, such accounts are relatively inactive, the rate of turnover during recent months having been less than once a year for the district as a whole. Demand deposits, while smaller in amount than time deposits, include most of the current checking accounts of individuals and corporations and, therefore, represent the means of payment of principal use. In San Francisco, the only city in the district for which deposit turnover figures are available for the period prior to the depression, there has been a substantial decline in the velocity of demand deposits in recent years. Despite this decrease, demand deposits are currently more active in

AMOUNT AND VELOCITY OF DEPOSITS OF
TWELFTH DISTRICT CITY BANKS
Averages during twenty-five weeks ending February 20, 1935

	Deposits (In thousands of dollars)			Turnover of Deposits (Times per year)		
	Demand	Time	Bankers'	Demand	Time	B'k'rs'
Los Angeles.	281,000	487,100	51,000	24.8	1.1	29.8
San Francisco	290,200	673,600	127,100	26.6	0.7	25.2
Oakland	27,200	113,700	1,500	25.0	0.8	29.5
Portland	61,800	53,300	19,400	23.2	0.6	24.8
Tacoma	12,300	12,800	1,700	21.3	0.4	36.0
Seattle	73,300	90,400	25,800	23.2	0.5	48.7
Spokane	19,500	10,100	11,500	19.8	0.7	27.7
Ogden	6,400	5,600	1,700	25.7	0.4	48.0
Salt Lake City	28,900	32,600	12,700	22.3	0.6	27.2
Twelfth District	800,600	1,479,200	252,400	24.9	0.8	28.6

that city than in other western cities. The rate of turnover of demand deposits during the past half year has fluctuated between 25 and 30 times a year in San Francisco, compared with

an annual turnover of around 25 times in Los Angeles and Oakland and between 20 and 25 times in all other leading cities of the district except Ogden. In that city, the velocity of deposit turnover has fluctuated widely during recent months, partly because of the relatively small amount of demand deposits. Although average turnover since last September has been at a rate practically as high as in San Francisco, the extreme variation in Ogden makes such an average less representative than in other district cities.

Turnover of bankers' deposits during the past six months has been at a somewhat lower rate in San Francisco than has turnover of individual demand deposits. In all other reserve cities of this district, velocity of bankers' deposits has been much more rapid than the turnover of demand deposits. Bankers' deposits in the lesser financial centers are used principally as convenience checking accounts for meeting clearing house settlements and making transfers of funds. While such balances usually are not large, they are active. In San Francisco, however, and to a lesser extent in some of the other banking centers of this district, the amounts left on deposit by country banks or by banks in other reserve cities are substantially in excess of the balances required for interdistrict clearances and other ordinary banking purposes. During a period such as the present when many banks have excess reserves, these idle balances not only are larger than usual, but they are especially inactive. These factors tend to reduce the velocity of total bankers' balances in important financial centers. Thus, banks in San Francisco, accounting for but slightly more than one-third of total debits to bankers' balances in district city banks, carry approximately one-half the total of bankers' deposits.

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Federal Reserve Board

Industrial output, which had shown a rapid growth in December, increased further in January. Activity in the building industry continued at a low level. Wholesale commodity prices advanced considerably during January and the first half of February, reflecting chiefly marked increases in the prices of livestock and livestock products.

Production and Employment. Volume of industrial production, as measured by the Board's seasonally adjusted index, increased from 86 percent of the 1923-1925 average in December to 90 percent in January. Activity in the steel and automobile industries continued to increase

rapidly during January and the early part of February; in the middle of the month, however, steel production declined. Output of lumber increased in January, but was still at a low level. At cotton and woolen textile mills activity showed a considerable growth, while in the meat packing industry output declined. Output of crude petroleum increased further in January and the first half of February.

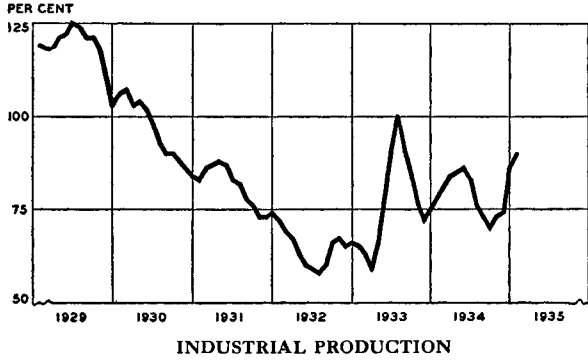
Factory employment and payrolls increased somewhat between the middle of December and the middle of January, although a decline is usual at this season. At automobile factories the volume of employment increased further

by a large amount, and there were substantial increases at steel mills, foundries, and woolen mills. Employment in the meat packing industry continued to decline, and in January was at about the same level as a year ago. Among the non-manufacturing industries, the number employed at retail trade establishments and on construction projects showed declines of a seasonal nature.

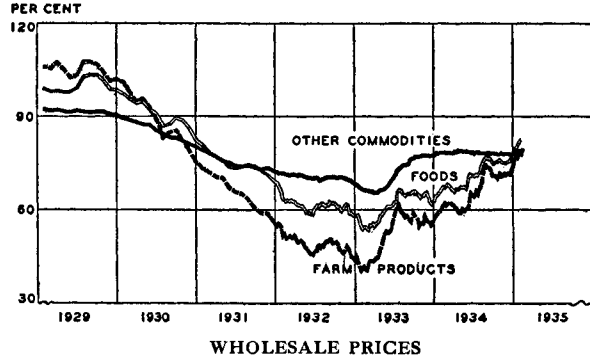
Value of construction contracts awarded in

the week ending February 16. During January, prices of cattle and beef showed substantial increases and in February the price of hogs advanced considerably. Prices of cotton, grains, and silk showed a decline in January and the first few days of February, followed by an advance in the middle of the month.

Bank Credit. During the five weeks ended February 20 member bank balances with the reserve banks increased by \$260,000,000 and their



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

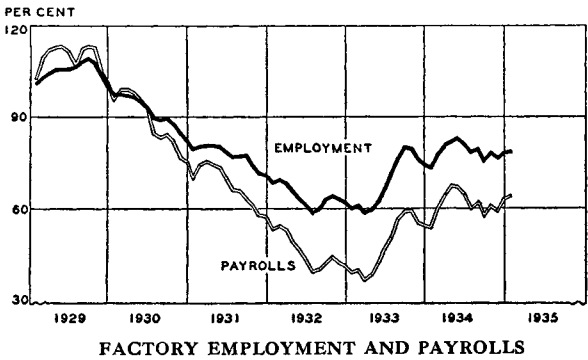


Indexes of the United States Bureau of Labor Statistics. By months 1929 to 1931; by weeks 1932 to date. (1926=100.)

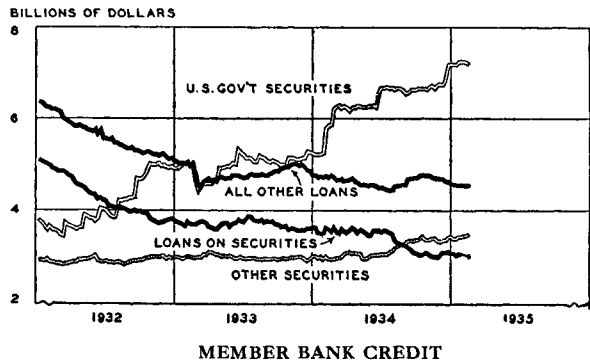
January, as reported by the F. W. Dodge Corporation, was slightly larger than in December but considerably smaller than a year ago, when the volume of public projects was exceptionally large. The value of contracts awarded for residential building in the three months from November to January was about the same as in the corresponding periods of the two preceding years.

Distribution. Freight carloadings showed a

excess reserves rose to about \$2,300,000,000. The principal factors in the increase were an inflow of gold from abroad and disbursements by the Treasury of funds previously held as cash or on deposit with the Federal reserve banks. Net demand deposits of weekly reporting member banks in leading cities increased by more than \$200,000,000 in the four weeks ended February 13. Total loans and invest-



Indexes of factory employment and payrolls, without adjustment for seasonal variation (1923-1925 average=100). Indexes compiled by the United States Bureau of Labor Statistics.



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for February 13.

seasonal growth in January. At department stores, the volume of business declined somewhat more than is usual after the Christmas holidays.

Commodity Prices. The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, advanced from 77.9 percent of the 1926 average in the week ending January 5 to 79.4 percent in

ments of these banks showed no significant changes during the period. Slight declines occurred in loans on securities and in holdings of direct obligations of the United States Government, while other loans and other securities increased somewhat.

Yields on United States Government securities declined slightly further and other open market money rates continued at a low level.