

MONTHLY REVIEW

OF

BUSINESS CONDITIONS

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TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

After allowance for seasonal influences Twelfth District business activity was relatively well maintained during January. Industrial production declined by less than the customary amount and was substantially in excess of output in January 1935. Value of building permits was lower than in December, although residential building continued the increase evident since mid-1934 and modernization and repair work also increased. Contract awards for public works were the largest since April 1933. Industrial employment in California declined seasonally, but in Oregon the reduction was of less than the usual proportions, principally reflecting increased requirements in the lumber industry. Trade activity was somewhat lower than in December, after allowance for seasonal factors.

Lumber production was the same as in December, in contrast with the usual decline in January. Increased output in the Douglas fir and redwood areas more than offset a reduction in the western pine region. Petroleum production during the month was at the highest level in five years but was sharply curtailed in the first twenty days of February as a result of a new coöperative curtailment agreement. Motion picture studios were reported to be producing more feature films than has usually been the case in the first month of the year.

Somewhat more than the customary post-Christmas decline in department store sales took place during January. Value of sales, however, was 7 percent larger than in January 1935. Preliminary data indicate that the number of new automobiles registered was smaller than in December, but was higher than in any January on record. Intercoastal traffic also declined, although some increase usually occurs at this time of year. Reflecting increased shipments of lumber, partly the result of a diversion from coastwise water carriers because of the seamen's strike, district freight carloadings continued at the December level although a moderate reduction has been reported in January of most other recent years.

District banking reserves increased moderately further between the first of the year and

February 19. There was an almost steady net outflow of funds to other districts because of payments arising out of commercial and financial transactions. The reduction in reserves of district banks because of that loss was more than offset, however, by continued United States Treasury disbursements in excess of local collections and by the usual large return of currency from circulation after requirements of the Christmas season.

Both loans and investments of district city banks declined moderately during January and the first part of February. The reduction in loans took place almost entirely in advances other than those secured by real estate or stocks and bonds. Holdings of direct obligations of the United States Government, which increased sharply in mid-December at the time of the large Treasury financing operations, have since declined steadily. Adjusted demand deposits were about the same in mid-February as at the beginning of the year, while time deposits were slightly lower.

Agriculture

Except in parts of Arizona and southern Utah and Nevada, rain and snowfall during January were slightly in excess of the normal amount. Heavy district-wide storms during the first half of February caused minor damage in some sections but on the whole were beneficial to farms and ranges. In mid-February, snowpacks promised adequate irrigation water for spring and summer needs. Livestock and ranges were in good to excellent condition at the beginning of the month. Severe storms, which covered additional ranges with snow in the Pacific Northwest, necessitated heavy supplemental feeding of stock and caused some loss of early lambs during February.

Marketing of agricultural products grown in this district declined as is customary during January but was about the same in volume as a year earlier. Average farm prices for most crops were lower than in January 1935, but prices received by livestock growers for their stock and by dairymen for their products were considerably above those in effect a year ago.

The total value of agricultural products marketed during the month, which indicates farmers' cash income reasonably well, is estimated to have been moderately larger than a year earlier. Income from marketing of livestock and livestock products is usually larger than income from crop marketings during the early part of the year.

Weather conditions varied considerably during January in the citrus growing areas of the district. In Arizona, warm weather and adequate rainfall maintained fruit in good condition. In southern California lack of rain since last fall necessitated the use of irrigation water long past the usual time and retarded growth of oranges. Rains in late January and the first half of February were beneficial. Latest estimates indicate production of the current California Navel orange crop to be 14,348,000 boxes compared with last year's large crop of 18,990,000 boxes and average annual output of 15,600,000 boxes during the five years 1928-1932. Shipments from November 1 through January were 16 percent less than in those months a year ago. Prices averaged 15 percent higher and returns to growers up to February 1 were only slightly smaller this season than last. This year's lemon crop was estimated on February 1 to be almost 25 percent smaller than the crop harvested from November 1934 through October 1935, but 10 percent larger than average annual production from November 1928 through October 1933. Although shipments during November, December, and January were 6 percent smaller than during the corresponding period a year earlier, returns to growers were 34 percent larger. Light supplies and good demand resulted in prices averaging over 40 percent higher than a year earlier.

About 20 percent of the annual cash income from farm crops and fruits grown in the Pacific Northwest has come from marketing of apples during the past few years. This season, apple growers in the Pacific Northwest are in a less favorable income position than a year ago. Heavy damage by insects and freezing temperatures reduced the 1935 commercial crop in Oregon, Washington, and Idaho, and production in these states amounted to only 30 percent of total United States production, compared with 40 percent in 1934. Amounts sold in domestic markets and prices paid growers have shown the effects of increased competition from apples grown in eastern and midwestern states, and have been markedly lower than last season. Carlot shipments from the beginning of the season last July to the end of January amounted to 16,396,000 boxes, a reduction of 21 percent from shipments during the corresponding period last season. Prices paid grow-

ers for apples since the marketing season commenced have averaged about 10 percent lower than in this period a year ago.

Although the principal portion of the apple crop is utilized in domestic markets a considerable part is exported. Movement of apples to foreign markets from July through January this season has shown considerable expansion from the small shipments last year, the number of boxes shipped increasing 27 percent and the value of shipments advancing 32 percent. Notwithstanding the improved foreign outlet, total movement of apples from the Pacific Northwest to domestic and export markets aggregated less than 20,800,000 boxes for the marketing year through January, compared with 24,100,000 boxes last season. Income of growers during the season thus far is estimated to have been approximately 20 percent less than a year ago.

Fall and winter sown grains were in good condition at the beginning of February. The principal winter wheat areas in the Pacific Northwest had adequate snow covering and damage from low temperatures is reported to have been no greater than usual. Wheat prices declined during January and in mid-February were about the same as a year earlier.

Low temperatures and winter storms in the country east of the Rocky Mountains and some consumer substitution of beans for higher priced meats have resulted in a heavy volume of trading in beans at advancing prices. The weighted average price of the eleven principal varieties grown in California was \$4.98 per hundred pounds on February 19 compared with \$4.41 on December 31 and \$4.82 on February 20, 1935. Prices of beans grown in Idaho (the only Twelfth District state other than California where bean growing is of importance) made corresponding advances.

Receipts of butter from Twelfth District states at Portland, San Francisco, and Los Angeles during January were slightly larger than

Agricultural Marketing Activity—

| | January | | Season to Date | |
|----------------------------|----------------|-----------------|----------------|-----------------|
| | 1936 | 1935 | 1936 | 1935 |
| Carlot Shipments | | | | |
| Apples and Pears | 4,110 | 4,624 | 25,869 | 31,453 |
| Citrus Fruits | 4,460 | 6,572 | 14,552 | 16,721 |
| Vegetables | 9,442 | 10,631 | 32,372 | 34,497 |
| Exports | | | | |
| Wheat (bu.) | | 10,248 | 50,160 | 2,788,325 |
| Barley (bu.) | 885,749 | 251,500 | 6,901,447 | 3,384,370 |
| Receipts* | | | | |
| Cattle | 97,894 | 98,236 | 97,894 | 98,236 |
| Hogs | 160,386 | 161,351 | 160,386 | 161,351 |
| Sheep | 217,072 | 242,654 | 217,072 | 242,654 |
| Eggs (cases) | 169,643 | 158,938 | 169,643 | 158,938 |
| Butter (lbs.) | 5,398,970 | 4,724,960 | 5,398,970 | 4,724,960 |
| Wheat (carlots) | 3,832 | 2,782 | 46,231 | 34,588 |
| Barley (carlots) | 644 | 565 | 6,194 | 6,413 |
| Storage Holdings* | January | December | January | December |
| (end of the month) | 1935 | 1934 | 1934 | 1933 |
| Wheat (bu.) | 5,827,000 | 6,178,000 | 3,953,000 | 4,628,000 |
| Beans (bags) | 2,036,000 | 2,463,000 | 1,933,000 | 2,293,000 |
| Butter (lbs.) | 1,339,000 | 2,678,000 | 355,000 | 1,520,000 |
| Eggs (cases) | 2,000 | 22,000 | | 6,000 |

*At principal district markets.

in December and 14 percent above those of January 1935. Notwithstanding heavier supplies and markedly larger cold storage stocks, prices of butter (as measured by the price of 92 score butter in San Francisco) during January averaged 8 percent higher than in January 1935.

Egg receipts in Pacific Coast markets increased seasonally from December to January and in the later month were larger than in any January in the last decade. The movement out of storage was heavier than usually occurs at this time of year and storage stocks on February 1 were approximately normal in size. Prices showed the effects of large supplies and dropped 10 cents per dozen in the San Francisco market between the first of the year and mid-February. Prices during January averaged 17 percent lower than a year ago, and on February 15 were 9 percent lower than on that date in 1935.

Ranges and the outlook for spring and summer feed were benefited by heavy rains and snowfall throughout the district during late January and the first three weeks of February. Cattle were reported to be in good condition on February 1, reflecting plentiful supplies of feed and the excellent condition in which the animals entered the winter. Early reports indicate a calf crop of about the average size. Sheep and lambs, according to the United States Department of Agriculture, were also in good condition, and prospects for a large 1936 lamb crop are excellent.

According to the annual survey of the United States Department of Agriculture, the number of livestock on farms was only slightly lower on January 1, 1936 than a year earlier, and the total value of all classes of animals increased more than 50 percent. Exact figures of indebtedness are not available, but judging from the fact that during the past year marketings have been comparatively large in volume, prices high, and feeding cost low, it would appear that the financial position of the livestock industry is better than it has been at the beginning of other recent years. There has been some further transfer of loans from private sources to the Farm Credit Administration, and rates of interest by the latter agency have been reduced.

Industry

Less than the usual decline in Twelfth District industrial production took place during January, and output continued at a substantially higher level than in the same month last year. The gain over the year-period principally reflects marked recovery since the beginning of 1935 in production of building materials, notably lumber, and a large increase in petroleum output since last May. Value of building

permits declined moderately from the unusually large total reported for December, but was much larger than a year ago.

A decline in industrial employment in California during January was of approximately seasonal proportions, but Oregon firms reported less than the usual reduction, largely because of increased requirements in the lumber industry. The number of industrial workers employed in these states was moderately larger than a year earlier. Industrial payrolls declined more than seasonally in California during January but were 7 percent larger than a year ago. In Oregon, payrolls increased, although a decline is customary in January, and totaled 34 percent higher than a year earlier.

Value of building permits issued in 20 principal cities of the district approximated 8 million dollars during January, an amount moderately lower than in December, but 50 percent larger than in January 1935. The decrease from December occurred entirely in nonresidential permits. Residential building continued the expansion which has been in evidence since the middle of 1934, and the value of permits for modernization and repair work also increased.

Contracts awarded for public works rose 18 million dollars further to 47 million dollars during January, a total larger than in any month since April 1933, when San Francisco Bay Bridge awards of 37 million were included. Additional contracts for work on the Metropolitan Water District of Southern California totaled 8 million dollars. Contracts for bridges and grade crossings also increased sharply. Purchases of rails by western railroads were large during January, indicating expansion in

Employment—

| Industries | California— No. of Employees— | | | Oregon— No. of Employees— | | |
|--------------------------------------|----------------------------------|-----------|-----------|------------------------------|-----------|-----------|
| | No. of Firms | Jan. 1936 | Jan. 1935 | No. of Firms | Jan. 1936 | Jan. 1935 |
| All Industries* . . . | 1,244 | 132,983 | 124,895 | 108 | 17,505 | 14,413 |
| | | (+6.5) | | | (+21.5) | |
| Stone, Clay, and Glass Products. | 59 | 5,799 | 4,749 | 3 | 187 | 121 |
| | | (+22.1) | | | (+54.5) | |
| Lumber and Wood Manufactures .. | 103 | 10,111 | 8,978 | 38 | 9,747 | 7,168 |
| | | (+12.6) | | | (+36.0) | |
| Textiles | 17 | 1,827 | 1,864 | 7 | 1,289 | 1,141 |
| | | (-2.0) | | | (+13.0) | |
| Clothing, Millinery, and Laundering. | 141 | 9,702 | 9,114 | 6† | 205 | 195 |
| | | (+6.5) | | | (+5.1) | |
| Food, Beverages, and Tobacco . . . | 261 | 27,713 | 27,329 | 30 | 1,336 | 1,277 |
| | | (+1.4) | | | (+4.6) | |
| Public Utilities . . . | 47 | 39,850 | 37,915 | .. | .. | .. |
| | | (+5.1) | | | | |
| Other Industries†. | 615 | 63,145 | 58,547 | .. | .. | .. |
| | | (+7.9) | | | | |
| Miscellaneous | 48 | 14,686 | 14,314 | 24 | 4,741 | 4,511 |
| | | (+2.6) | | | (+5.1) | |
| Wholesale and Retail | 346 | 44,168 | 41,271 | .. | .. | .. |
| | | (+7.0) | | | | |

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

Figures in parentheses indicate percentage change from January 1935.

road improvements and reconstruction during coming months.

Total lumber production in the district was approximately the same in January as in December, whereas some decrease is customary, and this bank's seasonally adjusted index advanced from 72 to 77 percent of the 1923-1925 average, the highest point since mid-1930. Output was almost 50 percent larger than in January last year. Orders for lumber continued to increase and, as in the two preceding months, exceeded output by a substantial margin. Shipments also increased during the month, despite the influence of a strike of marine workers which restricted the coastwise water movement of lumber.

Crude oil output remained practically unchanged during January at an average of 680,000 barrels daily, a peak level for the past five years. At this rate, output was estimated to average about 150,000 barrels daily in excess of immediate consumption requirements and the accompanying rise in inventories was reported to be rapidly filling available storage facilities. During the first half of February, however, there was a sharp reduction in output. The decline was a result of concerted efforts of the industry to conform to a voluntary curtailment program recently agreed upon and effective February 1, the objective of which is to restrict output to 537,000 barrels daily. As an inducement to comply with the program, prices paid by major refineries per barrel of average grade refinable crude are to be raised from 90 cents to \$1.10 upon realization of the full proposed reduction.

Petroleum refineries were less active in January than in the preceding month, but inventories of refined products increased further. Gasoline quotations were reduced 2 cents per

gallon in southern California late in the month.

Inventory statistics of major California canned fruits, recently released, indicate that canners' stocks of peaches and apricots on January 1, 1936 were substantially larger than on the same date last year. The supply of canned pears, however, was about 41 percent smaller than the unusually large stocks of January 1, 1935. In general, changes in stocks reflected similar changes in output rather than in consumption. Of the available supply, a larger proportion was unsold at the beginning of this year than on January 1, 1935, when advance purchasing had been heavy in anticipation of higher prices.

SOLD AND UNSOLD STOCKS OF MAJOR CALIFORNIA CANNED FRUITS

(In thousands of cases)

| | Jan. 1 1934 | Jan. 1 1935 | Jan. 1 1936 |
|----------------|----------------|----------------|----------------|
| Apricots | 733 | 592 | 1,581 |
| Pears | 743 | 1,439 | 842 |
| Peaches | 4,280 | 3,741 | 6,469 |

Source: Canners League of California.

Prices of canned peaches declined sharply in January and in mid-February were 24 percent lower than a year ago. Canned apricot quotations have also decreased since the first of the year, but pear prices have remained practically unchanged and are only about 7 percent below quotations in mid-February last year.

Trade

District department stores, following completion of the most satisfactory Christmas shopping season since 1930, experienced a somewhat sharper recession in sales than is customary during January. Decreases in seasonally adjusted sales were general, and the adjusted index of total sales value receded from 88 to 84 percent of the 1923-1925 average. In all parts of the district sales exceeded those of January 1935, the increase in the total approximating 7 percent. Apparel stores reported

Industry —

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

| | 1936 | | | 1935 | | | 1934 | |
|-----------------------------------|------|------|------|------|------|------|------|------|
| | Jan. | Dec. | Nov. | Oct. | Jan. | Dec. | Nov. | Dec. |
| General | | | | | | | | |
| Carloadings—Industrial. | 78¶ | 68 | 67 | 68 | 50 | 50 | 50 | 50 |
| Electric Pwr. Production | 177¶ | 171¶ | 171 | 169 | 154 | 149 | 149 | 149 |
| Manufactures | | | | | | | | |
| Lumber | 77¶ | 72 | 65 | 69 | 52 | 46 | 50 | 50 |
| Refined Mineral Oils† | 152¶ | 157 | 156 | 158 | 120 | 120 | 121 | 121 |
| Flour | 102¶ | 93 | 109 | 102 | 102 | 92 | 94 | 94 |
| Cement | 120 | 112 | 83 | 69 | 56 | 81 | 87 | 87 |
| Wool Consumption† | 123¶ | 110 | 133 | 150 | 149 | 110 | 109 | 109 |
| Slaughter of Livestock.. | 98¶ | 99 | 109 | 101 | 101 | 118 | 118 | 118 |
| Minerals | | | | | | | | |
| Petroleum (California)† | 103¶ | 103 | 102 | 98 | 76 | 73 | 72 | 72 |
| Lead (United States)† | .. | 70 | 67 | 68 | 48 | 60 | 55 | 55 |
| Silver (United States)† | .. | 68 | 68 | 75 | 50 | 53 | 35 | 35 |
| Building and Construction# | | | | | | | | |
| Total | 90¶ | 69 | 58 | 56 | 54 | 46 | 42 | 42 |
| Building Permits—Value | | | | | | | | |
| Larger Cities | 25 | 24 | 22 | 22 | 13 | 14 | 13 | 13 |
| Smaller Cities | 44 | 38 | 37 | 35 | 20 | 20 | 20 | 20 |
| Engineering Contracts | | | | | | | | |
| Awarded—Value | | | | | | | | |
| Total | 182 | 118 | 99 | 96 | 118 | 84 | 76 | 76 |
| Excluding Buildings | 337 | 217 | 173 | 169 | 211 | 154 | 138 | 138 |

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

Distribution and Trade —

| | 1936 | | 1935 | | | 1934 | |
|--|------|------|------|------|------|------|------|
| | Jan. | Dec. | Nov. | Oct. | Jan. | Dec. | Nov. |
| Indexes adjusted for seasonal variation (1923-1925 average=100) | | | | | | | |
| Carloadings‡ | | | | | | | |
| Total | 88¶ | 85 | 80 | 73 | 70 | 69 | 65 |
| Merchandise | 95¶ | 97 | 95 | 78 | 85 | 84 | 79 |
| Intercoastal Trade | | | | | | | |
| Total | 65 | 69 | 66 | 71 | 68 | 77 | 79 |
| Westbound | 99 | 89 | 95 | 102 | 79 | 81 | 87 |
| Eastbound | 54 | 65 | 57 | 61 | 63 | 77 | 76 |
| Retail Trade | | | | | | | |
| Automobile Sales‡ | | | | | | | |
| Total | .. | 206¶ | 156 | 83 | 69 | 73 | 71 |
| Passenger | .. | 198¶ | 153 | 75 | 65 | 66 | 66 |
| Commercial | .. | 301¶ | 188 | 158 | 128 | 142 | 124 |
| Department Store | | | | | | | |
| Sales‡ | 84¶ | 88 | 91 | 86 | 79 | 83 | 81 |
| Stocks\$ | 65¶ | 64 | 64 | 61 | 61 | 60 | 62 |
| Collections# | | | | | | | |
| Regular | 49.0 | 48.8 | 49.9 | 50.7 | 48.0 | 47.1 | 48.1 |
| Installment | 18.4 | 17.6 | 18.1 | 18.9 | 18.7 | 17.3 | 17.8 |

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

sales 15 percent larger than in January 1935, while furniture stores reported an increase of 34 percent.

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

| | January 1936 compared with January 1935 | |
|---------------------------------|--|------------|
| | NET SALES | STOCKS |
| Department Stores | 6.9 (80) | 6.7 (55) |
| Los Angeles | 9.2 (6) | 10.7 (6) |
| Other Southern California | 3.8 (9) | 5.9 (5) |
| Oakland | 5.6 (5) | 4.8 (5) |
| San Francisco | 4.1 (8) | 3.7 (7) |
| Bay Region | 4.2 (18) | 4.1 (16) |
| Central California | 2.7 (5) | 9.0 (5) |
| Portland† | 13.4 (9) | 5.8 (8) |
| Seattle | 6.7 (4) | 6.2 (4) |
| Spokane | 3.0 (5) | 12.8 (4) |
| Tacoma† | 11.0 (8) | 14.1 (6) |
| Salt Lake City | 11.6 (4) | — 3.1 (4) |
| Apparel Stores | 15.0 (43) | 17.1 (29) |
| Furniture Stores | 34.2 (32) | 2.6 (17) |
| All Stores | 10.7 (155) | 7.3 (101) |

†Includes five apparel stores in Portland and six in Tacoma which are not included in district department store total. Figures in parentheses indicate number of stores reporting. January 1936 had the same number of trading days as January 1935.

Estimated figures of new automobile sales in January were somewhat lower than were December totals. This reduction is largely explained by the fact that sales had been unusually numerous in November and December of 1935 because of the early introduction of new models. Unusually inclement weather undoubtedly was another factor restricting sales. The number of cars sold continued to be much larger than a year earlier.

WHOLESALE TRADE—Twelfth District
Percentage changes in value of sales

| | January 1936 compared with | |
|-------------------------------|-------------------------------|-----------|
| | Dec. 1935 | Jan. 1935 |
| Agricultural Implements | 25.8 | 55.1 |
| Automobile Supplies | — 9.3 | 4.2 |
| Drugs | — 2.4 | 6.0 |
| Dry Goods | 22.4 | 0.6 |
| Electrical Supplies | —23.0 | 37.7 |
| Furniture | —19.2 | 3.5 |
| Groceries | 13.0 | 5.5 |
| Hardware | — 9.2 | 30.3 |
| Shoes | —11.7 | 3.6 |
| Paper and Stationery | 0.9 | 20.9 |
| All Lines | — 2.1 | 14.8 |

Recession which ordinarily takes place in freight carloadings during the opening weeks of each year did not take place in January this year, with the result that the seasonally adjusted index increased from 85 to 88 percent of the 1923-1925 average, the highest point reached since December 1930. The rise in the adjusted index came entirely in bulk loadings of industrial products, particularly lumber. Rail shipments of lumber were stimulated not only by continued improvement in building activity but also by a marine workers' strike which tied up water transportation facilities. Shipments of merchandise and miscellaneous freight in less than carload lots decreased more than seasonally. Reflecting the predominant influence of lumber in the Pacific Northwest, loadings in that area increased more than in California, after seasonal allowance.

Intercoastal commerce moving through the Panama Canal totaled 593,000 tons in January. This amount was about 20,000 tons smaller than the December total, and was less than in January of either 1935 or 1934. The decline for the month came entirely in traffic moving from the Pacific Coast. Eastbound lumber shipments were reduced 20,000 tons and other cargo declined by a similar amount; petroleum tonnage, which is carried largely by company-owned tankers, increased. Westbound tonnage was larger in January 1936 than in December 1935, despite smaller iron, steel, and tinplate shipments, and was substantially greater than a year ago.

Prices

Measured by the index prepared by the United States Bureau of Labor Statistics, wholesale commodity prices tended slightly downward between the first of the year and mid-February. Prices of foods and of textile products declined approximately 3 percent during this period, while the average for farm products fluctuated with little net change. Prices of other commodities averaged slightly higher in mid-February than six weeks earlier. Reflecting the reduction in wholesale food quotations, retail food prices in the principal cities of the Twelfth District were somewhat lower at the end of January than a month earlier.

After remaining unchanged at 9¼ cents per

Bank Debits*—

| | January 1936 | January 1935 |
|----------------------|--------------------|--------------------|
| Arizona | | |
| Phoenix | \$ 37,238 | \$ 30,965 |
| California | | |
| Bakersfield | 13,997 | 12,119 |
| Berkeley | 20,422 | 15,416 |
| Fresno | 26,633 | 21,067 |
| Long Beach | 35,450 | 26,834 |
| Los Angeles | 834,867 | 619,357 |
| Oakland | 87,914 | 67,801 |
| Pasadena | 27,675 | 20,988 |
| Sacramento | 107,004 | 72,530 |
| San Bernardino | 8,457 | 7,357 |
| San Diego | 48,483 | 34,273 |
| San Francisco | 839,539 | 699,056 |
| San Jose | 23,922 | 18,205 |
| Santa Barbara | 12,541 | 9,356 |
| Santa Rosa | 4,160 | 3,470 |
| Stockton | 17,313 | 14,994 |
| Idaho | | |
| Boise | 16,557 | 15,136 |
| Nevada | | |
| Reno | 9,104 | 8,032 |
| Oregon | | |
| Eugene | 5,126 | 3,728 |
| Portland | 140,405 | 119,346 |
| Salem | 12,184 | 10,658 |
| Utah | | |
| Ogden | 13,545 | 14,405 |
| Salt Lake City | 61,002 | 55,978 |
| Washington | | |
| Bellingham | 5,464 | 4,473 |
| Everett | 6,747 | 5,141 |
| Seattle | 170,620 | 135,808 |
| Spokane | 40,832 | 32,603 |
| Tacoma | 27,572 | 22,936 |
| Walla Walla | 4,096 | 3,721 |
| Yakima | 11,773 | 9,672 |
| Total | \$2,670,642 | \$2,115,425 |

*In thousands of dollars.

pound since last October, copper quotations in the New York market were advanced by most primary producers to 9½ cents per pound in mid-February. Export copper prices have also advanced in recent weeks, rising from 8.65 cents per pound, c.i.f. European base ports, on January 2 to 9 cents per pound on February 20. The New York price of foreign silver declined from 49¾ cents to 44¾ cents per fine ounce in the first three weeks of January, but has since remained unchanged. This price is 10 cents per ounce lower than in mid-February last year. The Government buying price of newly mined domestic silver continues at 77.57 cents per ounce.

While the price of beet and cane sugar continues to be listed at \$5.00 and \$5.10 per hundred pounds, respectively, almost all sales since early January have been made for immediate delivery at 45 cents per hundred below the prices in effect on sugar bought under the usual contract terms for delayed delivery.

The Credit Situation

Reserve balances of Twelfth District member banks were about 9 million dollars higher on February 19 than on January 1. Additions to district banking funds during this seven-week period were furnished principally by further substantial United States Government disbursements in excess of local collections. Another source of funds was gold purchases by the United States Mint and Assay Office. Reserves also were augmented by the customary post-holiday return to banks of currency from

circulation. The return from circulation between Christmas and January 29 amounted to 30 million dollars and, notwithstanding some expansion during the first two weeks of February, demand for currency showed a net decline of 12 million dollars between January 1 and February 19. The influence of these factors on reserve balances was almost entirely offset, however, by an outflow of 88 million dollars from this area to other districts because of commercial and financial transactions.

United States Treasury disbursements in the Twelfth District exceeded local collections by 66 million dollars between January 1 and February 19. During the seven-week period Treasury disbursements in the Twelfth District, exclusive of gold purchases, totaled 163 million dollars. Over 40 percent of this amount represented recovery and relief expenditures, principally by the Works Progress Administration, Reconstruction Finance Corporation, and Federal Emergency Administration of Public Works.

Twelfth District gold production, importation, and reclamation amounted to 22 million dollars during the seven-week period ending February 19. Payments by the San Francisco Mint for gold imports amounted to 9 million dollars. These consisted of 6 million dollars imported from Australia and New Zealand and 3 million dollars from China.

The substantial excess of Treasury disbursements over collections from individuals and nonbanking institutions tended to add to deposits in Twelfth District member banks during the first seven weeks of 1936 as did the

SOURCES AND USES OF BANKING RESERVES Twelfth District

Changes in millions of dollars during the weeks indicated

| SOURCES OF FUNDS | | | | |
|-------------------|---------------------|-----------------------|---------------------|--------------|
| Week Ending | Reserve Bank Credit | Commercial Operations | Treasury Operations | Total Supply |
| 1935—Dec. 18..... | + 2.1 | — 7.6 | —20.4 | —25.9 |
| Dec. 25..... | + 2.1 | +16.5 | —11.3 | + 7.3 |
| 1936—Jan. 1..... | — .4 | —14.4 | + 8.3 | — 6.5 |
| Jan. 8..... | — .9 | + .9 | +13.7 | +13.7 |
| Jan. 15..... | — .1 | —15.2 | +13.3 | — 2.0 |
| Jan. 22..... | — 2.3 | —22.6 | + 5.0 | —19.9 |
| Jan. 29..... | — .3 | —18.2 | + 6.6 | —11.9 |
| Feb. 5..... | + 1.4 | — 5.6 | +12.2 | + 8.0 |
| Feb. 12..... | + 2.4 | — .8 | + 2.7 | + 4.3 |
| Feb. 19..... | — 1.0 | — 5.0 | + 8.9 | + 2.9 |

| USES OF FUNDS | | | | |
|-------------------|---------------------|------------------------------|-----------------------|--------------|
| Week Ending | Demand for Currency | Member Bank Reserve Deposits | Other F.R.B. Accounts | Total Demand |
| 1935—Dec. 18..... | + 1.7 | —27.7 | + .1 | —25.9 |
| Dec. 25..... | + 6.1 | + .9 | + .3 | + 7.3 |
| 1936—Jan. 1..... | — 8.8 | + 1.8 | + .5 | — 6.5 |
| Jan. 8..... | — 5.3 | +18.4 | + .6 | +13.7 |
| Jan. 15..... | — 8.3 | + 6.3 | * | — 2.0 |
| Jan. 22..... | — 2.7 | —16.1 | — 1.1 | —19.9 |
| Jan. 29..... | — 4.6 | — 7.1 | — .2 | —11.9 |
| Feb. 5..... | + 7.5 | + .7 | — .2 | + 8.0 |
| Feb. 12..... | + 2.9 | + .9 | + .5 | + 4.3 |
| Feb. 19..... | — 1.7 | + 5.9 | — 1.3 | + 2.9 |

*Change less than \$50,000.

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

| | Condition | | | |
|---|--------------|--------------|--------------|--------------|
| | Feb. 19 1936 | Feb. 11 1936 | Jan. 15 1936 | Feb. 20 1935 |
| Total Bills and Securities... | 201 | 201 | 201 | 167 |
| Bills Discounted..... | ... | ... | ... | ... |
| Bills Bought..... | ... | ... | ... | ... |
| United States Securities.. | 199 | 199 | 199 | 166 |
| Total Reserves..... | 408 | 406 | 421 | 341 |
| Total Deposits..... | 315 | 313 | 334 | 290 |
| Reserve Note Circulation.. | 278 | 279 | 273 | 199 |
| Ratio—Reserves to Deposit and Note Liabilities..... | 68.9% | 68.6% | 69.3% | 69.6% |

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

| | Condition | | | |
|---|--------------|--------------|--------------|--------------|
| | Feb. 19 1936 | Feb. 11 1936 | Jan. 15 1936 | Feb. 20 1935 |
| Loans and Investments—Total.. | 2,121 | 2,125 | 2,133 | 1,995 |
| Loans to Brokers and Dealers... | 14 | 12 | 13 | 28 |
| Loans on Securities to Others (except banks)..... | 170 | 169 | 166 | 177 |
| Acceptances and Com'l Paper... | 27 | 27 | 25 | 22 |
| Loans on Real Estate..... | 368 | 368 | 370 | 359 |
| Loans to Banks..... | 1 | 1 | 1 | 2 |
| Other Loans..... | 347 | 351 | 357 | 306 |
| U. S. Gov. Direct Obligations.. | 695 | 699 | 704 | 700 |
| Obligations Guaranteed by U. S. Other Securities..... | 140 | 139 | 140 | 54 |
| Reserve with F. R. Bank..... | 359 | 359 | 357 | 347 |
| Due from Domestic Banks..... | 187 | 185 | 201 | 161 |
| Demand Deposits—Adjusted... | 230 | 237 | 229 | 211 |
| Time Deposits..... | 778 | 775 | 788 | 684 |
| U. S. Gov. Deposits..... | 1,013 | 1,017 | 1,032 | 988 |
| Deposits of Other Banks..... | 84 | 87 | 103 | 91 |
| Borrowings..... | 263 | 263 | 275 | 234 |

return flow of currency from circulation. Payments by the Federal Government in this district are made in the form of checks drawn against its balances with the Federal Reserve Bank of San Francisco. The checks are paid to individuals and to business organizations, who present the checks almost immediately to local banks and receive a deposit credit. These additions are offset in part by Treasury tax collections which result in a withdrawal of deposits from the banks. Deposits also are augmented when individuals and business organizations return cash or currency to local banks.

Although banks gained funds as a result of Treasury operations and the return of money from circulation, there was a small decline in total deposits at reporting member banks during the first seven weeks of 1936. Adjusted demand deposits at these banks were virtually unchanged but time deposits declined 24 million dollars. The principal factor tending to draw down deposits was the transfer by depositors in local banks of substantial sums to other districts in payment for securities, goods, and services. Such transfers of funds result in a withdrawal of deposits at banks in this area and a corresponding addition to deposits in other districts. A factor of secondary importance in drawing down local deposits during this period was a small decline in customers' loans not secured by stocks and bonds or real estate. These loans were repaid largely by borrowers drawing checks against their deposits in local banks.

Investments of reporting member banks declined slightly during the first seven weeks of 1936. Moderate reductions occurred in holdings of direct obligations of the United States Government. Holdings of Government-guaranteed obligations and other securities increased slightly. The reduction in holdings of Government direct obligations was accompanied by a rise in the eastern balances of local city banks, since proceeds from the sale of securities largely were left on deposit in New York City.

Securities Markets

The Board of Governors of the Federal Reserve System announced on January 25 that margin requirements for customers' accounts with brokers, as prescribed by Regulation T, would be changed effective February 1. Under the new provisions, the maximum loan value of a registered security is the higher of

- (a) 45 percent of the current market value or
- (b) 100 percent of the lowest market value since July 1, 1933, provided that such is not more than 75 percent of the current market value.

This is the same formula as previously in effect except that the loanable portion of the current market value under the first alternative was formerly 55 percent instead of 45 percent.

Daily average share turnover on Pacific Coast stock exchanges fluctuated widely during January and the first half of February. A high point was reached early in February, followed by considerable recession in activity. Market value of the shares traded increased during this period, but by less than the number of shares, since a large part of the additional trading was done in low-priced issues.

Between January 1 and February 15, stock price averages advanced six to eight percent. The greatest improvement was shown by shares of the heavier industries. Stocks of public utilities, after advancing sharply, lost a small portion of their gain in the week ending February 19.

Prices of bonds of Pacific Coast corporations averaged somewhat higher at the middle of February than at the first of the year. Municipal bonds also advanced, reaching the highest levels in many years. Since January 1 new financing for Twelfth District corporations has been light, the largest issue being \$2,000,000 of preferred stocks. There were also several bond and stock issues of small industrial concerns and investment trusts. Municipalities offered about \$6,000,000 of bonds.

SUMMARY OF NATIONAL CONDITIONS

Prepared by the Board of Governors of the Federal Reserve System

Total volume of industrial production increased in January, but, owing to a decline in activity in the automobile and allied industries from an exceptionally high level in December, the increase was less than is usual at this season.

Production and Employment. Total output at factories increased by a smaller amount than is usual in January, while output at mines showed a seasonal increase. The Board's combined index of industrial production, which

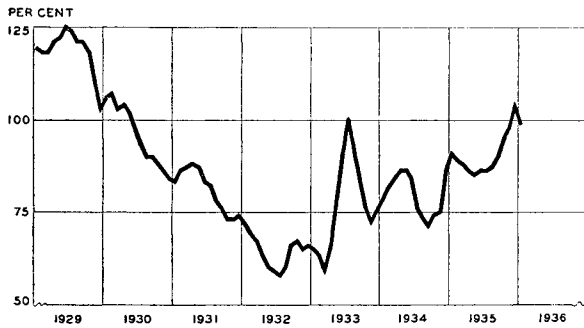
makes allowance for seasonal changes, declined from 104 percent of the 1923-1925 average in December to 99 percent in January. This decrease reflected chiefly sharp reductions in output of steel and of automobiles from the high levels reached in December. In the first three weeks of February the average rate of operations at steel mills showed a smaller increase over the January average than is usual, and at automobile factories output was estimated to be at a lower level than in January. Smaller

than seasonal increases in activity were reported at textile mills and at shoe factories, while output of food products was in considerably larger volume in January than a month earlier.

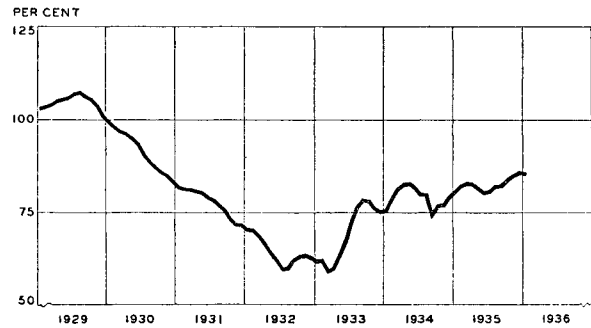
Factory employment showed a small seasonal decrease between the middle of December and the middle of January. At automobile factories the number of workers, which usually increases at this season, was unchanged, and at textile mills employment declined. Factory

Prices. The general level of wholesale commodity prices continued to show little change during January and the first three weeks of February. Prices of cotton textiles, flour, wheat, and silk declined, while prices of hogs, petroleum, coffee, and rubber increased considerably. Retail prices of foods increased somewhat during January.

Bank Credit. Excess reserves of member banks fluctuated between January 22 and February 19 near a \$3,000,000,000 level, changes



INDUSTRIAL PRODUCTION
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1929 to January 1936.



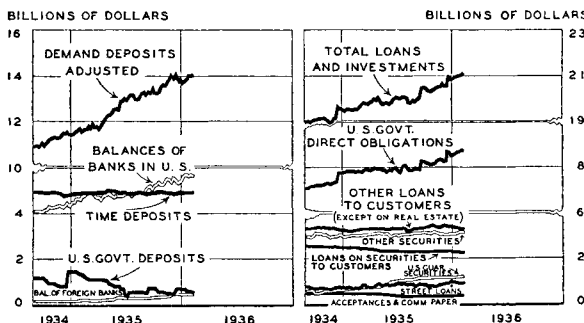
FACTORY EMPLOYMENT
Index of number employed, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1929 to January 1936.

payrolls decreased by more than the usual amount.

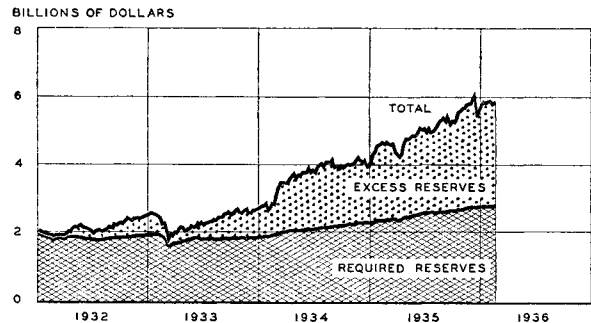
Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was smaller in January than in December. Awards for publicly-financed projects decreased from the relatively high December figure, and there was a seasonal decline in contracts for residential construction.

reflecting principally fluctuations in Treasury holdings of cash and deposits with Federal Reserve banks.

Investments of weekly reporting member banks in leading cities increased by \$300,000,000 in the four weeks ending February 12, and reached the largest amount ever held by these banks, while loans decreased by \$130,000,000. Holdings of United States Government obliga-



MEMBER BANK CREDIT
Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934 to February 12, 1936.



MEMBER BANK REQUIRED AND EXCESS RESERVES
Wednesday figures of total member bank reserve balances at Federal Reserve banks, with estimates of required and excess reserves, January 6, 1932 to February 19, 1936.

Distribution. Retail trade was reduced more than seasonally in January, reflecting in part the influence of unusually severe weather. Sales by department stores, variety stores, and mail-order houses all declined by more than the usual seasonal amount. Freight loadings showed little change; loadings of coal increased considerably, while rail shipments of miscellaneous freight declined.

tions increased by \$140,000,000, holdings of obligations guaranteed by the Government by \$50,000,000, and other securities by \$110,000,000.

Adjusted demand deposits of reporting member banks, which declined somewhat from the middle of December to the middle of January, increased by \$290,000,000 in the four weeks ending February 12, while United States Government deposits declined by \$150,000,000.