

# MONTHLY REVIEW

OF

## BUSINESS CONDITIONS

Federal Reserve Agent  
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### TWELFTH FEDERAL RESERVE DISTRICT CONDITIONS

Twelfth District business continued to expand during April. Gains in the distribution of goods generally exceeded seasonal expectations but the advance in industrial production was of slightly less than customary proportions. Except for the number of workers reported by vegetable canneries, industrial employment increased seasonally, while pay rolls expanded less than in April of most recent years.

Value of building permits was slightly below the unusually high March figure. Reports from 20 larger cities indicate that permits for residential building and for renovation and repair work continued to expand, the decline occurring entirely in nonresidential permits which fluctuate rather erratically from month to month. Contract awards for public works were nearly twice as large in April as in March.

Despite the recent substantial improvement in district and national building activity and a large accumulation of unfilled orders for lumber, output at district lumber mills increased less than seasonally during April. Production of cement increased considerably further. Crude oil output increased slightly but the run to stills was somewhat smaller than in March. Vegetable canneries were packing spinach during most of April, and the asparagus canning season commenced about the middle of the month. With the close of the California sardine season at the end of March a substantial decline in activity at fish canneries and reduction plants took place. Flour production declined during April, while livestock slaughter increased by more than the customary amount.

District department store sales, after allowance for seasonal influences and adjustment for the influence of Easter purchases, increased in most sections of the district. New automobile sales continued to increase from the unusually high level of recent months and were larger than in any April since 1929. The customary expansion in railroad freight carloadings and a contra-seasonal increase in inter-coastal traffic took place during the month.

Weather conditions were favorable for the

seeding and growth of crops during April, but because of low temperatures earlier in the season the condition of planted crops and of deciduous fruits was below normal. Condition of livestock and livestock ranges improved during April and early May in most sections of the district. Prices of most farm products declined somewhat from mid-April to mid-May.

Earning assets of Twelfth District reporting member banks showed no material change during the five weeks ending May 20. Although loans and securities have fluctuated more or less during the past few months, there has been no consistent tendency for total earning assets either to expand or contract since December 1935. Total time and adjusted demand deposits at reporting member banks reached a record level on April 22 and declined only slightly in the succeeding four weeks.

Substantial United States Treasury disbursements in excess of local collections continued to be the principal source of additions to Twelfth District banking funds during the five-week period ending May 20. These additions were offset only in part by a net outflow of funds to other districts arising from payments in connection with commercial and financial transactions and by an increase in currency circulation. Chiefly because of these factors, member bank reserve balances expanded during the period to the highest point on record.

#### Agriculture

After unusually low temperatures during the first few days of April weather conditions during that month and the first half of May were generally favorable to agriculturalists. The seeding of spring grains and field crops continued at a more rapid rate than a year ago when late April storms delayed farm operations. Warm, dry weather in the Pacific Northwest advanced the fruit bloom approximately to normal in most areas, and rains in early May were beneficial to crops and ranges. Livestock were reported to be in good to excellent condition in the Twelfth District generally.

Farmers' cash income during April was estimated to be slightly in excess of April 1935. This was entirely the result of a larger volume of agricultural marketing than in the same month last year, inasmuch as farm products prices averaged about the same as in April of last year.

Marketing of this season's California Navel orange crop was practically completed during April and the first half of May at prices which averaged about the same as in March but slightly below last year. As in every month since the first of the year, shipments were smaller than in the comparable month in 1935. Consumers' demand for lemons slackened in April and both prices and shipments declined from March levels. Prices received during the month were 72 percent above those received in April 1935, but shipments were 32 percent smaller.

Deciduous fruit crops in California are advanced further towards maturity than at this time last year. The 1936 yield of cherries, the only fruit for which figures are available, is forecast at 20,000 tons compared with 16,600 tons last year and an average annual production of 18,760 tons during the five years 1928 through 1932. Output of fruits in the Pacific Northwest may be reduced considerably this season because of low temperatures early in the year.

Harvesting of wheat and barley began late in April in California. In the Pacific Northwest, abandonment of winter and fall sown wheat because of damage from cold and wet weather was greater than usual this year. The seeding and early growth of field crops progressed under favorable weather conditions in all parts of the district. Early estimates indicate from moderate to substantial increases in acreage planted to field crops and a production of grains somewhat larger than the average of recent years.

### Agricultural Marketing Activity—

|                            | April     |           | Season to Date |            |
|----------------------------|-----------|-----------|----------------|------------|
|                            | 1936      | 1935      | 1936           | 1935       |
| <b>Carlot Shipments</b>    |           |           |                |            |
| Apples and Pears . . .     | 3,674     | 2,427     | 37,104         | 41,650     |
| Citrus Fruits . . .        | 7,517     | 9,723     | 33,308         | 39,948     |
| Vegetables . . . . .       | 12,845    | 11,561    | 63,694         | 62,079     |
| <b>Exports</b>             |           |           |                |            |
| Wheat (bu.) . . . . .      |           | 11,200    | 50,161         | 2,801,193  |
| Barley (bu.) . . . . .     | 746,500   | 71,000    | 8,344,738      | 3,733,827  |
| <b>Receipts*</b>           |           |           |                |            |
| Cattle . . . . .           | 81,460    | 63,372    | 346,913        | 307,460    |
| Hogs . . . . .             | 143,638   | 130,489   | 615,198        | 574,969    |
| Sheep . . . . .            | 230,283   | 311,171   | 918,577        | 928,367    |
| Eggs (cases) . . . . .     | 229,095   | 205,831   | 787,046        | 707,335    |
| Butter (lbs.) . . . . .    | 7,132,096 | 7,472,973 | 24,121,930     | 22,937,089 |
| Wheat (carlots) . . . . .  | 2,157     | 3,721     | 54,906         | 44,061     |
| Barley (carlots) . . . . . | 473       | 353       | 7,927          | 7,734      |
| <b>Storage Holdings*</b>   |           |           |                |            |
| (end of month)             | 1936      |           | 1935           |            |
|                            | April     | March     | April          | March      |
| Wheat (bu.) . . . . .      | 3,805,000 | 5,086,000 | 2,497,000      | 3,171,000  |
| Beans (bags) . . . . .     | 1,244,000 | 1,470,000 | 1,111,000      | 1,351,000  |
| Eggs (cases) . . . . .     | 352,000   | 146,000   | 389,000        | 176,000    |
| Butter (lbs.) . . . . .    | 242,000   | 77,000    | 451,000        | 44,000     |

\*At principal district markets.

The number of eggs received at Los Angeles, San Francisco, and Portland increased as is usual from March to April, and in the first four months of 1936 was larger than in the same period in any one of the last ten years. Prices advanced only 1 cent per dozen from the first of April through mid-May, compared with a four cent gain during this period last year. On May 15, 1936, egg prices at wholesale in San Francisco were 25 percent lower than on May 15, 1935. Increasing receipts of butter at Pacific Coast markets since the first of the year have reflected for the most part a seasonal growth in butter production in this district, and have been accompanied by the usual declines in wholesale prices. Butter is now selling at about the same level as a year ago.

Ranges and pastures generally improved during April, although cold weather early in the month retarded the growth of feed in the Pacific Northwest. Losses of cattle and calves because of storms and low temperatures in the first week of April were not as great as at first expected and reports indicate improvement in the condition of range cattle since that time. The movement of early lambs eastward from California continued at a somewhat slower rate than last year but at about the average of recent years. Wool shearing was under way throughout the entire district by mid-May, and prices paid wool growers were markedly higher than last season.

### Industry

Industrial output in the Twelfth District advanced further during April but the rise was somewhat less than seasonal. Vegetable canning and lumbering were the two industries chiefly responsible for the less than seasonal rise of production. Gains in industrial employment and pay rolls were also smaller than customary at this time of year. Value of building permits declined moderately.

Excluding the fruit and vegetable canning industry, industrial employment in California increased somewhat more than seasonally between mid-March and mid-April. The number of workers reported by vegetable canneries increased sharply although the rise was not as large as in April of most other recent years. In Oregon, principally because of conditions in the important lumber industry, expansion in employment was somewhat smaller than has been customary in April. In comparison with April 1935, employment in identical manufacturing concerns advanced 3.5 percent in California and 12.2 percent in Oregon. The most significant increases over the year-period were in the heavy goods industries, particularly in the lumber and wood products group where

increases of 18 and 16 percent occurred in Oregon and California, respectively. The metals, machinery, and conveyances group in California reported an increase of 13 percent over the year. Mid-April pay rolls in manufacturing industries were higher by 12 percent in California and 26 percent in Oregon than a year earlier.

Following an unusually sharp advance in the preceding month, the value of building permits in 90 district cities decreased slightly in April, but remained 44 percent above that of a year earlier. In the 20 larger cities for which segregated data are available, value of permits for residential building and for alterations and repair work continued to increase. These increases were slightly more than offset by a decline in nonresidential construction from the unusually high March level.

Contract awards for public works in the seven far western states amounted to 19 million dollars during April, an amount almost twice as large as that recorded in March. The total for the year to date is substantially higher than the figure reported for the same four-month period in 1935.

District lumber production increased 8 percent during April but this gain was considerably less than has been customary in April of most other recent years. The failure to expand seasonally occurred notwithstanding continued reports that mill inventories are unusually low and that the volume of unfilled orders is large. Lumber shipments and new orders were substantially higher in April than in March. Shipments by rail continued the sharp increase apparent since about the time competitively favorable freight reductions to all points east of

the Illinois-Indiana line became effective on August 24, 1935. Water-borne shipments of lumber advanced moderately during the month.

Daily average crude oil output increased slightly during April following a substantial decline in the preceding two months which resulted from a voluntary curtailment agreement. At 569,000 barrels daily average output was 3,000 barrels above that for March and 100,000 barrels higher than in April last year. The curtailment program set 539,000 barrels daily as an objective for April. Inventories of crude oil were reduced during the month, however, partly reflecting increased shipments to the East Coast. Crude runs to refinery stills declined somewhat during April and a reduction was brought about in the rather large accumulated supply of refined products. Following advances aggregating 4½ cents per gallon in the first half of the month, gasoline quotations have since remained unchanged.

Canning of spinach was active during April. Due to an unusually strong demand for fresh asparagus and the slow early season growth of that crop this year, asparagus canning did not reach an important volume until after the middle of April. It is now estimated by the trade that the spinach pack will be moderately smaller than last year (2,178,200 cases), while the asparagus pack will probably approximate the 1935 output of 2,238,400 cases. Opening prices of \$2.60-\$2.70 per dozen No. 1 square cans of large white asparagus and \$1.15-\$1.20 per dozen No. 2½ size cans for spinach, were somewhat higher than last year and the market has continued firm at these quotations.

With the closing of the sardine fishing season on March 31, activity at California fish

**Employment—**

| Industries                          | California   |                  | Oregon       |                  |
|-------------------------------------|--------------|------------------|--------------|------------------|
|                                     | No. of Firms | No. of Employees | No. of Firms | No. of Employees |
| All Industries*                     | 1,376        | 159,243          | 105          | 19,183           |
|                                     |              | (+3.5)           |              | (+12.2)          |
| Stone, Clay, and Glass Products.    | 60           | 6,841            | 3            | 125              |
|                                     |              | (+20.0)          |              | (-7.4)           |
| Lumber and Wood Manufactures        | 114          | 12,720           | 36           | 10,798           |
|                                     |              | (+15.9)          |              | (+18.0)          |
| Textiles                            | 19           | 2,043            | 8            | 1,703            |
|                                     |              | (-13.1)          |              | (-1.0)           |
| Clothing, Millinery, and Laundering | 149          | 10,867           | 7‡           | 233              |
|                                     |              | (+5.2)           |              | (+8.9)           |
| Food, Beverages, and Tobacco        | 290          | 38,659           | 27           | 1,267            |
|                                     |              | (-11.3)          |              | (+2.9)           |
| Public Utilities                    | 54           | 46,906           | ..           | ..               |
|                                     |              | (+7.1)           |              | ..               |
| Other Industries†                   | 692          | 74,693           | ..           | ..               |
|                                     |              | (+6.2)           |              | ..               |
| Miscellaneous                       | 52           | 13,420           | 24           | 5,057            |
|                                     |              | (+26.5)          |              | (+9.0)           |
| Wholesale and Retail                | 378          | 54,425           | ..           | ..               |
|                                     |              | (+4.2)           |              | ..               |

\*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 April 1935.

**Industry—**

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

| General                             | 1936 |      |      |      | 1935 |      |      |
|-------------------------------------|------|------|------|------|------|------|------|
|                                     | Apr. | Mar. | Feb. | Jan. | Apr. | Mar. | Feb. |
| Carloadings—Industrial.             | 63   | 60   | 63   | 77   | 55   | 50   | 54   |
| Electric Pwr. Production            | 174¶ | 174¶ | 179  | 179  | 148  | 152  | 154  |
| <b>Manufactures</b>                 |      |      |      |      |      |      |      |
| Lumber                              | 63¶  | 68   | 70   | 75   | 52   | 53   | 60   |
| Refined Mineral Oils†               | 149¶ | 153  | 156  | 152  | 124  | 125  | 127  |
| Flour                               | 109¶ | 117  | 101  | 101  | 114  | 107  | 93   |
| Cement                              | 115  | 97   | 87   | 120  | 64   | 58   | 53   |
| Wool Consumption†                   | ..   | 100  | 105r | 93r  | 118r | 79r  | 112r |
| Slaughter of Livestock.             | *    | *    | *    | *    | 94   | 91   | 97   |
| <b>Minerals</b>                     |      |      |      |      |      |      |      |
| Petroleum (California)†             | 86¶  | 86   | 89   | 103  | 72   | 75   | 75   |
| Lead (United States)†               | ..   | 59   | 62   | 63   | 58   | 55   | 50   |
| Silver (United States)†             | ..   | 90   | 97   | 95   | 49   | 50   | 65   |
| <b>Building and Construction#</b>   |      |      |      |      |      |      |      |
| Total                               | 54   | 76   | 88   | 90   | 38   | 40   | 44   |
| Building Permits—Value              |      |      |      |      |      |      |      |
| Larger Cities                       | 33   | 30   | 29   | 25   | 23   | 20   | 17   |
| Smaller Cities                      | 53   | 54   | 50   | 44   | 25   | 23   | 21   |
| Engineering Contracts Awarded—Value |      |      |      |      |      |      |      |
| Total                               | 79   | 127  | 167  | 182  | 60   | 61   | 80   |
| Excluding Buildings                 | 144  | 273  | 374  | 337  | 114  | 132  | 176  |

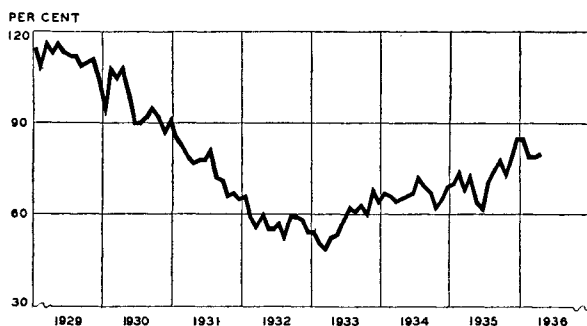
†Not adjusted for seasonal variation. ‡Prepared by Board of Governors of the Federal Reserve System. #Indexes are for three months ending with the month indicated. ¶Preliminary. rRevised. \*Under revision.

reduction and canning plants declined considerably. Output of canned sardines during the 1935-1936 season totaled 3,216,920 cases of one pound ovals or their equivalent, an increase of more than 70 percent from the preceding season. Production was larger than in any other year except 1929. The total catch was somewhat smaller than in 1934-1935, but a considerably smaller proportion was diverted to fish oil and meal. Practically no mackerel was canned in California during April, but spring tuna packing continued heavy throughout the month. Preparations for the salmon canning season which opens on various dates ranging from May 1 to June 25 in the several localities in the Pacific Northwest and Alaska were started in April. Preliminary crews and shipments of equipment and supplies were sent to most plants in central and southeastern Alaska during the month.

### Trade

Measures of the distribution of goods in the Twelfth District generally increased more than seasonally in April.

District railway freight traffic increased during April and this bank's adjusted index, at 80 percent of the 1923-1925 average, was slightly higher than in the two preceding months. Loadings in the Pacific Northwest increased slightly more than usual, reflecting a substantial gain in



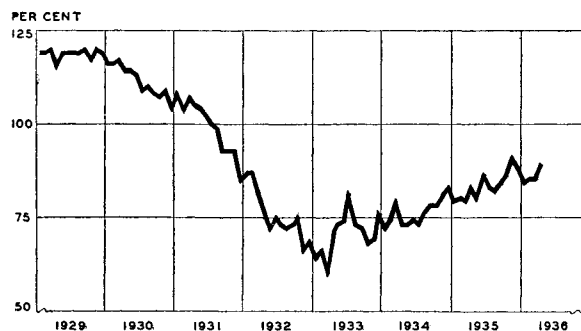
CARLOADINGS—Twelfth District

Index adjusted for seasonal variation (1923-1925 average=100).

lumber shipments, but in California they failed to expand by the full customary amount following a sharp rise last month. Total loadings were about 10 percent larger than a year earlier.

Value of department store sales advanced sharply from March levels. This bank's index, which makes allowance for usual seasonal influences and for a substantial gain because of Easter purchases, advanced from 85 in March (1923-1925 = 100) to 89 in April. Increases in the value of sales exceeded seasonal expectations in most parts of the district. Total sales were 7 percent higher than in April of last

year, despite the fact that year-period gains by reporting stores in the State of Washington were negligible. This circumstance was the outcome of an unusually high level of sales in



DEPARTMENT STORE SALES—Twelfth District

Index adjusted for seasonal variation (1923-1925 average=100).

Washington in April 1935, prior to imposition of a 2 percent retail sales tax which became effective on May 1 of that year.

### RETAIL TRADE—Twelfth District

Percentage changes in value of sales and stocks

|                      | 1936 compared with 1935 |                        |           |
|----------------------|-------------------------|------------------------|-----------|
|                      | NET SALES               |                        | STOCKS    |
|                      | April*                  | Jan. 1 to end of April | April     |
| Department Stores... | 7.0 (83)                | 9.4                    | 6.8 (56)  |
| Los Angeles          | 7.8 (6)                 | 10.8                   | 15.4 (6)  |
| Other So. California | 8.5 (9)                 | 9.5                    | 7.9 (6)   |
| Oakland              | 10.6 (5)                | 10.8                   | 4.7 (5)   |
| San Francisco        | 7.1 (8)                 | 9.9                    | 6.4 (7)   |
| Bay Region           | 8.4 (18)                | 10.2                   | 5.8 (16)  |
| Central California   | 4.9 (6)                 | 4.3                    | 7.5 (6)   |
| Portland†            | 16.8 (9)                | 14.1                   | 7.9 (8)   |
| Seattle              | 2.1 (5)                 | 5.8                    | 2.5 (4)   |
| Spokane              | 2.6 (6)                 | 3.0                    | 18.9 (5)  |
| Tacoma†              | 0.2 (8)                 | 5.5                    | 21.9 (6)  |
| Salt Lake City       | 5.9 (4)                 | 7.1                    | 2.9 (4)   |
| Apparel Stores       | 13.4 (42)               | 17.7                   | 18.5 (28) |
| Furniture Stores     | 24.8 (32)               | 32.7                   | 11.7 (25) |
| All Stores           | 9.5 (157)               | 12.8                   | 8.6 (109) |

\*April 1936 had the same number of trading days as April 1935.  
†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.

Sales of new passenger automobiles and trucks increased during April from the unusually high level reported for March and were 30 percent larger than in April of last year when more cars were sold than in any other

### WHOLESALE TRADE—Twelfth District

Percentage changes in value of sales

|                         | April 1936 compared with |           | Cumulative 1936 compared with 1935 |
|-------------------------|--------------------------|-----------|------------------------------------|
|                         | Mar. 1936                | Apr. 1935 |                                    |
| Agricultural Implements | -12.6                    | 37.0      | 47.1                               |
| Automobile Supplies     | 5.9                      | 7.8       | 11.3                               |
| Drugs                   | -0.5                     | 7.5       | 9.2                                |
| Dry Goods               | -4.2                     | 5.0       | 4.8                                |
| Electrical Supplies     | 2.3                      | 39.1      | 39.4                               |
| Furniture               | 9.7                      | -5.2      | -1.8                               |
| Groceries               | -2.7                     | 2.9       | 7.3                                |
| Hardware                | 7.2                      | 22.3      | 23.5                               |
| Shoes                   | -8.2                     | 6.9       | 9.6                                |
| Paper and Stationery    | -2.6                     | 17.5      | 13.8                               |
| All Lines               | 0.4                      | 14.3      | 15.2                               |

month in 1935. This favorable comparison with the peak month of 1935 took place despite the fact that new models have been selling two months longer this season than last. The in-

crease in April occurred almost entirely in sales of passenger cars, which were larger than in any month since July 1929. Registrations of commercial vehicles advanced slightly over the figure for March and exceeded the total reported for any preceding month on record.

Intercoastal traffic through the Panama Canal increased somewhat more than seasonally from March to April. The advance occurred entirely in eastbound shipments, principally of lumber and crude and refined petroleum.

**Prices**

Wholesale commodity prices, as measured by the index prepared by the United States Bureau of Labor Statistics, continued to move lower during the four weeks ending May 16, the index declining to 78.1 percent of the 1926 average in the latest week. At that point, wholesale prices of the 784 commodities included in the index averaged approximately 3.4 percent lower than at the beginning of this year, and were the lowest since January 1935. The decline since the first of the year as well as in recent weeks has taken place principally in the prices of farm products and foods. Prices of food at retail in the larger Twelfth District cities advanced slightly in early April, but since that time have resumed the moderate decline apparent in other recent months.

Wholesale quotations on canned apricots and pears declined slightly from mid-April to mid-May and at the later date were 21 and 6 percent, respectively, below those in effect a year ago. Canned peach prices advanced slightly. Dried apricot prices decreased 9 percent during the four weeks under review, but quotations for other dried fruits changed little.

Quotations for domestic copper, which were advanced to 9½ cents per pound in early April, remained unchanged from mid-April to May 20. Export copper quotations were somewhat lower in mid-May than a month earlier. Lead

and zinc prices have remained steady since late February. Although there were minor fluctuations in the spot price of foreign silver in New York during April and the first half of May, no net change was recorded during this period.

Prices of sugar, rubber, and coffee, commodities important as raw materials in three relatively large Pacific Coast industries, declined slightly from prices at the beginning of April.

**The Credit Situation**

Total loans and investments of Twelfth District city banks were practically unchanged in the five weeks ending May 20, remaining close to the level which prevailed during January of this year. Loans on securities to brokers and dealers outside New York City declined 7 million dollars during the five-week period, largely reflecting the repayment of loans made in March and early April to finance the distribution of new security issues. Changes in other loan classifications and in total loans of reporting member banks were small from April 15 to May 20. Aggregate investments of these banks were unusually stable, a moderate reduction in holdings of direct obligations of the United States Government being offset by increased investments in Government guaranteed issues and in all other securities.

Notwithstanding the fact that total loans and investments of district city member banks remained virtually unchanged during the first

**Distribution and Trade—**

|   | 1936 |      |      |      | 1935 |      |      |
|---|------|------|------|------|------|------|------|
|   | Apr. | Mar. | Feb. | Jan. | Apr. | Mar. | Feb. |
| Indexes adjusted for seasonal variation (1923-1925 average=100) |      |      |      |      |      |      |      |
| <b>Carloadings†</b>   |      |      |      |      |      |      |      |
| Total   | 80   | 79   | 79   | 85   | 73   | 68   | 74   |
| Merchandise   | 95   | 96   | 89   | 92   | 89   | 85   | 89   |
| <b>Intercoastal Trade</b>                                       |      |      |      |      |      |      |      |
| Total   | 79   | 76   | 75   | 65   | 60   | 78   | 65   |
| Westbound   | 115  | 118  | 96   | 99   | 81   | 105  | 81   |
| Eastbound   | 66   | 66   | 69   | 54   | 52   | 73   | 61   |
| <b>Retail Trade</b>   |      |      |      |      |      |      |      |
| <b>Automobile Sales‡</b>  |      |      |      |      |      |      |      |
| Total   | 140¶ | 144  | 121  | 106  | 107  | 107  | 104  |
| Passenger   | 131¶ | 131  | 117  | 103  | 103  | 102  | 97   |
| Commercial  | 244¶ | 270  | 210  | 155  | 161  | 154  | 229  |
| <b>Department Store</b>   |      |      |      |      |      |      |      |
| Sales‡  | 89   | 85   | 85   | 84   | 83   | 79   | 80   |
| Stocks§   | 67   | 65   | 65   | 65   | 61   | 62   | 62   |
| <b>Collections#</b>   |      |      |      |      |      |      |      |
| Regular   | 48.8 | 49.0 | 48.1 | 49.3 | 47.7 | 48.1 | 43.3 |
| Installment   | 17.6 | 18.4 | 18.0 | 18.4 | 17.8 | 18.5 | 16.8 |

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

**Bank Debits\*—**

|                   | April 1936  | April 1935  | First four months— |             |
|-------------------|-------------|-------------|--------------------|-------------|
|                   |             |             | 1936               | 1935        |
| <b>Arizona</b>    |             |             |                    |             |
| Phoenix           | \$ 36,242   | \$ 30,880   | \$ 141,340         | \$ 118,061  |
| <b>California</b> |             |             |                    |             |
| Bakersfield       | 13,685      | 11,285      | 52,395             | 44,152      |
| Berkeley          | 18,537      | 13,409      | 72,567             | 56,004      |
| Fresno            | 22,593      | 19,506      | 93,801             | 78,620      |
| Long Beach        | 34,173      | 31,318      | 131,840            | 112,917     |
| Los Angeles       | 860,625     | 663,553     | 3,206,931          | 2,501,719   |
| Oakland           | 93,684      | 68,397      | 341,836            | 258,917     |
| Pasadena          | 24,946      | 20,969      | 102,623            | 83,726      |
| Sacramento        | 83,794      | 103,713     | 398,435            | 331,860     |
| San Bernardino    | 8,916       | 7,569       | 33,213             | 29,078      |
| San Diego         | 48,680      | 44,416      | 184,227            | 150,303     |
| San Francisco     | 937,613     | 775,510     | 3,577,789          | 2,921,459   |
| San Jose          | 20,972      | 17,582      | 84,259             | 68,990      |
| Santa Barbara     | 11,737      | 9,750       | 45,759             | 37,372      |
| Santa Rosa        | 4,519       | 3,653       | 15,990             | 13,513      |
| Stockton          | 18,965      | 15,420      | 67,433             | 57,211      |
| <b>Idaho</b>      |             |             |                    |             |
| Boise             | 14,866      | 14,429      | 58,706             | 53,715      |
| <b>Nevada</b>     |             |             |                    |             |
| Reno              | 8,858       | 7,293       | 35,010             | 29,726      |
| <b>Oregon</b>     |             |             |                    |             |
| Eugene            | 5,888       | 4,769       | 21,859             | 16,587      |
| Portland          | 152,344     | 128,554     | 608,574            | 510,796     |
| Salem             | 14,248      | 11,670      | 52,130             | 42,267      |
| <b>Utah</b>       |             |             |                    |             |
| Ogden             | 12,560      | 10,327      | 54,441             | 47,463      |
| Salt Lake City    | 61,311      | 51,762      | 235,476            | 205,743     |
| <b>Washington</b> |             |             |                    |             |
| Bellingham        | 5,971       | 5,185       | 21,378             | 18,500      |
| Everett           | 7,673       | 5,856       | 26,717             | 21,229      |
| Seattle           | 187,042     | 150,601     | 704,499            | 561,733     |
| Spokane           | 40,422      | 34,982      | 155,251            | 129,638     |
| Tacoma            | 31,434      | 24,862      | 116,496            | 92,663      |
| Walla Walla       | 4,706       | 4,281       | 17,498             | 16,267      |
| Yakima            | 11,316      | 11,254      | 43,046             | 41,945      |
| <b>Total</b>      | \$2,798,320 | \$2,302,755 | \$10,701,519       | \$8,652,174 |

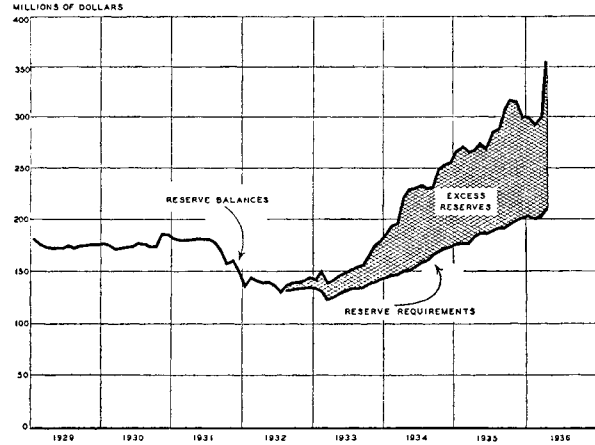
\*In thousands of dollars.

four months of 1936, total time and adjusted demand deposits expanded during the period, reaching the highest point on record on April 22. In the following four weeks they remained near that level. Most of the increase in deposits since the first of the year has resulted from operations of the United States Treasury. Funds disbursed by the Treasury in the Twelfth District were received by individuals, firms, and corporations, and were deposited with local banks, thus increasing the deposit liability of those institutions. Only a portion of the additions was offset by charges against deposit accounts resulting from Treasury collections locally. The increase in deposits at district member banks would have been even larger if depositors had not drawn against their accounts in order to make substantial net transfers to other districts in payment for securities, commodities, and services.

Reserve balances of district member banks increased 11 million dollars between April 15 and May 20, continuing the practically uninterrupted growth evident since early in 1933. The principal source of net additions to district bank reserves continued to be substantial disbursements by the United States Treasury, which exceeded local collections by 81 million dollars during the period. This addition was only partially offset by the transfer of 67 million dollars (net) from this district to other regions in payment for commercial and financial transactions, and by an increase of 5 million dollars in demand for currency.

Member bank balances at the Federal Re-

serve Bank of San Francisco are currently at the highest level on record. These balances reached the lowest point in recent years during the summer of 1932, when the total was as low as 128 million dollars. Expansion has been almost continuous since March of 1933, and since the middle of April of this year reserve balances of Twelfth District banks have ranged around 350 million dollars. Some advance in reserve requirements has also taken place during the



MEMBER BANK RESERVES—Twelfth District  
Monthly averages of daily amounts.

past three years because of growth in time and demand deposits at district member banks. Increases in reserve requirements have been equal to considerably less than half of the rise in actual reserve balances, however, and a substantial volume of excess reserves has been

**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 |  |
| 1936—Mar. 18..... | + 4.2               | +26.6                 | -48.1               | -17.3        |  |
| Mar. 25.....      | - 5.9               | +19.3                 | - 1.9               | +11.5        |  |
| Apr. 1.....       | + 4.4               | +18.0                 | + 9.5               | +31.9        |  |
| Apr. 8.....       | - 4.3               | + 4.5                 | +19.1               | +19.3        |  |
| Apr. 15.....      | + 2.2               | - 3.6                 | +10.6               | + 9.2        |  |
| Apr. 22.....      | - .7                | - 2.9                 | +16.5               | +12.9        |  |
| Apr. 29.....      | - .6                | -32.6                 | +11.7               | -21.5        |  |
| May 6.....        | + .8                | -12.2                 | +19.2               | + 7.8        |  |
| May 13.....       | - 5.3               | - .4                  | +17.7               | +12.0        |  |
| May 20.....       | + 5.3               | -19.0                 | +15.4               | + 1.7        |  |

| USES OF FUNDS     |                     |                              |                       |              |  |
|-------------------|---------------------|------------------------------|-----------------------|--------------|--|
| Week Ending       | Demand for Currency | Member Bank Reserve Deposits | Other F.R.B. Accounts | Total Demand |  |
| 1936—Mar. 18..... | - 2.3               | -15.2                        | + .2                  | -17.3        |  |
| Mar. 25.....      | - 3.0               | + 7.6                        | + 6.9                 | +11.5        |  |
| Apr. 1.....       | + 3.9               | +30.3                        | - 2.3                 | +31.9        |  |
| Apr. 8.....       | + 5.8               | +13.4                        | + .1                  | +19.3        |  |
| Apr. 15.....      | - 4.1               | +13.9                        | - .6                  | + 9.2        |  |
| Apr. 22.....      | - .1                | +14.9                        | - 1.9                 | +12.9        |  |
| Apr. 29.....      | - 2.2               | -18.3                        | - 1.0                 | -21.5        |  |
| May 6.....        | +10.6               | - 2.9                        | + .1                  | + 7.8        |  |
| May 13.....       | - 3.9               | +17.3                        | - 1.4                 | +12.0        |  |
| May 20.....       | + .4                | + .3                         | + 1.0                 | + 1.7        |  |

**CONDITION OF FEDERAL RESERVE BANK OF SAN FRANCISCO**  
(Amounts in millions of dollars)

|   | May 20 1936 | May 13 1936 | April 15 1936 | May 22 1935 |
|---|-------------|-------------|---------------|-------------|
| Total Bills and Securities...                       | 201         | 201         | 201           | 201         |
| Bills Discounted .....                              | ...         | ...         | ...           | ...         |
| Bills Bought .....                                  | ...         | ...         | ...           | ...         |
| United States Securities..                          | 199         | 199         | 199           | 199         |
| Total Reserves .....                                | 520         | 531         | 510           | 342         |
| Total Deposits .....                                | 412         | 418         | 409           | 298         |
| Reserve Note Circulation...                         | 291         | 291         | 285           | 220         |
| Ratio—Reserves to Deposit and Note Liabilities..... | 74.0%       | 75.0%       | 73.5%         | 66.0%       |

**CONDITION OF REPORTING MEMBER BANKS**  
Twelfth District  
(Amounts in millions of dollars)

|  | May 20 1936 | May 13 1936 | April 15 1936 | May 22 1935 |
|--|-------------|-------------|---------------|-------------|
| Loans and Investments—Total..                      | 2,134       | 2,138       | 2,141         | 1,973       |
| Loans to Brokers and Dealers..                     | 16          | 18          | 22            | 14          |
| Loans on Securities to Others (except Banks) ..... | 169         | 170         | 169           | 166         |
| Acceptances and Com'l Paper..                      | 22          | 22          | 23            | 19          |
| Loans on Real Estate .....                         | 367         | 367         | 367           | 361         |
| Loans to Banks .....                               | 1           | 1           | 1             | 1           |
| Other Loans .....                                  | 366         | 362         | 360           | 324         |
| U. S. Gov. Direct Obligations..                    | 678         | 683         | 696           | 651         |
| Obligations Guaranteed by U. S..                   | 149         | 146         | 138           | 77          |
| Other Securities .....                             | 366         | 369         | 365           | 360         |
| Reserve with F. R. Bank .....                      | 246         | 240         | 239           | 172         |
| Due from Domestic Banks .....                      | 250         | 242         | 249           | 222         |
| Demand Deposits—Adjusted .....                     | 811         | 795         | 818           | 730         |
| U. S. Government Deposits .....                    | 1,050       | 1,056       | 1,031         | 985         |
| Deposits of Other Banks .....                      | 114         | 113         | 115           | 66          |
| Borrowings .....                                   | 262         | 267         | 275           | 241         |

built up. In March 1936, reserve deposits of Twelfth District member banks averaged 300 million dollars or 49 percent in excess of reserve requirements. Nearly half of the reserve city banks and 51 percent of the country banks in the district had excess reserves amounting to 50 percent or more of their requirements during the first half of March. Moreover, most district banks keep a substantial amount of surplus funds on deposit with their city correspondents in addition to their balances with the Reserve Bank. Including these deposits,

than in the preceding month, continuing the decline in progress since the first of the year. Turnover increased during the last few days of April when prices were declining, but decreased sharply thereafter. Share price averages declined approximately 10 percent during the last half of April. The market moved irregularly in the first half of May, but the tendency was upward and stocks recovered about one-third of the losses sustained in the latter part of April.

**DISTRIBUTION OF TWELFTH DISTRICT MEMBER BANKS ACCORDING TO PERCENTAGE OF EXCESS TO REQUIRED RESERVES**  
(Percent of total banks in each group)

| Percent in excess of reserve requirements | Reserve Balances |               | Reserves and Balances Due from Domestic Banks |               |
|---|------------------|---------------|---|---------------|
|   | City Banks       | Country Banks | City Banks                                    | Country Banks |
| Less than 25.....                         | 28               | 31            | 0   | *             |
| 25 to 50.....                             | 28               | 18            | 0   | *             |
| 50 or more.....                           | 44               | 51            | 100   | 99            |
| Total.....                                | 100              | 100           | 100   | 100           |

\*Less than one percent.

all district member banks in reserve cities and virtually all of those in other cities had deposits with the Reserve Bank and balances due from other domestic banks 50 percent or more in excess of legal reserve requirements. Even when allowance is made for the fact that a portion of the funds deposited with correspondent banks represents normal working balances and should not be considered as surplus funds, practically all district member banks held readily available funds substantially in excess of legally required reserves.

**Securities Markets**

Trading on Pacific Coast stock exchanges during the month ending May 20 was less active

Pacific Coast corporation bonds declined fractionally in price during the stock market recession in late April but subsequently recovered to about the same level as quoted on April 20. Prices of municipal bonds were practically unchanged at the highest point in many years. The amount of new financing was small in both the corporate and municipal categories. Offerings of municipal bonds amounted to approximately \$900,000 and corporate issues consisted of \$36,500,000 bonds and \$6,100,000 preferred stock, largely for retirement of old issues.

During this recent period of declining stock prices, loans by Twelfth District brokers to their customers decreased about 5 percent. Notwithstanding the decrease in advances of local brokers to their customers, brokers' borrowings from Twelfth District and New York banks increased in anticipation of Regulation U which became effective May 1, placing certain restrictions on loans made by banks after that date.

The demand rate on call loans in New York was increased from ¾ percent to 1 percent on May 11. Rates charged by brokers on customers' balances, however, were maintained at 4 percent for New York listed securities in both San Francisco and Los Angeles and 4½ percent and 6 percent, respectively, for local securities.

**SUMMARY OF NATIONAL CONDITIONS**

Prepared by the Board of Governors of the Federal Reserve System

Industrial production increased in April, reflecting principally larger output of steel and of automobiles. Employment and pay rolls in the durable goods industries showed advances.

**Production and Employment.** Volume of industrial production, as measured by the Board's seasonally adjusted index, increased from 93 percent of the 1923-1925 average in March to 100 percent in April. The average rate of production at steel mills in April was 69 percent of capacity as compared with 59 percent for the preceding month. At automobile factories output amounted to 503,000 passenger cars and trucks and, except for the spring months of 1929, was larger than in any previous month.

In the first three weeks of May activity in both the steel and automobile industries was maintained at about the levels reported for April. Output of nondurable manufactures in April was slightly larger than in March, due chiefly to increases at cotton textile mills, meat packing establishments, and tobacco factories. Activity at woolen and silk mills declined. Bituminous coal production showed little change from March to April, although a considerable decrease is usual at this season, while at anthracite mines there was a sharp rise from the low level of March. Output of crude petroleum continued to increase.

Factory employment and pay rolls were

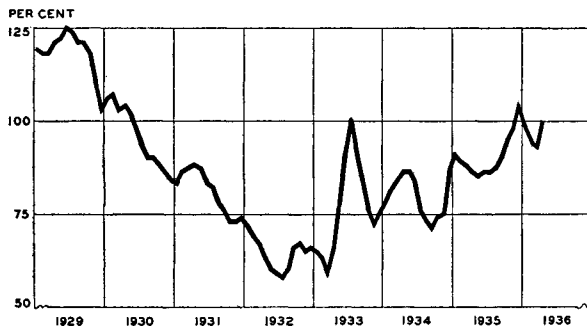
larger in the middle of April than a month earlier. Increases in the number of workers were general in the durable goods industries, with the most marked advances at steel mills and at plants producing machinery, automobiles, and building materials. There was an increase in employment at rubber tire factories, which in March had been affected by a strike, while at woolen mills employment declined.

Value of construction contracts awarded, according to figures of the F. W. Dodge Corporation, increased in April by somewhat more than

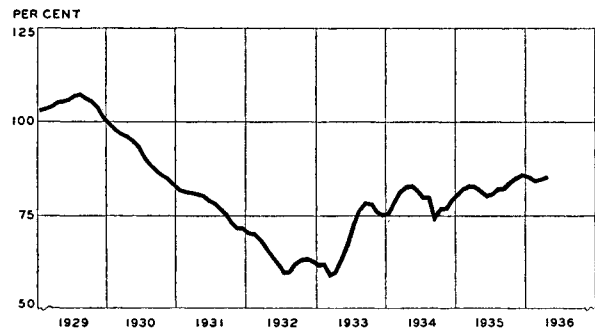
ties as a group continued to show little change.

**Bank Credit.** Excess reserves of member banks have increased steadily since the latter part of March and by May 20 amounted to \$2,860,000,000. The growth was due in April to Treasury disbursements from accumulated balances and in May to continued disbursements together with substantial imports of gold.

Treasury disbursements and gold imports have also been reflected in a sharp increase of deposits at reporting member banks in leading cities since the beginning of April. Adjusted



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

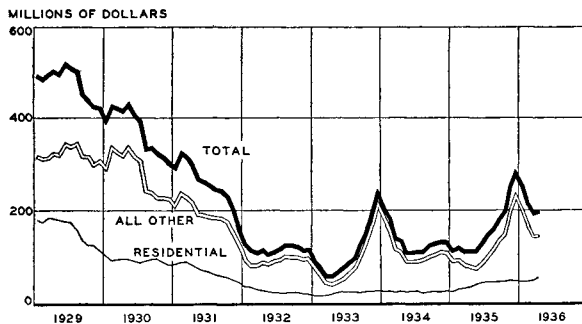


**FACTORY EMPLOYMENT**  
Index of number employed, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1929 to April 1936.

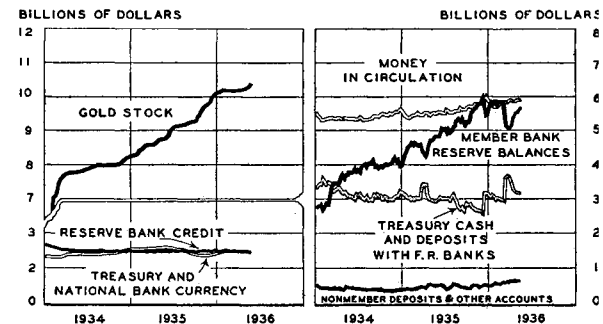
the usual seasonal amount. Contracts for residential building were in considerably larger volume, and privately-financed projects other than residential continued to increase.

**Distribution.** Retail trade showed a seasonal increase in April, following a considerable advance in March. Department store sales rose by less than the usual seasonal amount, while

demand deposits at these banks increased to a new high level and time deposits rose to the highest figure in years. Holdings of United States Government obligations by the reporting banks have increased further, while holdings of other securities and loans to customers have remained at the levels reached early in April. Loans to brokers and dealers



**CONSTRUCTION CONTRACTS AWARDED**  
Three-month moving average of F. W. Dodge data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for February and March and estimate for April.



**MEMBER BANK RESERVES AND RELATED ITEMS**  
Wednesday figures. January 31, 1934 to May 20, 1936.

at variety stores and mail-order houses there were further increases. Freight carloadings increased from March to April.

**Commodity Prices.** Wholesale prices of commodities showed little change during April and declined during the early part of May reflecting decreases in the prices of farm products and foods, while prices of other commodi-

ties in securities, which increased considerably in March and April, declined in the first half of May.

The rate charged on call loans with stock exchange collateral was raised on May 11 by New York City banks from  $\frac{3}{4}$  of one percent to one percent and that on time loans from one percent to  $1\frac{1}{4}$  percent. Rates on other open market loans have continued at low levels.