

FEDERAL RESERVE BOARD.

STATEMENT FOR THE PRESS

For release in afternoon papers,
Wednesday, August 2, 1922.

CONDITION OF THE ACCEPTANCE MARKET, JUNE 15 TO JULY 15, 1922.

According to reports received by the Federal Reserve Board from the Federal Reserve Banks of the various districts, the acceptance market was irregular throughout the entire period under review and showed but slight signs of activity. The supply of bills in most districts was limited, but was adequate to meet the small demand.

In District No. 1 (Boston) the supply of bills showed an upward tendency at the beginning of the reporting period, but fell off at the close. Demand for bills was very small, bankers and corporations who had idle funds preferring to invest them in certificates of indebtedness rather than in acceptances. At the close of the period, the bill market improved somewhat and bills of 30 and 60 days' maturity moved freely.

In District No. 2 (New York) the supply of bills in most cases was sufficient to meet the demand. The bill market in this District was largely influenced by the prevailing money situation. Bankers sold their bills when money rates tended to advance and increased their holdings when money was plentiful. The demand for bills for foreign account continued to be a strong factor in this District, and

is responsible for the continuance of the prevailing rates for bills of longer maturities.

Districts No. 7 (Chicago), No. 9 (St. Louis) and No. 12 (San Francisco) report a dull market throughout the entire period. In the last mentioned District, 35 dealers report a decrease of \$3,424,817, or 38%, in the volume of acceptances bought and \$998,772, or 19.4%, in the amount of bills accepted during June as compared with the previous month. In District No. 7, however, a slight improvement was noticeable at the close of the period, when grain bills were in fairly active demand and moved freely. In this District, too, the bill market was influenced mainly by the prevailing money situation. In District No. 3 (Philadelphia) the supply of bills was fair.

A slight improvement in the acceptance market is noticeable in Districts No. 4 (Cleveland), No. 10, (Kansas City) and No. 11 (Dallas). In the last mentioned District, the demand for bills was strong and exceeded the available supply, although there was an increased volume of acceptances arising out of domestic shipments and the storage of goods in warehouses. The volume of foreign acceptances, however, decreased. The opposite situation prevailed in District No. 6 (Atlanta), where the volume of bills arising in connection with imports and exports increased about 31% over the previous period.

The bulk of acceptances executed in the various districts were based upon the exportation of cotton, wheat, and rubber goods, the importation of sugar and coffee and the warehousing of crude oil and corn. In Districts No. 2 (New York), No. 4 (Cleveland) and No. 12 (San Francisco)

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maturities of 60 to 90 days were preferred. In the other Districts, the best demand was for 30 to 60 day bills. District No. 12 reports the distribution of maturities as follows:

<u>Maturity</u>	<u>June 15 to July 15</u>	<u>May 15 to June 15</u>
30-days	10.4%	2.4%
60-days	34.6%	45.3%
90-days	49.0%	51.6%
120-days	6.0%	0.2%

The rates throughout the period were as follows:

		<u>Rates on prime bills</u>		<u>Range during period</u>		<u>Close</u>			
		Bid		Offered		Bid		Offered	
No. 1 (Boston)	30 day maturity	3	3 $\frac{1}{4}$	2-7/8	3-1/8	3-1/8			3
	60 " "	3-1/8	3 $\frac{1}{4}$	3	3-1/8				
	90 " "	"	"	"	"				
	120 " "	"	"	"	"				
No. 2 (New York)	30 day maturity	3-1/8	3 $\frac{1}{4}$	2-7/8	3-1/8	3-1/8		2-7/8	3
	60 " "	"	"	"	"	"		"	"
	90 " "	"	"	"	"	"		"	"
	120 " "	3-1/8	3-3/8	3	3 $\frac{1}{4}$	"			3
	150 " "	3 $\frac{1}{4}$	3 $\frac{1}{2}$	"	"	3 $\frac{1}{4}$	3-3/8	3-3/8	3-1/8
180 " "	"	"	"	"	"	"	"	"	
No. 3 (Philadelphia)	30 day maturity	3	3 $\frac{1}{4}$	2-7/8	3-1/8	3	3-1/8	2-7/8	3
	60 " "	"	"	"	"	"	"	"	"
	90 " "	3-1/8	3 $\frac{1}{4}$	"	"	3-1/8		"	"
	120 " "	3-1/8	3 $\frac{1}{4}$	3	3-1/8	3-1/8		3	3-1/8
	150 " "	3 $\frac{1}{4}$	3-3/8	3	3 $\frac{1}{4}$	3-1/8	3-3/8	3-3/8	3-1/8
180 " "	3 $\frac{1}{4}$	3 $\frac{1}{2}$	3-1/8	3-3/8	"	"	"	"	
No. 7 (Chicago)	30 day maturity	3-1/8	3 $\frac{1}{4}$	3	3-3/8	3	3-1/8		3
	60 " "	"	"	"	"	"	"		"
	90 " "	"	"	"	"	"	"		"
	120 " "	"	"	"	"	3-1/8	3 $\frac{1}{4}$		"
	150 " "	3-1/8	3-3/8	"	"	3-1/8	3-3/8	3	3-1/8
180 " "	3 $\frac{1}{4}$	3-3/8	"	"	"	"	"	"	

F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

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For release in Morning Papers,
Tuesday, August 1, 1922.

The following is a summary of general business and financial conditions throughout the several Federal Reserve Districts during the month of July, as contained in the forthcoming issue of the Federal Reserve Bulletin.

The outstanding feature of the greater part of the month has been the continuance of business and industrial activity at the relatively high rate recently attained. In fact, production has shown further increases in some lines, while in those which normally would be noticeably affected by seasonal influences, decreases on the whole have been relatively slight. Reflecting this movement, debits to individual account, which are a fair index of volume of business, were considerably higher in June than in May, although they showed some decrease in July. At the same time, prices have continued their upward tendency, the index number of the Federal Reserve Board for June being 162, an increase of 4 points over the May figure, further increases being indicated for July. As the current month progressed, the effects of the coal and railroad strikes began to make themselves felt. This influence has served recently to restrain productive activities in various lines, noticeably iron and steel. The plans recently announced by the Administration are expected to relieve the situation.

The output in various lines of manufacture, showed further improvement in June. This was particularly noticeable in the case of

iron and steel, copper, automobiles and tanning. In the textile industries, increased output of both cotton and woolen goods was reported during June, although some seasonal recessions have been experienced since the opening of July. Construction activity has been well sustained, only slight recessions occurring in June, and the production of lumber and other building materials accordingly has continued at a high level. The amount of bituminous coal mined in June showed a considerable increase, but since the opening of the present month has fallen off greatly. Coal stocks have consequently been further drawn upon. Anthracite production has been negligible, and stocks, with the exception of pea sizes, are practically exhausted. Petroleum output continues large; stocks are, in fact, accumulating.

A further reduction in the number of persons out of work was reported during June, and scarcity of labor continued to be noted, especially in the building trades. Certain districts also reported a scarcity of agricultural labor. Unemployment remained a factor only in those lines, such as textiles, coal and transportation, in which labor difficulties exist.

Agricultural prospects are still very satisfactory for the country as a whole, although there has been a considerable deterioration in the condition of wheat and oats. Fruit crops are reported to be above the average, and the tobacco outlook in general excellent. The cotton crop shows some improvement during June, but it is still too early to estimate the amount of damage from the boll weevil.

In wholesale trade there was a general improvement in most

lines during June. Groceries sales in particular were large, and showed increases in all districts over last year. The majority of the districts likewise reported an increase in dry goods sales. Boot and shoe sales declined slightly during the month of June, and the situation in respect to hardware was not so satisfactory as in recent months, although better than a year ago. The volume of retail trade was well sustained during June, although slightly less than in May.

Financially there have been few new developments noted for the month. The Federal Reserve Banks of Dallas and San Francisco reduced the discount rate to 4-1/2 and 4 per cent respectively. Of much interest has been the announcement by the Treasury on July 26 calling for redemption on December 15, 1922, of approximately \$1,000,000,000 of the 4-3/4 per cent Victory notes. Federal Reserve Bank portfolios show little change, while member bank loans, other than those secured by stocks and bonds, show a downward tendency. Foreign exchange rates have remained steady, except for the mark, which reached the lowest figure to date. The foreign trade figures for June show a substantial increase over May, both for imports and exports.