

MONTHLY REVIEW

of Credit and Business Conditions

Second Federal Reserve District

Federal Reserve Agent

Federal Reserve Bank, New York

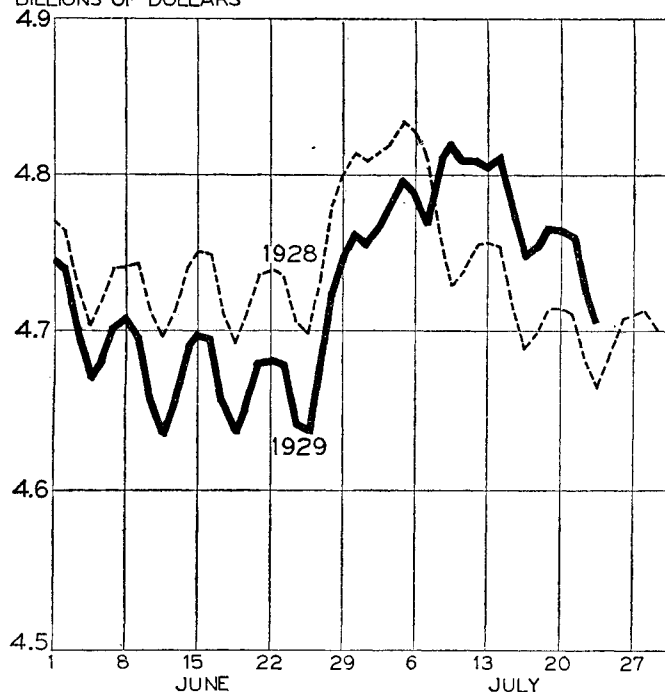
August 1, 1929.

Money Market in July

Money conditions in New York were firmer in July than in June, accompanying heavy indebtedness of New York City banks at the Reserve Bank, which persisted after the passing of the usual demands of the mid-year and 4th of July holiday. The chief causes were a curiosity demand for the new sized currency issued on July 10 which led to an increase of \$100,000,000 in the amount of currency in circulation, and an increased demand for credit largely for the security markets. The influence of both these causes was largely concentrated upon the New York money market.

The effect of public demand for the new currency is shown in the diagram below. There is ordinarily a close similarity from one year to another in the amount of currency required for the June month-end and the fourth of July holiday. This year the changes in the total volume of currency in circulation outside of the Treasury and the Reserve Banks from the first of June to July 8 paralleled the changes of last year; there was a regular ebb and flow of about \$50,000,000 of currency each week, and an additional outflow over the end of June and the fourth of July amounting to about \$100,000,000 for the country as a whole.

BILLIONS OF DOLLARS



Amount of Currency in Circulation in the United States in June and July, 1929 compared with 1928.

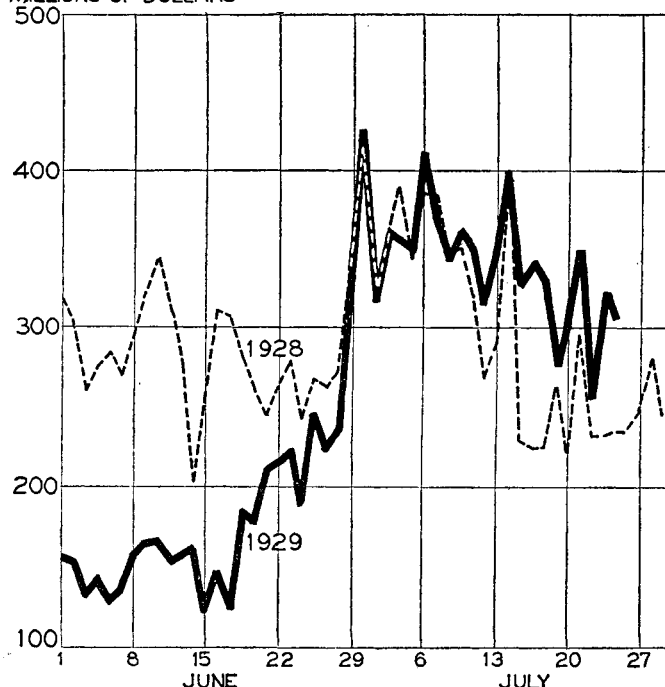
For a few days beginning with July 9, however, the similarity between currency movements in the two years suddenly ceased, and when it reappeared again after July 15 the total amount of outstanding currency this year was running about \$50,000,000 above the corresponding days in 1928, whereas before July 8 the volume outstanding had been running nearly \$50,000,000 below a year previous.

The effect on the banks of this extra demand for currency was to increase by a corresponding amount their indebtedness at the Reserve Banks. As is frequently the case, the demand on banks throughout the country appears to have been met largely by their withdrawing funds they had in New York City; consequently almost the full burden of the increased borrowing had to be carried by the New York City banks. The result is shown in the second diagram below—the increased indebtedness incurred by these banks over the mid-year period could not be retired rapidly between the 7th and the 15th of July, as is usually the case, but was largely continued throughout the month.

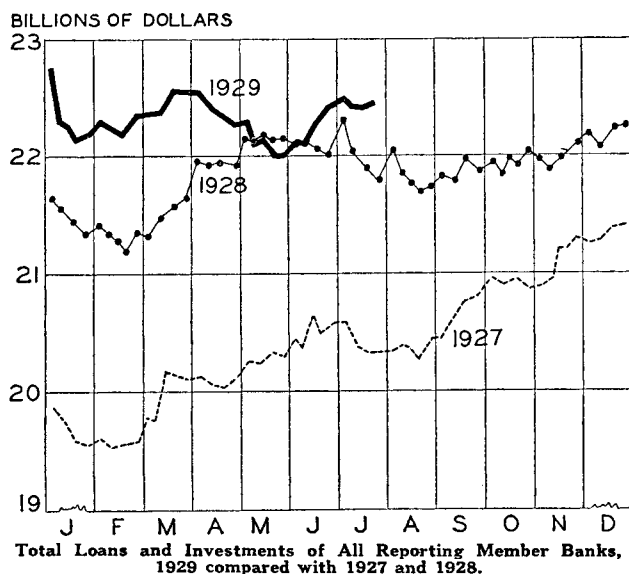
DEMAND FOR CREDIT

The second factor in the heavy indebtedness of New York City banks was the sustained demand for credit.

MILLIONS OF DOLLARS



Indebtedness of New York City Member Banks at the Federal Reserve Bank of New York during June and July, 1929 compared with 1928.



The accompanying diagram shows that after the April and May liquidation there was again a rapid expansion of credit, which was considerably in excess of the temporary mid-year increase which frequently occurs, and which was not liquidated to any considerable extent after the mid-year period had passed. The greater part of this increased demand for credit took the form of borrowings by security brokers, but there was also an increase in the demand for credit for commercial and agricultural purposes. This increased demand for credit was largely concentrated upon the New York City banks and was responsible for the rapid increase in their borrowings during June. Between July 1 and July 24 these banks reduced their brokers loans considerably as funds became available from out-of-town banks and other lenders, but their total loans and investments on the latter date remained about 400 million higher than at the end of May. The increase in loans was accompanied by a steady and substantial withdrawal of deposits from New York.

MONEY RATES

The steady pressure of heavy indebtedness on the New York banks during most of July was reflected in the firmer tendency of interest rates. The call loan rate advanced to 15 per cent on the first two days of the month, and to 12 per cent on three days around the middle of the month. Thereafter, rates declined to 7 and 8 per cent, but there were frequent indications of difficulty in meeting the demand for loans at those levels, and near the end of the month rates advanced to 9 and 10 per cent.

Stock Exchange time loans, after being quoted at $7\frac{1}{4}$ to $7\frac{1}{2}$ per cent early in the month, advanced to $8\frac{3}{4}$ per cent near the end of July. Accompanying a strong demand for high-grade short investments, however, rates on bankers acceptances were reduced by $\frac{1}{4}$ per cent early in July, and yields on short-term Government securities declined nearly $\frac{1}{2}$ per cent further. The demand for this type of investment was attributable at least in part to the temporary employment of large amounts of additional capital funds obtained by corporations through new security issues during the mid-year period. After the first week of the month this demand

subsided, and yields on Government securities rose again to about the same levels as near the end of June. The average rate charged by large New York City banks on commercial loans to customers remained practically unchanged, and the prevailing rate on commercial paper sold in the open market continued at 6 per cent.

Money Rates at New York

	July 31, 1928	June 28, 1929	July 30, 1929
Stock Exchange call loans.....	* $5\frac{1}{4}$ -8	*7-10	*7-10
Stock Exchange 90 day loans.....	6	$7\frac{1}{4}$ - $\frac{3}{4}$	$8\frac{1}{4}$
Prime commercial paper.....	$5\frac{1}{4}$	6	6
Bills—90 day unindorsed.....	$4\frac{3}{4}$	$5\frac{1}{4}$	$5\frac{1}{4}$
Customers' rates on commercial loans..	†5.09	†5.79	†5.80
Treasury certificates and notes			
Maturing December 15.....	4.28	4.66	4.77
Maturing March 15.....	4.32	4.59	4.52
Federal Reserve Bank of New York re-			
discount rate.....	5	5	5
Federal Reserve Bank of New York			
buying rate for 90 day bills.....	$4\frac{1}{4}$	$5\frac{1}{4}$	$5\frac{1}{4}$

* Range for preceding week

† Average rate of leading banks at middle of month

COMMERCIAL PAPER MARKET

There was little increase in the activity of the commercial paper market during July. Sales to investing banks, chiefly in New England and the Middle West, continued in rather small volume, and new drawings of paper showed no important change from the preceding month. The prevailing rate for prime names remained at 6 per cent, the quotation which has been in effect since early in April.

The volume of commercial borrowing being financed through the commercial paper market declined 10 per cent further during June. Outstandings of paper through 23 firms at the end of that month were \$274,000,000, as compared with \$304,000,000 on May 31, and \$503,000,000 on June 30, 1928.

BILL MARKET

Following the rate reduction of $\frac{1}{8}$ per cent at the end of June, a heavy demand for bankers acceptances early in July was accompanied by two further decreases of $\frac{1}{8}$ per cent which brought the offering rate for all maturities of unendorsed bills down to $5\frac{1}{8}$ per cent, and, although the supply of bills increased somewhat, dealers' portfolios remained practically unchanged from the low level of late June. Subsequently, the creation of new bills increased relative to the investment demand, and open market portfolios of bills toward the end of July were heavier than a month earlier.

During June, an increase of \$6,000,000 occurred in the volume of bills outstanding, according to the survey of the American Acceptance Council, and, at \$1,113,000,000 on June 30, the total was \$87,000,000 larger than a year ago. In 1928, the seasonal decline in acceptance outstandings continued through June and until September.

Savings Bank Deposits

Reports from 30 representative savings banks in the Second District have shown unusually small increases in deposits during the first half of 1929, notwithstanding a tendency to pay higher interest rates on deposits and to offer more liberal terms in calculating the period on which interest is paid.

The following table compares the percentage change in deposits of reporting banks between January 10 and

July 10 with the change in the corresponding period last year.

	Percentage change	
	Jan. 10 to July 10 1928	Jan. 10 to July 10 1929
New York City.....	+2.12	+1.10
Rest of New York State.....	+1.86	—0.36
Northern New Jersey.....	+2.18	+1.05
Southeastern Connecticut.....	+1.80	—0.23
Total.....	+2.08	+0.85

For the district as a whole, the increase in the deposits of reporting savings banks during the first six months of this year has been less than 1 per cent, as compared with an increase of more than 2 per cent in the corresponding period last year. Reports from New York City and Northern New Jersey showed increases approximately half as large as occurred last year, and reports from up-State New York and from the section of Connecticut which is included in this district, showed actual declines in deposits from January to July this year, whereas there were increases of nearly 2 per cent in each case in the first six months of last year.

Security Markets

The general average of stock prices advanced continuously during the first three weeks of July, and reached a new high level, 4 per cent above the average at the close of June. Railroad shares showed the largest relative advance during July—a rise of more than 12 per cent, which followed an increase of 5 per cent in the previous month. Public utility stocks, which in June had the most abrupt rise, advanced 8 per cent further in July, but industrial stocks, after rising early in the month to higher levels than ever before, subsequently receded somewhat. Late in the month there were recessions also in the railroad and utility shares. Along with advancing prices, the volume of trading on the New York Stock Exchange increased; for the month of July the average daily turnover was around 4 million shares, as against about 3 million shares in June.

Domestic corporation bonds continued to fluctuate in July around the lowest level in recent years, and showed virtually no net change in their position during the month. Foreign bonds listed in this market showed a slightly firmer tendency during the greater part of the month, and an average of the eight long-term United States Government issues now outstanding advanced nearly a point further, but subsequently both of these classes of bonds lost all of the gains.

New Financing

Total domestic corporate new capital issues brought out during June were less than the unusually large volume of May, but were approximately as large as a year ago. The total for the first six months of 1929 amounted to \$4,100,000,000, an increase of \$1,700,000,000 over the volume floated during the corresponding period of 1928, according to the compilation of the Commercial and Financial Chronicle. Bond offerings, amounting to \$1,300,000,000, were in about the same volume as in the

first half of 1928, but stock issues totaled \$2,800,000,000, as compared with \$1,100,000,000 in 1928. An important element in the huge volume of new issues during the first six months of the current year, especially with respect to the increase in stock issues, was the large number and substantial amount of security flotations by investment trusts and financial holding companies. New financing by domestic States and municipalities was about \$100,000,000 less than in the first half of last year, and refunding issues of domestic corporations were nearly \$500,000,000 smaller than in the first half of 1928.

In contrast to the large increase in domestic security offerings, flotations of foreign securities in this market during the first half of 1929 were reduced 39 per cent from the record 1928 volume, and 25 per cent from that of 1927. These figures, which are based on this bank's tabulation, include not only loans placed for foreign borrowers, but also issues floated by domestic corporations, the proceeds of which are to be used in foreign countries. Because of the inclusion of the latter type of loan, the total for the first half of this year was considerably larger than if these issues had been excluded. In fact, the greater part of the issues classified in the accompanying table as "International" represents American companies' borrowings of funds for employment abroad.

The largest decline occurred in European borrowings, which were only about one-fourth as large as in the first half of 1928 and only one-half as large as in 1927. Latin American financing was less than half of the first half of either of the previous two years, and security issues for Asia and Oceania were largely suspended. Canadian borrowings in this country, on the other hand, were somewhat heavier than in either 1927 or 1928.

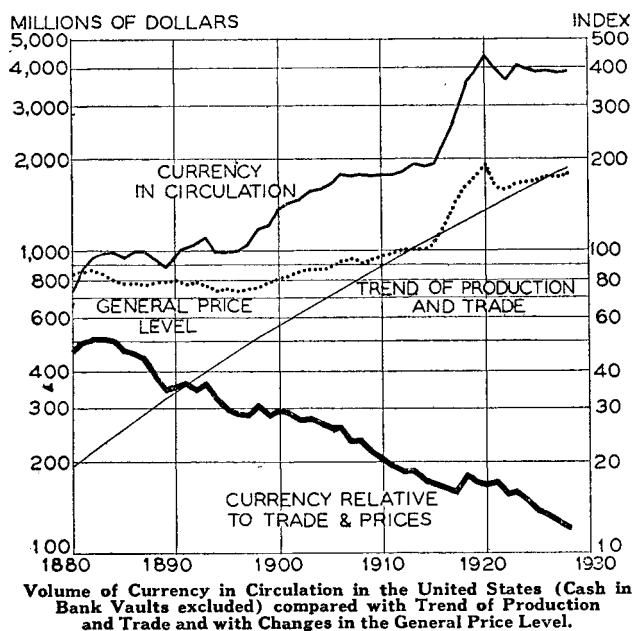
Foreign Financing in the United States during the First Six Months
of 1927, 1928, 1929 (refunding issues excluded)
(In millions of dollars)

	1927	1928	1929
Europe.....	236	433	117
Canada.....	125	108	145
Latin America.....	192	176	84
Asia & Oceania.....	100	112	11
International.....	35	15	158
Total.....	688	844	515

Economy in Use of Currency

During the past few years there has been a decline in the total amount of currency in circulation in the United States during a period when business has been generally active and production in several lines has exceeded all previous high marks. While this appears to be unusual and contradictory, an analysis of previous years shows that for some time there has been going on in this country a continuous economy in the use of currency.

The accompanying chart presents a comparison of the amount of currency in circulation (after deducting cash held by the banks) with the long-term trend of growth of the trade of this country, and with an index of the general price level, all of which were calculated by this bank. This comparison shows that, after allowing for the trend of business growth and for changes in the price level, the use of currency has been declining almost continuously for at least 45 years. During the greater part of this period the tendency to use less currency has been obscured by the increase in the population and business



activity of this country, or by a rise in the general level of prices, or both, with a consequent increase in the total currency requirements, and it has only been within recent years that the tendency has become plainly apparent.

The effects of changes in the general price level on currency circulation are strikingly shown during the late war and the post-war recession. In fact, the increase in currency circulation from 1917 to 1920 appears to have slightly exceeded the rise in the price level and the growth of trade, so that there was a temporary rise in the adjusted currency figures, shown in the lowest line. This may have been due to the fact that a considerable amount of currency, although nominally in circulation in the United States, actually was taken out of the country during the war and immediately following, and did not return rapidly until the period of depreciation of European currencies had largely ended. The renewed decline since those years, however, appears to be in line with tendencies which were operative for a considerable period prior to the war toward an increased use of checks for payrolls and other transactions, and reductions in the amounts of currency carried or hoarded.

Foreign Exchange

In contrast to its pronounced weakness during the month of June, sterling exchange showed comparative strength during July. After closing at \$4.84 29/32 on July 6, it rose to \$4.85 3/8 on the following Monday. Later it receded to \$4.85, but there was no resumption of the June gold withdrawals for shipment to New York, and towards the end of the month the rate again averaged somewhat higher.

Quotations on Berlin, after holding above the par of \$0.2382 through all of June, declined during the day's trading on July 5 to \$0.2380 1/2 and remained at or above that level until the 17th, when a gradual rise began which carried the reichsmark to about \$0.2384 3/4 toward the close of the month. The French franc sold around \$0.0391 1/2, with a slightly upward tendency during the

last half of the month, while the Italian lira fluctuated between \$0.0522 15/16 and \$0.0523 3/8. The belga remained safely above the gold import point, Dutch guilders were irregular at slightly below par, and Swedish crowns commanded a slight premium. Perhaps in response to reports of prospective stabilization, the Spanish peseta was stronger than in June. Cable quotations opened at \$0.1427 on July 1 and rose gradually to \$0.1460 on the 20th, and were only slightly below that figure near the end of the month. Other exchanges which improved during most of July were the Austrian schilling and the Danish crown.

The Japanese yen was another currency which advanced during July on reports of prospective stabilization following the appointment of the former Governor of the Bank of Japan as Finance Minister in the new cabinet. Yen quotations reversed their June trend and moved upward from \$0.44 1/4 to above \$0.46, the highest level since early in January of this year. The Argentine peso remained below the gold import figure at New York, in spite of large gold shipments, but was somewhat firmer in the latter part of the month. Canadian dollar exchange started the month at a discount of 29/32 of a cent, but there was an irregular advance which reduced the discount to around 9/32 near the end of July.

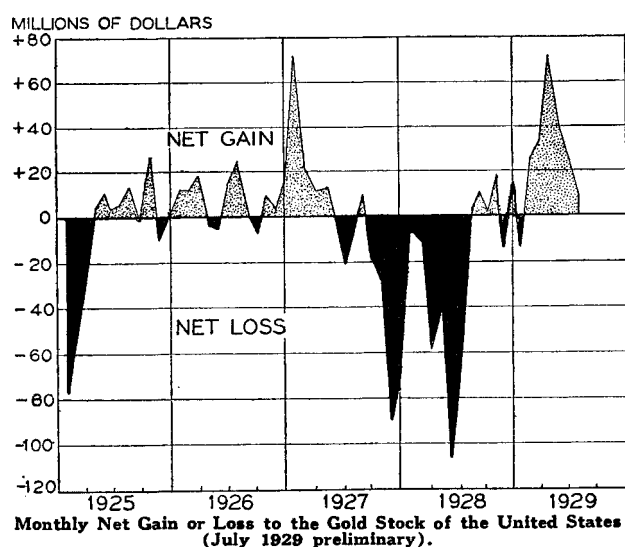
Gold Movement

During July there was a further inflow of a moderate amount of gold, which represented a continuation of the movements from England and Argentina, reported in June. Receipts from London totaled approximately \$10,000,000 in the first half of the month, but as sterling exchange became somewhat firmer in July, no further shipments were reported. Imports from Argentina amounted to nearly \$21,000,000 in July and additional sales of gold in Buenos Aires for shipment to New York were reported during the month.

These imports were partly offset by the earmarking of \$20,000,000 of gold at the Federal Reserve Bank of New York for foreign account, and exports of less than \$1,000,000, so that the net gain to the monetary gold stock of this country through these transactions was approximately \$10,000,000 in July, which, as the accompanying diagram shows, was the smallest net gain for any month since January.

The July imports brought the total receipts of gold from England to over \$48,000,000, and the total from Argentina to about \$51,000,000 during the first seven months of the year. In addition to these movements there were substantial shipments from Germany and also from Canada earlier in the year, but these imports have been partly offset by a net increase of about \$20,000,000 in the amount of gold held under earmark; so that the total gain of gold through net import and earmarking transactions since the first of the year has amounted to about \$184,000,000.

The principal gold movements abroad in July were purchases of gold in London for shipment to Germany and France, which, from the viewpoint of the British money market, were much more important than purchases for shipment to New York. New reports indicated that a total of at least \$36,000,000 of gold was taken in



London during the month for shipment to Berlin, and about \$41,000,000 for shipment to Paris.

Central Bank Rate Changes

On July 2 the National Bank of Bulgaria raised its rediscount rate from 9 per cent to 10 per cent. The former rate had been fixed on December 15, 1928 following stabilization on November 22 of that year. On June 30 of this year, the reserves of this bank were \$21,421,000, representing a loss of \$5,754,000 in foreign exchange, and a gain of \$308,000 in gold since January 15. Coincidentally the reserve percentage fell from 50.8 to 44.4. The Bank Statutes provide that a reserve of 40 per cent consisting of gold and exchange drawn upon either gold or gold exchange standard countries must be maintained against notes and demand liabilities. A small amount of silver is included in the reserve temporarily.

The Bank of Java raised its rate from $4\frac{1}{2}$ to $5\frac{1}{2}$ per cent on July 22, after being raised from 4 to $4\frac{1}{2}$ per cent in February.

Foreign Trade

June merchandise exports, valued at \$397,000,000, showed a slight increase over the previous month, contrary to the usual seasonal tendency. Following the May decline, the value of exports was again larger than in the corresponding month of any year since 1920, as in March and April. Imports, valued at \$352,000,000, showed more than the usual seasonal decline from the high levels of April and May, but remained 11 per cent larger than a year ago. For the year ended June 30 the total value of merchandise exports was \$5,378,000,000, while the total of merchandise imports was \$4,290,000,000. The resulting favorable trade balance of \$1,088,000,000 was the largest for any recent fiscal year.

Shipments of grain and raw cotton declined further during June and were considerably smaller in value than a year ago. For the fiscal year ended June 30 the total value of grain exports was \$70,000,000 less than in the preceding year, due primarily to lower grain prices.

Quantity imports of crude rubber were 73 per cent

larger in June than a year previous, and imports of raw silk were 20 per cent larger. For the fiscal year, the total volume of crude rubber imports was 30 per cent larger than in the previous year, and silk imports were slightly larger.

Employment and Wages

Contrary to the usual seasonal movement, factory employment in New York State increased slightly in June. After seasonal adjustment, this bank's index, which is based on the figures reported by the State Department of Labor, reached the highest level since the spring of 1926. As compared with June 1928, the number of workers employed in the factories included in the reports increased nearly 30,000, which means that for all factories in the State there was probably an increase of 60,000 or more in the number employed. For the country as a whole, factory employment declined only slightly in June, and our seasonally adjusted index advanced to the highest level since the autumn of 1926.

A further measure of improvement in employment conditions is found in the ratio between orders for workers and applications for employment at New York State Employment Bureaus, which after seasonal allowance reached in June the highest level since January 1927. This means that, considering the season of the year, the applicant has a better chance of securing employment than at any time in the past two and a half years.

Crops

The July 1 Crop Report of the United States Department of Agriculture indicated prospects at that time for crop yields rather generally smaller than actual harvests last year.

A total wheat harvest of 834,000,000 bushels is indicated, as compared with 902,000,000 bushels actually harvested last year. The estimate of the probable yield of winter wheat, which had been advanced from 595,000,000 bushels on May 1 to 622,000,000 bushels on June 1, was reduced on July 1 to 582,000,000, which is only slightly larger than the 1928 harvest. The first forecast of spring wheat placed the expected yield considerably below that of 1928, and slightly below the 1923-1927 average.

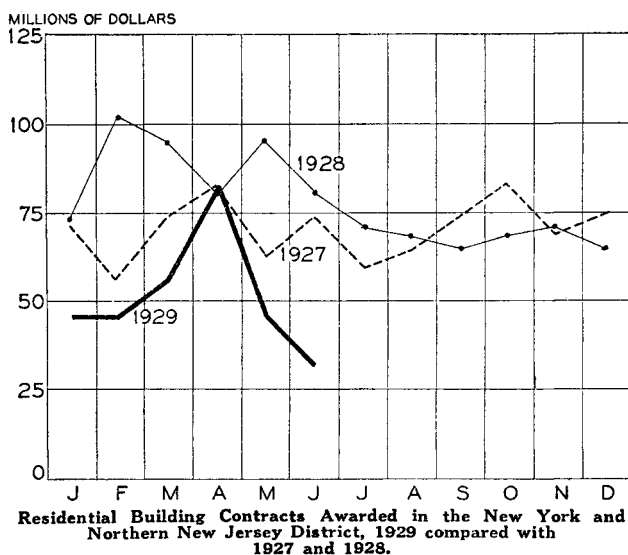
The corn crop is estimated at 2,662,000,000 bushels, as compared with 2,836,000,000 bushels actually harvested last year. The crop made a very late and poor start in May and early June of this year, but as a result of favorable weather improved materially in the latter part of June. The lateness of the crop this year, however, makes it more susceptible to early frost, particularly in the northern States.

Smaller production than in 1928 is indicated also for oats, barley, apples, peaches, pears, rice, potatoes, and hops, while the only important increases are forecast in hay, tobacco, flaxseed, sugar beets, and beans.

Reflecting the probability of smaller yields this year than last, both here and elsewhere, farm prices have advanced sharply, and are now generally higher than a year ago. As this advance has been large enough to offset the indicated decline in production, it now appears likely that the total farm income in the United States will be at least equal to that of last year.

Building

A further decline in building contract awards occurred during June, according to the F. W. Dodge report of construction activity in 37 States. The total for the month was 7 per cent smaller than for May, and 16 per cent smaller than the figure for June 1928. The reduction from a year ago, as in recent previous months, was due principally to a materially smaller volume of residential building work, a reduction which has been concentrated to a considerable extent in the New York and Northern New Jersey district. The largest decrease in residential building in June was in New York City apartment house construction, which was only about one-fourth as large as in June 1928. As is indicated in the accompanying diagram, residential contracts in this district, except for a temporary sharp upturn in April, were substantially below the level of the previous two years throughout the first half of this year. The total for the six months was 41 per cent smaller than in the first half of 1928.



For the period from the beginning of January to the end of June of this year, total building contracts in the 37 States were 12 per cent less than in the corresponding period of 1928, and were also somewhat smaller than in the first half of any year since 1925.

During the first three weeks of July, there was some indication of an increase in building activities; the daily average of contracts awarded during that period was about 13 per cent larger than the daily average for the month of July a year ago.

Production

Production in leading industries, after reaching new high levels in April and May, declined slightly in June. The iron and steel industry was an outstanding exception to the general tendency. The average daily output of steel ingots held at practically the high record of May, whereas production in June usually is 15 or 20 per cent under the March level; the index, which is adjusted for the usual seasonal variations and for year-to-year growth, reached a new high level. Average daily output of pig iron declined only 2 per cent from the record level

of May, which is less than the usual seasonal decline. The other metal industries, however, made a less favorable showing; mine production of copper was curtailed further in June, declining to a level about 13 per cent below the very large output of April, and declines after seasonal allowance occurred also in the output of lead and zinc, and in tin deliveries.

The textile industries also were less active than in May; mill consumption of cotton declined more than usual, and woolen mill activity reached the lowest level since last autumn, while silk consumption was practically unchanged following a sharp decline in May. There was a further increase in production of automobile trucks in June, but output of passenger cars declined more than usual and was considerably under the record level of April.

Available evidence for July indicates that some further recession has taken place. It is reported that purchases of steel have slackened somewhat, and that steel ingot production has been reduced moderately from the unusually high level of recent months. Automobile output is estimated to have declined slightly more than usual in July. Further curtailment in production of cotton goods and of anthracite coal is also reported, but production of petroleum continued to increase to new peak levels in July, and output of bituminous coal appears to have shown a seasonal increase.

(Computed trend of past years=100 per cent; adjusted for seasonal variations)

	1928	1929		
	June	Apr.	May	June
<i>Producers' Goods</i>				
Pig iron r	107r	118r	126r	127r
Steel ingots r	109r	122r	135r	145r
Cotton consumption r	92r	104r	109r	106r
Woolen mill activity*	83	98	95	93p
Silk consumption*	109	130	109	109
Petroleum	106	110	112	113p
Bituminous coal	78	90	88r	83
Coke	103	118	128	126
Copper, U. S. mines r	107r	134r	131r	119r
Lead r	97r	115r	109r	105r
Zinc	98	99	101	99
Tin deliveries r	108r	114r	141r	112r
Leather, sole	113	101	94	100
Cement	130	111	112	120
Wood pulp	98	105	106	
<i>Consumers' Goods</i>				
Hogs slaughtered	99	102	96	89
Cattle slaughtered	94	96	94	83
Sheep slaughtered	112	124	128	111
Calves slaughtered	76	79	70	62
Farm produce shipped	97	113	107	96
Wheat flour	95	109	116	104
Sugar meltings, U. S. ports	74	91	73	80
Gasoline	95	98	99	
Anthracite coal	72	100	90	72
Paper, newsprint	92	87	92	86
Printing activity	101	116		
Tobacco products	109	120	124	
Boots and shoes	106	97	106	109p
Tires	120	132	140	
Automobile, passenger r	103r	137r	133r	128r
Automobile, truck r	84r	146r	154r	188r

* Seasonal variation not allowed for p Preliminary r Revised

Indexes of Business Activity

Our indexes of business activity showed no consistent change from May to June. Primary distribution of goods was somewhat smaller than in May, after seasonal allowance, while retail distribution of goods was somewhat larger. Bank debits in 140 centers outside of New York City increased slightly after seasonal allowance, but debits in New York City declined, probably due chiefly to the decline in financial activity in June. In

July, freight car loadings showed little change after seasonal adjustment, while bank debits increased.

(Computed trend of past years=100 per cent; adjusted for seasonal variations)

	1928	1929		
	June	Apr.	May	June
Primary Distribution				
Car loadings, merchandise and misc.....	101	106	105	103
Car loadings, other.....	91	102	104	98
Exports.....	101	100	94	103 _p
Imports.....	99	122	124	114 _p
Panama Canal traffic.....	80	91	79	85
Wholesale trade.....	93	104	108	101
Distribution to Consumer				
Department store sales, 2nd Dist.....	100	101	103	104
Chain grocery sales.....	102	94	94	95
Other chain store sales.....	102	94	103	105
Mail order sales.....	112	119	126	137
Life insurance paid for.....	104	102	101	102
Advertising.....	95	97	98	98
General Business Activity				
Bank debits, outside of New York City..	114	109	107	109
Bank debits, New York City.....	167	170	178	158
Velocity of bank deposits, outside of New York City.....	119	131	123	126
Velocity of bank deposits, New York City.....	177	195	201	182
Shares sold on N. Y. Stock Exchange.....	239	304	329	252
Postal receipts.....	89	85	87	81
Electric power.....	106	110	112	102
Employment in the United States.....	97	101	101	109
Business failures.....	121	112	106	109
Building contracts, 36 States.....	138	121	119	110
New corporations formed in N. Y. State.....	127	112	112	111
General price level.....	176	179	179	179
Composite index of wages.....	223	226	226	227
Cost of living.....	170	171	171	171

_p Preliminary

Wholesale Trade

June sales in most lines of wholesale trade compared favorably with those of a year ago. Sales of men's clothing, although seasonally smaller than in May, showed an unusually large increase over a year ago, and sales of silk goods, shoes, stationery, and paper also showed substantial increases over June 1928. Smaller increases were reported in sales of cotton goods and hardware, but considerable decreases, following increases in May, were reported in sales of jewelry and diamonds. Accompanying the continued high level of industrial activity, the National Machine Tool Builders' Association again reported a substantial increase in machine tool sales over the very large volume of a year ago.

Commodity	Percentage change June 1929 compared with June 1928		Per cent of charge accounts outstanding May 31 collected in June		Percentage change in net sales	
	Net sales	Stock end of month	1928	1929	June 1929 from May 1929	First six months 1929 from 1928
Groceries.....	+ 2.3	+ 5.1	70.8	68.6	+ 1.4	+ 0.1
Men's clothing..	+26.9	....	45.4	46.1	-17.7	+ 2.3
Cotton goods....	+ 1.3	- 9.4	....	....	+ 0.8	+ 0.8
Silk goods*.....	+21.5	+ 7.2	53.4	51.6	- 1.4	+17.1
Shoes.....	+15.2	-28.4	42.0	39.6	+15.0	+ 8.7
Drugs.....	- 1.5	+31.7	43.5	41.0	-11.8	+ 5.8
Hardware.....	+ 0.7	- 8.3	50.3	48.4	+ 4.2	- 1.0
Machine tools**.	+35.9	....	....	....	-12.8	+48.8
Stationery.....	+12.3	....	75.1	72.8	- 3.2	+ 1.9
Paper.....	+ 6.4	....	73.1	68.8	- 8.5	+ 6.7
Diamonds.....	-35.8	....	....	....	-30.8	+ 3.0
Jewelry.....	-11.7	-12.0	24.4	24.2	+ 0.4	- 1.8
Weighted Av.....	+10.4	....	54.1	52.6	- 4.1	+ 6.0

* Quantity not value. Reported by the Silk Association of America

** Reported by the National Machine Tool Builders' Association

Department Store Trade

The total sales of the reporting department stores in this district during June showed an increase over a year ago for the seventh consecutive month. After allowance for the fact that there were five Sundays in June this year, and therefore one less business day than in June 1928, the average daily sales showed an increase of 6 per cent over a year ago. Substantial increases were reported by stores in Syracuse, Newark, Southern New York State, and the Capital District. The apparel stores reported a slightly smaller increase in their sales over a year ago, than did the department stores.

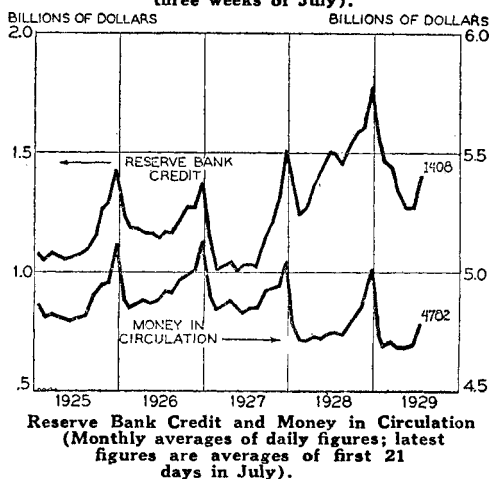
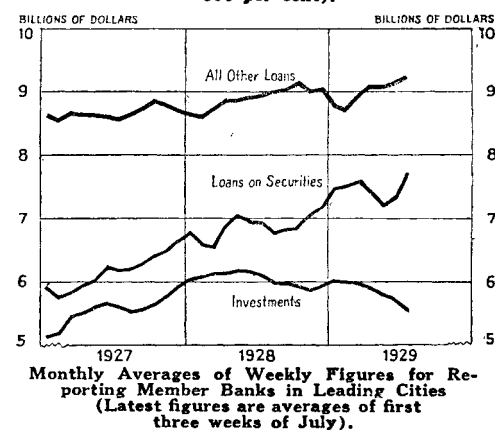
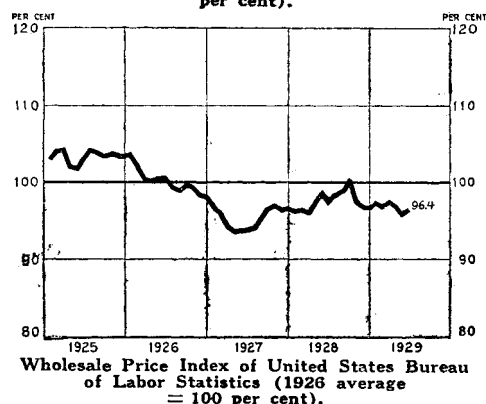
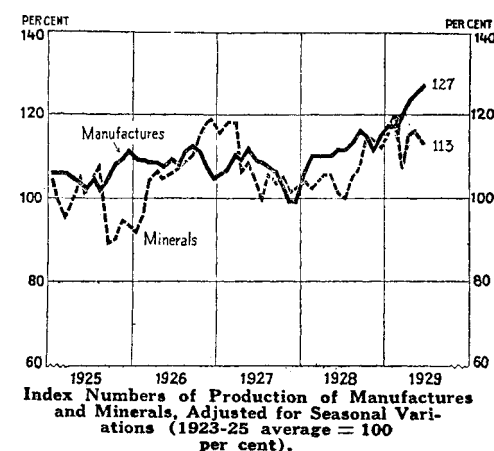
Total sales for the first six months of 1929 were nearly 4 per cent higher than the corresponding period of 1928. The larger localities showed increases, but most of the smaller localities showed decreases compared with the first half of last year.

Stocks of merchandise on hand at the end of the month remained somewhat larger than a year ago, but the rate of stock turnover for the month was practically unchanged. Collections on charge accounts outstanding continued to average slightly below 1928.

Locality	Percentage change June 1929 compared with June 1928		Percentage change first six months 1929 compared with 1928		Per cent of charge accounts outstanding May 31 collected in June	
	Net sales	Stock on hand end of month	Net Sales	Average stock on hand	1928	1929
New York.....	+ 1.9	+ 2.4	+ 3.4	+ 1.8	54.4	52.0
Buffalo.....	+ 2.8	- 2.1	+ 2.5	- 1.4	42.0	42.2
Rochester.....	- 1.9	- 2.8	+ 0.4	+ 1.0	48.3	46.2
Syracuse.....	+ 4.7	+ 8.0	+ 2.3	+ 4.3	48.3	46.2
Newark.....	+ 3.7	+ 6.7	+ 8.0	+ 5.7	40.7	39.7
Bridgeport.....	+ 2.8	+12.7	+ 0.3	+ 1.9	....	....
Elsewhere.....	+ 3.0	- 2.6	- 0.2	- 4.0	....	....
Northern N. Y. State..	+ 0.9	....	- 3.2	....	....	....
Central N. Y. State....	- 1.1	....	- 2.0	....	....	....
Southern N. Y. State..	+ 3.9	....	+ 2.9	....	....	....
Hudson River Valley District.....	+ 2.6	....	- 0.1	....	....	....
Capital District.....	+ 7.7	....	- 0.3	....	....	....
Westchester District..	- 3.9	....	- 5.7	....	....	....
All department stores....	+ 2.2	+ 2.6	+ 3.6	+ 1.8	51.1	49.0
Apparel stores.....	+ 1.1	+ 2.0	+ 4.4	- 2.5	49.0	47.2

Sales during June and stocks held at the end of the month are compared in the following table with those of a year ago.

Commodity	Net sales percentage change June 1929 compared with June 1928		Stock on hand percentage change June 30, 1929 compared with June 30, 1928	
	Net sales	Stock on hand	Net sales	Stock on hand
Shoes.....	+16.3	+ 3.4	+16.3	+ 3.4
Toys and sporting goods.....	+11.7	+ 1.0	+11.7	+ 1.0
Men's furnishings.....	+ 7.9	- 5.9	+ 7.9	- 5.9
Cotton goods.....	+ 5.4	- 6.7	+ 5.4	- 6.7
Linens and handkerchiefs.....	+ 5.2	+ 0.9	+ 5.2	+ 0.9
Furniture.....	+ 3.7	+ 0.7	+ 3.7	+ 0.7
Luggage and other leather goods.....	+ 3.6	+ 5.2	+ 3.6	+ 5.2
Women's ready-to-wear accessories.....	+ 3.4	+ 4.2	+ 3.4	+ 4.2
Hosiery.....	+ 2.1	- 1.1	+ 2.1	- 1.1
Toilet articles and drugs.....	+ 2.1	+ 0.5	+ 2.1	+ 0.5
Men's and Boys' wear.....	+ 2.0	+11.8	+ 2.0	+11.8
Books and stationery.....	- 1.1	- 1.1	- 1.1	- 1.1
Silverware and jewelry.....	- 1.5	-10.2	- 1.5	-10.2
Womens' and Misses' ready-to-wear....	- 2.2	+13.4	- 2.2	+13.4
Home furnishings.....	- 3.6	+ 4.9	- 3.6	+ 4.9
Silks and velvets.....	- 5.5	-10.0	- 5.5	-10.0
Musical instruments and radio.....	-16.9	-10.0	-16.9	-10.0
Woolen goods.....	-41.4	-12.2	-41.4	-12.2
Miscellaneous.....	- 6.2	- 7.1	- 6.2	- 7.1



Business Conditions in the United States

(Summarized by the Federal Reserve Board)

OUTPUT of manufactures continued in large volume in June, while mineral production declined. There was a rise in the general level of commodity prices, reflecting chiefly an advance in agricultural commodities.

PRODUCTION

Activity of manufacturing establishments continued at a high rate in June. Output of automobiles and of iron and steel showed a seasonal decline smaller than is usual from May to June. Silk mill activity increased and there was a growth in the daily average production of cement, leather, and shoes. Production of copper at smelters and refineries decreased sharply and output of cotton and wool textiles was also reduced, although production in all of these industries continued larger than in other recent years. The volume of factory employment and payrolls in June showed a small seasonal decline from May, but, as in earlier months, was substantially larger than in 1928. Output of mines was generally smaller in June than in May, reflecting declines in the production of coal, copper, and other nonferrous metals. Output of petroleum, however, increased to new high levels.

Reports for the first half of July indicate some further reduction in output of cotton textiles, iron and steel, lumber, and coal.

Volume of construction contracts awarded decreased further in June, and for the first half year awards were 12 per cent less than in the same period in 1928, reflecting chiefly a substantial decline in residential building. During the first three weeks of July contracts awarded were larger than in the same period a year ago.

AGRICULTURE

Department of Agriculture estimates, based on July first crop condition report, indicate a wheat crop of 834,000,000 bushels, about 8 per cent smaller than production last year, but larger than average production in the preceding five years. The acreage of cotton in cultivation on July first was estimated at 48,457,000 acres, 3 per cent more than a year ago.

DISTRIBUTION

During the month of June freight car loadings were slightly smaller than in May, as a result of decreases in loadings of most classes of freight, except grain products and ores. In comparison with other recent years, however, loadings continued to show an increase.

Sales of department stores in June, as in earlier months, were larger than in the same month in 1928.

PRICES

Wholesale prices, according to the Bureau of Labor Statistics index, advanced from May to June on the average by somewhat less than they had declined during the preceding month. Farm products, particularly grains, cattle, beef, and hides showed marked advances in prices. Prices of mineral products and their manufactures also averaged higher in June than in May, the rise reflecting largely increases in the price of petroleum and gasoline. Prices of leading imports, rubber, sugar, silk, and coffee, showed a decline for the month as a whole.

During the first two weeks of July wheat and corn continued to move sharply upward, while hides declined slightly in price. Hog prices increased and prices of rubber and tin, which began to advance in the middle of June, continued to rise.

BANK CREDIT

During the first half of July the volume of credit extended by member banks in leading cities declined somewhat, following a rapid increase in June. On July 17 loans and investments of these banks were about \$400,000,000 above the level at the end of May. The increase reflected chiefly rapid growth in loans to brokers and dealers in securities and also some further increase in commercial loans. The banks' holdings of investments continued to decline and were on July 17 about \$700,000,000 below the middle of last year.

The total volume of Reserve Bank credit outstanding showed an increase of about \$120,000,000 during the four weeks ended July 17, the increase being in discounts for member banks. Demand for additional Reserve Bank credit arose chiefly out of a considerable increase in the volume of money in circulation which accompanied the issuance of the new small-size currency. There was also some increase in reserve balances of member banks accompanying the growth in their loans and consequently in their deposits.

Open-market rates on 90-day bankers acceptances declined from $5\frac{1}{2}$ to $5\frac{1}{8}$ per cent between the latter part of June and the middle of July, while rates on prime commercial paper remained unchanged.